

Annual Financial Report

for the Year Ended
September 30, 2021

City of
Donna
the Heart of the Valley



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Governmental Audit
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Texas Society of
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Chapter of the Texas Society of CPAs

CITY OF DONNA
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2021

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**CITY OF DONNA, TEXAS
CITY OFFICIALS
SEPTEMBER 30, 2021**

ANNUAL FINANCIAL REPORT

Council- Manager Form of Government

MAYOR

Ricardo Morales

COUNCIL MEMBERS

Richie Moreno
Jose G. Garza, Jr.
David Moreno
Oscar Gonzalez

CITY MANAGER

Carlos Yerena

DIRECTOR OF FINANCE

David R. Vasquez

ASSISTANT DIRECTOR OF FINANCE

Carlos Carrizales

CITY SECRETARY

Belinda Tosca



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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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Donna, Texas (the "City"), as of and for the year ended September 30, 2021, 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 City'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 City'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2021, 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 introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.

Handwritten signature in blue ink that reads "Cascos & Associates, PC".

Cascos & Associates, PC
Brownsville, Texas
March 29, 2022

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, 2021.

Financial Highlights In Brief

In regards to the City's government-wide level financial statements, the 2021 and 2020 amounts are included in this discussion and analysis for comparative purposes.

- The assets of the City exceeded liabilities at the close of the 2021 and 2020 fiscal years by \$26,188,730 (net position) and by \$25,247,868 (net position), respectively. At the end of the 2021 and 2020 fiscal years the statement of net position reflects an amount for unrestricted net position of \$325,631 and a deficit of \$4,779,060, respectively.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,538,683 an increase of \$390,769 or (6.4%) from the prior year.
- At the end of the current fiscal year, the unreserved undesignated fund balance for the general fund was \$4,030,591 or 30% of total current year general fund expenditures.
- The City of Donna's total debt decreased by a net amount of \$2,714,389 or 4.5% 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 used 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 \$26,072,648 at the close of fiscal year 2021 and by \$25,247,868 at the close of fiscal year 2020.

	City of Donna Net Position					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 11,250,965	\$ 8,330,273	\$ 1,043,733	\$ 3,038,637	\$ 12,294,698	\$ 11,368,910
Capital assets	14,408,508	13,384,324	62,798,872	65,149,705	77,207,380	78,534,029
Total assets	<u>25,659,473</u>	<u>21,714,597</u>	<u>63,842,605</u>	<u>68,188,342</u>	<u>89,502,078</u>	<u>89,902,939</u>
Deferred Outflows of Resources	505,711	569,057	3,095,155	3,315,476	3,600,866	3,884,533
Long-term liabilities	9,519,789	10,168,759	51,703,747	53,204,225	61,223,536	63,372,984
Other liabilities	3,391,083	1,045,978	2,088,305	3,797,174	5,479,388	4,843,152
Total liabilities	<u>12,910,872</u>	<u>11,214,737</u>	<u>53,792,052</u>	<u>57,001,399</u>	<u>66,702,924</u>	<u>68,216,136</u>
Deferred Inflow of Resources	257,829	247,151	69,543	76,263	327,372	323,414
Net Position						
Invested in capital assets, net of related debt	7,473,275	5,817,612	18,826,058	19,799,045	26,299,333	25,616,657
Restricted	2,443,902	2,574,074	1,676,537	1,836,197	4,120,439	4,410,271
Unrestricted (deficit)	3,079,266	2,430,026	(7,426,430)	(7,209,086)	(4,347,164)	(4,779,060)
Total net position	<u>\$ 12,996,443</u>	<u>\$ 10,821,712</u>	<u>\$ 13,076,165</u>	<u>\$ 14,426,156</u>	<u>\$ 26,072,608</u>	<u>\$ 25,247,868</u>

The largest portion of the City’s net position (98% in 2021 and 197% in 2020) 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 (.63% in 2021 and 17.3% in 2020) 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 \$2,951,748 in the primary government (Refer to Note 3.I.2). The City's unrestricted net position under governmental activities reflects a positive balance of \$3,079,266 for 2021 and \$2,430,026 for 2020.

The City's unrestricted net position under business-type activities reflects a deficit balance of \$7,426,430 at 2021 and a deficit of \$7,209,086 at 2020.

The Water and Sewer Fund has unrestricted balance of \$231,091 at 2021, which reflects a change of \$532,957 verses fiscal year 2020. The City International Bridge Fund has an unrestricted net position deficit of \$7,713,053 at 2021, which reflects an increase in the deficit of \$779,248 from 2020. The City International Bridge Fund went into operation on December 14, 2010.

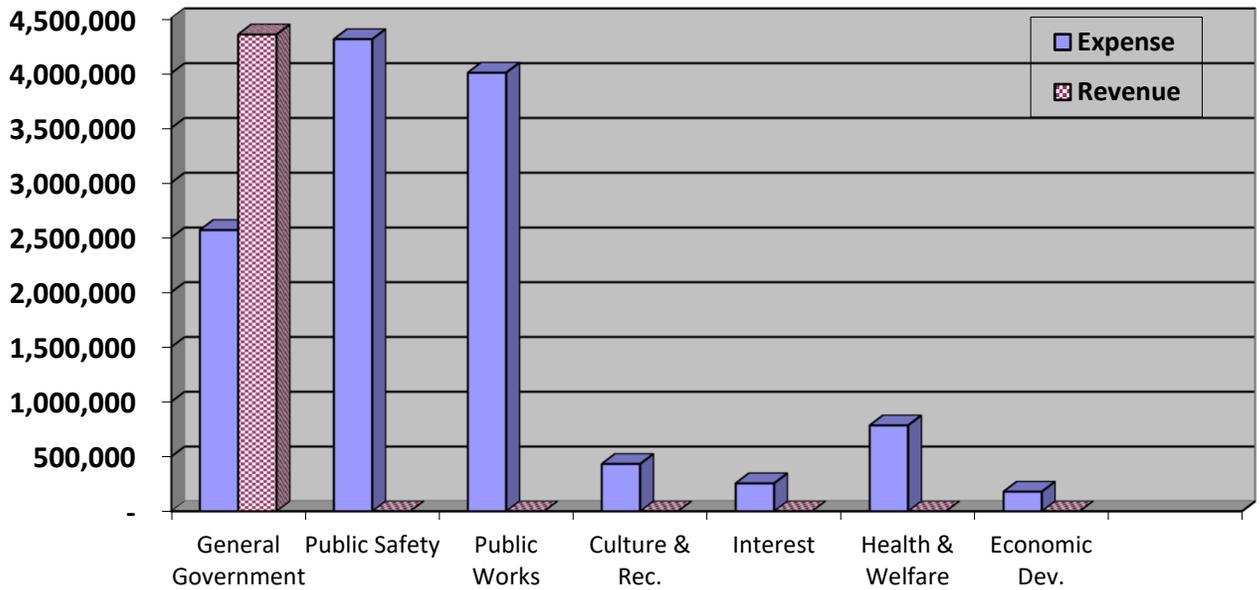
The following table presents a summary of the government-wide statement of changes in net position for both governmental activities and business-type activities for 2021 and 2020.

City of Donna								
Changes in Net Position								
September 30,								
	Governmental Activities		Business-type		Activities		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenues:								
Program revenues:								
Charges for services	\$ 3,512,675	\$ 2,688,968	\$ 7,491,864	\$ 6,481,719	\$ 11,004,539	\$ 9,170,687		
Operating grants and contributions	840,339	1,818,811	4,787	-	845,126	1,818,811		
Capital grants and contributions	-	-	-	4,208,384	-	4,208,384		
General Revenues:								
Property taxes	6,217,376	5,498,239	-	-	6,217,376	5,498,239		
Other taxes	3,657,413	3,205,055	-	-	3,657,413	3,205,055		
Other	1,110,943	124,401	146,278	102,088	1,257,221	226,489		
Total revenues	<u>15,338,746</u>	<u>13,335,474</u>	<u>7,642,929</u>	<u>10,792,191</u>	<u>22,981,675</u>	<u>24,127,665</u>		
Expenses:								
General government	2,567,062	3,293,875	-	-	2,567,062	3,293,875		
Public safety	4,309,971	4,164,448	-	-	4,309,971	4,164,448		
Public works	4,004,001	3,983,260	-	-	4,004,001	3,983,260		
Culture and recreation	431,481	335,196	-	-	431,481	335,196		
Public Health and welfare	783,445	543,384	-	-	783,445	543,384		
Tourism development	178,588	302,008	-	-	178,588	302,008		
Interest on long-term debt	255,087	256,812	-	-	255,087	256,812		
Utility system operations	-	-	7,014,916	6,842,476	7,014,916	6,842,476		
International Bridge Fund	-	-	3,428,030	3,351,392	3,428,030	3,351,392		
Brush Collections	-	-	2,010	-	2,010	-		
Total expenses	<u>12,529,635</u>	<u>12,878,983</u>	<u>10,444,956</u>	<u>10,193,868</u>	<u>22,974,591</u>	<u>23,072,851</u>		
Changes in net position before transfers	2,809,111	456,491	(2,802,027)	598,323	7,084	1,054,814		
Transfers	(958,000)	2,246,995	958,000	(2,246,997)	-	-		
Transfers to compent units	253,660	140,000	-	-	253,660	140,000		
Changes in net position	<u>2,104,771</u>	<u>2,843,485</u>	<u>(1,844,027)</u>	<u>(1,648,673)</u>	<u>260,744</u>	<u>1,194,812</u>		
Net Position – beginning of year	10,821,712	9,308,892	14,426,156	15,025,744	25,247,868	24,334,636		
Prior period adjustment	69,960	(1,330,665)	494,036	1,049,085	563,996	(281,580)		
Net Position – end of year	<u>\$ 12,996,443</u>	<u>\$ 10,821,712</u>	<u>\$ 13,076,165</u>	<u>\$ 14,426,156</u>	<u>\$ 26,072,608</u>	<u>\$ 25,247,868</u>		

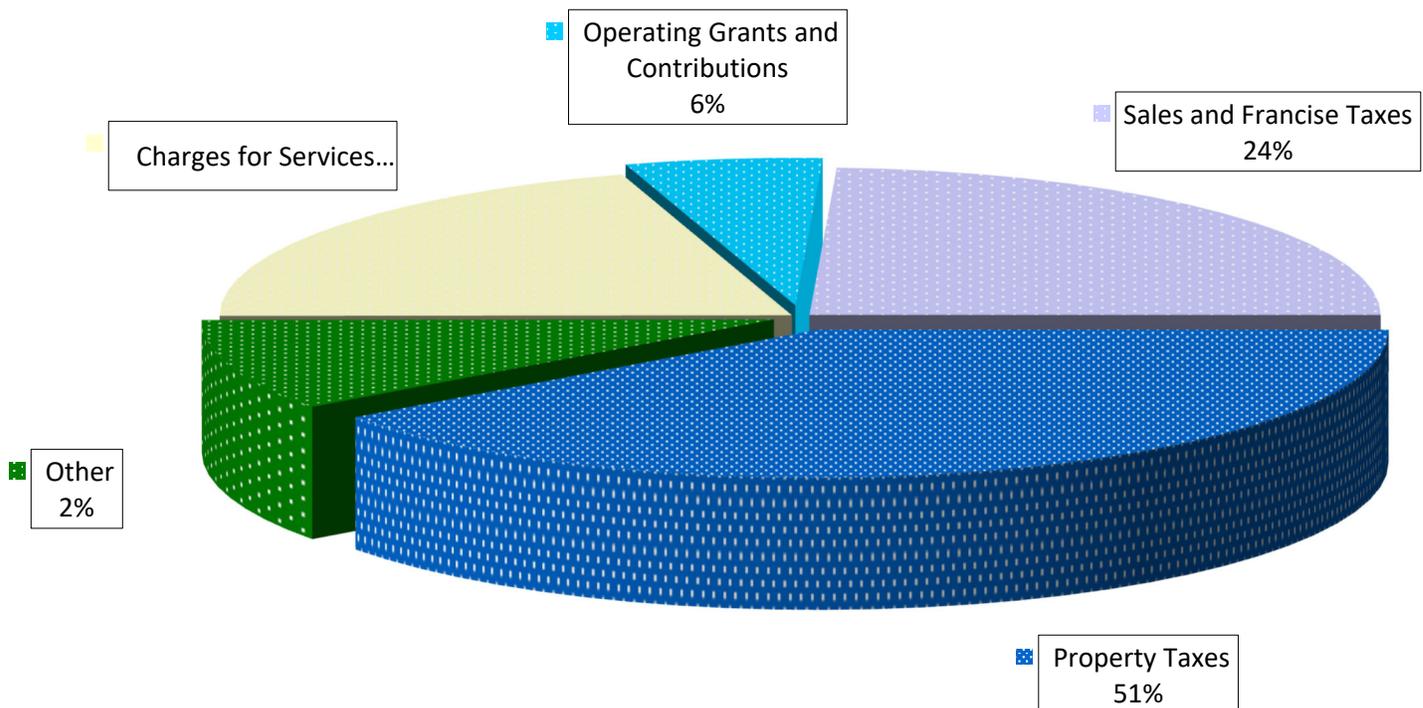
Total revenues generated from both governmental and business-type activities for fiscal year 2021 amounted to \$22,981,675 with expenses of \$22,974,591 resulted in a change in net position increase before transfers of \$7,084 for fiscal year 2021. Compared to fiscal year 2020, there was \$24,127,665 in revenues with expenses of \$23,072,851 that resulted in a change in net position decrease before transfers of \$1,054,814 for fiscal year 2020.

Governmental activities. Governmental activities decreased the City of Donna’s net position by \$2,104,771, thereby accounting for an increase of 4% in governmental net position for 2021.

Expenses and Program Revenues-Governmental Activities

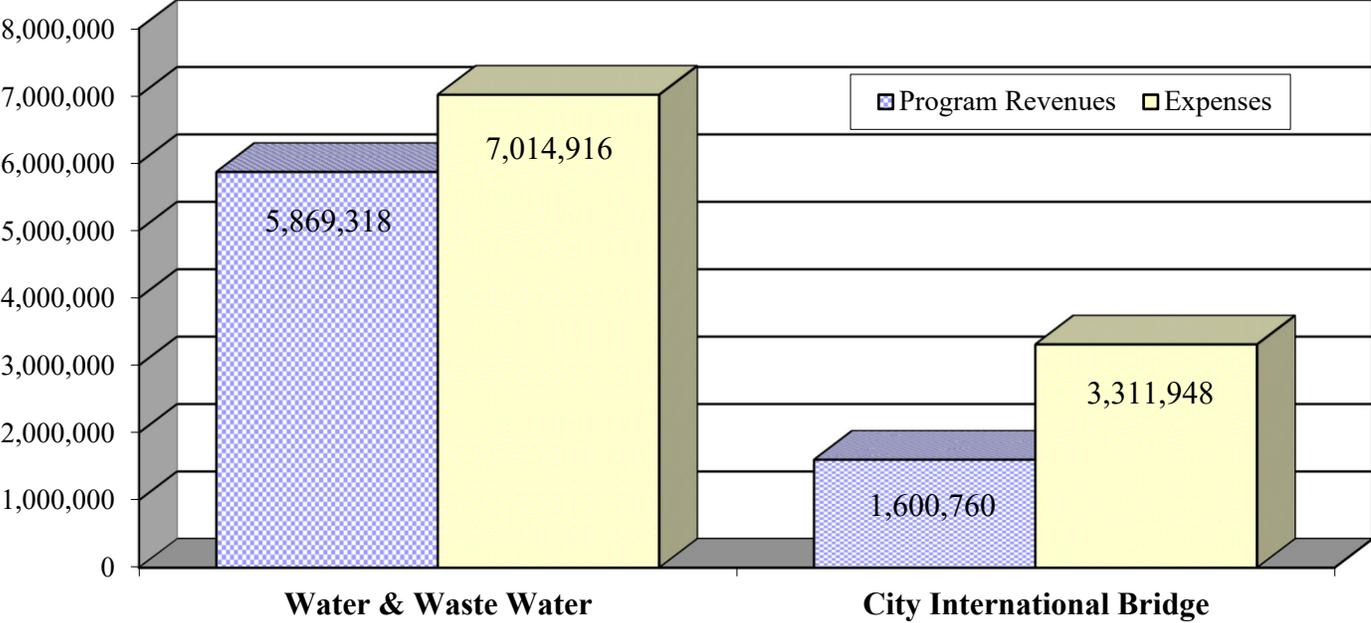


Revenues by Source-Governmental Activities

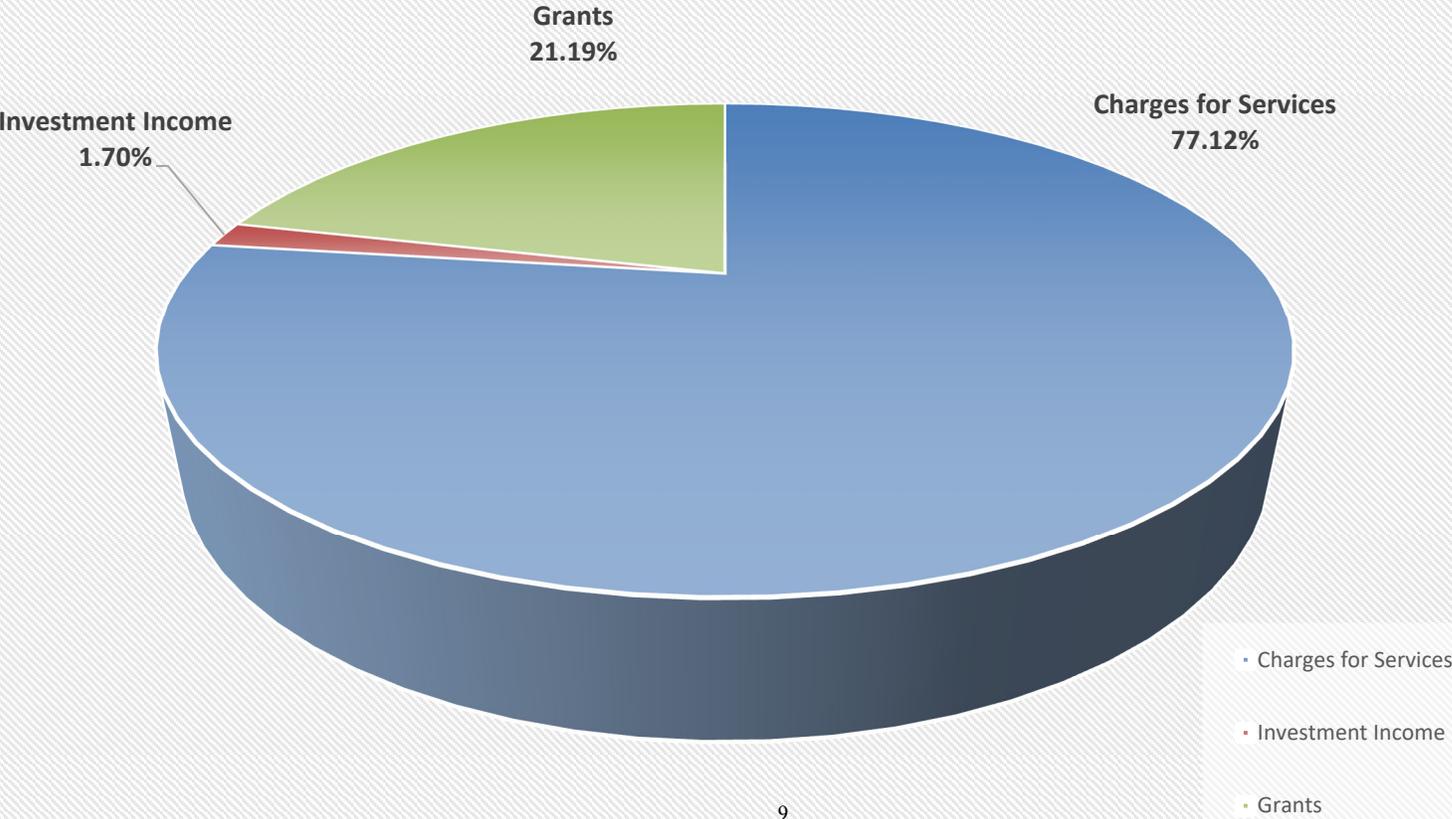


Business-type activities. Business-type activities decreased the City of Donna’s net position by \$1,844,027 thereby accounting for a decrease of 3.5 % in total net position for fiscal year 2021. There were no Business-type Capital contributions for 2021. Charges for current services including for Water & Sewer and City International Bridge and Brush Collections total \$7,491,864.

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 \$6,538,683 an increase of \$390,769 or 6%. A positive amount of \$6,316,373 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 \$222,310 is restricted.

The General Fund is the chief operating fund of the City of Donna. At the end of the 2021 fiscal year unreserved undesignated fund balance of the General Fund was \$4,030,591. 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 2021 unreserved undesignated fund balance represents a positive 30.11% of total General Fund expenditures.

During the 2021 fiscal year the General fund's net position change in fund balance increased by \$512,285. This is a result of prudent budgeting and the monitoring of the budget after each fiscal period.

The Debt Service Fund has a total fund balance of \$2,278,015, 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 2021 of \$39,495. The Debt Service fund was budgeted with a deficit of \$42,572 in 2021. 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 \$7,426,430 in 2021 is comprised of the respective proprietary funds as follows; Water and Sewer Fund of \$231,091, City International Bridge Fund deficit of \$7,713,053, and Brush Collections Fund of \$55,532. 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.

General Fund Budgetary Highlights

The original General Fund budget increased by \$1,524,811 (Expenditures) or 13.5 % compared to fiscal year 2020, an increase of \$781,329.

Capital Assets

The City of Donna's investment in capital assets for its governmental and business type activities as of September 30, 2021 and 2020 amounts to \$14,408,545 and \$62,798,872 respectively (net of accumulated depreciation on the business-type activities capital assets). This investment in capital assets includes land, buildings and improvements, machinery and equipment, streets, a waterworks system, a sanitary sewer system and the development of an international bridge with related service assets. The overall decrease in the City of Donna's investment in capital assets for the current year was 1.69%. The current year depreciation expense for business-type activities was \$3,298,691 for the Water and Sewer Fund and the International Bridge Fund.

The City inventoried all capital assets in 2017-2018. In 2018, the City of Donna achieved an unqualified opinion for the first time since incorporation in 1908.

Additional information on the City of Donna's capital assets can be found in Note H 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	
	2021	2020	2021	2020	2021	2020
Land	\$ 2,601,372	\$ 1,279,625	\$ 1,704,699	\$ 1,715,587	\$ 4,306,071	\$ 2,995,212
Buildings	993,553	1,040,556	14,323,140	7,003,604	15,316,693	8,044,160
Improvements other than buildings	1,677,181	1,797,827	2,467,388	2,584,749	4,144,569	4,382,576
Infrastructure	5,671,584	5,970,910	39,382,591	41,884,894	45,054,175	47,855,804
Furniture and equipment	3,372,709	3,215,198	1,925,137	1,912,198	5,297,846	5,127,396
Other developments in progress	92,109	80,208	2,995,917	10,048,673	3,088,026	10,128,881
Total	<u>\$ 14,408,508</u>	<u>\$ 13,384,324</u>	<u>\$ 62,798,872</u>	<u>\$ 65,149,705</u>	<u>\$ 77,207,380</u>	<u>\$ 78,534,029</u>

Debt Administration

The City of Donna's total long-term debt for its governmental and business-type activities as of September 30, 2021 and 2020 amounts to \$57,575,828 and \$60,290,217 respectively.

City of Donna						
Outstanding Debt at Year End						
General Obligation, Revenue Bonds, and Other Debt						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds - net	\$ 5,527,240	\$ 5,917,080	\$ 42,567,760	\$ 44,057,920	\$ 48,095,000	\$ 49,975,000
Premiums on Debt	362,714	390,774	4,164,988	4,377,478	4,527,702	4,768,252
Tax Notes Payable	-	75,600	-	134,400	-	210,000
Contractual Obligations	209,840	309,513	-	-	209,840	309,513
Claims payable			3,777,795	3,777,794	3,777,795	3,777,794
Capital leases	1,045,279	873,753	413,266	53,209	1,458,545	926,962
Notes and loans payable	-	-	-	-	-	-
Compensated absences	291,363	238,883	120,743	83,812	412,106	322,695
Total	\$ 7,436,436	\$ 7,805,603	\$ 51,044,552	\$ 52,484,613	\$ 58,480,988	\$ 60,290,217

The City's total debt decreased by a net \$2,714,389 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 \$800,000 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 2021-22 budgets were up \$47,485,611 or 7 % from the prior year.
- The City's tax rate for fiscal year 2021-22 remained at \$.788538 per \$100 valuation.
- In the 2021-22 Budget, the General Fund revenues and expenditures are budgeted at an increase of 2 % over 2021 fiscal year. The 2021-22 General Fund budget is a balanced budget.
- The Sales Tax collected in 2020-21 increased by \$744,999 or 16.54 % over prior year.
- The City of Donna completed the construction of the southbound empty commercial traffic facilities in October 2020. The City of Donna will be applying for funding of the Northbound Loaded Commercial Inspection Facilities, the City has been approved through the Donation Acceptance Program and will be working with GSA and CBP on the project.

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.

CITY OF DONNA, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 2,838,913	\$ 2,164,362	\$ 5,003,275
Receivables, net	2,693,253	1,263,685	3,956,938
Inventories	16,146	22,880	39,026
Restricted cash and investments	-	1,676,268	1,676,268
Internal balances	4,636,221	(4,636,221)	-
Due from component unit/primary government	413,371	316,397	729,768
Capital assets, net of accumulated depreciation:			
Non-depreciable assets	2,693,481	4,711,505	7,404,986
Depreciable assets	11,715,027	58,087,367	69,802,394
Prepaid expense	653,061	236,362	889,423
Total assets	<u>25,659,473</u>	<u>63,842,605</u>	<u>89,502,078</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	2,948,570	2,948,570
Deferred outflows related to pensions	505,711	146,585	652,296
Total deferred outflow of resources	<u>505,711</u>	<u>3,095,155</u>	<u>3,600,866</u>
LIABILITIES			
Accounts payable	691,132	582,759	1,273,891
Accrued liabilities	546,965	51,253	598,218
Accrued interest payable	40,277	231,769	272,046
Due to component unit/primary government	-	-	-
Unearned revenue	2,045,137	1,500	2,046,637
Deposits	67,572	592,180	659,752
Lines of credit	-	628,844	628,844
Noncurrent liabilities:			
Due within one year	727,664	2,272,795	3,000,459
Due in more than one year	6,499,612	48,771,757	55,271,369
Pension liability	2,292,553	659,195	2,951,748
Total liabilities	<u>12,910,912</u>	<u>53,792,052</u>	<u>66,702,964</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	257,829	69,543	327,372
Total deferred inflows of resources	<u>257,829</u>	<u>69,543</u>	<u>327,372</u>
NET POSITION			
Net investment in capital assets	7,473,275	18,826,058	26,299,333
Restricted for:			
Capital projects	2,848	-	2,848
Operations and maintenance	(13,759)	307,977	294,218
Repairs and replacements	20,492	312,316	332,808
Debt service	2,237,738	1,056,244	3,293,982
Tourism	157,149	-	157,149
Other purpose	39,434	-	39,434
Unrestricted (deficit)	3,079,266	(7,426,430)	(4,347,164)
Total net position	<u>\$ 12,996,443</u>	<u>\$ 13,076,165</u>	<u>\$ 26,072,608</u>

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

EXHIBIT 1-A

Component Units		
Donna Economic Development Corporation	Development Corporation of Donna, Inc.	Tax Increment Reinvestment Zone Number Two
\$ 150	\$ 84,137	\$ 35,208
243,779	401,247	58,816
-	-	-
1,278,132	467,119	-
(472,660)	472,660	-
(447,394)	(282,374)	-
4,997,276	603,332	-
31,165	281,059	-
-	-	-
<u>5,630,448</u>	<u>2,027,180</u>	<u>94,024</u>
-	-	-
2,344	2,344	-
<u>2,344</u>	<u>2,344</u>	<u>-</u>
290,513	23,237	55,000
64,671	64,697	-
-	12,907	-
-	-	-
1,000	-	-
-	-	-
-	-	-
575,000	275,000	-
4,240,236	2,590,035	2,499,696
10,541	10,540	-
<u>5,181,961</u>	<u>2,976,416</u>	<u>2,554,696</u>
1,112	1,112	-
<u>1,112</u>	<u>1,112</u>	<u>-</u>
214,569	-	-
-	-	-
-	-	-
-	-	-
1,278,132	-	-
-	-	-
-	-	-
<u>(1,042,982)</u>	<u>(948,004)</u>	<u>(2,460,672)</u>
<u>\$ 449,719</u>	<u>\$ (948,004)</u>	<u>\$ (2,460,672)</u>

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

CITY OF DONNA, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 2,567,062	\$ 3,512,675	\$ 840,339	\$ -
Tourism	178,588	-	-	-
Public safety	4,309,971	-	-	-
Public works	4,004,001	-	-	-
Health and welfare	783,445	-	-	-
Culture and recreation	431,481	-	-	-
Interest and fiscal agent fees	255,087	-	-	-
Total governmental activities	<u>12,529,635</u>	<u>3,512,675</u>	<u>840,339</u>	<u>-</u>
Business-type activities:				
Water and sewer	7,014,916	5,864,531	4,787	-
International bridge	3,428,030	1,600,760	-	-
Brush collections	2,010	26,573	-	-
Total business-type activities	<u>10,444,956</u>	<u>7,491,864</u>	<u>4,787</u>	<u>-</u>
Total primary government	<u>22,974,591</u>	<u>11,004,539</u>	<u>845,126</u>	<u>-</u>
Component units				
Economic Development	<u>1,164,223</u>	<u>34,956</u>	<u>6,665</u>	<u>98,645</u>
Total component units	<u>\$ 1,164,223</u>	<u>\$ 34,956</u>	<u>\$ 6,665</u>	<u>\$ 98,645</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

Prior period adjustment

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
\$ 1,785,952	\$ -	\$ 1,785,952	\$ -	\$ -	\$ -
(178,588)	-	(178,588)	-	-	-
(4,309,971)	-	(4,309,971)	-	-	-
(4,004,001)	-	(4,004,001)	-	-	-
(783,445)	-	(783,445)	-	-	-
(431,481)	-	(431,481)	-	-	-
(255,087)	-	(255,087)	-	-	-
<u>(8,176,621)</u>	<u>-</u>	<u>(8,176,621)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(1,145,598)	(1,145,598)	-	-	-
-	(1,827,270)	(1,827,270)	-	-	-
<u>-</u>	<u>24,563</u>	<u>24,563</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>(2,948,305)</u>	<u>(2,972,868)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(8,176,621)</u>	<u>(2,948,305)</u>	<u>(11,124,926)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>798,688</u>	<u>355,535</u>	<u>10,000</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 798,688</u>	<u>\$ 355,535</u>	<u>\$ 10,000</u>
\$ 5,069,411	\$ -	\$ 5,069,411	\$ -	\$ -	\$ 21,989
1,147,965	-	1,147,965	-	-	-
2,545,393	-	2,545,393	1,248,874	1,248,874	-
970,218	-	970,218	-	-	-
141,802	-	141,802	-	-	-
67,277	1,291	68,568	763	5,335	-
1,043,666	144,987	1,188,653	(1,424,178)	-	-
(958,000)	958,000	-	-	-	-
253,660	-	253,660	(126,830)	(126,830)	-
<u>10,281,392</u>	<u>1,104,278</u>	<u>11,385,670</u>	<u>(301,371)</u>	<u>1,127,379</u>	<u>21,989</u>
2,104,771	(1,844,027)	260,744	(1,100,059)	771,844	11,989
10,821,712	14,426,156	25,247,868	1,334,778	(1,929,848)	(2,472,661)
<u>69,960</u>	<u>494,036</u>	<u>563,996</u>	<u>215,000</u>	<u>210,000</u>	<u>-</u>
<u>\$ 12,996,443</u>	<u>\$ 13,076,165</u>	<u>\$ 26,072,608</u>	<u>\$ 449,719</u>	<u>\$ (948,004)</u>	<u>\$ (2,460,672)</u>

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

CITY OF DONNA, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

EXHIBIT 2-A

	General	Debt Service	Nonmajor Governmental	Total Governmental Funds
ASSETS				
Cash and investments	\$ 1,027,172	\$ 279,777	\$ 1,531,964	\$ 2,838,913
Receivables, net:				
Property taxes	1,130,816	328,308	224,404	1,683,528
Nonproperty taxes	457,884	-	-	457,884
Accounts	318,560	26,372	28,771	373,703
Intergovernmental	178,138	-	-	178,138
Inventories	16,146	-	-	16,146
Due from other funds	3,233,061	1,952,413	41,741	5,227,215
Due from component units	341,749	-	75,217	416,966
Long-term investments	-	-	-	-
Prepaid expense	-	-	653,061	653,061
Total assets	<u>\$ 6,703,526</u>	<u>\$ 2,586,870</u>	<u>\$ 2,555,158</u>	<u>\$ 11,845,554</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 670,617	\$ -	\$ 20,515	\$ 691,132
Accrued liabilities	318,258	-	228,707	546,965
Due to other funds	517,579	-	73,415	590,994
Due to component units	3,595	-	-	3,595
Unearned revenues	26,547	-	2,018,590	2,045,137
Deposits	67,572	-	-	67,572
Total liabilities	<u>1,604,168</u>	<u>-</u>	<u>2,341,227</u>	<u>3,945,395</u>
Deferred inflows of resources				
Unavailable revenue - property taxes	1,052,621	308,855	-	1,361,476
Total deferred inflows of resources	<u>1,052,621</u>	<u>308,855</u>	<u>-</u>	<u>1,361,476</u>
Fund balances:				
Nonspendable - inventories	16,146	-	-	16,146
Restricted for:				
Tourism	-	-	157,149	157,149
Fire equipment debt service	-	-	39,434	39,434
Law enforcement	-	-	(13,759)	(13,759)
Equipment purchases	-	-	-	-
Park improvements	-	-	20,492	20,492
Debt service	-	2,278,015	-	2,278,015
Committed:				
Capital projects	-	-	2,848	2,848
Unassigned	4,030,591	-	7,767	4,038,358
Total fund balances	<u>4,046,737</u>	<u>2,278,015</u>	<u>213,931</u>	<u>6,538,683</u>
 Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,703,526</u>	<u>\$ 2,586,870</u>	<u>\$ 2,555,158</u>	<u>\$ 11,845,554</u>

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

CITY OF DONNA, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT 2-B

Fund balances - Governmental Funds Balance Sheet	\$ 6,538,683
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.	14,408,508
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.	1,361,476
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.	(7,227,276)
Interest is accrued in the government-wide financial statements but not in the funds.	(40,277)
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 (\$2,274,232), a deferred resource outflows in the amount of \$505,711, and a deferred resource inflows in the amount of (\$239,923). This resulted in an increase/(decrease) in net position by (\$2,008,444).	(2,008,444)
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 (\$18,321) and a deferred resource inflows in the amount of (\$17,906). This resulted in an increase/(decrease) in net position by (\$36,227).	<u>(36,227)</u>
Net position of governmental activities- Statement of Net Position	<u>\$ 12,996,443</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 YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT 2-C

	General	Debt Service	Nonmajor Governmental	Total Governmental Funds
REVENUES				
Property taxes	\$ 4,875,937	\$ 1,147,965	\$ -	\$ 6,023,902
Nonproperty taxes	3,515,611	-	141,802	3,657,413
Charges for services	2,962,485	-	95,935	3,058,420
Fines and forfeitures	130,237	-	22,424	152,661
Licenses and permits	301,594	-	-	301,594
Intergovernmental revenue	815,782	-	24,557	840,339
Miscellaneous income	989,122	-	200	989,322
Interest and investment income	66,993	196	88	67,277
Total revenues	13,657,761	1,148,161	285,006	15,090,928
EXPENDITURES				
Current:				
General government	2,515,873	-	5,573	2,521,446
Tourism	-	-	178,588	178,588
Public safety	3,997,801	-	36,388	4,034,189
Public works	3,462,201	-	15,651	3,477,852
Health and welfare	769,536	-	-	769,536
Culture and recreation	347,824	-	6,984	354,808
Capital outlay	1,926,383	-	11,372	1,937,755
Debt service:				
Principal retirement	330,989	465,440	-	796,429
Interest and fiscal agent fees	37,065	239,240	-	276,305
Total expenditures	13,387,672	704,680	254,556	14,346,908
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	270,089	443,481	30,450	744,020
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	194,824	-	-	194,824
Insurance proceeds	36,570	-	-	36,570
Sale of capital assets	45,265	-	4,470	49,735
Transfers in	6	63,364	-	63,370
Transfers in from component unit/ primary government	-	253,660	-	253,660
Transfers (out)	(158,000)	(800,000)	(63,370)	(1,021,370)
Total other financing sources (uses)	118,665	(482,976)	(58,900)	(423,211)
NET CHANGE IN FUND BALANCES	388,754	(39,495)	(28,450)	320,809
FUND BALANCES, BEGINNING	3,534,452	2,371,081	242,381	6,147,914
PRIOR PERIOD ADJUSTMENT	123,531	(53,571)	-	69,960
FUND BALANCES, ENDING	\$ 4,046,737	\$ 2,278,015	\$ 213,931	\$ 6,538,683

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 YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT 2-D

Net change in fund balances - total governmental funds	\$ 320,809
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.	1,024,184
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	193,474
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.	28,061
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds but has no effect on net position.	(194,824)
Repayment of bond and notes payable principal is an expenditure in the governmental funds, but the repayment has no effect on net position.	798,242
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.	<u>(3,359)</u>
Change in net position of governmental activities - Statement of Activities	<u><u>\$ 2,104,771</u></u>

CITY OF DONNA, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021

EXHIBIT 3-A

	Business-type Activities			Total Proprietary Funds
	Major Fund Water and Sewer Fund	Major Fund City International Bridge Fund	Nonmajor Fund Brush Collections	
ASSETS				
Current assets:				
Cash and investments	\$ 1,868,947	\$ 295,415	\$ -	\$ 2,164,362
Restricted cash and investments	26,616	1,649,652	-	1,676,268
Inventories	22,880	-	-	22,880
Receivables:				
Accounts receivable	1,207,081	164	56,440	1,263,685
Due from other funds	112,046	-	1,102	113,148
Due from component units	316,397	-	-	316,397
Prepaid expense	11,732	-	224,630	236,362
Total current assets	<u>3,565,699</u>	<u>1,945,231</u>	<u>282,172</u>	<u>5,793,102</u>
Noncurrent assets:				
Land, plant and equipment, net	35,283,191	27,515,681	-	62,798,872
Advances to other funds	198,550	-	-	198,550
Total noncurrent assets	<u>35,481,741</u>	<u>27,515,681</u>	<u>-</u>	<u>62,997,422</u>
Total assets	<u>39,047,440</u>	<u>29,460,912</u>	<u>282,172</u>	<u>68,790,524</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on debt refunding	12,708	2,935,862	-	2,948,570
Deferred outflows related to pensions	95,306	51,279	-	146,585
Total deferred outflows of resources	<u>108,014</u>	<u>2,987,141</u>	<u>-</u>	<u>3,095,155</u>
LIABILITIES				
Current liabilities:				
Accounts payable	262,235	320,524	-	582,759
Accrued liabilities	38,759	12,494	-	51,253
Due to other funds	1,206,836	3,542,533	-	4,749,369
Deferred revenue	-	1,500	-	1,500
Deposits	592,180	-	-	592,180
Accrued interest payable	70,118	159,641	2,010	231,769
Lines of credit	-	628,844	-	628,844
Lease payable	188,636	-	224,630	413,266
Bonds payable - current	1,089,072	770,457	-	1,859,529
Total current liabilities	<u>3,447,836</u>	<u>5,435,993</u>	<u>226,640</u>	<u>9,110,469</u>
Noncurrent liabilities:				
Bonds payable	15,804,542	29,068,677	-	44,873,219
Claims payable	886,751	2,891,044	-	3,777,795
Compensated absences	67,936	52,807	-	120,743
Net pension liability	431,549	227,646	-	659,195
Advances from other funds	-	198,550	-	198,550
Total noncurrent liabilities	<u>17,190,778</u>	<u>32,438,724</u>	<u>-</u>	<u>49,629,502</u>
Total liabilities	<u>20,638,614</u>	<u>37,874,717</u>	<u>226,640</u>	<u>58,739,971</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	45,515	24,028	-	69,543
Total deferred inflows of resources	<u>45,515</u>	<u>24,028</u>	<u>-</u>	<u>69,543</u>
NET POSITION				
Net investment in capital assets	18,213,649	612,409	-	18,826,058
Restricted for operations and maintenance	-	307,977	-	307,977
Restricted for repairs and replacements	-	312,316	-	312,316
Restricted for debt service	26,585	1,029,659	-	1,056,244
Unrestricted (deficit)	231,091	(7,713,053)	55,532	(7,426,430)
Total net position	<u>\$ 18,471,325</u>	<u>\$ (5,450,692)</u>	<u>\$ 55,532</u>	<u>\$ 13,076,165</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 YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT 3-B

	Business-type Activities			Total Proprietary Funds
	Major Fund Water and Sewer Fund	Major Fund City International Bridge Fund	Nonmajor Fund Brush Collections	
OPERATING REVENUES				
Charges for services	\$ 5,853,920	\$ 1,580,921	\$ 26,573	\$ 7,461,414
Rent revenue	10,611	19,839	-	30,450
Total operating revenues	<u>5,864,531</u>	<u>1,600,760</u>	<u>26,573</u>	<u>7,491,864</u>
OPERATING EXPENSES				
Personnel and related services	1,366,947	629,740	-	1,996,687
Repairs and maintenance	535,903	14,671	-	550,574
Materials and supplies	248,707	7,339	-	256,046
Consultant fees and services	1,987,046	450,079	-	2,437,125
Depreciation and amortization	2,369,636	929,055	-	3,298,691
Total operating expenses	<u>6,508,239</u>	<u>2,030,884</u>	<u>-</u>	<u>8,539,123</u>
OPERATING INCOME (LOSS)	<u>(643,708)</u>	<u>(430,124)</u>	<u>26,573</u>	<u>(1,047,259)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	1,291	-	-	1,291
Interest expense	(539,495)	(1,365,817)	(2,010)	(1,907,322)
Sale of capital assets	-	(21,625)	-	(21,625)
Intergovernmental revenue	-	4,787	-	4,787
Amortization of refunding discounts/premiums	32,818	(9,704)	-	23,114
Miscellaneous revenue	144,686	301	-	144,987
Total nonoperating revenues (expenses)	<u>(360,700)</u>	<u>(1,392,058)</u>	<u>(2,010)</u>	<u>(1,754,768)</u>
Income before transfers	(1,004,408)	(1,822,182)	24,563	(2,802,027)
Transfers in	158,000	800,000	-	958,000
CHANGE IN NET POSITION	(846,408)	(1,022,182)	24,563	(1,844,027)
NET POSITION, BEGINNING	19,328,620	(4,902,464)	-	14,426,156
PRIOR PERIOD ADJUSTMENT	<u>(10,887)</u>	<u>473,954</u>	<u>30,969</u>	<u>494,036</u>
NET POSITION, ENDING	<u>\$ 18,471,325</u>	<u>\$ (5,450,692)</u>	<u>\$ 55,532</u>	<u>\$ 13,076,165</u>

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

CITY OF DONNA, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT 3-C

	Business-type Activities			Total
	Water and Sewer Fund	City International Bridge Fund	Brush Collections	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 5,725,137	\$ 1,600,678	\$ 1,102	\$ 7,325,815
Disbursed for goods and services to suppliers	(1,369,554)	(618,675)	(224,630)	(1,988,229)
Disbursed for personnel services	(2,533,743)	(1,353,595)	-	(3,887,338)
Net cash provided by operating activities	<u>1,821,840</u>	<u>(371,592)</u>	<u>(223,528)</u>	<u>1,450,248</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash paid to other funds	1,018,802	1,300,788	(1,102)	2,319,590
Cash received from other	144,686	301	-	144,987
Transfer from other funds	158,000	800,000	-	958,000
Net cash provided (used) by noncapital financing activities	<u>1,316,488</u>	<u>2,101,089</u>	<u>(1,102)</u>	<u>3,417,577</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(158,851)	(686,092)	224,630	(844,943)
Proceeds from capital grants	-	2,131,696	-	2,131,696
Proceeds from lines of credit	-	(1,177,479)	-	-
Principal paid on long-term debt	(1,156,593)	(680,457)	-	(1,837,050)
Interest and bond costs paid on long-term debt	(508,693)	(1,190,066)	-	(1,698,759)
Net cash used for capital and related financing activities	<u>(1,824,137)</u>	<u>(1,602,398)</u>	<u>224,630</u>	<u>(2,249,056)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1,291	-	-	1,291
Net cash provided by investing activities	<u>1,291</u>	<u>-</u>	<u>-</u>	<u>1,291</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,315,482	127,099	-	2,620,060
CASH AND CASH EQUIVALENTS, BEGINNING	580,081	1,817,968	-	2,398,049
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 1,895,563</u>	<u>\$ 1,945,067</u>	<u>\$ -</u>	<u>\$ 5,018,109</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ (643,708)	\$ (430,124)	\$ 26,573	\$ (1,073,832)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	2,369,636	929,055	-	3,298,691
Decrease (increase) in receivables	(238,824)	668	(25,471)	(238,156)
Decrease (increase) in prepaid items	(9,732)	-	(224,630)	(9,732)
Decrease (increase) in deferred outflows-pension	21,840	9,104	-	30,944
Increase (decrease) in accounts payable	247,645	(881,506)	-	(633,861)
Increase (decrease) in accrued liabilities	9,803	(2,084)	-	7,719
Increase (decrease) in unearned revenue	-	(750)	-	(750)
Increase in customer deposits	99,430	-	-	99,430
Increase (decrease) in net pension liability	(43,050)	(17,366)	-	(60,416)
Increase (decrease) in deferred inflows-pension	(4,579)	(2,141)	-	(6,720)
Increase (decrease) in compensated absences	13,379	23,552	-	36,931
Total adjustments	<u>2,465,548</u>	<u>58,532</u>	<u>(250,101)</u>	<u>2,524,080</u>
Net cash provided by operating activities	<u>\$ 1,821,840</u>	<u>\$ (371,592)</u>	<u>\$ (223,528)</u>	<u>\$ 1,450,248</u>

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

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021

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, 2021

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.

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.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are reported as other nonmajor governmental fund types:

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 is reported as a nonmajor proprietary fund:

Brush Collections – This fund accounts for the brush collection 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.

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, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, 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 1st on the assessed value listed as of the prior January 1st 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 1st of the year following the year in which imposed.

No discounts are offered. On January 1st 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, 2021

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, 2021

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, 2021

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.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 18th of each year, the City Manager is required to submit to City Council a proposed budget for the fiscal year beginning on October 1st. 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 1st, 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, 2021

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

During the year ended September 30, 2021, expenditures exceeded appropriations as follows in the General Fund:

<u>Department</u>	<u>General Fund Excess of Expenditures Over Appropriation</u>
Police	\$ 30,790
Fire	28,418
Parks and recreation	2,813
Animal control	2,442
Cemetery	35,218
Capital Outlay	755,080
Principal retirement	124,740
Interest and fiscal agent fees	27,267
	\$ 1,006,768

2. DEFICIT FUND EQUITY

At September 30, 2021, the Texas Confiscated Forfeit fund, and the City International Bridge fund have a deficit fund balance of \$13,759, and \$5,334,610 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 City International Bridge Fund reflects in the proprietary fund an unrestricted net position deficit of (\$5,450,692).

The component unit DCD-4B reflects in the government-wide Financial Statements an unrestricted net position deficit of (\$948,004). 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 (\$2,460,672). 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, 2021

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, 2021.

At September 30, 2021, the carrying amount of the City’s deposits with financial institutions was \$2,527,984 and the bank balance was \$2,844,454. 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, 2021 the City had the following investments:

	Fair Value	Weighted Average Maturity	Credit Rating
Local government investments Cooperative (LOGIC)	\$ 2,267,325	34 days	AAAm
Invesco Treasury Portfolio Trust	<u>2,941,938</u>	< 90 days	AAAm
Cash and Cash Equivalents on the Statement of Net Position	<u>\$ 5,209,263</u>		

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, 2021 and during the year ended September 30, 2021 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, 2021, 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, 2021

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.

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.

**CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE C – DEPOSITS AND INVESTMENTS

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, 2021, the reported amount of deposits for DEDC-4A totaled \$150, and the bank balances totaled \$150. The reported deposits for DCD-4B totaled \$84,137 and the bank balances totaled \$84,137.

At September 30, 2021, 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, 2021, are as follows:

<u>Invesco Treasury Portfolio</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
Trust	\$ 598,132	< 90 days	AAAm

The DEDC-4B's investments at September 30, 2021, are as follows:

<u>Invesco Treasury Portfolio</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
Trust	\$ 467,119	< 90 days	AAAm

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

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

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

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE C – DEPOSITS AND 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:

	Primary Government	Component Units		
		Donna Economic Development Corporation	Development Corporation of Donna	Tax Increment Zone Number Two
Cash on hand	\$ 7,563	\$ -	\$ -	\$ -
Carrying amount deposits	2,527,984	680,150	84,137	35,208
Short-term investments	4,143,996	598,132	467,119	-
Cash and cash equivalents	<u>\$ 6,679,543</u>	<u>\$ 1,278,282</u>	<u>\$ 551,256</u>	<u>\$ 35,208</u>
Cash and cash equivalents	\$ 5,003,275	\$ 150	\$ 84,137	\$ 35,208
Cash and cash equivalents - restricted	1,676,268	1,278,132	467,119	-
Cash/cash equivalents Statement of Net Position	<u>\$ 6,679,543</u>	<u>\$ 1,278,282</u>	<u>\$ 551,256</u>	<u>\$ 35,208</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 1st, 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, 2020, upon which the 2021 levy was based, was \$708,843,203.

Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1st of the year following the year in which imposed. No discounts are offered. During the fiscal year, 94% of the current year tax levy (October 1, 2020) was collected. The statutory lien date is January 1st.

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

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

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

The tax rate to finance general governmental purposes, other than the payment of principal and interest on tax supported general obligation long-term debt, for the year ended September 30, 2021, was \$.638454 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, 2021, was \$.150401 per \$100 of assessed valuation. The combined tax rate for the City is \$.788855 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.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE D – PROPERTY TAXES

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, 2021:

Primary Governmental Funds	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Property taxes receivable	\$ 1,349,082	\$ 439,753	\$ 224,404	\$ 2,013,239
Less: Allowance for uncollectibles	(218,266)	(111,445)	-	(329,710)
Net property taxes receivable	<u>\$ 1,130,816</u>	<u>\$ 328,308</u>	<u>\$ 224,404</u>	<u>\$ 1,683,529</u>

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

	General Fund	Debt Service Fund	Other Governmental Funds	Water and Sewer Fund	City International Bridge Fund	Brush Collections
Property taxes receivable	\$ 1,349,082	\$ 439,753	\$ 224,404	\$ -	\$ -	\$ -
Other receivables:						
Sales tax receivable	457,884	-	-	-	-	-
Accounts	434,382	26,372	41,809	1,942,552	164	94,284
Intergovernmental - grant	178,138	-	-	-	-	-
Gross receivables	2,419,486	466,125	266,213	1,942,552	164	94,284
Less: Allowance for uncollectibles	(334,088)	(111,445)	(13,038)	(735,471)	-	(37,844)
Total other receivables, net	<u>\$ 2,085,398</u>	<u>\$ 354,680</u>	<u>\$ 253,175</u>	<u>\$ 1,207,081</u>	<u>\$ 164</u>	<u>\$ 56,440</u>

Revenues of the Water and Sewer Fund reported no change in the provision for estimated uncollectible amounts for the current year.

2. COMPONENT UNITS

Accounts Receivable

At September 30, 2021, DEDC-4A had \$228,942 in sales tax receivable. DCD-4B had a sales tax receivable of \$228,942.

Loans Receivable

At September 30, 2021 the DEDC-4A and the DCD-4B had U.S. Department of Agriculture, Rural Business Enterprise Grant program loans receivable in the amount of \$14,837 and \$172,305, respectively.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021, 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:

	Debt Service		
	General Fund	Fund	Total
Property taxes, unavailable	\$ 1,052,621	\$ 308,855	\$ 1,361,476
Totals Exhibit 2-A	\$ 1,052,621	\$ 308,855	\$ 1,361,476

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 \$2,948,570 of unamortized deferred amounts on bond refunding in business-type activities.

Deferred outflows of resources related to pensions is \$505,711 for governmental activities reported at the government-wide financial statements and \$146,585 for business-type activities.

Deferred inflows of resources related to pensions is \$257,829 for governmental activities reported at the government-wide financial statements and \$69,543 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.

NOTE G – INTERFUND PAYABLES/RECEIVABLES, ADVANCES AND TRANSFERS

Interfund receivable and payable balances at September 30, 2021 for the primary government were as follows:

Receivable Fund	Payable Fund					Total
	General Fund	Debt Service Fund	Other Governmental Funds	Water and Sewer Fund	City International Bridge Fund	
Governmental Funds						
General Fund	\$ -	\$ -	\$ 72,415	\$ 1,151,087	\$ 2,009,559	\$ 3,233,061
Debt Service Fund	490,000	-	-	40,487	1,421,926	1,952,413
Other Governmental Funds	27,579	-	-	14,162	-	41,741
Proprietary Funds						
Water and Sewer Fund	-	-	1,000	-	111,046	112,046
City International Bridge Fund	-	-	-	-	-	-
Brush Collections	-	-	-	1,102	-	1,102
	\$ 517,579	\$ -	\$ 73,415	\$ 1,206,838	\$ 3,542,531	\$ 5,339,261

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE G – INTERFUND PAYABLES/RECEIVABLES, ADVANCES AND TRANSFERS

Interfund receivable and payable balances at September 30, 2021 for the component units were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
	DEDC (4A)	Total
Component Units		
DCD (4B)	\$ 472,660	\$ 472,660
	<u>\$ 472,660</u>	<u>\$ 472,660</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, 2021 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
	City International Bridge Fund	Total
Proprietary Fund		
Water and Sewer Fund	\$ 198,550	\$ 198,550
	<u>\$ 198,550</u>	<u>\$ 198,550</u>

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

Due to/from the primary government and component units at September 30, 2021 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>			Total
	General Fund	DEDC (4A)	DCD (4B)	
Component Units				
DCD (4B)	\$ 3,595	\$ -	\$ -	\$ 3,595
Primary Government				
Governmental Funds	-	416,966	-	416,966
Proprietary Funds	-	30,428	285,969	316,397
	<u>\$ 3,595</u>	<u>\$ 447,394</u>	<u>\$ 285,969</u>	<u>\$ 736,958</u>

**CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE G – INTERFUND PAYABLES/RECEIVABLES, ADVANCES AND TRANSFERS

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

Transfer Out	Transfer In				Total
	General Fund	Debt Service Fund	Water and Sewer Fund	City International Bridge Fund	
General Fund	\$ -	\$ -	\$ 158,000	\$ -	\$ 158,000
Debt Service Fund	-	-	-	800,000	800,000
Other Governmental Funds	<u>6</u>	<u>63,364</u>	<u>-</u>	<u>-</u>	<u>63,370</u>
	<u>\$ 6</u>	<u>\$ 63,364</u>	<u>\$ 158,000</u>	<u>\$ 800,000</u>	<u>\$ 1,021,370</u>

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

Transfer Out	Transfer In	
	Debt Service Fund	Total
Component Units		
DEDC (4A)	\$ 126,830	\$ 126,830
DDC (4B)	<u>126,830</u>	<u>126,830</u>
	<u>\$ 253,660</u>	<u>\$ 253,660</u>

Transfers were primarily used to 1.) transfer to General Fund for garbage and brush collection by the Water and Sewer Fund and 2.) to transfer to Debt Service Fund from component units to pay for interest payments.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE H – CAPITAL ASSETS

1. PRIMARY GOVERNMENT

Capital asset activity for the year ended September 30, 2021 was as follows:

Governmental Activities	Balance September 30, 2020	Increases	Decreases	Adjustments	Balance September 30, 2021
Capital assets, not subject to depreciation:					
Land	\$ 1,279,625	\$ 1,321,747	\$ -	\$ -	\$ 2,601,372
Construction in Progress	<u>80,208</u>	<u>20,472</u>	<u>-</u>	<u>(8,571)</u>	<u>92,109</u>
Total capital assets, not subject to depreciation	<u>1,359,833</u>	<u>1,342,219</u>	<u>-</u>	<u>(8,571)</u>	<u>2,693,481</u>
Capital assets, depreciable:					
Buildings	2,400,836	-	-	-	2,400,836
Improvements other than buildings	2,513,601	-	-	-	2,513,601
Infrastructure	13,086,533	-	-	-	13,086,533
Furniture and equipment	<u>6,007,427</u>	<u>595,536</u>	<u>(186,364)</u>	<u>-</u>	<u>6,416,599</u>
Total capital assets, being depreciated	<u>24,008,397</u>	<u>595,536</u>	<u>(186,364)</u>	<u>-</u>	<u>24,417,569</u>
Less accumulated depreciation:					
Buildings	1,360,280	47,004	-	-	1,407,284
Improvements other than buildings	715,774	120,646	-	-	836,420
Infrastructure	7,115,623	299,326	-	-	7,414,949
Furniture and equipment	<u>2,792,229</u>	<u>414,634</u>	<u>(162,974)</u>	<u>-</u>	<u>3,043,889</u>
Total accumulated depreciation	<u>11,983,906</u>	<u>881,610</u>	<u>(162,974)</u>	<u>-</u>	<u>12,702,542</u>
Total capital assets, being depreciated, net	<u>12,024,491</u>	<u>(286,074)</u>	<u>(23,390)</u>	<u>-</u>	<u>11,715,027</u>
Governmental Activities, capital assets, net	<u>\$ 13,384,324</u>	<u>\$ 1,056,145</u>	<u>\$ (23,390)</u>	<u>\$ (8,571)</u>	<u>\$ 14,408,508</u>

Depreciation was charged to Government functions as follows:

<u>Governmental Activities</u>	
General government	\$ 27,353
Public safety	270,861
Public works	500,958
Culture and recreation	74,103
Public health	<u>8,335</u>
Total depreciation expense - Governmental Activities	<u>\$ 881,610</u>

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE H – CAPITAL ASSETS

Business-Type Activities	Balance September 30, 2020	Increases	Decreases	Adjustments	Balance September 30, 2021
Capital assets, not subject to depreciation:					
Land	\$ 1,715,587	\$ -	\$ -	\$ (10,888)	\$ 1,704,699
Construction in Progress	10,048,673	799,988	(7,852,744)	-	2,995,917
Total capital assets, not subject to depreciation	<u>11,764,260</u>	<u>799,988</u>	<u>(7,852,744)</u>	<u>(10,888)</u>	<u>4,700,616</u>
Capital assets, depreciable:					
Buildings	13,557,160	7,738,846	-	-	21,296,006
Improvements other than buildings	3,597,578	-	-	-	3,597,578
Infrastructure	73,131,726	-	-	-	73,131,726
Furniture and equipment	3,705,814	294,281	(53,525)	-	3,946,570
Total capital assets, being depreciated	<u>93,992,278</u>	<u>8,033,127</u>	<u>(53,525)</u>	<u>-</u>	<u>101,971,880</u>
Less accumulated depreciation:					
Buildings	6,553,556	419,310	-	-	6,972,866
Improvements other than buildings	1,012,829	117,361	-	-	1,130,190
Infrastructure	31,246,832	2,502,303	-	-	33,749,135
Furniture and equipment	1,793,616	259,717	(31,900)	-	2,021,433
Total accumulated depreciation	<u>40,606,833</u>	<u>3,298,691</u>	<u>(31,900)</u>	<u>-</u>	<u>43,873,624</u>
Total capital assets, being depreciated, net	<u>53,385,445</u>	<u>4,734,436</u>	<u>(21,625)</u>	<u>-</u>	<u>58,098,256</u>
Business-Type Activities, capital assets, net	<u>\$ 65,149,705</u>	<u>\$ 5,534,424</u>	<u>\$ (7,874,369)</u>	<u>\$ (10,888)</u>	<u>\$ 62,798,872</u>

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

<u>Business-Type Activities</u>	
Water and Sewer	\$ 2,369,636
City International Bridge Fund	<u>929,055</u>
Total depreciation expense - Business-Type Activities	<u>\$ 3,298,691</u>

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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>	Balance September 30, 2020	Increases	Decreases	Balance September 30, 2021
Capital assets, not subject to depreciation:				
Land	\$ 8,108,416	\$ 1,556,483	\$ (4,876,496)	\$ 4,788,403
Construction in Progress	-	1,041,100	-	1,041,100
Total capital assets, not subject to depreciation	<u>8,108,416</u>	<u>1,556,483</u>	<u>(4,876,496)</u>	<u>5,829,503</u>
Capital assets, depreciable:				
Buildings	326,725	50,482	-	377,207
Furniture and equipment	53,165	14,600	-	67,765
Total capital assets, being depreciated	<u>379,890</u>	<u>65,082</u>	<u>-</u>	<u>444,972</u>
Less accumulated depreciation:				
Buildings	314,473	9,430	-	323,903
Furniture and equipment	32,198	5,542	-	37,740
Total accumulated depreciation	<u>346,671</u>	<u>14,972</u>	<u>-</u>	<u>361,643</u>
Total capital assets, being depreciated, net	<u>33,219</u>	<u>50,110</u>	<u>-</u>	<u>83,329</u>
Component Units, capital assets, net	<u>\$ 8,141,635</u>	<u>\$ 1,606,593</u>	<u>\$ (4,876,496)</u>	<u>\$ 5,912,832</u>

Depreciation expense for the component units for the year ended September 30, 2021 is as follows:

<u>Component Units</u>	
Component Unit - DEDC (4A)	\$ 11,630
Component Unit - DCD (4B)	<u>3,342</u>
Total Component Units depreciation expense	<u>\$ 14,972</u>

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021 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 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 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.

Series 2019 Limited Tax Refunding Bonds - 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 \$13.2M in combination tax and revenue bonds issued in varying years. The bonds are payable through 2037. Annual principal and interest payments on the bonds are expected to require approximately 42 percent of net revenues.

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 2020-2021 continue that debt servicing arrangement. The city refunded the debt in 2021-2022 and the debt is to be paid a tax levy on taxable property.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE I – LONG TERM DEBT

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

Bonds	Balance September 30, 2020	Reductions	Balance September 30, 2021	Due Within One Year
Primary Government				
<i>Governmental Funds</i>				
2012 Limited Tax Refunding Bonds	\$ 817,080	\$ (147,840)	\$ 669,240	\$ 168,960
2015 Certificate of Obligation	3,445,000	(170,000)	3,275,000	175,000
2017 Certificate of Obligation	1,655,000	(72,000)	1,583,000	74,000
Total Governmental Funds Bonds	<u>5,917,080</u>	<u>(389,840)</u>	<u>5,527,240</u>	<u>417,960</u>
<i>Water and Sewer Fund</i>				
2012 Limited Tax Refunding Bonds	2,277,920	(412,160)	1,865,760	471,040
2016 Certificates of Obligation	4,645,834	(83,333)	4,562,501	83,333
2017 Certificates of Obligation	6,620,000	(288,000)	6,332,000	296,000
2019 Limited Tax Refunding Bonds	3,825,000	(205,000)	3,620,000	205,000
Total Water and Sewer Fund Bonds	<u>17,368,754</u>	<u>(988,493)</u>	<u>16,380,261</u>	<u>1,055,373</u>
<i>City International Bridge Fund</i>				
2016 Combination Tax and Revenue Refunding Bond	25,760,000	(485,000)	25,275,000	575,000
2016 Certificates of Obligation	929,166	(16,667)	912,499	16,667
Total City International Bridge Fund Bonds	<u>26,689,166</u>	<u>(501,667)</u>	<u>26,187,499</u>	<u>591,667</u>
Total Primary Government Bonds	<u>\$ 49,975,000</u>	<u>\$ (1,880,000)</u>	<u>\$ 48,095,000</u>	<u>\$ 2,065,000</u>

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

Year ending September 30,	Governmental Activities		Business-Type Activities		Total Primary Government	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 417,960	\$ 215,882	\$ 1,647,040	\$ 1,787,954	\$ 2,065,000	\$ 2,003,836
2023	419,360	201,812	1,725,640	1,728,383	2,145,000	1,930,195
2024	427,400	187,518	1,807,600	1,666,299	2,235,000	1,853,817
2025	455,520	172,619	1,924,480	1,600,882	2,380,000	1,773,501
2026	289,000	158,663	1,861,000	1,531,540	2,150,000	1,690,203
2027-2031	1,651,000	588,083	10,494,000	6,471,483	12,145,000	7,059,566
2032-2036	1,736,000	193,208	11,919,000	4,053,204	13,655,000	4,246,412
2037-2041	131,000	2,620	9,184,000	1,637,230	9,315,000	1,639,850
2042-2046	-	-	2,005,000	50,125	2,005,000	50,125
Total	<u>\$ 5,527,240</u>	<u>\$ 1,720,405</u>	<u>\$ 42,567,760</u>	<u>\$ 20,527,100</u>	<u>\$ 48,095,000</u>	<u>\$ 22,247,505</u>

Notes Payable and Capital Leases

Capital One LED Note - due in semi-annual installments of \$54,735 through September 2023; interest at 3.440%. The original note amount was \$760,000 accounted for with governmental activities.

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.

First Capital Equipment Lease - due in quarterly installments of \$30,006 through October 2023; interest at 4.12%. The original lease amount was \$539,340 accounted for with governmental activities.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE I – LONG TERM DEBT

John Deere Lease - due in annual installments of \$9,484 through July 2024; interest at 5.95%. The original lease amount was \$39,817 accounted for with governmental activities.

First Capital Equipment Lease - due in annual installments of \$17,099 through December 2025; interest at 4.568%. The original lease amount was \$88,000 accounted for with governmental activities.

Dell Financial Services Lease - due in annual installments of \$5,234 through January 2024; interest at 2.341%. The original lease amount was \$22,365 accounted for with governmental activities.

First Capital Lease - due in annual installments of \$52,465 through October 2026; interest at 3.019%. The original lease amount was \$330,411 accounted for with governmental activities.

First Capital Equipment Lease - due in semi-annual installments of \$51,623 through June 2027; interest at 1.53%. The original lease amount was \$567,850 accounted for with governmental activities.

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

<u>Notes and Leases Payable</u>	<u>Balance</u> <u>September 30, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>September 30, 2021</u>	<u>Due Within</u> <u>One Year</u>
<i>Governmental Activities</i>					
Series 2014 Tax Notes	\$ 75,600	\$ -	\$ (75,600)	\$ -	\$ -
Capital One LED Note	309,513	-	(99,673)	209,840	103,131
Motorola Lease	37,094	-	(37,094)	-	-
First Capital Equipment Lease	363,115	-	(106,576)	256,539	111,076
John Deere Lease	32,768	-	(7,480)	25,288	7,937
First Capital Equipment Lease	88,000	-	(13,079)	74,921	13,676
Dell Financial Services	22,365	-	(22,365)	-	-
First Capital Lease	330,411	-	(46,544)	283,867	43,842
First Capital Equipment Lease	-	<u>194,824</u>	-	<u>194,824</u>	<u>30,042</u>
Total Governmental Activities					
Notes and Leases Payable	<u>1,258,866</u>	<u>194,824</u>	<u>(408,411)</u>	<u>1,045,279</u>	<u>309,704</u>
<i>Water and Sewer Fund</i>					
Series 2014 Tax Notes	134,400	-	(134,400)	-	-
Government Capital Corporation Lease	53,209	-	(9,878)	43,331	10,285
First Capital Equipment Lease	-	<u>145,305</u>	-	<u>145,305</u>	<u>22,406</u>
Total Water and Sewer Fund					
Notes and Leases Payable	<u>187,609</u>	<u>145,305</u>	<u>(144,278)</u>	<u>188,636</u>	<u>32,691</u>
<i>Brush Collections</i>					
First Capital Equipment Lease	-	<u>224,630</u>	-	<u>224,630</u>	<u>34,638</u>
Total Brush Collections					
Notes and Leases Payable	<u>-</u>	<u>224,630</u>	<u>-</u>	<u>224,630</u>	<u>34,638</u>
Total Notes and Leases Payable	<u>\$ 1,446,475</u>	<u>\$ 564,759</u>	<u>\$ (552,689)</u>	<u>\$ 1,458,545</u>	<u>\$ 377,033</u>

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE I – LONG TERM DEBT

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
2022	\$ 309,704	\$ 34,454	\$ 67,329	\$ 12,088	\$ 377,033	\$ 46,542
2023	321,475	22,682	69,701	9,716	391,176	32,398
2024	132,139	12,532	71,780	7,638	203,919	20,170
2025	96,527	8,653	73,920	5,497	96,527	8,653
2026	150,570	7,076	64,337	3,292	150,570	7,076
2027-2031	34,863	753	66,198	1,430	34,863	753
Total	<u>\$ 1,045,278</u>	<u>\$ 86,150</u>	<u>\$ 413,265</u>	<u>\$ 39,661</u>	<u>\$ 1,254,088</u>	<u>\$ 115,592</u>

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.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE I – LONG TERM DEBT

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.

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

<u>Claims Payable</u>	<u>Balance September 30, 2020</u>	<u>Reductions</u>	<u>Balance September 30, 2021</u>
<i>Water and Sewer Fund</i>			
W/S Claims by SOS	\$ 886,751	\$ -	\$ 886,751
Total Water and Sewer Fund Claims	<u>886,751</u>	<u>-</u>	<u>886,751</u>
<i>City International Bridge Fund</i>			
Bridge Success Fee	716,000	-	716,000
Bond Refinance and Grant Success Fee	<u>2,175,044</u>	<u>-</u>	<u>2,175,044</u>
Total City International Bridge Fund Claims	<u>2,891,044</u>	<u>-</u>	<u>2,891,044</u>
 Total Claims Payable	 <u>\$ 3,777,795</u>	 <u>\$ -</u>	 <u>\$ 3,777,795</u>

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

Year ending <u>September 30,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ -	\$ -
2023	748,275	273,325
2024	324,972	66,747
2025	484,738	55,262
2026	496,806	43,194
2027-2031	1,625,003	86,032
2032-2036	<u>98,001</u>	<u>404</u>
Total	<u>\$ 3,777,795</u>	<u>\$ 524,964</u>

2. COMPONENT UNITS

DEDC-4A

Bonds outstanding at September 30, 2021 are:

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.

Series 2019 Sales Tax Revenue and Refunding Bonds - due in variable installments of \$180,000 to \$265,000 through August 1, 2034; interest is between 4.16% to 4.75%, payable semi-annually.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE I – LONG TERM DEBT

DEDC-4A

DEDC-4A	Balance				Adjustment	Balance	
	September 30, 2020	Additions	Reductions	September 30, 2021		Due Within One Year	
2018 Sales Tax Revenue Bonds	\$ 780,000	\$ -	\$ (85,000)	\$ -	\$ 695,000	\$ 85,000	
2019 Sales Tax Revenue Refunding Bonds	3,350,000	-	(185,000)	(215,000)	2,950,000	190,000	
	4,130,000	-	(270,000)	(215,000)	3,645,000	275,000	
Less: Discount on Sales Tax Revenue and Refunding Bonds	(28,573)	-	3,810	-	(24,763)	-	
Total Bonds	\$ 4,101,427	\$ -	\$ (355,000)	\$ (215,000)	\$ 3,620,237	\$ 275,000	

The bonds payable annual debt service requirements to maturity are:

Year ending September 30,	Principal	Interest	Total
2022	\$ 275,000	\$ 111,741	\$ 386,741
2023	290,000	102,737	392,737
2024	295,000	93,236	388,236
2025	310,000	83,511	393,511
2026	320,000	73,288	393,288
2027-2031	1,380,000	217,383	1,597,383
2032-2036	775,000	42,588	817,588
Total	\$ 3,645,000	\$ 724,484	\$ 4,369,484

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		Balance	
	September 30, 2020	Reductions	September 30, 2021	Due Within One Year
Texas National Bank Loan	\$ 2,144,125	\$ (950,490)	\$ 1,193,635	\$ 300,000

The notes payable annual debt service requirements to maturity are:

Year ending September 30,	Principal	Interest	Total
2022	\$ 300,000	\$ 65,750	365,750
2023	300,000	47,500	347,500
2024	300,000	29,350	329,350
2025	293,635	11,000	304,635
Total	\$ 1,193,635	\$ 153,600	1,347,235

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE I – LONG TERM DEBT

DCD-4B

Bonds outstanding at September 30, 2021 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	Additions	Reductions	Adjustment	Balance	Due Within
	September 30, 2020				September 30, 2021	
2019 Sales Tax Revenue Refunding Bonds	\$ 3,290,000	\$ -	\$ (180,000)	\$ (210,000)	\$ 2,900,000	\$ 190,000
	3,290,000	-	(180,000)	(210,000)	2,900,000	190,000
Less: Discount on Sales Tax Revenue and Refunding Bonds	(39,123)	-	2,794	-	(36,329)	-
Total Bonds	<u>\$ 3,250,877</u>	<u>\$ -</u>	<u>\$ (177,206)</u>	<u>\$ (210,000)</u>	<u>\$ 2,863,671</u>	<u>\$ 380,000</u>

The bonds payable annual debt service requirements to maturity are:

Year ending September 30,	Principal	Interest	Total
2022	\$ 190,000	\$ 78,300	\$ 268,300
2023	195,000	73,170	268,170
2024	195,000	67,905	262,905
2025	205,000	62,640	267,640
2026	210,000	57,105	267,105
2027-2031	1,140,000	197,370	1,337,370
2032-2036	<u>765,000</u>	<u>41,580</u>	<u>806,580</u>
Total	<u>\$ 2,900,000</u>	<u>\$ 578,070</u>	<u>\$ 3,478,070</u>

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021

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, 2021 are as follows:

	Balance September 30, 2020	Additions	Reductions	Balance September 30, 2021	Due Within One Year
<i>Governmental activities</i>					
Bonds payable					
Bonded debt	\$ 5,917,080	\$ -	\$ (389,840)	\$ 5,527,240	\$ 417,960
Premium on bonds	390,774	-	(28,060)	362,714	-
Total bonds payable	<u>6,307,854</u>	<u>-</u>	<u>(417,900)</u>	<u>5,889,954</u>	<u>417,960</u>
Notes and Leases payable					
Taxnote	75,600	-	(75,600)	-	-
Capital One Bank Note	309,513	-	(99,673)	209,840	103,131
Motorola Lease	37,094	-	(37,094)	-	-
First Capital Equipment Lease	363,115	-	(106,576)	256,539	111,076
John Deere Lease	32,768	-	(7,480)	25,288	7,937
First Capital Equipment Lease	88,000	-	(13,079)	74,921	13,676
Dell Financial Services	22,365	-	(22,365)	-	-
First Capital Lease	330,411	-	(46,544)	283,867	43,842
First Capital Equipment Lease	-	194,824	-	194,824	30,042
Total notes and leases payable	<u>1,258,866</u>	<u>194,824</u>	<u>(408,411)</u>	<u>1,045,279</u>	<u>309,704</u>
Subtotal	<u>7,566,720</u>	<u>194,824</u>	<u>(826,311)</u>	<u>6,935,233</u>	<u>727,664</u>
Compensated absences	<u>238,883</u>	<u>52,480</u>	<u>-</u>	<u>291,363</u>	<u>-</u>
Net pension liability					
TMRS	2,305,179	-	(30,947)	2,274,232	-
Firemen's retirement plan	57,985	-	(39,664)	18,321	-
Total net pension liability	<u>2,363,164</u>	<u>-</u>	<u>(70,611)</u>	<u>2,292,553</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 9,929,884</u>	<u>\$ 194,824</u>	<u>\$ (896,922)</u>	<u>\$ 9,227,786</u>	<u>\$ 727,664</u>
<i>Business-type activities</i>					
Bonds payable					
Bonded debt	\$ 44,057,920	\$ -	\$ (1,490,160)	\$ 42,567,760	\$ 1,647,040
Premium on bonds	4,377,478	-	(212,490)	4,164,988	-
Total bonds payable	<u>48,435,398</u>	<u>-</u>	<u>(1,702,650)</u>	<u>46,732,748</u>	<u>1,647,040</u>
Notes and Leases payable					
Series 2014 Tax Notes	134,400	-	(134,400)	-	-
Governmental Capital Corporation lease	53,209	-	(9,878)	43,331	10,285
First Capital Equipment Lease	-	145,305	-	145,305	10,285
First Capital Equipment Lease	-	224,630	-	224,630	34,638
Total notes and leases payable	<u>187,609</u>	<u>369,935</u>	<u>(144,278)</u>	<u>413,266</u>	<u>55,208</u>
Claims payable	3,777,795	-	-	3,777,795	-
Compensated absences	<u>83,812</u>	<u>36,931</u>	<u>-</u>	<u>120,743</u>	<u>-</u>
Subtotal	<u>52,484,614</u>	<u>406,866</u>	<u>(1,846,928)</u>	<u>51,044,552</u>	<u>1,702,248</u>
Net pension liability - TMRS	<u>719,611</u>	<u>-</u>	<u>(60,416)</u>	<u>659,195</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 53,204,225</u>	<u>\$ 406,866</u>	<u>\$ (1,907,344)</u>	<u>\$ 51,703,747</u>	<u>\$ 1,702,248</u>

**CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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, 2021 consist of:

	Water and Sewer Activities	City International Bridge Activities	Total
O&M Reserve	\$ -	\$ 307,946	\$ 307,946
Repairs & Replacement Reserve	-	311,984	311,984
Debt Service	26,585	103,404	129,989
	<u>\$ 26,585</u>	<u>\$ 723,334</u>	<u>\$ 749,919</u>

2. COMPONENT UNITS

Other Non-Current Liabilities - Component Unit

TIRZ #2 has accrued expenses of \$2,499,696 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.tmr.com.

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

**CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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.

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, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	36
Inactive employees entitled to but not yet receiving benefits	101
Active employees	144
Total	281

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 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 8.61% and 11.06% in calendar years 2019 and 2020, respectively. The city’s contributions to TMRS for the year ended September 30, 2020, were \$685,438, and were equal to the required contributions.

Net Pension Liability

The City’s Net Pension Liability (NPL) was measured as of December 31, 2020 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, 2020 actuarial valuations was determined using the following actuarial assumptions:

Inflation	2.50%
Investment rate of return	6.75%
Overall payroll growth	2.75%

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. 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 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	<u>100.0%</u>	

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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.

Schedule of Changes in Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2019	\$ 11,776,999	\$ 8,730,382	\$ 3,046,617
Changes for the year			
Service cost	880,735	-	880,735
Interest	814,221	-	814,221
Difference between expected/actual experience	(11,289)	-	(11,289)
Changes of assumptions	-	-	-
Contributions - employer	-	684,222	(684,222)
Contributions - employee	-	431,431	(431,431)
Net investment income	-	664,578	(664,578)
Benefit payments, including refunds of employee contributions	(309,661)	(309,661)	-
Administrative expenses	-	(4,288)	4,288
Other charges	-	(167)	167
Net changes	<u>1,374,006</u>	<u>1,466,115</u>	<u>(92,109)</u>
Balance at December 31, 2020	<u>\$ 13,151,005</u>	<u>\$ 10,196,497</u>	<u>\$ 2,954,508</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 \$2,933,427 and the component units are \$21,081.

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% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 5,091,245	\$ 2,933,427	\$ 1,189,697
Component unit's net pension liability	<u>36,588</u>	<u>21,081</u>	<u>8,550</u>
Total net pension liability	<u>\$ 5,127,833</u>	<u>\$ 2,954,508</u>	<u>\$ 1,198,247</u>

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE K – TEXAS MUNICIPAL RETIREMENT SYSTEM BENEFIT PLAN

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2020, the City recognized pension expense of \$760,391 for the TMRS pension plan. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to TMRS pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ 50,591	\$ 8,645
Changes in actuarial assumptions	41,924	-
Differences between projected and actual investment earnings (net of current year amortization)	-	303,045
Contributions subsequent to the measurement date	564,469	-
Total	\$ 656,984	\$ 311,690

The city includes contributions made subsequent to the measurement date (12/31/2019) through the City’s fiscal year end (9/30/2020) as deferred outflows resources.

\$518,733 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	City
Year ended September 30,	
2022	\$ (53,773)
2023	39,606
2024	(108,689)
2025	(15,767)
Thereafter	-
	\$ (138,623)

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE L – FIREMEN’S PENSION PLAN

Plan Description

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. Direct financial activity for the System is classified in the financial statements as pension trust funds. The System issues a stand-alone financial report that is available to the public at www.tesrs.org.

Of the nine-member state board of trustees, at least five trustees must be active members of the pension system, one of whom must represent emergency medical services personnel. One trustee may be a retiree of the pension system, and three trustees must be persons who have experience in the fields of finance, securities investment, or pension administration. At August 31, 2020, 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.

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.

Covered Membership

On August 31, 2021 the pension system membership consisted of:

Retirees and beneficiaries currently receiving benefits	3,843
Terminated members entitled to but not yet receiving benefits	1,706
Active participants	3,571

Funding Policy

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.

According to the state law governing the System, 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, 2021

NOTE L – FIREMEN’S PENSION PLAN

The board rule defining contributions was amended in 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 August 31, 2020 actuarial valuation, the Part Two contributions are not required for an adequate contribution arrangement.

Additional contributions may be made by governing bodies within two years of joining the System, to grant up to 15 years of credit for prior service per member. Prior service must have occurred before the department began participation in the System.

A small subset of participating departments have a different contribution arrangement which is being phased out over time. In this arrangement, contributions made in addition to the monthly contributions for active members, are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into the System. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments paid by 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, 2020, total contributions of \$10,728 were paid into TESRS by the City.

The purpose of the biennial actuarial valuation is to determine if the contribution arrangement is adequate to pay the benefits that are promised. Actuarial assumptions are disclosed in Section I(B)(1).

The most recently completed biennial actuarial valuation as of August 31, 2020 stated that TESRS has an adequate contribution arrangement for the benefit provisions recognized in the valuation based on the expected total contributions, including the expected contributions both from the governing body of each participating department and from the state. The expected contributions from the state are state appropriations equal to (1) the maximum annual contribution (one-third of all contributions to TESRS by governing bodies of participating departments in a year) as needed in accordance with state law governing TESRS and (2) approximately \$675,000 each year to pay for part of the System’s administrative expenses.

Net Pension Liability

The System’s net pension liability was measured as of August 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2020.

Total Pension Liability	\$	266,219
Plan Fiduciary Net Pension		247,898
City's Net Pension Liability	\$	18,321
Plan fiduciary Net Position as a		
Percentage of the Total Pension Liability		93.1%

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE L – FIREMEN’S PENSION PLAN

Actuarial Assumptions

The total pension liability in the August 31, 2020 actuarial valuation was determined 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 PubS-2010 (public safety) below-median income mortality tables for employees and for retirees, projected for mortality improvement generationally using projection scale MP-2019.

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 4.6%) and by adding expected inflation (3.0%). In addition, the final 7.5% assumption was selected by rounding down. 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	20%	5.83%
Small cap domestic	10%	5.94%
Developed international	15%	6.15%
Emerging markets	5%	7.25%
Global infrastructure	5%	6.41%
Real Estate	10%	4.48%
Multi asset income	5%	3.84%
Fixed income	30%	1.99%
Cash	0%	0.00%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. No projection of cash flows was used to determine the discount rate because the August 31, 2020 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.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE L – FIREMEN’S PENSION PLAN

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 7.5%, 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 (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Firemen's Net Pension Liability	\$59,880	\$18,321	\$ (9,422)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2021, the City reported its proportionate share of TESRS’ deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 725
Changes in assumptions	-	25
Net difference between projected and actual investment earnings	-	17,156
City contribution subsequent to measurement date	-	-
Total	\$ -	\$ 17,906

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

	Net Deferred Outflows Minus Deferred Inflows of Resources
Year ended September 30,	
2022	\$ (4,839)
2023	(2,980)
2024	(5,624)
2025	(4,463)
	\$ (17,906)

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE M – CONSTRUCTION AND IMPROVEMENT COMMITMENTS

At September 30, 2021, 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. Construction was completed during October 2020.
- 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 complete. The timeline for the project is to begin July 2020. 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 \$16,146 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 \$2,484,179 and represented \$206,164 in local and state and \$2,278,015 in debt service.
- Unassigned:
The unassigned fund balances totaled \$4,030,591, in the general fund and \$7,767 in other governmental funds.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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 in active litigation in several suits which it intends to vigorously defend.

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

The City refunded the Combination Tax & International Toll Bridge Revenue Refunding Bonds on February 1st, 2022. The new bond issue, a General Obligation Refunding Bond a \$26,175,000 issue, is a taxable issue to be paid by a tax levy assessed on taxable property.

NOTE Q – PRIOR PERIOD ADJUSTMENT

Governmental Activities

During fiscal year 2020, the City understated the General Fund's receivables by \$123,531 and overstated Debt Service Fund's receivables by \$53,571. The effect of these adjustments increased prior period's governmental activities net position by \$69,960.

Business Type Activities

During fiscal year 2020 the City overstated Water and Sewer Fund's capital assets by 10,887 and understated City International Bridge Fund's receivables by \$473,954. The effect of these adjustments increased prior period's business-type activities net position by \$494,036.

CITY OF DONNA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT 5-A

	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
REVENUES				
Property taxes	\$ 4,704,973	\$ 4,704,973	\$ 4,875,937	\$ 170,964
Nonproperty taxes	3,147,056	3,147,056	3,515,611	368,555
Fees and charges for services	2,251,540	2,991,540	2,962,485	(29,055)
Fines and forfeitures	163,547	163,547	130,237	(33,310)
Licenses and permits	147,416	219,358	301,594	82,236
Intergovernmental	1,184,682	1,005,284	815,782	(189,502)
Investment earnings	15,000	15,000	989,122	974,122
Miscellaneous income	50,948	60,848	66,993	6,145
Total revenue	<u>11,665,162</u>	<u>12,307,606</u>	<u>13,657,761</u>	<u>1,350,155</u>
EXPENDITURES				
General government:				
City council	23,000	35,000	32,710	2,290
City manager	296,845	416,066	391,040	25,026
Municipal court	212,645	225,145	171,717	53,428
Finance	560,030	577,718	549,694	28,024
Information & technology	145,417	154,497	131,453	23,044
City hall	138,355	141,355	134,943	6,412
City secretary	84,464	88,464	86,981	1,483
Tax assessor collector	150,870	159,630	145,174	14,456
Planning and development	145,750	145,750	133,896	11,854
Non-departmental	787,051	787,051	738,265	48,786
Total general government	<u>2,544,427</u>	<u>2,730,676</u>	<u>2,515,873</u>	<u>214,803</u>
Public safety:				
Police	3,486,210	3,504,613	3,535,403	(30,790)
Fire	300,737	351,637	380,055	(28,418)
Inspections	81,189	85,189	82,343	2,846
Total public safety	<u>3,868,136</u>	<u>3,941,439</u>	<u>3,997,801</u>	<u>(56,362)</u>
Public works:				
Public works department	1,597,382	1,878,982	1,853,361	25,621
City vehicle maintenance	49,592	49,592	49,589	3
Sanitation	1,376,729	1,376,729	1,296,547	80,182
Street and roadways	320,847	320,847	262,704	58,143
Total public works	<u>3,344,550</u>	<u>3,626,150</u>	<u>3,462,201</u>	<u>163,949</u>

CITY OF DONNA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT 5-A (Cont'd)

	Original Budget	Final Budget	Actual	Variance from Final
EXPENDITURES (Continued)				
Culture and recreation:				
Community support	37,250	37,250	31,772	5,478
Parks and recreation	198,113	371,182	373,995	(2,813)
Swimming pool	22,467	32,334	23,854	8,480
Library	<u>361,331</u>	<u>353,027</u>	<u>339,915</u>	<u>13,112</u>
Total culture and recreation	<u>619,161</u>	<u>793,793</u>	<u>769,536</u>	<u>24,257</u>
Public health:				
Code enforcement and health inspections	112,806	115,166	112,551	2,615
Animal control	111,696	133,687	136,129	(2,442)
Cemetery	<u>63,926</u>	<u>63,926</u>	<u>99,144</u>	<u>(35,218)</u>
Total public health	<u>288,428</u>	<u>312,779</u>	<u>347,824</u>	<u>(35,045)</u>
Capital outlay	<u>493,203</u>	<u>1,171,303</u>	<u>1,926,383</u>	<u>(755,080)</u>
Total capital outlay	<u>493,203</u>	<u>1,171,303</u>	<u>1,926,383</u>	<u>(755,080)</u>
Debt service:				
Principal retirement	99,673	206,249	330,989	(124,740)
Interest and fiscal agent fees	<u>9,798</u>	<u>9,798</u>	<u>37,065</u>	<u>(27,267)</u>
Total debt service	<u>109,471</u>	<u>216,047</u>	<u>368,054</u>	<u>(152,007)</u>
Total expenditures	<u>11,267,376</u>	<u>12,792,187</u>	<u>13,387,672</u>	<u>(595,485)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>397,786</u>	<u>(484,581)</u>	<u>270,089</u>	<u>754,670</u>
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	-	36,570	36,570
Capital lease proceeds	-	419,455	194,824	(224,631)
Sale of capital asset	3,500	46,200	45,265	(935)
Transfers in	-	-	6	6
Transfers (out)	<u>-</u>	<u>-</u>	<u>(158,000)</u>	<u>(158,000)</u>
Total other financing sources (uses)	<u>3,500</u>	<u>465,655</u>	<u>118,665</u>	<u>(346,990)</u>
NET CHANGE IN FUND BALANCE	401,286	(18,926)	388,754	407,680
FUND BALANCE, BEGINNING	<u>3,534,452</u>	<u>3,534,452</u>	<u>3,534,452</u>	<u>-</u>
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>123,531</u>	<u>123,531</u>
FUND BALANCE, ENDING	<u>\$ 3,935,738</u>	<u>\$ 3,515,526</u>	<u>\$ 4,046,737</u>	<u>\$ 531,211</u>

CITY OF DONNA, TEXAS
NOTES TO BUDGETARY COMPARISON SCHEDULE
SEPTEMBER 30, 2021

1. Budgetary Expenditures in Excess of Appropriations

During the year ended September 30, 2021, expenditures exceeded appropriations as follows in the General Fund.

Department	General fund Excess of Expenditures Over Appropriations
Police	\$ 30,790
Fire	28,418
Parks and recreation	2,813
Animal Control	2,442
Cemetery	35,218
Capital Outlay	755,080
Principal retirement	124,740
Interest and fiscal agent fees	27,267
	\$ 1,006,768

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 YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT 5-B

	Plan Year Ended December 31,					
	2020	2019	2018	2017	2016	2015
A. Total pension liability						
Service Cost	\$ 880,735	\$ 847,124	\$ 790,000	\$ 567,001	\$ 546,200	\$ 352,384
Interest (on the Total Pension Liability)	814,221	711,120	643,876	529,082	477,136	413,029
Change in benefit terms		-	934,668	-	-	498,676
Difference between expected and actual experience	(11,289)	152,450	(104,734)	(18,136)	82,844	260,094
Changes of assumptions		126,333	-	-	-	243,482
Benefit payments, including refunds of employee contributions	<u>(309,661)</u>	<u>(343,154)</u>	<u>(379,827)</u>	<u>(467,109)</u>	<u>(226,986)</u>	<u>(168,272)</u>
Net change in total pension liability	1,374,006	1,493,873	1,883,983	610,838	879,194	1,599,393
Total pension liability - beginning	<u>11,776,959</u>	<u>10,283,086</u>	<u>8,399,103</u>	<u>7,788,265</u>	<u>6,909,071</u>	<u>5,309,678</u>
Total pension liability - ending (a)	<u>\$ 13,150,965</u>	<u>\$ 11,776,959</u>	<u>\$ 10,283,086</u>	<u>\$ 8,399,103</u>	<u>\$ 7,788,265</u>	<u>\$ 6,909,071</u>
B. Plan fiduciary net position						
Contributions - Employer	\$ 684,222	\$ 655,367	\$ 495,296	\$ 405,473	\$ 329,520	\$ 197,480
Contributions - Employee	431,431	409,239	337,967	284,212	285,881	202,753
Net Investment Income	664,578	1,075,485	(200,772)	788,860	335,867	6,982
Benefit payments, including refunds of employee contributions	(309,661)	(343,154)	(379,827)	(467,109)	(226,986)	(168,272)
Administrative Expenses	(4,288)	(6,062)	(3,874)	(4,083)	(3,789)	(4,250)
Other	<u>(167)</u>	<u>(182)</u>	<u>(202)</u>	<u>(207)</u>	<u>(204)</u>	<u>(210)</u>
Net change in plan fiduciary net position	1,466,115	1,790,693	248,588	1,007,146	720,289	234,483
Plan fiduciary net position - beginning	<u>8,730,383</u>	<u>6,939,690</u>	<u>6,691,102</u>	<u>5,683,956</u>	<u>4,963,667</u>	<u>4,729,184</u>
Plan fiduciary net position - ending (b)	<u>\$ 10,196,498</u>	<u>\$ 8,730,383</u>	<u>\$ 6,939,690</u>	<u>\$ 6,691,102</u>	<u>\$ 5,683,956</u>	<u>\$ 4,963,667</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 2,954,467</u>	<u>\$ 3,046,576</u>	<u>\$ 3,343,396</u>	<u>\$ 1,708,001</u>	<u>\$ 2,104,309</u>	<u>\$ 1,945,404</u>
D. Plan fiduciary net position as a percentage of total pension liability	77.53%	74.13%	67.49%	79.66%	72.98%	71.84%
E. Covered employee payroll	\$ 6,553,876	\$ 6,082,718	\$ 5,825,341	\$ 5,226,060	\$ 4,686,623	\$ 3,899,718
F. Net position liability as a percentage of covered employee payroll	45.08%	50.09%	57.39%	32.68%	44.90%	49.89%

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

**CITY OF DONNA, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

EXHIBIT 5-C

	Fiscal Year Ended September 30, 2020						
	2021	2020	2019	2018	2017	2016	2015
Actuarial determined contribution	\$ 727,398	\$ 674,856	\$ 616,810	\$ 447,760	\$ 383,354	\$ 160,460	\$ 160,460
Contributions in relation to the actuarially determined contribution	(727,398)	(674,856)	(616,810)	(447,760)	(383,354)	(160,460)	(160,460)
Contribution deficiency (excess)	-	-	-	-	-	-	-
Covered employee payroll	\$ 6,553,876	\$ 6,082,718	\$ 5,825,341	\$ 5,226,060	\$ 4,686,623	\$ 3,899,718	\$ 3,899,718
Contributions as a percentage of covered employee payroll	11.10%	11.09%	10.59%	8.57%	8.18%	4.11%	4.11%

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	14 years
Asset Valuation Method	10 Year smoothed market; 12% 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 2019 valuation pursuant to an experience study of period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(1) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes: There were no benefit changes during the year. Seven years of data is presented in accordance with GASB 68, Paragraph 138, since this is the only information available that is measured in accordance with this statement.

CITY OF DONNA, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
FIREMEN'S RELIEF AND RETIREMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT 5-D

Plan Year	August 31,	August 31,	August 31,	August 31,	September 30,		
	2021	2020	2019	2018	2017	2016	2015
A. Total pension liability							
Service Cost	\$ 2,661	\$ 4,292	\$ 2,687	\$ 3,012	\$ 3,792	\$ 318	\$ -
Interest (on the Total Pension Liability)	19,017	25,298	15,196	18,719	22,534	1,203	1,224
Changes of benefit terms	-	6,875	-	5,340	-	-	-
Difference between expected and actual experience	-	(4,520)	-	(171)	-	1,096	921
Changes of assumptions	-	(156)	-	-	-	-	-
Benefit payments	<u>(12,712)</u>	<u>(15,828)</u>	<u>(9,262)</u>	<u>(11,037)</u>	<u>(11,977)</u>	<u>(2,400)</u>	<u>(2,300)</u>
Net change in total pension liability	8,966	15,960	8,621	15,863	14,349	217	(155)
Total pension liability - beginning	<u>257,253</u>	<u>330,052</u>	<u>198,021</u>	<u>244,040</u>	<u>292,959</u>	<u>29,772</u>	<u>29,927</u>
Total pension liability - ending (a)	<u>\$ 266,219</u>	<u>\$ 346,013</u>	<u>\$ 206,641</u>	<u>\$ 259,903</u>	<u>\$ 307,308</u>	<u>\$ 29,989</u>	<u>\$ 29,772</u>
B. Plan fiduciary net position							
Contributions - City	\$ 652	\$ 8,637	\$ 5,012	7,747	\$ 11,929	\$ -	\$ -
Contributions - State	2,273	3,057	1,914	2,514	3,770	-	-
Contributions - Employer	-	-	-	-	-	2,400	2,500
Net Investment Income	38,132	28,041	1,642	21,383	23,268	-	-
Benefit payments	(12,712)	(15,828)	(9,262)	(11,037)	(11,977)	(2,400)	(2,300)
Administrative Expenses	(459)	(737)	(327)	(299)	(439)	-	-
Other	-	-	-	-	-	(250)	-
Net change in plan fiduciary net position	27,886	23,171	(1,020)	20,308	26,551	(250)	200
Plan fiduciary net position - beginning	<u>214,143</u>	<u>264,858</u>	<u>166,844</u>	<u>198,676</u>	<u>223,634</u>	<u>1,016</u>	<u>816</u>
Plan fiduciary net position - ending (b)	<u>\$ 247,898</u>	<u>\$ 288,028</u>	<u>\$ 165,824</u>	<u>\$ 218,984</u>	<u>\$ 250,185</u>	<u>\$ 766</u>	<u>\$ 1,016</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 18,321</u>	<u>\$ 57,985</u>	<u>\$ 40,818</u>	<u>\$ 40,919</u>	<u>\$ 57,123</u>	<u>\$ 29,223</u>	<u>\$ 28,756</u>
D. Plan fiduciary net position as a percentage of total pension liability	93.12%	83.24%	80.25%	84.26%	81.41%	2.55%	3.41%
E. Number of Active Members	8	8	5	7	10		
F. System's Net Pension Liability per Active Member	\$ 2,290	\$ 6,938	\$ 7,657	\$ 5,846	\$ 5,932		

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 YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT 5-E

Plan Year	August 31,	August 31,	August 31,	August 31,	September 30,		
	2020	2020	2019	2018	2017	2016	2015
Actuarial determined contribution	8208	\$ 10,728	\$ 6,446	\$ 9,070	\$ 11,520	\$ 2,363	\$ 2,075
Contributions in relation to the actuarially determined contribution	(8,208)	(10,728)	(6,446)	(9,070)	(11,520)	(2,400)	(2,500)
Contribution deficiency (excess)	-	-	-	-	-	(37)	(425)
Covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	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	7.5 percent, net of pension plan investment expense, including inflation
Retirement Age	Age 55 with 20 years' experience
Mortality	Mortality rates were based on the PubS-2010 (public safety) below-median income mortality tables for employees and for retirees, projected for mortality improvement generationally using projection scale MP-2019.

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.

**CITY OF DONNA, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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.

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.

American Rescue Plan Act (ARPA) Fund accounts for expenditures funded by the American Rescue Plan Act.

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.

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

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

Urban County CDBG Program Fund accounts for funds received from the federal government by Hidalgo County and administered by Hidalgo County on behalf of the City.

Wastewater Impact Fee Fund accounts for a fee charged to new developments to offset increase demand on existing water and wastewater system.

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

**CITY OF DONNA, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

EXHIBIT 6-A

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 1,517,744	\$ 14,220	\$ 1,531,964
Receivables, net:			
Property taxes	224,404	-	224,404
Accounts	28,771	-	28,771
Due from other funds	41,741	-	41,741
Due from component units	75,217	-	75,217
Total assets	<u>\$ 2,540,938</u>	<u>\$ 14,220</u>	<u>\$ 2,555,158</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 9,143	\$ 11,372	\$ 20,515
Accrued liabilities	228,707	-	228,707
Due to other funds	73,415	-	73,415
Total liabilities	<u>2,329,855</u>	<u>11,372</u>	<u>2,341,227</u>
Fund balances:			
Restricted for			
Tourism	157,149	-	157,149
Fire equipment debt service	39,434	-	39,434
Law enforcement	(13,759)	-	(13,759)
Park improvements	20,492	-	20,492
Capital projects	-	2,848	2,848
Unassigned	7,767	-	7,767
Total fund balances	<u>211,083</u>	<u>2,848</u>	<u>213,931</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,540,938</u>	<u>\$ 14,220</u>	<u>\$ 2,555,158</u>

CITY OF DONNA, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT 6-B

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Nonproperty taxes	\$ 141,802	\$ -	\$ 141,802
Fines and forfeitures	22,424	-	22,424
Charges for services	95,935	-	95,935
Miscellaneous income	200	-	200
Interest and investment income	88	-	88
Total revenues	<u>285,006</u>	<u>-</u>	<u>285,006</u>
EXPENDITURES			
Current:			
General government	5,573	-	5,573
Tourism	178,588	-	178,588
Public safety	36,388	-	36,388
Public works	15,651	-	15,651
Culture and recreation	6,984	-	6,984
Total expenditures	<u>243,184</u>	<u>11,372</u>	<u>254,556</u>
EXCESS (DEFICIENCY) OF REVENUES			
(OVER) UNDER EXPENDITURES	<u>41,822</u>	<u>(11,372)</u>	<u>30,450</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital asset	4,470	-	4,470
Transfers (out)	<u>(63,370)</u>	<u>-</u>	<u>(63,370)</u>
Total other financing sources (uses)	<u>(58,900)</u>	<u>-</u>	<u>(58,900)</u>
NET CHANGE IN FUND BALANCES	(17,078)	(11,372)	(28,450)
FUND BALANCES, BEGINNING	<u>228,161</u>	<u>14,220</u>	<u>242,381</u>
FUND BALANCES, ENDING	<u>\$ 211,083</u>	<u>\$ 2,848</u>	<u>\$ 213,931</u>

CITY OF DONNA, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2021

	Hotel Occupancy Tax	Fire Equipment Service Fee	Texas Confiscated Forfeitures
ASSETS			
Cash and investments	\$ 18,256	\$ 54,542	\$ 17,118
Receivables, net:			
Taxes	-	-	-
Other	19,370	9,401	-
Due from other funds	-	14,162	-
Due from component unit	75,217	-	-
Prepaid expense	57,000	-	-
Total assets	\$ 169,843	\$ 78,105	\$ 17,118
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 3,105	\$ -	\$ 515
Accrued liabilities	6,707	-	-
Due to other funds	2,882	38,671	30,362
Unearned revenues	-	-	-
Total liabilities	12,694	38,671	30,877
Fund balances:			
Restricted for			
Tourism	157,149	-	-
Fire equipment debt service	-	39,434	-
Law enforcement	-	-	(13,759)
Park improvements	-	-	-
Unassigned	-	-	-
Total fund balances	157,149	39,434	(13,759)
Total liabilities, deferred inflows of resources and fund balances	\$ 169,843	\$ 78,105	\$ 17,118

EXHIBIT 6-C

ARPA	Tax Note Equipment	Parks Improvement Fee	Urban County CDBG Program	Wastewater Impact Fee	Tax Increment Reinvestment Zone One	Total Nonmajor Special Revenue Funds
\$ 1,424,552	\$ -	\$ 1,148	\$ -	\$ 500	\$ 1,628	\$ 1,517,744
-	-	-	-	-	224,404	224,404
-	-	-	-	-	-	28,771
4,000	-	19,844	-	-	3,735	41,741
-	-	-	-	-	-	75,217
<u>596,061</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>653,061</u>
<u>\$ 2,024,613</u>	<u>\$ -</u>	<u>\$ 20,992</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 229,767</u>	<u>\$ 2,540,938</u>
\$ 5,523	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,143
-	-	-	-	-	222,000	228,707
500	-	500	-	500	-	73,415
<u>2,018,590</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,018,590</u>
<u>2,024,613</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>500</u>	<u>222,000</u>	<u>2,329,855</u>
-	-	-	-	-	-	157,149
-	-	-	-	-	-	39,434
-	-	-	-	-	-	(13,759)
-	-	20,492	-	-	-	20,492
-	-	-	-	-	7,767	7,767
<u>-</u>	<u>-</u>	<u>20,492</u>	<u>-</u>	<u>-</u>	<u>7,767</u>	<u>211,083</u>
<u>\$ 2,024,613</u>	<u>\$ -</u>	<u>\$ 20,992</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 229,767</u>	<u>\$ 2,540,938</u>

CITY OF DONNA, TEXAS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Hotel Occupancy Tax	Fire Equipment Service Fee	Texas Confiscated Forfeitures
REVENUES			
Nonproperty taxes	\$ 141,802	\$ -	\$ -
Charges for services	215	77,525	-
Fines and forfeitures	-	-	22,424
Intergovernmental revenue	3,333	-	-
Miscellaneous income	200	-	-
Interest and investment income	49	39	-
Total revenues	<u>145,599</u>	<u>77,564</u>	<u>22,424</u>
EXPENDITURES			
Current:			
General government	-	-	-
Tourism development	178,588	-	-
Public safety	-	-	36,388
Public works	-	-	-
Culture and recreation	6,984	-	-
Total expenditures	<u>185,572</u>	<u>-</u>	<u>36,388</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(39,973)</u>	<u>77,564</u>	<u>(13,964)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	-	4,470
Transfers (out)	-	(63,364)	-
Total other financing sources (uses)	<u>-</u>	<u>(63,364)</u>	<u>4,470</u>
NET CHANGE IN FUND BALANCES	(39,973)	14,200	(9,494)
FUND BALANCES, BEGINNING	<u>197,122</u>	<u>25,234</u>	<u>(4,265)</u>
FUND BALANCES, ENDING	<u>\$ 157,149</u>	<u>\$ 39,434</u>	<u>\$ (13,759)</u>

EXHIBIT 6-D

ARPA	Tax Note Equipment	Parks Improvement Fee	Urban County CDBG Program	Wastewater Impact Fee	Tax Increment Reinvestment Zone One	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141,802
-	-	18,195	-	-	-	95,935
-	-	-	-	-	-	22,424
5,573	-	-	15,651	-	-	24,557
-	-	-	-	-	-	200
-	-	-	-	-	-	88
<u>5,573</u>	<u>-</u>	<u>18,195</u>	<u>15,651</u>	<u>-</u>	<u>-</u>	<u>285,006</u>
5,573	-	-	-	-	-	5,573
-	-	-	-	-	-	178,588
-	-	-	-	-	-	36,388
-	-	-	15,651	-	-	15,651
-	-	-	-	-	-	6,984
<u>5,573</u>	<u>-</u>	<u>-</u>	<u>15,651</u>	<u>-</u>	<u>-</u>	<u>243,184</u>
-	-	18,195	-	-	-	41,822
-	-	-	-	-	-	4,470
-	(6)	-	-	-	-	(63,370)
-	(6)	-	-	-	-	(58,900)
-	(6)	18,195	-	-	-	(17,078)
-	6	2,297	-	-	7,767	228,161
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,492</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,767</u>	<u>\$ 211,083</u>

**CITY OF DONNA, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021**

EXHIBIT 6-E

	Certificate of Obligation Series 2017	Total Nonmajor Capital Projects Funds
ASSETS		
Cash and investments	\$ 14,220	\$ 14,220
Total assets	\$ 14,220	\$ 14,220
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 11,372	\$ 11,372
Total liabilities	11,372	11,372
Fund balances:		
Restricted	2,848	2,848
Total fund balances	2,848	2,848
Total liabilities and fund balances	\$ 14,220	\$ 14,220

CITY OF DONNA, TEXAS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT 6-F

	Certificate of Obligation Series 2017	Total Nonmajor Capital Projects Funds
REVENUES		
Interest and investment income	\$ -	\$ -
Total revenues	-	-
 EXPENDITURES		
Capital outlay	11,372	11,372
Total expenditures	11,372	11,372
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(11,372)	(11,372)
 NET CHANGE IN FUND BALANCES	(11,372)	(11,372)
 FUND BALANCES, BEGINNING	14,220	14,220
 FUND BALANCES, ENDING	\$ 2,848	\$ 2,848

CITY OF DONNA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT 7-A

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
REVENUES				
Property taxes	\$ 1,143,437	\$ 1,143,437	\$ 1,147,965	\$ 4,528
Interest and investment income	<u>1,396</u>	<u>1,396</u>	<u>195</u>	<u>(1,201)</u>
Total revenue	<u>1,144,833</u>	<u>1,144,833</u>	<u>1,148,160</u>	<u>3,327</u>
EXPENDITURES				
Debt service:				
Principal retirement	474,340	474,340	465,440	8,900
Interest and fiscal agent fees	<u>230,140</u>	<u>230,140</u>	<u>239,240</u>	<u>(9,100)</u>
Total expenditures	<u>704,480</u>	<u>704,480</u>	<u>704,680</u>	<u>(200)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>440,353</u>	<u>440,353</u>	<u>443,480</u>	<u>3,127</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	317,075	317,075	317,024	51
Transfers out	<u>(800,000)</u>	<u>(800,000)</u>	<u>(800,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(482,925)</u>	<u>(482,925)</u>	<u>(482,976)</u>	<u>51</u>
NET CHANGE IN FUND BALANCE	(42,572)	(42,572)	(39,496)	3,076
FUND BALANCE, BEGINNING	2,317,510	2,317,510	2,371,081	-
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>(53,571)</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 2,274,938</u>	<u>\$ 2,274,938</u>	<u>\$ 2,331,585</u>	<u>\$ 56,647</u>

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, 2021

EXHIBIT 8-A

	Donna Economic Development Corporation	Development Corporation of Donna	Tax Reinvestment Zone Two	Total Funds
ASSETS				
Cash and investments	\$ 150	\$ 84,137	\$ 35,208	\$ 119,495
Restricted cash and investments	1,278,132	467,119	-	1,745,251
Receivables, net:				
Taxes	228,942	228,942	58,816	516,700
Accounts	14,837	172,305	-	187,142
Due from other funds	-	472,660	-	472,660
Due from primary government	-	3,595	-	3,595
	<u>\$ 1,522,061</u>	<u>\$ 1,428,758</u>	<u>\$ 94,024</u>	<u>\$ 3,044,843</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 290,513	\$ 23,237	\$ 55,000	\$ 368,750
Accrued liabilities	64,671	64,697	-	129,368
Deposits	1,000	-	-	1,000
Due to primary government	447,394	285,969	-	733,363
Due to other funds	472,660	-	-	472,660
Total liabilities	<u>1,276,238</u>	<u>373,903</u>	<u>55,000</u>	<u>1,705,141</u>
Fund balances:				
Restricted for				
Debt service	1,278,132	1,054,855	-	2,332,987
Tax increment zone purposes	-	-	39,024	39,024
Unassigned	(1,032,309)	-	-	(1,032,309)
Total fund balances	<u>245,823</u>	<u>1,054,855</u>	<u>39,024</u>	<u>1,339,702</u>
	<u>\$ 1,522,061</u>	<u>\$ 1,428,758</u>	<u>\$ 94,024</u>	<u>\$ 3,044,843</u>

CITY OF DONNA, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT 8-B

	Donna Economic Development Corporation	Development Corporation of Donna	Tax Reinvestment Zone Two	Total Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUES				
Nonproperty taxes	\$ 1,248,874	\$ 1,248,874	\$ -	\$ 2,497,748
Property taxes	-	-	21,989	21,989
Charges for services	-	34,956	-	34,956
Interest	763	5,335	-	6,098
Miscellaneous income	33,600	-	-	33,600
Intergovernmental	-	6,665	-	6,665
Total revenues	<u>1,283,237</u>	<u>1,295,830</u>	<u>21,989</u>	<u>2,601,056</u>
EXPENDITURES				
Current:				
Economic development	512,842	414,637	10,000	937,479
Capital outlay	812,205	228,895	-	1,041,100
Debt service:				
Principal retirement	1,220,490	180,000	-	1,400,490
Interest and fees	<u>269,417</u>	<u>83,160</u>	<u>-</u>	<u>352,577</u>
Total expenditures	<u>2,814,954</u>	<u>906,692</u>	<u>10,000</u>	<u>3,731,646</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,531,717)</u>	<u>389,138</u>	<u>11,989</u>	<u>(1,130,590)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	1,895,798	-	-	1,895,798
Transfers (out) to primary government	<u>(126,830)</u>	<u>(126,830)</u>	<u>-</u>	<u>(253,660)</u>
Total other financing sources (uses)	<u>1,768,968</u>	<u>(126,830)</u>	<u>-</u>	<u>1,642,138</u>
NET CHANGE IN FUND BALANCES	237,251	262,308	11,989	511,548
FUND BALANCES, BEGINNING	<u>8,572</u>	<u>792,547</u>	<u>27,035</u>	<u>828,154</u>
FUND BALANCES, ENDING	<u>\$ 245,823</u>	<u>\$ 1,054,855</u>	<u>\$ 39,024</u>	<u>\$ 1,339,702</u>

CITY OF DONNA, TEXAS
RECONCILIATION OF THE DONNA ECONOMIC DEVELOPMENT CORPORATION
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

EXHIBIT 8-C

Fund balance of the component unit fund	\$ 245,823
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.	5,028,441
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.	(4,815,236)
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 (\$10,541), and a deferred resource outflow in the amount of \$2,344, and a deferred resource inflow in the amount of \$1,112. This results in an increase/(decrease) in net position by (\$9,309).	<u>(9,309)</u>
Net position of component unit - Statement of Net Position	<u><u>\$ 449,719</u></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 YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT 8-D

Net change in fund balances	\$ 237,251
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<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.</p>	(2,553,001)
<p>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.</p>	1,215,842
<p>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.</p>	<u>(151)</u>
Change in net position of governmental component unit - Statement of Activities	\$ <u>(1,100,059)</u>

CITY OF DONNA, TEXAS
RECONCILIATION OF THE DEVELOPMENT CORPORATION OF DONNA, INC.
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

EXHIBIT 8-E

Fund balance of the component unit fund	\$ 1,054,855
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.	884,391
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.	(2,865,035)
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 (\$10,540), a deferred resource outflow in the amount of \$2,344, and a deferred resource inflow in the amount of (\$1,112). This results in an increase/(decrease) in net position by	(9,308)
Interest accrued is not reported in the fund.	<u>(12,907)</u>
Net position of component unit - Statement of Net Position	<u>\$ (948,004)</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 YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT 8-F

Net change in fund balances	\$ 262,308
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<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.</p>	324,198
<p>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.</p>	176,384
<p>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.</p>	<u>(1,815)</u>
Change in net position of governmental component unit - Statement of Activities	\$ <u><u>771,844</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, 2021

EXHIBIT 8-G

Fund balance of the component unit fund	\$ 39,024
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>(2,499,696)</u>
Net position of component unit - Statement of Net Position	<u>\$ (2,460,672)</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 YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT 8-H

Net change in fund balances	\$ 11,989
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>-</u>
Change in net position of governmental component unit - Statement of Activities	<u>\$ 11,989</u>

CITY OF DONNA, TEXAS
CONTINUING FINANCIAL DISCLOSURE TABLES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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, 2021. This financial information is also sent to the Electronic Municipal Market Access (EMMA) website, the official repository for information on municipal bonds.

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

TABLE 1

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities				
Net investments in capital assets	\$ 22,322,916	\$ 22,508,397	\$ 24,260,086	\$ 24,886,384
Restricted	2,861,266	2,786,431	3,439,698	5,481,325
Unrestricted	1,425,585	2,485,784	2,921,896	839,100
Total governmental activities net position	<u>\$ 26,609,767</u>	<u>\$ 27,780,612</u>	<u>\$ 30,621,680</u>	<u>\$ 31,206,809</u>
Business-type activities				
Net investments in capital assets	\$ 37,284,859	\$ 37,091,287	\$ 36,537,530	\$ 36,392,353
Restricted	2,149,273	2,370,963	2,710,237	3,143,902
Unrestricted	(7,942,293)	(7,667,796)	(6,915,609)	(8,600,817)
Total business-type activities net position	<u>\$ 31,491,839</u>	<u>\$ 31,794,454</u>	<u>\$ 32,332,158</u>	<u>\$ 30,935,438</u>
Primary government				
Net investments in capital assets	\$ 59,607,775	\$ 59,599,684	\$ 60,797,616	\$ 61,278,737
Restricted	5,010,539	5,157,394	6,149,935	8,625,227
Unrestricted (deficit)	(6,516,708)	(5,182,012)	(3,993,713)	(7,761,716)
Total primary government activities net position	<u>\$ 58,101,606</u>	<u>\$ 59,575,066</u>	<u>\$ 62,953,838</u>	<u>\$ 62,142,247</u>

TABLE 1

2016	2017	2018	2019	2020	2021
\$ 25,485,725	\$ 4,223,363	\$ 7,276,162	\$ 6,993,089	\$ 5,817,612	\$ 7,473,275
5,720,759	3,197,909	3,184,403	266,867	2,574,074	2,443,902
1,680,992	3,310,863	457,033	1,824,364	2,668,478	3,079,266
<u>\$ 32,887,476</u>	<u>\$ 10,732,135</u>	<u>\$ 10,917,598</u>	<u>\$ 9,084,320</u>	<u>\$ 11,060,164</u>	<u>\$ 12,996,443</u>
\$ 34,591,149	\$ 34,591,149	\$ 39,229,693	\$ 44,354,918	\$ 44,354,918	\$ 18,223,937
9,674,905	9,671,905	2,219,457	1,836,197	1,836,197	-
(16,939,208)	(24,196,514)	(24,255,971)	(31,165,371)	(31,764,959)	(5,147,772)
<u>\$ 27,326,846</u>	<u>\$ 20,066,540</u>	<u>\$ 17,193,179</u>	<u>\$ 15,025,744</u>	<u>\$ 14,426,156</u>	<u>\$ 13,076,165</u>
\$ 60,076,874	\$ 38,814,512	\$ 46,505,855	\$ 51,348,007	\$ 50,172,530	\$ 25,697,212
15,395,664	12,869,814	5,403,860	2,103,064	4,410,271	2,443,902
(15,258,216)	(20,885,651)	(23,798,938)	(29,341,007)	(29,096,481)	(2,068,506)
<u>\$ 60,214,322</u>	<u>\$ 30,798,675</u>	<u>\$ 28,110,777</u>	<u>\$ 24,110,064</u>	<u>\$ 25,486,320</u>	<u>\$ 26,072,608</u>

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

TABLE 2

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
EXPENSES					
Governmental activities					
General government	\$ 1,083,063	\$ 1,150,560	\$ 1,395,999	\$ 2,423,156	\$ 2,973,410
Public Safety	1,847,489	1,956,753	2,251,531	2,675,445	2,936,275
Public Works	1,391,738	1,459,303	1,769,246	2,276,526	2,202,414
Culture and recreation	519,826	591,910	585,057	723,354	840,311
Health and welfare	217,651	155,716	238,260	231,283	279,247
Economic development	144,809	-	9,715	9,000	632,000
Tourism development	17,598	75,771	236,107	231,556	207,043
Interest and Fiscal Agent Fees	73,071	124,785	113,604	117,228	1,189,004
Total governmental activities expenses	<u>5,295,245</u>	<u>5,514,799</u>	<u>6,599,519</u>	<u>8,687,548</u>	<u>11,259,702</u>
Business-type activities					
Water and sewer	5,005,481	5,148,958	5,160,233	5,806,462	5,764,408
International Bridge	3,551,342	3,568,683	3,851,680	4,488,981	3,589,093
Brush Collection	-	-	-	-	-
Total business-type activities	<u>8,556,823</u>	<u>8,717,642</u>	<u>9,011,913</u>	<u>10,295,443</u>	<u>9,353,501</u>
Total Primary government expenses	<u>\$ 13,852,068</u>	<u>\$ 14,232,441</u>	<u>\$ 15,611,432</u>	<u>\$ 18,982,991</u>	<u>\$ 20,613,203</u>
PROGRAM REVENUES					
Governmental activities					
Charges for services					
General government	\$ 197,791	\$ 225,776	\$ 315,141	\$ 1,065,606	\$ 867,737
Public Safety	268,301	229,304	241,697	346,296	308,271
Public Works	945,531	980,066	1,004,919	1,020,698	1,023,099
Culture and recreation	60,926	29,700	28,292	60,321	44,927
Health and welfare	29,673	37,179	59,858	52,586	56,099
Economic development	-	-	13,669	-	-
Tourism development	-	-	-	-	-
Interest on Long Term Debt	-	-	-	254,763	255,756
Operating grants and contributions	312,700	88,950	664,438	-	-
Capital grants and contributions	976,729	-	1,267,992	-	-
Total governmental activities program revenues	<u>2,791,651</u>	<u>1,590,976</u>	<u>3,596,006</u>	<u>2,800,270</u>	<u>2,555,888</u>
Business-type activities					
Charges for services					
Water and sewer	5,451,758	5,573,405	5,236,681	5,045,190	5,054,315
International Bridge	1,148,628	1,370,490	1,670,603	1,734,996	1,980,468
Brush collections	-	-	-	-	-
Operating grants and contributions	-	-	153,115	-	753,684
Capital grants and contributions	1,941,851	127,000	1,518,832	432,157	-
Total business-type activities program revenues	<u>8,542,237</u>	<u>7,070,895</u>	<u>8,579,231</u>	<u>7,212,344</u>	<u>7,788,467</u>
Total primary government program revenues	<u>\$ 11,333,888</u>	<u>\$ 8,661,871</u>	<u>\$ 12,175,237</u>	<u>\$ 10,012,614</u>	<u>\$ 10,344,355</u>

TABLE 2

2017	2018	2019	2020	2021
\$ 2,396,171	\$ 2,655,049	\$ 2,688,139	\$ 3,225,235	\$ 2,567,062
3,521,271	3,534,571	4,247,051	4,083,960	4,309,971
2,318,032	3,624,035	3,747,715	3,910,665	4,004,001
353,023	365,175	396,328	329,714	431,481
1,182,640	796,618	1,015,067	532,138	783,445
-	-	-	-	-
-	-	-	302,008	178,588
1,885,115	1,630,176	272,612	263,091	255,087
<u>11,656,253</u>	<u>12,605,624</u>	<u>12,366,911</u>	<u>12,646,811</u>	<u>12,529,635</u>
9,351,572	6,583,271	6,863,105	6,842,476	7,014,916
2,724,840	1,996,385	3,373,337	3,351,392	3,311,948
-	-	-	-	2,010
<u>12,076,413</u>	<u>8,579,656</u>	<u>10,236,441</u>	<u>10,193,868</u>	<u>10,328,874</u>
<u>\$ 23,732,666</u>	<u>\$ 21,185,280</u>	<u>\$ 22,603,352</u>	<u>\$ 22,840,679</u>	<u>\$ 22,858,509</u>
\$ 2,005,593	\$ 2,306,326	\$ 2,479,445	\$ 2,688,968	\$ 3,512,675
92,712	152,941	134,825	237,600	-
248,615	248,615	247,203	-	-
14,983	68,645	14,937	14,959	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	1,566,252	840,339
-	-	-	-	-
<u>2,361,903</u>	<u>2,776,526</u>	<u>2,876,410</u>	<u>4,507,779</u>	<u>4,353,014</u>
5,237,910	4,608,339	4,655,536	4,880,132	5,864,531
2,205,195	2,414,556	2,323,632	1,601,587	1,600,760
-	-	-	-	26,573
-	-	-	-	4,787
59,552	-	10,714	-	-
<u>7,502,657</u>	<u>7,022,895</u>	<u>6,989,882</u>	<u>6,481,719</u>	<u>7,496,651</u>
<u>\$ 9,864,560</u>	<u>\$ 9,799,421</u>	<u>\$ 9,866,292</u>	<u>\$ 10,989,498</u>	<u>\$ 11,849,665</u>

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

**TABLE 2
(continued)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
NET (EXPENSES)/PROGRAM REVENUES					
Governmental activities	\$ (2,503,594)	\$ (3,923,823)	\$ (3,003,513)	\$ (5,887,278)	\$ (8,703,814)
Business-type activities	(14,586)	(1,646,746)	(432,682)	(3,083,099)	(1,565,034)
Total primary government net expenses	<u>\$ (2,518,180)</u>	<u>\$ (5,570,569)</u>	<u>\$ (3,436,195)</u>	<u>\$ (8,970,377)</u>	<u>\$ (10,268,848)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS					
GOVERNMENTAL ACTIVITIES					
Taxes					
Property taxes general purposes	\$ 4,390,543	\$ 5,038,673	\$ 5,442,523	\$ 5,574,392	\$ 5,338,779
Sales taxes	865,983	999,188	1,052,265	1,252,446	1,415,593
Franchises taxes	731,064	751,686	762,260	775,496	908,670
Hotel occupancy tax	108,290	115,573	127,324	119,071	139,300
Investment earnings	8,245	6,027	3,893	3,994	12,338
Miscellaneous	43,218	125,706	579,510	87,101	192,322
Special item	-	-	-	-	-
Transfers	(1,504,045)	(1,942,184)	(2,094,974)	(1,610,089)	2,377,478
Total governmental activities	<u>4,643,298</u>	<u>5,094,669</u>	<u>5,872,801</u>	<u>6,202,410</u>	<u>10,384,479</u>
Business type activities					
Investment earnings	10,256	7,178	12,570	21,157	53,921
Miscellaneous	-	-	1,291	26,589	-
Special items	-	-	-	-	-
Transfers	1,504,045	1,942,184	2,094,973	1,610,089	(2,097,479)
Total business -type activities	<u>1,514,301</u>	<u>1,949,361</u>	<u>2,108,834</u>	<u>1,657,835</u>	<u>(2,043,558)</u>
Total primary government	<u>\$ 6,157,599</u>	<u>\$ 7,044,030</u>	<u>\$ 7,981,634</u>	<u>\$ 7,860,245</u>	<u>\$ 8,340,920</u>
CHANGES IN NET POSITION					
Governmental activities	\$ 2,139,704	\$ 1,170,846	\$ 2,869,288	\$ 315,132	\$ 1,680,665
Business- type activities	1,499,715	302,615	1,676,152	(1,425,264)	(3,608,593)
Total primary government	<u>\$ 3,639,419</u>	<u>\$ 1,473,461</u>	<u>\$ 4,545,439</u>	<u>\$ (1,110,133)</u>	<u>\$ (1,927,927)</u>

TABLE 2
(continued)

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ (9,294,350)	\$ (9,829,098)	\$ (9,490,501)	\$ (8,139,032)	\$ (8,176,621)
(4,573,756)	(1,556,761)	(3,246,559)	(3,712,149)	(2,832,223)
<u>\$ (13,868,106)</u>	<u>\$ (11,385,859)</u>	<u>\$ (12,737,060)</u>	<u>\$ (11,851,183)</u>	<u>\$ (11,008,844)</u>
\$ 5,215,690	\$ 5,177,715	\$ 5,281,998	\$ 5,450,826	\$ 6,217,376
1,461,161	1,677,546	1,812,547	2,125,248	2,545,393
917,579	917,579	961,712	970,218	970,218
140,980	118,465	132,860	109,589	141,802
60,419	93,633	100,619	71,840	67,277
43,365	122,679	43,706	52,561	1,043,666
-	-	-	-	-
721,780	1,906,943	(126,495)	2,386,995	(704,340)
<u>8,560,975</u>	<u>10,014,560</u>	<u>8,206,947</u>	<u>11,167,277</u>	<u>10,281,392</u>
71,515	42,557	58,656	-	1,291
19,469	268,421	752,640	6,100	144,987
-	-	-	4,304,373	-
(2,638,566)	(1,627,578)	266,495	(2,246,997)	958,000
<u>(2,547,582)</u>	<u>(1,316,600)</u>	<u>1,077,791</u>	<u>2,063,476</u>	<u>1,104,278</u>
<u>\$ 6,013,393</u>	<u>\$ 8,697,960</u>	<u>\$ 9,284,738</u>	<u>\$ 13,230,753</u>	<u>\$ 11,385,670</u>
\$ (733,375)	\$ 185,462	\$ (1,283,554)	\$ 3,028,245	\$ 2,104,771
(7,121,338)	(2,873,361)	(2,168,770)	(1,648,675)	(1,727,945)
<u>\$ (7,854,714)</u>	<u>\$ (2,687,899)</u>	<u>\$ (3,452,324)</u>	<u>\$ 1,379,570</u>	<u>\$ 376,826</u>

TABLE 3

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues				
Taxes	\$ 6,021,470	\$ 6,809,260	\$ 7,332,268	\$ 7,885,911
Licenses and Permits	123,623	134,634	165,471	134,150
Charges for Services	1,271,315	1,269,626	1,308,877	1,427,198
Fines and Forfeitures	97,283	98,188	175,558	137,876
Intergovernmental	478,287	320,909	377,508	1,055,328
Investment earnings	8,245	6,027	3,893	3,994
Other	55,502	137,014	335,480	137,820
Total revenues	<u>8,055,726</u>	<u>8,775,657</u>	<u>9,699,056</u>	<u>10,782,277</u>
Expenditures				
General government	1,083,183	1,209,763	1,414,959	2,542,486
Public safety	1,873,037	2,119,400	2,357,686	2,800,668
Public works	1,412,629	1,523,106	1,685,840	2,151,430
Culture and recreation	535,166	646,579	631,467	785,679
Health and welfare	217,651	164,762	238,260	250,941
Economic development	144,809	-	-	-
Tourism development	17,598	75,771	306,797	231,556
Capital outlay	605,493	838,933	117,424	2,624,627
Debt service:				
Principal	629,765	394,091	454,184	473,227
Interest	136,765	97,824	86,879	272,411
Issuance charges	-	-	-	-
Total expenditures	<u>6,656,096</u>	<u>7,070,229</u>	<u>7,293,496</u>	<u>12,133,024</u>
Excess of revenues over (under) expenditures	1,399,630	1,705,428	2,405,560	(1,350,747)
Other Financing Sources (Uses)				
Transfers in	285,288	269,558	291,192	256,393
Transfers out	(1,808,499)	(2,084,532)	(2,386,167)	(1,866,483)
Bond proceeds	1,260,600	-	-	4,875,401
Lease/Loan proceeds	-	351,753	-	760,000
Other	(1,228,516)	-	544,628	-
Total other financing sources (uses)	<u>(1,491,127)</u>	<u>(1,463,221)</u>	<u>(1,550,346)</u>	<u>4,025,312</u>
Net change in fund balances	<u>\$ (91,497)</u>	<u>\$ 242,207</u>	<u>\$ 855,214</u>	<u>\$ 2,674,564</u>
Debt service as a percentage of noncapital expenditures	13.02%	7.99%	7.88%	8.04%

Source: Comprehensive Annual Financial Reports

TABLE 3

2016	2017	2018	2019	2020	2021
\$ 7,854,097	\$ 7,754,697	\$ 7,945,925	\$ 7,393,901	\$ 8,859,342	\$ 9,681,315
123,668	132,297	186,350	141,632	141,968	301,594
1,717,025	1,757,255	1,927,564	2,030,994	2,364,805	3,058,420
197,220	112,585	189,504	179,470	182,195	152,661
462,983	359,766	473,109	154,000	1,818,811	840,339
12,338	39,680	93,633	26,083	71,840	67,277
170,719	60,419	93,547	90,016	50,483	989,322
10,538,051	10,216,699	10,909,633	10,016,096	13,489,444	15,090,928
2,093,850	2,358,471	2,617,688	2,441,057	3,183,944	2,521,446
3,028,591	3,346,955	3,311,500	3,449,858	3,729,219	4,034,189
2,033,080	1,984,262	3,211,853	2,981,093	3,367,448	3,477,852
808,693	284,427	288,628	794,612	254,318	354,808
279,247	1,179,068	788,046	296,213	521,686	769,536
-	-	-	-	-	-
532,522	-	-	-	302,008	178,588
2,318,183	3,470,039	3,230,235	681,253	594,911	1,937,755
552,616	302,161	521,138	200,658	704,646	796,429
1,160,861	1,755,084	1,664,416	37,810	284,873	276,305
-	134,509	-	-	-	-
12,807,642	14,814,975	15,633,504	10,882,554	12,943,053	14,346,908
(2,269,591)	(4,598,276)	(4,723,871)	(866,458)	546,391	744,020
3,296,932	1,939,643	2,159,935	-	3,125,431	317,030
(919,454)	(1,217,863)	(252,992)	-	(738,436)	(1,021,370)
-	1,988,781	-	-	-	-
-	-	105,986	579,157	452,291	194,824
-	3,685	24,527	11,725	4,830	86,305
2,377,478	2,714,246	2,037,456	590,882	2,844,116	(423,211)
\$ 107,887	\$ (1,884,030)	\$ (2,686,415)	\$ (275,576)	\$ 3,390,507	\$ 320,809
17.21%	18.35%	17.62%	2.34%	8.21%	8.77%

TABLE 4

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	592,346	336,460	170,620	170,460
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	874,428	1,893,052	2,349,252	2,636,498
Total General Fund	<u>\$ 1,466,774</u>	<u>\$ 2,229,512</u>	<u>\$ 2,519,871</u>	<u>\$ 2,806,958</u>
All Other Governmental Funds				
Reserved, reported in : special revenue funds	\$ -	\$ -	\$ -	\$ -
Unassigned reported in: special revenue funds	-	-	-	-
Restricted, reported in special revenue funds and debt service fund	1,674,015	1,793,223	2,441,399	2,765,496
Committed, reported in capital project and special revenue funds	817,205	177,467	94,146	2,157,526
Total all other governmental funds	<u>\$ 2,491,220</u>	<u>\$ 1,970,690</u>	<u>\$ 2,535,545</u>	<u>\$ 4,923,022</u>

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

TABLE 4

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
4,285	31,352	61,733	19,392	12,405	16,146
-	-	-	-	-	-
-	-	-	-	-	-
2,590,168	2,692,718	2,717,629	2,484,394	3,529,814	4,030,591
<u>\$ 2,594,453</u>	<u>\$ 2,724,070</u>	<u>\$ 2,779,362</u>	<u>\$ 2,503,786</u>	<u>\$ 3,542,219</u>	<u>\$ 4,046,737</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	(44,867)	7,767	7,767
-	-	-	-	-	-
3,179,016	413,305	(11,169)	2,577,379	2,371,081	2,481,331
-	-	-	-	-	-
2,064,395	2,816,460	499,226	(2,278,891)	234,615	2,848
<u>\$ 5,243,411</u>	<u>\$ 3,229,765</u>	<u>\$ 488,057</u>	<u>\$ 253,621</u>	<u>\$ 2,613,463</u>	<u>\$ 2,491,946</u>

TABLE 5

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

Fiscal Year	General Government	Public Safety	Public Works	Culture and Recreation	Health and Welfare	Economic Development
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
2019	2,688,139	4,247,051	3,747,715	396,328	1,015,067	1,044,613
2020	3,225,235	4,083,960	3,910,665	329,714	532,138	-
2021	2,567,062	4,309,971	4,004,001	431,481	783,445	1,164,223

Source: Audit Exhibit 1-B

TABLE 5

Tourism Development	Interest & Fiscal Agent Fees	Water and Sewer	City International Bridge Fund	Donna International Bridge Corporation	Brush Collections	Totals
\$ 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
-	272,612	6,863,105	3,373,337	-	-	23,647,967
302,008	263,091	6,842,476	3,351,392	-	-	22,840,679
178,588	255,087	7,014,916	3,428,030	-	2,010	24,138,814

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

Fiscal Year	Program Revenues			General Revenues						Totals
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Interest	Miscellaneous	Transfers	Special Item		
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	
2019	9,458,613	396,965	10,714	8,189,117	100,619	43,706	-	-	18,199,734	
2020	9,170,687	1,818,811	-	8,655,881	77,940	4,356,934	139,998	-	24,220,251	
2021	11,004,539	845,126	-	9,874,789	68,568	1,188,652	253,660	-	23,235,334	

TABLE 7

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

Fiscal Year	Taxes	Licenses and Permits	Inter-governmental Revenues	Charges for Services	Fines and Forfeitures	Interest and Other	Totals (Excluding Other Sources)
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
2019	8,236,530	141,632	396,965	2,106,228	231,585	207,520	11,320,460
2020	8,859,342	141,968	1,818,811	2,364,805	182,195	122,323	13,489,444
2021	8,391,548	301,594	815,782	2,962,485	130,237	1,056,115	13,657,761

Source: Audit Exhibit 2-C

TABLE 8

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

Fiscal Year	General Government	Public Safety	Public Works	Culture and Recreation	Health & Welfare	Capital Outlay	Economic Development	Debt Service	Totals
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	1,179,068	284,427	-	-	2,191,754	11,344,936
2018	2,571,612	3,180,302	3,211,853	752,492	288,628	213,134	-	109,470	10,327,491
2019	2,441,057	3,449,858	2,981,093	794,612	296,213	681,253	-	238,468	10,882,554
2020	3,174,999	3,666,777	3,359,882	521,686	254,318	528,431	-	277,958	11,784,051
2021	2,515,873	3,997,801	3,462,201	769,536	347,824	1,926,383	-	368,054	13,387,672

TABLE 9

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

Fiscal Year	Water Sales	Sewer Sales	Penalties	Provision for Bad Debt	Other Charges	Interest/ Capital/ Other	Transfers In	Totals
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
2019	2,605,690	1,988,240	208,905	(42,880)	53,380	65,828	-	4,879,163
2020	2,719,289	2,094,155	105,617	-	42,449	6,094	-	4,967,604
2021	3,159,847	2,323,003	219,530	-	296,573	11,556	158,000	6,168,509

Source: Trial Balance

TABLE 10

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

**LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year	Water Distribution	Sewer Collection	Waste Water Treatment	Water/Sewer Billing	Water Treatment	Engineering Services	Administrative
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
2019	508,609	397,000	647,213	264,641	1,710,073	-	237,141
2020	608,368	420,854	638,490	972,475	1,102,476	-	210,274
2021	659,090	567,549	687,225	244,892	984,696	-	270,322

TABLE 10

Water/Sewer Operations Contractor	Debt Interest and Fees	Non- Departmental	Depreciation and Amortization	Transfers Out	Totals
\$ 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
-	1,996,315	-	-	616,209	6,377,202
-	527,308		2,362,231	6,570,127	13,412,603
-	506,677	737,240	2,369,636	600,283	7,627,609

TABLE 11

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

Fiscal Year	Tax Levy Year	General Fund	Debt Service Fund	Total	Assessed Values
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
2019	2018	0.711131	0.087724	0.798855	620,957,884
2020	2019	0.693987	0.094868	0.788855	668,255,430
2021	2020	0.638454	0.150401	0.788855	708,843,203

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

Fiscal Year	City Of Donna			Overlapping Rates					
	General Fund	Debt Service Fund	Total	Hidalgo County Tax Rate	Donna ISD Tax Rate	Hidalgo County Drainage Dist. 1 Tax Rate	Donna Irrigation Dist. No 1 Tax Rate	South Texas CCD Tax Rate	Total Direct & OVLP Rates
2011	\$ 0.674052	\$ 0.451927	\$ 1.125979	\$ 0.590000	\$ 1.258200	\$ 0.072500	\$ 0.210000	\$ 0.149700	\$ 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
2019	0.711131	0.087724	0.798855	0.5750	1.22670	0.10510	0.21000	0.17330	3.088955
2020	0.693987	0.094868	0.788855	0.5750	1.13040	0.10260	0.21000	0.17180	2.978655
2021	0.638454	0.150401	0.788855	0.5750	1.13040	0.10260	0.21000	0.17180	2.978655

**CITY OF DONNA, TEXAS
SCHEDULE OF INSURANCE IN-FORCE
SEPTEMBER 30, 2021
(Unaudited)**

<u>Type of coverage</u>	<u>Insurer</u>	<u>Policy Number</u>	<u>Policy Period</u>	
			<u>From</u>	<u>To</u>
Real and Personal Property	Texas Municipal League Intergovernmental Risk Pool (TML-IRP)	9424	10/01/20	09/30/21
General Liability	TML-IRP	9424	10/01/20	09/30/21
Errors and Omissions	TML-IRP	9424	10/01/20	09/30/21
Automobile Liability	TML-IRP	9424	10/01/20	09/30/21
Automobile Physical Damage	TML-IRP	9424	10/01/20	09/30/21
Mobile Equipment	TML-IRP	9424	10/01/20	09/30/21
Boiler & Machinery	TML-IRP	9424	10/01/20	09/30/21
Workers' Compensation	TML-IRP	9424	10/01/20	09/30/21
Law Enforcement Liability	TML-IRP	9424	10/01/20	09/30/21
Public Employee Dishonesty	TML-IRP	9424	10/01/20	09/30/21
Forgery or Alteration	TML-IRP	9424	10/01/20	09/30/21
Computer Fraud	TML-IRP	9424	10/01/20	09/30/21
Tax Assessor/Collector Surety Bond	Victor Insurance Managers Inc.	61BSBBX5218	10/01/20	09/30/21

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	\$ 29,527,157	\$ 65,546
General, products, personal	1,000,000	3,860
Public officials and employee liability, claims made	1,000,000	6,049
All owned and leased vehicles	1,000,000	39,923
Schedule of vehicles	1,000,000	29,870
Schedule of Mobile equipment	965,244	6,421
Replacement cost	100,000	1,463
Includes volunteer firemen	N/A	228,747
Law enforcement liability	1,000,000	23,226
Public officials and employee dishonesty, claims made	100,000	1,143
Loss resulting from forgery or alteration of covered documents	100,000	167
Loss of money, securities and property	100,000	1,227
Employee Dishonesty	250,000	<u>1,000</u>
		<u>\$ 408,642</u>

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

CITY OF DONNA, TEXAS
VALUATION, EXEMPTION AND DEBT OBLIGATIONS

TABLE 14

2021 Market Valuation Established by Hidalgo County Appraisal District (1)		\$ 965,280,073
Less Exemptions/Reductions at 100% Market Value:		
Over 65 and Disabled	4,599,318	
Disabled Veterans Exemptions	6,711,296	
Productivity Loss	41,753,684	
Abatement Value Loss	-	
Exempt Property	175,050,303	
CHODO (Partial)	2,410,742	
Freeport	6,915,229	
Value Loss to 10% Cap	18,996,298	256,436,870
2018 Net Taxable Assessed Valuation		\$ 708,843,203
General Obligation Debt Payable from Ad Valorem Taxes (as of September 30, 2020)		
Limited Tax Refunding Bonds, Series 2012	2,535,000	
2015 Certificate of Obligations	3,275,000	
2016 Certificates of Obligation	5,475,000	
Combination Tax and Int'l Toll Bridge Certificates of Obligation, Series 2016	25,275,000	
2017 Certificates of obligation	7,915,000	
2019 Limited Tax Refunding	3,620,000	
Funded Debt Payable from Ad Valorem Taxes		\$ 48,095,000
Less: Self-supporting Debt		
Limited Tax Refunding Bonds, Series 2012 (4)	1,865,760	
2016 Certificates of Obligation	5,475,000	
2016 Combination TAX 7 Refunding Bridge Revenue	25,275,000	
2017 Certificates of Obligation	6,332,000	
2019 Limited Tax Refunding	3,620,000	
		42,567,760
Net Funded Debt Payable from Ad Valorem Taxes		\$ 5,527,240
Interest and Sinking Fund Balance (as of September 30, 2021)		\$ 2,278,015 ⁽³⁾
Ratio Funded Debt to Net Taxable Assessed Valuation		6.78%
2021 Estimated Population -	16,475	
Per Capita Taxable Assessed Valuation -	\$43,025	
Per Capita Funded Debt -	\$2,919	

(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

TABLE 15

TAXABLE ASSESSED VALUATION BY CATEGORY

Taxable Appraised Value For Fiscal Year Ended September 30,

Category	2021		2020		2019		2018		2017	
	Amount	% of Total	Amount	% of Total	(1)	% of Total	(1)	% of Total	(1)	% of Total
					Amount		Amount		Amount	
Real, Residential, Single-Family	\$ 328,061,122	37.01%	\$ 302,157,252	35.75%	\$ 285,500,740	34.32%	\$ 285,715,761	34.78%	\$ 257,449,645	38.32%
Real, Residential, Multi-Family	26,395,628	2.98%	24,864,853	2.94%	22,708,216	2.73%	22,662,177	2.76%	17,624,811	2.43%
Real, Vacant Lots/Tracts	44,261,873	4.99%	37,347,650	4.42%	38,964,821	4.68%	36,724,640	4.47%	34,999,359	4.95%
Real, Acreage (Land Only)	1,139,815	0.13%	1,407,579	0.17%	31,181,613	3.75%	32,005,712	3.90%	34,446,966	5.12%
Real, Farm and Ranch Improvements	203,533	0.02%	5,412,452	0.64%	4,537,858	0.55%	4,316,576	0.53%	4,177,140	0.55%
Real, Commercial	193,391,250	21.82%	184,291,018	21.80%	172,996,168	20.80%	159,270,946	19.39%	143,116,996	16.67%
Real, Industrial	8,246,993	0.93%	8,209,147	0.97%	8,318,925	1.00%	7,650,342	0.93%	7,048,036	0.93%
Real and Tangible Personal, Utilities	13,848,687	1.56%	15,511,840	1.84%	13,990,663	1.68%	13,590,483	1.65%	10,686,308	1.39%
Tangible Personal, Commercial	63,335,655	7.15%	59,386,628	7.03%	56,581,181	6.80%	55,731,957	6.78%	53,623,429	4.89%
Tangible Personal, Industrial	3,403,142	0.38%	4,772,018	0.56%	4,871,655	0.59%	3,936,664	0.48%	3,696,110	0.55%
Tangible Personal, Mobile Homes	17,066,782	1.93%	15,098,052	1.79%	16,371,508	1.97%	17,155,113	2.09%	16,831,327	2.50%
Tangible Personal, Other	-	0.00%	285,491	0.03%	0	0.00%	0	0.00%	0	0.00%
Residential Inventory	142,709	0.02%	529,741	0.06%	129,644	0.02%	141,832	0.02%	141,832	0.14%
Special Inventory	9,346,014	1.05%	8,981,709	1.06%	6,669,409	0.80%	22,567,107	2.75%	5,042,275	0.69%
Total Exempt Property	177,461,045	20.02%	176,941,760	20.93%	168,966,237	20.31%	160,100,643	19.49%	152,692,288	20.87%
Total Appraised Value Before Exemptions	886,304,248	100%	845,197,190	100%	831,788,638	100%	821,569,953	100%	741,576,522	100%
Less: Total Exemptions/Reductions	(177,461,045)		(176,941,760)		(210,830,754)		(206,875,614)		(194,398,952)	
Taxable Assessed Valuation	<u>\$ 708,843,203</u>		<u>\$ 668,255,430</u>		<u>\$ 620,957,884</u>		<u>\$ 614,694,339</u>		<u>\$ 547,177,570</u>	

Category	2016		2015		2014		2013		2012	
	(1) Amount	% of Total	(1) Amount	% of Total	(1)	% of Total	(1)	% of Total	(1)	% of Total
					Amount		Amount		Amount	
Real, Residential, Single-Family	\$ 263,974,593	38.32%	\$ 232,715,920	37.66%	\$ 226,023,847	38.29%	\$ 201,742,850	37.18%	\$ 186,098,019	37.68%
Real, Residential, Multi-Family	16,745,089	2.43%	15,553,440	2.52%	13,158,922	2.23%	23,090,738	4.26%	12,003,448	2.43%
Real, Vacant Lots/Tracts	34,078,081	4.95%	28,894,099	4.68%	27,078,216	4.59%	23,364,004	4.31%	18,252,276	3.70%
Real, Acreage (Land Only)	35,302,387	5.12%	29,269,963	4.74%	29,558,232	5.01%	28,478,703	5.25%	22,912,459	4.64%
Real, Farm and Ranch Improvements	3,810,198	0.55%	1,725,635	0.28%	2,823,281	0.48%	1,784,229	0.33%	1,434,091	0.29%
Real, Commercial	114,814,401	16.67%	97,476,460	15.77%	89,881,308	15.22%	82,050,572	15.12%	74,435,684	15.07%
Real, Industrial	6,406,260	0.93%	5,320,988	0.86%	6,957,060	1.18%	6,633,333	1.22%	4,886,074	0.99%
Vehicles	9,602,363	1.39%	9,068,913	1.47%	7,357,074	1.25%	6,194,219	1.14%	6,631,484	1.34%
Real and Tangible Personal, Utilities	33,660,310	4.89%	32,060,521	5.19%	30,615,834	5.19%	22,411,992	4.13%	22,022,328	4.46%
Tangible Personal, Commercial	3,756,615	0.55%	4,021,892	0.65%	3,741,642	0.63%	2,914,628	0.54%	3,091,604	0.63%
Tangible Personal, Industrial	17,228,199	2.50%	17,260,965	2.79%	13,319,570	2.26%	12,393,515	2.28%	12,112,850	2.45%
Tangible Personal, Mobile Homes	0	0.00%	261,069	0.04%	0	0.00%	216,027	0.04%	0	0.00%
Tangible Personal, Other	959,510	0.14%	1,418,732	0.23%	1,323,011	0.22%	1,802,726	0.33%	2,147,083	0.43%
Residential Inventory	4,777,819	0.69%	3,957,785	0.64%	3,028,712	0.51%	1,910,198	0.35%	1,710,153	0.35%
Special Inventory	143,730,746	20.87%	139,013,094	22.49%	135,496,610	22.95%	127,570,687	23.51%	126,164,888	25.54%
Total Appraised Value Before Exemptions	688,846,571	100%	618,019,474	100%	590,363,319	100%	542,558,421	100%	493,902,441	100%
Less: Total Exemptions/Reductions	(188,903,673)		(177,910,555)		(170,848,721)		(163,227,474)		(152,470,895)	
Taxable Assessed Valuation	<u>\$ 499,942,898</u>		<u>\$ 440,108,919</u>		<u>\$ 419,514,598</u>		<u>\$ 379,330,947</u>		<u>\$ 341,431,546</u>	

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

Sources: City of Donna Property Tax Department

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

Fiscal Year	Tax Year	Estimated Population	Taxable Assessed Valuation (1)	Per Capita Taxable Assessed Valuation	Gross Funded Tax Debt	Ratio Funded Debt to Taxable Assessed Valuation	Gross Per Capita Funded Tax Debt
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	20,721,200	3.79%	753
2018	2017	28,079	614,694,339	21,892	54,000,000	8.78%	1,923
2019	2018	28,360	620,957,884	21,896	52,210,000	8.41%	1,841
2020	2019	28,360	668,255,430	16,409	50,185,000	7.51%	1,770
2021	2020	16,475	708,843,203	43,025	48,095,000	6.78%	2,919

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

Sources: City of Donna Property Tax Division

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

TABLE 17

Fiscal Year Ending	Tax Year	General Fund	Debt Service	Total Tax Rate	Tax Levy (1)	% Current Collections	% Total Collections
2012	2011	\$ 0.706169	\$ 0.546207	\$ 1.252376	\$ 3,720,197	88%	102%
2013	2012	0.706169	0.546207	1.252376	4,750,650	90%	109%
2014	2013	0.762395	0.380026	1.252376	5,253,900	89%	106%
2015	2014	0.762395	0.380026	1.142421	5,027,897	95%	116%
2016	2015	0.791292	0.191536	0.982828	4,913,579	92%	112%
2017	2016	0.740318	0.139682	0.880000	4,815,162	91%	111%
2018	2017	0.725352	0.073503	0.798855	4,910,516	90%	110%
2019	2018	0.711131	0.087724	0.798855	4,960,553	92%	110%
2020	2019	0.693987	0.094868	0.788855	5,274,566	92%	105%
2021	2020	0.638454	0.150401	0.788855	5,591,745	94%	108%

(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: City of Donna Property Tax Collection Department

**CITY OF DONNA, TEXAS
PRINCIPAL TAXPAYERS
FOR FISCAL YEAR ENDING 09/30/2021
(Unaudited)**

Taxpayer	2021			2012		
	Taxable Assessed Valuation	Ranked	% of Taxable Assessed Valuation	Taxable Assessed Valuation	Ranked	% of Taxable Assessed Valuation
Wal-Mart Real Estate Business	\$ 23,459,978	1	3.31%	\$ -		-
MHC Victoria Palms LLC.	12,633,479	2	1.78%	7,601,143	1	2.00%
Packaging Corporation of America	10,747,107	3	1.52%	1,841,647	9	0.49%
Wal-Mart Property Tax Department	7,062,982	4	1.00%	-		-
AEP Texas Inc.	6,981,070	5	0.98%	3,352,150	2	0.88%
Ron Hoover Companies of South TX	5,096,697	6	0.72%	-		-
Love's Travel Stops & Country Stores	4,712,497	7	0.66%	-		-
W. Silver Recycling	4,598,138	8	0.65%	2,207,173	5	0.58%
Arbor Cove Ltd.	4,500,000	9	0.63%	-		-
BH Hester Donna, LLC.	4,162,501	10	0.59%	3,288,164	3	0.87%
MHC Victoria Palms II LLC.	-		-	1,856,570	8	0.49%
H E Butt Grocery Company	-		-	2,191,472	7	0.58%
D & J Investments LTD.	-		-	2,193,063	6	0.58%
Bland Distribution Services, LLC.	-		-	2,240,527	4	0.59%
First National Bank	-		-	1,837,655	10	0.48%
Totals	\$ 83,954,449		11.84%	\$ 28,609,564		7.54%

Source: Hidalgo County Appraisal District

TABLE 19

CITY OF DONNA, TEXAS
TAX SUPPORTED DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Existing Outstanding Gross Funded Debt			% of Principal Retired
	Principal	Interest	Requirements	
2022	\$ 2,065,000	\$ 2,003,836	\$ 4,068,836	
2023	2,145,000	1,930,195	4,075,195	
2024	2,235,000	1,853,817	4,088,817	
2025	2,380,000	1,773,501	4,153,501	18%
2026	2,150,000	1,690,203	3,840,203	
2027	2,240,000	1,604,065	3,844,065	
2028	2,325,000	1,513,195	3,838,195	
2029	2,420,000	1,417,930	3,837,930	
2030	2,525,000	1,317,418	3,842,418	
2031	2,635,000	1,206,958	3,841,958	
2032	2,760,000	1,086,925	3,846,925	43%
2033	2,875,000	966,145	3,841,145	
2034	2,720,000	848,342	3,568,342	
2035	2,750,000	730,150	3,480,150	
2036	2,550,000	614,850	3,164,850	
2037	2,220,000	507,225	2,727,225	
2038	1,645,000	413,875	2,058,875	84%
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>\$ 48,095,000</u>	<u>\$ 22,247,503</u>	<u>\$ 70,342,503</u>	

Source: City of Donna debt schedules

**City of Donna, Texas
Overlapping Debt Table
As of 9/30/2021**

TABLE 20

Taxing Jurisdiction	Total Bonded Debt 9/30/2020	As Of	Estimated % Applicable	City's Overlapping Bonded Debt
<u>Overlapping:</u>				
Donna Independent School District	\$ 58,550,000	9/30/2020	41.14%	\$ 22,646,220
Hidalgo County	366,620,000	9/30/2020	1.95%	6,915,090
Hidalgo County Drainage District No. 1	172,350,000	9/30/2020	2.03%	3,713,952
South Texas College	128,814,693	9/30/2020	1.83%	<u>2,212,739</u>
Total Overlapping Debt				35,488,001
<u>Direct Debt</u>				
City of Donna	50,185,000	9/30/2020	100.00%	<u>48,095,000</u> *
Total Direct and Overlapping Debt				\$ 83,583,001
Total Direct and overlapping Debt % of A. V.	\$ 668,255,430			10.40%
Total Direct and Overlapping Debt per Capita:				\$ 5,073

* *Gross Debt. Please note that some debt may be supported by other revenues and thus be considered self supporting debt. Using Gross debt may overstate the actual amount of debt supported by ad valorem taxes.*

CITY OF DONNA, TEXAS
GENERAL FUND REVENUES, EXPENDITURES HISTORY

	Fiscal Year Ended September 30,					
	2021	2020	2019	2018	2017	2016
Revenues						
Taxes	\$ 8,391,548	\$ 7,963,906	\$ 8,236,530	\$ 7,144,525	\$ 6,599,758	\$ 6,472,993
Licenses and Permits	301,594	141,968	141,632	186,350	132,297	123,668
Charges for Service	2,962,485	2,272,675	2,106,228	1,853,071	1,684,416	1,646,066
Fines and Forfeitures	130,237	97,337	231,585	187,932	109,792	190,470
Intergovernmental	815,782	1,818,811	396,965	224,494	111,151	199,890
Interest	66,993	28,822	100,619	21,467	10,695	4,997
Other Revenues	989,122	35,507	106,901	92,216	39,159	107,920
Total Revenues	13,657,761	12,359,026	11,320,460	9,710,055	8,687,268	8,746,005
Expenditures						
Current:						
General Government	2,515,873	3,174,999	2,448,057	2,571,612	2,335,716	2,030,020
Public Safety	3,997,801	3,666,777	3,632,363	3,180,302	3,197,662	3,028,591
Public Works	3,462,201	3,888,313	2,981,093	3,211,853	1,984,262	2,033,080
Culture and Recreation	347,824	254,318	296,213	288,628	253,176	808,693
Health and Welfare	769,536	521,686	925,954	752,492	913,637	279,247
Capital Outlay	1,926,383	-	-	-	-	-
Debt Service:						
Principal Retirements	330,989	245,086	639,258	89,978	86,961	158,872
Interest, Fiscal & Issuance Charges	37,065	32,872	300,763	19,492	22,509	26,307
Total Expenditures	13,387,672	11,784,051	11,223,701	10,114,357	8,793,923	8,364,811
Excess/(Deficiency) of Revenues						
Over (Under) Expenditures	270,089	574,975	96,759	(404,302)	(106,655)	381,193
Other Financing Sources/Uses						
Operating Transfers In	6	-	70,000	563,193	738,676	-
Operating Transfers Out	(158,000)	-	(196,495)	-	(400,000)	(593,698)
Sale of Capital Assets	45,265	440,767	-	-	-	-
Other Revenues	36,570	-	-	-	-	-
Loan and Lease Proceeds	194,824	14,924	595,922	109,535	3,685	-
Total Other Financing Sources/Uses	118,665	455,691	469,427	672,728	342,361	(593,698)
NET CHANGE IN FUND BALANCE	388,754	1,030,666	566,186	268,426	235,706	(212,505)
FUND BALANCE BEGINNING	3,534,452	2,503,786	3,267,419	2,724,070	2,594,453	2,806,958
Prior Period Adjustment	123,531	-	-	-	-	-
Fund Balance Ending	\$ 4,046,737	\$ 3,534,452	\$ 3,833,605	\$ 2,992,496	\$ 2,830,159	\$ 2,594,453

Source: City of Donna, TX Annual Financial Reports

CITY OF DONNA, TEXAS
MUNICIPAL SALES TAX HISTORY

Fiscal Year Ended 9/30	Total Collected	% of Ad Valorem Tax Levy	Assessed Valuation Equivalent of Tax Rate	Total Collections Per Capita
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
2019	3,893,356	78.49%	0.6270	137
2020	4,504,818	85.41%	0.6741	275
2021	5,249,818	93.89%	0.7406	319

Source: City of Donna Finance Department

Annual Financial Report

**CITY OF DONNA, TEXAS
CURRENT INVESTMENTS**

The City's cash and temporary investments at September 30, 2021 are shown below:

Name	Carrying Amount	Market Value
Non-Interest Bearing Cash Accounts	\$ 2,190,553	\$ 997,249
Money Market Fund available from Trustee	-	-
Local Government Investment Cooperative (LOGIC) ⁽¹⁾	2,267,325	2,267,325
Investments held: Certificates of Deposit	1,225,316	1,862,115
Less: Statement of Fiduciary Net Assets	1,628	1,628
Total	\$ 5,684,822	\$ 5,128,317

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

Source: City of Donna, Texas

**CITY OF DONNA, TEXAS
PRINCIPAL EMPLOYERS
FOR FISCAL YEAR ENDING 2021 AND 2012**

TABLE 24

<u>Employer</u>	<u>2021</u>		<u>2012</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Donna I.S.D.	2,285	1	2,280	1
A&E Health Services, Inc.	665	2	-	-
Wal-Mart	255	3	-	-
City of Donna	175	4	92	4
Idea Public Schools	167	5	161	2
HEB Food Store	115	6	115	3
Whataburger	75	7	20	7
Victoria Palms Resort	68	8	40	6
McDonalds	56	9	18	8
Bland Distribution	41	10	-	-
Wells Fargo	-	-	14	10
Burger King	-	-	16	9
Rio Grande Canning Company	-	-	48	5
Total	3,902		2,804	

Source: DEDC

**CITY OF DONNA, TEXAS
PRINCIPAL EMPLOYERS
FOR FISCAL YEAR ENDING 2021 AND 2012**

TABLE 24

<u>Employer</u>	2021		2012	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Donna I.S.D.	2,285	1	2,280	1
A&E Health Services, Inc.	665	2	-	-
Wal-Mart	255	3	-	-
City of Donna	175	4	92	4
Idea Public Schools	167	5	161	2
HEB Food Store	115	6	115	3
Whataburger	75	7	20	7
Victoria Palms Resort	68	8	40	6
McDonalds	56	9	18	8
Bland Distribution	41	10	-	0
Wells Fargo	-	-	14	10
Burger King	-	-	16	9
Total	<u>3,902</u>		<u>2,756</u>	

Source: 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 Commission
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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Donna, Texas, (the "City") as of and for the year ended September 30, 2021, 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 29, 2022.

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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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*.

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.

Cascos & Associates, P.C.

Cascos & Associates, PC
Brownsville, Texas
March 29, 2022