

# Annual Financial Report

For the Year Ended  
September 30, 2020

City of  
**Donna**  
*the Heart of the Valley*



**AICPA**<sup>®</sup>  
Governmental Audit  
Quality Center

  
CPA  
Texas Society of  
Certified Public Accountants

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**CITY OF DONNA**  
**ANNUAL FINANCIAL REPORT**  
**SEPTEMBER 30, 2020**

**CITY OF DONNA, TEXAS**  
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## **INTRODUCTORY SECTION**

**CITY OF DONNA, TEXAS  
CITY OFFICIALS  
SEPTEMBER 30, 2020**

**ANNUAL FINANCIAL REPORT**

Council- Manager Form of Government

**MAYOR**

Ricardo Morales

**COUNCIL MEMBERS**

Richie Moreno  
Jose G. Garza, Jr.  
David Moreno  
Eloy Avila Jr.

**CITY MANAGER**

Carlos Yerena

**DIRECTOR OF FINANCE**

David R. Vasquez

**CITY SECRETARY**

Laura Balderrama

## **FINANCIAL SECTION**



# Cascos & Associates, PC

Certified Public Accountants  
Audit/Accounting/Tax/Consulting

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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, 2020, 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, 2020, 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 Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards 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 and the Schedule of Expenditures of Federal Awards 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 30, 2021, 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.

A handwritten signature in blue ink that reads "Cascos & Associates, PC". The signature is written in a cursive, flowing style.

Cascos & Associates, PC  
Brownsville, Texas  
March 30, 2021

# 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, 2020.

## Financial Highlights In Brief

In regards to the City's government-wide level financial statements, the 2020 and 2019 amounts are included in this discussion and analysis for comparative purposes.

- The assets of the City exceeded liabilities at the close of the 2020 and 2019 fiscal years by \$25,486,320 (net position) and by \$24,334,636 (net position), respectively. At the end of the 2020 and 2019 fiscal years the statement of net position reflects a deficit amount for unrestricted net position of \$29,096,481 and a deficit amount of \$29,343,119 respectively.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,147,914 an increase of \$3,390,507 or (123%) from the prior year.
- At the end of the current fiscal year, the unreserved undesignated fund balance for the general fund was \$3,522,047 or 42% of total current year general fund expenditures.
- The City of Donna's total debt decreased by a net amount of \$259,735 or .4% during the current fiscal year.
- On October 1, 2013, the City adopted GASB 65 *Items Previously Reported as Assets and Liabilities*. The significant accounting policies related to the implementation of this statement is located in "Note 1", *Deferred Outflows of Resources and Deferred Inflows of Resources/Other Assets and Liabilities*.

## Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of individuals, private organizations, and other governments. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City of Donna 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 \$25,486,751 at the close of fiscal year 2020 and by \$24,334,636 at the close of fiscal year 2019.

City of Donna							
Net Position							
	Governmental Activities		Business-type Activities		Total		
	2020	2019	2020	2019	2020	2019	
Current and other assets	\$ 8,330,273	\$ 4,709,413	\$ 3,038,637	\$ 6,213,011	\$ 11,368,910	\$ 10,922,424	
Capital assets	13,384,324	15,074,277	65,149,705	61,233,429	78,534,029	76,307,706	
Total assets	21,714,597	19,783,690	68,188,342	67,446,440	89,902,939	87,230,130	
Deferred Outflows of Resources	569,003	692,296	3,315,476	3,537,757	3,884,479	4,230,053	
Long-term liabilities	9,929,876	10,437,166	53,204,225	54,903,876	63,134,101	65,341,042	
Other liabilities	1,045,978	659,577	3,797,174	1,032,969	4,843,152	1,692,546	
Total liabilities	10,975,854	11,096,743	57,001,399	55,936,845	67,977,253	67,033,588	
Deferred Inflow of Resources	247,151	70,351	76,263	21,609	323,414	91,960	
Net Position							
Invested in capital assets, net of related debt	5,817,612	7,219,773	19,799,045	44,354,918	25,616,657	51,574,691	
Restricted	2,574,074	266,867	1,836,197	1,836,197	4,410,271	2,103,064	
Unrestricted (deficit)	2,668,909	1,822,252	(7,209,086)	(31,165,371)	(4,540,177)	(29,343,119)	
Total net position	\$ 11,060,595	\$ 9,308,892	\$ 14,426,156	\$ 15,025,744	\$ 25,486,751	\$ 24,334,636	

The largest portion of the City’s net position (197% in 2020 and 212% in 2019) 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 (17.3% in 2020 and 8.6% in 2019) 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 \$3,082,775 in the primary government (Refer to Note L and Note K). The City's unrestricted net position under governmental activities reflects a positive balance of \$2,668,909 for 2020 and \$1,822,252 for 2019.

The City's unrestricted net position under business-type activities reflects a deficit balance of \$7,209,086 at 2020 and a deficit of \$31,165,371 at 2019.

The Water and Sewer Fund has unrestricted deficit balance of \$275,281 at 2020, which reflects a decrease in deficit of \$13,595,579 versus fiscal year 2019. The City International Bridge Fund has an unrestricted net position deficit of \$6,933,805 at 2020, which reflects a decrease in the deficit of \$10,360,606 from 2019. The City International Bridge Fund went into operation on December 14, 2010.

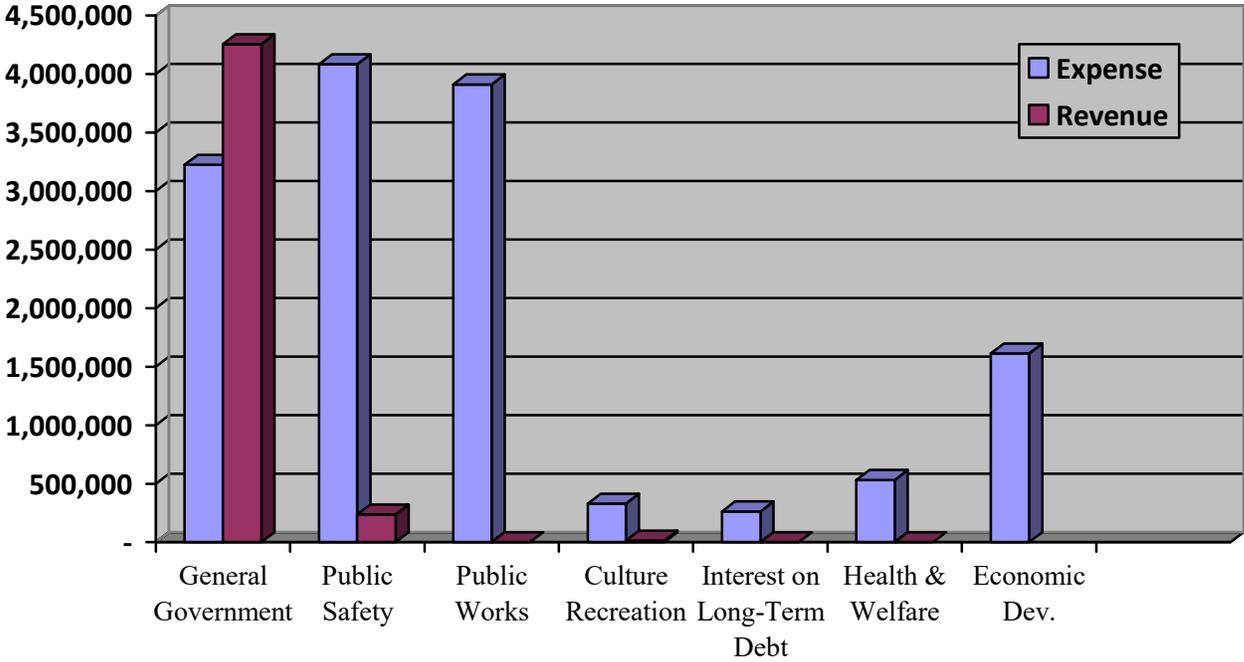
The following table presents a summary of the government-wide statement of changes in net position for both governmental activities and business-type activities for 2020 and 2019.

City of Donna						
Changes in Net Position						
September 30,						
	Governmental Activities		Business-type	Activities	Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 2,688,968	\$ 2,479,445	\$ 6,481,719	\$ 6,979,168	\$ 9,170,687	\$ 9,458,613
Operating grants and contributions	1,818,811	-	-	-	1,818,811	-
Capital grants and contributions	-	396,965	4,208,384	10,714	4,208,384	407,679
General Revenues:					-	-
Property taxes	5,498,239	5,278,009	-	-	5,498,239	5,278,009
Other taxes	3,205,055	2,911,108	-	-	3,205,055	2,911,108
Other	124,401	377,377	102,088	811,296	226,489	1,188,673
Total revenues	13,335,474	11,442,904	10,792,191	7,801,178	24,127,665	19,244,082
Expenses:						
General government	3,225,084	2,692,408	-	-	3,225,084	2,692,408
Public safety	4,083,877	4,197,641	-	-	4,083,877	4,197,641
Public works	3,910,505	3,759,256	-	-	3,910,505	3,759,256
Culture and recreation	329,702	396,845	-	-	329,702	396,845
Public Health and welfare	532,113	873,577	-	-	532,113	873,577
Economic Development	-	-	-	-	-	-
Tourism development	302,008	176,685	-	-	302,008	176,685
Interest on long-term debt	256,812	278,980	-	-	256,812	278,980
Utility system operations	-	-	6,842,476	6,863,105	6,842,476	6,863,105
International Bridge Fund	-	-	3,351,393	3,373,337	3,351,393	3,373,337
Total expenses	12,640,101	12,375,392	10,193,869	10,236,442	22,833,970	22,611,834
Changes in net position before transfers	695,373	(932,488)	598,322	(2,435,264)	1,293,695	(3,367,752)
Transfers	2,246,995	(266,495)	(2,246,995)	266,495	-	-
Transfers to component units	140,000	140,000	-	-	140,000	140,000
Changes in net position	3,082,368	(1,058,982)	(1,648,673)	(2,168,769)	1,433,695	(3,227,752)
Net Position – beginning of year	9,308,892	10,811,612	15,025,744	17,193,180	24,334,636	28,004,791
Prior period adjustment	(1,330,665)	(443,738)	1,123,765	1,334	(206,900)	(442,404)
Net Position – end of year	\$11,060,595	\$ 9,308,892	\$ 14,500,836	\$ 15,025,744	\$ 25,561,431	\$ 24,334,636

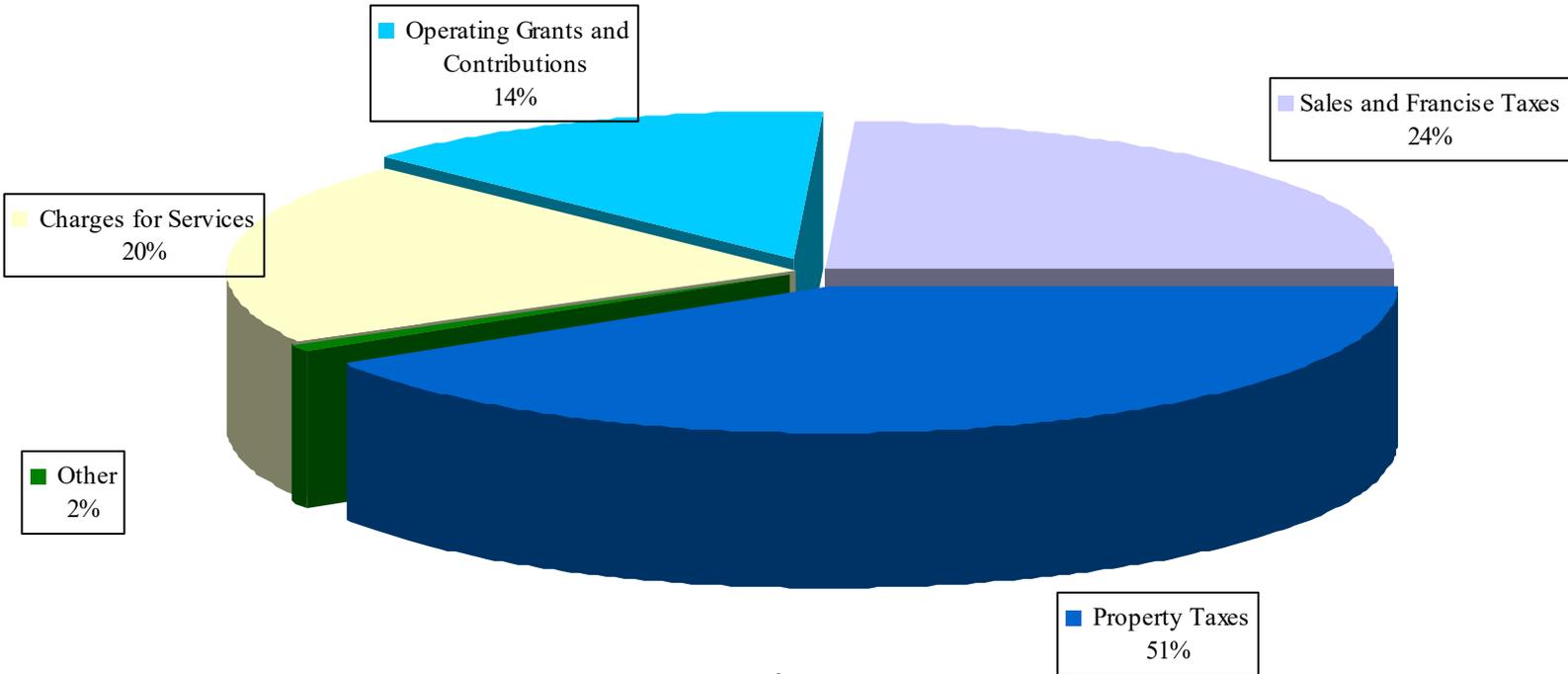
Total revenues generated from both governmental and business-type activities for fiscal year 2020 amounted to \$24,127,665 with expenses of \$22,833,970 resulted in a change in net position increase before transfers of \$1,293,695 for fiscal year 2020. Compared to fiscal year 2019, there was \$19,244,082 in revenues with expenses of \$22,611,834 that resulted in a change in net position decrease before transfers of \$3,367,752 for fiscal year 2019.

**Governmental activities.** Governmental activities decreased the City of Donna’s net position by \$3,082,368, thereby accounting for an increase of 18% in governmental net position for 2020.

**Expenses and Program Revenues-Governmental Activities**

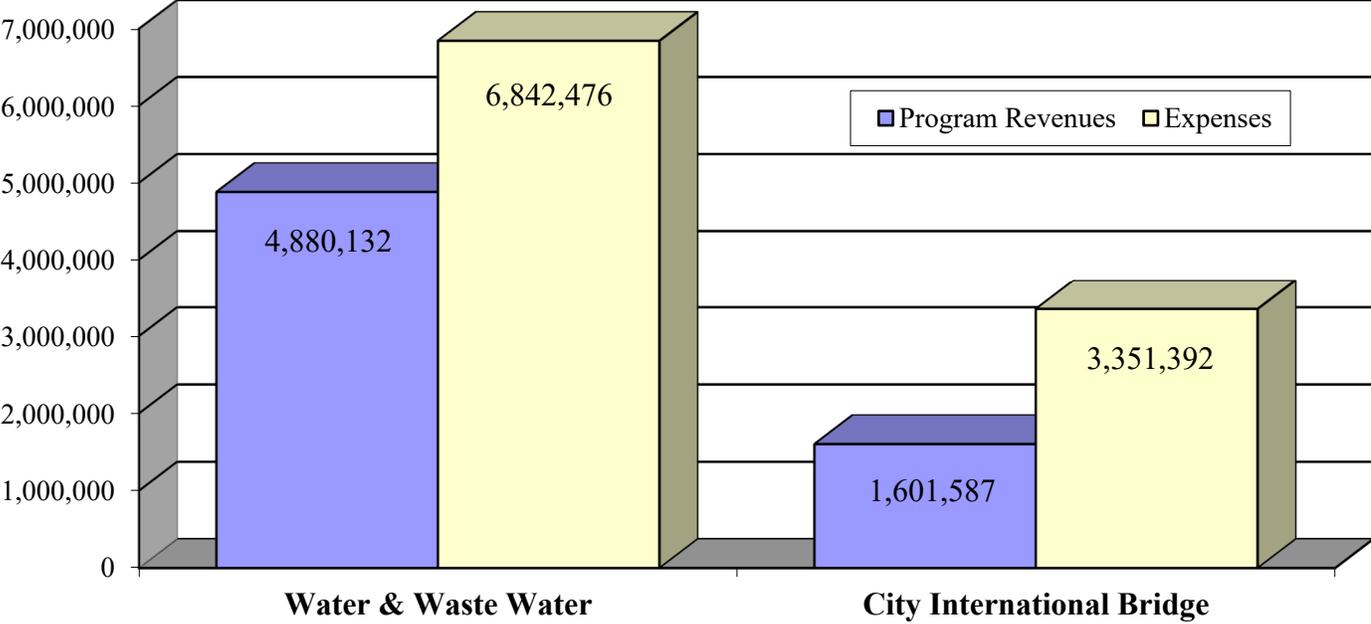


**Revenues by Source-Governmental Activities**

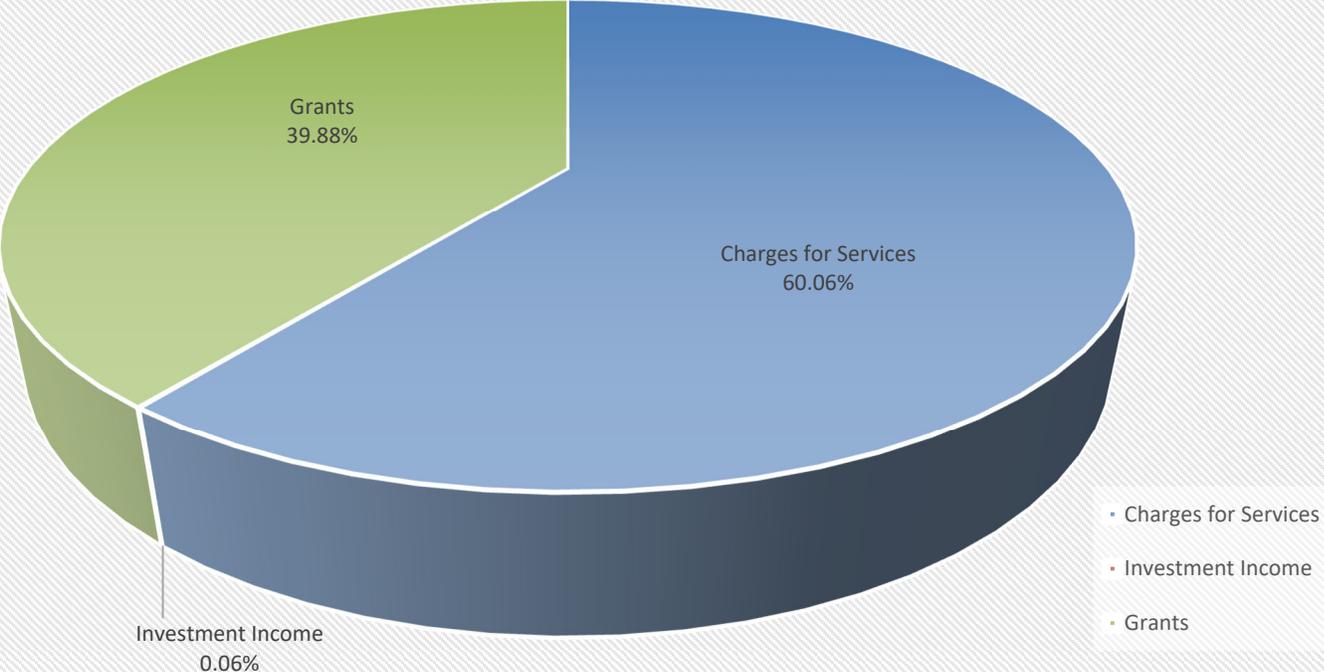


**Business-type activities.** Business-type activities decreased the City of Donna’s net position by \$1,648,673 thereby accounting for a decrease of 3.5 % in total net position for fiscal year 2020. There were no Business-type Capital contributions for 2020. Charges for current services including for Water & Sewer and City International Bridge total \$6,481,719.

**Expenses and Program Revenues-Business Type Activities**



**Revenues by Source-Business-Type Activities**



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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,147,914 an increase of \$3,390,507 or 123%. A positive amount of \$3,529,814 constitutes unassigned fund balance for all governmental funds. Good financial management indicates that the City should maintain an unassigned fund balance on a continuing basis in order to have working capital to operate the City and as a reserve hedge against emergencies. The remainder of the fund balance of \$2,618,100 is restricted.

The General Fund is the chief operating fund of the City of Donna. At the end of the 2020 fiscal year unreserved undesignated fund balance of the General Fund was \$3,522,047. 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 2020 unreserved undesignated fund balance represents a positive 29.8% of total General Fund expenditures.

During the 2020 fiscal year the General Fund's net position change in fund balance increased by \$1,030,666. This is a result of Cares Act Governmental funds received by the City of Donna.

The Debt Service Fund has a total fund balance of \$2,371,359, 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 2020 of \$206,022. The Debt Service fund was budgeted with a deficit of \$211,295 in 2020. 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 \$31,764,959 in 2020 is comprised of the respective proprietary funds as follows; Water and Sewer Fund deficit of \$20,703,280, City International Bridge Fund deficit of \$11,061,679. Please refer to the discussion of these amounts under the government-wide financial analysis above. The City International Bridge went into operation on December 14, 2010 therefore this is the ninth consecutive year of 12 months of operation at the bridge.

## General Fund Budgetary Highlights

The original General Fund budget decreased by \$128,048 (Expenditures) or 1 % compared to fiscal year 2019, an increase of \$1,742,521.

### Capital Assets

The City of Donna's investment in capital assets for its governmental and business-type activities as of September 30, 2020 and 2019 amounts to \$78,534,029 and \$76,305,749 respectively (net of accumulated depreciation on the business-type activities capital assets). This investment in capital assets includes land, buildings and improvements, machinery and equipment, streets, a waterworks system, a sanitary sewer system and the development of an international bridge with related service assets. The overall increase in the City of Donna's investment in capital assets for the current year was 2.6%. The current year depreciation expense for business-type activities was \$3,201,660 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.

<b>City of Donna</b>						
<b>Capital Assets at Year End</b>						
<b>Net of Accumulated Depreciation (on Business-type Activities)</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Land	\$ 1,279,625	\$ 1,273,639	\$ 1,715,587	\$ 1,715,587	\$ 2,995,212	\$ 2,989,226
Buildings	1,040,556	1,087,822	7,003,604	7,306,831	8,044,160	8,394,653
Improvements other than buildings	1,797,827	1,918,474	2,584,749	2,646,608	4,382,576	4,565,082
Infrastructure	5,970,910	6,231,089	41,884,894	44,387,198	47,855,804	50,618,287
Furniture and equipment	3,215,198	3,152,384	1,912,198	2,179,288	5,127,396	5,331,672
Other developments in progress	80,208	1,410,912	10,048,673	2,995,917	10,128,881	4,406,829
Total	<u>\$ 13,384,324</u>	<u>\$ 15,074,320</u>	<u>\$ 65,149,705</u>	<u>\$ 61,231,429</u>	<u>\$ 78,534,029</u>	<u>\$ 76,305,749</u>

## Debt Administration

The City of Donna's total long-term debt for its governmental and business-type activities as of September 30, 2020 and 2019 amounts to \$60,290,217 and \$61,980,027 respectively.

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds - net	\$ 5,917,080	\$ 6,302,840	\$ 44,057,920	\$ 45,757,760	\$ 49,975,000	\$ 52,060,600
Premiums on Debt	390,774	418,836	4,377,478	4,589,968	4,768,252	5,008,804
Tax Notes Payable	75,600	149,400	134,400	-	210,000	149,400
Contractual Obligations	309,513	405,843	-	-	309,513	405,843
Claims payable	-	-	3,777,795	3,777,794	3,777,795	3,777,794
Capital leases	873,753	577,594	53,209	-	926,962	577,586
Compensated absences	238,883	-	83,812	-	322,695	-
<b>Total</b>	<b>\$ 7,805,603</b>	<b>\$ 7,854,513</b>	<b>\$ 52,484,614</b>	<b>\$ 54,125,522</b>	<b>\$ 60,290,217</b>	<b>\$ 61,980,027</b>

The City's total debt decreased by a net \$1,689,810 or 2.7 %, during the current fiscal year. Additional information on the City of Donna's long-term debt can be found in Note I 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 \$472,708 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 2020-21 budgets were up \$40,587,773 or 6.07 % from the prior year.
- The City's tax rate for fiscal year 2020-21 remained at \$.788855 per \$100 valuation.
- In the 2020-21 Budget, the General Fund revenues and expenditures are budgeted at an increase of 8.45 % over 2020 fiscal year. The 2020-21 General Fund budget is a balanced budget.
- The Sales Tax collected in 2019-20 increased by \$617,982 or 16 % over prior year.
- The City of Donna has completed the construction on the southbound empty commercial traffic facilities in October 2020. Regarding Northbound Empty Commercial Inspection Facilities, the City of Donna has been approved through the Donation Acceptance Program and will be working with GSA and CBP.

### Request for Information

This financial report is designed to provide a general overview of the City of Donna's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Secretary, 307 12<sup>th</sup> Street, City of Donna, Texas, 78537.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF DONNA, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2020**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 1,763,311	\$ 716,125	\$ 2,479,436
Receivables, net	3,298,867	2,622,044	5,920,911
Inventories	12,405	22,880	35,285
Restricted cash and investments	-	1,681,924	1,681,924
Internal balances	2,317,733	(2,317,733)	-
Due from component unit/primary government	764,895	311,397	1,076,292
Long-term investments	104,693	-	104,693
Capital assets, net of accumulated depreciation:			
Non-depreciable assets	1,359,833	11,764,260	13,124,093
Depreciable assets	12,024,491	53,385,445	65,409,936
Prepaid expense	<u>68,369</u>	<u>2,000</u>	<u>70,369</u>
Total assets	<u>21,714,597</u>	<u>68,188,342</u>	<u>89,902,939</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	-	3,137,947	3,137,947
Deferred outflows related to pensions	<u>569,003</u>	<u>177,529</u>	<u>746,532</u>
Total deferred outflow of resources	<u>569,003</u>	<u>3,315,476</u>	<u>3,884,479</u>
<b>LIABILITIES</b>			
Accounts payable	417,713	1,216,620	1,634,333
Accrued liabilities	430,240	43,534	473,774
Accrued interest payable	31,621	235,697	267,318
Due to component unit/primary government	51,375	-	51,375
Unearned revenue	52,498	2,250	54,748
Deposits	62,531	492,750	555,281
Lines of credit	-	1,806,323	1,806,323
Noncurrent liabilities:			
Due within one year	780,606	2,180,468	2,961,074
Due in more than one year	7,024,989	50,304,146	57,329,135
Pension liability	<u>2,363,164</u>	<u>719,611</u>	<u>3,082,775</u>
Total liabilities	<u>11,214,737</u>	<u>57,001,399</u>	<u>68,216,136</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	<u>247,151</u>	<u>76,263</u>	<u>323,414</u>
Total deferred inflows of resources	<u>247,151</u>	<u>76,263</u>	<u>323,414</u>
<b>NET POSITION</b>			
Net investment in capital assets	5,817,612	19,799,045	25,616,657
Restricted for:			
Capital projects	14,220	-	14,220
Operations and maintenance	(4,265)	300,489	296,224
Repairs and replacements	2,303	304,429	306,732
Debt service	2,339,460	1,231,279	3,570,739
Tourism	197,122	-	197,122
Other purpose	25,234	-	25,234
Unrestricted (deficit)	<u>2,430,026</u>	<u>(7,209,086)</u>	<u>(4,779,060)</u>
Total net position	<u>\$ 10,821,712</u>	<u>\$ 14,426,156</u>	<u>\$ 25,247,868</u>

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

## EXHIBIT 1-A

Donna Economic Development Corporation	Component Units	
	Development Corporation of Donna, Inc.	Tax Increment Reinvestment Zone Number Two
\$ 78,355	\$ 140,855	\$ 17,778
223,146	342,475	58,816
-	-	-
591,693	463,160	-
(81,660)	81,660	-
-	50,934	441
-	-	-
7,553,247	555,169	-
28,195	5,024	-
-	-	-
<u>8,392,976</u>	<u>1,639,277</u>	<u>77,035</u>
-	-	-
<u>2,629</u>	<u>4,860</u>	<u>-</u>
<u>2,629</u>	<u>4,860</u>	<u>-</u>
-	-	50,000
12,207	-	-
-	23,676	-
789,755	286,537	-
1,000	-	-
-	-	-
-	-	-
2,360,592	155,000	-
3,885,486	3,096,419	2,499,696
10,658	11,169	-
<u>7,059,698</u>	<u>3,572,801</u>	<u>2,549,696</u>
1,129	1,184	-
<u>1,129</u>	<u>1,184</u>	<u>-</u>
1,335,890	-	-
-	-	-
-	-	-
-	-	-
591,693	-	-
-	-	-
-	-	-
<u>(592,805)</u>	<u>(1,929,848)</u>	<u>(2,472,661)</u>
<u>\$ 1,334,778</u>	<u>\$ (1,929,848)</u>	<u>\$ (2,472,661)</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, 2020**

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 3,293,875	\$ 2,688,968	\$ 1,566,252	\$ -
Tourism	302,008	-	-	-
Public safety	4,164,448	-	237,600	-
Public works	3,983,260	-	-	-
Health and welfare	543,384	-	-	-
Culture and recreation	335,196	-	14,959	-
Interest and fiscal agent fees	256,812	-	-	-
Debt issue cost	-	-	-	-
Total governmental activities	<u>12,878,984</u>	<u>2,688,968</u>	<u>1,818,811</u>	<u>-</u>
Business-type activities:				
Water and sewer	6,842,476	4,880,132	4,208,384	-
International bridge	<u>3,351,393</u>	<u>1,601,587</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>10,193,869</u>	<u>6,481,719</u>	<u>4,208,384</u>	<u>-</u>
Total primary government	<u>23,072,853</u>	<u>9,170,687</u>	<u>6,027,195</u>	<u>-</u>
Component units				
Economic Development	<u>1,958,236</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total component units	<u>\$ 1,958,236</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Taxes:

Property taxes, levied for general purposes/ tax increment

Property taxes, levied for debt service

Sales taxes

Franchise and other taxes

Hotel/motel taxes

Unrestricted investment earnings

Miscellaneous revenues

Transfers

Transfers from (to) component unit/primary government

Total general revenues and transfers

Changes in net position

Net position-beginning

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
\$ 961,345	\$ -	\$ 961,345	\$ -	\$ -	\$ -
(302,008)	-	(302,008)	-	-	-
(3,926,848)	-	(3,926,848)	-	-	-
(3,983,260)	-	(3,983,260)	-	-	-
(543,384)	-	(543,384)	-	-	-
(320,237)	-	(320,237)	-	-	-
(256,812)	-	(256,812)	-	-	-
-	-	-	-	-	-
<u>(8,371,205)</u>	<u>-</u>	<u>(8,371,205)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	2,246,040	2,246,040	-	-	-
-	<u>(1,749,806)</u>	<u>(1,749,806)</u>	-	-	-
-	496,234	496,234	-	-	-
<u>(8,371,205)</u>	<u>496,234</u>	<u>(7,874,971)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	1,081,140	843,296	33,800
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,081,140</u>	<u>\$ 843,296</u>	<u>\$ 33,800</u>
\$ 4,712,392	\$ -	\$ 4,712,392	\$ -	\$ -	\$ 24,352
785,847	-	785,847	-	-	-
2,125,248	-	2,125,248	1,062,624	1,062,625	-
970,218	-	970,218	-	-	-
109,589	-	109,589	-	-	-
71,840	6,100	77,940	4,911	4,576	-
52,561	95,988	148,549	34,200	-	-
2,246,995	(2,246,995)	-	-	-	-
140,000	-	140,000	-	(140,000)	-
<u>11,214,690</u>	<u>( 2,144,907)</u>	<u>9,069,783</u>	<u>1,101,735</u>	<u>927,201</u>	<u>24,352</u>
2,843,485	(1,648,673)	1,194,812	20,595	83,905	(9,448)
9,308,892	15,025,744	24,334,636	1,314,183	(1,915,201)	(2,463,213)
<u>(1,330,665)</u>	<u>1,049,085</u>	<u>(281,580)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 10,821,712</u>	<u>\$ 14,426,156</u>	<u>\$ 25,247,868</u>	<u>\$ 1,334,778</u>	<u>\$ (1,831,296)</u>	<u>\$ (2,472,661)</u>

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

**CITY OF DONNA, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2020**

EXHIBIT 2-A

	General	Other Governmental	Total Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 928,915	\$ 834,396	\$ 1,763,311
Receivables, net:			
Property taxes	1,124,939	548,445	1,673,384
Nonproperty taxes	400,477	-	400,477
Accounts	325,578	14,423	340,001
Intergovernmental	885,005	-	885,005
Inventories	12,405	-	12,405
Due from other funds	1,283,317	1,600,795	2,884,112
Due from component units	689,678	75,217	764,895
Long-term investments	-	104,693	104,693
Prepaid expense	<u>68,369</u>	<u>-</u>	<u>68,369</u>
Total assets	<u>\$ 5,718,683</u>	<u>\$ 3,177,969</u>	<u>\$ 8,896,652</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	417,357	\$ 356	\$ 417,713
Accrued liabilities	206,867	223,373	430,240
Due to other funds	496,072	70,307	566,379
Due to component units	51,375	-	51,375
Unearned revenues	52,498	-	52,498
Deposits	<u>62,531</u>	<u>-</u>	<u>62,531</u>
Total liabilities	<u>1,286,700</u>	<u>294,036</u>	<u>1,580,736</u>
Deferred inflows of resources			
Unavailable revenue - property taxes	<u>897,531</u>	<u>270,471</u>	<u>1,168,002</u>
Total deferred inflows of resources	<u>897,531</u>	<u>270,471</u>	<u>1,168,002</u>
Fund balances:			
Nonspendable - inventories	12,405	-	12,405
Restricted for:			
Tourism	-	197,122	197,122
Fire equipment debt service	-	25,234	25,234
Law enforcement	-	(4,265)	(4,265)
Equipment purchases	-	6	6
Park improvements	-	2,297	2,297
Capital projects	-	14,220	14,220
Debt service	-	2,371,081	2,371,081
Unassigned	<u>3,522,047</u>	<u>7,767</u>	<u>3,529,814</u>
Total fund balances	<u>3,534,452</u>	<u>2,613,462</u>	<u>6,147,914</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 5,718,683</u>	 <u>\$ 3,177,969</u>	 <u>\$ 8,896,652</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, 2020**

EXHIBIT 2-B

Fund balances - Governmental Funds Balance Sheet	\$ 6,147,914
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.	13,384,324
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.	1,168,002
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.	(7,805,595)
Interest is accrued in the government-wide financial statements but not in the funds.	(31,621)
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 (\$2,305,179), a deferred resource outflows in the amount of \$568,688, and a deferred resource inflows in the amount of (\$244,295). This resulted in an increase/(decrease) in net position by (\$1,980,786).	(1,980,786)
Included in the noncurrent assets/(liability) is the recognition of the Firemen's net pension asset/(liability) required by GASB 68 in the amount of (\$57,985), a deferred resource outflows in the amount of \$315, and a deferred resource inflows in the amount of (\$2,856). This resulted in an increase/(decrease) in net position by (\$60,526).	<u>(60,526)</u>
Net position of governmental activities- Statement of Net Position	<u>\$ 10,821,712</u>

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

**CITY OF DONNA, TEXAS** EXHIBIT 2-C  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	General	Other Governmental	Total Governmental Funds
<b>REVENUES</b>			
Property taxes	\$ 4,868,440	\$ 785,847	\$ 5,654,287
Nonproperty taxes	3,095,466	109,589	3,205,055
Charges for services	2,272,675	92,130	2,364,805
Fines and forfeitures	97,337	84,858	182,195
Licenses and permits	141,968	-	141,968
Intergovernmental revenue	1,818,811	-	1,818,811
Miscellaneous income	35,507	14,976	50,483
Interest and investment income	28,822	43,018	71,840
Total revenues	12,359,026	1,130,418	13,489,444
<b>EXPENDITURES</b>			
Current:			
General government	3,174,999	8,945	3,183,944
Tourism	-	302,008	302,008
Public safety	3,666,777	62,442	3,729,219
Public works	3,359,882	7,566	3,367,448
Health and welfare	521,686	-	521,686
Culture and recreation	254,318	-	254,318
Capital outlay	528,431	66,480	594,911
Debt service:			
Principal retirement	245,086	459,560	704,646
Interest and fiscal agent fees	32,872	252,001	284,873
Total expenditures	11,784,051	1,159,002	12,943,053
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>574,975</b>	<b>(28,584)</b>	<b>546,391</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital lease proceeds	440,767	-	440,767
Insurance proceeds	11,524	-	11,524
Sale of capital assets	3,400	1,430	4,830
Transfers in	-	2,985,431	2,985,431
Transfers in from component unit/ primary government	-	140,000	140,000
Transfers (out)	-	(738,436)	(738,436)
Total other financing sources (uses)	455,691	2,388,425	2,844,116
<b>NET CHANGE IN FUND BALANCES</b>	1,030,666	2,359,841	3,390,507
<b>FUND BALANCES, BEGINNING</b>	2,503,786	253,621	2,757,407
<b>FUND BALANCES, ENDING</b>	<b>\$ 3,534,452</b>	<b>\$ 2,613,462</b>	<b>\$ 6,147,914</b>

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, 2020**

EXHIBIT 2-D

Net change in fund balances - total governmental funds	\$ 3,390,507
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.	(359,288)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(156,048)
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.	(440,767)
Repayment of bond and notes payable principal is an expenditure in the governmental funds, but the repayment has no effect on net position.	700,498
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>(80,595)</u>
Change in net position of governmental activities - Statement of Activities	<u><u>\$ 2,843,485</u></u>

**CITY OF DONNA, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2020**

EXHIBIT 3-A

	Business-type Activities		
	Water and Sewer Fund	City International Bridge Fund	Total Proprietary Funds
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 553,491	\$ 162,634	\$ 716,125
Restricted cash and investments	26,590	1,655,334	1,681,924
Inventories	22,880	-	22,880
Receivables:			
Accounts receivable	968,257	832	969,089
Intergovernmental	-	1,652,955	1,652,955
Due from other funds	686,331	44,029	730,360
Due from component units	311,397	-	311,397
Prepaid expense	2,000	-	2,000
Total current assets	<u>2,570,946</u>	<u>3,515,784</u>	<u>6,086,730</u>
Noncurrent assets:			
Land, plant and equipment, net	37,369,436	27,780,269	65,149,705
Advances to other funds	198,550	-	198,550
Total noncurrent assets	<u>37,567,986</u>	<u>27,780,269</u>	<u>65,348,255</u>
Total assets	<u>40,138,932</u>	<u>31,296,053</u>	<u>71,434,985</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on debt refunding	13,590	3,124,357	3,137,947
Deferred outflows related to pensions	117,146	60,383	177,529
Total deferred outflows of resources	<u>130,736</u>	<u>3,184,740</u>	<u>3,315,476</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	14,590	1,202,030	1,216,620
Accrued liabilities	28,956	14,578	43,534
Due to other funds	762,319	2,285,774	3,048,093
Deferred revenue	-	2,250	2,250
Deposits	492,750	-	492,750
Accrued interest payable	73,016	162,681	235,697
Lines of credit	-	1,806,323	1,806,323
Lease payable	53,209	-	53,209
Bonds payable - current	988,493	501,667	1,490,160
Tax note - current	134,400	-	134,400
Claims payable - current	466,196	36,503	502,699
Total current liabilities	<u>3,013,929</u>	<u>6,011,806</u>	<u>9,025,735</u>
Noncurrent liabilities:			
Bonds payable	16,927,314	30,017,924	46,945,238
Claims payable	420,555	2,854,541	3,275,096
Compensated absences	54,557	29,255	83,812
Net pension liability	474,599	245,012	719,611
Advances from other funds	-	198,550	198,550
Total noncurrent liabilities	<u>17,877,025</u>	<u>33,345,282</u>	<u>51,222,307</u>
Total liabilities	<u>20,890,954</u>	<u>39,357,088</u>	<u>60,248,042</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	50,094	26,169	76,263
Total deferred inflows of resources	<u>50,094</u>	<u>26,169</u>	<u>76,263</u>
<b>NET POSITION</b>			
Net investment in capital assets	19,414,010	385,035	19,799,045
Restricted for operations and maintenance	-	300,489	300,489
Restricted for repairs and replacements	-	304,429	304,429
Restricted for debt service	189,891	1,041,388	1,231,279
Unrestricted (deficit)	<u>(275,281)</u>	<u>(6,933,805)</u>	<u>(7,209,086)</u>
Total net position	<u>\$ 19,328,620</u>	<u>\$ (4,902,464)</u>	<u>\$ 14,426,156</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, 2020**

EXHIBIT 3-B

	Business-type Activities		
	Water and Sewer Fund	City International Bridge Fund	Total Proprietary Funds
<b>OPERATING REVENUES</b>			
Charges for services	\$ 4,870,573	\$ 1,574,587	\$ 6,445,160
Rent revenue	<u>9,559</u>	<u>27,000</u>	<u>36,559</u>
Total operating revenues	<u>4,880,132</u>	<u>1,601,587</u>	<u>6,481,719</u>
<b>OPERATING EXPENSES</b>			
Personnel and related services	1,354,227	740,247	2,094,474
Repairs and maintenance	390,750	29,063	419,813
Materials and supplies	235,335	10,416	245,751
Consultant fees and services	1,972,625	349,042	2,321,667
Depreciation and amortization	<u>2,362,231</u>	<u>839,429</u>	<u>3,201,660</u>
Total operating expenses	<u>6,315,168</u>	<u>1,968,197</u>	<u>8,283,365</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(1,435,036)</u>	<u>(366,610)</u>	<u>(1,801,646)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest revenue	6,094	6	6,100
Interest expense	(560,127)	(1,373,492)	(1,933,619)
Intergovernmental revenue	-	4,208,384	4,208,384
Amortization of refunding discounts/premiums	32,819	(9,704)	23,115
Miscellaneous revenue	<u>81,378</u>	<u>14,610</u>	<u>95,988</u>
Total nonoperating revenues (expenses)	<u>(439,836)</u>	<u>2,839,804</u>	<u>2,399,968</u>
Income before transfers	(1,874,872)	2,473,194	598,322
Transfers in	1,894,259	2,513,646	4,407,905
Transfers (out)	(6,570,127)	(84,773)	(6,654,900)
<b>CHANGE IN NET POSITION</b>	(6,550,740)	4,902,067	(1,648,673)
<b>NET POSITION, BEGINNING</b>	26,160,940	(11,135,196)	15,025,744
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>(281,580)</u>	<u>1,330,665</u>	<u>1,049,085</u>
<b>NET POSITION, ENDING</b>	<u>\$ 19,328,620</u>	<u>\$ (4,902,464)</u>	<u>\$ 14,426,156</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, 2020**

EXHIBIT 3-C

	Business-type Activities		
	Water and Sewer Fund	City International Bridge Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 5,560,232	\$ 1,601,031	\$ 7,161,263
Disbursed for goods and services to suppliers	(1,271,709)	(697,423)	(1,969,132)
Disbursed for personnel services	(2,861,391)	806,805	(2,054,586)
Net cash provided by operating activities	<u>1,427,132</u>	<u>1,710,413</u>	<u>3,137,545</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash paid to other funds	4,473,879	(1,125,249)	3,348,630
Cash received from other	81,378	14,610	95,988
Transfer from other funds	1,894,259	2,513,646	4,407,905
Net cash provided (used) by noncapital financing activities	<u>(81,611)</u>	<u>1,318,234</u>	<u>1,236,623</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(13,971)	(5,722,091)	(5,736,062)
Proceeds from capital grants	-	2,555,429	2,555,429
Proceeds from lines of credit	-	1,806,323	-
Principal paid on long-term debt	(1,130,806)	(647,124)	(1,777,930)
Interest and bond costs paid on long-term debt	(526,634)	(1,197,566)	(1,724,200)
Net cash used for capital and related financing activities	<u>(1,671,411)</u>	<u>(3,205,029)</u>	<u>(6,682,763)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	6,094	6	6,100
Net cash provided by investing activities	<u>6,094</u>	<u>6</u>	<u>6,100</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(319,796)	(176,376)	(2,302,495)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	899,877	1,964,344	2,864,221
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 580,081</u>	<u>\$ 1,787,968</u>	<u>\$ 561,726</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income	\$ (1,435,036)	\$ (366,610)	\$ (1,801,646)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	2,362,231	839,429	3,201,660
Decrease (increase) in receivables	157,977	(556)	157,421
Decrease (increase) in long-term investments	506,526	-	506,526
Decrease (increase) in deferred outflows-pension	21,573	11,333	32,906
Increase (decrease) in accounts payable	(262,681)	1,195,326	932,645
Increase (decrease) in accrued liabilities	9,030	3,681	12,711
Increase in customer deposits	15,597	-	15,597
Increase (decrease) in net pension liability	(38,491)	(20,250)	(58,741)
Increase (decrease) in deferred inflows-pension	35,849	18,805	54,654
Increase (decrease) in compensated absences	54,557	29,255	83,812
Total adjustments	<u>2,862,168</u>	<u>2,077,023</u>	<u>4,939,191</u>
Net cash provided by operating activities	<u>\$ 1,427,132</u>	<u>\$ 1,710,413</u>	<u>\$ 3,137,545</u>

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

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**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, 2020**

**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, 2020**

**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.

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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

The following are reported as other nonmajor governmental fund types:

**Debt Service Fund** – This fund accounts for the resources accumulated and payments made for principal and interest on long-term tax supportable general obligation debt of the primary government.

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

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

The following are reported as major proprietary funds:

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

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

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, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

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

During the year ended September 30, 2020, expenditures exceeded appropriations as follows in the General Fund.

<u>Department</u>	<u>General Fund Excess of Expenditures Over Appropriation</u>
Municipal court	\$ 5,552
City hall	5,620
City secretary	6,631
Non-departmental	922,890
Police	22,514
Fire	6,447
Public works department	109,730
Sanitation	153,328
Street and roadways	48,172
Interest and fiscal agent fees	16,051
	\$ 1,296,935

**2. DEFICIT FUND EQUITY**

At September 30, 2020, the Texas Confiscated Forfeit fund, and the City International Bridge fund have a deficit fund balance of \$4,265, and \$4,902,464 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 \$4,902,464.

The component unit DCD-4B reflects in the government-wide Financial Statements an unrestricted net position deficit of \$1,830,754. 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 \$2,472,661. 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, 2020**

**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, 2020.

At September 30, 2020, the carrying amount of the City’s deposits with financial institutions was \$1,589,949 and the bank balance was \$2,034,718. 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, 2020 the City had the following investments:

	<b>Fair Value</b>	<b>Weighted Average Maturity</b>	<b>Credit Rating</b>
Local government investments Cooperative (LOGIC)	\$ 826,228	34 days	AAAm
Invesco Treasury Portfolio Trust	<u>2,897,580</u>	< 90 days	AAAm
Cash and Cash Equivalents on the Statement of Net Position	<u>\$ 3,723,808</u>		
First Empire Securities, Inc. Negotiable CD's	<u>104,693</u>	2-4 years	N/A
Long-term Investments on the Statements of Net Position	<u>\$ 104,693</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, 2020 and during the year ended September 30, 2020 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, 2020, 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, 2020**

**NOTE C – DEPOSITS AND INVESTMENTS**

The LOGIC Fund will invest only in authorized investments under the Public Funds Investment Act. The stated objective of the fund is to maintain a stable value of \$1.00 per unit; however, the \$1.00 net position value is not guaranteed or insured by the Fund, its Board, the Co-Administrators, their agents, or any other governmental or other entity.

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

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

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

As of September 30, 2020, the City’s long-term investments through First Empire Securities included the following:

<u>First Empire Securities</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Gulf Coast Federal Credit Union	12/8/2022	\$ 104,693	100.00%
Total Negotiable CDs		<u>\$ 104,693</u>	<u>154.24%</u>

**Credit Risk**

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

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

**CITY OF DONNA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE C – DEPOSITS AND INVESTMENTS**

**Interest Rate Risk**

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

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

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

**2. COMPONENT UNITS**

**DEDC-4A and DCD-4B**

Deposits for DEDC-4A and DCD-4B are held separately from those of the City's funds. At September 30, 2020, the reported amount of deposits for DEDC-4A totaled \$78,355, and the bank balances totaled \$78,355. The reported deposits for DCD-4B totaled \$140,855 and the bank balances totaled \$140,855.

At September 30, 2020, 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, 2020, are as follows:

<u>Invesco Treasury Portfolio</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
Trust	\$ 591,693	< 90 days	AAAm

The DEDC-4B’s investments at September 30, 2020, are as follows:

<u>Invesco Treasury Portfolio</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
Trust	\$ 463,160	< 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, 2020**

**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	\$ 7,148	\$ -	\$ -	\$ -
Carrying amount deposits	1,589,949	78,355	140,855	17,778
Short-term investments	2,564,263	591,693	463,160	-
Cash and cash equivalents	<u>\$ 4,161,360</u>	<u>\$ 670,048</u>	<u>\$ 604,015</u>	<u>\$ 17,778</u>
Cash and cash equivalents	\$ 2,479,436	\$ 78,355	\$ 140,855	\$ 17,778
Cash and cash equivalents - restricted	1,681,924	591,693	463,160	-
Cash/cash equivalents Statement of Net Position	<u>\$ 4,161,360</u>	<u>\$ 670,048</u>	<u>\$ 604,015</u>	<u>\$ 17,778</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, 2019, upon which the 2020 levy was based, was \$668,255,430.

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, 90% of the current year tax levy (October 1, 2019) 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, 2020, was \$.693987 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, 2020, was \$.094868 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, 2020**

**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, 2020:

<b>Primary Governmental Funds</b>	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Property taxes receivable	\$ 1,352,006	\$ 664,626	\$ 2,016,632
Less: Allowance for uncollectibles	(227,067)	(116,181)	(343,248)
Net property taxes receivable	<u>\$ 1,124,939</u>	<u>\$ 548,445</u>	<u>\$ 1,673,384</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:

	<b>General Fund</b>	<b>Other</b>		<b>City</b>		<b>Total</b>
		<b>Governmental Funds</b>	<b>Water and Sewer Fund</b>	<b>International Bridge Fund</b>		
Property taxes receivable	\$ 1,352,006	\$ 664,626	\$ -	\$ -	\$ -	\$ 2,016,632
Other receivables:						
Sales tax receivable	400,477	-	-	-	-	400,477
Accounts	479,244	27,461	1,703,818	832	-	2,211,355
Intergovernmental - grant	885,005	-	-	1,652,955	-	2,537,960
Gross receivables	3,116,732	692,087	1,703,818	1,653,787	-	7,166,424
Less: Allowance for uncollectibles	(380,733)	(129,219)	(735,561)	-	-	(1,245,513)
Total other receivables, net	<u>\$ 2,735,999</u>	<u>\$ 562,868</u>	<u>\$ 968,257</u>	<u>\$ 1,653,787</u>	<u>\$ -</u>	<u>\$ 5,920,911</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, 2020, DEDC-4A had \$200,239 in sales tax receivable. DCD-4B had a sales tax receivable of \$200,239.

**Loans Receivable**

At September 30, 2020 the DEDC-4A and the DCD-4B had U.S. Department of Agriculture, Rural Business Enterprise Grant program loans receivable in the amount of \$22,907 and \$142,236, respectively.

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**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, 2020, 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:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property taxes, unavailable	\$ 897,531	\$ 270,471	\$ 1,168,002
Totals Exhibit 2-A	<u>\$ 897,531</u>	<u>\$ 270,471</u>	<u>\$ 1,168,002</u>

At the government-wide financial statements (Exhibit 1-A), the City reports cumulative deferred amounts on bond refunding as Deferred Outflows of Resources in the amount of \$3,137,947 of unamortized deferred amounts on bond refunding in business-type activities.

Deferred outflows of resources related to pensions is \$569,003 for governmental activities reported at the government-wide financial statements and \$177,529 for business-type activities.

Deferred inflows of resources related to pensions is \$247,151 for governmental activities reported at the government-wide financial statements and \$76,263 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, 2020 for the primary government were as follows:

	Payable Fund				
	General Fund	Other Governmental Funds	Water and Sewer Fund	City International Bridge Fund	
<b>Governmental Funds</b>					
General Fund	\$ -	\$ 70,307	\$ 115,228	\$ 1,097,782	\$ 1,283,317
Other Governmental Funds	496,072	-	46,808	1,057,915	1,600,795
<b>Proprietary Funds</b>					
Water and Sewer Fund	-	-	600,283	86,048	686,331
City International Bridge Fund	-	-	-	44,029	44,029
	<u>\$ 496,072</u>	<u>\$ 70,307</u>	<u>\$ 762,319</u>	<u>\$ 2,285,774</u>	<u>\$ 3,614,472</u>

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE G – INTERFUND PAYABLES/RECEIVABLES, ADVANCES AND TRANSFERS**

Interfund receivable and payable balances at September 30, 2020 for the component units were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
	DEDC (4A)	Total
Component Units		
DCD (4B)	\$ 81,660	\$ 81,660
	<u>\$ 81,660</u>	<u>\$ 81,660</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, 2020 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, 2020 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>			Total
	General Fund	DEDC (4A)	DCD (4B)	
Component Units				
DCD (4B)	\$ 50,934	\$ -	\$ -	\$ 50,934
TIRZ #2	441	-	-	441
Primary Government				
Governmental Funds	-	764,895	-	764,895
Proprietary Funds	-	24,860	286,537	311,397
	<u>\$ 51,375</u>	<u>\$ 789,755</u>	<u>\$ 286,537</u>	<u>\$ 1,127,667</u>

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE G – INTERFUND PAYABLES/RECEIVABLES, ADVANCES AND TRANSFERS**

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

<b>Transfer Out</b>	<b>Transfer In</b>			<b>Total</b>
	<b>Other Governmental Funds</b>	<b>Water and Sewer Fund</b>	<b>City International Bridge Fund</b>	
Other Governmental Funds	\$ 70,000	\$ 2,915,431	\$ -	\$ 2,985,431
Water and Sewer Fund	-	1,894,259	-	1,894,259
City International Bridge Fund	668,436	1,760,437	84,773	2,513,646
	<u>\$ 738,436</u>	<u>\$ 6,570,127</u>	<u>\$ 84,773</u>	<u>\$ 7,393,336</u>

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

<b>Transfer Out</b>	<b>Transfer In</b>	
	<b>DCD (4B)</b>	<b>Total</b>
Primary Government		
Other Governmental Funds	\$ 140,000	\$ 140,000
	<u>\$ 140,000</u>	<u>\$ 140,000</u>

Transfers were used primarily to assist with cash flow due to COVID-19 pandemic.

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE H – CAPITAL ASSETS**

**1. PRIMARY GOVERNMENT**

Capital asset activity for the year ended September 30, 2020 was as follows:

<b>Governmental Activities</b>	<b>Balance</b> <b>September 30, 2019</b>	<b>Increases</b>	<b>Decreases</b>	<b>Adjustments</b>	<b>Balance</b> <b>September 30, 2020</b>
<b>Capital assets, not subject to depreciation:</b>					
Land	\$ 1,273,639	\$ 5,986	\$ -	\$ -	\$ 1,279,625
Construction in Progress	1,410,874	-	-	(1,330,666)	80,208
Total capital assets, not subject to depreciation	<u>2,684,513</u>	<u>5,986</u>	<u>-</u>	<u>(1,330,666)</u>	<u>1,359,833</u>
<b>Capital assets, depreciable:</b>					
Buildings	2,400,836	-	-	-	2,400,836
Improvements other than buildings	2,513,601	-	-	-	2,513,601
Infrastructure	13,032,421	54,112	-	-	13,086,533
Furniture and equipment	5,516,018	534,813	(43,404)	-	6,007,427
Total capital assets, being depreciated	<u>23,462,876</u>	<u>588,925</u>	<u>(43,404)</u>	<u>-</u>	<u>24,008,397</u>
<b>Less accumulated depreciation:</b>					
Buildings	1,313,016	47,264	-	-	1,360,280
Improvements other than buildings	595,128	120,646	-	-	715,774
Infrastructure	6,801,332	314,291	-	-	7,115,623
Furniture and equipment	2,363,636	461,870	(33,277)	-	2,792,229
Total accumulated depreciation	<u>11,073,112</u>	<u>944,071</u>	<u>(33,277)</u>	<u>-</u>	<u>11,983,906</u>
Total capital assets, being depreciated, net	<u>12,389,764</u>	<u>(355,146)</u>	<u>(10,127)</u>	<u>-</u>	<u>12,024,491</u>
Governmental Activities, capital assets, net	<u>\$ 15,074,277</u>	<u>\$ (349,160)</u>	<u>\$ (10,127)</u>	<u>\$ (1,330,666)</u>	<u>\$ 13,384,324</u>

Depreciation was charged to Government functions as follows:

<b><u>Governmental Activities</u></b>	
General government	\$ 25,106
Public safety	310,963
Public works	526,099
Culture and recreation	74,103
Public health	7,800
Total depreciation expense - Governmental Activities	<u>\$ 944,071</u>

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE H – CAPITAL ASSETS**

<u>Business-Type Activities</u>	Balance				Balance
	September 30, 2019	Increases	Decreases	Adjustments	September 30, 2020
<b>Capital assets, not subject to depreciation:</b>					
Land	\$ 1,715,587	\$ -	\$ -	\$ -	\$ 1,715,587
Construction in Progress	2,995,917	5,722,091	-	1,330,665	10,048,673
Total capital assets, not subject to depreciation	<u>4,711,504</u>	<u>5,722,091</u>	<u>-</u>	<u>1,330,665</u>	<u>11,764,260</u>
<b>Capital assets, depreciable:</b>					
Buildings	13,557,160	-	-	-	13,557,160
Improvements other than buildings	3,542,078	55,500	-	-	3,597,578
Infrastructure	73,131,726	-	-	-	73,131,726
Furniture and equipment	3,727,006	11,680	(32,872)	-	3,705,814
Total capital assets, being depreciated	<u>93,957,970</u>	<u>67,180</u>	<u>(32,872)</u>	<u>-</u>	<u>93,992,278</u>
<b>Less accumulated depreciation:</b>					
Buildings	6,250,328	303,228	-	-	6,553,556
Improvements other than buildings	895,468	117,361	-	-	1,012,829
Infrastructure	28,744,529	2,502,303	-	-	31,246,832
Furniture and equipment	1,547,720	278,768	(32,872)	-	1,793,616
Total accumulated depreciation	<u>37,438,045</u>	<u>3,201,660</u>	<u>(32,872)</u>	<u>-</u>	<u>40,606,833</u>
Total capital assets, being depreciated, net	<u>56,519,925</u>	<u>(3,134,480)</u>	<u>-</u>	<u>-</u>	<u>53,385,445</u>
Business-Type Activities, capital assets, net	<u>\$ 61,231,429</u>	<u>\$ 2,587,611</u>	<u>\$ -</u>	<u>\$ 1,330,665</u>	<u>\$ 65,149,705</u>

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

<b><u>Business-Type Activities</u></b>	
Water and Sewer	\$ 2,362,231
City International Bridge Fund	<u>839,429</u>
Total depreciation expense - Business-Type Activities	<u>\$ 3,201,660</u>

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE H – CAPITAL ASSETS**

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

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

<u>Component Units</u>	<u>Balance</u> <u>September 30, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>September 30, 2020</u>
<b>Capital assets, not subject to depreciation:</b>				
Land	\$ 8,460,770	\$ -	\$ (352,354)	\$ 8,108,416
Total capital assets, not subject to depreciation	<u>8,460,770</u>	<u>-</u>	<u>(352,354)</u>	<u>8,108,416</u>
<b>Capital assets, depreciable:</b>				
Buildings	393,537	-	(66,812)	326,725
Furniture and equipment	53,165	-	-	53,165
Total capital assets, being depreciated	<u>446,702</u>	<u>-</u>	<u>(66,812)</u>	<u>379,890</u>
Less accumulated depreciation:				
Buildings	311,315	8,168	(5,010)	314,473
Furniture and equipment	25,292	6,906	-	32,198
Total accumulated depreciation	<u>336,607</u>	<u>15,074</u>	<u>(5,010)</u>	<u>346,671</u>
Total capital assets, being depreciated, net	<u>110,095</u>	<u>(15,074)</u>	<u>(61,802)</u>	<u>33,219</u>
Component Units, capital assets, net	<u>\$ 8,570,865</u>	<u>\$ (15,074)</u>	<u>\$ (414,156)</u>	<u>\$ 8,141,635</u>

Depreciation expense for the component units for the year ended September 30, 2020 is as follows:

<u>Component Units</u>	
Component Unit - DEDC (4A)	\$ 12,994
Component Unit - DCD (4B)	<u>2,080</u>
Total Component Units depreciation expense	<u>\$ 15,074</u>

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**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, 2020 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.

***Utility and Bridge Revenues Pledged***

**Water and Sewer Fund**

The City currently has pledged future water and sewer fund revenues, net of specified operating expenses, to repay approximately \$13.6M in combination tax and revenue bonds issued in varying years. The bonds are payable through 2034. Annual principal and interest payments on the bonds are expected to require approximately 42 percent of net revenues.

**City 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 2019-2020 continue that debt servicing arrangement.

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE I – LONG TERM DEBT**

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

Bonds	Balance September 30, 2019	Reductions	Balance September 30, 2020	Due Within One Year
<b>Primary Government</b>				
<i>Governmental Funds</i>				
2012 Limited Tax Refunding Bonds	\$ 972,840	\$ (155,760)	\$ 817,080	\$ 147,840
2015 Certificate of Obligation	3,605,000	(160,000)	3,445,000	170,000
2017 Certificate of Obligation	<u>1,725,000</u>	<u>(70,000)</u>	<u>1,655,000</u>	<u>72,000</u>
Total Governmental Funds Bonds	<u>6,302,840</u>	<u>(385,760)</u>	<u>5,917,080</u>	<u>389,840</u>
<i>Water and Sewer Fund</i>				
2012 Limited Tax Refunding Bonds	2,712,160	(434,240)	2,277,920	412,160
2016 Certificates of Obligation	4,687,501	(41,667)	4,645,834	83,333
2017 Certificates of Obligation	6,900,000	(280,000)	6,620,000	288,000
2019 Limited Tax Refunding Bonds	<u>4,035,000</u>	<u>(210,000)</u>	<u>3,825,000</u>	<u>205,000</u>
Total Water and Sewer Fund Bonds	<u>18,334,661</u>	<u>(965,907)</u>	<u>17,368,754</u>	<u>988,493</u>
<i>City International Bridge Fund</i>				
2016 Combination Tax and Revenue Refunding Bond	26,220,000	(460,000)	25,760,000	485,000
2016 Certificates of Obligation	<u>937,499</u>	<u>(8,333)</u>	<u>929,166</u>	<u>16,667</u>
Total City International Bridge Fund Bonds	<u>27,157,499</u>	<u>(468,333)</u>	<u>26,689,166</u>	<u>501,667</u>
<b>Total Primary Government Bonds</b>	<u>\$ 51,795,000</u>	<u>\$ (1,820,000)</u>	<u>\$ 49,975,000</u>	<u>\$ 1,880,000</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
2021	\$ 389,840	\$ 229,471	\$ 1,490,160	\$ 1,843,085	\$ 1,880,000	\$ 2,072,556
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	1,600,480	1,392,502	2,056,000	1,565,121
2026-2030	1,582,000	658,493	10,006,000	6,954,378	11,588,000	7,612,871
2031-2035	1,968,000	273,700	11,684,000	4,652,339	13,652,000	4,926,039
2036-2040	257,000	10,380	10,182,000	2,147,120	10,439,000	2,157,500
2041-2045	-	-	3,915,000	198,125	3,915,000	198,125
<b>Total</b>	<u>\$ 5,917,080</u>	<u>\$ 1,949,875</u>	<u>\$ 44,057,920</u>	<u>\$ 22,370,185</u>	<u>\$ 49,975,000</u>	<u>\$ 24,320,060</u>

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE I – LONG TERM DEBT**

**Notes Payable**

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

*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.

*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.

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, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>September 30, 2020</u>	<u>Due Within</u> <u>One Year</u>
<i>Governmental Activities</i>					
Series 2014 Tax Notes	\$ 149,400	\$ -	\$ (73,800)	\$ 75,600	\$ 75,600
Capital One LED Note	405,843	-	(96,330)	309,513	99,673
Motorola Lease	72,394	-	(35,300)	37,094	37,094
First Capital Equipment Lease	465,374	-	(102,259)	363,115	106,576
John Deere Lease	39,817	-	(7,049)	32,768	7,480
First Capital Equipment Lease	-	88,000	-	88,000	13,079
Dell Financial Services	-	22,365	-	22,365	4,710
First Capital Lease	-	<u>330,411</u>	<u>-</u>	<u>330,411</u>	<u>46,554</u>
Total Governmental Funds Notes and Leases Payable	<u>1,132,828</u>	<u>440,776</u>	<u>(314,738)</u>	<u>1,258,866</u>	<u>390,766</u>
<i>Water and Sewer Fund</i>					
Series 2014 Tax Notes	265,600	-	(131,200)	134,400	134,400
Government Capital Corporation Lease	-	<u>53,209</u>	<u>-</u>	<u>-</u>	<u>53,209</u>
Total Water and Sewer Fund Notes and Leases Payable	<u>265,600</u>	<u>53,209</u>	<u>(131,200)</u>	<u>134,400</u>	<u>187,609</u>
<b>Total Notes and Leases Payable</b>	<u>\$ 1,398,428</u>	<u>\$ 493,985</u>	<u>\$ (445,938)</u>	<u>\$ 1,393,266</u>	<u>\$ 578,375</u>

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**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
2021	\$ 390,766	\$ 39,012	\$ 134,400	\$ 1,189	\$ 525,166	\$ 40,201
2022	326,423	27,804	-	-	326,423	27,804
2023	222,144	16,833	-	-	222,144	16,833
2024	230,897	8,080	-	-	230,897	8,080
2025	38,626	855	-	-	38,636	855
Total	<u>\$ 1,208,856</u>	<u>\$ 92,584</u>	<u>\$ 134,400</u>	<u>\$ 1,189</u>	<u>\$ 1,343,266</u>	<u>\$ 93,773</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, 2020**

**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:

Claims Payable	Balance September 30, 2019	Reductions	Balance September 30, 2020	Due Within One Year
<i>Water and Sewer Fund</i>				
W/S Claims by SOS	\$ 886,751	\$ -	\$ 886,751	\$ 466,196
Total Water and Sewer Fund Claims	<u>886,751</u>	<u>-</u>	<u>886,751</u>	<u>466,196</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>	<u>36,503</u>
Total City International Bridge Fund Claims	<u>2,891,044</u>	<u>-</u>	<u>2,891,044</u>	<u>36,503</u>
Total Claims Payable	<u>\$ 3,777,795</u>	<u>\$ -</u>	<u>\$ 3,777,795</u>	<u>\$ 502,699</u>

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

Year ending September 30,	Business-Type Activities	
	Principal	Interest
2021	\$ 502,699	\$ 197,421
2022	245,576	75,904
2023	324,972	66,747
2024	484,738	55,262
2025	496,806	43,194
2026-2030	1,625,003	86,032
2031-2035	<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, 2020 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, 2020**

**NOTE I – LONG TERM DEBT**

***DEDC-4A***

DEDC-4A	Balance September 30, 2019	Additions	Refundings	Reductions	Balance September 30, 2020	Due Within One Year
2009 Sales Tax Revenue and Refunding Bonds	\$ 3,240,000	\$ -	\$ (3,240,000)	\$ -	\$ -	\$ -
2018 Sales Tax Revenue Bonds	860,000	-	-	(80,000)	780,000	85,000
2019 Sales Tax Revenue Refunding Bonds	-	3,350,000	-	-	3,350,000	215,000
	4,100,000	3,350,000	(3,240,000)	(80,000)	4,130,000	300,000
Less: Discount on Sales Tax Revenue and Refunding Bonds	(28,573)	-	-	1,905	(26,668)	-
<b>Total Bonds</b>	<b>\$ 4,071,427</b>	<b>\$ 3,350,000</b>	<b>\$ (3,240,000)</b>	<b>\$ (78,095)</b>	<b>\$ 4,103,332</b>	<b>\$ 300,000</b>

The bonds payable annual debt service requirements to maturity are:

Year ending September 30,	Principal	Interest	Total
2021	\$ 300,000	\$ 100,311	\$ 400,311
2022	270,000	116,792	386,792
2023	280,000	107,924	387,924
2024	295,000	98,696	393,696
2025	300,000	88,971	388,971
2026-2030	1,425,000	292,855	1,717,855
2031-2035	1,260,000	104,832	1,364,832
<b>Total</b>	<b>\$ 4,130,000</b>	<b>\$ 910,381</b>	<b>\$ 5,040,381</b>

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 September 30, 2019	Reductions	Balance September 30, 2020	Due Within One Year
Texas National Bank Loan	\$ 2,442,658	\$ (298,533)	\$ 2,144,125	\$ 2,144,125

The notes payable annual debt service requirements to maturity are:

Year ending September 30,	Principal	Interest	Total
2021	\$ 2,144,125	\$ 121,898	2,266,023
<b>Total</b>	<b>\$ 2,144,125</b>	<b>\$ 121,898</b>	<b>2,266,023</b>

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE I – LONG TERM DEBT**

***DCD-4B***

Bonds outstanding at September 30, 2020 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	Refundings	Reductions	Balance	Due Within
	September 30, 2019				September 30, 2020	One Year
2009 Sales Tax Revenue and Refunding Bonds	\$ 3,170,000	\$ -	\$ (3,170,000)	\$ -	\$ -	\$ -
2019 Sales Tax Revenue Refunding Bonds	-	3,290,000	-	(210,000)	3,080,000	180,000
	3,170,000	3,290,000	(3,170,000)	(210,000)	3,080,000	180,000
Less: Discount on Sales Tax Revenue and Refunding Bonds	(41,917)	-	-	2,794	(39,123)	-
<b>Total Bonds</b>	<b>\$ 3,128,083</b>	<b>\$ 3,290,000</b>	<b>\$ (3,170,000)</b>	<b>\$ (207,206)</b>	<b>\$ 3,040,877</b>	<b>\$ 360,000</b>

The bonds payable annual debt service requirements to maturity are:

Year ending September 30,	Principal	Interest	Total
2021	\$ 180,000	\$ 83,160	\$ 263,160
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
2026-2030	1,110,000	227,340	1,337,340
2031-2035	1,005,000	68,715	1,073,715
<b>Total</b>	<b>\$ 3,080,000</b>	<b>\$ 661,230</b>	<b>\$ 3,741,230</b>

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**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, 2020**

**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, 2020 are as follows:

	Balance September 30, 2019	Additions	Reductions	Balance September 30, 2020	Due Within One Year
<b><i>Governmental activities</i></b>					
Bonds payable					
Bonded debt	\$ 6,302,840	\$ -	\$ (385,760)	\$ 5,917,080	\$ 389,840
Premium on bonds	418,836	-	(28,062)	390,774	-
Total bonds payable	<u>6,721,676</u>	<u>-</u>	<u>(413,822)</u>	<u>6,307,854</u>	<u>389,840</u>
Notes and Leases payable					
Tax note	149,400	-	(73,800)	75,600	75,600
Capital One Bank Note	405,843	-	(96,330)	309,513	99,673
Motorola Lease	72,394	-	(35,300)	37,094	37,094
First Capital Equipment Lease	465,374	-	(102,259)	363,115	106,576
John Deere Lease	39,817	-	(7,049)	32,768	7,480
First Capital Equipment Lease	-	88,000	-	88,000	13,079
Dell Financial Services	-	22,365	-	22,365	4,710
First Capital Lease	-	330,411	-	330,411	46,554
Total notes and leases payable	<u>1,132,828</u>	<u>440,776</u>	<u>(314,738)</u>	<u>1,258,866</u>	<u>390,766</u>
Subtotal	<u>7,854,504</u>	<u>440,776</u>	<u>(728,560)</u>	<u>7,566,720</u>	<u>780,606</u>
Compensated absences	-	238,883	-	238,883	-
Net pension liability					
TMRS	2,541,844	-	(236,665)	2,305,179	-
Firemen's retirement plan	40,818	17,167	-	57,985	-
Total net pension liability	<u>2,582,662</u>	<u>17,167</u>	<u>(236,665)</u>	<u>2,363,164</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 10,437,166</u>	<u>\$ 457,943</u>	<u>\$ (965,225)</u>	<u>\$ 9,929,884</u>	<u>\$ 780,606</u>
<b><i>Business-type activities</i></b>					
Bonds payable					
Bonded debt	\$ 45,492,160	\$ -	\$ (1,434,240)	\$ 44,057,920	\$ 1,490,160
Premium on bonds	4,589,968	-	(212,490)	4,377,478	-
Total bonds payable	50,082,128	-	(1,646,730)	48,435,398	1,490,160
Notes and Leases payable					
Series 2014 Tax Notes	265,600	-	(131,200)	134,400	134,400
Governmental Capital Corporation lease	-	53,209	-	53,209	53,209
Total notes and leases payable	265,600	53,209	(131,200)	187,609	187,609
Claims payable	3,777,795	-	-	3,777,795	502,699
Compensated absences	-	83,812	-	83,812	-
Subtotal	<u>54,125,523</u>	<u>137,021</u>	<u>(1,777,930)</u>	<u>52,484,614</u>	<u>2,180,468</u>
Net pension liability - TMRS	<u>778,352</u>	<u>-</u>	<u>(58,741)</u>	<u>719,611</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 54,903,875</u>	<u>\$ 137,021</u>	<u>\$ (1,836,671)</u>	<u>\$ 53,204,225</u>	<u>\$ 2,180,468</u>

**CITY OF DONNA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**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, 2020 consist of:

	<b>Water and Sewer Activities</b>	<b>City International Bridge Activities</b>	<b>Total</b>
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](http://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, 2020**

**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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	33
Inactive employees entitled to but not yet receiving benefits	101
Active employees	144
Total	278

**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, 2019 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, 2019 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, 2020**

**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, 2020**

**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, 2018	\$ 10,283,126	\$ 6,939,689	\$ 3,343,437
Changes for the year			
Service cost	847,124	-	847,124
Interest	711,120	-	711,120
Difference between expected/actual experience	152,450	-	152,450
Changes of assumptions	126,333	-	126,333
Contributions - employer	-	655,367	(655,367)
Contributions - employee	-	409,239	(409,239)
Net investment income	-	1,075,485	(1,075,485)
Benefit payments, including refunds of employee contributions	(343,154)	(343,154)	-
Administrative expenses	-	(6,062)	6,062
Other charges	-	(182)	182
Net changes	<u>1,493,873</u>	<u>1,790,693</u>	<u>(296,820)</u>
Balance at December 31, 2019	<u>\$ 11,776,999</u>	<u>\$ 8,730,382</u>	<u>\$ 3,046,617</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 \$3,024,790 and the component units are \$21,827.

**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	\$ 4,977,996	\$ 3,024,790	\$ 1,449,128
Component unit's net pension liability	<u>35,921</u>	<u>21,827</u>	<u>10,457</u>
Total net pension liability	<u>\$ 5,013,917</u>	<u>\$ 3,046,617</u>	<u>\$ 1,459,585</u>

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**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](http://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)	\$ 134,673	\$ 66,440
Changes in actuarial assumptions	98,196	-
Differences between projected and actual investment earnings (net of current year amortization)	-	256,431
Contributions subsequent to the measurement date	518,733	-
Total	\$ 751,602	\$ 322,871

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,	
2021	\$ (20,246)
2022	(36,073)
2023	57,306
2024	(90,989)
Thereafter	-
	\$ (90,002)

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**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](http://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, 2020, the pension system membership consisted of:

Retirees and beneficiaries currently receiving benefits	3,837
Terminated members entitled to but not yet receiving benefits	1,787
Active participants	3,634

**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, 2020**

**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	\$	346,013
Plan Fiduciary Net Pension		288,028
City's Net Pension Liability	\$	57,985
Plan fiduciary Net Position as a Percentage of the Total Pension Liability		83.2%

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**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, 2020**

**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	\$111,718	\$57,985	\$20,652

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

At September 30, 2020, the City reported its proportionate share of TERSRS’ 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	\$ -	\$ 2,761.55
Changes in assumptions	-	\$ 94.82
Net difference between projected and actual investment earnings	315	-
City contribution subsequent to measurement date	-	-
Total	\$ 315	\$ 2,856

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

	Net Deferred Outflows of Resources
Year ended August 31,	
2021	\$ (2,467)
2022	(507)
2023	1,994
2024	(1,562)
	\$ (2,542)

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE M – CONSTRUCTION AND IMPROVEMENT COMMITMENTS**

At September 30, 2020, 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 \$12,405 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 \$2,605,695 and represented \$234,614 in local and state and \$2,371,081 in debt service.
  
- Unassigned:  
The unassigned fund balances totaled \$3,522,047, in the general fund and \$7,767 in other governmental funds.

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**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**

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

**NOTE Q – PRIOR PERIOD ADJUSTMENT**

**Governmental Activities**

During fiscal year 2019, the City overstated governmental activities' capital assets by \$1,330,665. The effect of these adjustments decreased prior period's governmental activities net position by \$1,330,665.

**Business Type Activities**

During fiscal year 2019 the City overstated intergovernmental receivables by \$281,580 and understated business-type activities' capital assets by \$1,330,665. The effect of these adjustments increased prior period's business-type activities net position by \$1,049,085.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF DONNA, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

EXHIBIT 5-A

	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 4,736,907	\$ 4,736,907	\$ 4,868,440	\$ 131,533
Nonproperty taxes	2,985,591	2,985,591	3,095,466	109,875
Fees and charges for services	2,167,840	2,167,840	2,272,675	104,835
Fines and forfeitures	187,802	187,802	97,337	(90,465)
Licenses and permits	151,260	151,260	141,968	(9,292)
Intergovernmental	496,418	496,418	1,818,811	1,322,393
Investment earnings	5,306	5,306	35,507	30,201
Miscellaneous income	<u>28,161</u>	<u>28,161</u>	<u>28,822</u>	<u>661</u>
Total revenue	<u>10,759,285</u>	<u>10,759,285</u>	<u>12,359,026</u>	<u>1,599,741</u>
<b>EXPENDITURES</b>				
General government:				
City council	30,250	30,250	11,069	19,181
City manager	364,465	364,465	361,576	2,889
Municipal court	191,586	191,586	197,138	(5,552)
Finance	556,224	556,224	540,919	15,305
Information & technology	151,971	151,971	142,463	9,508
City hall	138,204	138,204	143,824	(5,620)
City secretary	89,725	89,725	96,356	(6,631)
Tax assessor collector	141,251	141,251	140,940	311
Planning and development	151,308	151,308	132,924	18,384
Non-departmental	<u>484,900</u>	<u>484,900</u>	<u>1,407,790</u>	<u>(922,890)</u>
Total general government	<u>2,299,884</u>	<u>2,299,884</u>	<u>3,174,999</u>	<u>(875,115)</u>
Public safety:				
Police	3,263,027	3,263,027	3,285,541	(22,514)
Fire	297,383	297,383	303,830	(6,447)
Inspections	<u>79,689</u>	<u>79,689</u>	<u>77,406</u>	<u>2,283</u>
Total public safety	<u>3,640,099</u>	<u>3,640,099</u>	<u>3,666,777</u>	<u>(26,678)</u>
Public works:				
Public works department	1,412,128	1,414,636	1,524,366	(109,730)
City vehicle maintenance	50,314	50,314	45,787	4,527
Sanitation	1,307,729	1,307,729	1,461,057	(153,328)
Street and roadways	<u>280,500</u>	<u>280,500</u>	<u>328,672</u>	<u>(48,172)</u>
Total public works	<u>3,050,671</u>	<u>3,053,179</u>	<u>3,359,882</u>	<u>(306,703)</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, 2020**

EXHIBIT 5-A (Cont'd)

	Original Budget	Final Budget	Actual	Variance from Final
<b>EXPENDITURES (Continued)</b>				
Culture and recreation:				
Community support	38,900	38,900	34,078	4,822
Parks and recreation	227,520	177,520	146,406	31,114
Swimming pool	68,492	68,492	15,689	52,803
Library	355,200	355,200	325,513	29,687
Total culture and recreation	<u>690,112</u>	<u>640,112</u>	<u>521,686</u>	<u>118,426</u>
Public health:				
Code enforcement and health inspections	106,732	106,732	99,255	7,477
Animal control	114,063	114,063	103,445	10,618
Cemetery	63,298	63,298	51,618	11,680
Total public health	<u>284,093</u>	<u>284,093</u>	<u>254,318</u>	<u>29,775</u>
Capital outlay	516,467	970,476	528,431	442,045
Total capital outlay	<u>516,467</u>	<u>970,476</u>	<u>528,431</u>	<u>442,045</u>
Debt service:				
Principal retirement	131,631	251,654	245,086	6,568
Interest and fiscal agent fees	16,821	16,821	32,872	(16,051)
Total debt service	<u>148,452</u>	<u>268,475</u>	<u>277,958</u>	<u>(9,483)</u>
Total expenditures	<u>10,629,778</u>	<u>11,156,318</u>	<u>11,784,051</u>	<u>(627,733)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>129,507</u>	<u>(397,033)</u>	<u>574,975</u>	<u>972,008</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance proceeds	-	-	11,524	11,524
Capital lease proceeds	-	440,767	440,767	-
Sale of capital asset	-	-	3,400	3,400
Total other financing sources (uses)	<u>-</u>	<u>440,767</u>	<u>455,691</u>	<u>14,924</u>
<b>NET CHANGE IN FUND BALANCE</b>	129,507	43,734	1,030,666	986,932
<b>FUND BALANCE, BEGINNING</b>	<u>2,503,786</u>	<u>2,503,786</u>	<u>2,503,786</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 2,633,293</u>	<u>\$ 2,547,520</u>	<u>\$ 3,534,452</u>	<u>\$ 986,932</u>

**CITY OF DONNA, TEXAS**  
**NOTES TO BUDGETARY COMPARISON SCHEDULE**  
**SEPTEMBER 30, 2020**

1. Budgetary Expenditures in Excess of Appropriations

During the year ended September 30, 2020, expenditures exceeded appropriations as follows in the General Fund.

<b>Department</b>	<b>General fund Excess of Expenditures Over Appropriations</b>
Municipal court	\$ 5,552
City hall	5,620
City secretary	6,631
Non-departmental	922,890
Police	22,514
Fire	6,447
Public works department	109,730
Sanitation	153,328
Street and roadways	48,172
Interest and fiscal agent fees	16,051
	<u>\$ 1,296,935</u>

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, 2020**

EXHIBIT 5-B

	Plan Year Ended December 31,					
	2019	2018	2017	2016	2015	2014
<b>A. Total pension liability</b>						
Service Cost	\$ 847,124	\$ 790,000	\$ 567,001	\$ 546,200	\$ 352,384	\$ 208,287
Interest (on the Total Pension Liability)	711,120	643,876	529,082	477,136	413,029	334,029
Change in benefit terms	-	934,668	-	-	498,676	635,673
Difference between expected and actual experience	152,450	(104,734)	(18,136)	82,884	260,094	183,965
Changes of assumptions	126,333	-	-	-	243,482	-
Benefit payments, including refunds of employee contributions	<u>(343,154)</u>	<u>(379,827)</u>	<u>(467,109)</u>	<u>(226,986)</u>	<u>(168,272)</u>	<u>(168,599)</u>
Net change in total pension liability	1,493,873	1,883,983	610,838	879,234	1,599,393	1,193,355
Total pension liability - beginning	<u>10,283,126</u>	<u>8,399,143</u>	<u>7,788,305</u>	<u>6,909,071</u>	<u>5,309,678</u>	<u>4,116,323</u>
Total pension liability - ending (a)	<u>\$ 11,776,999</u>	<u>\$ 10,283,126</u>	<u>\$ 8,399,143</u>	<u>\$ 7,788,305</u>	<u>\$ 6,909,071</u>	<u>\$ 5,309,678</u>
<b>B. Plan fiduciary net position</b>						
Contributions - Employer	\$ 655,367	\$ 495,296	\$ 405,473	\$ 329,520	\$ 197,480	\$ 76,494
Contributions - Employee	409,239	337,967	284,212	285,881	202,753	177,894
Net Investment Income	1,075,485	(200,772)	788,860	335,867	6,982	251,448
Benefit payments, including refunds of employee contributions	(343,154)	(379,827)	(467,109)	(226,986)	(168,272)	(168,599)
Administrative Expenses	(6,062)	(3,874)	(4,083)	(3,789)	(4,250)	(2,625)
Other	<u>(182)</u>	<u>(202)</u>	<u>(207)</u>	<u>(204)</u>	<u>(210)</u>	<u>(216)</u>
Net change in plan fiduciary net position	1,790,693	248,588	1,007,146	720,289	234,483	334,396
Plan fiduciary net position - beginning	<u>6,939,689</u>	<u>6,691,102</u>	<u>5,683,956</u>	<u>4,963,667</u>	<u>4,729,184</u>	<u>4,394,788</u>
Plan fiduciary net position - ending (b)	<u>\$ 8,730,382</u>	<u>\$ 6,939,689</u>	<u>\$ 6,691,102</u>	<u>\$ 5,683,956</u>	<u>\$ 4,963,667</u>	<u>\$ 4,729,184</u>
<b>C. Net pension liability - ending (a) - (b)</b>	<u>\$ 3,046,617</u>	<u>\$ 3,343,437</u>	<u>\$ 1,708,041</u>	<u>\$ 2,104,349</u>	<u>\$ 1,945,404</u>	<u>\$ 580,494</u>
<b>D. Plan fiduciary net position as a percentage of total pension liability</b>	74.13%	67.49%	79.66%	72.98%	71.84%	89.07%
<b>E. Covered employee payroll</b>	\$ 6,082,718	\$ 5,482,305	\$ 4,736,848	\$ 4,636,673	\$ 4,055,057	\$ 3,557,888
<b>F. Net position liability as a percentage of covered employee payroll</b>	50.09%	60.99%	36.06%	45.38%	47.97%	16.32%

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

**CITY OF DONNA, TEXAS  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

EXHIBIT 5-C

	Fiscal Year Ended September 30, 2020					
	2020	2019	2018	2017	2016	2015
Actuarial determined contribution	\$ 674,856	\$ 616,810	\$ 447,760	\$ 383,354	\$ 160,460	\$ 160,460
Contributions in relation to the actuarially determined contribution	(674,856)	(616,810)	(447,760)	(383,354)	(160,460)	(160,460)
Contribution deficiency (excess)	-	-	-	-	-	-
Covered employee payroll	\$ 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	11.09% #	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	25 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of period 2010-2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

**Other Information:**

Notes: There were no benefit changes during the year.

**CITY OF DONNA, TEXAS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY**  
**AND RELATED RATIOS**  
**FIREMEN'S RELIEF AND RETIREMENT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

EXHIBIT 5-D

Plan Year	August 31, 2020	August 31, 2019	August 31, 2018	September 30,		
	2017	2016	2015			
<b>A. Total pension liability</b>						
Service Cost	\$ 4,292	\$ 2,687	\$ 3,012	\$ 3,792	\$ 318	\$ -
Interest (on the Total Pension Liability)	25,298	15,196	18,719	22,534	1,203	1,224
Changes of benefit terms	6,875		5,340	-	-	-
Actuarial determined contribution		-	-	-	-	-
Difference between expected and actual experience	(4,520)	-	(171)	-	1,096	921
Changes of assumptions	(156)	-	-	-	-	-
Benefit payments, including refunds of employee contributions	<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	15,960	8,621	15,863	14,349	217	(155)
Total pension liability - beginning	<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>\$ 346,013</u>	<u>\$ 206,641</u>	<u>\$ 259,903</u>	<u>\$ 307,308</u>	<u>\$ 29,989</u>	<u>\$ 29,772</u>
<b>B. Plan fiduciary net position</b>						
Contributions - City	\$ 8,637	\$ 5,012	7,747	\$ 11,929	\$ -	\$ -
Contributions - State	3,057	1,914	2,514	3,770	-	-
Contributions - Employer			-	-	2,400	2,500
Net Investment Income	28,041	1,642	21,383	23,268	-	-
Benefit payments, including refunds of employee contributions	(15,828)	(9,262)	(11,037)	(11,977)	(2,400)	(2,300)
Administrative Expenses	(737)	(327)	(299)	(439)	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(250)</u>	<u>-</u>
Net change in plan fiduciary net position	23,171	(1,020)	20,308	26,551	(250)	200
Plan fiduciary net position - beginning	<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>\$ 288,028</u>	<u>\$ 165,824</u>	<u>\$ 218,984</u>	<u>\$ 250,185</u>	<u>\$ 766</u>	<u>\$ 1,016</u>
<b>C. Net pension liability - ending (a) - (b)</b>	<u>\$ 57,985</u>	<u>\$ 40,818</u>	<u>\$ 40,919</u>	<u>\$ 57,123</u>	<u>\$ 29,223</u>	<u>\$ 28,756</u>
<b>D. Plan fiduciary net position as a percentage of total pension liability</b>	83.24%	80.25%	84.26%	81.41%	2.55%	3.41%
<b>E. Number of Active Members</b>	8	5	7	10		
<b>F. System's Net Pension Liability per Active Member</b>	\$ 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, 2020**

EXHIBIT 5-E

Plan Year	August 31,	August 31,	August 31,	September 30,		
	2020	2019	2018	2017	2016	2015
Actuarial determined contribution	\$ 10,728	\$ 6,446	\$ 9,070	\$ 11,520	\$ 2,363	\$ 2,075
Contributions in relation to the actuarially determined contribution	<u>(10,728)</u>	<u>(6,446)</u>	<u>(9,070)</u>	<u>(11,520)</u>	<u>(2,400)</u>	<u>(2,500)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37)</u>	<u>(425)</u>
Covered employee payroll	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

**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	200 RP Mortality Tables for males and females with Blue Collar adjustment

Other Information:

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

## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF DONNA, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**SPECIAL REVENUE FUNDS**

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

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

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

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

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

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

**Tax Increment Reinvestment Zone One (TIRZ #1)** is a reinvestment zone created by the City of Donna pursuant to Chapter 311 of the Texas Tax Code to provide property.

**CAPITAL PROJECTS FUNDS**

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

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

**DEBT SERVICE FUND**

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

**CITY OF DONNA, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2020**

EXHIBIT 6-A

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Debt Service	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 201,613	\$ 14,220	\$ 618,563	\$ 834,396
Receivables, net:				
Property taxes	224,403	-	324,042	548,445
Accounts	14,423	-	-	14,423
Due from other funds	6,541	-	1,594,254	1,600,795
Due from component units	75,217	-	-	75,217
Long-term investments	-	-	104,693	104,693
Total assets	<u>\$ 522,197</u>	<u>\$ 14,220</u>	<u>\$ 2,641,552</u>	<u>\$ 3,177,969</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 356	\$ -	\$ -	\$ 356
Accrued liabilities	223,373	-	-	223,373
Due to other funds	70,307	-	-	70,307
Total liabilities	<u>294,036</u>	<u>-</u>	<u>-</u>	<u>294,036</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	-	-	270,471	270,471
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>270,471</u>	<u>270,471</u>
Fund balances:				
Restricted for				
Tourism	197,122	-	-	197,122
Fire equipment debt service	25,234	-	-	25,234
Law enforcement	(4,265)	-	-	(4,265)
Equipment purchases	6	-	-	6
Park improvements	2,297	-	-	2,297
Capital projects	-	14,220	-	14,220
Debt service	-	-	2,371,081	2,371,081
Unassigned	7,767	-	-	7,767
Total fund balances	<u>228,161</u>	<u>14,220</u>	<u>2,371,081</u>	<u>2,613,462</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 522,197</u>	<u>\$ 14,220</u>	<u>\$ 2,641,552</u>	<u>\$ 3,177,969</u>

**CITY OF DONNA, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

EXHIBIT 6-B

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Debt Service	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 59,634	\$ -	\$ 726,213	\$ 785,847
Nonproperty taxes	109,589	-	-	109,589
Fines and forfeitures	84,858	-	-	84,858
Charges for services	92,130	-	-	92,130
Miscellaneous income	14,976	-	-	14,976
Interest and investment income	1,260	-	41,758	43,018
Total revenues	362,447	-	767,971	1,130,418
<b>EXPENDITURES</b>				
Current:				
General government	8,945	-	-	8,945
Tourism	302,008	-	-	302,008
Public safety	62,442	-	-	62,442
Public works	7,566	-	-	7,566
Capital outlay	66,480	-	-	66,480
Debt service:				
Principal retirement	-	-	459,560	459,560
Interest and fiscal agent fees	-	-	252,001	252,001
Total expenditures	447,441	-	711,561	1,159,002
<b>EXCESS (DEFICIENCY) OF REVENUES (OVER) UNDER EXPENDITURES</b>	(84,994)	-	56,410	(28,584)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital asset	1,430	-	-	1,430
Transfers in	-	2,915,431	70,000	2,985,431
Transfers in from component unit	-	-	140,000	140,000
Transfers (out)	(70,000)	(195,728)	(472,708)	(738,436)
Total other financing sources (uses)	(68,570)	2,719,703	(262,708)	2,388,425
<b>NET CHANGE IN FUND BALANCES</b>	(153,564)	2,719,703	(206,298)	2,359,841
<b>FUND BALANCES, BEGINNING</b>	381,725	(2,705,483)	2,577,379	253,621
<b>FUND BALANCES, ENDING</b>	\$ 228,161	\$ 14,220	\$ 2,371,081	\$ 2,613,462

**CITY OF DONNA, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2020**

	<u>Hotel Occupancy Tax</u>	<u>Fire Services</u>	<u>Texas Confiscated Forfeit</u>
<b>ASSETS</b>			
Cash and investments	\$ 117,667	\$ 54,387	\$ 25,331
Receivables, net:			
Taxes	-	-	-
Other	4,924	9,499	-
Due from other funds	687	469	-
Due from component unit	<u>75,217</u>	<u>-</u>	<u>-</u>
 Total assets	 <u>\$ 198,495</u>	 <u>\$ 64,355</u>	 <u>\$ 25,331</u>
 <b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 356
Accrued liabilities	1,373	-	-
Due to other funds	<u>-</u>	<u>39,121</u>	<u>29,240</u>
Total liabilities	<u>1,373</u>	<u>39,121</u>	<u>29,596</u>
 Fund balances:			
Restricted for			
Tourism	197,122	-	-
Fire equipment debt service	-	25,234	-
Law enforcement	-	-	(4,265)
Equipment purchases	-	-	-
Park improvements	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>197,122</u>	<u>25,234</u>	<u>(4,265)</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 198,495</u>	 <u>\$ 64,355</u>	 <u>\$ 25,331</u>

EXHIBIT 6-C

<u>Tax Note Equipment</u>	<u>Parks Improvement Fee</u>	<u>Tax Increment Reinvestment Zone One</u>	<u>Nonmajor Special Revenue Funds</u>
\$ 1,952	\$ 647	\$ 1,629	\$ 201,613
-	-	224,403	224,403
-	-	-	14,423
-	1,650	3,735	6,541
-	-	-	75,217
<u>\$ 1,952</u>	<u>\$ 2,297</u>	<u>\$ 229,767</u>	<u>\$ 522,197</u>
\$ -	\$ -	\$ -	\$ 356
-	-	222,000	223,373
<u>1,946</u>	<u>-</u>	<u>-</u>	<u>70,307</u>
<u>1,946</u>	<u>-</u>	<u>222,000</u>	<u>294,036</u>
-	-	-	197,122
-	-	-	25,234
-	-	-	(4,265)
6	-	-	6
-	2,297	-	2,297
-	-	7,767	7,767
<u>6</u>	<u>2,297</u>	<u>7,767</u>	<u>228,161</u>
<u>\$ 1,952</u>	<u>\$ 2,297</u>	<u>\$ 229,767</u>	<u>\$ 522,197</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, 2020**

	Hotel Occupancy Tax	Fire Services	Texas Confiscated Forfeit
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ -
Nonproperty taxes	109,589	-	-
Charges for services	15,119	77,011	-
Fines and forfeitures	-	-	84,858
Intergovernmental revenue	-	-	-
Miscellaneous income	14,969	-	-
Interest and investment income	767	470	-
Total revenues	<u>140,444</u>	<u>77,481</u>	<u>84,858</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Tourism development	302,008	-	-
Public safety	-	5,100	57,342
Culture and recreation	7,566	-	-
Capital outlay	-	33,480	33,000
Total expenditures	<u>309,574</u>	<u>38,580</u>	<u>90,342</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(169,130)</u>	<u>38,901</u>	<u>(5,484)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	-	-	1,430
Transfers (out)	-	(70,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(70,000)</u>	<u>1,430</u>
<b>NET CHANGE IN FUND BALANCES</b>	(169,130)	(31,099)	(4,054)
<b>FUND BALANCES, BEGINNING</b>	<u>366,252</u>	<u>56,333</u>	<u>(211)</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 197,122</u>	<u>\$ 25,234</u>	<u>\$ (4,265)</u>

EXHIBIT 6-D

<u>Tax Note Equipment</u>	<u>Parks Improvement Fee</u>	<u>Tax Increment Reinvestment Zone One</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ 59,634	\$ 59,634
-	-	-	109,589
-	-	-	92,130
-	-	-	84,858
-	-	-	-
-	7	-	14,976
<u>23</u>	<u>-</u>	<u>-</u>	<u>1,260</u>
<u>23</u>	<u>7</u>	<u>59,634</u>	<u>362,447</u>
1,945	-	7,000	8,945
-	-	-	302,008
-	-	-	62,442
-	-	-	7,566
<u>-</u>	<u>-</u>	<u>-</u>	<u>66,480</u>
<u>1,945</u>	<u>-</u>	<u>7,000</u>	<u>447,441</u>
<u>(1,922)</u>	<u>7</u>	<u>52,634</u>	<u>(84,994)</u>
-	-	-	1,430
<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,000)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(68,570)</u>
(1,922)	7	52,634	(153,564)
<u>1,928</u>	<u>2,290</u>	<u>(44,867)</u>	<u>381,725</u>
<u>\$ 6</u>	<u>\$ 2,297</u>	<u>\$ 7,767</u>	<u>\$ 228,161</u>

**CITY OF DONNA, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

EXHIBIT 6-E

	Certificate of Obligation Series 2017	Total Nonmajor Capital Projects Funds
<b>ASSETS</b>		
Cash and investments	\$ 14,220	\$ 14,220
Total assets	\$ 14,220	\$ 14,220
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ -	\$ -
Total liabilities	-	-
Fund balances:		
Restricted	14,220	14,220
Total fund balances	14,220	14,220
 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, 2020**

EXHIBIT 6-F

	Certificate of Obligation Series 2017	Total Nonmajor Governmental Funds
<b>REVENUES</b>		
Interest and investment income	\$ -	\$ -
Total revenues	-	-
<b>EXPENDITURES</b>		
Capital outlay	-	-
Total expenditures	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	2,915,431	2,915,431
Transfers (out)	(195,728)	(195,728)
Total other financing sources (uses)	2,719,703	2,719,703
<b>NET CHANGE IN FUND BALANCES</b>	2,719,703	2,719,703
<b>FUND BALANCES, BEGINNING</b>	(2,705,483)	(2,705,483)
<b>FUND BALANCES, ENDING</b>	\$ 14,220	\$ 14,220

**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, 2020**

EXHIBIT 7-A

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
<b>REVENUES</b>				
Property taxes	\$ 757,180	\$ 757,180	\$ 726,213	\$ (30,967)
Interest and investment income	<u>5,996</u>	<u>5,996</u>	<u>41,758</u>	<u>35,762</u>
Total revenue	<u>763,176</u>	<u>763,176</u>	<u>767,971</u>	<u>4,795</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	468,460	468,460	459,560	8,900
Interest and fiscal agent fees	<u>243,303</u>	<u>243,303</u>	<u>252,001</u>	<u>(8,698)</u>
Total expenditures	<u>711,763</u>	<u>711,763</u>	<u>711,561</u>	<u>202</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>51,413</u>	<u>51,413</u>	<u>56,410</u>	<u>4,997</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	210,000	210,000	210,000	-
Transfers out	<u>(472,708)</u>	<u>(472,708)</u>	<u>(472,708)</u>	<u>-</u>
Total other financing sources (uses)	<u>(262,708)</u>	<u>(262,708)</u>	<u>(262,708)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(211,295)	(211,295)	(206,298)	4,997
<b>FUND BALANCE, BEGINNING</b>	<u>2,577,379</u>	<u>2,577,379</u>	<u>2,577,379</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 2,366,084</u>	<u>\$ 2,366,084</u>	<u>\$ 2,371,081</u>	<u>\$ 4,997</u>

**CITY OF DONNA, TEXAS**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**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, 2020**

EXHIBIT 8-A

	Donna Economic Development Corporation	Development Corporation of Donna	Tax Reinvestment Zone Two	Total Funds
<b>ASSETS</b>				
Cash and investments	\$ 78,355	\$ 140,855	\$ 17,778	\$ 236,988
Restricted cash and investments	591,693	463,160	-	1,054,853
Receivables, net:				
Taxes	200,239	200,239	58,816	459,294
Accounts	22,907	142,236	-	165,143
Due from other funds	-	81,660	-	81,660
Due from primary government	-	50,934	441	51,375
Total assets	\$ 893,194	\$ 1,079,084	\$ 77,035	\$ 2,049,313
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 50,000	\$ 50,000
Accrued liabilities	12,207	-	-	12,207
Deposits	1,000	-	-	1,000
Due to primary government	789,755	286,537	-	1,076,292
Due to other funds	81,660	-	-	81,660
Total liabilities	884,622	286,537	50,000	1,221,159
Fund balances:				
Restricted for				
Debt service	591,693	792,547	-	1,384,240
Tax increment zone purposes	-	-	27,035	27,035
Unassigned	(583,121)	-	-	(583,121)
Total fund balances	8,572	792,547	27,035	828,154
Total liabilities and fund balances	\$ 893,194	\$ 1,079,084	\$ 77,035	\$ 2,049,313

**CITY OF DONNA, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**COMPONENT UNITS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

EXHIBIT 8-B

	<u>Donna Economic Development Corporation</u>	<u>Development Corporation of Donna</u>	<u>Tax Reinvestment Zone Two</u>	<u>Total Funds</u>
<b>REVENUES</b>				
Nonproperty taxes	\$ 1,062,624	\$ 1,062,625	\$ -	\$ 2,125,249
Property taxes	-	-	24,352	24,352
Interest	4,911	4,576	-	9,487
Miscellaneous income	34,200	-	-	34,200
Total revenues	<u>1,101,735</u>	<u>1,067,201</u>	<u>24,352</u>	<u>2,193,288</u>
<b>EXPENDITURES</b>				
Current:				
Economic development	447,906	805,195	33,800	1,286,901
Debt service:				
Principal retirement	3,618,533	3,170,000	-	6,788,533
Interest and fees	311,962	42,890	-	354,852
Total expenditures	<u>4,378,401</u>	<u>4,018,085</u>	<u>33,800</u>	<u>8,430,286</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(3,276,666)</u>	<u>(2,950,884)</u>	<u>(9,448)</u>	<u>(6,236,998)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt proceeds	3,350,000	3,290,000	-	6,640,000
Sale of capital assets	17,010	-	-	17,010
Transfers (out) to primary government	-	(140,000)	-	(140,000)
Total other financing sources (uses)	<u>3,367,010</u>	<u>3,150,000</u>	<u>-</u>	<u>6,517,010</u>
<b>NET CHANGE IN FUND BALANCES</b>	90,344	199,116	(9,448)	280,012
<b>FUND BALANCES, BEGINNING</b>	<u>(81,772)</u>	<u>593,431</u>	<u>36,483</u>	<u>548,142</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 8,572</u>	<u>\$ 792,547</u>	<u>\$ 27,035</u>	<u>\$ 828,154</u>

**CITY OF DONNA, TEXAS**  
**RECONCILIATION OF THE DONNA ECONOMIC DEVELOPMENT CORPORATION**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2020**

EXHIBIT 8-C

Fund balance of the component unit fund	\$	8,572
Amount reported for government type activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not report in the funds.		7,581,442
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.		(6,245,552)
Included in the noncurrent assets/liabilities is the recognition of the component unit's net pension asset/(liability) requires by GASB 68 in the amount of \$(18,729), and a deferred resource outflow in the amount of \$8,170. This results in an increase/decrease in net position by \$9,158.		<u>(9,158)</u>
Net position of component unit - Statement of Net Position	\$	<u><u>1,335,304</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, 2020**

EXHIBIT 8-D

Net change in fund balances	\$ 90,344
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.	(328,598)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds but has no effect on net position.	(3,350,000)
Repayment of notes payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	3,618,533
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>(9,158)</u>
Change in net position of governmental component unit - Statement of Activities	<u>\$ 21,121</u>

**CITY OF DONNA, TEXAS**  
**RECONCILIATION OF THE DEVELOPMENT CORPORATION OF DONNA, INC.**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2020**

EXHIBIT 8-E

Fund balance of the component unit fund	\$	792,547
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.		560,193
Long term liabilities applicable to the component unit's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term are reported in the statement of net assets.		(3,250,877)
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 \$(23,239), a deferred resource outflow in the amount of \$6,453, and a deferred resource inflow in the amount of (\$912). This results in an increase/(decrease) in net position by		(7,493)
Interest accrued is not reported in the fund.		<u>(23,676)</u>
Net position of component unit - Statement of Net Position	\$	<u><u>(1,929,306)</u></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, 2020**

EXHIBIT 8-F

Net change in fund balances	\$	199,116
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		(2,080)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds but has no effect on net position.		(3,290,000)
Repayment of notes payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		3,167,206
Some pension-related expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>10,205</u>
Change in net position of governmental component unit - Statement of Activities	\$	<u><u>84,447</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, 2020**

EXHIBIT 8-G

Fund balance of the component unit fund \$ 27,035

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.

(2,499,696)

Net position of component unit - Statement of Net Position

\$ (2,472,661)

**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, 2020**

EXHIBIT 8-H

Net change in fund balances	\$ (9,448)
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>\$ (9,448)</u>

**OTHER SCHEDULES - UNAUDITED**

**CITY OF DONNA, TEXAS**  
**CONTINUING FINANCIAL DISCLOSURE TABLES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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, 2020. 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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities				
Net investments in capital assets	\$ 20,740,814	\$ 22,322,916	\$ 22,508,397	\$ 24,260,086
Restricted	2,172,676	2,861,266	2,786,431	3,439,698
Unrestricted	1,556,572	1,425,585	2,485,784	2,921,896
Total governmental activities net position	<u>\$ 24,470,062</u>	<u>\$ 26,609,767</u>	<u>\$ 27,780,612</u>	<u>\$ 30,621,680</u>
Business-type activities				
Net investments in capital assets	\$ 36,199,880	\$ 37,284,859	\$ 37,091,287	\$ 36,537,530
Restricted	2,938,719	2,149,273	2,370,963	2,710,237
Unrestricted	(9,146,475)	(7,942,293)	(7,667,796)	(6,915,609)
Total business-type activities net position	<u>\$ 29,992,124</u>	<u>\$ 31,491,839</u>	<u>\$ 31,794,454</u>	<u>\$ 32,332,158</u>
Primary government				
Net investments in capital assets	\$ 56,940,694	\$ 59,607,775	\$ 59,599,684	\$ 60,797,616
Restricted	5,111,395	5,010,539	5,157,394	6,149,935
Unrestricted (deficit)	(7,589,903)	(6,516,708)	(5,182,012)	(3,993,713)
Total primary government activities net position	<u>\$ 54,462,186</u>	<u>\$ 58,101,606</u>	<u>\$ 59,575,066</u>	<u>\$ 62,953,838</u>

TABLE 1

<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 24,886,384	\$ 25,485,725	\$ 4,223,363	\$ 7,276,162	\$ 6,993,089	\$ 5,817,612
5,481,325	5,720,759	3,197,909	3,184,403	266,867	2,574,074
839,100	1,680,992	3,310,863	457,033	1,824,364	2,668,478
<u>\$ 31,206,809</u>	<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>
\$ 36,392,353	\$ 34,591,149	\$ 34,591,149	\$ 39,229,693	\$ 44,354,918	\$ 44,354,918
3,143,902	9,674,905	9,671,905	2,219,457	1,836,197	1,836,197
(8,600,817)	(16,939,208)	(24,196,514)	(24,255,971)	(31,165,371)	(31,764,959)
<u>\$ 30,935,438</u>	<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>
\$ 61,278,737	\$ 60,076,874	\$ 38,814,512	\$ 46,505,855	\$ 51,348,007	\$ 50,172,530
8,625,227	15,395,664	12,869,814	5,403,860	2,103,064	4,410,271
(7,761,716)	(15,258,216)	(20,885,651)	(23,798,938)	(29,341,007)	(29,096,481)
<u>\$ 62,142,247</u>	<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>

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

**TABLE 2**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>EXPENSES</b>				
Governmental activities				
General government	\$ 977,799	\$ 1,083,063	\$ 1,150,560	\$ 1,395,999
Public Safety	1,895,532	1,847,489	1,956,753	2,251,531
Public Works	1,312,661	1,391,738	1,459,303	1,769,246
Culture and recreation	515,698	519,826	591,910	585,057
Health and welfare	162,383	217,651	155,716	238,260
Economic development	86,969	144,809	-	9,715
Tourism development	18,487	17,598	75,771	236,107
Interest on long term debt	142,597	73,071	124,785	113,604
Total governmental activities expenses	<u>\$ 5,112,126</u>	<u>\$ 5,295,245</u>	<u>\$ 5,514,799</u>	<u>\$ 6,599,519</u>
Business-type activities				
Water and sewer	\$ 4,731,955	\$ 5,005,481	\$ 5,148,958	\$ 5,160,233
International Bridge	3,029,406	3,551,342	3,568,683	3,851,680
Cemetery services	70,696	-	-	-
Total business-type activities	<u>7,832,057</u>	<u>8,556,823</u>	<u>8,717,642</u>	<u>9,011,913</u>
Total Primary government expenses	<u>\$ 12,944,183</u>	<u>\$ 13,852,067</u>	<u>\$ 14,232,442</u>	<u>\$ 15,611,432</u>
<b>PROGRAM REVENUES</b>				
Governmental activities				
Charges for services				
General government	\$ 184,365	\$ 197,791	\$ 225,776	\$ 315,141
Public Safety	269,610	268,301	229,304	241,697
Public Works	913,022	945,531	980,066	1,004,919
Culture and recreation	55,517	60,926	29,700	28,292
Health and welfare	52,053	29,673	37,179	59,858
Economic development	-	-	-	13,669
Interest on Long Term Debt	-	-	-	-
Operating grants and contributions	396,884	312,700	88,950	664,438
Capital grants and contributions	188,049	976,729	-	1,267,992
Total governmental activities program	<u>\$ 2,059,499</u>	<u>\$ 2,791,651</u>	<u>\$ 1,590,976</u>	<u>\$ 3,596,005</u>
Business-type activities				
Charges for services				
Water and sewer	\$ 4,879,568	\$ 5,451,758	\$ 5,573,405	\$ 5,236,681
International Bridge	656,386	1,148,628	1,370,490	1,670,603
Cemetery services	19,250	-	-	-
Operating grants and contributions	-	-	-	153,115
Capital grants and contributions	1,021,106	1,941,851	127,000	1,518,832
Total business-type activities program	<u>6,576,309</u>	<u>8,542,237</u>	<u>7,070,895</u>	<u>8,579,232</u>
Total primary government program revenues	<u>\$ 8,635,808</u>	<u>\$ 11,333,888</u>	<u>\$ 8,661,871</u>	<u>\$ 12,175,237</u>

TABLE 2

2015	2016	2017	2018	2019	2020
\$ 2,423,156	\$ 2,973,410	\$ 2,396,171	\$ 2,655,049	\$ 2,688,139	\$ 3,225,235
2,675,445	2,936,275	3,521,271	3,534,571	4,247,051	4,083,960
2,276,526	2,202,414	2,318,032	3,624,035	3,747,715	3,910,665
723,354	840,311	353,023	365,175	396,328	329,714
231,283	279,247	1,182,640	796,618	1,015,067	532,138
9,000	632,000	-	-	-	-
231,556	207,043	-	-	-	302,008
117,228	1,189,004	1,885,115	1,630,176	272,612	263,091
<u>\$ 8,687,547</u>	<u>\$ 11,259,704</u>	<u>\$ 11,656,252</u>	<u>\$ 12,605,624</u>	<u>\$ 12,366,911</u>	<u>\$ 12,646,811</u>
\$ 5,806,462	\$ 5,764,408	\$ 9,351,572	\$ 6,583,271	\$ 6,863,105	\$ 6,842,476
4,488,981	3,589,093	2,724,840	1,996,385	3,373,337	3,351,392
-	-	-	-	-	-
<u>10,295,444</u>	<u>9,353,503</u>	<u>12,076,412</u>	<u>8,579,655</u>	<u>10,236,442</u>	<u>10,193,868</u>
<u>\$ 18,982,991</u>	<u>\$ 20,613,206</u>	<u>\$ 23,732,664</u>	<u>\$ 21,185,279</u>	<u>\$ 22,603,353</u>	<u>\$ 22,840,679</u>
\$ 1,065,606	\$ 867,737	\$ 2,005,593	\$ 2,306,326	\$ 2,479,445	\$ 2,688,968
346,296	308,271	92,712	152,941	134,825	237,600
1,020,698	1,023,099	248,615	248,615	247,203	-
60,321	44,927	14,983	68,645	14,937	14,959
52,586	56,099	-	-	-	-
-	-	-	-	-	-
254,763	255,756	-	-	-	-
-	-	-	-	-	1,566,252
-	-	-	-	-	-
<u>\$ 2,800,270</u>	<u>\$ 2,555,889</u>	<u>\$ 2,361,902</u>	<u>\$ 2,776,527</u>	<u>\$ 2,876,410</u>	<u>\$ 4,507,779</u>
\$ 5,045,190	\$ 5,054,315	\$ 5,237,910	\$ 4,608,339	\$ 4,655,536	\$ 4,880,132
1,734,996	1,980,468	2,205,195	2,414,556	2,323,632	1,601,587
-	-	-	-	-	-
-	753,684	-	-	-	-
432,157	-	59,552	-	10,714	-
<u>7,212,344</u>	<u>7,788,467</u>	<u>7,502,657</u>	<u>7,022,895</u>	<u>6,989,882</u>	<u>6,481,719</u>
<u>\$ 10,012,614</u>	<u>\$ 10,344,356</u>	<u>\$ 9,864,559</u>	<u>\$ 9,799,422</u>	<u>\$ 9,866,292</u>	<u>\$ 10,989,498</u>

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

**TABLE 2  
(continued)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>NET (EXPENSES)/PROGRAM REVENUES</b>				
Governmental activities	(3,052,627)	(2,503,594)	(3,923,824)	(3,003,514)
Business-type activities	(1,255,748)	(14,586)	(1,646,746)	(432,681)
Total primary government net expenses	<u>\$ (4,308,375)</u>	<u>\$ (2,518,180)</u>	<u>\$ (5,570,570)</u>	<u>\$ (3,436,196)</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS</b>				
<b>GOVERNMENTAL ACTIVITIES</b>				
Taxes				
Property taxes general purpose: \$	3,632,590	\$ 4,390,543	\$ 5,038,673	\$ 5,442,523
Sales taxes	749,462	865,983	999,188	1,052,265
Franchises taxes	655,780	731,064	751,686	762,260
Hotel occupancy tax	86,710	108,290	115,573	127,324
Investment earnings	9,632	8,245	6,027	3,893
Miscellaneous	18,715	43,218	125,706	579,510
Special item	-	-	-	-
Transfers	(1,431,276)	(1,504,045)	(1,942,184)	(2,094,974)
Total governmental activities	<u>3,721,613</u>	<u>4,643,298</u>	<u>5,094,667</u>	<u>5,872,801</u>
Business type activities				
Investment earnings	85,211	10,256	7,178	12,570
Miscellaneous	8,685	-	-	1,291
Special items	-	-	-	-
Transfers	1,431,276	1,504,045	1,942,184	2,094,973
Total business -type activities	<u>1,525,171</u>	<u>1,514,301</u>	<u>1,949,361</u>	<u>2,108,834</u>
Total primary government	<u>\$ 5,246,784</u>	<u>\$ 6,157,599</u>	<u>\$ 7,044,028</u>	<u>\$ 7,981,634</u>
<b>CHANGES IN NET POSITION</b>				
Governmental activities	\$ 668,986	\$ 2,139,704	\$ 1,170,843	\$ 2,869,287
Business- type activities	269,423	1,499,715	302,615	1,676,153
Total primary government	<u>\$ 938,409</u>	<u>\$ 3,639,419</u>	<u>\$ 1,473,458</u>	<u>\$ 4,545,439</u>

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

<b>2014</b>	<b>2015</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
(5,887,277)	(8,703,815)	(9,294,350)	(9,829,097)	(9,490,501)	(8,139,032)
(3,083,100)	(1,565,036)	(4,573,755)	(1,556,760)	(3,246,560)	(3,712,149)
<u>\$ (8,970,377)</u>	<u>\$ (10,268,851)</u>	<u>\$ (13,868,105)</u>	<u>\$ (11,385,857)</u>	<u>\$ (12,737,063)</u>	<u>\$ (11,851,181)</u>
\$ 5,574,392	\$ 5,338,779	\$ 5,215,690	\$ 5,177,715	\$ 5,281,998	\$ 5,450,826
1,252,446	1,415,593	1,461,161	1,677,546	1,812,547	2,125,248
775,496	908,670	917,579	917,579	961,712	970,218
119,071	139,300	140,980	118,465	132,860	109,589
3,994	12,338	60,419	93,633	100,619	71,840
87,101	192,322	43,365	122,679	43,706	52,561
-	-	-	-	-	-
(1,610,089)	2,377,478	721,780	1,906,943	(126,495)	2,386,995
<u>6,202,410</u>	<u>10,384,480</u>	<u>8,560,974</u>	<u>10,014,560</u>	<u>8,206,947</u>	<u>11,167,277</u>
21,157	53,921	71,515	42,557	58,656	-
26,589	-	19,469	268,421	752,640	6,100
-	-	-	-	-	4,304,373
1,610,089	(2,097,479)	(2,638,566)	(1,627,578)	266,495	(2,246,997)
<u>1,657,835</u>	<u>(2,043,558)</u>	<u>(2,547,582)</u>	<u>(1,316,600)</u>	<u>1,077,791</u>	<u>2,063,476</u>
<u>\$ 7,860,244</u>	<u>\$ 8,340,922</u>	<u>\$ 6,013,392</u>	<u>\$ 8,697,960</u>	<u>\$ 9,284,738</u>	<u>\$ 13,230,753</u>
\$ 315,132	\$ 1,680,665	\$ (733,376)	\$ 185,463	\$ (1,283,554)	\$ 3,028,245
(1,425,265)	(3,608,594)	(7,121,337)	(2,873,362)	(2,168,771)	(1,648,673)
<u>\$ (1,110,133)</u>	<u>\$ (1,927,929)</u>	<u>\$ (7,854,713)</u>	<u>\$ (2,687,899)</u>	<u>\$ (3,452,325)</u>	<u>\$ 1,379,572</u>

TABLE 3

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Revenues</b>				
Taxes	\$ 5,487,950	\$ 6,021,470	\$ 6,809,260	\$ 7,332,268
Licenses and permits	101,415	123,623	134,634	165,471
Charges for services	1,256,644	1,271,315	1,269,626	1,308,877
Fines and forfeitures	109,994	97,283	98,188	175,558
Intergovernmental	564,082	478,287	320,909	377,508
Investment earnings	7,776	8,245	6,027	3,893
Other	53,971	55,502	137,014	335,480
Total revenues	<u>7,581,832</u>	<u>8,055,726</u>	<u>8,775,657</u>	<u>9,699,056</u>
<b>Expenditures</b>				
General government	1,010,748	1,083,183	1,209,763	1,414,959
Public safety	1,905,641	1,873,037	2,119,400	2,357,686
Public works	1,472,449	1,412,629	1,523,106	1,685,840
Culture and recreation	516,101	535,166	646,579	631,467
Health and welfare	160,389	217,651	164,762	238,260
Economic development	86,969	144,809	-	-
Tourism development	18,487	17,598	75,771	306,797
Capital outlay	-	605,493	838,933	117,424
Debt service:				
Principal	451,819	629,765	394,091	454,184
Interest	147,534	136,765	97,824	86,879
Issuance charges	-	-	-	-
Total expenditures	<u>5,770,137</u>	<u>6,656,095</u>	<u>7,070,229</u>	<u>7,293,496</u>
Excess of revenues over (under) expenditures	1,811,695	1,399,631	1,705,428	2,405,560
<b>Other Financing Sources (Uses)</b>				
Transfers in	171,235	285,288	269,558	291,192
Transfers out	(1,611,433)	(1,808,499)	(2,084,532)	(2,386,167)
Bond proceeds	-	1,260,600	-	-
Lease/Loan proceeds	42,812	-	351,753	-
Other	-	(1,228,516)	-	544,628
Total other financing sources (uses)	<u>(1,397,386)</u>	<u>(1,491,127)</u>	<u>(1,463,221)</u>	<u>(1,550,346)</u>
Net change in fund balances	<u>\$ 414,309</u>	<u>\$ (91,496)</u>	<u>\$ 242,207</u>	<u>\$ 855,214</u>
Debt service as a percentage of noncapital expenditures	10.58%	13.02%	7.99%	7.88%

**Source:** Comprehensive Annual Financial Reports

TABLE 3

<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 7,885,911	\$ 7,854,097	\$ 7,754,697	\$ 7,945,925	\$ 7,393,901	\$ 8,859,342
134,150	123,668	132,297	186,350	141,632	141,968
1,427,198	1,717,025	1,757,255	1,927,564	2,030,994	2,364,805
137,876	197,220	112,585	189,504	179,470	182,195
1,055,328	462,983	359,766	473,109	154,000	1,818,811
3,994	12,338	39,680	93,633	26,083	71,840
137,820	170,719	60,419	93,547	90,016	50,483
<b>10,782,278</b>	<b>10,538,050</b>	<b>10,216,700</b>	<b>10,909,632</b>	<b>10,016,096</b>	<b>13,489,444</b>
2,542,486	2,093,850	2,358,471	2,617,688	2,441,057	3,183,944
2,800,668	3,028,591	3,346,955	3,311,500	3,449,858	3,729,219
2,151,430	2,033,080	1,984,262	3,211,853	2,981,093	3,367,448
785,679	808,693	284,427	288,628	794,612	254,318
250,941	279,247	1,179,068	788,046	296,213	521,686
-	-	-	-	-	-
231,556	532,522	-	-	-	302,008
2,624,627	2,318,183	3,470,039	3,230,235	681,253	594,911
473,227	552,616	302,161	521,138	200,658	704,646
272,411	1,160,861	1,755,084	1,664,416	37,810	284,873
-	-	134,509	-	-	-
<b>12,133,024</b>	<b>12,807,642</b>	<b>14,814,975</b>	<b>15,633,504</b>	<b>10,882,554</b>	<b>12,943,053</b>
(1,350,746)	(2,269,592)	(4,598,275)	(4,723,872)	(866,458)	546,391
256,393	3,296,932	1,939,643	2,159,935	-	3,125,431
(1,866,483)	(919,454)	(1,217,863)	(252,992)	-	(738,436)
4,875,401	-	1,988,781	-	-	-
760,000	-	-	105,986	579,157	452,291
-	-	3,685	24,527	11,725	4,830
<b>4,025,312</b>	<b>2,377,478</b>	<b>2,714,246</b>	<b>2,037,456</b>	<b>590,882</b>	<b>2,844,116</b>
<b>\$ 2,674,565</b>	<b>\$ 107,886</b>	<b>\$ (1,884,029)</b>	<b>\$ (2,686,416)</b>	<b>\$ (275,576)</b>	<b>\$ 3,390,507</b>
8.04%	17.21%	18.35%	17.62%	2.34%	8.21%

TABLE 4

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	-	592,346	336,460	170,620
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	934,350	874,428	1,893,052	2,349,252
Total General Fund	<u>\$ 934,350</u>	<u>\$ 1,466,774</u>	<u>\$ 2,229,512</u>	<u>\$ 2,519,871</u>
All Other Governmental Funds				
Reserved, reported in : special revenue funds	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in: special revenue funds	-	-	-	-
Restricted, reported in special revenue funds and debt service fund	1,587,145	1,674,015	1,793,223	2,441,399
Committed, reported in capital project and special revenue funds	1,527,995	817,205	177,467	94,146
Total all other governmental funds	<u>\$ 3,115,140</u>	<u>\$ 2,491,220</u>	<u>\$ 1,970,690</u>	<u>\$ 2,535,545</u>

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

TABLE 4

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
170,460	4,285	31,352	61,733	19,392	12,405
-	-	-	-	-	-
-	-	-	-	-	-
2,636,498	2,590,168	2,692,718	2,717,629	2,484,394	3,529,814
<u>\$ 2,806,958</u>	<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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	(44,867)	7,767
2,765,496	3,179,016	413,305	(11,169)	2,577,379	2,371,081
2,157,526	2,064,395	2,816,460	499,226	(2,278,891)	234,615
<u>\$ 4,923,022</u>	<u>\$ 5,243,411</u>	<u>\$ 3,229,765</u>	<u>\$ 488,057</u>	<u>\$ 253,621</u>	<u>\$ 2,613,463</u>

TABLE 5

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

<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Public Works</b>	<b>Culture and Recreation</b>	<b>Public Health and Welfare</b>	<b>Economic Development</b>
2011	\$ 977,799	\$ 1,895,532	\$ 1,312,662	\$ 515,698	\$ 162,383	\$ (27,000)
2012	1,083,063	1,847,489	1,391,738	519,826	217,651	144,809
2013	1,150,560	1,956,753	1,459,303	591,910	155,716	-
2014	1,395,999	2,251,531	1,769,246	585,057	238,260	9,715
2015	2,423,156	2,675,445	2,276,526	723,354	231,283	9,000
2016	2,973,410	2,936,275	2,202,414	840,311	279,247	632,000
2017	2,396,171	3,521,271	2,318,032	353,023	1,182,640	-
2018	2,655,049	3,534,571	3,624,035	365,175	796,618	1,616,096
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	-

Source: Audit Exhibit 1-B

**TABLE 5**

	<b>Tourism Development</b>	<b>Interest on Long-Term Debt</b>	<b>Water and Sewer</b>	<b>City International Bridge Fund</b>	<b>Donna International Bridge Corporation</b>	<b>Cemetery</b>	<b>Totals</b>
\$	18,487	\$ 144,374	\$ 4,731,955	\$ 3,029,406	\$ -	\$ 70,696	\$ 12,831,992
	17,598	73,071	5,005,481	3,551,342	-	-	\$ 13,852,068
	75,771	124,785	5,148,958	3,568,683	-	-	\$ 14,232,439
	236,107	113,604	5,160,233	3,851,680	-	-	\$ 15,611,433
	231,556	117,228	5,806,462	4,488,981	-	-	\$ 18,982,991
	207,043	1,189,004	5,764,408	3,589,093	-	-	\$ 20,613,205
	-	1,885,115	9,351,572	2,724,840	-	-	\$ 23,732,663
	-	1,630,176	6,583,271	1,996,385	-	-	\$ 22,801,376
	-	272,612	6,863,105	3,373,337	-	-	\$ 23,647,967
	302,008	263,091	6,842,476	3,351,392	-	-	\$ 22,840,679

TABLE 6

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

Fiscal Year	Program Revenues			General Revenues					
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Interest	Miscellaneous	Transfers	Special Item	Totals
2011	\$ 7,029,771	\$ 396,884	\$ 1,209,155	\$ 5,623,643	\$ 43,814	\$ 71,435	\$ -	\$ -	\$ 14,374,702
2012	8,102,608	312,700	2,918,580	6,095,880	18,501	43,218	-	-	17,491,487
2013	8,445,921	88,950	127,000	6,905,120	13,205	125,706	-	-	15,705,902
2014	8,570,860	817,553	2,786,824	7,384,372	16,463	580,802	-	-	20,156,874
2015	9,155,567	424,890	432,157	7,721,405	25,151	113,690	-	-	17,872,860
2016	9,120,940	469,733	753,684	7,802,342	66,258	192,322	-	-	18,405,279
2017	9,445,242	359,766	59,552	7,735,410	131,934	62,834	-	-	17,794,738
2018	9,245,658	473,109	80,655	7,891,305	136,190	670,465	-	-	18,497,382
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

TABLE 7

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

<b>Fiscal Year</b>	<b>Taxes</b>	<b>Licenses and Permits</b>	<b>Inter-governmental Revenues</b>	<b>Charges for Services</b>	<b>Fines and Forfeitures</b>	<b>Interest and Other</b>	<b>Totals (Excluding Other Sources)</b>
2011	\$ 3,852,989	\$ 101,415	\$ 326,847	\$ 1,189,906	\$ 105,244	\$ 48,943	\$ 5,625,344
2012	4,036,307	123,623	241,369	1,204,455	97,283	46,085	5,749,122
2013	4,533,880	134,634	77,183	1,199,578	92,765	126,798	6,164,838
2014	4,953,773	165,471	130,074	1,238,179	175,558	36,132	6,699,187
2015	5,648,581	134,150	800,564	1,355,187	137,876	93,491	8,169,849
2016	6,472,993	123,668	199,890	1,646,066	190,470	112,917	8,746,005
2017	7,754,697	132,297	359,766	1,757,255	112,585	100,099	10,216,699
2018	7,144,525	186,350	224,494	1,853,071	187,932	113,683	9,710,055
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

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	Public Health	Capital Outlay	Economic Development	Debt Service	Totals
2011	\$ 1,010,748	\$ 1,905,641	\$ 1,472,449	\$ 516,101	\$ 160,389	\$ -	\$ 86,969	\$ 66,414	\$ 5,218,711
2012	1,078,438	1,873,037	1,412,629	535,166	217,651	-	75,000	67,845	5,259,766
2013	1,209,763	2,119,400	1,523,106	646,579	164,762	-	-	64,410	5,728,020
2014	1,405,244	2,357,686	1,685,840	631,467	238,260	-	-	135,776	6,454,273
2015	2,533,486	2,800,668	2,151,430	785,679	250,941	-	-	122,187	8,644,393
2016	2,030,020	3,028,591	2,033,080	808,693	279,247	-	-	185,179	8,364,812
2017	2,358,471	3,346,955	1,984,262	284,427	1,179,068	-	-	2,191,754	11,344,936
2018	2,571,612	3,180,302	3,211,853	288,628	752,492	213,134	-	109,470	10,327,491
2019	2,441,057	3,449,858	2,981,093	296,213	794,612	681,253	-	238,468	10,882,554
2020	3,174,999	3,666,777	3,359,882	254,318	521,686	528,431	-	277,958	11,784,051

TABLE 9

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

<b>Fiscal Year</b>	<b>Water Sales</b>	<b>Sewer Sales</b>	<b>Penalties</b>	<b>Provision for Bad Debt</b>	<b>Other Service Charges</b>	<b>Interest/ Capital/ Other</b>	<b>Transfers In</b>	<b>Totals</b>
2011	\$ 2,642,087	\$ 2,090,514	\$ 150,781	\$ (56,190)	\$ 52,375	\$ 17,432	\$ 4,832,002	\$ 9,729,001
2012	3,121,738	2,100,585	168,625	(47,666)	91,761	1,847,951	39,421	7,322,415
2013	3,100,797	2,196,913	184,925	(15,010)	105,780	82,089	-	5,655,494
2014	2,875,418	2,136,133	185,096	(35,088)	76,503	1,364,711	-	6,602,772
2015	2,763,986	1,951,688	172,605	(27,001)	183,911	47,746	-	5,092,936
2016	2,795,157	1,965,695	162,657	(86,632)	217,438	265,909	-	5,320,224
2017	2,980,511	2,163,878	156,083	(74,261)	9,504	34,230	392,650	5,662,595
2018	2,519,671	1,971,600	166,322	(64,148)	181,063	123,203	-	4,897,712
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

Source: Trial Balance

TABLE 10

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

**LAST TEN FISCAL YEARS  
(Unaudited)**

<b>Fiscal Year</b>	<b>Water Distribution</b>	<b>Sewer Collection</b>	<b>Sewer Treatment</b>	<b>Water/Sewer Operations</b>	<b>Water/Supply and Treatment</b>	<b>Engineering Services</b>	<b>Administrative</b>
2011	\$ 11,925	\$ 112,108	\$ 267,055	\$ 266,037	\$ 393,276	\$ 12,576	\$ 255,558
2012	102,610	126,379	282,718	301,007	418,909	15,000	365,150
2013	88,196	84,797	277,481	211,897	409,672	15,000	491,042
2014	42,407	131,247	293,199	210,521	416,498	15,000	463,055
2015	36,593	160,441	316,077	777,330	523,488	-	213,484
2016	420,779	476,074	567,204	781,037	866,057	-	494,397
2017	571,420	356,007	728,848	673,465	892,367	74,394	412,338
2018	494,982	497,592	607,992	775,500	874,452	-	416,908
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

**TABLE 10**

<b>Water/Sewer Operations Contractor</b>	<b>Debt Interest and Fees</b>	<b>Fees for Capital Contributions</b>	<b>Depreciation and Amortization</b>	<b>Transfers Out</b>	<b>Totals</b>
\$ 1,842,431	\$ 368,003	\$ 27,257	\$ 1,202,986	\$ -	\$ 4,759,212
1,592,264	395,275	-	1,406,172	-	5,005,484
1,670,060	404,687	-	1,496,126	403,500	5,552,458
1,721,967	391,699	-	1,474,641	-	5,160,233
1,831,144	384,453	-	1,563,451	-	5,806,462
-	397,004	-	1,761,856	1,000,000	6,764,408
-	584,239	-	5,021,607	2,376,788	11,691,472
-	771,505	-	2,144,338	977,808	7,561,077
-	1,996,315	-	-	616,209	6,377,202
-	527,308	-	2,362,231	6,570,127	13,412,603

TABLE 11

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

<b>Fiscal Year</b>	<b>Tax Levy Year</b>	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Total</b>	<b>Assessed Values</b>
2011	2010	\$ 0.674052	\$ 0.451927	\$ 1.125979	\$ 336,002,503
2012	2011	0.706169	0.546207	1.252376	341,431,546
2013	2012	0.706169	0.546207	1.252376	379,330,947
2014	2013	0.734764	0.517612	1.252376	419,514,607
2015	2014	0.762395	0.380026	1.142421	440,108,919
2016	2015	0.791292	0.191536	0.982828	499,942,898
2017	2016	0.740318	0.139682	0.880000	547,177,570
2018	2017	0.725352	0.073503	0.798855	614,694,339
2019	2018	0.711131	0.087724	0.798855	620,957,884
2020	2019	0.693987	0.094868	0.788855	668,255,430

TABLE 12

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

Fiscal Year	City Of Donna			Overlapping Rates					Total Direct & OVLP Rates
	General Fund	Debt Service Fund	Total	Hidalgo County Tax Rate	Donna ISD Tax Rate	Hidalgo County Drainage Dist. 1 Tax Rate	Donna Irrigation Dist. No 1 Tax Rate	South Texas CCD Tax Rate	
2011	\$ 0.674052	\$ 0.451927	\$ 1.125979	\$ 0.5900	\$ 1.25820	\$ 0.07250	\$ 0.21000	\$ 0.14970	\$ 3.406379
2012	0.706169	0.546207	1.252376	0.5900	1.25820	0.07330	0.21000	0.15070	3.534576
2013	0.706169	0.546207	1.252376	0.5900	1.25820	0.07500	0.21000	0.15070	3.536276
2014	0.734764	0.517612	1.252376	0.5900	1.25820	0.09570	0.21000	0.15000	3.556276
2015	0.762395	0.380026	1.142421	0.5900	1.25820	0.09570	0.21000	0.18500	3.481321
2016	0.791292	0.191536	0.982828	0.5900	1.25820	0.09510	0.21000	0.18500	3.321128
2017	0.740318	0.139682	0.880000	0.5900	1.25820	0.09510	0.21000	0.14000	3.173300
2018	0.725352	0.073503	0.798855	0.5800	1.25820	0.09510	0.21000	0.18500	3.127155
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

TABLE 13

**CITY OF DONNA, TEXAS  
SCHEDULE OF INSURANCE IN-FORCE  
SEPTEMBER 30, 2020  
(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	10/01/19	09/30/20
General Liability	TML-IRP	9424	10/01/19	09/30/20
Errors and Omissions	TML-IRP	9424	10/01/19	09/30/20
Automobile Liability	TML-IRP	9424	10/01/19	09/30/20
Automobile Physical Damage	TML-IRP	9424	10/01/19	09/30/20
Mobile Equipment	TML-IRP	9424	10/01/19	09/30/20
Boiler & Machinery	TML-IRP	9424	10/01/19	09/30/20
Workers' Compensation	TML-IRP	9424	10/01/19	09/30/20
Law Enforcement Liability	TML-IRP	9424	10/01/19	09/30/20
Public Employee Dishonesty	TML-IRP	9424	10/01/19	09/30/20
Forgery or Alteration	TML-IRP	9424	10/01/19	09/30/20
Computer Fraud	TML-IRP	9424	10/01/19	09/30/20
Tax Assessor/Collector Surety Bond	Hartford Casualty Ins Co	61BSBBX5218	10/01/19	09/30/20

Note: All policies were renewed for an additional year.

TABLE 13

<u>Details and Coverage</u>	<u>Per Occur Liability Limits</u>	<u>Annual Premium</u>
Fire, windstorm, valuable papers, accounts receivable, data processing equipment	\$ 26,558,410	\$ 81,779
General, products, personal	1,000,000	5,167
Public officials and employee liability, claims made	1,000,000	7,852
All owned and leased vehicles	1,000,000	51,543
Schedule of vehicles	1,000,000	29,689
Schedule of Mobile equipment	965,244	4,519
Replacement cost	100,000	Included
Includes volunteer firemen	N/A	149,792
Law enforcement liability	1,000,000	20,791
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	-
		\$ 353,669

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

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

TABLE 14

2020 Market Valuation Established by Hidalgo County Appraisal District (1)		\$ 888,850,523
Less Exemptions/Reductions at 100% Market Value:		
Over 65 and Disabled	4,422,119	
Disabled Veterans Exemptions	5,480,857	
Productivity Loss	31,679,811	
Abatement Value Loss	-	
Exempt Property	174,467,891	
CHODO (Partial)	2,382,790	
Charitable	91,079	
Value Loss to 10% Cap	<u>2,070,546</u>	<u>220,595,093</u>
2018 Net Taxable Assessed Valuation		\$ 668,255,430
General Obligation Debt Payable from Ad Valorem Taxes (as of September 30, 2020)		
Limited Tax Refunding Bonds, Series 2012	3,095,000	
2014 Tax Notes	210,000	
2015 Certificate of Obligations	3,445,000	
2016 Certificates of Obligation	5,575,000	
Combination Tax and Int'l Toll Bridge Certificates of Obligation, Series 2016	25,760,000	
2017 Certificates of obligation	8,275,000	
2019 LMT TAX REFUNDING	<u>3,825,000</u>	
Funded Debt Payable from Ad Valorem Taxes		\$ 50,185,000
Less: Self-supporting Debt		
Limited Tax Refunding Bonds, Series 2012 (4)	2,277,920	
2014 Tax Notes	134,000	
2016 Certificates of Obligation	5,575,000	
2016 COMB TAX 7 RUFUNDING BRIDGE REVENUE	25,760,000	
2017 Certificates of Obligation	6,620,000	
2019 LMT TAX REFUNDING	<u>3,825,000</u>	<u>44,191,920</u>
Net Funded Debt Payable from Ad Valorem Taxes		\$ 5,993,080
Interest and Sinking Fund Balance (as of September 30, 2020)		\$ 2,371,359 <sup>(3)</sup>
Ratio Funded Debt to Net Taxable Assessed Valuation		7.51%

2020 Estimated Population - 16,409  
Per Capita Taxable Assessed Valuation - \$40,725  
Per Capita Funded Debt - \$3,058

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

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

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  
TAXABLE ASSESSED VALUATION BY CATEGORY**

TABLE 15

**Taxable Appraised Value For Fiscal Year Ended September 30,**

Category	2020		2019		2018		2017		2016			
	Amount	% of Total	Amount	% of Total	(1) Amount	% of Total	(1) Amount	% of Total	(1) Amount	% of Total	% of Total	
Real, Residential, Single-Family	\$ 302,157,252	35.75%	\$ 285,500,740	34.32%	\$ 285,715,761	34.78%	\$ 257,449,645	34.72%	\$ 263,974,593	35.60%	35.60%	38.32%
Real, Residential, Multi-Family	24,864,853	2.94%	22,708,216	2.73%	22,662,177	2.76%	17,624,811	2.38%	16,745,089	2.26%	2.26%	2.43%
Real, Vacant Lots/Tracts	37,347,650	4.42%	38,964,821	4.68%	36,724,640	4.47%	34,999,359	4.72%	34,078,081	4.60%	4.60%	4.95%
Real, Acreage (Land Only)	1,407,579	0.17%	31,181,613	3.75%	32,005,712	3.90%	34,446,966	4.65%	35,302,387	4.76%	4.76%	5.12%
Real, Farm and Ranch Improvements	5,412,452	0.64%	4,537,858	0.55%	4,316,576	0.53%	4,177,140	0.56%	3,810,198	0.51%	0.51%	0.55%
Real, Commercial	184,291,018	21.80%	172,996,168	20.80%	159,270,946	19.39%	143,116,996	19.30%	114,814,401	15.48%	15.48%	16.67%
Real, Industrial	8,209,147	0.97%	8,318,925	1.00%	7,650,342	0.93%	7,048,036	0.95%	6,406,260	0.86%	0.86%	0.93%
Real and Tangible Personal, Utilities	15,511,840	1.84%	13,990,663	1.68%	13,590,483	1.65%	10,686,308	1.44%	9,602,363	1.29%	1.29%	1.39%
Tangible Personal, Commercial	59,386,628	7.03%	56,581,181	6.80%	55,731,957	6.78%	53,623,429	7.23%	33,660,310	4.54%	4.54%	4.89%
Tangible Personal, Industrial	4,772,018	0.56%	4,871,655	0.59%	3,936,664	0.48%	3,696,110	0.50%	3,756,615	0.51%	0.51%	0.55%
Tangible Personal, Mobile Homes	15,098,052	1.79%	16,371,508	1.97%	17,155,113	2.09%	16,831,327	2.27%	17,228,199	2.32%	2.32%	2.50%
Tangible Personal, Other	285,491	0.03%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0.00%	0.00%
Residential Inventory	529,741	0.06%	129,644	0.02%	141,832	0.02%	141,832	0.02%	959,510	0.13%	0.13%	0.14%
Special Inventory	8,981,709	1.06%	6,669,409	0.80%	22,567,107	2.75%	5,042,275	0.68%	4,777,819	0.64%	0.64%	0.69%
Total Exempt Property	176,941,760	20.93%	168,966,237	20.31%	160,100,643	19.49%	152,692,288	20.59%	143,730,746	19.38%	19.38%	20.87%
Total Appraised Value Before Exemptions	845,197,190	100%	831,788,638	100%	821,569,953	100%	741,576,522	100%	688,846,571		93%	100%
Less: Total Exemptions/Reductions	(176,941,760)		(210,830,754)		(206,875,614)		(194,398,952)		(188,903,673)			
Taxable Assessed Valuation	\$ 668,255,430		\$ 620,957,884		\$ 614,694,339		\$ 547,177,570		\$ 499,942,898			

Category	2015		2014		2013		2012		2011			
	(1) Amount	% of Total	% of Total	% of Total								
Real, Residential, Single-Family	\$ 232,715,920	37.66%	\$ 226,023,847	38.29%	\$ 201,742,850	37.18%	\$ 186,098,019	37.68%	\$ 180,062,623	33.19%	24.28%	49.82%
Real, Residential, Multi-Family	15,553,440	2.52%	13,158,922	2.23%	23,090,738	4.26%	12,003,448	2.43%	11,302,919	2.08%	1.52%	3.13%
Real, Vacant Lots/Tracts	28,894,099	4.68%	27,078,216	4.59%	23,364,004	4.31%	18,252,276	3.70%	19,963,067	3.68%	2.69%	5.52%
Real, Acreage (Land Only)	29,269,963	4.74%	29,558,232	5.01%	28,478,703	5.25%	22,912,459	4.64%	20,477,633	3.77%	2.76%	5.67%
Real, Farm and Ranch Improvements	1,725,635	0.28%	2,823,281	0.48%	1,784,229	0.33%	1,434,091	0.29%	1,926,532	0.36%	0.26%	0.53%
Real, Commercial	97,476,460	15.77%	89,881,308	15.22%	82,050,572	15.12%	74,435,684	15.07%	69,816,793	12.87%	9.41%	19.32%
Real, Industrial	5,320,988	0.86%	6,957,060	1.18%	6,633,333	1.22%	4,886,074	0.99%	5,998,498	1.11%	0.81%	1.66%
Vehicles	9,068,913	1.47%	7,357,074	1.25%	6,194,219	1.14%	6,631,484	1.34%	7,579,819	1.40%	1.02%	2.10%
Real and Tangible Personal, Utilities	32,060,521	5.19%	30,615,834	5.19%	22,411,992	4.13%	22,022,328	4.46%	23,668,277	4.36%	3.19%	6.55%
Tangible Personal, Commercial	4,021,892	0.65%	3,741,642	0.63%	2,914,628	0.54%	3,091,604	0.63%	3,939,854	0.73%	0.53%	1.09%
Tangible Personal, Industrial	17,260,965	2.79%	13,319,570	2.26%	12,393,515	2.28%	12,112,850	2.45%	11,689,076	2.15%	1.58%	3.23%
Tangible Personal, Mobile Homes	261,069	0.04%	0	0.00%	216,027	0.04%	0	0.00%	3,229,948	0.60%	0.44%	0.89%
Tangible Personal, Other	1,418,732	0.23%	1,323,011	0.22%	1,802,726	0.33%	2,147,083	0.43%	0	0.00%	0.00%	0.00%
Residential Inventory	3,957,785	0.64%	3,028,712	0.51%	1,910,198	0.35%	1,710,153	0.35%	0	0.00%	0.00%	0.00%
Special Inventory	139,013,094	22.49%	135,496,610	22.95%	127,570,687	23.51%	126,164,888	25.54%	1,806,793	0.33%	0.24%	0.50%
Total Appraised Value Before Exemptions	618,019,474	100%	590,363,319	100%	542,558,421	100%	493,902,441	100%	361,461,832	67%	48.74%	100%
Less: Total Exemptions/Reductions	(177,910,555)		(170,848,721)		(163,227,474)		(152,470,895)		(25,459,329)		97%	
Taxable Assessed Valuation	\$ 440,108,919		\$ 419,514,598		\$ 379,330,947		\$ 341,431,546		\$ 336,002,503			

(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**

<b>Fiscal Year</b>	<b>Tax Year</b>	<b>Estimated Population</b>	<b>Taxable Assessed Valuation (1)</b>	<b>Per Capita Taxable Assessed Valuation</b>	<b>Gross Funded Tax Debt</b>	<b>Ratio Funded Debt to Taxable Assessed Valuation</b>	<b>Gross Per Capita Funded Tax Debt</b>
2011	2010	17,902	\$ 336,002,503	\$ 18,769	\$ 45,410,000	13.51%	\$ 2,537
2012	2011	15,798	338,446,278	21,423	44,125,000	13.04%	2,793
2013	2012	25,100	379,330,947	15,113	42,600,000	11.23%	1,697
2014	2013	26,600	419,514,607	15,771	41,590,000	9.91%	1,564
2015	2014	27,528	440,108,919	15,988	44,645,000	10.14%	1,622
2016	2015	27,528	499,942,898	18,161	48,697,032	9.74%	1,769
2017	2016	27,528	547,177,570	19,877	28,045,832	5.13%	1,019
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

(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

<b>Fiscal Year Ending</b>	<b>Tax Year</b>	<b>General Fund</b>	<b>Debt Service</b>	<b>Total Tax Rate</b>	<b>Tax Levy (1)</b>	<b>% Current Collections</b>	<b>% Total Collections</b>
2011	2010	\$ 0.674052	\$ 0.451927	\$ 1.125979	\$ 3,778,152	88.00%	104.00%
2012	2011	0.706169	0.546207	1.252376	3,720,197	88.00%	102.00%
2013	2012	0.706169	0.546207	1.252376	4,750,650	90.00%	109.00%
2014	2013	0.762395	0.380026	1.252376	5,253,900	89.00%	106.00%
2015	2014	0.762395	0.380026	1.142421	5,027,897	95.00%	116.00%
2016	2015	0.791292	0.191536	0.982828	4,913,579	92.00%	112.00%
2017	2016	0.740318	0.139682	0.880000	4,815,162	91.00%	111.00%
2018	2017	0.725352	0.073503	0.798855	4,910,516	90.00%	110.00%
2019	2018	0.711131	0.087724	0.798855	4,960,553	92.00%	110.00%
2020	2019	0.693987	0.094868	0.788855	5,274,566	92.00%	105.00%

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

Sources: City of Donna Property Tax Collection Department

**CITY OF DONNA, TEXAS  
PRINCIPAL TAXPAYERS  
FOR FISCAL YEAR ENDING 09/30/2020  
(Unaudited)**

<b>Taxpayer</b>	<b>2020</b>			<b>2011</b>		
	<b>Taxable Assessed Valuation</b>	<b>Ranked</b>	<b>% of Taxable Assessed Valuation</b>	<b>Taxable Assessed Valuation</b>	<b>Ranked</b>	<b>% of Taxable Assessed Valuation</b>
Wal-Mart Real Estate Business	\$ 18,895,558	1	2.67%	\$ -		
MHC Victoria Palms LLC.	12,633,479	2	1.78%	7,424,019	1	2.21%
Packaging Corporation of America	9,323,978	3	1.32%	3,422,812	4	1.02%
Wal-Mart Property Tax Department	6,787,530	4	0.96%			
AEP Texas Inc.	5,948,720	5	0.84%	3,750,390	3	1.12%
Love's Travel Stops & Stores	4,738,941	6	0.67%			
Ron Hoover companies of Donna	4,516,601	7	0.64%			
BH Hester Donna, LLC.	4,162,501	8	0.59%	2,701,123	5	0.80%
Love's Travel Stop	3,981,199	9	0.56%			
Wonderful Citrus Packing, LLC.	3,824,199	10	0.54%			
W. Silver Recycling				3,962,138	2	1.18%
H E Butt Grocery Company				2,564,129	6	0.76%
D & J Investments LTD.				2,563,295	7	0.76%
Bland Distribution Services, LLC.				2,200,789	8	0.65%
Raymondville State Bank				1,949,039	9	0.58%
Crystal City Railroad Inc.				1,936,874	10	0.58%
<b>Totals</b>	<b>\$ 74,812,706</b>		<b>10.55%</b>	<b>\$ 32,474,608</b>		<b>9.66%</b>

Source: Hidalgo County Appraisal District

TABLE 19

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

Fiscal Year Ending 9/30	Existing Outstanding Gross Funded Debt			% of Principal Retired
	Principal	Interest	Requirements	
2021	\$ 2,090,000	\$ 2,074,415	\$ 4,164,415	
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	22%
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	45%
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	85%
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>\$ 50,185,000</u>	<u>\$ 24,321,918</u>	<u>\$ 74,506,918</u>	

Source: City of Donna debt schedules

**City of Donna, Texas  
Overlapping Debt Table**

TABLE 20

<b>Taxing Jurisdiction</b>	<b>Total Bonded Debt 9/30/2020</b>	<b>As Of</b>	<b>Estimated % Applicable</b>	<b>City's Overlapping Bonded Debt</b>
<b><u>Overlapping:</u></b>				
Donna Independent School District 12/31/2020	\$ 58,550,000	9/30/2020	41.14%	\$ 24,087,470
Hidalgo County 12/31/2020	366,620,000	9/30/2020	1.95%	7,149,090
Hidalgo County Drainage District No. 1	172,350,000	9/30/2020	2.03%	3,498,705
South Texas College	128,814,693	9/30/2020	1.83%	<u>2,357,309</u>
Total Overlapping Debt				37,092,574
<b><u>Direct Debt</u></b>				
City of Donna	50,185,000	9/30/2020	100.00%	<u>50,185,000</u> *
Total Direct and Overlapping Debt				\$ 87,277,574
Total Direct and overlapping Debt % of A. V.	\$ 668,255,430			13.06%
Total Direct and Overlapping Debt per Capita:				\$ 5,319

\* 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**

Revenues	Fiscal Year Ended September 30,					
	2020	2019	2018	2017	2016	2015
Taxes	\$ 7,963,906	\$ 8,236,530	\$ 7,144,525	\$ 6,599,758	\$ 6,472,993	\$ 5,648,581
Licenses and Permits	141,968	141,632	186,350	132,297	123,668	134,150
Charges for Service	2,272,675	2,106,228	1,853,071	1,684,416	1,646,066	1,355,187
Fines and Forfeitures	97,337	231,585	187,932	109,792	190,470	137,875
Intergovernmental	1,818,811	396,965	224,494	111,151	199,890	800,564
Interest	28,822	100,619	21,467	10,695	4,997	1,390
Other Revenues	35,507	106,901	92,216	39,159	107,920	92,101
<b>Total Revenues</b>	<b>\$ 12,359,026</b>	<b>\$ 11,320,460</b>	<b>\$ 9,710,055</b>	<b>\$ 8,687,268</b>	<b>\$ 8,746,005</b>	<b>\$ 8,169,849</b>
<b>Expenditures</b>						
Current:						
General Government	\$ 3,174,999	\$ 2,448,057	\$ 2,571,612	\$ 2,335,716	\$ 2,030,020	\$ 2,533,486
Public Safety	3,666,777	3,632,363	3,180,302	3,197,662	3,028,591	2,800,668
Public Works	3,888,313	2,981,093	3,211,853	1,984,262	2,033,080	2,151,430
Economic Development	-	-	-	-	-	-
Culture and Recreation	254,318	296,213	288,628	253,176	808,693	785,679
Health and Welfare	521,686	925,954	752,492	913,637	279,247	250,941
Debt Service:						
Principal Retirements	245,086	639,258	89,978	86,961	158,872	118,600
Interest, Fiscal & Issuance Charges	32,872	300,763	19,492	22,509	26,307	3,587
<b>Total Expenditures</b>	<b>\$ 11,784,051</b>	<b>\$ 11,223,701</b>	<b>\$ 10,114,357</b>	<b>\$ 8,793,923</b>	<b>\$ 8,364,811</b>	<b>\$ 8,644,392</b>
Excess/Deficiency of Revenues Over Expenditures	574,975	96,759	(404,302)	(106,655)	381,193	(474,544)
<b>Other Financing Sources/Uses</b>						
Operating Transfers In	-	70,000	563,193	738,676	-	1,630
Operating Transfers Out	-	(196,495)	-	(400,000)	(593,698)	-
Tax Note Proceeds	440,767	-	-	-	-	-
Loan and Lease Proceeds	14,924	595,922	109,535	3,685	-	760,000
<b>Total Other Financing Sources/Uses</b>	<b>\$ 455,691</b>	<b>\$ 469,427</b>	<b>\$ 672,728</b>	<b>\$ 342,361</b>	<b>\$ (593,698)</b>	<b>\$ 761,630</b>
Excess/Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Uses	1,030,666	566,186	268,426	235,706	(212,505)	287,086
Beginning Fund Balance	2,503,786	3,267,419	2,724,070	2,594,453	2,806,958	2,519,871
Prior Period Adjustment	-	-	-	-	-	-
<b>Ending Fund Balance</b>	<b>\$ 3,534,452</b>	<b>\$ 3,833,605</b>	<b>\$ 2,992,496</b>	<b>\$ 2,830,159</b>	<b>\$ 2,594,453</b>	<b>\$ 2,806,958</b>

Source: City of Donna, TX Annual Financial Reports

TABLE 22

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

<b>Fiscal Year Ended 9/30</b>	<b>Total Collected</b>	<b>% of Ad Valorem Tax Levy</b>	<b>Equivalent of Ad Valorem Tax Rate</b>	<b>Total Collections Per Capita</b>
2011	\$ 1,592,805	48.30%	0.4740	89
2012	1,731,965	46.56%	0.5073	97
2013	1,980,685	41.69%	0.5222	75
2014	2,089,644	39.77%	0.4981	77
2015	2,572,857	51.17%	0.5846	93
2016	3,009,181	61.24%	0.6019	109
2017	3,112,382	64.64%	0.5688	113
2018	3,385,282	68.94%	0.5507	117
2019	3,893,356	78.49%	0.6270	137
2020	4,504,818	85.41%	0.6741	275

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, 2020 are shown below:

Name	Carrying Amount	Market Value
Non-Interest Bearing Cash Accounts	\$ 997,249	\$ 997,249
Money Market Fund available from Trustee	1,738,035	1,738,035
Local Government Investment Cooperative (LOGIC) <sup>(1)</sup>	732,384	732,384
Investments held: Certificates of Deposit	649,199	1,862,115
Less: Statement of Fiduciary Net Assets	1,628	1,628
<b>Total</b>	<b>\$ 4,118,495</b>	<b>\$ 5,331,411</b>

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

Source: City of Donna, Texas

**CITY OF DONNA, TEXAS  
PRINCIPAL EMPLOYERS  
FOR FISCAL YEAR ENDING 2020 AND 2011**

TABLE 24

<u>Employer</u>	<u>2020(1)</u>		<u>2011(1)</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Donna I.S.D.	2,751	1	2,500	1
A&E Health Services, Inc.	566	2		
Wal-Mart	348	3		
Idea Public Schools	135	4	107	2
HEB Food Store	125	6	105	3
City of Donna	166	5	95	4
Bland Distribution	101	7	91	5
Paramount Citrus	91	8	77	6
Victoria Palms Resort	93	9	70	7
McDonalds	64	10	55	8
Whataburger			51	9
Wells Fargo				
Burger King				
Rio Grande Container				
Rio Grande Canning Company			45	10
Total	<u>4,440</u>		<u>3,196</u>	

(1) DEDC

**FEDERAL AWARDS SECTION**



# Cascos & Associates, PC

Certified Public Accountants

Audit/Accounting/Tax/Consulting

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## 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, 2020, 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 30, 2021.

### *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.

A handwritten signature in blue ink that reads "Cascos & Associates, PC". The signature is written in a cursive, flowing style.

Cascos & Associates, PC  
Brownsville, Texas  
March 30, 2021



# Cascos & Associates, PC

Certified Public Accountants  
Audit/Accounting/Tax/Consulting

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Donna, Texas's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

## Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Cascos & Associates, PC*

Cascos & Associates, PC  
Brownsville, Texas  
March 30, 2021

**CITY OF DONNA, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**I. Summary of the Auditors' Results**

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified: None

Significant deficiencies identified that are not considered to be material weaknesses: None

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified: No

Significant deficiencies identified that are not considered to be material weaknesses: No

Type of auditors' report on compliance with major programs: Unmodified

Any audit findings which are required to be reported in accordance with 2 CFR 200.516(a)? No

Major programs are as follows:

CFDA Number:

Name of Federal Program or Cluster:

21.019

Coronavirus Relief Fund

20.205

Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low risk auditee: No

**II. Financial Statement Findings**

None.

**II. Federal Award Findings and Questioned Costs**

None.

**CITY OF DONNA, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

(1)	(2)	(3)	(4)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<i>Pass through Office of the Governor</i>			
Hidalgo- 2019 OPSG	97.067	EMW-2019-SS-00022-S01	\$ 54,316
Total Passed through Office of the Governor			<u>54,316</u>
Total U.S. Department of Homeland Security			<u>54,316</u>
<b>U.S. DEPARTMENT OF THE TREASURY</b>			
<i>Passed through Hidalgo County</i>			
COVID-19 - Coronavirus Relief Fund	21.019	N/A	<u>1,490,697</u>
Total Passed through Hidalgo County			<u>1,490,697</u>
Total U.S. Department of the Treasury			<u>1,490,697</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
<i>Direct Grants</i>			
EBM Justice Assistance Grant Program	16.738	2019-DJ-BX-0588	<u>58,597</u>
Crime Victim Assistance	16.575	VA18V303801601	<u>33,455</u>
<i>Pass through Office of the Governor</i>			
COVID-19 - Coronavirus Emergency Supplemental Funding	16.034	4144601_20201210	<u>75,555</u>
Total Passed through Office of the Governor			<u>75,555</u>
Total U.S. Department of Justice			<u>167,607</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Passed through Texas Department of Transportation</i>			
Highway Planning and Construction	20.205	0921-02-333	<u>4,208,385</u>
Total U.S. Department of Transportation			<u>4,208,385</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 5,921,005</u>

**CITY OF DONNA, TEXAS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**1. GENERAL**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Donna, Texas, (the “City) for the year ended September 30, 2020. The City’s reporting entity is defined in Note 1 to the City’s financial statements. Federal financial assistance received directly from federal agencies and other agencies are included in the Schedule of Expenditures of Federal Awards.

**2. BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note A to the City’s financial statements.

**3. INDIRECT COSTS**

The City did not elect to use a de minimis cost rate of 10% as described at 2 CFR §200.414(f)—Indirect (F&A) costs.

**4. PASS THROUGH EXPENDITURES**

None of the federal programs expended by the City were provided to sub-recipients.