

**CITY OF DONNA, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**SEPTEMBER 30, 2023**

**CITY OF DONNA, TEXAS  
TABLE OF CONTENTS**

	<u>EXHIBIT</u>	<u>PAGE</u>
<b>INTRODUCTORY SECTION</b>		
City Officials		
<b>FINANCIAL SECTION</b>		
Independent Auditors' Report		1
Management's Discussion and Analysis (MD&A)		4
<b>BASIC FINANCIAL STATEMENTS</b>		
Government-wide Financial Statements:		
Statement of Net Position	1-A	15
Statement of Activities	1-B	17
Governmental Funds Financial Statements:		
Balance Sheet - Governmental Funds	2-A	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	2-B	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	2-C	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	2-D	24
Proprietary Fund Financial Statements:		
Statement of Net Position - Proprietary Funds	3-A	25
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	3-B	26
Statement of Cash Flows - Proprietary Funds	3-C	27
Notes to the Financial Statements		28
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>		
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	5-A	68
Notes to Budgetary Comparison Schedule		70
Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System	5-B	71
Schedule of Employer Contributions and Notes to Schedule of Contributions – Texas Municipal Retirement System	5-C	72
Schedule of Changes in Net Pension Liability and Related Ratios – Firemen's Relief and Retirement Fund	5-D	73
Schedule of Employer Contributions and Notes to Schedule of Contributions – Firemen's Relief and Retirement Fund	5-E	74
<b>OTHER SUPPLEMENTARY INFORMATION</b>		
Nonmajor Governmental Funds		75

**OTHER SUPPLEMENTARY INFORMATION (continued)**

	<u>PAGE</u>
Combining Balance Sheet – Nonmajor Governmental Funds	6-A 76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	6-B 77
Combining Balance Sheet – Nonmajor Special Revenue Funds	6-C 78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	6-D 80
Combining Balance Sheet – Nonmajor Capital Projects Funds	6-E 82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds	6-F 83
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund	7-A 84
Discretely Presented Component Units – Governmental	85
Combining Balance Sheet – Component Units	8-A 86
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Component Units	8-B 87
Reconciliation of the Donna Economic Development Corporation Balance Sheet to the Statement of Net Position	8-C 88
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Donna Economic Development Corporation to the Statement of Activities	8-D 89
Reconciliation of the Development Corporation of Donna, Inc. Balance Sheet to the Statement of Net Position	8-E 90
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Development Corporation of Donna, Inc. to the Statement of Activities	8-F 91
Reconciliation of the Tax Increment Reinvestment Zone Number Two Balance Sheet to the Statement of Net Position	8-G 92
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Tax Increment Reinvestment Zone Number Two to the Statement of Activities	8-H 93

**OTHER SCHEDULES – UNAUDITED**

Continuing Financial Disclosure Tables	94
Net Position by Component	95
Changes in Net Position	97
Changes in Fund Balance – Governmental Funds	101
Fund Balances – Governmental Funds	103

	<u>PAGE</u>
<b>OTHER SCHEDULES – UNAUDITED (continued)</b>	
Government-Wide Expenses by Function	105
Government-Wide Revenues	107
General Fund Revenues by Source	108
General Fund Expenditures by Function	109
Water and Sewer Fund Revenues by Source	110
Water and Sewer Fund Expenses by Function and Transfers Out	111
Property Tax Rates and Assessed Values	113
Property Tax Rates Direct and Overlapping Governments	114
Schedule of Insurance In-Force	115
Valuation, Exemption and Debt Obligations	117
Taxable Assessed Valuation by Category	118
Valuation and Funded Debt History	119
Tax Rate, Levy, and Collections History	120
Principal Taxpayers	121
Tax Supported Debt Service Requirements	122
Computation of Direct and Overlapping Debt	123
General Fund Revenues, Expenditures 5 Year History	124
Municipal Sales Tax History	125
Current Investments	126
Principal Employers	127
<b>FEDERAL AWARDS SECTION</b>	
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	128
Independent Auditors’ Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance in Accordance with Uniform Guidance	130
Schedule of Expenditures of Federal Awards	133
Notes to the Schedule of Expenditures of Federal Awards	134
Schedule Findings and Questioned Costs	135
Corrective Action Plan	138

**CITY OF DONNA, TEXAS  
CITY OFFICIALS  
SEPTEMBER 30, 2023**

**ANNUAL FINANCIAL REPORT**

Council- Manager Form of Government

**MAYOR**

David Moreno

**COUNCIL MEMBERS**

Jesse Jackson  
Joey Garza, Jr.  
Ernesto Lugo, Jr.  
Oscar Gonzales

**CITY MANAGER**

Carlos Yerena

**DIRECTOR OF FINANCE**

David R. Vasquez

**ASSISTANT DIRECTOR OF FINANCE**

Carlos Carrizales

**CITY SECRETARY**

Belinda Tosca



# 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 on the Audit of the Financial Statements

#### *Opinions*

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2023, 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.

#### *Basis for Opinions*

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and pension information on pages listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplementary 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 accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

### ***Other Information***

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2024, 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.



Cascos & Associates, PC  
Brownsville, Texas  
March 26, 2024

# 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, 2023. We encourage readers to view the other information that is included throughout this financial report.

## Financial Highlights In Brief

- The assets and deferred outflow of the City exceeded liabilities and deferred inflows at the close of the most recent fiscal by \$44,138,024.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$35,866,558 an increase of \$24,218,290 compared to the prior year.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$3,472,315 a decrease of \$842,807 compared to prior year.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Donna'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 of Donna'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).

The government-wide financial statements distinguish functions of the City of Donna 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 of Donna include: general government, public safety; public works; culture and recreation; public health and welfare; economic and tourism development. The business-type activities of the City of Donna include three funds: a water and sanitary sewer system; international bridge fund; and a brush collection fund.

The government-wide financial statements include not only the City of Donna itself (known as the primary government), but also legally separate component units for which the City of Donna is financially

accountable. Financial information for the 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 City of Donna funds 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, international bridge and brush fund.

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

*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 and deferred outflows exceeded liabilities and deferred inflows by \$44,138,024 at the close of the most recent fiscal year.

The following table summarizes the City’s net position as of September 30, 2023.

	City of Donna Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 39,220,288	\$ 15,655,228	\$ 1,282,323	\$ 805,276	\$ 40,502,611	\$ 16,460,504
Capital assets	16,984,184	13,890,811	52,568,370	54,291,720	69,552,554	68,182,531
Total assets	56,204,472	29,546,039	53,850,693	55,096,996	110,055,165	84,643,035
Deferred Outflows of Resources	1,651,207	586,304	448,479	192,101	2,099,686	778,405
Long-term liabilities	43,998,038	36,654,127	20,859,060	19,107,021	64,857,098	55,761,148
Other liabilities	2,069,104	5,515,570	1,087,105	3,543,318	3,156,209	9,058,888
Total liabilities	46,067,142	42,169,697	21,946,165	22,650,339	68,013,307	64,820,036
Deferred Inflow of Resources	2,817	549,826	703	161,407	3,520	711,233
Net Position						
Invested in capital assets, net of related debt	(23,025,496)	(23,404,679)	18,223,937	18,223,937	(4,801,559)	(5,180,742)
Restricted	32,278,089	6,973,124	-	-	32,278,089	6,973,124
Unrestricted (deficit)	2,533,127	3,844,375	14,128,367	14,253,414	16,661,494	18,097,789
Total Net Position	<u>\$ 11,785,720</u>	<u>\$ (12,587,180)</u>	<u>\$ 32,352,304</u>	<u>\$ 32,477,351</u>	<u>\$ 44,138,024</u>	<u>\$ 19,890,171</u>

The largest portion of the City's net position (\$4,801,559) 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.

A portion of the City of Donna's net position 38% represents resources that are unrestricted and may be used within their activities.

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 \$4,556,702 in the primary government (Refer to Note K).

The City's unrestricted net position under governmental activities reflects a positive balance of \$2,533,127 for the current fiscal year. The City's unrestricted net position under business-type activities reflects a positive balance of \$14,128,367 at the end of fiscal year 2023.

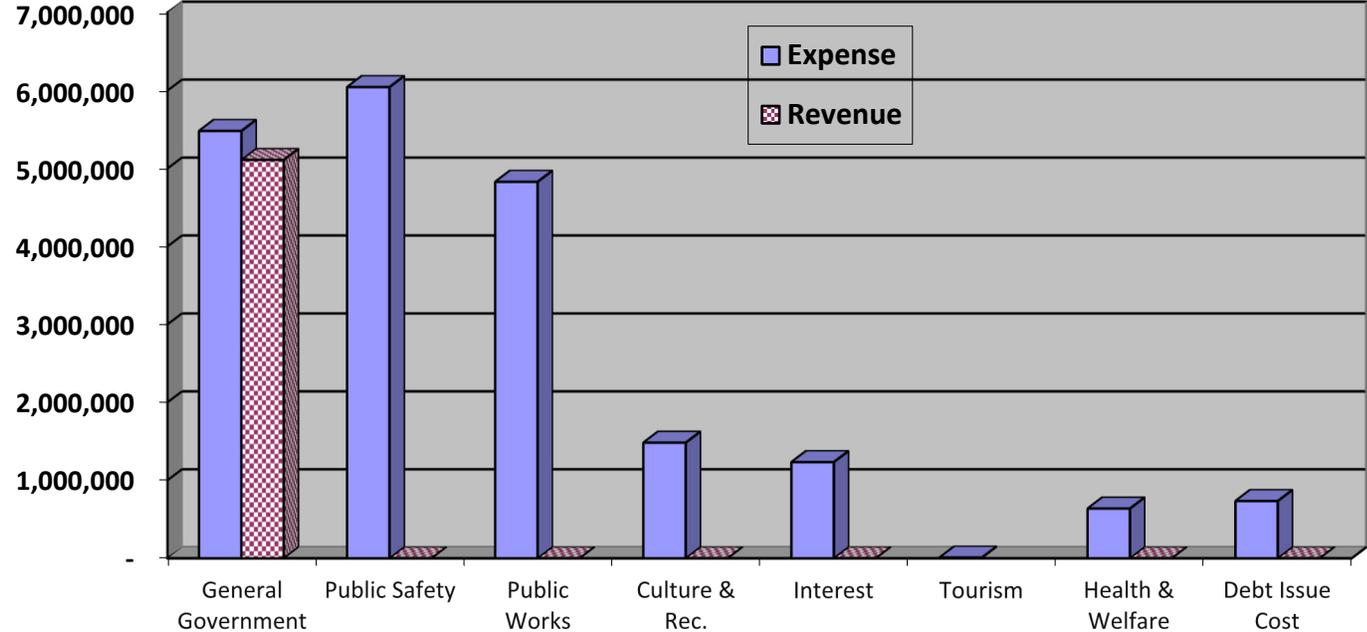
## Analysis of Changes in Net Position

The following table presents a summary of the government-wide statement of changes in net position for both governmental activities and business-type activities ending September 30, 2023.

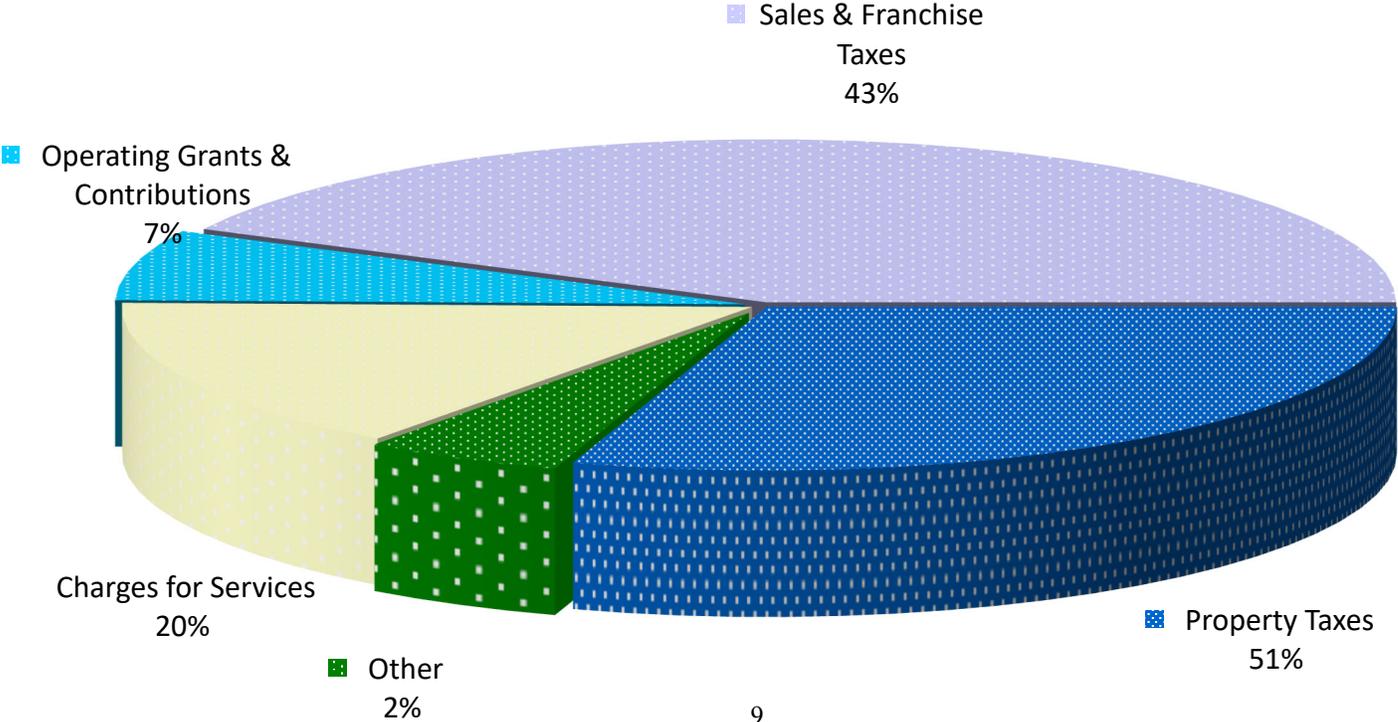
City of Donna Changes in Net Position September 30,						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 3,504,910	\$ 3,241,762	\$ 10,344,317	\$ 9,438,609	\$ 13,849,227	\$ 12,680,371
Operating grants and contributions	1,605,610	2,631,564	-	-	1,605,610	2,631,564
Contributions from refund bonds	-	-	-	27,223,511	-	27,223,511
General Revenues:						
Property taxes	6,868,018	6,448,669	-	-	6,868,018	6,448,669
Other taxes	5,428,597	4,894,288	-	-	5,428,597	4,894,288
Other	1,177,265	(26,863,228)	534,672	236,406	1,711,937	(26,626,822)
<b>Total revenues</b>	<b>18,584,400</b>	<b>(9,646,945)</b>	<b>10,878,989</b>	<b>36,898,526</b>	<b>29,463,389</b>	<b>27,251,581</b>
Expenses:						
General government	5,481,856	5,430,882	-	-	5,481,856	5,430,882
Public safety	6,045,359	5,168,342	-	-	6,045,359	5,168,342
Public works	4,829,356	4,137,370	-	-	4,829,356	4,137,370
Culture and recreation	1,482,248	983,925	-	-	1,482,248	983,925
Public Health and welfare	637,009	446,345	-	-	637,009	446,345
Tourism development	7,965	8,675	-	-	7,965	8,675
Interest on long-term debt	1,233,322	910,600	-	-	1,233,322	910,600
Debt issuance cost	733,890	613,558	-	-	733,890	613,558
Utility system operations	-	-	8,646,598	7,728,362	8,646,598	7,728,362
International Bridge Fund	-	-	2,720,746	8,571,236	2,720,746	8,571,236
Brush Collections	-	-	388,473	141,192	388,473	141,192
<b>Total expenses</b>	<b>20,451,005</b>	<b>17,699,697</b>	<b>11,755,817</b>	<b>16,440,790</b>	<b>32,206,822</b>	<b>34,140,487</b>
Changes in net position before transfers	(1,866,605)	(27,346,642)	(876,828)	20,457,736	(2,743,433)	(6,888,906)
Transfers	26,910,460	1,841,776	903,641	(1,380,938)	27,814,101	460,838
Transfers to compent units	-	(78,758)	-	-	-	(78,758)
<b>Changes in net position</b>	<b>25,043,854</b>	<b>(25,583,624)</b>	<b>26,813</b>	<b>19,076,798</b>	<b>25,070,667</b>	<b>(6,506,827)</b>
Net Position – beginning of year	(12,587,181)	12,996,443	32,477,351	13,076,165	19,890,169	26,072,608
Prior period adjustment	(652,215)	-	(151,860)	324,388	(804,075)	324,388
<b>Net Position – End of year</b>	<b>\$ 11,804,458</b>	<b>\$ (12,587,181)</b>	<b>\$ 32,352,304</b>	<b>\$ 32,477,351</b>	<b>\$ 44,156,761</b>	<b>\$ 19,890,169</b>

Total revenues generated from both governmental and business-type activities for fiscal year 2023 amounted to \$29,463,390 with expenses of \$32,225,562 resulted in a change in net position decrease before transfers of \$(2,762,172) for fiscal year 2023.

### Expenses and Program Revenues-Governmental Activities

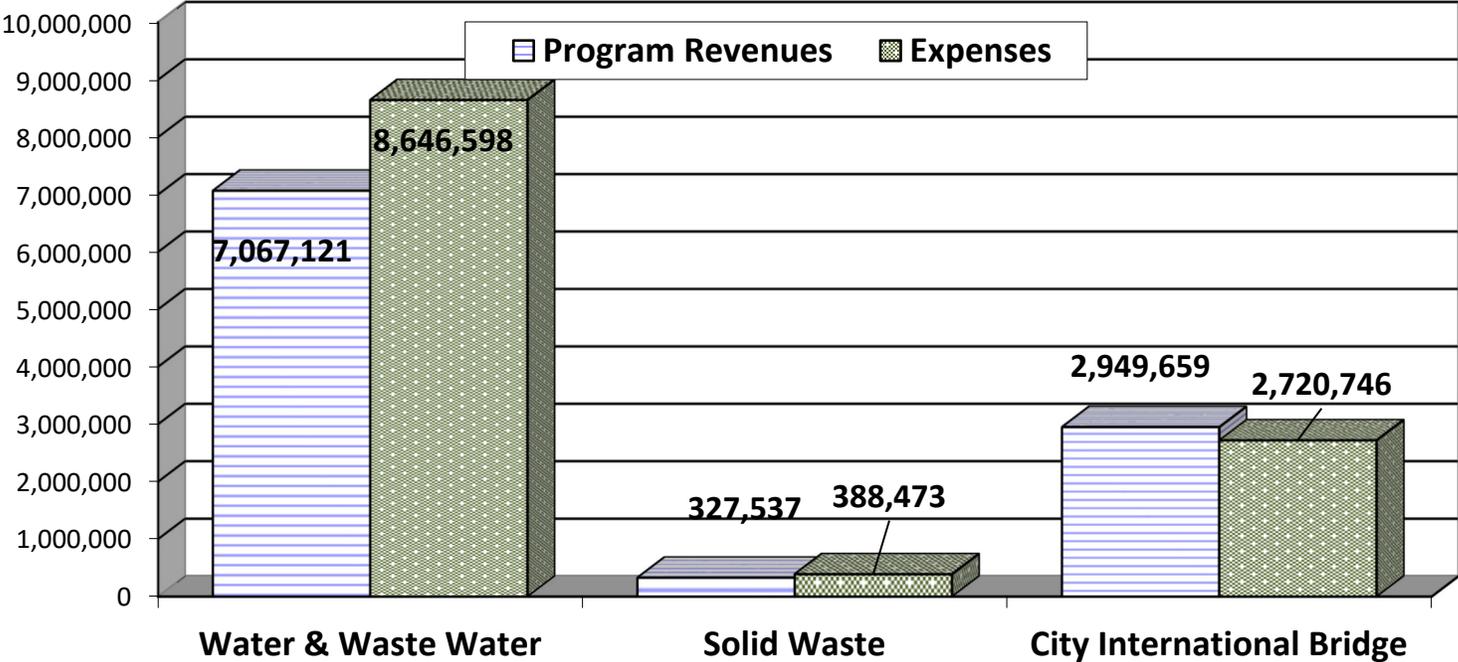


### Revenues by Source-Governmental Activities

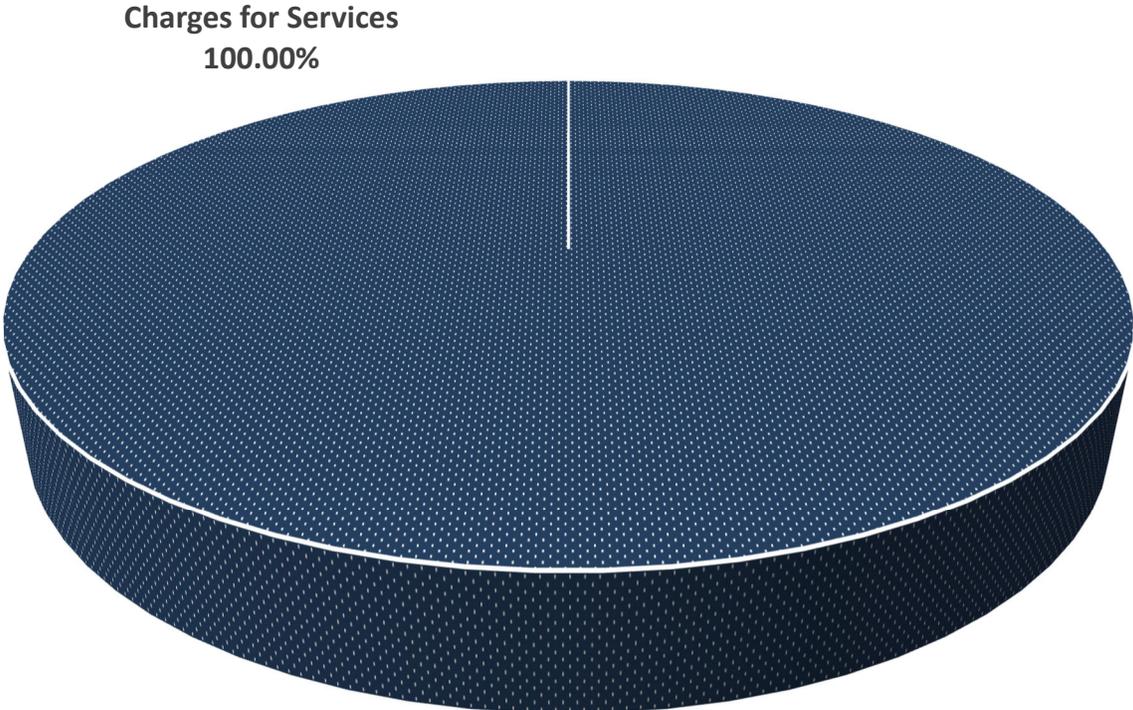


**Business-type activities.** Business-type activities decreased the City of Donna’s net position by \$ 125,047. Operating revenues increased by \$905,708 and expenses increased by \$2,138,261 due to a refunding compared to the prior year.

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



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



## Financial Analysis of the Government's Funds

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$35,866,558 an increase of \$24,218,290. A positive amount of \$3,477,660 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 \$32,388,898, is restricted for debt service, capital projects, fire equipment and law enforcement.

The General Fund is the chief operating fund of the City of Donna. At the end of the 2023 fiscal year unreserved undesignated fund balance of the General Fund was \$3,472,315. 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 2023 unreserved undesignated fund balance represents a positive 24.8% of total General Fund appropriations for fiscal year 2023. During the 2023 fiscal year the General fund's net position change in fund balance decreased by \$906,632.

The Debt Service Fund has a total fund balance of \$1,817,182, all of which is reserved for the payment of debt service. There was a net increase in fund balance in the Debt Service fund during fiscal year 2023 of \$94,096. The Debt Service fund was budgeted with a deficit of \$2,427.

**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 balance of \$14,128,367 in 2023 is comprised of the respective proprietary funds as follows; Water and Sewer Fund \$(841,726), City International Bridge Fund \$13,617,589, and Brush Collections Fund \$1,352,504. Please refer to the discussion of these amounts under the government-wide financial analysis above. The City International Bridge went into operation on December 14, 2010.

## General Fund Budgetary Highlights

The original General Fund budget increased by \$1,480,297 (Appropriations) or 10.6 % compared to last fiscal year.

### Capital Assets

The City of Donna's investment in capital assets for its governmental and business type activities as of September 30, 2023, is \$69,552,554 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, streets, a waterworks system, a sanitary sewer system and the development of an international bridge with related service assets. The overall decrease in the City of Donna's investment in capital assets for the current year was 1.3%. The current year depreciation expense for business-type activities was \$3,112,092 for the Water and Sewer Fund, International Bridge Fund and Brush Collection 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>Net of Accumulated Depreciation</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Land	\$ 2,601,372	\$ 2,601,372	\$ 1,704,699	\$ 1,704,699	\$ 4,306,071	\$ 4,306,071
Buildings	900,301	946,804	6,209,221	6,454,796	7,109,522	7,401,600
Improvements other than buildings	1,436,961	1,556,536	2,245,262	2,350,026	3,682,223	3,906,562
Infrastructure	7,484,916	7,589,215	35,673,844	37,892,092	43,158,760	45,481,307
Furniture and equipment	4,560,634	3,357,709	3,847,348	3,002,109	8,407,982	6,359,818
Other developments in progress	-	92,148	2,887,996	2,887,996	2,887,996	2,980,144
<b>Total</b>	<b>\$ 16,984,184</b>	<b>\$ 16,143,784</b>	<b>\$ 52,568,370</b>	<b>\$ 54,291,718</b>	<b>\$ 69,552,554</b>	<b>\$ 70,435,502</b>

## Debt Administration

**Long-term debt** – At the end of the fiscal year 2023 the City of Donna had total outstanding long-term debt of \$64,843,964, a decrease of \$295,509 compared to the prior year. Additional information on the City of Donna’s long-term debt can be found in Note I of this report.

Standard and Poors issued a rating of A, on the City of Donna’s outstanding on January 5, 2022.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds - net	\$ 30,864,920	\$ 31,284,280	\$ 15,113,214	\$ 16,220,720	\$ 45,978,134	\$ 47,505,000
Premiums/Discounts on Debt	1,062,939	334,653	445,397	3,952,498	1,508,336	4,287,151
Private Placement PPFCCO's	5,090,000	5,190,000	-	-	5,090,000	5,190,000
Claims payable	-	-	3,777,795	3,777,750	3,777,795	3,777,750
Notes and Transfers of Ownership Payable	219,258	495,560	471,075	585,952	690,333	1,081,512
380 Agreements	2,772,563	-	-	-	2,772,563	-
Compensated absences	375,304	295,378	107,931	74,928	483,235	370,306
Pension Liability TMRS/TESRS	3,613,054	1,794,583	943,648	542,153	4,556,702	2,336,736
<b>Total</b>	<b>\$ 43,998,038</b>	<b>\$ 39,394,454</b>	<b>\$ 20,859,060</b>	<b>\$ 25,154,001</b>	<b>\$ 64,857,098</b>	<b>\$ 64,548,455</b>

The City of Donna’s international bridge opened as a passenger traffic international bridge, the City’s general government Debt Service Fund will be required to continue providing a minimal 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 2023-2024 budgets were up \$1,032,070,770 or 17 % from the prior year.
- The City's tax rate for fiscal year 2023-24 decreased to \$.665348 a \$.08 decrease from prior year.
- In the 2023-24 Budget, the General Fund revenues and expenditures are budgeted at an increase of 10 % over 2023 fiscal year. The 2023-2024 General Fund budget is a balanced budget.
- The Sales Tax collected in fiscal year 2022-2023 increased by \$870,042 or 13.9 % over 2021-2022 fiscal year.
- The City of Donna completed the construction of the southbound empty commercial traffic facilities in October 2020. The City expects empty southbound commercial traffic to start in 2024. The City of Donna is anticipating issuing General Obligation Bonds in 2024 for funding for the Northbound Loaded Commercial Inspection Facilities, the City has been approved through the Donation Acceptance Program and will be working with GSA and CBP on the project.

## **Request for Information**

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

**CITY OF DONNA, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2023**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 35,073,780	\$ 1,598,359	\$ 36,672,139
Receivables, net	2,599,248	1,254,026	3,853,274
Inventories	21,372	196,550	217,922
Restricted cash and investments	-	-	-
Internal balances	1,768,612	(1,768,612)	-
Due from component unit/primary government	(251,759)	-	(251,759)
Capital assets, net of accumulated depreciation:			
Non-depreciable assets	2,601,372	4,592,695	7,194,067
Depreciable assets	14,382,812	47,975,675	62,358,487
Prepaid expense	9,035	2,000	11,035
Total assets	<u>56,204,472</u>	<u>53,850,693</u>	<u>110,055,165</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	-	13,134	13,134
Deferred outflows related to pensions	1,651,207	435,345	2,086,552
Total deferred outflow of resources	<u>1,651,207</u>	<u>448,479</u>	<u>2,099,686</u>
<b>LIABILITIES</b>			
Accounts payable	549,359	270,203	819,562
Accrued liabilities	373,268	75,429	448,697
Accrued interest payable	89,437	68,325	157,762
Unearned revenue	984,347	-	984,347
Deposits	72,693	673,148	745,841
Noncurrent liabilities:			
Due within one year	612,992	1,290,926	1,903,918
Due in more than one year	39,771,992	18,624,486	58,396,478
Pension liability	3,613,054	943,648	4,556,702
Total liabilities	<u>46,067,142</u>	<u>21,946,165</u>	<u>68,013,307</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	2,817	703	3,520
Total deferred inflows of resources	<u>2,817</u>	<u>703</u>	<u>3,520</u>
<b>NET POSITION</b>			
Net investment in capital assets	(23,025,496)	18,223,937	(4,801,559)
Restricted for:			
Capital projects	3,198,755	-	3,198,755
Equipment	27,368,660	-	27,368,660
Law enforcement	(13,406)	-	(13,406)
Debt service	1,727,745	-	1,727,745
Tourism	(3,665)	-	(3,665)
Unrestricted (deficit)	<u>2,533,127</u>	<u>14,128,367</u>	<u>16,661,494</u>
Total net position	<u>\$ 11,785,720</u>	<u>\$ 32,352,304</u>	<u>\$ 44,138,024</u>

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

## EXHIBIT 1-A

	Component Units	
Donna Economic Development Corporation	Development Corporation of Donna, Inc.	Tax Increment Reinvestment Zone Number Two
\$ 419,245	\$ 600,727	\$ 1,811
316,373	477,808	63,096
-	-	-
1,583,415	1,576,345	-
(480,397)	480,397	-
75,769	175,990	-
2,284,549	603,332	-
35,080	46,694	-
-	-	-
<u>4,234,034</u>	<u>3,961,293</u>	<u>64,907</u>
-	-	-
13,284	13,446	-
<u>13,284</u>	<u>13,446</u>	<u>-</u>
-	16,502	55,000
2,289	2,289	-
-	-	-
-	-	-
-	-	-
295,000	255,000	-
18,781,533	18,587,405	2,410,689
28,795	29,146	-
<u>19,107,617</u>	<u>18,890,342</u>	<u>2,465,689</u>
21	22	-
<u>21</u>	<u>22</u>	<u>-</u>
(16,756,564)	(18,192,379)	-
-	-	-
-	-	-
-	-	-
1,583,415	3,292,476	-
-	-	-
<u>312,829</u>	<u>(15,722)</u>	<u>(2,400,782)</u>
<u>\$ (14,860,320)</u>	<u>\$ (14,915,625)</u>	<u>\$ (2,400,782)</u>

**CITY OF DONNA, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental activities:				
General government	\$ 5,481,856	\$ 3,504,910	\$ 1,605,610	\$ -
Tourism	7,965	-	-	-
Public safety	6,064,098	-	-	-
Public works	4,829,356	-	-	-
Health and welfare	637,009	-	-	-
Culture and recreation	1,482,248	-	-	-
Interest and fiscal agent fees	1,233,322	-	-	-
Debt issue cost	733,890	-	-	-
Total governmental activities	<u>20,469,745</u>	<u>3,504,910</u>	<u>1,605,610</u>	<u>-</u>
Business-type activities:				
Water and sewer	8,646,598	7,067,121	-	-
International bridge	2,720,746	2,949,659	-	-
Brush collections	388,473	327,537	-	-
Total business-type activities	<u>11,755,817</u>	<u>10,344,317</u>	<u>-</u>	<u>-</u>
Total primary government	<u>32,225,562</u>	<u>13,849,227</u>	<u>1,605,610</u>	<u>-</u>
Component units				
Economic Development	<u>2,709,787</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total component units	<u>\$ 2,709,787</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

Intergovernmental

Contributions

Miscellaneous revenues

Transfers from (to) primary government

Transfers from (to) component unit/

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
\$ (371,336)	\$ -	\$ (371,336)	\$ -	\$ -	\$ -
(7,965)	-	(7,965)	-	-	-
(6,064,098)	-	(6,064,098)	-	-	-
(4,829,356)	-	(4,829,356)	-	-	-
(637,009)	-	(637,009)	-	-	-
(1,482,248)	-	(1,482,248)	-	-	-
(1,233,322)	-	(1,233,322)	-	-	-
(733,890)	-	(733,890)	-	-	-
<u>(15,359,225)</u>	<u>-</u>	<u>(15,359,225)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(1,579,477)	(1,579,477)	-	-	-
-	228,913	228,913	-	-	-
-	(60,936)	(60,936)	-	-	-
<u>-</u>	<u>(1,411,500)</u>	<u>(1,411,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(15,359,225)</u>	<u>(1,411,500)</u>	<u>(16,770,725)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	1,323,674	1,381,113	5,000
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,323,674</u>	<u>\$ 1,381,113</u>	<u>\$ 5,000</u>
\$ 5,317,054	\$ -	\$ 5,317,054	\$ -	\$ -	\$ 29,666
1,550,964	-	1,550,964	-	-	-
4,330,777	-	4,330,777	1,797,781	1,797,781	-
970,218	-	970,218	-	-	-
127,602	-	127,602	-	-	-
587,465	23,615	611,080	41,088	33,786	-
-	-	-	-	833	-
333,180	286,086	619,266	-	-	-
256,620	224,971	481,591	211,450	37	-
(903,641)	903,641	-	-	-	-
<u>27,814,101</u>	<u>-</u>	<u>27,814,101</u>	<u>(13,634,941)</u>	<u>(14,179,160)</u>	<u>-</u>
<u>40,384,340</u>	<u>1,438,313</u>	<u>41,822,653</u>	<u>(11,584,622)</u>	<u>(12,346,723)</u>	<u>29,666</u>
25,025,115	26,813	25,051,928	(12,908,296)	(13,727,836)	24,666
(12,587,180)	32,477,351	19,890,171	(668,160)	(262,925)	(2,474,587)
<u>(652,215)</u>	<u>(151,860)</u>	<u>(804,075)</u>	<u>(1,283,864)</u>	<u>(924,864)</u>	<u>49,139</u>
<u>\$ 11,785,720</u>	<u>\$ 32,352,304</u>	<u>\$ 44,138,024</u>	<u>\$ (14,860,320)</u>	<u>\$ (14,915,625)</u>	<u>\$ (2,400,782)</u>

**CITY OF DONNA, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2023**

	General	Debt Service	Northbound Construction
<b>ASSETS</b>			
Cash and investments	\$ 1,613,947	\$ 1,522,453	\$ 27,261,749
Receivables, net:			
Property taxes	1,104,308	343,388	-
Nonproperty taxes	606,571	-	-
Accounts	318,056	-	-
Intergovernmental	196,911	-	-
Inventories	21,372	-	-
Due from other funds	1,485,396	351,926	9,817
Due from component units	-	-	-
Prepaid expense	9,035	-	-
Total assets	\$ 5,355,596	\$ 2,217,767	\$ 27,271,566
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 110,881	\$ -	\$ -
Accrued liabilities	371,402	-	-
Due to other funds	63,311	74,666	500
Due to component units	170,507	-	-
Unearned revenues	24,971	-	-
Deposits	72,693	-	-
Total liabilities	813,765	74,666	500
Deferred inflows of resources			
Unavailable revenue - property taxes	1,048,144	325,919	-
Total deferred inflows of resources	1,048,144	325,919	-
Fund balances:			
Nonspendable - inventories	21,372	-	-
Restricted for:			
Tourism	-	-	-
Fire equipment debt service	-	-	-
Law enforcement	-	-	-
Equipment purchases	-	-	27,271,066
Park improvements	-	-	-
Capital projects	-	-	-
Debt service	-	1,817,182	-
Unassigned	3,472,315	-	-
Total fund balances	3,493,687	1,817,182	27,271,066
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,355,596	\$ 2,217,767	\$ 27,271,566

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

EXHIBIT 2-A

<u>PPFCO Series 2022 CAP</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ 3,561,077	\$ 1,114,554	\$ 35,073,780
-	-	1,447,696
-	-	606,571
-	30,014	348,070
-	-	196,911
-	-	21,372
-	103,691	1,950,830
-	-	-
-	-	9,035
<u>\$ 3,561,077</u>	<u>\$ 1,248,259</u>	<u>\$ 39,654,265</u>
\$ 438,478	\$ -	\$ 549,359
-	1,866	373,268
-	43,741	182,218
-	81,252	251,759
-	959,376	984,347
-	-	72,693
<u>438,478</u>	<u>1,086,235</u>	<u>2,413,644</u>
-	-	1,374,063
-	-	1,374,063
-	-	21,372
-	(3,665)	(3,665)
-	97,594	97,594
-	(13,406)	(13,406)
-	-	27,271,066
-	76,156	76,156
3,122,599	-	3,122,599
-	-	1,817,182
-	5,345	3,477,660
<u>3,122,599</u>	<u>162,024</u>	<u>35,866,558</u>
<u>\$ 3,561,077</u>	<u>\$ 1,248,259</u>	<u>\$ 39,654,265</u>

**CITY OF DONNA, TEXAS**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

EXHIBIT 2-B

Fund balances - Governmental Funds Balance Sheet \$ 35,866,558

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. 16,984,184

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. 1,374,063

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. (40,384,984)

Interest is accrued in the government-wide financial statements but not in the funds. (89,437)

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 (\$3,507,001), a deferred resource outflows in the amount of \$1,617,928, and a deferred resource inflows in the amount of (\$2,612). This resulted in an increase/(decrease) in net position by (\$1,891,685). (1,891,685)

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 (\$106,053) and a deferred resource inflows in the amount of (\$205). This resulted in an increase/(decrease) in net position by (\$33,279). (72,979)

Net position of governmental activities- Statement of Net Position \$ 11,785,720

**CITY OF DONNA, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	General	Debt Service	Northbound Construction
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>REVENUES</b>			
Property taxes	\$ 5,273,983	\$ 1,550,964	\$ -
Nonproperty taxes	5,166,700	-	-
Charges for services	2,949,629	-	-
Fines and forfeitures	127,887	-	-
Licenses and permits	260,457	-	-
Intergovernmental revenue	528,489	-	-
Miscellaneous income	115,246	-	-
Interest and investment income	93,905	50,349	441,315
Total revenues	<u>14,516,296</u>	<u>1,601,313</u>	<u>441,315</u>
<b>EXPENDITURES</b>			
Current:			
General government	3,086,022	-	-
Tourism	-	-	-
Public safety	5,565,847	-	-
Public works	4,143,300	-	-
Health and welfare	612,153	-	-
Culture and recreation	1,358,343	-	-
Capital outlay	309,128	-	-
Debt service:			
Principal retirement	276,302	519,360	-
Interest and fiscal agent fees	15,391	1,300,932	-
Bond issuance costs	-	-	733,890
Total expenditures	<u>15,366,486</u>	<u>1,820,292</u>	<u>733,890</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(850,190)</u>	<u>(218,979)</u>	<u>(292,575)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	7,383	-	-
Bond proceeds	-	-	29,360,000
Transfers in	-	62,615	-
Transfers (out)	-	-	-
Transfers in from primary government/ component unit	-	250,460	-
Transfers (out) to primary government/ component unit	-	-	(1,796,359)
Total other financing sources (uses)	<u>7,383</u>	<u>313,075</u>	<u>27,563,641</u>
<b>NET CHANGE IN FUND BALANCES</b>	(842,807)	94,096	27,271,066
<b>FUND BALANCES, BEGINNING</b>	4,409,518	1,723,086	-
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>(73,024)</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 3,493,687</u>	<u>\$ 1,817,182</u>	<u>\$ 27,271,066</u>

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

EXHIBIT 2-C

PPFCO Series 2022 CAP	Nonmajor Governmental	Total Governmental Funds
\$ -	\$ -	\$ 6,824,947
-	127,602	5,294,302
-	130,168	3,079,797
-	36,769	164,656
-	-	260,457
-	1,077,121	1,605,610
139,883	1,491	256,620
-	1,896	587,465
<u>139,883</u>	<u>1,375,047</u>	<u>18,073,854</u>
5,240	1,166,611	4,257,873
-	7,965	7,965
-	49,763	5,615,610
-	-	4,143,300
-	-	612,153
-	30,215	1,388,558
1,356,894	-	1,666,022
-	-	795,662
-	-	1,316,323
-	-	733,890
<u>1,362,134</u>	<u>1,254,554</u>	<u>20,537,356</u>
<u>(1,222,251)</u>	<u>120,493</u>	<u>(2,463,502)</u>
-	3,375	10,758
-	-	29,360,000
-	-	62,615
(903,641)	(62,615)	(966,256)
-	-	250,460
-	-	(1,796,359)
<u>(903,641)</u>	<u>(59,240)</u>	<u>26,921,218</u>
(2,125,892)	61,253	24,457,716
5,248,491	267,173	11,648,268
-	(166,402)	(239,426)
<u>\$ 3,122,599</u>	<u>\$ 162,024</u>	<u>\$ 35,866,558</u>

**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, 2023**

EXHIBIT 2-D

Net change in fund balances - total governmental funds \$ 24,457,716

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. 840,566

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 43,071

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. 78,579

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Interest expense and accrued compensated absences in the statement of activities differs from the amount reported in governmental funds due to the change in accrued interest. (61,085)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds but has no effect on net position. (1,057,130)

Repayment of bond and notes payable principal is an expenditure in the governmental funds, but the repayment has no effect on net position. 929,957

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. (206,559)

Change in net position of governmental activities - Statement of Activities \$ 25,025,115

**CITY OF DONNA, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2023**

EXHIBIT 3-A

	Business-type Activities			Total Proprietary Funds
	Major Fund Water and Sewer Fund	Major Fund City International Bridge Fund	Nonmajor Fund Brush Collections	
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 1,376,114	\$ 201,859	\$ 20,386	\$ 1,598,359
Restricted cash and investments	-	-	-	-
Inventories	196,550	-	-	196,550
Receivables:				
Accounts receivable	1,188,861	2,250	62,915	1,254,026
Due from other funds	1,000	237,671	269,273	507,944
Due from component units	-	-	-	-
Prepaid expense	2,000	-	-	2,000
Total current assets	<u>2,764,525</u>	<u>441,780</u>	<u>352,574</u>	<u>3,558,879</u>
Noncurrent assets:				
Land, plant and equipment, net	32,836,265	18,292,920	1,439,185	52,568,370
Advances to other funds	150,551	-	-	150,551
Total noncurrent assets	<u>32,986,816</u>	<u>18,292,920</u>	<u>1,439,185</u>	<u>52,718,921</u>
Total assets	<u>35,751,341</u>	<u>18,734,700</u>	<u>1,791,759</u>	<u>56,277,800</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on debt refunding	13,134	-	-	13,134
Deferred outflows related to pensions	313,694	100,166	21,485	435,345
Total deferred outflows of resources	<u>326,828</u>	<u>100,166</u>	<u>21,485</u>	<u>448,479</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	55,886	214,317	-	270,203
Accrued liabilities	52,250	16,034	7,145	75,429
Due to other funds	543,538	1,703,956	29,062	2,276,556
Deposits	673,148	-	-	673,148
Accrued interest payable	63,860	-	4,465	68,325
Bonds payable - current	1,172,600	-	-	1,172,600
Leases payable - current	34,880	-	83,446	118,326
Total current liabilities	<u>2,596,162</u>	<u>1,934,307</u>	<u>124,118</u>	<u>4,654,587</u>
Noncurrent liabilities:				
Bonds payable	14,386,010	-	-	14,386,010
Leases payable	87,225	-	265,526	352,751
Claims payable	886,751	2,891,044	-	3,777,795
Compensated absences	59,344	24,095	24,491	107,930
Net pension liability	679,960	217,118	46,570	943,648
Advances from other funds	-	150,551	-	150,551
Total noncurrent liabilities	<u>16,099,290</u>	<u>3,282,808</u>	<u>336,587</u>	<u>19,718,685</u>
Total liabilities	<u>18,695,452</u>	<u>5,217,115</u>	<u>460,705</u>	<u>24,373,272</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	506	162	35	703
Total deferred inflows of resources	<u>506</u>	<u>162</u>	<u>35</u>	<u>703</u>
<b>NET POSITION</b>				
Net investment in capital assets	18,223,937	-	-	18,223,937
Unrestricted (deficit)	(841,726)	13,617,589	1,352,504	14,128,367
Total net position	<u>\$ 17,382,211</u>	<u>\$ 13,617,589</u>	<u>\$ 1,352,504</u>	<u>\$ 32,352,304</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, 2023**

EXHIBIT 3-B

	Business-type Activities			Total Proprietary Funds
	Major Fund Water and Sewer Fund	Major Fund City International Bridge Fund	Nonmajor Fund Brush Collections	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 6,962,516	\$ 2,924,909	\$ 327,537	\$ 10,214,962
Rent revenue	11,039	24,750	-	35,789
Intergovernmental revenue	93,566	-	-	93,566
Total operating revenues	<u>7,067,121</u>	<u>2,949,659</u>	<u>327,537</u>	<u>10,344,317</u>
<b>OPERATING EXPENSES</b>				
Current:				
Cost of sales and services				
Personnel and related services	1,794,189	547,531	163,862	2,505,582
Repairs and maintenance	801,484	17,280	25,541	844,305
Materials and supplies	358,475	17,332	39,715	415,522
Consultant fees and services	2,937,513	1,337,331	115,603	4,390,447
Depreciation and amortization	2,279,800	799,999	32,293	3,112,092
Total operating expenses	<u>8,171,461</u>	<u>2,719,473</u>	<u>377,014</u>	<u>11,267,948</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(1,104,340)</u>	<u>230,186</u>	<u>(49,477)</u>	<u>(923,631)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest revenue	23,590	25	-	23,615
Interest expense	(508,791)	(1,273)	(11,459)	(521,523)
Amortization of refunding discounts/premiums	33,654	-	-	33,654
Contributions	286,086	-	-	286,086
Miscellaneous Revenue	223,977	862	132	224,971
Total nonoperating revenues (expenses)	<u>58,516</u>	<u>(386)</u>	<u>(11,327)</u>	<u>46,803</u>
Income before transfers	(1,045,824)	229,800	(60,804)	(876,828)
Transfers in	-	-	903,641	903,641
<b>CHANGE IN NET POSITION</b>	(1,045,824)	229,800	842,837	26,813
<b>NET POSITION, BEGINNING</b>	18,428,035	13,539,649	509,667	32,477,351
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>-</u>	<u>(151,860)</u>	<u>-</u>	<u>(151,860)</u>
<b>NET POSITION, ENDING</b>	<u>\$ 17,382,211</u>	<u>\$ 13,617,589</u>	<u>\$ 1,352,504</u>	<u>\$ 32,352,304</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, 2023**

EXHIBIT 3-C

	Business-type Activities			
	Major Fund	Major Fund	Nonmajor Fund	Total
	Water and Sewer Fund	City International Bridge Fund	Brush Collections	Proprietary Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 7,280,099	\$ 3,184,580	\$ 387,788	\$ 10,852,467
Disbursed for goods and services to suppliers	(1,780,829)	(588,119)	(123,927)	(2,492,875)
Disbursed for personnel services	(4,428,208)	(2,436,493)	(124,763)	(6,989,464)
Net cash provided by operating activities	<u>1,071,062</u>	<u>159,968</u>	<u>139,098</u>	<u>1,370,128</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Cash paid to other funds	47,999	(47,999)	-	-
Cash paid to component units	101,478	-	-	101,478
Cash received from other	510,063	862	132	511,057
Transfer from other funds	-	-	903,641	903,641
Net cash provided (used) by noncapital financing activities	<u>659,540</u>	<u>(47,137)</u>	<u>903,773</u>	<u>1,516,176</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	-	-	(1,013,521)	(1,013,521)
Contributions	(375,221)	-	-	(375,221)
Principal paid on long-term debt	(1,154,480)	(143,189)	(81,035)	(1,378,704)
Interest and bond costs paid on long-term debt	(513,293)	(1,273)	(12,495)	(527,061)
Net cash used for capital and related financing activities	<u>(2,042,994)</u>	<u>(144,462)</u>	<u>(1,107,051)</u>	<u>(3,294,507)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	23,590	25	-	23,615
Net cash provided by investing activities	<u>23,590</u>	<u>25</u>	<u>-</u>	<u>23,615</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(288,802)	(31,606)	(64,180)	(384,588)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>1,664,916</u>	<u>233,465</u>	<u>84,566</u>	<u>1,982,947</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 1,376,114</u>	<u>\$ 201,859</u>	<u>\$ 20,386</u>	<u>\$ 1,598,359</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income	\$ (1,104,340)	\$ 230,186	\$ (49,477)	\$ (923,631)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	2,279,800	799,999	32,293	3,112,092
Decrease (increase) in receivables	26,755	234,921	31,189	292,865
Decrease (increase) in due from other funds	133,107	(237,671)	(171,696)	(276,260)
Decrease (increase) in inventory	(71,521)	-	-	(71,521)
Decrease (increase) in prepaid items	-	-	224,630	224,630
Decrease (increase) in deferred outflows-pension	(190,004)	(46,170)	(21,262)	(257,436)
Decrease (increase) in pension asset	-	-	3,162	3,162
Increase (decrease) in accounts payable	34,044	44,913	-	78,957
Increase (decrease) in due to other funds	(293,259)	-	29,062	(264,197)
Increase (decrease) in accrued liabilities	7,998	3,528	1,485	13,011
Increase (decrease) in unearned revenue	-	(871,792)	-	(871,792)
Increase in customer deposits	53,116	-	-	53,116
Increase (decrease) in net pension liability	303,943	50,982	46,570	401,495
Increase (decrease) in deferred inflows-pension	(111,116)	(47,644)	(1,944)	(160,704)
Increase (decrease) in compensated absences	2,539	(1,284)	15,086	16,341
Total adjustments	<u>2,175,402</u>	<u>(70,218)</u>	<u>188,575</u>	<u>2,293,759</u>
Net cash provided by operating activities	<u>\$ 1,071,062</u>	<u>\$ 159,968</u>	<u>\$ 139,098</u>	<u>\$ 1,370,128</u>

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

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**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 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 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**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 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 Hidalgo County (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**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 funds are reported as separate columns in the fund financial statements.

**5. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The following are reported as major governmental funds:

**General Fund** – This is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Northbound Construction** – This fund is reserved for the construction costs of the northbound inspection facility at the International Bridge.

**PPFCO Series 2022 CAP Fund** – This fund accounts for resources used for the acquisition and/or construction of major facilities and/or assets.

The following are reported as other nonmajor governmental fund types:

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

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

The following are reported as major proprietary funds:

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

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

The following are reported as a nonmajor proprietary fund:

**Brush Collections** – This fund accounts for the brush collection services to customers. All the capital assets net of related liabilities, along with revenues and expenses of providing these services are accounted for within this fund.

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources.

**CITY OF DONNA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

The term of the lease must be the non-cancelable period during which the City has the right to use the tangible assets of another entity plus any periods in which either the lessee or the lessor has the sole option to extend the lease if it is reasonably certain the option will be exercised plus any periods in which either the lessee or the lessor has the sole option to terminate the lease if it is reasonably certain the option will not be exercised by that party and must not meet the definition of a short-term lease under GASB 87. The City implemented GASB 96 for reporting Subscription-Based-Information Technology Arrangements (SBITAs). GASB 96 requires recognition of certain right-to-use subscription assets and liabilities for SBITAs in the financial statements. There were no SBITAs in the prior year that would require a restatement of the City’s prior year financial statements.

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

**CITY OF DONNA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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. Bond issuance costs, excluding bond insurance costs, are expensed as incurred. The City implemented GASB 87 for reporting leases during this reporting period. A right-to-use lease is defined as a contract that conveys control of another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. To be accounted for as a lease, the lease must meet the definition of a "long term" lease provided in GASB 87 and must meet the capitalization level set by the City. The right-to-use lease liability is reported in the government-wide statements. The lease liability is calculated as the present value of the reasonably certain expected payments to be made over the term of the lease and the interest included in the lease payment is recorded as an expense.

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. With GASB 87, the initial measure of a new right-to-use lease arrangement is reported in governmental fund types as an other source during the current period. Monthly payments are reported as principal and interest payments during the reporting period in the fund level statements.

**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.

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

Restricted — Fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.

Committed — Fund balances that contain self-imposed constraints of the government from its highest level of decision-making authority. The responsibility to commit funds rests with the City Council. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action.

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

Unassigned — Fund balance 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.

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

**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.

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

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 annual budgeted funds lapse at year-end.

During the year ended September 30, 2023, expenditures exceeded appropriations as follows in the General Fund:

<b>Department</b>	<b>General Fund Excess of Expenditures Over Appropriation</b>
City manager	\$ 33,827
Municipal court	33,176
Finance	12,766
Information & technology	77,900
City hall	47,222
City secretary	11,745
Tax assessor collector	11,965
Planning and development	25,058
Non-departmental	28,852
Police	75,973
Fire	159,804
Inspections	4,922
Public works department	139,300
City vehicle maintenance	12,590
Street and roadways	123,854
Community support	68,322
Parks and recreation	77,962
Swimming pool	49,093
Library	71,415
Code enforcement and health inspections	5,839
Animal control	88,702
Cemetery	23,119
Capital outlay	309,128
Interest and fiscal agent fees	652
	\$ 1,493,186

**2. DEFICIT FUND EQUITY**

At September 30, 2023, the Hotel Occupancy Tax fund, Texas Confiscated Forfeitures fund, and the Water and Waste Impact Fee fund have a deficit fund balance of \$3,665, \$13,406, and \$20 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 component unit DEDC-4A reflects in the government-wide Financial Statements a net position deficit of \$14,860,320.

The component unit DCD-4B reflects in the government-wide Financial Statements a net position deficit of \$14,915,625.

The component unit TIRZ #2 reflects in the government-wide Financial Statements a net position deficit of \$2,400,782.

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**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, 2023.

At September 30, 2023, the carrying amount of the City’s deposits with financial institutions was \$1,648,745 and the bank balance was \$2,599,627. 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, 2023 the City had the following investments:

	<b>Fair Value</b>	<b>Weighted Average Maturity</b>	<b>Credit Rating</b>
Local government investments Cooperative (LOGIC)	\$ 5,784,429	34 days	AAAm
Invesco Treasury Portfolio Trust	14,190,019	< 90 days	AAAm
Texas National Bank (Investment)	13,071,229		
STIFEL	<u>1,977,718</u>		
Cash and Cash Equivalents on the Statement of Net Position	<u>\$ 35,023,395</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, 2023 and during the year ended September 30, 2023 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, 2023, 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**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE C – DEPOSITS AND INVESTMENTS (CONTINUED)**

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

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

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

**Credit Risk**

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

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

**Interest Rate Risk**

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

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

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

**CITY OF DONNA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE C – DEPOSITS AND INVESTMENTS (CONTINUED)**

**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, 2023, the reported amount of deposits for DEDC-4A totaled \$419,245, and the bank balances totaled \$429,245. The reported deposits for DCD-4B totaled \$630,651 and the bank balances totaled \$630,651.

At September 30, 2023, 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, 2023, are as follows:

<u>Invesco Treasury Portfolio</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
Trust	\$ 1,583,415	< 90 days	AAAm

The DCD-4B's investments at September 30, 2023, are as follows:

<u>Invesco Treasury Portfolio</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
Trust	\$ 1,546,421	< 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**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE C – DEPOSITS AND INVESTMENTS (CONTINUED)**

**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:

	<b>Primary Government</b>	<b>Component Units</b>		
		Donna Economic Development Corporation	Development Corporation of Donna	Tax Increment Zone Number Two
Cash on hand	\$ 7,648	\$ -	\$ -	\$ -
Carrying amount deposits	1,641,096	419,245	630,651	1,811
Short-term investments	<u>35,023,395</u>	<u>1,583,415</u>	<u>1,546,421</u>	<u>-</u>
Cash and cash equivalents	<u>\$ 36,672,139</u>	<u>\$ 2,002,660</u>	<u>\$ 2,177,072</u>	<u>\$ 1,811</u>
Cash and cash equivalents	\$ 36,672,139	\$ 419,245	\$ 600,727	\$ 1,811
Cash and cash equivalents - restricted	-	1,583,415	1,576,345	-
Cash/cash equivalents Statement of Net Position	<u>\$ 36,672,139</u>	<u>\$ 2,002,660</u>	<u>\$ 2,177,072</u>	<u>\$ 1,811</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, 2022, upon which the 2023 levy was based, was \$1,078,876,745.

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, 97% of the current year tax levy (October 1, 2022) 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, 2023, was \$.578346 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, 2023, was \$.169591 per \$100 of assessed valuation. The combined tax rate for the City is \$.747937 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**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE D – PROPERTY TAXES (CONTINUED)**

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, 2023:

<u>Governmental Funds</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Property taxes receivable	\$ 1,341,990	\$ 460,683	\$ 1,802,673
Less: Allowance for uncollectibles	(237,682)	(117,295)	(354,977)
Net property taxes receivable	<u>\$ 1,104,308</u>	<u>\$ 343,388</u>	<u>\$ 1,447,696</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:

	Nonmajor		City			Brush Collections	Total
	General Fund	Debt Service Fund	Governmental Funds	Water and Sewer Fund	International Bridge Fund		
Property taxes receivable	\$ 1,341,990	\$ 460,683	\$ -	\$ -	\$ -	\$ -	\$ 1,802,673
Other receivables:							
Sales tax receivable	606,571	-	-	-	-	-	606,571
Accounts	474,773	-	30,014	2,150,233	2,250	124,629	2,781,899
Intergovernmental - grant	196,911	-	-	-	-	-	196,911
Gross receivables	2,620,245	460,683	30,014	2,150,233	2,250	124,629	5,388,054
Less: Allowance for uncollectibles	(394,399)	(117,295)	-	(961,372)	-	(61,714)	(1,534,780)
Total receivables, net	<u>\$ 2,225,846</u>	<u>\$ 343,388</u>	<u>\$ 30,014</u>	<u>\$ 1,188,861</u>	<u>\$ 2,250</u>	<u>\$ 62,915</u>	<u>\$ 3,853,274</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, 2023, DEDC-4A had \$303,286 in sales tax receivable. DCD-4B had a sales tax receivable of \$303,286. TIRZ #2 had a sales tax receivable of \$63,096.

**Loans Receivable**

At September 30, 2023 the DEDC-4A had a loan receivable of \$13,087 and the DCD-4B had U.S. Department of Agriculture, Rural Business Enterprise Grant program loans receivable in the amount of \$174,522.

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**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, 2023, 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:

	<b>Debt Service</b>		
	<b>General Fund</b>	<b>Fund</b>	<b>Total</b>
Property taxes, unavailable	\$ 1,048,144	\$ 325,919	\$ 1,374,063
Totals Exhibit 2-A	<u>\$ 1,048,144</u>	<u>\$ 325,919</u>	<u>\$ 1,374,063</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 \$13,134 of unamortized deferred amounts on bond refunding in business-type activities.

Deferred outflows of resources related to pensions is \$1,651,207 for governmental activities reported at the government-wide financial statements and \$435,345 for business-type activities.

Deferred inflows of resources related to pensions is \$703 for governmental activities reported at the government-wide financial statements and \$703 for business-type activities.

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

Interfund receivable and payable balances at September 30, 2023 for the primary government were as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>							<b>Total</b>
	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Northbound Construction</b>	<b>Nonmajor Governmental Funds</b>	<b>Water and Sewer Fund</b>	<b>City International Bridge Fund</b>	<b>Brush Collections</b>	
Governmental Funds								
General Fund	\$ -	\$ 74,666	\$ -	\$ 42,741	\$ 224,068	\$ 1,114,859	\$ 29,062	\$ 1,485,396
Debt Service Fund	-	-	-	-	-	351,926	-	351,926
Northbound Construction	9,817	-	-	-	-	-	-	9,817
Nonmajor Governmental Funds	53,494	-	-	-	50,197	-	-	103,691
Proprietary Funds								
Water and Sewer Fund	-	-	-	1,000	-	-	-	1,000
City International Bridge Fund	-	-	500	-	-	237,171	-	237,671
Brush Collections	-	-	-	-	269,273	-	-	269,273
	<u>\$ 63,311</u>	<u>\$ 74,666</u>	<u>\$ 500</u>	<u>\$ 43,741</u>	<u>\$ 543,538</u>	<u>\$ 1,703,956</u>	<u>\$ 29,062</u>	<u>\$ 2,458,774</u>

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

Interfund receivable and payable balances at September 30, 2023 for the component units were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
	DEDC (4A)	Total
Component Units		
DCD (4B)	<u>\$ 480,397</u>	<u>\$ 480,397</u>
	<u>\$ 480,397</u>	<u>\$ 480,397</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, 2023 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
	City International Bridge Fund	Total
Proprietary Fund		
Water and Sewer Fund	<u>\$ 150,551</u>	<u>\$ 150,551</u>
	<u>\$ 150,551</u>	<u>\$ 150,551</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, 2023 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>		
	General Fund	Nonmajor Governmental Funds	Total
Component Units			
DEDC (4A)	\$ 75,769	\$ -	\$ 75,769
DCD (4B)	94,738	81,252	175,990
	<u>\$ 170,507</u>	<u>\$ 81,252</u>	<u>\$ 251,759</u>

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

<u>Transfer Out</u>	<u>Transfer In</u>		
	Debt Service Fund	Brush Collections Funds	Total
PPFCO Series 2022 CAP	\$ -	\$ 903,641	\$ 903,641
Nonmajor Governmental Funds	62,615	-	62,615
	<u>\$ 62,615</u>	<u>\$ 903,641</u>	<u>\$ 966,256</u>

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

<u>Transfer Out</u>	<u>Transfer In</u>			
	Debt Service Fund	DEDC (4A)	DCD (4B)	Total
Primary Government				
Northbound Construction	\$ -	\$ 850,289	\$ 946,070	\$ 1,796,359
Component Units				
DEDC (4A)	125,230	-	-	125,230
DCD (4B)	125,230	-	-	125,230
	<u>\$ 250,460</u>	<u>\$ 850,289</u>	<u>\$ 946,070</u>	<u>\$ 2,046,819</u>

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

Transfers between the primary government and component units involving the *Series 2023 Sales Tax Revenue Bonds* are as follows:

Transfer Out	Transfer In Governmental Activities	
Component Units	Northbound Construction	Total
DEDC (4A)	\$ 14,360,000	\$ 14,360,000
DCD (4B)	15,000,000	15,000,000
	\$ 29,360,000	\$ 29,360,000

**NOTE H – CAPITAL ASSETS**

**1. PRIMARY GOVERNMENT**

Governmental Activities' capital asset activity for the year ended September 30, 2023 was as follows:

Governmental Activities	Balance October 1, 2022	Increases	Adjustments	Balance September 30, 2023
Capital assets, not subject to depreciation:				
Land	\$ 2,601,372	\$ -	\$ -	\$ 2,601,372
Construction in Progress	92,148	-	(92,148)	-
Total capital assets, not subject to depreciation	2,693,520	-	(92,148)	2,601,372
Capital assets, depreciable:				
Buildings	2,400,836	-	-	2,400,836
Improvements other than buildings	2,513,601	-	-	2,513,601
Infrastructure	13,086,533	333,180	2,252,807	15,672,520
Furniture and equipment	6,795,886	1,666,022	-	8,461,908
Total capital assets, being depreciated	24,796,856	1,999,202	2,252,807	29,048,865
Less accumulated depreciation:				
Buildings	1,454,034	46,501	-	1,500,535
Improvements other than buildings	957,066	119,574	-	1,076,640
Infrastructure	7,750,125	437,479	-	8,187,604
Furniture and equipment	3,438,340	462,934	-	3,901,274
Total accumulated depreciation	13,599,565	1,066,488	-	14,666,053
Total capital assets, being depreciated, net	11,197,291	932,714	2,252,807	14,382,812
Governmental Activities, capital assets, net	\$ 13,890,811	\$ 932,714	\$ 2,160,659	\$ 16,984,184

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE H – CAPITAL ASSETS (CONTINUED)**

Depreciation was charged to Government functions as follows:

<u><b>Governmental Activities</b></u>	
General government	\$ 22,910
Public safety	329,237
Public works	625,187
Culture and recreation	73,291
Health and welfare	<u>15,863</u>
Total depreciation expense - Governmental Activities	<u>\$ 1,066,488</u>

Business-Type Activities' capital asset activity for the year ended September 30, 2023 was as follows:

	Balance October 1, 2022	Increases	Decreases	Adjustments	Balance September 30, 2023
<b>Capital assets, not subject to depreciation:</b>					
Land	\$ 1,704,699	\$ -	\$ -	\$ -	\$ 1,704,699
Construction in Progress	<u>2,887,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,887,996</u>
Total capital assets, not subject to depreciation	<u>4,592,695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,592,695</u>
<b>Capital assets, depreciable:</b>					
Buildings	13,557,160	-	-	-	13,557,160
Improvements other than buildings	3,597,578	-	-	-	3,597,578
Infrastructure	74,127,006	286,086	-	-	74,413,092
Furniture and equipment	<u>5,266,565</u>	<u>1,102,656</u>	<u>(3,688)</u>	<u>-</u>	<u>6,365,533</u>
Total capital assets, being depreciated	<u>96,548,309</u>	<u>1,388,742</u>	<u>(3,688)</u>	<u>-</u>	<u>97,933,363</u>
<b>Less accumulated depreciation:</b>					
Buildings	7,102,361	245,578	-	-	7,347,939
Improvements other than buildings	1,247,551	104,765	-	-	1,352,316
Infrastructure	36,234,915	2,504,333	-	-	38,739,248
Furniture and equipment	<u>2,264,457</u>	<u>257,416</u>	<u>(3,688)</u>	<u>-</u>	<u>2,518,185</u>
Total accumulated depreciation	<u>46,849,284</u>	<u>3,112,092</u>	<u>(3,688)</u>	<u>-</u>	<u>49,957,688</u>
Total capital assets, being depreciated, net	<u>49,699,025</u>	<u>(1,723,350)</u>	<u>-</u>	<u>-</u>	<u>47,975,675</u>
Business-Type Activities, capital assets, net	<u>\$ 54,291,720</u>	<u>\$ (1,723,350)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,568,370</u>

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

<u><b>Business-Type Activities</b></u>	
Water and Sewer	\$ 2,279,800
City International Bridge Fund	799,999
Brush Collection	<u>32,293</u>
Total depreciation expense - Business-Type Activities	<u>\$ 3,112,092</u>

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE H – CAPITAL ASSETS (CONTINUED)**

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

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

<u>Component Units</u>	Balance October 1, 2022	Increases	Decreases	Adjustments	Balance September 30, 2023
Capital assets, not subject to depreciation:					
Land	\$ 3,602,343	\$ -	\$ (714,472)	\$ 10	\$ 2,887,881
Total capital assets, not subject to depreciation	<u>3,602,343</u>	<u>-</u>	<u>(714,472)</u>	<u>10</u>	<u>2,887,881</u>
Capital assets, depreciable:					
Buildings	377,207	-	-	-	377,207
Furniture and equipment	<u>67,765</u>	<u>11,159</u>	<u>-</u>	<u>-</u>	<u>78,924</u>
Total capital assets, being depreciated	<u>444,972</u>	<u>11,159</u>	<u>-</u>	<u>-</u>	<u>456,131</u>
Less accumulated depreciation:					
Buildings	328,652	1,262	-	-	329,914
Furniture and equipment	<u>42,070</u>	<u>2,373</u>	<u>-</u>	<u>-</u>	<u>44,443</u>
Total accumulated depreciation	<u>370,722</u>	<u>3,635</u>	<u>-</u>	<u>-</u>	<u>374,357</u>
Total capital assets, being depreciated, net	<u>74,250</u>	<u>7,524</u>	<u>-</u>	<u>-</u>	<u>81,774</u>
Component Units, capital assets, net	<u>\$ 3,676,593</u>	<u>\$ 7,524</u>	<u>\$ (714,472)</u>	<u>\$ 10</u>	<u>\$ 2,969,655</u>

Depreciation expense for the component units for the year ended September 30, 2023 is as follows:

<u>Component Units</u>	
Component Unit - DEDC (4A)	\$ 1,506
Component Unit - DCD (4B)	<u>2,129</u>
Total Component Units depreciation expense	<u>\$ 3,635</u>

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**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, 2023 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 Obligations* – 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 new sewer system, and \$1,000,000 for improvements to the international toll bridge. The Bridge portion has been paid off.

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

*Series 2019 Limited Tax Refunding Bonds* - due in variable annual installments through February 15, 2034; interest at 2.60%, payable semi-annually. The issuance amount of these bonds was \$4,035,000 accounted in business-type activities.

*Series 2022 General Obligation Refunding Bonds* – due in variable annual installments through September 15, 2047; interest at 3.61%, payable semi-annually. The original issuance amount of these bonds was \$27, 485,000 accounted for with governmental activities. This debt is for the international bridge toll bridge and related infrastructure.

***Utility and Bridge Revenues Pledged***

**Water and Sewer Fund**

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

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE I – LONG TERM DEBT (CONTINUED)**

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

Bonds	Balance October 1, 2022	Reductions	Balance September 30, 2023	Due Within One Year
<b>Primary Government</b>				
<i>Governmental Funds</i>				
2012 Limited Tax Refunding Bonds	\$ 500,280	\$ (162,360)	\$ 337,920	\$ 158,400
2015 Certificate of Obligation	3,100,000	(180,000)	2,920,000	190,000
2017 Certificate of Obligation	1,509,000	(77,000)	1,432,000	79,000
2022 Public Property Finance Contractual Obligation	5,190,000	(100,000)	5,090,000	100,000
2022 General Obligation Refunding Bonds (Bridge)	<u>26,175,000</u>	<u>-</u>	<u>26,175,000</u>	<u>-</u>
Total Governmental Funds Bonds	<u>36,474,280</u>	<u>(519,360)</u>	<u>35,954,920</u>	<u>527,400</u>
<i>Water and Sewer Fund</i>				
2012 Limited Tax Refunding Bonds	1,394,720	(452,640)	942,080	441,600
2016 Certificates of Obligation	5,375,000	(150,000)	5,225,000	200,000
2017 Certificates of Obligation	6,036,000	(308,000)	5,728,000	316,000
2019 Limited Tax Refunding Bonds	<u>3,415,000</u>	<u>(210,000)</u>	<u>3,205,000</u>	<u>215,000</u>
Total Water and Sewer Fund Bonds	<u>16,220,720</u>	<u>(1,120,640)</u>	<u>15,100,080</u>	<u>1,172,600</u>
 Total Primary Government Bonds	 <u>\$ 52,695,000</u>	 <u>\$ (1,640,000)</u>	 <u>\$ 51,055,000</u>	 <u>\$ 1,700,000</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
2024	\$ 527,400	\$ 1,276,735	\$ 1,172,600	\$ 477,424	\$ 1,700,000	\$ 1,754,159
2025	555,520	1,257,836	1,264,480	444,382	1,820,000	1,702,218
2026	544,000	1,236,780	1,011,000	412,790	1,555,000	1,649,570
2027	563,000	1,213,590	1,047,000	383,043	1,610,000	1,596,633
2028	1,321,000	1,183,210	1,069,000	351,403	2,390,000	1,534,613
2029-2033	7,335,000	5,182,903	5,955,000	1,182,613	13,290,000	6,365,516
2034-2038	7,894,000	3,860,647	3,581,000	232,234	11,475,000	4,092,881
2039-2043	8,885,000	2,496,171	-	-	8,885,000	2,496,171
2044-2048	<u>8,330,000</u>	<u>778,040</u>	<u>-</u>	<u>-</u>	<u>8,330,000</u>	<u>778,040</u>
Total	<u>\$35,954,920</u>	<u>\$ 18,485,912</u>	<u>\$15,100,080</u>	<u>\$ 3,483,889</u>	<u>\$51,055,000</u>	<u>\$21,969,801</u>

**Notes and Transfers of Ownership Lease Payable**

*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. As of September 20, 2023, the note was paid off in its entirety.

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

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE I – LONG TERM DEBT (CONTINUED)**

*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.

*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 business type activities' brush collections fund.

*First Capital Equipment Lease* - due in annual installments of \$103,245 through June 2027; interest at 2.880%. The original lease amount was \$564,759 accounted for with governmental activities and business type activities' water and sewer fund and brush collections fund.

*Government Capital Corporation Lease* - due in annual installments of \$11,788 through February 2025; interest at 3.469%. The original lease amount was \$52,459 accounted for with business type activities' water and sewer fund.

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

<u>Notes Payable and Transfers of Ownership Lease</u>	<u>Balance</u> <u>October 1, 2022</u>	<u>Reductions</u>	<u>Balance</u> <u>September 30, 2023</u>	<u>Due Within</u> <u>One Year</u>
<i>Governmental Activities</i>				
Capital One LED Note	\$ 106,709	\$ (106,709)	\$ -	\$ -
First Capital Equipment Lease	145,463	(115,766)	29,697	29,697
John Deere Lease	17,361	(8,423)	8,938	8,938
First Capital Equipment Lease	61,245	(14,301)	46,944	14,954
First Capital Equipment Lease	<u>164,782</u>	<u>(31,103)</u>	<u>133,679</u>	<u>32,003</u>
Total Governmental Activities				
Notes Payable and Transfers of Ownership Lease	<u>495,560</u>	<u>(276,302)</u>	<u>219,258</u>	<u>85,592</u>
<i>Water and Sewer Fund</i>				
Government Capital Corporation Lease	33,045	(10,642)	22,403	11,011
First Capital Equipment Lease	<u>122,899</u>	<u>(23,198)</u>	<u>99,701</u>	<u>23,869</u>
Total Water and Sewer Fund				
Notes Payable and Transfers of Ownership Lease	<u>155,944</u>	<u>(33,840)</u>	<u>122,104</u>	<u>34,880</u>
<i>Brush Collections</i>				
First Capital Equipment Lease	189,992	(35,862)	154,130	46,546
First Capital Lease	<u>240,015</u>	<u>(45,174)</u>	<u>194,841</u>	<u>36,900</u>
Total Brush Collections				
Notes Payable and Transfers of Ownership Lease	<u>430,007</u>	<u>(81,036)</u>	<u>348,971</u>	<u>83,446</u>
Total Notes Payable and Transfers of Ownership Lease	<u>\$ 1,081,511</u>	<u>\$ (391,178)</u>	<u>\$ 690,333</u>	<u>\$ 203,918</u>

Debt service requirements to maturity for the above notes and right-to-use payable are as follows:

<u>Year ending</u> <u>September 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 85,592	\$ 6,613	\$ 118,326	\$ 13,557	\$ 203,918	\$ 20,170
2025	48,567	4,148	121,880	10,002	170,447	14,150
2026	50,234	2,481	164,672	7,887	214,906	10,368
2027	34,865	753	66,197	1,430	101,062	2,183
Total	<u>\$ 219,258</u>	<u>\$ 13,995</u>	<u>\$ 471,075</u>	<u>\$ 32,876</u>	<u>\$ 690,333</u>	<u>\$ 46,871</u>

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE I – LONG TERM DEBT (CONTINUED)**

**Claims Payable**

In 2004, the City entered into an agreement with a consultant to perform services regarding the coordination, planning, development and management of the City's financial applications to the Texas Water Development Board and the Border Environmental Cooperation Commission in order to obtain financing for water and sewer improvements. This agreement stipulated that the consultant would be paid a 10% fee of all grants and loans received by the City. The City was awarded significant grants and a loan in 2008 and 2009, wherein the City was billed a total of \$2,062,513 for these types of fees plus an additional fixed fee contract amount of \$213,733 for other services.

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

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

Claims payable by Water and Sewer Fund to consultant are due in monthly installments of \$20,000 including interest through June 1, 2022 with a payment of \$15,609 including interest due July 1, 2022. These claims payable was discounted to a rate of 3.73%.

In 2015, the City entered into an agreement with a consultant to perform services regarding the coordination, planning, development and management of the City's financial applications to the Texas Transportation Commission in order to obtain financing for the construction of the commercial inspection facilities for southbound bridge improvements. This agreement stipulated that the consultant would be paid a 10% fee of all grants and loans received by the City. The City was awarded significant grants in 2015, wherein the City was billed a total of \$1,000,000, less \$184,000 in fees paid to consultant resulting in an \$816,000 balance. Since the City was unable to pay this, the consultant offered a payment agreement that the City accepted and became effective May 19, 2015.

Claims payable by City International Bridge Fund to consultant are due in monthly payments of interest only of \$1,790 through June 19, 2022, then monthly installments of \$20,000 including interest beginning July 19, 2022 through July 19, 2025, with a payment of \$11,034 including interest due August 19, 2025; interest accruing from May 19, 2015 at 3.00%.

In 2016, the City entered into an agreement with a consultant to perform services regarding the creation of a financial plan for the City to refinance or issue new debt for improvements associated with the Donna International Bridge or the City's capital improvement program. The City refunded prior bond Series 2007 Combination Tax and International Toll Bridge Revenue Certificates of Obligation with Series 2016.

Combination Tax and International Toll Bridge Revenue Refunding Bonds, wherein the City was billed a total of \$1,650,000, less \$50,000 in fees paid to consultant resulting in a \$1,600,000 balance. Since the City was unable to pay this, the consultant offered a payment agreement that the City accepted and became effective February 17, 2016.

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE I – LONG TERM DEBT (CONTINUED)**

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

Claims Payable	Balance October 1, 2022	Additions	Reductions	Balance September 30, 2023
<i>Water and Sewer Fund</i>				
W/S Claims by SOS	\$ 886,751	\$ -	\$ -	\$ 886,751
Total Water and Sewer Fund Claims	886,751	-	-	886,751
 <i>City International Bridge Fund</i>				
Bridge Success Fee	716,000	-	-	716,000
Bond Refinance and Grant Success Fee	2,175,044	-	-	2,175,044
Total City International Bridge Fund Claims	2,891,044	-	-	2,891,044
Total Claims Payable	\$ 3,777,795	\$ -	\$ -	\$ 3,777,795

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

Year ending September 30,	Business-Type Activities	
	Principal	Interest
2024	\$ 502,699	\$ 197,421
2025	245,576	75,904
2026	324,972	66,747
2027	484,738	55,262
2028	496,806	43,194
2029-2033	1,625,003	86,032
2034-2038	98,001	404
Total	\$ 3,777,795	\$ 524,964

**2. COMPONENT UNITS**

***DEDC-4A***

Bonds outstanding at September 30, 2023 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.

*Series 2023 Sales Tax Revenue Bonds* - due in variable installments of \$35,100 to \$421,023 through August 1, 2052; interest is between 5.30% to 6.00%, payable semi-annually.

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE I – LONG TERM DEBT (CONTINUED)**

***DEDC-4A***

DEDC-4A	Balance October 1, 2022	Additions	Reductions	Balance September 30, 2023	Due Within One Year
2018 Sales Tax Revenue Bonds	\$ 610,000	\$ -	\$ (90,000)	\$ 520,000	\$ 95,000
2019 Sales Tax Revenue Refunding Bonds	2,760,000	-	(200,000)	2,560,000	200,000
2023 Sales Tax Revenue Bond	-	14,360,000	-	14,360,000	-
	3,370,000	14,360,000	(290,000)	17,440,000	295,000
Less: Discount on Sales Tax Revenue and Refunding Bonds	(22,858)	-	1,905	(20,953)	-
<b>Total Bonds</b>	<b>\$ 3,347,142</b>	<b>\$ 14,360,000</b>	<b>\$ (288,095)</b>	<b>\$ 17,419,047</b>	<b>\$ 295,000</b>

The bonds payable annual debt service requirements to maturity are:

Year ending September 30,	Principal	Interest	Total
2024	\$ 295,000	\$ 935,281	\$ 1,230,281
2025	310,000	925,556	1,235,556
2026	320,000	915,333	1,235,333
2027	330,000	904,749	1,234,749
2028	335,000	893,804	1,228,804
2029-2033	1,930,000	4,277,745	6,207,745
2034-2038	2,365,000	3,838,555	6,203,555
2039-2043	3,110,000	3,094,940	6,204,940
2044-2047	4,145,000	2,065,200	6,210,200
2048-2052	4,300,000	4,963,600	9,263,600
Total	<u>\$ 17,440,000</u>	<u>\$ 22,814,763</u>	<u>\$ 30,991,163</u>

On June 27, 2016, the DEDC-4A entered into a loan agreement with Texas National Bank in the amount of \$4,500,000 for the purchase and development of an approximate 15-acre tract of land located at the northwest corner of FM 493 and U.S. Hwy 83 in Hidalgo County, Texas. The following summarizes the DEDC-4A debt activity relating to this land. As of September 30, 2023 the loan was paid off in its entirety.

DEDC- 4A	Balance October 1, 2022	Reductions	Balance September 30, 2023	Due Within One Year
Texas National Bank Loan	\$ 583,052	\$ (583,052)	\$ -	\$ -

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE I – LONG TERM DEBT (CONTINUED)**

***DCD-4B***

Bonds outstanding at September 30, 2023 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.

*Series 2023 Sales Tax Revenue Bonds* - due in variable installments of \$34,923 to \$446,195 through August 1, 2055; interest is between 4.90% to 6.10%, payable semi-annually.

DCD-4B	Balance October 1, 2022	Additions	Reductions	Balance September 30, 2023	Due Within One Year
2009 Sales Tax Revenue Refunding Bonds	\$ 2,710,000	\$ -	\$ (195,000)	\$ 2,515,000	\$ 195,000
2023 Sales Tax Revenue Bond	-	15,000,000	-	15,000,000	60,000
	2,710,000	15,000,000	(195,000)	17,515,000	255,000
Less: Discount on Sales Tax Revenue and Refunding Bonds	(33,535)	-	2,794	(30,741)	-
<b>Total Bonds</b>	<b>\$ 2,676,465</b>	<b>\$ 15,000,000</b>	<b>\$ (192,206)</b>	<b>\$ 17,484,259</b>	<b>\$ 255,000</b>

The bonds payable annual debt service requirements to maturity are:

Year ending September 30,	Principal	Interest	Total
2024	\$ 255,000	\$ 960,295	\$ 1,215,295
2025	260,000	952,090	1,212,090
2026	270,000	943,860	1,213,860
2027	280,000	935,250	1,215,250
2028	290,000	926,260	1,216,260
2029-2033	1,585,000	4,483,765	6,068,765
2034-2038	1,920,000	4,147,765	6,067,765
2039-2043	2,530,000	3,545,165	6,075,165
2044-2047	3,370,000	2,701,385	6,071,385
2048-2052	4,530,000	1,540,555	6,070,555
2053-2057	2,225,000	205,570	2,430,570
<b>Total</b>	<b>\$ 17,515,000</b>	<b>\$ 21,341,960</b>	<b>\$ 38,856,960</b>

**CITY OF DONNA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE I – LONG TERM DEBT (CONTINUED)**

*Revenues Pledged in Connection with Component 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**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE I – LONG TERM DEBT (CONTINUED)**

**3. CHANGES IN LONG TERM LIABILITIES**

Changes in the City's long-term liabilities for the year ended September 30, 2023 are as follows:

	Balance October 1, 2022	Additions	Reductions	Adjustments	Balance September 30, 2023	Due Within One Year
<b>Governmental activities</b>						
Bonds payable						
Bonded debt	\$ 36,474,280	\$ -	\$ (519,360)	\$ -	\$ 35,954,920	\$ 527,400
Premium on bonds	334,653	-	(78,579)	806,865	1,062,939	-
Total bonds payable	<u>36,808,933</u>	<u>-</u>	<u>(597,939)</u>	<u>806,865</u>	<u>37,017,859</u>	<u>527,400</u>
Notes payable and transfers of ownership lease	495,560	-	(276,302)	-	219,258	85,592
380 Agreements	-	1,057,130	(134,295)	1,849,728	2,772,563	-
Compensated absences	309,797	65,507	-	-	375,304	-
Net pension liability						
TMRS	1,776,262	1,730,739	-	-	3,507,001	-
Firemen's retirement plan	18,321	87,732	-	-	106,053	-
Total net pension liability	<u>1,794,583</u>	<u>1,818,471</u>	<u>-</u>	<u>-</u>	<u>3,613,054</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 39,408,873</u>	<u>\$ 2,941,108</u>	<u>\$ (1,008,536)</u>	<u>\$ 2,656,593</u>	<u>\$ 43,998,038</u>	<u>\$ 612,992</u>
<b>Business-type activities</b>						
Bonds payable						
Bonded debt	\$ 16,220,720	\$ -	\$ (1,120,640)	\$ -	\$ 15,100,080	\$ 1,172,600
Premium on bonds	493,243	-	(34,712)	-	458,531	-
Total bonds payable	<u>16,713,963</u>	<u>-</u>	<u>(1,155,352)</u>	<u>-</u>	<u>15,558,611</u>	<u>1,172,600</u>
Notes payable and transfers of ownership lease	585,951	-	(114,876)	-	471,075	118,326
Claims payable	3,777,795	-	-	-	3,777,795	-
Compensated absences	91,589	16,342	-	-	107,931	-
Net pension liability - TMRS	<u>538,991</u>	<u>404,657</u>	<u>-</u>	<u>-</u>	<u>943,648</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 21,708,289</u>	<u>\$ 420,999</u>	<u>\$ (1,270,228)</u>	<u>\$ -</u>	<u>\$ 20,859,060</u>	<u>\$ 1,290,926</u>

**NOTE J – OTHER ASSETS AND PAYABLES**

**Other Non-Current Liabilities – Primary Government and Component Units**

**380 Agreements**

The 380 Agreements are a rebate of the sales taxes generated specifically from the project at a split of 50% to developer and 50% to the City of Donna. There are two (2) agreements (Triveka & Backyard Eatery) that involve property tax abatements.

	Balance October 1, 2022	Additions	Reductions	Adjustment	Balance September 30, 2023
Governmental Activities					
Walmart	\$ -	\$ -	\$ -	\$ 349,728	\$ 349,728
Shops Lot 9	-	-	(133,435)	1,500,000	1,366,565
Trevika	-	37,972	(860)	-	37,112
Shops Lot 10	-	750,000	-	-	750,000
Backyard Eatery	-	19,158	-	-	19,158
Kapal	-	250,000	-	-	250,000
Total Governmental 380 Agreements	<u>\$ -</u>	<u>\$ 1,057,130</u>	<u>\$ (134,295)</u>	<u>\$ 1,849,728</u>	<u>\$ 2,772,563</u>

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE J – OTHER ASSETS AND PAYABLES (CONTINUED)**

	Balance				Balance
	October 1, 2022	Additions	Reductions	Adjustment	September 30, 2023
<u>DEDC-4A</u>					
Walmart	\$ -	\$ -	\$ -	\$ 174,864	\$ 174,864
Shops Lot 9	-	-	(66,718)	750,000	683,282
Trevika	-	15,000	(15,000)	-	-
Shops Lot 10	-	375,000	-	-	375,000
Kapal	-	125,000	-	-	125,000
Total DEDC-4A 380 Agreements	<u>\$ -</u>	<u>\$ 515,000</u>	<u>\$ (81,718)</u>	<u>\$ 924,864</u>	<u>\$ 1,358,146</u>
	Balance				Balance
	October 1, 2022	Additions	Reductions	Adjustment	September 30, 2023
<u>DCD-4B</u>					
Walmart	\$ -	\$ -	\$ -	\$ 174,864	\$ 174,864
Shops Lot 9	-	-	(66,718)	750,000	683,282
Trevika	-	15,000	(15,000)	-	-
Shops Lot 10	-	375,000	-	-	375,000
Kapal	-	125,000	-	-	125,000
Total DCD-4B 380 Agreements	<u>\$ -</u>	<u>\$ 515,000</u>	<u>\$ (81,718)</u>	<u>\$ 924,864</u>	<u>\$ 1,358,146</u>

DEDC-4A has an outstanding settlement amount of \$299,000. The balance is expected to be paid off in 2038. At September 30, 2023 the balance for compensated absences for the DEDC-4A was \$340.

TIRZ #2 has accrued expenses of \$2,410,689 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 participates as one of 892 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 Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at [www.tmrs.org](http://www.tmrs.org).

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

**Benefits Provided**

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

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

**CITY OF DONNA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE K – TEXAS MUNICIPAL RETIREMENT SYSTEM BENEFIT PLAN (CONTINUED)**

**Employees covered by benefit terms**

At the December 31, 2022, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	44
Inactive employees entitled to but not yet receiving benefits	112
Active employees	<u>152</u>
Total	<u><u>308</u></u>

**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 11.03% and 10.91% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023, were \$1,062,317, and were equal to the required contributions.

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, 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, 2022 actuarial valuations was determined using the following actuarial assumptions:

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

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 3-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE K – TEXAS MUNICIPAL RETIREMENT SYSTEM BENEFIT PLAN (CONTINUED)**

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	7.70%
Core Fixed Income	6.00%	4.90%
Non-Core Fixed Income	20.00%	8.70%
Other Public and Private Markets	12.00%	8.10%
Real Estate	12.00%	5.80%
Hedge Funds	5.00%	6.90%
Private Equity	10.00%	11.80%
Total	<u>100.00%</u>	

**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, 2021	\$ 14,581,699	\$ 12,266,406	\$ 2,315,293
Changes for the year	-	-	
Service cost	1,279,790	-	1,279,790
Interest	1,011,928	-	1,011,928
Difference between expected/actual experience	611,044	-	611,044
Changes of assumptions	-	-	-
Contributions - employer	-	983,259	(983,259)
Contributions - employee	-	623,419	(623,419)
Net investment income	-	(898,711)	898,711
Benefit payments, including refunds of employee contributions	(460,149)	(460,149)	-
Administrative expenses	-	(7,748)	7,748
Other charges	-	9,246	(9,246)
Net changes	<u>2,442,613</u>	<u>249,316</u>	<u>2,193,297</u>
Balance at December 31, 2022	<u>\$ 17,024,312</u>	<u>\$ 12,515,722</u>	<u>\$ 4,508,590</u>

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE K – TEXAS MUNICIPAL RETIREMENT SYSTEM BENEFIT PLAN (CONTINUED)**

Net pension liability amount is in the primary government and component units on the statement of net position. The City’s portion of the liability is \$4,450,649 and the component units are \$57,941.

**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	\$ 7,355,029	\$ 4,508,590	\$ 2,207,084
Total net pension liability	\$ 7,355,029	\$ 4,508,590	\$ 2,207,084

**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.tmrs.com](http://www.tmrs.com).

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

For the year ended September 30, 2023, the City recognized pension expense of \$1,250,785 for the TMRS pension plan. At September 30, 2023, 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)	\$ 514,402	\$ 3,357
Changes in actuarial assumptions	13,785	-
Differences between projected and actual investment earnings (net of current year amortization)	842,860	-
Contributions subsequent to the measurement date	708,956	-
Total	\$ 2,080,003	\$ 3,357

The city includes contributions made subsequent to the measurement date (12/31/2022 through the City’s fiscal year end (9/30/2023) as deferred outflows resources.

\$708,956 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, 2024. 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,	
2024	\$ 263,671
2025	356,593
2026	363,452
2027	383,974
Thereafter	-
	\$ 1,367,690

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**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, 2023, there were 241 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, 2023, the pension system membership consisted of:

Retirees and beneficiaries currently receiving benefits	3,929
Terminated members entitled to but not yet receiving benefits	1,689
Active participants	3,343

**Contribution 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.

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**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE L – FIREMEN’S PENSION PLAN (CONTINUED)**

The board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the state are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted every two years based on the most recent actuarial valuation. Based on the August 31, 2022 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, 2023, total contributions of \$11,664 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, 2022 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, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2023.

Total Pension Liability	\$ 418,145
Plan Fiduciary Net Pension	<u>312,091</u>
City's Net Pension Liability	<u>\$ 106,053</u>
Plan fiduciary Net Position as a Percentage of the Total Pension Liability	 74.6%

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE L – FIREMEN’S PENSION PLAN (CONTINUED)**

**Actuarial Assumptions**

The total pension liability in the August 31, 2022 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	7.5%, 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 4.61%) 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities		
Large cap domestic	20%	5.83%
Small cap domestic	10%	5.94%
Developed international	15%	6.17%
Emerging markets	5%	7.36%
Global infrastructure	5%	6.61%
Real Estate	10%	4.48%
Multi asset income	5%	3.86%
Fixed income	30%	1.95%
Cash	0%	0.00%
Total	<u>100%</u>	
Weighted average		4.61%

**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, 2022 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**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE L – FIREMEN’S PENSION PLAN (CONTINUED)**

**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	\$ 164,215	\$ 106,053	\$ 58,878

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

At September 30, 2023, the City reported its proportionate share of TESRS’ deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 31,731	\$ -
Changes in assumptions	-	206
Net difference between projected and actual investment earnings	1,549	-
Total	\$ 33,279	\$ 206

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

	Net Deferred Outflows Minus Deferred Inflows of Resources
Year ended August 31,	
2024	\$ 8,319
2025	8,638
2026	15,032
2027	1,084
	\$ 33,074

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE M – CONSTRUCTION AND IMPROVEMENT COMMITMENTS**

At September 30, 2023, the City had the following contractual commitments outstanding:

*The City and Donna International Bridge Project*

The City's subsidiary corporations issued sales tax revenue bonds in the spring of 2023 to finance a portion of the Phase #2 Project.

- \$14,360,000 from the Donna Economic Development Corporation Sales Tax Revenue Bonds, Taxable Series 2023
- \$15,000,000 from the Development Corporation of Donna, Inc. Sales Tax Revenue Bonds, Taxable Series 2023

The City intends to issue two series of debt obligations to complete the financing of Phase #2 Project.

- General Obligation Bonds, Taxable Series 2024 (subject to voter approval); and
- Certificates of Obligation, Tax-Exempt Series 2024A (after required notice to voters)

**NOTE N – FUND BALANCES**

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

**Nonspendable:** The City's nonspendable fund balances totaled \$21,372 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 \$32,367,526 and represented \$30,550,344 in local and state and \$1,817,182 in debt service.
- Unassigned:  
The unassigned fund balances totaled \$3,472,315 in the general fund and \$5,345 in other governmental funds.

**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.

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE O – CONTINGENCIES (CONTINUED)**

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**

On March 1, 2024, the City issued the Combination Tax and Revenue Certificates of Obligation, Series 2024 in the amount of \$7,545,000. The amortization/repayment period is 20 years, and the repayment sources are the City's Debt Service (I&S) property tax rate and net revenue of water and sewer system. The purpose of the bonds is for parks improvements, street improvements, street sweeper, and water and sewer improvements.

**NOTE Q – PRIOR PERIOD ADJUSTMENTS**

**Governmental Activities**

During fiscal year 2022, the accounts receivable was overstated by \$166,402, accounts payable was understated by \$73,024, capital assets were understated by \$2,252,807, bonds premium was understated by \$806,865, bonds payable was understated by \$9,003, and other non-current liabilities were understated by \$1,849,728. The net effect of these adjustments decreased the prior period's governmental activities net position by \$652,215.

**Business-Type Activities**

During fiscal year 2022, accounts payable were understated by \$151,860. The net effect of this adjustment decreased prior period's business-type activities net position by \$151,860.

**Component Units**

***DEDC-4A***

During fiscal year 2022, non-current liabilities were understated by \$1,283,864. The net effect of this adjustment decreased the prior period's component unit net position by \$1,283,864.

**CITY OF DONNA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**NOTE Q – PRIOR PERIOD ADJUSTMENTS (CONTINUED)**

***DCD-4B***

During fiscal year 2022, non-current liabilities were understated by \$924,864. The net effect of this adjustment decreased the prior period's component unit net position by \$924,864.

***TIRZ #2***

During fiscal year 2022, accounts receivable was overstated by \$9,868 and non-current liabilities were understated by \$59,007. The net effect of this adjustment increased the prior period's component unit net position by \$49,139.

(End of Notes)

**CITY OF DONNA, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

EXHIBIT 5-A

	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 5,090,925	\$ 5,090,925	\$ 5,273,983	\$ 183,058
Nonproperty taxes	5,009,026	5,009,026	5,166,700	157,674
Fees and charges for services	2,946,031	2,946,031	2,949,629	3,598
Fines and forfeitures	127,460	127,460	127,887	427
Licenses and permits	255,972	255,972	260,457	4,485
Intergovernmental	405,614	654,137	528,489	(125,648)
Investment earnings	9,420	9,420	115,246	105,826
Miscellaneous income	47,468	75,818	93,905	18,087
Total revenue	<u>13,891,916</u>	<u>14,168,789</u>	<u>14,516,296</u>	<u>347,507</u>
<b>EXPENDITURES</b>				
General government:				
City council	35,460	35,460	29,336	6,124
City manager	344,748	344,748	378,575	(33,827)
Municipal court	226,770	226,770	259,946	(33,176)
Finance	739,686	739,686	752,452	(12,766)
Information & technology	285,153	285,153	363,053	(77,900)
City hall	166,170	166,170	213,392	(47,222)
City secretary	93,902	93,902	105,647	(11,745)
Tax assessor collector	175,552	175,552	187,517	(11,965)
Planning and development	154,323	154,323	179,381	(25,058)
Non-departmental	587,871	587,871	616,723	(28,852)
Total general government	<u>2,809,635</u>	<u>2,809,635</u>	<u>3,086,022</u>	<u>(276,387)</u>
Public safety:				
Police	4,292,466	4,569,339	4,645,312	(75,973)
Fire	654,535	654,535	814,339	(159,804)
Inspections	101,274	101,274	106,196	(4,922)
Total public safety	<u>5,048,275</u>	<u>5,325,148</u>	<u>5,565,847</u>	<u>(240,699)</u>
Public works:				
Public works department	2,211,491	2,257,343	2,396,643	(139,300)
City vehicle maintenance	61,203	61,203	73,793	(12,590)
Sanitation	978,152	978,152	947,862	30,290
Street and roadways	647,000	601,148	725,002	(123,854)
Total public works	<u>3,897,846</u>	<u>3,897,846</u>	<u>4,143,300</u>	<u>(245,454)</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, 2023**

EXHIBIT 5-A (Cont'd)

	Original Budget	Final Budget	Actual	Variance from Final
<b>EXPENDITURES (Continued)</b>				
Culture and recreation:				
Community support	38,000	38,000	106,322	(68,322)
Parks and recreation	581,322	581,322	659,284	(77,962)
Swimming pool	99,525	99,525	148,618	(49,093)
Library	<u>372,704</u>	<u>372,704</u>	<u>444,119</u>	<u>(71,415)</u>
Total culture and recreation	<u>1,091,551</u>	<u>1,091,551</u>	<u>1,358,343</u>	<u>(266,792)</u>
Health and welfare:				
Code enforcement and health inspections	256,369	256,369	262,208	(5,839)
Animal control	166,592	166,592	255,294	(88,702)
Cemetery	<u>71,532</u>	<u>71,532</u>	<u>94,651</u>	<u>(23,119)</u>
Total public health	<u>494,493</u>	<u>494,493</u>	<u>612,153</u>	<u>(117,660)</u>
Capital outlay	-	-	<u>309,128</u>	<u>(309,128)</u>
Total capital outlay	<u>-</u>	<u>-</u>	<u>309,128</u>	<u>(309,128)</u>
Debt service:				
Principal retirement	276,957	276,957	276,302	655
Interest and fiscal agent fees	<u>14,739</u>	<u>14,739</u>	<u>15,391</u>	<u>(652)</u>
Total debt service	<u>291,696</u>	<u>291,696</u>	<u>291,693</u>	<u>3</u>
Total expenditures	<u>13,633,496</u>	<u>13,910,369</u>	<u>15,366,486</u>	<u>(1,456,117)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>258,420</u>	<u>258,420</u>	<u>(850,190)</u>	<u>(1,108,610)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Lease proceeds	100,000	100,000	-	(100,000)
Sale of capital asset	-	-	7,383	7,383
Transfers in	-	-	-	-
Transfers (out)	<u>(358,420)</u>	<u>(358,420)</u>	<u>-</u>	<u>358,420</u>
Total other financing sources (uses)	<u>(258,420)</u>	<u>(258,420)</u>	<u>7,383</u>	<u>265,803</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	(842,807)	(842,807)
<b>FUND BALANCE, BEGINNING</b>	<u>4,409,518</u>	<u>4,409,518</u>	<u>4,409,518</u>	<u>-</u>
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>-</u>	<u>-</u>	<u>(73,024)</u>	<u>(73,024)</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 4,409,518</u>	<u>\$ 4,409,518</u>	<u>\$ 3,493,687</u>	<u>\$ (915,831)</u>

**CITY OF DONNA, TEXAS**  
**NOTES TO BUDGETARY COMPARISON SCHEDULE**  
**SEPTEMBER 30, 2023**

1. Budgetary Expenditures in Excess of Appropriations

During the year ended September 30, 2023, expenditures exceeded appropriations as follows in the General Fund.

<b>Department</b>	<b>General fund Excess of Expenditures Over Appropriations</b>
City manager	\$ 33,827
Municipal court	33,176
Finance	12,766
Information & technology	77,900
City hall	47,222
City secretary	11,745
Tax assessor collector	11,965
Planning and development	25,058
Non-departmental	28,852
Police	75,973
Fire	159,804
Inspections	4,922
Public works department	139,300
City vehicle maintenance	12,590
Street and roadways	123,854
Community support	68,322
Parks and recreation	77,962
Swimming pool	49,093
Library	71,415
Code enforcement and health inspections	5,839
Animal control	88,702
Cemetery	23,119
Capital outlay	309,128
Interest and fiscal agent fees	652
	<u>\$ 1,493,186</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, 2023**

EXHIBIT 5-B

	Plan Year Ended December 31,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>A. Total pension liability</b>									
Service Cost	\$ 1,279,790	\$ 1,015,082	\$ 880,735	\$ 847,124	\$ 790,000	\$ 567,001	\$ 546,200	\$ 352,384	\$ 208,287
Interest (on the Total Pension Liability)	1,011,928	903,604	814,221	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	611,044	55,642	(11,289)	152,450	(104,734)	(18,136)	82,844	260,094	183,965
Changes of assumptions	-	-	-	126,333	-	-	-	243,482	-
Benefit payments, including refunds of employee contributions	(460,149)	(543,634)	(309,661)	(343,154)	(379,827)	(467,109)	(226,986)	(168,272)	(168,599)
Net change in total pension liability	2,442,613	1,430,694	1,374,006	1,493,873	1,883,983	610,838	879,194	1,599,393	1,193,355
Total pension liability - beginning	14,581,699	13,150,965	11,776,959	10,283,086	8,399,103	7,788,265	6,909,071	5,309,678	4,116,323
Total pension liability - ending (a)	\$ 17,024,312	\$ 14,581,659	\$ 13,150,965	\$ 11,776,959	\$ 10,283,086	\$ 8,399,103	\$ 7,788,265	\$ 6,909,071	\$ 5,309,678
<b>B. Plan fiduciary net position</b>									
Contributions - Employer	\$ 983,259	\$ 789,191	\$ 684,222	\$ 655,367	\$ 495,296	\$ 405,473	\$ 329,520	\$ 197,480	\$ 76,494
Contributions - Employee	623,419	497,241	431,431	409,239	337,967	284,212	285,881	202,753	177,894
Net Investment Income	(898,711)	1,333,219	664,578	1,075,485	(200,772)	788,860	335,867	6,982	251,448
Benefit payments, including refunds of employee contributions	(460,149)	(543,634)	(309,661)	(343,154)	(379,827)	(467,109)	(226,986)	(168,272)	(168,599)
Administrative Expenses	(7,748)	(6,150)	(4,288)	(6,062)	(3,874)	(4,083)	(3,789)	(4,250)	(2,624)
Other	9,246	42	(167)	(182)	(202)	(207)	(204)	(210)	(216)
Net change in plan fiduciary net position	249,316	2,069,909	1,466,115	1,790,693	248,588	1,007,146	720,289	234,483	334,397
Plan fiduciary net position - beginning	12,266,406	10,196,498	8,730,383	6,939,690	6,691,102	5,683,956	4,963,667	4,729,184	4,394,788
Plan fiduciary net position - ending (b)	\$ 12,515,722	\$ 12,266,407	\$ 10,196,498	\$ 8,730,383	\$ 6,939,690	\$ 6,691,102	\$ 5,683,956	\$ 4,963,667	\$ 4,729,185
<b>C. Net pension liability - ending (a) - (b)</b>	\$ 4,508,590	\$ 2,315,252	\$ 2,954,467	\$ 3,046,576	\$ 3,343,396	\$ 1,708,001	\$ 2,104,309	\$ 1,945,404	\$ 580,493
<b>D. Plan fiduciary net position as a percentage of total pension liability</b>	73.52%	84.12%	77.53%	74.13%	67.49%	79.66%	72.98%	71.84%	89.07%
<b>E. Covered employee payroll</b>	\$ 8,905,986	\$ 7,103,443	\$ 6,163,299	\$ 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>	50.62%	32.59%	47.94%	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, 2023**

EXHIBIT 5-C

	Fiscal Year Ended September 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarial determined contribution	\$ 1,062,317	\$ 853,691	\$ 727,398	\$ 674,856	\$ 616,810	\$ 447,760	\$ 383,354	\$ 160,460	\$ 160,460
Contributions in relation to the actuarially determined contribution	(1,062,317)	(853,691)	(727,398)	(674,856)	(616,810)	(447,760)	(383,354)	(160,460)	(160,460)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
Covered employee payroll	\$ 9,701,854	\$ 7,725,046	\$ 6,553,876	\$ 6,082,718	\$ 5,825,341	\$ 5,226,060	\$ 4,686,623	\$ 3,899,718	\$ 3,899,718
Contributions as a percentage of covered employee payroll	10.95%	11.05%	11.10%	11.09%	10.59%	8.57%	8.18%	4.11%	4.11%

**NOTES TO SCHEDULE OF CONTRIBUTIONS**

**Valuation Date:**

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

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization period	14 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of period 2014-2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rate are projected on a fully generational basis with scale UMP. Pre-retirement: PUB (1) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

**Other Information:**

Notes: There were no benefit changes during the year.

**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, 2023**

EXHIBIT 5-D

Plan Year	August 31, 2023	August 31, 2022	August 31, 2021	August 31, 2020	August 31, 2019	August 31, 2018	September 30,		
							2017	2016	2015
<b>A. Total pension liability</b>									
Service Cost	\$ 3,974	\$ 3,439	\$ 2,661	\$ 4,292	\$ 2,687	\$ 3,012	\$ 3,792	\$ 318	\$ -
Interest (on the Total Pension Liability)	29,902	25,404	19,017	25,298	15,196	18,719	22,534	1,203	1,224
Changes of benefit terms	-	5,369	-	6,875	-	5,340	-	-	-
Actuarial determined contribution	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	-	5,506	-	(4,520)	-	(171)	-	1,096	921
Changes of assumptions	-	(727)	-	(156)	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(20,902)	(17,572)	(12,712)	(15,828)	(9,262)	(11,037)	(11,977)	(2,400)	(2,300)
Net change in total pension liability	12,974	21,419	8,966	15,960	8,621	15,863	14,349	217	(155)
Total pension liability - beginning	<u>405,170</u>	<u>344,061</u>	<u>257,253</u>	<u>330,052</u>	<u>198,021</u>	<u>244,040</u>	<u>292,959</u>	<u>29,772</u>	<u>29,927</u>
Total pension liability - ending (a)	<u>\$ 418,145</u>	<u>\$ 365,480</u>	<u>\$ 266,219</u>	<u>\$ 346,013</u>	<u>\$ 206,641</u>	<u>\$ 259,903</u>	<u>\$ 307,308</u>	<u>\$ 29,989</u>	<u>\$ 29,772</u>
<b>B. Plan fiduciary net position</b>									
Contributions - City	\$ 9,154	\$ 8,948	\$ 652	\$ 8,637	\$ 5,012	\$ 7,747	\$ 11,929	\$ -	\$ -
Contributions - State	3,094	2,791	2,273	3,057	1,914	2,514	3,770	-	-
Contributions - Employer	-	-	-	-	-	-	-	2,400	2,500
Net Investment Income	16,959	(39,213)	38,132	28,041	1,642	21,383	23,268	-	-
Benefit payments, including refunds of employee contributions	(20,902)	(17,572)	(12,712)	(15,828)	(9,262)	(11,037)	(11,977)	(2,400)	(2,300)
Administrative Expenses	(858)	(534)	(459)	(737)	(327)	(299)	(439)	-	-
Other	-	-	-	-	-	-	-	(250)	-
Net change in plan fiduciary net position	7,447	(45,579)	27,886	23,171	(1,020)	20,308	26,551	(250)	200
Plan fiduciary net position - beginning	<u>304,644</u>	<u>320,383</u>	<u>214,143</u>	<u>264,858</u>	<u>166,844</u>	<u>198,676</u>	<u>223,634</u>	<u>1,016</u>	<u>816</u>
Plan fiduciary net position - ending (b)	<u>\$ 312,091</u>	<u>\$ 274,804</u>	<u>\$ 247,898</u>	<u>\$ 288,028</u>	<u>\$ 165,824</u>	<u>\$ 218,984</u>	<u>\$ 250,185</u>	<u>\$ 766</u>	<u>\$ 1,016</u>
<b>C. Net pension liability - ending (a) - (b)</b>	<u>\$ 106,053</u>	<u>\$ 90,676</u>	<u>\$ 18,321</u>	<u>\$ 57,985</u>	<u>\$ 40,818</u>	<u>\$ 40,919</u>	<u>\$ 57,123</u>	<u>\$ 29,223</u>	<u>\$ 28,756</u>
<b>D. Plan fiduciary net position as a percentage of total pension liability</b>	74.64%	75.19%	93.12%	83.24%	80.25%	84.26%	81.41%	2.55%	3.41%
<b>E. Number of Active Members</b>	8	7	8	8	5	7	10		
<b>F. System's Net Pension Liability per Active Member</b>	\$ 12,949	\$ 12,143	\$ 2,290	\$ 6,938	\$ 7,657	\$ 5,846	\$ 5,932		

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

**CITY OF DONNA, TEXAS**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**FIREMEN'S RELIEF AND RETIREMENT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

EXHIBIT 5-E

Plan Year	August 31,	September 30,							
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarial determined contribution	\$ 11,664	\$ 10,728	\$ 8,208	\$ 10,728	\$ 6,446	\$ 9,070	\$ 11,520	\$ 2,363	\$ 2,075
Contributions in relation to the actuarially determined contribution	(11,664)	(10,728)	(8,208)	(10,728)	(6,446)	(9,070)	(11,520)	(2,400)	(2,500)
Contribution deficiency (excess)	-	-	-	-	-	-	-	(37)	(425)
Covered employee payroll	N/A	N/A	N/A						
Contributions as a percentage of covered employee payroll	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.

**CITY OF DONNA, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**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.

**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.

**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.

**American Rescue Plan Act Fund** accounts for the infusion of resources to the City to help reverse the negative impacts of the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery.

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

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

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

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

**Tax Increment Reinvestment Zone One (TIRZ #1)** is a reinvestment zone created by the City 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:

**GLO System Improvements Fund** is used to account for the \$1,000,000 grant received from the General Land Office specifically for rehabilitating our city lift stations.

**CITY OF DONNA, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2023**

EXHIBIT 6-A

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 1,114,054	\$ 500	\$ 1,114,554
Receivables, net:			
Accounts	30,014	-	30,014
Due from other funds	103,691	-	103,691
Total assets	\$ 1,247,759	\$ 500	\$ 1,248,259
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>			
Liabilities:			
Accrued liabilities	\$ 1,866	\$ -	\$ 1,866
Due to other funds	43,241	500	43,741
Due to component units	81,252	-	81,252
Unearned revenue	959,376	-	959,376
Total liabilities	1,085,735	500	1,086,235
Fund balances:			
Restricted for			
Tourism	(3,665)	-	(3,665)
Fire equipment debt service	97,594	-	97,594
Law enforcement	(13,406)	-	(13,406)
Park improvements	76,156	-	76,156
Unassigned	5,345	-	5,345
Total fund balances	162,024	-	162,024
Total liabilities, deferred inflows and fund balances	\$ 1,247,759	\$ 500	\$ 1,248,259

**CITY OF DONNA, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

EXHIBIT 6-B

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Nonproperty taxes	\$ 127,602	\$ -	\$ 127,602
Fines and forfeitures	36,769	-	36,769
Charges for services	130,168	-	130,168
Intergovernmental revenue	1,077,121	-	1,077,121
Miscellaneous income	1,491	-	1,491
Interest and investment income	1,896	-	1,896
Total revenues	<u>1,375,047</u>	<u>-</u>	<u>1,375,047</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,166,611	-	1,166,611
Tourism	7,965	-	7,965
Public safety	49,763	-	49,763
Culture and recreation	30,215	-	30,215
Total expenditures	<u>1,254,554</u>	<u>-</u>	<u>1,254,554</u>
<b>EXCESS (DEFICIENCY) OF REVENUES (OVER) UNDER EXPENDITURES</b>	<u>120,493</u>	<u>-</u>	<u>120,493</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital asset	3,375	-	3,375
Transfers (out)	(62,615)	-	(62,615)
Total other financing sources (uses)	<u>(59,240)</u>	<u>-</u>	<u>(59,240)</u>
<b>NET CHANGE IN FUND BALANCES</b>	61,253	-	61,253
<b>FUND BALANCES, BEGINNING</b>	<u>267,173</u>	<u>-</u>	<u>267,173</u>
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>(166,402)</u>	<u>-</u>	<u>(166,402)</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 162,024</u>	<u>\$ -</u>	<u>\$ 162,024</u>

**CITY OF DONNA, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2023**

	Hotel Occupancy Tax	Fire Equipment Service Fee	Texas Confiscated Forfeitures
<b>ASSETS</b>			
Cash and investments	\$ 59,408	\$ 42,728	\$ 24,035
Receivables, net:			
Accounts	20,045	9,969	-
Due from other funds	-	50,197	-
Total assets	\$ 79,453	\$ 102,894	\$ 24,035
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>			
Liabilities:			
Accrued liabilities	\$ 1,866	\$ -	\$ -
Due to other funds	-	5,300	37,441
Due to component unit	81,252	-	-
Unearned revenues	-	-	-
Total liabilities	83,118	5,300	37,441
Fund balances:			
Restricted for			
Tourism	(3,665)	-	-
Fire equipment debt service	-	97,594	-
Law enforcement	-	-	(13,406)
Park improvements	-	-	-
Unassigned	-	-	-
Total fund balances	(3,665)	97,594	(13,406)
Total liabilities, deferred inflows of resources and fund balances	\$ 79,453	\$ 102,894	\$ 24,035

EXHIBIT 6-C

American Rescue Plan Act (ARPA)	Water and Waste Impact Fee	Parks Improvement Fee	Tax Increment Reinvestment Zone One	Total Nonmajor Special Revenue Funds
\$ 959,376	\$ 480	\$ 22,662	\$ 5,365	\$ 1,114,054
-	-	-	-	30,014
-	-	53,494	-	103,691
<u>\$ 959,376</u>	<u>\$ 480</u>	<u>\$ 76,156</u>	<u>\$ 5,365</u>	<u>\$ 1,247,759</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,866
-	500	-	-	43,241
-	-	-	-	81,252
959,376	-	-	-	959,376
<u>959,376</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>1,085,735</u>
-	-	-	-	(3,665)
-	-	-	-	97,594
-	-	-	-	(13,406)
-	-	76,156	-	76,156
-	(20)	-	5,365	5,345
-	(20)	76,156	5,365	162,024
<u>\$ 959,376</u>	<u>\$ 480</u>	<u>\$ 76,156</u>	<u>\$ 5,365</u>	<u>\$ 1,247,759</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, 2023**

	Hotel Occupancy Tax	Fire Equipment	Texas Confiscated Forfeitures	American Rescue Plan Act (ARPA)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>				
Nonproperty taxes	\$ 127,602	\$ -	\$ -	\$ -
Charges for services	165	105,853	-	-
Fines and forfeitures	-	-	36,769	-
Intergovernmental revenue	8,333	-	-	1,068,788
Miscellaneous income	1,491	-	-	-
Interest and investment income	63	1,824	-	-
Total revenues	<u>137,654</u>	<u>107,677</u>	<u>36,769</u>	<u>1,068,788</u>
<b>EXPENDITURES</b>				
Current:				
General government	130,208	-	-	1,036,383
Tourism	7,965	-	-	-
Public safety	-	-	49,763	-
Culture and recreation	6,402	-	-	23,813
Total expenditures	<u>144,575</u>	<u>-</u>	<u>49,763</u>	<u>1,060,196</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(6,921)</u>	<u>107,677</u>	<u>(12,994)</u>	<u>8,592</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	3,375	-
Transfers (out)	-	(62,615)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(62,615)</u>	<u>3,375</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(6,921)	45,062	(9,619)	8,592
<b>FUND BALANCES, BEGINNING</b>	<u>3,256</u>	<u>52,532</u>	<u>(3,787)</u>	<u>(8,592)</u>
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ (3,665)</u>	<u>\$ 97,594</u>	<u>\$ (13,406)</u>	<u>\$ -</u>

EXHIBIT 6-D

Water and Waste Impact Fee	Parks Improvement Fee	Tax Increment Reinvestment Zone One	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 127,602
-	24,150	-	130,168
-	-	-	36,769
-	-	-	1,077,121
-	-	-	1,491
-	9	-	1,896
<u>-</u>	<u>24,159</u>	<u>-</u>	<u>1,375,047</u>
20	-	-	1,166,611
-	-	-	7,965
-	-	-	49,763
<u>-</u>	<u>-</u>	<u>-</u>	<u>30,215</u>
<u>20</u>	<u>-</u>	<u>-</u>	<u>1,254,554</u>
<u>(20)</u>	<u>24,159</u>	<u>-</u>	<u>120,493</u>
-	-	-	3,375
<u>-</u>	<u>-</u>	<u>-</u>	<u>(62,615)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(59,240)</u>
(20)	24,159	-	61,253
<u>-</u>	<u>51,997</u>	<u>171,767</u>	<u>267,173</u>
<u>-</u>	<u>-</u>	<u>(166,402)</u>	<u>(166,402)</u>
<u>\$ (20)</u>	<u>\$ 76,156</u>	<u>\$ 5,365</u>	<u>\$ 162,024</u>

**CITY OF DONNA, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

EXHIBIT 6-E

	GLO System Improvements	Total Nonmajor Capital Projects Funds
<b>ASSETS</b>		
Cash and investments	\$ 500	\$ 500
Receivables, net:		
Accounts	-	-
Due from other funds	-	-
Total assets	\$ 500	\$ 500
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accrued liabilities	\$ -	\$ -
Due to other funds	500	500
Due to component units	-	-
Unearned revenue	-	-
Total liabilities	500	500
Fund balances:		
Restricted	-	-
Unassigned	-	-
Total fund balances	-	-
Total liabilities and fund balances	\$ 500	\$ 500

**CITY OF DONNA, TEXAS**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

EXHIBIT 6-F

	<u>GLO System Improvements</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>REVENUES</b>		
Interest and investment income	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>		
Capital outlay	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	-	-
Transfers (out)	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-
<b>FUND BALANCES, BEGINNING</b>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF DONNA, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

EXHIBIT 7-A

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
<b>REVENUES</b>				
Property taxes	\$ 1,503,989	\$ 1,503,989	\$ 1,550,964	\$ 46,975
Interest and investment income	4,000	4,000	50,349	46,349
Total revenue	<u>1,507,989</u>	<u>1,507,989</u>	<u>1,601,313</u>	<u>93,324</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	519,360	519,360	519,360	-
Interest and fiscal agent fees	<u>1,304,131</u>	<u>1,304,131</u>	<u>1,300,932</u>	<u>3,199</u>
Total expenditures	<u>1,823,491</u>	<u>1,823,491</u>	<u>1,820,292</u>	<u>3,199</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(315,502)</u>	<u>(315,502)</u>	<u>(218,979)</u>	<u>96,523</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>313,075</u>	<u>313,075</u>	<u>313,075</u>	<u>-</u>
Total other financing sources (uses)	<u>313,075</u>	<u>313,075</u>	<u>313,075</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,427)	(2,427)	94,096	96,523
<b>FUND BALANCE, BEGINNING</b>	<u>1,723,086</u>	<u>1,723,086</u>	<u>1,723,086</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 1,720,659</u>	<u>\$ 1,720,659</u>	<u>\$ 1,817,182</u>	<u>\$ 96,523</u>

**CITY OF DONNA, TEXAS  
COMPONENT UNITS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**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 of 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 government fund financial statements for all three component units.

Presented on Exhibits 8-C, 8-E, 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 reconciliation 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, 2023**

EXHIBIT 8-A

	Donna Economic Development Corporation	Development Corporation of Donna	Tax Reinvestment Zone Two	Total Funds
<b>ASSETS</b>				
Cash and investments	\$ 419,245	\$ 600,727	\$ 1,811	\$ 1,021,783
Restricted cash and investments	1,583,415	1,576,345	-	3,159,760
Receivables, net:				
Taxes	303,286	303,286	63,096	669,668
Accounts	13,087	174,522	-	187,609
Due from other funds	-	480,397	-	480,397
Due from primary government	75,769	175,990	-	251,759
 Total assets	 \$ 2,394,802	 \$ 3,311,267	 \$ 64,907	 \$ 5,770,976
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ 16,502	\$ 55,000	\$ 71,502
Accrued liabilities	2,289	2,289	-	4,578
Due to other funds	480,397	-	-	480,397
Total liabilities	482,686	18,791	55,000	556,477
Fund balances:				
Restricted for				
Debt service	1,583,415	3,292,476	-	4,875,891
Tax increment zone purposes	-	-	9,907	9,907
Unassigned	328,701	-	-	328,701
Total fund balances	1,912,116	3,292,476	9,907	5,214,499
 Total liabilities and fund balances	 \$ 2,394,802	 \$ 3,311,267	 \$ 64,907	 \$ 5,770,976

**CITY OF DONNA, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**COMPONENT UNITS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

EXHIBIT 8-B

	Donna Economic Development Corporation	Development Corporation of Donna	Tax Reinvestment Zone Two	Total Funds
<b>REVENUES</b>				
Nonproperty taxes	\$ 1,716,063	\$ 1,716,063	\$ -	\$ 3,432,126
Property taxes	-	-	29,666	29,666
Interest	41,088	33,786	-	74,874
Miscellaneous income	31,151	37	-	31,188
Intergovernmental	-	833	-	833
Total revenues	<u>1,788,302</u>	<u>1,750,719</u>	<u>29,666</u>	<u>3,568,687</u>
<b>EXPENDITURES</b>				
Current:				
Economic development	558,040	573,990	5,000	1,137,030
Capital outlay	11,158	-	-	11,158
Debt service:				
Principal retirement	873,052	195,000	30,000	1,098,052
Interest and fees	<u>292,065</u>	<u>271,479</u>	<u>-</u>	<u>563,544</u>
Total expenditures	<u>1,734,315</u>	<u>1,040,469</u>	<u>35,000</u>	<u>2,809,784</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>53,987</u>	<u>710,250</u>	<u>(5,334)</u>	<u>758,903</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	894,771	-	-	894,771
Transfers in from primary government	850,289	946,070	-	1,796,359
Transfers (out) to primary government	<u>(125,230)</u>	<u>(125,230)</u>	<u>-</u>	<u>(250,460)</u>
Total other financing sources (uses)	<u>1,619,830</u>	<u>820,840</u>	<u>-</u>	<u>2,440,670</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,673,817	1,531,090	(5,334)	3,199,573
<b>FUND BALANCES, BEGINNING</b>	<u>238,299</u>	<u>1,761,386</u>	<u>25,109</u>	<u>2,024,794</u>
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>-</u>	<u>-</u>	<u>(9,868)</u>	<u>(9,868)</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 1,912,116</u>	<u>\$ 3,292,476</u>	<u>\$ 9,907</u>	<u>\$ 5,214,499</u>

**CITY OF DONNA, TEXAS**  
**RECONCILIATION OF THE DONNA ECONOMIC DEVELOPMENT CORPORATION**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2023**

EXHIBIT 8-C

Fund balance of the component unit fund	\$ 1,912,116
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 reported in the funds.	2,319,629
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.	(19,076,899)
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 \$(28,795), a deferred resource outflow in the amount of \$13,284, and a deferred resource inflow in the amount of (\$21). This results in an increase/(decrease) in net position by (\$15,532).	(15,532)
Accrued compensated absences reclass are not recorded in the financial funds.	366
Net position of component unit - Statement of Net Position	\$ (14,860,320)

**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, 2023**

EXHIBIT 8-D

Net change in fund balances	\$ 1,673,817
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>	(704,811)
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds but has no effect on net position.</p>	(14,875,000)
<p>Repayment of notes payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	1,012,864
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Accrued compensated absences, and net pension in the statement of activities differ from the amount reported in governmental funds due to the changes in the calculated accrued compensated absence and the reclass of net pension.</p>	366
<p>Some pension-related expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	<u>(15,532)</u>
Change in net position of governmental component unit - Statement of Activities	<u>\$ (12,908,296)</u>

**CITY OF DONNA, TEXAS**  
**RECONCILIATION OF THE DEVELOPMENT CORPORATION OF DONNA, INC.**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2023**

EXHIBIT 8-E

Fund balance of the component unit fund	\$	3,292,476
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 reported in the funds.		650,026
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.		(18,842,405)
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 \$(29,146), a deferred resource outflow in the amount of \$13,446, and a deferred resource inflow in the amount of \$(22). This results in an increase/(decrease) in net position by \$(15,722).		<u>(15,722)</u>
Net position of component unit - Statement of Net Position	\$	<u>(14,915,625)</u>

**CITY OF DONNA, TEXAS**  
**RECONCILIATION OF THE 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, 2023**

EXHIBIT 8-F

Net change in fund balances \$ 1,531,090

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (2,128)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds but has no effect on net position. (15,515,000)

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. 273,924

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. (15,722)

Change in net position of governmental component unit - Statement of Activities \$ (13,727,836)

**CITY OF DONNA, TEXAS**  
**RECONCILIATION OF THE TAX INCREMENT REINVESTMENT ZONE NUMBER TWO**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2023**

EXHIBIT 8-G

Fund balance of the component unit fund \$ 9,907

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.

(2,410,689)

Net position of component unit - Statement of Net Position

\$ (2,400,782)

**CITY OF DONNA, TEXAS**  
**RECONCILIATION OF THE 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, 2023**

EXHIBIT 8-H

Net change in fund balances \$ (5,334)

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

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

30,000

Change in net position of governmental component unit - Statement of Activities

\$ 24,666

**CITY OF DONNA, TEXAS  
CONTINUING FINANCIAL DISCLOSURE TABLES  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

The Continuing Financial Disclosure Tables portion of the Statistical section presents various financial data originally in debt official statements. The City is required to update the financial tables originally distributed in debt official statements. The financial tables that follow are updated through September 30, 2023. The 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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities				
Net investments in capital assets	\$ 24,260,086	\$ 24,886,384	\$ 25,485,725	\$ 4,223,363
Restricted	3,439,698	5,481,325	5,720,759	3,197,909
Unrestricted	2,921,896	839,100	1,680,992	3,310,863
Total governmental activities net position	<u>30,621,680</u>	<u>31,206,809</u>	<u>32,887,476</u>	<u>10,732,135</u>
Business-type activities				
Net investments in capital assets	36,537,530	36,392,353	34,591,149	34,591,149
Restricted	2,710,237	3,143,902	9,674,905	9,671,905
Unrestricted	<u>(6,915,609)</u>	<u>(8,600,817)</u>	<u>(16,939,208)</u>	<u>(24,196,514)</u>
Total business-type activities net position	<u>32,332,158</u>	<u>30,935,438</u>	<u>27,326,846</u>	<u>20,066,540</u>
Primary government				
Net investments in capital assets	60,797,616	61,278,737	60,076,874	38,814,512
Restricted	6,149,935	8,625,227	15,395,664	12,869,814
Unrestricted (deficit)	<u>(3,993,713)</u>	<u>(7,761,716)</u>	<u>(15,258,216)</u>	<u>(20,885,651)</u>
Total primary government activities net position	<u>\$ 62,953,838</u>	<u>\$ 62,142,247</u>	<u>\$ 60,214,322</u>	<u>\$ 30,798,675</u>

**TABLE 1**  
**(continued)**

<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$ 7,276,162	\$ 6,993,089	\$ 5,817,612	\$ 7,473,275	\$ (23,404,679)	\$ (23,025,496)
3,184,403	266,867	2,574,074	165,887	6,973,124	32,278,089
457,033	1,824,364	2,668,478	5,357,321	3,844,375	2,533,127
<u>10,917,598</u>	<u>9,084,320</u>	<u>11,060,164</u>	<u>12,996,483</u>	<u>(12,587,180)</u>	<u>11,785,720</u>
39,229,693	44,354,918	44,354,918	18,223,937	18,223,937	18,223,937
2,219,457	1,836,197	1,836,197	-	-	-
<u>(24,255,971)</u>	<u>(31,165,371)</u>	<u>(31,764,959)</u>	<u>(5,031,690)</u>	<u>14,253,414</u>	<u>14,128,367</u>
<u>17,193,179</u>	<u>15,025,744</u>	<u>14,426,156</u>	<u>13,192,247</u>	<u>32,477,351</u>	<u>32,352,304</u>
46,505,855	51,348,007	50,172,530	25,697,212	(5,180,742)	(4,801,559)
5,403,860	2,103,064	4,410,271	165,887	6,973,124	32,278,089
<u>(23,798,938)</u>	<u>(29,341,007)</u>	<u>(29,096,481)</u>	<u>325,631</u>	<u>18,097,789</u>	<u>16,661,494</u>
<u>\$ 28,110,777</u>	<u>\$ 24,110,064</u>	<u>\$ 25,486,320</u>	<u>\$ 26,188,730</u>	<u>\$ 19,890,171</u>	<u>\$ 44,138,024</u>

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

**TABLE 2**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>EXPENSES</b>				
Governmental activities				
General government	\$ 1,395,999	\$ 2,423,156	\$ 2,973,410	\$ 2,396,171
Public Safety	2,251,531	2,675,445	2,936,275	3,521,271
Public Works	1,769,246	2,276,526	2,202,414	2,318,032
Health and welfare	238,260	231,283	279,247	1,182,640
Culture and recreation	585,057	723,354	840,311	353,023
Economic development	9,715	9,000	632,000	-
Tourism development	236,107	231,556	207,043	-
Interest and Fiscal Agent Fees	113,604	117,228	1,189,004	1,885,115
Debt Issue cost	-	-	-	-
Total governmental activities expenses	<u>6,599,519</u>	<u>8,687,548</u>	<u>11,259,703</u>	<u>11,656,251</u>
Business-type activities				
Water and sewer	5,160,233	5,806,462	5,764,408	9,351,572
International Bridge	3,851,680	4,488,981	3,589,093	2,724,840
Brush Collection	-	-	-	-
Total business-type activities	<u>9,011,913</u>	<u>10,295,443</u>	<u>9,353,501</u>	<u>12,076,412</u>
Total primary government expenses	<u>\$ 15,611,432</u>	<u>\$ 18,982,991</u>	<u>\$ 20,613,204</u>	<u>\$ 23,732,663</u>
<b>PROGRAM REVENUES</b>				
Governmental activities				
Charges for services				
General government	\$ 315,141	\$ 1,065,606	\$ 867,737	\$ 2,005,593
Public Safety	241,697	346,296	308,271	92,712
Public Works	1,004,919	1,020,698	1,023,099	248,615
Culture and recreation	28,292	60,321	44,927	14,983
Health and welfare	59,858	52,586	56,099	-
Economic development	13,669	-	-	-
Interest on Long Term Debt	-	254,763	255,756	-
Operating grants and contributions	664,438	-	-	-
Capital grants and contributions	1,267,992	-	-	-
Total governmental activities program revenues	<u>3,596,006</u>	<u>2,800,271</u>	<u>2,555,888</u>	<u>2,361,902</u>
Business-type activities				
Charges for services				
Water and sewer	5,236,681	5,045,190	5,054,315	5,237,910
International Bridge	1,670,603	1,734,996	1,980,468	2,205,195
Brush collections	-	-	-	-
Operating grants and contributions	153,115	-	753,684	-
Capital grants and contributions	1,518,832	432,157	-	59,552
Total business-type activities program revenues	<u>8,579,231</u>	<u>7,212,344</u>	<u>7,788,467</u>	<u>7,502,657</u>
Total primary government program revenues	<u>\$ 12,175,237</u>	<u>\$ 10,012,615</u>	<u>\$ 10,344,355</u>	<u>\$ 9,864,559</u>

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

<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$ 2,655,049	\$ 2,688,139	\$ 3,225,235	\$ 2,567,053	\$ 5,430,882	\$ 5,481,856
3,534,571	4,247,051	4,083,960	4,309,957	5,168,342	6,064,098
3,624,035	3,747,715	3,910,665	4,003,988	4,137,370	4,829,356
796,618	1,015,067	532,138	783,442	446,345	637,009
365,175	396,328	329,714	431,480	983,925	1,482,248
-	-	-	-	-	-
-	-	302,008	178,588	622,233	7,965
1,630,176	272,612	263,091	255,087	910,600	1,233,322
-	-	-	-	-	733,890
<u>12,605,625</u>	<u>12,366,911</u>	<u>12,646,811</u>	<u>12,529,595</u>	<u>17,699,697</u>	<u>20,469,745</u>
6,583,271	6,863,105	6,842,476	7,014,916	7,728,362	8,646,598
1,996,385	3,373,337	3,351,392	3,311,948	8,571,236	2,720,746
-	-	-	2,010	141,192	388,473
<u>8,579,657</u>	<u>10,236,442</u>	<u>10,193,867</u>	<u>10,328,874</u>	<u>16,440,790</u>	<u>11,755,817</u>
<u>\$ 21,185,282</u>	<u>\$ 22,603,353</u>	<u>\$ 22,840,678</u>	<u>\$ 22,858,469</u>	<u>\$ 34,140,487</u>	<u>\$ 32,225,562</u>
\$ 2,306,326	\$ 2,479,445	\$ 2,688,968	\$ 3,512,675	\$ 3,241,762	\$ 3,504,910
152,941	134,825	237,600	-	-	-
248,615	247,203	-	-	-	-
68,645	14,937	14,959	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,566,252	840,339	2,631,564.00	1,605,610
-	-	-	-	-	-
<u>2,776,527</u>	<u>2,876,409</u>	<u>4,507,779</u>	<u>4,353,014</u>	<u>5,873,326</u>	<u>5,110,520</u>
4,608,339	4,655,536	4,880,132	5,864,531	6,693,058	7,067,121
2,414,556	2,323,632	1,601,587	1,600,760	2,347,337	2,949,659
-	-	-	26,573	398,214	327,537
-	-	-	4,787	-	-
-	10,714	-	-	-	-
<u>7,022,895</u>	<u>6,989,882</u>	<u>6,481,719</u>	<u>7,496,651</u>	<u>9,438,609</u>	<u>10,344,317</u>
<u>\$ 9,799,422</u>	<u>\$ 9,866,291</u>	<u>\$ 10,989,498</u>	<u>\$ 11,849,665</u>	<u>\$ 15,311,935</u>	<u>\$ 15,454,837</u>

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

**TABLE 2  
(continued)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>NET (EXPENSES)/PROGRAM REVENUES</b>				
Governmental activities	\$ (3,003,513)	\$ (5,887,277)	\$ (8,703,815)	\$ (9,294,349)
Business-type activities	(432,682)	(3,083,099)	(1,565,034)	(4,573,755)
Total primary government net expenses	<u>\$ (3,436,195)</u>	<u>\$ (8,970,376)</u>	<u>\$ (10,268,849)</u>	<u>\$ (13,868,104)</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS</b>				
<b>GOVERNMENTAL ACTIVITIES</b>				
Taxes				
Property taxes	\$ 5,442,523	\$ 5,574,392	\$ 5,338,779	\$ 5,215,690
Sales taxes	1,052,265	1,252,446	1,415,593	1,461,161
Franchise taxes	762,260	775,496	908,670	917,579
Hotel occupancy tax	127,324	119,071	139,300	140,980
Investment earnings	3,893	3,994	12,338	60,419
Contributions	-	-	-	-
Miscellaneous	579,510	87,101	192,322	43,365
Special item	-	-	-	-
Transfers	(2,094,974)	(1,610,089)	2,377,478	721,780
Transfers from component unit	-	-	-	-
Total governmental activities	<u>5,872,801</u>	<u>6,202,410</u>	<u>10,384,479</u>	<u>8,560,974</u>
Business type activities				
Investment earnings	12,570	21,157	53,921	71,515
Contributions	-	-	-	-
Miscellaneous	1,291	26,589	-	19,469
Special items	-	-	-	-
Transfers	2,094,973	1,610,089	(2,097,479)	(2,638,566)
Total business -type activities	<u>2,108,834</u>	<u>1,657,835</u>	<u>(2,043,558)</u>	<u>(2,547,582)</u>
Total primary government	<u>\$ 7,981,634</u>	<u>\$ 7,860,245</u>	<u>\$ 8,340,921</u>	<u>\$ 6,013,391</u>
<b>CHANGES IN NET POSITION</b>				
Governmental activities	\$ 2,869,288	\$ 315,133	\$ 1,680,665	\$ (733,375)
Business- type activities	1,676,152	(1,425,264)	(3,608,592)	(7,121,337)
Total primary government	<u>\$ 4,545,439</u>	<u>\$ (1,110,132)</u>	<u>\$ (1,927,928)</u>	<u>\$ (7,854,712)</u>

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

<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$ (9,829,098)	\$ (9,490,502)	\$ (8,139,032)	\$ (8,176,581)	\$ (11,826,371)	\$ (15,359,225)
(1,556,762)	(3,246,560)	(3,712,148)	(2,832,223)	(7,002,181)	(1,411,500)
<u>\$ (11,385,860)</u>	<u>\$ (12,737,062)</u>	<u>\$ (11,851,180)</u>	<u>\$ (11,008,806)</u>	<u>\$ (18,828,552)</u>	<u>\$ (16,770,725)</u>
\$ 5,177,715	\$ 5,281,998	\$ 5,450,826	\$ 6,217,376	\$ 6,448,669	\$ 6,868,018
1,677,546	1,812,547	2,125,248	2,545,393	3,790,287	4,330,777
917,579	961,712	970,218	970,218	970,218	970,218
118,465	132,860	109,589	141,802	133,783	127,602
93,633	100,619	71,840	67,277	56,510	587,465
-	-	-	-	-	333,180
122,679	43,706	52,561	1,043,666	74,449	256,620
-	-	-	-	(26,994,187)	-
1,906,943	(126,495)	2,386,995	(704,334)	1,763,018	(903,641)
-	-	-	-	-	27,814,101
<u>10,014,561</u>	<u>8,206,947</u>	<u>11,167,277</u>	<u>10,281,398</u>	<u>(13,757,253)</u>	<u>40,384,340</u>
42,557	58,656	-	1,291	9,280	23,615
-	-	-	-	-	286,086
268,421	752,640	6,100	144,986	227,126	224,971
-	-	4,304,373	-	27,223,511	903,641
(1,627,578)	266,495	(2,246,997)	958,001	(1,380,938)	-
<u>(1,316,600)</u>	<u>1,077,791</u>	<u>2,063,476</u>	<u>1,104,278</u>	<u>26,078,979</u>	<u>1,438,313</u>
<u>\$ 8,697,961</u>	<u>\$ 9,284,738</u>	<u>\$ 13,230,753</u>	<u>\$ 11,385,676</u>	<u>\$ 12,321,726</u>	<u>\$ 41,822,653</u>
\$ 185,463	\$ (1,283,555)	\$ 3,028,245	\$ 2,104,817	\$ (25,583,624)	\$ 25,025,115
(2,873,362)	(2,168,769)	(1,648,674)	(1,727,947)	19,076,796	26,813
<u>\$ (2,687,900)</u>	<u>\$ (3,452,324)</u>	<u>\$ 1,379,571</u>	<u>\$ 376,870</u>	<u>\$ (6,506,828)</u>	<u>\$ 25,051,928</u>

TABLE 3

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Revenues</b>				
Property taxes	\$ 7,332,268	\$ 7,885,911	\$ 7,854,097	\$ 7,754,697
Nonproperty taxes	-	-	-	-
Charges for Services	1,308,877	1,427,198	1,717,025	1,757,255
Fines and Forfeitures	175,558	137,876	197,220	112,585
Licenses and Permits	165,471	134,150	123,668	132,297
Intergovernmental	377,508	1,055,328	462,983	359,766
Miscellaneous income	335,480	137,820	170,719	60,419
Investment Earnings	3,893	3,994	12,338	39,680
Total revenues	<u>9,699,056</u>	<u>10,782,277</u>	<u>10,538,050</u>	<u>10,216,700</u>
<b>Expenditures</b>				
General Government	1,414,959	2,542,486	2,093,850	2,358,471
Tourism	306,797	231,556	532,522	-
Public Safety	2,357,686	2,800,668	3,028,591	3,346,955
Public Works	1,685,840	2,151,430	2,033,080	1,984,262
Health and Welfare	238,260	250,941	279,247	1,179,068
Culture and Recreation	631,467	785,679	808,693	284,427
Capital Outlay	117,424	2,624,627	2,318,183	3,470,039
Debt Service:				
Principal	454,184	473,227	552,616	302,161
Interest	86,879	272,411	1,160,861	1,755,084
Issuance charges	-	-	-	134,509
Total Expenditures	<u>7,293,496</u>	<u>12,133,024</u>	<u>12,807,642</u>	<u>14,814,975</u>
Excess of revenues over (under) expenditures	2,405,560	(1,350,747)	(2,269,592)	(4,598,275)
<b>Other Financing Sources (Uses)</b>				
Transfers in	291,192	256,393	3,296,932	1,939,643
Transfers out	(2,386,167)	(1,866,483)	(919,454)	(1,217,863)
Bond proceeds	-	4,875,401	-	1,988,781
Lease/Loan proceeds	-	760,000	-	-
Transfer (out) to component unit/primary government	-	-	-	-
Sale of Capital Assets	-	-	-	-
Other	544,628	-	-	3,685
Total other financing sources (uses)	<u>(1,550,346)</u>	<u>4,025,312</u>	<u>2,377,478</u>	<u>2,714,246</u>
Net change in fund balances	<u>\$ 855,214</u>	<u>\$ 2,674,564</u>	<u>\$ 107,886</u>	<u>\$ (1,884,029)</u>
Debt service as a percentage of noncapital expenditures	7.88%	8.04%	17.21%	18.35%

Source: Exhibit 2-B

**TABLE 3**  
(continued)

<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$ 7,945,925	\$ 7,393,901	\$ 8,859,342	\$ 9,681,315	\$ 9,776,475	\$ 6,824,947
-	-	-	-	-	5,294,302
1,927,564	2,030,994	2,364,805	3,058,420	2,650,965	3,079,797
189,504	179,470	182,195	152,661	120,608	164,656
186,350	141,632	141,968	301,594	314,176	260,457
473,109	154,000	1,818,811	840,339	598,973	1,605,610
93,547	90,016	50,483	989,322	15,976	256,620
93,633	26,083	71,840	67,277	47,891	587,465
<b>10,909,632</b>	<b>10,016,097</b>	<b>13,489,444</b>	<b>15,090,928</b>	<b>13,525,064</b>	<b>18,073,854</b>
2,617,688	2,441,057	3,183,944	2,521,446	2,760,465	4,257,873
-	-	302,008	178,588	-	7,965
3,311,500	3,449,858	3,729,219	4,034,189	4,992,787	5,615,610
3,211,853	2,981,093	3,367,448	3,477,852	3,678,667	4,143,300
788,046	296,213	521,686	769,536	445,648	612,153
288,628	794,612	254,318	354,808	922,312	1,388,558
3,230,235	681,253	594,911	1,937,755	170,387	1,666,022
521,138	200,658	704,646	796,429	558,722	795,662
1,664,416	37,810	284,873	276,305	28,209	1,316,323
-	-	-	-	-	733,890
<b>15,633,504</b>	<b>10,882,554</b>	<b>12,943,053</b>	<b>14,346,908</b>	<b>13,557,197</b>	<b>20,537,356</b>
(4,723,872)	(866,457)	546,391	744,020	(32,133)	(2,463,502)
2,159,935	-	3,125,431	317,030	403,857	62,615
(252,992)	-	(738,436)	(1,021,364)	(25,219)	(62,615)
-	-	-	-	-	29,360,000
105,986	579,157	452,291	194,824	-	-
-	-	-	-	-	(2,449,540)
-	-	-	-	-	10,758
24,527	11,725	4,830	86,305	16,276	-
<b>2,037,456</b>	<b>590,882</b>	<b>2,844,116</b>	<b>(423,205)</b>	<b>394,914</b>	<b>26,921,218</b>
<b>\$ (2,686,416)</b>	<b>\$ (275,575)</b>	<b>\$ 3,390,507</b>	<b>\$ 320,815</b>	<b>\$ 362,781</b>	<b>\$ 24,457,716</b>
17.62%	2.34%	8.21%	8.77%	4.38%	11.65%

TABLE 4

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund					
Restricted:					
Nonspendable	\$ 170,620	\$ 170,460	\$ 4,285	\$ 31,352	\$ 61,733
Unassigned	2,349,252	2,636,498	2,590,168	2,692,718	2,717,629
Total General Fund	<u>2,519,871</u>	<u>2,806,958</u>	<u>2,594,453</u>	<u>2,724,070</u>	<u>2,779,362</u>
All Other Governmental Funds					
Restricted reported in special revenue funds	-	-	-	-	-
Unassigned reported in special revenue funds	-	-	-	-	-
Restricted, reported in special revenue funds and debt service fund	2,441,399	2,765,496	3,179,016	413,305	(11,169)
Committed, reported in capital project and special revenue funds	94,146	2,157,526	2,064,395	2,816,460	499,226
Total all other governmental funds	<u>\$ 2,535,545</u>	<u>\$ 4,923,022</u>	<u>\$ 5,243,411</u>	<u>\$ 3,229,765</u>	<u>\$ 488,057</u>

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

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 19,392	\$ 12,405	\$ 16,146	\$ 30,571	\$ 21,372
2,484,394	3,529,814	4,030,591	4,378,947	3,472,315
<u>2,503,786</u>	<u>3,542,219</u>	<u>4,046,737</u>	<u>4,409,518</u>	<u>3,493,687</u>
-	-	-	-	156,679
(44,867)	7,767	7,767	171,767	5,345
2,577,379	2,371,081	2,481,331	1,723,086	1,817,182
(2,278,891)	234,615	2,848	5,248,491	30,393,665
<u>\$ 253,621</u>	<u>\$ 2,613,463</u>	<u>\$ 2,491,946</u>	<u>\$ 7,143,344</u>	<u>\$ 32,372,871</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>Health and Welfare</b>	<b>Culture and Recreation</b>	<b>Economic Development</b>	<b>Tourism</b>
2014	\$ 1,395,999	\$ 2,251,531	\$ 1,769,246	\$ 238,260	\$ 585,057	\$ 9,715	\$ 236,107
2015	2,423,156	2,675,445	2,276,526	231,283	723,354	9,000	231,556
2016	2,973,410	2,936,275	2,202,414	279,247	840,311	632,000	207,043
2017	2,396,171	3,521,271	2,318,032	1,182,640	353,023	-	-
2018	2,655,049	3,534,571	3,624,035	796,618	365,175	1,616,096	-
2019	2,688,139	4,247,051	3,747,715	1,015,067	396,328	1,044,613	-
2020	3,225,235	4,083,960	3,910,665	532,138	329,714	-	302,008
2021	2,567,053	4,309,957	4,003,988	783,442	431,480	-	178,588
2022	5,430,882	5,168,342	4,137,370	446,345	983,925	-	8,675
2023	5,481,856	6,064,098	4,829,356	637,009	1,482,248	-	7,965

Source: Audit Exhibit 1-B

**TABLE 5**  
**(continued)**

<b>Interest &amp; Fiscal Agent Fees</b>	<b>Debt Issuance Cost</b>	<b>Water and Sewer</b>	<b>City International Bridge Fund</b>	<b>Brush Collections</b>	<b>Totals</b>
\$ 113,604	\$ -	\$ 5,160,233	\$ 3,851,680	\$ -	\$ 15,611,433
117,228	-	5,806,462	4,488,981	-	18,982,991
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
263,091	-	6,842,476	3,351,392	-	22,840,679
255,087	-	7,014,916	3,311,948	2,010	22,858,469
1,524,158	-	7,728,362	8,571,236	141,192	34,140,487
1,233,322	733,890	8,646,598	2,720,746	388,473	32,225,562

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	Contributions	Miscellaneous	Transfers	Totals
2014	\$ 8,570,860	\$ 817,553	\$ 2,786,824	\$ 7,384,372	\$ 16,463	\$ -	\$ 580,802	\$ -	\$ 20,156,874
2015	9,155,567	424,890	432,157	7,721,405	25,151	-	113,690	-	17,872,860
2016	9,120,940	469,733	753,684	7,802,342	66,258	-	192,322	-	18,405,279
2017	9,445,242	359,766	59,552	7,735,410	131,934	-	62,834	-	17,794,738
2018	9,245,658	473,109	80,655	7,891,305	136,190	-	670,465	-	18,497,382
2019	9,458,613	396,965	10,714	8,189,117	100,619	-	43,706	-	18,199,734
2020	9,170,687	1,818,811	-	8,655,881	77,940	-	4,356,934	139,998	24,220,251
2021	11,004,539	845,126	-	9,874,789	68,568	-	1,188,652	253,667	23,235,341
2022	12,680,371	2,631,564	-	11,209,174	65,790	-	301,575	382,080	27,270,554
2023	13,849,227	1,605,610	-	12,296,615	611,080	619,266	481,591	27,814,101	57,277,490

Source: Audit Exhibit 1-B

TABLE 7

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

<b>Fiscal Year</b>	<b>Taxes</b>	<b>Charges for Services</b>	<b>Fines and Forfeitures</b>	<b>Licenses and Permits</b>	<b>Inter-governmental Revenues</b>	<b>Misc. Income</b>	<b>Interest and Other</b>	<b>Totals (Excluding Other Sources)</b>
2014	\$ 4,953,773	\$ 1,238,179	\$ 175,558	\$ 165,471	\$ 130,074	\$ -	\$ 36,132	\$ 6,699,187
2015	5,648,581	1,355,187	137,876	134,150	800,564	-	93,491	8,169,849
2016	6,472,993	1,646,066	190,470	123,668	199,890	-	112,917	8,746,005
2017	7,754,697	1,757,255	112,585	132,297	359,766	-	100,099	10,216,699
2018	7,144,525	1,853,071	187,932	186,350	224,494	-	113,683	9,710,055
2019	8,236,530	2,106,228	231,585	141,632	396,965	-	207,520	11,320,460
2020	8,859,342	2,364,805	182,195	141,968	1,818,811	-	122,323	13,489,444
2021	8,391,548	2,962,485	130,237	301,594	815,782	-	1,056,115	13,657,761
2022	9,776,475	2,650,965	120,608	314,176	598,973	-	63,867	13,525,064
2023	10,440,683	2,949,629	127,887	260,457	528,489	115,246	93,905	14,516,296

Source: Audit Exhibit 2-C

TABLE 8

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

<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Public Works</b>	<b>Health &amp; Welfare</b>	<b>Culture and Recreation</b>	<b>Capital Outlay</b>	<b>Debt Service</b>	<b>Totals</b>
2014	\$1,405,244	\$2,357,686	\$1,685,840	\$ 238,260	\$ 631,467	\$ -	\$ 135,776	\$ 6,454,273
2015	2,533,486	2,800,668	2,151,430	250,941	785,679	-	122,187	8,644,393
2016	2,030,020	3,028,591	2,033,080	279,247	808,693	-	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
2021	2,515,873	3,997,801	3,462,201	347,824	769,536	1,926,383	368,054	13,387,672
2022	2,760,465	4,992,787	3,678,667	445,648	922,312	170,387	586,931	13,557,197
2023	3,086,022	5,565,847	4,143,300	612,153	1,358,343	309,128	291,693	15,366,486

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>Rent Revenue</b>	<b>Misc. Charges</b>	<b>Interest/ Discounts/ Other</b>	<b>Intergovernmental Revenue</b>	<b>Contributions</b>	<b>Transfers In</b>	<b>Totals</b>
2014	\$ 2,875,418	\$ 2,136,133	\$ 185,096	\$ (35,088)	\$ -	\$ 76,503	\$ 1,364,711	\$ -	\$ -	\$ -	\$ 6,602,772
2015	2,763,986	1,951,688	172,605	(27,001)	-	183,911	47,746	-	-	-	5,092,936
2016	2,795,157	1,965,695	162,657	(86,632)	-	217,438	265,909	-	-	-	5,320,224
2017	2,980,511	2,163,878	156,083	(74,261)	-	9,504	34,230	-	-	392,650	5,662,595
2018	2,519,671	1,971,600	166,322	(64,148)	-	181,063	123,203	-	-	-	4,897,712
2019	2,605,690	1,988,240	208,905	(42,880)	-	53,380	65,828	-	-	-	4,879,163
2020	2,719,289	2,094,155	105,617	-	-	42,449	6,094	-	-	-	4,967,604
2021	3,159,847	2,323,003	219,530	-	-	296,573	11,556	-	-	158,000	6,168,509
2022	3,922,525	3,270,106	294,198	(199,004)	-	25,680	1,807,684	-	-	2,848	9,124,037
2023	3,947,919	3,041,494	206,926	(26,897)	11,039	17,051	57,244	93,566	286,086	-	7,634,428

Source: Schedule 3-B

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>Waste Water Treatment</b>	<b>Water/Sewer Billing</b>	<b>Water Treatment</b>	<b>Engineering Services</b>
2014	\$ 42,407	\$ 131,247	\$ 293,199	\$ 210,521	\$ 416,498	\$ 15,000
2015	36,593	160,441	316,077	777,330	523,488	-
2016	420,779	476,074	567,204	781,037	866,057	-
2017	571,420	356,007	728,848	673,465	892,367	74,394
2018	494,982	497,592	607,992	775,500	874,452	-
2019	508,609	397,000	647,213	264,641	1,710,073	-
2020	608,368	420,854	638,490	972,475	1,102,476	-
2021	659,090	567,549	687,225	244,892	984,696	-
2022	545,031	477,655	1,242,660	275,685	1,244,264	-
2023	710,477	626,997	1,117,473	332,133	1,665,388	211,113

**TABLE 10  
CONTINUED**

<u>Administrative</u>	<u>Water/Sewer Operations Contractor</u>	<u>Debt Interest and Fees</u>	<u>Non- Departmental</u>	<u>Depreciation and Amortization</u>	<u>Transfers Out</u>	<u>Totals</u>
\$ 463,055	\$ 1,721,967	\$ 391,699	\$ -	\$ 1,474,641	\$ -	\$ 5,160,233
213,484	1,831,144	384,453	-	1,563,451	-	5,806,462
494,397	-	397,004	-	1,761,856	1,000,000	6,764,408
412,338	-	584,239	-	5,021,607	2,376,788	11,691,472
416,908	-	771,505	-	2,144,338	977,808	7,561,077
237,141	-	1,996,315	-	-	616,209	6,377,202
210,274	-	527,308	-	2,362,231	6,570,127	13,412,603
270,322	-	506,677	737,240	2,369,636	600,283	7,627,609
267,655	-	481,062	941,798	2,252,293	1,015,832	8,743,935
457,764	-	508,791	770,314	2,279,800	-	8,680,251

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>
2014	2013	\$ 0.734764	\$ 0.517612	\$ 1.252376	\$ 419,514,607
2015	2014	0.762395	0.380026	1.142421	440,108,919
2016	2015	0.791292	0.191536	0.982828	499,942,898
2017	2016	0.740318	0.139682	0.880000	547,177,570
2018	2017	0.725352	0.073503	0.798855	614,694,339
2019	2018	0.711131	0.087724	0.798855	620,957,884
2020	2019	0.693987	0.094868	0.788855	668,255,430
2021	2020	0.638454	0.150401	0.788855	708,843,203
2022	2021	0.602621	0.175917	0.778538	756,328,814
2023	2022	0.578346	0.169591	0.747937	876,001,059

**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	HCID #1 Tax Rate	* DID #1 ** Tax Rate	South Texas CCD Tax Rate	
2014	\$ 0.734764	\$ 0.517612	\$ 1.252376	\$ 0.590000	\$ 1.258200	\$ 0.095700	\$ 0.210000	\$ 0.150000	\$ 3.556276
2015	0.762395	0.380026	1.142421	0.590000	1.258200	0.0957000	0.2100000	0.1850000	3.481321
2016	0.791292	0.191536	0.982828	0.590000	1.258200	0.0951000	0.2100000	0.1850000	3.321128
2017	0.740318	0.139682	0.880000	0.590000	1.258200	0.0951000	0.2100000	0.1400000	3.173300
2018	0.725352	0.073503	0.798855	0.580000	1.258200	0.0951000	0.2100000	0.1850000	3.127155
2019	0.711131	0.087724	0.798855	0.575000	1.226700	0.1051000	0.2100000	0.1733000	3.088955
2020	0.693987	0.094868	0.788855	0.575000	1.130400	0.1026000	0.2100000	0.1718000	2.978655
2021	0.638454	0.150401	0.788855	0.575000	1.130400	0.1026000	0.2100000	0.1718000	2.978655
2022	0.602621	0.175917	0.778538	0.575000	1.199000	0.1264000	0.2100000	0.1715000	3.060438
2023	0.578346	0.169591	0.747937	0.575000	1.119900	0.1264000	0.1179000	0.1615000	2.848637

\* HCID #1 Hidalgo County Irrigation District #1

\*\* DID #1 Donna Irrigation District #1

<http://www.hidalgoad.org/rates.html>

TABLE 13

**CITY OF DONNA, TEXAS  
SCHEDULE OF INSURANCE IN-FORCE  
SEPTEMBER 30, 2023  
(Unaudited)**

<u>Type of coverage</u>	<u>Insurer</u>	<u>Policy Number</u>	<u>Policy From</u>	<u>Period To</u>
Real and Personal Property	Texas Municipal League Intergovernmental Risk Pool (TML-IRP)	9424	10/1/2022	9/30/2023
General Liability	TML-IRP	9424	10/1/2022	9/30/2023
Errors and Omissions	TML-IRP	9424	10/1/2022	9/30/2023
Automobile Liability	TML-IRP	9424	10/1/2022	9/30/2023
Automobile Physical Damage	TML-IRP	9424	10/1/2022	9/30/2023
Mobile Equipment	TML-IRP	9424	10/1/2022	9/30/2023
Boiler & Machinery	TML-IRP	9424	10/1/2022	9/30/2023
Workers' Compensation	TML-IRP	9424	10/1/2022	9/30/2023
Law Enforcement Liability	TML-IRP	9424	10/1/2022	9/30/2023
Public Employee Dishonesty	TML-IRP	9424	10/1/2022	9/30/2023
Forgery or Alteration	TML-IRP	9424	10/1/2022	9/30/2023
Computer Fraud	TML-IRP	9424	10/1/2022	9/30/2023
Tax Assessor/Collector Surety Bond	Victor Insurance Managers Inc.	61BSBBX5218	10/1/2022	9/30/2023

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

**TABLE 13**  
**(continued)**

<u>Details and Coverage</u>	<u>Per Occur Liability Limits</u>	<u>Annual Premium</u>
Fire, windstorm, valuable papers, accounts receivable, data processing equipment	\$ 33,966,394	\$ 82,860
General, products, personal	1,000,000	7,504
Public officials and employee liability, claims made	1,000,000	12,803
All owned and leased vehicles	1,000,000	48,140
Schedule of vehicles	1,000,000	29,544
Schedule of Mobile equipment	1,844,317	7,816
Replacement cost	100,000	INCLUDED
Includes volunteer firemen	N/A	303,800
Law enforcement liability	1,000,000	30,795
Public officials and employee dishonesty, claims made	100,000	1,463
Loss resulting from forgery, alteration of covered documents	100,000	167
Loss of money, securities and property	100,000	1,227
Employee Dishonesty	250,000	1,000
	<b>Total</b>	<u><u>\$ 527,119</u></u>

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

**TABLE 14**

2022 Market Valuation Established by Hidalgo County Appraisal District <sup>(1)</sup>		\$ 1,176,276,557
Less Exemptions/Reductions at 100% Market Value:		
Over 65 and Disabled	4,638,323	
Disabled Veterans Exemptions	8,834,677	
Productivity Loss	40,902,915	
Abatement Value Loss	26,071,804	
Exempt Property	149,899,913	
CHODO (Partial)	2,795,280	
Freeport	10,635,689	
Value Loss to 10% Cap	56,496,897	300,275,498
2021 Net Taxable Assessed Valuation		876,001,059
General Obligation Debt Payable from Ad Valorem Taxes (as of September 30, 2023)		
Limited Tax Refunding Bonds, Series 2012	1,280,000	
2015 Certificate of Obligations	2,920,000	
2016 Certificates of Obligation	5,225,000	
2017 Certificates of obligation	7,160,000	
2019 Limited Tax Refunding	3,205,000	
2022 PPFCO'S	5,090,000	
2022 G O REFUNDING	26,175,000	
Funded Debt Payable from Ad Valorem Taxes		51,055,000
Less: Self-supporting Debt <sup>(2)</sup>		
Limited Tax Refunding Bonds, Series 2012	942,080	
2016 Certificates of Oligation	5,225,000	
2017 Certificates of Obligation	5,728,000	
2019 Limited Tax Refunding	3,205,000	
		15,100,080
Net Funded Debt Payable from Ad Valorem Taxes		\$ 51,055,000
Interest and Sinking Fund Balance (as of September 30, 2023)		\$ 1,817,183
Ratio Funded Debt to Net Taxable Assessed Valuation		5.83%
2022 Estimated Population - 16,821 Per Capita Taxable Assessed Valuation - \$52,078 Per Capita Funded Debt - \$3,035		

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

<sup>(2)</sup> This amount is self-supporting debt of the Water and Sewer Fund.

**CITY OF DONNA, TEXAS**  
**TAXABLE ASSESSED VALUATION BY CATEGORY**

**TABLE 15**

Category	Taxable Appraised Value For Fiscal Year Ended September 30,									
	2023		2022		2021		2020		2019	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	(1) Amount	% of Total	(1) Amount	% of Total
Real, Residential, Single-Family	\$ 435,025,628	41.25%	\$ 376,784,775	40.47%	\$ 328,061,122	37.01%	\$ 302,157,252	35.75%	\$ 285,500,740	34.78%
Real, Residential, Multi-Family	33,645,134	3.19%	27,709,417	2.98%	26,395,628	2.98%	24,864,853	2.94%	22,708,216	2.76%
Real, Vacant Lots/Tracts	43,202,732	4.10%	34,861,505	3.74%	44,261,873	4.99%	37,347,650	4.42%	38,964,821	4.47%
Real, Acreage (Land Only)	1,392,672	0.13%	1,320,607	0.14%	1,139,815	0.13%	1,407,579	0.17%	31,181,613	3.90%
Real, Farm and Ranch Improvements	8,099,981	0.77%	7,174,749	0.77%	203,533	0.02%	5,412,452	0.64%	4,537,858	0.53%
Real, Commercial	217,856,058	20.66%	179,859,818	19.32%	193,391,250	21.82%	184,291,018	21.80%	172,996,168	19.39%
Real, Industrial	8,319,904	0.79%	8,300,499	0.89%	8,246,993	0.93%	8,209,147	0.97%	8,318,925	0.93%
Real and Tangible Personal, Utilities	18,524,207	1.76%	15,029,517	1.61%	13,848,687	1.56%	15,511,840	1.84%	13,990,663	1.65%
Tangible Personal, Commercial	71,832,806	6.81%	70,387,532	7.56%	63,335,655	7.15%	59,386,628	7.03%	56,581,181	6.78%
Tangible Personal, Industrial	3,823,832	0.36%	3,834,582	0.41%	3,403,142	0.38%	4,772,018	0.56%	4,871,655	0.48%
Tangible Personal, Mobile Homes	19,964,434	1.89%	19,664,998	2.11%	17,066,782	1.93%	15,098,052	1.79%	16,371,508	2.09%
Tangible Personal, Other	310,425	0.03%	318,912	0.03%	-	0.00%	285,491	0.03%	-	0.00%
Residential Inventory	979,877	0.09%	-	0.00%	142,709	0.02%	529,741	0.06%	129,644	0.02%
Special Inventory	13,023,369	1.23%	11,081,903	1.19%	9,346,014	1.05%	8,981,709	1.06%	6,669,409	2.75%
Total Exempt Property	178,705,564	16.94%	174,712,008	18.77%	177,461,045	20.02%	176,941,760	20.93%	168,966,237	19.49%
Total Appraised Value Before Exemption	1,054,706,623	100%	931,040,822	100%	886,304,248	100%	845,197,190	100%	831,788,638	100%
Less: Total Exemptions/Reductions	(178,705,564)		(174,712,008)		(177,461,045)		(176,941,760)		(210,830,754)	
Taxable Assessed Valuation	<u>\$ 876,001,059</u>		<u>\$ 756,328,814</u>		<u>\$ 708,843,203</u>		<u>\$ 620,957,884</u>		<u>\$ 620,957,884</u>	

Category	2018		2017		2016		2015		2014	
	(1) Amount	% of Total	(1) Amount	% of Total	(1) Amount	% of Total	(1) Amount	% of Total	(1) Amount	% of Total
	Real, Residential, Single-Family	\$ 285,715,761	34.78%	\$ 257,449,645	34.72%	\$ 263,974,593	38.32%	\$ 232,715,920	37.66%	\$ 226,023,847
Real, Residential, Multi-Family	22,662,177	2.76%	17,624,811	2.38%	16,745,089	2.43%	15,553,440	2.52%	13,158,922	2.23%
Real, Vacant Lots/Tracts	36,724,640	4.47%	34,999,359	4.72%	34,078,081	4.95%	28,894,099	4.68%	27,078,216	4.59%
Real, Acreage (Land Only)	32,005,712	3.90%	34,446,966	4.65%	35,302,387	5.12%	29,269,963	4.74%	29,558,232	5.01%
Real, Farm and Ranch Improvements	4,316,576	0.53%	4,177,140	0.56%	3,810,198	0.55%	1,725,635	0.28%	2,823,281	0.48%
Real, Commercial	159,270,946	19.39%	143,116,996	19.30%	114,814,401	16.67%	97,476,460	15.77%	89,881,308	15.22%
Real, Industrial	7,650,342	0.93%	7,048,036	0.95%	6,406,260	0.93%	5,320,988	0.86%	6,957,060	1.18%
Vehicles	13,590,483	1.65%	10,686,308	1.44%	9,602,363	1.39%	9,068,913	1.47%	7,357,074	1.25%
Real and Tangible Personal, Utilities	55,731,957	6.78%	53,623,429	7.23%	33,660,310	4.89%	32,060,521	5.19%	30,615,834	5.19%
Tangible Personal, Commercial	3,936,664	0.48%	3,696,110	0.50%	3,756,615	0.55%	4,021,892	0.65%	3,741,642	0.63%
Tangible Personal, Industrial	17,155,113	2.09%	16,831,327	2.27%	17,228,199	2.50%	17,260,965	2.79%	13,319,570	2.26%
Tangible Personal, Mobile Homes	-	0.00%	-	0.00%	-	0.00%	261,069	0.04%	-	0.00%
Tangible Personal, Other	141,832	0.02%	141,832	0.02%	959,510	0.14%	1,418,732	0.23%	1,323,011	0.22%
Residential Inventory	22,567,107	2.75%	5,042,275	0.68%	4,777,819	0.69%	3,957,785	0.64%	3,028,712	0.51%
Special Inventory	160,100,643	19.49%	152,692,288	20.59%	143,730,746	20.87%	139,013,094	22.49%	135,496,610	22.95%
Total Appraised Value Before Exemption	821,569,953	100%	741,576,522	100%	688,846,571	100%	618,019,474	100%	590,363,319	100%
Less: Total Exemptions/Reductions	(194,398,952)		(194,398,952)		(188,903,673)		(177,910,555)		(170,848,721)	
Taxable Assessed Valuation	<u>\$ 627,171,001</u>		<u>\$ 547,177,570</u>		<u>\$ 499,942,898</u>		<u>\$ 440,108,919</u>		<u>\$ 419,514,598</u>	

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

Sources: City of Donna Property Tax Department

TABLE 16

**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>
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	7,322,000	1.34%	266
2018	2017	28,079	614,694,339	21,892	54,000,000	8.78%	1,923
2019	2018	28,360	620,957,884	21,896	52,210,000	8.41%	1,841
2020	2019	28,360	668,255,430	16,409	50,185,000	7.51%	1,770
2021	2020	16,475	708,843,203	43,025	48,095,000	6.78%	2,919
2022	2021	16,821	756,328,814	44,963	52,695,000	6.97%	3,133
2023	2022	16,821	876,001,059	52,078	51,055,000	5.83%	3,035

(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>
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%
2021	2020	0.638454	0.150401	0.788855	5,591,745	94.00%	108.00%
2022	2021	0.602621	0.175917	0.778538	5,888,307	97.00%	111.00%
2023	2022	0.578346	0.169591	0.747937	6,412,419	97.00%	111.00%

(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

TABLE 18

**CITY OF DONNA, TEXAS  
PRINCIPAL TAXPAYERS  
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2023  
(Unaudited)**

Taxpayer	2023			2014		
	Taxable Assessed Valuation	Ranked	% of TTL Taxable Assessed Valuation	Taxable Assessed Valuation	Ranked	% of Taxable Assessed Valuation
Wal-Mart Real Estate Business	\$ 20,004,970	1	1.89%	\$ -		0.00%
MHC Victoria Palms LLC.	13,770,788	2	1.30%	7,424,019	1	1.66%
Shops at 493 Lot 9 Ltd.	12,093,905	3	1.14%	-		-
AEP Texas Inc.	11,028,490	4	1.04%	3,750,390	3	0.84%
Packaging Corp. of America	9,419,767	5	0.89%	3,422,812	4	0.76%
MHC Victoria Palms II LLC	8,506,987	6	0.80%	-		-
Wal-Mart Property Tax Department	6,750,958	7	0.64%	-		-
CPI Donna I LLC	6,536,418	8	0.62%	-		-
Ron Hoover Companies of South TX	6,263,345	9	0.59%	-		-
Rentals Donna Park One LLC	5,593,713	10	0.53%	-		-
W Silver Recycling Inc	-		-	3,962,138	2	0.88%
BH Hester Donna LLC	-		-	2,701,123	5	0.60%
H.E. Butt Grocery Company	-		-	2,564,129	6	0.57%
D & J Investments	-		-	2,563,295	7	0.57%
Bland Farms LLC	-		-	2,200,789	8	0.49%
Raymond State Bank	-		-	1,959,039	9	0.44%
Crystal City Railroad Inc	-		-	1,936,874	10	0.43%
<b>Totals</b>	<b>\$ 99,969,341</b>		<b>0.0944</b>	<b>\$ 32,484,608</b>		<b>7.25%</b>

2023 TOTAL TAXABLE:

1,058,839,100

448,174,288

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	
9/30/2023	\$ 1,640,000	\$ 1,803,537	\$ 3,443,537	
9/30/2024	1,700,000	1,754,159	3,454,159	
9/30/2025	1,820,000	1,702,218	3,522,218	
9/30/2026	1,555,000	1,649,570	3,204,570	
9/30/2027	1,610,000	1,596,632	3,206,632	16%
9/30/2028	2,390,000	1,534,612	3,924,612	
9/30/2029	2,475,000	1,453,922	3,928,922	
9/30/2030	2,560,000	1,371,730	3,931,730	
9/30/2031	2,650,000	1,280,070	3,930,070	
9/30/2032	2,755,000	1,179,782	3,934,782	40%
9/30/2033	2,850,000	1,080,012	3,930,012	
9/30/2034	2,675,000	983,825	3,658,825	
9/30/2035	2,675,000	895,667	3,570,667	
9/30/2036	2,445,000	807,954	3,252,954	
9/30/2037	2,080,000	731,464	2,811,464	64%
9/30/2038	1,600,000	674,062	2,274,062	
9/30/2039	1,655,000	618,862	2,273,862	
9/30/2040	1,715,000	561,764	2,276,764	
9/30/2041	1,775,000	502,597	2,277,597	
9/30/2042	1,835,000	439,229	2,274,229	81%
9/30/2043	1,905,000	373,720	2,278,720	
9/30/2044	1,970,000	305,711	2,275,711	
9/30/2045	2,045,000	233,412	2,278,412	
9/30/2046	2,120,000	158,361	2,278,361	
9/30/2047	2,195,000	80,557	2,275,557	100%
	<u>\$ 52,695,000</u>	<u>\$ 23,773,424</u>	<u>\$ 76,468,424</u>	

**City of Donna, Texas**  
**Computation of Direct and Overlapping Debt Table**  
**September 30, 2023**

TABLE 20

<u>Taxing Jurisdiction</u>	<u>Debt Outstanding 9/30/2023</u>	<u>Estimated % Applicable</u>	<u>City's Overlapping Bonded Debt</u>
<b><u>Overlapping:</u></b>			
Donna Independent School District	\$ 107,030,000	43.67%	\$ 46,740,001
Hidalgo County	395,825,000	1.84%	7,283,180
Hidalgo County Drainage District No. 1	276,378,000	1.87%	5,168,269
South Texas College	103,234,693	1.71%	<u>1,765,313</u>
Total Overlapping Debt			60,956,763
 <b><u>Direct Debt</u></b>			
City of Donna		100.00%	<u>51,055,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 112,011,763</u></u>
Total Direct and overlapping Debt % of A. V.			10.58%
Total Direct and Overlapping Debt per Capita:			\$ 6,584
<i>* 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.</i>			

Source: The Municipal Advisory Council of Texas

TABLE 21

**CITY OF DONNA, TEXAS**  
**GENERAL FUND REVENUES, EXPENDITURES 5 YEAR HISTORY**

<b>Revenues</b>	<b>Fiscal Year Ended September 30,</b>					
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Taxes	\$ 10,440,683	\$ 9,776,475	\$ 8,391,548	\$ 7,963,906	\$ 8,236,530	\$ 7,144,525
Licenses and Permits	260,457	314,176	301,594	141,968	141,632	186,350
Charges for Service	2,949,629	2,650,965	2,962,485	2,272,675	2,106,228	1,853,071
Fines and Forfeitures	127,887	120,608	130,237	97,337	231,585	187,932
Intergovernmental	528,489	598,973	815,782	1,818,811	396,965	224,494
Interest and Investment Income	93,905	47,891	66,993	28,822	100,619	21,467
Miscellaneous Income	115,246	15,976	989,122	35,507	106,901	92,216
<b>Total Revenues</b>	<b>14,516,296</b>	<b>13,525,064</b>	<b>13,657,761</b>	<b>12,359,026</b>	<b>11,320,460</b>	<b>9,710,055</b>
<b>Expenditures</b>						
Current:						
General Government	3,086,022	2,760,465	2,515,873	3,174,999	2,448,057	2,571,612
Public Safety	5,565,847	4,995,832	3,997,801	3,666,777	3,632,363	3,180,302
Public Works	4,143,300	3,678,667	3,462,201	3,888,313	2,981,093	3,211,853
Culture and Recreation	1,358,343	922,312	347,824	254,318	296,213	288,628
Health and Welfare	612,153	445,648	769,536	521,686	925,954	752,492
Capital Outlay	309,128	167,342	1,926,383	-	-	-
Debt Service:						
Principal Retirements	276,302	558,722	330,989	245,086	639,258	89,978
Interest and Fiscal Agent Fee	15,391	28,209	37,065	32,872	300,763	19,492
<b>Total Expenditures</b>	<b>15,366,486</b>	<b>13,557,197</b>	<b>13,387,672</b>	<b>11,784,051</b>	<b>11,223,701</b>	<b>10,114,357</b>
<b>Excess/(Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(850,190)</b>	<b>(32,133)</b>	<b>270,089</b>	<b>574,975</b>	<b>96,759</b>	<b>(404,302)</b>
<b>Other Financing Sources/Uses</b>						
Operating Transfers In	-	403,857	6	-	70,000	563,193
Operating Transfers Out	-	(25,219)	(158,000)	-	(196,495)	-
Sale of Capital Assets	7,383	-	45,265	440,767	-	-
Other Revenues	-	-	36,570	-	-	-
Loan and Lease Proceeds	-	16,276	194,824	14,924	595,922	109,535
<b>Total Other Financing Sources/Uses</b>	<b>7,383</b>	<b>394,914</b>	<b>118,665</b>	<b>455,691</b>	<b>469,427</b>	<b>672,728</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(842,807)</b>	<b>362,781</b>	<b>388,754</b>	<b>1,030,666</b>	<b>566,186</b>	<b>268,426</b>
<b>FUND BALANCE BEGINNING</b>	<b>4,409,518</b>	<b>4,046,737</b>	<b>3,534,452</b>	<b>2,503,786</b>	<b>3,267,419</b>	<b>2,724,070</b>
<b>Prior Period Adjustment</b>	<b>(73,024)</b>	<b>-</b>	<b>123,531</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance Ending</b>	<b>\$ 3,493,687</b>	<b>\$ 4,409,518</b>	<b>\$ 4,046,737</b>	<b>\$ 3,534,452</b>	<b>\$ 3,833,605</b>	<b>\$ 2,992,496</b>

Source: City of Donna, TX Annual Financial Reports

Refer to Audit Table 3, Table 4 or Exhibit 2-C

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>Assessed Valuation Equivalent of Tax Rate</b>	<b>Total Collections Per Capita</b>
2014	\$ 2,089,644	39.77%	\$ 0.4981	77
2015	2,572,857	51.17%	0.5846	93
2016	3,009,181	61.24%	0.6019	109
2017	3,112,382	64.64%	0.5688	113
2018	3,385,282	68.94%	0.5507	117
2019	3,893,356	78.49%	0.6270	137
2020	4,504,818	85.41%	0.6741	275
2021	5,249,818	93.89%	0.7406	319
2022	6,261,087	106.33%	0.8278	372
2023	7,131,123	111.21%	0.8141	424

Source: City of Donna Finance Department

Annual Financial Report

**TABLE 23**

**CITY OF DONNA, TEXAS  
CURRENT INVESTMENTS**

The City's cash and temporary investments at September 30, 2023 are shown below:

<b>Name</b>	<b>Carrying Amount</b>	<b>Market Value</b>
Non-Interest Bearing Cash Accounts	\$ 937,911	\$ 937,911
Money Market Fund available from Trustee	59,252	59,252
Local Government Investment Cooperative (LOGIC Accounts)	1,528,837	1,528,837
Less: Statement of Fiduciary Net Assets	5,349	5,349
<b>Total</b>	<b>\$ 2,531,349</b>	<b>\$ 2,531,349</b>

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

Source: City of Donna, Texas

**CITY OF DONNA, TEXAS  
PRINCIPAL EMPLOYERS  
FOR FISCAL YEAR ENDING 2023 AND 2014**

**TABLE 24**

<b>Employer</b>	<b>2023</b>		<b>2014</b>	
	<b>Employees</b>	<b>Rank</b>	<b>Employees</b>	<b>Rank</b>
Donna I.S.D.	2,394	1	2,513	1
American Investigations & Security Intl.	333	2	-	-
Idea College Prep	167	3	173	3
City of Donna	157	4	102	5
Sunshine Paper Corp.	152	5	-	-
Walmart Super Center	136	6	-	-
Southern Steel Fabricators	130	7	-	-
HEB Donna	110	8	115	4
Magic Valley Produce	100	9	-	-
Whataburger	71	10	68	8
A&E Health Services	-	-	568	2
Paramount Citrus	-	-	98	6
Victoria Palms Resort	-	-	85	7
McDonalds	-	-	53	9
Bland Distribution	-	-	50	10
<b>Total</b>	<b>3,750</b>		<b>3,825</b>	

Source: TWC

Source: DEDC



# 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***

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

We have audited, in accordance with the 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, 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 26, 2024.

## **Report on 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) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be significant a deficiency.

## **Report on 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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2023-001.

**City's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of this Report**

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



Cascos & Associates, PC  
Brownsville, Texas  
March 26, 2024



# Cascos & Associates, PC

Certified Public Accountants  
Audit/Accounting/Tax/Consulting

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL 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**

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

We have audited the City of Donna, Texas's (the "City") compliance with the types of compliance requirements identified as subject to audit 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, 2023. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2023.

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

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). Our responsibilities under those standards, the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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  
Brownsville, Texas  
March 26, 2024

**CITY OF DONNA, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

(1)	(2)	(3)	(4)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF JUSTICE</b>			
<i>Direct Grants</i>			
COPS	16.710	2020UMWX0074	\$ 29,928
EBM Justice Assistance Grant Program (JAG)	16.738	15PBJA-21-GG-01874-JAG	<u>13,637</u>
Total Direct Grants			<u>43,565</u>
Total U.S. Department of Justice			<u>43,565</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Passed Through Texas Department of Transportation</i>			
STEP - Click It or Ticket Mobilization	20.616	2023-DonnaPD-CIOT-00022	9,978
STEP - Operation Slowdown	20.600	2023-DonnaPD-OpSlow-00016	<u>9,902</u>
Total Passed through Texas Department of Transportation			<u>19,880</u>
Total U.S. Department of Transportation			<u>19,880</u>
<b>U.S. DEPARTMENT OF THE TREASURY</b>			
<i>Passed through Hidalgo County</i>			
COVID-19 - American Recovery Plan Act	21.027	N/A	<u>1,068,788</u>
Total Passed through Hidalgo County			<u>1,068,788</u>
<i>Pass through Texas Office of the Governor</i>			
Crime Victims Liaison	21.027	3801604	<u>36,465</u>
Total Passed through Texas Office of the Governor			<u>36,465</u>
Total U.S. Department of the Treasury			<u>1,105,253</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<i>Pass through Texas Office of the Governor</i>			
Hidalgo - 2021 OPSG	97.067	3172407	52,058
Hidalgo - 2022 OPSG	97.067	3172408	126,374
IISC Donna Police AFIS Project	97.067	4577201	<u>47,911</u>
Total Passed through Texas Office of the Governor			<u>226,343</u>
Total U.S. Department of Homeland Security			<u>226,343</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 1,395,041</u>

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

**CITY OF DONNA, TEXAS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**1. GENERAL**

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal award programs of the City of Donna, Texas (the “City”) for the year ended September 30, 2023. The City’s reporting entity is defined in Note 1 of the financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

**2. BASIS OF ACCOUNTING AND PRESENTATION**

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The City’s significant accounting policies, including the modified accrual basis of accounting, are presented in Note 1 of the basic financial statements.

The Schedule of Expenditures of Federal Awards is presented in accordance with the 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). Therefore, some of the amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**3. PASS-THROUGH EXPENDITURES**

None of the federal programs expended by the City were provided to subrecipients.

**4. INDIRECT COSTS**

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

**CITY OF DONNA, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

Financial Statements

Type of auditors' report issued in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified:	None
Significant deficiencies identified that are not considered to be material weaknesses:	2023-001
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified:	None
Significant deficiencies identified that are not considered to be material weaknesses:	2023-002
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)?	Yes
Major programs are as follows:	
<u>Assistance Listing Number:</u>	<u>Name of Federal Program or Cluster:</u>
21.027	COVID-19 – American Recovery Plan Act
21.027	Crime Victims Liaison
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**

**Finding 2023-001**

***Significant Deficiency - Controls Over Documentation of Credit Card Transactions***

Criteria:

Monthly statements must contain all receipts to document the expenditures being undertaken and in accordance with local policy and regulations in the Local Government Code §203.021.

Condition:

During our review of internal control procedures and tests of controls over credit card transactions, we noted that supporting documentation such as invoices and approvals, was not always present on purchase documentation.

**CITY OF DONNA, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**II. Financial Statement Findings (Continued)**

Cause: The City lacks controls over documenting information recorded in the credit card statements.

Effect: Expenditures made through the credit cards were missing backup documentation and/or did not have proper approval.

Questioned Costs: \$0

Recommendation: We recommend the City review its policies and procedures over the credit card process. Receipts and other supporting documentation should be maintained to support all purchases made and those purchases should be reviewed and approved by an appropriate supervisor or department head.

Management's views: Management agrees with the finding. See corrective action plan on page 137.

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

**Finding 2023-002**

***Performance Reporting***

**Federal Program: American Relief Plan Act (ARPA) ALN 21.027**

**Federal Agency: U.S. Department of Treasury**

**Federal Award Year: 2021**

**Type of Finding: Significant Deficiency in Internal Control over Compliance and Noncompliance**

Criteria: The American Rescue Plan Act (ARPA) was signed into law and established the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Fund, which together make up the Coronavirus State and Local Fiscal Recovery Funds ("SLFRF") program. Per review of the Compliance and Reporting Guidance for the SLFRF program, metropolitan cities with a population below 250,000 residents that are allocated less than \$10 million in SLFRF funding are required to submit an annual Project and Expenditure Report by April 30<sup>th</sup>.

Condition: During our review of the federal program, we noted that the City did not submit the required report by April 30<sup>th</sup>. The report was submitted on August 30<sup>th</sup>.

Cause: The City lacks internal controls over the reporting deadlines for the program.

Effect: Without proper internal controls, the City cannot prevent or detect reporting deadlines. Failure to submit the Project and Expenditure Report timely may lead to noncompliance with federal requirements.

Questioned Costs: \$0

Recommendation: We recommend the City adhere to the Compliance and Reporting Guidance for the SLFRF program and establish internal controls to ensure the City submits required reports when they are due.

Management's views: Management agrees with the finding. See corrective action plan on page 137.



**Corrective Action Plan**

**Finding 2023-001**

***Significant Deficiency– Control Over Documentation of Credit Card Transactions***

Individual responsible for corrective action:

David R. Vasquez, Director of Finance  
Maria Rodriguez, Accounts Payable

Date corrective action will be implemented:

March 2024

Corrective action plan:

The City of Donna has implemented more stringent credit card procedures. Below is the list of procedures to be followed by all city employees:

- Only one designated employee from each department is allowed to check out credit cards.
- All credit card purchases require director’s approval beforehand.
- A credit card purchase form must be completed to include copies of receipts submitted to Finance.
- Receipts are to be provided immediately after purchase to the Finance Department.
- If prior purchase is pending receipts, then the credit card will not be allowed to be checked out by said department.
- All procurement policies are expected to be followed.

**Finding 2023-002**

***Performance Reporting***

**Federal Program: American Relief Plan Act (ARPA) ALN 21.027**

**Federal Agency: U.S. Department of Treasury**

**Federal Award Year: 2021**

**Type of Finding: Significant Deficiency in Internal Control Over Compliance and Noncompliance**

Individual responsible for corrective action:

David R. Vasquez, Director of Finance  
Margaret Lopez, Grants Administrator/Accountant

Date corrective action will be implemented:

March 2024

Corrective action plan:

The City will ensure grant reporting is completed in a timely manner. The Grant administrator will provide a list of all due dates for each grant. Finance will periodically monitor grants to ensure timely reporting. Grant administrator will provide confirmation of each grant filed.