

**CITY OF DONNA**  
**ANNUAL FINANCIAL REPORT**  
**YEAR ENDED SEPTEMBER 30, 2017**

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# **INTRODUCTORY SECTION**

**CITY OF DONNA, TEXAS  
CITY OFFICIALS  
SEPTEMBER 30, 2017**

**ANNUAL FINANCIAL REPORT**

Council- Manager Form of Government

**MAYOR**

Ricardo Morales

**MAYOR PRO-TERM**

Oscar Gonzales

**COUNCIL MEMBERS**

Jose G. Garza, Jr.  
Arturo Castillo  
Catarina Alvarado

**CITY MANAGER**

Carlos Yerena

**DIRECTOR OF FINANCE**

David R. Vasquez

**CITY SECRETARY**

Laura Balderrama

## **FINANCIAL SECTION**



PATILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

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

### *Report of the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Donna, Texas (the "City") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our (1) unmodified audit opinions on the General Fund, the Certificate of Obligation Series 2017 Fund, the City International Bridge fund, the aggregate discretely presented component units, and aggregate remaining fund information and (2) qualified opinions on the governmental activities, business-type activities, and Water and Sewer fund.

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Governmental Audit  
Quality Center

***Basis for Qualified Opinions on Governmental Activities, Business-Type Activities, Water and Sewer Fund***

In prior years, the City did not maintain complete capital asset or depreciation registers for the governmental activities, business-type activities, or Water and Sewer fund. Consequently, we were not able to obtain sufficient appropriate audit evidence for the opening balances of historical cost or accumulated depreciation of capital assets in these opinion units. Accounting principles generally accepted in the United States of America require that capital assets be depreciated over their estimated useful lives. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities, business-type activities, and Water and Sewer fund has not been determined.

***Qualified Opinions***

In our opinion, except for the effects of the matter discussed in the Basis for Qualified Opinion paragraph on the governmental activities, business-type activities, and Water and Sewer fund, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and Water and Sewer fund of the City as of September 30, 2017, 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.

***Unmodified Opinion on General Fund, Certificate of Obligation Series 2017 fund, the City International Bridge fund, the aggregate discretely presented component units, and the aggregate remaining fund information***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund, Certificate of Obligation Series 2017 fund, the City International Bridge fund, the aggregate discretely presented component units, and the aggregate remaining fund information for the City, as of September 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

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

***Other Information***

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

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

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

*Pat Hills, Bon Hill, C.P.*

Brownsville, Texas  
March 29, 2018

**CITY OF DONNA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2017**

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, 2017.

**Financial Highlights In Brief**

In regards to the City's government-wide level financial statements, the 2017 and 2016 amounts are included in this discussion and analysis for comparative purposes.

- The assets of the City exceeded liabilities at the close of the 2017 and 2016 fiscal years by \$30,798,675 (net position) and by \$60,214,322 (net position), respectively. At the end of the 2017 and 2016 fiscal years the statement of net position reflects a deficit amount for unrestricted net position of \$20,917,003 and a deficit amount of \$15,258,216, respectively.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,953,835 a decrease of \$1,884,029 or -.24% over the prior year.
- At the end of the current fiscal year, the unreserved undesignated fund balance for the general fund was \$2,692,718 or a positive 29% of total current year general fund expenditures.
- The City of Donna's total debt increased by a net amount of \$8,102,755 or 15% during the current fiscal year.
- On October 1, 2013, the City adopted GASB 65 *Items Previously Reported as Assets and Liabilities*. The significant accounting policies related to the implementation of this statement is located in "Note 1", *Deferred Outflows of Resources and Deferred Inflows of Resources/Other Assets and Liabilities*.

**Overview of the Financial Statements**

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, culture and recreation, public health and welfare, economic development and tourism development. The business-type activities of the City include a utility system (water and sanitary sewer), and international bridge passenger vehicle crossing services that started operating in December 2010.

**CITY OF DONNA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2017**

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

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

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

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

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

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

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

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

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

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

**CITY OF DONNA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2017**

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

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

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

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Donna, assets exceeded liabilities by \$30,798,675 at the close of fiscal year 2017 and by \$60,214,322 at the close of fiscal year 2016.

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 8,763,408	\$ 10,803,974	\$ 15,843,709	\$ 13,128,552	\$ 24,607,117	\$ 23,932,526
Capital assets	12,930,262	31,554,475	59,606,706	61,666,336	72,536,968	93,220,811
Total assets	<u>21,693,670</u>	<u>42,358,449</u>	<u>75,450,415</u>	<u>74,794,888</u>	<u>97,144,085</u>	<u>117,153,337</u>
Deferred Outflows of Resources	689,695	843,808	3,924,150	4,115,736	4,613,845	4,959,544
Long-term liabilities	10,235,884	6,785,806	57,985,341	49,074,550	68,221,225	55,860,356
Other liabilities	1,415,346	3,528,975	1,322,684	2,509,227	2,738,030	6,038,202
Total liabilities	<u>11,651,230</u>	<u>10,314,781</u>	<u>59,308,025</u>	<u>51,583,777</u>	<u>70,959,255</u>	<u>61,898,558</u>
Net Position						
Invested in capital assets, net of related debt	4,223,363	26,567,050	39,229,693	34,591,149	43,453,056	61,158,199
Restricted	3,555,731	5,481,325	2,219,457	9,674,905	5,775,188	15,156,230
Unrestricted (deficit)	2,953,041	839,100	(21,382,610)	(16,939,208)	(18,429,569)	(16,100,108)
Total net position	<u>\$ 10,732,135</u>	<u>\$ 32,887,476</u>	<u>\$ 20,066,540</u>	<u>\$ 27,326,846</u>	<u>\$ 30,798,676</u>	<u>\$ 60,214,321</u>

The largest portion of the City's net position (141% in 2017 and 100% in 2016) reflects its investments in capital assets (e.g., land, buildings, machinery, and equipment, net of accumulated depreciation under the business-type activities); less any related debt used to acquire those assets that are still outstanding. The City of Donna uses these capital assets to provide services to citizens and to customers of its business-type activities; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Donna's net position (17% in 2017 and 25% in 2016) represents resources that are subject to external restrictions on how they may be used.

**CITY OF DONNA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2017**

In 2016, the city implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Implementation of this standard resulted in the recording of net pension liability totaling \$2,124,224 in the primary government (Refer to Note 3.I.2). The City's unrestricted net position under governmental activities reflects a positive balance of \$2,953,041 for 2017 and \$1,680,992 for 2016.

The City's unrestricted net position under business-type activities reflects a deficit balance of \$21,382,610 at 2017 and a deficit of \$16,939,208 at 2016.

The Water and Sewer Fund has unrestricted deficit balance of \$7,017,422 at 2017, which reflects a decrease of \$3,088,436 or -79% versus fiscal year 2016. The City International Bridge Fund has an unrestricted net position deficit of \$14,365,188 at 2017, which reflects an increase in the deficit of \$1,354,965 from 2016. The City International Bridge Fund went into operation on December 14, 2010.

The following table presents a summary of the government-wide statement of changes in net position for both governmental activities and business-type activities for 2017 and 2016.

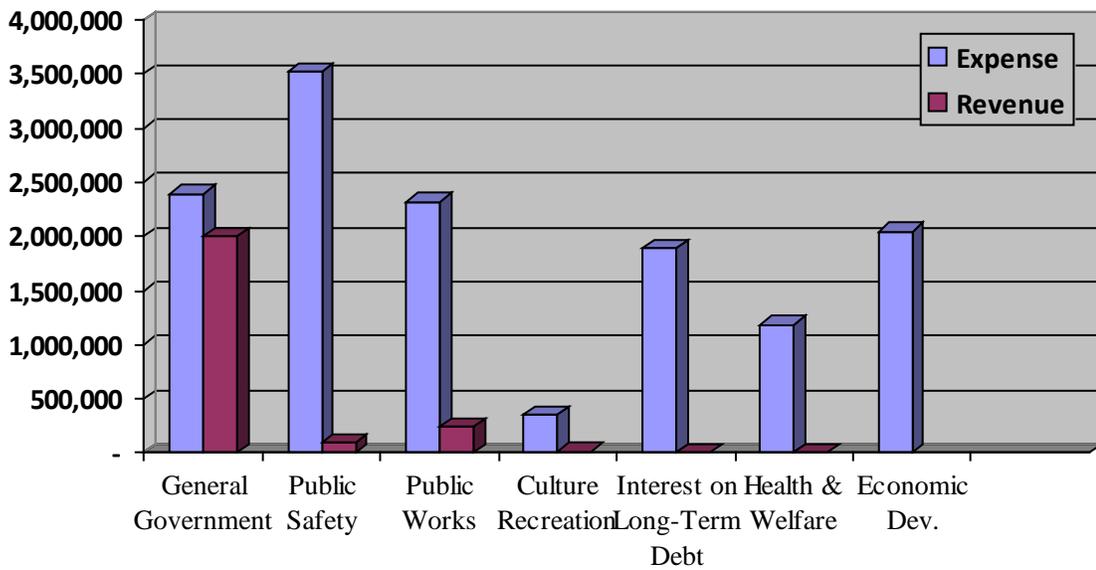
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 2,002,137	\$ 2,086,156	\$ 7,443,105	\$ 7,034,783	\$ 9,445,242	\$ 9,120,939
Operating grants and contributions	359,766	-	-	-	359,766	-
Capital grants and contributions	-	469,733	59,552	753,684	59,552	1,223,417
General Revenues:						
Property taxes	5,215,690	5,338,779	-	-	5,215,690	5,338,779
Other taxes	2,519,720	2,463,563	-	-	2,519,720	2,463,563
Other	103,784	204,660	90,984	53,920	194,768	258,580
Total revenues	<u>10,201,097</u>	<u>10,562,891</u>	<u>7,593,641</u>	<u>7,842,387</u>	<u>17,794,738</u>	<u>18,405,278</u>
Expenses:						
General government	2,396,171	2,973,410	-	-	2,396,171	2,973,410
Public safety	3,521,271	2,936,275	-	-	3,521,271	2,936,275
Public works	2,318,032	2,202,414	-	-	2,318,032	2,202,414
Culture and recreation	353,023	840,311	-	-	353,023	840,311
Public Health and welfare	1,182,640	279,247	-	-	1,182,640	279,247
Economic Development	-	632,000	-	-	-	632,000
Tourism development	-	207,043	-	-	-	207,043
Interest on long-term debt	1,885,115	1,189,004	-	-	1,885,115	1,189,004
Utility system operations	-	-	9,351,572	5,764,408	9,351,572	5,764,408
International Bridge Fund	-	-	2,724,840	3,589,093	2,724,840	3,589,093
Total expenses	<u>11,656,252</u>	<u>11,259,704</u>	<u>12,076,412</u>	<u>9,353,501</u>	<u>23,732,665</u>	<u>20,613,204</u>
Changes in net position before transfers	(1,455,155)	(696,814)	(4,482,771)	(1,511,114)	(5,937,927)	(2,207,927)
Transfers	721,780	2,377,478	(2,638,567)	(2,097,478)	(1,916,787)	280,000
Changes in net position	<u>(733,375)</u>	<u>1,680,666</u>	<u>(7,121,338)</u>	<u>(3,608,592)</u>	<u>(7,854,714)</u>	<u>(1,927,927)</u>
Net Position – beginning of year	32,887,476	31,206,809	27,326,846	30,935,438	60,214,322	62,142,248
Prior period adjustment	(21,421,967)	-	(138,969)	-	(21,560,936)	-
Net Position – end of year	<u>\$ 10,732,135</u>	<u>\$ 32,887,476</u>	<u>\$ 20,066,540</u>	<u>\$ 27,326,846</u>	<u>\$ 30,798,671</u>	<u>\$ 60,214,321</u>

**CITY OF DONNA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2017**

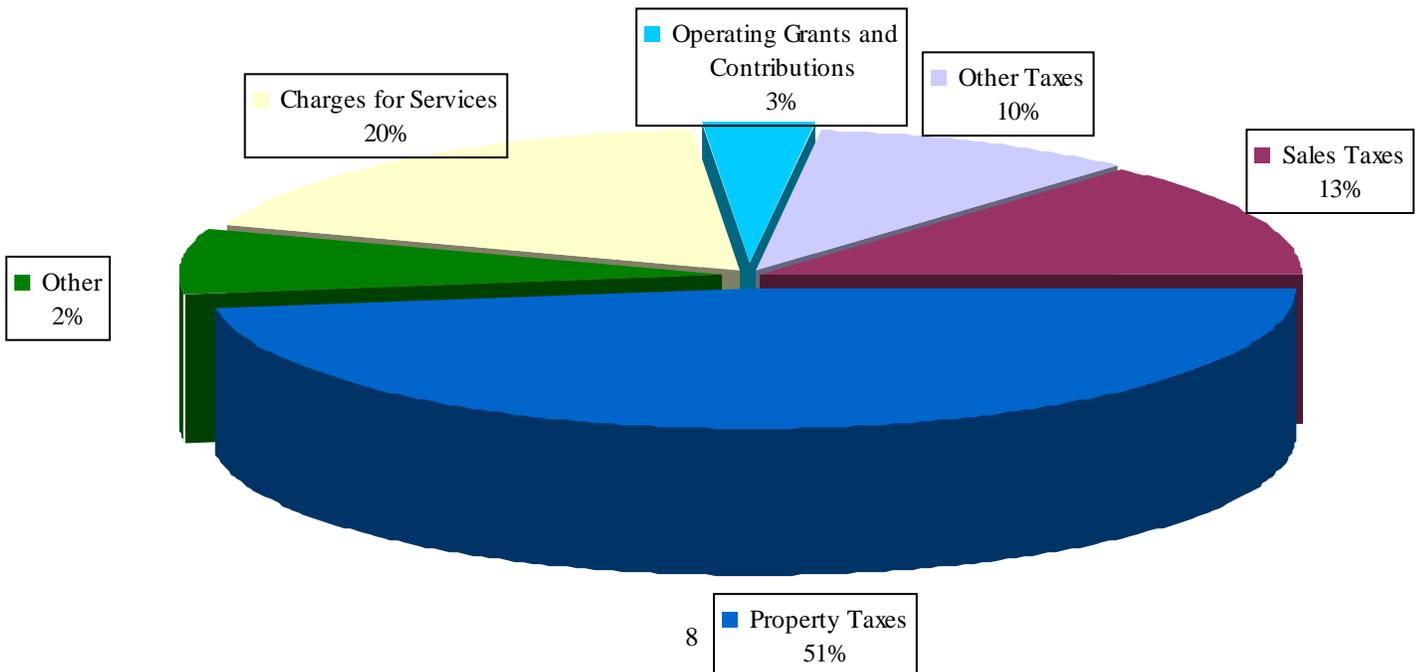
Total revenues generated from both governmental and business-type activities for fiscal year 2017 amounted to \$18,074,738 with expenses of \$23,288,514 resulted in a change in net position decrease before transfers of \$5,213,776 for fiscal year 2017. Compared to fiscal year 2016, there was \$18,405,278 in revenues with expenses of \$20,613,205 that resulted in a change in net position decrease before transfers of \$2,207,927 for fiscal year 2016.

**Governmental activities.** Governmental activities decreased the City of Donna's net position by \$733,375, and \$21,421,967 in prior period adjustments, thereby accounting for a decrease of -67% in governmental net position for 2017.

**Expenses and Program Revenues-Governmental Activities**



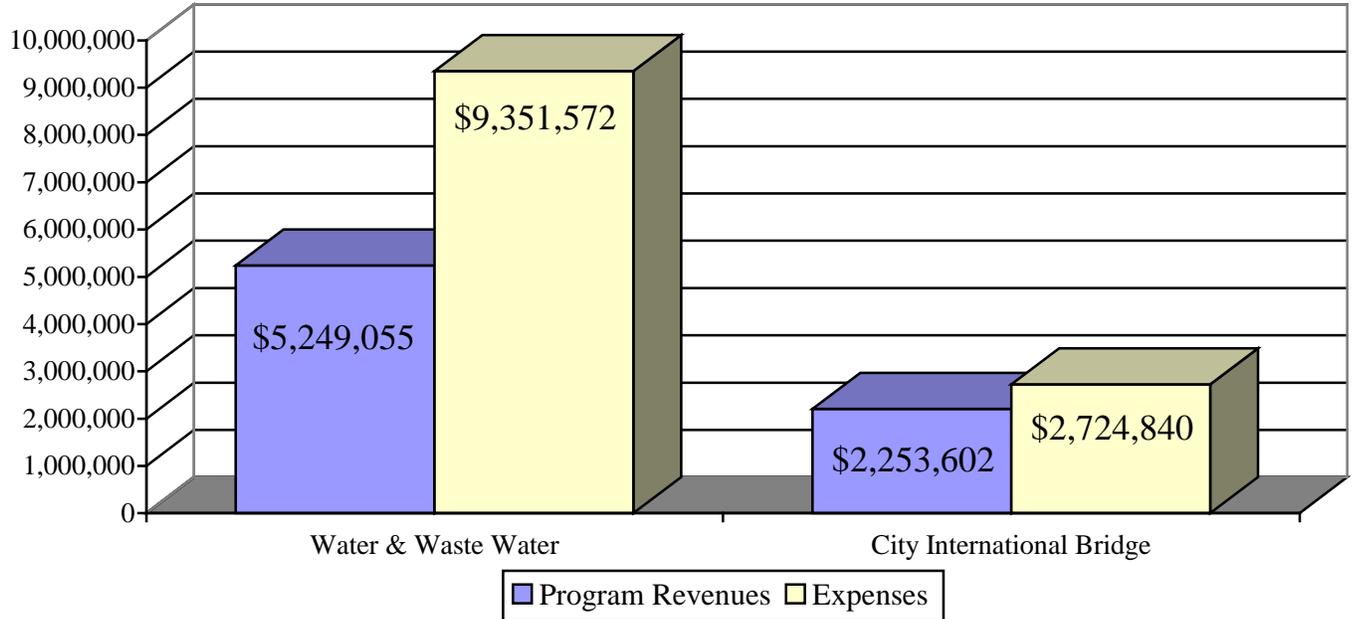
**Revenues by Source-Governmental Activities**



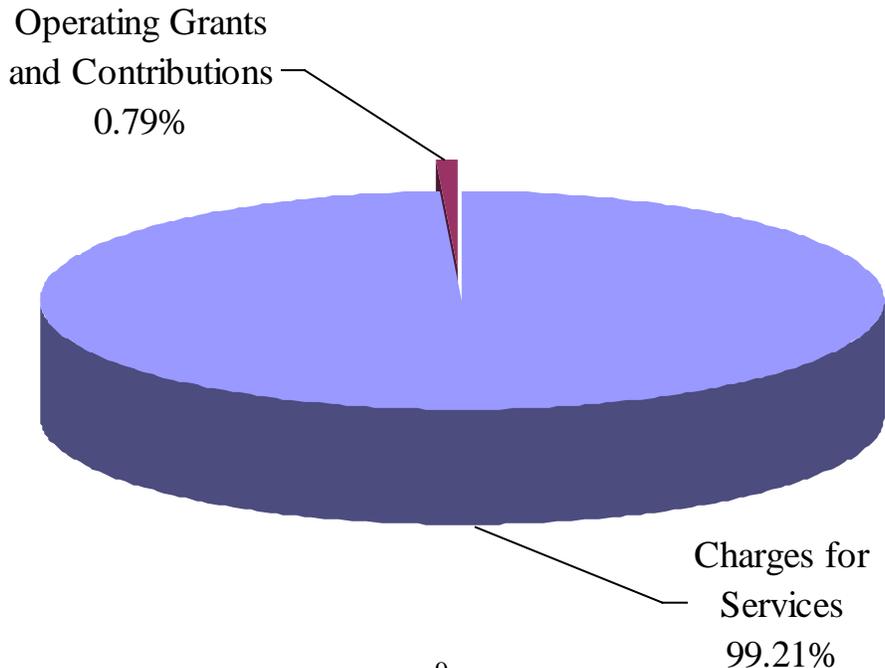
**CITY OF DONNA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2017**

**Business-type activities.** Business-type activities decreased the City of Donna's net position by \$7,260,306 thereby accounting for a decrease of 27 % in total net position in fiscal year 2017. Capital contributions recorded were \$59,552, a decrease of \$694,132 over fiscal year 2016. Interfund Transfers totaled \$2,638,567 an increase of \$541,089 or 26% over fiscal year 2016.

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



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



**CITY OF DONNA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2017**

**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 \$5,953,835 a decrease of \$1,884,029 or 24%. A positive amount of \$2,366,248 constitutes unassigned fund balance for all governmental funds. Good financial management indicates that the City should maintain an unassigned fund balance on a continuing basis in order to have working capital to operate the City and as a reserve hedge against emergencies. The remainder of the fund balance of \$3,587,587.

The General Fund is the chief operating fund of the City of Donna. At the end of the 2017 fiscal year unreserved undesignated fund balance of the General Fund was \$2,366,248. 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 2017 unreserved undesignated fund balance represents a positive 29% of total General Fund expenditures.

During the 2017 fiscal year, the net change in fund balance of the City's General Fund increased by \$129,617. The key components and factors in this increase are as follows:

- The City transferred in \$738,676 from the Financial Fund for payment to bridge engineers.
- The surplus funds from the above transaction help fund various unbudgeted projects.

The Debt Service Fund has a total fund balance of \$2,816,460, 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 2017 of \$81,695. The Debt Service fund was budgeted with a surplus of \$64,135 in 2017. The City is trying to maintain a fund balance in the Debt Service Fund to assist with the debt service requirements to help support the City International Bridge Fund.

**Proprietary funds.** The City of Donna's proprietary funds provide the same type of information found in the governmental-wide financial statements, but in more detail.

The combined unrestricted net position deficit balance of \$21,382,610 at 2017 is comprised of the respective proprietary funds as follows; Water and Sewer Fund deficit of \$7,017,422, City International Bridge Fund deficit of \$14,365,188. Please refer to the discussion of these amounts under the government-wide financial analysis above. The City International Bridge went into operation on December 14, 2010 therefore this is the sixth consecutive year of 12 months of operation at the bridge.

**CITY OF DONNA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2017**

**General Fund Budgetary Highlights**

The original General Fund budget increased by \$803,592 (Expenditures) or 9.43 % compared to fiscal year 2016 of \$448,452. While budget variances were incurred at the department level, Revenues over Expenditures was a positive \$129,617.

**Capital Assets**

The City of Donna's investment in capital assets for its governmental and business type activities as of September 30, 2017 and 2016 amounts to \$72,489,268 and \$91,238,750 respectively (net of accumulated depreciation on the business-type activities capital assets). This investment in capital assets includes land, buildings and improvements, machinery and equipment, streets, a waterworks system, a sanitary sewer system and the development of an international bridge with related service assets. The overall increase in the City of Donna's investment in capital assets for the current year was 0%. The current year depreciation expense for business-type activities was \$3,226,875 for the Water and Sewer Fund and the International Bridge Fund.

The City inventoried all capital assets in 2016-2017 and reconciled the amounts back to the general ledger. The City has encountered many obstacles in the process of identifying historical costs for many assets. Our City Council approved the write-off of \$12,367,890 worth of fixed assets from previous years which could not be identified in the governmental fund. During Fiscal Year 2017-2018, the finance department will continue the reconciliation of fixed assets.

Additional information on the City of Donna's capital assets can be found in Note H of this report.

**City of Donna  
Capital Assets at Year End  
Net of Accumulated Depreciation**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 994,034	\$ 1,027,449	\$ 1,702,208	\$ 1,520,756	\$ 2,696,242	\$ 2,548,205
Buildings	731,316	2,864,689	7,096,666	7,521,493	7,827,982	10,386,182
Improvements other than buildings	1,655,211	10,372,636	698,758	424,502	2,353,969	10,797,138
Infrastructure	1,626,699	6,269,712	45,084,208	50,270,436	46,710,907	56,540,148
Furniture and equipment	3,254,456	7,744,155	1,055,096	1,236,692	4,309,552	8,980,847
Other developments in progress	4,668,546	1,689,778	3,922,070	296,452	8,590,616	1,986,230
<b>Total</b>	<b>\$ 12,930,262</b>	<b>\$ 29,968,419</b>	<b>\$ 59,559,006</b>	<b>\$ 61,270,331</b>	<b>\$ 72,489,268</b>	<b>\$ 91,238,750</b>

**CITY OF DONNA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2017**

**Debt Administration**

The City of Donna's total long-term debt for its governmental and business-type activities as of September 30, 2017 and 2016 amounts to \$66,097,001 and \$57,507,786 respectively.

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 7,028,600	\$ 5,325,600	\$ 47,961,400	\$ 41,454,400	\$ 54,990,000	\$ 46,780,000
Premiums on debt	474,624	357,379	5,013,126	4,643,913	5,487,750	5,001,292
Tax Notes Payable	293,400	363,600	521,600	646,400	815,000	1,010,000
Contractual Obligations	588,922	675,883			588,922	675,883
Claims payable			3,982,278	3,568,882	3,982,278	3,568,882
Capital leases	-	-	-	-	-	-
Notes and loans payable	233,051	233,051	-	-	233,051	233,051
Compensated absences	-	220,755	-	17,923	-	238,678
<b>Total</b>	<b>\$ 8,618,597</b>	<b>\$ 7,176,268</b>	<b>\$ 57,478,404</b>	<b>\$ 50,331,518</b>	<b>\$ 66,097,001</b>	<b>\$ 57,507,786</b>

The City's total debt increased by a net \$13,590,507 or 24%, during the current fiscal year. Additional information on the City of Donna's long-term debt can be found in Note I of this report.

During and after the construction of the international bridge and related bridge service assets, bridge related debt service payments are funded primarily by the general government's Debt Service Fund via transfers to the City International Bridge Fund. Operating Income from the international bridge (excluding depreciation and amortization) contributed to debt service payments. For the current year the general government's Debt Service Fund has paid \$566,259 of the debt service payments on the 2016 Bonds. However, since the international bridge opened only as a passenger traffic international bridge, the City's general government Debt Service Fund will be required to continue providing a significant level of debt service funding for the debts of the international bridge until commercial traffic starts crossing.

**Economic Factors and Next Year's Budgets and Rates**

- The assessed taxable valuations used in preparing the 2017-2018 budgets were up \$72,677,820 or 13.5% from the prior year. This is the 7<sup>th</sup> consecutive year of increases in assessed values.
- The City decreased the tax rate for fiscal year 2017-2018 to \$.79 per \$100 valuation, a decrease of \$0.08 or 9.2% from prior year. This is the 4<sup>th</sup> consecutive year of decreases in the tax rate.
- In the 2017-2018 Budget, the General Fund revenues and expenditures are budgeted at an increase of 3% over 2017 fiscal year. The 2017-18 General Fund budget is a balanced budget.
- The Sales Tax increased by \$103,201 or 3.4% over prior year.
- The City of Donna will begin construction on the southbound empty commercial traffic facilities in July 2018 after having received the final executed Donation Acceptance Agreement from the Federal Government in March 2018. The City of Donna's submittal of a 559 for Northbound Empty Commercial was combined with a new submittal of Northbound/Southbound fully loaded commercial traffic and approved by the Federal Government. The project is currently in the design stages. The timeline for the project to be let is April 2019. It will include a Pilot Project for the latest technology available for 100% Non-Intrusive Inspection (NII) of commercial vehicles.

**Request for Information**

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

## **BASIC FINANCIAL STATEMENTS**

**CITY OF DONNA, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2017**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 8,806,788	\$ 1,291,804	\$ 10,098,592
Receivables, net	2,222,284	1,188,310	3,410,594
Inventories	31,352	22,880	54,232
Restricted cash and investments	-	5,861,480	5,861,480
Internal balances	(5,421,232)	5,421,232	-
Due from component unit/primary government	392,122	325,537	717,659
Long-term investments	2,729,471	1,730,711	4,460,182
Capital assets, net of accumulated depreciation:			
Non-depreciable assets	5,662,580	5,624,278	11,286,858
Depreciable assets	7,267,682	53,982,428	61,250,110
Other assets	2,623	1,755	4,378
Total assets	21,693,670	75,450,415	97,144,085
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	-	3,706,074	3,706,074
Deferred outflows related to pensions	689,695	218,076	907,771
Total deferred outflow of resources	689,695	3,924,150	4,613,845
<b>LIABILITIES</b>			
Accounts payable	591,330	343,536	934,866
Accrued liabilities	622,699	185,209	807,908
Accrued interest payable	31,856	346,341	378,197
Due to component unit/primary government	60,710	-	60,710
Unearned revenue	12,454	2,250	14,704
Deposits	96,297	445,348	541,645
Noncurrent liabilities:			
Due within one year	521,138	1,615,614	2,136,752
Due in more than one year	8,097,459	55,862,790	63,960,249
Pension liability	1,617,287	506,937	2,124,224
Total liabilities	11,651,230	59,308,025	70,959,255
<b>NET POSITION</b>			
Net investment in capital assets	4,223,363	39,229,693	43,453,056
Restricted for:			
Capital projects	167,167	-	167,167
Operations and maintenance	20,237	288,905	309,142
Repairs and replacements	7,354	300,824	308,178
Debt service	2,784,604	1,629,728	4,414,332
Tourism	395,520	-	395,520
Other purpose	180,849	-	180,849
Unrestricted (deficit)	2,953,041	(21,382,610)	(18,429,569)
Total net position	\$ 10,732,135	\$ 20,066,540	\$ 30,798,675

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

## EXHIBIT 1-A

Donna Economic Development Corporation	Component Units	
	Development Corporation of Donna, Inc.	Tax Increment Reinvestment Zone Number Two
\$ 58,565	\$ 220,925	\$ 90,507
178,852	169,241	37,404
-	-	-
384,516	374,797	-
1,987	(1,987)	-
-	60,710	-
7,168,780	591,919	-
62,151	76,406	-
-	-	-
<u>7,854,851</u>	<u>1,492,011</u>	<u>127,911</u>
-	-	-
<u>8,170</u>	<u>8,079</u>	<u>-</u>
<u>8,170</u>	<u>8,079</u>	<u>-</u>
34,129	25,204	20,000
38,509	39,173	-
25,829	24,810	-
387,447	325,537	4,675
-	-	-
-	-	-
295,000	145,000	-
6,629,039	3,272,495	2,313,052
18,729	18,518	-
<u>7,428,681</u>	<u>3,850,737</u>	<u>2,337,727</u>
306,892		
-	-	-
-	-	-
-	-	-
358,687		
-	-	-
-	-	-
<u>(231,240)</u>	<u>(2,350,647)</u>	<u>(2,209,816)</u>
<u>\$ 434,340</u>	<u>\$ (2,350,647)</u>	<u>\$ (2,209,816)</u>

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

**CITY OF DONNA, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 2,396,171	\$ 2,002,137	\$ 3,456	\$ -
Public safety	3,521,271	-	92,712	-
Public works	2,318,032	-	248,615	-
Health and welfare	1,182,640	-	-	-
Culture and recreation	353,023	-	14,983	-
Interest and fiscal agent fees	1,750,606	-	-	-
Debt issue cost	134,509	-	-	-
Total governmental activities	<u>11,656,252</u>	<u>2,002,137</u>	<u>359,766</u>	<u>-</u>
Business-type activities:				
Water and sewer	8,907,423	5,237,910	-	11,145
International bridge	<u>2,724,839</u>	<u>2,205,195</u>	<u>-</u>	<u>48,407</u>
Total business-type activities	<u>11,632,262</u>	<u>7,443,105</u>	<u>-</u>	<u>59,552</u>
Total primary government	<u>23,288,514</u>	<u>9,445,242</u>	<u>359,766</u>	<u>59,552</u>
Component units				
Economic Development	<u>2,327,683</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total component units	<u>\$ 2,327,683</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Taxes:

Property taxes, levied for general purposes/ tax increment

Property taxes, levied for debt service

Sales taxes

Franchise and other taxes

Hotel/motel taxes

Unrestricted investment earnings

Miscellaneous revenues

Transfers

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
\$ (390,578)	\$ -	\$ (390,578)	\$ -	\$ -	\$ -
(3,428,559)	-	(3,428,559)	-	-	-
(2,069,417)	-	(2,069,417)	-	-	-
(1,182,640)	-	(1,182,640)	-	-	-
(338,040)	-	(338,040)	-	-	-
(1,750,606)	-	(1,750,606)	-	-	-
(134,509)	-	(134,509)	-	-	-
<u>(9,294,349)</u>	<u>-</u>	<u>(9,294,349)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(3,658,368)	(3,658,368)	-	-	-
<u>-</u>	<u>(471,237)</u>	<u>(471,237)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>(4,129,605)</u>	<u>(4,129,605)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(9,294,349)</u>	<u>(4,129,605)</u>	<u>(13,423,954)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,688,665</u>	<u>629,018</u>	<u>10,000</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,688,665</u>	<u>\$ 629,018</u>	<u>\$ 10,000</u>
4,201,731	-	4,201,731	-	-	29,505
1,013,959	-	1,013,959	-	-	-
1,461,161	-	1,461,161	730,580	730,580	-
917,579	-	917,579	-	-	-
140,980	-	140,980	-	-	-
60,419	71,515	131,934	1,379	2,785	-
323,365	19,469	342,834	3,973,128	-	-
441,780	(441,780)	-	-	-	-
<u>8,560,974</u>	<u>( 350,796)</u>	<u>8,210,178</u>	<u>4,705,087</u>	<u>733,365</u>	<u>29,505</u>
(733,375)	(4,480,401)	(5,213,776)	3,016,422	104,347	19,505
32,887,476	27,326,845	60,214,321	(2,582,082)	(2,454,994)	(2,229,322)
<u>(21,421,967)</u>	<u>(2,779,904)</u>	<u>(24,201,871)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 10,732,135</u>	<u>\$ 20,066,540</u>	<u>\$ 30,798,675</u>	<u>\$ 434,340</u>	<u>\$ (2,350,647)</u>	<u>\$ (2,209,816)</u>

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

**CITY OF DONNA, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

EXHIBIT 2-A

	General	Certificate of Obligation Series 2017	Other Governmental	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 539,054	\$ 5,554,548	\$ 2,713,186	\$ 8,806,788
Receivables, net:				
Property taxes	1,065,623	-	618,011	1,683,634
Nonproperty taxes	263,247	-	-	263,247
Accounts	244,037	337	11,417	255,791
Intergovernmental	19,612	-	-	19,612
Inventories	31,352	-	-	31,352
Due from other funds	1,533,058		1,132,563	2,665,621
Due from component units	390,722	-	1,400	392,122
Long-term investments	248,818	1,982,014	498,639	2,729,471
Other assets	123	-	2,500	2,623
Total assets	<u>\$ 4,335,646</u>	<u>\$ 7,536,899</u>	<u>\$ 4,977,716</u>	<u>\$ 16,850,261</u>
<b>LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 85,581	\$ 502,105	\$ 3,644	\$ 591,330
Accrued liabilities	325,623	-	297,076	622,699
Due to other funds	40,339	7,114,649	931,865	8,086,853
Due to component units	60,710	-	-	60,710
Unearned revenues	12,454	-	-	12,454
Deposits	96,297	-	-	96,297
Total liabilities	<u>621,004</u>	<u>7,616,754</u>	<u>1,232,585</u>	<u>9,470,343</u>
Deferred inflows of resources				
Unavailable revenue - property taxes	990,572	-	435,511	1,426,083
Total deferred inflows of resources	<u>990,572</u>	<u>-</u>	<u>435,511</u>	<u>1,426,083</u>
Fund balances:				
Nonspendable - inventories	31,352	-	-	31,352
Restricted for:				
Tourism	-	-	395,520	395,520
Fire equipment debt service	-	-	180,849	180,849
Law enforcement	-	-	20,237	20,237
Equipment purchases	-	-	5,840	5,840
Park improvements	-	-	1,514	1,514
Capital projects	-	-	167,167	167,167
Debt service	-	-	2,816,460	2,816,460
Unassigned	2,692,718	(79,855)	(277,967)	2,334,896
Total fund balances	<u>2,724,070</u>	<u>(79,855)</u>	<u>3,309,620</u>	<u>5,953,835</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,335,646</u>	<u>\$ 7,536,899</u>	<u>\$ 4,977,716</u>	<u>\$ 16,850,261</u>

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

**CITY OF DONNA, TEXAS**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

EXHIBIT 2-B

Fund balances - Governmental Funds Balance Sheet	\$ 5,953,835
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.	12,930,262
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.	1,426,083
Long-term liabilities applicable to the City's governmental activities are not due and payables in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term are reported in the statement of net position. Bond premiums and discounts are also included and are amortized as an adjustment of interest expense in the statement of activities over the remaining life of the debt.	(8,618,597)
Interest is accrued in the government-wide financial statements but not in the funds.	(31,856)
Included in the noncurrent assets/(liability) is the recognition of the City's net pension asset/(liability) required by GASB 68 in the amount of (\$1,560,163), and a deferred resource outflows in the amount of \$681,599. This resulted in an increased/(decrease) in net position by (\$878,564).	(878,564)
Included in the noncurrent assets/(liability) is the recognition of the Firemen's net pension asset/(liability) required by GASB 68 in the amount of (\$57,123), and a deferred resource outflows in the amount of \$6,222. This resulted in an increased/(decrease) in net position by (\$49,028).	(49,028)
Net position of governmental activities- Statement of Net Position	<u>\$ 10,732,135</u>

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

**CITY OF DONNA, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

EXHIBIT 2-C

	General	Certificate of Obligation Series 2017	Other Governmental	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 4,221,018	\$ -	\$ 1,013,959	\$ 5,234,977
Nonproperty taxes	2,378,740	-	140,980	2,519,720
Fees and charges	1,684,416	-	72,839	1,757,255
Fines and forfeitures	109,792	-	2,793	112,585
Licenses and permits	132,297	-	-	132,297
Intergovernmental	111,151	-	248,615	359,766
Miscellaneous income	39,159	-	280,521	319,680
Interest and investment income	10,695	20,494	29,230	60,419
Total revenues	8,687,268	20,494	1,788,937	10,496,699
<b>EXPENDITURES</b>				
Current:				
General government	2,335,716	6,596	16,159	2,358,471
Public safety	3,197,662	-	149,293	3,346,955
Public works	1,984,262	-	-	1,984,262
Health and welfare	913,637	-	265,431	1,179,068
Culture and recreation	253,176	-	31,251	284,427
Capital outlay	106,090	1,919,613	1,444,336	3,470,039
Debt service:				
Principal retirement	86,961	-	215,200	302,161
Interest and fiscal agent fees	22,509	28,412	1,704,163	1,755,084
Bond issuance costs	-	134,509	-	134,509
Total expenditures	8,900,012	2,089,130	3,825,833	14,814,975
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(212,744)	(2,068,636)	(2,036,896)	(4,318,276)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	3,685	-	-	3,685
Refunding bonds issued	-	1,848,000	-	1,848,000
Premium on bonds sold	-	140,781	-	140,781
Transfers in	738,676	-	920,967	1,659,643
Transfers (out)	(400,000)	-	(817,863)	(1,217,863)
Total other financing sources (uses)	342,361	1,988,781	103,104	2,434,246
<b>NET CHANGE IN FUND BALANCES</b>	129,617	(79,855)	(1,933,792)	(1,884,030)
<b>FUND BALANCES, BEGINNING</b>	2,594,453	-	5,243,412	7,837,865
<b>FUND BALANCES, ENDING</b>	\$ 2,724,070	\$ (79,855)	\$ 3,309,620	\$ 5,953,835

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

**CITY OF DONNA, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

EXHIBIT 2-D

Net change in fund balances - total governmental funds \$ (1,884,030)

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. 2,797,756

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (19,287)

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. (132,602)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Interest expense in the statement of activities differs from the amount reported in governmental funds due to the change in accrued interest (increase of \$3,701) being calculated for bonds payable. Also any change in compensated absence payable (decrease of \$220,755) during the year is reported as an increase or decrease to expenditures in the statement of activities but not in the governmental funds. 217,053

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds but has no effect on net position. (1,848,000)

Repayment of bond and notes payable principal is an expenditure in the governmental funds, but the repayment has no effect on net position. 302,161

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. (166,426)

Change in net position of governmental activities - Statement of Activities \$ (733,375)

**CITY OF DONNA, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2017**

EXHIBIT 3-A

	Business-type Activities		
	Water and Sewer Fund	City International Bridge Fund	Total Proprietary Funds
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 1,112,368	\$ 179,436	\$ 1,291,804.00
Restricted cash and investments	4,239,470	1,622,010	5,861,480
Inventories	22,880	-	22,880
Receivables:			
Accounts receivable	735,286	304	735,590
Intergovernmental	452,720	-	452,720
Due from other funds	11,583,969	190,351	11,774,320
Due from component units	325,537	-	325,537
Other assets	1,182	573	1,755
Total current assets	<u>18,473,412</u>	<u>1,992,674</u>	<u>20,466,086</u>
Noncurrent assets:			
Long-term investments	1,730,711	-	1,730,711
Land, plant and equipment, net	38,537,885	21,068,821	59,606,706
Advances to other funds	241,692	-	241,692
Total noncurrent assets	<u>40,510,288</u>	<u>21,068,821</u>	<u>61,579,109</u>
Total assets	<u>58,983,700</u>	<u>23,061,495</u>	<u>82,045,195</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on debt refunding	16,234	3,689,840	3,706,074
Deferred outflows related to pensions	139,111	78,965	218,076
Total deferred outflows of resources	<u>155,345</u>	<u>3,768,805</u>	<u>3,924,150</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 152,262	\$ 191,274	\$ 343,536
Accrued liabilities	36,522	148,687	185,209
Due to other funds	5,909,705	443,383	6,353,088
Deferred revenue	-	2,250	2,250
Deposits	445,348	-	445,348
Accrued interest payable	116,294	230,047	346,341
Bonds payable - current	815,840	430,000	1,245,840
Tax note - current	128,000	-	128,000
Claims payable - current	204,066	37,708	241,774
Total current liabilities	<u>7,808,037</u>	<u>1,483,349</u>	<u>9,291,386</u>
Noncurrent liabilities:			
Bonds payable	19,746,059	31,982,629	51,728,688
Tax note	393,600	-	393,600
Claims payable	852,210	2,888,292	3,740,502
Net pension liability	325,332	181,605	506,937
Advances from other funds	-	241,692	241,692
Total noncurrent liabilities	<u>21,317,201</u>	<u>35,294,218</u>	<u>56,611,419</u>
Total liabilities	<u>29,125,238</u>	<u>36,777,567</u>	<u>65,902,805</u>
<b>NET POSITION</b>			
Net investment in capital assets	36,433,782	2,795,911	39,229,693
Restricted for operations and maintenance	-	288,905	288,905
Restricted for repairs and replacements	-	300,824	300,824
Restricted for debt service	597,447	1,032,281	1,629,728
Unrestricted (deficit)	<u>(7,017,422)</u>	<u>(14,365,188)</u>	<u>(21,382,610)</u>
Total net position	<u>\$ 30,013,807</u>	<u>\$ (9,947,267)</u>	<u>\$ 20,066,540</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 FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

EXHIBIT 3-B

	Business-type Activities		
	Water and Sewer Fund	City International Bridge Fund	Total Proprietary Funds
<b>OPERATING REVENUES</b>			
Charges for services	\$ 5,237,910	\$ 2,178,195	\$ 7,416,105
Rent revenue	-	27,000	27,000
Total operating revenues	<u>5,237,910</u>	<u>2,205,195</u>	<u>7,443,105</u>
<b>OPERATING EXPENSES</b>			
Personnel and related services	866,029	564,406	1,430,435
Repairs and maintenance	506,515	23,672	530,187
Materials and supplies	272,482	38,981	311,463
Consultant fees and services	2,056,777	738,549	2,795,326
Other expenses	43,921	452,920	496,841
Depreciation and amortization	<u>2,380,672</u>	<u>846,204</u>	<u>3,226,876</u>
Total operating expenses	<u>6,126,396</u>	<u>2,664,732</u>	<u>8,791,128</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(888,486)</u>	<u>(459,537)</u>	<u>(1,348,023)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest revenue	66,952	4,563	71,515
Interest expense	(562,679)	(50,403)	(613,082)
Amortization of refunding discounts/premiums	(21,560)	(9,704)	(31,264)
Miscellaneous expense	(2,196,788)	-	(2,196,788)
Miscellaneous revenue	-	19,469	19,469
Total nonoperating revenues (expenses)	<u>(2,714,075)</u>	<u>(36,075)</u>	<u>(2,750,150)</u>
Income before transfers	(3,602,561)	(495,612)	(4,098,173)
Capital contributions	11,145	48,407	59,552
Transfers in	392,650	400,000	792,650
Transfers (out)	<u>(563,463)</u>	<u>(670,967)</u>	<u>(1,234,430)</u>
<b>CHANGE IN NET POSITION</b>	(3,762,229)	(718,172)	(4,480,401)
<b>NET POSITION, BEGINNING</b>	<u>36,374,022</u>	<u>(9,047,177)</u>	<u>27,326,845</u>
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>(2,597,986)</u>	<u>(181,918)</u>	<u>(2,779,904)</u>
<b>NET POSITION, ENDING</b>	<u>\$ 30,013,807</u>	<u>\$ (9,947,267)</u>	<u>\$ 20,066,540</u>

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

**CITY OF DONNA, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

EXHIBIT 3-C

	Business-type Activities		Total
	Water and Sewer Fund	City International Bridge Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 4,709,488	\$ 2,207,278	\$ 6,916,766
Disbursed for goods and services to suppliers	(765,088)	(398,320)	(1,163,408)
Disbursed for personnel services	(2,801,789)	(1,067,842)	(3,869,631)
Net cash provided by operating activities	<u>1,142,611</u>	<u>741,116</u>	<u>1,883,727</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash paid to other funds	(6,909,681)	(25,677)	(6,935,358)
Cash paid to component units	(325,537)	-	(325,537)
Cash received from other	-	19,469	19,469
Transfer from other funds	392,650	400,000	792,650
Transfers to other funds	(2,760,251)	(670,967)	(3,431,218)
Net cash provided (used) by noncapital financing activities	<u>(9,602,819)</u>	<u>(277,175)</u>	<u>(9,879,994)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(3,209,404)	(609,097)	(3,818,501)
Proceeds from issuance of long-term debt	7,955,125	-	7,955,125
Principal paid on long-term debt	(782,358)	(7,958)	(790,316)
Interest and bond costs paid on long-term debt	(512,229)	130,460	(381,769)
Net cash used for capital and related financing activities	<u>3,451,134</u>	<u>(486,595)</u>	<u>2,964,539</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	66,952	4,563	71,515
Net cash provided by investing activities	<u>66,952</u>	<u>4,563</u>	<u>71,515</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(4,942,122)	(18,091)	(4,960,213)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>10,293,960</u>	<u>1,819,537</u>	<u>12,113,497</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 5,351,838</u>	<u>\$ 1,801,446</u>	<u>\$ 7,153,284</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income	\$ (888,486)	\$ (459,537)	\$ (1,348,023)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	2,380,672	846,204	3,226,876
Decrease (increase) in receivables	20,846	(167)	20,679
Decrease (increase) in long-term investments	(481,617)	-	(481,617)
Decrease (increase) in inventory	(22,880)	-	(22,880)
Decrease (increase) in prepaid items	818	(573)	245
Decrease (increase) in deferred outflows-pension	(28,693)	(4,896)	(33,589)
Increase (decrease) in accounts payable	99,968	186,853	286,821
Increase (decrease) in accrued liabilities	23,027	142,788	165,815
Increase (decrease) in unearned revenue	-	2,250	2,250
Increase in customer deposits	(67,651)	-	(67,651)
Increase (decrease) in net pension liability	111,617	41,108	152,725
Increase (decrease) in compensated absences	(5,010)	(12,914)	(17,924)
Total adjustments	<u>2,031,097</u>	<u>1,200,653</u>	<u>3,231,750</u>
Net cash provided by operating activities	<u>\$ 1,142,611</u>	<u>\$ 741,116</u>	<u>\$ 1,883,727</u>

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

**CITY OF DONNA, TEXAS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2017**

EXHIBIT 4-A

	<u>Firemen's Pension Fund</u>
<b>ASSETS</b>	
Restricted assets	
Cash and investments	\$ <u>766</u>
Total assets	\$ <u><u>766</u></u>
<b>LIABILITIES AND NET POSITION</b>	
Liabilities:	\$ -
Net position:	
Net position restricted for pension benefits	<u>766</u>
Total liabilities and net position	\$ <u><u>766</u></u>

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

**CITY OF DONNA, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

EXHIBIT 4-B

	Firemen's Pension Fund
<b>ADDITIONS</b>	
Contributions	\$ 366
Total additions	366
<b>DEDUCTIONS</b>	
Benefits	366
Total deductions	366
<b>NET CHANGE IN FIDUCIARY NET POSITION</b>	-
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS:</b>	
<b>BEGINNING OF YEAR</b>	766
<b>END OF YEAR</b>	\$ 766

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

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

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

**1. REPORTING ENTITY**

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

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

**2. DISCRETELY PRESENTED COMPONENT UNIT**

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

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

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

**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.

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

**2. DISCRETELY PRESENTED COMPONENT UNIT (Continued)**

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

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

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

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

**3. BLENDED COMPONENT UNIT**

**Tax Increment Reinvestment Zone Number One**

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

An interlocal agreement provides that the City shall pay all of their respective property tax increment collections from taxpayers within the Tax Increment Zone to the TIRZ #1 and that the County shall pay 50% of all of their respective M&O property tax increment collections to TIRZ #1, except that 50% of the M&O tax increments from the County shall not exceed an M&O tax rate of .52 cents per \$100 valuation. The tax increment base is \$420,000. The City and County participation in this reinvestment zone shall end the earlier of the termination date in 2029 or when they have contributed all of their respective tax increment collections as follows: \$1,627,658 for the City and \$970,864 for the County. This entity is presented as a blended component unit, a nonmajor special revenue fund. The City currently has operational responsibilities for this component unit. The entity has a September 30 year end and does not issue separate financial statements.

**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.

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

**4. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary fund are reported as separate columns in the fund financial statements.

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

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

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

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

The following are reported as major governmental funds:

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

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

The following are reported as other nonmajor governmental fund types:

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

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

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

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

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

The following are reported as major proprietary funds:

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

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

The following are reported as fiduciary fund types:

**Firemen's Pension Fund** – This fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes in a fiduciary (trustee) capacity for individuals, private organizations, and other governments.

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

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

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

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

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

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

**Deposits and Investments**

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Money market investments which are short-term, highly liquid debt instruments including commercial paper, banker's acceptances and U.S. Treasury and agency obligations are reported at amortized cost.

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

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

The City can legally invest in adequately secured investments in accordance with the Public Funds Investment Act. The City may also participate in any public funds investment pool created under the Interlocal Cooperation Act. Investment in external pools are reported at amortized cost for financial reporting purposes

The DEDC-4A, DCD-4B, TIRZ #1 and TIRZ #2 funds are authorized to invest in adequately secured investments in accordance with the Public Funds Investment Act.

Investments for the component units are reported at amortized cost if there is an external investment pool, otherwise it is reported as cash and cash equivalents for financial reporting purposes.

**Receivables and Payables**

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

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

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

Property taxes are levied on October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in the City in conformity with Subtitle E, Texas Property Code. Assessed values are an approximation of market values. Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

No discounts are offered. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

Property taxes are prorated between the general and debt service funds based on rates adopted for the year of the levy. Allowances for uncollectible taxes are based on historical experience in collecting property taxes.

**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.

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

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

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

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

**Capital Assets**

Capital assets, which include of property, plant and equipment, include land, buildings, improvements other than buildings (e.g., fences, retaining walls, parking lots and landscaping), infrastructure (e.g., streets, sidewalks, water and sewer systems, drainage systems, bridges, lighting systems and similar items), and furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

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

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

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

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

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

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.

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

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

Depreciation on governmental capital assets and capital assets in the proprietary funds has been provided using the straight-line method over the estimated useful lives. The estimated useful lives are as follows:

Buildings	40-50 years
Improvements other than buildings	20-25 years
Infrastructure	10-90 years
Furniture and equipment	5-15 years

**Long-Term Obligations**

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

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

**Fund Balance Reporting**

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

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

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

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

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

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

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

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

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

Unassigned — Fund balance is not constrained for any particular purpose.

**Fund Balance Flow Assumptions**

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

**Deferred Outflows of Resources and Deferred Inflows of Resources/Other Assets and Liabilities**

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

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

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

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

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

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

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

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

**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 15 of each year, the City Manager is required to submit to City Council a proposed budget for the fiscal year beginning on October 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to October 1, the budget is legally enacted by the City Council through passage of an ordinance.
- d. The City Manager is authorized to transfer budgeted amounts between accounts within any department; however, any revisions that alter the total expenditures of any department must be approved by the City Council. The budget amounts shown in the financial statements are the original and final authorized amounts as revised, as applicable, during the year.
- e. Formal budgetary integration is employed as a management control device during the year for the general fund, the debt service fund and certain special revenue and enterprise funds. The special revenue funds for which a budget is adopted are the Hotel Occupancy Tax Fund, the Texas Confiscated Forfeitures and the Fire Equipment Service Fee Fund. A budget is adopted for the City International Bridge Fund, an enterprise fund, for internal use and continuing compliance purposes. A budget is maintained for internal use only for the Water and Sewer fund, an enterprise fund.
- f. All City budgets are adopted on a basis consistent with generally accepted accounting principles.

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

**1. BUDGETARY INFORMATION (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 annually budgeted funds lapse at year end.

During the year ended September 30, 2017, expenditures exceeded appropriations as follows in the General Fund.

<u>Department</u>	<u>General Fund Excess of Expenditures Over Appropriation</u>
City council	\$ 1,588
City manager	23,686
Finance	2,957
Information & technology	47,516
City hall	15,756
Non-departmental	38,980
Police	56,505
Fire	245,944
Sanitation Services	18,093
Community support	11,564
Swimming pool	49,818
Animal Control	14,548
	<u>\$ 526,955</u>

**2. DEFICIT FUND EQUITY**

At September 30, 2017, the TIRZ #1 fund, the Tax Note Series 2014 fund, and the Certificate of Obligation Series 2017 fund, have a deficit fund balance of \$101,225, \$176,742, and 79,855, respectively. The City is and will continue monitoring its progress to ensure it maintains an acceptable or positive balance or complete elimination of this deficit

**3. NET POSITION DEFICITS**

The Water and Sewer Fund and the City International Bridge Fund, both reflect in the proprietary fund an unrestricted net position deficit of \$7,017,422 and \$14,365,188, respectively

The component unit DCD-4B reflects in the government-wide Financial Statements an unrestricted net position deficit of \$2,347,853. This economic development component unit provides economic development stimulus, which intends that the funding is provided in the form of grants. This is a planned unrestricted net position deficit from the leveraging of economic stimulus that this entity is able to provide with an amount of debt that is able to be serviced from cash flows available from the sales taxes it receives. This component unit assisted in the Donna-Rio Bravo international bridge project, which was a large economic development project for the City.

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

**3. NET POSITION DEFICITS (Continued)**

The component unit TIRZ #2 reflects a net position deficit of \$2,209,816. This component unit provides tax increment financing to support development activities in the TIRZ #2 as discussed at the reporting entity. This is a planned net position deficit, which has resulted from recording the liability to developers for improvements in the TIRZ #2 area. This deficit will remain until the tax increment payments from the City and Hidalgo County are collected and remitted to the TIRZ #2. No funds shall be disbursed from the Tax Increment funds without the prior written approval of the TIRZ Board.

**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, 2017.

At September 30, 2017, the carrying amount of the City's deposits with financial institutions was \$3,408,861 and the bank balance was \$3,624,820. 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, 2017, the City had the following investments:

<u>September 30, 2017</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
Local government investments Cooperative (LOGIC)	\$ 10,597,357	45 days	AAAm
Invesco Treasury Portfolio Trust	<u>1,947,241</u>	< 90 days	AAAm
Cash and Cash Equivalents on the Statement of Net Position	<u>\$ 12,544,598</u>		
First Empire Securities, Inc. Negotiable CD's Long-term Investments on the Statements of Net Position	<u>4,460,182</u> <u>\$ 4,460,182</u>	2-4 years	N/A

**Custodial Credit Risk- Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name. The City's cash deposits at September 30, 2017 and during the year ended September 30, 2017 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.

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE C – DEPOSITS AND INVESTMENTS**

**1. PRIMARY GOVERNMENT (Continued)**

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, 2017, 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.

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

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

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

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

**Concentration of Credit Risk**

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

As of September 30, 2017, the Local Government Investment Cooperative (LOGIC) reported the following concentrations of investments in its portfolio:

Commercial Paper	90.82%
Repurchase Agreements	7.82%
Government Securities	1.36%

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

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE C – DEPOSITS AND INVESTMENTS**

**1. PRIMARY GOVERNMENT (Continued)**

As of September 30, 2017, the City's long-term investments through First Empire Securities included the following:

<b>First Empire Securities</b>	<b>Maturities</b>	<b>Fair Value</b>	<b>Percentage of Portfolio</b>
<b>September 30, 2017</b>			
Ally Bank	11/4/2019	\$ 244,749	5.49%
American Express Federal Savings	5/17/2019	247,705	5.55%
American Express Centurion	5/17/2019	247,705	5.55%
Barclay's	9/21/2020	246,339	5.52%
BMW Bank of North America	11/30/2018	249,300	5.59%
Capital One Bank USA	7/29/2019	245,418	5.50%
Capital One National Association	8/30/2022	249,600	5.60%
Discover Bank	7/8/2019	247,752	5.55%
Goldman Sachs Bank	3/30/2022	248,818	5.58%
HSBC Bank USA	3/16/2020	249,040	5.58%
JP Morgan Chase Bank	11/18/2018	247,551	5.55%
Key Bank	7/5/2019	247,759	5.55%
Northern Bank	8/17/2020	247,430	5.55%
Sallie Mae Bank	6/21/2019	248,007	5.56%
Santander Bank NA	11/9/2017	247,921	5.56%
Synchrony Bank	11/21/2019	249,875	5.60%
TBK Bank	6/24/2019	247,792	5.56%
Wells Fargo	11/2/2018	247,421	5.55%
Total Negotiable CDs		<u>\$ 4,460,182</u>	<u>100%</u>

**Credit Risk**

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

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

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE C – DEPOSITS AND INVESTMENTS**

**1. PRIMARY GOVERNMENT (Continued)**

**Interest Rate Risk**

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

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

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

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

**2. COMPONENT UNITS**

**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, 2017, the reported amount of deposits for DEDC-4A totaled \$58,361, and the bank balances totaled \$70,521. The reported deposits for DCD-4B totaled \$220,921 and the bank balances totaled \$222,865.

At September 30, 2017, DEDC-4A and DCD-4B deposits were each covered by federal deposit insurance or were secured by collateral held by the component unit’s agent in the component unit’s name.

**Investments**

The DEDC-4A’s investments at September 30, 2017, are as follows:

<b>Invesco Treasury Portfolio</b>	<b>Fair Value</b>	<b>Weighted Average Maturity</b>	<b>Credit Rating</b>
Trust	\$ 384,520	< 90 days	AAAm

The DEDC-4B’s investments at September 30, 2017, are as follows:

<b>Invesco Treasury Portfolio</b>	<b>Fair Value</b>	<b>Weighted Average Maturity</b>	<b>Credit Rating</b>
Trust	\$ 374,800	< 90 days	AAAm

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

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE C – DEPOSITS AND INVESTMENTS**

**2. COMPONENT UNITS (Continued)**

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

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

**Reconciliation**

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

	Primary Government	Component Units		
		Donna Economic Development Corporation	Development Corporation of Donna	Tax Increment Zone Number Two
Cash on hand	\$ 6,613	\$ 200	\$ -	\$ -
Carrying amount deposits	3,409,627	58,361	220,921	90,507
Short-term investments	12,544,598	384,520	374,800	-
Less: Statement of Fiduciary Net Assets	<u>(766)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents	<u>\$ 15,960,072</u>	<u>\$ 443,081</u>	<u>\$ 595,721</u>	<u>\$ 90,507</u>
Cash and cash equivalents	\$ 10,098,592	\$ 58,565	\$ 220,925	\$ 90,507
Cash and cash equivalents - restricted	<u>5,861,480</u>	<u>384,516</u>	<u>374,797</u>	<u>-</u>
Cash/cash equivalents Statement of Net Position	<u>\$ 15,960,072</u>	<u>\$ 443,081</u>	<u>\$ 595,722</u>	<u>\$ 90,507</u>

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

**NOTE D – PROPERTY TAXES**

The City's property tax is levied each October 1, on the assessed value listed as of the prior January 1 for all real and business personal property in the City in conformity with Subtitle E, Texas Property Code. Assessed values are an approximation of market values. A receivable for property taxes is recognized and recorded at the levy date. The adjusted assessed value for the roll as of October 1, 2016, upon which the 2017 levy was based, was \$539,834,573.

Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. No discounts are offered. During the fiscal year, 91% of the current year tax levy (October 1, 2016) was collected. The statutory lien date is January 1.

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

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE D – PROPERTY TAXES**

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, 2017, was \$.740318 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, 2017, was \$.139682 per \$100 of assessed valuation. The combined tax rate for the City is \$.88000 per \$100 of assessed valuation. The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy up to \$2.50 per \$100 of assessed valuation for general governmental purposes, including the payment of principal and interest on general obligation long-term debt.

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

**NOTE E – RECEIVABLES**

**1. PRIMARY GOVERNMENT**

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

Governmental Activities as of September 30, 2017:

<b>Primary Governmental Funds</b>	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Property taxes receivable	\$ 1,346,828	\$ 776,361	\$ 2,123,189
Less: Allowance for uncollectibles	(281,205)	(158,350)	(439,555)
Net property taxes receivable	<u>\$ 1,065,623</u>	<u>\$ 618,011</u>	<u>\$ 1,683,634</u>

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE E – RECEIVABLES**

**1. PRIMARY GOVERNMENT (Continued)**

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

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Water and Sewer Fund</b>	<b>City International Bridge Fund</b>	<b>Total</b>
Property taxes receivable	\$ 1,346,828	\$ 776,361	\$ -	\$ -	\$ 2,123,189
Other receivables:					
Accounts	636,576	22,332	1,363,729	304	2,022,941
Intergovernmental - grant	19,612	-	452,720	-	472,332
Gross receivables	2,003,016	798,693	1,816,449	304	4,618,462
Less: Allowance for uncollectibles	(410,497)	(168,928)	(628,443)	-	(1,207,868)
Total other receivables, net	<u>\$ 1,592,519</u>	<u>\$ 629,765</u>	<u>\$ 1,188,006</u>	<u>\$ 304</u>	<u>\$ 3,410,594</u>

Revenues of the Water and Sewer Fund reported a change in the provision for estimated uncollectible amounts of \$74,261, for the current year.

**2. COMPONENT UNITS**

**Accounts Receivable**

At September 30, 2017, DEDC-4A had \$2,908 in general accounts receivable and \$131,623 in sales tax receivable. DCD-4B had a sales tax receivable of \$131,623.

**Loans Receivable**

At September 30, 2017 the DEDC-4A and the DCD-4B had U.S. Department of Agriculture, Rural Business Enterprise Grant program loans receivable in the amount of \$44,321 and \$37,618, respectively. These loans were funded \$114,200 by the grant and the City provided matching funds of \$57,442.

**NOTE F – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

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

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

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE F – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

As of September 30, 2017 the various components of deferred outflows and inflows of resources are as follows:

**Primary Government**

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

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property taxes, unavailable	\$ 990,572	\$ 435,511	\$ 1,426,083
Totals Exhibit 2-A	<u>\$ 990,572</u>	<u>\$ 435,511</u>	<u>\$ 1,426,083</u>

At the government-wide financial statements (Exhibit 1-A), the City reports cumulative deferred amounts on bond refundings as Deferred Outflows of Resources in the amount of \$4,256,974, net of cumulative amortization of \$550,900, or \$3,706,074 of unamortized deferred amounts on bond refundings in business-type activities.

Deferred outflows of resources related to pensions is \$689,695 for governmental activities reported at the government-wide financial statements and \$218,076 for business-type activities.

**Component Units**

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

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

Interfund receivable and payable balances at September 30, 2017 were as follows:

	Payable Fund				
	<u>General Fund</u>	<u>Nonmajor Governmental Fund</u>	<u>Water and Sewer Fund</u>	<u>City International Bridge Fund</u>	
<b>Receivable Fund</b>					<b>Total</b>
Governmental Funds					
General Fund	\$ -	\$ 877,972	\$ 564,366	\$ 90,720	\$ 1,533,058
Nonmajor Governmental Funds	33,660	738,676	7,564	352,663	1,132,563
Proprietary Funds					-
Water and Sewer Fund	6,679	6,429,866	5,147,424	-	11,583,969
City International Bridge Fund	-	-	190,351	-	190,351
	<u>\$ 40,339</u>	<u>\$ 8,046,514</u>	<u>\$ 5,909,705</u>	<u>\$ 443,383</u>	<u>\$ 14,439,941</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.

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

Advances receivable and payable balances at September 30, 2017 were as follows:

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

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

Due to/from the primary government and component units at September 30, 2017 were as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>				<b>Total</b>
	<b>General Fund</b>	<b>DEDC (4A)</b>	<b>DCD (4B)</b>	<b>TIRZ #2</b>	
Component Units					
DCD (4B)	\$ 60,710	\$ -	\$ -	\$ -	\$ 60,710
Primary Government					
Governmental Funds	-	387,447	-	4,675	392,122
Proprietary Funds	-	-	325,537	-	325,537
	<u>\$ 60,710</u>	<u>\$ 387,447</u>	<u>\$ 325,537</u>	<u>\$ 4,675</u>	<u>\$ 778,369</u>

Interfund transfers during the year were as follows:

<b>Transfer Out</b>	<b>Transfer In</b>				<b>Total</b>
	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Water and Sewer Fund</b>	<b>City International Bridge Fund</b>	
General Fund	\$ -	\$ -	\$ -	\$ 400,000	\$ 400,000
Other Governmental Funds	738,676	70,000	9,187	-	817,863
Water and Sewer Fund	-	180,000	383,463	-	563,463
City International Bridge Fund	-	670,967	-	-	670,967
	<u>\$ 738,676</u>	<u>\$ 920,967</u>	<u>\$ 392,650</u>	<u>\$ 400,000</u>	<u>\$ 2,452,293</u>

Transfers were used primarily to 1) move funds from the General Fund and the Water and Sewer Fund to the Capital Projects to account for various projects 2) transfer funds from the City International Bridge Fund to the Debt Service Fund to pay for interest payments 3) move sales tax proceeds from Component Units to pay for the City International Bridge's Debt, per Resolution No. 2015-19, and 4) to move funds from the Urban County Program Fund to pay debt service payments.

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE H – CAPITAL ASSETS**

**1. PRIMARY GOVERNMENT**

Capital asset activity for the year ended September 30, 2017 was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
<b>Capital assets, not subject to depreciation:</b>					
Land	\$ 1,027,449	\$ 250	\$ (429,219)	\$ 395,554	\$ 994,034
Construction in Progress	<u>2,219,171</u>	<u>2,512,764</u>	<u>(618,499)</u>	<u>555,110</u>	<u>4,668,546</u>
Total capital assets, not subject to depreciation	3,246,620	2,513,014	(1,047,718)	950,664	5,662,580
<b>Capital assets, depreciable:</b>					
Buildings	2,867,061	53,003	(1,174,106)	40,440	1,786,398
Improvements other than buildings	10,468,115	153,433	(8,561,326)	(40,440)	2,019,782
Infrastructure	6,371,430	48,406	-	1,478,527	7,898,363
Furniture and equipment	<u>8,601,248</u>	<u>702,183</u>	<u>(4,849,658)</u>	<u>251,409</u>	<u>4,705,182</u>
Total capital assets, being depreciated	28,307,855	957,025	(14,585,090)	1,729,936	16,409,726
Less accumulated depreciation:					
Buildings	-	42,288	(660,718)	1,673,512	1,055,082
Improvements other than buildings	-	92,594	(1,011)	272,988	364,571
Infrastructure	-	153,124	-	6,118,540	6,271,664
Furniture and equipment	<u>-</u>	<u>335,871</u>	<u>(377,115)</u>	<u>1,491,971</u>	<u>1,450,727</u>
Total accumulated depreciation	-	623,877	(1,038,844)	9,557,011	9,142,044
Total capital assets, being depreciated, net	<u>28,307,855</u>	<u>333,148</u>	<u>(13,546,246)</u>	<u>(7,827,075)</u>	<u>7,267,682</u>
Governmental Activities, capital assets, net	<u>\$ 31,554,475</u>	<u>\$ 2,846,162</u>	<u>\$ (14,593,964)</u>	<u>\$ (6,876,411)</u>	<u>\$ 12,930,262</u>

Depreciation was charged to Government functions as follows:

**Governmental Activities**

General government	\$ 14,169
Public safety	204,894
Public works	332,148
Culture and recreation	69,715
Public health	<u>2,951</u>
Total depreciation expense - Governmental Activities	<u>\$ 623,877</u>

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE H – CAPITAL ASSETS**

**1. PRIMARY GOVERNMENT (Continued)**

<b>Business-Type Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Adjustments</b>	<b>Ending Balance</b>
<b>Capital assets, not subject to depreciation:</b>					
Land	\$ 1,520,756	\$ 283,140	\$ (206,901)	\$ 105,213	\$ 1,702,208
Construction in Progress	<u>428,835</u>	<u>3,526,445</u>	<u>(33,210)</u>	<u>-</u>	<u>3,922,070</u>
Total capital assets, not subject to depreciation	1,949,591	3,809,585	(240,111)	105,213	5,624,278
<b>Capital assets, depreciable:</b>					
Buildings	13,673,064	-	-	(912,609)	12,760,455
Improvements other than buildings	576,647	-	-	887,371	1,464,018
Infrastructure	68,043,780	48,407	-	961,381	69,053,568
Furniture and equipment	<u>2,112,440</u>	<u>65,323</u>	<u>(114,458)</u>	<u>53,423</u>	<u>2,116,728</u>
Total capital assets, being depreciated	84,405,931	113,730	(114,458)	989,566	85,394,769
Less accumulated depreciation:					
Buildings	6,151,572	303,228	-	(791,011)	5,663,789
Improvements other than buildings	13,672,064	64,022	-	(12,970,826)	765,260
Infrastructure	3,989,798	2,653,197	-	17,278,665	23,921,660
Furniture and equipment	<u>875,752</u>	<u>206,428</u>	<u>(190,717)</u>	<u>170,169</u>	<u>1,061,632</u>
Total accumulated depreciation	24,689,186	3,226,875	(190,717)	3,686,997	31,412,341
Total capital assets, being depreciated, net	<u>59,716,745</u>	<u>(3,113,145)</u>	<u>76,259</u>	<u>(2,697,431)</u>	<u>53,982,428</u>
Business-Type Activities, capital assets, net	<u>\$ 61,666,336</u>	<u>\$ 696,440</u>	<u>\$ (163,852)</u>	<u>\$ (2,592,218)</u>	<u>\$ 59,606,706</u>

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

**Business-Type Activities**

Water and Sewer	\$ 2,379,383
City International Bridge Fund	<u>847,492</u>
Total depreciation expense - Business-Type Activities	<u>\$ 3,226,875</u>

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE H – CAPITAL ASSETS**

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

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

<u>Component Units</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Capital assets, not subject to depreciation:</b>				
Land	\$ 4,914,365	\$ 10,411,930	\$ (7,565,596)	\$ 7,760,699
Total capital assets, not subject to depreciation	4,914,365	10,411,930	(7,565,596)	7,760,699
<b>Capital assets, depreciable:</b>				
Buildings	-	434,357	(40,820)	393,537
Furniture and equipment	46,776	-	-	46,776
Total capital assets, being depreciated	46,776	434,357	(40,820)	440,313
Less accumulated depreciation:				
Buildings	-	332,459	(40,820)	291,639
Furniture and equipment	3,170	6,947	-	10,117
Total accumulated depreciation	3,170	339,406	(40,820)	301,756
Total capital assets, being depreciated, net	43,606	94,951	-	138,557
Component Units, capital assets, net	<u>\$ 4,957,971</u>	<u>\$ 10,506,881</u>	<u>\$ (7,565,596)</u>	<u>\$ 7,899,256</u>

Depreciation expense for the component units for the year ended September 30, 2017 is as follows:

<u>Component Units</u>	
Component Unit - DEDC (4A)	\$ 335,657
Component Unit - DCD (4B)	3,750
Total Component Units depreciation expense	<u>\$ 339,407</u>

**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.

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE I – LONG TERM DEBT**

Combination tax revenue bonds, and general obligation refunding bonds outstanding at September 30, 2017 are as follows:

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

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

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

*Series 2009 Combination Tax and Revenue Certificates of Obligation* - due in variable annual installments of \$50,000 to \$385,000 through February 1, 2034; interest at 3.76% to 4.86%, payable semi-annually. This debt is for the wastewater collection system. The original issue amount of these bonds was \$5,500,000.

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

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

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

***Utility and Bridge Revenues Pledged***

**Water and Sewer Fund**

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

**City International Bridge Fund**

The City is currently servicing the debt requirements of the City International Bridge Fund's bonded debt with a levy of taxes, assistance from other funds of the City, and bridge operations. Budgets approved for 2016-2017 continue that debt servicing arrangement.

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE I – LONG TERM DEBT**

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

Bonds	Balance September 30, 2016	Additions / Refundings	Reductions	Balance September 30, 2017	Due Within One Year
<i>Primary Government</i>					
<i>Governmental Funds</i>					
2012 Limited Tax Refunding Bonds	\$ 1,260,600	\$ -	\$ -	\$ 1,260,600	\$ 149,160
2015 Certificate of Obligation	4,065,000	-	(145,000)	3,920,000	155,000
2017 Certificate of Obligation	-	1,848,000	-	1,848,000	55,000
Total Governmental Funds Bonds	<u>5,325,600</u>	<u>1,848,000</u>	<u>(145,000)</u>	<u>7,028,600</u>	<u>359,160</u>
<i>Water and Sewer Fund</i>					
2009 Combination Tax & Revenue Certificates of Obligation	4,455,000	-	(175,000)	4,280,000	180,000
2012 Limited Tax Refunding Bonds	3,514,400	-	-	3,514,400	415,840
2016 Certificates of Obligation	5,000,000	-	(270,832)	4,729,168	-
2017 Certificates of Obligation	-	7,392,000	-	7,392,000	220,000
Total Water and Sewer Fund Bonds	<u>12,969,400</u>	<u>7,392,000</u>	<u>(445,832)</u>	<u>19,915,568</u>	<u>815,840</u>
<i>City International Bridge Fund</i>					
2016 Combination Tax and Revenue Refunding Bond	27,485,000	-	(385,000)	27,100,000	430,000
2016 Certificates of Obligation	1,000,000	-	(54,168)	945,832	-
Total City International Bridge Fund Bonds	<u>28,485,000</u>	<u>-</u>	<u>(439,168)</u>	<u>28,045,832</u>	<u>430,000</u>
Total Primary Government Bonds	<u>\$ 46,780,000</u>	<u>\$ 9,240,000</u>	<u>\$ (1,030,000)</u>	<u>\$ 54,990,000</u>	<u>\$ 1,605,000</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
2018	\$ 359,160	\$ 270,815	\$ 1,245,840	\$ 2,107,245	\$ 1,605,000	\$ 2,378,060
2019	366,600	250,822	1,348,400	2,020,808	1,715,000	2,271,630
2020	385,760	241,312	1,424,240	1,972,085	1,810,000	2,213,397
2021	389,840	229,471	1,495,160	1,917,226	1,885,000	2,146,697
2022	417,960	215,882	1,657,040	1,857,841	2,075,000	2,073,723
2023-2027	1,894,280	866,384	9,185,720	8,264,311	11,080,000	9,130,695
2028-2032	1,725,000	514,550	10,865,000	6,170,411	12,590,000	6,684,961
2033-2037	1,490,000	123,588	11,640,000	3,551,185	13,130,000	3,674,773
2038-2042	-	-	9,100,000	1,182,750	9,100,000	1,182,750
Total	<u>\$ 7,028,600</u>	<u>\$ 2,712,824</u>	<u>\$ 47,961,400</u>	<u>\$ 29,043,862</u>	<u>\$ 54,990,000</u>	<u>\$ 31,756,686</u>

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

Notes Payable	Balance September 30, 2016	Additions / Refundings	Reductions	Balance September 30, 2017	Due Within One Year
<i>Governmental Funds</i>					
Series 2014 Tax Notes	\$ 363,600	\$ -	\$ (70,200)	\$ 293,400	\$ 72,000
Capital One LED Note	675,883	-	(86,961)	588,922	89,978
Total Governmental Funds Notes Payable	<u>1,039,483</u>	<u>-</u>	<u>(157,161)</u>	<u>882,322</u>	<u>161,978</u>
<i>Water and Sewer Fund</i>					
Series 2014 Tax Notes	646,400	-	(124,800)	521,600	128,000
Total Water and Sewer Fund Notes Payable	<u>646,400</u>	<u>-</u>	<u>(124,800)</u>	<u>521,600</u>	<u>128,000</u>
Total Notes Payable	<u>\$ 1,685,883</u>	<u>\$ -</u>	<u>\$ (281,961)</u>	<u>\$ 1,403,922</u>	<u>\$ 289,978</u>

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE I – LONG TERM DEBT**

**Notes Payable**

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

Year ending September 30,	Governmental Activities		Business-Type Activities		Total Primary Government	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 161,978	\$ 24,048	\$ 128,000	\$ 8,100	\$ 289,978	\$ 32,148
2019	165,100	19,652	128,000	5,834	293,100	25,486
2020	170,130	15,131	131,200	3,540	301,330	18,671
2021	175,273	10,466	134,400	1,189	309,673	11,655
2022	103,131	6,339	-	-	103,131	6,339
2023-2027	106,710	2,761	-	-	106,710	2,761
Total	\$ 882,322	\$ 78,397	\$ 521,600	\$ 18,663	\$ 1,403,922	\$ 97,060

On May 21, 2004, the City entered into an interlocal agreement with the Donna Independent School District in order to share the costs of road improvements to Valley View Road that would enhance access to a newly constructed middle school. The interlocal agreement specifies that the City and the school district will share the costs equally and that the School District will fund the financial obligation of the City's share wherein the City will reimburse the School District. Upon final completion of the road improvements, the City will begin to reimburse the School District in seven equal annual installments for its share of the costs. As of September 30, 2017, the City's accumulated share of costs is \$233,052, which is recorded as a liability of the City at that date. At this time, it is uncertain when the road improvements will be completed, thus uncertain when the City will begin to repay the School District.

**Claims Payable**

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

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

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

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

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.

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE I – LONG TERM DEBT**

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.

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

<u>Claims Payable</u>	Balance September 30, 2016	Additions / Refundings	Reductions	Balance September 30, 2017	Due Within One Year
<i>Water and Sewer Fund</i>					
W/S Claims by SOS	\$ 1,252,882	\$ -	\$ (196,606)	\$ 1,056,276	\$ 204,066
Total Water and Sewer Fund Claims	1,252,882	-	(196,606)	1,056,276	204,066
<i>City International Bridge Fund</i>					
Bridge Success Fee	716,000	-	-	716,000	-
Bond Refinance and Grant Success Fee	2,210,000	-	-	2,210,000	37,708
Total City International Bridge Fund Claims	2,926,000	-	-	2,926,000	37,708
Total Claims	<u>\$ 4,178,882</u>	<u>\$ -</u>	<u>\$ (196,606)</u>	<u>\$ 3,982,276</u>	<u>\$ 241,774</u>

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

Year ending September 30,	Business-Type Activities	
	Principal	Interest
2018	\$ 241,774	\$ 101,038
2019	228,516	92,964
2020	236,890	84,590
2021	245,576	75,904
2022	324,972	66,747
2023-2027	2,022,708	168,326
2028-2032	681,840	16,566
Total	<u>\$ 3,982,276</u>	<u>\$ 606,135</u>

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE I – LONG TERM DEBT**

**2. COMPONENT UNITS**

**DEDC-4A**

Bonds outstanding at September 30, 2017 are Series 2009 Sales Tax Revenue and Refunding Bonds due in variable installments of \$70,000 to \$290,000 through August 1, 2034; interest is between 4.16% to 4.75%, payable semi-annually.

DEDC-4A	Balance		Reductions	Balance		Due Within One Year
	September 30, 2016			September 30, 2017		
2009 Sales Tax Revenue and Refunding Bonds	\$ 3,680,000		\$ (140,000)	\$ 3,540,000	\$ 145,000	
Less: Discount	(34,288)		1,905	(32,383)	-	
Total Bonds	<u>\$ 3,645,712</u>		<u>\$ (138,095)</u>	<u>\$ 3,507,617</u>	<u>\$ 145,000</u>	

The bonds payable annual debt service requirements to maturity are:

Year ending September 30,	Principal	Interest	Total
2018	\$ 145,000	\$ 156,694	\$ 301,694
2019	155,000	150,894	305,894
2020	160,000	144,694	304,694
2021	165,000	138,294	303,294
2022	170,000	131,694	301,694
2023-2027	975,000	544,575	1,519,575
2028-2032	1,205,000	309,425	1,514,425
2033-2034	<u>565,000</u>	<u>40,613</u>	<u>605,613</u>
Total	<u>\$ 3,540,000</u>	<u>\$ 1,616,881</u>	<u>\$ 5,156,881</u>

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

DEDC- 4A	Balance		Reductions	Balance		Due Within One Year
	September 30, 2016			September 30, 2017		
Texas National Bank Loan	\$ 4,500,000		\$(1,083,578)	\$ 3,416,422	\$ 150,000	

The notes payable annual debt service requirements to maturity are:

Year ending September 30,	Principal	Interest	Total
2018	\$ 145,000	\$ 150,513	\$ 295,513
2019	150,000	145,618	295,618
2020	155,000	140,369	295,369
2021	160,000	134,556	294,556
2022	170,000	128,556	298,556
2023-2027	950,000	532,931	1,482,931
2028-2032	1,180,000	303,525	1,483,525
2033-2034	<u>555,000</u>	<u>39,900</u>	<u>594,900</u>
Total	<u>\$ 3,465,000</u>	<u>\$ 1,575,968</u>	<u>\$ 5,040,968</u>

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE I – LONG TERM DEBT**

**2. COMPONENT UNITS (Continued)**

***DCD-4B***

Bonds outstanding at September 30, 2017 are Series 2009 Sales Tax Revenue and Refunding Bonds due in variable installments of \$70,000 to \$285,000 through August 1, 2034; interest is between 4.07% to 4.75%, payable semi-annually.

<u>DCD-4B</u>	<u>Balance</u> <u>September 30, 2016</u>	<u>Reductions</u>	<u>Balance</u> <u>September 30, 2017</u>	<u>Due Within</u> <u>One Year</u>
2009 Sales Tax Revenue and Refunding Bonds	\$ 3,605,000	\$ (140,000)	\$ 3,465,000	\$ 145,000
Less: Discount	<u>(50,299)</u>	<u>2,794</u>	<u>(47,505)</u>	<u>-</u>
Total Bonds	<u>\$ 3,554,701</u>	<u>\$ (137,206)</u>	<u>\$ 3,417,495</u>	<u>\$ 145,000</u>

The bonds payable annual debt service requirements to maturity are:

<u>Year ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 145,000	\$ 150,513	\$ 295,513
2019	150,000	145,618	295,618
2020	155,000	140,369	295,369
2021	160,000	134,556	294,556
2022	170,000	128,556	298,556
2023-2027	950,000	532,931	1,482,931
2028-2032	1,180,000	303,525	1,483,525
2033-2034	<u>555,000</u>	<u>39,900</u>	<u>594,900</u>
Total	<u>\$ 3,465,000</u>	<u>\$ 1,575,968</u>	<u>\$ 5,040,968</u>

***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.

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE I – LONG TERM DEBT**

**2. COMPONENT UNITS (Continued)**

***Bond Compliance Requirements***

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

The City is also required under its present ordinances to provide certain monthly reports, set aside certain funds for future requirements, submit continuing disclosure reporting and annual financial statements. The City was current on these reporting and funding.

**3. CHANGES IN LONG TERM LIABILITIES**

Changes in the City's long-term liabilities for the year ended September 30, 2017 are as follows:

	Balance September 30, 2016	Additions	Reductions	Balance September 30, 2017	Due Within One Year
<b><i>Governmental activities</i></b>					
Bonds payable					
Bonded debt	\$ 5,325,600	\$ 1,848,000	\$ (145,000)	\$ 7,028,600	\$ 359,160
Premium on bonds	<u>357,379</u>	<u>140,781</u>	<u>(23,536)</u>	<u>474,624</u>	<u>-</u>
Total bonds payable	5,682,979	1,988,781	(168,536)	7,503,224	359,160
Notes payable					
Tax note	363,600	-	(70,200)	293,400	72,000
Capital One Bank Note	675,883	-	(86,962)	588,921	89,978
Donna ISD payable	<u>233,052</u>	<u>-</u>	<u>-</u>	<u>233,052</u>	<u>-</u>
Total notes payable	1,272,535	-	(157,162)	1,115,373	161,978
Compensated Absences	<u>220,755</u>	<u>-</u>	<u>(220,755)</u>	<u>-</u>	<u>-</u>
Subtotal	7,176,269	1,988,781	(546,453)	8,618,597	521,138
Net pension liability					
TMRS	1,560,394	-	(230)	1,560,164	-
Firemen's retirement plan	<u>29,223</u>	<u>27,900</u>	<u>-</u>	<u>57,123</u>	<u>-</u>
Total net pension liability	<u>1,589,617</u>	<u>27,900</u>	<u>(230)</u>	<u>1,617,287</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 8,765,886</u>	<u>\$ 2,016,681</u>	<u>\$ (546,683)</u>	<u>\$ 10,235,884</u>	<u>\$ 521,138</u>
<b><i>Business-type activities</i></b>					
Bonds payable					
Bonded debt	41,454,400	7,392,000	(885,000)	47,961,400	1,245,840
Premium on bonds	<u>4,643,912</u>	<u>563,125</u>	<u>(193,911)</u>	<u>5,013,126</u>	<u>-</u>
Total bonds payable	46,098,312	7,955,125	(1,078,911)	52,974,526	1,245,840
Notes payable					
Tax note	646,400	-	(124,800)	521,600	128,000
Claims payable	<u>4,178,882</u>	<u>-</u>	<u>(196,604)</u>	<u>3,982,278</u>	<u>241,774</u>
Subtotal	50,923,594	7,955,125	(1,400,315)	57,478,404	1,615,614
Net pension liability - TMRS	<u>354,212</u>	<u>152,725</u>	<u>-</u>	<u>506,937</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 51,277,806</u>	<u>\$ 8,107,850</u>	<u>\$ (1,400,315)</u>	<u>\$ 57,985,341</u>	<u>\$ 1,615,614</u>

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE J – OTHER ASSETS AND PAYABLES**

**1. PRIMARY GOVERNMENT**

**Business-type Activities**

Water and sewer bond indentures and the bridge bond indentures require that during the period the bonds are outstanding, the City must maintain certain separate accounts and funds to account for the proceeds from the issuance of the bonds and the debt service deposits made from revenues and from bond proceeds. These restricted assets can be used only in accordance with the bond indentures.

Restricted assets included in business-type activities as of September 30, 2017 consist of:

	<b>Water and Sewer Activities</b>	<b>City International Bridge Activities</b>	<b>Total</b>
O&M Reserve	\$ -	\$ 288,905	\$ 288,905
Repairs & Replacement Reserve	-	300,824	300,824
Construction	3,519,488	-	3,519,488
Debt Service	719,982	1,032,281	1,752,263
	<u>\$ 4,239,470</u>	<u>\$ 1,622,010</u>	<u>\$ 5,861,480</u>

Additionally, \$321,610 related to the City International Bridge Activities restricted assets is included in the Debt Service Fund.

**2. Component Units**

***Other Non-Current Liabilities - Component Unit***

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

**NOTE K – TEXAS MUNICIPAL RETIREMENT SYSTEM BENEFIT PLAN**

**Plan Description**

The City of Donna participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

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

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE K – TEXAS MUNICIPAL RETIREMENT SYSTEM BENEFIT PLAN**

**Benefits Provided**

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

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

**Employees covered by benefit terms**

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	28
Inactive employees entitled to but not yet receiving benefits	70
Active employees	<u>130</u>
	228

**Contributions**

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

Employees for the City were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City were 6.91% and 8.56% in calendar years 2016 and 2017, respectively. The city's contributions to TMRS for the year ended September 30, 2017, were \$383,354, and were equal to the required contributions.

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2016 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, 2016 actuarial valuations was determined using the following actuarial assumptions:

Inflation	2.5%
Salary increases	3.50% to 10.5%, including inflation
Investment Rate of Return	6.75%

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE K – TEXAS MUNICIPAL RETIREMENT SYSTEM BENEFIT PLAN**

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates by 103%. Based on the size of the City, rates are multiplied by a factor of 100%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality 16 rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2017 are summarized in the following table:

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

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE K – TEXAS MUNICIPAL RETIREMENT SYSTEM BENEFIT PLAN**

**Discount Rate**

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

**Changes in the Net Pension Liability – TMRS**

Changes in the City's net pension liability for the TMRS pension for the fiscal year ended September 30, 2017 are as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2015	\$ 6,909,071	\$ 4,963,668	\$ 1,945,403
Changes for the year	-	-	-
Service cost	546,200	-	546,200
Interest	477,136	-	477,136
Change in benefit terms	-	-	-
Difference between expected/actual experience	82,884	-	82,884
Changes of assumptions	-	-	-
Contributions - employer	-	329,520	(329,520)
Contributions - employee	-	285,881	(285,881)
Net investment income	-	335,867	(335,867)
Benefit payments, including refunds of employee contributions	(226,986)	(226,986)	-
Administrative expenses	-	(3,789)	3,789
Other charges	-	(204)	204
Net changes	<u>879,234</u>	<u>720,289</u>	<u>158,945</u>
Balance at December 31, 2016	<u>\$ 7,788,305</u>	<u>\$ 5,683,957</u>	<u>\$ 2,104,348</u>

Net pension liability amounts are allocated between the primary government and component unit on the statement of net position. The City's portion of the liability is \$2,067,101 and the component units are \$37,247.

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Decrease in Discount Rate (7.75%)
City's net pension liability	\$ 3,329,625	\$ 2,067,101	\$ 1,045,148
Component unit's net pension liability	<u>59,996</u>	<u>37,247</u>	<u>18,832</u>
Total net pension liability	<u>\$ 3,389,621</u>	<u>\$ 2,104,348</u>	<u>\$ 1,063,980</u>

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE K – TEXAS MUNICIPAL RETIREMENT SYSTEM BENEFIT PLAN**

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

For the year ended September 30, 2017, the City recognized pension expense of \$661,197 for the TMRS pension plan. At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to TMRS pension from the following sources:

	Deferred Outflows Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ 257,179	\$ -
Changes in actuarial assumptions	128,632	-
Differences between projected and actual investment earnings (net of current year amortization)	216,257	-
Contributions subsequent to the measurement date	315,730	-
Total	\$ 917,798	\$ -

\$315,730 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, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	City	Component Unit
Year ended December 31,		
2018	\$ 249,702	\$ 5,096
2019	216,999	4,429
2020	107,633	2,197
2021	15,692	320
Thereafter	-	-
	\$ 590,027	\$ 12,041

**NOTE L – FIREMEN’S PENSION PLAN**

The Texas Emergency Services Retirement System (TESRS) administers a cost-sharing multiple employer pension system (the System) established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2017, there were 235 fire and/or emergency services member departments participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

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

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE L – FIREMEN’S PENSION PLAN**

*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.

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	9
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>25</u>
	34

*Contributions:*

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

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

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

*Contributions Required and Contributions Made:*

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

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE L – FIREMEN’S PENSION PLAN**

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, 2017, total contributions of \$5,012,131 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel.

*Actuarial Assumptions:*

The total pension liability was determined by an actuarial valuation for the 2017 measurement period using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	N/A
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (currently 4.97%) and by adding expected inflation (3.00%). In addition, the final 7.75% assumption was selected by “rounding down” and thereby reflects a reduction of 0.22% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities		
Large cap domestic	32%	5.72%
Small cap domestic	10%	5.96%
Developed international	21%	6.21%
Emerging markets	6%	7.18%
Master limited partnership	5%	7.61%
Fixed income		
Domestic	21%	1.61%
International	5%	1.81%
Cash	0%	0.00%
Total	100%	

*Discount Rate*

The discount rate used to measure the total pension liability was 7.75%. No projection of cash flows was used to determine the discount rate because the August 31, 2016 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method, the pension plan’s fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE L – FIREMEN’S PENSION PLAN**

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

The following presents the net pension liability for the Firemen’s Relief pension, calculated using the discount rate of 7.75%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease in Discount Rate (6.75%)	Discount Rate (7.75%)	1% Increase in Discount Rate (8.75%)
Firemen's Net Pension Liability	\$106,674	\$57,123	\$25,864

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

At September 30, 2017, the City reported a liability of \$57,123 for its proportionate share of the TESRS’ net pension liability.

The net pension liability was measured as of August 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer’s proportion of the net pension liability was based on the employer’s contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2016 through August 31, 2017.

Changes in the City’s net pension liability for the Firemen’s Relief pension for the fiscal year ended September 30, 2016 are as follows:

	Increase (Decrease)		
	(a)	(b)	(a) – (b)
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at September 30, 2016	\$ 292,959	\$ 223,634	\$ 69,325
Changes for the year Service			
Cost	3,792	-	3,792
Interest	22,534	-	22,534
Contributions – City		11,929	
Contributions – State		3,770	
Contributions – employer	-	-	-
Contributions – employee	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Net investment income	-	23,268	(23,268)
Benefit payments, including refunds of employee contributions	(11,977)	(11,977)	-
Administrative expenses	-	(439)	439
Other charges	-	-	-
Net changes	14,349	26,551	(12,202)
Balance at September 30, 2017	\$ 307,308	\$ 250,185	\$ 57,123

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE L – FIREMEN’S PENSION PLAN**

For the year ended September 30, 2017 the city recognized pension expense of \$11,986 for the Firemen’s Relief pension plan. Pension expense components are as follows:

Pension Expense Components	Fiscal Year Ended <u>9/30/2017</u>
Services cost	\$ 3,792
Interest on TPL	22,534
Differences between expected and actual experience	47
Changes in assumptions	642
Changes in benefit terms	-
Employee contributions	-
Projected earnings on pension plan investments	(17,467)
Differences between projected and actual earnings on plan investments	1,999
Pension plan administrative expenses	<u>439</u>
Other changes in fiduciary net position	-
Total pension expense	<u>\$ 11,986</u>

At September 30, 2017, the city reported deferred outflows of resources related to Firemen’s Relief pension:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 61	\$ -
Changes in assumptions	834	-
Net difference between projected and actual investment earnings	5,327	-
City contribution subsequent to measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 6,222</u>	<u>\$ -</u>

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE L – FIREMEN’S PENSION PLAN**

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

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

	FRRP
Year ended December 31,	
2018	\$ 2,688
2019	4,931
2020	(237)
2021	(1,160)
	\$ 6,222

**NOTE M – CONSTRUCTION AND IMPROVEMENT COMMITMENTS**

At September 30, 2017, the City had the following contractual commitments outstanding:

The City will begin construction on the southbound empty commercial traffic facilities. The engineering cost is approximately \$3,212,080. The City is also in the process of improving 25 acres of FM493, also known as the Shops at 493. The improvements will cost the city several millions in improvements to infrastructure. The new elevated storage tank located within the Shops at 493 will cost the City over \$2,000,000.

Other projects including Love’s Travel Stop and the Water Infrastructure improvements represent significant financial commitments for fiscal year 2018-2019 and forward.

**NOTE N – FUND BALANCES**

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

**Nonspendable:** The City’s nonspendable fund balances totaled \$31,352 represented in inventory.

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

- Restricted for Federal and State Programs, Debt Service, Tax Increment and Capital Projects:  
 Federal Laws, Texas Statutes and local ordinances require that certain revenues be specifically designated for the purposes as determined by state and local regulations, debt service, and capital projects. The funds have been included in the restricted category of fund balance. The restricted fund balances totaled \$3,587,587 and represented \$771,127 in local and state and \$2,816,460 in debt service.
- Unassigned:  
 The unassigned fund balances totaled \$2,692,718, in the general fund and a deficit of \$357,822 in other governmental funds.

**CITY OF DONNA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE O – CONTINGENCIES**

**Litigation**

Various lawsuits are pending against the City involving general liability, automotive liability, and various contractual matters. The City maintains general liability and automotive liability insurance in addition to contractor, law enforcement and public officials’ policies designed to minimize the City’s exposure to these claims. The extent to which insurance coverage may satisfy claims, if any, is not known. The City, in consultation with its attorney, is presently unable to estimate the City’s liability, if any, in any of these matters.

The City participates periodically in Federal and State assisted grant programs. The principal grant programs the City currently participates in are with the Community Development Block Grant and the Disaster Recovery Texas CDBG. Under the terms of the Community Development Block Grant, Hidalgo County (the County) includes the surface area and population of the City of Donna in its application to the Department of Housing and Urban Development. Consequently, the County is the grantee of these funds. Also, the County assumes responsibility for the eligibility of activities, environmental assessments, awarding of contracts, approval and payment for completed contracts, project close out, and audits for the projects. The City’s grant programs are subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

**City 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 – PRIOR PERIOD ADJUSTMENT**

Prior to fiscal year 2017 the City did not determine depreciation expense over governmental activities capital assets. Additionally, the City did not previously have a property control ledger and did not perform physical inventories on both governmental activities capital assets and the business-type activities capital assets. This error overstated prior year’s governmental activities capital assets and business-type activities capital assets as well as prior year’s ending net position for the primary government.

	Governmental	Water and	City International	
	<u>Activities</u>	<u>Sewer Fund</u>	<u>Bridge Fund</u>	<u>Total</u>
Fund Balance, as previously reported	\$ 32,887,476	\$ 36,374,022	\$ (9,047,177)	\$60,214,321
Prior Period Adjustment:				
Capital asset additions, net	<u>(21,421,967)</u>	<u>(2,597,986)</u>	<u>(181,918)</u>	<u>(24,201,871)</u>
Fund Balance, restated	<u>\$ 11,465,509</u>	<u>\$ 33,776,036</u>	<u>\$ (9,229,095)</u>	<u>\$ 36,012,450</u>

**NOTE Q – SUBSEQUENT EVENTS**

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF DONNA, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

EXHIBIT 5-A

	2017			Variance
	Original Budget	Final Budget	Actual	from Final
<b>REVENUES</b>				
Property taxes	\$ 4,025,658	\$ 4,025,658	\$ 4,221,018	\$ 195,360
Nonproperty taxes	2,456,261	2,456,261	2,378,740	(77,521)
Fees and charges for services	1,662,299	1,662,299	1,684,416	22,117
Fines and forfeitures	136,035	136,035	109,792	(26,243)
Licenses and permits	144,069	144,069	132,297	(11,772)
Intergovernmental	857,400	857,400	111,151	(746,249)
Investment earnings	2,744	2,744	10,695	7,951
Miscellaneous income	36,352	36,352	39,159	2,807
Total revenue	<u>9,320,818</u>	<u>9,320,818</u>	<u>8,687,268</u>	<u>(633,550)</u>
<b>EXPENDITURES</b>				
General government:				
City council	15,500	15,500	17,088	(1,588)
City manager	327,922	327,922	351,608	(23,686)
Municipal court	154,857	154,857	142,651	12,206
Finance	456,153	456,153	459,110	(2,957)
Information & technology	100,598	100,598	148,114	(47,516)
City hall	111,842	111,842	127,598	(15,756)
City secretary	147,621	147,621	116,268	31,353
Tax assessor collector	144,299	144,299	133,095	11,204
Planning and development	194,874	194,874	145,915	48,959
Non-departmental	655,289	655,289	694,269	(38,980)
Total general government	<u>2,308,955</u>	<u>2,308,955</u>	<u>2,335,716</u>	<u>(26,761)</u>
Public safety:				
Police	2,682,045	2,682,045	2,738,550	(56,505)
Fire	184,369	184,369	430,313	(245,944)
Emergency medical services	1,000	1,000	185	815
Inspections	62,902	62,902	28,614	34,288
Total public safety	<u>2,930,316</u>	<u>2,930,316</u>	<u>3,197,662</u>	<u>(267,346)</u>
Public works:				
Public works department	832,577	832,577	689,738	142,839
City vehicle maintenance	44,074	44,074	42,636	1,438
Sanitation	976,568	976,568	994,661	(18,093)
Street and roadways	213,000	551,676	257,227	294,450
Total public works	<u>2,066,219</u>	<u>2,404,895</u>	<u>1,984,262</u>	<u>420,634</u>

**CITY OF DONNA, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

EXHIBIT 5-A (Cont'd)

	2017			Variance from Final
	Original Budget	Final Budget	Actual	
<b>EXPENDITURES (Continued)</b>				
Culture and recreation:				
Community support	\$ 52,800	\$ 52,800	\$ 64,364	\$ (11,564)
Parks and recreation	1,000,004	1,000,004	357,702	642,302
Swimming pool	58,554	58,554	108,372	(49,818)
Library	<u>392,864</u>	<u>392,864</u>	<u>383,199</u>	<u>9,665</u>
Total health and welfare	<u>1,504,222</u>	<u>1,504,222</u>	<u>913,637</u>	<u>590,585</u>
Public health:				
Code enforcement and health inspections	105,291	105,291	91,534	13,757
Animal control	87,622	87,622	102,170	(14,548)
Cemetery	<u>88,723</u>	<u>88,723</u>	<u>59,472</u>	<u>29,251</u>
Total culture and recreation	<u>281,636</u>	<u>281,636</u>	<u>253,176</u>	<u>28,460</u>
Capital outlay	<u>120,000</u>	<u>120,000</u>	<u>106,090</u>	<u>13,910</u>
Debt service:				
Principal retirement	86,961	86,961	86,961	-
Interest and fiscal agent fees	<u>22,509</u>	<u>22,509</u>	<u>22,509</u>	<u>-</u>
Total debt service	<u>109,470</u>	<u>109,470</u>	<u>109,470</u>	<u>-</u>
Total expenditures	<u>8,929,712</u>	<u>9,268,388</u>	<u>8,900,012</u>	<u>368,376</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>391,106</u>	<u>52,430</u>	<u>(212,744)</u>	<u>(265,174)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital asset	-	-	3,685	3,685
Transfers in	-	738,676	738,676	-
Transfers (out)	<u>-</u>	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>338,676</u>	<u>342,361</u>	<u>3,685</u>
<b>NET CHANGE IN FUND BALANCE</b>	391,106	391,106	129,617	(261,489)
<b>FUND BALANCE, BEGINNING</b>	<u>2,594,453</u>	<u>2,594,453</u>	<u>2,594,453</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 2,985,559</u>	<u>\$ 2,985,559</u>	<u>\$ 2,724,070</u>	<u>\$ (261,489)</u>

**CITY OF DONNA, TEXAS**  
**NOTES TO BUDGETARY COMPARISON SCHEDULE**  
**SEPTEMBER 30, 2017**

1. Budgetary Expenditures in Excess of Appropriations

During the year ended September 30, 2017, expenditures exceeded appropriations as follows in the General Fund.

<b>Department</b>	<b>General fund Excess of Expenditures Over Appropriations</b>
City council	\$ 1,588
City manager	23,686
Finance	2,957
Information & technology	47,516
City hall	15,756
Non-departmental	38,980
Police	56,505
Fire	245,944
Sanitation Services	18,093
Community support	11,564
Swimming pool	49,818
Animal Control	14,548
	\$ 526,955

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, 2017**

EXHIBIT 5-B

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

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, 2017**

EXHIBIT 5-C

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

**NOTES TO SCHEDULE OF CONTRIBUTIONS**

**Valuation Date:**

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

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization period	25 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of period 2010-2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

**Other Information:**

Notes There were no benefit changes during the year.

**CITY OF DONNA, TEXAS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY**  
**AND RELATED RATIOS**  
**FIREMEN'S RELIEF AND RETIREMENT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

EXHIBIT 5-D

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

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

**CITY OF DONNA, TEXAS**  
**SCHEDULE OF CONTRIBUTIONS**  
**FIREMEN'S RELIEF AND RETIREMENT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

EXHIBIT 5-E

<b>Plan Year</b>	<u>September 30,</u>		<u>August 31,</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarial determined contribution	\$ 2,075	\$ 2,363	\$ 11,520
Contributions in relation to the actuarially determined contribution	<u>(2,500)</u>	<u>(2,400)</u>	<u>(11,520)</u>
Contribution deficiency (excess)	<u>(425)</u>	<u>(37)</u>	<u>-</u>
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	7.75 percent, net of pension plan investment expense, including inflation
Retirement Age	Age 55 with 20 years' experience
Mortality	200 RP Mortality Tables for males and females with Blue Collar adjustment

**Other Information:**

1. The City of Donna commenced participation in the Texas Emergency Services Retirement System in 2017.
2. The total pension liability beginning of \$292,959 was determined by the Texas Emergency Services Retirement System for the initial year of participating in the Texas Emergency Services Retirement System.
3. There is no compension for active members, so number of active members is used instead.
4. Total ending pension liability of \$292,959 determined from the beginning of year total pension liability using the roll forward procedure allowed by GASB 67.

## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF DONNA, TEXAS**  
**NONMAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS**

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

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

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

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

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

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

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

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

**CAPITAL PROJECTS FUNDS**

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

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

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

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

**DEBT SERVICE FUND**

The Debt Service Fund is used to account for the accumulation of resources and the payment of general obligation bond principal and interest from governmental resources when the City is obligated in some manner for the payment.

**CITY OF DONNA, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

EXHIBIT 6-A

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Debt Service	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 638,968	\$ 147,821	\$ 1,926,397	\$ 2,713,186
Receivables:				
Taxes	159,502	-	458,509	618,011
Other	10,476	-	941	11,417
Due from other funds	8,474	756,604	367,485	1,132,563
Due from component units	-	1,400	-	1,400
Long-term investments	-	-	498,639	498,639
Other assets	2,500	-	-	2,500
Total assets	\$ 819,920	\$ 905,825	\$ 3,251,971	\$ 4,977,716
<b>LIABILITIES DEFERRED INFLOWS AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 608	\$ 3,036	\$ -	\$ 3,644
Accrued liabilities	297,076	-	-	297,076
Due to other funds	19,501	912,364	-	931,865
Total liabilities	317,185	915,400	-	1,232,585
Deferred inflows of resources:				
Unavailable revenue - property taxes	-	-	435,511	435,511
Total deferred inflows of resources	-	-	435,511	435,511
Fund balances:				
Restricted for				
Tourism	395,520	-	-	395,520
Fire equipment debt service	180,849	-	-	180,849
Law enforcement	20,237	-	-	20,237
Equipment purchases	5,840	-	-	5,840
Park improvements	1,514	-	-	1,514
Capital projects	-	167,167	-	167,167
Debt service	-	-	2,816,460	2,816,460
Unassigned	(101,225)	(176,742)	-	(277,967)
Total fund balances	502,735	(9,575)	2,816,460	3,309,620
Total liabilities, deferred inflows and fund balances	\$ 819,920	\$ 905,825	\$ 3,251,971	\$ 4,977,716

**CITY OF DONNA, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

EXHIBIT 6-B

	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Capital Projects</u>	<u>Nonmajor Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>				
Property taxes	\$ 56,807	\$ -	\$ 957,152	\$ 1,013,959
Sales tax	140,980	-	-	140,980
Fines and forfeitures	2,793	-	-	2,793
Charges for services	72,839	-	-	72,839
Intergovernmental revenue	248,615	-	-	248,615
Miscellaneous income	426	-	280,095	280,521
Interest and investment income	<u>5,162</u>	<u>1,224</u>	<u>22,844</u>	<u>29,230</u>
Total revenues	<u>527,622</u>	<u>1,224</u>	<u>1,260,091</u>	<u>1,788,937</u>
<b>EXPENDITURES</b>				
Current:				
General government	11,125	5,034	-	16,159
Tourism	149,293	-	-	149,293
Public safety	248,615	16,816	-	265,431
Public works	-	31,251	-	31,251
Capital outlay	-	1,444,336	-	1,444,336
Debt service:				
Principal retirement	-	-	215,200	215,200
Interest and fiscal agent fees	-	-	1,704,163	1,704,163
Issuance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>409,033</u>	<u>1,497,437</u>	<u>1,919,363</u>	<u>3,825,833</u>
<b>EXCESS (DEFICIENCY) OF REVENUES (OVER) UNDER EXPENDITURES</b>	<u>118,589</u>	<u>(1,496,213)</u>	<u>(659,272)</u>	<u>(2,036,896)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers in	-	180,000	740,967	920,967
Transfers (out)	<u>(70,000)</u>	<u>(747,863)</u>	<u>-</u>	<u>(817,863)</u>
Total other financing sources (uses)	<u>(70,000)</u>	<u>( 567,863)</u>	<u>740,967</u>	<u>103,104</u>
<b>NET CHANGE IN FUND BALANCES</b>	48,589	(2,064,076)	81,695	(1,933,792)
<b>FUND BALANCES, BEGINNING</b>	<u>454,146</u>	<u>2,054,501</u>	<u>2,734,765</u>	<u>5,243,412</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 502,735</u>	<u>\$ (9,575)</u>	<u>\$ 2,816,460</u>	<u>\$ 3,309,620</u>

**CITY OF DONNA, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2017**

	Hotel Occupancy Tax	Fire Services	Texas Confiscated Forfeit
<b>ASSETS</b>			
Cash and investments	\$ 392,393	\$ 166,610	\$ 20,237
Receivables:			
Property taxes	-	-	-
Other	3,800	6,676	-
Due from other funds	11	7,563	-
Other assets	-	-	-
Total assets	\$ 396,204	\$ 180,849	\$ 20,237
 <b>LIABILITIES DEFERRED INFLOWS AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 608	\$ -	\$ -
Accrued liabilities	76	-	-
Due to other funds	-	-	-
Total liabilities	684	-	-
 Fund balances:			
Restricted for			
Tourism	395,520	-	-
Fire equipment debt service	-	180,849	-
Law enforcement	-	-	20,237
Equipment purchases	-	-	-
Park improvements	-	-	-
Unassigned	-	-	-
Total fund balances	395,520	180,849	20,237
Total liabilities, deferred inflows of resources and fund balances	\$ 396,204	\$ 180,849	\$ 20,237

EXHIBIT 6-C

<u>Tax Note Equipment</u>	<u>Parks Improvement Fee</u>	<u>Urban County CDBG Program</u>	<u>Tax Increment Reinvestment Zone One</u>	<u>Nonmajor Special Revenue Funds</u>
\$ 5,840	\$ 614	\$ -	\$ 53,274	\$ 638,968
-	-	-	159,502	159,502
-	-	-	-	10,476
-	900	-	-	8,474
<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,500</u>
<u>\$ 8,340</u>	<u>\$ 1,514</u>	<u>\$ -</u>	<u>\$ 212,776</u>	<u>\$ 819,920</u>
\$ -	\$ -	\$ -	\$ -	\$ 608
-	-	-	297,000	297,076
<u>2,500</u>	<u>-</u>	<u>-</u>	<u>17,001</u>	<u>19,501</u>
<u>2,500</u>	<u>-</u>	<u>-</u>	<u>314,001</u>	<u>317,185</u>
-	-	-	-	-
-	-	-	-	395,520
-	-	-	-	180,849
-	-	-	-	20,237
5,840	-	-	-	5,840
-	1,514	-	-	1,514
<u>-</u>	<u>-</u>	<u>-</u>	<u>(101,225)</u>	<u>(101,225)</u>
<u>5,840</u>	<u>1,514</u>	<u>-</u>	<u>(101,225)</u>	<u>502,735</u>
<u>\$ 8,340</u>	<u>\$ 1,514</u>	<u>\$ -</u>	<u>\$ 212,776</u>	<u>\$ 819,920</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, 2017**

	Hotel Occupancy Tax	Fire Services	Texas Confiscated Forfeit	Tax Note Equipment
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>				
Taxes	\$ 140,980	\$ -	\$ -	\$ -
Charges for services	-	72,839	-	-
Fines and forfeitures	-	-	2,793	-
Intergovernmental revenue	-	-	-	-
Miscellaneous income	420	-	-	-
Interest and investment income	3,574	1,503	-	70
Total revenues	<u>144,974</u>	<u>74,342</u>	<u>2,793</u>	<u>70</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	4,125
Tourism development	149,293	-	-	-
Public safety	-	-	-	-
Total expenditures	<u>149,293</u>	<u>-</u>	<u>-</u>	<u>4,125</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(4,319)</u>	<u>74,342</u>	<u>2,793</u>	<u>(4,055)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	-	(70,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(70,000)</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(4,319)	4,342	2,793	(4,055)
<b>FUND BALANCES, BEGINNING</b>	<u>399,839</u>	<u>176,507</u>	<u>17,444</u>	<u>9,895</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 395,520</u>	<u>\$ 180,849</u>	<u>\$ 20,237</u>	<u>\$ 5,840</u>

EXHIBIT 6-D

Parks Improvement Fee	Urban County CDBG Program	Tax Increment Reinvestment Zone One	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ 56,807	\$ 197,787
-	-	-	72,839
-	-	-	2,793
-	248,615	-	248,615
6	-	-	426
-	-	15	5,162
<u>6</u>	<u>248,615</u>	<u>56,822</u>	<u>527,622</u>
-	-	7,000	11,125
-	-	-	149,293
<u>-</u>	<u>248,615</u>	<u>-</u>	<u>248,615</u>
<u>-</u>	<u>248,615</u>	<u>7,000</u>	<u>409,033</u>
<u>6</u>	<u>-</u>	<u>49,822</u>	<u>118,589</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,000)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,000)</u>
6	-	49,822	48,589
<u>1,508</u>	<u>-</u>	<u>(151,047)</u>	<u>454,146</u>
<u>\$ 1,514</u>	<u>\$ -</u>	<u>\$ (101,225)</u>	<u>\$ 502,735</u>

**CITY OF DONNA, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

EXHIBIT 6-E

	<u>Tax Note</u> <u>Series 2014</u>	<u>Financial</u> <u>Plan Fund</u>	<u>Certificate of</u> <u>Obligation</u> <u>Series 2015</u>	<u>Total</u> <u>Nonmajor</u> <u>Capital Projects</u> <u>Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ -	\$ -	\$ 147,821	\$ 147,821
Due from other funds	-	738,676	17,928	756,604
Due from component units	-	1,400	-	1,400
Total assets	<u>\$ -</u>	<u>\$ 740,076</u>	<u>\$ 165,749</u>	<u>\$ 905,825</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 3,036	\$ 3,036
Due to other funds	<u>176,742</u>	<u>735,622</u>	<u>-</u>	<u>912,364</u>
Total liabilities	<u>176,742</u>	<u>735,622</u>	<u>3,036</u>	<u>915,400</u>
Fund balances:				
Restricted	-	4,454	162,713	167,167
Unassigned	<u>(176,742)</u>	<u>-</u>	<u>-</u>	<u>(176,742)</u>
Total fund balances	<u>(176,742)</u>	<u>4,454</u>	<u>162,713</u>	<u>(9,575)</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 740,076</u>	<u>\$ 165,749</u>	<u>\$ 905,825</u>

**CITY OF DONNA, TEXAS**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

EXHIBIT 6-F

	<u>Tax Note Series 2014</u>	<u>Financial Plan Fund</u>	<u>Certificate of Obligation Series 2015</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>				
Interest and investment income	\$ -	\$ -	\$ 1,224	\$ 1,224
Total revenues	<u>-</u>	<u>-</u>	<u>1,224</u>	<u>1,224</u>
<b>EXPENDITURES</b>				
General government	-	5,034	-	5,034
Public safety	-	16,816	-	16,816
Public works	2,462	28,789	-	31,251
Capital outlay	<u>124,558</u>	<u>6,595</u>	<u>1,313,183</u>	<u>1,444,336</u>
Total expenditures	<u>127,020</u>	<u>57,234</u>	<u>1,313,183</u>	<u>1,497,437</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	<u>(127,020)</u>	<u>(57,234)</u>	<u>(1,311,959)</u>	<u>(1,496,213)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	180,000	180,000
Transfers (out)	<u>-</u>	<u>(747,863)</u>	<u>-</u>	<u>(747,863)</u>
Total other financing sources (uses)	<u>-</u>	<u>(747,863)</u>	<u>180,000</u>	<u>(567,863)</u>
<b>NET CHANGE IN FUND BALANCES</b>				
	(127,020)	(805,097)	(1,131,959)	(2,064,076)
<b>FUND BALANCES, BEGINNING</b>				
	<u>(49,722)</u>	<u>809,551</u>	<u>1,294,672</u>	<u>2,054,501</u>
<b>FUND BALANCES, ENDING</b>				
	<u>\$ (176,742)</u>	<u>\$ 4,454</u>	<u>\$ 162,713</u>	<u>\$ (9,575)</u>

**CITY OF DONNA, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

EXHIBIT 7-A

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
<b>REVENUES</b>				
Property taxes	\$ 963,580	\$ 963,580	\$ 957,152	\$ (6,428)
Interest and investment income	812	812	22,844	22,032
Miscellaneous income	-	-	280,095	280,095
Total revenue	<u>964,392</u>	<u>964,392</u>	<u>1,260,091</u>	<u>295,699</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	654,368	654,368	215,200	439,168
Interest and fiscal agent fees	<u>1,700,889</u>	<u>-</u>	<u>1,704,163</u>	<u>(1,704,163)</u>
Total expenditures	<u>2,355,257</u>	<u>654,368</u>	<u>1,919,363</u>	<u>(1,264,995)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,390,865)</u>	<u>310,024</u>	<u>(659,272)</u>	<u>(969,296)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>740,967</u>	<u>(740,967)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>740,967</u>	<u>(740,967)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,390,865)	310,024	81,695	(228,329)
<b>FUND BALANCE, BEGINNING</b>	<u>2,734,765</u>	<u>2,734,765</u>	<u>2,734,765</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 1,343,900</u>	<u>\$ 3,044,789</u>	<u>\$ 2,816,460</u>	<u>\$ (228,329)</u>

**CITY OF DONNA, TEXAS**  
**DISCRETELY PRESENTED COMPONENT UNITS**

**Governmental**

The **Donna Economic Development Corporation (4A)** – was organized exclusively for the purposes of benefiting and accomplishing public purposes of the City of Donna, by promotion and development of commercial, industrial and manufacturing enterprises, and in promoting and encouraging employment and the public welfare for the City by the State Act, Section 4A.

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

The **Tax Increment Reinvestment Zone Number Two (TIRZ #2)** - is a reinvestment zone created by the City of Donna pursuant to Chapter 311 of the Texas Tax Code to provide property tax increment funding to support qualifying development activities within the TIRZ #2 zone area.

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

Presented on Exhibits 8-C, 8-E and 8-G are the respective reconciliations of the governmental fund balance sheets to the statement of net position. Additionally, presented on Exhibits 8-D, 8-F, and 8-H are the respective reconciliations of the statements of revenues, expenditures, and changes in fund balances of these governmental funds to the statement of activities.

**CITY OF DONNA, TEXAS**  
**COMBINING BALANCE SHEET**  
**COMPONENT UNITS**  
**SEPTEMBER 30, 2017**

EXHIBIT 8-A

	Donna Economic Development Corporation	Development Corporation of Donna	Tax Reinvestment Zone Two	Total Funds
<b>ASSETS</b>				
Cash and investments	\$ 58,565	\$ 220,925	\$ 90,507	\$ 369,997
Restricted cash and investments	384,516	374,797	-	759,313
Receivables, net:				
Taxes	131,623	131,623	37,404	300,650
Accounts	44,321	37,618	-	81,939
Other	2,908	-	-	2,908
Due from other funds	1,987	-	-	1,987
Due from primary government	-	60,710	-	60,710
Total assets	\$ 623,920	\$ 825,673	\$ 127,911	\$ 1,577,504
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 34,129	\$ 25,204	\$ 20,000	\$ 79,333
Accrued liabilities	38,509	39,173	-	77,682
Due to primary government	387,447	325,537	4,675	717,659
Due to other funds	-	1,987	-	1,987
Total liabilities	460,085	391,901	24,675	876,661
Fund balances:				
Restricted for				
Debt service	384,516	433,772	-	818,288
Tax increment zone purposes	-	-	103,236	103,236
Unassigned	(220,681)	-	-	(220,681)
Total fund balances	163,835	433,772	103,236	700,843
Total liabilities, and fund balances	\$ 623,920	\$ 825,673	\$ 127,911	\$ 1,577,504

**CITY OF DONNA, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**COMPONENT UNITS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

EXHIBIT 8-B

	<u>Donna Economic Development Corporation</u>	<u>Development Corporation of Donna</u>	<u>Tax Reinvestment Zone Two</u>	<u>Total Funds</u>
<b>REVENUES</b>				
Taxes:				
Sales	\$ 730,580	\$ 730,580	\$ -	\$ 1,461,160
Property	-	-	29,505	29,505
Interest	1,379	2,785	-	4,164
Miscellaneous income	<u>2,239,988</u>	<u>-</u>	<u>-</u>	<u>2,239,988</u>
Total revenues	<u>2,971,947</u>	<u>733,365</u>	<u>29,505</u>	<u>3,734,817</u>
<b>EXPENDITURES</b>				
Current:				
Economic development	940,403	378,769	10,000	1,329,172
Miscellaneous expense	140,000	140,000	-	280,000
Capital outlay	2,711,293	375,309	-	3,086,602
Debt service:				
Principal retirement	1,223,578	140,000	-	1,363,578
Interest and fees	<u>408,620</u>	<u>155,063</u>	<u>-</u>	<u>563,683</u>
Total expenditures	<u>5,423,894</u>	<u>1,189,141</u>	<u>10,000</u>	<u>6,623,035</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,451,947)</u>	<u>(455,776)</u>	<u>19,505</u>	<u>(2,888,218)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	<u>1,733,140</u>	<u>-</u>	<u>-</u>	<u>1,733,140</u>
Total other financing sources (uses)	<u>1,733,140</u>	<u>-</u>	<u>-</u>	<u>1,733,140</u>
<b>NET CHANGE IN FUND BALANCES</b>	(718,807)	(455,776)	19,505	(1,174,583)
<b>FUND BALANCES, BEGINNING</b>	<u>882,642</u>	<u>889,548</u>	<u>83,731</u>	<u>1,855,921</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 163,835</u>	<u>\$ 433,772</u>	<u>\$ 103,236</u>	<u>\$ 700,843</u>

**CITY OF DONNA, TEXAS**  
**RECONCILIATION OF THE DONNA ECONOMIC DEVELOPMENT CORPORATION**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2017**

EXHIBIT 8-C

Fund balance of the component unit fund	\$	163,835
Amount reported for government type activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not report in the funds.		7,230,931
Long term liabilities applicable to the component unit's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term are reported in the statement of net assets.		(6,924,039)
Included in the noncurrent assets/liabilities is the recognition of the component unit's net pension asset/(liability) requires by GASB 68 in the amount of \$(18,729), and a deferred resource outflow in the amount of \$8,170. This results in an increase/decrease in net position by \$10,559.		(10,559)
Interest accrued is not reported in the fund.		<u>(25,829)</u>
Net position of component unit - Statement of Net Position	\$	<u><u>434,340</u></u>

**CITY OF DONNA, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE OF THE**  
**DONNA ECONOMIC DEVELOPMENT CORPORATION**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

EXHIBIT 8-D

Net change in fund balances \$ (718,807)

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. 2,515,936

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. 1,221,673

Some pension-related expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (3,302)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Interest expense in the statement of activities differs from the amount reported in governmental funds due to the change in accrued interest (decrease of \$923) being calculated for bonds payable. 922

Change in net position of governmental component unit - Statement of Activities \$ 3,016,422

**CITY OF DONNA, TEXAS**  
**RECONCILIATION OF THE DEVELOPMENT CORPORATION OF DONNA, INC.**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2017**

EXHIBIT 8-E

Fund balance of the component unit fund	\$	433,772
Amount reported for government type activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not report in the funds.		668,325
Long term liabilities applicable to the component unit's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term are reported in the statement of net assets.		(3,417,495)
Included in the noncurrent assets/liabilities is the recognition of the component unit's net pension asset/(liability) requires by GASB 68 in the amount of \$(18,729), and a deferred resource outflow in the amount of \$8,170. This results in an increase/decrease in net position by \$10,559.		(10,439)
Interest accrued is not reported in the fund.		<u>(24,810)</u>
Net position of component unit - Statement of Net Position	\$	<u>(2,350,647)</u>

**CITY OF DONNA, TEXAS**  
**RECONCILIATION OF THE COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE OF THE**  
**DEVELOPMENT CORPORATION OF DONNA, INC.**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

EXHIBIT 8-F

Net change in fund balances \$ (455,776)

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. 425,349

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. 137,206

Some pension-related expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (3,182)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Interest expense in the statement of activities differs from the amount reported in governmental funds due to the change in accrued interest (decrease of \$750) being calculated for bonds payable. 750

Change in net position of governmental component unit - Statement of Activities \$ 104,347

**CITY OF DONNA, TEXAS**  
**RECONCILIATION OF THE TAX INCREMENT REINVESTMENT ZONE NUMBER TWO**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2017**

EXHIBIT 8-G

Fund balance of the component unit fund	\$ 103,236
Amount reported for government type activities in the statement of net position are different because:	
Long term liabilities applicable to the component unit's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term are reported in the statement of net assets.	<u>(2,313,052)</u>
Net position of component unit - Statement of Net Position	<u>\$ (2,209,816)</u>

**CITY OF DONNA, TEXAS**  
**RECONCILIATION OF THE COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE OF THE**  
**TAX INCREMENT REINVESTMENT ZONE NUMBER TWO**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

EXHIBIT 8-H

Net change in fund balances	\$ <u>19,505</u>
Change in net position of governmental component unit - Statement of Activities	\$ <u><u>19,505</u></u>

**OTHER SCHEDULES - UNAUDITED**

**CITY OF DONNA, TEXAS**  
**CONTINUING FINANCIAL DISCLOSURE TABLES**

The Continuing Financial Disclosure Tables portion of the Statistical section presents various financial data originally distributed in debt official statements. The City is required to update financial tables originally distributed in debt official statements. The financial tables that follow are updated through September 30, 2017. This financial information is also sent to the Electronic Municipal Market Access (EMMA) website, the official repository for information on municipal bonds.

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities				
Net investments in capital assets	\$ 18,123,327	\$ 19,030,800	\$ 20,126,091	\$ 20,740,814
Restricted	1,800,502	2,062,762	2,143,596	2,172,676
Unrestricted	1,148,756	1,285,394	1,019,772	1,556,572
Total governmental activities net position	<u>\$ 21,072,585</u>	<u>\$ 22,378,956</u>	<u>\$ 23,289,459</u>	<u>\$ 24,470,062</u>
Business-type activities				
Net investments in capital assets	\$ 20,631,084	\$ 23,273,380	\$ 34,732,029	\$ 36,199,880
Restricted	3,197,793	3,793,066	3,583,175	2,938,719
Unrestricted	348,028	(1,041,856)	(8,572,995)	(9,146,475)
Total business-type activities net position	<u>\$ 24,176,905</u>	<u>\$ 26,024,590</u>	<u>\$ 29,742,209</u>	<u>\$ 29,992,124</u>
Primary government				
Net investments in capital assets	\$ 38,754,411	\$ 42,304,180	\$ 54,858,120	\$ 56,940,694
Restricted	4,998,295	5,855,828	5,726,771	5,111,395
Unrestricted	1,496,784	243,538	(7,553,223)	(7,589,903)
Total primary government activities net position	<u>\$ 45,249,490</u>	<u>\$ 48,403,546</u>	<u>\$ 53,031,668</u>	<u>\$ 54,462,186</u>

TABLE 1

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$ 22,322,916	\$ 22,508,397	\$ 24,260,086	\$ 24,886,384	\$ 25,485,725	\$ 4,223,363
2,861,266	2,786,431	3,439,698	5,481,325	5,720,759	3,197,909
1,425,585	2,485,784	2,921,896	839,100	1,680,992	3,310,863
<u>\$ 26,609,767</u>	<u>\$ 27,780,612</u>	<u>\$ 30,621,680</u>	<u>\$ 31,206,809</u>	<u>\$ 32,887,476</u>	<u>\$ 10,732,135</u>
\$ 37,284,859	\$ 37,091,287	\$ 36,537,530	\$ 36,392,353	\$ 34,591,149	\$ 39,229,693
2,149,273	2,370,963	2,710,237	3,143,902	9,674,905	2,219,457
(7,942,293)	(7,667,796)	(6,915,609)	(8,600,817)	(16,939,208)	(21,382,610)
<u>\$ 31,491,839</u>	<u>\$ 31,794,454</u>	<u>\$ 32,332,158</u>	<u>\$ 30,935,438</u>	<u>\$ 27,326,846</u>	<u>\$ 20,066,540</u>
\$ 59,607,775	\$ 59,599,684	\$ 60,797,616	\$ 61,278,737	\$ 60,076,874	\$ 43,453,056
5,010,539	5,157,394	6,149,935	8,625,227	15,395,664	5,417,366
(6,516,708)	(5,182,012)	(3,993,712)	(7,761,717)	(15,258,216)	(18,071,747)
<u>\$ 58,101,606</u>	<u>\$ 59,575,066</u>	<u>\$ 62,953,838</u>	<u>\$ 62,142,247</u>	<u>\$ 60,214,322</u>	<u>\$ 30,798,675</u>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>EXPENSES</b>				
Governmental activities				
General government	\$ 989,315	\$ 981,874	\$ 1,090,389	\$ 977,799
Public Safety	1,887,064	1,892,031	2,114,746	1,895,532
Public Works	1,155,302	1,216,881	1,313,233	1,312,661
Culture and recreation	548,678	513,119	513,191	515,698
Health and welfare	174,118	165,438	141,256	162,383
Economic development	494,580	14,100	-	86,969
Tourism development	25,375	13,961	17,500	18,487
Interest on long term debt	135,685	124,192	151,112	142,597
Total governmental activities expenses	<u>\$ 5,410,117</u>	<u>\$ 4,921,596</u>	<u>\$ 5,341,427</u>	<u>\$ 5,112,126</u>
Business-type activities				
Water and sewer	\$ 4,336,321	\$ 5,724,668	\$ 4,378,281	\$ 4,731,955
International Bridge	602,044	480,594	2,362,173	3,029,406
Donna International Bridge Corporation	7,500	20	-	-
Cemetery services	70,542	77,625	68,792	70,696
Total business-type activities	<u>5,016,407</u>	<u>6,282,907</u>	<u>6,809,246</u>	<u>7,832,057</u>
Total Primary government expenses	<u>\$ 10,426,524</u>	<u>\$ 11,204,503</u>	<u>\$ 12,150,672</u>	<u>\$ 12,944,184</u>
<b>PROGRAM REVENUES</b>				
Governmental activities				
Charges for services				
General government	\$ 406,248	\$ 289,189	\$ 232,167	\$ 184,365
Public Safety	220,660	232,509	189,542	269,610
Public Works	791,240	785,496	898,315	913,022
Culture and recreation	46,774	61,989	62,797	55,517
Health and welfare	28,576	46,057	29,343	52,053
Economic development	-	-	-	-
Tourism development	-	-	-	-
Interest on Long Term Debt	-	-	-	-
Operating grants and contributions	293,720	212,348	351,889	396,884
Capital grants and contributions	644,630	737,549	766,265	188,049
Total governmental activities program revenues	<u>\$ 2,431,848</u>	<u>\$ 2,365,137</u>	<u>\$ 2,530,318</u>	<u>\$ 2,059,499</u>
Business-type activities				
Charges for services				
Water and sewer	\$ 4,702,864	\$ 5,029,666	\$ 4,527,957	\$ 4,879,568
International Bridge	-	-	-	656,386
Donna International Bridge Corporation	-	-	-	-
Cemetery services	25,500	29,650	25,049	19,250
Operating grants and contributions	-	-	-	-
Capital grants and contributions	2,478,734	2,041,473	5,225,947	1,021,106
Total business-type activities program revenues	<u>7,207,098</u>	<u>7,100,789</u>	<u>9,778,954</u>	<u>6,576,309</u>
Total primary government program revenues	<u>\$ 9,638,946</u>	<u>\$ 9,465,926</u>	<u>\$ 12,309,272</u>	<u>\$ 8,635,808</u>

TABLE 2

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$	1,083,063	\$ 1,150,560	\$ 1,395,999	\$ 2,423,156	\$ 2,973,410	\$ 2,396,171
	1,847,489	1,956,753	2,251,531	2,675,445	2,936,275	3,521,271
	1,391,738	1,459,303	1,769,246	2,276,526	2,202,414	2,318,032
	519,826	591,910	585,057	723,354	840,311	353,023
	217,651	155,716	238,260	231,283	279,247	1,182,640
	144,809	-	9,715	9,000	632,000	-
	17,598	75,771	236,107	231,556	207,043	-
	73,071	124,785	113,604	117,228	1,189,004	1,885,115
\$	<u>5,295,245</u>	<u>\$ 5,514,798</u>	<u>\$ 6,599,520</u>	<u>\$ 8,687,548</u>	<u>\$ 11,259,703</u>	<u>\$ 11,656,252</u>
\$	5,005,481	\$ 5,148,958	\$ 5,160,233	\$ 5,806,462	\$ 5,764,408	\$ 11,548,359
	3,551,342	3,568,683	3,851,680	4,488,981	3,589,093	2,724,840
	-	-	-	-	-	-
	-	-	-	-	-	-
	8,556,823	8,717,642	9,011,914	10,295,444	9,353,501	14,273,199
\$	<u>13,852,068</u>	<u>\$ 14,232,440</u>	<u>\$ 15,611,433</u>	<u>\$ 18,982,992</u>	<u>\$ 20,613,204</u>	<u>\$ 25,929,451</u>
\$	197,791	\$ 225,776	\$ 315,141	\$ 1,065,606	\$ 867,737	\$ 2,005,593
	268,301	229,304	241,697	346,296	308,271	92,712
	945,531	980,066	1,004,919	1,020,698	1,023,099	248,615
	60,926	29,700	28,292	60,321	44,927	14,983
	29,673	37,179	59,858	52,586	56,099	-
	-	-	13,669	-	-	-
	-	-	0	-	-	-
	-	-	-	254,763	255,756	-
	312,700	88,950	664,438	-	-	-
	976,729	-	1,267,992	-	-	-
\$	<u>2,791,650</u>	<u>\$ 1,590,975</u>	<u>\$ 3,596,006</u>	<u>\$ 2,800,270</u>	<u>\$ 2,555,889</u>	<u>\$ 2,361,903</u>
\$	5,451,758	\$ 5,573,405	\$ 5,236,681	\$ 5,045,190	\$ 5,054,315	\$ 5,237,910
	1,148,628	1,370,490	1,670,603	1,734,996	1,980,468	2,205,195
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	153,115	-	753,684	-
	1,941,851	127,000	1,518,832	432,157	-	59,552
	8,542,237	7,070,895	8,579,231	7,212,344	7,788,467	7,502,657
\$	<u>11,333,887</u>	<u>\$ 8,661,870</u>	<u>\$ 12,175,237</u>	<u>\$ 10,012,614</u>	<u>\$ 10,344,356</u>	<u>\$ 9,864,560</u>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>NET (EXPENSES)/PROGRAM REVENUES</b>				
Governmental activities	(2,978,269)	(2,556,460)	(2,811,110)	(3,052,627)
Business-type activities	2,190,691	817,882	2,969,708	(1,255,748)
Total primary government net expenses	<u>\$ (787,578)</u>	<u>\$ (1,738,578)</u>	<u>\$ 158,598</u>	<u>\$ (4,308,375)</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS</b>				
<b>GOVERNMENTAL ACTIVITIES</b>				
Taxes				
Property taxes general purposes	\$ 3,220,106	\$ 3,427,368	\$ 3,632,590	\$ 4,030,202
Sales taxes	783,195	772,619	749,462	819,491
Franchises taxes	645,001	664,341	655,780	674,619
Hotel occupancy tax	79,653	77,183	86,710	99,331
Investment earnings	83,147	23,559	9,632	7,776
Miscellaneous	21,042	19,977	18,715	42,008
Special item	-	-	-	-
Transfers	(1,227,733)	(1,122,217)	(1,431,276)	(1,440,198)
Total governmental activities	<u>3,604,411</u>	<u>3,862,830</u>	<u>3,721,613</u>	<u>4,233,227</u>
Business type activities				
Investment earnings	722,186	389,707	85,211	36,039
Miscellaneous	3,169	11,296	8,685	29,427
Special items	-	(192,074)	-	-
Transfers	1,227,733	1,122,217	1,431,276	1,440,198
Total business -type activities	<u>1,953,088</u>	<u>1,331,147</u>	<u>1,525,171</u>	<u>1,505,664</u>
Total primary government	<u>\$ 5,557,499</u>	<u>\$ 5,193,977</u>	<u>\$ 5,246,784</u>	<u>\$ 5,738,891</u>
<b>CHANGES IN NET POSITION</b>				
Governmental activities	\$ 626,142	\$ 1,306,370	\$ 910,503	\$ 1,180,600
Business- type activities	4,143,779	2,149,029	4,494,879	249,917
Total primary government	<u>\$ 4,769,921</u>	<u>\$ 3,455,399</u>	<u>\$ 5,405,382</u>	<u>\$ 1,430,518</u>

TABLE 2 (Cont'nd)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
	(2,503,595)	(3,923,823)	(3,003,514)	(5,887,278)	(8,703,814)	(9,294,349)
	(14,586)	(1,646,746)	(432,683)	(3,083,100)	(1,565,034)	(6,770,542)
\$	<u>(2,518,182)</u>	<u>\$ (5,570,569)</u>	<u>\$ (3,436,197)</u>	<u>\$ (8,970,378)</u>	<u>\$ (10,268,850)</u>	<u>\$ (16,064,891)</u>
\$	4,390,543	\$ 5,038,673	\$ 5,442,523	\$ 5,574,392	\$ 5,338,779	\$ 5,215,690
	865,983	999,188	1,052,265	1,252,446	1,415,593	1,461,161
	731,064	751,686	762,260	775,496	908,670	917,579
	108,290	115,573	127,324	119,071	139,300	140,980
	8,245	6,027	3,893	3,994	12,338	60,419
	43,218	125,706	579,510	87,101	192,322	323,365
	-	-	-	-	-	-
	(1,504,045)	(1,942,184)	(2,094,974)	(1,610,089)	2,377,478	441,780
	4,643,298	5,094,669	5,872,802	6,202,410	10,384,479	8,560,974
	10,256	7,178	12,570	21,157	53,921	71,515
	-	-	1,292	26,589	-	19,469
	-	-	-	-	-	-
	1,504,045	1,942,184	2,094,974	1,610,089	(2,097,479)	(441,780)
	1,514,301	1,949,361	2,108,835	1,657,835	(2,043,558)	(350,796)
\$	<u>6,157,599</u>	<u>\$ 7,044,029</u>	<u>\$ 7,981,636</u>	<u>\$ 7,860,245</u>	<u>\$ 8,340,921</u>	<u>\$ 8,210,178</u>
\$	2,139,703	\$ 1,170,846	\$ 2,869,288	\$ 315,132	\$ 1,680,665	\$ (733,375)
	1,499,715	302,615	1,676,152	(1,425,265)	(3,608,594)	(7,121,338)
\$	<u>3,639,417</u>	<u>\$ 1,473,461</u>	<u>\$ 4,545,439</u>	<u>\$ (1,110,133)</u>	<u>\$ (1,927,929)</u>	<u>\$ (7,854,713)</u>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Revenues</b>				
Taxes	\$ 4,642,278	\$ 4,876,110	\$ 4,984,238	\$ 5,487,950
Licenses and permits	84,745	96,836	83,718	101,415
Charges for services	1,294,570	1,175,721	1,211,047	1,256,644
Fines and forfeitures	114,183	142,683	110,400	109,994
Intergovernmental	947,340	663,669	910,088	564,082
Investment earnings	83,148	23,559	9,632	7,776
Other	34,953	20,517	27,196	53,971
Total revenues	<u>7,201,217</u>	<u>6,999,095</u>	<u>7,336,319</u>	<u>7,581,832</u>
<b>Expenditures</b>				
General government	989,315	977,165	1,069,874	1,010,748
Public safety	1,872,309	1,959,490	2,271,697	1,905,641
Public works	1,155,302	1,215,055	1,790,994	1,472,449
Culture and recreation	548,678	697,561	512,410	516,101
Health and welfare	174,118	164,861	143,771	160,389
Economic development	494,580	14,100	-	86,969
Tourism development	25,375	13,961	17,500	18,487
Capital outlay	22,901	24,852	-	-
Debt service:				
Principal	368,462	370,805	402,632	451,819
Interest	135,011	117,267	184,689	147,534
Issuance charges	-	-	-	-
Total expenditures	<u>5,786,051</u>	<u>5,555,117</u>	<u>6,393,565</u>	<u>5,770,136</u>
Excess of revenues over (under) expenditures	1,415,166	1,443,978	942,754	1,811,696
<b>Other Financing Sources (Uses)</b>				
Transfers in	231,348	424,560	232,946	171,235
Transfers out	(1,459,081)	(1,546,777)	(1,664,223)	(1,611,433)
Bond proceeds	-	-	1,537,279	-
Lease/Loan proceeds	-	26,293	137,317	42,812
Other	-	-	-	-
Total other financing sources (uses)	<u>(1,227,733)</u>	<u>(1,095,924)</u>	<u>243,319</u>	<u>(1,397,386)</u>
Net change in fund balances	<u>\$ 187,433</u>	<u>\$ 348,054</u>	<u>\$ 1,186,073</u>	<u>\$ 414,310</u>
Debt service as a percentage of noncapital expenditures	9.60%	8.87%	9.21%	10.58%

Source: Annual Financial Reports

TABLE 3

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$ 6,021,470	\$ 6,809,260	\$ 7,332,268	\$ 7,885,911	\$ 7,854,097	\$ 7,754,697
123,623	134,634	165,471	134,150	123,668	132,297
1,271,315	1,269,626	1,308,877	1,427,198	1,717,025	1,757,255
97,283	98,188	175,558	137,876	197,220	112,585
478,287	320,909	377,508	1,055,328	462,983	359,766
8,245	6,027	3,893	3,994	12,338	319,680
55,502	137,014	335,480	137,820	170,719	60,419
<b>8,055,726</b>	<b>8,775,658</b>	<b>9,699,056</b>	<b>10,782,278</b>	<b>10,538,050</b>	<b>10,496,699</b>
1,083,183	1,209,763	1,414,959	2,542,486	2,093,850	2,358,471
1,873,037	2,119,400	2,357,686	2,800,668	3,028,591	3,346,955
1,412,629	1,523,106	1,685,840	2,151,430	2,033,080	1,984,262
535,166	646,579	631,467	785,679	808,693	284,427
217,651	164,762	238,260	250,941	279,247	1,179,068
144,809	-	-	-	-	-
17,598	75,771	306,797	231,556	532,522	-
605,493	838,933	117,424	2,624,627	2,318,183	3,470,039
629,765	394,091	454,184	473,227	552,616	302,161
136,765	97,824	86,879	272,411	1,160,861	1,755,084
-	-	-	-	-	134,509
<b>6,656,095</b>	<b>7,070,229</b>	<b>7,293,496</b>	<b>12,133,025</b>	<b>12,807,643</b>	<b>14,814,975</b>
1,399,631	1,705,429	2,405,560	(1,350,747)	(2,269,593)	(4,318,276)
285,288	269,558	291,192	256,393	3,296,932	1,659,643
(1,808,499)	(2,084,532)	(2,386,167)	(1,866,483)	(919,454)	(1,217,863)
1,260,600	-	-	4,875,401	-	1,988,781
-	351,753	-	760,000	-	-
(1,228,516)	-	544,628	-	-	3,685
(1,491,127)	(1,463,221)	(1,550,346)	4,025,312	2,377,478	2,434,246
<b>\$ (91,496)</b>	<b>\$ 242,208</b>	<b>\$ 855,214</b>	<b>\$ 2,674,564</b>	<b>\$ 107,885</b>	<b>\$ (1,884,030)</b>
13.02%	7.99%	7.88%	8.04%	17.21%	18.35%

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund				
Reserved	\$ 8,228	\$ -	\$ 2,106	\$ -
Unreserved	708,872	871,372	601,463	-
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	934,350
Total General Fund	<u>\$ 717,100</u>	<u>\$ 871,372</u>	<u>\$ 603,569</u>	<u>\$ 934,350</u>
All Other Governmental Funds				
Reserved, reported in : special revenue funds	\$ 1,349,959	\$ 1,471,350	\$ 2,848,694	\$ -
Unreserved, reported in: special revenue funds	42,552	106,384	182,917	-
Restricted, reported in special revenue funds and debt service fund	-	-	-	1,587,145
Committed, reported in capital project and special revenue funds	-	-	-	1,527,995
Total all other governmental funds	<u>\$ 1,392,511</u>	<u>\$ 1,577,734</u>	<u>\$ 3,031,611</u>	<u>\$ 3,115,140</u>

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

TABLE 4

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
592,346	336,460	170,620	170,460	4,285	31,352
-	-	-	-	-	-
-	-	-	-	-	-
874,428	1,893,052	2,349,252	2,636,498	2,590,168	2,692,718
<u>\$ 1,466,774</u>	<u>\$ 2,229,512</u>	<u>\$ 2,519,871</u>	<u>\$ 2,806,958</u>	<u>\$ 2,594,453</u>	<u>\$ 2,724,070</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
1,674,015	1,793,223	2,441,399	2,765,496	3,179,016	413,305
817,205	177,467	94,146	2,157,526	2,064,395	2,816,460
<u>\$ 2,491,220</u>	<u>\$ 1,970,690</u>	<u>\$ 2,535,545</u>	<u>\$ 4,923,022</u>	<u>\$ 5,243,411</u>	<u>\$ 3,229,765</u>

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

<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Public Works</b>	<b>Culture and Recreation</b>	<b>Public Health and Welfare</b>	<b>Economic Development</b>
2008	989,315	1,887,064	1,155,302	548,678	174,118	494,580
2009	981,874	1,892,031	1,216,881	513,119	165,438	14,100
2010	1,090,389	2,114,746	1,313,233	513,191	141,256	-
2011	977,799	1,895,532	1,312,662	515,698	162,383	(27,000)
2012	1,083,063	1,847,489	1,391,738	519,826	217,651	144,809
2013	1,150,560	1,956,753	1,459,303	591,910	155,716	-
2014	1,395,999	2,251,531	1,769,246	585,057	238,260	9,715
2015	2,423,156	2,675,445	2,276,526	723,354	231,283	9,000
2016	2,973,410	2,936,275	2,202,414	840,311	279,247	632,000
2017	2,396,171	3,521,271	2,318,032	353,023	1,182,640	-

Source: Audit Exhibit 1-B

TABLE 5

<b>Tourism Development</b>	<b>Interest on Long-Term Debt</b>	<b>Water and Sewer</b>	<b>City International Bridge Fund</b>	<b>Donna International Bridge Corporation</b>	<b>Cemetery</b>	<b>Totals</b>
25,375	135,685	4,336,321	602,044	7,500	70,542	\$ 10,426,524
13,961	124,192	5,724,668	480,594	20	77,625	\$ 11,204,503
17,500	151,112	4,378,282	2,362,173	-	68,792	\$ 12,150,674
18,487	144,374	4,731,955	3,029,406	-	70,696	\$ 12,831,992
17,598	73,071	5,005,481	3,551,342	-	-	\$ 13,852,068
75,771	124,785	5,148,958	3,568,683	-	-	\$ 14,232,439
236,107	113,604	5,160,233	3,851,680	-	-	\$ 15,611,433
231,556	117,228	5,806,462	4,488,981	-	-	\$ 18,982,991
207,043	1,189,004	5,764,408	3,589,093	-	-	\$ 20,613,205
-	1,885,115	11,548,358	2,724,839	-	-	\$ 25,929,449

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

TABLE 6

Fiscal Year	Program Revenues			General Revenues				Totals
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Interest	Miscellaneous	Special Item	
2007	5,239,873	464,659	4,991,309	4,599,815	425,399	42,034	476,159	\$ 16,239,248
2008	6,221,862	293,720	3,123,364	4,727,955	805,333	24,211	-	\$ 15,196,445
2009	6,474,556	212,348	2,779,022	4,941,511	413,266	31,273	(192,074)	\$ 14,659,902
2010	5,965,172	351,889	5,992,213	5,124,542	94,843	27,400	-	\$ 17,556,059
2011	7,029,771	396,884	1,209,155	5,623,643	43,814	71,435	-	\$ 14,374,702
2012	8,102,608	312,700	2,918,580	6,095,880	18,501	43,218	-	\$ 17,491,487
2013	8,445,921	88,950	127,000	6,905,120	13,205	125,706	-	\$ 15,705,902
2014	8,570,860	817,553	2,786,824	7,384,372	16,463	580,802	-	\$ 20,156,874
2015	9,155,567	424,890	432,157	7,721,405	25,151	113,690	-	\$ 17,872,860
2016	9,120,940	469,733	753,684	7,802,342	66,258	192,322	-	\$ 18,405,279
2017	9,445,242	359,766		7,735,410	131,934	62,834	-	\$ 17,735,186

Source: Audit Exhibit 1-B

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

TABLE 7

<b>Fiscal Year</b>	<b>Taxes</b>	<b>Licenses and Permits</b>	<b>Inter-governmental Revenues</b>	<b>Charges for Services</b>	<b>Fines and Forfeitures</b>	<b>Interest and Other</b>	<b>Totals (Excluding Other Sources)</b>
2008	3,327,974	84,745	607,904	1,229,875	113,433	55,630	\$ 5,419,561
2009	3,472,034	96,836	182,660	1,111,621	138,660	22,018	\$ 5,023,829
2010	3,551,743	83,718	677,142	1,141,676	110,081	18,898	\$ 5,583,258
2011	3,852,989	101,415	326,847	1,189,906	105,244	48,943	\$ 5,625,344
2012	4,036,307	123,623	241,369	1,204,455	97,283	46,085	\$ 5,749,122
2013	4,533,880	134,634	77,183	1,199,578	92,765	126,798	\$ 6,164,838
2014	4,953,773	165,471	130,074	1,238,179	175,558	36,132	\$ 6,699,187
2015	5,648,581	134,150	800,564	1,355,187	137,876	93,491	\$ 8,169,849
2016	6,472,993	123,668	199,890	1,646,066	190,470	112,917	\$ 8,746,005
2017	7,754,697	132,297	359,766	1,757,255	112,585	380,099	\$ 10,496,699

Source: Audit Exhibit 2-C

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

TABLE 8

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Culture and Recreation</u>	<u>Public Health</u>	<u>Economic Development</u>	<u>Debt Service</u>	<u>Totals</u>
2008	988,942	1,868,023	1,155,302	518,850	119,950	494,580	26,479	\$ 5,172,126
2009	974,982	1,957,380	1,215,055	498,168	139,375	14,100	29,712	\$ 4,828,772
2010	1,069,874	2,271,697	1,790,994	512,410	143,771	-	72,440	\$ 5,861,186
2011	1,010,748	1,905,641	1,472,449	516,101	160,389	86,969	66,414	\$ 5,218,711
2012	1,078,438	1,873,037	1,412,629	535,166	217,651	75,000	67,845	\$ 5,259,766
2013	1,209,763	2,119,400	1,523,106	646,579	164,762	-	64,410	\$ 5,728,020
2014	1,405,244	2,357,686	1,685,840	631,467	238,260	-	135,776	\$ 6,454,273
2015	2,533,486	2,800,668	2,151,430	785,679	250,941	-	122,187	\$ 8,644,393
2016	2,030,020	3,028,591	2,033,080	808,693	279,247	-	185,179	\$ 8,364,812
2017	2,358,471	3,346,955	1,984,262	284,427	1,179,068	-	2,191,754	\$ 11,344,936

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

TABLE 9

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

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

<b>Fiscal Year</b>	<b>Water Distribution</b>	<b>Sewer Collection</b>	<b>Sewer Treatment</b>	<b>Water/Sewer Operations</b>	<b>Water/Supply and Treatment</b>	<b>Engineering Services</b>
2008	46,326	77,606	412,581	236,204	373,019	8,400
2009	36,893	72,797	473,255	184,816	498,168	17,550
2010	7,718	69,573	320,118	249,784	382,669	8,911
2011	11,925	112,108	267,055	266,037	393,276	12,576
2012	102,610	126,379	282,718	301,007	418,909	15,000
2013	88,196	84,797	277,481	211,897	409,672	15,000
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

TABLE 10

<u>Administrative</u>	<u>Water/Sewer Operations Contractor</u>	<u>Debt Interest and Fees</u>	<u>Fees for Capital Contributions</u>	<u>Depreciation and Amortization</u>	<u>Transfers Out</u>	<u>Totals</u>
485,419	1,601,873	329,096	235,434	831,706	-	\$ 4,637,664
418,866	1,730,022	359,898	1,145,331	787,071	194,856	\$ 5,919,523
400,126	1,762,784	301,336	124,700	875,262	-	\$ 4,502,981
255,558	1,842,431	368,003	27,257	1,202,986		\$ 4,759,212
365,150	1,592,264	395,275	-	1,406,172	-	\$ 5,005,484
491,042	1,670,060	404,687	-	1,496,126	403,500	\$ 5,552,458
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

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

TABLE 11

<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>
2009	2008	0.589805	0.400194	0.989999	\$ 336,306,436
2010	2009	0.638126	0.400194	1.038320	\$ 338,951,607
2011	2010	0.674052	0.451927	1.125979	\$ 336,002,503
2012	2011	0.706169	0.546207	1.252376	\$ 338,446,278
2012	2011	0.706169	0.546207	1.252376	\$ 341,431,546
2013	2012	0.706169	0.546207	1.252376	\$ 379,330,947
2014	2013	0.734764	0.517612	1.252376	\$ 419,514,607
2015	2014	0.762395	0.380026	1.142421	\$ 440,108,919
2016	2015	0.791292	0.191536	0.982828	\$ 499,942,898
2017	2016	0.740318	0.139682	0.880000	\$ 547,177,570

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

TABLE 12

Fiscal Year	City Of Donna			Overlapping Rates					
	General Fund	Debt Service Fund	Total	Hidalgo County Tax Rate	Donna ISD Tax Rate	Hidalgo County Drainage Dist. 1 Tax Rate	Donna Irrigation Dist. No 1 Tax Rate	South Texas CCD Tax Rate	Total Direct & OVLP Rates
2008	0.589805	0.400194	0.989999	0.5900	1.20000	0.04920	0.21000	0.15400	3.193199
2009	0.589805	0.400194	0.989999	0.5900	1.20000	0.07000	0.21000	0.14980	3.209799
2010	0.638126	0.400194	1.038320	0.5900	1.17790	0.07250	0.21000	0.14910	3.237820
2011	0.674052	0.451927	1.125979	0.5900	1.25820	0.07250	0.21000	0.14970	3.406379
2012	0.706169	0.546207	1.252376	0.5900	1.25820	0.07330	0.21000	0.15070	3.534576
2013	0.706169	0.546207	1.252376	0.5900	1.25820	0.07500	0.21000	0.15070	3.536276
2014	0.734764	0.517612	1.252376	0.5900	1.25820	0.09570	0.21000	0.15000	3.556276
2015	0.762395	0.380026	1.142421	0.5900	1.25820	0.09570	0.21000	0.18500	3.481321
2016	0.791292	0.191536	0.982828	0.5900	1.25820	0.09510	0.21000	0.18500	3.321128
2017	0.740318	0.139682	0.880000	0.5900	1.25820	0.09510	0.21000	0.14000	3.173300

**CITY OF DONNA, TEXAS  
OTHER SCHEDULES - UNAUDITED  
SCHEDULE OF INSURANCE IN-FORCE  
SEPTEMBER 30, 2017**

<u>Type of coverage</u>	<u>Insurer</u>	<u>Policy Number</u>	<u>Policy Period</u>	
			<u>From</u>	<u>To</u>
Real and Personal Property	Texas Municipal League Intergovernmental Risk Pool (TML-IRP)	9424	10/01/16	09/30/17
General Liability	TML-IRP	9424	10/01/16	09/30/17
Errors and Omissions	TML-IRP	9424	10/01/16	09/30/17
Automobile Liability	TML-IRP	9424	10/01/16	09/30/17
Automobile Physical Damage	TML-IRP	9424	10/01/16	09/30/17
Mobile Equipment	TML-IRP	9424	10/01/16	09/30/17
Boiler & Machinery	TML-IRP	9424	10/01/16	09/30/17
Workers' Compensation	TML-IRP	9424	10/01/16	09/30/17
Law Enforcement Liability	TML-IRP	9424	10/01/16	09/30/17
Public Employee Dishonesty	TML-IRP	9424	10/01/16	09/30/17
Forgery or Alteration	TML-IRP	9424	10/01/16	09/30/17
Computer Fraud	TML-IRP	9424	10/01/16	09/30/17
Tax Assessor/Collector Surety Bond	Hartford Casualty Ins Co	61BSBBX5218	10/01/16	09/30/17

TABLE 13

<u>Details and Coverage</u>	<u>Per Occur Liability Limits</u>	<u>Annual Premium</u>
Fire, windstorm, valuable papers, accounts receivable, data processing equipment	26,036,968 \$	60,923.00
General, products, personal	1,000,000 \$	5,434.00
Public officials and employee liability, claims made	1,000,000 \$	8,574.00
All owned and leased vehicles	1,000,000 \$	41,872.00
Schedule of vehicles	1,000,000 \$	26,740.00
Schedule of Mobile equipment	965,244 \$	3,994.00
Replacement cost	100,000 \$	1,000.00
Includes volunteer firemen	N/A \$	166,985.00
Law enforcement liability	1,000,000 \$	23,173.00
Public officials and employee dishonesty, claims made	100,000 \$	1,504.00
Loss resulting from forgery or alteration of covered documents	100,000 \$	176.00
Loss of money, securities and property	100,000 \$	135.00
Employee Dishonesty	250,000 \$	1,000.00
	\$	341,510.00
Note 1: Liability Insurance Annual Aggregate	\$1,000,000.00	

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

TABLE 14

2017 Market Valuation Established by Hidalgo County Appraisal District (1)		\$	741,576,522
Less Exemptions/Reductions at 100% Market Value:			
Over 65 and Disabled	3,779,993		
Disabled Veterans Exemptions	3,604,826		
Productivity Loss	33,140,996		
Abatement Value Loss	52,621		
Exempt Property	151,035,175		
CHODO (Partial)	1,568,292		
Charitable	88,821		
Value Loss to 10% Cap	1,128,228		194,398,952
2017 Net Taxable Assessed Valuation		\$	547,177,570
General Obligation Debt Payable from Ad Valorem Taxes			
(as of September 30, 2017)			
Combination Tax and Revenue Certificates of Obligation, Series 2009	4,280,000		
Limited Tax Refunding Bonds, Series 2012	4,775,000		
2014 Tax Notes	815,000		
2015 Certificate of Obligations	3,920,000		
2016 Certificates of Obligation	5,675,000		
Combination Tax and Int'l Toll Bridge Certificates of Obligation, Series 2016	27,100,000		
2017 Certificates of obligation	9,240,000		
Funded Debt Payable from Ad Valorem Taxes		\$	55,805,000
Less: Self-supporting Debt			
Combination Tax and Revenue Certificates of Obligation, Series 2009 (4)	4,280,000		
Limited Tax Refunding Bonds, Series 2012 (4)	3,514,400		
2014 Tax Notes	521,600		
2016 Certificates of Obligation	4,729,168		
Combination Tax and Int'l Toll Bridge Certificates of Obligation, Series 2016 (5)	-		
2017 Certificates of Obligation	7,392,000		
			20,437,168
Net Funded Debt Payable from Ad Valorem Taxes		\$	35,367,832
Interest and Sinking Fund Balance (as of September 30, 2017)		\$	2,816,460 (3)
Ratio Funded Debt to Net Taxable Assessed Valuation			10.20%
2017 Estimated Population -	27,528		
Per Capita Taxable Assessed Valuation -	\$19,877		
Per Capita Funded Debt -	\$2,027		

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

(2)

(3)

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

(5) The toll bridge is open to passenger vehicle traffic only. The projection of the percentage allocations of total POV traffic in the Traffic Engineering Study report, when applied to the current POV traffic crossings, seems to project that the 2016 Bonds for the toll bridge will eventually become half self supporting. The City will continue to seek a financial commitment from the U.S. Government to construct and operate facilities to accommodate commercial traffic at the international bridge, since the eventual self support of the 2016 Bonds is dependent on this. At this time the City's general government Debt Service Fund is supporting the 2016 Bonds.

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

TABLE 15

Category	Taxable Appraised Value For Fiscal Year Ended September 30,									
	2017		2016		2015		2014		2013	
	Amount	% of Total	(1) Amount	% of Total	(1) Amount	% of Total	(1) Amount	% of Total	(1) Amount	% of Total
Real, Residential, Single-Family	257,449,645	34.72%	263,974,593	38.32%	\$ 232,715,920	37.66%	\$ 226,023,847	38.29%	\$ 201,742,850	37.18%
Real, Residential, Multi-Family	17,624,811	2.38%	16,745,089	2.43%	15,553,440	2.52%	13,158,922	2.23%	23,090,738	4.26%
Real, Vacant Lots/Tracts	34,999,359	4.72%	34,078,081	4.95%	28,894,099	4.68%	27,078,216	4.59%	23,364,004	4.31%
Real, Acreage (Land Only)	34,446,966	4.65%	35,302,387	5.12%	29,269,963	4.74%	29,558,232	5.01%	28,478,703	5.25%
Real, Farm and Ranch Improvements	4,177,140	0.56%	3,810,198	0.55%	1,725,635	0.28%	2,823,281	0.48%	1,784,229	0.33%
Real, Commercial	143,116,996	19.30%	114,814,401	16.67%	97,476,460	15.77%	89,881,308	15.22%	82,050,572	15.12%
Real, Industrial	7,048,036	0.95%	6,406,260	0.93%	5,320,988	0.86%	6,957,060	1.18%	6,633,333	1.22%
Real and Tangible Personal, Utilities	10,686,308	1.44%	9,602,363	1.39%	9,068,913	1.47%	7,357,074	1.25%	6,194,219	1.14%
Tangible Personal, Commercial	53,623,429	7.23%	33,660,310	4.89%	32,060,521	5.19%	30,615,834	5.19%	22,411,992	4.13%
Tangible Personal, Industrial	3,696,110	0.50%	3,756,615	0.55%	4,021,892	0.65%	3,741,642	0.63%	2,914,628	0.54%
Tangible Personal, Mobile Homes	16,831,327	2.27%	17,228,199	2.50%	17,260,965	2.79%	13,319,570	2.26%	12,393,515	2.28%
Tangible Personal, Other	-	0.00%	-	0.00%	261,069	0.04%	-	0.00%	216,027	0.04%
Residential Inventory	141,832	0.02%	959,510	0.14%	1,418,732	0.23%	1,323,011	0.22%	1,802,726	0.33%
Special Inventory	5,042,275	0.68%	4,777,819	0.69%	3,957,785	0.64%	3,028,712	0.51%	1,910,198	0.35%
Total Exempt Property	152,692,288	20.59%	143,730,746	20.87%	139,013,094	22.49%	135,496,610	22.95%	127,570,687	23.51%
Total Appraised Value Before Exemptions	741,576,522	100%	688,846,571	100%	618,019,474	100%	590,363,319	100%	542,558,421	100%
Less: Total Exemptions/Reductions	(194,398,952)		(188,903,673)		(177,910,555)		(170,848,721)		(163,227,474)	
Taxable Assessed Valuation	<u>547,177,570</u>		<u>\$ 499,942,898</u>		<u>\$ 440,108,919</u>		<u>\$ 419,514,598</u>		<u>\$ 379,330,947</u>	

Category	2012		2011		2010		2009		2008	
	(1) Amount	% of Total								
Real, Residential, Single-Family	\$ 186,098,019	37.68%	\$ 180,062,623	49.82%	\$ 183,631,647	51.37%	\$ 185,262,397	51.95%	\$ 174,981,388	54.27%
Real, Residential, Multi-Family	12,003,448	2.43%	11,302,919	3.13%	11,180,787	3.13%	12,044,952	3.38%	11,573,572	3.59%
Real, Vacant Lots/Tracts	18,252,276	3.70%	19,963,067	5.52%	22,371,971	6.26%	22,894,057	6.42%	17,291,693	5.36%
Real, Acreage (Land Only)	22,912,459	4.64%	20,477,633	5.67%	13,299,889	3.72%	11,874,932	3.33%	6,741,597	2.09%
Real, Farm and Ranch Improvements	1,434,091	0.29%	1,926,532	0.53%	1,810,497	0.51%	1,715,479	0.48%	1,560,995	0.48%
Real, Commercial	74,435,684	15.07%	69,816,793	19.32%	70,074,113	19.60%	67,586,895	18.95%	53,349,191	16.55%
Real, Industrial	4,886,074	0.99%	5,998,498	1.66%	6,238,758	1.75%	6,072,271	1.70%	5,624,882	1.74%
Vehicles	6,631,484	1.34%	7,579,819	2.10%	-	0.00%	-	0.00%	-	0.00%
Real and Tangible Personal, Utilities	22,022,328	4.46%	23,668,277	6.55%	8,252,576	2.31%	8,626,804	2.42%	8,990,799	2.79%
Tangible Personal, Commercial	3,091,604	0.63%	3,939,854	1.09%	20,881,471	5.84%	20,771,398	5.82%	21,661,139	6.72%
Tangible Personal, Industrial	12,112,850	2.45%	11,689,076	3.23%	4,119,225	1.15%	2,557,213	0.72%	3,682,980	1.14%
Tangible Personal, Mobile Homes	-	0.00%	3,229,948	0.89%	11,246,313	3.15%	12,415,278	3.48%	10,553,209	3.27%
Tangible Personal, Other	2,147,083	0.43%	-	0.00%	1,643,375	0.46%	1,703,186	0.48%	3,120,849	0.97%
Residential Inventory	1,710,153	0.35%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Special Inventory	126,164,888	25.54%	1,806,793	0.50%	2,699,693	0.76%	3,125,324	0.88%	3,314,514	1.03%
Total Appraised Value Before Exemptions	493,902,441	100%	361,461,832	100%	357,450,315	100%	356,650,186	100%	322,446,808	100%
Less: Total Exemptions/Reductions	(152,470,895)		(25,459,329)		(18,498,708)		(20,343,720)		(14,547,775)	
Taxable Assessed Valuation	<u>\$ 341,431,546</u>		<u>\$ 336,002,503</u>		<u>\$ 338,951,607</u>		<u>\$ 336,306,466</u>		<u>\$ 307,899,033</u>	

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

Sources: City of Donna Property Tax Department

**CITY OF DONNA, TEXAS  
OTHER SCHEDULES - UNAUDITED  
VALUATION AND FUNDED DEBT HISTORY**

TABLE 16

<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>
2008	2007	16,925	307,899,033	18,192	12,655,000	4.11%	748
2009	2008	17,415	336,306,436	19,311	40,170,000	11.94%	2,307
2010	2009	17,902	338,951,607	18,934	46,605,000	13.75%	2,603
2011	2010	17,902	336,002,503	18,769	45,410,000	13.51%	2,537
2012	2011	15,798	341,431,546	21,612	44,125,000	12.92%	2,793
2013	2012	25,100	379,330,947	15,113	42,600,000	11.23%	1,697
2014	2013	26,600	419,514,607	15,771	41,590,000	9.91%	1,564
2015	2014	27,528	440,108,919	15,988	44,645,000	10.14%	1,622
2016	2015	27,528	499,942,898	18,161	48,697,032	9.74%	1,769
2017	2016	27,528	547,177,570	19,877	56,089,032	10.25%	2,038

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

Sources: City of Donna Property Tax Division,

**CITY OF DONNA, TEXAS**  
**OTHER SCHEDULES - UNAUDITED**  
**TAX RATE, LEVY & COLLECTIONS HISTORY**

TABLE 17

<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>
2008	2007	0.589805	0.400194	0.989999	3,048,197	87.17%	104.90%
2009	2008	0.589805	0.400194	0.989999	3,307,162	89.30%	107.46%
2010	2009	0.638126	0.400194	1.038320	3,472,824	87.00%	103.00%
2011	2010	0.674052	0.451927	1.125979	3,778,152	88.00%	104.00%
2012	2011	0.706169	0.546207	1.252376	3,720,197	88.00%	102.00%
2013	2012	0.706169	0.546207	1.252376	4,750,650	90.00%	109.00%
2014	2013	0.762395	0.380026	1.252376	5,253,900	89.00%	106.00%
2015	2014	0.762395	0.380026	1.142421	5,027,897	95.00%	116.00%
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%

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

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

**CITY OF DONNA, TEXAS  
OTHER SCHEDULES - UNAUDITED  
PRINCIPAL TAXPAYERS  
FOR FISCAL YEAR ENDING 09/30/2017**

TABLE 18

<b>Taxpayer</b>	<b>2017</b>			<b>2008</b>		
	<b>Taxable Assessed Valuation</b>	<b>Ranked</b>	<b>% of Taxable Assessed Valuation</b>	<b>Taxable Assessed Valuation</b>	<b>Ranked</b>	<b>% of Taxable Assessed Valuation</b>
Ron Hoover Companies of Donna	\$ 18,653,958	1	3.73%	\$ 1,983,070	10	0.74%
Wal-Mart Real Estate Business	18,296,896	2	3.66%			
MHC Victoria Palms LLC	12,803,000	3	2.56%	9,065,239	1	3.39%
Wal-Mart Property Tax Dept.	8,377,359	4	1.68%			0.00%
AEP Texas Inc.	5,283,330	5	1.06%	3,236,360	3	1.21%
W. Silver Recycling Inc.	5,132,378	6	1.03%			
Hoover Ronald Co.	3,448,484	7	0.69%			
BH Hester Donna LLC	3,339,059	8	0.67%			0.00%
Magnolia MHP LLC	3,083,722	9	0.62%			
Securecare Move-It McAllen	2,976,769	10	0.60%			
Arbor Cove Ltd.				7,068,798	2	2.65%
Victoria Palms II LP				2,719,247	4	1.02%
Southwestern Bell				2,355,310	5	0.88%
H E Butt Grocery Company				2,347,081	6	0.88%
SH Hester Donna, LLC				2,287,514	7	0.86%
Grande Valley Homes, LLC				2,203,691	8	0.83%
Interstate Fruit & Vegetable Co. Inc.				2,180,848	9	0.82%
<b>Totals</b>	<b>\$ 81,394,955</b>		<b>16.28%</b>	<b>\$ 35,447,158</b>		<b>13.27%</b>

Source: Hidalgo County Appraisal District

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

TABLE 19

<b>Fiscal Year Ending 9/30</b>	<b>Existing Outstanding Gross Funded Debt</b>			<b>% of Principal Retired</b>
	<b>Principal</b>	<b>Interest</b>	<b>Requirements</b>	
2018	\$ 1,805,000	\$ 2,390,716	\$ 3,531,182	
2019	1,915,000	2,280,745	3,529,995	
2020	2,015,000	2,218,928	3,566,828	
2021	2,095,000	2,148,555	3,577,105	
2022	2,075,000	2,073,723	3,483,223	18%
2023	2,160,000	1,995,499	3,486,324	
2024	2,255,000	1,914,099	3,501,624	
2025	2,340,000	1,829,106	3,503,631	
2026	2,115,000	1,741,465	3,190,465	
2027	2,210,000	1,650,528	3,191,728	38%
2028	2,300,000	1,554,394	3,188,494	
2029	2,400,000	1,453,321	3,186,021	
2030	2,510,000	1,346,467	3,188,567	
2031	2,625,000	1,229,123	3,186,423	
2032	2,755,000	1,101,658	3,189,958	
2033	2,880,000	972,855	3,187,955	65%
2034	2,730,000	849,693	2,912,493	
2035	2,750,000	730,150	2,811,650	
2036	2,550,000	614,850	2,496,050	
2037	2,220,000	507,225	2,059,125	
2038	1,645,000	413,875	2,058,875	87%
2039	1,725,000	329,625	2,054,625	
2040	1,815,000	241,125	2,056,125	
2041	1,910,000	148,000	2,058,000	
2042	2,005,000	50,125	2,055,125	100%
	<b>\$ 55,805,000</b>	<b>\$31,785,845</b>	<b>\$ 74,251,586</b>	

Source: City of Donna debt schedules

**CITY OF DONNA, TEXAS  
OTHER SCHEDULES - UNAUDITED**

TABLE 20

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
SEPTEMBER 30,2017**

<b>Taxing Jurisdiction</b>	<b>Net Bonded Debt</b>		<b>Percentage of Debt Applicable to Area</b>	<b>Donna Geographical Area Share of Debt</b>
	<b>Date</b>	<b>Amount</b>		
<b><u>Overlapping:</u></b>				
Donna Independent School District	9/30/2017	\$ 77,380,000	41.78%	\$ 32,329,364
Hidalgo County	9/30/2017	211,290,000	1.57%	3,317,253
Hidalgo County Drainage District No. 1	9/30/2017	129,300,000	1.58%	1,245,000
South Texas College	9/30/2017	152,495,000	1.51%	<u>2,302,675</u>
Total Overlapping Debt				39,194,292
<b><u>Direct Debt</u></b>				
City of Donna	9/30/2017	\$ 55,805,000	100.00%	<u>\$ 55,805,000</u>
Total Direct and Overlapping Debt				<u><u>\$ 94,999,292</u></u>
 Average Debt Per Capita	 9/30/2017	 \$ 17,528		 \$ 5,420

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

TABLE 21

Revenues	Fiscal Year Ended September 30,					
	2017	2016	2015	2014	2013	2012
Taxes	\$ 6,599,758	\$ 6,472,993	\$ 5,648,581	\$ 4,953,773	\$ 4,533,880	\$ 4,036,307
Licenses and Permits	132,297	123,668	134,150	165,471	134,634	123,623
Charges for Service	1,684,416	1,646,066	1,355,187	1,238,179	1,199,578	1,204,455
Fines and Forfeitures	109,792	190,470	137,875	175,558	92,765	97,283
Intergovernmental	111,151	199,890	800,564	130,074	77,183	241,369
Interest	10,695	4,997	1,390	1,250	1,129	583
Other Revenues	39,159	107,920	92,101	34,882	125,669	45,502
<b>Total Revenues</b>	<b>\$ 8,687,268</b>	<b>\$ 8,746,005</b>	<b>\$ 8,169,849</b>	<b>\$ 6,699,187</b>	<b>\$ 6,164,838</b>	<b>\$ 5,749,122</b>
<b>Expenditures</b>						
<b>Current:</b>						
General Government	\$ 2,335,716	\$ 2,030,020	\$ 2,533,486	\$ 1,405,244	\$ 1,209,763	\$ 1,078,438
Public Safety	3,197,662	3,028,591	2,800,668	2,357,686	2,119,400	1,873,037
Public Works	1,984,262	2,033,080	2,151,430	1,685,840	1,523,106	1,412,629
Economic Development	-	-	-	-	-	75,000
Culture and Recreation	253,176	808,693	785,679	631,467	646,579	535,166
Health and Welfare	913,637	279,247	250,941	238,260	164,762	217,651
<b>Debt Service:</b>						
Principal Retirements	86,961	158,872	118,600	127,227	60,290	62,061
Interest, Fiscal & Issuance Charges	22,509	26,307	3,587	8,549	4,120	5,784
<b>Total Expenditures</b>	<b>\$ 8,793,923</b>	<b>\$ 8,364,811</b>	<b>\$ 8,644,392</b>	<b>\$ 6,454,273</b>	<b>\$ 5,728,020</b>	<b>\$ 5,259,766</b>
Excess/Deficiency of Revenues Over Expenditures	(106,655)	381,193	(474,544)	244,914	436,818	489,356
<b>Other Financing Sources/Uses</b>						
Operating Transfers In	738,676	-	1,630	45,445	-	43,066
Operating Transfers Out	(400,000)	(593,698)	-	-	(25,831)	-
Tax Note Proceeds	-	-	-	-	-	-
Loan and Lease Proceeds	3,685	-	760,000	-	351,753	-
<b>Total Other Financing Sources/Uses</b>	<b>\$ 342,361</b>	<b>\$ (593,698)</b>	<b>\$ 761,630</b>	<b>\$ 45,445</b>	<b>\$ 325,922</b>	<b>\$ 43,066</b>
Excess/Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Uses	235,706	(212,505)	287,086	290,359	762,740	532,422
Beginning Fund Balance	2,594,453	2,806,958	2,519,871	2,229,512	1,466,773	934,350
Prior Period Adjustment	-	-	-	-	-	-
<b>Ending Fund Balance</b>	<b>\$ 2,830,159</b>	<b>\$ 2,594,453</b>	<b>\$ 2,806,958</b>	<b>\$ 2,519,871</b>	<b>\$ 2,229,513</b>	<b>\$ 1,466,772</b>

Source: City of Donna, TX Annual Financial Reports

**CITY OF DONNA, TEXAS  
OTHER SCHEDULES - UNAUDITED  
MUNICIPAL SALES TAX HISTORY**

TABLE 22

<b>Fiscal Year Ended 9/30</b>	<b>Total Collected</b>	<b>% of Ad Valorem Tax Levy</b>	<b>Equivalent of Ad Valorem Tax Rate</b>	<b>Total Collections Per Capita</b>
2008	1,561,820	51.24%	0.5073	90
2009	1,547,514	46.79%	0.4602	86
2010	1,467,723	42.26%	0.4330	82
2011	1,592,805	48.30%	0.4740	89
2012	1,731,965	46.56%	0.5073	97
2013	1,980,685	41.69%	0.5222	75
2014	2,089,644	39.77%	0.4981	77
2015	2,572,857	51.17%	0.5846	93
2016	3,009,181	61.24%	0.6019	109
2017	3,112,382	64.64%	0.7254	113

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

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

TABLE 23

The City's cash and temporary investments at September 30, 2017 are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Non-Interest Bearing Cash Accounts	\$ 3,220,361	\$ 3,220,361
Money Market Fund available from Trustee	2,493,362	2,493,362
Local Government Investment Cooperative (LOGIC) (1)	10,597,357	10,597,357
Investments held: Certificates of Deposit	4,460,891	2,241,193
Less: Statement of Fiduciary Net Assets	<u>(54,040)</u>	<u>(54,040)</u>
 Total	 <u>\$ 20,717,931</u>	 <u>\$ 18,498,233</u>

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

Source: City of Donna, Texas

**CITY OF DONNA, TEXAS  
OTHER SCHEDULES - UNAUDITED  
PRINCIPAL EMPLOYERS  
FOR FISCAL YEAR ENDING 2016 AND 2007**

TABLE 24

<u>Employer</u>	<u>2017(1)</u>		<u>2008(1)</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Donna I.S.D.	2,509	1	2,202	1
A&E Health Services, Inc.	558	2		
Wal-Mart	300	3		
Idea Public Schools	134	4		
HEB Food Store	115	5	56	3
City of Donna	150	6	50	4
Bland Distribution	97	7		
Paramount Citrus	81	8		
Victoria Palms Resort	80	9	70	2
McDonalds	60	10	20	8
Whataburger			24	7
Wells Fargo			11	9
Burger King			10	10
Rio Grande Container			30	5
Rio Grande Canning Company			23	6
Total	<u>4,084</u>		<u>2,496</u>	

(1) DEDC



PATTILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**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 the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of the City of Donna, Texas (the "City"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 29, 2018. The report on governmental activities, the business-type activities, and the Water and Sewer fund was qualified because we were unable to obtain sufficient appropriate audit evidence for the opening balances in capital assets and accumulated depreciation. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Audit Standards* issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses (item 2017-001) to be a material weakness.

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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 have not been identified. However, as discussed above, we identified certain deficiencies in internal control that we consider to be material weaknesses.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Patillo, Brown & Hill, LLP*

Brownsville, Texas  
March 29, 2018

**CITY OF DONNA, TEXAS**  
**SCHEDULE OF AUDIT FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**Item 2017-1:**

<u>Condition:</u>	The City is unable to provide sufficient support for the opening balances in capital assets and accumulated depreciation.
<u>Effect:</u>	We were unable to obtain adequate audit evidence to support the beginning balances of capital assets and related accumulated depreciation.
<u>Cause:</u>	These schedules have not been maintained for years. The City is in the process of gathering the required information.
<u>Recommendation:</u>	The City should continue its efforts to assemble accurate and complete capital asset records and depreciation schedules until this has been completed.
<u>Management's response:</u>	The City continues to work on identifying all of its capital assets.