



Filing Receipt

Filing Date - 2023-06-07 02:00:42 PM

Control Number - 54813

Item Number - 5

Annual Financial Report

for the Year Ended
September 30, 2022



AICPA
Governmental Audit
Quality Center


Texas Society of
Certified Public Accountants

Cascos & Associates, PC

Audit / Accounting / Tax / Consulting
765 East 7th Street
Brownsville, Texas
78520

(956) 544-7778

info@CascosCPA.com

 **AICPA**
Members

 *Rio Grande Valley*
Chapter of the Texas Society of CPAs

CITY OF DONNA
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2022

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

	<u>EXHIBIT</u>	<u>PAGE</u>
INTRODUCTORY SECTION		
City Officials		
FINANCIAL SECTION		
Independent Auditors' Report		1
Management's Discussion and Analysis (MD&A)		4
BASIC FINANCIAL STATEMENTS		
Government-wide Financial Statements:		
Statement of Net Position	1-A	15
Statement of Activities	1-B	17
Governmental Funds Financial Statements:		
Balance Sheet	2-A	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	2-B	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	2-C	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	2-D	24
Proprietary Fund Financial Statements:		
Statement of Net Position - Proprietary Funds	3-A	25
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	3-B	26
Statement of Cash Flows - Proprietary Funds	3-C	27
Notes to the Financial Statements		28
REQUIRED SUPPLEMENTARY INFORMATION		
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	5-A	69
Notes to Budgetary Comparison Schedule		71
Schedule of Changes in the Net Pension Liability and Related Ratios – Texas Municipal Retirement System	5-B	72
Schedule of Employer Contributions and Notes to Schedule of Contributions – Texas Municipal Retirement System	5-C	73
Schedule of Changes in the Net Pension Liability and Related Ratios – Firemen's Relief and Retirement Fund	5-D	74
Schedule of Employer Contributions and Notes to Schedule of Contributions – Firemen's Relief and Retirement Fund	5-E	75

	<u>EXHIBIT</u>	<u>PAGE</u>
OTHER SUPPLEMENTARY INFORMATION		
Nonmajor Governmental Funds		76
Combining Balance Sheet – Nonmajor Governmental Funds	6-A	77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	6-B	78
Combining Balance Sheet – Nonmajor Special Revenue Funds	6-C	80
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	6-D	81
Combining Balance Sheet – Nonmajor Capital Projects Funds	6-E	83
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds	6-F	84
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Debt Service Fund	7-A	85
Discretely Presented Component Units – Governmental		86
Combining Balance Sheet – Component Units	8-A	87
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Component Units	8-B	88
Reconciliation of the Donna Economic Development Corporation Balance Sheet to the Statement of Net Position	8-C	89
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Donna Economic Development Corporation to the Statement of Activities	8-D	90
Reconciliation of the Development Corporation of Donna, Inc. Balance Sheet to the Statement of Net Position	8-E	91
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Development Corporation of Donna, Inc. to the Statement of Activities	8-F	92
Reconciliation of the Tax Increment Reinvestment Zone Number Two Balance Sheet to the Statement of Net Position	8-G	93
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Tax Increment Reinvestment Zone Number Two to the Statement of Activities	8-H	94
OTHER SCHEDULES – UNAUDITED		
Continuing Financial Disclosure Tables		95
Net Position by Component		96
Changes in Net Position		98
Changes in Fund Balance – Governmental Funds		102

	<u>PAGE</u>
OTHER SCHEDULES – UNAUDITED (continued)	
Fund Balances – Governmental Funds	104
Government-Wide Expenses by Function	106
Government-Wide Revenues	108
General Fund Revenues by Source	109
General Fund Expenditures by Function	110
Water and Sewer Fund Revenues by Source	111
Water and Sewer Fund Expenses by Function and Transfers Out	112
Property Tax Rates and Assessed Values	114
Property Tax Rates Direct and Overlapping Governments	115
Schedule of Insurance in Force	116
Valuation, Exemption and Debt Obligations	118
Taxable Assessed Valuation by Category	119
Valuation and Funded Debt History	120
Tax Rate, Levy, and Collections History	121
Principal Taxpayers	122
Tax Supported Debt Service Requirements	123
Computation of Direct and Overlapping Debt	124
General Fund Revenue, Expenditures History	125
Municipal Sales Tax History	126
Current Investments	127
Principal Employers	128
FEDERAL AWARDS SECTION	
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	129
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with Uniform Guidance	131
Schedule of Findings and Questioned Costs	133
Schedule of Expenditures of Federal Awards	134
Notes to the Schedule of Expenditures of Federal Awards	135

**CITY OF DONNA, TEXAS
CITY OFFICIALS
SEPTEMBER 30, 2022**

ANNUAL FINANCIAL REPORT

Council- Manager Form of Government

MAYOR

Ricardo Morales

COUNCIL MEMBERS

Ricardo Moreno
Jose G. Garza, Jr.
David Moreno
Oscar Gonzales

CITY MANAGER

Carlos Yercena

DIRECTOR OF FINANCE

David R. Vasquez

ASSISTANT DIRECTOR OF FINANCE

Carlos Carrizales

CITY SECRETARY

Belinda Tosca



Cascos & Associates, PC

Certified Public Accountants

Audit/Accounting/Tax/Consulting

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Donna, Texas (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

Change in Accounting Principle

As described in the notes to the financial statements, in 2022, the City adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–14 and 69–70 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Cascos & Associates, PC
Brownsville, Texas

March 30, 2023

Management's Discussion and Analysis

As management of the City of Donna, we offer readers of the City of Donna financial statements this narrative overview and analysis of the financial activities and financial position of the City of Donna for the fiscal year ended September 30, 2022. We encourage readers to view the other information that is included throughout this financial report.

Financial Highlights In Brief

- The assets and deferred outflow of the City exceeded liabilities and deferred inflows at the close of the most recent fiscal by \$19,890,171.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$11,648,268 an increase of \$5,109,585. compared to the prior year.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$4,378,947 an increase of \$348,356 compared to prior year.
- The City of Donna's total debt increased by a net amount of \$225,720. due to the issuance of series 2022 PPFCO \$5,190,000. and the series 2022 G O Refunding Bridge Bonds \$26,175.000.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of individuals, private organizations, and other governments. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City of Donna used to maintain the Firemen's Relief and Retirement Fund a fiduciary fund. In 2017 the City hired a firm and had

an actuarial done on the volunteer firefighters' pension and transfer assets to the Texas Emergency Service System with increased benefits to volunteer firefighters.

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

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

In addition to the basic financial statements and accompanying notes, this report presents certain additional *required supplementary information* concerning the City of Donna's progress in funding its obligation to provide pension benefits to its employees. The City contributes to TMRS and 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 and deferred outflows exceeded liabilities and deferred inflows by \$26,072,608 at the close of the most recent fiscal year.

The following table summarizes the City's net position as of September 30, 2022.

City of Donna Net Position						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 15,655,228	\$ 11,250,965	\$ 805,276	\$ 1,043,733	\$ 16,460,504	\$ 12,294,698
Capital assets	13,890,811	14,408,508	54,291,720	62,798,872	68,182,531	77,207,380
Total assets	29,546,039	25,659,473	55,096,996	63,842,605	84,643,035	89,502,078
Deferred Outflows of Resources	586,304	505,711	192,101	3,095,155	778,405	3,600,866
Long-term liabilities	36,654,127	9,519,829	19,107,021	51,703,747	55,761,148	61,223,576
Other liabilities	5,515,570	3,391,083	3,543,318	2,088,305	9,058,888	5,479,388
Total liabilities	42,169,697	12,910,912	22,650,339	53,792,052	64,820,036	66,702,964
Deferred Inflow of Resources	549,826	257,829	161,407	69,543	711,233	327,372
Net Position						
Invested in capital assets, net of related debt	(23,404,679)	7,473,275	18,223,937	18,826,058	(5,180,742)	26,299,333
Restricted	6,973,124	2,443,902	-	1,676,537	6,973,124	4,120,439
Unrestricted (deficit)	3,844,375	3,079,266	14,253,414	(7,426,430)	18,097,789	(4,347,164)
Total Net Position	\$ (12,587,180)	\$ 12,996,443	\$ 32,477,351	\$ 13,076,165	\$ 19,890,171	\$ 26,072,608

The largest portion of the City's net position (5,180,472) reflects its investments in capital assets (e.g., land, buildings, machinery, and equipment, net of accumulated depreciation under the business-type activities); less any related debt used to acquire those assets that are still outstanding. The City of Donna uses these capital assets to provide services to citizens and to customers of its business-type activities; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City of Donna's net position 91% represents resources that are unrestricted on how they may be used within their activities.

In 2016, the city implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Implementation of this standard resulted in the recording of net pension liability totaling \$2,336,736 in the primary government (Refer to Note 3.I.2).

The City's unrestricted net position under governmental activities reflects a positive balance of \$ 3,844,375 for the current fiscal year. The City's unrestricted net position under business-type activities reflects a positive balance of \$14,253.414 at the end of fiscal year 2022.

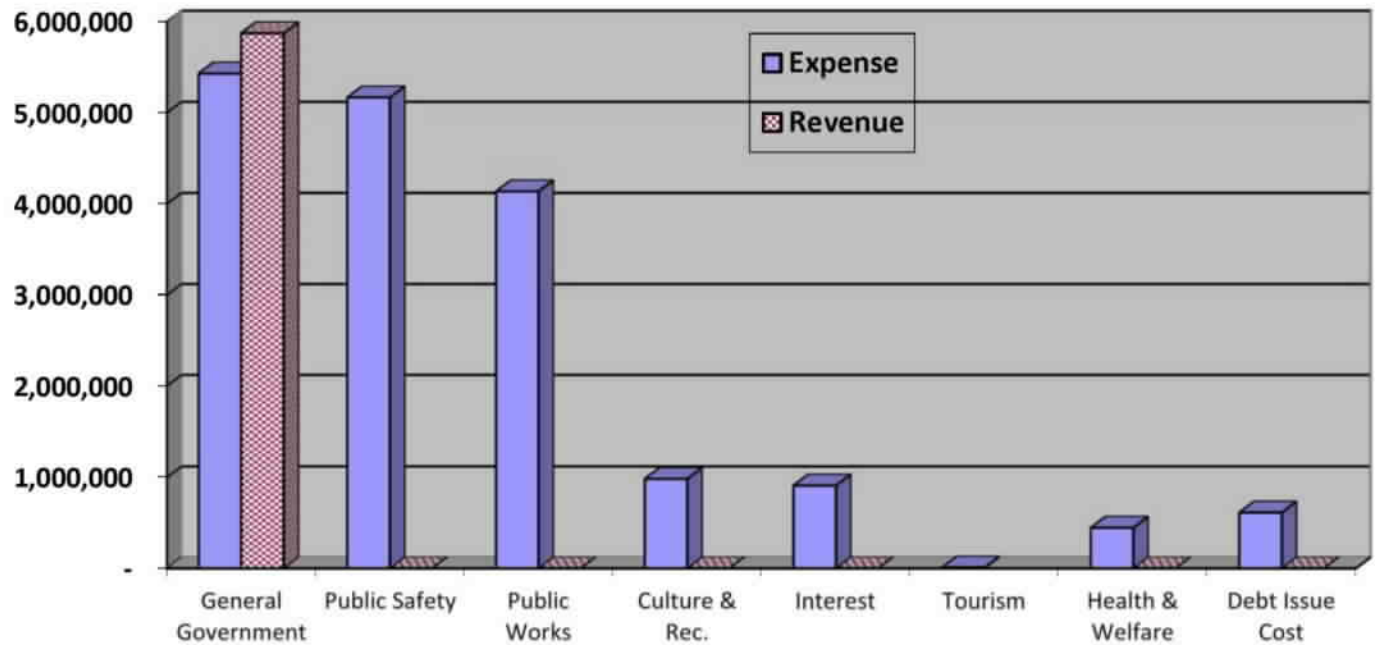
Analysis of Changes in Net Position

The following table presents a summary of the government-wide statement of changes in net position for both governmental activities and business-type activities ending September 30, 2022.

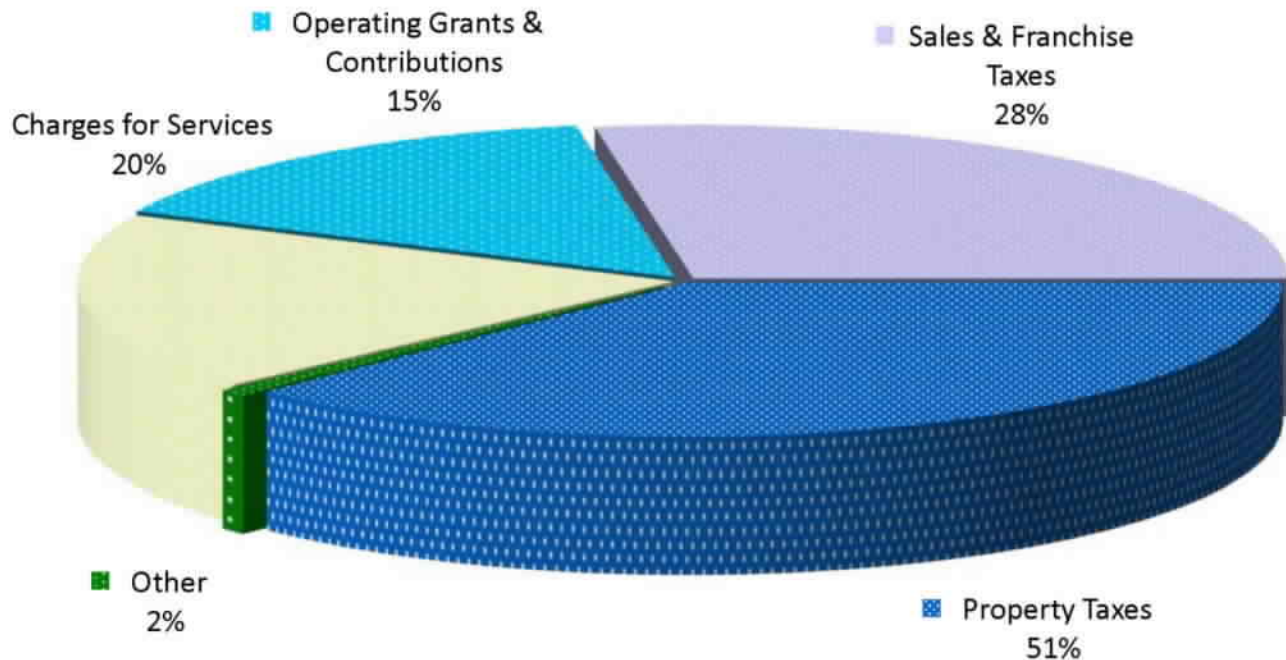
City of Donna Changes in Net Position September 30,						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 3,241,762	\$ 3,512,675	\$ 9,438,609	\$ 7,491,864	\$ 12,680,371	\$ 11,004,539
Operating grants and contributions	2,631,564	840,339		4,787	2,631,564	845,126
Contributions from refund bonds			27,223,511	-	27,223,511	-
General Revenues:						
Property taxes	6,448,669	6,217,376	-	-	6,448,669	6,217,376
Other taxes	4,894,288	3,657,413	-	-	4,894,288	3,657,413
Other	(26,863,228)	1,110,943	236,406	146,277	(26,626,822)	1,257,220
Total revenues	(9,646,945)	15,338,746	36,898,526	7,642,928	27,251,581	22,981,674
Expenses:						
General government	5,430,882	2,567,062			5,430,882	2,567,062
Public safety	5,168,342	4,309,971			5,168,342	4,309,971
Public works	4,137,370	4,004,001			4,137,370	4,004,001
Culture and recreation	983,925	431,481			983,925	431,481
Public Health and welfare	446,345	783,445			446,345	783,445
Tourism development	8,675	178,588			8,675	178,588
Interest on long-term debt	910,600	255,087			910,600	255,087
Debt issuance cost	613,558				613,558	
Utility system operations			7,728,362	7,014,916	7,728,362	7,014,916
International Bridge Fund			8,571,236	3,428,030	8,571,236	3,428,030
Brush Collections			141,192	2,010	141,192	2,010
Total expenses	17,699,697	12,529,635	16,440,790	10,444,956	34,140,487	22,974,591
Changes in net position before transfers	(27,346,642)	2,809,111	20,457,736	(2,802,028)	(6,888,906)	7,083
Transfers	1,841,776	(958,000)	(1,380,938)	958,001	460,838	-
Transfers to compent units	(78,758)	253,660	-	-	(78,758)	253,663
Changes in net position	(25,583,624)	2,104,771	19,076,798	(1,844,027)	(6,506,827)	260,744
Net Position – beginning of year	12,996,443	10,821,712	13,076,165	14,426,156	26,072,608	25,247,868
Prior period adjustment		69,960	324,388	494,036	324,388	563,996
Net Position – End of year	\$ (12,587,181)	\$ 12,996,443	\$ 32,477,351	\$ 13,076,165	\$ 19,890,169	\$ 26,072,608

Total revenues generated from both governmental and business-type activities for fiscal year 2022 amounted to \$27,251,581 with expenses of \$34,140,487 resulted in a change in net position increase before transfers of \$(6,888,906) for fiscal year 2022.

Expenses and Program Revenues-Governmental Activities

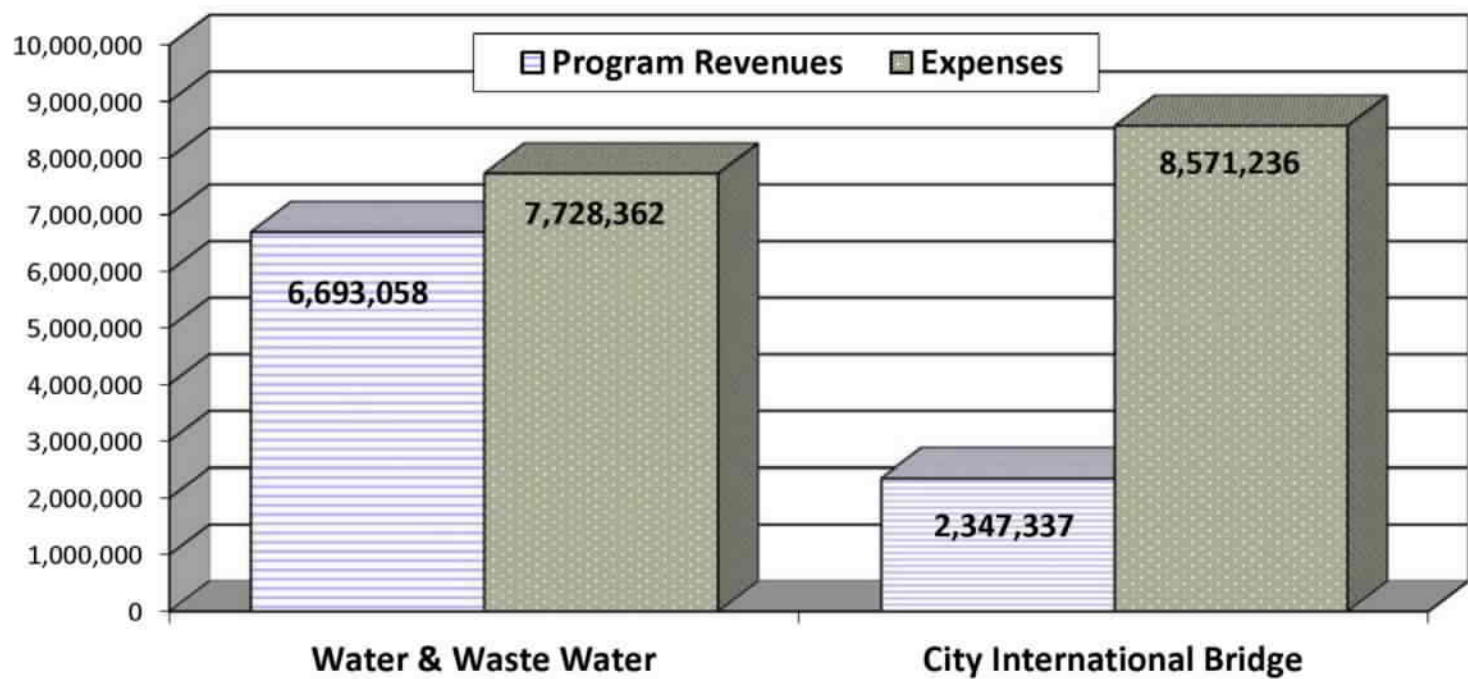


Revenues by Source-Governmental Activities

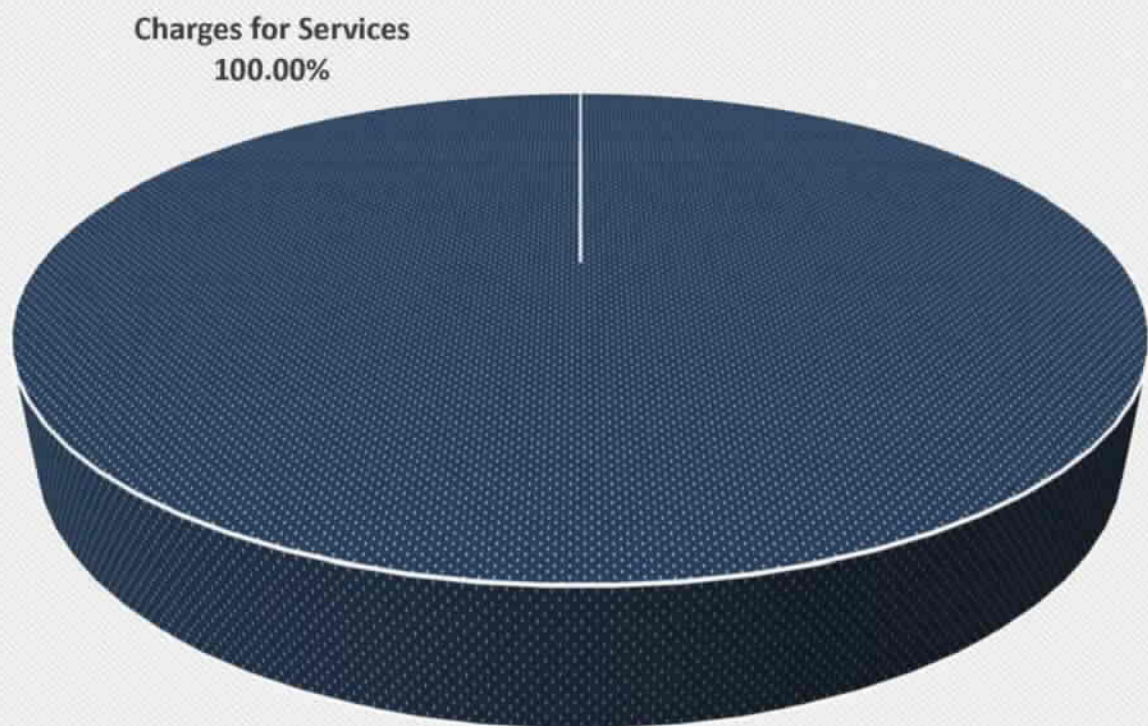


Business-type activities. Business-type activities increased the City of Donna's net position by \$ 19,076,798 Operating revenues increased by \$1,946,745 and expenses increased by \$5,995,834. due to a refunding compared to the prior year.

Expenses and Program Revenues-Business Type Activities



Revenues by Source-Business-Type Activities



Financial Analysis of the Government's Funds

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,648,268 an increase of \$5,109,585. A positive amount of 4,550,714 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 \$7,097,554 is restricted for debt service, capital projects, fire equipment and law enforcement.

The General Fund is the chief operating fund of the City of Donna. At the end of the 2022 fiscal year unreserved undesignated fund balance of the General Fund was \$4,378,947. 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 2022 unreserved undesignated fund balance represents a positive 31.30% of total General Fund appropriations for fiscal year 2023. During the 2022 fiscal year the General fund's net position change in fund balance increased by \$348,356. This is a result of prudent budgeting and the monitoring of the budget after each fiscal period.

The Debt Service Fund has a total fund balance of \$1,723,086, all of which is reserved for the payment of debt service. There was a net decrease in fund balance in the Debt Service fund during fiscal year 2022 of \$554,929. The Debt Service fund was budgeted with a deficit of \$31,043, but the Series 2016 Combination Tax & Int'l Bridge Revenue Refunding Bonds were refunded and debt transferred to the Debt Service Fund. The City is trying to maintain a fund balance in the Debt Service Fund to assist with debt service requirements of the 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 balance of \$32,477,351 in 2022 is comprised of the respective proprietary funds as follows; Water and Sewer Fund \$18,428,035, City International Bridge Fund \$13,539,649, and Brush Collections Fund 509,667. Please refer to the discussion of these amounts under the government-wide financial analysis above. The City International Bridge went into operation on December 14, 2010.

General Fund Budgetary Highlights

The original General Fund budget increased by \$593,252 (Appropriations) or 4 % compared to last fiscal year.

Capital Assets

The City of Donna's investment in capital assets for its governmental and business type activities as of September 30, 2022 is \$70,435,502.(net of accumulated depreciation on the business-type activities capital assets). This investment in capital assets includes land, buildings and improvements, machinery and equipment, streets, a waterworks system, a sanitary sewer system and the development of an international bridge with related service assets. The overall decrease in the City of Donna's investment in capital assets for the current year was 9%. The current year depreciation expense for business-type activities was \$3,025,388 for the Water and Sewer Fund, International Bridge Fund and Brush Collection Fund.

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

Additional information on the City of Donna's capital assets can be found in note 3, Section F of this report.

City of Donna						
Capital Assets at Year End						
Net of Accumulated Depreciation (on Business-type Activities)						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2021	2020	2022	2021
Land	\$ 2,601,372	\$ 2,601,372	\$ 1,704,699	\$ 1,704,699	\$ 4,306,071	\$ 4,306,071
Buildings	946,804	993,553	6,454,796	14,323,140	7,401,600	15,316,693
Improvements other than buildings	1,556,536	1,677,181	2,350,026	2,467,388	3,906,562	4,144,569
Infrastructure	7,589,215	5,671,584	37,892,092	39,382,591	45,481,307	45,054,175
Furniture and equipment	3,357,709	3,372,709	3,002,109	1,925,137	6,359,818	5,297,846
Other developments in progress	92,148	92,109	2,887,996	2,995,917	2,980,144	3,088,026
Total	<u>\$16,143,784</u>	<u>\$14,408,508</u>	<u>\$54,291,718</u>	<u>\$62,798,872</u>	<u>\$70,435,502</u>	<u>\$77,207,380</u>

Debt Administration

The City of Donna's total long-term debt for its governmental and business-type activities as of September 30, 2022, amounts to \$64,548,455.

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds - net	\$ 31,284,280	\$5,527,240	\$ 16,220,720	\$ 42,567,760	\$47,505,000	\$ 48,095,000
Premiums on Debt	334,653	362,714	3,952,498	4,164,988	4,287,151	4,527,702
Private Placement PPFCO's	5,190,000	-	-	-	5,190,000	-
Contractual Obligations	-	209,840	-	-	-	209,840
Claims payable			3,777,750	3,777,795	3,777,750	3,777,795
Capital Leases Payable	388,851	1,045,279	585,952	413,266	974,803	1,458,545
Notes and loans payable	106,709				106,709	-
Compensated absences	295,378	291,363	74,928	120,743	370,306	412,106
Pension Liability						
TAMRS/TESRS	1,794,583		542,153		2,336,736	
Total	<u>\$ 39,394,454</u>	<u>\$7,436,436</u>	<u>\$ 25,154,001</u>	<u>\$ 51,044,552</u>	<u>\$64,548,455</u>	<u>\$ 58,480,988</u>

The City's total debt increased by a net \$6,067,467. during the current fiscal year due to the issue of series 2022 PPFCO'S. Additional information on the City of Donna's long-term debt can be found in note 3, Section G of this report.

During and after the construction of the international bridge and related bridge service assets, bridge related debt service payments are funded primarily from revenues of the bridge and subsidize 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 \$1,070,000 of the debt service payments on the 2016 Bonds. However, since the international bridge opened only as a passenger traffic international bridge, the City's general government Debt Service Fund will be required to continue providing a minimal level of debt service funding for the debts of the international bridge until commercial traffic starts crossing.

Standard and Poors rating was an "A" on January 5, 2022.

Economic Factors and Next Year's Budgets and Rates

- The assessed taxable valuations used in preparing the 2022-23 budgets were up \$119,672,245 or 16 % from the prior year.
- The City's tax rate for fiscal year 2022-23 decreased to \$.747937 a \$.03 decrease from prior year.
- In the 2022-23 Budget, the General Fund revenues and expenditures are budgeted at an increase of 4 % over 2022 fiscal year. The 2022-2023 General Fund budget is a balanced budget.
- The Sales Tax collected in fiscal year 2021-2022 increased by \$1,011,269 or 19.26 % over 2020-21 fiscal year.
- The City of Donna completed the construction of the southbound empty commercial traffic facilities in October 2020. The City expects empty southbound commercial traffic to start in 2023. The City of Donna will be applying for funding for the Northbound Loaded Commercial Inspection Facilities, the City has been approved through the Donation Acceptance Program and will be working with GSA and CBP on the project.

Request for Information

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

CITY OF DONNA, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 9,980,349	\$ 1,982,929	\$ 11,963,278
Receivables, net	2,719,378	1,309,720	4,029,098
Inventories	30,571	125,029	155,600
Restricted cash and investments	-	18	18
Net pension Asset	-	3,162	3,162
Internal balances	2,943,690	(2,943,690)	-
Due from component unit/primary government	(21,763)	101,478	79,715
Capital assets, net of accumulated depreciation:			
Non-depreciable assets	2,693,520	4,711,505	7,405,025
Depreciable assets	11,197,291	49,580,215	60,777,506
Prepaid expense	3,003	226,630	229,633
Total assets	<u>29,546,039</u>	<u>55,096,996</u>	<u>84,643,035</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	14,192	14,192
Deferred outflows related to pensions	586,304	177,909	764,213
Total deferred outflow of resources	<u>586,304</u>	<u>192,101</u>	<u>778,405</u>
LIABILITIES			
Accounts payable	130,915	39,386	170,301
Accrued liabilities	377,385	62,418	439,803
Accrued interest payable	93,859	73,863	167,722
Due to component unit/primary government	-	-	-
Unearned revenue	2,081,356	-	2,081,356
Deposits	86,312	620,032	706,344
Lines of credit	-	-	-
Noncurrent liabilities:			
Due within one year	951,160	2,205,466	3,156,626
Due in more than one year	36,654,127	19,107,021	55,761,148
Pension liability	1,794,583	542,153	2,336,736
Total liabilities	<u>42,169,697</u>	<u>22,650,339</u>	<u>64,820,036</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	549,826	161,407	711,233
Total deferred inflows of resources	<u>549,826</u>	<u>161,407</u>	<u>711,233</u>
NET POSITION			
Net investment in capital assets	(23,404,679)	18,223,937	(5,180,742)
Restricted for:			
Capital projects	5,248,491	-	5,248,491
Operations and maintenance	(3,787)	-	(3,787)
Repairs and replacements	43,405	-	43,405
Debt service	1,629,227	-	1,629,227
Tourism	3,256	-	3,256
Other purpose	52,532	-	52,532
Unrestricted (deficit)	<u>3,844,375</u>	<u>14,253,414</u>	<u>18,097,789</u>
Total net position	<u>\$ (12,587,180)</u>	<u>\$ 32,477,351</u>	<u>\$ 19,890,171</u>

EXHIBIT 1-A

Donna Economic Development Corporation	Component Units	
	Development Corporation of Donna, Inc.	Tax Increment Reinvestment Zone Number Two
\$ 9,074	\$ 238,984	\$ 14,775
288,673	456,714	65,334
-	-	-
597,908	493,275	-
-	-	-
(595,397)	595,397	-
(60,000)	(19,715)	-
2,999,011	603,332	-
25,429	48,822	-
-	-	-
<u>3,264,698</u>	<u>2,416,809</u>	<u>80,109</u>
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
73	1,383	55,000
1,886	1,886	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
680,000	275,000	-
3,250,899	2,401,465	2,499,696
-	-	-
<u>3,932,858</u>	<u>2,679,734</u>	<u>2,554,696</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
(905,753)	-	-
-	-	-
-	-	-
-	-	-
597,908	-	-
-	-	-
-	-	-
<u>(360,315)</u>	<u>(262,925)</u>	<u>(2,474,587)</u>
<u>\$ (668,160)</u>	<u>\$ (262,925)</u>	<u>\$ (2,474,587)</u>

CITY OF DONNA, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 5,430,882	\$ 3,241,762	\$ 2,631,564	\$ -
Tourism	8,675	-	-	-
Public safety	5,168,342	-	-	-
Public works	4,137,370	-	-	-
Health and welfare	446,345	-	-	-
Culture and recreation	983,925	-	-	-
Interest and fiscal agent fees	910,600	-	-	-
Debt issue cost	613,558	-	-	-
Total governmental activities	<u>17,699,697</u>	<u>3,241,762</u>	<u>2,631,564</u>	<u>-</u>
Business-type activities:				
Water and sewer	7,728,362	6,693,058	-	-
International bridge	8,571,236	2,347,337	-	-
Brush collections	141,192	398,214	-	-
Total business-type activities	<u>16,440,790</u>	<u>9,438,609</u>	<u>-</u>	<u>-</u>
Total primary government	<u>34,140,487</u>	<u>12,680,371</u>	<u>2,631,564</u>	<u>-</u>
Component units				
Economic Development	<u>1,191,409</u>	<u>12,100</u>	<u>-</u>	<u>-</u>
Total component units	<u>\$ 1,191,409</u>	<u>\$ 12,100</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

Escrow on Refunding Bond

Proceeds from Refunding Bonds

Contributions

Miscellaneous revenues

Transfers

Transfers from (to) component unit/primary government

Total general revenues and transfers

Changes in net position

Net position-beginning

Prior period adjustment

Net position-ending

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
\$ 442,444	\$ -	\$ 442,444	\$ -	\$ -	\$ -
(8,675)	-	(8,675)	-	-	-
(5,168,342)	-	(5,168,342)	-	-	-
(4,137,370)	-	(4,137,370)	-	-	-
(446,345)	-	(446,345)	-	-	-
(983,925)	-	(983,925)	-	-	-
(910,600)	-	(910,600)	-	-	-
(613,558)	-	(613,558)	-	-	-
(11,826,371)	-	(11,826,371)	-	-	-
-	(1,035,304)	(1,035,304)	-	-	-
-	(6,223,899)	(6,223,899)	-	-	-
-	257,022	257,022	-	-	-
-	(7,002,181)	(7,002,181)	-	-	-
(11,826,371)	(7,002,181)	(18,828,552)	-	-	-
-	-	-	528,407	658,002	5,000
\$ -	\$ -	\$ -	\$ 528,407	\$ 658,002	\$ 5,000
\$ 4,985,486	\$ -	\$ 4,985,486	\$ -	\$ -	\$ 26,293
1,463,183	-	1,463,183	-	-	-
3,790,287	-	3,790,287	1,565,272	1,565,272	-
970,218	-	970,218	-	-	-
133,783	-	133,783	-	-	-
56,510	9,280	65,790	2,971	5,717	-
806,865	-	806,865	-	-	-
(27,801,052)	-	(27,801,052)	-	-	-
-	27,223,511	-	-	-	-
74,449	227,126	301,575	(2,031,645)	-	-
1,841,776	(1,380,938)	460,838	-	(101,838)	-
(78,758)	-	(78,758)	(126,070)	(126,070)	-
(13,757,253)	26,078,979	12,321,726	(589,472)	1,343,081	26,293
(25,583,623)	19,076,798	(6,506,825)	(1,117,879)	685,079	21,293
12,996,443	13,076,165	26,072,608	449,719	(948,004)	(2,460,672)
-	324,388	324,388	-	-	(35,208)
\$ (12,587,180)	\$ 32,477,351	\$ 19,890,171	\$ (668,160)	\$ (262,925)	\$ (2,474,587)

CITY OF DONNA, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	General	Debt Service	American Rescue Plan Act (ARPA)
ASSETS			
Cash and investments	\$ 1,705,031	\$ 847,615	\$ 2,019,214
Receivables, net:			
Property taxes	1,140,334	348,520	-
Nonproperty taxes	551,172	-	-
Accounts	293,319	-	-
Intergovernmental	135,553	-	-
Inventories	30,571	-	-
Due from other funds	2,632,384	841,941	376
Due from component units	60,000	-	-
Prepaid expense	3,003	-	-
Total assets	<u>\$ 6,551,367</u>	<u>\$ 2,038,076</u>	<u>\$ 2,019,590</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 129,933	\$ 400	\$ -
Accrued liabilities	316,787	-	18
Due to other funds	538,712	-	-
Due to component units	511	-	-
Unearned revenues	53,192	-	2,028,164
Deposits	86,312	-	-
Total liabilities	<u>1,125,447</u>	<u>400</u>	<u>2,028,182</u>
Deferred inflows of resources			
Unavailable revenue - property taxes	1,016,402	314,590	-
Total deferred inflows of resources	<u>1,016,402</u>	<u>314,590</u>	<u>-</u>
Fund balances:			
Nonspendable - inventories	30,571	-	-
Restricted for:			
Tourism	-	-	-
Fire equipment debt service	-	-	-
Law enforcement	-	-	-
Equipment purchases	-	-	(8,592)
Park improvements	-	-	-
Capital projects	-	-	-
Debt service	-	1,723,086	-
Unassigned	4,378,947	-	-
Total fund balances	<u>4,409,518</u>	<u>1,723,086</u>	<u>(8,592)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,551,367</u>	<u>\$ 2,038,076</u>	<u>\$ 2,019,590</u>

EXHIBIT 2-A

PPFCO Series 2022 CAP	Nonmajor Governmental	Total Governmental Funds
\$ 5,247,386	\$ 161,103	\$ 9,980,349
-	224,404	1,713,258
-	-	551,172
1,075	25,001	319,395
-	-	135,553
-	-	30,571
30	49,899	3,524,630
-	(81,252)	(21,252)
-	-	3,003
<u>\$ 5,248,491</u>	<u>\$ 379,155</u>	<u>\$ 16,236,679</u>
\$ -	\$ 582	\$ 130,915
-	60,580	377,385
-	42,228	580,940
-	-	511
-	-	2,081,356
-	-	86,312
<u>-</u>	<u>103,390</u>	<u>3,257,419</u>
<u>-</u>	<u>-</u>	<u>1,330,992</u>
<u>-</u>	<u>-</u>	<u>1,330,992</u>
-	-	30,571
-	3,256	3,256
-	52,532	52,532
-	(3,787)	(3,787)
-	-	(8,592)
-	51,997	51,997
5,248,491	-	5,248,491
-	-	1,723,086
-	171,767	4,550,714
<u>5,248,491</u>	<u>275,765</u>	<u>11,648,268</u>
<u>\$ 5,248,491</u>	<u>\$ 379,155</u>	<u>\$ 16,236,679</u>

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

EXHIBIT 2-B

Fund balances - Governmental Funds Balance Sheet	\$ 11,648,268
--	---------------

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	13,890,811
---	------------

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.	1,330,992
--	-----------

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.	(37,605,287)
--	--------------

Interest is accrued in the government-wide financial statements but not in the funds.	(93,859)
---	----------

Included in the noncurrent assets/(liability) is the recognition of the City's net pension asset/(liability) required by GASB 68 in the amount of (\$2,274,232), a deferred resource outflows in the amount of \$505,711, and a deferred resource inflows in the amount of (\$239,923). This resulted in an increase/(decrease) in net position by (\$2,008,444).	(1,721,878)
---	-------------

Included in the noncurrent assets/(liability) is the recognition of the Firemen's net pension asset/(liability) required by GASB 68 in the amount of (\$18,321) and a deferred resource inflows in the amount of (\$17,906). This resulted in an increase/(decrease) in net position by (\$36,227).	(36,227) *
---	------------

Net position of governmental activities- Statement of Net Position	\$(<u>12,587,180</u>)
--	-------------------------

* Texas Emergency Services Retirement System (TESRS) report was not available at the time of the City of Donna's financial report release.

CITY OF DONNA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General	Debt Service	American Rescue Plan Act (ARPA)
REVENUES			
Property taxes	\$ 5,015,970	\$ 1,463,183	\$ -
Nonproperty taxes	4,760,505	-	-
Charges for services	2,650,965	-	-
Fines and forfeitures	120,608	-	-
Licenses and permits	314,176	-	-
Intergovernmental revenue	598,973	-	2,022,591
Miscellaneous income	15,976	-	-
Interest and investment income	47,891	8,297	-
Total revenues	<u>13,525,064</u>	<u>1,471,480</u>	<u>2,022,591</u>
EXPENDITURES			
Current:			
General government	2,760,465	-	1,228,056
Tourism	-	-	-
Public safety	4,992,787	-	-
Public works	3,678,667	-	-
Health and welfare	445,648	-	-
Culture and recreation	922,312	-	-
Capital outlay	170,387	-	803,127
Debt service:			
Principal retirement	558,722	417,960	-
Interest and fiscal agent fees	28,209	856,870	-
Bond issuance costs	-	522,470	-
Total expenditures	<u>13,557,197</u>	<u>1,797,300</u>	<u>2,031,183</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(32,133)</u>	<u>(325,820)</u>	<u>(8,592)</u>
OTHER FINANCING SOURCES (USES)			
Insurance proceeds	16,276	-	-
Note payable issued	-	-	-
Proceeds from Refunding Bond	-	26,175,000	-
Escrow on Refunding bond	-	(27,801,052)	-
Bond Premium	-	-	-
Transfers in	403,857	2,214,802	-
primary government	-	252,140	-
Transfers (out)	(25,219)	(1,070,000)	-
Total other financing sources (uses)	<u>394,914</u>	<u>(229,110)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	362,781	(554,929)	(8,592)
FUND BALANCES, BEGINNING	<u>4,046,737</u>	<u>2,278,015</u>	<u>-</u>
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 4,409,518</u>	<u>\$ 1,723,086</u>	<u>\$ (8,592)</u>

EXHIBIT 2-C

PPFCO Series 2022 CAP	Nonmajor Governmental	Total Governmental Funds
\$ -	\$ -	\$ 6,479,153
-	133,783	4,894,288
-	131,815	2,782,780
-	24,198	144,806
-	-	314,176
-	10,000	2,631,564
40,559	1,638	58,173
-	322	56,510
<u>40,559</u>	<u>301,756</u>	<u>17,361,450</u>
-	529,537	4,518,058
-	8,675	8,675
-	6,838	4,999,625
-	-	3,678,667
-	-	445,648
-	5,820	928,132
697,845	7,388	1,678,747
-	-	976,682
-	-	885,079
91,088	-	613,558
<u>788,933</u>	<u>558,258</u>	<u>18,732,871</u>
<u>(748,374)</u>	<u>(256,502)</u>	<u>(1,371,421)</u>
-	-	16,276
5,190,000	-	5,190,000
-	-	26,175,000
-	-	(27,801,052)
806,865.10	-	806,865
-	381,371	3,000,030
-	-	252,140
-	(63,035)	(1,158,254)
<u>5,996,865</u>	<u>318,336</u>	<u>6,481,005</u>
5,248,491	61,834	5,109,585
<u>-</u>	<u>213,931</u>	<u>6,538,683</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 5,248,491</u>	<u>\$ 275,765</u>	<u>\$ 11,648,268</u>

CITY OF DONNA, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

EXHIBIT 2-D

Net change in fund balances - total governmental funds \$ 5,109,585

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. (517,697)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (30,484)

Bond premiums, discounts and insurance are recognized in the funds in the year the bonds are sold, but they are amortized over the life of the bonds in the statement of activities. The deferred charge on a refunding is also recorded only in the statement of net position and amortized. This is the net amount of the current year amortization of these bond related items. 28,061

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds but has no effect on net position. (31,365,000)

Repayment of bond and notes payable principal is an expenditure in the governmental funds, but the repayment has no effect on net position. 976,682

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. 286,566 *

Change in net position of governmental activities - Statement of Activities \$ (25,583,623)

* Texas Emergency Services Retirement System (TESRS) report was not available at the time of the City of Donna's financial report release.

CITY OF DONNA, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022

EXHIBIT 3-A

	Business-type Activities			
	Major Fund Water and Sewer Fund	Major Fund City International Bridge Fund	Nonmajor Fund Brush Collections	Total Proprietary Funds
ASSETS				
Current assets:				
Cash and investments	\$ 1,664,916	\$ 233,447	\$ 84,566	\$ 1,982,929
Restricted cash and investments	-	18	-	18
Inventories	125,029	-	-	125,029
Net pension asset	-	-	3,162	3,162
Receivables:				
Accounts receivable	1,215,616	-	94,104	1,309,720
Due from other funds	134,107	237,171	97,577	468,855
Due from component units	101,478	-	-	101,478
Prepaid expense	2,000	-	224,630	226,630
Total current assets	3,243,146	470,636	504,039	4,217,821
Noncurrent assets:				
Land, plant and equipment, net	34,740,844	19,092,919	457,957	54,291,720
Advances to other funds	198,550	-	-	198,550
Total noncurrent assets	34,939,394	19,092,919	457,957	54,490,270
Total assets	38,182,540	19,563,555	961,996	58,708,091
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on debt refunding	14,192	-	-	14,192
Deferred outflows related to pensions	123,690	53,996	223	177,909
Total deferred outflows of resources	137,882	53,996	223	192,101
LIABILITIES				
Current liabilities:				
Accounts payable	21,842	17,544	-	39,386
Accrued liabilities	44,252	12,506	5,660	62,418
Due to other funds	836,797	2,575,748	-	3,412,545
Deposits	620,032	-	-	620,032
Accrued interest payable	68,362	-	5,501	73,863
Lease payable	155,945	-	189,992	345,937
Bonds payable - current	1,089,072	770,457	-	1,859,529
Total current liabilities	2,836,302	3,376,255	201,153	6,413,710
Noncurrent liabilities:				
Leases payable	15,624,890	(627,268)	240,015	15,237,637
Claims payable	886,751	2,891,044	-	3,777,795
Compensated absences	56,805	25,379	9,405	91,589
Net pension liability	376,017	166,136	-	542,153
Advances from other funds	-	198,550	-	198,550
Total noncurrent liabilities	16,944,463	2,653,841	249,420	19,847,724
Total liabilities	19,780,765	6,030,096	450,573	26,261,434
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	111,622	47,806	1,979	161,407
Total deferred inflows of resources	111,622	47,806	1,979	161,407
NET POSITION				
Net investment in capital assets	18,223,937	-	-	18,223,937
Unrestricted (deficit)	204,098	13,539,649	509,667	14,253,414
Total net position	\$ 18,428,035	\$ 13,539,649	\$ 509,667	\$ 32,477,351

CITY OF DONNA, TEXAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

EXHIBIT 3-B

	Business-type Activities			
	Major Fund Water and Sewer	Major Fund City International Bridge	Nonmajor Fund Brush	Total Proprietary
OPERATING REVENUES				
Charges for services	\$ 6,682,235	\$ 2,329,337	\$ 398,214	\$ 9,409,786
Rent revenue	10,823	18,000	-	28,823
Total operating revenues	<u>6,693,058</u>	<u>2,347,337</u>	<u>398,214</u>	<u>9,438,609</u>
OPERATING EXPENSES				
Current:				
Personnel and related services	1,495,490	617,397	65,119	2,178,006
Repairs and maintenance	511,544	27,409	9,407	548,360
Materials and supplies	336,479	14,047	9,137	359,663
Consultant fees and services	2,651,494	300,885	15,941	2,968,320
Depreciation and amortization	<u>2,252,293</u>	<u>799,999</u>	<u>23,046</u>	<u>3,075,338</u>
Total operating expenses	<u>7,247,300</u>	<u>1,759,737</u>	<u>122,650</u>	<u>9,129,687</u>
OPERATING INCOME (LOSS)	<u>(554,242)</u>	<u>587,600</u>	<u>275,564</u>	<u>308,922</u>
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	9,276	4	-	9,280
Interest expense	(514,716)	1,514,977	(18,542)	981,719
Sale of capital assets	-	(7,622,763)	-	(7,622,763)
Amortization of refunding discounts/premiums	33,654	(703,713)	-	(670,059)
Contributions	1,798,407	25,275,000	150,104	27,223,511
Miscellaneous Revenue	<u>225,070</u>	<u>2,088</u>	<u>(32)</u>	<u>227,126</u>
Total nonoperating revenues (expenses)	<u>1,551,691</u>	<u>18,465,593</u>	<u>131,530</u>	<u>20,148,814</u>
Income before transfers	997,449	19,053,193	407,094	20,457,736
Transfers in	2,848	2,465,670	-	2,468,518
Transfers (out)	(1,015,832)	(2,549,767)	(283,857)	(3,849,456)
CHANGE IN NET POSITION	<u>(15,535)</u>	<u>18,969,096</u>	<u>123,237</u>	<u>19,076,798</u>
NET POSITION, BEGINNING	18,471,325	(5,450,692)	55,532	13,076,165
PRIOR PERIOD ADJUSTMENT	<u>(27,755)</u>	<u>21,245</u>	<u>330,898</u>	<u>324,388</u>
NET POSITION, ENDING	<u>\$ 18,428,035</u>	<u>\$ 13,539,649</u>	<u>\$ 509,667</u>	<u>\$ 32,477,351</u>

CITY OF DONNA, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

EXHIBIT 3-C

	Business-type Activities			
	Water and Sewer	City International Bridge	Brush Collections	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 6,712,375	\$ 2,346,001	\$ 360,550	\$ 9,058,376
Disbursed for goods and services to suppliers	(1,518,937)	(664,017)	(48,298)	(2,182,954)
Internal Transactions		(1,203,956)	(172,979)	(1,203,956)
Disbursed for personnel services	(3,832,327)	(645,321)	(37,648)	(4,477,648)
Net cash provided by operating activities	<u>1,361,111</u>	<u>(167,293)</u>	<u>101,625</u>	<u>1,193,818</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash paid to other funds	(392,098)	-	-	(392,098)
Cash paid to component units	214,919	-	-	214,919
Cash received from other	225,070	2,088	(32)	227,158
Transfer from other funds	2,848	2,465,670	-	2,468,518
Transfers to other funds	<u>782,575</u>	<u>(2,549,767)</u>	<u>-</u>	<u>(1,767,192)</u>
Net cash provided (used) by noncapital financing activities	<u>833,314</u>	<u>(82,009)</u>	<u>(32)</u>	<u>751,305</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on long-term debt	(1,386,564)	-	(78,480)	(1,386,564)
Interest and bond costs paid on long-term debt	<u>(1,047,784)</u>	<u>(1,462,304)</u>	<u>(15,051)</u>	<u>(2,510,088)</u>
Net cash used for capital and related financing activities	<u>(2,434,348)</u>	<u>(1,462,304)</u>	<u>(93,531)</u>	<u>(3,896,652)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	<u>9,276</u>	<u>4</u>	<u>-</u>	<u>9,280</u>
Net cash provided by investing activities	<u>9,276</u>	<u>4</u>	<u>-</u>	<u>9,280</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(230,647)</u>	<u>(1,711,602)</u>	<u>8,062</u>	<u>(1,942,249)</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>1,895,563</u>	<u>1,945,067</u>	<u>-</u>	<u>3,840,630</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 1,664,916</u>	<u>\$ 233,465</u>	<u>\$ 8,062</u>	<u>\$ 1,898,381</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ (554,242)	\$ 587,600	\$ 275,564	\$ 33,358
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	2,252,293	799,999	23,046	3,052,292
Decrease (increase) in receivables	(8,535)	164	(37,664)	(8,371)
Decrease (increase) in due from other funds	-	(1,203,956)	(172,979)	(1,203,956)
Decrease (increase) in inventory	(102,149)	-	-	(102,149)
Decrease (increase) in prepaid items	9,732	-	-	9,732
Decrease (increase) in deferred outflows-pension	(28,384)	(2,717)	(223)	(31,101)
Increase (decrease) in accounts payable	(240,393)	(302,980)	-	(543,373)
Increase (decrease) in accrued liabilities	5,493	12	5,660	5,505
Increase (decrease) in unearned revenue	-	(1,500)	-	(1,500)
Increase in customer deposits	27,852	-	-	27,852
Increase (decrease) in net pension liability	(55,532)	(40,265)	-	(95,797)
Increase (decrease) in deferred inflows-pension	66,107	23,778	1,979	89,885
Increase (decrease) in compensated absences	<u>(11,131)</u>	<u>(27,428)</u>	<u>9,405</u>	<u>(38,559)</u>
Total adjustments	<u>1,915,353</u>	<u>(754,893)</u>	<u>(173,939)</u>	<u>1,160,460</u>
Net cash provided by operating activities	<u>\$ 1,361,111</u>	<u>\$ (167,293)</u>	<u>\$ 101,625</u>	<u>\$ 1,193,818</u>

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. REPORTING ENTITY

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

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

2. DISCRETELY PRESENTED COMPONENT UNIT

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

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

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

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Increment Reinvestment Zone Number Two (TIRZ #2)

The Tax Increment Reinvestment Zone Number Two (TIRZ #2) was created pursuant to Chapter 311 of the Texas Tax Code by and between the City, TIRZ #2, and Rhodes Enterprises, Inc. (the developer and petitioner for creation of the TIRZ #2) to provide property tax increment funding to TIRZ #2 to support qualifying development activities (public improvements) within TIRZ #2 to the extent that property tax increment collections are available. TIRZ #2 is managed by the Zone Board which has all powers allowed under Chapter 311 of the Texas Tax Code to manage TIRZ #2 and carry out the project and finance plan. The costs incurred by the developer are not and shall never become obligations or the debt of any participating entity.

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

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

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

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

3. BLENDED COMPONENT UNIT

Tax Increment Reinvestment Zone Number One

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

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

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. As a general rule, the effect of interfund activity has been removed from the primary government statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain separate component units for which the primary government is financially accountable.

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

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

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

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

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

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

The following are reported as major governmental funds:

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

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

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The following are reported as other nonmajor governmental fund types:

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

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

The following are reported as major proprietary funds:

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

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

The following are reported as a nonmajor proprietary fund:

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

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

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

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

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

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

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deposits and Investments

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

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

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

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

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

Receivables and Payables

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

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

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

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

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

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

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories and Prepaid Items

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

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

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

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

Capital Assets

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

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

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

The term of the lease must be the non-cancelable period during which the District has the right to use the tangible assets of another entity plus any periods in which either the lessee or the lessor has the sole option to extend the lease if it is reasonably certain the option will be exercised plus any periods in which either the lessee or the lessor has the sole option to terminate the lease if it is reasonably certain the option will not be exercised by that party and must not meet the definition of a short-term lease under GASB 87.

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.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The DEDC-4A and DCD-4B component units have depreciable capital assets. Depreciation expense is required in the government-wide Statement of Activities. Capital assets are reported for these component units in the government-wide Statement of Net Position.

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

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

Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental/business-type activities or the specific proprietary fund to which each relates, as applicable. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, excluding bond insurance costs, are expensed as incurred. The City implemented GASB 87 for reporting leases during this reporting period. A right-to-use lease is defined as a contract that conveys control of another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. To be accounted for as a lease, the lease must meet the definition of a "long term" lease provided in GASB 87 and must meet the capitalization level set by the Board. The right-to-use lease liability is reported in the government-wide statements. The lease liability is calculated as the present value of the reasonably certain expected payments to be made over the term of the lease and the interest included in the lease payment is recorded as an expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts. The face amount of debt issued is reported as other financing sources. Premiums received and discounts incurred on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from debt proceeds, are reported as debt service expenditures. With GASB 87, the initial measure of a new right-to-use lease arrangement is reported in governmental fund types as an other source during the current period. Monthly payments are reported as principal and interest payments during the reporting period in the fund level statements.

Fund Balance Reporting

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

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

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

Fund Balance Flow Assumptions

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

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

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

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

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

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

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The City recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the pension plan measured as of the actuarial measurement date. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. BUDGETARY INFORMATION

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

- a. Prior to August 18th of each year, the City Manager is required to submit to City Council a proposed budget for the fiscal year beginning on October 1st. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to October 1st, the budget is legally enacted by the City Council through passage of an ordinance.
- d. The City Manager is authorized to transfer budgeted amounts between accounts within any department; however, any revisions that alter the total expenditures of any department must be approved by the City Council. The budget amounts shown in the financial statements are the original and final authorized amounts as revised, as applicable, during the year.
- e. Formal budgetary integration is employed as a management control device during the year for the general fund, the debt service fund and certain special revenue and enterprise funds. The special revenue funds for which a budget is adopted are the Hotel Occupancy Tax Fund, the Texas Confiscated Forfeitures and the Fire Equipment Service Fee Fund. A budget is adopted for the City International Bridge Fund, an enterprise fund, for internal use and continuing compliance purposes. A budget is maintained for internal use only for the Water and Sewer fund, an enterprise fund.
- f. All City budgets are adopted on a basis consistent with generally accepted accounting principles.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

g. Annual budgeted expenditures are adopted at the departmental level within funds. As described above, the City Manager is authorized to make transfers within a department. Accordingly, the level at which expenditures cannot legally exceed appropriations is the department level.

h. Appropriations for annually budgeted funds lapse at year-end.

During the year ended September 30, 2022, expenditures exceeded appropriations as follows in the General Fund:

<u>Department</u>	<u>General Fund Excess of Expenditures Over Appropriation</u>
City manager	\$ 126,510
Municipal court	9,998
Information & technology	196
City hall	6,214
City secretary	2,048
Police	276,133
Fire	213,590
Inspections	3,810
City vehicle maintenance	226
Code enforcement and health inspections	5,982
Animal control	1,866
Capital outlay	14,949
Principal retirement	147,859
Interest and fiscal agent fees	2,378
	<u>\$ 811,759</u>

2. DEFICIT FUND EQUITY

At September 30, 2022, the Texas Confiscated Forfeit fund, and the America Rescue Plan Act (ARPA) fund have a deficit fund balance of \$3,787, and \$8,592 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 Texas Confiscated Forfeit fund in the governmental activities reflects an unrestricted net position deficit of \$3,787.

The component unit DEDC-4A reflects in the government-wide Financial Statements an unrestricted net position deficit of \$360,315.

The component unit DCD-4b reflects in the government-wide Financial Statements an unrestricted net position deficit of \$262,925.

The component unit TIRZ #2 reflects in the government-wide Financial Statements an unrestricted net position deficit of \$2,474,587.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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, 2022.

At September 30, 2022, the carrying amount of the City's deposits with financial institutions was \$3,264,840 and the bank balance was \$2,559,723. 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, 2022 the City had the following investments:

	Fair Value	Weighted Average Maturity	Credit Rating
Local government investments Cooperative (LOGIC)	\$ 7,528,677	34 days	AAAm
Invesco Treasury Portfolio Trust	<u>1,122,665</u>	< 90 days	AAAm
Cash and Cash Equivalents on the Statement of Net Position	<u>\$ 8,651,342</u>		

Custodial Credit Risk- Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name. The City's cash deposits at September 30, 2022 and during the year ended September 30, 2022 were covered by federal deposit insurance or were secured by collateral held by the City's agent in the City's name pursuant to the City's Investment Policy and its Depository Agreement.

The LOGIC and Invesco Treasury Portfolio Trust Investments are considered investments on the government-wide statement of net position and the governmental and proprietary fund-level statements.

LOGIC was organized on May 6, 1994, to conform to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code.

This Act permits the creation of investment pools to which a majority of political subdivisions (local governments) in Texas may delegate, by contract, the authority to make investments purchased with local investment funds and to hold legal title as custodian of the investment securities.

As of the September 30, 2022, the City's external investment pool, LOGIC, met the criteria described in GASB Statement No. 79 and measures all of their investments at amortized costs; therefore, the City has also measured their investments in these external investment pools at amortized cost for financial reporting purposes.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE C – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

Credit Risk

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

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

Interest Rate Risk

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

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

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

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE C – DEPOSITS AND INVESTMENTS (CONTINUED)

2. COMPONENT UNITS

DEDC-4A and DCD-4B

Deposits for DEDC-4A and DCD-4B are held separately from those of the City's funds. At September 30, 2022, the reported amount of deposits for DEDC-4A totaled \$9,074, and the bank balances totaled \$9,074. The reported deposits for DCD-4B totaled \$238,984 and the bank balances totaled \$238,984.

At September 30, 2022, DEDC-4A and DCD-4B deposits were each covered by federal deposit insurance or were secured by collateral held by the component unit's agent in the component unit's name.

The DEDC-4A's investments at September 30, 2022, are as follows:

<u>Invesco Treasury Portfolio</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
Trust	\$ 597,908	< 90 days	AAAm

The DEDC-4B's investments at September 30, 2022, are as follows:

<u>Invesco Treasury Portfolio</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
Trust	\$ 493,275	< 90 days	AAAm

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

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

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

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE C – DEPOSITS AND INVESTMENTS (CONTINUED)

Reconciliation

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

	Primary Government	Component Units		
		Donna Economic Development Corporation	Development Corporation of Donna	Tax Increment Zone Number Two
Cash on hand	\$ 7,595	\$ -	\$ -	\$ -
Carrying amount deposits	4,367,873	9,074	238,984	14,775
Short-term investments	7,587,828	597,908	493,275	-
Cash and cash equivalents	<u>\$ 11,963,296</u>	<u>\$ 606,982</u>	<u>\$ 732,259</u>	<u>\$ 14,775</u>
Cash and cash equivalents	\$ 11,963,278	\$ 9,074	\$ 238,984	\$ 14,775
Cash and cash equivalents - restricted	18	597,908	493,275	-
Cash/cash equivalents Statement of Net Position	<u>\$ 11,963,296</u>	<u>\$ 606,982</u>	<u>\$ 732,259</u>	<u>\$ 14,775</u>

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

NOTE D – PROPERTY TAXES

The City’s property tax is levied each October 1st, on the assessed value listed as of the prior January 1 for all real and business personal property in the City in conformity with Subtitle E, Texas Property Code. Assessed values approximate market values. A receivable for property taxes is recognized and recorded at the levy date. The adjusted assessed value for the roll as of October 1, 2021, upon which the 2022 levy was based, was \$991,545,424.

Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1st of the year following the year in which imposed. No discounts are offered. During the fiscal year, 97% of the current year tax levy (October 1, 2021) was collected. The statutory lien date is January 1st.

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

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

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

The tax rate to finance general governmental purposes, other than the payment of principal and interest on tax supported general obligation long-term debt, for the year ended September 30, 2022, was \$.602621 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, 2022, was \$.175917 per \$100 of assessed valuation. The combined tax rate for the City is \$.778538 per \$100 of assessed valuation. The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy up to \$2.50 per \$100 of assessed valuation for general governmental purposes, including the payment of principal and interest on general obligation long-term debt.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE D – PROPERTY TAXES (CONTINUED)

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

NOTE E – RECEIVABLES

1. PRIMARY GOVERNMENT

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

Governmental Activities as of September 30, 2022:

Primary Governmental Funds	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Property taxes receivable	\$ 1,357,233	\$ 455,486	\$ 224,404	\$ 2,037,123
Less: Allowance for uncollectibles	(216,899)	(106,966)	-	(323,865)
Net property taxes receivable	<u>\$ 1,140,334</u>	<u>\$ 348,520</u>	<u>\$ 224,404</u>	<u>\$ 1,713,258</u>

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

	General Fund	Debt Service Fund	PPFCD Series 2022 CAP	Other Governmental Funds	Water and Sewer Fund	Brush Collections	Total
Property taxes receivable	\$ 1,357,233	\$ 455,486	\$ -	\$ 224,404	\$ -	\$ -	\$ 2,037,123
Other receivables:							
Sales tax receivable	551,172	-	-	-	-	-	551,172
Accounts	445,489	-	1,075	25,001	2,150,091	105,614	2,727,270
Intergovernmental - grant	<u>135,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,553</u>
Gross receivables	2,489,447	455,486	1,075	249,405	2,150,091	105,614	5,451,118
Less: Allowance for uncollectibles	<u>(369,069)</u>	<u>(106,966)</u>	<u>-</u>	<u>-</u>	<u>(934,475)</u>	<u>(11,510)</u>	<u>(1,422,020)</u>
Total other receivables, net	<u>\$ 2,120,378</u>	<u>\$ 348,520</u>	<u>\$ 1,075</u>	<u>\$ 249,405</u>	<u>\$ 1,215,616</u>	<u>\$ 94,104</u>	<u>\$ 4,029,098</u>

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

2. COMPONENT UNITS

Accounts Receivable

At September 30, 2022, DEDC-4A had \$275,586 in sales tax receivable. DCD-4B had a sales tax receivable of \$275,586. Tax Reinvestment Zone Two had a sales tax receivable of \$65,334.

Loans Receivable

At September 30, 2022 the DEDC-4A had a loan receivable of \$13,087 and the DCD-4B had U.S. Department of Agriculture, Rural Business Enterprise Grant program loans receivable in the amount of \$181,128.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE F – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

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

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

As of September 30, 2022, the various components of deferred outflows and inflows of resources are as follows:

Primary Government

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

	Debt Service		
	General Fund	Fund	Total
Property taxes, unavailable	\$ 1,016,402	\$ 314,590	\$ 1,330,992
Totals Exhibit 2-A	<u>\$ 1,016,402</u>	<u>\$ 314,590</u>	<u>\$ 1,330,992</u>

At the government-wide financial statements (Exhibit 1-A), the City reports cumulative deferred amounts on bond refunding as Deferred Outflows of Resources in the amount of \$14,192 of unamortized deferred amounts on bond refunding in business-type activities.

Deferred outflows of resources related to pensions is \$586,304 for governmental activities reported at the government-wide financial statements and \$177,909 for business-type activities.

Deferred inflows of resources related to pensions is \$549,826 for governmental activities reported at the government-wide financial statements and \$161,407 for business-type activities.

NOTE G – INTERFUND PAYABLES/RECEIVABLES, ADVANCES AND TRANSFERS

Interfund receivable and payable balances at September 30, 2022 for the primary government were as follows:

Receivable Fund	Payable Fund					Total
	General Fund	Other Governmental Funds	Water and Sewer Fund	City International Bridge Fund	Brush Collections Fund	
Governmental Funds						
General Fund	\$ -	\$ 41,228	\$ 661,108	\$ 1,853,543	\$ 76,505	\$ 2,632,384
Debt Service Fund	490,015	-	-	351,926	-	841,941
American Rescue Plan Act Fund	188	-	188	-	-	376
PPICO Series 2022 Fund	30	-	-	-	-	30
Other Governmental Funds	44,744	-	1,420	-	-	46,164
Proprietary Funds						
Water and Sewer Fund	-	1,000	-	133,107	-	134,107
City International Bridge Fund	-	-	-	237,171	-	237,171
Brush Collections	-	-	174,081	-	-	174,081
	<u>\$ 534,977</u>	<u>\$ 42,228</u>	<u>\$ 836,797</u>	<u>\$ 2,575,747</u>	<u>\$ 76,505</u>	<u>\$ 3,892,173</u>

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

Interfund receivable and payable balances at September 30, 2022 for the component units were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
	<u>DEDC (4A)</u>	<u>Total</u>
Component Units		
DCD (4B)	\$ 595,397	\$ 595,397
	<u>\$ 595,397</u>	<u>\$ 595,397</u>

The balances generally result from a routine lag between the dates that transactions are recorded in the accounting system and payments between the funds are made. All amounts are scheduled to be repaid within one year.

Certain interfund loans were not expected to be repaid within the next year. These loans are reported as long-term advances. The following advances were made to sustain operations of the City International Bridge Fund, which did not generate revenues to meet operating and debt obligations.

Advances receivable and payable balances at September 30, 2022 were as follows:

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

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

Due to/from the primary government and component units at September 30, 2022 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
	<u>General Fund</u>	<u>Total</u>
Component Units		
TIRZ #2	\$ 3,735	\$ 3,735
	<u>\$ 3,735</u>	<u>\$ 3,735</u>

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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

Transfer Out	Transfer In					Total
	General Fund	Debt Service Fund	Other Governmental Funds	Water and Sewer Fund	City International Bridge Fund	
General Fund	\$ -	\$ -	\$ 22,371	\$ 2,848	\$ -	\$ 25,219
Debt Service Fund	-	-	-	-	1,070,000	1,070,000
Other Governmental Funds	-	63,035	-	-	-	63,035
Water and Sewer Fund	120,000	-	-	-	895,832	1,015,832
City International Bridge Fund	-	2,151,767	-	-	398,000	2,549,767
Brush Collections Fund	283,857	-	-	-	-	283,857
	<u>\$ 403,857</u>	<u>\$ 2,214,802</u>	<u>\$ 22,371</u>	<u>\$ 2,848</u>	<u>\$ 2,363,832</u>	<u>\$ 5,007,710</u>

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

Transfer Out	Transfer In			Total
	Debt Service Fund	Tax Increment Zone Number Two	City International Bridge Fund	
Component Units				
DEDC (4A)	\$ 126,070	\$ 359,000	\$ -	\$ 485,070
IXCD (4B)	126,070	-	101,838	227,908
	<u>\$ 252,140</u>	<u>\$ 359,000</u>	<u>\$ 101,838</u>	<u>\$ 712,978</u>

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

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE H – CAPITAL ASSETS

1. PRIMARY GOVERNMENT

Capital asset activity for the year ended September 30, 2022 was as follows:

Governmental Activities	Balance September 30, 2021	Increases	Decreases	Adjustments	Balance September 30, 2022
Capital assets, not subject to depreciation:					
Land	\$ 2,601,372	\$ -	\$ -	\$ -	\$ 2,601,372
Construction in Progress	92,148	-	-	-	92,148
Total capital assets, not subject to depreciation	2,693,520	-	-	-	2,693,520
Capital assets, depreciable:					
Buildings	2,400,836	-	-	-	2,400,836
Improvements other than buildings	2,513,601	-	-	-	2,513,601
Infrastructure	13,086,533	2,252,807	-	(2,252,807)	13,086,533
Furniture and equipment	6,417,099	726,590	(347,303)	(500)	6,795,886
Total capital assets, being depreciated	24,418,069	2,979,397	(347,303)	(2,253,307)	24,796,856
Less accumulated depreciation:					
Buildings	1,407,284	46,750	-	-	1,454,034
Improvements other than buildings	836,420	120,646	-	-	957,066
Infrastructure	7,414,949	335,176	-	-	7,750,125
Furniture and equipment	3,043,889	410,856	(16,405)	-	3,438,340
Total accumulated depreciation	12,702,542	913,428	(16,405)	-	13,599,565
Total capital assets, being depreciated, net	11,715,527	2,065,969	(330,898)	(2,253,307)	11,197,291
Governmental Activities, capital assets, net	\$ 14,409,047	\$ 2,065,969	\$ (330,898)	\$ (2,253,307)	\$ 13,890,811

Depreciation was charged to Government functions as follows:

<u>Governmental Activities</u>	
General government	\$ 31,218
Public safety	267,346
Public works	514,868
Culture and recreation	74,103
Public health	9,488
Total depreciation expense - Governmental Activities	<u>\$ 897,023</u>

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE H – CAPITAL ASSETS (CONTINUED)

Business-Type Activities	Balance September 30, 2021	Increases	Decreases	Adjustments	Balance September 30, 2022
Capital assets, not subject to depreciation:					
Land	\$ 1,704,699	\$ -	\$ -	\$ -	\$ 1,704,699
Construction in Progress	2,995,917	-	(107,921)	-	2,887,996
Total capital assets, not subject to depreciation	4,700,616	-	(107,921)	-	4,592,695
Capital assets, depreciable:					
Buildings	21,296,006	-	(7,738,846)	-	13,557,160
Improvements other than buildings	3,597,578	-	-	-	3,597,578
Infrastructure	73,131,726	995,280	-	-	74,127,006
Furniture and equipment	3,946,570	973,692	-	347,303	5,266,565
Total capital assets, being depreciated	101,971,880	1,967,972	(7,738,846)	347,303	96,548,309
Less accumulated depreciation:					
Buildings	6,972,866	215,578	(116,083)	-	7,102,361
Improvements other than buildings	1,130,190	117,361	-	-	1,247,551
Infrastructure	33,749,135	2,485,780	-	-	36,234,915
Furniture and equipment	2,021,433	226,619	-	16,405	2,264,457
Total accumulated depreciation	43,873,624	3,075,338	(116,083)	16,405	46,849,284
Total capital assets, being depreciated, net	58,098,256	(1,107,366)	(7,622,769)	330,898	49,699,025
Business-Type Activities, capital assets, net	\$ 62,798,872	\$ (1,107,366)	\$ (7,730,684)	\$ 330,898	\$ 54,291,720

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

<u>Business-Type Activities</u>	
Water and Sewer	\$ 2,252,293
City International Bridge Fund	799,999
Brush Collection	23,046
Total depreciation expense - Business-Type Activities	<u>\$ 3,075,338</u>

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE H – CAPITAL ASSETS (CONTINUED)

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

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

Component Units	Balance September 30, 2021	Increases	Decreases	Balance September 30, 2022
Capital assets, not subject to depreciation:				
Land	\$ 4,788,403	\$ -	\$ (1,186,060)	\$ 3,602,343
Construction in Progress	1,041,100	454,549	(1,495,649)	-
Total capital assets, not subject to depreciation	5,829,503	454,549	(2,681,709)	3,602,343
Capital assets, depreciable:				
Buildings	377,207	-	-	377,207
Furniture and equipment	67,765	-	-	67,765
Total capital assets, being depreciated	444,972	-	-	444,972
Less accumulated depreciation:				
Buildings	323,903	4,749	-	328,652
Furniture and equipment	37,741	4,329	-	42,070
Total accumulated depreciation	361,644	9,078	-	370,722
Total capital assets, being depreciated, net	83,328	(9,078)	-	74,250
Component Units, capital assets, net	\$ 5,912,831	\$ 445,471	\$ (2,681,709)	\$ 3,676,593

Depreciation expense for the component units for the year ended September 30, 2022 is as follows:

<u>Component Units</u>	
Component Unit - DEDC (4A)	\$ 5,736
Component Unit - DCD (4B)	3,342
Total Component Units depreciation expense	<u>\$ 9,078</u>

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE I – LONG TERM DEBT (CONTINUED)

1. PRIMARY GOVERNMENT

Combination Tax and Revenue Bonds and General Obligation Refunding Bonds

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

Combination tax revenue bonds, and general obligation refunding bonds outstanding at September 30, 2022 are as follows:

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

Series 2015 Certificates of Obligation - due in variable annual installments of \$145,000 to \$310,000 through February 15, 2035; interest at 2.00% to 4.50%, payable semi-annually. The original issuance amount of these bonds was \$4,065,000 accounted for with governmental activities.

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

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

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

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

Utility and Bridge Revenues Pledged

Water and Sewer Fund

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

City 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 2021-2022 continue that debt servicing arrangement.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE I – LONG TERM DEBT (CONTINUED)

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

Bonds	Balance September 30, 2021	Additions / Refundings	Reductions	Adjustments	Balance September 30, 2022	Due Within One Year
Primary Government						
<i>Governmental Funds</i>						
2012 Limited Tax Refunding Bonds	\$ 669,240	\$ -	\$ (168,960)	\$ -	\$ 500,280	\$ 162,360
2015 Certificate of Obligation	3,275,000	-	(175,000)	-	3,100,000	180,000
2017 Certificate of Obligation	1,583,000	-	(74,000)	-	1,509,000	77,000
2022 Public Property Finance Contractual Obligation	-	5,190,000	-	-	5,190,000	100,000
2022 General Obligation Refunding Bonds (Bridge)	-	26,175,000	-	-	26,175,000	-
Total Governmental Funds Bonds	5,527,240	31,365,000	(417,960)	-	36,474,280	519,360
<i>Water and Sewer Fund</i>						
2012 Limited Tax Refunding Bonds	1,865,760	-	(471,040)	-	1,394,720	452,640
2016 Certificates of Obligation	4,562,501	-	(83,333)	895,832	5,375,000	125,000
2017 Certificates of Obligation	6,332,000	-	(236,000)	-	6,096,000	308,000
2019 Limited Tax Refunding Bonds	3,620,000	-	(205,000)	-	3,415,000	210,000
Total Water and Sewer Fund Bonds	16,380,261	-	(1,055,373)	895,832	16,220,720	1,095,640
<i>City International Bridge Fund</i>						
2016 Combination Tax and Revenue Refunding Bond	25,275,000	-	(25,275,000)	-	-	-
2016 Certificates of Obligation	912,499	-	(16,667)	(895,832)	-	-
Total City International Bridge Fund Bonds	26,187,499	-	(25,291,667)	(895,832)	-	-
Total Primary Government Bonds	\$ 48,095,000	\$ 31,365,000	\$ (26,765,000)	\$ -	\$ 52,695,000	\$ 1,615,000

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
2023	\$ 519,360	\$ 1,295,029	\$ 1,120,640	\$ 508,508	\$ 1,640,000	\$ 1,803,537
2024	527,400	1,276,735	1,172,600	477,424	1,700,000	1,754,159
2025	555,520	1,257,836	1,264,480	444,382	1,820,000	1,702,218
2026	544,000	1,236,780	1,011,000	412,790	1,555,000	1,649,570
2027	563,000	1,213,590	1,047,000	383,042	1,610,000	1,596,632
2028-2032	6,740,000	5,152,253	5,745,000	1,386,500	12,485,000	6,538,753
2033-2037	6,980,000	4,057,994	4,860,000	379,479	11,840,000	4,437,473
2038-2042	8,580,000	2,796,513	-	-	8,580,000	2,796,513
2043-2047	11,465,000	1,151,760	-	-	11,465,000	1,151,760
Total	\$ 36,474,280	\$ 19,438,490	\$ 16,220,720	\$ 3,992,125	\$ 52,695,000	\$ 23,430,615

Notes Payable and Capital Leases

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

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

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

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE I – LONG TERM DEBT (CONTINUED)

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

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

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

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

First Capital Equipment Lease - due in annual installments of \$194,854 through October 2026; interest at 3.019%. The original lease amount was \$194,824 accounted for with governmental activities.

First Capital Equipment Lease - due in annual installments of \$145,305 through October 2026; interest at 3.019%. The original lease amount was \$145,305 accounted for with governmental activities.

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

Notes and Leases Payable	Balance September 30, 2021	Reductions	Adjustments	Balance September 30, 2022	Due Within One Year
<i>Governmental Activities</i>					
Capital One LED Note	\$ 209,840	\$ (103,131)	\$ -	\$ 106,709	\$ 106,709
First Capital Equipment Lease	256,539	(111,076)	-	145,463	115,766
John Deere Lease	25,298	(7,937)	-	17,361	8,423
First Capital Equipment Lease	74,921	(13,676)	-	61,245	14,301
First Capital Lease	283,857	-	(283,857)	-	-
First Capital Equipment Lease	194,824	(30,042)	-	164,782	31,103
Total Governmental Activities					
Notes and Leases Payable	1,045,279	(265,862)	(283,857)	495,560	276,302
<i>Water and Sewer Fund</i>					
Government Capital Corporation Lease	43,330	(10,285)	-	33,045	10,642
First Capital Equipment Lease	145,305	(22,406)	-	122,899	23,198
Total Water and Sewer Fund					
Notes and Leases Payable	188,636	(32,691)	-	155,945	33,840
<i>Brush Collections</i>					
First Capital Equipment Lease	224,630	(34,638)	-	189,992	35,862
First Capital Lease	-	(43,842)	283,857	240,015	45,174
Total Brush Collections					
Notes and Leases Payable	224,630	(78,480)	283,857	430,008	81,036
Total Notes and Leases Payable	\$ 1,458,545	\$ (377,033)	\$ -	\$ 1,081,512	\$ 391,178

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE I – LONG TERM DEBT (CONTINUED)

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

<u>Year ending</u> <u>September 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 276,303	\$ 15,391	\$ 114,875	\$ 17,007	\$ 391,178	\$ 32,398
2024	85,593	6,613	118,326	13,557	203,919	20,170
2025	48,567	4,148	121,880	10,002	170,447	14,150
2026	50,234	2,481	164,672	7,887	214,906	10,368
2027	34,863	753	66,199	1,430	101,062	2,183
Total	<u>\$ 495,560</u>	<u>\$ 29,386</u>	<u>\$ 585,952</u>	<u>\$ 49,883</u>	<u>\$ 1,081,512</u>	<u>\$ 79,269</u>

Claims Payable

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

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

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

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

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

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

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

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE I – LONG TERM DEBT (CONTINUED)

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

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

<u>Claims Payable</u>	<u>Balance</u> <u>September 30, 2021</u>	<u>Balance</u> <u>September 30, 2022</u>
<i>Water and Sewer Fund</i>		
W/S Claims by SOS	\$ 886,751	\$ 886,751
Total Water and Sewer Fund Claims	<u>886,751</u>	<u>886,751</u>
 <i>City International Bridge Fund</i>		
Bridge Success Fee	716,000	716,000
Bond Refinance and Grant Success Fee	<u>2,175,044</u>	<u>2,175,044</u>
Total City International Bridge Fund Claims	<u>2,891,044</u>	<u>2,891,044</u>
 Total Claims Payable	 <u>\$ 3,777,795</u>	 <u>\$ 3,777,795</u>

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

<u>Year ending</u> <u>September 30,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 502,699	\$ 197,421
2024	245,576	75,904
2025	324,972	66,747
2026	484,738	55,262
2027	496,806	43,194
2028-2032	1,625,003	86,032
2033-2037	<u>98,001</u>	<u>404</u>
Total	<u>\$ 3,777,795</u>	<u>\$ 524,964</u>

2. COMPONENT UNITS

DEDC-4A

Bonds outstanding at September 30, 2022 are:

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

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

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE I – LONG TERM DEBT (CONTINUED)

DEDC-4A

	Balance September 30, 2021	Reductions	Balance September 30, 2022	Due Within One Year
DEDC-4A				
2018 Sales Tax Revenue Bonds	\$ 695,000	\$ (85,000)	\$ 610,000	\$ 90,000
2019 Sales Tax Revenue Refunding Bonds	<u>2,950,000</u>	<u>(190,000)</u>	<u>2,760,000</u>	<u>200,000</u>
	3,645,000	(275,000)	3,370,000	290,000
Less: Discount on Sales Tax Revenue and Refunding Bonds	<u>(24,763)</u>	<u>3,810</u>	<u>(20,953)</u>	<u>-</u>
Total Bonds	<u>\$ 3,620,237</u>	<u>\$ (360,000)</u>	<u>\$ 3,349,047</u>	<u>\$ 290,000</u>

The bonds payable annual debt service requirements to maturity are:

Year ending September 30,	Principal	Interest	Total
2023	\$ 380,000	\$ 130,126	\$ 510,126
2024	390,000	116,584	506,584
2025	410,000	102,593	512,593
2026	425,000	87,880	512,880
2027	440,000	72,582	512,582
2028-2032	805,000	178,776	983,776
2033-2037	<u>520,000</u>	<u>21,431</u>	<u>541,431</u>
Total	<u>\$ 3,370,000</u>	<u>\$ 709,972</u>	<u>\$ 4,079,972</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.

	Balance September 30, 2021	Reductions	Balance September 30, 2022	Due Within One Year
DEDC- 4A				
Texas National Bank Loan	<u>\$ 1,193,636</u>	<u>\$ (610,584)</u>	<u>\$ 583,052</u>	<u>\$ -</u>

The notes payable annual debt service requirements to maturity are:

Year ending September 30,	Principal	Interest	Total
2023	\$ 583,052	\$ 10,078	\$ 593,129
2024	-	-	-
2025	-	-	-
2026	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 583,052</u>	<u>\$ 10,078</u>	<u>\$ 593,129</u>

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE I – LONG TERM DEBT (CONTINUED)

DCD-4B

Bonds outstanding at September 30, 2022 are:

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

DCD-4B	Balance September 30, 2021	Reductions	Balance September 30, 2022	Due Within One Year
2009 Sales Tax Revenue Refunding Bonds	<u>\$ 2,900,000</u>	<u>\$ (190,000)</u>	<u>\$ 2,710,000</u>	<u>\$ 195,000</u>
	2,900,000	(190,000)	2,710,000	195,000
Less: Discount on Sales Tax Revenue and Refunding Bonds	<u>(36,329)</u>	<u>2,794</u>	<u>(33,535)</u>	<u>-</u>
Total Bonds	<u>\$ 2,863,671</u>	<u>\$ (187,206)</u>	<u>\$ 2,676,465</u>	<u>\$ 390,000</u>

The bonds payable annual debt service requirements to maturity are:

Year ending September 30,	Principal	Interest	Total
2023	\$ 195,000	\$ 73,170	\$ 268,170
2024	195,000	67,905	262,905
2025	205,000	62,640	267,640
2026	210,000	57,105	267,105
2027	215,000	51,435	266,435
2028-2032	1,175,000	166,590	1,341,590
2033-2037	<u>515,000</u>	<u>20,925</u>	<u>535,925</u>
Total	<u>\$ 2,710,000</u>	<u>\$ 499,770</u>	<u>\$ 3,209,770</u>

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE I – LONG TERM DEBT (CONTINUED)

Revenues Pledged in Connection with Compliance Unit Debt

DEDC-4A

The City has pledged future sales tax revenues to repay \$3.68 million in sales tax revenue and refunding bonds issued in December 2009. Proceeds from the bonds provided a refunding of prior bonds and financing for projects related to the bridge projects, industrial park and related infrastructure. The bonds are payable through 2034. In addition, the City has pledged future sales tax revenues to repay \$4.50 million in notes payable issued in June 2016. Proceeds from the notes provided for the purchase and development of an approximate 15-acre tract of land located at the northwest corner of FM 493 and U.S. Hwy 83 in Hidalgo County, Texas. Annual principal and interest payments on the bonds and notes are expected to require 100 percent of net revenues.

DCD-4B

The City has pledged future sales tax revenues to repay \$3.61 million in sales tax revenue and refunding bonds issued in December 2009. Proceeds from the bonds provided a refunding of prior bonds and financing for projects related to the bridge projects, industrial park and related infrastructure. The bonds are payable through 2034. Annual principal and interest payments on the bonds are expected to require 100 percent of net revenues.

Bond Compliance Requirements

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

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

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE I – LONG TERM DEBT (CONTINUED)

3. CHANGES IN LONG TERM LIABILITIES

Changes in the City's long-term liabilities for the year ended September 30, 2022 are as follows:

	Balance September 30, 2021	Additions	Reductions	Adjustments	Balance September 30, 2022	Due Within One Year
<i>Governmental activities</i>						
Bonds payable						
Bonded debt	\$ 5,527,240	\$ 31,365,000	\$ (417,960)	\$ -	\$ 36,474,280	\$ 519,360
Premium on bonds	362,714	-	(28,061)	-	334,653	-
Total bonds payable	5,889,954	31,365,000	(446,021)	-	36,808,933	519,360
Notes and Leases payable						
Capital One LED Note	209,840	-	(103,131)	-	106,709	106,709
First Capital Equipment Lease	256,539	-	(111,076)	-	145,463	115,766
John Deere Lease	25,298	-	(7,937)	-	17,361	8,423
First Capital Equipment Lease	74,921	-	(13,676)	-	61,245	14,301
First Capital Lease	283,857	-	-	(283,857)	-	-
First Capital Equipment Lease	194,824	-	(30,042)	-	164,782	31,103
Total notes and leases payable	1,045,279	-	(265,862)	(283,857)	495,560	276,302
Subtotal	6,935,233	31,365,000	(711,883)	(283,857)	37,304,493	795,662
Compensated absences	291,363	18,434	-	-	309,797	-
Net pension liability						
TMRS	2,274,232	-	(490,406)	(7,564)	1,776,262	-
Firemen's retirement plan	18,321	-	-	-	18,321	-
Total net pension liability	2,292,553	-	(490,406)	(7,564)	1,794,583	-
Governmental activities long-term liabilities	\$ 9,227,786	\$ 31,365,000	\$ (1,202,289)	\$ (291,421)	\$ 39,099,076	\$ 795,662
<i>Business-type activities</i>						
Bonds payable						
Bonded debt	\$ 42,567,760	\$ -	\$ (26,347,040)	\$ -	\$ 16,220,720	\$ 1,095,640
Premium on bonds	4,164,988	-	(212,490)	-	3,952,498	-
Total bonds payable	46,732,748	-	(26,559,530)	-	20,173,218	1,095,640
Notes and Leases payable						
Government Capital Corporation Lease	43,330	-	(10,285)	-	33,045	10,642
First Capital Equipment Lease	369,935	-	(57,044)	-	312,892	59,060
First Capital Lease	-	-	(43,842)	283,857	240,015	45,174
Total notes and leases payable	413,266	-	(111,171)	283,857	585,952	114,876
Claims payable	3,777,795	-	-	3,777,795	3,777,795	-
Compensated absences	120,743	-	(29,154)	-	91,589	-
Subtotal	51,044,552	-	(26,699,855)	4,061,652	24,628,554	1,210,516
Net pension liability - TMRS	659,195	-	(117,042)	-	542,153	-
Business-type activities long-term liabilities	\$ 51,703,747	\$ -	\$ (26,816,897)	\$ 4,061,652	\$ 25,170,707	\$ 1,210,516

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE J – OTHER ASSETS AND PAYABLES

1. COMPONENT UNITS

Other Non-Current Liabilities - Component Unit

TIRZ #2 has accrued expenses of \$2,499,696 for completed infrastructure by developers. These amounts will be reimbursed to the extent that future tax increment funding becomes available.

NOTE K – TEXAS MUNICIPAL RETIREMENT SYSTEM BENEFIT PLAN

Plan Description

The City of Donna participates as one of 892 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmr.org.

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

**CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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

Benefits Provided

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

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

Employees covered by benefit terms

At the December 31, 2021, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	40
Inactive employees entitled to but not yet receiving benefits	100
Active employees	149
Total	<u>289</u>

Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 11.11% and 11.03% in calendar years 2021 and 2022, respectively. The city's contributions to TMRS for the year ended September 30, 2022, were \$853,691, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2021, 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, 2021 actuarial valuations was determined using the following actuarial assumptions:

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

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2109 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public and Private Markets	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	10.0%	10.00%
Total	100.0%	

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

Discount Rate

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

Schedule of Changes in Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2020	\$ 13,172,448	\$ 10,196,497	\$ 2,975,951
Changes for the year			
Service cost	1,015,082	-	1,015,082
Interest	903,604	-	903,604
Difference between expected/actual experience	55,642	-	55,642
Changes of assumptions	-	-	-
Contributions - employer	-	789,191	(789,191)
Contributions - employee	-	497,241	(497,241)
Net investment income	-	1,333,219	(1,333,219)
Benefit payments, including refunds of employee contributions	(543,634)	(543,634)	-
Administrative expenses	-	(6,150)	6,150
Other charges	-	42	(42)
Net changes	<u>1,430,694</u>	<u>2,069,909</u>	<u>(639,215)</u>
Balance at December 31, 2021	<u>\$ 14,603,142</u>	<u>\$ 12,266,406</u>	<u>\$ 2,336,736</u>

Net pension liability amount is in the primary government on the statement of net position.

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 2,743,900	\$ 2,336,736	\$ 353,125
Total net pension liability	<u>\$ 2,743,900</u>	<u>\$ 2,336,736</u>	<u>\$ 353,125</u>

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2022, the City recognized pension expense of \$569,435 for the TMRS pension plan. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to TMRS pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ 93,323	\$ 19,859
Changes in actuarial assumptions	41,922	-
Differences between projected and actual investment earnings (net of current year amortization)	-	673,468
Contributions subsequent to the measurement date	<u>628,968</u>	<u>-</u>
Total	<u>\$ 764,213</u>	<u>\$ 693,327</u>

The city includes contributions made subsequent to the measurement date (12/31/2021 through the City's fiscal year end (9/30/2022) as deferred outflows resources.

\$628,968 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	City
Year ended September 30,	
2023	\$ (76,475)
2024	(224,770)
2025	(131,848)
2026	(124,989)
Thereafter	-
	<u>\$ (558,082)</u>

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE L – FIREMEN’S PENSION PLAN

Plan Description

The Texas Emergency Services Retirement System (TESRS) administers a cost-sharing multiple employer pension system (the System) established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. Direct financial activity for the System is classified in the financial statements as pension trust funds. The System issues a stand-alone financial report that is available to the public at www.tesrs.org.

Of the nine-member state board of trustees, at least five trustees must be active members of the pension system, one of whom must represent emergency medical services personnel. One trustee may be a retiree of the pension system, and three trustees must be persons who have experience in the fields of finance, securities investment, or pension administration. At August 31, 2020, there were 238 fire and/or emergency services member departments participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

Benefits Provided

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

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

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

Covered Membership

On August 31, 2020, the pension system membership consisted of:

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

Funding Policy

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

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

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE L – FIREMEN’S PENSION PLAN (CONTINUED)

The board rule defining contributions was amended in 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the state are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted every two years based on the most recent actuarial valuation. Based on the August 31, 2020 actuarial valuation, the Part Two contributions are not required for an adequate contribution arrangement.

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

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

Contributions Required and Contributions Made:

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions are set by board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2020, total contributions of \$10,728 were paid into TESRS by the City.

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

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

Net Pension Liability

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

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

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE L – FIREMEN’S PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the PubS-2010 (public safety) below-median income mortality tables for employees and for retirees, projected for mortality improvement generationally using projection scale MP-2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (currently 4.6%) and by adding expected inflation (3.0%). In addition, the final 7.5% assumption was selected by rounding down. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities		
Large cap domestic	20%	5.83%
Small cap domestic	10%	5.94%
Developed international	15%	6.15%
Emerging markets	5%	7.25%
Global infrastructure	5%	6.41%
Real Estate	10%	4.48%
Multi asset income	5%	3.84%
Fixed income	30%	1.99%
Cash	0%	0.00%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. No projection of cash flows was used to determine the discount rate because the August 31, 2020 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method, the pension plan’s fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE L – FIREMEN’S PENSION PLAN (CONTINUED)

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

The following presents the net pension liability for the Firemen’s Relief pension, calculated using the discount rate of 7.5%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

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

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

At September 30, 2020, the City reported its proportionate share of TERSRS’ deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

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

Year ended August 31,	Net Deferred Outflows Minus Deferred Inflows of Resources
2022	\$ (4,839)
2023	(2,980)
2024	(5,624)
2025	(4,463)
	\$ (17,906)

**2022 Texas Emergency Services Retirement System (TERSRS) report was not available at the time of the City of Donna's financial report release.*

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE M – CONSTRUCTION AND IMPROVEMENT COMMITMENTS

At September 30, 2022, the City had the following contractual commitments outstanding:

The City of Donna and Donna International Bridge Project

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

- Phase 1
 - Construction was completed during October 2020.
- Phase 2 – Two Proposals Combined into a Single Project
 - FY 2016 – Northbound Empty Commercial Inspection Facilities.
 - FY 2017 – Loaded Commercial Inspection Facilities – GSA and CBP requested a planning study related to commercial traffic at the Donna-Rio Bravo International Bridge which was completed October 2017. This planning study was used to justify the size of the facilities and provide design direction for CBP Facilities Management & Engineering. The project plans are complete. The timeline for the project is to begin July 2020. Project construction estimate is 18 months. The estimated construction cost is \$43,900,000. It will include latest technology available for 100% Non-Intrusive Inspection (NII) of commercial vehicles, NII Command Center, Secondary Inspection Loading Docks, Cargo Processing Offices, Exit Control booth and Roadway Improvements.
- Phase 3 and 4 Future DAP Applications
 - TBD – Expansion Northbound Commercial Secondary Dock (Will be necessitated by Truck Crossing Volumes).

NOTE N – FUND BALANCES

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

Nonspendable: The City's nonspendable fund balances totaled \$30,571 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 \$7,066,983 and represented \$5,343,897 in local and state and \$1,723,086 in debt service.
- Unassigned:
The unassigned fund balances totaled \$4,378,947, in the general fund and \$171,767 in other governmental funds.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE O – CONTINGENCIES

Litigation

The City maintains general liability and automotive liability insurance in addition to contractor, law enforcement and public officials' policies designed to minimize the City's exposure to claims. The extent to which insurance coverage may satisfy claims, if any, is not known. The City is in active litigation in several suits which it intends to vigorously defend.

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

City International Bridge Fund

All financial projections for the City International Bridge Fund operations were based on having both passenger and commercial traffic. The projections for a combination of both passenger and commercial traffic indicated that in the near term the international bridge would have been a self-supporting operation. However, since the bridge opened in December 2010 as a passenger traffic only international bridge, the City has and will have to continue providing a significant level of debt service funding for the debts of the international bridge with a levy of taxes and assistance from other funds of the City.

NOTE P – SUBSEQUENT EVENTS

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

NOTE Q – PRIOR PERIOD ADJUSTMENT

Business Type Activities

During fiscal year 2021 the City understated capital assets by \$330,998 and net pension by \$6,610. The effect of these adjustments increased prior period's business-type activities net position by \$324,388.

Component Unit

During fiscal year 2021 the City overstated cash by \$35,208. The effect of these adjustment decreased prior period's component unit net position by \$35,208.

CITY OF DONNA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

EXHIBIT 5-A

	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
REVENUES				
Property taxes	\$ 4,805,966	\$ 4,805,966	\$ 5,015,970	\$ 210,004
Nonproperty taxes	4,000,734	4,000,734	4,760,505	759,771
Fees and charges for services	2,630,300	2,630,300	2,650,965	20,665
Fines and forfeitures	137,647	137,647	120,608	(17,039)
Licenses and permits	192,770	192,770	314,176	121,406
Intergovernmental	796,310	796,310	598,973	(197,337)
Investment earnings	1,250	1,250	15,976	14,726
Miscellaneous income	28,894	28,894	47,891	18,997
Total revenue	<u>12,593,871</u>	<u>12,593,871</u>	<u>13,525,064</u>	<u>931,193</u>
EXPENDITURES				
General government:				
City council	34,350	28,850	24,931	3,919
City manager	380,681	380,681	507,191	(126,510)
Municipal court	202,072	210,072	220,070	(9,998)
Finance	653,761	716,978	709,672	7,306
Information & technology	174,559	168,359	168,555	(196)
City hall	146,357	169,156	175,370	(6,214)
City secretary	90,143	88,688	90,736	(2,048)
Tax assessor collector	171,395	170,070	169,142	928
Planning and development	178,929	139,676	137,982	1,694
Non-departmental	925,272	1,395,065	556,816	838,249
Total general government	<u>2,957,519</u>	<u>3,467,595</u>	<u>2,760,465</u>	<u>707,130</u>
Public safety:				
Police	3,937,345	3,977,345	4,253,478	(276,133)
Fire	415,970	415,970	629,560	(213,590)
Inspections	87,939	105,939	109,749	(3,810)
Total public safety	<u>4,441,254</u>	<u>4,499,254</u>	<u>4,992,787</u>	<u>(493,533)</u>
Public works:				
Public works department	1,560,980	2,160,980	2,155,740	5,240
City vehicle maintenance	52,608	56,108	56,334	(226)
Sanitation	1,135,672	923,909	914,605	9,304
Street and roadways	1,253,522	630,522	551,988	78,534
Total public works	<u>4,002,782</u>	<u>3,771,519</u>	<u>3,678,667</u>	<u>92,852</u>

CITY OF DONNA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

EXHIBIT 5-A (Cont'd)

	Original Budget	Final Budget	Actual	Variance from Final
EXPENDITURES (Continued)				
Culture and recreation:				
Community support	35,500	62,500	60,016	2,484
Parks and recreation	451,025	506,025	483,166	22,859
Swimming pool	69,101	72,101	69,792	2,309
Library	364,447	364,447	309,338	55,109
Total culture and recreation	<u>920,073</u>	<u>1,005,073</u>	<u>922,312</u>	<u>82,761</u>
Public health:				
Code enforcement and health inspections	132,996	174,996	180,978	(5,982)
Animal control	138,284	183,284	185,150	(1,866)
Cemetery	83,044	84,044	79,520	4,524
Total public health	<u>354,324</u>	<u>442,324</u>	<u>445,648</u>	<u>(3,324)</u>
Capital outlay	<u>585,246</u>	<u>155,438</u>	<u>170,387</u>	<u>(14,949)</u>
Total capital outlay	<u>585,246</u>	<u>155,438</u>	<u>170,387</u>	<u>(14,949)</u>
Debt service:				
Principal retirement	410,863	410,863	558,722	(147,859)
Interest and fiscal agent fees	25,831	25,831	28,209	(2,378)
Total debt service	<u>436,694</u>	<u>436,694</u>	<u>586,931</u>	<u>(150,237)</u>
Total expenditures	<u>13,697,892</u>	<u>13,777,897</u>	<u>13,557,197</u>	<u>220,700</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,104,021)</u>	<u>(1,184,026)</u>	<u>(32,133)</u>	<u>1,151,893</u>
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	-	16,276	16,276
Capital lease proceeds	504,793	504,793	-	(504,793)
Transfers in	300,000	300,000	403,857	103,857
Transfers (out)	(25,219)	(25,219)	(25,219)	-
Total other financing sources (uses)	<u>779,574</u>	<u>779,574</u>	<u>394,914</u>	<u>(384,660)</u>
NET CHANGE IN FUND BALANCE	<u>(324,447)</u>	<u>(404,452)</u>	<u>362,781</u>	<u>767,233</u>
FUND BALANCE, BEGINNING	<u>3,935,738</u>	<u>3,515,526</u>	<u>4,046,737</u>	<u>531,211</u>
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 3,611,291</u>	<u>\$ 3,111,074</u>	<u>\$ 4,409,518</u>	<u>\$ 1,298,444</u>

CITY OF DONNA, TEXAS
NOTES TO BUDGETARY COMPARISON SCHEDULE
SEPTEMBER 30, 2022

1. Budgetary Expenditures in Excess of Appropriations

During the year ended September 30, 2022, expenditures exceeded appropriations as follows in the General Fund.

Department	General fund Excess of Expenditures Over Appropriations
City Manager	\$ 126,510
Municipal Court	9,998
Information & Technology	196
City Hall	6,214
City Secretary	2,048
Police	276,113
Fire	213,590
Inspections	3,810
City Vehicle Maintenance	226
Code enforcement and health inspection	5,982
Animal Control	1,866
Capital Outlay	14,949
Principal retirement	147,859
Interest and fiscal agent fees	2,378
	<u>\$ 811,739</u>

2. Budgetary Basis of Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles.

CITY OF DONNA, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2022

EXHIBIT 5-B

	Plan Year Ended December 31,					
	2021	2020	2019	2018	2017	2016
A. Total pension liability						
Service Cost	\$ 1,015,082	\$ 880,735	\$ 847,124	\$ 790,000	\$ 567,001	\$ 546,200
Interest (on the Total Pension Liability)	903,604	814,221	711,120	643,876	529,082	477,136
Change in benefit terms	-	-	-	934,668	-	-
Difference between expected and actual experience	55,642	(11,289)	152,450	(104,734)	(18,136)	82,844
Changes of assumptions	-	-	126,333	-	-	-
Benefit payments, including refunds of employee contributions	(543,634)	(309,661)	(343,154)	(379,827)	(467,109)	(226,986)
Net change in total pension liability	1,430,694	1,374,006	1,493,873	1,883,983	610,838	879,194
Total pension liability - beginning	13,150,965	11,776,959	10,283,086	8,399,103	7,788,265	6,909,071
Total pension liability - ending (a)	\$ 14,581,659	\$ 13,150,965	\$ 11,776,959	\$ 10,283,086	\$ 8,399,103	\$ 7,788,265
B. Plan fiduciary net position						
Contributions - Employer	\$ 789,191	\$ 684,222	\$ 655,367	\$ 495,296	\$ 405,473	\$ 329,520
Contributions - Employee	497,241	431,431	409,239	337,967	284,212	285,881
Net Investment Income	1,333,219	664,578	1,075,485	(200,772)	788,860	335,867
Benefit payments, including refunds of employee contributions	(543,634)	(309,661)	(343,154)	(379,827)	(467,109)	(226,986)
Administrative Expenses	(6,150)	(4,288)	(6,062)	(3,874)	(4,083)	(3,789)
Other	42	(167)	(182)	(202)	(207)	(204)
Net change in plan fiduciary net position	2,069,909	1,466,115	1,790,693	248,588	1,007,146	720,289
Plan fiduciary net position - beginning	10,196,498	8,730,383	6,939,690	6,691,102	5,683,956	4,963,667
Plan fiduciary net position - ending (b)	\$ 12,266,407	\$ 10,196,498	\$ 8,730,383	\$ 6,939,690	\$ 6,691,102	\$ 5,683,956
C. Net pension liability - ending (a) - (b)	\$ 2,315,252	\$ 2,954,467	\$ 3,046,576	\$ 3,343,396	\$ 1,708,001	\$ 2,104,309
D. Plan fiduciary net position as a percentage of total pension liability	84.12%	77.53%	74.13%	67.49%	79.66%	72.98%
E. Covered employee payroll	\$ 7,103,443	\$ 6,163,299	\$ 6,082,718	\$ 5,482,305	\$ 4,736,848	\$ 4,636,673
F. Net position liability as a percentage of covered employee payroll	32.59%	47.94%	50.09%	60.99%	36.06%	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, 2022

EXHIBIT 5-C

	Fiscal Year Ended September 30,					
	2022	2021	2020	2019	2018	2017
Actuarial determined contribution	\$ 853,691	\$ 727,398	\$ 674,856	\$ 616,810	\$ 447,760	\$ 383,354
Contributions in relation to the actuarially determined contribution	<u>(853,691)</u>	<u>(727,398)</u>	<u>(674,856)</u>	<u>(616,810)</u>	<u>(447,760)</u>	<u>(383,354)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered employee payroll	\$ 7,725,046	\$ 6,553,876	\$ 6,082,718	\$ 5,825,341	\$ 5,226,060	\$ 4,686,623
Contributions as a percentage of covered employee payroll	11.05%	11.10%	11.09%	10.59%	8.57%	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; 12% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of period 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, 2022

EXHIBIT 5-D

Plan Year	August 31, 2021	August 31, 2020	August 31, 2019	August 31, 2018	September 30, 2017 2016	
A. Total pension liability						
Service Cost	\$ - *	\$ 4,292	\$ 2,687	\$ 3,012	\$ 3,792	\$ 318
Interest (on the Total Pension Liability)	-	25,298	15,196	18,719	22,534	1,203
Changes of benefit terms	-	6,875	-	5,340	-	-
Actuarial determined contribution	-	-	-	-	-	-
Difference between expected and actual experience	-	(4,520)	-	(171)	-	1,096
Changes of assumptions	-	(156)	-	-	-	-
Benefit payments, including refunds of employee contributions	-	(15,828)	(9,262)	(11,037)	(11,977)	(2,400)
Net change in total pension liability	-	15,960	8,621	15,863	14,349	217
Total pension liability - beginning	-	330,052	198,021	244,040	292,959	29,772
Total pension liability - ending (a)	\$ -	\$ 346,013	\$ 206,641	\$ 259,903	\$ 307,308	\$ 29,989
B. Plan fiduciary net position						
Contributions - City	\$ -	\$ 8,637	\$ 5,012	7,747	\$ 11,929	\$ -
Contributions - State	-	3,057	1,914	2,514	3,770	-
Contributions - Employer	-	-	-	-	-	2,400
Net Investment Income	-	28,041	1,642	21,383	23,268	-
Benefit payments, including refunds of employee contributions	-	(15,828)	(9,262)	(11,037)	(11,977)	(2,400)
Administrative Expenses	-	(737)	(327)	(299)	(439)	-
Other	-	-	-	-	-	(250)
Net change in plan fiduciary net position	-	23,171	(1,020)	20,308	26,551	(250)
Plan fiduciary net position - beginning	-	264,858	166,844	198,676	223,634	1,016
Plan fiduciary net position - ending (b)	\$ -	\$ 288,028	\$ 165,824	\$ 218,984	\$ 250,185	\$ 766
C. Net pension liability - ending (a) - (b)	\$ -	\$ 57,985	\$ 40,818	\$ 40,919	\$ 57,123	\$ 29,223
D. Plan fiduciary net position as a percentage of total pension liability						
	0.00%	83.24%	80.25%	84.26%	81.41%	2.55%
E. Number of Active Members		8	8	5	7	10
F. System's Net Pension Liability per Active Member	\$ -	\$ -	\$ 6,938	\$ 7,657	\$ 5,846	\$ 5,932

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

* At the time of release of the financial report the Firemen's Pension report was not available from Texas Emergency Services Retirement System (TESRS).

CITY OF DONNA, TEXAS
SCHEDULE OF CONTRIBUTIONS
FIREMEN'S RELIEF AND RETIREMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

EXHIBIT 5-E

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

NOTES TO SCHEDULE OF CONTRIBUTIONS

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age
Amortization Method	Level dollar
Remaining Amortization period	30 years
Asset Valuation Method	Market value adjusted for unrecognized gains and losses from prior years
Inflation	3.0%
Salary Increases	N/A
Investment Rate of Return	7.5 percent, net of pension plan investment expense, including inflation
Retirement Age	Age 55 with 20 years' experience
Mortality	200 RP Mortality Tables for males and females with Blue Collar adjustment

Other Information:

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

* At the time of release of the financial report the Firemen's Pension report was not available from Texas Emergency Services Retirement System (TESRS).

**CITY OF DONNA, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

CITY OF DONNA, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

EXHIBIT 6-A

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 161,103	\$ -	\$ 161,103
Receivables, net:			
Property taxes	224,404	-	224,404
Accounts	25,001	-	25,001
Due from other funds	49,899	-	49,899
Due from component units	(81,252)	-	(81,252)
Total assets	<u>\$ 379,155</u>	<u>\$ -</u>	<u>\$ 379,155</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 582	\$ -	\$ 582
Accrued liabilities	60,580	-	60,580
Due to other funds	42,228	-	42,228
Total liabilities	<u>103,390</u>	<u>-</u>	<u>103,390</u>
Fund balances:			
Restricted for			
Tourism	3,256	-	3,256
Fire equipment debt service	52,532	-	52,532
Law enforcement	(3,787)	-	(3,787)
Park improvements	51,997	-	51,997
Unassigned	171,767	-	171,767
Total fund balances	<u>275,765</u>	<u>-</u>	<u>275,765</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 379,155</u>	<u>\$ -</u>	<u>\$ 379,155</u>

CITY OF DONNA, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

EXHIBIT 6-B

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
REVENUES			
Nonproperty taxes	\$ 133,783	\$ -	\$ 133,783
Fines and forfeitures	24,198	-	24,198
Charges for services	131,815	-	131,815
Miscellaneous income	1,638	-	1,638
Interest and investment income	322	-	322
Total revenues	<u>301,756</u>	<u>-</u>	<u>301,756</u>
EXPENDITURES			
Current:			
General government	529,537	-	529,537
Tourism	8,675	-	8,675
Public safety	6,838	-	6,838
Culture and recreation	5,820	-	5,820
Capital outlay	7,388	-	7,388
Total expenditures	<u>558,258</u>	<u>-</u>	<u>558,258</u>
EXCESS (DEFICIENCY) OF REVENUES (OVER) UNDER EXPENDITURES	<u>(256,502)</u>	<u>-</u>	<u>(256,502)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	384,219	(2,848)	381,371
Transfers (out)	<u>(63,035)</u>	<u>-</u>	<u>(63,035)</u>
Total other financing sources (uses)	<u>321,184</u>	<u>(2,848)</u>	<u>318,336</u>
NET CHANGE IN FUND BALANCES	64,682	(2,848)	61,834
FUND BALANCES, BEGINNING	<u>211,083</u>	<u>2,848</u>	<u>213,931</u>
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 275,765</u>	<u>\$ -</u>	<u>\$ 275,765</u>

CITY OF DONNA, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2022

	Hotel Occupancy Tax	Fire Equipment Service Fee	Texas Confiscated Forfeitures
ASSETS			
Cash and investments	\$ 80,482	\$ 44,165	\$ 26,575
Receivables, net:			
Taxes	-	-	-
Accounts	18,054	6,947	-
Due from other funds	-	1,420	-
Due from component unit	(81,252)	-	-
Prepaid expense	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 17,284</u>	<u>\$ 52,532</u>	<u>\$ 26,575</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 582	\$ -	\$ -
Accrued liabilities	2,580	-	-
Due to other funds	10,866	-	30,362
Unearned revenues	-	-	-
Total liabilities	<u>14,028</u>	<u>-</u>	<u>30,362</u>
Fund balances:			
Restricted for			
Tourism	3,256	-	-
Fire equipment debt service	-	52,532	-
Law enforcement	-	-	(3,787)
Park improvements	-	-	-
Unassigned	-	-	-
Total fund balances	<u>3,256</u>	<u>52,532</u>	<u>(3,787)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,284</u>	<u>\$ 52,532</u>	<u>\$ 26,575</u>

EXHIBIT 6-C

Parks Improvement Fee	Wastewater Impact Fee	Tax Increment Reinvestment Zone One	Total Nonmajor Special Revenue Funds
\$ 7,753	\$ 500	\$ 1,628	\$ 161,103
-	-	224,404	224,404
-	-	-	25,001
44,744	-	3,735	49,899
-	-	-	(81,252)
-	-	-	-
<u>\$ 52,497</u>	<u>\$ 500</u>	<u>\$ 229,767</u>	<u>\$ 379,155</u>
\$ -	\$ -	\$ -	\$ 582
-	-	58,000	60,580
500	500	-	42,228
-	-	-	-
<u>500</u>	<u>500</u>	<u>58,000</u>	<u>103,390</u>
-	-	-	3,256
-	-	-	52,532
-	-	-	(3,787)
51,997	-	-	51,997
-	-	171,767	171,767
<u>51,997</u>	<u>-</u>	<u>171,767</u>	<u>275,765</u>
<u>\$ 52,497</u>	<u>\$ 500</u>	<u>\$ 229,767</u>	<u>\$ 379,155</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, 2022

	Hotel Occupancy Tax	Fire Equipment	Texas Confiscated Forfeitures	Tax Note Equipment
REVENUES				
Nonproperty taxes	\$ 133,783	\$ -	\$ -	\$ -
Charges for services	24,494	75,821	-	-
Fines and forfeitures	-	-	24,198	-
Intergovernmental revenue	10,000	-	-	-
Miscellaneous income	1,633	-	-	-
Interest and investment income	10	312	-	-
Total revenues	<u>169,920</u>	<u>76,133</u>	<u>24,198</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	334,537	-	-	-
Tourism development	8,675	-	-	-
Public safety	-	-	6,838	-
Culture and recreation	5,820	-	-	-
Capital outlay	-	-	7,388	-
Total expenditures	<u>349,032</u>	<u>-</u>	<u>14,226</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(179,112)</u>	<u>76,133</u>	<u>9,972</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Transfers in	25,219	-	-	-
Transfers (out)	-	(63,035)	-	-
Total other financing sources (uses)	<u>25,219</u>	<u>(63,035)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(153,893)	13,098	9,972	-
FUND BALANCES, BEGINNING	<u>157,149</u>	<u>39,434</u>	<u>(13,759)</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 3,256</u>	<u>\$ 52,532</u>	<u>\$ (3,787)</u>	<u>\$ -</u>

EXHIBIT 6-D

Parks Improvement Fee	Urban County CDBG Program	Wastewater Impact Fee	Tax Increment Reinvestment Zone One	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 133,783
31,500	-	-	-	131,815
-	-	-	-	24,198
-	-	-	-	10,000
5	-	-	-	1,638
-	-	-	-	322
<u>31,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>301,756</u>
-	-	-	195,000	529,537
-	-	-	-	8,675
-	-	-	-	6,838
-	-	-	-	5,820
-	-	-	-	7,388
<u>-</u>	<u>-</u>	<u>-</u>	<u>195,000</u>	<u>558,258</u>
<u>31,505</u>	<u>-</u>	<u>-</u>	<u>(195,000)</u>	<u>(256,502)</u>
-	-	-	-	-
-	-	-	359,000	384,219
-	-	-	-	(63,035)
<u>-</u>	<u>-</u>	<u>-</u>	<u>359,000</u>	<u>321,184</u>
31,505	-	-	164,000	64,682
<u>20,492</u>	<u>-</u>	<u>-</u>	<u>7,767</u>	<u>211,083</u>
<u>\$ 51,997</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,767</u>	<u>\$ 275,765</u>

**CITY OF DONNA, TEXAS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

EXHIBIT 6-E

	Certificate of Obligation Series 2017	Total Nonmajor Capital Projects Funds
ASSETS		
Cash and investments	\$ -	\$ -
Receivables-other	-	-
Due from general fund	-	-
Due from component units	-	-
Long-term investments	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ -	\$ -
Due to other funds	-	-
Total liabilities	<u>-</u>	<u>-</u>
Fund balances:		
Restricted	-	-
Total fund balances	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</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, 2022

EXHIBIT 6-F

	Certificate of Obligation Series 2017	Total Nonmajor Capital Projects Funds
REVENUES		
Interest and investment income	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>
EXPENDITURES		
Capital outlay	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	(2,848)	(2,848)
Transfers (out)	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,848)</u>	<u>(2,848)</u>
NET CHANGE IN FUND BALANCES	(2,848)	(2,848)
FUND BALANCES, BEGINNING	<u>2,848</u>	<u>2,848</u>
FUND BALANCES, ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF DONNA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

EXHIBIT 7-A

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
REVENUES				
Property taxes	\$ 1,428,225	\$ 1,428,225	\$ 1,463,183	\$ 34,958
Interest and investment income	185	185	8,297	8,112
Total revenue	<u>1,428,410</u>	<u>1,428,410</u>	<u>1,471,480</u>	<u>43,070</u>
EXPENDITURES				
Debt service:				
Principal retirement	417,960	417,960	417,960	-
Interest and fiscal agent fees	224,582	244,582	856,870	(612,288)
Issuance costs	-	-	522,470	(522,470)
Total expenditures	<u>642,542</u>	<u>662,542</u>	<u>1,797,300</u>	<u>(1,134,758)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>785,868</u>	<u>765,868</u>	<u>(325,820)</u>	<u>(1,091,688)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Refunding Bond	-	-	26,175,000	26,175,000
Escrow on Refunding bond	-	-	(27,801,052)	27,801,052
Transfers in	315,175	315,175	2,466,942	(2,151,767)
Transfers out	<u>(1,070,000)</u>	<u>(1,070,000)</u>	<u>(1,070,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(754,825)</u>	<u>(754,825)</u>	<u>(229,110)</u>	<u>51,824,285</u>
NET CHANGE IN FUND BALANCE	31,043	11,043	(554,929)	(565,972)
FUND BALANCE, BEGINNING	2,331,585	2,331,585	2,331,585	-
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 2,362,628</u>	<u>\$ 2,342,628</u>	<u>\$ 1,776,656</u>	<u>\$ (565,972)</u>

Governmental

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

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

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

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

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

**CITY OF DONNA, TEXAS
COMBINING BALANCE SHEET
COMPONENT UNITS
SEPTEMBER 30, 2022**

EXHIBIT 8-A

	Donna Economic Development Corporation	Development Corporation of Donna	Tax Reinvestment Zone Two	Total Funds
ASSETS				
Cash and investments	\$ 9,074	\$ 238,984	\$ 14,775	\$ 262,833
Restricted cash and investments	597,908	493,275	-	1,091,183
Receivables, net:				
Taxes	275,586	275,586	65,334	616,506
Accounts	13,087	181,128	-	194,215
Due from other funds	-	595,397	-	595,397
Due from primary government	<u>-</u>	<u>511</u>	<u>-</u>	<u>511</u>
 Total assets	 <u>\$ 895,655</u>	 <u>\$ 1,784,881</u>	 <u>\$ 80,109</u>	 <u>\$ 2,760,645</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 73	\$ 1,383	\$ 55,000	\$ 56,456
Accrued liabilities	1,886	1,886	-	3,772
Due to primary government	60,000	20,226	-	80,226
Due to other funds	<u>595,397</u>	<u>-</u>	<u>-</u>	<u>595,397</u>
Total liabilities	<u>657,356</u>	<u>23,495</u>	<u>55,000</u>	<u>735,851</u>
 Fund balances:				
Restricted for				
Debt service	597,908	1,761,386	-	2,359,294
Unassigned	<u>(359,609)</u>	<u>-</u>	<u>25,109</u>	<u>(334,500)</u>
Total fund balances	<u>238,299</u>	<u>1,761,386</u>	<u>25,109</u>	<u>2,024,794</u>
 Total liabilities and fund balances	 <u>\$ 895,655</u>	 <u>\$ 1,784,881</u>	 <u>\$ 80,109</u>	 <u>\$ 2,760,645</u>

CITY OF DONNA, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

EXHIBIT 8-B

	Donna Economic Development Corporation	Development Corporation of Donna	Tax Reinvestment Zone Two	Total Funds
REVENUES				
Nonproperty taxes	\$ 1,565,272	\$ 1,565,272	\$ -	\$ 3,130,544
Property taxes	-	-	26,293	26,293
Charges for services	-	12,100	-	12,100
Interest	2,971	5,717	-	8,688
Miscellaneous income	44,200	-	-	44,200
Total revenues	<u>1,612,443</u>	<u>1,583,089</u>	<u>26,293</u>	<u>3,221,825</u>
EXPENDITURES				
Current:				
Economic development	365,720	380,350	5,000	751,070
Capital outlay	454,549	-	-	454,549
Debt service:				
Principal retirement	885,583	190,000	-	1,075,583
Interest and fees	<u>165,014</u>	<u>78,300</u>	<u>-</u>	<u>243,314</u>
Total expenditures	<u>1,870,866</u>	<u>648,650</u>	<u>5,000</u>	<u>2,524,516</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(258,423)</u>	<u>934,439</u>	<u>21,293</u>	<u>697,309</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	376,969	-	-	376,969
Transfers (out)	-	(101,838)	-	(101,838)
Transfers (out) to primary government	<u>(126,070)</u>	<u>(126,070)</u>	<u>-</u>	<u>(252,140)</u>
Total other financing sources (uses)	<u>250,899</u>	<u>(227,908)</u>	<u>-</u>	<u>22,991</u>
NET CHANGE IN FUND BALANCES	<u>(7,524)</u>	<u>706,531</u>	<u>21,293</u>	<u>720,300</u>
FUND BALANCES, BEGINNING	<u>245,823</u>	<u>1,054,855</u>	<u>39,024</u>	<u>1,339,702</u>
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>(35,208)</u>	<u>(35,208)</u>
FUND BALANCES, ENDING	<u>\$ 238,299</u>	<u>\$ 1,761,386</u>	<u>\$ 25,109</u>	<u>\$ 2,024,794</u>

CITY OF DONNA, TEXAS
RECONCILIATION OF THE DONNA ECONOMIC DEVELOPMENT CORPORATION
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

EXHIBIT 8-C

Fund balance of the component unit fund	\$ 238,299
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.	3,024,440
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.	(3,931,557)
Included in the noncurrent assets/liabilities is the recognition of the component unit's net pension asset/(liability) requires by GASB 68 in the amount of \$(10,541), a deferred resource outflow in the amount of \$2344, and a deferred resource inflow in the amount of (\$1,112). This results in an increase/(decrease) in net position by (\$9,309).	<u>(9,309)</u>
Accrued compensated absences and Pension reclass are not recorded in the financial funds.	<u>9,967</u>
Net position of component unit - Statement of Net Position	<u><u>\$(668,160)</u></u>

CITY OF DONNA, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF THE
DONNA ECONOMIC DEVELOPMENT CORPORATION
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

EXHIBIT 8-D

Net change in fund balances	\$ (7,524)
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.	(2,004,001)
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.	883,679
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Accrued compensated absences, and net pension in the statement of activities differ from the amount reported in governmental funds due to the changes in the calculated accrued Compensated absence and the reclass of net pension.	<div style="border-top: 1px solid black;">9,967</div>
Change in net position of governmental component unit - Statement of Activities	\$(<u>1,117,879</u>)

CITY OF DONNA, TEXAS
RECONCILIATION OF THE DEVELOPMENT CORPORATION OF DONNA, INC.
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

EXHIBIT 8-E

Fund balance of the component unit fund	\$ 1,761,386
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.	652,154
Long term liabilities applicable to the component unit's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term are reported in the statement of net assets.	(2,677,829)
Included in the noncurrent assets/liabilities is the recognition of the component unit's net pension asset/(liability) requires by GASB 68 in the amount of \$(10,540), a deferred resource outflow in the amount of \$2344, and a deferred resource inflow in the amount of (\$1,112). This results in an increasc/(decrease) in net position by (\$9,308).	(9,308)
Accrued compensated absences and Pension reclass are not recorded in the financial funds.	10,672
Net position of component unit - Statement of Net Position	<u>\$ (262,925)</u>

CITY OF DONNA, TEXAS
RECONCILIATION OF THE COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF THE
DEVELOPMENT CORPORATION OF DONNA, INC.
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

EXHIBIT 8-F

Net change in fund balances	\$ 706,531
Amounts reported for governmental activities in the statement of activities are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not report in the funds.	(232,237)
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.	187,206
Some pension-related expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>9,308</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Accrued compensated absences, and net pension in the statement of activities differ from the amount reported in governmental funds due to the changes in the calculated accrued Compensated abscece and the reclass of net pension.	<u>14,271</u>
Change in net position of governmental component unit - Statement of Activities	<u>\$ 685,079</u>

CITY OF DONNA, TEXAS RECONCILIATION OF THE TAX INCREMENT REINVESTMENT ZONE NUMBER TWO BALANCE SHEET TO THE STATEMENT OF NET POSITION SEPTEMBER 30, 2022	EXHIBIT 8-G
--	--------------------

Fund balance of the component unit fund	\$	25,109
---	----	--------

Amount reported for government type activities in the statement of net position are different because:

Long term liabilities applicable to the component unit's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term are reported in the statement of net assets.

(2,499,696)

Net position of component unit - Statement of Net Position	\$	<u>(2,474,587)</u>
--	----	--------------------