



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR **19 | 20**

FOR THE YEAR ENDED SEPTEMBER 30, 2020





**CITY OF EDINBURG, TX  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended  
September 30, 2020

Elected Officials

*Mayor*  
Richard Molina

*Mayor Pro-Tem*  
Jorge Salinas

*City Council Members*  
Vacant  
David White  
Johnny Garcia

City Manager  
Ron Garza

Director of Finance  
Dagoberto Soto Jr.

Independent Auditors  
Luis C. Orozco  
Certified Public Accountant

*Prepared by City of Edinburg Finance Department*

**CITY OF EDINBURG, TX**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED SEPTEMBER 30, 2020**

**TABLE OF CONTENTS**

	<u>Exhibit</u>	<u>Page</u>
<b><u>INTRODUCTORY SECTION</u></b>		
Letter of Transmittal .....		3
GFOA Certificate of Achievement.....		8
Current City Officials .....		9
City Organization Chart.....		10
Texas Map.....		11
<b><u>FINANCIAL SECTION</u></b>		
Independent Auditors' Report .....		17
Management's Discussion and Analysis (MD&A) .....		23
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Position.....	1-A	37
Statement of Activities .....	1-B	38
Fund Financial Statements		
Balance Sheet – Governmental Funds .....	2-A	41
Reconciliation of the Governmental Funds Balance Sheet to the Governmental Activities –		
Statement of Net Position .....	2-B	42
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental		
Funds .....	2-C	43
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of		
Governmental Funds to the Governmental Activities - Statement of Activities.....	2-D	44
Statement of Net Position – Proprietary Funds .....	3-A	45
Reconciliation of the Proprietary Funds Statement of Net Position to the Business-Type		
Activities – Statement of Net Position.....	3-B	47
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	3-C	48
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Net Position of		
Proprietary Funds to the Business-Type Activities – Statement of Activities .....	3-D	49
Statement of Cash Flows – Proprietary Funds .....	3-E	50
Statement of Fiduciary Net Position – Fiduciary Funds.....	4-A	52
Notes to Financial Statements .....		55
Required Supplementary Information		
General Fund Budgetary Comparison Schedule .....	5-A	115
Schedule of Changes in Net Pension Liability and Related Ratios		
Texas Municipal Retirement System (TMRS) .....	5-B	120
Schedule of Changes in Net Pension Liability and Related Ratios		
Texas Emergency Services Retirement System (TESRS) .....	5-C	121
Schedule of City's Contributions – (TMRS) .....	5-D	122
Schedule of City's Contributions – (TESRS).....	5-E	123
Schedule of Changes in Total OPEB Obligation and Related Ratios –		
Post-Retirement Medical Plan.....	5-F	124
Schedule of Changes in Total OPEB Obligation and Related Ratios –		
Post-Retirement Supplemental Death Benefits .....	5-G	125
Notes to Required Supplementary Information.....	5-H	116

Other Supplementary Information		
Combining Balance Sheet – Nonmajor Governmental Funds .....	6-A	131
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds .....	6-B	132
Combining Balance Sheet – Nonmajor Special Revenue Funds .....	6-C	133
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds .....	6-D	134
Debt Service Fund Budgetary Comparison Schedule .....	7-A	135
Combining Statement of Net Position – Nonmajor Enterprise Funds .....	8-A	139
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Enterprise Funds .....	8-B	141
Combining Statement of Cash Flows – Nonmajor Enterprise Funds .....	8-C	142
Statement of Changes in Assets and Liabilities – Developer’s Trust Escrow – Agency Fund .....	9-A	144
Balance Sheet – Boys’ and Girls’ Club of Edinburg, Inc. Component Unit .....	10-A	147
Reconciliation of the Component Unit Balance Sheet to the Discretely Presented Component Unit – Statement of Net Position – Boys’ and Girls’ Club of Edinburg, Inc. ....	10-B	148
Statement of Revenues, Expenditures and Changes in Fund Balance – Boys’ and Girls’ Club of Edinburg, Inc. Component Unit .....	10-C	149
Reconciliation of the Component Unit Statement of Revenues, Expenditures and Changes in Fund Balance to the Discretely Presented Component Unit – Statement of Activities – Boys’ and Girls’ Club of Edinburg, Inc. ....	10-D	150
Budgetary Comparison Schedule –Boys’ and Girls’ Club of Edinburg, Inc. Component Unit .....	10-E	151

## **STATISTICAL SECTION (UNAUDITED)**

Financial Trends	
Net Position by Component .....	157
Changes in Net Position .....	158
Fund Balances of Governmental Funds .....	160
Changes in Fund Balances of Governmental Funds .....	161
Revenue Capacity	
Assessed and Estimated Actual Value of Taxable Property .....	162
Property Tax Rates Direct and Overlapping Governments .....	163
Principal Taxpayers .....	164
Property Tax Levies and Collections .....	165
Debt Capacity	
Ratio of Outstanding Debt by Type .....	166
Ratio of General Bonded Debt Outstanding .....	167
Computation of Legal Debt Margin .....	168
Pledged Revenue Coverage .....	169
Demographic and Economic Information	
Demographic and Economic Statistics .....	170
Principal Employers .....	171
Operating Information	
Full-Time Equivalent City Government Employees by Function .....	172
Operating Indicators by Function .....	173
Capital Assets Statistics by Function .....	174

## **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 <i>Government Auditing Standards</i> .....	177
Independent Auditors’ Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance .....	179
Schedule of Findings and Questioned Costs .....	181
Schedule of Expenditures of Federal Awards .....	182
Notes to Schedule of Expenditures of Federal Awards .....	183
Summary Schedule of Prior Audit Findings .....	184



---

## INTRODUCTORY SECTION



March 22, 2021

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Edinburg, Texas:

As mandated by both state statutes and local ordinances, we hereby submit the Comprehensive Annual Financial Report (CAFR) of the City of Edinburg for the fiscal year ended September 30, 2020. This report has been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and by the American Institute of Certified Public Accountants in its industry audit guide “Audits of State and Local Governmental Units.”

The report contains management’s representations concerning the finances of the City of Edinburg. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Edinburg has established a comprehensive internal control framework that is designed both to protect the government’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Edinburg’s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Edinburg’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Charter of the City of Edinburg requires that the City Council appoint certified public accountants, who will be responsible to the Council, to perform an independent audit of all funds of the City on an annual basis. The City of Edinburg’s financial statements have been audited by Luis Orozco, CPA. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unmodified (“clean”) opinion that the City of Edinburg’s financial statements for the fiscal year ended September 30, 2020, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

The City of Edinburg is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996, and the U.S. Office of Management and Budget’s Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Edinburg’s single audit section of this report.

GASB requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Edinburg’s MD&A can be found immediately following the report of the independent auditors.



This report includes all funds of the City. In addition, the report includes the Edinburg Economic Development Corporation (EEDC) and the Boys and Girls Club which comply with Governmental Accounting Standards Board (GASB) No. 14, "The Financial Reporting Entity." GASB Statement No. 14 requires that outside agencies be included if they are financially dependent upon the City or the governing body of the City can impose its will upon these agencies.

The EEDC was organized on behalf of the City of Edinburg for the specific public purpose of the promotion and development of commercial, industrial and manufacturing enterprises to promote and encourage employment and public welfare. The EEDC is governed by a five-member board of directors, each of which is appointed by the City Council. Any director may be removed from office by the City Council for cause or at will. The EEDC's primary source of revenue is sales tax revenues generated by the City of Edinburg. Exercise of all powers to affect the purposes of the corporation is subject at all times to the control of the Edinburg City Council. In addition, the City must approve amendments to EEDC's bylaws and articles of incorporation. The EEDC is a discretely presented component unit and is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the City.

## **PROFILE OF THE GOVERNMENT**

The City was incorporated on September 19, 1919 under the laws of the State of Texas and adopted the Commission - Manager Form of government with the adoption of its Charter on April 1, 1949. A city charter election held on January 20, 1996 changed the City Commission to City Council and City Clerk to City Secretary.

The City Council is composed of the Mayor and four members, and is responsible for enacting ordinances, resolutions, and regulations governing the City, appointing members of various statutory and advisory boards and the City Manager, City Attorney, City Secretary, and Court Administrator. As chief administrative officer, the City Manager is responsible for the enforcement of laws and ordinances, and appoints and supervises the heads of departments of the City organization.

The City of Edinburg is the County Seat of Hidalgo County and is the third largest city in the Lower Rio Grande Valley. It is one of the major cities in the McAllen-Edinburg-Mission Metropolitan Statistical Area (MSA). The City is located about 226 miles south of San Antonio, 144 miles southwest of Corpus Christi and 20 miles north of the Mexican Border, on the north bank of the Rio Grande River directly across from Reynosa, Tamaulipas, Mexico. The City serves as the trade center for much of the Lower Rio Grande Valley. In addition, Edinburg is home to the University of Texas – Rio Grande Valley with a student population of approximately 29,619. The City has a semitropical climate, with 22 inches of average annual rainfall and 327 annual agricultural growing days. The lower Rio Grande Valley has rich, fertile delta soil, much of which is irrigated. Crops consist of vegetables, cotton, grain, sugarcane and citrus.

The City provides a full range of services including police and fire protection, health services, planning and engineering, code enforcement, street maintenance, traffic control, parks operation and maintenance, recreation, library services, and utility services which include water, sanitary sewer and solid waste collection.

The financial administration of the City is vested by charter in the Department of Finance, the head of which is the City Manager. The Department of Finance operates under the direction of the Director of Finance, who is appointed by the City Manager. Charter required activities of the Department of Finance are, control of, custody and disbursement of City funds. Other activities of the department include water, sanitary sewer and solid waste billing and collection, payroll processing, data processing, purchasing and the preparation of the annual budget and interim and annual financial reports.

In accordance with the City Charter, on or before August 15, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year.

The City Charter requires that the budget be submitted in summary form. In addition, more detailed itemized line item budgets are included for administrative control. The level of control for the detailed budget is at the line item basis. The budget is legally enacted through the passage of an ordinance on or before September 15. Please refer to Note 2A in Notes to Financial Statements for more detail on budgets and budgetary accountings.

## **FACTORS AFFECTING FINANCIAL CONDITION**

A growing population, diversified economy, decreasing unemployment rate, and increased income levels have all continued to benefit the City of Edinburg. Edinburg continues to receive additional benefits from the ever growing University of Texas Rio Grande Valley (UT RGV) and increased employment from the many county and state agencies located within the City itself. Generally, the economic outlook for the City of Edinburg is stable and should remain so for some time to come. The City of Edinburg has not experienced a drastic economic slowdown comparable at the National and State level. For Fiscal Year 2019-2020, taxable values, a prime indicator of an area's relative health and growth, increased \$250,419,436, which represents an increase of 5.30% more than the past fiscal year.

With the help of the Edinburg Economic Development Corporation, the City of Edinburg continues to see economic prosperity in the construction industry and is experiencing stable residential and commercial construction. For the fiscal year ending 2020, residential new construction and commercial construction permits totaled \$494,521.

**Local Economy.** The City of Edinburg enjoys a favorable economic environment and local indicators point to continued stability. The region is continuously undergoing growth from a variety of industries which include healthcare, entertainment and others. Recent and undergoing major activities include:

*Healthcare.* The University of Texas System Regents invested \$50 million in a Regional Academic Health Center (RAHC) in the Rio Grande Valley. The University split the health center into four components in the Rio Grande Valley. Edinburg received a \$20 million biomedical research facility that will help improve the quality of life throughout the region. The research facility will provide state-of-the-art laboratory space and equipment for scholars and scientists to conduct research on critical health problems facing the Texas-Mexico border. Construction of the planned 45,500 square foot Edinburg complex will feature a laboratory animal resource facility, a Level 3 biological safety laboratory, offices, and other high-tech equipment. The University of Texas System leadership moved forward with a bold, transformational plan and created a new university in South Texas. The plan resulted in a single institution that spans the entire Rio Grande Valley, with a presence in each of the major metropolitan area of Brownsville, Edinburg, Harlingen, and McAllen.

Edinburg is home to the University of Texas Rio Grande Valley (UT RGV) Medical School. Construction was completed in 2016 for the 88,000 GSF facility equipped with modern classroom space, auditorium, clinical skills center, pre-clinical M.D. labs, administrative space and a gross anatomy teaching facility to support an interprofessional, collaborative educational experience. Funding of \$54,000,000 was appropriated from Permanent University Fund (PUF) Bond Proceeds.

The impact the medical school will have on the economy of the Rio Grande Valley after 10 years is as follows: more than 2,300 jobs primarily in biotechnology, pharmaceuticals, research and medical devices, created in the Rio Grande Valley that pay an average of \$80,000 per year; as many as 600 students attending



medical school; more than 200 residents completing their training in local hospitals; and more than \$480 million each year in new economic activity across the Rio Grande Valley.

Furthermore, The Doctors Hospital at Renaissance completed construction of a 38,010 square foot conference center in December 2011. Four other construction projects are underway. The Doctors Hospital is spending approximately \$8 million to construct new buildings to house its Bariatric and Metabolic Institute, Urology Institute, and the Edinburg branch of Harvard Medical School- affiliated Joslin Diabetes Center. In addition, it is construction a 13,000 square foot expansion to its conference center on the hospital's campus as its fourth project. It is also currently undergoing an expansion and transformation to a teaching hospital to be a part of the Medical School. Total investment underway is \$200 million.

*Entertainment.* The City of Edinburg is the home of the RGV FC Toros, which is the 25<sup>th</sup> franchise of the United Soccer League (USL). The team began play in a 9,700 seat, soccer-specific stadium that located at the intersection of Freddy Gonzalez and Raul Longoria roads in March 2017.

A multipurpose event center was constructed off of I-69C in 2018. The anchor tenant at the arena is the NBA Development League Rio Grande Valley Vipers. The Vipers begun playing in the new facility in 2018. The 115,799 square foot arena was built on 40 acres of land located on the east side of I-69C on Alberta Road. It features 8,500 seats, 10 luxury suites, 1,200 club seats, a restaurant/club area, locker rooms, and offices for sports team personnel, offices for facility management, and a marquee, and is designed to host a variety of entertainment events, including sporting events such as basketball and ice hockey, concerts, family shows and trade shows. The entire property includes nine additional pad sites for the development of a future hotel, restaurants, and more parking spaces.

Due to the increase in companies locating their business at the City's industrial park located in the southwest quadrant of the city, the need to develop and build a second industrial park arose. The development of a 108-acre industrial park north of Edinburg moved forward with the approval of an engineering/construction contract funded by the Edinburg Economic Development Corporation. This North Industrial Park will help the City of Edinburg recruit new companies and provide local companies looking to relocate or expand within the City to relocate to the new industrial park along U.S. Highway 281 near Farm-to-Market Road 2812.

Holt Cat – Caterpillar Equipment, an engine dealer for South, Central, North and North East Texas, opened a 47,000-square foot full-service facility in Edinburg. The addition of a full-service store will help HOLT continue its strong commitment to serving the communities and businesses of South Texas and the Rio Grande Valley, where HOLT has been a dealer for more than 80 years.

Additional companies added to the North Industrial Park include: Fed/Ex Ground completed construction of a 120,000 square-foot warehouse that provides the shipping company quick access to U.S. 281. The Texas Department of Public Safety opened a new 25,000 square foot regional facility in November 2017. Fiesta Nissan, a 45,000 square foot sales and service automobile dealership, opened its facility in November 2016.

**Long-term Financial Planning.** Careful long-term financial planning is an important goal for the City. Currently, 63% of all U.S. - Mexico trade goods are transported by land flow through South Texas. Edinburg is strategically located on one of the major conduits for these goods. The City of Edinburg's transportation network, including U.S. Expressway 281, is scheduled to be expanded into Interstate Highway 69. The state will be spending \$120 million more to upgrade roads leading to U.S. 281, which runs through the heart of the City directly to San Antonio.

In addition, the City Council has completed and will continue to work on other projects to address significant issues in our community. The City Council updated the Water/Wastewater Master Plans and the Solid Waste Management Master Plan, plus also approved a \$30M General Obligation Bond. Projects include the Water Treatment Plant Expansion, the construction of a new \$2.7 million multi-use transit center, and the construction of a new Fire Station. Major infrastructure improvements throughout the City for drainage and retention ponds.

Additional bonds will be considered in the future for additional public facilities, streets, and drainage improvements. The City's current bond ratings are as of last issue in each of the following categories:

	<u>General Obligation</u>	<u>Revenue</u>
Moody's Investors Service	Aa3	Aa3
Standard and Poor's	AA-	AA
Fitch Ratings	AA	AA-

**Cash Management.** All City operating funds are held in interest-bearing demand accounts in the depository bank. This money is protected by insurance from the Federal Deposit Insurance Corporation and by collateral interests in the depository's investment securities that are pledged against the City's deposits. Cash not required for operations is invested according to the City's written investment policy. The policy emphasizes safety and liquidity in investing public funds. The City's funds were invested through TexPool, the largest local government investment pool in the state of Texas. As of September 30, 2020, the City of Edinburg's Tex-Pool account has generated an average rate of return of around 0.91% for the fiscal year. This is a significant drop from 2.31% at the end of last fiscal year is due to the economic reaction to COVID-19.

## OTHER INFORMATION

**Awards.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Edinburg, Texas for its Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2018. The City has received this award for the last twenty-four years. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both Generally Accepted Accounting Principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

**Acknowledgements.** We wish to express our sincere appreciation to all members of the Finance Department who assisted and contributed to the preparation and completion of this report and to services of the independent auditor Luis Orozco, CPA.

We would also like to thank the Mayor and the Members of the City Council for their continued interest and support in planning and conducting the financial affairs of the City in a responsible and progressive manner.

Respectfully submitted,

  
\_\_\_\_\_  
Ron Garza, City Manager

  
\_\_\_\_\_  
Dagoberto Soto, Director of Finance



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Edinburg  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2018**

*Christopher P. Morrell*

Executive Director/CEO

## CITY OF EDINBURG, TEXAS

### Elected Officials

---

Mayor	Richard Molina
Mayor Pro Tem, Place 1	Jorge L. Salinas
Councilmember, Place 2	Vacant
Councilmember, Place 3	Johnny Garcia
Councilmember, Place 4	David White

### City Officials

---

City Manager	Ron Garza
Assistant City Manager	Tomas D. Reyna
Assistant City Manager	Jesus R. Saenz
Assistant City Manager	Brian J. Kelsey
City Attorney	Omar Ochoa
City Secretary	Myra L. Ayala
Municipal Judge	Toribio "Terry" Palacios

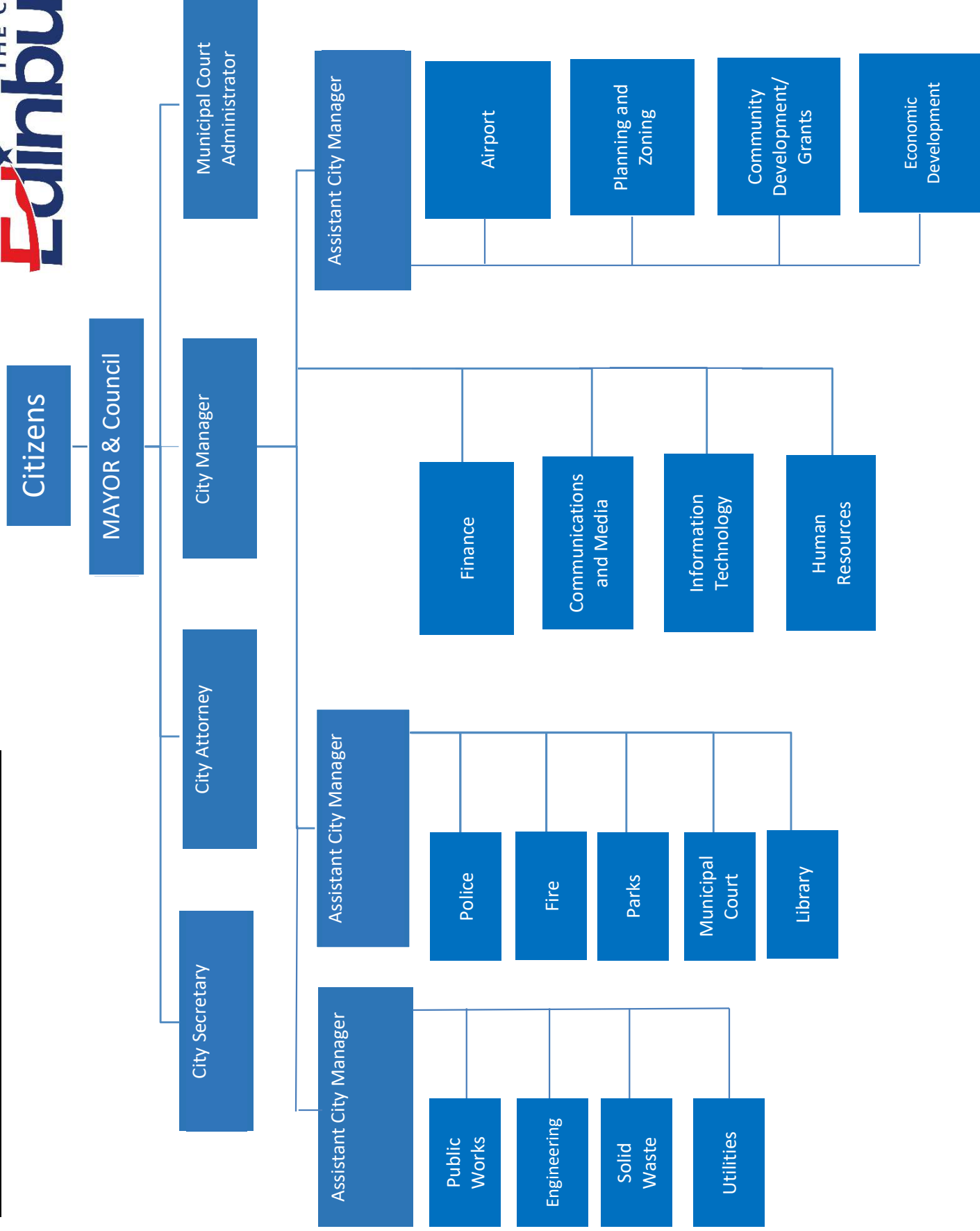
### Department Directors

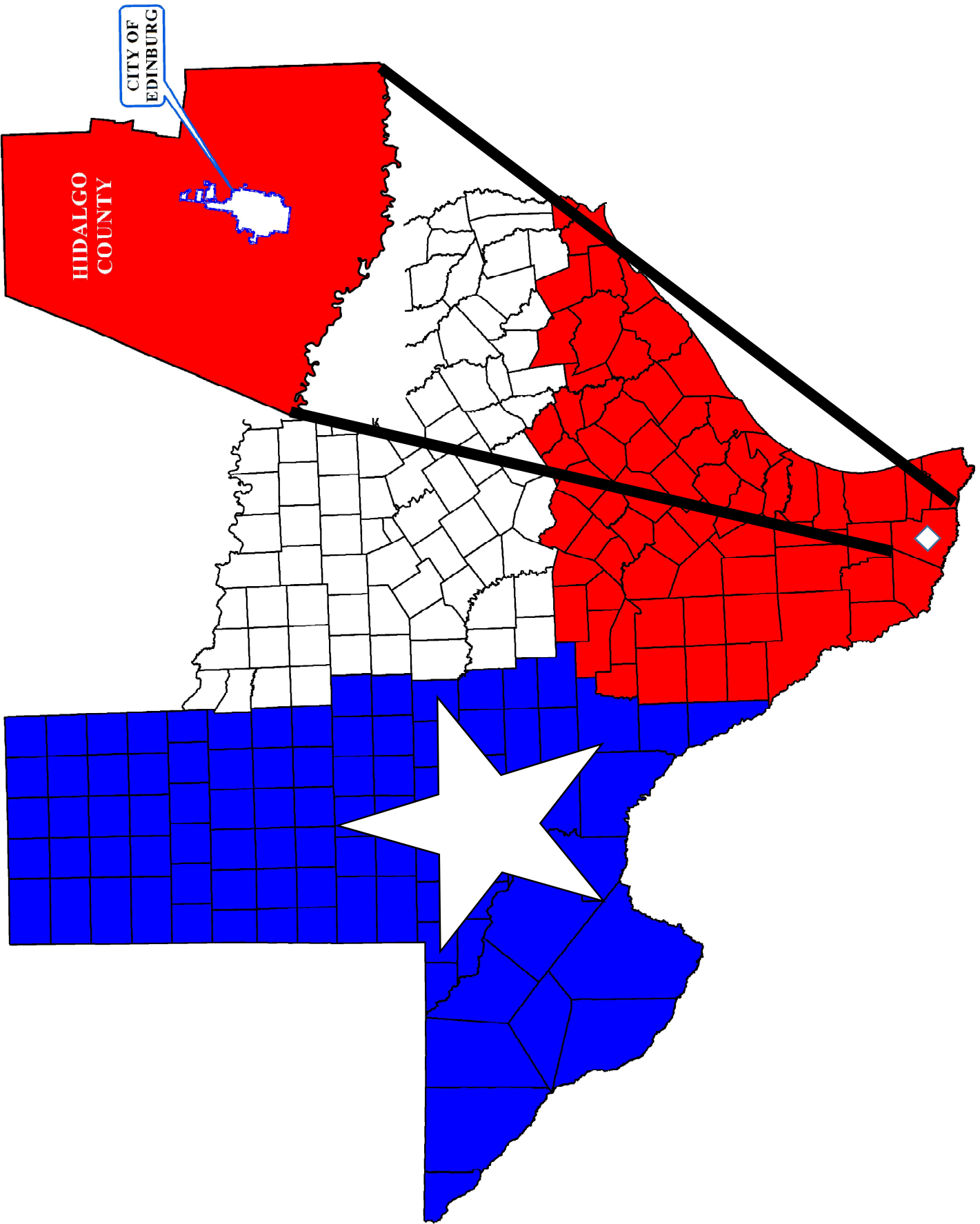
---

City Engineer	Mardoqueo Hinojosa
Director of Communications & Media	Ashly T. Custer
Director of Community Development/Grants Management	Marissa Garza
Director of Finance	Dagoberto Soto, Jr.
Director of Human Resources	Belinda Torres
Director of Information Technology	Daniel Vera
Director of Library and Cultural Arts	Leticia Leija
Director of Parks & Recreation	Javier Garza
Director of Planning & Zoning	Kimberly A. Mendoza
Director of Public Works	Vincent A. Romero
Director of Solid Waste Management	Ramiro L. Gomez, Jr.
Director of Utilities	Arturo Martinez
Fire Chief	Shawn M. Snider
Police Chief	Cesar E. Torres



# ORGANIZATIONAL CHART





---

## FINANCIAL SECTION

---

## **Independent Auditors' Report**



# LUIS C OROZCO

## CERTIFIED PUBLIC ACCOUNTANT

808 Del Oro Lane  
Pharr, TX 78577  
lcocpa@lcocpa.com

### Independent Auditor's Report

Honorable Mayor and Members of the  
City Council of the  
City of Edinburg

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Edinburg, Texas, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise The City of Edinburg Texas' basic financial statements as listed in the table of contents.

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

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

#### ***Auditor's Responsibility***

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

# LUIS C OROZCO

## CERTIFIED PUBLIC ACCOUNTANT

808 Del Oro Lane  
Pharr, TX 78577  
lcocpa@lcocpa.com

### *Opinions*

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 of Edinburg, Texas, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter*

As discussed in Note 4 -Receivables of the Financial Statements, the discretely presented component unit City of Edinburg Economic Development Corporation (EEDC) has a pending receivable from Santana Textile, LLC in the amount of \$13,640,004. Santana Textile has ceased operations and is in default of loan payments and interest and is currently under an agreement to cover delinquent property taxes with Hidalgo County. EEDC is secondary lien holder on loan until a compliance date of April 24, 2022. Management of EEDC feels that a satisfactory agreement will be placed on that date to satisfy the pending receivable either by contracting with other companies to take over the project or through asset liquidation. Our opinion is not modified with respect to this matter.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, general fund budgetary comparison schedule, schedule of changes in net pension liability and related ratios – Texas Municipal Retirement System, schedule of the City's proportionate share of the net pension liability – Texas Emergency Services Retirement System, schedule of City's contributions for all pension plans, schedule of changes in total OPEB obligation and related ratios – Post Retirement Supplemental Death Benefits and Post-Retirement Medical Plan, and the notes to required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Edinburg's basic financial statements. The introductory section, other supplementary information section, statistical section, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform

# LUIS C OROZCO

## CERTIFIED PUBLIC ACCOUNTANT

808 Del Oro Lane  
Pharr, TX 78577  
lcocpa@lcocpa.com

Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information section and the Schedule of Expenditures of Federal Awards are 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information section and the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with Government Auditing Standards, we have also issued our report dated March 22, 2021 on our consideration of the City of Edinburg'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 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 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 of Edinburg's internal control over financial reporting and compliance.



Luis C Orozco, CPA

Pharr, Texas

March 22, 2021

---

## **Management Discussion and Analysis**



# Management's Discussion and Analysis

As management of the City of Edinburg, we offer readers of the City of Edinburg financial statements this narrative overview and analysis of the financial activities of the City of Edinburg for the Fiscal Year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal listed in the table of contents.

## Financial Highlights

- The assets and deferred outflows of the City exceeded liabilities and deferred inflows at the close of the most recent fiscal year by \$192,156,825 (net position).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$69,527,631, a decrease of \$6,752 from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,918,157, and assigned fund balance of \$18,173,265, totaling \$25,091,422, or 41 percent of total General Fund expenditures.
- The City of Edinburg's total long-term debt decreased by \$6,124,623 or 3 percent during the current fiscal year.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Edinburg's basic financial statements. The City of Edinburg's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, the City's 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 Edinburg's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Edinburg's assets and deferred outflows, and liabilities and deferred inflows, with the difference 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 Edinburg is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position is reported as soon as 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 vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Edinburg 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 Edinburg include general government, public safety, highways and streets, health and welfare, culture and recreation, urban redevelopment and housing, and economic development. The business-type activities of the City of Edinburg include a utility system (water and sanitary sewer services), golf course services, solid waste services, and airport services.

The government-wide financial statements include not only the City of Edinburg itself (known as the primary government), but also legally separate component units for which the City of Edinburg is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. With the exception of the Edinburg Economic Development Corporation, none of the other component units issue separate financial statements. Complete financial statements for this component unit may be obtained at its administrative office at:

Edinburg Economic Development Corporation  
415 W. University Drive  
Edinburg, Texas 78541

**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 Edinburg, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Edinburg 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 Edinburg maintains fifth teen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and capital projects fund, which are considered major funds. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements*.

**Proprietary funds.** The City of Edinburg maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Edinburg uses enterprise funds to account for operations of its water and sanitary sewer system, golf course, landfill and garbage collection, and airport. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Edinburg's various functions. The City of Edinburg uses an internal service fund to account for its self-insured worker's compensation program. Because this service predominantly benefits governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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 and solid waste operation, which are considered to be major funds of the City of Edinburg. Data from the other proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of *combining statements*. The internal service fund is presented separately in the proprietary fund financial statements.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. 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.

**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.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Edinburg's progress in funding its obligation to provide other postemployment benefits (OPEB) to its employees. In addition, the City is required to present schedules concerning its net pension and OPEB liabilities and contributions related to its retirement and other postemployment benefits programs.

The City of Edinburg 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.

## 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 Edinburg, assets exceeded liabilities by \$192,156,825 at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 91,345,073	\$ 79,800,671	\$ 44,360,530	\$ 44,102,547	\$ 135,705,604	\$ 123,903,217
Capital Assets	166,585,666	166,275,979	150,304,132	151,299,373	316,889,798	317,575,351
Total Assets	257,930,739	246,076,650	194,664,662	195,401,919	452,595,402	441,478,569
Deferred Outflows of Resources	9,463,624	11,332,192	7,384,622	3,947,834	16,848,247	15,280,026
Long-Term Liabilities	178,289,229	179,997,633	63,880,128	71,069,289	242,169,356	251,066,923
Other Liabilities	16,670,605	7,596,444	5,674,609	3,468,129	22,345,215	11,064,573
Total Liabilities	194,959,834	187,594,077	69,554,737	74,537,418	264,514,571	262,131,495
Deferred Inflows of Resources	5,015,833	2,477,601	7,756,420	1,035,315	12,772,252	3,512,916
Net Position						
Invested in Capital Assets,						
Net of Related Debt	78,042,830	79,362,475	107,596,067	108,982,474	185,638,897	188,344,949
Restricted	11,096,592	26,556,986	6,938,270	3,142,522	18,034,862	29,699,508
Unrestricted	(21,720,725)	(38,582,298)	10,203,791	11,652,025	(11,516,935)	(26,930,273)
Total Net Position	\$ 67,418,697	\$ 67,337,163	\$ 124,738,128	\$ 123,777,021	\$ 192,156,825	\$ 191,114,184

By far, the largest portion of the City's net position (97 percent) reflects its investments in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Edinburg uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Edinburg's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Edinburg's net position (9 percent) represents resources that are subject to external restrictions regarding how they may be used.

The City reported a deficit balance of unrestricted net position for governmental activities. During the 2017-2018 year, the city implemented GASB 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. Implementation of these standards resulted in the recording of a net OPEB liability and other postemployment benefits totaling \$21,825,357 for the current year, along with a current net pension liability of \$22,164,955. This accounts for the deficit unrestricted net position reported at September 30, 2020.

For business-type activities, the City of Edinburg is able to report positive balances in all three categories of net position.

The following table presents details on revenues and expenses for both governmental activities and business-type activities.

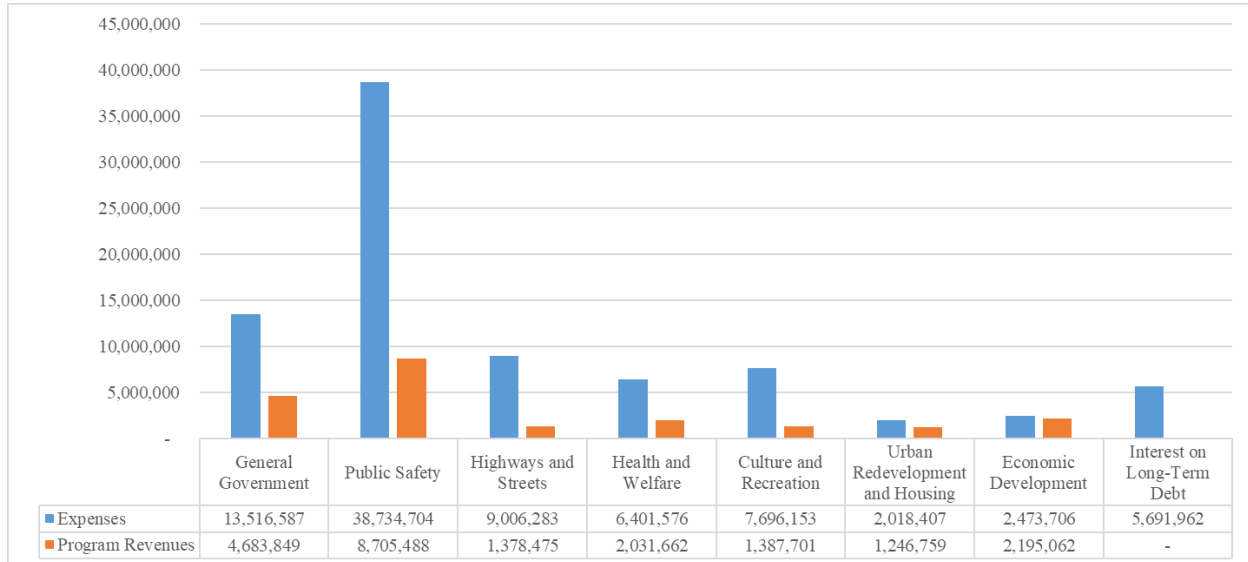
Total revenues generated from both governmental and business-type activities for this year amounted to \$123,895,737. Expenses were \$124,435,727 thus decreasing net position by \$539,989.

**City of Edinburg  
Changes in Net Position  
September 30, 2020**

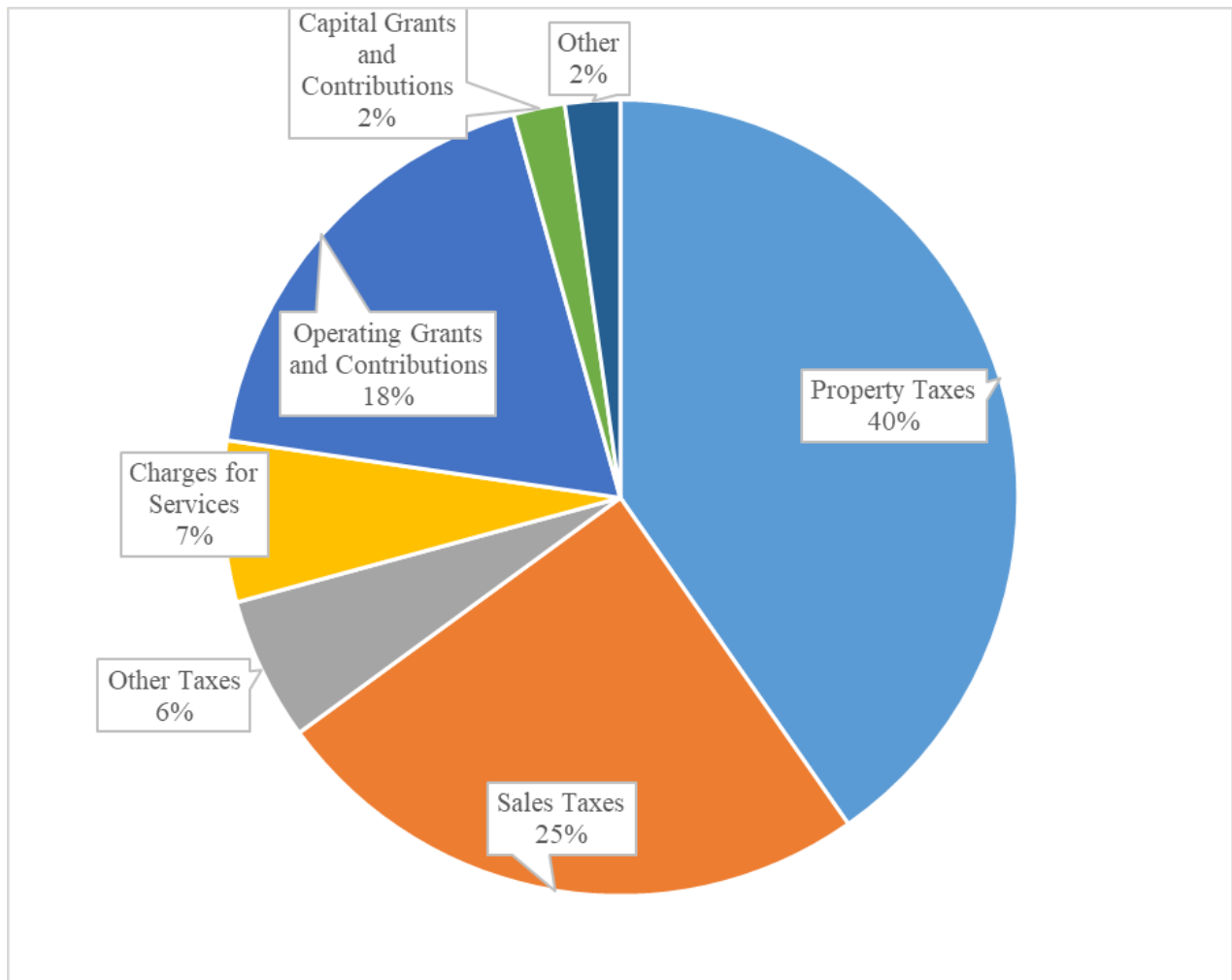
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 5,243,847	\$ 4,425,951	\$ 41,957,177	\$ 39,772,440	\$ 47,201,024	\$ 44,198,391
Operating Grants and Contributions	14,706,673	5,757,781	916,661	28,175	15,623,334	5,785,955
Capital Grants and Contributions	1,678,475	2,016,245	-	-	1,678,475	2,016,245
General Revenues:						
Property Taxes	32,283,712	30,067,499	-	-	32,283,712	30,067,499
Other Taxes	24,430,835	23,875,277	-	-	24,430,835	23,875,277
Other	1,794,129	2,695,365	884,229	1,252,738	2,678,358	3,948,103
Total Revenues	80,137,670	68,838,118	43,758,067	41,053,352	123,895,737	109,891,470
Expenses:						
General Government	13,516,587	13,511,053	-	-	13,516,587	13,511,053
Public Safety	38,734,704	29,594,744	-	-	38,734,704	29,594,744
Highways and Streets	9,006,283	16,038,229	-	-	9,006,283	16,038,229
Health and Welfare	6,401,576	4,036,587	-	-	6,401,576	4,036,587
Culture and Recreation	7,696,153	11,913,650	-	-	7,696,153	11,913,650
Urban Redevelopment and Housing	2,018,407	506,127	-	-	2,018,407	506,127
Economic Development	2,473,706	706,143	-	-	2,473,706	706,143
Interest on Long-Term Debt	5,691,962	4,933,580	-	-	5,691,962	4,933,580
Water and Sewer Operations	-	-	19,648,894	17,202,578	19,648,894	17,202,578
Solid Waste Operations	-	-	16,098,186	12,727,623	16,098,186	12,727,623
Golf Course Services	-	-	1,677,375	1,655,436	1,677,375	1,655,436
Airport Services	-	-	1,471,894	1,362,844	1,471,894	1,362,844
Total Expenses	85,539,377	81,240,112	38,896,349	32,948,481	124,435,727	114,188,593
Increases (Decrease) in Net Position before Transfers	(5,401,707)	(12,401,995)	4,861,718	8,104,872	(539,989)	(4,297,123)
Transfers	6,222,215	9,713,295	(6,222,215)	(9,713,295)	-	-
Changes in Net Position	820,508	(2,688,700)	(1,360,497)	(1,608,423)	(539,989)	(4,297,123)
Net Position October 1, 2019	67,337,163	70,951,937	123,777,022	125,385,445	191,114,185	196,337,382
Prior Period Adjustment	(738,974)	(926,074)	2,321,604	-	1,582,629	(926,074)
Net Position September 30, 2020	<u>\$ 67,418,697</u>	<u>\$ 67,337,163</u>	<u>\$ 124,738,128</u>	<u>\$ 123,777,022</u>	<u>\$ 192,156,825</u>	<u>\$ 191,114,185</u>

**Governmental activities.** Governmental activities increased the City of Edinburg’s net position by \$820,508. The cause of this increase can be attributed to CARES ACT proceeds of \$9,721,937 recognized in the current year. .

### Expenses and Program Revenues - Governmental Activities

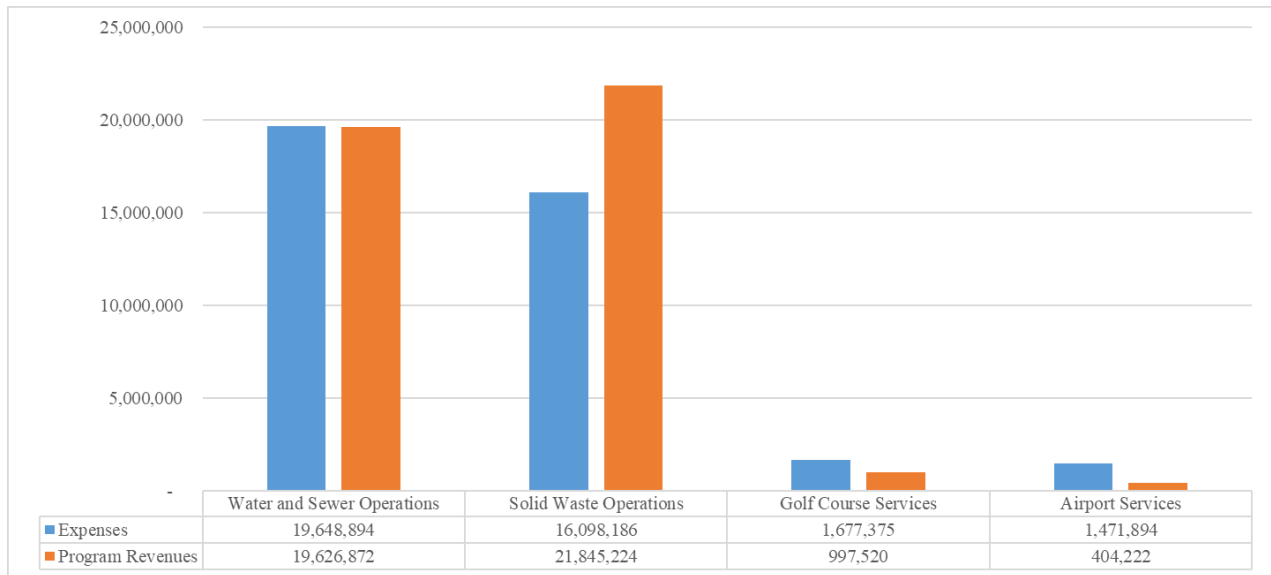


### Revenues by Source - Governmental Activities

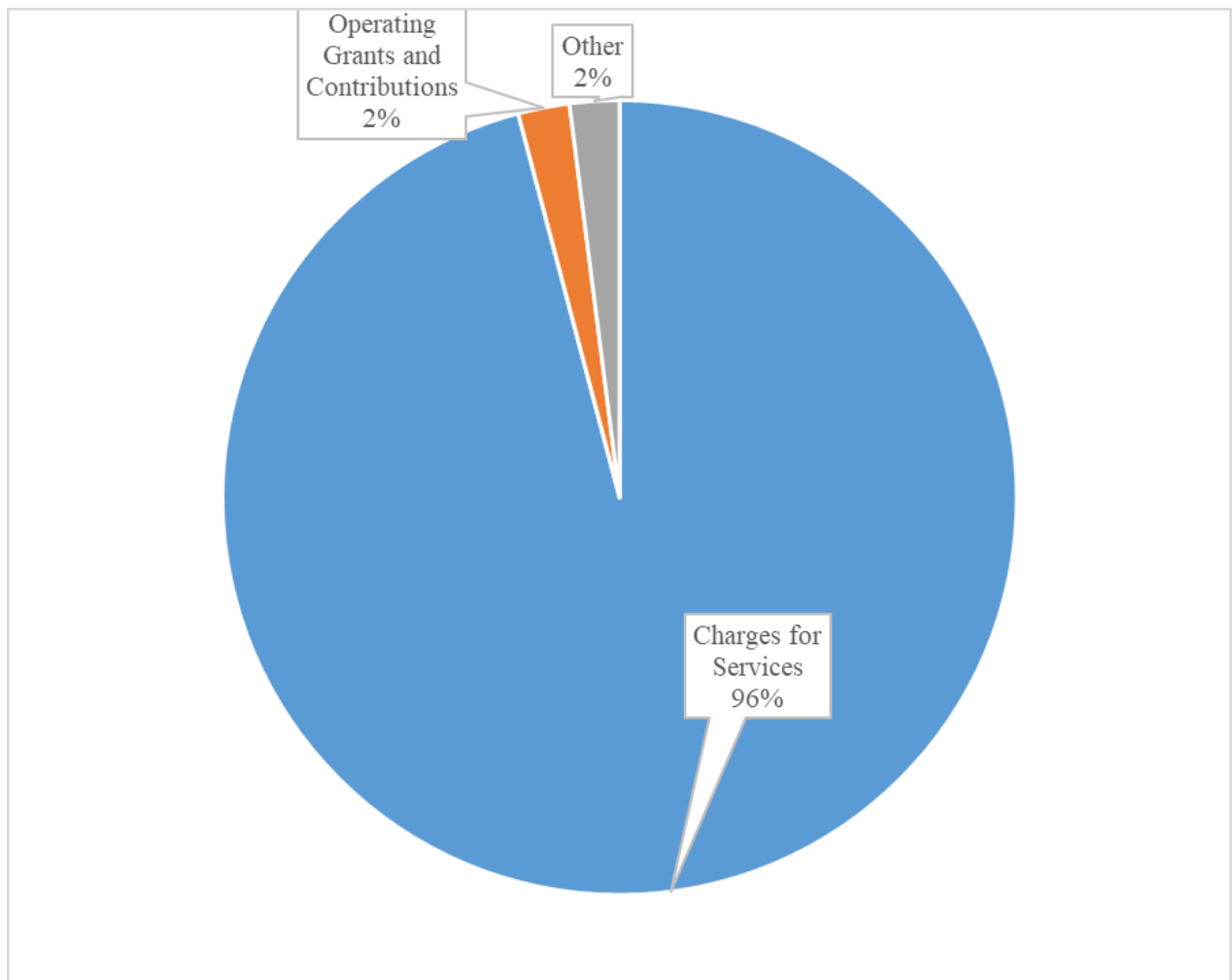


**Business-type activities.** Business-type activities decreased the City of Edinburg's net position by \$1,360,497, but was \$247,926, or 15 percent less than the prior year's decrease of net position.

### Expenses and Program Revenues - Business Type Activities



### Revenues by Source - Business Type Activities



## Financial Analysis of Government's Funds

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

**Governmental funds.** The focus of the City of Edinburg'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 Edinburg's financing requirements. In particular, unassigned 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 of Edinburg's governmental funds reported combined ending fund balances of \$69,527,631, a decrease of \$6,752 in comparison with the prior year. \$6,918,157 constitutes unassigned fund balance for all governmental funds, which is available for spending at the City's discretion. The remainder of the fund balance (\$62,609,474) falls under a restricted, committed, assigned and non-spendable category.

The General Fund is the chief operating fund of the City of Edinburg. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,918,157 while total fund balance increased to \$25,173,965. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 11 percent of total General Fund expenditures. Total fund balance represents 41 percent of total General Fund expenditures.

During the current fiscal year, the net change in fund balance of the City of Edinburg's General Fund was an increase of \$4,318,942. The key components and factors in this increase are as follows:

- There was an increase in ad valorem and franchise tax revenue due to the continued growth in the City's economy.
- Net other financing sources and uses totaled \$9,853,597. This is comprised of transfers out in the amount of \$1,606,408 to the Capital Projects Fund and non-major governmental funds, transfers in totaling \$5,276,599, mainly from the Solid Waste Management Fund, sales of assets of \$108,817, insurance proceeds of performance bonds of \$87,552, and \$5,987,036 of capital lease debt proceeds for the purchase of major equipment..

The Debt Service Fund has a total fund balance of \$1,533,935, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year in the Debt Service Fund was \$825,093. This was purposely to start depleting prior year fund balances to offset a lower Interest and Sinking tax rate.

**Proprietary funds.** The City of Edinburg proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

As of September 30, 2019, total unrestricted net position amounted to \$10,203,791. The Water, Sewer, and Solid Waste Management Funds had unrestricted net position of \$4,814,225 and \$6,417,838 respectively. The other non-major funds ended the year with unrestricted net position totaling (\$1,028,273).



## General Fund Budgetary Highlights

The final amended expenditure budget was \$806,600 more than the original budget. This represented the carrying encumbrance from the prior year 906,600 to offset those expenditures in the current year as to not distort the budget and a net decrease of (\$100,000) due to identified savings throughout all departments combined.

The major final projected revenues compared to actual revenues are as follows:

### Taxes

- Ad valorem tax revenues were (\$289,473) under the budgeted amount. This was due to not removing budgeted ad valorem taxes out of the General Fund and earmarked for Tax Increment Tax Zones ad valorem taxes in the Special Revenue Funds.
- Sales tax revenues were \$1,625,223 over the budgeted amount. This has been an ongoing trend of the positive economic impact the City of Edinburg has been experiencing the last few years.

## Capital Asset and Debt Administration

**Capital assets.** The City of Edinburg's investment in capital assets for its governmental and business type activities as of September 30, 2020 amounts to \$316,889,798 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, streets, storm drainage, sanitary sewer system, and a water system. The total decrease in the City of Edinburg's investment in capital assets for the current fiscal year was 0.22 percent, ( 0.19 percent increase for governmental activities and a 0.66 percent decrease for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Governmental and Business-type activities had a major increase in the replacement of heavy equipment and vehicles, \$5,723,347 and \$4,240,078 respectively.
- Business-type activities had an increase of non-depreciable assets consisting mainly of land (\$2,000,000) and permanent water rights (3,000,250).

Additional information on the City of Edinburg's capital assets can be found in note 7, in the notes to the financial statements.

### City of Edinburg Capital Assets Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land/other	\$ 22,936,749	\$ 22,936,749	\$ 19,303,124	\$ 14,302,874	\$ 42,239,873	\$ 37,239,623
Buildings and system	81,762,107	78,814,825	86,094,270	89,328,224	167,856,377	168,143,049
Improvements other than buildings	36,841,330	45,698,018	16,091,177	18,399,431	52,932,506	64,097,449
Furniture and equipment	15,570,506	11,002,858	9,941,434	8,230,884	25,511,940	19,233,742
Construction in progress	9,474,974	7,823,530	18,874,127	21,037,958	28,349,101	28,861,488
Total	\$ 166,585,666	\$ 166,275,980	\$ 150,304,132	\$ 151,299,372	\$ 316,889,798	\$ 317,575,352

**Long-term debt.** At the end of the current fiscal year, the City of Edinburg had total long-term debt outstanding of \$184,297,016.

The City's total debt decreased by \$6,062,382 or 3.18 percent, during the current fiscal year. The City maintains a "AA-" rating from Standard and Poor's for its general obligation bonds and a "AA" rating from Standard and Poor's for its utility system revenue bonds.

Additional information on the City of Edinburg's long-term debt can be found in note 8, in the notes to the financial statements.

**City of Edinburg**  
**General Obligations, Revenue Bonds, and Other Debt**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 72,918,126	\$ 76,754,296	\$ 2,060,880	\$ 2,773,778	\$ 74,979,006	\$ 79,528,074
Tax increment bonds	40,159,088	41,000,251	-	-	40,159,088	41,000,251
Notes payable	-	-	1,616,554	229,439	1,616,554	229,439
Capital lease obligations	7,071,214	2,007,795	9,431,552	6,952,917	16,502,767	8,960,712
Compensated absences	4,538,962	4,036,507	434,819	405,360	4,973,781	4,441,867
Revenue bonds	-	-	31,969,653	34,444,637	31,969,653	34,444,637
Payable to state comptroller	-	-	-	-	-	-
Reimbursement obligation-developer	9,611,526	9,611,527	-	-	9,611,526	9,611,527
Landfill closure and post closure	-	-	4,484,640	12,142,891	4,484,640	12,142,891
Total	<u>\$ 134,298,917</u>	<u>\$ 133,410,377</u>	<u>\$ 49,998,098</u>	<u>\$ 56,949,022</u>	<u>\$ 184,297,016</u>	<u>\$ 190,359,399</u>

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

- The unemployment rate for the City of Edinburg is currently 4.9 percent. The state and national average unemployment rates are currently 6.9 percent and 4.7 percent, respectively.
- Appraisal values used in preparing the 2020-2021 budget increased \$329,556,595 over the prior year, or 5.20 percent higher than the prior year. The City approved a tax rate of (\$0.6800 per \$100 assessed valuation).

## Requests for Information

This financial report is designed to provide a general overview of the City of Edinburg'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 Director of Finance, 415 West University Drive, Edinburg, Texas, 78540.

---

## **BASIC FINANCIAL STATEMENTS**

---

## **Government-Wide Financial Statements**

**CITY OF EDINBURG, TEXAS**  
**STATEMENT OF NET POSITION**  
**EXHIBIT 1-A**

	<b>Primary Government</b>			<b>Component Units</b>	
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>The Boys' and Girls' Club of Edinburg, Inc.</b>	<b>Edinburg Economic Development Corporation</b>
<b>SEPTEMBER 30, 2020</b>					
<b>Assets</b>					
Cash and Cash Equivalents	\$ 6,944,032	\$ 3,401,247	\$ 10,345,279	\$ 1,058,697	\$ 5,437,202
Investments	54,213,634	19,035,009	73,248,643	-	-
Receivables, Net	18,839,341	8,214,893	27,054,234	22,982	13,671,845
Due from Primary Government	-	-	-	-	1,178,534
Inventories	81,743	610,111	691,854	-	-
Prepaid Items	800	-	800	-	-
Loans Receivable	1,556,109	-	1,556,109	-	-
Restricted Assets					
Cash and Cash Equivalents	-	-	-	10,000	13,419,681
Cash with Fiscal Agent	9,709,414	6,855,214	16,564,629	-	-
Investments	-	6,244,056	6,244,056	1,520,362	-
Land and Construction in Progress	32,411,723	38,177,251	70,588,974	539,125	4,984,283
Other Capital Assets, Net of Depreciation	134,173,943	112,126,882	246,300,824	4,167,088	1,271,401
Total Assets	<u>257,930,739</u>	<u>194,664,662</u>	<u>452,595,402</u>	<u>7,318,254</u>	<u>39,962,946</u>
<b>Deferred Outflows of Resources</b>					
Deferred Outflows Related to Debt Refundings	843,595	969,965	1,813,559	-	-
Deferred Outflows Related to Pension	4,417,301	1,239,597	5,656,898	108,591	140,015
Deferred Outflows Related to OPEB Obligation	4,202,729	1,432,681	5,635,409	92,096	15,760
Deferred Outflows Related to Landfill Closure Costs	-	3,742,380	3,742,380	-	-
Total Deferred Outflows of Resources	<u>9,463,624</u>	<u>7,384,622</u>	<u>16,848,247</u>	<u>200,687</u>	<u>155,775</u>
<b>Liabilities</b>					
Accounts Payable	14,238,502	3,360,937	17,599,440	28,751	50,000
Accrued Liabilities	51,023	342,957	393,981	7,069	76,582
Accrued Interest Payable	510,365	51,914	562,278	-	-
Due to Component Unit	1,178,534	-	1,178,534	-	-
Deposits	81,437	1,896,966	1,978,404	-	-
Unearned Revenue	610,743	21,835	632,577	-	-
Non-Current Liabilities:					
Due within One Year	7,760,020	5,796,735	13,556,755	75,082	1,090,000
Due in More Than One Year	126,538,896	44,201,363	170,740,260	-	25,855,000
Net Pension Liabilities	22,164,955	6,287,940	28,452,895	368,199	584,135
OPEB Obligations	21,825,357	7,594,089	29,419,447	463,884	109,717
Total Liabilities	<u>194,959,834</u>	<u>69,554,737</u>	<u>264,514,571</u>	<u>942,985</u>	<u>27,765,434</u>
<b>Deferred Inflows Of Resources</b>					
Deferred Inflows Related to Debt Refundings	-	223,837	223,837	-	-
Deferred Inflows Related to Pension	4,439,747	1,101,832	5,541,579	98,237	46,530
Deferred Inflows Related to OPEB Obligation	576,086	195,122	771,208	11,839	3,966
Deferred Inflows Related to Landfill Closure Costs	-	6,235,629	6,235,629	-	-
Total Deferred Inflows of Resources	<u>5,015,833</u>	<u>7,756,420</u>	<u>12,772,252</u>	<u>110,076</u>	<u>50,496</u>
<b>Net Position (Deficit)</b>					
Net Investment in Capital Assets	78,042,830	107,596,067	185,638,897	4,682,210	3,255,684
Restricted For:					
Capital Projects	2,576,374	-	2,576,374	-	8,341,632
Debt Service	1,023,571	6,938,270	7,961,841	-	3,036,233
Other	7,496,647	-	7,496,647	-	2,041,816
Unrestricted	(21,720,725)	10,203,791	(11,516,935)	1,783,671	(4,372,574)
Total Net Position (Deficit)	<u>\$ 67,418,697</u>	<u>\$ 124,738,128</u>	<u>\$ 192,156,825</u>	<u>\$ 6,465,880</u>	<u>\$ 12,302,791</u>

See Accompanying Notes To The Financial Statements.

**CITY OF EDINBURG, TEXAS**  
STATEMENT OF ACTIVITIES  
EXHIBIT 1-B

FOR THE YEAR ENDED SEPTEMBER 30, 2020

FOR THE YEAR ENDED SEPTEMBER 30, 2020		Program Revenues			Net (Expenses) Revenues and Changes in Net Position			Component Units	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	The Boys' and Girls' Club of Edinburg, Inc.	Edinburg Economic Development Corporation
PRIMARY GOVERNMENT:									
Governmental Activities:									
General Government	\$ 13,516,587	\$ 3,439,894	\$ 1,243,955	\$ -	\$ (8,832,739)	\$ -	\$ (8,832,739)		
Public Safety	38,734,704	521,622	7,883,866	300,000	(30,029,216)	-	(30,029,216)		
Highways and Streets	9,006,283	-	-	1,378,475	(7,627,808)	-	(7,627,808)		
Health and Welfare	6,401,576	682,278	1,349,384	-	(4,369,914)	-	(4,369,914)		
Culture and Recreation	7,696,153	600,053	787,648	-	(6,308,452)	-	(6,308,452)		
Urban Redevelopment and Housing	2,018,407	-	1,246,759	-	(771,649)	-	(771,649)		
Economic Development	2,473,706	-	2,195,062	-	(278,643)	-	(278,643)		
Interest on Long-Term Debt	5,691,962	-	-	-	(5,691,962)	-	(5,691,962)		
Total Governmental Activities	85,539,377	5,243,847	14,706,673	1,678,475	(63,910,383)	-	(63,910,383)		
Business-Type Activities:									
Water and Sewer Operations	19,648,894	19,520,480	106,392	-	-	(22,021)	(22,021)		
Solid Waste Operations	16,098,186	21,042,726	802,498	-	-	5,747,037	5,747,037		
Golf Course Services	1,677,375	997,520	-	-	-	(679,855)	(679,855)		
Airport Services	1,471,894	396,451	7,771	-	-	(1,067,672)	(1,067,672)		
Total Business-Type Activities	38,896,349	41,957,177	916,661	-	-	3,977,489	3,977,489		
Total Primary Government	\$ 124,435,727	\$ 47,201,024	\$ 15,623,334	\$ 1,678,475	(63,910,383)	3,977,489	(59,932,894)		
Component Units:									
Community and Youth Services	\$ 1,610,478	\$ -	\$ 1,791,707	\$ -				\$ 181,229	\$ -
Economic Development and Assistance	5,001,653	136,160	-	-				-	(4,865,493)
Interest on Long-Term Debt	1,872,917	-	-	-				(3,797)	(1,869,120)
Total Component Units	\$ 8,485,048	\$ 136,160	\$ 1,791,707	\$ -				177,433	(6,734,613)
General Revenues:									
Taxes									
Property Taxes					32,283,712	-	32,283,712	-	-
Sales Taxes					19,770,923	-	19,770,923	-	7,144,078
Hotel Occupancy Tax					493,690	-	493,690	-	-
Franchise Taxes					3,945,726	-	3,945,726	-	-
Other Taxes					220,497	-	220,497	-	-
Investment Earnings					737,089	246,510	983,598	27,956	136,161
Insurance Proceeds					169,563	-	169,563	-	-
Other					887,477	637,719	1,525,197	1,014,991	674,073
Transfers					6,222,215	(6,222,215)	-	-	-
Total General Revenues and Transfers					64,730,891	(5,337,986)	59,392,905	1,042,948	7,954,312
Change in Net Position					820,508	(1,360,497)	(539,989)	1,220,380	1,219,699
Net Position - Beginning of Year									
Prior Period Adjustment					67,337,163	123,777,022	191,114,185	5,245,500	12,026,529
Net Position - End of Year					(738,974)	2,321,604	1,582,629	-	(943,437)
	\$ 67,418,697				\$ 124,738,128	\$ 192,156,825	\$ 6,465,880	\$ 12,302,791	

See Accompanying Notes To The Financial Statements.

---

## **Fund Financial Statements**

**CITY OF EDINBURG, TEXAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**EXHIBIT 2-A**

<i>SEPTEMBER 30, 2020</i>	<b>General Fund</b>	<b>Capital Project Funds</b>	<b>Grant Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>					
Cash and Cash Equivalents	\$ 741,311	\$ 1,262,819	\$ 116,100	\$ 4,303,785	\$ 6,424,016
Investments	19,511,215	34,000,891	-	701,528	54,213,634
Taxes Receivables	7,278,636	-	-	513,441	7,792,076
Allowance for Uncollectible Taxes	(429,819)	-	-	(98,652)	(528,471)
Accounts Receivables, Net	1,051,978	845,874	-	-	1,897,852
Note Receivable	-	-	-	1,556,109	1,556,109
Due from Other Governments	-	-	9,056,910	573,956	9,630,866
Due from Other Funds	529,991	888,925	-	274,424	1,693,340
Inventories	81,743	-	-	-	81,743
Prepaid Items	800	-	-	-	800
Cash with Fiscal Agent	5,054,351	-	-	4,655,063	9,709,414
Total Assets	<u>33,820,206</u>	<u>36,998,509</u>	<u>9,173,010</u>	<u>12,479,654</u>	<u>92,471,380</u>
<b>Liabilities</b>					
Accounts Payable	4,487,134	1,064,683	7,415,261	1,203,725	14,170,803
Accrued Liabilities	39,882	-	-	25	39,907
Deposits	81,437	-	-	-	81,437
Due to Other Funds	-	-	1,418,916	274,424	1,693,340
Due to Component Unit	1,178,534	-	-	-	1,178,534
Unearned Revenue	-	610,743	-	-	610,743
Total Liabilities	<u>5,786,987</u>	<u>1,675,426</u>	<u>8,834,177</u>	<u>1,478,174</u>	<u>17,774,764</u>
<b>Deferred Inflows Of Resources</b>					
Deferred Inflows From Loans Receivable	-	-	-	1,556,109	1,556,109
Deferred Inflows From Taxes	2,114,155	-	-	414,789	2,528,944
Deferred Inflows From Other	745,099	-	338,833	-	1,083,932
Total Deferred Inflows Of Resources	<u>2,859,254</u>	<u>-</u>	<u>338,833</u>	<u>1,970,898</u>	<u>5,168,985</u>
<b>Fund Balances</b>					
Nonspendable					
Inventory	81,743	-	-	-	81,743
Prepays	800	-	-	-	800
Restricted For:					
Debt Service	-	-	-	4,235,375	4,235,375
Tourism	-	-	-	1,170,360	1,170,360
Law Enforcement	-	-	-	465,368	465,368
Municipal Court and Technology	-	-	-	520,592	520,592
Capital Projects	-	32,747,822	-	233,588	32,981,410
Other Purposes	-	-	-	2,405,299	2,405,299
Committed To:					
Capital Projects	-	2,575,262	-	-	2,575,262
Assigned:					
Contingency	15,000,000	-	-	-	15,000,000
Encumbrances	3,173,265	-	-	-	3,173,265
Unassigned	6,918,157	-	-	-	6,918,157
Total Fund Balances	<u>25,173,965</u>	<u>35,323,084</u>	<u>-</u>	<u>9,030,582</u>	<u>69,527,631</u>
Total Liabilities, Deferred Inflows Of Resources and Fund Balances	<u>\$ 33,820,206</u>	<u>\$ 36,998,509</u>	<u>\$ 9,173,010</u>	<u>\$ 12,479,654</u>	<u>\$ 92,471,380</u>

See Accompanying Notes To The Financial Statements.



**CITY OF EDINBURG, TEXAS**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION**  
**EXHIBIT 2-B**

***SEPTEMBER 30, 2020***

Total Fund Balances - Governmental Funds Balance Sheet	\$ 69,527,631
Amounts Reported For Governmental Activities In The Statement Of Net Position ("SNP") Are Different Because:	
1.) Capital assets used in governmental activities are not reported in the funds.	166,585,666
2.) Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	2,528,944
3.) Loans receivable are not available to pay for current period expenditures and are deferred in the funds.	1,556,109
4.) Other receivables unavailable to pay for current period expenditures are deferred in the funds.	1,083,932
5.) Deferred outflows for losses on bond refunding are not reported in the funds.	843,595
6.) Payables for bond principal, which are not due in the current period, are not reported in the funds.	(118,714,075)
7.) Payables for bond interest, which are not due in the current period, are not reported in the funds.	(510,365)
8.) Payables for compensated absences, which are not due in the current period, are not reported in the funds.	(4,538,962)
9.) Other long-term payables, which are not due in the current period are not reported in the funds.	(11,045,880)
10.) Payables for the City's pension liability and OPEB obligations, which are not due in the current period, are not reported in the funds.	(43,990,312)
11.) Deferred outflows of resources related to pensions and OPEB obligations are not reported in the funds.	8,620,030
12.) Deferred inflows of resources related to pensions and OPEB obligations are not reported in the funds.	(5,015,833)
13.) The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	488,217
Net Position Of Governmental Activities - Statement Of Net Position	<u>\$ 67,418,697</u>

See Accompanying Notes To The Financial Statements.

**CITY OF EDINBURG, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES-GOVERNMENTAL FUNDS**  
**EXHIBIT 2-C**

<i>FOR THE YEAR ENDED SEPTEMBER 30, 2020</i>	<b>General Fund</b>	<b>Capital Project Funds</b>	<b>Grant Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>					
Taxes:					
Property Taxes	\$ 26,503,372	\$ -	\$ -	\$ 6,549,034	\$ 33,052,405
General Sales and Use Taxes	19,770,923	-	-	-	19,770,923
Franchise Tax	3,945,726	-	-	-	3,945,726
Other Tax	126,557	-	-	587,629	714,186
Licenses and Permits	953,364	-	-	-	953,364
Intergovernmental Revenue and Grants	76,145	153,283	12,237,470	1,770,497	14,237,396
Charges for Services	3,331,322	-	-	372,351	3,703,673
Fines and Forfeits	514,861	-	-	71,949	586,810
Investment Earnings	309,788	339,150	-	83,405	732,344
Contributions	-	1,072,689	-	1,075,062	2,147,752
Other	337,715	-	-	117,675	455,390
Total Revenues	<u>55,869,773</u>	<u>1,565,123</u>	<u>12,237,470</u>	<u>10,627,602</u>	<u>80,299,968</u>
<b>Expenditures</b>					
Current:					
General Government	12,667,608	-	1,474,761	149,265	14,291,633
Public Safety	29,326,416	1,896,124	8,590,026	198,506	40,011,073
Highways and Streets	5,740,759	3,250,031	138,587	193,737	9,323,113
Health and Welfare	4,630,562	-	1,354,743	193,370	6,178,674
Culture and Recreation	7,207,334	1,622,729	8,155	895,610	9,733,828
Urban Redevelopment and Housing	-	-	-	374,539	374,539
Economic Development	791,093	-	1,120,000	560,882	2,471,975
Debt Service:					
Principal Retirements	923,617	-	-	4,272,504	5,196,121
Interest and Other Charges	117,041	-	-	5,096,354	5,213,395
Total Expenditures	<u>61,404,428</u>	<u>6,768,884</u>	<u>12,686,272</u>	<u>11,934,767</u>	<u>92,794,351</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>(5,534,655)</u>	<u>(5,203,761)</u>	<u>(448,802)</u>	<u>(1,307,165)</u>	<u>(12,494,383)</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from Capital Leases	5,987,036	-	-	-	5,987,036
Sale of Real and Personal Property	108,817	-	-	-	108,817
Insurance Proceeds	87,552	82,010	-	-	169,563
Transfers In	5,276,599	1,625,191	1,673,993	2,158,952	10,734,734
Transfers Out	(1,606,408)	(276,599)	(1,225,191)	(1,404,322)	(4,512,519)
Total Other Financing Sources (Uses)	<u>9,853,597</u>	<u>1,430,603</u>	<u>448,802</u>	<u>754,630</u>	<u>12,487,631</u>
Net Change In Fund Balances	4,318,942	(3,773,158)	-	(552,535)	(6,752)
<b>Fund Balances - Beginning Of Year</b>	20,855,023	39,096,242	-	9,583,118	69,534,383
Prior Period Adjustment	-	-	-	-	-
<b>Fund Balances - End Of Year</b>	<u>\$ 25,173,965</u>	<u>\$ 35,323,084</u>	<u>\$ -</u>	<u>\$ 9,030,582</u>	<u>\$ 69,527,631</u>

See Accompanying Notes To The Financial Statements.

**CITY OF EDINBURG, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE**  
**GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES**  
**EXHIBIT 2-D**

**SEPTEMBER 30, 2020**

Net Change In Fund Balances - Total Governmental Funds	\$ (6,752)
Amounts Reported For Governmental Activities In The Statement Of Activities ("SOA") Are Different Because:	
1.) Capital outlays are not reported as expenses in the SOA.	15,852,741
2.) The depreciation of capital assets used in governmental activities is not reported in the funds.	(11,150,884)
3.) Certain property tax revenues are deferred in the funds. This is the change in these amounts for the year	(768,693)
4.) Certain revenues are deferred in the funds. This is the change in these amounts for the year.	293,141
5.) Bond and capital lease proceeds are reported as other financing sources in the funds, but are not in the SOA.	(5,987,036)
6.) Payment of principal on bond and capital lease are expenditures in the funds, but is not an expense in the SOA.	5,196,121
7.) Changes in the net pension liability for retirement are not recognized in the funds, but are in the SOA.	15,063
8.) Changes in the net OPEB obligation are not recognized in the funds, but are in the SOA.	(1,675,584)
9.) Amortization of bond premiums and discounts is not reported in the funds. Amortization of deferred outflows and inflows related to bond refunding is not reported in the funds.	(568,546)
10.) (Increase) decrease in accrued interest from beginning of period to end of period	89,979
11.) Internal service funds are used by management to charge to costs of certain activities to individual funds.	33,412
12.) Compensated absences are reported as the amount is incurred in the SOA, but as the amount is paid in the funds.	(502,454)
Change In Net Position Of Governmental Activities - Statement Of Activities	<u>\$ 820,508</u>

See Accompanying Notes To The Financial Statements.

**CITY OF EDINBURG, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**EXHIBIT 3-A**

	<b>Business-type Activities-Enterprise Funds</b>				<b>Governmental Activities - Internal Service Worker's Compensation</b>
<b>SEPTEMBER 30, 2020</b>	<b>Water and Sewer Fund</b>	<b>Solid Waste Management Fund</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total Enterprise Funds</b>	
<b>Assets</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 1,205,282	\$ 1,563,261	\$ 632,704	\$ 3,401,247	\$ 520,016
Investments	9,601,190	9,433,819	-	19,035,009	-
Restricted Assets:					
Cash with Fiscal Agent	5,051,800	1,522,063	281,352	6,855,214	-
Restricted Investments	6,244,056	-	-	6,244,056	-
Accounts Receivable, Net	3,147,536	4,109,875	40,821	7,298,232	47,017
Due from Other Governments	106,392	802,498	7,771	916,661	-
Due from Other Funds	-	13,303	-	13,303	-
Inventories	508,018	19,691	82,403	610,111	-
Total Current Assets	<u>25,864,274</u>	<u>17,464,509</u>	<u>1,045,051</u>	<u>44,373,834</u>	<u>567,033</u>
Noncurrent Assets:					
Capital Assets:					
Land	3,990,244	10,312,723	5,000,156	19,303,123	-
Buildings	151,719,785	5,462,158	6,311,847	163,493,790	-
Improvements Other Than Buildings	5,079,798	19,457,156	13,243,791	37,780,745	-
Furniture and Equipment	8,416,839	23,413,954	1,644,465	33,475,258	-
Accumulated Depreciation	(82,922,873)	(27,047,393)	(12,652,645)	(122,622,911)	-
Construction In Progress	18,728,271	-	145,856	18,874,127	-
Total Noncurrent Assets	<u>105,012,064</u>	<u>31,598,598</u>	<u>13,693,470</u>	<u>150,304,132</u>	<u>-</u>
Total Assets	<u>130,876,338</u>	<u>49,063,107</u>	<u>14,738,521</u>	<u>194,677,966</u>	<u>567,033</u>
<b>Deferred Outflows Of Resources</b>					
Deferred Outflows Related to Debt Refundings	664,047	-	305,918	969,965	-
Deferred Outflows Related to Pension	587,429	501,252	150,916	1,239,597	-
Deferred Outflows Related to OPEB Obligation	671,970	601,363	159,348	1,432,681	-
Deferred Outflows Related to Landfill Closure Costs	-	3,742,380	-	3,742,380	-
Total Deferred Outflows Of Resources	<u>1,923,445</u>	<u>4,844,995</u>	<u>616,182</u>	<u>7,384,622</u>	<u>-</u>
<b>Liabilities</b>					
Current Liabilities:					
Accounts Payable	1,704,117	1,405,102	251,718	3,360,937	67,700
Accrued Liabilities	251,897	90,873	187	342,957	11,117
Accrued Interest	48,529	-	3,385	51,914	-
Compensated Absences	147,366	113,552	44,129	305,047	-
Due to Other Funds	13,303	-	-	13,303	-
Deposits	1,797,468	94,198	5,300	1,896,966	-
Unearned Revenue	-	-	21,835	21,835	-
Current Portion of Revenue Bonds	2,757,151	-	-	2,757,151	-
Current Portion of General Obligation Bonds	-	-	358,743	358,743	-
Current Portion of Notes Payable	-	616,554	-	616,554	-
Current Portion of Capital Leases Payable	517,179	1,175,827	66,235	1,759,241	-
Total Current Liabilities	<u>7,237,010</u>	<u>3,496,106</u>	<u>751,531</u>	<u>11,484,648</u>	<u>78,817</u>

**CITY OF EDINBURG, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**EXHIBIT 3-A**

	<b>Business-type Activities-Enterprise Funds</b>				<b>Governmental Activities - Internal Service Worker's Compensation</b>
<b><u>SEPTEMBER 30, 2020</u></b>	<b><u>Water and Sewer Fund</u></b>	<b><u>Solid Waste Management Fund</u></b>	<b><u>Nonmajor Enterprise Funds</u></b>	<b><u>Total Enterprise Funds</u></b>	
Noncurrent Liabilities					
Compensated Absences	54,327	55,238	20,208	129,773	-
Revenue Bonds, Net Of Unamortized Discounts and Premiums	29,519,653	-	-	29,519,653	-
General Obligation Bonds, Net Of Unamortized Discounts and Premiums	34,979	-	1,360,007	1,394,986	-
Notes Payable	-	1,000,000	-	1,000,000	-
Capital Leases Payable	3,306,373	4,037,089	328,849	7,672,311	-
Landfill Closure and Post Closure Costs Payable	-	4,484,640	-	4,484,640	-
Net Pension Liability	2,925,038	2,659,990	702,912	6,287,940	-
Net OPEB Obligation	3,530,436	3,163,926	899,727	7,594,089	-
Total Noncurrent Liabilities	<u>39,370,808</u>	<u>15,400,883</u>	<u>3,311,702</u>	<u>58,083,392</u>	<u>-</u>
Total Liabilities	<u>46,607,818</u>	<u>18,896,989</u>	<u>4,063,234</u>	<u>69,568,040</u>	<u>78,817</u>
<b>Deferred Inflows Of Resources</b>					
Deferred Inflow Related to Debt Refundings	223,837	-	-	223,837	-
Deferred Inflows Related to Pension	499,804	470,432	131,596	1,101,832	-
Deferred Inflows Related to OPEB Obligation	89,834	80,663	24,625	195,122	-
Deferred Inflows Related to Landfill Closure Costs	-	6,235,629	-	6,235,629	-
Total Deferred Inflows Of Resources	<u>813,475</u>	<u>6,786,724</u>	<u>156,221</u>	<u>7,756,420</u>	<u>-</u>
<b>Net Position</b>					
Net Investment In Capital Assets	73,928,528	21,806,552	11,860,988	107,596,067	-
Restricted For Debt Service	6,635,738	-	302,533	6,938,270	-
Unrestricted	<u>4,814,225</u>	<u>6,417,838</u>	<u>(1,028,273)</u>	<u>10,203,791</u>	<u>488,217</u>
Total Net Position	<u>\$ 85,378,491</u>	<u>\$ 28,224,389</u>	<u>\$ 11,135,248</u>	<u>\$ 124,738,128</u>	<u>\$ 488,217</u>

See Accompanying Notes To The Financial Statements.

**CITY OF EDINBURG, TEXAS**  
RECONCILIATION OF THE PROPRIETARY FUNDS STATEMENT OF NET POSITION  
TO THE BUSINESS-TYPE ACTIVITIES - STATEMENT OF NET POSITION  
EXHIBIT 3-B

***SEPTEMBER 30, 2020***

---

Total Net Position	\$ 124,738,128
Amounts Reported For Business-Type Activities In The Statement Of Net Position ("SNP") Are Different Because:	
Net Position of Business-Type Activities -Statement of Net Position	<u>\$ 124,738,128</u>

See Accompanying Notes To The Financial Statements.

**CITY OF EDINBURG, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET POSITION-PROPRIETARY FUNDS**  
**EXHIBIT 3-C**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities- Internal Service Worker's Compensation Fund</b>
	<b>Water and Sewer Fund</b>	<b>Solid Waste Management Fund</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total Enterprise Funds</b>	
<b>FOR THE YEAR ENDED SEPTEMBER 30, 2020</b>					
<b>Operating Revenues:</b>					
Water and Sewer Sales	\$ 18,881,392	\$ -	\$ -	\$ 18,881,392	\$ -
Garbage Collection and Disposal Charges	-	20,963,035	-	20,963,035	-
Fuel Flow Fees	-	-	396,451	396,451	-
Golf Course Fees and Memberships	-	-	975,314	975,314	-
Other Revenue	639,088	79,691	22,206	740,985	-
Total Operating Revenues	<u>19,520,480</u>	<u>21,042,726</u>	<u>1,393,971</u>	<u>41,957,177</u>	<u>-</u>
<b>Operating Expenses:</b>					
Salaries, Wages, and Employee Benefits	5,346,534	5,179,612	1,531,170	12,057,316	-
Supplies and Materials	2,734,065	2,062,456	171,488	4,968,009	-
Contractual and Other Services	3,460,958	1,424,212	482,939	5,368,109	-
Repairs and Maintenance	1,512,743	3,949,744	205,746	5,668,234	-
Other Operating Costs	939,052	415,553	113,500	1,468,105	1,462
Landfill Closure and Post Closure Care Costs	-	200,129	-	200,129	-
Deprecation and Amortization	4,741,863	2,725,629	604,246	8,071,737	-
Total Operating Expenses	<u>18,735,215</u>	<u>15,957,335</u>	<u>3,109,089</u>	<u>37,801,639</u>	<u>1,462</u>
Operating Income (Loss)	<u>785,265</u>	<u>5,085,391</u>	<u>(1,715,118)</u>	<u>4,155,538</u>	<u>(1,462)</u>
<b>Non-Operating Revenues (Expenses)</b>					
Investment Earnings	156,126	83,473	6,910	246,510	4,745
Interest Expense	(913,678)	(140,851)	(40,180)	(1,094,710)	-
Intergovernmental Revenues	106,392	802,498	7,771	916,661	-
Other	38,864	591,806	7,050	637,720	30,129
Total Non-Operating Revenues (Expenses)	<u>(612,296)</u>	<u>1,336,926</u>	<u>(18,449)</u>	<u>706,181</u>	<u>34,874</u>
Income (Loss) Before Contributions and Transfers	<u>172,969</u>	<u>6,422,317</u>	<u>(1,733,567)</u>	<u>4,861,719</u>	<u>33,412</u>
<b>Transfers In (Out)</b>					
Transfers In	-	-	987,637	987,637	-
Transfers Out	(141,856)	(7,057,634)	(10,361)	(7,209,852)	-
Total Transfers In (Out)	<u>(141,856)</u>	<u>(7,057,634)</u>	<u>977,276</u>	<u>(6,222,215)</u>	<u>-</u>
Change In Net Position	31,112	(635,318)	(756,291)	(1,360,496)	33,412
<b>Net Position - Beginning Of Year</b>	85,328,128	26,557,353	11,891,539	123,777,021	454,805
Prior Period Adjustment	19,250	2,302,354	-	2,321,604	-
<b>Net Position - End Of Year</b>	<u>\$ 85,378,491</u>	<u>\$ 28,224,389</u>	<u>\$ 11,135,248</u>	<u>\$ 124,738,128</u>	<u>\$ 488,217</u>

See Accompanying Notes To The Financial Statements.

**CITY OF EDINBURG, TEXAS**

RECONCILIATION OF THE PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION OF PROPRIETARY FUNDS TO THE BUSINESS-TYPE  
ACTIVITIES-STATEMENT OF ACTIVITIES  
EXHIBIT 3-D

***SEPTEMBER 30, 2020***

---

Total Change In Net Position	\$ (1,360,496)
------------------------------	----------------

Amounts Reported For Business-Type Activities In The Statement Of Activities ("SOA")  
Are Different Because:

Net Position of Business-Type Activities -Statement of Net Position	<u>\$ (1,360,496)</u>
---	-----------------------

See Accompanying Notes To The Financial Statements.



**CITY OF EDINBURG, TEXAS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**EXHIBIT 3-E**

	Business-type Enterprise Funds				Governmental Activities- Internal Service Worker's Compensation Fund
	Water and Sewer Fund	Solid Waste Management Fund	Nonmajor Enterprise Funds	Total	
FOR THE YEAR ENDED SEPTEMBER 30, 2020					
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 19,559,932	\$ 21,042,726	\$ 1,449,514	\$ 42,052,172	\$ -
Cash received from other funds	1,056,541	-	18,435	1,074,976	746
Cash received from other operating receipts	1,335,611	8,312,756	316,757	9,965,124	-
Cash payments to employees for services	(5,348,936)	(5,179,612)	(1,532,573)	(12,061,121)	-
Cash payments for other operating activities	(6,441,401)	(12,666,816)	(916,807)	(20,025,024)	(16,770)
Cash payments to other funds	(57,866)	(21,405)	(22,309)	(101,580)	(3,832)
Cash payments to other suppliers for goods and services	(2,734,065)	(1,182,344)	(171,488)	(4,087,897)	-
Net cash provided (used) by operating activities	7,369,816	10,305,305	(858,471)	16,816,650	(19,856)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grants	106,392	802,498	7,771	916,661	-
Interfund loan or loan repayments received	-	-	-	-	-
Transfers from other funds	-	-	987,637	987,637	-
Transfers to other funds	(141,856)	(7,057,634)	(10,361)	(7,209,851)	-
Net cash provided (used) by operating activities	(35,464)	(6,255,136)	985,047	(5,305,553)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on long-term debt	(896,535)	(3,677,960)	(328,673)	(4,903,168)	-
Proceeds from capital debt	-	-	225,142	225,142	-
Interest paid on long-term debt	(918,255)	(140,851)	(40,180)	(1,099,286)	-
Acquisition or construction of capital assets	(4,396,286)	(2,477,790)	(213,170)	(7,087,246)	-
Net cash provided/(used) by capital and related financing activities	(6,211,076)	(6,296,601)	(356,881)	(12,864,558)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest from investments	156,126	83,473	6,910	246,509	4,745
Purchase of investment securities	-	(2,798,864)	-	(2,798,864)	-
Proceeds from sales and maturities of investments	746,005	-	1,013,721	1,759,726	500,864
Other receipts	38,864	591,805	11,317	641,986	-
Other payments	-	-	1,031,948	(19,364,584)	-
Net cash provided/(used) by investing activities	940,995	(2,123,586)	2,063,896	(19,515,227)	505,610
Net increase/(decrease) in cash	2,064,271	(4,370,018)	1,833,591	(472,156)	485,754
Cash beginning of fiscal year	4,192,811	7,425,341	153,789	11,771,941	17,131
Cash end of fiscal year	\$ 6,257,082	\$ 3,055,323	\$ 1,987,380	\$ 11,299,785	\$ 502,885

**CITY OF EDINBURG, TEXAS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**EXHIBIT 3-E**  
*(Continued)*

	<b>Business-type Enterprise Funds</b>				<b>Governmental Activities- Internal Service Worker's Compensation Fund</b>
	<b>Water and Sewer Fund</b>	<b>Solid Waste Management Fund</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 785,265	\$ 5,085,391	\$ (1,715,118)	\$ 4,155,538	\$ (1,462)
Adjustments to Reconcile Operating Income (Loss) to Net cash Provided (Used) by Operating Activities:					
Depreciation and amortization	4,741,863	2,725,629	604,246	8,071,737	-
Changes in Assets and Liabilities					
Decrease (increase) in receivables	(294,205)	(1,182,344)	55,542	(1,421,007)	1,405
Decrease (increase) in due from other funds	1,056,541	803,982	18,435	1,878,958	746
Decrease (increase) in due from other governments	(106,392)	(802,498)	(7,771)	(916,661)	-
Decrease (increase) in prepaid items	-	-	2,653	2,653	-
Decrease (increase) in inventories	(153,898)	4,496	9,818	(139,584)	-
Decrease (increase) in deferred outflows	151,410	(3,651,696)	63,495	(3,436,791)	-
Increase (decrease) in accounts payable	1,184,201	982,410	133,005	2,299,616	(8,563)
Increase (decrease) in compensated balances	(2,402)	31,406	455	29,459	-
Increase (decrease) in vouchers payable	-	-	-	-	-
Increase (decrease) in accrued liabilities	(42,152)	(50,325)	(26,642)	(119,119)	(8,150)
Increase (decrease) in due to other funds	(57,866)	(21,405)	(22,344)	(101,615)	(3,832)
Increase (decrease) in unearned revenue	-	-	(5,631)	(5,631)	-
Increase (decrease) in deposits	39,452	(3,797)	570	36,225	-
Increase (decrease) in deferred inflows	156,312	6,490,462	74,334	6,721,109	-
Increase (decrease) in pensions	(88,313)	(106,406)	(43,518)	(238,237)	-
Total adjustments	6,584,551	5,219,914	856,647	12,661,112	(18,394)
Net cash provided (used) by operating activities	\$ 7,369,816	\$ 10,305,305	\$ (858,471)	\$ 16,816,650	\$ (19,856)

**CITY OF EDINBURG, TEXAS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**EXHIBIT 4-A**

	<b>Agency Fund</b>
	<b>Developer's Escrow Fund</b>
<b><i>SEPTEMBER 30, 2020</i></b>	
<b>Assets</b>	
Investments	\$ 4,734,985
Total Assets	<u>\$ 4,734,985</u>
<b>Liabilities</b>	
Developer Deposits	\$ 4,734,985
Total Liabilities	<u>\$ 4,734,985</u>

See Accompanying Notes To The Financial Statements.

---

## **Notes to the Financial Statements**

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Edinburg, Texas, 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 primary standard-setting body for establishing governmental accounting and financial reporting principles.

As a local government, the City is not subject to federal income taxes under Internal Revenue Code Section 115. Furthermore, it is not subject to state sales tax.

The more significant of the City’s accounting policies are described below.

***Reporting Entity***

The City of Edinburg, Texas, was incorporated on September 19, 1919 under the Constitution of The State of Texas. 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 (police and fire), highways and streets, solid waste, health and welfare, culture and recreation, public improvements, planning and zoning, general government services, utilities (water and sewer), improvements, and an international airport.

***Component Units***

Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize their legal separateness from the City. Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

***Discretely Presented Component Units***

*The Edinburg Economic Development Corporation* (EEDC) was organized on behalf of the City of Edinburg for the specific public purpose of the promotion and development of commercial, industrial and manufacturing enterprises to promote and encourage employment and the public welfare. It was incorporated on April 23, 1990 and is considered a 501 (c) (4) corporation by the Internal Revenue Service.

A five-member board of directors, each of which is appointed by the City Council, governs the EEDC. Any director may be removed from office by the City Council for cause or at will. Exercise of all powers to affect the purposes of the corporation is subject at all times to the control of the Edinburg City Council. In addition, the City must approve amendments to EEDC’s Bylaws and Articles of Incorporation. The City has financial accountability because the voting majority of the board members are nominated by the City Council and a financial benefit/burden exists, allowing the City to impose its will. EEDC is presented as a governmental fund type and has a September 30 year-end.

Complete financial statements for this component unit may be obtained at its administrative office at:

Edinburg Economic Development Corporation  
415 West University Drive  
Edinburg, Texas 78541

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*The Boys' and Girls' Club of Edinburg, Inc.* (a non-profit corporation), is a member of the national Boys' and Girls' Clubs of America and was organized by the City of Edinburg for the specific public purpose of improved services to the community, which are to inspire and enable all young people, especially those from disadvantaged circumstances, to realize their full potential as productive, responsible and caring citizens. It is a 501 (c) (3) nonprofit corporation. The Boys' and Girls' Club of Edinburg, Inc. is governed by a sixteen-member board of directors, one of which is appointed by the City Council. The Boys' and Girls' Club of Edinburg, Inc.'s primary source of funds are contributions from the general public, grants, and assistance from the City of Edinburg. The City of Edinburg also performs certain administrative functions such as payroll and accounts payable processing. There is a fiscal dependency on the City, and there is the potential that exclusion would result in misleading financial reporting. The Boys' and Girls' Club of Edinburg, Inc. is presented as a governmental fund type and has a September 30 year-end.

The Boys' and Girls' Club of Edinburg, Inc. does not issue separate financial statements.

***Blended Component Unit***

*City of Edinburg, Texas Local Government Finance Corporation (LGFC)* was created on January 16, 2007 by the City of Edinburg, Texas, to assist with financing and constructing economic development projects within the City and manage tax increment reinvestment zones. The LGFC is a nonprofit local government corporation established in accordance with the provisions of Subchapter D of Chapter 431, Texas Transportation Code, as amended. Its primary source of revenues are tax increments paid to it from reinvestment zones within the City to discharge debt obligations incurred in connection with economic development projects.

The LGFC is governed by a five-member board of directors all of whom are members of the Edinburg City Council. Terms of office run concurrently with the respective terms of office on the City Council. The City can impose its will on the LGFC and a financial benefit/burden exists. Because the LGFC's governing body is substantially the same as the governing body of the City, it is presented as a blended component unit in the financial statements. The LGFC does not issue separate financial statements.

***Tax Increment Reinvestment Zones***

In 1997, the City Council approved ordinance No. 1915 which created a tax increment reinvestment zone pursuant to Chapter 311 of the Texas Tax Code. This was originally designated as Reinvestment Zone Number One, City of Edinburg, Texas (1997 Zone). However, no public or private improvements were made to the 1997 Zone and expected development never materialized. Therefore, on November 18, 2008, an ordinance was passed terminating the 1997 Zone. However, the new zone established in 2007 (TIRZ # 1 described below) was inadvertently named Reinvestment Zone Number One, City of Edinburg, Texas. Since the 1997 Zone was terminated, there was no need to change the name of the 2007 tax increment zone. As a result, there is no Tax Increment Zone Number Two.

*Reinvestment Zone Number One, City of Edinburg, Texas (TIRZ # 1)* is a reinvestment zone created by the City of Edinburg pursuant to the Tax Increment Financing Act, Chapter 311, Texas Tax Code. Creation of the tax increment zone along with an economic development agreement between the City of Edinburg, Hidalgo County, The Edinburg Economic Development Corporation, the City of Edinburg Local Government Finance Corporation, and the developer, allowed for property tax increment funding to support development activities relating to development of a retail shopping center containing approximately 800,000 square feet in multiple buildings.

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

On March 16, 2015, the developer agreement dated February 20, 2007 and subsequently amended on August 16 and November 15, 2011 was cancelled. All work under the agreement had been performed by the developer and the City desired to use TIRZ # 1 to help finance the repayment of debt issued for the construction of a new municipal facility in TIRZ # 4. Under the developer agreement, the City was required to provide a Chapter 380 Grant Reimbursement equal to the difference between \$8,000,000 and the public infrastructure reimbursement. This was being paid from the City's dedicated 1% sales tax revenues collected within TIRZ # 1. The remaining amount due to the developer under the agreement was \$1,572,266. In addition, the EEDC owed a remaining balance of \$1,975,684, for a total amount of \$3,547,950. Per the terms of the agreement to terminate the economic development agreement, both the City and the EEDC agreed to pay off these balances. In return, the developer released both the City and the EEDC from future obligations under the agreement.

Tax increment revenues are transferred to the City of Edinburg Local Government Finance Corporation for the purpose of discharging obligations arising out of Public Infrastructure Bonds issued for which tax increment revenues have been pledged. Other than the City of Edinburg and Hidalgo County, no other taxing jurisdictions are participating in TIRZ # 1. This TIRZ has been combined with TIRZ # 4 (described below) and all revenues are now being used to pay obligations issued to fund the construction of a municipal facility.

At the expiration of the term of the tax increment zone, any remaining tax increment revenues will be distributed into the general fund of the City in proportion to its contributions to the zone for the tax year most recently ended.

Reinvestment Zone Number One, City of Edinburg, Texas has a board of directors composed of six members, with one of the members appointed by Hidalgo County and the remaining five members appointed by the City Council of the City. Each board member serves a two-year term. The zone is managed by LGFC, which is presented as a blended component unit of the City.

*Reinvestment Zone Number Three, City of Edinburg, Texas (TIRZ #3)* is a reinvestment zone created by the City of Edinburg pursuant to the Tax Increment Financing Act, Chapter 311, Texas Tax Code. The zone was created on November 18, 2008. Creation of the tax increment zone along with an economic development agreement between the City of Edinburg, Hidalgo County, LGFC, and the developer, allows for property tax increment funding to TIRZ # 3 to support qualifying development activities related to 704 acres of land located in the northeast quadrant of the city. The developer will be responsible for the development and construction of the project at their cost and expense. In exchange, taxes generated in TIRZ # 3 will reimburse the developer for all, or a portion of reimbursable public infrastructure costs as defined in the agreement. Tax increment revenues are transferred to LGFC for the purpose of discharging obligations under the development agreement. Other than the City of Edinburg and Hidalgo County, no other taxing jurisdictions are participating in TIRZ # 3. The zone will terminate upon the earlier of (i) the date on which the reimbursement commitments or tax increment bonds have been fully paid or defeased in accordance with the terms of the development agreement or (ii) 30 years (December 31, 2037) from the effective date of the ordinance creating the zone. At the expiration of the term of the tax increment zone, any remaining tax increment revenues will be distributed into the general fund of the City in proportion to its contributions to the zone for the tax year most recently ended.

Reinvestment Zone Number Three, City of Edinburg, Texas has a board of directors composed of five members, with one of the members appointed by Hidalgo County and the remaining four members appointed by the City Council of the City. Each board member serves a two-year term. The zone is managed by LGFC, which is presented as a blended component unit of the City.

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

*Reinvestment Zone Number Four, City of Edinburg, Texas (TIRZ #4)* is a reinvestment zone created by the City of Edinburg pursuant to the Tax Increment Financing Act, Chapter 311, Texas Tax Code. The zone was created on November 19, 2013. Creation of the tax increment zone allows for property tax increment funding to TIRZ # 4 to support financing of costs associated with the construction of public improvements related to several development and redevelopment projects, including the construction of a municipal facility. On March 1, 2015 an agreement was entered into between the City, the LGFC, TIRZ # 1, TIRZ #4, and the EEDC. Under the terms of the agreement, the LGFC will aid in the financing, constructing, furnishing, and owning of an indoor multipurpose event center. The LGFC will be the landlord and lease the municipal facility as further described in the lease and development agreement. In connection with this agreement, the LGFC issued bonds to finance the construction. Under the terms of the agreement, the developer was responsible for half of the construction costs of the municipal facility and any cost overruns. Other than the City of Edinburg and Hidalgo County, no other taxing jurisdictions are participating in TIRZ # 4.

The zone will terminate on December 31, 2045, unless otherwise terminated earlier as a result of payment in full of all project costs or tax increment bonds, if issued.

Reinvestment Zone Number Four, City of Edinburg, Texas has a board of directors composed of five members, with one of the members appointed by Hidalgo County and the remaining four members appointed by the City Council of the City. Each board member serves a two-year term. The zone is managed by LGFC, which is presented as a blended component unit of the City.

***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 nonfiduciary activities of the primary government and its component units. 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 legally 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. The City does not allocate indirect expenses to functions in the Statement of Activities. 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 enterprise funds are reported as separate columns in the fund financial statements.



**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

***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, as are the proprietary funds. Revenues are 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 revenues 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 funds and component units are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, similar to accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

Proprietary funds are accounted for on a cost of services or “economic resources” measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included in their statements of net position. Agency funds are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus (i.e., since they do not report net position they cannot present an operating statement reporting changes in net position). They do, however, use the accrual basis of accounting to recognize receivables and payables.

The City issued revenue bonds to finance water and sewer system improvements. Both the water and sewer departments are accounted for in a single fund. Investors in the revenue bonds rely solely on the revenue generated by these activities for repayment. Financial information for the Water and Sewer Fund is included in Exhibits 3-A through 3-E.

Noncurrent portions of certain long-term receivables, such as property taxes, are reported on the balance sheets of governmental funds in spite of their measurement focus. Special reporting treatments are used to indicate that they should not be considered available spendable resources, since they do not represent net current assets. Recognition of governmental fund revenues represented by noncurrent receivables is deferred until they become current receivables and reported as a deferred inflow.

Those revenues susceptible to accrual are property taxes, franchise taxes, interest revenue of the current fiscal period and certain charges for services. Sales taxes collected and held by the intermediary collecting governments at year-end on behalf of the City are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (*Continued*)

The government reports the following major governmental funds:

The *General Fund* 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.

The *Capital Projects Fund* is used to account for the acquisition and construction of the City's major capital facilities and infrastructure improvements, other than those financed by proprietary funds.

The *Grant Fund* is used to account for federal, state and local awarded funds towards operations and infrastructure improvements in the City not accounted for in the General Fund.

The government reports the following major enterprise funds:

The *Water and Sewer Fund* is used to account for water and sewer service revenue and expenses.

The *Solid Waste Management Fund* is used to account for solid waste collections and landfill service revenues and expenses.

Additionally, the government reports the following fund types:

*Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

*Special Revenue Funds* are used to account for the proceeds of specific revenue sources (other than debt service or major capital projects) that are legally restricted to expenditures for specified purposes.

*Internal Service Fund.* The City was formerly self-insured with respect to worker's compensation and uses an internal service fund to account for the contributions from funds and payments of expenses related to claims made under the worker's compensation program. Internal service funds are used to account for the financing of goods and services provided by an activity to other departments, funds or component units of the City on a cost-reimbursement basis. The fund currently accounts for remaining run-out claims from previous periods. Because the principal users of the internal services were the City's governmental activities, the financial statements of the internal service fund are consolidated into the governmental column when presented in the government-wide financial statements.

*Fiduciary Fund.* An *agency fund*, the Developer's Escrow Fund, is used to report developer's deposits held in a custodial capacity (assets equal liabilities).

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer and solid waste management functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

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 enterprise funds and internal service 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.

***Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position***

***Deposits and investments***

The City's 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 that have a remaining maturity at time of purchase of one year or less are reported at amortized cost. Investments in entities (such as investment pools) that calculate net asset value per share and follow the requirements of GASB Statement No. 79 are also reported at amortized cost. All other investments are reported at fair value. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value.

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 Corporation Act. In general, this policy allows the City to invest in certificates of deposit, repurchase agreements, obligations of the U.S. Government and its agencies or instrumentalities, and state obligations.

The Edinburg Economic Development Corporation is authorized to invest in certificates of deposit, obligations of the U.S. Government and its agencies or instrumentalities, and state obligations.

The Boys' and Girls' Club of Edinburg, Inc.'s bank accounts are managed by the City and the City's investment policies are followed, with the exception of the endowment fund, which is managed separately by the Boys' and Girls' Club of Edinburg, Inc. The endowment fund of the Boys' and Girls' Club of Edinburg, Inc. is not subject to and does not invest its funds in accordance with the Public Funds Investment Act. The City of Edinburg has no control over the endowment fund or the investment decisions made.

The Boys' and Girls' Club of Edinburg, Inc.'s endowment investments are carried at fair value as defined in GASB Statement No. 72. The City categorizes its fair value measurements within the fair value hierarchy. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

***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.”

Advances between funds, reported in the fund financial statements, are classified as nonspendable fund balance in governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Accrued liabilities include amounts accrued for salaries and other payroll-related items.

All trade receivables are shown net of an allowance for uncollectible accounts, as applicable. Included in accounts receivable of the City's Water and Sewer enterprise 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.

Property taxes are levied, by October 1, on the assessed value listed as of the prior January 1 for all real and business personal property in the City. Assessed values are an approximation of market values.

Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. No discounts are offered. Tax liens attach on January 1 each year. The tax lien is part of a lawsuit for property that can be filed any time after taxes become delinquent. Generally, suits are filed on property after July 1. Collection costs of 15% may be added to all delinquent accounts. Current tax collections for the year ended September 30, 2020, were 97.08% of the tax levy.

Property taxes at the fund level are recorded as receivables and deferred inflows at the time the taxes are levied. Revenues are recognized as the property taxes are collected including those collected 60 days after the end of the year.

Taxes are prorated between general and debt service funds based on rates adopted for the year of the levy. For the year ended September 30, 2020, property tax rates were \$.5570 and \$.1230 for the general fund and the debt service fund, respectively, per \$100 of assessed value.

***Inventories and prepaid items***

Inventories of governmental funds, consisting of fuel and office supplies, are valued at cost on the first-in, first-out basis. Inventories of proprietary funds, consisting of fuel and parts and supplies, are valued at cost on the first-in, first-out basis. Merchandise inventories are valued at lower of cost or market on the first-in, first-out basis. Inventories are recorded under the consumption method. Under this method, the expenditure is initially recorded as an asset and subsequently expensed upon usage.

Prepaid items consist of payments to vendors for costs applicable to future accounting periods. Prepaid items are recorded under the consumption method. Under this method, the expenditure is initially recorded as an asset and subsequently expensed over the periods service is provided.

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Restricted Assets***

The water and sewer revenue bond indentures require that during the period the bonds are outstanding, the City must maintain certain separate accounts and funds to account for the proceeds from the issuance of the revenue bonds and debt service deposits made from revenues. These restricted assets can be used only in accordance with the revenue bond indenture to pay the debt service payments on such bonds and costs associated with projects associated with the bonds.

In connection with an economic development agreement, the blended component unit, City of Edinburg Local Government Finance Corporation, is required to keep cash with a fiscal agent under a trust agreement. The cash is disbursed by the trustee in relation to construction costs and debt service requirements.

***Capital Assets***

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Leases that meet the criteria of a capital lease are capitalized.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are reported at acquisition value.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest expense on debt issuances is not capitalized on capital assets of during construction.

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 government-wide financial statements. Depreciation of general capital assets used by funds categorized as governmental activities is not provided in the fund financial statements; however, it is included in the gross expense by function in the government-wide Statement of Activities. Capital assets, net of accumulated depreciation, are reported on proprietary fund balance sheets and in both the governmental activities and business-type activities columns of the government-wide Statement of Net Position.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

<b>Assets</b>	<b>Useful Lives</b>
Buildings and Improvements	10-50 years
Water and Sewer Systems	20-50 years
Infrastructure	15-40 years
Machinery and Equipment	3-10 years

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

***Compensated Absences***

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The City accrues a liability for sick leave using the vesting method. Vacation leave is accrued as a liability as the benefits are earned by employees when both the employees' rights are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits.

To the extent that the City's obligation is attributable to employees' services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means, vacation benefits are accrued as liabilities (on a government-wide basis) as employees earn the benefits. On a fund financial statement basis for the governmental funds, only matured liabilities and liabilities expected to be liquidated with current assets are accrued. Sick leave benefits are accrued as a liability as employees earn the benefits, but only to the extent that it is probable the City will compensate the employees through cash payments conditioned on the employees' termination or retirement.

Compensated absences directly related to and expected to be paid from proprietary funds are recorded as an expense and liability of those funds as the benefits accrue to employees. A compensated absence is liquidated in the fund where the employee's salary was paid. All compensated absences liquidated in the general fund are associated with employees' salaries paid from governmental funds.

***Long-Term Obligations***

In government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental/business – type activities or the specific proprietary fund to which each relates, as applicable. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses in the period incurred, with the exception of portions related to bond insurance, which are classified as prepaid expenses and amortized to expense over the term of the policy. Losses or gains resulting from advance refunding of debt are deferred and amortized over the shorter of the life of the new debt or the original life of the defeased debt and are reported as a deferred outflow or inflow of resources. Amortized amounts are reported as a component of interest expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as an "other financing source". Premiums received and discounts on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in the period incurred.

***Other Postemployment Benefits (OPEB)***

The City provides certain health care benefits for its retired employees and their families as more fully described (see Note 12). At September 30, 2020, the City's total OPEB liability for these retiree benefits was approximately \$21.8 million. The City funds the costs of these benefits on a pay-as-you-go basis.

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's two pension plans and additions to/deductions from each plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability, pension expenses, and long-term deferrals are allocated to funds based on actual contributions by fund during the corresponding measurement period with the exception of the internal service funds, which are presented in governmental activities in the government-wide statements (see Note 12).

***Deferred Outflows of Resources and Deferred Inflows of Resources***

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has the following items that qualify for reporting in this category.

*Deferred charges on refundings* – a deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

*Pension-OPEB contributions after measurement date* – these contributions are deferred and recognized in the following fiscal year.

*Difference in projected and actual earnings on pension-OPEB assets* – this difference is deferred and amortized over a closed five-year period.

*Deferred landfill closure and post closure care costs* – these deferred expenses are due to a change in estimate and expansion of cubic yards permitted for the landfill. This difference is deferred and amortized over the remainder of the expected life of the landfill.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The City has the following items that qualify for reporting in this category:

*Changes in actuarial assumptions or other inputs and differences between expected or actual experience* – these are amortized over the weighted average remaining service lives of all participants determined as of the measurement date.

*Receivables for property taxes and other long-term receivables*- these are recognized as revenue at the fund level when considered to be measurable and available.

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (*Continued*)

*Deferred landfill closure and post closure care costs gain* – this deferred gain is due to a change in estimate and expansion of cubic yards permitted for the landfill. This difference is deferred and amortized over the remainder of the expected life of the landfill.

***Fund Balance Flow Assumptions***

The City will periodically fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the City's policy is to first apply the expenditure toward restricted resources and then toward unrestricted resources. In governmental funds, the City's policy is to first apply the expenditure toward restricted fund and then to other, less restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

***Fund Balance Policies***

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. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The following is a summary of the different fund balance categories:

- *Restricted*: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- *Committed*: includes amounts that can be used only for the specific purpose determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by an adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken such as the adoption of another ordinance to remove or revise the limitation.
- *Assigned*: includes amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be committed. The City Council has not passed any resolution or measure designating a specific individual to assign fund balance. Unlike commitments, assignments generally only exist temporarily. An additional action does not normally have to be taken for the removal of an assignment.
- *Unassigned*: fund balance of the general fund that is not constrained for any particular purpose. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a *positive* unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, a negative unassigned fund balance is reported in that fund.
- *Nonspendable*: fund 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 principal (corpus) of an endowment fund.



**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

The City has a financial policy in place to maintain a minimum level of assigned cash balance in the general fund. The target level is set at 25% of the current general fund annual expenditures (equal to at least three months). This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur.

***Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

***Budgetary Information***

The City follows these procedures in establishing budgetary data:

- Prior to August 15 of each year, the City Manager is required to submit to the City Council a proposed budget for the fiscal year beginning on October 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to October 1, the budget is legally enacted by the City Council through passage of an ordinance.
- The City Manager is authorized to transfer budgeted amounts between accounts within any budgetary category of a department; however, any revisions that alter the total expenditures of any department must be approved by the City Council. Budgeted amounts include transfers and revisions to the original appropriations ordinance.
- Annual appropriated budgets are adopted for the general fund, the debt service fund, and the Boys' and Girls' Club of Edinburg, Inc., a component unit. These budgets are adopted on a basis consistent with generally accepted accounting principles. The budgetary comparison schedule reflected in Exhibit 5-A is for the general fund and includes the original and final amended budget. Budgets for the special revenue funds are adopted based on the grant term or other periods and the budget for the capital projects fund is adopted over the multiple-year term of projects. Budgets for enterprise funds are maintained for internal use only.
- Annual budgeted expenditures are adopted at the fund level and itemized in three formats: departmental, type and function/program. Accordingly, the level at which expenditures cannot legally exceed appropriations is the fund level. Supplementary appropriations were made one time during the year.
- Appropriations for annually budgeted funds lapse at year-end.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds.

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 3 – DEPOSITS AND INVESTMENTS**

***Primary Government***

*Deposits* – State statutes require that all deposits in financial institutions be fully collateralized by direct obligations of the U.S. Government 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. The City's deposits were fully insured and collateralized as required by the state statutes at September 30, 2020. At year-end, the City's deposits with financial institutions bank balance was \$4,371,912. Of the total bank balance, the Federal Depository Insurance Corporation (FDIC) covered \$250,000 for demand deposits. Balances in excess of federal insurance limits were covered with collateral. The collateral is held by Frost Bank in the City's name under a joint safekeeping arrangement with the City's depository bank. The City had cash on hand of \$11,334.

*Investments* – State statutes, City bond ordinances and City resolutions authorize the City's investments. The City is authorized to invest in the following: obligations of the United States or its agencies and instrumentalities (except for mortgage pass-through securities); fully insured or collateralized certificates of deposit issued by a state or national bank, a savings bank, or a state or federal credit union domiciled in this state which is guaranteed or insured by the Federal Deposit Insurance Corporation; fully collateralized repurchase agreements having a defined termination date; investment pools with a weighted average of 90 days or less; no load money market mutual funds registered with and regulated by the Securities and Exchange Commission, which have a dollar weighted average portfolio maturity of 90 days or less; and other such securities or obligations as approved by the City Council upon the recommendation of the investment committee.

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"). Chapter 2256 of the Texas Government Code, in addition to other provisions of the Act designed to promote liquidity and safety of principal, requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAAm or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The City's investments, which are in an external investment pool, as of September 30, 2020, are:

<b>Investments</b>	<b>Amortized Cost</b>	<b>Weighted Average Maturity (Days)</b>	<b>Standard &amp; Poor's Rating</b>
Public Fund Investment Pools			
TexPool	\$ 79,492,680	38	AAAm

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool, the Texas Local Government Investment Pool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both persons who do not have a business relationship with TexPool and participants in TexPool.

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 3 – DEPOSITS AND INVESTMENTS** *(Continued)*

As of September 30, 2020, all of the City's external investment pools meet the criteria described in GASB Statement No. 79 and measure all of their investments at amortized cost; therefore, the City has also measured their investments in these external investment pools at amortized cost for financial reporting purposes. In addition, the pools do not have any limitations or restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity or redemption gates.

*Interest Rate Risk*

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the amortized value of an investment. Per the City's investment policy, investments, with the exception of those in the debt service fund, cannot have maturities that exceed two years. For operating funds, such as the general fund and enterprise funds, maturities shall not exceed one year.

*Credit Risk*

In compliance with the City's investment policy, as of September 30, 2020, the City minimized credit risk losses due to default of a security issuer or backer by:

- limiting investments to the safest type of securities.
- all of the City's investments were in a public funds investment pool with a rating of AAAm by Standard & Poor's.
- reviewing the credit-worthiness and other information of financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business.
- diversifying the investment portfolio and maintaining an active as opposed to passive portfolio management philosophy.

*Concentration of Credit Risk*

The City's investment policy calls for the investment committee to establish strategies and guidelines for the percentage of the total portfolio that may be invested in securities other than repurchase agreements, U.S. Government or Agency obligations, or insured and collateralized certificates of deposit. As of September 30, 2020, the City has investments only in a public funds investment pool.

*Custodial Credit Risk*

Custodial credit risk for investments is the risk that in the event of a failure of the counterparty, the City of Edinburg will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are not registered in the name of the City, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name. As of September 30, 2020, none of the City's investments were subject to custodial credit risk.

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)**

***Edinburg Economic Development Corporation, Component Unit***

Deposits and investments for the Edinburg Economic Development Corporation (EEDC) are held separately from City funds.

*Deposits* - At September 30, 2020, the carrying amount for the EEDC was \$18,856,883 and the bank balance was \$19,172,639. At September 30, 2020, EEDC's deposits were entirely covered by federal deposit insurance or were secured by collateral held by the pledging financial institution's agent in the EEDC's name pursuant to the depository agreement.

*Investments* - At September 30, 2020 the EEDC has no investments.

Please refer to the descriptions of credit risk, interest rate risk, concentration of credit risk, and custodial credit risk above relating to the primary government. The EEDC follows the same policies relating to investments.

***Boys' and Girls' Club of Edinburg, Inc., Component Unit***

*Deposits* - At September 30, 2020, the carrying amount for the Boys' and Girls' Club of Edinburg, Inc. was \$1,068,447 and the bank balance was \$1,068,447. The depository contract of the City covers these deposits. The Boys' and Girls' Club of Edinburg, Inc. had cash on hand of \$250.

*Investments* - Effective May 3, 2014, The Boys' and Girls' Club elected to no longer be under the City's investment policy with respect to their endowment fund in favor of a more aggressive investment approach.

At September 30, 2020, the Boys' and Girls' Club endowment fund had investments in the following:

<b>Investment Type</b>	<b>Fair Value (Level 1)</b>
Mutual funds	\$ 199,160
Corporate debt	125,483
Money market	1,195,719
<b>Total</b>	<b>\$ 1,520,362</b>

In addition to the amounts invested above, the Boys and Girls Club has \$10,000 of cash and cash equivalents restricted for the endowment. These are classified as part of the endowment balance at September 30, 2020, which totals \$1,530,362.

***Credit Risk***

The investment policy of the Boys' and Girls' Club of Edinburg provides that fixed income investments will be selected based on credit ratings, as well as other factors. Only corporate debt (including preferred stock) that is investment grade or better may be purchased for the endowment fund. Credit ratings of debt securities held at September 30, 2020 are as follows:

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)**

<b>Debt Security</b>	<b>Rating</b>	<b>Maturity</b>
Goldman SACHS 3%	BBB+ (S&P)	04/26/22
McDonald's Corp. 2.625%	BBB+ (S&P)	01/15/22
National Rural Utils Coop 3%	A (S&P)	05/15/23
Ventas Reality 3.125%	Baa1 (Moody's)	06/15/23
Vodafone Group 2.95%	Baa2 (Moody's)	02/19/23
Wells Fargo 3.45%	BBB+ (S&P)	02/13/23
Xilink Inc 2.95%	A- (S&P)	06/01/24

*Concentration of Credit Risk*

Policies of the Boys' and Girls' Club investment policy provide for diversification of assets in an effort to maximize the investment return and manage the risk of the investment portfolio consistent with market conditions. The Board of Directors of the Club has established asset allocation minimum and maximum ranges for asset categories. At September 30, 2020, the Boys' and Girls' Club of Edinburg had holdings of 5% or more in the following issuers:

<b>Issuer</b>	<b>Type</b>	<b>Percentage of Portfolio</b>
Goldman SACHS 3%	Corporate Debt	6.89%
McDonald's Corp. 2.625%	Corporate Debt	6.99%
National Rural Utils Coop 3%	Corporate Debt	7.10%
Vodafone Group 2.95%	Corporate Debt	7.14%
Wells Fargo 3.45%	Corporate Debt	7.20%
Xilink Inc 2.95%	Corporate Debt	7.30%

*Interest Rate Risk*

Short-term investments are to be properly laddered to match the present income needs of the Club. No other policies address interest rate risk of the Club. Maturities of the Club's debt securities are listed in the table above.

*Custodial Credit Risk*

The custodial credit risk for investments is the risk that in the event of a failure of the counterparty, the Boys' and Girls' Club of Edinburg will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Investment securities are exposed to custodial risk if the securities are not registered in the name of the Club, and are held by either the counterparty or the counterparty's trust department or agent but not in the Club's name. As of September 30, 2020 none of the Club's investments were subject to custodial credit risk.

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)**

***Reconciliation***

A reconciliation of cash and cash equivalents as shown on the Statement of Net Position is as follows:

	<b>Component Units</b>		
	<b>Primary Government</b>	<b>Primary E.E.D.C.</b>	<b>Boys and Girls Club of Edinburg, Inc.</b>
Cash on hand	\$ 11,334	\$ -	\$ 250
Carrying amounts of deposits	10,333,945	18,856,883	1,068,447
<b>Cash and Cash Equivalents</b>	<b>\$ 10,345,279</b>	<b>\$ 18,856,883</b>	<b>\$ 1,068,697</b>
Cash and cash equivalents	\$ 10,345,279	\$ 5,437,202	\$ 1,058,697
Cash and cash equivalents - restricted	-	13,419,681	10,000
<b>Cash and Cash Equivalents Statement of Net Position</b>	<b>\$ 10,345,279</b>	<b>\$ 18,856,883</b>	<b>\$ 1,068,697</b>

**NOTE 4 – RECEIVABLES**

***Primary Government***

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

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Grant Fund</b>	<b>Water and Sewer Fund</b>	<b>Solid Waste Management Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>
<b>Receivables</b>								
Taxes	\$ 7,278,636	\$ -	\$ -	\$ -	\$ -	\$ 513,441	\$ -	\$ 7,792,076
Accounts	1,537,704	-	-	3,240,982	4,310,149	-	47,585	9,136,421
Loans	-	-	-	-	-	1,556,109	-	1,556,109
Intergovernmental	-	845,874	9,056,910	106,392	802,498	573,956	7,771	11,393,401
<b>Gross receivables</b>	<b>8,816,339</b>	<b>845,874</b>	<b>9,056,910</b>	<b>3,347,375</b>	<b>5,112,647</b>	<b>2,643,506</b>	<b>55,356</b>	<b>29,878,007</b>
Less: Allowance for uncollectible-taxes	(429,819)	-	-	-	-	(98,652)	-	(528,471)
Less: Allowance for uncollectible-accounts	(485,726)	-	-	(93,446)	(200,275)	-	(6,765)	(786,211)
<b>Net Total Receivables</b>	<b>\$ 7,900,795</b>	<b>\$ 845,874</b>	<b>\$ 9,056,910</b>	<b>\$ 3,253,929</b>	<b>\$ 4,912,373</b>	<b>\$ 2,544,854</b>	<b>\$ 48,592</b>	<b>\$28,563,325</b>

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 4 – RECEIVABLES (Continued)**

Revenues of the Water and Sewer Fund and Solid Waste Management Fund are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectible related to water sales and sewer charges	\$ 64,188
Uncollectible related to landfill and garbage charges	52,177
<b>Total Uncollectible Amounts Related to Revenue</b>	<b>\$ 116,365</b>

Loans receivable of \$1,556,109 in the nonmajor special revenue funds are loans made to low-income families for the purpose of construction or rehabilitation of homes. Management believes that these loans are fully collectible. However, a portion of these loans in the amount of \$1,509,425 is not expected to be collected within a year.

***Component Units***

At September 30, 2020, the Edinburg Economic Development Corporation had sales tax receivables of \$1,178,534. In addition, the EEDC has made certain loans to various entities to promote economic development in the City. At September 30, 2020, the Corporation had outstanding industrial development loans other net receivables totaling \$13,367,204.

The notes receivable (Santana Textiles) net account is comprised of two (2) notes from Santana Textiles, LLC. The first note originated on April 16, 2010, in the amount of \$5,000,000. The second note originated on August 30, 2011, in the amount of \$10,000,000. Listed below are dates in which the EEDC and Santana Textiles, LLC agreed to Reinstatement, Modify, Renew, and Extend the Note Receivable agreement. Under the most recent modification, December 17, 2017, the terms and amounts agreed for September 30, 2020, were as follows:

The \$5,000,000 note receivable from Santana Textiles, LLC has payments of \$23,167 monthly, including principal and interest (4.25%) beginning November 21, 2017, and ending upon maturity on October 21, 2022.

The \$10,000,000 note receivable from Santana Textiles, LLC has payments of \$52,658 monthly, including principal and interest (4.25%) beginning November 21, 2017, and ending upon maturity on October 21, 2022.

Santana Textile has ceased operations and is in default of loan payments and interest and is currently under an agreement to cover delinquent property taxes with Hidalgo County. EEDC is secondary lien holder on Loan until a compliance date of April 24, 2022. Management of EEDC feels that a satisfactory agreement will be placed on that date to satisfy the pending receivable either by contracting with other companies to take over the project or through asset liquidation.

The combined balance of the notes receivable is \$13,640,004. An allowance for uncollectible has been setup at 2% of the note receivable balance. An additional allowance for uncollectible has been set up for the accrued interest and late fees that have been outstanding for over 90 days, the total allowance for uncollectible balance is \$1,556,581 which brings the notes receivable, net balance to \$12,083,422. A Cross-Collateralization and Cross-Default and Security Agreement was executed on August 30, 2011 and recorded in the Office of the County Clerk of Hidalgo County, Texas as Document No. 2237059 for both Notes.

The Boys' and Girls' Club of Edinburg, Inc. had intergovernmental receivables of \$22,982 at September 30, 2020.

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 5 – DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES/UNEARNED REVENUE**

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 and enterprise funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the fiscal year, the various components of deferred inflows, deferred outflows and unearned revenue reported in the funds were as follows:

	Governmental Funds		Enterprise Funds		
	Inflows	Unearned	Inflows	Outflows	Unearned
Delinquent property taxes (General Fund)	\$ 2,114,155	\$ -	\$ -	\$ -	\$ -
Delinquent cleaning/mowing (General Fund)	38,272	-	-	-	-
Franchise taxes (General Fund)	706,827	-	-	-	-
Parkland dedication (Capital Projects Fund)	-	610,743	-	-	-
Grants (Grant Fund)	338,833	-	-	-	-
Delinquent property taxes (Nonmajor Funds)	414,789	-	-	-	-
Unearned revenue (Nonmajor Funds)	-	-	-	-	21,835
Loans receivable ( Nonmajor Funds)	1,556,109	-	-	-	-
Debt refunding (Water and Sewer Fund)	-	-	223,837	664,047	-
Landfill Closure Costs Payable (Solid Waste Fund)	-	-	6,235,629	3,742,380	-
Debt refunding (Nonmajor Enterprise Funds)	-	-	-	305,918	-
	\$ 5,168,985	\$ 610,743	\$ 6,459,466	\$ 4,712,345	\$ 21,835

Information regarding deferred inflows and outflows for pensions and other OPEB obligations are contained in Note 12.

**NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

***Primary Government***

Interfund receivable and payable balances at September 30, 2020 were as follows:

***Governmental Funds***

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 529,991
Capital Projects Fund	Nonmajor Governmental Funds	888,925
Nonmajor Governmental Funds-LGFC	Nonmajor Governmental Funds - TIRZ#1	252,067
Nonmajor Governmental Funds-LGFC	Nonmajor Governmental Funds - TIRZ#4	22,357
		\$ 1,693,340



**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)**

*Proprietary Funds*

Receivable Fund	Payable Fund	Amount
Solid Waste Management Fund	Water and Sewer Fund	\$ 13,303
		\$ 13,303

Interfund balances 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.

*Component Units*

Due to/from the primary government and component unit at September 30, 2020 were as follows:

*Edinburg Economic Development Corporation, Component Unit*

Receivable Entity	Payable Entity	Amount
Component Unit - E.E.D.C	Primary Government - General Fund	\$ 1,178,534
		\$ 1,178,534

Interfund transfers during the year were as follows:

	General Fund	Capital Projects Fund	Grant Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Total
<b>Transfer Out:</b>						
General Fund	\$ -	\$ 400,000	\$ 451,778	\$ 754,630	\$ -	\$ 1,606,408
Capital Projects Fund	276,599	-	-	-	-	276,599
Grant Fund	-	1,225,191	-	-	-	1,225,191
Nonmajor Governmental Funds	-	-	-	1,404,322	-	1,404,322
Water and Sewer Fund	-	-	141,856	-	-	141,856
Solid Waste Management Fund	5,000,000	-	1,069,997	-	987,637	7,057,634
Nonmajor Enterprise Funds	-	-	10,361	-	-	10,361
<b>Total</b>	<b>\$ 5,276,599</b>	<b>\$ 1,625,191</b>	<b>\$ 1,673,993</b>	<b>\$ 2,158,952</b>	<b>\$ 987,637</b>	<b>\$ 11,722,371</b>

Transfers are used primarily to move unassigned and unrestricted fund revenues to other funds to finance various special projects including constructing capital assets and matching funds for various grant programs.

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (*Continued*)**

Transfers out of the General Fund (\$400,000) to the Capital Project Fund were fiscal budgeted savings identified in the year.

Transfers out of the General Fund (\$451,778) to the Grant Funds were 25% of unallowable declared disasters expenditures that happened during the year.

Transfers out of the General Fund (\$754,630) to the Nonmajor Governmental Funds consists of TIRZ # 1 and TIRZ #4. - City's dedicated 1% sales tax revenues collected within the zones.

Transfers out of Capital Projects Fund (\$276,599) to the General Fund were Parkland Dedicated costs that were originally expensed in the General Fund in the prior year.

Transfers out of the Grant Fund (\$1,225,191) to the Capital Projects Fund consists of 75% of allowable Grant reimbursement costs of ongoing projects.

Transfers out of TIRZ #1 and TIRZ#4 (nonmajor governmental funds of \$1,404,322) to the LGFC Fund (a nonmajor governmental fund) are tax increment revenues and the City's dedicated 1% sales tax revenues generated in the zones to service the bond payments of the LGFC.

Transfers out of the Water and Sewer Fund (\$141,856) to the Nonmajor Governmental Funds consists of 25% of unallowable declared disasters expenditures that happened during the year.

Transfers out of the Solid Waste Management Fund (\$5,000,000) to the General Fund are for operations.

Transfers out of the Solid Waste Management Fund (\$1,069,997) to the Nonmajor Governmental Funds consists of 25% of unallowable declared disasters expenditures that happened during the year.

Transfers out of the Solid Waste Management Fund (\$987,637) to the Nonmajor Enterprise Funds are for operations.

Transfers out of the Nonmajor Enterprise Funds to the Nonmajor Governmental Funds consists of 25% of unallowable declared disasters expenditures that happened during the year.

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 7 – CAPITAL ASSETS**

***Primary Government***

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

<b>Governmental Activities</b>	<b>Balance at October 1, 2019</b>	<b>Adjustments</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance at September 30, 2020</b>
Capital assets, not being depreciated:					
Land	\$ 22,936,749	\$ -	\$ -	\$ -	\$ 22,936,749
Construction in progress	7,823,530	(738,974)	7,053,793	(4,663,375)	9,474,974
Total capital assets, not being depreciated	30,760,279	(738,974)	7,053,793	(4,663,375)	32,411,723
Capital assets, being depreciated:					
Buildings	89,171,867	-	3,653,196	-	92,825,063
Improvements other than buildings	149,798,343	-	432,584	-	150,230,927
Furniture and equipment	31,936,639	-	5,723,347	(335,374)	37,324,612
Total capital assets, being depreciated	270,906,849	-	9,809,127	(335,374)	280,380,601
Less accumulated depreciation for:					
Buildings	(10,357,042)	1,044,562	(1,750,475)	-	(11,062,955)
Improvements other than buildings	(104,100,325)	(2,150,172)	(7,139,100)	-	(113,389,597)
Furniture and equipment	(20,933,781)	1,101,642	(2,257,342)	335,374	(21,754,106)
Total accumulated depreciation	(135,391,148)	(3,968)	(11,146,917)	335,374	(146,206,659)
Total capital assets, being depreciated, net	135,515,701	(3,968)	(1,337,790)	-	134,173,943
Governmental activities capital assets, net	\$ 166,275,980	\$ (742,942)	\$ 5,716,003	\$ (4,663,375)	\$ 166,585,666

<b>Business-type Activities</b>	<b>Balance at October 1, 2019</b>	<b>Adjustments</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance at September 30, 2020</b>
Capital assets, not being depreciated:						
Land/Other	\$ 14,302,874	\$ -	\$ 5,000,250	\$ -	\$ -	\$ 19,303,124
Construction in progress	21,037,958	(3,043,527)	879,697	-	-	18,874,127
Total capital assets, not being depreciated	35,340,832	(3,043,527)	5,879,947	-	-	38,177,251
Capital assets, being depreciated:						
Buildings	163,493,789	-	-	-	-	163,493,789
Improvements other than buildings	37,780,745	-	-	-	-	37,780,745
Furniture and equipment	30,730,469	-	4,240,078	(1,495,289)	-	33,475,258
Total capital assets, being depreciated	232,005,003	-	4,240,078	(1,495,289)	-	234,749,792
Less accumulated depreciation for:						
Buildings	(74,165,565)	106,554	(4,242,579)	-	902,070	(77,399,519)
Improvements other than buildings	(19,381,314)	-	(1,299,630)	-	(1,008,624)	(21,689,568)
Furniture and equipment	(22,499,585)	-	(2,636,082)	1,495,289	106,554	(23,533,823)
Total accumulated depreciation	(116,046,463)	106,554	(8,178,291)	1,495,289	-	(122,622,911)
Total capital assets, being depreciated, net	115,958,540	106,554	(3,938,213)	-	-	112,126,880
Business-type activities capital assets, net	\$ 151,299,372	\$ (2,936,973)	\$ 1,941,733	\$ -	\$ -	\$ 150,304,132

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 7 – CAPITAL ASSETS (Continued)**

As further discussed in Note 13, at September 30, 2020, the City had remaining construction and improvement commitments amounting to \$706,918.

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental Activities**

General government	\$ 423,233
Public safety	1,121,623
Highway and streets, including depreciation of general infrastructure assets	6,856,945
Health and welfare	33,012
Culture and recreation	1,072,204
Economic Redevelopment	1,643,868
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 11,150,885</b>

**Business-Type Activities**

Water and Sewer	\$ 4,741,863
Solid Waste Management	2,725,629
Golf Courses	62,880
Airport	541,365
<b>Total Depreciation Expense - Business-Type Activities</b>	<b>\$ 8,071,737</b>

**Component Units**

*Edinburg Economic Development Corporation*

	Balance at October 1, 2019	Adjustments	Increases	Decreases	Balance at September 30, 2020
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 5,309,765	\$ -	\$ 170,000	\$ (495,482)	\$ 4,984,283
<b>Total capital assets, not being depreciated</b>	<b>5,309,765</b>	<b>-</b>	<b>170,000</b>	<b>(495,482)</b>	<b>4,984,283</b>
Capital assets, being depreciated:					
Buildings	2,602,371	1	-	(527,222)	2,075,150
Furniture and equipment	176,260	(1)	-	(135,197)	41,062
<b>Total capital assets, being depreciated</b>	<b>2,778,631</b>	<b>-</b>	<b>-</b>	<b>(662,419)</b>	<b>2,116,212</b>
Less accumulated depreciation for:					
Buildings	(824,923)	1	(57,152)	76,495	(805,579)
Furniture and equipment	(174,677)	1	(1,367)	136,811	(39,232)
<b>Total accumulated depreciation</b>	<b>(999,600)</b>	<b>2</b>	<b>(58,519)</b>	<b>213,306</b>	<b>(844,811)</b>
<b>Total capital assets, being depreciated, net</b>	<b>1,779,031</b>	<b>2</b>	<b>(58,519)</b>	<b>(449,113)</b>	<b>1,271,401</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 7,088,796</b>	<b>\$ 2</b>	<b>\$ 111,481</b>	<b>\$ (944,595)</b>	<b>\$ 6,255,684</b>

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 7 – CAPITAL ASSETS (Continued)**

Depreciation expense totaling \$58,519 was charged to economic development and assistance on the Statement of Activities under component units for the year ended September 30, 2020.

*Boys' and Girls' Club of Edinburg, Inc.*

A summary of changes in capital assets for the Boys' and Girls' Club of Edinburg, Inc. is as follows:

<b>Component Units</b>	<b>Balance at October 1, 2018</b>	<b>Adjustments</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance at September 30, 2019</b>
Capital assets, not being depreciated:					
Land	\$ 539,125	\$ -	\$ -	\$ -	\$ 539,125
Total capital assets, not being depreciated	539,125	-	-	-	539,125
Capital assets, being depreciated:					
Buildings	4,905,987	-	-	-	4,905,987
Furniture and equipment	231,372	-	-	-	231,372
Total capital assets, being depreciated	5,137,359	-	-	-	5,137,359
Less accumulated depreciation for:					
Buildings	(688,538)	1	(98,120)	-	(786,657)
Furniture and equipment	(170,328)	-	(13,286)	-	(183,614)
Total accumulated depreciation	(858,866)	1	(111,406)	-	(970,271)
Total capital assets, being depreciated, net	4,278,493	1	(111,406)	-	4,167,088
Governmental activities capital assets, net	\$ 4,817,618	\$ 1	\$ (111,406)	\$ -	\$ 4,706,213

Depreciation expense totaling \$111,406 was charged to community and youth services on the Statement of Activities under component units for the year ended September 30, 2020.

**NOTE 8 – LONG TERM DEBT**

***Long-term debt***

***Primary Government***

***General Obligation and Combination Bonds and Tax Notes***

The City issues general obligation bonds, certificates of obligation, and combination tax and revenue bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds, certificates of obligation, and combination tax and revenue bonds have been issued for governmental activities. The total amount of outstanding general obligation bonds, certificates of obligation, and combination tax and revenue bonds issued to date was \$68,545,774.

These are direct obligations issued with a pledge of the City's general taxing power for the payment of its debt obligations. General obligation bonds and certificates of obligation require the City to compute, at the time other taxes are levied, the rate of tax required to provide (in each year the bonds are outstanding) a fund to pay interest and principal at maturity. The City is in compliance with this requirement. These bonds generally are issued as 20-year serial bonds with varying amounts of principal maturing each year.

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 8 – LONG TERM DEBT** *(Continued)*

Certain general obligation bonds are being repaid by revenues of the enterprise funds and are therefore presented in Business-Type Activities.

General obligation bonds, certificates of obligation, and combination tax and revenue bonds currently outstanding are as follows:

Governmental Activities:

\$6,313,941, 2012 General Obligation Refunding Bonds, due in annual installments of \$130,000 to \$1,185,000 through March 1, 2025; interest at 2.00% to 2.50%.	2,734,517
\$7,465,000, 2015A Certificates of Obligation, due in annual installments of \$25,000 to \$615,000 through March 1, 2035; interest at 2.00% to 4.00%.	7,340,000
\$3,925,000, 2015B Certificates of Obligation, due in annual installments of \$25,000 to \$315,000 through March 1, 2035; interest at 2.00% to 3.50%.	3,800,000
\$5,270,000, 2015 General Obligation Refunding Bonds, due in annual installments of \$190,000 to \$1,255,000 through March 1, 2023; interest at 3.00% to 4.00%.	5,270,000
\$13,513,328, 2016 General Obligation Refunding Bonds, due in annual installments of \$460,000 to \$2,165,000 through March 1, 2030; interest at 3.00% to 5.00%.	8,911,257
\$4,145,000, 2016 Certificates of Obligation, due in annual installments of \$135,000 to \$285,000 through September 30, 2036; interest at 2.00% to 4.00%.	3,545,000
\$9,705,000, 2018 Certificates of Obligation, due in annual installments of \$195,000 to \$830,000 through March 1, 2038; interest at 1.90% to 3.50%.	9,510,000
\$27,875,000, 2020 General Obligation Bonds, due in annual installments of \$440,000 to \$1,990,000 through March 1, 2039; interest at 3.25% to 5.00%.	<u>27,435,000</u>
Total General Obligation Bonds and Certificates of Obligation	<u>\$ 68,545,774</u>
Less: Current Portion of Bonds Payable	(4,039,106)
Less: Unamortized Discounts on Bond Issuance	(34,701)
Add: Unamortized Premiums on Bond Issuance	<u>4,407,053</u>
General Obligation Bonds and Certificates of Obligation Payable, Net of Current Portion, Discounts and Premiums	<u>\$ 68,879,020</u>

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 8 – LONG TERM DEBT (Continued)**

Debt service requirements to maturity are as follows:

<b>Year Ending September 30,</b>	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2021	\$ 4,039,106	\$ 2,558,914
2022	4,201,666	2,392,888
2023	4,360,000	2,229,332
2024	4,540,000	2,039,378
2025	4,575,000	1,843,319
2026-2030	19,170,000	6,619,079
2031-2035	17,375,000	3,141,358
2036-2040	10,285,002	622,038
<b>Total</b>	<b>\$ 68,545,774</b>	<b>\$ 21,446,306</b>

*Revenue and General Obligation Bonds*

The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds have been issued for business-type activities. The total amount of outstanding revenue bonds issued is \$32,614,228. Included within business-type activities are 2012 and 2016 general obligation refunding bonds that were issued to refund bonds across several funds. The outstanding issued amount of these bonds allocated to business-type activities is \$1,769,228.

Revenue and General Obligation bonds outstanding at September 30, 2020 are as follows:

Business – Type Activities:

\$4,020,000, 2008 Utility System Junior Lien Revenue Bonds, due in annual installments of \$150,000 to \$280,000 through March 1, 2029; interest at 1.40% to 4.15%.	2,155,000
\$17,155,000, 2010A Utility System Revenue Bonds, due in annual installments from \$590,000 to \$1,280,000 through March 15, 2031; interest variable from 2.00% to 5.125%.	1,630,000
\$3,276,059, 2012 General Obligation Refunding Bonds, due in annual installments of \$130,000 to \$1,185,000 through March 1, 2025; interest at 2.00% to 2.50%.	315,486
\$10,425,000, 2014 Utility System Junior Lien Revenue Bonds, due in annual installments of \$480,000 to \$615,000 through March 1, 2034; interest at .68% to 1.26%.	7,545,000
\$7,700,000, 2015 Utility System Revenue Refunding Bonds, due in annual installments of \$20,000 to \$795,000 through March 15, 2028; interest at 2.00% to 4.00%.	6,305,000

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 8 – LONG TERM DEBT (Continued)**

\$2,876,672, 2016 General Obligation Refunding Bonds, due in annual installments of \$460,000 to \$2,165,000 through March 1, 2030; interest at 3.00% to 5.00%. 1,453,742

\$5,405,000, 2016 Utility System Junior Lien Revenue Bonds, due in annual installments of \$260,000 to \$295,000 through March 1, 2036; interest at .09% to 1.41%. 4,355,000

\$8,855,000, 2017 Utility System Revenue Refunding Bonds, due in annual installments of \$765,000 to \$1,285,000 through March 15, 2031; interest at 2.13% to 2.67%. 8,855,000

Revenue/General Obligation Bonds Payable \$ 32,614,228

Less: Current Portion of Revenue Bonds Payable From Restricted Assets (3,115,894)

Add: Unamortized Premiums on Bond Issuance 1,416,305

Revenue Bonds Payable, Net of Current Portion and Premiums \$ 30,914,639

Water and Sewer Fund \$ 29,554,632

Los Lagos Golf Club Fund 1,360,007

\$ 30,914,639

Debt service requirements to maturity for Revenue/General Obligation Bonds in business-type activities are as follows:

<b>Year Ending September 30,</b>	<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2021	\$ 3,115,894	949,538
2022	2,873,334	852,600
2023	2,865,000	759,548
2024	2,960,000	664,173
2025	2,650,000	576,676
2026-2030	12,780,000	1,645,353
2031-2035	5,075,000	214,338
2036-2040	295,000	2,080
<b>Total</b>	<b>\$ 32,614,228</b>	<b>\$ 5,664,306</b>



**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 8 – LONG TERM DEBT (Continued)**

*Tax Increment Contract Revenue Bonds*

The City of Edinburg, Local Government Finance Corporation issues tax increment contract revenue bonds. Payment of the bonds is secured by a pledge of tax increment revenues paid to the respective tax increment funds for TIRZ # 1 and TIRZ # 4. The bonds are limited obligations of the City of Edinburg, Local Government Finance Corporation and are not obligations of the City of Edinburg. The City is not obligated to make payments on these bonds. In addition, if the tax increments are timely contributed to the City of Edinburg, Local Government Finance Corporation, and such tax increments are not sufficient for the payment of principal or interest on the bonds on the date such principal or interest becomes due, an event of default will not be deemed to have occurred.

Tax increment contract revenue bonds outstanding at September 30, 2020 are as follows:

\$37,250,000, 2015A Contract Revenue Bonds, due in annual installments of \$645,000 to \$2,385,000 through March 1, 2045; interest at 5.00%.	\$ 35,215,000
\$3,475,000, 2015B Taxable Series Contract Revenue Bonds, due in annual installments of \$60,000 to \$225,000 through March 1, 2045; interest at 5.00%.	<u>3,290,000</u>
Total Contract Revenue Bonds	<u>\$ 38,505,000</u>
Less: Current Portion of Bonds Payable	(820,000)
Less: Unamortized Discounts on Bond Issuance	(117,352)
Add: Unamortized Premiums on Bond Issuance	<u>1,771,440</u>
Tax Increment Contract Revenue Bonds Payable, Net of Current Portion, Discounts and Premiums	<u>\$ 39,339,088</u>

The City of Edinburg, Local Government Finance Corporation is presented as a blended component unit of the City. Therefore, the liability is presented as part of long-term obligations of governmental activities in the Government-Wide Financial Statements.

Debt service requirements to maturity are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2021	\$ 820,000	\$ 1,859,850
2022	855,000	1,817,975
2023	905,000	1,773,975
2024	945,000	1,727,725
2025	995,000	1,679,225
2026-2030	5,745,000	7,627,725
2031-2035	7,185,000	6,191,425
2036-2040	9,220,000	4,156,250
2041-2045	11,835,000	1,538,875
<b>Total</b>	<b>\$ 38,505,000</b>	<b>\$ 28,373,025</b>

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 8 – LONG TERM DEBT (*Continued*)**

*Reimbursement Obligation- Developer TIRZ # 3*

In accordance with an economic development agreement relating to TIRZ # 3, the Developer is eligible to be reimbursed for up to \$33,900,000 for costs actually incurred to construct commercial/regional-related and residential-related public infrastructure. Under the agreement, the Developer can also charge interest on this obligation at the lesser of 6.00% per annum or the actual rate incurred by the Developer in connection with the public infrastructure improvements. This reimbursement obligation is payable solely with tax increment revenues generated by TIRZ # 3 and is currently payable on a “pay as you” go basis until such time as public infrastructure bonds are issued by the City of Edinburg, Local Government Finance Corporation. As of September 30, 2020, the developer has incurred costs and interest in the amount of \$11,634,132. The balance on the obligation as of September 30, 2020 is \$9,611,526.

The reimbursement obligation is accounted for in the City of Edinburg, Local Government Finance Corporation, which is presented as a blended component unit of the City. Because the obligation is payable on a “pay as you go” basis, the City does not have a set payment schedule. In addition, other factors such as future development, increases/decreases to the tax base, future issuance of bonds, and other economic factors make it difficult for the City to predict estimated minimum obligations in the future. No other sources of revenue are obligated to be used in order to repay this obligation other than tax increment revenues generated and collected within TIRZ # 3.

*Commitments More Than One Year*

The City entered into a three year contract last fiscal year for the payment of land in the amount of \$2,000,000 for future site expansion at the City’s landfill area. The payment calls for annual payments due October 1 with the first payment made in 2020. The balance sheet in the Solid Waste Fund reflects a \$500,000 current portion liability and \$1,000,000 remaining long term liability. For financial purposes this amount was blended as a *Notes Payable* in the Solid Waste Management Fund.

*Bond Compliance Requirements*

The 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 revenue bonds and to account for the revenues (as defined), which are pledged for payment of the bonds. 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.

*Utility Revenues Pledged*

The City has pledged future water customer revenues, net of specified operating expenses, to repay the original amount of \$53,560,000 in Utility System Revenue Bonds issued in 2008, 2010A, 2014, 2015, 2016 and 2017. Proceeds from the bonds provided financing for the improvement and enlargement of the water system, refunding of other revenue bonds, and the construction of a water plant. The bonds are payable solely from water customer net revenues and are payable through 2036. Average annual principal and interest payments on the bonds are expected to require a 125 percent coverage ratio from operating income (excluding depreciation expense). The total principal and interest remaining to be paid on the bonds is \$39,820,393. Principal and interest paid for the current year and total customer net revenues as defined by the pledge agreements were \$3,326,837 and \$5,861,452, respectively.

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 8 – LONG TERM DEBT (Continued)**

*Prior Year Defeasance of Debt*

In 2013, the City advance refunded \$1,850,000 of Utility System Revenue Bonds Series 2000, \$2,810,000 of Utility System Revenue and Refunding Bonds Series 2002, \$1,675,000 of Combination Tax and Revenue Bonds Series 2002, \$1,635,000 of Certificates of Obligation Series 2004, and \$1,585,000 of Certificates of Obligation Series 2004A. At September 30, 2020, \$3,050,002 of defeased bonds remains outstanding.

In 2015, the City refunded debt including \$385,000 of Certificates of Obligation, Series 2004, \$650,000 of Certificates of Obligation, Series 2004A, and \$4,315,000 of Certificates of Obligation. At September 30, 2020, \$4,000,000 of defeased bonds remains outstanding. In addition, in 2015, the City refunded debt of \$7,645,000 of Utility System Revenue Bonds Series 2006. At September 30, 2020, \$11,575,000 of defeased bonds remains outstanding.

In 2016, the City refunded \$385,000 of Certificates of Obligation Series 2006, \$7,375,000 of General Obligation Refunding Bonds, Series 2006, \$2,225,000 of Certificates of Obligation, Series 2007, \$4,035,000 of Certificates of Obligation Series 2007A, and \$4,010,000 of Certificates of Obligation, Series 2008. At September 30, 2020, \$10,365,000 of defeased bonds remains outstanding.

In 2018, the City refunded debt including \$100,000 of 2006 Utility Revenue Bond and \$9,520,000 of 2010A Utility System Revenue Bond. At September 30, 2020, \$8,855,000 of defeased bonds remains outstanding.

*Capital Leases*

During the year, the City obtained heavy equipment, vehicles, furniture and other equipment through long-term capital leases. The total cost for such leases was \$9,974,734 for the year ended September 30, 2020. The cost is \$5,987,036 for the General Fund, \$1,364,500 for the Solid Waste Management Fund, \$2,286,746 for the Utility Fund, \$88,585 for Los Lagos and \$247,867 for the South Texas International Airport Fund. At September 30, 2020, \$16,502,766 of capital leases remains outstanding.

The future minimum payments under these agreements are as follows:

<b>Year Ending September 30,</b>	<b>Capital Lease Payments</b>	
	<b>Principal</b>	<b>Interest</b>
2021	\$ 3,193,594	\$ 349,747
2022	3,268,382	274,959
2023	2,949,536	200,120
2024	2,155,597	136,748
2025	1,608,792	95,024
2026-2030	3,326,864	127,872
<b>Total</b>	<b>\$ 16,502,766</b>	<b>\$ 1,184,469</b>

<b>Year Ending September 30,</b>	<b>Capital Lease Payments</b>	
	<b>Principal</b>	<b>Interest</b>
Governmental Activities	\$ 7,071,214	\$ 488,056
Business-Type Activities	9,431,552	696,414
<b>Total</b>	<b>\$ 16,502,766</b>	<b>\$ 1,184,469</b>

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 8 – LONG TERM DEBT (Continued)**

*Operating Leases*

The City's commitment under other operating leases and related rent expense is not material to its combined financial position. None of the City's leasing arrangements involve contingent or sublease rentals.

*Notes Payable*

Business-Type Activities

Notes payable outstanding at September 30, 2020 are as follows:

*Solid Waste Management Fund*

\$742,750 Note Anacahuillas Investments, LLC and Imelda A.

Garza, Executrix; due in annual installments of \$120,342

including principal and interest through 2021; interest at 3.25%. \$ 116,554

Notes Payable 116,554

Less: Current Portion of Notes Payable (116,554)

Notes Payable, Net of Current Portion \$ 0

The payment of the notes payable in the Solid Waste Management Fund are secured by a vendor's lien and deed of trust in favor of the seller.

Notes payable debt service requirements to maturity are as follows:

<b>Year Ending September 30,</b>	<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2021	116,554	3,788
<b>Total</b>	<b>\$ 116,554</b>	<b>\$ 3,788</b>

*Landfill Closure and Postclosure Care Costs*

State and federal laws and regulations require that the City of Edinburg place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs in the Solid Waste Management Fund, an enterprise fund, are as follows: Permit 956-C, has a balance of \$4,021,288 as of September 30, 2020, which is based on 16.88% usage (filled). Permit 2302 has a balance of \$463,352 as of September 30, 2020, which is based on 25.48% usage (filled). It is estimated that an additional \$21,151,277 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity. The estimated total current cost of the landfill closure and postclosure care (\$25,635,917) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of September 30, 2020. The actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 8 – LONG TERM DEBT (Continued)**

The City has complied with financial assurance requirements pursuant to 30 Texas Administrative Code, Chapter 37 by submitting a local government financial test submitted to the Texas Commission on Environmental Quality.

Long-term liability activity for the year ended September 30, 2020 was follows:

	Balance at September 30, 2019	Additional Obligations and Net Increases	Retirement and Net Decreases	Balances at September 30, 2020	Amounts Due within One Year
<b>Governmental Activities</b>					
General obligation bonds	\$ 72,043,278	\$ -	\$ 3,497,504	\$ 68,545,774	\$ 4,039,106
Add: issuance premium	4,748,048	-	340,994	4,407,054	-
Less: issuance discount	(37,028)	-	(2,326)	(34,702)	-
General obligation bonds payable	76,754,298	-	3,836,172	72,918,126	4,039,106
Tax increment contract revenue bonds	39,280,000	-	775,000	38,505,000	820,000
Add: issuance premium	1,842,298	-	70,858	1,771,440	-
Less: issuance discount	(122,047)	-	(4,695)	(117,352)	-
Tax increment contract revenue bonds payable	41,000,251	-	841,163	40,159,088	820,000
Capital lease obligations	2,007,795	5,987,036	923,617	7,071,214	1,434,353
Reimbursement obligation - developer	9,611,526	-	-	9,611,526	-
Compensated absences	4,036,508	2,189,998	1,687,544	4,538,962	1,466,561
Governmental activities long-term liabilities	\$ 133,410,378	\$ 8,177,034	\$ 2,611,161	\$ 134,298,917	\$ 7,760,020

	Balance at September 30, 2019	Additional Obligations and Net Increases	Retirement and Net Decreases	Balances at September 30, 2020	Amounts Due within One Year
<b>Business-type Activities</b>					
Revenue bonds	\$ 33,220,000	\$ -	\$ 2,375,000	\$ 30,845,000	\$ 2,450,000
Add: issuance premium	1,224,637	-	99,984	1,124,653	-
Revenue bonds payable	34,444,637	-	2,474,984	31,969,653	2,450,000
General obligation bonds	2,441,724	-	672,496	1,769,228	665,894
Add: issuance premium	332,054	-	40,402	291,652	-
General obligation bonds payable	2,773,778	-	712,898	2,060,880	665,894
Notes payable	229,439	2,000,000	612,885	1,616,554	616,554
Capital Lease Obligations	6,952,917	3,987,698	1,509,063	9,431,552	1,759,241
Landfill closure and postclosure	12,142,891	(5,365,131)	2,293,120	4,484,640	-
Compensated absences	467,598	467,598	500,377	434,819	305,047
Business-type activities long-term liabilities	\$ 57,011,260	\$ 1,090,165	\$ 8,103,327	\$ 49,998,098	\$ 5,796,735

	Governmental Activities	Business-Type Activities
<i>Balance as September 30, 2020</i>		
Long-term liabilities	\$ 134,298,916	\$ 49,998,098
Less: amounts due within one year	(7,760,020)	(5,796,735)
Total liabilities due in more than one year (Exhibit 1-A)	\$ 126,538,896	\$ 44,201,363

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 8 – LONG TERM DEBT (Continued)**

Generally, the general and special revenue funds liquidate the portion of compensated absences that pertain to the respective funds. The liquidation of the reimbursement obligation and tax increment contract revenue bonds will be through tax increment collections remitted to the City of Edinburg, Local Government Finance Corporation (a blended component unit).

***Component Units***

*Edinburg Economic Development Corporation*

Bonds payable at September 30, 2020 consist of the following:

\$2,300,000 Bond Issue Series 2013A, due November 30, 2024; fixed interest at 3.12%; collateralized by sales and use tax receipts.	\$ 1,005,000
\$4,575,000 Bond Issue Series 2013B due November 30, 2024; fixed interest at 3.04%; collateralized by sales and use tax receipts.	1,995,000
\$13,715,000 2015 Sales Tax Revenue Refunding Bonds due in monthly installments through August 31, 2035; fixed interest at 5.55%; collateralized by sales and use tax receipts.	13,235,000
\$10,840,000 Bond Issue Series 2020; payable in monthly installments plus interest maturing September 30, 2044.	<u>10,710,000</u>
<b>Bonds Payable</b>	<b><u>\$ 26,945,000</u></b>

Annual debt service requirements to maturity for EEDC's long-term debt are as follows:

<b>Year Ending September 30,</b>	<b>EEDC</b>	
	<b>Principal</b>	<b>Interest</b>
2021	\$ 1,090,000	\$ 1,134,479
2022	1,125,000	1,098,280
2023	1,160,000	1,060,926
2024	1,200,000	1,022,354
2025	1,245,000	980,382
2026-2030	7,020,000	3,776,272
2031-2035	8,710,000	2,731,844
2036-2040	2,705,000	1,061,500
2041-2045	2,690,000	344,250
<b>Total</b>	<b>\$ 26,945,000</b>	<b>\$ 13,210,287</b>

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 8 – LONG TERM DEBT (Continued)**

The following is a summary of changes in long-term debt obligations for the EEDC for the year ended September 30, 2020:

	Balance at September 30, 2019	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2020	Amounts Due within One Year
Bonds payable	\$ 27,875,000	\$ -	\$ (930,000)	\$ 26,945,000	\$ 1,090,000
Total	\$ 27,875,000	\$ -	\$ (930,000)	\$ 26,945,000	\$ 1,090,000

*Boys' and Girls' Club of Edinburg, Inc.*

Notes payable at September 30, 2020 consists of the following:

\$1,271,009 Plains Capital Bank note payable, due in monthly payments of \$8,245, including principal and interest through December 3, 2020; interest at 5.00%.	<u>\$ 24,003</u>
Notes Payable	<u>\$ 24,003</u>
Less: Current Portion of Notes Payable	<u>(24,003)</u>
Notes Payable, Net of Current Portion	<u>\$ 0</u>

Notes payable debt service requirements to maturity are as follows:

Year Ending September 30,	Principal	Interest
2021	\$ 24,003	\$ 198
<b>Total</b>	<b>\$ 24,003</b>	<b>\$ 198</b>

Additional liabilities for the Boys' and Girls' Club consisted of short-term compensated absences of \$24,763.

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 9 – RESTRICTED ASSETS AND PAYABLES**

***Restricted Assets and payables***

Revenue bond indentures require that during the periods over which the bonds are outstanding, the City maintain certain separate accounts and funds to account for the proceeds from the issuance of the revenue bonds and the debt service deposits made from revenues. These restricted assets can be used only in accordance with the revenue bond indenture.

Restricted assets included in the governmental activities as of September 30, 2020 consist of \$9,709,414 of cash with fiscal agent reported in the General Fund (\$5,054,351) and the LGFC Fund (\$4,655,063), a nonmajor governmental fund.

Restricted assets included in business-type activities as of September 30, 2020 consist of:

Cash with fiscal agent - General Fund	\$ 5,054,351
Cash with fiscal agent - Nonmajor Governmental Funds	4,655,063
Interest and sinking funds - Water and Sewer Fund	3,678,280
Debt service reserves funds - Water and Sewer Fund	2,565,776
Cash with fiscal agent - Water and Sewer Fund	5,051,800
Cash with fiscal agent - Solid Waste Management Fund	1,522,063
Cash with fiscal agent - Nonmajor Enterprise Funds	281,352
<b>Total</b>	<b>\$ 22,808,685</b>

Cash with fiscal agent is in relation to the 2014 Utility System Junior Lien Bonds, funds held with trustee per a LGFC financing agreement and capital lease debt proceeds issued in the current year. These funds can only be disbursed or withdrawn to pay the costs of the projects, capital purchases and debt service from the agent.

Liabilities payable from restricted assets included in business-type activities as of September 30, 2020 consist of accrued interest payable in the amount of \$48,529 in the Water and Sewer Fund.

**NOTE 10 – NET POSITION RESTRICTED BY ENABLING LEGISLATION**

The government-wide Statement of Net Position includes \$2,758,853 restricted by enabling legislation. This net position represents revenues received by the City with various state laws restricting their use. These revenues may only be used for statutorily authorized purposes. This includes \$520,592 for municipal court purposes, \$1,170,360 from hotel occupancy tax for tourism and \$1,067,901 is restricted under Chapter 66 of the Texas Utilities Code to support capital costs related to public, educational, and governmental (PEG) programming to citizens.

**NOTE 11 – DEFICIT NET POSITION/FUND BALANCE**

A net position deficit of \$568,844 exists in the Golf Course Funds resulting from several years of losses from operations. Currently, the Solid Waste Management Fund subsidizes these deficits and net position is expected to increase in the future as general obligation bonds are paid off in the fund.



**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 12 – EMPLOYEE RETIREMENT BENEFIT PLANS**  
**Texas Municipal Retirement System**

*Plan Description*

The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publically available comprehensive annual financial report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

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

*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.

Plan provisions for the City were as follows:

Employee Deposit Rate	7%
Matching Ratio (City to Employee)	2 to 1
Years Required for Vesting	10
Retirement Eligibility (age/service)	60/10, 0/20
Updated Service Credit	100% Repeating Transfers
Annuity Increase (to retirees)	70% of Change in CPI-U, Repeating

*Employees Covered by Benefit Terms*

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	282
Inactive employees entitled to but not yet receiving benefits	399
Active employees	854
<hr/> Total	<hr/> 1,535

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 12 – EMPLOYEE RETIREMENT BENEFIT PLANS** *(Continued)*

*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 14.39% and 14.47% in the calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020 were \$5,499,792 and were equal to the required contributions.

*Net Pension Liability*

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, 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 in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.50% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

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

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 12 – EMPLOYEE RETIREMENT BENEFIT PLANS** *(Continued)*

Actuarial assumptions used in the December 31, 2019 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. 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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

<b>Asset Class (Arithmetic)</b>	<b>Target Allocation</b>	<b>Long-Term Expected Net Real Rate of Return</b>
Global equity	30.0%	5.30%
Core fixed income	10.0%	1.25%
Non-core fixed income	20.0%	4.14%
Real return	10.0%	3.85%
Real estate	10.0%	4.00%
Absolute return	10.0%	3.48%
Private equity	10.0%	7.75%
Total	100.0%	

*Discount Rate*

The discount rate used to measure Total Pension Liability was 6.75%. The projection of cash flow 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.

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 12 – EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)**

*Changes in Net Pension Liability*

**Schedule of Changes in Net Pension Liability**

	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a)- (b)</b>
<b>Net Pension Liability Beginning</b>	\$148,383,203	\$111,223,541	\$37,159,662
Changes for the year:			
Service cost	6,001,648		6,001,648
Interest	10,025,754		10,025,754
Change of benefit terms	-		-
Difference between expected and actual experience	588,622		588,622
Changes of assumptions	674,533		674,533
Contributions-employer		5,499,792	(5,499,792)
Contributions-employee		2,681,017	(2,681,017)
Net investment income		17,217,376	(17,217,376)
Benefit payments, including refunds of employee contributions	(5,708,662)	(5,708,662)	-
Administrative expense		(97,159)	97,159
Other changes		(2,919)	2,919
<b>Net Changes</b>	<b>11,581,895</b>	<b>19,589,445</b>	<b>(8,007,550)</b>
<b>Net Pension Liability Ending</b>	<b>159,965,098</b>	<b>130,812,986</b>	<b>29,152,112</b>

The amount presented above includes pension liabilities for the City's discretely presented component units. At September 30, 2020, the City's Governmental Activities portion of the net pension obligation was \$21,911,838, and the Business type activities was \$6,287,940, the Boys & Girls Club of Edinburg's portion was \$368,199, and the EEDC's portion was \$584,134. The total net pension liability for the Primary Government was \$28,199,777.

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

The following presents the net pension liability of the City, calculated using the discount rate of 6.75% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	<b>1% Decrease 5.75%</b>	<b>Current Single Rate Assumption 6.75%</b>	<b>1% Increase 7.75%</b>
Governmental Activities net pension liability	\$41,960,527	21,911,838	\$5,812,921
Business type activities net pension liability	12041220.58	6,287,940	1,668,107
Boys & Girls Club	705,090	368,199	97,678
Edinburg EDC's net pension liability	1,118,601	584,135	154,963
<b>Total net pension liability</b>	<b>\$55,825,439</b>	<b>\$29,152,112</b>	<b>\$7,733,670</b>

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 12 – EMPLOYEE RETIREMENT BENEFIT PLANS** *(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.tmr.com](http://www.tmr.com).

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

For the year ended September 30, 2020, the City recognized pension expense of \$6,579,780. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	947,840	1,700,395
Changes in actuarial assumptions	542,530	44,575
Differences between projected and actual investment earnings	-	3,928,907
Contributions Subsequent to Measurement Period	4,413,760	-
<b>Total</b>	<b>5,904,130</b>	<b>5,673,877</b>

Of the total deferred outflows relating to the pension plan, \$4,415,927 is reported in Governmental Activities, \$1,239,597 is reported in Business-Type Activities. The Boys and Girls Club of Edinburg's portion is \$108,591, and the remaining \$140,015 pertains to the EEDC.

Of the total deferred inflows relating to the pension plan, \$4,427,278 is reported in Governmental Activities, \$1,101,832 is reported in Business-Type Activities. The Boys and Girls Club of Edinburg's portion is \$98,237, and the remaining \$46,530 pertains to the EEDC.

\$4,413,760 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and the inflows of resources related to pensions will be recognized in pension expense as follows:

	<b>Net Deferred Outflows (Inflows) of Resources</b>
2020	(1,296,564)
2021	(1,197,115)
2022	234,616
2023	(1,876,049)
2024	27,190
Thereafter	-
<b>Total</b>	<b>(4,107,922)</b>

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 12 – EMPLOYEE RETIREMENT BENEFIT PLANS** *(Continued)*

**Texas Emergency Services Retirement System**

*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. At August 31, 2019, there were 238 fire and/or emergency services departments participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

*Pension Plan Fiduciary Net Position*

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

*Benefits Provided*

Senate Bill 411 65<sup>th</sup> Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79<sup>th</sup> 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 a rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

On and off-duty 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.

*Contributions*

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

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 12 – EMPLOYEE RETIREMENT BENEFIT PLANS** *(Continued)*

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

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

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

*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 ended September 30, 2020, total contributions (dues, prior service, and interest on prior service financing) of \$46,835 were paid into TESRS by the City. This was equal to the required contributions for the period.

*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 of rate of return	7.75% net of pension plan investment expense, including inflation

Mortality rates were based on the RP2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2024 by scale AA.

The long-term expected rate of return on pension plan investments was determined using a building block-method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (currently 5.01%) and by adding expected inflation (3.00%). In addition, the final 7.75% assumption was selected by “rounding down” and thereby reflects a reduction of 0.26% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 12 – EMPLOYEE RETIREMENT BENEFIT PLANS** *(Continued)*

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Net Real Rate of Return</b>
Equities		
Large cap domestic	32.0%	5.81%
Small cap domestic	15.0%	5.92%
Developed international	15.0%	6.21%
Emerging markets	5.0%	7.18%
Master limited partnership	5.0%	7.61%
Real estate	5.0%	4.46%
Fixed income	23.0%	1.61%
Cash	0.0%	0.00%
Total	100.0%	
Weighted average		5.01%

*Discount rate*

The discount rate used to measure the total pension liability was 7.75%. No projection of cash flows was used to determine the discount rate because the August 31, 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'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.

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

The following presents the proportionate net pension liability of the City, calculated using the discount rate of 7.75%, as well as what the City's proportionate net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

<b>1% Decrease 6.75%</b>	<b>Current Discount Rate 7.75%</b>	<b>1% Increase 8.75%</b>
\$488,180	\$253,117	\$131,747



**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 12 – EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)**

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

The TESRS 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. The City's proportion of the net pension liability was based on the City's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2017 through August 31, 2020. The City's proportionate share of the net pension liability at September 30, 2020 was as follows:

Total Pension Liability	\$ 1,510,423
Plan Fiduciary Net Position	1,257,306
<u>City's Net Pension Liability</u>	<u>\$ 253,117</u>

Total net pension liability amount presented above has been reported in the Governmental Activities.

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.2%
--	-------

There were no changes of assumptions or other inputs or changes in benefit terms that affected measurement of the total pension liability during the measurement period.

For the year ended September 30, 2020, the City recognized pension expense of \$65,085.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between contributions during measurement period and proportionate share	\$ -	\$ -
Differences between projected and actual investment earnings	1,373	-
Differences between projected and actual experience	-	12,055
Changes in assumptions	-	414
Contributions subsequent to the measurement date	-	-
Change in proportion	-	-
Total	<u>\$ 1,373</u>	<u>\$ 12,469</u>

All deferred inflows and outflows of resources related to TESRS are reported in governmental activities.

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 12 – EMPLOYEE RETIREMENT BENEFIT PLANS** *(Continued)*

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending September 30,</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2021	\$ (10,770)
2022	(2,212)
2023	8,703
2024	(6,817)
Total	\$ (11,096)

**Postretirement Medical Plan**

*Plan Description*

The City of Edinburg, Texas Medical Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the City of Edinburg, Texas. The plan provides group health insurance coverage to all full-time regular employees retiring after 20 years of service with the City. Retirees are covered until reaching the age of 65 or death, whichever occurs first. The City pays 100% of the medical premium cost for retiree-only coverage. A retiree is entitled to purchase continued health and dental benefits coverage for his/her dependents, which is purchased at his/her own expense. The City does not issue separate audited financial statements for the postemployment benefit plan.

*Funding Policy/contributions*

The required contribution is based on projected pay-as-you-go financing requirements. Total premiums for fiscal year 2020 were \$762,157 for retirees (net of retiree contributions)

*Employees Covered by Benefit Terms*

Inactive employees or beneficiaries currently receiving benefits	83
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>832</u>
	915

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 12 – EMPLOYEE RETIREMENT BENEFIT PLANS** *(Continued)*

*Actuarial Assumptions*

The total OPEB liability in the September 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary Increases	Varies from 11.50% to 3.50%
Discount Rate: (1)	
Prior Measurement Date	2.66% per year
Measurement Date	2.21% per year
Mortality Table	Pub-2010 General and Public Safety Employees / Retirees Headcount-Weighted Mortality Tables projected fully generationally using scale MP-2020
Health Care Cost Trends	5.70% from 2020 to 2021 decreasing to an ultimate rate of 4.04% by 2075

(1) The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.

For purposes of calculating the Total OPEB Liability, the plan is considered to be unfunded and therefore no assets are accumulated for OPEB.

Demographic and payroll growth assumptions are based on the same assumptions used in the Texas Municipal Retirement System (TMRS) actuarial valuation as of December 31, 2019, which were adopted by TMRS in 2015 and based on the results of the experience study completed in 2014.

The cost method has been updated from Projected Unit Credit to Entry Age Normal Level % of Salary. In conjunction with this change, the payroll growth assumption is now based on the TMRS actuarial valuation assumption as of December 31, 2019. The payroll growth assumption was not needed in prior valuations.

The discount rate used in the accounting valuation has been changed to be based on the 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The discount rate used in the prior valuations under GASB 45 accounting standard was 4.18%.

***Total OPEB Liability***

The City's total OPEB liability was measured as of September 30, 2020, and was determined by an actuarial valuation as of that date.

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 12 – EMPLOYEE RETIREMENT BENEFIT PLANS** *(Continued)*

The following presents a summary of the changes in Total OPEB liability:

**Health Insurance Program**

	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a)- (b)</b>
<b>Net Pension Liability Beginning</b>	\$23,450,817	-	\$23,450,817
Changes for the year:			
Service cost	1,500,352		1,500,352
Interest	654,662		654,662
Change of benefit terms	-		-
Difference between expected and actual experience	1,062,821		1,062,821
Changes of assumptions	2,243,038		2,243,038
Contributions-employer		684,123	(684,123)
Contributions-employee		-	-
Net investment income		-	-
Benefit payments, including refunds of employee contributions	(684,123)	(684,123)	-
Administrative expense		-	-
Other changes		-	-
<b>Net Changes</b>	<b>4,776,750</b>	<b>-</b>	<b>4,776,750</b>
<b>Net Pension Liability Ending</b>	<b>28,227,567</b>	<b>-</b>	<b>28,227,567</b>

The amount presented above includes OPEB liabilities for the City's discretely presented component units. At September 30, 2020, the Boys' and Girls' Club of Edinburg's portion of the OPEB liability was \$429,345 and the EEDC's portion was \$93,092. The total OPEB liability for the primary government is \$27,705,126 which is allocated between governmental activities and business-type activities in the amounts of \$20,447,260 and \$7,257,866.

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.21%, as well as what the City's total OPEB liability would have been if it were calculated using a discount rate that is 1 percentage point lower (1.21%) or 1 percentage point higher (3.21%) than the current rate. In addition, the OPEB liability of the City is calculated using the current healthcare cost trend, as well as what the City's total OPEB Liability would have been if it were calculated using a healthcare cost trend as 1 percentage point lower and 1 percentage point higher.

**Health Insurance Program – Current Discount**

Healthcare Cost Trend	1% Decrease 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
1% Decrease		24,542,572	
Current	31,128,869	28,227,567	25,570,246
1% Increase		32,678,699	

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 12 – EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)**

**OPEB Expense and Deferred Outflows of Resources Related to OPEB**

For the year ended September 30, 2020 the City recognized combined OPEB expense in the amount of \$2,170,613.

Deferred (Inflows)/Outflows of Resources:	Deferred (Inflows) of Resources	Deferred Outflows of Resources
Differences between expected and actual experience OPEB Health	-	986,494
Changes in assumptions and other inputs - OPEB Health	650,732	4,346,786
Total	<u>\$650,732</u>	<u>5,333,280</u>

Of the total deferred inflows relating to the OPEB plan, \$469,658 is reported is reported in governmental activities and \$168,908 is reported in business-type activities. The remaining \$12,166 is reported with discretely presented component units.

Of the total deferred outflows relating to the OPEB plan, \$3,880,879 is reported is reported in governmental activities and \$1,354,378 is reported in business-type activities. The remaining \$98,023 is reported with discretely presented component units.

There were no contributions subsequent to the measurement date. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ending September 30,</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2021	\$ 689,519
2022	689,519
2023	689,519
2024	689,519
2025	689,519
Thereafter	1,234,950
Total	<u>\$ 4,682,545</u>

**Other Postemployment Benefits – Texas Municipal Retirement System-Supplemental Death Benefits**

*Plan Description*

The City also participates in a multiple-employer, defined benefit group-term life insurance known as the Supplemental Death Benefits Fund (SDBF) administered by the Texas Municipal Retirement System (TMRS). This is a voluntary program in which the City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 12 – EMPLOYEE RETIREMENT BENEFIT PLANS** *(Continued)*

*Benefits*

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

*Employees Covered by Benefit Terms*

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	219
Inactive employees entitled to but not yet receiving benefits	38
Active employees	854
Total	1,111

*Contributions*

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

Employees for the City of Edinburg were required to contribute 0.03% of their annual gross earnings during the fiscal year. The contribution rates for the City of Edinburg were 0.15% in calendar year 2018 and 2020. The City's contributions to the SDBF for the year ended September 30, 2020 were \$40,463 and were equal to the required contributions.

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 12 – EMPLOYEE RETIREMENT BENEFIT PLANS** *(Continued)*

Actuarial assumptions:

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary increases	3.50% to 11.50%, including inflation
Discount rate*	3.71%
Retirees' share of benefit-related costs	\$-
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates- service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates- disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

\*The discount rate was based on the Fidelity Index's "20-year Municipal GO AA Index" rate as of December 31, 2019.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period of December 31, 2014 to December 31, 2018.

*Total OPEB Liability*

The City's Total OPEB Liability was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 12 – EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)**

The following presents a summary of the changes in Total OPEB liability:

Total OPEB Liability - beginning of year	\$1,415,523
Changes for The year	
Service Cost	57,450
Interest on Total OPEB Liability	53,368
Changes of benefit terms	-
Differences between expected and actual experience	(64,335)
Changes in assumptions or other inputs	314,963
Benefit payments **	(11,490)
Net changes	349,956
Total OPEB Liability - end of year	\$1,765,479

The amount presented above includes OPEB liabilities for the City's discretely presented component units. At September 30, 2020, the Boys' and Girls' Club of Edinburg's portion of the OPEB liability was \$34,539 and the EEDC's portion was \$16,626. The total OPEB liability for the primary government is \$1,714,315 which is allocated between governmental activities and business-type activities in the amounts of \$1,378,091 and \$336,223.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate*

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.75%, as well as what the City's total OPEB liability would have been if it were calculated using a discount rate that is 1 percentage point lower (1.75%) or 1 percentage point higher (3.75%) than the current rate.

**SDBF Program – Current Discount**

<b>1% Decrease 1.75%</b>	<b>Current Discount Rate 2.75%</b>	<b>1% Increase 3.75%</b>
\$2,198,831	\$1,765,479	\$1,441,606

**Schedule of Contributions (retiree-only portion of the rate, for OPEB)**

<b>Plan/Calendar Year</b>	<b>Total SDB Contribution (Rate)</b>	<b>Retiree Portion of SDB Contribution (Rate)</b>
2018	0.15%	0.03%
2019	0.15%	0.03%
2020	0.15%	0.03%



**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 12 – EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)**

*OPEB Expense and Deferred Outflows of Resources Related to OPEB*

For the year ended September 30, 2020 the City recognized combined OPEB expense in the amount of \$116,693.

At September 30, 2020 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred (Inflows)/Outflows of Resources:	Deferred (Inflows) of Resources	Deferred Outflows of Resources
Differences between expected and actual experience OPEB Death	55,144	21,112
Changes in assumptions and other inputs - OPEB Death	81,127	343,120
Contributions made subsequent to measurement date	N/A	45,754
Total	<u>\$136,271</u>	<u>409,986</u>

Of the total deferred outflows relating to the OPEB plan, \$321,836 is reported is reported in governmental activities and \$78,303 is reported in business-type activities. The remaining \$9,847 is reported with discretely presented component units.

Of the total deferred inflows relating to the OPEB plan, \$106,429 is reported is reported in governmental activities and \$26,205 is reported in business-type activities. The remaining \$3,637 is reported with discretely presented component units.

\$45,754 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ending September 30,</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2021	\$ 41,622
2022	41,622
2023	41,622
2024	41,622
2025	28,309
Thereafter	33,164
Total	<u>\$ 227,961</u>

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 13 – CONSTRUCTION AND IMPROVEMENT COMMITMENTS**

*Construction and Improvement Commitments*

At September 30, 2020, the City had the following significant remaining contractual commitments for construction and improvement projects:

<b>Project</b>	<b>Financing Sources</b>	<b>Remaining Commitments</b>
Lift Station No. 42 Rehabilitation & Upgrade	Utility Fund	\$ 512,330
Northside Drainage Improvements	Capital Projects Fund	194,588
<b>Total</b>		<b>\$ 706,918</b>

**NOTE 14 – ENCUMBRANCES**

The City utilizes encumbrances to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year is as follows:

	<b>Encumbrances</b>
General Fund	\$ 3,173,265
Capital Projects Fund	1,848,264
Nonmajor Governmental Fund	
Special Revenue Fund	842,644
Water and Sewer Fund	2,688,672
Solid Waste Management Fund	665,484
Nonmajor Enterprise Fund	
Los Lagos Golf Club	22,238
<b>Total</b>	<b>\$ 9,240,567</b>

*Component Units*

At year end the amount of encumbrances for component units is as follows:

	<b>Encumbrances</b>
Boys' and Girls' Club	\$ 3,101
<b>Total</b>	<b>\$ 3,101</b>

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 15 – RISK MANAGEMENT**

***General***

The City maintains insurance for all business and government functions for which it may be liable for claims. The more significant of these include \$2,000,000 of general liability insurance; property insurance covering the City's buildings and properties in an aggregate amount of \$159,700,683 as well as insurance covering mobile equipment and boiler and machinery in an aggregate amount of \$20,735,174; airport general liability insurance of \$5,000,000; and law enforcement liability insurance of \$2,000,000. Employees were covered by a fully insured health insurance plan.

***Worker's Compensation***

The City was formerly self-insured for its worker's compensation program which is accounted for in the Internal Service Fund. For the year ended September 30, 2020, the City participated in a premium only program. The Internal Service Fund accounts for the remaining run-out claims still outstanding. Management believes that adequate funding has been made for all incurred claims at September 30, 2020. No new claims will be incurred since the city no longer is self-insured.

***Accrued Liabilities***

The Worker's Compensation Fund is funded by charges to the City's other funds and component units. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors such as inflation, changes in legal doctrines, and damage awards.

Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends, and other economic and social factors. The provision for claims and claims adjustment expenses also includes paid and unpaid expenses associated with settling claims, including legal fees. Any adjustments resulting from the settlement of losses will be reflected in earnings at the time the adjustments are determined.

Changes in the fund's claims liability amounts are as follows:

	<b>2020</b>	<b>2019</b>
Beginning of fiscal year claims liability	\$ 78,771	\$ 78,771
Current year claims and changes in estimates	-	-
Claim payments, net of stop loss	(1,462)	-
End of fiscal year claims liability	77,309	78,771

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 16 – CONTINGENCIES**

*Litigation*

Various lawsuits are pending against the City involving general liability, automotive liability, civil rights actions and various contractual matters. The City maintains general liability and airport and automotive liability insurance in addition to contractor, law enforcement and public officials' policies designed to minimize the City's exposure to these claims. The extent to which insurance coverage may satisfy claims, if any, is not known. The City, in consultation with its attorney, is presently unable to estimate the City's liability, if any, in any of these matters, although management believes the outcome of the pending litigation will not have a material effect on the City's financial position or operations.

*Federal and State Assisted Grant Programs*

The City participates in a number of federal and state assisted grant programs. Although the City's grant programs have been audited in accordance with the provisions of the Single Audit Act through September 30, 2020, these programs are still subject to financial and compliance audits. Accordingly, the City's compliance with applicable grant requirements will be finally determined at some future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

**NOTE 17 – PRIOR PERIOD ADJUSTMENTS**

Prior period adjustments (PPA) were needed to properly state the correct financial position of the City. The PPA amounts and the reasons are as follows:

The Primary Government beginning net position was decreased by \$3,782,502 to adjust previously construction in progress balances that should have been expensed in the year they occurred. These were mainly landfill cell developments that are done annually plus several master plans the City had conducted several years ago for the planning and funding of future projects.

Also within Primary Government, Business-Type beginning net position was increased by \$5,365,131 to adjust prior year's landfill closure and post closure costs payable. The major difference was due to applying a calculation that no longer applied for the previous two years.

**NOTE 18 – RELATED PARTY TRANSACTIONS**

For the year ended September 30, 2020, the City engaged in the following related party transactions with its component units:

*Sales Taxes* – The City collects and remits taxes to the EEDC. At the end of the year, the City has a payable due to the EEDC of \$1,178,534

*Sales Tax Agreement* – In connection with a project funding agreement relating to a proposed Edinburg entertainment center, the EEDC transferred \$569,759 to the City of Edinburg, Texas Local Government Finance Corporation during the year.

**City of Edinburg**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 19 – SUBSEQUENT EVENTS**

*Primary Government*

*Bonds* – On October 20, 2020, the City council authorized the issuance of General Obligation Refunding Bonds Series, Certificate of Obligations Series 2020 and Utility System Revenue Improvement and Refunding Bonds Series 2020 for a total amount not to exceed \$42,000,000.

---

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF EDINBURG, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**EXHIBIT 5-A**

FOR THE YEAR ENDED SEPTEMBER 30, 2020	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Taxes				
Ad Valorem	\$ 26,792,845	\$ 26,792,845	\$ 26,503,372	\$ (289,473)
Sales	18,245,700	18,145,700	19,770,923	1,625,223
Franchise and Other	4,135,000	4,135,000	4,072,283	(62,717)
Total Taxes	49,173,545	49,073,545	50,346,577	1,273,032
Licenses and Permits				
Business Licenses and Permits	105,000	105,000	71,756	(33,244)
Non-Business Licenses and Permits	905,000	905,000	881,608	(23,392)
Total Licenses and Permits	1,010,000	1,010,000	953,364	(56,636)
Charges for Services				
General Government	240,000	240,000	165,548	(74,452)
Culture and Recreation	727,000	727,000	230,793	(496,207)
Health and Welfare	732,000	732,000	588,171	(143,829)
Public Safety	274,000	274,000	493,434	219,434
Total Charges for Services	1,973,000	1,973,000	1,477,945	(495,055)
Fines and Forfeitures				
Municipal Court	1,035,000	1,035,000	507,127	(527,873)
Other Fines	15,000	15,000	7,734	(7,266)
Total Fines and Forfeitures	1,050,000	1,050,000	514,861	(535,139)
Intergovernmental Revenues	3,142,200	3,142,200	1,921,537	(1,220,663)
Interest	547,000	547,000	309,788	(237,212)
Other	269,000	269,000	454,517	185,517
Total Revenues	57,164,745	57,064,745	55,978,590	(1,086,155)
Expenditures				
General Government				
City Council				
Personnel Services	44,309	44,309	36,201	8,108
Supplies	44,400	44,400	21,843	22,557
Miscellaneous Services	181,500	181,500	96,098	85,402
Total City Council	270,209	270,209	154,143	116,066
City Manager				
Personnel Services	937,058	1,188,588	1,176,484	12,104
Supplies	14,000	66,234	7,731	58,503
Miscellaneous Services	160,050	177,394	103,958	73,436
Total City Manager	1,111,108	1,432,216	1,288,173	144,043

**City of Edinburg, Texas**  
General Fund  
Budgetary Comparison Schedule  
Exhibit 5-A (continued)

<i>For the Year Ended September 30, 2020</i>	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
City Secretary				
Personnel Services	476,541	478,691	449,045	29,646
Supplies	33,300	33,300	32,208	1,092
Miscellaneous Services	78,615	73,615	28,093	45,522
Capital Outlay	-	-	-	-
Total City Secretary	588,456	585,606	509,346	76,260
Municipal Court				
Personnel Services	977,977	982,867	797,828	185,039
Supplies	19,275	19,275	13,185	6,090
Miscellaneous Services	184,795	176,795	70,237	106,558
Capital Outlay	67,840	91,200	-	91,200
Total Municipal Court	1,249,887	1,270,137	881,250	388,887
Legal				
Personnel Services	162,249	162,869	159,018	3,851
Supplies	7,855	7,855	2,391	5,464
Miscellaneous Services	541,357	541,357	307,717	233,640
Total Legal	711,461	712,081	469,126	242,955
Finance				
Personnel Services	1,380,237	1,386,657	1,307,827	78,830
Supplies	31,150	31,150	23,068	8,082
Miscellaneous Services	333,294	333,504	326,291	7,213
Capital Outlay	-	50,000	72,934	(22,934)
Total Finance	1,744,681	1,801,311	1,730,120	71,191
Human Resources				
Personnel Services	699,070	701,830	666,367	35,463
Supplies	52,870	56,070	36,487	19,583
Miscellaneous Services	183,390	204,190	158,900	45,290
Capital Outlay	-	18,000	47,920	(29,920)
Total Human Resources	935,330	980,090	909,673	70,417
Planning and Zoning				
Personnel Services	521,208	522,738	384,758	137,980
Supplies	25,600	47,600	42,036	5,564
Miscellaneous Services	141,688	222,558	196,047	26,511
Capital Outlay	-	-	-	-
Total Planning	688,496	792,896	622,841	170,055
Information Technology				
Personnel Services	566,310	568,760	509,110	59,650
Supplies	113,550	116,350	104,906	11,444
Miscellaneous Services	394,075	376,275	293,743	82,532
Capital Outlay	354,710	501,095	370,206	130,889
Total Information Technology	1,428,645	1,562,480	1,277,965	284,515



**City of Edinburg, Texas**  
General Fund  
Budgetary Comparison Schedule  
Exhibit 5-A (continued)

<i>For the Year Ended September 30, 2020</i>	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Communications and Media				
Personnel Services	531,187	533,337	518,640	14,697
Supplies	21,174	23,024	9,630	13,395
Miscellaneous Services	86,800	84,600	56,275	28,325
Capital Outlay	143,385	75,350	303	75,047
Total Communications and Media	782,546	716,311	584,847	131,464
City Hall				
Supplies	15,100	15,100	5,911	9,189
Miscellaneous Services	155,500	155,500	136,401	19,099
Capital Outlay	-	-	-	-
Total City Hall	170,600	170,600	142,312	28,288
Non-Department				
Audit	44,000	44,000	-	44,000
Humane Society	350,000	350,000	405,812	(55,812)
Flat Rate Assessment	6,000	6,000	5,896	104
General Insurance	575,000	575,000	676,035	(101,035)
County Appraisal Service	295,000	295,000	213,442	81,558
Property Tax Collection Fee	77,100	77,100	77,172	(72)
Boys' and Girls' Club Transfer	382,000	382,000	382,000	-
Capital Lease Debt Service	2,084,237	1,030,737	1,040,657	(9,920)
Other	2,524,000	2,399,560	2,288,111	111,449
Total Non-Department	6,337,337	5,159,397	5,089,126	70,271
Total General Government	16,018,756	15,453,334	13,658,922	1,794,412
Public Safety				
Police				
Personnel Services	19,108,343	19,186,098	19,731,052	(544,954)
Supplies	898,776	1,098,751	1,053,379	45,372
Miscellaneous Services	902,225	765,370	749,381	15,989
Capital Outlay	2,385,700	2,827,070	1,206,580	1,620,490
Total Police	23,295,044	23,877,289	22,740,392	1,136,897
Fire				
Personnel Services	4,742,618	4,760,008	4,572,104	187,904
Supplies	707,240	739,460	429,697	309,763
Miscellaneous Services	548,646	608,056	514,890	93,166
Capital Outlay	260,000	330,000	191,974	138,026
Total Fire	6,258,504	6,437,524	5,708,665	728,859
Fire Prevention				
Personnel Services	781,095	783,245	770,017	13,228
Supplies	81,300	81,300	77,433	3,867
Miscellaneous Services	44,384	44,524	29,910	14,614
Capital Outlay	-	-	-	-
Total Fire Prevention	906,779	909,069	877,359	31,710
Total Public Safety	30,460,327	31,223,882	29,326,416	1,897,466

**City of Edinburg, Texas**  
General Fund  
Budgetary Comparison Schedule  
Exhibit 5-A (continued)

<i>For the Year Ended September 30, 2020</i>	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Highways and Streets				
Engineering				
Personnel Services	586,227	623,040	573,892	49,148
Supplies	12,400	13,500	12,658	842
Miscellaneous Services	180,525	219,045	217,423	1,622
Capital Outlay	64,000	102,000	-	102,000
Total Engineering	843,152	957,585	803,973	153,612
Public Works				
Personnel Services	3,229,814	3,247,914	2,754,174	493,740
Supplies	501,752	750,511	522,891	227,619
Miscellaneous Services	1,736,235	1,472,317	1,345,066	127,250
Capital Outlay	6,463,000	6,434,240	1,118,627	5,315,613
Total Public Works	11,930,801	11,904,981	5,740,759	6,164,222
Total Highways and Streets	12,773,953	12,862,566	6,544,731	6,317,835
Health and Welfare				
Building Maintenance				
Personnel Services	1,416,448	1,426,228	1,383,589	42,639
Supplies	181,600	181,100	163,235	17,865
Miscellaneous Services	926,600	988,910	1,002,142	(13,232)
Capital Outlay	127,850	127,850	43,326	84,524
Total Building Maintenance	2,652,498	2,724,088	2,592,292	131,796
Code Enforcement				
Personnel Services	1,228,454	1,289,942	1,174,266	115,676
Supplies	44,640	62,640	51,043	11,597
Miscellaneous Services	176,260	244,060	132,830	111,230
Capital Outlay	527,026	617,026	399,723	217,303
Total Code Enforcement	1,976,380	2,213,668	1,757,863	455,805
Community Development and Grants Management				
Personnel Services	276,887	277,507	274,939	2,568
Supplies	3,800	3,800	2,312	1,488
Miscellaneous Services	22,510	22,510	3,156	19,354
Total Housing Assistance	303,197	303,817	280,407	23,410
Total Health and Welfare	4,932,075	5,241,573	4,630,562	611,011

**City of Edinburg, Texas**  
General Fund  
Budgetary Comparison Schedule  
Exhibit 5-A (continued)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
<i>For the Year Ended September 30, 2020</i>	Original	Final	Actual	
Culture and Recreation				
Library and Cultural Arts				
Personnel Services	1,605,742	1,612,762	1,507,959	104,803
Supplies	180,150	180,150	169,037	11,113
Miscellaneous Services	111,000	111,000	88,043	22,957
Capital Outlay	69,900	89,486	19,586	69,900
Total Library and Cultural Arts	1,966,792	1,993,398	1,784,625	208,773
Parks and Recreation				
Personnel Services	4,080,326	3,696,266	3,360,682	335,584
Supplies	698,733	801,733	748,300	53,433
Miscellaneous Services	378,495	461,495	352,953	108,542
Capital Outlay	451,625	503,875	282,140	221,735
Total Parks and Recreation	5,609,179	5,463,369	4,744,074	719,295
World Birding Center				
Personnel Services	559,479	562,239	497,596	64,643
Supplies	69,900	92,111	82,261	9,850
Miscellaneous Services	73,320	63,320	65,797	(2,477)
Capital Outlay	72,000	61,589	32,980	28,609
Total World Birding Center	774,699	779,259	678,634	100,625
Total Culture and Recreation	8,350,670	8,236,026	7,207,334	1,028,692
Economic Development				
Personnel Services	-	-	36,463	(36,463)
Supplies	-	-	-	-
Miscellaneous Services	-	-	-	-
Total Economic Development	-	-	36,463	(36,463)
Total Expenditures	72,535,781	73,017,381	61,404,428	11,612,953
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,371,036)	(15,952,636)	(5,425,837)	10,526,799
<b>Other Financing Sources (Uses):</b>				
Debt Proceeds	10,987,036	10,987,036	5,987,036	(5,000,000)
Insurance Proceeds	-	-	87,552	87,552
Transfers In	5,150,000	5,150,000	5,276,599	126,599
Transfers Out	(766,000)	(1,091,000)	(1,606,408)	(515,408)
Total Other Financing Sources (Uses)	15,371,036	15,046,036	9,744,779	(5,301,257)
Net Change in Fund Balances	-	(906,600)	4,318,942	5,225,542
<b>Fund Balances - Beginning of Year</b>	20,855,023	20,855,023	20,855,023	-
<b>Fund Balances - End of Year</b>	<u>\$ 20,855,023</u>	<u>\$ 19,948,423</u>	<u>\$ 25,173,965</u>	<u>\$ 5,225,542</u>

**CITY OF EDINBURG, TEXAS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)**  
**LAST TEN YEARS**  
**EXHIBIT 5-B**

<i><b>SEPTEMBER 30,</b></i>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Total Pension Liability</b>						
Service Cost	\$ 3,905,080	\$ 4,465,697	\$ 4,897,533	\$ 5,271,339	\$ 5,451,177	\$ 6,001,648
Interest	7,415,662	7,952,761	8,221,195	8,778,659	9,496,321	10,025,754
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(554,280)	(237,828)	(1,032,455)	1,028,193	(1,994,144)	588,622
Change of assumptions	-	(377,240)	-	-	-	674,533
Benefit payments, including refunds of employee contributions	(3,096,759)	(3,651,078)	(4,018,322)	(4,010,576)	(5,061,598)	(5,708,662)
<b>Net Change in Total Pension Liability</b>	<b>7,669,703</b>	<b>8,152,312</b>	<b>8,067,951</b>	<b>11,067,615</b>	<b>7,891,756</b>	<b>11,581,895</b>
<b>Total Pension Liability - Beginning</b>	<b>105,533,866</b>	<b>113,203,569</b>	<b>121,355,881</b>	<b>129,423,832</b>	<b>140,491,447</b>	<b>148,383,203</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 113,203,569</b>	<b>\$ 121,355,881</b>	<b>\$ 129,423,832</b>	<b>\$ 140,491,447</b>	<b>\$ 148,383,203</b>	<b>\$ 159,965,098</b>
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	\$ 3,999,261	\$ 4,444,421	\$ 4,621,389	\$ 5,094,161	\$ 5,075,953	\$ 5,499,792
Contributions - employee	1,968,692	2,127,970	2,222,723	2,401,271	2,477,808	2,681,017
Net investment income	4,388,353	123,828	5,874,570	13,244,540	(3,362,715)	17,217,376
Benefit payments, including refunds of employee contributions	(3,096,759)	(3,651,078)	(4,018,322)	(4,010,576)	(5,061,598)	(5,708,662)
Administrative expense	(45,809)	(75,414)	(66,307)	(68,598)	(64,934)	(97,159)
Other	(3,766)	(3,725)	(3,572)	(3,476)	(3,393)	(2,919)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>7,209,972</b>	<b>2,966,002</b>	<b>8,630,481</b>	<b>16,657,322</b>	<b>(938,879)</b>	<b>19,589,445</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>76,698,643</b>	<b>83,908,615</b>	<b>86,874,617</b>	<b>95,505,098</b>	<b>112,162,420</b>	<b>111,223,541</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 83,908,615</b>	<b>\$ 86,874,617</b>	<b>\$ 95,505,098</b>	<b>\$ 112,162,420</b>	<b>\$ 111,223,541</b>	<b>\$ 130,812,986</b>
<b>Net Pension Liability - Ending (a)-(b)</b>	<b>\$ 29,294,954</b>	<b>\$ 34,481,264</b>	<b>\$ 33,918,734</b>	<b>\$ 28,329,027</b>	<b>\$ 37,159,662</b>	<b>\$ 29,152,112</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>74.12%</b>	<b>71.59%</b>	<b>73.79%</b>	<b>79.84%</b>	<b>74.96%</b>	<b>81.78%</b>
<b>Covered Payroll</b>	<b>\$ 28,124,170</b>	<b>\$ 30,399,572</b>	<b>\$ 31,740,329</b>	<b>\$ 34,296,282</b>	<b>\$ 35,397,255</b>	<b>\$ 38,300,244</b>
<b>City's Net Pension Liability as a Percentage of Covered Payroll</b>	<b>104.16%</b>	<b>113.43%</b>	<b>106.86%</b>	<b>82.60%</b>	<b>104.98%</b>	<b>76.11%</b>

**Note:** GASB 68 Codification, Vol. 2, P20.146 requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entiti's current fiscal year. As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

**Notes to Schedule:** N/A

**CITY OF EDINBURG, TEXAS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)**  
**LAST TEN YEARS**  
**EXHIBIT 5-C**

<b><i>SEPTEMBER 30,</i></b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
City's proportion of the net pension liability	1.54%	1.29%	1.34%	2.43%	0.97%	1.14%
City's proportionate share of the net pension liability	\$ 279,298	\$ 346,906	\$ 389,151	\$ 526,106	\$ 274,669	\$ 253,117
City's number of active members	54	58	58	39	21	26
City's net pension liability per active member	\$ 5,172	\$ 5,981	\$ 6,710	\$ 13,490	\$ 13,079	\$ 9,735
Plan fiduciary net position as a percentage of the total pension liability	83.50%	76.70%	76.30%	84.30%	80.20%	83.20%

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

**CITY OF EDINBURG, TEXAS**  
**SCHEDULE OF CITY'S CONTRIBUTIONS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)**  
**LAST TEN YEARS**  
**EXHIBIT 5-D**

<i><b>SEPTEMBER 30,</b></i>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Actuarially determined contribution	\$ 4,351,814	\$ 4,586,475	\$ 4,621,389	\$ 5,094,161	\$ 5,075,953	\$ 5,499,792
Contributions in relation to the actuarially determined contribution	4,351,814	4,586,475	4,621,389	5,094,161	5,075,953	5,499,792
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 28,124,170	\$ 30,399,572	\$ 31,740,329	\$ 34,296,282	\$ 35,397,255	\$ 38,300,244
Contributions as a percentage of covered payroll	15.47%	15.09%	14.56%	14.85%	14.34%	14.36%

**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	26 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

**Other Information:**

**Notes** There were no benefit changes during the year.

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

**CITY OF EDINBURG, TEXAS**  
 SCHEDULE OF CITY'S CONTRIBUTIONS  
 TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)  
 LAST TEN YEARS  
 EXHIBIT 5-E

<i><b>SEPTEMBER 30,</b></i>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Texas Emergency Services Retirement System (TESRS)</b>						
Contractually required contributions	\$ 31,320	\$ 46,400	\$ 40,310	\$ 36,169	\$ 43,428	\$ 46,835
Contributions in relation to the contractually required contribution	31,320	46,400	40,310	36,169	43,428	46,835
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Number of active members	54	58	58	39	21	26
Contributions per active member	\$ 580	\$ 800	\$ 697	\$ 927	\$ 2,068	\$ 1,801

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

**CITY OF EDINBURG, TEXAS**  
Schedule of Changes in Total OPEB Obligation and Related Ratios  
Post-Retirement Medical Plan  
Last Ten Years  
Exhibit 5-F

<b>SEPTEMBER 30,</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Total OPEB Liability</b>			
Service cost	\$ 1,149,843	\$ 1,069,819	\$ 1,500,352
Interest	715,606	826,562	654,662
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	56,192	1,062,821
Changes of assumptions	(1,041,173)	3,178,838	2,243,038
Benefit payments, including refunds of employee contributions	(607,647)	(762,157)	(684,123)
<b>Net Change in Total OPEB Liability</b>	<b>216,629</b>	<b>4,369,254</b>	<b>4,776,750</b>
<b>Total OPEB Liability - Beginning</b>	<b>18,864,934</b>	<b>19,081,563</b>	<b>23,450,817</b>
<b>Total OPEB Liability - Ending (a)</b>	<b>\$ 19,081,563</b>	<b>\$ 23,450,817</b>	<b>\$ 28,227,567</b>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 607,647	\$ 762,157	\$ 684,123
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	(607,647)	(762,157)	(684,123)
Administrative expense	-	-	-
Other	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net OPEB Liability - Ending (a) - (b)</b>	<b>\$ 19,081,563</b>	<b>\$ 23,450,817</b>	<b>\$ 28,227,567</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Covered - Employee Payroll</b>	<b>\$ 29,675,741</b>	<b>\$ 29,675,741</b>	<b>\$ 32,264,732</b>
<b>City's Net OPEB Liability as a Percentage of Covered - Employee Payroll</b>	<b>64.3%</b>	<b>79.0%</b>	<b>87.5%</b>

**Note:** GASB 75 requires 10 fiscal years of data to be provided in this schedule. However, until a full 10-year trend is compiled, the city will present information for those years for which information is available.

**Notes to Schedule:** N/A



**CITY OF EDINBURG, TEXAS**  
Schedule of Changes in Total OPEB Obligation and Related Ratios  
Post Retirement Supplemental Death Benefits  
Last Ten Years  
Exhibit 5-G

<b>SEPTEMBER 30,</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Total OPEB Liability</b>			
Service cost	\$ 51,444	\$ 63,715	\$ 57,450
Interest	45,625	47,160	53,368
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	29,186	(64,335)
Changes of assumptions	125,031	(112,151)	314,963
Benefit payments, including refunds of employee contributions*	(10,289)	(10,619)	(11,490)
<b>Net Change in Total OPEB Liability</b>	<b>211,811</b>	<b>17,291</b>	<b>349,956</b>
<b>Total OPEB Liability - Beginning</b>	<b>1,186,421</b>	<b>1,398,232</b>	<b>1,415,523</b>
<b>Total OPEB Liability - Ending (a)</b>	<b>\$ 1,398,232</b>	<b>\$ 1,415,523</b>	<b>\$ 1,765,479</b>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ -	\$ -	\$ -
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	-	-	-
Other	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan Fiduciary Net Position - As of December 31, 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan Fiduciary Net Position - As of December 31, 2017 (b)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net OPEB Liability - Ending (a) - (b)</b>	<b>\$ 1,398,232</b>	<b>\$ 1,415,523</b>	<b>\$ 1,765,479</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Covered - Employee Payroll</b>	<b>\$ 34,296,282</b>	<b>\$ 35,397,255</b>	<b>\$ 38,300,244</b>
<b>City's Net OPEB Liability as a Percentage of Covered - Employee Payroll</b>	<b>4.08%</b>	<b>4.00%</b>	<b>4.61%</b>

\*The Supplemental Death Benefit Fund is considered to be an unfunded OPEB plan under GASB 75. Because of this benefit payments are treated as being equal to the employer's yearly contributions for retirees.

**Note:** GASB Codification, Vol. 2, P52.139 states that the information on this schedule should be determined as of the measurement date of the plan.

**Notes to Schedule:** As required by GASB 75, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

**CITY OF EDINBURG, TEXAS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED SEPTEMBER 30, 2020**  
**EXHIBIT 5-H**

**NOTE 1 BUDGETARY BASIS OF ACCOUNTING**

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

**NOTE 2 BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATIONS**

During the year ended September 30, 2020, total expenditures did not exceeded total appropriations in the General Fund. Annual budgeted expenditures are adopted at the department level within funds. Accordingly, the level at which expenditures cannot legally exceed appropriations is the department level.

<b>Department</b>	<b>Expenditures Over Appropriations</b>
Economic Development	\$ (36,463)

**Note:**

Historically, Economic Development personnel costs were under the Component Unit EEDC. The City transitioned towards the end of the fiscal year upon an interlocal agreement with the EEDC for Administrative Services and with a newly created Economic Development department in the General Fund. At the end of the fiscal year personnel costs were still being allocated as a EEDC Component Unit and while reconciling the fiscal year, personnel costs of \$36,463 were reclassified as a General Fund expenditures. Fiscal year savings in general government expenditures was more than sufficient to cover this departmental deficit to cover the remaining fiscal year.

---

## **OTHER SUPPLEMENTARY INFORMATION**

## SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenue resources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

**Hotel Occupancy Tax Fund** is used to account for a tax levied on hotels within the City. The tax revenues can be expended for tourism and related programs promoting the City.

**Community Development Fund** is used to account for grant revenues and expenditures for improved community facilities and services. This fund accounts for revenues and expenditures of the Community Development Block Grant (CDBG) Program.

**Texas Controlled Substance Fund** is used to account for revenues and expenditures of Police Department activities in conjunction with other drug task force agencies.

**Municipal Court Restricted Fund** is used to account for revenues and expenditures of security and technology fees received under Texas Criminal Code Sections 102.017 and 102.1072, respectively, to be used in order to provide security and technology improvements to the municipal court. In addition, the fund accounts for revenues and expenditure of funds received under Texas Local Government Code 133.03 for efficiency improvements to the municipal court.

**City Secretary Restricted Fund** is used to account for revenues and expenditures of funds received under Health and Safety Code Section 191.0045, to be used to fund preservation of vital statistics and other records.

**Public Education and Governmental Access Fund** is used to account for revenues and expenditures of funds received under Chapter 66.006 of the Utilities Code concerning the 1% fee charged as part of franchise fees collected from cable companies. These fees are used to support capital costs for the City's public access channel.

**HOME Programs** was established to account for all transactions administered through the City for the purpose of providing low interest and interest-free loans to low income families for the purpose of constructing and acquiring safe, decent, and affordable housing through the Home Investment Partnership Programs. This fund accounts for program income revenue received from housing loan payments made under these programs and expenditures incurred from loan servicing fees.

## DEBT SERVICE FUNDS

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The **Debt Service Fund**, also known as the Interest and Sinking Fund, was established by ordinance authorizing the issuance of General Obligation Bonds. The fund provides for payment of bond principal, interest, paying agent fees, and a debt service reserve as a sinking fund each year. An ad valorem tax rate and tax levy is required to be computed and levied, which will be sufficient to produce the money required to pay the principal and interest as it comes due and provide the interest and sinking fund reserve.

**CITY OF EDINBURG, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**EXHIBIT 6-A**

<b><i>SEPTEMBER 30, 2020</i></b>	<b>Debt Service Fund</b>	<b>Special Revenue Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 832,408	\$ 3,471,378	\$ 4,303,785
Investments	701,528	-	701,528
Taxes Receivables	513,441	-	513,441
Allowance for Uncollectible Taxes	(98,652)	-	(98,652)
Note Receivable	-	1,556,109	1,556,109
Due from Other Governments	-	573,956	573,956
Due from Other Funds	-	274,424	274,424
Cash with Fiscal Agent	-	4,655,063	4,655,063
Total Assets	<u>\$ 1,948,724</u>	<u>\$ 10,530,930</u>	<u>\$ 12,479,654</u>
<b>Liabilities</b>			
Accounts Payable	\$ -	\$ 1,203,725	\$ 1,203,725
Accrued Liabilities	-	25	25
Due to Other Funds	-	274,424	274,424
Total Liabilities	<u>-</u>	<u>1,478,174</u>	<u>1,478,174</u>
<b>Deferred Inflows Of Resources</b>			
Deferred Inflows from Loans Receivable	-	1,556,109	1,556,109
Deferred Inflows from Taxes	414,789	-	414,789
Total Deferred Inflows Of Resources	<u>414,789</u>	<u>1,556,109</u>	<u>1,970,898</u>
<b>Fund Balances</b>			
Restricted for:			
Debt Service	1,533,935	2,701,440	4,235,375
Tourism	-	1,170,360	1,170,360
Law Enforcement	-	465,368	465,368
Municipal Court and Technology	-	520,592	520,592
Capital Projects	-	233,588	233,588
Other Purposes	-	2,405,299	2,405,299
Total Fund Balances	<u>1,533,935</u>	<u>7,496,647</u>	<u>9,030,582</u>
Total Liabilities and Fund Balances	<u>\$ 1,948,724</u>	<u>\$ 10,530,930</u>	<u>\$ 12,479,654</u>

**CITY OF EDINBURG, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**EXHIBIT 6-B**

<i><b>FOR THE YEAR ENDED SEPTEMBER 30, 2020</b></i>	<b>Debt Service Fund</b>	<b>Special Revenue Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>			
Taxes:			
Property Taxes	\$ 5,829,007	\$ 720,027	\$ 6,549,034
Other Tax	-	587,629	587,629
Intergovernmental Revenue and Grants	-	1,770,497	1,770,497
Charges for Services	-	372,351	372,351
Fines and Forfeits	-	71,949	71,949
Investment Earnings	24,533	58,872	83,405
Contributions	-	1,075,062	1,075,062
Other	-	117,675	117,675
Total Revenues	<u>5,853,540</u>	<u>4,774,062</u>	<u>10,627,602</u>
<b>Expenditures</b>			
Current:			
General Government	-	149,265	149,265
Public Safety	-	198,506	198,506
Health and Welfare	-	193,370	193,370
Culture and Recreation	-	895,610	895,610
Urban Redevelopment and Housing	-	374,539	374,539
Economic Redevelopment	-	560,882	560,882
Debt Service:			
Principal Retirements	3,497,504	775,000	4,272,504
Interest and Other Charges	3,181,129	1,915,225	5,096,354
Total Expenditures	<u>6,678,633</u>	<u>5,256,134</u>	<u>11,934,767</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>(825,093)</u>	<u>(482,072)</u>	<u>(1,307,165)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	-	2,158,952	2,158,952
Transfers Out	-	(1,404,322)	(1,404,322)
Total Other Financing Sources (Uses)	<u>-</u>	<u>754,630</u>	<u>754,630</u>
Net Change In Fund Balances	(825,093)	272,558	(552,535)
<b>Fund Balances - Beginning Of Year</b>	<u>2,359,029</u>	<u>7,224,089</u>	<u>9,583,118</u>
<b>Fund Balances - End Of Year</b>	<u><u>1,533,935</u></u>	<u><u>7,496,647</u></u>	<u><u>9,030,582</u></u>

**CITY OF EDINBURG, TEXAS**  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
EXHIBIT 6-C

<i>SEPTEMBER 30, 2020</i>	Community Development	Home Program	Texas Controlled Substance	Hotel Occupancy Tax	Municipal Court Restricted	City Secretary Restricted	PEG Fund	Tax Increment Reinvestment Zone 1	Tax Increment Reinvestment Zone 4	Tax Increment Reinvestment Zone 3	Local Government Finance Corp.	Total Nonmajor Special Revenue Funds
<b>Assets</b>												
Cash and Cash Equivalents	\$ 306,254	\$ 70,011	\$ 465,368	\$ 1,170,360	\$ 520,592	\$ 172,964	\$ 377,618	\$ -	\$ -	\$ 388,211	\$ -	\$ 3,471,378
Note Receivable	1,551,598	4,511	-	-	-	-	-	-	-	-	-	1,556,109
Due from Other Governments	68,653	-	-	-	-	-	-	252,067	22,357	230,879	-	573,956
Due from Other Funds	-	-	-	-	-	-	-	-	-	-	274,424	274,424
Cash with Fiscal Agent	-	-	-	-	-	-	-	-	-	-	4,655,063	4,655,063
Total Assets	<u>1,926,505</u>	<u>74,522</u>	<u>465,368</u>	<u>1,170,360</u>	<u>520,592</u>	<u>172,964</u>	<u>377,618</u>	<u>252,067</u>	<u>22,357</u>	<u>619,090</u>	<u>4,929,487</u>	<u>10,530,930</u>
<b>Liabilities</b>												
Accounts Payable	374,882	21,062	-	-	-	3,274	-	-	-	560,882	243,625	1,203,725
Accrued Liabilities	25	-	-	-	-	-	-	-	-	-	-	25
Due to Other Funds	-	-	-	-	-	-	-	252,067	22,357	-	-	274,424
Total Liabilities	<u>374,907</u>	<u>21,062</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,274</u>	<u>-</u>	<u>252,067</u>	<u>22,357</u>	<u>560,882</u>	<u>243,625</u>	<u>1,478,174</u>
<b>Deferred Inflows Of Resources</b>												
Deferred Inflows from Loans Receivable	1,551,598	4,511	-	-	-	-	-	-	-	-	-	1,556,109
Deferred Inflows from Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Deferred Inflows Of Resources	<u>1,551,598</u>	<u>4,511</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,556,109</u>
<b>Fund Balances</b>												
Restricted for:												
Debt Service	-	-	-	-	-	-	-	-	-	-	2,701,440	2,701,440
Tourism	-	-	-	1,170,360	-	-	-	-	-	-	-	1,170,360
Law Enforcement	-	-	465,368	-	-	-	-	-	-	-	-	465,368
Municipal Court and Technology	-	-	-	-	520,592	-	-	-	-	-	-	520,592
Capital Projects	-	-	-	-	-	-	-	-	-	-	233,588	233,588
Other Purposes	-	48,949	-	-	-	169,690	377,618	-	-	58,208	1,750,834	2,405,299
Total Fund Balances	<u>-</u>	<u>48,949</u>	<u>465,368</u>	<u>1,170,360</u>	<u>520,592</u>	<u>169,690</u>	<u>377,618</u>	<u>-</u>	<u>-</u>	<u>58,208</u>	<u>4,685,862</u>	<u>7,496,647</u>
Total Liabilities and Fund Balances	<u>\$ 1,926,505</u>	<u>\$ 74,522</u>	<u>\$ 465,368</u>	<u>\$ 1,170,360</u>	<u>\$ 520,592</u>	<u>\$ 172,964</u>	<u>\$ 377,618</u>	<u>\$ 252,067</u>	<u>\$ 22,357</u>	<u>\$ 619,090</u>	<u>\$ 4,929,487</u>	<u>\$ 10,530,930</u>

**CITY OF EDINBURG, TEXAS**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
EXHIBIT 6-D

<i><b>FOR THE YEAR ENDED SEPTEMBER 30, 2020</b></i>	<b>Community Development</b>	<b>Home Program</b>	<b>Texas Controlled Substance</b>	<b>Hotel Occupancy Tax</b>	<b>Municipal Court Restricted</b>	<b>City Secretary Restricted</b>	<b>PEG Fund</b>	<b>Tax Increment Reinvestment Zone 1</b>	<b>Tax Increment Reinvestment Zone 4</b>	<b>Tax Increment Reinvestment Zone 3</b>	<b>Local Government Finance Corp.</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>Revenues</b>												
Taxes:												
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 349,854	\$ 40,169	\$ 330,003	\$ -	\$ 720,027
Other Tax	-	-	-	493,690	-	-	93,940	-	-	-	-	587,629
Intergovernmental Revenue and Grants	1,246,759	-	523,739	-	-	-	-	-	-	-	-	1,770,497
Charges for Services	-	-	-	-	-	22,351	-	-	-	-	350,000	372,351
Fines and Forfeits	-	-	-	-	71,949	-	-	-	-	-	-	71,949
Investment Earnings	-	388	1,709	7,695	4,460	1,193	2,552	-	-	-	40,874	58,872
Contributions	-	-	-	-	-	-	-	252,067	22,357	230,879	569,759	1,075,062
Other	117,263	412	-	-	-	-	-	-	-	-	-	117,675
Total Revenues	<u>1,364,021</u>	<u>800</u>	<u>525,448</u>	<u>501,385</u>	<u>76,409</u>	<u>23,544</u>	<u>96,492</u>	<u>601,921</u>	<u>62,527</u>	<u>560,882</u>	<u>960,633</u>	<u>4,774,062</u>
<b>Expenditures</b>												
Current:												
General Government	-	-	-	-	63,707	13,927	71,631	-	-	-	-	149,265
Public Safety	-	-	198,506	-	-	-	-	-	-	-	-	198,506
Highways and Streets	193,737	-	-	-	-	-	-	-	-	-	-	193,737
Health and Welfare	193,370	-	-	-	-	-	-	-	-	-	-	193,370
Culture and Recreation	602,375	-	-	293,235	-	-	-	-	-	-	-	895,610
Urban Redevelopment and Housing	374,539	-	-	-	-	-	-	-	-	-	-	374,539
Economic Development	-	-	-	-	-	-	-	-	-	560,882	-	560,882
Debt Service:												
Principal Retirements	-	-	-	-	-	-	-	-	-	-	775,000	775,000
Interest and Other Charges	-	-	-	-	-	-	-	-	-	-	1,915,225	1,915,225
Total Expenditures	<u>1,364,021</u>	<u>-</u>	<u>198,506</u>	<u>293,235</u>	<u>63,707</u>	<u>13,927</u>	<u>71,631</u>	<u>-</u>	<u>-</u>	<u>560,882</u>	<u>2,690,225</u>	<u>5,256,134</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>800</u>	<u>326,942</u>	<u>208,150</u>	<u>12,703</u>	<u>9,618</u>	<u>24,860</u>	<u>601,921</u>	<u>62,527</u>	<u>-</u>	<u>(1,729,592)</u>	<u>(482,072)</u>
<b>Other Financing Sources (Uses)</b>												
Transfers In	-	-	-	-	-	-	-	520,738	233,892	-	1,404,322	2,158,952
Transfers Out	-	-	-	-	-	-	-	(1,123,409)	(280,913)	-	-	(1,404,322)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(602,671)</u>	<u>(47,021)</u>	<u>-</u>	<u>1,404,322</u>	<u>754,630</u>
Net Change in Fund Balances	-	800	326,942	208,150	12,703	9,618	24,860	(750)	15,506	-	(325,270)	272,558
<b>Fund Balances - Beginning Of Year</b>	-	48,149	138,426	962,210	507,889	160,072	352,758	750	(15,506)	58,208	5,011,132	7,224,089
<b>Fund Balances - End Of Year</b>	<u>\$ -</u>	<u>\$ 48,949</u>	<u>\$ 465,368</u>	<u>\$ 1,170,360</u>	<u>\$ 520,592</u>	<u>\$ 169,690</u>	<u>\$ 377,618</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,208</u>	<u>\$ 4,685,862</u>	<u>\$ 7,496,647</u>



**CITY OF EDINBURG, TEXAS**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**EXHIBIT 7-A**

<b><i>FOR THE YEAR ENDED SEPTEMBER 30, 2020</i></b>	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes				
Ad Valorem	\$ 5,580,000	\$ 5,580,000	\$ 5,763,029	\$ 183,029
Penalty and Interest	50,000	50,000	65,979	15,979
Interest	50,000	50,000	24,533	(25,467)
Total Revenues	<u>5,680,000</u>	<u>5,680,000</u>	<u>5,853,540</u>	<u>173,540</u>
<b>Expenditures</b>				
Debt Service				
Principal Retirements	3,597,504	3,597,504	3,497,504	100,000
Interest and Other Charges	<u>3,267,480</u>	<u>3,267,480</u>	<u>3,181,129</u>	<u>86,351</u>
Total Expenditures	<u>6,864,984</u>	<u>6,864,984</u>	<u>6,678,633</u>	<u>186,351</u>
Net Change In Fund Balance	(1,184,984)	(1,184,984)	(825,093)	359,891
<b>Fund Balance - Beginning of Year</b>	<u>2,359,029</u>	<u>2,359,029</u>	<u>2,359,029</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u><u>\$ 1,174,045</u></u>	<u><u>\$ 1,174,045</u></u>	<u><u>\$ 1,533,935</u></u>	<u><u>\$ 359,891</u></u>

## ENTERPRISE FUNDS

Enterprise funds are used to account for City operations that are financed and/or operated in a manner similar to private business enterprises.

**Edinburg International Airport** is used to account for revenues and expenses of the City's airport operations.

**City Ebony Golf Course** is used to account for golf course revenues and expenses associated with the Ebony Hills Golf Course.

**Los Lagos Golf Club** is used to account for golf course revenues and expenses associated with the Los Lagos Golf Course.

**CITY OF EDINBURG, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**EXHIBIT 8-A**

<i><b>SEPTEMBER 30, 2020</b></i>	<b>Edinburg International Airport</b>	<b>City Ebony Golf Course</b>	<b>Los Lagos Golf Course</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ -	\$ 291,007	\$ 341,697	\$ 632,704
Restricted Assets:				
Cash with Fiscal Agent	254,283	2,562	24,507	281,352
Accounts Receivable, Net	13,540	-	27,281	40,821
Due from Other Governments	7,771	-	-	7,771
Inventories	41,577	3,563	37,263	82,403
Total Current Assets	<u>317,170</u>	<u>297,132</u>	<u>430,749</u>	<u>1,045,051</u>
Noncurrent Assets:				
Capital Assets:				
Land	4,246,156	25,000	729,000	5,000,156
Buildings	5,059,426	214,988	1,037,433	6,311,847
Improvements Other Than Buildings	7,448,351	-	5,795,440	13,243,791
Furniture and Equipment	438,925	124,223	1,081,317	1,644,465
Accumulated Depreciation	(5,179,425)	(308,122)	(7,165,098)	(12,652,645)
Construction In Progress	145,856	-	-	145,856
Total Noncurrent Assets	<u>12,159,289</u>	<u>56,088</u>	<u>1,478,093</u>	<u>13,693,470</u>
Total Assets	<u>12,476,459</u>	<u>353,220</u>	<u>1,908,842</u>	<u>14,738,521</u>
<b>Deferred Outflows Of Resources</b>				
Deferred Outflow Related to Debt Refundings	-	-	305,918	305,918
Deferred Outflow Related to Pension	30,705	25,700	94,512	150,916
Deferred Outflow Related to OPEB Obligation	34,664	32,978	91,706	159,348
Total Deferred Outflows Of Resources	<u>65,369</u>	<u>58,678</u>	<u>492,136</u>	<u>616,182</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	222,268	4,957	24,493	251,718
Accrued Liabilities	36	-	151	187
Accrued Interest	-	-	3,385	3,385
Compensated Absences	9,790	4,861	29,477	44,129
Deposits	3,075	225	2,000	5,300
Unearned Revenue	-	11,653	10,181	21,835
Current Portion of General Obligation Bonds	-	-	358,743	358,743
Current Portion of Capital Leases Payable	36,032	1,945	28,258	66,235
Total Current Liabilities	<u>271,201</u>	<u>23,643</u>	<u>456,688</u>	<u>751,531</u>

**CITY OF EDINBURG, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**EXHIBIT 8-A**

<b><i>SEPTEMBER 30, 2020</i></b>	<b>Edinburg International Airport</b>	<b>City Ebony Golf Course</b>	<b>Los Lagos Golf Course</b>	<b>Total Nonmajor Enterprise Funds</b>
Noncurrent Liabilities				
Compensated Absences	20,208	-	-	20,208
General Obligation Bonds, Net Of Unamortized Discounts and Premiums	-	-	1,360,007	1,360,007
Capital Leases Payable	223,299	4,934	100,615	328,849
Net Pension Liability	117,534	163,378	422,000	702,912
Net OPEB Obligation	169,512	234,007	496,208	899,727
Total Noncurrent Liabilities	<u>530,553</u>	<u>402,319</u>	<u>2,378,830</u>	<u>3,311,702</u>
 Total Liabilities	 <u>801,754</u>	 <u>425,961</u>	 <u>2,835,518</u>	 <u>4,063,234</u>
 <b>Deferred Inflows Of Resources</b>				
Deferred Inflows Related to Pension	31,862	21,193	78,541	131,596
Deferred Inflows Related to OPEB Obligation	4,119	7,263	13,243	24,625
Total Deferred Inflows Of Resources	<u>35,982</u>	<u>28,456</u>	<u>91,783</u>	<u>156,221</u>
 <b>Net Position</b>				
Net Investment In Capital Assets	12,154,240	51,771	(345,023)	11,860,988
Restricted For Debt Service	-	-	302,533	302,533
Unrestricted	<u>(450,148)</u>	<u>(94,291)</u>	<u>(483,834)</u>	<u>(1,028,273)</u>
Total Net Position	<u><u>11,704,092</u></u>	<u><u>(42,520)</u></u>	<u><u>(526,324)</u></u>	<u><u>11,135,248</u></u>

See Accompanying Notes To The Financial Statements.

**CITY OF EDINBURG, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET POSITION-PROPRIETARY FUNDS**  
**EXHIBIT 8-B**

<i><b>FOR THE YEAR ENDED SEPTEMBER 30, 2020</b></i>	<b>Edinburg International Airport</b>	<b>City Ebony Golf Course</b>	<b>Los Lagos Golf Course</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>Operating Revenues</b>				
Fuel Flow Fees	\$ 396,451	\$ -	\$ -	\$ 396,451
Golf Course Fees and Memberships	-	170,644	804,669	975,314
Other Revenue	-	8,910	13,297	22,206
Total Operating Revenues	<u>396,451</u>	<u>179,554</u>	<u>817,966</u>	<u>1,393,971</u>
<b>Operating Expenses</b>				
Salaries, Wages, and Employee Benefits	357,234	246,061	927,875	1,531,170
Supplies and Materials	34,881	18,172	118,435	171,488
Contractual and Other Services	313,860	27,448	141,631	482,939
Repairs and Maintenance	148,893	8,241	48,612	205,746
Other Operating Costs	72,130	10,579	30,791	113,500
Deprecation and Amortization	541,365	11,383	51,497	604,246
Total Operating Expenses	<u>1,468,364</u>	<u>321,884</u>	<u>1,318,841</u>	<u>3,109,089</u>
Operating Income (Loss)	<u>(1,071,913)</u>	<u>(142,330)</u>	<u>(500,875)</u>	<u>(1,715,118)</u>
<b>Non-Operating Revenues (Expenses)</b>				
Investment Earnings	194	2,977	3,739	6,910
Interest Expense	(3,530)	(223)	(36,427)	(40,180)
Intergovernmental Revenues	7,771	-	-	7,771
Other	(4,268)	545	10,772	7,050
Total Non-Operating Revenues (Expenses)	<u>168</u>	<u>3,299</u>	<u>(21,916)</u>	<u>(18,449)</u>
Income (Loss) Before Transfers	<u>(1,071,745)</u>	<u>(139,031)</u>	<u>(522,791)</u>	<u>(1,733,567)</u>
<b>Transfers In (Out)</b>				
Transfers In	325,000	-	662,637	987,637
Transfers Out	(10,361)	-	-	(10,361)
Total Transfers In (Out)	<u>314,639</u>	<u>-</u>	<u>662,637</u>	<u>977,276</u>
Change In Net Position	(757,106)	(139,031)	139,846	(756,291)
<b>Net Position - Beginning Of Year</b>	<u>12,461,198</u>	<u>96,511</u>	<u>(666,170)</u>	<u>11,891,539</u>
<b>Net Position - End Of Year</b>	<u><u>11,704,092</u></u>	<u><u>(42,520)</u></u>	<u><u>(526,324)</u></u>	<u><u>11,135,248</u></u>

See Accompanying Notes To The Financial Statements.

**CITY OF EDINBURG, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**EXHIBIT 8-C**

	<b>Business-type Enterprise Funds</b>			
	<b>Edinburg International Airport</b>	<b>City Ebony Golf Course</b>	<b>Los Lagos Golf Course</b>	<b>Total</b>
<b>FOR THE YEAR ENDED SEPTEMBER 30, 2020</b>				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received From Customers	\$ 406,694	\$ 186,658	\$ 856,162	\$ 1,449,514
Cash Received From Other Funds	18,435	-	-	18,435
Cash Received From Other Operating Receipts	202,785	12,689	101,283	316,757
Cash Payments To Employees For Services	(357,234)	(247,464)	(927,875)	(1,532,573)
Cash Payments For Other Operating Activities	(560,418)	(62,383)	(294,006)	(916,807)
Cash Payments To Other Funds	(224)	(6,319)	(15,766)	(22,309)
Cash Payments To Other Suppliers For Goods And Services	(34,881)	(18,172)	(118,435)	(171,488)
Net Cash Provided (Used) By Operating Activities	(324,843)	(134,991)	(398,637)	(858,471)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating Grants	7,771	-	-	7,771
Interfund Loan Or Loan Repayments Received	-	-	-	-
Transfers From Other Funds	325,000	-	662,637	987,637
Transfers To Other Funds	(10,361)	-	-	(10,361)
Net Cash Provided (Used) By Operating Activities	322,410	-	662,637	985,047
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal Paid On Long-Term Debt	-	(1,890)	(326,783)	(328,673)
Proceeds From Capital Debt	225,142	-	-	225,142
Interest Paid On Long-Term Debt	(3,530)	(223)	(36,427)	(40,180)
Acquisition Or Construction Of Capital Assets	(107,694)	-	(105,476)	(213,170)
Net Cash Provided/(Used) By Capital And Related Financing Activities	113,918	(2,113)	(468,686)	(356,881)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest From Investments	194	2,977	3,739	6,910
Purchase Of Investment Securities	-	-	-	-
Proceeds From Sales And Maturities Of Investments	109,131	416,605	487,985	1,013,721
Rents Received	-	545	10,772	11,317
Net Cash Provided/(Used) By Investing Activities	109,325	420,127	502,496	1,031,948
Net Increase/(Decrease) In Cash	220,810	283,023	297,810	801,643
Cash Beginning Of Fiscal Year	32,288	56,143	65,358	153,789
Cash End Of Fiscal Year	\$ 253,098	\$ 339,166	\$ 363,168	\$ 955,432

**CITY OF EDINBURG, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**EXHIBIT 8-C**  
*(Continued)*

	<b>Business-type Enterprise Funds</b>			
	<b>Edinburg International Airport</b>	<b>City Ebony Golf Course</b>	<b>Los Lagos Golf Course</b>	<b>Total</b>
<b>Reconciliation Of Operating Income To Net Cash Provided (Used) By Operating Activities:</b>				
Operating Income (Loss)	\$ (1,071,913)	\$ (142,330)	\$ (500,875)	\$ (1,715,118)
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities:				
Depreciation And Amortization	541,365	11,383	51,497	604,246
Changes In Assets And Liabilities				-
Decrease (Increase) In Receivables	10,243	7,104	38,196	55,542
Decrease (Increase) In Due From Other Funds	18,435	-	-	18,435
Decrease (Increase) In Due From Other Governments	(7,771)	-	-	(7,771)
Decrease (Increase) In Prepaid Items	-	853	1,800	2,653
Decrease (Increase) In Inventories	20,137	458	(10,777)	9,818
Decrease (Increase) In Deferred Outflows	8,911	1,216	53,368	63,495
Increase (Decrease) In Accounts Payable	153,106	(11,654)	(8,447)	133,005
Increase (Decrease) In Compensated Balances	1,238	(1,403)	620	455
Increase (Decrease) In Vouchers Payable	-	-	-	-
Increase (Decrease) In Accrued Liabilities	(5,589)	(5,006)	(16,047)	(26,642)
Increase (Decrease) In Due To Other Funds	(259)	(6,319)	(15,766)	(22,344)
Increase (Decrease) In Unearned Revenue	-	35	(5,666)	(5,631)
Increase (Decrease) In Deposits	570	-	-	570
Increase (Decrease) In Deferred Inflow	18,824	10,252	45,258	74,334
Increase (Decrease) In Pensions	(12,140)	420	(31,798)	(43,518)
Total Adjustments	747,070	7,339	102,238	856,647
Net Cash Provided (Used) By Operating Activities	\$ (324,843)	\$ (134,991)	\$ (398,637)	\$ (858,471)

**CITY OF EDINBURG, TEXAS**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**DEVELOPER'S TRUST ESCROW - AGENCY FUND**  
**EXHIBIT 9-A**

<u>SEPTEMBER 30, 2020</u>	<u>Balance September 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2020</u>
<b>Assets</b>				
Cash	\$ 134,360	\$ 193,840	\$ 328,200	\$ -
Investments	3,713,069	4,751,441	3,729,525	4,734,985
Due From Primary Government	600	600	1,200	-
Accrued Interest	136	-	136	-
Total Assets	<u>\$ 3,848,165</u>	<u>\$ 4,945,881</u>	<u>\$ 4,059,061</u>	<u>\$ 4,734,985</u>
<b>Liabilities</b>				
Due To Primary Government	\$ 14,326	\$ 21,917	\$ 36,242	\$ -
Deposits	3,833,839	5,331,114	4,429,967	4,734,985
Total Liabilities	<u>\$ 3,848,165</u>	<u>\$ 5,353,030</u>	<u>\$ 4,466,209</u>	<u>\$ 4,734,985</u>



**City of Edinburg  
Component Unit**

The **Boys' and Girls' Club of Edinburg, Inc.** provides for improved services to the community which are to inspire and enable all young people, especially those from disadvantaged circumstances, to realize their full potential as productive, responsible, and caring citizens.

**CITY OF EDINBURG, TEXAS**  
**BALANCE SHEET**  
**BOYS' AND GIRLS' CLUB OF EDINBURG, INC.**  
**COMPONET UNIT**  
**EXHIBIT 10-A**

***SEPTEMBER 30, 2020***

**ASSETS**

Cash and Cash Equivalents	\$ 1,068,697
Investments	1,520,362
Receivables, Net	
Intergovernmental	22,982
Total Assets	<u>2,612,041</u>

**Liabilities**

Accounts Payable	28,751
Accrued Liabilities	7,069
Total Liabilities	<u>35,820</u>

**Fund Balances**

Nonspendable	1,530,362
Assigned:	
Encumbrances	3,101
Unassigned	1,042,758
Total Fund Balances	<u>2,576,221</u>
Total Liabilities and Fund Balance	<u>\$ 2,612,041</u>

**CITY OF EDINBURG, TEXAS**  
RECONCILIATION OF THE COMPONENT UNIT BALANCE SHEET TO THE  
DISCRETELY PRESENTED COMPONENT UNIT - STATEMENT OF NET POSITION  
BOYS' AND GIRLS' CLUB OF EDINBURG, INC.  
COMPONENT UNIT  
EXHIBIT 10-B

***SEPTEMBER 30, 2020***

---

Total Fund Balances - Component Unit Balance Sheet	\$ 2,576,221
Amounts Reported For Component Units In The Statement Of Net Position ("SNP") Are Different Because:	
1.) Capital assets used in component unit activities are not reported in the fund.	4,706,213
2.) Payables for pension liability and OPEB obligations, which are not due in the current period are not reported in the fund.	(832,083)
3.) Deferred outflows and inflows related to pension plans and OPEB obligations are not reported in the funds.	90,612
4.) Payables for note principal, which are not due in the current period are not reported in the fund.	(24,003)
5.) Compensated absences are reported as the amount is incurred in the SOA, but as the amount is paid in the funds.	(51,079)
Net Position Of Component Unit - Statement Of Net Position	<u>\$ 6,465,880</u>

**CITY OF EDINBURG, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHARGES**  
**IN FUND BALANCE**  
**BOYS' AND GIRLS' CLUB OF EDINBURG, INC.**  
**COMPONENT UNIT**  
**EXHIBIT 10-C**

***FOR THE YEAR ENDED SEPTEMBER 30, 2020***

**Revenue**

Contributions	\$ 631,083
Intergovernmental	1,160,624
Concession Sales and Other	1,014,991
Investment Income	27,956
Total Revenues	<u>2,834,655</u>

**Expenditures**

Current:	
Culture and Recreation	1,436,901
Debt Service:	
Principal Retirements	95,149
Interest and Other Charges	3,797
Total Expenditures	<u>1,535,847</u>

Net Change In Fund Balance	1,298,809
----------------------------	-----------

<b>Fund Balance - Beginning of Year</b>	<u>1,277,412</u>
<b>Fund Balance - End of Year</b>	<u><u>\$ 2,576,221</u></u>

**CITY OF EDINBURG, TEXAS**  
**RECONCILIATION OF THE COMPONENT UNIT STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE**  
**DISCRETELY PRESENTED COMPONENT UNIT - STATEMENT OF ACTIVITIES**  
**BOYS' AND GIRLS' CLUB OF EDINBURG, INC.**  
**COMPONENT UNIT**  
**EXHIBIT 10-D**

***SEPTEMBER 30, 2020***

---

Net Change In Fund Balance - Component Unit	1,298,809
Amounts Reported For Component Units In The Statement Of Activities ("SOA") Are Different Because:	
1.) Capital outlays are not reported as expenses in the SOA.	-
2.) Depreciation on capital assets is reported as an expense in the SOA.	(111,406)
3.) Changes in the net pension and OPEB liability for retirement and changes in pension and OPEB are not recognized in the funds, but are in the SOA.	(35,856)
4.) Repayment of note principal is an expenditure in the funds, but is not an expense in the SOA.	95,149
5.) Compensated absences are reported as the amount is incurred in the SOA, but as the amount is paid in the fund.	(26,315)
Change in Net Position of Component Unit-Statement of Activities	<hr/> 1,220,380 <hr/>

**CITY OF EDINBURG, TEXAS**  
**BUDGETARY COMPARISON SCHEDULE**  
**BOYS' AND GIRLS' CLUB OF EDINBURG, INC.**  
**COMPONENT UNIT**  
**EXHIBIT 10-E**

<b>FOR THE YEAR ENDED SEPTEMBER 30, 2020</b>	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenue</b>				
Contributions	\$ 939,402	\$ 939,402	\$ 631,083	\$ (308,319)
Intergovernmental	1,072,131	1,072,131	1,160,624	88,493
Concession Sales and Other	30,471	30,471	1,014,991	984,520
Investment Income	15,000	15,000	27,956	12,956
Total Revenues	2,057,004	2,057,004	2,834,655	777,651
<b>Expenditures</b>				
Current:				
Culture and Recreation	1,957,423	1,971,093	1,436,901	534,192
Debt Service:				
Principal Retirements	90,081	90,081	95,149	(5,068)
Interest and Other Charges	9,500	9,500	3,797	5,703
Total Expenditures	2,057,004	2,070,674	1,535,847	534,827
Net Change In Fund Balance	-	(13,670)	1,298,809	1,312,479
<b>Fund Balance - Beginning of Year</b>	1,277,412	1,277,412	1,277,412	-
<b>Fund Balance - End of Year</b>	\$ 1,277,412	\$ 1,263,742	\$ 2,576,221	\$ 1,312,479

---

## STATISTICAL SECTION

## **STATISTICAL SECTION**

### **(Unaudited)**

This part of the City of Edinburg's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

#### **Contents**

#### **Financial Trends**

*These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.*

#### **Revenue Capacity**

*These schedules contain information to help the reader assess the government's most significant local revenue source, property taxes.*

#### **Debt Capacity**

*These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.*

#### **Demographic and Economic Information**

*These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.*

#### **Operating Information**

*These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.*



**CITY OF EDINBURG, TEXAS**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 53,550,620	\$ 49,842,543	\$ 49,346,250	\$ 55,293,741	\$ 57,184,087	\$ 65,369,344	\$ 61,875,757	\$ 81,384,257	\$ 79,362,475	\$ 78,042,830
Restricted	3,642,780	3,932,094	4,049,487	7,404,974	7,350,584	4,478,473	6,066,707	7,543,470	26,556,986	11,096,592
Unrestricted	13,565,724	9,235,831	11,923,996	7,352,722	(10,026,957)	(8,323,840)	(8,853,893)	(17,975,790)	(38,582,298)	(21,720,725)
<b>Total governmental activities net position</b>	<u>\$ 70,759,124</u>	<u>\$ 63,010,468</u>	<u>\$ 65,319,733</u>	<u>\$ 70,051,437</u>	<u>\$ 54,507,714</u>	<u>\$ 61,523,977</u>	<u>\$ 59,088,571</u>	<u>\$ 70,951,937</u>	<u>\$ 67,337,163</u>	<u>\$ 67,418,697</u>
<b>Business-Type Activities</b>										
Net investment in capital assets	\$ 86,766,718	\$ 88,772,455	\$ 92,147,977	\$ 96,173,029	\$ 100,877,706	\$ 106,077,748	\$ 110,505,512	\$ 114,719,222	\$ 108,982,474	\$ 107,596,067
Restricted	3,816,786	3,005,051	3,872,343	3,970,534	3,438,540	3,415,118	3,516,475	3,153,907	3,142,522	6,938,270
Unrestricted	12,532,071	17,805,919	19,423,266	14,449,795	7,055,965	8,038,827	10,939,784	7,512,316	11,652,025	10,203,791
<b>Total business-type activities net position</b>	<u>\$ 103,115,575</u>	<u>\$ 109,583,426</u>	<u>\$ 115,443,585</u>	<u>\$ 114,593,359</u>	<u>\$ 111,372,211</u>	<u>\$ 117,531,693</u>	<u>\$ 124,961,771</u>	<u>\$ 125,385,445</u>	<u>\$ 123,777,021</u>	<u>\$ 124,738,128</u>
<b>Primary Government</b>										
Net investment in capital assets	\$ 140,317,338	\$ 138,614,998	\$ 141,494,227	\$ 151,466,770	\$ 158,061,793	\$ 171,447,092	\$ 172,381,269	\$ 196,103,479	\$ 188,344,949	\$ 185,638,897
Restricted	7,459,566	6,937,145	7,921,829	11,375,507	10,789,124	7,893,591	9,583,182	10,697,377	29,699,508	18,034,862
Unrestricted	26,097,795	27,041,751	31,347,262	21,802,518	(2,970,992)	(285,013)	2,085,891	(10,463,474)	(26,930,273)	(11,516,935)
<b>Total primary government net position</b>	<u>\$ 173,874,699</u>	<u>\$ 172,593,894</u>	<u>\$ 180,763,318</u>	<u>\$ 184,644,796</u>	<u>\$ 165,879,925</u>	<u>\$ 179,055,670</u>	<u>\$ 184,050,342</u>	<u>\$ 196,337,382</u>	<u>\$ 191,114,184</u>	<u>\$ 192,156,825</u>

**CITY OF EDINBURG, TEXAS**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
<b>Governmental Activities</b>										
General government	\$ 10,130,279	\$ 9,984,757	\$ 11,073,760	\$ 11,858,395	\$ 10,939,958	\$ 9,614,288	\$ 16,043,093	\$ 12,976,468	\$ 13,511,053	\$ 13,516,587
Public safety	16,830,183	17,957,010	18,928,317	20,738,773	22,197,308	23,393,747	25,111,830	28,190,073	29,594,744	38,734,704
Highways and streets	7,877,424	7,964,598	8,613,068	9,110,732	10,003,508	9,598,627	11,334,330	11,803,668	16,038,229	9,006,283
Health and welfare	2,835,178	2,848,767	2,767,098	2,704,698	4,023,104	3,679,385	3,572,179	3,582,346	4,036,587	6,401,576
Culture and recreation	6,523,927	7,216,277	7,781,780	7,606,695	7,920,837	8,872,920	8,398,294	9,516,000	11,913,650	7,696,153
Urban redevelopment and housing	678,623	599,498	727,311	547,831	604,780	699,828	658,896	569,586	506,127	2,018,407
Economic development	-	4,503,382	86,163	169,687	3,547,915	-	-	1,493,526	706,143	2,473,706
Interest on long-term debt	1,756,241	1,847,067	1,745,492	1,589,906	4,140,985	3,748,860	3,424,033	3,550,141	4,933,580	5,691,962
<b>Total governmental activities expenses</b>	<b>46,631,856</b>	<b>52,921,355</b>	<b>51,722,987</b>	<b>54,326,716</b>	<b>63,378,395</b>	<b>59,607,654</b>	<b>68,542,655</b>	<b>71,681,808</b>	<b>81,240,112</b>	<b>85,539,377</b>
<b>Business-type Activities</b>										
Utility system	14,929,653	15,351,264	15,109,231	16,314,832	16,223,402	16,432,173	17,074,304	16,326,190	17,202,578	19,648,894
Solid waste operations	10,009,993	10,155,992	10,952,918	10,666,074	12,096,360	12,942,541	10,816,921	13,478,459	12,727,623	16,098,186
Golf course operations	2,622,763	2,810,066	2,621,267	2,378,731	2,167,865	1,905,629	1,739,829	1,771,420	1,655,436	1,677,375
Airport services	717,860	753,307	717,282	759,619	974,332	997,790	1,423,122	1,430,654	1,362,844	1,471,894
<b>Total business-type activities expenses</b>	<b>28,280,269</b>	<b>29,070,629</b>	<b>29,400,698</b>	<b>30,119,256</b>	<b>31,461,960</b>	<b>32,278,133</b>	<b>31,054,176</b>	<b>33,006,723</b>	<b>32,948,481</b>	<b>38,896,349</b>
<b>Total primary government expenses</b>	<b>\$ 74,912,125</b>	<b>\$ 81,991,984</b>	<b>\$ 81,123,685</b>	<b>\$ 84,445,972</b>	<b>\$ 94,840,355</b>	<b>\$ 91,885,787</b>	<b>\$ 99,596,831</b>	<b>\$ 104,688,531</b>	<b>\$ 114,188,593</b>	<b>\$ 124,435,727</b>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
Charges for services										
General government	\$ 1,849,914	\$ 1,953,120	\$ 2,071,982	\$ 2,091,388	\$ 2,050,951	\$ 2,098,774	\$ 4,170,721	\$ 1,873,910	\$ 2,232,051	\$ 3,439,894
Public Safety	1,126,401	1,412,644	2,191,383	2,025,333	1,823,648	2,042,400	1,515,084	311,440	391,765	521,622
Highways and streets	-	-	-	-	-	-	-	-	-	-
Health and welfare	679,647	577,697	643,848	712,702	753,902	954,379	897,848	623,970	796,231	682,278
Culture and recreation	945,433	969,595	1,436,323	992,239	984,369	870,188	1,038,483	771,247	1,005,904	600,053
Operating grants and contributions	1,569,208	1,463,718	1,326,519	1,620,135	5,296,630	2,615,048	2,704,397	3,090,280	5,757,781	14,706,673
Capital grants and contributions	3,816,409	2,916,713	5,280,750	13,173,655	8,655,218	7,316,885	6,397,795	27,840,216	2,016,245	1,678,475
<b>Total governmental activities program revenues</b>	<b>9,987,012</b>	<b>9,293,486</b>	<b>12,950,804</b>	<b>20,615,452</b>	<b>19,564,718</b>	<b>15,897,674</b>	<b>16,724,328</b>	<b>34,511,063</b>	<b>12,199,977</b>	<b>21,628,995</b>
<b>Business-type Activities</b>										
Charges for services										
Utility system	16,611,238	17,424,131	17,595,221	16,958,996	16,044,132	18,228,648	19,071,019	18,819,247	18,696,770	19,520,480
Solid waste operation	14,062,720	15,120,111	15,240,907	16,525,779	16,970,674	18,069,876	18,688,554	21,001,992	19,642,355	21,042,726
Golf course operation	1,482,964	1,477,369	1,557,255	1,297,279	1,140,450	1,103,771	1,086,456	802,436	940,542	997,520
Airport services	151,054	223,150	293,475	396,253	533,875	479,976	374,932	359,545	492,772	396,451
Operating grants and contributions	48,350	22,602	25,903	48,140	48,302	223,106	-	41,209	28,175	916,661
Capital grants and contributions	389,976	1,333,862	2,287,639	1,048,029	359,306	3,362,834	2,756,589	1,370,828	-	-
<b>Total business-type activities program revenues</b>	<b>32,746,302</b>	<b>35,601,225</b>	<b>37,000,401</b>	<b>36,274,476</b>	<b>35,096,739</b>	<b>41,468,211</b>	<b>41,977,550</b>	<b>42,395,257</b>	<b>39,800,614</b>	<b>42,873,838</b>
<b>Total primary government program revenues</b>	<b>\$ 42,733,314</b>	<b>\$ 44,894,711</b>	<b>\$ 49,951,205</b>	<b>\$ 56,889,928</b>	<b>\$ 54,661,457</b>	<b>\$ 57,365,885</b>	<b>\$ 58,701,878</b>	<b>\$ 76,906,320</b>	<b>\$ 52,000,591</b>	<b>\$ 64,502,833</b>
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (36,644,844)	\$ (43,627,868)	\$ (38,772,183)	\$ (33,711,263)	\$ (43,813,678)	\$ (43,709,981)	\$ (51,818,327)	\$ (37,170,745)	\$ (69,040,136)	\$ (63,910,383)
Business-type activities	4,466,033	6,530,596	7,599,703	6,155,220	3,634,778	9,190,079	10,923,374	9,388,534	6,852,134	3,977,489
<b>Total primary government net expense</b>	<b>\$ (32,178,811)</b>	<b>\$ (37,097,273)</b>	<b>\$ (31,172,481)</b>	<b>\$ (27,556,043)</b>	<b>\$ (40,178,900)</b>	<b>\$ (34,519,902)</b>	<b>\$ (40,894,953)</b>	<b>\$ (27,782,211)</b>	<b>\$ (62,188,002)</b>	<b>\$ (59,932,894)</b>

(Continued)

**CITY OF EDINBURG, TEXAS**  
**CHANGES IN NET POSITION (Continued)**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Revenue and Other Changes in Net Position</b>										
<b>Governmental Activities</b>										
Taxes										
Property taxes and tax increments	\$ 21,071,956	\$ 21,451,786	\$ 22,734,856	\$ 22,207,018	\$ 23,996,486	\$ 25,926,854	\$ 28,240,717	\$ 29,501,678	\$ 30,067,499	\$ 32,283,712
Sales taxes	11,919,917	12,335,922	12,730,412	14,173,149	15,212,241	15,935,921	15,839,175	16,899,713	19,066,916	19,770,923
Franchise/other taxes	2,965,482	3,359,754	3,469,753	3,580,213	3,673,549	3,702,263	4,023,704	4,190,296	4,184,935	4,166,222
Hotel/motel taxes	292,401	291,314	273,632	326,630	393,152	477,359	404,508	539,329	623,426	493,690
Investment earnings	12,105	16,897	11,407	6,705	16,946	198,180	393,703	809,414	1,365,041	737,089
Insurance Proceeds	-	-	-	-	-	1,155,768	-	1,157,171	1,022,297	169,563
Miscellaneous	252,790	219,287	33,282	197,794	348,299	142,955	561,631	872,492	308,027	887,477
Grants and contributions not restricted	-	887,545	-	-	-	-	-	-	-	-
Special Items	-	-	-	(4,875,602)	-	-	-	-	-	-
Transfers	806,627	2,322,390	1,828,105	5,639,117	2,184,186	4,342,710	3,737,342	6,564,960	9,713,295	6,222,215
<b>Total governmental activities</b>	<b>37,321,278</b>	<b>40,884,895</b>	<b>41,081,447</b>	<b>41,255,024</b>	<b>45,824,859</b>	<b>51,882,010</b>	<b>53,200,780</b>	<b>60,535,053</b>	<b>66,351,436</b>	<b>64,730,891</b>
<b>Business-type Activities</b>										
Investment earnings	23,789	15,549	14,330	9,020	11,507	64,629	181,134	427,724	751,527	246,510
Miscellaneous	82,272	(51,768)	74,232	95,264	81,930	91,716	62,912	44,123	501,212	637,719
Insurance Proceeds	-	-	-	-	-	1,155,768	-	-	-	-
Transfers	(806,627)	(2,322,390)	(1,828,105)	(5,639,117)	(2,184,186)	(4,342,710)	(3,737,342)	(6,564,960)	(9,713,295)	(6,222,215)
<b>Total business-type activities</b>	<b>(700,566)</b>	<b>(2,358,609)</b>	<b>(1,739,543)</b>	<b>(5,534,833)</b>	<b>(2,090,748)</b>	<b>(3,030,597)</b>	<b>(3,493,296)</b>	<b>(6,093,113)</b>	<b>(8,460,557)</b>	<b>(5,337,986)</b>
<b>Total primary government</b>	<b>\$ 36,620,712</b>	<b>\$ 38,526,286</b>	<b>\$ 39,341,904</b>	<b>\$ 35,720,191</b>	<b>\$ 43,734,110</b>	<b>\$ 48,851,413</b>	<b>\$ 49,707,484</b>	<b>\$ 54,441,940</b>	<b>\$ 57,890,879</b>	<b>\$ 59,392,905</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 676,433	\$ (2,742,973)	\$ 2,309,264	\$ 7,543,762	\$ 2,011,181	\$ 7,016,263	\$ 1,382,453	\$ 23,364,308	\$ (2,688,700)	\$ 820,508
Business-type activities	3,765,468	4,171,987	5,860,160	620,387	1,544,030	6,159,482	7,430,078	3,295,421	(1,608,423)	(1,360,497)
<b>Total primary government</b>	<b>\$ 4,441,901</b>	<b>\$ 1,429,014</b>	<b>\$ 8,169,424</b>	<b>\$ 8,164,149</b>	<b>\$ 3,555,211</b>	<b>\$ 13,175,745</b>	<b>\$ 8,812,531</b>	<b>\$ 26,659,729</b>	<b>\$ (4,297,123)</b>	<b>\$ (539,989)</b>

**CITY OF EDINBURG, TEXAS**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Fund</b>										
Nondisposable	75,639	72,892	186,491	83,160	73,037	112,481	73,044	101,001	114,384	82,543
Restricted	288,767	390,598	-	-	-	-	-	-	-	-
Committed	468,547	523,316	384,467	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	1,713,740	629,257	15,931,686	15,046,900	18,173,265
Unassigned	12,445,763	12,945,663	14,204,247	15,093,739	15,989,172	16,479,550	18,492,971	3,812,237	5,693,739	6,918,157
<b>Total general fund</b>	<u>\$ 13,278,717</u>	<u>\$ 13,932,470</u>	<u>\$ 14,775,205</u>	<u>\$ 15,176,899</u>	<u>\$ 16,062,209</u>	<u>\$ 18,305,771</u>	<u>\$ 19,195,272</u>	<u>\$ 19,844,924</u>	<u>\$ 20,855,023</u>	<u>\$ 25,173,965</u>
<b>All other governmental funds</b>										
Restricted, reported in special revenue funds, capital projects funds and debt service funds	1,869,980	1,421,433	2,292,273	2,921,469	39,894,330	30,183,727	20,214,022	20,214,022	45,572,153	41,778,404
Committed, reported in capital projects and special revenue funds	126,435	2,103,775	1,105,611	3,204,112	857,591	103,725	1,400,258	1,400,258	3,122,712	2,575,262
Unassigned	-	-	-	-	(937,179)	-	(33,171)	(33,171)	(15,506)	-
<b>Total all other governmental funds</b>	<u>\$ 1,996,415</u>	<u>\$ 3,525,208</u>	<u>\$ 3,397,884</u>	<u>\$ 6,125,581</u>	<u>\$ 39,814,742</u>	<u>\$ 30,287,452</u>	<u>\$ 21,581,109</u>	<u>\$ 21,581,109</u>	<u>\$ 48,679,360</u>	<u>\$ 44,353,666</u>

**CITY OF EDINBURG, TEXAS**  
**CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Taxes	\$ 36,275,714	\$ 38,259,257	\$ 39,328,571	\$ 40,645,846	\$ 43,469,036	\$ 45,953,279	\$ 48,402,426	\$ 50,085,433	\$ 53,941,473	\$ 57,483,240
Licenses and permits	494,966	480,693	538,859	553,652	611,125	835,640	836,604	699,863	1,033,451	953,364
Intergovernmental	5,807,346	4,668,471	4,947,692	6,555,081	4,390,980	5,019,509	7,347,173	5,469,932	5,249,150	14,237,396
Charges for services	1,437,474	1,413,201	1,608,271	1,583,178	1,585,529	1,750,223	1,852,117	1,762,527	2,292,457	3,703,673
Fines	764,331	1,141,780	1,852,884	1,764,136	1,525,429	1,587,626	1,344,734	1,118,178	1,100,043	586,810
Increment revenue	-	-	-	-	-	-	-	1,908,242	-	-
Interest	11,206	16,149	10,138	6,330	16,351	111,246	389,473	801,170	1,352,678	732,344
Contributions	-	-	-	-	4,530,915	-	100,000	100,000	2,192,646	2,147,752
Other	957,777	1,077,833	1,309,629	1,172,343	935,573	670,271	1,161,122	899,014	697,619	455,390
<b>Total revenues</b>	<b>45,748,814</b>	<b>47,057,384</b>	<b>49,596,044</b>	<b>52,280,565</b>	<b>57,064,938</b>	<b>55,927,795</b>	<b>61,433,649</b>	<b>62,844,358</b>	<b>67,859,517</b>	<b>80,299,968</b>
<b>Expenditures</b>										
General government	9,591,628	10,672,161	9,842,858	11,241,189	10,929,308	12,139,296	14,382,681	14,040,233	13,053,297	14,291,633
Public safety	15,726,543	17,398,593	18,363,164	20,317,710	21,322,733	21,964,688	25,060,989	27,984,921	29,080,688	40,011,073
Highways and streets	3,240,996	3,839,466	4,429,151	4,385,544	4,478,985	3,409,577	5,108,287	5,513,820	14,074,292	9,323,113
Health and welfare	2,838,765	2,761,029	2,733,613	2,630,735	3,899,887	3,370,645	3,571,225	3,564,581	3,903,856	6,178,674
Culture and recreation	7,092,515	6,908,699	7,069,226	7,803,462	7,493,462	8,319,542	7,385,292	8,603,141	8,992,754	9,733,828
Urban redevelopment and housing	1,066,942	804,990	927,242	619,777	953,387	879,376	860,625	595,416	506,127	374,539
Economic development	-	4,503,382	165,292	121,671	3,547,915	-	-	1,868,336	1,088,601	2,471,975
Other	-	-	108,239	-	-	-	-	15,369,424	-	-
Capital outlay	2,592,671	550,556	2,952,462	5,031,733	15,059,458	11,306,731	11,465,855	-	-	-
Debt service										
Principal	2,138,943	2,253,679	3,231,883	2,671,729	7,103,964	3,025,172	2,167,270	2,947,780	3,201,913	5,196,121
Interest	1,763,155	1,920,110	1,631,260	1,502,239	2,516,315	3,793,199	3,794,595	3,420,284	4,087,302	5,213,395
Bond issuance costs	-	239,878	-	-	1,600,862	320,678	-	-	-	-
<b>Total expenditures</b>	<b>46,052,158</b>	<b>51,852,542</b>	<b>51,454,390</b>	<b>56,325,789</b>	<b>78,906,277</b>	<b>68,528,904</b>	<b>73,796,819</b>	<b>83,907,936</b>	<b>77,988,830</b>	<b>92,794,351</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(303,345)</b>	<b>(4,795,159)</b>	<b>(1,858,346)</b>	<b>(4,045,224)</b>	<b>(21,841,339)</b>	<b>(12,601,109)</b>	<b>(12,363,170)</b>	<b>(21,063,578)</b>	<b>(10,129,313)</b>	<b>(12,494,383)</b>
<b>Other financing sources (uses)</b>										
Transfers in	1,958,798	5,167,786	4,163,859	7,696,899	14,755,759	5,235,785	5,431,967	7,178,630	17,189,766	10,734,734
Transfers out	(1,152,172)	(1,957,851)	(1,707,957)	(1,057,782)	(12,571,572)	(893,075)	(1,860,259)	(613,670)	(7,476,471)	(4,512,519)
Insurance recoveries / sale of property	-	-	-	-	-	-	-	1,157,171	1,066,897	278,380
Tax increment bonds issued	-	4,275,000	-	-	40,725,000	-	-	-	-	-
Bonds issued	-	-	6,313,941	-	11,390,000	4,145,000	-	9,705,000	27,875,000	-
Refunding bonds issued	-	-	-	-	5,270,000	13,513,328	-	-	-	-
Premium on bonds issued	-	-	-	-	2,165,808	360,973	-	158,994	2,505,779	-
Premium on refunding bonds issued	-	-	-	-	337,047	2,005,777	-	-	-	-
Discount on bonds issued	-	-	261,220	-	(190,860)	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	(6,457,305)	-	(5,465,370)	(15,315,014)	-	-	-	-
Proceeds from Capital Leases	-	-	-	-	-	-	-	-	2,146,000	5,987,036
<b>Total other financing sources (uses)</b>	<b>806,627</b>	<b>7,484,935</b>	<b>2,573,757</b>	<b>6,639,117</b>	<b>56,415,811</b>	<b>9,052,774</b>	<b>3,571,708</b>	<b>17,586,125</b>	<b>43,306,971</b>	<b>12,487,631</b>
<b>Net change in fund balances</b>	<b>\$ 503,282</b>	<b>\$ 2,689,776</b>	<b>\$ 715,411</b>	<b>\$ 2,593,893</b>	<b>\$ 34,574,472</b>	<b>\$ (3,548,335)</b>	<b>\$ (8,791,462)</b>	<b>\$ (3,477,453)</b>	<b>\$ 33,177,658</b>	<b>\$ (6,752)</b>

**CITY OF EDINBURG, TEXAS**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Tax Year	Real Property	Personal Property	Minerals	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate (2)	Estimated Actual Market Value (1)	Assessed Value as a Percentage of Actual Value
2011	3,617,834,941	536,030,691	9,410,782	977,534,360	3,185,742,054	0.63500	4,163,276,414	77%
2012	3,642,555,836	522,033,081	6,799,125	991,975,847	3,179,412,195	0.63500	4,171,388,042	76%
2013	3,694,463,445	546,173,597	4,089,774	977,757,923	3,266,968,893	0.63500	4,244,726,816	77%
2014	3,732,477,314	577,764,119	3,156,619	964,337,872	3,349,060,180	0.63500	4,313,398,052	78%
2015	3,918,878,554	577,451,585	2,818,541	994,157,622	3,504,991,058	0.63500	4,499,148,680	78%
2016	4,356,173,395	571,352,461	2,229,076	1,164,209,342	3,765,545,590	0.63500	4,929,754,932	76%
2017	4,606,527,883	602,960,808	1,423,404	1,218,446,280	3,992,465,815	0.63500	5,210,912,095	77%
2018	4,798,556,308	608,674,932	2,258,088	1,188,115,245	4,221,374,083	0.63500	5,409,489,328	78%
2019	5,699,154,626	634,805,444	1,376,640	1,364,023,842	4,971,312,868	0.68000	6,335,336,710	78%
2020	6,063,829,579	600,481,695	582,031	1,507,215,187	5,157,678,118	0.68000	6,664,893,305	77%

(1) The estimated property value is derived directly from the Levy Roll Tax Totals provided by the Hidalgo County Appraisal District.

(2) Tax rate per every \$100 valuation of property.

**CITY OF EDINBURG, TEXAS**  
**PROPERTY TAX RATES**  
**DIRECT AND OVERLAPPING GOVERNMENTS**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Tax Year	City of Edinburg			Overlapping Rates			Total Direct and Overlapping Rates
	Operating Tax Rate	Debt Service Tax Rate	Total City Tax Rate	Hidalgo County Tax Rate	Edinburg CISD Tax Rate	South Texas College Tax Rate	
2011	0.52190	0.11310	0.63500	0.59000	1.21980	0.14910	2.59390
2012	0.52050	0.11450	0.63500	0.59000	1.23980	0.15070	2.61550
2013	0.52104	0.11396	0.63500	0.59000	1.23980	0.15070	2.61550
2014	0.52140	0.11360	0.63500	0.59000	1.23980	0.15000	2.61480
2015	0.52370	0.11130	0.63500	0.59000	1.23980	0.18500	2.64980
2016	0.53400	0.10100	0.63500	0.59000	1.23980	0.18500	2.64980
2017	0.55840	0.07660	0.63500	0.59000	1.23980	0.18500	2.64980
2018	0.54470	0.09030	0.63500	0.58000	1.23980	0.17800	2.63280
2019	0.55700	0.12300	0.68000	0.57500	1.13820	0.17330	2.56650
2020	0.58260	0.09740	0.68000	0.57500	1.13820	0.17180	2.56500

**Source:** Hidalgo County Tax Office and City of Edinburg Tax Office.

**Note:** Overlapping rates are those of the City, County, and school district that apply to property owners within the City of Edinburg. Not all overlapping rates apply to all City of Edinburg property owners (for example, the rates for the Edinburg Independent School District only apply to the proportion of the City's property owners whose property is located within the geographic boundaries of the Edinburg Independent School District).

**CITY OF EDINBURG, TEXAS  
PRINCIPAL TAXPAYERS  
(Unaudited)**

Taxpayer	2020			2011		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Day Surgery at Renaissance, LLC	\$ 53,565,275	1	1.04%	\$ 43,680,819	4	1.37%
Day Surgery at Renaissance	50,863,195	2	0.99%	\$ 44,854,875	3	1.41%
Shoppes at Rio Grande Valley, LP	43,267,919	3	0.84%	28,288,384	6	0.89%
Trenton Street Corporation	36,314,904	4	0.70%	40,694,572	5	1.28%
Calpine Central, LP (Magic Valley Power)	32,491,550	5	0.63%	91,509,980	1	2.87%
AEP Texas Inc.	32,257,210	6	0.63%			
Doctors Hospital at Renaissance LTD	20,097,178	7	0.39%	14,297,810	10	0.45%
Santana Textiles, LLC	16,885,594	8	0.33%			
Edinburg Legends LTD	15,523,543	9	0.30%			
Wal-Mart Real Estate Bus Trst	15,306,210	10	0.30%			
Calpine Central, LP (Hidalgo Energy)				68,907,830	2	2.16%
Wal-Mart Stores Texas, LLC				17,161,985	7	0.54%
Azteca Milling, LP				14,886,628	9	0.47%
Edinburg Containers				15,467,740	8	0.49%
Totals	<u>\$ 316,572,578</u>		<u>6.14%</u>	<u>\$ 379,750,623</u>		<u>11.92%</u>

**Source:** Hidalgo County Tax Assessor



**CITY OF EDINBURG, TEXAS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Fiscal Year Ended September 30</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collection within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collection to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2011	20,452,868	19,190,474	93.83%	1,068,942	20,259,416	99.05%
2012	20,547,360	19,618,178	95.48%	712,426	20,330,604	98.95%
2013	21,033,720	20,243,059	96.24%	538,774	20,781,833	98.80%
2014	21,566,294	20,845,695	96.66%	376,743	21,222,438	98.41%
2015	22,543,924	21,923,142	97.25%	715,398	22,638,540	100.42%
2016	24,167,562	23,547,286	97.43%	647,137	24,194,423	100.11%
2017	25,928,498	24,945,947	96.21%	530,143	25,476,090	98.26%
2018	27,315,178	26,597,685	97.37%	704,283	27,301,968	99.95%
2019	29,581,424	28,776,708	97.28%	672,992	29,449,700	99.55%
2020	33,007,592	32,044,729	97.08%	629,082	32,673,811	98.99%

**CITY OF EDINBURG, TEXAS**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year	Governmental Activities					Business-Type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Tax Increment Bonds	Notes Payable	Other (2)	Capital Leases	Revenue Bonds	Notes Payable	Capital Leases	General Obligation Bonds			
2011	38,789,866	-	-	11,640,486	-	39,381,000	2,068,750	-	6,235,134	98,115,236	8.02%	1,242
2012	36,536,188	4,275,000	-	11,562,819	-	37,193,000	1,617,500	-	5,523,813	96,708,320	10.31%	1,222
2013	35,867,899	3,675,000	-	11,455,777	-	31,266,847	1,151,250	-	7,648,972	91,065,745	6.33%	1,092
2014	33,136,567	3,675,000	2,000,000	11,404,118	-	40,073,913	2,845,750	-	6,388,150	99,523,499	6.64%	1,162
2015	41,877,467	42,709,906	1,500,000	11,118,790	-	38,230,412	1,982,548	-	5,233,310	142,652,433	9.44%	1,607
2016	43,946,550	42,643,742	1,000,000	10,831,241	-	36,054,406	1,101,218	-	4,891,267	140,468,424	9.05%	1,663
2017	41,565,179	42,575,231	500,000	10,480,824	-	38,945,103	601,661	-	4,177,094	138,845,092	8.45%	1,610
2018	48,975,612	41,804,068	-	9,958,780	-	36,824,023	338,771	-	3,484,472	141,385,726	8.07%	1,584
2019	76,754,296	41,000,251	-	9,611,526	2,007,795	34,444,637	229,439	6,952,917	2,773,778	173,774,639	8.75%	1,718
2020	72,918,126	40,159,088	-	9,611,526	7,071,214	32,276,804	1,616,554	9,431,552	1,753,729	174,838,593	9.49%	1,665

**Note:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) Source: Edinburg Economic Development Corporation.

(2) Included is a reimbursement obligation payable to a developer as part of development agreements in the City's tax increment reinvestments zones. The obligation is payable solely from tax increments collected from the applicable tax increment reinvestment zone.

**CITY OF EDINBURG, TEXAS**  
**RATIO OF GENERAL BONDED DEBT OUTSTANDING**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property (1)</b>	<b>Per Capita (2)</b>
2011	38,789,866	543,124	38,246,742	1.20%	484
2012	36,536,188	739,392	35,796,796	1.13%	452
2013	35,867,899	923,724	34,944,175	1.07%	419
2014	33,136,567	1,287,428	31,849,139	0.95%	372
2015	41,877,467	1,266,202	40,611,265	1.16%	458
2016	43,946,550	980,835	42,965,715	1.14%	509
2017	41,565,179	1,433,185	40,131,994	1.01%	465
2018	48,975,612	1,457,766	47,517,846	1.13%	532
2019	76,754,296	2,446,951	74,307,345	1.49%	734
2020	72,918,126	1,533,935	71,384,191	1.38%	680

**Note:** Details regarding the city's outstanding debt can be found in the notes to the financial statements. In addition, amounts listed under general obligation bonds do not include the portion of these bonds that are being serviced in proprietary funds.

(1) Please see the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

**CITY OF EDINBURG, TEXAS**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**(Unaudited)**

Assessed valuation 2019 tax roll for fiscal year 2020	\$ 6,664,893,305
Debt limit - Texas statutes do not prescribe a debt limit; however, by custom a practical economic debt limit of 5% of the assessed valuation is used.	<u>5%</u>
	<u>333,244,665</u>
Total bonded debt	76,754,296
Deduct amount available in debt service fund	<u>1,533,935</u>
Applicable debt	<u>75,220,361</u>
Economic debt margin	<u><u>\$ 258,024,305</u></u>

**CITY OF EDINBURG, TEXAS**  
**PLEDGED REVENUE COVERAGE**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year	Revenue Bonds					Coverage (4)
	Charges and Other (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service (3)		
				Principal	Interest	
2011	16,696,623	9,617,845	7,078,778	1,960,749	1,748,430	1.91
2012	17,515,542	10,073,069	7,442,473	2,192,000	1,599,586	1.96
2013	17,665,578	10,134,705	7,530,873	1,550,000	1,389,290	2.56
2014	17,012,496	10,237,471	6,775,025	1,588,000	1,418,842	2.25
2015	16,101,150	10,264,246	5,836,904	2,080,000	1,159,740	1.80
2016	19,575,465	10,434,304	9,141,161	2,451,090	1,369,999	2.39
2017	19,201,875	11,344,996	7,856,879	2,167,270	1,493,117	2.15
2018	19,068,805	11,214,940	7,853,865	2,579,521	1,013,052	2.19
2019	19,073,410	11,012,350	8,061,060	2,627,874	1,061,968	2.18
2020	19,676,606	13,993,352	5,683,254	2,375,000	951,837	1.71

- (1) Total operating revenues including interest earned on funds created by the bond ordinance.  
(2) Total operating expenses excluding depreciation.  
(3) Revenue bonds only. Amounts do not include the general obligation bonds reported in the Utility Fund or debt defeasance transactions.  
(4) Per first lien revenue bond covenants, the required coverage is 1.45.

**CITY OF EDINBURG, TEXAS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>MSA(2) Per Capita Personal Income</b>	<b>Median Age (1)</b>	<b>Unemployment Rate (2)</b>
2011	78,986	\$ 15,484	27.20	8.00%
2012	79,147	\$ 11,854	27.00	7.80%
2013	83,380	\$ 17,244	28.40	6.80%
2014	85,639	\$ 17,514	28.50	6.15%
2015	88,753	\$ 17,029	27.70	5.10%
2016	84,474	\$ 18,370	28.80	5.90%
2017	86,263	\$ 19,046	29.10	5.60%
2018	89,238	\$ 19,641	29.40	4.70%
2019	101,170	\$ 17,542	29.60	4.50%
2020	101,170	\$ 20,271	28.80	9.80%

(1) Estimated (information was received from the 2000 US Census)

(2) **Source:** Texas LMI Tracer-Labor Market

**CITY OF EDINBURG, TEXAS**  
**PRINCIPAL EMPLOYERS**  
**(Unaudited)**

	<u>2020(1)</u>		<u>2011(1)</u>	
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Doctor's Hospital at Renaissance	5,282	1	2,000	5
Edinburg CISD	4,778	2	3,600	1
University of Texas Rio Grande Valley-UTRGV	3,529	3	2,850	3
Hidalgo County	3,239	4	2,211	4
U.S. Customs & Border Patrol	3,000	5	1,609	6
Edinburg Regional Medical Center	2,750	6	3,000	2
City of Edinburg	1,170	7	355	10
Teleperformance	1,050	8	505	7
Wal-Mart (Trenton/McColl)	280	9	370	9
Wal-Mart (University Dr.)	275	10	480	8
Total	<u>25,353</u>		<u>16,980</u>	

**(1) Source:** Edinburg Economic Development Corporation

Hidalgo County  
Edinburg Regional Medical Center

**CITY OF EDINBURG, TEXAS**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES**  
**BY FUNCTION**  
**Last Three Fiscal Years**  
**(Unaudited)**

	<b>Fiscal Year 2018</b>	<b>Fiscal Year 2019</b>	<b>Fiscal Year 2020</b>
<b>General Government</b>			
Mayor and City Council	5	5	5
City Manager	6	6	6
Municipal Court	17.5	17.5	17.5
Legal	2	2	2
City Secretary	9	9	9
Public Information	7	7	7
Information Technology	5	5	10
Public Works/Admin.	4	4	6
Finance	22	22	23
Human Resources	8	8	9
Economic Development	0	0	3
Planning and Zoning	6	6	8
<b>Public Safety</b>			
Police	221	222	229
Fire	47	47	59
Fire Prevention	7	7	7
<b>Highway and Streets</b>			
Engineering	9	6	10
Streets	39	39	40
<b>Health and Welfare</b>			
Building Maintenance	33	33	34
Code Enforcement	18	18	27
<b>Culture and Recreation</b>			
R.O.W.	23	23	22
Library	31	31	30
Recreation	165	165	167.5
World Birding Center	9.5	9.5	11.5
Parks	46	46	49
<b>GENERAL FUND TOTAL</b>	<b>740</b>	<b>738</b>	<b>791.5</b>
Utilities/Admin.	5	6	6.5
Water Plant	19	19	19
Wastewater Plant	26	26	29
Systems	47	47	49
<b>UTILITY FUND TOTAL</b>	<b>97</b>	<b>98</b>	<b>103.5</b>
C.D.B.G.	4	4	5
<b>C.D.B.G. TOTAL</b>	<b>4</b>	<b>4</b>	<b>5</b>
Airport	6	6	8
Ebony Golf Course	7.5	6.5	5.5
Sanitation and Collection	97	97	103
Los Lagos Golf Course	20	19	20
Boys' and Girls' Club Fund	29	34	34
<b>OTHER FUNDS TOTAL</b>	<b>159.5</b>	<b>162.5</b>	<b>170.5</b>
<b>GRAND TOTAL</b>	<b>1000.5</b>	<b>1002.5</b>	<b>1070.5</b>

**Source:** City of Edinburg Finance Department



**CITY OF EDINBURG, TEXAS**  
**OPERATING INDICATORS BY FUNCTION**  
**(Unaudited)**

<b>Function</b>	<b>2019</b>	<b>2020</b>
<b>Public Safety- Police</b>		
Physical Arrests	3,570	1,983
Parking Violations	409	155
Traffic Violations	27,114	9,147
<b>Public Safety- Fire</b>		
Number of Calls Answered	2,786	2,786
Inspections	3,249	1,658
<b>Highways and Streets</b>		
Streets Resurfacing (miles)	7.6	3.0
Traffic Signs Repaired	596	238
<b>Solid Waste Services</b>		
Refuse Collected-Residential Accts/Weekly	26,400	21,400
Refuse Collected-Commercial Accts/Weekly	3,000	2,684
Material Recycled - Tons	1,000	1,000
<b>Golf Course Services</b>		
Golf Course		
Rounds-9 Hole	11,996	12,510
Rounds-18-Hole	27,360	28,425
<b>Culture and Recreation</b>		
Programs	131	133
Parks Maintained	18	18
<b>Water</b>		
New Connections	1,166	663
Water Mains Breaks	285	66
Average Daily Consumption (millions of gallons)	12.468	13.325
<b>Wastewater</b>		
Average Daily Sewage Treatment (millions of gallons)	8.064	8.836

**Sources:** Various City Departments

**Note:** Indicators are not available for the general government function and airport services.

**CITY OF EDINBURG, TEXAS**  
**CAPITAL ASSETS STATISTICS BY FUNCTION**  
**(Unaudited)**

**Miles of Streets:**

Paved	438.21
Graded	0.3
State Highways	29.44

**Miles of Sewers:**

Storm	120.56
Sanitary	333.83
Storm Drainage Ditches	19.74

**Building Permits:**

Permits Issued	2,027
Estimated Value	\$ 164,421,564

**Fire Protection:**

Number of Stations	5
Number of Firemen (Volunteers)	36
Fire Training Filed	1

**Police Protection:**

Number of Stations	2
Number of Policemen	164

**Recreation:**

	Number	Acres
Parks	18	296.5
Number of Picnic Areas	14	17
Number of Municipal Swimming Pools	2	2,294 sq. yds.
Number of Playgrounds	29	32
9 Hole Golf Course	1	65
18 Hole Championship Golf Course	1	162
Community Centers	2	2
Tennis Courts	3	8
Baseball Fields	16	18
Soccer Fields	7	13

**Source:** Various City Departments

---

## **FEDERAL AWARDS SECTION**

# LUIS C OROZCO

## CERTIFIED PUBLIC ACCOUNTANT

808 Del Oro Lane  
Pharr, TX 78577  
lcocpa@lcocpa.com

### 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*

#### Independent Auditor's Report

Honorable Mayor and Members of the  
City Council of the  
City of Edinburg

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Edinburg (the City) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 22, 2021.

#### ***Internal Control over Financial Reporting***

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

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

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

# LUIS C OROZCO

## CERTIFIED PUBLIC ACCOUNTANT

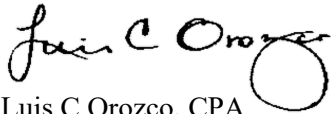
808 Del Oro Lane  
Pharr, TX 78577  
lcocpa@lcocpa.com

### *Compliance and Other Matters*

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

### **Purpose of this Report**

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



Luis C Orozco, CPA  
Pharr, Texas  
March 22, 2021

# LUIS C OROZCO

## CERTIFIED PUBLIC ACCOUNTANT

808 Del Oro Lane  
Pharr, TX 78577  
lcocpa@lcocpa.com

### REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

#### Independent Auditor's Report

Honorable Mayor and Members of the  
City Council of the  
City of Edinburg

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

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

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

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

#### ***Auditor's Responsibility***

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

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

# LUIS C OROZCO

## CERTIFIED PUBLIC ACCOUNTANT

808 Del Oro Lane  
Pharr, TX 78577  
lcocpa@lcocpa.com

### *Opinion on Each Major Federal Program*

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

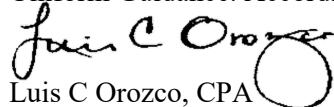
### **Report on Internal Control over Compliance**

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

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

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

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



Luis C Orozco, CPA  
Pharr, Texas  
March 22, 2021

CITY OF EDINBURG  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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

The type of auditors' report on financial statements:	Unmodified
Regarding internal control over financial reporting:	
a. Material weakness(es) identified:	None
b. Significant deficiencies identified that are not considered to be material weaknesses:	None reported
c. Noncompliance which is material to the financial statements:	None
d. Regarding internal control over major programs:	
Material weakness(es) identified:	None
Significant deficiencies identified that are not considered to be material weaknesses:	None reported
e. Type of auditors' report on compliance with major programs:	Unmodified
f. Any audit findings which are required to be reported in accordance with 2 CRF 200.516(a):	No
g. Major programs are as follows:	14.218 CDBG Entitlement Grants Cluster 97.039 Hazzard Mitigation Grant Program 21.019 COVID-19 Coronavirus Relief Fund
h. Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
i. Low risk auditee:	No

**II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.**

None reported.

**III. Findings and Questioned Costs for Federal Awards.**

None reported.



City of Edinburg, Texas  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2020

(1)	(2)	(3)	(4)	(5)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Funds Provided to Subrecipients	Federal Expenditures
<b>U.S. Department of Housing and Urban Development</b>				
<u>Direct Programs</u>				
CDBG-Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-48-0503	\$ -	\$ 646,621
Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-48-0503	57,038	648,247
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	B-20-MW-48-0503	1,906	68,599
Program Revenue			-	-
Total				<u>1,363,467</u>
<b>Total U.S. Department of Housing and Urban Development</b>				<b>1,363,467</b>
<b>U.S. Department of Justice</b>				
<u>Direct Programs</u>				
Public Safety Partnership and Community Policing Grants	16.710	2016-UM-WX-0092	-	174,635
Equitable Sharing Program	16.922		-	321,997
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0423	-	855
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0393	-	24,637
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DG-BX-0023	-	16,033
Total				<u>538,157</u>
<b>Total U.S. Department of Justice</b>				<b>538,157</b>
<b>U.S. Department of Transportation</b>				
<u>Passed Through Lower Rio Grande Valley Development Council</u>				
Federal Transit Cluster				
Federal Transit Formula Grants (Transit Terminal)	20.507	TX-90-Y057-00	-	153,283
Total Passed Through Lower Rio Grande Valley Development Council				<u>153,283</u>
<b>Total U.S. Department of Transportation</b>				<b>153,283</b>
<b>United States Department of the Treasury (TREAS)</b>				
<u>Passed Through Hidalgo County</u>				
COVID-19 Coronavirus Relief Fund	21.019	2020-HID-CRF-EDI-02	-	9,721,937
Total Passed Through Hidalgo County				<u>9,721,937</u>
<b>Total United States Department of the Treasury (TREAS)</b>				<b>9,721,937</b>
<b>U.S. Department of Homeland Security</b>				
<u>Direct Programs</u>				
Staffing for Adequate Fire and Emergency Response (SAFER) Grant	97.083	EMW-2017-FH-00332	-	557,971
<u>Passed Through the Texas Office of the Governor</u>				
Homeland Security Grant Program	97.067	EMW-2018-SS-00022-S01	-	210,549
Total Passed Through the Texas Office of the Governor				<u>210,549</u>
<u>Passed Through the Texas Division of Emergency Management (TDEM)</u>				
Hazard Mitigation Grant Program	97.039	DR-4223-057	-	926,147
Hazard Mitigation Grant Program	97.039	DR-4223-058	-	83,201
Total Passed Through the Texas Division of Emergency Management (TDEM)				<u>1,009,348</u>
<b>Total U.S. Department of Homeland Security</b>				<b>1,777,868</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 58,944</b>	<b>\$ 13,554,712</b>

See accompanying notes to the schedule of expenditures of federal awards.

#### **NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Edinburg, Texas, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

#### **NOTE 2 – INDIRECT COST RATE**

The City has elected to use the 10% de minimis indirect cost rate. No grants received by the City for the year ended September 30, 2020 provided for reimbursement of indirect costs.

#### **NOTE 3 – PROGRAM COSTS/MATCHING CONTRIBUTIONS**

The amounts shown as current year expenses represent only the federal grant portion of the program costs. Entire program costs, including the City's portion, may be more than shown.

#### **NOTE 4 – FEDERAL LOANS AND LOAN GUARANTEES**

During the year ended September 30, 2020, the City had no outstanding federal loans payable or loan guarantees.

#### **NOTE 5 – NONCASH AWARDS**

During the year ended September 30, 2020, the City did not receive any non-cash assistance.

#### **NOTE 6 – FEDERALLY FUNDED INSURANCE**

During the year ended September 30, 2020, the City did not have insurance that was federally funded.

CITY OF EDINBURG  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

None

CITY OF EDINBURG  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Not applicable.