

THE CITY OF **Edinburg**

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FISCAL
YEAR
18|19**

FOR THE YEAR ENDED SEPTEMBER 30, 2019



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

For the Fiscal Year Ended
September 30, 2019

Elected Officials

Mayor

Richard Molina

Mayor Pro-Tem

Gilbert Enriquez

City Council Members

Jorge Salinas

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

THE CITY OF **Edinburg**



JORGE SALINAS
COUNCILMEMBER



RICHARD MOLINA
MAYOR



GILBERT ENRIQUEZ
MAYOR PRO-TEM



JOHNNY GARCIA
COUNCILMEMBER



DAVID WHITE
COUNCILMEMBER

ELECTED OFFICIALS

CITY OF EDINBURG, TX
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2019

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INTRODUCTORY SECTION



December 10, 2019

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, 2019. 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, 2019, 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 2018-2019, taxable values, a prime indicator of an area's relative health and growth, increased \$333,111,043, which represents an increase of 7.59% 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 2019, residential new construction and commercial construction permits totaled \$577,854 for fiscal year ending 2019. One notable permit is the construction of the new Hidalgo County Courthouse.

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 25th 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.

Other. The City completed constructing a new \$2.7 million multi-use transit center substantially to be substantially completed in 2020. The 35,000 square foot mixed used building houses the new Valley Metro bus station, restaurants, and office 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, 2019, the City of Edinburg's Tex-Pool account has generated an average rate of return of around 2.31% for the fiscal year.

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
Councilmember, Place 1	Jorge L. Salinas
Mayor Pro Tem, Place 2	Gilbert Enriquez
Councilmember, Place 3	Johnny Garcia
Councilmember, Place 4	David White

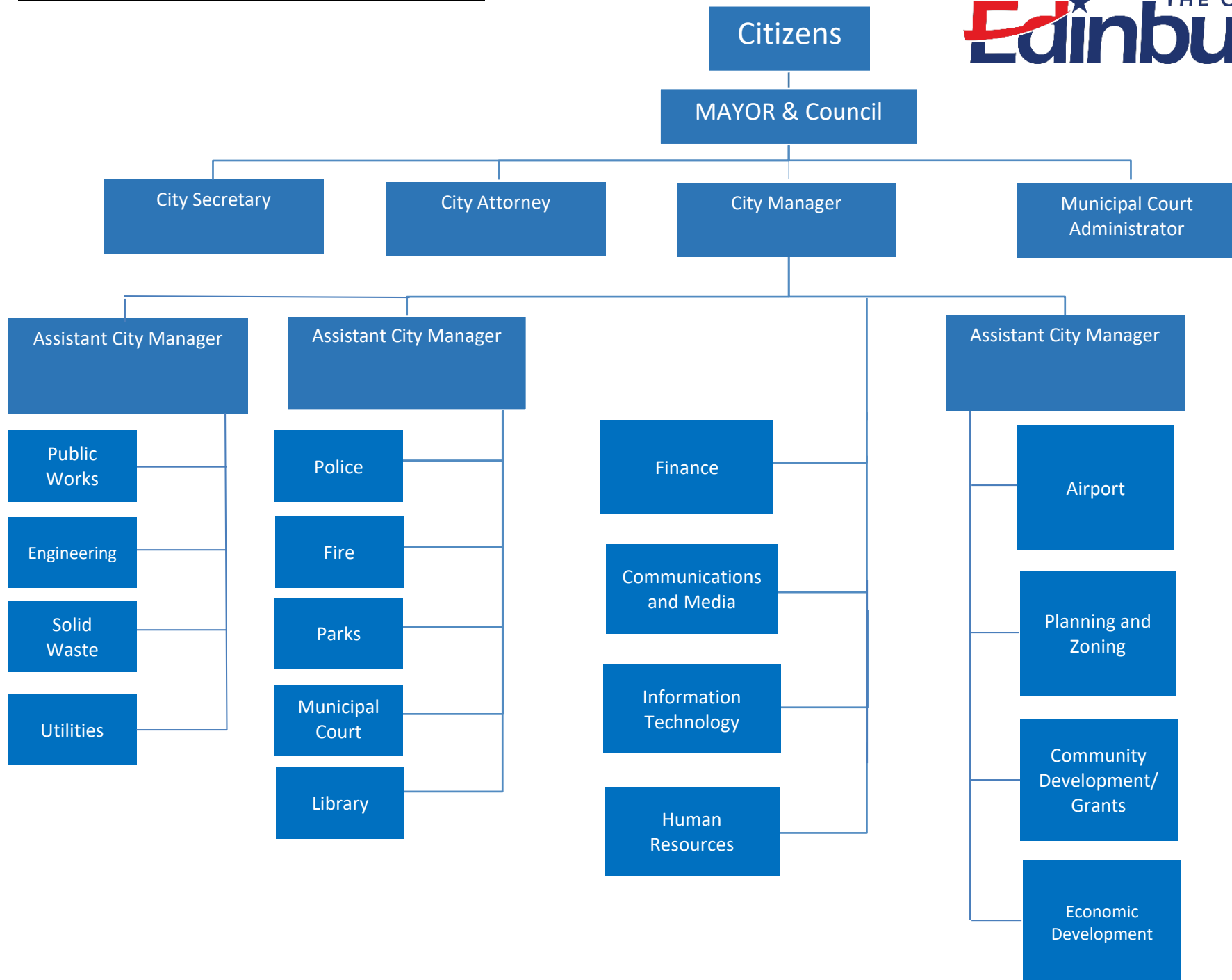
City Officials

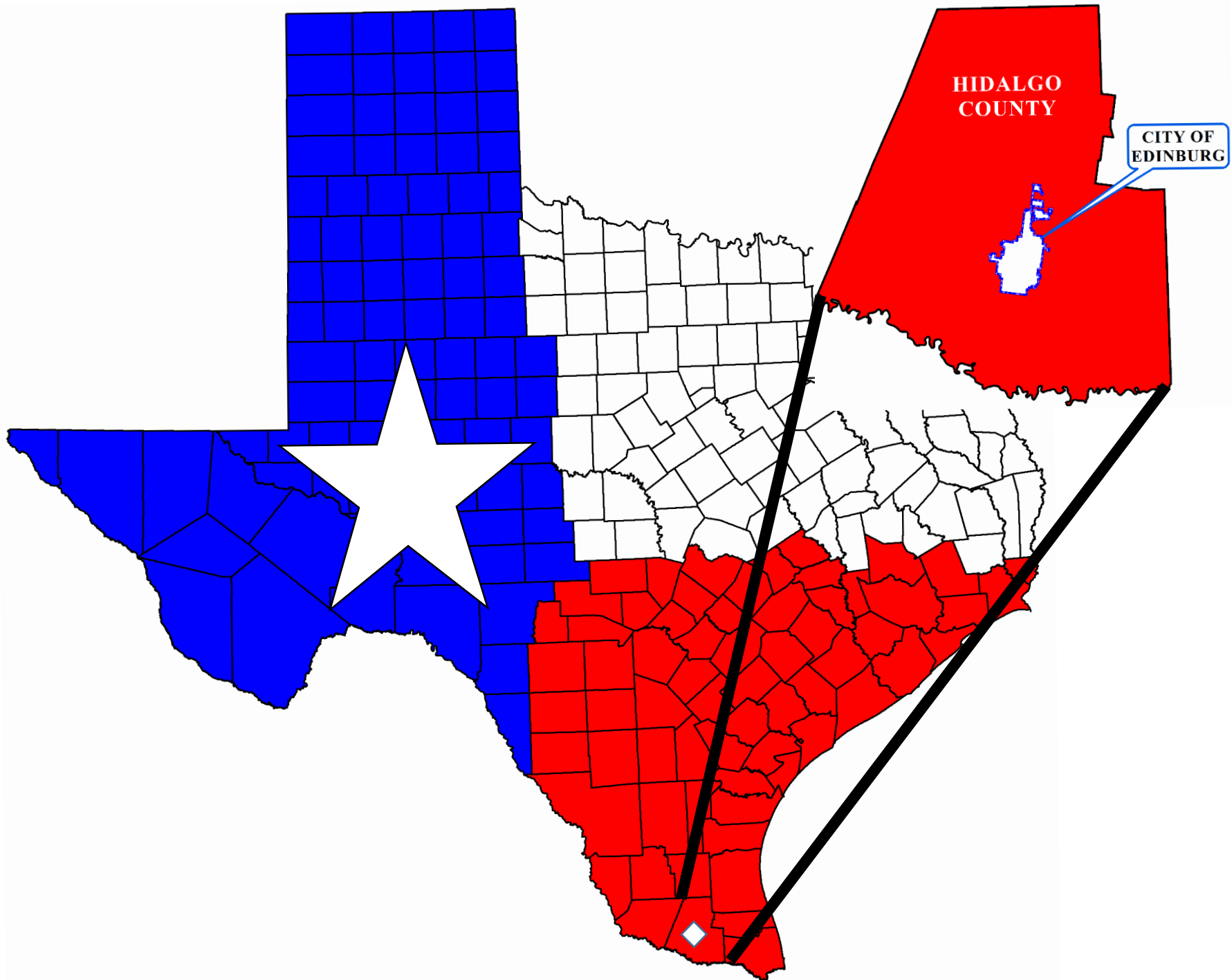
City Manager	Ron Garza
Assistant City Manager	Tomas D. Reyna
Assistant City Manager	Jesus R. Saenz
Assistant City Manager	Brian J. Kelsey
City Attorney	Omar Ochoa
City Secretary	Myra L. Ayala
Municipal Judge	Toribio "Terry" Palacios

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, 2019, 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
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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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

LUIS C OROZCO

CERTIFIED PUBLIC ACCOUNTANT

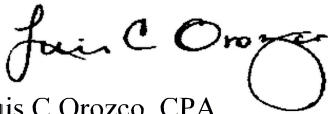
808 Del Oro Lane
Pharr, TX 78577
lcocpa@lcocpa.com

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 December 10, 2020 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
December 10, 2020

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, 2019. 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 \$191,114,184 (net position).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$69,534,383, an increase of \$33,177,658 from the prior year, and a prior period adjustment decrease of \$926,074.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,693,739, and assigned fund balance of \$15,046,900, totaling \$20,740,639, or 33.77 percent of total General Fund expenditures.
- The City of Edinburg's total long term debt increased by \$33,144,126 or 21.08 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 fourteen 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 \$191,114,184 at the close of the most recent fiscal year.

City of Edinburg Net Position September 30, 2019

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 79,800,671	\$ 46,393,548	\$ 44,102,547	\$ 39,784,466	\$ 123,903,217	\$ 86,178,014
Capital Assets	166,275,979	171,005,174	151,299,373	152,465,608	317,575,351	323,470,782
Total Assets	246,076,650	217,398,722	195,401,919	192,250,074	441,478,569	409,648,796
Deferred Outflows of Resources	11,332,192	5,029,945	3,947,834	2,206,019	15,280,026	7,235,964
Long-Term Liabilities	179,997,633	141,546,620	71,069,289	63,757,085	251,066,923	205,303,705
Other Liabilities	7,596,444	6,038,533	3,468,129	3,820,156	11,064,573	9,858,689
Total Liabilities	187,594,077	147,585,153	74,537,418	67,577,241	262,131,495	215,162,394
Deferred Inflows of Resources	2,477,601	3,891,577	1,035,315	1,493,409	3,512,916	5,384,986
Net Position						
Invested in Capital Assets, Net of Related Debt	79,362,475	85,643,910	108,982,474	114,719,222	188,344,949	200,363,132
Restricted	26,556,986	7,543,469	3,142,522	3,153,907	29,699,508	10,697,376
Unrestricted	(38,582,298)	(22,235,442)	11,652,025	7,512,316	(26,930,273)	(14,723,126)
Total Net Position	\$ 67,337,163	\$ 70,951,937	\$ 123,777,021	\$ 125,385,445	\$ 191,114,184	\$ 196,337,382

By far, the largest portion of the City's net position (98.55 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 (15.61 percent) represents resources that are subject to external restrictions regarding how they may be used, plus a cash separation of operating reserves of approximately 90 days for governmental activities.

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 \$18,082,702 for the current year, along with a current net pension liability of \$28,504,533. This accounts for the deficit unrestricted net position reported at September 30, 2019.

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.

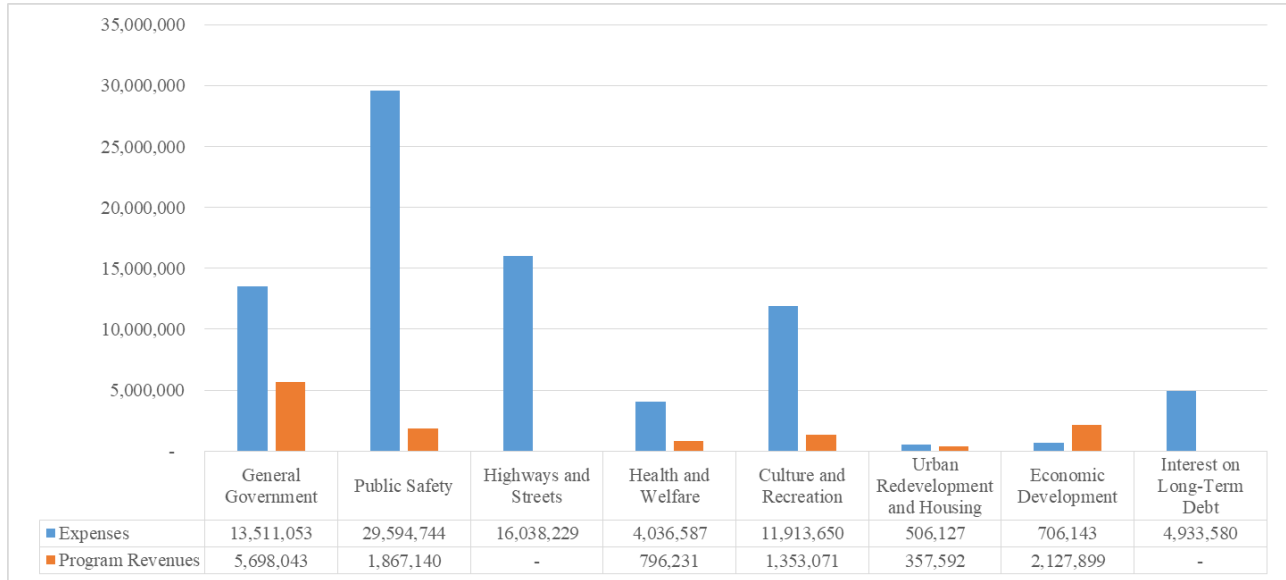
Total revenues generated from both governmental and business-type activities for this year amounted to \$109,891,470. Expenses were \$114,188,593 thus decreasing net position by \$4,297,123.

**City of Edinburg
Changes in Net Position
September 30, 2019**

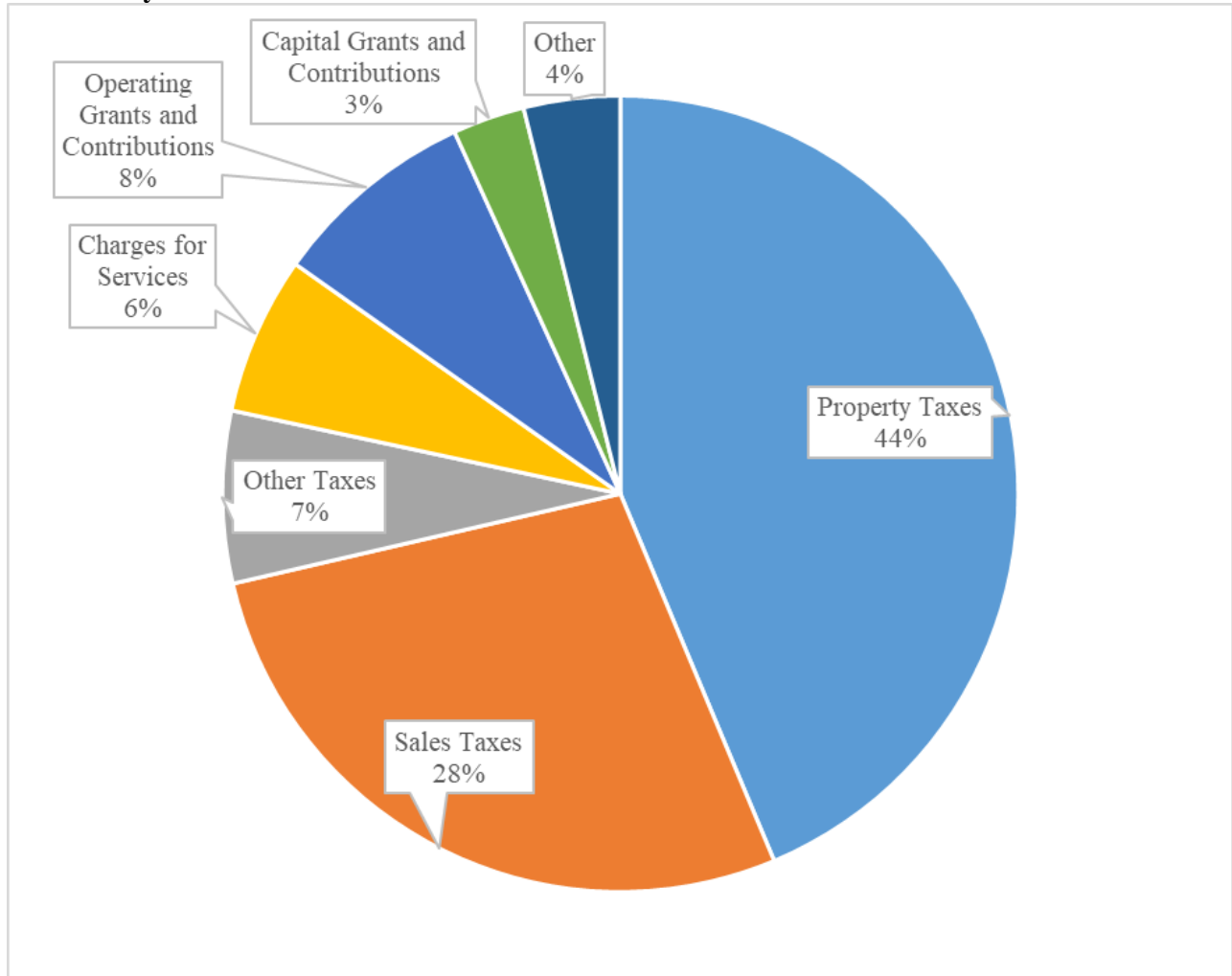
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for Services	\$ 4,425,951	\$ 3,580,567	\$ 39,772,440	\$ 41,006,520	\$ 44,198,391	\$ 44,587,087
Operating Grants and Contributions	5,757,781	3,090,280	28,175	41,209	5,785,955	3,131,489
Capital Grants and Contributions	2,016,245	27,840,216	-	1,370,828	2,016,245	29,211,044
General Revenues:						
Property Taxes	30,067,499	27,593,436	-	-	30,067,499	27,593,436
Other Taxes	23,875,277	21,629,338	-	-	23,875,277	21,629,338
Other	2,695,365	4,747,319	1,252,738	471,844	3,948,103	5,219,163
Total Revenues	68,838,118	88,481,156	41,053,352	42,890,401	109,891,470	131,371,557
Expenses:						
General Government	13,511,053	12,976,468	-	-	13,511,053	12,976,468
Public Safety	29,594,744	28,190,073	-	-	29,594,744	28,190,073
Highways and Streets	16,038,229	11,803,668	-	-	16,038,229	11,803,668
Health and Welfare	4,036,587	3,582,346	-	-	4,036,587	3,582,346
Culture and Recreation	11,913,650	9,516,000	-	-	11,913,650	9,516,000
Urban Redevelopment and Housing	506,127	569,586	-	-	506,127	569,586
Economic Development	706,143	1,493,526	-	-	706,143	1,493,526
Interest on Long-Term Debt	4,933,580	3,550,141	-	-	4,933,580	3,550,141
Water and Sewer Operations	-	-	17,202,578	16,326,190	17,202,578	16,326,190
Solid Waste Operations	-	-	12,727,623	13,478,459	12,727,623	13,478,459
Golf Course Services	-	-	1,655,436	1,771,420	1,655,436	1,771,420
Airport Services	-	-	1,362,844	1,430,654	1,362,844	1,430,654
Total Expenses	81,240,112	71,681,808	32,948,481	33,006,723	114,188,593	104,688,531
Increases (Decrease) in Net Position before Transfers	(12,401,995)	16,799,348	8,104,872	9,883,678	(4,297,123)	26,683,026
Transfers	9,713,295	6,564,960	(9,713,295)	(6,564,960)	-	-
Changes in Net Position	(2,688,700)	23,364,308	(1,608,423)	3,318,718	(4,297,123)	26,683,026
Net Position October 1, 2018	70,951,937	59,088,571	125,385,445	124,961,771	196,337,382	184,050,342
Prior Period Adjustment	(926,074)	(11,500,942)	-	(2,895,044)	(926,074)	(14,395,986)
Net Position September 30, 2019	\$ 67,337,163	\$ 70,951,937	\$ 123,777,022	\$ 125,385,445	\$ 191,114,185	\$ 196,337,382

Governmental activities. Governmental activities decreased the City of Edinburg’s net position by \$2,688,700. Cause of this decrease can be attributed to the new depreciation expense of the Burt Ogden Arena.

Expenses and Program Revenues - Governmental Activities

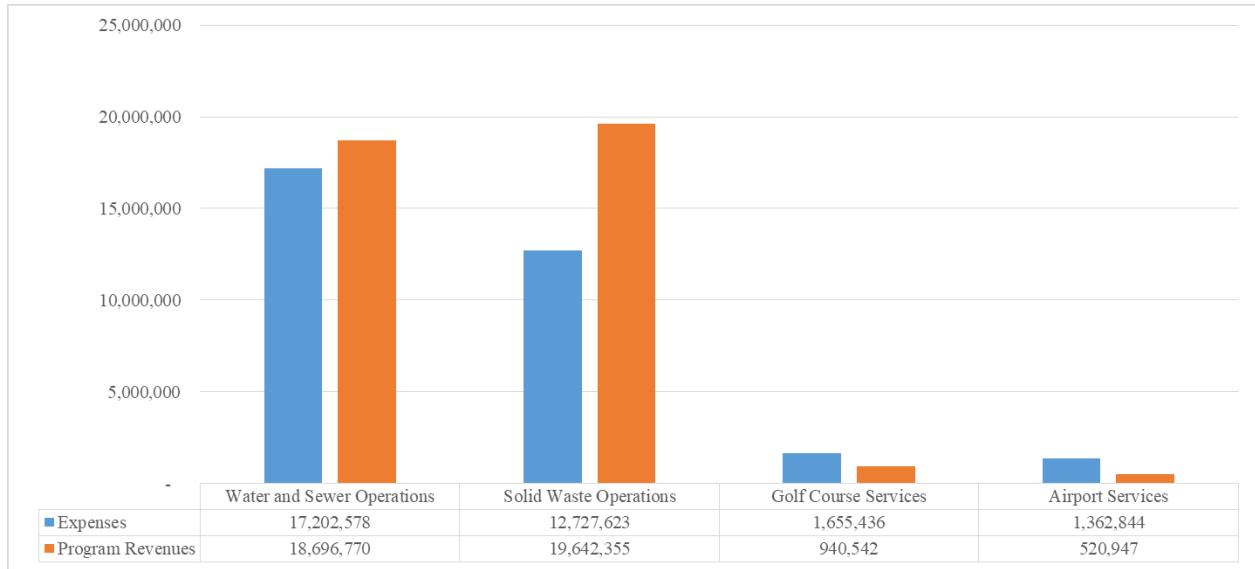


Revenues by Source - Governmental Activities

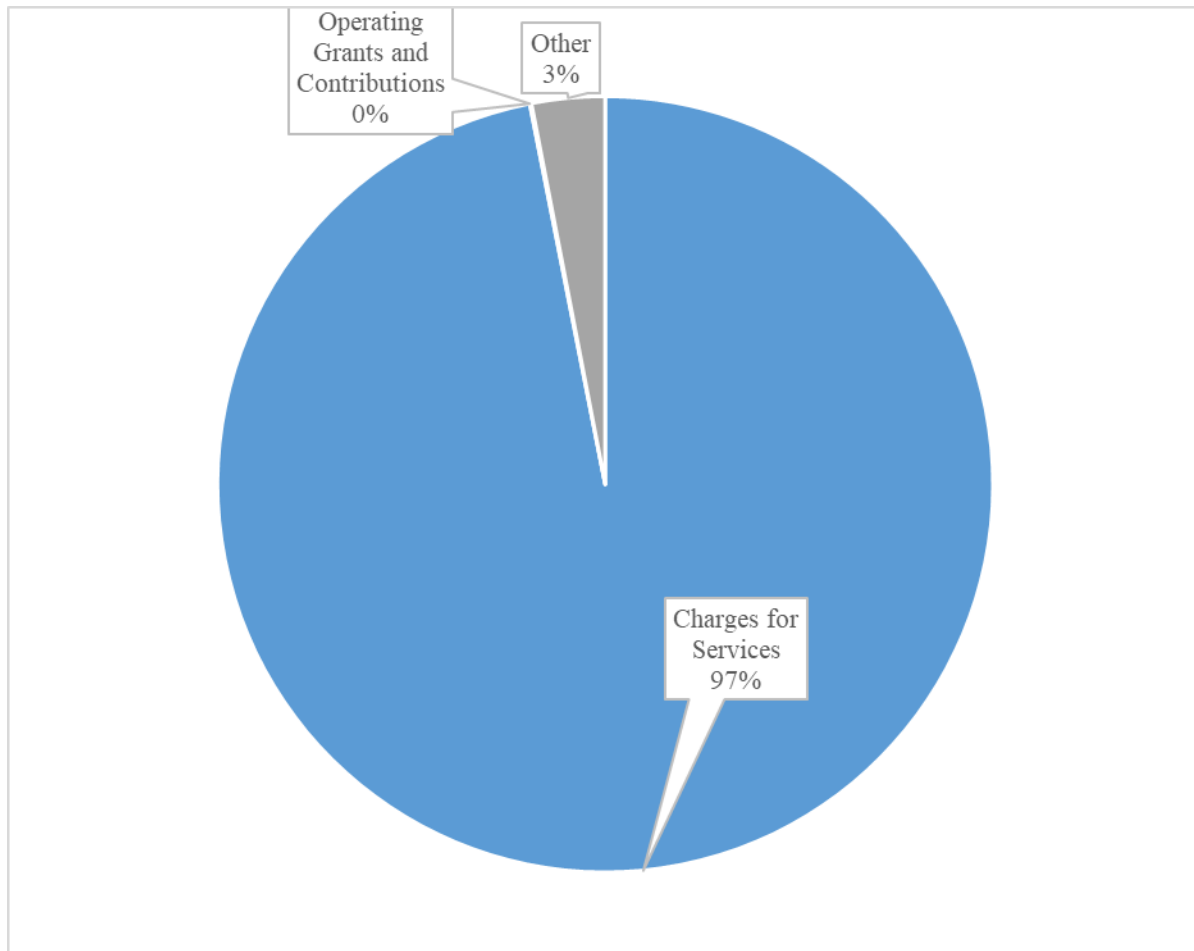


Business-type activities. Business-type activities decreased the City of Edinburg’s net position by \$1,608,423, which is mainly due to higher interfund transfers in the current year.

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 \$69,534,383, an increase of \$33,177,658 in comparison with the prior year. This increase was due to bond proceed and capital lease proceeds for capital expenditures within the General Fund and Capital Projects Fund. \$5,678,233 constitutes unassigned fund balance for all governmental funds, which is available for spending at the City's discretion. The remainder of the fund balance (\$36,034,681) is restricted /committed/assigned for a variety of other purposes.

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 \$5,693,739 while total fund balance increased to \$20,855,023. 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 9.27 percent of total General Fund expenditures. Total fund balance represents 33.96 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 \$1,936,173. 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 \$7,107,808. This is comprised of transfers out in the amount of \$5,249,163 to non-major enterprise funds and non-major governmental funds, transfers in totaling \$9,907,046, mainly from the Solid Waste Management Fund, sales of assets of \$44,599 and insurance proceeds of performance bonds of \$259,325.

The Debt Service Fund has a total fund balance of \$2,259,029, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year in the Debt Service Fund was \$901,263. This was mainly due to the excess of sales tax revenue, in lieu of property tax, transferred from the General Fund in the amount of \$735,126. Principal, interest and fiscal charges expenditures increased during the current period by \$263,153.

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 \$11,652,025. The Water, Sewer, and Solid Waste Management Funds had unrestricted net position of \$6,936,277 and \$5,377,507 respectively. The other non-major funds ended the year with unrestricted net position totaling (\$661,759).

General Fund Budgetary Highlights

The final amended expenditure budget was \$14,858,539 more than the original budget. The major differences can be briefly summarized as follows:

- \$Approximately 470,000 in the Police and Fire Department due to additional the 3% percent cost of living adjustment based on the current civil service agreement.
- Approximately \$1,750,000 in new positions throughout the City (\$1,000,000) and operating costs (\$750,000) due to growth for operations.
- \$Approximately \$11,130,000 in capital expenditures and transfers to Capital Projects due to the capital lease proceeds and additional transfers in from the Solid Waste Fund due to extra fiscal cash on hand.
- \$Approximately \$1,500,000 in transfers to various nonmajor enterprise funds (\$175,000), new debt service payments from capital leases (\$200,000) and various obligations (\$1,125,000) due in the current year not fully calculated during the budget process

The final projected revenues compared to actual revenues also reflect some differences; however, these differences are identified with budgeted expenditures. The major revenue differences between actual and final budget can be summarized as follows:

Taxes

- Ad valorem tax revenues for Fiscal Year 2018-2019 were \$1,068,429 over the budgeted amount.
- Sales tax revenues for Fiscal Year 2017-2018 were \$1,661,419 over the budgeted amount.
- Franchise and other tax revenues for Fiscal Year 2018-2019 were \$189,528 over the budgeted amount.

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, 2019 amounts to \$317,575,351 (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 1.82 percent (2.77 percent decrease for governmental activities and a 0.76 percent decrease for business-type activities).

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

- City wide fixed assets audit, which resulted in approximately \$1,000,000 of disposed assets removed from the books.
- Governmental and Business-type activities had a construction in progress increase of \$4,959,451 and \$1,667,728 respectively.

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	
	2019	2018	2019	2018	2019	2018
Land	\$ 22,936,749	\$ 22,936,749	\$ 14,302,874	\$ 14,190,206	\$ 37,239,623	\$ 37,126,955
Buildings and system	78,814,825	83,186,085	89,328,224	95,511,292	168,143,049	178,697,377
Improvements other than buildings	45,698,018	48,991,232	18,399,431	17,075,026	64,097,449	66,066,258
Furniture and equipment	11,002,858	13,027,029	8,230,884	6,318,854	19,233,742	19,345,883
Construction in progress	7,823,530	2,864,079	21,037,958	19,370,230	28,861,488	22,234,309
Total	<u>\$ 166,275,980</u>	<u>\$ 171,005,174</u>	<u>\$ 151,299,371</u>	<u>\$ 152,465,608</u>	<u>\$ 317,575,351</u>	<u>\$ 323,470,782</u>

Long-term debt. At the end of the current fiscal year, the City of Edinburg had total long-term debt outstanding of \$190,359,399.

The City’s total debt increased by \$33,144,126 or 21.08 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	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 76,754,296	\$ 48,975,612	\$ 2,773,778	\$ 3,484,472	\$ 79,528,074	\$ 52,460,084
Tax increment bonds	41,000,251	41,804,068	-	-	41,000,251	41,804,068
Notes payable	-	-	229,439	338,771	229,439	338,771
Capital lease obligations	2,007,795	-	6,952,917	-	8,960,712	-
Compensated absences	4,036,507	4,031,616	405,360	379,472	4,441,867	4,411,088
Revenue bonds	-	-	34,444,637	36,824,023	34,444,637	36,824,023
Payable to state comptroller	-	8,896	-	-	-	8,896
Reimbursement obligation-developpe	9,611,527	9,949,885	-	-	9,611,527	9,949,885
Landfill closure and post closure	-	-	12,142,891	11,418,458	12,142,891	11,418,458
Total	\$ 133,410,377	\$ 104,770,077	\$ 56,949,022	\$ 52,445,196	\$ 190,359,399	\$ 157,215,273

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 2019-2020 budget increased \$471,556,108 over the prior year, or 7.82 percent higher than the prior year. The City approved a tax rate of (\$0.6800 per \$100 assessed valuation) and approved a balanced budget.

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, 78541.

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	The Boys' and Girls' Club of Edinburg, Inc.	Edinburg Economic Development Corporation
<i>SEPTEMBER 30, 2019</i>					
Assets					
Cash and Cash Equivalents	\$ 2,276,469	\$ 2,077,522	\$ 4,353,991	\$ 250	\$ 4,648,154
Investments	61,256,552	21,045,663	82,302,215	863,225	-
Receivables, Net	9,406,526	5,877,227	15,283,753	55,103	12,774,287
Internal Balances	(1,776,563)	1,776,563	-	-	-
Due from Primary Government	-	-	-	1,126	1,083,473
Due from Fiduciary	14,326	-	14,326	-	-
Due from Component Unit	29,971	815	30,786	-	-
Inventories	92,570	470,527	563,097	-	-
Prepaid Items	22,547	2,653	25,200	100	-
Loans Receivable	1,601,802	-	1,601,802	-	-
Restricted Assets					
Cash and Cash Equivalents	-	1,362	1,362	11,878	14,902,963
Cash with Fiscal Agent	6,876,471	9,655,948	16,532,419	-	-
Investments	-	3,194,266	3,194,266	485,215	-
Land and Construction in Progress	30,760,279	35,340,831	66,101,110	539,125	5,309,765
Other Capital Assets, Net of Depreciation	135,515,700	115,958,541	251,474,241	4,278,493	1,779,031
Total Assets	<u>246,076,650</u>	<u>195,401,919</u>	<u>441,478,569</u>	<u>6,234,516</u>	<u>40,497,673</u>
Deferred Outflows of Resources					
Deferred Outflows Related to Debt Refundings	1,007,309	1,068,083	2,075,392	-	-
Deferred Outflows Related to Pension	8,140,425	2,134,508	10,274,933	183,692	156,509
Deferred Outflows Related to OPEB Obligation	2,184,457	745,243	2,929,701	48,360	11,445
Total Deferred Outflows of Resources	<u>11,332,192</u>	<u>3,947,834</u>	<u>15,280,026</u>	<u>232,052</u>	<u>167,954</u>
Liabilities					
Accounts Payable	3,964,593	1,061,321	5,025,914	100,922	-
Accrued Liabilities	862,677	457,656	1,320,333	28,222	10,858
Accrued Interest Payable	600,344	9,913	610,256	-	-
Due to Primary Government	-	-	-	10,341	-
Due to Fiduciary	600	-	600	-	-
Due to Component Unit	1,084,599	-	1,084,599	-	-
Deposits	290,808	1,860,741	2,151,549	-	-
Unearned Revenue	792,824	27,465	820,289	-	-
Liabilities Payable from Restricted Assets	-	51,033	51,033	-	-
Non-Current Liabilities:					
Due within One Year	5,703,512	4,661,341	10,364,852	119,912	930,000
Due in More Than One Year	127,706,866	52,287,682	179,994,548	24,003	26,945,000
Net Pension Liabilities	28,504,553	7,820,575	36,325,129	496,818	612,383
OPEB Obligations	18,082,702	6,299,692	24,382,394	382,045	101,899
Total Liabilities	<u>187,594,077</u>	<u>74,537,418</u>	<u>262,131,495</u>	<u>1,162,263</u>	<u>28,600,140</u>
Deferred Inflows Of Resources					
Deferred Inflows Related to Debt Refundings	-	340,621	340,621	-	-
Deferred Inflows Related to Pension	1,838,336	473,725	2,312,060	45,526	34,953
Deferred Inflows Related to OPEB Obligation	639,265	220,969	860,234	13,279	4,005
Total Deferred Inflows of Resources	<u>2,477,601</u>	<u>1,035,315</u>	<u>3,512,916</u>	<u>58,805</u>	<u>38,958</u>
Net Position (Deficit)					
Net Investment in Capital Assets	79,362,475	108,982,474	188,344,949	4,698,467	3,388,796
Restricted For:					
Capital Projects	3,272,438	-	3,272,438	-	9,855,064
Debt Service	1,111,482	3,142,522	4,254,003	-	2,229,480
Other	22,173,067	-	22,173,067	-	2,818,419
Unrestricted	(38,582,298)	11,652,025	(26,930,273)	547,033	(6,265,230)
Total Net Position (Deficit)	<u>\$ 67,337,163</u>	<u>\$ 123,777,021</u>	<u>\$ 191,114,184</u>	<u>\$ 5,245,500</u>	<u>\$ 12,026,529</u>

See Accompanying Notes To The Financial Statements.

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

FOR THE YEAR ENDED SEPTEMBER 30, 2019			Program Revenues		Net (Expenses) Revenues and Changes in Net Position					
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units		
								The Boys' and Girls' Club of Edinburg, Inc.	Edinburg Economic Development Corporation	
PRIMARY GOVERNMENT:										
Governmental Activities:										
General Government	\$ 13,511,053	\$ 2,232,051	\$ 1,449,747	\$ 2,016,245	\$ (7,813,010)	\$ -	\$ (7,813,010)			
Public Safety	29,594,744	391,765	1,475,376	-	(27,727,604)	-	(27,727,604)			
Highways and Streets	16,038,229	-	-	-	(16,038,229)	-	(16,038,229)			
Health and Welfare	4,036,587	796,231	-	-	(3,240,356)	-	(3,240,356)			
Culture and Recreation	11,913,650	1,005,904	347,167	-	(10,560,579)	-	(10,560,579)			
Urban Redevelopment and Housing	506,127	-	357,592	-	(148,534)	-	(148,534)			
Economic Redevelopment	706,143	-	2,127,899	-	1,421,756	-	1,421,756			
Interest on Long-Term Debt	4,933,580	-	-	-	(4,933,580)	-	(4,933,580)			
Total Governmental Activities	81,240,112	4,425,951	5,757,781	2,016,245	(69,040,136)	-	(69,040,136)			
Business-Type Activities:										
Water and Sewer Operations	17,202,578	18,696,770	-	-	-	1,494,192	1,494,192			
Solid Waste Operations	12,727,623	19,642,355	-	-	-	6,914,732	6,914,732			
Golf Course Services	1,655,436	940,542	-	-	-	(714,894)	(714,894)			
Airport Services	1,362,844	492,772	28,175	-	-	(841,898)	(841,898)			
Total Business-Type Activities	32,948,481	39,772,440	28,175	-	-	6,852,134	6,852,134			
Total Primary Government	\$ 114,188,593	\$ 44,198,391	\$ 5,785,955	\$ 2,016,245	(69,040,136)	6,852,134	(62,188,002)			
Component Units:										
Community and Youth Services	\$ 1,855,450	\$ -	\$ 1,632,261	\$ -				\$ (223,189)	\$ -	
Economic Development and Assistance	2,856,589	206,748	-	-				-	(2,649,841)	
Interest on Long-Term Debt	2,462,698	-	-	-				(8,428)	(2,454,270)	
Total Component Units	\$ 7,174,736	\$ 206,748	\$ 1,632,261	\$ -				(231,617)	(5,104,111)	
General Revenues:										
Taxes										
Property Taxes					30,067,499	-	30,067,499	-	-	
Sales Taxes					19,066,916	-	19,066,916	-	5,801,968	
Hotel Occupancy Tax					623,426	-	623,426	-	-	
Franchise Taxes					3,890,048	-	3,890,048	-	-	
Other Taxes					294,887	-	294,887	-	-	
Investment Earnings					1,365,041	751,527	2,116,567	29,370	98,435	
Insurance Proceeds					1,022,297	-	1,022,297	-	-	
Other					308,027	501,212	809,239	22,567	30,951	
Transfers					9,713,295	(9,713,295)	-	-	-	
Total General Revenues and Transfers					66,351,436	(8,460,557)	57,890,879	51,937	5,931,354	
Change in Net Position					(2,688,700)	(1,608,423)	(4,297,123)	(179,679)	827,243	
Net Position - Beginning of Year					70,951,937	125,385,445	196,337,382	5,425,179	11,199,963	
Prior Period Adjustment					(926,074)	-	(926,074)	-	(677)	
Net Position - End of Year					\$ 67,337,163	\$ 123,777,022	\$ 191,114,185	\$ 5,245,500	\$ 12,026,529	

See Accompanying Notes To The Financial Statements.

Fund Financial Statements

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

SEPTEMBER 30, 2019	General Fund	Capital Project Funds	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 1,493,886	\$ 49,781	\$ 715,670	\$ 2,259,338
Investments	16,593,416	40,565,340	3,557,865	60,716,622
Taxes Receivables	6,658,784	-	436,161	7,094,946
Allowance for Uncollectible Taxes	(1,122,203)	-	(215,912)	(1,338,115)
Accounts Receivables, Net	1,597,591	1,945,705	79,453	3,622,748
Note Receivable	-	-	1,601,802	1,601,802
Due from Other Governments	-	-	26,890	26,890
Due from Other Funds	1,722,967	-	960,231	2,683,198
Due from Fiduciary	14,326	-	-	14,326
Due from Component Unit	29,971	-	-	29,971
Inventories	92,570	-	-	92,570
Prepaid Items	21,814	-	733	22,547
Cash with Fiscal Agent	1,865,339	-	5,011,132	6,876,471
Total Assets	<u>28,968,461</u>	<u>42,560,827</u>	<u>12,174,025</u>	<u>83,703,313</u>
Liabilities				
Accounts Payable	2,111,647	1,619,795	156,888	3,888,329
Accrued Liabilities	835,084	-	4,628	839,712
Deposits	290,808	-	-	290,808
Due to Other Funds	1,982,073	1,844,790	630,412	4,457,275
Due to Component Unit	1,083,473	-	1,126	1,084,599
Unearned Revenue	-	-	792,824	792,824
Total Liabilities	<u>6,303,085</u>	<u>3,464,585</u>	<u>1,585,878</u>	<u>11,353,547</u>
Deferred Inflows Of Resources				
Deferred Inflows From Loans Receivable	-	-	808,978	808,978
Deferred Inflows From Taxes	1,065,256	-	196,052	1,261,308
Deferred Inflows From Other	745,097	-	-	745,097
Total Deferred Inflows Of Resources	<u>1,810,353</u>	<u>-</u>	<u>1,005,030</u>	<u>2,815,383</u>

CITY OF EDINBURG, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
EXHIBIT 2-A (continued)

<u>SEPTEMBER 30, 2019</u>	<u>General Fund</u>	<u>Capital Project Funds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances				
Nonspendable				
Inventory	92,570	-	-	92,570
Prepays	21,814	-	-	21,814
Restricted For:				
Debt Service	-	-	5,111,212	5,111,212
Tourism	-	-	962,210	962,210
Law Enforcement	-	-	138,426	138,426
Municipal Court and Technology	-	-	507,889	507,889
Capital Projects	-	35,973,530	231,504	36,205,035
Other Purposes	-	-	2,647,381	2,647,381
Committed To:				
Capital Projects	-	3,122,712	-	3,122,712
Assigned:				
Contingency	14,140,000	-	-	14,140,000
Encumbrances	906,900	-	-	906,900
Unassigned	5,693,739	-	(15,506)	5,678,233
Total Fund Balances	<u>20,855,023</u>	<u>39,096,242</u>	<u>9,583,118</u>	<u>69,534,383</u>
 Total Liabilities, Deferred Inflows Of Resources and Fund Balances	 <u>\$ 28,968,461</u>	 <u>\$ 42,560,827</u>	 <u>\$ 12,174,025</u>	 <u>\$ 83,703,313</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, 2019

Total Fund Balances - Governmental Funds Balance Sheet	\$ 69,534,383
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.	166,275,979
2.) Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,261,308
3.) Loans receivable are not available to pay for current period expenditures and are deferred in the funds.	808,978
4.) Other receivables unavailable to pay for current period expenditures are deferred in the funds.	745,097
5.) Deferred outflows for losses on bond refunding are not reported in the funds.	1,007,309
6.) Payables for bond principal, which are not due in the current period, are not reported in the funds.	(117,754,549)
7.) Payables for bond interest, which are not due in the current period, are not reported in the funds.	(600,344)
8.) Payables for compensated absences, which are not due in the current period, are not reported in the funds.	(4,036,508)
9.) Other long-term payables, which are not due in the current period are not reported in the funds.	(11,619,321)
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.	(46,587,255)
11.) Deferred outflows of resources related to pensions and OPEB obligations are not reported in the funds.	10,324,883
12.) Deferred inflows of resources related to pensions and OPEB obligations are not reported in the funds.	(2,477,601)
13.) The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	454,805
Net Position Of Governmental Activities - Statement Of Net Position	<u>\$ 67,337,163</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, 2019</i>	General Fund	Capital Project Funds	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes:				
Property Taxes	\$ 25,087,943	\$ -	\$ 4,951,905	\$ 30,039,848
General Sales and Use Taxes	19,066,916	-	-	19,066,916
Franchise Tax	3,916,397	-	-	3,916,397
Other Tax	172,131	-	746,182	918,313
Licenses and Permits	1,033,451	-	-	1,033,451
Intergovernmental Revenue and Grants	2,758,254	2,016,245	474,651	5,249,150
Charges for Services	2,000,260	-	292,197	2,292,457
Fines and Forfeits	962,874	-	137,169	1,100,043
Investment Earnings	623,349	565,704	163,625	1,352,678
Contributions	64,747	-	2,127,899	2,192,646
Other	550,543	-	147,076	697,619
Total Revenues	<u>56,236,864</u>	<u>2,581,948</u>	<u>9,040,705</u>	<u>67,859,517</u>
Expenditures				
Current:				
General Government	12,881,558	-	171,739	13,053,297
Public Safety	28,194,588	453,593	432,506	29,080,688
Highways and Streets	7,787,265	6,287,027	-	14,074,292
Health and Welfare	3,863,075	-	40,781	3,903,856
Culture and Recreation	7,802,073	789,639	401,043	8,992,754
Urban Redevelopment and Housing	-	-	506,127	506,127
Economic Redevelopment	706,143	-	382,459	1,088,601
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirements	137,205	-	3,064,708	3,201,913
Interest and Other Charges	36,592	364,454	3,686,256	4,087,302
Total Expenditures	<u>61,408,498</u>	<u>7,894,713</u>	<u>8,685,619</u>	<u>77,988,830</u>
Excess (Deficiency) Of Revenues				
Over (Under) Expenditures	<u>(5,171,635)</u>	<u>(5,312,765)</u>	<u>355,086</u>	<u>(10,129,313)</u>

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

<i>FOR THE YEAR ENDED SEPTEMBER 30, 2019</i>	General Fund	Capital Project Funds	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)				
Issuance of Bonds	-	27,875,000	-	27,875,000
Premium or Discount on Issuance of Bonds	-	2,505,779	-	2,505,779
Proceeds from Capital Leases	2,146,000	-	-	2,146,000
Sale of Real and Personal Property	44,599	-	-	44,599
Insurance Proceeds	259,325	762,972	-	1,022,297
Transfers In	9,907,046	3,398,041	3,884,678	17,189,766
Transfers Out	(5,249,163)	(27,191)	(2,200,117)	(7,476,471)
Total Other Financing Sources (Uses)	<u>7,107,808</u>	<u>34,514,602</u>	<u>1,684,561</u>	<u>43,306,971</u>
 Net Change In Fund Balances	 1,936,173	 29,201,837	 2,039,648	 33,177,658
 Fund Balances - Beginning Of Year	 19,844,924	 9,894,405	 7,543,470	 37,282,799
Prior Period Adjustment	(926,074)	-	-	(926,074)
Fund Balances - End Of Year	<u><u>\$ 20,855,023</u></u>	<u><u>\$ 39,096,242</u></u>	<u><u>\$ 9,583,118</u></u>	<u><u>\$ 69,534,383</u></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, 2019

Net Change In Fund Balances - Total Governmental Funds	\$ 33,177,658
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.	7,715,818
2.) The depreciation of capital assets used in governmental activities is not reported in the funds.	(11,427,770)
3.) Gains and losses on disposals of capital assets are not recognized in the funds. This is the recognition of the net book value of the assets written off.	(1,017,245)
4.) Certain property tax revenues are deferred in the funds. This is the change in these amounts for the year.	27,651
5.) Certain revenues are deferred in the funds. This is the change in these amounts for the year.	(96,345)
6.) Bond and capital lease proceeds are reported as other financing sources in the funds, but are not in the SOA.	(32,526,779)
7.) Payment of principal on bond and capital lease are expenditures in the funds, but is not an expense in the SOA.	3,201,913
8.) Changes in the net pension liability for retirement are not recognized in the funds, but are in the SOA.	(255,550)
9.) Changes in the net OPEB obligation are not recognized in the funds, but are in the SOA.	(1,010,351)
10.) 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.	(504,918)
11.) (Increase) decrease in accrued interest from beginning of period to end of period	(341,360)
12.) Internal service funds are used by management to charge to costs of certain activities to individual funds.	(8,991)
13.) Payables for long-term liabilities are not recognized in the funds until they become due for payment.	382,459
14.) Compensated absences are reported as the amount is incurred in the SOA, but as the amount is paid in the funds.	(4,889)
Change In Net Position Of Governmental Activities - Statement Of Activities	<u>\$ (2,688,700)</u>

See Accompanying Notes To The Financial Statements.

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

	Business-type Activities-Enterprise Funds				Governmental Activities - Internal Service Worker's Compensation
<i>SEPTEMBER 30, 2019</i>	Water and Sewer Fund	Solid Waste Management Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 155,432	\$ 1,913,596	\$ 8,494	\$ 2,077,522	\$ 17,131
Investments	13,396,986	6,634,955	1,013,722	21,045,663	539,930
Restricted Assets:					
Restricted Cash	1,362	-	-	1,362	-
Cash with Fiscal Agent	4,036,017	5,511,745	108,187	9,655,948	-
Restricted Investments	3,194,266	-	-	3,194,266	-
Accounts Receivable, Net	2,853,331	2,927,531	96,365	5,877,227	57
Due from Other Funds	1,056,541	816,470	18,435	1,891,446	746
Due from Component Unit	-	815	-	815	-
Inventories	354,120	24,187	92,220	470,527	-
Prepaid Items	-	-	2,653	2,653	-
Total Current Assets	25,048,055	17,829,299	1,340,075	44,217,429	557,864
Noncurrent Assets:					
Capital Assets:					
Land	989,994	8,312,723	5,000,156	14,302,873	-
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	8,001,859	21,297,316	1,431,294	30,730,470	-
Accumulated Depreciation	(78,282,370)	(25,715,694)	(12,048,399)	(116,046,463)	-
Construction In Progress	17,829,325	3,062,777	145,856	21,037,958	-
Total Noncurrent Assets	105,338,391	31,876,437	14,084,545	151,299,373	-
Total Assets	130,386,445	49,705,736	15,424,621	195,516,802	557,864
Deferred Outflows Of Resources					
Deferred Outflow Related to Debt Refundings	731,573	-	336,510	1,068,083	-
Deferred Outflow Related to Pension	994,041	879,689	260,778	2,134,508	-
Deferred Outflow Related to OPEB Obligation	349,242	313,610	82,391	745,243	-
Total Deferred Outflows Of Resources	2,074,856	1,193,299	679,679	3,947,834	-
Liabilities					
Current Liabilities:					
Accounts Payable	519,916	422,692	118,713	1,061,321	76,263
Accrued Liabilities	294,049	136,549	27,057	457,656	22,965
Accrued Interest	53,106	4,649	3,191	60,946	-
Compensated Absences	134,551	103,885	44,262	282,699	-
Due to Other Funds	71,169	21,405	22,309	114,883	3,232
Due to Fiduciary	-	-	-	-	600
Deposits	1,758,016	97,995	4,730	1,860,741	-
Unearned Revenue	-	-	27,465	27,465	-
Current Portion of Revenue Bonds	2,679,244	-	-	2,679,244	-
Current Portion of General Obligation Bonds	-	-	368,252	368,252	-
Current Portion of Notes Payable	-	112,885	-	112,885	-
Current Portion of Capital Leases Payable	227,549	973,204	17,507	1,218,261	-
Total Current Liabilities	5,737,601	1,873,265	633,486	8,244,352	103,059

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

	Business-type Activities-Enterprise Funds				Governmental Activities - Internal Service Worker's Compensation
<i>SEPTEMBER 30, 2019</i>	Water and Sewer Fund	Solid Waste Management Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	
Noncurrent Liabilities					
Compensated Absences	69,544	33,499	19,619	122,662	-
Revenue Bonds, Net Of Unamortized Discounts and Premiums	32,425,669	-	-	32,425,669	-
General Obligation Bonds, Net Of Unamortized Discounts and Premiums	-	-	1,745,251	1,745,251	-
Notes Payable	-	116,554	-	116,554	-
Capital Leases Payable	1,699,409	3,948,891	86,356	5,734,656	-
Landfill Closure and Post Closure Costs Payable	-	12,142,891	-	12,142,891	-
Net Pension Liability	3,621,408	3,308,106	891,062	7,820,575	-
Net OPEB Obligation	2,922,380	2,622,215	755,096	6,299,692	-
Total Noncurrent Liabilities	40,738,409	22,172,155	3,497,384	66,407,949	-
 Total Liabilities	46,476,010	24,045,420	4,130,871	74,652,301	103,059
 Deferred Inflows Of Resources					
Deferred Intflow Related to Debt Refundings	340,621	-	-	340,621	-
Deferred Inflows Related to Pension	214,417	204,820	54,488	473,725	-
Deferred Inflows Related to OPEB Obligation	102,125	91,442	27,402	220,969	-
Total Deferred Inflows Of Resources	657,163	296,262	81,890	1,035,315	-
 Net Position					
Net Investment In Capital Assets	75,249,329	21,179,847	12,553,298	108,982,474	-
Restricted For Debt Service	3,142,522	-	-	3,142,522	-
Unrestricted	6,936,277	5,377,507	(661,759)	11,652,025	454,805
 Total Net Position	\$ 85,328,128	\$ 26,557,353	\$ 11,891,539	\$ 123,777,021	\$ 454,805

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, 2019

Total Net Position	\$ 123,777,021
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Amounts Reported For Business-Type Activities In The Statement Of Net Position ("SNP")
Are Different Because:

1.) Certain internal service fund assets and liabilities are included with business-type activities.	-
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Net Position of Business-Type Activities -Statement of Net Position	<u>\$ 123,777,021</u>
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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

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Worker's Compensation Fund
	Water and Sewer Fund	Solid Waste Management Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	
FOR THE YEAR ENDED SEPTEMBER 30, 2019					
Operating Revenues:					
Water and Sewer Sales	\$ 18,122,179	\$ -	\$ -	\$ 18,122,179	\$ -
Garbage Collection and Disposal Charges	-	19,593,654	-	19,593,654	-
Fuel Flow Fees	-	-	492,772	492,772	-
Golf Course Fees and Memberships	-	-	911,472	911,472	-
Other Revenue	574,592	48,701	29,071	652,363	-
Total Operating Revenues	18,696,770	19,642,355	1,433,314	39,772,440	-
Operating Expenses:					
Salaries, Wages, and Employee Benefits	4,809,537	4,645,976	1,389,240	10,844,753	-
Supplies and Materials	2,193,690	2,103,456	198,904	4,496,050	-
Contractual and Other Services	2,523,229	1,046,705	472,017	4,041,952	-
Repairs and Maintenance	772,065	1,547,020	142,774	2,461,860	-
Other Operating Costs	713,828	281,206	113,478	1,108,511	21,354
Landfill Closure and Post Closure Care Costs	-	724,433	-	724,433	-
Deprecation and Amortization	5,204,779	2,276,819	651,074	8,132,672	-
Total Operating Expenses	16,217,129	12,625,614	2,967,487	31,810,230	21,354
Operating Income (Loss)	2,479,641	7,016,741	(1,534,173)	7,962,210	(21,354)
Non-Operating Revenues (Expenses)					
Investment Earnings	376,640	347,238	27,649	751,527	12,363
Interest Expense	(985,449)	(102,009)	(50,793)	(1,138,251)	-
Intergovernmental Revenues	-	-	28,175	28,175	-
Other	(285,438)	769,651	16,899	501,112	-
Total Non-Operating Revenues (Expenses)	(894,247)	1,014,880	21,929	142,562	12,363
Income (Loss) Before Contributions and Transfers	1,585,394	8,031,621	(1,512,244)	8,104,772	(8,991)
Capital Contributions	-	-	-	-	-
Transfers In (Out)					
Transfers In	-	-	982,911	982,911	-
Transfers Out	-	(10,687,956)	(8,250)	(10,696,206)	-
Total Transfers In (Out)	-	(10,687,956)	974,661	(9,713,295)	-
Change In Net Position	1,585,394	(2,656,334)	(537,583)	(1,608,523)	(8,991)
Net Position - Beginning Of Year	83,742,734	29,213,688	12,429,122	125,385,544	463,796
Prior Period Adjustment	-	-	-	-	-
Net Position - End Of Year	\$ 85,328,128	\$ 26,557,353	\$ 11,891,539	\$ 123,777,021	\$ 454,805

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, 2019

Total Change In Net Position	\$ (1,608,523)
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Amounts Reported For Business-Type Activities In The Statement Of Activities ("SOA")
Are Different Because:

1.) Internal balances retaining to the internal service fund were moved to the funds, this is the change for the year.	100
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Net Position of Business-Type Activities -Statement of Net Position	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; padding: 0 10px;">\$ (1,608,423)</div>
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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
<i>FOR THE YEAR ENDED SEPTEMBER 30, 2019</i>	Water and Sewer Fund	Solid Waste Management Fund	Nonmajor Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 18,696,770	\$ 19,930,612	\$ 1,499,470	\$ 40,126,852	\$ -
Cash received from other funds	-	-	43,937	43,937	-
Cash received from other operating receipts	1,643,985	2,305,528	413,782	4,363,295	-
Cash payments to employees for services	(5,589,566)	(4,986,950)	(1,422,738)	(11,999,254)	-
Cash payments for other operating activities	(5,864,217)	(4,867,880)	(1,080,618)	(11,812,715)	-
Cash payments to other funds	(1,210,960)	(645,959)	(47,769)	(1,904,688)	-
Cash payments to other suppliers for goods and services	(2,193,690)	(2,103,456)	(199,550)	(4,496,696)	-
Net cash provided (used) by operating activities	<u>5,482,322</u>	<u>9,631,895</u>	<u>(793,486)</u>	<u>14,320,731</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grants	-	-	28,175	28,175	-
Interfund loan or loan repayments received	-	-	-	-	-
Transfers from other funds	-	-	982,911	982,911	-
Transfers to other funds	-	(10,687,956)	(8,250)	(10,696,206)	-
Net cash provided (used) by operating activities	<u>-</u>	<u>(10,687,956)</u>	<u>1,002,836</u>	<u>(9,685,120)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on long-term debt			(333,017)	(333,017)	-
Proceeds from capital debt		5,537,196	35,540	5,572,736	-
Interest paid on long-term debt	(985,449)	(102,009)	(50,794)	(1,138,252)	-
Acquisition or construction of capital assets	(2,365,376)	(4,498,286)	(95,355)	(6,959,017)	-
Net cash provided/(used) by capital and related financing activities	<u>(3,350,825)</u>	<u>936,901</u>	<u>(443,626)</u>	<u>(2,857,550)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest from investments	376,640	347,238	27,648	751,526	-
Purchase of investment securities	-	-	(14,679)	(14,679)	-
Proceeds from sales and maturities of investments	(838,858)	7,173,635	184,200	6,518,977	-
Rents received	-	-	-	-	-
Net cash provided/(used) by investing activities	<u>(462,218)</u>	<u>7,520,873</u>	<u>197,169</u>	<u>7,255,824</u>	<u>-</u>
Net increase/(decrease) in cash	1,669,279	7,401,713	(37,107)	9,033,885	-
Cash beginning of fiscal year	<u>2,523,532</u>	<u>23,628</u>	<u>153,789</u>	<u>43,881</u>	<u>12,000</u>
Cash end of fiscal year	<u>\$ 4,192,811</u>	<u>\$ 7,425,341</u>	<u>\$ 116,682</u>	<u>\$ 9,077,766</u>	<u>\$ 12,000</u>

	Business-type Enterprise Funds				Governmental Activities- Internal Service Worker's Compensation Fund
	Water and Sewer Fund	Solid Waste Management Fund	Nonmajor Enterprise Funds	Total	
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 2,479,641	\$ 7,016,741	\$ (1,534,173)	\$ 7,962,210	\$ (21,354)
Adjustments to Reconcile Operating Income (Loss) to Net cash Provided (Used) by Operating Activities:					
Depreciation and amortization	5,204,779	2,276,819	651,075	8,132,673	-
Changes in Assets and Liabilities					
Decrease (increase) in receivables	(217,633)	314,398	(39,724)	57,041	-
Decrease (increase) in due from other funds	(842,792)	(492,987)	21,952	(1,313,827)	-
Decrease (increase) in prepaid items	-	-	(2,653)	(2,653)	-
Decrease (increase) in inventories	-	-	11,392	11,392	-
Decrease (increase) in deferred outflows	(784,629)	(768,948)	(122,863)	(1,676,440)	-
Increase (decrease) in accounts payable	(223,354)	(499,569)	(13,519)	(736,442)	-
Increase (decrease) in compensated balances	(10,828)	26,595	10,121	25,888	-
Increase (decrease) in vouchers payable			-	-	-
Increase (decrease) in accrued liabilities	235,946	88,290	7,591	331,827	-
Increase (decrease) in due to other funds	(368,168)	(152,972)	(25,784)	(546,924)	-
Increase (decrease) in unearned revenue	-	-	(493)	(493)	-
Increase (decrease) in deposits	37,026	22,369	(315)	59,080	-
Increase (decrease) in pensions	(27,666)	1,801,159	243,907	2,017,400	-
Total adjustments	3,002,681	2,615,154	740,687	6,358,522	-
Net cash provided (used) by operating activities	\$ 5,482,322	\$ 9,631,895	\$ (793,486)	\$ 14,320,732	\$ (21,354)

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

	Agency Fund
	Developer's Escrow Fund
<i>SEPTEMBER 30, 2019</i>	
Assets	
Cash and Cash Equivalents	\$ 134,360
Investments	3,713,069
Due From Primary Government	600
Receivables, Net	
Accrued Interest	136
Total Assets	<u>\$ 3,848,165</u>
Liabilities	
Due To Primary Government	\$ 14,326
Developer and Park Zone Deposits	3,833,839
Total Liabilities	<u>\$ 3,848,165</u>

See Accompanying Notes To The Financial Statements.

Notes to the Financial Statements

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.

For the fiscal year ending September 30, 2019, the City adopted the following financial accounting standards issued by the Governmental Accounting Standards Board:

Blended Component Units

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. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize their legal separateness from the City.

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

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.

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.

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.

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.

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 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 equals 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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2019, were 97.28% 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, 2019, property tax rates were \$.5447 and \$.0903 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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

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

Assets	Useful Lives
Buildings and Improvements	10-50 years
Water and Sewer Systems	20-50 years
Infrastructure	15-40 years
Machinery and Equipment	5-10 years

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.

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

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.

Pension

For purposes of measuring the net pension asset, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City’s Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City’s total pension liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.

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

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

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

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.

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

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.

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.

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

- *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.

The City has a financial policy in place to maintain a minimum level of assigned fund balance in the general fund. The target level is set at 25% of 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 five times 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.

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, 2019. At year-end, the carrying amount of the City's deposits with financial institutions was \$4,478,129 and the bank balance was \$6,134,734. 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 \$11,584.

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, 2019, are:

Investments	Amortized Cost	Weighted Average Maturity (Days)	Standard & Poor's Rating
Public Fund Investment Pools			
TexPool	\$ 85,459,232	34	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.

NOTE 3 – DEPOSITS AND INVESTMENTS (*Continued*)

As of September 30, 2019, 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, 2019, 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, 2019, 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, 2019, none of the City's investments were subject to custodial credit risk.

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, 2019, the carrying amount of the deposits was \$19,551,117 and the bank balance was \$19,554,455. At September 30, 2019, 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, 2019 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, 2019, the carrying amount for the Boys' and Girls' Club of Edinburg, Inc. was \$11,870 and the bank balance was \$7,836. 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, 2019, \$863,225 was invested in the public funds investment pool, TexPool, mentioned above, at amortized cost. With respect to its non-endowment funds, the Boys' and Girls' Club follows the City's investment policy.

At September 30, 2019, the Boys' and Girls' Club endowment fund had investments in the following:

Investment Type	Fair Value (Level 1)
Mutual funds	\$ 161,919
Corporate debt	143,024
Money market	180,273
Total	\$ 485,215

In addition to the amounts invested above, the Boys and Girls Club has \$11,878 of cash and cash equivalents restricted for the endowment. These are classified as part of the endowment balance at September 30, 2019, which totals \$630,451.

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, 2019 are as follows:

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Debt Security	Rating	Maturity
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, 2019, the Boys' and Girls' Club of Edinburg had holdings of 5% or more in the following issuers:

Issuer	Type	Percentage of Portfolio
Goldman SACHS 3%	Corporate Debt	7.03%
McDonald's Corp. 2.625%	Corporate Debt	7.06%
National Rural Utils Coop 3%	Corporate Debt	7.07%
Ventas Reality 3.125%	Corporate Debt	7.15%
Vodafone Group 2.95%	Corporate Debt	7.11%
Wells Fargo 3.45%	Corporate Debt	7.19%
Xilink Inc 2.95%	Corporate Debt	7.15%

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, 2019 none of the Club's investments were subject to custodial credit risk.

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:

	Component Units		
	Primary Government	Primary E.E.D.C.	Boys and Girls Club of Edinburg, Inc.
Cash on hand	\$ 11,584	\$ -	\$ 250
Carrying amounts of deposits	4,478,129	19,551,117	11,878
Less: Statement of Fiduciary Net Position	(134,360)	-	-
Cash and Cash Equivalents	\$ 4,355,352	\$ 19,551,117	\$ 12,128
Cash and cash equivalents	\$ 4,353,991	\$ 4,648,154	\$ 250
Cash and cash equivalents - restricted	1,362	14,902,963	11,878
Cash and Cash Equivalents Statement of Net Position	\$ 4,355,352	\$ 19,551,117	\$ 12,128

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:

	General Fund	Capital Projects Fund	Water and Sewer Fund	Solid Waste Management Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Total
Receivables							
Taxes	\$ 6,658,784	\$ -	\$ -	\$ -	\$ 436,161	\$ -	\$ 7,094,946
Accounts	2,083,316	-	2,943,240	3,179,425	79,453	103,186	8,388,621
Accrued interest	-	-	-	-	-	-	-
Loans	-	-	-	-	1,601,802	-	1,601,802
Intergovernmental	-	1,945,705	-	-	26,890	-	1,972,595
Gross receivables	8,742,101	1,945,705	2,943,240	3,179,425	2,144,307	103,186	19,057,964
Less: Allowance							
for uncollectible-taxes	(1,122,203)	-	-	-	(215,912)	-	(1,338,115)
Less: Allowance							
for uncollectible-accou	(485,726)	-	(89,909)	(251,894)	-	(6,765)	(834,293)
Net Total Receivables	\$ 7,134,172	\$ 1,945,705	\$ 2,853,331	\$ 2,927,531	\$ 1,928,395	\$ 96,422	\$ 16,885,555

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	\$ 61,827
Uncollectible related to landfill and garbage charges	34,445
Total Uncollectible Amounts Related to Revenue	\$ 96,272

Loans receivable of \$1,601,802 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 \$1,556,108 is not expected to be collected within a year.

Component Units

At September 30, 2019, the Edinburg Economic Development Corporation had sales tax receivables of \$1,071,427. In addition, the EEDC has made certain loans to various entities to promote economic development in the City. At September 30, 2019, the Corporation had outstanding industrial development loans other net receivables totaling \$13,340,004.

The Boys' and Girls' Club of Edinburg, Inc. had intergovernmental receivables of \$55,103 at September 30, 2019.

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)	\$ 1,065,256	\$ -	\$ -	\$ -	\$ -
Delinquent cleaning/mowing (General Fund)	38,272	-	-	-	-
Franchise taxes (General Fund)	706,825	-	-	-	-
Delinquent property taxes (Nonmajor Funds)	196,052	-	-	-	-
Unearned revenue (Nonmajor Funds)	-	792,824	-	-	27,465
Loans receivable (Nonmajor Funds)	808,978	-	-	-	-
Debt refunding (Water and Sewer Fund)	-	-	340,621	731,573	-
Debt refunding (Nonmajor Enterprise Funds)	-	-	-	336,510	-
	\$ 2,815,383	\$ 792,824	\$ 340,621	\$ 1,068,083	\$ 27,465

Information regarding deferred inflows and outflows for pensions is contained in Note 12.

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Primary Government

Interfund receivable and payable balances at September 30, 2019 were as follows:

Governmental Funds

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 71,169
General Fund	Nonmajor Enterprise Funds	15,304
General Fund	Solid Waste Management Fund	2,850
General Fund	Nonmajor Governmental Funds	592,854
General Fund	Capital Projects Fund	1,040,790
Nonmajor Governmental (Special Revenue) Funds	Nonmajor Governmental (Debt Service) Fund	37,558
Nonmajor Governmental Funds	Internal Service Fund	3,232
Nonmajor Governmental Funds	General Fund	919,441
Primary Government - General Fund	Component Unit - EEDC	20,445
Primary Government - General Fund	Component Unit - The Boys and & Girls Club	9,526
		\$ 2,713,169

Proprietary Funds

Receivable Fund	Payable Fund	Amount
Water and Sewer Fund	Solid Waste Management Fund	\$ 18,003
Water and Sewer Fund	General Fund	1,038,537
Solid Waste Management Fund	General Fund	5,465
Solid Waste Management Fund	Capital Projects Fund	804,000
Solid Waste Management Fund	Nonmajor Enterprise Funds	7,005
Nonmajor Enterprise Funds	Solid Waste Management Fund	150
Nonmajor Enterprise Funds	General Fund	18,285
Internal Service Fund	Solid Waste Management Fund	402
Internal Service Fund	General Fund	344
Primary Government - Solid Waste Management Fund	Component Unit - The Boys and & Girls Club	815
		\$ 1,893,007

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, 2019 were as follows:

Edinburg Economic Development Corporation, Component Unit

Receivable Entity	Payable Entity	Amount
Component Unit - E.E.D.C	Primary Government - General Fund	\$ 1,083,473
		\$ 1,083,473

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)*Boys' and Girls' Club of Edinburg, Inc., Component Unit*

Receivable Entity	Payable Entity	Amount
Component Unit - The Boys' and Girls' Club	Nonmajor Governmental Funds	\$ 1,126
		\$ 1,126

Interfund transfers during the year were as follows:

Transfer Out:	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Total
General Fund	\$ -	\$ 3,398,041	\$ 1,668,236	\$ 182,886	\$ 5,249,163
Capital Projects Fund	10,865	-	16,326	-	27,191
Nonmajor Governmental Funds	-	-	2,200,117	-	2,200,117
Solid Waste Management Fund	9,887,931	-	-	800,025	10,687,956
Nonmajor Enterprise Funds	8,250	-	-	-	8,250
Total	\$ 9,907,046	\$ 3,398,041	\$ 3,884,678	\$ 982,911	\$ 18,172,676

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.

Transfers out of the General Fund to the Nonmajor Enterprise Funds are for operations.

Transfers out of the General Fund to the Nonmajor Governmental Funds consists of:

- CDBG Fund - Subsidizing fiscal year short-falls of programs.
- Debt Service Fund - Sales tax revenues in lieu of property taxes in excess of the projected revenue used in estimating effective and rollback tax rate for the current tax year.
- TIRZ # 1 and TIRZ #4. - City's dedicated 1% sales tax revenues collected within the zones.

Transfers out of Capital Projects Fund to the General Fund and Debt Service Fund (nonmajor governmental fund) are excess funds on closing of project and cost of issuance of the 2019 Series Bonds.

Transfers out of TIRZ #1 and TIRZ#4 (nonmajor governmental fund) to the LGFC Fund (nonmajor governmental fund) are tax increment revenues generated to service the bond payments of the LGFC.

Transfers out of the Solid Waste Management Fund to the Nonmajor Enterprise Funds are for operations.

NOTE 7 – CAPITAL ASSETS

Primary Government

Capital asset activity for the year ended September 30, 2019 was as follows:

Governmental Activities	Balance at October 1, 2018	Adjustments	Increases	Decreases	Balance at September 30, 2019
Capital assets, not being depreciated:					
Land	\$ 22,936,749	\$ -	\$ -	\$ -	\$ 22,936,749
Construction in progress	2,864,079	-	4,959,451	-	7,823,530
Total capital assets, not being depreciated	25,800,828	-	4,959,451	-	30,760,279
Capital assets, being depreciated:					
Buildings	93,941,673	(1,724,355)	-	(3,045,451)	89,171,867
Improvements other than buildings	145,621,314	3,577,458	653,739	(54,168)	149,798,343
Furniture and equipment	36,326,851	(1,853,103)	2,102,628	(4,639,737)	31,936,639
Total capital assets, being depreciated	275,889,838	-	2,756,367	(7,739,356)	270,906,849
Less accumulated depreciation for:					
Buildings	(10,755,588)	-	(1,797,709)	2,196,255	(10,357,042)
Improvements other than buildings	(96,630,082)	-	(7,524,412)	54,169	(104,100,325)
Furniture and equipment	(23,299,822)	-	(2,105,649)	4,471,690	(20,933,781)
Total accumulated depreciation	(130,685,492)	-	(11,427,770)	6,722,114	(135,391,148)
Total capital assets, being depreciated, net	145,204,346	-	(8,671,403)	(1,017,242)	135,515,701
Governmental activities capital assets, net	\$ 171,005,174	\$ -	\$ (3,711,952)	\$ (1,017,242)	\$ 166,275,980

Business-type Activities	Balance at October 1, 2018	Adjustments	Increases	Decreases	Balance at September 30, 2019
Capital assets, not being depreciated:					
Land	\$ 14,190,206	\$ -	\$ 112,668	\$ -	\$ 14,302,874
Construction in progress	19,370,230	-	1,667,728	-	21,037,958
Total capital assets, not being depreciated	33,560,436	-	1,780,396	-	35,340,832
Capital assets, being depreciated:					
Buildings	165,611,186	(1,193,360)	-	(924,037)	163,493,789
Improvements other than buildings	35,765,110	1,193,360	948,886	(126,611)	37,780,745
Furniture and equipment	30,157,434	-	4,237,158	(3,664,123)	30,730,469
Total capital assets, being depreciated	231,533,730	-	5,186,044	(4,714,770)	232,005,003
Less accumulated depreciation for:					
Buildings	(70,099,894)	(504,312)	(4,438,572)	877,214	(74,165,565)
Improvements other than buildings	(18,690,084)	504,312	(1,320,202)	124,660	(19,381,314)
Furniture and equipment	(23,838,580)	-	(2,283,579)	3,622,575	(22,499,585)
Total accumulated depreciation	(112,628,558)	-	(8,042,354)	4,624,449	(116,046,463)
Total capital assets, being depreciated, net	118,905,172	-	(2,856,310)	(90,322)	115,958,540
Business-type activities capital assets, net	\$ 152,465,608	\$ -	\$ (1,075,915)	\$ (90,322)	\$ 151,299,372

NOTE 7 – CAPITAL ASSETS (Continued)

As further discussed in Note 13, at September 30, 2019, the City had remaining construction and improvement commitments amounting to \$7,362,225.

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

Governmental Activities	
General government	\$ 383,728
Public safety	1,364,584
Highway and streets, including depreciation of general infrastructure assets	7,232,836
Health and welfare	45,987
Culture and recreation	1,774,012
Economic Redevelopment	1,643,868
Total Depreciation Expense - Governmental Activities	\$ 12,445,015
Business-Type Activities	
Water and Sewer	\$ 5,204,779
Solid Waste Management	2,276,819
Golf Courses	72,910
Airport	578,165
Total Depreciation Expense - Business-Type Activities	\$ 8,132,673

Component Units*Edinburg Economic Development Corporation*

	Balance at October 1, 2018		Adjustments	Increases	Decreases	Balance at September 30, 2019				
Governmental Activities										
Capital assets, not being depreciated:										
Land	\$	6,294,656	\$	795	\$	-	\$	(985,066)	\$	5,310,385
Total capital assets, not being depreciated		6,294,656		6,294,656		6,294,656		(985,066)		5,310,385
Capital assets, being depreciated:										
Buildings		3,510,343		-		8,740		(916,712)		2,602,371
Furniture and equipment		176,434		(174)		-		-		176,260
Total capital assets, being depreciated		3,686,779		3,686,779		3,686,779		3,686,779		2,778,631
Less accumulated depreciation for:										
Buildings		(992,600)		-		(87,066)		254,743		(824,923)
Furniture and equipment		(171,446)		(1,296)		(1,935)		-		(174,677)
Total accumulated depreciation		(1,164,046)		(1,296)		(89,001)		254,743		(999,600)
Total capital assets, being depreciated, net		2,616,770		2,616,770		3,597,778		3,941,522		1,779,031
Governmental activities capital assets, net	\$	8,911,426	\$	8,911,426	\$	9,892,434	\$	2,956,456	\$	7,089,416

NOTE 7 – CAPITAL ASSETS (Continued)

Depreciation expense totaling \$89,001 was charged to economic development and assistance on the Statement of Activities under component units for the year ended September 30, 2019.

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:

Component Units	Balance at October 1, 2018	Adjustments	Increases	Decreases	Balance at September 30, 2019
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	260,339	-	-	(28,967)	231,372
Total capital assets, being depreciated	5,166,326	-	-	(28,967)	5,137,359
Less accumulated depreciation for:					
Buildings	(590,418)	-	(98,120)	-	(688,538)
Furniture and equipment	(186,009)	-	(13,286)	28,967	(170,328)
Total accumulated depreciation	(776,427)	-	(111,406)	28,967	(858,866)
Total capital assets, being depreciated, net	4,389,899	-	(111,406)	-	4,278,493
Governmental activities capital assets, net	\$ 4,929,024	\$ -	\$ (111,406)	\$ -	\$ 4,817,618

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, 2019.

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 \$72,043,277.

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.

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%.	3,590,272
\$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%.	7,365,000
\$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%.	3,825,000
\$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%.	10,708,005
\$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%.	3,705,000
\$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%.	9,705,000
\$27,875,000, 2019 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>27,875,000</u>
Total General Obligation Bonds and Certificates of Obligation	<u>\$ 72,043,277</u>
Less: Current Portion of Bonds Payable	(3,497,507)
Less: Unamortized Discounts on Bond Issuance	(37,028)
Add: Unamortized Premiums on Bond Issuance	<u>4,748,004</u>
General Obligation Bonds and Certificates of Obligation Payable, Net of Current Portion, Discounts and Premiums	<u>\$ 73,256,792</u>

NOTE 8 – LONG TERM DEBT (Continued)

Debt service requirements to maturity are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2020	\$ 3,497,504	\$ 3,171,880
2021	4,039,106	2,558,914
2022	4,201,667	2,392,888
2023	4,360,000	2,229,332
2024	4,540,000	2,039,377
2025-2029	20,195,000	7,442,322
2030-2034	17,210,000	3,774,119
2035-2039	14,000,000	1,009,350
Total	\$ 72,043,277	\$ 24,618,182

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 \$35,661,724. 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 \$2,441,724.

Revenue and General Obligation bonds outstanding at September 30, 2019 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%.	2,350,000
\$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%.	2,395,000
\$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%.	619,730
\$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%.	8,025,000
\$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%.	6,980,000

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%. 1,821,994

\$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%. 4,615,000

\$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 \$ 35,661,724

Less: Current Portion of Revenue Bonds Payable From Restricted Assets (3,047,496)

Add: Unamortized Premiums on Bond Issuance 1,556,691

Revenue Bonds Payable, Net of Current Portion and Premiums \$ 34,170,919

Water and Sewer Fund \$ 32,425,667

Los Lagos Golf Club Fund 1,745,252

\$ 34,170,919

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

Year Ending September 30,	Business-Type Activities	
	Principal	Interest
2020	\$ 3,047,496	1021812
2021	3,115,894	949537
2022	2,873,334	852600
2023	2,865,000	759548
2024	2,960,000	664173
2025-2029	13,365,000	2260162
2030-2034	6,850,000	376515
2035-2039	585,000	8240
Total	\$ 35,661,724	\$ 6,892,587

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, 2019 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%.	\$ 35,925,000
\$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>3,355,000</u>
Total Contract Revenue Bonds	<u>\$ 39,280,000</u>
Less: Current Portion of Bonds Payable	(775,000)
Less: Unamortized Discounts on Bond Issuance	(122,047)
Add: Unamortized Premiums on Bond Issuance	<u>1,842,298</u>
Tax Increment Contract Revenue Bonds Payable, Net of Current Portion, Discounts and Premiums	<u>\$ 40,225,251</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
2020	\$ 775,000	\$ 1,899,725
2021	820,000	1,859,850
2022	855,000	1,817,975
2023	905,000	1,773,975
2024	945,000	1,727,725
2025-2029	5,490,000	7,881,325
2030-2034	6,855,000	6,524,800
2035-2039	8,770,000	4,606,000
2040-2044	11,255,000	2,116,125
2045-2049	2,610,000	65,250
Total	\$ 39,280,000	\$ 30,272,750

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, 2019, the developer has incurred costs and interest in the amount of \$11,634,132. The balance on the obligation as of September 30, 2019 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.

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 \$3,334,561 and \$7,319,827, respectively.

NOTE 8 – LONG TERM DEBT *(Continued)*

Prior Year Defeasance of Debt

In 2006, the City refunded \$1,590,000 of General Obligation Bonds Series 1997, \$1,000,000 of General Obligation Bonds series 1998, \$1,875,000 of General Obligation Bonds Series 1999, \$4,500,000 of Combination Tax and Revenue Bonds Series 2000, \$1,820,000 of Combination Tax and Revenue Bonds Series 2001, \$2,315,000 of Combination Tax and Revenue Bonds Series 1995, \$1,720,000 of Combination Tax and Revenue Bonds Series 1996, and \$4,475,000 of Golf Course Certificates of Obligation Series 1999. The liability for the defeased bonds is not included in the City's financial statements. At September 30, 2019, \$5,475,000 of defeased bonds remains outstanding.

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, 2019, \$4,265,000 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, 2019, \$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, 2019, \$7,005,000 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, 2019, \$12,685,000 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, 2019, \$9,620,000 of defeased bonds remains outstanding.

Capital Leases

The City has obtained heavy equipment, vehicles, furniture and other equipment through long-term operating leases. The total cost for such leases was \$9,793,777 for the year ended September 30, 2019. The cost is \$2,146,000 for the General Fund, \$5,477,250 for the Solid Waste Management Fund, \$2,056,677 for the Utility Fund, \$67,000 for Los Lagos, \$37,000 South Texas International Airport Fund and \$9,850 for Ebony Hills Golf Course Fund.

The future minimum payments under these agreements are as follows:

Year Ending September 30,	Capital Lease Payments	
	Principal	Interest
2020	\$ 1,460,691	\$ 238,100
2021	1,502,865	195,926
2022	1,546,257	152,534
2023	1,590,903	107,888
2024	1,056,653	66,030
2025-2029	1,803,344	96,511
Total	\$ 8,960,712	\$ 856,988

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, 2019 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%. \$ 229,439

Notes Payable 229,439

Less: Current Portion of Notes Payable (112,885)

Notes Payable, Net of Current Portion \$ 116,554

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:

Year Ending September 30,	Business-Type Activities	
	Principal	Interest
2020	\$ 112,885	\$ 7,457
2021	116,554	3,788
Total	\$ 229,439	\$ 11,245

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-B, has a balance of \$10,734,222 as of September 30, 2019, which is based on 82.03% usage (filled). Permit 2302 has a balance of \$1,408,669 as of September 30, 2019, which is based on 23.41% usage (filled). It is estimated that an additional \$6,960,339 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 (\$19,103,231) 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, 2019. The actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

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, 2019 was follows:

	Balance at September 30, 2018	Additional Obligations and Net Increases	Retirement and Net Decreases	Balances at September 30, 2019	Amounts Due within One Year
Governmental Activities					
General obligation bonds	\$ 46,492,985	\$ 27,875,000	\$ 2,324,708	\$ 72,043,277	\$ 3,497,504
Add: issuance premium	2,522,145	2,505,779	279,878	4,748,046	-
Less: issuance discount	(39,518)	-	(2,491)	(37,027)	-
General obligation bonds payable	48,975,612	30,380,779	2,602,095	76,754,296	3,497,504
Tax increment contract revenue bonds	40,020,000	-	740,000	39,280,000	775,000
Add: issuance premium	1,913,156	-	70,858	1,842,298	-
Less: issuance discount	(129,088)	-	(7,041)	(122,047)	-
Tax increment contract revenue bonds payable	41,804,068	-	803,817	41,000,251	775,000
Long-term payable - State Comptroller	8,896	-	8,896	-	-
Capital Lease Obligations	-	2,146,000	138,205	2,007,795	242,430
Reimbursement obligation - developer	9,949,885	-	338,359	9,611,526	-
Compensated absences	4,031,616	2,126,212	2,131,103	4,036,507	1,188,578
Governmental activities long-term liabilities	\$ 104,770,077	\$ 34,652,991	\$ 6,022,475	\$ 133,410,375	\$ 5,703,512

	Balance at September 30, 2018	Additional Obligations and Net Increases	Retirement and Net Decreases	Balances at September 30, 2019	Amounts Due within One Year
Business-type Activities					
Revenue bonds	\$ 35,545,000	\$ -	\$ 2,325,000	\$ 33,220,000	\$ 2,375,000
Add: issuance premium	1,279,023	-	54,386	1,224,637	-
Revenue bonds payable	36,824,023	-	2,379,386	34,444,637	2,375,000
General obligation bonds	3,112,016	-	670,292	2,441,724	672,496
Add: issuance premium	372,456	-	40,402	332,054	-
General obligation bonds payable	3,484,472	-	710,694	2,773,778	672,496
Notes payable	338,771	-	109,332	229,439	112,885
Capital Lease Obligations	-	7,647,777	694,860	6,952,917	1,218,261
Landfill closure and postclosure	11,418,458	724,433	-	12,142,891	-
Compensated absences	379,472	453,979	479,867	405,360	282,699
Business-type activities long-term liabilities	\$ 52,445,196	\$ 8,826,189	\$ 4,374,139	\$ 56,949,022	\$ 4,661,341

	Governmental Activities	Business-Type Activities
<i>Balance as September 30, 2019</i>		
Long-term liabilities	\$ 162,915,293	\$ 49,996,105
Less: amounts due within one year	(6,921,773)	(3,443,080)
Total liabilities due in more than one year (Exhibit 1-A)	\$ 155,993,520	\$ 46,553,025

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, 2019 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.	\$ 1,240,000
\$4,575,000 Bond Issue Series 2013B due November 30, 2024; fixed interest at 3.04%; collateralized by sales and use tax receipts.	2,460,000
\$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.	13,335,000
\$10,840,000 Bond Issue Series 2019; payable in monthly installments plus interest maturing September 30, 2044.	<u>10,840,000</u>
Bonds Payable	<u>\$ 27,875,000</u>

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

Year Ending September 30,	EEDC	
	Principal	Interest
2020	\$ 930,000	\$ 1,297,357
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
2025-2029	6,745,000	4,373,279
2030-2034	8,325,000	2,792,032
2035-2039	4,015,000	1,250,186
2040-2044	3,285,000	508,500
Total	\$ 27,875,000	\$ 14,537,393

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, 2019:

	Balance at September 30, 2018	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2019	Amounts Due within One Year
Bonds payable	\$ 17,810,000	\$ 10,840,000	\$ (775,000)	\$ 27,875,000	\$ 930,000
Total	\$ 17,810,000	\$ 10,840,000	\$ (775,000)	\$ 27,875,000	\$ 930,000

Boys' and Girls' Club of Edinburg, Inc.

Notes payable at September 30, 2019 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%.

\$ 119,152

Notes Payable

\$ 119,152

Less: Current Portion of Notes Payable

(95,149)

Notes Payable, Net of Current Portion

\$ 24,003

Notes payable debt service requirements to maturity are as follows:

Year Ending September 30,	Principal	Interest
2020	\$ 95,149	\$ 3,797
2021	24,003	198
Total	\$ 119,152	\$ 3,995

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

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, 2019 consist of \$6,876,471 of cash with fiscal agent reported in the General Fund (\$1,865,339) and the LGFC Fund (\$5,011,132), a nonmajor governmental fund.

Restricted assets included in business-type activities as of September 30, 2019 consist of:

Interest and sinking funds - Water and Sewer Fund	\$ 3,195,628
Cash with fiscal agent - Water and Sewer Fund	4,036,017
Cash with fiscal agent - Solid Waste Management Fund	5,511,745
Cash with fiscal agent - Nonmajor Enterprise Funds	108,187
Total	\$ 12,851,576

Cash with fiscal agent is in relation to the 2014 Utility System Junior Lien Bonds 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 and capital purchases from the agent.

Liabilities payable from restricted assets included in business-type activities as of September 30, 2019 consist of accrued interest payable in the amount of \$51,033 in the Water and Sewer Fund.

NOTE 10 – NET POSITION RESTRICTED BY ENABLING LEGISLATION

The government-wide Statement of Net Position includes \$1,822,857 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. In addition to municipal court purposes of \$530,318, \$963,260 from hotel occupancy tax is restricted for tourism and \$352,758 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 \$665,550 exists in the Los Lagos Golf Course Fund 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.

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.

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, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	258
Inactive employees entitled to but not yet receiving benefits	354
Active employees	792
Total	1,404

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 14.34% and 14.24% in the calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019 were \$5,075,953 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, 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, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% 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.

NOTE 12 – EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)

Actuarial assumptions used in the December 31, 2018 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 2018 are summarized in the following table:

Asset Class (Arithmetic)	Target Allocation	Long-Term Expected Net Real Rate of Return
Domestic equity	17.5%	4.55%
International equity	17.5%	6.35%
Core fixed income	10.0%	1.00%
Non-core fixed income	20.0%	4.15%
Real return	10.0%	4.15%
Real estate	10.0%	4.75%
Absolute return	10.0%	4.00%
Private equity	5.0%	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.

NOTE 12 – EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Net Pension Liability Beginning	\$ 140,491,447	\$ 112,162,421	\$ 28,329,026
Changes for the year:			
Service cost	5,451,177		5,451,177
Interest	9,496,321		9,496,321
Change of benefit terms	-		-
Difference between expected and actual experience	(1,994,144)		(1,994,144)
Changes of assumptions	-		-
Contributions-employer		5,075,953	(5,075,953)
Contributions-employee		2,477,808	(2,477,808)
Net investment income		(3,362,715)	3,362,715
Benefit payments, including refunds of employee contributions	(5,061,598)	(5,061,598)	-
Administrative expense		(64,934)	64,934
Other changes		(3,394)	3,394
Net Changes	7,891,756	(938,880)	8,830,636
Net Pension Liability Ending	\$ 148,383,203	\$ 111,223,541	\$ 37,159,662

The amount presented above includes pension liabilities for the City's discretely presented component units. At September 30, 2019, the Boys' and Girls' Club of Edinburg's portion of the net pension obligation was \$469,818 and the EEDC's portion was \$612,383. The total net pension liability for the Primary Government is \$36,050,460 which is allocated between governmental activities and business- type activities in the amounts of \$28,299,885 and \$7,820,575, respectively.

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:

	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
Governmental Activities net pension liability	\$ 46,986,229	\$ 28,229,887	\$ 13,168,297
Business type activities net pension liability	13,016,677	7,820,575	3,648,036
Boys & Girls Club	826,911	496,818	231,749
Edinburg EDC's net pension liability	1,019,259	612,383	285,656
Total net pension liability	\$ 61,849,075	\$ 37,159,662	\$ 17,333,738

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.

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

For the year ended September 30, 2019, the City recognized pension expense of \$6,579,780

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred	Deferred
Differences between expected and actual experience	659,003	2,821,099
Changes in actuarial assumptions	-	111,108
Differences between projected and actual investment earnings	5,813,917	-
Contributions Subsequent to Measurement Period	4,106,843	-
Total	10,579,763	2,932,207

Of the total deferred outflows relating to the pension plan, \$8,105,054 is reported in governmental activities and \$2,134,508 is reported in business-type activities. . The Boys and Girls Club of Edinburg' s portion is \$183,692, and the remaining \$156,509 pertains to the EEDC.

Of the total deferred inflows relating to the pension plan, \$1,838,003 is reported in Governmental Activities, \$473,725 is reported in Business-Type Activities. The Boys and Girls Club of Edinburg's portion is \$45,526, and the remaining \$34,953 pertains to the EEDC.

\$4,106,843 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, 2019. Other amounts reported as deferred outflows and the inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	Net Deferred Outflows (Inflows) of Resources
2019	1,436,768
2020	398,200
2021	497,649
2022	1,929,380
2023	(181,284)
Thereafter	-
Total	4,080,713.00

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, 2018, 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.

Benefits Provided

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

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at 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.

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, 2019, total contributions (dues, prior service, and interest on prior service financing) of \$43,428 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, 2018 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:

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

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
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, 2019 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:

1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
\$488,180	\$274,669	\$131,747

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, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2018. 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, 2018. The City's proportionate share of the net pension liability at September 30, 2019 was as follows:

Total Pension Liability	\$ 1,390,525
Plan Fiduciary Net Position	1,115,867
<u>City's Net Pension Liability</u>	<u>\$ 274,669</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	80.2%
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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, 2019, the City recognized pension expense of \$65,085.

At September 30, 2019 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between contributions during measurement period and proportionate share	\$ -	\$ -
Differences between projected and actual investment earnings	35,371	-
Differences between projected and actual experience	-	332
Changes in assumptions	-	-
Contributions subsequent to the measurement date	-	-
Change in proportion	-	-
Total	<u>\$ 35,371</u>	<u>\$ 332</u>

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

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:

Year Ending September 30,	Net Deferred Outflows (Inflows) of Resources
2020	\$ 7,457
2021	3,910
2022	8,693
2023	14,979
Total	\$ 35,039

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 2019 were \$762,157 for retirees (net of retiree contributions)

Employees Covered by Benefit Terms

Inactive employees or beneficiaries currently receiving benefits	77
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>760</u>
	837

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

Actuarial Assumptions

The total OPEB liability in the September 30, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary Increases	Varies from 10.50% to 3.50%
Discount Rate: (1)	
Prior Measurement Date	3.63% per year
Measurement Date	4.18% per year
Mortality Table	RP-2014 Total Dataset Mortality Table fully generational using MP-2018 mortality improvement scale
Health Care Cost Trends	5.50% from 2018 to 2019 decreasing to an ultimate rate of 3.84% 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, 2018, 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, 2018. 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, 2019, and was determined by an actuarial valuation as of that date.

City of Edinburg
Notes to the Financial Statements
September 30, 2019

NOTE 12 – EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)

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

Health Insurance Program

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)- (b)
Net Pension Liability Beginning	\$19,081,563	-	\$19,081,563
Changes for the year:			
Service cost	1,069,819		1,069,819
Interest	826,562		826,562
Change of benefit terms	-		-
Difference between expected and actual experience	56,192		56,192
Changes of assumptions	3,178,838		3,178,838
Contributions-employer		762,157	(762,157)
Contributions-employee		-	-
Net investment income		-	-
Benefit payments, including refunds of employee contributions	(762,157)	(762,157)	-
Administrative expense		-	-
Other changes		-	-
Net Changes	4,369,254	-	4,369,254
Net Pension Liability Ending	23,450,817	-	23,450,817

The amount presented above includes OPEB liabilities for the City's discretely presented component units. At September 30, 2019, the Boys' and Girls' Club of Edinburg's portion of the OPEB liability was \$353,127 and the EEDC's portion was \$86,509. The total OPEB liability for the primary government is \$29,041,630 which is allocated between governmental activities and business-type activities in the amounts of \$16,980,730 and \$6,030,450.

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 2.66%, 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 (1.66%) or 1 percentage point higher (3.66%) 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	Discount Rate		
	1% Increase 3.66%	Current 2.66%	1% Decrease 1.66%
1% Decrease		\$20,279,459	
Current	\$21,309,276	\$23,450,817	\$25,784,954
1% Increase		\$27,279,646	

NOTE 12 – EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)**OPEB Expense and Deferred Outflows of Resources Related to OPEB**

For the year ended September 30, 2019 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	-	49,168
Changes in assumptions and other inputs - OPEB Health	780,879	2,781,483
Total (excluding contributions made subsequent to measurement date)	<u>\$780,879</u>	<u>2,830,651</u>

Of the total deferred inflows relating to the OPEB plan, \$564,107 is reported in governmental activities and \$202,350 is reported in business-type activities. The remaining \$14,423 is reported with discretely presented component units.

Of the total deferred outflows relating to the OPEB plan, \$2,060,767 is reported in governmental activities and \$715,007 is reported in business-type activities. The remaining \$54,877 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:

Year Ending September 30,	Net Deferred Outflows (Inflows) of Resources
2020	\$ 274,232
2021	274,232
2022	274,232
2023	274,232
2024	274,232
Thereafter	678,612
Total	<u>\$ 2,049,772</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.

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.tmr.com.

Employees Covered by Benefit Terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	198
Inactive employees entitled to but not yet receiving benefits	36
Active employees	792
Total	1026

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 2019. The City's contributions to the SDBF for the year ended September 30, 2019 were \$40,463 and were equal to the required contributions.

NOTE 12 – EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)

Actuarial assumptions:

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary increases	3.50% to 10.50%, 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	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates- disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

*The discount rate was based on the Fidelity Index's "20-year Municipal GO AA Index" rate as of December 31, 2018.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period of December 31, 2010 to December 31, 2014.

Total OPEB Liability

The City's Total OPEB Liability was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

NOTE 12 – EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)

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

SDBF Program	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at December 31, 2017	\$ 1,398,232	\$ -	\$ 1,398,232
Changes for the year:			
Service cost	63,715	-	63,715
Interest	47,160	-	47,160
Change in benefit terms	-	-	-
Difference between expected/actual experience	29,186	-	29,186
Changes of assumptions	(112,151)	-	(112,151)
Contributions – employer	-	-	-
Contributions – employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	(10,619)	-	(10,619)
Administrative expenses	-	-	-
Other changes	-	-	-
Net changes	17,291	-	17,291
Balance at December 31, 2018	\$ 1,415,523	\$ -	\$ 1,415,523

The amount presented above includes OPEB liabilities for the City's discretely presented component units. At September 30, 2019, the Boys' and Girls' Club of Edinburg's portion of the OPEB liability was \$28,918 and the EEDC's portion was \$15,391. The total OPEB liability for the primary government is \$1,640,456 which is allocated between governmental activities and business-type activities in the amounts of \$1,101,972 and \$269,242.

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 3.31%, 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 (2.31%) or 1 percentage point higher (4.31%) than the current rate.

SDBF Program – Current Discount

1% Decrease 2.31%	Current Discount Rate 3.31%	1% Increase 4.31%
\$1,722,142	\$1,415,523	\$1,183,295

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

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

NOTE 12 – EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)*OPEB Expense and Deferred Outflows of Resources Related to OPEB*

For the year ended September 30, 2019 the City recognized combined OPEB expense in the amount of \$116,693.

At September 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred (Inflows) of Resources	Deferred Outflows of Resources
Deferred (Inflows)/Outflows of Resources:		
Differences between expected and actual experience	-	25,149
Changes in assumptions and other inputs - OPEB Death	96,639	90,445
Contributions made subsequent to measurement date		43,260
Total (excluding contributions made subsequent to measurement date)	<u>\$96,639</u>	<u>158,854</u>

Of the total deferred outflows relating to the OPEB plan, \$123,690 is reported in governmental activities and \$30,237 is reported in business-type activities. The remaining \$4,927 is reported with discretely presented component units.

Of the total deferred inflows relating to the OPEB plan, \$75,159 is reported in governmental activities and \$18,619 is reported in business-type activities. The remaining \$2,861 is reported with discretely presented component units.

\$43,260 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, 2019. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30,	Net Deferred Outflows (Inflows) of Resources
2019	\$ 5,818
2020	5,818
2021	5,818
2022	5,818
2023	5,818
Thereafter	(10,135)
Total	\$ 18,955

NOTE 13 – CONSTRUCTION AND IMPROVEMENT COMMITMENTS

Construction and Improvement Commitments

At September 30, 2019, the City had the following significant remaining contractual commitments for construction and improvement projects:

Project	Financing Sources	Remaining Commitments
Lift Station No. 42 Rehabilitation & Upgrade	Utility Fund	\$ 624,384
Los Venados Stand Pipe Project	Utility Fund	227,500
W Schunior Main and Chapin -Utility Line Improvement	Utility Fund	11,902
2013 Sewer Annexation Improvements	Utility Fund	106,406
LIFT STATION NO. 19 Force Main Relocation	Utility Fund	25,910
Owassa Phase II	Utility Fund	18,760
Owassa Phase I	Utility Fund	62,250
North Booster Station	Utility Fund	27,625
Solid Waste Cells	Solid Waste Management Fund	1,888,607
Municipal Park and Diaz Park Improvements	Parkline Fund	449,616
Edinburg Transit Terminal	Federal Transit Administration Grant	125,164
South Central Original Townsite Drainage Improvements	Certificate of Obligation, Series 2018	1,202,318
Fire Station # 5	Certificate of Obligation, Series 2015	1,017,950
Dustin Sekula Library	Capital Projects Fund	17,500
Northside Drainage	Capital Projects Fund	1,529,336
Stadium Drive Drainage	Capital Projects Fund	26,997
Total		\$ 7,362,225

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:

	Encumbrances
General Fund	\$ 906,900
Capital Projects Fund	558,548
Nonmajor Governmental Fund	
Special Revenue Fund	233,737
Water and Sewer Fund	982,743
Solid Waste Management Fund	2,109,106
Nonmajor Enterprise Fund	18,089
Edinburg International Airport Fund	-
Total	\$ 4,809,123

Component Units

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

	Encumbrances
Boys' and Girls' Club	\$ 9,364
Total	\$ 9,364

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. There have been no significant reductions in insurance coverage. Claim settlements totaling \$38,192 were paid out of the General Fund, from which \$1,212 related to the Solid Waste Management Fund for the current year. In 2018 and 2017, \$50,000 and \$219, respectively, were paid out of the General Fund.

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, 2019, 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, 2019. No new claims will be incurred since the city no longer is self-insured.

NOTE 15 – RISK MANAGEMENT (*Continued*)

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:

	2019	2018
Beginning of fiscal year claims liability	\$ 78,771	\$ 115,000
Current year claims and changes in estimates	(0)	(22,204)
Claim payments, net of stop loss	(0)	(14,025)
End of fiscal year claims liability	\$ 78,771	\$ 78,771

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, 2019, 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:

General Fund

The General Fund beginning fund balance was decreased by \$937,500, to adjust and properly allocated that portion of a \$1,000,000 of a reimbursement agreement from 2015. There was an increase of \$11,426 to the fund to remove an outstanding liability that had already been paid in a prior year.

NOTE 18 – RELATED PARTY TRANSACTIONS

For the year ended September 30, 2019, 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 \$1,083,473

Sales Tax Agreement – In connection with a project funding agreement relating to a proposed Edinburg entertainment center, the EEDC transferred \$1,463,025 to the City of Edinburg, Texas Local Government Finance Corporation during the year.

NOTE 19 – SUBSEQUENT EVENTS

Primary Government

Capital Lease Financing – On February 14, 2020, the City awarded a proposal for a municipal lease purchase agreement with Banc of America Public Capital Corporation for the purchase of major equipment and vehicles in the amount of \$9,974,734. The term of these lease agreements range to 10 years.

Landfill Land Purchase – On October 1, 2019 the City entered into a real estate lien note agreement with PSC Land Development, Inc., a Texas corporation for the purchase of a property located Baker's subdivision in the amount of \$2,000,000. The term of the lease agreement states the payment of the principal balance in annual installments of \$500,000, with a total due before October 1, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
FOR THE YEAR ENDED SEPTEMBER 30, 2019	Original	Final	Actual	
Revenues				
Taxes				
Ad Valorem	\$ 24,019,514	\$ 24,019,514	\$ 25,087,943	\$ 1,068,429
Sales	16,661,847	17,405,497	19,066,916	1,661,419
Franchise and Other	3,899,000	3,899,000	4,088,528	189,528
Total Taxes	44,580,361	45,324,011	48,243,386	2,919,375
Licenses and Permits				
Business Licenses and Permits	109,500	109,500	93,787	(15,713)
Non-Business Licenses and Permits	604,250	934,250	939,664	5,414
Total Licenses and Permits	713,750	1,043,750	1,033,451	(10,299)
Charges for Services				
General Government	211,800	211,800	249,460	37,660
Culture and Recreation	821,100	821,100	743,404	(77,696)
Health and Welfare	590,700	590,700	672,747	82,047
Public Safety	266,400	266,400	334,649	68,249
Total Charges for Services	1,890,000	1,890,000	2,000,260	110,260
Fines and Forfeitures				
Municipal Court	993,750	993,750	940,443	(53,307)
Other Fines	14,000	14,000	17,436	3,436
Total Fines and Forfeitures	1,007,750	1,007,750	957,879	(49,871)
Intergovernmental Revenues	1,795,597	5,052,686	2,763,248	(2,289,438)
Interest	476,000	556,000	623,349	67,349
Other	281,463	459,258	659,890	200,632
Total Revenues	50,744,921	55,333,455	56,281,463	948,008
Expenditures				
General Government				
City Council				
Personnel Services	33,327	33,327	29,937	3,390
Supplies	90,400	56,400	91,189	(34,789)
Miscellaneous Services	170,445	199,445	118,775	80,670
Total City Council	294,172	289,172	239,900	49,272
City Manager				
Personnel Services	847,772	1,012,122	924,388	87,734
Supplies	13,000	20,200	19,317	883
Miscellaneous Services	32,000	101,529	82,634	18,895
Total City Manager	892,772	1,133,851	1,026,339	107,512

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, 2019</i>	Original	Final	Actual	
City Secretary				
Personnel Services	463,195	466,795	466,189	606
Supplies	13,900	33,900	33,033	867
Miscellaneous Services	51,775	53,750	32,039	21,711
Capital Outlay	-	-	-	-
Total City Secretary	528,870	554,445	531,260	23,185
Municipal Court				
Personnel Services	929,928	937,828	891,316	46,512
Supplies	11,950	11,950	8,165	3,785
Miscellaneous Services	156,423	160,423	99,486	60,937
Capital Outlay	-	-	-	-
Total Municipal Court	1,098,301	1,110,201	998,967	111,234
Legal				
Personnel Services	155,785	157,235	160,929	(3,694)
Supplies	3,455	8,055	5,484	2,571
Miscellaneous Services	539,503	537,053	507,307	29,746
Total Legal	698,743	702,343	673,720	28,623
Finance				
Personnel Services	1,272,064	1,267,264	1,289,563	(22,299)
Supplies	20,625	22,425	22,843	(418)
Miscellaneous Services	289,428	309,603	292,026	17,577
Capital Outlay	365,000	300,000	280,960	19,040
Total Finance	1,947,117	1,899,292	1,885,393	13,899
Human Resources				
Personnel Services	544,943	558,643	570,800	(12,157)
Supplies	39,870	39,870	35,389	4,481
Miscellaneous Services	140,340	179,840	125,641	54,199
Capital Outlay	-	-	-	-
Total Human Resources	725,153	778,353	731,830	46,523
Planning and Zoning				
Personnel Services	415,693	419,343	445,177	(25,834)
Supplies	19,250	8,350	8,880	(530)
Miscellaneous Services	142,038	306,760	212,193	94,567
Capital Outlay	-	-	-	-
Total Planning	576,981	734,453	666,250	68,203
Information Technology				
Personnel Services	1,067,281	341,780	417,804	(76,024)
Supplies	7,020	17,494	18,098	(604)
Miscellaneous Services	239,404	267,354	214,419	52,935
Capital Outlay	210,000	207,500	116,268	91,232
Total Information Technology	1,523,705	834,128	766,589	67,539
Communications and Media				
Personnel Services	494,398	492,796	499,059	(6,263)
Supplies	11,945	16,245	12,976	3,269
Miscellaneous Services	24,839	126,839	100,475	26,364
Capital Outlay	7,800	2,000	1,145	855
Total Communications and Media	538,982	637,880	613,655	24,225

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, 2019</i>	Original	Final	Actual	
City Hall				
Supplies	9,100	15,171	10,202	4,969
Miscellaneous Services	155,425	155,425	135,324	20,101
Capital Outlay	-	-	-	-
Total City Hall	164,525	170,596	145,525	25,070
Non-Department				
Audit	60,000	60,000	82,315	(22,315)
Humane Society	147,215	350,000	342,133	7,867
Flat Rate Assessment	6,005	6,005	5,896	109
General Insurance	560,000	560,000	632,724	(72,724)
County Appraisal Service	275,000	275,000	344,850	(69,850)
Property Tax Collection Fee	77,200	77,200	77,172	28
Boys' and Girls' Club Transfer	381,940	381,940	381,940	-
Capital Lease Debt Service	-	203,400	173,797	29,603
Other	2,419,175	3,350,198	2,952,136	398,062
Total Non-Department	3,926,535	5,263,743	4,992,963	270,780
Total General Government	12,915,856	14,108,457	13,272,392	836,065

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

<i>For the Year Ended September 30, 2019</i>	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Safety				
Police				
Personnel Services	17,985,019	18,366,564	19,340,337	(973,773)
Supplies	868,825	987,461	1,018,522	(31,061)
Miscellaneous Services	966,964	927,539	882,113	45,427
Capital Outlay	180,000	536,883	529,352	7,531
Total Police	20,000,808	20,818,448	21,770,325	(951,877)
Fire				
Personnel Services	3,865,659	4,397,609	4,481,657	(84,048)
Supplies	635,600	746,685	582,889	163,796
Miscellaneous Services	427,975	459,790	399,704	60,087
Capital Outlay	-	274,219	127,706	146,513
Total Fire	4,929,234	5,878,304	5,591,957	286,347
Fire Prevention				
Personnel Services	674,646	691,146	718,381	(27,235)
Supplies	77,300	77,300	68,037	9,263
Miscellaneous Services	41,000	41,000	26,536	14,464
Capital Outlay	16,150	22,150	19,351	2,799
Total Fire Prevention	809,096	831,596	832,306	(710)
Total Public Safety	25,739,138	27,528,347	28,194,588	(666,240)
Highways and Streets				
Engineering				
Personnel Services	364,575	373,640	401,889	(28,248)
Supplies	27,900	26,214	24,059	2,155
Miscellaneous Services	123,422	131,346	50,572	80,774
Capital Outlay	-	-	12,586	(12,586)
Total Engineering	515,897	531,199	489,105	42,094
Public Works				
Personnel Services	230,939	243,664	240,748	2,916
Supplies	2,850	4,875	4,328	547
Miscellaneous Services	43,530	69,137	41,624	27,513
Capital Outlay	-	4,582,400	28,170	4,554,230
Total Public Works	277,319	4,900,076	314,870	4,585,206
Street Maintenance				
Personnel Services	1,788,425	1,794,210	1,533,249	260,961
Supplies	1,058,900	2,620,330	2,463,605	156,725
Miscellaneous Services	1,272,010	1,289,774	1,134,776	154,999
Capital Outlay	240,000	1,326,000	1,033,021	292,979
Total Street Maintenance	4,359,335	7,030,314	6,164,651	865,663

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

<i>For the Year Ended September 30, 2019</i>	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
R.O.W.				
Personnel Services	968,693	968,743	903,753	64,990
Supplies	131,145	149,045	138,557	10,488
Miscellaneous Services	55,650	58,153	51,585	6,568
Capital Outlay	48,000	188,000	213,850	(25,850)
Total R.O.W.	1,203,488	1,363,941	1,307,744	56,197
Total Highways and Streets	6,356,039	13,825,530	8,276,370	5,549,160
Health and Welfare				
Building Maintenance				
Personnel Services	575,404	1,336,690	1,351,139	(14,449)
Supplies	183,600	183,600	163,033	20,567
Miscellaneous Services	902,000	1,001,000	918,449	82,551
Capital Outlay	207,000	215,500	20,919	194,581
Total Building Maintenance	1,868,004	2,736,790	2,453,540	283,250
Code Enforcement				
Personnel Services	900,844	1,011,710	977,698	34,012
Supplies	36,440	36,440	32,738	3,702
Miscellaneous Services	113,000	171,000	153,168	17,832
Capital Outlay	-	26,900	52,220	(25,320)
Total Code Enforcement	1,050,284	1,246,050	1,215,823	30,227
Community Development and Grants Management				
Personnel Services	72,562	187,062	188,348	(1,286)
Supplies	3,200	3,200	3,152	48
Miscellaneous Services	3,637	3,637	2,212	1,425
Total Housing Assistance	79,399	193,899	193,712	187
Total Health and Welfare	2,997,687	4,176,739	3,863,075	313,664
Culture and Recreation				
Library and Cultural Arts				
Personnel Services	1,561,074	1,572,924	1,467,945	104,979
Supplies	175,150	175,150	173,291	1,859
Miscellaneous Services	85,230	88,280	74,523	13,757
Capital Outlay	-	-	-	-
Total Library and Cultural Arts	1,821,454	1,836,354	1,715,758	120,596

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

<i>For the Year Ended September 30, 2019</i>	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Parks and Recreation				
Personnel Services	3,829,787	3,821,237	3,704,821	116,416
Supplies	671,533	756,533	743,562	12,971
Miscellaneous Services	350,395	411,745	373,164	38,581
Capital Outlay	378,250	632,045	633,745	(1,700)
Total Parks and Recreation	5,229,965	5,621,560	5,455,292	166,268
World Birding Center				
Personnel Services	496,011	499,361	444,931	54,430
Supplies	63,650	64,650	65,717	(1,067)
Miscellaneous Services	51,760	70,697	68,004	2,693
Capital Outlay	69,000	76,463	52,371	24,092
Total World Birding Center	680,421	711,171	631,023	80,148
Total Culture and Recreation	7,731,840	8,169,085	7,802,073	367,012
Total Expenditures	55,740,560	67,808,158	61,408,498	6,399,660
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	(4,995,639)	(12,474,703)	(5,127,035)	7,347,668
Other Financing Sources (Uses):				
Debt Proceeds	-	2,146,000	2,146,000	-
Insurance Proceeds	-	-	259,325	259,325
Transfers In	5,193,111	9,896,181	9,907,046	10,865
Transfers Out	(197,472)	(2,988,413)	(5,249,163)	(2,260,750)
Total Other Financing Sources (Uses)	4,995,639	9,053,768	7,063,208	(1,990,560)
Net Change in Fund Balances	-	(3,420,935)	1,936,173	5,357,108
Fund Balances - Beginning Of Year	19,844,924	19,844,924	19,844,924	-
Prior Period Adjustment	-	(926,074)	(926,074)	-
Fund Balances - End Of Year	\$ 19,844,924	\$ 15,497,915	\$ 20,855,023	\$ 5,357,108

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

SEPTEMBER 30,	2015	2016	2017	2018	2019
Total Pension Liability					
Service Cost	\$ 3,905,080	\$ 4,465,697	\$ 4,897,533	\$ 5,271,339	\$ 5,441,177
Interest	7,415,662	7,952,761	8,221,195	8,778,659	9,496,321
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(554,280)	(237,828)	(1,032,455)	1,028,193	(1,994,144)
Change of assumptions	-	(377,240)	-	-	-
Benefit payments, including refunds of employee contributions	(3,096,759)	(3,651,078)	(4,018,322)	(4,010,576)	(5,061,598)
Net Change in Total Pension Liability	7,669,703	8,152,312	8,067,951	11,067,615	7,881,756
Total Pension Liability - Beginning	105,533,866	113,203,569	121,355,881	129,423,832	140,491,447
Total Pension Liability - Ending (a)	\$ 113,203,569	\$ 121,355,881	\$ 129,423,832	\$ 140,491,447	\$ 148,373,203
Plan Fiduciary Net Position					
Contributions - employer	\$ 3,999,261	\$ 4,444,421	\$ 4,621,389	\$ 5,094,161	\$ 5,075,953
Contributions - employee	1,968,692	2,127,970	2,222,723	2,401,271	2,477,808
Net investment income	4,388,353	123,828	5,874,570	13,244,540	(3,362,715)
Benefit payments, including refunds of employee contributions	(3,096,759)	(3,651,078)	(4,018,322)	(4,010,576)	(5,061,598)
Administrative expense	(45,809)	(75,414)	(66,307)	(68,598)	(64,934)
Other	(3,766)	(3,725)	(3,572)	(3,476)	(3,393)
Net Change in Plan Fiduciary Net Position	7,209,972	2,966,002	8,630,481	16,657,322	(938,879)
Plan Fiduciary Net Position - Beginning	76,698,643	83,908,615	86,874,617	95,505,098	112,162,420
Plan Fiduciary Net Position - Ending (b)	\$ 83,908,615	\$ 86,874,617	\$ 95,505,098	\$ 112,162,420	\$ 111,223,541
Net Pension Liability - Ending (a)-(b)	\$ 29,294,954	\$ 34,481,264	\$ 33,918,734	\$ 28,329,027	\$ 37,149,662
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.12%	71.59%	73.79%	79.84%	74.96%
Covered Payroll	\$ 28,124,170	\$ 30,399,572	\$ 31,740,329	\$ 34,296,282	\$ 35,397,255
City's Net Pension Liability as a Percentage of Covered Payroll	104.16%	113.43%	106.86%	82.60%	104.95%

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.

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

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

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

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

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	27 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

Notes

There were no benefit changes during the year.

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

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

SEPTEMBER 30,	2018	2019
Total OPEB Liability		
Service cost	\$ 1,149,843	\$ 1,069,819
Interest	715,606	826,562
Changes of benefit terms	-	-
Differences between expected and actual experience	-	56,192
Changes of assumptions	(1,041,173)	3,178,838
Benefit payments, including refunds of employee contributions	(607,647)	(762,157)
Net Change in Total OPEB Liability	216,629	4,369,254
Total OPEB Liability - Beginning	18,864,934	19,081,563
Total OPEB Liability - Ending (a)	\$ 19,081,563	\$ 23,450,817
Plan Fiduciary Net Position		
Contributions - employer	\$ 607,647	\$ 762,157
Contributions - employee	-	-
Net investment income	-	-
Benefit payments, including refunds of employee contributions	(607,647)	(762,157)
Administrative expense	-	-
Other	-	-
Net Change in Plan Fiduciary Net Position	-	-
Plan Fiduciary Net Position - Beginning	-	-
Plan Fiduciary Net Position - Ending (b)	\$ -	\$ -
Net OPEB Liability - Ending (a) - (b)	\$ 19,081,563	\$ 23,450,817
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%
Covered - Employee Payroll	\$ 29,675,741	\$ -
City's Net OPEB Liability as a Percentage of Covered - Employee Payroll	64.3%	0.0%

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

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

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:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

OTHER SUPPLEMENTARY INFORMATION

City of Edinburg
Nonmajor Governmental Funds

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

<i>SEPTEMBER 30, 2019</i>	Debt Service Fund	Special Revenue Funds	Total Nonmajor Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 34,482	\$ 681,189	\$ 715,670
Investments	1,677,343	1,880,522	3,557,865
Taxes Receivables	436,161	-	436,161
Allowance for Uncollectible Taxes	(215,912)	-	(215,912)
Accounts Receivables, Net	-	79,453	79,453
Note Receivable	-	1,601,802	1,601,802
Due from Other Governments	-	26,890	26,890
Due from Other Funds	735,126	225,105	960,231
Prepaid Items	-	733	733
Cash with Fiscal Agent	-	5,011,132	5,011,132
Total Assets	<u>\$ 2,667,201</u>	<u>\$ 9,506,825</u>	<u>\$ 12,174,025</u>
Liabilities			
Accounts Payable	\$ -	\$ 156,888	\$ 156,888
Accrued Liabilities	-	4,628	4,628
Due to Other Funds	112,121	518,291	630,412
Due to Component Unit	-	1,126	1,126
Unearned Revenue	-	792,824	792,824
Total Liabilities	<u>112,121</u>	<u>1,473,757</u>	<u>1,585,878</u>
Deferred Inflows Of Resources			
Deferred Inflows from Loans Receivable	-	808,978	808,978
Deferred Inflows from Taxes	196,052	-	196,052
Total Deferred Inflows Of Resources	<u>196,052</u>	<u>808,978</u>	<u>1,005,030</u>
Fund Balances			
Restricted for:			
Debt Service	2,359,029	2,752,183	5,111,212
Tourism	-	962,210	962,210
Law Enforcement	-	138,426	138,426
Municipal Court and Technology	-	507,889	507,889
Other Purposes	-	2,647,381	2,647,381
Unassigned	-	(15,506)	(15,506)
Total Fund Balances	<u>2,359,029</u>	<u>7,224,089</u>	<u>9,583,118</u>
Total Liabilities and Fund Balances	<u>\$ 2,667,201</u>	<u>\$ 9,506,825</u>	<u>\$ 12,174,025</u>

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019	Debt Service Fund	Special Revenue Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes:			
Property Taxes	\$ 4,169,475	\$ 782,430	\$ 4,951,905
Franchise Tax	-	-	-
Other Tax	-	746,182	746,182
Intergovernmental Revenue and Grants	-	474,651	474,651
Charges for Services	-	292,197	292,197
Fines and Forfeits	-	137,169	137,169
Investment Earnings	41,701	121,925	163,625
Contributions	-	2,127,899	2,127,899
Other	-	147,076	147,076
Total Revenues	<u>4,211,176</u>	<u>4,829,529</u>	<u>9,040,705</u>
Expenditures			
Current:			
General Government	-	171,739	171,739
Public Safety	-	432,506	432,506
Health and Welfare	-	40,781	40,781
Culture and Recreation	-	401,043	401,043
Urban Redevelopment and Housing	-	506,127	506,127
Economic Redevelopment	-	382,459	382,459
Debt Service:			
Principal Retirements	2,324,708	740,000	3,064,708
Interest and Other Charges	1,736,656	1,949,600	3,686,256
Total Expenditures	<u>4,061,364</u>	<u>4,624,255</u>	<u>8,685,619</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>149,812</u>	<u>205,275</u>	<u>355,086</u>
Other Financing Sources (Uses)			
Transfers In	751,452	3,133,227	3,884,678
Transfers Out	-	(2,200,117)	(2,200,117)
Total Other Financing Sources (Uses)	<u>751,452</u>	<u>933,110</u>	<u>1,684,561</u>
Net Change In Fund Balances	901,263	1,138,385	2,039,648
Fund Balances - Beginning Of Year	<u>1,457,766</u>	<u>6,085,704</u>	<u>7,543,470</u>
Fund Balances - End Of Year	<u><u>2,359,029</u></u>	<u><u>7,224,089</u></u>	<u><u>9,583,118</u></u>

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

<i>SEPTEMBER 30, 2019</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
Assets												
Cash and Cash Equivalents	\$ -	\$ 3,453	\$ 4,726	\$ 128,099	\$ 26,374	\$ 619	\$ 31,671	\$ 343,875	\$ 139,223	\$ 3,149	\$ -	\$ 681,189
Investments	-	44,147	123,373	783,324	503,572	135,745	290,360	-	-	-	-	1,880,522
Accounts Receivables, Net	-	549	-	48,177	-	-	30,727	-	-	-	-	79,453
Note Receivable	1,596,743	5,060	-	-	-	-	-	-	-	-	-	1,601,802
Due from Other Governments	26,890	-	-	-	-	-	-	-	-	-	-	26,890
Due from Other Funds	78,820	-	10,326	3,661	372	29,697	-	750	13,636	87,843	-	225,105
Prepaid Items	733	-	-	-	-	-	-	-	-	-	-	733
Cash with Fiscal Agent	-	-	-	-	-	-	-	-	-	-	5,011,132	5,011,132
Total Assets	<u>1,703,185</u>	<u>53,209</u>	<u>138,426</u>	<u>963,260</u>	<u>530,318</u>	<u>166,061</u>	<u>352,758</u>	<u>344,625</u>	<u>152,858</u>	<u>90,992</u>	<u>5,011,132</u>	<u>9,506,825</u>
Liabilities												
Accounts Payable	100,625	-	-	1,050	22,428	-	-	-	-	32,785	-	156,888
Accrued Liabilities	4,628	-	-	-	-	-	-	-	-	-	-	4,628
Due to Other Funds	64	-	-	-	-	5,989	-	343,875	168,364	-	-	518,291
Due to Component Unit	1,126	-	-	-	-	-	-	-	-	-	-	1,126
Unearned Revenue	792,824	-	-	-	-	-	-	-	-	-	-	792,824
Total Liabilities	<u>899,267</u>	<u>-</u>	<u>-</u>	<u>1,050</u>	<u>22,428</u>	<u>5,989</u>	<u>-</u>	<u>343,875</u>	<u>168,364</u>	<u>32,785</u>	<u>-</u>	<u>1,473,757</u>
Deferred Inflows Of Resources												
Deferred Inflows from Loans Receivable	803,919	5,060	-	-	-	-	-	-	-	-	-	808,978
Total Deferred Inflows Of Resources	<u>803,919</u>	<u>5,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>808,978</u>
Fund Balances												
Restricted for:												
Debt Service	-	-	-	-	-	-	-	-	-	-	2,752,183	2,752,183
Tourism	-	-	-	962,210	-	-	-	-	-	-	-	962,210
Law Enforcement	-	-	138,426	-	-	-	-	-	-	-	-	138,426
Municipal Court and Technology	-	-	-	-	507,889	-	-	-	-	-	-	507,889
Other Purposes	-	48,149	-	-	-	160,072	352,758	750	-	58,208	2,027,444	2,647,381
Unassigned	-	-	-	-	-	-	-	-	(15,506)	-	-	(15,506)
Total Fund Balances	<u>-</u>	<u>48,149</u>	<u>138,426</u>	<u>962,210</u>	<u>507,889</u>	<u>160,072</u>	<u>352,758</u>	<u>750</u>	<u>(15,506)</u>	<u>58,208</u>	<u>5,011,132</u>	<u>7,224,089</u>
Total Liabilities and Fund Balances	<u>\$ 1,703,185</u>	<u>\$ 53,209</u>	<u>\$ 138,426</u>	<u>\$ 963,260</u>	<u>\$ 530,318</u>	<u>\$ 166,061</u>	<u>\$ 352,758</u>	<u>\$ 344,625</u>	<u>\$ 152,858</u>	<u>\$ 90,992</u>	<u>\$ 5,011,132</u>	<u>\$ 9,506,825</u>

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

<i>FOR THE YEAR ENDED SEPTEMBER 30, 2019</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
Revenues												
Taxes:												
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 363,540	\$ 175,269	\$ 243,621	\$ -	\$ 782,430
Franchise Tax	-	-	-	-	-	-	-	-	-	-	-	-
Other Tax	-	-	-	623,426	-	-	122,756	-	-	-	-	746,182
Intergovernmental Revenue and Grants	323,037	-	151,614	-	-	-	-	-	-	-	-	474,651
Charges for Services	-	-	-	-	-	29,697	-	-	-	-	262,500	292,197
Fines and Forfeits	-	-	-	-	137,169	-	-	-	-	-	-	137,169
Investment Earnings	-	1,319	6,467	16,181	12,336	2,486	6,185	-	-	-	76,951	121,925
Contributions	-	-	-	-	-	-	-	343,875	127,103	193,896	1,463,025	2,127,899
Other	134,305	12,771	-	-	-	-	-	-	-	-	-	147,076
Total Revenues	457,342	14,091	158,081	639,607	149,505	32,183	128,941	707,414	302,372	437,517	1,802,477	4,829,529
Expenditures												
Current:												
General Government	-	-	-	-	35,713	5,989	130,037	-	-	-	-	171,739
Public Safety	-	-	432,506	-	-	-	-	-	-	-	-	432,506
Health and Welfare	37,920	2,861	-	-	-	-	-	-	-	-	-	40,781
Culture and Recreation	32,693	-	-	368,350	-	-	-	-	-	-	-	401,043
Urban Redevelopment and Housing	506,127	-	-	-	-	-	-	-	-	-	-	506,127
Economic Redevelopment	-	-	-	-	-	-	-	-	-	-	382,459	382,459
Debt Service:												
Principal Retirements	-	-	-	-	-	-	-	-	-	-	740,000	740,000
Interest and Other Charges	-	-	-	-	-	-	-	-	-	-	1,949,600	1,949,600
Total Expenditures	576,739	2,861	432,506	368,350	35,713	5,989	130,037	-	-	-	3,072,059	4,624,255
Excess (Deficiency) of Revenues Over (Under) Expenditures	(119,398)	11,230	(274,425)	271,257	113,792	26,194	(1,096)	707,414	302,372	437,517	(1,269,582)	205,275
Other Financing Sources (Uses)												
Transfers In	110,852	-	-	-	-	-	-	592,580	229,678	-	2,200,117	3,133,227
Transfers Out	-	-	-	-	-	-	-	(1,299,244)	(518,414)	(382,459)	-	(2,200,117)
Total Other Financing Sources (Uses)	110,852	-	-	-	-	-	-	(706,664)	(288,736)	(382,459)	2,200,117	933,110
Net Change in Fund Balances	(8,545)	11,230	(274,425)	271,257	113,792	26,194	(1,096)	750	13,636	55,058	930,535	1,138,385
Fund Balances - Beginning Of Year	8,545	36,919	412,851	690,954	394,097	133,879	353,854	-	(29,141)	3,149	4,080,597	6,085,704
Fund Balances - End Of Year	\$ -	\$ 48,149	\$ 138,426	\$ 962,210	\$ 507,889	\$ 160,072	\$ 352,758	\$ 750	\$ (15,506)	\$ 58,208	\$ 5,011,132	\$ 7,224,089

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

<i>FOR THE YEAR ENDED SEPTEMBER 30, 2019</i>	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Ad Valorem	\$ 4,044,773	\$ 4,044,773	\$ 4,086,562	\$ 41,789
Penalty and Interest	83,000	83,000	82,913	(87)
Interest	27,227	27,227	41,701	14,474
Total Revenues	<u>4,155,000</u>	<u>4,155,000</u>	<u>4,211,176</u>	<u>56,176</u>
Expenditures				
Debt Service				
Principal Retirements	2,079,428	2,079,428	2,324,708	(245,280)
Interest and Other Charges	<u>1,774,231</u>	<u>1,774,231</u>	<u>1,736,656</u>	<u>37,575</u>
Total Expenditures	<u>3,853,659</u>	<u>3,853,659</u>	<u>4,061,364</u>	<u>(207,705)</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	301,341	301,341	149,812	(151,530)
Other Financing Sources (Uses)				
Transfers In	-	-	16,326	16,326
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>16,326</u>	<u>16,326</u>
Net Change In Fund Balances	301,341	301,341	166,137	(135,204)
Fund Balances - Beginning of Year	<u>1,457,766</u>	<u>1,457,766</u>	<u>1,457,766</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 1,759,107</u>	<u>\$ 1,759,107</u>	<u>\$ 1,623,903</u>	<u>\$ (135,204)</u>

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>SEPTEMBER 30, 2019</i>	Edinburg International Airport	City Ebony Golf Course	Los Lagos Golf Course	Total Nonmajor Enterprise Funds
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 7,089	\$ 608	\$ 797	\$ 8,494
Investments	109,131	416,605	487,985	1,013,722
Restricted Assets:				
Cash with Fiscal Agent	30,652	9,938	67,598	108,187
Restricted Investments	-	-	-	-
Accounts Receivable, Net	23,783	7,104	65,478	96,365
Due from Other Funds	18,435	-	-	18,435
Inventories	61,714	4,021	26,486	92,220
Prepaid Items	-	853	1,800	2,653
Total Current Assets	<u>250,803</u>	<u>439,129</u>	<u>650,143</u>	<u>1,340,075</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	331,231	124,223	975,840	1,431,294
Accumulated Depreciation	(4,638,060)	(296,739)	(7,113,601)	(12,048,399)
Construction In Progress	145,856	-	-	145,856
Total Noncurrent Assets	<u>12,592,960</u>	<u>67,472</u>	<u>1,424,113</u>	<u>14,084,545</u>
Total Assets	<u>12,843,764</u>	<u>506,601</u>	<u>2,074,256</u>	<u>15,424,621</u>
Deferred Outflows Of Resources				
Deferred Outflow Related to Debt Refundings	-	-	336,510	336,510
Deferred Outflow Related to Pension	58,482	41,102	161,194	260,778
Deferred Outflow Related to OPEB Obligation	15,798	18,793	47,801	82,391
Total Deferred Outflows Of Resources	<u>74,280</u>	<u>59,894</u>	<u>545,504</u>	<u>679,679</u>
Liabilities				
Current Liabilities:				
Accounts Payable	69,162	16,610	32,941	118,713
Accrued Liabilities	5,625	4,997	16,435	27,057
Accrued Interest	35	8	3,148	3,191
Compensated Absences	9,141	6,264	28,857	44,262
Due to Other Funds	224	6,319	15,766	22,309
Deposits	2,505	225	2,000	4,730
Unearned Revenue	-	11,618	15,847	27,465
Current Portion of General Obligation Bonds	-	-	368,252	368,252
Current Portion of Capital Leases Payable	4,928	1,891	10,688	17,507
Total Current Liabilities	<u>91,619</u>	<u>47,934</u>	<u>493,933</u>	<u>633,486</u>

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

<i>SEPTEMBER 30, 2019</i>	Edinburg International Airport	City Ebony Golf Course	Los Lagos Golf Course	Total Nonmajor Enterprise Funds
Noncurrent Liabilities				
Compensated Absences	19,619	-	-	19,619
General Obligation Bonds, Net Of Unamortized Discounts and Premiums	-	-	1,745,251	1,745,251
Capital Leases Payable	29,262	6,880	50,215	86,356
Net Pension Liability	165,106	189,756	536,200	891,062
Net OPEB Obligation	134,080	207,210	413,806	755,096
Total Noncurrent Liabilities	<u>348,068</u>	<u>403,845</u>	<u>2,745,472</u>	<u>3,497,384</u>
 Total Liabilities	 <u>439,687</u>	 <u>451,779</u>	 <u>3,239,405</u>	 <u>4,130,871</u>
 Deferred Inflows Of Resources				
Deferred Inflows Related to Pension	12,366	10,383	31,739	54,488
Deferred Inflows Related to OPEB Obligation	4,793	7,823	14,787	27,402
Total Deferred Inflows Of Resources	<u>17,159</u>	<u>18,205</u>	<u>46,526</u>	<u>81,890</u>
 Net Position				
Net Investment In Capital Assets	12,594,350	70,530	(111,582)	12,553,298
Restricted For Debt Service	-	-	-	-
Unrestricted	<u>(133,152)</u>	<u>25,981</u>	<u>(554,588)</u>	<u>(661,759)</u>
Total Net Position	<u><u>12,461,198</u></u>	<u><u>96,511</u></u>	<u><u>(666,170)</u></u>	<u><u>11,891,539</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>FOR THE YEAR ENDED SEPTEMBER 30, 2019</i>	Edinburg International Airport	City Ebony Golf Course	Los Lagos Golf Course	Total Nonmajor Enterprise Funds
Operating Revenues				
Fuel Flow Fees	\$ 492,772	\$ -	\$ -	\$ 492,772
Golf Course Fees and Memberships	-	159,943	751,529	911,472
Other Revenue	-	17,394	11,676	29,071
Total Operating Revenues	<u>492,772</u>	<u>177,337</u>	<u>763,205</u>	<u>1,433,314</u>
Operating Expenses				
Salaries, Wages, and Employee Benefits	224,737	348,040	816,463	1,389,240
Supplies and Materials	29,110	28,290	141,504	198,904
Contractual and Other Services	369,692	29,025	73,301	472,017
Repairs and Maintenance	92,491	11,433	38,850	142,774
Other Operating Costs	68,022	9,714	35,741	113,478
Deprecation and Amortization	578,165	11,312	61,598	651,074
Total Operating Expenses	<u>1,362,216</u>	<u>437,814</u>	<u>1,167,457</u>	<u>2,967,487</u>
Operating Income (Loss)	<u>(869,444)</u>	<u>(260,477)</u>	<u>(404,252)</u>	<u>(1,534,173)</u>
Non-Operating Revenues (Expenses)				
Investment Earnings	2,808	9,986	14,854	27,649
Interest Expense	(628)	(163)	(50,003)	(50,793)
Intergovernmental Revenues	28,175	-	-	28,175
Other	(80,459)	84,815	12,543	16,899
Total Non-Operating Revenues (Expenses)	<u>(50,104)</u>	<u>94,639</u>	<u>(22,605)</u>	<u>21,929</u>
Income (Loss) Before Transfers	<u>(919,549)</u>	<u>(165,838)</u>	<u>(426,857)</u>	<u>(1,512,244)</u>
Transfers In (Out)				
Transfers In	338,245	94,486	550,180	982,911
Transfers Out	-	(8,250)	-	(8,250)
Total Transfers In (Out)	<u>338,245</u>	<u>86,236</u>	<u>550,180</u>	<u>974,661</u>
Change In Net Position	(581,304)	(79,602)	123,323	(537,583)
Net Position - Beginning Of Year	13,042,502	176,113	(789,493)	12,429,122
Net Position - End Of Year	<u>12,461,198</u>	<u>96,511</u>	<u>(666,170)</u>	<u>11,891,539</u>

See Accompanying Notes To The Financial Statements.

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

	Business-type Enterprise Funds			
	Edinburg International Airport	Los Lagos Golf Course	City Ebony Golf Course	Total
FOR THE YEAR ENDED SEPTEMBER 30, 2019				
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 492,772	\$ 829,361	\$ 177,337	\$ 1,499,470
Cash received from other funds	21,952	15,666	6,319	43,937
Cash received from other operating receipts	111,075	224,508	78,199	413,782
Cash payments to employees for services	(292,767)	(868,879)	(261,092)	(1,422,738)
Cash payments for other operating activities	(650,329)	(330,135)	(100,154)	(1,080,618)
Cash payments to other funds	(47,769)	-	-	(47,769)
Cash payments to other suppliers for goods and services	(29,110)	(141,504)	(28,936)	(199,550)
Net cash provided (used) by operating activities	<u>(394,176)</u>	<u>(270,983)</u>	<u>(128,327)</u>	<u>(793,486)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating grants	28,175	-	-	28,175
Interfund loan or loan repayments received	-	-	-	-
Transfers from other funds	338,245	550,180	94,486	982,911
Transfers to other funds	-	-	(8,250)	(8,250)
Net cash provided (used) by operating activities	<u>366,420</u>	<u>550,180</u>	<u>86,236</u>	<u>1,002,836</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on long-term debt	-	(333,017)	-	(333,017)
Proceeds from capital debt	34,190	-	1,350	35,540
Interest paid on long-term debt	(628)	(50,003)	(163)	(50,794)
Acquisition or construction of capital assets	(28,384)	(66,971)	-	(95,355)
Net cash provided/(used) by capital and related financing activities	<u>5,178</u>	<u>(449,991)</u>	<u>1,187</u>	<u>(443,626)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest from investments	2,808	14,854	9,986	27,648
Purchase of investment securities	-	-	(14,679)	(14,679)
Proceeds from sales and maturities of investments	25,223	158,977	-	184,200
Rents received	-	-	-	-
Net cash provided/(used) by investing activities	<u>28,031</u>	<u>173,831</u>	<u>(4,693)</u>	<u>197,169</u>
Net increase/(decrease) in cash	5,453	3,037	(45,597)	(37,107)
Cash beginning of fiscal year	32,288	65,358	56,143	43,881
Cash end of fiscal year	<u>\$ 37,741</u>	<u>\$ 68,395</u>	<u>\$ 10,546</u>	<u>\$ 6,774</u>

	Business-type Enterprise Funds			
	Edinburg International Airport	Los Lagos Golf Course	City Ebony Golf Course	Total
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (869,444)	\$ (404,252)	\$ (260,477)	\$ (1,534,173)
Adjustments to Reconcile Operating Income (Loss) to Net cash Provided (Used) by Operating Activities:				
Depreciation and amortization	578,165	61,598	11,312	651,075
Changes in Assets and Liabilities	-	-	-	-
Decrease (increase) in receivables	13,629	(53,353)	-	(39,724)
Decrease (increase) in due from other funds	21,952	-	-	21,952
Decrease (increase) in prepaid items	-	(1,800)	(853)	(2,653)
Decrease (increase) in inventories	-	12,038	(646)	11,392
Decrease (increase) in deferred outflows	(48,639)	(33,922)	(40,302)	(122,863)
Increase (decrease) in accounts payable	(29,545)	2,239	13,787	(13,519)
Increase (decrease) in compensated balances	2,434	6,311	1,376	10,121
Increase (decrease) in vouchers payable	-	-	-	-
Increase (decrease) in accrued liabilities	1,851	4,271	1,469	7,591
Increase (decrease) in due to other funds	(47,769)	15,666	6,319	(25,784)
Increase (decrease) in unearned revenue	-	(493)	-	(493)
Increase (decrease) in deposits	(540)	-	225	(315)
Increase (decrease) in pensions	(16,270)	120,714	139,463	243,907
Total adjustments	475,268	133,269	132,150	740,687
Net cash provided (used) by operating activities	\$ (394,176)	\$ (270,983)	\$ (128,327)	\$ (793,486)

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

<u>SEPTEMBER 30, 2019</u>	<u>Balance September 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2019</u>
Assets				
Cash	\$ 47,054	\$ 1,444,150	\$ 1,356,844	\$ 134,360
Investments	3,113,825	929,566	330,322	3,713,069
Due From Primary Government	19,100	81,680	100,180	600
Accrued Interest	136	-	-	136
Total Assets	<u>\$ 3,180,114</u>	<u>\$ 2,455,396</u>	<u>\$ 1,787,346</u>	<u>\$ 3,848,165</u>
Liabilities				
Due To Primary Government	\$ 79,666	\$ 80,566	\$ 145,907	\$ 14,326
Deposits	3,100,448	1,633,759	900,368	3,833,839
Total Liabilities	<u>\$ 3,180,114</u>	<u>\$ 1,714,325</u>	<u>\$ 1,046,275</u>	<u>\$ 3,848,165</u>

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, 2019

ASSETS

Cash and Cash Equivalents	\$ 12,128
Investments	1,348,439
Receivables, Net	
Intergovernmental	55,103
Due From Primary Government	1,126
Prepaid Items	100
Total Assets	<u>1,416,897</u>

Liabilities

Accounts Payable	100,922
Accrued Liabilities	28,222
Due To Primary Government	10,341
Total Liabilities	<u>139,485</u>

Fund Balances

Nonspendable	497,093
Unassigned	780,319
Total Fund Balances	<u>1,277,412</u>
Total Liabilities and Fund Balance	<u>\$ 1,416,897</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, 2019

Total Fund Balances - Component Unit Balance Sheet	\$ 1,277,412
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.	4,817,619
2.) Payables for pension liability and OPEB obligations, which are not due in the current period are not reported in the fund.	(878,863)
3.) Deferred outflows and inflows related to pension plans and OPEB obligations are not reported in the funds.	173,247
4.) Payables for note principal, which are not due in the current period are not reported in the fund.	(119,152)
5.) Compensated absences are reported as the amount is incurred in the SOA, but as the amount is paid in the funds.	(24,763)
Net Position Of Component Unit - Statement Of Net Position	<u>\$ 5,245,500</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, 2019

Revenue

Contributions	\$ 553,535
Intergovernmental	1,078,725
Concession Sales and Other	23,377
Investment Income	29,370
Total Revenues	<u>1,685,007</u>

Expenditures

Current:	
Culture and Recreation	1,700,817
Debt Service:	
Principal Retirements	90,517
Interest and Other Charges	8,428
Total Expenditures	<u>1,799,762</u>

Excess (Deficiency) Of Revenues Over (Under) Expenditures	(114,755)
---	-----------

Fund Balance - Beginning Of Year

1,392,167

Prior Period Adjustment

-

Fund Balance - End Of Year

\$ 1,277,412

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, 2019

Net Change In Fund Balance - Component Unit	(114,755)
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.	(49,040)
4.) Repayment of note principal is an expenditure in the funds, but is not an expense in the SOA.	90,517
5.) Compensated absences are reported as the amount is incurred in the SOA, but as the amount is paid in the fund.	5,004
6.) To adjust workers compensation expense.	-
Change in Net Position of Component Unit-Statement of Activities	<u><u>(179,679)</u></u>

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
FOR THE YEAR ENDED SEPTEMBER 30, 2019	Original	Final	Actual	
Revenue				
Contributions	\$ 1,079,080	\$ 1,079,080	\$ 553,535	\$ (525,545)
Intergovernmental	926,077	926,077	1,078,725	152,648
Concession Sales And Other	30,471	30,471	23,377	(7,094)
Investment Income	1,710	1,710	29,370	27,660
Total Revenues	2,037,338	2,037,338	1,685,007	(352,331)
Expenditures				
Current:				
Culture And Recreation	1,938,392	1,948,942	1,700,817	248,125
Debt Service:				
Principal Retirements	98,946	98,946	90,517	8,429
Interest And Other Charges	-	-	8,428	(8,428)
Total Expenditures	2,037,338	2,047,888	1,799,762	248,126
Excess (Deficiency) Of Revenues Over (Under) Expenditures	-	(10,550)	(114,755)	(104,205)
Fund Balance - Beginning of Year	1,392,167	1,392,167	1,392,167	-
Fund Balance - End of Year	\$ 1,392,167	\$ 1,381,617	\$ 1,277,412	\$ (104,205)

STATISTICAL SECTION (UNAUDITED)

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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net investment in capital assets	\$ 53,768,024	\$ 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
Restricted	4,766,881	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
Unrestricted	11,764,454	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)
Total governmental activities net position	<u>\$ 70,299,360</u>	<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>
Business-Type Activities										
Net investment in capital assets	\$ 83,962,297	\$ 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
Restricted	256,121	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
Unrestricted	15,131,689	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
Total business-type activities net position	<u>\$ 99,350,107</u>	<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>
Primary Government										
Net investment in capital assets	\$ 137,730,322	\$ 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
Restricted	5,023,002	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
Unrestricted	26,896,143	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)
Total primary government net position	<u>\$ 169,649,466</u>	<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>

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities										
General government	\$ 9,901,403	\$ 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
Public safety	16,265,041	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
Highways and streets	7,323,938	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
Health and welfare	2,786,378	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
Culture and recreation	6,510,672	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
Urban redevelopment and housing	669,580	678,623	599,498	727,311	547,831	604,780	699,828	658,896	569,586	506,127
Economic development	-	-	4,503,382	86,163	169,687	3,547,915	-	-	1,493,526	706,143
Interest on long-term debt	1,873,183	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
Total governmental activities expenses	<u>45,330,197</u>	<u>46,631,856</u>	<u>52,921,355</u>	<u>51,722,987</u>	<u>54,326,716</u>	<u>63,378,395</u>	<u>59,607,654</u>	<u>68,542,655</u>	<u>71,681,808</u>	<u>81,240,112</u>
Business-type Activities										
Utility system	13,751,102	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
Solid waste operations	9,600,000	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
Golf course operations	2,742,341	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
Airport services	1,844,356	717,860	753,307	717,282	759,619	974,332	997,790	1,423,122	1,430,654	1,362,844
Total business-type activities expenses	<u>27,937,799</u>	<u>28,280,269</u>	<u>29,070,629</u>	<u>29,400,698</u>	<u>30,119,256</u>	<u>31,461,960</u>	<u>32,278,133</u>	<u>31,054,176</u>	<u>33,006,723</u>	<u>32,948,481</u>
Total primary government expenses	<u>\$ 73,267,996</u>	<u>\$ 74,912,125</u>	<u>\$ 81,991,984</u>	<u>\$ 81,123,685</u>	<u>\$ 84,445,972</u>	<u>\$ 94,840,355</u>	<u>\$ 91,885,787</u>	<u>\$ 99,596,831</u>	<u>\$ 104,688,531</u>	<u>\$ 114,188,593</u>
Program Revenues										
Governmental Activities										
Charges for services										
General government	\$ 1,838,694	\$ 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
Public Safety	1,053,909	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
Highways and streets	-	-	-	-	-	-	-	-	-	-
Health and welfare	647,426	679,647	577,697	643,848	712,702	753,902	954,379	897,848	623,970	796,231
Culture and recreation	706,515	945,433	969,595	1,436,323	992,239	984,369	870,188	1,038,483	771,247	1,005,904
Operating grants and contributions	2,550,104	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
Capital grants and contributions	1,631,843	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
Total governmental activities program revenues	<u>8,428,491</u>	<u>9,987,012</u>	<u>9,293,486</u>	<u>12,950,804</u>	<u>20,615,452</u>	<u>19,564,718</u>	<u>15,897,674</u>	<u>16,724,328</u>	<u>34,511,063</u>	<u>12,199,977</u>
Business-type Activities										
Charges for services										
Utility system	13,829,206	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
Solid waste operation	12,818,643	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
Golf course operation	1,438,974	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
Airport services	110,533	151,054	223,150	293,475	396,253	533,875	479,976	374,932	359,545	492,772
Operating grants and contributions	134,898	48,350	22,602	25,903	48,140	48,302	223,106	-	41,209	28,175
Capital grants and contributions	1,511,992	389,976	1,333,862	2,287,639	1,048,029	359,306	3,362,834	2,756,589	1,370,828	-
Total business-type activities program revenues	<u>29,844,246</u>	<u>32,746,302</u>	<u>35,601,225</u>	<u>37,000,401</u>	<u>36,274,476</u>	<u>35,096,739</u>	<u>41,468,211</u>	<u>41,977,550</u>	<u>42,395,257</u>	<u>39,800,614</u>
Total primary government program revenues	<u>\$ 38,272,737</u>	<u>\$ 42,733,314</u>	<u>\$ 44,894,711</u>	<u>\$ 49,951,205</u>	<u>\$ 56,889,928</u>	<u>\$ 54,661,457</u>	<u>\$ 57,365,885</u>	<u>\$ 58,701,878</u>	<u>\$ 76,906,320</u>	<u>\$ 52,000,591</u>
Net (expense)/revenue										
Governmental activities	\$ (36,901,706)	\$ (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)
Business-type activities	1,906,446	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
Total primary government net expense	<u>\$ (34,995,260)</u>	<u>\$ (32,178,811)</u>	<u>\$ (37,097,273)</u>	<u>\$ (31,172,481)</u>	<u>\$ (27,556,043)</u>	<u>\$ (40,178,900)</u>	<u>\$ (34,519,902)</u>	<u>\$ (40,894,953)</u>	<u>\$ (27,782,211)</u>	<u>\$ (62,188,002)</u>

(Continued)

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenue and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property taxes and tax increments	\$ 21,600,657	\$ 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
Sales taxes	10,753,772	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
Franchise/other taxes	2,858,365	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
Hotel/motel taxes	255,308	292,401	291,314	273,632	326,630	393,152	477,359	404,508	539,329	623,426
Investment earnings	23,649	12,105	16,897	11,407	6,705	16,946	198,180	393,703	809,414	1,365,041
Insurance Proceeds	-	-	-	-	-	-	1,155,768	-	1,157,171	1,022,297
Miscellaneous	360,530	252,790	219,287	33,282	197,794	348,299	142,955	561,631	872,492	308,027
Grants and contributions not restricted	-	-	887,545	-	-	-	-	-	-	-
Special Items	(996,774)	-	-	-	(4,875,602)	-	-	-	-	-
Transfers	824,993	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
Total governmental activities	<u>35,680,500</u>	<u>37,321,278</u>	<u>40,884,895</u>	<u>41,081,447</u>	<u>41,255,024</u>	<u>45,824,859</u>	<u>51,882,010</u>	<u>53,200,780</u>	<u>60,535,053</u>	<u>66,351,436</u>
Business-type Activities										
Investment earnings	52,435	23,789	15,549	14,330	9,020	11,507	64,629	181,134	427,724	751,527
Miscellaneous	88,118	82,272	(51,768)	74,232	95,264	81,930	91,716	62,912	44,123	501,212
Insurance Proceeds	-	-	-	-	-	-	1,155,768	-	-	-
Transfers	(824,993)	(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)
Total business-type activities	<u>(684,440)</u>	<u>(700,566)</u>	<u>(2,358,609)</u>	<u>(1,739,543)</u>	<u>(5,534,833)</u>	<u>(2,090,748)</u>	<u>(3,030,597)</u>	<u>(3,493,296)</u>	<u>(6,093,113)</u>	<u>(8,460,557)</u>
Total primary government	<u>\$ 34,996,060</u>	<u>\$ 36,620,712</u>	<u>\$ 38,526,286</u>	<u>\$ 39,341,904</u>	<u>\$ 35,720,191</u>	<u>\$ 43,734,110</u>	<u>\$ 48,851,413</u>	<u>\$ 49,707,484</u>	<u>\$ 54,441,940</u>	<u>\$ 57,890,879</u>
Change in Net Position										
Governmental activities	\$ (1,221,206)	\$ 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)
Business-type activities	1,222,005	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)
Total primary government	<u>\$ 799</u>	<u>\$ 4,441,901</u>	<u>\$ 1,429,014</u>	<u>\$ 8,169,424</u>	<u>\$ 8,164,149</u>	<u>\$ 3,555,211</u>	<u>\$ 13,175,745</u>	<u>\$ 8,812,531</u>	<u>\$ 26,659,729</u>	<u>\$ (4,297,123)</u>

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 2,140,868	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	8,940,111	-	-	-	-	-	-	-	-	-
Nonspendable	-	75,639	72,892	186,491	83,160	73,037	112,481	73,044	101,001	114,384
Restricted	-	288,767	390,598	-	-	-	-	-	-	-
Committed	-	468,547	523,316	384,467	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	1,713,740	629,257	15,931,686	15,046,900
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
Total general fund	<u>\$ 11,080,981</u>	<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>
All other governmental funds										
Reserved	\$ 2,744,540	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in special revenue funds	946,328	-	-	-	-	-	-	-	-	-
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
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
Unassigned	-	-	-	-	-	(937,179)	-	(33,171)	(33,171)	(15,506)
Total all other governmental funds	<u>\$ 3,690,869</u>	<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>

September 30, 2011. The new classifications have not been restated for 2010 and prior.

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 35,194,782	\$ 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
Licenses and permits	525,100	494,966	480,693	538,859	553,652	611,125	835,640	836,604	699,863	1,033,451
Intergovernmental	3,945,664	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
Charges for services	1,259,898	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
Fines	741,774	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
Increment revenue								-	1,908,242	-
Interest	22,294	11,206	16,149	10,138	6,330	16,351	111,246	389,473	801,170	1,352,678
Contributions	-	-	-	-	-	4,530,915	-	100,000	100,000	2,192,646
Other	789,839	957,777	1,077,833	1,309,629	1,172,343	935,573	670,271	1,161,122	899,014	697,619
Total revenues	42,479,351	45,748,814	47,057,384	49,596,044	52,280,565	57,064,938	55,927,795	61,433,649	62,844,358	67,859,517
Expenditures										
General government	9,796,290	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
Public safety	16,546,651	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
Highways and streets	3,830,048	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
Health and welfare	2,885,344	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
Culture and recreation	5,980,080	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
Urban redevelopment and housing	985,997	1,066,942	804,990	927,242	619,777	953,387	879,376	860,625	595,416	506,127
Economic development	-	-	4,503,382	165,292	121,671	3,547,915	-	-	1,868,336	1,088,601
Other	-	-	-	108,239	-	-	-	-	15,369,424	-
Capital outlay	5,085,819	2,592,671	550,556	2,952,462	5,031,733	15,059,458	11,306,731	11,465,855	-	-
Debt service										
Principal	1,949,572	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
Interest	1,877,063	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
Bond issuance costs	-	-	239,878	-	-	1,600,862	320,678	-	-	-
Total expenditures	48,936,864	46,052,158	51,852,542	51,454,390	56,325,789	78,906,277	68,528,904	73,796,819	83,907,936	77,988,830
Excess of revenues over (under) expenditures	(6,457,512)	(303,345)	(4,795,159)	(1,858,346)	(4,045,224)	(21,841,339)	(12,601,109)	(12,363,170)	(21,063,578)	(10,129,313)
Other financing sources (uses)										
Transfers in	1,622,736	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
Transfers out	(797,742)	(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)
Insurance recoveries/Sale of Property	167,570	-	-	-	-	-	-	-	1,157,171	1,066,897
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
Total other financing sources (uses)	992,563	806,627	7,484,935	2,573,757	6,639,117	56,415,811	9,052,774	3,571,708	17,586,125	43,306,971
Net change in fund balances	\$ (5,464,949)	\$ 503,282	\$ 2,689,776	\$ 715,411	\$ 2,593,893	\$ 34,574,472	\$ (3,548,335)	\$ (8,791,462)	\$ (3,477,453)	\$ 33,177,658

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
2010	3,614,331,695	311,492,861	292,012,450	925,029,241	3,292,807,765	0.63500	4,217,837,006	78%
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	5,413,919,074	611,014,169	2,297,193	1,306,337,004	4,720,893,432	0.63500	6,027,230,436	78%

(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 School District Tax Rate	South Texas College Tax Rate	
2010	0.52421	0.11079	0.63500	0.59000	1.18980	0.14980	2.56460
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

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	2019			2010		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Day Surgery at Renaissance, LLC	\$ 54,689,137	1	1.20%	\$ 39,554,008	3	1.20%
Day Surgery at Renaissance	51,720,022	2	1.13%	\$ 44,354,621	2	1.35%
The Shoppes at Rio Grande Valley, LP	42,600,101	3	0.93%			
Calpine Central, LP (Magic Valley Power)	38,074,490	4	0.83%	101,333,580	1	3.08%
Trenton Street Corporation	36,500,787	5	0.80%	41,143,176	4	1.25%
AEP Texas Inc.	34,182,990	6	0.75%			
Doctors Hospital at Renaissance LTD	20,995,224	7	0.46%	14,297,810	8	0.43%
Santana Textiles, LLC	18,848,012	8	0.41%			
Wal-Mart Real Estate Bus Trst	17,537,209	9	0.38%			
Toros Stadium LLC	16,505,526	10	0.36%			
The Shoppes at Rio Grande Valley, LP				28,680,553	5	0.87%
Calpine Central, LP (Hidalgo Energy)				22,319,900	6	0.68%
Wal-Mart Property Tax Department				16,656,268	7	0.51%
Edinburg Containers				15,455,984	9	0.47%
AEP Texas Central Co.				13,287,640	10	0.40%
Totals	<u>\$ 331,653,498</u>		<u>7.25%</u>	<u>\$ 337,083,540</u>		<u>10.24%</u>

Source: Hidalgo County Tax Assessor

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

Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Collection within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collection to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	20,853,608	19,289,844	92.50%	1,405,943	20,695,787	99.24%
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%

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			
2010	40,928,809	-	-	897,075	-	23,801,000	1,385,000	-	6,916,191	73,928,075	6.21%	\$ 959
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	9.79%	1,718

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) Other includes a sales tax liability payable to the state comptroller for an overpayment of sales taxes to the City. Also 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)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2010	40,928,809	596,456	40,332,353	1.22%	523
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	1.57%	734

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 DIRECT AND OVERLAPPING DEBT
(Unaudited)

	<u>Net Debt</u>			<u>Percentage of Debt Applicable to Area</u>	<u>Edinburg Geographical Area Share of Debt</u>
	<u>Date</u>	<u>Amount</u>			
Direct:					
City of Edinburg	9/30/19	\$ 74,485,000	(1)	100.00%	\$ 74,485,000
Overlapping:					
Edinburg CISD	6/1/19	117,055,000	(2)	64.20%	\$ 75,149,310
Hidalgo County	6/1/19	340,970,000		12.78%	\$ 43,575,966
Hidalgo County Drainage District #1	6/1/19	119,805,000		13.33%	\$ 15,970,007
McAllen ISD	6/1/19	7,186,000		0.34%	\$ 24,432
South Texas College District	6/1/19	143,065,000		11.62%	\$ 16,624,153
Total Direct Debt					74,485,000
Total Net Overlapping Debt					<u>151,343,868</u>
Total Direct and Overlapping Debt					<u>\$ 225,828,868</u>
Average Debt per Capita					<u>\$ 2,531</u>

(1) As of the Delivery Date. Includes the Certificates.

(2) Approximately 27% of the debt service of Edinburg CISD's currently outstanding tax supported debt is supported with funds received from either the Existing Allotment Program or the Instructional Facilities Allotment Program from the Texas Education Agency. Both the Existing Debt Allotment Program and the Instructional Facilities Allotment Program funds are subject to biennial appropriation by the Texas Legislature. The District's Series 2008B, 2012, 2014 and 2016 Bonds are secured by the Permanent School Fund Guarantee.

Note: The percentage of overlap between the City and the overlapping governments was determined by dividing (a) the amount of the revenue base from which the debt is repaid that is contained within the overlapping area by (b) the total revenue base of the overlapping government.

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

Assessed valuation 2018 tax roll for fiscal year 2019	\$ 6,027,230,436
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>301,361,522</u>
Total bonded debt	76,754,296
Deduct amount available in debt service fund	<u>2,446,951</u>
Applicable debt	<u>74,307,345</u>
Economic debt margin	<u><u>\$ 227,054,177</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:	Net	Debt Service (3)		
		Operating Expenses (2)	Available Revenue	Principal	Interest	
2010	13,949,949	8,803,964	5,145,985	1,831,181	1,292,444	1.65
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

(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)

Fiscal Year	Population (1)	MSA(2) Per Capita Personal Income	Median Age (1)	Unemployment Rate (2)
2010	77,100	\$ 15,440	26.50	9.00%
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%

(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>2019(1)</u>		<u>2010(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	4,823	2	3,600	1
University of Texas-Pan American/UT-RGV	4,129	3	2,850	3
Hidalgo County	3,443	4	2,211	4
U.S. Customs & Border Patrol	3,000	5	1,609	6
Edinburg Regional Medical Center	2,861	6	3,000	2
Teleperformance	1,200	7	355	10
City of Edinburg	1,170	8	505	7
Wal-Mart (Trenton/McColl)	290	9	370	9
Wal-Mart (University Dr.)	275	10	370	8
Total	<u>26,473</u>		<u>16,870</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)

		Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
General Government				
01-501	Mayor and City Council	5	5	5
01-502	City Manager	4	6	6
01-503	Municipal Court	17.5	17.5	17.5
01-504	Legal	2	2	2
01-505	City Secretary	9	9	9
01-507	Public Information	7	7	7
01-508	Information Technology	5	5	5
01-521	Public Works/Admin.	3	4	4
01-541	Finance	22	22	22
01-544	Human Resources	8	8	8
01-545	City Hall	0	0	0
01-548	Planning and Zoning	6	6	6
Public Safety				
01-511	Police	221	221	222
01-512	Fire	47	47	47
01-513	Fire Prevention	7	7	7
Highway and Streets				
01-506	Engineering	9	9	6
01-524	Streets	39	39	39
Health and Welfare				
01-523	Building Maintenance	33	33	33
01-549	Code Enforcement	18	18	18
Culture and Recreation				
01-525	R.O.W.	22	23	23
01-531	Library	31	31	31
01-533	Recreation	165	165	165
01-535	World Birding Center	9.5	9.5	9.5
01-538	Parks	48	46	46
	GENERAL FUND TOTAL	738	740	738
02-571	Utilities/Admin.	5	5	6
02-572	Water Plant	19	19	19
02-573	Wastewater Plant	26	26	26
02-574	Systems	47	47	47
	UTILITY FUND TOTAL	97	97	98
33-508	C.D.B.G.	4	4	4
	C.D.B.G. TOTAL	4	4	4
12-528	Airport	6	6	6
13-535	Ebony Golf Course	7.5	7.5	6.5
14-575	Sanitation and Collection	97	97	97
15-535	Los Lagos Golf Course	20	20	19
72-534	Boys' and Girls' Club Fund	26	29	34
	OTHER FUNDS TOTAL	156.5	159.5	162.5
	GRAND TOTAL	995.5	1000.5	1002.5

Source: City of Edinburg Finance Department

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

Function	<u>2018</u>	<u>2019</u>
Public Safety- Police		
Physical Arrests	3,253	3,570
Parking Violations	196	409
Traffic Violations	18,571	27,114
Public Safety- Fire		
Number of Calls Answered	2,474	2,786
Inspections	3,211	3,249
Highways and Streets		
Streets Resurfacing (miles)	160.0	7.6
Traffic Signs Repaired	780	596
Solid Waste Services		
Refuse Collected-Residential Accts/Weekly	26,400	26,400
Refuse Collected-Commercial Accts/Weekly	3,000	3,000
Material Recycled - Tons	1,000	1,000
Golf Course Services		
Golf Course		
Rounds-9 Hole	10,251	11,996
Rounds-18-Hole	27,424	27,360
Culture and Recreation		
Programs	128	131
Parks Maintained	17	18
Water		
New Connections	1,029	1,166
Water Mains Breaks	94	285
Average Daily Consumption (millions of gallons)	12.376	12.468
Wastewater		
Average Daily Sewage Treatment (millions of gallons)	8.319	8.064

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	600
Graded	0.3
State Highways	21

Miles of Sewers:

Storm	118
Sanitary	337.63
Storm Drainage Ditches	25

Building Permits:

Permits Issued	1,600
Estimated Value	\$ 315,859,439

Fire Protection:

Number of Stations	4
Number of Firemen (Volunteers)	29
Fire Training Filed	1

Police Protection:

Number of Stations	1
Number of Policemen	162

Recreation:

	Number	Acres
Parks	17	292.4
Number of Picnic Areas	14	16
Number of Municipal Swimming Pools	2	2,294 sq. yds.
Number of Playgrounds	29	31
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	11

Source: Various City Departments

FEDERAL AWARDS SECTION

LUIS C OROZCO

CERTIFIED PUBLIC ACCOUNTANT

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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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 10, 2020.

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


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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
December 10, 2020

LUIS C OROZCO

CERTIFIED PUBLIC ACCOUNTANT

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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, 2019. 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

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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, 2019.

Report on Internal Control over Compliance

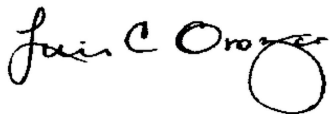
Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of 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
December 10, 2020



CITY OF EDINBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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:	20.507 Federal Transit Cluster 97.067 Homeland Security Grant
h. Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
i. Low risk auditee:	Yes

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
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Not applicable.

City of Edinburg, Texas

Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2019

(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
U.S. Department of Housing and Urban Development				
<u>Direct Programs</u>				
CDBG-Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218	B-16-MC-48-0503	\$ -	\$ 91,999
Community Development Block Grants/Entitlement Grants	14.218	B-17-MC-48-0503	-	343,978
Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-48-0503	-	142,850
Program Revenue			-	-
Total				<u>578,827</u>
Total U.S. Department of Housing and Urban Development				578,827
U.S. Department of Justice				
<u>Direct Programs</u>				
Bulletproof Vest Partnership Program	16.607	2018-BU-BX-18093505	-	38,160
Bulletproof Vest Partnership Program	16.607	2019-BU-BX-18093505	-	18,828
Public Safety Partnership and Community Policing Grants	16.710		-	328,871
Equitable Sharing Program	16.922		-	358,095
<u>Passed Through Office of the Governor</u>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0606	-	24,080
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0606		23,568
Total Passed Through Office of the Governor				<u>47,648</u>
Total U.S. Department of Justice				791,602
U.S. Department of Transportation				
<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	-	1,970,618
Total Passed Through Lower Rio Grande Valley Development Council				<u>1,970,618</u>
Total U.S. Department of Transportation				1,970,618
Environmental Protection Agency				
<u>Passed Through Texas Water Development Board</u>				
Drinking Water State Revolving Fund Cluster				
Capitalization Grants for Drinking Water State Revolving Funds	66.468		-	310,888
Total Passed Through Texas Water Development Board				<u>310,888</u>
Total Environmental Protection Agency				310,888
U.S. Department of Homeland Security				
<u>Passed Through Hidalgo County</u>				
Homeland Security Grant Program	97.067	EMW-2017-SS-00080	-	200,000
Homeland Security Grant Program	97.067	EMW-2018-SS-00080	-	64,421
Homeland Security Grant Program	97.083	EMW-2017-FH-00332	-	253,467
Total Passed Through Hidalgo County				<u>517,888</u>
Total U.S. Department of Homeland Security				517,888
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 4,169,823</u>

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, 2019 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

At September 30, 2018, the City has an outstanding loan payable to the Texas Water Development Board in the amount of \$2,350,000 under the Capitalization Grants for Clean Water State Revolving Fund Program, CFDA #66.458. These loan proceeds have been spent. The City also has two outstanding loans payable to the Texas Water Development Board in the amount of \$8,025,000 and \$4,615,000 under the Capitalization Grants for Drinking Water State Revolving Fund Program, CFDA #66.468.

Under the Community Development Block Grants/Entitlement Grants Program, The City has loans receivable outstanding with loan recipients under the program. At September 30, 2019, these loans receivable outstanding total \$1,596,743.

NOTE 5 – NONCASH AWARDS

During the year ended September 30, 2019, the City did not receive any non-cash assistance.

NOTE 6 – FEDERALLY FUNDED INSURANCE

During the year ended September 30, 2019, 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, 2019

2018-1 Material Weakness - Internal Control Over Financial Reporting- Schedule of Expenditures of Federal Awards (SEFA)

2018-1 Status: *Corrected*

2018-2 Significant Deficiency - Internal Control Over Financial Reporting- Bank Reconciliations

2018-2 Status: *Corrected*

2018-3 Significant Deficiency - Internal Control Over Financial Reporting - Classification of credit balances within accounts receivable for the Solid Waste Management Fund.

2018-3 Status: *Corrected*

2018-4 Significant Deficiency - Internal Control Over Financial Reporting- Grant accounting errors with Boys and Girls Club of Edinburg RGV component unit.

2018-4 Status: *Corrected*

2018-5 Significant Deficiency - Internal Control Over Financial Reporting- Incorrect write-off of accounts receivable.

2018-5 Status: *Corrected*

2018-6 Significant Deficiency- Internal Control Over Financial Reporting - Fund balance and net position issues

2018-6 Status: *Corrected*

2018-7 Other Matter- Incorrect accounting for sales taxes for property tax relief.

2018-7 Status: *Corrected*

2018-8 Other Matter - Underfunded on bond reserve and interest and sinking fund requirements.

2018-8 Status: *Corrected*

2018-9 Significant Deficiency- Internal Control Over Financial Reporting – Unrecorded liabilities.

2018-9 Status: *Corrected*

2018-10 Significant Deficiency- Internal Control Over Financial Reporting - Capital assets accounting

2018-10 Status: *Corrected*

2018-11 Significant Deficiency - Internal Control Over Financial Reporting - Prior period adjustments.

2018-11 Status: *Corrected*

2018-12 Significant Deficiency - Internal Control Over Compliance - Review of programmatic progress reports

2018-12 Status: *Corrected*