

THE CITY OF **Edinburg**

ANNUAL COMPREHENSIVE FINANCIAL REPORT



**FISCAL
YEAR
21 | 22**

FOR THE YEAR ENDED SEPTEMBER 30, 2022



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

For the Fiscal Year Ended
September 30, 2022

Elected Officials

Mayor
Ramiro Garza Jr.

Mayor Pro-Tem
Daniel "Dan" Diaz

City Council Members
Jason De Leon
David Salazar, Jr.
David White

City Manager
Myra L. Ayala

Director of Finance
Ascencion Alonzo

Independent Auditors
Burton, McCumber & Longoria, LLP
Certified Public Accountants

Prepared by City of Edinburg Finance Department

CITY OF EDINBURG, TX
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2022

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
<u>INTRODUCTORY SECTION (UNAUDITED)</u>		
Letter of Transmittal		2
Current City Officials		7
Organization Chart.....		8
Texas Map.....		9
<u>FINANCIAL SECTION</u>		
Independent Auditors' Report		12
Management's Discussion and Analysis (MD&A)		16
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Position.....	1-A	28
Statement of Activities	1-B	29
Fund Financial Statements		
Balance Sheet – Governmental Funds	2-A	31
Reconciliation of the Balance Sheet – Governmental Activities to the Governmental		
Activities – Statement of Net Position	2-B	32
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental		
Funds	2-C	33
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance –		
Governmental Funds to the Governmental Activities - Statement of Activities.....	2-D	34
Statement of Net Position – Proprietary Funds	3-A	35
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	3-B	37
Statement of Cash Flows – Proprietary Funds	3-C	38
Statement of Fiduciary Net Position – Fiduciary Funds.....	4-A	40
Statement of Net Changes – Fiduciary Funds	4-B	41
Notes to Financial Statements		43
Required Supplementary Information		
General Fund Budgetary Comparison Schedule	5-A	110
Schedule of Changes in Net Pension Liability and Related Ratios		
Texas Municipal Retirement System (TMRS)	5-B	115
Schedule of Changes in Net Pension Liability and Related Ratios		
Texas Emergency Services Retirement System (TESRS)	5-C	116
Schedule of City's Contributions – (TMRS)	5-D	117
Schedule of City's Contributions – (TESRS).....	5-E	118
Schedule of Changes in Total OPEB Obligation and Related Ratios –		
Post-Retirement Medical Plan.....	5-F	119
Schedule of Changes in Total OPEB Obligation and Related Ratios –		
Post-Retirement Supplemental Death Benefits	5-G	120
Notes to Required Supplementary Information.....	5-H	121
Other Supplementary Information		
Combining Balance Sheet – Nonmajor Governmental Funds	6-A	125
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –		
Nonmajor Governmental Funds.....	6-B	126
Combining Balance Sheet – Nonmajor Special Revenue Funds	6-C	127
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –		
Nonmajor Special Revenue Funds.....	6-D	128

Debt Service Fund Budgetary Comparison Schedule	7-A	129
Statement of Net Position – Nonmajor Enterprise Funds	8-A	131
Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Enterprise Funds	8-B	133
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	8-C	134
Balance Sheet – Boys’ and Girls’ Club of Edinburg, Inc. Component Unit	9-A	137
Reconciliation of the Component Unit Balance Sheet to the Discretely Presented Component Unit – Statement of Net Position – Boys’ and Girls’ Club of Edinburg, Inc.	9-B	138
Statement of Revenues, Expenditures and Changes in Fund Balance – Boys’ and Girls’ Club of Edinburg, Inc. Component Unit.....	9-C	139
Reconciliation of the Component Unit Statement of Revenues, Expenditures and Changes in Fund Balance to the Discretely Presented Component Unit – Statement of Activities – Boys’ and Girls’ Club of Edinburg, Inc.	9-D	140
Budgetary Comparison Schedule –Boys’ and Girls’ Club of Edinburg, Inc. Component Unit	9-E	141

STATISTICAL SECTION (UNAUDITED)

Financial Trends		
Net Position by Component		144
Changes in Net Position		145
Fund Balances of Governmental Funds		147
Changes in Fund Balances of Governmental Funds.....		148
Revenue Capacity		
Assessed and Estimated Actual Value of Taxable Property		149
Property Tax Rates Direct and Overlapping Governments		150
Principal Taxpayers		151
Property Tax Levies and Collections		152
Debt Capacity		
Ratio of Outstanding Debt by Type		153
Ratio of General Bonded Debt Outstanding		154
Computation of Legal Debt Margin.....		155
Pledged Revenue Coverage.....		156
Demographic and Economic Information		
Demographic and Economic Statistics		157
Principal Employers		158
Operating Information		
Full-Time Equivalent City Government Employees by Function		159
Operating Indicators by Function.....		160
Capital Assets Statistics by Function		161

FEDERAL AWARDS SECTION

Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		163
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and the State of Texas Uniform Grant Management Standards and the Texas Grant Management Standards		165
Schedule of Expenditures of Federal Awards.....		168
Schedule of Expenditures of State Awards		169
Notes to Schedule of Expenditures of Federal and State Awards		170
Schedule of Findings and Questioned Costs		171
Corrective Action Plan.....		184
Summary Schedule of Prior Year Audit Findings		190

INTRODUCTORY SECTION



January 16, 2024

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

As mandated by both state and local law, we hereby submit the Annual Comprehensive Financial Report (ACFR) of the City of Edinburg for the fiscal year ended September 30, 2022. 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 the City on an annual basis. The City of Edinburg’s financial statements have been audited by Burton, McCumber & Longoria, LLP. 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, 2022, 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 audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Information related to this Uniform Guidance, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and auditors’ report on the internal control structure and compliance with applicable laws and regulations are included in the 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 32,174. 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 2 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 benefit from growth at the University of Texas Rio Grande Valley (UTRGV) and increased employment from the many county and state agencies located within the city. Generally, the economic outlook for the City of Edinburg is stable and should remain so. According to the latest figures available from the U.S. Census Bureau, the city's population topped 100,000 in 2020, up by about 30% since 2010, making Edinburg the fastest growing community in the Rio Grande Valley. The City approved approximately \$135 million in residential investment in 2021, totaling nearly 1,379 new housing units, a 15% increase compared to 2020. The local economy also benefited from more than \$101 million in new commercial investment, which is \$21 million more than 2020. Total permitted development approached \$340 million in 2021, nearly double the total for 2020.

Recent economic highlights include:

- On May 20, 2022, the Siddons-Martin Emergency Group kicked off the construction of its newest facility located at 700 Independence Drive at North Industrial Park in Edinburg. Siddons-Martin capital investment is estimated at \$1,925,000.
- In late April 2022, RGV Tours held a groundbreaking at North Industrial Park located at 800 Constitution Drive in Edinburg. RGV Tours is the official transportation company for the UTRGV Athletic Department. RGV Tours capital investment is estimated at \$500,000.
- On November 2021, officials broke ground on a major regional project, the Driscoll Children's Hospital Rio Grande Valley, a new eight-level facility that will have more than 100 patient beds and employ nearly 600 people. Total investment in the project is expected to be approximately \$100 million.
- On October 8, 2021, South Texas Health System (STHS) completed a new \$100 million, five-story patient tower, which will expand STHS's local footprint by 150,000 square feet, and add approximately 60 beds. The project is expected to add more than 100 new jobs to the local economy.
- Edinburg's sales tax revenue in FY 2022 increased by 12.8% compared to FY 2021, demonstrating the resilience of local businesses during the pandemic.

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 ongoing 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.

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. On September 20, 2022, the Edinburg Economic Development Corporation approved the sale of 38 acres in the area that will house companies that are expanding, such as Nicho Produce, RGV CDL Services and more.

The City completed constructing a new \$2.7 million multi-use transit center 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.

In addition, the Edinburg Economic Development Corporation (EDC) continues to attract new businesses to the City. On September 2022, the EDC announced two new companies at the North Industrial Park, Nicho Produce and RGV CDL Services.

Long-term Financial Planning. Careful long-term financial planning is an important goal for the City. In 2021, 79% 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.

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:

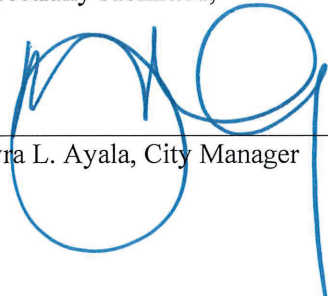
	<u>General Obligation</u>	<u>Revenue</u>
Standard and Poor's	AA	AA-
Fitch Ratings	AA-	AA

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.

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 Burton, McCumber and Longoria, LLP.

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,



Myra L. Ayala, City Manager



Ascencion Alonzo, Director of Finance

CITY OF EDINBURG, TEXAS
Current City Officials

Elected Officials

Mayor	Ramiro Garza Jr.
Mayor Pro Tem, Place 1	Daniel 'Dan' Diaz
Councilmember, Place 2	Jason De Leon
Councilmember, Place 3	David Salazar, Jr.
Councilmember, Place 4	David White

City Officials

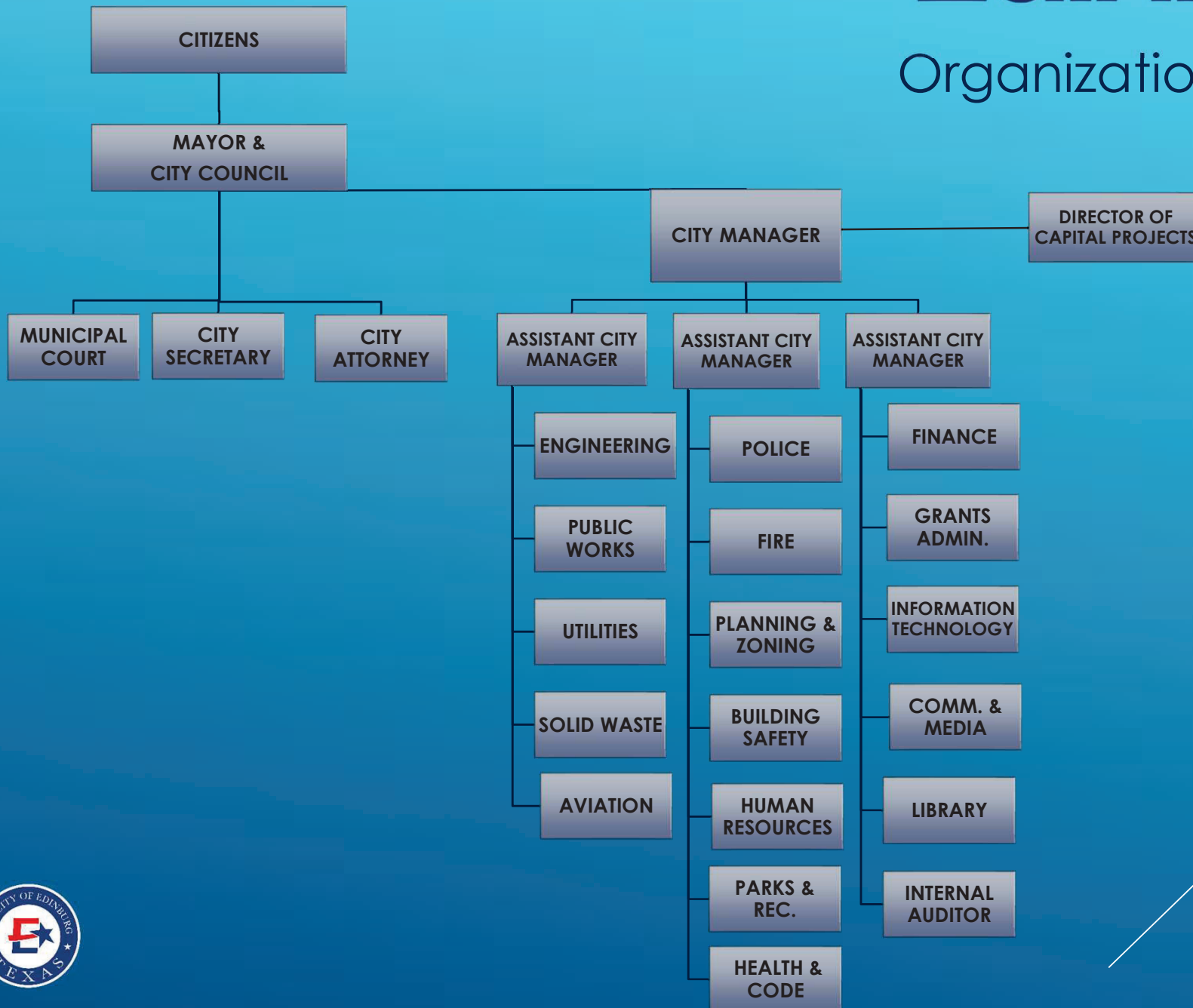
City Manager	Myra L. Ayala
Assistant City Manager	Jesus R. Saenz
Assistant City Manager	Nelda Ramirez
Assistant City Manager	Tomas D. Reyna
City Attorney	Omar Ochoa
City Secretary	Clarice Y. Balderas
Municipal Judge	Hector Bustos

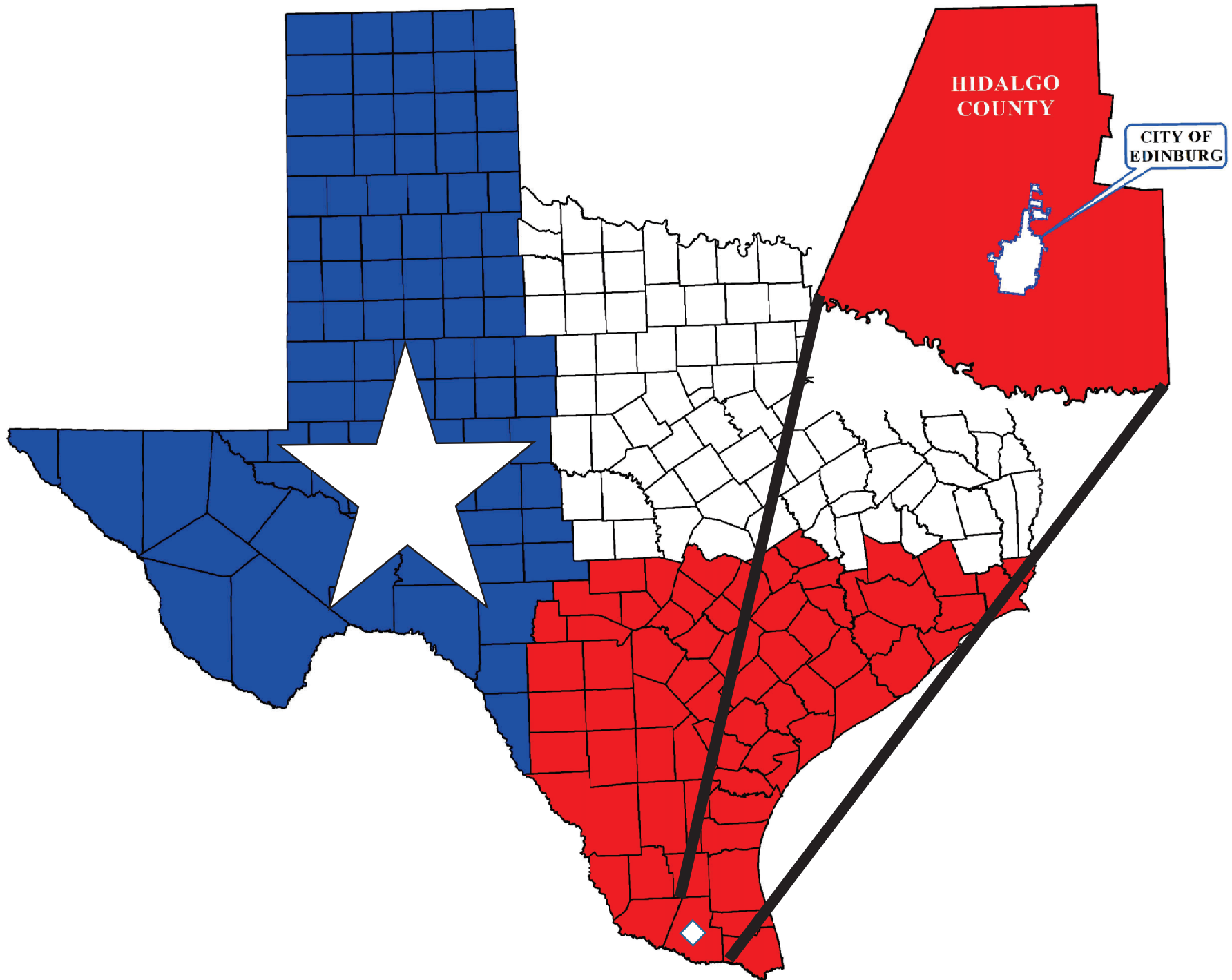
Department Directors

Chief Building Official	Natalia Velasquez
City Engineer	Mardoqueo Hinojosa
Director of Aviation	Jose Velarde
Director of Communications & Media	Roxanne Lerma
Director of Finance	Ascencion Alonzo
Director of Grants Administration	Marissa Garza
Director of Health & Code	Rafael Gonzales, 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	Jaime Acevedo
Director of Public Works	Vincent A. Romero
Director of Solid Waste Management	Ramiro L. Gomez, Jr.
Director of Utilities	Gerardo Carmona Jr.
Director of Water Resources	Arturo Martinez
Fire Chief	Omar Garza
Police Chief	Jaime Ayala

Organizational Chart

Fiscal Year 2023-2024





FINANCIAL SECTION

Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

As described in Note 1 to the financial statements, during the year ended September 30, 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, "Leases". Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, net pension liability and OPEB information and budgetary comparison information on pages 17 and 110 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Burton, McCumber, & Longoria LLP

McAllen, Texas
January 17, 2024

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, 2022. 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 current fiscal year by \$186,461,340 (net position).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$99,595,235, a decrease of \$8,356,128 from the prior year before prior period adjustments.
- At the end of the current fiscal year, nonspendable fund balance for the General Fund was \$108,092, unassigned fund balance was \$7,557,129, and assigned fund balance of \$24,755,976, totaling \$32,421,197, or 41 percent of total General Fund expenditures.
- The City of Edinburg's total long-term debt increased by \$15,722,041 or 7 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
311 W. Freddy Gonzalez Dr.
Edinburg, Texas 78539

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 twenty-six 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, grant, and capital projects fund, which are considered major funds. Data from the other 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 courses, 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 \$186,461,340 at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and Other Assets	\$ 138,663,838	\$ 141,261,072	\$ 59,174,974	\$ 61,495,632	\$ 197,838,812	\$ 202,756,704
Capital Assets	177,705,122	166,907,733	163,112,927	151,754,935	340,818,049	318,662,668
Total Assets	316,368,960	308,168,805	222,287,901	213,250,566	538,656,861	521,419,371
Deferred Outflows of Resources	10,712,047	9,537,318	7,480,159	7,186,569	18,192,206	16,723,887
Long-Term Liabilities	200,934,847	216,183,494	82,238,731	81,088,879	283,173,578	297,272,373
Other Liabilities	45,033,947	29,099,052	16,206,622	7,565,514	61,240,569	36,664,566
Total Liabilities	245,968,794	245,282,546	98,445,353	88,654,393	344,414,147	333,936,939
Deferred Inflows of Resources	13,825,372	4,722,680	10,092,977	7,404,406	23,918,349	12,127,085
Net Position						
Invested in Capital Assets,						
Net of Related Debt	89,470,643	80,905,001	130,703,235	110,310,189	220,173,878	191,215,190
Restricted	76,612,604	7,956,587	4,607,337	5,244,568	81,219,941	13,201,155
Unrestricted	(98,796,406)	(21,160,691)	(14,080,842)	8,823,580	(112,877,248)	(12,337,111)
Total Net Position	\$ 67,286,841	\$ 67,700,898	\$ 121,229,730	\$ 124,378,336	\$ 188,516,571	\$ 192,079,234

By far, the largest portion of the City's net position 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 (44 percent) represents resources that are subject to external restrictions regarding how they may be used.

The City reported a deficit balance of unrestricted net position for governmental and business-type 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 \$25,660,557 for the current year, along with a current net pension liability of \$22,398,444. This accounts for the deficit unrestricted net position reported at September 30, 2022.

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

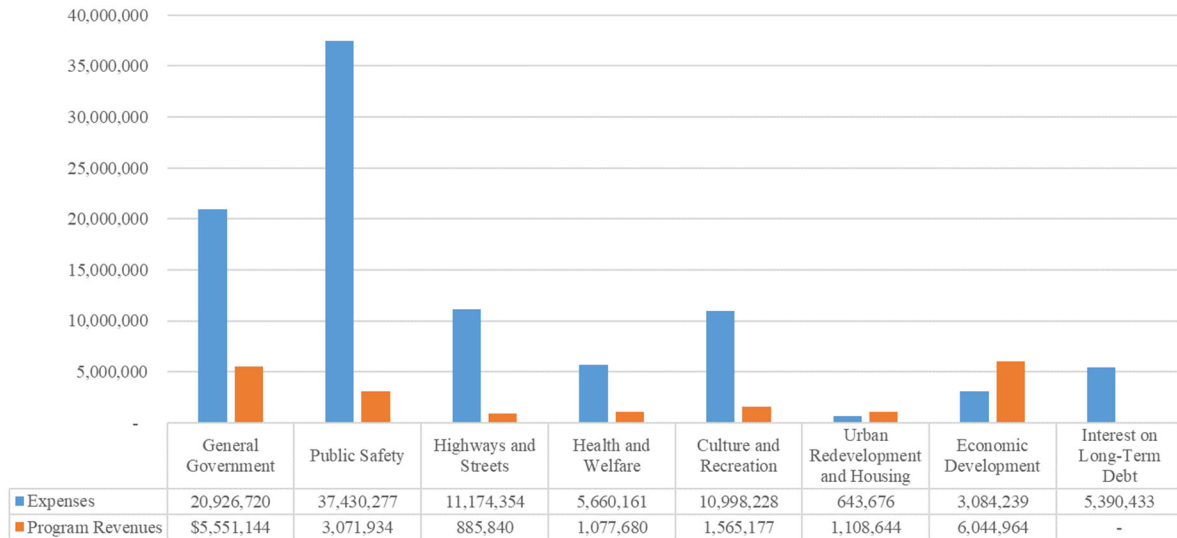
The following table presents details on revenues and expenses for both governmental activities and business-type activities.

Total revenues generated from both governmental and business-type activities for this year amounted to \$139,114,790. Expenses were \$142,444,057 thus decreasing net position by \$3,329,267.

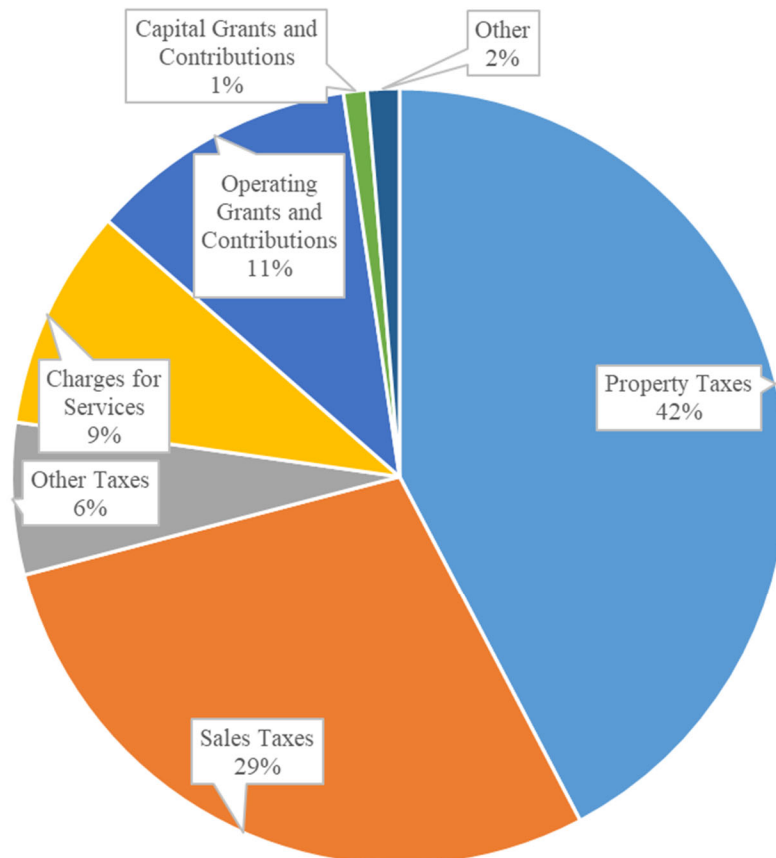
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for Services	\$ 8,302,619	\$ 7,395,811	\$ 46,054,096	\$ 45,020,640	\$ 54,356,715	\$ 52,416,451
Operating Grants and Contributions	10,116,925	11,334,859	81,221	104,391	10,198,146	11,439,250
Capital Grants and Contributions	885,840	1,407,273	-	-	885,840	1,407,273
General Revenues:						
Property Taxes	38,119,120	35,077,865	-	-	38,119,120	35,077,865
Other Taxes	31,506,784	28,061,830	-	-	31,506,784	28,061,830
Other	1,201,259	662,817	2,846,927	993,474	4,048,186	1,656,291
Total Revenues	90,132,546	83,940,456	48,982,244	46,118,505	139,114,790	130,058,961
Expenses:						
General Government	20,926,720	13,462,924	-	-	20,926,720	13,462,924
Public Safety	37,430,277	33,877,955	-	-	37,430,277	33,877,955
Highways and Streets	11,174,354	14,922,951	-	-	11,174,354	14,922,951
Health and Welfare	5,660,161	5,785,543	-	-	5,660,161	5,785,543
Culture and Recreation	10,998,228	9,814,577	-	-	10,998,228	9,814,577
Urban Redevelopment and Housing	643,676	2,219,410	-	-	643,676	2,219,410
Economic Development	3,084,239	3,098,008	-	-	3,084,239	3,098,008
Interest on Long-Term Debt	5,390,433	4,971,648	-	-	5,390,433	4,971,648
Water and Sewer Operations	-	-	21,824,936	20,866,627	21,824,936	20,866,627
Solid Waste Operations	-	-	19,677,970	16,506,457	19,677,970	16,506,457
Golf Course Services	-	-	2,419,592	1,956,302	2,419,592	1,956,302
Airport Services	-	-	3,213,471	1,979,681	3,213,471	1,979,681
Total Expenses	95,308,088	88,153,017	47,135,969	41,309,067	142,444,057	129,462,083
Increases (Decrease) in Net Position before Transfers	(5,175,542)	(4,212,561)	1,846,275	4,809,439	(3,329,267)	596,878
Transfers	4,600,000	5,000,000	(5,000,000)	(5,000,000)	(400,000)	-
Changes in Net Position	(575,542)	787,439	(3,153,725)	(190,561)	(3,729,267)	596,878
Net Position October 1, 20xx	67,700,898	67,418,697	124,378,337	124,738,128	192,079,235	192,156,825
Prior Period Adjustments	161,485	(505,238)	5,118	(169,231)	166,603	(674,469)
Net Position September 30, 20xx	\$ 67,286,841	\$ 67,700,898	\$ 121,229,730	\$ 124,378,336	\$ 188,516,571	\$ 192,079,234

Governmental activities. Governmental activities decreased the City of Edinburg's net position by \$575,542. For the fiscal year 2021-2022 the City projected increases related to debt payments, equipment needs and personnel. For this reason, the General Fund adopted budget was approved with a deficit by City Council, which caused the net position to decrease at the end of the year.

Expenses and Program Revenues - Governmental Activities

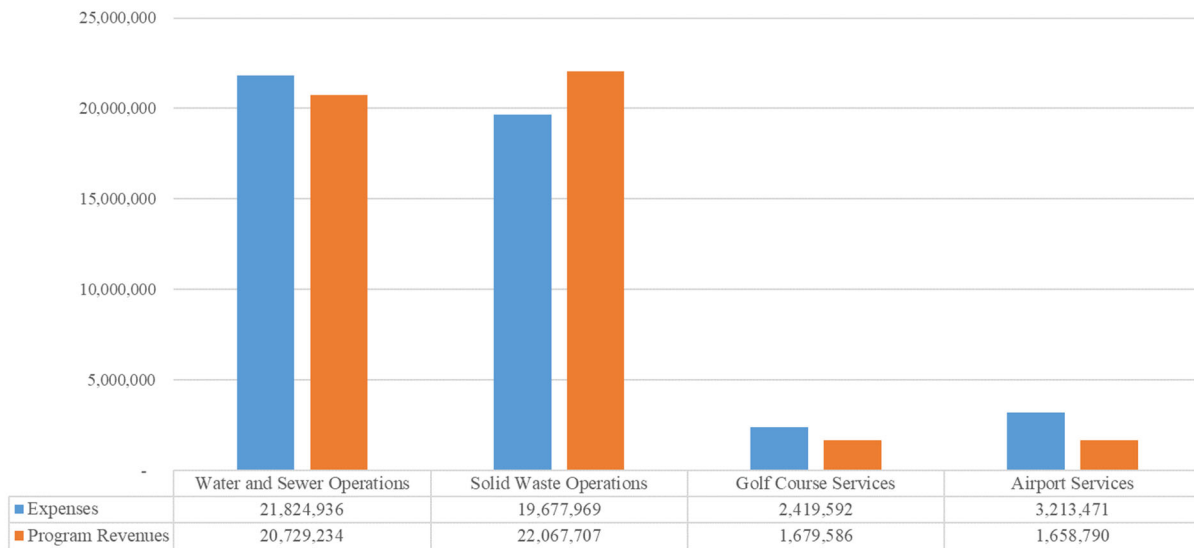


Revenues by Source - Governmental Activities

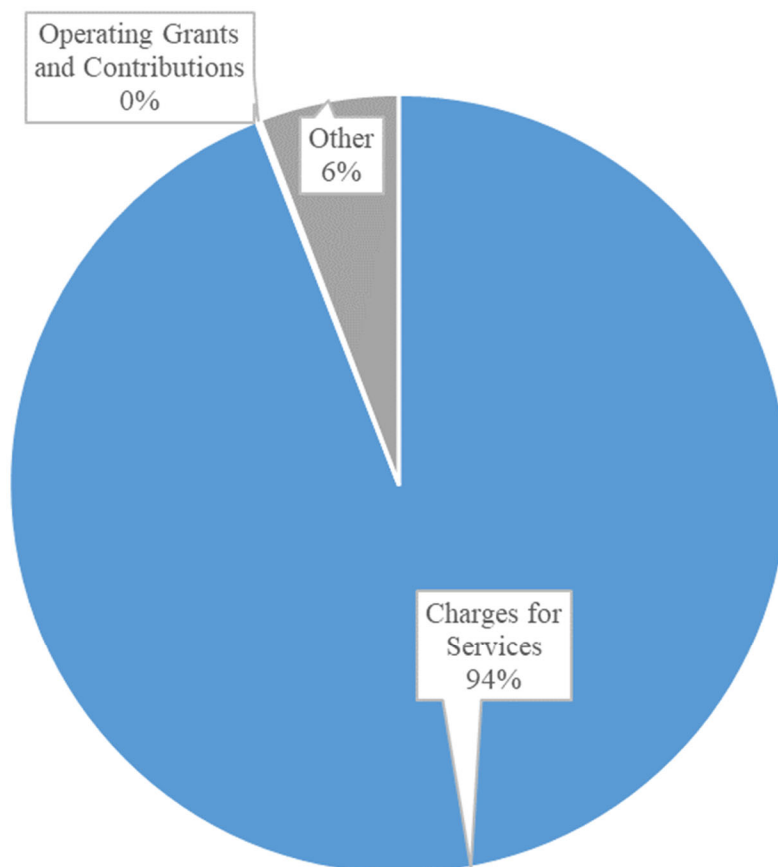


Business-type activities. Business-type activities decreased the City of Edinburg's net position by \$3,153,725. The decrease is attributed to transfers out to Non-Enterprise Funds, bad debts written off, unexpected increase in fuel cost, and landfill closure expenses that were not budgeted.

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 \$99,595,235, a decrease of \$8,356,128 in comparison with the prior year, before prior period adjustments. \$7,557,129 constitutes unassigned fund balance for all governmental funds, which is available for spending at the City's discretion. The remainder of the fund balance (\$92,038,106) falls under a restricted, committed, assigned and non-spendable category.

The General Fund is the chief operating fund of the City of Edinburg. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,557,129 while total fund balance increased to \$32,421,197. 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 10 percent of total General Fund expenditures. Total fund balance represents 41 percent of total General Fund expenditures.

During the current fiscal year, the net change in fund balance of the City of Edinburg's General Fund was an increase of \$4,554,258, before prior period adjustments of \$591,263. The key components and factors in this increase are as follows:

- There was an increase in ad valorem and sales tax revenue due to the continued growth in the City's economy.

The Debt Service Fund has a total fund balance of \$362,932, 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 \$64,084. This increase is due to higher collection of property taxes resulting in additional revenue.

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, 2022, total unrestricted net position amounted to (\$14,080,842). The Water, Sewer, and Solid Waste Management Funds had unrestricted net position of (\$1,160,593) and (\$10,905,139) respectively. The other non-major funds ended the year with unrestricted net position totaling (\$2,015,110).

General Fund Budgetary Highlights

The final amended expenditure budget was \$3,037,353 more than the original budget. This represented the carrying encumbrances from the prior year of \$1,018,350 that were restricted and reserved in the 2020-2021 fiscal year and \$2,269,703 for additional expenditures required to complete the 2021-2022 fiscal year.

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

Taxes

- Ad valorem tax revenues were \$282,288 above the budgeted amount. This was due to higher to expected collection rate.
- Sales tax revenues were \$802,830 above the budgeted amount. This has been an ongoing trend of the positive economic impact the City of Edinburg has been experiencing the last few years.

Capital Asset and Debt Administration

Capital assets. The City of Edinburg's investment in capital assets for its governmental and business type activities as of September 30, 2022 amounts to \$340,818,049 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, streets, storm drainage, sanitary sewer system, a water system and right-to-use lease assets. The total increase in the City of Edinburg's investment in capital assets for the current fiscal year was 6.95 percent, (6.47 percent increase for governmental activities and a 7.48 percent increase for business-type activities).

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

- Governmental activities had an increase of non-depreciable assets consisting of mainly the purchase of land for the construction of a holding pond (\$1,148,488).
- Governmental activities increased due to the amount paid to the irrigation district to bury a canal underground (\$2,500,000), for Northside Drainage Improvements (\$1,725,459), Skate Park at South Park (\$574,875), Park improvements-playscapes and restrooms (\$246,491) and Hike and Bike additions (\$312,143).
- Business-type activities had an increase of non-depreciable assets consisting mainly purchase of land for the new sewer system plant (\$1,480,175), the purchase of smart meters (\$2,055,231) and the purchase of land for the construction of new cell for the Solid Waste Management Department (\$1,000,000).
- Business-type activities had an increase due to the Lull Subdivision waterline improvement (\$818,736) and the Schunior main water line between sugar road and 16th street (\$714,080).
- The addition of \$120,647 right-to-use lease assets, as per the adoption of new pronouncement, see Note 1.

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land/other	\$ 24,693,589	\$ 22,936,749	\$ 26,783,298	\$ 24,303,124	\$ 51,476,887	\$ 47,239,873
Buildings and system	81,390,030	83,007,798	97,776,712	101,956,274	179,166,742	184,964,072
Improvements other than buildings	35,836,521	35,043,477	14,612,358	15,036,602	50,448,879	50,080,078
Furniture and equipment	18,590,999	16,496,774	19,809,117	8,913,212	38,400,116	25,409,986
Right-to-use lease assets	8,627	-	112,020	-	120,647	-
Construction in progress	17,185,356	9,422,935	4,019,422	1,545,723	21,204,778	10,968,658
Total	<u>\$ 177,705,122</u>	<u>\$ 166,907,733</u>	<u>\$ 163,112,927</u>	<u>\$ 151,754,935</u>	<u>\$ 340,818,049</u>	<u>\$ 318,662,667</u>

Long-term debt. At the end of the current fiscal year, the City of Edinburg had total long-term debt outstanding of \$253,270,862.

The City's total debt decreased by \$15,722,041 or 6.64 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.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 107,178,258	\$ 111,850,519	\$ 10,742,603	\$ 11,441,675	\$ 117,920,861	\$ 123,292,194
Tax increment bonds	38,351,761	39,272,924	-	-	38,351,761	39,272,924
Notes payable	-	-	1,000,000	1,000,000	1,000,000	1,000,000
Financing lease obligations	14,539,210	5,636,861	22,637,867	7,672,311	37,177,077	13,309,172
Compensated absences	5,485,864	4,909,168	724,486	485,235	6,210,350	5,394,403
Revenue bonds	-	-	38,611,708	41,282,395	38,611,708	41,282,395
Reimbursement obligation-developer	8,402,575	8,983,683	-	-	8,402,575	8,983,683
Landfill closure and post closure	-	-	5,596,531	4,964,047	5,596,531	4,964,047
Total	<u>\$ 173,957,667</u>	<u>\$ 170,653,157</u>	<u>\$ 79,313,195</u>	<u>\$ 66,845,662</u>	<u>\$ 253,270,862</u>	<u>\$ 237,498,819</u>

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City of Edinburg is currently 5.40 percent. The state and national average unemployment rates are currently 4.1 percent and 3.6 percent, respectively.
- Appraisal values used in preparing the 2022-2023 budget increased \$764,173,270 over the prior year, or 10.4 percent higher than the prior year. The City approved a tax rate of (\$0.6800 per \$100 assessed valuation).

Requests for Information

This financial report is designed to provide a general overview of the City of Edinburg's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Director of Finance, 415 West University Drive, Edinburg, Texas, 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
SEPTEMBER 30, 2022					
Assets					
Cash and Cash Equivalents	\$ 97,511,853	\$ 12,253,795	\$ 109,765,648	\$ 2,590,605	\$ 10,380,222
Taxes Receivable, Net	8,093,133	-	8,093,133	-	-
Accounts Receivable, Net	863,285	6,228,955	7,092,240	-	13,367,203
Accrued Interest Receivable	74	-	74	-	-
Leases Receivable, Net	34,215	77,895	112,110	-	-
Due from Other Governments	5,297,351	34,605	5,331,956	-	-
Notes Receivable	1,323,774	-	1,323,774	-	-
Internal Balances	302,932	(302,932)	-	-	-
Due from Component Unit	3,170,620	-	3,170,620	-	-
Inventories	76,294	980,904	1,057,198	-	-
Prepaid Items	32,598	50,295	82,893	-	-
Restricted Assets:					
Cash and Cash Equivalents	9,587,391	22,860,672	32,448,063	10,000	19,368,773
Cash with Fiscal Agent	12,370,318	16,990,785	29,361,103	-	-
Investments	-	-	-	1,537,531	-
Capital Assets:					
Land and Construction in Progress	41,878,945	30,802,720	72,681,665	539,125	7,322,205
Other Capital Assets, Net of Depreciation	135,817,550	132,198,187	268,015,737	3,955,280	1,288,733
Right of Use Lease Assets, Net of Amortization	8,627	112,020	120,647	-	-
Total Assets	316,368,960	222,287,901	538,656,861	8,632,541	51,727,136
Deferred Outflows of Resources					
Deferred Outflows Related to Debt Refunding	584,812	917,237	1,502,049	-	1,566,855
Deferred Outflows Related to TMRS Pension	6,930,503	1,890,307	8,820,810	151,375	-
Deferred Outflows Related to TESRS Pension	1,943	-	1,943	-	-
Deferred Outflows Related to TMRS OPEB Obligation	396,927	99,500	496,427	8,839	-
Deferred Outflows Related to MED OPEB Obligation	2,797,862	961,854	3,759,716	64,566	-
Deferred Outflows Related to Landfill Closure Costs	-	3,611,261	3,611,261	-	-
Total Deferred Outflows of Resources	10,712,047	7,480,159	18,192,206	224,780	1,566,855
Liabilities					
Accounts Payable	7,418,565	4,522,846	11,941,411	1,090,715	95,287
Accrued Liabilities	2,121,273	982,318	3,103,591	36,708	-
Accrued Interest Payable	569,065	86,114	655,179	-	138,187
Due to Primary Government	-	-	-	-	985,413
Due to Component Unit	2,185,207	-	2,185,207	-	-
Deposits	229,548	2,020,245	2,249,793	-	-
Retainage Payable	138,153	-	138,153	-	-
Unearned Revenue	22,692,024	-	22,692,024	-	-
Non-Current Liabilities:					
Due within One Year	9,680,112	8,595,099	18,275,211	29,096	1,580,000
Due in More Than One Year	164,277,555	70,718,096	234,995,651	-	33,155,000
Right-to-Use Lease Liabilities	8,452	110,474	118,926	-	-
TMRS Net Pension Liabilities	17,173,136	4,838,805	22,011,941	274,217	-
TESRS Net Pension Liabilities	386,503	-	386,503	-	-
TMRS OPEB Obligations	1,844,779	463,996	2,308,775	43,548	-
MED Plan OPEB Obligations	17,244,422	6,107,360	23,351,782	374,456	-
Total Liabilities	245,968,794	98,445,353	344,414,147	1,848,740	35,953,887
Deferred Inflows of Resources					
Deferred Inflows Related to Leases Receivable	30,100	77,814	107,914	-	-
Deferred Inflows Related to TMRS Pension	7,971,281	2,038,145	10,009,426	156,774	-
Deferred Inflows Related to TESRS Pension	157,249	-	157,249	-	-
Deferred Inflows Related to TMRS OPEB Obligation	64,781	13,481	78,262	1,485	-
Deferred Inflows Related to MED Plan OPEB Obligation	5,601,961	1,982,242	7,584,203	99,444	-
Deferred Inflows Related to Landfill Closure Costs	-	5,975,547	5,975,547	-	-
Other Deferred Inflows	-	5,748	5,748	-	-
Total Deferred Inflows of Resources	13,825,372	10,092,977	23,918,349	257,703	-
Net Position (Deficit)					
Net Investment in Capital Assets	89,470,643	130,703,235	220,173,878	4,494,405	8,610,938
Restricted For:					
Debt Service	3,060,027	4,607,337	7,667,364	-	4,061,913
Capital Acquisition	57,648,270	-	57,648,270	-	13,556,134
Other	15,904,307	-	15,904,307	-	780,000
Unrestricted	(98,796,406)	(14,080,842)	(112,877,248)	2,256,473	(9,668,881)
Total Net Position (Deficit)	\$ 67,286,841	\$ 121,229,730	\$ 188,516,571	\$ 6,750,878	\$ 17,340,104

See Accompanying Notes to the Financial Statements.

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	The Boys' and Girls' Club of Edinburg, Inc.	Edinburg Economic Development Corporation
PRIMARY GOVERNMENT:									
Governmental Activities:									
General Government	\$ 20,926,720	\$ 5,551,144	\$ -	\$ -	\$ (15,375,576)	\$ -	\$ (15,375,576)		
Public Safety	37,430,277	697,619	2,374,315	-	(34,358,342)	-	(34,358,342)		
Highways and Streets	11,174,354	-	-	885,840	(10,288,514)	-	(10,288,514)		
Health and Welfare	5,660,161	1,073,460	4,220	-	(4,582,481)	-	(4,582,481)		
Culture and Recreation	10,998,228	980,396	584,781	-	(9,433,051)	-	(9,433,051)		
Urban Redevelopment and Housing	643,676	-	1,108,644	-	464,968	-	464,968		
Economic Development	3,084,239	-	6,044,964	-	2,960,725	-	2,960,725		
Interest on Long-Term Debt	5,390,433	-	-	-	(5,390,433)	-	(5,390,433)		
Total Governmental Activities	95,308,088	8,302,619	10,116,925	885,840	(76,002,705)	-	(76,002,705)		
Business-Type Activities:									
Water and Sewer Operations	21,824,936	20,729,234	-	-	-	(1,095,702)	(1,095,702)		
Solid Waste Operations	19,677,970	22,067,707	-	-	-	2,389,737	2,389,737		
Golf Course Services	2,419,592	1,679,586	-	-	-	(740,006)	(740,006)		
Airport Services	3,213,471	1,577,569	81,221	-	-	(1,554,681)	(1,554,681)		
Total Business-Type Activities	47,135,969	46,054,096	81,221	-	-	(1,000,652)	(1,000,652)		
Total Primary Government	\$ 142,444,057	\$ 54,356,715	\$ 10,198,146	\$ 885,840	(76,002,705)	(1,000,652)	(77,003,357)		
Component Units:									
Community and Youth Services	\$ 1,786,582	\$ 7,171	\$ 2,566,946	\$ -				\$ 787,535	\$ -
Economic Development and Assistance	5,599,063	104,995	-	-				-	(5,494,068)
Interest on Long-Term Debt	1,355,227	-	-	-				-	(1,355,227)
Total Component Units	\$ 8,740,872	\$ 112,166	\$ 2,566,946	\$ -				787,535	(6,849,295)
General Revenues:									
Taxes									
Property Taxes					38,119,120	-	38,119,120	-	-
Sales Taxes					25,802,830	-	25,802,830	-	8,600,943
Hotel Occupancy Tax					959,928	-	959,928	-	-
Franchise Taxes					4,537,814	-	4,537,814	-	-
Other Taxes					206,212	-	206,212	-	-
Investment Earnings					829,944	276,793	1,106,737	1,966	107,322
Other					371,315	2,570,134	2,941,449	43,248	572,859
Transfers In (Out)					4,600,000	(5,000,000)	(400,000)	400,000	-
Total General Revenues and Transfers					75,427,163	(2,153,073)	73,274,090	445,214	9,281,124
Change in Net Position					(575,542)	(3,153,725)	(3,729,267)	1,232,749	2,431,829
Net Position - Beginning of Year					67,700,898	124,378,337	192,079,235	6,469,882	16,899,514
Prior Period Adjustment					161,485	5,118	166,603	(951,753)	(1,991,239)
Net Position - End of Year					\$ 67,286,841	\$ 121,229,730	\$ 188,516,571	\$ 6,750,878	\$ 17,340,104

See Accompanying Notes to the Financial Statements.

Fund Financial Statements

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

SEPTEMBER 30, 2022	General Fund	Grants Fund	Capital Project Funds	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 21,131,760	\$ 9,626,188	\$ 59,351,297	\$ 6,777,131	\$ 96,886,376
Taxes Receivables	8,143,885	-	-	486,263	8,630,148
Allowance for Uncollectible Taxes	(427,715)	-	-	(109,300)	(537,015)
Accounts Receivables, Net	786,220	-	-	62,420	848,640
Leases Receivables, Net	4,467	-	-	29,748	34,215
Note Receivable	-	-	-	1,323,774	1,323,774
Due from Other Governments	-	3,783,092	170,198	1,344,061	5,297,351
Due from Other Funds	303,182	-	1,543,552	33,594	1,880,328
Due from Component Unit	985,413	-	-	-	985,413
Inventories	76,294	-	-	-	76,294
Prepaid Items	31,798	-	-	800	32,598
Restricted Assets:					
Cash & Cash Equivalents	-	9,587,391	-	-	9,587,391
Cash with Fiscal Agent	9,438,566	-	-	2,931,752	12,370,318
Total Assets	<u>40,473,870</u>	<u>22,996,671</u>	<u>61,065,047</u>	<u>12,880,243</u>	<u>137,415,831</u>
Liabilities					
Accounts Payable	4,135,967	61,964	3,066,728	151,099	7,415,758
Accrued Liabilities	1,929,581	30,632	-	9,504	1,969,717
Deposits	229,548	-	-	-	229,548
Retainage Payable	-	-	138,153	-	138,153
Due to Other Funds	250	1,577,146	-	-	1,577,396
Unearned Revenue	-	20,901,443	446,520	1,344,061	22,692,024
Total Liabilities	<u>6,295,346</u>	<u>22,571,185</u>	<u>3,651,401</u>	<u>1,504,664</u>	<u>34,022,596</u>
Deferred Inflows of Resources					
Deferred Inflows from Loans Receivable	-	-	-	1,323,774	1,323,774
Deferred Inflows from Taxes	1,714,597	-	-	352,425	2,067,022
Deferred Inflows from Leases	4,458	-	-	25,641	30,099
Deferred Inflows from Other	38,272	338,833	-	-	377,105
Total Deferred Inflows of Resources	<u>1,757,327</u>	<u>338,833</u>	<u>-</u>	<u>1,701,840</u>	<u>3,798,000</u>
Fund Balances					
Nonspendable	108,092	-	-	-	108,092
Restricted For:					
Debt Service	-	-	-	3,060,027	3,060,027
Capital Projects	-	-	57,413,646	234,624	57,648,270
Other Purposes	9,438,566	86,653	-	6,379,088	15,904,307
Assigned	15,317,410	-	-	-	15,317,410
Unassigned	7,557,129	-	-	-	7,557,129
Total Fund Balances	<u>32,421,197</u>	<u>86,653</u>	<u>57,413,646</u>	<u>9,673,739</u>	<u>99,595,235</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 40,473,870</u>	<u>\$ 22,996,671</u>	<u>\$ 61,065,047</u>	<u>\$ 12,880,243</u>	<u>\$ 137,415,831</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, 2022

Total Fund Balances - Governmental Funds Balance Sheet	\$ 99,595,235
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.	177,696,495
2.) Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	2,067,022
3.) Loans receivable are not available to pay for current period expenditures and are deferred in the funds.	1,323,774
4.) Other receivables unavailable to pay for current period expenditures are deferred in the funds.	377,105
5.) Deferred outflows for losses on bond refunding are not reported in the funds.	584,812
6.) Payables for bond principal, which are not due in the current period, are not reported in the funds.	(145,530,021)
7.) Payables for bond interest, which are not due in the current period, are not reported in the funds.	(569,065)
8.) Payables for compensated absences, which are not due in the current period, are not reported in the funds.	(5,485,862)
9.) Other long-term payables, which are not due in the current period are not reported in the funds.	(22,941,783)
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.	(36,648,840)
11.) Deferred outflows of resources related to pensions and OPEB obligations are not reported in the funds.	10,127,235
12.) Deferred inflows of resources related to pensions and OPEB obligations are not reported in the funds.	(13,795,272)
13.) Right of use lease assets used in governmental activities are not reported in the funds.	8,627
14.) Right of use lease liabilities used in governmental activities are not reported in the funds.	(8,452)
15.) Lease accrued interest revenue receivable are not reported in the funds.	74
16.) The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	485,760
Net Position of Governmental Activities - Statement of Net Position	\$ 67,286,844

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, 2022</i>	General Fund	Grants Fund	Capital Project Funds	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes:					
Property Taxes	\$ 29,832,288	\$ -	\$ -	\$ 8,456,077	\$ 38,288,365
General Sales and Use Taxes	25,802,830	-	-	-	25,802,830
Franchise Tax	4,405,054	-	-	132,760	4,537,814
Other Tax	206,212	-	-	959,928	1,166,140
Licenses and Permits	1,245,283	-	-	-	1,245,283
Intergovernmental Revenue and Grants	1,094,576	7,281,678	-	1,584,521	9,960,775
Charges for Services	4,591,214	-	-	387,430	4,978,644
Fines and Forfeits	841,734	-	-	124,564	966,298
Investment Earnings	263,858	83,196	454,454	28,436	829,944
Contributions	-	-	560,063	1,561,575	2,121,638
Other	343,046	-	-	115,155	458,201
Total Revenues	<u>68,626,095</u>	<u>7,364,874</u>	<u>1,014,517</u>	<u>13,350,446</u>	<u>90,355,932</u>
Expenditures					
Current:					
General Government	14,899,545	4,483,389	1,110,697	289,954	20,783,585
Public Safety	36,351,593	1,909,335	4,940	233,013	38,498,881
Highways and Streets	8,271,391	-	8,965,759	-	17,237,150
Health and Welfare	5,667,544	-	-	182,056	5,849,600
Culture and Recreation	9,297,972	24,718	6,714,031	533,651	16,570,372
Urban Redevelopment and Housing	-	-	-	643,676	643,676
Economic Development	1,440,371	-	-	-	1,440,371
Debt Service:					
Principal Retirements	2,793,675	-	-	5,527,531	8,321,206
Interest and Other Charges	226,344	-	-	5,532,928	5,759,272
Total Expenditures	<u>78,948,435</u>	<u>6,417,442</u>	<u>16,795,427</u>	<u>12,942,809</u>	<u>115,104,113</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,322,340)</u>	<u>947,432</u>	<u>(15,780,910)</u>	<u>407,637</u>	<u>(24,748,181)</u>
Other Financing Sources (Uses)					
Sale of Real and Personal Property	76,069	-	-	-	76,069
Proceeds from Right-to-Use Leases	11,705,961	-	-	10,023	11,715,984
Transfers In	5,000,000	-	1,696,572	4,399,282	11,095,854
Transfers Out	(1,905,432)	(796,572)	-	(3,793,850)	(6,495,854)
Total Other Financing Sources (Uses)	<u>14,876,598</u>	<u>(796,572)</u>	<u>1,696,572</u>	<u>615,455</u>	<u>16,392,053</u>
Net Change in Fund Balances	4,554,258	150,860	(14,084,338)	1,023,092	(8,356,128)
Fund Balances - Beginning of Year	27,275,676	-	71,423,890	8,650,310	107,349,876
Prior Period Adjustments	591,263	(64,207)	74,094	336	601,486
Fund Balances - End of Year	<u>\$ 32,421,197</u>	<u>\$ 86,653</u>	<u>\$ 57,413,646</u>	<u>\$ 9,673,739</u>	<u>\$ 99,595,235</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, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ (8,356,128)
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.	22,913,617
2.) The depreciation of capital assets used in governmental activities is not reported in the funds.	(12,124,857)
3.) Certain property tax revenues are deferred in the funds. This is the change in these amounts for the year.	(169,245)
4.) Certain revenues are deferred in the funds. This is the change in these amounts for the year.	(141,793)
5.) Bond and capital lease proceeds are reported as other financing sources in the funds, but are not in the SOA.	(11,677,366)
6.) Payment of reduction of long term debt are expenditures in the funds, but is not an expense in the SOA.	8,302,548
7.) Changes in the net pension liability for retirement are not recognized in the funds, but are in the SOA.	2,432,217
8.) Changes in the net OPEB obligation are not recognized in the funds, but are in the SOA.	(1,279,380)
9.) Amortization of bond premiums and discounts is not reported in the funds.	647,003
10.) Amortization of deferred outflows and inflows related to bond refunding is not reported in the funds.	(169,210)
11.) (Increase) decrease in accrued interest from beginning of period to end of period.	(108,954)
12.) Internal service funds are used by management to charge to costs of certain activities to individual funds.	(694)
13.) Compensated absences are reported as the amount is incurred in the SOA, but as the amount is paid in the funds.	(576,696)
14.) Right of use lease activities are not reported in the funds.	249
15.) Prior Period adjustment on capital assets.	(266,855)
Change in Net Position of Governmental Activities - Statement of Activities	<u><u>\$ (575,542)</u></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
SEPTEMBER 30, 2022	Water and Sewer Fund	Solid Waste Management Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 5,823,567	\$ 6,231,960	\$ 198,268	\$ 12,253,795	\$ 625,477
Restricted Assets:					
Cash and Cash Equivalents	12,789,871	10,070,801	-	22,860,672	-
Cash with Fiscal Agent	7,088,590	9,008,445	893,750	16,990,785	-
Accounts Receivable, Net	2,958,075	3,204,959	65,921	6,228,955	14,646
Lease Receivable, Net	20,460	-	57,435	77,895	-
Due from Other Governments	14,855	19,750	-	34,605	-
Due from Other Funds	-	250	-	250	-
Inventories	864,526	19,107	97,271	980,904	-
Total Current Assets	29,559,944	28,555,272	1,362,940	59,478,156	640,123
Noncurrent Assets:					
Capital Assets:					
Land	10,470,420	11,312,723	5,000,155	26,783,298	-
Buildings	172,128,868	5,462,158	6,311,847	183,902,873	-
Improvements Other Than Buildings	6,060,684	19,475,026	13,389,647	38,925,357	-
Furniture and Equipment	13,277,282	30,898,790	2,193,793	46,369,865	-
Accumulated Depreciation	(93,035,542)	(30,045,249)	(13,919,117)	(136,999,908)	-
Right-to-Use Lease Assets	51,164	-	140,952	192,116	-
Accumulated Amortization- Right-to-Use-Leases	(10,964)	-	(69,132)	(80,096)	-
Construction in Progress	3,841,391	98,531	79,500	4,019,422	-
Total Capital Assets	112,783,303	37,201,979	13,127,645	163,112,927	-
Total Noncurrent Assets	112,783,303	37,201,979	13,127,645	163,112,927	-
Total Assets	142,343,247	65,757,251	14,490,585	222,591,083	640,123
Deferred Outflows of Resources					
Deferred Outflows Related to Debt Refundings	672,503	-	244,734	917,237	-
Deferred Outflows Related to Pension	891,167	767,457	231,683	1,890,307	-
Deferred Outflows Related to OPEB Obligation	492,825	451,494	117,035	1,061,354	-
Deferred Outflows Related to Landfill Closure Costs	-	3,611,261	-	3,611,261	-
Total Deferred Outflows of Resources	2,056,495	4,830,212	593,452	7,480,159	-
Liabilities					
Current Liabilities:					
Accounts Payable	2,328,331	1,929,947	264,568	4,522,846	2,808
Accrued Liabilities	560,089	352,534	69,695	982,318	151,555
Current Portion- Compensated Absences	161,510	131,886	49,891	343,287	-
Deposits	1,922,658	92,287	5,300	2,020,245	-
Due to Other Funds	-	-	303,182	303,182	-
Accrued Interest	55,192	27,519	3,403	86,114	-
Current Portion of Revenue Bonds	2,660,000	-	-	2,660,000	-
Current Portion of General Obligation Bonds	-	335,000	361,916	696,916	-
Current Portion of Notes Payable	-	1,000,000	-	1,000,000	-
Current Portion of Financing Leases	1,255,812	2,461,881	177,204	3,894,897	-
Total Current Liabilities	8,943,592	6,331,054	1,235,159	16,509,805	154,363

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
SEPTEMBER 30, 2022	Water and Sewer Fund	Solid Waste Management Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	
Noncurrent Liabilities					
Compensated Absences	167,027	145,120	69,052	381,199	-
Revenue Bonds, Net of Unamortized Discounts and Premiums	35,951,708	-	-	35,951,708	-
General Obligation Bonds, Net of Unamortized Discounts and Premiums	-	9,449,714	595,973	10,045,687	-
Financing Leases Payable	6,583,651	11,294,330	864,989	18,742,970	-
Landfill Closure and Post Closure Costs Payable	-	5,596,531	-	5,596,531	-
Right-to-Use Lease Liabilities	39,919	-	70,555	110,474	-
Net Pension Liability	2,249,186	2,067,269	522,350	4,838,805	-
Net OPEB Obligation	3,045,272	2,742,665	783,419	6,571,356	-
Total Noncurrent Liabilities	48,036,763	31,295,629	2,906,338	82,238,730	-
Total Liabilities	56,980,355	37,626,683	4,141,497	98,748,535	154,363
Deferred Inflows of Resources					
Deferred Intflow Related to Landfill Closure Costs	-	5,975,547	-	5,975,547	-
Deferred Inflows Related to Pension	935,520	853,198	249,427	2,038,145	-
Deferred Inflows Related to OPEB Obligation	950,205	814,909	230,609	1,995,723	-
Deferred Intflows Related to Leases	20,439	-	57,375	77,814	-
Other Deferred Intflows	-	-	5,748	5,748	-
Total Deferred Inflows of Resources	1,906,164	7,643,654	543,159	10,092,977	-
Net Position					
Net Investment in Capital Assets and Lease Assets	82,066,479	36,222,265	12,414,491	130,703,235	-
Restricted for Debt Service	4,607,337	-	-	4,607,337	-
Unrestricted	(1,160,593)	(10,905,139)	(2,015,110)	(14,080,842)	485,760
Total Net Position	<u>\$ 85,513,223</u>	<u>\$ 25,317,126</u>	<u>\$ 10,399,381</u>	<u>\$ 121,229,730</u>	<u>\$ 485,760</u>

See Accompanying Notes to the Financial Statements.

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

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Worker's Compensation Fund
<i>FOR THE YEAR ENDED SEPTEMBER 30, 2022</i>	Water and Sewer Fund	Solid Waste Management Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	
Operating Revenues:					
Water and Sewer Sales	\$ 19,984,323	\$ -	\$ -	\$ 19,984,323	\$ -
Garbage Collection and Disposal Charges	-	21,813,892	-	21,813,892	-
Fuel Flow Fees	-	-	1,577,307	1,577,307	-
Golf Course Fees and Memberships	-	-	1,396,884	1,396,884	-
Other Revenue	744,911	253,815	282,964	1,281,690	-
Total Operating Revenues	<u>20,729,234</u>	<u>22,067,707</u>	<u>3,257,155</u>	<u>46,054,096</u>	<u>-</u>
Operating Expenses:					
Salaries, Wages, and Employee Benefits	6,381,589	5,900,172	1,794,605	14,076,366	-
Supplies and Materials	2,999,277	2,569,584	248,743	5,817,604	-
Contractual and Other Services	3,041,493	2,545,131	453,882	6,040,506	-
Repairs and Maintenance	1,080,326	1,557,486	864,726	3,502,538	-
Other Operating Costs	1,915,193	2,801,666	1,494,793	6,211,652	844
Deprecation and Amortization	5,309,367	3,208,260	712,170	9,229,797	-
Total Operating Expenses	<u>20,727,245</u>	<u>18,582,299</u>	<u>5,568,919</u>	<u>44,878,463</u>	<u>844</u>
Operating Income (Loss)	<u>1,989</u>	<u>3,485,408</u>	<u>(2,311,764)</u>	<u>1,175,633</u>	<u>(844)</u>
Non-Operating Revenues (Expenses)					
Investment Earnings	139,576	137,009	208	276,793	-
Interest Expense	(1,086,190)	(524,405)	(64,144)	(1,674,739)	-
Intergovernmental Revenues	-	-	81,221	81,221	-
Other	38,860	1,948,507	-	1,987,367	150
Total Non-Operating Revenues (Expenses)	<u>(907,754)</u>	<u>1,561,111</u>	<u>17,285</u>	<u>670,642</u>	<u>150</u>
Income (Loss) Before Transfers	<u>(905,765)</u>	<u>5,046,519</u>	<u>(2,294,479)</u>	<u>1,846,275</u>	<u>(694)</u>
Transfers In (Out)					
Transfers In	-	-	2,089,705	2,089,705	-
Transfers Out	-	(7,089,705)	-	(7,089,705)	-
Total Transfers In (Out)	<u>-</u>	<u>(7,089,705)</u>	<u>2,089,705</u>	<u>(5,000,000)</u>	<u>-</u>
Change in Net Position	<u>(905,765)</u>	<u>(2,043,186)</u>	<u>(204,774)</u>	<u>(3,153,725)</u>	<u>(694)</u>
Net Position - Beginning of Year	85,968,150	27,805,126	10,605,061	124,378,337	486,454
Prior Period Adjustments	450,838	(444,814)	(906)	5,118	-
Net Position - End of Year	<u>\$ 85,513,223</u>	<u>\$ 25,317,126</u>	<u>\$ 10,399,381</u>	<u>121,229,730</u>	<u>\$ 485,760</u>

See Accompanying Notes to the Financial Statements.

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

	Business-type Enterprise Funds				Governmental Activities- Internal Service Worker's Compensation Fund
	Water and Sewer Fund	Solid Waste Management Fund	Nonmajor Enterprise Funds	Total	
FOR THE YEAR ENDED SEPTEMBER 30, 2022					
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 20,383,094	\$ 22,920,480	\$ 2,880,178	\$ 46,183,752	\$ -
Cash Received from Other Operating Receipts	3,536,545	1,620,877	1,284,172	6,441,594	132,861
Cash Payments to Employees for Services	(6,381,590)	(5,900,170)	(1,830,904)	(14,112,664)	-
Cash Payments for Other Operating Activities	(7,441,825)	(8,132,549)	(3,158,130)	(18,732,504)	-
Cash Payments to Other Funds	-	(250)	-	(250)	-
Cash Payments to Other Suppliers for Goods and Services	(3,364,644)	(4,020,926)	(352,279)	(7,737,849)	(65,704)
Net Cash Provided (Used) by Operating Activities	<u>6,731,580</u>	<u>6,487,462</u>	<u>(1,176,963)</u>	<u>12,042,079</u>	<u>67,157</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating Grants	-	-	81,221	81,221	-
Transfers From Other Funds	-	575,800	2,089,705	2,665,505	-
Transfers To Other Funds	-	(7,665,505)	-	(7,665,505)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>(7,089,705)</u>	<u>2,170,926</u>	<u>(4,918,779)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal Paid on Long-Term Debt	(3,765,241)	(2,417,912)	(474,564)	(6,657,717)	-
Proceeds from Capital Debt	5,636,188	12,835,782	892,016	19,363,986	-
Interest Paid on Long-Term Debt	(1,377,846)	(533,248)	(65,090)	(1,976,184)	-
Other Capital Payments	(71,624)	(938,782)	(168,283)	(1,178,689)	-
Other Capital Receipts	10,101	2,519,774	-	2,529,875	-
Acquisition or Construction of Capital Assets	(8,457,802)	(11,124,517)	(414,804)	(19,997,123)	-
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(8,026,224)</u>	<u>341,097</u>	<u>(230,725)</u>	<u>(7,915,852)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest from Investments	139,576	137,009	208	276,793	-
Proceeds from Sales and Maturities of Investments	-	-	-	-	-
Rents Received	40,259	-	-	40,259	-
Other Receipts	-	-	-	-	150
Net Cash Provided/(Used) by Investing Activities	<u>179,835</u>	<u>137,009</u>	<u>208</u>	<u>317,052</u>	<u>150</u>
Net Increase/(Decrease) in Cash	(1,114,809)	(124,137)	763,446	(475,500)	67,307
Cash and Cash Equivalents at Beginning of Year	26,816,837	25,435,343	328,572	52,580,752	558,170
Cash and Cash Equivalents at End of Year	<u>\$ 25,702,028</u>	<u>\$ 25,311,206</u>	<u>\$ 1,092,018</u>	<u>\$ 52,105,252</u>	<u>\$ 625,477</u>

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

	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)	\$ 1,989	\$ 3,485,408	\$ (2,311,764)	\$ 1,175,633	\$ (844)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation and Amortization	5,309,367	3,208,260	712,170	9,229,797	-
Changes in Assets and Liabilities					
Decrease (Increase) in Accounts Receivable	372,932	1,074,505	(22,366)	1,425,071	31,411
Decrease (Increase) in Due From Other Funds		(250)	-	(250)	-
Decrease (Increase) in Due From Other Governments	18,930	18,803	-	37,733	-
Decrease (Increase) in Prepaid Items		-	(50,295)	(50,295)	-
Decrease (Increase) in Inventories	(365,367)	1,702	(11,351)	(375,016)	-
Decrease (Increase) in Deferred Outflows	(67,634)	(62,868)	(10,860)	(141,362)	-
Increase (Decrease) in Accounts Payable	841,682	(1,451,342)	68,985	(540,675)	(64,860)
Increase (Decrease) in Compensated Balances	112,384	92,657	34,209	239,250	-
Increase (Decrease) in Accrued Liabilities	560,089	252,644	68,672	881,405	101,450
Increase (Decrease) In Due To Other Funds	-	-	303,182	303,182	-
Increase (Decrease) in Unearned Revenue	-	-	(13,760)	(13,760)	-
Increase (Decrease) in Deposits	29,150	(7,553)	-	21,597	-
Increase (Decrease) in Deferred Inflows	1,255,238	1,033,341	394,246	2,682,825	-
Increase (Decrease) in Pensions	(1,337,180)	(1,157,845)	(338,031)	(2,833,056)	-
Total Adjustments	6,729,591	3,002,054	1,134,801	10,866,446	68,001
Net Cash Provided (Used) by Operating Activities	\$ 6,731,580	\$ 6,487,462	\$ (1,176,963)	\$ 12,042,079	\$ 67,157

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

<u>SEPTEMBER 30, 2022</u>	<u>Developer's Escrow Fund</u>	<u>Custodial Funds</u>
Assets		
Cash and Cash Equivalents	\$ 7,933,146	\$ 7,933,146
Total Assets	<u>7,933,146</u>	<u>7,933,146</u>
Liabilities		
Accounts Payable	165,239	165,239
Total Liabilities	<u>165,239</u>	<u>165,239</u>
Fund Balances		
Restricted For:		
Developers Escrow Deposits	7,767,907	7,767,907
Total Fund Balances	<u>7,767,907</u>	<u>7,767,907</u>
Total Liabilities and Fund Balances	<u><u>\$ 7,933,146</u></u>	<u><u>\$ 7,933,146</u></u>

See Accompanying Notes to the Financial Statements.

CITY OF EDINBURG, TEXAS
STATEMENT OF NET CHANGES CHANGES
FIDUCIARY FUNDS
EXHIBIT 4-B

<i>FOR THE YEAR ENDED SEPTEMBER 30, 2022</i>	Developer's Escrow Fund	Custodial Funds
Additions		
Developer Deposits	\$ 5,327,941	\$ 5,327,941
Other	12,034	12,034
Total Additions	<u>5,339,975</u>	<u>5,339,975</u>
Deductions		
Material Testing Fees	688,611	688,611
Release of Developer Escrow Deposits	3,905,698	3,905,698
Other	31,109	31,109
Total Deductions	<u>4,625,418</u>	<u>4,625,418</u>
Net Change	<u>714,557</u>	<u>714,557</u>
Fund Balance - Beginning of Year	7,053,350	7,053,350
Fund Balance	<u><u>\$ 7,767,907</u></u>	<u><u>\$ 7,767,907</u></u>

See Accompanying Notes to the Financial Statements.

Notes to the Financial Statements

City of Edinburg
Notes to the Financial Statements
September 30, 2022

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 generally accepted in the United States of America (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.

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, health and welfare, culture and recreation, conservation and development, general government services, solid waste, utilities (water and sewer), an international airport, and improvements.

Component Units

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

Discretely Presented Component Units

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

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

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

Edinburg Economic Development Corporation
3111 W. Freddy Gonzalez Dr.
Edinburg, Texas 78539

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Boys' and Girls' Club of Edinburg, Inc. (a non-profit corporation), also referred as the Boys and Girls Club, 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 an eight-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 discretely presented component unit 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

Reinvestment Zone Number One, City of Edinburg, Texas (TIRZ # 1) established in 2007, 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.

TIRZ#1 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.

TIRZ#1 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 the LGFC, which is presented as a blended component unit of the City.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

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

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.

TIRZ#3 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.

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.

TIRZ#4 has a board of directors composed of six members, with one of the members appointed by Hidalgo County and the remaining four members appointed by the City Council of the City. Each board member serves a two-year term. The zone is managed by LGFC, which is presented as a blended component unit of the City.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

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

Recently Issued Accounting Pronouncements

The Governmental Accounting Standards Board issued the following pronouncements, which are relevant to the City and became effective this fiscal year and have been implemented:

GASB Statement No. 87, Leases

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Additional information about the changes to the financial statements related to the implementation of this Statement can be found in Note 10. The requirements of this statement were effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Governmental Accounting Standards Board has issued the following pronouncements, which are relevant to the City and will become effective in future years:

GASB Statement No. 96, Subscription-Based Information Technology Arrangements

In May 2020, the GASB issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. GASB 96 will be implemented in the City's fiscal year 2023 financial statements and the impact has not yet been determined.

GASB Statement No. 100, Accounting Changes and Error Corrections

GASB Statement No. 100, Accounting Changes and Error Corrections, establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, Compensated Absences

GASB Statement No. 101, Compensated Absences' objective is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The more significant accounting policies of the City are described below and on the following pages.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

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

Government-wide and fund financial statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. 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.

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. The City reports fiduciary fund types, in which the City accounts for assets received and held by the City in the capacity of trustee or custodian. Expenditures are made only in accordance with the purpose for which the assets are received and cannot be used to support the City’s programs.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

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

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.

The government reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Capital Projects Fund* is used to account for the acquisition and construction of the City's major capital facilities and infrastructure improvements, other than those financed by proprietary funds.
- The *Grant Fund* is used to account for federal, state and local awarded funds towards operations and infrastructure improvements in the City not accounted for in the General Fund.

The government reports the following major enterprise funds:

- The *Water and Sewer Fund* is used to account for water and sewer service revenue and expenses.
- The *Solid Waste Management Fund* is used to account for solid waste collections and landfill service revenues and expenses.

Additionally, the government reports the following fund types:

- *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
- *Special Revenue Funds* are used to account for the proceeds of specific revenue sources (other than debt service or major capital projects) that are legally restricted to expenditures for specified purposes.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

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

- *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.* A *custodial fund*, the Developer's Escrow Fund, is used to report developer's deposits held in a custodial capacity (assets equal liabilities plus net position).

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.

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

Cash and Cash Equivalents

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.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

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

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.

Short-Term Interfund Receivables and Payables/Internal Balances

Short-term lending/borrowing between funds that result in amounts outstanding at the end of the fiscal year are referred to as "due to/from other funds". "Due to/from other funds" represent the 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 non-spendable fund balance in governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Receivables and Payables

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 receivables are 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, 2022, were 97.88% 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, 2022, property tax rates were \$.5447 and \$.1353 for the general fund and the debt service fund, respectively, per \$100 of assessed value.

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

City of Edinburg
Notes to the Financial Statements
September 30, 2022

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

Inventories

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

Prepaid Items

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

Certain assets of the City are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

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.

Developer's deposit accounts that are to be refunded upon satisfaction of all obligations due.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks and similar items), and right-to-use-leases 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.

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. During the year ending September 30, 2022, there were no donated capital assets.

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.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

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

Gains or losses on dispositions of capital assets are included in income within the proprietary fund financial statements and in the governmental activities and business-type activities columns of the government-wide financial statements. In the governmental fund financial statements only the proceeds from the disposition are reported.

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

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

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

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations

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

Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses in the period incurred, with the exception of portions related to bond insurance, which are classified as prepaid expenses and amortized to expense over the term of the policy. Losses or gains resulting from advance refunding of debt are deferred and amortized over the shorter of the life of the new debt or the original life of the defeased debt and are reported as a deferred outflow or inflow of resources. Amortized amounts are reported as a component of interest expense.

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

Other Postemployment Benefits (OPEB)

The City provides certain health care benefits for its retired employees and their families. Please see Note 12 for additional details. At September 30, 2022, the City’s total OPEB liability for these retiree benefits was approximately \$25.7 million. The City funds the costs of these benefits on a pay-as-you-go basis.

Pensions

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- *Deferred charges on debt refundings* – A deferred charge on debt 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 and OPEB contributions after measurement date* – These contributions are deferred and recognized in the following fiscal year.
- *Difference in projected and actual earnings on pension and OPEB assets* – This difference is deferred and amortized over a closed five-year period.
- *Deferred landfill closure and post closure care costs* – These deferred expenses are due to a change in estimate and expansion of cubic yards permitted for the landfill. This difference is deferred and amortized over the remainder of the expected life of the landfill.

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

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

- *Changes in actuarial assumptions or other inputs and differences between expected or actual experience* – These are amortized over the weighted average remaining service lives of all participants determined as of the measurement date.
- *Receivables for property taxes and other long-term receivables* – These are recognized as revenue at the fund level when considered to be measurable and available.
- *Deferred landfill closure and post closure care costs gain* – This deferred gain is due to a change in estimate and expansion of cubic yards permitted for the landfill. This difference is deferred and amortized over the remainder of the expected life of the landfill.

Fund Balance Flow Assumptions

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

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.
- *Non-spendable*: 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.

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.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

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

Rounding Adjustments

Throughout this annual comprehensive financial report, dollar amounts are rounded, thereby creating differences between the details and the totals.

Leases

Leases are defined by the general government as the right to use an underlying asset. The City is a lessor for several leases of property.

As lessor, the City recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental fund and proprietary fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

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

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

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, 2022.

At year-end, the City's deposits with financial institutions balance was \$169,547,697 and the carrying balance was \$171,561,740. The Federal Depositary Insurance Corporation (FDIC) covers \$250,000 for demand deposits bank balances. Balances at the bank in excess of federal insurance limits were covered with collateral. The bank collateral is held by Texas National Bank in the City's name under a joint safekeeping arrangement with the City's depository bank. The City had cash on hand of \$13,074.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

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, 2022, are:

Investments	Amortized Cost	Weighted Average Maturity (Days)	Standard & Poor's Rating
Public Fund Investment Pools			
TexPool	\$ 135,063,484	24	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.

As of September 30, 2022, 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.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS (*Continued*)

Credit Risk

In compliance with the City's investment policy, as of September 30, 2022, 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, 2022, 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, 2022, none of the City's investments were subject to custodial credit risk.

Foreign Currency Risk for Investments

The City limits the risk that changes in exchanges rates will adversely affect the fair value of an investment. As of September 30, 2022, none of the City's investments were subject to foreign credit risk.

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, 2022, the carrying amount for the EEDC was \$29,748,995 and the bank balance was \$29,882,833. At September 30, 2022, 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.

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.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

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

Deposits - At September 30, 2022, the carrying amount for the Boys and Girls Club of Edinburg, Inc., was \$2,600,355 and the bank balance was \$2,600,355. 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, 2022, \$794,072 of total investments were invested in a Money Market account which was uncollateralized.

At September 30, 2022, the Boys and Girls Club endowment fund had investments in the following:

Investment Type	Fair Value (Level 1)
Mutual funds	\$ 205,003
Corporate debt	127,259
Money market	1,205,269
Total	\$ 1,537,531

In addition to the amounts invested above, the Boys and Girls Club has \$10,000 of cash and cash equivalents restricted for the endowment. These are classified as part of the endowment balance at September 30, 2022, which totals \$1,537,531.

Credit Risk

The investment policy of the Boys and Girls Club 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, 2022 are as follows:

Debt Security	Rating	Maturity
National Rural Utils Coop 3%	A (S&P)	5/15/2023
Vodafone Group 2.95%	Baa2 (Moody's)	2/19/2023
Wells Fargo 3.45%	BBB+ (S&P)	2/13/2023
Xilink Inc 2.95%	A- (S&P)	6/1/2024

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

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, 2022, the Boys and Girls Club had holdings of 5% or more in the following issuers:

Issuer	Type	Percentage of Portfolio
Emerson Electric 3.15%	Corporate Debt	6.95%
Goldman Sachs 3.40%	Corporate Debt	7.00%
National Rural Utils Coop 3%	Corporate Debt	5.74%
Wells Fargo 3.45%	Corporate Debt	5.75%
Xilinx Inc 2.95%	Corporate Debt	5.62%
Vodafone Group 2.95%	Corporate Debt	5.74%

Interest Rate Risk

Short-term investments are to be properly laddered to match the present income needs of the Boys and Girls Club. No other policies address interest rate risk of the Club. Maturities of the Boys and Girls 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 Boys and Girls Club, and are held by either the counterparty or the counterparty's trust department or agent but not in the Boys and Girls Club's name. As of September 30, 2022 none of the Club's investments were subject to custodial credit risk.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

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	
		Boys and Girls	
	Primary	Club of	E.E.D.C.
	Government	Edinburg, Inc.	
Cash on hand	\$ 13,074	\$ 250	\$ -
Carrying amounts of deposits	36,498,256	2,600,355	29,748,995
TexPool	135,063,484	-	-
Cash and Cash Equivalents	\$ 171,574,814	\$ 2,600,605	\$ 29,748,995
Cash and cash equivalents	\$ 109,765,648	\$ 2,590,605	\$ 10,380,222
Cash and cash equivalents - restricted	61,809,166	10,000	19,368,773
Cash and Cash Equivalents Statement of Net Position	\$ 171,574,814	\$ 2,600,605	\$ 29,748,995

NOTE 4 – RECEIVABLES

Primary Government

Receivables at fiscal 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	Grant	Capital	Water and	Solid Waste	Nonmajor	Nonmajor	Internal	
	Fund	Fund	Projects	Sewer	Management	Governmental	Enterprise	Service	Total
Receivables									
Property Taxes	\$ 2,250,188	\$ -	\$ -	\$ -	\$ -	\$ 486,263	\$ -	\$ -	\$ 2,736,451
Sales Taxes	5,877,738	-	-	-	-	-	-	-	5,877,738
Other Taxes	15,959	-	-	-	-	-	-	-	15,959
Accounts	1,241,337	-	-	3,084,735	4,145,970	62,420	65,921	14,646	8,615,029
Loans	-	-	-	-	-	1,323,774	-	-	1,323,774
Leases	4,467	-	-	20,460	-	29,748	57,435	-	112,110
Intergovernmental	-	3,783,092	170,198	14,855	19,750	1,344,061	-	-	5,331,956
Gross receivables	9,389,689	3,783,092	170,198	3,120,050	4,165,720	3,246,266	123,356	14,646	24,013,017
Less: Allowance									
for uncollectible-taxes	(427,715)	-	-	-	-	(109,300)	-	-	(537,015)
Less: Allowance									
for uncollectible-accounts	(455,117)	-	-	(126,660)	(941,011)	-	-	-	(1,522,788)
Net Total Receivables	\$ 8,506,857	\$ 3,783,092	\$ 170,198	\$ 2,993,390	\$ 3,224,709	\$ 3,136,966	\$ 123,356	\$ 14,646	\$ 21,953,214

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 4 – RECEIVABLES (Continued)

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

Uncollectible related to water sales and sewer charges	\$ 110,084
Uncollectible related to landfill and garbage charges	732,411
Total Uncollectible Amounts Related to Receivables	\$ 842,495

Loans receivable of \$1,323,774 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 are not expected to be collected within a year.

Component Units

At September 30, 2022, the Edinburg Economic Development Corporation made certain loans to various entities to promote economic development in the City. At September 30, 2022, the Corporation had outstanding industrial development loans other net receivables totaling \$13,367,204.

The notes receivable (Santana Textiles) net account is comprised of two (2) notes from Santana Textiles, LLC. The first note originated on April 16, 2010, in the amount of \$5,000,000. The second note originated on August 30, 2011, in the amount of \$10,000,000. Listed below are dates in which the EEDC and Santana Textiles, LLC agreed to reinstatement, modify, renew, and extend the Note Receivable agreement. Under the most recent modification, December 17, 2017, the terms and amounts agreed for September 30, 2022, were as follows:

The \$5,000,000 note receivable from Santana Textiles, LLC has payments of \$23,167 monthly, including principal and interest (4.25%) beginning November 21, 2017. The current agreement with Santana Textiles, LLC expired on October 21, 2022. The EEDC is negotiating an extension.

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

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

The combined balance of the notes receivable is \$13,640,004. An allowance for uncollectible has been setup at 2% of the note receivable balance. An additional allowance for uncollectible has been set up for the accrued interest and late fees. The total allowance for uncollectible balance is \$3,221,876 which brings the notes receivable, net balance to \$13,364,204. A Cross-Collateralization and Cross-Default and Security Agreement was executed on August 30, 2011 and recorded in the Office of the County Clerk of Hidalgo County, Texas as Document No. 2237059 for both Notes.

**City of Edinburg
Notes to the Financial Statements
September 30, 2022**

NOTE 4 – RECEIVABLES (Continued)

Leases Receivable

For the year ended September 30, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On October 1, 2021, the City entered into a 48-month lease as Lessor for the use of Fire Department Station No. 3. An initial lease receivable was recorded in the amount of \$5,944. As of September 30, 2022, the value of the lease receivable is \$4,467. The lessee is required to make monthly fixed payments of \$125. The lease has an interest rate of 0.4753%. The value of the deferred inflow of resources as of September 30, 2022 was \$4,458, and the City recognized lease revenue of \$1,486 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.

On October 1, 2021, the City entered into a 42-month lease as Lessor for the use of Youth Sports Facility - Pad Site. An initial lease receivable was recorded in the amount of \$20,825. As of September 30, 2022, the value of the lease receivable is \$14,908. The lessee is required to make monthly fixed payments of \$500. The lease has an interest rate of 0.4753%. The value of the deferred inflow of resources as of September 30, 2022 was \$14,972, and the City recognized lease revenue of \$5,852 during the fiscal year.

On October 1, 2021, the City entered into a 42-month lease as Lessor for the use of Youth Sports Facility - Concession Area. An initial lease receivable was recorded in the amount of \$14,840. As of September 30, 2022, the value of the lease receivable is \$14,840. The lessee is required to make monthly fixed payments of \$500. The lease has an interest rate of 0.4753%. The value of the deferred inflow of resources as of September 30, 2022 was \$10,669, and the City recognized lease revenue of \$4,170 during the fiscal year.

On October 1, 2021, The City entered into a 19-month lease as Lessor for the use of 400 E. Freddy Gonzalez Dr. An initial lease receivable was recorded in the amount of \$55,477. As of September 30, 2022, the value of the lease receivable is \$20,460. The lessee is required to make monthly fixed payments of \$2,925. The lease has an interest rate of 0.2477%. The value of the deferred inflow of resources as of September 30, 2022 was \$20,439, and The City recognized lease revenue of \$35,038 during the fiscal year.

On October 1, 2021, the City entered into a 22-month lease as Lessor for the use of Hangar - Public Safety. An initial lease receivable was recorded in the amount of \$126,226. As of September 30, 2022, the value of the lease receivable is \$57,435. The lessee is required to make monthly fixed payments of \$5,750. The lease has an interest rate of 0.2477%. The value of the deferred inflow of resources as of September 30, 2022 was \$57,376, and the City recognized lease revenue of \$68,851 during the fiscal year.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 4 – RECEIVABLES (Continued)

Governmental Activities	Balance as of October 1, 2021	Additions	Reductions	Balance as of September 30, 2022
Lease Receivable				
Buildings				
Fire Department Station No. 3	\$ 5,943	\$ -	\$ 1,477	\$ 4,467
Youth Sports Facility - Pad Site	20,825	-	5,916	14,908
Youth Sports Facility - Concession Area	14,840	-	-	14,840
Total Building Lease Receivable	41,608	-	7,393	34,215
Total Lease Receivable	\$ 41,608	\$ -	\$ 7,393	\$ 34,215

Business-type Activities	Balance as of October 1, 2021	Additions	Reductions	Balance as of September 30, 2022
Lease Receivable				
Infrastructure				
400 E Freddy Gonzalez Dr.	\$ 55,477	\$ -	\$ 35,017	\$ 20,460
Total Infrastructure Lease Receivable	55,477	-	35,017	20,460
Buildings				
Hangar - Public Safety	126,226	-	68,791	57,435
Total Building Lease Receivable	126,226	-	68,791	57,435
Total Lease Receivable	\$ 181,703	\$ -	\$ 103,808	\$ 77,895

Principal and Interest Expected to Maturity

Governmental Activities		Principal Payments	Interest Payments	Total Payments
Fiscal Year				
2023	\$	13,297	\$ 203	\$ 13,500
2024		13,430	70	13,500
2025		7,488	12	7,500
Total	\$	34,215	\$ 285	\$ 34,500

Business-type Activities		Principal Payments	Interest Payments	Total Payments
Fiscal Year				
2023	\$	77,895	\$ 82	\$ 77,977
Total	\$	77,895	\$ 82	\$ 77,977

Governmental Activities	Balance as of October 1, 2021	Additions	Reductions	Balance as of September 30, 2022
Deferred Inflow of Resources				
Buildings				
Fire Department Station No. 3	\$ 5,944	\$ -	\$ 1,487	\$ 4,458
Youth Sports Facility - Pad Site	20,824	-	5,852	14,972
Youth Sports Facility - Concession Area	14,840	-	4,170	10,669
Total Building Deferred Inflow of Resources	41,608	-	11,509	30,099
Total Deferred Inflow of Resources	\$ 41,608	\$ -	\$ 11,509	\$ 30,099

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 4 – RECEIVABLES (Continued)

Business-type Activities	Balance as of October 1, 2021	Additions	Reductions	Balance as of September 30, 2022
Deferred Inflow of Resources				
Infrastructure				
400 E Freddy Gonzalez Dr.	\$ 55,477	\$ -	\$ 35,038	\$ 20,439
Total Infrastructure Deferred Inflow of Resources	55,477	-	35,038	20,439
Buildings				
Hangar - Public Safety	126,226	-	68,851	57,376
Total Building Deferred Inflow of Resources	126,226	-	68,851	57,376
Total Deferred Inflow of Resources	\$ 181,703	\$ -	\$ 103,889	\$ 77,815

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	Outflows	Inflows	Unearned
Delinquent property taxes (General Fund)	\$ 1,714,597	\$ -	\$ -	\$ -	\$ -
Delinquent cleaning/mowing (General Fund)	38,272	-	-	-	-
Grants (Grant Fund)	338,833	22,245,504	-	-	-
Delinquent property taxes (Nonmajor Funds)	352,425	-	-	-	-
Loans receivable (Nonmajor Funds)	1,323,774	-	-	-	-
Parkland dedication (Capital Projects Fund)	-	446,520	-	-	-
Landfill closure costs (Solid Waste Fund)	-	-	3,611,261	5,975,547	-
Debt refunding (Water and Sewer Fund)	-	-	672,503	-	-
Debt refunding (Nonmajor Enterprise Funds)	-	-	244,734	-	-
Lease revenue receivable (Governmental Funds)	30,099	-	-	-	-
Lease revenue receivable (Enterprise Funds)	-	-	-	77,814	-
Deferred revenue (Nonmajor Funds)	-	-	-	-	5,748
Total	\$ 3,798,000	\$ 22,692,024	\$ 4,528,498	\$ 6,053,361	\$ 5,748

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

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Primary Government

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

Governmental Funds

Receivable Fund	Payable Fund	Amount
General Fund	Los Lagos Golf Course	\$ 303,182
Capital Projects Fund	Grant Fund	1,543,552
Nonmajor Governmental Funds-Texas Controlled Substance Fund	Grant Fund	33,594
Total		\$ 1,880,328

Proprietary Funds

Receivable Fund	Payable Fund	Amount
Solid Waste Management Fund	General Fund	\$ 250
Total		\$ 250

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, 2022 were as follows:

Edinburg Economic Development Corporation

Receivable Entity	Payable Entity	Amount
Primary Government- General Fund	Component Unit - E.E.D.C	\$ 985,413
Total		\$ 985,413

Interfund transfers during the year were as follows:

Transfers Out:	Transfers In:					Total
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Boys & Girls Club	
General Fund	\$ -	\$ -	\$ 1,505,432	\$ -	\$ 400,000	\$ 1,905,432
Grants Fund	-	796,572	-	-	-	796,572
Nonmajor Governmental Funds	-	900,000	2,893,850	-	-	3,793,850
Solid Waste Management Fund	5,000,000	-	-	2,089,705	-	7,089,705
Total	\$5,000,000	\$1,696,572	\$ 4,399,282	\$ 2,089,705	\$ 400,000	\$ 13,585,559

City of Edinburg
Notes to the Financial Statements
September 30, 2022

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

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

Transfers out of the Grant Fund (\$796,572) to the Capital Project Fund consists funding for the Northside Stadium and Dawson drainage project related construction expenses.

Transfers out of the Nonmajor Governmental Funds (\$900,000) to the Hotel Occupancy Tax Fund to subsidize and complete the Promenade Park, Phase I, Project.

Transfers out of the General Fund (\$416,345) to the Debt Service Fund was to supplement additional debt service for new bonds issued in the current year.

Transfers out of the General Fund (\$1,089,087) to the Nonmajor Governmental Funds (TIRZ # 1 and TIRZ #4). were dedicated sales tax revenues collected within the zones.

Transfers out of the Nonmajor Governmental Funds (TIRZ#1, TIRZ#3 & TIRZ#4 totaling \$2,893,850) to the Nonmajor Governmental Fund (LGFC) were dedicated revenues collected within the zones to pay certain obligations.

Transfers out of the Solid Waste Management Fund (\$2,089,705) to the Nonmajor Enterprise Funds are for debt service and operations.

Transfers out of the General Fund (\$400,000) to the Boys & Girls Club to supplement their annual budget, as approved by the City Council.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 7 – CAPITAL ASSETS

Primary Government

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

Governmental Activities	Balance at October 1, 2021	Increases	Decreases	Transfers	Balance at September 30, 2022
Capital assets, not being depreciated:					
Land	\$ 22,936,749	\$ 1,756,840	\$ -	\$ -	\$ 24,693,589
Construction in progress	9,422,934	14,335,133	-	(6,572,711)	17,185,356
Total capital assets, not being depreciated	32,359,683	16,091,973	-	(6,572,711)	41,878,945
Capital assets, being depreciated:					
Buildings	95,856,035	353,310	-	-	96,209,345
Improvements other than buildings	154,356,092	278,999	-	6,572,711	161,207,801
Furniture and equipment	41,491,104	6,189,335	-	-	47,680,439
Right-to-use lease assets	-	27,109	-	-	27,109
Total capital assets, being depreciated	291,703,231	6,848,753	-	6,572,711	305,124,694
Less accumulated depreciation for:					
Buildings	(12,848,236)	(1,971,079)	-	-	(14,819,315)
Improvements other than buildings	(119,312,614)	(6,058,666)	-	-	(125,371,280)
Furniture and equipment	(24,994,329)	(4,095,112)	-	-	(29,089,441)
Right-to-use lease assets	-	(18,482)	-	-	(18,482)
Total accumulated depreciation	(157,155,179)	(12,143,339)	-	-	(169,298,518)
Total capital assets, being depreciated, net	134,548,052	(5,294,586)	-	6,572,711	135,826,177
Governmental activities capital assets, net	\$ 166,907,735	\$ 10,797,387	\$ -	\$ -	\$ 177,705,122

Business-type Activities	Balance at October 1, 2021	Increases	Decreases	Transfers and Trade-ins	Balance at September 30, 2022
Capital assets, not being depreciated:					
Land/Other	\$ 24,303,124	2,480,174	\$ -	\$ -	\$ 26,783,298
Construction in progress	1,545,724	2,894,778	-	(421,080)	4,019,422
Total capital assets, not being depreciated	25,848,848	5,374,952	-	(421,080)	30,802,720
Capital assets, being depreciated:					
Buildings	183,532,513	95,136	-	275,224	183,902,873
Improvements other than buildings	38,051,226	728,275	-	145,856	38,925,357
Furniture and equipment	34,826,702	14,197,310	(2,654,147)	-	46,369,865
Right-to-use lease assets	-	192,116	-	-	192,116
Total capital assets, being depreciated	256,410,441	15,212,837	(2,654,147)	421,080	269,390,211
Less accumulated depreciation for:					
Buildings	(81,576,239)	(4,549,922)	-	-	(86,126,161)
Improvements other than buildings	(23,014,625)	(1,298,374)	-	-	(24,312,999)
Furniture and equipment	(25,913,489)	(3,263,383)	2,654,147	(38,023)	(26,560,748)
Right-to-use lease assets	-	(80,096)	-	-	(80,096)
Total accumulated depreciation	(130,504,353)	(9,191,775)	2,654,147	(38,023)	(137,080,004)
Total capital assets, being depreciated, net	125,906,088	6,021,062	-	383,057	132,310,207
Business-type activities capital assets, net	\$ 151,754,936	\$ 11,396,014	\$ -	\$ (38,023)	\$ 163,112,927

As further discussed in Note 13, at September 30, 2022, the City had remaining construction and improvement commitments amounting to \$13,766,307.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 7 – CAPITAL ASSETS (Continued)

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

Governmental Activities	
General Government	\$ 640,536
Public Safety	2,475,650
Highway and Streets	6,047,341
Health and Welfare	96,664
Culture and Recreation	1,239,280
Economic Development	1,643,868
Total Depreciation Expense - Governmental Activities	\$ 12,143,339
Business-Type Activities	
Water and Sewer	\$ 5,309,366
Solid Waste Management	3,220,540
Golf Courses	141,434
Airport	558,458
Total Depreciation Expense - Business-type Activities	\$ 9,229,798

Component Units

Edinburg Economic Development Corporation

	Balance at October 1, 2021	Increases	Decreases	Transfers	Balance at September 30, 2022
Capital assets, not being depreciated:					
Land	\$ 6,238,287	\$ 1,016,333	\$ (82,372)	\$ 149,957	\$ 7,322,205
Total capital assets, not being depreciated	6,238,287	1,016,333	(82,372)	149,957	7,322,205
Capital assets, being depreciated:					
Buildings	1,797,442	304,927	(40,338)	(149,957)	1,912,074
Furniture and equipment	724	-	-	-	724
Total capital assets, being depreciated	1,798,166	304,927	(40,338)	(149,957)	1,912,798
Less accumulated depreciation for:					
Buildings	(619,654)	(44,025)	40,338	-	(623,341)
Furniture and equipment	(637)	(87)	-	-	(724)
Total accumulated depreciation	(620,291)	(44,112)	40,338	-	(624,065)
Total capital assets, being depreciated, net	1,177,875	260,815	-	(149,957)	1,288,733
Governmental activities capital assets, net	\$ 7,416,162	\$ 1,277,148	\$ (82,372)	\$ -	\$ 8,610,938

Depreciation expense totaling \$44,112 was charged to economic development and assistance on the Statement of Activities under component units for the year ended September 30, 2022. No capital assets were impaired.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 7 – CAPITAL ASSETS (Continued)

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:

	Balance at October 1, 2021	Increases	Decreases	Balance at September 30, 2022
Capital assets, not being depreciated:				
Land	\$ 539,125	\$ -	\$ -	\$ 539,125
Total capital assets, not being depreciated	539,125	-	-	539,125
Capital assets, being depreciated:				
Buildings	4,905,987	-	-	4,905,987
Furniture and equipment	231,372	-	-	231,372
Total capital assets, being depreciated	5,137,359	-	-	5,137,359
Less accumulated depreciation for:				
Buildings	(884,777)	(98,120)	-	(982,897)
Furniture and equipment	(195,408)	(3,774)	-	(199,182)
Total accumulated depreciation	(1,080,185)	(101,894)	-	(1,182,079)
Total capital assets, being depreciated, net	4,057,174	(101,894)	-	3,955,280
Governmental activities capital assets, net	\$ 4,596,299	\$ (101,894)	\$ -	\$ 4,494,405

Depreciation expense totaling \$101,984 was charged to community and youth services on the Statement of Activities under component units for the year ended September 30, 2022. No capital assets were impaired.

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 \$99,319,117.

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.

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

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 8 – LONG TERM DEBT (Continued)

General obligation bonds, certificates of obligation, and combination tax and revenue bonds currently outstanding at September 30, 2022 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%.	\$ 920,000
\$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%.	6,570,000
\$5,270,000, 2015 General Obligation Refunding Bonds, due in annual installments of \$190,000 to \$1,255,000 through March 1, 2026; interest at 3.00% to 4.00%.	4,620,000
\$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%.	6,934,117
\$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%.	3,205,000
\$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%.	9,120,000
\$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%.	25,550,000
\$17,690,000, 2021 Certificates of Obligation, due in annual installments of \$666,524 to \$1,467,850 through March 1, 2040; interest at 2.00% to 5.00%.	17,690,000
\$3,355,000, 2021 General Obligation Refunding Bonds, due in annual installments of \$233,475 to \$320,912 through March 1, 2035; interest at 1.50% to 4.50%.	3,250,000
\$21,460,000, 2021A Certificates of Obligation, due in annual installments of \$607,262 to \$1,750,162 through March 1, 2041; interest at 2.00% to 5.00%.	<u>21,460,000</u>
Total General Obligation Bonds and Certificates of Obligation	<u>\$ 99,319,117</u>
Less: Current Portion of Bonds Payable	(4,398,084)
Add: Unamortized Premiums on Bond Issuance	<u>7,859,140</u>
General Obligation Bonds and Certificates of Obligation Payable, Net of Current Portion, Discounts and Premiums	<u>\$ 102,780,173</u>

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 8 – LONG TERM DEBT (Continued)

Debt service requirements to maturity are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2023	\$ 4,398,084	\$ 3,381,641
2024	4,591,033	3,187,951
2025	4,795,000	2,982,388
2026	5,005,000	2,771,375
2027	5,230,000	2,548,100
2028-2032	28,995,000	8,971,419
2033-2037	30,580,000	3,807,184
2038-2042	15,725,000	550,184
Total	\$ 99,319,117	\$ 28,200,242

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. The total amount of outstanding bonds issued is \$44,955,000. Included within business-type activities are 2012 and 2016 general obligation refunding bonds that were issued to refund bonds across several funds and a 2021 certificate of obligations for landfill cell constructions. The outstanding issued amount of these bonds allocated to business-type activities is \$9,550,883.

Revenue and General Obligation bonds outstanding at September 30, 2022 are as follows:

Business – Type Activities:

\$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 0.00% to 2.52%.	\$ 6,570,000
\$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%.	4,875,000
\$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%.	745,883
\$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%.	3,835,000
\$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 4.00% to 4.25%.	8,855,000
\$12,570,000, 2021 Utility System Revenue and Refunding Bonds, due in annual installments of \$627,907 to \$1,202,950 through March 15, 2040; interest at 2.00% to 4.00%.	12,395,000

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 8 – LONG TERM DEBT (Continued)

\$9,050,000, 2021 Certificates of Obligation, due in annual installments of \$617,100 to \$621,150 through March 01, 2040; interest at 2.00% to 5.00%.

8,805,000

Revenue/General Obligation/Certificate of Obligations Bonds

\$ 46,080,883

Less: Current Portion of Bonds Payable

(3,356,916)

Add: Unamortized Premiums on Bond Issuance

3,273,428

Revenue Bonds Payable, Net of Current Portion and Premiums

\$ 45,997,395

Water and Sewer Fund

\$ 35,951,708

Solid Waste Management Fund

9,449,714

Los Lagos Golf Club Fund

595,973

\$ 45,997,395

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

Year Ending September 30,	Business-Type Activities	
	Principal	Interest
2023	\$ 3,356,916	\$ 1,339,527
2024	3,478,967	1,220,204
2025	3,200,000	1,107,707
2026	3,310,000	1,002,637
2027	3,420,000	891,354
2028-2032	15,655,000	2,675,077
2033-2037	9,210,000	871,662
2038-2042	4,450,000	134,700
Total	\$ 46,080,883	\$ 9,242,868

City of Edinburg
Notes to the Financial Statements
September 30, 2022

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, 2022 are as follows:

\$37,250,000, 2015A Contract Revenue Bonds, due in annual installments of \$645,000 to \$2,448,350 through March 1, 2045; interest at 5.00%.	\$ 33,680,000
\$3,475,000, 2015B Taxable Series Contract Revenue Bonds, due in annual installments of \$60,000 to \$232,625 through March 1, 2045; interest at 5.00%.	<u>3,150,000</u>
Total Contract Revenue Bonds	<u>\$ 36,830,000</u>
Less: Current Portion of Bonds Payable	(905,000)
Less: Unamortized Discounts on Bond Issuance	(107,964)
Add: Unamortized Premiums on Bond Issuance	<u>1,629,725</u>
Tax Increment Contract Revenue Bonds Payable, Net of Current Portion, Discounts and Premiums	<u>\$ 37,446,761</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.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 8 – LONG TERM DEBT (Continued)

Debt service requirements to maturity are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2023	\$ 905,000	\$ 1,773,975
2024	945,000	1,727,725
2025	995,000	1,679,225
2026	1,045,000	1,628,225
2027	1,100,000	1,574,600
2028-2032	6,260,000	7,111,450
2033-2037	7,945,000	5,441,375
2038-2042	10,180,000	3,187,000
2043-2045	7,455,000	571,625
Total	\$ 36,830,000	\$ 24,695,200

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, 2022, the developer has incurred costs and interest in the amount of \$11,634,132. The balance on the obligation as of September 30, 2022 is \$8,402,575.

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

Commitments More Than One Year

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

Bond Compliance Requirements

The revenue bond ordinances require that during the period in which the bonds are outstanding the City must create and maintain certain accounts or funds to receive the proceeds from the sale of the revenue bonds and to account for the revenues (as defined), which are pledged for payment of the bonds. The assets can be used only in accordance with the terms of the bond ordinance and for the specific purpose(s) designated therein. The City is generally required to make a monthly transfer to debt service funds equal to one-twelfth of the annual debt service.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 8 – LONG TERM DEBT (*Continued*)

Utility Revenues Pledged

The City has pledged future water customer revenues, net of specified operating expenses, to repay the original amount of \$48,231,059 in Utility System Revenue Bonds issued in 2014, 2015, 2016, 2017 and 2021, plus a General Obligation Refunding Bond in 2012. 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 2041. 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 \$43,397,790. Principal and interest paid for the current year and total customer net revenues as defined by the pledge agreements were \$2,503,631 and \$1,249,563, respectively.

Prior Year Defeasance of Debt

In 2013, the City advance refunded \$1,850,000 of Utility System Revenue Bonds Series 2000, \$2,810,000 of Utility System Revenue and Refunding Bonds Series 2002, \$1,675,000 of Combination Tax and Revenue Bonds Series 2002, \$1,635,000 of Certificates of Obligation Series 2004, and \$1,585,000 of Certificates of Obligation Series 2004A. At September 30, 2022, \$1,310,000 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, 2020, \$4,000,000 of defeased bonds remains outstanding. In addition, in 2015, the City refunded debt of \$7,745,000 of Utility System Revenue Bonds Series 2006. At September 30, 2022, \$9,495,000 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, 2022, \$6,934,117 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, 2022, \$8,855,000 of defeased bonds remains outstanding.

In 2021, the City refunded \$1,950,000 of the 2008 Utility Revenue Bond. At September 30, 2022, \$1,740,000 of defeased bonds remains outstanding.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 8 – LONG TERM DEBT (Continued)

Financing Leases

Financing Leases outstanding at September 30, 2022 are as follows:

\$19,758,511, Combined Bank of America Funding purchase agreement for the purchase of major equipment and vehicles.	\$ 10,040,790
\$30,001,432, Signature Public Funding purchase agreement for the purchase of major equipment and vehicles	<u>27,136,287</u>
Total financing leases	<u>\$ 37,177,077</u>
Less: Current Portion of Financing Leases	<u>(6,817,658)</u>
Financing Leases, Net of Current Portion	<u>\$ 30,359,419</u>

Year Ending September 30,	Financing Lease Payments	
	Principal	Interest
2023	\$ 6,817,658	\$ 570,245
2024	6,079,219	451,373
2025	5,405,110	353,979
2026	5,064,909	265,404
2027	3,714,536	190,652
2028-2032	10,095,645	296,125
Total	\$ 37,177,077	\$ 2,127,778

Year Ending September 30, 2022	Financing Lease Payments	
	Principal	Interest
Governmental Activities	\$ 14,539,210	\$ 705,557
Business-Type Activities	22,637,867	1,422,221
Total	\$ 37,177,077	\$ 2,127,778

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 8 – LONG TERM DEBT (Continued)

Business-Type Activities

Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require that the City of Edinburg place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs in the Solid Waste Management Fund, an enterprise fund, are as follows: Permit 956-C, has a balance of \$4,966,625 as of September 30, 2022, which is based on 18.72% usage (filled). Permit 2302 has a balance of \$629,906 as of September 30, 2022, which is based on 31.09% usage (filled). It is estimated that an additional \$22,958,547 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 (\$28,555,078) 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, 2022. The actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

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, 2022 was follows:

	Balance at September 30, 2021	Additional Obligations and Net Increases	Retirement and Net Decreases	Balances at September 30, 2022	Amounts Due within One Year
Governmental Activities					
General obligation bonds	\$ 103,410,544	\$ -	\$ 4,091,423	\$ 99,319,121	\$ 4,398,084
Add: issuance premium	8,439,979	-	580,839	7,859,140	-
Less: issuance discount	-	-	-	-	-
General obligation bonds payable	111,850,523	-	4,672,262	107,178,260	4,398,084
Tax increment contract revenue bonds	37,685,000	-	855,000	36,830,000	905,000
Add: issuance premium	1,700,583	-	70,858	1,629,725	-
Less: issuance discount	(112,658)	-	(4,694)	(107,964)	-
Tax increment contract revenue bonds payable	39,272,925	-	921,164	38,351,761	905,000
Financing Lease Obligations	5,636,861	11,677,366	2,775,017	14,539,210	2,687,739
Reimbursement obligation - developer	8,983,683	-	581,109	8,402,573	-
Compensated absences	4,909,168	626,372	49,677	5,485,862	1,689,289
Governmental activities long-term liabilities	\$ 170,653,158	\$ 12,303,738	\$ 8,999,230	\$ 173,957,667	\$ 9,680,112

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 8 – LONG TERM DEBT (Continued)

Business-type Activities	Balance at September 30, 2021	Additional Obligations and Net Increases	Retirement and Net Decreases	Balances at September 30, 2022	Amounts Due within One Year
Revenue bonds	\$ 39,015,000	\$ -	\$ 2,485,000	\$ 36,530,000	\$ 2,660,000
Add: issuance premium	2,267,395	-	185,687	2,081,708	-
Revenue bonds payable	41,282,395	-	2,670,687	38,611,708	2,660,000
General obligation bonds	10,154,460	-	603,577	9,550,883	696,916
Add: issuance premium	1,287,215	-	95,495	1,191,720	-
General obligation bonds payable	11,441,675	-	699,072	10,742,603	696,916
Notes payable	1,000,000	-	-	1,000,000	1,000,000
Financing Lease Obligations	7,672,311	18,324,066	3,358,510	22,637,867	3,894,897
Landfill closure and postclosure	4,964,047	632,484	-	5,596,531	-
Compensated absences	485,235	251,612	12,361	724,486	343,287
Business-type activities long-term liabilities	\$ 66,845,663	\$ 19,208,162	\$ 6,740,630	\$ 79,313,195	\$ 8,595,100

	Governmental Activities	Business-Type Activities
<i>Balance as September 30, 2022</i>		
Long-term liabilities	\$ 173,957,665	\$ 79,313,195
Less: amounts due within one year	(9,680,112)	(8,595,100)
Total liabilities due in more than one year (Exhibit 1-A)	\$ 164,277,553	\$ 70,718,095

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, 2022 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.	\$ 520,000
\$4,575,000 Bond Issue Series 2013B; payable in semi-annual installments of \$37,500 plus interest of 3.04% maturing November 30, 2024; collateralized by economic development sales and use tax receipts.	1,030,000
\$10,840,000 Bond Issue Series 2019; payable in semi-annual installments plus interest maturing September 30, 2044.	10,170,000

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 8 – LONG TERM DEBT (Continued)

\$7,730,000 2021A Sales Tax Revenue Bonds; payable in semi-annual installments plus interest of 2.5%-3.375% maturing in September 30, 2046, collateralized by sales and use tax receipts. 7,495,000

\$2,250,000 2021B Sales Tax Revenue Bonds; payable in semi-annual installments plus interest of 4.750%-5.250% maturing in September 30, 2046, collateralized by sales and use tax receipts. 2,195,000

\$13,610,000 2021 Sales Tax Revenue Refunding Bonds; payable in semi-annual installments plus interest of .335%-2.340% maturing in September 30, 2035, collateralized by sales and use tax receipts. 13,325,000

Total Bonds Payable \$ 34,735,000

Less: Current Portion of Bonds Payable (1,580,000)

Total Bonds Payable, Net of Current Portion \$ 33,155,000

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

Year Ending September 30,	EEDC	
	Principal	Interest
2023	\$ 1,580,000	\$ 1,093,103
2024	1,625,000	1,049,036
2025	1,665,000	1,010,977
2026	1,695,000	977,766
2027	1,735,000	941,188
2028-2032	9,335,000	4,030,271
2033-2037	8,110,000	2,670,010
2038-2042	5,345,000	1,517,706
2043-2045	3,645,000	325,800
Total	\$ 34,735,000	\$ 13,615,857

The following is a summary of changes in long-term debt obligations for the EEDC for the year ended September 30, 2022:

	September 30, 2021, as Previously Presented	Prior Period Adjustment	September 30, 2021, as Restated	Additions	Reductions	September 30, 2022	Current Portion
Bonds payable							
Total Bonds Payable	49,445,000	(13,125,000)	36,320,000	-	(1,585,000)	34,735,000	1,580,000

**City of Edinburg
Notes to the Financial Statements
September 30, 2022**

NOTE 8 – LONG TERM DEBT (Continued)

Boys' and Girls' Club of Edinburg, Inc.

Liabilities for the Boys' and Girls' Club consisted of short-term compensated absences of \$29,096.

Right of Use Leases Payable

For the year ended September 30, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On October 1, 2021, the City entered into a 34-month lease as Lessee for the use of HP Copier - E87640z. An initial lease liability was recorded in the amount of \$9,306. As of September 30, 2022, the value of the lease liability is \$6,031. The City is required to make monthly fixed payments of \$275. The lease has an interest rate of 0.3277%. The equipment estimated useful life was 34 months as of the contract commencement. The value of the right to use asset as of September 30, 2022 of \$9,306 with accumulated amortization of \$3,200 is included with equipment on the Lease Class activities table found below.

On October 1, 2021, the City entered into a 21-month lease as Lessee for the use of Konica Minolta Copier - C33500i. An initial lease liability was recorded in the amount of \$5,639. As of September 30, 2022, the value of the lease liability is \$2,419. The City is required to make monthly fixed payments of \$269. The lease has an interest rate of 0.2477%. The equipment estimated useful life was 21 months as of the contract commencement. The value of the right to use asset as of September 30, 2022 of \$5,639 with accumulated amortization of \$3,118 is included with equipment on the Lease Class activities table found below.

On October 1, 2021, the City entered into a 12-month lease as Lessee for the use of Site - Lot 30. An initial lease liability was recorded in the amount of \$12,164. As of September 30, 2022, there is no remaining value to the lease. The City was required to make monthly fixed payments of \$1,015. The lease had an interest rate of 0.2133%. The infrastructure estimated useful life was 12 months as of the contract commencement. There is no remaining value of the right to use asset as of September 30, 2022.

On October 1, 2021, the City entered into a 56-month lease as Lessee for the use of Pitney Bowes equipment. An initial lease liability was recorded in the amount of \$51,164. As of September 30, 2022, the value of the lease liability is \$39,919. The City is required to make quarterly fixed payments of \$2,885. The lease has an interest rate of 0.6320%. The equipment estimated useful life was 56 months as of the contract commencement. The value of the right to use asset as of September 30, 2022 of \$51,164 with accumulated amortization of \$10,964 is included with equipment on the Lease Class activities table found below.

On October 1, 2021, the City entered into a 24-month lease as Lessee for the use of New 2019 Golf Cars. An initial lease liability was recorded in the amount of \$140,952. As of September 30, 2022, the value of the lease liability is \$70,555. The City is required to make monthly fixed payments of \$5,888. The lease has an interest rate of 0.2477%. The vehicles estimated useful life was 24 months as of the contract commencement. The value of the right to use asset as of September 30, 2022 of \$140,952 with accumulated amortization of \$69,132 is included with vehicles on the Lease Class activities table found below.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 8 – LONG TERM DEBT (Continued)

Governmental Activities	Balance as of October 1, 2021	Additions	Reductions	Balance as of September 30, 2022
Lease Liability				
Equipment				
HP Copier - E87640z	\$ 9,306	\$ -	\$ 3,275	\$ 6,031
Konica Minolta Copier - C33500i	5,639	-	3,219	2,420
Total Equipment Lease Liability	14,945	-	6,494	8,451
Infrastructure				
Site - Lot 30	12,164	-	12,164	-
Total Infrastructure Lease Liability	12,164	-	12,164	-
Total Lease Liability	\$ 27,109	\$ -	\$ 18,658	\$ 8,451

Business-type Activities	Balance as of October 1, 2021	Additions	Reductions	Balance as of September 30, 2022
Lease Liability				
Equipment				
Pitney bowes - Finance department	\$ 51,164	\$ -	\$ 11,245	\$ 39,919
Total Equipment Lease Liability	51,164	-	11,245	39,919
Vehicles				
New 2019 Golf Cars	140,952	-	70,397	70,555
Total Vehicle Lease Liability	140,952	-	70,397	70,555
Total Lease Liability	\$ 192,116	\$ -	\$ 81,642	\$ 110,474

Principal and Interest Requirements to Maturity

Governmental Activities

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2023	\$ 5,705	\$ 17	\$ 5,722
2024	2,746	4	2,750
Total	\$ 8,451	\$ 21	\$ 8,472

Business-Type Activities

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2023	\$ 81,871	\$ 320	\$ 82,191
2024	11,387	154	11,541
2025	11,459	82	11,541
2026	5,757	14	5,771
Total	\$ 110,474	\$ 570	\$ 111,044

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 8 – LONG TERM DEBT (Continued)

Governmental Activities	Balance as of October 1, 2021	Additions	Reductions	Balance as of September 30, 2022
Lease Assets				
Equipment				
HP Copier - E87640z	\$ 9,306	\$ -	\$ -	\$ 9,306
Konica Minolta Copier - C33500i	5,639	-	-	5,639
Total Equipment Lease Assets	14,945	-	-	14,945
Infrastructure				
Site - Lot 30	12,164	-	12,164	-
Total Infrastructure Lease Assets	12,164	-	12,164	-
Total Lease Assets	\$ 27,109	\$ -	\$ 12,164	\$ 14,945
Lease Accumulated Amortization				
Equipment				
HP Copier - E87640z	\$ -	\$ 3,200	\$ -	\$ 3,200
Konica Minolta Copier - C33500i	-	3,118	-	3,118
Total Equipment Lease Accumulated Amortization	-	6,318	-	6,318
Infrastructure				
Site - Lot 30	-	12,164	12,164	-
Total Infrastructure Lease Accumulated Amortization	-	12,164	12,164	-
Total Lease Accumulated Amortization	-	18,482	12,164	6,318
Total Governmental Lease Assets, Net	\$ 27,109	\$ (18,482)	\$ -	\$ 8,627
Business-type Activities	Balance as of October 1, 2021	Additions	Reductions	Balance as of September 30, 2022
Lease Assets				
Equipment				
Pitney bowes - Finance department	\$ 51,164	\$ -	\$ -	\$ 51,164
Total Equipment Lease Assets	51,164	-	-	51,164
Vehicles				
New 2019 Golf Cars	140,952	-	-	140,952
Total Vehicle Lease Assets	140,952	-	-	140,952
Total Lease Assets	\$ 192,116	\$ -	\$ -	\$ 192,116
Lease Accumulated Amortization				
Equipment				
Pitney bowes - Finance department	\$ -	\$ 10,964	\$ -	\$ 10,964
Total Equipment Lease Accumulated Amortization	-	10,964	-	10,964
Vehicles				
New 2019 Golf Cars	-	69,132	-	69,132
Total Vehicle Lease Accumulated Amortization	-	69,132	-	69,132
Total Lease Accumulated Amortization	-	80,096	-	80,095
Total Business-Type Lease Assets, Net	\$ 192,116	\$ (80,096)	\$ -	\$ 112,020

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 9 – RESTRICTED ASSETS AND PAYABLES

Restricted Assets and payables

Restricted assets included in the governmental activities as of September 30, 2022 consist of \$12,370,318 of cash with fiscal agent reported in the General Fund (\$9,438,566) and the LGFC Fund (\$2,931,752), a nonmajor governmental fund.

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 business-type activities as of September 30, 2022 consists of:

Type	Description	Fund	Amount
Cash with Fiscal Agent	Unspent Capital Lease Proceeds	Water and Sewer Fund	\$ 906,944
Cash with Fiscal Agent	Unspent Capital Lease Proceeds	Solid Waste Management Fund	2,760,143
Cash with Fiscal Agent	Unspent Capital Lease Proceeds	Nonmajor Enterprise Funds	893,839
Cash with Fiscal Agent	Unspent Bond Proceeds	Solid Waste Management Fund	6,248,303
Cash with Fiscal Agent	Unspent Bond Proceeds	Water and Sewer Fund	6,181,647
TexPool Restricted	Unspent Bond Proceeds	Water and Sewer Fund	8,182,534
TexPool Restricted	Unspent Bond Proceeds	Solid Waste Management Fund	10,070,801
TexPool Restricted	Related to Debt Service	Water and Sewer Fund	4,607,337
Total			\$ 39,851,547

Liabilities payable from restricted assets included in business-type activities as of September 30, 2022 consist of accrued interest payable in the amount of \$179,268 in the Water and Sewer Fund.

NOTE 10 – NET POSITION RESTRICTED BY ENABLING LEGISLATION

The Government-Wide Statement of Net Position includes \$2,101,660 restricted by enabling legislation. This net position represents revenues received by the City with various state laws restricting their use. These revenues may only be used for statutorily authorized purposes. This includes, \$620,916 for municipal court purposes, \$1,009,185 from hotel occupancy tax for tourism and \$471,559 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

Net position deficits of \$253,327 and \$415,932 exists in the Ebony Golf Course and Los Lagos Golf Course Funds, respectively, resulting from several years of losses from operations. Currently, the Solid Waste Management Fund subsidizes these deficits to support the quality of life aspect the golf fund promotes. Net position is expected to increase in the future as operations and fee charges are monitored and reviewed annually.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 12 – EMPLOYEE RETIREMENT BENEFIT PLANS

Texas Municipal Retirement System

Plan Description

The City participates as one of 895 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan 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 employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.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 Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total Member contributions 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, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	308
Inactive employees entitled to but not yet receiving benefits	514
Active employees	940
<hr/> Total	<hr/> 1,762

**City of Edinburg
Notes to the Financial Statements
September 30, 2022**

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 city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

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 14.63% and 14.65% in the calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022 were \$6,466,214 and were equal to the required contributions.

Net Pension Liability

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

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB (10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

City of Edinburg
Notes to the Financial Statements
September 30, 2022

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

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 2022 are summarized in the following table:

Asset Class (Arithmetic)	Target Allocation	Long-Term Expected Net Real Rate of Return
Core fixed income	6.0%	2.00%
Non-core fixed income	20.0%	5.68%
Global public equity	35.0%	7.55%
Real estate	12.0%	6.85%
Other Public and Private Markets	12.0%	7.22%
Hedge Funds	5.0%	5.35%
Private equity	10.0%	10.00%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Member 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 Members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 12 – EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)

Changes in Net Pension Liability

Schedule of Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability Liability (a) - (b)
Net Pension Liability - Beginning	\$ 172,678,350	\$ 143,977,352	\$ 28,700,998
Changes for the year:			
Service Cost	7,055,662	-	7,055,662
Interest (on the Total Pension Liability)	11,698,505	-	11,698,505
Change in benefit terms	-	-	-
Difference between expected and actual experience	3,130,005	-	3,130,005
Changes of assumptions	-	-	-
Contributuions - employer	-	6,466,214	(6,466,214)
Contributuions - employee	-	3,125,926	(3,125,926)
Net investment income	-	18,793,124	(18,793,124)
Benefit payments, including refunds of employee contributions	(5,789,996)	(5,789,996)	-
Administrative expense	-	(86,846)	86,846
Other changes	-	595	(595)
Net Changes	16,094,176	22,509,017	(6,414,841)
Net Pension Liability - Ending	\$ 188,772,526	\$ 166,486,369	\$ 22,286,157

The amount presented above includes pension liabilities for the City's discretely presented component units. At September 30, 2022, the City's Governmental Activities portion of the net pension obligation was \$17,173,136, and the Business type activities was \$4,838,805 and the Boys & Girls Club of Edinburg's portion was \$274,217. EEDC's portion was absorbed in the City's Governmental Activities. The total net pension liability for the Primary Government was \$22,011,941.

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	\$ 41,654,547	\$ 17,173,136	\$ (2,275,304)
Business Type Activities	11,292,509	4,838,805	(616,833)
Boys & Girls Club	724,567	274,217	(39,578)
Total net pension liability	\$ 53,671,623	\$ 22,286,158	\$ (2,931,715)

City of Edinburg
Notes to the Financial Statements
September 30, 2022

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, 2022, the City recognized pension expense of \$3,548,610. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 3,409,497	\$ 543,857
Changes in Actuarial Assumptions	278,524	-
Difference Between Projected and Actual Investment Earnings	-	9,622,343
Contributions Subsequent to the Measurement Period	5,284,165	-
Total	\$ 8,972,186	\$ 10,166,200

Of the total deferred outflows relating to the pension plan, \$6,930,503 is reported in Governmental Activities and \$1,890,307 is reported in Business-Type Activities. The Boys and Girls Club of Edinburg's portion is \$151,376.

Of the total deferred inflows relating to the pension plan, \$7,971,281 is reported in Governmental Activities, and \$2,038,145 is reported in Business-Type Activities. The Boys and Girls Club of Edinburg's portion is \$156,774.

\$5,285,165 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, 2022. Other amounts reported as deferred outflows and the inflows of resources related to pensions will be recognized in pension expense as follows:

City of Edinburg
Notes to the Financial Statements
September 30, 2022

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

Year Ending September 30,	Net Deferred Outflows (Inflows) of Resources
2022	\$ (964,571)
2023	(3,075,236)
2024	(1,171,999)
2025	(1,266,372)
2026	-
Thereafter	-
Total	\$ (6,478,178)

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, 2022, there were 184 contributing fire and/or emergency services department members 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

Direct financial activity for the System is classified in the financial statements as pension trust funds. The System issues a stand-alone financial report that is available to the public at www.tesrs.org.

Benefits Provided

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

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

City of Edinburg
Notes to the Financial Statements
September 30, 2022

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

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

Contributions

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

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

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

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, 2022, total contributions (dues, prior service, and interest on prior service financing) of \$45,820 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, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	N/A
Investment of rate of return	7.50% net of pension plan investment expense, including inflation

City of Edinburg
Notes to the Financial Statements
September 30, 2022

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (currently 4.61%) and by adding expected inflation (3.0%). In addition, the final 7.5% assumption was selected by rounding down. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities		
Large cap domestic	20.0%	5.83%
Small cap domestic	10.0%	5.94%
Developed international	15.0%	6.17%
Emerging markets	5.0%	7.36%
Multi asset income	5.0%	3.86%
Real estate	10.0%	4.48%
Fixed income	30.0%	1.95%
Global infrastructure	5.0%	6.61%
Total	100.0%	
Weighted average		4.61%

Discount rate

The discount rate used to measure the total pension liability was 7.5%. No projection of cash flows was used to determine the discount rate because the August 31, 2022 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the level dollar amortization method. Because of the 30-year amortization period with the amortization method, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 12 – EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)

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

The following presents the net pension liability of the System, calculated using the discount rate of 7.5%, in comparison to what the System's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
\$ 606,319	\$ 386,503	\$ 208,500

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

The net pension liability was measured as of August 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2022. The City's proportionate share of the net pension liability at September 30, 2022 was as follows:

Total Pension Liability	\$ 1,557,839
Plan Fiduciary Net Position	(1,171,336)
City's Net Pension Liability	\$ 386,503

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 is 93.1%

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, 2022, the City recognized pension expense of \$321,692.

At September 30, 2022 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	-	142,537
Differences between projected and actual experience	-	14,712
Changes in assumptions	1,943	-
Contributions subsequent to the measurement date	-	-
Change in proportion	-	-
Total	\$ 1,943	\$ 157,249

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

City of Edinburg
Notes to the Financial Statements
September 30, 2022

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
2022	\$ (44,812)
2023	(27,819)
2024	(29,046)
2025	(53,629)
Total	\$ (155,306)

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 2022 were \$874,443 for retirees (net of retiree contributions).

Employees Covered by Benefit Terms

Inactive employees or beneficiaries currently receiving benefits	78
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>953</u>
	<u>1,031</u>

City of Edinburg
Notes to the Financial Statements
September 30, 2022

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

Actuarial Assumptions

The total OPEB liability in the September 30, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.70% per year
Salary Increases	Varies from 11.50% to 3.50%
Discount Rate: (1)	
Prior Measurement Date	2.15% per year
Measurement Date	4.77% per year
Mortality Table	Pub-2010 General and Public Safety Employees / Retirees Headcount-Weighted Mortality Tables projected fully generationally using scale MP-2021
Health Care Cost Trends	6.75% from 2022 to 2023 decreasing gradually to an ultimate rate of 4.14% by 2076

(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, 2021, 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, 2021. 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 4.77%.

Total OPEB Liability

The City's total OPEB liability was measured as of September 30, 2022, and was determined by an actuarial valuation as of that date.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 12 – EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)

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

Schedule of Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability Liability (a) - (b)
Net Pension Liability - Beginning	\$ 29,608,451	\$ -	\$ 29,608,451
Changes for the year:			
Service Cost	2,086,690	-	2,086,690
Interest (on the Total Pension Liability)	672,095	-	672,095
Change in benefit terms	-	-	-
Difference between expected and actual experience	(1,786,737)	-	(1,786,737)
Changes of assumptions	(5,979,817)	-	(5,979,817)
Contributions - employer	-	874,443	(874,443)
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	(874,443)	(874,443)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net Changes	(5,882,212)	-	(5,882,212)
Net Pension Liability - Ending	\$ 23,726,239	\$ -	\$ 23,726,239

The amount presented above includes OPEB liabilities for the City's discretely presented component unit. At September 30, 2022, the Boys' and Girls' Club of Edinburg's portion of the OPEB liability was \$374,456. The total OPEB liability for the primary government is \$23,351,782 which is allocated between governmental activities and business-type activities in the amounts of \$17,244,422 and \$6,107,360, respectively.

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 4.77%, 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 (3.77%) or 1 percentage point higher (5.77%) 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.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 12 – EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)

Health Insurance Program – Current Discount

Healthcare Cost Trend	Discount Rate		
	1% Increase (5.77%)	Current (4.77%)	1% Decrease (3.77%)
1% Decrease		\$ 20,882,511	
Current	\$ 21,552,358	\$ 23,726,239	\$ 26,169,035
1% Increase		\$ 27,127,109	

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended September 30, 2022 the City recognized combined OPEB expense in the amount of \$2,416,296.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 702,632	\$ 2,060,861
Changes in assumptions and other inputs	3,121,650	5,622,786
Total	\$ 3,824,282	\$ 7,683,647

Of the total deferred inflows relating to the OPEB plan, \$5,601,961 is reported in governmental activities and \$1,982,242 is reported in business-type activities. The remaining \$99,444 is reported with discretely presented component units.

Of the total deferred outflows relating to the OPEB plan, \$2,797,862 is reported in governmental activities and \$961,854 is reported in business-type activities. The remaining \$64,566 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
2023	\$ (342,489)
2024	(342,489)
2025	(342,486)
2026	(212,344)
2027	(616,722)
Thereafter	(2,002,828)
Total	\$ (3,859,358)

City of Edinburg
Notes to the Financial Statements
September 30, 2022

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

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.

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 annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	239
Inactive employees entitled to but not yet receiving benefits	41
Active employees	940
Total	1,220

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 0.09% of their annual gross earnings during the fiscal years ending in 2021 and 2022. The contribution rates for the City of Edinburg were 0.17% in calendar year 2021 and 2022. The City's contributions to the SDBF for the year ended September 30, 2022 were \$83,990 and were equal to the required contributions.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

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

Actuarial assumptions:

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary increases	3.50% to 11.50%, including inflation
Discount rate*	1.84%
Retirees' share of benefit-related costs	\$-
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates- service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates- disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

*The discount rate was based on the Fidelity Index's "20-year Municipal GO AA Index" rate as of December 31, 2021.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period of December 31, 2014 to December 31, 2018.

Total OPEB Liability

The City's Total OPEB Liability was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

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

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

Total OPEB Liability - beginning of the year	\$ 2,204,488
Changes for the Year	
Service Cost	107,175
Interest on Total OPEB Liability	44,760
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(43,731)
Changes in Assumptions of Other Inputs	79,821
Benefit Payments **	<u>(40,190)</u>
Net Changes	<u>147,835</u>
Total OPEB Liability - End of Year	<u>\$ 2,352,323</u>

The amount presented above includes OPEB liabilities for the City's discretely presented component units. At September 30, 2022, the Boys' and Girls' Club of Edinburg's portion of the OPEB liability was \$43,548. The total OPEB liability for the primary government is \$2,308,775 which is allocated between governmental activities and business-type activities in the amounts of \$1,844,779 and \$463,996.

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 1.84%, 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 (0.84%) or 1 percentage point higher (2.84%) than the current rate.

SDBF Program – Current Discount

1% Decrease 0.84%	Current Discount Rate 1.84%	1% Increase 2.84%
\$2,947,396	\$2,352,323	\$1,906,787

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%
2020	0.15%	0.03%
2021	0.17%	0.09%
2022	0.17%	0.09%

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 12 – EMPLOYEE RETIREMENT BENEFIT PLANS (Continued)

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended September 30, 2022 the City recognized combined OPEB expense in the amount of \$242,985.

At September 30, 2022 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred (Inflows) Outflows of Resources:	Deferred (Inflows) of Resources	Deferred Outflows of Resources
Differences Between Expected and Actual Experience OPEB Death	\$ (79,747)	\$ -
Changes in Assumptions and Other Inputs	-	472,378
Contributions Made Subsequent to Measurement Date	-	32,889
Total	\$ (79,747)	\$ 505,267

Of the total deferred outflows relating to the OPEB plan, \$396,927 is reported is reported in governmental activities and \$99,500 is reported in business-type activities. The remaining \$8,840 is reported with discretely presented component units.

Of the total deferred inflows relating to the OPEB plan, \$64,781 is reported is reported in governmental activities and \$13,481 is reported in business-type activities. The remaining \$1,485 is reported with discretely presented component units.

\$32,889 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, 2023. 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
2023	\$ 91,050
2024	91,050
2025	77,737
2026	82,592
2027	45,450
Thereafter	4,752
Total	\$ 392,631

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 13 – CONSTRUCTION AND IMPROVEMENT COMMITMENTS

Construction and Improvement Commitments

At September 30, 2022, the City had the following significant remaining contractual commitments for construction and improvement projects:

Project	Financing Sources	Remaining
New Waste Water Treatment Plant (Planning Phase)	Utility Fund	\$ 3,891,740
Lull Subdivision Improvements	Capital Projects Fund / Utility Fund	3,454,073
Promenade Park (Phase I)	Capital Projects Fund	3,282,417
Stadium / Dawson Drainage Project	Capital Projects Fund / Grant Fund	910,202
Veterans Drainage Detention Pond	Capital Projects Fund	869,340
Skate Park	Capital Projects Fund	404,200
South Veterans Sanitary Sewer Project	Utility Fund	373,890
Alberta Road Reconstruction	Capital Projects Fund	324,163
Doolittle Drainage Detention Pond	Capital Projects Fund	256,282
Total		\$ 13,766,307

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	\$ 3,599,052
Government Grant Fund	421,480
Capital Projects Fund	16,294,214
Nonmajor Governmental Fund	
Special Revenue Fund	764,798
Water and Sewer Fund	6,384,881
Solid Waste Management Fund	334,416
Nonmajor Enterprise Fund	
Airport Fund	109,119
Ebony Golf Course Fund	85,247
Los Lagos Golf Club	71,706
Developers Escrow Fund	669,465
Total	\$ 28,734,378

City of Edinburg
Notes to the Financial Statements
September 30, 2022

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 \$174,287,619 as well as insurance covering mobile equipment and boiler and machinery in an aggregate amount of \$20,462,332; airport general liability insurance of \$5,000,000; and law enforcement liability insurance of \$2,000,000. Employees were covered by a fully insured health insurance plan.

Worker's Compensation

The City was formerly self-insured for its worker's compensation program which is accounted for in the Internal Service Fund. For the year ended September 30, 2022, 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, 2022. No new claims will be incurred since the city no longer is self-insured.

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, 2022, these programs are still subject to financial and compliance audits. Accordingly, the City believes it has complied with all applicable compliance requirements. 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.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

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:

Prior Period Adjustments - Governmental Funds	General Fund
To record corrections related to unemployment taxes not previously recorded.	\$ 109,097
To record grants not previously recorded.	46,045
To reflect EEDC transactions not previously recorded in relation to agreements related to Salaries, expenses and Food Truck.	(144,967)
To Remove Hurricane Hanna Expenses not meeting criteria for a declared disaster that were previously recorded.	(115,547)
Adjustments to deferred revenue not previously recorded.	706,858
Governmental Activities Prior Period Adjustment	\$ 601,486

Prior period Adjustments - Government Wide	General Fund
Fund Level Prior Period Adjustment	\$ 601,486
To record adjustments to construction in progress not previously recorded.	266,857
Adjustments to deferred revenue not previously recorded.	(706,858)
Government Wide Prior Period Adjustment	\$ 161,485

Prior Period Adjustments - Business-type	Water and Sewer Fund
To record bond refunding adjustment not previously recorded.	\$ 152,228
To Remove Hurricane Hanna Expenses not meeting criteria for a declared disaster that were previously recorded.	(91,538)
To record corrections related to unemployment taxes not previously recorded.	18,931
To record constriction in progress not previously recorded.	371,217
Government Wide Prior Period Adjustment	\$ 450,838

Prior Period Adjustments - Business-type	Solid Waste Management Fund
To Remove Hurricane Hanna Expenses not meeting criteria for a declared disaster that were previously recorded.	\$ (782,749)
To record corrections related to unemployment taxes not previously recorded.	18,804
To correct accounts receivables balances.	319,131
Government Wide Prior Period Adjustment	\$ (444,814)

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 17 – PRIOR PERIOD ADJUSTMENTS (Continued)

	Edinburg International Airport
Prior Period Adjustments - Non-major Enterprise	
To Remove Hurricane Hanna Expenses not meeting criteria for a declared disaster that were previously recorded.	\$ (7,771)
To record corrections related to unemployment taxes not previously recorded.	1,235
Non-major Enterprise Prior Period Adjustment	\$ (6,536)

	Ebony Golf Course Fund
Prior Period Adjustments - Non-major Enterprise	
To record corrections related to unemployment taxes not previously recorded.	\$ 1,277
Non-major Enterprise Prior Period Adjustment	\$ 1,277

	Los Lagos Course Fund
Prior Period Adjustments - Non-major Enterprise	
To record corrections related to unemployment taxes not previously recorded.	\$ 4,353
Non-major Enterprise Prior Period Adjustment	\$ 4,353

	International
Prior Period Adjustments - Non-major Enterprise	
To correct the recording of a settlement for roof repairs in the Boys and Girls Club Fund previously recorded as revenue.	\$ (1,000,000)
To adjust accounts receivable.	46,128
To adjust accounts payables.	(948)
To adjust scholarships not previously adjusted.	(2,450)
To record corrections related to unemployment taxes not previously recorded.	5,517
Non-major Enterprise Prior Period Adjustment	\$ (951,753)

NOTE 18 – RELATED PARTY TRANSACTIONS

For the year ended September 30, 2022, 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 \$2,185,207 and a receivable balance of \$3,170,620, net receivable of \$985,413.

Sales Tax Agreement – In connection with a project funding agreement relating to a proposed Edinburg entertainment center, the EEDC transferred \$780,418 to the City of Edinburg, Texas Local Government Finance Corporation during the year.

Other – The City of Edinburg provides administrative services to EEDC. Administrative fees for the year ended September 30, 2022 totaled \$1,000,000. Additionally, the EEDC committed proceeds from its 2019, 2021A and 2021B bonds for projects that will be contributed to the City as incentives. During the year ended September 30, 2022, EEDC had paid \$3,293,427 related to the projects.

City of Edinburg
Notes to the Financial Statements
September 30, 2022

NOTE 19 – SUBSEQUENT EVENTS

Primary Government

Management has evaluated subsequent events through January 16, 2024, the date the financials were available to be issued.

On June 22, 2023, the City issued a \$29,585,000 Utility System Revenue Improvement Bond, Series 2023. Funds will be used to fund the planning and design of Phases 1-3 Clean Water Improvement and Phase 1 Construction.

On June 28, 2023, the City issued \$14,500,000 of Combination Tax and limited Pledge Revenue Certificates of Obligation, Series 2023. Funds will be used to relocate/adjust waterlines for a Texas Department of Transportation (TxDOT) Project that will be improving the U.S. 281 (between SH 186 and FM 490) area.

EEDC sold four properties totaling \$1,305,379 in proceeds after year end. The sale of 38 acres will house companies that are expanding, such as Nicho Produce, RGV CDL Services and more.

Required Supplementary Information

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

<i>FOR THE YEAR ENDED SEPTEMBER 30, 2022</i>	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Ad Valorem	\$ 29,550,000	\$ 29,550,000	\$ 29,832,288	\$ 282,288
Sales	23,000,000	25,000,000	25,802,830	802,830
Franchise and Other	4,545,000	4,545,000	4,611,266	66,266
Total Taxes	57,095,000	59,095,000	60,246,384	1,151,384
Licenses and Permits				
Non-Business Licenses and Permits	107,000	107,000	142,237	34,577
Business Licenses and Permits	1,200,000	1,200,000	1,105,706	(94,294)
Total Licenses and Permits	1,307,000	1,307,000	1,247,943	(59,717)
Charges for Services				
General Government	238,000	238,000	230,188	(7,812)
Culture and Recreation	615,000	615,000	595,389	(19,611)
Health and Welfare	490,000	490,000	896,660	406,660
Public Safety	505,000	505,000	649,852	144,852
Total Charges for Services	1,848,000	1,848,000	2,372,089	524,089
Fines and Forfeitures				
Municipal Court	779,590	779,590	835,096	55,506
Other Fines	5,000	5,000	6,638	1,638
Total Fines and Forfeitures	784,590	784,590	841,734	57,144
Intergovernmental Revenues	5,050,000	5,050,000	3,312,076	1,737,924
Interest	50,000	50,000	263,858	213,858
Other	268,500	268,500	342,011	73,511
Total Revenues	66,403,090	68,403,090	68,626,095	3,698,193
Expenditures				
General Government				
City Council				
Personnel Services	51,400	51,400	32,807	18,593
Supplies	45,000	59,740	44,325	15,415
Miscellaneous Services	21,000	7,000	6,531	469
Total City Council	117,400	118,140	83,663	34,477
City Manager				
Personnel Services	1,235,851	1,235,851	1,178,007	57,844
Supplies	30,500	30,500	12,852	17,648
Miscellaneous Services	388,500	354,009	291,502	62,507
Total City Manager	1,666,851	1,860,372	1,482,361	378,011

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
City Secretary				
Personnel Services	516,352	516,352	435,283	81,069
Supplies	20,450	20,450	14,750	5,700
Miscellaneous Services	65,200	66,099	33,275	32,824
Total City Secretary	602,002	602,901	483,307	119,594
Municipal Court				
Personnel Services	1,053,632	1,053,632	1,041,653	11,979
Supplies	40,200	35,700	19,020	16,680
Miscellaneous Services	119,100	124,760	66,744	58,016
Capital Outlay	-	-	-	-
Total Municipal Court	1,212,932	1,214,092	1,127,418	86,674
Legal				
Personnel Services	239,648	239,648	90,031	149,617
Supplies	3,000	3,000	2,618	382
Miscellaneous Services	412,480	412,713	442,481	(29,768)
Total Legal	655,128	655,361	535,130	120,231
Finance				
Personnel Services	1,410,905	1,410,905	1,388,698	22,207
Supplies	27,292	15,932	13,919	2,013
Miscellaneous Services	221,072	229,840	163,144	66,696
Total Finance	1,659,269	1,656,677	1,565,761	90,916
Human Resources				
Personnel Services	847,774	847,774	913,563	(65,789)
Supplies	44,500	90,550	72,159	18,391
Miscellaneous Services	238,178	238,630	204,731	33,899
Total Human Resources	1,130,452	1,176,954	1,190,454	(13,500)
Engineering				
Personnel Services	988,241	988,241	1,048,907	(60,666)
Supplies	28,200	45,645	46,533	(888)
Miscellaneous Services	204,180	241,848	147,384	94,464
Capital Outlay	56,320	138,520	32,417	106,103
Total Engineering	1,276,941	1,414,254	1,275,241	139,013
Planning and Zoning				
Personnel Services	726,580	726,580	634,832	91,748
Supplies	44,800	48,094	31,510	16,584
Miscellaneous Services	71,721	152,277	125,039	27,238
Capital Outlay	7,500	7,500	2,024	5,476
Total Planning	850,601	934,451	793,405	141,046
Information Technology				
Personnel Services	963,508	963,508	971,391	(7,883)
Supplies	163,850	161,981	119,609	42,372
Miscellaneous Services	513,010	521,021	399,665	121,356
Capital Outlay	456,000	455,084	205,051	250,033
Total Information Technology	2,096,368	2,101,594	1,695,715	405,879

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Communications and Media				
Personnel Services	676,495	683,495	665,143	18,352
Supplies	47,576	48,546	41,603	6,943
Miscellaneous Services	97,300	89,300	57,023	32,277
Total Communications and Media	821,371	821,341	763,770	57,571
City Hall				
Supplies	11,000	11,500	3,335	8,165
Miscellaneous Services	161,470	164,400	170,042	(5,642)
Total City Hall	172,470	175,900	173,377	2,523
Non-Department				
Audit	50,000	15,000	12,300	2,700
Flat Rate Assessment	6,000	6,000	5,896	104
General Insurance	780,000	950,000	925,751	24,249
County Appraisal Service	350,000	375,000	354,427	20,573
Property Tax Collection Fee	62,000	80,000	79,826	174
Capital Lease Debt Service	2,823,924	3,155,894	3,047,175	108,719
Other	2,450,000	2,455,180	2,324,587	130,593
Total Non-Department	6,521,924	7,037,074	6,749,962	287,112
Total General Government	18,783,709	19,769,111	17,919,564	1,849,547
Public Safety				
Police				
Personnel Services	21,869,179	22,117,609	22,643,303	(525,694)
Supplies	997,130	1,197,452	1,041,738	155,714
Miscellaneous Services	871,400	1,204,074	1,122,630	81,444
Capital Outlay	1,221,055	2,105,148	168,900	1,936,249
Total Police	24,958,764	26,624,283	24,976,570	1,647,713
Fire				
Personnel Services	6,763,948	7,188,948	7,393,717	(204,769)
Supplies	678,690	734,964	684,640	50,324
Miscellaneous Services	509,492	570,718	526,911	43,807
Capital Outlay	6,390,000	5,840,000	2,769,755	3,070,245
Total Fire	14,342,130	14,334,630	11,375,023	2,959,607
Total Public Safety	39,300,894	40,958,913	36,351,593	4,607,320

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Highways and Streets				
Public Works				
Personnel Services	4,322,455	4,322,455	3,541,003	781,452
Supplies	858,850	848,000	830,642	17,358
Miscellaneous Services	1,626,900	1,685,191	1,655,764	29,427
Capital Outlay	3,207,898	3,729,382	2,243,982	1,485,400
Total Public Works	10,016,103	10,585,028	8,271,391	2,313,637
Total Highways and Streets	10,016,103	10,585,028	8,271,391	2,313,637
Health and Welfare				
Building Maintenance				
Personnel Services	1,492,581	1,487,081	1,604,966	(117,885)
Supplies	191,800	197,730	200,073	(2,343)
Miscellaneous Services	946,600	1,026,670	1,007,540	19,130
Capital Outlay	-	-	2,684	(2,684)
Total Building Maintenance	2,630,981	2,711,481	2,815,263	(103,782)
Code Enforcement				
Personnel Services	1,707,576	1,707,576	1,850,834	(143,258)
Supplies	76,500	94,649	95,244	(595)
Miscellaneous Services	266,900	286,900	247,100	39,800
Capital Outlay	50,000	202,539	174,581	27,958
Total Code Enforcement	2,100,976	2,291,664	2,367,759	(76,095)
Community Development and Grants Management				
Personnel Services	478,588	478,588	444,652	33,936
Supplies	6,800	6,938	4,721	2,217
Miscellaneous Services	34,348	34,484	12,314	22,170
Capital Outlay	295,000	270,000	22,836	247,164
Total Housing Assistance	519,736	520,010	484,523	305,487
Total Health and Welfare	5,251,693	5,523,155	5,667,544	125,611

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Culture and Recreation				
Library and Cultural Arts				
Personnel Services	1,551,707	1,534,040	1,724,721	(190,681)
Supplies	247,503	290,820	254,220	36,600
Miscellaneous Services	543,430	519,836	342,364	177,472
Capital Outlay	175,000	405,300	30,875	374,425
Total Library and Cultural Arts	2,517,640	2,749,996	2,352,180	397,816
Parks and Recreation				
Personnel Services	5,160,593	4,841,763	4,929,788	(88,025)
Supplies	897,300	1,118,325	1,112,286	6,039
Miscellaneous Services	466,840	587,694	562,454	25,240
Capital Outlay	1,750,000	815,450	341,265	474,185
Total Parks and Recreation	8,274,733	7,363,232	6,945,792	417,440
Total Culture and Recreation	10,792,373	10,113,228	9,297,972	815,256
Economic Development				
Personnel Services	302,850	302,850	290,567	12,283
Supplies	48,000	48,000	10,166	37,834
Services and Agreements	1,012,300	1,270,500	1,139,639	130,861
Total Economic Development	1,363,150	1,621,350	1,440,371	180,979
Total Expenditures	85,507,922	88,570,785	78,948,435	9,892,350
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	(19,104,832)	(20,167,695)	(10,322,340)	9,845,355
Other Financing Sources (Uses):				
Debt Proceeds	12,931,562	12,931,562	11,705,961	(1,225,601)
Sale of Real and Personal Property	50,000	50,000	76,069	26,069
Insurance Proceeds	150,000	150,000	-	(150,000)
Transfers In	5,000,000	5,000,000	5,000,000	-
Transfers Out	(1,666,345)	(1,917,045)	(1,905,432)	11,613
Total Other Financing Sources (Uses)	16,415,217	16,164,517	14,876,598	(1,363,988)
Net Change in Fund Balances	(2,689,615)	(4,003,178)	4,554,258	8,481,367
Fund Balances - Beginning of Year	27,275,676	27,275,676	27,275,676	-
Fund Balances - End of Year	<u>\$ 24,586,061</u>	<u>\$ 23,272,498</u>	<u>\$ 32,421,197</u>	<u>\$ 8,481,367</u>

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

<i>SEPTEMBER 30,</i>	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability								
Service Cost	\$ 3,905,080	\$ 4,465,697	\$ 4,897,533	\$ 5,271,339	\$ 5,451,177	\$ 6,001,648	\$ 6,569,509	\$ 7,055,662
Interest (on the Total Pension Liability)	7,415,662	7,952,761	8,221,195	8,778,659	9,496,321	10,025,754	10,828,811	11,698,505
Changes of benefit terms	-	-	-	-	-	-	-	-
Difference between expected and actual experience	(554,280)	(237,828)	(1,032,455)	1,028,193	(1,994,144)	588,622	960,974	3,130,005
Change of assumptions	-	(377,240)	-	-	-	674,533	-	-
Benefit payments, including refunds of employee contributions	(3,096,759)	(3,651,078)	(4,018,322)	(4,010,576)	(5,061,598)	(5,708,662)	(5,646,042)	(5,789,996)
Net Change in Total Pension Liability	7,669,703	8,152,312	8,067,951	11,067,615	7,891,756	11,581,895	12,713,252	16,094,176
Total Pension Liability - Beginning	105,533,866	113,203,569	121,355,881	129,423,832	140,491,447	148,383,203	148,383,203	172,678,350
Total Pension Liability - Ending (a)	\$ 113,203,569	\$ 121,355,881	\$ 129,423,832	\$ 140,491,447	\$ 148,383,203	\$ 159,965,098	\$ 161,096,455	\$ 188,772,526
Plan Fiduciary Net Position								
Contributions - employer	\$ 3,999,261	\$ 4,444,421	\$ 4,621,389	\$ 5,094,161	\$ 5,075,953	\$ 5,499,792	\$ 6,003,536	\$ 6,466,214
Contributions - employee	1,968,692	2,127,970	2,222,723	2,401,271	2,477,808	2,681,017	2,934,688	3,125,926
Net investment income	4,388,353	123,828	5,874,570	13,244,540	(3,362,715)	17,217,376	9,938,942	18,793,124
Benefit payments, including refunds of employee contributions	(3,096,759)	(3,651,078)	(4,018,322)	(4,010,576)	(5,061,598)	(5,708,662)	(5,646,042)	(5,789,996)
Administrative expense	(45,809)	(75,414)	(66,307)	(68,598)	(64,934)	(97,159)	(64,251)	(86,846)
Other	(3,766)	(3,725)	(3,572)	(3,476)	(3,393)	(2,919)	(2,507)	595
Net Change in Plan Fiduciary Net Position	7,209,972	2,966,002	8,630,481	16,657,322	(938,879)	19,589,445	13,164,366	22,509,017
Plan Fiduciary Net Position - Beginning	76,698,643	83,908,615	86,874,617	95,505,098	112,162,420	111,223,541	111,223,541	143,977,352
Plan Fiduciary Net Position - Ending (b)	\$ 83,908,615	\$ 86,874,617	\$ 95,505,098	\$ 112,162,420	\$ 111,223,541	\$ 130,812,986	\$ 124,387,907	\$ 166,486,369
Net Pension Liability - Ending (a)-(b)	\$ 29,294,954	\$ 34,481,264	\$ 33,918,734	\$ 28,329,027	\$ 37,159,662	\$ 29,152,112	\$ 36,708,548	\$ 22,286,157
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.12%	71.59%	73.79%	79.84%	74.96%	81.78%	77.21%	88.19%
Covered Payroll	\$ 28,124,170	\$ 30,399,572	\$ 31,740,329	\$ 34,296,282	\$ 35,397,255	\$ 38,300,244	\$ 41,924,117	\$ 44,656,087
City's Net Pension Liability as a Percentage of Covered Payroll	104.16%	113.43%	106.86%	82.60%	104.98%	76.11%	87.56%	49.91%

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

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	2020	2021	2022
City's proportion of the net pension liability	1.54%	1.29%	1.34%	2.43%	0.97%	1.14%	0.50%	0.94%
City's proportionate share of the net pension liability	\$ 279,298	\$ 346,906	\$ 389,151	\$ 526,106	\$ 274,669	\$ 253,117	\$ 111,320	\$ 386,503
City's number of active members	54	58	58	39	21	26	24	25
City's net pension liability per active member	\$ 5,172	\$ 5,981	\$ 6,710	\$ 13,490	\$ 13,079	\$ 9,735	\$ 4,638	\$ 15,460
Plan fiduciary net position as a percentage of the total pension liability	83.50%	76.70%	76.30%	84.30%	80.20%	83.20%	93.10%	75.20%

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

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

<i>SEPTEMBER 30,</i>	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$ 4,351,814	\$ 4,586,475	\$ 4,621,389	\$ 5,094,161	\$ 5,075,953	\$ 5,499,792	\$ 6,003,536	\$ 6,466,214
Contributions in relation to the actuarially determined contribution	4,351,814	4,586,475	4,621,389	5,094,161	5,075,953	5,499,792	6,003,536	6,466,214
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 28,124,170	\$ 30,399,572	\$ 31,740,329	\$ 34,296,282	\$ 35,397,255	\$ 40,178,654	\$ 41,924,117	\$ 44,656,087
Contributions as a percentage of covered payroll	15.47%	15.09%	14.56%	14.85%	14.34%	13.69%	14.32%	14.48%

Notes to Schedule of Contributions

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

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

Other Information:

Notes There were no benefit changes during the year.

Note: GASB 68 requires 10 fiscal years of data to be provided in this schedule. However, until a full 10-yea 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	2020	2021	2022
Texas Emergency Services Retirement System (TESRS)								
Contractually required contributions	\$ 31,320	\$ 46,400	\$ 40,310	\$ 36,169	\$ 43,428	\$ 46,835	\$ 49,880	\$ 45,820
Contributions in relation to the contractually required contribution	31,320	46,400	40,310	36,169	43,428	46,835	49,880	45,820
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Number of active members	54	58	58	39	21	26	24	25
Contributions per active member	\$ 580	\$ 800	\$ 697	\$ 927	\$ 2,068	\$ 1,801	\$ 2,078	\$ 1,833

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

<i>SEPTEMBER 30,</i>	2018	2019	2020	2021	2022
Total OPEB Liability					
Service cost	\$ 1,149,843	\$ 1,069,819	\$ 1,500,352	\$ 2,023,214	\$ 2,086,690
Interest	715,606	826,562	654,448	659,614	672,095
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	56,192	1,079,257	(663,288)	(1,786,737)
Changes of assumptions	(1,041,173)	3,178,838	2,243,038	173,777	(5,979,817)
Benefit payments, including refunds of employee contributions	(607,647)	(762,157)	(700,345)	(812,433)	(874,443)
Net Change in Total OPEB Liability	216,629	4,369,254	4,776,750	1,380,884	(5,882,212)
Total OPEB Liability - Beginning	18,864,934	19,081,563	23,450,817	23,450,817	29,608,451
Total OPEB Liability - Ending (a)	\$ 19,081,563	\$ 23,450,817	\$ 28,227,567	\$ 24,831,701	\$ 23,726,239
Plan Fiduciary Net Position					
Contributions - employer	\$ 607,647	\$ 762,157	\$ 700,345	\$ 812,433	\$ 874,443
Contributions - employee	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(607,647)	(762,157)	(700,345)	(812,433)	(874,443)
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	\$ 28,227,567	\$ 24,831,701	\$ 23,726,239
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%	0.0%	0.0%	0.0%
Covered - Employee Payroll	\$ 29,675,741	\$ 29,675,741	\$ 35,377,683	\$ 38,052,277	\$ 43,107,343
City's Net OPEB Liability as a Percentage of Covered - Employee Payroll	64.3%	79.0%	79.8%	65.3%	55.0%

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

<i>SEPTEMBER 30,</i>	2018	2019	2020	2021	2022
Total OPEB Liability					
Service cost	\$ 51,444	\$ 63,715	\$ 57,450	\$ 96,425	\$ 107,175
Interest	45,625	47,160	53,368	49,704	44,760
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	29,186	(64,335)	(26,207)	(43,731)
Changes of assumptions	125,031	(112,151)	314,963	331,664	79,821
Benefit payments, including refunds of employee contributions*	(10,289)	(10,619)	(11,490)	(12,577)	(40,190)
Net Change in Total OPEB Liability	211,811	17,291	349,956	439,009	147,835
Total OPEB Liability - Beginning	1,186,421	1,398,232	1,415,523	1,415,523	2,204,488
Total OPEB Liability - Ending (a)	\$ 1,398,232	\$ 1,415,523	\$ 1,765,479	\$ 1,854,532	\$ 2,352,323
 Covered - Employee Payroll	 \$ 34,296,282	 \$ 35,397,255	 \$ 38,300,244	 \$ 41,924,117	 \$ 44,656,087
City's Net OPEB Liability as a Percentage of Covered - Employee Payroll	 4.08%	 4.00%	 4.61%	 4.42%	 5.27%

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

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

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

CITY OF EDINBURG, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2022
EXHIBIT 5-H

NOTE 1 BUDGETARY BASIS OF ACCOUNTING

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

NOTE 2 BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATIONS

During the year ended September 30, 2022, total expenditures did not exceeded total appropriations in the General Fund. Annual budgeted expenditures are adopted at the department level within funds. Accordingly, the level at which expenditures cannot legally exceed appropriations is the department level.

Department	Expenditures Over Appropriations
Human Resources	\$ (13,500)
Code Enforcement	(76,095)

Note:

Human resources personnel services exceeded by \$13,500 the budget mainly due to changes in the estimated group insurance costs, increase in salaries and related retirement costs. For the year 2022-2023, their budget was increased to property reflect the budget. Code Enforcement also exceeded the budget by \$79,095 due to differences in the actual salaries paid, related retirement and group insurances differences. For the year 2022-2023, their budget was increased to property reflect the budget.

Other Supplementary Information

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenue resources that are restricted or committed to expenditure for specified purposes. A special revenue fund continues in existence as long as governmental resources are allocated to its specific purposes. The City has the following special revenue funds:

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.

Home Programs Fund 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.

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

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.

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.

Tax Increment Reinvestment Zone 1 (TIRZ#1) Fund was established to account respective rights and obligations in connection with the development and construction by the Developer of a retail shopping center project known as "The Shoppes at Rio Grande Valley."

Tax Increment Reinvestment Zone 4 (TIRZ#4) Fund is used to account for revenue that provide development incentives and funding for infrastructure improvements lacking in the selected area. TIRZ#4 is an approximately 49.57 acres of land area primarily between the corner of Alberta Road and State Highway 281 in the City of Edinburg, which is known as "Berg Ogden Arena" .

Tax Increment Reinvestment Zone 3 (TIRZ#3) Fund was established to account for respective rights and obligations in connection with the development and construction by the Developer of a mixed-use commercial and residential development commonly known as "La Sienna" or the "La Sienna Project."

Local Government Finance Corp. (LGFC) Fund was established to retire Contract Revenue Bonds, Series 2015A and Contract Revenue Bonds, Taxable Series 2015B.

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

<u>SEPTEMBER 30, 2022</u>	<u>Debt Service Fund</u>	<u>Special Revenue Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Cash and Cash Equivalents	\$ 338,394	\$ 6,438,737	\$ 6,777,131
Taxes Receivables	486,263	-	486,263
Allowance for Uncollectible Taxes	(109,300)	-	(109,300)
Accounts Receivables, Net	-	62,420	62,420
Lease Receivable, Net	-	29,748	29,748
Note Receivable	-	1,323,774	1,323,774
Due from Other Governments	-	1,344,061	1,344,061
Due from Other Funds	-	33,594	33,594
Prepaid Items	-	800	800
Restricted Assets:			
Cash with Fiscal Agent	-	2,931,752	2,931,752
Total Assets	<u>\$ 715,357</u>	<u>\$ 12,164,886</u>	<u>\$ 12,880,243</u>
Liabilities			
Accounts Payable	\$ -	\$ 151,099	\$ 151,099
Accrued Liabilities	-	9,504	9,504
Unearned Revenue	-	1,344,061	1,344,061
Total Liabilities	<u>-</u>	<u>1,504,664</u>	<u>1,504,664</u>
Deferred Inflows of Resources			
Deferred Inflows from Loans Receivable	-	1,323,774	1,323,774
Deferred Inflows from Taxes	352,425	-	352,425
Deferred Inflows from Leases	-	25,641	25,641
Total Deferred Inflows of Resources	<u>352,425</u>	<u>1,349,415</u>	<u>1,701,840</u>
Fund Balances			
Restricted for:			
Debt Service	362,932	2,697,095	3,060,027
Capital Projects	-	234,624	234,624
Other Purposes	-	6,379,088	6,379,088
Unassigned	-	-	-
Total Fund Balances	<u>362,932</u>	<u>9,310,807</u>	<u>9,673,739</u>
Total Liabilities and Fund Balances	<u>\$ 715,357</u>	<u>\$ 12,164,886</u>	<u>\$ 12,880,243</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, 2022	Debt Service Fund	Special Revenue Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes:			
Property Taxes	\$ 7,432,471	\$ 1,023,606	\$ 8,456,077
Franchise Tax	-	132,760	132,760
Other Tax	-	959,928	959,928
Intergovernmental Revenue and Grants	-	1,584,521	1,584,521
Charges for Services	-	387,430	387,430
Fines and Forfeits	-	124,564	124,564
Investment Earnings	6,143	22,293	28,436
Contributions	-	1,561,575	1,561,575
Other	-	115,155	115,155
Total Revenues	<u>7,438,614</u>	<u>5,911,832</u>	<u>13,350,446</u>
Expenditures			
Current:			
General Government	-	289,954	289,954
Public Safety	-	233,013	233,013
Health and Welfare	-	182,056	182,056
Culture and Recreation	-	533,651	533,651
Urban Redevelopment and Housing	-	643,676	643,676
Debt Service:			
Principal Retirements	4,091,422	1,436,109	5,527,531
Interest and Other Charges	3,699,453	1,833,475	5,532,928
Total Expenditures	<u>7,790,875</u>	<u>5,151,934</u>	<u>12,942,809</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(352,261)</u>	<u>759,898</u>	<u>407,637</u>
Other Financing Sources (Uses)			
Proceeds from Right of Use Leases		10,023	10,023
Transfers In	416,345	3,982,937	4,399,282
Transfers Out	-	(3,793,850)	(3,793,850)
Total Other Financing Sources (Uses)	<u>416,345</u>	<u>199,110</u>	<u>615,455</u>
Net Change In Fund Balances	64,084	959,008	1,023,092
Fund Balances - Beginning of Year	298,848	8,351,463	8,650,310
Prior Period Adjustment	-	336	336
Fund Balances - End of Year	<u>\$ 362,932</u>	<u>\$ 9,310,807</u>	<u>\$ 9,673,739</u>

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

<i>SEPTEMBER 30, 2022</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	\$ 51,097	\$ 47,822	\$ 908,686	\$ 1,012,727	\$ 677,436	\$ 206,921	\$ 440,257	\$ -	\$ -	\$ -	\$ 3,093,791	\$ 6,438,737
Accounts Receivables, Net	30,639	-	-	-	-	-	31,781	-	-	-	-	62,420
Lease Receivable, Net	-	-	-	-	-	-	-	-	-	-	29,748	29,748
Note Receivable	1,319,263	4,511	-	-	-	-	-	-	-	-	-	1,323,774
Due from Other Governments	1,344,061	-	-	-	-	-	-	-	-	-	-	1,344,061
Due from Other Funds	-	-	33,594	-	-	-	-	-	-	-	-	33,594
Prepaid Items	-	-	-	800	-	-	-	-	-	-	-	800
Cash with Fiscal Agent	-	-	-	-	-	-	-	-	-	-	2,931,752	2,931,752
Total Assets	<u>2,745,060</u>	<u>52,333</u>	<u>942,280</u>	<u>1,013,527</u>	<u>677,436</u>	<u>206,921</u>	<u>472,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,055,291</u>	<u>12,164,886</u>
Liabilities												
Accounts Payable	21,744	-	4,805	4,342	56,520	5,000	479	-	-	-	58,209	151,099
Accrued Liabilities	9,504	-	-	-	-	-	-	-	-	-	-	9,504
Unearned Revenue	1,344,061	-	-	-	-	-	-	-	-	-	-	1,344,061
Total Liabilities	<u>1,375,309</u>	<u>-</u>	<u>4,805</u>	<u>4,342</u>	<u>56,520</u>	<u>5,000</u>	<u>479</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,209</u>	<u>1,504,664</u>
Deferred Inflows of Resources												
Deferred Inflows from Loans Receivable	1,319,263	4,511	-	-	-	-	-	-	-	-	-	1,323,774
Deferred Inflows from Leases	-	-	-	-	-	-	-	-	-	-	25,641	25,641
Total Deferred Inflows of Resources	<u>1,319,263</u>	<u>4,511</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,641</u>	<u>1,349,415</u>
Fund Balances												
Restricted for:												
Debt Service	-	-	-	-	-	-	-	-	-	-	2,697,095	2,697,095
Capital Projects	-	-	-	-	-	-	-	-	-	-	234,624	234,624
Other Purposes	50,488	47,822	937,475	1,009,185	620,916	201,921	471,559	-	-	-	3,039,722	6,379,088
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-
Total Fund Balances	<u>50,488</u>	<u>47,822</u>	<u>937,475</u>	<u>1,009,185</u>	<u>620,916</u>	<u>201,921</u>	<u>471,559</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,971,441</u>	<u>9,310,807</u>
Total Liabilities and Fund Balances	<u>\$ 2,745,060</u>	<u>\$ 52,333</u>	<u>\$ 942,280</u>	<u>\$ 1,013,527</u>	<u>\$ 677,436</u>	<u>\$ 206,921</u>	<u>\$ 472,038</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,055,291</u>	<u>\$ 12,164,886</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, 2022</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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 478,272	\$ 251,752	\$ 293,582	\$ -	\$ 1,023,606
Franchise Tax	-	-	-	-	-	-	132,760	-	-	-	-	132,760
Other Tax	-	-	-	959,928	-	-	-	-	-	-	-	959,928
Intergovernmental Revenue and Grants	1,112,864	-	471,657	-	-	-	-	-	-	-	-	1,584,521
Charges for Services	-	-	-	-	-	43,430	-	-	-	-	344,000	387,430
Fines and Forfeits	-	-	-	-	124,564	-	-	-	-	-	-	124,564
Investment Earnings	-	-	915	2,347	1,133	354	889	-	-	-	16,655	22,293
Contributions	-	-	-	-	-	-	-	346,770	146,860	287,527	780,418	1,561,575
Other	115,155	-	-	-	-	-	-	-	-	-	-	115,155
Total Revenues	1,228,019	-	472,572	962,275	125,697	43,784	133,649	825,042	398,612	581,109	1,141,073	5,911,832
Expenditures												
Current:												
General Government	-	-	-	70,624	58,566	31,585	129,179	-	-	-	-	289,954
Public Safety	195,000	-	38,013	-	-	-	-	-	-	-	-	233,013
Health and Welfare	181,069	987	-	-	-	-	-	-	-	-	-	182,056
Culture and Recreation	192,384	-	-	341,267	-	-	-	-	-	-	-	533,651
Urban Redevelopment and Housing	643,676	-	-	-	-	-	-	-	-	-	-	643,676
Debt Service:												
Principal Retirements	-	-	-	-	-	-	-	-	-	-	1,436,109	1,436,109
Interest and Other Charges	-	-	-	-	-	-	-	-	-	-	1,833,475	1,833,475
Total Expenditures	1,212,129	987	38,013	411,891	58,566	31,585	129,179	-	-	-	3,269,584	5,151,934
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,890	(987)	434,559	550,384	67,131	12,199	4,470	825,042	398,612	581,109	(2,128,511)	759,898
Other Financing Sources (Uses)												
Proceeds from Right of Use Leases	-	-	-	-	-	-	-	-	-	-	10,023	10,023
Transfers In	-	-	-	-	-	-	-	793,112	295,975	-	2,893,850	3,982,937
Transfers Out	-	-	-	(900,000)	-	-	-	(1,618,154)	(694,587)	(581,109)	-	(3,793,850)
Total Other Financing Sources (Uses)	-	-	-	(900,000)	-	-	-	(825,042)	(398,612)	(581,109)	2,903,873	199,110
Net Change in Fund Balances	15,890	(987)	434,559	(349,616)	67,131	12,199	4,470	-	-	-	775,362	959,008
Fund Balances - Beginning of Year	34,262	48,809	502,916	1,358,801	553,785	189,722	467,089	-	-	-	5,196,079	8,351,463
Prior Period Adjustment	336	-	-	-	-	-	-	-	-	-	-	336
Fund Balances - End of Year	\$ 50,488	\$ 47,822	\$ 937,475	\$ 1,009,185	\$ 620,916	\$ 201,921	\$ 471,559	\$ -	\$ -	\$ -	\$ 5,971,441	\$ 9,310,807

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property Taxes	\$ 6,967,019	\$ 6,967,019	\$ 7,306,107	\$ 339,088
Penalty and Interest	80,000	80,000	126,365	46,365
Investment Earnings	-	-	6,143	6,143
Total Revenues	<u>7,047,019</u>	<u>7,047,019</u>	<u>7,438,615</u>	<u>391,596</u>
Expenditures				
Debt Service				
Principal Retirements	4,091,425	4,091,425	4,091,423	2
Interest and Other Charges	<u>3,682,939</u>	<u>3,682,939</u>	<u>3,699,453</u>	<u>(16,514)</u>
Total Expenditures	<u>7,774,364</u>	<u>7,774,364</u>	<u>7,790,876</u>	<u>(16,512)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(727,345)</u>	<u>(727,345)</u>	<u>(352,261)</u>	<u>375,084</u>
Other Financing Sources (Uses)				
Transfers In	<u>416,345</u>	<u>416,345</u>	<u>416,345</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>416,345</u>	<u>416,345</u>	<u>416,345</u>	<u>-</u>
Net Change In Fund Balance	(311,000)	(311,000)	64,084	375,084
Fund Balance - Beginning of Year	<u>298,848</u>	<u>298,848</u>	<u>298,848</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ (12,152)</u>	<u>\$ (12,152)</u>	<u>\$ 362,932</u>	<u>\$ 375,084</u>

NON-MAJOR ENTERPRISE FUNDS

Non-Major Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes. The City has the following non-major enterprise funds:

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

CITY OF EDINBURG, TEXAS
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
EXHIBIT 8-A

SEPTEMBER 30, 2022	Edinburg International Airport	City Ebony Golf Course	Los Lagos Golf Course	Total Nonmajor Enterprise Funds
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 131,282	\$ 66,286	\$ 700	\$ 198,268
Accounts Receivable, Net	39,417	18	26,486	65,921
Lease Receivable, Net	57,435	-	-	57,435
Inventories	60,285	4,845	32,141	97,271
Prepaid Items	50,295	-	-	50,295
Restricted Assets:				
Cash with Fiscal Agent	362,164	130,540	401,046	893,750
Total Current Assets	<u>700,878</u>	<u>201,689</u>	<u>460,373</u>	<u>1,362,940</u>
Noncurrent Assets:				
Capital Assets:				
Land	4,246,155	25,000	729,000	5,000,155
Buildings	5,059,426	214,988	1,037,433	6,311,847
Improvements Other Than Buildings	7,594,207	-	5,795,440	13,389,647
Furniture and Equipment	598,425	152,908	1,442,460	2,193,793
Accumulated Depreciation	(6,296,946)	(331,607)	(7,290,564)	(13,919,117)
Right-to-Use Lease Assets	-	-	140,952	140,952
Accumulated Amortization- Right-to-Use-Leases	-	-	(69,132)	(69,132)
Construction in Progress	79,500	-	-	79,500
Total Capital Assets	<u>11,280,767</u>	<u>61,289</u>	<u>1,785,589</u>	<u>13,127,645</u>
Total Noncurrent Assets	<u>11,280,767</u>	<u>61,289</u>	<u>1,785,589</u>	<u>13,127,645</u>
Total Assets	<u>11,981,645</u>	<u>262,978</u>	<u>2,245,962</u>	<u>14,490,585</u>
Deferred Outflows of Resources				
Deferred Outflow Related to Debt Refundings	-	-	244,734	244,734
Deferred Outflow Related to Pension	48,561	34,369	148,753	231,683
Deferred Outflow Related to OPEB Obligation	25,736	25,428	65,871	117,035
Total Deferred Outflows of Resources	<u>74,297</u>	<u>59,797</u>	<u>459,358</u>	<u>593,452</u>
Liabilities				
Current Liabilities:				
Accounts Payable	52,241	8,882	203,445	264,568
Accrued Liabilities	16,097	7,127	46,471	69,695
Accrued Interest	289	7	3,107	3,403
Compensated Absences	7,528	10,559	31,804	49,891
Due to Other Funds	-	-	303,182	303,182
Due to Component Unit	-	-	-	-
Due to Fiduciary	-	-	-	-
Deposits	3,075	225	2,000	5,300
Current Portion of General Obligation Bonds	-	-	361,916	361,916
Current Portion of Financing Leases Payable	87,802	22,491	66,911	177,204
Total Current Liabilities	<u>167,032</u>	<u>49,291</u>	<u>1,018,836</u>	<u>1,235,159</u>

CITY OF EDINBURG, TEXAS
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
EXHIBIT 8-A
(Continued)

SEPTEMBER 30, 2022	Edinburg International Airport	City Ebony Golf Course	Los Lagos Golf Course	Total Nonmajor Enterprise Funds
Noncurrent Liabilities				
Compensated Absences	7,021	-	62,031	69,052
General Obligation Bonds, Net of Unamortized Discounts and Premiums	-	-	595,973	595,973
Financing Leases Payable	428,354	87,274	349,361	864,989
Landfill Closure and Post Closure Costs Payable				-
Right-to-Use Lease Liabilities	-	-	70,555	70,555
Net Pension Liability	79,096	143,839	299,415	522,350
Net OPEB Obligation	146,728	212,032	424,659	783,419
Total Noncurrent Liabilities	661,199	443,145	1,801,994	2,906,338
Total Liabilities	828,231	492,436	2,820,830	4,141,497
Deferred Inflows of Resources				
Deferred Inflows Related to Pension	54,465	34,208	160,754	249,427
Deferred Inflows Related to OPEB Obligation	47,231	43,710	139,668	230,609
Deferred Inflows Related to Leases	57,375	-	-	57,375
Deferred Inflows Related to Other	-	5,748	-	5,748
Total Deferred Inflows of Resources	159,071	83,666	300,422	543,159
Net Position				
Net Investment in Capital Assets and Lease Assets	11,280,767	61,289	1,072,435	12,414,491
Unrestricted	(212,127)	(314,616)	(1,488,367)	(2,015,110)
Total Net Position	\$ 11,068,640	\$ (253,327)	\$ (415,932)	\$ 10,399,381

CITY OF EDINBURG, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION-NON-MAJOR ENTERPRISE FUNDS
EXHIBIT 8-B

FOR THE YEAR ENDED SEPTEMBER 30, 2022	Edinburg International Airport	City Ebony Golf Course	Los Lagos Golf Course	Total Nonmajor Enterprise Funds
Operating Revenues				
Fuel Flow Fees	\$ 1,577,307	\$ -	\$ -	\$ 1,577,307
Golf Course Fees and Memberships	-	228,656	1,168,228	1,396,884
Other Revenue	262	55,860	226,842	282,964
Total Operating Revenues	1,577,569	284,516	1,395,070	3,257,155
Operating Expenses				
Salaries, Wages, and Employee Benefits	349,541	242,977	1,202,087	1,794,605
Supplies and Materials	27,052	34,606	187,085	248,743
Contractual and Other Services	329,271	34,330	90,281	453,882
Repairs and Maintenance	787,769	19,160	57,797	864,726
Other Operating Costs	1,153,205	62,318	279,270	1,494,793
Deprecation and Amortization	558,458	12,304	141,408	712,170
Total Operating Expenses	3,205,296	405,695	1,957,928	5,568,919
Operating Income (Loss)	(1,627,727)	(121,179)	(562,858)	(2,311,764)
Non-Operating Revenues (Expenses)				
Investment Earnings	208	-	-	208
Interest Expense	(8,175)	(1,305)	(54,664)	(64,144)
Intergovernmental Revenues	81,221	-	-	81,221
Total Non-Operating Revenues (Expenses)	73,254	(1,305)	(54,664)	17,285
Income (Loss) Before Transfers	(1,554,473)	(122,484)	(617,522)	(2,294,479)
Transfers In (Out)				
Transfers In	1,339,187	-	750,518	2,089,705
Total Transfers In (Out)	1,339,187	-	750,518	2,089,705
Change In Net Position	(215,286)	(122,484)	132,996	(204,774)
Net Position - Beginning of Year	11,290,462	(132,120)	(553,281)	10,605,061
Prior Period Adjustment	(6,536)	1,277	4,353	(906)
Net Position - End of Year	<u>\$ 11,068,640</u>	<u>\$ (253,327)</u>	<u>\$ (415,932)</u>	<u>\$ 10,399,381</u>

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

<i>FOR THE YEAR ENDED SEPTEMBER 30, 2022</i>	Edinburg International Airport	Ebony Golf Course	Los Lagos Golf Course	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 2,557,826	\$ 228,656	\$ 1,168,275	\$ 3,954,757
Cash Received from Other Operating Receipts	145,281	119,286	1,021,521	1,286,088
Cash Payments to Employees for Services	(385,840)	(242,977)	(1,202,087)	(1,830,904)
Cash Payments for Other Operating Activities	(2,421,974)	(172,175)	(565,138)	(3,159,287)
Cash Payments to Other Suppliers for Goods and Services	(35,846)	(35,338)	(281,095)	(352,279)
Net Cash Provided (Used) by Operating Activities	<u>(140,553)</u>	<u>(102,548)</u>	<u>141,476</u>	<u>(101,625)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Grants	81,221	-	-	81,221
Transfers from Other Funds	1,339,187	-	750,518	2,089,705
Net Cash Provided (Used) by Noncapital Financing Activities	<u>1,420,408</u>	<u>-</u>	<u>750,518</u>	<u>2,170,926</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal Paid on Long-Term Debt	(76,709)	(23,147)	(374,708)	(474,564)
Proceeds from Capital Debt	369,565	127,978	394,473	892,016
Interest Paid on Long-Term Debt	(7,886)	(1,298)	(55,906)	(65,090)
Other Capital Payments	-	-	(168,284)	(168,284)
Acquisition or Construction of Capital Assets	(74,547)	(28,685)	(311,572)	(414,804)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>210,423</u>	<u>74,848</u>	<u>(515,997)</u>	<u>(230,726)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest from Investments	208	-	-	208
Net Cash Provided/(Used) By Investing Activities	<u>208</u>	<u>-</u>	<u>-</u>	<u>208</u>
Net Increase/(Decrease) in Cash	1,490,486	(27,700)	375,997	1,838,783
Cash and Cash Equivalents at Beginning of Year	78,839	224,526	25,207	328,572
Cash and Cash Equivalents at End of Year	<u>\$ 1,569,325</u>	<u>\$ 196,826</u>	<u>\$ 401,204</u>	<u>\$ 2,167,355</u>

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

	<u>Edinburg International Airport</u>	<u>Ebony Golf Course</u>	<u>Los Lagos Golf Course</u>	<u>Total</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (1,627,727)	\$ (121,179)	\$ (562,858)	\$ (2,311,764)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	558,458	12,304	141,408	712,170
Changes in Assets and Liabilities				
Decrease (Increase) in Accounts Receivable	(22,395)	(18)	47	(22,366)
Decrease (Increase) in Due From Other Governments	-	-	-	-
Decrease (Increase) in Prepaid Items	(50,295)	-	-	(50,295)
Decrease (Increase) in Inventories	(8,794)	(732)	(1,825)	(11,351)
Decrease (Increase) in Deferred Outflows	(8,579)	(2,822)	541	(10,860)
Increase (Decrease) in Accounts Payable	980,519	(1,015)	465,312	1,444,816
Increase (Decrease) in Compensated Balances	(36,299)	7,493	63,015	34,209
Increase (Decrease) in Accrued Liabilities	17,397	6,104	49,017	72,518
Increase (Decrease) in Unearned Revenue	-	(3,961)	(10,956)	(14,917)
Increase (Decrease) in Deferred Inflow	127,623	49,829	216,794	394,246
Increase (Decrease) in Pension Liabilities	(70,461)	(48,551)	(219,019)	(338,031)
Total Adjustments	<u>1,487,174</u>	<u>18,631</u>	<u>704,334</u>	<u>2,210,139</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (140,553)</u>	<u>\$ (102,548)</u>	<u>\$ 141,476</u>	<u>\$ (101,625)</u>

DISCRETELY PRESENTED COMPONENT UNITS

Discretely Presented Component Units are legally separate organizations that the City of Edinburg must include as part of its financial reporting entity for fair presentation.

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.
COMPONENT UNIT
EXHIBIT 9-A

SEPTEMBER 30, 2022

ASSETS

Cash and Cash Equivalents	\$ 2,590,605
Investments	1,537,531
Restricted Assets:	
Cash and Cash Equivalents	10,000
Total Assets	<u>4,138,136</u>

Liabilities

Accounts Payable	1,090,715
Accrued Liabilities	36,708
Total Liabilities	<u>1,127,423</u>

Fund Balances

Nonspendable	1,547,531
Unassigned	1,463,182
Total Fund Balances	<u>3,010,713</u>
Total Liabilities and Fund Balance	<u>\$ 4,138,136</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 9-B

SEPTEMBER 30, 2022

Total Fund Balances - Component Unit Balance Sheet	\$	3,010,713
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Amounts Reported for Component Units in The Statement of Net Position ("SNP")
are Different Because:

- | | | |
|---|--|-----------|
| 1.) Capital assets used in governmental activities are not financial resources and therefore, are not reported in governmental funds. The net effect of including the beginning balances for capital assets (net of depreciation) of \$4,596,300 and the current year's depreciation expense of (\$101,895) is to increase (decrease) net position. | | 4,494,405 |
| 2.) The implementation of GASB 68 for the TMRS Pension plan required that the Boys & Girls Club report their net pension liability in the Government Wide Statement of Net Position. The items reported as a result of this implementation included a net pension liability of \$274,217, a Deferred Resource Outflow of \$151,375 and a Deferred Resource Inflow of \$156,774. The net effect of these was to decrease the ending net position by \$279,616. | | (279,616) |
| 3.) The implementation of GASB 75 for the TMRS Other Post Employment Pension plan required that the Boys & Girls Club report their net pension liability in the Government Wide Statement of Net Position. The items reported as a result of this implementation included a net pension liability of \$43,548, a Deferred Resource Outflow of \$8,839 and a Deferred Resource Inflow of \$1,485. The net effect of these was to decrease the ending net position by \$36,194. | | (36,194) |
| 4.) The implementation of GASB 75 for the Medical Plan required that the Boys & Girls Club report their net pension liability in the Government Wide Statement of Net Position. The items reported as a result of this implementation included a net pension liability of \$374,456, a Deferred Resource Outflow of \$64,566 and a Deferred Resource Inflow of \$99,444. The net effect of these was to decrease the ending net position by \$409,334. | | (409,334) |
| 5.) Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing compensated absences. Compensated absences are not due in the current period and are not recorded in the funds. The net effect of the compensated absences is to increase (decrease) net position. | | (29,096) |

Net Position of Component Unit - Statement of Net Position	\$	6,750,878
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CITY OF EDINBURG, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHARGES
IN FUND BALANCE
BOYS' AND GIRLS' CLUB OF EDINBURG, INC.
COMPONENT UNIT
EXHIBIT 9-C

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Revenue

Contributions	\$ 1,950,263
Intergovernmental	616,683
Concession Sales and Other	50,419
Investment Income	1,966
Total Revenues	<u>2,619,331</u>

Expenditures

Current:	
Culture and Recreation	1,691,397
Total Expenditures	<u>1,691,397</u>

Other Financing Sources (Uses)

Transfers In	400,000
Other (Uses)	(49,203)
Total Other Financing Sources (Uses)	<u>350,797</u>

Net Change In Fund Balance	1,278,731
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Fund Balance - Beginning of Year

2,683,735

Prior Period Adjustment

(951,753)

Fund Balance - End of Year

\$ 3,010,713

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 9-D

SEPTEMBER 30, 2022

Net Change in Fund Balance - Component Unit	\$ 1,278,731
Amounts Reported for Component Units in The Statement of Activities ("SOA") are Different Because:	
1.) GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. Finally, the pension expense on the plan as a whole had to be recorded. The net result is an increase (decrease) in the change of net position by \$48,005.	48,005
2.) GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. Finally, the pension expense on the plan as a whole had to be recorded. The net result is an increase (decrease) in the change of net position by (\$22,268).	(22,268)
3.) Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.	(101,895)
4.) Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing compensated absences. Compensated absences are reported as the amount earned in the statement of activities but as the amount paid in the funds. The net effect of the compensated absences is to increase (decrease) the change in net position.	30,176
Change in Net Position of Component Unit-Statement of Activities	<u>\$ 1,232,749</u>

CITY OF EDINBURG, TEXAS
BUDGETARY COMPARISON SCHEDULE
BOYS' AND GIRLS' CLUB OF EDINBURG, INC.
COMPONENT UNIT
EXHIBIT 9-E

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
FOR THE YEAR ENDED SEPTEMBER 30, 2022	Original	Final	Actual	
Revenue				
Contributions	\$ 505,600	\$ 505,600	\$ 1,950,263	\$ 1,444,663
Intergovernmental	729,900	729,900	616,683	(113,217)
Concession Sales and Other	66,200	66,200	50,419	(15,781)
Investment Income	66,400	66,400	1,966	(64,434)
Total Revenues	1,368,100	1,368,100	2,619,331	1,251,231
Expenditures				
Current:				
Culture and Recreation	1,768,100	1,768,100	1,691,397	76,703
Total Expenditures	1,768,100	1,768,100	1,691,397	76,703
Other Financing Sources (Uses)				
Transfers In	400,000	400,000	400,000	-
Other (Uses)	-	-	(49,203)	(49,203)
Total Other Financing Sources (Uses)	400,000	400,000	350,797	(49,203)
Net Change In Fund Balance	-	-	1,278,731	1,278,731
Fund Balance - Beginning of Year	2,683,735	2,683,735	2,683,735	-
Prior Period Adjustment	-	-	(951,753)	(951,753)
Fund Balance - End of Year	\$ 2,683,735	\$ 2,683,735	\$ 3,010,713	\$ 326,978

STATISTICAL SECTION

STATISTICAL SECTION

(Unaudited)

This part of the City of Edinburg's annual comprehensive 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.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial report for the relevant year.

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net investment in capital assets	\$ 49,346,250	\$ 55,293,741	\$ 57,184,087	\$ 65,369,344	\$ 61,875,757	\$ 81,384,257	\$ 79,362,475	\$ 78,042,830	\$ 80,905,001	\$ 89,470,643
Restricted	4,049,487	7,404,974	7,350,584	4,478,473	6,066,707	7,543,470	26,556,986	11,096,592	7,956,587	67,174,037
Unrestricted	11,923,996	7,352,722	(10,026,957)	(8,323,840)	(8,853,893)	(17,975,790)	(38,582,298)	(21,720,725)	(21,160,691)	(89,357,839)
Total governmental activities net position	<u>\$ 65,319,733</u>	<u>\$ 70,051,437</u>	<u>\$ 54,507,714</u>	<u>\$ 61,523,977</u>	<u>\$ 59,088,571</u>	<u>\$ 70,951,937</u>	<u>\$ 67,337,163</u>	<u>\$ 67,418,697</u>	<u>\$ 67,700,898</u>	<u>\$ 67,286,841</u>
Business-Type Activities										
Net investment in capital assets	\$ 92,147,977	\$ 96,173,029	\$ 100,877,706	\$ 106,077,748	\$ 110,505,512	\$ 114,719,222	\$ 108,982,474	\$ 107,596,067	\$ 110,310,189	\$ 130,703,235
Restricted	3,872,343	3,970,534	3,438,540	3,415,118	3,516,475	3,153,907	3,142,522	6,938,270	5,244,568	4,607,337
Unrestricted	19,423,266	14,449,795	7,055,965	8,038,827	10,939,784	7,512,316	11,652,025	10,203,791	8,823,580	(14,080,842)
Total business-type activities net position	<u>\$ 115,443,585</u>	<u>\$ 114,593,359</u>	<u>\$ 111,372,211</u>	<u>\$ 117,531,693</u>	<u>\$ 124,961,771</u>	<u>\$ 125,385,445</u>	<u>\$ 123,777,021</u>	<u>\$ 124,738,128</u>	<u>\$ 124,378,336</u>	<u>\$ 121,229,730</u>
Primary Government										
Net investment in capital assets	\$ 141,494,227	\$ 151,466,770	\$ 158,061,793	\$ 171,447,092	\$ 172,381,269	\$ 196,103,479	\$ 188,344,949	\$ 185,638,897	\$ 191,215,190	\$ 220,173,878
Restricted	7,921,829	11,375,507	10,789,124	7,893,591	9,583,182	10,697,377	29,699,508	18,034,862	13,201,155	71,781,374
Unrestricted	31,347,262	21,802,518	(2,970,992)	(285,013)	2,085,891	(10,463,474)	(26,930,273)	(11,516,935)	(12,337,111)	(103,438,681)
Total primary government net position	<u>\$ 180,763,318</u>	<u>\$ 184,644,796</u>	<u>\$ 165,879,925</u>	<u>\$ 179,055,670</u>	<u>\$ 184,050,342</u>	<u>\$ 196,337,382</u>	<u>\$ 191,114,184</u>	<u>\$ 192,156,825</u>	<u>\$ 192,079,234</u>	<u>\$ 188,516,571</u>

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental Activities										
General government	\$ 11,073,760	\$ 11,858,395	\$ 10,939,958	\$ 9,614,288	\$ 16,043,093	\$ 12,976,468	\$ 13,511,053	\$ 13,516,587	\$ 13,462,924	\$ 20,926,720
Public safety	18,928,317	20,738,773	22,197,308	23,393,747	25,111,830	28,190,073	29,594,744	38,734,704	33,877,955	37,430,277
Highways and streets	8,613,068	9,110,732	10,003,508	9,598,627	11,334,330	11,803,668	16,038,229	9,006,283	14,922,951	11,174,354
Health and welfare	2,767,098	2,704,698	4,023,104	3,679,385	3,572,179	3,582,346	4,036,587	6,401,576	5,785,543	5,660,161
Culture and recreation	7,781,780	7,606,695	7,920,837	8,872,920	8,398,294	9,516,000	11,913,650	7,696,153	9,814,577	10,998,228
Urban redevelopment and housing	727,311	547,831	604,780	699,828	658,896	569,586	506,127	2,018,407	2,219,410	643,676
Economic development	86,163	169,687	3,547,915	-	-	1,493,526	706,143	2,473,706	3,098,008	3,084,239
Interest on long-term debt	1,745,492	1,589,906	4,140,985	3,748,860	3,424,033	3,550,141	4,933,580	5,691,962	4,971,648	5,390,433
Total governmental activities expenses	51,722,987	54,326,716	63,378,395	59,607,654	68,542,655	71,681,808	81,240,112	85,539,377	88,153,017	95,308,088
Business-type Activities										
Water and sewer operations	15,109,231	16,314,832	16,223,402	16,432,173	17,074,304	16,326,190	17,202,578	19,648,894	20,866,627	21,824,936
Solid waste operations	10,952,918	10,666,074	12,096,360	12,942,541	10,816,921	13,478,459	12,727,623	16,098,186	16,506,457	19,677,970
Golf course operations	2,621,267	2,378,731	2,167,865	1,905,629	1,739,829	1,771,420	1,655,436	1,677,375	2,151,567	2,419,592
Airport services	717,282	759,619	974,332	997,790	1,423,122	1,430,654	1,362,844	1,471,894	1,979,681	3,213,471
Total business-type activities expenses	29,400,698	30,119,256	31,461,960	32,278,133	31,054,176	33,006,723	32,948,481	38,896,349	41,504,332	47,135,969
Total primary government expenses	\$ 81,123,685	\$ 84,445,972	\$ 94,840,355	\$ 91,885,787	\$ 99,596,831	\$ 104,688,531	\$ 114,188,593	\$ 124,435,727	\$ 129,657,349	\$ 142,444,057
Program Revenues										
Governmental Activities										
Charges for services										
General government	\$ 2,071,982	\$ 2,091,388	\$ 2,050,951	\$ 2,098,774	\$ 4,170,721	\$ 1,873,910	\$ 2,232,051	\$ 3,439,894	\$ 5,277,797	\$ 5,551,144
Public Safety	2,191,383	2,025,333	1,823,648	2,042,400	1,515,084	311,440	391,765	521,622	602,879	697,619
Highways and streets	-	-	-	-	-	-	-	-	-	-
Health and welfare	643,848	712,702	753,902	954,379	897,848	623,970	796,231	682,278	851,693	1,073,460
Culture and recreation	1,436,323	992,239	984,369	870,188	1,038,483	771,247	1,005,904	600,053	663,442	980,396
Operating grants and contributions	1,326,519	1,620,135	5,296,630	2,615,048	2,704,397	3,090,280	5,757,781	14,706,673	11,334,859	10,116,925
Capital grants and contributions	5,280,750	13,173,655	8,655,218	7,316,885	6,397,795	27,840,216	2,016,245	1,678,475	1,407,273	885,840
Total governmental activities program revenues	12,950,804	20,615,452	19,564,718	15,897,674	16,724,328	34,511,063	12,199,977	21,628,995	20,137,944	19,305,384
Business-type Activities										
Charges for services										
Water and sewer operations	17,595,221	16,958,996	16,044,132	18,228,648	19,071,019	18,819,247	18,696,770	19,520,480	20,889,041	20,729,234
Solid waste operations	15,240,907	16,525,779	16,970,674	18,069,876	18,688,554	21,001,992	19,642,355	21,042,726	22,471,795	22,067,707
Golf course operations	1,557,255	1,297,279	1,140,450	1,103,771	1,086,456	802,436	940,542	997,520	1,477,592	1,679,586
Airport services	293,475	396,253	533,875	479,976	374,932	359,545	492,772	396,451	377,478	1,577,569
Operating grants and contributions	25,903	48,140	48,302	223,106	-	41,209	28,175	916,661	104,391	81,221
Capital grants and contributions	2,287,639	1,048,029	359,306	3,362,834	2,756,589	1,370,828	-	-	-	-
Total business-type activities program revenues	37,000,401	36,274,476	35,096,739	41,468,211	41,977,550	42,395,257	39,800,614	42,873,838	45,320,297	46,135,317
Total primary government program revenues	\$ 49,951,205	\$ 56,889,928	\$ 54,661,457	\$ 57,365,885	\$ 58,701,878	\$ 76,906,320	\$ 52,000,591	\$ 64,502,833	\$ 65,458,240	\$ 65,440,701
Net (expense)/revenue										
Governmental activities	\$ (38,772,183)	\$ (33,711,263)	\$ (43,813,678)	\$ (43,709,981)	\$ (51,818,327)	\$ (37,170,745)	\$ (69,040,136)	\$ (63,910,383)	\$ (68,015,073)	\$ (76,002,705)
Business-type activities	7,599,703	6,155,220	3,634,778	9,190,079	10,923,374	9,388,534	6,852,134	3,977,489	3,815,964	(1,000,652)
Total primary government net expense	\$ (31,172,481)	\$ (27,556,043)	\$ (40,178,900)	\$ (34,519,902)	\$ (40,894,953)	\$ (27,782,211)	\$ (62,188,002)	\$ (59,932,894)	\$ (64,199,108)	\$ (77,003,357)

(Continued)

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenue and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property taxes and tax increments	\$ 22,734,856	\$ 22,207,018	\$ 23,996,486	\$ 25,926,854	\$ 28,240,717	\$ 29,501,678	\$ 30,067,499	\$ 32,283,712	\$ 35,077,865	\$ 38,119,120
Sales taxes	12,730,412	14,173,149	15,212,241	15,935,921	15,839,175	16,899,713	19,066,916	19,770,923	22,868,646	25,802,830
Franchise/other taxes	3,469,753	3,580,213	3,673,549	3,702,263	4,023,704	4,190,296	4,184,935	4,166,222	4,433,311	4,744,026
Hotel/motel taxes	273,632	326,630	393,152	477,359	404,508	539,329	623,426	493,690	759,873	959,928
Investment earnings	11,407	6,705	16,946	198,180	393,703	809,414	1,365,041	737,089	70,595	829,944
Insurance Proceeds	-	-	-	1,155,768	-	1,157,171	1,022,297	169,563	308,492	-
Miscellaneous	33,282	197,794	348,299	142,955	561,631	872,492	308,027	887,477	283,730	371,315
Grants and contributions not restricted	-	-	-	-	-	-	-	-	-	-
Special Items	-	(4,875,602)	-	-	-	-	-	-	-	-
Transfers	1,828,105	5,639,117	2,184,186	4,342,710	3,737,342	6,564,960	9,713,295	6,222,215	5,000,000	4,600,000
Total governmental activities	41,081,447	41,255,024	45,824,859	51,882,010	53,200,780	60,535,053	66,351,436	64,730,891	68,802,512	75,427,163
Business-type Activities										
Investment earnings	14,330	9,020	11,507	64,629	181,134	427,724	751,527	246,510	13,711	276,793
Miscellaneous	74,232	95,264	81,930	91,716	62,912	44,123	501,212	637,719	979,763	2,570,134
Insurance Proceeds	-	-	-	1,155,768	-	-	-	-	-	-
Transfers	(1,828,105)	(5,639,117)	(2,184,186)	(4,342,710)	(3,737,342)	(6,564,960)	(9,713,295)	(6,222,215)	(5,000,000)	(5,000,000)
Total business-type activities	(1,739,543)	(5,534,833)	(2,090,748)	(3,030,597)	(3,493,296)	(6,093,113)	(8,460,557)	(5,337,986)	(4,006,526)	(2,153,073)
Total primary government	\$ 39,341,904	\$ 35,720,191	\$ 43,734,110	\$ 48,851,413	\$ 49,707,484	\$ 54,441,940	\$ 57,890,879	\$ 59,392,905	\$ 64,795,986	\$ 73,274,090
Change in Net Position										
Governmental activities	\$ 2,309,264	\$ 7,543,762	\$ 2,011,181	\$ 7,016,263	\$ 1,382,453	\$ 23,364,308	\$ (2,688,700)	\$ 820,508	\$ 787,439	\$ (575,542)
Business-type activities	5,860,160	620,387	1,544,030	6,159,482	7,430,078	3,295,421	(1,608,423)	(1,360,497)	(190,562)	(3,153,725)
Total primary government	\$ 8,169,424	\$ 8,164,149	\$ 3,555,211	\$ 13,175,745	\$ 8,812,531	\$ 26,659,729	\$ (4,297,123)	\$ (539,989)	\$ 596,877	\$ (3,729,267)

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ 186,491	\$ 83,160	\$ 73,037	\$ 112,481	\$ 73,044	\$ 101,001	\$ 114,384	\$ 82,543	\$ 100,272	\$ 108,092
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	384,467	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	1,713,740	629,257	15,931,686	15,046,900	18,173,265	22,005,551	24,755,976
Unassigned	14,204,247	15,093,739	15,989,172	16,479,550	18,492,971	3,812,237	5,693,739	6,918,157	5,169,852	7,557,129
Total general fund	<u>\$ 14,775,205</u>	<u>\$ 15,176,899</u>	<u>\$ 16,062,209</u>	<u>\$ 18,305,771</u>	<u>\$ 19,195,272</u>	<u>\$ 19,844,924</u>	<u>\$ 20,855,023</u>	<u>\$ 25,173,965</u>	<u>\$ 27,275,676</u>	<u>\$ 32,421,197</u>
All other governmental funds										
Restricted, reported in special revenue funds, capital projects funds and debt service funds	\$ 2,292,273	\$ 2,921,469	\$ 39,894,330	\$ 30,183,727	\$ 20,214,022	\$ 20,214,022	\$ 45,572,153	\$ 41,778,404	\$ 80,074,200	\$ 67,174,038
Committed, reported in capital projects and special revenue funds	1,105,611	3,204,112	857,591	103,725	1,400,258	1,400,258	3,122,712	2,575,262	-	-
Unassigned	-	-	(937,179)	-	(33,171)	(33,171)	(15,506)	-	-	-
Total all other governmental funds	<u>\$ 3,397,884</u>	<u>\$ 6,125,581</u>	<u>\$ 39,814,742</u>	<u>\$ 30,287,452</u>	<u>\$ 21,581,109</u>	<u>\$ 21,581,109</u>	<u>\$ 48,679,360</u>	<u>\$ 44,353,666</u>	<u>\$ 80,074,200</u>	<u>\$ 67,174,038</u>

Note: The City implemented GASB Statement No. 54 for the fiscal year ended 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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes	\$ 39,328,571	\$ 40,645,846	\$ 43,469,036	\$ 45,953,279	\$ 48,402,426	\$ 50,085,433	\$ 53,941,473	\$ 57,483,240	\$ 63,432,374	\$ 60,246,384
Licenses and permits	538,859	553,652	611,125	835,640	836,604	699,863	1,033,451	953,364	1,302,788	1,245,283
Intergovernmental	4,947,692	6,555,081	4,390,980	5,019,509	7,347,173	5,469,932	5,249,150	14,237,396	10,293,397	1,094,576
Charges for services	1,608,271	1,583,178	1,585,529	1,750,223	1,852,117	1,762,527	2,292,457	3,703,673	5,538,088	4,591,214
Fines	1,852,884	1,764,136	1,525,429	1,587,626	1,344,734	1,118,178	1,100,043	586,810	554,936	841,734
Increment revenue	-	-	-	-	-	1,908,242	-	-	-	-
Interest	10,138	6,330	16,351	111,246	389,473	801,170	1,352,678	732,344	70,595	263,858
Contributions	-	-	4,530,915	-	100,000	100,000	2,192,646	2,147,752	2,448,736	-
Other	1,309,629	1,172,343	935,573	670,271	1,161,122	899,014	697,619	455,390	255,016	343,046
Total revenues	49,596,044	52,280,565	57,064,938	55,927,795	61,433,649	62,844,358	67,859,517	80,299,968	83,895,929	68,626,095
Expenditures										
General government	9,842,858	11,241,189	10,929,308	12,139,296	14,382,681	14,040,233	13,053,297	14,291,633	13,069,694	15,988,632
Public safety	18,363,164	20,317,710	21,322,733	21,964,688	25,060,989	27,984,921	29,080,688	40,011,073	37,835,135	36,351,593
Highways and streets	4,429,151	4,385,544	4,478,985	3,409,577	5,108,287	5,513,820	14,074,292	9,323,113	11,506,878	8,271,391
Health and welfare	2,733,613	2,630,735	3,899,887	3,370,645	3,571,225	3,564,581	3,903,856	6,178,674	5,925,073	2,852,281
Culture and recreation	7,069,226	7,803,462	7,493,462	8,319,542	7,385,292	8,603,141	8,992,754	9,733,828	10,624,454	12,113,235
Urban redevelopment and housing	927,242	619,777	953,387	879,376	860,625	595,416	506,127	374,539	575,542	-
Economic development	165,292	121,671	3,547,915	-	-	1,868,336	1,088,601	2,471,975	3,728,139	351,284
Other	108,239	-	-	-	-	15,369,424	-	-	-	-
Capital outlay	2,952,462	5,031,733	15,059,458	11,306,731	11,465,855	-	-	-	-	-
Debt service										
Principal	3,231,883	2,671,729	7,103,964	3,025,172	2,167,270	2,947,780	3,201,913	5,196,121	6,294,587	2,793,675
Interest	1,631,260	1,502,239	2,516,315	3,793,199	3,794,595	3,420,284	4,087,302	5,213,395	5,207,765	226,344
Bond issuance costs	-	-	1,600,862	320,678	-	-	-	-	-	-
Total expenditures	51,454,390	56,325,789	78,906,277	68,528,904	73,796,819	83,907,936	77,988,830	92,794,351	94,767,268	78,948,435
Excess of revenues over (under) expenditures	(1,858,346)	(4,045,224)	(21,841,339)	(12,601,109)	(12,363,170)	(21,063,578)	(10,129,313)	(12,494,383)	(10,871,340)	(10,322,340)
Other financing sources (uses)										
Transfers in	4,163,859	7,696,899	14,755,759	5,235,785	5,431,967	7,178,630	17,189,766	10,734,734	9,974,391	5,000,000
Transfers out	(1,707,957)	(1,057,782)	(12,571,572)	(893,075)	(1,860,259)	(613,670)	(7,476,471)	(4,512,519)	(4,974,391)	(1,905,432)
Insurance recoveries / sale of property	-	-	-	-	-	1,157,171	1,066,897	278,380	427,637	76,069
Tax increment bonds issued	-	-	40,725,000	-	-	-	-	-	-	-
Bonds issued	6,313,941	-	11,390,000	4,145,000	-	9,705,000	27,875,000	-	39,150,000	-
Refunding bonds issued	-	-	5,270,000	13,513,328	-	-	-	-	-	-
Premium on bonds issued	-	-	2,165,808	360,973	-	158,994	2,505,779	-	4,031,899	-
Premium on refunding bonds issued	-	-	337,047	2,005,777	-	-	-	-	-	-
Discount on bonds issued	261,220	-	(190,860)	-	-	-	-	-	-	-
Payments to refunded bond escrow agent	(6,457,305)	-	(5,465,370)	(15,315,014)	-	-	-	-	-	-
Proceeds from Capital Leases	-	-	-	-	-	-	2,146,000	5,987,036	-	-
Proceeds from Right-to-Use Leases	-	-	-	-	-	-	-	-	-	11,705,961
Total other financing sources (uses)	2,573,757	6,639,117	56,415,811	9,052,774	3,571,708	17,586,125	43,306,971	12,487,631	48,609,537	14,876,598
Net change in fund balances	\$ 715,411	\$ 2,593,893	\$ 34,574,472	\$ (3,548,335)	\$ (8,791,462)	\$ (3,477,453)	\$ 33,177,658	\$ (6,752)	\$ 37,738,197	\$ 4,554,258
Debt service as a percentage of noncapital expenditures (1)	10.49%	8.69%	15.53%	12.91%	9.81%	9.46%	10.37%	13.53%	13.79%	5.39%

(1) Capital outlay removed from expenditures in calculation comes from Exhibit 2-D.

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
2013	\$ 3,732,477,314	\$ 577,764,119	\$ 3,156,619	\$ 735,719,652	\$ 3,577,678,400	0.63500	\$ 4,313,398,052	83%
2014	3,918,878,554	577,451,585	2,818,541	746,511,590	3,752,637,090	0.63500	4,499,148,680	83%
2015	4,356,173,395	571,352,461	2,229,076	883,157,509	4,046,597,423	0.63500	4,929,754,932	82%
2016	4,606,527,883	602,960,808	1,423,404	929,584,179	4,281,327,916	0.63500	5,210,912,095	82%
2017	4,798,556,308	608,674,932	2,258,088	902,072,086	4,507,417,242	0.63500	5,409,489,328	83%
2018	5,386,814,750	610,994,169	2,294,751	1,123,680,604	4,876,423,066	0.63500	6,000,103,670	81%
2019	5,582,974,563	618,479,899	1,376,640	1,105,856,845	5,096,974,257	0.68000	6,202,831,102	82%
2020	5,972,969,607	595,804,576	582,031	1,289,702,892	5,279,653,322	0.68000	6,569,356,214	80%
2021	6,557,537,512	568,596,316	1,459,742	1,373,067,492	5,754,526,078	0.68000	7,127,593,570	81%
2022	7,191,577,660	628,105,800	2,643,325	1,510,827,054	6,311,499,731	0.64000	7,822,326,785	81%

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

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

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

Tax Year	City of Edinburg			Overlapping Rates			Total Direct and Overlapping Rates
	Operating Tax Rate	Debt Service Tax Rate	Total City Tax Rate	Hidalgo County Tax Rate	Edinburg CISD Tax Rate	South Texas College Tax Rate	
2013	0.52104	0.11396	0.63500	0.59000	1.23980	0.15070	2.61550
2014	0.52140	0.11360	0.63500	0.59000	1.23980	0.15000	2.61480
2015	0.52370	0.11130	0.63500	0.59000	1.23980	0.18500	2.64980
2016	0.53400	0.10100	0.63500	0.59000	1.23980	0.18500	2.64980
2017	0.55840	0.07660	0.63500	0.59000	1.23980	0.18500	2.64980
2018	0.54470	0.09030	0.63500	0.58000	1.23980	0.17800	2.63280
2019	0.55700	0.12300	0.68000	0.57500	1.13820	0.17330	2.56650
2020	0.58260	0.09740	0.68000	0.57500	1.13820	0.17180	2.56500
2021	0.54470	0.13530	0.68000	0.57500	1.10570	0.17150	2.53220
2022	0.50420	0.13580	0.64000	0.57500	1.06040	0.16150	2.43690

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	2022			2013		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Day Surgery at Renaissance, LLC	\$ 55,447,346	1	0.88%	\$ 44,525,265	2	1.24%
Day Surgery at Renaissance	52,090,941	2	0.83%	44,353,730	3	1.24%
Trenton Street Corporation	46,195,128	3	0.73%	40,674,813	4	1.14%
Shoppes at Rio Grande Valley, LP	42,674,258	4	0.68%	28,426,695	5	0.79%
AEP Texas Inc.	40,705,830	5	0.64%			
Doctors Hospital at Renaissance LTD	29,668,462	6	0.47%	14,297,810	9	0.40%
Calpine Central, LP (Magic Valley Power)	28,439,560	7	0.45%	96,675,800	1	2.70%
Resaca Investments LTD	19,312,775	8	0.31%			
Toros Stadium, LLC	16,635,124	9	0.26%			
Santana Textiles LLC	16,621,576	10	0.26%			
Calpine Central, LR (Hidalgo Energy)				71,228,800	6	1.99%
Wal-Mart Stores Texas, LLC				16,991,359	7	0.47%
Azteca Milling, LP				15,781,581	8	0.44%
Edinburg Containers				14,000,324	10	0.39%
Totals	<u>\$ 347,791,000</u>		<u>5.51%</u>	<u>\$ 386,956,177</u>		<u>10.82%</u>

Source: Hidalgo County Tax Assessor

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			
2013	\$ 35,867,899	\$ 3,675,000	\$ -	\$ 11,455,777	\$ -	\$ 31,266,847	\$ 1,151,250	\$ -	\$ 7,648,972	\$ 91,065,745	6.20%	1,069
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	6.51%	1,139
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	9.35%	1,592
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	8.32%	1,529
2017	41,565,179	42,575,231	500,000	10,480,824	-	38,945,103	601,661	-	4,177,094	138,845,092	7.73%	1,473
2018	48,975,612	41,804,068	-	9,958,780	-	36,824,023	338,771	-	3,484,472	141,385,726	7.45%	1,463
2019	76,754,296	41,000,251	-	9,611,526	2,007,795	34,444,637	229,439	6,952,917	2,773,778	173,774,639	8.92%	1,753
2020	68,545,774	38,505,000	-	9,611,526	7,071,214	30,845,000	1,616,554	9,431,552	1,769,228	167,395,848	8.38%	1,646
2021	103,410,540	37,685,000	-	8,983,683	5,636,861	39,015,000	1,000,000	7,672,311	10,154,460	213,557,855	10.85%	2,130
2022	99,319,117	36,830,000	-	8,402,574	14,539,210	36,530,000	1,000,000	22,637,867	9,550,883	228,809,651	12.51%	2,194

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

(1) Source: Edinburg Economic Development Corporation.

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

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

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)
2013	\$ 35,867,899	\$ 923,724	\$ 34,944,175	0.98%	410
2014	33,136,567	1,287,428	31,849,139	0.85%	365
2015	41,877,467	1,266,202	40,611,265	1.00%	453
2016	43,946,550	980,835	42,965,715	1.00%	468
2017	41,565,179	1,433,185	40,131,994	0.89%	426
2018	48,975,612	1,457,766	47,517,846	0.97%	492
2019	76,754,296	2,446,951	74,307,345	1.46%	749
2020	68,545,774	1,533,935	67,011,839	1.27%	659
2021	103,410,540	295,517	103,115,023	1.79%	1029
2022	99,319,117	362,932	98,956,185	1.57%	949

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
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
2013	\$21,033,720.0	\$20,243,058.8	96.24%	\$ 538,774.0	\$20,781,832.8	98.80%
2014	21,566,294	20,845,695	96.66%	376,743	21,222,438	98.41%
2015	22,543,924	21,923,142	97.25%	715,398	22,638,540	100.42%
2016	24,167,562	23,547,286	97.43%	647,137	24,194,423	100.11%
2017	25,928,498	24,945,947	96.21%	530,143	25,476,090	98.26%
2018	27,315,178	26,597,685	97.37%	704,283	27,301,968	99.95%
2019	29,581,424	28,776,708	97.28%	672,992	29,449,700	99.55%
2020	33,007,592	32,044,729	97.08%	629,082	32,673,811	98.99%
2021	34,412,990	33,703,685	97.94%	995,048	34,698,733	100.83%
2022	37,390,042	36,595,507	97.88%	862,633	37,458,140	100.18%

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

Assessed valuation 2021 tax roll for fiscal year 2022	\$ 7,127,593,570
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.	<div style="border-top: 1px solid black; display: inline-block; width: 100px; text-align: right;">5%</div>
	<div style="border-top: 1px solid black; display: inline-block; width: 100px; text-align: right;">356,379,679</div>
Total bonded debt	99,319,117
Deduct amount available in debt service fund	<div style="border-top: 1px solid black; display: inline-block; width: 100px; text-align: right;">362,932</div>
Applicable debt	<div style="border-top: 1px solid black; display: inline-block; width: 100px; text-align: right;">98,956,185</div>
Economic debt margin	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100px; text-align: right;">\$ 257,423,494</div>

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

Fiscal Year	Revenue Bonds					
	Charges and Other (1)	Less:	Net	Debt Service		Coverage
		Operating Expenses (2)	Available Revenue	Principal	Interest	
2013	\$ 17,665,578	\$ 10,134,705	\$ 7,530,873	\$ 1,550,000	\$ 1,389,290	2.56
2014	17,012,496	10,237,471	6,775,025	1,588,000	1,418,842	2.25
2015	16,101,150	10,264,246	5,836,904	2,080,000	1,159,740	1.80
2016	19,575,465	10,434,304	9,141,161	2,451,090	1,369,999	2.39
2017	19,201,875	11,344,996	7,856,879	2,167,270	1,493,117	2.15
2018	19,068,805	11,214,940	7,853,865	2,579,521	1,013,052	2.19
2019	19,073,410	11,012,350	8,061,060	2,627,874	1,061,968	2.18
2020	19,676,606	13,993,352	5,683,254	2,375,000	951,837	1.71
2021	20,897,131	14,920,678	5,976,453	2,450,000	879,284	1.80
2022	20,868,810	17,473,109	3,395,701	2,485,000	1,189,840	0.92

- (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)
2013	85,172	\$ 17,244	28.40	6.80%
2014	87,356	17,514	28.50	6.15%
2015	89,596	17,029	27.70	5.10%
2016	91,893	18,370	28.80	5.90%
2017	94,249	19,046	29.10	5.60%
2018	96,666	19,641	29.40	4.70%
2019	99,144	17,542	29.60	4.50%
2020	101,687	20,271	28.80	9.80%
2021	100,243	20,271	29.10	7.61%
2022	104,294	21,137	29.80	4.60%

(1) Estimated (information was received from the 2020 US Census)

(2) Source: Texas LMI Tracer-Labor Market

CITY OF EDINBURG, TEXAS
PRINCIPAL EMPLOYERS
(Unaudited)

	<u>2022(1)</u>		<u>2013(1)</u>	
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Doctor's Hospital at Renaissance	6,000	1	3,595	3
University of Texas Rio Grande Valley-UTRGV	5,098	2	4,000	2
Edinburg CISD	4,965	3	4,682	1
U.S. Customs & Border Patrol	3,700	4	1,609	6
Hidalgo County	3,628	5	3,030	4
South Texas Health System	3,500	6		
City of Edinburg	1,452	7	800	8
Maximus	1,400	8		
Evins Regional Juvenile Detention Center	500	9		
Region One	450	10		
Edinburg Regional Medical Center			2,000	5
Teleperformance			860	7
Tropical Texas MHMR			586	9
H.E.B. Food Stores			525	10
Total	<u>30,693</u>		<u>21,687</u>	

(1) Source: Edinburg Economic Development Corporation

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

	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
General Government			
Mayor and City Council	5	5	5
City Manager	8	9	10
Municipal Court	17.5	17.5	17.5
Legal	2	2	2
City Secretary	9	9	9
Communications and Media	7	9	12
Information Technology	16	18	20
Public Works	6	6	6
Finance	28	28	29
Human Resources	11	12	13
Grants Administration	6	6	6
Planning and Zoning	8	9	10
Public Safety			
Police	235	256	260
Fire	64	78	78
Fire Prevention	7	9	9
Highway and Streets			
Engineering	14	14.5	14.5
Streets	43	47	47
Health and Welfare			
Building Maintenance	34.5	34.5	37.5
Building Safety	31	34	38
Culture and Recreation			
R.O.W.	29	37	41
Library	30	33	36
Recreation	169	170	179
World Birding Center	11.5	13.5	13.5
Parks	55	57	59
GENERAL FUND TOTAL	846.5	914	952
Utilities/Admin.	8	9	9
Water Plant	20	21	22
Wastewater Plant	33	35	39
Systems	49	49	49
UTILITY FUND TOTAL	110	114	119
C.D.B.G.	1	1	1
C.D.B.G. TOTAL	1	1	1
Aviation	8	10	10
Ebony Golf Course	5.5	7	7
Solid Waste Management	111	124	124
Los Lagos Golf Course	25.5	26.5	29
Boys and Girls Club Fund	29.5	29.5	29.5
OTHER FUNDS TOTAL	179.5	197	199.5
GRAND TOTAL	1137	1226	1271.5

Source: City of Edinburg Finance Department

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

Function	2021	2022
Public Safety- Police		
Physical Arrests	2,042	2,792
Parking Violations	131	217
Traffic Violations	16,626	26,601
Public Safety- Fire		
Number of Calls Answered	2,886	3,131
Inspections	1,019	4,310
Highways and Streets		
Streets Resurfacing (miles)	2.8	17.6
Traffic Signs Repaired	792	1,425
Solid Waste Services		
Refuse Collected-Residential Accts/Weekly	22,723	23,182
Refuse Collected-Commercial Accts/Weekly	3,121	3,801
Material Recycled - Tons	700	854
Golf Course Services		
Golf Course		
Rounds-9 Hole	12,950	12,462
Rounds-18-Hole	30,681	34,029
Culture and Recreation		
Programs	135	140
Parks Maintained	19	25
Water		
New Connections	1,072	817
Water Mains Breaks	169	284
Average Daily Consumption (millions of gallons)	12.632	12.812
Wastewater		
Average Daily Sewage Treatment (millions of gallons)	10.101	9.200

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	450
Graded	0.7
State Highways	48.53

Miles of Sewers:

Storm	22.45
Storm Drainage Ditches	23.72

Building Permits:

Permits Issued	1,932
Estimated Value	\$ 335,804,314

Fire Protection:

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

Police Protection:

Number of Stations	1
Number of Policemen	180

Recreation:

	Number	Acres
Parks	23	333.3
Number of Picnic Areas	161	0
Number of Municipal Swimming Pools	2	2,294 sq. yds.
Number of Playgrounds	34	0
9 Hole Golf Course	1	65
18 Hole Championship Golf Course	1	162
Community Centers	2	0
Tennis Courts	3	0
Baseball Fields	17	0
Soccer Fields	8	0

Source: Various City Departments

FEDERAL AND STATE AWARDS SECTION

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and City Council
City of Edinburg, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Edinburg, Texas (the City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 17, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, 2022-003, 2022-004, 2022-005, 2022-006, 2022-007, 2022-008, 2022-009, and 2022-010 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2022-003 and 2022-011.

The City's Response to Findings

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

Purpose of This Report

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

Burton, McCumber, & Longoria LLP

McAllen, Texas
January 17, 2024

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS
UNIFORM GRANT MANAGEMENT STANDARDS AND THE TEXAS GRANT MANAGEMENT STANDARDS

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the City of Edinburg's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal and state programs for the year ended September 30, 2022. The City's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State of Texas Uniform Grant Standards* (UGMS) and the *Texas Grant Management Standards* (TxGMS). Our responsibilities under those standards, the Uniform Guidance and the UGMS/TxGMS are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the UGMS/TxGMS will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal and state program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the UGMS/TxGMS, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and the UGMS/TxGMS and which are described in the accompanying schedule of findings and questioned costs as item 2022-011. Our opinion on each major federal and state program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state 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 or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-011, to be significant deficiencies.

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

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

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

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State of Texas Uniform Grant Management Standards and the Texas Grant Management Standards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated January 17, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance, *State of Texas Uniform Grant Management Standards* and *Texas Grant Management Standards* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Burton, McCumber & Longoria LLP

McAllen, Texas

January 17, 2024

City of Edinburg, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

(1) Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	(2) Federal Assistance Listing Number	(3) Pass-Through Entity Identifying Number	(4) Provided to Subrecipients	(5) 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-20-MC-48-0503	\$ -	\$ 481,693
Community Development Block Grants/Entitlement Grants	14.218	B-21-MC-48-0503	62,042	425,797
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	19-CDBG CV3	-	55,032
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	20-CDBG-CV	-	133,069
COVID-19 Community Development Block Grants/Entitlement Grants TERAP	14.218		-	540
Program Revenue	14.218		-	115,155
Total			62,042	1,211,286
Total U.S. Department of Housing and Urban Development/CDBG-Entitlement Grants Cluster			62,042	1,211,286
U.S. Department of Justice				
<u>Direct Programs</u>				
Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-1323	-	18,027
Bulletproof Vest Partnership Program	16.607	2021-BVP	-	3,266
Public Safety Partnership and Community Policing Grants	16.710	21-GG-03411-UHPX	-	63,196
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0393	-	63,191
Edward Byrne Memorial Justice Assistance Grant Program	16.738	22-GG-02639-JAGX	-	23,062
Equitable Sharing Program	16.922		-	35,812
Total			-	206,554
Total U.S. Department of Justice			-	206,554
United States Department of the Treasury (TREAS)				
<u>Direct Programs</u>				
Coronavirus State and Local Fiscal Recovery Funds	21.027		-	4,483,388
Total Passed Through Hidalgo County				4,483,388
Total United States Department of the Treasury (TREAS)			-	4,483,388
Institute of Museum and Library Services				
<u>Passed Through Texas State Library & Archives Commission</u>				
National Leadership Grants	45.312	LS-249990-OLS-21	-	9,940
Total Passed Through Texas State Library & Archives Commission			-	9,940
Total Institute of Museum and Library Services			-	9,940
U.S. Department of Homeland Security				
<u>Direct Programs</u>				
Staffing for Adequate Fire and Emergency Response (SAFER) Grant	97.083	EMW-2020-FH-00332	-	83,103
Total			-	83,103
<u>Passed Through the Texas Office of the Governor</u>				
Homeland Security Grant Program	97.067	4031002	-	40,000
Homeland Security Grant Program	97.067	HS 4031001	-	61,456
Homeland Security Grant Program	97.067	4243001	-	30,035
Homeland Security Grant Program	97.067	3172506	-	234,402
Homeland Security Grant Program	97.067	3172507	-	205,004
Total Passed Through the Texas Office of the Governor			-	570,897
<u>Passed Through the Texas Division of Emergency Management (TDEM)</u>				
Hazard Mitigation Grant Program	97.039	DR-4223-057	-	29,886
Hazard Mitigation Grant Program	97.039	DR-4223-058	-	796,572
Public Assistance Grant	97.036	DR-4586	-	49,328
Total Passed Through the Texas Division of Emergency Management (TDEM)				875,786
Total U.S. Department of Homeland Security			-	1,529,786
Total Expenditures of Federal Awards			\$ 62,042	\$ 7,440,954

See accompanying notes to the schedule of expenditures of federal and state awards.

City of Edinburg, Texas
Schedule of Expenditures of State Awards
For the Year Ended September 30, 2022

State Grantor Pass-Through Grantor or Cluster Title	Assistance Listing Number	Passed-Through Grantor's Number	Funds Provided to Subrecipients	State Expenditures
Texas Agencies				
Office of the Attorney General of Texas				
Forfeited Funds			\$ -	\$ 2,200
Victim Coordinator & Liaison Grant (VCLG)			-	48,708
Total Office of the Attorney General of Texas			-	50,908
Office of the Governor of Texas				
FY 2022 Body-Worn Camera Program (BWCP)		4373201	-	60,596
TxDOT Traffic Safety Grant		2022-EdinbuPD-S-1YG-00026	-	39,939
Local Border Star Grant		2022-BL-ST-0016	-	189,964
Total Office of the Governor of Texas				290,499
Texas Parks & Wildlife Department				
TPWD Chapin R Hike-And-Bike Trail		LP-2020-E-00059R	-	546,012
Total Texas Parks & Wildlife Department			-	546,012
Total Expenditures of State Awards			\$ -	\$ 887,419
Total Expenditures of Federal and State Awards			\$ 62,042	\$ 8,328,373

See accompanying notes to the schedule of expenditures of federal and state awards.

CITY OF EDINBURG, TEXAS
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal and State Awards presents the activity of all federal and state award programs of the City of Edinburg, Texas, for the year ended September 30, 2022. The accompanying schedule of expenditures of federal and state awards includes the federal and state 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 the Uniform Guidance and the State of Texas Single Audit Circular. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Because this schedule presents only a selected portion of the operations of the City of Edinburg, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Edinburg.

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, 2022 were provided for reimbursement of indirect costs.

NOTE 3 – PROGRAM COSTS/MATCHING CONTRIBUTIONS

The amounts shown as current year expenses represent only the federal grant portion of the program costs. Entire program costs, including the City's portion, may be more than shown.

NOTE 4 – FEDERAL LOANS AND LOAN GUARANTEES

During the year ended September 30, 2022, the City had no outstanding federal loans payable or loan guarantees.

NOTE 5 – NONCASH AWARDS

During the year ended September 30, 2022, the City did not receive any noncash assistance.

NOTE 6 – FEDERALLY FUNDED INSURANCE

During the year ended September 30, 2022, the City did not have insurance that was federally funded.

NOTE 7 – PROGRAM INCOME

Community Development Block Grants, CDFA 14.218, reported program income in the amount of \$115,155 for the year ended September 30, 2022.

NOTE 8 – PRIOR YEAR ELIGIBLE COSTS

Hazard Mitigation Grant Program, CDFA 97.039, reported prior year eligible costs in the amount of \$79,214 for the year ended September 30, 2022.

**CITY OF EDINBURG, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unmodified

Internal Control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiencies identified that are not considered to be material weaknesses? X yes none reported

Noncompliance material to financial statements noted? X yes no

Federal awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiencies identified that are not considered to be material weaknesses? X yes none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 X yes no

Identification of major programs:

CFDA Number(s)

21.027

Name of Federal Program or Cluster

Coronavirus State and Local Fiscal Recovery Funds

97.067

Homeland Security Grant Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualifies as a low-risk auditee?

 X yes no

CITY OF EDINBURG, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Section I - Summary of Auditors' Results – Continued

State awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the *State of Texas Single Audit Circular*?

_____ yes X no

Identification of major programs:

Name of State Program or Cluster

TPWD Chapin R Hike-And-Bike Trail

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualifies as a low-risk auditee?

 X yes _____ no

CITY OF EDINBURG, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Section II – Financial Statement Findings

Reference Number 2022-001	Fiscal Year-End Closing Process
Criteria and Condition:	<p>The fiscal year-end closing process should be completed within a reasonable time after the end of the fiscal year, ideally no later than 2 months after the end of the entity's fiscal year. An auditable trial balance was not provided to us to begin our audit until June 21, 2023, or approximately 9 months after the entity's fiscal year end. Additionally, the trial balance required a significant number of adjustments. A total of 54 adjustments were posted by management to the initial trial balance provided for audit. With the latest adjustment being provided on January 17, 2024. Moreover, the Schedule of Expenditures of Federal and State Awards was not provided to us until September 8, 2023. Finally, the City does not have a formal policy for financial closing.</p>
Cause and Effect:	<p>The City of Edinburg finance department experienced turnover which caused delays in the year-end closing process. Additionally, the City does not have a financial closing policy in place. Significant delays in the year-end closing process may be indicative of weaknesses in internal controls and results in untimely financial reporting, including the completion of the audit.</p>
Repeat Finding from Prior Year(s):	<p>We noted a similar finding communicated in a letter to management for the previous 2 years (2021-001 and 2020-002).</p>
Recommendation:	<p>We recommend management evaluate the year-end closing process to ensure adequate controls are in place for timely completion.</p>
Views of Responsible Officials:	<p>See management's corrective action plan.</p>

CITY OF EDINBURG, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Reference Number 2022-002	Disaster Recovery Plan
Criteria and Condition:	A disaster recovery plan is critical as it provides a framework for establishing efficient and effective restoration of systems and mitigates the risk of data loss in the event of system disruption or disaster. Our evaluation of the City of Edinburg’s internal control system revealed the absence of a well-defined and documented disaster recovery plan. The lack of a disaster recovery plan violates widely recognized business practices.
Cause and Effect:	The City has been working on a disaster recovery plan, but the plan has not yet been finalized, implemented, or tested. The absence of a disaster recovery plan exposes the City of Edinburg to various risks and vulnerabilities that could significantly impact its operations, finances, and reputation. Some effects of not having a disaster recovery plan include extended downtime, data loss and recovery challenges, inadequate communication, and regulatory and compliance violations.
Repeat Finding from Prior Year(s):	N/A
Recommendation:	We recommend the City finalize and implement a disaster recovery plan that includes key elements such as risk assessment, backup and recovery strategies, communication protocols, and testing procedures. Once a disaster recovery plan is in place, we recommend the City establish mechanisms to monitor and review the effectiveness of the plan on an ongoing basis.
Views of Responsible Officials:	See management’s corrective action plan.

CITY OF EDINBURG, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Reference Number 2022-003	Public Funds Investment Act – Compliance
Criteria and Condition:	<p data-bbox="695 306 1487 405">Cities must comply with Government Code 2256, also known as the Public Funds Investment Act (PFIA). Among other requirements, the PFIA requires the following:</p> <p data-bbox="695 443 1487 604">Sec 2256.023 requires that not less than quarterly the investment officer prepare and submit to the governing body of the entity a written report of investment transactions for all funds covered by the PFIA. The PFIA outlines the information required to be included in the quarterly reports.</p> <p data-bbox="695 642 1487 905">Sec 2256.008 requires the attendance of at least one training session from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in the investment policy of the local government and containing at least 10 hours of instruction relating to the treasurer's or officer's responsibilities under this subchapter within 12 months after taking office or assuming duties.</p> <p data-bbox="695 942 1487 1205">Our evaluation of the City of Edinburg investment policy for compliance with the Public Funds Investment Act (PFIA) revealed non-compliance with the requirements noted above. The absence of one Quarterly Investment report (Quarter 1) being presented to the City Council for review and approval. Additionally, reports are not presented to the Board timely. Second, the investment officer training was not completed by one investment officer within 12 months of assuming responsibilities.</p>
Cause and Effect:	<p data-bbox="695 1278 1487 1409">Controls were not suitably designed to ensure compliance with all the provisions of the PFIA. The absence of presenting all quarterly reports and untimely investment officer training exposed the City of Edinburg to non-compliance with PFIA requirements.</p>
Repeat Finding from Prior Year(s):	N/A
Recommendation:	<p data-bbox="695 1512 1487 1745">We recommend the City review Government Code 2256, Public Funds Investment Act and implement controls to ensure compliance with its requirements. The City should ensure all Quarterly reports are sent to the City Council timely for review and approval. We recommend the City establish procedures to monitor and review compliance on an ongoing basis related to investment officer training.</p>
Views of Responsible Officials:	See management's corrective action plan.

CITY OF EDINBURG, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Reference Number 2022-004	Authorized Signers - Fiscal Agent Cash and Long Term Debt
Criteria and Condition:	The City should maintain records on who the authorized signors are for the City's accounts. Only authorized personnel should have access to sensitive financial information and accounts. We noted the City was unable to identify current signers for fiscal agent cash and bond accounts.
Cause and Effect:	Policies and procedures were not in place to suitably review and update the authorized signers listing. The absence of readily available or knowledge of who is an authorized signer on a respective account. This exposes the City to an increased fraud risk and may cause delays or difficulties in executing financial transactions.
Repeat Finding from Prior Year(s):	We noted a similar finding communicated in a letter to management in the prior year (2021-004).
Recommendation:	We recommend that the City establish procedures to monitor, review, and document who the authorized signers are on all applicable accounts.
Views of Responsible Officials:	See management's corrective action plan.

CITY OF EDINBURG, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Reference Number 2022-005	Cash – Outstanding Checks in Bank Accounts
Criteria and Condition:	As part of the monthly preparation and review of bank reconciliations, the City should review and investigate old outstanding checks that remain uncleared for long periods of time and dispose of such balances by either contacting the recipients and re-issuing their checks or escheat the funds to the State as unclaimed property. We noted 1,425 checks in the Pooled Cash Operating Account totaling \$90,015 that have remained outstanding for more than one year.
Cause and Effect:	Checks outstanding greater than one year were not reviewed for follow-up. Not taking steps periodically to dispose of long outstanding checks will result in the amount of outstanding checks continuing to increase.
Repeat Finding from Prior Year(s):	N/A
Recommendation:	We recommend controls be strengthened by including a step in the bank reconciliation review process for reviewing old outstanding checks and taking steps to dispose of those items whether by re-issuing checks to recipients or escheating the funds to the State as unclaimed property. We recommend this process be conducted not less than annually.
Views of Responsible Officials:	See management's corrective action plan.

CITY OF EDINBURG, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Reference Number 2022-006	Property Taxes
Criteria and Condition:	Property taxes at the fund level should be recorded as receivables and deferred inflows at the time taxes are levied. Revenues are recognized as property taxes are collected including those collected 60 days after the end of the year. During our review of Property Taxes Receivables as of September 30, 2022, we noted the City did not correctly record the collections 60 days after the year end.
Cause and Effect:	Property tax collections were not calculated or recorded at year end. Deferred inflows in property taxes was not accurately reported. This resulted in an adjustment of \$107,877 and 24,538 to Deferred Revenue Taxes for Maintenance & Operations and Interest and Sinking, respectively.
Repeat Finding from Prior Year(s):	N/A
Recommendation:	We recommend the City implement procedures to review property tax collection reports and properly record receivables and deferred inflows at the time taxes are levied.
Views of Responsible Officials:	See management's corrective action plan.

CITY OF EDINBURG, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Reference Number 2022-007	Capital Assets – Depreciation Schedules
Criteria and Condition:	Capital asset depreciation schedules should include all relevant details about each asset to ensure a complete and accurate schedule. Details should include but not be limited to the asset number, the in-service date, depreciation method, depreciation expense, etc. This ensures each asset is identifiable and balances on the schedule are verifiable. We noted the City’s capital asset depreciation schedules did not include an in-service date. Additionally, five assets in the Governmental funds, two assets in the Component Unit Boys & Girls Club funds, and one asset in the Enterprise funds were noted to be depreciated using a useful life not aligned with the City’s policy as outlined in the ACFR note disclosures.
Cause and Effect:	The capital asset depreciation schedules do not have all the relevant information necessary. Accumulated depreciation and depreciation expense may not be calculated timely and accurately. Additionally, errors may not be found and corrected timely.
Repeat Finding from Prior Year(s):	N/A
Recommendation:	We recommend the City include all relevant information in their capital asset depreciation schedules along with the in-service date for all assets and should not only be applied to new additions. This will ensure a complete and accurate schedule. Additionally, we recommend the City review the useful lives of all assets.
Views of Responsible Officials:	See management’s corrective action plan.

CITY OF EDINBURG, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Reference Number 2022-008	Utility Billing – Landfill Customer Deposits
Criteria and Condition:	Landfill customer deposits and fees are collected by the Landfill office. Landfill deposits should be posted to customer accounts to be returned or used as a credit on future landfill use. During our review of customer deposits, we noted customer deposits (liabilities) have been increasing yearly and payments and/or deposits are not being posted properly to customer accounts.
Cause and Effect:	Clerks failed to collect the proper information from the customers. Consequently, as the billing department could not complete the setup of certain customer accounts, the deposit (liability) account has been increasing.
Repeat Finding from Prior Year(s):	N/A
Recommendation:	We recommend the City implement policies and procedures to properly collect and input information applicable to the customer landfill deposits.
Views of Responsible Officials:	See management’s corrective action plan.

CITY OF EDINBURG, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Reference Number 2022-009	Cash – Depository Agreement
Criteria and Condition:	Per the City’s investment policy, all demand deposits and all time deposits should be collateralized. During our review of pledged securities, we noted the City has no depository agreement in place with Plains Capital Bank or Greater Texas Federal Credit Union.
Cause and Effect:	There were no depository agreements in place with Plains Capital Bank or Greater Texas Federal Credit Union. The City has approximately \$63,424 in Plains Capital Bank and approximately \$794,072 in Greater Texas Federal Credit Union not secured after the FDIC insured amount. Not having an agreement in place may put the City at risk of not having all funds collateralized per the City’s policy.
Repeat Finding from Prior Year(s):	N/A
Recommendation:	We recommend the City have all cash accounts collateralized by having a depository agreement in place with all financial institutions to remain in compliance with the investment policy. This will ensure all deposit are properly covered and in compliance with the City’s investment policy.
Views of Responsible Officials:	See management’s corrective action plan.

CITY OF EDINBURG, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Reference Number 2022-010	Expenditure Test of Internal Controls
Criteria and Condition:	The City's purchasing policies require all purchases to have on file quotes or bids, documented approvals by Director of Finance, Assistant City Manager, Purchase Manager, and Department Director. During our test of 40 purchases, we found 8 exceptions: 1 lacked Director of Finance and Assistant City Manager approvals, 1 lacked approval from the Department Director, 4 instances lacking Purchase Manager approval for the purchase, 1 instance where PO approval was not done and 1 instance where no bids/quotes were obtained. No quotes were obtained for the purchase of propane tanks for training purposes in the amount of \$2,327.50.
Cause and Effect:	The City had high turnover in the finance department throughout the year. The failure to monitor and adhere to expenditure procedures and policies may put the City at risk of funds being spent on unauthorized goods/services.
Repeat Finding from Prior Year(s):	N/A
Recommendation:	We recommend that the City ensure to verify proper approvals are obtained before purchases are made. We recommend that the City monitor and review that procedures and policies are followed on an ongoing basis.
Views of Responsible Officials:	See management's corrective action plan.

CITY OF EDINBURG, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONCLUDED
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Section III – Federal Awards Findings

Reference Number 2022-011	Coronavirus State and Local Fiscal Recovery Fund – Compliance
Criteria and Condition:	The Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) performance reporting compliance requirement states that recipients must submit quarterly performance reports. The Quarterly Project and Expenditure report (Quarter 4) was not submitted by the required deadline.
Cause and Effect:	The City did not research and gather the financial data timely. Consequently, the quarter that was not submitted had to be combined in the next quarterly report. The untimely submittal of the report resulted in noncompliance with the terms of the U.S. Treasury federal award program.
Repeat Finding from Prior Year(s):	N/A
Recommendation:	We recommend that the City ensure all Quarterly reports are submitted to the U.S Treasury for timely review and approval. We recommend that the City establish procedures to monitor and review that compliance is met on an ongoing basis.
Views of Responsible Officials:	See management’s corrective action plan.



**CITY OF EDINBURG, TEXAS
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Section I – Financial Statement Findings

Reference Number 2022-001	Fiscal Year-End Closing Process
Recommendation:	We recommend management evaluate the year-end closing process to ensure adequate controls are in place for timely completion.
Views of Responsible Officials:	Management will evaluate the year-end closing process to ensure adequate controls are in place for timely completion. Management will continue to provide resources for year-end training.
Proposed Completion Date:	Immediately
Contact Person:	Ascencion Alonzo, Director of Finance, City of Edinburg

Reference Number 2022-002	Disaster Recovery Plan
Recommendation:	We recommend that the City finalize a disaster recovery plan that includes key elements such as risk assessment, backup and recovery strategies, communication protocols, and testing procedures. Once a disaster recovery plan is in place, we recommend the City establish mechanisms to monitor and review the effectiveness of the plan on an ongoing basis.
Views of Responsible Officials:	City Management will work diligently to finalize and implement the formal disaster recovery plan as budget is allocated. Part of the plan will address the disaster recovery plan testing terms to ensure its effectiveness. Once it is implemented, a monitoring plan will be developed on an ongoing basis to test its effectiveness.
Proposed Completion Date:	Fiscal Year Ending September 30, 2024
Contact Person:	Daniel Vera, Director of Information Technology, City of Edinburg

**CITY OF EDINBURG, TEXAS
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Reference Number 2022-003	Public Funds Investment Act – Compliance
Recommendation:	We recommend the City review Government Code 2256, Public Funds Investment Act, and implement controls to ensure compliance with its requirements. We recommend that the City ensure all Quarterly report are sent to the City Council for timely review and approval. We recommend that the City establish procedures to monitor and review that compliance is met on an ongoing basis related to investment officer training.
Views of Responsible Officials:	Investment officers will undergo the required training. Quarterly investment reports will be presented to the City Council for approval to comply with the provisions of the Public Funds Investment Act on a timely basis.
Proposed Completion Date:	February 2024
Contact Person:	Ascencion Alonzo, Director of Finance, City of Edinburg
Reference Number 2022-004	Authorized Signers - Fiscal Agent Cash and Long-Term Debt
Recommendation:	We recommend that the City establish procedures to monitor, review, and document who the authorized signers are on all applicable accounts.
Views of Responsible Officials:	The City will establish procedures to monitor, review, and document all the authorized signers on financial accounts. The City will review all financial documents to make sure that the authorized signers are updated.
Proposed Completion Date:	Immediately
Contact Person:	Ascencion Alonzo, Director of Finance, City of Edinburg

**CITY OF EDINBURG, TEXAS
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Reference Number 2022-005	Cash – Outstanding Checks in Bank Accounts
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Recommendation:	We recommend controls be strengthened by including a step in the bank reconciliation review process for reviewing old outstanding checks and taking steps to dispose of those items whether by re-issuing checks to recipients or by escheating the funds to the State as unclaimed property. We recommend this process be conducted no less than annually.
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Views of Responsible Officials:	Staff will review the bank reconciliation process for all outstanding checks. Necessary steps to dispose of those items, either by re-issuing checks to recipients or by escheating the funds to the State as unclaimed property, will be performed at least annually.
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Proposed Completion Date:	Immediately
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Contact Person:	Ascencion Alonzo, Director of Finance, City of Edinburg
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Reference Number 2022-006	Property Taxes
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Recommendation:	We recommend the City implement procedures to review property tax collection reports and properly record receivables and deferred inflows at the time taxes are levied.
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Views of Responsible Officials:	The City will implement procedures to review property tax collection reports and properly record related receivables and deferred inflows at the time taxed are levied. Staff will also reconcile them at year end.
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Proposed Completion Date:	Immediately
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Contact Person:	Ascencion Alonzo, Director of Finance, City of Edinburg
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**CITY OF EDINBURG, TEXAS
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Reference Number 2022-007	Capital Assets – Depreciation Schedules
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Recommendation: We recommend the City include all relevant information in their capital asset depreciation schedules along with the in-service date for all assets and should not only be applied for new additions. This will ensure a complete and accurate schedule. Additionally, we recommend the City review the useful life of all assets.

Views of Responsible Officials: Due to Finance Department employee turnover and vacancies, the City had to delay the implementation of a Fixed Asset Software. Fixed Asset Software will be implemented as soon as funds are appropriated and vacancies are filled. The City will review and update the useful life of all assets.

Proposed Completion Date: Fiscal Year Ending 2023-2024

Contact Person: Ascencion Alonzo, Director of Finance, City of Edinburg

Reference Number 2022-008	Utility Billing – Landfill Customer Deposits
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Recommendation: We recommend the City implement policies and procedures to properly collect and input information applicable to the customer landfill deposits.

Views of Responsible Officials: The City will review and implement policies and procedures to properly collect and input information applicable to landfill customer deposits. Additionally, staff will review the State escheat laws and remit all eligible transactions identified to the State as unclaimed property, including the landfill deposits.

Proposed Completion Date: Immediately

Contact Person: Ascencion Alonzo, Director of Finance, City of Edinburg

**CITY OF EDINBURG, TEXAS
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Reference Number 2022-009	Cash – Depository Agreement
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Recommendation: We recommend the City have all cash accounts collateralized by having a depository agreement in place with all financial institutions to remain in compliance with the investment policy. This will ensure all deposit are properly covered and in compliance with the City's investment policy.

Views of Responsible Officials: All bank accounts not included in the City's depository agreement will be closed. The City will review that all cash accounts are collateralized as required by the Public Funds Investment Act.

Proposed Completion Date: Immediately

Contact Person: Ascencion Alonzo, Director of Finance, City of Edinburg

Reference Number 2022-010	Expenditure Test of Internal Controls
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Recommendation: We recommend that the City ensure to verify proper approvals are obtained before purchases are made. We recommend that the City monitor and review that procedures and policies are followed on an ongoing basis.

Views of Responsible Officials: During Fiscal Year 2021-2022, the Purchasing Division was transitioning to use Incode Software to allow departments to approve Purchase Orders (POs) electronically. During this process, the departments were allowed the option to approve manually and/or electronically. During this implementation, some purchase requisitions were not approved electronically or manually. The process was fully implemented in Fiscal Year 2022-2023 to require electronic approvals.

Proposed Completion Date: Fiscal Year 2022-2023

Contact Person: Ascencion Alonzo, Director of Finance, City of Edinburg

**CITY OF EDINBURG, TEXAS
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Section II – Federal Awards Findings

Reference Number 2022-011	Coronavirus State and Local Fiscal Recovery Fund – Compliance
Recommendation:	We recommend that the City ensure all Quarterly reports are submitted to the U.S. Treasury for timely review and approval. We recommend that the City establish procedures to monitor and review that compliance is met on an ongoing basis.
Views of Responsible Officials:	The City has changed the process to submit their Quarterly reports. Reports are reviewed by the Grants Administration Department and Finance Department before they are submitted. Reports have been submitted to the U.S Treasury on a timely basis.
Proposed Completion Date:	Fiscal Year 2022-2023
Contact Person:	Ascencion Alonzo, Director of Finance, City of Edinburg

CITY OF EDINBURG, TEXAS
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

None.