



Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2020



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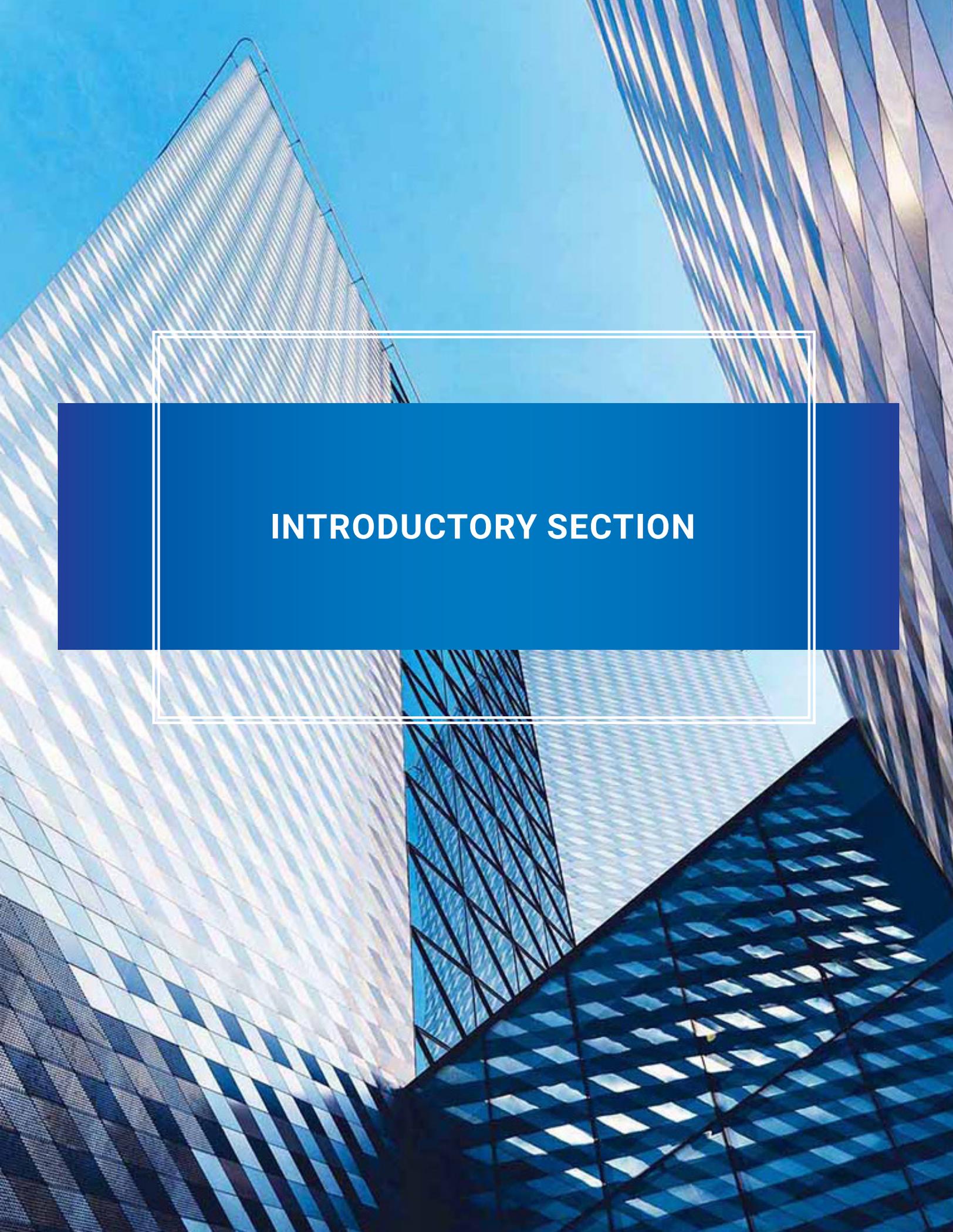
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INTRODUCTORY SECTION

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JAMES E. DARLING, Mayor
VERONICA WHITACRE, Mayor Pro Tem & Commissioner District 6
JAVIER VILLALOBOS, Commissioner District 1
JOAQUIN J. ZAMORA, Commissioner District 2
J. OMAR QUINTANILLA, Commissioner District 3
TANIA RAMIREZ, Commissioner District 4
VICTOR "SEBY" HADDAD, Commissioner District 5

ROEL "ROY" RODRIGUEZ, P.E., City Manager

March 23, 2021

To the Honorable Mayor, Members of the City Commission, Members of the Public Utility Board of Trustees and Citizens of the City of McAllen:

State and local law requires that the City of McAllen publish annually a complete set of audited financial statements. This report, the Comprehensive Annual Financial Report of the City of McAllen, is published to meet that requirement for the fiscal year ended September 30, 2020.

Management assumes full responsibility for the completeness and reliability of the information presented in this report, based upon a comprehensive internal control framework that it has established for this purpose. Since the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The firm of Weaver and Tidwell, LLP, Certified Public Accountants and Advisors, was selected by the City to perform the audit and have issued an unmodified ("clean") opinion on the City of McAllen's financial statements for the year ended September 30, 2020. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act and Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Generally accepted auditing standards and the standards set forth in the Government Accountability Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditors' report on the basic financial statements and required supplementary information as well as the individual fund statements and schedules are included in the financial section of this report. The auditors' reports on internal controls and compliance with applicable laws and regulations can be found in the single audit section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The City of McAllen is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the Uniform Guidance and the *State of Texas Single Audit Circular*. Information related to this single audit, including a schedule of expenditures of federal and state awards, the report of independent public accountants on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in the single audit section of this report.

PROFILE OF THE GOVERNMENT

The City of McAllen, incorporated in 1911 and the largest city in Hidalgo County, is located at the intersection of U.S. Highway 83 and State Highway 336. It is approximately 230 miles south of San Antonio, 150 miles north of Monterrey, Nuevo Leon, Mexico, a city with a population of over 5.9 million including the surrounding suburbs, and just 7 miles north of Reynosa, Tamps. Mexico. Within a 150-mile radius of McAllen, its trade area represents approximately 10 million people. According to the 2010 census, McAllen's estimated population was 129,877, increasing 23,463 or 22% over that of the 2000 census, 106,414. Using the latest census number as a base, it is estimated that as of September 30, 2020 the City's population has grown to 153,546. The City is empowered to levy a property tax on both real and business personal property located within its boundaries. The City also has the power by state statute to extend its corporate limits by annexation, which it has done from time to time, as deemed appropriate by the City Commission.

The City has operated under the council-manager form of government since 1911. Policymaking and legislative authority is vested in the City Commission, which currently consists of a mayor and a six-member commission.

The City Commission is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City Manager, City Secretary, Police Chief, Fire Chief, the City Attorney and the Municipal Judges. The City Manager is responsible for carrying out the policies and ordinances of the City Commission, for overseeing the day-to-day operations of the City, and for appointing the heads of the City's departments. The City Commission is elected on a non-partisan basis. In May 2000, the voters decided in favor of single member district representation. Under this system, City Commission members are elected to four-year staggered terms with three elected every two years. The Mayor was and will continue to be elected at large to four-year terms.

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City of McAllen as legally defined). The City of McAllen provides a full range of services including public safety (primarily police and fire protection), highways and streets, health and welfare, recreational and cultural activities, water, wastewater, sanitation and recycling services, a municipal golf course, a convention center, an international airport, intermodal transit terminal, a transit system and two international toll bridge operations.

The City acts in the capacity of fiduciary for the Firemen's Relief and Retirement Fund, Developer's Fund, and Communications Group; therefore, these activities are included in the reporting entity. However, the McAllen Independent School District (MISD), McAllen Chamber of Commerce (MCC), McAllen Economic Development Corporation (MEDC), McAllen Affordable Homes of South Texas, Inc., and the Texas Municipal Retirement System (TMRS) do not meet the established criteria for inclusion in the reporting entity, and accordingly are excluded from this report.

The City Commission is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of McAllen financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The legal level of control is at the department level.

LOCAL ECONOMY

Over the last 20 to 25 years, the City's economy has undergone a significant transformation, characterized by a decreasing reliance on agriculture. As a consequence of this transformation, the City has experienced substantial economic growth that has spurred an increase in employment and a decline in its unemployment rate.

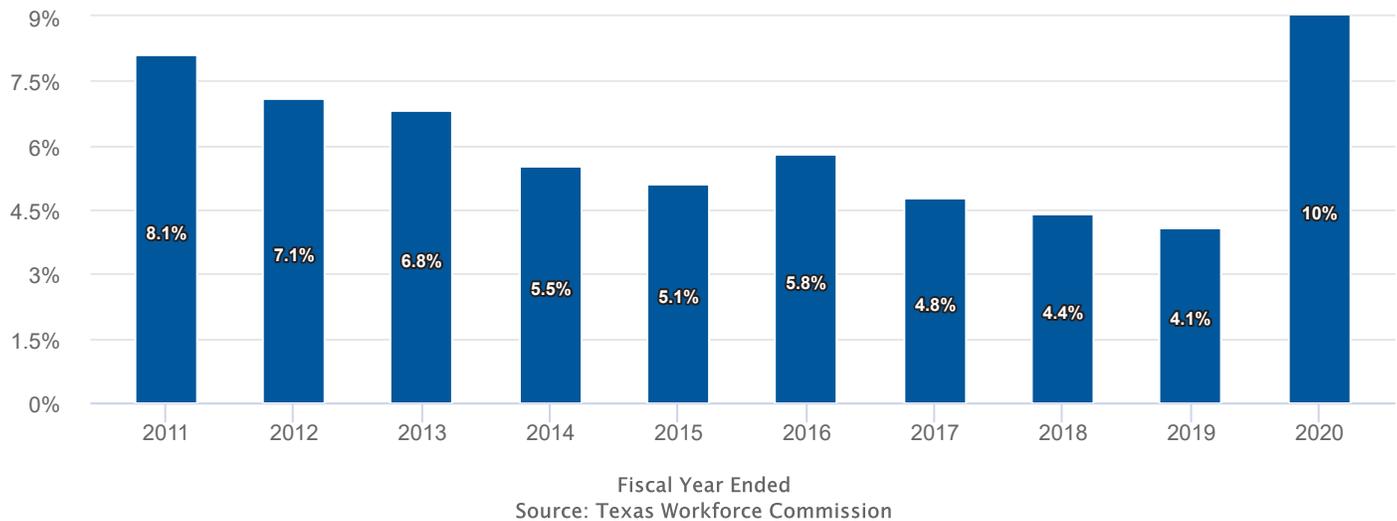
According to the U.S. Bureau of Labor Statistics, over the last 10 years the McAllen-Edinburg-Mission MSA employment has grown from 281,093 in September 30, 2010 to 314,415 in September 30, 2020 – a 11.9% increase. At this level, the unemployment rate is 12.7%. Some of the more significant employment numbers by industry, include government; trade, transportation and utilities; education and health services; professional and business services; and leisure and hospitality.

The City's location has historically positioned it to take advantage of The Maquiladora "Twin Plant" Program, under which U.S. firms locate manufacturing facilities in Mexico accompanied by warehousing facilities in McAllen's foreign trade zone in order to cut labor costs and remain competitive, has been responsible for a large part of the job growth. Since 1988 through 2021, the McAllen Economic Development Corporation has been responsible for bringing 331 new companies, which including expansions, has created 25,706 jobs in McAllen. Its efforts have also resulted in 371 new companies, which including expansions, has created 93,262 new jobs in Reynosa, Mexico. Overall, 218,131 jobs have been created.

The impact of the Renegotiated North American Free Trade Agreement (NAFTA) now known as the new United States-Mexico-Canada Agreement (USMCA), as it continues to develop, has also played a major role in increased trade with Mexico for the City as well as the State of Texas. During 2019, Texas exported \$109.7 billion to Mexico, which represented over 35% of Texas' total exports—making Mexico its Number One Trading Partner. As USMCA continues to mature, the City of McAllen's International Toll bridge, connecting Hidalgo, Texas with Reynosa, will continue to facilitate trade between Mexico and the U. S.; and, more particularly the City with its proximity to Mexico and strong social, economic and cultural ties with the people of Mexico. The Anzalduas International Crossing also provides another bridge to connect the people of the U.S. and Mexico and facilitate economic development opportunities between the two countries.

The City's unemployment rate had steadily declined from 2011 to 2019, decreasing from 8.1% to 4.1%; however, due to the coronavirus pandemic, unemployment increased to 10% as of September 30, 2020. The following chart shows the unemployment rate trend for the past ten years.

City of McAllen's Unemployment Rate Ten Year History



Another useful source of information for assessing the City's economy is the *McAllen Area Economic Pulse* report, published by the McAllen Chamber of Commerce. This year's report indicates a decrease from last year. According to the latest report available, September 2020, the economic index for the McAllen Area decreased from 195.5 in September 2019 to 184.47 in September 2020. This index reflects, for the McAllen area economy, a decrease in September retail sales of 10.1%, airline boarding, 54.9%, and Hidalgo Bridge Crossings, 52.0%.

Some of the City's more significant statistics, reflective of its economy, are positive. From fiscal year 2011 to 2020, property values have grown 37.1% resulting in an increase of property tax revenue. Property tax revenue has increased by 54.1% from fiscal year 2011 to fiscal year 2020. During the same period, sales tax revenue has increased by 21.31% resulting in property tax relief for residents of McAllen. The City of McAllen has also maintained one of lowest property tax rates in the region.

LONG-TERM FINANCIAL PLANNING

As of September 30, 2020 the City's General Fund unassigned fund balance amounted to \$75M, which represents 211 days of operating expenses appropriated in next year's budget. This amount exceeds the City's 140-day policy by 71 days.

RELEVANT FINANCIAL POLICIES

During this fiscal year, the City adopted no new financial policies, which would have a significant impact on the current year's financial statements.

MAJOR INITIATIVES

For the Year 2019-20

The City's staff, following specific directives of the City Commission and the City Manager, has been involved in a variety of projects throughout the year. These projects reflect the City's commitment of ensuring that its citizens are able to live and work in a highly desirable community and include the following:

The goals adopted by the Mayor and City Commission for FY 2019-20, as well as the status, follows:

Continue to implement City Business Plan

- FRIO! McAllen Holiday Event

Management's Response: Launch of a 40-day indoor and outdoor holiday event hosted by the McAllen Convention Center that drew more than 250,000 attendees.

Complete City assets currently in design

- Construct new Two Level Parking Structure at McAllen Public Safety Building

Management's Response: Completed project with the purpose to provide a total of 294 parking spaces for Police Department and staff.

- Hidalgo International Bridge Federal Motor Carrier Building

Management Response: Project consists of a new Federal Motor Carrier Safety Administration (FMCSA) inspection canopy, support office and associated bus circulation for the Land Port of Entry (LPOE). Work is 85% complete and expected to be finished in FY 2021.

Improve City Traffic flow

- Bicentennial Boulevard Extension

Management's Response: This project consists of the extension of a 4-lane urban curb and gutter paved roadway from Trenton Road to State Highway 107 (University Drive). The extension of Bicentennial Boulevard is 2.80 miles and includes a stormwater management system, potable water and sanitary sewer infrastructure. This a multi-year project and phase 1 has been completed. The project is expected to have all phases complete next year.

- Auburn Avenue Construction (10th to Main St)

Management's Response: Construction has been completed for this roadway. The newly constructed extension of the Auburn/Wisconsin roadway will serve as a principal arterial connection between North Main Street with North 10th Street, enhancing east/west traffic mobility for the north quadrant of McAllen.

- 29TH Street (Oxford to 107)

Management's Response: Construction has been completed for this roadway. The newly constructed extension of 29th Street serves as a minor arterial roadway, enhancing the north-south traffic mobility between Oxford Avenue and SH 107.

Improve City Storm Drainage

- Regional Stormwater improvements –Vine Avenue at N 48th Street

Management's Response: This project consists of the construction of a storm sewer bypass line.

- Regional Stormwater Improvements - 7 ½ Street at Highland Avenue

Management's Response: This project consists of replacing undersized catch basins and installing a new storm sewer trunk line to convey water to a larger downstream system.

- Regional Stormwater Improvements – Gardenia Avenue at N 25 ½ Street

Management's Response: This project consists of the installation of a new storm sewer line and catch basins.

Leisure, Cultural and Entertainment

- Morris Park

Management's Response: Completed Phase 2 of Morris Park, which included a newly constructed mixed asphalt paving and concrete trail. Park plans for subsequent phases to continue connection of trail.

- Travis Park

Management's Response: Resurfacing of tennis courts, installation of ADA restroom with family room, and irrigation and landscaping.

- Municipal Pool Plaster

Management's Response: Re-plaster of forty-year-old Municipal Pool to extend longevity of use.

- Miracle Field

Management's Response: Completed Miracle Field project, an all-inclusive baseball field at the McAllen Youth Baseball Complex.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the year ended September 30, 2019. This was the thirty-third consecutive year and the thirty-fourth overall that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget dated October 1, 2019. The budget for October 1, 2020 has been submitted for review and notification of an award is awaited. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document is judged on proficiency in several categories including policy documentation, financial planning and organization.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire Finance Department staff. Due credit also should be given to the Mayor, City Commission, McAllen Public Utilities Board of Trustees, the Bridge Board, Development Corporation Board and City Management for their interest and support in planning and conducting the operations of the City in a responsible and progressive manner.

Respectfully submitted,



Roel "Roy" Rodriguez, P.E.
City Manager



Sergio Villasana Jr., CPA
Finance Director

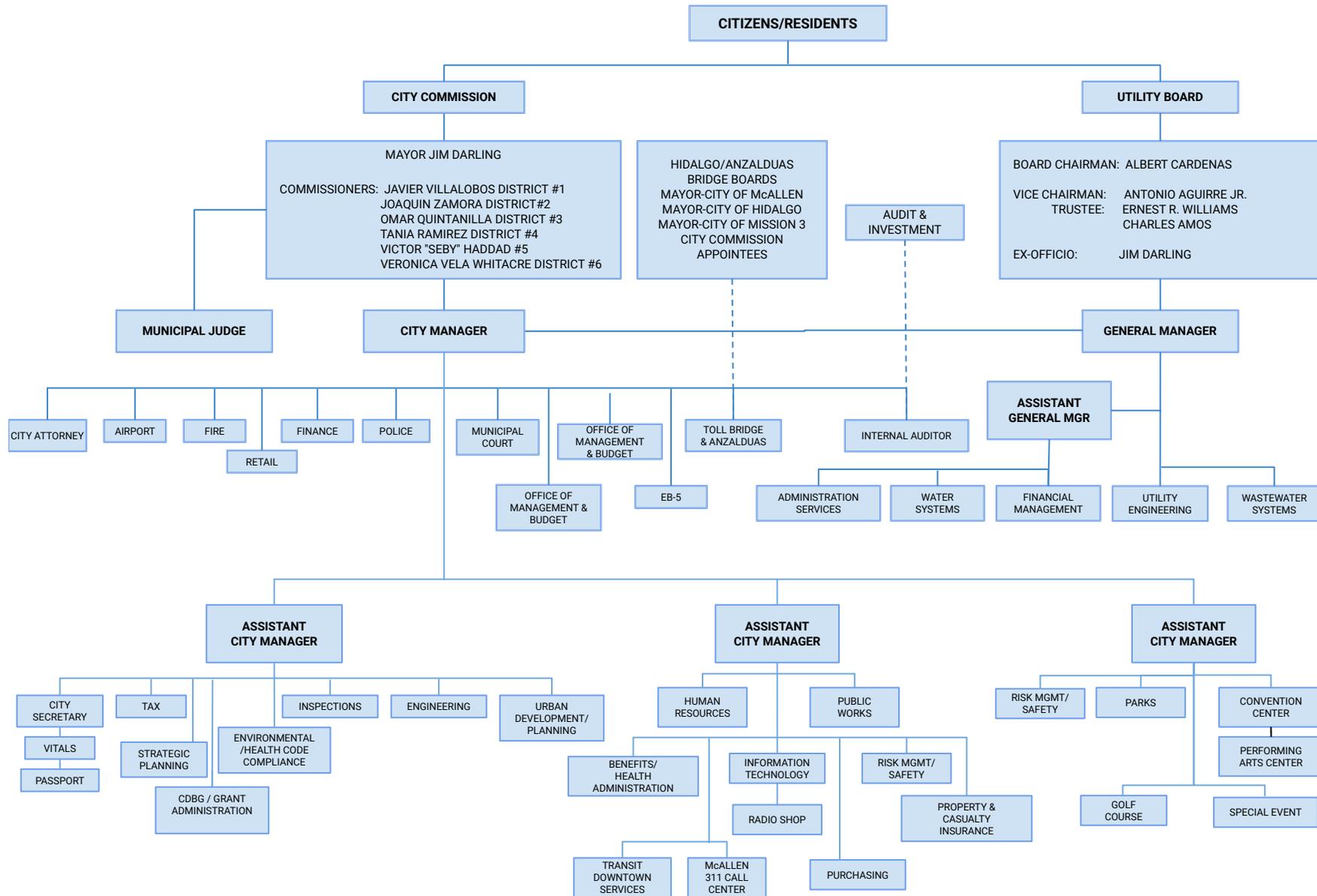
CITY OF McALLEN, TEXAS

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2020

Mayor.....	James E. Darling
Commissioner District 1.....	Javier Villalobos
Commissioner District 2.....	Joaquin “J.J.” Zamora
Commissioner District 3.....	Omar Quintanilla
Commissioner District 4.....	Tania Ramirez
Commissioner District 5.....	Victor “Seby” Haddad
Commissioner District 6.....	Veronica Whitacre
Public Utility Board Chairman Place C.....	Albert Cardenas
Public Utility Board Vice-Chairman Place B.....	Antonio “Tony” Aguirre, Jr.
Trustee Place A.....	Charles Amos
Trustee Place D.....	Ernest R. Williams
Ex-Officio Member.....	James E. Darling
City Manager.....	Roel Rodriguez, P.E.
MPU General Manager.....	Marco A. Vega, P.E.
Assistant City Manager.....	Jeff Johnston
Assistant City Manager.....	Joe Vera
Assistant City Manager.....	Michelle Rivera
Attorney.....	Kevin D. Pagan
Finance Director.....	Sergio Villasana Jr.
Aviation Director.....	Elizabeth Suarez
Bridge Superintendent.....	Juan Olaguibel
City Secretary.....	Perla Lara
Fire Chief.....	James Schultz
Director Parks and Recreation.....	Miguel Hernandez Jr.
Human Resources Director.....	Christina Flores
Police Chief.....	Victor Rodriguez

CITY OF McALLEN, TEXAS





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of McAllen
Texas**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO

A low-angle, upward-looking photograph of several modern skyscrapers with facades of glass and metallic panels. The buildings are set against a clear blue sky. A dark blue horizontal bar is overlaid across the middle of the image, containing the text 'FINANCIAL SECTION' in white. A white double-line border frames the central area of the image.

FINANCIAL SECTION

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Independent Auditor's Report

Honorable Mayor, Members of the City Commission
and Public Utility Board of Trustees
City of McAllen, Texas

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Weaver and Tidwell, L.L.P.
1601 South MoPac Expressway, Suite D250 | Austin, Texas 78746
Main: 512.609.1900

CPAs AND ADVISORS | WEAVER.COM

Honorable Mayor, Members of the City Commission
and Public Utility Board of Trustees
City of McAllen, Texas

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Development Corporation Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining fund financial statements, individual budget schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and *Texas Uniform Grant Management Standards*, and is also not a required part of the basic financial statements.

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

Honorable Mayor, Members of the City Commission
and Public Utility Board of Trustees
City of McAllen, Texas

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2021, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
March 19, 2021

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Management's Discussion and Analysis (Unaudited) September 30, 2020

This discussion and analysis is intended to provide an overview of the City's financial performance for the fiscal year ended September 30, 2020 and the related effect on the City's financial condition. Please read it in conjunction with the transmittal letter on pages i-v and the City's financial statements, which begin on page 15.

FINANCIAL HIGHLIGHTS

City's Change in Net Position – Governmental and Business-Type Activities

Total government-wide net position increased \$31M as a result of this year's operations. Governmental activities increased by \$24M while business-type activities increased \$7M.

- **Governmental Activities – Revenues and Expenses Compared to Last Year** – Total revenues in the aggregate increased \$18M over last year. The increase was largely attributable to an increase in operating grants and contributions of \$19M and the net result of a \$3M decrease in Sales Tax Revenue, a \$3M decrease in charges for services, a \$4M increase in property tax revenue and a \$3M decrease in other general revenues. The decrease in other general revenues includes a \$1M decrease in investment income. The increase in operating grants and contributions is a result of Coronavirus Aid Relief and Economic Security Act funds received. Expenses increased \$7M or 4.6% from last year of which \$4M is attributable to public safety, \$3M to general government, \$1M to Health and Welfare, and \$1M to interest and long term debt. Increases to expenses were offset by a \$2M decrease in Highways and Streets.
- **Business-Type Activities – Revenues and Expenses Compared to Last Year** – Total revenues reflected an increase of \$8M from last year. The increase is primarily due to a \$5M increase in capital grants and Contributions and a \$3M increase in operating grants and contributions. Expenses decreased \$2M or 2.1% from last year which \$2M is attributable to the McAllen-Hidalgo International Bridge, \$1M to the Palm View Golf Course, and \$1M to the bus system offset by a \$2M increase to the transit terminal.

USING THE ANNUAL REPORT

The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 15 and 16-17) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 18. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole The Statement of Net Position and the Statement of Activities

One of the central concerns in assessing any City's finances could be summarized in the question, "Is the City as a whole better off or worse off as a result of the year's activities?" Our analysis addressing this question begins on page 7-8. The analysis includes a condensed summary of the government-wide financial statements – The Statement of Net Position and the Statement of Activities, which present information about the City in a way that facilitates answering this question. These statements are presented much like the private-sector companies – including *all* assets and liabilities using the *accrual basis of accounting*. All revenues and expenses for the current year are reported without regard to when cash is received or paid.

These government-wide financial statements report both net position and changes thereto. Net position is reported in the Statement of Net Position. The City's net position, which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one indicator of the City's financial well-being or *financial position* at one point in time. Increases or decreases to net position over a period of time is an indication whether its financial well-being is improving or deteriorating. Of course, other non-financial considerations enter into the determination of the City's overall health, which would include such things as changes in the City's property tax base and the condition of its streets.

Changes to net position are reported in the Statement of Activities, which divides all City functions into two categories:

Governmental activities – Most of the City's basic services are reported in this category, which includes public safety (including police and fire), highways and streets, health and welfare, culture and recreation, and general administration. These activities are primarily supported by sales and property taxes, and franchise fees.

Business-type activities – Certain services that the City provides are paid for from fees that are charged to customers. Water, wastewater, garbage collection, civic center, convention center, golf course, airport, transit terminal, transit services and the bridges are activities that are reported in this category.

Reporting the City's Most Significant Funds Fund Financial Statements

Our analysis of the City's major funds commences on page 9. The fund financial statements are presented on pages 18 through 41. These statements present detailed information about the City's more significant funds as opposed to the City as a whole. Funds are established for various reasons – some are required by state law; others by bond covenants. Some funds are established by the City Commission to assist in managing money that is to be spent for particular purposes. For example, the Community Development Block Grant Fund was established to demonstrate that the money received from the U. S. Department of Housing and Urban Development was used for purposes established by the federal government. The City has two categories of funds, which can be used for public purpose – *governmental* and *proprietary*. Each category uses a different accounting approach.

Governmental funds – Most of the City's basic services are reported in governmental funds. These funds focus on the flow of money into and out of the funds and the balance left over at the end of the year that is available for future spending. Governmental funds use a method of accounting called modified accrual. The purpose of this method is to measure cash and other *financial* assets that can readily be converted to cash. This approach provides a detailed short-term perspective of the City's general government operations and the basic services it provides. This view of the City's operations provides information that helps to determine the extent to which financial resources are available to spend in the near future to finance City programs. The relationship between these governmental fund financial statements and the governmental activities column shown in the government-wide financial statements is shown in the form of a reconciliation presented on the page following each governmental fund financial statement.

Proprietary funds – Services provided to either outside customers or to another unit of the City, where a fee is charged, are generally reported in proprietary funds. Proprietary funds are reported the same way that is used in the government-wide financial statements. Matter of fact, the City's enterprise funds (a component of proprietary funds) are substantially the same as the business-type activities column of the government-wide financial statements but provide more detail including cash flows. The other component of proprietary funds is internal service funds. These funds are used to report services that are provided for other City funds – such as the Fleet and Materials Management Fund, which reports maintenance activities for all City vehicles.

The City as Trustee Reporting the City's Fiduciary Responsibilities

The City is the trustee, or fiduciary, for the Firemen's Pension Fund, Developers' Fund, Communications Group Fund and Payroll Fund. This activity is reported in separate Statements of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position on pages 42 - 43. These activities are not included with the City's other government-wide financial information since the City cannot use these assets to finance its programs or operations. The City is responsible for ensuring that these funds are used for their intended purpose.

THE CITY AS A WHOLE

The City's Condensed Net Position Information is presented in the table below.

Net Position Information (in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 190	\$ 178	\$ 147	\$ 145	\$ 337	\$ 323
Capital assets	336	323	496	493	832	816
Total assets	<u>526</u>	<u>501</u>	<u>643</u>	<u>638</u>	<u>1,169</u>	<u>1,139</u>
Deferred outflows of resources	<u>27</u>	<u>37</u>	<u>5</u>	<u>9</u>	<u>32</u>	<u>46</u>
Long-term debt outstanding	133	141	166	173	299	314
Other liabilities	75	99	23	24	98	123
Total liabilities	<u>208</u>	<u>240</u>	<u>189</u>	<u>197</u>	<u>397</u>	<u>437</u>
Deferred inflows of resources	<u>35</u>	<u>12</u>	<u>7</u>	<u>5</u>	<u>42</u>	<u>17</u>
Net position:						
Net investment in capital assets	226	219	339	337	565	556
Restricted	53	30	70	70	123	100
Unrestricted	31	37	43	38	74	75
Total net position	<u>\$ 310</u>	<u>\$ 286</u>	<u>\$ 452</u>	<u>\$ 445</u>	<u>\$ 762</u>	<u>\$ 731</u>

Net position of the City's governmental activities increased by \$24M over last year as a net result from total assets and deferred outflows increasing \$15M, total liabilities decreasing \$32M and total deferred inflows increasing \$23M. The City's unrestricted net position decreased by \$6M. The unrestricted net position is the portion of net position, which can be utilized to finance day-to-day operations, free of any constraints established by debt covenants, enabling legislation or other legal requirements.

The net position of the City's business-type activities increased \$7M over last year's amount, which can be attributed to a total assets and deferred outflows increasing \$1M, total liabilities decreasing \$8M, and total deferred inflows increasing \$2M.

Changes in Net Position Information
(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 8	\$ 11	\$ 87	\$ 88	\$ 95	\$ 99
Operating grants and contributions	22	2	5	2	27	4
Capital grants and contributions	11	7	11	6	22	13
Property taxes	51	47	-	-	51	47
Sales tax	67	70	-	-	67	70
Other taxes	11	12	-	-	11	12
Other general revenues	9	12	2	1	11	13
Total revenues	179	161	105	97	284	258
Program expenses						
General government	30	27	-	-	30	27
Public safety	69	65	-	-	69	65
Highways and streets	22	24	-	-	22	24
Health and welfare	8	7	-	-	8	7
Culture and recreation	26	26	-	-	26	26
Interest on long term debt	5	4	-	-	5	4
Water	-	-	21	21	21	21
Wastewater	-	-	18	18	18	18
Sanitation	-	-	20	20	20	20
Golf	-	-	1	2	1	2
Transit terminal	-	-	2	2	2	2
Bus	-	-	4	3	4	3
Performing arts center	-	-	2	2	2	2
Convention center	-	-	6	6	6	6
Airport	-	-	10	10	10	10
Anzalduas international crossing	-	-	3	3	3	3
McAllen Int.'l toll bridge	-	-	6	8	6	8
Total expenses	160	153	93	95	253	248
Excess (Loss) before transfers	19	8	12	2	31	10
Transfers	5	3	(5)	(3)	-	-
Change in net position	24	11	7	(1)	31	10
Net position, beginning	286	266	445	446	731	712
Prior period adjustment	-	9	-	-	-	9
Beginning net position, October 1	286	275	445	446	731	721
Ending net position, September 30	<u>\$ 310</u>	<u>\$ 286</u>	<u>\$ 452</u>	<u>\$ 445</u>	<u>\$ 762</u>	<u>\$ 731</u>

Total revenues generated from both governmental and business-type activities this year amounted to \$284M, representing an increase of \$26M or 10.1% over last year due primarily to an increase in operating grants and contributions of \$23M.

Governmental Activities

Total revenues generated from governmental activities this year amounted to \$179M. Expenses came in at \$160M, leaving an \$19M excess before transfers-in of \$5M, thus increasing net position by \$24M.

The cost of all governmental activities this year was \$160M. To finance these programs, a total of \$41M was paid mainly by grants, bond constructions proceeds, those who directly benefited from them, and by other governments that subsidized certain programs with grants. The amount that our taxpayers ultimately financed for these activities through taxes and other general revenues was \$138M as shown on the Statement of Activities on pages 16-17.

The table below presents the net cost of each of the City’s programs (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City’s taxpayers by each of these functions.

**Governmental Activities
(in Millions)**

Net Cost of Services

	2020	2019
General government	\$ 29	\$ 24
Public safety	44	59
Highways and streets	10	16
Health and welfare	7	6
Culture and recreation	24	24
Interest on long-term debt	5	4
Total	<u>\$ 119</u>	<u>\$ 133</u>

Business-type Activities

Total revenues generated from business-type activities this year amounted to \$105M. Expenses came in at \$93M leaving \$12M before transfers-out of \$5M, which, resulted in a net increase to net position of \$7M. More details will be provided about governmental and business-type activities’ operations later in this discussion and analysis.

GOVERNMENTAL FUNDS – A Detailed Discussion

(General Fund, Special Revenue Funds, Debt Service Fund and Capital Project Funds)

As a result of this year’s operations, governmental funds (as reflected in the balance sheet on page 18) combined fund balance totaled \$140M or an increase of \$6M from last year. The net increase is due to transfers-in exceeding transfers-out by \$4M and revenues over expenditures of \$2M.

Revenues and Transfers-In and Other Financing Sources

The following table presents a summary of general fund, special revenue funds, debt service fund and capital projects funds revenues and transfers-in and other financing sources for the years ended September 30, 2020 and 2019.

Revenues, transfers-in and Other Financing Sources	2020	% of	2019	Amount of	%
	Amount	Total	Amount	Increase (Decrease)	Increase (Decrease)
Taxes	\$ 128,174,571	63.94%	\$ 129,498,114	\$ (1,323,543)	-1.02%
Licenses and permits	2,246,575	1.12%	2,144,535	102,040	4.76%
Intergovernmental	29,354,952	14.64%	4,167,021	25,187,931	604.46%
Charges for services	6,519,087	3.25%	8,359,074	(1,839,987)	-22.01%
Fines and forfeitures	1,426,744	0.71%	1,719,382	(292,638)	-17.02%
Investment income	2,413,884	1.20%	3,603,895	(1,190,011)	-33.02%
Miscellaneous	7,566,655	3.77%	8,897,870	(1,331,215)	-14.96%
Other Financing Sources (uses)	<u>22,757,119</u>	<u>11.35%</u>	<u>44,473,286</u>	<u>(21,716,167)</u>	<u>-48.83%</u>
Totals	<u>\$ 200,459,587</u>	<u>100.00%</u>	<u>\$ 202,863,177</u>	<u>\$ (2,403,590)</u>	<u>-1.18%</u>

In fiscal year 2019, the City issued \$19M in General Obligations Bonds and a \$4M capital lease which is reflected in the other financing sources (uses) and is attributable to the decrease in that line item. The decrease in other financing sources (uses) is offset by a \$25M increase in intergovernmental revenue. The increase in intergovernmental revenue is mostly attributable to \$19M received in Coronavirus Aid, Relief, and Economic Security Act funding. The City’s decrease in taxes is mostly attributable to a \$3M decrease in sales tax. Investment earnings reflect a 33.02% decrease compared to last year and can be attributed to unfavorable interest rates. Charges for services decreased due to decreases in recreational program revenues.

Expenditures and Transfers-Out

The following table presents a summary of general fund, special revenue funds, debt service fund and capital projects funds expenditures, transfers-out for the years ended September 30, 2020 and 2019.

Expenditures and Transfers-out.	2020 Amount	% of Total	2019 Amount	Amount of Increase (Decrease)	% Increase (Decrease)
General government	\$ 37,116,135	19.09%	\$ 28,847,131	\$ 8,269,004	28.66%
Public safety	66,576,738	34.25%	65,982,232	594,506	0.90%
Highways and streets	28,001,902	14.40%	20,192,461	7,809,441	38.68%
Health and welfare	7,588,966	3.90%	7,221,472	367,494	5.09%
Culture and recreation	23,220,801	11.95%	28,453,042	(5,232,241)	-18.39%
Debt service:					
Principal	7,621,306	3.92%	6,069,091	1,552,215	25.58%
Interest and fiscal charges	5,562,384	2.86%	4,527,727	1,034,657	22.85%
Other Financing Sources(uses)	18,703,441	9.62%	16,900,164	1,803,277	10.67%
Totals	\$ 194,391,673	100.00%	\$ 178,193,320	\$ 16,198,353	9.09%

The increase in total expenditures is primarily due to general government and highway and street expenditures. The \$8M increase in general government expenditures is largely attributable to acquisition of land for \$5M, City wide Wi-Fi expenditures of \$3M, and \$2M spent on McAllen Cares grants. Highways and Streets had a large increase due to ongoing projects in the Street Fund. In fiscal year 2020, improvements to Bicentennial Blvd. accounted for the \$8M increase in expenditures. The City experienced a \$5M decrease in culture and recreation expenditures primarily due to the completion of the municipal softball park in fiscal year 2019.

Fund Balances

The governmental fund balances increased by \$6M, from \$134M in the prior year to \$140M in the current year. The change in fund balance is a result of revenues over expenditures of \$2M and \$4M of other financing sources.

Fund balances by major funds are discussed in the following paragraphs.

General Fund

As a result of this year’s operations, total fund balance increased by \$18M –from \$61M to \$79M. Applying GASB 54 pronouncements, fund balances categories reflect \$4M nonspendable and \$75M unassigned. During fiscal year 1997-98, the City adopted, by resolution, a financial policy requiring a minimum of 140 days of operating expenses in fund balance. Based upon next year’s original operating budget, exclusive of capital outlay and transfers-out, unassigned fund balance represents 211 days of operations, which is 71 days in excess of the minimum requirement.

Development Corp Fund

The fund balance in the Development Corporation Fund reflected an decrease of \$11M, leaving the ending restricted fund balance at \$6M.

**PROPRIETARY FUND TYPES
(Enterprise Funds and Internal Service Funds)
Enterprise Funds**

The City’s enterprise operations consist of the McAllen Public Utility (Water and Wastewater Funds), Sanitation Fund, Palm View Golf Course Fund, Transit Terminal Fund, Performing Arts Center Fund, McAllen Convention Center, McAllen International Airport Fund, McAllen Express Transit Fund, McAllen International Toll Bridge Fund, and the Anzalduas International Crossing Fund. In the aggregate, the proprietary funds reported a \$6M increase to net position. Of that amount, the Water and Wastewater Funds had a \$3M increase, the Sanitation Fund a \$2M increase, and the Airport Fund had a \$5M increase. The McAllen International Toll Bridge, the Anzalduas Bridge and non-major proprietary funds combined generated a net decrease amounting to \$4M.

**McAllen Public Utilities (MPU) – Water and Wastewater Funds
Water Fund**

Operating revenues increased by 11.4% from \$19M to \$21M as compared to last year. With operating expenses increasing by \$1M over last year’s totals, the increase to net position amounted to \$828K. Combined Water and Wastewater Fund working capital is in excess of the board policy of 120 days of operating expenses.

Wastewater Fund

Operating revenues increased by 9.0% from last year. Operating expenses increased by 4.6%. The net impact to net position was an increase of \$2M, leaving combined Water and Wastewater Fund working capital in excess of the board policy of 120 days of operating expenses.

Sanitation Fund

This year’s operating revenues, representing charges for services, increased \$250K or 1.2% over prior year. As a whole, operating expenses decreased \$1M or 7.0% from last year, which is mostly due to savings in wages. The net position increased by \$2M. Working capital as of year-end amounted to \$15M.

McAllen International Airport Fund

Operating revenues for the McAllen International Airport had a decrease of 12.9% or \$861K. Operating expenses decreased by 5.0% or \$500K. The Airport Fund sustained an operating loss of \$4M before capital contributions and transfers out. Capital contributions from the Passenger Facility Charge, as well as the FAA, amounted to \$10M. Transfers-out to the City amounted to \$1M to reimburse for public safety personnel assigned to the Airport. As a result, an increase in net position of \$5M is reported. This year’s working capital is reflected at \$9M, not considering liabilities payable from restricted assets, which are included in current liabilities.

McAllen International Toll Bridge Fund

The table below reflects three types of crossings for 2020, as well as 2019.

<u>Category</u>	<u>FY 19-20</u>	<u>FY 18-19</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Cars	1,890,935	2,642,179	(751,244)	-28.43%
Non-Commercial Trucks & Buses	19,326	29,777	(10,451)	-35.10%
Passengers in cars	4,727,338	6,605,448	(1,878,110)	-28.43%

Southbound car crossings decreased 28.4% and operating revenues came in at \$11M, a decrease of \$3M from last year. The decrease in revenue is attributable to decreased traffic crossings. Operating expenses remained flat compared to the prior fiscal year. After considering all other non-operating revenues and expenses, changes in this year’s net position totaled a decrease of \$1M. Working capital, not considering liabilities payable from restricted assets, which are included in current liabilities, at year-end amounted to \$2M.

Anzalduas International Crossing

The table below reflects four types of crossings for 2020, as well as 2019. All other categories of crossings reflect decreases, except for trucks-empties, which are noted below.

<u>Category</u>	<u>FY 19-20</u>	<u>FY 18-19</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Cars	724,046	965,077	(241,031)	-24.98%
Trucks - empties	19,359	21,467	(2,108)	-9.82%
Buses	1,194	1,429	(235)	-16.45%
Passengers in cars	1,810,115	2,412,693	(602,578)	-24.98%

Southbound car crossings decreased 241K or 24.98% and operating revenues totaled \$3M, a decrease of \$830K from last year. Operating expenses remained flat compared to last year. After a transfer-in of \$842K, the net position increased by \$109K resulting in an ending net position deficit of \$2M.

Unrestricted net position is reflected as a deficit in the amount of \$17M, largely the consequence of advances made to it by the McAllen International Toll Bridge Fund.

General Fund Budgetary Highlights

During the year, the City Commission amended the budget several times. The decrease from the original appropriations to the final budget appropriations was approximately \$421K. This decrease was primarily related to department budget reductions.

Pensions and Retiree Healthcare

Effective for fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" created specific reporting requirements for pensions that are different than that used for funding purposes. Valuations are important as the reporting valuation provides a rigorous standard measure that can be used to compare the City's pension liabilities to other governments from around the nation. The funding valuation is important as the actuarial methods used including strategies for repaying any unfunded actuarial accrued liabilities combined with the City's history of making those contributions provides insights regarding the City's commitment to and the effectiveness of its funding strategy. Information contained in the financial statements themselves including the first schedule of Required Supplementary Information (RSI), Schedule of Changes in Net Pension Liability and Related Ratios, is based on the reporting valuation. The second schedule in the RSI, Schedule of Contributions, is based on the funding valuation. On a reporting basis, the City's financial statements reflect a Net Pension Liability as of September 30, 2020 of \$16M, which is 22.20% of the City's annual covered payroll of \$73M.

The Firemen's Relief & Retirement Fund (the Plan) reflects a Net Pension Liability as of September 30, 2020 of \$26M, which is 198.15% of the Plan's annual covered payroll of \$13M. Information contained in the financial statements themselves including the third schedule of Required Supplementary Information (RSI), Schedule of Changes in Net Pension Liability and Related Ratios, is based on the reporting valuation. The fourth schedule in the RSI, Schedule of Contributions, is based on the funding valuation.

Retiree health care's net OPEB liability has been calculated in accordance with GASB Statement No.75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," to be \$12M, as of September 30, 2020.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, the City had \$832M in net capital assets, which is reflected below:

Capital Assets at Year-end

(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land	\$ 89	\$ 84	\$ 22	\$ 21	\$ 111	\$ 105
Buildings and improvements	172	171	704	700	876	871
Equipment	92	90	74	72	166	162
Infrastructure	242	238	-	-	242	238
Construction in progress	36	19	44	22	80	41
Water rights	-	-	16	16	16	16
Accumulated depreciation	(295)	(279)	(364)	(338)	(659)	(617)
Net Capital Assets	<u>\$ 336</u>	<u>\$ 323</u>	<u>\$ 496</u>	<u>\$ 493</u>	<u>\$ 832</u>	<u>\$ 816</u>

This year's major additions included the following projects (in millions):

Bicentennial Boulevard Extension	\$ 7
Land acquisitions	5
Public Safety Building Parking Garage	2
5 Mile Lane Improvements	1
Total	<u>\$ 15</u>

For more detailed information on capital asset activity, refer to the notes to financial statements (refer to page 59 - 60).

Debt

At the end of the fiscal year, the City had \$285M in bonds outstanding-as shown in the following table:

Outstanding Debt at Year-end

(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
General/certificate of obligation bonds/ note (backed by the City)	\$ 106	\$ 113	\$ -	\$ -	\$ 106	\$ 113
Revenue bonds backed by Specific tax and fee revenues	19	20	160	168	179	188
Totals	<u>\$ 125</u>	<u>\$ 133</u>	<u>\$ 160</u>	<u>\$ 168</u>	<u>\$ 285</u>	<u>\$ 301</u>

For more detailed information on long-term debt activity, refer to the notes to financial statements (refer to page 67).

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

During the budget process for fiscal year 2020-21 the elected and appointed officials considered many factors including the forces driving the economy-among which were the pandemic, job growth, bank deposits, retail sales growth, the unemployment rate, peso devaluation, and inflation. As a result of the deliberations, within the General Fund, total revenues and other sources were budgeted with a \$3M decrease or 2.6% less than this year’s budget. Total appropriations were budgeted with a \$2M decrease or 1.7% less than this year’s budget.

CONTACTING THE CITY’S FINANCIAL MANAGEMENT

This financial report is designed to inform the citizens, taxpayers and customers of the City of McAllen as well as its investors and creditors about the City’s finances and to provide accountability for the public support that it receives. If you have any questions about the report or need additional financial information, contact the Finance Director’s Office at the City of McAllen, 1300 Houston, McAllen, Texas 78501.



Roel “Roy” Rodriguez, P.E.
City Manager



Sergio Villasana Jr., CPA
Finance Director

STATEMENT OF NET POSITION
September 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Tres Lagos Public Improvement District
ASSETS				
Cash	\$ 6,476,895	\$ 1,948,859	\$ 8,425,754	\$ 47,106
Certificate of deposits	59,199,899	14,003,402	73,203,301	-
Investments	78,332,935	26,696,644	105,029,579	-
Receivables, net	41,522,344	10,220,945	51,743,289	32,488
Internal balances	892,914	(892,914)	-	-
Inventories	-	604,945	604,945	-
Prepaid items	36,144	78,450	114,594	-
Restricted assets	-	94,498,077	94,498,077	-
Capital assets not being depreciated:				
Land	89,040,253	21,762,716	110,802,969	14,462,352
Construction in progress	36,196,194	44,172,582	80,368,776	-
Water rights (perpetual)	-	14,323,738	14,323,738	-
Capital assets being depreciated:				
Buildings and systems	99,912,056	439,740,397	539,652,453	10,955
Equipment	92,327,358	74,070,643	166,398,001	-
Improvements	71,901,318	263,930,109	335,831,427	-
Infrastructure	241,836,280	-	241,836,280	-
Water rights	-	2,200,000	2,200,000	-
Accumulated depreciation	(295,187,319)	(363,940,976)	(659,128,295)	-
Other long term assets	3,842,589	177,535	4,020,124	-
Total assets	526,329,860	643,595,152	1,169,925,012	14,552,901
Deferred outflows of resources:				
Deferred charges on refunding	-	2,873,290	2,873,290	-
Deferred charges - pensions and OPEB plan	27,827,458	2,214,542	30,042,000	-
Total deferred outflows of resources	27,827,458	5,087,832	32,915,290	-
Total assets and deferred outflows of resources	\$ 554,157,318	\$ 648,682,984	\$ 1,202,840,302	\$ 14,552,901
LIABILITIES				
Accounts payable and accrued liabilities	\$ 13,021,907	\$ 12,200,310	\$ 25,222,217	\$ 7,457
Unearned revenues	984,736	3,596,041	4,580,777	-
Other	960,421	303,711	1,264,132	2,229,750
Non-current liabilities:				
Due within one year	10,253,902	10,326,108	20,580,010	-
Due in more than one year	134,572,739	157,166,099	291,738,838	-
Net OPEB obligation - due in more than one year	11,510,277	-	11,510,277	-
Net pension liability - Firemen's Pension- due in more than one year	25,544,809	-	25,544,809	-
Net pension liability - TMRS - due in more than one year	11,356,917	4,926,205	16,283,122	-
Total liabilities	208,205,708	188,518,474	396,724,182	2,237,207
Deferred inflows of resources:				
Deferred charges on refunding	-	3,940,323	3,940,323	-
Deferred charges - pensions and OPEB plan	35,339,225	3,237,001	38,576,226	-
Total deferred inflows of resources	35,339,225	7,177,324	42,516,549	-
Total liabilities and deferred inflows of resources	243,544,933	195,695,798	439,240,731	2,237,207
NET POSITION				
Net investment in capital assets	226,088,033	339,364,968	565,453,001	14,473,307
Restricted for:				
Capital projects	33,047,245	58,002,438	91,049,683	-
Federal and state grant awards	1,416,064	-	1,416,064	-
Hotel Tourism	358,389	-	358,389	-
Parks	2,691,926	-	2,691,926	-
Debt service	3,566,345	8,343,916	11,910,261	-
Economic development	6,706,602	-	6,706,602	-
Distribution of net surplus revenues	-	3,971,190	3,971,190	-
Other purposes	4,853,520	-	4,853,520	-
Unrestricted	31,884,261	43,304,674	75,188,935	(2,157,613)
Total net position	310,612,385	452,987,186	763,599,571	12,315,694
Total liabilities, deferred inflows of resources, and net position	\$ 554,157,318	\$ 648,682,984	\$ 1,202,840,302	\$ 14,552,901

The notes to the financial statements are an integral part of this statement.

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2020

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 30,479,235	\$ 1,246,277	\$ 250,704	-
Public safety	69,197,955	4,294,525	20,978,830	160,302
Highways and streets	21,524,702	1,944,900	-	9,344,593
Health and welfare	7,764,075	336,513	368,821	199,102
Culture and recreation	25,865,451	435,262	63,428	1,189,160
Interest on long-term debt	5,343,342	-	-	-
Total governmental activities	<u>160,174,760</u>	<u>8,257,477</u>	<u>21,661,783</u>	<u>10,893,157</u>
Business-type activities:				
Water services	20,533,021	20,772,227	-	642,508
Wastewater services	17,822,342	19,155,828	-	562,472
Sanitation services	19,912,328	21,691,829	-	20,539
Golf course services	1,559,155	1,554,149	-	-
Convention center services	6,619,680	3,569,044	-	-
Performing arts center services	2,369,526	686,342	-	-
Airport services	9,788,459	5,806,431	2,239,474	7,869,585
Bus services	3,728,749	639,464	2,587,473	6,976
Transit services	1,623,375	17,209	475,949	2,221,204
Bridge services--Anzalduas	3,706,940	2,980,884	-	-
Bridge services-Hidalgo	5,824,001	10,724,806	-	-
Total business-type activities	<u>93,487,576</u>	<u>87,598,213</u>	<u>5,302,896</u>	<u>11,323,284</u>
Total primary government	<u>\$ 253,662,336</u>	<u>\$ 95,855,690</u>	<u>\$ 26,964,679</u>	<u>\$ 22,216,441</u>
Component Unit -				
Tres Lagos Public Improvement District	<u>\$ 934,331</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Property taxes				
Hotel occupancy tax				
Sales taxes				
Franchise taxes				
Unrestricted investment earnings				
Royalties				
Miscellaneous				
Transfers				
Total general revenues, special items, and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

The notes to the financial statements are an integral part of this statement.

Net (Expenses) Revenues and Changes in Net Position			Component Unit
Primary Government			
Governmental Activities	Business-type Activities	Total	Tres Lagos Public Improvement District
\$ (28,982,254)	\$ -	\$ (28,982,254)	
(43,764,298)	-	(43,764,298)	
(10,235,209)	-	(10,235,209)	
(6,859,639)	-	(6,859,639)	
(24,177,601)	-	(24,177,601)	
(5,343,342)	-	(5,343,342)	
<u>(119,362,343)</u>	<u>-</u>	<u>(119,362,343)</u>	
-	881,714	881,714	
-	1,895,958	1,895,958	
-	1,800,040	1,800,040	
-	(5,006)	(5,006)	
-	(3,050,636)	(3,050,636)	
-	(1,683,184)	(1,683,184)	
-	6,127,031	6,127,031	
-	(494,836)	(494,836)	
-	1,090,987	1,090,987	
-	(726,056)	(726,056)	
-	4,900,805	4,900,805	
-	10,736,817	10,736,817	
<u>\$ (119,362,343)</u>	<u>\$ 10,736,817</u>	<u>\$ (108,625,526)</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (934,331)</u>
51,489,045	-	51,489,045	128,489
3,968,611	-	3,968,611	-
67,025,563	-	67,025,563	-
6,612,373	-	6,612,373	-
2,826,269	2,109,546	4,935,815	-
241,597	-	241,597	-
5,938,616	-	5,938,616	99,619
5,673,142	(5,673,142)	-	-
<u>143,775,216</u>	<u>(3,563,596)</u>	<u>140,211,620</u>	<u>228,108</u>
24,412,873	7,173,221	31,586,094	(706,223)
286,199,512	445,813,965	732,013,477	13,021,917
<u>\$ 310,612,385</u>	<u>\$ 452,987,186</u>	<u>\$ 763,599,571</u>	<u>\$12,315,694</u>

**BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2020**

	General	Development Corp.	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 5,425,272	\$ 43,826	\$ 878,463	\$ 6,347,561
Certificates of deposit	36,752,873	-	9,908,130	46,661,003
Investments	24,447,935	5,542,233	41,924,575	71,914,743
Receivables, net:				
Taxes	13,225,678	2,910,856	332,488	16,469,022
Accounts	1,713,949	-	1,249,076	2,963,025
Accrued interest	15,985	-	850,334	866,319
Other	695,199	-	-	695,199
Due from other funds	1,013,586	-	8,333	1,021,919
Due from other governments	12,554,695	2,572,339	4,747,230	19,874,264
Prepays	36,141	-	-	36,141
Board advances	3,840,779	-	-	3,840,779
Total assets	\$ 99,722,092	\$ 11,069,254	\$ 59,898,629	\$ 170,689,975
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,830,848	\$ 2,512,896	\$ 2,588,151	\$ 7,931,895
Accrued liabilities	1,655,506	226,159	467,345	2,349,010
Due to other funds	-	-	907,608	907,608
Unearned revenues	464,686	-	518,240	982,926
Other	895,321	100	65,000	960,421
Total liabilities	5,846,361	2,739,155	4,546,344	13,131,860
Deferred inflows of resources	14,766,543	1,623,497	1,136,466	17,526,506
Total liabilities and deferred inflows of resources	20,612,904	4,362,652	5,682,810	30,658,366
Fund balances:				
Nonspendable	3,876,920	-	-	3,876,920
Restricted	-	6,706,602	48,395,356	55,101,958
Assigned	-	-	5,884,642	5,884,642
Unassigned	75,232,268	-	(64,179)	75,168,089
Total fund balances	79,109,188	6,706,602	54,215,819	140,031,609
Total liabilities, deferred inflows of resources, and fund balances	\$ 99,722,092	\$ 11,069,254	\$ 59,898,629	\$ 170,689,975

The notes to the financial statements are an integral part of this statement.

**RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2020**

Total governmental fund balances (refer to page 18)	\$ 140,031,609
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	321,270,133
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. The amount consists of the following: property taxes - \$4,096,299 sales and franchise taxes - \$6,656,268; weed and lot cleaning - \$935,596; others; \$1,997,564, and Mission repayment on Series B Bridge bonds, \$3,840,779	17,526,506
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.	33,118,119
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds, including unpaid compensated absences, (\$11,797,946), sales tax revenue bonds payable, (\$19,455,000), accrued interest, (\$610,750), certificates of obligation, (\$49,625,000), general obligations (\$56,640,000), capital lease (\$2,776,526), premium, (\$4,432,679), deferred inflows of resources, (\$35,339,225), Firemen's pension obligation, (\$25,544,809), OPEB obligation, (\$11,510,277), deferred outflows of resources, \$27,827,458, discount, (\$72,311), and TMRS pension liability, (\$11,356,917).	<u>(201,333,982)</u>
Net position of governmental activities	<u>\$ 310,612,385</u>

The notes to the financial statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2020

	<u>General</u>	<u>Development Corp</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 101,781,029	\$ 16,574,288	\$ 9,819,254	\$ 128,174,571
Licenses and permits	2,232,122	-	14,453	2,246,575
Intergovernmental	18,928,247	1,201,924	9,224,781	29,354,952
Charges for services	4,292,442	-	2,226,645	6,519,087
Fines and forfeitures	1,054,411	-	372,333	1,426,744
Investment earnings	1,461,697	198,545	761,481	2,421,723
Net increase (decrease) in the fair value of investments	6,504	(13,536)	(807)	(7,839)
Other	<u>2,626,369</u>	<u>1,767,063</u>	<u>3,173,223</u>	<u>7,566,655</u>
Total revenues	<u>132,382,821</u>	<u>19,728,284</u>	<u>25,591,363</u>	<u>177,702,468</u>
EXPENDITURES				
Current:				
General government	19,050,447	16,176,880	1,888,808	37,116,135
Public safety	60,874,324	598,977	5,103,437	66,576,738
Highways and streets	11,759,374	2,158,891	14,083,637	28,001,902
Health and welfare	3,140,509	3,880,535	567,922	7,588,966
Culture and recreation	18,652,929	776,247	3,791,625	23,220,801
Debt service:				
Principal	412,350	945,000	6,263,956	7,621,306
Interest and fiscal charges	<u>95,824</u>	<u>681,178</u>	<u>4,785,382</u>	<u>5,562,384</u>
Total expenditures	<u>113,985,757</u>	<u>25,217,708</u>	<u>36,484,767</u>	<u>175,688,232</u>
Excess of revenues over (under) expenditures	<u>18,397,064</u>	<u>(5,489,424)</u>	<u>(10,893,404)</u>	<u>2,014,236</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	9,851,999	1,362	12,903,758	22,757,119
Transfers out	<u>(9,710,018)</u>	<u>(5,412,359)</u>	<u>(3,581,064)</u>	<u>(18,703,441)</u>
Net other financing sources (uses)	<u>141,981</u>	<u>(5,410,997)</u>	<u>9,322,694</u>	<u>4,053,678</u>
Net change in fund balances	18,539,045	(10,900,421)	(1,570,710)	6,067,914
Fund balances at beginning of year	<u>60,570,143</u>	<u>17,607,023</u>	<u>55,786,529</u>	<u>133,963,695</u>
Fund balances at end of year	<u>\$ 79,109,188</u>	<u>\$ 6,706,602</u>	<u>\$ 54,215,819</u>	<u>140,031,609</u>

The notes to the financial statements are an integral part of this statement.

**RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the year ended September 30, 2020**

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

Net change in fund balances--total governmental funds (refer to page 20)	\$ 6,067,914
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays \$29,863,071 exceeded depreciation, (\$15,951,791), in the current period.	13,911,280
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,158,713
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	7,205,000
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	416,307
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds of which (\$139,218) is compensated absences, \$139,711 accrued interest expense, \$79,330 bond amortization expense.	79,823
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds of which (\$4,963,989) is pension expense, \$783,438 OPEB expense, (\$220,376) is Firemen's net pension obligation.	(4,400,927)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	(25,237)
Change in net position of governmental activities	<u>\$ 24,412,873</u>

The notes to the financial statements are an integral part of this statement.

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GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes:				
Property	\$ 44,710,248	\$ 44,454,797	\$ 44,934,815	\$ 480,018
Sales	54,038,536	46,281,949	49,722,858	3,440,909
Franchise	7,438,424	7,053,000	7,123,356	70,356
Total taxes	<u>106,187,208</u>	<u>97,789,746</u>	<u>101,781,029</u>	<u>3,991,283</u>
Licenses and permits:				
Business licenses and permits	70,000	70,000	68,312	(1,688)
Occupational	546,500	468,575	506,047	37,472
Non-business licenses and permits	1,711,634	1,752,054	1,657,763	(94,291)
Total licenses and permits	<u>2,328,134</u>	<u>2,290,629</u>	<u>2,232,122</u>	<u>(58,507)</u>
Intergovernmental revenues:				
State shared revenues	-	-	18,928,247	18,928,247
Total intergovernmental revenues	<u>-</u>	<u>-</u>	<u>18,928,247</u>	<u>18,928,247</u>
Charges for services:				
General government	2,261,088	2,535,826	2,511,678	(24,148)
Public safety	822,000	859,563	787,774	(71,789)
Highways and streets	5,000	10,042	14,905	4,863
Health	769,830	629,440	567,616	(61,824)
Culture and recreation	1,227,300	625,131	410,469	(214,662)
Total charges for services	<u>5,085,218</u>	<u>4,660,002</u>	<u>4,292,442</u>	<u>(367,560)</u>
Fines and forfeitures:				
Corporations court	1,300,000	829,804	1,029,618	199,814
Other fines	45,000	30,000	24,793	(5,207)
Total fines and forfeitures	<u>1,345,000</u>	<u>859,804</u>	<u>1,054,411</u>	<u>194,607</u>
Investment earnings	1,400,000	1,279,093	1,461,697	182,604
Net increase (decrease) in fair value of investments	-	-	6,504	6,504

The notes to the financial statements are an integral part of this statement.

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL**

For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Other:				
Royalties	\$ 480,000	\$ 340,000	\$ 241,597	\$ (98,403)
Rents and concessions	5,500	22,647	41,836	19,189
Reimbursements	759,782	1,159,003	1,223,882	64,879
Other	45,000	583,401	1,119,054	535,653
Total other revenues	1,290,282	2,105,051	2,626,369	521,318
Total revenues	117,635,842	108,984,325	132,382,821	23,398,496
EXPENDITURES				
General government:				
City commission	367,133	369,636	189,911	179,725
Special service	734,898	734,898	382,480	352,418
City manager	1,553,661	1,580,397	1,597,052	(16,655)
City secretary	566,809	574,286	520,183	54,103
Vital statistics	181,017	194,207	168,520	25,687
Passport facility	174,348	176,428	177,997	(1,569)
Audit office	224,262	218,739	216,065	2,674
Municipal court	1,562,574	1,510,307	1,421,844	88,463
Finance	1,412,620	1,351,777	1,359,941	(8,164)
Budget & management	464,204	429,020	401,290	27,730
Tax office	1,194,529	1,180,642	1,208,766	(28,124)
Purchasing and contracting	593,016	611,228	839,475	(228,247)
Legal	1,760,390	1,780,889	1,513,230	267,659
Grant administration	464,168	482,506	378,143	104,363
Human resources	819,538	795,631	704,322	91,309
Risk management	457,085	457,085	457,085	-
Planning	1,422,264	1,408,559	1,234,187	174,372
Information technology	3,332,975	3,378,331	3,163,795	214,536
Public information office	782,840	763,828	679,808	84,020
311 Call center	390,277	369,312	334,269	35,043
City hall	520,862	500,079	461,884	38,195
Development Center	118,749	100,998	108,275	(7,277)
Building maintenance	941,590	874,768	837,075	37,693
Non-departmental activities	654,000	654,000	644,000	10,000
Contingency	59,985	(923,484)	50,850	(974,334)
Total general government	20,753,794	19,574,067	19,050,447	523,620

The notes to the financial statements are an integral part of this statement.

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Public safety:				
Police	\$ 35,309,435	\$ 35,676,367	\$ 36,005,288	\$ (328,921)
Animal control	350,499	353,108	322,868	30,240
Radio Shop	670,498	686,555	645,356	41,199
Fire	20,249,575	20,892,114	20,606,485	285,629
Traffic operations	2,524,263	2,426,607	2,232,513	194,094
Building code compliance	1,087,637	1,146,588	1,061,814	84,774
Total public safety	<u>60,191,907</u>	<u>61,181,339</u>	<u>60,874,324</u>	<u>307,015</u>
Highways and streets:				
Engineering services	2,127,640	2,069,840	1,865,733	204,107
Street maintenance	6,422,263	6,276,670	5,868,388	408,282
Street lighting	2,224,065	2,030,675	2,222,760	(192,085)
Sidewalk construction	331,627	334,979	333,241	1,738
Drainage	1,433,976	1,522,479	1,469,252	53,227
Total highways and streets	<u>12,539,571</u>	<u>12,234,643</u>	<u>11,759,374</u>	<u>475,269</u>
Health and welfare:				
Health code compliance	2,024,686	2,102,510	1,872,013	230,497
Graffiti cleaning	159,321	160,930	168,829	(7,899)
Other agencies	812,276	812,276	1,099,667	(287,391)
Total health and welfare	<u>2,996,283</u>	<u>3,075,716</u>	<u>3,140,509</u>	<u>(64,793)</u>
Culture and recreation:				
Parks and recreation administration	619,169	577,136	554,317	22,819
Parks	8,201,385	8,568,488	8,180,909	387,579
Recreation	1,840,301	1,740,184	1,075,880	664,304
Pools	951,850	789,595	515,190	274,405
Las palmas community center	391,522	389,126	361,221	27,905
Recreation center-Lark	512,913	434,590	414,225	20,365
Recreation center-Palmview	479,870	429,420	409,340	20,080

The notes to the financial statements are an integral part of this statement.

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL**

For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Quinta mazatlan	\$ 976,570	\$ 826,078	\$ 857,008	\$ (30,930)
Library	3,671,545	3,641,450	3,529,460	111,990
Library branch-Lark	488,045	489,064	486,203	2,861
Library branch-Palmview	517,716	514,796	514,151	645
Other agencies	1,019,500	1,019,500	1,017,025	2,475
Museums	738,000	738,000	738,000	-
Total culture and recreation	20,408,386	20,157,427	18,652,929	1,504,498
Debt service:				
Principal	167,351	412,351	412,350	1
Interest	95,823	95,823	95,824	(1)
Total debt service	263,174	508,174	508,174	-
Total expenditures	117,153,115	116,731,366	113,985,757	2,745,609
Excess of revenues over expenditures	482,727	(7,747,041)	18,397,064	26,144,105
OTHER FINANCING SOURCES (USES)				
Transfers in	9,882,333	9,852,000	9,851,999	(1)
Transfers out	(8,436,853)	(8,356,920)	(9,710,018)	(1,353,098)
Net other financing sources (uses)	1,445,480	1,495,080	141,981	(1,353,099)
Net change in fund balances	1,928,207	(6,251,961)	18,539,045	24,791,006
Fund balances at beginning of year	60,570,143	60,570,143	60,570,143	-
Fund balances at end of year	\$ 62,498,350	\$ 54,318,182	\$ 79,109,188	\$ 24,791,006

The notes to the financial statements are an integral part of this statement.

DEVELOPMENT CORPORATION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Sales tax	\$ 18,012,845	\$ 15,427,317	\$ 16,574,288	\$ 1,146,971
Intergovernmental revenues	4,264,690	3,836,690	1,201,924	(2,634,766)
Investment earnings	150,000	150,000	198,545	48,545
Net increase (decrease) in the fair value of investments	-	-	(13,536)	(13,536)
Other	1,761,662	1,761,662	1,767,063	5,401
Total revenues	<u>24,189,197</u>	<u>21,175,669</u>	<u>19,728,284</u>	<u>(1,447,385)</u>
EXPENDITURES				
Current:				
General government	10,237,652	21,519,121	16,176,880	5,342,241
Public safety	-	610,950	598,977	11,973
Highways and streets	5,819,596	3,702,556	2,158,891	1,543,665
Health and welfare	3,736,971	3,886,971	3,880,535	6,436
Culture and recreation	2,001,933	2,695,018	776,247	1,918,771
Debt service:				
Principal	945,000	945,000	945,000	-
Interest and fiscal charges	680,278	680,278	681,178	(900)
Total expenditures	<u>23,421,430</u>	<u>34,039,894</u>	<u>25,217,708</u>	<u>8,822,186</u>
Excess (deficiency) of revenues over expenditures	<u>767,767</u>	<u>(12,864,225)</u>	<u>(5,489,424)</u>	<u>(10,269,571)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,362	1,362
Transfers out	(6,154,675)	(6,365,623)	(5,412,359)	953,264
Total other financing uses	<u>(6,154,675)</u>	<u>(6,365,623)</u>	<u>(5,410,997)</u>	<u>954,626</u>
Net changes in fund balances	(5,386,908)	(19,229,848)	(10,900,421)	8,329,427
Fund balances—beginning	<u>17,607,023</u>	<u>17,607,023</u>	<u>17,607,023</u>	<u>-</u>
Fund balances—ending	<u>\$ 12,220,115</u>	<u>\$ (1,622,825)</u>	<u>\$ 6,706,602</u>	<u>\$ 8,329,427</u>

The notes to the financial statements are an integral part of this statement.

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
September 30, 2020**

	Business-type Activities-Enterprise Funds			
	Water	Wastewater	Sanitation	McAllen International Airport
ASSETS				
Current assets:				
Cash	\$ 296,499	\$ 297,981	\$ 354,830	\$ 188,361
Certificate of deposit	-	-	8,425,177	1,518,770
Investments	4,139,259	2,882,669	4,951,480	8,760,567
Receivables, net:				
Accounts	1,977,723	1,942,833	2,272,218	329,529
Accrued interest	250	-	4,028	2,719
Other	-	2,865	-	1,592
Due from other funds	-	-	-	-
Due from other governments	-	-	-	1,225,760
Interfund loans	-	-	-	-
Inventories, at cost	187,183	-	-	-
Prepaid items	-	-	-	-
Restricted assets:				
Cash and cash equivalents	26,611	98,221	2,911	63,508
Total current assets	6,627,525	5,224,569	16,010,644	12,090,806
Noncurrent assets:				
Restricted assets:				
Certificate of deposit	11,411,535	12,509,916	5,633,307	4,325,784
Investments	14,048,449	19,121,593	7,085,548	3,909,527
Accrued interest	828	1,333	686	188
Other	-	-	-	1,106,383
Total noncurrent restricted assets	25,460,812	31,632,842	12,719,541	9,341,882
Capital assets:				
Land	3,144,890	2,248,172	1,101,490	3,251,781
Buildings and systems	71,719,478	193,956,353	2,667,388	33,345,397
Improvements other than buildings	64,685,695	37,761,281	706,365	97,042,314
Machinery and equipment	10,249,803	10,174,365	27,856,524	4,306,321
Construction in progress	10,894,427	20,202,736	215,141	8,901,953
Water rights	16,523,738	-	-	-
Less accumulated depreciation and amortization	(86,169,848)	(101,268,528)	(21,109,890)	(76,995,872)
Total capital assets (net of accumulated depreciation and amortization)	91,048,183	163,074,379	11,437,018	69,851,894
Other noncurrent assets				
Loans receivable	81,585	95,950	-	-
Board advances	-	-	-	-
Total other noncurrent assets	81,585	95,950	-	-
Total noncurrent assets	116,590,580	194,803,171	24,156,559	79,193,776
Total assets	123,218,105	200,027,740	40,167,203	91,284,582
Deferred outflow of resources				
Deferred charges on refundings	2,873,290	-	-	-
Deferred charges - pensions	569,308	324,382	573,682	144,332
Total assets and deferred outflows of resources	\$ 126,660,703	\$ 200,352,122	\$ 40,740,885	\$ 91,428,914

The notes to the financial statements are an integral part of this statement.

Business-type Activities-Enterprise Funds				Governmental Activities
McAllen International Toll Bridge	Anzalduas International Crossing	Other Proprietary Funds	Total	Internal Service Funds
\$ 148,471	\$ 132,868	\$ 327,714	\$ 1,746,724	\$ 331,469
-	1,023,040	3,036,415	14,003,402	12,538,896
2,237,159	1,110,203	2,615,307	26,696,644	6,418,192
-	-	17,782	6,540,085	364,747
1,500	71	1,813	10,381	842
-	-	-	4,457	386,000
-	-	217,966	217,966	-
176,865	383,771	1,782,552	3,568,948	-
-	-	-	-	778,606
-	-	-	187,183	417,760
-	-	78,450	78,450	-
52,210	298,776	81,790	624,027	-
2,616,205	2,948,729	8,159,789	53,678,267	21,236,512
1,023,808	-	2,037,711	36,942,061	-
5,037,279	2,108,401	1,385,253	52,696,050	-
-	-	69	3,104	-
-	3,126,452	-	4,232,835	-
6,061,087	5,234,853	3,423,033	93,874,050	-
809,233	2,922,772	8,284,378	21,762,716	6,774,733
14,434,100	10,429,987	113,138,099	439,690,802	-
4,905,136	40,513,317	18,232,773	263,846,881	132,823
3,832,685	1,041,609	15,750,734	73,212,041	30,376,786
1,994,310	503,132	548,260	43,259,959	912,623
-	-	-	16,523,738	-
(15,768,905)	(16,396,002)	(45,541,640)	(363,250,685)	(22,227,201)
10,206,559	39,014,815	110,412,604	495,045,452	15,969,764
-	-	-	177,535	1,810
19,713,848	-	-	19,713,848	-
19,713,848	-	-	19,891,383	1,810
35,981,494	44,249,668	113,835,637	608,810,885	15,971,574
38,597,699	47,198,397	121,995,426	662,489,152	37,208,086
-	-	-	2,873,290	-
116,632	24,055	381,969	2,134,360	80,184
\$ 38,714,331	\$ 47,222,452	\$ 122,377,395	\$ 667,496,802	\$ 37,288,270

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
September 30, 2020**

	<u>Business-type Activities-Enterprise Funds</u>			
	<u>Water</u>	<u>Wastewater</u>	<u>Sanitation</u>	<u>McAllen International Airport</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 2,169,693	\$ 1,384,942	\$ 779,602	\$ 1,078,323
Accrued expenses	608,486	785,081	181,965	380,721
Due to other funds	-	-	-	-
Due to other government agencies	-	-	-	-
Customer deposits payable	2,857,846	-	-	-
Compensated absences	402,250	247,513	342,348	88,882
Current portion of revenue bonds	1,708,574	4,787,436	-	516,182
Current portion of capital lease	-	-	53,726	3,327
Current portion of note payable	-	-	-	778,606
Other	25,490	102,354	-	40,671
Total current liabilities	<u>7,772,339</u>	<u>7,307,326</u>	<u>1,357,641</u>	<u>2,886,712</u>
Other noncurrent liabilities:				
Revenue bonds, net of current portion	31,612,414	94,635,180	-	5,812,345
Compensated absences	137,111	156,292	151,485	45,468
Unearned revenues	251,235	189,626	130,879	1,667
Capital lease payable	-	-	294,059	18,212
Board advances	-	-	-	-
TMRS net pension liability	1,223,651	736,371	1,244,175	324,427
Total other non current liabilities	<u>33,224,411</u>	<u>95,717,469</u>	<u>1,820,598</u>	<u>6,202,119</u>
Total liabilities	<u>40,996,750</u>	<u>103,024,795</u>	<u>3,178,239</u>	<u>9,088,831</u>
Deferred inflows of resources-refunding	232,547	3,425,216	-	-
Deferred inflows of resources-pensions	832,159	474,149	838,551	210,970
Total liabilities and deferred inflows of resources	<u>42,061,456</u>	<u>106,924,160</u>	<u>4,016,790</u>	<u>9,299,801</u>
NET POSITION				
Net investments in capital assets	68,220,622	62,047,477	11,089,233	63,501,827
Restricted for:				
Capital projects	9,149,808	22,168,032	12,722,453	6,955,003
Debt service	526,080	5,613,325	-	241,291
Distribution of net surplus revenues	-	-	-	-
Unrestricted	6,702,737	3,599,128	12,912,409	11,430,992
Total net position	<u>84,599,247</u>	<u>93,427,962</u>	<u>36,724,095</u>	<u>82,129,113</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 126,660,703</u>	<u>\$ 200,352,122</u>	<u>\$ 40,740,885</u>	<u>\$ 91,428,914</u>

The notes to the financial statements are an integral part of this statement.

Business-type Activities-Enterprise Funds				Governmental
McAllen International Toll Bridge	Anzalduas International Crossing	Other Proprietary Funds	Total	Internal Service Funds
\$ 262,472	\$ 62,883	\$ 276,467	\$ 6,014,382	\$ 793,918
77,315	250,966	104,553	2,389,087	1,862,232
44,847	-	287,428	332,275	-
336,512	-	-	336,512	-
-	-	76,585	2,934,431	-
85,560	6,519	184,345	1,357,417	82,131
-	1,832,497	-	8,844,689	-
1,820	-	9,566	68,439	611
-	-	-	778,606	-
-	-	135,109	303,624	86
<u>808,526</u>	<u>2,152,865</u>	<u>1,074,053</u>	<u>23,359,462</u>	<u>2,738,978</u>
-	24,149,215	-	156,209,154	-
23,494	-	65,166	579,016	-
137,555	2,635,200	249,879	3,596,041	1,810
9,960	-	52,351	374,582	3,347
-	19,713,848	-	19,713,848	-
<u>265,324</u>	<u>100,568</u>	<u>852,829</u>	<u>4,747,345</u>	<u>178,860</u>
<u>436,333</u>	<u>46,598,831</u>	<u>1,220,225</u>	<u>185,219,986</u>	<u>184,017</u>
<u>1,244,859</u>	<u>48,751,696</u>	<u>2,294,278</u>	<u>208,579,448</u>	<u>2,922,995</u>
-	282,560	-	3,940,323	-
<u>170,481</u>	<u>35,162</u>	<u>558,324</u>	<u>3,119,796</u>	<u>117,205</u>
<u>1,415,340</u>	<u>49,069,418</u>	<u>2,852,602</u>	<u>215,639,567</u>	<u>3,040,200</u>
10,194,779	12,750,544	110,350,687	338,155,169	15,965,806
2,662,828	860,413	3,483,901	58,002,438	-
538,021	1,425,199	-	8,343,916	-
3,479,937	491,253	-	3,971,190	-
<u>20,423,426</u>	<u>(17,374,375)</u>	<u>5,690,205</u>	<u>43,384,522</u>	<u>18,282,264</u>
<u>37,298,991</u>	<u>(1,846,966)</u>	<u>119,524,793</u>	<u>451,857,235</u>	<u>34,248,070</u>
\$ 38,714,331	\$ 47,222,452	\$ 122,377,395	\$ 667,496,802	\$ 37,288,270

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**RECONCILIATION OF THE STATEMENT OF NET POSITION OF THE PROPRIETARY FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION****September 30, 2020**

Fund equity - total proprietary funds (page 31)	\$ 451,857,235
Some amounts reported for business-type activities in the statement of net position are different because certain internal service fund assets and liabilities are included with business-type activities.	<u>1,129,951</u>
Net position of business-type activities	<u>\$ 452,987,186</u>

The notes to the financial statements are an integral part of this statement.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended September 30, 2020

	Business-type Activities-Enterprise Funds			
	Water	Wastewater	Sanitation	McAllen International Airport
Operating revenues				
Charges for services	\$ 19,911,571	\$ 18,390,315	\$ 21,548,746	\$ 1,988,713
Rentals	-	-	-	3,728,771
Other	860,656	765,513	143,083	88,947
Total operating revenues	<u>20,772,227</u>	<u>19,155,828</u>	<u>21,691,829</u>	<u>5,806,431</u>
Operating expenses				
Salaries, wages and employee benefits	8,123,554	4,666,261	8,720,371	2,095,428
Supplies	1,315,977	721,993	576,815	130,356
Contractual and other services	4,776,209	2,720,650	4,932,569	1,399,998
Repairs and maintenance	719,076	634,375	3,421,878	393,847
Depreciation and amortization	4,658,641	8,339,755	2,527,071	5,538,034
Self insurance claims	-	-	-	-
Total operating expenses	<u>19,593,457</u>	<u>17,083,034</u>	<u>20,178,704</u>	<u>9,557,663</u>
Operating income (loss)	<u>1,178,770</u>	<u>2,072,794</u>	<u>1,513,125</u>	<u>(3,751,232)</u>
Non operating revenues (expenses)				
Investment earnings	424,761	543,980	468,481	248,329
Net increase (decrease) in fair value of investments	(15,856)	(28,564)	(22,144)	(30,019)
Interest expense	(1,040,570)	(1,404,529)	(12,118)	(256,453)
Interest on board advances	-	-	-	-
Bond related charges--issuance cost	(186,169)	415,957	-	(141,132)
Gain (loss) on sale of capital assets	31,574	25,529	185,006	4,646
Other	-	-	-	29,887
Net non-operating revenues (expenses)	<u>(786,260)</u>	<u>(447,627)</u>	<u>619,225</u>	<u>(144,742)</u>
Income (loss) before contributions and transfers	392,510	1,625,167	2,132,350	(3,895,974)
Capital contributions	642,508	562,472	20,539	10,109,059
Transfers in	-	-	-	-
Transfers out	<u>(207,352)</u>	<u>(118,054)</u>	<u>(199,784)</u>	<u>(1,155,425)</u>
Change in net position	827,666	2,069,585	1,953,105	5,057,660
Total net position--beginning	<u>83,771,581</u>	<u>91,358,377</u>	<u>34,770,990</u>	<u>77,071,453</u>
Total net position--ending	<u>\$ 84,599,247</u>	<u>\$ 93,427,962</u>	<u>\$ 36,724,095</u>	<u>\$ 82,129,113</u>

The notes to the financial statements are an integral part of this statement.

Business-type Activites-Enterprise Funds				Governmental Activities
McAllen International Toll Bridge	Anzalduas International Crossing	Other Proprietary Funds	Total	Internal Service Funds
\$ 7,845,234	\$ 2,898,204	\$ 3,283,739	\$ 75,866,522	\$ 8,555,543
2,716,343	12,205	1,684,890	8,142,209	-
163,229	70,475	1,497,579	3,589,482	15,714,179
<u>10,724,806</u>	<u>2,980,884</u>	<u>6,466,208</u>	<u>87,598,213</u>	<u>24,269,722</u>
1,695,747	362,383	5,656,571	31,320,315	1,975,926
176,015	14,379	355,477	3,291,012	48,636
974,564	337,270	4,851,375	19,992,635	7,672,689
185,226	60,631	1,028,031	6,443,064	48,624
1,128,158	1,476,747	4,229,257	27,897,663	2,114,273
-	-	-	-	15,261,117
<u>4,159,710</u>	<u>2,251,410</u>	<u>16,120,711</u>	<u>88,944,689</u>	<u>27,121,265</u>
<u>6,565,096</u>	<u>729,474</u>	<u>(9,654,503)</u>	<u>(1,346,476)</u>	<u>(2,851,543)</u>
87,225	64,051	154,731	1,991,558	424,278
-	-	(28,566)	(125,149)	(11,894)
(2,676)	(1,026,825)	(2,158)	(3,745,329)	(138)
726,727	(726,727)	-	-	-
-	263,608	-	352,264	-
-	(7,000)	3,382	243,137	(1,177)
<u>(2,469,797)</u>	<u>(17,431)</u>	<u>-</u>	<u>(2,457,341)</u>	<u>433,961</u>
<u>(1,658,521)</u>	<u>(1,450,324)</u>	<u>127,389</u>	<u>(3,740,860)</u>	<u>845,030</u>
4,906,575	(720,850)	(9,527,114)	(5,087,336)	(2,006,513)
-	-	5,291,602	16,626,180	-
-	842,725	2,937,729	3,780,454	4,386,200
<u>(6,106,968)</u>	<u>(12,108)</u>	<u>(1,622,122)</u>	<u>(9,421,813)</u>	<u>(2,798,520)</u>
(1,200,393)	109,767	(2,919,905)	5,897,485	(418,833)
<u>38,499,384</u>	<u>(1,956,733)</u>	<u>122,444,698</u>	<u>445,959,750</u>	<u>34,666,903</u>
<u>\$ 37,298,991</u>	<u>\$ (1,846,966)</u>	<u>\$ 119,524,793</u>	<u>\$ 451,857,235</u>	<u>\$ 34,248,070</u>

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**RECONCILIATION OF THE STATEMENT REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION OF THE PROPRIETARY FUNDS TO THE GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2020

Change in net position - total proprietary funds (page 35)	\$ 5,897,485
Some amounts reported for business-type activities in the statement of activity are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.	<u>1,275,736</u>
Change in net position of business-type activities	<u>\$ 7,173,221</u>

The notes to the financial statements are an integral part of this statement.

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2020**

	Business-type Activities-Enterprise Funds			
	Water	Wastewater	Sanitation	McAllen International Airport
Cash flows from operating activities:				
Receipts from customers	\$ 20,995,649	\$ 19,109,290	\$ 21,724,200	\$ 5,606,916
Payments to employees	(7,579,997)	(4,346,905)	(8,192,186)	(1,994,949)
Payments to suppliers	(5,051,654)	(2,899,875)	(8,609,081)	(872,901)
Cash received from other cash receipts	-	-	-	-
Net cash provided (used) by operating activities	<u>8,363,998</u>	<u>11,862,510</u>	<u>4,922,933</u>	<u>2,739,066</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	-	-	-	-
Transfers to other funds	(207,352)	(118,054)	(199,784)	(1,155,425)
Subsidy from federal grant	-	-	-	1,830,455
Distribution of income to City of Hidalgo	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>(207,352)</u>	<u>(118,054)</u>	<u>(199,784)</u>	<u>675,030</u>
Cash flows from capital and related financing activities:				
Capital contributions	-	-	-	6,705,853
Purchases of capital assets	(9,064,524)	(7,315,115)	(2,301,974)	(7,504,229)
Proceeds from sale of capital assets	31,574	25,529	185,006	4,646
Interest expense	-	-	(12,118)	-
Bond issuance cost	-	(45,261)	-	(141,132)
Principal repayments-bonds and notes	(1,371,150)	(4,521,850)	(52,146)	(1,151,827)
Interest paid	(1,051,342)	(1,415,442)	-	(222,234)
Net cash provided (used) by capital and related financing activities	<u>(11,455,442)</u>	<u>(13,272,139)</u>	<u>(2,181,232)</u>	<u>(2,308,923)</u>
Cash flows from investing activities:				
Proceeds from sales and maturities of investments	36,420,248	46,869,504	29,265,447	17,162,886
Purchase of investments	(33,682,444)	(46,757,089)	(32,215,956)	(18,400,520)
Receipt of interest	429,693	541,820	479,453	249,999
Net cash provided (used) by investing activities	<u>3,167,497</u>	<u>654,235</u>	<u>(2,471,056)</u>	<u>(987,635)</u>
Net increase (decrease) in cash	(131,299)	(873,448)	70,861	117,538
Cash at beginning of year	454,409	1,269,650	286,880	134,331
Cash at end of year	<u>\$ 323,110</u>	<u>\$ 396,202</u>	<u>\$ 357,741</u>	<u>\$ 251,869</u>

The notes to the financial statements are an integral part of this statement.

Business-type Activities-Enterprise Funds				Governmental Activities
McAllen International Toll Bridge	Anzalduas International Crossing	Other Proprietary Funds	Total	Internal Service Funds
\$ 10,723,155	\$ 2,980,884	\$ 5,636,353	\$ 86,776,447	\$ 24,398,350
(1,578,254)	(325,079)	(5,302,322)	(29,319,692)	(1,879,767)
(1,113,675)	(3,414,798)	(6,454,966)	(28,416,950)	(23,829,747)
-	-	-	-	376,773
<u>8,031,226</u>	<u>(758,993)</u>	<u>(6,120,935)</u>	<u>29,039,805</u>	<u>(934,391)</u>
-	842,725	2,978,112	3,820,837	5,276,924
(6,106,968)	(12,108)	(1,622,122)	(9,421,813)	(2,798,520)
-	2,251,429	2,524,809	6,606,693	-
(2,860,977)	-	-	(2,860,977)	-
<u>(8,967,945)</u>	<u>3,082,046</u>	<u>3,880,799</u>	<u>(1,855,260)</u>	<u>2,478,404</u>
-	-	1,742,799	8,448,652	-
(1,415,051)	(35,700)	(551,416)	(28,188,009)	(2,515,420)
-	61,062	3,382	311,199	1,843
(2,676)	-	(2,158)	(16,952)	(138)
-	-	-	(186,393)	-
(135,366)	(1,540,000)	(9,281)	(8,781,620)	(593)
-	(1,030,975)	-	(3,719,993)	-
<u>(1,553,093)</u>	<u>(2,545,613)</u>	<u>1,183,326</u>	<u>(32,133,116)</u>	<u>(2,514,308)</u>
13,585,920	6,649,766	16,816,757	166,770,528	19,385,647
(11,401,127)	(6,277,632)	(16,121,107)	(164,855,875)	(19,579,231)
87,225	64,234	158,181	2,010,605	432,947
<u>2,272,018</u>	<u>436,368</u>	<u>853,831</u>	<u>3,925,258</u>	<u>239,363</u>
(217,794)	213,808	(202,979)	(1,023,313)	(730,932)
418,475	217,836	612,483	3,394,064	1,062,401
<u>\$ 200,681</u>	<u>\$ 431,644</u>	<u>\$ 409,504</u>	<u>\$ 2,370,751</u>	<u>\$ 331,469</u>

Continued

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2020**

	Business-type Activities-Enterprise Funds			
	Water	Wastewater	Sanitation	McAllen International Airport
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 1,178,770	\$ 2,072,794	\$ 1,513,125	\$ (3,751,232)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	4,658,641	8,339,755	2,527,071	5,538,034
Other nonoperating revenues	-	-	-	-
(Increase) decrease in deferred contributions	-	-	-	-
(Increase) decrease in deferred outflows of resources - pension	1,072,602	612,946	1,049,186	283,073
Increase (decrease) in deferred inflows of resources - pension	722,635	411,624	730,297	182,460
(Increase) decrease in accounts receivable	177,578	(1,164)	30,917	(198,173)
(Increase) decrease in prepaid items	405	-	-	-
(Increase) decrease in inventories	(4,891)	-	-	-
Increase (decrease) in accounts payable	1,782,836	986,420	309,792	744,045
Increase (decrease) in customer deposits payable	122,632	-	-	(3,009)
Increase (decrease) in compensated absences payable	(19,515)	(20,287)	(33,121)	(15,912)
Increase (decrease) in accrued liabilities	-	218,540	54,728	275,244
Increase (decrease) in due to other funds	-	-	-	-
Increase (decrease) in net pension liability	(1,250,907)	(712,744)	(1,260,516)	(317,131)
Increase (decrease) in unearned revenue	(76,788)	(45,374)	1,454	1,667
Total adjustments	7,185,228	9,789,716	3,409,808	6,490,298
Net cash provided by (used) by operating activities	<u>\$ 8,363,998</u>	<u>\$ 11,862,510</u>	<u>\$ 4,922,933</u>	<u>\$ 2,739,066</u>
Reconciliation to statement of net position:				
Cash	\$ 296,499	\$ 297,981	\$ 354,830	\$ 188,361
Cash restricted	26,611	98,221	2,911	63,508
Total cash	<u>\$ 323,110</u>	<u>\$ 396,202</u>	<u>\$ 357,741</u>	<u>\$ 251,869</u>
Noncash investing, capital and financing activities:				
Contributions of capital assets	\$ 642,508	\$ 562,472	\$ 20,539	\$ -
Decrease in fair value of investments	(15,856)	(28,564)	(22,144)	(30,019)

The notes to the financial statements are an integral part of this statement.

Business-type Activities-Enterprise Funds					Governmental Activities
McAllen International Bridge	Anzalduas International Crossing	Other Proprietary Funds	Total		Internal Service Funds
\$ 6,565,096	\$ 729,474	\$ (9,654,503)	\$ (1,346,476)	\$	(2,851,543)
1,128,158	1,476,747	4,229,257	27,897,663		2,114,273
-	-	-	-		376,773
-	(3,126,452)	-	(3,126,452)		-
236,717	71,159	714,048	4,039,731		148,329
146,910	28,811	485,215	2,707,952		101,962
(2,027)	-	(684,656)	(677,525)		116,818
-	-	(3,239)	(2,834)		-
-	-	-	(4,891)		(92,886)
184,650	123,935	(490,272)	3,641,406		404,371
-	-	(110,831)	8,792		-
(9,420)	(11,542)	(23,857)	(133,654)		11,329
45,673	1,730	4,119	600,034		435,843
(8,639)	-	287,428	278,789		(1,525,286)
(256,268)	(52,855)	(839,276)	(4,689,697)		(176,184)
376	-	(34,368)	(153,033)		1,810
<u>1,466,130</u>	<u>(1,488,467)</u>	<u>3,533,568</u>	<u>30,386,281</u>		<u>1,917,152</u>
<u>\$ 8,031,226</u>	<u>\$ (758,993)</u>	<u>\$ (6,120,935)</u>	<u>\$ 29,039,805</u>		<u>\$ (934,391)</u>
\$ 148,471	\$ 132,868	\$ 327,714	\$ 1,746,724	\$	331,469
52,210	298,776	81,790	624,027		-
<u>\$ 200,681</u>	<u>\$ 431,644</u>	<u>\$ 409,504</u>	<u>\$ 2,370,751</u>		<u>\$ 331,469</u>
\$ -	\$ -	\$ -	\$ 1,225,519	\$	-
-	-	(28,666)	(125,249)		(11,894)

Concluded

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2020**

	<u>Pension Trust Firemen's Relief and Retirement Fund</u>	<u>Agencies</u>
ASSETS		
Cash and cash equivalents	\$ 247,167	\$ 1,146,222
Receivables:		
Interest	17,030	208
Other	-	18,621
Investments, at fair value:		
Certificate of deposit	-	2,540,993
US government securities	-	1,253,724
TexPool prime	-	5,472,766
Fixed income	2,955,467	-
Domestic and international equities	10,137,723	-
Mutual funds	21,321,576	-
Common collective trusts	8,275,826	-
Alternative investments	15,001,440	-
Total investments	57,692,032	9,267,483
Total assets	57,956,229	\$ 10,432,534
LIABILITIES		
Accounts payable	-	1,176,668
Due agency	-	4,429,080
Escrow payables	-	4,826,786
Total liabilities	-	\$ 10,432,534
NET POSITION		
Net position restricted for pension	\$ 57,956,229	

The notes to the financial statements are an integral part of this statement.

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

For the Year Ended September 30, 2020

	Pension Trust Firemen's Relief and Retirement Fund
ADDITIONS	
Contributions:	
Member	\$ 1,545,731
Employer	1,675,942
Other	<u>2,135</u>
Total contributions	<u>3,223,808</u>
Investment earnings:	
Interest and dividends	1,712,156
Net appreciation (depreciation) in fair value of investments	<u>3,994,063</u>
Total investment earnings	5,706,219
Less: investment expense	<u>(387,842)</u>
Net investment earnings	<u>5,318,377</u>
Total additions	<u>8,542,185</u>
DEDUCTIONS	
Benefits	3,780,204
Refund of contributions	1,320
DROP payments	737,609
Administrative expense	<u>38,950</u>
Total deductions	<u>4,558,083</u>
Changes in net position	3,984,102
Net position—beginning	<u>53,972,127</u>
Net position—ending	<u>\$ 57,956,229</u>

The notes to the financial statements are an integral part of this statement.

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NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. Reporting entity**

The City of McAllen, Texas (the City) is a municipal corporation, which was incorporated February 20, 1911 under Article XI, Section 5 of the Texas Constitution. The City operates under the commission-manager form of government and provides a full range of municipal services as authorized by its charter. The governing body consists of an elected mayor and a six-member commission. Services provided include those typically provided by general-purpose local governments, namely public safety (principally police and fire), highways and streets, health and welfare, culture and recreation (principally library, parks and recreation). Other services provided include water and wastewater utilities, sanitation, civic center, convention center, International Airport, International Toll Bridge linking Hidalgo, Texas with downtown Reynosa, Tamaulipas, Mexico, International Toll Bridge linking south of the City of Mission with the west side of Reynosa, Tamaulipas, Mexico, golf course, bus transit system, and intermodal transit terminal.

The accompanying financial statements present the reporting entity, which consists of the primary government. Financial reporting standards also require the City to include, if any, legally-separate entities or organizations for which the primary government is financially accountable and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion could cause the City's basic financial statements to be misleading or incomplete.

Financial accountability exists if a primary government appoints a voting majority of an organization's governing Board and either is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations with a separately elected governing Board, a governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the primary government.

Applying these tests to other entities and activities for possible inclusion in the reporting entity, the City has determined that the Development Corporation and the Local Government Finance Corporation meets the financial accountability tests and, therefore is included as blended component units. Specifically, management of the primary government has operational responsibility for the Development Corporation and the Local Government Finance Corporation. Its Boards are appointed by the City Commission and serve as an advisory board to the City Commission.

The Tres Lagos Public Improvement District (PID) was created during the year ended September 30, 2015 for the purpose of financing the costs of maintaining improvements and providing services within or related to the Tres Lagos Development Project. The primary government adopts the PID's Service and Assessment Plans annually. The PID meets the criteria of financial accountability as the City appoints a majority of the PID's governing board and is able to impose its will on the PID and is presented as a discretely presented component unit of the City. Though there are financial relationships between the two, management has determined that the PID's governing board is not substantively the same as the City's, does not meet the reporting criteria related to providing services entirely, or almost entirely to, the City, and should not be included as a blended component unit.

The City of McAllen issues separate publicly available audited financial statements of the McAllen International Toll Bridge and the Anzalduas International Crossing, enterprise funds of the City, which may be obtained by writing to the City of McAllen Finance Department, 1300 Houston, P.O. Box 220, McAllen, Texas 78505.

The Firemen's Relief and Retirement Fund is included as a pension trust fund, and reported as a fiduciary fund in the accompanying financial statements. These financials are audited and issued separately.

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP) applicable to states and local governments. US GAAP for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB"), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governments.

NOTE I - 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. 84, Fiduciary Activities

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement will become effective for the City in fiscal year 2021. The City has not determined the impact of the implementation of this standard.

GASB 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 the 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. 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, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement will become effective for the City in fiscal year 2022. The City has not determined the impact of the implementation of this standard.

GASB Statement No. 90, Majority Equity Interest

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The requirements of this Statement will improve financial statement reporting by providing users of financial statements with essential information related to presentation of majority equity interests in legally separate organizations that previously was reported inconsistently. In addition, requiring reporting of information about component units if the government acquires a 100 percent equity interest provides information about the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit. This statement will become effective for the City in fiscal year 2021. The City has not determined the impact of the implementation of this standard.

GASB Statement No. 91, Conduit Debt Obligations

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement will become effective for the City in fiscal year 2021. The City has not determined the impact of the implementation of this standard.

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

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**B. Government-wide and fund financial statements***Government-wide Financial Statements*

The government-wide financial statements consist of the statement of net position and the statement of activities, which is a statement of results of operations. These statements report information on all the activities of the reporting entity with the exception of fiduciary activity. Generally, the effect of inter-fund activity has been eliminated from these statements. *Governmental activities*, normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which primarily rely on fees and charges.

The statement of activities reflects the extent to which direct expenses of each function are offset by program revenues. *Direct expenses* are those that are attributable to a specific function and are clearly identifiable. *Program revenues* include charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a specific function as well as grants and contributions that are restricted to meeting the operational or capital requirements of a specific function. Taxes and other items not appropriately included with program revenues are shown as *general revenues*.

Fund Financial Statements

In addition to and apart from the government-wide financial statements, fund financial statements are presented for governmental funds, proprietary funds and fiduciary funds. In each of these financial statements, major funds are presented in separate columns.

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*; consistent with the presentation of the proprietary fund and fiduciary fund financial statements, with the exception that agency funds do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, without regard to the timing of the 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 all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. 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. The City considers revenues to be available if they are collected within 30 days of the end of the current fiscal period, except for property taxes, which is 60 days required by GAAP. Expenditures generally are recorded when a liability is incurred, consistent with accrual accounting. However, debt service expenditures, as well as those related to compensated absences and claims and judgments are recognized only when payment is made.

Revenues derived from federal or state grants are recognized when earned at the end of the current fiscal year and are reflected as due from other governments. Because of their nature, the availability period has a longer duration of six months to a year.

Property taxes, sales taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental fund types, as well as related non-major governmental funds:

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

The *Special Revenue Funds* are used to account for and report the proceeds of specific revenue sources, other than for debt service or major capital projects that are legally restricted or committed to expenditure for

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

specified purposes. The only special revenue fund reported as a major fund is the *Development Corp. Fund*, a blended component unit. It is used to account for the additional ½¢ sales tax for economic development.

The *Capital Projects Funds* are used to account for and report financial resources that are restricted, committed or assigned for the acquisition and/or construction of capital facilities except those financed by proprietary fund types.

The City reports the following major *proprietary fund types* and related funds:

The following *enterprise funds* are used to account for City operations for which a fee is charged to external users for goods or services. These funds must be used for activities, whose debt is backed solely by fees and charges or there is a legal requirement to recover cost, including capital cost, or a policy decision has been made to recover cost, including capital cost. Enterprise funds, which are reported as major funds include:

The *Water Fund*, which accounts for the activities of the City's water system.

The *Wastewater Fund*, which accounts for the activities of the City's wastewater system.

The *Sanitation Fund*, which accounts for the activities of the City-owned residential and commercial garbage and brush collection as well as recycling systems.

The *McAllen International Airport Fund*, which accounts for the activities of the City-owned international airport.

The *McAllen International Toll Bridge Fund*, which accounts for the operations of the City-owned international bridge connecting the City of Hidalgo, Texas with downtown Reynosa, Mexico.

The *Anzalduas International Crossing Fund*, which accounts for the operations of the international bridge connecting south of the City of Mission, Texas with the west side of Reynosa, Mexico.

The City also reports, although not as major funds, the *internal service funds as proprietary funds*. These fund types were established to finance and account for goods and services provided to various departments of the City, and on a limited basis to other local agencies, on a cost-reimbursement basis. They account for fleet management, health insurance, retiree health insurance, property and casualty, and general insurance services provided to other operating funds of the City, as well as a general depreciation fund for rolling stock used within departments of the General Fund. In the statement of net position, only fleet management is reported in the business-type column, because the predominant user is determined to be the Sanitation Fund, a proprietary fund.

The City reports *fiduciary fund types*, in which the City accounts for assets received and held by the City in the capacity of trustee, agent 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. Within this category of fund types, the *pension trust fund* accounts for the activities of the *Firemen's Relief and Retirement Fund*, this accumulates resources for pension benefit payments to qualified firefighters. The City also accounts for developers' contributions for future infrastructure development in the *Developers' Fund*, an agency fund. Additionally, it accounts for the *Communications Group Fund*, an agency fund, which was established for the purpose of accounting for the operations and maintenance of a consolidated regional public safety services communication system. The City also includes the *Payroll Fund* as an agency fund.

Generally, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general statement are charges between the City's water and wastewater function and various other functions of the City. Eliminating these charges would distort the direct costs and program revenues reported by the respective functions.

Amounts reported in *program revenues* include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues*, which include all taxes, as opposed to program revenues.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses typically are the result from activities specific to a particular proprietary fund's operations.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating revenues include charges for services. Operating expenses include costs of services as well as materials, contracts, personnel and depreciation. All other revenues and expenses are reported as non-operating revenues and expenses.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the City typically first applies restricted resources, as appropriate opportunities arise, but reserves the right to selectively defer the use thereof to a future project or replacement equipment acquisition.

D. Assets, liabilities, and net position**1. Authorized Investments**

Assets of the City may be invested only in the following instruments in accordance with the City's Investment Policy and further defined by the Public Funds Investment Act for the state of Texas.

- Obligations of the U.S. Government, its agencies and instrumentalities, including pass-through mortgage-backed securities and collateralized mortgage obligations (CMO).
- FDIC insured or collateralized depository certificates of deposit of state and national banks doing business in Texas to include CDARS initiated through a Texas bank.
- Local government investment pools.
- AAA-rated, SEC registered money market mutual funds.
- No-load bond mutual fund.
- FDIC insured or collateralized interest bearing and money market accounts from any FDIC insured bank in Texas to include depository spread money market funds initiated in a Texas bank.
- Debt obligations of any state or political subdivision in any US state.
- Fully collateralized repurchase agreements.
- A1/P1 commercial paper
- FDIC insured brokered certificate of deposit securities from U.S. banks

The City's investment policy further restricts investments to the following:

- Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security and pays no principal.
- Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.
- Collateralized mortgage obligations that have a stated final maturity date of greater than ten (10) years.
- Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

The City's investments are reported at fair value based on quoted market prices or amortized cost, which approximates fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

2. Receivables and payables

Lending/borrowing between funds that results in amounts outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds." "Due to/from other funds" represents the current portion of interfund loans. The noncurrent portion of interfund loans is reflected as interfund loans on the fund financial statements. With respect to the government-wide financial statements,

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

any residual balances outstanding between the governmental activities and business-type activities are reported as “internal balances.”

Advance receivables between funds, reported in the fund financial statements, are offset by a category of fund balance in the applicable governmental fund(s) to indicate that they are not available for appropriation and are not expendable available financial resources. All trade receivables are shown net of an allowance for uncollectible.

Property taxes are levied on October 1 based on the assessed value of property as listed on the previous January 1, on which date a tax lien attaches. Assessed values are an approximation of market value. A valuation of all property must be made at least every three (3) years. However, due to growth, the appraisal district conducts annual valuation by property category. Property taxes at the fund level are recorded as receivables and unearned revenues at the time the taxes are levied. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and, therefore, susceptible to accrual in accordance with GAAP have been recognized as revenue. Taxes are due on October 1, the levy date, and are delinquent after the following January 31. Tax liens are automatic 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 (February 1). The City usually waits until after May 1 and July 1 to file suits on business, personal property and real property, respectively.

3. Inventories and prepaid items

Inventories for all governmental funds are valued at cost on the first-in, first-out basis. The consumption method is used to account for inventories. Under the consumption method, all inventory purchases are recorded as inventory acquisitions (current assets) at the time of purchase and expended when used.

Inventories of proprietary funds are valued at cost on the first-in, first-out basis as well.

Payments to vendors, reflecting costs applicable to future accounting periods, are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted assets

Proceeds from the issuance of bonds, primarily related to enterprise funds and sales tax revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position due to their use being limited by applicable bond covenants. The “revenue bond current debt service” account is used to report segregated assets accumulated for debt service payments over the next twelve months. The “revenue bond contingency” account is used to report resources set aside to subsidize potential deficiencies from the McAllen International Toll Bridge Fund and/or the Anzalduas International Crossing Fund operations that could adversely affect debt service payments. In addition to assets restricted by bond covenants, others are restricted by enabling legislation for replacement and/or acquisition of capital assets.

5. Deferred Contributions

Deferred Contributions from the Anzalduas International Crossing include the construction costs of a northbound inspection station which will be contributed upon completion to another governmental entity. Upon completion of the project, these assets will be transferred to another government entity and expensed in the Statement of Activities.

6. Capital assets

Capital assets, which includes property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$2,500 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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 is included in the gross expense by function in the government-wide Statement of Activities. Capital assets, accumulated depreciation as well as the net amount are reported on proprietary fund statements of net position and in both the governmental activities and business-type activities column 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:

Buildings and improvements	10 – 50 years
Equipment	5 – 15 years
Infrastructure	15 – 40 years

7. Compensated absences

Accumulated unpaid compensated absences are accrued when incurred in all funds reported within the proprietary fund financial statements as well as the governmental activities and business-type activities columns of the government-wide statements. The expense is recognized in the governmental fund financial statements when paid or expected to be paid with current financial resources.

8. Long-term obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Premiums received on debt issuances are reported as other financing sources and discounts are reported as other financing uses. Issuance costs, whether or not withheld from debt proceeds, are reported as debt service expenditures.

9. Fund balances

Fund balance, reported in governmental funds, which has some level of constraint placed on it, is classified as non-spendable, restricted, committed, or assigned. The amount remaining, which can be spent for any lawful purpose is classified as unassigned. Amounts classified as restricted have constraints placed on the use by law, regulations of other governments, creditors, grantors or by enabling legislation. Those classified as committed are constrained by the City Commission through an ordinance for specific purposes. Reversing a commitment would require City Commission approval through an ordinance. Non-spendable amounts cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The City Commission has delegated the authority to make assignments to the City Manager with Commission direction. For the purposes of classifying governmental fund balances, the City typically considers expenditure to be made from the most restrictive first when more than one classification is available, however reserves the right to selectively defer the use thereof to future expenditure. During the

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

budget process, the City Manager designates the assignment of fund balances and makes recommendations to the City Commission for their consent and approval.

The following outlines the composition of the City’s governmental fund balances classifications.

	<u>Major Funds</u>			<u>Total</u>
	<u>General</u>	<u>Development Corp.</u>	<u>Non-major Funds Other</u>	
Fund balances:				
Nonspendable:				
Board advances	\$ 3,840,779	\$ -	\$ -	\$ 3,840,779
Prepays	36,141	-	-	36,141
Restricted for:				
Law enforcement	-	-	1,401,899	1,401,899
Debt service	-	-	3,566,345	3,566,345
Economic development	-	6,706,602	76,255	6,782,857
Tourism	-	-	1,267,454	1,267,454
Capital improvements	-	-	38,439,248	38,439,248
Grant activity	-	-	14,165	14,165
Public education governmental	-	-	938,064	938,064
Parks	-	-	2,691,926	2,691,926
Assigned to:				
Information technology projects	-	-	151,025	151,025
Other capital projects	-	-	5,733,617	5,733,617
Unassigned	<u>75,232,268</u>	<u>-</u>	<u>(64,179)</u>	<u>75,168,089</u>
Total fund balances	<u>\$ 79,109,188</u>	<u>\$ 6,706,602</u>	<u>\$ 54,215,819</u>	<u>\$ 140,031,609</u>

The amount of fund balance restricted by enabling legislation totaled \$10,771,236, as of September 30, 2020.

10. Minimum fund balance policy

In order to maintain a margin of safety in the General Fund balance in anticipation of economic downturns or natural disasters, the City Commission has adopted an ordinance, requiring a minimum fund balance of 140 days of expenditures.

11. Deficit Net Position/Fund Balance

The Anzalduas Bridge Fund’s net position reflects a deficit in the amount of \$1,846,966 primarily as a result of advances from the Hidalgo Bridge, as authorized by the board of trustees. These advances supported the annual debt service requirements and interest on the advances. The Hidalgo Bridge Board of trustees has no intention of calling these advances, which will be repaid once the resources are available. In addition, the Employee Benefits Fund reflects a deficit net position in the amount of \$177,123. It is estimated that this shortfall will be covered by a health insurance premium rate increase, plan design changes to reduce expenses, and negotiations with several vendors to ensure lower fees. The Property and Casualty Insurance fund, another internal service fund, reflects a negative net position, \$127,462.

12. Deferred Outflows/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 then. The City has several deferred outflows of resources classifications that qualifies for reporting in this category for business-type activities and government wide activities: deferred loss on refundings, pension and OPEB contributions made after measurement date, deferred charges on actuarial losses, and differences in projected and actual earnings on pension assets. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

life of the refunded debt or refunding debt. The other categories of deferred outflows of resources pertain to GASB 68 and GASB 75.

In addition to liabilities, the 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. At the governmental fund level, revenues that have been billed but not yet collected or collected within the availability period are reported as unavailable revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City has five categories that qualifies as deferred inflows of resources at the governmental fund level. The table on the following page describes the items and amounts:

<u>Deferred Inflows</u>	<u>Amount</u>
Property taxes	\$ 4,096,299
Weedy lots	935,596
Mission Repayment on Series B	3,840,779
Sales taxes	6,656,268
Other	<u>1,997,564</u>
Totals	<u>\$ 17,526,506</u>

On the statement of net position, the deferred inflows of resources category includes deferred inflows related to refundings, OPEB, differences in investment experience/assumptions related to pensions, and differences in expected and actual pension experiences. See Note IV (D) for further information on pension related deferred inflows of resources.

NOTE II - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

The City adheres to the following procedures in establishing the budgetary data reflected in the basic financial statements:

1. Prior to August 1 of each year, the City Manager is required to submit to the City Commission a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted by the City Commission through passage of an ordinance.
4. The City Manager is authorized to transfer budgeted amounts between accounts within any department; however, any revisions that alter the total expenditures of any department must be approved by the City Commission. Budgeted amounts include transfers and revisions to the original appropriations ordinance.
5. Annual appropriated budgets are adopted for most governmental funds per legal requirements, while others are appropriated for management purposes.
6. The budget and actual comparisons include the General Fund and the Development Corp Fund. Budgets for these funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (US GAAP) applicable to state and local governments. Budgets for proprietary funds have been prepared on a non-US GAAP basis, which excludes depreciation but includes capital outlay and debt principal payments.
7. Annual budgeted expenditures are adopted at the department level within funds. As previously noted, the City Manager is authorized to make transfers within a department. Accordingly, the level at which expenditures cannot legally exceed appropriations is the department level. During the year, several supplementary appropriations were necessary.

The governmental funds that have legally adopted budgets are General Fund, Debt Service Fund, Hotel Venue Debt Service Fund, all the Special Revenue Funds (excluding TIRZ#1, TIRZ#2A, Miscellaneous Government Grants, PD Seized, and TX Anti Gang Unit funds), and all the Capital Project Funds (excluding Local Government Finance Corporation TX A&M Construction Fund).

B. Excess of expenditures over appropriations

For the year ended September 30, 2020, expenditures in certain general fund departments exceeded appropriations. These expenditures over appropriations are the result of underestimating actual expenditures for the year. Revenue sufficient to provide for the excess was made available through the use of available surplus from current and prior years. The related departments and the excess of expenditures over appropriations are reflected in the table that follows:

<u>Department:</u>		
Police	\$	328,921
Other agencies		287,391
Purchasing and contracting		228,247
Street lighting		192,085
Quinta mazatlan		30,930
Tax office		28,124
City manager		16,655
Finance		8,164
Graffiti cleaning		7,899
Development Center		7,277
Passport facility		1,569
Total general fund	\$	<u>1,137,262</u>

NOTE III - DETAILED NOTES ON ALL FUNDS**A. Deposits and investments**

It is the City's policy as well as a requirement in its Depository Agreement for deposits plus accrued interest thereon to be 105% secured by collateral valued at fair value, less the amount of the Federal Deposit Insurance Corporation insurance. At September 30, 2020, the City's deposits were covered by federal deposit insurance or were secured by collateral held by the City's agent in the City's name pursuant to the City's Investment Policy and its Depository Agreement. Certificate of deposit holdings were collateralized by letters of credit issued by the Federal Home Loan Bank at 100% of principal and accrued interest.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the 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 are significant unobservable inputs.

The City uses quoted prices (Level 1 inputs) in active markets to measure the fair value of government treasuries and a matrix pricing model (Level 2 inputs) to measure the fair value of its money market mutual funds and government agency security investments.

Investments at fair value, as of September 30, 2020 are reflected in the table that follows:

2020	Cost	Fair Value	Fair Value Measurements Using		
			(Level 1)	(Level 2)	(Level 3)
Investments by fair value level					
Debt Securities					
United States government agency securities	\$ 28,750,000	\$ 28,835,646	\$ -	\$ 28,835,646	\$ -
Money market mutual funds	11,748,782	11,748,782	-	11,748,782	-
Total debt securities	40,498,782	40,584,428	-	40,584,428	-

The total amount above excludes investments in local government pools, which are reported at amortized cost in the amount of \$117,141,198, as of September 30, 2020.

Public funds investment pools

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 Act, Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act 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 fair value of its underlying investment portfolio within one half of one percent of the values of its shares.

The City's investments in Pools are reported at amortized cost.

TexPool is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Act. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller of Public Accounts has established an Advisory Board composed both of participants in TexPool and of other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. This Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rate risk.

NOTE III - DETAILED NOTES ON ALL FUNDS (Continued)

Interest rate risk. The investment policy states that no investment shall exceed seven years in maturity. By limiting the exposure of its investments by no more than four years as reflected in the schedule below, the City reduces its risk to rising interest rates. The table below reflects the allocation of the investment portfolio.

	<u>Government Agencies and Certificates of Deposit</u>
< 1 Year	\$ 83,213,929
1-3 Years	<u>55,794,535</u>
Total	<u>\$ 139,008,464</u>
Weighted Average Maturity	380 Days

Credit risk. As of September 30, 2020, the investments in the State’s investment pool were rated AAAM by Standards and Poor’s. Available funds were invested in government securities which consist of instruments issued by the Federal Farm Credit Bank, which are rated AAA by Moody’s Investors Service and AA+ by S&P. The City’s investment policy limits authorized investments to TexPool Prime, certificates of deposits, U.S. Treasuries, federal government agencies, including mortgage backed securities, commercial paper, municipal bonds, and money market mutual funds.

Concentration of credit risk. The U.S. government agencies holdings represent 11% of the total portfolio. Within this category, 100% represent securities issued by the Federal Farm Credit Bank. The investment policy is silent in the concentration of holding in the various types of securities and investments.

Firemen’s Relief and Retirement Fund Investments

The Firemen’s Relief and Retirement Fund Investments (Plan) are recorded at fair value as of September 30, 2020. The table below reflects the composition of these investments.

	<u>Fair Value</u>	<u>% of Portfolio</u>	<u>Investment Policy Asset Allocation</u>
Equities:			
Domestic	\$ 18,413,549	32%	20-50%
International	<u>21,321,576</u>	37%	30-60%
Equities total	<u>39,735,125</u>		
Fixed income			
Treasury and agency securities			
corporate bonds and mutual funds	<u>2,955,467</u>		
Fixed income total	<u>2,955,467</u>	5%	0-20%
Alternative investments	<u>15,001,440</u>	26%	10-30%
Total portfolio	<u>\$ 57,692,032</u>	100%	

NOTE III - DETAILED NOTES ON ALL FUNDS (Continued)

Investments at fair value as of September 30, 2020 using the fair value measurement are as follows:

Investment Type	Total Fair Value	Level 1	Level 2	Level 3
Equities				
Domestic Equity	\$ 10,137,723	\$ 10,137,723	\$ -	\$ -
Mutual Funds	21,321,576	4,967,001	16,354,575	-
Fixed Income				
US Treasury Notes	1,704,599	1,704,599	-	-
Mortgage Backed Securities	527,944	-	527,944	-
Corporate Bonds	694,856	-	681,856	-
Municipal Bonds	41,068	-	41,067	-
Real Estate	743,159	-	-	743,159
Total Investments at Fair Value	\$ 35,170,925	\$ 16,809,323	\$ 17,605,442	\$ 743,159

Investments measured at the net asset value (NAV)	Unfunded Commitments	Redemption Frequency	Redemption Notice
Hedge Funds			
Courage Credit Opportunities Offshore Fund III LP	\$ 719,664	-	(1)
Ironwood	3,217,393	-	Semi-annual
Terracap	1,443,202	-	(1)
Corry Capital	2,860,500	-	(2)
Pointer	3,083,081	-	(3)
Serenitas	2,814,184	-	(1)
Ironsides Opportunities Constitution Capital	120,257	-	(1)
Collective Investment Funds	8,275,826	-	Typically Daily
			Less than 1 month
Total of Investments Measured at NAV	22,534,107		
Total Investments	\$ 57,705,032		

(1) These hedge funds are not redeemable. The Firemen's Relief and Retirement Fund receives distributions as the underlying assets of investments are sold/liquidated. Management estimates that the remaining four hedge funds (\$5,097,307 or 11.32%) will liquidate in 5-7 years.

(2) The money invested with Corry Capital is locked up because the investment is a private equity style fund. It is a self-liquidating fund that will make distributions when there are realizations.

(3) All capital is subject to an initial 24-month lockup, so the lockup on McAllen Firemen's Relief and Retirement Fund's initial investment of \$2.6M made on 4/1/18 expires on 4/1/20. Pointer has semi-annual redemptions at 6/30 and 12/31, where an investor has access to up to 50% of their capital at each date, with signed notification due by 3/15 and 9/15, respectively.

Because of the complexity of the portfolio, the firemen's board of trustees relies on its consultant to provide the necessary guidance to accomplish the Plan's objectives. The Board also understands that return objectives can be achieved while assuming "market" volatility. The Board is willing to forgo potential return in strong markets in return for protection against a severe decline during weak periods.

Concentration of credit risk. As noted in the previous page, none of the sectors exceed their percentage of asset allocation. The Plan is well diversified; with no one issue exceeding 5%. With the exception of the alternative investments, the portfolio can be liquidated within one to two days if so desired. Alternative investments can only be liquidated quarterly.

Interest rate risk. Only the fixed income securities of the Plan are subject to interest rate risk due to the possibility that prevailing interest rates could change before the securities reach maturity. Securities that are subject to interest rate risk as of September 30, 2020 amount to \$2,955,467 and have weighted-average duration of 14.55 years. Duration is defined as the change in the value of a fixed income security that will result from a 1% change in interest rates. Duration is stated in years. For example, five-year duration means the bond will decrease in value by 5% if interest rates rise 1% and increase in value by 5% if interest rates fall 1%. Securities that are subject to interest rate risk are shown in the following table. The investment policy is silent on the subject.

NOTE III - DETAILED NOTES ON ALL FUNDS (Continued)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percentage of Total</u>	<u>Weighted-Average Duration (Years)</u>
Corporate bonds	\$ 681,856	23.07%	12.96
US Treasury notes	1,704,599	57.68%	5.74
Government mortgage back securities	527,944	17.86%	4.00
Municipal mortgage bonds	41,068	1.39%	35.50
Total fixed income investments	<u>\$ 2,955,467</u>	<u>100.00%</u>	<u>14.55</u>

Credit risk. Using Standard and Poor’s rating system for fixed income securities as of September 30, 2020 the Plan’s bonds were rated as noted below. The investment policy is silent on the subject.

<u>Investment Type</u>	<u>Fair Value</u>	<u>A</u>	<u>A-, A+, AA, AA-, AA+</u>	<u>BBB, BBB+</u>
US Treasury Notes	\$ 1,704,599	\$ -	\$ 1,704,599	\$ -
Mortgage Back Securities	527,944	-	527,944	-
Corporate Bonds	681,856	84,097	376,917	220,842
Municipal Bonds	41,068	-	41,067	-
	<u>\$ 2,955,467</u>	<u>\$ 84,097</u>	<u>\$ 2,650,527</u>	<u>\$ 220,842</u>

B. Receivables

Receivables for the City’s governmental activities and business type activities at year-end are reflected in the following table below:

	Receivables					
	<u>Accounts</u>	<u>Taxes</u>	<u>Interest</u>	<u>Inter-governmental</u>	<u>Other</u>	<u>Net Receivables</u>
Governmental activities:						
General	\$ 1,713,949	\$ 13,225,678	\$ 15,985	\$ 12,554,695	\$ 695,199	\$ 28,205,506
Development corp.	-	2,910,856	-	2,572,339	-	5,483,195
Nonmajor governmental and internal service funds	1,249,076	332,488	850,334	4,747,230	386,000	7,565,128
Total governmental	<u>\$ 2,963,025</u>	<u>\$ 16,469,022</u>	<u>\$ 866,319</u>	<u>\$ 19,874,264</u>	<u>\$ 1,081,199</u>	<u>\$ 41,253,829</u>
Business-type activities:						
Water	\$ 1,977,723	\$ -	\$ 250	\$ -	\$ -	\$ 1,977,973
Wastewater	1,942,833	-	-	-	2,865	1,945,698
Sanitation	2,272,218	-	4,028	-	-	2,276,246
McAllen international airport	329,529	-	2,719	1,225,760	1,592	1,559,600
McAllen international toll bridge	-	-	1,500	176,865	-	178,365
Anzalduas International Crossing	-	-	71	383,771	-	383,842
Nonmajor enterprise and fleet fund	17,782	-	1,813	1,782,552	-	1,802,147
Total business type	<u>\$ 6,540,085</u>	<u>\$ -</u>	<u>\$ 10,381</u>	<u>\$ 3,568,948</u>	<u>\$ 4,457</u>	<u>\$ 10,123,871</u>

NOTE III - DETAILED NOTES ON ALL FUNDS (Continued)

Within the City's water, wastewater, and sanitation funds, an estimated amount has been recorded for services rendered but not yet billed as of the close of the year. The receivable was determined by prorating the cycle billings sent to customers in October 2020 based on the number of days applicable to the prior fiscal year. The receivable balances in the water, wastewater, and sanitation have been reduced by estimated allowances for doubtful accounts. Water accounts were reduced by \$54,427; wastewater accounts by \$50,173; and sanitation accounts by \$52,783.

C. Capital assets

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

Governmental activities:	Beginning Balance	Increases	Transfers	Retirements	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 84,364,121	\$ 5,508,395	\$ (832,263)	\$ -	\$ 89,040,253
Construction in progress	18,557,296	18,421,710	(782,812)	-	36,196,194
Total capital assets, not being depreciated	<u>102,921,417</u>	<u>23,930,105</u>	<u>(1,615,075)</u>	<u>-</u>	<u>125,236,447</u>
Capital assets, being depreciated:					
Buildings and improvements	170,840,817	1,040,247	-	(67,690)	171,813,374
Equipment	89,859,298	3,405,728	812,440	(1,750,108)	92,327,358
Infrastructure	237,946,441	3,889,839	-	-	241,836,280
Total capital assets being depreciated	<u>498,646,556</u>	<u>8,335,814</u>	<u>812,440</u>	<u>(1,817,798)</u>	<u>505,977,012</u>
Less accumulated depreciation for:					
Buildings and improvements	(67,039,836)	(5,476,131)	-	-	(72,515,967)
Equipment	(63,677,781)	(5,670,050)	(29,628)	1,808,968	(67,568,491)
Infrastructure	(148,240,564)	(6,862,297)	-	-	(155,102,861)
Total accumulated depreciation	<u>(278,958,181)</u>	<u>(18,008,478)</u>	<u>(29,628)</u>	<u>1,808,968</u>	<u>(295,187,319)</u>
Total capital assets being depreciated, net	<u>219,688,375</u>	<u>(9,672,664)</u>	<u>782,812</u>	<u>(8,830)</u>	<u>210,789,693</u>
Governmental activities capital assets, net	<u>\$ 322,609,792</u>	<u>\$ 14,257,441</u>	<u>\$ (832,263)</u>	<u>\$ (8,830)</u>	<u>\$ 336,026,140</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 1,595,144
Public safety	3,104,231
Highways and streets, which includes the depreciation of general infrastructure assets	6,872,036
Health and welfare	23,847
Culture and recreation	4,356,533
In addition, depreciation on capital assets held by the City's internal service funds is charged to the various functions based on their usage of the assets	<u>2,056,687</u>
Total depreciation-governmental activities	<u>\$ 18,008,478</u>

Notes To Financial Statements

NOTE III - DETAILED NOTES ON ALL FUNDS (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers/ Retirements</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 20,782,604	\$ 980,112	\$ -	\$ 21,762,716
Construction in progress	22,417,946	21,815,698	(61,062)	44,172,582
Water rights (perpetual)	13,923,500	400,238	-	14,323,738
Total capital assets, not being depreciated	<u>57,124,050</u>	<u>23,196,048</u>	<u>(61,062)</u>	<u>80,259,036</u>
Capital assets, being depreciated:				
Buildings and systems	437,164,147	2,576,249	-	439,740,396
Improvements other than buildings	255,729,375	790,118	(7,000)	256,512,493
Machinery and equipment	72,094,124	4,740,592	(2,764,073)	74,070,643
Development cost	7,417,616	1	-	7,417,617
Water rights (non-perpetual)	2,200,000	-	-	2,200,000
Total capital assets being depreciated	<u>774,605,262</u>	<u>8,106,960</u>	<u>(2,771,073)</u>	<u>779,941,149</u>
Less accumulated depreciation for:				
Buildings and systems	(168,450,831)	(15,125,014)	-	(183,575,845)
Improvement other than buildings	(116,487,599)	(6,981,815)	-	(123,469,414)
Machinery and equipment	(50,606,823)	(5,553,495)	2,660,067	(53,500,251)
Development cost	(1,808,043)	(184,925)	-	(1,992,968)
Water rights	(1,292,498)	(110,000)	-	(1,402,498)
Total accumulated depreciation	<u>(338,645,794)</u>	<u>(27,955,249)</u>	<u>2,660,067</u>	<u>(363,940,976)</u>
Total capital assets being depreciated, net	<u>435,959,468</u>	<u>(19,848,289)</u>	<u>(111,006)</u>	<u>416,000,173</u>
Business-type activities				
Capital assets net	<u>\$ 493,083,518</u>	<u>\$ 3,347,759</u>	<u>\$ (172,068)</u>	<u>\$ 496,259,209</u>

Depreciation expense was charged to business type activity functions as follows:

Water	\$ 4,658,641
Wastewater	8,339,755
Sanitation	2,527,071
Golf course	385,156
Performing arts center	1,185,173
Convention center	1,570,866
McAllen international airport	5,538,034
McAllen express	97,841
Transit terminal	990,221
McAllen international toll bridge	1,128,158
Anzalduas international crossing	1,476,747
In addition, depreciation on capital assets held by the City's Fleet management funds is charged to the various functions based on their usage of the assets	<u>57,586</u>
Total depreciation-business type activities	<u>\$ 27,955,249</u>

NOTE III - DETAILED NOTES ON ALL FUNDS (Continued)

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

<u>Project Description</u>	<u>Remaining Commitment</u>	<u>Financing Sources</u>
Airport Improvements	\$ 9,880,949	Local and grant
Streets and Drainage Improvements	8,255,177	Local and bond funds
Wastewater improvements	2,980,542	Local and bond funds
Water Improvements	5,323,877	Local and bond funds
Hidalgo Bridge facility improvements	456,131	Local and grant
Sanitation Buidling improvements	164,370	Local
Minor projects	8,171	Local and grant
	<u>\$ 27,069,217</u>	

D. Interfund receivables/loans and transfers

The compositions of inter-fund balances as of September 30, 2020 are reflected below.

<u>Receivable Fund:</u>	<u>Payable Fund:</u>	<u>Amount</u>
General Fund	Non-Major Governmental Funds	\$ 740,317
	Non-Major Proprietary Funds	220,922
	McAllen Toll Bridge	44,847
	Total General Fund	<u>1,006,086</u>
	Total Governmental Funds	<u>1,006,086</u>
Convention Center Fund	Non-Major Governmental Fund	<u>127,158</u>
Performing Arts Center Fund	Non-Major Governmental Funds	<u>31,801</u>
Transit Terminal Fund	Non-Major Proprietary Fund	<u>59,007</u>
General Depreciation Fund	Airport Fund	<u>389,303</u>
Risk Management Fund	Airport Fund	<u>389,303</u>
	Total Proprietary Funds	<u>996,572</u>
	Combined totals	<u>\$ 2,002,658</u>

A loan arrangement among the General Depreciation Fund and Risk Management Fund between the Airport Fund was agreed upon in the combined total amount of \$3,684,886. This agreement was executed in 2015 to assist with the terminal expansion project. The current outstanding balance totals \$778,606. It is disclosed in this section of the notes, since it is not a third party transaction.

Transfers are used to 1) provide unrestricted revenues collected in the general fund to finance various programs accounted for in other funds, and 2) move revenues from the fund that the budget requires to collect them to the fund that the budget requires to expend them. The following table reflects the transfer activity at year end.

NOTE III - DETAILED NOTES ON ALL FUNDS (Continued)

	Transfer In:					Total
	General Fund	Nonmajor Governmental	Anzalduas Int'l Crossing Fund	Nonmajor Proprietary	Internal Service	
Transfer out:						
General fund	\$ -	\$ 8,909,368	\$ -	\$ -	\$ 800,650	\$ 9,710,018
Development corp	3,492,600	971,004	-	947,393	-	5,410,997
Nonmajor prop.	-	1,493,472	-	-	128,650	1,622,122
Nonmajor gov.	32,057	1,529,913	-	1,990,336	28,757	3,581,063
Water fund	-	-	-	-	207,352	207,352
Wastewater fund	-	-	-	-	118,054	118,054
Internal service	-	-	-	-	2,798,520	2,798,520
Sanitation fund	-	-	-	-	199,784	199,784
Anzalduas Int'l bridge	-	-	-	-	12,108	12,108
McAllen int'l toll bridge	5,223,378	-	842,725	-	40,865	6,106,968
McAllen int'l airport	1,103,965	-	-	-	51,460	1,155,425
Total	<u>\$ 9,852,000</u>	<u>\$ 12,903,757</u>	<u>\$ 842,725</u>	<u>\$ 2,937,729</u>	<u>\$ 4,386,200</u>	<u>\$ 30,922,411</u>

During the year, the General Fund transferred \$4,843,858 of surplus revenues to the Capital Improvement Fund, a non-major governmental fund to assist in funding some major projects contemplated in next year's budget. It provided funding in the amount of \$3,292,600 to the Debt Service Fund, a non-major governmental fund. This funding is to cover the debt service requirements of the General Obligation Refunding Bonds, Series 2015. It also transferred contributions of \$225,157 to TIRZ#1 and \$489,653 to TIRZ#2A per the interlocal development agreement for each tax increment reinvestment zone. The General fund also transferred \$58,100 of park zone fees to the Parkland Zone #3 Fund and \$800,650 to the Health Insurance fund to provide assistance with rising health expenses.

The Development Corporation provided funding for operating costs to the McAllen Express Fund and Transit System Fund in the amounts of \$540,537 and \$406,856, respectively. It transferred \$3,292,600 to the General Fund to cover the transfer-out of debt service requirements of the General Obligation Refunding Bonds, Series 2015 and also transferred \$200,000 to the General Fund to assist with an after school program. It transferred \$877,890 to the Local Government Finance Corporation Debt Service Fund to cover the debt service requirements of the Contract Revenue Bonds, Series 2017. It also transferred \$93,114 to the newly established Christmas Parade Fund.

The Hotel Occupancy Tax Fund and the Hotel Venue Fund, non-major governmental funds, transferred collections of \$1,592,157 to the Convention Center, and \$398,179 to the Performing Arts Fund, as well as to the Hotel Venue Debt Service Fund in the amount of \$858,919. It also transferred \$100,000 to the Christmas Parade Fund.

The transfer of \$32,057 from the Downtown Service Parking Fund, a non-major governmental fund, to the General Fund is a reimbursement for debt service requirements on the debt related to the downtown parking garage. Also there was a \$28,757 transfer to the Health Insurance fund to provide assistance with rising health expenses.

The transfer of \$400,000 from the Friends of Quinta, a non-major governmental fund, to the Quinta Center for Urban Ecology Fund was provided to assist with the funding of capital project expenses.

The Tax Increment Zone #1 Fund, a non-major governmental fund, transferred \$170,995 to the Local Government Finance Corporation Debt Service Fund to assist with the debt service requirements per the interlocal development agreement.

The McAllen Express Fund, a non-major proprietary fund, transferred \$150,000 to the Downtown Services Parking Fund to provide funding for operating expenses.

The Transit Terminal Fund, a non-major proprietary fund fund, transferred \$1,343,472 to the Park's Facility/Fire Station #2 Construction Fund as reimbursement for land purchased for the building of a new Transit building.

The transfer of \$1,103,965 from the Airport Fund to the General Fund represents reimbursement for public safety personnel assigned to the airport. It also provided \$51,460 to the Employee Benefits Fund to provide additional assistance with rising health care expenses.

NOTE III - DETAILED NOTES ON ALL FUNDS (Continued)

The Sanitation Fund transferred \$199,784 to the Employee Benefits Fund to provide additional assistance with rising health care expenses.

The Convention Center Fund transferred \$51,460 to the Employee Benefits Fund to provide additional assistance with rising health care expenses.

The amount reflected from the McAllen International Toll Bridge Fund to the General Fund of \$5,223,378 represents the City's share of surplus net revenue from operation of the international toll service bridge. Additionally, it transferred \$842,725 to the Anzalduas International Crossing Fund for debt requirements on the International Toll Bridge System Revenue Bonds, Series 2007B/2017B Refunding Bonds. Additionally, it transferred \$40,865 to the Employee Benefits Fund to provide additional assistance with rising health care expenses.

The Employee Benefits Fund was provided operating funding from various sources. These sources, in addition to those previously mentioned above, were received from the following funds: Water Fund--\$207,352; Wastewater Fund--\$118,054; Palm View Golf Course Fund--\$19,676; McAllen Express--\$49,946; Transit System Fund--\$7,568; Anzalduas International Crossing Fund--\$12,108; Fleet Materials Management Fund--\$31,784; and Risk Management Fund--\$2,766,736.

E. Operating leases

The McAllen International Toll Bridge Fund leases property and buildings to the United States Government, the State of Texas, and various commercial dealers under operating leases. The leases range from monthly leases with commercial dealers to a 15-year lease with the General Service Administration (GSA) and a 5-year lease with three additional 5-year extension options with the United Export Traders Association (UETA) of Texas, Inc.

Estimated future minimum lease payments to be received under the non-cancellable operating lease with GSA and UETA are as follows:

Year Ending	GSA	UETA	Total
2021	\$ 2,116,056	\$ 240,000	\$ 2,356,056
2022	2,116,056	40,000	2,156,056
2023	2,116,056	-	2,116,056
2024	2,116,056	-	2,116,056
2025	2,116,056	-	2,116,056
2026-2029	7,582,534	-	7,582,534
Totals	<u>\$ 18,162,814</u>	<u>\$ 280,000</u>	<u>\$ 18,442,814</u>

F. Long-term liabilities**1. General obligation bonds and other**

The City issues general obligation bonds to finance the acquisition and construction of major capital facilities, generally for governmental activities and are direct obligations, for which the City has pledged the full faith and credit of the government. These bonds generally are serial bonds and carry a term of 20 years or more with varying amounts of principal maturing each year. All outstanding general obligation bonds have been retired, leaving only sales tax revenue bonds and combination tax and revenue certificates of obligation bond indebtedness.

The schedule that follows presents an analysis of general long-term debt outstanding, followed by a schedule of the debt service requirements on those bonds.

Notes To Financial Statements

NOTE III - DETAILED NOTES ON ALL FUNDS (Continued)

Governmental activities:

\$42,380,000 General Obligation Bonds, Series 2014 due in annual installments ranging from \$600,000 to \$3,085,000 per year through February 15, 2034, with a final installment of \$3,085,000; interest at 3.00% to 5.00%	\$ 33,840,000
\$11,850,000 Combination Tax and Revenue Certificates of Obligation, Series 2014 due in annual installments ranging from \$205,000 to \$840,000 per year through February 15, 2034, with a final installment of \$840,000; interest at 3.00% to 4.00%	9,330,000
\$24,500,000 Combination Tax & Assessment Revenue Certificates of Obligation, Taxable Series 2016 due in annual installments ranging from \$650,000 to \$1,149,000 per year through February 15, 2046, with a final installment of \$1,149,000; interest at 1.87% to 3.97%	24,500,000
\$5,120,000 Development Corporation of McAllen, Inc. Sales Tax Revenue Bonds, Taxable Series 2016 due in annual installments ranging from \$250,000 to \$380,000 per year through August 15, 2036; interest at 1.40% to 3.50%	4,870,000
\$10,670,000 Local Government Finance Corporation Contract Revenue Bonds, Series 2017 due in annual installments ranging from \$490,000 to \$825,000 per year through August 15, 2036; interest at 2.00% to 5.00%	10,180,000
\$10,165,000 Development Corporation of McAllen, Inc. Sales Tax Revenue Bonds, Taxable Series 2017 due in annual installments ranging from \$465,000 to \$785,000 per year through August 15, 2036; interest at 2.04% to 4.07%	9,700,000
\$5,115,000 Development Corporation of McAllen, Inc. Sales Tax Revenue Bonds, Taxable Series 2018 due in annual installments ranging from \$98,223 to \$415,241 per year through August 15, 2036; interest at 2.44% to 3.82%	4,885,000
\$5,890,000 Combination Tax and Revenue Certificates of Obligation Bonds, Series 2018 due in annual installments ranging from \$119,879 to \$356,406 per year through February 15, 2043; interest at 3.00% to 5.00%	5,615,000
\$4,000,000 General Obligation Bonds, Series 2018 due in annual installments ranging from \$149,700 to \$253,609 per year through February 15, 2043; interest at 3.00% to 5.00%	3,905,000
\$18,955,000 General Obligation Bonds, Series 2019 due in annual installments ranging from 1,306,550 to \$1,42,571 per year through September 30, 2044; interest at 2.00% to 5.00%	<u>18,895,000</u>
Total general long-term bonds and obligations payable	<u>\$ 125,720,000</u>

The annual debt service requirements to maturity on sales tax bonds payable, combination tax and revenue certificates of obligation, general obligations, and certificates of obligation, as of September 30, 2020, including interest, are reflected below:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 4,460,000	\$ 4,815,726
2022	5,295,000	4,626,953
2023	5,505,000	4,418,919
2024	5,730,000	4,198,061
2025	5,940,000	3,990,570
2026-2030	33,120,000	16,513,421
2031-2035	35,940,000	9,676,834
2036-2040	15,150,000	4,493,470
2041-2045	13,090,000	1,551,883
2046-2050	<u>1,490,000</u>	<u>29,554</u>
	<u>\$ 125,720,000</u>	<u>\$ 54,315,391</u>

NOTE III - DETAILED NOTES ON ALL FUNDS (Continued)

2. Revenue bonds and other

The City also issues revenue bonds which are repaid from the revenues derived from operating activity of the borrowing fund(s). The total amount of interest expense paid on revenue bonds in the current period was \$3,170,573. The following schedule is an analysis of the business-type activity long-term debt, including related revenue bonds.

Business-type activities:

Payable from Water Fund:

\$9,363,200 Waterworks and Sewer System Revenue and Refunding Bonds, Series 2015 due in annual installments from \$380,000 to \$1,825,000 through February 1, 2030: interest at 2.00% to 5.00%	\$ 5,773,600
\$9,937,300 Waterworks and Sewer System Revenue and Refunding Bonds, Series 2016 due in annual installments from \$1,480,000 to \$1,960,000 through February 1, 2031: interest at 2.00% to 5.00%	7,471,250
\$12,000,000 Waterworks and Sewer System Revenue Bonds Series 2018 (DWSRF) due in annual installments from \$5,000 to \$625,000 through February 1, 2048: interest at 0.660% to 2.02%	12,000,000
\$6,900,000 Waterworks and Sewer System Revenue Bonds Series 2018C due in annual installments from \$115,000 to \$365,000 through February 1, 2048: interest at 1.59% to 3.43%	<u>6,785,000</u>
Total water fund bonds payable	<u>\$ 32,029,850</u>

Payable from Wastewater Fund:

\$13,172,700 Waterworks and Sewer System Revenue and Refunding Bonds, Series 2016 due in annual installments from \$1,480,000 to \$1,960,000 through February 1, 2031: interest at 2.00% to 5.00%	\$ 9,903,750
\$39,485,000 Waterworks and Sewer System Revenue Bonds, Series 2009 due in annual installments from \$1,090,000 to \$1,350,000 through February 1, 2040: with no interest	27,065,000
\$1,190,000 Waterworks and Sewer System Improvement Revenue Series 2012 due in annual installments from \$95,000 to \$1,135,000 through February 1, 2022: interest at 0.240% to 0.850%; with interest commencing February 1, 2019	265,000
\$6,655,000 Waterworks and Sewer System Revenue Bonds, Series 2013 due in annual installments from \$175,000 to \$285,000 through February 1, 2043: interest at 1.60%.	5,425,000
\$217,000 Waterworks and Sewer System Revenue Bonds, Series 2013A due in annual installments from \$18,000 to \$25,000 through February 1, 2043: interest at 2.43%.	72,000
\$2,995,000 Waterworks and Sewer System Revenue Bonds, Series 2013B due in annual installments from \$270,000 to \$310,000 through February 1, 2043: interest at 0.52%.	925,000
\$7,356,800 Waterworks and Sewer System Revenue and Refunding Bonds, Series 2015 due in annual installments from \$380,000 to \$1,825,000 through February 1, 2030: interest at 2.00% to 5.00%	4,536,400
\$40,000,000 Waterworks and Sewer System Revenue Bonds Series 2015 (loan) due in annual installments from \$710,000 to \$1,730,000 through September 30, 2045: interest at 0.14% to 1.62%	35,910,000
\$7,110,000 Waterworks and Sewer System Revenue Bonds Series 2016 (loan) due in annual installments from \$20,000 to \$315,000 through February 1, 2047: interest at 0.07% to 1.41%	7,050,000
\$7,000,000 Waterworks and Sewer System Revenue Bonds Series 2018 (CWSRF) due in annual installments from \$5,000 to \$350,000 through February 1, 2048: interest at 0.036% to 1.72%	<u>7,000,000</u>
Total wastewater fund bonds payable	<u>\$ 98,152,150</u>

Notes To Financial Statements

NOTE III - DETAILED NOTES ON ALL FUNDS (Continued)

Payable from McAllen International Airport Fund:

\$5,565,000 General Obligation Refunding Bonds, Series 2019 (AMT) due in annual installments from \$385,000 to \$635,000 through February 15, 2031: interest at 1.35% to 2.19%	\$ <u>5,475,000</u>
Total airport fund bonds payable	\$ <u>5,475,000</u>

Payable from Anzalduas International Crossing Fund:

\$18,455,000 International Toll Bridge System Revenue Refunding Bonds, Series 2017A due in annual installments from \$900,000 to \$1,690,000 through March 1, 2032: interest at 2.00% to 5.00%	\$ 15,675,000
\$10,185,000 International Toll Bridge System Revenue Refunding Bonds, Series 2017B due in annual installments from \$570,000 to \$825,000 through March 1, 2032: interest at 2.00% to 3.50%	<u>8,445,000</u>
Total Anzalduas International Crossing fund bonds payable	\$ <u>24,120,000</u>
Total Proprietary Funds bonds payable	\$ <u>159,777,000</u>

The table below reflects the revenue bond debt service requirements to maturity.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 8,018,000	\$ 3,570,663
2022	8,414,000	3,349,913
2023	8,700,000	3,104,088
2024	8,900,000	2,838,651
2025	9,180,000	2,560,252
2026-2030	44,215,000	9,241,854
2031-2035	28,680,000	4,250,354
2036-2040	22,450,000	2,723,979
2041-2045	16,665,000	1,259,998
2046-2048	<u>4,555,000</u>	<u>147,093</u>
Total bonds outstanding	\$ <u>159,777,000</u>	\$ <u>33,046,846</u>

In addition, interfund notes payable of \$778,606 was reflected at the end of September 30, 2020 under the business-type activities and will be liquidated by the Airport Fund. This amount is reflected in section (D) interfund receivables/loans, and transfers.

NOTE III - DETAILED NOTES ON ALL FUNDS (Continued)

3. Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2020 is shown on the following table:

	Balance at September 30, 2019	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2020	Amounts Due Within One Year
Governmental activities:					
Sales tax revenue bonds	\$ 20,400,000	\$ -	\$ (945,000)	\$ 19,455,000	\$ 960,000
Certificates of obligation	50,750,000	-	(1,125,000)	49,625,000	1,160,000
General obligation bonds	61,775,000	-	(5,135,000)	56,640,000	2,340,000
Bond premium	4,761,328	52,314	(380,963)	4,432,679	350,871
Bond discount	(205,402)	-	277,713	72,311	(66,678)
Capital lease	3,192,833	-	(416,307)	2,776,526	428,921
Compensated absences	11,682,144	5,237,771	(5,094,790)	11,825,125	5,080,788
TMRS net pension liability	22,507,762	-	(11,150,845)	11,356,917	-
Net OPEB liability	8,801,638	2,708,639	-	11,510,277	-
Fire net pension liability	45,645,656	-	(20,100,847)	25,544,809	-
Total general long-term debt	<u>\$ 229,310,959</u>	<u>\$ 7,998,724</u>	<u>\$ (44,071,039)</u>	<u>\$ 193,238,644</u>	<u>\$ 10,253,902</u>
Business-Type activities:					
Revenue bonds payable	\$ 168,455,000	\$ 5,565,000	\$ (14,243,000)	\$ 159,777,000	\$ 8,018,000
Compensated absences	2,117,473	1,337,323	(1,463,409)	1,991,387	1,412,369
Bond premium	5,433,136	956,211	(950,246)	5,439,101	918,862
Bond discount	(610,468)	-	448,210	(162,258)	(92,173)
Capital lease	513,996	-	(67,018)	446,978	69,050
TMRS net pension liability	9,792,086	-	(4,865,881)	4,926,205	-
Total proprietary fund debt	<u>185,701,223</u>	<u>7,858,534</u>	<u>(21,141,344)</u>	<u>172,418,413</u>	<u>10,326,108</u>
Total debt	<u>\$ 415,012,182</u>	<u>\$ 15,857,258</u>	<u>\$ (65,212,383)</u>	<u>\$ 365,657,057</u>	<u>\$ 20,580,010</u>

With respect to governmental activities; compensated absences, TMRS net pension liability, net OPEB liability and the Fire net pension liability are liquidated by the General Fund. Under business-type activities, the TMRS net pension liabilities are liquidated by the respective proprietary funds and Fleet fund.

4. Debt covenants

The City is required to comply with various provisions included in the trust indenture for issued bonds (including bonds issued through the Texas Water Development Board). The City has complied with all significant provisions of the trust indenture.

Bonds issued by the City for the construction of the toll bridge located in the City of Mission are secured by the net revenues of both International Bridges. Also, bonds issued by the City for water and wastewater improvements are secured by pledging the net revenues of the water and wastewater utilities systems. The City did not use any revenue received from fees collected from a water supply or wastewater service constructed in whole or in part from funds from the economically distressed areas program account for purposes other than utility purposes.

NOTE IV - OTHER INFORMATION

A. Risk Management

The City is exposed to various risks or torts; theft of, damage to, and destruction of assets; injuries to employees, citizens and the general public; and natural disasters. During fiscal year 2020, the City self-funded group health insurance, life insurance, general liability insurance, and workmen’s compensation insurance. The City purchased insurance coverage for fire and extended coverage on buildings and contents; and fire, lightning, and windstorm insurance for its vehicles for damages in excess of certain limits.

The group health insurance program is reported in the Employee Benefits Fund, an internal service fund. General liability is reported in the Property & Casualty Fund, an internal service fund. Workmen’s compensation insurance programs are reported in the Risk Management Fund, and the Retiree Health Insurance Fund, both are internal service funds.

The health insurance excess coverage policy covers individual claims in excess of \$150,000. Third-party coverage is currently maintained for workmen’s compensation claims in excess of \$400,000. Third-party coverage is also currently maintained for general liability claims in excess of \$10,000.

The City estimates the liabilities for its self-funded insurance programs on a case-by-case basis based on historical claims experience. A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss is reasonably estimable. Accruals for claims are adjusted on a regular basis based on the latest information available on each case. Claims incurred but not reported have been considered in determining the accrual for claims, and City management believes adequate accruals have been provided at September 30, 2020. Inter-fund premiums are based primarily on claims experience and are reported as interfund services provided and used.

There were no significant reductions in insurance coverage from coverage in the prior year by major category of risk. In addition, there were no insurance settlements exceeding insurance coverage in any of the past three years. Changes in claims payable amounts for the most recent two years are reflected below:

	<u>Employee Benefits</u>	<u>Retiree Health Insurance</u>	<u>Risk Management</u>	<u>Property & Casualty Insurance</u>	<u>Total</u>
Claims payable at September 30, 2018	\$ (992,282)	\$ (240,000)	\$ (518,013)	\$ (52,254)	\$ (1,802,549)
Current period claims and changes in estimate	(12,522,183)	(1,090,050)	(964,992)	(487,669)	(15,064,894)
Current period claims paid	<u>12,997,802</u>	<u>1,090,050</u>	<u>901,504</u>	<u>483,792</u>	<u>15,473,148</u>
Claims payable at September 30, 2019	<u>(516,663)</u>	<u>(240,000)</u>	<u>(581,501)</u>	<u>(56,131)</u>	<u>(1,394,295)</u>
Current period claims and changes in estimate	(13,136,942)	(2,023,367)	(757,250)	(499,627)	(16,417,186)
Current period claims paid	<u>12,747,521</u>	<u>2,023,367</u>	<u>757,250</u>	<u>497,188</u>	<u>16,025,326</u>
Claims payable at September 30, 2020	<u>\$ (906,084)</u>	<u>\$ (240,000)</u>	<u>\$ (581,501)</u>	<u>\$ (58,570)</u>	<u>\$ (1,786,155)</u>

B. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any to be immaterial.

NOTE IV - OTHER INFORMATION (Continued)

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's management and legal counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City has been granted authority from U.S. Citizenship and Immigration Service to operate an EB-5 Visa (also known as the Employment Based 5th Preference Visa) Regional Center, which attracts foreign investment for jobs creation in exchange for expediting applicants for permanent residency. This activity is accounted for in a non-major governmental fund. Under this program a foreign national deposits with the City, in addition to \$10,000 application fee, \$540,000, which is held in deposit pending approval of permanent residency, at which time \$40,000 is released to the City as an administrative fee and the remaining \$500,000 to the investment project selected by applicant. As of September 30, 2020, the deposit amount totaled \$65,000.

C. Accounting for post-employment benefits other than pensions

1. Plan Description: The City provides post-employment health care benefits for eligible retirees and their dependents. To be eligible to elect retiree medical coverage, a City employee retiring at age 60 or over must have at least 10 years of service with the City. City employees retiring before age 60 must have at least 20 years of service with the City. Members of the City's Fire Department are eligible to retire on or after age 50 with at least 20 years of service with the City.

Effective October 1, 2008, spouses must have been covered for at least three years prior to retirement. Retirees less than age 65 will have a one-time option to drop coverage and to be reinstated once the retiree reached age 65 and has enrolled in Medicare Parts A and B. Retirees are required to pay 100% of the blended (active and retiree) premium cost for both single and dependent coverage. However, police officers who retired prior to October 1, 2010 with 25 or more years of service pay 50% of the blended premium cost for both single and dependent coverage. As of year-end, there were 125 employees who had retired: 61 with single coverage and 64 dependent subscribers.

2. Funding Policy: The policy of the City is to fund the plan on a pay-as-you-go basis.
3. In June 2015 the Governmental Accounting Standards Board (GASB) issued Statement Number 75 (Accounting and Financial Reporting for Postemployment Benefits Other than Pensions) which is meant to replace GASB 45. The effective date for this statement is for employers with fiscal years beginning after June 15, 2017. The City is assumed to be a single employer without a special funding situation without a qualified trust for the purposes of reporting under GASB 75. GASB 75 requires the Total OPEB Liability (TOL) to be calculated based on the Entry Age Normal Level Percent of Pay (EAN) actuarial cost method. These benefits are not currently pre-funded.

This valuation includes all retirees who are currently receiving these benefits; and all active employees who will be eligible in the future to receive these benefits.

An actuarial valuation requires assumptions for the following parameters:

- A discount rate, which is based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale);
- Mortality rates relevant to the underlying group of employees and retirees;
- Withdrawal rates relevant to the underlying group of employees;
- Retirement rates relevant to the underlying group of employees; and
- Current and future per capita claim costs for the benefits being valued.

The assumptions used in this valuation conform to the requirements of GASB 75 and generally accepted actuarial principles.

NOTE IV - OTHER INFORMATION (Continued)

The calculations were performed using a Valuation Date (VD) of October 1, 2019 for reporting in the City’s full accrual financial statements and a Measurement Date (MD) of September 30, 2020.

The valuation results as of October 1, 2019 will be rolled-forward and may be used for September 30, 2021 financial statements provided there are no material changes to any of the benefits packages; any of the cost-sharing structures; and the census.

The City’s next full valuation should be as of October 1, 2021, for reporting in the City’s full accrual financial statement as of September 30, 2022.

- 4. At the September 30, 2020 valuation and measurement date, the following members were covered by the benefit terms:

Plan membership/participants:

Inactive employees or beneficiaries currently receiving benefits	108
Inactive employees entiteled to but not yet receiving benefits	-
Active employees	1,878
Total	1,986

- 5. Actuarial Assumptions:

Significant assumptions and other inputs used to measure the Total OPEB Liability for the current fiscal year are summarized below.

Valuation date	October 1, 2019	
Prior Measurement date	September 30, 2019	
Measurement date	September 30, 2020	
Assumptions:		
Inflation	2.50% per year	
Salary increases	Varies from 11.50% to 3.50%	
Discount Rate*		
Prior Measurement Date	2.66%	
Measurement Date	2.21%	
Mortality	Pub-2010 General and Public Safety Employees/Retirees Headcount-Weighted Mortality Tables projected fully generationally using scale MP-2019	
Health Care Cost Trends	5.40% from 2019-2020 decreasing to an ultimate rate of 3.94% by 2075	

* The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index

NOTE IV - OTHER INFORMATION (Continued)

- 6. OPEB Expense: GASB states the OPEB expense also should be recognized in the current reporting period for costs incurred by the government related to the administration of OPEB. The measurement period for these costs should be the same as the measurement period applied to changes in the Total OPEB Liability.

The OPEB Expense consists of:

- a) Service Costs for the year
- b) Interest on the TOL using the bond rate at the beginning of the period
- c) Change in the TOL due to benefit changes
- d) The current year recognition of changes in the TOL due to Actual versus Expected experience
- e) The current year recognition of changes in the TOL due to changes of assumptions or other inputs experience (including the change in discount rate)
- f) Recognition of Deferred Inflows and Outflows of Resources from prior years.

The following table provides a breakdown of the OPEB Expense as of September 30, 2020:

Service Cost	\$	321,502
Interest on the Total OPEB Liability and Service Cost		222,328
Current period benefit changes		-
Current period recognition of Deferred Inflows and Outflows of Resources:		
Difference between expected and actual experience in the Total OPEB Liability		86,822
Changes of assumptions or other inputs		125,904
Other		-
OPEB Expense	<u>\$</u>	<u>756,556</u>

- 7. Sensitivity Results: Changes in the discount and health care cost trend rates affect the measurement of the Total OPEB Liabilities (TOL). Lower discount rates produce a higher TOL whereas lower trend rates produce a lower TOL. The converse is true for higher discount rates and trend rates. Because discount rate and trend rates do not affect the measurement of assets, the percentage change in the Net OPEB liability can be very significant for a relatively small change in either rates.

The table that follows shows the sensitivity of the net OPEB liability to the discount rate and the healthcare cost trend rates.

<u>Healthcare Cost Trend</u>	<u>1% Increase in Discount Rate (3.21%)</u>	<u>Current Discount Rate (2.21%)</u>	<u>1% Decrease in Discount Rate (1.21%)</u>
1% Decrease		\$ 9,481,263	
Current	\$ 10,571,224	\$ 11,510,277	\$ 14,696,724
1% Increase		\$ 15,029,974	

NOTE IV - OTHER INFORMATION (Continued)

- 8. Deferred Inflows and Outflows: For the current fiscal year, the average expected remaining service life of active and inactive employees is 10.56 years and the Deferred Inflows and Outflows of resources for (a) differences between expected and actual experience and (b) changes of assumptions or other inputs as of September 30, 2020 are amortized over 11 years.

For the year ended September 30, 2020, the Plan recognized OPEB expense of \$756,556.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,829,350	\$ 1,765,012
Changes of assumptions	<u>1,795,787</u>	<u>541,140</u>
Total	<u>\$ 4,625,137</u>	<u>\$ 2,306,152</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended Sept 30</u>	
2021	\$ 212,726
2022	212,726
2023	212,726
2024	212,726
2025	212,726
Thereafter	1,255,355
Total	<u>\$ 2,318,985</u>

9. Changes in Total OPEB Liability -

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a) - (b)</u>
Balance at 9/30/2019	\$ 8,801,638	\$ -	\$ 8,801,638
Changes for the year:			
Service cost	321,502	-	321,502
Interest on Total OPEB Liability and Service Cost	222,328	-	222,328
Difference between expected and actual experience	3,112,285	-	3,112,285
Changes in assumptions	592,518	-	592,518
Benefit payments	(1,539,994)	(1,539,994)	-
Contributions-employer	-	1,539,994	(1,539,994)
Contributions-members	-	-	-
Net investment income	-	-	-
Administrative expense	-	-	-
Net Changes	<u>2,708,639</u>	<u>-</u>	<u>2,708,639</u>
Balance at 9/30/2020	<u>\$ 11,510,277</u>	<u>\$ -</u>	<u>\$ 11,510,277</u>

NOTE IV - OTHER INFORMATION (Continued)

D. Retirement Plans

Summary of retirement plans -

	<u>City - TMRS</u>	<u>Firemen's Pension Plan</u>	<u>Total City - TMRS and Firemen's Pension Plan</u>
Total pension liability	\$ 298,644,083	\$ 83,501,038	\$ 382,145,121
Plan fiduciary net position	282,360,961	57,956,229	340,317,190
Net pension liability	<u>\$ 16,283,122</u>	<u>\$ 25,544,809</u>	<u>\$ 41,827,931</u>
Deferred outflows of resources	\$ 2,308,649	\$ 18,127,390	\$ 20,436,039
Deferred inflows of resources	\$ 10,655,035	\$ 25,615,038	\$ 36,270,073
Contributions subsequent to measurement date	\$ 4,980,824	\$ -	\$ 4,980,824
Pension expenses	\$ 13,442,997	\$ 1,900,358	\$ 15,343,355

1. Texas Municipal Retirement System

a) Plan Description

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of 201 Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the city are required to participate in TMRS. Fire department personnel, except clerical staff, have a separate pension plan and are not covered by TMRS.

b) Benefits provided

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

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

Plan provisions for the City are as follows:

Employee deposit rate	7.00%
Matching ratio (city to employee)	2 to 1
Years required for vesting	10
Service retirement eligibility (expressed as age/years of service)	60/10,0/20
Updated Service Credit	100%
	Transfers
Annuity Increase (to retirees)	0% of CPI

NOTE IV - OTHER INFORMATION (Continued)

Employees covered by benefit terms –

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

Inactive employees or beneficiaries currently receiving benefits	589
Inactive employees entitled to but not yet receiving benefits	481
Active employees	<u>1,618</u>
Total	<u><u>2,688</u></u>

c) Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employees gross earnings, and the city matching 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 consulting actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of McAllen were required to contribute 7% of their annual gross earnings during the fiscal year. For fiscal year 2020, the City made contributions of 8.66%.

d) Net Pension Liability

The City’s Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75% per year composed of an assumed 2.50% inflation rate and a 4.25% net real rate of return

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. Based on the size of the city, rates are multiplied by an additional factor of 100%.

Actuarial assumptions used in the December 31, 2019, valuation were based on the results of actuarial experience studies. This experience study was for the period December 31, 2014 through December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2019 valuation.

NOTE IV - OTHER INFORMATION (Continued)

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended the TMRS Board of Trustees. 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 the long-term funding needs of TMRS.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
Total	<u>100.00%</u>	

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 the employee contributions will remain at the current 7% 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 plan 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.

Changes in the Net Pension Liability-

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balance at 12/31/2018	\$ 278,561,780	\$ 246,261,932	\$ 32,299,848
Changes for the year:			
Service cost	8,678,357	-	8,678,357
Interest	19,076,997	-	19,076,997
Changes of benefit terms	6,023,884	-	6,023,884
Difference between expected and actual experience	(743,805)	-	(743,805)
Changes in assumptions	(347,815)	-	(347,815)
Contributions-employer	-	5,704,990	(5,704,990)
Contributions-employee	-	5,147,685	(5,147,685)
Net investment income	-	38,073,253	(38,073,253)
Benefit payments, including refunds of employee contributions	(12,605,315)	(12,605,315)	-
Administrative expense	-	(215,122)	215,122
Other	-	(6,462)	6,462
Net Changes	<u>20,082,303</u>	<u>36,099,029</u>	<u>(16,016,726)</u>
Balance at 12/31/2019	<u>\$ 298,644,083</u>	<u>\$ 282,360,961</u>	<u>\$ 16,283,122</u>

NOTE IV - OTHER INFORMATION (Continued)

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:

	<u>1% Decrease in Discount Rate (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase in Discount Rate (7.75%)</u>
City's net pension liability	\$ 58,808,024	\$ 16,283,122	\$ (18,643,002)

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.

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

For the year ended September 30, 2020, the City recognized pension expense of \$13,442,997.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 211,981	\$ 1,741,361
Difference in assumption changes	2,096,668	289,555
Difference between projected and actual investment earnings	-	8,624,119
Contributions subsequent to the measurement date	<u>4,980,824</u>	<u>-</u>
Total	<u>\$ 7,289,473</u>	<u>\$ 10,655,035</u>

\$4,980,824 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 measurement year ending September 30, 2021.

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

<u>Year ended Dec 31</u>	
2020	\$ (1,685,039)
2021	(1,997,034)
2022	240,428
2023	(4,689,986)
2024	(214,755)
Thereafter	-
Total	<u>\$ (8,346,386)</u>

NOTE IV - OTHER INFORMATION (Continued)

2. Firemen’s Relief & Retirement Fund

a) Plan Description

Firemen’s Relief & Retirement Fund, a single-employer defined benefit plan (the “Plan”), was created pursuant to the Texas Local Fire Fighter’s Retirement Act (“TLFFRA”) and is administered by the Board of Trustees of the fund. The fund provides pension, disability, death, and severance benefits to employees of the City’s fire department and former volunteer firemen eligible to receive benefits.

At the September 30, 2020 valuation and measurement date, the following members were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	108
Terminated employees entitled to but not yet receiving benefits	7
Active members	174
Total	289

The City issues a publicly-available financial report that includes financial statements and required supplementary information for the Firemen’s Relief & Retirement Fund. This financial report may be obtained by writing to the City of McAllen Finance Director, P.O. Box 220, McAllen, Texas 78505-0220 or by calling (956) 681-1081.

b) Summary of Significant Accounting Policies

Basis of Accounting – The financial statements of the Firemen’s Relief & Retirement Fund are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan document. **Plan Benefits** – Benefit provisions are established under authority of the TLFFRA. Specific plan provisions are governed by a Plan document and a trust agreement executed by the Board of Trustees. The Plan document may be amended as provided in Section 7 of the TLFFRA (Article 6243e. V.T.C.S.) Amending the Plan requires approval of any proposed change by an eligible actuary and a majority of the participating members of the Plan. Both the City and the members of the Plan have specific authority to appoint members of the Board under TLFFRA.

Pension Benefits – A member is eligible for service retirement upon completion of 20 years of service and attainment of age 50. A member who retires under the service retirement provisions of the fund will receive a monthly benefit equal to the sum of (a), (b), and (c) where: (a) equal to 2.9 percent of the member’s highest 60-month average salary for each of the member’s years of service up to and including the 20th year of service and (b) equals the greater of 2.9 percent of the member’s highest 60-month average salary, or \$58.00 per month for each of the member’s 21st and 22nd years of service, and (c) equals \$58.00 per month for each year of service in excess of 22 years.

Disability Benefits – An active member who becomes disabled as defined in the plan will receive a monthly disability benefit. Separate disability benefits are provided for duty-related and off-duty disabilities. Disability benefits are payable in the same joint-and-survivor form as service retirement benefits. However, disability benefits stop if the member recovers to the point that he no longer meets the definition of disability under the fund. If the total monthly amount a disabled member receives from (a) the fund, (b) workers compensation, and (c) the City of McAllen, exceeds the member’s monthly rate of pay as of his date of disability, the amount payable from the fund will be reduced so that the member’s benefit from all three sources, combined, does not exceed such rate of pay.

NOTE IV - OTHER INFORMATION (Continued)

Death Benefits – Duty-related death benefits, payable to a member’s spouse for as long as they are living, equal the sum of (a) 38.67% of the member’s highest 60-month average salary, (b) plus two-thirds of any additional service benefit earned by the member as of the date of their death. The death benefit is payable for life, but it ceases upon remarriage. Effective January 1, 2006 the widowed spouse of a member who completed 10 or more years of service prior to their death will have the death benefit payments terminated in the event of remarriage. In addition to the above spousal death benefit, each unmarried child of the member will receive a monthly benefit of 7.73 percent of the fire fighter’s highest 60-month average salary. Orphan benefits continue until the child reaches age 18. However, benefits will continue until age 22 for a child who is a full-time student. If the member’s spouse dies or remarries, or if the member has no spouse on the date of their death, each eligible orphan will receive a monthly benefit of 15.47 percent of the member’s highest 60-month average salary. Orphan benefits are continued for life to disabled children. The total of all benefits paid as a result of the death of an active fund member may not exceed the disability or retirement benefits such member had earned as of the date of their death. The total of all benefits paid as a result of the death of a retired member may not exceed the retirement benefit the member was receiving as of the date of their death. Benefits are reduced pro rata, if necessary, in order to satisfy these limitations.

Severance Benefits – Members who terminate employment with less than 10 years of service will be entitled to the return of the excess of their contributions to the fund over the amount of any benefits they have received from the Plan. Such refunds will not include any interest on the members’ contributions. If members terminate on or after the date they have completed 10 years of service but prior to the date they complete 20 years of service, they will be entitled to receive a monthly benefit, starting on the date they would have both completed 20 years of service and attained age 50, had they remained in the service of the fire department. The amount the members will receive will equal the monthly service retirement benefit they had accumulated on the date they separated from service with the fire department, multiplied by the vested percentage of the members.

The Deferred Retirement Option Plan (DROP) – A member is eligible to receive their benefits under the plan’s DROP provision after they have both completed 20 years of service and attained age 53. The election to participate in the DROP may be made at the time the member elects to retire. The monthly retirement income payable to a member who retires under the DROP will equal their service retirement benefits under the plan based on highest 60-month average salary and years of service as of the member’s DROP Eligibility Date. The member’s benefit will be calculated, however using the benefit formula in effect on the member’s actual date of retirement. A members DROP Eligibility Date is the later of (a) the date the member meets the eligibility requirements for the DROP or (b) the date which is two years prior to the member’s actual retirement date: Upon retirement, the member will receive—in addition to their monthly retirement benefit—a single payment equal to the sum of: (a.) the total of the monthly retirement benefits the member would have received between his DROP Eligibility Date and the time they retired under the plan, and (b.) the amount of monthly contributions that the member has made to the fund between their DROP Eligibility Date and the time they retired under the plan.

Method Used to Value Investments – The Plan’s investments are stated at fair value and, accordingly, unrealized appreciation and depreciation are reported in the statement of changes in fiduciary net position. The fair value of money market funds is considered to be the same as the cost of these investments due to their nature. The fair value of common stocks and foreign equities are based on quoted market prices. The fair value of United States Government securities and corporate and foreign bonds are based on quotes from broker dealers. The Plan values investments in alternative funds based on its percentage investment in each such fund. The estimated fair value of each fund is based on market conditions and information reported by the fund manager, and is generally based on the estimated fair value of each funds’ underlying investments at the end of the reporting period.

Purchases and sales of investments are recorded on a trade-date basis and, accordingly, the related receivables and payables for any unsettled trades are recorded. Interest income and dividends are recorded on the accrual basis.

NOTE IV - OTHER INFORMATION (Continued)**c) Net Pension Liability**

Total pension liability is developed by subtracting the present value of future service costs from the present value of future benefits. The net pension liability is calculated by subtracting the plan fiduciary net position from the pension liability. The components of the net pension liability of the Plan at September 30, 2020 were as follows:

Total pension liability	\$	83,501,038
Plan fiduciary net position		<u>57,956,229</u>
Net pension liability	\$	<u>25,544,809</u>
Fiduciary net position as a percentage of total pension liability		69.41%
Covered payroll		12,891,862
Net pension liability as a % of covered payroll		198.15%

Actuarial Assumptions -

The total pension liability was determined by an actuarial valuation as of October 1, 2018 and rolled forward to the measurement date of September 30, 2020, the Plan's fiscal year end.

Valuation date	October 1, 2018
Measurement date	September 30, 2020
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open

Actuarial assumptions:

Investment rate of return	7.5% per annum
Projected salary increases	3.0% plus merit, step and longevity increases that vary by service
Inflation	3.00% per year
Cost-of-living adjustment	None

Mortality	PubS-2010 (public safety) total dataset mortality tables for employees and for retirees (sex distinct), projected for mortality improvement generationally using the projection scale MP-2018.
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Other information	There have been no benefit changes since the October 1, 2018 valuation date
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The investment rate of return and the projected salary increases both used the same assumptions with regard to inflation. Best estimates of long-term real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020 are summaries in the table below:

<u>Asset class:</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Equities		
Domestic all cap	32%	5.50%
International developed	16%	6.09%
Emerging markets	7%	7.37%
Fixed Income		
Global	8%	1.66%
Domestic core	5%	1.43%
Nontraditional	11%	2.38%
Alternatives		
Private real estate	10%	4.30%
Hedge funds	10%	3.15%
Cash	1%	0.15%
Total	<u>100%</u>	
Weighted average		4.46%

NOTE IV - OTHER INFORMATION (Continued)

Discount Rate–

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the City will be made at contractually required rates. Based on this assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability– Firemen’s Relief and Retirement Fund Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 9/30/2019	\$ 99,613,743	\$ 53,972,127	\$ 45,641,616
Changes for the year:			
Service cost	3,136,670	-	3,136,670
Interest	5,697,831	-	5,697,831
Difference between expected Benefit payments, including refunds of member contributions	(4,519,133)	(4,519,133)	-
Contributions-employer	-	1,675,942	(1,675,942)
Contributions-members	-	1,547,867	(1,547,867)
Expected net investment income	-	5,318,376	(5,318,376)
Gain or (loss) due to difference in Expected administrative expense	-	(38,950)	38,950
Assumption changes	(20,428,073)	-	(20,428,073)
Net Changes	(16,112,705)	3,984,102	(20,096,807)
Balance at 9/30/2020	<u>\$ 83,501,038</u>	<u>\$ 57,956,229</u>	<u>\$ 25,544,809</u>

Sensitivity of the net pension liability to changes in the discount rate–

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.5%, as well as what the Plan’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1percentage-point higher (8.5%) than the current rate:

	1% Decrease in Discount Rate (6.5%)	Current Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Plan’s net pension liability	\$ 35,833,867	\$ 25,544,809	\$ 16,944,600

NOTE IV - OTHER INFORMATION (Continued)

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

For the year ended September 30, 2020, the Plan recognized pension expense of \$1,900,358.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 94,589	\$ 5,437,830
Changes in actuarial assumptions	18,032,801	19,661,542
Difference between projected and actual investment earnings	-	515,666
Total	<u>\$ 18,127,390</u>	<u>\$ 25,615,038</u>

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

	<u>Year ended Sept 30</u>
2021	\$ (1,277,752)
2022	(845,220)
2023	(755,478)
2024	(1,030,636)
2025	(507,315)
Thereafter	<u>(3,071,247)</u>
Total	<u>\$ (7,487,648)</u>

d) Contributions

The Plan’s minimum required contribution provisions are established under Title 8, Subtitle A, Chapter 802, Subchapter B, Section 802.101 of the Texas Government Code and under Texas Pension Review Board Guidelines for Actuarial Soundness. Specific Plan contribution rates are governed by the Plan document. Changes in the members’ or the City’s contribution rate requires a plan amendment.

The contribution rates of the Plan members and the City are established under the terms of the Plan. An actuarial valuation is performed biennially to verify that Plan benefits and Plan contributions are in balance. Costs of administering the fund are paid from Plan assets.

Pursuant to the Plan document, a legal instrument binding both the City and its firefighters, the City of McAllen is required to match employee contributions. Benefits paid to former volunteer firefighters are funded by the City when paid to the former volunteer firefighters or beneficiaries. The City’s contribution rate for the fiscal year ended September 30, 2020 was 13.00% of annual compensation. Contributions required and paid into the fund as of September 30, 2020 were members, \$1,545,731 and employer, \$1,675,942.

e) Other pension information

In September 2003, Texas voters approved an amendment to the Texas Constitution, which provided that once certain benefits are granted to retirees, those benefits may not be subsequently reduced. It was codified as Article XVI, Section 66, of the Texas Constitution. The amendment applies only to the City of McAllen Firefighters’ Relief and Retirement Plan.

NOTE IV - OTHER INFORMATION (Continued)

It further provided that the City and the retirement system that finance benefits under the retirement system are jointly responsible for ensuring that benefits are not reduced or otherwise impaired, which could potentially require the City to involuntarily increase its funding due to under-performing investments, plan improvements as well as other factors outside the control of the City. The amendment also permitted the City to be exempt from its requirements upon holding an election in which the majority of the votes favored the exemption. On May 15, 2004, a special City election was held, in which the majority of the voters voted in favor of exempting the City of McAllen and the McAllen Firefighters' Relief and Retirement Plan from the application of this amendment, Article XVI, Section 66 of the Texas Constitution.

E. Tax Increment Reinvestment Zone Number One

On December 22, 2014, the City Commission passed a resolution establishing Tax Increment Reinvestment Zone Number One, City of McAllen, Texas (TIRZ#1) containing approximately 2,571 acres of land located in the northernmost area of the City's jurisdictional limits and designating the area as a reinvestment zone being commonly referred to as the "Tres Lagos Development Project". On November 18, 2015, a resolution was passed by the Board of Directors of TIRZ#1, approving an amended supplemental project and financing plan providing for an effective date of December 14, 2015. The City has committed to contribute to the Tax Increment Fund created for TIRZ#1, 70% of its tax increment derived from the City's maintenance and operations ad valorem taxes generated therein for years 2015 through 2025, and 80% for years 2026 through 2044. The amount to be contributed to TIRZ #1 is based upon the incremental increase in the appraised value each January 1st compared to the base year appraised value of property in the Zone as of January 1, 2014. On April 7, 2016, the Commissioners Court of Hidalgo County passed and approved an amended interlocal agreement to participate in TIRZ#1 by pledging 67% of its maintenance and operation portion of the County's assessed and collected taxes for years 2015 through 2025, and 77% for years 2026 through 2044. The amount contributed by both taxing entities will be set aside for capital improvement projects within TIRZ #1 beginning with taxes levied after January 1, 2015. On June 1, 2016, the City issued Combination Tax and Assessment Revenue Certificates of Obligation-Taxable Series 2016 in the amount of \$24,500,000 to pay for public improvements for TIRZ#1. The balance of bonds proceeds were spent on infrastructure and drainage improvements within TIRZ#1 in prior years. As of September 30, 2020, the TIRZ#1 fund balance was \$113,997.

F. Tax Increment Reinvestment Zone Number 2A

On December 12, 2016, the City created a second TIRZ known as McAllen Tax Increment Reinvestment Zone Number 2A (TIRZ #2A). This second TIRZ covers approximately 1,702 acres located in the south central area of City. The City committed to contribute to the Tax Increment Fund created for TIRZ#2A 60% of its tax increment derived from the City's maintenance and operations ad valorem taxes generated therein for 20 years. The amount to be contributed to TIRZ #2A is based upon the incremental increase in the appraised value each January 1st compared to the base year appraised value of property in the Zone as of January 1, 2017. On October 3, 2017, the Commissioners Court of Hidalgo County passed and approved an interlocal agreement to participate in TIRZ#2A by pledging 50% of its maintenance and operation portion of the County's assessed and collected taxes for tax years 2017 through 2036. The amount contributed by both taxing entities will be set aside for capital improvement projects within TIRZ #2A beginning with taxes levied after January 1, 2017. As of September 30, 2020, the TIRZ#2A fund balance was \$1,224,029.

G. Tax Abatements

The City of McAllen negotiates loans, grants, property tax abatement agreements, property tax rebates, and sales tax rebates on an individual basis. These agreements are designed to promote local economic development and redevelopment within the City, stimulate commercial activity, promote job creation, generate additional sales tax and enhance the property tax base and economic vitality of the City. This program is authorized under Chapter 380.001 of the Texas Local Government Code.

The City has entered into various agreements that rebate a percentage of property, sales tax, and employment related reimbursements as well as economic development grants. The reimbursement amounts range per type of agreement once certain milestones are attained. There were no tax abatements issued as of September 30, 2020.

NOTE IV - OTHER INFORMATION (Continued)**H. Subsequent events**

On February 11, 2021, the City issued Sales Tax Revenue Refunding Bonds, Taxable Series 2021 for \$4,400,000. Proceeds from the sale of the Bonds were utilized to refund a portion of Sales Tax Revenue Bonds Series 2016, 2017, and 2018, for debt service savings, and to pay the cost of issuance of the Bonds.

On March 16, 2021, the City issued General Obligation Refunding Bonds, Taxable Series 2021 for \$38,610,000. Proceeds from the sale of the Bonds were utilized to refund a portion of General Obligation Bonds, Series 2014 and Combination Tax and Revenue Certificates of Obligation, Series 2014 in order to lower the overall debt service requirements of the City and to pay the costs associated with the issuance of the Bonds.

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Required Supplementary Information

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Texas Municipal Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios
Last Six Fiscal Years
(Previous years are not available)

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019
Total pension liability:						
Service cost	\$6,805,485	\$7,407,030	\$7,992,201	\$8,196,790	\$8,285,275	\$8,678,357
Interest (on the total pension liability)	14,011,751	15,035,551	15,972,265	16,912,836	17,790,762	19,076,997
Changes of benefit terms	-	2,340,034	-	-	-	6,023,884
Difference between expected and actual experience	12,762	385,103	285,052	(814,726)	(1,012,619)	(743,805)
Change in assumptions	-	8,087,143	-	-	-	(347,815)
Benefit payments, including refunds of employee contributions	(8,961,369)	(8,728,811)	(10,020,877)	(10,813,970)	(11,851,695)	(12,605,315)
Net change in total pension liability	11,868,629	24,526,050	14,228,641	13,480,930	13,211,723	20,082,303
Total pension liability - beginning	201,245,807	213,114,436	237,640,486	251,869,127	265,350,057	278,561,780
Total pension liability - ending (a)	<u>\$213,114,436</u>	<u>\$237,640,486</u>	<u>\$251,869,127</u>	<u>\$265,350,057</u>	<u>\$278,561,780</u>	<u>\$298,644,083</u>
Plan fiduciary net position:						
Contributions - employer	\$4,139,770	\$4,278,578	\$4,477,156	\$5,460,155	\$5,558,475	\$5,704,990
Contributions - employee	4,367,657	4,595,301	4,707,800	4,838,151	4,894,255	5,147,685
Net investment income	11,471,696	311,957	14,305,407	31,182,396	(7,653,315)	38,073,253
Benefit payments, including refunds of employee contributions	(8,961,369)	(8,728,811)	(10,020,877)	(10,813,970)	(11,851,695)	(12,605,315)
Administrative expense	(119,767)	(190,013)	(161,560)	(161,590)	(147,898)	(215,122)
Other	(9,847)	(9,385)	(8,705)	(8,189)	(7,727)	(6,462)
Net change in plan fiduciary net position	10,888,140	257,627	13,299,221	30,496,953	(9,207,904)	36,099,029
Plan fiduciary net position - beginning	200,527,895	211,416,035	211,673,662	224,972,883	255,469,836	246,261,932
Plan fiduciary net position - ending (b)	<u>\$211,416,035</u>	<u>\$211,673,662</u>	<u>\$224,972,883</u>	<u>\$255,469,836</u>	<u>\$246,261,932</u>	<u>\$282,360,961</u>
Net pension liability - ending (a) - (b)	\$1,698,401	\$25,966,824	\$26,896,244	\$9,880,221	\$32,299,848	\$16,283,122
Plan fiduciary net position as a percentage of total pension liability	99.20%	89.07%	89.32%	96.28%	88.40%	94.55%
Covered payroll	\$62,261,492	\$65,030,992	\$67,161,351	\$69,112,898	\$69,917,934	\$73,358,895
Net pension liability as a percentage of covered payroll	2.73%	39.93%	40.05%	14.30%	46.20%	22.20%

Note: This is a 10-year schedule to be created prospectively commencing with Measurement Year 2014.

**Texas Municipal Retirement System
Schedule Of Contributions
Last Six Fiscal Years
(Unaudited)**

<u>Fiscal Year</u>	<u>(1) Actuarial determined contribution</u>	<u>(2) Contribution in relation to the actuarially determined contribution</u>	<u>(3) Contribution excess (deficiency) (2) -(1)</u>	<u>(4) Covered payroll</u>	<u>(5) Contributions as a percentage of covered payroll (2)/(4)</u>
2015	\$ 4,200,690	\$ 4,200,685	\$ (5)	\$ 64,045,229	6.56%
2016	4,594,830	4,594,391	(439)	69,339,611	6.63%
2017	5,197,019	5,197,025	6	68,243,115	7.62%
2018	5,550,314	5,550,315	1	69,919,236	7.94%
2019	5,652,948	5,652,942	(6)	72,447,570	7.80%
2020	6,334,573	6,334,567	(6)	74,960,498	8.45%

Note: This is a 10-year schedule to be created prospectively commencing with Fiscal Year 2015.

Valuation Date: Actuarial determined contribution rates are calculated as of December 31 st and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rate for 2020:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 years
Asset Valuation Method	10 Year smoothed market; 12% 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 2019 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 table 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:	Granted 100% ad hoc USC with transfer.

Firemen's Relief and Retirement Fund
Last Seven Fiscal Years (Previous years are not available)
(Unaudited)

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020
Total pension liability:							
Service cost	\$1,573,197	\$1,824,526	\$2,879,641	\$1,865,778	\$1,940,409	\$1,959,647	\$3,136,670
Interest (on the total pension liability)	4,841,219	4,884,830	5,130,946	5,361,757	5,631,214	5,715,164	5,697,831
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	-	221,439	-	(1,202,731)	-	(6,083,899)	-
Change in assumptions	-	(3,414,995)	-	-	-	23,055,865	(20,428,073)
Benefit payments, including refunds of member contributions	(2,588,586)	(3,170,707)	(3,876,966)	(3,520,297)	(3,898,551)	(3,797,821)	(4,519,133)
Net change in total pension liability	3,825,830	345,093	4,133,621	2,504,507	3,673,072	20,848,956	(16,112,705)
Total pension liability - beginning	64,282,664	68,108,494	68,453,587	72,587,208	75,091,715	78,764,787	99,613,743
Total pension liability - ending (a)	<u>\$68,108,494</u>	<u>\$68,453,587</u>	<u>\$72,587,208</u>	<u>\$75,091,715</u>	<u>\$78,764,787</u>	<u>\$99,613,743</u>	<u>\$83,501,038</u>
Plan fiduciary net position:							
Contributions - employer	\$1,435,293	\$1,477,483	\$1,554,567	\$1,498,194	\$1,547,133	\$1,625,691	\$1,675,942
Contributions - members	1,214,786	1,223,445	1,265,734	1,266,209	1,360,361	1,499,435	1,547,867
Benefit payments, including refunds of member contributions	(2,588,586)	(3,170,707)	(3,876,966)	(3,520,297)	(3,898,550)	(3,797,821)	(4,519,133)
Expected net investment income	2,525,951	(2,467,023)	3,867,719	5,489,970	4,256,675	2,006,816	5,318,376
Gain or (loss) due to difference in projected vs actual earnings	-	-	-	-	-	-	-
Expected Administrative expense	(23,961)	(46,070)	(352,963)	(33,822)	(49,519)	(37,403)	(38,950)
Net change in plan fiduciary net position	2,563,483	(2,982,872)	2,458,091	4,700,254	3,216,100	1,296,718	3,984,102
Plan fiduciary net position - beginning	42,720,353	45,283,836	42,300,964	44,759,055	49,459,309	52,675,409	53,972,127
Plan fiduciary net position - ending (b)	<u>\$45,283,836</u>	<u>\$42,300,964</u>	<u>\$44,759,055</u>	<u>\$49,459,309</u>	<u>\$52,675,409</u>	<u>\$53,972,127</u>	<u>\$57,956,229</u>
Net pension liability - ending (a) - (b)	\$22,824,658	\$26,152,623	\$27,828,153	\$25,632,406	\$26,089,378	\$45,641,616	\$25,544,809
Plan fiduciary net position as a percentage of total pension liability	66.49%	61.80%	61.66%	65.87%	66.88%	54.18%	69.41%
Covered payroll	\$11,043,509	\$11,365,262	\$11,515,311	\$11,524,569	\$11,901,023	\$12,505,315	\$12,891,862
Net pension liability as a percentage of covered payroll	206.68%	230.11%	241.66%	222.42%	219.22%	364.98%	198.15%

Note: This is a 10-year schedule to be created prospectively commencing with Measurement Year 2014.

**Firemen's Relief And Retirement Fund
Schedule Of Contributions
Last Seven Fiscal Years (previous years unavailable)
(Unaudited)**

<u>Fiscal Year</u>	<u>(1) Actuarial determined contribution</u>	<u>(2) Contribution in relation to the actuarially determined contribution</u>	<u>(3) Contribution excess (deficiency) (2) -(1)</u>	<u>(4) Covered payroll</u>	<u>(5) Contributions as a percentage of covered payroll (2)/(4)</u>
2014	\$ 1,435,293	\$ 1,435,293	\$ -	\$ 11,043,509	13.00%
2015	1,477,483	1,477,483	-	11,365,262	13.00%
2016	1,554,567	1,554,567	-	11,515,311	13.50%
2017	1,498,194	1,498,194	-	11,524,569	13.00%
2018	1,547,133	1,547,133	-	11,901,023	13.00%
2019	1,625,691	1,625,691	-	12,505,315	13.00%
2020	1,675,942	1,675,942	-	12,891,862	13.00%

Note: This is a 10-year schedule to be created prospectively commencing with Fiscal Year 2014

Valuation Date: Actuarial determined contribution rates are calculated as of October 1 st.

Methods and Assumptions Used to Determine Contribution Rate for 2020:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll, Opened
Remaining Amortization Period	Infinity
Asset Valuation Method	5 Year smoothed market; 20% soft corridor
Inflation	3.00%
Salary Increases	3%, plus merit, step and longevity increases that vary by service
Investment Rate of Return	7.5% per annum
Retirement Age	Experience-based table of rates that are specific to the Firemen's Relief and Retirement Fund
Mortality	PubS-2010 (public safety) total dataset mortality tables for employees and for retirees (sex distinct), projected for mortality improvement generationally using the projection scale MP-2018
Other Information:	There were no benefit changes during the year.

Post Employment Benefit Plan
Schedule of Changes in Total OPEB Liability and Related Ratios
 (Previous years unavailable)

	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020
Total OPEB Liability:			
Service cost	\$ 326,694	\$ 297,170	\$ 321,502
Interest (on the total OPEB and Service Cost)	368,004	386,856	222,328
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	(2,157,238)	3,112,285
Change in assumptions or other inputs	(744,069)	1,536,498	592,518
Benefit payments	(905,063)	(566,863)	(1,539,994)
Net change in total OPEB liability	(954,434)	(503,577)	2,708,639
Total OPEB liability - beginning	10,259,649	9,305,215	8,801,638
Total OPEB liability - ending	<u>\$ 9,305,215</u>	<u>\$ 8,801,638</u>	<u>\$ 11,510,277</u>
Plan fiduciary net position:			
Contributions - employer	\$ 905,063	\$ 566,863	\$ 1,539,994
Contributions - members	-	-	-
Net investment income	-	-	-
Benefit payments	(905,063)	(566,863)	(1,539,994)
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending	-	-	-
Net OPEB liability - ending	\$ 9,305,215	\$ 8,801,638	\$ 11,510,277
Plan fiduciary net position as a percentage of total OPEB liability	-	-	-
Covered payroll	\$ 74,223,284	\$ 74,941,172	\$ 81,607,453
Net OPEB liability as a percentage of covered payroll	12.54%	11.74%	14.10%

Note: This is a 10-year schedule to be created prospectively commencing with Measurement Year 2018. Refer to page 70 of the notes to financial statements for the actuarial assumptions of the plan.

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Non Major Governmental Funds

Special Revenue Funds are used to account for resources allocated to specific purposes. A special revenue fund continues in existence as long as governmental resources are allocated to its specific purposes.

The **Hotel Occupancy Tax Fund** was established to account for the hotel-motel occupancy tax levied. This tax revenue is allocated to the promotion of tourism and conventions, promotion of the arts, support of convention center and civic center management, and other expenditures.

The **Hotel Venue Project Fund** was established to account for funding under Ordinance 2012-69 for a 2% Hotel Occupancy tax for a Performing Arts Facility.

The **McAllen EB5 Regional Center Fund** was established to account for revenues and expenditures to operate an EB-Regional Center under the U.S. Citizenship and Immigration Services (USCIS).

The **Drainage Fee Fund** was established to account for revenue generated from drainage fees which will be used to fund maintenance and drainage improvements.

The **Parkland Zones Development Fund** was established to account for land acquired for future park development.

The **Tax Increment Reinvestment Zone #1 Fund** was established to account for a portion of the revenues derived from property taxes levied by the City and County to facilitate the provision of capital improvements within the zone.

The **Community Development Fund** was established to account for receipt and disbursement of Federal Program revenues.

The **Tax Increment Reinvestment Zone #2A Fund** was established to account for a portion of the revenues derived from property taxes levied by the City and County to facilitate the provision of capital improvements within the zone.

The **Miscellaneous Government Grants Fund** was established to account for all grant programs applicable to the City for which a separate fund is not established.

The **Downtown Services Parking Fund** was established to account for revenues and disbursements associated with the activities of vehicular parking in the downtown district.

The **PD Seized Fund** was established to account for court awarded funds and use for purchase of police department capital assets.

The **Texas Anti-Gang Unit Fund** was established to account for revenues and expenditures associated with the operation of a new anti-gang unit.

The **Christmas Parade Fund** was established to account for revenues and expenditures for the purpose of promoting the City's Annual Christmas Parade.

The **Friends of Quinta Fund** was established to account for revenues and expenditures for the purpose of promoting Quinta Mazatlan.

The **PEG Fund (Public, Educational and Government)** was established to account for the revenue and expenditures related to the programming fees provided by various cable subscribers.

The **Debt Service Fund** was established to retire general government debt.

The **Hotel Venue Debt Service Fund** was established to retire Certificate of Obligation, Series 2014.

The **Local Govt Finance Corp Debt Service Fund** was established to retire Contract Revenue Bonds, Series 2017.

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Capital Projects Funds:

The **Capital Improvement Fund** was established to account for all expenditures related to planned capital projects not accounted for in other capital project funds. Its main funding source is a transfer in from the general fund from oil and gas royalty proceeds.

The **Traffic / Drainage Bond Fund** is a non major fund that was established to account for all expenses in undertaking all Drainage and Traffic improvements.

The **Information Technology Fund** was established to account for all expenditures related to the implementation of strategic technology projects.

The **Street Improvements Construction Fund** was established to account for all expenditures related to the construction of intersections and street improvement projects.

The **Park's Facility/Fire Station #2 Construction Fund** was established to account for all expenditures related to the construction of a new Park's facility and fire station.

The **Performing Arts C.O. Construction Fund** was established to account for all expenditures related to the construction of the Performing Arts Center as funded with Certificate of Obligation Series 2014.

The **Sports Facility Construction Fund** was established to account for all expenditures related to the construction of 12 fields for youth and adult baseball.

The **Local Government Finance Corp - TX A&M Construction Fund** was established to account for all expenditures related to the Texas A&M University Building Project.

The **Quinta Center for Urban Ecology Fund** was established to account for all expenditures related to the construction of a Center for Urban Ecology which will include classroom and teaching spaces to further environmental education.

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2020**

	Special Revenue		
	Hotel Occupancy Tax	Hotel Venue Tax	McAllen EB-5 Regional Center
ASSETS			
Cash	\$ 24,042	\$ 298,144	\$ 9,649
Certificate of deposit	-	-	-
Investments	4	677	136,076
Receivables:			
Accounts	207,192	59,200	-
Taxes	-	-	-
Accrued interest	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Total assets	<u>231,238</u>	<u>358,021</u>	<u>145,725</u>
Deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	<u>\$ 231,238</u>	<u>\$ 358,021</u>	<u>\$ 145,725</u>
LIABILITIES			
Accounts payable	\$ 63,579	\$ -	\$ -
Accrued liabilities	-	-	4,470
Due to other funds	167,291	-	-
Unearned revenues	-	-	-
Other liabilities	-	-	65,000
Total liabilities	<u>230,870</u>	<u>-</u>	<u>69,470</u>
Deferred inflows of resources	-	-	-
Total liabilities and deferred inflows of resources	<u>230,870</u>	<u>-</u>	<u>69,470</u>
FUND BALANCES			
Restricted	368	358,021	76,255
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	<u>368</u>	<u>358,021</u>	<u>76,255</u>
Total liabilities and fund balances	<u>\$ 231,238</u>	<u>\$ 358,021</u>	<u>\$ 145,725</u>

Special Revenue				
Drainage Fee	Park Development	TIRZ #1	Community Development	TIRZ #2A
\$ 18,068	\$ 49,858	\$ 459	\$ -	\$ 3,940
2,034,867	1,029,512	-	-	-
932,800	1,655,582	118,902	-	854,933
138,686	-	-	-	-
-	-	-	-	-
103	42	-	-	849,418
-	-	-	-	-
-	-	-	405,486	-
<u>3,124,524</u>	<u>2,734,994</u>	<u>\$ 119,361</u>	<u>405,486</u>	<u>1,708,291</u>
-	-	-	-	-
<u>\$ 3,124,524</u>	<u>\$ 2,734,994</u>	<u>\$ 119,361</u>	<u>\$ 405,486</u>	<u>\$ 1,708,291</u>
\$ 47,134	\$ 43,068	\$ 5,364	\$ 334,081	\$ 1,001
-	-	-	4,195	-
-	-	-	67,210	-
-	-	-	-	483,261
-	-	-	-	-
<u>47,134</u>	<u>43,068</u>	<u>5,364</u>	<u>405,486</u>	<u>484,262</u>
-	-	-	-	-
<u>47,134</u>	<u>43,068</u>	<u>5,364</u>	<u>405,486</u>	<u>484,262</u>
3,077,390	2,691,926	113,997	-	1,224,029
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>3,077,390</u>	<u>2,691,926</u>	<u>113,997</u>	<u>-</u>	<u>1,224,029</u>
<u>\$ 3,124,524</u>	<u>\$ 2,734,994</u>	<u>\$ 119,361</u>	<u>\$ 405,486</u>	<u>\$ 1,708,291</u>

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2020**

	Special Revenue		
	Miscellaneous Government Grants	Downtown Services Parking	PD Seized
ASSETS			
Cash	\$ 34,553	\$ 11,758	\$ 5,651
Certificate of deposit	-	-	-
Investments	-	20	1,441,654
Receivables:			
Accounts	-	838,998	-
Taxes	-	-	-
Accrued interest	-	-	83
Due from other funds	-	-	-
Due from other governments	225,743	-	-
Total assets	<u>260,296</u>	<u>850,776</u>	<u>1,447,388</u>
Deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	<u>\$ 260,296</u>	<u>\$ 850,776</u>	<u>\$ 1,447,388</u>
LIABILITIES			
Accounts payable	\$ 9,544	\$ 16,148	\$ 46,088
Accrued liabilities	-	13,234	-
Due to other funds	236,587	-	-
Unearned revenues	-	-	2,480
Other liabilities	-	-	-
Total liabilities	<u>246,131</u>	<u>29,382</u>	<u>48,568</u>
Deferred inflows of resources	-	838,643	-
Total liabilities and deferred inflows of resources	<u>246,131</u>	<u>868,025</u>	<u>48,568</u>
FUND BALANCES			
Restricted	14,165	-	1,398,820
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	(17,249)	-
Total fund balances	<u>14,165</u>	<u>(17,249)</u>	<u>1,398,820</u>
Total liabilities and fund balances	<u>\$ 260,296</u>	<u>\$ 850,776</u>	<u>\$ 1,447,388</u>

Special Revenue				
TX Anti Gang Unit	Christmas Parade	Friends of Quinta	Public Education Governmental	Total
\$ -	\$ 12,250	\$ 11,368	\$ 4,981	\$ 484,721
-	-	-	-	3,064,379
2	155,512	750,481	933,083	6,979,726
-	5,000	-	-	1,249,076
-	-	-	-	-
-	-	-	-	849,646
-	8,333	-	-	8,333
<u>243,403</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>874,632</u>
<u>243,405</u>	<u>181,095</u>	<u>761,849</u>	<u>938,064</u>	<u>13,510,513</u>
-	-	-	-	-
<u>\$ 243,405</u>	<u>\$ 181,095</u>	<u>\$ 761,849</u>	<u>\$ 938,064</u>	<u>\$ 13,510,513</u>
\$ 81,555	\$ 1,342	\$ 38	\$ -	\$ 648,942
4,444	-	-	-	26,343
154,327	-	-	-	625,415
-	32,499	-	-	518,240
-	-	-	-	65,000
<u>240,326</u>	<u>33,841</u>	<u>38</u>	<u>-</u>	<u>1,883,940</u>
-	-	-	-	838,643
<u>240,326</u>	<u>33,841</u>	<u>38</u>	<u>-</u>	<u>2,722,583</u>
3,079	147,254	761,811	938,064	10,805,179
-	-	-	-	-
-	-	-	-	-
-	-	-	-	(17,249)
<u>3,079</u>	<u>147,254</u>	<u>761,811</u>	<u>938,064</u>	<u>10,787,930</u>
<u>\$ 243,405</u>	<u>\$ 181,095</u>	<u>\$ 761,849</u>	<u>\$ 938,064</u>	<u>\$ 13,510,513</u>

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2020**

	Debt Service			Capital Projects		
	Debt Service	Hotel Venue Debt Service	Local Govt Finance Corp Debt Service Fund	Information Technology	Street Improvements	Park's Facility/Fire Station #2 Construction
ASSETS						
Cash	\$ 13,555	\$ -	\$ -	\$ 5,372	\$ -	\$ 3,803
Certificate of deposit	-	-	-	-	500,480	-
Investments	3,331,397	3	200,898	145,653	3,275,593	3,435,219
Receivables:						
Accounts	-	-	-	-	-	-
Taxes	332,488	-	-	-	-	-
Accrued interest	-	-	-	-	103	-
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	-	3,847,093	-
Total assets	<u>3,677,440</u>	<u>3</u>	<u>200,898</u>	<u>151,025</u>	<u>7,623,269</u>	<u>3,439,022</u>
Deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 3,677,440</u>	<u>\$ 3</u>	<u>\$ 200,898</u>	<u>\$ 151,025</u>	<u>\$ 7,623,269</u>	<u>\$ 3,439,022</u>
LIABILITIES						
Accounts payable	\$ 300	\$ -	\$ -	\$ -	\$ 949,093	\$ -
Accrued liabilities	13,873	-	-	-	388,320	-
Due to other funds	-	-	-	-	282,193	-
Unearned revenues	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total liabilities	<u>14,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,619,606</u>	<u>-</u>
Deferred inflows of resources	297,823	-	-	-	-	-
Total liabilities and deferred inflows of resources	<u>311,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,619,606</u>	<u>-</u>
FUND BALANCES						
Restricted	3,365,444	3	200,898	-	6,003,663	3,439,022
Committed	-	-	-	-	-	-
Assigned	-	-	-	151,025	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>3,365,444</u>	<u>3</u>	<u>200,898</u>	<u>151,025</u>	<u>6,003,663</u>	<u>3,439,022</u>
Total liabilities and fund balances	<u>\$ 3,677,440</u>	<u>\$ 3</u>	<u>\$ 200,898</u>	<u>\$ 151,025</u>	<u>\$ 7,623,269</u>	<u>\$ 3,439,022</u>

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2020**

	Capital Projects						Total Nonmajor Governmental Funds			
	Performing	Capital	Sports	Local Government Finance		Quinta Center				
				Arts	Improvement			Facilities	Corporation-	Traffic Improv/ Drainage Bond
									TX A&M	Construction
Arts	Improvement	Facilities	Construction	Construction	for Urban Ecology					
ASSETS										
Cash	\$ 1,403	\$ 355,770	\$ 2,584	\$ 4,253	\$ 1,929	\$ 5,073	\$ 878,463			
Certificate of deposit	-	3,060,001	-	-	3,283,270	-	9,908,130			
Investments	2,082,636	2,905,584	77,265	146,472	19,289,081	55,048	41,924,575			
Receivables:										
Accounts	-	-	-	-	-	-	1,249,076			
Taxes	-	-	-	-	-	-	332,488			
Accrued interest	-	103	-	-	482	-	850,334			
Due from other funds	-	-	-	-	-	-	8,333			
Due from other governments	-	-	-	-	-	25,505	4,747,230			
Total assets	<u>2,084,039</u>	<u>6,321,458</u>	<u>79,849</u>	<u>150,725</u>	<u>22,574,762</u>	<u>85,626</u>	<u>59,898,629</u>			
Deferred outflows of resources	-	-	-	-	-	-	-			
Total assets and deferred outflows of resources	<u>\$ 2,084,039</u>	<u>\$ 6,321,458</u>	<u>\$ 79,849</u>	<u>\$ 150,725</u>	<u>\$ 22,574,762</u>	<u>\$ 85,626</u>	<u>\$ 59,898,629</u>			
LIABILITIES										
Accounts payable	\$ -	\$ 581,659	\$ -	\$ -	\$ 275,601	\$ 132,556	\$ 2,588,151			
Accrued liabilities	-	6,182	-	-	32,627	-	467,345			
Due to other funds	-	-	-	-	-	-	907,608			
Unearned revenues	-	-	-	-	-	-	518,240			
Other liabilities	-	-	-	-	-	-	65,000			
Total liabilities	<u>-</u>	<u>587,841</u>	<u>-</u>	<u>-</u>	<u>308,228</u>	<u>132,556</u>	<u>4,546,344</u>			
Deferred inflows of resources	-	-	-	-	-	-	1,136,466			
Total liabilities and deferred inflows of resources	<u>-</u>	<u>587,841</u>	<u>-</u>	<u>-</u>	<u>308,228</u>	<u>132,556</u>	<u>5,682,810</u>			
FUND BALANCES										
Restricted	2,084,039	-	79,849	150,725	22,266,534	-	48,395,356			
Committed	-	-	-	-	-	-	-			
Assigned	-	5,733,617	-	-	-	-	5,884,642			
Unassigned	-	-	-	-	-	(46,930)	(64,179)			
Total fund balances	<u>2,084,039</u>	<u>5,733,617</u>	<u>79,849</u>	<u>150,725</u>	<u>22,266,534</u>	<u>(46,930)</u>	<u>54,215,819</u>			
Total liabilities and fund balances	<u>\$ 2,084,039</u>	<u>\$ 6,321,458</u>	<u>\$ 79,849</u>	<u>\$ 150,725</u>	<u>\$ 22,574,762</u>	<u>\$ 85,626</u>	<u>\$ 59,898,629</u>			

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2020**

	Special Revenue		
	Hotel Occupancy Tax	Hotel Venue Tax	McAllen EB-5 Regional Center
REVENUES			
Hotel taxes	\$ 3,086,415	\$ 882,197	\$ -
Property taxes	-	-	-
Franchise taxes	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Investment earnings	-	73	944
Net increase (decrease) in the fair value of investments	-	-	-
Other	40	-	6,000
	<hr/>	<hr/>	<hr/>
Total revenues	3,086,455	882,270	6,944
EXPENDITURES			
Current:			
General government	996,080	-	62,290
Public safety	-	-	-
Highways and streets	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	996,080	-	62,290
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	2,090,375	882,270	(55,346)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(2,090,336)	(858,919)	-
Bond premium	-	-	-
Capital lease	-	-	-
	<hr/>	<hr/>	<hr/>
Net other financing sources (uses)	(2,090,336)	(858,919)	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	39	23,351	(55,346)
	<hr/>	<hr/>	<hr/>
Fund balances at beginning of year	329	334,670	131,601
	<hr/>	<hr/>	<hr/>
Fund balances at end of year	\$ 368	\$ 358,021	\$ 76,255
	<hr/>	<hr/>	<hr/>

Special Revenue			
Drainage Fee	Park Development	TIRZ #1	Community Development
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	1,632,549
1,246,997	-	296,650	-
-	-	-	-
33,972	44,737	1,459	-
-	(807)	-	-
-	595,956	433,035	39
<u>1,280,969</u>	<u>639,886</u>	<u>731,144</u>	<u>1,632,588</u>
-	-	13,333	247,801
-	-	-	-
130,712	-	-	83,747
-	-	-	567,922
-	333,958	-	733,118
-	-	-	-
-	-	871,627	-
<u>130,712</u>	<u>333,958</u>	<u>884,960</u>	<u>1,632,588</u>
<u>1,150,257</u>	<u>305,928</u>	<u>(153,816)</u>	<u>-</u>
-	58,100	225,157	-
-	-	(170,995)	-
-	-	-	-
-	-	-	-
-	58,100	54,162	-
1,150,257	364,028	(99,654)	-
<u>1,927,133</u>	<u>2,327,898</u>	<u>213,651</u>	<u>-</u>
<u>\$ 3,077,390</u>	<u>\$ 2,691,926</u>	<u>\$ 113,997</u>	<u>\$ -</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2020**

	Special Revenue		
	TIRZ #2A	Miscellaneous Government Grants	Downtown Services Parking
REVENUES			
Hotel taxes	\$ -	\$ -	\$ -
Property taxes	-	-	-
Franchise taxes	-	-	-
Licenses and permits	-	-	14,453
Intergovernmental	-	382,218	-
Charges for services	-	-	682,998
Fines and forfeitures	-	-	73,463
Investment earnings	4,273	-	272
Net increase (decrease) in the fair value of investments	-	-	-
Other	-	241,062	139,867
Total revenues	<u>4,273</u>	<u>623,280</u>	<u>911,053</u>
EXPENDITURES			
Current:			
General government	5,000	13,210	-
Public safety	-	616,119	-
Highways and streets	-	-	1,027,422
Health and welfare	-	-	-
Culture and recreation	-	-	-
Debt service:			
Principal	-	-	3,956
Interest and fiscal charges	-	-	919
Total expenditures	<u>5,000</u>	<u>629,329</u>	<u>1,032,297</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(727)</u>	<u>(6,049)</u>	<u>(121,244)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	489,653	-	150,000
Transfers out	-	-	(60,814)
Bond premium	-	-	-
Capital lease	-	-	-
Net other financing sources (uses)	<u>489,653</u>	<u>-</u>	<u>89,186</u>
Net change in fund balances	488,926	(6,049)	(32,058)
Fund balances at beginning of year	<u>735,103</u>	<u>20,214</u>	<u>14,809</u>
Fund balances at end of year	<u>\$ 1,224,029</u>	<u>\$ 14,165</u>	<u>\$ (17,249)</u>

Special Revenue					
PD Seized	TX Anti Gang Unit	Public Education Government	Christmas Parade	Friends of Quinta	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,968,612
-	-	-	-	-	-
-	-	217,436	-	-	217,436
-	-	-	-	-	14,453
-	510,467	-	-	-	2,525,234
-	-	-	-	-	2,226,645
298,870	-	-	-	-	372,333
43,070	-	9,456	512	8,035	146,803
-	-	-	-	-	(807)
-	-	-	762,381	688,378	2,866,758
<u>341,940</u>	<u>510,467</u>	<u>226,892</u>	<u>762,893</u>	<u>696,413</u>	<u>12,337,467</u>
-	-	132,967	-	-	1,470,681
1,919,541	510,395	-	-	-	3,046,055
-	-	-	-	-	1,241,881
-	-	-	-	-	567,922
-	-	-	808,753	56,272	1,932,101
-	-	-	-	-	3,956
-	-	-	-	-	872,546
<u>1,919,541</u>	<u>510,395</u>	<u>132,967</u>	<u>808,753</u>	<u>56,272</u>	<u>9,135,142</u>
<u>(1,577,601)</u>	<u>72</u>	<u>93,925</u>	<u>(45,860)</u>	<u>640,141</u>	<u>3,202,325</u>
-	-	-	193,114	-	1,116,024
-	-	-	-	(400,000)	(3,581,064)
-	-	-	-	-	-
-	-	-	193,114	(400,000)	(2,465,040)
<u>(1,577,601)</u>	<u>72</u>	<u>93,925</u>	<u>147,254</u>	<u>240,141</u>	<u>737,285</u>
<u>2,976,421</u>	<u>3,007</u>	<u>844,139</u>	<u>-</u>	<u>521,670</u>	<u>10,050,645</u>
<u>\$ 1,398,820</u>	<u>\$ 3,079</u>	<u>\$ 938,064</u>	<u>\$ 147,254</u>	<u>\$ 761,811</u>	<u>\$ 10,787,930</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2020**

	Debt Service			Capital Projects	
	Debt Service	Hotel Venue Debt Service	Local Govt Finance Corp Debt Service Fund	Information Technology	Street Improvements
REVENUES					
Hotel taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	5,633,206	-	-	-	-
Franchise taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	6,385,125
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment earnings	46,314	3	3,170	1,253	105,721
Net increase (decrease) in the fair value of investments	-	-	-	-	-
Other	-	-	-	56,986	-
Total revenues	5,679,520	3	3,170	58,239	6,490,846
EXPENDITURES					
Current:					
General government	-	-	-	12,974	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	9,741,065
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Debt service:					
Principal	5,275,000	495,000	490,000	-	-
Interest and fiscal charges	3,172,030	363,925	376,881	-	-
Total expenditures	8,447,030	858,925	866,881	12,974	9,741,065
Excess (deficiency) of revenues over (under) expenditures	(2,767,510)	(858,922)	(863,711)	45,265	(3,250,219)
OTHER FINANCING SOURCES (USES)					
Transfers in	3,292,600	858,919	1,048,885	-	-
Transfers out	-	-	-	-	-
Bond premium	-	-	-	-	-
Capital lease	-	-	-	-	-
Net other financing sources (uses)	3,292,600	858,919	1,048,885	-	-
Net change in fund balances	525,090	(3)	185,174	45,265	(3,250,219)
Fund balances at beginning of year	2,840,354	6	15,724	105,760	9,253,882
Fund balances at end of year	\$ 3,365,444	\$ 3	\$ 200,898	\$ 151,025	\$ 6,003,663

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2020**

	Capital Projects							Total Nonmajor Governmental Funds
	Parks Facil/Fire Station #2 Construction	Performing Arts	Capital Improvement	Sports Facilities	Local Government Finance Corporation- TX A&M Construction	Traffic Improv/ Drainage Bond Construction	Quinta Center for Urban Ecology	
REVENUES								
Hotel taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,968,612
Property taxes	-	-	-	-	-	-	-	5,633,206
Franchise taxes	-	-	-	-	-	-	-	217,436
Licenses and permits	-	-	-	-	-	-	-	14,453
Intergovernmental	-	-	-	-	-	-	314,422	9,224,781
Charges for services	-	-	-	-	-	-	-	2,226,645
Fines and forfeitures	-	-	-	-	-	-	-	372,333
Investment earnings	25,988	24,037	76,303	1,416	1,452	328,973	48	761,481
Net increase (decrease) in the fair value of investments	-	-	-	-	-	-	-	(807)
Other	-	-	249,479	-	-	-	-	3,173,223
Total revenues	25,988	24,037	325,782	1,416	1,452	328,973	314,470	25,591,363
EXPENDITURES								
Current:								
General government	-	-	388,672	-	16,481	-	-	1,888,808
Public safety	36,366	-	1,954,023	-	-	66,993	-	5,103,437
Highways and streets	-	-	2,167,340	-	-	933,351	-	14,083,637
Health and welfare	-	-	-	-	-	-	-	567,922
Culture and recreation	159,713	-	911,874	26,537	-	-	761,400	3,791,625
Debt service:								
Principal	-	-	-	-	-	-	-	6,263,956
Interest and fiscal charges	-	-	-	-	-	-	-	4,785,382
Total expenditures	196,079	-	5,421,909	26,537	16,481	1,000,344	761,400	36,484,767
Excess (deficiency) of revenues over (under) expenditures	(170,091)	24,037	(5,096,127)	(25,121)	(15,029)	(671,371)	(446,930)	(10,893,404)
OTHER FINANCING SOURCES (USES)								
Transfers in	1,343,472	-	4,843,858	-	-	-	400,000	12,903,758
Transfers out	-	-	-	-	-	-	-	(3,581,064)
Bond premium	-	-	-	-	-	-	-	-
Capital lease	-	-	-	-	-	-	-	-
Net other financing sources (uses)	1,343,472	-	4,843,858	-	-	-	400,000	9,322,694
Net change in fund balances	1,173,381	24,037	(252,269)	(25,121)	(15,029)	(671,371)	(46,930)	(1,570,710)
Fund balances at beginning of year	2,265,641	2,060,002	5,985,886	104,970	165,754	22,937,905	-	55,786,529
Fund balances at end of year	\$ 3,439,022	\$ 2,084,039	\$ 5,733,617	\$ 79,849	\$ 150,725	\$ 22,266,534	\$ (46,930)	\$ 54,215,819

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Non Major Enterprise Funds

These funds are used to account for City operations that are financed and/or operated in a manner similar to private business enterprises. Included in this category are: **Palm View Golf Course; McAllen Express; Transit Terminal; Convention Center; and Performing Arts.**

The **Palm View Golf Course Fund** is utilized to account for the operations of the City's golf course.

The **McAllen Express Fund** is utilized to account for the operations of the Bus Transportation System.

The **Transit Terminal Fund** is utilized to account for the operations of the Intermodal Transportation System.

The **Convention Center Fund** is utilized to account for the operations of the Convention Center.

The **Performing Arts Fund** is utilized to account for the operations of the Performing Arts.

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NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
September 30, 2020

	McAllen Convention Center	Performing Arts Center	Palm View Golf Course	McAllen Express Transit	Transit Terminal	Total
ASSETS						
Current assets:						
Cash	\$ 69,142	\$ 17,594	\$ 1,575	\$ 1,213	\$ 238,190	\$ 327,714
Certificate of deposit	507,433	1,514,336	509,080	-	505,566	3,036,415
Investments	205,579	765,771	946,876	270,533	426,548	2,615,307
Receivables, net:						
Accounts	-	-	1,178	16,604	-	17,782
Accrued interest	-	1,360	-	-	453	1,813
Due from other funds	127,158	31,801	-	-	59,007	217,966
Due from other governments	725,184	-	-	921,277	136,091	1,782,552
Prepaid items	78,450	-	-	-	-	78,450
Restricted assets:						
Cash and cash equivalents	-	-	81,790	-	-	81,790
Total currents assets	1,712,946	2,330,862	1,540,499	1,209,627	1,365,855	8,159,789
Noncurrent assets:						
Restricted assets:						
Certificate of deposit	1,785,273	252,438	-	-	-	2,037,711
Investments	637,804	532,300	215,149	-	-	1,385,253
Accrued interest	69	-	-	-	-	69
Total restricted assets	2,423,146	784,738	215,149	-	-	3,423,033
Capital assets:						
Land	4,889,373	690,155	187,995	-	2,516,855	8,284,378
Buildings and systems	56,281,224	50,992,311	228,345	-	5,636,219	113,138,099
Improvements other than buildings	6,792,381	-	8,422,149	489,143	2,529,100	18,232,773
Machinery and equipment	3,550,508	1,178,451	1,253,408	4,576,043	5,192,324	15,750,734
Construction in progress	-	-	-	-	548,260	548,260
Total capital assets	71,513,486	52,860,917	10,091,897	5,065,186	16,422,758	155,954,244
Less accumulated depreciation	(21,560,008)	(4,309,262)	(7,179,195)	(4,842,815)	(7,650,360)	(45,541,640)
Net capital assets	49,953,478	48,551,655	2,912,702	222,371	8,772,398	110,412,604
Total assets	54,089,570	51,667,255	4,668,350	1,431,998	10,138,253	121,995,426
Deferred outflows of resources-						
pensions	156,724	-	53,942	151,621	19,682	381,969
Total assets and deferred outflows of resources	\$ 54,246,294	\$ 51,667,255	\$ 4,722,292	\$ 1,583,619	\$ 10,157,935	\$ 122,377,395

**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
September 30, 2020**

	McAllen Convention Center	Performing Arts Center	Palm View Golf Course	McAllen Express Transit	Transit Terminal	Total
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 81,665	\$ 16,345	\$ 40,995	\$ 76,377	\$ 61,085	\$ 276,467
Accrued expenses	38,892	-	16,116	43,130	6,415	104,553
Due to other funds	20,922	-	-	266,506	-	287,428
Due to other governments	-	-	-	-	-	-
Customer deposits payable	-	76,585	-	-	-	76,585
Current portion of capital lease	6,876	-	154	-	2,536	9,566
Compensated absences	98,984	-	22,487	56,853	6,021	184,345
Other	135,109	-	-	-	-	135,109
Total current liabilities	382,448	92,930	79,752	442,866	76,057	1,074,053
Other noncurrent liabilities:						
Unearned revenues	102,555	-	107,324	40,000	-	249,879
Capital lease payable	37,633	-	840	-	13,878	52,351
Compensated absences	18,073	-	47,093	-	-	65,166
Net pension liability	326,595	-	150,797	344,902	30,535	852,829
Total other noncurrent liabilities	484,856	-	306,054	384,902	44,413	1,220,225
Total liabilities	867,304	92,930	385,806	827,768	120,470	2,294,278
Deferred inflows of resources	229,083	-	78,847	221,625	28,769	558,324
Total liabilities and deferred inflows of resources	1,096,387	92,930	464,653	1,049,393	149,239	2,852,602
NET POSITION						
Net investment in capital assets	49,908,969	48,551,655	2,911,708	222,371	8,755,984	110,350,687
Restricted for improvements	2,402,224	784,738	296,939	-	-	3,483,901
Unrestricted	838,714	2,237,932	1,048,992	311,855	1,252,712	5,690,205
Total net position	53,149,907	51,574,325	4,257,639	534,226	10,008,696	119,524,793
Total liabilities, deferred inflows and net position	\$ 54,246,294	\$ 51,667,255	\$ 4,722,292	\$ 1,583,619	\$ 10,157,935	\$ 122,377,395

The notes to the financial statements are a integral part of this statement.

NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended September 30, 2020

	McAllen Convention Center	Performing Arts Center	Palm View Golf Course	McAllen Express Transit	Transit Terminal	Total
Operating revenues:						
Charges for services	\$ 1,500,522	\$ 355,663	\$ 1,139,109	\$ 288,445	\$ -	\$ 3,283,739
Rentals	1,082,951	327,436	-	274,503	-	1,684,890
Other	985,571	3,243	415,040	76,516	17,209	1,497,579
Total operating revenues	<u>3,569,044</u>	<u>686,342</u>	<u>1,554,149</u>	<u>639,464</u>	<u>17,209</u>	<u>6,466,208</u>
Operating expenses:						
Salaries, wages and employee benefits	2,233,188	-	863,289	2,287,402	272,692	5,656,571
Supplies	78,213	21,823	150,766	102,578	2,097	355,477
Contractual and other services	2,506,992	1,132,577	112,810	1,013,635	85,361	4,851,375
Repairs and maintenance	321,453	63,093	68,905	279,443	295,137	1,028,031
Depreciation and amortization	1,570,866	1,185,173	385,156	97,841	990,221	4,229,257
Total operating expenses	<u>6,710,712</u>	<u>2,402,666</u>	<u>1,580,926</u>	<u>3,780,899</u>	<u>1,645,508</u>	<u>16,120,711</u>
Operating loss	<u>(3,141,668)</u>	<u>(1,716,324)</u>	<u>(26,777)</u>	<u>(3,141,435)</u>	<u>(1,628,299)</u>	<u>(9,654,503)</u>
Nonoperating revenues:						
Investment earnings	66,278	46,940	20,747	6,051	14,715	154,731
Net increase (decrease) in the fair value of investments	(14,535)	(14,535)	168	-	336	(28,566)
Interest expense	(1,551)	-	(35)	-	(572)	(2,158)
Gain (loss) on sale of capital asset	-	-	770	2,612	-	3,382
Nonoperating revenues	<u>50,192</u>	<u>32,405</u>	<u>21,650</u>	<u>8,663</u>	<u>14,479</u>	<u>127,389</u>
Loss before contributions and transfers	<u>(3,091,476)</u>	<u>(1,683,919)</u>	<u>(5,127)</u>	<u>(3,132,772)</u>	<u>(1,613,820)</u>	<u>(9,527,114)</u>
Capital contributions	-	-	-	2,594,449	2,697,153	5,291,602
Transfers in	1,592,157	398,179	-	540,537	406,856	2,937,729
Transfers out	(51,460)	-	(19,676)	(199,946)	(1,351,040)	(1,622,122)
Change in net position	<u>(1,550,779)</u>	<u>(1,285,740)</u>	<u>(24,803)</u>	<u>(197,732)</u>	<u>139,149</u>	<u>(2,919,905)</u>
Total net position--beginning	<u>54,700,686</u>	<u>52,860,065</u>	<u>4,282,442</u>	<u>731,958</u>	<u>9,869,547</u>	<u>122,444,698</u>
Total net position--ending	<u>\$ 53,149,907</u>	<u>\$ 51,574,325</u>	<u>\$ 4,257,639</u>	<u>\$ 534,226</u>	<u>\$ 10,008,696</u>	<u>\$ 119,524,793</u>

**NON-MAJOR ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2020**

	McAllen Convention Center	Performing Arts Center	Palm View Golf Course	McAllen Express Transit	Transit Terminal	Total
Cash flows from operating activities:						
Receipts from customers	\$ 2,711,294	\$ 716,372	\$ 1,568,618	\$ 622,860	\$ 17,209	\$ 5,636,353
Payments to employees	(2,094,111)	-	(795,929)	(2,153,710)	(258,572)	(5,302,322)
Payments to suppliers	(3,182,844)	(1,289,666)	(403,505)	(1,197,886)	(381,065)	(6,454,966)
Net cash provided (used) by operating activities	<u>(2,565,661)</u>	<u>(573,294)</u>	<u>369,184</u>	<u>(2,728,736)</u>	<u>(622,428)</u>	<u>(6,120,935)</u>
Cash flows from noncapital financing activities:						
Transfers from other funds	1,671,664	418,062	-	540,537	347,849	2,978,112
Transfers to other funds	(51,460)	-	(19,676)	(199,946)	(1,351,040)	(1,622,122)
Subsidy from federal grant	-	-	-	1,979,311	545,498	2,524,809
Net cash provided (used) by noncapital financing activities	<u>1,620,204</u>	<u>418,062</u>	<u>(19,676)</u>	<u>2,319,902</u>	<u>(457,693)</u>	<u>3,880,799</u>
Cash flows from capital and related financing activities:						
Capital contributions	-	-	-	21,938	1,720,861	1,742,799
Payments for capital acquisitions	(104,286)	-	(81,828)	-	(365,302)	(551,416)
Proceeds from sale of capital assets	-	-	770	2,612	-	3,382
Principal repayments-bonds and notes	(6,672)	-	(149)	-	(2,460)	(9,281)
Interest expense	(1,551)	-	(35)	-	(572)	(2,158)
Cash provided (used) by capital and related financing activities	<u>(112,509)</u>	<u>-</u>	<u>(81,242)</u>	<u>24,550</u>	<u>1,352,527</u>	<u>1,183,326</u>
Cash flows from investing activities:						
Proceeds from sales and maturities of investments	7,122,709	3,449,080	811,832	2,505,000	2,928,136	16,816,757
Purchase of investments	(6,185,845)	(3,705,155)	(1,060,127)	(2,176,051)	(2,993,929)	(16,121,107)
Receipt of interest	67,714	46,831	20,820	6,051	16,765	158,181
Net cash provided (used) by investing activities	<u>1,004,578</u>	<u>(209,244)</u>	<u>(227,475)</u>	<u>335,000</u>	<u>(49,028)</u>	<u>853,831</u>
Net increase (decrease) in cash	<u>(53,388)</u>	<u>(364,476)</u>	<u>40,791</u>	<u>(49,284)</u>	<u>223,378</u>	<u>(202,979)</u>
Cash at beginning of year	<u>122,530</u>	<u>382,070</u>	<u>42,574</u>	<u>50,497</u>	<u>14,812</u>	<u>612,483</u>
Cash at end of year	<u>\$ 69,142</u>	<u>\$ 17,594</u>	<u>\$ 83,365</u>	<u>\$ 1,213</u>	<u>\$ 238,190</u>	<u>\$ 409,504</u>

Continued

**NON-MAJOR ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2020**

	McAllen Convention Center	Performing Arts Center	Palm View Golf Course	McAllen Express Transit	Transit Terminal	Total
Reconciliation of operating loss to net cash provided by operating activities						
Operating loss	\$ (3,141,668)	\$ (1,716,324)	\$ (26,777)	\$ (3,141,435)	\$ (1,628,299)	\$ (9,654,503)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	1,570,866	1,185,173	385,156	97,841	990,221	4,229,257
(Increase) decrease in deferred outflows of resources - pension	272,796	-	119,559	292,710	28,983	714,048
Increase (decrease) in deferred inflow of resources -pension	200,432	-	67,274	191,986	25,523	485,215
(Increase) decrease in accounts receivable	(668,052)	-	-	(16,604)	-	(684,656)
(Increase) decrease in prepaid items	(3,239)	-	-	-	-	(3,239)
Increase (decrease) in accounts payable	(293,869)	(72,173)	(71,024)	(68,736)	15,530	(490,272)
Increase (decrease) in customer deposits payable	(140,861)	30,030	-	-	-	(110,831)
Increase (decrease) in compensated absences payable	7,253	-	(5,017)	(30,573)	4,480	(23,857)
Increase (decrease) in accrued liabilities	2,956	-	4,067	12,717	(15,621)	4,119
Increase (decrease) in due to other funds	20,922	-	-	266,506	-	287,428
Increase (decrease) net pension liability	(344,360)	-	(118,523)	(333,148)	(43,245)	(839,276)
Increase (decrease) in unearned revenue	(48,837)	-	14,469	-	-	(34,368)
Total adjustments	576,007	1,143,030	395,961	412,699	1,005,871	3,533,568
Net cash provided (used) by operating activities	\$ (2,565,661)	\$ (573,294)	\$ 369,184	\$ (2,728,736)	\$ (622,428)	\$ (6,120,935)
Reconciliation to statement of net position:						
Cash	\$ 69,142	\$ 17,594	\$ 1,575	\$ 1,213	\$ 238,190	\$ 327,714
Cash-restricted	-	-	81,790	-	-	81,790
Total cash	\$ 69,142	\$ 17,594	\$ 83,365	\$ 1,213	\$ 238,190	\$ 409,504
Noncash investing, capital and financing activities:						
Contributions of capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Increase (decrease) in fair value of investments	(14,535)	(14,535)	168	-	336	(28,566)

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Internal Service Funds

The **Internal Service Funds** were established to finance and account for services, materials, and supplies furnished to the various departments of the City, and on a limited basis, to other local governmental agencies. These services are provided on a cost reimbursement basis.

The **Fleet Materials Management Fund** sales and services are accounted for in two Interdepartmental Service Fund departments: Fleet Operations and Materials Management.

The **Employee Benefits Fund** was established to account for all expenses related to health insurance premiums and claims for City employees. Primary funding sources are transfers in from General Fund and Enterprise Funds.

The **Retiree Health Insurance Fund** was established to account for all expenses related to health insurance premiums and claims for retired City employees.

The **Risk Management Fund** was established to account for all expenses related to workmen's compensation claims and general liability insurance. Primary funding sources are transfers in from General Fund and Enterprise Funds.

The **Property & Casualty Insurance Fund** was established to account for all expenses related to general liability insurance personal and property claims. Primary funding sources are transfers in from General Fund and Enterprise Funds.

The **General Depreciation Fund** which was established for the sole purpose of replacing fixed assets of the General Fund. Funding has been provided by a rental charge to the appropriate department in the General Fund.

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
September 30, 2020**

	Fleet Materials Management	Employee Benefits	Retiree Health Insurance
ASSETS			
Current assets:			
Cash	\$ 202,135	\$ 23,259	\$ 6,594
Certificates of deposit	-	-	-
Investments	-	360,023	280,415
Receivables, net:			
Accounts	97,074	137,830	-
Accrued interest	-	-	-
Interfund loan	-	-	-
Other	-	386,000	-
Inventories	417,760	-	-
Total current assets	716,969	907,112	287,009
Capital assets			
Land	-	-	-
Improvement other than buildings	132,823	-	-
Machinery and equipment	858,602	-	-
Construction in progress	912,623	-	-
Less accumulated depreciation	(690,291)	-	-
Total capital assets (net of accumulated depreciation)	1,213,757	-	-
Other noncurrent assets			
Loans receivable	-	-	-
Total assets	1,930,726	907,112	287,009
Deferred outflows of resources-pension	80,184	-	-
Total Assets and deferred outflows of resources	\$ 2,010,910	\$ 907,112	\$ 287,009
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 468,854	\$ 154,958	\$ -
Accrued expense	57,044	913,895	240,000
Current portion of capital lease	611	-	-
Compensated absences	54,952	15,382	-
Other	86	-	-
Total current liabilities	581,547	1,084,235	240,000
Other non-current liabilities:			
Unearned revenue	-	-	-
Net pension liability	178,860	-	-
Capital lease payable	3,347	-	-
Total other non-current liabilities	182,207	-	-
Total liabilities	763,754	1,084,235	240,000
Deferred inflows of resources-pension	117,205	-	-
Total liabilities and deferred inflows of resources	880,959	1,084,235	240,000
NET POSITION			
Net investment in capital assets	1,209,799	-	-
Unrestricted	(79,848)	(177,123)	47,009
Total net position	1,129,951	(177,123)	47,009
Total liabilities, deferred inflows of resources and net position	\$ 2,010,910	\$ 907,112	\$ 287,009

Risk Management	Property & Casualty Insurance	General Depreciation	Total
\$ 91,006	\$ 5,800	\$ 2,675	\$ 331,469
4,857,131	-	7,681,765	12,538,896
1,937,138	-	3,840,616	6,418,192
129,843	-	-	364,747
257	-	585	842
389,303	-	389,303	778,606
-	-	-	386,000
-	-	-	417,760
<u>7,404,678</u>	<u>5,800</u>	<u>11,914,944</u>	<u>21,236,512</u>
2,158,303	-	4,616,430	6,774,733
-	-	-	132,823
37,257	-	29,480,927	30,376,786
-	-	-	912,623
<u>(26,736)</u>	<u>-</u>	<u>(21,510,174)</u>	<u>(22,227,201)</u>
<u>2,168,824</u>	<u>-</u>	<u>12,587,183</u>	<u>15,969,764</u>
-	1,810	-	1,810
<u>9,573,502</u>	<u>7,610</u>	<u>24,502,127</u>	<u>37,208,086</u>
-	-	-	80,184
<u>\$ 9,573,502</u>	<u>\$ 7,610</u>	<u>\$ 24,502,127</u>	<u>\$ 37,288,270</u>
\$ 98,606	\$ 71,500	\$ -	\$ 793,918
591,205	60,088	-	1,862,232
-	-	-	611
10,123	1,674	-	82,131
-	-	-	86
<u>699,934</u>	<u>133,262</u>	<u>-</u>	<u>2,738,978</u>
-	1,810	-	1,810
-	-	-	178,860
-	-	-	3,347
-	1,810	-	184,017
<u>699,934</u>	<u>135,072</u>	<u>-</u>	<u>2,922,995</u>
-	-	-	117,205
<u>699,934</u>	<u>135,072</u>	<u>-</u>	<u>3,040,200</u>
2,168,824	-	12,587,183	15,965,806
<u>6,704,744</u>	<u>(127,462)</u>	<u>11,914,944</u>	<u>18,282,264</u>
<u>8,873,568</u>	<u>(127,462)</u>	<u>24,502,127</u>	<u>34,248,070</u>
<u>\$ 9,573,502</u>	<u>\$ 7,610</u>	<u>\$ 24,502,127</u>	<u>\$ 37,288,270</u>

INTERNAL SERVICE FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended September 30, 2020

	Fleet Materials Management	Employee Benefits	Retiree Health Insurance
Operating revenues:			
Charges for services	\$ 5,619,901	\$ -	\$ -
Contributions	-	11,460,168	1,385,352
	5,619,901	11,460,168	1,385,352
Total operating revenues			
Operating expenses:			
Salaries, wages and employee benefits	1,161,800	371,820	-
Supplies and materials	31,700	3,556	-
Contractual and other services	4,369,163	1,548,272	74,748
Repairs and maintenance	46,293	-	-
Depreciation and amortization	57,586	-	-
Self insurance claims	-	12,760,919	2,023,367
	5,666,542	14,684,567	2,098,115
Total operating expenses			
Operating income (loss)	(46,641)	(3,224,399)	(712,763)
Non operating revenues (expenses):			
Investment earnings	-	34	11,933
Net increase (decrease) in fair value of investments	-	-	-
Interest expense	(138)	-	-
Gain (loss) on sale of capital assets	1,843	-	-
Other	48,898	248,905	-
	50,603	248,939	11,933
Net non-operating revenues (expenses)			
Income (loss) before contributions and transfers	3,962	(2,975,460)	(700,830)
Transfers in	-	4,386,200	-
Transfers out	(31,784)	-	-
Change in net position	(27,822)	1,410,740	(700,830)
Total net position-beginning	1,157,773	(1,587,863)	747,839
Total net position--ending	\$ 1,129,951	\$ (177,123)	\$ 47,009

Risk Management	Property & Casualty Insurance	General Depreciation	Total
\$ -	\$ -	\$ 2,935,642	\$ 8,555,543
2,052,935	815,724	-	15,714,179
<u>2,052,935</u>	<u>815,724</u>	<u>2,935,642</u>	<u>24,269,722</u>
359,445	82,861	-	1,975,926
12,476	904	-	48,636
1,302,834	377,672	-	7,672,689
2,331	-	-	48,624
3,594	-	2,053,093	2,114,273
-	476,831	-	15,261,117
<u>1,680,680</u>	<u>938,268</u>	<u>2,053,093</u>	<u>27,121,265</u>
<u>372,255</u>	<u>(122,544)</u>	<u>882,549</u>	<u>(2,851,543)</u>
191,134	-	221,177	424,278
(13,093)	-	1,199	(11,894)
-	-	-	(138)
-	-	(3,020)	(1,177)
<u>127,444</u>	<u>7,447</u>	<u>1,267</u>	<u>433,961</u>
<u>305,485</u>	<u>7,447</u>	<u>220,623</u>	<u>845,030</u>
677,740	(115,097)	1,103,172	(2,006,513)
-	-	-	4,386,200
<u>(2,766,736)</u>	<u>-</u>	<u>-</u>	<u>(2,798,520)</u>
(2,088,996)	(115,097)	1,103,172	(418,833)
<u>10,962,564</u>	<u>(12,365)</u>	<u>23,398,955</u>	<u>34,666,903</u>
<u>\$ 8,873,568</u>	<u>\$ (127,462)</u>	<u>\$ 24,502,127</u>	<u>\$ 34,248,070</u>

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2020

	Fleet Materials Management	Employee Benefits	Retiree Health Insurance
Cash flows from operating activities:			
Receipts from customers	\$ 5,748,529	\$ 11,460,168	\$ 1,385,352
Payments to employees	(1,075,574)	(370,007)	-
Payments to suppliers	(4,265,578)	(15,280,703)	(2,098,115)
Cash received from other cash receipts	48,898	187,590	-
Net cash provided (used) by operating activities	456,275	(4,002,952)	(712,763)
Cash flows from non-capital financing activities:			
Transfer from other funds	-	4,386,200	-
Transfer to other funds	(31,784)	-	-
Cash provided (used) by non-capital financing activities	(31,784)	4,386,200	-
Cash flows from capital and related financing activities:			
Purchases of capital assets	(950,644)	-	-
Proceeds from sale of capital assets	1,843	-	-
Principal repayments-bonds and notes	(593)	-	-
Interest expense	(138)	-	-
Net cash (used) by capital and related financing activities	(949,532)	-	-
Cash flows from investing activities:			
Proceeds from sales and maturities of investments	-	305,011	2,058,546
Purchase of investments	-	(665,034)	(1,421,009)
Receipt of interest	-	34	11,933
Net cash provided (used) by investing activities	-	(359,989)	649,470
Net increase (decrease) in cash	(525,041)	23,259	(63,293)
Cash at beginning of year	727,176	-	69,887
Cash at end of year	\$ 202,135	\$ 23,259	\$ 6,594

Risk Management	Property & Casualty Insurance	General Depreciation	Totals
\$ 2,052,935	\$ 815,724	\$ 2,935,642	\$ 24,398,350
(353,072)	(81,114)	-	(1,879,767)
(1,341,819)	(831,701)	(11,831)	(23,829,747)
<u>129,132</u>	<u>9,886</u>	<u>1,267</u>	<u>376,773</u>
<u>487,176</u>	<u>(87,205)</u>	<u>2,925,078</u>	<u>(934,391)</u>
445,362	-	445,362	5,276,924
(2,766,736)	-	-	(2,798,520)
<u>(2,321,374)</u>	<u>-</u>	<u>445,362</u>	<u>2,478,404</u>
-	-	(1,564,776)	(2,515,420)
-	-	-	1,843
-	-	-	(593)
-	-	-	(138)
<u>-</u>	<u>-</u>	<u>(1,564,776)</u>	<u>(2,514,308)</u>
7,977,274	-	9,044,816	19,385,647
(6,389,152)	-	(11,104,036)	(19,579,231)
<u>185,646</u>	<u>-</u>	<u>235,334</u>	<u>432,947</u>
<u>1,773,768</u>	<u>-</u>	<u>(1,823,886)</u>	<u>239,363</u>
(60,430)	(87,205)	(18,222)	(730,932)
<u>151,436</u>	<u>93,005</u>	<u>20,897</u>	<u>1,062,401</u>
<u>\$ 91,006</u>	<u>\$ 5,800</u>	<u>\$ 2,675</u>	<u>\$ 331,469</u>

Continued

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2020**

	Fleet Materials Management	Employee Benefits	Retiree Health Insurance
Operating (loss) income	\$ (46,641)	\$ (3,224,399)	\$ (712,763)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	57,586	-	-
Other nonoperating revenues	48,898	187,590	-
(Increase) decrease in deferred outflows of resources - pension	148,329	-	-
Increase (decrease) in deferred inflow of resources -pension	101,962	-	-
(Increase) decrease in accounts receivable	128,628	(10,000)	-
(Increase) decrease in inventories	(92,886)	-	-
Increase (decrease) in accounts payable	238,765	92,839	-
Increase (decrease) in compensated absences payable	7,566	407	-
Increase (decrease) in accrued liabilities	40,252	390,827	-
Increase (decrease) in due to other funds	-	(1,440,216)	-
Increase (decrease) in net pension liability	(176,184)	-	-
Increase (decrease) in unearned revenue	-	-	-
Total adjustments	502,916	(778,553)	-
Net cash provided (used) by operating activities	\$ 456,275	\$ (4,002,952)	\$ (712,763)
Noncash investing, capital, and financing activities:			
Increase(decrease) in fair value of investments	\$ -	\$ -	\$ -

<u>Risk Management</u>	<u>Property & Casualty Insurance</u>	<u>General Depreciation</u>	<u>Totals</u>
\$ 372,255	\$ (122,544)	\$ 882,549	\$ (2,851,543)
3,594	-	2,053,093	2,114,273
129,132	9,886	1,267	376,773
-	-	-	148,329
-	-	-	101,962
-	(1,810)	-	116,818
-	-	-	(92,886)
60,892	23,706	(11,831)	404,371
3,127	229	-	11,329
3,246	1,518	-	435,843
(85,070)	-	-	(1,525,286)
-	-	-	(176,184)
-	1,810	-	1,810
<u>114,921</u>	<u>35,339</u>	<u>2,042,529</u>	<u>1,917,152</u>
<u>\$ 487,176</u>	<u>\$ (87,205)</u>	<u>\$ 2,925,078</u>	<u>\$ (934,391)</u>
\$ (13,093)	\$ -	\$ 1,199	\$ (11,894)

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Agency Funds

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or funds.

Agency Fund: - to account for funds which are custodial in nature and for which the City is acting as an agent. The City has established the following agency fund based upon the above definition:

The **Developers Fund** was established to account for developers' contributions for future infrastructure development.

The **Communications Group** was established to account for operation and maintenance of a consolidated regional public safety services communications system.

The **Payroll Fund** was established to account for the processing of employees payroll.

**COMBINING STATEMENT OF NET POSITION
AGENCY FUNDS
September 30, 2020**

	<u>Developers Fund</u>	<u>Communication Group Fund</u>	<u>Payroll Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 12,294	\$ -	\$ 1,133,928	\$ 1,146,222
Receivables:				
Interest	208	-	-	208
Other	-	-	18,621	18,621
Investments, at fair value:				
TexPool Prime	1,019,567	4,453,199	-	5,472,766
Certificate of deposits	2,540,993	-	-	2,540,993
US government securities	1,253,724	-	-	1,253,724
	<u>\$ 4,826,786</u>	<u>\$ 4,453,199</u>	<u>\$ 1,152,549</u>	<u>\$ 10,432,534</u>
Liabilities:				
Accounts payable	\$ -	\$ 24,119	\$ 1,152,549	\$ 1,176,668
Due agency	-	4,429,080	-	4,429,080
Escrow payables	4,826,786	-	-	4,826,786
	<u>\$ 4,826,786</u>	<u>\$ 4,453,199</u>	<u>\$ 1,152,549</u>	<u>\$ 10,432,534</u>

DEVELOPER'S FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended September 30, 2020

	Balance 09/30/19	ADDITIONS	DEDUCTIONS	Balance 09/30/20
Assets:				
Cash and equivalents	\$ 33,095	\$ 7,000,320	\$ 7,021,121	\$ 12,294
Investments:				
Tex-pool Prime	1,439,951	3,005,616	3,426,000	1,019,567
Certificate of deposits	1,003,079	1,537,914	-	2,540,993
Government securities	1,759,605	1,257,134	1,763,015	1,253,724
Receivables:				
Accrued interest	16,836	28,446	45,074	208
Total current assets	\$ 4,252,566	\$ 12,829,430	\$ 12,255,210	\$ 4,826,786
Liabilities:				
Escrow payables	\$ 4,252,566	\$ 1,258,732	\$ 684,512	\$ 4,826,786
Total liabilities	\$ 4,252,566	\$ 1,258,732	\$ 684,512	\$ 4,826,786

COMMUNICATIONS GROUP
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended September 30, 2020

	Balance 09/30/19	ADDITIONS	DEDUCTIONS	Balance 09/30/20
Assets:				
Cash and equivalents	\$ 187,613	\$ 2,512,365	\$ 2,699,978	\$ -
Investments	3,692,073	1,623,126	862,000	4,453,199
Total current assets	\$ 3,879,686	\$ 4,135,491	\$ 3,561,978	\$ 4,453,199
Liabilities:				
Payables	\$ -	\$ 1,663,268	\$ 1,687,387	\$ 24,119
Due agency	3,879,686	475,825	1,025,219	4,429,080
Total liabilities	\$ 3,879,686	\$ 2,139,093	\$ 2,712,606	\$ 4,453,199

PAYROLL FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended September 30, 2020

	Balance 09/30/19	ADDITIONS	DEDUCTIONS	Balance 09/30/20
Assets:				
Cash and equivalents	\$ 1,144,793	\$ 101,605,585	\$ 101,616,450	\$ 1,133,928
Receivables:				
Other	7,271	184,990	173,640	18,621
Total current assets	\$ 1,152,064	\$ 101,790,575	\$ 101,790,090	\$ 1,152,549
Liabilities:				
Payables	\$ 1,152,064	\$ 46,092,926	\$ 46,093,411	\$ 1,152,549
Total liabilities	\$ 1,152,064	\$ 46,092,926	\$ 46,093,411	\$ 1,152,549

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**INDIVIDUAL BUDGET
SCHEDULES FOR LEGALLY
ADOPTED FUNDS**

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**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes:				
Property	\$ 44,710,248	\$ 44,454,797	\$ 44,934,815	\$ 480,018
Sales	54,038,536	46,281,949	49,722,858	3,440,909
Franchise	7,438,424	7,053,000	7,123,356	70,356
Total taxes	<u>106,187,208</u>	<u>97,789,746</u>	<u>101,781,029</u>	<u>3,991,283</u>
Licenses and permits:				
Business licenses and permits	70,000	70,000	68,312	(1,688)
Occupational	546,500	468,575	506,047	37,472
Non-business licenses and permits	1,711,634	1,752,054	1,657,763	(94,291)
Total licenses and permits	<u>2,328,134</u>	<u>2,290,629</u>	<u>2,232,122</u>	<u>(58,507)</u>
Intergovernmental revenues:				
State shared revenues	-	-	18,928,247	18,928,247
Total intergovernmental revenues	<u>-</u>	<u>-</u>	<u>18,928,247</u>	<u>18,928,247</u>
Charges for services:				
General government	2,261,088	2,535,826	2,511,678	(24,148)
Public safety	822,000	859,563	787,774	(71,789)
Highways and streets	5,000	10,042	14,905	4,863
Health	769,830	629,440	567,616	(61,824)
Culture and recreation	1,227,300	625,131	410,469	(214,662)
Total charges for services	<u>5,085,218</u>	<u>4,660,002</u>	<u>4,292,442</u>	<u>(367,560)</u>
Fines and forfeitures:				
Corporations court	1,300,000	829,804	1,029,618	199,814
Other fines	45,000	30,000	24,793	(5,207)
Total fines and forfeitures	<u>1,345,000</u>	<u>859,804</u>	<u>1,054,411</u>	<u>194,607</u>
Investment earnings	<u>1,400,000</u>	<u>1,279,093</u>	<u>1,461,697</u>	<u>182,604</u>
Net increase (decrease) in the fair value of investments	<u>-</u>	<u>-</u>	<u>6,504</u>	<u>6,504</u>
Other:				
Royalties	480,000	340,000	241,597	(98,403)
Rents and concessions	5,500	22,647	41,836	19,189
Reimbursements	759,782	1,159,003	1,223,882	64,879
Other	45,000	583,401	1,119,054	535,653
Total other revenues	<u>1,290,282</u>	<u>2,105,051</u>	<u>2,626,369</u>	<u>521,318</u>
Total revenues	<u>117,635,842</u>	<u>108,984,325</u>	<u>132,382,821</u>	<u>23,398,496</u>
EXPENDITURES				
General government:				
City commission:				
Personal services	207,473	208,734	140,603	68,131
Supplies	4,380	4,380	4,187	193
Miscellaneous services	139,280	139,280	27,879	111,401
Maintenance	16,000	17,242	17,242	-
Total city commission	<u>367,133</u>	<u>369,636</u>	<u>189,911</u>	<u>179,725</u>

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Special service:				
Miscellaneous services	\$ 734,898	\$ 734,898	\$ 382,480	\$ 352,418
Total special service	<u>734,898</u>	<u>734,898</u>	<u>382,480</u>	<u>352,418</u>
City manager:				
Personal services	1,448,870	1,475,606	1,524,560	(48,954)
Supplies	14,930	14,930	27,141	(12,211)
Miscellaneous services	88,181	88,181	44,493	43,688
Maintenance	1,680	1,680	858	822
Total city manager	<u>1,553,661</u>	<u>1,580,397</u>	<u>1,597,052</u>	<u>(16,655)</u>
Budget & management:				
Personal service	428,622	393,402	369,384	24,018
Supplies	8,300	8,336	7,689	647
Miscellaneous services	16,282	8,500	8,217	283
Maintenance	11,000	2,782	-	2,782
Capital outlay	-	16,000	16,000	-
Total budget & management	<u>464,204</u>	<u>429,020</u>	<u>401,290</u>	<u>27,730</u>
City secretary:				
Personal services	518,985	526,462	476,728	49,734
Supplies	4,500	4,500	5,579	(1,079)
Miscellaneous services	20,666	20,666	19,678	988
Maintenance	22,658	22,658	18,198	4,460
Total city secretary	<u>566,809</u>	<u>574,286</u>	<u>520,183</u>	<u>54,103</u>
Audit office:				
Personal services	209,956	213,433	212,371	1,062
Supplies	2,375	1,375	242	1,133
Miscellaneous services	11,931	3,931	3,452	479
Total audit office	<u>224,262</u>	<u>218,739</u>	<u>216,065</u>	<u>2,674</u>
Vital statistics:				
Personal services	149,799	151,738	143,562	8,176
Supplies	9,050	20,361	19,981	380
Miscellaneous services	22,168	22,108	4,977	17,131
Total vital statistics	<u>181,017</u>	<u>194,207</u>	<u>168,520</u>	<u>25,687</u>
Passport facility:				
Personal services	163,603	165,683	170,027	(4,344)
Supplies	2,225	2,225	2,468	(243)
Miscellaneous services	8,320	8,320	5,502	2,818
Maintenance	200	200	-	200
Total passport facility	<u>174,348</u>	<u>176,428</u>	<u>177,997</u>	<u>(1,569)</u>

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Municipal court:				
Personal services	\$ 1,392,198	\$ 1,358,782	\$ 1,272,632	\$ 86,150
Supplies	8,910	40,514	51,176	(10,662)
Miscellaneous services	75,170	38,114	36,210	1,904
Maintenance	74,790	61,391	59,842	1,549
Capital outlay	11,506	11,506	1,984	9,522
Total municipal court	<u>1,562,574</u>	<u>1,510,307</u>	<u>1,421,844</u>	<u>88,463</u>
Finance:				
Personal services	1,122,558	1,081,442	1,071,443	9,999
Supplies	19,260	24,828	25,307	(479)
Miscellaneous services	220,572	193,917	186,118	7,799
Maintenance	46,030	44,670	70,153	(25,483)
Capital outlay	4,200	6,920	6,920	-
Total finance	<u>1,412,620</u>	<u>1,351,777</u>	<u>1,359,941</u>	<u>(8,164)</u>
Tax office:				
Personal services	296,571	291,501	294,721	(3,220)
Supplies	8,000	7,000	16,688	(9,688)
Miscellaneous services	860,651	856,341	874,912	(18,571)
Maintenance	29,307	25,800	22,445	3,355
Total tax office	<u>1,194,529</u>	<u>1,180,642</u>	<u>1,208,766</u>	<u>(28,124)</u>
Purchasing and contracting:				
Personal services	566,022	576,157	545,040	31,117
Supplies	7,060	9,434	282,193	(272,759)
Miscellaneous services	18,278	22,851	12,242	10,609
Maintenance	806	-	-	-
Capital outlay	850	2,786	-	2,786
Total purchasing and contracting	<u>593,016</u>	<u>611,228</u>	<u>839,475</u>	<u>(228,247)</u>
Legal:				
Personal services	1,314,401	1,334,900	1,102,033	232,867
Supplies	7,032	7,032	15,126	(8,094)
Miscellaneous services	438,957	438,957	396,071	42,886
Total legal	<u>1,760,390</u>	<u>1,780,889</u>	<u>1,513,230</u>	<u>267,659</u>
Grant administration:				
Personal services	400,656	427,250	322,871	104,379
Supplies	4,500	3,000	3,187	(187)
Miscellaneous services	58,412	51,656	50,532	1,124
Capital outlay	600	600	1,553	(953)
Total grant administration	<u>464,168</u>	<u>482,506</u>	<u>378,143</u>	<u>104,363</u>
Human resources:				
Personal services	653,938	663,584	631,360	32,224
Supplies	32,151	31,151	14,349	16,802
Miscellaneous services	108,949	91,656	53,851	37,805
Maintenance	10,000	240	208	32
Capital outlay	14,500	9,000	4,554	4,446
Total human resources	<u>819,538</u>	<u>795,631</u>	<u>704,322</u>	<u>91,309</u>

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Risk management:				
Liability insurance	\$ 457,085	\$ 457,085	\$ 457,085	\$ -
Total risk management	<u>457,085</u>	<u>457,085</u>	<u>457,085</u>	<u>-</u>
Planning:				
Personal services	1,294,336	1,296,341	1,130,828	165,513
Supplies	21,795	20,635	25,992	(5,357)
Miscellaneous services	51,338	40,138	60,520	(20,382)
Maintenance	17,241	17,241	7,197	10,044
Capital outlay	37,554	34,204	9,650	24,554
Total planning	<u>1,422,264</u>	<u>1,408,559</u>	<u>1,234,187</u>	<u>174,372</u>
Information technology:				
Personal services	2,049,866	2,086,186	2,033,068	53,118
Supplies	18,798	24,657	69,229	(44,572)
Miscellaneous services	319,837	323,014	213,350	109,664
Maintenance	670,654	670,654	599,271	71,383
Capital outlay	273,820	273,820	248,877	24,943
Total information technology	<u>3,332,975</u>	<u>3,378,331</u>	<u>3,163,795</u>	<u>214,536</u>
Public information office:				
Personal services	647,308	656,531	583,670	72,861
Supplies	9,950	-	16,126	(16,126)
Miscellaneous services	111,181	96,306	65,510	30,796
Maintenance	14,401	10,991	14,502	(3,511)
Total public information office	<u>782,840</u>	<u>763,828</u>	<u>679,808</u>	<u>84,020</u>
311 Call center:				
Personal services	318,330	299,585	272,735	26,850
Supplies	1,500	7,700	1,929	5,771
Miscellaneous services	26,500	15,990	17,914	(1,924)
Maintenance	25,000	25,000	24,500	500
Capital outlay	18,947	21,037	17,191	3,846
Total 311 Call center	<u>390,277</u>	<u>369,312</u>	<u>334,269</u>	<u>35,043</u>
City hall:				
Personal services	114,429	114,661	108,708	5,953
Supplies	19,900	18,850	23,639	(4,789)
Miscellaneous services	243,605	243,605	244,584	(979)
Maintenance	142,928	122,963	84,953	38,010
Total city hall	<u>520,862</u>	<u>500,079</u>	<u>461,884</u>	<u>38,195</u>
Development center				
Personal services	39,729	37,298	36,303	995
Supplies	14,300	12,000	11,671	329
Miscellaneous services	51,720	49,700	52,868	(3,168)
Maintenance	13,000	2,000	7,433	(5,433)
Total development center	<u>118,749</u>	<u>100,998</u>	<u>108,275</u>	<u>(7,277)</u>

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Building maintenance:				
Personal services	\$ 813,417	\$ 761,348	\$ 704,127	57,221
Supplies	20,522	17,600	20,769	(3,169)
Miscellaneous services	60,613	45,595	45,100	495
Maintenance	40,813	44,000	60,512	(16,512)
Capital outlay	6,225	6,225	6,567	(342)
Total building maintenance	<u>941,590</u>	<u>874,768</u>	<u>837,075</u>	<u>37,693</u>
Economic development:				
Chambers of commerce	<u>644,000</u>	<u>644,000</u>	<u>644,000</u>	<u>-</u>
Total economic development	<u>644,000</u>	<u>644,000</u>	<u>644,000</u>	<u>-</u>
Non-departmental activities	10,000	10,000	-	10,000
Contingency	<u>59,985</u>	<u>(923,484)</u>	<u>50,850</u>	<u>(974,334)</u>
Total general government	<u>20,753,794</u>	<u>19,574,067</u>	<u>19,050,447</u>	<u>523,620</u>
Public safety:				
Police:				
Personal services	31,608,024	32,219,956	32,183,452	36,504
Supplies	411,091	411,091	635,230	(224,139)
Miscellaneous services	1,381,825	1,381,825	1,299,834	81,991
Maintenance	1,429,939	1,429,939	1,645,656	(215,717)
Capital outlay	478,556	233,556	241,116	(7,560)
Total police	<u>35,309,435</u>	<u>35,676,367</u>	<u>36,005,288</u>	<u>(328,921)</u>
Animal control:				
Personal services	270,598	273,207	244,704	28,503
Supplies	12,000	12,000	12,121	(121)
Miscellaneous services	30,825	30,825	29,335	1,490
Maintenance	37,076	37,076	36,708	368
Total animal control	<u>350,499</u>	<u>353,108</u>	<u>322,868</u>	<u>30,240</u>
Radio shop:				
Personal services	328,841	337,377	335,917	1,460
Supplies	20,376	20,376	21,790	(1,414)
Miscellaneous services	295,411	295,932	259,010	36,922
Maintenance	6,770	6,770	-	6,770
Capital outlay	19,100	26,100	28,639	(2,539)
Total communication technology	<u>670,498</u>	<u>686,555</u>	<u>645,356</u>	<u>41,199</u>
Fire:				
Personal services	17,625,229	18,458,876	18,138,526	320,350
Supplies	309,743	355,743	344,451	11,292
Miscellaneous services	1,349,283	1,302,715	1,296,973	5,742
Maintenance	773,680	582,782	663,917	(81,135)
Capital outlay	191,640	191,998	162,618	29,380
Total fire	<u>20,249,575</u>	<u>20,892,114</u>	<u>20,606,485</u>	<u>285,629</u>

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Traffic operations:				
Personal services	\$ 1,628,722	\$ 1,490,534	\$ 1,394,104	\$ 96,430
Supplies	118,492	164,385	102,018	62,367
Miscellaneous services	409,445	386,788	379,270	7,518
Maintenance	320,404	334,750	320,565	14,185
Capital outlay	47,200	50,150	36,556	13,594
	<u>2,524,263</u>	<u>2,426,607</u>	<u>2,232,513</u>	<u>194,094</u>
Total traffic operations				
Building code compliance:				
Personal services	996,640	1,002,136	954,898	47,238
Supplies	13,687	43,614	14,956	28,658
Miscellaneous services	61,761	85,289	78,406	6,883
Maintenance	13,036	13,036	13,554	(518)
Capital outlay	2,513	2,513		2,513
	<u>1,087,637</u>	<u>1,146,588</u>	<u>1,061,814</u>	<u>84,774</u>
Total building code compliance				
Total public safety	<u>60,191,907</u>	<u>61,181,339</u>	<u>60,874,324</u>	<u>307,015</u>
Highways and streets:				
Engineering services:				
Personal services	1,905,941	1,929,756	1,744,269	185,487
Supplies	13,000	9,125	12,396	(3,271)
Miscellaneous services	141,589	92,835	77,140	15,695
Maintenance	37,110	37,110	25,589	11,521
Capital outlay	30,000	1,014	6,339	(5,325)
	<u>2,127,640</u>	<u>2,069,840</u>	<u>1,865,733</u>	<u>204,107</u>
Total engineering				
Street maintenance:				
Personal services	2,076,604	1,871,611	1,616,260	255,351
Supplies	29,857	29,857	36,487	(6,630)
Miscellaneous services	416,230	416,230	419,363	(3,133)
Maintenance	3,897,072	3,956,472	3,794,670	161,802
Capital outlay	2,500	2,500	1,608	892
	<u>6,422,263</u>	<u>6,276,670</u>	<u>5,868,388</u>	<u>408,282</u>
Total street maintenance				
Street lighting:				
Miscellaneous services	2,151,390	2,000,000	2,192,430	(192,430)
Maintenance	72,675	30,675	30,330	345
	<u>2,224,065</u>	<u>2,030,675</u>	<u>2,222,760</u>	<u>(192,085)</u>
Total street lighting				
Sidewalk construction:				
Personal services	252,467	256,944	248,597	8,347
Supplies	30,132	30,132	29,124	1,008
Miscellaneous services	21,158	21,158	21,203	(45)
Maintenance	27,870	26,745	34,317	(7,572)
	<u>331,627</u>	<u>334,979</u>	<u>333,241</u>	<u>1,738</u>
Total sidewalk construction				

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Drainage:				
Personal services	\$ 956,823	\$ 936,537	\$ 886,481	\$ 50,056
Supplies	20,052	20,000	27,649	(7,649)
Miscellaneous services	210,052	207,067	202,698	4,369
Maintenance	244,049	356,000	342,742	13,258
Capital outlay	3,000	2,875	9,682	(6,807)
Total drainage	<u>1,433,976</u>	<u>1,522,479</u>	<u>1,469,252</u>	<u>53,227</u>
Total highways and streets	<u>12,539,571</u>	<u>12,234,643</u>	<u>11,759,374</u>	<u>475,269</u>
Health and welfare:				
Health code compliance:				
Personal services	1,459,873	1,470,005	1,378,677	91,328
Supplies	40,495	75,537	54,756	20,781
Miscellaneous services	389,184	393,259	266,211	127,048
Maintenance	31,721	62,675	77,875	(15,200)
Capital outlay	103,413	101,034	94,494	6,540
Total health code compliance	<u>2,024,686</u>	<u>2,102,510</u>	<u>1,872,013</u>	<u>230,497</u>
Graffiti cleaning:				
Personal services	113,674	116,520	115,795	725
Supplies	10,181	8,721	5,054	3,667
Miscellaneous services	15,227	15,189	15,249	(60)
Maintenance	20,239	20,500	32,731	(12,231)
Total graffiti cleaning	<u>159,321</u>	<u>160,930</u>	<u>168,829</u>	<u>(7,899)</u>
Other agencies:				
Humane society	767,276	767,276	1,002,756	(235,480)
Other health and welfare agencies	45,000	45,000	96,911	(51,911)
Total other agencies	<u>812,276</u>	<u>812,276</u>	<u>1,099,667</u>	<u>(287,391)</u>
Total health and welfare	<u>2,996,283</u>	<u>3,075,716</u>	<u>3,140,509</u>	<u>(64,793)</u>
Culture and recreation:				
Parks and recreation administration:				
Personal services	452,935	443,312	422,002	21,310
Supplies	7,250	6,775	5,897	878
Miscellaneous services	127,387	103,809	101,700	2,109
Maintenance	24,097	15,996	18,174	(2,178)
Capital outlay	7,500	7,244	6,544	700
Total parks and recreation administration	<u>619,169</u>	<u>577,136</u>	<u>554,317</u>	<u>22,819</u>
Parks:				
Personal services	5,041,021	5,014,872	4,549,241	465,631
Supplies	197,154	192,589	204,792	(12,203)
Miscellaneous services	2,234,622	2,499,003	2,510,734	(11,731)
Maintenance	544,244	677,680	780,646	(102,966)
Capital outlay	184,344	184,344	135,496	48,848
Total parks	<u>8,201,385</u>	<u>8,568,488</u>	<u>8,180,909</u>	<u>387,579</u>

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Recreation:				
Personal services	\$ 1,425,545	\$ 1,363,780	\$ 817,748	\$ 546,032
Supplies	51,000	47,247	34,943	12,304
Miscellaneous services	324,645	310,054	216,230	93,824
Maintenance	15,599	13,456	5,624	7,832
Capital outlay	23,512	5,647	1,335	4,312
Total recreation	<u>1,840,301</u>	<u>1,740,184</u>	<u>1,075,880</u>	<u>664,304</u>
Pools:				
Personal services	670,470	601,908	375,371	226,537
Supplies	87,800	39,364	27,785	11,579
Miscellaneous services	124,378	88,939	62,916	26,023
Maintenance	60,002	51,284	49,118	2,166
Capital outlay	9,200	8,100	-	8,100
Total pools	<u>951,850</u>	<u>789,595</u>	<u>515,190</u>	<u>274,405</u>
Las palmas community center:				
Personal services	258,768	268,465	257,577	10,888
Supplies	16,180	12,310	11,803	507
Miscellaneous services	94,890	90,616	75,428	15,188
Maintenance	17,384	15,135	13,863	1,272
Capital outlay	4,300	2,600	2,550	50
Total las palmas community center	<u>391,522</u>	<u>389,126</u>	<u>361,221</u>	<u>27,905</u>
Recreation center-Lark:				
Personal services	316,101	285,451	290,032	(4,581)
Supplies	25,730	17,795	14,765	3,030
Miscellaneous services	125,569	109,045	94,880	14,165
Maintenance	16,500	13,386	11,803	1,583
Capital outlay	29,013	8,913	2,745	6,168
Total recreation center-Lark	<u>512,913</u>	<u>434,590</u>	<u>414,225</u>	<u>20,365</u>
Recreation center-Palmview:				
Personal services	309,205	297,553	290,726	6,827
Supplies	23,205	16,627	15,874	753
Miscellaneous services	115,924	98,650	88,843	9,807
Maintenance	17,000	16,590	13,897	2,693
Capital outlay	14,536	-	-	-
Total recreation center-Palmview	<u>479,870</u>	<u>429,420</u>	<u>409,340</u>	<u>20,080</u>
Quinta mazatlan:				
Personal services	705,105	593,824	593,246	578
Supplies	58,350	49,650	83,631	(33,981)
Miscellaneous services	142,525	113,014	114,449	(1,435)
Maintenance	61,390	60,390	65,682	(5,292)
Capital outlay	9,200	9,200	-	9,200
Total quinta mazatlan	<u>976,570</u>	<u>826,078</u>	<u>857,008</u>	<u>(30,930)</u>

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Library:				
Personal services	\$ 2,531,772	\$ 2,410,771	\$ 2,402,009	\$ 8,762
Supplies	101,600	371,068	311,117	59,951
Miscellaneous services	602,822	629,311	633,317	(4,006)
Maintenance	190,351	182,300	135,177	47,123
Capital outlay	245,000	48,000	47,840	160
Total library	<u>3,671,545</u>	<u>3,641,450</u>	<u>3,529,460</u>	<u>111,990</u>
Library branch-Lark:				
Personal services	423,352	429,148	429,104	44
Supplies	9,150	32,280	33,089	(809)
Miscellaneous services	13,293	13,386	9,224	4,162
Maintenance	5,250	5,250	6,092	(842)
Capital outlay	37,000	9,000	8,694	306
Total library branch-Lark	<u>488,045</u>	<u>489,064</u>	<u>486,203</u>	<u>2,861</u>
Library branch-Palmview:				
Personal services	455,023	457,340	458,907	(1,567)
Supplies	10,200	31,948	34,038	(2,090)
Miscellaneous services	9,993	11,008	7,703	3,305
Maintenance	5,500	5,500	4,809	691
Capital outlay	37,000	9,000	8,694	306
Total library branch-Palmview	<u>517,716</u>	<u>514,796</u>	<u>514,151</u>	<u>645</u>
Other agencies	<u>1,019,500</u>	<u>1,019,500</u>	<u>1,017,025</u>	<u>2,475</u>
Museums	<u>738,000</u>	<u>738,000</u>	<u>738,000</u>	<u>-</u>
Total culture and recreation	<u>20,408,386</u>	<u>20,157,427</u>	<u>18,652,929</u>	<u>1,504,498</u>
Debt service:				
Principal	167,351	412,351	412,350	1
Interest	95,823	95,823	95,824	(1)
Total capital lease	<u>263,174</u>	<u>508,174</u>	<u>508,174</u>	<u>-</u>
Total expenditures	<u>117,153,115</u>	<u>116,731,366</u>	<u>113,985,757</u>	<u>2,745,609</u>
Excess of revenues over expenditures	<u>482,727</u>	<u>(7,747,041)</u>	<u>18,397,064</u>	<u>26,144,105</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	9,882,333	9,852,000	9,851,999	(1)
Transfers out	<u>(8,436,853)</u>	<u>(8,356,920)</u>	<u>(9,710,018)</u>	<u>(1,353,098)</u>
Net other financing sources (uses)	<u>1,445,480</u>	<u>1,495,080</u>	<u>141,981</u>	<u>(1,353,099)</u>
Net change in fund balances	1,928,207	(6,251,961)	18,539,045	24,791,006
Fund balances at beginning of year	<u>60,570,143</u>	<u>60,570,143</u>	<u>60,570,143</u>	<u>-</u>
Fund balances at end of year	<u>\$ 62,498,350</u>	<u>\$ 54,318,182</u>	<u>\$ 79,109,188</u>	<u>\$ 24,791,006</u>

HOTEL OCCUPANCY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Hotel tax	\$ 4,160,880	\$ 4,160,880	\$ 3,086,415	\$ (1,074,465)
Other	-	-	40	40
Total revenues	<u>4,160,880</u>	<u>4,160,880</u>	<u>3,086,455</u>	<u>(1,074,425)</u>
EXPENDITURES				
Current:				
General government	<u>1,301,823</u>	<u>1,301,823</u>	<u>996,080</u>	<u>305,743</u>
Total expenditures	<u>1,301,823</u>	<u>1,301,823</u>	<u>996,080</u>	<u>305,743</u>
Excess (deficiency) of revenues over expenditures	<u>2,859,057</u>	<u>2,859,057</u>	<u>2,090,375</u>	<u>(768,682)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(2,859,057)</u>	<u>(2,859,057)</u>	<u>(2,090,336)</u>	<u>768,721</u>
Total other financing sources (uses)	<u>(2,859,057)</u>	<u>(2,859,057)</u>	<u>(2,090,336)</u>	<u>768,721</u>
Net changes in fund balances	-	-	39	39
Fund balances—beginning	<u>329</u>	<u>329</u>	<u>329</u>	<u>-</u>
Fund balances—ending	<u>\$ 329</u>	<u>\$ 329</u>	<u>\$ 368</u>	<u>\$ 39</u>

HOTEL VENUE PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Hotel tax	\$ 1,189,836	\$ 1,189,836	\$ 882,197	\$ (307,639)
Investment earnings	-	-	73	73
Total revenues	<u>1,189,836</u>	<u>1,189,836</u>	<u>882,270</u>	<u>(307,566)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,189,836)</u>	<u>(1,189,836)</u>	<u>(858,919)</u>	<u>330,917</u>
Total other financing sources (uses)	<u>(1,189,836)</u>	<u>(1,189,836)</u>	<u>(858,919)</u>	<u>330,917</u>
Net changes in fund balances	-	-	23,351	23,351
Fund balances--beginning	<u>334,670</u>	<u>334,670</u>	<u>334,670</u>	<u>-</u>
Fund balances--ending	<u>\$ 334,670</u>	<u>\$ 334,670</u>	<u>\$ 358,021</u>	<u>\$ 23,351</u>

McALLEN EB-5 REGIONAL CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Other	\$ -	\$ -	\$ 6,000	\$ 6,000
Investment earnings	-	-	944	944
Total revenues	-	-	6,944	6,944
EXPENDITURES				
Current:				
General government	-	-	62,290	(62,290)
Total expenditures	-	-	62,290	(62,290)
Excess (deficiency) of revenues over expenditures	-	-	(55,346)	(55,346)
Net changes in fund balances	-	-	(55,346)	(55,346)
Fund balances--beginning	131,601	131,601	131,601	-
Fund balances--ending	<u>\$ 131,601</u>	<u>\$ 131,601</u>	<u>\$ 76,255</u>	<u>\$ (55,346)</u>

COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 2,105,509	\$ 2,105,509	\$ 1,632,549	\$ (472,960)
Other	-	-	39	39
Total revenues	<u>2,105,509</u>	<u>2,105,509</u>	<u>1,632,588</u>	<u>(472,921)</u>
EXPENDITURES				
Current:				
General government	366,156	366,156	247,801	118,355
Highways and streets	272,584	272,584	83,747	188,837
Health and welfare	759,769	759,769	567,922	191,847
Culture and recreation	<u>707,000</u>	<u>707,000</u>	<u>733,118</u>	<u>(26,118)</u>
Total expenditures	<u>2,105,509</u>	<u>2,105,509</u>	<u>1,632,588</u>	<u>472,921</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net changes in fund balances	-	-	-	-
Fund balances--beginning	-	-	-	-
Fund balances--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DOWNTOWN SERVICES PARKING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Licenses and permits	\$ 15,000	\$ 15,000	\$ 14,453	\$ (547)
Charges for services	1,108,000	1,108,000	682,998	(425,002)
Fines and forfeitures	150,000	150,000	73,463	(76,537)
Investment earnings	-	-	272	272
Other	<u>3,300</u>	<u>3,300</u>	<u>139,867</u>	<u>136,567</u>
Total revenues	<u>1,276,300</u>	<u>1,276,300</u>	<u>911,053</u>	<u>(365,247)</u>
EXPENDITURES				
Current:				
Highways and streets	1,196,699	1,196,699	1,027,422	169,277
Principal	3,956	3,956	3,956	-
Interest and fiscal charges	<u>919</u>	<u>919</u>	<u>919</u>	<u>-</u>
Total expenditures	<u>1,201,574</u>	<u>1,201,574</u>	<u>1,032,297</u>	<u>169,277</u>
Excess (deficiency) of revenues over expenditures	<u>74,726</u>	<u>74,726</u>	<u>(121,244)</u>	<u>(195,970)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	150,000	150,000	-
Transfers out	(84,285)	(84,285)	(60,814)	(23,471)
Total other financing sources (uses)	<u>(84,285)</u>	<u>65,715</u>	<u>89,186</u>	<u>(23,471)</u>
Net changes in fund balances	(9,559)	140,441	(32,058)	(219,441)
Fund balances—beginning	<u>14,809</u>	<u>14,809</u>	<u>14,809</u>	<u>-</u>
Fund balances—ending	<u>\$ 5,250</u>	<u>\$ 155,250</u>	<u>\$ (17,249)</u>	<u>\$ (219,441)</u>

**DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Property tax	\$ 5,153,570	\$ 5,153,570	\$ 5,633,206	\$ 479,636
Interest	-	-	46,314	46,314
Total revenues	<u>5,153,570</u>	<u>5,153,570</u>	<u>5,679,520</u>	<u>525,950</u>
EXPENDITURES				
Debt service:				
Principal	5,275,000	5,275,000	5,275,000	-
Interest and fiscal charges	<u>3,170,364</u>	<u>3,170,364</u>	<u>3,172,030</u>	<u>(1,666)</u>
Total expenditures	<u>8,445,364</u>	<u>8,445,364</u>	<u>8,447,030</u>	<u>(1,666)</u>
Excess (deficiency) of revenues over expenditures	<u>(3,291,794)</u>	<u>(3,291,794)</u>	<u>(2,767,510)</u>	<u>524,284</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>3,292,600</u>	<u>3,292,600</u>	<u>3,292,600</u>	<u>-</u>
Total other financing sources (uses)	<u>3,292,600</u>	<u>3,292,600</u>	<u>3,292,600</u>	<u>-</u>
Net changes in fund balances	806	806	525,090	524,284
Fund balance--beginning	<u>2,840,354</u>	<u>2,840,354</u>	<u>2,840,354</u>	<u>-</u>
Fund balance--ending	<u>\$ 2,841,160</u>	<u>\$ 2,841,160</u>	<u>\$ 3,365,444</u>	<u>\$ 524,284</u>

HOTEL VENUE DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Interest	\$ -	\$ -	\$ 3	\$ 3
Total revenues	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
EXPENDITURES				
Current:				
Debt service:				
Principal	495,000	495,000	495,000	-
Interest and fiscal charges	<u>363,938</u>	<u>363,938</u>	<u>363,925</u>	<u>13</u>
Total expenditures	<u>858,938</u>	<u>858,938</u>	<u>858,925</u>	<u>13</u>
Excess (deficiency) of revenues over expenditures	<u>(858,938)</u>	<u>(858,938)</u>	<u>(858,922)</u>	<u>16</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>858,938</u>	<u>858,938</u>	<u>858,919</u>	<u>(19)</u>
Total other financing sources (uses)	<u>858,938</u>	<u>858,938</u>	<u>858,919</u>	<u>(19)</u>
Net changes in fund balances	-	-	(3)	(3)
Fund balance--beginning	<u>6</u>	<u>6</u>	<u>6</u>	<u>-</u>
Fund balance--ending	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ 3</u>	<u>\$ (3)</u>

CAPITAL IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 1,934,708	\$ 1,934,708	\$ -	\$ (1,934,708)
Investment earnings	-	-	76,303	76,303
Other	-	-	249,479	249,479
Total revenues	<u>1,934,708</u>	<u>1,934,708</u>	<u>325,782</u>	<u>(1,608,926)</u>
EXPENDITURES				
Current:				
General government	1,569,000	1,904,890	388,672	1,516,218
Public safety	1,891,543	2,443,000	1,954,023	488,977
Highways and streets	3,115,204	3,207,575	2,167,340	1,040,235
Culture and recreation	4,265,918	4,984,371	911,874	4,072,497
Total expenditures	<u>10,841,665</u>	<u>12,539,836</u>	<u>5,421,909</u>	<u>7,117,927</u>
Deficiency of revenues over expenditures	<u>(8,906,957)</u>	<u>(10,605,128)</u>	<u>(5,096,127)</u>	<u>5,509,001</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>4,343,603</u>	<u>4,205,570</u>	<u>4,843,858</u>	<u>638,288</u>
Total other financing sources (uses)	<u>4,343,603</u>	<u>4,205,570</u>	<u>4,843,858</u>	<u>638,288</u>
Net changes in fund balances	(4,563,354)	(6,399,558)	(252,269)	(6,147,289)
Fund balances--beginning	<u>5,985,886</u>	<u>5,985,886</u>	<u>5,985,886</u>	<u>-</u>
Fund balances--ending	<u>\$ 1,422,532</u>	<u>\$ (413,672)</u>	<u>\$ 5,733,617</u>	<u>\$ 6,147,289</u>

INFORMATION TECHNOLOGY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Other	\$ 51,000	\$ 51,000	\$ 56,986	\$ 5,986
Net increase (decrease) in the Investment earnings	<u>2,000</u>	<u>2,000</u>	<u>1,253</u>	<u>(747)</u>
Total revenues	<u>53,000</u>	<u>53,000</u>	<u>58,239</u>	<u>5,239</u>
EXPENDITURES				
Current:				
General government	<u>40,000</u>	<u>40,000</u>	<u>12,974</u>	<u>27,026</u>
Total expenditures	<u>40,000</u>	<u>40,000</u>	<u>12,974</u>	<u>27,026</u>
Excess (deficiency) of revenues over expenditures	<u>13,000</u>	<u>13,000</u>	<u>45,265</u>	<u>(21,787)</u>
Net changes in fund balances	13,000	13,000	45,265	32,265
Fund balances—beginning	<u>105,760</u>	<u>105,760</u>	<u>105,760</u>	<u>-</u>
Fund balances—ending	<u>\$ 118,760</u>	<u>\$ 118,760</u>	<u>\$ 151,025</u>	<u>\$ 32,265</u>

PARK DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Other	\$ -	\$ -	\$ 595,956	\$ 595,956
Net increase (decrease) in the fair value of investments	-	-	(807)	(807)
Investment earnings	-	-	44,737	44,737
Total revenues	-	-	639,886	639,886
EXPENDITURES				
Current:				
General government	-	-	-	-
Culture and recreation	971,500	1,066,264	333,958	732,306
Total expenditures	971,500	1,066,264	333,958	732,306
Excess (deficiency) of revenues over expenditures	(971,500)	(1,066,264)	305,928	1,372,192
OTHER FINANCING SOURCES (USES)				
Transfers in	-	58,100	58,100	-
Total other financing sources (uses)	-	58,100	58,100	-
Net changes in fund balances	(971,500)	(1,008,164)	364,028	1,372,192
Fund balances—beginning	2,327,898	2,327,898	2,327,898	-
Fund balances—ending	<u>\$ 1,356,398</u>	<u>\$ 1,319,734</u>	<u>\$ 2,691,926</u>	<u>\$ 1,372,192</u>

STREET IMPROVEMENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 9,766,489	\$ 9,766,489	\$ 6,385,125	\$ (3,381,364)
Investment earnings	-	-	105,721	105,721
Total revenues	<u>9,766,489</u>	<u>9,766,489</u>	<u>6,490,846</u>	<u>(3,275,643)</u>
EXPENDITURES				
Current:				
Highways and streets	<u>18,874,359</u>	<u>19,015,282</u>	<u>9,741,065</u>	<u>9,274,217</u>
Total expenditures	<u>18,874,359</u>	<u>19,015,282</u>	<u>9,741,065</u>	<u>9,274,217</u>
Deficiency of revenues over expenditures	<u>(9,107,870)</u>	<u>(9,248,793)</u>	<u>(3,250,219)</u>	<u>5,998,574</u>
Net changes in fund balances	<u>(9,107,870)</u>	<u>(9,248,793)</u>	<u>(3,250,219)</u>	<u>5,998,574</u>
Fund balances--beginning	<u>9,253,882</u>	<u>9,253,882</u>	<u>9,253,882</u>	<u>-</u>
Fund balances--ending	<u>\$ 146,012</u>	<u>\$ 5,089</u>	<u>\$ 6,003,663</u>	<u>\$ 5,998,574</u>

**SPORTS FACILITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Investment earnings	\$ -	\$ -	\$ 1,416	\$ 1,416
Total revenues	<u>-</u>	<u>-</u>	<u>1,416</u>	<u>1,416</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>295,873</u>	<u>295,873</u>	<u>26,537</u>	<u>269,336</u>
Total expenditures	<u>295,873</u>	<u>295,873</u>	<u>26,537</u>	<u>269,336</u>
Deficiency of revenues over expenditures	<u>(295,873)</u>	<u>(295,873)</u>	<u>(25,121)</u>	<u>270,752</u>
Net changes in fund balances	<u>(295,873)</u>	<u>(295,873)</u>	<u>(25,121)</u>	<u>270,752</u>
Fund balances—beginning	<u>104,970</u>	<u>104,970</u>	<u>104,970</u>	<u>-</u>
Fund balances—ending	<u>\$ (190,903)</u>	<u>\$ (190,903)</u>	<u>\$ 79,849</u>	<u>\$ 270,752</u>

PUBLIC EDUCATION GOVERNMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Franchise tax	\$ 200,000	\$ 200,000	\$ 217,436	\$ 17,436
Investment earnings	12,000	12,000	9,456	(2,544)
Total revenues	<u>212,000</u>	<u>212,000</u>	<u>226,892</u>	<u>14,892</u>
EXPENDITURES				
Current:				
General government	<u>124,820</u>	<u>233,603</u>	<u>132,967</u>	<u>100,636</u>
Total expenditures	<u>124,820</u>	<u>233,603</u>	<u>132,967</u>	<u>100,636</u>
Excess (deficiency) of revenues over expenditures	<u>87,180</u>	<u>(21,603)</u>	<u>93,925</u>	<u>115,528</u>
Net changes in fund balances	87,180	(21,603)	93,925	115,528
Fund balances - beginning	<u>844,139</u>	<u>844,139</u>	<u>844,139</u>	<u>-</u>
Fund balances - ending	<u>\$ 931,319</u>	<u>\$ 822,536</u>	<u>\$ 938,064</u>	<u>\$ 115,528</u>

**PERFORMING ARTS C.O. FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Investment earnings	\$ -	\$ -	\$ 24,037	\$ 24,037
Total revenues	-	-	24,037	24,037
EXPENDITURES				
Current:				
Culture and recreation	65,000	65,000	-	65,000
Total expenditures	65,000	65,000	-	65,000
Deficiency of revenues over expenditures	(65,000)	(65,000)	24,037	89,037
Net changes in fund balances	(65,000)	(65,000)	24,037	89,037
Fund balances—beginning	2,060,002	2,060,002	2,060,002	-
Fund balances—ending	\$ 1,995,002	\$ 1,995,002	\$ 2,084,039	\$ 89,037

**DRAINAGE FEE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL**

For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Residential customers	\$ 670,000	\$ 670,000	\$ 646,556	\$ (23,444)
Commercial accounts	590,000	590,000	566,630	(23,370)
Industrial customers	36,000	36,000	33,811	(2,189)
Investment earnings	-	-	<u>33,972</u>	<u>33,972</u>
Total revenues	<u>1,296,000</u>	<u>1,296,000</u>	<u>1,280,969</u>	<u>(15,031)</u>
EXPENDITURES				
Current:				
Highways and streets	<u>2,371,600</u>	<u>3,012,721</u>	<u>130,712</u>	<u>2,882,009</u>
Total expenditures	<u>2,371,600</u>	<u>3,012,721</u>	<u>130,712</u>	<u>2,882,009</u>
Excess (deficiency) of revenues over expenditures	<u>(1,075,600)</u>	<u>(1,716,721)</u>	<u>1,150,257</u>	<u>2,866,978</u>
Net changes in fund balances	(1,075,600)	(1,716,721)	1,150,257	(2,866,978)
Fund balances—beginning	<u>1,927,133</u>	<u>1,927,133</u>	<u>1,927,133</u>	<u>-</u>
Fund balances—ending	<u>\$ 851,533</u>	<u>\$ 210,412</u>	<u>\$ 3,077,390</u>	<u>\$ (2,866,978)</u>

FRIENDS OF QUINTA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL

For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Investment earnings	\$ -	\$ -	\$ 8,035	\$ 8,035
Other	105,000	105,000	688,378	583,378
Total revenues	105,000	105,000	696,413	591,413
EXPENDITURES				
Current:				
Culture and recreation	140,000	140,000	56,272	83,728
Total expenditures	140,000	140,000	56,272	83,728
Excess (deficiency) of revenues over expenditures	(35,000)	(35,000)	640,141	675,141
OTHER FINANCING SOURCES (USES)				
Transfers out	(400,000)	(400,000)	(400,000)	-
Total other financing sources (uses)	(400,000)	(400,000)	(400,000)	-
Net changes in fund balances	(435,000)	(435,000)	240,141	675,141
Fund balances--beginning	521,670	521,670	521,670	-
Fund balances--ending	\$ 86,670	\$ 86,670	\$ 761,811	\$ 675,141

**PARKS FACILITY/FIRE STATION #2 CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL**

For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Investment earnings	\$ -	\$ -	\$ 25,988	\$ 25,988
Total revenues	<u>-</u>	<u>-</u>	<u>25,988</u>	<u>25,988</u>
EXPENDITURES				
Current:				
Public safety	-	-	36,366	(36,366)
Culture and recreation	<u>3,000,000</u>	<u>3,000,000</u>	<u>159,713</u>	<u>2,840,287</u>
Total expenditures	<u>3,000,000</u>	<u>3,000,000</u>	<u>196,079</u>	<u>2,803,921</u>
Excess (deficiency) of revenues over expenditures	<u>(3,000,000)</u>	<u>(3,000,000)</u>	<u>(170,091)</u>	<u>2,829,909</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	<u>1,343,472</u>	<u>1,343,472</u>
Net changes in fund balances	<u>(3,000,000)</u>	<u>(3,000,000)</u>	<u>1,173,381</u>	<u>4,173,381</u>
Fund balances—beginning	<u>2,265,641</u>	<u>2,265,641</u>	<u>2,265,641</u>	<u>-</u>
Fund balances—ending	<u>\$ (734,359)</u>	<u>\$ (734,359)</u>	<u>\$ 3,439,022</u>	<u>\$ 4,173,381</u>

**TRAFFIC IMPROV/DRAINAGE CONSTRUCTION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 1,048,819	\$ 1,048,819	\$ -	\$ (1,048,819)
Investment earnings	-	-	328,973	328,973
Total revenues	<u>1,048,819</u>	<u>1,048,819</u>	<u>328,973</u>	<u>(719,846)</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	1,647,245	1,647,245	66,993	1,580,252
Highways and streets	<u>15,958,426</u>	<u>21,235,126</u>	<u>933,351</u>	<u>20,301,775</u>
Total expenditures	<u>17,605,671</u>	<u>22,882,371</u>	<u>1,000,344</u>	<u>21,882,027</u>
Deficiency of revenues over expenditures	<u>(16,556,852)</u>	<u>(21,833,552)</u>	<u>(671,371)</u>	<u>21,162,181</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	-	-
Bond premium	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(16,556,852)	(21,833,552)	(671,371)	21,162,181
Fund balances—beginning	<u>22,937,905</u>	<u>22,937,905</u>	<u>22,937,905</u>	-
Fund balances—ending	<u>\$ 6,381,053</u>	<u>\$ 1,104,353</u>	<u>\$ 22,266,534</u>	<u>\$ 21,162,181</u>

WATER FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Water sales				
Residential customers	\$ 14,371,367	\$ 14,371,367	\$ 12,145,740	\$ (2,225,627)
Commercial accounts	6,499,482	6,499,482	6,067,967	(431,515)
Industrial customers	541,053	541,053	414,512	(126,541)
Total water sales	<u>21,411,902</u>	<u>21,411,902</u>	<u>18,628,219</u>	<u>(2,783,683)</u>
Service charges:				
Tap fees	810,000	810,000	721,569	(88,431)
Connect fees	220,000	220,000	228,489	8,489
Reconnect fees	190,000	190,000	160,950	(29,050)
Other services	1,070,500	1,070,500	1,033,000	(37,500)
Total service charges	<u>2,290,500</u>	<u>2,290,500</u>	<u>2,144,008</u>	<u>(146,492)</u>
Total operating revenues	<u>23,702,402</u>	<u>23,702,402</u>	<u>20,772,227</u>	<u>(2,930,175)</u>
Non-operating revenues:				
Investment earnings	255,118	255,118	424,761	169,643
Net increase (decrease) in the fair value of investment	-	-	(15,856)	(15,856)
Other	-	-	674,082	674,082
Total non-operating revenues	<u>255,118</u>	<u>255,118</u>	<u>1,082,987</u>	<u>827,869</u>
Total revenues	<u>22,560,898</u>	<u>22,560,898</u>	<u>21,855,214</u>	<u>(705,684)</u>
Expenses:				
Water plant:				
Salaries and benefits	1,685,748	1,727,933	1,496,348	231,585
Supplies and raw water purchases	1,273,410	1,284,260	1,150,107	134,153
Contractual and other services	3,886,541	3,886,541	3,427,682	458,859
Repairs and maintenance	462,500	451,650	405,928	45,722
Total water plant	<u>7,308,199</u>	<u>7,350,384</u>	<u>6,480,065</u>	<u>870,319</u>
Water lab:				
Salaries and benefits	292,577	308,099	284,197	23,902
Supplies	34,130	35,720	32,007	3,713
Contractual and other services	78,945	77,355	60,684	16,671
Repairs and maintenance	33,450	33,450	24,051	9,399
Total water lab	<u>439,102</u>	<u>454,624</u>	<u>400,939</u>	<u>53,685</u>
Transmission and distribution:				
Salaries and benefits	2,240,334	2,286,573	1,905,109	381,464
Supplies	40,000	44,350	42,326	2,024
Contractual and other services	256,773	252,423	181,487	70,936
Repairs and maintenance	251,500	251,500	120,152	131,348
Total Transmission and distribution	<u>2,788,607</u>	<u>2,834,846</u>	<u>2,249,074</u>	<u>585,772</u>
Water meters:				
Salaries and benefits	933,795	951,267	843,866	107,401
Supplies	24,400	26,520	19,644	6,876
Contractual and other services	66,065	63,945	50,368	13,577
Repairs and maintenance	80,300	80,300	69,411	10,889
Total water meters	<u>1,104,560</u>	<u>1,122,032</u>	<u>983,289</u>	<u>138,743</u>

**WATER FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Utility billing:				
Salaries and benefits	\$ 458,990	\$ 470,428	\$ 435,845	\$ 34,583
Supplies	38,000	39,780	35,472	4,308
Contractual and other services	323,825	322,045	283,127	38,918
Repairs and maintenance	<u>5,100</u>	<u>5,100</u>	<u>2,952</u>	<u>2,148</u>
Total utility billing	<u>825,915</u>	<u>837,353</u>	<u>757,396</u>	<u>79,957</u>
Customer relations:				
Salaries and benefits	939,458	961,284	879,361	81,923
Supplies	15,560	23,560	18,154	5,406
Contractual and other services	93,474	166,814	162,978	3,836
Repairs and maintenance	<u>42,486</u>	<u>29,116</u>	<u>13,145</u>	<u>15,971</u>
Total customer relations	<u>1,090,978</u>	<u>1,180,774</u>	<u>1,073,638</u>	<u>107,136</u>
Treasury/Fiscal Management				
Salaries and benefits	330,120	337,973	308,387	29,586
Supplies	1,500	2,620	2,602	18
Contractual and other services	151,966	150,806	121,097	29,709
Repairs and maintenance	<u>72,670</u>	<u>72,710</u>	<u>71,006</u>	<u>1,704</u>
Total treasury/fiscal management	<u>556,256</u>	<u>564,109</u>	<u>503,092</u>	<u>61,017</u>
Administration:				
Salaries and benefits	1,309,842	1,147,307	1,970,441	(823,134)
Supplies	22,150	22,840	15,665	7,175
Contractual and other services	827,550	826,860	449,726	377,134
Repairs and maintenance	<u>34,163</u>	<u>34,163</u>	<u>12,431</u>	<u>21,732</u>
Total administration	<u>2,193,705</u>	<u>2,031,170</u>	<u>2,448,263</u>	<u>(417,093)</u>
Non-departmental expenses:				
Liability insurance	55,099	55,099	39,060	16,039
Interest and fiscal charges	1,165,419	1,165,419	1,040,570	124,849
Bond principal requirements	1,256,150	1,256,150	-	1,256,150
Other	-	-	186,170	(186,170)
Capital outlay	<u>18,416,252</u>	<u>18,727,652</u>	<u>9,064,522</u>	<u>9,663,130</u>
Total non-departmental expenses	<u>20,892,920</u>	<u>21,204,320</u>	<u>10,330,322</u>	<u>10,873,998</u>
Total expenses	<u>37,200,242</u>	<u>37,579,612</u>	<u>25,226,078</u>	<u>12,353,534</u>
Excess (deficiency) of revenues over over expenses (budget basis) before transfers	(14,639,344)	(15,018,714)	(3,370,864)	(13,059,218)
Transfers:				
Transfers out	<u>(207,352)</u>	<u>(207,352)</u>	<u>(207,352)</u>	<u>-</u>
Net transfers	<u>(207,352)</u>	<u>(207,352)</u>	<u>(207,352)</u>	<u>-</u>
Excess (deficiency) of revenues over budget	<u>(14,846,696)</u>	<u>(15,226,066)</u>	<u>(3,578,216)</u>	<u>(12,932,677)</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(4,658,641)	(4,658,641)
Capital outlay-amounts budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	9,064,523	9,064,523
Principal payments on revenue bonds-budgeted as expenses per budget basis, treated as a reduction of bonds payable per GAAP basis	<u>1,256,150</u>	<u>1,256,150</u>	<u>-</u>	<u>(1,256,150)</u>
Net income-GAAP basis	<u>\$ (13,590,546)</u>	<u>\$ (13,969,916)</u>	<u>\$ 827,666</u>	<u>\$ (9,782,945)</u>

WATER FUND
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
IN RESTRICTED ACCOUNTS
For the Year Ended September 30, 2020

	Current Debt Service	TWDB Debt Service	Bond Reserve	Reserve for Improvements
Cash, certificates of deposit, and investments at September 30, 2019	\$ 531,992	\$ 148,812	\$ 186,197	\$ 11,908,032
Cash receipts:				
Transfers in	1,905,552	530,668	-	-
Operating activities	-	-	261,514	-
Due to other fund	-	-	-	-
Interest received	-	2,024	3,238	65,078
Valuation allowance	-	-	-	-
	1,905,552	532,692	264,752	65,078
Total cash receipts				
Total cash available	2,437,544	681,504	450,949	11,973,110
Cash disbursements:				
Due from other funds	675	-	-	-
Transfers out	-	-	-	-
Refunds	-	-	-	-
Capital acquisitions	-	-	-	3,894,746
Principal payments	1,256,150	115,000	-	-
Interest and fiscal charges (net)	638,703	412,640	-	-
	1,895,528	527,640	-	3,894,746
Total cash disbursements				
Cash, certificates of deposit, and investments at September 30, 2020	\$ 542,016	\$ 153,864	\$ 450,949	\$ 8,078,364
Cash, certificates of deposit, and investments at September 30, 2020 is comprised of the following:				
Cash	\$ -	\$ -	\$ -	\$ -
Certificates of deposit	-	-	-	-
Investments (net)	542,016	153,864	450,949	8,078,364
Accrued interest	-	-	-	-
	-	-	-	-
Totals	\$ 542,016	\$ 153,864	\$ 450,949	\$ 8,078,364

INDIVIDUAL BUDGET SCHEDULES FOR LEGALLY ADOPTED FUNDS

Customer Deposits	Depreciation	Capital Improvement	Water Revenue Bonds	Total
\$ 2,760,501	\$ 6,545,207	\$ 5,001,217	\$ 25,518	\$ 27,107,476
-	1,592,024	1,271,960	4,784,839	10,085,043
1,073,120	-	-	-	1,334,634
-	-	-	846,584	846,584
-	126,744	79,265	-	276,349
-	(138)	(2,920)	-	(3,058)
<u>1,073,120</u>	<u>1,718,630</u>	<u>1,348,305</u>	<u>5,631,423</u>	<u>12,539,552</u>
<u>3,833,621</u>	<u>8,263,837</u>	<u>6,349,522</u>	<u>5,656,941</u>	<u>39,647,028</u>
-	-	-	-	675
-	-	-	-	-
975,775	-	-	-	975,775
-	1,425,472	1,989,798	5,631,423	12,941,439
-	-	-	-	1,371,150
-	-	-	-	1,051,343
<u>975,775</u>	<u>1,425,472</u>	<u>1,989,798</u>	<u>5,631,423</u>	<u>16,340,382</u>
<u>\$ 2,857,846</u>	<u>\$ 6,838,365</u>	<u>\$ 4,359,724</u>	<u>\$ 25,518</u>	<u>\$ 23,306,646</u>
\$ -	\$ -	\$ 1,093	\$ 25,518	\$ 26,611
-	3,582,085	2,790,827	-	6,372,912
2,857,846	3,255,781	1,567,475	-	16,906,295
-	499	329	-	828
<u>\$ 2,857,846</u>	<u>\$ 6,838,365</u>	<u>\$ 4,359,724</u>	<u>\$ 25,518</u>	<u>\$ 23,306,646</u>

WASTEWATER FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Wastewater service charges	\$ 21,312,220	\$ 21,312,220	\$ 18,133,332	\$ (3,178,888)
Industrial surcharges	402,851	402,851	256,983	(145,868)
Other services	629,500	629,500	765,514	136,014
Total operating revenues	<u>22,344,571</u>	<u>22,344,571</u>	<u>19,155,829</u>	<u>(3,188,742)</u>
Non-operating revenues:				
Investment earnings	334,267	334,267	543,980	209,713
Net increase (decrease) in the fair value of investment	-	-	(28,564)	(28,564)
Other	7,000,000	7,000,000	588,001	(6,411,999)
Total non-operating revenues	<u>7,334,267</u>	<u>7,334,267</u>	<u>1,103,417</u>	<u>(6,230,850)</u>
Total revenues	<u>29,678,838</u>	<u>29,678,838</u>	<u>20,259,246</u>	<u>(9,419,592)</u>
Expenses:				
Wastewater plant:				
Salaries and benefits	2,216,219	2,257,076	1,954,667	302,409
Supplies	201,700	231,920	214,878	17,042
Contractual and other services	2,344,381	2,312,671	1,796,508	516,163
Repairs and maintenance	253,050	254,540	254,319	221
Total wastewater plant	<u>5,015,350</u>	<u>5,056,207</u>	<u>4,220,372</u>	<u>835,835</u>
Wastewater lab:				
Salaries and benefits	493,499	504,761	437,289	67,472
Supplies	67,847	71,337	68,694	2,643
Contractual and other services	9,200	6,080	10,070	(3,990)
Repairs and maintenance	9,400	9,030	8,982	48
Total wastewater lab	<u>579,946</u>	<u>591,208</u>	<u>525,035</u>	<u>66,173</u>
Wastewater collection:				
Salaries and benefits	1,252,651	1,280,798	1,174,272	106,526
Supplies	490,200	476,930	433,830	43,100
Contractual and other services	345,100	277,720	325,484	(47,764)
Repairs and maintenance	284,000	364,650	363,886	764
Total wastewater collection	<u>2,371,951</u>	<u>2,400,098</u>	<u>2,297,472</u>	<u>102,626</u>
Administration:				
Salaries and benefits	594,342	627,817	1,100,033	(472,216)
Supplies	6,500	6,610	4,591	2,019
Contractual and other services	856,964	856,854	546,060	310,794
Repairs and maintenance	33,563	33,563	7,188	26,375
Total administration	<u>1,491,369</u>	<u>1,524,844</u>	<u>1,657,872</u>	<u>(133,028)</u>
Non-departmental expenses:				
Employee benefits	136,701	(22,960)	-	(22,960)
Liability insurance	65,261	65,261	42,529	22,732
Interest and fiscal charges	1,411,487	1,411,487	1,404,529	6,958
Bond principal requirements	4,521,850	4,521,850	-	4,521,850
Other	-	-	(415,957)	415,957
Capital outlay	14,558,984	15,288,448	7,315,115	7,973,333
Total non-departmental expenses	<u>20,694,283</u>	<u>21,264,086</u>	<u>8,346,216</u>	<u>12,917,870</u>
Total expenses	<u>30,152,899</u>	<u>30,836,443</u>	<u>17,046,967</u>	<u>13,789,476</u>

WASTEWATER FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	\$ (474,061)	\$ (1,157,605)	\$ 3,212,279	\$ 4,369,884
Transfers:				
Transfers out	(118,054)	(118,054)	(118,054)	-
Net transfers	(118,054)	(118,054)	(118,054)	-
Excess (deficiency) of revenues over budget	(592,115)	(1,275,659)	3,094,225	4,369,884
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(8,339,755)	(8,339,755)
Principal payments on revenue bonds-budgeted as expenses per budget basis, treated as reduction of bonds payable per GAAP basis	4,521,850	4,521,850	-	(4,521,850)
Capital outlay-amounts budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	7,315,115	7,315,115
Net income-GAAP basis	<u>\$ (5,113,965)</u>	<u>\$ (5,797,509)</u>	<u>\$ 2,069,585</u>	<u>\$ 7,867,094</u>

**CITY OF McALLEN, TEXAS
WASTEWATER FUND
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
IN RESTRICTED ACCOUNTS
For the Year Ended September 30, 2020**

	<u>Current Debt Service</u>	<u>TWDB Debt Service</u>	<u>Bond Reserve</u>	<u>Reserve for Improvements</u>	<u>Depreciation</u>
Cash, certificates of deposit, and investments at September 30, 2019	\$ 534,273	\$ 2,403,008	\$ 2,733,215	\$ 7,342,745	\$ 12,170,188
Cash receipts:					
Transfers from operating cash	2,554,548	4,022,977	96,857	-	3,335,902
Interest received	-	24,451	32,270	42,359	262,852
Valuation allowance	-	-	-	-	(15,442)
Total cash receipts	<u>2,554,548</u>	<u>4,047,428</u>	<u>129,127</u>	<u>42,359</u>	<u>3,583,312</u>
Total cash available	<u>3,088,821</u>	<u>6,450,436</u>	<u>2,862,342</u>	<u>7,385,104</u>	<u>15,753,500</u>
Cash disbursements:					
Due Wastewater fund and internal funds	678	-	-	4,062,056	-
Principal payments	1,859,250	3,283,000	-	-	-
Interest and fiscal charges (net)	685,121	730,318	-	-	-
Capital acquisitions	-	-	-	-	1,934,182
Total cash disbursements	<u>2,545,049</u>	<u>4,013,318</u>	<u>-</u>	<u>4,062,056</u>	<u>1,934,182</u>
Cash, certificates of deposit, and investments at September 30, 2020	<u>\$ 2,545,049</u>	<u>\$ 4,013,318</u>	<u>\$ -</u>	<u>\$ 4,062,056</u>	<u>\$ 1,934,182</u>
Cash, certificates of deposit, and investments at September 30, 2020 is comprised of the following:					
Cash	\$ -	\$ -	\$ -	\$ -	\$ 3,864
Certificates of deposit	-	-	-	-	8,708,198
Investments (net)	543,772	2,437,118	2,862,342	3,323,048	5,106,296
Accrued interest	-	-	-	-	960
Totals	<u>\$ 543,772</u>	<u>\$ 2,437,118</u>	<u>\$ 2,862,342</u>	<u>\$ 3,323,048</u>	<u>\$ 13,819,318</u>

INDIVIDUAL BUDGET SCHEDULES FOR LEGALLY ADOPTED FUNDS

<u>Capital Improvement</u>	<u>Wastewater Revenue Bonds</u>	<u>Wastewater Series 2012</u>	<u>Wastewater Series 2015</u>	<u>Total</u>
\$ 5,204,010	\$ 2,327,283	\$ -	\$ 59,255	32,773,977
837,270	-	4,476,531	-	15,324,085
98,902	23,605	20,141	-	504,580
(11,448)	-	-	-	(26,890)
<u>924,724</u>	<u>23,605</u>	<u>4,496,672</u>	<u>-</u>	<u>15,801,775</u>
6,128,734	2,350,888	4,496,672	59,255	48,575,752
35,344	-	186,335	-	4,284,413
-	-	-	-	5,142,250
-	-	-	-	1,415,439
604,769	114,444	3,547,105	-	6,200,500
<u>640,113</u>	<u>114,444</u>	<u>3,733,440</u>	<u>-</u>	<u>17,042,602</u>
<u>\$ 640,113</u>	<u>\$ 114,444</u>	<u>\$ 3,733,440</u>	<u>\$ -</u>	<u>\$ 17,042,602</u>

\$ 2,686	\$ 576,128	\$ (564,093)	\$ 59,255	77,840
2,296,805	-	-	-	11,005,003
3,188,892	1,660,316	1,327,325	-	20,449,109
238	-	-	-	1,198
<u>\$ 5,488,621</u>	<u>\$ 2,236,444</u>	<u>\$ 763,232</u>	<u>\$ 59,255</u>	<u>\$ 31,533,150</u>

**CITY OF McALLEN, TEXAS
SANITATION FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Solid waste collections	\$ 21,153,000	\$ 21,153,000	\$ 21,548,746	\$ 395,746
Other services	60,000	60,000	143,083	83,083
Total operating revenues	<u>21,213,000</u>	<u>21,213,000</u>	<u>21,691,829</u>	<u>478,829</u>
Non-operating revenues:				
Investment earnings	-	-	468,481	468,481
Net increase (decrease) in the fair value of investment	-	-	(22,144)	(22,144)
Other	-	-	205,545	205,545
Total non-operating revenues	<u>-</u>	<u>-</u>	<u>651,882</u>	<u>651,882</u>
Total revenues	<u>21,213,000</u>	<u>21,213,000</u>	<u>22,343,711</u>	<u>1,130,711</u>
Expenses:				
Facilities administration:				
Salaries and benefits	1,086,439	1,102,877	1,906,494	(803,617)
Supplies	15,750	32,750	84,954	(52,204)
Contractual and other services	1,361,329	1,324,329	1,400,630	(76,301)
Repairs and maintenance	55,097	65,097	65,590	(493)
Capital outlay	355,000	365,000	239,516	125,484
Total facilities administration	<u>2,873,615</u>	<u>2,890,053</u>	<u>3,697,184</u>	<u>(807,131)</u>
Brush collection:				
Salaries and benefits	1,941,399	1,970,027	1,928,424	41,603
Supplies	257,320	257,320	292,926	(35,606)
Contractual and other services	145,225	145,225	159,887	(14,662)
Repairs and maintenance	540,531	540,531	627,889	(87,358)
Capital outlay	468,000	468,000	429,554	38,446
Total brush collection	<u>3,352,475</u>	<u>3,381,103</u>	<u>3,438,680</u>	<u>(57,577)</u>
Residential collection:				
Salaries and benefits	1,626,779	1,650,981	1,404,208	246,773
Supplies	35,859	35,859	29,521	6,338
Contractual and other services	608,040	608,040	779,089	(171,049)
Repairs and maintenance	934,581	934,581	907,603	26,978
Capital outlay	155,500	155,500	10,933	144,567
Total residential collection	<u>3,360,759</u>	<u>3,384,961</u>	<u>3,131,354</u>	<u>253,607</u>
Commercial box collection:				
Salaries and benefits	1,535,307	1,557,021	1,380,365	176,656
Supplies	44,479	53,979	52,476	1,503
Contractual and other services	1,335,980	1,335,980	1,511,807	(175,827)
Repairs and maintenance	1,159,476	1,149,976	1,136,884	13,092
Capital outlay	151,500	151,500	13,808	137,692
Total commercial box collection	<u>4,226,742</u>	<u>4,248,456</u>	<u>4,095,340</u>	<u>153,116</u>
Roll offs:				
Salaries and benefits	350,742	354,594	274,080	80,514
Supplies	5,750	5,750	5,712	38
Contractual and other services	323,450	323,450	330,292	(6,842)
Repairs and maintenance	249,874	249,874	259,604	(9,730)
Capital outlay	24,000	24,000	22,040	1,960
Total roll offs	<u>953,816</u>	<u>957,668</u>	<u>891,728</u>	<u>65,940</u>

**SANITATION FUND
SCHEDULE OF REVENUES AND EXPENSES BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Recycling:				
Salaries and benefits	\$ 1,140,014	\$ 1,155,337	\$ 1,134,998	\$ 20,339
Supplies	53,606	53,606	46,032	7,574
Contractual and other services	263,943	263,943	420,467	(156,524)
Repairs and maintenance	199,749	199,749	191,614	8,135
Capital outlay	380,500	380,500	281,840	98,660
Total recycling	<u>2,037,812</u>	<u>2,053,135</u>	<u>2,074,951</u>	<u>(21,816)</u>
Composting:				
Salaries and benefits	445,196	451,903	391,769	60,134
Supplies	26,000	26,000	62,940	(36,940)
Contractual and other services	252,375	252,375	225,942	26,433
Repairs and maintenance	121,975	121,975	128,325	(6,350)
Capital outlay	10,000	10,000	9,695	305
Total composting	<u>855,546</u>	<u>862,253</u>	<u>818,671</u>	<u>43,582</u>
Street cleaning:				
Salaries and benefits	300,367	304,452	300,033	4,419
Supplies	2,530	2,530	2,254	276
Contractual and other services	4,842	4,842	421	4,421
Repairs and maintenance	111,427	111,427	104,369	7,058
Total street cleaning	<u>419,166</u>	<u>423,251</u>	<u>407,077</u>	<u>16,174</u>
Non-departmental expenses:				
Depreciation fund -capital outlay	2,528,156	2,528,156	1,294,587	1,233,569
Interest and fiscal charges	64,264	12,118	12,118	-
Bond principal requirements	-	52,146	-	52,146
Liability insurance	104,034	104,034	104,034	-
Contingency	83,850	37,099	-	37,099
Total non-departmental expenses	<u>2,780,304</u>	<u>2,733,553</u>	<u>1,410,739</u>	<u>1,285,715</u>
Total expenses	<u>20,860,235</u>	<u>20,934,433</u>	<u>19,965,724</u>	<u>931,610</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>352,765</u>	<u>278,567</u>	<u>2,377,987</u>	<u>2,099,420</u>
Transfers:				
Transfers out	<u>(199,784)</u>	<u>(199,784)</u>	<u>(199,784)</u>	<u>-</u>
Net transfers	<u>(199,784)</u>	<u>(199,784)</u>	<u>(199,784)</u>	<u>-</u>
Excess (deficiency) of revenues over budget	<u>152,981</u>	<u>78,783</u>	<u>2,178,203</u>	<u>2,099,420</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(2,527,071)	(2,527,071)
Capital outlay-amounts budgeted as expenses per budget basis, capitalized per GAAP basis	<u>-</u>	<u>-</u>	<u>2,301,973</u>	<u>2,301,973</u>
Net income-GAAP basis	<u>\$ 152,981</u>	<u>\$ 78,783</u>	<u>\$ 1,953,105</u>	<u>\$ 1,874,322</u>

PALM VIEW GOLF COURSE FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Green fees	\$ 693,864	\$ 693,864	\$ 786,919	\$ 93,055
Membership sales	172,237	172,237	169,097	(3,140)
Cart rental	312,859	312,859	369,867	57,008
Rentals and other sales	190,037	190,037	228,266	38,229
Total operating revenues	<u>1,368,997</u>	<u>1,368,997</u>	<u>1,554,149</u>	<u>185,152</u>
Non-operating revenues:				
Investment earnings	10,000	10,000	20,747	10,747
fair value of investment	-	-	168	168
Other	-	-	770	770
Total non-operating revenues	<u>10,000</u>	<u>10,000</u>	<u>21,685</u>	<u>11,685</u>
Total revenues	<u>1,378,997</u>	<u>1,378,997</u>	<u>1,575,834</u>	<u>196,837</u>
Expenses:				
Salaries and benefits	886,103	886,103	863,289	22,814
Supplies	132,274	132,274	150,766	(18,492)
Contractual and other services	124,448	124,448	112,810	11,638
Repairs and maintenance	90,645	90,645	68,905	21,740
Interest expense	35	35	35	-
Capital outlay	91,381	91,381	81,827	9,554
Total expenses	<u>1,324,886</u>	<u>1,324,886</u>	<u>1,277,632</u>	<u>47,254</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>54,111</u>	<u>54,111</u>	<u>298,202</u>	<u>244,091</u>
Transfers:				
Transfers out	<u>(19,676)</u>	<u>(19,676)</u>	<u>(19,676)</u>	<u>-</u>
Net transfers	<u>(19,676)</u>	<u>(19,676)</u>	<u>(19,676)</u>	<u>-</u>
Excess (deficiency) of revenues over budget	<u>34,435</u>	<u>34,435</u>	<u>278,526</u>	<u>244,091</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(385,156)	(385,156)
Capital outlay-amounts budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	81,827	81,827
Net income-GAAP basis	<u>\$ 34,435</u>	<u>\$ 34,435</u>	<u>\$ (24,803)</u>	<u>\$ (59,238)</u>

**TRANSIT TERMINAL FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Other services	\$ -	\$ -	\$ 17,209	\$ 17,209
Total operating revenues	<u>-</u>	<u>-</u>	<u>17,209</u>	<u>17,209</u>
Non-operating revenues:				
Investment earnings	-	-	14,715	14,715
Net increase (decrease) in the fair value of investments	-	-	336	336
Intergovernmental	14,600,769	14,600,769	2,697,153	(11,903,616)
Other	-	-	-	-
Total non-operating revenues	<u>14,600,769</u>	<u>14,600,769</u>	<u>2,712,204</u>	<u>(11,888,565)</u>
Total revenues	<u>14,600,769</u>	<u>14,600,769</u>	<u>2,729,413</u>	<u>(11,871,356)</u>
Expenses:				
Administration:				
Salaries and benefits	351,241	351,241	272,692	78,549
Supplies	-	-	2,097	(2,097)
Contractual and other services	38,696	38,696	85,361	(46,665)
Repairs and maintenance	391,897	391,897	295,137	96,760
Capital outlay	14,484,433	15,073,603	1,197,565	13,876,038
Total administration expenses	<u>15,266,267</u>	<u>15,855,437</u>	<u>1,852,852</u>	<u>14,002,585</u>
Non-departmental expenses:				
Interest and fiscal charges	572	572	572	-
Bond principal requirements	-	2,461	-	2,461
Total non-departmental expenses	<u>572</u>	<u>3,033</u>	<u>572</u>	<u>2,461</u>
Total expenses	<u>15,266,839</u>	<u>15,858,470</u>	<u>1,853,424</u>	<u>14,005,046</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(666,070)</u>	<u>(1,257,701)</u>	<u>875,989</u>	<u>2,133,690</u>
Transfers:				
Transfers in	657,792	775,626	406,856	(368,770)
Transfers out	(7,568)	(7,568)	(1,351,040)	1,343,472
Net transfers	<u>650,224</u>	<u>768,058</u>	<u>(944,184)</u>	<u>(1,712,242)</u>
Excess (deficiency) of revenues over budget	<u>(15,846)</u>	<u>(489,643)</u>	<u>(68,195)</u>	<u>421,448</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(990,221)	(990,221)
Capital outlay-amounts budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	1,197,565	1,197,565
Net income-GAAP basis	<u>\$ (15,846)</u>	<u>\$ (489,643)</u>	<u>\$ 139,149</u>	<u>\$ 628,792</u>

McALLEN CONVENTION CENTER FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Rentals	\$ 900,000	\$ 900,000	\$ 1,082,951	\$ 182,951
Concessions-other	1,540,000	1,540,000	1,500,522	(39,478)
Other services	670,744	670,744	985,571	314,827
Total operating revenues	<u>3,110,744</u>	<u>3,110,744</u>	<u>3,569,044</u>	<u>458,300</u>
Non-operating revenues:				
Investment earnings	23,986	23,986	66,278	42,292
Net increase (decrease) in the fair value of investments	-	-	(14,535)	(14,535)
Total non-operating revenues	<u>23,986</u>	<u>23,986</u>	<u>51,743</u>	<u>27,757</u>
Total revenues	<u>3,134,730</u>	<u>3,134,730</u>	<u>3,620,787</u>	<u>486,057</u>
Expenses:				
Administration:				
Salaries and benefits	2,655,292	2,655,292	2,233,188	422,104
Supplies	99,000	99,000	78,213	20,787
Contractual and other services	1,918,462	1,918,462	2,506,992	(588,530)
Repairs and maintenance	299,582	299,582	321,453	(21,871)
Interest	-	-	-	-
Capital outlay	441,260	441,260	104,287	336,973
Total expenses	<u>5,413,596</u>	<u>5,413,596</u>	<u>5,244,133</u>	<u>169,463</u>
Non-departmental expenses:				
Interest and fiscal charges	8,224	1,551	1,551	-
Bond principal requirements	-	6,673	-	6,673
Total non-departmental expenses	<u>8,224</u>	<u>8,224</u>	<u>1,551</u>	<u>6,673</u>
Total expenses	<u>5,421,820</u>	<u>5,421,820</u>	<u>5,245,684</u>	<u>176,136</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(2,287,090)</u>	<u>(2,287,090)</u>	<u>(1,624,897)</u>	<u>662,193</u>
Transfers:				
Transfers in	2,206,646	2,206,646	1,592,157	(614,489)
Transfers out	(51,460)	(51,460)	(51,460)	-
Net transfers	<u>2,155,186</u>	<u>2,155,186</u>	<u>1,540,697</u>	<u>(614,489)</u>
Excess (deficiency) of revenues over budget	<u>(131,904)</u>	<u>(131,904)</u>	<u>(84,200)</u>	<u>47,704</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(1,570,866)	(1,570,866)
Capital outlay-amounts budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	104,287	104,287
Net income-GAAP basis	<u>\$ (131,904)</u>	<u>\$ (131,904)</u>	<u>\$ (1,550,779)</u>	<u>\$ (1,418,875)</u>

**PERFORMING ARTS CENTER FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Rentals	\$ 478,000	\$ 478,000	\$ 327,436	\$ (150,564)
Concessions-other	638,000	638,000	355,663	(282,337)
Other services	<u>300,000</u>	<u>300,000</u>	<u>3,243</u>	<u>(296,757)</u>
Total operating revenues	<u>1,416,000</u>	<u>1,416,000</u>	<u>686,342</u>	<u>(729,658)</u>
Non-operating revenues:				
Investment earnings	-	-	46,940	46,940
Net increase (decrease) in the fair value of investments	<u>-</u>	<u>-</u>	<u>(14,535)</u>	<u>(14,535)</u>
Total non-operating revenues	<u>-</u>	<u>-</u>	<u>32,405</u>	<u>32,405</u>
Total revenues	<u>1,416,000</u>	<u>1,416,000</u>	<u>718,747</u>	<u>(697,253)</u>
Expenses:				
Administration:				
Supplies	46,000	46,000	21,823	24,177
Contractual and other services	1,355,105	1,355,105	1,132,577	222,528
Repairs and maintenance	<u>191,000</u>	<u>191,000</u>	<u>63,093</u>	<u>127,907</u>
Total expenses	<u>1,592,105</u>	<u>1,592,105</u>	<u>1,217,493</u>	<u>374,612</u>
Excess (deficiency) of revenues over over expenses (budget basis) before transfers	(176,105)	(176,105)	(498,746)	(322,641)
Transfers:				
Transfers in	<u>883,309</u>	<u>883,309</u>	<u>398,179</u>	<u>(485,130)</u>
Net transfers	883,309	883,309	398,179	(485,130)
Excess (deficiency) of revenues over budget	<u>707,204</u>	<u>707,204</u>	<u>(100,567)</u>	<u>(807,771)</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(1,185,173)	(1,185,173)
Net income-GAAP basis	<u>\$ 707,204</u>	<u>\$ 707,204</u>	<u>\$ (1,285,740)</u>	<u>\$ (1,992,944)</u>

McALLEN INTERNATIONAL AIRPORT FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Charges for services	\$ 2,482,835	\$ 2,482,835	\$ 1,988,713	\$ (494,122)
Rentals	3,717,905	3,717,905	3,728,771	10,866
Other services	61,770	61,770	88,947	27,177
Total operating revenues	<u>6,262,510</u>	<u>6,262,510</u>	<u>5,806,431</u>	<u>(456,079)</u>
Non-operating revenues:				
Intergovernmental	15,812,188	18,791,512	10,109,059	(8,682,453)
Investment earnings	-	-	248,329	248,329
Net increase (decrease) in fair value of investments	-	-	(30,019)	(30,019)
Other	-	-	34,533	34,533
Total non-operating revenues	<u>15,812,188</u>	<u>18,791,512</u>	<u>10,361,902</u>	<u>(8,429,610)</u>
Total revenues	<u>22,074,698</u>	<u>25,054,022</u>	<u>16,168,333</u>	<u>(8,885,689)</u>
Expenses:				
Salaries and benefits	2,179,168	2,179,168	2,095,428	83,740
Supplies	104,000	104,000	130,356	(26,356)
Contractual and other services	2,020,872	2,020,872	1,399,998	620,874
Repairs and maintenance	605,380	605,380	393,847	211,533
Capital outlay	19,064,193	22,374,553	7,504,228	14,870,325
Total administrative expenses	<u>23,973,613</u>	<u>27,283,973</u>	<u>11,523,857</u>	<u>15,760,116</u>
Non-departmental expenses (income):				
Interest and fiscal charges	281,218	281,968	256,453	25,515
Other	-	-	141,132	(141,132)
Total non-departmental expenses	<u>281,218</u>	<u>281,968</u>	<u>397,585</u>	<u>(115,617)</u>
Total expenses	<u>24,254,831</u>	<u>27,565,941</u>	<u>11,921,442</u>	<u>15,644,499</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(2,180,133)</u>	<u>(2,511,919)</u>	<u>4,246,891</u>	<u>6,758,810</u>
Transfers:				
Transfers out	<u>(1,155,425)</u>	<u>(1,155,425)</u>	<u>(1,155,425)</u>	<u>-</u>
Net transfers	<u>(1,155,425)</u>	<u>(1,155,425)</u>	<u>(1,155,425)</u>	<u>-</u>
Excess (deficiency) of revenues over budget	<u>(3,335,558)</u>	<u>(3,667,344)</u>	<u>3,091,466</u>	<u>6,758,810</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(5,538,034)	(5,538,034)
Capital outlay-amounts budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	7,504,228	7,504,228
Net income-GAAP basis	<u>\$ (3,335,558)</u>	<u>\$ (3,667,344)</u>	<u>\$ 5,057,660</u>	<u>\$ 8,725,004</u>

**McALLEN INTERNATIONAL TOLL BRIDGE FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Charges for services	\$ 11,691,217	\$ 11,691,217	\$ 7,845,234	\$ (3,845,983)
Rentals	2,436,359	2,436,359	2,716,343	279,984
Other	75,000	75,000	163,229	88,229
Total operating revenues	<u>14,202,576</u>	<u>14,202,576</u>	<u>10,724,806</u>	<u>(3,477,770)</u>
Non-operating revenues:				
Investment earnings	-	-	87,224	87,224
Total non-operating revenues	<u>-</u>	<u>-</u>	<u>87,224</u>	<u>87,224</u>
Total revenues	<u>14,202,576</u>	<u>14,202,576</u>	<u>10,812,030</u>	<u>(3,390,546)</u>
Expenses:				
Administration:				
Salaries and benefits	268,446	273,185	406,335	(133,150)
Supplies	24,800	24,800	86,963	(62,163)
Contractual and other services	472,325	472,325	462,987	9,338
Repairs and maintenance	12,162	12,162	6,314	5,848
Capital outlay	3,392,269	3,392,269	1,415,053	1,977,216
Total administration	<u>4,170,002</u>	<u>4,174,741</u>	<u>2,377,652</u>	<u>1,797,089</u>
Operations:				
Salaries and benefits	1,534,773	1,530,034	1,289,412	240,622
Supplies	85,000	85,000	89,052	(4,052)
Contractual and other services	533,250	533,250	488,406	44,844
Repairs and maintenance	176,000	176,000	178,912	(2,912)
Total operations	<u>2,329,023</u>	<u>2,324,284</u>	<u>2,045,782</u>	<u>278,502</u>
Non-departmental expenses:				
Liability insurance	23,171	23,171	23,171	-
Interest and fiscal charges	411	411	2,675	(2,264)
Bond principal requirement	1,766	1,766	-	1,766
Other	3,404,096	3,404,096	2,469,797	934,299
Total non-departmental expenses	<u>3,429,444</u>	<u>3,429,444</u>	<u>2,495,643</u>	<u>933,801</u>
Total expenses	<u>9,928,469</u>	<u>9,928,469</u>	<u>6,919,077</u>	<u>3,009,392</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>4,274,107</u>	<u>4,274,107</u>	<u>3,892,953</u>	<u>(381,154)</u>
Transfers:				
Transfers out	<u>(6,092,591)</u>	<u>(6,092,591)</u>	<u>(6,106,968)</u>	<u>(14,377)</u>
Net transfers	<u>(6,092,591)</u>	<u>(6,092,591)</u>	<u>(6,106,968)</u>	<u>(14,377)</u>
Excess (deficiency) of revenues over budget	<u>(1,818,484)</u>	<u>(1,818,484)</u>	<u>(2,214,015)</u>	<u>(395,531)</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(1,128,158)	(1,128,158)
Interest on board advances	-	-	726,727	726,727
Capital outlay-amounts budgeted as expenses per budget basis, capitalized per GAAP basis	<u>-</u>	<u>-</u>	<u>1,415,053</u>	<u>1,415,053</u>
Net income-GAAP basis	<u>\$ (1,818,484)</u>	<u>\$ (1,818,484)</u>	<u>\$ (1,200,393)</u>	<u>\$ 618,091</u>

ANZALDUAS INTERNATIONAL CROSSING FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Charges for services	\$ 3,021,042	\$ 3,021,042	\$ 2,898,204	\$ (122,838)
Rentals	18,552	18,552	12,205	(6,347)
Other	34,449	34,449	70,475	36,026
Total operating revenues	<u>3,074,043</u>	<u>3,074,043</u>	<u>2,980,884</u>	<u>(93,159)</u>
Non-operating revenues:				
Intergovernmental	-	2,840,073	-	(2,840,073)
Investment earnings	40,000	40,000	64,051	24,051
Other	-	-	(7,000)	(7,000)
Total non-operating revenues	<u>40,000</u>	<u>2,880,073</u>	<u>57,051</u>	<u>(2,823,022)</u>
Total revenues	<u>3,114,043</u>	<u>5,954,116</u>	<u>3,037,935</u>	<u>(2,916,181)</u>
Expenses:				
Administration:				
Salaries and benefits	175,603	171,701	168,291	3,410
Supplies	8,200	8,200	10,487	(2,287)
Contractual and other services	358,000	3,484,113	296,506	3,187,607
Repairs and maintenance	7,000	7,000	6,716	284
Capital outlay	3,089,636	90,000	35,700	54,300
Total administration	<u>3,638,439</u>	<u>3,761,014</u>	<u>517,700</u>	<u>3,243,314</u>
Operations:				
Salaries and benefits	366,411	370,313	194,092	176,221
Supplies	15,000	15,000	3,892	11,108
Contractual and other services	41,010	41,010	19,801	21,209
Repairs and maintenance	41,094	41,094	53,915	(12,821)
Total operations	<u>463,515</u>	<u>467,417</u>	<u>271,700</u>	<u>195,717</u>
Non-departmental expenses:				
Liability insurance	20,963	20,963	20,963	-
Interest and fiscal charges	1,030,375	1,030,375	1,026,825	3,550
Interest on board advances	-	-	726,727	(726,727)
Bond related charges	-	-	(263,608)	263,608
Bond principal requirement	1,540,000	1,540,000	-	1,540,000
Other	-	-	17,431	(17,431)
Total non-departmental expenses	<u>2,591,338</u>	<u>2,591,338</u>	<u>1,528,338</u>	<u>1,063,000</u>
Total expenses	<u>6,693,292</u>	<u>6,819,769</u>	<u>2,317,738</u>	<u>4,502,031</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(3,579,249)</u>	<u>(865,653)</u>	<u>720,197</u>	<u>1,585,850</u>
Transfers:				
Transfers in	837,875	837,875	842,725	4,850
Transfers out	(12,108)	(12,108)	(12,108)	-
Net transfers	<u>825,767</u>	<u>825,767</u>	<u>830,617</u>	<u>4,850</u>
Excess (deficiency) of revenues over budget	<u>(2,753,482)</u>	<u>(39,886)</u>	<u>1,550,814</u>	<u>1,590,700</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(1,476,747)	(1,476,747)
Capital outlay-amounts budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	35,700	35,700
Net income-GAAP basis	<u>\$ (2,753,482)</u>	<u>\$ (39,886)</u>	<u>\$ 109,767</u>	<u>\$ 149,653</u>

**McALLEN EXPRESS FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Charges for services	\$ 450,000	\$ 450,000	\$ 288,445	\$ (161,555)
Rentals	373,807	373,807	274,503	(99,304)
Other services	<u>3,600</u>	<u>3,600</u>	<u>76,516</u>	<u>72,916</u>
Total operating revenues	<u>827,407</u>	<u>827,407</u>	<u>639,464</u>	<u>(187,943)</u>
Non-operating revenues:				
Intergovernmental	1,924,848	1,924,848	2,594,449	669,601
Investment earnings	-	-	6,051	6,051
Other	<u>-</u>	<u>-</u>	<u>2,612</u>	<u>2,612</u>
Total non-operating revenues	<u>1,924,848</u>	<u>1,924,848</u>	<u>2,603,112</u>	<u>678,264</u>
Total revenues	<u>2,752,255</u>	<u>2,752,255</u>	<u>3,242,576</u>	<u>490,321</u>
Expenses:				
Salaries and benefits	2,398,997	2,398,997	2,287,402	111,595
Supplies	53,729	53,729	102,578	(48,849)
Contractual and other services	724,517	924,517	1,013,635	(89,118)
Repairs and maintenance	<u>541,613</u>	<u>541,613</u>	<u>279,443</u>	<u>262,170</u>
Total expenses	<u>3,718,856</u>	<u>3,918,856</u>	<u>3,683,058</u>	<u>235,798</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(966,601)</u>	<u>(1,166,601)</u>	<u>(440,482)</u>	<u>726,119</u>
Transfers:				
Transfers in	933,914	933,914	540,537	(393,377)
Transfers out	<u>(49,946)</u>	<u>(199,946)</u>	<u>(199,946)</u>	<u>-</u>
Net transfers	<u>883,968</u>	<u>733,968</u>	<u>340,591</u>	<u>(393,377)</u>
Excess (deficiency) of revenues over budget	<u>(82,633)</u>	<u>(432,633)</u>	<u>(99,891)</u>	<u>332,742</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	<u>-</u>	<u>-</u>	<u>(97,841)</u>	<u>(97,841)</u>
Net income-GAAP basis	<u>\$ (82,633)</u>	<u>\$ (432,633)</u>	<u>\$ (197,732)</u>	<u>\$ 234,901</u>

**FLEET MATERIALS MANAGEMENT FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Fleet billings	\$ 3,820,000	\$ 3,820,000	\$ 5,230,668	\$ 1,410,668
Materials management	350,000	350,000	389,233	39,233
Total operating revenues	<u>4,170,000</u>	<u>4,170,000</u>	<u>5,619,901</u>	<u>1,449,901</u>
Non-operating revenues:				
Other	15,000	15,000	50,741	35,741
Total non-operating revenues	<u>15,000</u>	<u>15,000</u>	<u>50,741</u>	<u>35,741</u>
Total revenues	<u>4,185,000</u>	<u>4,185,000</u>	<u>5,670,642</u>	<u>1,485,642</u>
Expenses:				
Materials management:				
Salaries and benefits	165,091	151,506	135,246	16,260
Supplies	2,750	2,750	2,313	437
Contractual and other services	3,100	3,100	4,246	(1,146)
Repairs and maintenance	5,390	5,390	2,524	2,866
Total materials management	<u>176,331</u>	<u>162,746</u>	<u>144,329</u>	<u>18,417</u>
Fleet operations :				
Salaries and benefits	1,061,951	1,075,536	1,026,554	48,982
Supplies	24,114	28,614	29,387	(773)
Contractual and other services	2,517,300	2,516,300	4,363,317	(1,847,017)
Repairs and maintenance	49,450	45,950	43,769	2,181
Capital outlay	933,600	933,600	950,643	(17,043)
Total fleet operations	<u>4,586,415</u>	<u>4,600,000</u>	<u>6,413,670</u>	<u>(1,813,670)</u>
Non-departmental expenses:				
Liability insurance	1,600	1,600	1,600	-
Interest and fiscal charges	138	138	138	-
Bond principal requirement	593	593	-	593
Total non-departmental expenses	<u>2,331</u>	<u>2,331</u>	<u>1,738</u>	<u>593</u>
Total expenses	<u>4,765,077</u>	<u>4,765,077</u>	<u>6,559,737</u>	<u>(1,794,660)</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(580,077)</u>	<u>(580,077)</u>	<u>(889,095)</u>	<u>(309,018)</u>
Transfers:				
Transfers out	<u>(31,784)</u>	<u>(31,784)</u>	<u>(31,784)</u>	<u>-</u>
Net transfers	<u>(31,784)</u>	<u>(31,784)</u>	<u>(31,784)</u>	<u>-</u>
Excess (deficiency) of revenues over budget	<u>(611,861)</u>	<u>(611,861)</u>	<u>(920,879)</u>	<u>(309,018)</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(57,586)	(57,586)
Capital outlay-amounts budgeted as expenses per budget basis, capitalized per GAAP basis	<u>-</u>	<u>-</u>	<u>950,643</u>	<u>950,643</u>
Net income-GAAP basis	<u>\$ (611,861)</u>	<u>\$ (611,861)</u>	<u>\$ (27,822)</u>	<u>\$ 783,885</u>

**EMPLOYEE BENEFITS FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Operating-contributions	\$ 11,412,468	\$ 11,412,468	\$ 11,460,168	\$ 47,700
Total operating revenues	<u>11,412,468</u>	<u>11,412,468</u>	<u>11,460,168</u>	<u>47,700</u>
Non-operating revenues:				
Investment earnings	-	-	34	34
Other	<u>144,000</u>	<u>144,000</u>	<u>248,905</u>	<u>104,905</u>
Total non-operating revenues	<u>144,000</u>	<u>144,000</u>	<u>248,939</u>	<u>104,939</u>
Total revenues	<u>11,556,468</u>	<u>11,556,468</u>	<u>11,709,107</u>	<u>152,639</u>
Expenses:				
Salaries and benefits	393,838	393,838	371,820	22,018
Supplies	3,500	3,500	3,556	(56)
Contractual and other services	1,462,096	1,462,096	1,548,272	(86,176)
Self insurance claims	<u>12,034,738</u>	<u>12,034,738</u>	<u>12,760,919</u>	<u>(726,181)</u>
Total expenses	<u>13,894,172</u>	<u>13,894,172</u>	<u>14,684,567</u>	<u>(790,395)</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(2,337,704)</u>	<u>(2,337,704)</u>	<u>(2,975,460)</u>	<u>(637,756)</u>
Transfers:				
Transfers in	<u>3,333,295</u>	<u>4,386,200</u>	<u>4,386,200</u>	<u>-</u>
Net transfers	<u>3,333,295</u>	<u>4,386,200</u>	<u>4,386,200</u>	<u>-</u>
Excess (deficiency) of revenues over budget expenses (budget basis) before transfers	<u>995,591</u>	<u>2,048,496</u>	<u>1,410,740</u>	<u>(637,756)</u>
Net income-GAAP basis	<u>\$ 995,591</u>	<u>\$ 2,048,496</u>	<u>\$ 1,410,740</u>	<u>\$ (637,756)</u>

**RETIREE HEALTH INSURANCE FUND
 SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
 For the Year Ended September 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Operating-contributions	\$ 1,587,997	\$ 1,587,997	\$ 1,385,352	\$ (202,645)
Total operating revenues	<u>1,587,997</u>	<u>1,587,997</u>	<u>1,385,352</u>	<u>(202,645)</u>
Non-operating revenues:				
Investment earnings	<u>1,300</u>	<u>1,300</u>	<u>11,933</u>	<u>10,633</u>
Total non-operating revenues	<u>1,300</u>	<u>1,300</u>	<u>11,933</u>	<u>10,633</u>
Total revenues	<u>1,589,297</u>	<u>1,589,297</u>	<u>1,397,285</u>	<u>(192,012)</u>
Expenses:				
Contractual and other services	83,052	83,052	74,748	8,304
Self insurance claims	<u>1,203,000</u>	<u>1,203,000</u>	<u>2,023,367</u>	<u>(820,367)</u>
Total expenses	<u>1,286,052</u>	<u>1,286,052</u>	<u>2,098,115</u>	<u>(812,063)</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>303,245</u>	<u>303,245</u>	<u>(700,830)</u>	<u>(1,004,075)</u>
Excess (deficiency) of revenues over budget	<u>303,245</u>	<u>303,245</u>	<u>(700,830)</u>	<u>(1,004,075)</u>
Net income-GAAP basis	<u>\$ 303,245</u>	<u>\$ 303,245</u>	<u>\$ (700,830)</u>	<u>\$ (1,004,075)</u>

**RISK MANAGEMENT FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Operating-contributions	\$ 1,956,543	\$ 1,956,543	\$ 2,052,935	\$ 96,392
Total operating revenues	<u>1,956,543</u>	<u>1,956,543</u>	<u>2,052,935</u>	<u>96,392</u>
Non-operating revenues:				
Investment earnings	106,127	106,127	191,134	85,007
Net increase (decrease) in the fair value of investments	10,535	10,535	(13,093)	(23,628)
Other	<u>133,500</u>	<u>133,500</u>	<u>127,444</u>	<u>(6,056)</u>
Total non-operating revenues	<u>250,162</u>	<u>250,162</u>	<u>305,485</u>	<u>55,323</u>
Total revenues	<u>2,206,705</u>	<u>2,206,705</u>	<u>2,358,420</u>	<u>151,715</u>
Expenses:				
Salaries and benefits	452,714	452,714	359,445	93,269
Supplies	5,500	5,500	12,476	(6,976)
Contractual and other services	1,651,711	1,651,711	1,302,834	348,877
Repairs and maintenance	1,820	1,820	2,331	(511)
Capital outlay	<u>950</u>	<u>950</u>	<u>-</u>	<u>950</u>
Total expenses	<u>2,112,695</u>	<u>2,112,695</u>	<u>1,677,086</u>	<u>435,609</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>94,010</u>	<u>94,010</u>	<u>681,334</u>	<u>587,324</u>
Operating transfers:				
Transfers out	<u>(1,713,831)</u>	<u>(2,766,736)</u>	<u>(2,766,736)</u>	<u>-</u>
Net transfers	<u>(1,713,831)</u>	<u>(2,766,736)</u>	<u>(2,766,736)</u>	<u>-</u>
Excess (deficiency) of revenues over budget expenses (budget basis) before transfers	<u>(1,619,821)</u>	<u>(2,672,726)</u>	<u>(2,085,402)</u>	<u>587,324</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	<u>-</u>	<u>-</u>	<u>(3,594)</u>	<u>(3,594)</u>
Net income-GAAP basis	<u>\$ (1,619,821)</u>	<u>\$ (2,672,726)</u>	<u>\$ (2,088,996)</u>	<u>\$ 583,730</u>

GENERAL DEPRECIATION FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Operating-charges for services	\$ 3,941,489	\$ 3,877,009	\$ 2,935,643	\$ (941,366)
Total operating revenues	<u>3,941,489</u>	<u>3,877,009</u>	<u>2,935,643</u>	<u>(941,366)</u>
Non-operating revenues:				
Investment earnings	-	-	221,177	221,177
Net increase (decrease) in the fair value of investments	-	-	1,199	1,199
Other	-	-	(1,753)	(1,753)
Total non-operating revenues	<u>-</u>	<u>-</u>	<u>220,623</u>	<u>220,623</u>
Total revenues	<u>3,941,489</u>	<u>3,877,009</u>	<u>3,156,266</u>	<u>(720,743)</u>
Expenses:				
Contractual and other services	-	-	-	-
Capital outlay	4,084,228	4,084,228	1,564,776	2,519,452
Total expenses	<u>4,084,228</u>	<u>4,084,228</u>	<u>1,564,776</u>	<u>2,519,452</u>
Excess (deficiency) of revenues over expenses (budget basis)	<u>(142,739)</u>	<u>(207,219)</u>	<u>1,591,490</u>	<u>1,798,709</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(2,053,094)	(2,053,094)
Capital outlay-amounts budgeted as expenses per budget basis, capitalized per GAAP basis	<u>-</u>	<u>-</u>	<u>1,564,776</u>	<u>1,564,776</u>
Net income-GAAP basis	<u>\$ (142,739)</u>	<u>\$ (207,219)</u>	<u>\$ 1,103,172</u>	<u>\$ 1,310,391</u>

PROPERTY & CASUALTY INSURANCE FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Operating-contributions	\$ 800,000	\$ 800,000	\$ 815,724	\$ 15,724
Total operating revenues	800,000	800,000	815,724	15,724
Non-operating revenues:				
Other	-	-	7,447	7,447
Total non-operating revenues	-	-	7,447	7,447
Total revenues	800,000	800,000	823,171	23,171
Expenses:				
Salaries and benefits	126,463	126,463	82,861	43,602
Supplies	1,500	1,500	904	596
Contractual and other services	379,115	379,115	377,672	1,443
Self insurance	336,000	336,000	476,831	(140,831)
Total expenses	843,078	843,078	938,268	(95,190)
Excess (deficiency) of revenues over expenses (budget basis) before transfers	(43,078)	(43,078)	(115,097)	(72,019)
Excess (deficiency) of revenues over budget	(43,078)	(43,078)	(115,097)	(72,019)
Net income-GAAP basis	<u>\$ (43,078)</u>	<u>\$ (43,078)</u>	<u>\$ (115,097)</u>	<u>\$ (72,019)</u>

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STATISTICAL SECTION (UNAUDITED)

NET POSITION BY COMPONENT (1)

**Last Ten Years
(accrual basis of accounting)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014*</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental activities										
Net investment in capital assets	\$243,869,333	\$234,246,829	\$243,681,893	\$261,002,031	\$271,338,778	\$277,919,085	\$220,553,878	\$205,470,975	\$219,672,941	\$226,088,033
Restricted	32,491,873	33,420,883	33,151,044	23,333,654	24,007,134	23,545,092	22,963,251	26,550,903	29,564,998	52,640,091
Unrestricted	85,628,563	87,384,447	84,517,660	45,785,583	45,826,104	36,063,681	38,062,911	33,617,347	36,961,573	31,884,261
Total governmental activities net position	<u>\$361,989,769</u>	<u>\$355,052,159</u>	<u>\$361,350,597</u>	<u>\$330,121,268</u>	<u>\$341,172,016</u>	<u>\$337,527,858</u>	<u>\$281,580,040</u>	<u>\$265,639,225</u>	<u>\$286,199,512</u>	<u>\$310,612,385</u>
Business-type activities										
Net investment in capital assets	\$254,006,517	\$269,408,160	\$259,339,759	\$263,527,417	\$245,028,871	\$269,347,294	\$332,816,366	\$345,070,300	\$337,286,613	\$339,364,968
Restricted	28,751,369	49,320,757	50,319,574	54,776,089	53,275,318	61,516,830	63,635,870	65,221,064	70,008,882	70,317,544
Unrestricted	58,277,207	42,513,303	56,415,746	49,262,997	80,172,274	49,323,806	39,820,546	35,366,274	38,518,470	43,304,674
Total business-type activities net position	<u>\$341,035,093</u>	<u>\$361,242,220</u>	<u>\$366,075,079</u>	<u>\$367,566,503</u>	<u>\$378,476,463</u>	<u>\$380,187,930</u>	<u>\$436,272,782</u>	<u>\$445,657,638</u>	<u>\$445,813,965</u>	<u>\$452,987,186</u>
Primary government										
Net investment in capital assets	\$497,875,850	\$503,654,989	\$503,021,652	\$524,529,448	\$516,367,649	\$547,266,379	\$553,370,244	\$550,541,275	\$556,959,554	\$565,453,001
Restricted	61,243,242	82,741,640	83,470,618	78,109,743	77,282,452	85,061,922	86,599,121	91,771,967	99,573,880	122,957,635
Unrestricted	143,905,770	129,897,750	140,933,406	95,048,580	125,998,378	85,387,487	77,883,457	68,983,621	75,480,043	75,188,935
Total primary government activities net position	<u>\$703,024,862</u>	<u>\$716,294,379</u>	<u>\$727,425,676</u>	<u>\$697,687,771</u>	<u>\$719,648,479</u>	<u>\$717,715,788</u>	<u>\$717,852,822</u>	<u>\$711,296,863</u>	<u>\$732,013,477</u>	<u>\$763,599,571</u>

(1) As per GASB 63

* 2014 Restated per GASB 68

Source: Comprehensive Annual Financial Reports

CHANGES IN NET POSITION ⁽¹⁾
Last Ten Years
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 21,733,177	\$ 22,505,316	\$ 20,817,432	\$ 35,315,069	\$ 26,748,778	\$ 38,778,497	\$ 43,779,576	\$ 52,324,011	\$ 27,563,177	\$ 30,479,235
Public safety	51,471,980	51,714,002	53,799,148	58,432,712	57,338,636	63,079,739	61,676,966	57,965,285	64,933,815	69,197,955
Highways and streets	18,068,891	22,060,953	19,620,592	20,457,888	23,018,428	24,136,943	21,126,938	24,448,675	23,881,893	21,524,702
Health and welfare	5,204,340	5,424,919	5,247,302	4,604,866	7,676,848	5,693,042	8,305,076	7,094,404	6,924,442	7,764,075
Culture and recreation	16,291,072	16,468,099	18,061,633	20,996,431	13,810,026	22,500,569	28,074,221	23,161,527	25,939,335	25,865,451
Interest on long-term debt	1,108,959	900,520	780,778	816,650	2,159,876	2,066,207	3,418,388	3,651,488	4,164,252	5,343,342
Total governmental activities expenses	113,878,419	119,073,809	118,326,885	140,623,616	130,752,592	156,254,997	166,381,165	168,645,390	153,406,914	160,174,760
Business-type activities:										
Water services	16,687,578	16,492,817	17,390,301	17,474,327	17,161,204	20,135,477	19,213,848	19,120,533	20,635,156	20,533,021
Wastewater services	13,002,414	12,704,012	13,787,604	15,251,999	15,063,966	16,431,643	14,568,734	14,211,367	17,826,609	17,822,342
Sanitation services	13,522,383	13,808,444	14,799,650	15,756,027	16,352,417	17,976,533	18,110,918	18,391,187	19,583,152	19,912,328
Golf course services	1,468,387	1,464,808	1,451,413	1,401,051	1,365,580	1,448,965	1,449,564	1,455,820	1,561,416	1,559,155
Civic center services	452,980	398,739	423,632	438,233	417,072	162,176	154	-	-	-
Performing arts center services	-	-	-	-	-	-	1,638,310	2,422,385	2,450,108	6,619,680
Convention center services	5,223,853	4,970,522	5,097,875	5,591,643	5,660,315	6,400,139	6,259,718	5,766,331	6,095,097	2,369,526
Airport services	5,964,651	6,672,164	6,867,863	7,385,213	7,922,418	8,856,156	9,180,118	9,021,537	10,623,431	9,788,459
Transit services	1,153,729	1,155,996	1,314,193	965,054	1,432,186	1,551,484	1,688,647	1,759,640	1,766,906	1,623,375
Bus services	2,194,468	2,553,618	2,877,020	3,973,485	3,621,901	3,795,560	3,832,463	3,402,599	3,677,914	3,728,749
Anzalduas crossing	4,504,328	4,140,909	4,571,611	4,558,948	4,552,866	5,642,196	5,181,228	4,682,605	3,254,699	3,706,940
Bridge services	5,773,631	6,004,265	6,111,267	6,530,689	6,877,304	7,310,552	7,542,209	7,651,619	7,914,051	5,824,001
Total business-type activities expenses	69,948,402	70,366,294	74,692,429	79,326,669	80,427,229	89,710,881	88,665,911	87,885,623	95,388,539	93,487,576
Total primary government expenses	\$ 183,826,821	\$ 189,440,103	\$ 193,019,314	\$ 219,950,285	\$ 211,179,821	\$ 245,965,878	\$ 255,047,076	\$ 256,531,013	\$ 248,795,453	\$ 253,662,336
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,938,393	\$ 1,862,654	\$ 2,079,410	\$ 1,918,951	\$ 2,088,536	\$ 2,343,536	\$ 2,430,066	\$ 2,225,610	\$ 3,138,933	\$ 1,246,277
Public safety	4,922,835	7,358,779	4,358,385	4,366,315	7,394,577	3,991,057	4,320,581	4,493,813	4,696,264	4,294,525
Highways and streets	1,164,718	1,140,683	1,178,562	1,160,689	1,108,870	1,087,905	1,114,907	1,833,144	2,182,147	1,944,900
Health and welfare	85,343	241,620	308,515	271,722	414,699	366,471	446,902	484,970	464,934	336,513
Culture and recreation	1,032,525	1,206,028	1,187,176	1,213,111	1,202,362	1,363,071	1,278,037	1,178,511	1,149,823	435,262
Operating grants and contributions	3,326,439	2,579,065	3,592,660	2,736,600	1,961,190	2,090,002	4,474,280	2,264,818	1,793,948	21,661,783
Capital grants and contributions	7,152,106	5,065,923	4,306,512	5,303,435	3,406,289	4,127,471	4,715,841	7,826,973	6,559,247	10,893,157
Total governmental activities program revenues	19,622,359	19,454,752	17,011,220	16,970,823	17,576,523	15,369,513	18,780,614	20,307,839	19,985,296	40,812,417
Business-type activities:										
Charges for services:										
Water services	16,510,355	15,964,657	16,125,777	15,689,054	15,659,444	18,558,428	19,407,111	19,053,440	18,653,257	20,772,227
Wastewater services	14,799,266	14,568,552	14,840,659	14,976,046	15,378,193	17,147,746	17,704,596	17,456,310	17,539,928	19,155,828
Sanitation services	15,903,096	16,669,790	16,738,683	16,968,558	17,398,629	18,220,367	19,230,472	19,579,301	21,442,210	21,691,829
Bridge services	13,194,421	14,559,743	14,902,453	15,747,749	13,600,185	14,512,742	14,728,300	14,392,407	13,808,430	10,724,806
Other	9,709,773	9,536,557	9,870,476	10,513,929	15,021,175	15,928,338	15,589,382	16,035,625	16,930,343	15,253,523

CHANGES IN NET POSITION ⁽¹⁾
Last Ten Years
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating grants and contributions	\$ 710,754	\$ 784,314	\$ 853,095	\$ 1,587,799	\$ 1,329,212	\$ 1,523,384	\$ 1,854,981	\$ 1,762,389	\$ 1,910,238	\$ 5,302,896
Capital grants and contributions	7,959,050	4,323,382	7,161,439	8,520,524	13,042,693	10,907,454	6,159,765	10,279,600	5,870,993	11,323,284
Total business-type activities program revenues	78,786,715	76,406,995	80,492,582	84,003,659	91,429,531	96,798,459	94,674,607	98,559,072	96,155,399	104,224,393
Total primary government program revenues	\$ 98,409,074	\$ 95,861,747	\$ 97,503,802	\$ 100,974,482	\$ 109,006,054	\$ 112,167,972	\$ 113,455,221	\$ 118,866,911	\$ 116,140,695	\$ 145,036,810
Net (Expense) Revenue										
Governmental activities	\$ (94,256,060)	\$ (99,619,057)	\$ (101,315,665)	\$ (123,652,793)	\$ (113,176,069)	\$ (140,885,484)	\$ (147,600,551)	\$ (148,337,551)	\$ (133,421,618)	\$ (119,362,343)
Business-type activities	8,838,313	6,040,701	5,800,153	4,676,990	11,002,302	7,087,578	6,008,696	10,673,449	766,860	10,736,817
Total primary government net expense	\$ (85,417,747)	\$ (93,578,356)	\$ (95,515,512)	\$ (118,975,803)	\$ (102,173,767)	\$ (133,797,906)	\$ (141,591,855)	\$ (137,664,102)	\$ (132,654,758)	\$ (108,625,526)
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes, levied for general purposes	\$ 32,631,332	\$ 33,445,701	\$ 32,783,760	\$ 35,037,958	\$ 39,050,045	\$ 40,459,314	\$ 42,975,582	\$ 45,630,288	\$ 46,800,963	\$ 51,489,045
Hotel occupancy taxes	3,257,935	3,503,985	4,784,757	5,343,765	5,479,719	5,253,476	4,946,155	4,788,407	5,310,620	3,968,611
Sales tax	54,652,192	58,407,779	60,825,866	61,331,004	63,758,787	61,301,698	59,488,228	63,177,249	70,274,159	67,025,563
Franchise taxes	6,349,157	6,348,331	6,457,397	6,707,787	6,613,745	6,716,262	6,801,740	6,918,783	6,931,777	6,612,373
Unrestricted investment earnings	944,557	675,810	123,546	938,877	1,077,441	1,354,865	1,477,050	2,040,853	4,194,784	2,826,269
Royalties	2,706,824	1,138,925	936,278	944,609	828,482	490,736	620,011	534,238	342,643	241,597
Contributions	-	-	-	-	-	-	22,969,640	-	-	-
Miscellaneous	1,223,334	1,727,591	1,188,002	718,857	4,332,402	5,179,301	1,503,250	6,227,083	8,100,824	5,938,616
Transfers	1,292,533	2,120,871	1,656,644	4,158,872	3,086,193	16,485,677	(49,128,923)	3,079,835	2,571,144	5,673,142
Total governmental activities	103,057,864	107,368,993	108,756,250	115,181,729	124,226,814	137,241,329	91,652,733	132,396,736	144,526,914	143,775,216
Business-type activities										
Unrestricted investment earnings	515,713	456,604	157,213	467,440	649,882	689,307	729,638	1,330,004	3,151,897	2,109,546
Gain on sale of capital assets	-	-	-	2,098,640	1,220,285	9,899,884	-	-	(1,191,286)	-
Miscellaneous	484,409	1,001	532,137	288,076	1,123,687	520,372	217,595	461,238	-	-
Transfers	(1,292,533)	13,708,822	(1,656,644)	(4,158,872)	(3,086,193)	(16,485,677)	49,128,923	(3,079,835)	(2,571,144)	(5,673,142)
Total business-type activities	(292,411)	14,166,427	(967,294)	(1,304,716)	(92,339)	(5,376,114)	50,076,156	(1,288,593)	(610,533)	(3,563,596)
Total primary government	\$ 102,765,453	\$ 121,535,420	\$ 107,788,956	\$ 113,877,013	\$ 124,134,475	\$ 131,865,215	\$ 141,728,889	\$ 131,108,143	\$ 143,916,381	\$ 140,211,620
Change in Net Position										
Governmental activities	\$ 8,801,804	\$ 7,749,936	\$ 7,440,585	\$ (8,471,064)	\$ 11,050,745	\$ (3,644,155)	\$ (55,947,818)	\$ (15,940,815)	\$ 11,105,296	\$ 24,412,873
Business-type activities	8,545,902	20,207,128	4,832,859	3,372,274	10,909,963	1,711,464	56,084,852	9,384,856	156,327	7,173,221
Total government net position	\$ 17,347,706	\$ 27,957,064	\$ 12,273,444	\$ (5,098,790)	\$ 21,960,708	\$ (1,932,691)	\$ 137,034	\$ (6,555,959)	\$ 11,261,623	\$ 31,586,094

⁽¹⁾ As per GASB 63

Source: Comprehensive Annual Financial Reports

(Concluded)

FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Years
(modified accrual basis of accounting)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund										
Nonspendable	\$ 400,000	\$ 1,396,791	\$ 1,774,762	\$ 2,160,543	\$ 2,295,944	\$ 2,646,319	\$ 2,989,178	\$ 3,837,797	\$ 3,619,510	\$ 3,876,920
Reserved/Assigned	2,925,598	1,552,643	1,730,634	447,859	457,022	457,022	457,022	177,736	-	-
Unreserved/Unassigned	<u>39,649,659</u>	<u>42,860,830</u>	<u>40,370,161</u>	<u>41,221,379</u>	<u>46,369,562</u>	<u>44,346,729</u>	<u>42,941,348</u>	<u>48,732,108</u>	<u>56,950,627</u>	<u>75,232,268</u>
Total General Fund	<u>\$ 42,975,257</u>	<u>\$ 45,810,264</u>	<u>\$ 43,875,557</u>	<u>\$ 43,829,781</u>	<u>\$ 49,122,528</u>	<u>\$ 47,450,070</u>	<u>\$ 46,387,548</u>	<u>\$ 52,747,641</u>	<u>\$ 60,570,137</u>	<u>\$ 79,109,188</u>
All Other Governmental Funds										
Nonspendable	\$ 352,716	\$ 352,716	\$ 352,716	\$ -	\$ -	\$ 27,064	\$ 53,659	\$ 57,055	\$ 94,083	\$ -
Restricted	38,387,750	34,171,127	33,636,421	79,530,591	71,032,714	71,553,166	52,714,390	41,515,087	67,193,014	55,101,958
Committed	179,755	217,989	154,790	387,626	513,561	297,145	290,623	119,863	14,809	-
Assigned	12,054,227	8,459,646	9,090,061	5,741,676	4,451,033	2,989,333	5,412,080	5,399,201	6,091,646	5,884,642
Unassigned	-	-	-	-	-	-	-	-	-	(64,179)
Total all other governmental funds	<u>\$ 50,974,448</u>	<u>\$ 43,201,478</u>	<u>\$ 43,233,988</u>	<u>\$ 85,659,893</u>	<u>\$ 75,997,308</u>	<u>\$ 74,866,708</u>	<u>\$ 58,470,752</u>	<u>\$ 47,091,206</u>	<u>\$ 73,393,552</u>	<u>\$ 60,922,421</u>

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Last Ten Years
(modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	\$97,069,725	\$101,438,055	\$105,293,773	\$107,695,530	\$114,763,015	\$113,666,622	\$114,111,851	\$119,820,314	\$129,498,114	\$128,174,571
Licenses and permits	1,373,972	1,536,902	1,429,150	1,447,712	1,613,397	1,808,701	1,994,947	1,983,125	2,144,535	2,246,575
Intergovernmental	8,801,979	6,734,270	6,782,631	7,376,849	3,502,500	2,760,398	7,783,963	3,094,407	4,167,021	29,354,952
Charges for services	4,867,779	5,026,625	5,279,159	5,220,385	5,767,795	6,001,013	6,354,554	7,060,426	8,359,074	6,519,087
Fines and forfeitures	3,185,630	5,422,628	2,548,733	2,556,904	5,415,137	1,808,320	1,788,568	1,840,277	1,719,382	1,426,744
Investment earnings	728,330	508,483	69,628	739,885	876,393	1,006,394	1,151,039	1,711,816	3,603,895	2,413,884
Other	3,979,302	2,686,826	2,101,208	1,784,518	4,348,725	4,710,326	5,863,023	7,626,775	8,897,870	7,566,655
Total revenues	120,006,717	123,353,789	123,504,282	126,821,783	136,286,962	131,761,774	139,047,945	143,137,140	158,389,891	177,702,468
Expenditures										
General government	20,836,539	19,601,840	19,550,411	34,649,924	25,333,902	35,773,536	53,158,214	42,661,910	27,232,111	30,162,193
Public safety	49,529,997	49,272,439	50,041,327	51,912,722	52,994,445	54,484,060	55,487,989	57,457,183	59,665,591	61,995,064
Highways and streets	11,827,035	18,169,966	13,414,722	13,318,011	10,782,403	16,486,478	13,314,445	12,628,135	12,566,709	13,131,152
Health and welfare	5,168,679	5,388,416	5,208,427	4,552,904	7,512,747	5,596,042	8,062,409	7,089,064	7,133,563	7,519,006
Culture and recreation	14,170,021	14,601,437	15,410,540	17,194,648	17,767,314	19,980,953	19,174,040	19,872,005	20,083,465	20,596,926
Capital outlay *	42,517,494	19,836,269	19,896,331	22,156,818	29,946,314	39,251,496	22,594,772	17,711,495	24,014,899	29,100,201
Debt service:										
Principal	5,560,741	2,530,000	2,645,000	2,765,000	19,853,534	4,765,000	4,830,000	5,030,000	6,069,091	7,621,306
Interest	1,510,338	1,012,256	896,365	774,407	3,803,374	2,567,009	4,017,840	4,230,646	4,527,727	5,562,384
Total expenditures	151,120,844	130,412,623	127,063,123	147,324,434	167,994,033	178,904,574	180,639,709	166,680,438	161,293,156	175,688,232
Excess of revenues over (under) expenditures	(31,114,127)	(7,058,834)	(3,558,841)	(20,502,651)	(31,707,071)	(47,142,800)	(41,591,764)	(23,543,298)	(2,903,265)	2,014,236
Other Financing Sources (Uses)										
Bond proceeds	-	-	-	54,230,001	15,035,000	29,620,000	20,835,000	15,005,000	18,955,000	-
Transfers in	22,378,622	15,970,624	22,353,826	18,453,155	26,945,098	31,581,149	18,770,483	17,595,175	19,405,758	22,757,119
Bond Premium	-	-	-	3,493,907	1,281,031	-	445,587	439,010	2,250,605	-
Bond Discount	-	-	-	-	-	(160,520)	-	-	-	-
Capital lease	-	-	-	-	-	-	-	-	3,861,923	-
Transfers out	(20,751,659)	(13,849,753)	(20,697,182)	(13,544,283)	(15,923,896)	(16,700,887)	(15,917,784)	(14,515,340)	(16,900,164)	(18,703,441)
Total other financing sources (uses)	1,626,963	2,120,871	1,656,644	62,632,780	27,337,233	44,339,742	24,133,286	18,523,845	27,573,122	4,053,678
Net change in fund balances	\$(29,487,164)	\$(4,937,963)	\$(1,902,197)	\$42,130,129	\$(4,369,838)	\$(2,803,058)	\$(17,458,478)	\$(5,019,453)	\$24,669,857	\$6,067,914
Debt service as a percentage of noncapital expenditures	6.51%	3.20%	3.30%	2.83%	17.14%	5.25%	5.60%	6.22%	7.72%	8.99%

* This excludes internal service funds treated as governmental funds for government-wide purposes.

Source: Comprehensive Annual Financial Reports

TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS
Last Ten Years
(modified accrual basis of accounting)

Fiscal Year	Property	Sales	Franchise	Hotel		Total
				7%	2%	
2011	\$32,810,441	\$54,652,192	\$ 6,349,157	\$ 3,257,935	\$ -	\$ 97,069,725
2012	33,177,960	58,407,780	6,348,331	3,503,985	-	101,438,056
2013	33,225,753	60,825,866	6,457,397	3,978,186	806,571	105,293,773
2014	34,312,972	61,331,004	6,707,787	4,156,140	1,187,625	107,695,528
2015	38,910,760	62,939,971	6,613,748	4,262,268	1,217,452	113,944,199
2016	40,388,385	60,449,553	6,716,262	4,085,205	1,168,272	112,807,677
2017	42,875,727	58,621,552	6,801,740	3,845,907	1,100,249	113,245,175
2018	44,935,877	62,156,132	6,918,784	3,724,272	1,063,462	118,798,527
2019	46,981,577	69,284,265	6,931,777	4,130,393	1,180,205	129,498,112
2020	50,568,021	66,297,144	6,612,373	3,086,414	882,197	127,446,150
Change 2011-2020	54.12%	21.31%	4.15%	-5.26%	100.00%	31.29%

TAXABLE SALES BY CATEGORY

**Last Ten Years
(in Millions)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Retail	\$ 1,710	\$ 1,799	\$ 1,847	\$ 1,859	\$ 1,813	\$ 1,709	\$ 1,562	\$ 1,711 *	\$ 1,960 *	\$ 1,378
Services	170	181	195	207	223	202	191	195 *	208 *	142
Wholesale	100	112	108	118	123	128	132	137 *	136 *	106
Other	446	469	491	506	526	524	540	587 *	525 *	425
Total - All Industries	<u>\$ 2,426</u>	<u>\$ 2,561</u>	<u>\$ 2,640</u>	<u>\$ 2,685</u>	<u>\$ 2,685</u>	<u>\$ 2,563</u>	<u>\$ 2,425</u>	<u>\$ 2,630</u>	<u>\$ 2,829</u>	<u>\$ 2,051</u>

(1)

Other includes Agricultural/Forestry, Mining, Construction, Manufacturing, Transportation/Utilities, Financial Services, and Other

**McAllen-Edinburg-Mission MSA
Percent Allocation of Taxable Sales - Retail Only**

Building Materials	6%	6%	5%	5%	6%	6%	6%	5%	5%	6%
General Merchandise	27%	28%	28%	28%	26%	25%	25%	23%	19%	18%
Food Stores	6%	6%	6%	6%	6%	7%	7%	8%	6%	7%
Automotive	6%	5%	5%	6%	5%	5%	6%	5%	5%	5%
Clothing	15%	16%	17%	17%	17%	16%	16%	15%	14%	12%
Home Furnishings	13%	13%	13%	12%	12%	12%	11%	16%	22%	23%
Restaurants	17%	17%	17%	17%	19%	20%	21%	20%	19%	18%
Miscellaneous Retail	10%	9%	9%	9%	9%	9%	8%	8%	10%	11%
Total	<u>100%</u>									

(1) Represents only three quarters of fiscal year.

N/A data not available

* Restated due to updated totals received from State Comptroller's Office.

Source: State Comptroller's Office

The State Comptroller's Office does not report detail of the Retail category at the city level due to confidentiality issues. The allocation presented, which is by MSA is intended to give some indication.

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY (1)

**Last Ten Fiscal Years
(in thousands of dollars)**

<u>Fiscal Year Ended September 30</u>	<u>Tax Roll Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Minerals</u>	<u>Other</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Net Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2011	2010	\$ 5,491,264,094	\$ 2,160,760,863	\$ 121,679,009	\$ 28,213,093	\$ 1,257,885,005	\$ 1,549,344,920	\$ 7,510,457,144	0.42
2012	2011	5,492,004,364	2,213,159,640	53,492,220	13,149,573	1,286,916,306	1,557,190,079	7,501,532,024	0.43
2013	2012	4,327,680,248	3,343,176,312	137,187,071	68,824,902	1,013,294,611	1,326,819,524	7,563,343,620	0.43
2014	2013	4,475,282,922	3,503,723,046	132,720,411	71,783,017	1,011,927,424	1,360,010,810	7,835,426,010	0.43
2015	2014	4,474,949,998	3,533,253,705	124,370,144	73,248,263	1,030,966,285	1,347,181,652	7,889,606,743	0.48
2016	2015	4,884,004,235	3,738,806,189	129,302,716	75,747,969	1,027,473,342	1,419,789,823	8,435,544,628	0.48
2017	2016	5,143,975,739	4,118,594,649	141,279,203	70,842,520	1,118,293,988	1,481,312,452	9,111,673,647	0.48
2018	2017	5,260,686,958	4,171,943,818	157,106,970	79,655,806	1,254,070,354	1,611,587,992	9,311,875,914	0.48
2019	2018	5,500,272,539	4,364,401,680	139,316,745	85,340,922	1,361,069,371	1,704,589,581	9,745,811,676	0.48
2020	2019	5,893,733,882	4,524,359,150	155,530,926	97,712,018	1,377,314,391	1,745,414,005	10,303,236,362	0.50

(1) The assessed value and actual value of properties is the same amount. The appraisal district appraises all property at market value. A column for the actual value is not reflected.

Source: City of McAllen Tax Office & Hidalgo County Appraisal District Tax Roll

DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
(rate per \$100 of assessed value)

Fiscal Year Ended September 30	Tax Roll Year	City Direct Rates			Overlapping Rates								
		Basic Rate	General Obligation Debt Service	Total Direct	School Districts				Hidalgo County Drainage District No.1		Hidalgo County	Tres Lagos PID Assessment	
					McAllen	Sharyland	P.S.J.A	So. Tx College	Hidalgo	Edinburg			
2011	2010	0.41	0.01	0.42	1.17	1.19	1.27	0.15	1.35	1.19	0.07	0.59	-
2012	2011	0.43	-	0.43	1.17	1.20	1.36	0.15	1.44	1.24	0.07	0.59	-
2013	2012	0.43	-	0.43	1.17	1.29	1.36	0.15	1.56	1.24	0.08	0.59	-
2014	2013	0.43	-	0.43	1.17	1.29	1.36	0.15	1.56	1.24	0.07	0.59	-
2015	2014	0.43	0.04	0.48	1.17	1.34	1.36	0.19	1.53	1.24	0.10	0.59	-
2016	2015	0.44	0.04	0.48	1.16	1.34	1.40	0.19	1.53	1.24	0.10	0.59	-
2017	2016	0.43	0.05	0.48	1.16	1.38	1.39	0.19	1.47	1.24	0.10	0.58	-
2018	2017	0.44	0.04	0.48	1.16	1.38	1.38	0.18	1.47	1.24	0.10	0.58	0.20
2019	2018	0.44	0.04	0.48	1.16	1.30	1.30	0.17	1.30	1.14	0.11	0.58	0.20
2020	2019	0.44	0.06	0.50	1.14	1.28	1.27	0.17	1.28	1.14	0.11	0.58	0.20

PRINCIPAL PROPERTY TAX PAYERS
Current Year and Nine Years Ago

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Simon Property Group	\$ 170,341,039	1	1.65%	\$ 50,708,897	3	0.69%
Big Sky Commercial Property	60,605,570	2	0.59%			
AEP Texas Central Co.	60,505,690	3	0.59%	21,738,550	7	0.29%
Rio Grande Regional Hospital	52,153,508	4	0.51%	52,965,623	2	0.71%
La Plaza Mall	51,211,149	5	0.50%			
Universal Health Services	44,918,189	6	0.44%	54,844,645	1	0.73%
Palm Crossing Town Center LLC	39,273,606	7	0.38%			
Shops at 29 LTD	26,847,914	8	0.26%			
DHR Real Estate Management LLC	25,735,333	9	0.25%			
Weingarte Realty Investors	24,406,068	10	0.24%			
Palms Crossing LP	-		-	36,174,431	4	0.48%
GE Engine Services	-		-	27,475,696	5	0.37%
H E Butt Grocery Company	-		-	22,612,178	6	0.30%
Inland Western	-		-	20,053,390	8	0.27%
McAllen Medical Center	-		-	19,185,516	9	0.26%
Wal-Mart Properties	-		-	17,382,059	10	0.23%
	<u>\$ 555,998,066</u>		5.40%	<u>\$ 323,140,985</u>		4.31%

Data Source: City of McAllen - Tax Office

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year	Tax Roll Year	Taxes Levied Within the Fiscal Year of the Levy	Adjustments to Levy in the Fiscal Year	Adjusted Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections	
					Amount	Percentage of Levy		Amount	Percentage of Levy
2011	2010	\$ 31,313,663	\$ 163,882	\$ 31,477,545	\$ 30,120,972	95.69%	\$ 1,236,730	\$ 31,357,702	99.62%
2012	2011	31,996,395	15,446	32,011,841	30,858,609	96.40%	1,054,516	31,913,125	99.69%
2013	2012	32,234,649	(21,260)	32,213,389	31,076,068	96.47%	1,030,893	32,106,961	99.67%
2014	2013	33,395,738	154,588	33,550,326	32,474,873	96.79%	899,703	33,374,576	99.48%
2015	2014	36,982,695	865,085	37,847,780	36,687,212	96.93%	959,863	37,647,075	99.47%
2016	2015	39,413,347	175,479	39,588,826	38,386,098	96.96%	940,069	39,326,167	99.34%
2017	2016	42,519,989	(98,381)	42,421,608	41,015,610	96.69%	1,097,453	42,113,063	99.27%
2018	2017	43,393,343	574,153	43,967,496	42,713,360	97.15%	839,303	43,552,663	99.06%
2019	2018	45,726,885	143,567	45,870,452	44,515,112	97.05%	709,206	45,224,318	98.59%
2020	2019	49,916,376	82,947	49,999,323	48,512,317	97.03%	-	48,512,317	97.03%

Source: City of McAllen Tax Office

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Year	Governmental Activities						Business-Type Activities						Total Primary Government	Percentage of Personal Income ^(a)	Per Capital ^(a)
	General Obligation Bonds	Combination Tax and Revenue Certificates of Obligation	Sales Tax Revenue Obligations	Capital Lease	Tax Note	Lien Note	Water Revenue Bonds	Sewer Revenue Bonds	International Toll Bridge Bonds	Anzalduas International Crossing Bonds	Airport CO Bonds	Capital Lease			
2011	\$ -	\$ 28,007,122	\$ 175,000	\$ -	\$ -	\$ -	\$ 25,346,586	\$ 66,519,751	\$ 285,000	\$ 38,143,312	\$ -	\$ -	\$ 158,476,771	N/A	N/A
2012	-	25,365,152	150,000	-	-	-	23,915,534	70,995,579	-	37,297,436	9,495,000	-	167,218,701	6.43%	1,254
2013	-	22,608,183	125,000	-	-	-	22,427,956	80,464,931	-	36,121,559	9,125,000	-	170,872,629	5.88%	1,244
2014	42,380,000	30,845,000	100,000	-	-	-	20,891,827	76,956,249	-	34,891,417	8,750,000	-	214,814,493	7.47%	1,564
2015	59,047,110	13,003,737	75,000	-	-	-	19,028,844	113,066,972	-	33,610,987	8,365,000	-	246,197,650	8.28%	1,823
2016	55,272,893	35,837,855	5,120,000	-	-	-	21,257,589	103,266,578	-	32,274,488	7,970,000	-	260,999,403	8.45%	1,826
2017	50,377,332	46,483,517	15,285,000	-	-	-	19,573,582	105,954,478	-	31,202,924	7,565,000	-	276,441,833	8.76%	1,903
2018	50,526,755	51,097,737	20,400,000	-	-	-	17,846,783	101,577,149	-	29,507,509	7,150,000	-	278,105,933	8.68%	1,915
2019	65,590,678	51,490,248	20,400,000	3,192,833	-	-	34,759,764	104,037,154	-	27,760,750	6,720,000	513,996	314,465,423	9.24%	2,139
2020	60,123,612	50,646,378	19,455,000	2,776,526	-	-	33,052,064	99,233,530	-	25,744,215	6,197,346	446,978	297,675,649	8.46%	2,049

N/A Information not available

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

(a) See Schedule 16 for personal income and population data.

**RATIO OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Actual Taxable Value of Property^(a)</u>	<u>Per Capital^(b)</u>
2011	\$ 26,860,000	0.36%	203
2012	24,355,000	0.32%	183
2013	21,735,000	0.29%	158
2014	73,225,000	0.93%	533
2015	72,050,847	0.91%	534
2016	91,110,748	1.08%	637
2017	96,860,849	1.06%	667
2018	101,624,492	1.12%	688
2019	117,080,926	1.28%	781
2020	110,769,990	1.08%	732

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

(a) See Schedule 7 for property value data.

(b) See Schedule 16 for population data.

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2020**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Hidalgo County	\$ 366,620,000	27.04%	\$ 99,134,048
McAllen Independent School District	95,996,000	99.41%	95,429,624
Sharyland Independent School District	132,730,000	26.46%	35,120,358
P.S.J.A Independent School District	303,975,000	12.09%	36,750,578
Hidalgo County Drainage District #1	172,350,000	28.22%	48,637,170
South Texas College	128,814,693	25.41%	32,731,813
Hidalgo Independent School District	27,134,000	32.68%	8,867,391
Edinburg Independent School District	136,745,000	5.53%	<u>7,561,999</u>
Subtotal, overlapping debt			364,232,981
City of McAllen (direct debt)	133,001,516	100.00%	<u>133,001,516</u>
Total direct and overlapping debt			<u>\$ 497,234,497</u>

*The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the entities' taxable assessed value that is with the City's boundaries and dividing the entities' total taxable assessed value.

Source: Information provided by Texas MAC - Municipal Advisory of Texas

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of McAllen.

LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value	\$ 10,303,236,362
Debt limit (5% of assessed value)	515,161,818
Debt applicable to limit:	
General obligation bonds	110,769,990
Less: amount set aside for repayment of general obligation debt	<u>(2,840,353)</u>
Total net debt applicable to limit	<u>107,929,637</u>
Legal debt margin	<u>\$ 407,232,181</u>

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$348,892,264	\$350,989,886	\$356,700,467	\$391,771,301	\$394,480,337	\$421,777,231	\$455,583,682	\$465,593,796	\$487,290,584	\$ 515,161,818
Total net debt applicable to limit	<u>26,630,593</u>	<u>24,086,715</u>	<u>21,466,714</u>	<u>72,940,390</u>	<u>68,167,809</u>	<u>90,478,043</u>	<u>95,808,670</u>	<u>99,253,585</u>	<u>63,001,465</u>	<u>107,929,637</u>
Legal debt margin	\$322,261,671	\$326,903,171	\$335,233,753	\$318,830,911	\$326,312,528	\$331,299,188	\$359,775,012	\$366,340,211	\$424,289,119	\$ 407,232,181
Total net debt applicable to the limit as a percentage of debt limit	8.26%	7.37%	6.40%	22.88%	20.89%	27.31%	26.63%	27.09%	14.85%	26.50%

Note: State statutes do not prescribe a debt limit; however, by custom, a practical economic debt limit of 5% of the assessed valuation is used.

PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years

Fiscal Year	Water Revenue Bonds						Sewer Revenue Bonds					
	Total Revenues ^(a)	Less: Operating Expenses ^(b)	Net Available Revenue	Debt Service			Total Revenues ^(a)	Less: Operating Expenses ^(b)	Net Available Revenue	Debt Service		
				Principal	Interest	Coverage				Principal	Interest	Coverage
2011	\$ 17,171,510	\$ 12,654,063	\$ 4,517,447	\$ 1,383,900	\$ 1,348,650	1.65	\$ 15,035,929	\$ 7,364,113	\$ 7,671,816	\$ 2,616,100	\$ 1,446,363	1.89
2012	16,572,667	12,081,927	4,490,740	1,448,903	1,294,300	1.64	14,724,233	7,392,664	7,331,569	2,771,097	1,376,273	1.77
2013	16,634,518	12,613,800	4,020,718	1,514,610	1,227,162	1.47	14,899,235	8,092,635	6,806,600	3,313,390	1,386,497	1.45
2014	16,269,236	12,315,395	3,953,841	1,583,751	1,160,204	1.44	15,128,924	8,138,492	6,990,432	3,594,249	1,327,371	1.42
2015	16,864,143	11,974,407	4,889,736	1,649,458	1,016,999	1.83	15,590,842	7,687,962	7,902,880	4,486,542	1,116,563	1.41
2016	19,180,636	14,454,458	4,726,178	1,316,800	824,172	2.21	17,374,694	8,861,585	8,513,109	4,049,200	1,440,048	1.55
2017	20,002,527	14,207,848	5,794,679	1,385,850	751,288	2.71	18,015,632	8,574,078	9,441,554	4,161,150	1,428,355	1.69
2018	19,772,823	14,113,051	5,659,772	1,430,450	743,192	2.60	17,819,239	8,269,193	9,550,046	4,221,550	1,420,067	1.69
2019	19,383,883	13,932,849	5,451,034	1,371,150	881,152	2.42	18,440,075	8,161,076	10,278,999	4,521,850	1,362,520	1.75
2020	21,212,706	14,934,816	6,277,890	1,708,574	1,400,575	2.02	19,696,773	8,743,279	10,953,494	4,787,436	1,039,646	1.88

Note: (a) Includes operating revenues and non-operating revenues

(b) Operating expenses do not include interest, depreciation, or amortization expenses.

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Years

<u>Year</u>	<u>Estimated Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2011	132,338	Not Available	Not Available	N/A	25,263	8.20%
2012	133,333	2,598,660	19,490	30.7	25,310	7.80%
2013	137,608	2,906,693	21,123	32.5	24,500	10.70%
2014	137,358	2,874,354	20,926	32.0	25,217	8.50%
2015	138,925	2,974,384	21,410	32.5	24,692	4.90%
2016	142,940	3,087,504	21,600	32.5	24,330	5.20%
2017	145,249	3,155,680	21,726	32.4	23,721	4.80%
2018	147,717	3,202,948	21,683	32.9	22,855	4.50%
2019	149,875	3,363,795	22,444	30.5	22,451	4.00%
2020	151,352	3,518,329	23,246	35.3	22,451	10.00%
	(A)	(B)		(C)	(D)	(E)

Source: (A) U.S Census Bureau-2015 and local estimates; 2010 Official U.S. Census

(B) U.S Census Bureau-2015 community survey profile.

(C) U.S Census Bureau-2015 community survey profile.

(D) McAllen Independent School District

(E) U. S. Bureau of Labor Statistics

PRINCIPAL EMPLOYERS IN THE AREA
Current Year and Nine Years Ago

Employer	2020			Employer	2011		
	Employees	Rank	Percentage of Total City Employment		Employees	Rank	Percentage of Total City Employment
McAllen Independent School District	3,258	1	5.35%	McAllen Independent School District	3,595	1	6.34%
City of McAllen	2,497	2	4.10%	McAllen Medical Center	2,800	2	4.94%
South Texas College	2,321	3	3.81%	City of McAllen	1,801	3	3.18%
BBVA Compass Bank	1,500	4	2.46%	Wal Mart	1,000	4	1.76%
IBC Bank	1,200	5	1.97%	Rio Grande Regional Hospital	975	5	1.72%
McAllen Medical Center - South Texas Health System	1,200	6	1.97%	South Texas College	811	6	1.43%
Rio Grande Regional Hospital	1,150	7	1.89%	HEB	380	7	0.67%
Idea Public School (McAllen MSA)	1,100	8	1.81%	Dillards	354	8	0.62%
Wal-Mart/Sams	1,000	9	1.64%	McDonalds	350	9	0.62%
HEB	1,000	10	1.64%	Sams Club	350	10	0.62%
Total	<u>16,226</u> (A)		<u>26.64%</u> (B)		<u>12,416</u> (C)		<u>21.89%</u> (C)

Source: (A) McAllen Chamber of Commerce
 (B) Annual Budget Book
 (C) City of McAllen CAFR Fiscal Year 2011

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM,
Last Ten Fiscal Years**

Function/Program	full time only									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government	188	189	192	192	196	199	200	203	198	198
Public Safety:										
Police:										
Officers	275	281	285	285	285	285	285	285	275	294
Civilians	143	140	136	136	143	144	144	146	137	146
Fire:										
Fire fighters and officers	164	167	167	167	167	167	169	171	175	179
Civilians	12	11	11	11	12	12	14	14	18	19
Other	56	55	56	56	62	63	66	66	57	68
Highways and streets	96	97	97	97	98	93	94	95	83	98
Health and welfare	25	25	26	26	25	25	26	27	24	32
Culture and Recreational	189	192	195	195	197	202	205	214	198	231
Downtown Services	17	17	16	16	16	16	16	16	16	16
Water services	135	138	137	137	137	138	134	144	146	149
Wastewater services	81	82	84	84	85	87	89	88	87	87
Sanitation	138	145	148	148	153	159	161	165	165	165
Golf Course	12	15	12	12	12	12	12	12	12	12
Convention Center	37	38	38	38	39	45	48	47	47	48
Airport	38	39	41	41	38	37	37	37	41	41
Transit terminal	12	13	8	8	8	8	8	7	6	8
Express transit	29	30	47	47	47	47	47	47	49	49
Bridge	33	44	32	32	41	42	41	41	42	42
Anzalduas Bridge	13	13	10	10	13	13	13	14	14	15
Fleet Services	21	24	21	21	26	26	26	26	26	26
Employee benefits	5	5	5	5	5	6	6	6	6	6
Risk Management	6	6	7	7	7	7	7	7	8	8
Total	<u>1,725</u>	<u>1,766</u>	<u>1,771</u>	<u>1,771</u>	<u>1,812</u>	<u>1,833</u>	<u>1,848</u>	<u>1,878</u>	<u>1,830</u>	<u>1,937</u>

Source: City's Budget Document

OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety										
Police										
Number of employees-commissioned	275	280	281	285	285	285	289	289	298	298
Number of service calls	162,250	157,884	147,528	144,761	152,303	144,761	140,632	143,598	138,777	132,367
Fire										
Number of firemen	164	160	167	167	167	167	167	174	176	180
Total number of alarm responses	4,500	5,711	5,949	5,500	6,674	6,696	7,344	7,814	8,238	4,447
Code enforcement										
Number of employees	19	20	20	20	22	12	18	18	18	33
Number of building permits	1,584	1,869	1,671	1,562	1,559	1,551	1,548	1,512	1,662	2,197
Development services										
Street Resurfacing (linear miles)	25	10	26	48	42	33	36	11	12	12
Sidewalk Construction (linear feet)	10,560	23,930	7,920	1,065	29,304	3,368	5,887	2,746	1,242	3,653
Cultural and recreational										
Parks and recreation										
Participants in special event programs	440,000	440,000	245,000	104,500	360,000	360,000	367,900	301,000	302,197	359,671
Participants in athletic programs	7,500	14,500	16,000	8,145	518	10,860	13,819	11,860	8,340	5,448
Participants in after school programs	1,800	2,200	1,800	1,648	827	1,195	1,313	1,206	1,218	781
Library-main										
Volumes in collection	414,135	320,043	323,019	281,643	324,932	323,822	336,396	333,600	337,046	325,037
Water and Wastewater system										
Number of water customers	42,792	43,306	44,068	44,708	45,830	46,201	46,780	47,399	47,950	48,415
Number of Wastewater customers	38,184	38,563	39,247	39,802	40,996	40,912	41,660	42,286	42,804	43,218
Average daily water consumption (gallons)	24,508,796	25,867,849	25,952,225	23,953,301	21,000,000	22,303,830	20,302,000	26,300,000	24,000,000	25,011,602
Maximum storage capacity (gallons) South Plant	7,900,000	7,900,000	7,900,000	7,900,000	7,900,000	7,750,000	7,750,000	7,750,000	7,750,000	7,750,000
Maximum storage capacity (gallons)- North Plant	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,250,000	4,250,000	4,000,000	4,000,000	4,000,000
Rainfall (inches)	24.66	17.88	14.39	24.43	21.22	17.80	10.62	31.52	16.91	35.26
Sanitation										
Refuse collected (tons)	30,000	29,395	122,499	127,562	138,149	143,225	137,834	141,659	144,117	141,569
Bulky/brush pickups (tons)	4,703	30,527	44,187	22,265	30,410	34,586	26,131	32,625	33,132	43,203
Recyclables collected (tons)	4,525	5,235	5,476	4,323	4,323	5,200	5,503	4,644	5,858	5,469
Golf course										
Total number of rounds	41,308	40,977	39,759	36,859	40,447	42,484	35,569	44,346	43,285	45,638

Source: City Departments
 Notes: N/A - Data not available.
 Estimates: Fiscal Year 2018

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Police sub-stations	7	7	7	6	7	2	6	2	5	6
Fire stations	7	7	7	7	7	7	7	7	7	7
Fire hydrants	3,988	4,000	4,000	4,200	4,200	4,769	4,900	5,250	5,046	5,471
Development Services										
City area:										
Square miles	48.7	49.6	49.6	49.8	54.5	57.9	63.4	62.5	62.8	74.3
Acres	31,169	31,733	31,747	31,898	34,864	37,064	39,910	40,148	40,205	40,200
Streets- paved (miles)	487	464	464	480	540	1,061	1,040	1,384	1,387	1,387
Streets- paved (miles)-state maintained										
Cultural and Recreational										
Developed parks (acres)	705	728	577	600	615	662	687	708	708	708
Parks (acres)-undeveloped	474	417	488	398	382	654	310	308	308	146
Swimming pools	4	4	4	4	4	4	4	4	4	4
Tennis courts	24	24	24	26	26	26	36	36	36	36
Lighted baseball diamonds/athletic fields	12	12	12	12	12	16	41	68	68	66
Municipal golf (18-hole course)	1	1	1	1	1	1	1	1	1	1
Senior center										
Water and Wastewater										
Water mains (miles)	803	714	714	1,046	738	722	727	730	734	737
Sanitary wastewater (miles)	503	489	500	500	535	540	546	550	554	558
Storm (miles)	273	315	315	315	315	239	239	243	239	241

(1) Revised by engineering.
 Source: City Departments

MISCELLANEOUS STATISTICAL DATA

Section I - Water rates

The rate charged for water furnished and consumed under the standard water rate schedule by Section 106-82 of the City Ordinance, amended September 23, 2020 to all classes of customers is as follows:

Inside City Minimum rate	(1) Commodity Rate
-----------------------------	--------------------------

\$9.95

(1) Per 1,000 gallons or any part thereof as follows: Residential-\$1.45/1,000 gallons for the first 7,999 gallons; plus \$1.75/1,000 for consumption between 8,000 and 12,999 gallons; plus \$1.95 for consumption between 13,000 gallons to 17,999; and \$2.05 per 1,000 thereafter.

Commercial, Multi-family, and Industrial-\$1.45/1,000 gallons for the first 12-month average base consumption; plus \$1.95/1,000 for consumption over the 12-month average base consumption.

Sprinkler-\$1.95/1,000 gallons

Section II - Estimated unaccounted gallons of water

Class of customers	Number	Usage (gallons)
Residential	40,716	4,473,362,500
Commercial	7,547	3,167,882,900
Industrial	152	247,102,300
Number of gallons shown to have passed through the master meters at the City's plants #2 and #3 during the period		9,127,236,000
Number of gallons billed		(7,888,347,700)
Estimated water used in fire hydrant testing, etc.		(49,000,000)
Estimated number of gallons unaccounted due to breaks, leaks, etc.		<u>1,189,888,300</u>

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Single Audit Section

This section contains information regarding grant activity, which was audited under the guidelines of the Uniform Guidance and Texas standards.



**Independent Auditor's 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**

Honorable Mayor, Members of the City Commission
and Public Utility Board of Trustees
City of McAllen, Texas

We have audited, in accordance with the auditing standards generally accepting 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of McAllen, Texas (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 19, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that was considered to be a material weakness.

Compliance and Other Matters

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

Weaver and Tidwell, L.L.P.
1601 South MoPac Expressway, Suite D250 | Austin, Texas 78746
Main: 512.609.1900

CPAs AND ADVISORS | WEAVER.COM

Honorable Mayor, Members of the City Commission
and Public Utility Board of Trustees
City of McAllen, Texas

City's Response to Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subject to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
March 19, 2021



**Independent Auditor's Report on Compliance for Each Major
Program and Report on Internal Control over Compliance
in Accordance with the Uniform Guidance and State of Texas
Uniform Grant Management Standards**

Honorable Mayor, Members of the City Commission
and Public Utility Board of Trustees
City of McAllen, Texas

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

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

Weaver and Tidwell, L.L.P.
1601 South MoPac Expressway, Suite D250 | Austin, Texas 78746
Main: 512.609.1900

CPAs AND ADVISORS | WEAVER.COM

Honorable Mayor, Members of the City Commission
and Public Utility Board of Trustees
City of McAllen, Texas

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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.

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

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
March 19, 2021

CITY OF McALLEN, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended September 30, 2020

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through To Subrecipients	Disbursements/ Expenditures
U.S. Department of Housing and Urban Development				
Direct Program:				
Community Development Block Grant:				
43rd Year Entitlement Grant	14.218	CB17MC48506	\$ -	\$ 141,066
44th Year Entitlement Grant	14.218	CB18MC48506	632,407	1,289,999
Total Entitlement Grants Cluster			<u>632,407</u>	<u>1,431,065</u>
Home Investment Partnerships Programs	14.239	M15MC480506	<u>171,660</u>	<u>201,523</u>
Total U.S. Department of Housing and Urban Development Program			<u>804,067</u>	<u>1,632,588</u>
U.S. Department of Transportation				
Direct Program:				
Airport Improvement Program	20.106	3-48-0144-46	-	13,778
Airport Improvement Program	20.106	3-48-0144-47	-	9,063
Airport Improvement Program	20.106	3-48-0144-48	-	632,147
Airport Improvement Program	20.106	3-48-0144-49	-	5,110,832
Airport Improvement Program	20.106	3-48-0144-50	-	425,102
COVID-19 - Airport Improvement Program	20.106	3-48-0144-52	-	2,700,547
Total Airport Improvement Program			<u>-</u>	<u>8,891,469</u>
Federal Transit Formula Grant	20.507	TX-90-X778-00	-	3,696
Federal Transit Formula Grant	20.507	TX-90-X937-00	-	1,533,344
Federal Transit Formula Grant	20.507	TX-90-Y017-00	-	83,268
Federal Transit Formula Grant	20.507	TX-90-Y048-00	-	105,531
Federal Transit Formula Grant	20.507	TX-2016-035-00	-	42,681
Federal Transit Formula Grant	20.507	TX-90-Y145-00	-	9,496
Federal Transit Formula Grant	20.507	TX-2017-080-00	-	354,088
Federal Transit Formula Grant	20.507	TX-2019-103-00	-	140,405
COVID-19 - Federal Transit Formula Grant	20.507	TX-2020-076-00	-	1,884,441
Total Federal Transit Formula Grant Cluster			<u>-</u>	<u>4,156,950</u>
Federal Transit Job Access & Reverse Community Program	20.516	TX-37-X085-00	-	16,688
Total Transit Services Programs Cluster			<u>-</u>	<u>16,688</u>
Federal Highway Administration				
Passed through Texas Department of Transportation				
State and Community Highway Safety	20.600	2020-McAllenPD-S-1YG-00037	-	98,000
State and Community Highway Safety	20.600	2020-McAllenPD-S-CMV-00013	-	72,000
State and Community Highway Safety	20.616	2020-McAllenPD-IDM-0001	-	19,446
Total State and Community Highway Safety (Highway Safety Cluster)			<u>-</u>	<u>189,446</u>
Total U.S. Department of Transportation			<u>-</u>	<u>13,254,553</u>

CITY OF McALLEN, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended September 30, 2020

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through To Subrecipients	Disbursements/ Expenditures
U.S. Department of Justice				
Direct Program:				
Edward Byrne Memorial Justice Assistance Grant	16.738	2019-DJ-BX-0489	\$ -	\$ 13,821
Equitable Sharing Program	16.922		-	2,063,838
Total U.S. Department of Justice			-	2,077,659
U.S. Environmental Protection Agency				
Passed through Texas Water Development Board				
Clean Water State Revolving Fund	66.458	TWDB #73633	-	445,137
Clean Water State Revolving Fund	66.458	TWDB #73633	-	4,269,131
Total Clean Water State Revolving Fund Cluster			-	4,714,268
Drinking Water State Revolving Fund Cluster	66.468	TWDB #62790	-	5,631,423
Total U.S. Environmental Protection Agency			-	10,345,691
U.S. Department of Homeland Security				
Emergency Management Performance Grants				
	97.042	EMT-2020-EP-00004	-	37,848
Hazard Mitigation Grant Program	97.039	FEMA-4223-DR-TX-016	-	686,509
Hazard Mitigation Grant Program	97.039	FEMA-4245-DR-TX-010	-	543,760
Total Hazard Mitigation Grant Program			-	1,268,117
Emergency Food and Shelter National Board Program	97.024	812800-010	-	109,312
Pass through Office of the Governor				
Homeland Security Grant Program	97.067	3299603	-	123,476
Homeland Security Grant Program	97.067	3299604	-	40,517
Homeland Security Grant Program	97.067	3402702	-	29,387
Homeland Security Grant Program	97.067	3795601	-	77,830
Total Homeland Security Grant Program			-	271,210
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2018-FH-00345	-	78,262
Total U.S. Department Homeland Security			-	1,726,901
U.S. Department of Treasury				
Passed through Hidalgo County				
COVID-19- Coronavirus Relief Fund	21.019		-	18,911,376
Total U.S. Department of Treasury			-	18,911,376
U.S. General Services Administration				
Passed through Texas Facilities Commission/Federal Surplus Program				
Donation of Federal Surplus Personal Property	39.003	12750	-	73,850
Total U.S. General Services Administration			-	73,850
Total Expenditures of Federal Awards			804,067	48,022,618

CITY OF McALLEN, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended September 30, 2020

	Pass-Through Grantor's Number	Passed Through To Subrecipients	Disbursements/ Expenditures
Texas Agencies			
Texas State Library and Archives Commission			
Texas Reads 2020	TXR-20009	\$ -	\$ 6,000
Texas Office of the Attorney General			
2020 Victim Coordinator and Liaison Grant	2098465	-	38,473
2021 Victim Coordinator and Liaison Grant	2106920	-	3,715
Texas Office of the Governor			
CJD - Texas Anti-Gang Grant	3060505	-	485,380
CJD - Texas Anti-Gang Grant	3060506	-	25,087
Texas Department of Transportation:			
Routine Airport Maintenance Program	CSJ# M2021MCAL	-	50,000
Pass Through - City of Brownsville			
Auto Theft Prevention 2020	SA00T011004120	-	243,024
Auto Theft Prevention 2021	SA00T011004121	-	18,156
Texas Parks and Wildlife			
War Memorial of Texas	50-000482	-	50,830
Quinta Mazatlan Center of Urban Ecology (Rider)	51-000074	-	314,422
Equitable Sharing Program		-	43,633
Total Expenditures of State Awards		-	1,278,720
Total Expenditures of Federal and State awards		\$ 804,067	\$ 49,301,338

CITY OF McALLEN, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended September 30, 2020

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (the “Schedule”) includes the federal award of activities of City of McAllen, Texas (City), under programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements of Federal Awards* (Uniform Guidance) and the State of Texas Uniform Grant Management Standards. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. Enterprise Funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Federal and state grant funds are generally considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

3. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the City of McAllen, Texas and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2

U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements of Federal Awards* (Uniform Guidance) and the State of Texas Single Audit Circular. Because this schedule presents only a selected portion of the operations of the City of McAllen, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of McAllen.

4. Indirect Cost Rate

The City of McAllen has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

City of McAllen, Texas

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2020

Section 1. Summary of Auditor's Results

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

Material weakness(es) identified? X Yes No

Significant deficiencies identified that are not considered to be material weakness(es)? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal and State Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiencies identified that are not considered to be material weakness(es)? Yes X None reported

An unmodified opinion was issued on compliance for major programs.

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, or State of Texas Uniform Grant Management Standards? Yes X No

Identification of major federal programs:

- 16.922 - Equitable Share Program
- 66.458 - Clean Water State Revolving Fund Cluster
- 66.468 - Drinking Water State Revolving Fund Cluster
- 21.019 - Coronavirus Relief Fund

Identification of major state programs:

CJD - Texas Anti-Gang Grant

Dollar threshold use to distinguish between type A and type B programs? \$1,440,679 – Federal
\$300,000 – State

Auditee qualified as low-risk auditee? X Yes No

City of McAllen, Texas

Schedule of Findings and Questioned Costs – Continued
For the Fiscal Year Ended September 30, 2020

Section 2. Financial Statement Findings

Finding 2020-001 Material Weakness in Internal Control over Financial Reporting: Accruals for Ongoing Projects

Criteria

Management is responsible for the accuracy and completeness of all financial records and related information and for establishing and maintaining effective internal control over financial reporting. The existence of a misstatements of an entity's financial statements is an indication of a deficiency in internal control.

Condition

During the audit of the City's financial statements, several material misstatements were identified in relation to some ongoing construction projects at September 30, 2020. This resulted in multiple adjustments to liabilities and related expenditures.

Cause

As a result of attrition in the finance department and the difficulties resulting from the ongoing global pandemic, the City's internal controls failed to identify these invoices to be accrued back to September 30, 2020.

Effect or Potential Effect

Misstatement of the City's financial statements was not prevented, or detected and corrected by the City's system of internal control. Failure to establish effective monitoring and closing procedures will allow misstatements to exist and continue without notice.

Recommendation

We recommend that the City review its processes for timely aggregating construction project invoices, and revise them to prevent this situation in the future.

Views of Responsible Officials and Planned Corrective Actions

See corrective action plan

Section 3. Federal and State Award Findings and Questioned Costs

None

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JAMES E. DARLING, Mayor
VERONICA WHITACRE, Mayor Pro Tem & Commissioner District 6
JAVIER VILLALOBOS, Commissioner District 1
JOAQUIN J. ZAMORA, Commissioner District 2
J. OMAR QUINTANILLA, Commissioner District 3
TANIA RAMIREZ, Commissioner District 4
VICTOR "SEBY" HADDAD, Commissioner District 5

ROEL "ROY" RODRIGUEZ, P.E., City Manager

City of McAllen, Texas

Corrective Action Plan

For the Fiscal Year Ended September 30, 2020

From: Sergio Villasana, CPA, Finance Director

RE: Finding 2020-001 Material Weakness in Internal Control over Financial Reporting: Accruals for Ongoing Projects

This letter is management's response to Finding 2020-001. The City agrees with this finding as it relates to the period of the audit and has taken measures to address deficiencies within the City's year-end closing process.

Several factors contributed to these material adjusting entries as follows:

- The City was faced with the challenges brought by the COVID-19 pandemic which forced the City to shut its buildings and operate virtually beginning in March 2020. Due to the pandemic, the Finance Department had additional accounting duties related to expense tracking for pandemic, changes to payroll for the Family First Coronavirus Response Act, and recovering of funds from the Coronavirus Aid, Relief, and Economic Security (CARES) Act while continuing day to day operations with minimal staffing. The Finance Department also undertook the implementation of a new report writing software in order to improve financial reporting as recommended from last year's audit. Due to challenges presented by the pandemic, implementation ran concurrent with the 2020 audit.
- A 35% reduction in staffing due to attrition prevented the Finance Department from effectively applying internal controls to prevent these material misstatements.

The City will implement a corrective action plan to address the year-end closeout process ensuring our internal controls are in place to record all transactions needed as part of the closeout process. We are confident that the filling of vacancies and reassignment of finance department roles and responsibilities, as well as the continued evaluation and implementation of additional processes to improve internal controls over financial closing, the City will be able to substantially decrease the number of journal entries required to close the books and, accordingly, reduce the potential for material errors in the City's trial balance.

Anticipated Completion Date: Implementation of corrective action plan will begin immediately with anticipated completion by end of the close of fiscal year 2020-2021

Responsible Official: Sergio Villasana, CPA, Finance Director