



**A REGULAR MEETING
OF THE WESLACO CITY COMMISSION
TUESDAY, MARCH 21, 2017**

NOTICE IS HEREBY GIVEN THAT the City Commission of the City of Weslaco, Texas will hold a Regular Meeting in the Legislative Chamber of City Hall, located at 255 South Kansas Avenue, on Tuesday, March 21, 2017 at 5:30 PM for the purpose of discussing the following items:

NOTE: If during the course of the meeting, any discussion of any item on the agenda should be held in executive or closed session, the Weslaco City Commission will convene in such executive or closed session whether or not such item is posted as an executive session item at any time during the meeting when authorized by the provisions of the Texas Open Meetings Act.

I. CALL TO ORDER

- A. Certification of Public Notice.
- B. Invocation.
- C. Pledge of Allegiance.
- D. Mayoral recognition.
- E. Roll Call.

II. PUBLIC COMMENTS

The Public Comments portion of the meeting promotes a fair and open process for the governance of the City. This portion of the meeting is not intended to be an extended discussion or a debate and is limited to three minutes for each presenter. Due to the Texas Open Meetings Act, the Mayor and City Commissioners do not reply; they listen. Matters under litigation are not to be addressed and comments regarding specific City employees and elected officials may be prohibited.

If you are discussing something not included on the agenda, the Commission cannot take any formal action until it is placed on an agenda and notice of the meeting is properly posted. Registration for Public Comments must be submitted to the City Secretary before the City Commission meeting is called to order. As the Mayor calls upon those who submitted a registration form with the City Secretary, please step to the podium and state your name and address before beginning your presentation.

III. CONSENT AGENDA

The following items are of a routine or administrative nature. The City Commission has been furnished with background and support material on each item, and/or it had been discussed at a previous meeting. All items will be acted upon by one vote without being discussed separately unless requested by one commission member, in which event the item or items will immediately be withdrawn for individual consideration in its normal sequence after the items not requiring separate discussion have been acted upon. The remaining items will be adopted by one vote. Possible action.

- A. Approval of the Minutes of the Regular Meeting on March 7, 2017
(Staffed by City Secretary's Office.) Attachment
- B. Approval of the renewal for Dice Productions to administer "Movies at Park" at Mayor Pablo G. Peña City Park located at 300 N. Airport Drive for the 2017 season and grant Dice Productions restricted rights for food vendors during the movie hours of 6pm to 10pm. (Requested by Parks and Recreation.) Attachment
- C. Acceptance of a check from the Texas Comptroller of Public Accounts annual allocation from Law Enforcement Officer Standards and Educations (LEOSE) in the amount of \$4,568.31 to be utilized for training for the Weslaco Peace Officers. (Staffed by Weslaco Police Department.) Attachment
- D. Approval of Resolution 2017- 33 authorizing to apply and accept the 2018 Local Border Security Program Grant through the Office of the Governor Homeland Security Grants Division with no local match required and authorize the Mayor to execute any related documents. (Staffed by Police Department.) Attachment
- E. Approval of the affiliation agreement between the Weslaco Fire Department and Knapp Medical Center for EMS personnel on site clinical education and advanced paramedic education and authorize the Mayor to execute any related documents. (Staffed by the Fire Department.) Attachment
- F. Approval of the affiliation agreement between the Weslaco Fire Department and the Hidalgo County EMS Ambulance Service for Clinical Training Program for the Weslaco Fire Department Higher Education Program and authorize the Mayor to execute any related documents. (Staffed by the Fire Department.) Attachment

IV. APPOINTMENTS

- A. Discussion and consideration to approve Resolutions 2017-21, 2017-22, 2017-23, 2017-24, and 2017-25 appointing citizen members to the Weslaco Recycling Committee Task Force and authorize the Mayor to execute any related documents. Possible action. (There was no action on March 7, 2017; staffed by Public Works.) Attachment
- B. Discussion and consideration to approve Resolutions 2017-28, 2017-29, 2017-30, 2017-31 and 2017-32 appointing members to two unexpired and three expired terms to the Weslaco Hotel Occupancy Tax Advisory Committee and authorize the Mayor to execute any related documents. Possible action. (Staffed by Finance

Department.) Attachment

V. OLD BUSINESS

- A. Discussion and consideration to adopt Ordinance 2017-10 the 2015 Edition of the International Energy Conservation Code for the regulation and governing of energy efficient building envelopes and installation of energy efficient mechanical, lighting and power systems and providing for the issuance of permits and collection of fees. First Reading of Ordinance 2017-10. Possible action. (This item was tabled on March 7, 2017; Staffed by Planning and Code Enforcement Department.) Attachment
- B. Discussion on the Single Member District Model for the City of Weslaco. (This item was tabled March 7, 2017; Requested by Commissioners Munoz and Kerr.)

VI. NEW BUSINESS

- A. Discussion and consideration to approve the City of Weslaco Comprehensive Annual Financial Report for fiscal year ending September 30, 2016 as presented by Long Chilton LLP. Possible action. (Requested by Carr, Riggs & Ingram, LLC; Staffed by the Finance Department.) Attachment
- B. Discussion and consideration of a presentation from Weslaco High School on Adopt-a-Park program and park plan for Gibson park improvements for 2017 and approval of a budget amendment in the amount not to exceed \$25,000.00 to use in matching funding through WOW/Texas A&M. Possible action. (Staffed by Parks and Recreation Department.) Attachment
- C. Discussion and consideration on request by Weslaco Regional Rehabilitation Hospital and the Weslaco Stroke Support Group to utilize south side of Isaac Rodriguez Park and the use of city streets for Stroke Aware Run/Walk on Saturday, May 20, 2017 during National Stroke Awareness Month from 7 a.m. – 12 noon, and authorize the Mayor to execute any related documents. Possible action. (Requested by Weslaco Regional Rehabilitation Hospital.) Attachment
- D. Discussion and consideration to hold the July 4th celebration with Weslaco Economic Development Corporation on Tuesday, July 4, 2017 at the Mayor Pablo G. Peña City Park at 300 N. Airport Drive, to sell beer during the event from 12 noon to 11 p.m., to waive appropriate ordinances associated with the event, and to place a banner promoting it at the intersection of Texas and Pike Boulevards and authorize the Mayor to execute any related documents as may be required by the Texas Department of

Transportation. Possible action. (Staffed by Parks and Recreation Department.)

- E. Discussion and consideration to select the best qualified, most advantageous bidder to the Request for Bid (RFB) No.: 2016-17-18 City of Weslaco Generator Electrical Upgrades and authorize the Mayor to execute any related documents. Possible action. (Staffed by Parks and Recreation Department.) Attachment
- F. Discussion and consideration to approve the Softball/Baseball Rental policy. Possible action. (Staffed by Parks Department.) Attachment
- G. Discussion and consideration to amend final plat for Villages at Westgate Subdivision. Possible action. (Staffed by Planning & Code Enforcement Department.) Attachment
- H. Discussion and consideration to approve Ordinance 2017-19 to eliminate and convert the alley located on Heritage Square No. 2 Subdivision between Sugarcane Road and Washington Street into a street with a variance to have a paved section of 20 feet. First reading of Ordinance 2017-19. Possible action. (Requested by the Mayor and Commissioner Lopez; Staffed by Planning and Code Enforcement Department.) Attachment
- I. Discussion and consideration to approve a Service Contract Agreement with the City of Donna for Animal Care Services and authorize the Mayor to execute any related documents. Possible action. (Staffed by Planning and Code Enforcement Department.) Attachment
- J. Discussion and consideration to terminate the Intergovernmental Cooperative Agreement for the Operation of a Regional Animal Shelter between the City of Weslaco and Palm Valley Animal Shelter and authorize the Mayor to execute any related documents. Possible action. (Staffed by the Planning and Code Enforcement Department.) Attachment
- K. Discussion and consideration to award the most advantageous and lowest bidder for the 2016-17-20 Unleaded and Diesel Fuel and authorize the Mayor to execute any related documents. Possible action. (Staffed by Public Works Department.)
- L. Discussion and consideration to adopt the Direct Leave Donation Program Policy. Possible action. (Staffed by Human Resources.) Attachment

- M. Discussion and consideration to accept, open, award and/or reject the sole bid received to Bid No.: 2016-17-21 Public Sale of Property and Building Structures located at 1411 West 18th Street. Possible action. (Staffed by Finance Department.)

VII. REPORT

- A. Presentation by Economic Development Corporation of Weslaco of its Audit Fiscal Year 2015-2016. Attachment

VIII. EXECUTIVE SESSION

Texas Government Code, Section 551 Open Meetings:

§551.145. Closed Meeting Without Certified Agenda or Tape Recording; Offense; Penalty

(a) A member of a government body commits an offense if the member participates in a closed meeting of the governmental body knowing that a certified agenda of the closed meeting is not being kept or that a tape recording of the closed meeting is not being made.

(b) An offense under Subsection (a) is a Class C misdemeanor.

§551.146. Disclosure of Certified Agenda or Tape Recording of Closed Meeting; Offense; Penalty; Civil Liability

(a) An individual, corporation, or partnership that without lawful authority knowingly discloses to a member of the public the certified agenda or tape recording of a meeting that was lawfully closed to the public under this chapter:

(1) commits an offense; and

(2) is liable to a person injured or damaged by the disclosure for:

(A) actual damages, including damages for personal injury or damage, lost wages, defamation, or mental or other emotional distress;

(B) reasonable attorney fees and court costs; and

(C) at the discretion of the trier of fact, exemplary damages.

(b) An offense under Subsection (a)(1) is a Class B misdemeanor.

(c) It is a defense to prosecution under Subsection (a)(1) and an affirmative defense to a civil action under Subsection (a)(2) that:

(1) the defendant had good reason to believe the disclosure was lawful; or

(2) the disclosure was the result of a mistake of fact concerning the nature or content of the certified agenda or tape recording. (Added by Acts 1993, 73rd Leg., ch 268, § 1, eff. Sept. 1, 1993.)

NOTE: Any documentation related to the following items will be maintained as part of the certified agenda.

- A. Personnel - Discussion regarding the goals, objectives, and evaluation of the City Manager for the City of Weslaco as authorized by §551.074 of the Texas Government Code.
- B. Pending Litigation - Consultation with City Attorney regarding *City of Weslaco v. Briones Consulting and Engineering* as authorized by §551.071 of the Texas Government Code.
- C. Legal Opinion - Consultation with City Attorney on legal opinion related to the appointments of Municipal Judges as authorized by §551.071 of the Texas

Government Code.

- D. Legal Opinion - Consultation with City Attorney on legal opinion related to the contract with neighboring cities for the sale of water as authorized by §551.071 of the Texas Government Code.
- E. Economic Development – Consultation with City Attorney regarding Economic Development incentive programs related to Project PanAm as authorized by §551.087 of the Texas Government Code.
- F. Economic Development – Consultation with City Attorney regarding Economic Development incentive programs related to Project Academy as authorized by §551.087 of the Texas Government Code.

IX. POSSIBLE ACTION ON WHAT IS DISCUSSED IN EXECUTIVE SESSION

X. ADJOURNMENT

I hereby certify this **Notice of a Regular Meeting of the Weslaco City Commission** was posted in accordance with the Open Meetings Act on the outside bulletin board at City Hall of the City of Weslaco, located at the 255 South Kansas Avenue entrance, visible and accessible to the general public during and after regular working hours. This notice was posted on this 17th day of March, 2017 at 2:30 p.m. and will remain so posted continuously for at least 72-hours preceding the scheduled time of this meeting in accordance with Chapter 551 of the Texas Government Code.

/s/ Elizabeth M. Walker, City Secretary

NOTE: If any accommodation for a disability is required, please notify the City Secretary's Office at (956) 968-3181, Ext. 3100 prior to the meeting date.

Regular Meetings of the Weslaco City Commission stream live online at <http://www.weslacotx.gov/Agendas.html>. Archived video of some meetings are also available.

Removed from Bulletin Board

Date:

Initials:



Standardized Agenda Request Form

Date of Meeting: March 21, 2017		Agenda Item No. (to be assigned by CSO): 2017-839	
From:			
Subject: Certification of Public Notice.			
Background: Call to Order, includes the following: A. Certification of Public Notice. B. Invocation. C. Pledge of Allegiance. D. Mayoral recognition. E. Roll Call.			
Funding Source (budget code, if applicable):			
Amount:	Term of Impact:	Identified in Current Budget:	
Additional Action Prompted:			
If item previously considered, provide date and action by Commission:			
If item requires Publication Notice, provide date and periodical of publication; indicate if comments received from letters mailed to property owners:			
Advisory Review, if any (name of board/committee, date of action, recommendation):			
Elizabeth Walker		Created/Initiated	
Elizabeth Walker		Approved	
Mike Perez		Final Approval	
City Manager Comments:			
Staff Recommendation: A. Mayor will Call to Order and certify Public Notice. B. Rene Vega, Laborers of Love and Hope Church, will lead the invocation. C. Mayor will lead Pledge of Allegiance; Mayor Pro-Tem may lead Texas Flag. D. Mayoral recognition. E. City Secretary will call roll. Four or more Commissioners present constitute a Quorum; otherwise, no action may be taken.			
Attachments, if any: Pledge & Mission			
Responsibilities upon Approval:			

City of Weslaco

"The City on the Grow"



David Suarez, Mayor
Gerardo "Jerry" Tafolla, Mayor Pro-Tem, District 4
Leo Muñoz, Commissioner, District 1
Greg Kerr, Commissioner, District 2
Olga M. Noriega, Commissioner, District 3
Letty Lopez, Commissioner, District 5
Josh Pedraza, Commissioner, District 6

Mike R. Perez, City Manager

The Pledge of Allegiance to the Flag

"I PLEDGE ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA AND TO THE REPUBLIC FOR WHICH IT STANDS, ONE NATION UNDER GOD, INDIVISIBLE, WITH LIBERTY AND JUSTICE FOR ALL."

The Pledge of Allegiance to the State Flag

"Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible."

**The pledge was amended by House Bill 1034 during the 80th Legislature with the addition of "one state under God." The revised wording became effective on June 15, 2007.*

Preamble to the Constitution of the United States of America

We the people of the United States, in order to form a more perfect union, establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America.

STATEMENT OF VISION: AN INTERNATIONAL CENTER OF GROWTH

Friendly people with vision, courage and integrity

STATEMENT OF MISSION: COMMITMENT TO EXCELLENCE IN PUBLIC SERVICE

- *Positive Attitude of Courtesy & Concern
- *Doing it Right the First Time
- *Sensitive to the citizens' needs
- *Friendly Respect for All
- *Service without Hassle



Hidalgo County Health and Human Services Department

1304 S. 25th Street • Edinburg, Texas 78542
Tel: (956) 383-6221 • Fax: (956) 383-8864

Iván Meléndez, M.D., M.B.A.
Health Authority / Chief Physician

Eduardo Olivarez
Chief Administrative Officer

March 8, 2017

Mayor David Suarez
City of Weslaco
Office of the Mayor
255 S. Kansas Ave.
Weslaco, Texas 78596

Dear Mayor:

I wish to congratulate the City of Weslaco and Fire Chief Antonio Lopez for taking the lead in Hidalgo County to become a fully-trained and prepared Point of Dispensing (POD) of medical vaccines or antibiotics to protect your community's first responders and their families in the event of dangerous toxin or chemical exposure.

The City of Weslaco's Emergency Management/Fire Department is the first public agency in Hidalgo County to initiate a functional exercise (held on February 24, 2017) to test a drive-through POD at Harlon Block Sports Complex. The exercise also allowed the Hidalgo County Health and Human Services Department (HCHHSD) to test its Chain of Custody documentation, along with calculating the timeframe needed to dispense oral medications to an estimated 4,000 Weslaco city employees and their family members.

We commend Fire Chief Antonio Lopez and his staff for their leadership role. It is my understanding that Chief Lopez will be a presenter at the upcoming 2017 All-Hazards Conference in McAllen on March 22-23, where he will explain to other fire departments and public organizations the serious commitment involved in planning, training and practicing to be a successful dispensing site BEFORE a real incident occurs.

On behalf of HCHHSD, I offer the support of our Public Health Emergency Preparedness division to assist Chief Lopez with any future training, exercises or presentations on POD operations.

Sincerely,

Eduardo Olivarez
Chief Administrative Officer

Weslaco Closed POD Exercise



















Standardized Agenda Request Form

Date of Meeting: March 21, 2017		Agenda Item No. (to be assigned by CSO): 2017-844
From:		
Subject: Approval of the Minutes of the Regular Meeting on March 7, 2017 (Staffed by City Secretary's Office.) Attachment.		
Background: Record of commission action for the regular meeting of March 7, 2017		
Funding Source (budget code, if applicable):		
Amount:	Term of Impact:	Identified in Current Budget:
Additional Action Prompted:		
If item previously considered, provide date and action by Commission: n/a		
If item requires Publication Notice, provide date and periodical of publication; indicate if comments received from letters mailed to property owners: n/a		
Advisory Review, if any (name of board/committee, date of action, recommendation): n/a		
Elizabeth Walker Elizabeth Walker Mike Perez		Created/Initiated Approved Final Approval
City Manager Comments:		
Staff Recommendation: Staff recommends approval		
Attachments, if any: 17-03-07 minutes		
Responsibilities upon Approval: Execute and retain		



**A REGULAR MEETING
OF THE WESLACO CITY COMMISSION
TUESDAY, MARCH 7, 2017**

On Tuesday, March 7, 2017, at 5:35 PM the City Commission of the City of Weslaco, Texas convened in a Regular Meeting at City Hall in the Legislative Chamber, located at 255 South Kansas Avenue with the following members present:

Mayor	David Suarez
Commissioner	Leo Muñoz
Commissioner	Olga M. Noriega
Commissioner	Letty Lopez
Commissioner	Josh Pedraza
City Manager	Mike R. Perez
City Secretary	Elizabeth Walker
City Attorney	Juan E. Gonzalez

Also present: Mary Barrera, Finance Director; Veronica Ramirez, Human Resources Director; Jose Pena, IT Director; Pete Garcia, Public Works Director; Tony Lopez, Fire Chief; Stephen Mayer, Police Chief; Mardoqueo Hinojosa, Planning and Code Enforcement Director and City Engineer; David Arce, Parks and Recreation Director; Arnold Becho, Library Director; and other staff members and citizens.

I. CALL TO ORDER

A. Certification of Public Notice.

Mayor David Suarez called the meeting to order and certified the public notice of the meeting as properly posted Friday, March 3, 2017.

B. Invocation.

Mayor Suarez led the invocation.

C. Pledge of Allegiance.

Mayor Suarez led the Pledge of Allegiance and Texas Flag.

D. Mayoral recognition.

There were no proclamations.

F. Roll Call.

Elizabeth Walker, City Secretary, called the roll, noting the absence of Mayor Pro-Tem Gerardo “Jerry” Tafolla and Commissioner Kerr. Commissioner Noriega arrived at 6:40 p.m.

II. PUBLIC COMMENTS

There were no comments received.

III. PUBLIC HEARING

Commissioner Lopez, seconded by Commissioner Muñoz moved, to open the public hearing. The motion carried unanimously; Mayor Suarez was present and voting.

A. To solicit input on behalf of Valley Donna Food Mart Inc. requesting a Conditional Use Permit to obtain a Wine and Beer Retailer’s Off-Premise Permit at 718 W. 6th St., also being Lots 14-17 and W1/2 Lot 18, Block 4, Glendale Addition Subdivision, Weslaco, Hidalgo County, Texas.

Ramon Montalvo stated he was in favor of the request.

B. To solicit input on behalf of Robert W. McNabney requesting a Conditional Use Permit to obtain a Retail Dealer’s On-Premises Late Hours License at 2901 W. Business 83, also being 1.77 acres Irrigation Tract S881.60’-E179.15’ out of Farm Tract 626, West Tract Subdivision, Weslaco, Hidalgo County, Texas.

There were no comments received.

Commissioner Muñoz, seconded by Commissioner Lopez, moved to close the public hearing at 5:36 p.m. The motion carried unanimously; Mayor Suarez was present and voting.

IV. CONSENT AGENDA

The following items are of a routine or administrative nature. The City Commission has been furnished with background and support material on each item, and/or it had been discussed at a previous meeting. All items will be acted upon by one vote without being discussed separately unless requested by one commission member, in which event the item or items will immediately be withdrawn for individual consideration in its normal sequence after the items not requiring separate discussion have been acted upon. The remaining items will be adopted by one vote. Possible action.

A. Approval of the Minutes of the Regular Meeting on February 21, 2017. (Staffed by City Secretary's Office.)

B. Approval on second and final reading of the following:

1) Ordinance 2017-04 to reduce a detention pond easement line by 66 feet on Lot 2, Bonita Homes Subdivision. (First Reading held February 14, 2017; Staffed by Planning and Code Enforcement Department.)

2) Ordinance 2017-06, amending Ordinance 2013-26, providing for a new schedule of rates to be charged for certain meter tapping fees. (First Reading held February 21, 2017; Staffed by Finance Department.)

3) City of Weslaco Building and Safety Codes (First Reading of Ordinances held February 21, 2017; Staffed by Planning & Code Enforcement Department.)

1. Ordinance 2017-07 the 2015 Edition of the International Building Code Property and Maintenance Standards for the regulation and governing of conditions and maintenance of all property, including the condemnation and demolition of structures unfit for human occupancy and providing for the issuance of permits and collection of fees.

2. Ordinance 2017-08 the 2015 Edition of the International Existing Building Code for the regulation and governing the repair, alteration, change of occupancy, addition and relocation of existing buildings and providing for the issuance of permits and collection of fees.

3. Ordinance 2017-09 the 2015 Edition of the International Residential Code for the regulation and governing of construction, replacements, repairs and demolition of detached one and two family dwellings and multiple single family dwellings; providing for the issuance of permits and collection of fees.

5. Ordinance 2017-11 the 2015 Edition of the International Fire Code for the regulation and governing the safeguarding of life and property from fire and explosion hazards and from conditions hazardous to life or property in the occupancy of buildings and premises and providing for the issuance of permits and collection of fees.

6. Ordinance 2017-12 the 2015 Edition of the International Plumbing Code for the regulation and governing of design, construction, quality, installation, relocation, etc.; use or maintenance of plumbing systems; and providing for the issuance of permits and collection of fees.

7. Ordinance 2017-13 the 2015 Edition of the International Mechanical Code for the regulation and governing of design, construction, quality, installation, relocation, etc.; use or maintenance of mechanical systems; and providing for the issuance of permits and collection of fees.

8. Ordinance 2017-14 the 2015 Edition of the International Fuel Gas Code for the regulation and governing of fuel gas systems and gas-fired appliances and providing for the issuance of permits and collection of fees.

9. Ordinance 2017-15 the 2015 edition of NFPA Life Safety Code 101 relating to construction and to maintenance of buildings and public safety, health and general welfare; and providing for the issuance of permits and collection of fees.

10. Ordinance 2017-16 the 2015 Edition of the International Swimming Pool and Spa Code governing of design, construction, alteration, movement, renovation, replacement, repair and maintenance of swimming pools, spas, hot tubs, aquatic facilities and related equipment; and providing for the issuance of permits and collection of fees.

11. Ordinance 2017-17 the 2014 National Electrical Code as the Electrical Code of the City, repealing any previous editions.

4) Ordinance 2017-18, authorizing a budget amendment in the amount of \$150,000.00 for drainage improvements at Beatriz Garza Middle School on Sugarcane Drive. (First reading held February 21, 2017; Staffed by City Manager's Office.)

C. Approval of the request by Weslaco Independent School District (WISD) to utilize Isaac Rodriguez Park on April 8, 2017 from 6 a.m. – 12 noon for the Cowboy/Cowgirl for Dyslexia 5K Run, and authorize the Mayor to execute any related documents as may be required. (Requested by WISD.)

D. Approval of the renewal of the Interlocal Cooperation Agreement with the County of Hidalgo for participation within the Hidalgo County Library System (HCLS) and authorize the Mayor to execute any related documents. (Staffed by the Library.)

E. Approval on the renewal of the listed Affiliation Agreements for Clinical Experience for EMT, Advanced EMT and Paramedic clinical ride outs and authorize the Mayor to execute any related documents:

- 1) Weslaco FD EMS and HealthWebCE;
- 2) Weslaco FD EMS and Valley Baptist Medical Center;
- 3) Weslaco FD EMS and South Texas Health System; and
- 4) Weslaco FD EMS and Doctors Hospital at Renaissance

(Staffed by the Fire Department.)

F. Acceptance of a grant award in the amount of \$19,200.00 with no matching funds required from U.S. Department of Homeland Security to the City of Weslaco Fire Department for Water Rescue Dry Suits for Special Operations Team, approve Resolution 2017-17 regarding this grant, and authorize the Mayor to execute any related documents. (Staffed by the Fire Department.)

Commissioner Muñoz, seconded by Commissioner Lopez, moved to approve consent agenda items A, B 1 and 2, 4, C, D, E and F withholding item B3 1 through 11. The motion carried unanimously; Mayor Suarez was present and voting.

Commissioner Muñoz requested withholding the ordinances, stating the energy code was unresolved and recommended approval of the building code ordinances all together.

Commissioner Muñoz, seconded by Commissioner Lopez moved to table two meetings item B3 1 through 11. The motion carried unanimously; Mayor Suarez was present and voting.

For the record, following are the ordinances:

ORDINANCE NO. 2017-04

AN ORDINANCE REDUCING THE SIZE OF 126-FOOT DETENTION POND EASEMENT ALONG THE SOUTHSIDE LOT 2, BONITA HOMES SUBDIVISION, HIDALGO COUNTY, TEXAS TO A 60 FOOT DETENTION POND EASEMENT AND ORDAINING OTHER MATTERS WITH RESPECT TO THE SUBJECT MATTER HEREOF.

BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF WESLACO, TEXAS THAT:

SECTION I. Reducing the size of 126-foot detention pond easement along the Southside Lot 2, Bonita Homes Subdivision, Hidalgo County, Texas, to a 60-foot detention pond easement

SECTION II: That this ordinance shall become effective upon its passage.

PASSED AND APPROVED on first reading at a regular meeting of the City Commission this 14th day of February, 2017.

PASSED AND APPROVED on second reading at a regular meeting of the City Commission this 7th day of March 2017.

ORDINANCE NO. 2017-06

AN ORDINANCE AMENDING SECTION 1 OF ORDINANCE 77-16, CODIFIED IN THE WESLACO CODE OF ORDINANCES AS SECTION 138.58 "WATER RATES PRESCRIBED" AND AMENDING SECTION 1 OF ORDINANCE 67-10, CODIFIED IN THE WESLACO CODE OF ORDINANCES AS SECTION 138.59 "SEWER RATES PRESCRIBED;" BY PROVIDING FOR A NEW SCHEDULE OF RATES TO BE CHARGED FOR TREATED WATER DELIVERED THROUGH THE SYSTEM OF THE WATER DEPARTMENT OF THE CITY OF WESLACO; AND PROVIDING FOR A NEW SCHEDULE OF RATES TO BE CHARGED FOR THE USE OF WASTEWATER TREATMENT FACILITIES OF THE CITY OF WESLACO; AND PROVIDING FOR AN EFFECTIVE DATE AFTER THE SECOND PUBLICATION OF THIS ORDINANCE, AND ORDAINING OTHER MATTERS WITH RESPECT TO THE SUBJECT MATTER HEREOF.

SECTION 1. BE IT ORDAINED BY THE CITY OF WESLACO, TEXAS, to amend Section I of Ordinance No. 77-16, adopted on August 16, 1977, and Codified in the Weslaco Code of Ordinances as Section 138.58 and entitled "Water Rates Prescribed", to adopt a new schedule of rates to be charged for treated water delivered through the system of the water department of the City of Weslaco so that after Second and Final Reading of this Ordinance, Weslaco Code of Ordinances Section 138.58, will read as follows:

ARTICLE II. SERVICE CHARGES

Sec. 138.58. Water Rates Prescribed.

There are hereby established the following schedules of rates to be charged for treated water delivered through the system of the water department of the city:

Schedule A. Residential Inside City Limits
(1) Minimum monthly bill, (not including water)..... \$15.62

Minimum monthly bill, (includes 2,000 gallons of water) if applied for by a Resident over 65 years of age, Disabled, or a Veteran\$10.41

(2) Charge per each 1,000 gallons or portion thereof.....\$2.71

Schedule B. Commercial Inside City Limits

(1) Minimum monthly bill (not including water):	
5/8 inch or ¾ inch meter.....	\$16.26
1 inch meter.....	\$18.64
1 ½ inch meter.....	\$21.70
2 inch meter.....	\$26.25
3 inch meter.....	\$37.69
4 inch meter.....	\$52.60
6 inch meter.....	\$86.34
8 inch meter.....	\$109.65

(2) Charges per each 1,000 gallons or portion thereof:	
0 to 15,000 gallons	\$2.90
15,000 to 15,001 gallons (An addition to the base fee when this level is reached.)	
.....	\$13.87
15,002 to 30,000 gallons.....	\$ 3.23
30,000 to 35,000 gallons.....	\$3.26
35,000 to 35,001gallons (An addition to the base fee when this level is reached.)	
.....	\$13.43
Over 35,000 gallons.....	\$3.26

Schedule C. Multi Family Inside City Limits

(1) Minimum monthly bill (not including water):	
5/8 inch or ¾ inch meter.....	\$16.26
1 inch meter.....	\$17.55
1 ½ inch meter.....	\$21.70
2 inch meter.....	\$26.25
3 inch meter.....	\$37.69
4 inch meter.....	\$52.60
6 inch meter.....	\$86.34
8 inch meter.....	\$109.65

Multi Family residents whose water rates increase because of Ordinance 2013-26 affixing the rate structure for “Multi Family Inside City Limits” may request a 2% reduction of their current minimum monthly bill as assigned by the Water Rates prescribed to be “Residential Inside City Limits” from the Weslaco City Manager.

(2) Charges per each 1,000 gallons or portion thereof:	
0 to 15,000 gallons	\$ 2.90
15,000 to 15,001 gallons (An addition to the base fee when this level is reached.)	
.....	\$13.87
15,002 to 30,000 gallons.....	\$ 3.23
30,000 to 35,000 gallons.....	\$ 3.26
35,000 to 35,001gallons (An addition to the base fee when this level is reached.)	
.....	\$13.43
Over 35,000 gallons.....	\$ 3.26

Schedule D. Irrigation Meters Inside City Limits

(1) Minimum monthly bill (not including water):	
5/8 inch or ¾ inch meter.....	\$ 8.29
1 inch meter.....	\$11.17
1 ½ inch meter.....	\$15.32
2 inch meter.....	\$19.88

3 inch meter.....	\$31.31
4 inch meter.....	\$46.22
6 inch meter.....	\$79.97
8 inch meter.....	\$103.28

(2) Charges per each 1,000 gallons or portion thereof:

0 to 10,000 gallons	\$2.77
10,000 to 15,000 gallons.....	\$2.86
Over 15,000 gallons.....	\$2.91

(3) Irrigation meters with no associated wastewater service will not be assessed monthly charges for wastewater service.

Schedule E. Service Provided to Customers Residing Outside of the City Limits

(1) The monthly water charges for any customer (residential, commercial, multi-family, irrigation, or other) located outside the corporate limits of the City of Weslaco shall be at the rate of 150% of the rate charged customers inside the corporate limits of the City.

Schedule F. Tapping Fees.

The following charges shall be made as tapping fees for making connections for the use of any water user (deposit and permit fees are not included):

Meter Size	Inside City	Outside City
5/8"	\$739.86	\$832.34
1"	\$870.76	\$979.60
1 1/2"	\$1,187.35	\$1,336.23
2"	\$3,286.06	\$4,929.09
3"	\$4,612.93	\$6,919.39
4"	\$6,936.71	\$10,405.06

For all other size taps, the tapping charge shall be based upon the current cost of the meter, required materials, and labor therefore.

In cases where the developer has installed their own water lines, tapping saddles, corp. stop, tubing and angle stop up to the ground surface, the fees for a 5/8" meter will be \$232.07 for a connection inside the city limits and \$348.10 for a connection outside the city limits.

Schedule G. Fire Protection Sprinkler Fees

There shall be no additional charge per month in addition to the other charges listed in this section, for accounts with a fire protection sprinkler system.

SECTION II. BE IT FURTHER ORDAINED BY THE CITY OF WESLACO, TEXAS, to amend Section I of Ordinance No. 67-10, adopted on June 27, 1967, and codified in the Weslaco Code of Ordinances as Section 138.59 and entitled "Sewer Rates Prescribed", so that after Second and Final Reading of this ordinance, Weslaco Code of Ordinances Section 138.59 will read as follows:

ARTICLE II. SERVICE CHARGES

Sec. 138.59. Wastewater Rates Prescribed.

The following rates shall be charged for use of the wastewater treatment facilities of the City of Weslaco, including storm sewer lines if used for the purpose of disposing waste or cooling water. The rates hereby established shall be applicable to all classes of customers using the city sanitary sewer system, except for industrial customers who will continue to be charged under the provisions of the industrial waste ordinance of the City of Weslaco, Ordinance No. 76-16, as amended:

(1) Minimum Charge Inside City Limits: The minimum monthly charge for all classes of customers using the City of Weslaco wastewater treatment facilities shall be fifteen dollars and forty-five cents (\$15.45) per month. The monthly base rate will be ten dollars and thirty-one cents (\$10.31) if applied for by a resident over 65 years of age, Disabled, or a Veteran.

(2) Additional Charges for Single-Family Residential Users Inside City Limits. In addition to the minimum charge listed above, a charge of one dollar and seventy-seven cents (\$1.77) will be made for each one thousand (1,000) gallons of water used, or portion thereof, for monthly metered consumption up to 35,000 gallons.

(3) Multifamily Residential and Mobile Homes Inside City Limits. The charge for the use of the city wastewater treatment facility for duplexes or multifamily apartments or housing where the buildings are generally used solely for permanent or continuous living quarters and mobile home and/or recreational vehicle park owners on master meters shall be as follows:

Minimum monthly bill\$11.81

Charges per each 1,000 gallons of metered water use, or portion thereof:

0 to 15,000 gallons.....	\$2.28	
15,000 to 15,001 gallons (An addition to the base fee when this level is reached.).....	\$10.61	
15,001 to 35,000 gallons.....	\$2.54	
35,000 to 35,001 gallons (An addition to the base fee when this level is reached.).....	\$10.27	
Over 35,000 gallons.....	\$2.54	

(4) Commercial Customers Inside City Limits. Commercial customers are those customers who discharge wastewater from a private building which is not residential in nature and conduct business activities for the sole purpose of making a profit, and receive an inflow of paying customers for services rendered or the purchase of goods. All sewer accounts required to file for a sales tax number with the state comptroller's office or an employer's federal I.D. number with the Internal Revenue Service shall be deemed as commercial accounts. The charge for commercial users shall be as follows:

Minimum monthly bill\$12.98

Charges per each 1,000 gallons of metered water use, or portion thereof:

0 to 15,000 gallons.....	\$2.61
15,000 to 15,001 gallons (An addition to the base fee when this level is reached.).....	\$12.12
15,001 to 35,000 gallons.....	\$2.91
35,000 to 35,001 gallons (An addition to the base fee when this level is reached.).....	\$11.74
Over 35,000 gallons.....	\$2.91

(5) Lawn and Landscape Irrigation. All accounts shall be exempt from sanitary sewer charges on water metered solely for lawn and landscape irrigation.

(6) Industrial Users. All industrial uses, such as canning plants, packing sheds, laundries, bottling works, milk plants and other industrial users, shall be charged a rate computed under Ordinance No. 76.16, as amended.

(7) Institutional, Etc., Users Inside City Limits. All customers not classified as aforementioned, including institutional, religious and not-for-profit entities, shall be charged for the use of the wastewater treatment facility as follows:

Minimum monthly bill.....\$11.81

Charges per each 1,000 gallons of metered water use, or portion thereof:

0 to 15,000 gallons.....\$2.28

15,000 to 15,001 gallons (An addition to the base fee when this level is reached.)

.....\$10.61

15,001 to 35,000 gallons.....\$2.54

35,000 to 35,001 gallons (An addition to the base fee when this level is reached.)

.....\$10.27

Over 35,000 gallons.....\$2.54

(8) Commercial Laundries Inside City Limits. Commercial customers whose principal business is the operation of a commercial laundry shall be charged for use of the city wastewater treatment facility as follows:

Minimum monthly bill.....\$12.98

Charges per each 1,000 gallons of metered water use, or portion thereof:

0 to 15,000 gallons.....\$2.61

15,000 to 15,001 gallons (An addition to the base fee when this level is reached.)

.....\$12.12

15,001 to 35,000 gallons.....\$2.91

35,000 to 35,001 gallons (An addition to the base fee when this level is reached.)

.....\$11.74

Over 35,000 gallons.....\$2.91

(9) The monthly sewer charges for any customer (residential, commercial, multi-family, institutional, laundry, or other) located outside the corporate limits of the City of Weslaco shall be at the rate of 150% of the rate charged customers inside the corporate limits of the City.

SECTION III: All other provisions of Chapter 138, Article II, Section 138.58, and Section 138.59, and Ordinance 77-16, and Ordinance 67-10 shall remain in effect and are not being amended by this Ordinance.

SECTION IV: These amendments to Chapter 138, Article II, Section 138.58, and Section 138.59, shall be in effect after Second and Final Reading of this Ordinance.

PASSED AND APPROVED on first reading at regular meeting of the City Commission this 21st day of February, 2017.

PASSED AND APPROVED on second and final reading at regular meeting of the City Commission this 7th day of March, 2017.

ORDINANCE 2017-18

AN ORDINANCE AMENDING ORDINANCE NUMBER 2016-31, APPROVING AND ADOPTING A BUDGET FOR THE CITY OF WESLACO, TEXAS FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2016 AND ENDING SEPTEMBER 30, 2017, FINDING NEED TO AMEND THE 2016-2017 MUNICIPAL BUDGET; PROVIDING A SEVERABILITY CLAUSE; PROVIDING AN EFFECTIVE DATE, AND ORDAINING OTHER MATTERS WITH RESPECT TO THE SUBJECT MATTER HEREOF.

WHEREAS, the City Commission of the City of Weslaco utilized diligent thought and attention to the preparation of the 2016-2017 budget; and

WHEREAS, unusual and unforeseen conditions have arisen during the fiscal year which have, or will require, the expenditure of additional funds constituting an emergency expenditure; and

WHEREAS, Section 102.009 of the Texas Local Government Code authorizes the City to amend its budget in such a manner as to provide for emergency expenditures as an amendment to the original budget in a case of grave public necessity to meet an unusual and unforeseen condition; and

WHEREAS, the City Commission finds the amendments in the line items identified in the attached Exhibit are reasonable, necessary, and for municipal purposes.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF WESLACO, TEXAS THAT:

SECTION 1. FINDINGS. The City Commission finds the statements made in the preamble above are true.

SECTION 2. BUDGET LINE ITEMS. The City Commission approves the budget amendments in the attached Exhibit as such change is necessary to meet an unusual and unforeseen condition as the result of an emergency.

SECTION 3. BUDGET TOTAL. The City Commission further finds the amended budget line items identified in such Exhibit will not cause the total expenditures in the budget to exceed the total amount of estimated revenue.

SECTION 4. APPROVAL. The 2016-2017 Official Budget, adopted by Ordinance 2016-31, is hereby reallocated, revised, amended and approved as set forth in the attached Exhibit.

SECTION 5. AUTHORIZATION. The City Manager is authorized to undertake action to execute such transfers in accordance with state law, and file, or cause to be filed, a true and correct copy of this Ordinance, with the attached budget amendment, with the City Secretary.

SECTION 6. SEVERABILITY CLAUSE. It is the intent of the City Commission that each sentence, paragraph, subdivision, clause, phrase or section of this Ordinance be deemed severable and, should any such sentence, paragraph, subdivision, clause, phrase or section be declared invalid or unconstitutional for any reason, such declaration of invalidity or unconstitutionality shall not be construed to affect the validity of those provisions of the Ordinance left standing.

SECTION 7. EFFECTIVE DATE. This Ordinance shall take effect upon final reading.

PASSED AND APPROVED on first reading at a regular meeting of the City Commission this 21st day of February, 2017.

PASSED AND APPROVED on second reading at a regular meeting of the City Commission this 7th day of March, 2017.

CITY OF WESLACO
/s/David Suarez, MAYOR

ATTEST:

/s/Elizabeth M. Walker, CITY SECRETARY

APPROVED AS TO FORM:

/s/Juan E. Gonzalez, CITY ATTORNEY

For the record, following is the resolution:

RESOLUTION 2017-17

WHEREAS, The City of Weslaco finds it in the best interest of the citizens of Weslaco, Hidalgo County, Texas, that the 2017 State Homeland Security Program Law Enforcement Terrorism Prevention Activities Grant be operated for the 2017 fiscal year; and

WHEREAS, The City of Weslaco agrees to provide matching funds for the said project as required by the FY2017 HS-Homeland Security Grant Program (HSGP) grant application; and

WHEREAS, The City of Weslaco agrees that in the event of loss or misuse of the Office of the Governor funds, The City of Weslaco assures that the funds will be returned to the Office of the Governor in full; and

WHEREAS, The City of Weslaco designates Mayor David Suarez as the grantee's authorized official. The authorized official is given the power to apply for, accept, reject, alter or terminate the grant on behalf of the applicant agency.

NOW THEREFORE, BE IT RESOLVED that The City of Weslaco approves submission of the grant application for the 2017 State Homeland Security Program Law Enforcement Terrorism Prevention Activities Grant to the Office of the Governor.

Grant Number: 3405301

Passed and approved this 7th day of March, 2017.

CITY OF WESLACO

/s/David Suarez, MAYOR

ATTEST:

/s/Elizabeth M. Walker, CITY SECRETARY

APPROVED AS TO FORM:

/s/Juan E. Gonzalez, CITY ATTORNEY

V. APPOINTMENTS

A. Discussion and consideration to approve Resolution 2017-18 appointing a member to the Planning and Zoning Commission and authorize the Mayor to execute any related documents. Possible action. (Staffed by Planning and Code Enforcement Department.)

Commissioner Muñoz, seconded by Commissioner Lopez, moved to approve Resolution 2017-18 reappointing David Hernandez to the Planning and Zoning Commission. The motion carried unanimously; Mayor Suarez was present and voting.

For the record, following is the resolution:

RESOLUTION NO. 2017-18

A RESOLUTION OF THE CITY OF WESLACO APPOINTING ONE MEMBER TO THE
PLANNING AND ZONING COMMISSION BOARD.

WHEREAS, the City of Weslaco created and established the Planning and Zoning Commission Board pursuant to Subsection 2-36 of Ordinance No. 291, as codified in the City of Weslaco Code of Ordinances.

WHEREAS, the terms of the members of this board are for three years; and

WHEREAS, the Planning and Zoning Commission Board members shall serve without compensation and unlimited terms; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF WESLACO, TEXAS THAT David Hernandez is appointed to serve an expired term on the Planning and Zoning Commission Board and the term will begin on April 3, 2017 and will expire on April 2, 2020.

PASSED AND APPROVED on this 7th day of March, 2017.

CITY OF WESLACO
/s/David Suarez MAYOR

ATTEST:

/s/Elizabeth M. Walker, CITY SECRETARY

APPROVED AS TO FORM:

/s/Juan E. Gonzalez, CITY ATTORNEY

B. Discussion and consideration to approve Resolution 2017-19 appointing a member to the Ambulance Advisory Board and authorize the Mayor to execute any related documents. Possible action. (Staffed by the Fire Department.)

Commissioner Muñoz, seconded by Commissioner Pedraza, moved to approve Resolution 2017-19 reappointing Patrick Kennedy to the Ambulance Advisory Board. The motion carried unanimously; Mayor Suarez was present and voting.

For the record, following is the resolution:

RESOLUTION NO. 2017-18

A RESOLUTION OF THE CITY OF WESLACO APPOINTING ONE MEMBER TO THE
AMBULANCE ADVISORY BOARD.

WHEREAS, the City of Weslaco has established the Ambulance Advisory Board pursuant to Section 14-1(A) of Ordinance No. 78-39; and

WHEREAS, the terms of the members of this board are for two years; and

WHEREAS, the Ambulance Advisory Board members shall serve without compensation; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF WESLACO, TEXAS THAT Patrick Kennedy is appointed to serve on the Ambulance Advisory Board and the term will begin on April 18, 2017 and will expire on April 17, 2019.

PASSED AND APPROVED on this 7th day of March, 2017.

CITY OF WESLACO

/s/David Suarez MAYOR

ATTEST:

/s/Elizabeth M. Walker, CITY SECRETARY

APPROVED AS TO FORM:

/s/Juan E. Gonzalez, CITY ATTORNEY

C. Discussion and consideration to approve Resolution 2017-20 establishing the City of Weslaco Recycling Task Force and approve Resolutions 2017-21, 2017-22, 2017-23, 2017-24, and 2017-25 appointing citizen members to the same and authorize the Mayor to execute any related documents. Possible action. (Staffed by Public Works.)

Mike Perez, City Manager, recommended to approve Resolution 2017-20 and solicit on the website public interest for committee members.

Commissioner Muñoz, seconded by Commissioner Lopez, moved to approve Resolution 2017-20 establishing the Weslaco Recycling Task Force comprised of three (3) instead of two (2) members of the commission, including Commissioners Muñoz, Lopez and Kerr. The motion carried unanimously; Mayor Suarez was present and voting.

There was no action on Resolutions 2017-21, 2017-22, 2017-23, 2017-24, and 2017-25 appointing citizen members.

For the record, following is the resolution:

RESOLUTION NO. 2017-20

A RESOLUTION OF THE CITY OF WESLACO ESTABLISHING AN AD HOC CITIZENS' COMMITTEE THAT SHALL BE DESIGNATED AS THE WESLACO RECYCLING COMMITTEE TASK FORCE

WHEREAS, This Commission finds merit in establishing an ad hoc citizens' committee to solicit suggestions, make recommendations, and encourage participation toward the planning and facilitating of programs, activities, and awareness on the importance of recycling; and

WHEREAS, as it is intended to serve ad hoc, the work of this Committee shall be limited to one year from establishment; and

WHEREAS, there shall be ten (10) members in the Weslaco Recycling Committee Task Force who shall be appointed by the Weslaco City Commission and shall be comprised of three Commissioners, one representative of the Public Works Department, one representative of Republic Services, and five citizens; and

WHEREAS, members shall serve without compensation and may be eligible for reappointment.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF WESLACO, TEXAS THAT a Weslaco Recycling Committee Task Force is hereby created.

PASSED AND APPROVED on this 7th day of March, 2017.

CITY OF WESLACO

/s/David Suarez MAYOR

ATTEST:

/s/Elizabeth M. Walker, CITY SECRETARY

APPROVED AS TO FORM:

/s/Juan E. Gonzalez, CITY ATTORNEY

D. Discussion and consideration to accept one resignation from the Weslaco 100 Committee and approve Resolution 2017-26 appointing a member to that unexpired term and authorize the Mayor to execute any related documents. Possible action. (Staffed by Museum.)

Commissioner Lopez, seconded by Commissioner Muñoz, moved to accept the resignation of Barbara Ostermaier and approve Resolution 2017-16 appointing Laurie Cardenas as a member to the unexpired term on the Weslaco 100 Committee. The motion carried unanimously; Mayor Suarez was present and voting.

For the record, following is the resolution:

RESOLUTION NO. 2017 - 26

A RESOLUTION OF THE CITY OF WESLACO APPOINTING MEMBERS TO THE WESLACO 100 COMMITTEE TO PREPARE WESLACO'S CENTENNIAL CELEBRATION AND STRATEGIC PLAN

WHEREAS, The City of Weslaco, Texas, founded 1919, will celebrate its centennial in 2019, and anticipates programs and activities befitting the occasion; and

WHEREAS, This Commission finds merit in establishing an ad hoc citizen's committee to solicit suggestions, make recommendations, and encourage participation toward the planning and facilitating of such programs and activities; and

WHEREAS, After public meetings, all recommendations are required to be submitted to the Weslaco City Commission for approval; and

WHEREAS, The Committee shall concurrently consider issues for the strategic growth of the City over the next 100 years, including planning/sustainable development, governance, health, transportation, education, economic development, public safety, parks, information technology, and housing; and

WHEREAS, there shall be sixteen (16) members in the Weslaco 100 Committee who shall be appointed by the Weslaco City Commission and shall be resident citizens of the City of Weslaco. The term for each Committee member shall be for three (3) years and may be eligible for reappointment;

WHEREAS, The Weslaco 100 Committee members shall serve without compensation

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF WESLACO, TEXAS THAT Laurie Cardenas is appointed to serve on the Weslaco 100 Committee and the term will begin on March 8, 2017, and will expire on April 19, 2019.

PASSED AND APPROVED on this 7th day of March, 2017.

CITY OF WESLACO
/s/David Suarez MAYOR

ATTEST:

/s/Elizabeth M. Walker, CITY SECRETARY

APPROVED AS TO FORM:

/s/Juan E. Gonzalez, CITY ATTORNEY

VI. OLD BUSINESS

A. Discussion and consideration to adopt Ordinance 2017-10, the 2015 Edition of the International Energy Conservation Code, for the regulation and governing of energy efficient building envelopes and installation of energy efficient mechanical, lighting and power systems and providing for the issuance of permits and collection of fees. First Reading of Ordinance 2017-10. Possible action. (There was no action on this item February 21, 2017; Staffed by Planning and Code Enforcement Department.)

Commissioner Muñoz, seconded by Commissioner Lopez, moved for the item to remain on the table until the next regular meeting. The motion carried unanimously; Mayor Suarez was present and voting.

B. Discussion on the Single Member District Model for the City of Weslaco. (This item was tabled February 21, 2017; Requested by Commissioners Munoz and Kerr.)

Mayor Suarez recommended the item remain on the table.

Commissioner Muñoz, seconded by Commissioner Lopez, moved for the item to remain on the table scheduling a workshop for discussion. The motion carried unanimously; Mayor Suarez was present and voting.

VII. NEW BUSINESS

A. Discussion and consideration after public hearing on behalf of Valley Donna Food Mart Inc. to approve a Conditional Use Permit to obtain a Wine and Beer Retailer's Off-Premise Permit at 718 W. 6th St., also being Lots 14-17 and W1/2 Lot 18, Block 4, Glendale Addition Subdivision, Weslaco, Hidalgo County, Texas and authorize the Mayor to execute any related documents. Possible action. (Staffed by Planning and Code Enforcement.)

Commissioner Muñoz, seconded by Commissioner Lopez, moved to approve.

Mardoqueo Hinojosa, City Engineer/Planning Director, recommended to table until the regular meeting of April 18th to allow for the rezoning process.

Commissioner Muñoz rescinded his motion.

Commissioner Muñoz, seconded by Commissioner Lopez, moved to table the item until the April 18th regular meeting as recommended. The motion carried unanimously; Mayor Suarez was present and voting.

B. Discussion and consideration after public hearing on behalf of Robert W. McNabney to approve a Conditional Use Permit to obtain a Retail Dealer's On-Premises Late Hours License at 2901 W. Business 83, also being 1.77 acres Irrigation Tract S881.60'-E179.15' out of Farm Tract 626, West Tract Subdivision, Weslaco, Hidalgo County, Texas and authorize the Mayor to execute any related documents. Possible action. (Staffed by the Planning and Code Enforcement.)

Mardoqueo Hinojosa stated previous commission approved a conditional use permit. The owner is requesting a change to add late hours of operation. Staff recommends approval; owner will have two (2) security guards through close of business as stipulated in the conditional use permit.

Commissioner Muñoz, seconded by Commissioner Lopez, moved to approve a Conditional Use Permit to obtain a Retail Dealer's On-Premises Late Hours License at 2901 W. Business 83 as presented. The motion carried unanimously; Mayor Suarez was present and voting.

C. Discussion and consideration to approve the Final Plat for Pleasant View Village Subdivision, being a 8.55 acre tract of land out of Farm Tract 709, Block 136, West and Adams Tract Subdivision, Weslaco, Hidalgo County, Texas located along the East right-of-way of Pleasant Village Drive, and about 1250 feet South of the U.S. Business Highway 83 and authorize the Mayor to execute any related documents. Possible action. (Staffed by the Planning and Code Enforcement.)

Mardoqueo Hinojosa stated staff recommends approval of the final plat and a rear setback variance from 25% to 10% as requested by the owner.

Commissioner Lopez, seconded by Commissioner Muñoz, moved to approve the Final Plat for Pleasant View Village Subdivision with 10% variance to setback requirement as presented. The motion carried unanimously; Mayor Suarez was present and voting.

D. Discussion and consideration to approve the Final Plat for Fern Oak Subdivision, being a 1.20 acre tract of land out of Farm Tract 117, West Tract Subdivision, Weslaco, Hidalgo County, Texas, located at 209 W. Sugar Cane Dr. and authorize the Mayor to execute any related documents. Possible action. (Staffed by the Planning and Code Enforcement.)

Mardoqueo Hinojosa recommended approval stating the property has been rezoned.

Commissioner Lopez, seconded by Commissioner Muñoz, moved to approve the Final Plat for Fern Oak Subdivision as presented. The motion carried unanimously; Mayor Suarez was present and voting.

E. Discussion and consideration to accept the most advantageous bidder, SmartCom Telephone, as the vendor for internet access services submitted in response to the Library's Request for Proposal within the E-Rate Year 20 cycle (Fiscal Year 2017-2018), and authorize the Mayor to execute any related documents. Possible action. (Staffed by Library Department.)

Arnold Becho, Library Director, stated two responses were received and evaluated. Staff recommends approval of SmartCom Telephone as the most advantageous bidder, though \$30.00 more per month, past performance of customer service was a significant criteria in evaluation.

Commissioner Lopez, seconded by Commissioner Muñoz, moved to approve SmartCom Telephone, as the most advantageous vendor for internet access services for the E-Rate Year 20 cycle (Fiscal Year 2017-2018) as presented. The motion carried unanimously; Mayor Suarez was present and voting.

F. Discussion and consideration to approve the current Fiscal Year 2016/2017 Street Improvement Projects schedule and the continuation of FY 2016/2017 Street Improvement Projects list. Possible action. (Staffed by Public Works.)

Pete Garcia stated improvements are on schedule with Huisache street to be completed during spring break week and is the last street on the 2016-17 list. The Mayor noted improvements to Midway Road in partnership with the City of Donna and County Precinct 1 are upcoming.

Commissioner Lopez, seconded by Commissioner Muñoz, moved to approve the current Fiscal Year 2016/2017 Street Improvement Projects schedule and the continuation of FY 2016/2017 as presented. The motion carried unanimously; Mayor Suarez was present and voting.

G. Discussion and consideration to approve the paving of Medrano Road. Possible action. (Requested by Commissioners Pedraza and Lopez.)

Commissioner Pedraza, seconded by Commissioner Lopez, moved discuss.

Commissioner Pedraza was approached concerning the condition of Medrano Road; stating it is in very poor condition.

The City Manager stated the road is privately owned as a private access easement; in order for the City to make improvements, it would require surveying and securing individual warranty deeds that assess a paving lien. Staff could grate and level the road in the meantime and estimated a project cost of \$20,000.00 in engineering and attorney fees. The paving assessed to the property owners would be 2/3 of the project cost.

Commissioner Muñoz, seconded by Commissioner Pedraza, moved to authorize the initiation of the paving improvements process as presented for Medrano Road. The motion carried unanimously; Mayor Suarez was present and voting

H. Discussion and consideration to approve rules for the rental of Park fields. Possible action. (Staffed by Parks and Recreation Department.)

Commissioner Lopez, seconded by Commissioner Muñoz, moved to discuss.

David Arce, Parks Director, presented guidelines for the renting of park fields. The Weslaco park fields are popular as the location is mid-point for valley cities. Guidelines proposed would give priority to Weslaco residents and time limitations on rental. Staff welcomed any suggestions from the commission.

The City Manager stated concerns raised from the residents are the availability of park usage. Mayor Suarez recommends no action and for staff to prepare rules for review and consideration for the next meeting approving them as a policy.

There was no action on this item.

I. Discussion and consideration to authorize the submission of a waiver of retro-activity for the north side property comprised of 45.944 acres located in 48.682 acres of land out of Farm Tracts 98 and 114 West Tract Subdivision, Hidalgo County, Texas and authorize the Mayor to execute any related documents. Possible action. (Staffed by Parks and Recreation Department.)

The City Manager recommended approval stating the pledge of land for the proposed north side location of 45 acres will look more favorable on the grant application.

Commissioner Muñoz, seconded by Commissioner Lopez, moved to authorize the submission of a waiver of retro-activity for the north side property comprised of 45.944 acres located in 48.682 acres of land out of Farm Tracts 98 and 114 West Tract Subdivision, as presented. The motion carried unanimously; Mayor Suarez was present and voting.

J. Discussion and consideration to authorize the additional repairs needed on the Kansas Avenue concrete water tower, including painting and caulking of the interior of the tank, in an amount not to exceed \$37,000.00 and authorize the Mayor to execute any related documents. Possible action. (Staffed by Public Works Department.)

Pete Garcia stated repairs of leaks were necessary for the water tower, which has 300,000 gallon capacity. The City Manager stated repairs include replacing rusted pipes and caulking and sealing the inside to address TCEQ violations; repairs would give the tower an additional 20-year life span. Staff recommends approval.

Commissioner Muñoz, seconded by Commissioner Lopez, moved to authorize the additional repairs needed on the Kansas Avenue concrete water tower, including painting and caulking of the interior of the tank, in an amount not to exceed \$37,000.00 with Southern Trenchless as presented. The motion carried unanimously; Mayor Suarez was present and voting.

VIII. REPORTS

A. Quarterly investment report for 12/31/2016. Possible action to accept and file.

Mary Barrera, Finance Director, reviewed the quarterly report for first quarter performance, stating the interest earned was \$19,136.00 with \$23,380,294 in investments comprised of Texpool, two Certificates of Deposit and money market accounts.

Commissioner Muñoz, seconded by Commissioner Lopez, moved to accept and file the Quarterly Investment report as presented. The motion carried unanimously; Mayor Suarez was present and voting.

B. Quarterly financial report for 12/31/2016. Possible action to accept and file.

Mary Barrera stated the first quarter financial report was unaudited; assets, cash and equivalents totaled \$18,293,725; liabilities are \$10.4million recognizing the full amount of tax levy. There is a general fund balance of \$9,793,930 with an excess of revenues over expenditures at \$1,832,778. Water and sewer funds operations are within budget considering there is a lot of capacity and not

a lot of usage; there is negative net capital change for the airport fund, report \$61,000 charges for services.

Commissioner Muñoz, seconded by Commissioner Lopez, moved to accept and file the Quarterly Financial report as presented. The motion carried unanimously; Mayor Suarez was present and voting.

C. Report by Economic Development Corporation of Weslaco.

Marie McDermott, EDC Director, reported the Alfresco event held was well attended; the next event is the Fourth of July; there was an article in newspaper highlighting murals. There are 59 leads that could have a capital investment of \$150 million and 5 projects wins, creating 109 jobs.

D. Report by Weslaco Area Chamber of Commerce.

Laura Espinoza introduced Doug Croft as the newly hired Chamber CEO, and reported the mobile apps has 775 users.

E. Report by Severn Trent.

George Quilantan stated he now is overseeing operations; he reported on a lift station spill, thanking Public Works for assistance in cleanup. Additionally, he requested from TCEQ to reduce reporting from quarterly to bi-annual; this was approved, with a cost savings in testing fees.

F. Report by Planning and Code Enforcement.

Mardoqueo Hinojosa presented his research on daycare comparison and recommended to adopt guidelines by Ordinance; there was \$48 million in building valuations since August with more apartments forthcoming. Joe Pedraza reported on dilapidated structures and the next Clean Sweep is scheduled April 29th.

G. Report by Human Resources Department - Leave Donation Policy.

The City Manager stated as directed to staff, the leave donation presented was in draft for review and would be on the next meeting for approval. Ms. Veronica Ramirez noted this is not a pool rather a departmental program for individual employees on an as-needed basis for qualifying events within the same pay grade level or lower.

H. Report by Public Works.

Pete Garcia, Public Works Director, reported on continued cleanup of ditches and replacement of fire hydrants ongoing.

I. Report by Parks and Recreation Department.

David Arce, Parks Director, reported on upcoming events, sidewalks and ramps improvements at city park ongoing; van arrived for building maintenance, power being added on the north side of City Park for events; roof project at fire station 3 done; ongoing projects include ADA doors, bike rack at City Hall and generators for City Hall and Fire Administration offices.

IX. EXECUTIVE SESSION

At 7:25 p.m. Mayor Suarez announced the regular meeting to convene in executive session. At 8:22 p.m. Mayor Suarez announced the City Commission had completed its executive session and reconvened the regular meeting as open to the public.

X. POSSIBLE ACTION ON WHAT IS DISCUSSED IN EXECUTIVE SESSION

A. Personnel - Discussion regarding the goals, objectives, and evaluation of the City Manager for the City of Weslaco as authorized by §551.074 of the Texas Government Code Government Code.

There was no action on this item.

B. Pending Litigation - Consultation with City Attorney regarding *City of Weslaco v. Briones Consulting and Engineering* as authorized by §551.071 of the Texas Government Code.

There was no action on this item.

C. Legal Opinion - Consultation with City Attorney on legal opinion related to the appointments of Municipal Judges as authorized by §551.071 of the Texas Government Code.

There was no action on this item.

D. Legal Opinion - Consultation with City Attorney on legal opinion related to the contract with neighboring cities for the sale of water as authorized by §551.071 of the Texas Government Code.

There was no action on this item.

E. Pending Litigation - Report by City Attorney regarding all pending litigation as provided to City Auditor as authorized by §551.071 of the Texas Government Code.

There was no action on this item.

F. Legal Opinion - Consultation with City Attorney on legal opinion related to government services consulting as authorized by §551.071 of the Texas Government Code.

There was no action on this item.

G. Economic Development - Discussion regarding Project Chicken Hatch as authorized by §551.087 of the Texas Government Code.

Commissioner Noriega, seconded by Commissioner Muñoz, approved a lease between Economic Development Corporation and UTRGV and authorized the City Attorney to prepare the lease between the Economic Development Corporation and the City as discussed in executive session

and bring back for final approval by the Commission. The motion carried; Mayor Suarez was present and voting.

XI. ADJOURNMENT

Commissioner Lopez, seconded by Commissioner Muñoz, moved to adjourn at 8:23 p.m. The motion carried unanimously; Mayor Suarez was present and voting.

CITY OF WESLACO

MAYOR, David Suarez

ATTEST:

CITY SECRETARY, Elizabeth Walker

ABSENT
MAYOR PRO-TEM, Gerardo “Jerry” Tafolla

COMMISSIONER, Leo Muñoz

ABSENT
COMMISSIONER, Greg Kerr

COMMISSIONER, Olga Noriega

COMMISSIONER, Letty Lopez

COMMISSIONER, Josh Pedraza



Standardized Agenda Request Form

Date of Meeting: March 21, 2017		Agenda Item No. (to be assigned by CSO): 2017-825	
From:			
Subject: Approval of the renewal for Dice Productions to administer "Movies at Park" at Mayor Pablo G. Peña City Park located at 300 N. Airport Drive for the 2017 season and grant Dice Productions restricted rights for food vendors during the movie hours of 6pm to 10pm. (Requested by Parks and Recreation.) Attachment.			
Background:			
Funding Source (budget code, if applicable):			
Amount:	Term of Impact:	Identified in Current Budget:	
Additional Action Prompted:			
If item previously considered, provide date and action by Commission:			
If item requires Publication Notice, provide date and periodical of publication; indicate if comments received from letters mailed to property owners:			
Advisory Review, if any (name of board/committee, date of action, recommendation):			
Kayla Arevalo		Created/Initiated	
David Arce		Approved	
Mike Perez		Final Approval	
City Manager Comments:			
Staff Recommendation:			
Attachments, if any: 6th Annual Weslaco Movies at the Park			
Responsibilities upon Approval:			

DICE PRODUCTIONS PRESENTS

6TH
ANNUAL

MOVIE AT THE PARK SUMMER SERIES



All Movies begin at 8:00 pm
(weather permitting)

MAYOR PABLO G. PEÑA CITY PARK
300 N. AIRPORT DR.

**COME AND BRING
THE FAMILY AND ENJOY
THE ENTERTAINMENT**

Concession stands will be available
to purchase popcorn, pickles, candy, and drinks

Martin Garcia Jr.
Director of Operations

956.463.6251
mgarcia922@yahoo.com

David Arce
Recreations Director
956.447.3407



THURSDAY – JUNE 1

TROLLS

THURSDAY – JUNE 8

THE SANDLOT

THURSDAY – JUNE 15

STORKS

THURSDAY – JUNE 22

LEGO: BATMAN MOVIE

THURSDAY – JUNE 29

MAGNIFICENT 7 (2016)

THURSDAY – JULY 6

SECRET LIFE OF PETS

THURSDAY – JULY 13

FINDING DORY

THURSDAY – JULY 20

CAPTAIN AMERICA

CIVIL WAR

THURSDAY – JULY 27

SING



Standardized Agenda Request Form

Date of Meeting: March 21, 2017		Agenda Item No. (to be assigned by CSO): 2017-855
From: Stephen Mayer		
Subject: Acceptance of a check from the Texas Comptroller of Public Accounts annual allocation from Law Enforcement Officer Standards and Educations (LEOSE) in the amount of \$4,568.31 to be utilized for training for the Weslaco Peace Officers. (Staffed by Weslaco Police Department.)		
Background: Request of approval to accept a check from the Texas Comptroller of Public Accounts annual allocation from the Law Enforcement Officer Standards and Educations (LEOSE) in the amount of \$4,568.31 to be utilized for training for Weslaco Police Department. This payment must be used as necessary to ensure the continuing education of persons licensed under Chapter 1701, Occupations Code, or to provide necessary training, as determined by the agency head to full time law enforcement personnel. Upon approval we ask that these monies be deposited into our LEOSE account 01-512-2044		
Funding Source (budget code, if applicable): LEOSE FUND		
Amount: \$4,568.31	Term of Impact: Fiscal Year 2016-2017	Identified in Current Budget: -
Additional Action Prompted: Budget Amendment		
If item previously considered, provide date and action by Commission:		
If item requires Publication Notice, provide date and periodical of publication; indicate if comments received from letters mailed to property owners:		
Advisory Review, if any (name of board/committee, date of action, recommendation):		
Roxanne Saavedra Stephen Mayer Mike Perez	Created/Initiated Approved Final Approval	
City Manager Comments:		
Staff Recommendation: -Staff recommends approval		
Attachments, if any:		
Responsibilities upon Approval: Weslaco Police Department will submit a budget amendment to Finance Department.		



Standardized Agenda Request Form

Date of Meeting: March 21, 2017		Agenda Item No. (to be assigned by CSO): 2017-875	
From: Robert Lopez			
Subject: Approval of Resolution 2017- 33 authorizing to apply and accept the 2018 Local Border Security Program Grant through the Office of the Governor Homeland Security Grants Division with no local match required and authorize the Mayor to execute any related documents. (Staffed by Police Department.)			
Background: The purpose of the program is to sustain interagency law enforcement operations and enhance local law enforcement patrols to facilitate directed actions to deter and interdict criminal activity.			
Funding Source (budget code, if applicable): Office of the Governor - Homeland Security Grants Division			
Amount: \$0.00		Term of Impact: 12 months	Identified in Current Budget: No
Additional Action Prompted: Mayor's Signature Resolution			
If item previously considered, provide date and action by Commission: N/A			
If item requires Publication Notice, provide date and periodical of publication; indicate if comments received from letters mailed to property owners: N/A			
Advisory Review, if any (name of board/committee, date of action, recommendation):			
Robert Lopez		Created/Initiated	
Stephen Mayer		Approved	
Mike Perez		Final Approval	
City Manager Comments:			
Staff Recommendation: Staff Recommends Approval			
Attachments, if any: Announcement , Resolution 2017-33			
Responsibilities upon Approval: Weslaco Police Department Research and Standards Grant Writer Capt. Robert Lopez will ensure that we comply with standards applicable to this fund source cited in the State Uniform Grant Management Standards, and all statues, requirements, and guidelines applicable to this funding.			



Office of the Governor - Homeland Security Grants Division 2018 Local Border Security Program (LBSP) Request for Applications (RFA)

The Homeland Security Grants Division (HSGD) of the Governor's Office is soliciting grant applications for projects that support Operation Border Star during state fiscal year 2018.

Purpose: The purpose of the program is to sustain interagency law enforcement operations and enhance local law enforcement patrols to facilitate directed actions to deter and interdict criminal activity. Program participants shall assist in the execution of coordinated border security operations in an effort to:

- 1) Increase the effectiveness and impact of Steady State and Surge Operations.
- 2) Reduce border-related criminal activity in Texas.
- 3) Implement and increase the effectiveness of operational methods, measures, and techniques for outbound/southbound operations.
- 4) Decrease the supply of drugs smuggled into and through Texas from Mexico.
- 5) Disrupt and deter operations of gang and cartel criminal organizations.
- 6) Decrease specifically targeted tactics (such as conveyance methods) for drugs in the Texas border region.
- 7) Decrease use of specific areas for crime as targeted in directed action missions.
- 8) Increase the effectiveness of air operations mission planning and prioritization.
- 9) Increase the coordination and integration of air-ground team operations to include Texas Military Forces (TMF) aviation, United States Customs and Border Protection (USCBP) Air and Marine, Texas Department of Public Safety (DPS) Aircraft Division, and United States Coast Guard (USCG) aviation support.
- 10) Increase the effectiveness of directed action missions based upon intelligence and analysis to ensure they target the most serious threats and are conducted in high pay-off areas.
- 11) Increase the number and quality of analytical intelligence products developed at the Unified Command and state levels.
- 12) Increase intelligence-based operations at the Unified Command level through integration of TxMap, sector specific information, and intelligence analysis.

Available Funding: State funds for these projects are authorized under the Texas General Appropriations Act, Article I, Rider 27 for Truusted Programs within the Office of the Governor. All awards are subject to the availability of appropriated funds and any modifications or additional requirements that may be imposed by law.

Funding Levels:

Minimum: None

Maximum: None

Match Requirement: None

Standards: Grantees must comply with standards applicable to this fund source cited in the State Uniform Grant Management Standards ([UGMS](#)), and all statutes, requirements, and guidelines applicable to this funding.

HSGD Funding Announcement: **2018 Local Border Security Program (LBSP)**

Prohibitions: Grant funds may **not** be used to support the following services, activities, and costs:

- 1) inherently religious activities such as prayer, worship, religious instruction, or proselytization;
- 2) lobbying;
- 3) regular time worked as part of the employee's normal duty period;
- 4) augmentees – law enforcement personnel who are not regular employees of a funded agency, but are brought on as needed to specifically cover border security operations so that there can be a force multiplier during a period of "Surge";
- 5) any portion of the salary of, or any other compensation for, an elected or appointed government official;
- 6) time spent by certified peace officers on administrative duties;
- 7) backfill costs for personnel participating in operations;
- 8) transportation, lodging, per diem, training fees or any related costs associated with participants who attend a training event;
- 9) purchase of vehicles;
- 10) purchase of equipment for government agencies that are for general agency use;
- 11) weapons, ammunition, tasers, tracked armored vehicles, weaponized vehicles or explosives;
- 12) postage;
- 13) admission fees or tickets to any amusement park, recreational activity or sporting event;
- 14) promotional gifts;
- 15) food, meals, beverages, or other refreshments, except for eligible per diem associated with grant-related travel;
- 16) membership dues for individuals;
- 17) any expense or service that is readily available at no cost to the grant project;
- 18) any use of grant funds to replace (supplant) funds that have been budgeted for the same purpose through non-grant sources;
- 19) fundraising;
- 20) construction;
- 21) medical services;
- 22) legal fees;
- 23) legal services for adult offenders; and
- 24) any other prohibition imposed by federal, state, or local law.

Eligible Applicants:

- 1) Units of local government; and
- 2) Federally Recognized Native American tribes.
- 3) Eligible applicants must be located within a County within one of the six DPS Joint Operations and Intelligence Centers (JOIC) Regions including:
 - a) El Paso JOIC – El Paso County.
 - b) Coastal Bend JOIC – Aransas County, Bee County, Calhoun County, Dewitt County, Fayette County, Goliad County, Gonzales County, Guadalupe County, Jackson County,

HSGD Funding Announcement: **2018 Local Border Security Program (LBSP)**

Jim Wells County, Karnes County, Kleberg County, Lavaca County, Live Oak County, Matagorda County, McMullen County, Nueces County, Refugio County, San Patricio County, Victoria County, and Wharton County.

- c) Marfa JOIC – Brewster County, Culberson County, Hudspeth County, Jeff Davis County, Pecos County, Presidio County, Reeves County, and Terrell County.
- d) Del Rio JOIC – Dimmit County, Edwards County, Kinney County, Maverick County, Real County, Uvalde County, Val Verde County, and Zavala County.
- e) Laredo JOIC – Duval County, Frio County, Jim Hogg County, La Salle County, Webb County, and Zapata County.
- f) Rio Grande Valley JOIC – Brooks County, Cameron County, Hidalgo County, Kenedy County, Starr County, and Willacy County.

Eligible Costs:

- 1) Overtime for increased patrol and investigative capacity for certified peace officers, along with limited support for other law enforcement support personnel (i.e., Communications Officers/Dispatchers and Jailers). Project Overtime (OT) shall be reimbursed following the grantee's overtime policy and the requirements as stated below:
 - a) OT is time actually worked that exceeds the required number of hours during an employee's designated work period.
 - b) OT must be worked to increase patrol and/or in an investigative capacity.
 - c) The project OT rate will be no more than one-and-one-half (1.5) times the employee's regular hourly rate of pay.
 - d) Exempt salaried employees may not be reimbursed for overtime unless the grantee's overtime policy specifically allows for this.
 - e) HSGD will only reimburse the grantee for OT that does not exceed a total of 16-hours (regular +OT) worked during any 24-hour period.
- 2) Law enforcement support personnel costs may be reimbursed up to 5% of the award or \$5,000, whichever is less. These costs include:
 - a) Communications Officers/Dispatcher costs necessary to maintain a safe Officer to Dispatcher ratio when supporting law enforcement personnel that are on patrol and participating in border operations.
 - b) Jailer costs for personnel necessary to support officers that are on patrol and participating in border operations.
- 3) Certain operational costs incurred as part of these overtime patrols and investigations may be reimbursed, such as vehicle operating costs, transportation, lodging, per diem, or additional costs for minor emergency repairs as described below:
 - a) The cost of fuel, lubricants, and minor emergency repairs or maintenance for vehicles, aircraft, boats, generators, and similar equipment used during the hours in which the OT is worked. Only actual expenses supported by invoiced gas, oil, and repair or maintenance receipts may be reimbursed under this grant. Fuel costs used during the hours officers are working on grant-paid OT are allowable. Maintenance costs must be prorated to show the usage of vehicles or equipment for regular law enforcement duties as compared to usage while officers are working grant-paid OT patrols.

HSGD Funding Announcement: **2018 Local Border Security Program (LBSP)**

- b) The cost of minor emergency repairs, such as tire repair or fan belt replacement, to vehicles or equipment used in program operations is allowable.
- c) Transportation, lodging, fuel, and per diem costs may be reimbursed for personnel who work on program activities more than 50 miles from their program duty station.
- d) Costs for rentals of equipment or other services critical to success of the program, and that have been pre-approved by the HSGD, are also allowable.

Eligibility Requirements:

- 1) Eligible applicants must agree to perform the following activities:
 - a) Conduct Steady State operations and respond to calls for service.
 - b) Conduct enhanced law enforcement patrolling activities.
 - c) Conduct surveillance, interdictions, investigations, and collect and disseminate information within its jurisdiction or cross-jurisdiction lines as required.
 - d) Recognize and react to information/intelligence to adjust times and locations of enhanced patrol activities.
 - e) Report significant border-related events that occur during each 24-hour period.
 - f) Identify significant border-related trends or areas of interest that may be developed into focus areas for future operations.
 - g) Integrate air, ground, marine, and remote operations.
 - h) Participate in operational planning and coordination meetings, information/intelligence sharing meetings, and After Action Reviews (AARs) established by the Texas Department of Public Safety's (DPS) Joint Operations and Intelligence Centers (JOIC).
 - i) Participate weekly on the JOIC Unified Command conference calls or meetings as required by the JOIC.
- 2) Eligible applicants must agree to submit the Daily Border Incident Assessment Report (BIAR). The BIAR is the primary incident and information-reporting tool for the grantee in local border security operations. The grantee shall ensure all BIARs conform to the respective standards outlined by the JOIC and are submitted within the timeframes established by the JOIC. The grantee shall report all activities that are considered Steady State activities in addition to Enhanced Operation activities to the JOIC. Steady State activities are defined as normal patrol or investigative duties that do not use grant funds, but directly impact the overall LBSP mission (organized crime arrests, terroristic activities, weapons trafficking arrests, kidnappings, home invasions with a border or organized crime nexus, illegal immigration, border-related murders, gang-related murders, or drug trafficking). Enhanced (Surge) Operations originate out of the use of LBSP funds when the local agency chooses to increase the hours of patrol or investigative bodies.
- 3) In order for an applicant to be eligible, the county (or counties) in which the applicant is located must have a 90% average on both adult and juvenile criminal history dispositions reported to the Texas Department of Public Safety for calendar years 2011 through 2015. This requirement must be met by August 1, 2017.
- 4) Eligible applicants operating a law enforcement agency must be current on reporting Part I violent crime data to the Texas Department of Public Safety (DPS) for inclusion in the annual Uniform Crime Report (UCR). To be considered eligible for funding, applicants must have submitted a full twelve months of accurate data to DPS for the most recent calendar year.

HSGD Funding Announcement: **2018 Local Border Security Program (LBSP)**

- 5) An application requirement pertaining to full compliance with Department of Homeland Security detainer requests applies to all municipal or county governments that operate a subdivision or department that detains individuals after arrest for a criminal violation. Full text of this certification can be found on the Narrative tab of each application or at http://gov.texas.gov/cjd/dhs_detainerrequest. All applicants must select one of four options in their eGrants application to be considered for funding under this announcement.
- 6) Eligible applicants must have a DUNS (Data Universal Numbering System) number assigned to its agency (to request a DUNS number, go to <http://fedgov.dnb.com/webform/displayHomePage.do>).
- 7) Eligible applicants must be registered in the federal System for Award Management (SAM) database located at <https://www.sam.gov/>.
- 8) Failure to comply with program eligibility requirements may cause funds to be withheld and/or suspension or termination of grant funds.

Project Period: Projects selected for funding must begin on or after September 1, 2017 and expire on or before August 31, 2018.

Application Process: Applicants must access HSGD's grant management website at <https://eGrants.gov.texas.gov> to register and apply for funding. Additional requirements are included within the online application form.

NOTE: Applicants must upload the required [Direct Deposit forms](#), [New Payee Identification Form](#), and [W9 Form](#) for each application prior to submission. The eGrants system will not allow an application submission until these forms are attached to the application. These forms are available at <https://egrants.gov.texas.gov/updates.aspx> under the Financial Management Tools section or by clicking on the hyperlinks above.

Closing Date for Receipt of Applications: All applications must be submitted and certified via HSGD's grant management website on or before Thursday, **March 30, 2017** by 5:00 PM CST.

Selection Process: Applications will be reviewed by HSGD staff members in consultation with DPS Regional JOIC representatives. HSGD will make all final funding decisions based on eligibility and operational content which includes but is not limited to the following:

- 1) Compliance - Past compliance with grant requirements, reporting, and information sharing.
- 2) Performance – Impact and effectiveness of the Applicant's participation in previous border security operations or activities and effectiveness in using grant funds awarded for border security.
- 3) Risk – The Applicant's need as indicated by data available on border-related criminal activity, population, number of officers, and other factors.
- 4) Other Funding – The Applicant's history of applying for, receiving, and/or effectively utilizing other sources of funding available to support border security activities (e.g. Operation Stonegarden).

Contact Information: For technical assistance or additional information, contact HSGD at eGrants@gov.texas.gov or (512) 463-8382.

RESOLUTION NO. 2017-33

WHEREAS, The City of Weslaco finds it in the best interest of the citizens of Weslaco, Hidalgo County, Texas that the 2018 Local Border Security Program be operated for the fiscal year September 1, 2017 through August 31, 2018; and

WHEREAS, The City of Weslaco agrees to provide matching funds for the said project as required by the Office of the Governor - Homeland Security Grants Division 2018 Local Border Security Program grant application; and

WHEREAS, The City of Weslaco agrees that in the event of loss or misuse of the Office of the Governor funds, City of Weslaco assures that the funds will be returned to the Office of the Governor in full.

WHEREAS, The City of Weslaco designates Mayor David Suarez as the grantee's authorized official. The authorized official is given the power to apply for, accept, reject, alter or terminate the grant on behalf of the applicant agency.

NOW THEREFORE, BE IT RESOLVED that The City of Weslaco approves submission of the grant application for the 2018 Local Border Security Program to the Office of the Governor.

Grant Number: **3407201**

Passed and Approved this 21st day of March, 2017.

CITY OF WESLACO

David Suarez, MAYOR

ATTEST:

Elizabeth Walker, City Secretary

APPROVED AT TO FORM:

Juan E. Gonzalez, CITY ATTORNEY



Standardized Agenda Request Form

Date of Meeting: March 21, 2017		Agenda Item No. (to be assigned by CSO): 2017-856	
From:			
Subject: Approval of the affiliation agreement between the Weslaco Fire Department and Knapp Medical Center for EMS personnel on site clinical education and advanced paramedic education and authorize the Mayor to execute any related documents. (Staffed by the Fire Department.)			
Background: Affiliation agreement between the Weslaco Fire Department and Knapp Medical Center for EMS personnel for on site clinical education and advanced paramedic education.			
Funding Source (budget code, if applicable):			
Amount:	Term of Impact:	Identified in Current Budget:	
Additional Action Prompted: Mayor's Signature			
If item previously considered, provide date and action by Commission:			
If item requires Publication Notice, provide date and periodical of publication; indicate if comments received from letters mailed to property owners:			
Advisory Review, if any (name of board/committee, date of action, recommendation):			
Antonio Lopez		Created/Initiated	
Antonio Lopez		Approved	
Mike Perez		Final Approval	
City Manager Comments:			
Staff Recommendation:			
Attachments, if any: Knapp Medical Center and Weslaco Fire Department Affiliation agreement			
Responsibilities upon Approval:			

**WESLACO FIRE DEPARTMENT EMS
AFFILIATION AGREEMENT FOR EMS PERSONNEL**

THIS Agreement is made this 16th day of February 2017, by
and between the **CITY OF WESLACO FIRE DEPARTMENT EMS**, hereinafter
referred to as "**City**" and **KNAPP MEDICAL CENTER**, hereafter
referred to as the

"Hospital".

WHEREAS, the City operates an Emergency Medical Technology Program; and

WHEREAS, City desires to have personnel of its EMT Program participate in a
clinical training program at Hospital's facility; and

WHEREAS, Hospital and City recognize the need for well-trained and
experienced EMS personnel and believe that the clinical training program will be of great
benefit and service to Hospital, City and the Rio Grande Valley area; and

WHEREAS, the clinical training program will provide EMS personnel a wide
range of experience and training necessary to provide quality emergency medical care.

NOW, THEREFORE, the parties hereto agree as follows:

1. Joint Responsibilities.

- (a) All parties will cooperate to provide EMS personnel with a proper learning opportunity.
- (b) All parties will agree on the number of EMS personnel receiving their clinical training at the Hospital, with consideration given to the number of EMS personnel, the opportunities for training and experience at Hospital, and the quality of care afforded to Hospital's patients.
- (c) All parties will agree on a clinical schedule that shall include a list of students and where they will be scheduled for the rotation.

2. Responsibilities of the City.

- (a) The EMS personnel will abide by the policies of the Hospital while using its facilities, which policies will be provided in writing to the City and each participating member of the EMS staff.

- (b) The City will continually instruct and emphasize to the EMS personnel the importance of respecting the confidential nature of all information, which may come to them with respect to patients and hospital records.
- (c) City agrees to defend, indemnify and hold harmless Hospital, its officers, agents, trustees and employees, and any other person, firm or corporation bound to defend or pay judgments against said party from and against any and all claims, demands, or causes of action including claims for attorney's fees and contribution or indemnity, which arise due to negligence on the part of its agents, servants, or employees, including, but not limited to EMS personnel, in the performance of any of its obligations under this Agreement.
- (d) A copy of the professional liability insurance policy carried by the City on its EMS personnel will be furnished to the Hospital.
- (e) City's Director of EMT Program or designee will evaluate and counsel EMS personnel with regard to performance.
- (f) The EMS Director or designee is responsible for direct supervision of the EMS personnel.
- (g) EMS personnel will provide their own uniforms.
- (h) The EMS Director or designee will assume responsibility for administrative functions related to EMS personnel attendance and evaluation.
- (i) The EMS personnel will be subject to all rules and regulations pertaining to regular employees of the Hospital, which rules and regulations will be provided in writing to the City and the EMS personnel.
- (j) The City will maintain on file for quick reference at its EMS offices, the following information:
 - P.P.D. skin test for Tuberculosis done within the previous six (6) months or a chest x-ray (PA and Lat) and a complete TB questionnaire form prescribed by Hospital, and
 - Up-to-date immunizations for MMR (measles, mumps, rubella). (Hepatitis B and influenza are strongly recommended.)
 - List of Names of students and immunizations.

- (k) City will inform its EMS personnel that they are not considered employees of the Hospital and that they are not authorized to represent themselves as employees of Hospital.
- (l) The City agrees to inform its EMS personnel that they are not subject to coverage by Hospital's Workmen's Compensation Program.
- (m) The EMS Director or designee will supply Hospital, at least (30) thirty days in advance, with a schedule of the EMS personnel who wish to participate in the program and the times they will be present at the Hospital.
- (n) The EMS Director or designee will supply Hospital with a list of skills for personnel at each level of certification prior to clinical rotation.

3. Responsibilities of the Hospital.

- (a) The Hospital will, at its sole discretion, permit said EMS personnel to observe its routines and procedures in Hospital's Emergency Department under the direct supervision of ER Physicians, licensed or qualified employees of the Hospital and self study program instructor who will spot check students.
- (b) The Hospital agrees to assist the program by providing through its supervisory personnel assistance with task sheets, attendance, and evaluation sheets, at intervals to be agreed upon.
- (c) The Hospital will orient the EMS Director or designee and EMS personnel to hospital facilities and policies.
- (d) The hospital will inform its professional staff of its participation in the program.
- (e) The Hospital will assume full responsibility for patient care.
- (f) The Hospital reserves the right, in its absolute discretion, to refuse its facilities and services to any EMS personnel who do not meet the professional standards proposed by the Hospital.
- (g) Hospital agrees to defend, indemnify and hold harmless City, its officers, agents, elected officials and employees, and any other person, firm or corporation bound to defend or pay judgments against said party from and against any and all claims, demands or causes of action including claims of attorney's fees and contribution or indemnity which arise due to negligence on the part of its agents, servants, or employees in the performance of any of its obligations under this Agreement.

- (h) Hospital will designate a person or persons with whom all EMS personnel are to report upon arrival for and departure from the training program.

4. Miscellaneous.

4.1 This Agreement may be modified at any time upon the written requests of either party with the consent of the other party.

4.2 This Agreement is to remain in effect unless revisions are made, or as Changes are deemed necessary.

4.3 The interpretation and enforcement of this Agreement shall be governed by the laws of the State of Texas and this Agreement is performable in Hidalgo County, Texas.

4.4 Any notices required by this Agreement shall be deemed made on the day personally delivered in writing or mailed by certified mail, postage prepaid, to the other party at the address set forth below or to such other persons and address as either party may designate in writing:

If to City: *City of Weslaco*
 Attn: Mayor
 255 S. Kansas
 Weslaco, Texas 78596

If to Hospital: *Knapp Medical Center*
 Attn: Administrator
 1401 E. 8th St.
 Weslaco, Texas 78596

4.5 The invalidity or unenforceability of any provisions of this Agreement will not affect the validity or enforceability of any other provision.

4.6 The defined terms used herein are for convenience only and do not limit the contents of this Agreement.

4.7 All pronouns and all variations thereof shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identify of the person or persons or entity may require.

4.8 The execution and performance of this Agreement by Hospital and City have been duly authorized by all necessary laws, resolutions or Corporate action, and this Agreement constitutes the valid and enforceable obligations of City and Hospital in accordance with its terms.

EXECUTED as of the day and year first written above.

CITY:

CITY OF WESLACO

By: _____
Signature

Name: _____

Title: _____

ATTEST:

HOSPITAL:

Knapp Medical Center

By: _____
Signature

Name: Rene J Lopez

Title: CEO 2/29/2017



Standardized Agenda Request Form

Date of Meeting: March 21, 2017		Agenda Item No. (to be assigned by CSO): 2017-886
From:		
Subject: Approval of the affiliation agreement between the Weslaco Fire Department and the Hidalgo County EMS Ambulance Service for Clinical Training Program for the Weslaco Fire Department Higher Education Program and authorize the Mayor to execute any related documents. (Staffed by the Fire Department.)		
Background: Affiliation agreement between the Weslaco Fire Department and the Hidalgo County EMS Ambulance Service for Clinical Training Program for the Weslaco Fire Department Higher Education Program.		
Funding Source (budget code, if applicable):		
Amount:	Term of Impact:	Identified in Current Budget:
Additional Action Prompted: Mayor's Signature		
If item previously considered, provide date and action by Commission:		
If item requires Publication Notice, provide date and periodical of publication; indicate if comments received from letters mailed to property owners:		
Advisory Review, if any (name of board/committee, date of action, recommendation):		
Antonio Lopez	Created/Initiated	
Antonio Lopez	Approved	
Mike Perez	Final Approval	
City Manager Comments:		
Staff Recommendation: recommend approve		
Attachments, if any: Affiliation agreement for Clinical training		
Responsibilities upon Approval:		

**WESLACO FIRE DEPARTMENT EMS
AFFILIATION AGREEMENT FOR EMS PERSONNEL**

THIS Agreement is made this 15th day of February, 2017, by
and between the **CITY OF WESLACO FIRE DEPARTMENT EMS**, hereinafter
referred to as “*City*” and **HIDALGO COUNTY EMS**,
hereafter referred to as the “*Ambulance Service*”.

WHEREAS, the City operates an Emergency Medical Service (“EMS”) training
program; and desires to have personnel of its EMS Program participate
in a clinical training program for Ambulance Rotations at the Ambulance Services
facility; and

WHEREAS, Ambulance Service and City recognize the need for well-trained and
experienced EMS personnel and believe that the clinical training program will be of great
benefit and service to City and the Rio Grande Valley area; and

WHEREAS, the clinical training program will provide EMS personnel a wide
range of experience and training necessary to provide quality emergency medical care.

NOW, THEREFORE, the parties hereto agree as follows:

1. Joint Responsibilities.

- (a) All parties will cooperate to provide EMT students with a proper learning opportunity.
- (b) All parties will agree on the number of EMT students receiving their clinical training at the Ambulance Service, with consideration given to the number of EMT students, the opportunities for training and experience at Ambulance Service and the quality of care afforded to their patients.

2. Responsibilities of the Ambulance Service.

- (a) The EMT students will abide by the policies of the Ambulance Service while using its facilities. Policies will be provided in writing to the EMT Program Director.

Weslaco Fire/EMS Department
Affiliation Agreement

- (b) The Ambulance Service will continually instruct and emphasize to the EMT student the importance of respecting the confidential nature of all information, which may come to them with respect to patients and hospital records.
- (c) Ambulance Service agrees to defend, indemnify and hold harmless City, its officers, agents, trustees and employees, and any other person, firm or corporation bound to defend or pay judgments against said party from and against any and all claims, demands, or causes of action including claims for attorney's fees and contribution or indemnity, which arise due to negligence on the part of its agents, servants, or employees, including, but not limited to EMT students, in the performance of any of its obligations under this Agreement.
- (d) Ambulance Service Director or designees will evaluate and counsel EMT students with regard to performance.
- (e) The EMT Program Director or designee is responsible for direct supervision of the EMS personnel.
- (f) EMS personnel will provide their own uniforms.
- (g) The EMT Program Director or Designee will assume responsibility for administrative functions related to EMS personnel attendance and evaluation.
- (h) The EMT student will be subject to all rules and regulations pertaining to regular employees of the City, which rules and regulations will be provided in writing to the Ambulance Service and the EMT students.
- (i) Ambulance Service will inform its EMT Students that they are not considered employees of Ambulance Service and that they are not authorized to represent themselves as an employee.
- (j) The Ambulance Service agrees to inform its EMT Student that they are not subject to coverage by Ambulance Service Workmen's Compensation Program.
- (k) The EMS Director will supply Ambulance Service, at least 48 hours in advance, with a schedule of the EMS students who wish to participate in the program and the times they will be present at the Ambulance Service.

3. Responsibilities of the City.

- (a) The City agrees to assist the program by providing through its supervisory personnel assistance with task sheets, attendance, and evaluation sheets, at intervals to be agreed upon.
- (b) The City will assume full responsibility for patient care.
- (c) The City reserves the right, in its absolute discretion, to refuse its facilities and services to any EMT Student who do not meet the professional standards proposed by the City.
- (d) The City will assume the cost of any and all equipment, which is broken or damaged by EMS personnel during the course of its normal use, but not otherwise.
- (e) City agrees to defend, indemnify and hold harmless Ambulance Service, its officers, agents, elected officials and employees, and any other person, firm or corporation bound to defend or pay judgments against said party form and against any and all claims, demands or causes of action including claims of attorney's fees and contribution or indemnity which arise due to negligence on the part of its agents, servants, or employees in the performance of any of its obligations under this Agreement.
- (f) City will designate a person or persons with whom all EMS personnel are to report upon arrival for and departure form the training program.

4. Miscellaneous.

4.1 This Agreement may be modified at any time upon the written requests of either party with the consent of the other party.

4.2 This Agreement is to remain in effect unless evaluated and reviewed by both parties and revisions are made as they are deemed necessary.

4.3 The interpretation and enforcement of this Agreement shall be governed by the laws of the State of Texas and this Agreement is performable in Hidalgo County, Texas.

4.4 Any notices or payments permitted or required by this Agreement shall be deemed made on the day personally delivered in writing or mailed by certified mail, postage prepaid, to the other party at the address set forth below or to such other persons and address as either party may designate in writing:

If to City: *City of Weslaco
Attn: Mayor
255 S. Kansas
Weslaco, Texas 78596*

If to Ambulance Service: *Hidalgo County EMS
Attn: Administrator
1415 W. Owassa Rd.
Pharr, Texas 78577*

4.5 The invalidity or unenforceability of any provisions of this Agreement will not affect the validity or enforceability of any other provision.

4.6 The defined terms used herein are for convenience only and do not limit the contents of this Agreement.

Weslaco Fire/EMS Department
Affiliation Agreement

- 4.7 All pronouns and all variations there-of shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identify of the person or persons or entity may require.
- 4.8 The execution and performance of this Agreement by City and Ambulance Service have been duly authorized by all necessary laws, resolutions or corporate action, and this Agreement constitutes the valid and enforceable obligations of City and Ambulance Service in accordance with its terms.

EXECUTED as of the day and year first written above.

CITY:

CITY OF WESLACO

By: _____
Signature

Name: _____

Title: _____

AMBULANCE SERVICE:

HIDALGO COUNTY EMS

By: _____
Signature

Name: _____

Title: _____



Standardized Agenda Request Form

Date of Meeting: March 21, 2017		Agenda Item No. (to be assigned by CSO): 2017-853	
From:			
Subject: Discussion and consideration to approve Resolutions 2017-21, 2017-22, 2017-23, 2017-24, and 2017-25 appointing citizen members to the Weslaco Recycling Committee Task Force and authorize the Mayor to execute any related documents. Possible action. (There was no action on March 7, 2017; staffed by Public Works.)			
Background: During the regular meeting on February 21, the City Commission directed staff to prepare a resolution establishing a recycling task force, to be comprised of three Commissioners, one representative of Public Works Department, one representative of Republic Services, and five citizens. As it is intended to serve ad hoc, the resolution proposes the work of this Committee shall be limited to one year from establishment.			
Funding Source (budget code, if applicable):			
Amount:	Term of Impact:	Identified in Current Budget:	
Additional Action Prompted: Mayor's Signature Resolution			
If item previously considered, provide date and action by Commission:			
If item requires Publication Notice, provide date and periodical of publication; indicate if comments received from letters mailed to property owners: N/A			
Advisory Review, if any (name of board/committee, date of action, recommendation): N/A			
Aida Vega Pete Garcia Mike Perez		Created/Initiated Approved Final Approval	
City Manager Comments:			
Staff Recommendation: Note as this is a newly created committee; solicitation of citizen interest was posted on the city's website			
Attachments, if any: 16 Board Appt., Weslaco Recycling Task Force applicants , Resolution 2017-21 member appointment, Resolution 2017-22 member appointment, Resolution 2017-23 member appointment, Resolution 2017-24 member appointment, Resolution 2017-25 member appointment			

Responsibilities upon Approval:
Notify appointee, if any at this time.

City of Weslaco Boards and Committees
Prepared by Office of the City Secretary, Updated August 2016

	Member Qualifications										Defined Duties							
	character	citizenship	residency	age	public officer	taxpayer/property owner	qualified voter	management experience	subject interest	no litigation	# members	# quorum	term length (st = staggered)	term limits	meeting schedule	designated final authority	governing statutes	appointing authority
Adjustments & Appeals to Zoning Ordinance						X					5	4	2yr				Sec 150-19	CC
Adjustments & Appeals to Building Codes											7	4	4yr		reg interval min. 3 mths	X	Art IX Sec 280-283	CC
Ambulance Advisory Board											7	4	2yr		3/year		Art I, Sec 14-1	CC
Animal Shelter Advisory Committee		X									5*						Ord 2012-02	CC
Civil Service Commission	X	X	>3yr	>25	>3yr					X	3	2	st3yr	3*	72hr notice		Ch 143	appt by CM, confirm by CC
Economic Development Corporation	X	X	X					X			7	4		2*	monthly		Bylaws, Art of Inc	7 at large; confirm by CC
Hotel Occupancy Tax Advisory Committee											7	3	3yr		2/year		Ord 2015-09	CC
Housing Authority Board					no						5	5	2yr	2			LGC Sec 392.033	appt by Mayor
Library Board											5	5	2yr				Art II Sec 78.21-28	CC
Parks & Recreation Advisory Board											7	7	3yr				Art IV Sec 98	CC
Planning & Zoning Commission		X	X			X	X				7	3	3yr				Art III Sec 2.98-103	CC
Public Facilities & Transportation Improvements Naming Committee		X	X								7		st3yr				Ord 2011-16	CC
																	Art 1528j, Vernons	
Weslaco Health Facilities Development Corporation											3+		6 yrs				TX Civil Statue	CC
Weslaco Mid-Valley Airport Committee											7		st3yr				Art II Sec 6-33	CC
Weslaco 100		X	X								16		3yrs				R2013-52	CC



Application for Service

City of Weslaco Boards and Committees

Name of Applicant:		Telephone Number:	
E-Mail Address:		Alternate Phone Number (work/cell):	
Home Address:		☐ Inside City Limits ☐ Outside City Limits	
City:	State:	Zip Code:	
How many years have you lived at this residence?		Do you own this house? ☐ Yes or ☐ No	
Preference for consideration, naming committees on which you desire to serve: 1.) 2.) 3.)			
List of Civic Involvement and Business Experience:			
Have you been bonded or eligible to obtain one? ☐ Yes or ☐ No		Are you currently suing or being sued by the City of Weslaco or any of its entities? ☐ Yes or ☐ No	
Are you related to any member of the Commission? ☐ Yes or ☐ No		If so, who and how?	
Have you previously served on a City board? ☐ Yes or ☐ No		If so, which and when?	
Have you ever been elected to public office? ☐ Yes or ☐ No		If so, which and when?	
Do you consent to release this info to the public? ☐ Yes or ☐ No		Are you age 25 or older? ☐ Yes or ☐ No	
The statements I have made on this Application for Service are truthful and I am not disqualified to serve due to nepotism, City of Weslaco Charter or Ordinances or State of Texas laws.		Timestamp of Receipt:	
Applicant's Signature:			
Optional Demographic Information: Self Identification			
Gender:			
Age:			
Race:			
Religion:			
Citizenship:			

RESOLUTION NO. 2014-62

STATE OF TEXAS § RESOLUTION ESTABLISHING A SCREENING,
 APPOINTMENT, CONFIRMATION AND
COUNTY OF § ATTENDANCE POLICY FOR SERVICE ON
HIDALGO CITY OF WESLACO BOARDS, COMMISSIONS,
 § AUTHORITIES AND COMMITTEES
CITY OF WESLACO

WHEREAS, The City of Weslaco has Standing Committees, Boards, Authorities and Commissions (hereafter called “Boards”) that assist and recommend to the Weslaco City Commission programs and projects that benefit the citizens of Weslaco; and

WHEREAS, The Weslaco City Commission (hereafter called “Commission”) also periodically creates *Ad Hoc* Boards to assist the City of Weslaco in addressing unexpected issues, projects or concerns; and

WHEREAS, The Commission desires the best qualified individuals on these Boards to represent a diverse cross section of the citizens of Weslaco.

NOW THEREFORE BE IT RESOLVED THAT The Weslaco City Commission hereby adopts the following Policy for the screening, appointment and confirmation of individuals to serve on the various Boards.

A. Screening

Interested individuals shall submit to the City Secretary a Board application which will contain: 1) contact and demographic data; and 2) educational, professional, civic and other relevant credentials. This application will be kept on file until the end of the fiscal year in which it was submitted, ending on September 30.

Individuals shall confirm receipt the City’s diversity, affirmative action, nepotism, ethics policies; the Board’s mission, duties and responsibilities as established by Ordinance or other order; and other relevant documents. Individuals must agree to abide by Weslaco City Charter and applicable Ordinances, and state and federal laws.

B. Appointment

The City Manager may recommend the best qualified individuals to the City Commission. The Commission will attempt to appoint the best qualified individuals that will fairly represent the demographic characteristics of Weslaco.

To ensure greater public participation, individuals shall not serve concurrently on more than one Board, unless the Commission makes an exemption.

The Commission shall make fair and deliberative appointments that comply with the Weslaco City Charter and applicable Ordinances, and state and federal laws.

C. Confirmation

Prior to appointment by the Commission, individuals should confirm that they remain interested in serving on a particular Board by either: 1) attending the Commission meeting which has the item on the Commission's Agenda; or 2) submitting a written statement of interest to the Mayor.

D. Attendance

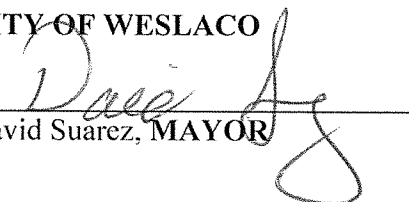
Three absences, not limited to consecutive, from any board or committee as appointed is established as just cause for removal and replacement by the Commission.

E. Qualification

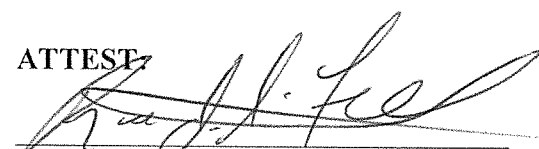
Individuals that have pending litigation against the City of Weslaco or any of its entities shall not be eligible for an appointment to City of Weslaco Committees, Boards, Authorities and Commissions.

PASSED AND APPROVED on this 2nd day of December, 2014.

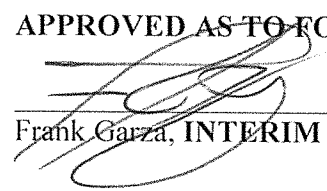
CITY OF WESLACO


David Suarez, MAYOR

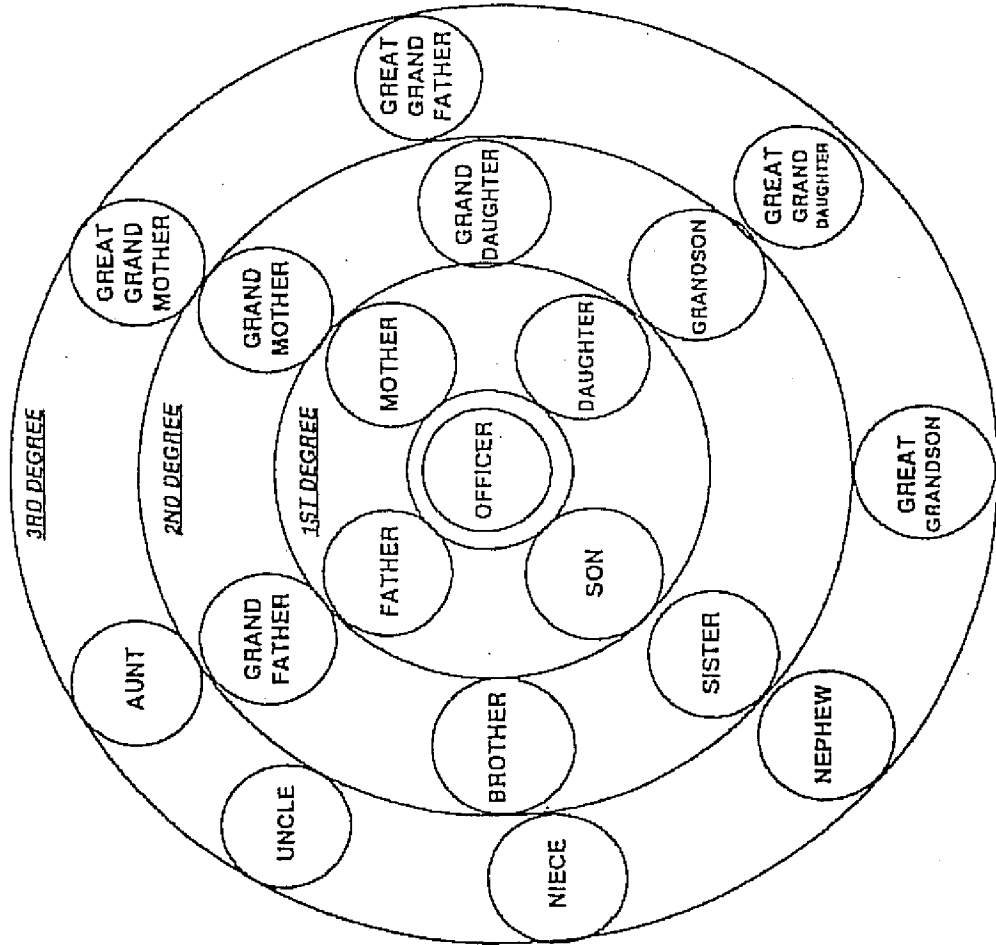
ATTEST

 wcc 12/2/14
Rebekah de la Fuente, INTERIM CITY SECRETARY

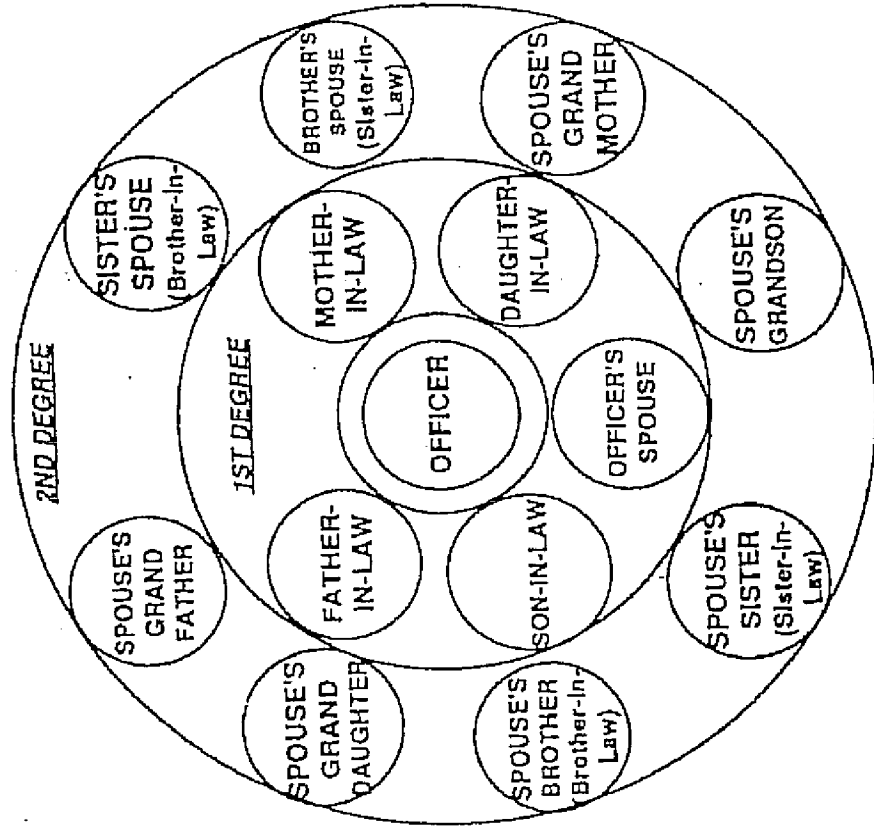
APPROVED AS TO FORM:


Frank Garza, INTERIM CITY ATTORNEY

TEXAS NEPOTISM 1992



Consanguinity Kinship Chart
(Blood)



Affinity Kinship Chart
(Marriage)

Applicants - WESLACO RECYCLING TASK FORCE

First	Last	Address	Contact#	Date received
Edward	Mejia	721 E. Los Torritos	956.463.5039	3/6/2017
Manuel	Ramos	504 W. Loop 19th St.	956.463.3259	3/13/2017
Gail	Weigel Ortiz	Withheld by requestor	Withheld by requestor	3/15/2017
Ignacio H.	Cavazos	Withheld by requestor	Withheld by requestor	3/15/2017

RESOLUTION NO. 2017-21

**A RESOLUTION OF THE CITY OF WESLACO APPOINTING MEMBERS TO
THE WESLACO RECYCLING TASK FORCE COMMITTEE**

WHEREAS, This Commission finds merit in establishing an ad hoc citizen's committee to solicit suggestions and recommendations and encourage participation toward the planning and facilitating of programs and activities; and

WHEREAS, After public meetings, all recommendations are required to be submitted to the Weslaco City Commission for approval; and

WHEREAS, The Committee shall concurrently consider challenges and opportunities to promote awareness to reduce, reuse, recycle and encourage participation toward the common goal of a positive public image for the Weslaco Recycling Center; and

WHEREAS, as it is intended to serve ad hoc, the work of this Committee shall be limited to one year from establishment; and

WHEREAS, there shall be ten (10) members in the Weslaco Recycling Committee Task Force who shall be appointed by the Weslaco City Commission and shall be comprised of three Commissioners, one representative of the Public Works Department, one representative of Republic Services, and five citizens; and

WHEREAS, members shall serve without compensation and may be eligible for reappointment.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF WESLACO, TEXAS THAT a Weslaco Recycling Committee Task Force is hereby created.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF WESLACO, TEXAS THAT _____ is appointed to serve on the Committee and the term will begin on _____, 20____, and will expire on _____, 20____.

PASSED AND APPROVED on this 21st day of March, 2017.

CITY OF WESLACO

David Suarez, **MAYOR**

ATTEST:

Elizabeth M. Walker, **CITY SECRETARY**

APPROVED AS TO FORM:

Juan E. Gonzalez, **CITY ATTORNEY**

RESOLUTION NO. 2017-22

**A RESOLUTION OF THE CITY OF WESLACO APPOINTING MEMBERS TO
THE WESLACO RECYCLING TASK FORCE COMMITTEE**

WHEREAS, This Commission finds merit in establishing an ad hoc citizen's committee to solicit suggestions and recommendations and encourage participation toward the planning and facilitating of programs and activities; and

WHEREAS, After public meetings, all recommendations are required to be submitted to the Weslaco City Commission for approval; and

WHEREAS, The Committee shall concurrently consider challenges and opportunities to promote awareness to reduce, reuse, recycle and encourage participation toward the common goal of a positive public image for the Weslaco Recycling Center.

WHEREAS, as it is intended to serve ad hoc, the work of this Committee shall be limited to one year from establishment; and

WHEREAS, there shall be ten (10) members in the Weslaco Recycling Committee Task Force who shall be appointed by the Weslaco City Commission and shall be comprised of three Commissioners, one representative of the Public Works Department, one representative of Republic Services, and five citizens; and

WHEREAS, the members shall serve without compensation

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF WESLACO, TEXAS THAT _____ is appointed to serve on the Committee and the term will begin on _____, 20____, and will expire on _____, 20____.

PASSED AND APPROVED on this 21st day of March, 2017.

CITY OF WESLACO

David Suarez, **MAYOR**

ATTEST:

Elizabeth M. Walker, **CITY SECRETARY**

APPROVED AS TO FORM:

Juan E. Gonzalez, **CITY ATTORNEY**

RESOLUTION NO. 2017-23

**A RESOLUTION OF THE CITY OF WESLACO APPOINTING MEMBERS TO
THE WESLACO RECYCLING TASK FORCE COMMITTEE**

WHEREAS, This Commission finds merit in establishing an ad hoc citizen's committee to solicit suggestions and recommendations and encourage participation toward the planning and facilitating of programs and activities; and

WHEREAS, After public meetings, all recommendations are required to be submitted to the Weslaco City Commission for approval; and

WHEREAS, The Committee shall concurrently consider challenges and opportunities to promote awareness to reduce, reuse, recycle and encourage participation toward the common goal of a positive public image for the Weslaco Recycling Center.

WHEREAS, as it is intended to serve ad hoc, the work of this Committee shall be limited to one year from establishment; and

WHEREAS, there shall be ten (10) members in the Weslaco Recycling Committee Task Force who shall be appointed by the Weslaco City Commission and shall be comprised of three Commissioners, one representative of the Public Works Department, one representative of Republic Services, and five citizens; and

WHEREAS, the members shall serve without compensation

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF WESLACO, TEXAS THAT _____ is appointed to serve on the Committee and the term will begin on _____, 20____, and will expire on _____, 20____.

PASSED AND APPROVED on this 7th day of March, 2017.

CITY OF WESLACO

David Suarez, **MAYOR**

ATTEST:

Elizabeth M. Walker, **CITY SECRETARY**

APPROVED AS TO FORM:

Juan E. Gonzalez, **CITY ATTORNEY**

RESOLUTION NO. 2017-24

**A RESOLUTION OF THE CITY OF WESLACO APPOINTING MEMBERS TO
THE WESLACO RECYCLING TASK FORCE COMMITTEE**

WHEREAS, This Commission finds merit in establishing an ad hoc citizen's committee to solicit suggestions and recommendations and encourage participation toward the planning and facilitating of programs and activities; and

WHEREAS, After public meetings, all recommendations are required to be submitted to the Weslaco City Commission for approval; and

WHEREAS, The Committee shall concurrently consider challenges and opportunities to promote awareness to reduce, reuse, recycle and encourage participation toward the common goal of a positive public image for the Weslaco Recycling Center.

WHEREAS, as it is intended to serve ad hoc, the work of this Committee shall be limited to one year from establishment; and

WHEREAS, as it is intended to serve ad hoc, the work of this Committee shall be limited to one year from establishment; and

WHEREAS, there shall be ten (10) members in the Weslaco Recycling Committee Task Force who shall be appointed by the Weslaco City Commission and shall be comprised of three Commissioners, one representative of the Public Works Department, one representative of Republic Services, and five citizens; and

WHEREAS, the members shall serve without compensation

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF WESLACO, TEXAS THAT _____ is appointed to serve on the Committee and the term will begin on _____, 20____, and will expire on _____, 20____.

PASSED AND APPROVED on this 21st day of March, 2017.

CITY OF WESLACO

David Suarez, **MAYOR**

ATTEST:

Elizabeth M. Walker, **CITY SECRETARY**

APPROVED AS TO FORM:

Juan E. Gonzalez, **CITY ATTORNEY**

RESOLUTION NO. 2017-25

**A RESOLUTION OF THE CITY OF WESLACO APPOINTING MEMBERS TO
THE WESLACO RECYCLING TASK FORCE COMMITTEE**

WHEREAS, This Commission finds merit in establishing an ad hoc citizen's committee to solicit suggestions and recommendations and encourage participation toward the planning and facilitating of programs and activities; and

WHEREAS, After public meetings, all recommendations are required to be submitted to the Weslaco City Commission for approval; and

WHEREAS, The Committee shall concurrently consider challenges and opportunities to promote awareness to reduce, reuse, recycle and encourage participation toward the common goal of a positive public image for the Weslaco Recycling Center.

WHEREAS, as it is intended to serve ad hoc, the work of this Committee shall be limited to one year from establishment; and

WHEREAS, there shall be ten (10) members in the Weslaco Recycling Committee Task Force who shall be appointed by the Weslaco City Commission and shall be comprised of three Commissioners, one representative of the Public Works Department, one representative of Republic Services, and five citizens; and

WHEREAS, the members shall serve without compensation

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF WESLACO, TEXAS THAT _____ is appointed to serve on the Committee and the term will begin on _____, 20____, and will expire on _____, 20____.

PASSED AND APPROVED on this 21st day of March, 2017.

CITY OF WESLACO

David Suarez, **MAYOR**

ATTEST:

Elizabeth M. Walker, **CITY SECRETARY**

APPROVED AS TO FORM:

Juan E. Gonzalez, **CITY ATTORNEY**



Standardized Agenda Request Form

Date of Meeting: March 21, 2017		Agenda Item No. (to be assigned by CSO): 2017-876
From:		
Subject: Discussion and consideration to approve Resolutions 2017-28, 2017-29 , 2017-30, 2017-31 and 2017-32 appointing members to unexpired and expired terms to the Weslaco Hotel Occupancy Tax Advisory Committee and authorize the Mayor to execute any related documents. Possible action. (Staffed by Finance Department.)		
Background: The terms of James Simmons, Nancy Sanchez, and Sergio Lozano are set to expire April 7; all have expressed a desire to continue to serve. Additionally, Roy Tijerina and Joe Garza resigned from the same board; their resignations were previously accepted by the Commission but it may be timely to appoint their replacements to a term with a year remaining.		
Funding Source (budget code, if applicable):		
Amount:	Term of Impact:	Identified in Current Budget:
Additional Action Prompted: Mayor's Signature Resolution		
If item previously considered, provide date and action by Commission:		
If item requires Publication Notice, provide date and periodical of publication; indicate if comments received from letters mailed to property owners:		
Advisory Review, if any (name of board/committee, date of action, recommendation):		
Aida Vega Mary Barrera Mike Perez	Created/Initiated Approved Final Approval	
City Manager Comments:		
Staff Recommendation: Reappoint James Simmons, Nancy Sanchez, and Sergio Lozano; may appoint two new members to unexpired terms.		
Attachments, if any: 16 Board Appt., WHOTAC member roster, Resolution 2017-28, Resolution 2017-29, Resolution 2017-30, Resolution 2017-31, Resolution 2017-32		
Responsibilities upon Approval: Advise appointees.		

City of Weslaco Boards and Committees
Prepared by Office of the City Secretary, Updated August 2016

	Member Qualifications										Defined Duties							
	character	citizenship	residency	age	public officer	taxpayer/property owner	qualified voter	management experience	subject interest	no litigation	# members	# quorum	term length (st = staggered)	term limits	meeting schedule	designated final authority	governing statutes	appointing authority
Adjustments & Appeals to Zoning Ordinance						X					5	4	2yr		reg interval	X	Sec 150-19	CC
Adjustments & Appeals to Building Codes											7	4	4yr		min. 3 mths		Art IX Sec 280-283	CC
Ambulance Advisory Board											7	4	2yr		3/year		Art I, Sec 14-1	CC
Animal Shelter Advisory Committee		X									5*						Ord 2012-02	CC
Civil Service Commission	X	X	>3yr	>25	>3yr					X	3	2	st3yr	3*	72hr notice		Ch 143	appt by CM, confirm by CC
Economic Development Corporation	X	X	X					X			7	4		2*	monthly		Bylaws, Art of Inc	7 at large; confirm by CC
Hotel Occupancy Tax Advisory Committee											7	3	3yr		2/year		Ord 2015-09	CC
Housing Authority Board					no						5	5	2yr	2			LGC Sec 392.033	appt by Mayor
Library Board											5	5	2yr				Art II Sec 78.21-28	CC
Parks & Recreation Advisory Board											7	7	3yr				Art IV Sec 98	CC
Planning & Zoning Commission		X	X			X	X				7	3	3yr				Art III Sec 2.98-103	CC
Public Facilities & Transportation Improvements Naming Committee		X	X								7		st3yr				Ord 2011-16	CC
																	Art 1528j, Vernons	
Weslaco Health Facilities Development Corporation											3+		6 yrs				TX Civil Statue	CC
Weslaco Mid-Valley Airport Committee											7		st3yr				Art II Sec 6-33	CC
Weslaco 100		X	X								16		3yrs				R2013-52	CC



Application for Service

City of Weslaco Boards and Committees

Name of Applicant:		Telephone Number:	
E-Mail Address:		Alternate Phone Number (work/cell):	
Home Address:		☐ Inside City Limits ☐ Outside City Limits	
City:	State:	Zip Code:	
How many years have you lived at this residence?		Do you own this house? ☐ Yes or ☐ No	
Preference for consideration, naming committees on which you desire to serve: 1.) 2.) 3.)			
List of Civic Involvement and Business Experience:			
Have you been bonded or eligible to obtain one? ☐ Yes or ☐ No		Are you currently suing or being sued by the City of Weslaco or any of its entities? ☐ Yes or ☐ No	
Are you related to any member of the Commission? ☐ Yes or ☐ No		If so, who and how?	
Have you previously served on a City board? ☐ Yes or ☐ No		If so, which and when?	
Have you ever been elected to public office? ☐ Yes or ☐ No		If so, which and when?	
Do you consent to release this info to the public? ☐ Yes or ☐ No		Are you age 25 or older? ☐ Yes or ☐ No	
The statements I have made on this Application for Service are truthful and I am not disqualified to serve due to nepotism, City of Weslaco Charter or Ordinances or State of Texas laws.		Timestamp of Receipt:	
Applicant's Signature:			
Optional Demographic Information: Self Identification			
Gender:			
Age:			
Race:			
Religion:			
Citizenship:			

RESOLUTION NO. 2014-62

STATE OF TEXAS § RESOLUTION ESTABLISHING A SCREENING,
COUNTY OF § APPOINTMENT, CONFIRMATION AND
HIDALGO § ATTENDANCE POLICY FOR SERVICE ON
CITY OF WESLACO § CITY OF WESLACO BOARDS, COMMISSIONS,
 § AUTHORITIES AND COMMITTEES

WHEREAS, The City of Weslaco has Standing Committees, Boards, Authorities and Commissions (hereafter called “Boards”) that assist and recommend to the Weslaco City Commission programs and projects that benefit the citizens of Weslaco; and

WHEREAS, The Weslaco City Commission (hereafter called “Commission”) also periodically creates *Ad Hoc* Boards to assist the City of Weslaco in addressing unexpected issues, projects or concerns; and

WHEREAS, The Commission desires the best qualified individuals on these Boards to represent a diverse cross section of the citizens of Weslaco.

NOW THEREFORE BE IT RESOLVED THAT The Weslaco City Commission hereby adopts the following Policy for the screening, appointment and confirmation of individuals to serve on the various Boards.

A. Screening

Interested individuals shall submit to the City Secretary a Board application which will contain: 1) contact and demographic data; and 2) educational, professional, civic and other relevant credentials. This application will be kept on file until the end of the fiscal year in which it was submitted, ending on September 30.

Individuals shall confirm receipt the City’s diversity, affirmative action, nepotism, ethics policies; the Board’s mission, duties and responsibilities as established by Ordinance or other order; and other relevant documents. Individuals must agree to abide by Weslaco City Charter and applicable Ordinances, and state and federal laws.

B. Appointment

The City Manager may recommend the best qualified individuals to the City Commission. The Commission will attempt to appoint the best qualified individuals that will fairly represent the demographic characteristics of Weslaco.

To ensure greater public participation, individuals shall not serve concurrently on more than one Board, unless the Commission makes an exemption.

The Commission shall make fair and deliberative appointments that comply with the Weslaco City Charter and applicable Ordinances, and state and federal laws.

C. Confirmation

Prior to appointment by the Commission, individuals should confirm that they remain interested in serving on a particular Board by either: 1) attending the Commission meeting which has the item on the Commission's Agenda; or 2) submitting a written statement of interest to the Mayor.

D. Attendance

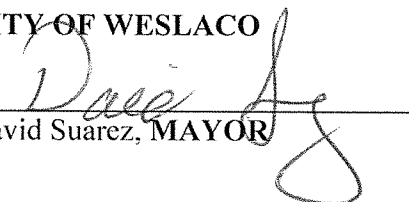
Three absences, not limited to consecutive, from any board or committee as appointed is established as just cause for removal and replacement by the Commission.

E. Qualification

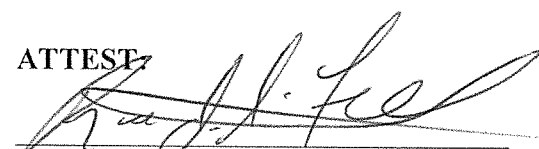
Individuals that have pending litigation against the City of Weslaco or any of its entities shall not be eligible for an appointment to City of Weslaco Committees, Boards, Authorities and Commissions.

PASSED AND APPROVED on this 2nd day of December, 2014.

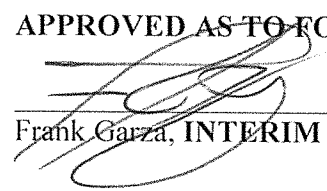
CITY OF WESLACO


David Suarez, MAYOR

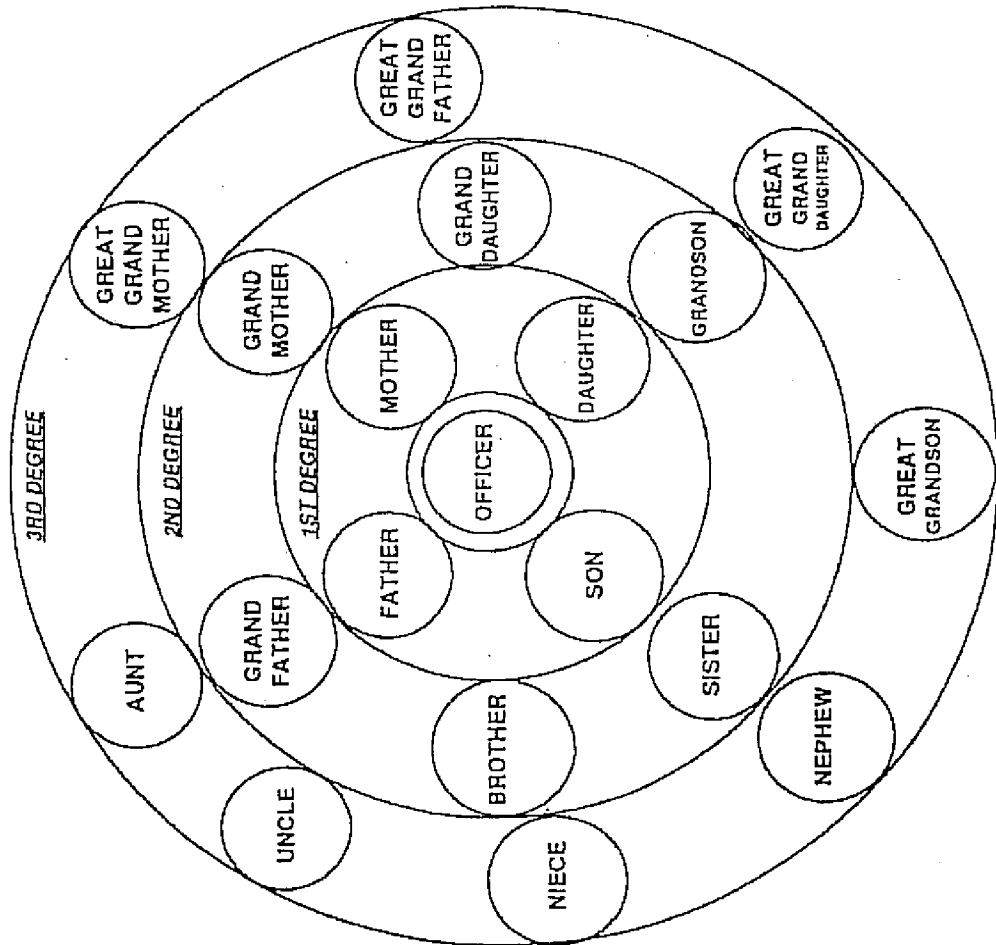
ATTEST

 wcc 12/2/14
Rebekah de la Fuente, INTERIM CITY SECRETARY

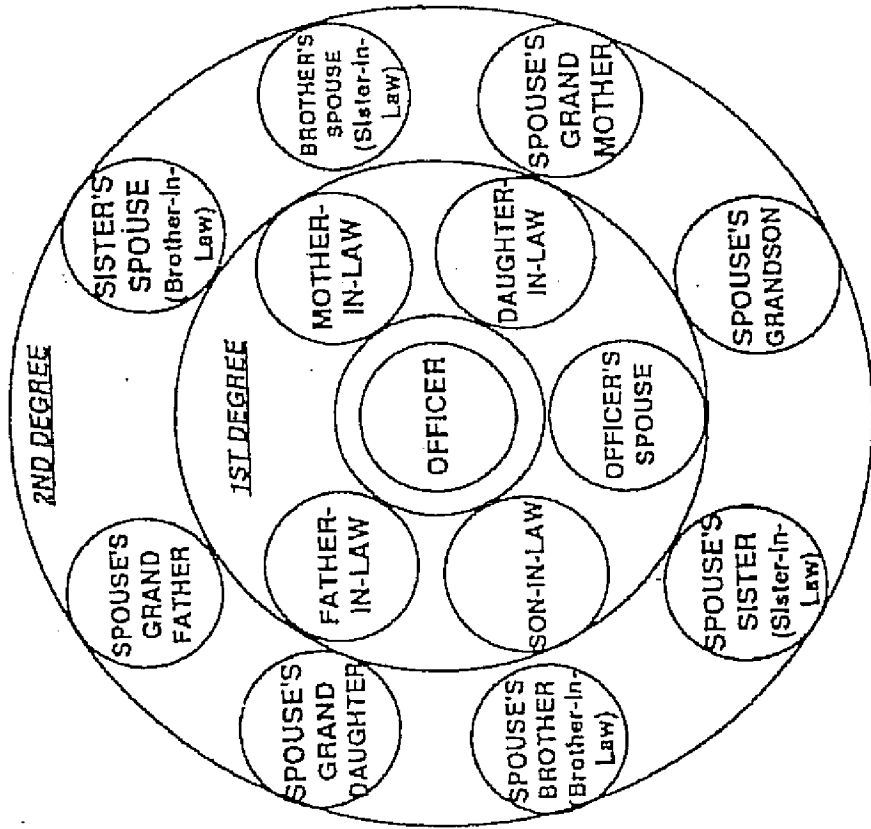
APPROVED AS TO FORM:


Frank Garza, INTERIM CITY ATTORNEY

TEXAS NEPOTISM 1992



Consanguinity Kinship Chart
(Blood)



Affinity Kinship Chart
(Marriage)

HOTEL OCCUPANCY TAX ADVISORY COMMITTEE

FIRST NAME	LAST NAME	TERM EXPIRES
Rafael	Caballero Jr.	4/7/2018
James	Simmons	4/7/2017
Nancy	Sanchez	4/7/2017
*Joe	Garza	4/7/2018
*Roy	Tijerina	4/7/2018
Sergio	Lozano	4/7/2017
Ruben	Villanueva	4/7/2018

*resigned

As of this date, no new applications on file

As of 31617 mv

RESOLUTION NO. 2017-28

**A RESOLUTION OF THE CITY OF WESLACO APPOINTING
ONE MEMBER TO THE HOTEL OCCUPANCY TAX ADVISORY
COMMITTEE**

WHEREAS, the City of Weslaco has established the Hotel Occupancy Tax Advisory Committee pursuant to Ordinance 2015-09; and

WHEREAS, the term of one member on the Hotel Occupancy Tax Advisory Committee is for three (3) years; and

WHEREAS, The Hotel Occupancy Tax Advisory Committee's board members shall serve staggered terms without compensation; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF WESLACO, TEXAS THAT _____ is appointed to an unexpired term as a member of the Hotel Occupancy Tax Advisory Committee that will expire not later than the _____ day of _____, 20____.

PASSED AND APPROVED on this 21st day of March, 2017.

CITY OF WESLACO

David Suarez, **MAYOR**

ATTEST:

Elizabeth Walker, **CITY SECRETARY**

APPROVED AS TO FORM:

Juan E. Gonzalez **CITY ATTORNEY**

RESOLUTION NO. 2017-29

**A RESOLUTION OF THE CITY OF WESLACO APPOINTING
ONE MEMBER TO THE HOTEL OCCUPANCY TAX ADVISORY
COMMITTEE**

WHEREAS, the City of Weslaco has established the Hotel Occupancy Tax Advisory Committee pursuant to Ordinance 2015-09; and

WHEREAS, the term of one member on the Hotel Occupancy Tax Advisory Committee is for three (3) years; and

WHEREAS, The Hotel Occupancy Tax Advisory Committee's board members shall serve staggered terms without compensation; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF WESLACO, TEXAS THAT _____ is appointed to an unexpired term as a member of the Hotel Occupancy Tax Advisory Committee that will expire not later than the _____ day of _____, 20____.

PASSED AND APPROVED on this 21st day of March, 2017.

CITY OF WESLACO

David Suarez, **MAYOR**

ATTEST:

Elizabeth Walker, **CITY SECRETARY**

APPROVED AS TO FORM:

Juan E. Gonzalez **CITY ATTORNEY**

RESOLUTION NO. 2017-30

**A RESOLUTION OF THE CITY OF WESLACO APPOINTING
ONE MEMBER TO THE HOTEL OCCUPANCY TAX ADVISORY
COMMITTEE**

WHEREAS, the City of Weslaco has established the Hotel Occupancy Tax Advisory Committee pursuant to Ordinance 2015-09; and

WHEREAS, the term of one member on the Hotel Occupancy Tax Advisory Committee is for three (3) years; and

WHEREAS, The Hotel Occupancy Tax Advisory Committee's board members shall serve staggered terms without compensation; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF WESLACO, TEXAS THAT _____ is appointed to a term as a member of the Hotel Occupancy Tax Advisory Committee that will expire not later than the _____ day of _____, 20____.

PASSED AND APPROVED on this 21st day of March, 2017.

CITY OF WESLACO

David Suarez, **MAYOR**

ATTEST:

Elizabeth Walker, **CITY SECRETARY**

APPROVED AS TO FORM:

Juan E. Gonzalez, **CITY ATTORNEY**

RESOLUTION NO. 2017-31

**A RESOLUTION OF THE CITY OF WESLACO APPOINTING
ONE MEMBER TO THE HOTEL OCCUPANCY TAX ADVISORY
COMMITTEE**

WHEREAS, the City of Weslaco has established the Hotel Occupancy Tax Advisory Committee pursuant to Ordinance 2015-09; and

WHEREAS, the term of one member on the Hotel Occupancy Tax Advisory Committee is for three (3) years; and

WHEREAS, The Hotel Occupancy Tax Advisory Committee's board members shall serve staggered terms without compensation; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF WESLACO, TEXAS THAT _____ is appointed to a term as a member of the Hotel Occupancy Tax Advisory Committee that will expire not later than the _____ day of _____, 20____.

PASSED AND APPROVED on this 21st day of March, 2017.

CITY OF WESLACO

David Suarez, **MAYOR**

ATTEST:

Elizabeth Walker, **CITY SECRETARY**

APPROVED AS TO FORM:

Juan E. Gonzalez, **CITY ATTORNEY**

RESOLUTION NO. 2017-32

**A RESOLUTION OF THE CITY OF WESLACO APPOINTING
ONE MEMBER TO THE HOTEL OCCUPANCY TAX ADVISORY
COMMITTEE**

WHEREAS, the City of Weslaco has established the Hotel Occupancy Tax Advisory Committee pursuant to Ordinance 2015-09; and

WHEREAS, the term of one member on the Hotel Occupancy Tax Advisory Committee is for three (3) years; and

WHEREAS, The Hotel Occupancy Tax Advisory Committee's board members shall serve staggered terms without compensation; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF WESLACO, TEXAS THAT _____ is appointed to a term as a member of the Hotel Occupancy Tax Advisory Committee that will expire not later than the _____ day of _____, 20____.

PASSED AND APPROVED on this 21st day of March, 2017.

CITY OF WESLACO

David Suarez, **MAYOR**

ATTEST:

Elizabeth Walker, **CITY SECRETARY**

APPROVED AS TO FORM:

Juan E. Gonzalez, **CITY ATTORNEY**



Standardized Agenda Request Form

Date of Meeting: March 21, 2017		Agenda Item No. (to be assigned by CSO): 2017-820	
From: Mardoqueo Hinojosa			
Subject: Discussion and consideration to adopt Ordinance 2017-10 the 2015 Edition of the International Energy Conservation Code for the regulation and governing of energy efficient building envelopes and installation of energy efficient mechanical, lighting and power systems and providing for the issuance of permits and collection of fees. First Reading of Ordinance 2017-10. Possible action. (This item was tabled on March 7, 2017; Staffed by Planning and Code Enforcement Department.)			
Background: House Bill 1736 (Attached) has mandated the adoption of the latest International Energy Conservation Code. The City is currently operating under the 2012 Edition of the International Building codes and is seeking to adopt, not only the 2015 International Energy Conservation Code, but all the 2015 building related codes, the National Fire Protection Association (NFPA) 101 and 2014 National Electrical Code (State mandated).			
Funding Source (budget code, if applicable):			
Amount:	Term of Impact:	Identified in Current Budget:	
Additional Action Prompted: Mayor's Signature Ordinance - First Reading Ordinance - Final Reading			
If item previously considered, provide date and action by Commission:			
If item requires Publication Notice, provide date and periodical of publication; indicate if comments received from letters mailed to property owners:			
Advisory Review, if any (name of board/committee, date of action, recommendation): Board of Adjustment & Appeals- Building Codes on January 18, 2017 recommends adoption of proposed ordinances effective immediately.			
Aida Vega Mardoqueo Hinojosa Mike Perez		Created/Initiated Approved Final Approval	
City Manager Comments:			
Staff Recommendation: Staff recommends approval with amendments to be discussed at meeting with an			

effective date of 90 days after second reading of ordinance.

Attachments, if any:

House Bill 1736, IBC Changes, Ordinance 2017-10 2015 Edition of the IECC

Responsibilities upon Approval:

Planning & Code Enforcement staff will work with contractors to ensure a smooth transition from the 2012 codes to the 2015 Codes. Training has been set up for March 28 and 29 for code changes at City Hall.

84R8073 JXC-F

By: Villalba

H.B. No. 1736

A BILL TO BE ENTITLED
AN ACT

relating to building energy efficiency performance standards;
establishing the Building Energy Efficiency Advisory Committee.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 388.003(b-1), Health and Safety Code, as added by Chapter 939 (H.B. 3693), Acts of the 80th Legislature, Regular Session, 2007, is amended to read as follows:

(b-1) The [If the] State Energy Conservation Office may adopt and substitute for the energy codes described by Subsection (a) or (b) [determines, based on written recommendations from the laboratory, that the energy efficiency provisions of] the latest published edition [editions] of the International Residential Code energy efficiency provisions or the latest published edition of the International Energy Conservation Code, based on written findings from the laboratory on the stringency of the editions and comments and recommendations from the Building Energy Efficiency Advisory Committee [for residential or commercial energy efficiency and air quality are equivalent to or more stringent than the provisions of editions adopted under Subsection (a) or (b), the office by rule may adopt and substitute in the energy code the equivalent or more stringent editions for of the initial editions described by Subsection (a) or (b)]. The [If the State Energy Conservation Office adopts the latest published editions of the International Residential Code or the International Energy Conservation Code into the energy code, the] office:

(1) may not adopt an edition under this subsection more often than once every six years; and

(2) shall establish by rule an effective date for an adopted edition [the new editions] that is not earlier than nine months after the date of adoption. [The laboratory shall submit recommendations concerning the latest published editions of the International Residential Code or the International Energy Conservation Code not later than six months after publication of new editions.]

SECTION 2. Section 388.003, Health and Safety Code, is amended by amending Subsections (b-3) and (i) and adding Subsection (b-4) to read as follows:

(b-3) ~~The [In developing written recommendations under Subsection (b-1), the] laboratory shall:~~

(1) submit findings on the stringency of the latest published edition of the International Residential Code energy efficiency provisions and of the International Energy Conservation Code to the State Energy Conservation Office not later than six months after publication of a new edition; and

(2) in developing the findings, consider the comments submitted under Subsection (b-2) and the comments and recommendations of the Building Energy Efficiency Advisory Committee on the latest published editions.

(b-4) The State Energy Conservation Office may amend or establish an energy rating index that is used to measure compliance in a voluntary compliance path of an energy code edition before adopting the edition under Subsection (b-1). The office may adopt an energy rating index for each climate zone in this state.

(i) A local amendment adopted under Subsection (d) may not

What's New in the 2015 I-Codes?

Key Changes include:

2015 IBC®

An automatic sprinkler system is required within a building when the roof is used for A-2 assembly occupancy with an occupant load exceeding 100 or for other assembly uses exceeding 300.

Carbon monoxide alarm provisions have been relocated, reformatted and revised. More detailed scoping requirements for recreational facilities are included within the new Section 1110.

A modification allows egress through an elevator lobby when access to at least one exit is available without passing through the lobby.

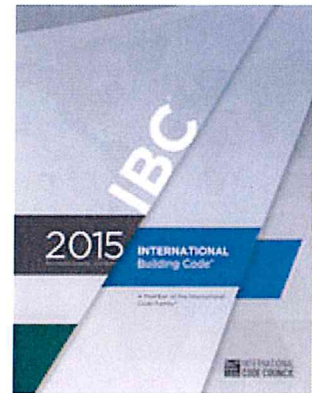
Group E occupancies and emergency responder facilities located in 'tornado alley' are required to have storm shelters. Storm shelters provided for other occupancies and in other areas of the country are voluntary. However, all storm shelter must comply with ICC 500.

A definition for Cross-Laminated Timber (CLT) was added to Chapter 2, and the ANSI/APA PRG 320-2011 product manufacturing standard is referenced in Chapter 23 and added to Chapter 35.

New code sections were added covering rooftop mounted photovoltaic solar panels.

"Vegetative roof" is defined in Section 202 to be consistent with the definition in the IgCC™ and ASTM D1079. A reference to ASTM E 2397 was added for determining soil loads on vegetative roofs.

Chapter 34 on existing buildings has been deleted and a reference to the IEBC replaces the chapter. All provisions previously in Chapter 34 may be found in the IEBC.



2015 IRC®

Common walls separating townhouses must now be rated for 2 hours when an automatic fire sprinkler system is not installed.

Remodeling of an existing basement does not trigger the emergency escape and rescue opening requirements unless a new bedroom is created.

Ramps that do not serve the required egress door are now permitted to have a slope not greater than 1 unit vertical in 8 units horizontal.

Carbon monoxide alarms now require connection to the house wiring system with battery backup. A carbon monoxide alarm is required in bedrooms when there is a fuel-fired appliance in the bedroom or adjoining bathroom.

Revised lumber capacities have changed the span lengths for floor joists, ceiling joists and rafters in the prescriptive tables of the IRC.

New sections and tables provide prescriptive methods for posts, beams, joists and connections in deck construction.

The girder and header span tables of Chapter 5 have been moved into Chapter 6. Multi-ply and single header tables are combined. A new section describing rim board headers is added.

2015 IFC®

Decorative material requirements were revised to be more comprehensive and provide more details for healthcare occupancies.

Section 910 was heavily revised to address overall smoke removal. Mechanical smoke removal requirements have been revised and clarified.

CO alarm requirements have been heavily revised make the installation requirements clearer and relocated by F360-13. Educational occupancies were added as regulated occupancies.

Limited area sprinklers requirements were revised to be more comprehensive.

A new IFC (and IBC) Section 915 replaces and greatly expands upon former Section 908.7 on Carbon Monoxide detection and alarm requirements.

2015 IPC®

Public toilet facilities are not required for occupancies that have limited areas for public access.

Water temperature limiting devices are required for footbaths and head shampoo sinks.

In a replacement water heater installation situation when a nearby drain point is unavailable for the required pan, a code modification allows the pan to be used without a drain line.

Fixtures such as water closets and urinals that utilize nonpotable water must be identified with words and a symbol that nonpotable water is being used. The color purple is established for identifying distribution piping conveying nonpotable water.

The application of a primer to drain, waste and vent PVC pipe and fittings prior to solvent cementing is not required for 4-inch pipe size and smaller.

2015 IMC®

Condensate pumps located in uninhabitable spaces and used with condensing fuel-fired appliances and cooling equipment must be connected to the appliance or equipment to prevent water damage if the pump fails.

The ventilation system for enclosed parking garages must operate continuously or be automatically controlled for intermittent operation utilizing both carbon monoxide and nitrogen dioxide detectors.

New text recognizes the use of dryer exhaust duct power ventilators (DEDPV) for installations that exceed the allowable exhaust duct length for clothes dryers.

New text regulates the design and construction of exhaust shafts that serve domestic kitchen exhaust systems in multi-story buildings.

2015 IFGC®

The section on protection of piping has been completely rewritten.

Line regulators installed in rigid piping must have a union installed to allow removal of the regulator.

Specific installation requirements were added for the safe installation of ANSI Z21.69 connectors for commercial cooking appliances.

New text recognizes the use of dryer exhaust duct power ventilators (DEDPV) for installations that exceed the allowable exhaust duct length for clothes dryers.

2015 IECC®

Climate-appropriate alternative added for buildings located in Tropical Zones.

In the residential provisions, the inclusion of the Energy Rating Index Compliance Alternative as another compliance path adds more flexibility to the IECC.

Separate Chapters dealing with existing buildings were created in both IECC-Commercial and Residential Provisions.

2015 IEBC®

Requirements related to the addition of sleeping units and dwelling units as they relate to the requirements for Accessible units, Type A units and Type B units have been moved to Chapter 11 on Additions.

The different levels of change of occupancy as addressed in Chapter 10 are clarified.

2015 ISPSC™

The term “pool and spa” replaces “aquatic vessel” throughout the code. This change eliminates confusion and deletes an unnecessary definition.

Fall protection guards for springboards that are greater than 5 feet (1.5 meters) above a pool deck are now required. The guards will significantly reduce injuries from falls from high springboards.

Public pools are now required to have signage indicating how to reach emergency services by phone.

ORDINANCE NO. 2017-10

AN ORDINANCE OF THE CITY OF WESLACO ADOPTING THE 2015 EDITION OF THE INTERNATIONAL ENERGY CONSERVATION CODE, REGULATING AND GOVERNING ENERGY EFFICIENT BUILDING ENVELOPES AND INSTALLATION OF ENERGY EFFICIENT MECHANICAL, LIGHTING AND POWER SYSTEMS IN THE CITY OF WESLACO; PROVIDING FOR THE ISSUANCE OF PERMITS AND COLLECTION OF FEES THEREFORE; REPEALING ALL OTHER ORDINANCES AND PARTS OF THE ORDINANCES IN CONFLICT THEREWITH.

BE IT ORDAINED BY THE CITY COUNCIL OF WESLACO as follows:

SECTION 1. That a certain document is on file in the office of the Building Official and the City of Weslaco, being marked and designated as the International Energy Conservation Code, 2015 edition, including Appendix A as published and attached by the International Code Council, Inc., be and is hereby adopted as the Energy Conservation Code of the City of Weslaco, in the State of Texas, for regulating and governing energy efficient building envelopes and installation of energy efficient mechanical, lighting and power systems as herein provided; providing for the issuance of permits and collection of fees therefore; and each and all of the regulations, provisions, penalties, conditions and terms of said Energy Conservation Code, 2015 edition, on file in the office of the Building Official are hereby referred to, adopted, and made a part hereof, as if fully set out in this ordinance, with the additions, insertions, deletions and changes, if any, prescribed in Section 2 of this ordinance.

SECTION 2. The following sections are hereby revised:

§ C101.1 and R101.1 City of Weslaco

§104.5.....Approved inspection agencies. The Building Official is authorized to accept reports of approved inspection agencies, provided such agencies satisfy the requirements as qualifications and reliability.

§104.5.1.....Approved agents. Only those third party inspectors who have been registered with the City and have met the requirements of the Building Official shall be accepted as approved energy conservation code compliance inspectors. A list of third party inspectors that are registered with the City to be third party energy compliance inspectors will be available on the City's Development Services website for public viewing.

§104.5.2..... Requirements for registered third party inspectors.

- a) Insurance - Third party inspectors are required to have five hundred thousand dollars (\$500,000.00) of commercial general liability, with a combined single limit per occurrence provided coverage for property damage and bodily injury.
- b) Registration - All third party inspectors are required to register with the City for participation in the City of Weslaco Energy Conservation Code Compliance Program.
- c) Renewal - All third party inspectors are required to submit an annual renewal and proof of current insurance to Development Services.

§104.8..... Approval. After the prescribed tests and inspections indicate that the work complies in all respects with this *code*, a notice of approval shall be issued by the Building Official.

§104.8.a..... Method of Approval. Test results will be accepted by Development Services via electronic submission.

§104.8.b..... Documentation Requirements for Code Compliance Registration with the City shall contain:

- 1. The name of the company.
- 2. Company address.
- 3. Specific energy improvements offered by company.
- 4. Name of registered technician that will be performing the inspection.
- 5. Type of certification that inspector has acquired. Certified HERS Raters or Rating Field Inspectors by RESNET, Performance Verification Technicians certified by Texas HERO, or other certifications that are approved by the Building Official.
- 6. Certificate of Insurance.

§104.8.c..... Documentation Requirements for Inspection Submission:

- 1. Verification of third party registration.
- 2. Disclosure of inspection results.
- 3. Pass or fail results.

§104.8.d..... Time Frame for Submitting Approved Test Results. Test results by a third party inspector in compliance with Section 104.5.1 shall be filed with Development Services, Building Division, prior to the Certificate of Occupancy being issued.

§104.8.1..... Revocation. The Building Official is authorized to, in writing, suspend or revoke a notice of approval whenever the certificate is issued in error, incorrect information was supplied, or where it is determined that the building, structure, premise, or portion thereof is in violation of any ordinance or regulation or any of the provisions of this *code*.

§108.4.1.....Violations penalties. Any person who violates a provision of this code, fails to complies with an of the requirements thereof, or erects, installs, alters, or repairs work in violation of the approved construction documents, directive of the building official, or a permit or certificate issued under the provisions of this code, shall be guilty of a Class C Misdemeanor punishable by a fine of not more, two thousand dollars (\$2,000). Each day that a violation continues after due notice has been served shall be deemed a separate offense.

§108.4.2.....Stop work orders. Upon notice from the building official that work is being done contrary to the provisions of this code or in a dangerous or unsafe manner, such work shall immediately cease. Such notice shall be in writing and shall be given to the owner of the property, the owner's agent, or the person doing the work. The notice shall state the conditions under which work is authorized to resume. Where an emergency exists, the code official shall not be required to give written notice prior to stopping the work. Any person who shall continue any work on the system after having been served with a stop work order, except such work as that person is directed to perform to remove a violation or unsafe condition, shall be liable for a fine of not less than two thousand dollars (\$2000.00) or more than ten thousand dollars (\$10,000.00).

SECTION 3. Be It Further Ordained by the City of Weslaco Ordinance No. 2013-13 entitled International Energy Conservation Code Ordinance, and all other ordinances in conflict herewith are hereby repealed in that respect only.

SECTION 4. That if any section, subsection, sentence, clause or phrase of this ordinance is, for any reason, held to be invalid or unconstitutional, such decision shall not affect the validity or constitutionality of the remaining portions of this ordinance. The City of Weslaco hereby declares that it would have passed this ordinance, and each section, subsection, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses and phrases be declared unconstitutional.

SECTION 5. That nothing in this ordinance hereby adopted shall be construed to affect any suit or proceeding impending in court, or any rights acquired, or liability incurred, or any cause or causes of action acquired or existing, under any act or ordinance hereby repealed as cited in Section 2 of this ordinance; nor shall any just or legal right or remedy of any character be lost, impaired or affected by this ordinance.

SECTION 6. That the City Secretary is hereby ordered and directed to cause this ordinance to be published.

SECTION 7. That this ordinance and the rules, regulations, provisions, requirements, orders and matter established and adopted hereby shall take effect and be in full force and effect 90 days from and after the date of its final passage and adoption.

PASSED AND APPROVED on first reading at a regular meeting of the City Commission this 21st day of March, 2017.

PASSED AND APPROVED on second reading at a regular meeting of the City Commission this ____ day of _____, 2017.

CITY OF WESLACO

David Suarez, MAYOR

ATTEST:

Elizabeth M. Walker, CITY SECRETARY

APPROVED AS TO FORM:

Juan E. Gonzalez, CITY ATTORNEY



Standardized Agenda Request Form

Date of Meeting: March 21, 2017		Agenda Item No. (to be assigned by CSO): 2017-863	
From:			
Subject: Discussion and consideration to approve the City of Weslaco Comprehensive Annual Financial Report for fiscal year ending September 30, 2016 as presented by Long Chilton LLP. Possible action. (Requested by Carr, Riggs & Ingram, LLC; Staffed by the Finance Department.)			
Background: The City's independent auditors, Carr, Riggs & Ingram, LLC (formerly Long Chilton, LLP) will be available to present the Comprehensive Annual Financial Report for the City of Weslaco's fiscal year ending September 30, 2016. They will present their opinion of the financial statements included within the CAFR and be available to answer any questions. Hard copies of the CAFR will be passed out to each member of the City Commission, and it will be made available on our website.			
Funding Source (budget code, if applicable):			
Amount:	Term of Impact:	Identified in Current Budget:	
Additional Action Prompted:			
If item previously considered, provide date and action by Commission:			
If item requires Publication Notice, provide date and periodical of publication; indicate if comments received from letters mailed to property owners:			
Advisory Review, if any (name of board/committee, date of action, recommendation):			
Mary Barrera		Created/Initiated	
Mary Barrera		Approved	
Mike Perez		Final Approval	
City Manager Comments:			
Staff Recommendation: Accept Comprehensive Annual Financial Report as presented.			
Attachments, if any: Audit memo - comments, 2016 Audit Report			
Responsibilities upon Approval: Accept and file.			

MEMORANDUM OF ADVISORY COMMENTS

CITY OF WESLACO, TEXAS

September 30, 2016



Carr, Riggs & Ingram, LLC
402 East Tyler Avenue
Harlingen, TX 78550-9122

(956) 423-3765
(956) 428-7520 (fax)
CRLcpa.com

The Honorable Mayor and
Commissioners
City of Weslaco, Texas

In planning and performing our audit of the financial statements of the City of Weslaco, Texas (the "City"), as of and for the year ended September 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the City of Weslaco, Texas' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion 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.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated March 21, 2017, on the financial statements of the City.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various City personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Carr, Riggs & Ingram, L.L.C.

Harlingen, Texas
March 21, 2017

COMMENTS AND OBSERVATIONS

Maintenance of Schedule of Daily Cash Balances

During our testing of the City's cash accounts, it was noted that the City does not maintain a schedule of daily cash balances inclusive of all cash and investment accounts. In order to determine adequate pledged collateral of deposits in excess of FDIC insurance, the City should have procedures in place that compare daily cash balances to pledged collateral for all cash and investment accounts. We recommend the City implement procedures to assess daily cash balances to ensure adequate collateral is pledged for balances that exceed FDIC insurance.

Managements Response:

The Finance Director will establish a process to review the daily cash balances and compare them to the monthly pledged collateral reports. If cash balance totals are found to exceed the 102% collateral coverage requirement, the Finance Director will contact the bank to ensure that adequate coverage is provided.

Authorization of utility billing features for customer accounts

During our inquiries conducted with staff within the City it was noted that certain utility billing features were not properly authorized. The features included cut off and penalties not being applied to customer utility accounts. As a result, a cut off of service order or penalties were not being assessed on customer utility accounts with past due balances. It was determined that these features were removed from certain utility accounts and lacked proper authorization/approval. We recommend the City's utility department perform an analysis to ensure all accounts with such features have proper authorization and approval.

Managements Response:

The accounts currently on "no cut off" and/or "no penalties" will be reviewed to determine the explanation for the status. Any accounts that have no reasonable explanation or authorization will be taken off the status. A process will be established to ensure that accounts are not placed on the status unless there is proper authorization at the appropriate level of management.

Utility Customer Account Classification Charges

Our test of utility receipts, identified certain customer account classifications that were not being charged correct rates as per the City's ordinance of utility charges. Specifically, outside city limit accounts did not reflect the correct charge when comparing to the City's ordinance. In all cases identified, outside city limit accounts had an outside city limit charge for water services but an inside city limit charge for sewer services. It was determined that these account classifications had not been updated correctly to reflect the change in rates that occurred in a prior year.

We recommend the City perform an analysis on customer accounts to ensure correct rates are charged in accordance with the City's ordinance. Understandably, customer account adjustments may be necessary from time to time, however, a review process may assist in the prevention of future errors in customer account charges.

Managements Response:

When the issue was brought up during auditor testing, the Utility Billing Supervisor ran a report on the customer accounts identified as outside city limits. She is in the process of reviewing the status of each water and sewer rate on those accounts. Any errors will be corrected and the customers will be duly notified, as needed.

Written Policies and Procedures Relative to Federal Awards

During our review of the City's federal awards it was noted the City did not have written policies and procedures relative to federal awards as required by 2 CFR 200- Subpart D and E. In order to comply with this requirement we recommend the City to take the necessary steps to formulate such policies and procedures and incorporate applicable requirements of 2 CFR 200- Subpart D and E.

Managements Response:

The Finance Director will review the requirements of 2 CFR 200-Subpart D and E, and establish written policies and procedures relative to the proper management and control of federal awards, as required.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WESLACO, TEXAS

For the Fiscal Year Ended September 30, 2016

Issued by:

Mike Perez, City Manager

Maria C. Barrera, CPA, Finance Director



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRIcpa.com

City of Weslaco, Texas
Table of Contents
September 30, 2016

Page No.

INTRODUCTORY SECTION

City Officials	9
Letter of Transmittal	11
Organizational Structure	15

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	19
-------------------------------------	----

MANAGEMENT'S DISCUSSION AND ANALYSIS	25
---	----

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements	
Statement of Net Position	37
Statement of Activities	38

Fund Financial Statements

Governmental Fund Financial Statements

Balance Sheet	40
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	41
Statement of Revenues, Expenditures and Changes in Fund Balances	42
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	43

Proprietary Fund Financial Statements

Combining Statement of Net Position	44
Combining Statement of Revenues, Expenses and Changes in Net Position	46
Combining Statement of Cash Flows	47

Fiduciary Fund Financial Statements

Combining statement of Fiduciary Net Position	48
Combining statement of changes in Fiduciary Net Position	49

Notes to Financial Statements	52
-------------------------------	----

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual - General Fund	96
Schedule of Changes in Net Pension Liability and Related Ratios	97
Schedule of Contributions	98
Notes to Schedule of Contributions	99
Notes to Required Supplementary Information	100

OTHER SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Combining Balance Sheet	104
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	105

Comparative Individual Fund Statements

General Fund

Comparative Balance Sheets	106
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	107

Special Revenue Funds

Hotel/Motel Tax

Comparative Balance Sheets	108
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	109
Schedule of Revenues, expenditures and changes in Fund Balances – Budget and Actual	110

Library Fund

Comparative Balance Sheets	111
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	112

Capital Projects Funds

2003 Certificate of Obligation Construction Fund

Comparative Balance Sheets	113
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	114

2013 Certificate of Obligation Construction Fund

Comparative Balance Sheets	115
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	116

Capital Improvement Program Fund

Comparative Balance Sheets	117
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	118

City of Weslaco, Texas
Table of Contents
September 30, 2016

Page No.

OTHER SUPPLEMENTARY INFORMATION - Continued

Comparative Individual Fund Statements - Continued

Fire Department Equipment Replacement Fund

Comparative Balance Sheets	119
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	120

Debt Service Funds

Comparative Balance Sheets	121
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	122
Schedule of Revenues, Expenditures and Changes in Fund Balances – Debt Service Fund	123

Enterprise Funds

Water and Wastewater Fund

Comparative Statements of Net Position	124
Comparative Statements of Revenues, Expenses, and Changes in Net Position	126
Comparative Statements of Cash Flows	127

Solid Waste Fund

Comparative Statements of Net Position	128
Comparative Statements of Revenues, Expenses, and Changes in Net Position	129
Comparative Statements of Cash Flows	130

Airport Fund

Comparative Statements of Net Position	131
Comparative Statements of Revenues, Expenses, and Changes in Net Position	132
Comparative Statements of Cash Flows	133

Internal Service Funds

Equipment Replacement Fund

Comparative Statements of Net Position	134
Comparative Statements of Revenues, Expenses, and Changes in Net Position	135
Comparative Statements of Cash Flows	136

Fiduciary Funds

Firemen's Relief and Retirement Pension Trust fund

Comparative Statements of Fiduciary Net Position	137
Comparative Statements of Changes in Fiduciary Net Position	138

Marion Booth Endowment Fund Private Purpose Trust Fund

Comparative Statements of Fiduciary Net Position	139
Comparative Statements of Changes in Fiduciary Net Position	140

OTHER SUPPLEMENTARY INFORMATION - Continued

Component Unit

Economic Development Corporation

Comparative Balance Sheet	141
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	142
Reconciliation of the Balance Sheet of Governmental Funds to the Statement	143
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	144

ADDITIONAL SUPPLEMENTARY INFORMATION

Supplemental Statements and Schedules

Schedule of Taxes Receivable – By Fund	148
Analysis of Tax Collections, Adjustments and Allocation to Funds	149

Bonded Debt Requirements

Tax & Waterworks and Sewer System – Surplus Revenue, Certificates of Obligation, Series 2007	152
General Obligations Refunding Bonds Series 2010 (Target Savings)	153
Limited Tax Refunding Bonds, Series 2012	154
Tax and Revenue, Certificates of Obligation, Series 2013	155
Tax & Waterworks & Sewer System – Surplus Revenue, Limited Tax Refunding Bonds, Series 2016	156
Tax & Waterworks & Sewer System	
Tax & Waterworks & Sewer System – Surplus Revenue, Certificates of Obligation, Series 2007	157
General Obligation Refinancing Bonds Series 2010 (Target Savings)	158
Waterworks and Sewer System Revenue Refunding Bonds, Series 2010	159
Tax Notes, Series 2011	160
Tax and Revenue, Certificates of Obligation, Series 2012	161
Tax and Revenue, Certificates Note, Series 2014	162
Tax and Waterworks & Sewer System Surplus Revenue Limited Tax Refunding Bonds, Series 2016	163
Economic Development Sales Tax Revenue Refunding Bonds, Series 2011A	164
Economic Development Sales Tax Revenue Bonds, Series 2011B	165
Economic Development Sales Tax Revenue Bonds, Series 2012	166
Economic Development Sales Tax Revenue Refunding Bonds, Series 2013	167

City of Weslaco, Texas
Table of Contents
September 30, 2016

STATISTICAL SECTION	<u>Page No.</u>
Net Position by Components – Last Ten Fiscal Years	170
Change in Net Position – Last Ten Fiscal Years	171
Fund Balances of Governmental Funds – Last Ten Fiscal Years	173
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	174
Property Tax Levies and Collections – Last Ten Fiscal Years	175
Assessed Value of Taxable Property – Last Ten Fiscal Years	176
Principal Property Taxpayers	177
Property Tax Rates and Tax Levies – All Overlapping Governments Last Ten Fiscal Years	178
Computation of Direct and Overlapping Debt	180
Legal Debt Margin Information – Last Ten Fiscal Years	181
Pledged – Revenue Coverage – Last Ten Fiscal Years	182
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	183
Taxable Sales by Industry – Last Ten Calendar Years	184
Sales Tax Revenue Payers by Industry – Calendar Years 2015 and 2006	185
Direct and Overlapping Sales Tax Rates – Last Ten Fiscal Years	186
Miscellaneous Statistical Facts	187
Demographic and Economic Statistics – Last Ten Calendar Years	188
Operating Indicators and Capital Asset Statistics by Function/Program	189
Principal Employers – 2015 and 2006	190
Full-Time Equivalent Employees by Function – Last Ten Fiscal Years	191
 COMPLIANCE SECTION	
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	195
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control over Compliance Required by The Uniform Guidance	199
Schedule of Findings and Questioned Costs	203
Corrective Action Plan	207
Schedule of Status of Prior Year Findings	208
Schedule of Expenditures of Federal Awards	209
Notes to Schedule of Federal Financial Assistance	210

INTRODUCTORY SECTION

Draft for Discussion Purposes Only

(This page intentionally left blank)

City of Weslaco, Texas
City Officials
September 30, 2016

Mayor	David Suarez
Mayor Pro-tem	Gerardo "Jerry" Ta Folla
Commissioners	Leo Munoz Greg Kerr Olga Noriega Letty Lopez Josh Pedraza
City Manager	Mike Perez
Finance Director	Maria C. Barrera
City Secretary	Elizabeth M. Walker
City Attorney	Juan E. Gonzalez
Chief Appraiser	Rolando Garza Hidalgo County Appraisal District
Collector of Taxes	Paul Villarreal County of Hidalgo
Chief of Police	Stephen Scot Mayer
Fire Chief	Antonio Lopez
Municipal Court Administrator	Rosa Huerta
Planning and Code Enforcement Director	Mardoqueo Hinojosa
Human Resources Director	Veronica Ramirez
Information Technology	Jose J. Peña
Parks and Recreation Director	David Arce
Public Facilities Director	Pete Garcia, Jr.
Library Director	Arnold Becho
Aviation Director	Andrew Munoz

Draft for Discussion Purposes Only

(This page intentionally left blank)

City of Weslaco

"The City on the Grow"



David Suarez, Mayor
Olga M. Noriega, Mayor Pro-Tem, District 3
Leo Muñoz, Commissioner, District 1
Greg Kerr, Commissioner, District 2
Gerardo "Jerry" Tafolla, Commissioner, District 4
Letty Lopez, Commissioner, District 5
Fidel L. Pena, III, Commissioner, District 6

Mike R. Perez, City Manager

March 21, 2017

The Honorable Mayor David Suarez,
City Commission and
Citizens of the City of Weslaco

The Comprehensive Annual Financial Report (the CAFR) of the City of Weslaco, Texas (The City) for the fiscal year ended September 30, 2016, is submitted in accordance with Section 28 of the City Charter.

Management assumes full responsibility for the completeness and reliability of the information contained in this report.

To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the city's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Carr, Riggs & Ingram, LLC, have issued an unmodified ("clean") opinion of the City of Weslaco's financial statements for the year ended September 30, 2016. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's 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.

Profile of the City of Weslaco

The City of Weslaco, Texas, established in 1919, is located in the southern tip of Texas in the heart of the Rio Grande Valley, which is considered to be one of the top growth areas in the state, and in the country. The city currently occupies a land area of 15 square miles and serves an estimated population of 39,474. The city is authorized to levy a property tax on both real and personal properties located within its boundaries. It also is authorized by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Commission.

The City of Weslaco has operated under the Council-Manager form of government since incorporation in 1928. Policy-making and legislative authority are vested in a City Commission consisting of a Mayor and six Commissioners. The City Commission is responsible, among other things, for enacting ordinances, adopting the budget, appointing committees, and hiring both the City Manager and City Attorney. The City Manager is responsible for implementing the policies and ordinances of the City Commission, for managing the day-to-day operations of the City, and for appointing the directors of the various departments. The Commission is elected on non-partisan basis. The Mayor and Commissioners serve three year staggered terms, with two commissioners elected every year except for every third year when the Mayor is elected.

The City provides a full range of services, including police and fire protection; emergency medical and emergency management services; the construction and maintenance of highways, streets, and other infrastructure; and recreational activities and cultural events. Water and wastewater services are also provided by the City. The City is financially accountable for a legally separate economic development corporation, which is reported separately within the City of Weslaco's financial statements as a component unit. Additional information on this legally separate entity can be found in Note 1 in the notes to the financial statements.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Manager during the budget process. The City Manager uses these requests to initiate a proposed budget. The City Manager then presents this proposed budget to the Commission for review. The City Commission is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30th, the end of the City's fiscal year. The appropriated budget is prepared by fund and function (e.g., public safety). Department directors may, with City Manager's approval, make transfers of appropriations within their department. Transfers of appropriations between departments, however, require the approval of the City Commission. Budget-to-Actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 96 as part of required supplementary information. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented within the other supplementary section of this report on page 110 and 123.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economy. Located in the center of the Rio Grande Valley, the City of Weslaco continues to experience growth. Property values increased in comparison to the prior year. Sales tax figures were more sluggish due in part to monetary pressures in Mexico. It should be noted, however, that while the decrease in sales tax was experienced Valley-wide, the effect on Weslaco was minimal in comparison to other cities.

Because of its location, the City of Weslaco is also experiencing reduction in unemployment rates. According to the Texas Workforce Commission data link (TRACER), the unemployment rate has been showing a decrease since 2014, which saw rates ranging from 7 to 9 percent. In September 2016, the rate was 6.2 percent, in comparison to 6.4 percent average last year. The largest employer continues to be the Weslaco Independent School District with 2,603 employees.

Based on reduced unemployment levels and the City's improved financial position, S&P Global Ratings raised Weslaco's bond rating to "AA-" from "A+", the highest in the City's history. Weslaco also maintains a credit rating of A2 from Moody's.

Long-term Financial Planning. Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 33% of total General Fund Revenues. The goal is to maintain at least 25%. The unrestricted fund balance at September 30, 2016 exceeded the goal, so the practice of transferring excess revenue to the Capital Improvements Fund was continued. This fund, established in 2015, allows the City to self-fund improvements while decreasing dependence on debt financing.

Another long-term measure taken was to prepare a five-year budget, taking the City's financial planning out to Fiscal Year 2021. The budget includes a multi-year Capital Improvement Plan to provide for self-funding of streets and sidewalks, park and drainage improvements, an expansion to the library, a new north side fire station, plus a new central public safety complex for both police and fire. There are also much needed improvements to water and sewer infrastructure.

The City Commission has also been focusing on the City's property tax rate. This focus has been driven by the desire to give taxpayers the best value for their money as well as making Weslaco more attractive to business and residents looking to relocate. The City Commission reduced the tax rate by one cent during Fiscal Year 2014, from \$0.6967 to \$0.6867 per \$100.00 valuation. The rate further decreased by an additional one cent in Fiscal Year 2015 to \$0.6767 per \$100.00 valuation.

No decrease was proposed for Fiscal Year 2016, but at the close of the year, it was determined that circumstances merited another one cent decrease, and the rate was lowered to \$0.6667 for Fiscal Year 2017.

Cash Management Policies and Practices. Cash temporarily idle during the year was invested in certificates of deposit and in TEXPOOL, during periods when their rates were higher than the depository banks' rates. The City changed depository banks during Fiscal Year 2014 and is evaluating whether rates and savings on fees will allow for further maximizing of earnings. All funds kept with the depository bank are collateralized at a minimum rate of 102% of the market value. The City plans to evaluate ways in which further earnings could be realized.

Pension and Other Post Employment Benefits. The City of Weslaco contributes to a single-employer defined benefit pension plan for its fire fighters. Every few years, an independent actuary engaged by the pension plan calculates the amount of benefits that can be paid to beneficiaries of the plan considering the number of participants, contribution rates, and projected investment earnings, to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City of Weslaco fully funds each year's annual required contribution to the pension plan as determined by the actuary.

The City of Weslaco also provides pension benefits for its employees not covered by the firefighters' pension plan. These benefits are provided through a defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS). The City of Weslaco contributes based on a 2 to 1 ratio. The employees' current contribution rate is 7%.

Acknowledgements

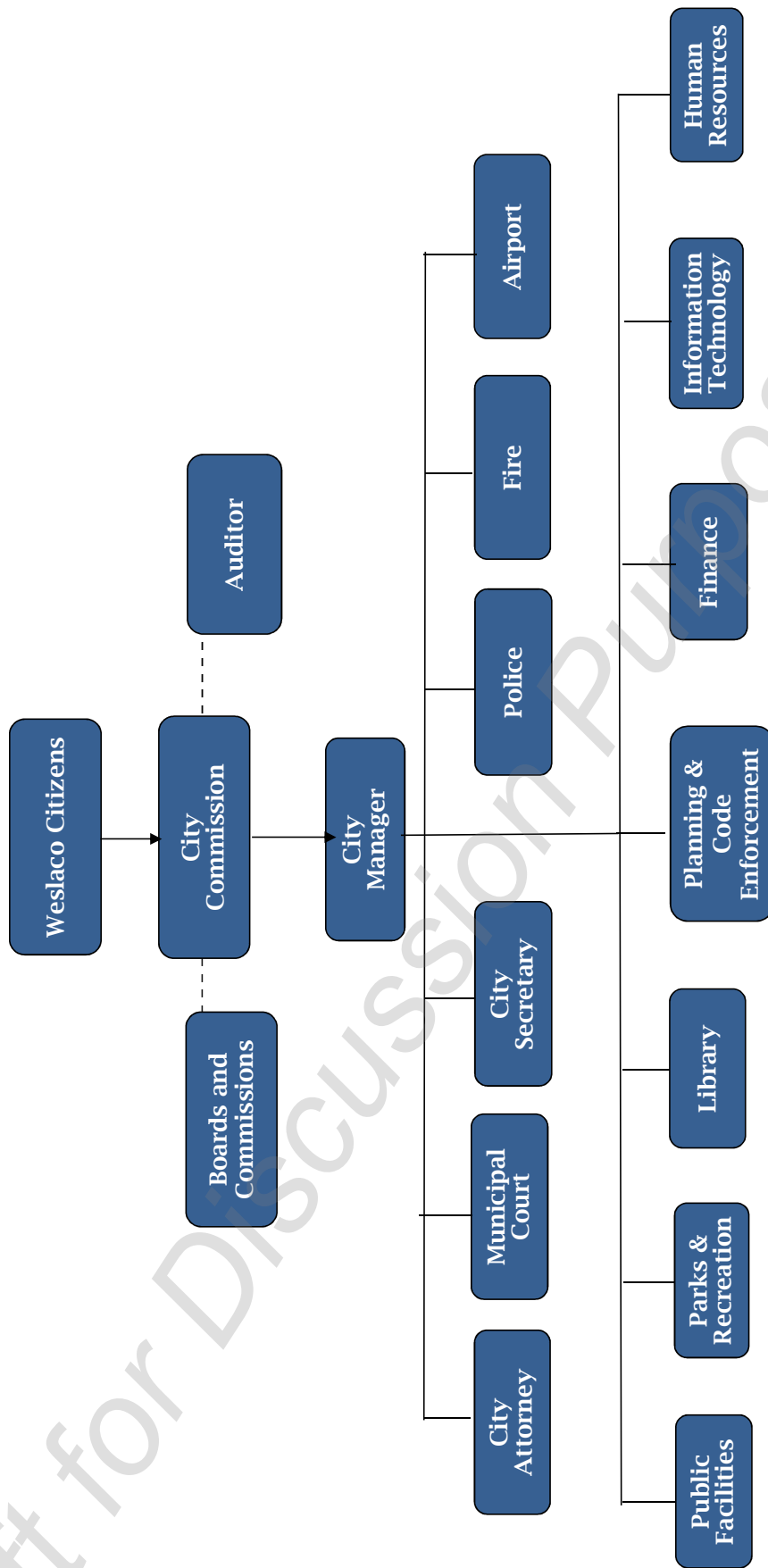
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance and Administration Departments. We would like to express our appreciation to all staff that assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and City Commission for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Weslaco finances.

Respectfully submitted,

Mike R. Perez
City Manager

Maria C. Barrera, CPA
Finance Director

City of Weslaco Organizational Chart



Draft for Discussion Purposes Only

(This page intentionally left blank)

FINANCIAL SECTION

Draft for Discussion Purposes Only

(This page intentionally left blank)

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members
of the City Commission
City of Weslaco, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Weslaco, Texas, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Weslaco Economic Development Corporation, which is the only aggregate discretely presented component unit and represents 100 percent of the assets, net position, and revenues of the aggregate discretely presented component unit.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Weslaco Economic Development Corporation, which represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Weslaco Economic Development Corporation, is based solely on the report of the other auditors. 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.

Draft for Discussion Purposes Only

(This page intentionally left blank)

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Weslaco, Texas, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 25 through 34 and 96 through 98 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Weslaco, Texas' basic financial statements. The introductory section, other supplementary information, additional supplementary information and statistical section as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal 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*, and is also not a required part of the basic financial statements.

Draft for Discussion Purposes Only

(This page intentionally left blank)

The other supplementary information, and the schedule of expenditures of federal 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the other supplementary information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory, additional supplementary information, 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.

Report on Other Supplementary Information

The financial statements of the City of Weslaco for the year ended September 30, 2015 were audited by other auditors and their report thereon dated May 17, 2016 expressed an unmodified opinion on those financial statements. Their report, as of the same date, on other supplementary information related to 2015 stated that, in their opinion, such information was fairly stated in all material respects in relation to the financial statements for the year ended September 30, 2015 as a whole. As discussed in Note 20 to the financial statements, the City restated certain items in the financial statements. The other auditors reported on the financial statements before the retrospective adjustment.

As part of our audit of the 2016 financial statements, we also audited the adjustments described in Note 20 that were applied to restate the 2015 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2015 financial statements of the City other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2015 financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2017, on our consideration of the City of Weslaco, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Weslaco, Texas' internal control over financial reporting and compliance.

Harlingen, Texas
March 21, 2017

Draft for Discussion Purposes Only

(This page intentionally left blank)

MANAGEMENT'S DISCUSSION & ANALYSIS

As management of the City of Weslaco, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Weslaco for the fiscal year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 11-14 of this report.

FINANCIAL HIGHLIGHTS

The City's total net position increased \$484,573 as a result of this year's operations, with governmental and business-type activities contributing about evenly to the increase. Net position from governmental activities increased \$35,213, while net position from business-type activities increased \$449,360. This reflects a modest 0.7% increase to total net position.

- **Governmental Activities – Revenues and Expenses Compared to Last Year –** Total revenues decreased about \$82,000 from last year, with sales tax showing a moderate decrease of \$96,743 or 1%. Property tax collections increased by \$911,155, and franchise taxes saw an increase of \$37,929. Expenses increased about \$3.2M or 12.9% more than last year. This was the result of increases of \$1.84M in public safety, \$482,390 in public works, and \$401,881 in culture and recreation.
- **Business-Type Activities – Revenues and Expenses Compared to Last Year–** Total revenues saw a decrease of \$4.2M from last year, mostly due to the effect of a \$3.7M grant contribution which boosted FYE 2015 totals. Charges for all services decreased by \$1.8M. Expenses saw an increase of about 11% or \$1.09M in water and wastewater services, while solid waste expenses saw a decrease of about 4.6% or \$200,077. Expenses from airport services rose slightly with an increase of about \$19,605, or about 3%.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. The government-wide financial statements provide information about the activities of the City as a whole and present a longer-term view of the City's finances. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources of the City, and the statements are presented on the accrual basis of accounting, which is similar to the accounting used by most private-sector companies.

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

Activities of the City as a whole include governmental activities, and business-type activities. Governmental activities are those activities which are financed primarily through taxes and grants.

City of Weslaco, Texas
Management's Discussion and Analysis
September 30, 2016

Most of the City's basic services are reported as governmental activities. Business-type activities are those activities that are intended to recover all or a significant portion of their costs through user fees and charges. Utility system operations are a common example of business-type activities.

The government-wide financial statements include not only the City itself (known as the primary government), but also the Weslaco Economic Development Corporation (EDC), which is a legally separate entity, and reported as a discretely presented component unit. The City Commission appoints the EDC board members and sets expenditure caps over which the City of Weslaco Commissioners' approval is required. Financial information for this discretely presented component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 37-39 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

The City maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, debt service, and 2013 certificates of obligation construction fund, which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund, debt service fund and hotel/motel tax fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 40-43 of this report.

Proprietary Funds

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and wastewater fund, for its solid waste fund and for its airport fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the business-type activities section of the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and wastewater fund, the solid waste fund, and the airport fund, all of which are considered to be major enterprise funds of the City of Weslaco.

The basic proprietary fund financial statements can be found on pages 44-47 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Weslaco's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City recognizes two fiduciary funds: the Firemen's Relief and Retirement Fund, which is a pension trust fund, and the Marion Booth Endowment Fund, which is a private purpose trust fund.

The basic fiduciary fund financial statements can be found on pages 48-49 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 51 of this report.

In fiscal year 2016, the City adopted new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- Statement No. 72, *Fair Value Measurement and Application*
- Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*
- Statement No. 79, *Certain External Investment Pools and Pool Participants*

GASB Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Governments should organize these disclosures by type of asset or liability reported at fair value. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent).

GASB Statement No. 73 extends the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

GASB Statement No. 79 establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$71,905,312 at the close of the most recent fiscal year.

On September 30, 2016, the City had an outstanding bonds balance of \$76,161,260, excluding \$4,335,000 in the component unit. The City has unspent bond proceeds to be used for completing the 2007 bond issues projects that were committed for different purposes such as street improvements, purchase of paving equipment, and the airport runway expansion.

At the end of the current fiscal year, the City of Weslaco is able to report positive balances of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

The same situation held true for the prior fiscal year.

City of Weslaco, Texas
Management's Discussion and Analysis
September 30, 2016

Table 1, below illustrates a comparative summary of the City's statement of net position at September 30, 2016 and 2015.

Table 1						
City of Weslaco, Texas - Net Position						
	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	Restated				Total	Restated
	2016	2015	2016	2015	2016	2015
Current assets	\$ 17,614,975	\$ 20,134,731	\$ 11,270,385	\$ 15,788,130	\$ 28,885,360	\$ 35,922,861
Capital assets, net	51,305,227	49,602,791	96,539,951	95,691,430	147,845,178	145,294,221
Total assets	68,920,202	69,737,522	107,810,336	111,479,560	176,730,538	181,217,082
Deferred outflows of resources- deferred charge	280,268	-	769,479	-	1,049,747	-
Deferred outflows of resources- pensions	3,416,094	636,909	331,007	113,642	3,747,101	750,551
Total deferred outflows of resources	3,696,362	636,909	1,100,486	113,642	4,796,848	750,551
Total assets and deferred outflows of resources	\$ 72,616,564	\$ 70,374,431	\$ 108,910,822	\$ 111,593,202	\$ 181,527,386	\$ 181,967,633
Current liabilities	\$ 2,615,934	\$ 3,139,195	\$ 2,309,268	\$ 3,082,223	\$ 4,925,202	\$ 6,221,418
Non-current liabilities						
Due within one year	2,596,259	2,482,995	2,863,475	3,093,424	5,459,734	5,576,419
Due in more than one year	27,784,398	29,300,648	58,881,241	61,346,235	86,665,639	90,646,883
Municipal net pension liability	6,916,687	3,097,838	894,319	552,737	7,811,006	3,650,575
Firemen's net pension liability	4,588,953	4,214,004	-	-	4,588,953	4,214,004
Total liabilities	44,502,231	42,234,680	64,948,303	68,074,619	109,450,534	110,309,299
Deferred inflows of resources- pensions	140,989	201,620	30,551	35,975	171,540	237,595
Net position						
Net investment in capital assets	23,122,052	20,001,901	39,969,259	38,975,364	63,091,311	58,977,265
Restricted	1,211,727	1,787,280	1,212,612	1,623,104	2,424,339	3,410,384
Unrestricted	3,639,565	6,148,950	2,750,097	2,884,140	6,389,662	9,033,090
	27,973,344	27,938,131	43,931,968	43,482,608	71,905,312	71,420,739
Total liabilities, deferred inflows of resources and net position	\$ 72,616,564	\$ 70,374,431	\$ 108,910,822	\$ 111,593,202	\$ 181,527,386	\$ 181,967,633

Governmental Activities

The property tax levy increased by \$1,042,985 (10.48%) from the prior year due partly to increases in valuation and partly to newly annexed property. The tax rate has been reduced or maintained each year for the last eight years. This has been due to a concerted effort on the part of the City Commission to maintain or reduce the tax rate.

City of Weslaco, Texas
Management's Discussion and Analysis
September 30, 2016

Sales tax rebates amounted to \$11,530,414 for the year with a decrease of \$265,520 or 2.25% over the last fiscal year. Of the total amount collected, 25% goes to the Weslaco Economic Development Corporation. The remainder stays in the General Fund with some of those funds being used for the operation of the library.

Operating grants for governmental activities amounted to \$484,336 in the General Fund, mostly for public safety purposes. It is the practice of the City of Weslaco to utilize grant revenues whenever possible to improve City services and quality of life in our community.

Table 2, below presents the cost of each of the City's programs, as well as the revenues generated to support those programs. The difference between the two is the change in net position.

Table 2
City of Weslaco, Texas - Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government		Percent
	Restated				Restated		
	2016	2015	2016	2015	2016	2015	2016
Program Revenues:							
Charges for services	\$ 3,003,349	\$ 3,146,046	\$ 15,714,796	\$ 17,506,731	\$ 18,718,145	\$ 20,652,777	42.15%
Operating grants and contributions	484,336	273,122	-	-	484,336	273,122	1.09%
Capital grants and contributions	571,469	1,065,726	1,658,319	4,148,622	2,229,788	5,214,348	5.02%
General revenues							
Property taxes	11,264,052	10,352,897	-	-	11,264,052	10,352,897	25.37%
Non property taxes	10,927,519	11,018,861	-	-	10,927,519	11,018,861	24.61%
Unrestricted investment earnings	60,217	31,839	1,513	1,350	61,730	33,189	0.14%
Other income	<u>721,662</u>	<u>232,759</u>	<u>-</u>	<u>-</u>	<u>721,662</u>	<u>232,759</u>	<u>1.63%</u>
Total revenues	27,032,604	26,121,250	17,374,628	21,656,703	44,407,232	47,777,953	100.00%
Expenses:							
General government	\$ 7,793,661	\$ 7,475,817	\$ -	\$ -	\$ 7,793,661	\$ 7,475,817	17.74%
Public safety	13,374,018	11,530,338	-	-	13,374,018	11,530,338	30.45%
Emergency medical services	137,335	101,226	-	-	137,335	101,226	0.31%
Public works	3,409,500	2,927,110	-	-	3,409,500	2,927,110	7.76%
Culture and recreation	2,195,306	1,793,425	-	-	2,195,306	1,793,425	5.00%
Interest on long-term debt	1,134,675	1,009,379	-	-	1,134,675	1,009,379	2.58%
Water and sewer services	-	-	11,042,489	9,955,440	11,042,489	9,955,440	25.14%
Solid waste services	-	-	4,147,973	4,348,050	4,147,973	4,348,050	9.44%
Airport	<u>-</u>	<u>-</u>	<u>687,702</u>	<u>668,097</u>	<u>687,702</u>	<u>668,097</u>	<u>1.58%</u>
Total expenses	28,044,495	24,837,295	15,878,164	14,971,587	43,922,659	39,808,882	100.00%
Change in net position							
before transfers	(1,011,891)	1,283,955	1,496,464	6,685,116	484,573	7,969,071	
Transfers in (out)	<u>1,047,104</u>	<u>2,041,310</u>	<u>(1,047,104)</u>	<u>(2,041,310)</u>	<u>-</u>	<u>-</u>	
Change in net position	35,213	3,325,265	449,360	4,643,806	484,573	7,969,071	
Net position, beginning	<u>27,938,131</u>	<u>24,612,866</u>	<u>43,482,608</u>	<u>38,838,802</u>	<u>71,420,739</u>	<u>63,451,668</u>	
Net position, ending	<u>\$ 27,973,344</u>	<u>\$ 27,938,131</u>	<u>\$ 43,931,968</u>	<u>\$ 43,482,608</u>	<u>\$ 71,905,312</u>	<u>\$ 71,420,739</u>	

Business-Type Activities

Business-type activities accounted for 61.10% of the City of Weslaco's net position. Water and sewer rates remained the same as the prior year. There was also no change in solid waste collection fees.

The net position of the Water and Wastewater Fund decreased by \$497,681 from current year operations. Operating revenues decreased by \$1,261,024 and operating expenses increased by \$118,229, mostly due to investments in infrastructure improvements and maintenance.

The net position of the Solid Waste Fund decreased by \$20,156 from current year operations. Operating revenues decreased by \$499,979 and operating expenses decreased by \$325,827.

The net position of the Airport Fund increased by \$967,197, due mostly to capital grants of \$1,220,436. The Airport Fund receives revenues from fuel sales, hangar rentals, and grants. Any shortfalls are subsidized by the General Fund. Short of that grant and subsidies from the General Fund, the Airport would have experienced an operating loss of \$504,411. The expansion project has had a detrimental effect on the operation of the Airport, in that the improvement project has forced closures of parts of the runway, and thereby affected the traffic that the Airport would normally generate.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

As the end of the current fiscal year, the City of Weslaco's governmental funds reported combined ending fund balances of \$14,024,995. Approximately 57% of this total amount, or \$7,939,293 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. This represents 35.6% of operating expenditures. The remainder of fund balance is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period, or restricted for debt or future capital projects.

The general fund is the chief operating fund of the City of Weslaco. At the end of the current fiscal year, the general fund's unassigned fund balance was \$7,939,293. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 32.4% of the total general fund expenditures, while total fund balance represents 33% of that same amount. While it is recommended that the General Fund should have an unassigned fund balance of no less than 5 to 15% of operating expenditures, the City has placed the target unassigned fund balance in the General Fund at 25%.

- The City Commission maintained the tax rate at \$0.6767 for the 2015 tax year levy.
- The sales tax revenues decreased by 2.25% from the prior year. This decrease can be attributed at least in part to volatility in the peso valuation, which was common in cities throughout the Rio Grande Valley.

City of Weslaco, Texas
Management's Discussion and Analysis
September 30, 2016

The debt service fund has a total fund balance of \$540,114, all of which is restricted for the repayment of debt service. The scheduled tax supported debt service payments for fiscal year 2016 was \$2,698,629, including interest paid of \$854,610.

The City Commission utilized diligent thought and attention when preparing the 2015-2016 budget. However, circumstances arose which required the expenditure of additional funds that were not foreseen prior to the commencement of the fiscal year. One such occurrence was a storm event that caused major flooding and damage to property in the City in October 2015. In response, the City incurred some expenses that exceeded the adopted budget for items such as high capacity pumps and hoses to assist in drainage, and costs for response to the event such as overtime and repairs. Regardless of the negative variances in budget to actual comparison, the fund balances were sufficient to absorb the additional expenditures without adversely affecting required reserves.

Proprietary fund: The City of Weslaco's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Wastewater Fund at the end of the year amounted to \$879,875, which was a decrease of \$58,723 from last year. Operating revenues decreased by \$1,261,024 and operating expenses increased by \$118,229. Thus operating income decreased by \$1.3M compared to last year.

The unrestricted net position for the Solid Waste Fund amounted to \$2,269,575 at the end of the year, a small increase of \$1,444 from the prior year. Operating revenue saw a decrease of \$499,979 from last year, while operating expenses also decreased by \$325,827. It should be noted that the decrease in net position of \$20,156 was affected by transfers of \$625,750 to other funds.

The unrestricted in net position for the Airport Fund amounted to \$(399,353). Again, it is noted that the runway expansion project has caused an interruption to the normal operations of the Airport. It is anticipated that when the project is fully complete, operations will resume back to normal and fuel sales and other revenue streams should return to pre-project levels.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Weslaco's investment in capital assets for its governmental and business type activities as of September 30, 2016, amounts to \$147,845,178 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City of Weslaco's investment in capital assets for the current fiscal year was 1.76% (a .89% increase for business-type activities, and 3.43% increase for governmental activities).

City of Weslaco, Texas
Management's Discussion and Analysis
September 30, 2016

Table 3
City of Weslaco, Texas - Capital Assets

	Primary Government					
	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Land, water and service rights	\$ 3,925,705	\$ 3,925,705	\$ 2,551,870	\$ 2,551,870	\$ 6,477,575	\$ 6,477,575
Infrastructure	7,629,307	7,629,307	-	-	7,629,307	7,629,307
Buildings and improvements	17,371,818	17,371,818	1,679,646	1,679,646	19,051,464	19,051,464
Equipment	12,092,972	11,316,605	8,738,182	8,688,537	20,831,154	20,005,142
Improvements	42,853,948	37,188,685	74,693,645	69,642,578	117,547,593	106,831,263
Capital leases	3,274,824	2,559,544	-	-	3,274,824	2,559,544
Construction in progress	1,724,505	4,351,205	48,178,598	49,737,356	49,903,103	54,088,561
Totals at historical cost	88,873,079	84,342,869	135,841,941	132,299,987	224,715,020	216,642,856
Accumulated depreciation	(37,567,852)	(34,740,078)	(39,301,990)	(36,608,555)	(76,869,842)	(71,348,633)
	<u>\$ 51,305,227</u>	<u>\$ 49,602,791</u>	<u>\$ 96,539,951</u>	<u>\$ 95,691,432</u>	<u>\$ 147,845,178</u>	<u>\$ 145,294,223</u>

Additional information on the City of Weslaco's capital assets can be found in Note 5 on page 68 of this report.

Long-Term Debt

At year end of the current fiscal year, the City of Weslaco had total bonded debt outstanding of \$76,161,260, excluding \$4,335,000 in the component unit. Of this amount \$75,291,260 comprises debt backed by the full faith and credit of the government. The remainder of the City of Weslaco's debt represents bonds secured solely by specified revenue sources (i.e., revenue bond).

The City of Weslaco was upgraded from an "A+" rating from Standard and Poor's to an "AA-" in May of 2016, the City's highest rating to date. Moody's rates the City at an "A2" for general obligation debt, from its review in March of 2015.

In 1995, the State Legislature enacted a 10% (of taxable valuations) debt limit rate for school districts in Texas, which has subsequently been used by municipalities as a general rule in computing debt margin. The City is currently at 11.86% of this calculated debt limit, meaning that it is well within the sustainable limit.

Additional information of the City of Weslaco's long-term debt can be found in Note 6 on page 70 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The employment rate for the City of Weslaco is currently 93.8%, compared to 92.9% a year ago. This rate compares to the state's average employment rate of 95.8%.

City of Weslaco, Texas
Management's Discussion and Analysis
September 30, 2016

- The City Commission maintained the property tax rate at \$0.6767 per \$100 for the 2015 tax year, or fiscal year ending September 30, 2016. This tax rate represents the lowest tax rate in fourteen years, as well as a concerted effort on the part of the City Commission and staff to continue to evaluate the tax rate each year and determine if a decrease is warranted. While the City Commission is doing their part to keep the tax rate as low as possible it is important to note that the City's tax rate is only one of six rates from all taxing entities that together make up the total tax rate for Weslaco's citizens. Weslaco's total tax rate is quite favorable when compared with other cities in the area.

Taxing Entity	McAllen	Mission	Weslaco	Edinburg	Pharr
<i>Population</i>	140,269	82,431	39,474	84,497	74,273
<i>Valuation</i>	\$8,514,432,544	\$3,869,983,856	\$1,661,026,259	\$3,857,167,020	\$2,592,116,495
City	\$0.4763	\$0.4988	\$0.6767	\$0.5350	\$0.6540
Drainage	0.0951	0.0951	0.0951	0.0951	0.0951
Hidalgo County	0.5900	0.5900	0.5900	0.5900	0.5900
STC	0.1850	0.1850	0.1850	0.1850	0.1850
ISD	1.1550	1.3672	1.1397	1.2398	1.3992
STISD	0.0492	0.0492	0.0492	0.0492	0.0492
Total	\$2.5506	\$2.7853	\$2.7357	\$2.6941	\$2.9725

Note: Population figures are 2015 estimates obtained from the U.S. Census Bureau.
Valuation represents 2015 Certified Estimate as reported by the Hidalgo County Appraisal district for the tax year 2015.
Tax rates are for the tax year 2015 and were obtained from the Hidalgo County Appraisal District.

At the close of the fiscal year ending September 30, 2016, it was determined that circumstances merited a one cent decrease, thus lowering the tax rate to \$0.6667 for fiscal year 2017.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Weslaco's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 255 S Kansas Avenue, Weslaco, Texas 78596.

BASIC

FINANCIAL STATEMENTS

Draft for Discussion Purposes Only

(This page intentionally left blank)

CITY OF WESLACO, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
Assets				
Cash and cash equivalents	\$ 12,740,406	\$ 2,476,817	\$ 15,217,223	\$ 3,151,439
Cash and cash equivalents- restricted	347,095	5,740,996	6,088,091	925,042
Investments, restricted	-	-	-	695,256
Receivables, net	4,072,133	2,761,689	6,833,822	225,478
Internal balances	292,406	(292,406)	-	-
Notes receivables	-	-	-	2,900,177
Prepaid bond insurance costs	65,669	305,567	371,236	-
Other prepaid items	91,233	-	91,233	-
Inventories	6,034	277,721	283,755	-
Assets held for resale	-	-	-	402,734
Capital assets not being depreciated	13,279,517	50,730,468	64,009,985	40,458
Capital assets, net of depreciation	38,025,710	45,809,483	83,835,193	1,944,587
Total assets	68,920,203	107,810,335	176,730,538	10,285,171
Deferred Outflows of Resources				
Deferred charge on refunding	280,268	769,479	1,049,747	-
Deferred outflows related to pensions	3,416,094	331,007	3,747,101	-
Total Deferred Outflows of Resources	3,696,362	1,100,486	4,796,848	-
Total Assets and Deferred Outflows of Resources	\$ 72,616,565	\$ 108,910,821	\$ 181,527,386	\$ 10,285,171
Liabilities				
Accounts payable	\$ 1,204,082	\$ 1,848,493	\$ 3,052,575	\$ 16,943
Accrued expenses	1,284,408	460,774	1,745,182	68,344
Unearned revenue	127,445	-	127,445	-
Non-current liabilities:				
Due within one year	2,596,259	2,850,500	5,446,759	678,189
Due in more than one year	27,784,398	58,894,216	86,678,614	3,922,867
Municipal net pension liability	6,916,687	894,319	7,811,006	-
Firemen's net pension liability	4,588,953	-	4,588,953	-
Total Liabilities	44,502,232	64,948,302	109,450,534	4,686,343
Deferred Inflows of Resources				
Deferred inflows related to pensions	140,989	30,551	171,540	-
Total Deferred Inflows of Resources	140,989	30,551	171,540	-
Net Position				
Net investment in capital assets	23,122,052	39,969,259	63,091,311	878,306
Restricted for:				
Debt service	790,929	982,614	1,773,543	695,256
Special revenue funds	420,798	-	420,798	-
Capital projects	-	229,998	229,998	925,042
Project development	-	-	-	60,000
Unrestricted	3,639,565	2,750,097	6,389,662	3,040,224
Total Net Position	27,973,344	43,931,968	71,905,312	5,598,828
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 72,616,565	\$ 108,910,821	\$ 181,527,386	\$ 10,285,171

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

**CITY OF WESLACO, TEXAS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

Functions/programs	Expenses	Program Revenues		
		Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 7,793,661	\$ 714,548	\$ -	\$ -
Public safety	13,374,018	853,586	484,336	-
Emergency medical services	137,335	1,350,052	-	-
Public works	3,409,500	-	-	571,469
Culture and recreation	2,195,306	85,163	-	-
Interest on long-term debt	1,134,675	-	-	-
Total governmental activities	28,044,495	3,003,349	484,336	571,469
Business-type activities:				
Water and Wastewater services	11,042,489	10,806,055	-	409,766
Solid waste services	4,147,973	4,725,450	-	28,117
Airport	687,702	183,291	-	1,220,436
Total business-type activities	15,878,164	15,714,796	-	1,658,319
Total primary government	\$ 43,922,659	\$ 18,718,145	\$ 484,336	\$ 2,229,788
Component Unit:				
General government and administration	\$ 296,336	\$ -	\$ -	\$ -
Property management	280,963	95,833	-	-
Promotion and development	301,113	-	37,823	-
Development services	737,232	-	-	-
Interest on long-term debt	176,489	-	-	-
Total component unit	\$ 1,792,133	\$ 95,833	\$ 37,823	\$ -

General Revenues:

Taxes:
Ad valorem
Sales
Occupancy
Franchise and other
Investment earnings
Gain (loss) on Sale/Retirement
of capital assets
Miscellaneous
Other financing sources
Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year
Prior period adjustment
Net position at beginning of year, as adjusted

Net position at end of year

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

Net (Expenses) Revenue And Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	
\$ (7,079,113)	\$ -	\$ (7,079,113)	\$ -
(12,036,096)	-	(12,036,096)	-
1,212,717	-	1,212,717	-
(2,838,031)	-	(2,838,031)	-
(2,110,143)	-	(2,110,143)	-
(1,134,675)	-	(1,134,675)	-
(23,985,341)	-	(23,985,341)	-
-	173,332	173,332	-
-	605,594	605,594	-
-	716,025	716,025	-
-	1,494,951	1,494,951	-
(23,985,341)	1,494,951	(22,490,390)	-
\$ -	\$ -	\$ -	\$ (296,336)
-	-	-	(185,130)
-	-	-	(263,290)
-	-	-	(737,232)
-	-	-	(176,489)
			(1,658,477)
11,264,052	-	11,264,052	-
8,682,523	-	8,682,523	2,894,175
351,911	-	351,911	-
1,893,085	-	1,893,085	-
60,217	1,513	61,730	95,923
-	-	-	11,949
721,662	-	721,662	23,538
-	-	-	-
1,047,104	(1,047,104)	-	-
24,020,554	(1,045,591)	22,974,963	3,025,585
35,213	449,360	484,573	1,367,108
28,254,589	43,482,608	71,737,197	4,231,720
(316,458)	-	(316,458)	-
27,938,131	43,482,608	71,420,739	4,231,720
\$ 27,973,344	\$ 43,931,968	\$ 71,905,312	\$ 5,598,828

**CITY OF WESLACO, TEXAS
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2016**

	General Fund	Debt Service Fund	2013 Certificate of Obligation Construction Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 7,467,193	\$ 462,585	\$ 2,310,614	\$ 2,479,801	\$ 12,720,193
Cash and cash equivalents- restricted	347,095	-	-	-	347,095
Receivables (net of allowance for uncollectibles):					
Ad valorem taxes	902,474	317,427	-	-	1,219,901
Sales taxes	862,805	-	-	-	862,805
Ambulance fees	758,685	-	-	-	758,685
Other	460,927	439	690,063	79,313	1,230,742
Due from other funds	292,406	10,478	-	-	302,884
Prepaid items	31,358	-	-	34,311	65,669
Inventories	6,034	-	-	-	6,034
Total Assets	\$ 11,128,977	\$ 790,929	\$ 3,000,677	\$ 2,593,425	\$ 17,514,008
Liabilities					
Accounts payable	\$ 1,013,290	\$ -	\$ 2,856	\$ 187,936	\$ 1,204,082
Accrued salaries and payroll taxes	262,708	-	-	-	262,708
Other liabilities	687,037	-	-	-	687,037
Due to other funds	10,478	-	-	-	10,478
Payable from restricted assets	242,209	-	-	-	242,209
Unearned revenue	127,445	-	-	-	127,445
Total Liabilities	2,343,167	-	2,856	187,936	2,533,959
Deferred Inflows of Resources					
Unavailable revenue- ad valorem taxes	704,239	250,815	-	-	955,054
Total Deferred Inflows of Resources	704,239	250,815	-	-	955,054
Fund Balances					
Nonspendable	37,392	-	-	34,311	71,703
Restricted	104,886	540,114	2,997,821	420,798	4,063,619
Assigned	-	-	-	1,950,380	1,950,380
Unassigned	7,939,293	-	-	-	7,939,293
Total Fund Balances	8,081,571	540,114	2,997,821	2,405,489	14,024,995
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 11,128,977	\$ 790,929	\$ 3,000,677	\$ 2,593,425	\$ 17,514,008

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

CITY OF WESLACO, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	<u>Governmental Activities</u>
Total fund balance-governmental funds	\$ 14,024,995
Amounts reported for governmental activities in the statement of net position are different because:	
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	955,054
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental fund balance sheet. This is the amount of governmental assets \$83,804,557, net of accumulated depreciation totaling \$(33,954,218). Not included in this amount are internal service fund assets of \$1,454,888.	49,850,339
Interest payables on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in governmental funds balance sheet.	(92,454)
Bond insurance is the only bond issuance cost allowed after implementation of GASB Statement No 65. This is the unamortized cost of bond insurance cost paid by the City on prior bond issuances	91,233
Internal service funds are used by management to charge the cost of certain activities. The assets and liabilities of certain internal service funds are included in the governmental activities statement of net position.	558,140
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet. Other current and non-current liabilities totaling \$1,309,528 of the internal service fund are not included.	(29,183,428)
Included in the noncurrent assets/(liabilities) is the recognition of the City's net pension asset/(liability) required by GASB Statement No 68 in the amount of (\$6,916,687), a deferred resource outflows in the amount of \$3,416,094, and a deferred resource inflow in the amount of (\$140,989). This resulted in an increase/(decrease) in net position by (\$3,641,582)	(3,641,582)
Included in the noncurrent assets/(liabilities) is the recognition of the City Firemen's net pension asset/(liability) required by GASB 68 in the amount of (\$4,214,004). This resulted in an increase/(decrease) in net position by (\$4,214,004)	(4,588,953)
Net position of governmental activities	<u>\$ 27,973,344</u>

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

**CITY OF WESLACO, TEXAS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	General Fund	Debt Service Fund	2013 Certificate of Obligation Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 9,214,051	\$ 2,059,228	\$ -	\$ -	\$ 11,273,279
Nonproperty taxes	10,575,608	-	-	351,911	10,927,519
Fees and charges	1,644,414	-	-	-	1,644,414
Fines and forfeitures	698,250	-	-	-	698,250
Licenses and permits	493,175	-	-	-	493,175
Intergovernmental	484,336	-	571,469	-	1,055,805
Investment income	37,225	22,992	-	-	60,217
Miscellaneous	874,273	-	-	14,899	889,172
Total Revenues	24,021,332	2,082,220	571,469	366,810	27,041,831
Expenditures					
General government	6,133,070	-	-	-	6,133,070
Public safety	12,164,792	-	-	500	12,165,292
Public works	2,069,936	-	2,295	32,633	2,104,864
Culture and recreation	1,337,716	-	-	371,483	1,709,199
Economic development	589,640	-	-	-	589,640
Capital outlay	1,695,934	-	1,558,983	1,275,294	4,530,211
Debt service:					
Principal	505,761	1,844,019	-	39,837	2,389,617
Interest and fees	8,739	777,055	-	800	786,594
Advance refunding escrow	-	77,555	-	-	77,555
Total Expenditures	24,505,588	2,698,629	1,561,278	1,720,547	30,486,042
Excess (deficiency) of revenues over expenditures	(484,256)	(616,409)	(989,809)	(1,353,737)	(3,444,211)
Other financing sources (uses):					
Proceeds from capital lease	-	-	-	715,281	715,281
Proceeds from bond refunding	-	3,735,000	-	-	3,735,000
Premium on bond	-	701,808	-	-	701,808
Payment to escrow agent	-	(4,392,713)	-	-	(4,392,713)
Transfers in	798,276	-	-	1,410,149	2,208,425
Transfers out	(1,257,435)	-	-	(28,886)	(1,286,321)
Total other financing sources (uses)	(459,159)	44,095	-	2,096,544	1,681,480
Net change in fund balances	(943,415)	(572,314)	(989,809)	742,807	(1,762,731)
Fund balances at beginning of year	9,024,986	1,112,428	3,987,630	1,662,682	15,787,726
Fund balances at end of year	\$ 8,081,571	\$ 540,114	\$ 2,997,821	\$ 2,405,489	\$ 14,024,995

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

**CITY OF WESLACO, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<u>Governmental Activities</u>
Net change in fund balances-total governmental fund:	\$ (1,762,731)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the government-wide 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 depreciation (\$2,387,852) exceeded capital outlay \$4,530,211 in the current period.	2,142,359
The change in compensated absences of \$390,129 payable during the year is reported as an increase to expenditures in the statement of activities but not in the governmental funds	(390,129)
Capital lease proceeds are recorded as other financing sources in the governmental funds while they are recorded as long-term debt in the statement of net position	(715,281)
The change in accrued interest on long-term debt provides decreases long-term liabilities in the statement of net position.	22,587
Bond premiums, discounts and insurance are recognized in the funds in the year the bonds are sold but they are recorded as an asset or liability and amortized over the life of the bonds in the statement of activities. This amount is net effect of these differences in the treatment of long-term debt and related items.	19,459
Some property tax will not be collected for several months after the city's fiscal year end, they are not considered "available" revenues in the governmental funds	(9,227)
Repayment of bond, capital lease principal, and liabilities under chapter 380 agreements are reported as expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position	2,389,619
Internal Service funds are used by management to charge the costs of certain activities. The net revenue (loss) of the internal service funds is reported with governmental activities	(340,921)
Governmental funds report the issuance of debt refundings as an other financing source and use but in governmental activities the issuance of debt is recorded as a long-term liability. The effect of removing the bond proceeds of \$(3,735,000), the bond premium of \$(701,808), removing the refunded debt of \$4,190,000, and recording the deferred outflow on bond refunding of \$280,268 from the statement of activities is to increase the overall change in net position	33,460
GASB Statement No 68 required that certain expenditures be de-expended and recorded as a deferred resource outflows. These contributions made after the measurement date of 12/31/11 caused the change in ending net position to increase in the amount of \$14,162. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling \$(350,886). The City's reported TMRS net pension expense had to be recorded. The net pension expense increased/(decreased) the change in net position by \$(1,042,309). The result of these changes is to increase/(decrease) the change in net position by \$(979,033).	(979,033)
The City's reported Firemen's net pension expense had to be recorded. The net pension expense decreased the change in net position by \$(374,949)	<u>(374,949)</u>
Change in net position of governmental activities:	<u><u>\$ 35,213</u></u>

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

**CITY OF WESLACO, TEXAS
PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2016**

	Business-Type Activities				Governmental Activities
	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Totals	Internal Service Fund
Assets					
Current Assets					
Cash and cash equivalents	\$ 1,970,359	\$ 506,358	\$ 100	\$ 2,476,817	\$ 20,213
Cash and cash equivalents- restricted	5,510,998	-	229,998	5,740,996	-
Receivables, net of allowances for uncollectibles	2,046,896	666,580	48,213	2,761,689	-
Due from other funds	-	2,000,000	-	2,000,000	-
Inventories	246,367	-	31,354	277,721	-
Prepaid items	305,567	-	-	305,567	-
Total current assets	10,080,187	3,172,938	309,665	13,562,790	20,213
Non-current assets					
Land	665,175	421,247	1,465,448	2,551,870	-
Buildings	362,324	668,781	648,541	1,679,646	-
Equipment	6,296,998	1,908,927	532,257	8,738,182	4,997,658
Improvements	-	-	-	-	70,864
Infrastructure	65,610,780	64,461	9,018,404	74,693,645	-
Construction-in-progress	45,854,088	-	2,324,510	48,178,598	-
	118,789,365	3,063,416	13,989,160	135,841,941	5,068,522
Accumulated depreciation	(32,532,971)	(2,544,136)	(4,224,883)	(39,301,990)	(3,613,634)
Total non-current assets, net	86,256,394	519,280	9,764,277	96,539,951	1,454,888
Total assets	96,336,581	3,692,218	10,073,942	110,102,741	1,475,101
Deferred outflows of resources					
Deferred outflows related to pensions	260,257	9,820	60,930	331,007	-
Deferred charge on refunding	769,479	-	-	769,479	-
Total deferred outflows of resources	1,029,736	9,820	60,930	1,100,486	-
Total assets and deferred outflows of resources	\$ 97,366,317	\$ 3,702,038	\$ 10,134,872	\$ 111,203,227	\$ 1,475,101

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

CITY OF WESLACO, TEXAS
PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION - CONTINUED
SEPTEMBER 30, 2016

	Business-Type Activities				Governmental Activities
	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Totals	Internal Service Fund
Liabilities					
Current Liabilities:					
Accounts payable	\$ 1,405,888	\$ 357,118	85,487	\$ 1,848,493	\$ -
Accrued salaries and other liabilities	164,916	-	3,689	168,605	-
Due to other funds	2,007,509	552	284,345	2,292,406	-
Current portion of long term debt	2,850,500	-	-	2,850,500	392,567
Accrued interest on bonds	292,169	-	-	292,169	-
Total current liabilities	6,720,982	357,670	373,521	7,452,173	392,567
Noncurrent liabilities:					
Compensated absences	66,175	1,324	41,361	108,860	-
Customer deposits	1,020,942	-	-	1,020,942	-
Revenue bonds payable, net of unamortized premiums	57,228,336	-	-	57,228,336	-
Note payable	-	-	-	-	524,394
Landfill closure	-	536,078	-	536,078	-
Net pension liability	753,850	17,859	122,610	894,319	-
Total noncurrent liabilities	59,069,303	555,261	163,971	59,788,535	524,394
Total liabilities	65,790,285	912,931	537,492	67,240,708	916,961
Deferred inflows of resources					
Deferred inflows related to pensions	27,841	252	2,458	30,551	-
Total deferred inflows of resources	27,841	252	2,458	30,551	-
Net Position					
Net investment of capital assets	29,685,702	519,280	9,764,277	39,969,259	537,927
Restricted for:					
Revenue bond retirement	982,614	-	-	982,614	-
Construction	-	-	229,998	229,998	-
Unrestricted	879,875	2,269,575	(399,353)	2,750,097	20,213
Total net position	31,548,191	2,788,855	9,594,922	43,931,968	558,140
Total liabilities, deferred inflows of resources, and net position	\$ 97,366,317	\$ 3,702,038	\$ 10,134,872	\$ 111,203,227	\$ 1,475,101

CITY OF WESLACO, TEXAS
PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Business Type Activities				Governmental Activities
	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Total	Internal Service Fund
Operating Revenues:					
Water services	\$ 5,530,588	\$ -	\$ -	\$ 5,530,588	\$ -
Sewer services	4,365,116	-	-	4,365,116	-
Charges for services	-	4,665,969	182,461	4,848,430	-
Miscellaneous	260,669	59,481	830	320,980	-
Total operating revenues	10,156,373	4,725,450	183,291	15,065,114	-
Operating Expenses:					
Personal services	869,544	46,361	138,078	1,053,983	-
Other services and charges	2,498,476	44,874	164,832	2,708,182	439,923
Supplies	208,160	1,774	188,089	398,023	-
Contractual services	2,669,732	4,033,364	-	6,703,096	-
Depreciation	2,475,129	21,600	196,703	2,693,432	-
Miscellaneous	-	-	-	-	-
Total operating expenses	8,721,041	4,147,973	687,702	13,556,716	439,923
Operating income (loss)	1,435,332	577,477	(504,411)	1,508,398	(439,923)
Non-operating revenues (expenses)					
Investment income	1,513	-	-	1,513	-
Capital Improvement fees	649,682	-	-	649,682	-
Capital grants	409,766	28,117	1,220,436	1,658,319	-
Interest expense	(2,321,448)	-	-	(2,321,448)	(25,998)
Total non-operating revenues (expenses)	(1,260,487)	28,117	1,220,436	(11,934)	(25,998)
Income (loss) before transfers	174,845	605,594	716,025	1,496,464	(465,921)
Transfers in (out)					
Transfers in	-	-	251,172	251,172	125,000
Transfers out	(672,526)	(625,750)	-	(1,298,276)	-
Total transfers	(672,526)	(625,750)	251,172	(1,047,104)	125,000
Change in net position	(497,681)	(20,156)	967,197	449,360	(340,921)
Net position- beginning	32,045,872	2,809,011	8,627,725	43,482,608	1,351,730
Prior period adjustment	-	-	-	-	(452,669)
Net position- beginning, as adjusted	32,045,872	2,809,011	8,627,725	43,482,608	899,061
Net position- ending	\$ 31,548,191	\$ 2,788,855	\$ 9,594,922	\$ 43,931,968	\$ 558,140

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

CITY OF WESLACO, TEXAS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Business Type Activities				Governmental Activities
	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Total	Internal Service Fund
Cash flows from operating activities					
Cash received from customers	\$ 11,655,181	\$ 5,059,836	\$ 151,311	\$ 16,866,328	\$ -
Payments to suppliers	(6,579,169)	(3,881,652)	(182,502)	(10,643,323)	-
Payments to employees	(1,580,618)	(35,779)	(199,753)	(1,816,150)	-
Net cash provided (used) by operating activities	3,495,394	1,142,405	(230,944)	4,406,855	-
Cash flows from noncapital financing activities					
Transfers from other funds	-	-	251,172	251,172	125,000
Transfers to other funds	(672,526)	(625,750)	-	(1,298,276)	-
Net cash provided (used) by noncapital financing activities	(672,526)	(625,750)	251,172	(1,047,104)	125,000
Cash flows from capital and related financing activities					
Purchase of capital assets	(2,214,064)	-	(107,453)	(2,321,517)	-
Refunding bonds issued	15,750,000	-	-	15,750,000	-
Premium on refunding bonds	3,209,943	-	-	3,209,943	-
Payment to refunded bond escrow agent	(18,335,000)	-	-	(18,335,000)	-
Interest paid on bonds	(2,530,890)	-	-	(2,530,890)	-
Interest paid on notes	-	-	-	-	(25,998)
Retirement of notes	-	-	-	-	(318,628)
Retirement of bonds	(3,075,280)	-	-	(3,075,280)	-
Landfill closure costs	-	(38,414)	-	(38,414)	-
Capital grants	409,766	28,117	-	437,883	-
Capital improvement fees	649,682	-	-	649,682	-
Net cash provided (used) by capital and related financing activities	(6,135,843)	(10,297)	(107,453)	(6,253,593)	(344,626)
Cash flow from investing activities:					
Interest on cash and investments	1,513	-	-	1,513	-
Net cash provided (used) by investing activities	1,513	-	-	1,513	-
Net increase (decrease) in cash and cash equivalents	(3,311,462)	506,358	(87,225)	(2,892,329)	(219,626)
Cash and cash equivalents, beginning of year	10,792,819	-	317,323	11,110,142	239,839
Cash and cash equivalents, end of year	\$ 7,481,357	\$ 506,358	\$ 230,098	\$ 8,217,813	\$ 20,213
Reconciliation of operating income to net cash provided (used) by operating activities					
Operating income (loss)	\$ 1,435,332	\$ 577,477	\$ (504,411)	\$ 1,508,398	\$ (439,923)
Adjustments to reconcile income (loss) from operations to net cash from operating activities					
Depreciation	2,475,129	21,600	196,703	2,693,432	439,923
(Increase) decrease in accounts receivables	1,004,788	334,386	(31,980)	1,307,194	-
(Increase) decrease in inventories	(56,619)	-	18,543	(38,076)	-
(Increase) decrease in prepaids	84,716	-	-	84,716	-
(Increase) decrease in due from other funds	485,027	-	-	485,027	-
(Increase) decrease in deferred outflows related to pensions	(928,641)	(8,458)	(49,745)	(986,844)	-
Decrease (increase) in accounts payable	(1,027,038)	293,301	74,977	(658,760)	-
Decrease (increase) in accrued expenses	(64,341)	-	(3,908)	(68,249)	-
Decrease (increase) in due to other funds	(203,860)	(86,483)	76,899	(213,444)	-
Decrease (increase) in customer deposits	8,993	-	-	8,993	-
Decrease (increase) in compensated absences	23,932	(474)	(63,497)	(40,039)	-
Decrease (increase) in net pension liability	262,138	11,235	56,558	329,931	-
Decrease (increase) in deferred inflows related to pensions	(4,162)	(179)	(1,083)	(5,424)	-
Total adjustments	2,060,062	564,928	273,467	2,898,457	439,923
Net cash provided (used) by operations	\$ 3,495,394	\$ 1,142,405	\$ (230,944)	\$ 4,406,855	\$ -
Supplemental disclosure of noncash activities					
Contributed capital assets from Txdot	\$ -	\$ -	\$ 1,220,436	\$ 1,220,436	\$ -

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

CITY OF WESLACO, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2016

	<u>Pension Trust fund Firemen's Relief and Retirement</u>	<u>Private-purpose Trust fund Marion Booth Endowment Fund</u>
Assets		
Cash	\$ 83,726	\$ 10,922
Investments, at fair value:		
Certificates of deposit	-	480,537
Equities	6,329,384	-
Corporate bonds	661,529	-
Money market mutual funds	626,450	-
Municipal bonds	1,485,059	-
Total Assets	<u>\$ 9,186,148</u>	<u>\$ 491,459</u>
Liabilities		
Accounts payable	<u>\$ -</u>	<u>\$ 1,429</u>
Total Liabilities	-	1,429
Net Position		
Net position held in trust for pension benefits and other purposes	<u>9,186,148</u>	<u>490,030</u>
Total Net Position	<u>9,186,148</u>	<u>490,030</u>
Total Liabilities and Net Position	<u>\$ 9,186,148</u>	<u>\$ 491,459</u>

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

**CITY OF WESLACO, TEXAS
FIREMEN'S RETIREMENT FUND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<u>Pension Trust fund</u>	<u>Private-purpose Trust fund</u>
	<u>Firemen's Relief and Retirement</u>	<u>Marion Booth Endowment Fund</u>
Additions		
Contributions		
Employer contributions	\$ 440,112	\$ -
Plan member contributions	425,463	-
Total contributions	865,575	-
Investment income		
Net appreciation in fair value of investments	621,209	-
Interest and dividends	184,497	2,973
Total investment income	805,706	2,973
Less investment expense	(52,747)	-
Net investment income (loss)	752,959	2,973
Total additions	1,618,534	2,973
Deductions		
Benefits paid	520,186	-
Refunds of contributions	125,110	-
Administrative expenses	42,299	2,729
Total deductions	687,595	2,729
Net change in fiduciary net position	930,939	244
Net Position, beginning of year	8,255,209	489,786
Net position, end of year	<u>\$ 9,186,148</u>	<u>\$ 490,030</u>

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

Draft for Discussion Purposes Only

(This page intentionally left blank)

**NOTES TO THE
FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Weslaco, Texas was incorporated September 18, 1919, under the provisions of Act 279, P.A. 1909, as amended (Home Rule City Act). The City operates under a Commission-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, solid waste, health and social services, culture and recreation, education, public improvements, planning and zoning, and general administrative services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments includes 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 Governmental Units* and by the Financial Accounting Standards Board (when applicable).

Financial Reporting Entity

The accompanying financial statements present the reporting entity, which consists of the primary government. Financial reporting standards also require the City of Weslaco, Texas 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 Weslaco Economic Development Corporation (EDC) meets the financial accountability tests and, therefore is included as a discretely presented component unit. Its Board is appointed by the City Commission and the City sets expenditure caps.

The Firemen's Relief and Retirement fund is included as a pension trust fund, and the Marion Booth Endowment Fund is included as a private-purpose trust fund and are reported as fiduciary funds in the accompanying financial statements.

The City's financial statements do not reflect the operations of the Weslaco Chamber of Commerce (WCC), Weslaco Independent School District (WISD) or Texas Municipal Retirement System (TMRS). The Weslaco Chamber of Commerce and Weslaco Independent School District are not included because they have their own elected governing boards and are independent of the City as to fiscal accountability and financial affairs. Responsibility for administration and operation of TMRS has been vested with its board of Trustees. The City has no oversight responsibility regarding TMRS. Also excluded from the reporting entity is the Housing Authority of Weslaco. The Housing Authority is governed by a board of five commissioners, administers 180 units of low-income housing and also operates 328 units of existing Section 8 Housing Voucher Choice Program.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Based on the following criteria, the City determined that the actual degree of oversight is remote, and the financial operations and status of the Housing Authority is not integral to that of the City, thus the relationship of the Housing Authority to the City is best described in a note to the financial statements as follows:

a. Ability to Exercise Oversight Responsibility

The City of Weslaco appoints members to the Authority and has a moral responsibility for its debts. The City of Weslaco has little influence in the hiring of management and clerical staff, reviewing and approving budgets, adjustments and amendments, signing contracts, exercising control over facilities and property, and determining the outcome or disposition of matters affecting the service tenants of the Housing Authority received.

b. Scope of Service

The Housing authority provides housing for the residents of the City of Weslaco. The Housing Authority operates within the city limits.

c. Special Financing Relationships

The City of Weslaco and the Housing Authority are two separate legal entities and the financial operations and status of each is not integral.

The five non-profit corporation's referred to in Note 14 are not part of the City's reporting entity because the City exercises no oversight responsibility and has no accountability for fiscal matters. The significant factors for exclusion are: the appointed board members have no continuing relationships with the City; the board designates management; the City cannot significantly influence the corporations' operations; the Board has sole budgetary authority; the corporations' control surpluses and deficits, the City is not legally or morally obligated for the corporations' debt and the corporation's are responsible for fiscal management and fee determination. In this situation, the preceding factors are conclusive in contrast to the following factors indicating inclusion. The corporation's operate within the boundaries of the City and the City approves bonds for issuance.

Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City. The effect of inter-fund activity, within the governmental activities and business-type activities columns, has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on a significant extent on fees and charges for support.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Fund Financial Statements:

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City reports the General, Debt Service, and 2013 Certificates of Obligation Construction Fund as major governmental funds.

General Fund

General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Fund

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to finance specific activities.

Debt Service Fund

Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is restricted to signify the amounts that are restricted exclusively for debt service expenditures. The Debt Service Fund is reported as a major governmental fund.

Capital Projects Fund

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The 2013 Certificates of Obligation Construction Fund is reported as a major capital projects fund.

Proprietary Funds

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determination of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary funds:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Water and Wastewater Fund

Water and Wastewater Fund is used to account for the provision of water and wastewater services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and wastewater system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and wastewater debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Solid Waste Fund

Solid Waste Fund is used to account for operations of solid waste collection and disposal services. All costs are financed through charges to solid waste customers.

Airport Fund

Airport Fund accounts for the provision of airport facilities to area residents. All activities necessary to provide such services are accounted for in this fund. The fund is financed primarily by the City of Weslaco operating grants, hangar rentals and tie-down fees.

Additionally, the City reports the Internal Service Fund which is used to account for the capital acquisitions and leasing services provided to departments of the City.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus/Basis of Accounting and Financial Statement Presentation

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position.

Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and wastewater services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurements focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

“Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

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

In fiscal year 2016, the City adopted new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- Statement No. 72, *Fair Value Measurement and Application*
- Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*
- Statement No. 79, *Certain External Investment Pools and Pool Participants*

GASB Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Governments should organize these disclosures by type of asset or liability reported at fair value. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent).

GASB Statement No. 73 extends the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities. Currently the City does not have any pension plans that are not administered through a trust.

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

GASB Statement No. 79 establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals.

There was no impact on the City’s financial statements as a result of the implementation of Statements mentioned above.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Budgetary Control

The City Charter established the fiscal year as the twelve-month period beginning October 1. The departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year after which the City Manager subsequently submits a budget of estimated expenditures and revenues to the City Commission by August 1. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.

Upon receipt of the budget estimates, the Commission holds a public hearing on the proposed budget. Information about the Budget is then published in the official newspaper of the City.

Prior to October 1, the budget is legally enacted through passage of an ordinance. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Commission, even though the City Charter does not impose any restrictions or limit expenditures to amounts appropriated.

Formal budgetary integration is employed as a management control device during the year for the General, Hotel/Motel Tax - Special Revenue, and Debt Service Funds.

Formal budgetary integration is not employed for Capital Project Funds because effective budgetary control is alternatively achieved through the life of the respective project and not on an annual basis.

Budgets for the General, Hotel/Motel Tax - Special Revenue and Debt Service Funds are adopted on a basis consistent with Generally Accepting Accounting Principles (GAAP).

Current year appropriations lapse at year-end. Budgeted amounts are as originally adopted or as amended by the City Commission through September 30, 2016. All budget appropriations lapse at year-end except for the Community Development Block Grants (CDBG). Although they are appropriated annually, unspent appropriations in the Community Development Block Grants (CDBG) are appropriated under the same objects of expenditures in subsequent grant periods.

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Cash and Cash Equivalents

All fund types consider cash and cash equivalents to include all highly liquid investments with maturity of three months or less when purchased.

Cash of all funds, including restricted cash is pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. An individual fund's pooled Cash and Cash investments are available upon demand and are considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities not included in the common pooled accounts that are purchased with a maturity of ninety days or less are also considered to be "cash equivalents".

Negative balances incurred in pooled cash at year-end are treated as inter-fund receivables of the General Fund and inter-fund payables of the deficit fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Prepaid Items

Expenditures made to third party vendors for goods and services that will benefit periods beyond September 30, 2016 are recorded as prepaid items, in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Inventories

Inventories are valued at cost, which approximates market value, using the first-in, first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Short-Term Inter-fund Receivables and Payables/Internal Balances

Short-term lending/borrowing between funds that result in amounts outstanding at the end of the fiscal year are referred to as "due to/from other funds". Due to/from other funds" represent the current portion of interfund loans. With respect to the government-wide financial statements, any residual balances outstanding between the governmental activities and business-type activities are reported as "internal balances."

Interfund Transfers

Legally authorized transfers are treated as inter-fund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

The City allocates to the Proprietary Funds an indirect cost percentage of information technology services and salaries and wages and related costs of personnel who perform administrative services for those funds but are paid through the General Fund along with other indirect costs deemed necessary for their operations.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

City of Weslaco, Texas
Notes to Financial Statements
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Assets capitalized, not including infrastructure assets, have an original cost of \$1,000 or more and over one year of useful life. Infrastructure assets, capitalized have an original cost of \$5,000 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20 - 50 years
Water and Wastewater System	30 - 50 years
Infrastructure	20 - 35 years
Machinery and Equipment	5 - 10 years
Improvements	20 years

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the government activities column. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expense in the period incurred. Bond insurance costs are considered as prepaid items.

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.

Compensated Absences

The City's policy allows employees to accumulate unused sick leave on an unlimited basis and vacation leave up to 30 days except vacation leave accrued prior to December 1990, which shall be refunded in full.

Non-Civil Service employees who were hired before October 1, 2008 and who have completed ten years of employment are entitled to be paid up to 30 days of accumulated sick leave, 60 days for those employees with 11 to 20 years and 90 days for 21 years or more and any accumulated vacation up to 30 days, upon termination. Employees who were hired after October 1, 2009 are entitled to be paid a maximum of \$1,000 for both sick and vacation upon termination.

Civil Service employees hired are entitled to be paid any accumulated vacation, but must complete five years of employment with the City to be entitled to be paid up to 90 days of accumulated sick leave upon termination. Sick leave in excess of maximum limits is not paid upon termination, but will be paid only upon illness while in the employ of the City.

Pensions

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Deferred Outflows and Inflows of Resources

In addition to assets, the combined 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 reports deferred outflow of resources related to pensions as further described in Note 13.

In the addition to liabilities, the combined balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City reports *unavailable revenue*, as a deferred inflow of resources in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows of resources related to pension as further described in Note 13.

Fund Balance Policies

In accordance with GASB statement No. 54, the City's policy provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items and inventories.

In addition to the nonspendable fund balance, the City's policy has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the City from its highest level of decision making authority. The responsibility to commit funds rests with the Commissioners. Committed amounts cannot be used for any other purpose unless the Commission authorizes it.
- Assigned: fund balances that contain self-imposed constraints of the City to be used for a particular purpose. The responsibility to assign funds rests with the City Manager.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

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 be enabling legislation.

Those classified as committed are constrained by the City Commission through an ordinance for specific purposes, but are neither restricted nor committed. Reversing a commitment would require City Commission approval through an ordinance. Non-spendable are amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Fair Value Measurements

Investments are carried at fair value as defined in GASB Statement 72 “Fair Value Measurement and Application”. Consistent with GASB Statement 72, the City categorizes its fair value measurements within the fair value hierarchy. 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 inputs are significant unobservable inputs. For the City’s Firemen’s Relief and Retirement Fund Investments a detail of the fair value hierarchy of investments held by the City are disclosed in Note 3 to the financial statements.

Net Position

Net position represents the difference between assets, deferred outflow of resources, and liabilities, deferred inflow of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Use of Estimates

The preparation of financial statements in conformity with U. S. generally accepted principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification

The financial statements for the fiscal year ended September 30, 2015 have been reclassified to conform with the presentation of the financial statements for the fiscal year ended September 30, 2016.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and the Water, Sewer (Utility) Fund. Formal budgetary integration is employed as a management control device during the year for the General and Debt Service, as well as for the Water, Sewer (Utility) Fund.

Unused appropriations of the annually budgeted funds lapse at the end of each year. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Budgetary data for Capital Project Funds are budgeted over the life of the respective project and not on an annual basis. Therefore, this data is not presented in the accompanying combined financial statements.

Revisions that alter total expenditures within a department must be approved by the City Commission. Therefore, the legal level of budgetary responsibility is by the departmental basis.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

City Management establishes the amount of estimated revenues and other resources available for appropriation for the succeeding budget year. City Management submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating fund includes proposed expenditures and the means of financing them. Public hearings are conducted to City Hall to obtain taxpayer comments. Prior to October 1, the budget is adopted by the City Commission.

Expenditures may not legally exceed budgeted appropriations at the department level. During the year, several supplementary appropriations were necessary.

Expenditures over Appropriations

At September 30, 2016, expenditures in the following departments exceeded appropriations:

General government	\$(718,746)
Public safety	(855,285)
Capitalized items	(740,378)
Interest and fees	(8,739)

General Government – settlements of pending litigation exceeded budgeted amounts. In addition, response to a major flooding event caused overages in overtime and other charges.

Public Safety – overtime for fire and police was in excess of budgeted amounts, in part due to the emergency response to the October flooding. Other overtime to address security for special events was not budgeted for.

Capitalized items – multiple capitalized expenditures were authorized to ensure all departments were adequately supplied with tools and equipment needed to address critical needs in the City. Some expenditures were addressed in budget amendments, but not all of them.

Interest and fees – interest expense associated with some capital leases were not budgeted for.

NOTE 3 – 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 102% secured by collateral valued at fair value, less the amount of the Federal Deposit Insurance Corporation insurance. The City's deposits, including certificates of deposit, were fully insured or collateralized as required by the state statutes at September 30, 2016. At year-end, the respective bank balance totaled \$21,755,741. Of the total bank balance, \$500,000 was covered by Federal Depository Insurance Corporation (FDIC). The remainder was covered by collateral with a value of \$31,000,000. The collateral was held at third party banks (safekeeping banks) in the City's name under a joint safekeeping agreement between various banks and the City.

NOTE 3 – DEPOSITS AND INVESTMENTS - Continued

Investments

State statutes, city bond ordinances, city resolutions, and an investment policy adopted by the City Commission authorize the City's investments. The City is authorized to invest in obligations of the United States of America, its agencies and instrumentalities, direct obligations of the State of Texas and agencies thereof, obligations of the states (agencies thereof, counties, cities, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating equivalent), certificates of deposit of state and national banks domiciled in Texas, fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or its agencies and instrumentalities pledged with a third party, joint pools of political subdivisions in the State of Texas which invest in instruments and follow practices allowed by law, and commercial paper with a 270 day limit and an A1P1 rating by two rating agencies.

A reconciliation of cash and investments follows:

	<u>Investment Maturities (in years)</u>		
	<u>Fair Value</u>	<u>1 or less</u>	<u>Greater than 1 year</u>
Primary Government			
Cash and cash equivalents	\$16,557,618	\$16,557,618	\$ -
TexPool	<u>4,747,696</u>	<u>4,747,696</u>	<u>-</u>
	<u>\$21,305,314</u>	<u>\$21,305,314</u>	<u>\$ -</u>
Component Unit			
Cash and cash equivalents	\$ 4,076,481	\$ 4,076,481	\$ -
Certificates of deposit	695,256	695,256	-
Land available for sale	<u>402,734</u>	<u>402,734</u>	<u>-</u>
	<u>\$5,174,471</u>	<u>\$5,174,471</u>	<u>\$ -</u>

A reconciliation of cash and investments follows:

	<u>Primary Government</u>			
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
Cash	\$ 9,440,169	\$1,029,358	\$10,469,527	\$3,151,439
Restricted cash	347,095	5,740,996	6,088,091	925,042
Cash equivalents – TexPool	<u>3,300,237</u>	<u>1,447,459</u>	<u>4,747,696</u>	<u>-</u>
	<u>\$13,087,501</u>	<u>\$8,217,813</u>	<u>\$21,305,314</u>	<u>\$4,076,481</u>
Investments				
Certificates of deposit	\$ -	\$ -	\$ -	\$ 695,256
Land available for sale	<u>-</u>	<u>-</u>	<u>-</u>	<u>402,734</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,097,990</u>

See Note 6 for components of cash restrictions.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment.

NOTE 3 – DEPOSITS AND INVESTMENTS - Continued

Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flows and liquidity needed for operations. The investment policy states that the dollar weighted average maturity of 12 months or less will be calculated using the stated final maturity date of each security.

Credit Risk

As of September 30, 2016 the investments in TexPool investment pools were rated AAAM by Standard and Poor's.

The City's investment policy limits authorized investments to certain Texas government investments pools, obligations of or guaranteed by the U. S. and State of Texas and their agencies thereof, certificates of deposit of Texas banks and fully collateralized repurchase agreements.

Public Funds Investment Pools

TexPool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (Trust Company) to provide a safe environment for the placement of local government funds in authorized short-term, fully-collateralized investments, including direct obligations of, or obligations guaranteed by, the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; and fully collateralized direct repurchase agreements secured by United States Government agency securities and placed through a primary government securities dealer.

The Trust Company was incorporated by the State Treasurer by authority of the Texas Legislature as a special purpose trust company with direct access to the services of the Federal Reserve Bank to manage, disburse, transfer, safekeep, and invest public funds and securities more efficiently and economically. 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.

As of the September 30, 2016, all of the City's external investment pools meet the criteria described in GASB Statement No. 79 and measures all of their investments at amortized costs; therefore, the City has also measured their investments in these external investment pools at amortized cost for financial reporting purposes. In addition, the pools do not have any limitations or restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity or redemption gates.

City of Weslaco, Texas
Notes to Financial Statements
September 30, 2016

NOTE 3 – DEPOSITS AND INVESTMENTS – Continued

Firemen's Relief and Retirement Fund Investments

The Firemen's Relief and Retirement Fund Investments are recorded at fair value as of September 30, 2016. The composition of these investments is as follows:

	<u>Fair Value</u>
Equities	\$6,329,384
Fixed income	
Money market mutual funds	626,450
Municipal bonds	1,485,059
Corporate bonds	661,529
Total fixed income	<u>2,773,038</u>
Total investments	<u>\$9,102,422</u>

The Firemen's fund has adopted the provisions of GASB Statement 72 and fully disclosed in the notes to the financial statements the fair value hierarchy and the methods of valuing the related investments as required under generally accepted accounting principles. A summary of the hierarchy is as follows:

Level 1 inputs are quoted prices in active markets for identical assets	\$8,440,893
Level 2 inputs are significant other observable inputs	<u>661,529</u>
Total investments	<u>\$9,102,422</u>

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 objective. 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.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Plan, and are held by either the counterparty or the counterparty's trust department or agent but not in the Plan's name.

Concentration of Credit Risk

The allocation of assets among various asset classes is set by the Board with the objective of optimizing the investment return of the Plan within framework of acceptable risk and diversification. For major asset classes (e.g., domestic equities, international equities, fixed income, alternative investments, private equity and real estate, and specialty), the Plan where such broker is also affiliated with the manager who is making the transaction are prohibited, unless specifically approved by the Plan.

NOTE 3 – DEPOSITS AND INVESTMENTS - Continued

Firemen's Relief and Retirement Fund Investments - Continued

Interest Rate Risk

The Plan invests in fixed income securities including, but not limited to, investments representing instruments with an obligated fixed rate of interest. Instruments may have an investment grade or noninvestment grade rating. Purchases and sales, investment selection and implementation of investment strategies are delegated to the discretion of the investment manager, subject to compliance with its management agreement and the Plan's Investment Policy.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. Interest rate risk is the greatest risk faced by an investor in the fixed income market. The price of a fixed income security typically moves in the opposite direction of the change in interest rates. The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates, but rather mandates such limits within the Investment Management Services Contract.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plan does not have a formal policy limiting investment credit risk, but rather mandates such limits within the Investment Management Services Contract.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Realized and unrealized gains and losses on investments which result from changes in foreign currency exchange rates have been included in the net appreciation (depreciation) in fair value of investments.

NOTE 4 - RECEIVABLES

Receivables at September 30, 2016, consist of the following:

	Primary Government									Component
	Governmental					Business-type				Unit
	2013									
	Certificate of Obligation									
	General	Debt Service	Construction	Non-major		Water and	Solid	Airport	Total	Economic
	Fund	Fund	Fund	Funds	Total	Wastewater	Waste	Fund	Primary	Development
									Government	Corporation
Property taxes	\$1,258,456	\$460,697	\$ -	\$ -	\$1,719,153	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel/Motel taxes	-	-	-	72,881	72,881	-	-	-	-	-
Trade	346,024	-	-	-	346,024	3,018,755	1,215,459	16,938	4,597,176	-
Ambulance fees	2,828,358	-	-	-	2,828,358	-	-	-	2,828,358	-
Sales taxes	862,805	-	-	-	862,805	-	-	-	862,805	-
Other governments	<u>138,901</u>	<u>439</u>	<u>690,063</u>	<u>6,432</u>	<u>835,835</u>	<u>99,356</u>	<u>-</u>	<u>31,275</u>	<u>130,631</u>	<u>225,478</u>
Gross receivables	5,434,544	461,136	690,063	79,313	6,665,056	3,118,111	1,215,459	48,213	11,046,839	225,478
Less allowance for uncollectibles	<u>(2,449,653)</u>	<u>(143,270)</u>	<u>-</u>	<u>-</u>	<u>(2,592,923)</u>	<u>(1,071,215)</u>	<u>(548,879)</u>	<u>-</u>	<u>(4,213,017)</u>	<u>-</u>
Net total receivable	<u>\$2,984,891</u>	<u>\$317,866</u>	<u>\$690,063</u>	<u>\$79,313</u>	<u>\$4,072,133</u>	<u>\$2,046,896</u>	<u>\$666,580</u>	<u>\$48,213</u>	<u>\$6,833,822</u>	<u>\$225,478</u>

City of Weslaco, Texas
Notes to Financial Statements
September 30, 2016

NOTE 4 - RECEIVABLES - Continued

Property tax revenues are recognized when they become available in the fund statements. Available includes those property tax receivables expected to be collected within sixty days after year end.

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are levied as of October 1. The county appraisal district certifies the tax roll by July 25th. This tax roll is used by the City to adopt a tax rate by September 1st or soon thereafter. The tax bills are mailed on October 1 or soon thereafter and are due and payable upon receipt. The billings become delinquent as of February 1 of the following calendar year and penalties and interest may be assessed by the City.

As an inducement to expand their business operations to the City's Industrial Park, the Economic Development Corporation of Weslaco (EDC), accepted notes from various businesses. These notes are for cash loans, and sale of industrial park lots. The loans carry various credits incentives up to the amounts of the loans and sometimes beyond the initial loans. The credits vary by individual entities. The credits involve construction of buildings, leasing of existing properties at the industrial park, employing local residents and the purchase of goods and services from merchants in the local area. All notes receivable carry incentives to the extent of the note receivable balance.

The following is a summary of notes receivable payable to the EDC at September 30, 2016:

Loan to AC/DC Signs	\$ 58,776
Loan to SESA	20,000
Loan to Downtown Properties	90,228
Loan to CiL Properties	145,101
Promissory note from LRGVDC (building sale)	1,450,999
Promissory note from SDI Weslaco Holdings, Inc.	<u>1,135,073</u>
Total notes receivable	<u>\$2,900,177</u>

Total note receivable from SDI Weslaco Holdings, LLC (SDI) was \$2,213,255 at 8% interest rate. This note is secured by a Chapter 380 Economic Development Agreement between the City of Weslaco, Texas and SDI. SDI has assigned the annual payments due from the City to the Economic Development Corporation, (EDC) of Weslaco, Texas until the note is paid in full. The note is payable in annual payments, until March 1, 2030. The 380 Agreement was to facilitate the construction of infrastructure improvements for a commercial development. The EDC spurred the development by advancing \$2,213,255 of the \$3,300,000 project. In the current year, the City of Weslaco paid \$236,035 under the 380 Agreement.

Notes with Economic Incentives

The economic incentive portion of the note receivable balances have been recognized as expenditures in current year operations, as well as the long-term note receivable advance. As the entities earn their incentives, the note balances will be reduced accordingly, with an equal offset to unavailable revenue. That is to control compliance with the agreements. The long-term note receivable principal payments are recognized as revenues, with equal off-set to unavailable revenue. Note balances had equal unavailable revenue at September 30, 2016.

City of Weslaco, Texas
Notes to Financial Statements
September 30, 2016

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016 is as follows:

	Restated Beginning Balance	Additions	Transfers/ Reclassification	Retirements	Ending Balance
Governmental Activities					
Capital assets not being depreciated					
Land	\$ 3,925,705	\$ -	\$ -	\$ -	\$ 3,925,705
380 agreements infrastructure	7,629,307	-	-	-	7,629,307
Construction in progress	<u>4,351,205</u>	<u>2,465,246</u>	<u>(5,091,946)</u>	-	<u>1,724,505</u>
Total capital assets not being depreciated	<u>15,906,217</u>	<u>2,465,246</u>	<u>(5,091,946)</u>	-	<u>13,279,517</u>
Capital assets being depreciated					
Buildings	17,371,818	-	-	-	17,371,818
Equipment	11,316,605	776,367	-	-	12,092,972
Improvements	37,188,685	573,317	5,091,946	-	42,853,948
Capital Leases	<u>2,559,544</u>	<u>715,281</u>	-	-	<u>3,274,825</u>
	<u>68,436,652</u>	<u>2,064,965</u>	<u>5,091,946</u>	-	<u>75,593,563</u>
Less accumulated depreciation for					
Building	6,512,346	434,295	-	-	6,946,641
Equipment	6,507,435	703,798	-	-	7,211,233
Improvements	21,267,628	1,210,929	-	-	22,478,557
Capital Leases	<u>452,669</u>	<u>478,752</u>	-	-	<u>931,421</u>
Total accumulated depreciation	<u>34,740,078</u>	<u>2,827,774</u>	-	-	<u>37,567,852</u>
Total capital asset being depreciated, net	<u>33,696,574</u>	<u>(762,809)</u>	<u>5,091,946</u>	-	<u>38,025,710</u>
Governmental Activities, capital assets, net	<u>\$49,602,791</u>	<u>\$1,702,437</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$51,305,227</u>

Depreciation expense was charged as direct expense to governmental functions of the primary government as follows:

Governmental activities	
General government	\$ 785,175
Public Safety	290,330
Emergency Medical Services	137,335
Public Works	1,196,471
Culture and Recreation	<u>418,463</u>
	<u>\$2,827,774</u>

City of Weslaco, Texas
Notes to Financial Statements
September 30, 2016

NOTE 5 – CAPITAL ASSETS - Continued

	Restated Beginning Balance	Additions	Transfers/ Reclassification	Retirements	Ending Balance
Business-type activities					
Capital assets not being depreciated					
Land	\$ 2,551,870	\$ -	\$ -	\$ -	\$ 2,551,870
Construction in progress	<u>49,737,356</u>	<u>3,421,922</u>	<u>(4,980,680)</u>	<u>-</u>	<u>48,178,598</u>
Total capital assets not being depreciated	<u>52,289,226</u>	<u>3,421,922</u>	<u>(4,980,680)</u>	<u>-</u>	<u>50,730,468</u>
Capital assets being depreciated					
Buildings	1,679,646	-	-	-	1,679,646
Equipment	8,688,538	56,531	-	(6,887)	8,738,182
Improvements	<u>69,642,578</u>	<u>70,387</u>	<u>4,980,680</u>	<u>-</u>	<u>74,693,645</u>
Total capital assets being depreciated	<u>80,010,762</u>	<u>126,918</u>	<u>4,980,680</u>	<u>(6,887)</u>	85,111,473
Less accumulated depreciation for					
Building	1,284,391	22,732	-	-	1,307,123
Equipment	7,286,802	314,815	-	(6,887)	7,594,730
Improvements	<u>28,037,365</u>	<u>2,362,772</u>	<u>-</u>	<u>-</u>	<u>30,400,137</u>
Total accumulated depreciation	<u>36,608,558</u>	<u>(2,700,319)</u>	<u>4,980,680</u>	<u>-</u>	<u>39,301,990</u>
Total capital asset being depreciated, net	<u>43,402,204</u>	<u>(2,573,401)</u>	<u>-</u>	<u>-</u>	<u>45,809,483</u>
Business-type activities capital assets, net	<u>\$95,691,430</u>	<u>\$ 848,521</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$96,539,951</u>

Depreciation expense was charged as direct expense to business-type functions of the primary government as follows:

Business-type activities	
Water and wastewater	\$2,482,016
Solid waste	21,600
Airport	<u>196,703</u>
Total depreciation expense – business-type activities	<u>\$2,700,319</u>

Component Unit	Restated Beginning Balance	Additions	Retirements	Transfers/ Reclassifications	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 19,709	\$ -	\$ -	\$ -	\$ 19,709
Construction in progress	<u>9,049</u>	<u>11,700</u>	<u>-</u>	<u>-</u>	<u>20,749</u>
	28,758	11,700	-	-	40,458
Capital assets, being depreciated:					
Buildings	2,181,286	-	-	-	2,181,286
Machinery and equipment	<u>167,655</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>167,655</u>
	2,348,941	-	-	-	2,348,354
Less accumulated depreciation	<u>335,075</u>	<u>69,279</u>	<u>-</u>	<u>-</u>	<u>404,354</u>
Total capital assets, being depreciated, net	<u>2,013,866</u>	<u>(69,279)</u>	<u>-</u>	<u>-</u>	<u>1,944,587</u>
Governmental activities, capital assets, net	<u>\$2,042,624</u>	<u>\$ (57,579)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,985,045</u>

Depreciation of \$69,279 was charged to general government functions.

City of Weslaco, Texas
Notes to Financial Statements
September 30, 2016

NOTE 6 – LONG-TERM DEBT

Business-Type Activities Bonded Debt

Business-type activities bonded debt as of September 30, 2016 is as follows:

\$21,871,000 Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2007, dated August 15, 2008, due in annual installments varying from \$40,000 to \$2,270,000, through February 15, 2027, bearing interest rates of 4.00% to 5.00%	\$ 100,000
\$1,075,082 General Obligation Refinancing Bonds, Series 2010, (Target Savings) due in annual installments varying From \$97,092 to \$138,852 through February 19, 2019 bearing interest at 3.1%	404,029
\$2,845,000 Waterworks and Sewer Systems Revenue Refunding Bond, Series 2010, due in annual installments Varying from \$375,000 to \$440,000 through December 1, 2018, bearing interest at 3.19%.	870,000
\$24,335,000 Tax and Revenue Certificate of Obligation, Series 2012, dated January 15, 2012, due in annual installments varying from \$1,345,000 to \$2,305,000 through February 15, 2032, bearing interest rates of 4.00% to 5.00%.	24,335,000
\$8,500,000 Tax Notes, Series 2011, dated December 28, 2011, due in annual installments from \$460,000 to \$2,000,000 through February 15, 2018, bearing interest rate of 2.75%.	4,810,000
\$9,075,000 Tax and Revenue Certificate of Obligation, Series 2014, dated March 1, 2014, due in annual installments varying from \$75,000 through \$1,355,000 through February 15, 2034.	9,075,000
\$15,750,000 Limited Tax Refunding Bonds, Series 2016, dated June 7, 2016, due in annual installments varying from \$290,000 to \$2,280,000 through February 15, 2027, bearing interest rates of 4.00%-5.00%.	<u>15,750,000</u>
Total Business-Type Activities Bonded Debt	<u>\$55,344,029</u>

Governmental Activities Bonded Debt

Governmental activities bonded debt as of September 30, 2016 is as follows:

\$6,105,000 Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2007, dated August 15, 2008, due in annual installments varying from \$5,000 to \$530,000, through February 15, 2027, bearing interest rates of 4.00% to 5.00%	\$ 400,000
\$4,064,918 General Obligation Refinancing Bond, Series 2010, (Target Savings), due in annual installments of \$367,908 to \$526,148 through February 19, 2019, bearing interest rates at 3.1%	1,532,231
\$11,915,000 Limited Tax Refunding Bonds, Series 2012, Dated August 15, 2013, due in annual installments varying from \$980,000 to \$1,470,000 through February 15, 2023, bearing interest rates of 2.00% to 3.00%.	8,705,000

City of Weslaco, Texas
Notes to Financial Statements
September 30, 2016

NOTE 6 – LONG-TERM DEBT - Continued

\$6,750,000 Tax and Revenue Certificate of Obligation, Series 2013, dated September 19, 2013, due in annual installments varying from \$90,000 to \$570,000 through August 15, 2033, bearing interest rates of 2.00% to 5.00%. \$ 6,445,000

\$3,735,000 Limited Tax Refunding Bonds, Series 2016, dated June 7, 2016, due in annual installments varying from \$265,000 to \$530,000 through February 15, 2027, bearing interest rates of 4.00%-5.00%. 3,735,000

Total Governmental Activities Bonded Debt \$20,817,231

Capital Leases

\$1,901,245 Municipal lease agreement, dated December 12, 2013. The terms of the note include monthly payments of \$34,880 beginning January 14, 2014, continuing until December 14, 2019. The note was used to purchase machinery and equipment. \$ 916,961

\$326,727 Frost Municipal lease agreement dated May 5, 2015. The terms of the capital lease include monthly payments of \$5,761 beginning June 2015. The lease was used to purchase equipment. 243,039

\$331,572 Kansas State Bank lease agreement dated September 15, 2015. The terms of the capital lease include annual payments of \$69,968 beginning January 2016. The lease was used to purchase equipment. 264,234

\$525,000 Frost Municipal Lease agreement dated January 28, 2016. The terms of the capital lease include annual payments of \$60,288 beginning October 2016. The lease was used to purchase a fire truck. 525,000

\$190,281 Frost Municipal lease agreement dated January 28, 2016. The terms of the capital lease include annual payments of \$39,837 beginning February 2016. The lease was used to purchase an ambulance and other vehicle. 150,444

Total Governmental Activities Capital Lease Debt \$2,099,678

Component Unit Bonded Debt

Component Unit bonded debt as of September 30, 2016 is as follows:

\$1,155,000 Economic Development Sales Tax Revenue Bonds, Series 2012, due in annual installments not exceeding \$130,000 beginning February 15, 2013 through August 15, 2023, interest rate of 2.60%. \$ 840,000

\$1,090,000 Economic Development Sales Tax Revenue Bonds, Series 2011A, due in annual installments varying from \$260,000 to \$280,000 beginning February 15, 2014 through February 15, 2019, interest at 4.47% 280,000

\$1,290,000 Economic Development Sales Tax Revenue Bonds, Series 2011B, due in annual installments varying from \$150,000 to \$335,000 beginning February 15, 2017 through 2021, interest rate of 3.84%. 1,290,000

City of Weslaco, Texas
Notes to Financial Statements
September 30, 2016

NOTE F – LONG-TERM DEBT - Continued

\$2,870,000 Economic Development Sales Tax Revenue Refunding Bond Series 2012, due in annual installments not Exceeding \$305,000 beginning February 15, 2013 through February 15, 2023, with interest of 3.40%.

1,925,000

Total Revenue Bonds \$4,335,000

Notes Payable

A note dated December 22, 2015 and payable to Texas National for \$283,000. The terms of the note include principal and interest payments of \$3,012 beginning January 22, 2016, continuing monthly thereafter until November 22, 2022, when the entire balance, including principal and interest will be due and payable. The interest rate is a fixed 5.00%. The note is secured by 17.12 acres in the industrial park.

266,056

Total Component Unit Revenue Bonds and Notes Payable \$4,601,056

Transactions for the year ended September 30, 2016 are summarized as follows:

	Balance October 1	Issues or Additions	Payments or Expenditures	Balance September 30	Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 2,006,250	\$ -	\$ 474,019	\$ 1,532,231	\$ 494,500
Certifications of Obligation	21,110,000	3,735,000	5,560,000	19,285,000	1,485,000
Capital leases	1,873,225	715,281	488,828	2,099,678	616,759
Bond premium	516,810	701,808	46,957	1,171,661	-
380 Agreement Infrastructure	4,094,605	-	375,400	3,719,205	-
Compensated absences	2,182,753	1,286,168	896,039	2,572,882	-
Municipal net pension liability	3,097,838	3,818,849	-	6,916,687	-
Firemen's net pension liability	<u>4,214,004</u>	<u>374,949</u>	<u>-</u>	<u>4,588,953</u>	<u>-</u>
Total Governmental Activities	<u>39,095,485</u>	<u>10,632,055</u>	<u>7,841,243</u>	<u>41,886,297</u>	<u>2,596,259</u>
Business-Type Activities					
General Obligation Bonds	529,308	-	125,279	\$ 404,029	130,500
Revenue Bonds Payable	1,290,000	-	420,000	870,000	430,000
Certificates of Obligation	52,640,000	15,750,000	19,130,000	49,260,000	100,000
Bond discount	(15,476)	-	(15,476)	-	-
Bond premium	1,699,140	3,209,943	174,277	4,734,806	-
Tax notes	6,545,000	-	1,735,000	4,810,000	2,190,00
Compensated absences	165,245	55,686	112,071	108,860	-
Customer deposits	1,011,949	8,993	-	1,020,942	-
Landfill closure	574,493	-	38,414	536,079	-
Municipal net pension liability	<u>552,737</u>	<u>341,582</u>	<u>-</u>	<u>894,319</u>	<u>-</u>
Total Business-Type Activities	<u>64,992,396</u>	<u>19,366,204</u>	<u>21,719,565</u>	<u>62,639,035</u>	<u>2,850,500</u>
Total Primary Government	<u>\$104,087,881</u>	<u>\$29,998,259</u>	<u>\$29,560,808</u>	<u>\$104,525,332</u>	<u>\$ 5,446,759</u>
Component Unit					
Revenue bonds	\$ 4,965,000	\$ -	\$ 630,000	\$ 4,335,000	\$ 655,000
Notes payable	<u>344,817</u>	<u>283,000</u>	<u>361,761</u>	<u>266,056</u>	<u>23,189</u>
Total Component Unit	<u>\$ 5,309,817</u>	<u>\$ 283,000</u>	<u>\$ 991,761</u>	<u>\$ 4,601,056</u>	<u>\$ 678,189</u>

NOTE 6 – LONG-TERM DEBT - Continued

General Obligation Bonds and Certificates of Obligation

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General Obligation Bonds and Certificates of Obligation require the City to compute, at the time that taxes are levied, the rate of tax required to provide (in each year that bonds are outstanding) the funds to pay for interest and principal at maturity. The City is in compliance with this requirement.

No General Obligation Bonds or Certificates of Obligation were issued for the fiscal year ended September 30, 2016.

Revenue Bonds

Water and Wastewater Revenue Bonds constitute special obligations of the City solely secured by a lien on and pledge of the net revenues of the Water and Sewer system.

The Revenue Bonds are collateralized by the revenue of the water and wastewater system and the various special funds established by the bond ordinances. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the Revenue Bond funds. Remaining revenue may then be used for any lawful purpose.

The ordinances also contain provisions which, among other items, restrict the issuance of additional Revenue Bonds unless the special fund noted above contain the required amounts and certain financial ratios are met. The City is in compliance with all significant financial requirements as of September 30, 2016.

Sales Tax Revenue Bonds are direct obligations issued on a pledge of the City's sales tax revenues allocated to the Economic Development Corporation, in accordance with state statutes.

No Revenue Bonds were issued for the fiscal year ended September 30, 2016.

Tax Notes

On March 1, 2014, the City issued the Tax and Revenue Certificate of Obligation Note, Series 2014 for \$9,075,000. The proceeds of the certificate will be used for financing, the design construction, equipping, renovation, and/or rehabilitation of the City's Waterworks and Wastewater Systems.

Defeased Bonds Outstanding

The City issued refunding bonds to defease certain outstanding bonds for the purpose of consolidation and to achieve debt service savings. The City has placed the proceeds from the refunding issues in irrevocable escrow accounts with a trust agent to ensure payment of debt service on the refunded bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. The balance of defeased debt outstanding as of September 30, 2016 amounted to \$22,525,000 and was a result of the current year refunding described below.

City of Weslaco, Texas
Notes to Financial Statements
September 30, 2016

NOTE 6 – LONG-TERM DEBT - Continued

Revenue Bonds Refunding

The City issued \$19,485,000 Limited Tax Refunding Bonds, Series 2016 to advance refund a portion of the City's outstanding debt in order to lower the overall debt service requirements of the City. The advance refunding was authorized to refund \$4,190,000 and \$18,335,000 of the *Series 2007 Tax and Waterworks and Sewer System Surplus Revenue Certifications of Obligation* in governmental and business type activities, respectively.

The bonds are collateralized by property taxes levied against all taxable property within the limits prescribed by law and are further secured by net revenues from the operation of the City's combined waterworks and sewer system. The bonds will be repaid over a 11 year period, which began February 15, 2017 and carry interest rates at 4.00%-5.00% with interest payment dates of February 15 and August 15. The refunding was undertaken to take advantage of favorable interest rates. The cash flow requirement of the refunded bonds, prior to the refunding, was \$29,839,945 from September 30, 2016 through February 15, 2027. The cash flow requirements of the 2016 refunding bonds are \$26,242,267 for the same period. The advance refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$3,597,678.

Bond Authorized and Unissued

At September 30, 2016, the City had no General Obligations Bonds and Revenue Bonds which were authorized and unissued.

The following table summarizes the restricted cash and investments as of September 30, 2016:

	Governmental Activities	Business-type Activities	Primary Government	Component Unit
Restricted				
Cash and cash equivalents				
Cash restricted for construction	\$104,886	\$3,507,442	\$3,612,328	\$925,042
Cash restricted for PEG fee collection	242,209	-	242,209	-
Cash restricted for bond retirement	-	982,614	982,614	-
Cash restricted for customer utility deposits	-	1,020,942	1,020,942	-
Cash in escrow	<u>-</u>	<u>229,998</u>	<u>229,998</u>	<u>-</u>
Total	<u>\$347,095</u>	<u>\$5,740,996</u>	<u>\$6,088,091</u>	<u>\$925,042</u>
Investments				
Restricted for bond reserve	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$695,256</u>

Debt service requirements to maturity for governmental activities and business-type activities are as follows:

General Obligation Bonds

	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements
General obligation Bonds						
2017	\$ 495,500	\$39,795	\$ 534,295	\$130,500	\$10,503	\$141,003
2018	510,324	24,220	534,544	134,676	6,392	141,068
2019	<u>527,407</u>	<u>8,155</u>	<u>535,562</u>	<u>138,853</u>	<u>2,152</u>	<u>141,005</u>
	<u>\$1,531,231</u>	<u>\$72,170</u>	<u>\$1,604,401</u>	<u>\$404,029</u>	<u>\$19,047</u>	<u>\$423,076</u>

City of Weslaco, Texas
Notes to Financial Statements
September 30, 2016

NOTE 6 – LONG-TERM DEBT - Continued

Certificate of Obligations

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2017	\$ 1,485,000	\$ 674,250	\$ 2,159,250	\$ 100,000	\$ 2,224,182	\$ 1,559,482
2018	1,375,000	638,675	2,013,675	-	2,224,182	1,459,482
2019	1,415,000	595,450	2,010,450	1,710,000	2,216,932	2,879,482
2020	2,000,000	542,425	2,542,425	3,075,000	2,127,582	2,882,632
2021	2,055,000	482,947	2,537,947	3,200,000	2,001,682	2,874,482
2022-2026	6,945,000	1,563,837	8,508,837	18,175,000	7,812,990	14,377,990
2027-2031	2,895,000	643,800	3,538,800	16,800,000	3,691,714	18,166,114
2032-2036	<u>1,115,000</u>	<u>84,250</u>	<u>1,199,250</u>	<u>6,200,000</u>	<u>470,908</u>	<u>6,670,908</u>
Total	<u>\$19,285,000</u>	<u>\$5,225,634</u>	<u>\$24,510,634</u>	<u>\$49,260,000</u>	<u>\$22,770,172</u>	<u>\$50,870,572</u>

Revenue Bonds

	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
Year Ending September 30,			
2017	\$ 430,000	\$ 20,895	\$450,895
2018	<u>440,000</u>	<u>7,018</u>	<u>447,018</u>
Total	<u>\$ 870,000</u>	<u>\$ 27,913</u>	<u>\$897,913</u>

Tax Notes

	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
Year Ending September 30,			
2017	\$2,190,000	\$132,276	\$2,322,276
2018	<u>2,620,000</u>	<u>72,050</u>	<u>2,692,050</u>
Total	<u>\$4,810,000</u>	<u>\$204,326</u>	<u>\$5,014,326</u>

Debt service requirements to maturity for the component unit are as follows:

	<u>Revenue Bonds</u>		<u>Notes Payable</u>		<u>Total</u>
Year Ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2017	\$ 655,000	\$137,116	\$ 23,189	\$ 12,951	\$ 828,256
2018	675,000	113,204	24,392	11,748	824,344
2019	690,000	89,566	25,657	10,483	815,706
2020	720,000	65,139	26,963	9,177	821,279
2021	740,000	39,847	28,388	7,752	815,987
2023 and beyond	<u>855,000</u>	<u>27,265</u>	<u>137,467</u>	<u>7,607</u>	<u>1,027,339</u>
Total	<u>\$4,335,000</u>	<u>\$472,137</u>	<u>\$266,056</u>	<u>\$ 59,718</u>	<u>\$5,132,911</u>

City of Weslaco, Texas
Notes to Financial Statements
September 30, 2016

NOTE 6 – LONG-TERM DEBT - Continued

The following is a schedule of the future minimum lease payments under capital leases as of September 30, 2016:

Capital Leases

Year Ending September 30	Governmental Activities					Total
	<u>Municipal Lease</u>	<u>Frost Municipal Lease</u>	<u>Kansas State Bank Lease</u>	<u>Frost Municipal Lease</u>	<u>Frost Municipal Lease</u>	
2017	\$418,565	\$ 69,313	\$ 69,968	\$ 60,288	\$ 39,836	\$ 657,970
2018	418,564	69,134	69,968	60,288	39,837	657,791
2019	104,641	69,134	69,969	60,288	39,837	343,869
2020	-	45,805	69,968	60,288	39,837	215,898
2021	-	-	-	60,288	-	60,288
2022-2026	-	-	-	<u>301,438</u>	-	<u>301,438</u>
Total minimum lease payments	941,770	253,386	279,873	602,878	159,347	2,237,254
Less the amount representing interest	<u>(24,809)</u>	<u>(10,348)</u>	<u>(15,638)</u>	<u>(77,878)</u>	<u>(8,903)</u>	<u>(137,576)</u>
Present value of net minimum lease payments	<u>\$916,961</u>	<u>\$243,038</u>	<u>\$264,235</u>	<u>\$ 525,000</u>	<u>\$150,444</u>	<u>\$2,099,678</u>

NOTE 7 - PROPERTY TAX

The State of Texas Constitution limits the City's ad valorem tax rate for all purposes to \$2.50 per one hundred dollars of assessed valuation. Ad valorem tax revenue during the year ended September 30, 2016 was levied using a rate of \$.6767 per one hundred dollars of assessed valuation based on 100 percent of estimated market value.

Legislation has been passed by the Texas Legislature which affects the methods of property appraisal in the City. This legislation, with certain exceptions, exempts intangible personal property, household goods, and family-owned automobiles (unless specifically authorized by resolution of the governing body) from taxation. In addition, this legislation creates a "Property Tax Code" and provides, among other things, for the establishment of county appraisal districts and for a state property board.

The appraisal of property within the city is the responsibility of the Hidalgo County Tax Appraisal District.

The Appraisal District is required under the Property Tax Code to appraise all property within the county on the basis of 100 percent of its market value. The value of real property within the Appraisal District must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The city may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on city property. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate of the previous year by more than 8 percent, qualified voters of the city may petition for an election to determine whether to limit the tax rate to no more than 8 percent above the effective tax rate.

NOTE 7 - PROPERTY TAX - Continued

The city bills and collects its own property taxes through a contractual agreement with the County of Hidalgo. Collections of the city taxes and remittance of them are accounted for in the County of Hidalgo Tax Collection Agency Fund. City property tax revenues are recognized when levied to the extent that they result in current receivables. January 1 is the assessment date. March 31 is the end of the rendition period for the Appraisal District.

By September 30, the City adopts the tax rate. On October 1 taxes are levied and payable by January 31. Property taxes attach as an enforceable lien on property as of January 1. Uncollected taxes are placed in the hands of the attorney for legal action on February 1, following year of assessment.

Property tax is levied each October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the City. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the City Council. Appraised values are established by the Appraisal Board of Review at 100% for estimated fair market value.

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 July 1 to file suits on real estate property. As of July 1, 15% collection costs may be added to all delinquent accounts. Current tax collections for the year ended September 30, 2015, were 96.10% of the tax levy.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. 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 Generally Accepted Accounting Principles have been recognized as revenue.

The City charter of the City of Weslaco, Texas, does not provide for a debt limit, therefore, no computation can be made. However, at September 30, 2016, the City had a tax margin of \$1.8133 for every \$100 valuation based upon a maximum ad valorem tax of \$2.50 for every \$100 valuation imposed by Texas Constitutional law.

City of Weslaco, Texas
Notes to Financial Statements
September 30, 2016

NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES

Inter-fund balances at September 30, 2016 consisted of the following individual fund receivables and payables:

Receivable Fund	Payable Fund				Total
	General Fund	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	
General Fund	\$ -	\$ 7,508	\$ 552	\$284,345	\$ 292,406
Debt Service Fund	10,478	-	-	-	10,478
Solid Waste fund	-	2,000,000	-	-	2,000,000
	<u>\$10,478</u>	<u>\$2,007,508</u>	<u>\$3,552</u>	<u>\$284,345</u>	<u>\$2,302,883</u>

Interfund balances are due to timing on cash transfers and to cover deficits at year end. These are expected to be funded once reimbursement is received in the respective funds. There is a long-term advance from the Solid Waste Fund to the Water and Wastewater fund adopted by resolution in September 2015 to be repaid within a five year period.

NOTE 9 – OPERATING TRANSFERS

Operating transfers at September 30, 2016 consisted of the following:

Transfer Out Funds	Transfer in Funds				Total
	General Fund	Other Governmental Fund	Airport Fund	Internal Service Fund	
General Fund	\$ -	\$ 881,263	\$251,172	\$125,000	\$1,257,435
Other Governmental Funds (Forf/Seizure)	-	28,886	-	-	28,886
Water and Wastewater Fund	672,526	-	-	-	672,526
Solid Waste Fund	125,750	500,000	-	-	625,750
Internal Service Fund	-	-	-	-	-
	<u>\$798,276</u>	<u>\$1,410,149</u>	<u>\$251,172</u>	<u>\$125,000</u>	<u>\$2,584,597</u>

Transfers to the capital improvement fund and firemen's equipment replacement fund were made in accordance with ordinances to fund City projects and replace old equipment. In addition, there was a transfer out of the general fund to assist the airport fund with local share for TxDOT 1121 WESL project. There was also a transfer from the general fund to the internal service fund to fund the capital lease payments on different capital lease assets used in the City. There was a transfer from Forfeiture Funds to cover the cost of one patrol officer, as adopted in the budget.

NOTE 10 – DEFINED BENEFIT - PENSION PLAN - TMRS

Plan Description

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

Benefits Provided

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

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

Employees covered by benefit terms

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	145
Inactive employees entitled to but not yet receiving benefits	159
Active employees	<u>209</u>
	<u>513</u>

Contributions

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

NOTE 10 – DEFINED BENEFIT - PENSION PLAN – TMRS - Continued

Employees for the City of Weslaco, Texas were required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 6.59% and 6.22% in calendar 2015 and 2016, respectively. The City's contributions to TMRS for the year ended September 30, 2016 were \$613,090 and were equal to the required contributions.

Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 30, 2010 through December 30, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2015 valuation.

After the Asset Allocation Study analysis and experience investigation study the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by 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 long-term funding needs of TMRS.

NOTE 10 – DEFINED BENEFIT - PENSION PLAN – TMRS - Continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of 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>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	<u>5.0%</u>	8.00%
Total	<u>100.0%</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 that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

City of Weslaco, Texas
Notes to Financial Statements
September 30, 2016

NOTE 10 – PENSION PLAN – TMRS – Continued

Schedule of Changes in Net Pension Liability

The change in the City's net pension liability for TMRS pension for the fiscal year ended September 30, 2016 is as follows:

	Increase (Decrease)		
	(a)	(b)	(a) – (b)
	Total Pension	Plan Fiduciary	Net Pension
	<u>Liability</u>	<u>Net Position</u>	<u>Liability</u>
Balance at December 31, 2014	\$37,578,375	\$33,927,800	\$3,650,575
Changes for the year			
Service cost	1,184,809	-	1,184,809
Interest	2,603,802	-	2,603,802
Change in benefit terms	-	-	-
Difference between expected/actual experience	734,282	-	734,282
Changes of assumptions	828,135	-	828,135
Contributions – employer	-	561,365	(561,365)
Contributions – employee	-	611,176	(611,176)
Net investment income	-	50,055	(50,055)
Benefit payments, including refunds of employee contributions	(1,947,228)	(1,947,228)	-
Administrative expenses	-	(30,493)	30,493
Other charges	-	(1,506)	1,506
Net changes	<u>3,403,800</u>	<u>(756,631)</u>	<u>4,160,431</u>
Balance at December 31, 2015	<u>\$40,982,175</u>	<u>\$33,171,169</u>	<u>\$7,811,006</u>

Net pension liability amounts are allocated between the governmental activities and business-type activities in the statement of net position by \$6,916,687 and \$894,319, respectively.

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	<u>\$13,739,773</u>	<u>\$7,811,006</u>	<u>\$2,965,683</u>

City of Weslaco, Texas
Notes to Financial Statements
September 30, 2016

NOTE 10 – PENSION PLAN - TMRS – Continued

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

For the year ended September 30, 2016 the City recognized pension expense in the amount of \$1,696,904. At September 30, 2016 the City 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 economic experience (net of current year amortization)	\$ 556,056	\$171,540
Changes in actuarial assumptions	627,131	-
Differences between projected and actual investment earnings (net of current year amortization)	2,112,707	-
Contributions subsequent to the measurement date	<u>451,207</u>	<u>-</u>
Total	<u>\$3,747,101</u>	<u>\$171,540</u>

Deferred outflows/inflows of resources related to pensions are allocated between the governmental activities and business-type activities in the statement of net position. Please see Note 13 for the allocation of deferred outflows/inflows of resources related to pensions.

\$451,207 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 December 31, 2016 (i.e. recognized in the City's financial statements September 30, 2017). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ended December 31,	<u>City</u>
2016	\$862,416
2017	862,416
2018	889,040
2019	510,482

NOTE 11 – FIREMEN’S PENSION PLAN

Plan Description

The Board of Trustees of the Weslaco Firemen’s Relief and Retirement Fund is the administrator of a single-employer defined benefit pension plan. The Firemen’s Relief and Retirement Fund is considered part of the City of Weslaco’s financial reporting entity and is included in the City’s financial reports as a pension trust fund.

A stand-alone report for the Firemen’s Relief and Retirement fund is publicly available at City Hall located at 255 S. Kansas Avenue, Weslaco, Texas 78596, and complies with GASB Statement No. 67 *Financial Reporting for Pension Plans*, an amendment of GASB Statement No. 25.

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	31
Current employees	<u>66</u>
Total	<u>97</u>

The Firemen’s Relief and Retirement Fund provides service retirement, death, disability and withdrawal benefits. These benefits vest after twenty years of credited service. Employees may retire at age 55 with twenty years of service. The monthly benefit at retirement is equal to a base benefit of 2.35% of the highest 60-month average salary multiplied by his years of service, with a maximum of 20 years, but not less than \$1,000; plus a longevity benefit equal to \$120 for each year of service in excess of 20 years. Under this plan, Weslaco firefighters are required to contribute 12% of their pay to the fund. The City of Weslaco is required to make contributions which will equal 12% of pay.

The City of Weslaco Firemen’s Relief and Retirement Plan was organized under the Texas Local Fire Fighters Retirement Act (TLFFRA). TLFFRA allows for paid and part-paid fire departments and volunteer fire departments in participating cities to administer their own local retirement systems. The Act provides a general framework for the establishment of TLFFRA systems, including some investment restrictions, but leaves administration, plan design, contributions, and specific investments to each system’s local board. Systems operating under TLFFRA are entirely locally funded.

In 2013 the Office of the Fire Fighter’s Pension Commissioner was abolished under the Senate Bill 220 by the Texas Sunset Commission. Accordingly, the duties and responsibilities assigned to the Commissioner were transferred to the Texas Pension Review Board (PRB).

The Texas Pension Review Board (PRB) is mandated to oversee all Texas public retirement systems, both state and local, in regard to their actuarial soundness and compliance with state law. The PRB monitors the financial and actuarial soundness of 93 actuarially funded defined benefit public retirement systems in Texas, as well as their compliance with state law.

NOTE 11 – FIREMEN’S PENSION PLAN - Continued

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The Weslaco Firemen’s Relief and Retirement Fund’s financial statements are prepared using the accrual basis of accounting. The fund’s fiscal year is a calendar year and employee and employer contributions are recognized as revenue in the period in which they are received by the fund.

Method Use to Value Investments

The Weslaco Firemen’s Relief and Retirement Fund’s investments are reported at fair market value. There is no provision for the amortization of premium or discount in the purchase price of these assets. Investment income is recognized as it is received. Gains and losses on the sale of assets are recognized as of the transaction date.

Net Pension Liability

The City’s Net Pension Liability (NPL) for the Firemen’s Fund was measured as of September 30, 2016, 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

Valuation date	September 30, 2016
Actuarial cost method	Entry age - normal
Amortization method	open period, level percent of payroll
Remaining amortization period	15.97 years, closed
Asset valuation method	market value
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	5.5%
Includes inflation at	2.5%
Cost of living adjustments	none

There were no changes to methods since the prior valuation. The mortality assumption was updated to the RP-2014 mortality tables projected back to 2006 with mortality improvement scale MP-2014 and forward on a generational basis with scale MP-2016.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates 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 (assumed 2.5%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocations as of September 30, 2016 are summarized in the following table:

City of Weslaco, Texas
Notes to Financial Statements
September 30, 2016

NOTE 11 – FIREMEN’S PENSION PLAN - Continued

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return (Arithmetic)</u>
Equity	6.0%
Fixed Income	4.0%
Cash	0.0%

Discount rate: The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the City contribution would equal 12.00% of payroll and that member contributions would equal 12% of compensation. Based on those 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 on pension investments was applied to all period of benefit payments to determine the total pension liability.

Schedule of Changes in Net Pension Liability

The change in net pension liability for the Firemen’s Fund for the fiscal year ended September 30, 2016 is as follows:

	<u>Increase (Decrease)</u>		
	(a)	(b)	(a) – (b)
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability(Asset)</u>
Balance at September 30, 2015	\$12,469,213	\$8,255,209	\$4,214,004
Changes for the year			
Service cost	421,208	-	421,208
Interest	848,579	-	848,579
Change in benefit terms	427,638	-	427,638
Difference between expected/actual experience	479,811	-	479,811
Changes of assumptions	(226,052)	-	(226,052)
Contributions – employer	-	440,112	(440,112)
Contributions – employee	-	425,463	(425,463)
Net investment income	-	755,912	(755,912)
Benefit payments, including refunds of employee contributions	(645,296)	(645,296)	-
Administrative expenses	-	(45,252)	45,252
Net changes	<u>1,305,888</u>	<u>930,939</u>	<u>374,949</u>
Balance at September 30, 2016	<u>\$13,775,101</u>	<u>\$9,186,148</u>	<u>\$4,588,953</u>

NOTE 11 – FIREMEN’S PENSION PLAN - 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 7.25% as well as what the City's net pension liability would be if it were to be calculated using the discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease in Discount Rate <u>(6.25)</u>	Discount Rate <u>(7.25%)</u>	1% Increase in Discount Rate <u>(8.25%)</u>
City’s net pension liability	\$6,730,390	\$4,588,953	\$2,847,151

For the year ended September 30, 2016 the city recognized pension expense in the amount of \$374,949.

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS

Other Plans

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plans, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

In prior years the Internal Revenue code specified that the plan’s assets were the property of the City until paid or made available to participants, subject only on an equal basis to the claims of the City’s general creditors. A 1996 federal law now requires all assets and income of the Internal Revenue Code 457 deferred compensation plans to be held in trust, custodial accounts, or annuity contracts for the exclusive benefit of the participants and their beneficiaries.

Assets of the City’s plan are administered by private corporations under contract with the City. The private administrators have amended the plans to comply with the federal law. Consequently, the plan’s assets and liabilities have been removed from the City’s financial statements.

Other Postemployment Benefits

The City does not pay any postemployment benefits and no unfunded actuarial accrued liabilities are required under GASB Statement No. 45, *Accounting and Financial Reporting by Employees for Postemployment Benefits Other Than Pensions*.

City of Weslaco, Texas
Notes to Financial Statements
September 30, 2016

NOTE 13 - DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The statement of net position reports deferred outflows of resources in connection to the consumption of net position that applies to a future period. The components of deferred outflows of resources are as follows:

	Governmental Activities	Business-type Activities	Total Primary Government	Component Unit
Deferred outflows of resources				
Deferred outflows related to pension	\$3,416,094	\$ 331,007	\$3,747,101	\$ -
Deferred outflow related to interest rate swap	<u>280,268</u>	<u>769,479</u>	<u>1,049,747</u>	<u>-</u>
Total deferred outflows of resources	<u>\$3,696,362</u>	<u>\$1,100,486</u>	<u>\$4,796,848</u>	<u>\$ -</u>

In addition to deferred outflows of resources the governmental activities reported \$127,445 in unearned revenue related to a combination of advanced grant funds and deposits received on park dedication fees.

The statement of net position reports deferred inflows of resources in connection to an acquisition of net position that applies to a future period. The components of deferred inflows of resources are as follows:

Deferred inflows related to pensions in governmental activities and business-type activities were \$140,989 and \$30,551, respectively.

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The City reported deferred inflows of resources as of September 30, 2016 as follows:

	General Fund	Other Governmental Funds	Total Governmental Funds	Component Unit
Deferred inflows of resources				
Unavailable revenues – property taxes	\$704,239	\$250,815	\$955,054	\$ -
Unavailable revenues – notes receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,900,177</u>
Total deferred inflows of resources	<u>\$704,239</u>	<u>\$250,815</u>	<u>\$955,054</u>	<u>\$2,900,177</u>

NOTE 14 - CITY ADVISORY NON-PROFIT CORPORATION

There are five non-profit corporations owned by the City of Weslaco that are used to attract and promote industry, hospital and housing facilities.

The City Hospital and Housing Corporations (four) act as advisory boards which review and provide recommendations to the City Commission. There are no financial transactions involved.

Weslaco Development Committee, Inc. dissolved during the 2002 fiscal year. The Weslaco Economic Development Corporation absorbed the Weslaco Development Committee, Inc. assets and liabilities. The EDC operations are reported as a discretely presented component unit.

NOTE 15 - PROPRIETARY FUND-SANITARY LANDFILL

Recognition of closure and post-closure costs

State and federal EPA laws require final cover closure as well as post-closure care of the City of Weslaco landfill site in Alton, Texas. The Governmental Accounting Standards Board issued Statement No. 18-Accounting for Municipal Solid Waste Landfill Closure and Post-Closure Care Costs. This statement addresses the financial statement effect of the EPA rules and states rules and requires that all closure and post-closure costs be recognized during the operating life of the landfill. The City's landfill is currently inactive.

The closure and post-closure costs considered are based on this inactive state. If the landfill begins receiving wastes, the closure and post-closure and related liability balance will have to be revised based on the capacity of the landfill that will be used.

Approximately twenty-five percent of the landfill capacity has been used to date. Based on the current capacity used, \$536,078 was estimated as a closure and post-closure cost. The transfer station, underground petroleum storage tanks, closure and post-closure costs were estimated at \$146,577. The landfill has been closed and post-closure costs liability is estimated at \$536,078. These costs are currently reflected in the financial statements of the Solid Waste Fund. As costs are incurred during the year, the liability will be reduced. The City met the state's financial assurance requirements during the current fiscal year. The landfill remains in an inactive status as of September 30, 2016. The post-closure costs include lab tests, gas monitoring, leachate disposal and general monitoring maintenance during its inactive status.

NOTE 16 – COMMITMENTS

At September 30, 2016, the City had ongoing commitments related to the following:

<u>Project</u>	<u>Original Amount</u>	<u>Remaining Expensed</u>	<u>Commitment</u>
Governmental Activities			
Street projects	\$ 1,207,592	\$ 709,545	\$ 490,047
Boys and Girls Club	<u>1,197,232</u>	<u>1,014,960</u>	<u>182,272</u>
	<u>\$ 2,404,824</u>	<u>\$ 1,724,505</u>	<u>\$ 680,319</u>
Business-Type Activities			
Urban County/CDBG Water Projects	\$ 1,119,639	\$ 534,506	\$ 585,133
Water Treatment Plant Expansion	48,040,534	43,614,855	4,425,679
6 th Street Waterline Improvement	507,836	389,140	118,696
Border Avenue Waterline Project	315,000	312,959	2,042
Airport Runway Extension (WESLA 1121)	1,081,375	734,296	347,079
Airport Drainage Study (WESLA 1421)	175,450	49,127	126,323
Airport Runway Extension (WESLA 1621)	<u>2,806,900</u>	<u>815,232</u>	<u>1,991,668</u>
	<u>\$54,046,734</u>	<u>\$46,450,115</u>	<u>\$7,596,619</u>

Construction in progress amounts for which project contracts have not been finalized are not reflected in the schedule.

City of Weslaco, Texas
Notes to Financial Statements
September 30, 2016

NOTE 16 – COMMITMENTS – Continued

The Economic Development Corporation of Weslaco extended economic incentives to the following entities as follows:

<u>Incentives</u>	<u>Paid in Commitment</u>	<u>Paid in Prior Year</u>	<u>Balance Current Year</u>	<u>Due</u>
Mayan-Kahn's Grill	\$ 150,000	\$ 75,000	\$ 25,000	\$ 50,000
Motion Industries	56,000	36,000	15,000	5,000
Mission Foods	60,000	37,500	10,000	12,500
Wal-Mart Neighborhood	900,000	150,000	125,000	625,000
Payne Auto Group (GMC)	275,000	165,000	55,000	55,000
Payne Auto Group (Chevy)	275,000	165,000	55,000	55,000
Payne Auto Group (Ford)	275,000	82,500	55,000	137,500
Hermes Trading Co.	192,000	154,500	37,500	-
Mid Valley Trailer Repair	116,750	-	116,750	-
BPMP (Chick-Fil-A/Blue Wave)	<u>500,000</u>	<u>100,000</u>	<u>-</u>	<u>400,000</u>
Total monetary incentives	<u>\$2,799,750</u>	<u>\$965,500</u>	<u>\$494,250</u>	<u>\$1,340,000</u>

Subsequent year balances of \$1,340,000 are contingent on the business entities maintaining agreed upon employment levels and other conditions of the loan/grant incentives. This amount is not recognized as a liability in the financial statements.

NOTE 17 - 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. The City has purchased group health insurance, life insurance, general liability insurance, and workmen's compensation insurance. The City has also 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. There were no significant reductions in insurance coverage from coverage in the prior year by major category risk. In addition, there were no material insurance settlements exceeding insurance coverage in any of the past three years.

NOTE 18 - CONTINGENT LIABILITIES

The City participates in a number of federally assisted grant programs which are the Community Development Block Grants, the Local Public Works Program, and the Texas Department of Transportation. These programs are subject to program compliance audits by the grantors or their representatives. The audit of these programs for/or including the year ending September 30, 2014 have not yet been conducted. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

NOTE 18 - CONTINGENT LIABILITIES

The City is involved in litigation claims against it from time to time that are generally incidental to its operations. However, it is the opinion of the City's management that the City's liability in those cases that are not covered by liability insurance will not be material to the financial statements for these contingent liabilities.

NOTE 19 - 380 ECONOMIC DEVELOPMENT PROGRAM AGREEMENT

The City of Weslaco is committed to the promotion of high quality development in all parts of the City and to an ongoing improvement in the quality of life for its citizens. The City of Weslaco has previously developed economic development programs and incentives designed to encourage high quality business, commercial, professional sports and manufacturing concerns to locate, remain, and expand in the City of Weslaco. Now the City of Weslaco seeks to enhance its economic development efforts to attract and retain high quality development and jobs by establishing Chapter 380 Economic Development Program Agreements.

These 380 Economic Development Program Agreements are established in an effort to develop and expand the local economy by promoting and encouraging development and redevelopment projects that enhance the City's economic base, and diversify and expand job opportunities or by promoting and encouraging projects that create additional revenue for the City without substantially increasing the demand on City services or infrastructure. The ultimate goal and public purpose of programs established is to protect and enhance the City's fiscal ability to provide high quality municipal services for the safety, comfort and enjoyment of Weslaco residents.

The following table lists the total Economic Development Program Agreements of the active Chapter 380 Economic Development Program Agreements:

<u>Agreement</u>	<u>Total Payments</u>	<u>Payments</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Balance</u>
SDI Weslaco Holdings, LLC	\$3,300,000	\$1,208,244	\$338,645	\$1,753,111
HEB Grocery Company, LP	3,530,000	1,615,698	-	1,914,302
Lowe's Home Center, INC.	<u>222,870</u>	<u>134,323</u>	<u>36,755</u>	<u>51,792</u>
Total	<u>\$7,052,870</u>	<u>\$2,958,265</u>	<u>\$375,400</u>	<u>\$3,719,205</u>

Sales Tax Rebate Agreements

In addition to the Chapter 380 Agreements, the City also offered sales rebates as additional incentives to the developer and retail establishments, locating within the SDI development project. These rebates are not recorded as a liability or commitment, as the individual amounts are not known until the sales taxes are collected. The total rebates have been set at \$10,500,000. These are to be reimbursed over ten years, beginning April 1, 2011. Total amount reimbursed sales tax proceeds to date is \$3,492,393, of which \$589,640 is current proceeds reimbursed. Total rebates balance owed is \$7,007,607.

City of Weslaco, Texas
Notes to Financial Statements
September 30, 2016

NOTE 20 - RESTATEMENT OF NET POSITION / PRIOR PERIOD ADJUSTMENT

Prior year depreciation expense was not recorded in the internal service fund. The prior year has been restated to account for the prior period adjustment for unrecorded depreciation expense. The effect of the adjustment was a decrease to beginning net position in the amount of \$452,669. In addition, the prior period has been restated to account for adjustment of accumulated depreciation of governmental activities. The effect of the adjustment was to increase beginning net position in the amount of \$136,211. The net effect of the two adjustments was a decrease to beginning net position in the amount of \$316,458.

NOTE 21 – FUND BALANCES

Nonspendable – balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

Restricted – external parties have restricted these funds to be used for their intended purpose.

Committed – the City Commission has authorized the City to use these funds for specifically identified purposes.

Unassigned – the unassigned fund balance has no constraints.

	General Fund	Debt Service	2013 Certificates of Obligation Construction Fund	Other Governmental Funds	Total	Component Unit
Nonspendable						
Inventories	\$ 6,034	\$ -	\$ -	\$ -	\$ 6,034	\$ -
Prepaid items	<u>31,358</u>	<u>-</u>	<u>-</u>	<u>34,311</u>	<u>65,669</u>	<u>-</u>
	37,392	-	-	34,311	71,703	-
Restricted for						
Street improvements and other capital						
Projects	-	-	2,997,821	-	2,997,821	-
Tourism	-	-	-	406,434	406,434	-
Library activities	-	-	-	14,364	14,364	-
Debt service	-	540,114	-	-	540,114	-
Public safety	<u>104,886</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,886</u>	<u>-</u>
Restricted total	104,886	540,114	2,997,821	420,798	4,063,619	-
Assigned						
Assigned for fire equipment replacement	-	-	-	265,626	265,626	-
Assigned for capital projects	-	-	-	1,684,754	1,684,754	-
Assigned for development projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assigned	-	-	-	1,950,380	1,950,380	-
Unassigned	<u>7,939,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,939,293</u>	<u>-</u>
	<u>\$8,081,571</u>	<u>\$540,114</u>	<u>\$2,997,821</u>	<u>\$2,405,489</u>	<u>\$14,024,995</u>	<u>\$ -</u>

City of Weslaco, Texas
Notes to Financial Statements
September 30, 2016

NOTE 22 – NET POSITION

Net position is composed of three categories: net investment in capital assets, restricted and unrestricted.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Unit</u>
Net investment in capital assets:			
Capital assets, net of accumulated depreciation	\$51,305,227	\$96,539,951	\$ -
Less related liabilities	(28,183,175)	(60,078,134)	-
Plus unexpended bond proceeds	<u>-</u>	<u>3,507,442</u>	<u>-</u>
Net investment in capital assets	23,122,052	39,969,259	-
Restricted net position consists of the following:			
Debt service	790,929	982,614	-
Tourism	406,434	-	-
Library activities	14,364	-	-
Capital projects	<u>-</u>	<u>229,998</u>	<u>-</u>
Restricted net position	1,211,727	1,212,612	-
Unrestricted net position	<u>3,639,565</u>	<u>2,750,097</u>	<u>-</u>
Total net position	<u>\$27,973,344</u>	<u>\$43,931,968</u>	<u>\$ -</u>

Draft for Discussion Purposes Only

(This page intentionally left blank)

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF WESLACO, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
Revenues				
Taxes:				
Property taxes	\$ 8,764,320	\$ 8,764,320	\$ 9,214,051	\$ 449,731
Nonproperty taxes	10,390,878	10,390,878	10,575,608	184,730
Fees and charges	1,664,100	1,664,100	1,644,414	(19,686)
Fines and forfeitures	521,900	521,900	698,250	176,350
Licenses and permits	455,545	455,545	493,175	37,630
Intergovernmental	371,224	371,224	484,336	113,112
Investment income	14,508	14,508	37,225	22,717
Miscellaneous	249,700	256,986	874,273	617,287
Total Revenues	22,432,175	22,439,461	24,021,332	1,581,871
Expenditures				
Current:				
General government	5,422,324	5,414,323	6,133,070	(718,747)
Public safety	11,212,312	11,309,507	12,164,792	(855,285)
Public works	2,304,512	2,304,512	2,069,936	234,576
Culture and recreation	1,315,784	1,350,484	1,337,716	12,768
Economic development	750,000	750,000	589,640	160,360
Capital outlay	717,100	955,556	1,695,934	(740,378)
Debt service:				
Principal	700,000	700,000	505,761	194,239
Interest and fees	-	-	8,739	(8,739)
Total Expenditures	22,422,032	22,784,382	24,505,588	(1,721,206)
Deficiency of revenues over expenditures	10,143	(344,921)	(484,256)	(139,335)
Other financing sources (uses):				
Transfers in	2,941,310	3,012,310	798,276	(2,214,034)
Transfers out	(2,429,000)	(2,480,172)	(1,257,435)	1,222,737
Total other financing sources (uses)	512,310	532,138	(459,159)	(991,297)
Net change in fund balances	\$ 522,453	\$ 187,217	(943,415)	\$ (1,130,632)
Fund balances at beginning of year, as adjusted			9,024,986	
Fund balances at end of year			\$ 8,081,571	

City of Weslaco, Texas
Schedule of Changes in Net Pension Liability and Related Ratios
September 30,

	Municipal City		Fire	
	2016	2015	2016	2015
Total Pension Liability				
Service cost	\$1,184,809	\$ 1,162,103	\$ 421,208	\$ 398,097
Interest (on the total pension liability)	2,603,802	2,504,972	848,579	845,051
Changes of benefit terms	-	-	427,638	-
Difference between expected and actual experience	734,282	(303,648)	479,811	-
Changes of assumptions	828,135	-	(226,052)	-
Benefit payments, including refunds of employee contributions	<u>(1,947,228)</u>	<u>(1,978,636)</u>	<u>(645,296)</u>	<u>(833,923)</u>
Net change in total pension liability	3,403,800	1,384,791	1,305,888	409,225
 Total pension liability – beginning	<u>37,578,375</u>	<u>36,193,584</u>	<u>12,469,213</u>	<u>12,059,988</u>
 Total pension liability – ending (a)	<u>\$40,982,175</u>	<u>\$37,578,375</u>	<u>\$13,775,101</u>	<u>\$12,469,213</u>
 Plan Fiduciary Net Position				
Contributions – employer	\$ 561,365	\$ 542,202	\$ 440,112	\$ 394,360
Contributions – employee	611,176	591,732	425,463	388,865
Net investment income	50,055	1,882,469	755,912	(127,198)
Benefit payments, including refunds of employee contributions	<u>(1,947,228)</u>	<u>(1,978,636)</u>	<u>(645,296)</u>	<u>(833,923)</u>
Administrative expense	<u>(30,493)</u>	<u>(19,657)</u>	<u>(45,252)</u>	<u>(85,190)</u>
Other	<u>(1,506)</u>	<u>(1,616)</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	(756,631)	1,106,494	930,939	(263,086)
 Plan fiduciary net position – beginning	<u>33,927,800</u>	<u>32,911,306</u>	<u>8,255,209</u>	<u>8,518,295</u>
 Plan fiduciary net position – ending (b)	<u>\$33,171,169</u>	<u>\$33,927,800</u>	<u>\$ 9,186,148</u>	<u>\$8,255,209</u>
 Net Pension Liability – Ending (a) – (b)	<u>\$ 7,811,006</u>	<u>\$ 3,650,575</u>	<u>\$ 4,588,953</u>	<u>\$4,214,004</u>
 Plan fiduciary net position as a percentage of total pension liability	80.49%	90.29%	66.7%	66.20%
 Covered employee payroll	\$8,731,090	\$8,453,317	\$3,545,525	\$3,119,208
 Net pension liability as a percentage of covered employee payroll	89.46%	43.19%	129.4%	135.10%

City of Weslaco, Texas
Schedule of Contributions
September 30,

	<u>Municipal City</u>		<u>Fire</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Actually determined contribution	\$ 613,090	\$ 562,443	\$ 425,463	\$ 379,251
Contributions in relation to actuarially determined contribution	<u>(613,090)</u>	<u>(562,443)</u>	<u>440,112</u>	<u>(394,360)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(14,649)</u>	\$ <u>(15,109)</u>
Covered employee payroll	\$9,710,623	\$8,538,660	\$3,545,525	\$3,119,208
Contributions as a percentage of covered employee payroll	6.31%	6.59%	12.4%	12.64%

City of Weslaco, Texas
Notes to Schedule of Contributions
September 30, 2016

TMRS

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	30 Years
Asset Valuation Method	10 Year Smoothed Market; 15% Soft Corridor
Inflation	2.5%
Salary Increases	3.5% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience – based table based on rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 – 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information: 1) Granted 30% ad hoc COLA. 2) Granted 50% ad hoc USC with transfer.

FIREMEN'S PENSION

Contributions to the fund are based on negotiations between the members and the City rather than an actuarially determined rate. The funding policy of the Weslaco Firemen's Relief and Retirement Fund requires contributions from both the City and the firefighters. The City's contribution rate is currently 12.0% of member payroll for firefighters. Each active member contributes 12.0% of member payroll.

The longevity benefit was increased to \$130 per month, there was a one-term COLA increase for retirees that retired between 2000-2010, and the surviving spouse benefit was increased from 66.67% to 100% for death of an active member only. There have been no other plan changes since the prior valuation.

There were no changes to methods since the prior valuation. The mortality assumption was updated to the RP-2014 mortality tables projected back to 2006 with mortality improvement scale MP-2014 and forward on a generational basis with Scale MP-2016. The voluntary firefighters are no longer being valued as they are not expected to accrue additional service. There have been no other assumption changes since the prior valuation.

City of Weslaco, Texas
Notes to Required Supplementary Information
September 30, 2016

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except for the capital projects funds, which adopt project - length budgets. Formal budgetary integration is employed as a management control device during the year for the General, Debt Service and Special Revenue funds, as well as for the Water, Sewer and Solid Waste collection funds.

Unused appropriations for all of the above annually budgeted funds lapse at the end of each year. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Budgetary data for Capital Project Funds are budgeted over the life of the respective project and not on an annual basis. Therefore, this data is not presented in the accompanying combined financial statements.

Revisions that alter individual expenditure category or department totals within a fund must be approved by the City Council. Therefore, the legal level of budgetary responsibility is the department level.

City Management establishes the amount of estimated revenues and other resources available for appropriation for the succeeding budget year. City Management submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating fund includes proposed expenditures and the means of financing them. Public hearings are conducted at City Hall to obtain taxpayer comments. Prior to October 1, the budget is adopted by the City Council.

Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, one budgetary revision was necessary.

Expenditures Over Appropriations

At September 30, 2016, expenditures in the following departments exceeded appropriations:

General government	\$(718,746)
Public safety	\$(855,285)
Capital outlay	\$(740,378)
Interest and fees	\$(8,739)

General Government – settlements of pending litigation exceeded budgeted amounts. In addition, response to a major flooding event caused overages in overtime and other charges.

Public Safety – overtime for fire and police was in excess of budgeted amounts, in part due to the emergency response to the October flooding. Other overtime to address security for special events was not budgeted for.

Capitalized items – multiple capitalized expenditures were authorized to ensure all departments were adequately supplied with tools and equipment needed to address critical needs in the City. Some expenditures were addressed in budget amendments, but not all of them.

Interest and fees – interest expense associated with some capital leases were not budgeted for.

**OTHER SUPPLEMENTARY
INFORMATION**

Draft for Discussion Purposes Only

(This page intentionally left blank)

City of Weslaco, Texas
Non-Major Governmental Fund Statements and Component Unit
September 30, 2016

Special revenue fund: **Hotel/Motel Tax Fund** was established to account for monies collected from local hotel occupancy taxes. The funds are used for expenditures that enhance and promote tourism and benefit the convention and hotel industry.

Special revenue fund: **Library Fund** was established to account for monies that have been collected from the sole use of the city's Library through fund raising donations from various charitable organizations.

Capital project fund: **Fire Department Equipment Replacement fund** is used to fund an apparatus replacement program for all fire and emergency medical services.

Capital project fund: **2003 Certificate of Obligation Construction Fund** was established to account for improvements to streets, parks, downtown, and the City's landfill and cemetery.

Capital Project Fund: **Capital Improvement Fund** was established as a self-funding mechanism for capital improvements to streets, parks, buildings and other long-term capital improvements.

Weslaco Economic Development Corporation (EDC): The five-member board of directors is appointed by the City Commission. The EDC is authorized to administer the distribution of the proceeds of any development bonds issued and the proceeds of certain development sales taxes received on behalf of the City. The EDC's operational and capital budget must be approved by the City Commission.

CITY OF WESLACO, TEXAS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2016

	Special Revenue Funds		Capital Projects Fund				
	Hotel/ Motel Tax	Library Fund	Fire Department Equipment Replacement Fund	2003 Certificate of Obligation Construction Fund	Capital Improvement Program Fund	Total Non Major Governmental Funds	
Assets							
Cash and Cash Investments	\$ 328,311	\$ 14,364	\$ 265,626	\$ -	\$ 1,871,500	\$ 2,479,801	
Accounts Receivable	79,313	-	-	-	-	79,313	
Prepaid expenditures	-	-	-	-	34,311	34,311	
Total Assets	\$ 407,624	\$ 14,364	\$ 265,626	\$ -	\$ 1,905,811	\$ 2,593,425	
Liabilities							
Accounts Payable	\$ 1,190	\$ -	\$ -	\$ -	\$ 186,746	\$ 187,936	
Total Liabilities	1,190	-		-	186,746	187,936	
Fund Balances							
Nonspendable	-	-	-	-	34,311	34,311	
Restricted	406,434	14,364	-	-	-	420,798	
Assigned	-	-	265,626	-	1,684,754	1,950,380	
Total Fund Balance	406,434	14,364	265,626	-	1,719,065	2,405,489	
Total Liabilities and Fund Balances	\$ 407,624	\$ 14,364	\$ 265,626	\$ -	\$ 1,905,811	\$ 2,593,425	

CITY OF WESLACO, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	Special Revenue Funds		Capital Projects Funds				
	Hotel/ Motel Tax	Library Fund	Fire Department Equipment Replacement Fund	2003 Certificate of Obligation Construction Fund	Capital Improvement Program Fund	Total Non Major Governmental Funds	
Revenues							
Nonproperty taxes	\$ 351,911	\$ -	\$ -	\$ -	\$ -	\$ 351,911	
Miscellaneous	14,899	-	-	-	-	14,899	
Total Revenue	366,810	-	-	-	-	366,810	
Expenditures							
Public safety	-	-	-	-	500	500	
Public works	-	-	-	-	32,633	32,633	
Culture and recreation	329,808	-	-	-	41,675	371,483	
Capital outlay	-	-	715,281	-	560,013	1,275,294	
Debt service:							
Principal	-	-	39,837	-	-	39,837	
Interest and fees	-	-	800	-	-	800	
Total Expenditures	329,808	-	755,918	-	634,821	1,720,547	
Excess (deficiency) of revenues over expenditures	37,002	-	(755,918)	-	(634,821)	(1,353,737)	
Other financing sources (uses)							
Capital lease proceeds	-	-	715,281	-	-	715,281	
Transfers in	-	-	306,263	-	1,103,886	1,410,149	
Transfers out	-	-	-	(28,886)	-	(28,886)	
Total other financing sources (uses)	-	-	1,021,544	(28,886)	1,103,886	2,096,544	
Net change in fund balances	37,002	-	265,626	(28,886)	469,065	742,807	
Fund balances- beginning of year	369,432	14,364	-	28,886	1,250,000	1,662,682	
Fund balances at end of year	\$ 406,434	\$ 14,364	\$ 265,626	\$ -	\$ 1,719,065	2,405,489	

**CITY OF WESLACO, TEXAS
GENERAL FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30,**

	2016	2015
Assets		
Cash and cash equivalents	\$ 7,467,193	\$ 7,676,517
Cash and cash equivalents- restricted	347,095	1,122,595
Receivables (net of allowance for uncollectibles)		
Ad valorem taxes	902,474	860,706
Sales taxes	862,805	816,521
Ambulance fees	758,685	752,391
Other	460,927	524,778
Due from other funds	292,406	232,343
Prepaid items	31,358	-
Inventories	6,034	34,790
Total Assets	\$ 11,128,977	\$ 12,020,641
Liabilities		
Accounts payable	\$ 1,013,290	\$ 1,221,078
Accrued salaries and payroll taxes	262,708	317,426
Other liabilities	687,037	525,760
Due to other funds	10,478	32,246
Payable from restricted assets	242,209	206,320
Unearned revenue	127,445	19,600
Total Liabilities	2,343,167	2,322,430
Deferred Inflows of Resources		
Unavailable revenue- ad valorem taxes	704,239	673,225
Total Deferred Inflows of Resources	704,239	673,225
Fund Balances		
Nonspendable	37,392	34,790
Restricted	104,886	466,288
Unassigned	7,939,293	8,523,908
Total Fund Balances	8,081,571	9,024,986
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 11,128,977	\$ 12,020,641

**CITY OF WESLACO, TEXAS
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,**

	2016	2015
Revenues		
Property taxes	\$ 9,214,051	\$ 7,586,388
Nonproperty taxes	10,575,608	10,634,422
Fees and charges	1,644,414	3,471,864
Fines and forfeitures	698,250	523,767
Licenses and permits	493,175	479,501
Intergovernmental	484,336	273,123
Investment income	37,225	20,372
Miscellaneous	874,273	390,917
Total Revenues	24,021,332	23,380,354
Expenditures		
General government	6,133,070	5,991,720
Public safety	12,164,792	10,476,065
Public works	2,069,936	1,790,960
Culture and recreation	1,337,716	1,118,457
Economic development	589,640	593,849
Capital outlay	1,695,934	1,243,679
Debt service:		
Principal	505,761	640,610
Interest and fees	8,739	2,382
Total Expenditures	24,505,588	21,857,722
Excess (deficiency) of revenues over expenditures	(484,256)	1,522,632
Other financing sources (uses):		
Capital lease proceeds	-	658,299
Transfers in	798,276	1,169,014
Transfers out	(1,257,435)	(2,460,758)
Total other financing sources (uses)	(459,159)	(633,445)
Net change in fund balances	(943,415)	889,187
Fund balances at beginning of year	9,024,986	8,135,799
Fund balances at end of year	\$ 8,081,571	\$ 9,024,986

**CITY OF WESLACO, TEXAS
HOTEL MOTEL TAX
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30,**

	2016	2015
Assets		
Cash and cash equivalents	\$ 328,311	\$ 264,777
Accounts receivable	79,313	132,475
Total assets	<u>\$ 407,624</u>	<u>\$ 397,252</u>
Liabilities		
Accounts payable	\$ 1,190	\$ 27,820
Total liabilities	1,190	27,820
Fund balance		
Restricted	406,434	369,432
Total fund balance	<u>406,434</u>	<u>369,432</u>
Total liabilities and fund balance	<u>\$ 407,624</u>	<u>\$ 397,252</u>

**CITY OF WESLACO, TEXAS
HOTEL MOTEL TAX
SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,**

	2016	2015
Revenues		
Nonproperty taxes	\$ 351,911	\$ 384,439
Miscellaneous	14,899	-
Total revenues	366,810	384,439
Expenditures		
Culture and recreation	329,808	258,094
Total expenditures	329,808	258,094
Net change in fund balances	37,002	126,345
Fund balances at beginning of year	369,432	243,087
Fund balances at end of year	\$ 406,434	\$ 369,432

**CITY OF WESLACO, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
HOTEL MOTEL TAX
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
Revenues				
Nonproperty taxes	\$ 362,000	\$ 362,000	\$ 351,911	\$ (10,089)
Miscellaneous	520	520	14,899	14,379
	<u>362,520</u>	<u>362,520</u>	<u>366,810</u>	<u>4,290</u>
Expenditures				
Culture and recreation	<u>256,283</u>	<u>440,013</u>	<u>329,808</u>	<u>110,205</u>
Net change in fund balances	<u>\$ 106,237</u>	<u>\$ (77,493)</u>	<u>\$ 37,002</u>	<u>\$ 114,495</u>
Fund balances at beginning of year			<u>369,432</u>	
Fund balances at end of year			<u>\$ 406,434</u>	

CITY OF WESLACO, TEXAS
LIBRARY FUND
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30,

	2016	2015
Assets		
Cash and cash equivalents	\$ 14,364	\$ 14,364
Total assets	<u>\$ 14,364</u>	<u>\$ 14,364</u>
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	-	-
Fund balance		
Restricted	<u>14,364</u>	<u>14,364</u>
Total fund balances	<u>14,364</u>	<u>14,364</u>
Total liabilities and fund balance	<u><u>\$ 14,364</u></u>	<u><u>\$ 14,364</u></u>

CITY OF WESLACO, TEXAS
LIBRARY FUND
SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,

	2016	2015
Revenues	\$ -	\$ -
Expenditures	-	-
Net change in fund balances	-	-
Fund balances at beginning of year	14,364	14,364
Fund balances at end of year	\$ 14,364	\$ 14,364

CITY OF WESLACO, TEXAS
2003 CERTIFICATE OF OBLIGATION CONSTRUCTION FUND
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30,

	2016	2015
Assets		
Cash and cash equivalents	\$ -	\$ 28,886
Total assets	<u>\$ -</u>	<u>\$ 28,886</u>
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	-	-
Fund balance		
Restricted	-	28,886
Total fund balances	<u>-</u>	<u>28,886</u>
Total liabilities and fund balance	<u><u>\$ -</u></u>	<u><u>\$ 28,886</u></u>

**CITY OF WESLACO, TEXAS
2003 CERTIFICATE OF OBLIGATION CONSTRUCTION FUND
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,**

	<u>2016</u>	<u>2015</u>
Revenues	\$ -	\$ -
Expenditures	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-
Other financing sources (uses):		
Transfers out	<u>(28,886)</u>	<u>-</u>
Total other financing sources (uses)	<u>(28,886)</u>	<u>-</u>
Net change in fund balances	(28,886)	-
Fund balances at beginning of year	<u>28,886</u>	<u>28,886</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 28,886</u></u>

CITY OF WESLACO, TEXAS
2013 CERTIFICATE OF OBLIGATION CONSTRUCTION FUND
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30,

	2016	2015
Assets		
Cash and cash equivalents	\$ 2,310,614	\$ 4,108,715
Accounts receivable	690,063	781,298
Due from other funds	-	208,056
Total assets	\$ 3,000,677	\$ 5,098,069
Liabilities		
Accounts payable	\$ 2,856	\$ 706,150
Due to other funds	-	404,289
Total liabilities	2,856	1,110,439
Fund balance		
Restricted	2,997,821	3,987,630
Total fund balances	2,997,821	3,987,630
Total liabilities and fund balance	\$ 3,000,677	\$ 5,098,069

**CITY OF WESLACO, TEXAS
2013 CERTIFICATE OF OBLIGATION CONSTRUCTION FUND
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,**

	2016	2015
Revenues		
Intergovernmental	\$ 571,469	\$ 1,065,726
Investment income	-	429
Total revenues	<u>571,469</u>	<u>1,066,155</u>
Expenditures		
Public works	2,295	-
Capital outlay	1,558,983	3,449,076
Total expenditures	<u>1,561,278</u>	<u>3,449,076</u>
Net change in fund balances	(989,809)	(2,382,921)
Fund balances at beginning of year	<u>3,987,630</u>	<u>6,370,551</u>
Fund balances at end of year	<u><u>\$ 2,997,821</u></u>	<u><u>\$ 3,987,630</u></u>

**CITY OF WESLACO, TEXAS
CAPITAL IMPROVEMENT PROGRAM FUND
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30,**

	2016	2015
Assets		
Cash and cash equivalents	\$ 1,871,500	\$ 1,250,000
Prepaid items	34,311	-
Total assets	<u>\$ 1,905,811</u>	<u>\$ 1,250,000</u>
Liabilities		
Accounts payable	\$ 186,746	\$ -
Total liabilities	186,746	-
Fund balance		
Nonspendable	34,311	-
Assigned	1,684,754	1,250,000
Total fund balances	<u>1,719,065</u>	<u>1,250,000</u>
Total liabilities and fund balance	<u>\$ 1,905,811</u>	<u>\$ 1,250,000</u>

**CITY OF WESLACO, TEXAS
CAPITAL IMPROVEMENT PROGRAM FUND
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,**

	2016	2015
Revenues	\$ -	\$ -
Expenditures		
Public safety	500	-
Public works	32,633	-
Culture and recreation	41,675	-
Capital outlay	560,013	-
Total expenditures	634,821	-
Excess (deficiency) of revenues over expenditures	(634,821)	-
Other financing sources (uses):		
Transfers in	1,103,886	1,250,000
Net change in fund balances	469,065	1,250,000
Fund balances at beginning of year	1,250,000	-
Fund balances at end of year	\$ 1,719,065	\$ 1,250,000

CITY OF WESLACO, TEXAS
FIRE DEPARTMENT EQUIPMENT REPLACEMENT FUND
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30,

	2016	2015
Assets		
Cash and cash equivalents	\$ 265,626	\$ -
Total Assets	<u>\$ 265,626</u>	<u>\$ -</u>
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	-	-
Fund Balance		
Assigned	<u>265,626</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 265,626</u>	<u>\$ -</u>

**CITY OF WESLACO, TEXAS
FIRE DEPARTMENT EQUIPMENT REPLACEMENT FUND
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,**

	<u>2016</u>	<u>2015</u>
Revenues	\$ -	\$ -
Expenditures		
Capital outlay	715,281	-
Debt service:		
Principal	39,837	-
Interest and fees	800	-
Total Expenditures	<u>755,918</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(755,918)	-
Other financing sources (uses):		
Transfers in	306,263	-
Capital lease proceeds	715,281	-
Total other financing sources (uses)	<u>1,021,544</u>	<u>-</u>
Net change in fund balances	265,626	-
Fund balances at beginning of year	<u>-</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 265,626</u></u>	<u><u>\$ -</u></u>

**CITY OF WESLACO, TEXAS
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30,**

	2016	2015
Assets		
Cash and cash equivalents	\$ 462,585	\$ 1,024,137
Receivables (net of allowance for uncollectibles)		
Ad valorem taxes	317,427	362,388
Other	439	-
Due from other funds	10,478	16,959
Total assets	\$ 790,929	\$ 1,403,484
Liabilities	\$ -	\$ -
Total liabilities	-	-
Deferred inflows of resources		
Unavailable revenue- ad valorem taxes	250,815	291,056
Total deferred inflows of resources	250,815	291,056
Fund balance		
Restricted	540,114	1,112,428
Total liabilities, deferred inflows of resources and fund balances	\$ 790,929	\$ 1,403,484

**CITY OF WESLACO, TEXAS
DEBT SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,**

	2016	2015
Revenues		
Property taxes	\$ 2,059,228	\$ 2,964,543
Investment income	22,992	11,038
Miscellaneous	-	4,065
Total revenues	2,082,220	2,979,646
Expenditures		
Debt service:		
Principal	1,844,019	1,777,852
Interest and fees	777,055	887,651
Advance refunding escrow	77,555	-
Total expenditures	2,698,629	2,665,503
Excess (deficiency) of revenues over expenditures	(616,409)	314,143
Other financing sources (uses):		
Proceeds from bond refunding	3,735,000	-
Premium on bond	701,808	-
Payment to escrow agent	(4,392,713)	-
Total other financing sources (uses)	44,095	-
Net change in fund balance	(572,314)	314,143
Fund balances at beginning of year	1,112,428	798,285
Fund balances at end of year	\$ 540,114	\$ 1,112,428

CITY OF WESLACO, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
Revenues				
Property taxes	\$ 2,068,006	\$ 2,068,006	\$ 2,059,228	\$ (8,778)
Investment income	9,400	9,400	22,992	13,592
Total revenues	<u>2,077,406</u>	<u>2,077,406</u>	<u>2,082,220</u>	<u>4,814</u>
Expenditures				
Debt service:				
Principal	1,777,852	1,777,852	1,844,019	(66,167)
Interest and fees	877,839	877,839	777,055	100,784
Advance refunding escrow	600	600	77,555	(76,955)
Total expenditures	<u>2,656,291</u>	<u>2,656,291</u>	<u>2,698,629</u>	<u>42,338</u>
Excess (deficiency) of revenues over expenditures	(578,885)	(578,885)	(616,409)	(37,524)
Other financing sources (uses):				
Proceeds from bond refunding	-	-	3,735,000	3,735,000
Premium on bond	-	-	701,808	701,808
Payment to escrow agent	-	-	(4,392,713)	(4,392,713)
Total other financing sources (uses)	-	-	<u>44,095</u>	<u>44,095</u>
Net change in fund balances	<u>\$ (578,885)</u>	<u>(578,885)</u>	<u>\$ (572,314)</u>	<u>\$ 6,571</u>
Fund balances at beginning of year			<u>1,112,428</u>	
Fund balances at end of year			<u>\$ 540,114</u>	

**CITY OF WESLACO, TEXAS
WATER AND WASTEWATER FUND
COMPARATIVE STATEMENTS OF NET POSITION
SEPTEMBER 30,**

	2016	2015
Assets		
Current assets		
Cash and cash equivalents	\$ 1,970,359	\$ 2,467,054
Cash and cash equivalents- restricted	5,510,998	8,325,765
Receivables, net of allowances for uncollectibles	2,046,896	3,051,684
Due from other funds	-	485,027
Inventories	246,367	189,748
Prepaid items	305,567	390,283
Total current assets	10,080,187	14,909,561
Non-current assets		
Land	665,175	665,175
Buildings	362,324	362,324
Equipment	6,296,998	6,253,953
Infrastructure	65,610,780	64,899,591
Construction-in-progress	45,854,088	44,394,258
	118,789,365	116,575,301
Accumulated depreciation	(32,532,971)	(30,057,842)
Total non-current assets, net	86,256,394	86,517,459
Total assets	96,336,581	101,427,020
Deferred outflows of resources		
Deferred outflows related to pensions	260,257	101,095
Deferred charge on refunding	769,479	-
Total deferred outflows of resources	1,029,736	101,095
Total assets and deferred outflows of resources	\$ 97,366,317	\$ 101,528,115

**CITY OF WESLACO, TEXAS
WATER AND WASTEWATER FUNDS
COMPARATIVE STATEMENTS OF NET POSITION- CONTINUED
SEPTEMBER 30,**

	2016	2015
Liabilities		
Current liabilities:		
Accounts payable	\$ 1,405,888	\$ 2,432,926
Accrued salaries and other liabilities	164,916	229,257
Due to other funds	2,007,509	2,211,369
Current portion of long term debt	2,850,500	3,079,975
Accrued interest on bonds	292,169	338,116
Total current liabilities	6,720,982	8,291,643
Noncurrent liabilities:		
Compensated absences	66,175	42,243
Customer deposits	1,020,942	1,011,949
Revenue bonds payable, net of unamortized premiums & discounts	57,228,336	59,612,693
Net pension liability	753,850	491,712
Total noncurrent liabilities	59,069,303	61,158,597
Total liabilities	65,790,285	69,450,240
Deferred inflows of resources		
Deferred inflows related to pensions	27,841	32,003
Total deferred inflows of resources	27,841	32,003
Net Position		
Net investment of capital assets	29,685,702	29,801,393
Restricted for:		
Revenue bond retirement	982,614	1,305,881
Unrestricted	879,875	938,598
Total net position	31,548,191	32,045,872
Total liabilities, deferred inflows of resources, and net position	\$ 97,366,317	\$ 101,528,115

**CITY OF WESLACO, TEXAS
WATER AND WASTEWATER FUNDS
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED SEPTEMBER 30,**

	2016	2015
Operating revenues:		
Water services	\$ 5,530,588	\$ 6,505,602
Sewer services	4,365,116	4,614,508
Miscellaneous	260,669	297,287
Total operating revenues	10,156,373	11,417,397
Operating expenses:		
Personal services	869,544	1,711,225
Other services and charges	2,498,476	2,145,193
Supplies	208,160	818,568
Contractual services	2,669,732	1,378,560
Depreciation	2,475,129	2,549,266
Total operating expenses	8,721,041	8,602,812
Operating income (loss)	1,435,332	2,814,585
Non-operating revenues (expenses)		
Investment income	1,513	1,350
Capital Improvement fees	649,682	703,986
Capital grants	409,766	348,116
Interest expense	(2,321,448)	(2,718,188)
Transfers	(672,526)	-
Total non-operating revenues (expenses)	(1,933,013)	(1,664,736)
Change in net position	(497,681)	1,149,849
Net position- beginning	32,045,872	30,896,023
Net position- ending	\$ 31,548,191	\$ 32,045,872

**CITY OF WESLACO, TEXAS
WATER AND WASTEWATER FUNDS
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30,**

	2016	2015
Cash flows from operating activities		
Cash received from customers	\$ 11,655,181	\$ 11,693,516
Payments to suppliers	(6,579,169)	(5,213,845)
Payments to employees	(1,580,618)	(1,702,263)
Net cash provided (used) by operating activities	3,495,394	4,777,408
Cash flows from noncapital financing activities		
Transfers to other funds	(672,526)	-
Net cash provided (used) by noncapital financing activities	(672,526)	-
Cash flows from capital and related financing activities		
Purchase of capital assets	(2,214,064)	(7,982,656)
Refunding bonds issued	15,750,000	-
Premium on refunding bonds	3,209,943	-
Payment to refunded bond escrow agent	(18,335,000)	-
Interest paid on bonds	(2,530,890)	(2,766,084)
Retirement of bonds	(3,075,280)	(2,577,489)
Capital grants	409,766	348,116
Capital improvement fees	649,682	703,986
Net cash provided (used) by capital and related financing activities	(6,135,843)	(12,274,127)
Cash flow from investing activities:		
Interest on cash and investments	1,513	1,350
Net cash provided (used) by investing activities	1,513	1,350
Net increase (decrease) in cash and cash equivalents	(3,311,462)	(7,495,369)
Cash and cash equivalents, beginning of year	10,792,819	18,288,188
Cash and cash equivalents, end of year	<u>\$ 7,481,357</u>	<u>\$ 10,792,819</u>
Reconciliation of operating income to net cash provided (used) by operating activities		
Operating income (loss)	\$ 1,435,332	\$ 2,814,585
Adjustments to reconcile income (loss) from operations to net cash from operating activities		
Depreciation	2,475,129	2,549,266
(Increase) decrease in accounts receivables	1,004,788	(874,228)
(Increase) decrease in inventories	(56,619)	(95,924)
(Increase) decrease in prepaids	84,716	25,130
(Increase) decrease in due from other funds	485,027	(80,590)
(Increase) decrease in deferred outflows related to pensions	(928,641)	(46,191)
Decrease (increase) in accounts payable	(1,027,038)	(1,885,181)
Decrease (increase) in accrued expenses	(64,341)	48,849
Decrease (increase) in due to other funds	(203,860)	2,205,615
Decrease (increase) in customer deposits	8,993	74,355
Decrease (increase) in compensated absences	23,932	(39,888)
Decrease (increase) in net pension liability	262,138	49,607
Decrease (increase) in deferred inflows related to pensions	(4,162)	32,003
Total adjustments	<u>2,060,062</u>	<u>1,962,823</u>
Net cash provided (used) by operations	<u><u>\$ 3,495,394</u></u>	<u><u>\$ 4,777,408</u></u>

**CITY OF WESLACO, TEXAS
SOLID WASTE FUND
COMPARATIVE STATEMENTS OF NET POSITION
SEPTEMBER 30,**

	2016	2015
Assets		
Current assets		
Cash and cash equivalents	\$ 506,358	\$ -
Receivables, net of allowances for uncollectibles	666,580	1,000,966
Due from other funds	2,000,000	2,000,000
Total current assets	3,172,938	3,000,966
Non-current assets		
Land	421,247	421,247
Buildings	668,781	668,781
Equipment	1,908,927	1,908,927
Infrastructure	64,461	64,461
	3,063,416	3,063,416
Accumulated depreciation	(2,544,136)	(2,522,536)
Total non-current assets, net	519,280	540,880
Total assets	3,692,218	3,541,846
Deferred outflows of resources		
Deferred outflows related to pensions	9,820	1,362
Total deferred outflows of resources	9,820	1,362
Total assets and deferred outflows of resources	\$ 3,702,038	\$ 3,543,208
Liabilities		
Current liabilities:		
Accounts payable	357,118	\$ 63,817
Due to other funds	552	87,035
Total current liabilities	357,670	150,852
Noncurrent liabilities:		
Compensated absences	1,324	1,798
Landfill closure	536,078	574,492
Net pension liability	17,859	6,624
Total noncurrent liabilities	555,261	582,914
Total liabilities	912,931	733,766
Deferred inflows of resources		
Deferred inflows related to pensions	252	431
Total deferred inflows of resources	252	431
Net position		
Net investment in capital assets	519,280	540,880
Unrestricted	2,269,575	2,268,131
Total net position	2,788,855	2,809,011
Total liabilities, deferred inflows of resources, and net position	\$ 3,702,038	\$ 3,543,208

**CITY OF WESLACO, TEXAS
SOLID WASTE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED SEPTEMBER 30,**

	2016	2015
Operating Revenues:		
Charges for services	\$ 4,665,969	\$ 5,142,108
Miscellaneous	59,481	83,321
Total operating revenues	4,725,450	5,225,429
Operating Expenses:		
Personal services	46,361	32,526
Other services and charges	44,874	52,713
Supplies	1,774	7,074
Contractual services	4,033,364	4,338,264
Depreciation	21,600	43,223
Total operating expenses	4,147,973	4,473,800
Operating income (loss)	577,477	751,629
Non-operating revenues (expenses)		
Capital grants	28,117	27,327
Total non-operating revenues (expenses)	28,117	27,327
Income (loss) before transfers	605,594	778,956
Transfers in (out)		
Transfers (out)	(625,750)	(750,000)
Total transfers	(625,750)	(750,000)
Change in net position	(20,156)	28,956
Net position- beginning	2,809,011	2,780,055
Net position- ending	\$ 2,788,855	\$ 2,809,011

CITY OF WESLACO, TEXAS
SOLID WASTE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30,

	2016	2015
Cash flows from operating activities		
Cash received from customers	\$ 5,059,836	\$ 2,976,186
Payments to suppliers	(3,881,652)	(4,310,523)
Payments to employees	(35,779)	(32,526)
Net cash provided (used) by operating activities	1,142,405	(1,366,863)
Cash flows from noncapital financing activities		
Transfers to other funds	(625,750)	(750,000)
Net cash provided (used) by noncapital financing activities	(625,750)	(750,000)
Cash flows from capital and related financing activities		
Purchase of capital assets	-	(22,000)
Landfill closure costs	(38,414)	(45,522)
Capital grants	28,117	27,327
Net cash provided (used) by capital and related financing activities	(10,297)	(40,195)
Net increase (decrease) in cash and cash equivalents	506,358	(2,157,058)
Cash and cash equivalents, beginning of year	-	2,157,058
Cash and cash equivalents, end of year	\$ 506,358	\$ -
Reconciliation of operating income to net cash provided (used) by operating activities		
Operating income (loss)	\$ 577,477	\$ 751,629
Adjustments to reconcile income (loss) from operations to net cash from operating activities		
Depreciation	21,600	43,223
(Increase) decrease in accounts receivables	334,386	(249,721)
(Increase) decrease in due from other funds	-	(2,000,000)
(Increase) decrease in deferred outflows related to pensions	(8,458)	(622)
Increase (decrease) in accounts payable	293,301	494
Increase (decrease) in due to other funds	(86,483)	87,035
Increase (decrease) in compensated absences	(474)	-
Increase (decrease) in net pension liability	11,235	668
Increase (decrease) in deferred inflows related to pensions	(179)	431
Total adjustments	564,928	(2,118,492)
Net cash provided (used) by operations	\$ 1,142,405	\$ (1,366,863)

**CITY OF WESLACO, TEXAS
AIRPORT FUND
COMPARATIVE STATEMENTS OF NET POSITION
SEPTEMBER 30,**

	<u>2016</u>	<u>2015</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 100	\$ 100
Cash and cash equivalents- restricted	229,998	317,223
Receivables, net of allowances for uncollectibles	48,213	16,233
Inventories	31,354	49,897
Total current assets	309,665	383,453
Non-current assets		
Land	1,465,448	1,465,448
Buildings	648,541	648,541
Equipment	532,257	525,658
Infrastructure	9,018,404	4,678,526
Construction-in-progress	2,324,510	5,343,098
	13,989,160	12,661,271
Accumulated depreciation	(4,224,883)	(4,028,180)
Total non-current assets, net	9,764,277	8,633,091
Total assets	10,073,942	9,016,544
Deferred outflows of resources		
Deferred outflows related to pensions	60,930	11,185
Total deferred outflows of resources	60,930	11,185
Total assets and deferred outflows of resources	<u>\$ 10,134,872</u>	<u>\$ 9,027,729</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 85,487	\$ 10,510
Accrued salaries and other liabilities	3,689	7,597
Due to other funds	284,345	207,446
Total current liabilities	373,521	225,553
Noncurrent liabilities:		
Compensated absences	41,361	104,858
Net pension liability	122,610	66,052
Total noncurrent liabilities	163,971	170,910
Total liabilities	537,492	396,463
Deferred inflows of resources		
Deferred inflows related to pensions	2,458	3,541
Total deferred inflows of resources	2,458	3,541
Net Position		
Net investment of capital assets	9,764,277	8,633,091
Restricted for:		
Construction	229,998	317,223
Unrestricted	(399,353)	(322,589)
Total net position	9,594,922	8,627,725
Total liabilities, deferred inflows of resources, and net position	<u>\$ 10,134,872</u>	<u>\$ 9,027,729</u>

**CITY OF WESLACO, TEXAS
AIRPORT FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED SEPTEMBER 30,**

	2016	2015
Operating revenues:		
Charges for services	\$ 182,461	\$ 159,666
Miscellaneous	830	253
Total operating revenues	183,291	159,919
Operating expenses:		
Personal services	138,078	183,280
Other services and charges	164,832	207,004
Supplies	188,089	82,430
Depreciation	196,703	195,383
Total operating expenses	687,702	668,097
Operating income (loss)	(504,411)	(508,178)
Non-operating revenues (expenses)		
Capital contributions	1,220,436	3,773,179
Total non-operating revenues (expenses)	1,220,436	3,773,179
Income (loss) before transfers	716,025	3,265,001
Transfers in (out)		
Transfers in	251,172	200,000
Total transfers in (out)	251,172	200,000
Change in net position	967,197	3,465,001
Net position- beginning	8,627,725	5,162,724
Net position- ending	\$ 9,594,922	\$ 8,627,725

**CITY OF WESLACO, TEXAS
AIRPORT FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30,**

	2016	2015
Cash flows from operating activities		
Cash received from customers	\$ 151,311	\$ 170,308
Payments to suppliers	(182,502)	(298,545)
Payments to employees	(199,753)	(179,604)
Net cash provided (used) by operating activities	(230,944)	(307,841)
Cash flows from noncapital financing activities		
Transfers from other funds	251,172	200,000
Net cash provided (used) by noncapital financing activities	251,172	200,000
Cash flows from capital and related financing activities		
Purchase of capital assets	(107,453)	(297,815)
Net cash provided (used) by capital and related financing activities	(107,453)	(297,815)
Net increase (decrease) in cash and cash equivalents	(87,225)	(405,656)
Cash and cash equivalents, beginning of year	317,323	722,979
Cash and cash equivalents, end of year	<u>\$ 230,098</u>	<u>\$ 317,323</u>
Reconciliation of operating income to net cash provided (used) by operating activities		
Operating income (loss)	\$ (504,411)	\$ (508,178)
Adjustments to reconcile income (loss) from operations to net cash from operating activities		
Depreciation	196,703	195,383
(Increase) decrease in accounts receivables	(31,980)	(5,180)
(Increase) decrease in inventories	18,543	(12,014)
(Increase) decrease in deferred outflows related to pensions	(49,745)	(5,111)
Increase (decrease) in accounts payable	74,977	(8,491)
Increase (decrease) in accrued expenses	(3,908)	2,831
Increase (decrease) in due to other funds	76,899	11,394
Increase (decrease) in compensated absences	(63,497)	12,495
Increase (decrease) in net pension liability	56,558	5,489
Increase (decrease) in deferred inflows related to pensions	(1,083)	3,541
Total adjustments	<u>273,467</u>	<u>200,337</u>
Net cash provided (used) by operations	<u>\$ (230,944)</u>	<u>\$ (307,841)</u>
<i>Supplemental disclosure of noncash activities</i>		
<i>Contributed capital assets from Txdot</i>	<u><u>\$ 1,220,436</u></u>	<u><u>\$ 3,773,179</u></u>

CITY OF WESLACO, TEXAS
INTERNAL SERVICE FUND- EQUIPMENT REPLACEMENT FUND
COMPARATIVE STATEMENTS OF NET POSITION
SEPTEMBER 30,

	2016	Restated 2015
Assets		
Current assets		
Cash and cash equivalents	\$ 20,213	\$ 239,839
Total current assets	20,213	239,839
Non-current assets		
Equipment	4,997,658	4,997,659
Improvements	70,864	70,864
	5,068,522	5,068,523
Accumulated depreciation	(3,613,634)	(3,173,712)
Total non-current assets, net	1,454,888	1,894,811
Total assets	\$ 1,475,101	\$ 2,134,650
Liabilities		
Current liabilities:		
Current portion of long term debt	\$ 392,567	\$ 318,628
Total current liabilities	392,567	318,628
Noncurrent liabilities:		
Note payable	524,394	916,961
Total noncurrent liabilities	524,394	916,961
Total liabilities	916,961	1,235,589
Net Position		
Net investment of capital assets	537,927	659,222
Unrestricted	20,213	239,839
Total net position	558,140	899,061
Total liabilities and net position	\$ 1,475,101	\$ 2,134,650

CITY OF WESLACO, TEXAS
INTERNAL SERVICE FUND- EQUIPMENT REPLACEMENT FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED SEPTEMBER 30,

	2016	Restated 2015
Operating Revenues	\$ -	\$ -
Operating Expenses:		
Other services and charges	-	38,455
Depreciation	439,923	452,669
Total operating expenses	439,923	491,124
Operating income (loss)	(439,923)	(491,124)
Non-operating revenues (expenses)		
Interest expense	(25,998)	(34,916)
Income (loss) before transfers	(465,921)	(526,040)
Transfers in (out)		
Transfers in	125,000	591,744
Change in net position	(340,921)	65,704
Net position- beginning	899,061	833,357
Net position- ending	\$ 558,140	\$ 899,061

CITY OF WESLACO, TEXAS
INTERNAL SERVICE FUND- EQUIPMENT REPLACEMENT FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30,

	2016	Restated 2015
Cash flows from operating activities		
Payments to suppliers	\$ -	\$ (442,892)
Net cash provided (used) by operating activities	-	(442,892)
Cash flows from noncapital financing activities		
Transfers from other funds	125,000	591,744
Net cash provided (used) by noncapital financing activities	125,000	591,744
Cash flows from capital and related financing activities		
Note proceeds	-	-
Purchase of capital assets	-	-
Retirement of notes	(318,628)	(383,649)
Interest paid on notes	(25,998)	(34,915)
Net cash provided (used) by capital and related financing activities	(344,626)	(418,564)
Net increase (decrease) in cash and cash equivalents	(219,626)	(269,712)
Cash and cash equivalents, beginning of year	239,839	509,551
Cash and cash equivalents, end of year	<u>\$ 20,213</u>	<u>\$ 239,839</u>
Reconciliation of operating income to net cash provided (used) by operating activities		
Operating income (loss)	\$ (439,923)	\$ (491,124)
Adjustments to reconcile income (loss) from operations to net cash from operating activities		
Depreciation	439,923	452,669
Increase (decrease) in accounts payable	-	-
Increase (decrease) in due to other funds	-	(404,437)
Total adjustments	<u>439,923</u>	<u>48,232</u>
Net cash provided (used) by operations	<u>\$ -</u>	<u>\$ (442,892)</u>

**CITY OF WESLACO, TEXAS
FIREMEN'S RELIEF AND RETIREMENT
PENSION TRUST FUND
COMPARATIVE STATEMENTS OF FIDUCIARY NET POSITION
SEPTEMBER 30,**

	2016	2015
Assets		
Cash	\$ 83,726	\$ 369,256
Investments, at fair value:		
Equities	6,329,384	5,743,723
Corporate bonds	661,529	553,252
Money market mutual funds	626,450	177,758
Municipal bonds	1,485,059	1,453,238
Total assets	\$ 9,186,148	\$ 8,297,227
Liabilities		
Accounts payable	\$ -	\$ 42,018
Total liabilities	-	42,018
Net position		
Net position held in trust for pension benefits	9,186,148	8,255,209
Total net position	9,186,148	8,255,209
Total liabilities and net position	\$ 9,186,148	\$ 8,297,227

**CITY OF WESLACO, TEXAS
FIREMEN'S RELIEF AND RETIREMENT
PENSION TRUST FUND
COMPARATIVE STATEMENTS OF
CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,**

	2016	2015
Additions		
Contributions		
Employer contributions	\$ 440,112	\$ 394,360
Plan member contributions	425,463	388,865
Total contributions	865,575	783,225
Investment income		
Net appreciation/(depreciation) in fair value of investments	621,209	(259,471)
Interest and dividends	184,497	186,034
Total investment income	805,706	(73,437)
Less investment expense	(52,747)	(53,761)
Net investment income (loss)	752,959	(127,198)
Total additions	1,618,534	656,027
Deductions		
Benefits paid	520,186	457,812
Refunds of contributions	125,110	376,111
Administrative expenses	42,299	85,190
Total deductions	687,595	919,113
Net change in fiduciary net position	930,939	(263,086)
Net Position, beginning of year	8,255,209	8,518,295
Net position, end of year	\$ 9,186,148	\$ 8,255,209

CITY OF WESLACO, TEXAS
MARION BOOTH ENDOWMENT FUND
PRIVATE PURPOSE TRUST FUND
COMPARATIVE STATEMENTS OF FIDUCIARY NET POSITION
SEPTEMBER 30,

	2016	2015
Assets		
Cash and cash equivalents	\$ 10,922	\$ 489,786
Investments, at fair value:		
Certificates of deposit	480,537	-
Total assets	<u>\$ 491,459</u>	<u>\$ 489,786</u>
Liabilities		
Accounts payable	1,429	\$ -
Due to other funds	-	-
Total liabilities	1,429	-
Net position		
Net position held in trust for other purposes	490,030	489,786
Total net position	490,030	489,786
Total liabilities and net position	<u>\$ 491,459</u>	<u>\$ 489,786</u>

CITY OF WESLACO, TEXAS
MARION BOOTH ENDOWMENT FUND
PRIVATE PURPOSE TRUST FUND
COMPARATIVE STATEMENTS OF
CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,

	2016	2015
Additions		
Interest and dividends	\$ 2,973	\$ 3,681
Total additions	2,973	\$ 3,681
Deductions		
Administrative expenses	2,729	-
Total deductions	2,729	-
Net change in fiduciary net position	244	3,681
Net Position, beginning of year	489,786	486,105
Net position, end of year	\$ 490,030	\$ 489,786

**CITY OF WESLACO, TEXAS
COMPONENT UNIT
ECONOMIC DEVELOPMENT CORPORATION OF WESLACO
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30,**

	2016	2015
Assets		
Cash and cash equivalents	\$ 3,151,439	\$ 2,253,620
Restricted assets:		
Cash and cash equivalents	925,042	930,383
Certificate of deposit	695,256	695,256
Accounts receivable	225,478	211,486
Assets held for resale	402,734	82,870
Long-term note receivables	2,900,177	3,419,121
Total Assets	\$ 8,300,126	\$ 7,592,736
Liabilities		
Accounts payable	60,693	63,050
Accrued salaries and payroll taxes	5,926	8,247
Total Liabilities	66,619	71,297
Deferred Inflows of Resources		
Unavailable revenue- non-current receivables	2,900,177	3,419,121
Total deferred inflows of resources	2,900,177	3,419,121
Fund Balances		
Restricted for:		
Debt service	695,256	695,256
Project development	60,000	60,000
Capital projects	925,042	930,383
Unassigned	3,653,032	2,416,679
Total Fund Balances	5,333,330	4,102,318
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8,300,126	\$ 7,592,736

**CITY OF WESLACO, TEXAS
COMPONENT UNIT
ECONOMIC DEVELOPMENT CORPORATION OF WESLACO
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,**

	2016	2015
Revenues		
Nonproperty taxes	\$ 2,894,175	\$ 2,926,422
Program income	421,640	225,688
Investment income	95,923	103,477
Miscellaneous	5,843	55,692
Total Revenues	3,417,581	3,311,279
Expenditures		
Development Services	1,303,456	1,919,215
Capital outlay	11,700	9,049
Debt service:		
Principal	974,066	755,627
Interest and fees	180,347	208,580
Total Expenditures	2,469,569	2,892,471
Excess (deficiency) of revenues over expenditures	948,012	418,808
Other financing sources (uses):		
Note proceeds	283,000	-
Net change in fund balances	1,231,012	418,808
Fund balances at beginning of year	4,102,318	3,683,510
Fund balances at end of year	\$ 5,333,330	\$ 4,102,318

**CITY OF WESLACO, TEXAS
ECONOMIC DEVELOPMENT CORPORATION COMPONENT UNIT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016**

Fund balances of governmental funds	\$ 5,333,330
-------------------------------------	--------------

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	1,985,045
--	-----------

Long term note receivables are not available to pay for current period expenditures therefore are not reported as available resources and deferred in the funds	2,900,177
---	-----------

Interest payable on long-term debt does not require current financial resources. Therefore interest payable is not reported as a liability in governmental funds balance sheet.	(18,668)
---	----------

Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	<u>(4,601,056)</u>
--	--------------------

Net position of governmental activities	<u>\$ 5,598,828</u>
---	---------------------

**CITY OF WESLACO, TEXAS
ECONOMIC DEVELOPMENT CORPORATION COMPONENT UNIT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

Net change in fund balances	\$	1,231,012
-----------------------------	----	-----------

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

Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$69,279) exceeded capital outlay \$11,700 in the current period.		(57,579)
--	--	----------

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		(518,944)
--	--	-----------

The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in treatment of long-term debt and related items. Long term principal payments (\$974,066) exceeded note proceeds (\$283,000).		691,066
--	--	---------

Notional principal amount derived from interest rate swap agreement.		17,695
--	--	--------

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. Interest expense in the statement of activities differs from the amount reported in governmental funds due to the change in accrued interest (3,858) being calculated for bonds and notes payable.		3,858
--	--	-------

Change in net position of governmental activities:	\$	<u>1,367,108</u>
--	----	------------------

**ADDITIONAL SUPPLEMENTARY
INFORMATION**

Draft for Discussion Purposes Only

(This page intentionally left blank)

**SUPPLEMENTAL STATEMENTS
AND SCHEDULES**

CITY OF WESLACO, TEXAS
SCHEDULE OF TAXES RECEIVABLE -BY FUNDS
AT SEPTEMBER 30, 2016

Year	Total	General Fund		I & S Fund	
		%	Amount	%	Amount
2005 & Prior	\$ 343,380	Various	\$ 216,887	Various	\$ 126,493
2006	59,995	72.41%	43,442	27.59%	16,553
2007	67,727	73.96%	50,093	26.04%	17,634
2008	73,464	74.78%	54,937	25.22%	18,527
2009	77,928	73.95%	57,627	26.05%	20,301
2010	88,749	72.47%	64,317	27.53%	24,432
2011	95,435	72.33%	69,025	27.67%	26,410
2012	117,095	72.00%	84,304	28.00%	32,791
2013	155,412	72.90%	113,294	27.10%	42,118
2014	207,583	71.91%	149,268	28.09%	58,315
2015	432,385	82.16%	355,262	17.84%	77,123
	<u>1,719,153</u>		<u>1,258,456</u>		<u>460,697</u>
Less					
Allowances for uncollectible	(499,252)		(355,982)		(143,270)
Net Amount	<u>\$ 1,219,901</u>		<u>\$ 902,474</u>		<u>\$ 317,427</u>

CITY OF WESLACO, TEXAS
ANALYSIS OF TAX COLLECTIONS, ADJUSTMENTS,
AND ALLOCATION TO FUNDS
OCTOBER 1, 2015 TO SEPTEMBER 30, 2016

TAX COLLECTIONS AND ADJUSTMENTS

Year	Uncollected 10/1/15	Current Assessments & Correction	Collections	Adjustments	Uncollected 9/30/16
2005 & Prior	\$ 368,659	\$ -	\$ 15,901	\$ (9,378)	\$ 343,380
2006	71,521	-	4,693	(6,833)	59,995
2007	74,471	-	6,317	(427)	67,727
2008	84,003	-	9,990	(549)	73,464
2009	91,047	-	12,427	(692)	77,928
2010	102,992	-	12,225	(2,018)	88,749
2011	127,717	-	25,971	(6,311)	95,435
2012	149,025	-	31,926	(4)	117,095
2013	220,857	-	59,272	(6,173)	155,412
2014	396,974	-	176,225	(13,166)	207,583
2015	-	10,995,171	10,641,806	79,019	432,385
Total	\$ 1,687,266	\$ 10,995,171	\$ 10,996,753	\$ 33,468	\$ 1,719,153

ALLOCATION TO FUNDS

Year	Collections	General Fund		I & S Fund	
		%	\$	%	\$
2005 & Prior	\$ 15,902	Various	\$ 10,358	Various	\$ 5,543
2006	4,693	72.41%	3,398	27.59%	1,295
2007	6,317	73.96%	4,672	26.04%	1,645
2008	9,990	74.78%	7,471	25.22%	2,519
2009	12,426	73.95%	9,189	26.05%	3,237
2010	12,224	72.47%	8,859	27.53%	3,365
2011	25,971	72.33%	18,784	27.67%	7,187
2012	31,926	72.00%	22,986	28.00%	8,940
2013	59,272	72.90%	43,209	27.10%	16,063
2014	176,226	71.90%	126,720	28.10%	49,506
2015	10,641,806	82.16%	8,743,674	17.84%	1,898,132
Total	\$ 10,996,753		\$ 8,999,320		\$ 1,997,432

Draft for Discussion Purposes Only

(This page intentionally left blank)

BONDED DEBT REQUIREMENTS

CITY OF WESLACO, TEXAS
TAX & WATERWORKS & SEWER SYSTEM SURPLUS REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2007
AS OF SEPTEMBER 30, 2016

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2016					\$ 400,000
2017	4.250%	\$ 8,500	\$ -	\$ 400,000	-
Total		<u>\$ 8,500</u>	<u>\$ -</u>	<u>\$ 400,000</u>	

**CITY OF WESLACO, TEXAS
GENERAL OBLIGATION REFUNDING BONDS SERIES 2010
(TARGET SAVINGS)
AS OF SEPTEMBER 30, 2016**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 1-Feb	Outstanding 30-Sep
		1-Feb	1-Aug		
2016					\$ 1,532,231
2017	3.100%	\$ 23,730	\$ 16,065	\$ 494,500	1,037,731
2018	3.100%	16,065	8,155	510,324	527,407
2019	3.100%	8,155	-	527,407	-
Total		<u>\$ 47,950</u>	<u>\$ 24,220</u>	<u>\$ 1,532,231</u>	

CITY OF WESLACO, TEXAS
LIMITED TAX REFUNDING BONDS, SERIES 2012
AS OF SEPTEMBER 30, 2016

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2016					\$ 8,705,000
2017	3.000%	\$ 120,713	\$ 105,937	\$ 985,000	7,720,000
2018	3.000%	105,937	90,788	1,010,000	6,710,000
2019	3.000%	90,788	75,112	1,045,000	5,665,000
2020	3.000%	75,112	54,638	1,365,000	4,300,000
2021	2.000%	54,635	40,637	1,400,000	2,900,000
2022	2.250%	40,637	24,550	1,430,000	1,470,000
2023	2.250%	24,550	-	1,470,000	-
Total		<u>\$ 512,372</u>	<u>\$ 391,662</u>	<u>\$ 8,705,000</u>	

**CITY OF WESLACO, TEXAS
TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2013
AS OF SEPTEMBER 30, 2016**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2016					\$ 6,445,000
2017	3.000%	\$ 137,050	\$ 137,050	\$ 100,000	6,345,000
2018	3.000%	135,550	135,550	100,000	6,245,000
2019	3.000%	134,050	134,050	100,000	6,145,000
2020	3.000%	132,550	132,550	350,000	5,795,000
2021	3.000%	127,300	127,300	360,000	5,435,000
2022	3.500%	121,900	121,900	370,000	5,065,000
2023	3.500%	115,425	115,425	390,000	4,675,000
2024	4.000%	108,600	108,600	380,000	4,295,000
2025	4.000%	101,000	101,000	400,000	3,895,000
2026	4.000%	93,000	93,000	415,000	3,480,000
2027	5.000%	84,700	84,700	430,000	3,050,000
2028	4.500%	73,950	73,950	450,000	2,600,000
2029	4.500%	63,825	63,825	470,000	2,130,000
2030	5.000%	53,250	53,250	495,000	1,635,000
2031	5.000%	40,875	40,875	520,000	1,115,000
2032	5.000%	27,875	27,875	545,000	570,000
2033	5.000%	14,250	14,250	570,000	-
Total		<u>\$ 1,565,150</u>	<u>\$ 1,565,150</u>	<u>\$ 6,445,000</u>	

**CITY OF WESLACO, TEXAS
TAX & WATERWORKS & SEWER SYSTEM SURPLUS REVENUE
LIMITED TAX REFUNDING BONDS, SERIES 2016
AS OF SEPTEMBER 30, 2016**

Fiscal Year	Interest Rate	Interest Payment		Principal Due 15-Feb	Principal Outstanding 30-Sep
		15-Feb	15-Aug		
2016					\$ 3,735,000
2017	2.00%	\$ 86,750	\$ 86,750	\$ -	3,735,000
2018	2.00%	86,750	84,100	265,000	3,470,000
2019	5.00%	84,100	77,350	270,000	3,200,000
2020	5.00%	77,350	70,225	285,000	2,915,000
2021	5.00%	70,225	62,850	295,000	2,620,000
2022	5.00%	62,850	54,975	315,000	2,305,000
2023	5.00%	54,975	46,725	330,000	1,975,000
2024	5.00%	46,725	35,350	455,000	1,520,000
2025	5.00%	35,350	23,350	480,000	1,040,000
2026	5.00%	23,350	10,600	510,000	530,000
2027	4.00%	10,600	-	530,000	-
Total		<u>\$ 639,025</u>	<u>\$ 552,275</u>	<u>\$ 3,735,000</u>	

CITY OF WESLACO, TEXAS
TAX & WATERWORKS & SEWER SYSTEM SURPLUS REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2007
AS OF SEPTEMBER 30, 2016

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2016					\$ 100,000
2017	4.250%	\$ 2,125	\$ -	\$ 100,000	-
Total		<u>\$ 2,125</u>	<u>\$ -</u>	<u>\$ 100,000</u>	

**CITY OF WESLACO, TEXAS
GENERAL OBLIGATION REFINANCING BONDS SERIES 2010
(TARGET SAVINGS)
AS OF SEPTEMBER 30, 2016**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 1-Feb	Outstanding 30-Sep
		1-Feb	1-Aug		
2016					\$ 403,327
2017	3.100%	\$ 6,263	\$ 4,240	\$ 130,500	272,827
2018	3.100%	4,240	2,152	134,676	138,151
2019	3.100%	<u>2,152</u>	<u>-</u>	<u>138,151</u>	-
Total		<u>\$ 12,655</u>	<u>\$ 6,392</u>	<u>\$ 403,327</u>	

**CITY OF WESLACO, TEXAS
WATERWORKS AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2010
AS OF SEPTEMBER 30, 2016**

Fiscal Year	Interest Rate	Interest Payment		Principal Due 1-Dec	Outstanding 30-Sep
		1-Dec	1-Jun		
2016					\$ 870,000
2017	3.190%	\$ 13,877	\$ 7,018	\$ 430,000	440,000
2018	3.190%	<u>7,018</u>	<u>-</u>	<u>440,000</u>	-
Total		<u>\$ 20,895</u>	<u>\$ 7,018</u>	<u>\$ 870,000</u>	

CITY OF WESLACO, TEXAS
TAX NOTES, SERIES 2011
AS OF SEPTEMBER 30, 2015

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2016					\$ 4,810,000
2017	2.750%	\$ 66,138	\$ 66,138	\$ 2,190,000	2,620,000
2019	2.750%	36,025	36,025	2,620,000	-
Total		<u>\$ 102,163</u>	<u>\$ 102,163</u>	<u>\$ 4,810,000</u>	

CITY OF WESLACO, TEXAS
TAX AND REVENUE CERTIFICATE OF OBLIGATION, SERIES 2012
AS OF SEPTEMBER 30, 2016

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2016					\$ 24,335,000
2017	3.000%	\$ 526,891	\$ 526,891	\$ -	24,335,000
2018	3.000%	526,891	526,891	-	24,335,000
2019	3.000%	526,891	526,891	1,345,000	22,990,000
2020	3.000%	506,716	506,716	1,385,000	21,605,000
2021	3.000%	485,941	485,941	1,425,000	20,180,000
2022	3.000%	464,566	464,566	1,470,000	18,710,000
2023	3.000%	442,516	442,516	1,515,000	17,195,000
2024	5.000%	419,791	419,791	1,560,000	15,635,000
2025	5.000%	380,791	380,791	1,635,000	14,000,000
2026	5.000%	339,916	339,916	1,720,000	12,280,000
2027	5.000%	296,916	296,916	1,805,000	10,475,000
2028	5.000%	251,791	251,791	1,895,000	8,580,000
2029	5.000%	204,416	204,416	1,990,000	6,590,000
2030	5.000%	154,666	154,666	2,090,000	4,500,000
2031	5.000%	102,416	102,416	2,195,000	2,305,000
2032	4.125%	47,541	47,541	2,305,000	-
Total		<u>\$ 5,678,656</u>	<u>\$ 5,678,656</u>	<u>\$ 24,335,000</u>	

CITY OF WESLACO, TEXAS
TAX AND REVENUE CERTIFICATE NOTE, SERIES 2014
AS OF SEPTEMBER 30, 2016

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2016					\$ 9,075,000
2017	4.500%	\$ 202,850	\$ 202,850	\$ -	9,075,000
2018	4.500%	202,850	202,850	-	9,075,000
2019	4.500%	202,850	202,850	75,000	9,000,000
2020	4.500%	202,100	202,100	80,000	8,920,000
2021	4.500%	201,300	201,300	75,000	8,845,000
2022	4.500%	200,363	200,363	75,000	8,770,000
2023	4.500%	199,238	199,238	80,000	8,690,000
2024	4.500%	198,038	198,038	80,000	8,610,000
2025	4.500%	196,438	196,438	80,000	8,530,000
2026	4.500%	194,838	194,838	90,000	8,440,000
2027	4.500%	193,038	193,038	100,000	8,340,000
2028	4.500%	191,038	191,038	1,035,000	7,305,000
2029	4.500%	167,750	167,750	1,085,000	6,220,000
2030	4.500%	143,338	143,338	1,140,000	5,080,000
2031	4.500%	117,688	117,688	1,185,000	3,895,000
2032	4.500%	91,025	91,025	1,245,000	2,650,000
2033	4.500%	63,013	63,013	1,295,000	1,355,000
2034	4.500%	33,875	33,875	1,355,000	-
Total		<u>\$ 3,001,630</u>	<u>\$ 3,001,630</u>	<u>\$ 9,075,000</u>	

CITY OF WESLACO, TEXAS
TAX & WATERWORKS & SEWER SYSTEM SURPLUS REVENUE
LIMITED TAX REFUNDING BONDS, SERIES 2016
AS OF SEPTEMBER 30, 2016

Fiscal Year	Interest Rate	Interest Payment		Principal Due	Principal Outstanding
		15-Feb	15-Aug	15-Feb	30-Sep
2016					\$ 15,750,000
2017	5.000%	\$ 382,350	\$ 382,350	\$ -	15,750,000
2018	5.000%	382,350	382,350	-	15,750,000
2019	5.000%	382,350	375,100	290,000	15,460,000
2020	5.000%	375,100	334,850	1,610,000	13,850,000
2021	5.000%	334,850	292,350	1,700,000	12,150,000
2022	5.000%	292,350	247,850	1,780,000	10,370,000
2023	5.000%	247,850	201,100	1,870,000	8,500,000
2024	5.000%	201,100	151,975	1,965,000	6,535,000
2025	5.000%	151,975	100,100	2,075,000	4,460,000
2026	5.000%	100,100	45,600	2,180,000	2,280,000
2027	4.000%	45,600	-	2,280,000	-
Total		<u>\$ 2,895,975</u>	<u>\$ 2,513,625</u>	<u>\$ 15,750,000</u>	

CITY OF WESLACO, TEXAS
ECONOMIC DEVELOPMENT SALES TAX REVENUE REFUNDING BONDS
SERIES 2011A
AS OF SEPTEMBER 30, 2016

Fiscal Year	Interest Rate	Interest Payment		Principal Due 15-Feb	Principal Outstanding 30-Sep
		15-Feb	15-Aug		
2016					\$ 280,000
2017	4.470%	\$ 6,258	\$ -	\$ 280,000	-
		<u>\$ 6,258</u>	<u>\$ -</u>	<u>\$ 280,000</u>	

CITY OF WESLACO, TEXAS
ECONOMIC DEVELOPMENT SALES TAX REVENUE BONDS
SERIES 2011B
AS OF SEPTEMBER 30, 2016

Fiscal Year	Interest Rate	Interest Payment		Principal Due 15-Feb	Principal Outstanding 30-Sep
		15-Feb	15-Aug		
2016					\$ 1,290,000
2017	3.840%	\$ 24,768	\$ 24,480	\$ 15,000	1,275,000
2018	3.840%	24,480	18,624	305,000	970,000
2019	3.840%	18,624	12,672	310,000	660,000
2020	3.840%	12,672	6,432	325,000	335,000
2021	3.840%	6,432	-	335,000	-
		<u>\$ 86,976</u>	<u>\$ 62,208</u>	<u>\$ 1,290,000</u>	

CITY OF WESLACO, TEXAS
ECONOMIC DEVELOPMENT SALES TAX REVENUE BONDS
SERIES 2012
AS OF SEPTEMBER 30, 2016

Fiscal Year	Interest Rate	Interest Payment		Principal Due 15-Feb	Principal Outstanding 30-Sep
		15-Feb	15-Aug		
2016					\$ 840,000
2017	2.60%	\$ 10,920	\$ 9,490	\$ 110,000	730,000
2018	2.60%	9,490	7,995	115,000	615,000
2019	2.60%	7,995	6,500	115,000	500,000
2020	2.60%	6,500	4,940	120,000	380,000
2021	2.60%	4,940	3,315	125,000	255,000
2022	2.60%	3,315	1,690	125,000	130,000
2023	2.60%	1,690	-	130,000	-
		<u>\$ 44,850</u>	<u>\$ 33,930</u>	<u>\$ 840,000</u>	

**CITY OF WESLACO, TEXAS
ECONOMIC DEVELOPMENT SALES TAX REVENUE REFUNDING BONDS
SERIES 2013
AS OF SEPTEMBER 30, 2016**

Fiscal Year	Interest Rate	Interest Payment		Principal Due 15-Feb	Principal Outstanding 30-Sep
		15-Feb	15-Aug		
2016					\$ 1,925,000
2017	4.38%	\$ 32,725	\$ 28,475	\$ 250,000	1,675,000
2018	3.40%	28,475	24,140	255,000	1,420,000
2019	3.40%	24,140	19,635	265,000	1,155,000
2020	3.40%	19,635	14,960	275,000	880,000
2021	3.40%	14,960	10,200	280,000	600,000
2022	3.40%	10,200	5,185	295,000	305,000
2023	3.40%	5,185	-	305,000	-
		<u>\$ 135,320</u>	<u>\$ 102,595</u>	<u>\$ 1,925,000</u>	

Draft for Discussion Purposes Only

(This page intentionally left blank)

STATISTICAL SECTION

CITY OF WESLACO, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

TABLE I

	Fiscal Year Ending September 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities										
Net investment in capital assets	\$ 23,122,052	\$ 20,001,901	\$ 11,915,869	\$ 6,236,897	\$ 13,564,135	\$ 14,042,568	\$ 12,006,633	\$ 9,749,470	\$ 438,179	\$ (5,007,449)
Restricted	1,211,727	1,787,280	11,967,344	13,059,262	5,760,438	6,259,134	6,455,866	8,335,324	6,474,762	11,810,520
Unrestricted	3,639,565	6,148,950	729,653	9,294,414	4,806,131	1,330,224	1,591,672	1,568,080	535,440	2,123,912
Total governmental activities net position	\$ 27,973,344	\$ 27,938,131	\$ 24,612,866	\$ 28,590,573	\$ 24,130,704	\$ 21,631,926	\$ 20,054,171	\$ 19,652,874	\$ 7,448,381	\$ 8,926,983
Business-type activities										
Net investment in capital assets	\$ 39,969,259	\$ 38,975,364	\$ 34,020,461	\$ 12,912,376	\$ (1,310,318)	\$ 25,204,572	\$ 21,631,773	\$ 11,808,483	\$ 6,190,908	\$ 2,905,484
Restricted	1,212,612	1,623,104	2,019,837	19,656,819	27,959,653	1,054,121	4,875,514	14,231,044	20,642,296	23,249,701
Unrestricted	2,750,097	2,884,140	2,798,504	3,095,455	5,769,530	2,533,841	1,479,750	1,076,733	(971,432)	463,253
Total business-type activities net position	\$ 43,931,968	\$ 43,482,608	\$ 38,838,802	\$ 35,664,650	\$ 32,418,865	\$ 28,792,534	\$ 27,987,037	\$ 27,116,260	\$ 25,861,772	\$ 26,618,438
Primary Government										
Net investment in capital assets	\$ 63,091,311	\$ 58,977,265	\$ 45,936,330	\$ 19,149,273	\$ 12,253,817	\$ 39,247,140	\$ 33,638,406	\$ 21,557,953	\$ 6,629,087	\$ (2,101,965)
Restricted	2,424,339	3,410,384	13,987,181	32,716,081	33,720,091	7,313,255	11,331,380	22,566,368	27,117,058	35,060,221
Unrestricted	6,389,662	9,033,090	3,528,157	12,391,770	10,575,661	3,864,065	3,071,422	2,644,813	(435,992)	2,587,165
Total primary government net position	\$ 71,905,312	\$ 71,420,739	\$ 63,451,668	\$ 64,257,124	\$ 56,549,569	\$ 50,424,460	\$ 48,041,208	\$ 46,769,134	\$ 33,310,153	\$ 35,545,421

Source: Government-wide Statement of Activities
Fiscal 2014 net position has been restated to reflect the implementation of GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" and GASB 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date"
Fiscal year 2015 Governmental Activities net position has been restated to reflect prior period adjustments described in Note T to the financial statements.
Fiscal years prior to 2015 present the Economic Development Corporation as a blended component unit

CITY OF WESLACO, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
TABLE II

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental activities:										
General government	\$ 7,793,661	\$ 7,475,817	\$ 4,699,927	\$ 4,077,130	\$ 4,079,035	\$ 4,426,526	\$ 4,307,902	\$ 3,710,070	\$ 2,618,476	\$ 4,773,130
Public safety	13,374,018	11,530,338	10,217,398	10,714,272	10,195,023	11,562,667	12,676,095	12,486,600	13,173,159	10,602,820
Emergency medical service	137,335	101,226	269,969	332,102	462,305	398,347	343,818	-	-	443,243
Health	-	-	-	90,067	88,459	104,426	132,612	127,044	135,502	130,130
Public works	3,409,500	2,927,110	3,056,584	3,039,309	2,626,866	2,669,907	1,870,276	1,843,346	1,567,815	2,147,216
Culture and recreation	2,195,306	1,793,425	1,660,311	1,692,154	1,693,692	1,144,997	2,486,171	2,484,004	1,815,439	1,650,424
Development services	-	-	2,724,236	3,364,499	3,256,023	3,101,439	3,358,829	4,994,533	1,847,396	3,249,338
Interest on long-term debt	1,134,675	1,009,379	1,182,183	1,187,398	2,326,416	1,452,443	1,478,830	1,488,868	5,735,318	1,425,639
Total governmental activities expenses	28,044,495	24,837,295	23,810,608	24,496,931	24,727,819	24,860,752	26,654,533	27,134,465	26,893,105	24,421,940
Business-type activities:										
Water and Wastewater	11,042,489	9,955,440	8,687,380	9,435,022	9,054,734	7,768,721	7,433,263	7,662,631	10,726,658	6,392,983
Solid Waste	4,147,973	4,348,050	4,117,588	4,044,683	4,047,757	3,863,097	3,517,000	3,468,755	3,480,521	3,083,417
Airport	687,702	668,097	536,560	507,619	505,452	532,689	532,828	564,958	1,092,428	565,703
Total business-type activities expenses	15,878,164	14,971,587	13,341,528	13,987,324	13,607,943	12,164,507	11,483,091	11,696,344	15,299,607	10,042,103
Total primary government expenses	\$ 43,922,659	\$ 39,808,882	\$ 37,152,136	\$ 38,484,255	\$ 38,335,762	\$ 37,025,259	\$ 38,137,624	\$ 38,830,809	\$ 42,192,712	\$ 34,464,043
Program Revenues										
Governmental activities:										
Fees, fines, and charges for services:										
General government	\$ 714,548	\$ 725,949	\$ 588,302	\$ 405,601	\$ 381,323	\$ 363,068	\$ 370,890	\$ 406,099	\$ 3,471,856	\$ 1,311,453
Public Safety	853,586	653,606	748,737	842,122	919,126	695,632	933,006	1,912,015	1,217,389	116,703
Emergency medical services	1,350,052	1,693,132	1,250,542	1,223,157	976,167	948,437	976,166	-	-	581,732
Other activities	-	-	155,378	394,360	399,142	260,053	372,935	404,985	187,056	468,712
Culture and recreation	85,163	73,359	-	-	-	-	-	-	-	-
Operating grants and contributions	484,336	273,122	233,899	99,359	16,179	-	-	81,000	1,186,137	979,980
Capital grants and contributions	571,469	1,065,726	463,568	454,010	724,994	500,163	702,133	917,556	-	154
Total governmental activities program revenues	4,059,154	4,484,894	3,440,426	3,418,609	3,416,931	2,767,353	3,355,130	3,721,655	6,062,438	3,458,734
Business-type activities:										
Charges for services:										
Water and Wastewater	10,806,055	12,121,383	11,744,692	12,160,485	11,034,905	9,411,060	8,719,988	8,993,459	8,630,895	7,090,033
Solid Waste	4,725,450	5,225,429	4,860,177	4,752,518	4,646,565	4,127,015	4,215,582	3,992,622	3,579,091	3,525,482
Airport	183,291	159,919	207,034	156,302	110,894	111,261	186,184	112,917	518,288	135,742
Operating grants and contributions	-	-	-	-	-	-	8,098	20,267	121,040	603,306
Capital grants and contributions	1,658,319	4,148,622	481,853	664,218	2,424,601	154,017	80,875	224,315	-	183,820
Total business-type activities program revenues	17,373,115	21,655,353	17,293,756	17,733,523	18,216,965	13,803,353	13,210,727	13,343,580	12,849,314	11,538,383
Total primary government program revenues	\$ 21,432,269	\$ 26,140,247	\$ 20,734,182	\$ 21,152,132	\$ 21,633,896	\$ 16,570,706	\$ 16,565,857	\$ 17,065,235	\$ 18,911,752	\$ 14,997,117
Net (Expense)/Revenue										
Governmental activities	\$ (23,985,341)	\$ (20,352,401)	\$ (20,370,182)	\$ (21,078,322)	\$ (21,310,888)	\$ (22,093,399)	\$ (23,299,403)	\$ (23,412,810)	\$ (20,830,667)	\$ (20,963,206)
Business-type activities	1,494,951	6,683,766	3,952,228	3,746,199	4,609,022	1,638,846	1,727,636	1,647,236	(2,450,293)	1,496,280
Total primary government net expense	\$ (22,490,390)	\$ (13,668,635)	\$ (16,417,954)	\$ (17,332,123)	\$ (16,701,866)	\$ (20,454,553)	\$ (21,571,767)	\$ (21,765,574)	\$ (23,280,960)	\$ (19,466,926)

Fiscal years prior to 2015 present the Economic Development Corporation as a blended component unit
Fiscal year 2015 Governmental Activities net position has been restated to reflect prior period adjustments described
in Note T to the financial statements.

CITY OF WESLACO, TEXAS
CHANGES IN NET POSITION- CONTINTUED
LAST TEN FISCAL YEARS
(accrual basis of accounting)
TABLE II- CONTINUED

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities:										
Taxes:										
Ad valorem	\$ 11,264,052	\$ 10,352,897	\$ 9,767,217	\$ 9,823,287	\$ 9,710,670	\$ 9,632,751	\$ 9,729,729	\$ 9,752,261	\$ 16,449,025	\$ 7,443,962
Sales	8,682,523	8,779,266	11,441,937	11,182,267	10,578,320	9,864,624	9,218,352	9,175,453	2,656,019	8,599,413
Occupancy	351,911	384,439	419,960	382,934	336,419	358,390	359,421	403,467	-	433,603
Franchise and other	1,893,085	1,855,156	1,664,769	1,640,932	1,631,134	1,724,786	1,486,165	1,475,452	-	1,347,008
Intergovernmental	-	-	-	16,149	4,421	77,375	144,499	143,800	-	105,411
Investment earnings	60,217	31,839	130,602	89,278	66,619	64,147	139,903	226,519	447,930	479,206
Gain (loss) on sale/retirement of capital assets	-	-	56,720	(348,529)	116,255	100,339	(115,940)	482,859	(398,361)	348,144
Miscellaneous	721,662	232,759	377,674	226,739	249,246	301,972	348,954	433,260	415,452	388,842
Rescindment of contingency	-	-	-	-	-	550,000	-	-	-	-
Absences	-	-	-	-	191,261	-	-	-	-	-
Transfers	1,047,104	2,041,310	1,021,140	1,021,140	1,021,140	996,770	1,475,209	2,403,930	(218,000)	2,480,094
Total governmental activities	24,020,554	23,677,666	24,880,019	24,034,197	23,905,485	23,671,154	22,786,292	24,497,001	19,352,065	21,625,683
Business-type activities										
Investment earnings	1,513	1,350	4,013	19,609	13,629	109	618,350	849,733	916,833	168,484
Transfers	(1,047,104)	(2,041,310)	(1,021,140)	(1,021,140)	(1,021,140)	(996,770)	(1,475,209)	(2,403,930)	218,000	(2,480,094)
Total business-type activities	(1,045,591)	(2,039,960)	(1,017,127)	(1,001,531)	(1,007,511)	(996,661)	(856,859)	(1,554,197)	1,134,833	(2,311,610)
Total primary government	\$ 22,974,963	\$ 21,637,706	\$ 23,862,892	\$ 23,032,666	\$ 22,897,974	\$ 22,674,493	\$ 21,929,433	\$ 22,942,804	\$ 20,486,898	\$ 19,314,073
Change in Net Position										
Governmental activities	\$ 35,213	\$ 3,325,265	\$ 4,509,837	\$ 2,955,875	\$ 2,594,597	\$ 1,577,755	\$ (513,111)	\$ 1,084,191	\$ (1,478,602)	\$ 662,477
Business-type activities	449,360	4,643,806	2,935,101	2,744,668	3,601,511	642,185	870,777	93,039	(1,315,460)	(815,330)
Total primary government	\$ 484,573	\$ 7,969,071	\$ 7,444,938	\$ 5,700,543	\$ 6,196,108	\$ 2,219,940	\$ 357,666	\$ 1,177,230	\$ (2,794,062)	\$ (152,853)

CITY OF WESLACO, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (1)
(modified accrual basis of accounting)
TABLE III

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Pre GASB 54										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,467	\$ 61,244	\$ -	\$ 49,087
Unreserved	-	-	-	-	-	-	(104,146)	900,326	(213,081)	529,424
Post GASB 54										
Nonspendable	\$ 37,392	\$ 34,790	\$ 180,110	\$ 33,249	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	104,886	466,288	466,288	696,765	65,791	57,391	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	7,939,293	8,523,908	6,478,642	4,738,640	1,627,107	779,427	-	-	-	-
Total General Fund	\$ 8,081,571	\$ 9,024,986	\$ 7,125,040	\$ 5,468,654	\$ 1,692,898	\$ 836,818	\$ (34,679)	\$ 961,570	\$ (213,081)	\$ 578,511
All Other Governmental Funds										
Pre GASB 54										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,505,458	\$ 1,286,791	\$ 5,642,293	\$ 1,195,145
Unreserved	-	-	-	-	-	-	4,985,087	6,086,963	2,792,788	10,795,586
Post GASB 54										
Nonspendable	\$ 34,311	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	3,958,733	5,512,740	1,793,631	1,691,574	1,772,642	1,618,055	-	-	-	-
Assigned	1,950,380	1,250,000	-	-	-	-	-	-	-	-
Unrestricted, reported in:										
Special revenue funds	-	-	3,127,878	2,936,214	2,308,622	4,718,358	-	-	-	-
Capital projects funds	-	-	6,399,437	7,701,460	1,166,502	1,206,560	-	-	-	-
Total all other governmental funds	\$ 5,943,424	\$ 6,762,740	\$ 11,320,946	\$ 12,329,248	\$ 5,247,766	\$ 7,542,973	\$ 6,490,545	\$ 7,373,754	\$ 8,435,081	\$ 11,990,731

Source: Information obtained from the City's Annual Financial Report
(1) The City implemented GASB Statement No. 54 in fiscal year 2011

CITY OF WESLACO, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
TABLE IV

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Taxes:										
Property taxes	\$ 11,273,279	\$ 10,550,931	\$ 9,932,967	\$ 10,011,483	\$ 9,710,637	\$ 9,847,584	\$ 9,717,429	\$ 9,704,351	\$ 16,449,025	\$ 7,396,316
Sales	8,682,523	8,779,266	11,441,937	11,182,267	10,578,320	9,864,624	9,218,352	9,175,453	2,656,019	8,599,413
Occupancy	351,911	384,439	419,960	382,934	336,419	358,390	359,421	403,467	-	433,603
Franchise and other	1,893,085	1,855,156	1,664,769	1,640,932	1,631,134	1,724,786	1,486,165	1,475,452	-	1,347,008
Charges for services	1,644,414	3,471,864	2,783,840	2,832,851	2,540,973	2,565,294	2,905,104	3,752,129	3,471,856	2,857,551
Program income	-	-	360,576	389,134	341,845	150,054	109,445	62,604	-	468,712
Intergovernmental	1,055,805	1,338,849	697,467	569,518	745,594	577,538	846,632	1,142,356	1,373,193	588,535
Licenses and permits	493,175	479,501	446,828	405,601	381,323	363,068	370,890	406,099	489,883	490,788
Investment income	60,217	31,839	130,602	89,278	66,619	64,147	139,903	226,507	447,930	478,815
Fines and forfeitures	698,250	523,767	636,486	668,891	772,752	463,778	583,066	690,602	727,506	757,695
Contributions	-	-	2,736	50	500	142	8,500	1,954	-	154
Miscellaneous	889,172	394,982	374,938	527,110	248,746	301,830	340,454	431,306	415,452	716,842
Proceeds from sales	-	-	56,720	56,950	124,435	367,174	131,825	905,434	-	2,354,819
Total revenues	27,041,831	27,810,594	28,949,826	28,756,999	27,479,297	26,648,409	26,217,186	28,377,714	26,030,864	26,490,251
Expenditures										
General government	6,133,070	5,991,720	4,617,587	3,697,885	3,797,404	4,310,348	3,637,628	3,484,006	5,131,719	3,276,336
Public Safety	12,165,292	10,476,065	10,483,329	10,699,897	10,327,350	11,664,128	12,725,966	12,468,212	13,173,159	10,752,116
Public Works	2,104,864	1,790,960	1,558,496	1,556,054	1,299,033	1,342,074	1,390,192	1,468,756	1,567,815	1,748,968
Health	-	-	-	85,956	84,348	100,315	128,875	123,307	135,502	126,393
Culture and recreation	1,709,199	1,376,551	1,311,421	1,428,512	1,447,298	1,073,525	2,410,330	2,291,653	1,815,439	1,405,479
Economic development	589,640	593,849	1,568,220	2,144,101	1,923,521	2,171,025	3,633,445	4,376,933	7,218,808	2,708,077
Nondepartmental	-	-	565,216	477,223	395,172	684,020	779,286	541,759	-	544,839
Capital outlay	4,530,211	4,692,755	2,390,421	823,384	2,416,513	633,058	9,608,984	1,879,830	307,097	4,073,761
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	2,389,617	2,418,462	2,711,314	2,526,603	2,004,577	9,628,025	1,682,179	1,590,747	4,177,910	1,837,290
Interest and fiscal charges	786,594	890,033	1,152,048	1,197,893	1,352,412	1,420,192	1,490,122	1,500,160	1,568,706	1,435,439
Advance refunding escrow	77,555	-	-	-	-	-	-	-	-	-
Contingency expense	-	-	-	-	-	-	-	-	-	-
Total expenditures	30,486,042	28,230,395	26,358,052	24,637,508	25,047,628	33,026,710	37,487,007	29,743,363	35,096,155	28,458,698
Excess of revenues over (under) expenditures	(3,444,211)	(419,801)	2,591,774	4,119,491	2,431,669	(6,378,301)	(11,269,821)	(1,365,649)	(9,065,291)	(1,968,447)
Other Financing Sources (Uses)										
Debt Proceeds	\$ 4,450,281	\$ 658,299	\$ -	\$ 22,157,515	\$ 1,155,000	\$ 9,044,918	\$ 7,629,307	\$ 1,300,000	\$ 1,220,131	\$ 6,105,000
Proceeds from 380 Agreements	-	-	-	-	-	-	-	-	-	\$ (105,000)
Bond interest	701,808	-	-	(14,630,000)	(30,323)	(101,814)	(611,900)	(120,076)	-	-
Premium on bond	(4,392,713)	-	-	(366,731)	-	-	-	-	-	-
Bond redemption	-	-	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-	-	-
Volunteer separation expense	-	-	(738,139)	(581,949)	(780,562)	(912,644)	-	-	-	-
380 Agreement expenditures	-	-	-	-	(949,937)	-	-	-	-	-
Accrued 380 Agreement interest	-	-	-	-	(843,934)	-	-	-	-	-
Sales Tax rebates	-	-	(580,488)	(645,082)	-	-	-	-	-	-
Transfers in	2,208,425	2,419,014	-	-	-	-	164,040	525,775	-	1,036,129
Transfers out	(1,286,321)	(2,460,758)	(700,000)	(700,000)	(480,000)	(200,000)	(4,339)	(310,180)	(218,000)	(483,325)
Total other financing sources (uses)	1,681,480	616,555	(2,018,627)	5,233,753	(1,929,756)	7,830,460	7,177,108	1,395,519	4,718,049	6,552,804
Net change in fund balance	\$ (1,762,731)	\$ 196,754	\$ 573,147	\$ 9,353,244	\$ 501,913	\$ 1,452,159	\$ (4,092,713)	\$ 29,870	\$ (4,347,242)	\$ 4,584,357
Debt service as a percentage of noncapital expenditures	12.2%	14.1%	16.1%	15.6%	14.8%	34.1%	11.4%	11.1%	16.5%	13.4%

Note: The City began to report accrual information when it implemented GASB statement 34 in fiscal year 2003. Fiscal years prior to 2015 present the Economic Development Corporation as a blended component unit

**CITY OF WESLACO, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
TABLE V**

Fiscal Year Ended September 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 6,982,074	\$ 6,555,427	93.89%	\$ 366,651	\$ 6,922,078	99.14%
2008	7,667,715	7,171,489	93.53%	428,499	7,599,988	99.12%
2009	8,920,936	8,518,972	95.49%	328,500	8,847,471	99.18%
2010	9,249,698	8,628,830	93.29%	542,940	9,171,770	99.16%
2011	9,310,540	8,704,523	93.49%	517,268	9,221,791	99.05%
2012	9,346,948	8,859,282	94.78%	392,231	9,251,513	98.98%
2013	9,559,563	9,095,317	95.14%	347,151	9,442,468	98.78%
2014	9,667,300	9,119,003	94.33%	392,885	9,511,888	98.39%
2015	9,952,186	9,682,174	97.29%	62,429	9,744,603	97.91%
2016	10,995,171	10,641,806	96.79%	-	10,641,806	96.79%

Source: Hidalgo County Tax Assessor-Collector
www.hidalgocountytax.org

**CITY OF WESLACO, TEXAS
ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
TABLE VI**

FISCAL YEAR	RESIDENTIAL PROPERTY	COMMERCIAL PROPERTY	TAX-EXEMPT	TOTAL TAXABLE ASSESSED VALUE	TOTAL DIRECT OVERLAPPING TAX RATE
2007	\$ 559,681,854	\$ 478,189,081	\$ 295,278,641	\$ 1,037,870,935	2.8666
2008	641,361,248	512,587,048	313,753,593	1,153,948,296	2.6438
2009	756,407,311	588,374,568	345,797,678	1,344,781,879	2.6954
2010	777,550,051	623,626,057	351,568,233	1,401,176,108	2.6978
2011	773,012,581	638,233,550	352,481,585	1,411,246,131	2.6978
2012	769,592,896	652,146,592	335,597,711	1,421,739,488	2.6978
2013	792,847,612	670,099,750	336,299,548	1,462,947,362	2.6996
2014	851,914,723	646,031,643	336,831,403	1,497,946,366	2.7113
2015	804,694,927	675,552,726	388,852,013	1,480,247,653	2.7363
2016	905,060,888	755,965,371	413,829,808	1,661,026,259	2.7357

Source: Hidalgo County Appraisal District
www.hidalgoad.org

**CITY OF WESLACO, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
TABLE VII**

2016					2007		
TAXPAYER	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL CITY TAXABLE ASSESSED VALUE		TAXABLE ASSESSED VALUE	RANK	% OF TOTAL CITY TAXABLE ASSESSED VALUE
H E Butt Grocery Company	\$ 37,016,524	1	2.23%		\$ 19,105,431	1	1.84%
Pioneer Hi-Bred Int'l Inc	35,134,207	2	2.12%				
Clearview Weslaco LLP	18,325,026	3	1.10%		6,250,450	6	
H E B Weslaco Transportation	17,894,167	4	1.08%				
Capcor Weslaco LTD	16,131,947	5	0.97%				
Wal-Mart Real Estate Business	11,555,858	6	0.70%				0.00%
AEP Texas Central Co	10,343,070	7	0.62%		7,238,530	4	0.70%
JC Penney #1101	7,899,899	8	0.48%				
Wal-Mart Property Tax Dept	7,865,399	9	0.47%		18,401,794	2	
Weslaco Motors LLP	7,652,597	10	0.46%				
John Knox Villages					10,217,566	3	0.98%
Weslaco Palm Plaza					6,505,263	5	0.63%
Foremost Paving Inc					6,189,577	7	0.60%
Verizon Southwest, Inc					5,792,950	8	0.56%
Home Depot, The #6577					5,553,926	9	0.54%
Caldwell, VSR Inc					5,141,543	10	0.50%
TOTAL	\$ 169,818,694		10.22%		\$ 90,397,030		6.33%

Source:
www.hidalgoal.org

CITY OF WESLACO, TEXAS
PROPERTY TAX RATES AND TAX LEVIES - ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
TABLE VIII

City Direct Rates

FISCAL YEAR	TAX YEAR	MAINTENANCE & OPERATION	INTEREST & SINKING	(PER \$100) CITY
------------------------	---------------------	--	-----------------------------------	-----------------------------

PROPERTY TAX RATES

2007	2006	0.5065	0.1930	0.6995
2008	2007	0.5153	0.1814	0.6967
2009	2008	0.5210	0.1757	0.6967
2010	2009	0.5152	0.1815	0.6967
2011	2010	0.5049	0.1918	0.6967
2012	2011	0.5039	0.1928	0.6967
2013	2012	0.5016	0.1951	0.6967
2014	2013	0.5006	0.1861	0.6867
2015	2014	0.4866	0.1901	0.6767
2016	2015	0.5560	0.1207	0.6767

TAX LEVIES

2007	2006	\$ 6,982,074
2008	2007	7,667,715
2009	2008	8,920,936
2010	2009	9,249,698
2011	2010	9,310,540
2012	2011	9,346,948
2013	2012	9,559,563
2014	2013	9,667,300
2015	2014	9,952,186
2016	2015	10,995,171

CITY OF WESLACO, TEXAS
PROPERTY TAX RATES AND TAX LEVIES - ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
TABLE VIII- CONTINUED

OVERLAPPING RATES

(Per \$100) WISD	STC	(Per \$100) Hidalgo Co	(Per \$100) DD #1	(Per \$100) STISD	(Per \$100) Total
1.3418	0.1548	0.5900	0.0413	0.0392	2.8666
1.1047	0.1540	0.5900	0.0492	0.0492	2.6438
1.1397	0.1498	0.5900	0.0700	0.0492	2.6954
1.1397	0.1497	0.5900	0.0725	0.0492	2.6978
1.1397	0.1497	0.5900	0.0725	0.0492	2.6978
1.1397	0.1497	0.5900	0.0725	0.0492	2.6978
1.1397	0.1507	0.5900	0.0733	0.0492	2.6996
1.1397	0.1500	0.5900	0.0957	0.0492	2.7113
1.1397	0.1850	0.5900	0.0957	0.0492	2.7363
1.1397	0.1850	0.5900	0.0951	0.0492	2.7357
\$ 16,140,097	\$ 37,903,742	\$ 142,503,382	\$ 11,181,038	\$ 12,290,736	\$ 227,001,069
19,199,929	41,255,266	155,425,414	11,935,971	13,321,253	248,805,549
20,312,260	41,861,054	162,197,402	18,101,564	13,910,184	265,303,400
20,544,560	41,736,459	161,779,404	18,803,344	13,870,003	265,983,468
19,795,607	37,953,268	148,860,984	18,910,655	13,752,694	248,583,748
20,111,115	38,191,930	150,274,322	19,197,219	13,901,594	251,023,128
21,597,467	43,100,124	165,736,613	19,880,682	14,279,092	274,153,542
21,552,277	42,899,924	165,736,613	25,956,088	14,279,092	280,091,295
23,002,324	54,881,207	171,956,770	27,107,682	14,792,577	301,692,745
23,464,321	56,775,623	179,965,377	28,837,880	15,689,081	315,727,453

CITY OF WESLACO, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF SEPTEMBER 30, 2016
TABLE IX

	GROSS DEBT Less SINKING FUND	ESTIMATED % DEBT APPLICABLE TO CITY OF WESLACO	CITY OF WESLACO SHARE OF DEBT
City of Weslaco, Texas	\$ 20,417,231	100.00%	\$ 20,417,231
Weslaco Ind School Dist	83,819,000	72.86%	61,070,523
Hidalgo County	198,210,000	5.65%	11,198,865
Hidalgo Co Drainage Dist #1	137,910,000	5.91%	8,150,481
South Texas College	161,905,000	4.60%	7,447,630
Total: \$			<u><u>108,284,730</u></u>

Percent of Assessed Valuation: 6.31%

Direct Overlapping Debt per Capita: 2,743

POPULATION: 39,474

ASSESSED VALUATION \$ 1,661,026,259

CITY OF WESLACO, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
TABLE X

Legal Debt Margin Calculation to Fiscal Year 2016

Assessed Value	\$	1,661,026,259
Debt Limit (10% of assessed value)		166,102,626
Debt applicable to limit:		
General obligation bonds		20,817,231
Less: Amount set aside		
for repayment of general		
obligation debt		(1,112,428)
Total net debt applicable to limit		19,704,803
Legal debt margin		146,397,823

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 99,815,209	\$ 110,057,628	\$ 127,480,023	\$ 133,153,378	\$ 141,124,613	\$ 142,173,949	\$ 139,051,427	\$ 159,911,825	\$ 173,352,656	\$ 166,102,626
Total net debt applicable to limit	27,872,725	27,092,739	25,851,763	24,605,645	24,605,645	21,684,025	24,605,645	24,605,645	23,040,965	19,704,803
Legal debt margin	\$ 99,815,209	\$ 110,057,628	\$ 127,480,023	\$ 133,153,378	\$ 141,124,613	\$ 142,173,949	\$ 139,051,427	\$ 159,911,825	\$ 173,352,656	\$ 146,397,823
Total net debt applicable to the limit as a percentage of debt limit	27.92%	24.62%	20.28%	18.48%	17.44%	15.25%	17.70%	15.39%	13.29%	11.86%

Note: In 1955, the State Legislature enacted the 10% debt limit rate for school districts in Texas and has subsequently been used by municipalities as a general rule in computing debt margin.

**CITY OF WESLACO, TEXAS
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
TABLE XI**

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Plus: CIP Fee (1) Non-Operating	Net Available	Debt Service		Coverage
					Principal	Interest	
2007	\$ 7,244,451	\$ 6,051,989	\$ 603,306	\$ 1,795,768	\$ 310,000	\$ 181,603	3.65
2008	7,726,172	6,696,352	631,599	1,661,419	300,000	169,785	3.54
2009	8,073,294	6,824,120	645,067	1,894,241	315,000	157,635	4.01
2010	7,846,367	5,990,804	621,306	2,476,869	340,000	130,870	5.26
2011	8,789,754	6,094,985	621,415	3,316,184	542,298	64,930	5.46
2012	10,354,040	5,846,464	680,865	5,188,441	472,092	112,753	8.87
2013	11,475,677	6,655,622	684,808	5,504,863	480,224	97,652	9.53
2014	10,649,451	7,330,737	727,055	4,045,768	492,312	82,233	7.04
2015	11,372,511	6,702,152	703,986	5,374,345	532,148	65,993	8.99
2016	10,504,921	7,162,537	649,682	3,992,065	545,981	48,918	6.71

(1) The Waterworks and Sewer System Revenue Bonds, Series 1998 were issued on September 23, 1998 in the amount of \$5,930,000. These bonds will be paid from CIP fee that has been charged to customers since June 1, 1996. This fee is to remain in place until the debt related to the new sewer plant on the south side of town has been paid for. The CIP fee is recognized as non-operating revenue. This table has been modified to reflect this source of funds.

* The Revenue Coverage computation does not include the 2007 Certificate of Obligation issue of \$21,720,000. This issue is a surplus Revenue Certificate of Obligation and does not meet the requirements to be included in the computation for pledged revenue coverage. If considered in the computation, the coverage would be 1.72.

CITY OF WESLACO, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
TABLE- XII

General Bonded Debt										Other Governmental Activities Debt				
Fiscal Year	General Obligation Bonds	Certificate of Obligation	Water District Debt Assumed	Percentage of Actual Taxable Value of Property	Per Capita	Capital Leases Payable	Compensated Absences							
2007	\$ 3,126,400	\$ 25,018,352	-	2.71%	\$ 877	-	2,141,726							
2008	2,531,200	24,566,872	-	2.35%	844.39	-	2,274,848							
2009	1,913,600	24,229,568	-	1.94%	783.81	-	2,725,440							
2010	1,276,800	23,755,396	-	1.79%	721.37	-	2,319,506							
2011	620,800	23,223,916	-	1.69%	668.48	-	1,912,606							
2012	419,200	21,776,008	-	1.56%	602.38	-	2,027,741							
2013	208,000	26,443,550	-	1.82%	718.51	-	2,138,217							
2014	-	24,894,102	-	1.66%	662.06	1,693,177	2,026,934							
2015	2,006,250	21,110,000	-	1.56%	614.78	1,947,164	2,182,753							
2016	1,532,231	19,285,000	-	1.25%	527.37	2,099,678	2,572,882							

Business-Type Activities										Economic Development Sales Tax				
Fiscal Year	General Obligation Bonds	Certificate of Obligation	Revenue Bonds	Notes Payable	Revenue Bonds	Notes Payable	Total Primary Government	Percentage of Personal Income	Per Capita					
2007	\$ 1,758,600	\$ 4,075,000	\$ 23,366,648	-	\$ -	1,251,099	66,997,825	12.43%	\$ 2,131					
2008	1,423,800	3,775,000	23,238,128	-	-	5,600,000	63,409,848	11.10%	1,976					
2009	1,076,400	3,460,000	23,065,432	-	-	5,015,000	61,485,440	10.76%	1,916					
2010	718,200	3,135,000	22,724,604	-	-	4,595,000	58,524,506	11.52%	1,755					
2011	1,300,284	2,845,000	21,290,000	-	-	5,325,000	57,491,929	11.18%	1,657					
2012	1,089,792	2,470,000	45,215,000	8,500,000	-	6,300,000	87,797,741	16.54%	2,461					
2013	870,768	2,090,000	44,790,000	8,040,000	-	6,110,000	90,690,535	15.89%	2,461					
2014	768,456	1,700,000	44,325,000	7,735,000	-	5,570,000	88,712,669	15.31%	2,392					
2015	529,308	19,230,000	34,700,000	6,545,000	-	-	88,250,475	14.97%	2,347					
2016	404,029	49,260,000	870,000	4,810,000	-	-	80,833,820	13.19%	2,048					

Fiscal years prior to 2015 present the Economic Development Corporation as a blended component unit.

CITY OF WESLACO, TEXAS
TAXABLE SALES BY INDUSTRY
LAST TEN CALENDAR YEARS
TABLE XIII

Description	CALENDAR YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Agriculture, Forestry, Fishing, Hunting	\$ 481	\$ 3,207	\$ 4,144,701	\$ 2,839,442	\$ 1,547,374	\$ 998,716	\$ 835,222	\$ 1,085,666	\$ 1,282,144	\$ 13,895
Construction	4,096,068	3,219,615	1,374,389	944,415	1,043,977	2,301,576	2,568,436	5,366,141	5,211,076	1,132,716
Manufacturing	2,378,251	2,222,116	12,138,082	12,488,875	10,052,972	8,358,327	9,022,657	15,516,848	10,173,988	3,830,005
Wholesale Trade	10,535,297	11,505,002	321,405,175	317,956,827	296,818,500	275,128,934	251,825,708	239,908,678	221,207,383	11,048,557
Retail trade	321,305,069	331,306,451	303,218	1,637,871	1,311,262	1,417,200	205,606	1,557,971	1,357,532	202,759,881
Transportation and warehousing	-	276,655	13,229,751	9,086,834	7,440,719	6,916,201	7,063,176	6,441,066	6,747,785	1,368,621
Information	12,686,024	13,421,501	2,177,332	1,999,036	2,096,979	2,172,227	1,966,880	1,928,421	1,770,635	12,253,568
Finance and insurance	1,607,030	2,641,731	2,881,418	2,783,960	2,730,662	3,062,869	11,531,735	24,776,580	30,452,578	1,480,900
Real estate, rental and leasing	2,654,053	2,356,502	838,393	1,072,369	1,136,202	891,767	799,762	997,224	892,992	26,148,015
Professional, scientific and technical	1,137,739	989,140	5,830,822	6,176,976	3,592,463	1,730,296	3,434,638	6,010,391	7,496,343	1,297,799
Administration, support, waste	2,194,032	5,368,529	60,791	57,033	38,083	17,608	27,003	14,608	14,756	8,607,798
Management, and remediation	94,791	166,539	560,511	560,036	512,033	696,535	305,582	365,439	357,884	5,974
Educational Services	1,256,497	691,519	1,952,878	1,692,620	1,774,225	780,044	610,900	649,832	771,049	349,339
Health care and social assistance	3,673,234	2,581,663	86,549,881	82,835,766	76,342,659	70,735,449	66,500,272	63,712,076	59,744,975	1,267,988
Arts, entertainment, and recreation	109,219,280	96,841,186	10,073,577	10,287,220	9,623,843	8,923,286	8,371,356	7,015,451	8,322,955	54,959,576
Accommodation and food service	10,775,234	10,221,189	17,086	15,201	19,346	16,125	24,022	19,758	14,532	8,645,092
Other Services	22,000	19,870	-	-	-	-	-	-	-	12,170
Other	-	-	-	-	-	-	-	-	-	-
Total	\$ 483,635,080	\$ 483,832,415	\$ 463,538,005	\$ 452,434,481	\$ 416,081,299	\$ 384,147,160	\$ 365,096,965	\$ 375,366,150	\$ 355,819,667	\$ 335,181,894

City Direct Sales Tax 2.00% 2.00% 2.00% 2.00% 2.00% 2.00% 2.00% 2.00% 2.00% 2.00%

Source: Texas State Comptroller
<https://ourcpa.cpa.state.tx.us/allocation/HistSales.jsp>

CITY OF WESLACO, TEXAS
SALES TAX REVENUE PAYERS BY INDUSTRY
CALENDAR YEARS 2015 AND 2006
TABLE XIV

	2015				2006			
	Number of Filers	% of Total	Tax Liability	% of Total	Number of Filers	% of Total	Tax Liability	% of Total
Agriculture, Forestry, Fishing, Hunting	4	0.34%	\$ 10	0.00%	3	0.28%	\$ -	0.00%
Construction	67	5.77%	81,921	0.85%	55	5.09%	30,947	0.37%
Manufacturing	47	4.04%	47,565	0.49%	36	3.33%	20,880	0.25%
Wholesale Trade	72	6.20%	210,706	2.18%	48	4.44%	201,059	2.42%
Retail trade	493	42.43%	6,426,101	66.44%	484	44.77%	5,936,370	71.34%
Transportation and warehousing	2	0.17%	0	0.00%	6	0.56%	26,225	0.32%
Information	21	1.81%	253,720	2.62%	20	1.85%	148,814	1.79%
Finance and insurance	21	1.81%	32,141	0.33%	26	2.41%	41,940	0.50%
Real estate, rental and leasing	19	1.64%	53,081	0.55%	17	1.57%	54,613	0.66%
Professional, scientific and technical	37	3.18%	22,755	0.24%	49	4.53%	22,724	0.27%
Administration, support, waste management, and remediation	49	4.22%	43,881	0.45%	49	4.53%	71,849	0.86%
Educational Services	5	0.43%	1,896	0.02%	4	0.37%	762	0.01%
Health care and social assistance	10	0.86%	25,130	0.26%	14	1.30%	10,241	0.12%
Arts, entertainment, and recreation	15	1.29%	73,465	0.76%	13	1.20%	35,485	0.43%
Accommodation and food service	172	14.80%	2,184,386	22.58%	134	12.40%	1,526,853	18.35%
Other Services	121	10.41%	215,505	2.23%	113	10.45%	192,477	2.31%
Other	7	0.60%	440	0.00%	10	0.93%	387	0.00%
Total	1,162	100.00%	\$ 9,672,702	100.00%	1,081	100.00%	\$ 8,321,626	100.00%

Note: The tax liability was calculated from amounts reported by the Comptroller's Office as sales subject to sales tax. Because of amounts retained by the state for administration and timing differences due to accounts under audit, the totals will not necessarily compare with actual sales tax rebates received by the City.

CITY OF WESLACO, TEXAS
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS
TABLE XV

FISCAL YEAR	CITY DIRECT RATE	STATE RATE	TOTAL TAX RATE
2007	2.00%	6.25%	8.25%
2008	2.00%	6.25%	8.25%
2009	2.00%	6.25%	8.25%
2010	2.00%	6.25%	8.25%
2011	2.00%	6.25%	8.25%
2012	2.00%	6.25%	8.25%
2013	2.00%	6.25%	8.25%
2014	2.00%	6.25%	8.25%
2015	2.00%	6.25%	8.25%
2016	2.00%	6.25%	8.25%

**CITY OF WESLACO, TEXAS
MISCELLANEOUS STATISTICAL FACTS
SEPTEMBER 30, 2016
TABLE XVI**

Date of Incorporation: 1919
Date of Adoption of City Charter: December 14, 1927
Form of Government: Single Member District
Area: 14.72 Square Miles

Miles of Street:

Graded	1.65
Paved	223

Miles of Sewers:

Storm	96
Sanitary	213

Building Permits:

Permits Issued	2039
Estimated Cost	\$ 58,919,796

Fire Protection:

Number of Stations	3
Number of Employees	72
Number of Volunteers	0

Police Protection

Number of Sub-station	1
Number of Stations	1
Number of Employees	92

Recreation

Parks-Number of Acres	171.97
Skateboard Parks	1
Tennis Courts	6
Golf Courses	2
Swimming Pools	2
Parks	7

Education:

Mid Valley Christian School,
San Martin De Porres Catholic School
Valley Grande Adventist Academy
First Christian Academy
Horizon Montessori II
Technology Education Charter High school
South Texas College
South Texas Vo-Tech
Valley Grande Institute for Academic Studies

Weslaco ISD (Student Population 17,917)

High School	3
Alternative Schools	2
Middle Schools	4
Elementary Schools	11

Other Independent School Districts:
IDEA Public Schools, Grades PreK-12
South Texas ISD, Grades 9-12

City:

Number of City Employees	311
Number of Street Lights	1600

Municipal Water Plant:

Number of Connections:	10,168
Miles of Water Mains	129.6

Average Daily:

Gallons

Consumption	4,363,649
Daily Plant Capacity	8,000,000

Water Sold for Year	1,273,205,425
---------------------	---------------

Population:

1940 Census	6,883
1950 Census	7,487
1960 Census	15,649
1970 Census	15,313
1980 Census	19,331
1990 Census	25,608
2000 Census	26,935
2010 Census	35,670

Number of Hospitals

233 Beds	1
----------	---

Airports

1

Source:

City of Weslaco
Finance Department
www.weslacoedc.com
Weslaco ISD

CITY OF WESLACO, TEXAS
DEMOGRAPHIC AND ECONOMICS STATISTICS
LAST TEN CALENDAR YEARS
TABLE XVII

CALENDAR YEAR	POPULATION	PERSONAL INCOME	PER CAPITA PERSONAL INCOME	UNEMPLOYMENT RATE
2006	31,442	\$ 539,041,648	17,144	6.5%
2007	32,092	571,365,968	17,804	7.3%
2008	32,092	571,365,968	17,804	7.3%
2009	33,354	507,814,650	15,225	8.3%
2010	34,701	514,199,418	14,818	9.9%
2011	35,670	530,698,260	14,878	11.3%
2012	36,846	570,744,540	15,490	11.4%
2013	37,093	579,466,846	15,622	10.2%
2014	37,601	589,433,276	15,676	8.2%
2015	39,474	612,754,902	15,523	10.0%

Source: www.census.gov

CITY OF WESLACO, TEXAS
OPERATING INDICATORS AND CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(dollars in thousands)
TABLE XVIII

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government										
Building permits issued	2,039	2,001	1,998	1,935	1,946	1,964	2,088	2,499	2,361	2,848
Building inspections conducted	4,991	4,670	3,985	3,260	3,488	3,625	4,054	5,264	5,055	5,536
Police										
Physical Arrests-Adults	2,531	2,572	2,308	2,747	2,619	2,624	1,733	2,646	2,266	2,585
Physical Arrests-Juveniles	274	306	474	385	639	620	674	464	366	651
Fire										
Emergency responses	8,057	8,115	7,203	6,947	7,190	7,044	6,994	7,387	7,235	6,664
Library										
Volumes in collection	76,787	72,514	69,903	66,368	67,800	58,814	58,246	63,006	51,968	65,569
Total volumes borrowed	52,469	53,416	53,185	46,606	64,790	60,876	57,252	57,412	76,057	56,901
Water										
New connections	168	121	74	126	133	133	140	221	267	267
Average daily consumption (thousands of gallons)	5,809	5,262	4,804	5,289	6,010	6,010	5,765	5,667	5,666	4,385
Peak daily consumption (thousands of gallons)	6,740	6,174	7,953	6,806	-	8,860	7,685	8,307	8,086	7,799
Wastewater										
Average daily wastewater treatment (thousands of gallons)	3,680	3,680	3,793	4,917	-	4,133	4,669	3,835	2,080	3,431
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	1	1	1	1	1	1	1	2	3	3
Patrol Units	59	59	59	56	70	26	75	79	77	
Fire Stations	3	3	3	3	3	3	3	3	3	3
Other public works										
Street (miles)	223.00	223.00	223.00	223.00	97.54	97.54	97.54	97.54	97.54	97.54
Streetlights	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Parks & Recreation										
Acreage	171.97	171.97	171.97	171.97	153.53	153.53	153.53	153.53	153.53	153.53
Playgrounds	16	16	16	16	11	11	11	11	11	11
Golf courses	2	2	2	2	1	1	1	1	1	1
Water										
Water main (miles)	129.6	129.6	129.6	128.0	126.0	126.0	126.00	126.00	126.00	126.00
Fire hydrants	1,670	1,670	1,670	-	-	-	-	-	-	-
Storage capacity (thousands of gallons)	6,385	6,385	6,385	2,385	7,900	7,900	2,385	7,900	7,900	7,900
Wastewater										
Sanitary sewer (miles)	213.31	213.31	213.31	213.00	118.01	118.01	118.01	118.01	118.01	118.01
Storm Sewer (miles)	96.39	96.39	96.39	96.00	50.94	50.94	50.94	50.94	50.94	50.94
Treatment capacity (thousands of gallons)	8,250	8,250	8,250	7,250	7,250	7,250	7,250	5,500	5,500	5,500

CITY OF WESLACO, TEXAS
TOP TEN PRINCIPAL EMPLOYERS
2015 AND 2006
TABLE XIX

EMPLOYER	2015			2006		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Weslaco ISD	2,603	1	44.28%	2,817	1	43.99%
Knapp Medical Center	920	2	15.65%	1,000	2	15.62%
Heb (3 Locations)	555	3	9.44%	407	4	6.36%
Wal-Mart	399	4	6.79%	260	7	4.06%
Woodcrafters	366	5	6.23%	592	3	9.24%
Payne Auto Group	307	6	5.22%	389	5	6.07%
City of Weslaco	279	7	4.75%	351	6	5.48%
South Texas College	193	8	3.28%	214	8	3.34%
JC Penny	150	9	2.55%	168	10	2.62%
Texas A&M	106	10	1.80%	-	-	-
International Wood	-	-	-	206	9	3.22%
Total	5,878 #		# 100.00% #	6,404 #		# 100.00% #

Source: Municipal Advisory County of Texas
<https://mactexas.com/IssuerAccess/Report/TopTenEmployers/101826>

CITY OF WESLACO, TEXAS
 FULL TIME EQUIVALENT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS
 TABLE XX

Full - time Equivalent Employees as of September 30

FUNCTION	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	51	54	54	54	38	31	36	40	53	49
Public Safety	175	197	181	181	141	132	140	136	152	162
Public Works	29	29	29	29	25	37	22	42	45	45
Health & Welfare	3	3	3	3	2	1	2	2	3	3
Culture & Recreation	38	39	39	39	3	3	2	7	12	12
Refuse Collection	17	17	17	17	4	3	3	1	1	1
Library	19	19	19.5	20	12	11	17	16	16	16
Water	23	24	19	19	23	22	31	22	23	17
Wastewater	9	8	10	10	0	0	14	11	12	3
Airport	4	4	4	4	4	4	3	3	3	3
Museum	2	2	2	2	0	0	0	0	0	0
Total	370	396	378	378	252	244	270	280	320	311

Draft for Discussion Purposes Only

(This page intentionally left blank)

COMPLIANCE SECTION

Draft for Discussion Purposes Only

(This page intentionally left blank)



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

Honorable Mayor and
Members of the City Commission
City of Weslaco, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Weslaco, Texas as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Weslaco, Texas' basic financial statements, and have issued our report thereon dated March 21, 2017. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component unit, as described in our report on the City of Weslaco, Texas' financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Weslaco, Texas' 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 of Weslaco, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Weslaco, Texas' 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Draft for Discussion Purposes Only

(This page intentionally left blank)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Weslaco, Texas' 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2016-001.

City of Weslaco, Texas' Response to Findings

City of Weslaco, Texas' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Weslaco, Texas' response was not subjected 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harlingen, Texas
March 21, 2017

Draft for Discussion Purposes Only

(This page intentionally left blank)

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Mayor and Members
Of the City Commission
City of Weslaco, Texas

Report on Compliance for Each Major Federal Program

We have audited City of Weslaco, Texas' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Weslaco, Texas' major federal programs for the year ended September 30, 2016. City of Weslaco, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, City of Weslaco, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

Draft for Discussion Purposes Only

(This page intentionally left blank)

Report on Internal Control over Compliance

Management of City of Weslaco, Texas 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 City of Weslaco, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Weslaco, Texas' internal control over compliance.

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

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

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

Harlingen, Texas
March 21, 2017

Draft for Discussion Purposes Only

(This page intentionally left blank)

City of Weslaco, Texas
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2016

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

* Material weakness(es) identified? yes X no

* Significant deficiencies identified that are not considered to be material weakness(es)? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

* Material weakness(es) identified? yes X no

* Significant deficiencies identified that are not considered to be material weakness(es)? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance yes X no

Identification of major programs:

CFDA Number(s)

20.106
97.036

Name of Federal Program or Cluster

Airport Improvement Grant
Homeland Security Grant Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes X no

City of Weslaco, Texas
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2016

**Section II – Findings Relating to the Financial Statement Audit as Required to be
Reported in Accordance with Generally Accepted Government Auditing Standards**

A. Significant Deficiencies in Internal Control

None reported

City of Weslaco, Texas
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2016

**Section II – Findings Relating to the Financial Statement Audit as Required to be
Reported in Accordance with Generally Accepted Government Auditing Standards- Continued**

B. Compliance Findings

Schedule Reference Number: (2016-001)

Expenditures in excess of budget appropriations

Criteria:

City ordinance requires budget amendments to be made prior to exceeding a major functional category.

Condition Found:

As indicated in the notes to the City's financial statements, we noted instances in which the City's budget had been exceed on multiple functional levels.

Context:

We noted a negative variance in four functional expenditure categories.

Effect:

The City incurs expenditures that are not budgeted in advance by the City Commission.

Cause:

Lack of proper budgeting techniques or timely action by administration to amend the budget appropriately.

Recommendation:

Budget versus actual comparison should continue to be made on a monthly basis, and control over expenditures should include a review of available budget amounts prior to approval of purchase orders for the expenditure of funds.

City of Weslaco, Texas
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2016

Section III – Federal Award Findings and Questioned Costs

None reported.

City of Weslaco, Texas
Schedule of Findings and Questioned Costs
Corrective Action Plan
For the Year Ended September 30, 2016

PROGRAM DESCRIPTION

Reference Number: (2016-001)

Corrective Action Plan:

CORRECTIVE ACTION PLAN

Expenditures in excess of budget appropriations

During the fiscal year there were two rounds of budget amendments designed to incorporate unbudgeted projects into the budget to prevent overages.

In the new fiscal year a mid-year evaluation will be performed of all accounts and unbudgeted items and amendments will be prepared accordingly.

City of Weslaco, Texas
Schedule of Findings and Questioned Costs
Schedule of Status of Prior Audit Findings
For the Year Ended September 30, 2016

PROGRAM

STATUS OF PRIOR YEAR'S FINDINGS/COMPLIANCE

Reference Number: (2015-001)

Maintenance of Capital Asset Listing

Corrective Action Plan:

The City obtained an independent third-party inventory of all capital assets during the fiscal year. The capital asset listing was maintained and updated to reflect current year additions, deletions, construction in progress and current year depreciation calculations.

Reference Number: (2015-002)

Presentation of quarterly Investment Reports

Corrective Action Plan:

During the fiscal year the City was current in presenting quarterly investment reports to the City Commission and was in compliance with the City's Investment Policy.

City of Weslaco, Texas
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2016

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
Federal Awards			
U.S. Department of Federal Aviation Administration			
Passed through Texas Department of Transportation Aviation Division			
Airport Improvement Grant	20.106	CSJ 1121WESLA	\$ 72,990
Airport Improvement Grant	20.106	CSJ 1321WESLA	245,323
Airport Improvement Grant	20.106	CSJ 1421WESLA	44,214
Airport Improvement Grant	20.106	CSJ 1621WESLA	733,709
Total passed through Texas Department of Transportation Aviation Division			<u>1,096,236</u>
U.S. Department of Homeland Security			
Passed through the Texas Department of Public Safety			
Texas Department of Public Safety Homeland Security Grant Program	97.067	EMW-2014-SS-000029	99,738
Texas Department of Public Safety Division Disaster Grants- Public Assistance	97.036	PA-06-TX-4245	227,981
Total passed through Texas Department of Public Safety			<u>327,719</u>
U.S. Department of Justice			
Direct Programs:			
Equitable Sharing Program	16.922		110,326
Drug Enforcement Administration	16.810		17,202
Federal Bureau of Investigation- Violence Task Force	16.300	28AD-SA-C46020	15,359
Federal Bureau of Investigation- U.S. Marshall Task Force	16.813	M-14-D79-O-000145	14,000
Total U.S. Department of Justice			<u>156,887</u>
Total Expenditures of Federal Awards			<u>\$ 1,580,842</u>

City of Weslaco, Texas
Notes on Accounting Policies for Federal Awards
For the Year Ended September 30, 2016

Basis of Presentation

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of City of Weslaco, Texas, for the year ended September 30, 2016. The information in this schedule is presented in accordance with the Uniform Guidance, Audits of State, Local Governments, and Non-Profit Organizations. The reporting entity consists of the primary government, 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 would cause the reporting entity's 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 is either 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.

In accordance with Governmental Accounting Standards Board requirements, the City has reviewed other entities and activities for possible inclusion in the reporting entity and determined that there are none; however, federal financial assistance passed through other governmental agencies is included on the schedule.

The City does not utilize the de minimus 10% indirect cost rate. Indirect costs, where applicable, are negotiated with the agency providing the grant award to the City.

2. Measurement Focus and Basis of Accounting

The federal grant funds were accounted for in the Special Revenue Funds and within the General Fund. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. With the Governmental Fund type measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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.



Standardized Agenda Request Form

Date of Meeting: March 21, 2017		Agenda Item No. (to be assigned by CSO): 2017-873	
From: David Arce			
Subject: Discussion and consideration of a presentation from Weslaco High School on Adopt-a-Park program and park plan for Gibson park improvements for 2017 and approval of a budget amendment in the amount not to exceed \$25,000.00 to use in matching funding through WOW/Texas A&M. Possible action. (Staffed by Parks and Recreation Department.)			
Background: Presentation by students from Weslaco High School.			
Funding Source (budget code, if applicable):			
Amount:	Term of Impact:	Identified in Current Budget:	
Additional Action Prompted:			
If item previously considered, provide date and action by Commission:			
If item requires Publication Notice, provide date and periodical of publication; indicate if comments received from letters mailed to property owners:			
Advisory Review, if any (name of board/committee, date of action, recommendation): Approved			
David Arce		Created/Initiated	
David Arce		Approved	
Mary Barrera		Approved	
Mike Perez		Final Approval	
City Manager Comments: Approve to take funds from Parks CIP, not general fund			
Staff Recommendation: Approval			
Attachments, if any: WOW Program, 2017 Gibson Park Plan			
Responsibilities upon Approval:			



WOW

Working on Wellness

Healthy Food Retail

Funded by the Centers for Disease Control and Prevention (CDC), WOW is working to reduce obesity in Hidalgo County by increasing opportunities for physical activity and healthy food retail. The Texas A&M Health Science Center School of Public Health and Texas A&M AgriLife Extension Service have partnered to form community coalitions in San Carlos, Peñitas, Weslaco and South McAllen to create sustainable platforms for community members to take action and partner with other citizens to become health advocates.

Access to Physical Activity

Coalitions

The WoW coalitions are working to improve access to physical activity and healthy food retail (fresh fruits and vegetables). The coalitions are community-based and include members from a range of backgrounds, all working and living in the target communities.



Education & Health Promotion



Coalition members meet periodically to identify opportunities for activities and develop a plan of action. Coalition meetings also provide networking with local organizations to include expertise and resources to improve the local physical and nutritional environment. Ultimately, the WOW project will help create opportunities for Hidalgo County residents to improve the overall quality of life for their community.



For additional information please contact:

Evelia C. Castillo
P: (956) 668-6325
E: ecastillo@sph.tamhsc.edu

Andrea Valdez
P: (956) 383-1026
E: andrea.valdez@ag.tamu.edu



GIBSON PARK PLAN

Weslaco High School
Adopt-A-Park Program
Working on Wellness (WOW) Coalition



BACKGROUND

- The WOW (Working on Wellness) Weslaco coalition aims to improve access to physical activity and healthy food through **environmental interventions**.
- Weslaco High School adopted Gibson Park as part of its initiative to improve access to physical activity, challenging other schools in Weslaco to do the same.



GOAL

- **Increase access** to physical activity at Gibson Park through **environmental interventions**



OBJECTIVE #1: Increase pedestrian accessibility

- Install bicycle racks, upgrade benches
- Stripe crosswalks at all park entrances
- Ensure all play spaces & park amenities are ADA accessible



OBJECTIVE #2: Diversity physical activity amenities for all types of multi-generational users



- Walking trail
- Outdoor exercise equipment
- Resurface basketball court
- Outside obstacle course
- Upgrade BBQ pits
- Preserve natural open green spaces

OBJECTIVE #3: Increase community engagement/ownership

- Establish a public art program (ex. mural on public restroom exterior walls, dumpsters, utility boxes)
- Upgrade and paint trashcans
- Add Adopt-a-Park Partner Sign



OBJECTIVE #4: Enhance Public Safety



- Add signage with park hours and rules
- Enhance park entrance signs (lighting, paint, etc.)
- Add lighting

Public Mural



2017 Priorities

Walking Trail



Signage



Crosswalks



Timeline & Budget

WOW Grant - \$35,000

(WOW may be able to provide additional funding pending approval of carryover from unused 2016 project funds. Decision expected April/May 2017)

Environmental Intervention	Timeline	Estimated Costs
Public Art Mural with brick paver landing and wall pack lighting	May 2017	\$2,700.00
Walking Trail (~0.30 mile) & Crosswalks	September 2017	\$25,000.00
Upgraded Park Entrance Sign	September 2017	\$15,000.00
Pedestrian Safety Light at Border Avenue entrance	September 2017	\$4,000.00
Resurfaced Basketball Court	September 2017	\$12,000.00
Upgraded Benches	September 2017	\$8,800.00
Trail Wayfinding Signage	September 2017	\$3,000.00
TOTAL	2017	\$70,500.00



THANK YOU!



March 05, 2017

To whom it may concern,

Weslaco Regional Rehabilitation Hospital and the Weslaco Stroke Support Group would like to formally request, if possible, the opportunity to host a Stroke Aware Run/Walk on Saturday, May 20th during National Stroke Awareness Month.

Stroke is a leading cause of adult long-term disability and the fifth leading cause of death in the United States; and prevalence is projected to increase by 20.5 percent between 2016 and 2030*. Medical costs for treating stroke are expected to almost triple, from \$71.6 billion to \$184.1 billion by 2030*. We believe that it is imperative that we inform our community in Weslaco about strokes and their complication as well as the signs and symptoms of strokes as more than half of Americans don't know if they are at risk for stroke and are not aware of the warning signs and symptoms of strokes.

A Stroke Awareness Run/Walk will allow us to promote and educate stroke prevention and the signs and symptoms associated with a stroke being that Weslaco has facilities such as Weslaco Regional Rehabilitation Hospital and Knapp Medical Center where residents can seek care after a stroke. The Weslaco Stroke Support Group is also a great resource that is available to people who have suffered a stroke and their families.

We look forward to the opportunity to host this event that will be of great benefit to our growing community.

Respectfully,

Elsa Quintero
Director of Marketing and Business Development
Weslaco Regional Rehabilitation Hospital

*2016 American Heart Association Heart Disease and Stroke Statistical Update
http://www.heart.org/HEARTORG/General/Heart-and-Stroke-Association-Statistics_UCM_319064_SubHomePage.jsp



Standardized Agenda Request Form

Date of Meeting: March 21, 2017		Agenda Item No. (to be assigned by CSO): 2017-867	
From: David Arce			
Subject: Discussion and consideration to hold the July 4th celebration with Weslaco Economic Development Corporation on Tuesday, July 4, 2017 at the Mayor Pablo G. Peña City Park at 300 N. Airport Drive, to sell beer during the event from 12 noon to 11 p.m., to waive appropriate ordinances associated with the event, and to place a banner promoting it at the intersection of Texas and Pike Boulevards and authorize the Mayor to execute any related documents as may be required by the Texas Department of Transportation. Possible action. (Staffed by Parks and Recreation Department.)			
Background: We will host 4th of July at Mayor Pablo G. Peña City Park. Launch site is to be determined by the firework company and Weslaco Fire Marshal office at an upcoming meeting. Two sites have been identified as potential sites but will need to be approved for the safety of all people involved.			
Funding Source (budget code, if applicable):			
Amount:	Term of Impact:	Identified in Current Budget:	
Additional Action Prompted:			
If item previously considered, provide date and action by Commission:			
If item requires Publication Notice, provide date and periodical of publication; indicate if comments received from letters mailed to property owners:			
Advisory Review, if any (name of board/committee, date of action, recommendation):			
David Arce		Created/Initiated	
David Arce		Approved	
Mike Perez		Final Approval	
City Manager Comments:			
Staff Recommendation: Approval			
Attachments, if any:			
Responsibilities upon Approval:			



Standardized Agenda Request Form

Date of Meeting: March 21, 2017		Agenda Item No. (to be assigned by CSO): 2017-868	
From: David Arce			
Subject: Discussion and consideration to select the best qualified, most advantageous bidder to the Request for Bid (RFB) No.: 2016-17-18 City of Weslaco Generator Electrical Upgrades and authorize the Mayor to execute any related documents. Possible action. (Staffed by Parks and Recreation Department.) Attachment.			
Background: Bid opening is on Friday March 17, 2017 at 3pm. I will have recommendation for commission meeting on Tuesday.			
Funding Source (budget code, if applicable):			
Amount:	Term of Impact:	Identified in Current Budget:	
Additional Action Prompted:			
If item previously considered, provide date and action by Commission:			
If item requires Publication Notice, provide date and periodical of publication; indicate if comments received from letters mailed to property owners:			
Advisory Review, if any (name of board/committee, date of action, recommendation):			
David Arce		Created/Initiated	
David Arce		Approved	
Mardoqueo Hinojosa		Approved	
Mary Barrera		Approved	
Mike Perez		Final Approval	
City Manager Comments:			
Staff Recommendation:			
Attachments, if any:			
Responsibilities upon Approval:			



Standardized Agenda Request Form

Date of Meeting: March 21, 2017		Agenda Item No. (to be assigned by CSO): 2017-885	
From: David Arce			
Subject: Discussion and consideration to approve the Softball/Baseball Rental policy. Possible action. (Staffed by Parks Department.)			
Background: We are adding a set of guidelines to rent softball/baseball fields.			
Funding Source (budget code, if applicable):			
Amount:	Term of Impact:	Identified in Current Budget:	
Additional Action Prompted:			
If item previously considered, provide date and action by Commission:			
If item requires Publication Notice, provide date and periodical of publication; indicate if comments received from letters mailed to property owners:			
Advisory Review, if any (name of board/committee, date of action, recommendation):			
Aida Vega David Arce Mike Perez		Created/Initiated Approved Final Approval	
City Manager Comments:			
Staff Recommendation:			
Attachments, if any: Field Rental Guidelines			
Responsibilities upon Approval:			

SOFTBALL/BASEBALL FIELD RENTALS (Practice only)

1. HEAD COACH MUST BE A WESLACO RESIDENT **FOR RESIDENT PRICE.**

Head coach must show proof of a water bill or driver license with a city limit address.

Only head/assistant coach will be allowed to rent the field.

2. RENTALS WILL OPEN FRIDAY FOR THE FOLLOWING WEEK.
3. TEAM NAME AND AGE GROUP MUST BE PROVIDED
4. WILL NEED TO PROVIDE A ROSTER INCLUDING NAMES AND ADDRESS OF PLAYERS.
5. 50 percent plus 1 of roster must be Weslaco residents to get Resident Pricing.

BASED ON FIELD AVAILABILITY RESERVATIONS WILL BE LIMITED TO ONE (1) TIME A WEEK.

YOUTH SOFTBALL/BASEBALL FIELD RENTALS (Games only)

1. HEAD COACH MUST BE A WESLACO RESIDENT FOR RESIDENT PRICE.

Head Coach must show proof of a water bill or driver license with a city limit address.

2. RENTALS MUST BE PAID IN FULL 30 DAYS PRIOR TO GAMES. (NO REFUNDS)
3. TEAM NAME AND AGE GROUP MUST BE PROVIDED
4. A ROSTER WILL NEED TO BE PROVIDED INCLUDING NAMES AND ADDRESS OF PLAYERS. (Pick up form from Parks Office)

5. 50 percent plus 1 of roster must be Weslaco residents to get Resident Pricing.
6. Only Two (2) rentals will be allowed per calendar year or Five (5) months apart from each hosted tournament.

****PAYMENT IS REQUIRED TO RESERVE THE FIELDS****

AVAILABILITY WILL FLUCTUATE DUE TO LEASE AGREEMENTS, SCHOOL USAGE AND CITY LEAGUES.



Standardized Agenda Request Form

Date of Meeting: March 21, 2017		Agenda Item No. (to be assigned by CSO): 2017-889
From: Mardoqueo Hinojosa		
Subject: Discussion and consideration to amend final plat for Villages at Westgate Subdivision. Possible action. (Staffed by Planning & Code Enforcement Department.) Attachment.		
Background: Final Plat was approved in January. Developer is proposing to remove three lots out of subdivision and thus creating right-of-way access to proposed development. No other changes have been made to subdivision.		
Funding Source (budget code, if applicable):		
Amount:	Term of Impact:	Identified in Current Budget:
Additional Action Prompted: Mayor's Signature		
If item previously considered, provide date and action by Commission: Item was approved on January 17, 2017.		
If item requires Publication Notice, provide date and periodical of publication; indicate if comments received from letters mailed to property owners:		
Advisory Review, if any (name of board/committee, date of action, recommendation): Planning and Zoning had approved original layout.		
Aida Vega Mardoqueo Hinojosa Mike Perez		Created/Initiated Approved Final Approval
City Manager Comments:		
Staff Recommendation: Staff recommends approval.		
Attachments, if any: Aerial, Original Plat, Amend plat		
Responsibilities upon Approval: Staff will notify applicant to proceed with construction documents.		

W3800-00-156-0000-00/01/02/05

N MILE 6 1/2 W

W LINCOLN ST
WEST GATE CROSSING
PH I
W ADELITA ST

INTERMEDIATE SCHOOL

FT 140



1 inch = 500 feet

FT 130

VILLAS DEL NORTE

CYPRESS DR

PROPOSED
SITE

WESGATE VILLAGE

WESTGATE VILLAGE

MOBILE HOME

PH 11

W382002

LIN'S GRAND
BUFFET

HOME DEPOT

F.T. 138

H422500

CENTRAL
INDUS. PH.III

CENTRAL INDUS.
PH.II

CENTRAL
INDUSTRIAL
PH. II

T.S.C.

FM 132

W FRONTAGE RD

W FRONTAGE RD

FT 145

AZTEC COMMERCIAL
W3800-00-145-0000-00/01

W BEAUMONT DR

EXPRESSWAY

W ABILENE DR

HEIGHTS

W CORPUS CHRISTI

W DALLAS DR

W FRONTAGE RD

W EXPRESSWAY 83

N WESTGATE DR

W DALLAS

CASH NIX ADDTN

C224802

WESTGATE
DR. PLAZA

WESTLACO
PLAZA
CONDOS

LIMON

RE-SUB.

LOT 5-A

RE-SUB.
JONES-DAVIS
HARRIS

LOT 5-B

C224802

LOT 4

CASH NIX ADDTN

LOT 4

CASH NIX ADDTN

LOT 4

C224802

LOT 4

WESTGATE
DR. PLAZA

LOT 4

WESTLACO
PLAZA
CONDOS

LOT 4

WESTLACO
PLAZA
CONDOS

LOT 4

WESTLACO
PLAZA
CONDOS

LOT 4

WESTLACO
PLAZA
CONDOS

LOT 4

WESTLACO
PLAZA
CONDOS

LOT 4

WESTLACO
PLAZA
CONDOS

LOT 4

WESTLACO
PLAZA
CONDOS

LOT 4

WESTLACO
PLAZA
CONDOS

LOT 4

THE VILLAGES AT WESTGATE SUBDIVISION PRELIMINARY PLAT

PLAT OF
***THE VILLAGES AT
WESTGATE SUBDIVISION***
A RESUBDIVISION
OF 39.87 AC. BEING ALL
OF FARM TRACT 145, WEST TRACT S/D
VOLUME 2, PAGES 34-37, H.C.M.R.
CITY OF WESLACO, HIDALGO COUNTY, TEXAS

A TRACT OF LAND CONTAINING 39.87 ACRES OF LAND SITUATED IN HIDALGO COUNTY, TEXAS, BEING ALL OF FARM TRACT 145 OF WEST TRACT SUBDIVISION, AS RECORDED IN VOLUME 2, PAGE, 34-37, HIDALGO COUNTY MAP RECORDS, SAID 39.87 ACRES ALSO BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT AN IRON PIPE FOUND FOR THE NORTHWEST CORNER OF SAID FARM TRACT 156 FOR THE NORTHWEST CORNER OF POINT OF COMMENCING;

1. THENCE, S 88° 48' 07" E (EAST PER WEST TRACT SUBDIVISION) ALONG THE NORTH LINE OF FARM TRACTS 156 AND 144, A DISTANCE OF 264.00 FEET, TO A POINT BEING THE INTERSECTION OF MILE 9 NORTH AND MILE 6 WEST;
2. THENCE, S 01° 11' 53" W (SOUTH AS PER WEST TRACT SUBDIVISION) ALONG THE EAST LINE OF FARM TRACT 144 A DISTANCE OF 132.00 FEET TO A COTTON PINNACLE SPINDLE SET FOR THE NORTHEAST CORNER OF THIS TRACT AND BEING THE POINT OF BEGINNING FOR THIS TRACT;
3. THENCE, S 01° 11' 53" W (SOUTH AS PER WEST TRACT SUBDIVISION) ALONG THE EAST LINE OF FARM TRACT 145 A DISTANCE OF 132.00 FEET TO A COTTON PINNACLE SPINDLE SET FOR THE SOUTHEAST CORNER OF THIS TRACT;
4. THENCE, N 88° 48' 07" W (WEST AS PER WEST TRACT SUBDIVISION) ALONG THE SOUTH LINE OF FARM TRACT 145, AND THE NORTH LINE OF EXPRESSWAY HEIGHTS SUBDIVISION AT A DISTANCE OF 30.00 FEET PASS A #4 IRON ROD SET ON THE WEST RIGHT-OF-WAY LINE OF MILE 6 WEST CONTINUING A TOTAL DISTANCE OF 1570.00 FEET TO A POINT FOR THE SOUTHWEST CORNER OF THIS TRACT;
5. THENCE, N 29° 33' 07" E (N 30° 45' 00" E DEED CALL) ALONG THE WEST LINE OF FARM TRACT 145 AND EAST LINE OF A.H. & C. I.R.R. DIST. NO. 9 RIGHT-OF-WAY, A DISTANCE 560.23 FEET (560.30 FEET DEED CALL) TO AN INTERIOR CORNER FOR THIS TRACT;
6. THENCE, N 03° 08' 07" E (N 04° 20' 00" E DEED CALL) ALONG THE WEST LINE OF FARM TRACT 145 AND THE EAST LINE OF A.H. & C. I.R.R. DIST. NO. 9 RIGHT-OF-WAY, A DISTANCE OF 84.94 FEET (84.80 FEET DEED CALL) TO A #4 IRON ROD SET FOR THE NORTHWEST CORNER OF THIS TRACT;
7. THENCE, S 88° 48' 07" E (EAST AS PER WEST TRACT SUBDIVISION) ALONG THE NORTH LINE OF FARM TRACT 145 AND THE SOUTH LINE OF THE WEST GATE CROSSING SUBDIVISION, A DISTANCE OF 20.00 FEET PASSING AN IRON ROD FOUND FOR AN ADDITIONAL DRAINAGE RIGHT-OF-WAY GIVEN BY WEST GATE CROSSING PHASE I SUBDIVISION, AT A DISTANCE OF 1190.00 FEET PASS A #4 IRON ROD SET ON THE WEST RIGHT-OF-WAY LINE OF MILE 6 WEST, CONTINUING A TOTAL DISTANCE OF 1220.00 FEET TO THE POINT OF BEGINNING, AND CONTAINING 39.87 ACRES, OF WHICH 0.91 OF ONE ACRES LIES IN LAND, MORE OR LESS, OF THE WEST RIGHT-OF-WAY LINE OF MILE 6 WEST, 0.41 OF ONE ACRES LIES IN A 15.00 FEET C. & C. I.R.R. DIST. NO. 9 RIGHT-OF-WAY, 0.41 OF ONE ACRES LIES IN A 50.00 FEET C. & C. I.R.R. DIST. NO. 9.8 RIGHT-OF-WAY, LEAVING A NET OF 37.59 ACRES IN SLOD, MORE OR LESS.

GENERAL PLAT NOTES & RESTRICTIONS.

1. PROPOSED SETBACKS:

FRONT: 25 FEET;
REAR: 25.00' OR EASEMENT WIDTH WHICHEVER IS GREATER
SIDE: 5.00' OR EASEMENT WIDTH WHICHEVER IS GREATER

THE AVERAGE LOT DEPTH SHALL BE USED TO DETERMINE THE DIMENSION USED WHEN CALCULATING THE 20% LOT DEPTH FOR IRREGULAR LOTS.
2. AREAS DETERMINED TO BE OUTSIDE 500-YEAR FLOODPLAIN.
COMMUNITY-PANEL NUMBER: 480334 0450 C MAP REVISED: JUNE 6, 2000
3. MINIMUM FINISH FLOOR NOTE:
MINIMUM FINISH FLOOR ELEVATION SHALL BE 18" ABOVE TOP OF CURB LOCATED IN THE CENTER FRONT OF THE LOT.
4. BENCH MARK 1:
5. NO BUILDING IMPROVEMENTS SHALL BE PERMITTED ON OR WITHIN ANY EASEMENT IN THIS SUBDIVISION.
6. DRAINAGE: IN ACCORDANCE WITH THE HIDALGO COUNTY DRAINAGE DISTRICT NO.1 AND HIDALGO COUNTY REQUIREMENTS, THE DEVELOPER WILL BE REQUIRED TO DETAIN A TOTAL OF 224,087 CUBIC FEET OR 5.144-ACRE-FEET. DETENTION WILL BE ACCOMPLISHED BY WIDENING THE HIDALGO & CAMERON COUNTIES WATER CONTROL AND IMPROVEMENT DISTRICT #9.
7. NO STRUCTURE SHALL BE PERMITTED OVER ANY EASEMENT.
8. NO CONSTRUCTION OF ANY STRUCTURES IS ALLOWED UNLESS FIRE PROTECTION IS IN PLACE.
9. SITE PLAN SHALL BE APPROVED BY THE CITY OF WESLACO PRIOR TO ISSUE OF BUILDING PERMIT.
10. LAND USE SHALL COMPLY WITH CITY OF WESLACO R-2, DUPLEX AND APARTMENTS DISTRICT ZONING.
11. 5' SIDEWALK SHALL BE CONSTRUCTED ALONG WESTGATE. 4' SIDEWALK ON INTERIOR STREETS TO BE CONSTRUCTED AT BUILDING PERMIT STAGE.
12. FOLLOW LANDSCAPE ORDINANCE AS PER CITY REQUIREMENTS.
13. FOLLOW STREET LIGHT ORDINANCE AS PER CITY REQUIREMENTS.
14. SUBMIT STORM WATER POLLUTION PREVENTION PLAN FOR REVIEW AND APPROVAL.

APPROVED BY DRAINAGE DISTRICT:

HIDALGO COUNTY DRAINAGE DISTRICT NO.1 HEREBY CERTIFIES THAT THE DRAINAGE PLANS FOR THIS SUBDIVISION COMPLY WITH THE MINIMUM STANDARDS OF THE DISTRICT ADOPTED UNDER TEXAS WATER CODE §49.211 (C). THE DISTRICT HAS NOT REVIEWED AND DOES NOT CERTIFY THAT THE DRAINAGE STRUCTURES DESCRIBED ARE APPROPRIATE FOR THE SPECIFIC SUBDIVISION BASED ON GENERALLY ACCEPTED ENGINEERING CRITERIA. IT IS THE RESPONSIBILITY OF THE DEVELOPER AND HIS ENGINEER TO

HIDALGO COUNTY DRAINAGE DISTRICT NO.1

RAUL E. SESIN, P.E., C.F.M.
GENERAL MANAGER

DATE _____

STATE OF TEXAS
COUNTY OF HIDALGO

WE, THE UNDERSIGNED, OWNS OF THE LAND SHOWN ON THIS PLAN AND DESIGNATED HEREIN AS THE VILLAGES OF WESTGATE SUBDIVISION TO THE CITY OF WESLACO, TEXAS, AND WHOSE NAMES ARE SUBSCRIBED HEREBY, DO HEREBY GRANT AN EASEMENT TO THE CITY OF WESLACO AND THOSE WHO MAY NOW OR HEREAFTER HOLD FRANCHISE UNDER SAID CITY THE SURFACE USE OF THE STREETS, ALLEYS, COMMON AREAS AND UTILITY EASEMENTS THEREON SHOWN ARE RESTRICTED TO THE EMPLOYEES AND AGENTS OF THE CITY OF WESLACO. EMPLOYEES OF THE UTILITY COMPANIES UNDER FRANCHISE OF SAID CITY AND RESIDENTS OF THE SUBDIVISION AND THEIR SUCCESSORS, AGENTS, ATTORNEYS, AND ASSOCIATES SHALL HAVE THE RIGHT TO ENTER THE PREMISES TO REMAIN WITH AND BE THE RESPONSIBILITY OF THE CITY OF WESLACO. THE VILLAGES AT WESTGATE SUBDIVISION HOMEOWNERS ASSOCIATION.

AZTECA COMMERCAL, LP
BY: AZTEC PARTNERS, L.L.C., A TEXAS LIMITED LIABILITY
COMPANY, GENERAL PARTNER

DATE _____

BY: BLAKE J. BOX, VICE PRESIDENT
P.O. BOX 3376, MCALLEN, TX. 78502-3376

STATE OF TEXAS
COUNTY OF HIDALGO:

BEFORE ME, THE UNDERSIGNED NOTARY PUBLIC, ON THIS DAY PERSONALLY APPEARED BLAKE J. BOX, AND KNOWN TO ME TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE FOREGOING INSTRUMENT, WHO, BEING BY ME, FIRST DULY SWORN AND DECLARED THAT THE STATEMENTS THEREIN ARE TRUE AND CORRECT AND ACKNOWLEDGED THAT HE/SHE EXECUTED THE SAME FOR THE PURPOSES AND CONSIDERATIONS THEREBY EXPRESSED.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS _____ DAY OF _____, 20_____.

NOTARY PUBLIC IN THE STATE OF TEXAS
MY COMMISSION EXPIRES:

STATE OF TEXAS
COUNTY OF HIDALGO

I, THE UNDERSIGNED, MARIO A. REYNA, A REGISTERED PROFESSIONAL ENGINEER IN THE STATE OF TEXAS, DO HEREBY CERTIFY THAT PROPER ENGINEERING CONSIDERATION HAS BEEN GIVEN TO THIS PLAT AND IS A TRUE AND ACCURATE REPRESENTATION OF THE SUBDIVISION OF THE LANDS HEREON DESCRIBED.

MARIO A. REYNA, RPE # 117368 RPLS # 4750
STATE OF TEXAS

DATE PREPARED: 11/24/16
ENGINEERING JOB # 16154.00

STATE OF TEXAS
COUNTY OF HIDALGO

I, FRED L. KURTH, A REGISTERED PROFESSIONAL LAND SURVEYOR IN THE STATE OF TEXAS, DO HEREBY CERTIFY THAT THIS PLAT IS TRUE AND CORRECTLY MADE FROM AN ACTUAL SURVEY MADE ON THE GROUND OF THE PROPERTY LEGALLY DESCRIBED HEREON, AND THAT THERE ARE NO APPARENT DISCREPANCIES, CONFLICTS, OVERLAPPING OF IMPROVEMENTS, VISIBLE UTILITY LINES OR ROADS IN PLACE, EXCEPT AS SHOWN ON THE ACCOMPANYING PLAT, AND THAT THE CORNER MONUMENTS SHOWN THEREON WERE PROPERLY PLACED UNDER MY SUPERVISION IN ACCORDANCE WITH THE SUBDIVISION REGULATIONS OF THE CITY OF MISSION, TEXAS.

DATED THIS THE _____ DAY OF _____ 20____

FRED L. KURTH, PROFESSIONAL LAND SURVEYOR No.4750
STATE OF TEXAS

DATE SURVEYED: 08/12/2002
T-638, PG. 16
SURVEY JOB # 02006.29

I, THE UNDERSIGNED, CHAIRPERSON OF THE PLANNING AND ZONING COMMISSION OF THE CITY OF WESLACO, HEREBY CERTIFY THAT THIS SUBDIVISION PLAT CONFORMS TO ALL REQUIREMENTS OF THE SUBDIVISION REGULATIONS OF THIS CITY WHEREIN MY APPROVAL IS REQUIRED.

APPROVED THIS THE _____ DAY OF _____ 20____

CHAIRPERSON, PLANNING AND ZONING COMMISSION

I, THE UNDERSIGNED, MAYOR OF THE CITY OF WESLACO, HEREBY CERTIFY THAT THIS SUBDIVISION PLAT CONFORMS TO ALL REQUIREMENTS OF THE SUBDIVISION REGULATIONS OF THIS CITY WHEREIN MY APPROVAL IS REQUIRED.

MAYOR, CITY OF WESLACO DATE

DATE _____

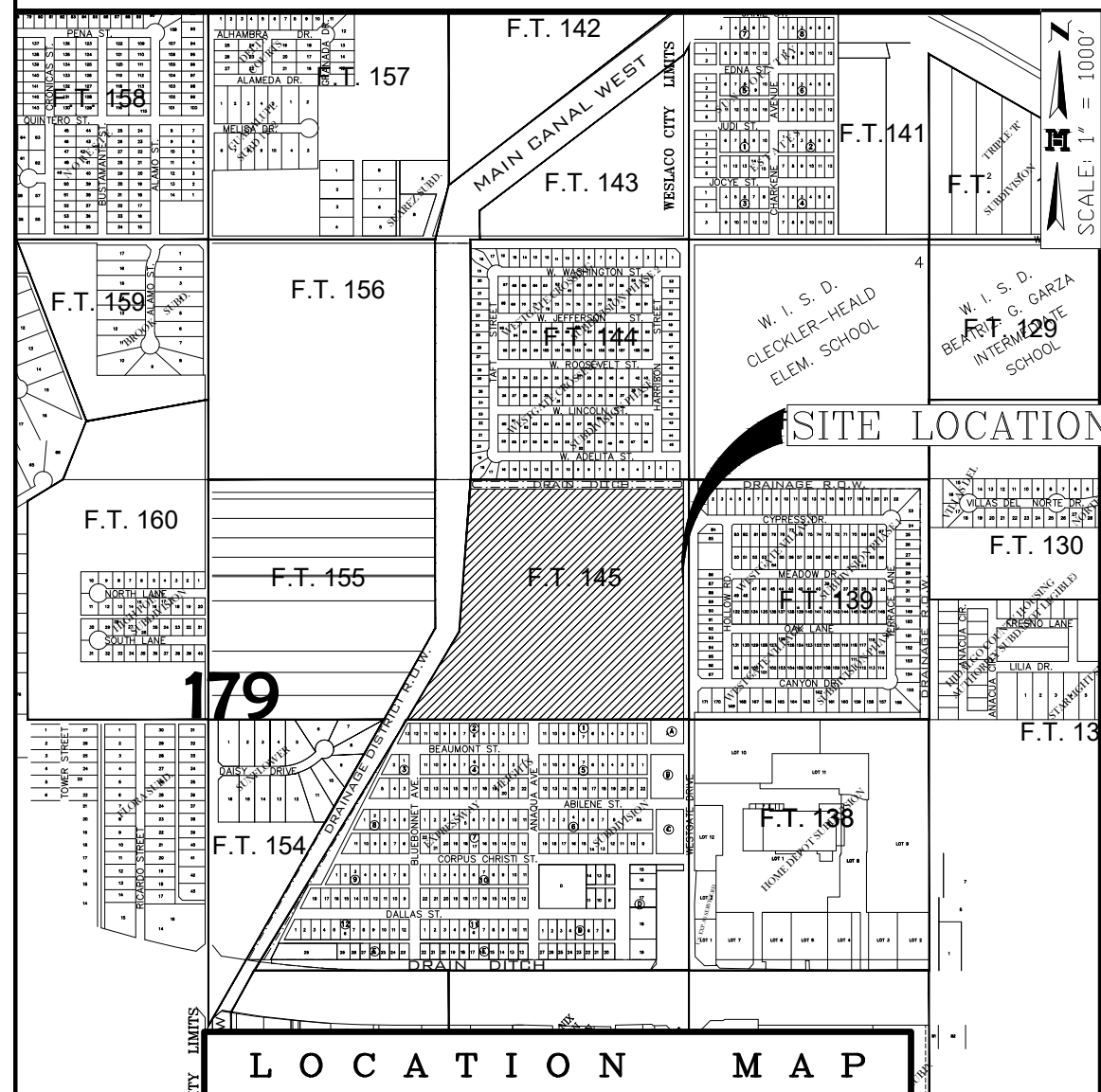
CITY CLERK DATE

DATE _____

ON: _____ AT _____ AM/PM

INSTRUMENT NUMBER _____
OF THE MAP RECORDS OF HIDALGO COUNTY, TEXAS

BY: _____ DEPUTY _____



Curve Table						
Curve #	Length	Radius	Delta	Curve Direction	Curve Length	Tangent
C-1	45.79'	300.0'	08°44'40"	N79° 26' 38"E	45.74'	22.94'
C-2	79.77'	400.0'	10°42'37"	S80° 25' 37"W	74.68'	37.50'
C-3	28.78'	500.0'	03°24'45"	S81° 42' 36"W	29.77'	14.89'
C-4	52.67'	350.0'	08°37'21"	S84° 18' 55"W	52.62'	26.39'
C-5	82.80'	350.0'	13°33'17"	N81° 50' 15"E	82.61'	41.53'
C-6	105.37'	50.0'	20°40'00"	S30° 49' 23"E	86.93'	87.93'
C-7	130.25'	50.0'	149°15'00"	N75° 49' 23"W	96.42'	181.83'

DRAWN BY: FDLC DATE: 11-07-16
SURVEYED, CHECKED _____ DATE: _____
FINAL CHECK _____ DATE: _____

TBPE FIRM # F-1435

3PE FIRM # F-1435

IM

MELDEN & HUNT INC.

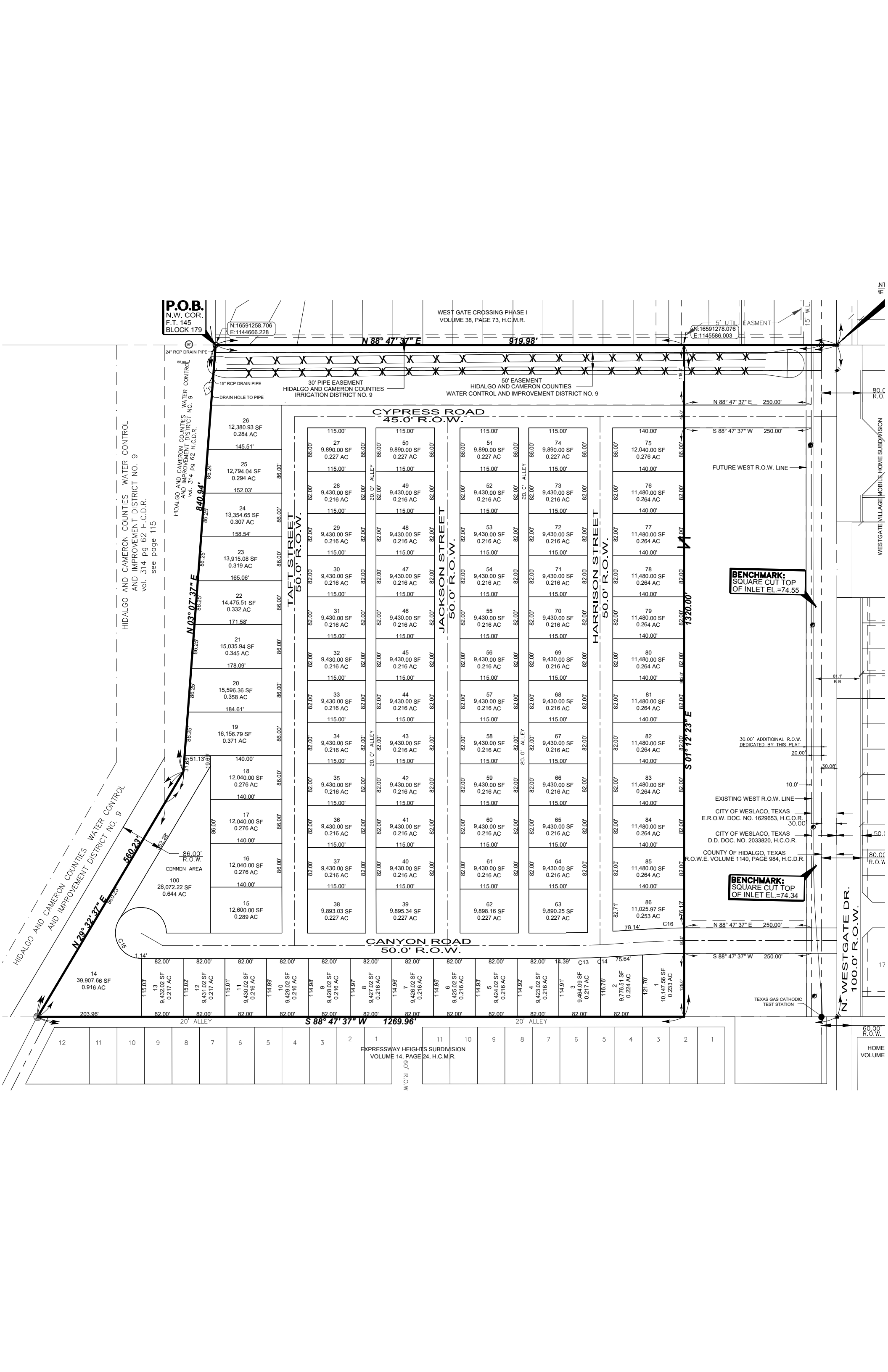
CONSULTANTS • ENGINEERS • SURVEYORS

115 W. McIntYRE
EDINBURGH, TX 78541
PH: (956) 381-0981
FAX: (956) 381-1839
ESTABLISHED 1947

227 N. F.M. 3167
RIO GRANDE CITY, TX 78852
PH: (956) 487-8256
FAX: (956) 488-8591
www.meldenandhunt.com

PRINCIPAL CONTACTS

	NAME	ADDRESS	CITY & ZIP	PHONE	FAX
OWNER:	BLAKE J. BOX	P.O. BOX 3376	MCALLEN, TX. 78502-3376	(956) 381-0981	(956) 381-1839
ENGINEER:	MARIO A. REYNA	115 W. McINTYRE	EDINBURG, TX. 78541	(956) 381-0981	(956) 381-1839
SURVEYOR:	FRED L. KURTH	115 W. McINTYRE	EDINBURG, TX. 78541	(956) 381-0981	(956) 381-1839

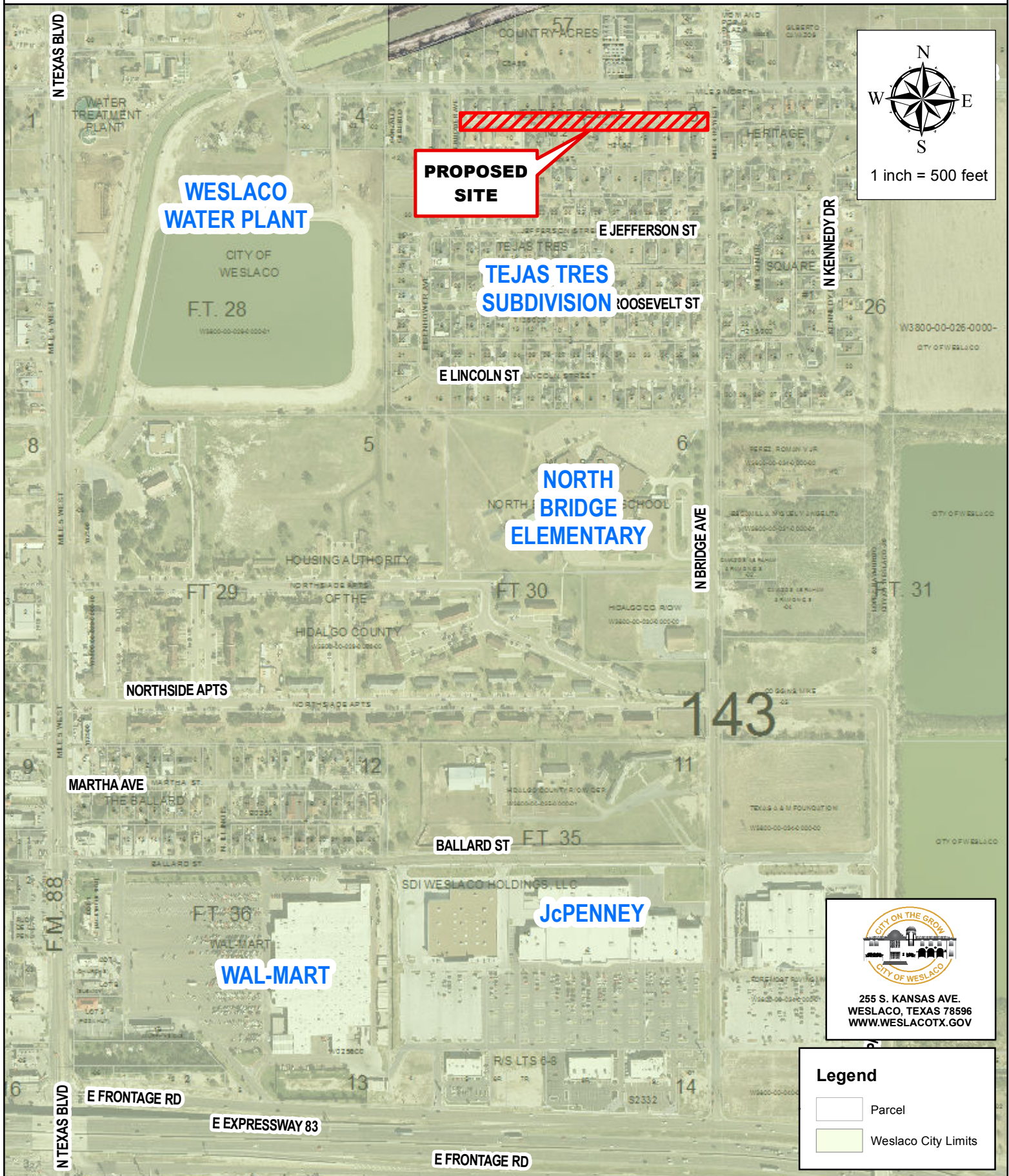




Standardized Agenda Request Form

Date of Meeting: March 21, 2017		Agenda Item No. (to be assigned by CSO): 2017-871
From: Mardoqueo Hinojosa		
Subject: Discussion and consideration to approve Ordinance 2017-19 to eliminate and convert the alley located on Heritage Square No. 2 Subdivision between Sugarcane Road and Washington Street into a street with a variance to have a paved section of 20 feet. First reading of Ordinance 2017-19. Possible action. (Requested by the Mayor and Commissioner Lopez; Staffed by Planning and Code Enforcement Department.)		
Background: Staff was tasked to prepare Ordinance to convert the alley between Sugarcane Drive and Washington Street into a street. Buses, trash trucks and residents currently drive through the existing alley. If approved, alley must be given a street name. Currently, this area has streets named after ex-presidents. Last names of former presidents that have not been taken include: Adams, Monroe, Pierce, Buchanan and Grant.		
Funding Source (budget code, if applicable):		
Amount:	Term of Impact:	Identified in Current Budget:
Additional Action Prompted: Mayor's Signature Ordinance - First Reading Ordinance - Final Reading		
If item previously considered, provide date and action by Commission:		
If item requires Publication Notice, provide date and periodical of publication; indicate if comments received from letters mailed to property owners:		
Advisory Review, if any (name of board/committee, date of action, recommendation):		
Mardoqueo Hinojosa Mardoqueo Hinojosa Mike Perez		Created/Initiated Approved Final Approval
City Manager Comments:		
Staff Recommendation: Staff recommends denial as available alley width does not comply with subdivision ordinance. Subdivision ordinance requires that minimum right-of-way for streets is 50 feet with a paved section of 32 feet back-to-back (of curb). If approved, a variance is needed to reduce the subdivision ordinance requirements.		
Attachments, if any:		

Aerial, Ordinance Exhibit, Ordinance 2017-19
Responsibilities upon Approval: Staff will execute documentation.



PROPOSED ALLEY TO STREET

ORDINANCE 2017-19

AN ORDINANCE TO CONVERT 20' X 980' ALLEY ALSO BEING 0.45 ACRE TRACT OF LAND LOCATED BETWEEN BLK 1 OF HERITAGE SQUARE SUBDIVISION CREATING A 20' X 980' PUBLIC RIGHT OF WAY HEREBY KNOWN AS _____ STREET; AND ORDAINING OTHER MATTER WITH RESPECT TO THE SUBJECT MATTER HEREOF.

BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF WESLACO TEXAS THAT:

SECTION I. It is in the interest of the City of Weslaco to convert 20' x 980' alley also being 0.45 acre tract of land located between Blk 1 of Heritage Square Subdivision No. 2 creating a 20' x 980' public right of way instead.

Point of Commencement beginning on the Northeast corner of Farm Tract 27 also being the intersection of Mile 4 ½ West also known as (North Bridge Avenue) and Mile 9 North also known as (Sugarcane Drive). Traveling South along the East boundary line of Farm Tract 27, also being the centerline of North Bridge Avenue for a distance of 155.58 ft. Thence, West for a distance of 30.0 ft., to a point on the West Right of Way Line of North Bridge Avenue also being the Northeast corner of Lot 17 recorded in Heritage Square Subdivision No.2, Volume 23, Pg.1 known as the Point of Beginning;

Thence, continuing West and along a line described as the south boundary line of an area known as an alley in Heritage Square Subdivision No. 2 for a distance of 980.00 ft. to an inside corner of known alley:

Thence, North a distance of 20.00 ft. to a point being the inside corner of this tract of land also being the Southwest corner of Lot 8 recorded in Heritage Square Subdivision No.2, Volume 23, Pg.1;

Thence, East and parallel to the south boundary line of the this tract of land for a distance of 980.00 ft. to a point being the Southeast corner of Lot 1 recorded in Heritage Square Subdivision No.2, Volume 23, Pg.1;

Thence, South for a distance of 20.00 ft. to a point being the inside corner of this tract of land, also being the Northwest corner of Lot 17 recorded in Heritage Square Subdivision No.2, Volume 23, Pg. 1 also as the Point of Beginning and containing within these metes and bounds a 0.45 acre tract of land more or less;

SECTION II. The alley described above in Section I of this ordinance is hereby designated as a 20' x 980' Public Right of Way hereby known as _____ Street.

PASSED AND APPROVED on first reading at a regular meeting of the City Commission this 21st day of March, 2017.

PASSED AND APPROVED on second reading at a regular meeting of the City Commission this ____ day of _____, 2017.

CITY OF WESLACO

David Suarez, **MAYOR**

ATTEST:

Elizabeth M. Walker, **CITY SECRETARY**

APPROVED AS TO FORM:

Juan E. Gonzalez, **CITY ATTORNEY**



Standardized Agenda Request Form

Date of Meeting: March 21, 2017		Agenda Item No. (to be assigned by CSO): 2017-872
From: Joe Pedraza, Mardoqueo Hinojosa		
Subject: Discussion and consideration to approve a Service Contract Agreement with the City of Donna for Animal Care Services and authorize the Mayor to execute any related documents. Possible action. (Staffed by Planning and Code Enforcement Department.)		
Background: Animal Control Staff currently provides animal control services to the City of Mercedes and Elsa. The City of Donna is requesting to received these services, as well. A part-time position was budgeted in the event of providing these services to additional municipalities. This position will be posted once an approval is provided by City Commission for the City of Donna.		
Funding Source (budget code, if applicable):		
Amount:	Term of Impact:	Identified in Current Budget:
Additional Action Prompted: Mayor's Signature		
If item previously considered, provide date and action by Commission:		
If item requires Publication Notice, provide date and periodical of publication; indicate if comments received from letters mailed to property owners:		
Advisory Review, if any (name of board/committee, date of action, recommendation): Animal Shelter Advisory Board recommended approval on 3-16-17.		
Mardoqueo Hinojosa	Created/Initiated	
Mardoqueo Hinojosa	Approved	
Mike Perez	Final Approval	
City Manager Comments:		
Staff Recommendation: Staff recommends approval.		
Attachments, if any: Contract		
Responsibilities upon Approval: Staff will execute documents and advertise for part-time position.		

PROVIDER'S RESPONSIBILITIES

PROVIDER shall facilitate DONNA by providing the following tasks:

- A. Provide DONNA with Impoundment services.
- B. Provide DONNA all available information pertinent to the services, including reports and any other data related to the services.
- C. The PROVIDER shall be responsible for the professional quality, technical accuracy, and the coordination of services furnished to DONNA under this Agreement.
- D. The PROVIDER shall perform the professional services necessary to accomplish the work specified in this Agreement, in accordance with this Agreement and applicable State and Federal requirements in effect on the date of execution.

SECTION IV DONNA RESPONSIBILITY

- A. Animal Control Officers from DONNA must provide door tags for each animal brought into our facility. Door tags will be provided by the PROVIDER.
- B. Animal Control Officers from DONNA must submit all documentation needed for owner relinquished animals and quarantine animals.
- C. Animal Control Officers from DONNA must bag all deceased animals and place in the freezer at the shelter.
- D. Give prompt written notice to PROVIDER whenever DONNA observes or otherwise become aware of any deficiencies in PROVIDER services.

SECTION V CALL NOTIFICATION / REPRESENTATIVE

It is agreed and understood that each party will have a representative to communicate in the Cites behave. DONNA will have _____, Director of Public Works and The PROVIDER will have Joe Pedraza, Health Official. No other representative from DONNA may request services to the PROVIDER.

SECTION VI PAYMENTS AND FEES

DONNA agrees to pay the PROVIDER for professional services herein contracted for as follows:

- A. DONNA shall be assessed a fee \$55.00 per animal impounded at the PROVIDERS Shelter.
- B. DONNA shall be assessed a fee \$45.00 per deceased animal taken to the PROVIDERS Shelter.
- C. Any DONNA citizens seeking to reclaim their animals shall pay fees as set by the PROVIDER.
- D. Should PROVIDER need to Tranquilize or euthanize an animal on site a fee of \$100.00 per animal will be assessed.
- E. Should the PROVIDER need to Quarantine an animal a fee of \$250.00 per Animal will be assessed.
- F. Invoicing shall be completed in accordance with PROVIDER'S Finance Department regulations and a activity log will be provided with invoice.
- G. DONNA will approve all work submitted and authorize all payments made for services within 30 days.

SECTION VII NOTICES

All notices required or permitted herein must be in writing and shall be forwarded by United States Mail, by Registered or Certified Mail, Return Receipt Requested, Postage Prepaid, to the party whom notice is to be given at the address set forth below or to such address as either party hereto may designate to the other by notice from time to time for the purpose. Notices shall be deemed given upon deposit in a receptacle of the United States Postal Service.

SECTION VIII CHOICE OF LAW

This Agreement shall be governed by the laws of the State of Texas. Venue and jurisdiction is in Hidalgo County, Texas.

SECTION IX TERM OF AGREEMENT AND TERMINATION

- A. Term of Agreement. This Agreement shall be for an initial term of one month, effective _____, 2017 and shall continue in full-force and effect through October 1, 2017. This Agreement shall automatically be extended for additional one-year term at mutually agreed upon rate, unless either party notifies the other party in writing, not less than thirty (30) days prior to the Agreement term, of their intention to terminate this Agreement.
- B. Termination, either party to this Agreement shall have the right to terminate this Contract at any time after 30 days written notice, upon payment to PROVIDER for services rendered and obligations incurred to date, according to this Contract. DONNA reserves the right to terminate this contract, in whole or in part, when in the best interest of DONNA.

SECTION X NON-APPROPRIATIONS

Notwithstanding anything in the contract documents to the contrary, any and all payments which DONNA is required to make under this contract.

If DONNA cannot appropriate sufficient funding, then either party has the right to terminate the contract by providing ten (10) days written notice to the other party.

Furthermore, execution of this contract does not automatically guarantee a renewal of contract upon expiration.

SECTION XI MEDIATION

It is the intent of the parties that litigation be avoided, and in order to allow for the quick resolution of any and all disputes, if any, the parties hereby agree that any claims, demands or disputes that cannot be amicably resolved between the parties upon written request by either party shall be submitted within two (2) weeks to a neutral, trained third party for assistance in dispute resolution by means of non-binding mediation.

SECTION XII HOLD HARMLESS CLAUSE

DONNA shall indemnify, hold harmless and defend the PROVIDER, its officers, elected or appointed, employees and agents from and against any liability or cost, including court costs and attorney's fees, resulting from all and any claims, demands, suits, actions or proceedings of any kind or nature, in any way resulting from or arising out of this Agreement, due to the action or negligence of the PROVIDER.

IN WITNESS WHEREOF, PROVIDER and SAN JUAN have executed three (3) copies of this Contract as of the date first above written.

CITY OF WESLACO

BY: _____
David Suarez, Mayor

255 S Kansas
Weslaco, Texas 78596
Phone: 956.968.3181
Fax: 956.973.3128

ATTEST:

BY: _____
Elizabeth Walker, City Secretary

APPROVE AS TO FORM:

Juan Gonzalez
Attorney at Law

City Attorney

CITY OF DONNA

BY: _____
Irene Muñoz, Mayor

307 S. 12TH Street
Donna, Texas 78537
Phone: 956.464.3314



Standardized Agenda Request Form

Date of Meeting: March 21, 2017		Agenda Item No. (to be assigned by CSO): 2017-874
From: Mardoqueo Hinojosa		
Subject: Discussion and consideration to terminate the Intergovernmental Cooperative Agreement for the Operation of a Regional Animal Shelter between the City of Weslaco and Palm Valley Animal Shelter and authorize the Mayor to execute any related documents. Possible action. (Staffed by the Planning and Code Enforcement Department.)		
Background: Palm Valley Animal Shelter has providing adoption services for the City of Weslaco for the past 4 years at a rate of \$110/animal. Palm Valley has submitted the attached proposal for a flat rate of \$1755/month. Adoption services are currently assisted by non-profit organizations such as Laguna Madre Animal Shelter, Paw Posse and Brownsville PAWS.		
Funding Source (budget code, if applicable):		
Amount:	Term of Impact:	Identified in Current Budget:
Additional Action Prompted: Mayor's Signature		
If item previously considered, provide date and action by Commission:		
If item requires Publication Notice, provide date and periodical of publication; indicate if comments received from letters mailed to property owners:		
Advisory Review, if any (name of board/committee, date of action, recommendation): Animal Shelter Advisory Committee recommended approval on 3/16/17.		
Rebekah De La Fuente Mardoqueo Hinojosa Mike Perez		Created/Initiated Approved Final Approval
City Manager Comments:		
Staff Recommendation: Staff recommends Approval		
Attachments, if any: Contract		
Responsibilities upon Approval: Staff will inform Palm Valley Animal Shelter.		



BOARD OF DIRECTORS

OFFICERS

Carlos Yzaguirre, President
Brent Baldree, Vice-President
Keely Lewis, Secretary
Jim Spence, Treasurer
Brandon Wallace,
Past-President

BOARD MEMBERS

Steve Bentsen, DVM
Adelle Bottom
Daniel Galvan
Bruce Gray, DVM
Barbara Guerra
Sonny Hildreth
Joseph Holand
John King
Charles Meyer
Neal Runnels
John Sigris

ADVISORY BOARD

Brandon Hausenfluck
Chris Cardenas
Becky Guerra
Ron Kilby

February 24, 2017

255 S. Kansas Ave.
Weslaco, Texas 78596

Dear Mr. Perez,

In November we sent you a letter indicating the need for the City and Palm Valley Animal Center to modify our Intergovernmental Cooperative Agreement. At this point, the County and a number of other cities have revised their Agreements and we need to move forward in order to properly fund this service uninterrupted.

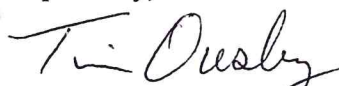
As a critical partner with the Center, the City of Weslaco plays a significant role in our ability to continue to offer the services we provide. Closing PVAC would not be advantageous to the City or its residents. As noted in the previous letter, our Board Executive Committee and I would be happy to meet with you to discuss any details or to answer any questions you might have.

I have included a revised agreement for your consideration. This agreement is based on your history, the size of your city and a flat monthly rate, which will help both entities for annual budgeting purposes, which will help both entities for annual budgeting purposes. Although an increase over previous years, we are confident the County and the cities within the county can properly fund the animal welfare needs of this community. The budget for the operation of PVAC is roughly \$2.5 million annually, which is well below the operating costs of any similarly sized shelter.

As indicated in the agreement, your monthly rate would be \$1,755. While our agreement runs from October 1, 2016 through September 30, 2017 we request the City initiate the new rate with the signing of the attached agreement beginning with the March invoice, also included.

Again, we appreciate the opportunity to meet with you and any additional City leaders to discuss the challenges we face and hope that the City will take the lead in helping to provide a meaningful solution, so that our high-quality services will be able to continue.

Respectfully,


Tim Ousley, Executive Director
Palm Valley Animal Center



PAWS - 2451 N. US Expressway 281 Edinburg, TX 78541

P: (956) 720-4563 F: (956) 720-4515

PVAC - 2501 W. Trenton • Edinburg, TX 78539

P: (956) 686.1141 • F: (956) 687.8336 • www.pvaonline.com • info@pvaonline.com

Palm Valley Animal Center
2501 West Trenton Road
Edinburg, TX 78539

Invoice

Phone # 956-686-1141

Date 4/2/2017

Invoice # 2013-1002

Bill To

City of Weslaco
Accounts Payable
255 S, Kansas Ave
Weslaco, TX 78596

Animals Received for:

MARCH 2017

Terms

Due by the 15th of this mo

Item	Quantity	Rate	Amount
City of Weslaco Amount Due		1,755.00	1,755.00
			
		Total	\$1,755.00

INTERGOVERNMENTAL COOPERATIVE AGREEMENT
FOR THE OPERATION OF A REGIONAL ANIMAL SHELTER

I.

Parties:

The Parties to this Agreement are ***THE PALM VALLEY ANIMAL CENTER***, a Texas Non-Profit Corporation, hereinafter referred to as ***The Animal Center***, whose principal place of business is on Trenton Road, in the City of Edinburg, Hidalgo County, Texas, and the ***CITY OF WESLACO***, governmental entity located in Hidalgo County, Texas, hereinafter referred to as ***The City***.

II.

Purpose:

- A. ***Whereas The Animal Center*** has operated an Animal Adoption program and Regional Animal Shelter in Hidalgo County since 1983;
- B. ***Whereas The City*** desires to continue its participation in the ongoing operation of a Regional Animal Shelter in conjunction with ***The Animal Center*** and other governmental entities in Hidalgo County;
- C. ***Therefore, The Parties*** hereby mutually agree as set out below:

III.

The Animal Center agrees:

- A. To provide a facility which complies with all requirements of the Texas Health and Safety Code Chapter 823 and all other relevant regulations, for the operation of a Regional Animal Shelter;
- B. To provide a Regional Animal Shelter for housing and care of any and all animals delivered to the Regional Animal Shelter by the City;
- C. To provide a program of mandatory spaying and neutering of all animals adopted from the Regional Animal Shelter in accordance with Chapter 828 of the Texas Health and Safety Code;
- D. To maintain the Regional Animal Shelter on a 24-hour basis with an assistance shelter manager on call 24-hours a day for shelter emergencies;

- E. To maintain office hours Monday through Saturday from 10 a.m. to 6 p.m. and 10 a.m. to 4 p.m. on Sunday;
- F. To notify *The City* of the date, time and location of all meetings of *The Animal Center's* Board of Directors. A representative of *The City* is welcome to attend all board meetings. Any representative of *The City* who wishes to be placed on the agenda to address the board must notify the Animal Center in writing 48 hours in advance of the meeting. Any action taken by *The Animal Center* shall be at the Sole discretion of the Board of Directors.
- G. To provide a logbook where each Animal Control Officer can note any complaint as well as the date and time the complaint was made. The Shelter manager will then investigate complaints and respond to the Animal Control Officer as soon as reasonably possible;
- H. To provide an area where *The City's* Animal Control Officer may rinse out waste material from their trucks after dropping off animals;
- I. To accept responsibility for the acts and/or omissions of employees of the Regional Animal Shelter while acting within the course and scope of their employment and hold *The City* harmless from any claims resulting from those acts and/or omissions;
- J. To accept responsibility for the condition and operation of the Regional Animal Shelter and hold *The City* harmless from any claims resulting from that condition and operation;
- K. To maintain during the life of this Agreement a policy of liability insurance in an amount equal to the value of the Regional Animal Shelter and its contents;
- L. *The Animal Center* expressly denies any liability for the acts and/or omissions of the employees or agents of *The City* and for the capture and transportation of animals to the Regional Animal Shelter until such animal is actually in the care, custody and control of *The Animal Center*; and
- M. To provide monthly statements to *The City* setting out the total number of animals received in the preceding month and the total amount due from *The City*.
- N. To assist *The City* with educational materials and presentations regarding the humane treatment of animals. *The Animal Center* shall coordinate with *The City* to develop presentations for the local cable network regarding proper humane care of pets.

IV.

The City agrees:

- A. To pay the sum of One Thousand, Seven Hundred and Fifty-Five (1,755.00) Dollars per month, (21,060) annually to the Regional Animal Shelter during the term of this Agreement on or before the 15th day of the month in which a statement is received from *The Animal Center*. Animals delivered by Weslaco citizens to The Animal Center will be accepted at no additional charge to *The City*;
- B. To deliver all animals designated by the authority of *The City* to the Regional Animal Shelter in a safe and humane manner;
- C. To provide disinfectant to each of its Animal Control Officers delivering animals to the Regional Animal Shelter for use during the rinsing out of *The City's* trucks;
- D. To require each Animal Control Officer to clean up the rinse out area after cleaning their trucks so that the area is ready for the next user;
- E. To train each Animal Control Officer in the proper preparation of the necessary paperwork when dropping off animals at the Regional Animal Shelter;
- F. To provide training to *The City's* new Animal Control officers for the safe and humane control of animals;
- G. To assist *The Animal Center* in the development of presentations for the local cable network regarding proper humane care of pets;

V.

The failure of *The City* to pay the sums required in Part IV, A above, within 30 days of billing by *The Animal Center*, shall terminate shelter privileges for *The City* until said sums are paid, unless otherwise agreed in writing by the Parties.

VI.

This Agreement shall only be amended by written mutual agreement of the Parties. This Agreement contains all of the terms of the agreements of the Parties. This Agreement shall be in effect for one year, starting from October 1, 2016 through September 30, 2017. The Amendments herein shall take effect immediately upon signature of both parties;

VII.

Neither *The Animal Center* or *The City* shall terminate this agreement nor take any adverse action against the other party without first giving written notice of the problem and advising the other party of its right to cure such problem. If the party corrects or cures the problem within the specified 30-day period, then no adverse action related to this Agreement shall be taken by either participant.

It is the intent of the parties that litigation be avoided and in order to allow for quick resolution of any and all disputes, the parties hereby agree that any claims, demands or disputes that cannot be amicably resolved between the parties upon written request by either party shall be submitted within two weeks to a neutral, trained party for assistance in dispute resolution by means of non-binding mediation. If mediation efforts are unsuccessful, parties may resort to protecting their rights by litigation in district court.

Said neutral third party should, if possible, be a local person with a background in dispute resolution and subject law. If the parties cannot agree on a neutral third party, then they shall submit the process to the American Arbitration Association for the selection of a neutral third party and the accomplishment of dispute resolution, in accordance with its guidelines.

VIII.

The City, at its own expense, may audit the financial records of *The Animal Center* from time to time from the latest fiscal year for transactions involving expenditures of funds from *The City*, arising under this contract. The audit shall not extend to all transactions of *The Animal Center*, but only to those transactions, which relate directly to services provided to *The City*. At the written request of *The City*, *The Animal Center* will furnish *The City* with a copy of *The Animal Center's* budget which relates to the expenditure of funds of *The City* arising under this contract. *The Animal Center* agrees to reasonably cooperate with audit inquiries relating to such budget and expenditures arising out of this contract.

IN WITNESS THEREOF, *The City* and *The Animal Center* have executed this agreement as of the date first above written.

ATTEST:

City of Weslaco, Texas

By: _____

By: _____

Title: City Secretary

Title: _____

Palm Valley Animal Center



Executive Director

Approved as to form:

City Attorney

**INTERGOVERNMENTAL COOPERATIVE AGREEMENT
FOR THE OPERATION OF A REGIONAL ANIMAL SHELTER**

I.

Parties:

The Parties to this Agreement are ***THE PALM VALLEY ANIMAL CENTER***, a Texas Non-Profit Corporation, hereinafter referred to as ***The Animal Center***, whose principal place of business is on Trenton Road, in the City of Edinburg, Hidalgo County, Texas, and the ***CITY OF WESLACO***, governmental entity located in Hidalgo County, Texas, hereinafter referred to as ***The City***.

II.

Purpose:

- A. *Whereas The Animal Center* has operated an Animal Adoption program and Regional Animal Shelter in Hidalgo County since 1983;
- B. *Whereas The City* desires to continue its participation in the ongoing operation of a Regional Animal Shelter in conjunction with *The Animal Center* and other governmental entities in Hidalgo County;
- C. *Therefore, The Parties* hereby mutually agree as set out below:

III.

***The Animal Center* agrees:**

- A. To provide a facility which complies with all requirements of the Texas Health and Safety Code Chapter 823 and all other relevant regulations, for the operation of a Regional Animal Shelter;
- B. To provide a Regional Animal Shelter for housing and care of any and all animals delivered to the Regional Animal Shelter by the City;
- C. To provide a program of mandatory spaying and neutering of all animals adopted from the Regional Animal Shelter in accordance with Chapter 828 of the Texas Health and Safety Code;
- D. To maintain the Regional Animal Shelter on a 24-hour basis with an assistance shelter manager on call 24-hours a day for shelter emergencies;

City of Weslaco

"The City on the Grow"



David Suarez, Mayor
Gerardo "Jerry" Tafolla, Mayor Pro-Tem, District 4
Leo Muñoz, Commissioner, District 1
Greg Kerr, Commissioner, District 2
Olga M. Noriega, Commissioner, District 3
Letty Lopez, Commissioner, District 5
Josh Pedraza, Commissioner, District 6

Mike R. Perez, City Manager

INTERNAL MEMO HUMAN RESOURCES DEPARTMENT

DATE: March 14, 2017

TO: Mayor and City Commission

CC: Mike Perez, City Manager

FROM:  Veronica Ramirez, Human Resources Director

Subject: Direct Leave Donation Program policy

Attached please find the Direct Leave Donation Program policy and procedures for sick leave donation. This policy shall allow employees to help one another in times of need. Employees may donate sick leave and/or vacation leave to other employees who may need additional leave as a result of a non-job-related catastrophic, chronic illness or injury of the employee or of an immediate family member. Staff recommends approval.



Personnel Policies and Procedures

Section:

Originally Approved:

Last Amended:

Page:

1 of 5

DIRECT LEAVE DONATION PROGRAM (DLDP)

A. Purpose

The purpose of this policy is to establish policy and procedures for sick leave donation and may be amended from time to time as the needs of the service require accordingly with local, federal and state law

B. Persons Affected

This policy shall allow employees to help one another in times of need. Employees may donate sick leave and/or vacation leave to other employees who may need additional leave as a result of a non-job-related catastrophic, chronic illness or injury of the employee or of an immediate family member.

C. Policy

- A. The *Direct Leave Donation Program* is a departmental program. Departments with less than 5 employees upon approval by City Manager may be paired with other department(s) for equity and fairness.
- B. Contributions are strictly voluntary and employees shall not be coerced in any manner.
- C. Regular Full-time employees who have completed one (1) year of continuous regular full-time employment with the City will be limited to receiving 30 Working Days (240 hours) of paid leave. Review for possible extension of leave may be made by the department head and Human Resources Director to the City Manager at 30 day intervals. The review for an extension will be made only under the assumption that the condition of the employee or family member is improving to the point that the employee is expected to return to work within the 30 day period.
- D. To be eligible to receive donation, the employee or their immediate family member must provide certification from a licensed physician of medical condition and/or illness. The City reserves the right to require additional licensed practitioner's statements from health care providers of its choice. The expense of such additional statements will be borne by the City.
- E. Employee requesting donation must be in same or lower pay-grade of donor.
- F. Recipient must be in a no-pay status, exhausting all accrued time (vacation, sick, etc.) due to a serious illness or injury, as defined by the Family Medical Leave Act "FMLA".
- G. Should an employee receiving leave also qualify for FMLA leave, the two leaves shall run concurrent.
- H. Donated leave may only be used for the employee to whom donated.
- I. The donating employee who elects to donate accrued leave recognizes and agrees that the donated leave shall be deducted from his/her accrued sick leave and/or vacation

leave account and shall not be refunded.

- J. Leave given by donor employee to another will be transferred on an hour for hour basis without regard to pay differential; such that the recipient of the donated leave will be paid at their current rate of pay.
- K. Donations shall be any amount/in increments of no less than four (4) hours.
- L. Donors must retain a balance of 80 hours of sick and/or vacation at time of donation. There is no limit on how many hours of leave an employee may donate to other employees after the retention of 80 hours. Departments with no able donors may approach city manager to request authorization to request participation of other department(s).
- M. In the event of a catastrophic, chronic illness or injury requiring episodic treatment (dialysis, chemotherapy, radiation therapy, physical therapy), the recipient may use donated leave in non-consecutive increments. Illnesses of the same type or that may routinely re-occur will have a lifetime maximum of ninety (90) days.
- N. Leave accruals are maintained in the payroll system and shall be deducted from the donor's leave balance and added to the recipient's sick leave balance. Only the amount of leave which has been projected as necessary to cover each pay period will be transferred at any given time.
- O. Usage of leave previously approved shall cease upon the physician's release to return to work.
- P. Retroactive payment for the value of this leave shall not be allowed.
- Q. There is no right of appeal of any decision related hereto by management.
- R. **Exclusions (not all inclusive):** An employee's medical condition(s) resulting from the following will be excluded from eligibility:
 - a. Cosmetic surgery, unless such surgery is the result of, or was necessitated by an illness, accident or injury off the job;
 - b. Participation in or voluntary commitment to a psychiatric facility, detoxification center, or similar center for the purpose of rehabilitation from substance and/or alcohol dependency;
 - c. Intentionally self-inflicted injuries such as injuries resulting from a suicide attempt;
 - d. Injuries occurring as a result of secondary employment;
 - e. Injuries occurring in the course of committing a crime (including driving while impaired) or assault;
 - f. Employees are ineligible to use donated leave during the period of any disciplinary suspensions;
 - g. Normal pregnancy with normal delivery. Time off following the birth of a child is considered normal regardless of the method of delivery and will not be considered for this program unless medical documentation shows complications to the mother or the child after the delivery;
 - h. While receiving supplemental insurance such as disability, social security income (SSI) benefits; or
 - i. After the termination of employment.
- S. **Repayment of Leave:** Eligible recipients shall not be required to repay leave hours donated to them unless one of the following situations occurs:
 - a. compensation is received from another source for the same period of time the

employee received leave sharing hours, such as when monies are received from the leave donation policy and subsequently workers' compensation benefits or short and long term disability benefits, etc. are received retroactively for that same period of time;

- b. when there is a finding of wrongdoing.

D. Procedures

It is the policy of the City to qualify all requests on a case by case basis in the order in which they are received in the Human Resources Department.

- A. Employee requesting leave. Is responsible for:
 - a. communicating to their supervisor at the earliest practical time the dates of their absence or anticipated absence(s);
 - b. completing the *Direct Leave Donation Request Form* and providing supporting documentation (ie. Doctor's certification) to the Human Resources Department for processing;
 - c. notify Human Resources and Payroll when it is anticipated the employee will not have enough paid leave and must coordinate out-of-pocket payments to continue insurance benefits; and
 - d. follow-up at earliest practical time but no later than 30 days (ie. Doctor's recertification(s), extended leave requests, anticipated return dates and/or approvals).
- B. Donor employees. Are responsible for:
 - a. completing the *Direct Leave Donation Form* in order to confirm leave donation and submitting it to the Human Resources Department no later than the last day of a pay period for which they are donating.
- C. Departments. Are responsible for:
 - a. date and time stamp *Direct Leave Donation Request Form and Direct Leave Donation form* in the order received. This will determine the order in which leave will be deducted from the donor's leave balances where there are multiple requestors or multiple donors for a single individual.
 - b. notify the Human Resources Department and Payroll of pending leave request(s) no later than the last day of a pay period for which they are donating;
 - c. all leave shall be tracked on time-clock plus and shall be coded appropriately; including FMLA leave without pay, ADA leave without pay, etc.;
 - d. announcing to the department a request has been submitted by an employee in need of donation; and
 - e. requesting approval of city manager for donor participation from other departments.
- D. Finance Department. Is responsible for:
 - a. receiving inquiries/requests for adjustments, processes adjustments and communicates with employees and departments regarding compliance.
 - b. administering a comprehensive compliance program in accordance with federal laws as it pertains to payroll;
- E. Human Resources Department. Is responsible for:
 - a. processing employee request(s);
 - b. providing information regarding policies and procedures;
 - c. update the department(s) on pending leave requests;
 - d. investigate alleged abuse.
- F. The review committee is appointed by the city manager. Review committee will adopt forms and regulations appropriate for the administration of the Direct Leave Donation program. The application shall include at least the following:

- a. the employee's name;
- b. a statement that the employee's participation is voluntary;
- c. a statement that the employee has received and read this policy;
- d. an authorization for an initial contribution by a full-time employee of _ hours of sick leave to the program;
- e. the signature of the employee.

E. Violations

Abuse of the use of this program shall include, but is not limited to, the following:

- misrepresentation of an illness, accident, injury or the circumstances surrounding it, in order to receive leave to which the member is not entitled under the provisions of this policy;
- submission by an employee of medical certification which misrepresents the nature of the member's condition;
- failure to advise the City of the physician's release to return to work.

Upon a final determination of a violation of this policy, the employee must repay all of the leave credits drawn from the Direct Leave Donation Program. The employee may be subject to disciplinary action up to (i.e. suspension, deemed ineligible for one (1) year moving forward from date of discovery) and including termination.

If repayment is required, reimbursed leave hours will be returned to the original donor(s). Reimbursement will be made on an hour-for-hour basis without regard to pay differential.

If the employee does not agree with the finding of wrongdoing he/she may go through the appeal process accordingly with *City of Weslaco Personnel Policies and Procedures Manual COWPPPM*.

F. Definitions

- A. *Licensed practitioner.* Means a person who practices a healing art and is a practitioner [source: Texas Insurance Code Section [1451.001](#) or [1451.101](#)].
- B. *Health care provider.* Means a practitioner, institutional provider, or other person or organization that furnishes health care services and that is licensed or otherwise authorized to practice in this state. The term includes a pharmacist and a pharmacy. The term does not include a physician.
- C. *Physician.* Means a person licensed to practice medicine in this state.
- D. *Family Member.* As defined by the Family Medical Leave Act (FMLA):
 - a. Spouse - the employee's legal husband or wife as defined or recognized under State Law for purposes of marriage in the State where the employee resides.
 - b. Parent - a biological parent of the employee. An individual who stands or stood "in loco parentis" to an employee by providing primary day-to-day care and financial support when the employee was a child. Coverage does not include parents-in-law.
 - c. Child - the employee's biological son or daughter under the age of 18. A legally adopted son or daughter under the age of 18. A foster child, stepchild or ward under the age of 18, legally placed with the employee. Any such child over the age of 18 if the child is incapable of self-care due to a mental or physical disability.
- E. *Foreign Medical Certification.* If the employee or the employee's family member is visiting another country, or a family member resides in another country, and a serious health condition develops, the employer must accept a medical certification, as well as a

second and third opinions, from a health care provider who practices in that country. If a medical certification by a foreign care provider is not in English, the employer may require the employee to provide a written translation of the certification [source: U.S. Department of Labor, FMLA].

- F. *Serious medical condition.* A serious medical condition is a health condition involving a serious illness, injury, impairment, or condition that is likely to require the employee's absence from work for an extended period of time longer than the amount of sick and vacation leave available to the employee, and the health condition is such that it is not medically appropriate for the employee to delay the absence in order to accrue additional sick or vacation leave prior to the absence. Some examples of such conditions include: advanced or rapidly growing cancers, acute serious illnesses, chronic life threatening conditions involving failure of bodily organs or systems (e.g., heart attack) or chronic conditions requiring extended rehabilitation such as back surgery. The absence may be continuous, as in hospitalization following surgery or an accident, or intermittent, as in period absences for chemotherapy or other procedures. Normal pregnancy without complications is not considered a serious health condition under this program.
- G. *Incapable of self-care.* Requiring active assistance or supervision to provide daily self-care in three or more basic or instrumental "activities of daily living," such as grooming and hygiene, bathing, dressing, eating, cooking, taking public transportation, etc.
- H. *Physical or mental disability.* One that substantially limits one or more major life functions as defined under the American with Disabilities Act (ADA).
- I. *Power of attorney.* A power of attorney is a written document in which one person, known as the principal, designates another person, known as the agent or attorney-in-fact, the authority to act on his behalf.

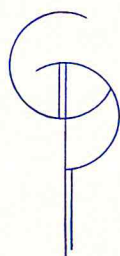
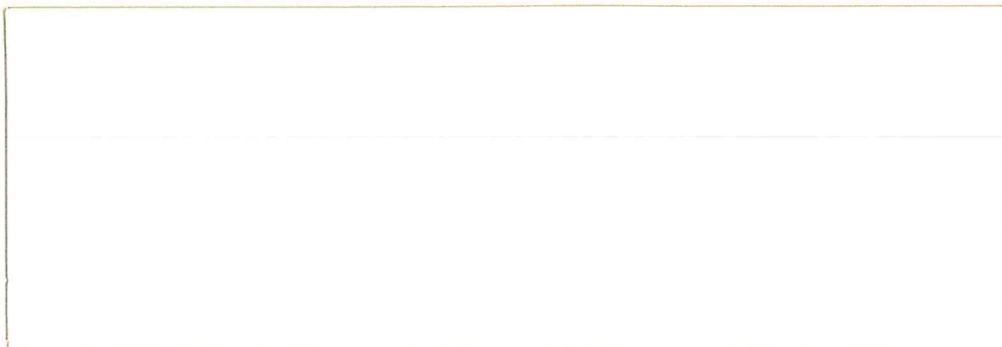
G. Relevant Federal and/or State Statute(s)

Texas Government Code Chapter 661, Leave Subchapter A

H. Review

The Department Head for this policy is the Director for Human Resources and Finance, and this policy shall be reviewed every five years or sooner if necessary by the following:

1. Director of Human Resources and Finance
2. Review Committee



GARCIA & PEÑA
Certified Public Accountants
301 W. 4th • P. O. Box 8032
Weslaco, Texas 78599
969-1433 969-4460

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

TABLE OF CONTENTS

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditor's Report	a
Management's Discussion and Analysis	c
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
Statement of Net Position	1
Statement of Activities	2
Comparative Balance Sheet	3
Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balance	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to Statement of Activities	6
Statement of Revenues, Expenditures, and Changes In Fund Balance-Budget and Actual	7
NOTES TO FINANCIAL STATEMENTS	8
INDIVIDUAL FUNDS STATEMENTS	
Comparative Balance Sheet	19
Statement of Revenues, Expenditures, and Changes In Fund Balance-Budget and Actual	20
Schedule of Expenditures	21

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

TABLE OF CONTENTS

	<u>Page</u>
SUPPLEMENTAL SCHEDULES	
Schedule of Changes in Note Receivables	23
Schedule of General Fixed Assets By Source	24
Schedule of Changes in General Fixed Assets- By Function and Activity	25
Schedule of General Long-Term Debt	26
Schedule of Changes in General Long-Term Debt	27
<u>Bonded Debt Service Requirements</u>	
Schedule of Changes in Bonded Debt	28
Summary of Bonded Debt Service Requirements to Maturity	30
Economic Development Sales Tax Revenue Bonds, Series 2011A	31
Economic Development Sales Tax Revenue Bonds, Series 2011B	32
Economic Development Sales Tax Revenue Bonds, Series 2012	33
Economic Development Sales Tax Revenue Refunding Bonds, Series 2012	34
COMPLIANCE SECTION	
Schedule of Expenditures of Federal Awards	35
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	36
Schedule of Findings and Questioned Costs	38

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

BOARD OF DIRECTORS

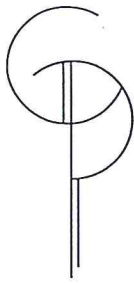
Richard Talbert	President
Jose Olivarez	Vice-President
G. Stephen Charlton, CPA	Treasurer
Cynthia Cabaza	Secretary
Martin Masso	Member
Diana Fuentes Aguilar	Member
Rodolfo Cisneros	Member

EXECUTIVE DIRECTOR

Marie McDermott

PART I

FINANCIAL SECTION



GARCIA & PEÑA

Certified Public Accountants

P. O. Box 8032

301 West 4th

Weslaco, Texas 78599

956-969-1433 • Fax 956-968-1467 • 956-421-4601

Manuel B. Garcia, CPA
Jaime X. Peña, CPA

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
The Economic Development Corporation
of Weslaco, Texas
Weslaco, Texas 78596

Report on the Financial Statements

We have audited the accompanying financial statements of The Economic Development Corporation of Weslaco, Texas, (a nonprofit organization), which comprise the statement of financial position as of September 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Members: American Institute of Certified Public Accountants • Texas Society of Certified Public Accountants • Division for CPA Firms

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Economic Development Corporation of Weslaco, Texas, as of September 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

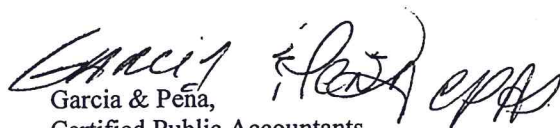
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards, 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*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 9, 2017, on our consideration of the Economic Development Corporation of Weslaco, Texas' 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 Economic Development Corporation of Weslaco, Texas' internal control over financial reporting and compliance.


Garcia & Peña,
Certified Public Accountants

March 9, 2017

Management's Discussion and Analysis

This discussion and analysis is intended to provide an overview of The Economic Development Corporation's financial performance for the fiscal year ended September 30, 2016 and the related effect on The Economic Development Corporation's financial condition. Please read it in conjunction with the financial statements which begin on page 1.

FINANCIAL HIGHLIGHTS

- The Economic Development Corporation Changes in Net Position –Governmental-Type Activities –Total government-wide net position increased \$1,367,108 as a result of this year's operations, for a total Net Position of \$5,598,828, at year end.
- Governmental Activities –Revenues and Expenses Compared to Last Year –Total revenues in the aggregate increased \$106,302 from last year. Sales tax revenues decreased by \$32,247, with decreases of \$7,554 for interest and \$49,849 in miscellaneous income, but the increase was \$195,952 in program income, as compared to last year. Expenses were \$70,168 or 2.43% less than last year. The decrease is the result of a \$555,257 decrease in development services and \$11,700 increase in capital outlay with a corresponding increase of \$190,206 in debt service.
- As of the close of the current fiscal year, the Economic Development Corporation's governmental fund reported an ending fund balance of \$5,333,330 of which \$3,653,032 is available for spending at the government's discretion (undesignated fund balance).
- At the end of the current fiscal year, the fund balance for the general fund was \$5,333,330 or 215.96% (percent) of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Economic Development Corporation's basic financial statements. The Economic Development Corporation's basic financial statements comprise three components: 1.) Government-wide financial statements, 2.) Fund financial statements, and 3.) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The statements of net position present information on all of the Economic Development Corporation's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Economic Development Corporation is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash out flows in the future fiscal periods (e.g., accrued interest).

The government-wide financial statements distinguish functions of the Economic Development Corporation that are principally supported by taxes and program activities. The program activities of the Economic Development Corporation include administration and development services.

The Board of Directors sets expenditure caps over which the Economic Development Corporation's Board approval is required.

The government-wide financial statements can be found on pages 1-2 of this report.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Economic Development Corporation, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

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

The Economic Development Corporation maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund.

The Economic Development Corporation adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 3-7 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 8-18 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Economic Development Corporation the assets exceeded liabilities by \$5,598,828 at the close of the most recent fiscal year.

By far the largest portion of the Economic Development Corporation's net position (30 percent) reflects restricted net assets of \$1,680,298, and (15 percent) in its investment in land and buildings of \$878,206. The Economic Development Corporation uses these capital assets to provide development services to the City of Weslaco, Texas.

At the end of the fiscal year, the Economic Development Corporation is able to report positive balances in all two categories of net position, both for the government as a whole, as well as for its separate governmental activities. The same situation held true for the prior fiscal year.

Governmental activities. Sales tax rebates amounted to \$2,894,175 for the year with an decrease of \$32,247 or 2.43% less than the last fiscal year.

Operating loans were \$-0- during the current year.

It is the practice of the Economic Development Corporation to utilize loan proceeds whenever possible to invest in properties to improve city services and quality of life in the community.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Economic Development Corporation uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the Economic Development Corporation's governmental fund reported an ending fund balance of \$5,333,330 of which \$3,653,032 is undesignated and is available for spending at the government's discretion.

The general fund is the chief operating fund of the Economic Development Corporation. At the end of the current fiscal year, undesignated fund balance of the general fund was \$3,653,032, while total fund balance reached \$5,333,330. As a measure of the general fund's liquidity, it may be useful to compare both undesignated fund balance and total fund balance to total fund expenditures. Undesignated fund balance represents 147.92% of total general fund expenditures, while total fund balance represents 215.96% of that same amount.

The fund balance of the Economic Development Corporation's general fund increased by \$1,231,012 during the current fiscal year. Additionally, \$377,500 in loan/rent and monetary incentives were provided to area business ventures in the industrial park, and \$116,823 were spent in funding economic development projects. Also there were capital additions of \$11,700 in UTRGV Center for Innovation and Commercialization Incubator project.

CAPITAL ASSETS

Capital Assets. The Economic Development Corporation's investment in capital assets for its governmental activities as of September 30, 2016, amounts to \$1,985,045 (net of accumulated depreciation). This investment in capital assets includes land, building, improvements, furniture, equipment, and infrastructure. The net decreased in the Economic Development Corporation's investment in capital assets for the current fiscal year was \$57,579.

Additional information on the Economic Development Corporation's capital assets can be found in Note D on page 15 of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Economic Development Corporation's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Economic Development Corporation of Weslaco, Texas, 275 S. Kansas Avenue, Weslaco, Texas 78596.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
GOVERNMENT-WIDE STATEMENTS OF NET POSITION
SEPTEMBER 30, 2016**

	<u>2016</u>
Assets	
Cash	\$ 3,151,439
Cash investments (Note B)	695,256
Accounts Receivables (Net)	9,777
Due From City of Weslaco, Tx.	215,701
Assets Held For Resale	402,734
Restricted - Cash and Cash Investments	925,042
Long-Term Note Receivables (Note C)	2,900,177
Capital Assets: (Note D)	
Land	19,709
Buildings	2,181,286
Equipment	167,655
Construction-In-Progress	20,749
Accumulated Depreciation	(404,354)
Total Assets	<u>10,285,171</u>
Deferred outflow of resources	<u>-</u>
Total Assets and Deferred Outflow of Resources	<u><u>\$ 10,285,171</u></u>
Liabilities	
Accounts Payable	\$ 16,943
Contract Payable	43,750
Payroll Taxes Payable	5,926
Accrued Interest payable	18,668
Noncurrent Liabilities: (Note E)	
Due Within One year	678,189
Due In More than one year	3,922,867
Total Liabilities	<u>4,686,343</u>
Deferred inflow of resources	<u>-</u>
Net Position	
Invested in Long-Term Note Receivable and Capital Assets, Net of Related Debt	878,306
Restricted for:	
Bond Reserve (Note L)	695,256
Project Development	60,000
Capital Projects (Note L)	925,042
Unrestricted	3,040,224
Total Net Position	<u>5,598,828</u>
Total Liabilities, Deferred Inflow of Resources, and Net Position	<u><u>\$ 10,285,171</u></u>

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

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2016**

Program Activities	Expenses	Program Revenues		Total
		Leases and Management Fees	Operating Grants and Contributions	
Governmental Activities				
General Government and Administration	\$ 296,336	\$ -	\$ -	\$ (296,336)
Property Management	280,963	95,833		(185,130)
Promotion and Development	301,113	-	37,823	(263,290)
Development Services	737,232	-	-	(737,232)
Interest on Long-Term Debt	176,489	-	-	(176,489)
Total Governmental Activities	<u>\$ 1,792,133</u>	<u>\$ 95,833</u>	<u>\$ 37,823</u>	<u>(1,658,477)</u>
General Revenues:				
Taxes:				
Sales				2,894,175
Investment Earnings				95,923
Gain (loss) on Sale/Retirement of Capital Assets				11,949
Miscellaneous				<u>23,538</u>
Total General Revenues				<u>3,025,585</u>
Change in Net Position				1,367,108
Net Position at Beginning of Year				<u>4,231,720</u>
Net Position at End of Year				<u>\$ 5,598,828</u>

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

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
COMPARATIVE BALANCE SHEET
SEPTEMBER 30, 2016**

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Cash-Operations (Note B)	\$ 3,151,439	\$ 2,253,620
Investments	695,256	695,256
Accounts Receivable (Net)	9,777	7,356
Due from City of Weslaco, Tx.	215,701	204,130
Assets Held for Resale	402,734	82,870
Restricted Cash and Cash Investments	925,042	930,383
Long-Term Note Receivables (Note C)	2,900,177	3,419,121
Total Assets	<u>\$ 8,300,126</u>	<u>\$ 7,592,736</u>
 <u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>		
Accounts Payable	\$ 16,943	\$ 21,800
Contracts Payable	43,750	41,250
Payroll Taxes Payable	5,926	8,247
Total Liabilities	<u>66,619</u>	<u>71,297</u>
Deferred inflows of resources		
Deferred revenue	<u>2,900,177</u>	<u>3,419,121</u>
Fund Balance		
Designated		
Designated for Bond Reserve	695,256	695,256
Designated for Project Development	60,000	60,000
Designated for Capital Projects	925,042	930,383
Undesignated	3,653,032	2,416,679
Total Fund Balance	<u>5,333,330</u>	<u>4,102,318</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 8,300,126</u>	<u>\$ 7,592,736</u>

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

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
SEPTEMBER 30, 2016**

	<u>2016</u>	<u>2015</u>
Total fund balance - total governmental funds	\$ 5,333,330	\$ 4,102,318
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	1,985,045	2,042,624
Long-term note receivables are not available to pay for current period expenditures therefore are not reported as available resources but are off-set as deferred revenues	2,900,177	3,419,121
Interest payable on long-term debt does not require current financial resources. Therefore interest payable is not reported as a liability in governmental funds balance sheet.	(18,668)	(22,526)
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.		
Due in one year	\$ 678,189	
Due in more than one year	3,922,867	
	<u>(4,601,056)</u>	<u>(5,309,817)</u>
Net position of governmental activities	<u>\$ 5,598,828</u>	<u>\$ 4,231,720</u>

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

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
GOVERNMENT-WIDE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
SEPTEMBER 30, 2016**

	<u>2016</u>	<u>2015</u>
Revenues		
Taxes:		
Sales	\$ 2,894,175	\$ 2,926,422
Investment Income	95,923	103,477
Program Income	421,640	225,688
Miscellaneous	5,843	55,692
Total Revenues	<u>3,417,581</u>	<u>3,311,279</u>
Expenditures		
Current:		
Development Services	1,303,456	1,919,215
Capital Outlay	11,700	9,049
Debt service:		
Principal Retirement	974,066	755,627
Interest and Fiscal Charges	180,347	208,580
Total Expenditures	<u>2,469,569</u>	<u>2,892,471</u>
Excess (Deficiency) of Revenues Over Expenditures	948,012	418,808
Other Financing Sources (Uses)		
Note/Bond Proceeds	283,000	-
Transfers In (Out)		
Total Other Financing Sources (Uses)	<u>283,000</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	1,231,012	418,808
Fund Balances at Beginning of Year,	<u>4,102,318</u>	<u>3,683,510</u>
Fund Balances at End of Year	<u><u>\$ 5,333,330</u></u>	<u><u>\$ 4,102,318</u></u>

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

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2016**

	<u>2016</u>	<u>2015</u>
Net change in fund balances-total governmental funds	\$ 1,231,012	\$ 418,808
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures along with long-term note advances. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	11,700	9,049
Long-term note advances. (Repayments)	(518,944)	-
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, \$69,614 of depreciation expense is not reported as expenditure in governmental funds.	(69,279)	(70,204)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items. Long term principal payments (\$974,066) exceeded note proceeds (\$283,000)	691,066	755,627
Other Long Term Assets are not available to pay for current period expenditures and therefore are deferred in the funds		56,073
Notional principal amount derived from Interest Rate SWAP Agreement	17,695	
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds.	3,858	3,329
Changes in net position of governmental activities	<u>\$ 1,367,108</u>	<u>\$ 1,172,682</u>

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

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEPTEMBER 30, 2016**

	2016				2015
	Budget			Variance Favorable (Unfavorable)	
	Original	Final	Actual		Actual
Revenues					
City Sales Tax	\$ 3,058,793	\$ 3,058,793	\$ 2,894,175	\$ (164,618)	\$ 2,926,422
Interest	22,823	22,823	95,923	73,100	103,477
Program Income	471,814	471,814	421,640	(50,174)	225,688
Other Income	10,000	10,000	5,843	(4,157)	55,692
Total Revenues	3,563,430	3,563,430	3,417,581	(145,849)	3,311,279
Expenditures					
Economic Development Expenditures	2,831,029	2,831,029	2,469,569	361,460	2,892,471
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	732,401	732,401	948,012	215,611	418,808
Other Financing Sources (Uses)					
Note/Bond Proceeds			283,000	283,000	-
Transfer In (Out)				-	
Total Other Financing Sources (uses)	-	-	283,000	283,000	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	<u>\$ 732,401</u>	<u>\$ 732,401</u>	1,231,012	<u>498,611</u>	418,808
Fund Balance, October 1,			4,102,318		3,683,510
Fund Balance, September 30			<u>\$ 5,333,330</u>		<u>\$ 4,102,318</u>

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

NOTES TO FINANCIAL STATEMENTS

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Economic Development Corporation of Weslaco was incorporated October 1, 1990 under the provisions of the Development Corporation Act of 1979, as amended. The Economic Development Corporation of Weslaco is authorized by its charter to provide, assist, and enhance orderly and proper economic and industrial activities for the City of Weslaco. Its main focus is in the areas of business retention and expansion, formation of new businesses, business attraction, facilitation or constructing facilities and the enhancement of community assets.

The Economic Development Corporation of Weslaco is governed by the general laws of Texas for non-profit corporations incorporated under the Texas Non-Profit Corporation Act.

The Economic Development Corporation of Weslaco is a component unit of the City of Weslaco. This is due to its financial interdependence with the City. As a component unit of the City, it is included as a Special Revenue Fund in the City's general purpose financial statements.

(a). Basis of Presentation

The accounting policies of The Economic Development Corporation of Weslaco conform to generally accept accounting principles as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The corporation-wide financial statements (the statement of net position and the statement of changes in net position) report information on all of the activities of the Corporation. Corporation activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on a significant extent on fees and charges for support.

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

i. Fund Accounting/Special Revenue Fund

The accounts for the Corporation are organized on the basis of a special revenue fund. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to finance specific activities.

ii. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured: basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE A.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The corporation-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are rents, leases, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

Cash and Cash Equivalents

The Economic Development Corporation of Weslaco considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Investments

In accordance with provisions of GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Investment Pools," investments are reported at fair value, which is determined by market value. Certificates of deposits are reported at carrying amount which reasonably estimates fair value.

Credit Risks

Custodial Credit Risk

Deposits and Certificates of Deposits

Custodial credit risk refers to the risk that in the event of a bank failure, the agency's deposits may not be returned to it.

In accordance with The Economic Development Corporation of Weslaco's fiscal policy as approved by the Board, the agency maintains demand and time deposits through a local depository bank that are members of the Federal Reserve System.

At no time during the fiscal year did the agency deposits go over the Federal Deposit Insurance Corporation (FDIC) insurance of \$250,000 and pledged securities.

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest Rate Risk

The Economic Development Corporation of Weslaco (EDC) has not developed a formal investment policy limiting investment maturities as a means of limiting its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk

Financial instruments that potentially subject the Corporation to credit risk consist principally of leases receivable. The Corporation is engaged in long-term operating leases with companies located in Weslaco, Texas. However, concentration of credit risk associated with related leases receivable is limited due to the Corporations' small number of customers and wide range of industries and locations served.

Prepaid Expenses

Expenditures made to third party vendors for goods and services that will benefit period beyond the end of the fiscal year are recorded as prepaid items.

Revenues and Revenue Recognition

Substantially all of the Corporation's revenues are derived from sales taxes, and the leases on buildings. The Economic Development Corporation of Weslaco operates in both environments, using private and governmental resources.

Income Taxes

The Economic Development Corporation of Weslaco is exempt from income taxes under Section 501 (c) (6) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in these financial statements. Annually, the Corporation files Form 990, Income Tax Return of Tax Exempt Organizations.

Uses of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Data

Comparative data from the prior year has been presented in the financial statements and note disclosures in order to provide an understanding of changes in the Corporation's financial position and operations.

Reclassification

Certain items in the prior year report have been reclassified to conform to current year classifications. Such reclassifications had no effect on previously reported net income.

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE B. DEPOSITS AND INVESTMENTS

Deposits- It is the Corporation's policy, as well as a requirement in its Depository Agreement, for deposits plus accrued interest thereon to be 102% secured by collateral valued at fair value, less the amount of the Federal Deposit Insurance Corporation insurance. The Corporation's deposits, including certificates of deposit, were fully insured or collateralized as required by the state statutes at September 30, 2016. At year-end, the carrying amounts of the Corporation's deposits were \$4,771,437 and the respective bank balances totaled \$4,931,202 included in the bank balances are certificates of deposits totaling \$695,256. Of the total bank balance, \$250,000 was covered by Federal Depository Insurance Corporation (FDIC), and by collateral with a value of \$5,325,000.

The collateral is held by Federal Home Land Bank of Atlanta, Georgia in the Corporation's name under a joint safekeeping agreement with BBVA Compass Bank of Weslaco, Texas.

Investments - State statutes, city bond ordinances, city resolutions, and an investment policy adopted by The Economic Development Corporation of Weslaco Board authorize EDC's investments. The Board is authorized to invest in obligations of the United States of America, its agencies and instrumentalities, direct obligations of the State of Texas and agencies thereof,

obligations of the states (agencies thereof, counties, cities, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating equivalent), certificates of deposit of state and nationally banks domiciled in Texas, fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or its agencies and instrumentalities pledged with a third party, joint pools of political subdivisions in the State of Texas which invest in instruments and follow practices allowed by law, and commercial paper with a 270 day limit and an AIP1 rating by two rating agencies.

All securities held at September 30, 2016, were insured or registered, or were held by the Corporation or its agent in the Corporation's name (Category 1).

The Corporation's investments carried at fair value at September 30, 2016 and 2015 which is also the cost basis are:

	<u>2016</u>	<u>2015</u>
Investments:		
Certificate of Deposits	\$ 695,256	\$ 695,256
Assets Held for Resale	<u>402,734</u>	<u>82,870</u>
Total Investments	<u>\$ 1,097,990</u>	<u>\$ 778,126</u>

The fair value measurements are based on quoted prices in active markets for identical assets.

The Corporation's portfolios are actively monitored and managed, and while the Corporation's liquidity is managed such that these securities can be held to maturity, changes in market conditions may make it advantageous to sell them in advance of maturities.

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE C.

NOTE RECEIVABLES

As an inducement to expand their business operations to the City's Industrial Park, The Economic Development Corporation of Weslaco (EDC), accepted notes from various businesses. These notes are for cash loans, and sale of industrial park lots. The loans carry various credits incentives up to the amounts of the loans and sometimes beyond the initial loans. The credits vary by individual entities. The credits involve construction of buildings, leasing of existing properties at the industrial park, employing local residents and the purchase of goods and services from merchants in the local area. All notes receivable carry incentives to the extent of the note receivable balance.

The following is a summary of notes receivable payable to the Corporation at September 30, 2016:

Name	Note Receivables	Government-Wide Deferred Inflows of Resources	
AC/DC Signs	\$ 58,776	\$ 58,776	*
CIL Properties	145,101	145,101	*
SESA	20,000	20,000	*
Downtown Properties	90,228	90,228	*
LRGVDC (Building Sale)	1,450,999	1,450,999	*
SDI Weslaco Holdings, LLC	1,135,073	1,135,073	*
Total Notes Receivable	<u>\$ 2,900,177</u>	<u>\$ 2,900,177</u>	

Total note receivable from SDI Weslaco Holdings, LLC (SDI) was \$2,213,255 at 8% interest rate. This note is secured by a Chapter 380 Economic Development Agreement between the City of Weslaco, Texas and SDI. SDI has assigned the annual payments due from the City to the Economic Development Corporation, (EDC) of Weslaco, Texas until the note is paid in full. The note is payable in annual payments, until March 1, 2030. The 380 Agreement was to facilitate the construction of infrastructure improvements for a commercial development. The EDC spurred the development by advancing \$2,213,255 of the \$3,300,000 project. In the current year, the City of Weslaco paid \$236,035 under the 380 Agreement.

Notes with Economic Incentives *

The economic incentive portion of the note receivable balances have been recognized as expenditures in current year operations, as well as the long-term note receivable advance. As the entities earn their incentives, the note balances will be reduced accordingly, with an equal offset to deferred revenues.

This is to control compliance with the agreements. The long-term note receivable principal payments will be recognized as revenues, with an equal off-set to deferred revenues.

The rest of the note balances are to be collected in cash.

* Note balances with deferred component \$ 2,900,177

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE D. FIXED ASSETS

A summary of changes in general fixed assets follows: (See Note A-D for accounting and reporting policies).

	Balance October 1, 2015	Additions	Retirements	Balance September 30, 2016
Land	\$ 19,709	\$ -	\$ -	\$ 19,709
Furniture & Equipment	141,502	-	-	141,502
Automobiles	26,153	-	-	26,153
Building-Valley Striping	79,013	-	-	79,013
Building-Airport Hanger	399,498	-	-	399,498
Building-BVEC	1,702,775	-	-	1,702,775
Construction In Progress	9,049	11,700	-	20,749
	2,377,699	11,700	-	2,389,399
Accumulated Depreciation	(335,075)	(69,279)		(404,354)
Fixed Assets, Net of Depreciation	<u>\$ 2,042,624</u>			<u>\$ 1,985,045</u>

NOTE E. CHANGES IN LONG-TERM DEBT ACCOUNT GROUP

Sales Tax Revenue Bonds

Sales Tax Revenue Refunding Bond, Series 2011A

Sales Tax Revenue Bond, Series 2011B

On June 2, 2011, the City of Weslaco Economic Development Corporation issued Sales Tax Revenue Refunding Bond Series 2011A for \$1,090,000 and Sales Tax Revenue Bond, Series 2011B for \$1,290,000. The 2011A \$1,090,000 bond issue was used to refund the 2010 \$1,050,000 bond series. The 2011B \$1,290,000 bond issue was for the renovation of the new Business Visitor and Event Center.

Sales Tax Revenue Bond, Series 2012

On August 21, 2012, the City of Weslaco Economic Development Corporation issued Sales Tax Revenue Bonds, Series 2012 for \$1,155,000. The 2012 \$1,155,000 bond issue was used to finance the cost of construction, renovation, and remodeling tourism and entertainment facilities, including a multi-purpose use exhibition hall/event center, the Business Visitors and Event Center Building.

Sales Tax Revenue Refunding Bond, Series 2012

On December 20, 2012, the City of Weslaco Economic Development Corporation issued Sales Tax Revenue Refunding Bond Series 2012 for \$2,870,000. The 2012 \$2,870,000 bond issue was used to pay off the balance of \$2,765,000 due on the Sales Tax Revenue Bond Series 2003A.

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE E. CHANGES IN LONG-TERM DEBT ACCOUNT GROUP (CONTINUED)

The following is a detail of the bonds payable of \$4,335,000 and notes payable of \$266,056 at September 30, 2016:

	<u>2016</u>	<u>2015</u>
<u>Revenue Bonds Payable</u>		
\$1,155,000 Economic Development Sales Tax Revenue Bond Series 2012, due in annual installments not exceeding \$130,000 beginning February 15, 2013 through February 15, 2023, interest rate of 2.60%.	\$ 840,000	\$ 950,000
\$1,090,000 Economic Development Sales Tax Revenue Refunding Bond Series 2011A due in annual installments not exceeding \$280,000 beginning February 15, 2012 through February 15, 2017, interest varies between 3.84% and 4.47%.	280,000	560,000
\$1,290,000 Economic Development Sales Tax Revenue Bond, Tax-Exempt Series 2011B, due in annual installments not exceeding \$335,000 beginning February 15, 2017 through February 15, 2021, rate of 3.84%.	1,290,000	1,290,000
\$2,870,000 Economic Development Sales Tax Revenue Refunding Bond Series 2012, due in annual installments not exceeding \$305,000 beginning February 15, 2013 through February 15, 2023, with interest of 3.40%.	1,925,000	2,165,000
Total Revenue Bonds Payable	<u>\$ 4,335,000</u>	<u>\$ 4,965,000</u>

Notes Payable

A note dated May 6, 2009 and payable to Compass Bank for \$1,300,000. The terms of the note include principal and interest payments ranging from \$12,000 to \$18,000 beginning June 6, 2009 and continuing regularly thereafter until May 6, 2016, when the entire balance, including principal and interest will be due and payable. The interest rate is a fixed 6.25%. The note was paid in full on April 06, 2016

\$	-	\$ 344,817
----	---	------------

A note dated December 22, 2015, payable to Texas National Bank for \$283,000. The terms of the note include 83 principal and interest payments of \$3,012 beginning January 22, 2016 and continuing monthly thereafter until November 22, 2022 when the entire balance, including principal and interest will be due and payable. The interest rate is a fixed 5.00% for 10 years. The note is secured by 17.12 acres in the Industrial Park.

Total Notes Payable

266,056	-
<u>266,056</u>	<u>344,817</u>
<u>\$ 4,601,056</u>	<u>\$ 5,309,817</u>

Total Revenue Bonds and Notes Payable

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE E. CHANGES IN LONG-TERM DEBT ACCOUNT GROUP (CONTINUED)

The following is a summary of bonded and other debt transactions of the Corporation for the year beginning October 1, 2015 and ending September 30, 2016:

	Balance, October 1, 2015	Issues or Additions	Payments or Expenditures	Balance, September 30, 2016	Due Within One Year
Revenue Bonds	\$ 4,965,000	\$ -	\$ 630,000	\$ 4,335,000	\$ 655,000
Note Payable	344,817	283,000	361,761	266,056	23,189
Total Revenue Bonds and Notes Payable	<u>\$ 5,309,817</u>	<u>\$ 283,000</u>	<u>\$ 991,761</u>	<u>\$ 4,601,056</u>	<u>\$ 678,189</u>

The annual requirements to amortize all debts outstanding as of September 30, 2016, including interest are as follows:

Year Ended September 30,	Revenue Bonds		Notes Payable		Total
	Principal	Interest	Principal	Interest	
2017	\$ 655,000	\$ 137,116	\$ 23,189	\$ 12,951	\$ 828,256
2018	675,000	113,204	24,392	11,748	824,344
2019	690,000	89,566	25,657	10,483	815,706
2020	720,000	65,139	26,963	9,177	821,279
2021	740,000	39,847	28,388	7,752	815,987
2023 & Beyond	855,000	27,265	137,467	7,607	1,027,339
Total	<u>\$ 4,335,000</u>	<u>\$ 472,137</u>	<u>\$ 266,056</u>	<u>\$ 59,718</u>	<u>\$ 5,132,911</u>

There are a number of limitations and restrictions contained in the various bond indentures. The Corporation is substantially in compliance with all significant limitations and restrictions. The bond resolution requires \$695,256 designated as bond reserve. The Corporation is currently carrying \$695,256 in the Bond Reserve Account.

NOTE F. COMPENSATED ABSENCES

It is the policy of the Economic Development Corporation of Weslaco that employees with one or more years of service are provided with twenty-four days of paid-time off per fiscal year. The paid-time off can be taken for any reason, subject to the approval of the Executive Director. Paid-time off is a benefit that does not accrue from year to year.

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE G. RISK MANAGEMENT

The Corporation is exposed to various risks of loss to torts, theft of, damage to and destruction of assets; errors or omissions; injuries to employees; and natural disasters. During fiscal year 2016 and 2015, the Corporation purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage from the previous year. Furthermore, the Corporation is not aware of any pending claims for which liability would exceed the limits of commercial insurance coverage.

NOTE H. COMMITMENTS

The Economic Development Corporation of Weslaco extended economic incentives to the following entities as follows:

	<u>Commitment</u>	<u>Paid in Prior Years</u>	<u>Paid in Current Year</u>	<u>Balance Due</u>
<u>Monetary Incentives</u>				
Mayan-(Kahn's Grill)	\$ 150,000	\$ 75,000	\$ 25,000	\$ 50,000
Motion Industries	56,000	36,000	15,000	5,000
Mission Foods	60,000	37,500	10,000	12,500
Wal-Mart Neighborhood	900,000	150,000	125,000	625,000
Payne Auto Group (GMC)	275,000	165,000	55,000	55,000
Payne Auto Group (Chevy)	275,000	165,000	55,000	55,000
Payne Auto Group (Ford)	275,000	82,500	55,000	137,500
Hermes Trading Co.	192,000	154,500	37,500	-
Mid Valley Trailer Repair	116,750	-	116,750	-
BPMP (Chick-Fil-A/Blue Wave)	500,000	100,000	-	400,000
Total Monetary Incentives	<u>\$ 2,799,750</u>	<u>\$ 965,500</u>	<u>\$ 494,250</u>	<u>\$ 1,340,000</u>

Subsequent year balances of \$1,340,000 are contingent on the business entities maintaining agreed upon employment levels and other conditions of the loan/grant incentives. This amount is not recognized as a liability in the financial statements.

EDA Grant

On July 27, 2016 the Economic Development Corporation of Weslaco was awarded a \$1,400,000 financial assistance grant, from the US Department of Commerce Economic Development Administration, with a EDC commitment of \$986,326, for a total estimated cost of \$2,386,326. This Grant is to be used to fund the UTRGV Center for Innovation and Commercialization Incubator Project. The Economic Development Corporation of Weslaco has already restricted \$925,042 as of September 30, 2016.

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE I. LEASE COMMITMENTS

The Weslaco Economic Development Corporation also has commitments for leases from the following entities:

1. Business Visitors and Event Center – offices to be used by the Weslaco Chamber of Commerce, with annual contributions for the five years beginning May 1, 2012. A new 5-year contract was renewed in January 2017.

9/30/2017	\$ 19,620
9/30/2018	20,124
9/30/2019	20,124
9/30/2020	20,124
9/30/2021	20,124
9/30/2022	5,031

NOTE J. CONTINGENCIES

The Corporation is periodically involved in legal actions arising in the normal course of business. In the opinion of management, such matters will not have a material adverse effect upon the financial position of the Corporation.

NOTE K. 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 Corporation does not identify any deferred outflows of resources.

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 Corporation has 1 (one) category that qualified as deferred inflows of resources.

The following table describes the items and amounts:

<u>Deferred Inflows</u>	<u>Economic Development</u>	<u>Total</u>
Note Receivable	\$ 2,900,177	\$ 2,900,177
Totals	<u>\$ 2,900,177</u>	<u>\$ 2,900,177</u>

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE L. BOND RESERVE AND BOND PROCEEDS

The Economic Development Sales Tax Revenue bonds indenture requires that during the period of time the bonds are outstanding the Corporation must maintain a reserve account to comply with debt services requirements. Bonds proceeds for construction are also temporarily restricted until the money is used. Assets in these funds are restricted and can be used only in accordance with the bond indenture.

Restricted assets at September 30, 2016 were as follows:

	<u>2016</u>	<u>2015</u>
Certificate of Deposit Bond Reserve	\$ 695,256	\$ 695,256
Money Market Fund Unspent Bond Proceeds	925,042	924,883
Cash in Escrow-Earnest Money	-	5,500
Total Restricted Assets	<u>\$ 1,620,298</u>	<u>\$ 1,625,639</u>

NOTE M. SUBSEQUENT EVENTS

Subsequent events were evaluated through March 9, 2017, which is the date the financial statements were available to be issued.

INDIVIDUAL FUND STATEMENTS

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
COMPARATIVE BALANCE SHEET
SEPTEMBER 30, 2016**

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Cash-Operations	\$ 3,151,439	\$ 2,253,620
Cash Investment	695,256	695,256
Accounts Receivable (Net)	9,777	7,356
Due from Other Funds	215,701	204,130
Assets Held for Resale	402,734	82,870
Restricted Cash and Cash Investments	925,042	930,383
Long-Term Note Receivable (Note C)	<u>2,900,177</u>	<u>3,419,121</u>
Total Assets	<u>\$ 8,300,126</u>	<u>\$ 7,592,736</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>		
Accounts Payable	\$ 16,943	\$ 21,800
Contracts Payable	43,750	41,250
Payroll Taxes Payable	<u>5,926</u>	<u>8,247</u>
Total Liabilities	<u>66,619</u>	<u>71,297</u>
Deferred inflows of resources		
Deferred revenue	<u>2,900,177</u>	<u>3,419,121</u>
Fund Balance		
Designated		
Designated for Bond Reserve	695,256	695,256
Designated for Project Development	60,000	60,000
Designated for Capital Projects	925,042	930,383
Undesignated	<u>3,653,032</u>	<u>2,416,679</u>
Total Fund Balance	<u>5,333,330</u>	<u>4,102,318</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 8,300,126</u>	<u>\$ 7,592,736</u>

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

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEPTEMBER 30, 2016**

	2016			2015
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
City Sales Tax	\$ 3,058,793	\$ 2,894,175	\$ (164,618)	\$ 2,926,422
Interest	22,823	95,923	73,100	103,477
Program Income (Net)	471,814	421,640	(50,174)	225,688
Other Income	10,000	5,843	(4,157)	55,692
Total Revenues	3,563,430	3,417,581	(145,849)	3,311,279
Expenditures				
Economic Development Expenditures	2,831,029	2,469,569	361,460	2,892,471
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	732,401	948,012	215,611	418,808
Other Financing Sources (Uses)				
Note/Bond Proceeds		283,000	283,000	-
Transfer In (Out)			-	
Total Other Financing Sources (uses)	-	283,000	283,000	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	\$ 732,401	1,231,012	\$ 498,611	418,808
Fund Balance, October 1		4,102,318		3,683,510
Fund Balance, September 30		\$ 5,333,330		\$ 4,102,318

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

SCHEDULE OF EXPENDITURES

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Administration		
Personal services	\$ 50,109	\$ 77,980
Other services & charges	176,948	152,140
Total Administration	<u>227,057</u>	<u>230,120</u>
Property Management		
Personal services	106,293	109,171
Other services & charges	174,670	185,073
Bad Debt Expense	-	-
Total Property Management	<u>280,963</u>	<u>294,244</u>
Promotion & Development		
Personal services	101,003	124,768
Other services & charges	200,110	196,225
Total Promotion & Development	<u>301,113</u>	<u>320,993</u>
Contract Services-Funding of Economic Development Projects:		
South Texas College	-	39,000
Frontera Audubon	-	20,000
LRGVDC	39,000	-
Vida Grant	65,436	62,920
Rio Grande Regional Water	-	4,181
Women's Business Center	-	15,000
Carlos Garza, P.C	2,225	-
La Real Michoacana	10,162	-
Total Contract Services	<u>116,823</u>	<u>141,101</u>

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

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Economic Incentives To Area Businesses: (Note F)		
TDI Industries	\$ -	\$ 10,200
L & W Supply	-	55,557
Mission Foods	10,000	10,000
Motion Industries	15,000	15,000
Mayan (Khan's Grill)	25,000	75,000
CI Logistics, LLC	-	50,000
Payne Auto Group	165,000	165,000
Walmart Neighborhood	125,000	150,000
BPMP Real Estate	-	100,000
Nolana Self Storage (Motel 6)	-	150,000
Hermes Trading Co.	37,500	67,000
Pop Holdings (Popeye's)	-	25,000
RMH Franchise (Apple Bees)	-	60,000
Total Economic Incentives	<u>377,500</u>	<u>932,757</u>
Capital Outlay		
UTRGV Center for Innovation and Commercialization Incubator Project	<u>11,700</u>	<u>9,049</u>
Total Capital Outlay	<u>11,700</u>	<u>9,049</u>
Debt Service		
Principal on Bonds and Notes (Note E)	974,066	755,627
Interest on Bonds and Notes	<u>180,347</u>	<u>208,580</u>
Total Debt Services	<u>1,154,413</u>	<u>964,207</u>
Total Expenditures	<u>\$ 2,469,569</u>	<u>\$ 2,892,471</u>

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

SUPPLEMENTAL SCHEDULES

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
SCHEDULE OF CHANGES IN NOTE RECEIVABLES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

Note Receivables	Note Receivables 10/1/2015	Additions	Deletions Retirements	Note Receivables 9/30/2016
AC/DC Signs	\$ 68,067	\$ -	\$ 9,291	\$ 58,776 *
Dos Logistics	95,000	-	95,000	- *
Mid Valley Trailer	116,750	-	116,750	- *
Downtown Properties	101,515	-	11,287	90,228 *
CIL Properties	158,633		13,532	145,101 *
SESA	-	20,000		20,000 *
SDI Weslaco Holdings, LLC	1,371,108	-	236,035	1,135,073 *
LRGVDC (Building Sale)	1,508,048	-	57,049	1,450,999 *
Total Note Receivable	<u>\$ 3,419,121</u>	<u>\$ 20,000</u>	<u>\$ 538,944</u>	<u>\$ 2,900,177</u>

* Note balances with deferred component

\$ 2,900,177

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

SCHEDULE OF GENERAL FIXED ASSETS

This schedule is established to account for the fixed assets owned by The Economic Development Corporation of Weslaco.

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCE
SEPTEMBER 30, 2015 AND 2016**

	<u>2016</u>	<u>2015</u>
General Fixed Assets		
Land	\$ 19,709	\$ 19,709
Buildings	2,181,286	2,181,286
Machinery & Equipment	167,655	167,655
Construction In Progress	<u>20,749</u>	<u>9,049</u>
Total General Fixed Assets (Note D)	<u><u>\$ 2,389,399</u></u>	<u><u>\$ 2,377,699</u></u>

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

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	General Fixed Assets 10/1/2015	Additions	Retirements	General Fixed Assets 9/30/2016
Economic Development				
Land	\$ 19,709	\$ -	\$ -	\$ 19,709
Buildings	2,181,286	-	-	2,181,286
Machinery & Equipment	167,655	-	-	167,655
Construction In Progress	9,049	11,700	-	20,749
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total General Fixed Assets	<u>\$ 2,377,699</u>	<u>\$ 11,700</u>	<u>\$ -</u>	<u>\$ 2,389,399</u>

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

SCHEDULE OF GENERAL LONG-TERM DEBT

This schedule records the principal outstanding on all general long-term debt obligations and the amount provided in future years.

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
SCHEDULE OF GENERAL LONG-TERM DEBT
SEPTEMBER 30, 2016**

	<u>2016</u>	<u>2015</u>
Amount Available and to be Provided for the Payment of General Long-Term Debt		
Serial bonds, Notes Payable and Assumed Debt	\$ 695,256	\$ 695,256
Amount Available in Debt Service Fund	-	-
Amount to be provided	<u>3,905,800</u>	<u>4,614,561</u>
Total Available and to be Provided (Note E)	<u><u>\$ 4,601,056</u></u>	<u><u>\$ 5,309,817</u></u>
 General Long-Term Debt Payable		
Bonded Debt		
Sales Tax Revenue Bonds	<u>4,335,000</u>	<u>4,965,000</u>
Total Bonded Debt	<u><u>4,335,000</u></u>	<u><u>4,965,000</u></u>
 Long-Term Notes Payable		
Note Payable-Compass Bank	-	344,817
Note Payable-Texas National Bank	<u>266,056</u>	<u>-</u>
Total Long-Term Notes Payable	<u><u>266,056</u></u>	<u><u>344,817</u></u>
 Total General Long-Term Debt Payable	<u><u>\$ 4,601,056</u></u>	<u><u>\$ 5,309,817</u></u>

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

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
SCHEDULE OF CHANGES IN GENERAL LONG-TERM DEBT
SEPTEMBER 30, 2016**

	Balance October 1, 2015	Obligations Issued	Retired	Debt Service Fund Operations	Balance September 30, 2016
Amount Available and To Be Provided For Payment of Long-Term Debt					
Amount Available in Debt Service Fund	\$ 695,256	\$ -	\$ -	\$ -	\$ 695,256
Amount to be Provided for Retirement of Long- Term Debt	<u>4,614,561</u>	<u>283,000</u>	<u>991,761</u>	<u>-</u>	<u>3,905,800</u>
Total Available and to be Provided	<u><u>\$ 5,309,817</u></u>	<u><u>\$ 283,000</u></u>	<u><u>\$ 991,761</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,601,056</u></u>
General Obligation Debt Payable					
Sales Tax Revenue Bond	\$ 4,965,000	\$ -	\$ 630,000	\$ -	\$ 4,335,000
Notes Payable	<u>344,817</u>	<u>283,000</u>	<u>361,761</u>	<u>-</u>	<u>266,056</u>
Total General Obligation Debt Payable	<u><u>\$ 5,309,817</u></u>	<u><u>\$ 283,000</u></u>	<u><u>\$ 991,761</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,601,056</u></u>

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

BONDED DEBT REQUIREMENTS

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
SCHEDULE OF CHANGES IN BONDED DEBT
OCTOBER 1, 2015 TO SEPTEMBER 30, 2016**

Description	Date Issued	Original Amount Issued	Bonds Outstanding 10/1/2015
<u>Economic Development Sales Tax Revenue Bonds</u>			
Series 2011A	6/2/2011	\$ 1,090,000	\$ 560,000
Series 2011B	6/2/2011	1,290,000	1,290,000
Series 2012	8/21/2012	1,155,000	950,000
Series 2012 (Refunding)	12/20/2012	2,870,000	2,165,000
Total Economic Development Sales Tax			<u>\$ 4,965,000</u>

- (1) Compass Bank, McAllen, Texas
(2) U.S. Bank, Houston, Texas

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
SCHEDULE OF CHANGES IN BONDED DEBT
OCTOBER 1, 2015 TO SEPTEMBER 30, 2016**

<u>Issued/ Adjusted</u>	<u>Retired</u>	<u>Bonds Outstanding 9/30/2016</u>	<u>Interest Rate</u>	<u>Optional Date</u>	<u>Principal Date</u>	<u>Agent</u>
\$ -	\$ 280,000	\$ 280,000	Various	None	15-Feb	(1)
	-	1,290,000	4.47%	None	15-Feb	(1)
	110,000	840,000	4.47%	None	15-Feb	(1)
	240,000	1,925,000	3.40%	None	15-Feb	(2)
<u>\$ -</u>	<u>\$ 630,000</u>	<u>\$ 4,335,000</u>				

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
SUMMARY OF BONDED DEBT SERVICE REQUIRMENTS TO MATURITY
AT SEPTEMBER 30, 2016**

Fiscal Year Ending 30-Sep	Sales Tax Revenue Bonds		Total Debt Services
	Principal	Interest	
2017	\$ 655,000	\$ 137,116	\$ 792,116
2018	675,000	113,204	788,204
2019	690,000	89,566	779,566
2020	720,000	65,139	785,139
2021	740,000	39,847	779,847
2022	420,000	20,390	440,390
2023	435,000	6,875	441,875
Total	<u>\$ 4,335,000</u>	<u>\$ 472,137</u>	<u>\$ 4,807,137</u>

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
ECONOMIC DEVELOPMENT SALES TAX BONDS
SERIES 2011A
AS OF SEPTEMBER 30, 2016**

<u>Fiscal Year</u>	<u>Interest Rate</u>	<u>Interest Payment</u>		<u>Principal Due 15-Feb</u>	<u>Principal Outstanding 30-Sept</u>
		<u>15-Feb</u>	<u>15-Aug</u>		
2016		\$ -	\$ -	\$ -	\$ 280,000
2017	4.470%	<u>6,258</u>	<u></u>	<u>280,000</u>	-
Total		<u>\$ 6,258</u>	<u>\$ -</u>	<u>\$ 280,000</u>	

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
ECONOMIC DEVELOPMENT SALES TAX REVENUE BONDS,
SERIES 2011B
AS OF SEPTEMBER 30, 2016**

Fiscal Year	Interest Rate	Interest Payment		Principal Due 15-Feb	Principal Outstanding 30-Sept
		15-Feb	15-Aug		
2016		\$ -	\$ -	\$ -	\$ 1,290,000
2017	3.840%	24,768	24,480	15,000	1,275,000
2018	3.840%	24,480	18,624	305,000	970,000
2019	3.840%	18,624	12,672	310,000	660,000
2020	3.840%	12,672	6,432	325,000	335,000
2021	3.840%	<u>6,432</u>	<u></u>	<u>335,000</u>	-
Total		<u>\$ 86,976</u>	<u>\$ 62,208</u>	<u>\$ 1,290,000</u>	

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
ECONOMIC DEVELOPMENT SALES TAX REVENUE BONDS,
SERIES 2012
AS OF SEPTEMBER 30, 2016**

Fiscal Year	Interest Rate	Interest Payment		Principal Due 15-Feb	Principal Outstanding 30-Sept
		15-Feb	15-Aug		
2016		\$ -	\$ -	\$ -	\$ 840,000
2017	2.60%	10,920	9,490	110,000	730,000
2018	2.60%	9,490	7,995	115,000	615,000
2019	2.60%	7,995	6,500	115,000	500,000
2020	2.60%	6,500	4,940	120,000	380,000
2021	2.60%	4,940	3,315	125,000	255,000
2022	2.60%	3,315	1,690	125,000	130,000
2023	2.60%	<u>1,690</u>		<u>130,000</u>	-
Total		<u>\$ 44,850</u>	<u>\$ 33,930</u>	<u>\$ 840,000</u>	

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
ECONOMIC DEVELOPMENT SALES TAX REVENUE REFUNDING BONDS
SERIES 2012
AS OF SEPTEMBER 30, 2016**

Fiscal Year	Interest Rate	Interest Payment		Principal Due 15-Feb	Principal Outstanding 30-Sept
		15-Feb	15-Aug		
2016		\$ -	\$ -	\$ -	\$ 1,925,000
2017	3.40%	32,725	28,475	250,000	1,675,000
2018	3.40%	28,475	24,140	255,000	1,420,000
2019	3.40%	24,140	19,635	265,000	1,155,000
2020	3.40%	19,635	14,960	275,000	880,000
2021	3.40%	14,960	10,200	280,000	600,000
2022	3.40%	10,200	5,185	295,000	305,000
2023	3.40%	<u>5,185</u>	<u></u>	<u>305,000</u>	-
Total		<u>\$ 135,320</u>	<u>\$ 102,595</u>	<u>\$ 1,925,000</u>	

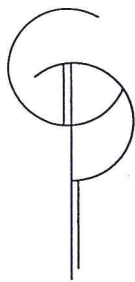
COMPLIANCE SECTION

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
SEPTEMBER 30, 2016**

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Program Award Amount</u>	<u>Federal Expenditure</u>
<u>FEDERAL ASSISTANCE</u>				
<u>U.S. Department of Commerce</u>				
Passed through the Economic Development Administration (EDA)				
Public Works and Economic Adjustment Assistance Program	11.307	08-01-05123	\$1,400,000	\$ -
			<u>1,400,000</u>	<u>-</u>
<u>STATE ASSISTANCE</u>			<u>-</u>	<u>-</u>
Total Federal and State Awards Expended			<u><u>\$1,400,000</u></u>	<u><u>\$ -</u></u>

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

**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**



GARCIA & PEÑA

Certified Public Accountants

P. O. Box 8032

301 West 4th

Weslaco, Texas 78599

956-969-1433 • Fax 956-968-1467 • 956-421-4601

Manuel B. Garcia, CPA

Jaime X. Peña, CPA

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

The Board of Directors
The Economic Development Corporation
of Weslaco, Texas
Weslaco, Texas 78596

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Economic Development Corporation of Weslaco, Texas (a nonprofit organization), which comprise the statement of financial position as of September 30, 2016, and the related statements of activities for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 9, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Economic Development Corporation of Weslaco, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Economic Development Corporation of Weslaco, Texas' internal control. Accordingly, we do not express an opinion of the effectiveness of The Economic Development Corporation of Weslaco, Texas' 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the Organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Garcia & Pena,
Certified Public Accountants

March 9, 2017

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2016**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified				
Internal control over financial reporting:					
* Significant deficiency (ies) identified	<table border="0"> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">Yes</td> <td style="text-align: center;">_____ X _____</td> <td style="text-align: center;">No</td> </tr> </table>	_____	Yes	_____ X _____	No
_____	Yes	_____ X _____	No		
* Significant deficiency (ies) identified that are considered to be material weaknesses?	<table border="0"> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">Yes</td> <td style="text-align: center;">_____ X _____</td> <td style="text-align: center;">No</td> </tr> </table>	_____	Yes	_____ X _____	No
_____	Yes	_____ X _____	No		
Noncompliance material to financial statements noted?	<table border="0"> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">Yes</td> <td style="text-align: center;">_____ X _____</td> <td style="text-align: center;">No</td> </tr> </table>	_____	Yes	_____ X _____	No
_____	Yes	_____ X _____	No		

Federal Awards

Internal control over major programs:					
Material weakness(es) identified:	<table border="0"> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">Yes</td> <td style="text-align: center;">_____ X _____</td> <td style="text-align: center;">No</td> </tr> </table>	_____	Yes	_____ X _____	No
_____	Yes	_____ X _____	No		
* Reportable condition (s) identified that are considered to be material weakness (es).	<table border="0"> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">Yes</td> <td style="text-align: center;">_____ X _____</td> <td style="text-align: center;">No</td> </tr> </table>	_____	Yes	_____ X _____	No
_____	Yes	_____ X _____	No		
Type of auditors' report issued on compliance for major programs:	Unqualified				
Any audit findings disclosed that are required to be reported in accordance with Section 510 (a) of Circular A-133?	<table border="0"> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">Yes</td> <td style="text-align: center;">_____ X _____</td> <td style="text-align: center;">No</td> </tr> </table>	_____	Yes	_____ X _____	No
_____	Yes	_____ X _____	No		

Identification of major programs:

_____ CFDA Number (s)	_____ Name of Federal Program or Cluster
-----------------------	--

N/A

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
--	------------

Auditee qualified as low-risk auditee?	<table border="0"> <tr> <td style="text-align: center;">_____ X _____</td> <td style="text-align: center;">Yes</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">No</td> </tr> </table>	_____ X _____	Yes	_____	No
_____ X _____	Yes	_____	No		

**THE ECONOMIC DEVELOPMENT CORPORATION
OF WESLACO (EDC)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2016**

Section II - Financial Statement Findings

None Reported

Section III - Federal and State Award Findings

None Reported