



CITY OF
McALLEN, TEXAS

Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2019

Prepared by:
Department of Finance

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CITY OF McALLEN, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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

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

March 23, 2020

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

State and local law requires that the City of McAllen publish annually a complete set of audited financial statements. This report, the Comprehensive Annual Financial Report of the City of McAllen, is published to meet that requirement for the fiscal year ended September 30, 2019.

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

The firm of Weaver and Tidwell, LLP, Certified Public Accountants and Advisors, was selected by the City to perform the audit and have issued an unmodified ("clean") opinion on the City of McAllen's financial statements for the year ended September 30, 2019. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act and Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Generally accepted auditing standards and the standards set forth in the Government Accountability Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditors' report on the basic financial statements and required supplementary information as well as the individual fund statements and schedules are included in the financial section of this report. The auditors' reports on internal controls and compliance with applicable laws and regulations can be found in the single audit section of this report.

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

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

PROFILE OF THE GOVERNMENT

The City of McAllen, incorporated in 1911 and the largest city in Hidalgo County, is located at the intersection of U. S. Highway 83 and State Highway 336. It is approximately 230 miles south of San Antonio, 150 miles north of Monterrey, Nuevo Leon, Mexico, a city with a population of over 5.9 million including the surrounding suburbs, and just 7 miles north of Reynosa, Tamps. Mexico. Within a 150-mile radius of McAllen, its trade area represents approximately 10 million people. According to the 2010 census, McAllen's estimated population was 129,877, increasing 23,463 or 22% over that of the 2000 census, 106,414. According to the latest Census Bureau population number, it is estimated that as of September 30, 2019 the City's population has grown to 149,875. The City is empowered to levy a property tax on both real and business personal property located within its boundaries. The City also has the power by state statute to extend its corporate limits by annexation, which it has done from time to time, as deemed appropriate by the City Commission.

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

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

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

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

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

LOCAL ECONOMY

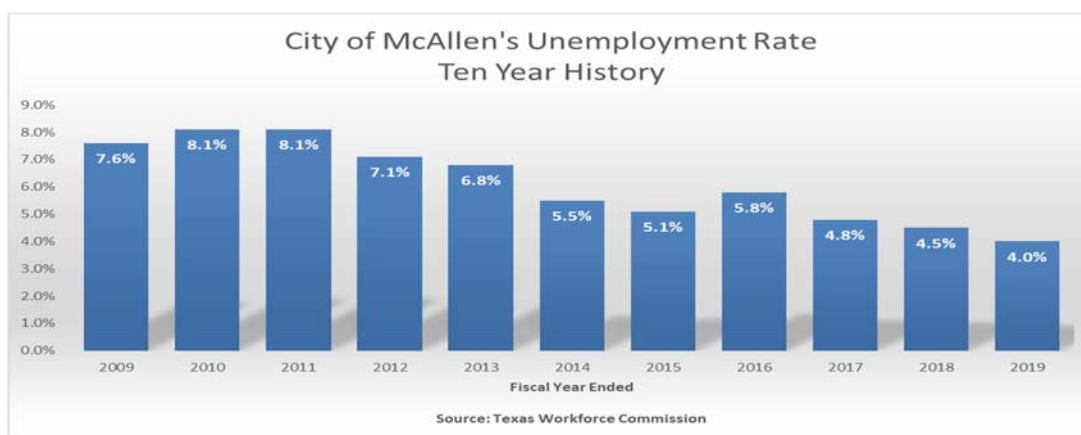
Over the last 20 to 25 years, the City's economy has undergone a significant transformation, characterized by a decreasing reliance on agriculture. As a consequence of this transformation, the City has experienced substantial economic growth that has spurred an increase in employment and a decline in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

According to the U.S. Bureau of Labor Statistics, over the last 10 years the McAllen-Edinburg-Mission MSA employment has grown from 264,128 in September 30, 2009 to 332,148 in September 30, 2019—a 25.8% increase. At this level, the unemployment rate is 5.8%. Some of the more significant employment numbers by industry, include government; trade, transportation and utilities; education and health services; professional and business services; and leisure and hospitality.

The City's location has historically positioned it to take advantage of The Maquiladora "Twin Plant" Program, under which U.S. firms locate manufacturing facilities in Mexico accompanied by warehousing facilities in McAllen's foreign trade zone in order to cut labor costs and remain competitive, has been responsible for a large part of the job growth. Since 1988 through 2020, the McAllen Economic Development Corporation has been responsible for bringing 331 new companies, which including expansions, has created 25,706 jobs in McAllen. Its efforts have also resulted in 371 new companies, which including expansions, has created 93,262 new jobs in Reynosa, Mexico. Overall, 218,131 jobs have been created.

The impact of the Renegotiated North American Free Trade Agreement (NAFTA) now known as the new United States-Mexico-Canada Agreement (USMCA), as it continues to develop, has also played a major role in increased trade with Mexico for the City as well as the State of Texas. During 2018, Texas exported \$109.7 billion to Mexico, which represented over 35% of Texas' total exports—making Mexico its Number One Trading Partner. As USMCA continues to mature, the City of McAllen's international toll bridge, connecting Hidalgo, Texas with Reynosa, will continue to facilitate trade between Mexico and the U. S.; and, more particularly the City with its proximity to Mexico and strong social, economic and cultural ties with the people of Mexico. The Anzalduas International Crossing also provides another bridge to connect the peoples of the U.S. and Mexico and facilitate economic development opportunities between the two countries.

The City's unemployment rate has steadily declined since 2011, decreasing from 8.1% to 4.0% as of September 30, 2019. The following chart shows the unemployment rate trend for the past ten years.



Another useful source of information for assessing the City's economy is the *McAllen Area Economic Pulse* report, published by the McAllen Chamber of Commerce. This year's report indicates an increase over last year. According to the latest report available, September 2019, the economic index for the McAllen Area increased from 188.2 in September 2018 to 195.3 in September 2019. This index reflects, for the McAllen area economy, an increase in September retail sales of 15.5%, airline boarding, 15.1%, and home sales, 16.4%.

Some of the City's more significant statistics, reflective of its economy, are positive. From 2010 to 2019, property values have grown 29.6% resulting in an increase of property tax revenue. Property tax revenue has increased by 42.9% from fiscal year 2010 to fiscal year 2019. During the same period, sales tax revenue has increased by 29.3% resulting in property tax relief for residents of McAllen. The City of McAllen has also maintained one of lowest property tax rates in the region.

LONG-TERM FINANCIAL PLANNING

As of September 30, 2019 the City's General Fund unassigned fund balance amounted to \$60.5M, which represents 198 days of operating expenses appropriated in next year's budget. This amount exceeds the City's 140-day policy by 58 days.

RELEVANT FINANCIAL POLICIES

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

MAJOR INITIATIVES For the Year 2018-19

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

The goals adopted by the Mayor and City Commission for FY 2018-19, as well as the status, follows:

Continue to implement City Business Plan

- Continue to Retail recruitments efforts nationwide
Management's Response: A top recruitment firm hired to attract businesses to compliment McAllen at the "destination of choice" La Plaza Mall is completed and new businesses have opened stores.
- Continue to bring new manufactures to the Region
Management's Response: Four new companies creating 470 new jobs opened this year.

- Anzalduas International Bridge North Bound Inspection Station
Management's Response: The project is proposed to be funded through Coordinated Border Infrastructure Program administered through Texas Department of Transportation (TXDOT). The City would seek reimbursement from TXDOT for the project cost.

Complete City assets currently in design

- Construct new Two Level Parking Structure at McAllen Public Safety Building
Management's Response: Ongoing project with the purpose to provide 294 parking spaces for Police Department and staff. Crews have started forming the spandrels and shear walls. Project estimated to be completed in Fiscal Year 2020.
- Girls Softball Complex
Management's Response: Construction to complete at the end of Fiscal Year 2019. Irrigation and landscaping to follow in house.
- Fire Station #2
Management's Response: Completed. Grand Opening was held in May 2019.
- Palm View Golf Course Tee Leveling and Bunker Reconstruction
Management Response: The leveling and resodding approximately 134,423 square feet of teeing grounds and reconstructing all the sand bunkers at Palm View Golf Course was completed in August 2019.

Improve City Traffic flow

- Bicentennial Boulevard Extension
Management's Response: The project was advertised and bid in the month of August 2019. Bid Analysis and report is currently under review by Texas Department of Transportation or concurrence.
- Traffic Management Improvements – Cabinets Replacements
Management's Response: Traffic Cabinets replaced at various locations completed. Ongoing project, Operations staff has completed the installation/upgrade of traffic cabinets along the 10th Street and 2nd Street; Staff is in the process of completing cabinet upgrades along the 23rd Street corridor; other locations will be identified and replaced.
- 29TH Street (Oxford to 107)
Management's Response: Ongoing project, Roadway design and ROW acquisition is complete; Road closure is being implemented, with Phase III of the roadway underway. Contract completion March 2020.

Improve City Storm Drainage

- Regional Storm water improvements –Kennedy Avenue
Management's Response: This project consists of the installation of approximately 3,630-linear feet of storm drainpipe along Kennedy Avenue, Jackson Avenue, and Colonel Rowe Boulevard. Construction to begin in October 2019.
- Regional Storm Water Improvements - Westway Heights
Management's Response: This project consists of the installation of approximately 7,000-linear feet of storm drainpipe within Westway Heights Subdivision. Construction anticipated to complete in November 2019.
- Regional Storm Water Improvements – Pecan Blvd at N. 27th Street
Management's Response: This project consists of storm water infrastructure upgrades to a section of the existing system on Pecan Boulevard. Completed in August 2019.
- Regional Storm Water Improvements – Sarah Avenue
Management's Response: Roadway paving and drainage improvements to construct a segment of Sarah Avenue from Ware Road (FM 2220) to west boundary line of IDEA School South McAllen. Drainage improvements complete as of August 2019, pending final inspection and punchlist.

Leisure, Cultural and Entertainment

➤ Bicentennial Hike and Bike

Management's Response: Extension of Hike and Bike trail along with addition of amenities to continually encourage use of linear parks. Completed in Fiscal Year 2019.

➤ Trail Enhancements

Management's Response: Enhancement of trail along Bicentennial/2nd Street. Completed in Fiscal Year 2019.

➤ Municipal Bath house

Management's Response: Installed new plumbing within bathhouse restrooms and remodel of showers for ADA accessibility. Completed in Fiscal Year 2019.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the year ended September 30, 2018. This was the fifteenth consecutive year and the thirty-third overall that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfies both generally accepted accounting principles and applicable legal requirements.


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

In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget dated October 1, 2018. The budget for October 1, 2019 has been submitted for review and notification of an award is awaited. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document is judged on proficiency in several categories including policy documentation, financial planning and organization.

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

Respectfully submitted,


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


Sergio Villasana Jr., CPA
Finance Director

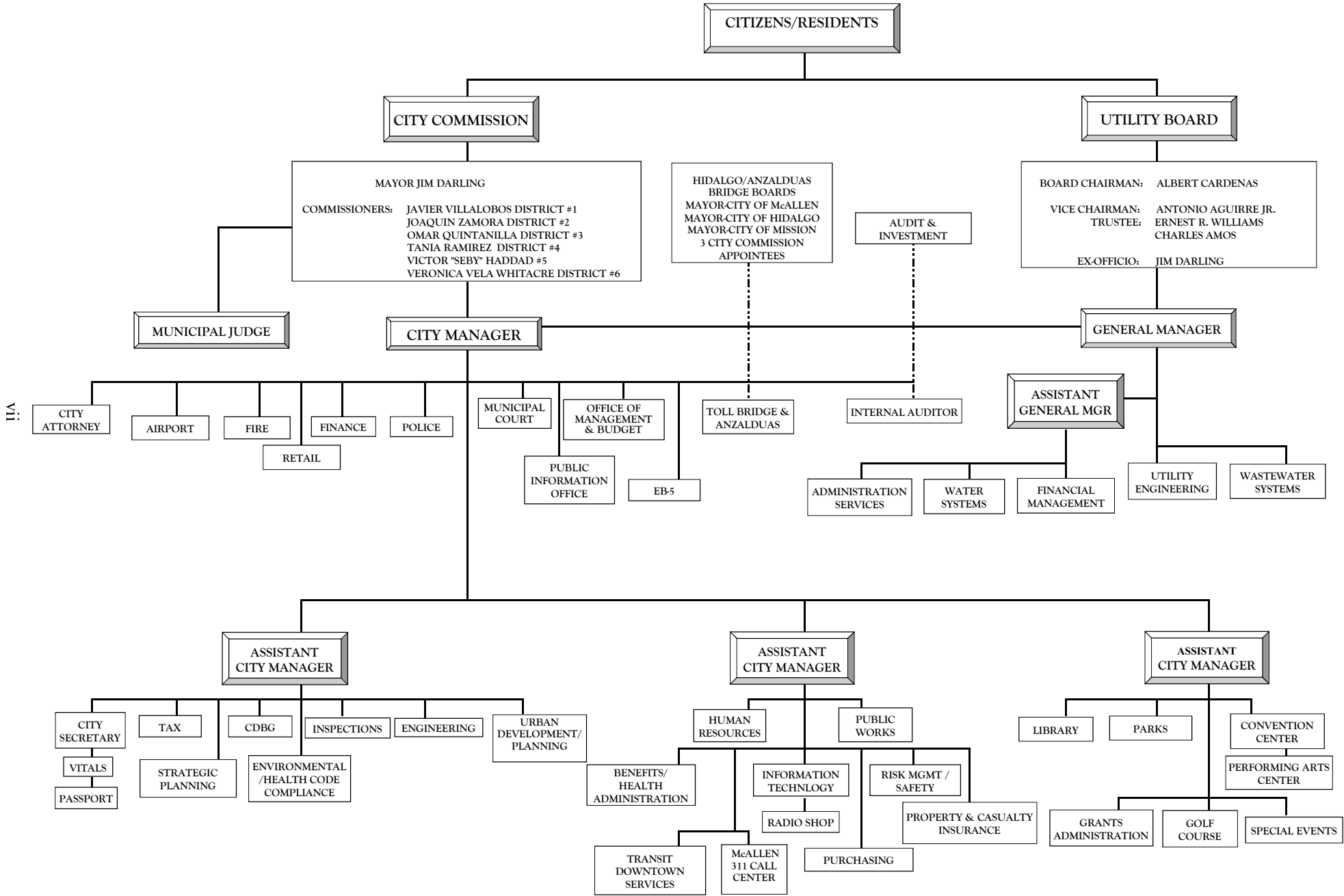
CITY OF McALLEN, TEXAS

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2019

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

CITY OF McALLEN, TEXAS





Government Finance Officers Association

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

Presented to

**City of McAllen
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of McAllen, Texas (the City), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Development Corporation Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
March 23, 2020

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City of McAllen, Texas
Management's Discussion and Analysis (Unaudited)
September 30, 2019

This discussion and analysis is intended to provide an overview of the City's financial performance for the fiscal year ended September 30, 2019 and the related effect on the City's financial condition. Please read it in conjunction with the transmittal letter on pages i-v and the City's financial statements, which begin on page 19.

FINANCIAL HIGHLIGHTS

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

Total government-wide net position increased \$11.3M as a result of this year's operations. Governmental activities increased \$11.0M while business-type activities decreased \$0.2M.

- **Governmental Activities – Revenues and Expenses Compared to Last Year** – Total revenues in the aggregate increased \$12.0M over last year. The increase was largely attributable to a \$7.0M increase in Sales Tax Revenue, a \$1.0M increase in property tax revenue and a \$4.0M increase in other general revenues. The increase in other general revenues includes a \$2.1M increase in investment income and a \$1.5M increase in special revenues due to an escrow refund. Expenses decreased \$15.0M or 8.9% from last year, which is primarily due to a decrease in estimated expenses from the TIRZ #1 of \$7.6M and the Local Government Finance Corporation of \$5.7M.
- **Business-Type Activities – Revenues and Expenses Compared to Last Year** – Total revenues reflected a decrease of \$4.0M from last year. The decrease is primarily due to a \$4.0M decrease in Capital Grants and Contributions. The Water, Wastewater, and Airport enterprise funds account for \$4.5M of the decrease. Expenses increased \$7.0M or 8.0% over last year. The Wastewater fund expenses increased by \$3.6M while the Airport had an expense increase of \$1.6M accounting for over half the increase.

USING THE ANNUAL REPORT

The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 19 and 20-21) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 22. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

City of McAllen, Texas
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Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

One of the central concerns in assessing any City's finances could be summarized in the question, "Is the City as a whole better off or worse off as a result of the year's activities?" Our analysis addressing this question begins on page 8-9. The analysis includes a condensed summary of the government-wide financial statements—The Statement of Net Position and the Statement of Activities, which present information about the City in a way that facilitates answering this question. These statements are presented much like the private-sector companies—including *all* assets and liabilities using the *accrual basis of accounting*. All revenues and expenses for the current year are reported without regard to when cash is received or paid.

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

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

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

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

Reporting the City's Most Significant Funds
Fund Financial Statements

Our analysis of the City's major funds commences on page 11. The fund financial statements are presented on pages 22 through 45. These statements present detailed information about the City's more significant funds as opposed to the City as a whole. Funds are established for various reasons—some are required by state law; others by bond covenants. Some funds are established by the City Commission to assist in managing money that is to be spent for particular purposes. For example, the Community Development Block Grant Fund was established to demonstrate that the money received from the U. S. Department of Housing and Urban Development was used for purposes established by the federal government. The City has two categories of funds, which can be used for public purpose—*governmental* and *proprietary*. Each category uses a different accounting approach.

Governmental funds—Most of the City's basic services are reported in governmental funds. These funds focus on the flow of money into and out of the funds and the balance left over at the end of the year that is available for future spending. Governmental funds use a method of accounting called modified accrual. The purpose of this method is to measure cash and other *financial* assets that can readily be converted to

City of McAllen, Texas
Management's Discussion and Analysis (Unaudited)
September 30, 2019

cash. This approach provides a detailed short-term perspective of the City's general government operations and the basic services it provides. This view of the City's operations provides information that helps to determine the extent to which financial resources are available to spend in the near future to finance City programs. The relationship between these governmental fund financial statements and the governmental activities column shown in the government-wide financial statements is shown in the form of a reconciliation presented on the page following each governmental fund financial statement.

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

The City as Trustee

Reporting the City's Fiduciary Responsibilities

The City is the trustee, or fiduciary, for the Firemen's Pension Fund, Developers' Fund, Communications Group Fund and Payroll Fund. This activity is reported in separate Statements of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position on pages 46-47. These activities are not included with the City's other government-wide financial information since the City cannot use these assets to finance its programs or operations. The City's is responsible for ensuring that these funds are used for their intended purpose.

City of McAllen, Texas
Management's Discussion and Analysis (Unaudited)
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THE CITY AS A WHOLE

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

Net Position Information
(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 178	\$ 150	\$ 145	\$ 121	\$ 323	\$ 271
Capital assets	323	316	493	502	816	818
Total assets	501	465	638	623	1,139	1,088
Deferred outflows of resources	37	11	9	8	46	19
Long-term debt outstanding	141	134	173	161	314	295
Other liabilities	99	62	24	16	123	78
Total liabilities	240	196	197	177	437	373
Deferred inflows of resources	12	14	5	9	17	23
Net position:						
Net investment in capital assets	219	205	337	345	556	550
Restricted	30	27	70	66	100	93
Unrestricted	37	34	38	35	75	69
Total net position	\$ 286	\$ 266	\$ 445	\$ 446	\$ 731	\$ 712

Net position of the City's governmental activities increased by \$11.1M over last year as a net result from total assets and deferred outflows increasing \$62.0M, total liabilities increasing \$44.0M and total deferred inflows decreasing \$2.1M. The City's unrestricted net position increased by \$3.0M. The unrestricted net position is the portion of net position, which can be utilized to finance day-to-day operations, free of any constraints established by debt covenants, enabling legislation or other legal requirements.

The net position of the City's business-type activities decreased \$0.2M over last year's amount, which can be attributed to a total assets and deferred outflows increasing \$16.0M, total liabilities increasing \$20.0M and total deferred inflows decreasing \$4.0M.

City of McAllen, Texas
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Changes in Net Position Information (in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for services	\$ 11	\$ 10	\$ 88	\$ 87	\$ 99	\$ 97
Operating grants and contributions	2	2	2	2	4	4
Capital grants and contributions	7	8	6	10	13	18
General revenues:						
Property taxes	47	46	-	-	47	46
Sales tax	70	63	-	-	70	63
Other taxes	12	12	-	-	12	12
Other general revenues	12	8	1	2	13	10
Total revenues	161	149	97	101	258	250
Program expenses						
General government	27	52	-	-	27	52
Public safety	65	58	-	-	65	58
Highways and streets	24	24	-	-	24	24
Health and welfare	7	7	-	-	7	7
Culture and recreation	26	23	-	-	26	23
Interest on long term debt	4	4	-	-	4	4
Water	-	-	21	19	21	19
Wastewater	-	-	18	14	18	14
Sanitation	-	-	20	18	20	18
Golf	-	-	2	2	2	2
Transit terminal	-	-	2	2	2	2
Bus	-	-	3	3	3	3
Performing arts center	-	-	2	2	2	2
Convention center	-	-	6	6	6	6
Airport	-	-	10	9	10	9
Anzalduas international crossing	-	-	3	5	3	5
McAllen Int'l toll bridge	-	-	8	8	8	8
Total expenses	153	168	95	88	248	256
Excess (Loss) before transfers	8	(19)	2	13	10	(6)
Transfers	3	3	(3)	(3)	-	-
Change in net position	11	(16)	(1)	10	10	(6)
Net position, beginning	266	291	446	436	712	718
Prior period adjustment	9	(9)	-	-	9	(9)
Beginning net position, October 1	275	282	446	436	721	718
Ending net position, September 30	\$ 286	\$ 266	\$ 445	\$ 446	\$ 731	\$ 712

Total revenues generated from both governmental and business-type activities this year amounted to \$258.0M, representing an increase of \$8.0M or 3.2% over last year due primarily to an increase in sales tax of \$7.0M.

City of McAllen, Texas
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Governmental Activities

Total revenues generated from governmental activities this year amounted to \$161.0M. Expenses came in at \$153.0M, leaving an \$8.0M excess before transfers-in of \$3.0M, thus increasing net position by \$11.0M.

The cost of all governmental activities this year was \$153.0M. To finance these programs, a total of \$20.0M was paid mainly by grants, bond constructions proceeds, those who directly benefited from them, and by other governments that subsidized certain programs with grants. The amount that our taxpayers ultimately financed for these activities through taxes and other general revenues was \$133.0M as shown on the Statement of Activities on pages 20-21.

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

Governmental Activities
(in Millions)

Net Cost of Services

	<u>2019</u>	<u>2018</u>
General government	\$ 24	\$ 49
Public safety	59	52
Highways and streets	16	16
Health and welfare	6	6
Culture and recreation	24	21
Interest on long-term debt	<u>4</u>	<u>4</u>
Total	<u>\$ 133</u>	<u>\$ 148</u>

Business-type Activities

Total revenues generated from business-type activities this year amounted to \$97.0M. Expenses came in at \$95.0M leaving \$2.0M before transfers-out of \$3.0M, which, resulted in a net decrease to net position of \$1.0M. More details will be provided about governmental and business-type activities' operations later in this discussion and analysis.

City of McAllen, Texas
Management's Discussion and Analysis (Unaudited)
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GOVERNMENTAL FUNDS – A Detailed Discussion
(General Fund, Special Revenue Funds, Debt Service Fund and Capital Project Funds)

As a result of this year's operations, governmental funds (as reflected in the balance sheet on page 22) combined fund balance totaled \$134.0M or an increase of \$34.0M from last year. Current revenues, including net transfers exceeded current expenditures resulting in a net increase to fund balance by \$25.0M. A prior period adjustment, which is further discussed in the financial notes, added another \$9.0M to fund balance.

Revenues and Transfers-In and Other Financing Sources

The following table presents a summary of general fund, special revenue funds, debt service fund and capital projects funds revenues and transfers-in and other financing sources for the years ended September 30, 2019 and 2018.

Revenues, transfers-in and Other Financing Sources	2019 Amount	% of Total	2018 Amount	Amount of Increase (Decrease)	% Increase (Decrease)
Taxes	\$ 129,498,114	63.84%	\$ 119,820,314	\$ 9,677,800	8.08%
Licenses and permits	2,144,535	1.06%	1,983,125	161,410	8.14%
Intergovernmental	4,167,021	2.05%	3,094,407	1,072,614	34.66%
Charges for services	8,359,074	4.12%	7,060,426	1,298,648	18.39%
Fines and forfeitures	1,719,382	0.85%	1,840,277	(120,895)	-6.57%
Investment income	3,603,895	1.78%	1,711,816	1,892,079	110.53%
Miscellaneous	8,897,870	4.39%	7,626,775	1,271,095	16.67%
Other Financing Sources(uses)	44,473,286	21.92%	33,039,185	11,434,101	34.61%
Totals	<u>\$ 202,863,177</u>	<u>100.00%</u>	<u>\$ 176,176,325</u>	<u>\$ 26,686,852</u>	<u>15.15%</u>

The \$9.7M increase in the taxes category is primarily due to an increase in sales taxes and property taxes. Charges for services increases were attributable to increases in drainage fee revenue, yearly recreational programs revenue, and miscellaneous income. The decrease of \$120K in fines and forfeitures was due to a decrease in seized funds revenue. Intergovernmental revenue increased by \$1.1M due to funds received from FEMA grants. Investment earnings reflect a 110.53% increase as compared to last year and can be attributed to favorable interest rates. The City proceeds from debt in 2019 resulted in an increase of \$3.5M in other financing sources. Debt issued in 2019 was voter approved for drainage and traffic infrastructure needs.

City of McAllen, Texas
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Expenditures and Transfers-Out

The following table presents a summary of general fund, special revenue funds, debt service fund and capital projects funds expenditures, transfers-out for the years ended September 30, 2019 and 2018.

Expenditures and Transfers-out	2019 Amount	% of Total	2018 Amount	Amount of Increase (Decrease)	% Increase (Decrease)
General government	\$ 28,847,131	16.19%	\$ 43,713,626	\$ (14,866,495)	-34.01%
Public safety	65,982,232	37.03%	59,681,453	6,300,779	10.56%
Highways and streets	20,192,461	11.33%	15,662,349	4,530,112	28.92%
Health and welfare	7,221,472	4.05%	7,164,759	56,713	0.79%
Culture and recreation	28,453,042	15.97%	31,197,605	(2,744,563)	-8.80%
Debt service:					
Principal	6,069,091	3.41%	5,030,000	1,039,091	20.66%
Interest and fiscal charges	4,527,727	2.54%	4,230,646	297,081	7.02%
Other Financing Sources(uses)	16,900,164	9.48%	14,515,340	2,384,824	16.43%
Totals	<u>\$ 178,193,320</u>	<u>100.00%</u>	<u>\$ 181,195,778</u>	<u>\$ (3,002,458)</u>	<u>-1.66%</u>

The decrease of \$10.2M in general government expenditures was primarily due to an decrease in payments to outside agencies, \$5.0M and a decrease projects costs for the construction of the two new parking garages at La Plaza mall. Public safety decreases in the amount of \$3.7M compared last year are due to decreases in construction costs toward a PD parking garage facility. Health and welfare decreased \$897K and can be attributed to a \$1.0M payment to the Doctor's Hospital medical district, which was offset by underspending in various departments. Culture and recreation functions increased \$1.3M due to the purchase of land for the new fire station and parks facility. Highways and streets function decreased \$758K, as the completion of its street repaving maintenance program progressed. Additionally, expenditures increased in principal payments—\$200K, while the interest and fiscal charges decreased—\$3.6M, as there were several bond issues in late FY 17-18. As indicated, transfers-out decreased by \$1.4M compared to last year—primarily due to a decrease of transfers out to the capital improvement fund from the general fund compared to the prior year.

Fund Balances

The governmental fund balances increased by \$34.0M, from \$100.0M in the prior year to \$134.0M in the current year, which is attributed to a prior period adjustment of \$9.0M and revenues exceeding expenditures by \$25.0M.

Fund balances by major funds are discussed on the following page.

City of McAllen, Texas
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General Fund

As a result of this year's operations, total fund balance increased by \$7.8M—to \$60.6M. Several factors played a role for the increase in fund balance and can be attributed to increases in property taxes of \$2.0M and sales tax of \$7.1M. Revenue projections outperformed estimates for property taxes by \$308K, sales taxes by \$2.6M and charges for program services by \$879K. In addition, City departments practiced responsible spending and expenditures came in under budget by approximately \$852K. Fund balance categories reflect \$86K in non-spendable, leaving \$60.4M unassigned. During fiscal year 1997-98, the City adopted, by resolution, a financial policy requiring a minimum of 140 days of operating expenses in fund balance. Based upon next year's original operating budget, exclusive of capital outlay and transfers-out, unassigned fund balance represents 198 days, which is 58 days in excess of the minimum requirement.

Development Corp Fund

The fund balance in the Development Corporation Fund reflected an increase of \$1.5M, leaving the ending restricted fund balance at \$17.6M. Taxable Revenue Bonds were issued in 2018 to finance a portion of the two new parking garages at the La Plaza Mall at the City. No new debt issued in 2019.

PROPRIETARY FUND TYPES
(Enterprise Funds and Internal Service Funds)

Enterprise Funds

The City's enterprise operations consist of the McAllen Public Utility (Water and Wastewater Funds), Sanitation Fund, Palm View Golf Course Fund, Transit Terminal Fund, Performing Arts Center Fund, McAllen Convention Center, McAllen International Airport Fund, McAllen Express Transit Fund, McAllen International Toll Bridge Fund and the Anzalduas International Crossing Fund. In the aggregate, the proprietary funds reported a \$1.4M increase to net position. Of that amount, the Water and Wastewater Funds had a \$1.6M increase, the Sanitation Fund a \$2.8M increase, and the Anzalduas International Crossing an \$837K increase. The McAllen International Toll Bridge, the McAllen International Airport, and non-major proprietary funds combined generated a net decrease amounting to \$3.8M.

McAllen Public Utilities (MPU) – Water and Wastewater Funds

Water Fund

Operating revenues decreased by 4.4% from \$19.5M to \$18.7M as compared to last year due to a 4.5% decrease in charges for services of \$838K. With operating expenses held close to last year's totals, the decrease to net position amounted to \$231K. Combined Water and Wastewater Fund working capital is in excess of the board policy of 120 days of operating expenses.

City of McAllen, Texas
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Wastewater Fund

Operating revenues decreased by 0.7% or \$114K from last year. Operating expenses increased by 14.7% or \$2.1M due to an increase in depreciation expense of \$2.1M for the South Wastewater Treatment Plant. The net impact to net position was an increase of \$1.9M, leaving combined Water and Wastewater Fund working capital in excess of the board policy of 120 days of operating expenses.

Sanitation Fund

This year's operating revenues, representing charges for services, increased \$1.8M or 9.5% over prior year due to a rate increase for commercial and residential services.

As a whole, operating expenses increased \$674K or 3.7% over last year, which is due to wages and benefits, contractual and other services and depreciation expenses, leaving an operating income of \$2.6M. The net position increased by \$2.8M. Working capital as of year-end amounted to \$13.4M.

McAllen International Airport Fund

Operating revenues for the McAllen International Airport had an increase of 4.6% or \$295K. Operating expenses increased by 17.2% or \$1.5M due to an increase in depreciation. The Airport Fund sustained an operating loss of \$3.4M before capital contributions and transfers out. Capital contributions from the Passenger Facility Charge, as well as the FAA, amounted to \$3.1M. Transfers-out to the City amounted to \$1.2M to reimburse for public safety personnel assigned to the Airport. As a result, a decrease in net position of \$2.1M is reported. This year's working capital is reflected at \$8.2M, not considering liabilities payable from restricted assets, which are included in current liabilities.

McAllen International Toll Bridge Fund

The table below reflects three types of crossings for 2019, as well as 2018.

Category	FY 18-19	FY 17-18	Increase (Decrease)	% Increase (Decrease)
Cars	2,642,179	2,794,901	(152,722)	-5.46%
Non-Commercial Trucks & Buses	29,777	28,993	784	2.70%
Passengers in cars	6,605,448	6,987,253	(381,805)	-5.46%

Southbound car crossings decreased 5.46% and revenues came in at \$11.0M or a decrease of \$540K under last year. General Services Administration (GSA) rental income increased \$161K compared to budget, however, other miscellaneous rental income remained relatively flat. Operating expenses increased by \$394K over last year due to the increase of facility maintenance personnel and depreciation expense. After considering all other non-operating revenues and expenses, changes in this year's increase in net position totaled a decrease of \$238K.

The Bridge's assets plus deferred outflows of resources exceeds liabilities by \$38.4M at September 30, 2019. Working capital, not considering liabilities payable from restricted assets, which are included in current liabilities, at year-end amounted to \$2.3M.

City of McAllen, Texas
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Anzalduas International Crossing

The table below reflects four types of crossings for 2019, as well as 2018. All other categories of crossings reflect decreases, except for trucks-empties, which are noted below.

Category	FY 18-19	FY 17-18	Increase (Decrease)	% Increase (Decrease)
Cars	965,077	875,430	89,647	10.24%
Trucks - empties	21,467	28,036	(6,569)	-23.43%
Buses	1,429	1,577	(148)	-9.38%
Passengers in cars	2,412,693	2,188,575	224,118	10.24%

Southbound car crossings increased 90K or 10.24% with revenues coming in at \$3.8M, an increase of \$268K from last year. Operating expenses decreased by \$758K from last year, due to contractual and other services. After a transfer in of \$844K, the change in net position was a positive \$837K. This resulted in an ending net position deficit of \$2.0M.

Unrestricted net position is reflected as a deficit in the amount of \$16.7M, largely the consequence of advances made to it by the McAllen International Toll Bridge Fund.

General Fund Budgetary Highlights

During the year, the City Commission amended the budget several times. The increase from the original appropriations to the final budget appropriations was approximately \$5.0M. This increase was primarily budgets adjustments for public safety.

Pensions and Retiree Healthcare

Effective for fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" created specific reporting requirements for pensions that are different than that used for funding purposes. Valuations are important as the reporting valuation provides a rigorous standard measure that can be used to compare the City's pension liabilities to other governments from around the nation. The funding valuation is important as the actuarial methods used including strategies for repaying any unfunded actuarial accrued liabilities combined with the City's history of making those contributions provides insights regarding the City's commitment to and the effectiveness of its funding strategy. Information contained in the financial statements themselves including the first schedule of Required Supplementary Information (RSI), Schedule of Changes in Net Pension Liability and Related Ratios, is based on the reporting valuation. The second schedule in the RSI, Schedule of Contributions, is based on the funding valuation. On a reporting basis, the City's financial statements reflect a Net Pension Liability as of September 30, 2019 of \$32,299,848, which is 46.20% of the City's annual covered payroll of \$69,917,934.

The Firemen's Relief & Retirement Fund (the Plan) reflects a Net Pension Liability as of September 30, 2019 of \$45,645,656, which is 365.0% of the Plan's annual covered payroll of \$12,505,315. Information contained in the financial statements themselves including the third schedule of Required

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Supplementary Information (RSI), Schedule of Changes in Net Pension Liability and Related Ratios, is based on the reporting valuation. The fourth schedule in the RSI, Schedule of Contributions, is based on the funding valuation.

Retiree health care's net OPEB liability has been calculated in accordance with GASB Statement No.75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," to be \$8,801,638, as of September 30, 2019.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, the City had \$813.0M in net capital assets, which is reflected below:

	Capital Assets at Year-end (In Millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Land	\$ 84	\$ 83	\$ 21	\$ 21	\$ 105	\$ 104
Buildings and improvements	171	168	700	695	871	863
Equipment	90	81	72	69	162	150
Infrastructure	238	231	-	-	238	231
Construction in progress	19	11	22	20	41	31
Water rights	-	-	16	9	16	9
Accumulated depreciation	<u>(279)</u>	<u>(262)</u>	<u>(338)</u>	<u>(313)</u>	<u>(617)</u>	<u>(575)</u>
Net Capital Assets	<u>\$ 323</u>	<u>\$ 312</u>	<u>\$ 493</u>	<u>\$ 501</u>	<u>\$ 816</u>	<u>\$ 813</u>

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

Municipal Softball Park	\$ 4.0
Fire Station # 2	1.6
Sunset Property	1.5
Motorola Lease Purchase	<u>3.7</u>
Total	<u>\$10.8</u>

For more detailed information on capital asset activity, refer to the notes to financial statements (refer to pages 70-73).

City of McAllen, Texas
Management's Discussion and Analysis (Unaudited)
September 30, 2019

Debt

At the end of the fiscal year, the City had \$301.0M in bonds outstanding—as shown in the following table:

	Outstanding Debt at Year-end (in Millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
General/certificate of obligation bonds/note (backed by the City)	\$ 113	\$ 99	\$ -	\$ -	\$ 113	\$ 99
Revenue bonds backed by Specific tax and fee revenues	20	15	168	150	188	165
Totals	<u>\$ 133</u>	<u>\$ 114</u>	<u>\$ 168</u>	<u>\$ 150</u>	<u>\$ 301</u>	<u>\$ 264</u>

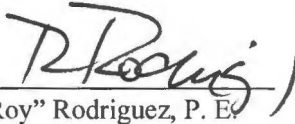
For more detailed information on long-term debt activity, refer to the notes to financial statements (refer to page 85).

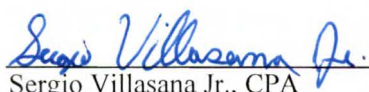
ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During the budget process for fiscal year 2019-20 the elected and appointed officials considered many factors including the forces driving the economy—among which were job growth, bank deposits, retail sales growth, the unemployment rate, peso devaluation, and inflation. As a result of the deliberations, within the General Fund, revenues were budgeted to increase from last year's budget by \$2.4M or more than 2.0%. Expenditures were budgeted with a \$678K increase or 0.5% over this year's budget.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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


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


 Sergio Villasana Jr., CPA
 Finance Director

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CITY OF McALLEN, TEXAS
STATEMENT OF NET POSITION
September 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Tres Lagos Public Improvement District
ASSETS				
Cash	\$ 6,921,839	\$ 2,973,374	\$ 9,895,213	\$ 37,743
Certificate of deposits	67,006,024	7,324,409	74,330,433	-
Investments	75,410,133	35,578,425	110,988,558	-
Receivables, net	23,972,180	8,689,327	32,661,507	19,917
Internal balances	1,098,695	(1,098,695)	-	-
Inventories	-	507,166	507,166	-
Prepaid items	180,666	75,616	256,282	-
Notes receivable	-	162,934	162,934	-
Restricted assets	-	90,597,311	90,597,311	-
Capital assets not being depreciated:				
Land	84,364,121	20,782,604	105,146,725	14,462,352
Construction in progress	18,557,296	22,417,946	40,975,242	-
Water rights (perpetual)	-	13,923,500	13,923,500	-
Capital assets being depreciated:				
Buildings and systems	99,724,651	430,746,380	530,471,031	8,385
Equipment	89,859,298	72,094,124	161,953,422	-
Improvements	71,116,166	269,564,758	340,680,924	-
Infrastructure	237,946,441	-	237,946,441	-
Water rights	-	2,200,000	2,200,000	-
Accumulated depreciation	(278,958,181)	(338,645,794)	(617,603,975)	-
Other long term assets	3,532,927	-	3,532,927	-
Total assets	500,732,256	637,893,385	1,138,625,641	14,528,397
Deferred outflows of resources:				
Deferred charges on refunding	-	3,151,351	3,151,351	-
Deferred charges-pensions	37,070,424	6,402,604	43,473,028	-
Total deferred outflows of resources	37,070,424	9,553,955	46,624,379	-
Total assets and deferred outflows of resources	\$ 537,802,680	\$ 647,447,340	\$ 1,185,250,020	\$ 14,528,397
LIABILITIES				
Accounts payable and accrued liabilities	\$ 9,033,334	\$ 7,941,966	\$ 16,975,300	\$ 480
Unearned revenues	446,049	1,113,874	1,559,923	-
Other	1,146,219	457,880	1,604,099	1,506,000
Non-current liabilities:				
Due within one year	12,809,190	10,143,606	22,952,796	-
Due in more than one year	139,546,713	167,434,860	306,981,573	-
Net OPEB obligation	8,801,638	-	8,801,638	-
Net pension liability -Firemen's Pension	45,645,656	-	45,645,656	-
Net pension liability-TMRS	22,507,762	9,792,086	32,299,848	-
Total liabilities	239,936,561	196,884,272	436,820,833	1,506,480
Deferred inflows of resources:				
Deferred charges on refunding	28,396	4,322,016	4,350,412	-
Deferred charges-pensions	11,638,211	427,087	12,065,298	-
Total deferred inflows of resources	11,666,607	4,749,103	16,415,710	-
Total liabilities and deferred inflows of resources	251,603,168	201,633,375	453,236,543	1,506,480
NET POSITION				
Net investment in capital assets	219,672,941	337,286,613	556,959,554	14,470,737
Restricted for:				
Capital projects	-	56,647,199	56,647,199	-
Federal and state grant awards	2,999,642	-	2,999,642	-
Hotel Tourism	334,999	-	334,999	-
Parks	2,327,898	-	2,327,898	-
Debt service	2,867,355	8,138,305	11,005,660	-
Economic development	17,595,752	-	17,595,752	-
Distribution of net surplus revenues	-	5,223,378	5,223,378	-
Other purposes	3,439,352	-	3,439,352	-
Unrestricted	36,961,573	38,518,470	75,480,043	(1,448,820)
Total net position	286,199,512	445,813,965	732,013,477	13,021,917
Total liabilities, deferred inflows of resources, and net position	\$ 537,802,680	\$ 647,447,340	\$ 1,185,250,020	\$ 14,528,397

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

CITY OF McALLEN, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 27,563,177	\$ 3,138,933	\$ 224,875	\$ -
Public safety	64,933,815	4,696,264	1,289,946	90,139
Highways and streets	23,881,893	2,182,147	-	5,312,713
Health and welfare	6,924,442	464,934	18,280	125,857
Culture and recreation	25,939,335	1,149,823	260,847	1,030,538
Interest on long-term debt	4,164,252	-	-	-
Total governmental activities	153,406,914	11,632,101	1,793,948	6,559,247
Business-type activities:				
Water services	20,635,156	18,653,257	-	682,203
Wastewater services	17,826,609	17,569,928	-	976,510
Sanitation services	19,583,152	21,442,210	-	-
Golf course services	1,561,416	1,413,418	-	498,786
Convention center services	6,095,097	2,775,202	-	-
Performing arts center services	2,450,108	1,375,196	-	6,387
Airport services	10,623,431	6,668,242	-	3,085,209
Bus services	3,677,914	848,514	1,474,233	22,078
Transit services	1,766,906	8,479	436,005	597,635
Bridge services--Anzalduas	3,254,699	3,811,292	-	2,185
Bridge services-Hidalgo	7,914,051	13,808,430	-	-
Total business-type activities	95,388,539	88,374,168	1,910,238	5,870,993
Total primary government	\$ 248,795,453	\$ 100,006,269	\$ 3,704,186	\$ 12,430,240
Component Unit -				
Tres Lagos Public Improvement District	\$ 875,678	-	-	-

General revenues:

Property taxes
Hotel occupancy tax
Sales taxes
Franchise taxes
Unrestricted investment earnings
Royalties
Miscellaneous
Gain (loss) on sale of assets

Transfers

Total general revenues, special items, and transfers

Change in net position

Net position - beginning

Prior period adjustment

Net position - ending

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

Net (Expenses) Revenues and			
Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Tres Lagos Public Improvement District
\$ (24,199,369)	\$ -	\$ (24,199,369)	
(58,857,466)	-	(58,857,466)	
(16,387,033)	-	(16,387,033)	
(6,315,371)	-	(6,315,371)	
(23,498,127)	-	(23,498,127)	
(4,164,252)	-	(4,164,252)	
(133,421,618)	-	(133,421,618)	
-	(1,299,696)	(1,299,696)	
-	719,829	719,829	
-	1,859,058	1,859,058	
-	350,788	350,788	
-	(3,319,895)	(3,319,895)	
-	(1,068,525)	(1,068,525)	
-	(869,980)	(869,980)	
-	(1,333,089)	(1,333,089)	
-	(724,787)	(724,787)	
-	558,778	558,778	
-	5,894,379	5,894,379	
-	766,860	766,860	
(133,421,618)	766,860	(132,654,758)	
-	-	-	\$ (875,678)
46,800,963	-	46,800,963	66,998
5,310,620	-	5,310,620	-
70,274,159	-	70,274,159	-
6,931,777	-	6,931,777	-
4,194,784	3,151,897	7,346,681	-
342,643	-	342,643	-
8,100,824	-	8,100,824	86,396
-	(1,191,286)	(1,191,286)	-
2,571,144	(2,571,144)	-	-
144,526,914	(610,533)	143,916,381	153,394
11,105,296	156,327	11,261,623	(722,284)
265,639,225	445,657,638	711,296,863	13,744,201
9,454,991	-	9,454,991	-
\$ 286,199,512	\$ 445,813,965	\$ 732,013,477	\$ 13,021,917

CITY OF McALLEN, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2019

	<u>General</u>	<u>Development Corp.</u>	<u>Traffic Improv/Drainage Bond Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	\$ 5,448,534	\$ 22	\$ 443	\$ 1,137,615	\$ 6,586,614
Certificates of deposit	30,982,553	6,292,046	14,077,720	5,281,320	56,633,639
Investments	21,464,621	9,494,266	9,028,729	27,031,398	67,019,014
Receivables, net:					
Taxes	12,950,585	2,831,583	-	260,727	16,042,895
Accounts	1,604,371	17,000	-	1,393,384	3,014,755
Accrued interest	29,842	17,042	3,157	528,262	578,303
Other	931,661	-	-	-	931,661
Due from other funds	1,971,095	-	-	-	1,971,095
Due from other governments	158,921	1,877,623	-	762,571	2,799,115
Prepays	86,583	94,083	-	-	180,666
Board advances	3,532,927	-	-	-	3,532,927
	<u>\$ 79,161,693</u>	<u>\$ 20,623,665</u>	<u>\$ 23,110,049</u>	<u>\$ 36,395,277</u>	<u>\$ 159,290,684</u>
Total assets	<u>\$ 79,161,693</u>	<u>\$ 20,623,665</u>	<u>\$ 23,110,049</u>	<u>\$ 36,395,277</u>	<u>\$ 159,290,684</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,947,776	\$ 1,312,839	\$ 172,144	\$ 1,325,519	\$ 4,758,278
Accrued liabilities	1,376,800	136,060	-	445,119	1,957,979
Due to other funds	-	21,028	-	629,644	650,672
Unearned revenues	443,569	-	-	2,480	446,049
Other	1,081,219	-	-	65,000	1,146,219
	<u>4,849,364</u>	<u>1,469,927</u>	<u>172,144</u>	<u>2,467,762</u>	<u>8,959,197</u>
Total liabilities	<u>4,849,364</u>	<u>1,469,927</u>	<u>172,144</u>	<u>2,467,762</u>	<u>8,959,197</u>
Deferred inflows of resources	<u>13,742,186</u>	<u>1,546,715</u>	<u>-</u>	<u>1,078,891</u>	<u>16,367,792</u>
Total liabilities and deferred inflows of resources	<u>18,591,550</u>	<u>3,016,642</u>	<u>172,144</u>	<u>3,546,653</u>	<u>25,326,989</u>
Fund balances:					
Nonspendable	3,619,510	94,083	-	-	3,713,593
Restricted	-	17,512,940	22,937,905	26,742,169	67,193,014
Committed	-	-	-	14,809	14,809
Assigned	-	-	-	6,091,646	6,091,646
Unassigned	56,950,633	-	-	-	56,950,633
	<u>60,570,143</u>	<u>17,607,023</u>	<u>22,937,905</u>	<u>32,848,624</u>	<u>133,963,695</u>
Total fund balances	<u>60,570,143</u>	<u>17,607,023</u>	<u>22,937,905</u>	<u>32,848,624</u>	<u>133,963,695</u>
	<u>\$ 79,161,693</u>	<u>\$ 20,623,665</u>	<u>\$ 23,110,049</u>	<u>\$ 36,395,277</u>	<u>\$ 159,290,684</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 79,161,693</u>	<u>\$ 20,623,665</u>	<u>\$ 23,110,049</u>	<u>\$ 36,395,277</u>	<u>\$ 159,290,684</u>

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

CITY OF McALLEN, TEXAS
Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Position
September 30, 2019

Total governmental fund balances (refer to page 22)	\$ 133,963,695
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.	307,358,854
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. The amount consists of the following: property taxes-\$3,902,683 sales and franchise taxes-\$5,928,860; weed and lot cleaning-\$888,517; others; \$2,123,805, and Mission repayment on Series B Bridge bonds, \$3,523,927	16,367,792
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.	33,143,358
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds, including unpaid compensated absences, (\$11,658,728), sales tax revenue bonds payable, (\$20,400,000), accrued interest, (\$750,461), certificates of obligation, (\$10,670,000), general obligations (\$101,855,000), capital lease (\$3,192,833), premium, (\$4,761,328), deferred inflows of resources, (\$11,666,607), Firemen's pension obligation, (\$45,645,656), OPEB obligation, (\$8,801,638), deferred outflows of resources, \$37,070,424, discount, \$205,402, and TMRS pension liability, (\$22,507,762).	<u>(204,634,187)</u>
Net position of governmental activities	<u><u>\$ 286,199,512</u></u>

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

CITY OF McALLEN, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2019

	General	Development Corp	Traffic Improv/Drainage Bond Construction	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 102,819,384	\$ 17,321,066	\$ -	\$ 9,357,664	\$ 129,498,114
Licenses and permits	2,130,164	-	-	14,371	2,144,535
Intergovernmental	15,609	1,660,693	-	2,490,719	4,167,021
Charges for services	6,021,986	-	-	2,337,088	8,359,074
Fines and forfeitures	1,423,373	-	-	296,009	1,719,382
Investment earnings	1,647,553	325,820	393,164	821,827	3,188,364
Net increase (decrease) in the fair value of investments	311,776	81,368	-	22,387	415,531
Other	3,102,306	1,535,716	11,146	4,248,702	8,897,870
Total revenues	117,472,151	20,924,663	404,310	19,588,767	158,389,891
EXPENDITURES					
Current:					
General government	18,861,963	4,834,255	233,626	4,917,287	28,847,131
Public safety	62,844,942	-	-	3,137,290	65,982,232
Highways and streets	11,527,254	3,285,565	2,470,826	2,908,816	20,192,461
Health and welfare	2,922,725	3,969,097	-	329,650	7,221,472
Culture and recreation	18,878,500	2,075,711	-	7,498,831	28,453,042
Debt service:					
Principal	662,733	-	-	5,406,358	6,069,091
Interest and fiscal charges	192,838	681,177	-	3,653,712	4,527,727
Total expenditures	115,890,955	14,845,805	2,704,452	27,851,944	161,293,156
Excess of revenues over (under) expenditures	1,581,196	6,078,858	(2,300,142)	(8,263,177)	(2,903,265)
OTHER FINANCING SOURCES (USES)					
Transfers in	10,431,600	100,000	-	8,874,158	19,405,758
Transfers out	(8,015,521)	(4,677,976)	-	(4,206,667)	(16,900,164)
Capital lease	3,825,227	-	-	36,696	3,861,923
Issuance of debt	-	-	18,955,000	-	18,955,000
Bond premium	-	-	2,250,605	-	2,250,605
Net other financing sources (uses)	6,241,306	(4,577,976)	21,205,605	4,704,187	27,573,122
Net change in fund balances	7,822,502	1,500,882	18,905,463	(3,558,990)	24,669,857
Fund balances at beginning of year	52,747,641	16,106,141	4,032,442	26,952,623	99,838,847
Prior period adjustment	-	-	-	9,454,991	9,454,991
Fund balances at end of year	\$ 60,570,143	\$ 17,607,023	\$ 22,937,905	\$ 32,848,624	\$ 133,963,695

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

CITY OF McALLEN, TEXAS
Reconciliation of the Statement of Revenues
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended September 30, 2019

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

Net change in fund balances--total governmental funds (refer to page 24)	\$ 24,669,857
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays \$25,120,954 exceeded depreciation, (\$15,998,352), in the current period.	9,122,602
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	206,340
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	5,400,000
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	669,091
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds of which (\$169,388) is compensated absences, (\$199,223) accrued interest expense, \$434,357 bond amortization expense.	65,746
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds of which (\$3,190,002) is pension expense, \$6,911 OPEB expense, (\$2,756,341) is Firemen's net pension obligation.	(5,939,432)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	1,978,620
Certificates of obligation, \$18,955,000 and premium \$2,250,605, Capital lease loan, \$3,861,923 provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.	(25,067,528)
Change in net position of governmental activities	<u>\$ 11,105,296</u>

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

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CITY OF McALLEN, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 42,842,094	\$ 42,842,094	\$ 43,150,249	\$ 308,155
Sales	49,410,339	49,410,339	51,963,199	2,552,860
Franchise	7,807,359	7,807,359	7,705,936	(101,423)
Total taxes	100,059,792	100,059,792	102,819,384	2,759,592
Licenses and permits:				
Business licenses and permits	65,000	65,000	77,495	12,495
Occupational	263,031	263,031	509,830	246,799
Non-business licenses and permits	2,025,435	2,025,435	1,542,839	(482,596)
Total licenses and permits	2,353,466	2,353,466	2,130,164	(223,302)
Intergovernmental revenues:				
State shared revenues	-	-	15,609	15,609
Total intergovernmental revenues	-	-	15,609	15,609
Charges for services:				
General government	2,371,885	2,549,621	2,557,788	8,167
Public safety	821,500	821,500	1,455,627	634,127
Highways and streets	4,800	4,800	11,521	6,721
Health	634,630	634,630	802,996	168,366
Culture and recreation	1,132,372	1,132,372	1,194,054	61,682
Total charges for services	4,965,187	5,142,923	6,021,986	879,063
Fines and forfeitures:				
Corporations court	1,250,000	1,254,593	1,379,892	125,299
Other fines	42,000	42,000	43,481	1,481
Total fines and forfeitures	1,292,000	1,296,593	1,423,373	126,780
Investment earnings	780,000	780,000	1,647,553	867,553
Net increase (decrease) in fair value of investments	\$ -	\$ -	\$ 311,776	\$ 311,776

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

CITY OF McALLEN, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Other:				
Royalties	480,000	480,000	342,643	(137,357)
Rents and concessions	5,500	5,500	31,283	25,783
Reimbursements	554,466	728,990	1,551,940	822,950
Other	43,100	43,100	1,176,440	1,133,340
Total other revenues	1,083,066	1,257,590	3,102,306	1,844,716
Total revenues	110,533,511	110,890,364	117,472,151	6,581,787
EXPENDITURES				
General government:				
City commission	356,442	358,372	284,619	73,753
Special service	736,693	736,693	932,923	(196,230)
City manager	1,548,908	1,579,785	1,610,645	(30,860)
City secretary	512,618	524,566	511,829	12,737
Vital statistics	174,177	182,227	150,589	31,638
Passport facility	109,375	111,822	122,308	(10,486)
Audit office	217,420	222,493	216,957	5,536
Municipal court	1,522,393	1,561,162	1,355,382	205,780
Finance	1,346,999	1,375,003	1,145,081	229,922
Budget & management	453,029	463,976	414,363	49,613
Tax office	1,154,367	1,161,828	1,125,971	35,857
Purchasing and contracting	576,387	591,405	564,697	26,708
Legal	1,759,035	1,799,659	1,747,650	52,009
Grant administration	394,540	401,673	352,660	49,013
Human resources	795,395	812,331	750,760	61,571
Risk management	457,085	457,085	457,085	-
Planning	1,362,566	1,398,608	969,568	429,040
Information technology	3,209,791	3,263,018	3,032,890	230,128
Public information office	768,106	785,291	688,547	96,744
311 Call center	306,577	313,820	285,975	27,845
City hall	521,017	523,741	519,760	3,981
Development Center	104,766	105,596	102,781	2,815
Building maintenance	871,678	889,268	854,923	34,345
Non-departmental activities	733,389	733,389	664,000	69,389
Contingency	(544,937)	(2,171,075)	-	(2,171,075)
Total general government	19,447,816	18,181,736	18,861,963	(680,227)

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

CITY OF McALLEN, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Public safety:				
Police	\$ 34,175,468	\$ 38,295,192	\$ 38,305,041	\$ (9,849)
Animal control	352,971	359,471	302,719	56,752
Radio Shop	621,001	629,016	616,030	12,986
Fire	19,293,260	19,567,425	20,253,360	(685,935)
Traffic operations	2,560,442	2,672,659	2,377,319	295,340
Building code compliance	1,076,169	1,100,505	990,473	110,032
Total public safety	58,079,311	62,624,268	62,844,942	(220,674)
Highways and streets:				
Engineering services	2,000,474	2,054,422	1,919,571	134,851
Street maintenance	6,376,089	6,672,117	5,937,190	734,927
Street lighting	2,318,750	2,318,750	1,951,210	367,540
Sidewalk construction	342,360	348,331	291,782	56,549
Drainage	1,440,644	1,464,533	1,427,501	37,032
Total highways and streets	12,478,317	12,858,153	11,527,254	1,330,899
Health and welfare:				
Health code compliance	1,613,660	1,733,958	1,671,569	62,389
Graffiti cleaning	174,473	177,168	161,321	15,847
Other agencies	795,776	795,776	1,089,835	(294,059)
Total health and welfare	2,583,909	2,706,902	2,922,725	(215,823)
Culture and recreation:				
Parks and recreation administration	588,999	600,607	565,298	35,309
Parks	7,556,826	7,713,394	7,507,792	205,602
Recreation	1,737,277	1,751,980	1,786,756	(34,776)
Pools	935,407	946,411	898,196	48,215
Las palmas community center	376,881	383,576	423,607	(40,031)
Recreation center-Lark	466,110	474,231	444,161	30,070
Recreation center-Palmview	470,220	478,004	425,816	52,188

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

CITY OF McALLEN, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Quinta mazatlan	\$ 908,903	\$ 926,773	\$ 876,288	\$ 50,485
Library	3,512,230	3,579,729	3,357,854	221,875
Library branch-Lark	459,921	471,102	449,732	21,370
Library branch-Palmview	492,486	504,463	456,880	47,583
Other agencies	950,400	950,400	950,400	-
Museums	735,720	735,720	735,720	-
Total culture and recreation	19,191,380	19,516,390	18,878,500	637,890
Debt service				
Principal	-	662,733	662,733	-
Interest	-	192,838	192,838	-
Total Debt Service	-	855,571	855,571	-
Total expenditures	111,780,733	116,743,020	115,890,955	852,065
Excess of revenues over expenditures	(1,247,222)	(5,852,656)	1,581,196	7,433,852
OTHER FINANCING SOURCES (USES)				
Transfers in	10,230,282	10,427,787	10,431,600	3,813
Transfers out	(3,768,825)	(8,168,825)	(8,015,521)	153,304
Capital lease	-	3,825,227	3,825,227	-
Net other financing sources (uses)	6,461,457	6,084,189	6,241,306	157,117
Net change in fund balances	5,214,235	231,533	7,822,502	7,590,969
Fund balances at begining of year	52,747,641	52,747,641	52,747,641	-
Fund balances at end of year	\$ 57,961,876	\$ 52,979,174	\$ 60,570,143	\$ 7,590,969

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

CITY OF McALLEN, TEXAS
DEVELOPMENT CORPORATION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Sales tax	\$ 16,399,191	\$ 16,399,191	\$ 17,321,066	\$ 921,875
Intergovernmental revenues	5,057,155	5,057,155	1,660,693	(3,396,462)
Investment earnings	120,000	140,000	325,820	185,820
Net increase (decrease) in the fair value of investments	-	-	81,368	81,368
Other	<u>1,328,943</u>	<u>1,308,943</u>	<u>1,535,716</u>	<u>226,773</u>
Total revenues	<u>22,905,289</u>	<u>22,905,289</u>	<u>20,924,663</u>	<u>(1,980,626)</u>
EXPENDITURES				
Current:				
General government	5,343,675	5,475,675	4,834,255	641,420
Highways and streets	9,359,976	9,630,528	3,285,565	6,344,963
Health and welfare	4,117,311	4,117,311	3,969,097	148,214
Culture and recreation	3,240,633	3,529,480	2,075,711	1,453,769
Debt service:				
Interest and fiscal charges	<u>498,943</u>	<u>498,943</u>	<u>681,177</u>	<u>(182,234)</u>
Total expenditures	<u>22,560,538</u>	<u>23,251,937</u>	<u>14,845,805</u>	<u>8,406,132</u>
Excess (deficiency) of revenues over expenditures	<u>344,751</u>	<u>(346,648)</u>	<u>6,078,858</u>	<u>(10,386,758)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	100,000	-
Transfers out	<u>(5,097,284)</u>	<u>(5,097,284)</u>	<u>(4,677,976)</u>	<u>419,308</u>
Total other financing uses	<u>(4,997,284)</u>	<u>(4,997,284)</u>	<u>(4,577,976)</u>	<u>419,308</u>
Net changes in fund balances	(4,652,533)	(5,343,932)	1,500,882	6,844,814
Fund balances--beginning	<u>16,106,141</u>	<u>16,106,141</u>	<u>16,106,141</u>	<u>-</u>
Fund balances--ending	<u>\$ 11,453,608</u>	<u>\$ 10,762,209</u>	<u>\$ 17,607,023</u>	<u>\$ 6,844,814</u>

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

CITY OF McALLEN, TEXAS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
September 30, 2019

	Business-type Activities-Enterprise Funds			
	Water	Wastewater	Sanitation	McAllen International Airport
ASSETS				
Current assets:				
Cash	\$ 410,340	\$ 457,456	\$ 280,104	\$ 133,215
Certificate of deposit	-	-	4,798,459	-
Investments	8,039,992	2,251,948	6,980,120	8,912,003
Receivables, net:				
Accounts	2,155,301	1,928,460	2,303,135	132,948
Accrued interest	16,014	-	21,948	2,224
Other	-	30,675	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	750,873
Interfund loans	-	-	-	-
Inventories, at cost	182,292	-	-	-
Prepaid items	405	-	-	-
Restricted assets:				
Cash and cash equivalents	44,069	812,194	6,776	1,116
Total current assets	10,848,413	5,480,733	14,390,542	9,932,379
Noncurrent assets:				
Restricted assets:				
Certificate of deposit	3,551,065	6,340,304	3,787,814	2,029,451
Investments	20,745,990	26,034,341	7,578,610	6,335,560
Accrued interest	5,852	27,737	15,882	32,372
Other	-	-	-	2,669
Total noncurrent restricted assets	24,302,907	32,402,382	11,382,306	8,400,052
Capital assets:				
Land	3,070,965	2,174,247	1,101,490	3,251,781
Buildings and systems	70,829,139	192,422,938	2,579,388	33,345,397
Improvements other than buildings	64,048,462	37,679,745	706,365	97,042,314
Machinery and equipment	9,479,177	9,066,328	27,361,818	4,251,321
Construction in progress	4,120,755	15,191,063	74,755	1,474,061
Water rights	16,123,500	-	-	-
Less accumulated depreciation and amortization	(81,672,206)	(92,997,774)	(20,182,240)	(71,479,175)
Total capital assets (net of accumulated depreciation and amortization)	85,999,792	163,536,547	11,641,576	67,885,699
Other noncurrent assets				
Loans receivable	81,585	81,349	-	-
Board advances	-	-	-	-
Total other noncurrent assets	81,585	81,349	-	-
Total noncurrent assets	110,384,284	196,020,278	23,023,882	76,285,751
Total assets	121,232,697	201,501,011	37,414,424	86,218,130
Deferred outflow of resources				
Deferred charges on refundings	3,151,351	-	-	-
Deferred charges - pensions	1,641,910	937,328	1,622,868	427,405
Total assets and deferred outflows of resources	\$ 126,025,958	\$ 202,438,339	\$ 39,037,292	\$ 86,645,535

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

Business-type Activities-Enterprise Funds				Governmental Activities
McAllen International Toll Bridge	Anzalduas International Crossing	Other Proprietary Funds	Total	Internal Service Funds
\$ 303,918	\$ 81,685	\$ 579,480	\$ 2,246,198	\$ 1,062,401
-	1,263,262	758,478	6,820,199	10,372,385
2,846,148	1,016,774	5,531,440	35,578,425	8,391,119
-	-	60,407	6,580,251	433,614
-	254	20,119	60,559	21,405
-	-	-	30,675	376,134
-	-	258,349	258,349	-
176,338	-	864,929	1,792,140	-
-	-	-	-	1,669,330
-	-	-	182,292	324,874
-	-	75,211	75,616	-
114,557	136,151	33,003	1,147,866	-
3,440,961	2,498,126	8,181,416	54,772,570	22,651,262
5,030,575	-	1,009,962	21,749,171	-
2,606,316	2,333,742	2,470,456	68,105,015	-
-	-	14,957	96,800	-
-	-	-	2,669	-
7,636,891	2,333,742	3,495,375	89,953,655	-
809,233	2,922,772	7,452,116	20,782,604	6,774,733
14,434,100	10,415,086	113,138,099	437,164,147	-
4,848,785	40,505,318	18,183,179	263,014,168	132,823
3,801,914	1,035,809	16,268,511	71,264,878	29,408,076
666,381	564,194	322,758	22,413,967	3,979
-	-	-	16,123,500	-
(14,640,747)	(14,919,255)	(42,109,048)	(338,000,445)	(20,747,974)
9,919,666	40,523,924	113,255,615	492,762,819	15,571,637
-	-	-	162,934	-
18,987,121	-	-	18,987,121	-
18,987,121	-	-	19,150,055	-
36,543,678	42,857,666	116,750,990	601,866,529	15,571,637
39,984,639	45,355,792	124,932,406	656,639,099	38,222,899
-	-	-	3,151,351	-
353,349	95,214	1,096,017	6,174,091	228,513
\$ 40,337,988	\$ 45,451,006	\$ 126,028,423	\$ 665,964,541	\$ 38,451,412

CITY OF McALLEN, TEXAS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
September 30, 2019

	Business-type Activities-Enterprise Funds			
	Water	Wastewater	Sanitation	McAllen International Airport
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 645,275	\$ 398,522	\$ 469,810	\$ 334,278
Accrued expenses	360,840	577,454	127,237	95,295
Due to other funds	-	-	-	-
Due to other government agencies	-	-	-	-
Customer deposits payable	2,760,501	-	-	-
Compensated absences	435,212	256,658	380,810	89,635
Current portion of revenue bonds	1,371,150	4,521,850	-	445,000
Current portion of capital lease	-	-	52,146	3,230
Current portion of note payable	-	-	-	757,124
Other	203	138,027	-	43,680
Total current liabilities	5,573,181	5,892,511	1,030,003	1,768,242
Other noncurrent liabilities:				
Revenue bonds, net of current portion	33,388,614	99,515,304	-	6,275,000
Compensated absences	123,664	167,434	146,144	60,627
Interfund notes payable	-	-	-	778,605
Unearned revenues	328,023	235,000	129,425	-
Capital lease payable	-	-	347,785	21,540
Board advances	-	-	-	-
TMRS net pension liability	2,474,558	1,449,115	2,504,691	641,558
Total other noncurrent liabilities	36,314,859	101,366,853	3,128,045	7,777,330
Total liabilities	41,888,040	107,259,364	4,158,048	9,545,572
Deferred inflows of resources-refunding	256,813	3,758,073	-	-
Deferred inflows of resources-pensions	109,524	62,525	108,254	28,510
Total liabilities and deferred inflows of resources	42,254,377	111,079,962	4,266,302	9,574,082
NET POSITION				
Net investments in capital assets	65,881,996	63,205,944	11,241,645	61,140,929
Restricted for:				
Capital projects	11,306,182	19,542,821	10,989,151	7,335,938
Debt service	499,556	5,428,999	-	339,461
Distribution of net surplus revenues	-	-	-	-
Unrestricted	6,083,847	3,180,613	12,540,194	8,255,125
Total net position	83,771,581	91,358,377	34,770,990	77,071,453
Total liabilities, deferred inflows of resources, and net position	<u>\$ 126,025,958</u>	<u>\$ 202,438,339</u>	<u>\$ 39,037,292</u>	<u>\$ 86,645,535</u>

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

Business-type Activities-Enterprise Funds				Governmental Activities
McAllen International Toll Bridge	Anzalduas International Crossing	Other Proprietary Funds	Total	Internal Service Funds
\$ 77,822	\$ 82,344	\$ 766,739	\$ 2,774,790	\$ 389,633
31,642	92,559	100,434	1,385,461	1,423,950
53,486	-	-	53,486	1,525,286
727,692	-	-	727,692	-
-	-	46,555	2,807,056	-
84,098	18,061	165,797	1,430,271	70,802
-	1,540,000	-	7,878,000	-
1,766	-	9,283	66,425	593
133,600	-	-	890,724	-
-	-	275,970	457,880	-
1,110,106	1,732,964	1,364,778	18,471,785	3,410,264
-	26,220,750	-	165,399,668	-
34,376	-	107,571	639,816	-
-	-	-	778,605	-
137,179	-	284,247	1,113,874	-
11,780	-	61,915	443,020	3,958
-	18,987,121	-	18,987,121	-
521,592	153,423	1,692,105	9,437,042	355,044
704,927	45,361,294	2,145,838	196,799,146	359,002
1,815,033	47,094,258	3,510,616	215,270,931	3,769,266
-	307,130	-	4,322,016	-
23,571	6,351	73,109	411,844	15,243
1,838,604	47,407,739	3,583,725	220,004,791	3,784,509
9,906,120	12,456,044	113,133,236	336,965,914	15,571,637
3,113,051	988,325	3,371,731	56,647,199	-
531,811	1,338,478	-	8,138,305	-
5,223,378	-	-	5,223,378	-
19,725,024	(16,739,580)	5,939,731	38,984,954	19,095,266
38,499,384	(1,956,733)	122,444,698	445,959,750	34,666,903
\$ 40,337,988	\$ 45,451,006	\$ 126,028,423	\$ 665,964,541	\$ 38,451,412

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CITY OF MCALLEN, TEXAS
Reconciliation of the Statement of Net Position of the Proprietary Funds
to the Government-Wide Statement of Net Position
September 30, 2019

Fund equity - total proprietary funds (page 39)	\$ 445,959,750
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Some amounts reported for business-type activities in the statement of net position are different because certain internal service fund assets and liabilities are included with business-type activities.

(145,785)

Net position of business-type activities

\$ 445,813,965

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

CITY OF McALLEN, TEXAS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended September 30, 2019

	Business-type Activities-Enterprise Funds			
	Water	Wastewater	Sanitation	McAllen International Airport
Operating revenues				
Charges for services	\$ 17,821,647	\$ 16,896,546	\$ 21,339,460	\$ 2,782,356
Rentals	-	-	-	3,802,178
Other	831,610	673,382	102,750	83,708
Total operating revenues	18,653,257	17,569,928	21,442,210	6,668,242
Operating expenses				
Salaries, wages and employee benefits	7,607,922	4,319,234	7,984,426	2,021,533
Supplies	1,257,851	663,484	346,258	86,618
Contractual and other services	4,360,432	2,695,673	4,718,483	1,893,345
Repairs and maintenance	706,644	482,685	3,335,543	539,234
Depreciation and amortization	4,653,315	8,128,553	2,479,041	5,517,620
Self insurance claims	-	-	-	-
Other	-	-	-	-
Total operating expenses	18,586,164	16,289,629	18,863,751	10,058,350
Operating income (loss)	67,093	1,280,299	2,578,459	(3,390,108)
Non operating revenues (expenses)				
Investment earnings	623,241	710,426	465,390	337,934
Net increase (decrease) in fair value of investments	108,282	141,694	143,159	110,166
Interest expense	(1,062,128)	(1,533,759)	(24,386)	(350,126)
Interest on board advances	-	-	-	-
Bond related charges--issuance cost	(120,981)	510,713	-	-
Gain (loss) on sale of capital assets	(897)	18,027	84,384	(654,990)
Other	-	-	-	813
Net non-operating revenues (expenses)	(452,483)	(152,899)	668,547	(556,203)
Income (loss) before contributions and transfers	(385,390)	1,127,400	3,247,006	(3,946,311)
Capital contributions	682,203	976,510	-	3,085,209
Transfers in	-	55,347	-	-
Transfers out	(527,998)	(269,100)	(455,401)	(1,221,265)
Change in net position	(231,185)	1,890,157	2,791,605	(2,082,367)
Total net position--beginning	84,002,766	89,468,220	31,979,385	79,153,820
Total net position--ending	\$ 83,771,581	\$ 91,358,377	\$ 34,770,990	\$ 77,071,453

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

Business-type Activities-Enterprise Funds				Governmental Activities
McAllen International Toll Bridge	Anzalduas International Crossing	Other Proprietary Funds	Total	Internal Service Funds
\$ 11,032,437	\$ 3,702,402	\$ 3,538,707	\$ 77,113,555	\$ 7,731,533
2,528,751	16,968	1,995,930	8,343,827	-
247,242	91,922	886,172	2,916,786	14,652,295
13,808,430	3,811,292	6,420,809	88,374,168	22,383,828
1,638,836	441,886	5,235,100	29,248,937	1,878,473
89,749	12,385	295,652	2,751,997	35,575
1,147,035	349,284	3,922,623	19,086,875	6,930,103
178,535	49,558	1,294,218	6,586,417	56,745
1,292,102	1,541,397	4,272,562	27,884,590	2,122,068
-	-	-	-	14,531,079
-	-	-	-	9,571
4,346,257	2,394,510	15,020,155	85,558,816	25,563,614
9,462,173	1,416,782	(8,599,346)	2,815,352	(3,179,786)
143,637	103,214	212,586	2,596,428	490,147
-	621	51,547	555,469	100,742
(11,576)	(1,072,333)	(4,342)	(4,058,650)	(278)
692,142	(692,142)	-	-	-
-	261,329	-	651,061	-
(609,412)	-	(28,398)	(1,191,286)	123,790
(3,375,018)	-	-	(3,374,205)	401,052
(3,160,227)	(1,399,311)	231,393	(4,821,183)	1,115,453
6,301,946	17,471	(8,367,953)	(2,005,831)	(2,064,333)
-	2,185	3,035,124	7,781,231	-
-	844,742	4,234,631	5,134,720	6,016,558
(6,539,702)	(27,600)	(393,251)	(9,434,317)	(4,222,555)
(237,756)	836,798	(1,491,449)	1,475,803	(270,330)
38,737,140	(2,793,531)	123,936,147	444,483,947	34,937,233
\$ 38,499,384	\$ (1,956,733)	\$ 122,444,698	\$ 445,959,750	\$ 34,666,903

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CITY OF MCALLEN, TEXAS
Reconciliation of the Statement Revenues, Expenses and Changes in Fund Net Position of the Proprietary Funds
to the Government-Wide Statement of Activities
For The Year Ended September 30, 2019

Change in net position - total proprietary funds (page 43)	\$ 1,475,803
Some amounts reported for business-type activities in the statement of activity are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.	<u>(1,319,476)</u>
Change in net position of business-type activities	<u><u>\$ 156,327</u></u>

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

CITY OF McALLEN, TEXAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2019

	Business-type Activities-Enterprise Funds			
	Water	Wastewater	Sanitation	McAllen International Airport
Cash flows from operating activities:				
Receipts from customers	\$ 18,680,502	\$ 17,434,108	\$ 21,239,757	\$ 6,723,186
Payments to employees	(7,213,750)	(4,064,628)	(7,548,354)	(1,926,324)
Payments to suppliers	(6,696,359)	(5,487,935)	(8,714,789)	(3,442,060)
Cash received from other cash receipts	-	-	-	-
Net cash provided (used) by operating activities	4,770,393	7,881,545	4,976,614	1,354,802
Cash flows from noncapital financing activities:				
Transfers from other funds	-	55,347	-	-
Transfers to other funds	(527,998)	(269,100)	(455,401)	(1,221,265)
Subsidy from federal grant	-	-	1,300	-
Distribution of income to City of Hidalgo	-	-	-	-
Net cash provided (used) by noncapital financing activities	(527,998)	(213,753)	(454,101)	(1,221,265)
Cash flows from capital and related financing activities:				
Capital contributions	-	-	-	3,226,424
Purchases of capital assets	(9,119,074)	(2,656,627)	(2,410,193)	(2,122,568)
Proceeds from sale of capital assets	21,601	18,027	84,384	-
Proceeds from bond issuance	18,647,430	6,879,607	-	-
Interest expense	-	-	-	-
Bond issuance cost	(171,186)	-	-	-
Principal repayments-bonds and notes	(1,430,450)	(4,221,550)	(83,810)	(435,190)
Interest paid	(1,002,839)	(1,526,974)	(24,386)	(351,201)
Net cash provided (used) by capital and related financing activities	6,945,482	(1,507,517)	(2,434,005)	317,465
Cash flows from investing activities:				
Proceeds from sales and maturities of investments	54,338,425	68,216,905	33,039,319	18,885,061
Purchase of investments	(66,222,265)	(74,870,289)	(35,683,629)	(19,976,128)
Receipt of interest	781,726	871,645	621,401	457,316
Net cash provided (used) by investing activities	(11,102,114)	(5,781,739)	(2,022,909)	(633,751)
Net increase (decrease) in cash	85,763	378,536	65,599	(182,749)
Cash at beginning of year	368,646	891,114	221,282	317,080
Cash at end of year	<u>\$ 454,409</u>	<u>\$ 1,269,650</u>	<u>\$ 286,881</u>	<u>\$ 134,331</u>

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

Business-type Activities-Enterprise Funds				Governmental Activities
McAllen International Toll Bridge	Anzalduas International Crossing	Other Proprietary Funds	Total	Internal Service Funds
\$ 13,820,997	\$ 3,811,292	\$ 6,667,428	\$ 88,377,270	\$ 24,984,935
(1,560,678)	(415,218)	(5,153,968)	(27,882,920)	(1,815,331)
(2,224,476)	(356,618)	(5,289,124)	(32,211,361)	(22,162,653)
-	-	-	-	406,877
10,035,843	3,039,456	(3,775,664)	28,282,989	1,413,828
-	844,742	4,171,713	5,071,802	6,902,292
(6,539,702)	(27,600)	(393,251)	(9,434,317)	(4,222,555)
-	-	1,803,971	1,805,271	-
(2,729,504)	-	-	(2,729,504)	-
(9,269,206)	817,142	5,582,433	(5,286,748)	2,679,737
-	-	194,733	3,421,157	-
(211,770)	(122,538)	(956,554)	(17,599,324)	(3,225,564)
301	-	1,955	126,268	123,790
-	-	-	25,527,037	-
(11,576)	-	(4,342)	(15,918)	(278)
-	-	-	(171,186)	-
(195,885)	(1,510,000)	(14,920)	(7,891,805)	(954)
-	(1,075,625)	-	(3,981,025)	-
(418,930)	(2,708,163)	(779,128)	(584,796)	(3,103,006)
21,649,641	7,314,550	11,588,871	215,032,772	34,179,436
(22,115,813)	(8,521,499)	(12,717,775)	(240,107,398)	(36,036,912)
152,387	104,478	240,907	3,229,860	616,428
(313,785)	(1,102,471)	(887,997)	(21,844,766)	(1,241,048)
33,922	45,964	139,644	566,679	(250,489)
384,553	171,872	472,839	2,827,386	1,312,890
\$ 418,475	\$ 217,836	\$ 612,483	\$ 3,394,065	\$ 1,062,401

Continued

	Business-type Activities-Enterprise Funds			
	Water	Wastewater	Sanitation	McAllen International Airport
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 67,093	\$ 1,280,299	\$ 2,578,459	\$ (3,390,108)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	4,653,315	8,128,553	2,479,041	5,517,620
Other nonoperating revenues	-	-	-	-
(Increase) decrease in deferred outflows of resources - pension	(477,272)	(218,455)	(352,320)	(128,591)
Increase (decrease) in deferred inflows of resources-pensions	(900,227)	(562,495)	(981,143)	(230,677)
Loss on asset disposal				
(Increase) decrease in accounts receivable	(165,690)	(75,820)	(208,980)	54,652
(Increase) decrease in due from other funds	-	-	-	-
(Increase) decrease in prepaid items	3,814	-	-	30,000
(Increase) decrease in inventories	(120,684)	-	-	-
Increase (decrease) in accounts payable	(213,077)	(410,867)	(314,505)	(113,057)
Increase (decrease) in customer deposits payable	107,544	-	-	292
Increase (decrease) in compensated absences payable	(9,577)	46,014	25,785	(13,029)
Increase (decrease) in accrued liabilities	-	(1,238,873)	24,164	(88,750)
Increase (decrease) in due to other funds	-	-	-	(736,427)
Increase (decrease) in net pension liability	1,739,763	993,189	1,719,586	452,877
Increase (decrease) in unearned revenue	85,391	(60,000)	6,527	-
Total adjustments	4,703,300	6,601,246	2,398,155	4,744,910
Net cash provided by (used) by operating activities	<u>\$ 4,770,393</u>	<u>\$ 7,881,545</u>	<u>\$ 4,976,614</u>	<u>\$ 1,354,802</u>
Reconciliation to statement of net position:				
Cash	\$ 410,340	\$ 457,456	\$ 280,104	\$ 133,215
Cash-restricted	44,069	812,194	6,776	1,116
Total cash	<u>\$ 454,409</u>	<u>\$ 1,269,650</u>	<u>\$ 286,880</u>	<u>\$ 134,331</u>
Noncash investing, capital and financing activities:				
Contributions of capital assets	\$ 682,203	\$ 976,510	\$ -	\$ -
Increase (decrease) in fair value of investments	108,282	141,694	143,159	110,166

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

Business-type Activities-Enterprise Funds				Governmental Activities
McAllen International Toll Bridge	Anzalduas International Crossing	Other Proprietary Funds	Total	Internal Service Funds
\$ 9,462,173	\$ 1,416,782	\$ (8,599,346)	\$ 2,815,352	\$ (3,179,786)
1,292,102	1,541,397	4,272,562	27,884,590	2,122,068
-	-	-	-	406,877
(119,491)	(13,557)	(269,235)	(1,578,921)	(45,991)
(178,919)	(65,196)	(650,455)	(3,569,112)	(141,349)
-	-	12,230	(383,608)	38,839
-	-	-	-	2,562,268
-	-	(71,789)	(37,975)	1,232,740
-	-	-	(120,684)	(70,853)
(867,013)	54,609	165,665	(1,698,245)	(237,551)
-	-	184,575	292,411	-
(3,366)	5,277	3,763	54,867	3,677
9,896	(744)	26,934	(1,267,373)	(482,261)
53,486	-	(61,719)	(744,660)	(1,036,982)
374,408	100,888	1,161,337	6,542,048	242,132
12,567	-	49,814	94,299	-
573,670	1,622,674	4,823,682	25,467,637	4,593,614
<u>\$ 10,035,843</u>	<u>\$ 3,039,456</u>	<u>\$ (3,775,664)</u>	<u>\$ 28,282,989</u>	<u>\$ 1,413,828</u>
\$ 303,918	\$ 81,685	\$ 579,480	\$ 2,246,198	\$ 1,062,401
114,557	136,151	33,003	1,147,866	-
<u>\$ 418,475</u>	<u>\$ 217,836</u>	<u>\$ 612,483</u>	<u>\$ 3,394,064</u>	<u>\$ 1,062,401</u>
\$ -	\$ 2,185	\$ 505,173	\$ 2,166,071	\$ -
-	621	51,547	555,469	100,742

Concluded

CITY OF McALLEN , TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2019

	<u>Pension Trust</u>	
	<u>Firemen's Relief and Retirement Fund</u>	<u>Agencies</u>
ASSETS		
Cash and cash equivalents	\$ 4,476,661	\$ 1,365,501
Receivables:		
Interest	21,198	16,836
Due from broker for investment sold	196,129	-
Other	-	7,271
Investments, at fair value:		
Certificate of deposit	-	1,003,079
US government securities	-	1,759,605
TexPool prime		5,132,024
Fixed income	2,712,942	-
Domestic and international equities	9,074,670	-
Mutual funds	20,644,518	-
Common collective trusts	8,221,260	-
Alternative investments	12,587,600	-
	<u>53,240,990</u>	<u>7,894,708</u>
Total investments	<u>53,240,990</u>	<u>7,894,708</u>
	<u>57,934,978</u>	<u>\$ 9,284,316</u>
LIABILITIES		
Accounts payable	-	1,152,064
Due to broker for investment purchased	3,962,851	-
Due agency	-	3,879,686
Escrow payables	-	4,252,566
	<u>3,962,851</u>	<u>\$ 9,284,316</u>
NET POSITION		
Net position restricted for pension	<u>\$ 53,972,127</u>	

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

CITY OF McALLEN , TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2019

	<u>Pension Trust</u>
	<u>Firemen's Relief and Retirement Fund</u>
ADDITIONS	
Contributions:	
Member	\$ 1,499,346
Employer	1,625,691
Other	<u>89</u>
Total contributions	<u>3,125,126</u>
Investment earnings:	
Interest and dividends	1,442,240
Net appreciation (depreciation) in fair value of investments	<u>874,536</u>
Total investment earnings	2,316,776
Less: investment expense	<u>(309,960)</u>
Net investment earnings	<u>2,006,816</u>
Total additions	<u>5,131,942</u>
DEDUCTIONS	
Benefits	3,518,772
Refund of contributions	140,882
DROP payments	138,167
Administrative expense	<u>37,403</u>
Total deductions	<u>3,835,224</u>
Changes in net assets	1,296,718
Net position--beginning	<u>52,675,409</u>
Net position--ending	<u><u>\$ 53,972,127</u></u>

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

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CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

I. Summary of significant accounting policies

(A) Reporting entity

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

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

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

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

CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

The Tres Lagos Public Improvement District (PID) was created during the year ended September 30, 2015 for the purpose of financing the costs of maintaining improvements and providing services within or related to the Tres Lagos Development Project. The PID has been determined to be a discretely presented component unit of the City. Though there are financial relationships between the two, management has determined that the PID does not meet the reporting criteria related to providing services entirely, or almost entirely to, the City, and should not be included in a blended presentation.

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

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

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

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

GASB Statement No. 83, *Certain Asset Retirement Obligations*.

This objective of this statement is to provide financial statement users with information about asset retirement obligations (AROs) that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and corresponding deferred outflow of resources for AROs. The requirements of this Statement apply to financial statements of all state and local governments. This Statement will become effective for the City in fiscal year 2020. The City has not determined the impact of the implementation of this standard.

GASB Statement No. 84, *Fiduciary Activities*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is

CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement will become effective for the City in fiscal year 2020. The City has not determined the impact of the implementation of this standard.

GASB Statement No. 87, *Leases*

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement will become effective for the City in fiscal year 2021. The City has not determined the impact of the implementation of this standard.

GASB Statement No. 88, *Certain Disclosure Related to Debt, including Direct Borrowing and Direct Placements*

This Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. Furthermore this Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date contractual obligation is established. This statement will become effective for the City in fiscal year 2020. The City has not determined the impact of the implementation of this standard.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain components units. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. Also, this statement reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with

CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

governmental fund accounting principles. The requirements of this statement will take effect for financial statements starting with the fiscal year that ends December 31, 2020. The City early implement the standard on October 1, 2018.

GASB Statement No. 90, *Majority Equity Interest*

The primary objective of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The requirements of this Statement will improve financial statement reporting by providing users of financial statements with essential information related to presentation of majority equity interests in legally separate organizations that previously was reported inconsistently. In addition, requiring reporting of information about component units if the government acquires a 100 percent equity interest provides information about the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit. This statement will become effective for the City in fiscal year 2020. The City has not determined the impact of the implementation of this standard.

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

(B) Government-wide and fund financial statements

Government-wide Financial Statements

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

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

CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

Fund Financial Statements

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

(C) Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*; consistent with the presentation of the proprietary fund and fiduciary fund financial statements, with the exception that agency funds do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, without regard to the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

The *Special Revenue Funds* are used to account for and report the proceeds of specific revenue sources, other than for debt service or major capital projects that are legally restricted or committed to expenditure for specified purposes. The only special revenue fund reported as a major fund is the *Development Corp. Fund*, a blended component unit. It is used to account for the additional ½¢ sales tax for economic development.

The *Capital Projects Funds* are used to account for and report financial resources that are restricted, committed or assigned for the acquisition and/or construction of capital facilities except those financed by proprietary fund types. The only capital project fund reported as a major fund is the *Traffic Improvement/Drainage Bond Construction Fund*.

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

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

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

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

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

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

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

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

The City also reports, although not as major funds, the *internal service funds as proprietary funds*. These fund types were established to finance and account for goods and services provided to various departments of the City, and on a limited basis to other local agencies, on a cost-reimbursement basis. They account for fleet management, health insurance, retiree health insurance, property and casualty, and general insurance services provided to other operating funds of the City, as well as a general depreciation fund for rolling stock used within departments

CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

of the General Fund. In the statement of net position, only fleet management is reported in the business-type column, because the predominant user is determined to be the Sanitation Fund, a proprietary fund.

The City reports *fiduciary fund types*, in which the City accounts for assets received and held by the City in the capacity of trustee, agent or custodian. Expenditures are made only in accordance with the purpose for which the assets are received and cannot be used to support the City's programs. Within this category of fund types, the *pension trust fund* accounts for the activities of the *Firemen's Relief and Retirement Fund*, this accumulates resources for pension benefit payments to qualified firefighters. The City also accounts for developers' contributions for future infrastructure development in the *Developers' Fund*, an agency fund. Additionally, it accounts for the *Communications Group Fund*, an agency fund, which was established for the purpose of accounting for the operations and maintenance of a consolidated regional public safety services communication system. The City also includes the *Payroll Fund* as an agency fund.

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses typically are the result from activities specific to a particular proprietary fund's operations. Operating revenues include charges for services. Operating expenses include costs of services as well as materials, contracts, personnel and depreciation. All other revenues and expenses are reported as non-operating revenues and expenses.

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

CITY OF McALLEN, TEXAS

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(D) Assets, liabilities, and net position

(1) Authorized Investments

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

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

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

- Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security and pays no principal.
- Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.
- Collateralized mortgage obligations that have a stated final maturity date of greater than ten (10) years.

CITY OF McALLEN, TEXAS

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- Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

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

(2) Receivables and payables

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

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

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

(3) Inventories and prepaid items

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

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

CITY OF McALLEN, TEXAS

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

(4) Restricted assets

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

(5) Capital assets

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

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

Gains or losses on dispositions of capital assets are included in income within the proprietary fund financial statements and in the governmental activities and business-type activities columns of the government-wide financial statements. In the governmental fund financial statements only the proceeds from the disposition are reported. Within the proprietary funds, interest cost, less interest earned on investments acquired with proceeds of related borrowing, is capitalized during the construction of capital projects when material. The Wastewater Fund has incurred \$1M of capitalized interest. Interest expense is not capitalized on general capital assets.

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

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proprietary fund statement of net position and in both the governmental activities and business-type activities column of the government-wide statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

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

(6) Compensated absences

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

(7) Long-term obligations

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

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

(8) Fund balances

Fund balance, reported in governmental funds, which has some level of constraint placed on it, is classified as non-spendable, restricted, committed, or assigned. The amount remaining, which can be spent for any lawful purpose is classified as unassigned. Amounts classified as restricted have constraints placed on the use by law, regulations of other governments, creditors, grantors or by enabling legislation. Those classified as committed are constrained by the City Commission through an ordinance for specific purposes. Reversing a commitment would require City Commission approval through an ordinance. Non-spendable amounts cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The City Commission has delegated the authority to make assignments

CITY OF McALLEN, TEXAS

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to the City Manager with Commission direction. For the purposes of classifying governmental fund balances, the City typically considers expenditure to be made from the most restrictive first when more than one classification is available, however reserves the right to selectively defer the use thereof to future expenditure. During the budget process, the City Manager designates the assignment of fund balances and makes recommendations to the City Commission for their consent and approval.

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

	Major Funds			Non-major	
	General	Development Corp.	Capital Improvements	Funds Other	Total
Fund balances:					
Nonspendable:					
Board advances	\$ 3,532,927	\$ -	\$ -	\$ -	\$ 3,532,927
Prepays	86,583	94,083	-	-	180,666
Restricted for:					
Law enforcement	-	-	-	2,979,428	2,979,428
Debt service	-	-	-	2,856,084	2,856,084
Economic development	-	17,512,940	-	131,601	17,644,541
Tourism	-	-	-	856,669	856,669
Capital improvements	-	-	22,937,905	16,726,136	39,664,041
Grant activity	-	-	-	20,214	20,214
Public education governmental	-	-	-	844,139	844,139
Parks	-	-	-	2,327,898	2,327,898
Committed to:					
Downtown services parking	-	-	-	14,809	14,809
Assigned to:					
Information technology projects	-	-	-	105,760	105,760
Economic development	-	-	-	-	-
Radio communication system	-	-	-	-	-
Other capital projects	-	-	-	5,985,886	5,985,886
Unassigned	56,950,633	-	-	-	56,950,633
Total fund balances	\$ 60,570,143	\$ 17,607,023	\$ 22,937,905	\$ 32,848,624	\$ 133,963,695

The amount of fund balance restricted by enabling legislation totaled \$21,151,577, as of September 30, 2019.

CITY OF McALLEN, TEXAS

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(9) Minimum fund balance policy

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

(10) Deficit Net Position/Fund Balance

The Anzalduas Bridge Fund's net position reflects a deficit in the amount of \$1,956,733 primarily as a result of advances from the Hidalgo Bridge, as authorized by the board of trustees. These advances supported the annual debt service requirements and interest on the advances. The Hidalgo Bridge Board of trustees has no intention of calling these advances, which will be repaid once the resources are available. In addition, the Employee Benefits Fund reflects a deficit net position in the amount of \$1,587,863. It is estimated that this shortfall will be covered by a health insurance premium rate increase, plan design changes to reduce expenses, and negotiations with several vendors to ensure lower fees. One non-major governmental fund, Property and Casualty reflects a negative net position, \$12,365.

(11) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has several deferred outflows of resources classifications that qualifies for reporting in this category for business-type activities and government wide activities: deferred loss on refundings, pension and OPEB contributions made after measurement date, deferred charges on actuarial losses, and differences in projected and actual earnings on pension assets. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt. The other categories of deferred outflows of resources pertain to GASB 68 and GASB 75.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At the governmental fund level, revenues that have been billed but not yet collected or collected within the availability period are reported as unavailable revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City has five categories that qualifies as deferred inflows of resources at the governmental fund level. The table on the following page describes the items and amounts:

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<u>Deferred Inflows</u>	<u>Amount</u>
Property taxes	\$ 3,902,683
Weedy lots	888,517
Mission Repayment on Series B	3,532,927
Sales taxes	5,928,860
Other	<u>2,114,805</u>
Totals	<u>\$ 16,367,792</u>

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

II. Stewardship, compliance and accountability

(A) Budgetary information

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

1. Prior to August 1 of each year, the City Manager is required to submit to the City Commission a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted by the City Commission through passage of an ordinance.
4. The City Manager is authorized to transfer budgeted amounts between accounts within any department; however, any revisions that alter the total expenditures of any department must be approved by the City Commission. Budgeted amounts include transfers and revisions to the original appropriations ordinance.
5. Annual appropriated budgets are adopted for most governmental funds per legal requirements, while others are appropriated for management purposes.

CITY OF McALLEN, TEXAS

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6. The budget and actual comparisons include the General Fund and the Development Corp Fund. Budgets for these funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (US GAAP) applicable to state and local governments. Budgets for proprietary funds have been prepared on a non-US GAAP basis, which excludes depreciation but includes capital outlay and debt principal payments.
7. Annual budgeted expenditures are adopted at the department level within funds. As previously noted, the City Manager is authorized to make transfers within a department. Accordingly, the level at which expenditures cannot legally exceed appropriations is the department level. During the year, several supplementary appropriations were necessary.

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

(B) Excess of expenditures over appropriations

For the year ended September 30, 2019, expenditures in certain general fund departments exceeded appropriations. These expenditures over appropriations are the result of underestimating actual expenditures for the year. Revenue sufficient to provide for the excess was made available through the use of available surplus from current and prior years. The related departments and the excess of expenditures over appropriations are reflected in the table that follows:

<u>Department:</u>	
Special service	\$ 196,230
City manager	30,860
Passport facility	10,486
Police	9,849
Fire	685,935
Other agencies	294,059
Recreation	34,776
Las palmas community center	40,031
Total general fund	<u>\$ 1,302,226</u>

CITY OF McALLEN, TEXAS

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III. Detailed notes on all funds

(A) Deposits and investments

It is the City's policy as well as a requirement in its Depository Agreement for deposits plus accrued interest thereon to be 110% secured by collateral valued at fair value, less the amount of the Federal Deposit Insurance Corporation insurance. At September 30, 2019, the City's deposits were entirely covered by federal deposit insurance or were secured by collateral held by the City's agent in the City's name pursuant to the City's Investment Policy and its Depository Agreement.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs.

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

Investments at fair value, as of September 30, 2019 are reflected in the table that follows:

		Fair Value Measurements Using				
	2019	Cost	Fair Value	(Level 1)	(Level 2)	(Level 3)
Investments by fair value level						
Debt Securities						
United States government agency securities	\$ 45,288,027	\$ 45,508,392	\$ -	\$ 45,508,392	\$ -	
Money market mutual funds	19,428,003	19,428,003	-	19,428,003	-	
Total debt securities	64,716,030	64,936,395	-	64,936,395	-	

The total amount above excludes investments in local government pools, which are reported at amortized cost in the amount of \$114,157,178, as of September 30, 2019.

Public funds investment pools

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

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nationally recognized rating service; and (3) maintain the fair value of its underlying investment portfolio within one half of one percent of the values of its shares.

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

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

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

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

	Government Agencies and Certificates of Deposit	
	<hr/>	
< 1 Year	\$	87,060,917
1-3 Years		54,033,870
	<hr/>	
Total	\$	141,094,787
	<hr/>	
Weighted Average Maturity		178 Days

Credit risk. As of September 30, 2019, the investments in the State's investment pool was rated AAAM by Standards and Poor's. Available funds were invested in government securities which consist of instruments issued by the U.S. Treasury, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Agricultural Mortgage Corporation and Federal Farm Credit Bank, all of which are rated AAA by Moody's Investors Service and AA+ by S&P. The City's investment policy limits authorized investments to TexPool Prime, certificates of deposits, U.S. Treasuries,

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federal government agencies, including mortgage backed securities, commercial paper, municipal bonds, and money market mutual funds.

Concentration of credit risk. The U.S. government agencies holdings represents 18% of the total portfolio. Within this category, securities issued by the Federal Home Loan Bank represent 66%, those issued by the Federal Farm Credit Bank represent 9%. Those issued by the Federal National Mortgage Association represent 25%. The investment policy is silent in the concentration of holding in the various types of securities and investments.

Firemen's Relief and Retirement Fund Investments

The Firemen's Relief and Retirement Fund Investments (Plan) are recorded at fair value as of September 30, 2019. The table below reflects the composition of these investments.

			Investment Policy
	Fair Value	% of Portfolio	Asset Allocation
Equities:			
Domestic	\$ 17,295,930	32%	20-50%
International	20,644,518	39%	30-60%
Equities total	37,940,448		
Fixed income			
Treasury and agency securities			
corporate bonds and mutual funds	2,712,942		
Fixed income total	2,712,942	5%	0-20%
Alternative investments	12,587,600	24%	10-30%
Total portfolio	\$ 53,240,990	100%	

CITY OF McALLEN, TEXAS

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Investments at fair value as of September 30, 2019 using the fair value measurement are as follows:

Investment Type	Total Fair Value	Level 1	Level 2	Level 3
Equities				
Domestic Equity	\$ 9,074,670	\$ 9,074,670	\$ -	\$ -
Mutual Funds	20,644,518	20,644,518	6,509,531	-
Fixed Income				
Fixed Income Mutual Fund	-	-	-	-
US Treasury Notes	1,958,677	1,958,676	-	-
Mortgage Backed Securities	416,286	-	416,286	-
Corporate Bonds	299,591	-	299,591	-
Municipal Bonds	38,388	-	38,388	-
Real Estate	716,741	-	-	716,741
Total Investments at Fair Value	\$ 33,148,871	\$ 31,677,864	\$ 7,263,796	\$ 716,741

Investments measured at the net asset value (NAV)

		Unfunded Commitments	Redemption Frequency	Redemption Notice
Hedge Funds				
Courage Credit Opportunities Offshore Fund III LP	1,380,279	-	(1)	(1)
Ironwood	2,936,283	-	Semi-annual	95 days
Terracap	1,939,516	-	(1)	(1)
Corry Capital	2,904,147	-	(2)	(2)
Pointer	2,710,633	-	(3)	(3)
Collective Investment Funds	8,221,260	-	Typically Daily	Less than 1 month
Total of Investments Measured at NAV	20,092,119			
Total Investments	<u>\$ 53,240,990</u>			

- (1) These hedge funds are not redeemable. The Firemen's Relief and Retirement Fund receives distributions as the underlying assets of investments are sold/liquidated. Management estimates that the remaining three hedge funds (\$3,319,795 or 16.52%) will liquidate in 5-7 years.
- (2) The money invested with Corry Capital is locked up because the investment is a private equity style fund. It is a self-liquidating fund that will make distributions when there are realizations.
- (3) All capital is subject to an initial 24-month lockup, so the lockup on McAllen Firemen's Relief and Retirement Fund's initial investment of \$2.6M made on 4/1/18 expires on 4/1/20. Pointer has semi-annual redemptions at 6/30 and 12/31, where an investor has access to up to 50% of their capital at each date, with signed notification due by 3/15 and 9/15, respectively.

Because of the complexity of the portfolio, the firemen's board of trustees relies on its consultant to provide the necessary guidance to accomplish the Plan's objectives. The Board also

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understands that return objectives can be achieved while assuming “market” volatility. The Board is willing to forgo potential return in strong markets in return for protection against a severe decline during weak periods.

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

Interest rate risk. Only the fixed income securities of the Plan are subject to interest rate risk due to the possibility that prevailing interest rates could change before the securities reach maturity. Securities that are subject to interest rate risk as of September 30, 2019 amount to \$2,712,942 and have weighted-average duration of 16.09 years. Duration is defined as the change in the value of a fixed income security that will result from a 1% change in interest rates. Duration is stated in years. For example, five-year duration means the bond will decrease in value by 5% if interest rates rise 1% and increase in value by 5% if interest rates fall 1%. Securities that are subject to interest rate risk are shown in the following table. The investment policy is silent on the subject.

Investment Type	Fair Value	Weighted-Average	
		Percentage of Total	Duration (Years)
Corporate bonds	\$ 299,591	11.04%	15.64
US Treasury notes	1,958,677	72.20%	7.26
Government mortgage back securities	416,286	15.34%	4.95
Municipal mortgage bonds	38,388	1.41%	36.50
Total fixed income investments	<u>\$ 2,712,942</u>	100.00%	<u>16.09</u>

Credit risk. Using Standard and Poor’s rating system for fixed income securities as of September 30, 2019 the Plan’s bonds were rated as noted below. The investment policy is silent on the subject.

Investment Type	Fair Value	A	A-, A+,AA, AA-, AA+	BBB+
US Treasury Notes	\$ 1,958,677	\$ -	\$ 1,958,677	\$ -
Mortgage Back Securities	416,286	-	416,286	-
Corporate Bonds	299,591	33,474	196,236	69,881
Municipal Bonds	38,388	-	38,388	-
	<u>\$ 2,712,942</u>	<u>\$ 33,474</u>	<u>\$ 2,609,587</u>	<u>\$ 69,881</u>

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(B) Receivables

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

	Receivables					
	Accounts	Taxes	Interest	Inter-governmental	Other	Net Receivables
Governmental activities:						
General	\$ 1,604,371	\$ 12,950,585	\$ 29,842	\$ 158,921	\$ 931,661	\$ 15,675,380
Development corp.	17,000	2,831,583	17,042	1,877,623	-	4,743,248
Traffic Improv/ Drainage bond construction	-	-	3,157	-	-	3,157
Nonmajor governmental and internal service funds	1,393,384	260,727	528,262	762,571	376,134	3,321,078
Total governmental	<u>\$ 3,014,755</u>	<u>\$ 16,042,895</u>	<u>\$ 578,303</u>	<u>\$ 2,799,115</u>	<u>\$ 1,307,795</u>	<u>\$ 23,742,863</u>
Business-type activities:						
Water	\$ 2,155,301	\$ -	\$ 16,014	\$ -	\$ -	\$ 2,171,315
Wastewater	1,928,460	-	-	-	30,675	1,959,135
Sanitation	2,303,135	-	21,948	-	-	2,325,083
McAllen international airport	132,948	-	2,224	750,873	-	886,045
McAllen international toll bridge	-	-	-	176,338	-	176,338
Anzalduas International Crossing	-	-	254	-	-	254
Nonmajor enterprise and fleet fund	60,407	-	20,119	864,929	-	945,455
Total business type	<u>\$ 6,580,251</u>	<u>\$ -</u>	<u>\$ 60,559</u>	<u>\$ 1,792,140</u>	<u>\$ 30,675</u>	<u>\$ 8,463,625</u>

Within the City's water, wastewater, and sanitation funds, an estimated amount has been recorded for services rendered but not yet billed as of the close of the year. The receivable was determined by prorating the cycle billings sent to customers in October 2019 based on the number of days applicable to the prior fiscal year. The receivable balances in the water, wastewater, and sanitation have been reduced by estimated allowances for doubtful accounts. Water accounts were reduced by \$78,703; wastewater accounts by \$66,708; and sanitation accounts by \$8,089.

CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

(C) Capital assets

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

	Beginning				Ending
	Balance	Increases	Transfers	Retirements	Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 82,993,490	\$ 2,819,449	\$ -	\$ (1,448,818)	\$ 84,364,121
Construction in progress	10,588,066	10,609,412	(2,640,182)	-	18,557,296
Total capital assets, not being depreciated	93,581,556	13,428,861	(2,640,182)	(1,448,818)	102,921,417
Capital assets, being depreciated:					
Buildings and improvements	168,106,073	2,393,357	341,387		170,840,817
Equipment	81,109,639	9,815,601	161,043	(1,226,985)	89,859,298
Infrastructure	231,651,511	1,223,946	5,070,984	-	237,946,441
Total capital assets being depreciated	480,867,223	13,432,904	5,573,414	(1,226,985)	498,646,556
Less accumulated depreciation for:					
Buildings and improvements	(61,561,895)	(5,475,299)	(2,642)	-	(67,039,836)
Equipment	(59,237,120)	(5,642,270)	(25,376)	1,226,985	(63,677,781)
Infrastructure	(141,295,399)	(6,945,165)	-	-	(148,240,564)
Total accumulated depreciation	(262,094,414)	(18,062,734)	(28,018)	1,226,985	(278,958,181)
Total capital assets being depreciated, net	218,772,809	(4,629,830)	5,545,396	-	219,688,375
Governmental activities capital assets, net	\$ 312,354,365	\$ 8,799,031	\$ 2,905,214	\$ (1,448,818)	\$ 322,609,792

CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

Depreciation expense was charged to governmental functions as follows:

General government	\$ 1,677,736
Public safety	2,918,967
Highways and streets, which includes the depreciation of general infrastructure assets	6,982,006
Health and welfare	10,406
Culture and recreation	4,409,237
In addition, depreciation on capital assets held by the City's internal service funds is charged to the various functions based on their usage of the assets	<u>2,064,382</u>
Total depreciation-governmental activities	<u><u>\$ 18,062,734</u></u>

CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

	Beginning Balance	Increases	Transfers/ Retirements	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 21,391,317	\$ 1,000	(609,713)	\$ 20,782,604
Construction in progress	20,305,889	3,815,594	(1,703,537)	22,417,946
Water rights (perpetual)	6,023,500	7,900,000	-	13,923,500
Total capital assets, not being depreciated	47,720,706	11,716,594	(2,313,250)	57,124,050
Capital assets, being depreciated:				
Buildings and systems	432,987,284	1,515,443	2,661,420	437,164,147
Improvements other than buildings	254,385,784	835,232	508,359	255,729,375
Machinery and equipment	69,099,142	5,294,103	(2,299,121)	72,094,124
Development cost	7,417,616	-	-	7,417,616
Water rights (non-perpetual)	3,200,000	(1,000,000)	-	2,200,000
Total capital assets being depreciated	767,089,826	6,644,778	870,658	774,605,262
Less accumulated depreciation for:				
Buildings and systems	(153,348,592)	(15,102,239)	-	(168,450,831)
Improvement other than buildings	(109,367,725)	(7,070,587)	(49,287)	(116,487,599)
Machinery and equipment	(47,362,043)	(5,474,008)	2,229,228	(50,606,823)
Development cost	(1,622,602)	(185,441)	-	(1,808,043)
Water rights	(1,182,498)	(110,000)	-	(1,292,498)
Total accumulated depreciation	(312,883,460)	(27,942,275)	2,179,941	(338,645,794)
Total capital assets being depreciated, net	454,206,366	(21,297,497)	3,050,599	435,959,468
Business-type activities				
Capital assets net	\$ 501,927,072	\$ (9,580,903)	\$ 737,349	\$ 493,083,518

CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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

Water	\$ 4,653,315
Wastewater	8,128,553
Sanitation	2,479,041
Golf course	337,174
Performing arts center	1,182,238
Convention center	1,600,385
McAllen international airport	5,517,620
McAllen express	201,369
Transit terminal	951,396
McAllen international toll bridge	1,292,102
Anzalduas international crossing	1,541,396
In addition, depreciation on capital assets held by the City's Fleet management funds is charged to the various functions based on their usage of the assets	<u>57,686</u>
Total depreciation-business type activities	<u><u>\$ 27,942,275</u></u>

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

<u>Project Description</u>	<u>Remaining Commitment</u>	<u>Financing Sources</u>
Streets and drainage	\$ 2,690,649	Local and bond funds
Public safety / Parking Garage	1,652,676	Local and grant
Wastewater improvements	51,457	Local and bond funds
Fire	19,744	Local
Minor projects	<u>99,295</u>	Local
	<u><u>\$ 4,513,821</u></u>	

CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

(D) Interfund receivables/loans and transfers

The compositions of inter-fund balances as of September 30, 2019 are reflected below.

<u>Receivable Fund:</u>	<u>Payable Fund:</u>	<u>Amount</u>
General Fund	Employee Benefits Fund	\$ 1,440,216
	Risk Management Fund	85,070
	McAllen Toll Bridge	53,486
	Development Corp. Fund	21,028
	Non-Major Governmental Funds	<u>371,295</u>
	Total General Fund	<u>1,971,095</u>
	Total Governmental Funds	<u>1,971,095</u>
Convention Center Fund	Non-Major Governmental Fund	<u>206,665</u>
Performing Arts Center Fund	Non-Major Governmental Fund	<u>51,684</u>
General Depreciation Fund	McAllen Toll Bridge	<u>66,800</u>
General Depreciation Fund	Airport Fund	<u>767,865</u>
Risk Management Fund	McAllen Toll Bridge	<u>66,800</u>
Risk Management Fund	Airport Fund	<u>767,865</u>
	Total Proprietary Funds	<u>1,927,679</u>
	Combined totals	<u><u>\$ 3,898,774</u></u>

A loan arrangement among the General Depreciation Fund and General Insurance Funds between the Airport Fund was agreed upon in the combined total amount of \$3,684,886. This agreement was executed in 2015 to assist with the terminal expansion project. The current outstanding balance totals \$1,535,730. In addition, the General Insurance and General Depreciation Funds initiated long term note payable arrangement to provide tenant improvements and port of entry upgrades in the amount of \$856,384 for the Toll Bridge. The

CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

current outstanding balance totals \$133,600. It is disclosed in this section of the notes, since it is not a third party transaction.

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

	Transfer In:							
	Anzalduas							Total
	General Fund	Development Corp Fund	Nonmajor Governmental	Wastewater Fund	Int'l Crossing Fund	Nonmajor Proprietary	Internal Service	
Transfer out:								
General fund	\$ -	\$ -	\$ 8,015,521	\$ -	\$ -	\$ -	\$ -	\$ 8,015,521
Sanitation fund	-	-	-	-	-	-	455,401	455,401
Development corp	3,488,825	-	-	-	-	1,189,151	-	4,677,976
Nonmajor prop.	-	-	-		-	100,000	293,251	393,251
Nonmajor gov.	237,000	100,000	858,637	-	-	2,945,480	65,550	4,206,667
Water fund	-	-	-	55,347	-	-	472,651	527,998
Wastewater fund	-	-	-	-	-	-	269,100	269,100
Internal service	-	-	-	-	-	-	4,222,555	4,222,555
Anzalduas Int'l bridge	-	-	-	-	-	-	27,600	27,600
McAllen int'l toll bridge	5,601,810	-	-	-	844,742	-	93,150	6,539,702
McAllen int'l airport	1,103,965	-	-	-	-	-	117,300	1,221,265
Total	\$ 10,431,600	\$ 100,000	\$ 8,874,158	\$ 55,347	\$ 844,742	\$ 4,234,631	\$ 6,016,558	\$ 30,557,036

During the year, the General Fund transferred \$4,726,696 of surplus revenues to the Capital Improvement Fund, a non-major governmental fund to assist in funding some major projects contemplated in next year's budget. It also provided funding in the amount of \$3,288,825 to the Debt Service Fund, a non-major governmental fund. This funding is to cover the debt service requirements of the General Obligation Refunding Bonds, Series 2015.

The Development Corporation provided funding for operating costs to the McAllen Express Fund and Transit System Fund in the amounts of \$925,618 and \$263,533, respectively. It also transferred \$3,488,825 to the General Fund for operating expenditures associated with the public safety building.

The Hotel Occupancy Tax Fund and the Hotel Venue Fund, non-major governmental funds, transferred collections of \$2,188,652 to the Convention Center, and \$756,818 to the Performing Arts Fund, as well as to the Hotel Venue Debt Service Fund in the amount of \$858,637. It also transferred \$100,000 to the Development Corp.

The transfer of \$237,000 from the Downtown Service Parking Fund, a non-major governmental fund, to the General Fund is a reimbursement for debt service requirements on the debt related to the downtown parking garage. Also there was a \$65,550 transfer to the Health Insurance fund to provide assistance with rising health expenses.

CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

The transfer of \$1,103,965 from the Airport Fund to the General Fund represents reimbursement for public safety personnel assigned to the airport. It also provided \$117,300 to the Employee Benefits Fund to provide additional assistance with rising health care expenses.

The Sanitation Fund transferred \$445,401 to the Employee Benefits Fund to provide additional assistance with rising health care expenses.

The Convention Center Fund transferred \$117,300 to the Employee Benefits Fund to provide additional assistance with rising health care expenses.

The amount reflected from the McAllen International Toll Bridge Fund to the General Fund of \$5,601,810 represents the City's share of surplus net revenue from operation of the international toll bridge. Additionally, it transferred \$844,742 to the Anzalduas International Crossing Fund for debt service requirements on the International Toll Bridge System Revenue Bonds, Series 2007B/2017B Refunding Bonds. Additionally, it transferred \$93,150 to the Employee Benefits Fund to provide additional assistance with rising health care expenses.

The Employee Benefits Fund was provided operating funding from various sources. These sources, in addition to those previously mentioned above, were received from the following funds: Water Fund--\$472,651; Wastewater Fund--\$269,100; Palm View Golf Course Fund--\$44,850; McAllen Express--\$113,850; Transit System Fund--\$17,251; Anzalduas International Crossing Fund--\$27,600; Fleet Materials Management Fund--\$72,450; and General Insurance Fund--\$4,150,105.

(E) Operating leases

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

CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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

<u>Year Ending</u>	<u>GSA</u>	<u>UETA</u>	<u>Total</u>
2020	\$ 2,116,056	\$ 240,000	\$ 2,356,056
2021	2,116,056	240,000	2,356,056
2022	2,116,056	240,000	2,356,056
2023	2,116,056	40,000	2,156,056
2024	2,116,056	-	2,116,056
2025-2029	<u>9,698,591</u>	<u>-</u>	<u>9,698,591</u>
Totals	<u>\$ 20,278,871</u>	<u>\$ 760,000</u>	<u>\$ 21,038,871</u>

(F) Long-term liabilities

(1) General obligation bonds and other

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

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

CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

Governmental activities:

\$42,380,000 General Obligation Bonds, Series 2014 due in annual installments ranging from \$600,000 to \$3,085,000 per year through February 15, 2034, with a final installment of \$3,085,000; interest at 3.00% to 5.00%	\$ 35,560,000
\$11,850,000 Combination Tax and Revenue Certificates of Obligation, Series 2014 due in annual installments ranging from \$205,000 to \$840,000 per year through February 15, 2034, with a final installment of \$840,000; interest at 3.00% to 4.00%	9,825,000
\$15,035,000 General Obligation Refunding Bonds, Series 2015 due in annual installments ranging from \$3,000,000 to \$3,450,000 per year through February 15, 2020, with a final installment of \$3,450,000; interest at 3.50% to 4.00%	3,260,000
\$24,500,000 Combination Tax & Assessment Revenue Certificates of Obligation, Taxable Series 2016 due in annual installments ranging from \$650,000 to \$1,149,000 per year through February 15, 2046, with a final installment of \$1,149,000; interest at 1.87% to 3.97%	24,500,000
\$5,120,000 Development Corporation of McAllen, Inc. Sales Tax Revenue Bonds, Taxable Series 2016 due in annual installments ranging from \$250,000 to \$380,000 per year through August 15, 2036; interest at 1.40% to 3.50%	5,120,000
\$10,670,000 Local Government Finance Corporation Contract Revenue Bonds, Series 2017 due in annual installments ranging from \$490,000 to \$825,000 per year through August 15, 2036; interest at 2.00% to 5.00%	10,670,000

CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

\$10,165,000 Development Corporation of McAllen, Inc. Sales Tax Revenue Bonds, Taxable Series 2017 due in annual installments ranging from \$465,000 to \$785,000 per year through August 15, 2036; interest at 2.04% to 4.07%	10,165,000
\$5,115,000 Development Corporation of McAllen, Inc. Sales Tax Revenue Bonds, Taxable Series 2018 due in annual installments ranging from \$98,223 to \$415,241 per year through August 15, 2036; interest at 2.44% to 3.82%	5,115,000
\$5,890,000 Combination Tax and Revenue Certificates of Obligation Bonds, Series 2018 due in annual installments ranging from \$119,879 to \$356,406 per year through February 15, 2043; interest at 3.00% to 5.00%	5,755,000
\$4,000,000 General Obligation Bonds, Series 2018 due in annual installments ranging from \$149,700 to \$253,609 per year through February 15, 2043; interest at 3.00% to 5.00%	4,000,000
\$18,955,000 General Obligation Bonds, Series 2019 due in annual installments ranging from 1,306,550 to \$1,42,571 per year through September 30, 2044; interest at 2.00% to 5.00%	<u>18,955,000</u>
Total general long-term bonds and obligations payable	<u>\$ 132,925,000</u>

CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

The annual debt service requirements to maturity on sales tax bonds payable, combination tax and revenue certificates of obligation, general obligations, and certificates of obligation, as of September 30, 2019, including interest, are reflected below:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 7,205,000	\$ 5,459,045
2021	4,460,000	4,815,726
2022	5,295,000	4,626,953
2023	5,505,000	4,418,919
2024	5,730,000	4,198,061
2025-2029	31,935,000	17,705,950
2030-2034	38,500,000	11,118,658
2035-2039	16,960,000	5,173,517
2040-2044	14,415,000	2,140,579
2045-2046	<u>2,920,000</u>	<u>117,027</u>
	<u>\$ 132,925,000</u>	<u>\$ 59,774,436</u>

(2) Revenue bonds and other

The City also issues revenue bonds which are repaid from the revenues derived from operating activity of the borrowing fund(s). The total amount of interest expense paid on revenue bonds in the current period was \$3,881,992. The following schedule is an analysis of the business-type activity long-term debt, including related revenue bonds.

CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

Business-type activities:

Payable from Water Fund:

\$9,363,200 Waterworks and Sewer System Revenue
and Refunding Bonds, Series 2015 due in annual installments from \$380,000
to \$1,825,000 through February 1, 2030: interest at 2.00% to 5.00% \$ 6,563,200

\$9,937,300 Waterworks and Sewer System Revenue
and Refunding Bonds, Series 2016 due in annual installments from \$1,480,000
to \$1,960,000 through February 1, 2031: interest at 2.00% to 5.00% 7,937,800

\$12,000,000 Waterworks and Sewer System Revenue Bonds
Series 2018 (DWSRF) due in annual installments from \$5,000
to \$625,000 through February 1, 2048: interest at 0.660% to 2.02% 12,000,000

\$6,900,000 Waterworks and Sewer System Revenue Bonds
Series 2018C due in annual installments from \$115,000
to \$365,000 through February 1, 2048: interest at 1.59% to 3.43% 6,900,000

Total water fund bonds payable \$ 33,401,000

Payable from Wastewater Fund:

\$13,172,700 Waterworks and Sewer System Revenue
and Refunding Bonds, Series 2016 due in annual installments from \$1,480,000
to \$1,960,000 through February 1, 2031: interest at 2.00% to 5.00% \$ 10,522,200

\$39,485,000 Waterworks and Sewer System Revenue Bonds, Series 2009
due in annual installments from \$1,090,000 to \$1,350,000
through February 1, 2040: with no interest 28,420,000

CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

Payable from the Wastewater Fund (Continued):

\$1,190,000 Waterworks and Sewer System Improvement Revenue Series 2012 due in annual installments from \$95,000 to \$1,135,000 through February 1, 2022: interest at 0.240% to 0.850%; with interest commencing February 1, 2019	395,000
\$6,655,000 Waterworks and Sewer System Revenue Bonds, Series 2013 due in annual installments from \$175,000 to \$285,000 through February 1, 2043: interest at 1.60%.	5,625,000
\$217,000 Waterworks and Sewer System Revenue Bonds, Series 2013A due in annual installments from \$18,000 to \$25,000 through February 1, 2043: interest at 2.43%.	95,000
\$2,995,000 Waterworks and Sewer System Revenue Bonds, Series 2013B due in annual installments from \$270,000 to \$310,000 through February 1, 2043: interest at 0.52%.	1,230,000
\$7,356,800 Waterworks and Sewer System Revenue and Refunding Bonds, Series 2015 due in annual installments from \$380,000 to \$1,825,000 through February 1, 2030: interest at 2.00% to 5.00%	5,156,800
\$40,000,000 Waterworks and Sewer System Revenue Bonds Series 2015 (loan) due in annual installments from \$710,000 to \$1,730,000 through September 30, 2045: interest at 0.14% to 1.62%	37,160,000
\$7,110,000 Waterworks and Sewer System Revenue Bonds Series 2016 (loan) due in annual installments from \$20,000 to \$315,000 through February 1, 2047: interest at 0.07% to 1.41%	7,070,000
\$7,000,000 Waterworks and Sewer System Revenue Bonds Series 2018 (CWSRF) due in annual installments from \$5,000 to \$350,000 through February 1, 2048: interest at 0.036% to 1.72%	<u>7,000,000</u>
Total wastewater fund bonds payable	<u>\$ 102,674,000</u>

CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

Payable from McAllen International Airport Fund:

\$9,820,000 Combination Tax and Revenue Certificates of Obligation Bonds, Series 2011 due in annual installments from \$325,000 to \$710,000 through September 30, 2031: interest at 2.00% to 4.75%	<u>\$ 6,720,000</u>
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Total airport fund bonds payable	<u><u>\$ 6,720,000</u></u>
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Payable from Anzalduas International Crossing Fund:

\$18,455,000 International Toll Bridge System Revenue Refunding Bonds, Series 2017A due in annual installments from \$900,000 to \$1,690,000 through March 1, 2032: interest at 2.00% to 5.00%	\$ 16,625,000
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\$10,185,000 International Toll Bridge System Revenue Refunding Bonds, Series 2017B due in annual installments from \$570,000 to \$825,000 through March 1, 2032: interest at 2.00% to 3.50%	<u>9,035,000</u>
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Total Anzalduas International Crossing fund bonds payable	<u><u>\$ 25,660,000</u></u>
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CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 7,878,000	\$ 3,773,498
2021	8,093,000	3,572,244
2022	8,489,000	3,353,814
2023	8,775,000	3,109,564
2024	8,970,000	2,845,295
2025-2029	44,420,000	10,473,336
2030-2034	33,835,000	4,913,925
2035-2039	22,165,000	2,994,096
2040-2044	17,985,000	1,562,708
2045-2048	<u>7,845,000</u>	<u>277,367</u>
Total bonds outstanding	<u>\$ 168,455,000</u>	<u>\$ 36,875,847</u>

In addition, interfund notes payable of \$1,669,329 was reflected at the end of September 30, 2019 under the business-type activities and will be liquidated by the Airport and Toll Bridge Funds. This amount is reflected in section (D) interfund receivables/loans, and transfers.

CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

(3) Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2019 is shown on the following table:

	Balance at September 30, 2018	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2019	Amounts Due Within One Year
Governmental activities:					
Sales tax revenue bonds	\$ 20,400,000	\$ -	\$ -	\$ 20,400,000	\$ 945,000
Certificates of obligation	51,365,000	-	(615,000)	50,750,000	1,125,000
General obligation bonds	47,605,000	18,955,000	(4,785,000)	61,775,000	5,135,000
Bond premium	2,921,755	2,250,605	(411,032)	4,761,328	37,910
Bond discount	(267,263)	-	61,861	(205,402)	(64,225)
Capital lease	-	3,861,923	(669,090)	3,192,833	416,307
Compensated absences	11,513,189	5,405,799	(5,236,844)	11,682,144	5,214,198
TMRS net pension liability	6,872,315	15,635,447	-	22,507,762	-
Net OPEB liability	9,305,215	-	(503,577)	8,801,638	-
Fire net pension liability	26,226,921	19,418,735	-	45,645,656	-
Total general long-term	175,942,132	65,527,509	(12,158,682)	229,310,959	12,809,190
Business-Type activities:					
Revenue bonds payable	150,147,000	25,900,000	(7,592,000)	168,455,000	7,878,000
Compensated absences	2,058,496	1,557,507	(1,498,530)	2,117,473	1,498,530
Bond premium	6,331,499	-	(898,363)	5,433,136	847,563
Bond discount	(397,058)	(372,963)	159,553	(610,468)	(147,505)
Capital lease	-	738,804	(224,808)	513,996	67,018
TMRS net pension liability	3,007,906	6,784,180	-	9,792,086	-
Total proprietary fund debt	161,147,843	34,607,528	(10,054,148)	185,701,223	10,143,606
Total debt	<u>\$ 337,089,975</u>	<u>\$ 100,135,037</u>	<u>\$ (22,212,830)</u>	<u>\$ 415,012,182</u>	<u>\$ 22,952,796</u>

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

CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

(4) Debt covenants

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

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

IV. Other information

(A) Risk Management

The City is exposed to various risks or torts; theft of, damage to, and destruction of assets; injuries to employees, citizens and the general public; and natural disasters. During fiscal year 2019, the City self-funded group health insurance, life insurance, general liability insurance, and workmen's compensation insurance. The City purchased insurance coverage for fire and extended coverage on buildings and contents; and fire, lightning, and windstorm insurance for its vehicles for damages in excess of certain limits.

The group health insurance program is reported in the Employee Benefits Fund, an internal service fund. General liability and workmen's compensation insurance programs are reported in the General Insurance Fund, an internal service fund, and the Retiree Health Insurance Fund, an internal service fund.

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

The City estimates the liabilities for its self-funded insurance programs on a case-by-case basis based on historical claims experience. A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss is reasonably estimable. Accruals for claims are adjusted on a regular basis based on the latest information available on each case. Claims incurred but not reported have been considered in determining the accrual for claims, and City management believes adequate accruals have been provided at September 30, 2019. Inter-fund premiums are based primarily on claims experience and are reported as interfund services provided and used.

CITY OF McALLEN, TEXAS

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

	<u>Employee Benefits</u>	<u>Retiree Health Insurance</u>	<u>Risk Management</u>	<u>Property & Casualty Insurance</u>	<u>Total</u>
Claims payable at September 30, 2017	\$ (1,006,649)	\$ (240,000)	\$ (518,012)	\$ (52,254)	\$ (1,816,915)
Current period claims and changes in estimate	(12,077,348)	(1,418,183)	(1,023,452)	(326,176)	(14,845,159)
Current period claims paid	<u>12,091,715</u>	<u>1,418,183</u>	<u>1,023,451</u>	<u>326,176</u>	<u>14,859,525</u>
Claims payable at September 30, 2018	<u>(992,282)</u>	<u>(240,000)</u>	<u>(518,013)</u>	<u>(52,254)</u>	<u>(1,802,549)</u>
Current period claims and changes in estimate	(12,522,183)	(1,090,050)	(964,992)	(487,669)	(15,064,894)
Current period claims paid	<u>12,997,802</u>	<u>1,090,050</u>	<u>901,504</u>	<u>483,792</u>	<u>15,473,148</u>
Claims payable at September 30, 2019	<u><u>\$ (516,663)</u></u>	<u><u>\$ (240,000)</u></u>	<u><u>\$ (581,501)</u></u>	<u><u>\$ (56,131)</u></u>	<u><u>\$ (1,394,295)</u></u>

(B) Contingent liabilities

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

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

The City has been granted authority from U.S. Citizenship and Immigration Service to operate an EB-5 Visa (also known as the Employment Based 5th Preference Visa) Regional Center, which attracts foreign investment for jobs creation in exchange for expediting applicants for permanent residency. This activity is accounted for in a non-major governmental fund. Under this program a foreign national deposits with the City, in addition to \$10,000 application fee, \$540,000, which is held in deposit pending approval of permanent residency, at which time \$40,000 is released to the City as an administrative fee and the remaining \$500,000 to the investment project selected by applicant. As of September 30, 2019, the deposit amount totaled \$65,000.

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(C) Accounting for post-employment benefits other than pensions

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

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

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

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

An actuarial valuation requires assumptions for the following parameters:

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

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

The calculations were performed using a Valuation Date (VD) of October 1, 2017 for reporting in the City's full accrual financial statements and a Measurement Date (MD) of September 30, 2019.

The valuation results as of October 1, 2017 will be rolled-forward and may be used for September 30, 2019 financial statements provided there are no material changes to any of the benefits packages; any of the cost-sharing structures; and the census.

The City's next full valuation should be as of October 1, 2019, for reporting in the City's full accrual financial statement as of September 30, 2020.

- (4) Excise Tax: The impact of the Excise Tax provisions contained in the Patient Protection and Affordable Care Act was excluded from this analysis due to the uncertainty of its implementation. Under the provision of the Excise Tax, the City is liable for 40% of the cost of coverage above the excise tax thresholds beginning on January 1, 2022, which could have an impact on the City's liabilities.
- (5) At the September 30, 2019 valuation and measurement date, the following members were covered by the benefit terms:

Plan members/participants:

Inactive employees or beneficiaries currently receiving benefits	116
Inactive employees entiteled to but not yet receiving benefits	-
Active employees	1,781
Total	<u>1,897</u>

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(6) Actuarial Assumptions:

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

Valuation date	October 1, 2017
Prior Measurement date	September 30, 2018
Measurement date	September 30, 2019
Assumptions:	
Inflation	2.50% per year
Salary increases	Varies from 10.50% to 3.50%
Discount Rate*	
Prior Measurement Data	4.15%
Measurement Data	2.66%
	RP-2006 Total Dataset
Mortality	Mortality Table projected fully-generationally using MP-2018 mortality improvements scale 5.40% for 2019 decreasing to an ultimate rate of 3.84% by 2075
Health Care Cost Trends	2075

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

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

1. Service Costs for the year
2. Interest on the TOL using the bond rate at the beginning of the period
3. Change in the TOL due to benefit changes
4. The current year recognition of changes in the TOL due to Actual versus Expected experience
5. The current year recognition of changes in the TOL due to changes of assumptions or other inputs experience (including the change in discount rate)
6. Recognition of Deferred Inflows and Outflows of Resources from prior years.

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The following table provides a breakdown of the OPEB Expense as of September 30, 2019:

Service Cost	\$ 297,170
Interest on the Total OPEB Liability and Service Cost	386,856
Current period benefit changes	-
Current period recognition of Deferred Inflows and Outflows of Resources:	
Difference between expected and actual experience in the Total OPEB Liability	(196,113)
Changes of assumptions or other inputs	72,039
Other	-
OPEB Expense	<u>\$ 559,952</u>

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

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

Healthcare Cost Trend	1% Decrease in Discount Rate (1.66%)	Current Discount Rate (2.66%)	1% Increase in Discount Rate (3.66%)
1% Decrease		\$ 7,362,448	
Current	\$ 10,145,157	\$ 8,801,638	\$ 7,720,184
1% Increase		\$ 10,679,706	

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- (9) Deferred Inflows and Outflows: For the current fiscal year, the average expected remaining service life of active and inactive employees is 10.56 years and the Deferred Inflows and Outflows of resources for (a) differences between expected and actual experience and (b) changes of assumptions or other inputs as of September 30, 2018 are amortized over 11 years.

For the year ended September 30, 2019, the Plan recognized OPEB expense of \$559,952.

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

	Deferred Outflows	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,961,125
Changes of assumptions	<u>1,396,816</u>	<u>608,783</u>
Total	<u>\$ 1,396,816</u>	<u>\$ 2,569,908</u>

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

Year ended Sept 30	
2020	(124,074)
2021	(124,074)
2022	(124,074)
2023	(124,074)
2024	(124,074)
Thereafter	<u>(552,722)</u>
Total	<u>\$ (1,173,092)</u>

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(10) Changes in Total OPEB Liability -

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance at 9/30/2018	\$ 9,305,215	\$ -	\$ 9,305,215
Changes for the year:			
Service cost	297,170	-	297,170
Interest on Total OPEB Liability and Service Cost	386,856	-	386,856
Difference between expected and actual experience	(2,157,238)	-	(2,157,238)
Changes in assumptions	1,536,498	-	1,536,498
Benefit payments	(566,863)	(566,863)	-
Contributions-employer	-	566,863	(566,863)
Contributions-members	-	-	-
Net investment income	-	-	-
Administrative expense	-	-	-
Net Changes	(503,577)	-	(503,577)
Balance at 9/30/2019	<u>\$ 8,801,638</u>	<u>\$ -</u>	<u>\$ 8,801,638</u>

(D) Retirement Plans

Summary of retirement plans -

	City - TMRS	Firemen's Pension Plan	Total City - TMRS and Firemen's Pension Plan
Total pension liability	\$ 278,561,780	\$ 99,613,743	\$ 378,175,523
Plan fiduciary net position	246,261,931	53,968,087	300,230,018
Net pension liability	<u>\$ 32,299,849</u>	<u>\$ 45,645,656</u>	<u>\$ 77,945,505</u>
Deferred outflows of resources	\$ 16,819,739	\$ 20,917,573	\$ 37,737,312
Deferred inflows of resources	\$ 1,411,392	\$ 8,083,998	\$ 9,495,390
Contributions subsequent to measurement date	\$ 4,338,900	\$ -	\$ 4,338,900
Pension expenses	\$ 10,291,751	\$ 4,519,575	\$ 14,811,326

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(1) Texas Municipal Retirement System

a). Plan Description

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

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

b). Benefits provided

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

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

Plan provisions for the City are as follows:

Employee deposit rate	7.0%
Matching ratio (city to employee)	2 to 1
Years required for vesting	10
Service retirement eligibility (expressed as age/years of service)	60/10,0/20
Updated Service Credit	100%, Transfers
Annuity Increase (to retirees)	0% of CPI

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Employees covered by benefit terms –

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

Inactive employees or beneficiaries currently receiving benefits	564
Inactive employees entitled to but not yet receiving benefits	446
Active employees	<u>1,584</u>
Total	<u>2,594</u>

c). Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employees gross earnings, and the city matching are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the consulting actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of McAllen were required to contribute 7% of their annual gross earnings during the fiscal year. For fiscal year 2019, the City made contributions of 7.76%.

d). Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions--

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment Rate of Return	6.75% per year composed of an assumed 2.50% inflation rate and a 4.25% net real rate of return

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Health Mortality Table, with male rates multiplied by 109% and female

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rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.

Actuarial assumptions used in the December 31, 2018, valuation were based on the results of actuarial experience studies. This experience study was for the period December 31, 2010 through December 31, 2014, first used in the December 31, 2015 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2017 valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and the long-term funding needs of TMRS.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.30%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.39%
Real Return	10.00%	3.78%
Real Estate	10.00%	4.44%
Absolute Return	10.00%	3.56%
Private Equity	5.00%	7.75%
Total	100.00%	

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Discount Rate—

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed the employee contributions will remain at the current 7% and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability—

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2017	\$ 265,350,057	\$ 255,469,836	\$ 9,880,221
Changes for the year:			
Service cost	8,285,275	-	8,285,275
Interest	17,790,762	-	17,790,762
Difference between expected and actual experience	(1,012,619)	-	(1,012,619)
Contributions-employer	-	5,558,475	(5,558,475)
Contributions-employee	-	4,894,255	(4,894,255)
Net investment income	-	(7,653,315)	7,653,315
Benefit payments, including refunds of employee contributions	(11,851,695)	(11,851,695)	-
Administrative expense	-	(147,898)	147,898
Other	-	(7,727)	7,727
Net Changes	13,211,723	(9,207,905)	22,419,628
Balance at 12/31/2018	<u>\$ 278,561,780</u>	<u>\$ 246,261,931</u>	<u>\$ 32,299,849</u>

CITY OF McALLEN, TEXAS

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

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

	1% Decrease in Discount Rate <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase in Discount Rate <u>(7.75%)</u>
City's net pension liability	\$ 71,543,980	\$ 32,299,848	\$ 29,997

Pension Plan Fiduciary Net Position—

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

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

For the year ended September 30, 2019, the City recognized pension expense of \$10,291,751.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 314,530	\$ 1,411,392
Difference in assumption changes	3,294,763	-
Difference between projected and actual investment earnings	13,210,446	-
Contributions subsequent to the measurement date	4,338,900	-
Total	<u>\$ 21,158,639</u>	<u>\$ 1,411,392</u>

\$4,338,900 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ending September 30, 2020.

CITY OF McALLEN, TEXAS

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

Year ended	
<u>Dec 31</u>	
2019	\$ 5,685,505
2020	2,787,926
2021	2,475,931
2022	4,713,393
2023	(217,023)
Thereafter	<u>(37,385)</u>
Total	<u>\$ 15,408,347</u>

(2) Firemen's Relief & Retirement Fund

a). Plan Description

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

At the September 30, 2019 valuation and measurement date, the following members were covered by the benefit terms:

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

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

CITY OF McALLEN, TEXAS

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b). Summary of Significant Accounting Policies

Basis of Accounting – The financial statements of the Firemen’s Relief & Retirement Fund are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan document.

Plan Benefits – Benefit provisions are established under authority of the TLFFRA. Specific plan provisions are governed by a Plan document and a trust agreement executed by the Board of Trustees. The Plan document may be amended as provided in Section 7 of the TLFFRA (Article 6243e. V.T.C.S.) Amending the Plan requires approval of any proposed change by an eligible actuary and a majority of the participating members of the Plan. Both the City and the members of the Plan have specific authority to appoint members of the Board under TLFFRA.

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

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

Death Benefits – Duty-related death benefits, payable to a member’s spouse for as long as they are living, equal the sum of (a) 38.67% of the member’s highest 60-month average salary, (b) plus two-thirds of any additional service benefit earned by the member as of the date of their death. The death benefit is payable for life, but it ceases upon remarriage. Effective January 1, 2006 the widowed spouse of a member who completed 10 or more years of service prior to their death will have the death

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September 30, 2019

benefit payments terminated in the event of remarriage. In addition to the above spousal death benefit, each unmarried child of the member will receive a monthly benefit of 7.73 percent of the fire fighter's highest 60-month average salary. Orphan benefits continue until the child reaches age 18. However, benefits will continue until age 22 for a child who is a full-time student. If the member's spouse dies or remarries, or if the member has no spouse on the date of their death, each eligible orphan will receive a monthly benefit of 15.47 percent of the member's highest 60-month average salary. Orphan benefits are continued for life to disabled children. The total of all benefits paid as a result of the death of an active fund member may not exceed the disability or retirement benefits such member had earned as of the date of their death. The total of all benefits paid as a result of the death of a retired member may not exceed the retirement benefit the member was receiving as of the date of their death. Benefits are reduced pro rata, if necessary, in order to satisfy these limitations.

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

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

CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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

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

d). Net Pension Liability

Total pension liability is developed by subtracting the present value of future service costs from the present value of future benefits. The net pension liability is calculated by subtracting the plan fiduciary net position from the pension liability. The components of the net pension liability of the Plan at September 30, 2019 were as follows:

Total pension liability	\$ 99,613,743
Plan fiduciary net position	<u>53,968,087</u>
Net pension liability	<u>\$ 45,645,656</u>
Fiduciary net position	
as a percentage of total pension liability	54.18%
Covered payroll	12,505,315
Net pension liability as a % of covered payroll	365.01%

CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

Actuarial Assumptions -

The total pension liability was determined by an actuarial valuation as of October 1, 2019 and rolled forward to the measurement date of September 30, 2019, the Plan's fiscal year end.

Valuation date	October 1, 2018
Measurement date	September 30, 2018
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Actuarial assumptions:	
Investment rate of return	7.5% per annum
Projected salary increases	3.0% plus merit, step and longevity increases that vary by service
Inflation	3.00% per year
Cost-of-living adjustment	None
Mortality	PubS-2010 (public safety) total dataset mortality tables for employees and for retirees (sex distinct), projected for mortality improvement generationally using the projection scale MP-2018.
Other information	There have been no benefit changes since the October 1, 2018 valuation date

CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

The investment rate of return and the projected salary increases both used the same assumptions with regard to inflation. Best estimates of long-term real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2019 are summaries in the table below:

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

Discount Rate—

The discount rate used to measure the total pension liability was 5.67%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the City will be made at contractually required rates. Based on this assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 9/30/2018	\$ 78,764,787	\$ 52,675,409	\$ 26,089,378
Changes for the year:			
Service cost	1,959,647	-	1,959,647
Interest	5,715,164	-	5,715,164
Difference between expected and actual experience	(6,083,899)	-	(6,083,899)
Benefit payments, including refunds of member contributions	(3,797,821)	(3,797,821)	-
Contributions-employer	-	1,625,691	(1,625,691)
Contributions-members	-	1,499,435	(1,499,435)
Expected net investment income	-	2,002,776	(2,002,776)
Expected administrative expense	-	(37,403)	37,403
Assumption changes	23,055,865	-	23,055,865
Net Changes	20,848,956	1,292,678	19,556,278
Balance at 9/30/2019	\$ 99,613,743	\$ 53,968,087	\$ 45,645,656

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

The following presents the net pension liability of the Plan, calculated using the discount rate of 5.67%, as well as what the Plan’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.67%) or 1-percentage-point higher (6.67%) than the current rate:

	1% Decrease in Discount Rate (4.67%)	Current Discount Rate (5.67%)	1% Increase in Discount Rate (6.67%)
Plan's net pension liability	\$ 59,697,287	\$ 45,645,656	\$ 34,109,833

CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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

For the year ended September 30, 2019, the Plan recognized pension expense of \$4,519,575.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 253,112	\$ -
Changes in actuarial assumptions	20,544,333	1,852,601
Difference between projected and actual investment earnings	<u>120,128</u>	<u>6,231,397</u>
Total	<u>\$ 20,917,573</u>	<u>\$ 8,083,998</u>

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

Year ended <u>Sept 30</u>	
2020	\$ 1,062,030
2021	1,211,628
2022	1,644,160
2023	1,733,902
2024	1,458,744
Thereafter	<u>5,723,111</u>
Total	<u>\$ 12,833,575</u>

CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

d). Contributions

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

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

Pursuant to the Plan document, a legal instrument binding both the City and its firefighters, the City of McAllen is required to match employee contributions. Benefits paid to former volunteer firefighters are funded by the City when paid to the former volunteer firefighters or beneficiaries. The City's contribution rate for the fiscal year ended September 30, 2019 was 13.00% of annual compensation. Contributions required and paid into the fund as of September 30, 2019 were members, \$1,499,346 and employer, \$1,625,691.

e). Other pension information

In September 2003, Texas voters approved an amendment to the Texas Constitution, which provided that once certain benefits are granted to retirees, those benefits may not be subsequently reduced. It was codified as Article XVI, Section 66, of the Texas Constitution. The amendment applies only to the City of McAllen Firefighters' Relief and Retirement Plan. It further provided that the City and the retirement system that finance benefits under the retirement system are jointly responsible for ensuring that benefits are not reduced or otherwise impaired, which could potentially require the City to involuntarily increase its funding due to under-performing investments, plan improvements as well as other factors outside the control of the City. The amendment also permitted the City to be exempt from its requirements upon holding an election in which the majority of the votes favored the exemption. On May 15, 2004, a special City election was held, in which the majority of the voters voted in favor of exempting the City of McAllen and the McAllen Firefighters' Relief and Retirement Plan from the application of this amendment, Article XVI, Section 66 of the Texas Constitution.

(E) Tax Increment Reinvestment Zone Number One

On December 22, 2014, the City Commission passed a resolution establishing Tax Increment Reinvestment Zone Number One, City of McAllen, Texas (TIRZ#1) containing approximately 2,571 acres of land located in the northern most area of the City's jurisdictional limits and designating the area as a reinvestment zone being commonly referred to as the "Tres Lagos Development Project". On November 18, 2015, a resolution was passed by the Board of Directors of TIRZ#1, approving an amended supplemental project and financing

CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

plan providing for an effective date of December 14, 2015. The City has committed to contribute to the Tax Increment Fund created for TIRZ#1, 70% of its tax increment derived from the City's maintenance and operations ad valorem taxes generated therein for years 2015 through 2025, and 80% for years 2026 through 2044. The amount to be contributed to TIRZ #1 is based upon the incremental increase in the appraised value each January 1st compared to the base year appraised value of property in the Zone as of January 1, 2014. On April 7, 2016, the Commissioners Court of Hidalgo County passed and approved an amended interlocal agreement to participate in TIRZ#1 by pledging 67% of its maintenance and operation portion of the County's assessed and collected taxes for years 2015 through 2025, and 77% for years 2026 through 2044. The amount contributed by both taxing entities will be set aside for capital improvement projects within TIRZ #1 beginning with taxes levied after January 1, 2015. On June 1, 2016, the City issued Combination Tax and Assessment Revenue Certificates of Obligation-Taxable Series 2016 in the amount of \$24,500,000 to pay for public improvements for TIRZ#1. The balance of bonds proceeds were spent on infrastructure and drainage improvements within TIRZ#1 in prior years. As of September 30, 2019, there was no activity to report for TIRZ#1.

(F) Tax Increment Reinvestment Zone Number 2A

On December 12, 2016, the City created a second TIRZ known as McAllen Tax Increment Reinvestment Zone Number 2A (TIRZ #2A). This second TIRZ covers approximately 1,702 acres located in the south central area of City. The City committed to contribute to the Tax Increment Fund created for TIRZ#2A 60% of its tax increment derived from the City's maintenance and operations ad valorem taxes generated therein for 20 years. The amount to be contributed to TIRZ #2A is based upon the incremental increase in the appraised value each January 1st compared to the base year appraised value of property in the Zone as of January 1, 2017. On October 3, 2017, the Commissioners Court of Hidalgo County passed and approved an interlocal agreement to participate in TIRZ#2A by pledging 50% of its maintenance and operation portion of the County's assessed and collected taxes for tax years 2017 through 2036. The amount contributed by both taxing entities will be set aside for capital improvement projects within TIRZ #2A beginning with taxes levied after January 1, 2017. As of September 30, 2019, there was no activity to report for TIRZ#2A.

(G) Public Improvement District (PID)

On April 15, 2015, the City Commission approved a resolution creating the Tres Lagos Public Improvement District (PID) for the purpose of financing the costs of maintaining improvements, and providing services within and/or related to the Tres Lagos Development Project. As of September 30, 2019, there was no activity to report for the Tres Lagos PID.

CITY OF McALLEN, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

(H) Tax Abatements

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

The City has entered into various agreements that rebate a percentage of property, sales tax, and employment related reimbursements as well as economic development grants. The reimbursement amounts range per type of agreement once certain milestones are attained. There were no tax abatements issued as of September 30, 2019.

(I) Subsequent events

On December 19, 2019, the City issued General Obligation Refunding Bonds, Series 2019 (AMT) for \$5,565,000. Proceeds from the sale of the Bonds were utilized to refund Bonds, Combination Tax & Revenue CO Series 2011 (AMT) for debt service savings, and to pay the cost of issuance of the Bonds.

(J) Restatement

During the year ended September 30, 2019, management determined that it had erroneously recognized revenues, receivables, expenses and liabilities in the Other Governmental Funds related to amounts expected to be received and paid in the future, however the likelihood of receipt to pay expenses was not yet determinate. As a result, management determined that these transactions should not have been recognized, and the beginning fund balance in the Other Governmental Funds was increased by \$9,454,991 for the year ended September 30, 2019.

Required Supplementary Information

City of McAllen, Texas
Required Supplementary Information-(Unaudited)
Texas Municipal Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios
Last Four Fiscal Years (Previous years unavailable)

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

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

City of McAllen, Texas
Required Supplementary Information – (Unaudited)
Texas Municipal Retirement System
Schedule of Contributions
Last Four Fiscal Years (Previous years unavailable)

Fiscal Year	(1) Actuarial determined contribution	(2) Contribution in relation to the actuarially determined contribution	(3) Contribution excess (deficiency) (2) -(1)	(4) Covered payroll	(5) Contributions as a percentage of covered payroll (2)/(4)
2015	\$ 4,200,690	\$ 4,200,685	\$ (5)	\$ 64,045,229	6.56%
2016	4,594,830	4,594,391	(439)	69,339,611	6.63%
2017	5,197,019	5,197,025	6	68,243,115	7.62%
2018	5,550,314	5,550,315	1	69,919,236	7.94%
2019	5,652,942	5,652,948	7	72,442,570	7.80%

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

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

Methods and Assumptions Used to Determine Contribution Rate for 2019:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 – 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Other Information:	There were no benefit changes during the year.

City of McAllen, Texas
Required Supplementary Information – (Unaudited)
Firemen's Relief and Retirement Fund
Schedule of Changes in Net Pension Liability and Related Ratios
Last Six Fiscal Years (Previous years unavailable)

	Measurement Year 2014	Measurement Year 2015
Total pension liability:		
Service cost	\$ 1,573,197	\$ 1,824,526
Interest(on the total pension liability)	4,841,219	4,884,830
Difference between expected and actual experience	-	221,439
Change in assumptions	-	(3,414,995)
Benefit payments, including refunds of member contributions	(2,588,586)	(3,170,707)
Net change in total pension liability	3,825,830	345,093
Total pension liability - beginning	64,282,664	68,108,494
Total pension liability - ending (a)	\$ 68,108,494	\$ 68,453,587
Plan fiduciary net position:		
Contributions - employer	\$ 1,435,293	\$ 1,477,483
Contributions - members	1,214,786	1,223,445
Benefit payments, including refunds of member contributions	(2,588,586)	(3,170,707)
Expected net investment income	2,525,951	(2,467,023)
Expected Administrative expense	(23,961)	(46,070)
Net change in plan fiduciary net position	2,563,483	(2,982,872)
Plan fiduciary net position - beginning	42,720,353	45,283,836
Plan fiduciary net position - ending (b)	\$ 45,283,836	\$ 42,300,964
Net pension liability - ending (a) - (b)	\$ 22,824,658	\$ 26,152,623
Plan fiduciary net position as a percentage of total pension liability	66.49%	61.80%
Covered payroll	\$ 11,043,509	\$ 11,365,262
Net pension liability as a percentage of covered payroll	206.68%	230.11%

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

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019
Total pension liability:			
Service cost	\$ 1,865,778	\$ 1,940,409	\$ 1,959,647
Interest(on the total pension liability)	5,361,757	5,631,214	5,715,164
Difference between expected and actual experience	(1,202,731)	-	(6,083,899)
Change in assumptions	-	-	23,055,865
Benefit payments, including refunds of member contributions	(3,520,297)	(3,898,551)	(3,797,821)
Net change in total pension liability	2,504,507	3,673,072	20,848,956
Total pension liability - beginning	72,587,208	75,091,715	78,764,787
Total pension liability - ending (a)	<u>\$ 75,091,715</u>	<u>\$ 78,764,787</u>	<u>\$ 99,613,743</u>
Plan fiduciary net position:			
Contributions - employer	\$ 1,498,194	\$ 1,547,133	\$ 1,625,691
Contributions - members	1,266,209	1,360,361	1,499,435
Benefit payments, including refunds of member contributions	(3,520,297)	(3,898,551)	(3,797,821)
Expected net investment income	5,489,970	4,119,133	2,002,776
Expected Administrative expense	(33,822)	(49,519)	(37,403)
Net change in plan fiduciary net position	4,700,254	3,078,557	1,292,678
Plan fiduciary net position - beginning	44,759,055	49,459,309	52,675,409
Plan fiduciary net position - ending (b)	<u>\$ 49,459,309</u>	<u>\$ 52,537,866</u>	<u>\$ 53,968,087</u>
Net pension liability - ending (a) - (b)	\$ 25,632,406	\$ 26,226,921	\$ 45,645,656
Plan fiduciary net position as a percentage of total pension liability	65.87%	66.70%	54.18%
Covered payroll	\$ 11,524,569	\$ 11,901,023	\$ 12,505,315
Net pension liability as a percentage of covered payroll	222.42%	220.38%	365.01%

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

City of McAllen, Texas
Required Supplementary Information – (Unaudited)
Firemen's Relief and Retirement Fund
Schedule of Contributions
Last Five Fiscal Years (Previous years unavailable)

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

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

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

Methods and Assumptions Used to Determine Contribution Rate for 2019:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Pay, Open
Remaining Amortization Period	Infinity
Asset Valuation Method	5 Year smoothed market; 20% soft corridor
Inflation	3.0%
Salary Increases	4.00% to 8.60% including inflation based on service at attained age.
Investment Rate of Return	7.5% per annum
Retirement Age	Experience-based table of rates that are specific to the Firemen's Relief and Retirement Fund
Mortality	PubS-2010 (public safety) total dataset mortality tables for employees and for retirees (sex distinct), projected for mortality improvement generationally using the projection scale MP-2018
Other Information:	There were no benefit changes during the year.

City of McAllen, Texas
Required Supplementary Information – (Unaudited)
Post Employment Benefit Plan
Schedule of Changes in Total OPEB Liability and Related Ratios
(Previous years unavailable)

	Measurement Year 2018	Measurement Year 2019
Total OPEB Liability:		
Service cost	\$ 326,694	\$ 297,170
Interest (on the total OPEB and Service Cost)	368,004	386,856
Changes of benefit terms	-	-
Difference between expected and actual experience	-	(2,157,238)
Change in assumptions or other inputs	(744,069)	1,536,498
Benefit payments	(905,063)	(566,863)
Net change in total OPEB liability	(954,434)	(503,577)
Total OPEB liability - beginning	10,259,649	9,305,215
Total OPEB liability - ending	<u>\$ 9,305,215</u>	<u>\$ 8,801,638</u>
Plan fiduciary net position:		
Contributions - employer	\$ 905,063	\$ 566,863
Contributions - members	-	-
Net investment income	-	-
Benefit payments	(905,063)	(566,863)
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending	-	-
Net OPEB liability - ending	\$ 9,305,215	\$ 8,801,638
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%
Covered payroll	\$ 74,223,284	\$ 74,941,172
Net OPEB liability as a percentage of covered payroll	12.54%	11.74%

Note: This is a 10-year schedule to be created prospectively commencing with Measurement Year 2018.
Refer to page 92 of the notes to financial statements for the actuarial assumptions of the plan.

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Non Major Governmental Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Debt Service Fund was established to retired general government debt.

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

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

Capital Projects Funds:

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

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

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

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

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

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

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

CITY OF McALLEN, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2019

Special Revenue

	Hotel Occupancy Tax	Hotel Venue Tax	McAllen EB-5 Regional Center	Drainage Fee	Park Development	Tax Increment Zone #1	Community Development	TIRZ #2
ASSETS								
Cash	\$ 130,754	\$ 242,531	\$ 50,683	\$ 71,737	\$ 9,082	\$ 57,215	\$ 3,512	\$ 258,287
Certificate of deposit	-	-	-	501,539	1,005,749	-	-	-
Investments	4	604	149,622	1,215,096	1,392,872	2,764	-	110,659
Receivables:								
Accounts	320,373	91,535	-	138,761	-	-	-	-
Taxes	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	1,336	159,036	-	366,157
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	213,741	-
Total assets	451,131	334,670	200,305	1,927,133	2,409,039	219,015	217,253	735,103
Deferred outflows of resources	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 451,131	\$ 334,670	\$ 200,305	\$ 1,927,133	\$ 2,409,039	\$ 219,015	\$ 217,253	\$ 735,103
LIABILITIES								
Accounts payable	\$ 192,453	\$ -	\$ -	\$ -	\$ 79,432	\$ 5,364	\$ 143,987	\$ -
Accrued liabilities	-	-	3,704	-	-	-	6,354	-
Due to other funds	258,349	-	-	-	1,709	-	66,912	-
Unearned revenues	-	-	-	-	-	-	-	-
Other liabilities	-	-	65,000	-	-	-	-	-
Total liabilities	450,802	-	68,704	-	81,141	5,364	217,253	-
Deferred inflows of resources	-	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	450,802	-	68,704	-	81,141	5,364	217,253	-
FUND BALANCES								
Restricted	329	334,670	131,601	1,927,133	2,327,898	213,651	-	735,103
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	329	334,670	131,601	1,927,133	2,327,898	213,651	-	735,103
Total liabilities and fund balances	\$ 451,131	\$ 334,670	\$ 200,305	\$ 1,927,133	\$ 2,409,039	\$ 219,015	\$ 217,253	\$ 735,103

CITY OF McALLEN, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2019

	Special Revenue						
	Miscellaneous Government Grants	Downtown Services Parking	PD Seized	TX Anti Gang Unit	Friends of Quinta	Public Education Governmental	Total
ASSETS							
Cash	\$ -	\$ 21,524	\$ 39,251	\$ -	\$ 63,272	\$ 126,049	\$ 1,073,897
Certificate of deposit	-	-	1,266,335	-	-	-	2,773,623
Investments	-	30,873	1,907,341	2	507,446	719,627	6,036,910
Receivables:							
Accounts	-	842,715	-	-	-	-	1,393,384
Taxes	-	-	-	-	-	-	-
Accrued interest	-	-	1,733	-	-	-	528,262
Due from other funds	-	-	-	-	-	-	-
Due from other governments	187,685	-	-	122,747	-	-	524,173
Total assets	187,685	895,112	3,214,660	122,749	570,718	845,676	12,330,249
Deferred outflows of resources	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 187,685	\$ 895,112	\$ 3,214,660	\$ 122,749	\$ 570,718	\$ 845,676	\$ 12,330,249
LIABILITIES							
Accounts payable	\$ 7,110	\$ 24,943	\$ 126,827	\$ 27,834	\$ 49,048	\$ 1,537	\$ 658,535
Accrued liabilities	-	12,645	108,932	3,671	-	-	135,306
Due to other funds	160,361	-	-	88,237	-	-	575,568
Unearned revenues	-	-	2,480	-	-	-	2,480
Other liabilities	-	-	-	-	-	-	65,000
Total liabilities	167,471	37,588	238,239	119,742	49,048	1,537	1,436,889
Deferred inflows of resources	-	842,715	-	-	-	-	842,715
Total liabilities and deferred inflows of resources	167,471	880,303	238,239	119,742	49,048	1,537	2,279,604
FUND BALANCES							
Restricted	20,214	-	2,976,421	3,007	521,670	844,139	10,035,836
Committed	-	14,809	-	-	-	-	14,809
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	20,214	14,809	2,976,421	3,007	521,670	844,139	10,050,645
Total liabilities and fund balances	\$ 187,685	\$ 895,112	\$ 3,214,660	\$ 122,749	\$ 570,718	\$ 845,676	\$ 12,330,249

CITY OF McALLEN, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2019

	Debt Service			Capital Projects		
	Debt Service	Hotel Venue Debt Service	Local Govt Finance Corp Debt Service Fund	Information Technology	Street Improvements	Park's Facility/Fire Station #2 Construction
ASSETS						
Cash	\$ 27,454	\$ -	\$ -	\$ 359	\$ -	\$ 874
Certificate of deposit	-	-	-	-	-	-
Investments	2,802,222	6	15,724	105,401	9,367,715	2,367,201
Receivables:						
Accounts	-	-	-	-	-	-
Taxes	260,727	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Total assets	3,090,403	6	15,724	105,760	9,367,715	2,368,075
Deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 3,090,403</u>	<u>\$ 6</u>	<u>\$ 15,724</u>	<u>\$ 105,760</u>	<u>\$ 9,367,715</u>	<u>\$ 2,368,075</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 27,134	\$ 32,772
Accrued liabilities	13,873	-	-	-	32,623	69,662
Due to other funds	-	-	-	-	54,076	-
Unearned revenues	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total liabilities	13,873	-	-	-	113,833	102,434
Deferred inflows of resources	236,176	-	-	-	-	-
Total liabilities and deferred inflows of resources	250,049	-	-	-	113,833	102,434
FUND BALANCES						
Restricted	2,840,354	6	15,724	-	9,253,882	2,265,641
Committed	-	-	-	-	-	-
Assigned	-	-	-	105,760	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	2,840,354	6	15,724	105,760	9,253,882	2,265,641
Total liabilities and fund balances	<u>\$ 3,090,403</u>	<u>\$ 6</u>	<u>\$ 15,724</u>	<u>\$ 105,760</u>	<u>\$ 9,367,715</u>	<u>\$ 2,368,075</u>

CITY OF McALLEN, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2019

	Capital Projects				
	Performing Arts	Capital Improvement	Sports Facilities	Local Government Finance Corporation-TX A&M Construction	Total Nonmajor Governmental Funds
ASSETS					
Cash	\$ 1,403	\$ 28,538	\$ 837	\$ 4,253	\$ 1,137,615
Certificate of deposit	-	2,507,697	-	-	5,281,320
Investments	2,058,599	3,835,269	280,850	161,501	27,031,398
Receivables:					
Accounts	-	-	-	-	1,393,384
Taxes	-	-	-	-	260,727
Accrued interest	-	-	-	-	528,262
Due from other funds	-	-	-	-	-
Due from other governments	-	238,398	-	-	762,571
Total assets	2,060,002	6,609,902	281,687	165,754	36,395,277
Deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 2,060,002	\$ 6,609,902	\$ 281,687	\$ 165,754	\$ 36,395,277
LIABILITIES					
Accounts payable	\$ -	\$ 607,078	\$ -	\$ -	\$ 1,325,519
Accrued liabilities	-	16,938	176,717	-	445,119
Due to other funds	-	-	-	-	629,644
Unearned revenues	-	-	-	-	2,480
Other liabilities	-	-	-	-	65,000
Total liabilities	-	624,016	176,717	-	2,467,762
Deferred inflows of resources	-	-	-	-	1,078,891
Total liabilities and deferred inflows of resources	-	624,016	176,717	-	3,546,653
FUND BALANCES					
Restricted	2,060,002	-	104,970	165,754	26,742,169
Committed	-	-	-	-	14,809
Assigned	-	5,985,886	-	-	6,091,646
Unassigned	-	-	-	-	-
Total fund balances	2,060,002	5,985,886	104,970	165,754	32,848,624
Total liabilities and fund balances	\$ 2,060,002	\$ 6,609,902	\$ 281,687	\$ 165,754	\$ 36,395,277

CITY OF McALLEN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2019

	Special Revenue						
	Hotel Occupancy Tax	Hotel Venue Tax	McAllen EB-5 Regional Center	Drainage Fee	Park Development	Tax Increment Zone #1	Community Development
REVENUES							
Hotel taxes	\$ 4,130,394	\$ 1,180,206	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-	-	-	-
Franchise taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	607,439
Charges for services	-	-	-	1,239,921	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Investment earnings	224	623	2,022	29,118	52,989	1,116	-
Net increase (decrease) in the fair value of investments	-	-	-	-	9,345	-	-
Other	20	-	14,000	-	214,400	1,115,109	-
Total revenues	4,130,638	1,180,829	16,022	1,269,039	276,734	1,116,225	607,439
EXPENDITURES							
Current:							
General government	1,294,331	-	43,252	-	5,612	13,333	185,417
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	90,668	-	-	44,031
Health and welfare	-	-	-	-	-	-	319,719
Culture and recreation	-	-	-	-	262,923	-	58,272
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	871,627	-
Total expenditures	1,294,331	-	43,252	90,668	268,535	884,960	607,439
Excess (deficiency) of revenues over (under) expenditures	2,836,307	1,180,829	(27,230)	1,178,371	8,199	231,265	-
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers out	(2,836,019)	(1,068,098)	-	-	-	-	-
Bond premium	-	-	-	-	-	-	-
Capital lease	-	-	-	-	-	-	-
Net other financing sources (uses)	(2,836,019)	(1,068,098)	-	-	-	-	-
Net change in fund balances	288	112,731	(27,230)	1,178,371	8,199	231,265	-
Fund balances at beginning of year	41	221,939	158,831	748,762	2,319,699	(9,472,605)	-
Prior period adjustment	-	-	-	-	-	9,454,991	-
Fund balances at end of year	\$ 329	\$ 334,670	\$ 131,601	\$ 1,927,133	\$ 2,327,898	\$ 213,651	\$ -

CITY OF McALLEN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2019

	Special Revenue							
	TIRZ #2	Miscellaneous Government Grants	Downtown Services Parking	PD Seized	TX Anti Gang Unit	Public Education Government	Friends of Quinta	Total
REVENUES								
Hotel taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,310,600
Property taxes	-	-	-	-	-	-	-	-
Franchise taxes	-	-	-	-	-	215,735	-	215,735
Licenses and permits	-	-	14,371	-	-	-	-	14,371
Intergovernmental	-	434,409	-	-	364,809	-	-	1,406,657
Charges for services	-	-	1,097,167	-	-	-	-	2,337,088
Fines and forfeitures	-	-	144,057	151,952	-	-	-	296,009
Investment earnings	2,709	-	1,964	86,916	-	17,051	3,728	198,460
Net increase (decrease) in the fair value of investments	-	-	-	-	-	-	-	9,345
Other	515,501	227,124	4,390	-	-	-	599,824	2,690,368
Total revenues	518,210	661,533	1,261,949	238,868	364,809	232,786	603,552	12,478,633
EXPENDITURES								
Current:								
General government	5,000	-	-	-	-	58,053	-	1,604,998
Public safety	-	699,853	-	279,648	390,349	-	-	1,369,850
Highways and streets	-	-	1,092,941	-	-	-	-	1,227,640
Health and welfare	-	-	-	-	-	-	-	319,719
Culture and recreation	-	32,002	-	-	-	-	176,097	529,294
Debt service:								
Principal	-	-	6,358	-	-	-	-	6,358
Interest and fiscal charges	-	-	1,850	-	-	-	-	873,477
Total expenditures	5,000	731,855	1,101,149	279,648	390,349	58,053	176,097	5,931,336
Excess (deficiency) of revenues over (under) expenditures	513,210	(70,322)	160,800	(40,780)	(25,540)	174,733	427,455	6,547,297
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	(302,550)	-	-	-	-	(4,206,667)
Bond premium	-	-	-	-	-	-	-	-
Capital lease	-	-	36,696	-	-	-	-	36,696
Net other financing sources (uses)	-	-	(265,854)	-	-	-	-	(4,169,971)
Net change in fund balances	513,210	(70,322)	(105,054)	(40,780)	(25,540)	174,733	427,455	2,377,326
Fund balances at beginning of year	221,893	90,536	119,863	3,017,201	28,547	669,406	94,215	(1,781,672)
Prior period adjustment	-	-	-	-	-	-	-	9,454,991
Fund balances at end of year	\$ 735,103	\$ 20,214	\$ 14,809	\$ 2,976,421	\$ 3,007	\$ 844,139	\$ 521,670	\$ 10,050,645

CITY OF McALLEN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2019

	Debt Service			Capital Projects	
			Local Govt Finance Corp Debt Service Fund	Information Technology	Street Improvements
REVENUES	Debt Service	Hotel Venue Debt Service			
Hotel taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	3,831,329	-	-	-	-
Franchise taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment earnings	75,704	-	6,102	3,266	247,401
Net increase (decrease) in the fair value of investments	-	-	-	-	-
Other	-	-	-	54,514	-
Total revenues	3,907,033	-	6,102	57,780	247,401
EXPENDITURES					
Current:					
General government	-	-	-	197,928	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	1,189,598
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Debt service:					
Principal	4,920,000	480,000	-	-	-
Interest and fiscal charges	2,024,717	378,637	376,881	-	-
Total expenditures	6,944,717	858,637	376,881	197,928	1,189,598
Excess (deficiency) of revenues over (under) expenditures	(3,037,684)	(858,637)	(370,779)	(140,148)	(942,197)
OTHER FINANCING SOURCES (USES)					
Transfers in	3,288,825	858,637	-	-	-
Transfers out	-	-	-	-	-
Bond premium	-	-	-	-	-
Capital lease	-	-	-	-	-
Net other financing sources (uses)	3,288,825	858,637	-	-	-
Net change in fund balances	251,141	-	(370,779)	(140,148)	(942,197)
Fund balances at beginning of year	2,589,213	6	386,503	245,908	10,196,079
Prior period adjustment	-	-	-	-	-
Fund balances at end of year	\$ 2,840,354	\$ 6	\$ 15,724	\$ 105,760	\$ 9,253,882

CITY OF McALLEN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2019

	Capital Projects				Local Government Finance Corporation-TX A&M Construction	Total Nonmajor Governmental Funds
	Parks Facil/Fire Station #2 Construction	Performing Arts	Capital Improvement	Sports Facilities		
REVENUES						
Hotel taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,310,600
Property taxes	-	-	-	-	-	3,831,329
Franchise taxes	-	-	-	-	-	215,735
Licenses and permits	-	-	-	-	-	14,371
Intergovernmental	-	-	1,084,062	-	-	2,490,719
Charges for services	-	-	-	-	-	2,337,088
Fines and forfeitures	-	-	-	-	-	296,009
Investment earnings	74,163	15,606	111,818	65,708	23,599	821,827
Net increase (decrease) in the fair value of investments	-	-	13,042	-	-	22,387
Other	-	1,500,516	3,304	-	-	4,248,702
Total revenues	74,163	1,516,122	1,212,226	65,708	23,599	19,588,767
EXPENDITURES						
Current:						
General government	-	-	1,344,457	-	1,769,904	4,917,287
Public safety	1,186,939	-	580,501	-	-	3,137,290
Highways and streets	10,586	-	480,992	-	-	2,908,816
Health and welfare	-	-	9,931	-	-	329,650
Culture and recreation	197,118	39,248	2,690,448	4,042,723	-	7,498,831
Debt service:						
Principal	-	-	-	-	-	5,406,358
Interest and fiscal charges	-	-	-	-	-	3,653,712
Total expenditures	1,394,643	39,248	5,106,329	4,042,723	1,769,904	27,851,944
Excess (deficiency) of revenues over (under) expenditures	(1,320,480)	1,476,874	(3,894,103)	(3,977,015)	(1,746,305)	(8,263,177)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	4,726,696	-	-	8,874,158
Transfers out	-	-	-	-	-	(4,206,667)
Bond premium	-	-	-	-	-	-
Capital lease	-	-	-	-	-	36,696
Net other financing sources (uses)	-	-	4,726,696	-	-	4,704,187
Net change in fund balances	(1,320,480)	1,476,874	832,593	(3,977,015)	(1,746,305)	(3,558,990)
Fund balances at beginning of year	3,586,121	583,128	5,153,293	4,081,985	1,912,059	26,952,623
Prior period adjustment	-	-	-	-	-	9,454,991
Fund balances at end of year	\$ 2,265,641	\$ 2,060,002	\$ 5,985,886	\$ 104,970	\$ 165,754	\$ 32,848,624

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Non Major Enterprise Funds

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

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

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

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

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

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

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CITY OF McALLEN, TEXAS
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
September 30, 2019

	McAllen Convention Center	Performing Arts Center	Palm View Golf Course	McAllen Express Transit	Transit Terminal	Total
ASSETS						
Current assets:						
Cash	\$ 119,213	\$ 357,070	\$ 37,888	\$ 50,497	\$ 14,812	\$ 579,480
Certificate of deposit	254,408	253,300	250,770	-	-	758,478
Investments	1,440,786	1,806,767	818,084	599,482	866,321	5,531,440
Receivables, net:						
Accounts	57,132	-	-	3,275	-	60,407
Accrued interest	1,083	15,786	1,083	-	2,167	20,119
Due from other funds	206,665	51,684	-	-	-	258,349
Due from other governments	-	-	-	324,802	540,127	864,929
Prepaid items	75,211	-	-	-	-	75,211
Restricted assets:						
Cash and cash equivalents	3,317	25,000	4,686	-	-	33,003
Total currents assets	2,157,815	2,509,607	1,112,511	978,056	1,423,427	8,181,416
Noncurrent assets:						
Restricted assets:						
Certificate of deposit	1,009,962	-	-	-	-	1,009,962
Investments	1,367,797	748,703	353,956	-	-	2,470,456
Accrued interest	14,957	-	-	-	-	14,957
Total restricted assets	2,392,716	748,703	353,956	-	-	3,495,375
Capital assets:						
Land	4,889,373	690,155	187,995	-	1,684,593	7,452,116
Buildings and systems	56,281,224	50,992,311	228,345	-	5,636,219	113,138,099
Improvements other than buildings	6,792,381	-	8,422,149	489,143	2,479,506	18,183,179
Machinery and equipment	3,446,222	1,178,451	1,175,138	5,369,150	5,099,550	16,268,511
Construction in progress	-	-	-	-	322,758	322,758
Total capital assets	71,409,200	52,860,917	10,013,627	5,858,293	15,222,626	155,364,663
Less accumulated depreciation	(19,989,142)	(3,124,089)	(6,797,597)	(5,538,081)	(6,660,139)	(42,109,048)
Net capital assets	51,420,058	49,736,828	3,216,030	320,212	8,562,487	113,255,615
Total assets	55,970,589	52,995,138	4,682,497	1,298,268	9,985,914	124,932,406
Deferred outflows of resources-pensions	429,520	-	173,501	444,331	48,665	1,096,017
Total assets and deferred outflows of resources	\$ 56,400,109	\$ 52,995,138	\$ 4,855,998	\$ 1,742,599	\$ 10,034,579	\$ 126,028,423

CITY OF McALLEN , TEXAS
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
September 30, 2019

	McAllen Convention Center	Performing Arts Center	Palm View Golf Course	McAllen Express Transit	Transit Terminal	Total
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 375,534	\$ 88,518	\$ 112,019	\$ 145,113	\$ 45,555	\$ 766,739
Accrued expenses	35,936	-	12,049	30,413	22,036	100,434
Customer deposits payable	-	46,555	-	-	-	46,555
Current portion of capital lease	6,673	-	149	-	2,461	9,283
Compensated absences	64,547	-	28,958	70,751	1,541	165,797
Other	275,970	-	-	-	-	275,970
Total current liabilities	758,660	135,073	153,175	246,277	71,593	1,364,778
Other noncurrent liabilities:						
Unearned revenues	151,392	-	92,855	40,000	-	284,247
Capital lease payable	44,508	-	994	-	16,413	61,915
Compensated absences	45,257	-	45,639	16,675	-	107,571
Net pension liability	670,955	-	269,320	678,050	73,780	1,692,105
Total other noncurrent liabilities	912,112	-	408,808	734,725	90,193	2,145,838
Total liabilities	1,670,772	135,073	561,983	981,002	161,786	3,510,616
Deferred inflows of resources	28,651	-	11,573	29,639	3,246	73,109
Total liabilities and deferred inflows of resources	1,699,423	135,073	573,556	1,010,641	165,032	3,583,725
NET POSITION						
Net investment in capital assets	51,368,877	49,685,647	3,214,887	320,212	8,543,613	113,133,236
Restricted for improvements	2,396,033	773,703	201,995	-	-	3,371,731
Unrestricted	935,776	2,400,715	865,560	411,746	1,325,934	5,939,731
Total net position	54,700,686	52,860,065	4,282,442	731,958	9,869,547	122,444,698
Total liabilities, deferred inflows and net position	\$ 56,400,109	\$ 52,995,138	\$ 4,855,998	\$ 1,742,599	\$ 10,034,579	\$ 126,028,423

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

CITY OF McALLEN , TEXAS
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended September 30, 2019

	McAllen Convention Center	Performing Arts Center	Palm View Golf Course	McAllen Express Transit	Transit Terminal	Total
Operating revenues:						
Charges for services	\$ 1,261,249	\$ 757,962	\$ 1,053,174	\$ 466,322	\$ -	\$ 3,538,707
Rentals	1,032,926	615,155	-	347,849	-	1,995,930
Other	481,027	2,079	360,244	34,343	8,479	886,172
Total operating revenues	2,775,202	1,375,196	1,413,418	848,514	8,479	6,420,809
Operating expenses:						
Salaries, wages and employee benefits	2,056,950	-	826,247	2,112,433	239,470	5,235,100
Supplies	90,330	37,820	118,841	48,661	-	295,652
Contractual and other services	1,816,476	1,156,620	95,629	807,768	46,130	3,922,623
Repairs and maintenance	309,096	72,721	103,851	410,536	398,014	1,294,218
Depreciation and amortization	1,600,385	1,182,238	337,174	201,369	951,396	4,272,562
Total operating expenses	5,873,237	2,449,399	1,481,742	3,580,767	1,635,010	15,020,155
Operating loss	(3,098,035)	(1,074,203)	(68,324)	(2,732,253)	(1,626,531)	(8,599,346)
Nonoperating revenues:						
Investment earnings	84,058	61,192	34,520	11,702	21,114	212,586
Net increase (decrease) in the fair value of investments	21,771	16,731	3,828	3,307	5,910	51,547
Interest expense	(3,121)	-	(70)	-	(1,151)	(4,342)
Other	-	-	(28,398)	-	-	(28,398)
Nonoperating revenues	102,708	77,923	9,880	15,009	25,873	231,393
Loss before contributions and transfers	(2,995,327)	(996,280)	(58,444)	(2,717,244)	(1,600,658)	(8,367,953)
Capital contributions	-	6,387	498,786	1,496,311	1,033,640	3,035,124
Transfers in	2,288,662	756,818	-	925,618	263,533	4,234,631
Transfers out	(117,300)	(100,000)	(44,850)	(113,850)	(17,251)	(393,251)
Change in net position	(823,965)	(333,075)	395,492	(409,165)	(320,736)	(1,491,449)
Total net position--beginning	55,524,651	53,193,140	3,886,950	1,141,123	10,190,283	123,936,147
Total net position--ending	\$ 54,700,686	\$ 52,860,065	\$ 4,282,442	\$ 731,958	\$ 9,869,547	\$ 122,444,698

CITY OF McALLEN, TEXAS
NON-MAJOR ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2019

	McAllen Convention Center	Performing Arts Center
Cash flows from operating activities:		
Receipts from customers	\$ 3,029,095	\$ 1,345,034
Payments to employees	(1,938,087)	-
Payments to suppliers	(2,383,639)	(1,270,800)
Net cash provided (used) by operating activities	(1,292,631)	74,234
Cash flows from noncapital financing activities:		
Transfers from other funds	2,218,796	763,766
Transfers to other funds	(117,300)	(100,000)
Subsidy from federal grant	-	-
Net cash provided (used) by noncapital financing activities	2,101,496	663,766
Cash flows from capital and related financing activities:		
Capital contributions	-	-
Payments for capital acquisitions	(16,203)	-
Proceeds from sale of capital assets	-	-
Principal repayments-bonds and notes	(10,726)	-
Interest expense	(3,121)	-
Cash provided (used) by capital and related financing activities	(30,050)	-
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	5,325,020	1,560,544
Purchase of investments	(6,108,326)	(2,170,296)
Receipt of interest	96,251	64,599
Net cash provided by investing activities	(687,055)	(545,153)
Net increase (decrease) in cash	91,760	192,847
Cash at beginning of year	30,770	189,223
Cash at end of year	\$ 122,530	\$ 382,070

Palm View Golf Course	McAllen Express Transit	Transit Terminal	Total
\$ 1,409,121	\$ 863,455	\$ 20,723	\$ 6,667,428
(814,114)	(2,000,101)	(401,666)	(5,153,968)
(248,564)	(1,161,667)	(224,454)	(5,289,124)
346,443	(2,298,313)	(605,397)	(3,775,664)
-	925,618	263,533	4,171,713
(44,850)	(113,850)	(17,251)	(393,251)
-	1,402,194	401,777	1,803,971
(44,850)	2,213,962	648,059	5,582,433
-	3,081	191,652	194,733
(286,163)	-	(654,188)	(956,554)
1,955	-	-	1,955
(239)	-	(3,955)	(14,920)
(70)	-	(1,151)	(4,342)
(284,517)	3,081	(467,642)	(779,128)
1,850,000	1,503,307	1,350,000	11,588,871
(1,916,674)	(1,530,313)	(992,166)	(12,717,775)
40,069	15,131	24,857	240,907
(26,605)	(11,875)	382,691	(887,997)
(9,529)	(93,145)	(42,289)	139,644
52,103	143,642	57,101	472,839
\$ 42,574	\$ 50,497	\$ 14,812	\$ 612,483

Continued

CITY OF McALLEN, TEXAS
NON-MAJOR ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2018

	McAllen Convention Center	Performing Arts Center
Reconciliation of operating loss to net cash provided by operating activities		
Operating income (loss)	\$ (3,098,035)	\$ (1,074,203)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	1,600,385	1,182,238
(Increase) decrease in deferred outflows of resources - pension	(86,466)	-
Increase (decrease) in deferred inflow of resources -pension	(268,335)	-
(Increase) decrease in accounts receivable	(15,042)	-
(Increase) decrease in prepaid items	(71,789)	-
Increase (decrease) in accounts payable	(34,229)	(3,639)
Increase (decrease) in customer deposits payable	214,737	(30,162)
Increase (decrease) in compensated absences payable	10,648	-
Increase (decrease) in accrued liabilities	7,897	-
Increase (decrease) in due to other funds	(61,719)	-
Increase (decrease) net pension liability	455,119	-
Increase (decrease) in other current liabilities	-	-
Increase (decrease) in unearned revenue	54,198	-
Total adjustments	1,805,404	1,148,437
Net cash provided (used) by operating activities	\$ (1,292,631)	\$ 74,234
Reconciliation to statement of net position:		
Cash	\$ 119,213	\$ 357,070
Cash-restricted	3,317	25,000
Total cash	\$ 122,530	\$ 382,070
Noncash investing, capital and financing activities:		
Contributions of capital assets	\$ -	\$ 6,387
Increase (decrease) in fair value of investments	21,771	16,731

<u>Palm View Golf Course</u>	<u>McAllen Express Transit</u>	<u>Transit Terminal</u>	<u>Total</u>
\$ (68,324)	\$ (2,732,253)	\$ (1,626,531)	\$ (8,599,346)
337,174	201,369	951,396	4,272,562
(41,431)	(129,180)	(12,158)	(269,235)
(104,521)	(249,797)	(27,802)	(650,455)
87	14,941	12,244	12,230
-	-	-	(71,789)
69,757	105,298	28,478	165,665
	-		184,575
(26,980)	21,757	(1,662)	3,763
1,224	(1,260)	19,073	26,934
	-	-	(61,719)
183,841	470,812	51,565	1,161,337
-	-	-	-
(4,384)	-	-	49,814
<u>414,767</u>	<u>433,940</u>	<u>1,021,134</u>	<u>4,823,682</u>
<u>\$ 346,443</u>	<u>\$ (2,298,313)</u>	<u>\$ (605,397)</u>	<u>\$ (3,775,664)</u>
\$ 37,888	\$ 50,497	\$ 14,812	\$ 579,480
4,686	-	-	33,003
<u>\$ 42,574</u>	<u>\$ 50,497</u>	<u>\$ 14,812</u>	<u>\$ 612,483</u>
\$ 498,786	\$ -	\$ -	\$ 505,173
3,828	3,307	5,910	51,547

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Internal Service Funds

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

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

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

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

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

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

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

CITY OF McALLEN, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
September 30, 2019

	Fleet Materials Management	Employee Benefits	Retiree Health Insurance
ASSETS			
Current assets:			
Cash	\$ 727,176	\$ -	\$ 69,887
Certificates of deposit	-	-	-
Investments	-	-	917,952
Receivables, net:			
Accounts	225,702	76,381	-
Accrued interest	-	-	-
Interfund loan	-	-	-
Other	-	376,134	-
Inventories	324,874	-	-
Total current assets	1,277,752	452,515	987,839
Capital assets			
Land	-	-	-
Improvement other than buildings	132,823	-	-
Machinery and equipment	829,246	-	-
Construction in progress	3,979	-	-
Less accumulated depreciation	(645,349)	-	-
Net capital assets	320,699	-	-
Total assets	1,598,451	452,515	987,839
Deferred outflows of resources-pension	228,513	-	-
Total Assets and deferred outflows of resources	\$ 1,826,964	\$ 452,515	\$ 987,839
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 230,175	\$ 62,119	\$ -
Accrued expense	16,792	523,068	240,000
Due to other funds	-	1,440,216	-
Current portion of capital lease	593	-	-
Compensated absences	47,386	14,975	-
Total current liabilities	294,946	2,040,378	240,000
Other non-current liabilities:			
Net pension liability	355,044	-	-
Accumulated unpaid compensated absences	-	-	-
Capital lease payable	3,958	-	-
Total other non-current liabilities	359,002	-	-
Total liabilities	653,948	2,040,378	240,000
Deferred inflows of resources-pension	15,243	-	-
Total liabilities and deferred inflows of resources	669,191	2,040,378	240,000
NET POSITION			
Net investment in capital assets	320,699	-	-
Unrestricted	837,074	(1,587,863)	747,839
Total net position	1,157,773	(1,587,863)	747,839
Total liabilities, deferred inflows of resources and net position	\$ 1,826,964	\$ 452,515	\$ 987,839

Risk Management	Property & Casualty Insurance	General Depreciation	Total
\$ 151,436	\$ 93,005	\$ 20,897	\$ 1,062,401
5,059,450	-	5,312,935	10,372,385
3,322,941	-	4,150,226	8,391,119
131,531	-	-	433,614
7,862	-	13,543	21,405
834,665	-	834,665	1,669,330
-	-	-	376,134
-	-	-	324,874
9,507,885	93,005	10,332,266	22,651,262
2,158,303	-	4,616,430	6,774,733
-	-	-	132,823
25,227	-	28,553,603	29,408,076
-	-	-	3,979
(11,112)	-	(20,091,513)	(20,747,974)
2,172,418	-	13,078,520	15,571,637
11,680,303	93,005	23,410,786	38,222,899
-	-	-	228,513
\$ 11,680,303	\$ 93,005	\$ 23,410,786	\$ 38,451,412
\$ 37,714	\$ 47,794	\$ 11,831	\$ 389,633
587,959	56,131	-	1,423,950
85,070	-	-	1,525,286
-	-	-	593
6,996	1,445	-	70,802
717,739	105,370	11,831	3,410,264
-	-	-	355,044
-	-	-	-
-	-	-	3,958
-	-	-	359,002
717,739	105,370	11,831	3,769,266
-	-	-	15,243
717,739	105,370	11,831	3,784,509
2,172,418	-	13,078,520	15,571,637
8,790,146	(12,365)	10,320,435	19,095,266
10,962,564	(12,365)	23,398,955	34,666,903
\$ 11,680,303	\$ 93,005	\$ 23,410,786	\$ 38,451,412

CITY OF McALLEN, TEXAS
INTERNAL SERVICE FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended September 30, 2019

	Fleet Materials Management	Employee Benefits	Retiree Health Insurance
Operating revenues:			
Charges for services	\$ 4,966,758	\$ -	\$ -
Contributions	-	10,231,526	1,441,337
Total operating revenues	4,966,758	10,231,526	1,441,337
Operating expenses:			
Salaries, wages and employee benefits	1,076,250	362,796	-
Supplies and materials	23,211	4,135	-
Contractual and other services	3,627,232	1,356,212	74,412
Repairs and maintenance	56,075	-	-
Depreciation and amortization	57,686	-	-
Self insurance claims	-	13,007,222	1,090,050
Other	9,571	-	-
Total operating expenses	4,850,025	14,730,365	1,164,462
Operating income (loss)	116,733	(4,498,839)	276,875
Non operating revenues (expenses):			
Investment earnings	-	-	16,848
Net increase (decrease) in fair value of investments	-	-	6,614
Interest expense	(278)	-	-
Other	43,206	249,077	-
Net non-operating revenues (expenses)	42,928	249,077	23,462
Income (loss) before contributions and transfers	159,661	(4,249,762)	300,337
Capital contributions	-	-	-
Transfers in	-	6,016,558	-
Transfers out	(72,450)	-	-
Change in net position	87,211	1,766,796	300,337
Total net position--beginning	1,070,562	(3,354,659)	447,502
Total net position--ending	\$ 1,157,773	\$ (1,587,863)	\$ 747,839

Risk Management	Property & Casualty Insurance	General Depreciation	Total
\$ -	\$ -	\$ 2,764,775	\$ 7,731,533
2,173,702	805,730	-	14,652,295
2,173,702	805,730	2,764,775	22,383,828
374,515	64,912	-	1,878,473
5,165	3,064	-	35,575
1,364,944	398,453	108,850	6,930,103
670	-	-	56,745
3,604	-	2,060,778	2,122,068
-	433,807	-	14,531,079
-	-	-	9,571
1,748,898	900,236	2,169,628	25,563,614
424,804	(94,506)	595,147	(3,179,786)
247,496	-	225,803	490,147
38,102	-	56,026	100,742
-	-	-	(278)
115,372	(4,864)	122,051	524,842
400,970	(4,864)	403,880	1,115,453
825,774	(99,370)	999,027	(2,064,333)
-	-	-	-
-	-	-	6,016,558
(4,150,105)	-	-	(4,222,555)
(3,324,331)	(99,370)	999,027	(270,330)
14,286,895	87,005	22,399,928	34,937,233
<u>\$ 10,962,564</u>	<u>\$ (12,365)</u>	<u>\$ 23,398,955</u>	<u>\$ 34,666,903</u>

CITY OF McALLEN, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2019

	<u>Fleet Materials Management</u>	<u>Employee Benefits</u>
Cash flows from operating activities:		
Receipts from customers	\$ 5,073,665	\$ 10,163,458
Payments to employees	(1,014,943)	(361,567)
Payments to suppliers	(3,923,172)	(16,023,788)
Cash received from other cash receipts	<u>41,467</u>	<u>249,077</u>
Net cash provided (used) by operating activities	<u>177,017</u>	<u>(5,972,820)</u>
Cash flows from non-capital financing activities:		
Transfer from other funds	-	5,972,820
Transfer to other funds	<u>(72,450)</u>	<u>-</u>
Cash provided (used) by non-capital financing activities	<u>(72,450)</u>	<u>5,972,820</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	(28,358)	-
Proceeds from sale of capital assets	1,739	-
Principal repayments-bonds and notes	(954)	-
Interest expense	<u>(278)</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(27,851)</u>	<u>-</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	-	-
Purchase of investments	-	-
Receipt of interest	<u>-</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	76,716	-
Cash at beginning of year	<u>650,460</u>	<u>-</u>
Cash at end of year	<u><u>\$ 727,176</u></u>	<u><u>\$ -</u></u>

Retiree Health Insurance	Risk Management	Property & Casualty Insurance	General Depreciation	Totals
\$ 1,441,337	\$ 4,735,970	\$ 805,730	\$ 2,764,775	\$ 24,984,935
-	(373,801)	(65,020)	-	(1,815,331)
(1,179,375)	(1,365,975)	(806,064)	1,135,721	(22,162,653)
-	115,806	527	-	406,877
261,962	3,112,000	(64,827)	3,900,496	1,413,828
-	464,736	-	464,736	6,902,292
-	(4,150,105)	-	-	(4,222,555)
-	(3,685,369)	-	464,736	2,679,737
-	-	-	(3,197,206)	(3,225,564)
-	-	-	122,051	123,790
-	-	-	-	(954)
-	-	-	-	(278)
-	-	-	(3,075,155)	(3,103,006)
1,231,615	19,576,746	-	13,371,075	34,179,436
(1,474,070)	(19,606,125)	-	(14,956,717)	(36,036,912)
23,705	302,703	-	290,020	616,428
(218,750)	273,324	-	(1,295,622)	(1,241,048)
43,212	(300,045)	(64,827)	(5,545)	(250,489)
26,675	451,481	157,832	26,442	1,312,890
\$ 69,887	\$ 151,436	\$ 93,005	\$ 20,897	\$ 1,062,401

Continued

CITY OF McALLEN, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2019

	Fleet Materials Management	Employee Benefits
Operating (loss) income	\$ 116,733	\$ (4,498,839)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	57,686	-
Other nonoperating revenues	41,467	249,077
(Increase) decrease in deferred outflows of resources - pension	(45,991)	-
Increase (decrease) in deferred inflow of resources -pension	(141,349)	-
(Increase) decrease in accounts receivable	106,907	(68,068)
(Increase) decrease in due from other funds	-	-
(Increase) decrease in prepaid items	-	-
(Increase) decrease in inventories	(12,305)	(58,548)
Increase (decrease) in accounts payable	(194,778)	-
Increase (decrease) in compensated absences payable	4,110	(418)
Increase (decrease) in accrued liabilities	2,405	(473,972)
Increase (decrease) in due to other funds	-	(1,122,052)
Increase (decrease) in net pension liability	242,132	-
Total adjustments	60,284	(1,473,981)
Net cash provided (used) by operating activities	\$ 177,017	\$ (5,972,820)
Noncash investing, capital, and financing activities:		
Increase(decrease) in fair value of investments	\$ -	\$ -

Retiree Health Insurance	Risk Management	Property & Casualty Insurance	General Depreciation	Totals
<u>\$ 276,875</u>	<u>\$ 424,804</u>	<u>\$ (94,506)</u>	<u>\$ 595,147</u>	<u>\$ (3,179,786)</u>
-	3,604	-	2,060,778	2,122,068
-	115,806	527	-	406,877
-	-	-	-	(45,991)
-	-	-	-	(141,349)
-	-	-	-	38,839
-	2,562,268	-	-	2,562,268
-	-	-	1,232,740	1,232,740
-	-	-	-	(70,853)
(14,913)	(68,951)	29,260	11,831	(237,551)
-	(905)	890	-	3,677
-	(9,696)	(998)	-	(482,261)
-	85,070	-	-	(1,036,982)
-	-	-	-	242,132
<u>(14,913)</u>	<u>2,687,196</u>	<u>29,679</u>	<u>3,305,349</u>	<u>4,593,614</u>
<u><u>\$ 261,962</u></u>	<u><u>\$ 3,112,000</u></u>	<u><u>\$ (64,827)</u></u>	<u><u>\$ 3,900,496</u></u>	<u><u>\$ 1,413,828</u></u>
\$ 6,614	\$ 38,102	\$ -	\$ 56,026	\$ 100,742

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Agency Funds

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

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

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

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

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

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CITY OF McALLEN , TEXAS
COMBINING STATEMENT OF NET POSITION
AGENCY FUNDS
September 30, 2019

	Developers Fund	Communication Group Fund	Payroll Fund	Total
ASSETS				
Cash and cash equivalents	\$ 33,095	\$ 187,613	\$ 1,144,793	\$ 1,365,501
Receivables:				
Interest	16,836	-	-	16,836
Other	-	-	7,271	7,271
Investments, at fair value:				
TexPool Prime	1,439,951	3,692,073	-	5,132,024
Certificate of deposits	1,003,079	-	-	1,003,079
US government securities	1,759,605	-	-	1,759,605
 Total assets	 <u>\$ 4,252,566</u>	 <u>\$ 3,879,686</u>	 <u>\$ 1,152,064</u>	 <u>\$ 9,284,316</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 1,152,064	\$ 1,152,064
Due agency	-	3,879,686	-	3,879,686
Escrow payables	4,252,566	-	-	4,252,566
 Total liabilities	 <u>\$ 4,252,566</u>	 <u>\$ 3,879,686</u>	 <u>\$ 1,152,064</u>	 <u>\$ 9,284,316</u>

CITY OF McALLEN, TEXAS
AGENCY FUND
DEVELOPER'S FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended September 30, 2019

	<u>Balance</u> <u>09/30/18</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>Balance</u> <u>09/30/19</u>
<u>Assets:</u>				
Cash and equivalents	\$ 6,225	\$ 5,702,132	\$ 5,675,262	\$ 33,095
Investments:				
Tex-pool Prime	585,684	3,134,267	2,280,000	1,439,951
Certificate of deposits	-	1,003,079	-	1,003,079
Government securities	3,218,266	1,040,952	2,499,613	1,759,605
Receivables:				
Accrued interest	12,107	59,442	54,713	16,836
	<u>12,107</u>	<u>59,442</u>	<u>54,713</u>	<u>16,836</u>
Total current assets	<u>\$ 3,822,282</u>	<u>\$ 10,939,872</u>	<u>\$ 10,509,588</u>	<u>\$ 4,252,566</u>
<u>Liabilities:</u>				
Escrow payables	<u>3,822,282</u>	<u>433,658</u>	<u>3,374</u>	<u>4,252,566</u>
	<u>3,822,282</u>	<u>433,658</u>	<u>3,374</u>	<u>4,252,566</u>
Total liabilities	<u>\$ 3,822,282</u>	<u>\$ 433,658</u>	<u>\$ 3,374</u>	<u>\$ 4,252,566</u>

CITY OF McALLEN, TEXAS
AGENCY FUND
COMMUNICATIONS GROUP
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended September 30, 2019

	Balance 09/30/18	ADDITIONS	DEDUCTIONS	Balance 09/30/19
<u>Assets:</u>				
Cash and equivalents	\$ 166,860	\$ 2,772,463	\$ 2,751,710	\$ 187,613
Investments	<u>3,305,691</u>	<u>1,421,382</u>	<u>1,035,000</u>	<u>3,692,073</u>
Total current assets	<u><u>\$ 3,472,551</u></u>	<u><u>\$ 4,193,845</u></u>	<u><u>\$ 3,786,710</u></u>	<u><u>\$ 3,879,686</u></u>
<u>Liabilities:</u>				
Payables	\$ 68,690	\$ 2,330,934	\$ 2,262,244	\$ -
Due agency	<u>3,403,861</u>	<u>460,437</u>	<u>936,262</u>	<u>3,879,686</u>
Total liabilities	<u><u>\$ 3,472,551</u></u>	<u><u>\$ 2,791,371</u></u>	<u><u>\$ 3,198,506</u></u>	<u><u>\$ 3,879,686</u></u>

CITY OF McALLEN, TEXAS
AGENCY FUND
PAYROLL FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended September 30, 2019

	<u>Balance 09/30/18</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>Balance 09/30/19</u>
<u>Assets:</u>				
Cash and equivalents	\$ 1,096,122	\$ 161,609,830	\$ 161,561,158	\$ 1,144,793
Receivables:				
Other	<u>8,811</u>	<u>91,379</u>	<u>92,919</u>	<u>7,271</u>
Total current assets	<u><u>\$ 1,104,933</u></u>	<u><u>\$ 161,701,209</u></u>	<u><u>\$ 161,654,078</u></u>	<u><u>\$ 1,152,064</u></u>
<u>Liabilities:</u>				
Payables	<u>\$ 1,103,348</u>	<u>\$ 40,178,144</u>	<u>\$ 40,226,860</u>	<u>\$ 1,152,064</u>
Total liabilities	<u><u>\$ 1,103,348</u></u>	<u><u>\$ 40,178,144</u></u>	<u><u>\$ 40,226,860</u></u>	<u><u>\$ 1,152,064</u></u>

Individual Budget Schedules and Other

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CITY OF McALLEN, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes:				
Property	\$ 42,842,094	\$ 42,842,094	\$ 43,150,249	\$ 308,155
Sales	49,410,339	49,410,339	51,963,199	2,552,860
Franchise	7,807,359	7,807,359	7,705,936	(101,423)
Total taxes	100,059,792	100,059,792	102,819,384	2,759,592
Licenses and permits:				
Business licenses and permits	65,000	65,000	77,495	12,495
Occupational	263,031	263,031	509,830	246,799
Non-business licenses and permits	2,025,435	2,025,435	1,542,839	(482,596)
Total licenses and permits	2,353,466	2,353,466	2,130,164	(223,302)
Intergovernmental revenues:				
State shared revenues	-	-	15,609	15,609
Total intergovernmental revenues	-	-	15,609	15,609
Charges for services:				
General government	2,371,885	2,549,621	2,557,788	8,167
Public safety	821,500	821,500	1,455,627	634,127
Highways and streets	4,800	4,800	11,521	6,721
Health	634,630	634,630	802,996	168,366
Culture and recreation	1,132,372	1,132,372	1,194,054	61,682
Total charges for services	4,965,187	5,142,923	6,021,986	879,063
Fines and forfeitures:				
Corporations court	1,250,000	1,254,593	1,379,892	125,299
Other fines	42,000	42,000	43,481	1,481
Total fines and forfeitures	1,292,000	1,296,593	1,423,373	126,780
Investment earnings	780,000	780,000	1,647,553	867,553
Net increase (decrease) in the fair value of investments	-	-	311,776	311,776

CITY OF McALLEN, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Other:				
Royalties	\$ 480,000	\$ 480,000	\$ 342,643	\$ (137,357)
Rents and concessions	5,500	5,500	31,283	25,783
Reimbursements	554,466	728,990	1,551,940	822,950
Other	43,100	43,100	1,176,440	1,133,340
Total other revenues	1,083,066	1,257,590	3,102,306	1,844,716
Total revenues	110,533,511	110,890,364	117,472,151	6,581,787
EXPENDITURES				
General government:				
City commission:				
Personal services	196,782	198,712	163,639	35,073
Supplies	4,380	2,114	3,695	(1,581)
Miscellaneous services	155,280	139,280	96,659	42,621
Maintenance	-	16,000	17,060	(1,060)
Capital outlay	-	2,266	3,566	(1,300)
Total city commission	356,442	358,372	284,619	73,753
Special service:				
Miscellaneous services	736,693	736,693	932,923	(196,230)
Total special service	736,693	736,693	932,923	(196,230)
City manager:				
Personal services	1,444,117	1,474,994	1,509,489	(34,495)
Supplies	14,930	14,930	13,325	1,605
Miscellaneous services	88,181	85,781	84,023	1,758
Maintenance	1,680	1,680	382	1,298
Capital outlay	-	2,400	3,426	(1,026)
Total city manager	1,548,908	1,579,785	1,610,645	(30,860)
Budget & management:				
Personal service	413,447	424,394	391,325	33,069
Supplies	6,300	8,300	7,292	1,008
Miscellaneous services	16,282	16,282	8,737	7,545
Maintenance	13,000	8,678	3,600	5,078
Capital outlay	4,000	6,322	3,409	2,913
Total budget & management	453,029	463,976	414,363	49,613

CITY OF McALLEN, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
City secretary:				
Personal services	\$ 464,794	\$ 476,742	\$ 463,428	\$ 13,314
Supplies	4,500	4,500	4,752	(252)
Miscellaneous services	20,666	20,666	21,848	(1,182)
Maintenance	22,658	22,658	21,535	1,123
Capital outlay	-	-	266	(266)
Total city secretary	<u>512,618</u>	<u>524,566</u>	<u>511,829</u>	<u>12,737</u>
Audit office:				
Personal services	203,114	208,187	205,636	2,551
Supplies	2,375	2,375	907	1,468
Miscellaneous services	11,931	11,931	10,414	1,517
Total audit office	<u>217,420</u>	<u>222,493</u>	<u>216,957</u>	<u>5,536</u>
Vital statistics:				
Personal services	142,959	146,721	130,038	16,683
Supplies	9,050	13,338	11,430	1,908
Miscellaneous services	22,168	22,168	9,121	13,047
Total vital statistics	<u>174,177</u>	<u>182,227</u>	<u>150,589</u>	<u>31,638</u>
Passport facility:				
Personal services	99,680	102,127	105,591	(3,464)
Supplies	1,925	1,925	1,780	145
Miscellaneous services	7,570	7,570	7,792	(222)
Maintenance	200	200	13	187
Capital outlay	-	-	7,132	(7,132)
Total passport facility	<u>109,375</u>	<u>111,822</u>	<u>122,308</u>	<u>(10,486)</u>
Municipal court:				
Personal services	1,352,267	1,386,443	1,222,943	163,500
Supplies	8,910	9,910	7,907	2,003
Miscellaneous services	75,170	70,763	49,200	21,563
Maintenance	74,790	70,790	59,755	11,035
Capital outlay	11,256	23,256	15,577	7,679
Total municipal court	<u>1,522,393</u>	<u>1,561,162</u>	<u>1,355,382</u>	<u>205,780</u>

CITY OF McALLEN, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Finance:				
Personal services	\$ 1,078,266	\$ 1,106,270	\$ 945,291	\$ 160,979
Supplies	19,260	16,885	20,623	(3,738)
Miscellaneous services	206,817	206,817	139,770	67,047
Maintenance	37,656	37,656	32,097	5,559
Capital outlay	5,000	7,375	7,300	75
Total finance	1,346,999	1,375,003	1,145,081	229,922
Tax office:				
Personal services	283,385	290,846	277,521	13,325
Supplies	5,833	6,133	6,031	102
Miscellaneous services	835,542	829,542	812,065	17,477
Maintenance	29,307	35,307	29,829	5,478
Capital outlay	300	-	525	(525)
Total tax office	1,154,367	1,161,828	1,125,971	35,857
Purchasing and contracting:				
Personal services	550,843	565,861	539,394	26,467
Supplies	7,060	12,737	12,484	253
Miscellaneous services	17,678	12,807	12,819	(12)
Maintenance	806	-	-	-
Total purchasing and contracting	576,387	591,405	564,697	26,708
Legal:				
Personal services	1,315,046	1,350,734	1,144,614	206,120
Supplies	5,032	5,032	8,728	(3,696)
Miscellaneous services	438,957	438,957	589,372	(150,415)
Capital outlay	-	4,936	4,936	-
Total legal	1,759,035	1,799,659	1,747,650	52,009
Grant administration:				
Personal services	332,287	339,420	291,517	47,903
Supplies	5,500	5,300	2,945	2,355
Miscellaneous services	56,753	55,953	56,424	(471)
Capital outlay	-	1,000	1,774	(774)
Total grant administration	394,540	401,673	352,660	49,013

CITY OF McALLEN, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Human resources:				
Personal services	\$ 631,595	\$ 648,531	\$ 629,534	\$ 18,997
Supplies	32,151	32,151	29,612	2,539
Miscellaneous services	107,149	126,129	87,049	39,080
Maintenance	10,000	20	64	(44)
Capital outlay	14,500	5,500	4,501	999
Total human resources	795,395	812,331	750,760	61,571
Risk management:				
Liability insurance	457,085	457,085	457,085	-
Total risk management	457,085	457,085	457,085	-
Planning:				
Personal services	1,245,841	1,279,104	906,732	372,372
Supplies	20,115	20,115	13,625	6,490
Miscellaneous services	47,069	47,069	28,614	18,455
Maintenance	17,241	17,241	2,829	14,412
Capital outlay	32,300	35,079	17,768	17,311
Total planning	1,362,566	1,398,608	969,568	429,040
Information technology:				
Personal services	1,970,954	2,024,181	1,876,383	147,798
Supplies	17,548	17,548	23,056	(5,508)
Miscellaneous services	254,604	254,604	256,435	(1,831)
Maintenance	623,585	623,585	575,158	48,427
Capital outlay	343,100	343,100	301,858	41,242
Total information technology	3,209,791	3,263,018	3,032,890	230,128
Public information office:				
Personal services	638,774	655,959	575,144	80,815
Supplies	9,950	9,950	5,802	4,148
Miscellaneous services	104,981	104,981	102,865	2,116
Maintenance	14,401	14,401	4,736	9,665
Total public information office	768,106	785,291	688,547	96,744

CITY OF McALLEN, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
311 Call center:				
Personal services	\$ 274,977	\$ 282,220	\$ 261,246	\$ 20,974
Supplies	1,500	1,500	411	1,089
Miscellaneous services	25,000	25,000	22,540	2,460
Maintenance	-	-	-	-
Capital outlay	5,100	5,100	1,778	3,322
Total 311 Call center	306,577	313,820	285,975	27,845
City hall:				
Personal services	104,402	107,126	99,195	7,931
Supplies	19,900	19,900	16,910	2,990
Miscellaneous services	253,787	253,787	277,458	(23,671)
Maintenance	142,928	142,928	126,197	16,731
Total city hall	521,017	523,741	519,760	3,981
Development center				
Personal services	34,746	35,576	35,194	382
Supplies	14,300	14,300	9,416	4,884
Miscellaneous services	48,720	48,720	41,865	6,855
Maintenance	7,000	7,000	15,899	(8,899)
Capital outlay	-	-	407	(407)
Total development center	104,766	105,596	102,781	2,815
Building maintenance:				
Personal services	759,908	777,498	721,840	55,658
Supplies	18,732	18,732	20,201	(1,469)
Miscellaneous services	52,225	52,225	45,973	6,252
Maintenance	40,813	40,813	65,949	(25,136)
Capital outlay	-	-	960	(960)
Total building maintenance	871,678	889,268	854,923	34,345
Economic development:				
Chambers of commerce	644,000	644,000	644,000	-
Total economic development	644,000	644,000	644,000	-
Non-departmental activities	89,389	89,389	20,000	69,389
Contingency	(544,937)	(2,171,075)	-	(2,171,075)
Total general government	19,447,816	18,181,736	18,861,963	(680,227)

CITY OF McALLEN, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Public safety:				
Police:				
Personal services	\$ 30,609,128	\$ 31,335,607	\$ 30,917,042	\$ 418,565
Supplies	396,091	396,091	621,771	(225,680)
Miscellaneous services	1,438,613	1,438,613	1,350,613	88,000
Maintenance	1,429,939	1,429,939	1,727,389	(297,450)
Capital outlay	301,697	3,694,942	3,688,226	6,716
Total police	34,175,468	38,295,192	38,305,041	(9,849)
Animal control:				
Personal services	273,070	279,570	211,089	68,481
Supplies	12,000	12,000	4,091	7,909
Miscellaneous services	30,825	30,825	28,955	1,870
Maintenance	37,076	37,076	58,584	(21,508)
Total animal control	352,971	359,471	302,719	56,752
Radio shop:				
Personal services	310,560	318,575	317,513	1,062
Supplies	20,376	60,376	78,666	(18,290)
Miscellaneous services	278,095	238,095	213,290	24,805
Maintenance	6,770	6,770	-	6,770
Capital outlay	5,200	5,200	6,561	(1,361)
Total communication technology	621,001	629,016	616,030	12,986
Fire:				
Personal services	16,948,725	16,990,498	17,302,523	(312,025)
Supplies	293,243	303,243	305,481	(2,238)
Miscellaneous services	1,156,777	1,146,777	1,113,229	33,548
Maintenance	591,615	716,615	1,167,874	(451,259)
Capital outlay	302,900	410,292	364,253	46,039
Total fire	19,293,260	19,567,425	20,253,360	(685,935)

CITY OF McALLEN, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Traffic operations:				
Personal services	\$ 1,601,321	\$ 1,640,557	\$ 1,323,746	\$ 316,811
Supplies	116,492	116,492	134,862	(18,370)
Miscellaneous services	386,857	386,857	383,933	2,924
Maintenance	320,404	320,404	291,157	29,247
Capital outlay	135,368	208,349	243,621	(35,272)
Total traffic operations	2,560,442	2,672,659	2,377,319	295,340
Building code compliance:				
Personal services	967,685	992,021	886,389	105,632
Supplies	13,687	13,687	18,000	(4,313)
Miscellaneous services	81,761	81,761	72,583	9,178
Maintenance	13,036	13,036	13,501	(465)
Total building code compliance	1,076,169	1,100,505	990,473	110,032
Total public safety	58,079,311	62,624,268	62,844,942	(220,674)
Highways and streets:				
Engineering services:				
Personal services	1,789,148	1,835,783	1,729,539	106,244
Supplies	13,000	13,000	12,023	977
Miscellaneous services	137,327	137,327	98,389	38,938
Maintenance	34,610	34,610	50,094	(15,484)
Capital outlay	26,389	33,702	29,526	4,176
Total engineering	2,000,474	2,054,422	1,919,571	134,851
Street maintenance:				
Personal services	2,020,097	2,069,325	1,577,446	491,879
Supplies	29,857	29,857	33,945	(4,088)
Miscellaneous services	416,463	416,463	420,132	(3,669)
Maintenance	3,897,072	3,897,072	3,651,434	245,638
Capital outlay	12,600	259,400	254,233	5,167
Total street maintenance	6,376,089	6,672,117	5,937,190	734,927

CITY OF McALLEN, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Street lighting:				
Miscellaneous services	\$ 2,246,075	\$ 2,246,075	\$ 1,922,111	\$ 323,964
Maintenance	72,675	72,675	29,099	43,576
Total street lighting	2,318,750	2,318,750	1,951,210	367,540
Sidewalk construction:				
Personal services	243,133	249,104	185,445	63,659
Supplies	30,132	30,132	41,502	(11,370)
Miscellaneous services	35,825	35,825	35,810	15
Maintenance	27,870	27,870	24,336	3,534
Capital outlay	5,400	5,400	4,689	711
Total sidewalk construction	342,360	348,331	291,782	56,549
Drainage:				
Personal services	926,969	950,858	802,816	148,042
Supplies	20,052	20,052	20,421	(369)
Miscellaneous services	235,074	235,074	232,705	2,369
Maintenance	244,049	244,049	358,851	(114,802)
Capital outlay	14,500	14,500	12,708	1,792
Total drainage	1,440,644	1,464,533	1,427,501	37,032
Total highways and streets	12,478,317	12,858,153	11,527,254	1,330,899
Health and welfare:				
Health code compliance:				
Personal services	1,155,534	1,185,047	1,117,289	67,758
Supplies	38,495	38,495	41,290	(2,795)
Miscellaneous services	295,444	370,886	368,570	2,316
Maintenance	31,721	31,721	56,045	(24,324)
Capital outlay	92,466	107,809	88,375	19,434
Total health code compliance	1,613,660	1,733,958	1,671,569	62,389
Graffiti cleaning:				
Personal services	108,413	111,108	96,364	14,744
Supplies	10,181	10,181	6,866	3,315
Miscellaneous services	20,040	20,040	20,042	(2)
Maintenance	20,239	20,239	24,136	(3,897)
Capital outlay	15,600	15,600	13,913	1,687
Total graffiti cleaning	174,473	177,168	161,321	15,847

CITY OF McALLEN, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Other agencies:				
Humane society	\$ 767,276	\$ 767,276	\$ 1,002,756	\$ (235,480)
Other health and welfare agencies	28,500	28,500	87,079	(58,579)
Total other agencies	795,776	795,776	1,089,835	(294,059)
Total health and welfare	2,583,909	2,706,902	2,922,725	(215,823)
Culture and recreation:				
Parks and recreation administration:				
Personal services	422,865	434,473	409,529	24,944
Supplies	6,750	6,750	5,823	927
Miscellaneous services	127,387	127,387	98,621	28,766
Maintenance	24,097	24,097	45,422	(21,325)
Capital outlay	7,900	7,900	5,903	1,997
Total parks and recreation administration	588,999	600,607	565,298	35,309
Parks:				
Personal services	4,648,458	4,764,700	4,157,797	606,903
Supplies	193,154	193,154	165,778	27,376
Miscellaneous services	2,183,271	2,183,271	2,353,733	(170,462)
Maintenance	471,963	471,963	724,732	(252,769)
Capital outlay	59,980	100,306	105,752	(5,446)
Total parks	7,556,826	7,713,394	7,507,792	205,602
Recreation:				
Personal services	1,383,752	1,398,455	1,392,115	6,340
Supplies	51,000	51,000	51,693	(693)
Miscellaneous services	288,926	288,926	332,987	(44,061)
Maintenance	13,599	13,599	2,168	11,431
Capital outlay	-	-	7,793	(7,793)
Total recreation	1,737,277	1,751,980	1,786,756	(34,776)

CITY OF McALLEN, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Pools:				
Personal services	\$ 642,507	\$ 653,511	\$ 638,711	\$ 14,800
Supplies	86,800	86,800	71,359	15,441
Miscellaneous services	128,498	128,498	123,219	5,279
Maintenance	60,002	60,002	56,409	3,593
Capital outlay	17,600	17,600	8,498	9,102
Total pools	935,407	946,411	898,196	48,215
Las palmas community center:				
Personal services	248,877	255,572	268,328	(12,756)
Supplies	16,180	16,180	18,010	(1,830)
Miscellaneous services	86,740	86,740	96,726	(9,986)
Maintenance	17,384	17,384	34,098	(16,714)
Capital outlay	7,700	7,700	6,445	1,255
Total las palmas community center	376,881	383,576	423,607	(40,031)
Recreation center-Lark:				
Personal services	311,516	319,637	304,176	15,461
Supplies	25,730	25,730	25,172	558
Miscellaneous services	110,444	110,444	101,051	9,393
Maintenance	16,500	16,500	11,842	4,658
Capital outlay	1,920	1,920	1,920	-
Total recreation center-Lark	466,110	474,231	444,161	30,070
Recreation center-Palmview:				
Personal services	308,691	316,475	270,574	45,901
Supplies	23,205	23,205	25,295	(2,090)
Miscellaneous services	106,621	106,621	107,176	(555)
Maintenance	17,000	17,000	12,364	4,636
Capital outlay	14,703	14,703	10,407	4,296
Total recreation center-Palmview	470,220	478,004	425,816	52,188
Quinta mazatlan:				
Personal services	661,309	679,179	612,012	67,167
Supplies	52,350	52,350	56,170	(3,820)
Miscellaneous services	137,775	137,775	135,418	2,357
Maintenance	57,469	57,469	72,688	(15,219)
Total quinta mazatlan	908,903	926,773	876,288	50,485

CITY OF McALLEN, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Library:				
Personal services	\$ 2,426,921	\$ 2,494,420	\$ 2,341,027	\$ 153,393
Supplies	101,600	101,600	119,182	(17,582)
Miscellaneous services	618,358	618,358	561,468	56,890
Maintenance	190,351	190,351	156,139	34,212
Capital outlay	175,000	175,000	180,038	(5,038)
Total library	3,512,230	3,579,729	3,357,854	221,875
Library branch-Lark:				
Personal services	412,228	423,409	411,562	11,847
Supplies	9,150	9,150	7,382	1,768
Miscellaneous services	13,293	13,293	10,085	3,208
Maintenance	5,250	5,250	708	4,542
Capital outlay	20,000	20,000	19,995	5
Total library branch-Lark	459,921	471,102	449,732	21,370
Library branch-Palmview:				
Personal services	446,793	458,770	422,620	36,150
Supplies	10,200	10,200	5,905	4,295
Miscellaneous services	9,993	9,993	7,956	2,037
Maintenance	5,500	5,500	358	5,142
Capital outlay	20,000	20,000	20,041	(41)
Total library branch-Palmview	492,486	504,463	456,880	47,583
Other agencies	950,400	950,400	950,400	-
Museums	735,720	735,720	735,720	-
Total culture and recreation	19,191,380	19,516,390	18,878,500	637,890
Debt service:				
Principal	-	662,733	662,733	-
Interest	-	192,838	192,838	-
Total capital lease	-	855,571	855,571	-
Total expenditures	111,780,733	116,743,020	115,890,955	852,065
Excess of revenues over expenditures	(1,247,222)	(5,852,656)	1,581,196	7,433,852

CITY OF McALLEN, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 10,230,282	\$ 10,427,787	\$ 10,431,600	\$ 3,813
Transfers out	(3,768,825)	(8,168,825)	(8,015,521)	153,304
Capital lease	-	3,825,227	3,825,227	-
Net other financing sources (uses)	<u>6,461,457</u>	<u>6,084,189</u>	<u>6,241,306</u>	<u>157,117</u>
Net change in fund balances	5,214,235	231,533	7,822,502	7,590,969
Fund balances at beginning of year	<u>52,747,641</u>	<u>52,747,641</u>	<u>52,747,641</u>	<u>-</u>
Fund balances at end of year	<u>\$ 57,961,876</u>	<u>\$ 52,979,174</u>	<u>\$ 60,570,143</u>	<u>\$ 7,590,968</u>

CITY OF McALLEN, TEXAS
HOTEL OCCUPANCY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Hotel tax	\$ 3,722,083	\$ 3,722,083	\$ 4,130,392	\$ 408,309
Investment earnings	-	-	227	227
Other	-	-	20	20
Total revenues	<u>3,722,083</u>	<u>3,722,083</u>	<u>4,130,639</u>	<u>408,556</u>
EXPENDITURES				
Current:				
General government	<u>1,176,452</u>	<u>1,176,452</u>	<u>1,294,331</u>	<u>(117,879)</u>
Total expenditures	<u>1,176,452</u>	<u>1,176,452</u>	<u>1,294,331</u>	<u>(117,879)</u>
Excess (deficiency) of revenues over expenditures	<u>2,545,631</u>	<u>2,545,631</u>	<u>2,836,308</u>	<u>290,677</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(2,545,631)</u>	<u>(2,545,631)</u>	<u>(2,836,019)</u>	<u>(290,388)</u>
Total other financing sources (uses)	<u>(2,545,631)</u>	<u>(2,545,631)</u>	<u>(2,836,019)</u>	<u>(290,388)</u>
Net changes in fund balances	-	-	288	289
Fund balances--beginning	<u>41</u>	<u>41</u>	<u>41</u>	<u>-</u>
Fund balances--ending	<u>\$ 41</u>	<u>\$ 41</u>	<u>\$ 329</u>	<u>\$ 289</u>

CITY OF McALLEN, TEXAS
HOTEL VENUE PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2019
STATEMENT

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Hotel tax	\$ 1,067,280	\$ 1,067,280	\$ 1,180,206	\$ 112,926
Investment earnings	<u>-</u>	<u>-</u>	<u>623</u>	<u>623</u>
Total revenues	<u>1,067,280</u>	<u>1,067,280</u>	<u>1,180,829</u>	<u>113,549</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,067,280)</u>	<u>(1,067,280)</u>	<u>(1,068,098)</u>	<u>(818)</u>
Total other financing sources (uses)	<u>(1,067,280)</u>	<u>(1,067,280)</u>	<u>(1,068,098)</u>	<u>(818)</u>
Net changes in fund balances	-	-	112,731	112,731
Fund balances--beginning	<u>221,939</u>	<u>221,939</u>	<u>221,939</u>	<u>-</u>
Fund balances--ending	<u><u>\$ 221,939</u></u>	<u><u>\$ 221,939</u></u>	<u><u>\$ 334,670</u></u>	<u><u>\$ 112,731</u></u>

CITY OF McALLEN, TEXAS
McALLEN EB-5 REGIONAL CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Other	\$ -	\$ -	\$ 14,000	\$ 14,000
Investment earnings	-	-	2,022	2,022
Total revenues	-	-	16,022	16,022
EXPENDITURES				
Current:				
General government	-	-	43,252	(43,252)
Total expenditures	-	-	43,252	(43,252)
Excess (deficiency) of revenues over expenditures	-	-	(27,230)	(27,230)
Net changes in fund balances	-	-	(27,230)	(27,230)
Fund balances--beginning	158,831	158,831	158,831	-
Fund balances--ending	<u>\$ 158,831</u>	<u>\$ 158,831</u>	<u>\$ 131,601</u>	<u>\$ (27,230)</u>

CITY OF McALLEN, TEXAS
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 2,046,240	\$ 2,046,240	\$ 607,439	\$ (1,438,801)
Total revenues	<u>2,046,240</u>	<u>2,046,240</u>	<u>607,439</u>	<u>(1,438,801)</u>
EXPENDITURES				
Current:				
General government	334,236	334,236	185,417	148,819
Highways and streets	515,488	515,488	44,031	471,457
Health and welfare	831,746	831,746	319,719	512,027
Culture and recreation	<u>364,770</u>	<u>364,770</u>	<u>58,272</u>	<u>306,498</u>
Total expenditures	<u>2,046,240</u>	<u>2,046,240</u>	<u>607,439</u>	<u>1,438,801</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	-	-
Fund balances--beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF McALLEN, TEXAS
DOWNTOWN SERVICES PARKING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For Fiscal Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Licenses and permits	\$ 15,000	\$ 15,000	\$ 14,371	\$ (629)
Charges for services	1,166,000	1,166,000	1,097,167	(68,833)
Fines and forfeitures	175,000	175,000	144,057	(30,943)
Investment earnings	-	-	1,964	1,964
Other	3,300	3,300	4,391	1,091
	<u>1,359,300</u>	<u>1,359,300</u>	<u>1,261,950</u>	<u>(97,350)</u>
EXPENDITURES				
Current:				
Highways and streets	1,206,507	1,261,135	1,092,941	168,194
Principal	-	6,358	6,358	-
Interest and fiscal charges	-	1,850	1,850	-
	<u>1,206,507</u>	<u>1,269,343</u>	<u>1,101,149</u>	<u>168,194</u>
Excess (deficiency) of revenues over expenditures	<u>152,793</u>	<u>89,957</u>	<u>160,801</u>	<u>70,844</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(302,550)	(302,550)	(302,550)	-
Issuance of debt	-	36,697	36,696	1
	<u>(302,550)</u>	<u>(302,550)</u>	<u>(265,854)</u>	<u>1</u>
Net changes in fund balances	(149,757)	(212,593)	(105,054)	70,845
Fund balances--beginning	<u>119,863</u>	<u>119,863</u>	<u>119,863</u>	<u>-</u>
Fund balances--ending	<u>\$ (29,894)</u>	<u>\$ (92,730)</u>	<u>\$ 14,809</u>	<u>\$ 70,845</u>

CITY OF McALLEN, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Property tax	\$ 4,377,058	\$ 3,505,431	\$ 3,831,329	\$ 325,898
Interest	-	-	75,704	75,704
Total revenues	<u>4,377,058</u>	<u>3,505,431</u>	<u>3,907,033</u>	<u>401,602</u>
EXPENDITURES				
Debt service:				
Principal	4,920,000	4,920,000	4,920,000	-
Interest and fiscal charges	<u>1,873,450</u>	<u>1,873,450</u>	<u>2,024,717</u>	<u>(151,267)</u>
Total expenditures	<u>6,793,450</u>	<u>6,793,450</u>	<u>6,944,717</u>	<u>(151,267)</u>
Excess (deficiency) of revenues over expenditures	<u>(2,416,392)</u>	<u>(3,288,019)</u>	<u>(3,037,684)</u>	<u>250,335</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>3,288,825</u>	<u>3,288,825</u>	<u>3,288,825</u>	<u>-</u>
Total other financing sources (uses)	<u>3,288,825</u>	<u>3,288,825</u>	<u>3,288,825</u>	<u>-</u>
Net changes in fund balances	872,433	806	251,141	250,335
Fund balance--beginning	<u>2,589,213</u>	<u>2,589,213</u>	<u>2,589,213</u>	<u>-</u>
Fund balance--ending	<u><u>\$ 3,461,646</u></u>	<u><u>\$ 2,590,019</u></u>	<u><u>\$ 2,840,354</u></u>	<u><u>\$ 250,335</u></u>

CITY OF McALLEN, TEXAS
HOTEL VENUE DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Property tax	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
Debt service:				
Principal	480,000	480,000	480,000	-
Interest and fiscal charges	377,819	377,819	378,637	(818)
Total expenditures	857,819	857,819	858,637	(818)
Excess (deficiency) of revenues over expenditures	(857,819)	(857,819)	(858,637)	(818)
OTHER FINANCING SOURCES (USES)				
Transfers in	857,819	857,819	858,637	818
Total other financing sources (uses)	857,819	857,819	858,637	818
Net changes in fund balances	-	-	-	-
Fund balance--beginning	6	6	6	-
Fund balance--ending	\$ 6	\$ 6	\$ 6	\$ -

CITY OF McALLEN, TEXAS
CAPITAL IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 1,084,062	\$ 1,084,062
Investment earnings	-	-	111,818	111,818
Net increase (decrease) in the fair value of investments	-	-	13,042	13,042
Other	-	-	3,304	3,304
Total revenues	-	-	1,212,226	1,212,226
EXPENDITURES				
Current:				
General government	790,939	1,653,939	1,344,457	309,482
Public safety	468,600	838,080	580,501	257,579
Highways and streets	656,800	656,800	480,992	175,808
Health and welfare	-	7,000	9,931	(2,931)
Culture and recreation	2,945,169	3,567,107	2,690,448	876,659
Total expenditures	4,861,508	6,722,926	5,106,329	1,616,597
Deficiency of revenues over expenditures	(4,861,508)	(6,722,926)	(3,894,103)	2,828,823
OTHER FINANCING SOURCES (USES)				
Transfers in	480,000	4,880,000	4,726,696	(153,304)
Total other financing sources (uses)	480,000	4,880,000	4,726,696	(153,304)
Net changes in fund balances	(4,381,508)	(1,842,926)	832,593	2,675,519
Fund balances--beginning	5,153,293	5,153,293	5,153,293	-
Fund balances--ending	\$ 771,785	\$ 3,310,367	\$ 5,985,886	\$ 2,675,519

CITY OF McALLEN, TEXAS
INFORMATION TECHNOLOGY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Other	\$ -	\$ -	\$ 54,514	\$ 54,514
Net increase (decrease) in the				
Investment earnings	<u>-</u>	<u>-</u>	<u>3,266</u>	<u>3,266</u>
Total revenues	<u>-</u>	<u>-</u>	<u>57,780</u>	<u>57,780</u>
EXPENDITURES				
Current:				
General government	-	197,750	197,928	(178)
Culture and recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>197,750</u>	<u>197,928</u>	<u>(178)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(197,750)</u>	<u>(140,148)</u>	<u>57,958</u>
Net changes in fund balances	-	(197,750)	(140,148)	57,602
Fund balances--beginning	<u>245,908</u>	<u>245,908</u>	<u>245,908</u>	<u>-</u>
Fund balances--ending	<u>\$ 245,908</u>	<u>\$ 48,158</u>	<u>\$ 105,760</u>	<u>\$ 57,602</u>

CITY OF McALLEN, TEXAS
PARK DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Other	\$ -	\$ -	\$ 214,400	\$ 214,400
Net increase (decrease) in the fair value of investments	-	-	9,345	9,345
Investment earnings	-	-	52,989	52,989
	<u>-</u>	<u>-</u>	<u>276,734</u>	<u>276,734</u>
Total revenues	<u>-</u>	<u>-</u>	<u>276,734</u>	<u>276,734</u>
EXPENDITURES				
Current:				
General government	-	-	5,612	(5,612)
Culture and recreation	1,358,000	1,358,000	262,923	1,095,077
	<u>1,358,000</u>	<u>1,358,000</u>	<u>268,535</u>	<u>1,089,465</u>
Total expenditures	<u>1,358,000</u>	<u>1,358,000</u>	<u>268,535</u>	<u>1,089,465</u>
Excess (deficiency) of revenues over expenditures	<u>(1,358,000)</u>	<u>(1,358,000)</u>	<u>8,199</u>	<u>1,366,199</u>
Net changes in fund balances	(1,358,000)	(1,358,000)	8,199	1,366,199
Fund balances--beginning	<u>2,319,699</u>	<u>2,319,699</u>	<u>2,319,699</u>	<u>-</u>
Fund balances--ending	<u>\$ 961,699</u>	<u>\$ 961,699</u>	<u>\$ 2,327,898</u>	<u>\$ 1,366,199</u>

CITY OF McALLEN, TEXAS
STREET IMPROVEMENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Investment earnings	\$ 9,766,489	\$ 9,766,489	\$ 247,401	\$ (9,519,088)
Net increase (decrease) in the fair value of investments	-	-	-	-
Other	-	-	-	-
Total revenues	<u>9,766,489</u>	<u>9,766,489</u>	<u>247,401</u>	<u>(9,519,088)</u>
EXPENDITURES				
Current:				
Highways and streets	<u>17,862,282</u>	<u>17,862,282</u>	<u>1,189,598</u>	<u>16,672,684</u>
Total expenditures	<u>17,862,282</u>	<u>17,862,282</u>	<u>1,189,598</u>	<u>16,672,684</u>
Deficiency of revenues over expenditures	<u>(8,095,793)</u>	<u>(8,095,793)</u>	<u>(942,197)</u>	<u>7,153,596</u>
Net changes in fund balances	(8,095,793)	(8,095,793)	(942,197)	7,153,596
Fund balances--beginning	<u>10,196,079</u>	<u>10,196,079</u>	<u>10,196,079</u>	<u>-</u>
Fund balances--ending	<u>\$ 2,100,286</u>	<u>\$ 2,100,286</u>	<u>\$ 9,253,882</u>	<u>\$ 7,153,596</u>

CITY OF McALLEN, TEXAS
SPORTS FACILITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Investment earnings	\$ -	\$ -	\$ 65,708	\$ 65,708
Net increase (decrease) in the fair value of investments	-	-	-	-
Other	-	-	-	-
Total revenues	-	-	65,708	65,708
EXPENDITURES				
Current:				
Culture and recreation	3,000,000	3,796,855	4,042,723	(245,868)
Total expenditures	3,000,000	3,796,855	4,042,723	(245,868)
Deficiency of revenues over expenditures	(3,000,000)	(3,796,855)	(3,977,015)	(180,160)
Net changes in fund balances	(3,000,000)	(3,796,855)	(3,977,015)	(180,160)
Fund balances--beginning	4,081,985	4,081,985	4,081,985	-
Fund balances--ending	<u>\$ 1,081,985</u>	<u>\$ 285,130</u>	<u>\$ 104,970</u>	<u>\$ (180,160)</u>

CITY OF McALLEN, TEXAS
PUBLIC EDUCATION GOVERNMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Franchise tax	\$ 186,662	\$ 186,662	\$ 215,735	\$ 29,073
Investment earnings	<u>13,338</u>	<u>13,338</u>	<u>17,051</u>	<u>3,713</u>
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>232,786</u>	<u>32,786</u>
EXPENDITURES				
Current:				
General government	<u>196,900</u>	<u>196,900</u>	<u>58,053</u>	<u>138,847</u>
Total expenditures	<u>196,900</u>	<u>196,900</u>	<u>58,053</u>	<u>138,847</u>
Excess (deficiency) of revenues over expenditures	<u>3,100</u>	<u>3,100</u>	<u>174,733</u>	<u>171,633</u>
Net changes in fund balances	3,100	3,100	174,733	171,633
Fund balances--beginning	<u>669,406</u>	<u>669,406</u>	<u>669,406</u>	<u>-</u>
Fund balances--ending	<u>\$ 672,506</u>	<u>\$ 672,506</u>	<u>\$ 844,139</u>	<u>\$ 171,633</u>

CITY OF McALLEN, TEXAS
PERFORMING ARTS C.O. FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Investment earnings	\$ -	\$ -	\$ 15,606	\$ 15,606
Net increase (decrease) in the fair value of investments	-	-	-	-
Other	-	-	1,500,516	1,500,516
Total revenues	-	-	1,516,122	1,516,122
EXPENDITURES				
Current:				
Culture and recreation	167,775	184,775	39,248	145,527
Total expenditures	167,775	184,775	39,248	145,527
Deficiency of revenues over expenditures	(167,775)	(184,775)	1,476,874	1,661,649
Net changes in fund balances	(167,775)	(184,775)	1,476,874	1,661,649
Fund balances--beginning	583,128	583,128	583,128	-
Fund balances--ending	<u>\$ 415,353</u>	<u>\$ 398,353</u>	<u>\$ 2,060,002</u>	<u>\$ 1,661,649</u>

CITY OF McALLEN, TEXAS
DRAINAGE FEE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For Fiscal Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Residential customers	\$ 636,000	\$ 636,000	\$ 643,627	\$ 7,627
Commercial accounts	552,000	552,000	561,705	9,705
Industrial customers	36,000	36,000	34,589	(1,411)
Investment earnings	<u>-</u>	<u>-</u>	<u>29,118</u>	<u>29,118</u>
Total revenues	<u>1,224,000</u>	<u>1,224,000</u>	<u>1,269,039</u>	<u>45,039</u>
EXPENDITURES				
Current:				
Highways and streets	<u>1,806,000</u>	<u>1,806,000</u>	<u>90,668</u>	<u>1,715,332</u>
Total expenditures	<u>1,806,000</u>	<u>1,806,000</u>	<u>90,668</u>	<u>1,715,332</u>
Excess (deficiency) of revenues over expenditures	<u>(582,000)</u>	<u>(582,000)</u>	<u>1,178,371</u>	<u>1,760,371</u>
Net changes in fund balances	(582,000)	(582,000)	1,178,371	1,760,371
Fund balances--beginning	<u>748,762</u>	<u>748,762</u>	<u>748,762</u>	<u>-</u>
Fund balances--ending	<u>\$ 166,762</u>	<u>\$ 166,762</u>	<u>\$ 1,927,133</u>	<u>\$ 1,760,371</u>

CITY OF McALLEN, TEXAS
FRIENDS OF QUINTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For Fiscal Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Investment earnings	\$ -	\$ -	\$ 3,727	\$ 7,627
Other	<u>106,020</u>	<u>106,020</u>	<u>599,824</u>	<u>493,804</u>
Total revenues	<u>106,020</u>	<u>106,020</u>	<u>603,551</u>	<u>501,431</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>39,023</u>	<u>39,023</u>	<u>176,097</u>	<u>(137,074)</u>
Total expenditures	<u>39,023</u>	<u>39,023</u>	<u>176,097</u>	<u>(137,074)</u>
Excess (deficiency) of revenues over expenditures	<u>66,997</u>	<u>66,997</u>	<u>427,454</u>	<u>360,457</u>
Net changes in fund balances	66,997	66,997	427,455	360,457
Fund balances--beginning	<u>94,215</u>	<u>94,215</u>	<u>94,215</u>	<u>-</u>
Fund balances--ending	<u>\$ 161,212</u>	<u>\$ 161,212</u>	<u>\$ 521,670</u>	<u>\$ 360,457</u>

CITY OF McALLEN, TEXAS
PARKS FACILITY/FIRE STATION #2 CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Net increase (decrease) in the fair value of investments	-	-	-	-
Investment earnings	-	-	74,163	74,163
Total revenues	-	-	74,163	74,163
EXPENDITURES				
Current:				
Public safety	1,808,696	1,808,696	1,186,939	621,757
Highways and streets	-	-	10,586	(10,586)
Culture and recreation	3,000,000	3,000,000	197,118	2,802,882
Total expenditures	4,808,696	4,808,696	1,394,643	3,414,053
Excess (deficiency) of revenues over expenditures	(4,808,696)	(4,808,696)	(1,320,480)	(3,339,890)
Net changes in fund balances	(4,808,696)	(4,808,696)	(1,320,480)	3,488,216
Fund balances--beginning	3,586,121	3,586,121	3,586,121	-
Fund balances--ending	<u>\$ (1,222,575)</u>	<u>\$ (1,222,575)</u>	<u>\$ 2,265,641</u>	<u>\$ 3,488,216</u>

CITY OF McALLEN, TEXAS
TRAFFIC IMPROV/DRAINAGE CONSTRUCTION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ -	\$ 1,048,820	\$ -	\$ (1,048,820)
Investment earnings	-	-	393,164	393,164
Net increase (decrease) in the fair value of investments	-	-	-	-
Other	-	-	11,146	11,146
Total revenues	-	1,048,820	404,310	(644,510)
EXPENDITURES				
Current:				
General government	-	-	233,626	(233,626)
Highways and streets	14,639,464	14,997,890	2,470,826	12,527,064
Total expenditures	14,639,464	14,997,890	2,704,452	12,293,438
Deficiency of revenues over expenditures	(14,639,464)	(13,949,070)	(2,300,142)	11,648,928
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	18,955,000	18,955,000
Bond premium	-	-	2,250,605	2,250,605
Total other financing sources (uses)	-	-	21,205,605	21,205,605
Net changes in fund balances	(14,639,464)	(13,949,070)	18,905,463	32,854,533
Fund balances--beginning	4,032,442	4,032,442	4,032,442	-
Fund balances--ending	<u>\$ (10,607,022)</u>	<u>\$ (9,916,628)</u>	<u>\$ 22,937,905</u>	<u>\$ 32,854,533</u>

CITY OF McALLEN, TEXAS
WATER FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Water sales				
Residential customers	\$ 13,354,613	\$ 13,354,613	\$ 10,705,875	\$ (2,648,738)
Commercial accounts	6,193,436	6,193,436	5,542,633	(650,803)
Industrial customers	520,287	520,287	341,217	(179,070)
Total water sales	20,068,336	20,068,336	16,589,725	(3,478,611)
Service charges:				
Tap fees	810,000	810,000	694,359	(115,641)
Connect fees	220,000	220,000	245,825	25,825
Reconnect fees	190,000	190,000	194,600	4,600
Other services	1,070,500	1,070,500	928,748	(141,752)
Total service charges	2,290,500	2,290,500	2,063,532	(226,968)
Total operating revenues	22,358,836	22,358,836	18,653,257	(3,705,579)
Non-operating revenues:				
Investment earnings	202,062	202,062	623,241	421,179
Net increase (decrease) in the fair value of investment	-	-	108,282	108,282
Other	-	-	681,306	681,306
Total non-operating revenues	202,062	202,062	1,412,829	1,210,767
Total revenues	22,560,898	22,560,898	20,066,086	(2,494,812)
Expenses:				
Water plant:				
Salaries and benefits	1,619,643	1,661,111	1,562,330	98,781
Supplies and raw water purchases	1,223,410	1,223,410	1,124,417	98,993
Contractual and other services	3,875,911	3,945,111	3,155,593	789,518
Repairs and maintenance	462,500	462,500	423,523	38,977
Total water plant	7,181,464	7,292,132	6,265,863	1,026,269

CITY OF McALLEN, TEXAS
WATER FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Water lab:				
Salaries and benefits	\$ 276,078	\$ 283,381	\$ 284,661	\$ (1,280)
Supplies	33,630	33,630	32,012	1,618
Contractual and other services	69,650	69,650	42,053	27,597
Repairs and maintenance	31,450	31,450	38,755	(7,305)
Total water lab	410,808	418,111	397,481	20,630
Transmission and distribution:				
Salaries and benefits	2,127,240	2,181,235	1,952,460	228,775
Supplies	40,000	40,000	34,900	5,100
Contractual and other services	267,850	267,850	103,899	163,951
Repairs and maintenance	251,500	251,500	82,970	168,530
Total Transmission and distribution	2,686,590	2,740,585	2,174,229	566,356
Water meters:				
Salaries and benefits	838,762	859,636	802,824	56,812
Supplies	24,965	24,965	14,878	10,087
Contractual and other services	51,057	51,057	34,246	16,811
Repairs and maintenance	88,400	88,400	67,933	20,467
Total water meters	1,003,184	1,024,058	919,881	104,177
Utility billing:				
Salaries and benefits	439,591	451,314	441,286	10,028
Supplies	38,000	38,000	27,165	10,835
Contractual and other services	320,804	320,804	291,563	29,241
Repairs and maintenance	20,000	20,000	865	19,135
Total utility billing	818,395	830,118	760,879	69,239

CITY OF McALLEN, TEXAS
WATER FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Customer relations:				
Salaries and benefits	\$ 850,819	\$ 873,636	\$ 842,620	\$ 31,016
Supplies	15,560	15,560	10,824	4,736
Contractual and other services	153,637	153,637	77,272	76,365
Repairs and maintenance	40,534	40,534	13,013	27,521
Total customer relations	1,060,550	1,083,367	943,729	139,638
Treasury/Fiscal Management				
Salaries and benefits	318,845	327,430	307,985	19,445
Supplies	1,200	1,200	2,623	(1,423)
Contractual and other services	107,486	107,486	72,053	35,433
Repairs and maintenance	72,270	72,270	67,651	4,619
Total treasury/fiscal management	499,801	508,386	450,312	58,074
Administration:				
Salaries and benefits	1,169,239	1,002,474	1,413,756	(411,282)
Supplies	30,150	30,150	11,032	19,118
Contractual and other services	675,750	698,250	544,693	153,557
Repairs and maintenance	21,163	21,163	11,934	9,229
Total administration	1,896,302	1,752,037	1,981,415	(229,378)
Non-departmental expenses:				
Liability insurance	55,099	55,099	39,060	16,039
Interest and fiscal charges	1,231,116	1,231,116	1,062,128	168,988
Bond principal requirements	1,430,450	1,430,450	-	1,430,450
Other	-	-	120,981	(120,981)
Capital outlay	25,310,003	26,140,240	9,119,074	17,021,166
Total non-departmental expenses	28,026,668	28,856,905	10,341,243	18,515,662
Total expenses	43,583,762	44,505,699	24,235,032	20,270,667
Excess (deficiency) of revenues over over expenses (budget basis) before transfers	(21,022,864)	(21,944,801)	(4,168,946)	(22,765,479)

CITY OF McALLEN, TEXAS
WATER FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Transfers:				
Transfers out	\$ 472,651	\$ 472,651	\$ (527,998)	\$ (1,000,649)
Net transfers	<u>472,651</u>	<u>472,651</u>	<u>(527,998)</u>	<u>(1,000,649)</u>
Excess (deficiency) of revenues over budget	<u>(20,550,213)</u>	<u>(21,472,150)</u>	<u>(4,696,944)</u>	<u>(23,766,128)</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(4,653,315)	(4,653,315)
Capital outlay-amounts budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	9,119,074	9,119,075
Principal payments on revenue bonds-budgeted as expenses per budget basis, treated as a reduction of bonds payable per GAAP basis	<u>1,430,450</u>	<u>1,430,450</u>	<u>-</u>	<u>767,717</u>
Net income-GAAP basis	<u>\$ (19,119,763)</u>	<u>\$ (20,041,700)</u>	<u>\$ (231,185)</u>	<u>\$ (18,532,651)</u>
	-			

CITY OF McALLEN, TEXAS
WATER FUND
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
IN RESTRICTED ACCOUNTS
For Fiscal Year Ended September 30, 2019

	<u>Current Debt Service</u>	<u>TWDB Debt Service</u>	<u>Bond Reserve</u>	<u>Reserve for Improvements</u>
Cash, certificates of deposit, and investments at September 30, 2018	\$ 598,837	\$ -	\$ -	\$ -
Cash receipts:				
Transfers in	2,061,530	449,613	-	18,647,430
Operating activities	-	-	\$184,374	-
Due to other funds	792	-	-	-
Interest received	-	3,319	1,823	186,377
Valuation allowance	-	-	-	-
Total cash receipts	<u>2,062,322</u>	<u>452,932</u>	<u>186,197</u>	<u>18,833,807</u>
Total cash available	<u>2,661,159</u>	<u>452,932</u>	<u>186,197</u>	<u>18,833,807</u>
Cash disbursements:				
Other	-	-	-	-
Transfers out	-	-	-	-
Refunds	-	-	-	-
Capital acquisition	-	-	-	6,925,775
Principal payments	1,430,450	-	-	-
Interest and fiscal charges (net)	<u>698,717</u>	<u>304,120</u>	<u>-</u>	<u>-</u>
Total cash disbursements	<u>2,129,167</u>	<u>304,120</u>	<u>-</u>	<u>6,925,775</u>
Cash, certificates of deposit, and investments at September 30, 2019	<u>\$ 531,992</u>	<u>\$ 148,812</u>	<u>\$ 186,197</u>	<u>\$ 11,908,032</u>
Cash, certificates of deposit, and investments at September 30, 2019 is comprised of the following:				
Cash	\$ 853	\$ -	\$ -	\$ -
Certificates of deposit	-	-	-	-
Investments (net)	531,139	148,812	186,197	11,908,032
Accrued Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 531,992</u>	<u>\$ 148,812</u>	<u>\$ 186,197</u>	<u>\$ 11,908,032</u>

<u>Customer Deposits</u>	<u>Depreciation</u>	<u>Capital Improvement</u>	<u>Water Revenue Bonds</u>	<u>Total</u>
\$ 2,652,971	\$ 8,071,909	\$ 4,355,786	\$ -	\$ 15,679,503
-	1,590,160	2,640,921	6,925,775	32,315,429
1,072,975	-	-	-	1,257,349
-	-	-	-	792
-	164,754	98,216	-	454,489
-	44,440	21,121	-	65,561
<u>1,072,975</u>	<u>1,799,354</u>	<u>2,760,258</u>	<u>6,925,775</u>	<u>34,093,620</u>
<u>3,725,946</u>	<u>9,871,263</u>	<u>7,116,044</u>	<u>6,925,775</u>	<u>49,773,123</u>
-	-	80	-	80
-	1,470,000	1,470,000	-	2,940,000
965,445	-	-	-	965,445
-	1,856,056	644,747	6,900,257	16,326,835
-	-	-	-	1,430,450
-	-	-	-	1,002,837
<u>965,445</u>	<u>3,326,056</u>	<u>2,114,827</u>	<u>6,900,257</u>	<u>22,665,647</u>
<u>\$ 2,760,501</u>	<u>\$ 6,545,207</u>	<u>\$ 5,001,217</u>	<u>\$ 25,518</u>	<u>\$ 27,107,476</u>
\$ -	\$ 10,775	\$ 6,923	\$ 25,518	\$ 44,069
-	2,790,057	761,008	-	3,551,065
2,760,501	3,739,497	4,232,312	-	23,506,490
-	4,878	974	-	5,852
<u>\$ 2,760,501</u>	<u>\$ 6,545,207</u>	<u>\$ 5,001,217</u>	<u>\$ 25,518</u>	<u>\$ 27,107,476</u>

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CITY OF McALLEN, TEXAS
WASTEWATER FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Wastewater service charges	\$ 20,156,672	\$ 20,156,672	\$ 16,682,689	\$ (3,473,983)
Industrial surcharges	390,849	390,849	213,857	(176,992)
Other services	558,500	558,500	673,382	114,882
	<u>21,106,021</u>	<u>21,106,021</u>	<u>17,569,928</u>	<u>(3,536,093)</u>
Non-operating revenues:				
Investment earnings	365,988	365,988	710,426	344,438
Net increase (decrease) in the fair value of investment	-	-	141,694	141,694
Other	2,500,000	7,843,492	994,537	(6,848,955)
	<u>2,865,988</u>	<u>8,209,480</u>	<u>1,846,657</u>	<u>(6,362,823)</u>
Total non-operating revenues				
	<u>2,865,988</u>	<u>8,209,480</u>	<u>1,846,657</u>	<u>(6,362,823)</u>
Total revenues	<u>23,972,009</u>	<u>29,315,501</u>	<u>19,416,585</u>	<u>(9,898,916)</u>
Expenses:				
Wastewater plant:				
Salaries and benefits	2,164,058	2,220,487	1,908,456	312,031
Supplies	198,700	198,700	123,129	75,571
Contractual and other services	2,212,196	2,212,196	1,639,495	572,701
Repairs and maintenance	190,050	190,050	194,441	(4,391)
	<u>4,765,004</u>	<u>4,821,433</u>	<u>3,865,521</u>	<u>955,912</u>
Total wastewater plant				
	<u>4,765,004</u>	<u>4,821,433</u>	<u>3,865,521</u>	<u>955,912</u>
Wastewater lab:				
Salaries and benefits	473,173	485,403	441,076	44,327
Supplies	62,847	62,847	62,528	319
Contractual and other services	28,920	28,920	24,677	4,243
Repairs and maintenance	8,900	8,900	8,109	791
	<u>573,840</u>	<u>586,070</u>	<u>536,390</u>	<u>49,680</u>
Total wastewater lab				
	<u>573,840</u>	<u>586,070</u>	<u>536,390</u>	<u>49,680</u>

CITY OF McALLEN, TEXAS
WASTEWATER FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Wastewater collection:				
Salaries and benefits	\$ 1,205,609	\$ 1,236,373	\$ 1,211,699	\$ 24,674
Supplies	479,000	479,000	472,309	6,691
Contractual and other services	286,499	286,499	278,913	7,586
Repairs and maintenance	284,000	284,000	267,595	16,405
Total wastewater collection	2,255,108	2,285,872	2,230,516	55,356
Administration:				
Salaries and benefits	569,655	582,105	758,003	(175,898)
Supplies	6,000	6,000	5,518	482
Contractual and other services	984,436	999,436	710,059	289,377
Repairs and maintenance	48,563	48,563	12,540	36,023
Total administration	1,608,654	1,636,104	1,486,120	149,984
Non-departmental expenses:				
Employee benefits	104,926	(6,947)	-	(6,947)
Liability insurance	65,261	65,261	42,529	22,732
Interest and fiscal charges	1,567,018	1,567,018	1,533,759	33,259
Bond principal requirements	4,221,550	4,221,550	-	4,221,550
Other	-	-	(510,713)	510,713
Capital outlay	6,727,818	15,148,127	2,659,213	12,488,914
Total non-departmental expenses	12,686,573	20,995,009	3,724,788	17,270,221
Total expenses	21,889,179	30,324,488	11,843,335	18,481,153
Excess (deficiency) of revenues over expenses (budget basis) before transfers	2,082,830	(1,008,987)	7,573,250	8,582,237
Transfers:				
Transfers in	-	-	55,347	55,347
Transfers out	(269,100)	(269,100)	(269,100)	-
Net transfers	(269,100)	(269,100)	(213,753)	55,347

CITY OF McALLEN, TEXAS
WASTEWATER FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Excess (deficiency) of revenues over budget	\$ 1,813,730	\$ (1,278,087)	\$ 7,359,497	\$ 8,637,584
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(8,128,553)	(8,128,553)
Principal payments on revenue bonds-budgeted as expenses per budget basis, treated as reduction of bonds payable per GAAP basis	4,221,550	4,221,550	-	4,221,550
Capital outlay-amounts budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	2,659,213	2,659,213
Net income-GAAP basis	<u>\$ (2,407,820)</u>	<u>\$ (5,499,637)</u>	<u>\$ 1,890,157</u>	<u>\$ 7,389,794</u>

CITY OF McALLEN, TEXAS
WASTEWATER FUND
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
IN RESTRICTED ACCOUNTS
For Fiscal Year Ended September 30, 2019

	Current Debt Service	TWDB Debt Service	Bond Reserve	Reserve for Improvements	Depreciation
Cash, certificates of deposit, and investments at September 30, 2018	<u>\$ 626,975</u>	<u>\$ 1,976,364</u>	<u>\$ 2,504,928</u>	<u>\$ 2,812,945</u>	<u>\$ 12,548,562</u>
Cash receipts:					
Transfers from operating cash	2,141,937	3,822,577	163,092	6,879,607	3,251,468
Transfers from internal funds	-	-	-	-	-
Due Wastewater fund	795	-	-	-	-
Interest received	-	42,594	65,195	123,909	289,762
Valuation allowance	-	-	-	-	115,103
Total cash receipts	<u>2,142,732</u>	<u>3,865,171</u>	<u>228,287</u>	<u>7,003,516</u>	<u>3,656,333</u>
Total cash available	<u>2,769,707</u>	<u>5,841,535</u>	<u>2,733,215</u>	<u>9,816,461</u>	<u>16,204,895</u>
Cash disbursements:					
Other	-	-	-	-	3,160,000
Due Wastewater fund and internal funds	-	-	-	2,473,716	5,484
Principal payments	1,489,550	2,732,000	-	-	-
Interest and fiscal charges (net)	745,884	706,527	-	-	-
Capital acquisitions	-	-	-	-	869,223
Total cash disbursements	<u>2,235,434</u>	<u>3,438,527</u>	<u>-</u>	<u>2,473,716</u>	<u>4,034,707</u>
Cash, certificates of deposit, and investments at September 30, 2019	<u>\$ 534,273</u>	<u>\$ 2,403,008</u>	<u>\$ 2,733,215</u>	<u>\$ 7,342,745</u>	<u>\$ 12,170,188</u>
Cash, certificates of deposit, and investments at September 30, 2019 is comprised of the following:					
Cash	\$ 893	\$ -	\$ -	\$ -	\$ 47,879
Certificates of deposit	-	-	-	-	4,818,279
Investments (net)	533,380	2,403,008	2,733,215	7,342,745	7,285,949
Accrued interest	-	-	-	-	18,081
Totals	<u>\$ 534,273</u>	<u>\$ 2,403,008</u>	<u>\$ 2,733,215</u>	<u>\$ 7,342,745</u>	<u>\$ 12,170,188</u>

Capital Improvement	Wastewater Revenue Bonds	Wastewater Series 2012	Wastewater Series 2015	Total
<u>\$ 4,845,861</u>	<u>\$ 2,307,458</u>	<u>\$ 518,554</u>	<u>\$ 2</u>	<u>28,141,649</u>
1,070,609	-	1,431,834	1,119,842	19,880,966
12,100	-	-	-	12,100
35,344	-	-	-	36,139
113,655	42,735	-	-	677,850
24,240	-	-	-	139,343
<u>1,255,948</u>	<u>42,735</u>	<u>1,431,834</u>	<u>1,119,842</u>	<u>20,746,398</u>
<u>6,101,809</u>	<u>2,350,193</u>	<u>1,950,388</u>	<u>1,119,844</u>	<u>48,888,047</u>
3,304	-	-	-	3,163,304
-	-	73,633	-	2,552,833
-	-	-	-	4,221,550
-	-	-	-	1,452,411
<u>894,495</u>	<u>22,910</u>	<u>1,436,161</u>	<u>1,060,589</u>	<u>4,283,378</u>
<u>897,799</u>	<u>22,910</u>	<u>1,509,794</u>	<u>1,060,589</u>	<u>15,673,476</u>
<u>\$ 5,204,010</u>	<u>\$ 2,327,283</u>	<u>\$ 440,594</u>	<u>\$ 59,255</u>	<u>\$ 33,214,571</u>
\$ -	\$ 263,572	\$ 440,594	\$ 59,255	\$ 812,193
1,522,025	-	-	-	6,340,304
3,672,331	2,063,711	-	-	26,034,339
<u>9,654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,735</u>
<u>\$ 5,204,010</u>	<u>\$ 2,327,283</u>	<u>\$ 440,594</u>	<u>\$ 59,255</u>	<u>\$ 33,214,571</u>

CITY OF McALLEN, TEXAS
SANITATION FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Solid waste collections	\$ 20,984,182	\$ 20,984,182	\$ 21,339,460	\$ 355,278
Other services	<u>60,000</u>	<u>60,000</u>	<u>102,750</u>	<u>42,750</u>
Total operating revenues	<u>21,044,182</u>	<u>21,044,182</u>	<u>21,442,210</u>	<u>398,028</u>
Non-operating revenues:				
Investment earnings	-	-	465,390	465,390
Net increase (decrease) in the fair value of investment	-	-	143,159	143,159
Other	<u>-</u>	<u>-</u>	<u>84,384</u>	<u>84,384</u>
Total non-operating revenues	<u>-</u>	<u>-</u>	<u>692,933</u>	<u>692,933</u>
Total revenues	<u>21,044,182</u>	<u>21,044,182</u>	<u>22,135,143</u>	<u>1,090,961</u>
Expenses:				
Facilities administration:				
Salaries and benefits	1,335,362	1,166,228	1,291,225	(124,997)
Supplies	15,750	18,750	20,242	(1,492)
Contractual and other services	1,361,329	1,305,829	1,389,611	(83,782)
Repairs and maintenance	55,097	55,097	44,012	11,085
Capital outlay	<u>89,500</u>	<u>305,300</u>	<u>210,043</u>	<u>95,257</u>
Total facilities administration	<u>2,857,038</u>	<u>2,851,204</u>	<u>2,955,133</u>	<u>(103,929)</u>
Brush collection:				
Salaries and benefits	1,766,457	1,810,172	1,840,747	(30,575)
Supplies	257,320	257,320	171,711	85,609
Contractual and other services	145,225	145,225	161,657	(16,432)
Repairs and maintenance	540,531	540,531	687,510	(146,979)
Capital outlay	<u>213,000</u>	<u>213,000</u>	<u>24,600</u>	<u>188,400</u>
Total brush collection	<u>2,922,533</u>	<u>2,966,248</u>	<u>2,886,225</u>	<u>80,023</u>

CITY OF McALLEN, TEXAS
SANITATION FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Residential collection:				
Salaries and benefits	\$ 1,650,873	\$ 1,690,267	\$ 1,504,354	\$ 185,913
Supplies	35,859	35,859	26,399	9,460
Contractual and other services	608,040	608,040	726,748	(118,708)
Repairs and maintenance	934,581	934,581	798,994	135,587
Capital outlay	80,000	80,000	-	80,000
Total residential collection	3,309,353	3,348,747	3,056,495	292,252
Commercial box collection:				
Salaries and benefits	1,429,111	1,463,531	1,391,025	72,506
Supplies	44,479	44,479	40,128	4,351
Contractual and other services	1,335,980	1,335,980	1,444,501	(108,521)
Repairs and maintenance	1,159,476	1,159,476	1,060,375	99,101
Capital outlay	109,500	109,500	19,718	89,782
Total commercial box collection	4,078,546	4,112,966	3,955,747	157,219
Roll offs:				
Salaries and benefits	344,240	352,110	236,774	115,336
Supplies	5,750	5,750	4,160	1,590
Contractual and other services	323,450	323,450	342,507	(19,057)
Repairs and maintenance	249,874	249,874	277,552	(27,678)
Capital outlay	20,000	20,000	21,196	(1,196)
Total roll offs	943,314	951,184	882,189	68,995
Recycling:				
Salaries and benefits	1,104,691	1,131,600	1,078,213	53,387
Supplies	53,606	53,606	49,670	3,936
Contractual and other services	263,943	263,943	307,731	(43,788)
Repairs and maintenance	199,749	199,749	203,331	(3,582)
Capital outlay	80,850	80,850	15,078	65,772
Total recycling	1,702,839	1,729,748	1,654,023	75,725
Composting:				
Salaries and benefits	431,529	442,397	388,339	54,058
Supplies	26,000	26,000	31,689	(5,689)
Contractual and other services	252,375	252,375	241,334	11,041
Repairs and maintenance	121,975	121,975	156,322	(34,347)
Capital outlay	66,000	66,000	59,412	6,588
Total composting	897,879	908,747	877,096	31,651

CITY OF McALLEN, TEXAS
SANITATION FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Street cleaning:				
Salaries and benefits	\$ 243,023	\$ 248,981	\$ 253,749	\$ (4,768)
Supplies	2,330	2,330	2,259	71
Contractual and other services	4,842	4,842	360	4,482
Repairs and maintenace	111,427	111,427	107,447	3,980
Total street cleaning	361,622	367,580	363,815	3,765
Non-departmental expenses:				
Depreciation fund-capital outlay	3,554,971	3,976,083	2,557,969	1,418,114
Interest and fiscal charges	-	24,386	24,386	-
Bond principal requirements	-	83,810	-	83,810
Liability insurance	104,034	104,034	104,034	-
Total non-departmental expenses	3,659,005	4,188,313	2,686,389	1,501,924
Total expenses	20,732,129	21,424,737	19,317,112	2,107,625
Excess (deficiency) of revenues over expenses (budget basis) before transfers	312,053	(380,555)	2,818,031	3,198,586
Transfers:				
Transfers out	(455,401)	(527,906)	(455,401)	72,505
Net transfers	(455,401)	(527,906)	(455,401)	72,505
Excess (deficiency) of revenues over budget	(143,348)	(908,461)	2,362,630	3,271,091
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(2,479,041)	(2,479,041)
Capital outlay-amounts budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	2,908,016	2,908,016
Net income-GAAP basis	\$ (143,348)	\$ (908,461)	\$ 2,791,605	\$ 3,700,066

CITY OF McALLEN, TEXAS
PALM VIEW GOLF COURSE FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Green fees	\$ 687,988	\$ 687,988	\$ 714,552	\$ 26,564
Membership sales	172,237	172,237	179,734	7,497
Cart rental	312,859	312,859	318,574	5,715
Rentals and other sales	186,837	186,837	200,558	13,721
Total operating revenues	<u>1,359,921</u>	<u>1,359,921</u>	<u>1,413,418</u>	<u>53,497</u>
Non-operating revenues:				
Investment earnings	10,000	10,000	34,520	24,520
fair value of investment	-	-	3,828	3,828
Other	-	-	470,388	470,388
Total non-operating revenues	<u>10,000</u>	<u>10,000</u>	<u>508,736</u>	<u>498,736</u>
Total revenues	<u>1,369,921</u>	<u>1,369,921</u>	<u>1,922,154</u>	<u>552,233</u>
Expenses:				
Salaries and benefits	858,428	858,428	826,247	32,181
Supplies	131,774	131,774	118,841	12,933
Contractual and other services	110,121	110,121	95,629	14,492
Repairs and maintenance	90,645	90,645	103,851	(13,206)
Interest expense	-	70	70	-
Capital outlay	312,086	313,468	382,045	(68,577)
Total expenses	<u>1,503,054</u>	<u>1,504,506</u>	<u>1,526,683</u>	<u>(22,177)</u>
Excess (deficiency) of revenues over expensses (budget basis) before transfers	<u>(133,133)</u>	<u>(134,585)</u>	<u>395,471</u>	<u>(530,056)</u>
Transfers:				
Transfers out	<u>(44,850)</u>	<u>(44,850)</u>	<u>(44,850)</u>	<u>-</u>
Net transfers	<u>(44,850)</u>	<u>(44,850)</u>	<u>(44,850)</u>	<u>-</u>
Excess (deficiency) of revenues over budget	<u>(177,983)</u>	<u>(179,435)</u>	<u>350,621</u>	<u>(530,056)</u>

CITY OF McALLEN, TEXAS
PALM VIEW GOLF COURSE FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	\$ -	\$ -	\$ (337,174)	\$ (337,174)
Capital outlay-amounts budgeted as expenses per budget basis, capitalized per GAAP basis	<u>-</u>	<u>-</u>	<u>382,045</u>	<u>382,045</u>
Net income-GAAP basis	<u>\$ (177,983)</u>	<u>\$ (179,435)</u>	<u>\$ 395,492</u>	<u>\$ (485,185)</u>

CITY OF McALLEN, TEXAS
TRANSIT TERMINAL FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Other services	\$ 854,298	\$ 854,298	\$ 8,479	\$ (845,819)
Total operating revenues	<u>854,298</u>	<u>854,298</u>	<u>8,479</u>	<u>(845,819)</u>
Non-operating revenues:				
Investment earnings	-	-	21,114	21,114
Net increase (decrease) in the fair value of investments	-	-	5,910	5,910
Intergovernmental	6,148,554	6,148,554	1,033,640	(5,114,914)
Other	-	-	-	-
Total non-operating revenues	<u>6,148,554</u>	<u>6,148,554</u>	<u>1,060,664</u>	<u>(5,087,890)</u>
Total revenues	<u>7,002,852</u>	<u>7,002,852</u>	<u>1,069,143</u>	<u>(5,933,709)</u>
Expenses:				
Administration:				
Salaries and benefits	305,420	313,029	239,470	73,559
Supplies	-	-	-	-
Contractual and other services	38,696	38,696	46,130	(7,434)
Repairs and maintenance	330,798	330,798	398,014	(67,216)
Capital outlay	<u>7,010,779</u>	<u>7,033,609</u>	<u>677,019</u>	<u>6,356,590</u>
Total administration expenses	<u>7,685,693</u>	<u>7,716,132</u>	<u>1,360,633</u>	<u>6,355,499</u>
Non-departmental expenses:				
Interest and fiscal charges	-	1,151	1,151	1,151
Bond principal requirements	-	<u>3,955</u>	-	<u>3,955</u>
Total non-departmental expenses	<u>-</u>	<u>5,106</u>	<u>1,151</u>	<u>5,106</u>
Total expenses	<u>7,685,693</u>	<u>7,721,238</u>	<u>1,361,784</u>	<u>6,360,605</u>

CITY OF McALLEN, TEXAS
TRANSIT TERMINAL FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>\$ (682,841)</u>	<u>\$ (718,386)</u>	<u>\$ (292,641)</u>	<u>\$ 425,745</u>
Transfers:				
Transfers in	682,841	682,841	263,533	(419,308)
Transfers out	<u>(17,251)</u>	<u>(17,251)</u>	<u>(17,251)</u>	<u>-</u>
Net transfers	<u>665,590</u>	<u>665,590</u>	<u>246,282</u>	<u>(419,308)</u>
Excess (deficiency) of revenues over budget	<u>(17,251)</u>	<u>(52,796)</u>	<u>(46,359)</u>	<u>6,437</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(951,396)	(951,396)
Capital outlay-amounts budgeted as expenses per budget basis, capitalized per GAAP basis	<u>-</u>	<u>-</u>	<u>677,019</u>	<u>677,018</u>
Net income-GAAP basis	<u>\$ (17,251)</u>	<u>\$ (52,796)</u>	<u>\$ (320,736)</u>	<u>\$ (267,941)</u>

CITY OF McALLEN, TEXAS
McALLEN CONVENTION CENTER FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Rentals	\$ 900,000	\$ 900,000	\$ 1,032,926	\$ 132,926
Concessions-other	1,020,000	1,020,000	1,261,249	241,249
Other services	<u>475,000</u>	<u>475,000</u>	<u>481,027</u>	<u>6,027</u>
Total operating revenues	<u>2,395,000</u>	<u>2,395,000</u>	<u>2,775,202</u>	<u>380,202</u>
Non-operating revenues:				
Investment earnings	13,000	13,000	84,058	71,058
Net increase (decrease) in the fair value of investments	<u>1,000</u>	<u>1,000</u>	<u>21,771</u>	<u>20,771</u>
Total non-operating revenues	<u>14,000</u>	<u>14,000</u>	<u>105,829</u>	<u>91,829</u>
Total revenues	<u>2,409,000</u>	<u>2,409,000</u>	<u>2,881,031</u>	<u>472,031</u>
Expenses:				
Administration:				
Salaries and benefits	2,180,165	2,450,852	2,056,950	393,902
Supplies	99,000	99,000	90,330	8,670
Contractual and other services	1,920,462	1,768,462	1,816,476	(48,014)
Repairs and maintenance	299,582	299,582	309,096	(9,514)
Interest	-	-	-	-
Capital outlay	<u>908,291</u>	<u>970,198</u>	<u>78,109</u>	<u>892,089</u>
Total expenses	<u>5,407,500</u>	<u>5,588,094</u>	<u>4,350,961</u>	<u>1,237,133</u>
Non-departmental expenses:				
Interest and fiscal charges	-	3,121	3,121	3,121
Bond principal requirements	<u>-</u>	<u>10,726</u>	<u>-</u>	<u>10,726</u>
Total non-departmental expenses	<u>-</u>	<u>13,847</u>	<u>3,121</u>	<u>13,847</u>
Total expenses	<u>5,407,500</u>	<u>5,601,941</u>	<u>4,354,082</u>	<u>1,250,980</u>
Non-departmental expenses:				
Interest and fiscal charges	-	3,121	3,121	3,121
Bond principal requirements	<u>-</u>	<u>10,726</u>	<u>-</u>	<u>10,726</u>
Total non-departmental expenses	<u>-</u>	<u>13,847</u>	<u>3,121</u>	<u>13,847</u>
Total expenses	<u>5,407,500</u>	<u>5,615,788</u>	<u>4,357,203</u>	<u>1,264,827</u>
Excess (deficiency) of revenues over over expenses (budget basis) before transfers	<u>(2,998,500)</u>	<u>(3,206,788)</u>	<u>(1,473,051)</u>	<u>1,733,737</u>

CITY OF McALLEN, TEXAS
McALLEN CONVENTION CENTER FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Transfers:				
Transfers in	\$ 1,955,905	\$ 2,055,905	\$ 2,288,662	\$ 232,757
Transfers out	<u>(117,300)</u>	<u>(117,300)</u>	<u>(117,300)</u>	<u>-</u>
Net transfers	<u>1,838,605</u>	<u>1,938,605</u>	<u>2,171,362</u>	<u>232,757</u>
Excess (deficiency) of revenues over budget	<u>(1,159,895)</u>	<u>(1,268,183)</u>	<u>698,311</u>	<u>1,966,494</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(1,600,385)	(1,600,385)
Capital outlay-amounts budgeted as expenses per budget basis, capitalized per GAAP basis	<u>-</u>	<u>-</u>	<u>78,109</u>	<u>61,907</u>
Net income-GAAP basis	<u>\$ (1,159,895)</u>	<u>\$ (1,268,183)</u>	<u>\$ (823,965)</u>	<u>\$ 428,016</u>

CITY OF McALLEN, TEXAS
PERFORMING ARTS CENTER FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Rentals	\$ 475,000	\$ 475,000	\$ 615,155	\$ 140,155
Concessions-other	578,000	578,000	757,962	179,962
Other services	<u>300,000</u>	<u>300,000</u>	<u>2,079</u>	<u>(297,921)</u>
Total operating revenues	<u>1,353,000</u>	<u>1,353,000</u>	<u>1,375,196</u>	<u>22,196</u>
Non-operating revenues:				
Investment earnings	-	-	61,192	61,192
Net increase (decrease) in the fair value of investments	-	-	16,731	16,731
Other	<u>-</u>	<u>-</u>	<u>6,387</u>	<u>6,387</u>
Total non-operating revenues	<u>-</u>	<u>-</u>	<u>84,310</u>	<u>84,310</u>
Total revenues	<u>1,353,000</u>	<u>1,353,000</u>	<u>1,459,506</u>	<u>106,506</u>
Expenses:				
Administration:				
Supplies	46,000	46,000	37,820	8,180
Contractual and other services	1,201,105	1,101,105	1,156,620	(55,515)
Repairs and maintenance	<u>191,000</u>	<u>191,000</u>	<u>72,721</u>	<u>118,279</u>
Total expenses	<u>1,438,105</u>	<u>1,338,105</u>	<u>1,267,161</u>	<u>70,944</u>
Excess (deficiency) of revenues over over expenses (budget basis) before transfers	<u>(85,105)</u>	<u>14,895</u>	<u>192,345</u>	<u>177,450</u>
Transfers:				
Transfers in	699,187	699,187	756,818	57,631
Transfers out	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net transfers	<u>699,187</u>	<u>599,187</u>	<u>656,818</u>	<u>57,631</u>
Excess (deficiency) of revenues over budget	<u>614,082</u>	<u>614,082</u>	<u>849,163</u>	<u>235,081</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(1,182,238)	(1,182,238)
Capital outlay-amounts budgeted as expenses per budget basis, capitalized per GAAP basis	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income-GAAP basis	<u>\$ 614,082</u>	<u>\$ 614,082</u>	<u>\$ (333,075)</u>	<u>\$ (947,157)</u>

CITY OF McALLEN, TEXAS
McALLEN INTERNATIONAL AIRPORT FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Charges for services	\$ 2,596,269	\$ 2,596,269	\$ 2,782,356	\$ 186,087
Rentals	3,460,114	3,460,114	3,802,178	342,064
Other services	64,000	64,000	83,708	19,708
Total operating revenues	6,120,383	6,120,383	6,668,242	547,859
Non-operating revenues:				
Intergovernmental	3,792,740	3,792,740	3,085,209	(707,531)
Investment earnings	-	-	337,934	337,934
Net increase (decrease) in fair value of investments	-	-	110,166	110,166
Other	-	-	(654,177)	(654,177)
Total non-operating revenues	3,792,740	3,792,740	2,879,132	(913,608)
Total revenues	9,913,123	9,913,123	9,547,374	(365,749)
Expenses:				
Salaries and benefits	2,129,558	2,136,609	2,021,533	115,076
Supplies	104,000	104,000	86,618	17,382
Contractual and other services	1,918,660	1,918,660	1,893,345	25,315
Repairs and maintenance	514,380	514,380	539,234	(24,854)
Capital outlay	3,484,432	3,821,546	2,153,341	1,668,205
Total administrative expenses	8,151,030	8,495,195	6,694,071	1,801,124
Non-departmental expenses (income):				
Interest and fiscal charges	294,899	296,409	350,126	(53,717)
Total non-departmental expenses	294,899	296,409	350,126	(53,717)
Total expenses	8,445,929	8,791,604	7,044,197	1,747,407
Excess (deficiency) of revenues over expenses (budget basis) before transfers	1,467,194	1,121,519	2,503,177	1,381,658

CITY OF McALLEN, TEXAS
McALLEN INTERNATIONAL AIRPORT FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Transfers:				
Transfers out	<u>\$ (1,221,265)</u>	<u>\$ (1,221,265)</u>	<u>\$ (1,221,265)</u>	<u>\$ -</u>
Net transfers	<u>(1,221,265)</u>	<u>(1,221,265)</u>	<u>(1,221,265)</u>	<u>-</u>
Excess (deficiency) of revenues over budget	<u>245,929</u>	<u>(99,746)</u>	<u>1,281,912</u>	<u>1,381,658</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(5,517,620)	(5,517,620)
Capital outlay-amounts budgeted as expenses per budget basis, capitalized per GAAP basis	<u>-</u>	<u>-</u>	<u>2,153,341</u>	<u>2,153,342</u>
Net income-GAAP basis	<u>\$ 245,929</u>	<u>\$ (99,746)</u>	<u>\$ (2,082,367)</u>	<u>\$ (1,982,620)</u>

CITY OF McALLEN, TEXAS
McALLEN INTERNATIONAL TOLL BRIDGE FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Charges for services	\$ 11,567,826	\$ 11,567,826	\$ 11,032,437	\$ (535,389)
Rentals	2,436,359	2,436,359	2,528,751	92,392
Other	75,000	75,000	247,242	172,242
Total operating revenues	14,079,185	14,079,185	13,808,430	(270,755)
Non-operating revenues:				
Investment earnings	-	-	143,637	143,637
Other	-	-	(609,412)	(609,412)
Total non-operating revenues	-	-	(465,775)	(465,775)
Total revenues	14,079,185	14,079,185	13,342,655	(736,530)
Expenses:				
Administration:				
Salaries and benefits	264,239	271,151	353,854	(82,703)
Supplies	24,800	24,800	13,027	11,773
Contractual and other services	472,325	472,325	601,227	(128,902)
Repairs and maintenance	12,162	12,162	9,085	3,077
Capital outlay	2,490,269	2,490,269	211,770	2,278,499
Total administration	3,263,795	3,270,707	1,188,963	2,081,744
Operations :				
Salaries and benefits	1,488,181	1,481,563	1,284,982	196,581
Supplies	85,000	85,000	76,722	8,278
Contractual and other services	533,250	533,250	522,637	10,613
Repairs and maintenance	176,000	176,000	169,450	6,550
Capital outlay	-	16,385	16,385	-
Total operations	2,282,431	2,292,198	2,070,176	222,022

CITY OF McALLEN, TEXAS
McALLEN INTERNATIONAL TOLL BRIDGE FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Non-departmental expenses:				
Liability insurance	\$ 23,171	\$ 23,171	\$ 23,171	\$ -
Interest and fiscal charges	-	826	11,576	(10,750)
Bond principal requirement	-	435,191	-	435,191
Other	3,345,668	3,345,668	3,375,018	(29,350)
Total non-departmental expenses	3,368,839	3,804,856	3,409,765	395,091
Total expenses	8,915,065	9,367,761	6,668,904	2,698,857
Excess (deficiency) of revenues over expenses (budget basis) before transfers	5,164,120	4,711,424	6,673,751	1,962,327
Transfers:				
Transfers out	(6,041,005)	(6,041,005)	(6,539,702)	(498,697)
Net transfers	(6,041,005)	(6,041,005)	(6,539,702)	(498,697)
Excess (deficiency) of revenues over budget	(876,885)	(1,329,581)	134,049	1,463,630
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(1,292,102)	(1,292,102)
Interest on board advances	-	-	692,142	692,142
Capital outlay-amounts budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	228,155	228,154
Net income-GAAP basis	<u>\$ (876,885)</u>	<u>\$ (1,329,581)</u>	<u>\$ (237,756)</u>	<u>\$ 1,091,824</u>

CITY OF McALLEN, TEXAS
ANZALDUAS INTERNATIONAL CROSSING FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Operating revenues:				
Charges for services	\$ 2,968,526	\$ 2,968,526	\$ 3,702,402	\$ 733,876
Rentals	18,552	18,552	16,968	(1,584)
Other	34,449	34,449	91,922	57,473
Total operating revenues	3,021,527	3,021,527	3,811,292	789,765
Non-operating revenues:				
Intergovernmental	-	2,713,596	-	(2,713,596)
Investment earnings	1,000	1,000	103,214	102,214
fair value of investments	-	-	621	621
Other	-	-	2,185	2,185
Total non-operating revenues	1,000	2,714,596	106,020	(2,608,576)
Total revenues	3,022,527	5,736,123	3,917,312	(1,818,811)
Expenses:				
Administration:				
Salaries and benefits	236,473	242,017	185,115	56,902
Supplies	8,200	8,200	6,796	1,404
Contractual and other services	358,000	358,000	301,898	56,102
Repairs and maintenance	7,000	7,000	1,534	5,466
Capital outlay	190,000	2,968,396	122,539	2,845,857
Total administration	799,673	3,583,613	617,882	2,965,731
Operations :				
Salaries and benefits	354,057	362,952	256,771	106,181
Supplies	15,000	15,000	5,589	9,411
Contractual and other services	41,010	41,010	26,424	14,586
Repairs and maintenance	41,094	41,094	48,024	(6,930)
Total operations	451,161	460,056	336,808	123,248

CITY OF McALLEN, TEXAS
ANZALDUAS INTERNATIONAL CROSSING FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Non-departmental expenses:				
Liability insurance	\$ 20,963	\$ 20,963	\$ 20,963	\$ -
Interest and fiscal charges	1,075,025	1,075,025	1,072,333	2,692
Interest on board advances	-	-	692,142	(692,142)
Bond related charges	-	-	(261,329)	261,329
Bond principal requirement	1,510,000	1,510,000	-	1,510,000
Total non-departmental expenses	2,605,988	2,605,988	1,524,109	1,081,879
Total expenses	3,856,822	6,649,657	2,478,799	4,170,858
Excess (deficiency) of revenues over expenses (budget basis) before transfers	(834,295)	(913,534)	1,438,513	2,352,047
Transfers:				
Transfers in	839,575	839,575	844,742	5,167
Transfers out	(27,600)	(27,600)	(27,600)	-
Net transfers	811,975	811,975	817,142	5,167
Excess (deficiency) of revenues over budget	(22,320)	(101,559)	2,255,655	2,357,214
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(1,541,396)	(1,541,396)
Capital outlay-amounts budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	122,539	122,538
Net income-GAAP basis	\$ (22,320)	\$ (101,559)	\$ 836,798	\$ 938,356

CITY OF McALLEN, TEXAS
McALLEN EXPRESS FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Charges for services	\$ 370,000	\$ 370,000	\$ 466,322	\$ 96,322
Rentals	348,935	348,935	347,849	(1,086)
Other services	<u>60,000</u>	<u>60,000</u>	<u>34,343</u>	<u>(25,657)</u>
Total operating revenues	<u>778,935</u>	<u>778,935</u>	<u>848,514</u>	<u>69,579</u>
Non-operating revenues:				
Intergovernmental	1,873,504	1,873,504	1,496,311	(377,193)
Investment earnings	-	-	11,702	11,702
Increase in the fair value of investments	<u>-</u>	<u>-</u>	<u>3,307</u>	<u>3,307</u>
Total non-operating revenues	<u>1,873,504</u>	<u>1,873,504</u>	<u>1,511,320</u>	<u>(362,184)</u>
Total revenues	<u>2,652,439</u>	<u>2,652,439</u>	<u>2,359,834</u>	<u>(292,605)</u>
Expenses:				
Salaries and benefits	2,283,276	2,341,162	2,112,433	228,729
Supplies	49,629	49,629	48,661	968
Contractual and other services	724,517	724,517	807,768	(83,251)
Repairs and maintenance	<u>541,613</u>	<u>541,613</u>	<u>410,536</u>	<u>131,077</u>
Total expenses	<u>3,599,035</u>	<u>3,656,921</u>	<u>3,379,398</u>	<u>277,523</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(946,596)</u>	<u>(1,004,482)</u>	<u>(1,019,564)</u>	<u>15,082</u>
Transfers:				
Transfers in	925,618	925,618	925,618	-
Transfers out	<u>(113,850)</u>	<u>(113,850)</u>	<u>(113,850)</u>	<u>-</u>
Net transfers	<u>811,768</u>	<u>811,768</u>	<u>811,768</u>	<u>-</u>
Excess (deficiency) of revenues over budget	<u>(134,828)</u>	<u>(192,714)</u>	<u>(207,796)</u>	<u>(15,082)</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	<u>-</u>	<u>-</u>	<u>(201,369)</u>	<u>(201,369)</u>
Net income-GAAP basis	<u>\$ (134,828)</u>	<u>\$ (192,714)</u>	<u>\$ (409,165)</u>	<u>\$ (216,451)</u>

CITY OF McALLEN, TEXAS
FLEET MATERIALS MANAGEMENT FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Fleet billings	\$ 3,720,000	\$ 3,720,000	\$ 4,616,070	\$ 896,070
Materials management	<u>350,000</u>	<u>350,000</u>	<u>350,688</u>	<u>688</u>
Total operating revenues	<u>4,070,000</u>	<u>4,070,000</u>	<u>4,966,758</u>	<u>896,758</u>
Non-operating revenues:				
Other	<u>20,000</u>	<u>20,000</u>	<u>43,206</u>	<u>23,206</u>
Total non-operating revenues	<u>20,000</u>	<u>20,000</u>	<u>43,206</u>	<u>23,206</u>
Total revenues	<u>4,090,000</u>	<u>4,090,000</u>	<u>5,009,964</u>	<u>919,964</u>
Expenses:				
Materials management:				
Salaries and benefits	137,527	141,052	134,688	6,364
Supplies	2,750	2,750	1,288	1,462
Contractual and other services	3,100	3,100	1,558	1,542
Repairs and maintenance	<u>5,390</u>	<u>5,390</u>	<u>3,101</u>	<u>2,289</u>
Total materials management	<u>148,767</u>	<u>152,292</u>	<u>140,635</u>	<u>11,657</u>
Fleet operations :				
Salaries and benefits	1,057,694	1,083,703	941,562	142,141
Supplies	24,114	24,114	21,923	2,191
Contractual and other services	2,517,300	2,517,300	3,624,074	(1,106,774)
Repairs and maintenance	49,450	49,450	52,974	(3,524)
Capital outlay	<u>888,000</u>	<u>893,505</u>	<u>33,863</u>	<u>859,642</u>
Total fleet operations	<u>4,536,558</u>	<u>4,568,072</u>	<u>4,674,396</u>	<u>(106,324)</u>

CITY OF McALLEN, TEXAS
FLEET MATERIALS MANAGEMENT FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Non-departmental expenses:				
Liability insurance	\$ 1,600	\$ 1,600	\$ 1,600	\$ -
Interest and fiscal charges	-	278	278	-
Bond principal requirement	-	954	-	954
Other	-	-	9,571	(9,571)
Total non-departmental expenses	1,600	2,832	11,449	(8,617)
Total expenses	4,686,925	4,723,196	4,826,480	(103,284)
Excess (deficiency) of revenues over expenses (budget basis) before transfers	(596,925)	(633,196)	43,206	676,402
Transfers:				
Transfers out	(6,041,005)	(72,450)	(72,450)	-
Net transfers	(6,041,005)	(72,450)	(72,450)	-
Excess (deficiency) of revenues over budget	(617,486)	(624,223)	183,484	807,707
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(57,686)	(57,686)
Capital outlay-amounts budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	33,863	33,864
Net income-GAAP basis	\$ (6,658,491)	\$ (696,673)	\$ 87,211	\$ 783,885

CITY OF McALLEN, TEXAS
EMPLOYEE BENEFITS FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Operating-contributions	\$ 10,117,538	\$ 10,117,538	\$ 10,231,526	\$ 113,988
Total operating revenues	<u>10,117,538</u>	<u>10,117,538</u>	<u>10,231,526</u>	<u>113,988</u>
Non-operating revenues:				
Investment earnings	3,930	3,930	-	(3,930)
Other	<u>120,502</u>	<u>120,502</u>	<u>249,077</u>	<u>128,575</u>
Total non-operating revenues	<u>124,432</u>	<u>124,432</u>	<u>249,077</u>	<u>124,645</u>
Total revenues	<u>10,241,970</u>	<u>10,241,970</u>	<u>10,480,603</u>	<u>238,633</u>
Expenses:				
Salaries and benefits	379,720	379,975	362,796	17,179
Supplies	3,500	3,500	4,135	(635)
Contractual and other services	1,256,202	1,254,702	1,356,212	(101,510)
Self insurance claims	11,154,321	11,154,321	13,007,222	(1,852,901)
Repairs and maintenance	26,500	26,500	-	26,500
Capital outlay	<u>12,400</u>	<u>13,900</u>	<u>-</u>	<u>13,900</u>
Total expenses	<u>12,832,643</u>	<u>12,832,898</u>	<u>14,730,365</u>	<u>(1,897,467)</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(2,590,673)</u>	<u>(2,590,928)</u>	<u>(4,249,762)</u>	<u>(1,658,834)</u>
Transfers:				
Transfers in	<u>6,016,558</u>	<u>6,016,558</u>	<u>6,016,558</u>	<u>-</u>
Net transfers	<u>6,016,558</u>	<u>6,016,558</u>	<u>6,016,558</u>	<u>-</u>
Excess (deficiency) of revenues over budget expenses (budget basis) before transfers	<u>3,425,885</u>	<u>3,425,630</u>	<u>1,766,796</u>	<u>(1,658,834)</u>
Net income-GAAP basis	<u>\$ 3,425,885</u>	<u>\$ 3,425,630</u>	<u>\$ 1,766,796</u>	<u>\$ (1,658,834)</u>

CITY OF McALLEN, TEXAS
RETIREE HEALTH INSURANCE FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Operating-contributions	\$ 1,443,745	\$ 1,443,745	\$ 1,441,337	\$ (2,408)
Total operating revenues	<u>1,443,745</u>	<u>1,443,745</u>	<u>1,441,337</u>	<u>(2,408)</u>
Non-operating revenues:				
Investment earnings	-	-	16,848	16,848
Net increase (decrease) in the fair value of investments	<u>-</u>	<u>-</u>	<u>6,614</u>	<u>6,614</u>
Total non-operating revenues	<u>-</u>	<u>-</u>	<u>23,462</u>	<u>23,462</u>
Total revenues	<u>1,443,745</u>	<u>1,443,745</u>	<u>1,464,799</u>	<u>21,054</u>
Expenses:				
Contractual and other services	73,830	73,830	74,412	(582)
Self insurance claims	<u>1,303,000</u>	<u>1,303,000</u>	<u>1,090,050</u>	<u>212,950</u>
Total expenses	<u>1,376,830</u>	<u>1,376,830</u>	<u>1,164,462</u>	<u>212,368</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>66,915</u>	<u>66,915</u>	<u>300,337</u>	<u>233,422</u>
Excess (deficiency) of revenues over budget	<u>66,915</u>	<u>66,915</u>	<u>300,337</u>	<u>233,422</u>
Net income-GAAP basis	<u>\$ 66,915</u>	<u>\$ 66,915</u>	<u>\$ 300,337</u>	<u>\$ 233,422</u>

CITY OF McALLEN, TEXAS
RISK MANAGEMENT FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Operating-contributions	\$ 2,173,267	\$ 2,173,267	\$ 2,173,702	\$ 435
Total operating revenues	<u>2,173,267</u>	<u>2,173,267</u>	<u>2,173,702</u>	<u>435</u>
Non-operating revenues:				
Investment earnings	147,606	147,606	247,496	99,890
Net increase (decrease) in the fair value of investments	350	350	38,102	37,752
Other	<u>150,000</u>	<u>150,000</u>	<u>115,372</u>	<u>(34,628)</u>
Total non-operating revenues	<u>297,956</u>	<u>297,956</u>	<u>400,970</u>	<u>103,014</u>
Total revenues	<u>2,471,223</u>	<u>2,471,223</u>	<u>2,574,672</u>	<u>103,449</u>
Expenses:				
Salaries and benefits	462,605	462,605	374,515	88,090
Supplies	4,000	4,000	5,165	(1,165)
Contractual and other services	1,467,135	1,469,185	1,364,944	104,241
Repairs and maintenance	1,479	1,479	670	809
Capital outlay	<u>6,000</u>	<u>3,950</u>	<u>-</u>	<u>3,950</u>
Total expenses	<u>1,941,219</u>	<u>1,941,219</u>	<u>1,745,294</u>	<u>195,925</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>530,004</u>	<u>530,004</u>	<u>829,378</u>	<u>(92,476)</u>
Operating transfers:				
Transfers out	<u>(4,150,105)</u>	<u>(4,150,105)</u>	<u>(4,150,105)</u>	<u>-</u>
Net transfers	<u>(4,150,105)</u>	<u>(4,150,105)</u>	<u>(4,150,105)</u>	<u>-</u>
Excess (deficiency) of revenues over budget expenses (budget basis) before transfers	<u>(3,620,101)</u>	<u>(3,620,101)</u>	<u>(3,320,727)</u>	<u>299,374</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	<u>-</u>	<u>-</u>	<u>(3,604)</u>	<u>(3,604)</u>
Net income-GAAP basis	<u>\$ (3,620,101)</u>	<u>\$ (3,620,101)</u>	<u>\$ (3,324,331)</u>	<u>\$ 295,770</u>

CITY OF McALLEN, TEXAS
GENERAL DEPRECIATION FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Operating-charges for services	<u>\$ 2,764,775</u>	<u>\$ 2,764,775</u>	<u>\$ 2,764,775</u>	<u>\$ -</u>
Total operating revenues	<u>2,764,775</u>	<u>2,764,775</u>	<u>2,764,775</u>	<u>-</u>
Non-operating revenues:				
Investment earnings	-	-	225,803	225,803
Net increase (decrease) in the fair value of investments	-	-	56,026	56,026
Other	<u>-</u>	<u>-</u>	<u>122,051</u>	<u>122,051</u>
Total non-operating revenues	<u>-</u>	<u>-</u>	<u>403,880</u>	<u>403,880</u>
Total revenues	<u>2,764,775</u>	<u>2,764,775</u>	<u>3,168,655</u>	<u>403,880</u>
Expenses:				
Contractual and other services	-	-	108,850	(108,850)
Capital outlay	<u>1,698,000</u>	<u>3,412,200</u>	<u>3,197,204</u>	<u>214,996</u>
Total expenses	<u>1,698,000</u>	<u>3,412,200</u>	<u>3,306,054</u>	<u>106,146</u>
Excess (deficiency) of revenues over expenses (budget basis)	<u>1,066,775</u>	<u>(647,425)</u>	<u>(137,399)</u>	<u>510,026</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(2,060,778)	(2,060,778)
Capital outlay-amounts budgeted as expenses per budget basis, capitalized per GAAP basis	<u>-</u>	<u>-</u>	<u>3,197,204</u>	<u>3,197,205</u>
Net income-GAAP basis	<u>\$ 1,066,775</u>	<u>\$ (647,425)</u>	<u>\$ 999,027</u>	<u>\$ 1,646,453</u>

CITY OF McALLEN, TEXAS
PROPERTY & CASUALTY INSURANCE FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Operating-contributions	<u>\$ 800,000</u>	<u>\$ 800,000</u>	<u>\$ 805,730</u>	<u>\$ 5,730</u>
Total operating revenues	<u>800,000</u>	<u>800,000</u>	<u>805,730</u>	<u>5,730</u>
Non-operating revenues:				
Other	<u>-</u>	<u>-</u>	<u>(4,864)</u>	<u>(4,864)</u>
Total non-operating revenues	<u>-</u>	<u>-</u>	<u>(4,864)</u>	<u>(4,864)</u>
Total revenues	<u>800,000</u>	<u>800,000</u>	<u>800,866</u>	<u>866</u>
Expenses:				
Salaries and benefits	119,280	120,736	64,912	55,824
Supplies	1,500	1,500	3,064	(1,564)
Contractual and other services	360,467	360,467	398,453	(37,986)
Self insurance	<u>336,000</u>	<u>336,000</u>	<u>433,807</u>	<u>(97,807)</u>
Total expenses	<u>817,247</u>	<u>818,703</u>	<u>900,236</u>	<u>(81,533)</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(17,247)</u>	<u>(18,703)</u>	<u>(99,370)</u>	<u>(80,667)</u>
Excess (deficiency) of revenues over budget	<u>(17,247)</u>	<u>(18,703)</u>	<u>(99,370)</u>	<u>(80,667)</u>
Net income-GAAP basis	<u>\$ (17,247)</u>	<u>\$ (18,703)</u>	<u>\$ (99,370)</u>	<u>\$ (80,667)</u>

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Statistical Section

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Other Information

Information that City considers useful to its citizens is included in this section.

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

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City of McAllen, Texas
Net Position by Component (1)
Last Ten Years
(accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014*</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental activities										
Net investment in capital assets	\$ 230,172,991	\$ 243,869,333	\$ 234,246,829	\$ 243,681,893	\$ 261,002,031	\$ 271,338,778	\$ 277,919,085	\$ 220,553,878	\$ 205,470,975	\$ 219,672,941
Restricted	29,019,666	32,491,873	33,420,883	33,151,044	23,333,654	24,007,134	23,545,092	22,963,251	26,550,903	29,564,998
Unrestricted	93,995,308	85,628,563	87,384,447	84,517,660	45,785,583	45,826,104	36,063,681	38,062,911	33,617,347	36,961,573
Total governmental activities net position	<u>\$ 353,187,965</u>	<u>\$ 361,989,769</u>	<u>\$ 355,052,159</u>	<u>\$ 361,350,597</u>	<u>\$ 330,121,268</u>	<u>\$ 341,172,016</u>	<u>\$ 337,527,858</u>	<u>\$ 281,580,040</u>	<u>\$ 265,639,225</u>	<u>\$ 286,199,512</u>
Business-type activities										
Net investment in capital assets	\$ 245,458,038	\$ 254,006,517	\$ 269,408,160	\$ 259,339,759	\$ 263,527,417	\$ 245,028,871	\$ 269,347,294	\$ 332,816,366	\$ 345,070,300	\$ 337,286,613
Restricted	27,626,738	28,751,369	49,320,757	50,319,574	54,776,089	53,275,318	61,516,830	63,635,870	65,221,064	70,008,882
Unrestricted	59,404,414	58,277,207	42,513,303	56,415,746	49,262,997	80,172,274	49,323,806	39,820,546	35,366,274	38,518,470
Total business-type activities net position	<u>\$ 332,489,190</u>	<u>\$ 341,035,093</u>	<u>\$ 361,242,220</u>	<u>\$ 366,075,079</u>	<u>\$ 367,566,503</u>	<u>\$ 378,476,463</u>	<u>\$ 380,187,930</u>	<u>\$ 436,272,782</u>	<u>\$ 445,657,638</u>	<u>\$ 445,813,965</u>
Primary government										
Net investment in capital assets	\$ 475,631,029	\$ 497,875,850	\$ 503,654,989	\$ 503,021,652	\$ 524,529,448	\$ 516,367,649	\$ 547,266,379	\$ 553,370,244	\$ 550,541,275	\$ 556,959,554
Restricted	56,646,404	61,243,242	82,741,640	83,470,618	78,109,743	77,282,452	85,061,922	86,599,121	91,771,967	99,573,880
Unrestricted	153,399,722	143,905,770	129,897,750	140,933,406	95,048,580	125,998,378	85,387,487	77,883,457	68,983,621	75,480,043
Total primary government activities net position	<u>\$ 685,677,155</u>	<u>\$ 703,024,862</u>	<u>\$ 716,294,379</u>	<u>\$ 727,425,676</u>	<u>\$ 697,687,771</u>	<u>\$ 719,648,479</u>	<u>\$ 717,715,788</u>	<u>\$ 717,852,822</u>	<u>\$ 711,296,863</u>	<u>\$ 732,013,477</u>

(1) As per GASB 63

* 2014 Restated per GASB 68

Source: Comprehensive Annual Financial Reports

City of McAllen, Texas
Changes in Net Position (1)
Last Ten Years
(accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Expenses										
Governmental activities:										
General government	\$ 17,117,884	\$ 21,733,177	\$ 22,505,316	\$ 20,817,432	\$ 35,315,069	\$ 26,748,778	\$ 38,778,497	\$ 43,779,576	\$ 52,324,011	\$ 27,563,177
Public safety	49,869,325	51,471,980	51,714,002	53,799,148	58,432,712	57,338,636	63,079,739	61,676,966	57,965,285	64,933,815
Highways and streets	19,540,947	18,068,891	22,060,953	19,620,592	20,457,888	23,018,428	24,136,943	21,126,938	24,448,675	23,881,893
Health and welfare	5,315,188	5,204,340	5,424,919	5,247,302	4,604,866	7,676,848	5,693,042	8,305,076	7,094,404	6,924,442
Culture and recreation	19,345,749	16,291,072	16,468,099	18,061,633	20,996,431	13,810,026	22,500,569	28,074,221	23,161,527	25,939,335
Interest on long-term debt	543,168	1,108,959	900,520	780,778	816,650	2,159,876	2,066,207	3,418,388	3,651,488	4,164,252
Total governmental activities expenses	<u>111,732,261</u>	<u>113,878,419</u>	<u>119,073,809</u>	<u>118,326,885</u>	<u>140,623,616</u>	<u>130,752,592</u>	<u>156,254,997</u>	<u>166,381,165</u>	<u>168,645,390</u>	<u>153,406,914</u>
Business-type activities:										
Water services	15,273,917	16,687,578	16,492,817	17,390,301	17,474,327	17,161,204	20,135,477	19,213,848	19,120,533	20,635,156
Wastewater services	13,001,407	13,002,414	12,704,012	13,787,604	15,251,999	15,063,966	16,431,643	14,568,734	14,211,367	17,826,609
Sanitation services	13,146,685	13,522,383	13,808,444	14,799,650	15,756,027	16,352,417	17,976,533	18,110,918	18,391,187	19,583,152
Golf course services	1,534,412	1,468,387	1,464,808	1,451,413	1,401,051	1,365,580	1,448,965	1,449,564	1,455,820	1,561,416
Civic center services	475,155	452,980	398,739	423,632	438,233	417,072	162,176	154	-	-
Performing arts center services	-	-	-	-	-	-	-	1,638,310	2,422,385	2,450,108
Convention center services	5,311,447	5,223,853	4,970,522	5,097,875	5,591,643	5,660,315	6,400,139	6,259,718	5,766,331	6,095,097
Airport services	6,329,579	5,964,651	6,672,164	6,867,863	7,385,213	7,922,418	8,856,156	9,180,118	9,021,537	10,623,431
Transit services	1,019,435	1,153,729	1,155,996	1,314,193	965,054	1,432,186	1,551,484	1,688,647	1,759,640	1,766,906
Bus services	1,631,623	2,194,468	2,553,618	2,877,020	3,973,485	3,621,901	3,795,560	3,832,463	3,402,599	3,677,914
Anzalduas crossing	3,913,017	4,504,328	4,140,909	4,571,611	4,558,948	4,552,866	5,642,196	5,181,228	4,682,605	3,254,699
Bridge services	5,584,690	5,773,631	6,004,265	6,111,267	6,530,689	6,877,304	7,310,552	7,542,209	7,651,619	7,914,051
Total business-type activities expenses	<u>67,221,367</u>	<u>69,948,402</u>	<u>70,366,294</u>	<u>74,692,429</u>	<u>79,326,669</u>	<u>80,427,229</u>	<u>89,710,881</u>	<u>88,665,911</u>	<u>87,885,623</u>	<u>95,388,539</u>
Total primary government expenses	<u>\$ 178,953,628</u>	<u>\$ 183,826,821</u>	<u>\$ 189,440,103</u>	<u>\$ 193,019,314</u>	<u>\$ 219,950,285</u>	<u>\$ 211,179,821</u>	<u>\$ 245,965,878</u>	<u>\$ 255,047,076</u>	<u>\$ 256,531,013</u>	<u>\$ 248,795,453</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 2,187,610	\$ 1,938,393	\$ 1,862,654	\$ 2,079,410	\$ 1,918,951	\$ 2,088,536	\$ 2,343,536	\$ 2,430,066	\$ 2,225,610	\$ 3,138,933
Public safety	3,665,263	4,922,835	7,358,779	4,358,385	4,366,315	7,394,577	3,991,057	4,320,581	4,493,813	4,696,264
Highways and streets	1,132,893	1,164,718	1,140,683	1,178,562	1,160,689	1,108,870	1,087,905	1,114,907	1,833,144	2,182,147
Health and welfare	123,730	85,343	241,620	308,515	271,722	414,699	366,471	446,902	484,970	464,934
Culture and recreation	975,677	1,032,525	1,206,028	1,187,176	1,213,111	1,202,362	1,363,071	1,278,037	1,178,511	1,149,823
Operating grants and contributions	1,955,046	3,326,439	2,579,065	3,592,660	2,736,600	1,961,190	2,090,002	4,474,280	2,264,818	1,793,948
Capital grants and contributions	7,871,082	7,152,106	5,065,923	4,306,512	5,303,435	3,406,289	4,127,471	4,715,841	7,826,973	6,559,247
Total governmental activities program revenues	<u>17,911,301</u>	<u>19,622,359</u>	<u>19,454,752</u>	<u>17,011,220</u>	<u>16,970,823</u>	<u>17,576,523</u>	<u>15,369,513</u>	<u>18,780,614</u>	<u>20,307,839</u>	<u>19,985,296</u>
Business-type activities:										
Charges for services:										
Water services	13,468,048	16,510,355	15,964,657	16,125,777	15,689,054	15,659,444	18,558,428	19,407,111	19,053,440	18,653,257
Wastewater services	13,369,937	14,799,266	14,568,552	14,840,659	14,976,046	15,378,193	17,147,746	17,704,596	17,456,310	17,539,928
Sanitation services	15,431,922	15,903,096	16,669,790	16,738,683	16,968,558	17,398,629	18,220,367	19,230,472	19,579,301	21,442,210
Bridge services	12,816,588	13,194,421	14,559,743	14,902,453	15,747,749	13,600,185	14,512,742	14,728,300	14,392,407	13,808,430
Other	9,571,114	9,709,773	9,536,557	9,870,476	10,513,929	15,021,175	15,928,338	15,589,382	16,035,625	16,930,343
Operating grants and contributions	747,606	710,754	784,314	853,095	1,587,799	1,329,212	1,523,384	1,854,981	1,762,389	1,910,238
Capital grants and contributions	10,226,872	7,959,050	4,323,382	7,161,439	8,520,524	13,042,693	10,907,454	6,159,765	10,279,600	5,870,993
Total business-type activities program revenues	<u>75,632,087</u>	<u>78,786,715</u>	<u>76,406,995</u>	<u>80,492,582</u>	<u>84,003,659</u>	<u>91,429,531</u>	<u>96,798,459</u>	<u>94,674,607</u>	<u>98,559,072</u>	<u>96,155,399</u>
Total primary government program revenues	<u>\$ 93,543,388</u>	<u>\$ 98,409,074</u>	<u>\$ 95,861,747</u>	<u>\$ 97,503,802</u>	<u>\$ 100,974,482</u>	<u>\$ 109,006,054</u>	<u>\$ 112,167,972</u>	<u>\$ 113,455,221</u>	<u>\$ 118,866,911</u>	<u>\$ 116,140,695</u>

City of McAllen, Texas
Changes in Net Position (1)
Last Ten Years
(accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Net (Expense) Revenue										
Governmental activities	\$ (93,820,960)	\$ (94,256,060)	\$ (99,619,057)	\$ (101,315,665)	\$ (123,652,793)	\$ (113,176,069)	\$ (140,885,484)	\$ (147,600,551)	\$ (148,337,551)	\$ (133,421,618)
Business-type activities	8,410,720	8,838,313	6,040,701	5,800,153	4,676,990	11,002,302	7,087,578	6,008,696	10,673,449	766,860
Total primary government net expense	<u>\$ (85,410,240)</u>	<u>\$ (85,417,747)</u>	<u>\$ (93,578,356)</u>	<u>\$ (95,515,512)</u>	<u>\$ (118,975,803)</u>	<u>\$ (102,173,767)</u>	<u>\$ (133,797,906)</u>	<u>\$ (141,591,855)</u>	<u>\$ (137,664,102)</u>	<u>\$ (132,654,758)</u>
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes, levied for general purposes	\$ 33,061,162	\$ 32,631,332	\$ 33,445,701	\$ 32,783,760	\$ 35,037,958	\$ 39,050,045	\$ 40,459,314	\$ 42,975,582	\$ 45,630,288	\$ 46,800,963
Hotel occupancy taxes	3,470,995	3,257,935	3,503,985	4,784,757	5,343,765	5,479,719	5,253,476	4,946,155	4,788,407	5,310,620
Sales tax	53,550,307	54,652,192	58,407,779	60,825,866	61,331,004	63,758,787	61,301,698	59,488,228	63,177,249	70,274,159
Franchise taxes	6,130,317	6,349,157	6,348,331	6,457,397	6,707,787	6,613,745	6,716,262	6,801,740	6,918,783	6,931,777
Unrestricted investment earnings	1,087,577	944,557	675,810	123,546	938,877	1,077,441	1,354,865	1,477,050	2,040,853	4,194,784
Royalties	2,217,798	2,706,824	1,138,925	936,278	944,609	828,482	490,736	620,011	534,238	342,643
Contributions	-	-	-	-	-	-	-	22,969,640	-	-
Miscellaneous	382,604	1,223,334	1,727,591	1,188,002	718,857	4,332,402	5,179,301	1,503,250	6,227,083	8,100,824
Transfers	(610,088)	1,292,533	2,120,871	1,656,644	4,158,872	3,086,193	16,485,677	(49,128,923)	3,079,835	2,571,144
Total governmental activities	<u>99,290,672</u>	<u>103,057,864</u>	<u>107,368,993</u>	<u>108,756,250</u>	<u>115,181,729</u>	<u>124,226,814</u>	<u>137,241,329</u>	<u>91,652,733</u>	<u>132,396,736</u>	<u>144,526,914</u>
Business-type activities										
Unrestricted investment earnings	639,242	515,713	456,604	157,213	467,440	649,882	689,307	729,638	1,330,004	3,151,897
Gain on sale of capital assets	-	-	-	-	2,098,640	1,220,285	9,899,884	-	-	(1,191,286)
Miscellaneous	489,538	484,409	1,001	532,137	288,076	1,123,687	520,372	217,595	461,238	-
Transfers	610,088	(1,292,533)	13,708,822	(1,656,644)	(4,158,872)	(3,086,193)	(16,485,677)	49,128,923	(3,079,835)	(2,571,144)
Total business-type activities	<u>1,738,868</u>	<u>(292,411)</u>	<u>14,166,427</u>	<u>(967,294)</u>	<u>(1,304,716)</u>	<u>(92,339)</u>	<u>(5,376,114)</u>	<u>50,076,156</u>	<u>(1,288,593)</u>	<u>(610,533)</u>
Total primary government	<u>\$ 101,029,540</u>	<u>\$ 102,765,453</u>	<u>\$ 121,535,420</u>	<u>\$ 107,788,956</u>	<u>\$ 113,877,013</u>	<u>\$ 124,134,475</u>	<u>\$ 131,865,215</u>	<u>\$ 141,728,889</u>	<u>\$ 131,108,143</u>	<u>\$ 143,916,381</u>
Change in Net Position										
Governmental activities	\$ 5,469,712	\$ 8,801,804	\$ 7,749,936	\$ 7,440,585	\$ (8,471,064)	\$ 11,050,745	\$ (3,644,155)	\$ (55,947,818)	\$ (15,940,815)	\$ 11,105,296
Business-type activities	10,149,588	8,545,902	20,207,128	4,832,859	3,372,274	10,909,963	1,711,464	56,084,852	9,384,856	156,327
Total government net position	<u>\$ 15,619,300</u>	<u>\$ 17,347,706</u>	<u>\$ 27,957,064</u>	<u>\$ 12,273,444</u>	<u>\$ (5,098,790)</u>	<u>\$ 21,960,708</u>	<u>\$ (1,932,691)</u>	<u>\$ 137,034</u>	<u>\$ (6,555,959)</u>	<u>\$ 11,261,623</u>

(1) As per GASB 63

(Concluded)

Source: Comprehensive Annual Financial Reports

City of McAllen, Texas
Fund Balances - Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Fund										
Nonspendable	\$ -	\$ 400,000	\$ 1,396,791	\$ 1,774,762	\$ 2,160,543	\$ 2,295,944	\$ 2,646,319	\$ 2,989,178	\$ 3,837,797	\$ 3,619,510
Reserved/Assigned	3,449,615	2,925,598	1,552,643	1,730,634	447,859	457,022	457,022	457,022	177,736	-
Unreserved/Unassigned	47,422,976	39,649,659	42,860,830	40,370,161	41,221,379	46,369,562	44,346,729	42,941,348	48,732,108	56,950,633
Total General Fund	<u>\$ 50,872,591</u>	<u>\$ 42,575,257</u>	<u>\$ 45,810,264</u>	<u>\$ 43,875,557</u>	<u>\$ 43,829,781</u>	<u>\$ 49,122,528</u>	<u>\$ 47,450,070</u>	<u>\$ 46,387,548</u>	<u>\$ 52,747,641</u>	<u>\$ 60,570,143</u>
All Other Governmental Funds										
Reserved-other purposes	\$ 38,291,958	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved-debt service	175,923	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	792,646	-	-	-	-	-	-	-	-	-
Information technology fund	1,398,522	-	-	-	-	-	-	-	-	-
Development corporation fund	20,049,897	-	-	-	-	-	-	-	-	-
Capital projects funds	11,855,332	-	-	-	-	-	-	-	-	-
Nonspendable	-	352,716	352,716	352,716	-	-	27,064	53,659	57,055	94,083
Restricted	-	38,387,750	34,171,127	33,636,421	79,530,591	71,032,714	71,553,166	52,714,390	41,515,087	67,193,014
Committed	-	179,755	217,989	154,790	387,626	513,561	297,145	290,623	119,863	14,809
Assigned	-	12,054,227	8,459,646	9,090,061	5,741,676	4,451,033	2,989,333	5,412,080	5,399,201	6,091,646
Total all other governmental funds	<u>\$ 72,564,278</u>	<u>\$ 50,974,448</u>	<u>\$ 43,201,478</u>	<u>\$ 43,233,988</u>	<u>\$ 85,659,893</u>	<u>\$ 75,997,308</u>	<u>\$ 74,866,708</u>	<u>\$ 58,470,752</u>	<u>\$ 47,091,206</u>	<u>\$ 73,393,552</u>

City of McAllen, Texas
Changes in Fund Balances - Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues										
Taxes	\$ 96,048,168	\$ 97,069,725	\$ 101,438,055	\$ 105,293,773	\$ 107,695,530	\$ 114,763,015	\$ 113,666,622	\$ 114,111,851	\$ 119,820,314	\$ 129,498,114
Licenses and permits	1,331,758	1,373,972	1,536,902	1,429,150	1,447,712	1,613,397	1,808,701	1,994,947	1,983,125	2,144,535
Intergovernmental	7,277,287	8,801,979	6,734,270	6,782,631	7,376,849	3,502,500	2,760,398	7,783,963	3,094,407	4,167,021
Charges for services	5,350,634	4,867,779	5,026,625	5,279,159	5,220,385	5,767,795	6,001,013	6,354,554	7,060,426	8,359,074
Fines and forfeitures	1,901,986	3,185,630	5,422,628	2,548,733	2,556,904	5,415,137	1,808,320	1,788,568	1,840,277	1,719,382
Investment earnings	807,932	728,330	508,483	69,628	739,885	876,393	1,006,394	1,151,039	1,711,816	3,603,895
Other	3,591,386	3,979,302	2,686,826	2,101,208	1,784,518	4,348,725	4,710,326	5,863,023	7,626,775	8,897,870
Total revenues	116,309,151	120,006,717	123,353,789	123,504,282	126,821,783	136,286,962	131,761,774	139,047,945	143,137,140	158,389,891
Expenditures										
General government	16,942,447	20,836,539	19,601,840	19,550,411	34,649,924	25,333,902	35,773,536	53,158,214	42,661,910	27,232,111
Public safety	47,498,138	49,529,997	49,272,439	50,041,327	51,912,722	52,994,445	54,484,060	55,487,989	57,457,183	59,665,591
Highways and streets	12,496,418	11,827,035	18,169,966	13,414,722	13,318,011	10,782,403	16,486,478	13,314,445	12,628,135	12,566,709
Health and welfare	5,285,260	5,168,679	5,388,416	5,208,427	4,552,904	7,512,747	5,596,042	8,062,409	7,089,064	7,133,563
Culture and recreation	17,456,529	14,170,021	14,601,437	15,410,540	17,194,648	17,767,314	19,980,953	19,174,040	19,872,005	20,083,465
Capital outlay *	23,274,673	42,517,494	19,836,269	19,896,331	22,156,818	29,946,314	39,251,496	22,594,772	17,711,495	24,014,899
Debt service:										
Principal	511,213	5,560,741	2,530,000	2,645,000	2,765,000	19,853,534	4,765,000	4,830,000	5,030,000	6,069,091
Interest	178,148	1,510,338	1,012,256	896,365	774,407	3,803,374	2,567,009	4,017,840	4,230,646	4,527,727
Total expenditures	123,642,826	151,120,844	130,412,623	127,063,123	147,324,434	167,994,033	178,904,574	180,639,709	166,680,438	161,293,156
Excess of revenues over (under) expenditures	(7,333,675)	(31,114,127)	(7,058,834)	(3,558,841)	(20,502,651)	(31,707,071)	(47,142,800)	(41,591,764)	(23,543,298)	(2,903,265)
Other Financing Sources (Uses)										
Bond proceeds	29,030,000	-	-	-	54,230,001	15,035,000	29,620,000	20,835,000	15,005,000	18,955,000
Other	1,117,990	-	-	-	-	-	-	-	-	-
Transfers in	9,790,572	22,378,622	15,970,624	22,353,826	18,453,155	26,945,098	31,581,149	18,770,483	17,595,175	19,405,758
Bond Premium	-	-	-	-	3,493,907	1,281,031	-	445,587	439,010	2,250,605
Bond Discount	-	-	-	-	-	-	(160,520)	-	-	-
Capital lease	-	-	-	-	-	-	-	-	-	3,861,923
Transfers out	(9,900,660)	(20,751,659)	(13,849,753)	(20,697,182)	(13,544,283)	(15,923,896)	(16,700,887)	(15,917,784)	(14,515,340)	(16,900,164)
Total other financing sources (uses)	30,037,902	1,626,963	2,120,871	1,656,644	62,632,780	27,337,233	44,339,742	24,133,286	18,523,845	27,573,122
Net change in fund balances	\$ 22,704,227	\$ (29,487,164)	\$ (4,937,963)	\$ (1,902,197)	\$ 42,130,129	\$ (4,369,838)	\$ (2,803,058)	\$ (17,458,478)	\$ (5,019,453)	\$ 24,669,857
Debt service as a percentage of noncapital expenditures	0.69%	6.51%	3.20%	3.30%	2.83%	17.14%	5.25%	5.99%	6.48%	7.70%

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

Source: Comprehensive Annual Financial Reports

City of McAllen, Texas
Tax Revenues by Source - Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property</u>	<u>Sales</u>	<u>Franchise</u>	<u>Hotel</u>	<u>7%</u>	<u>2%</u>	<u>Total</u>
2010	\$ 32,896,549	\$ 53,550,307	\$ 6,130,317	\$ 3,470,995	\$ -	\$ -	\$ 96,048,168
2011	32,810,441	54,652,192	6,349,157	3,257,935	-	-	97,069,725
2012	33,177,960	58,407,780	6,348,331	3,503,985	-	-	101,438,056
2013	33,225,753	60,825,866	6,457,397	3,978,186	806,571	-	105,293,773
2014	34,312,972	61,331,004	6,707,787	4,156,140	1,187,625	-	107,695,528
2015	38,910,760	62,939,971	6,613,748	4,262,268	1,217,452	-	113,944,199
2016	40,388,385	60,449,553	6,716,262	4,085,205	1,168,272	-	112,807,677
2017	42,875,727	58,621,552	6,801,740	3,845,907	1,100,249	-	113,245,175
2018	44,935,877	62,156,132	6,918,784	3,724,272	1,063,462	-	118,798,527
2019	46,981,577	69,284,265	6,931,777	4,130,393	1,180,205	-	128,508,218
Change 2010-2019	42.82%	29.38%	13.07%	19.00%	100.00%	-	33.80%

City of McAllen, Texas
Taxable Sales by Category
Last Ten Years
(in Millions)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Retail	\$ 1,735	\$ 1,710	\$ 1,799	\$ 1,847	\$ 1,859	\$ 1,813	\$ 1,709	\$ 1,562	\$ 1,267 *	\$ 1,491
Services	114	170	181	195	207	223	202	191	147 *	160
Wholesale	70	100	112	108	118	123	128	132	102 *	100
Other	311	446	469	491	506	526	524	540	440 *	463
Total - All Industries	<u>\$ 2,374</u>	<u>\$ 2,426</u>	<u>\$ 2,561</u>	<u>\$ 2,640</u>	<u>\$ 2,685</u>	<u>\$ 2,685</u>	<u>\$ 2,563</u>	<u>\$ 2,425</u>	<u>\$ 1,956</u>	<u>\$ 2,214</u>
										(1)

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

Percent Allocation of Taxable Sales - Retail Only

Building Materials	5%	6%	6%	5%	5%	6%	6%	6%	5%	5%	0.05000
General Merchandise	28%	27%	28%	28%	28%	26%	25%	25%	23%	19%	0.23000
Food Stores	6%	6%	6%	6%	6%	6%	7%	7%	8%	6%	0.07000
Automotive	6%	6%	5%	5%	6%	5%	5%	6%	5%	5%	0.05000
Clothing	15%	15%	16%	17%	17%	17%	16%	16%	15%	14%	0.15000
Home Furnishings	13%	13%	13%	13%	12%	12%	12%	11%	16%	22%	0.16000
Restaurants	17%	17%	17%	17%	17%	19%	20%	21%	20%	19%	0.20000
Miscellaneous Retail	10%	10%	9%	9%	9%	9%	9%	8%	8%	10%	0.08000
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	

(1) Represents only three quarters of fiscal year.

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

Source: State Comptroller's Office

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

City of McAllen, Texas
Assessed Value and Actual Value of Taxable Property (1)
Last Ten Fiscal Years

Fiscal Year Ended September 30	Tax Roll Year	Residential Property	Commercial Property	Industrial Property	Minerals	Other	Less: Tax-Exempt Property	Total Net Taxable Assessed Value	Total Direct Tax Rate
2010	2009	\$ 5,470,285,311	\$ 2,077,102,840	\$ 115,185,930	\$ 133,174,260	\$ 1,257,860,959	\$ 1,531,608,214	\$ 7,522,001,086	0.42
2011	2010	5,491,264,094	2,160,760,863	121,679,009	28,213,093	1,257,885,005	1,549,344,920	7,510,457,144	0.42
2012	2011	5,492,004,364	2,213,159,640	53,492,220	13,149,573	1,286,916,306	1,557,190,079	7,501,532,024	0.43
2013	2012	4,327,680,248	3,343,176,312	137,187,071	68,824,902	1,013,294,611	1,326,819,524	7,563,343,620	0.43
2014	2013	4,475,282,922	3,503,723,046	132,720,411	71,783,017	1,011,927,424	1,360,010,810	7,835,426,010	0.43
2015	2014	4,474,949,998	3,533,253,705	124,370,144	73,248,263	1,030,966,285	1,347,181,652	7,889,606,743	0.48
2016	2015	4,884,004,235	3,738,806,189	129,302,716	75,747,969	1,027,473,342	1,419,789,823	8,435,544,628	0.48
2017	2016	5,143,975,739	4,118,594,649	141,279,203	70,842,520	1,118,293,988	1,481,312,452	9,111,673,647	0.48
2018	2017	5,260,686,958	4,171,943,818	157,106,970	79,655,806	1,254,070,354	1,611,587,992	9,311,875,914	0.48
2019	2018	5,500,272,539	4,364,401,680	139,316,745	85,340,922	1,361,069,371	1,704,589,581	9,745,811,676	0.48

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

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

City of McAllen, Texas
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)

Fiscal Year Ended September 30	Tax Roll Year	City Direct Rates			Overlapping Rates								
		Basic Rate	General Obligation Debt Service	Total Direct	School Districts						Hidalgo County Drainage	Hidalgo County	Tres Lagos PID Assessment
					McAllen	Sharvland	P.S.J.A	So. Tx College	Hidalgo	Edinburg	District No.1		
2010	2009	0.41	0.01	0.42	1.17	1.19	1.27	0.15	1.35	1.19	0.07	0.59	-
2011	2010	0.41	0.01	0.42	1.17	1.19	1.27	0.15	1.35	1.19	0.07	0.59	-
2012	2011	0.43	-	0.43	1.17	1.20	1.36	0.15	1.44	1.24	0.07	0.59	-
2013	2012	0.43	-	0.43	1.17	1.29	1.36	0.15	1.56	1.24	0.08	0.59	-
2014	2013	0.43	-	0.43	1.17	1.29	1.36	0.15	1.56	1.24	0.07	0.59	-
2015	2014	0.43	0.04	0.48	1.17	1.34	1.36	0.19	1.53	1.24	0.10	0.59	-
2016	2015	0.44	0.04	0.48	1.16	1.34	1.40	0.19	1.53	1.24	0.10	0.59	-
2017	2016	0.43	0.05	0.48	1.16	1.38	1.39	0.19	1.47	1.24	0.10	0.58	-
2018	2017	0.44	0.04	0.48	1.16	1.38	1.38	0.18	1.47	1.24	0.10	0.58	0.20
2019	2018	0.44	0.04	0.48	1.16	1.30	1.30	0.17	1.30	1.14	0.11	0.58	0.20

**City of McAllen, Texas
Principal Property Tax Payers
Current Year and Nine Years Ago**

<u>Taxpayer</u>	2019			2010		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Simon Property Group	\$ 135,839,131	1	1.39%	\$ 50,708,897	3	0.68%
Big Sky Commercial Property	61,421,881	2	0.63%			-
Rio Grande Regional Hospital	54,761,693	3	0.56%	66,299,957	1	0.88%
AEP Texas Central Co.	53,892,910	4	0.55%	25,497,150	6	0.34%
Universal Health Services	49,402,000	5	0.51%	57,122,840	2	0.76%
La Plaza Mall	49,000,000	6	0.50%			-
Palm Crossing Town Center LLC	42,443,875	7	0.44%	36,203,740	4	0.48%
Wal-Mart Real Estate Business Trust	25,232,644	8	0.26%			-
McAllen Foreign Trade Zone	24,574,386	9	0.25%			-
H E Butt Grocery Company	23,626,610	10	0.24%	21,898,885	7	0.29%
GE Engine Services	-		-	29,166,902	5	0.39%
Inland Western	-		-	20,602,095	8	0.27%
McAllen Medical Center	-		-	19,980,236	9	0.27%
Walmart Properties	-		-	17,691,100	10	0.24%
	<u>\$ 520,195,130</u>		5.34%	<u>\$ 345,171,802</u>		4.60%

Data Source: City of McAllen - Tax Office

CITY OF McALLEN, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year	Tax Roll Year	Taxes Levied Within the Fiscal Year of the Levy	Adjustments to Levy in the Fiscal Year	Adjusted Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections	
					Amount	Percentage of Levy		Amount	Percentage of Levy
2010	2009	\$ 31,356,112	\$ 668,253	\$ 32,024,365	\$ 30,347,810	94.76%	\$ 1,525,864	\$ 31,873,674	99.53%
2011	2010	31,313,663	163,882	31,477,545	30,120,972	95.69%	1,229,947	31,350,919	99.60%
2012	2011	31,996,395	15,446	32,011,841	30,858,609	96.40%	1,042,627	31,901,236	99.65%
2013	2012	32,234,649	(21,260)	32,213,389	31,076,068	96.47%	980,244	32,056,312	99.51%
2014	2013	33,395,738	154,588	33,550,326	32,474,873	96.79%	883,228	33,358,101	99.43%
2015	2014	36,982,695	865,085	37,847,780	36,687,212	96.93%	917,145	37,604,357	99.36%
2016	2015	39,413,347	175,479	39,588,826	38,386,098	96.96%	880,643	39,266,741	99.19%
2017	2016	42,519,989	(98,381)	42,421,608	41,015,610	96.69%	990,088	42,005,698	99.02%
2018	2017	43,393,343	574,153	43,967,496	42,713,360	97.15%	621,101	43,334,461	98.56%
2019	2018	45,726,885	143,567	45,870,452	44,515,112	97.05%	-	44,515,112	97.05%

Source: City of McAllen Tax Office

CITY OF McALLEN, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						Business-Type Activities								Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a			
	General Obligation Bonds	Combination Tax and Revenue Certificates of Obligation	Sales Tax Revenue Obligations	Capital Lease	Tax Note	Lien Note	Water Revenue Bonds	Sewer Revenue Bonds	International Toll Bridge Bonds	Anzalduas International Crossing Bonds	Airport CO Bonds	Capital Lease								
2010	\$	-	\$ 30,314,092	\$ 200,000	\$	-	\$ 3,100,000	\$	265,741	\$ 26,689,710	\$ 50,611,853	\$ 555,000	\$ 38,959,189	\$	-	\$	-	\$ 150,695,585	5.68%	7,381
2011		-	28,007,122	175,000		-			-	25,346,586	66,519,751	285,000	38,143,312		-		-	158,476,771	N/A	N/A
2012		-	25,365,152	150,000		-			-	23,915,534	70,995,579	-	37,297,436		9,495,000		-	167,218,701	6.43%	1,254
2013		-	22,608,183	125,000		-			-	22,427,956	80,464,931	-	36,121,559		9,125,000		-	170,872,629	5.88%	1,244
2014		42,380,000	30,845,000	100,000		-			-	20,891,827	76,956,249	-	34,891,417		8,750,000		-	214,814,493	7.47%	1,564
2015		59,047,110	13,003,737	75,000		-			-	19,028,844	113,066,972	-	33,610,987		8,365,000		-	246,197,650	8.28%	1,823
2016		55,272,893	35,837,855	5,120,000		-			-	21,257,589	103,266,578	-	32,274,488		7,970,000		-	260,999,403	8.45%	1,826
2017		50,377,332	46,483,517	15,285,000		-			-	19,573,582	105,954,478	-	31,202,924		7,565,000		-	276,441,833	8.76%	1,903
2018		50,526,755	51,097,737	20,400,000		-			-	17,846,783	101,577,149	-	29,507,509		7,150,000		-	278,105,933	8.68%	1,915
2019		65,590,678	51,490,248	20,400,000	3,192,833	-			-	34,759,764	104,037,154	-	27,760,750		6,720,000	513,996		314,465,423	9.35%	2,165

N/A Information not available

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

^aSee Schedule 16 for personal income and population data.

CITY OF McALLEN, TEXAS
RATIO OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property ^a	Per Capita ^b
2010	\$ -	-	N/A
2011	26,860,000	0.36%	203
2012	24,355,000	0.32%	183
2013	21,735,000	0.29%	158
2014	73,225,000	0.93%	533
2015	72,050,847	0.91%	534
2016	91,110,748	1.08%	637
2017	96,860,849	1.06%	667
2018	101,624,492	1.12%	688
2019	117,080,926	1.28%	781

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

^aSee Schedule 7 for property value data.

^bSee Schedule 16 for population data.

CITY OF McALLEN, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2018

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Hidalgo County	\$ 350,540,000	27.14%	\$ 95,136,556
McAllen Independent School District	77,121,000	99.37%	76,635,138
Sharyland Independent School District	102,135,000	27.62%	28,209,687
P.S.J.A Independent School District	317,585,000	11.70%	37,157,445
Hidalgo County Drainage District #1	183,725,000	28.45%	52,269,763
South Texas College	136,110,000	25.16%	34,245,276
Hidalgo Independent School District	29,709,000	31.03%	9,218,703
Edinburg Independent School District	112,930,000	3.97%	<u>4,483,321</u>
Subtotal, overlapping debt			337,355,889
City of McAllen (direct debt)	140,673,759	100.00%	<u>140,673,759</u>
Total direct and overlapping debt			<u><u>\$ 478,029,648</u></u>

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

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

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

City of McAllen, Texas

Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed value	\$ 9,745,811,676
Debt limit (5% of assessed value)	487,290,584
Debt applicable to limit:	
General obligation bonds	117,080,926
Less: amount set aside for repayment of general obligation debt	<u>(2,589,213)</u>
Total net debt applicable to limit	<u>114,491,713</u>
Legal debt margin	<u>\$ 372,798,871</u>

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 343,935,483	\$ 348,892,264	\$ 350,989,886	\$ 356,700,467	\$ 391,771,301	\$ 394,480,337	\$ 421,777,231	\$ 455,583,682	\$ 465,593,796	\$ 487,290,584
Total net debt applicable to limit	<u>32,164,571</u>	<u>26,630,593</u>	<u>24,086,715</u>	<u>21,466,714</u>	<u>72,940,390</u>	<u>68,167,809</u>	<u>90,478,043</u>	<u>95,808,670</u>	<u>99,253,585</u>	<u>114,491,713</u>
Legal debt margin	\$ 311,770,912	\$ 322,261,671	\$ 326,903,171	\$ 335,233,753	\$ 318,830,911	\$ 326,312,528	\$ 331,299,188	\$ 359,775,012	\$ 376,230,210	\$ 372,798,871
Total net debt applicable to the limit as a percentage of debt limit	10.32%	8.26%	7.37%	6.40%	22.88%	20.89%	27.31%	26.63%	27.09%	30.71%

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

CITY OF McALLEN, TEXAS
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years

Fiscal Year	Water Revenue Bonds							Sewer Revenue Bonds						
	Total Revenues (a)	Less: Operating Expenses (b)	Net Available Revenue	Debt Service		Coverage		Total Revenues (a)	Less: Operating Expenses (b)	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest						Principal	Interest		
2010	\$ 14,171,787	\$ 11,485,174	\$ 2,686,613	\$ 1,249,500	\$ 1,075,460	1.16		\$ 13,625,200	\$ 7,403,312	\$ 6,221,888	\$ 1,425,500	\$ 1,934,911	1.85	
2011	17,171,510	12,654,063	4,517,447	1,383,900	1,348,650	1.65		15,035,929	7,364,113	7,671,816	2,616,100	1,446,363	1.89	
2012	16,572,667	12,081,927	4,490,740	1,448,903	1,294,300	1.64		14,724,233	7,392,664	7,331,569	2,771,097	1,376,273	1.77	
2013	16,634,518	12,613,800	4,020,718	1,514,610	1,227,162	1.47		14,899,235	8,092,635	6,806,600	3,313,390	1,386,497	1.45	
2014	16,269,236	12,315,395	3,953,841	1,583,751	1,160,204	1.44		15,128,924	8,138,492	6,990,432	3,594,249	1,327,371	1.42	
2015	16,864,143	11,974,407	4,889,736	1,649,458	1,016,999	1.83		15,590,842	7,687,962	7,902,880	4,486,542	1,116,563	1.41	
2016	19,180,636	14,454,458	4,726,178	1,316,800	824,172	2.21		17,374,694	8,861,585	8,513,109	4,049,200	1,440,048	1.55	
2017	20,002,527	14,207,848	5,794,679	1,385,850	751,288	2.71		18,015,632	8,574,078	9,441,554	4,161,150	1,428,355	1.69	
2018	19,772,823	14,113,051	5,659,772	1,430,450	743,192	2.60		17,819,239	8,269,193	9,550,046	4,221,550	1,420,067	1.69	
2019	19,383,883	13,932,849	5,451,034	1,371,150	881,152	2.42		18,440,075	8,161,076	10,278,999	4,521,850	1,362,520	1.75	

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

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

CITY OF McALLEN, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Years

Year	Estimated Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2010	129,877	\$ 2,651,569	\$ 20,416	32.2	25,164	7.40%
2011	132,338	Not Available	Not Available	N/A	25,263	8.20%
2012	133,333	2,598,660	19,490	30.7	25,310	7.80%
2013	137,608	2,906,693	21,123	32.5	24,500	10.70%
2014	137,358	2,874,354	20,926	32.0	25,217	8.50%
2015	138,925	2,974,384	21,410	32.5	24,692	4.90%
2016	142,940	3,087,504	21,600	32.5	24,330	5.20%
2017	145,249	3,155,680	21,726	32.4	23,721	4.80%
2018	147,717	3,202,948	21,683	32.9	22,855	4.50%
2019	149,875	3,363,795	22,444	30.5	22,451	4.00%
	(A)	(B)		(C)	(D)	(E)

SOURCE:

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

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

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

(D) McAllen Independent School District

(E) U. S. Bureau of Labor Statistics

**City of McAllen, Texas
Principal Employers in the Area
Current Year and Nine Years Ago**

2019				2010			
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
McAllen Independent School District	3,258	1	5.35%	McAllen Independent School District	3,595	1	6.34%
McAllen Medical Center-South Texas Health Systems	2,500	2	4.10%	McAllen Medical Center	2,800	2	4.94%
City of McAllen	2,487	3	4.08%	City of McAllen	1,801	3	3.18%
South Texas College	2,200	4	3.61%	Wal Mart	1,000	4	1.76%
BBVA Compass Bank	1,500	5	2.46%	Rio Grande Regional Hospital	975	5	1.72%
Rio Grande Regional Hospital	1,200	6	1.97%	South Texas College	811	6	1.43%
IBC Bank	1,200	7	1.97%	HEB	380	7	0.67%
Idea Public School (McAllen MSA)	1,100	8	1.81%	Dillards	354	8	0.62%
Wal-Mart/Sams	1,000	9	1.64%	McDonalds	350	9	0.62%
HEB	735	10	1.21%	Sams Club	350	10	0.62%
Total	17,180		28.21%		12,416		21.89%
	(A)		(B)		(C)		(C)

Source:

(A) McAllen Chamber of Commerce

(B) Annual Budget Book

(C) City of McAllen CAFR Fiscal Year 2009

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

	full time only	full time only	full time only	full time only	full time only	full time only	full time only	full time only	full time only	full time only
<u>Function/Program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Government	182	188	189	192	192	196	199	200	203	198
Public Safety:										
Police:										
Officers	275	275	281	285	285	285	285	285	285	275
Civilians	143	143	140	136	136	143	144	144	146	137
Fire:										
Fire fighters and officers	164	164	167	167	167	167	167	169	171	175
Civilians	13	12	11	11	11	12	12	14	14	18
Other	56	56	55	56	56	62	63	66	66	57
Highways and streets	100	96	97	97	97	98	93	94	95	83
Health and welfare	25	25	25	26	26	25	25	26	27	24
Culture and Recreational	186	189	192	195	195	197	202	205	214	198
Downtown Services	17	17	17	16	16	16	16	16	16	16
Water services	135	135	138	137	137	137	138	134	144	146
Wastewater services	81	81	82	84	84	85	87	89	88	87
Sanitation	136	138	145	148	148	153	159	161	165	165
Golf Course	12	12	15	12	12	12	12	12	12	12
Convention Center	38	37	38	38	38	39	45	48	47	47
Airport	38	38	39	41	41	38	37	37	37	41
Transit terminal	12	12	13	8	8	8	8	8	7	6
Express transit	22	29	30	47	47	47	47	47	47	49
Bridge	33	33	44	32	32	41	42	41	41	42
Anzalduas Bridge	12	13	13	10	10	13	13	13	14	14
Fleet Services	25	21	24	21	21	26	26	26	26	26
Employee benefits	5	5	5	5	5	5	6	6	6	6
Risk Management	5	6	6	7	7	7	7	7	7	8
Total	<u>1,715</u>	<u>1,725</u>	<u>1,766</u>	<u>1,771</u>	<u>1,771</u>	<u>1,812</u>	<u>1,833</u>	<u>1,848</u>	<u>1,878</u>	<u>1,830</u>

Source: City's Budget Document

CITY OF McALLEN, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Public Safety										
Police										
Number of employees-commissioned	270	275	280	281	285	285	285	289	289	298
Number of service calls	166,653	162,250	157,884	147,528	144,761	152,303	144,761	140,632	143,598	138,777
Fire										
Number of firemen	158	164	160	167	167	167	167	167	174	176
Total number of alarm responses	5,000	4,500	5,711	5,949	5,500	6,674	6,696	7,344	7,814	8,238
Code enforcement										
Number of employees	20	19	20	20	20	22	12	18	18	18
Number of building permits	1,562	1,584	1,869	1,671	1,562	1,559	1,551	1,548	1,512	1,662
Development services										
Street Resurfacing (linear miles)	21	25	10	26	48	42	33	36	11	12
Sidewalk Construction (linear feet)	11,480	10,560	23,930	7,920	1,065	29,304	3,368	5,887	2,746	1,242
Cultural and recreational										
Parks and recreation										
Participants in special event programs	93,250	440,000	440,000	245,000	104,500	360,000	360,000	367,900	301,000	302,197
Participants in athletic programs	17,045	7,500	14,500	16,000	8,145	518	10,860	13,819	11,860	8,340
Participants in after school programs	2,053	1,800	2,200	1,800	1,648	827	1,195	1,313	1,206	1,218
Library-main										
Volumes in collection	359,809	414,135	320,043	323,019	281,643	324,932	323,822	336,396	333,600	337,046
Water and Wastewater system										
Number of water customers	42,052	42,792	43,306	44,068	44,708	45,830	46,201	46,780	47,399	47,950
Number of Wastewater customers	37,521	38,184	38,563	39,247	39,802	40,996	40,912	41,660	42,286	42,804
Average daily water consumption (gallons)	19,654,727	24,508,796	25,867,849	25,952,225	23,953,301	21,000,000	22,303,830	20,302,000	26,300,000	24,000,000
Maximum storage capacity (gallons) South Plant	7,900,000	7,900,000	7,900,000	7,900,000	7,900,000	7,900,000	7,750,000	7,750,000	7,750,000	7,750,000
Maximum storage capacity (gallons)- North Plant	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,250,000	4,250,000	4,000,000	4,000,000
Rainfall (inches)	38.00	24.66	17.88	14.39	24.43	21.22	17.80	10.62	31.52	16.91
Sanitation										
Refuse collected (tons)	29,500	30,000	29,395	122,499	127,562	138,149	143,225	137,834	141,659	144,117
Bulky/brush pickups (tons)	5,500	4,703	30,527	44,187	22,265	30,410	34,586	26,131	32,625	33,132
Recyclables collected (tons)	3,791	4,525	5,235	5,476	4,323	4,323	5,200	5,503	4,644	5,858
Golf course										
Total number of rounds	44,153	41,308	40,977	39,759	36,859	40,447	42,484	35,569	44,346	43,285
Source: City Departments										
Estimates: Fiscal Year 2018										

CITY OF McALLEN, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Police sub-stations	7	7	7	7	6	7	2	6	2	5
Fire stations	7	7	7	7	7	7	7	7	7	7
Fire hydrants	3,984	3,988	4,000	4,000	4,200	4,200	4,769	4,900	5,250	5,046
Development Services										
City area:										
Square miles	48.7	48.7	49.6	49.6	49.8	54.5	57.9	63.4	62.5	62.8
Acres	31,169	31,169	31,733	31,747	31,898	34,864	37,064	39,910	40,148	40,205
Streets- paved (miles)	486	487	464	464	480	540	1061	1040	1,384	1,387
Cultural and Recreational										
Developed parks (acres)	866	705	728	577	600	615	662	687	708	708
Parks (acres)-undeveloped	481	474	417	488	398	382	654	310	308	308
Swimming pools	4	4	4	4	4	4	4	4	4	4
Tennis courts	24	24	24	24	26	26	26	36	36	36
Lighted baseball diamonds/athletic fields	8	12	12	12	12	12	16	41	68	68
Municipal golf (18-hole course)	1	1	1	1	1	1	1	1	1	1
Water and Wastewater										
Water mains (miles)	706	803	714	714	1,046	738	722	727	730	734
Sanitary wastewater (miles)	489	503	489	500	500	535	540	546	550	554
Storm (miles)	273	273	315	315	315	315	239	239	243	239

(1) Revised by engineering.

Source: City Departments

**CITY OF MCALLEN, TEXAS
MISCELLANEOUS STATISTICAL DATA**

Section I--water rates

The rate charged for water furnished and consumed under the standard water rate schedule by Section 106-82 of the City Ordinance, amended September 23, 2019 to all classes of customers is as follows:

(1)	
Inside City Minimum rate	Commodity Rate
\$9.95	

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

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

Sprinkler-\$1.95/1,000 gallons

Section II--Estimated unaccounted gallons of water

<u>Class of customers</u>	<u>Number</u>	<u>Usage (gallons)</u>
Residential	40,296	4,164,850,000
Commercial	7,502	3,102,057,700
Industrial	152	225,585,100
Number of gallons shown to have passed through the master meters at the City's plants #2 and #3 during the period		8,789,956,000
Number of gallons billed		(7,492,492,800)
Estimated water used in fire hydrant testing, etc.		<u>(49,000,000)</u>
Estimated number of gallons unaccounted due to breaks, leaks, etc.		<u><u>1,248,463,200</u></u>

Single Audit Section

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

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**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepting in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of McAllen, Texas (the City), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 23, 2020.

Internal Control over Financial Reporting

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

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

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

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

Purpose of this Report

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
March 23, 2020

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

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

Report on Compliance for Each Major Federal and State Program

We have audited the compliance of the City of McAllen, Texas (the City) with the types of compliance requirements described in the *U.S. OMB Compliance Supplement* and the State of Texas Uniform Grant Management Standards (UGMS) that could have a direct and material effect on its major federal and state programs for the year ended September 30, 2019. The City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2019.

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

Report on Internal Control over Compliance

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

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

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

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
March 23, 2020

CITY OF McALLEN, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended September 30, 2019

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through To Subrecipients	Disbursements/ Expenditures
U.S. Department of Housing and Urban Development				
Direct Program:				
Community Development Block Grant:				
43rd Year Entitlement Grant	14.218	CB17MC48506	\$ 285,249	\$ 508,449
Home Investment Partnerships Programs	14.239	M14MC480506	-	19,480
Home Investment Partnerships Programs	14.239	M15MC480506	76,160	79,510
Total Home Investment Partnership Programs			76,160	98,990
Total U.S. Department of Housing and Urban Development Program			361,409	607,439
U.S. Department of Transportation				
Direct Program:				
Airport Improvement Program	20.106	3-48-0144-46	-	173,481
Airport Improvement Program	20.106	3-48-0144-48	-	1,272,752
Total Airport Improvement Program			-	1,446,233
Federal Transit Formula Grant *	20.507	TX-90-X778-00	-	7,176
Federal Transit Formula Grant *	20.507	TX-90-X830-01	-	219,990
Federal Transit Formula Grant *	20.507	TX-90-X906-00	-	99
Federal Transit Formula Grant *	20.507	TX-90-X937-00	-	346,521
Federal Transit Formula Grant *	20.507	TX-90-Y017-00	-	309,743
Federal Transit Formula Grant *	20.507	TX-90-Y048-00	-	386,388
Federal Transit Formula Grant *	20.507	TX-2016-035-00	-	3,492
Federal Transit Formula Grant *	20.507	TX-90-Y145-00	-	189,061
Federal Transit Formula Grant *	20.507	TX-2017-080-00	-	358,452
Total Federal Transit Formula Grant			-	1,820,922
Federal Transit Job Access & Reverse Community Program *	20.516	TX-37-X085-00	-	409,372
Federal Highway Administration				
Passed through Texas Department of Transportation				
State and Community Highway Safety	20.600	2019-McAllenPD-S-1YG-00045	-	108,000
State and Community Highway Safety	20.600	2019-McAllenPD-S-CMV-00006	-	80,000
State and Community Highway Safety	20.616	2019-McAllenPD-IDM-00014	-	19,400
State and Community Highway Safety	20.616	2019-McAllenPD-CIOT-RFR-00001	-	5,000
Total State and Community Highway Safety			-	212,400
Total U.S. Department of Transportation			-	3,888,927

* Indicates clustered program under OMB Circular A-133 Compliance Supplement

CITY OF McALLEN, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended September 30, 2019

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through To Subrecipients	Disbursements/ Expenditures
U.S. Department of Justice				
Direct Program:				
Edward Byrne Memorial Justice Assistance Grant	16.738	2017-DJ-BX-0513	\$ -	\$ 12,939
Edward Byrne Memorial Justice Assistance Grant	16.738	2018-DJ-BX-0596	-	13,204
Total Edward Byrne Memorial Justice Assistance Grant			-	26,143
Equitable Sharing Program	16.922		-	140,198
Total U.S. Department of Justice			-	166,341
U.S. Environmental Protection Agency				
Passed through Texas Water Development Board				
Clean Water State Revolving Fund	66.458	TWDB #73633	-	79,160
Clean Water State Revolving Fund	66.458	TWDB #73633	-	120,393
Clean Water State Revolving Fund	66.468	TWDB #62790	-	252,570
Clean Water State Revolving Fund	66.458	TWDB #73731	-	847,505
Total Clean Water State Revolving Fund			-	1,299,628
Total U.S. Environmental Protection Agency			-	1,299,628
U.S. Department of Homeland Security				
Emergency Management Performance Grants	97.042	19TX-EMPG-0713	-	39,457
Hazard Mitigation Grant Program	97.039	FEMA-4223-DR-TX-014	-	172,826
Hazard Mitigation Grant Program	97.039	FEMA-4223-DR-TX-016	-	970,468
Hazard Mitigation Grant Program	97.039	FEMA-4223-DR-TX-017	-	298,424
Hazard Mitigation Grant Program	97.039	FEMA-4245-DR-TX-010	-	46
Hazard Mitigation Grant Program	97.039	FEMA-4272-DR-TX-010	-	14,204
Total Hazard Mitigation Grant Program			-	1,495,425
Pass through Office of the Governor				
Homeland Security Grant Program	97.067	3299601	-	69,806
Homeland Security Grant Program	97.067	3299602	-	251,256
Homeland Security Grant Program	97.067	3299603	-	76,521
Homeland Security Grant Program	97.067	3402702	-	-
Homeland Security Grant Program	97.067	3523201	-	54,958
Homeland Security Grant Program	97.067	3636801	-	67,950
Total Homeland Security Grant Program			-	520,491
Total U.S. Department Homeland Security			-	2,015,916
U.S. General Services Administration				
Passed through Texas Facilities Commission/Federal Surplus Prog				
Donation of Federal Surplus Personal Property	39.003	12750	-	10,985
Total U.S. General Services Administration			-	10,985
Total Expenditures of Federal Awards			361,409	7,989,236

CITY OF McALLEN, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended September 30, 2019

	Pass-Through Grantor's Number	Passed Through To Subrecipients	Disbursements/ Expenditures
Texas Agencies			
Texas State Library and Archives Commission			
Texas Reads 2019	TXR-19011	\$ -	\$ 10,000
Family Place 2019	FPG-19004	-	6,000
Impact 1 2019	IMP-19005	-	6,000
Impact 2 2019	IMP-19014	-	10,000
Texas Office of the Attorney General			
2019 Victim Coordinator and Liaison Grant	1985886	-	38,716
2020 Victim Coordinator and Liaison Grant	2098465	-	3,517
Texas Office of the Governor			
CJD - Texas Anti-Gang Grant	3060503	-	35,808
CJD - Texas Anti-Gang Grant	3060504	-	291,714
CJD - Texas Anti-Gang Grant	3060505	-	37,286
Texas Department of Transportation:			
Routine Airport Maintenance Program	CSJ# M1921MCAL	-	50,000
Pass Through - City of Brownsville			
Auto Theft Prevention 2019	SA00T011004119	-	232,966
Auto Theft Prevention 2020	SA00T011004120	-	20,392
Texas Parks and Wildlife			
War Memorial of Texas	50-000482	-	22,733
Quinta Mazatlan Center of Urban Ecology (Rider)	51-000074	-	991,222
Equitable Sharing Program		-	139,451
Total Expenditures of State Awards		-	1,895,805
Total Expenditures of federal and state awards		\$ 361,409	\$ 9,885,041

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CITY OF McALLEN, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended September 30, 2019

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (the "Schedule") includes the federal award of activities of City of McAllen, Texas (City), under programs of the federal government for the year ended September 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements of Federal Awards* (Uniform Guidance) and the State of Texas Uniform Grant Management Standards. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

2. Summary of Significant Accounting Policies

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

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

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

CITY OF McALLEN, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended September 30, 2019

3. Basis of Presentation

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

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

4. Indirect Cost Rate

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

City of McAllen, Texas

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2019

Section 1. Summary of Auditor's Results

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

Material weakness(es) identified?

_____ 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 and State Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified that are not
considered to be material weakness(es)?

_____ Yes X None reported

An unmodified opinion was issued on compliance for
major programs.

Any audit findings disclosed that are required to be reported
in accordance with the Uniform Guidance, or
State of Texas Uniform Grant Management Standards?

_____ Yes X No

Identification of major federal programs:

97.039 - Hazard Mitigation Grant Program

20.106 - Airport Improvement Program

Identification of major state programs:

Quinta Mazatlan Ecology Center

Dollar threshold use to distinguish between type
A and type B programs?

\$750,000 – Federal

\$300,000 – State

Auditee qualified as low-risk auditee?

 X Yes _____ No

City of McAllen, Texas

Schedule of Findings and Questioned Costs – Continued
For the Fiscal Year Ended September 30, 2019

Section 2. Financial Statement Findings

None

Section 3. Federal and State Award Findings and Questioned Costs

None