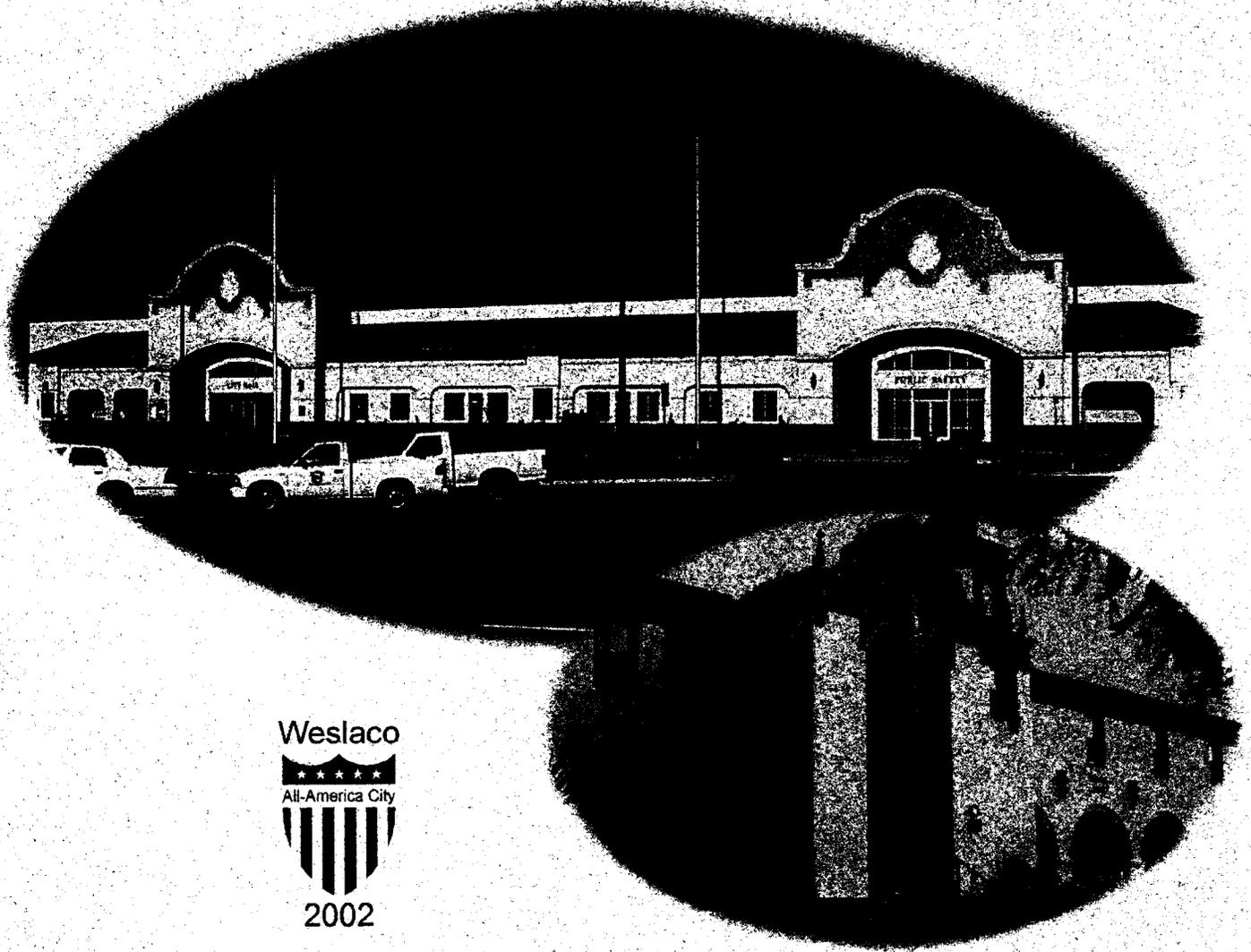


# *City of Weslaco, Texas*

*Discover Excellence*



*Comprehensive Annual*

*Financial Report*

*Fiscal Year Ended September 30, 2008*

**CITY OF WESLACO, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED SEPTEMBER 30, 2008**

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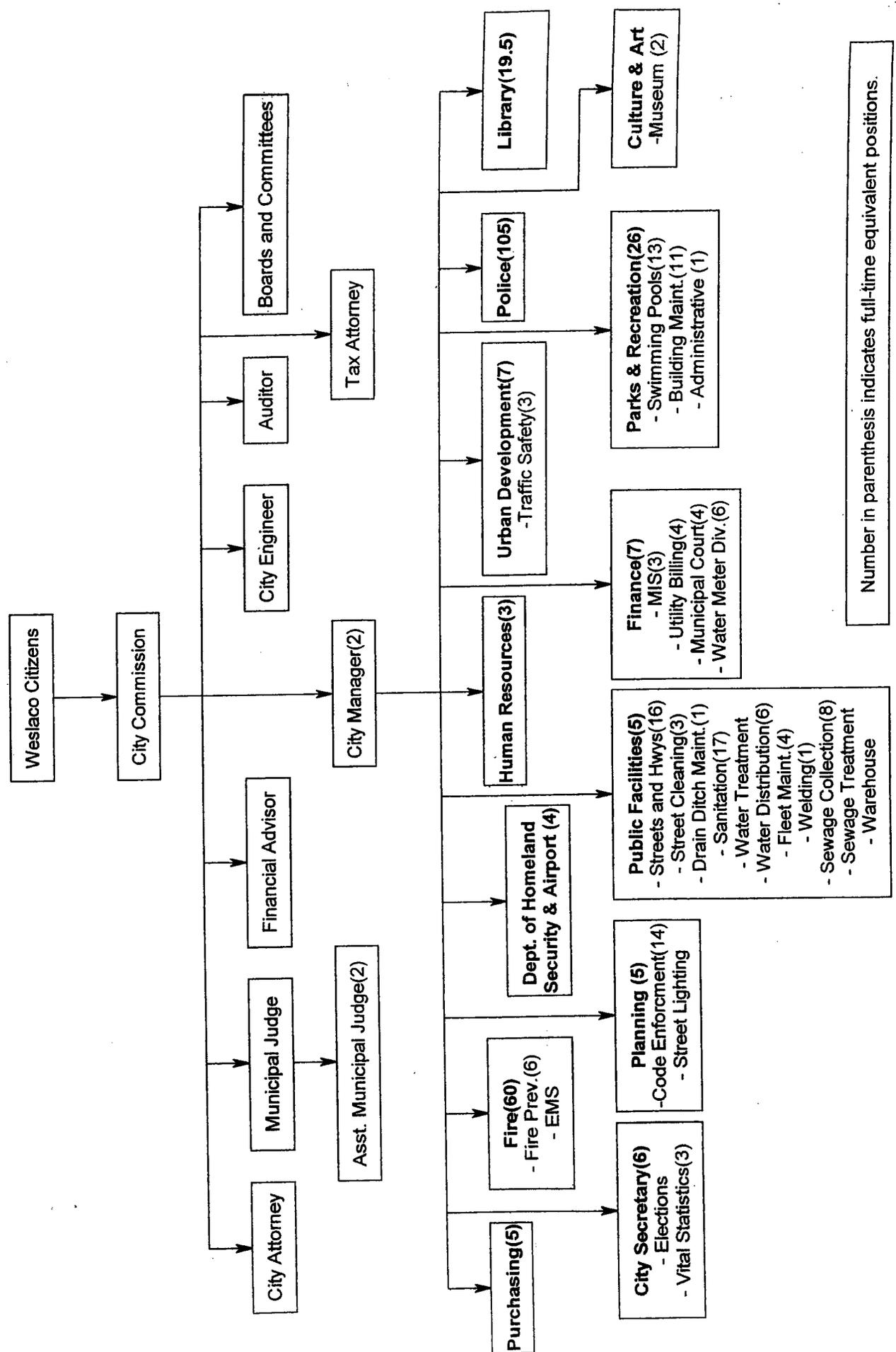
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Number in parenthesis indicates full-time equivalent positions.

**CITY OF WESLACO, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**YEAR ENDED SEPTEMBER 30, 2008**

**CITY OFFICIALS**

Mayor	Hector “ Buddy” De La Rosa
Commissioners	John F. “Johnny” Cuellar Mayor Pro-Tem Adrian Gonzalez Soyla R. Gonzalez Rene Rodriguez, Jr. Lupe Rivera Patrick Kennedy
City Manager	Francisco Castellanos
Director of Finance	Leroy Gonzales
City Secretary	Amanda C. Elizondo
Purchasing Director	Gloria Sepulveda
City Attorney	Ramon Vela
Chief Appraiser	Rolando Garza Hidalgo County Appraisal District
Collector of Taxes	Armando Barrera, Jr. County of Hidalgo
Chief of Police	Juan Daniel “JD” Martinez
Fire Chief	Arturo Avila
Human Resources Director	Arnold Rodriguez
Parks Director	Pete Garcia, Jr.
Public Facilities	David Salinas
Library Director	Michael Fisher
Aviation Director/Emergency Management	George P. Garrett

# City of Weslaco

*"The City on the Grow"*



Buddy de la Rosa, Mayor  
Rene Rodriguez, Jr., Mayor Pro-Tem, District 3  
Robert J. Garza, Commissioner, District 1  
John F. Cuellar, Commissioner, District 2  
Gerardo "Jerry" Tafolla, Commissioner, District 4  
Lupe V. Rivera, Commissioner, District 5  
Patrick B. Kennedy, Commissioner, District 6

Francisco Castellanos, Interim City Manager

May 26, 2009

To the Honorable Mayor, Members of the City Commission, and Citizens of the City of Weslaco:

The City Manager's Office and the Finance Department are pleased to submit the Comprehensive Annual Financial Report for the City of Weslaco, Texas for the fiscal year ended September 30, 2008.

This report is published to provide the City Commission, City staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

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

The City of Weslaco's financial statements have been audited by Luis Castilleja, C.P.A. and Raul Hernandez & Company, P.C., firms, licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Weslaco for the fiscal year ended September 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering a qualified opinion regarding the inadequate accounting records for general fixed assets and related depreciation and except for this omission, that the City's financial statements for the fiscal year ended September 30, 2008, are fairly presented

in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Weslaco was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Weslaco's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

The City of Weslaco, Texas, incorporated in 1919, is located in the southern tip of Texas in the heart of the Rio Grande Valley, which is considered to be one of the top growth areas in the state, and one of the top growth areas in the country. The City of Weslaco currently occupies a land area of 14.12 square miles and serves a population of 31,442. The City of Weslaco is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Commission.

The City of Weslaco has operated under the council-manager form of government since 1919. Policy-making and legislative authority is vested in a City Commission consisting of the Mayor and six Commissioners. The City Commission is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager and City Attorney. 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 various departments. The Commission is elected on a non-partisan basis. The Mayor and Commissioners serve three-year staggered terms, with two commissioners elected every year except for every third year when the Mayor is elected.

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



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The annual budget serves as the foundation for the City of Weslaco's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Manager during the budget process. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the Commission for review. The City Commission is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City of Weslaco's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may, with City Manager's approval, make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the City Commission. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the special revenue funds subsection of this report.

### **Factors Affecting Financial Condition**

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

**Local economy.** The City of Weslaco currently enjoys a favorable economic environment and local indicators point to continued stability. The expressway expansion has been completed and has greatly enhanced infrastructure for the retail growth that we have seen and continue to experience. Sales tax has continued to show positive gains during the first few months of fiscal year 2008. The taxable assessed value of property in the City of Weslaco for 2008 is \$1.15 billion.

**Long-term financial planning.** During this fiscal year the City did not issue any bonds. The City Commission has also been focusing on the City's property tax rate. This focus has been driven by the desire to give taxpayers the best value for their money as well as making Weslaco more attractive to business and residents looking to relocate. During the prior three years the City Commission has held the City's property tax rate steady at a rate of \$0.6995 per \$100 of valuation; however, for the 2008 fiscal year, the City had a slight decrease in the property tax rate, which was set at \$0.6967 per \$100 of valuation.

The City's rates continue to be very competitive with similarly sized cities in Texas. For the fiscal year 2008, increases were implemented to cover costs paid by the City to third party contractors. Prior to the rate adjustment in fiscal year 2004 the water rates had not been increased for 10 years and the sewer rates had not been increased for 6 years. Additional funds received are used for operations, maintenance and future upgrades to our water and sewer system.



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During fiscal year 2008 the City is planning to begin the implementation of an AMR (Automated Meter Reading) system to read the water meters throughout the City. The City is planning to implement the new system slowly as funds permit. This will allow meter readers to read the water meters while driving down the road which is much more efficient. The new system will also allow for better customer service by providing specific usage amounts and times to assist customers in discovering the reasons for any discrepancies in their monthly usage.

**Cash management policies and practices.** Cash temporarily idle during the year was invested in TexPool (a local government investment pool), a repurchase agreement, and obligations of agencies of the United States. The maturities of the investments ranged from 1 day to 1 year and 2 months, with an average maturity of 16 days. In February 2008 the remaining agencies were called leaving the City with 100% of its investment portfolio that can be converted to cash without penalty at any time. The average yield on investments was 4.61 percent for the City's investments at September 30, 2008. The minimum interest rate offered by the City's depository bank is equal to 70% of the 90 day U.S. Treasury Bill as quoted in the Wall Street Journal which is currently 1.29% (according to the City's depository contract with the bank). All funds kept with the depository bank are collateralized at a minimum rate of 102% of the market value. The City's objectives for managing cash include safety, liquidity, yield, and public trust.

**Pension and other post employment benefits.** The City of Weslaco also provides pension benefits for its employees. These benefits are provided through a defined contribution plan in the state-wide Texas Municipal Retirement System (TMRS). The City of Weslaco has no obligation in connection with employee benefits offered through this plan beyond its contractual payments to TMRS. The contributions made by City employees recently increased from 5% of gross pay to 7% in April 2006. The City matches employee contributions at the rate of 2 to 1. Due to the change implemented in April 2006, employees who are still employed as of January 31, 2006 will be eligible for an increased retirement benefit. This change serves to enhance a great benefit that is available to all City employees who are covered by TMRS.

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

Additional information on the City of Weslaco's pension plan benefits can be found in Note K in the notes to the financial statements.



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## **Awards and Acknowledgements**

The City of Weslaco received the Government Finance Officers Association's Distinguished Budget Presentation Award for its annual budget document for the fiscal year ending September 30, 2008. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,



Francisco Castellanos  
City Manager



*"The City on the Grow"*

**Financial Statements**

**PART II**  
**FINANCIAL SECTION**

**Luis G. Castilleja**  
**Certified Public Accountant**  
**914 N. Main, Suite 1**  
**McAllen, Texas 78501**  
*Office (956)682-6388 Fax (956) 682-6380*

**Raul Hernandez & Co., P.C.**  
**Certified Public Accountants**  
**301A N. King, Suite 109**  
**Alice, Texas 78333**  
*Office (361)668-8810 Fax (361) 668-3900*

### **Independent Auditors' Report on Financial Statements**

Members of the City Commission  
City of Weslaco  
255 S. Kansas Ave.  
Weslaco, Texas 78596

Members of the City Commission:

We have audited the accompanying basic and combining financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Weslaco as of and for the year ended September 30, 2008, which collectively comprise the City of Weslaco's basic and combining financial statements as listed in the table of contents. These financial statements are the responsibility of City of Weslaco's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The City of Weslaco did not maintain adequate general fixed assets accounting records for Buildings, Improvements, Equipment and Infrastructure and the related depreciation expense; accordingly, we were unable to verify the balances for Buildings, Improvement, Equipment and Infrastructure as of the date of the financial statements.

In our opinion, except for the effect on the financial statements of the omission discussed in the previous paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Weslaco as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the combining financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the aggregate remaining fund information of City of Weslaco and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2009, on our consideration of City of Weslaco'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements which collectively comprise the City of Weslaco's basic and combining financial statements. The accompanying schedule of expenditures of federal awards required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic and combining financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic and combining financial statements taken as a whole. The introductory section and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic and combining financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,



Luis G. Castilleja, CPA



Raul Hernandez & Company, P.C.

May 22, 2009

## Management's Discussion and Analysis

As management of the City of Weslaco, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Weslaco for the fiscal year ended September 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages a - f of this report.

### Financial Highlights

- The assets of the City of Weslaco exceeded its liabilities at the close of the most recent fiscal year by \$33,310,153 (net assets). Of this amount, a negative (\$435,992) represents unrestricted net assets. When positive, this amount may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Weslaco's governmental funds reported combined ending fund balances of \$8,222,000. Approximately 69% of this total amount, \$5,698,473, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, the fund balance for the general fund was (\$213,081).

### Overview of the Financial Statements

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

**Government-wide financial statements** – The government-wide financial statements are designed to provide readers with a broad overview of the City of Weslaco's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City of Weslaco's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Weslaco is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City of Weslaco that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Weslaco include general government, public safety, highways and streets, economic development, and culture and recreation. The business-type activities of the City of Weslaco include water and sewer, sanitation, and an airport.

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

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

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

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

The City of Weslaco maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the Economic Development Corporation, and the Capital Projects Fund, all of which are considered to be major funds. Data from the other three

governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Weslaco adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund, the sanitation fund, and the airport fund, all of which are considered to be major funds of the City of Weslaco. Individual fund data for the internal service fund is provided elsewhere in this report.

***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Weslaco's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32-66 of this report.

#### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Weslaco, assets exceeded liabilities by \$33,310,153 at the close of the most recent fiscal year.

By far the largest portion of the City of Weslaco's net assets (88 percent) reflects bond funds available for capital projects acquisition. On August 15, 2008 the City had an outstanding bonds balance of \$56,538,128.

A portion of the City of Weslaco's net assets (81 percent) represents other resources that are subject to restrictions on how they may be used. The remaining balance of *unrestricted net assets* is a negative (\$435,992). When positive, this amount may be used to meet the government's ongoing obligations to citizens and creditors.

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

**Governmental activities.** This has been due to a concerted effort on the part of the City Commission to maintain or reduce the tax rate.

Operating grants for governmental activities amounted to \$1,186,137 in the General Fund. It is the practice of the City of Weslaco to utilize grant revenues whenever possible to improve city services and quality of life in our community.

**Business-type activities.** Business-type activities accounted for 77 percent of the City of Weslaco's net assets.

- The net assets of the Water & Sewer Fund decreased by (\$1,046,018) or 4.7 percent during the year. This is due to increased operating costs coupled with lower revenues.
- The net assets of the Sanitation Fund decreased by (\$35,422). The sanitation rates have only been increased incrementally in some cases to cover the costs to the City of services provided by Allied Waste to the citizens of Weslaco and billed to the City.
- The net assets of the Airport Fund decreased by (\$233,930). The Airport Fund receives revenues from fuel sales, hangar rentals, and grants. Any shortfalls are subsidized by the General Fund. Grants from the state are utilized when possible to improve and maintain the airport.
- Investment earnings increased by \$733,760 for business-type activities because of an overall increase in the amount of cash and cash investments.

### **Financial Analysis of the Government's Funds**

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

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

As of the end of the current fiscal year, the City of Weslaco's governmental funds reported combined ending fund balances of \$8,222,000. Approximately 69% of this total amount \$5,698,473 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that

at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period, or to pay debt service.

The general fund is the chief operating fund of the City of Weslaco. At the end of the current fiscal year, unreserved fund balance of the general fund was (\$213,081). As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. While it is recommended that the General Fund should have an unreserved fund balance of no less than 5 to 15% of operating expenditures, the City has placed the target for unreserved fund balance in the General Fund at 25%. The City has implemented a fiscal forecast model that is designed to increase the fund balance in the General Fund to 25% by the year 2012.

During the 2008 current fiscal year, the fund balance of the City of Weslaco's general fund was (\$213,081). Key factors in this change are as follows:

- After a decrease in the property tax rate of \$.7850 in fiscal year 2001 to \$.6995 in fiscal year 2004 the City Commission has maintained the tax rate at the same level. The decrease in the tax rate contributed to budgetary challenges and decreases in the fund balance. However, due to maintaining the tax rate at the current level as well as growth in the property values and the economy, we are starting to see the fund balance beginning to trend upwards.
- Sales tax revenues decreased by 69.2% over the prior year. The decrease in the sales tax revenues can be attributed at least in part to decreases in retail sales. The City Commission has lowered the property tax rate at \$.6967 per \$100 of valuation for the year 2008-2009 while controlling spending.

The debt service fund has a total fund balance of \$109,201 after all scheduled debt service payments were made, all of which is reserved for the payment of debt service. It is prudent to maintain a fund balance in the debt service fund up to one year's debt service payments. The scheduled tax supported debt service payments for fiscal year 2008 is \$2,342,043.

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

Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$263,389, the unrestricted assets for the Sanitation Fund amounted to (\$1,258,879) and those for the Airport Fund amounted to \$54,058. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City of Weslaco's business-type activities.

## **Capital Asset and Debt Administration**

**Capital assets.** The City of Weslaco's investment in capital assets for its governmental and business type activities as of September 30, 2008, amounts to \$77,305,740 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

Additional information on the City of Weslaco's capital assets can be found in note F of the notes to the financial statements of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Weslaco had total bonded debt outstanding of \$61,135,000.

The City of Weslaco currently has an "A-" rating from Standard & Poor's and an "Baa1" rating from Moody's for general obligation debt. This is reflective of the rating review in August 2008 by both rating agencies. The prior ratings were "A3" from Moody's and "A-" from Standard & Poor's.

In 1995, the State Legislature enacted a 10% (of taxable valuations) debt limit rate for school districts in Texas and has subsequently been used by municipalities as a general rule in computing debt margin.

## **Economic Factors and Next Year's Budget**

- The unemployment rate for the City of Weslaco is currently 7.5 percent, which is a decrease from a rate of 6.5 percent a year ago. This rate compared to the state's average unemployment rate of 4.2 percent highlights the large workforce available for business and manufacturing expansion.
- Inflationary trends in the region compare favorably to national indices.
- Due to a desire by the City Commission to make the City of Weslaco more attractive to businesses and individuals, the adopted property tax rate was reduced to \$.6967 per \$100 of valuation for fiscal year 2008. This tax rate represents the lowest tax rate in thirteen years, as well as a concerted effort on the part of the City Commission and staff to continue the downward trend on the tax rate. While the City Commission is doing there part to keep the tax rate as low as possible it is important to note that the City's tax rate is only one of six tax rates from all taxing entities that together make up the total tax rate for Weslaco's citizens. When Weslaco's total tax rate is quite favorable when compared with other cities in the area.

<b>Taxing Entity</b>	<b>McAllen</b>	<b>Mission</b>	<b>Weslaco</b>	<b>Edinburg</b>	<b>Pharr</b>
<i>Population</i>	123,622	60,146	32,092	62,735	58,986
<i>Valuation</i>	\$ 5,903,139,057	\$ 2,352,554,809	\$ 998,152,093	\$ 2,497,547,882	\$ 1,617,294,089
City	\$ 0.4213	\$ 0.5566	\$ <b>0.6995</b>	\$ 0.6350	\$ 0.6831
County	0.5900	0.5900	<b>0.5900</b>	0.5900	0.5900
ISD	1.4780	1.4574	<b>1.3418</b>	1.4452	1.5194
Drainage	0.0413	0.0413	<b>0.0413</b>	0.0413	0.0413
STISD	0.0392	0.0392	<b>0.0392</b>	0.0392	0.0392
STC	0.1548	0.1548	<b>0.1548</b>	0.1548	0.1548
<b>Total</b>	<b>\$ 2.7246</b>	<b>\$ 2.8393</b>	<b>\$ 2.8666</b>	<b>\$ 2.9055</b>	<b>\$ 3.0278</b>

*Note: Population figures are 2005 estimates obtained from the U.S. Census Bureau.*

*Valuation represents "Net Taxable (Before Freeze) as reported by the Hidalgo County Appraisal District for tax year 2006.*

*Tax rates are for tax year 2006 and were obtained from the Hidalgo County Appraisal District.*

### **Requests for Information**

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

**Basic Financial Statements**

## **BASIC FINANCIAL STATEMENTS**

**CITY OF WESLACO**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2008**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
<i>Cash and Cash Equivalents</i>	\$ 5,501,095	\$ 450,850	\$ 5,951,945
<i>Investments-Current</i>	2,721,535	-	2,721,535
<i>Taxes Receivables ( net of allowances for uncollectibles):</i>	1,718,225	-	1,718,225
<i>Accounts Receivable</i>	2,091,707	1,216,222	3,307,929
<i>Intergovernmental Receivable</i>	170,669	1,495	172,164
<i>Internal Balances</i>	(320,000)	320,000	-
<i>Notes Receivable</i>	647,190	-	647,190
<i>Inventories</i>	51,933	161,732	213,665
<i>Prepaid items</i>	141	-	141
<i>Restricted Assets</i>	446,186	20,671,206	21,117,392
<i>Other Assets</i>	440,534	-	440,534
<i>Capital Assets ( net of accumulated depreciation):</i>			-
<i>Land</i>	4,875,664	2,458,500	7,334,164
<i>Buildings and System</i>	3,479,337	1,072,863	4,552,200
<i>Improvements other than Buildings</i>	13,342,165	19,606,521	32,948,686
<i>Machinery and Equipment</i>	5,724,071	7,422,703	13,146,774
<i>Construction in Progress</i>	5,462,389	4,067,249	9,529,638
<b>Total Assets</b>	<b>46,352,841</b>	<b>57,449,341</b>	<b>103,802,182</b>
<b>LIABILITIES:</b>			
<i>Accounts Payable and Other Current Liabilities</i>	1,754,694	837,591	2,592,285
<i>Compensated Absences Payable</i>	252,625	309,241	561,866
<i>Accrued Interest Payable</i>	164,068	200,439	364,507
<i>Other Liabilities</i>	1,157,864	47,772	1,205,636
<i>Unearned Revenue</i>	539,393	-	539,393
<i>Liabilities Payable from Restricted Assets</i>	-	674,338	674,338
<i>Noncurrent Liabilities-</i>			-
<i>Due within one year</i>	1,539,904	790,096	2,330,000
<i>Due in more than one year</i>	33,495,912	28,698,092	62,194,004
<b>Total Liabilities</b>	<b>38,904,460</b>	<b>31,557,569</b>	<b>70,462,029</b>
<b>NET ASSETS</b>			
<i>Invested in Capital Assets</i>	438,179	6,190,908	6,629,087
<i>Restricted For:</i>			
<i>Debt Service</i>	755,525	1,579,215	2,334,740
<i>Capital Projects</i>	5,719,237	19,063,081	24,782,318
<i>Unrestricted</i>	535,440	(971,432)	(435,992)
<b>Total Net Assets</b>	<b>\$ 7,448,381</b>	<b>\$ 25,861,772</b>	<b>\$ 33,310,153</b>

The accompanying notes are an integral part of this statement.

**CITY OF WESLACO**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>			
<b>Governmental Activities:</b>			
<i>General Government</i>	\$ 2,618,476	\$ 3,471,856	\$ 1,186,137
<i>Public Safety</i>	13,173,159	1,217,389	--
<i>Public Works</i>	1,567,815	--	--
<i>Culture and Recreation</i>	1,815,439	--	--
<i>Health</i>	135,502	--	--
<i>Economic Development and Assistance</i>	1,847,396	187,056	--
<i>Interest on Long-term Debt</i>	5,735,318	--	--
<b>Total Governmental Activities</b>	<u>26,893,105</u>	<u>4,876,301</u>	<u>1,186,137</u>
<b>Business-type Activities:</b>			
<i>Water and Sewer</i>	10,726,568	8,630,895	--
<i>Sanitation</i>	3,480,521	3,579,091	--
<i>Airport</i>	1,092,428	518,288	--
<b>Total Business-type Activities</b>	<u>15,299,517</u>	<u>12,728,274</u>	<u>--</u>
<b>Total Primary Government</b>	<u>\$ 42,192,622</u>	<u>\$ 17,604,575</u>	<u>\$ 1,186,137</u>

General Revenues:  
*Property Taxes*  
*Sales Taxes*  
*Operating Grants*  
*Sale of Assets*  
*Investment Earnings*  
*Miscellaneous Revenues*  
*Transfers*  
**Total General Revenues**  
**Change in Net Assets**  
**Net Assets - Beginning**  
  
**Net Assets - Ending**

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ 2,039,517		\$ 2,039,517
(11,955,770)		(11,955,770)
(1,567,815)		(1,567,815)
(1,815,439)		(1,815,439)
(135,502)		(135,502)
(1,660,340)		(1,660,340)
(5,735,318)		(5,735,318)
<u>(20,830,667)</u>		<u>(20,830,667)</u>
--	\$ (2,095,673)	(1,717,910)
--	98,570	184,070
--	(574,140)	(574,140)
--	<u>(2,571,243)</u>	<u>(2,107,980)</u>
<u>(20,830,667)</u>	<u>(2,571,243)</u>	<u>(22,938,647)</u>
16,449,025	--	16,449,025
2,656,019	--	2,656,019
--	121,040	121,040
(398,361)	--	(398,361)
447,930	916,833	1,364,763
415,452	463,263	878,715
(218,000)	218,000	--
<u>19,352,065</u>	<u>1,719,136</u>	<u>21,071,201</u>
<u>(1,478,602)</u>	<u>(852,107)</u>	<u>(2,330,709)</u>
8,926,983	26,713,879	35,640,862
<u>\$ 7,448,381</u>	<u>\$ 25,861,772</u>	<u>\$ 33,310,153</u>

**Governmental**

**GOVERNMENTAL-TYPE  
ACTIVITIES**

# CITY OF WESLACO

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>General Fund</u>	<u>Economic Development</u>
<b>Revenue:</b>		
<b>Taxes:</b>		
<i>General Property Taxes</i>	\$ 14,375,274	\$ --
<i>Penalty and Interest</i>	--	--
<i>General Sales and Use Taxes</i>	--	2,185,650
<i>License and Permits</i>	489,883	--
<i>Intergovernmental</i>	1,186,021	187,056
<i>Charges for Services</i>	3,471,856	--
<i>Fines and Forfeitures</i>	727,506	--
<i>Investment Earnings</i>	56,054	127,526
<i>Miscellaneous Revenues</i>	345,924	69,020
<b>Total revenues</b>	<u>20,652,518</u>	<u>2,569,252</u>
<b>Expenditures:</b>		
<b>Current:</b>		
<i>General Government</i>	5,131,719	--
<i>Public Safety</i>	13,173,159	--
<i>Public Works</i>	1,567,815	--
<i>Culture and Recreation</i>	1,376,845	--
<i>Health</i>	135,502	--
<i>Economic Development and Assistance</i>	--	1,756,419
<b>Debt Service:</b>		
<i>Principal</i>	--	3,131,230
<i>Interest and Fiscal Charges</i>	--	349,826
<b>Capital Outlay:</b>		
<i>Capital Outlay</i>	--	307,097
<b>Total Expenditures</b>	<u>21,385,040</u>	<u>5,544,572</u>
<b>Excess (Deficiency) of Revenues     Over (Under) Expenditures</b>	<u>(732,522)</u>	<u>(2,975,320)</u>
<b>Other Financing Sources (Uses):</b>		
<i>Operating Transfers Out</i>	(218,000)	--
<i>Loan Proceeds</i>	--	1,220,131
<i>Sale of Capital Assets</i>	--	3,715,918
<b>Total Other Financing Sources (Uses)</b>	<u>(218,000)</u>	<u>4,936,049</u>
<b>Net Change in Fund Balances</b>	(950,522)	1,960,729
<b>Fund Balances - Beginning</b>	737,441	2,985,857
<b>Fund Balances - Ending</b>	<u>\$ (213,081)</u>	<u>\$ 4,946,586</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-5

2007 Certificate of Obligation Construction Fund	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 1,964,704	\$ 16,339,978
--	109,047	109,047
--	470,369	2,656,019
--	--	489,883
--	116	1,373,193
--	--	3,471,856
--	--	727,506
209,448	54,902	447,930
--	508	415,452
<u>209,448</u>	<u>2,599,646</u>	<u>26,030,864</u>
--	--	5,131,719
--	--	13,173,159
--	--	1,567,815
--	438,594	1,815,439
--	--	135,502
4,089,361	1,373,028	7,218,808
--	1,046,680	4,177,910
--	1,218,880	1,568,706
--	--	307,097
<u>4,089,361</u>	<u>4,077,182</u>	<u>35,096,155</u>
<u>(3,879,913)</u>	<u>(1,477,536)</u>	<u>(9,065,291)</u>
--	--	(218,000)
--	--	1,220,131
--	--	3,715,918
<u>--</u>	<u>--</u>	<u>4,718,049</u>
<u>(3,879,913)</u>	<u>(1,477,536)</u>	<u>(4,347,242)</u>
6,006,750	2,839,194	12,569,242
<u>\$ 2,126,837</u>	<u>\$ 1,361,658</u>	<u>\$ 8,222,000</u>

**CITY OF WESLACO**

*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, 2008*

Net change in fund balances - total governmental funds	\$ (4,347,242)
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	5,769,486
The depreciation of capital assets used in governmental activities is not reported in the funds.	(90,977)
The gain or loss on the sale of capital assets is not reported in the funds.	(398,361)
All proceeds from the sale of capital assets are reported in the funds but not in the SOA.	(3,715,918)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	2,957,779
(Increase) decrease in accrued interest from beginning of period to end of period	11,298
The net revenue (expense) of internal service funds is reported with governmental activities.	(248,518)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(196,018)
Proceeds of notes do not provide revenue in the SOA, but are reported as current resources in the funds.	<u>(1,220,131)</u>
Change in net assets of governmental activities - statement of activities	<u>\$ (1,478,602)</u>

The accompanying notes are an integral part of this statement.

**CITY OF WESLACO, TEXAS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
SEPTEMBER 30, 2008**

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes:				
Ad-valorem	\$ 14,927,129	\$ 14,927,129	\$ 16,339,978	\$ (216,367)
Penalty and interest	-	-	109,047	(106,411)
Sales	2,211,013	2,211,013	2,656,019	414,473
Other	-	-	-	25,011
Franchise fees	-	-	-	(17,400)
Charges for service	3,112,835	3,112,835	3,471,856	1,718,551
Program income	409,450	153,786	-	(1,009,948)
Intergovernmental	418,256	418,256	5,089,111	142,473
Licenses and permits	501,800	501,800	489,883	34,538
Investment income	65,100	192,980	447,930	374,739
Fines and forfeitures	661,500	661,500	727,506	(161,805)
Miscellaneous	232,600	232,600	415,452	99,996
Proceeds from sales	978,439	1,136,975	-	2,624,819
<b>Total Revenues</b>	<u>23,518,122</u>	<u>23,548,874</u>	<u>29,746,782</u>	<u>3,922,669</u>
<b>Expenditures</b>				
Current:				
General governmental and administration	2,439,855	24,319,855	5,131,719	128,053
Public safety	11,835,521	11,835,521	12,929,870	92,076
Public works	1,855,130	1,855,130	1,567,815	75,930
Health	134,514	134,514	135,502	(715)
Development services	-	-	-	-
Cultural and recreation	1,294,146	1,294,146	1,815,439	563,949
Economic development	3,871,371	4,110,225	7,218,808	7,334
Nondepartmental services	1,460,495	1,460,495	-	128,856
Capital outlay	113,166	113,166	454,676	707,993
Debt service	-	-	-	-
Principal retirement	-	-	4,177,910	86,513
Interest	-	-	1,568,706	(110,729)
Contingency expense	-	-	-	(550,000)
<b>Total Expenditures</b>	<u>23,004,198</u>	<u>45,123,052</u>	<u>35,000,445</u>	<u>1,129,260</u>
<b>Deficiency of revenues over expenditures</b>	<u>513,924</u>	<u>(21,574,178)</u>	<u>(5,253,663)</u>	<u>5,051,929</u>
<b>Other financing sources (uses):</b>				
Loan proceeds			1,220,131	6,105,000
Bond issuance costs			-	(105,000)
Transfers in			-	(1,362,161)
Transfers out	(218,000)	(218,000)	(313,710)	(211,325)
<b>Total other financing sources (uses)</b>	<u>(218,000)</u>	<u>(218,000)</u>	<u>906,421</u>	<u>4,426,514</u>
<b>Excess (deficiency) of revenues and other sources over expenditures (uses)</b>	<u>\$ 295,924</u>	<u>\$ (21,792,178)</u>	<u>(4,347,242)</u>	<u>\$ 9,478,443</u>
<b>Fund balances at beginning of year</b>			<u>12,569,242</u>	
<b>Fund balances at end of year</b>			<u>\$ 8,222,000</u>	

**Proprietary Spending**

**BUSINESS-TYPE  
ACTIVITIES**

**CITY OF WESLACO, TEXAS**  
**STATEMENT OF NET ASSETS-PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2008**

	Business-Type Activities-Enterprise Funds				Internal Service Fund
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Totals	
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash investments	\$ 1,984	\$ 365,757	\$ 83,109	\$ 450,850	\$ 2,083
Receivables (net where applicable) of allowance for doubtful accounts)				-	
Accounts	805,876	403,131	7,215	1,216,222	
Accrued interest				-	
Due from other funds	1,526,300			1,526,300	
Due from other governments				-	
Due from others	-	-	1,495	1,495	
Inventories	99,321		62,411	161,732	
Prepaid expenses				-	
<b>Total current assets</b>	<b>2,433,481</b>	<b>768,888</b>	<b>154,230</b>	<b>3,356,599</b>	<b>2,083</b>
<b>Restricted Assets</b>	<b>20,642,296</b>		<b>28,910</b>	<b>20,671,206</b>	
Cash and cash investments					
<b>Non-current assets</b>					
<b>Deferred charges</b>					
<b>Capital assets</b>					
Land	571,805	421,247	1,465,448	2,458,500	
Buildings	424,323		648,540	1,072,863	
Equipment	4,285,382	2,622,633	514,688	7,422,703	2,406,778
Improvements	38,996,224	64,461	4,464,406	43,525,091	
Infrastructure				-	
Construction-in-progress	4,067,249			4,067,249	
Accumulated depreciation	(19,188,681)	(2,160,167)	(2,569,722)	(23,918,570)	(2,406,778)
<b>Total capital assets, net of accumulated depreciation</b>	<b>29,156,302</b>	<b>948,174</b>	<b>4,523,360</b>	<b>34,627,836</b>	<b>-</b>
<b>Total non-current assets</b>	<b>29,156,302</b>	<b>948,174</b>	<b>4,523,360</b>	<b>34,627,836</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 52,232,079</b>	<b>\$ 1,717,062</b>	<b>\$ 4,706,500</b>	<b>\$ 58,655,641</b>	<b>\$ 2,083</b>

**CITY OF WESLACO, TEXAS**  
**STATEMENT OF NET ASSETS-PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2008**

	<u>Business-Type Activities-Enterprise Funds</u>				Internal Service Fund
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Totals	
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ 488,160	\$ 299,649	\$ 49,782	\$ 837,591	\$ -
Accrued salaries				-	
Due to other funds	600,000	606,300	-	1,206,300	
Customer deposits	671,837		2,501	674,338	
Other liabilities	47,772			47,772	
Note payable current				-	-
Compensated absences	161,884	70,558	76,799	309,241	
Accrued interest				-	
<b>Total current liabilities</b>	<u>1,969,653</u>	<u>976,507</u>	<u>129,082</u>	<u>3,075,242</u>	<u>-</u>
<b>Liabilities payable from Restricted assets</b>					
Accounts payable					
Rebatable Arbitrage				790,096	
Revenue bonds payable	790,096			790,096	
Accrued interest	200,439			200,439	
<b>Total liabilities payable from restricted assets</b>	<u>990,535</u>	<u>-</u>	<u>-</u>	<u>990,535</u>	
<b>Noncurrent liabilities</b>					
General obligation bonds payable	27,336,727	310,105		27,646,832	
Revenue bonds payable				-	
Landfill closure		1,051,260		1,051,260	
<b>Total noncurrent liabilities</b>	<u>27,336,727</u>	<u>1,361,365</u>	<u>-</u>	<u>28,698,092</u>	<u>-</u>
<b>Total liabilities</b>	<u>\$ 30,296,915</u>	<u>\$ 2,337,872</u>	<u>\$ 129,082</u>	<u>\$ 32,763,869</u>	<u>\$ -</u>

**CITY OF WESLACO, TEXAS  
STATEMENT OF NET ASSETS-PROPRIETARY FUNDS  
SEPTEMBER 30, 2008**

	<u>Business Type Activities-Enterprise Funds</u>				
	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Airport Fund</u>	<u>Totals</u>	
<b>Net assets</b>					
Invested capital assets, net of related debt	\$ 1,029,479	\$ 638,069	\$ 4,523,360	\$ 6,190,908	\$ -
Restricted for:					
Revenue bond retirement	1,579,215			1,579,215	
Construction	19,063,081			19,063,081	
Unrestricted	263,389	(1,258,879)	54,058	(941,432)	2,083
<b>Total net assets</b>	<u>\$ 21,935,164</u>	<u>\$ (620,810)</u>	<u>\$ 4,577,418</u>	<u>\$ 25,891,772</u>	<u>\$ 2,083</u>

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**CITY OF WESLACO, TEXAS**  
**STATEMENT OF REVENUES, EXPENSE AND**  
**CHANGES IN NET ASSETS-PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2008**

	Business Type Activities-Enterprise Funds				
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Totals	Internal Service Fund
<b>Operating Revenues:</b>					
Water Sales	4,159,964			4,159,964	-
Charges for services	3,375,730	3,589,119		6,964,849	-
Other	188,504	75,472	508,038	772,014	-
Miscellaneous			10,250	10,250	-
<b>Total operating revenues</b>	<u>7,724,198</u>	<u>3,664,591</u>	<u>518,288</u>	<u>11,907,077</u>	<u>-</u>
<b>Operating Expense:</b>					
Personal services	1,291,413	566,088	212,443	2,069,944	-
Other services and charges	1,005,956	844,391	123,899	1,974,246	-
Supplies	373,062	288,908	525,451	1,187,421	-
Contractual services	4,025,921	1,692,291		5,718,212	-
<b>Total operating expenses</b>	<u>6,696,352</u>	<u>3,391,678</u>	<u>861,793</u>	<u>10,949,823</u>	<u>-</u>
Depreciation	(1,674,183)	(174,343)	(230,635)	(2,079,161)	(248,589)
<b>Income (loss) from operations</b>	<u>(646,337)</u>	<u>98,570</u>	<u>(574,140)</u>	<u>(1,121,907)</u>	<u>(248,589)</u>
<b>Non-operating revenues (expense)</b>					
Investment income	907,122	8,541	1,170	916,833	71
Unrealized loss on investments	-			-	-
Administrative fees	275,098			275,098	-
Sewer backup issues	-			-	-
Capital Improvement fees	631,599			631,599	-
Operating grants			121,040	121,040	-
Interest expense	(2,356,033)			(2,356,033)	-
Sale of land	-			-	-
<b>Total non-operating revenues (expenses)</b>	<u>(542,214)</u>	<u>8,541</u>	<u>122,210</u>	<u>(411,463)</u>	<u>71</u>

**CITY OF WESLACO, TEXAS  
STATEMENT OF REVENUES, EXPENSE AND  
CHANGES IN NET ASSETS-PROPRIETARY FUNDS  
SEPTEMBER 30, 2008**

	<u>Business Type Activities-Enterprise Funds</u>				<u>Internal Service Fund</u>
	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Airport Fund</u>	<u>Totals</u>	
<b>Income (loss) before contributions and transfers</b>	(1,188,551)	107,111	(451,930)	(1,533,370)	(248,518)
Capital contributions	-	-	-	-	-
Transfers in	1,970,590	-	218,000	2,188,590	-
Transfers (out)	<u>(1,828,057)</u>	<u>(142,533)</u>	<u>-</u>	<u>(1,970,590)</u>	<u>-</u>
Change in net assets	(1,046,018)	(35,422)	(233,930)	(1,315,370)	(248,518)
<b>Net assets at beginning of year</b>	<u>22,573,419</u>	<u>(670,888)</u>	<u>(4,811,348)</u>	<u>-</u>	<u>250,601</u>
<b>Net assets at end of year</b>	<u>\$ 21,527,401</u>	<u>\$ (706,310)</u>	<u>\$ (5,045,278)</u>	<u>-</u>	<u>\$ 2,083</u>

**CITY OF WESLACO, TEXAS**  
**STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2008**

Business Type Activities-Enterprise Funds					
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Totals	Internal Service Fund
<b>Cash flows from operating activities</b>					
Cash received from customers	\$ 6,876,360	\$ 3,632,697	\$ 512,621	\$ 11,021,678	\$ -
Cash received from others		119,000		119,000	
Cash received from other governments			-	-	
Cash payments to suppliers for goods and services	(4,417,070)	(2,850,027)	(628,117)	(7,895,214)	
Cash payments to employees for services	(1,256,254)	(602,643)	(206,431)	(2,065,328)	
Cash payments to other funds		6,300		6,300	
Net cash provided (used) by operating activities	<u>1,203,036</u>	<u>305,327</u>	<u>(321,927)</u>	<u>1,186,436</u>	<u>-</u>
<b>Cash flow from noncapital financing activities</b>					
Grants			121,040		
Transfers from other funds	1,970,590	-	218,000	2,188,590	
Transfers to other funds	(2,348,297)	(142,533)		(2,490,830)	
Net cash provided (used) by noncapital financing activities	<u>(377,707)</u>	<u>(142,533)</u>	<u>339,040</u>	<u>(302,240)</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>					
Acquisition and construction of capital assets	(3,165,573)	-	(1,729)	(3,167,302)	
Casualty loss				-	
Retirement on accounts payable				-	
Proceeds from sale of capital assets				-	
Capital Improvement/Administrative fees	906,697			906,697	
Bond proceeds		(45,000)		(45,000)	
Interest paid on bonds	(1,835,793)			(1,835,793)	
Retirement of bonds	(744,709)			(744,709)	
Landfill closure costs		(145,679)		(145,679)	
Contributed capital	377,763	85,500		463,263	
Net cash provided (used) by capital and related financing activities	<u>(4,461,615)</u>	<u>(105,179)</u>	<u>(1,729)</u>	<u>(4,568,523)</u>	<u>-</u>

**CITY OF WESLACO, TEXAS**  
**STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2008**

	<u>Business Type Activities-Enterprise Funds</u>				<u>Internal Service Fund</u>
	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Airport Fund</u>	<u>Totals</u>	
Cash flow from investing activities:					
Interest on cash and investments	907,122	8,541	1,170	916,833	
Unrealized loss on investments	-	-	-	-	
Net increase (decrease) in cash and cash investments	(2,729,164)	66,156	16,554	(2,646,454)	
Cash and cash investments, October 1	23,373,444	299,601	95,465	23,768,510	
Cash and cash investments, September 30	<u>\$ 20,644,280</u>	<u>\$ 365,757</u>	<u>\$ 112,019</u>	<u>\$ 21,122,056</u>	<u>\$ -</u>

**CITY OF WESLACO, TEXAS**  
**STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2008**

	Business Type Activities-Enterprise Funds				
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Totals	Internal Service Fund
Reconciliation of income (losses) from operations to net cash provided (used) by operating activities:	\$ (646,337)	\$ 98,570	\$ (574,140)	\$ (1,121,907)	\$ (248,589)
Income (loss) from operations				-	
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operations activities				-	
Depreciation	1,674,183	174,343	230,635	2,079,161	248,589
Provision for doubtful accounts				-	
Change in assets and liabilities				-	
(Increase) decrease in accounts receivables	1,889	(31,894)	(5,667)	(35,672)	
(Increase) decrease in due from other funds	(926,300)	-	-	(926,300)	
(Increase) decrease in due from others	10,203	119,000	(779)	128,424	
(Increase) in inventories	(2)	-	(18,714)	(18,716)	
Increase (decrease) in due to other funds	600,000	-	-	600,000	
Increase (decrease) in accounts payable	377,886	(24,437)	40,876	394,325	
Increase (decrease) in deposits	66,370	-	(150)	66,220	
Increase (decrease) in other liabilities	9,985	6,300	-	16,285	
Increase (decrease) for compensated absences	35,159	(36,555)	6,012	4,616	
Reallocated in fixed assets				-	
<b>Net cash provided (used) by operating activities</b>	<b>\$ 1,203,036</b>	<b>\$ 305,327</b>	<b>\$ (321,927)</b>	<b>\$ 1,186,436</b>	<b>\$ -</b>
Reconciliation of total cash and cash investments					
Current assets-cash and cash investments	\$ 1,984	\$ 365,757	\$ 83,109	\$ 450,850	\$ 2,083
Restricted assets-cash and cash investments	20,642,296	-	28,910	20,671,206	
<b>Total cash and cash investments</b>	<b>\$ 20,644,280</b>	<b>\$ 365,757</b>	<b>\$ 112,019</b>	<b>\$ 21,122,056</b>	<b>\$ 2,083</b>

Notes

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. General Statement

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

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments includes those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's Codification of Governmental accounting and Financial Reporting Standards, the City has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinion, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the City are described below.

2. Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The City holds the corporate powers of the organization
- The City appoints a voting majority of the organization's board
- The City is able to impose its will on the organization

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONT.)**

- The organization has the potential to impose a financial benefit/burden on the City
- There is fiscal dependency by the organization on the City

The general purpose financial statements present financial information on activities of the City for which the City Commissioners have oversight responsibility, including the Fireman's Relief and Retirement Fund of Weslaco, Texas (Fireman's Fund), and Weslaco Economic Development Corporation (EDC). The City is represented on the governing board of the Fireman's Fund and has the ability to significantly influence operation. The City appoints the EDC's board members and sets expenditure caps which require the City of Weslaco Commissioners' approval over Specified Dollar amounts. The Fireman's Fund is included as a pension trust fund, and the Weslaco Economic Development Corporation is included with the Special Revenue Funds.

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

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

1. Ability to Exercise Oversight Responsibility

The City of Weslaco appoints members to the Authority and has a moral responsibility for debts. The City of Weslaco has little influence in the hiring of management and clerical staff, reviewing and approving budgets, adjustments and amendments, signing contracts, exercising control over

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONT.)**

Facilities, and property, and determining the outcome or disposition of matters affecting the service tenants of the Housing Authorities received.

2. Scope of Service

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

3. Special Financing Relationships

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

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

4. Basis of Presentation

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

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONT)**

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

**Fund Financial Statements:**

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

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of government funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

**General Fund-**

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

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONT.)**

Special Revenue Fund-

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

Debt Service Fund-

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

Capital Projects Fund-

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Fund).

Proprietary Funds-

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

Water and Sewer Fund-

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

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONT.)**

**Sanitation Fund-**

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

**Airport Fund-**

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from provided services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**5. Measurement Focus/Basis of Accounting**

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

The government-wide statements and fund financial statements for proprietary funds are reported using the economic measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenue) and decreases (expenses) in net earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONT)**

Governmental fund financial statements are reported using the current financial resources measurements focus and we are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

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

6. Budgetary Control

1. The City Charter establishes the fiscal year as the twelve-month period beginning October 1. The departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year after which the City Manager subsequently submits a budget of estimated expenditures and revenues to the City Commission by August 1. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
2. Upon receipt of the budget estimates, the Commission holds public hearing on the proposed budget. Information about the Budget Ordinance is then published in the official newspaper of the City.
3. Prior to October 1, the budgets for the General, Special Revenue, and Debt Service Funds are legally enacted through passage of an ordinance.
4. At least ten days prior to October 1, the budget is legally enacted through passage of an ordinance. The City Manager is authorized to transfer budgeted amounts between line items and departments

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE A.     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONT.)**

within any fund; however, any revisions that alter the total expenditure of any fund must be approved by the City Commission, even though the City Charter does not impose any restrictions or limit expenditures to amounts appropriated.

5. Formal Budgetary integration is employed as a management control device during the year for the General, Special Revenue, and Debt Service Funds. Formal budgetary integration is not employed for Capital Project Funds because effective budgetary control is alternatively achieved through the life of the respective project and not on an annual basis.
6. Budgets for the General, Special Revenue and Debt Service Funds are adopted on a basis consistent with Generally Accepting Accounting Principles (GAAP).
7. Current year appropriations lapse at year-end.

Budgeted amounts are as originally adopted or as amended by the City Commission through September 30, 2008. Subsequent to year-end management and the City Commission amended the September 30, 2008 budget authorizing the reallocation of expenses and related budget transfers relative to the Interest and Sinking Fund, Water and Sewer Fund and General Fund. All budget appropriations lapse at year-end except for the Urban County Developments Grants (CDBG). Although they are appropriated annually, unspent appropriations in the Urban County Development Grants (CDBG) are appropriated under the same objects of expenditure in subsequent grant periods.

8. Cash and Cash Investments

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

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONT.)**

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

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

State statutes authorize the City to invest in obligations of the United State of Texas, obligations of states, agencies, counties, cities, and any other political subdivisions of any state having a rating no less than A or its equivalent by a nationally recognized investment rating form, certificates of deposit issued by state and national banks guaranteed or insured by the Federal Deposit Insurance Corporation and/or further collateralized by additional pledged securities above the FDIC limits, and fully collateralized direct repurchased agreements.

8. Prepaid Items

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

9. Inventories

The inventories in the Governmental Funds and Proprietary Funds consist of supplies and are recorded at the lower of weighted average cost or market.

10. Inter-Fund Receivables and Payables

Any residual balances outstanding between the government activities and business-type activities are reported in the governmental-wide financial statements as “Internal balances”.

11. Transactions Between Funds

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

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONT.)**

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

**12. Capital Assets**

The City of Weslaco did not maintain general fixed assets accounting records and the related depreciation expense accordingly, we were unable to verify the general fixed assets and related depreciation expense balances as of the date of the financial statements. Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, and equipment.

Assets capitalized, not including infrastructure assets, have an original cost of \$1,000.00 or more and over one year of useful life. Infrastructure assets, capitalized have an original cost of \$5,000.00 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

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

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONT.)**

13. Compensated Absences

The City's policy allows employees to accumulate unused sick leave on an unlimited basis and vacation leave up to 30 days except vacation leave accrued prior to December 1990, which shall be refunded in full. Non-Civil Service employees who have completed ten years of employment are entitled to be paid up to 30 days of accumulated sick leave, 60 days for those employees with 11 to 20 years and 90 days for 21 years or more and any accumulated vacation upon termination. Civil Service employees hired are entitled to be paid any accumulated vacation, but must complete five years of employment with the City to be entitled to be paid up to 90 days of accumulated sick leave upon termination. Sick leave in excess maximum limits is not paid upon termination. Sick leave in excess maximum limits is not paid upon termination, but will be paid only upon illness while in the employ of the City.

At September 30, 2008, the liability for accrued vacation leave and accrued sick leave is approximately \$2,899,610. The amount applicable to the Enterprise Fund of \$309,241 has been recorded in the Water, Sewer, Sanitation, and Airport Funds. The amount applicable to the General Fund has been recorded in the General Fund as \$2,590,369 and \$252,625 as been recorded in the General Fund and Special Revenue Funds as the amount expected to be paid from current resources.

14 Nature and Purpose of Reservations and Designation of Fund Equity

The fund equity reserves for revenue bonds retirement and construction. Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "revenue bond construction" account is used to report those proceeds of revenue bond issuances that are restricted for used in construction. The "revenue bond current debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond future debt service" account is used to report resources set aside to make potential future deficiencies in the revenue bond current debt service account.

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONT.)**

The fund equity designation for subsequent years' expenditures primarily represents capital outlays.

15. Net Assets

Net assets represent the difference between assets and liabilities. Net assets in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**NOTE B. BUDGET BASIS OF ACCOUNTING**

The City of Weslaco, Texas presents its annual budget on a basis (budget basis), which differs from generally accepted accounting principles (GAAP basis). The budget and all transactions are presented in accordance with the City's method (budget basis) in the Statements of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual-General Fund to provide a meaningful comparison of actual results with the budget. The major differences between budget and GAAP basis in the General Fund are that total property taxes collected are recognized as revenues (budget) as opposed to recognizing the current year levy as revenues (GAAP).

**NOTE C. DEPOSITS AND INVESTMENTS**

Deposits- It is the City's policy, as well as a requirement in its Depository agreement, for deposits plus accrued interest to be 102% secured by collateral valued at fair value, less the amount of the Federal Deposit Insurance Corporation insurance. The City's deposits, including certificates of deposit, were fully insured or collateralized as required by the state statutes at September 30, 2008. At year-end, the respective bank balance totaled \$827,984. Of the total bank balance, \$100,000 was covered by Federal Depository Insurance Corporation (FDIC). The remainder was covered by collateral with a value of \$1,868,333. The collateral was held at third party banks (safekeeping banks) in the City's name under a joint safekeeping agreement between various banks and the City as detailed below.

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

**NOTE C. DEPOSITS AND INVESTMENTS(CONT.)**

<u>Safekeeping Bank</u>	<u>Local Bank</u>	<u>Amount</u>
The Independent Banker's Bank San Antonio, Texas	First National Bank Weslaco, Texas	\$1,868,333

Investments-State statutes, city bond ordinances, city resolutions, and an investment policy adopted by the City Commission authorize the City's investments. The City is authorized to invest in obligations of the United States of America, its agencies and instrumentalities, direct obligations of the State of Texas and agencies thereof, obligations of the state (agencies thereof, counties, cities, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating equivalent), certificates of deposit of state and national banks domiciled in Texas, fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or its agencies and instrumentalities pledged with a third party, joint pools of political subdivisions in the State of Texas which invest in instruments and follow practices allowed by law, and commercial paper with a 270 day limit and an A1P1 rating by two rating agencies.

All securities held at September 30, 2008 were insured or registered, or were held by the City or its agent in the City's name (Category 1).

The City's investments carried at fair value at September 30, 2008, are:

Investments:	
Texpool	\$ 3,723,401
Repurchase Agreement	22,110,000
Government Agencies	<u>1,055,940</u>
 Total Investments	 <u>\$ 26,889,341</u>

Of the City's investment in repurchase agreements, (with Hypo Public Finance Bank, Dublin, Ireland). Total investments (Construction Fund) had a market value of \$23,165,940 are held with a third party custodian (U.S. Bank National Association, St. Paul, Minnesota). The repurchase agreement was entered into using 2008 CO Bond funds. The repurchase agreement earns interest at a rate of 4.54 % per annum and the City may request up to four (4) repurchase transactions per month in amounts of not less than \$25,000.

**CITY OF WESLACO, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2008**

**NOTE C. DEPOSITS AND INVESTMENTS(CONT.)**

The Final repurchase date may not be later than September 1, 2010.

The City's portfolios are actively monitored and managed, and while the City's liquidity is managed such that these securities can be held to maturity, changes in market conditions may make it advantageous to sell them in advance of maturities.

**Fireman's Relief and Retirement Fund Investments**

The Fireman's Relief and Retirement Fund Investments are recorded at fair value as of September 30, 2008. All investments held by the Fireman's Relief and Retirement Fund at September 20, 2008 were uninsured and unregistered securities which are held by the Counterparty, its trust department, or agent, but not in the Funds name (Category 3).

	<u>Fair Value</u>
Investments:	
Texpool	\$ 20,873
Jessup & Lamont (Stocks & Bonds)	3,087,335
Total Investments	<u>3,108,208</u>

**NOTE D. DUE TO/FROM OTHER GOVERNMENTS**

Due from other governments for the General Fund consist of the following:

County of Hidalgo	Rural Fire	22,210
Hidalgo County	Tax Receipts	28,220
Texas Alcohol & Beverage Commission		10,965
Texas Commission on Environmental Quality	Compost Utilization Project	13,032
Department of Justices	Homeland Security	<u>93,347</u>
Total		<u>167,774</u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE E.     NOTES RECEIVABLE**

Revitalization Grant Fund

The City has initiated a Revolving Loan Guarantee Program to qualify businesses in the Community whereby the City lent funds made available through the recaptured funds from the Texas Department of Commerce.

Economic Development Corporation Grant Fund

As an inducement to expand its business operations to the City's Industrial Park, the Economic Development Corporation (EDC), accepted notes from various businesses. These notes are for cash loans, and sale of industrial park lots. The loans carry various credits incentives up to the amounts of the loans and sometimes beyond the initial loans. The credits vary by individual entities. The credits involve construction of buildings, leasing of existing properties at the industrial park, employing local residents and the purchase of good and services from merchants in the local area. All notes receivable carry incentives to the extent of the note receivable balance.

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE E.      NOTES RECEIVABLE (CONT.)**

The following is a summary of notes receivable payable to the Corporation at September 30, 2008:

	<u>2007</u>	<u>Changes</u>	<u>2008</u>
Rio Grande Containers, Inc.	21,382	(21,382)	-
Torres Espino Cabinets, Inc.	3,747	(3,747)	-
NICO-WFI, LLC	-	-	-
Southern Mechanical	- **	-	-
Gauges & Specialties	14,557	(14,557)	-
A & W Produce (D. Arnold)	19,387	(19,387)	-
Irene's Tea Room	2,296	(2,296)	- *
Reyna Family Development	- **	-	-
NICO-WFI, LLC (Lots 11&12)	60,720	(60,720)	-
Anabell Cardona	20,000	(6,171)	13,829 *
Anabell Cardona	3,401	245,820	249,221 *
Sigma Foods	60,000	-	60,000 *
TNT Investments	60,000	-	60,000 *
City of Weslaco	541,747	(541,747)	-
Woodcrafters (Tan'Us)	181,250	(181,250)	-
El Mexicano Bakery	4,000	(4,000)	- *
Little Italy	16,000	(16,000)	- *
Weslaco Bicultural Museum	-	30,000	30,000
Mandujano Western Boots	-	33,300	33,300
CMG Concrete	-	22,120	22,120
Sugar Sweet Realty, LLC.	-	516,275	516,275
Total	<u>1,008,487</u>	<u>(23,742)</u>	<u>984,745</u>

(1) The note receivable from Sugar Sweet Realty, LLC was advanced on January 25, 2008 to help the entity discharge corporate debt. The terms of the note call for monthly payments of \$10,153.7, including interest at eight percent (8%). At September 30, 2008, the note was in default. Subsequent to September 30, the EDC has filed suit to enforce collection of the note. The note is collateralized by a second lien on the property and individually by members of Sugar Sweet Realty, LLC.

The economic incentive portion of the note receivable balances have been recognized as expenditures in current year operations for current year allocations and prior year's allocations. As the entities earn their incentives, the note balances will be reduced accordingly with an equal offset to deferred revenues. This is to control compliance with the agreements. The balance of the note balances are to be collected in cash.

\*Note balance with deferred component      \$416,350

\*\* Initial loan conditions were complete during this fiscal year.

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

**NOTE F. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2008 was as follows:

	Balance October 1	Additions/ Completions	Retirements/ Adjustments	Balance September 30
<b>Governmental Activities:</b>				
Capital assets not being depreciated				
Land	\$ 4,647,580	\$ -	\$ -	\$ 4,647,580
Infrastructure	-	-	-	-
Construction-in-Progress	-	-	-	-
Total assets, not being depreciated	<u>4,647,580</u>	<u>-</u>	<u>-</u>	<u>4,647,580</u>
Capital assets, being depreciated				
Buildings	20,724,094	-	-	20,724,094
Equipment	5,724,071	871,063	-	6,595,134
Improvements	33,846,817	16,515	-	33,863,332
Total capital assets being depreciated	<u>60,294,982</u>	<u>887,578</u>	<u>-</u>	<u>61,182,560</u>
Less accumulated depreciation for:				
Buildings	4,646,127	-	-	4,646,127
Equipment	3,428,605	-	-	3,428,605
Improvements	13,964,900	-	-	13,964,900
Infrastructure	-	-	-	-
Total accumulated depreciation	<u>22,039,632</u>	<u>-</u>	<u>-</u>	<u>22,039,632</u>
Total capital assets, being depreciated, net	<u>38,255,350</u>	<u>887,578</u>	<u>-</u>	<u>39,142,928</u>
Governmental activities, capital assets, net	<u>\$ 42,902,930</u>	<u>\$ 887,578</u>	<u>\$ -</u>	<u>\$ 43,790,508</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated				
Land	\$ 2,458,500	\$ -	\$ -	\$ 2,458,500
Infrastructure	-	-	-	-
Construction-in-progress	4,070,113	-	-	4,070,113
Total capital assets not being depreciated	<u>6,528,613</u>	<u>-</u>	<u>-</u>	<u>6,528,613</u>
Capital assets being depreciated				
Building	1,072,863	-	-	1,072,863
Equipment	6,718,432	71,329	35,839	6,753,922
Improvements	41,034,929	3,126,079	-	44,161,008
Infrastructure	-	-	-	-
Total capital assets, being depreciated	<u>48,826,224</u>	<u>3,197,408</u>	<u>35,839</u>	<u>51,987,793</u>
Less accumulated depreciation for:				
Building	397,311	83,640	-	480,951
Equipment	5,655,697	317,179	26,166	5,946,710
Improvements	15,786,597	1,704,314	-	17,490,911
Infrastructure	-	-	-	-
Total accumulated depreciation	<u>21,839,605</u>	<u>2,105,133</u>	<u>26,166</u>	<u>23,918,572</u>
Total capital assets being depreciated, net	<u>26,986,619</u>	<u>1,092,275</u>	<u>9,673</u>	<u>28,069,221</u>
Business-type activities capital assets, net	<u>\$ 33,515,232</u>	<u>\$ 1,092,275</u>	<u>\$ 9,673</u>	<u>\$ 34,597,834</u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE F. CAPITAL ASSETS (CONT.)**

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

Governmental activities:	
General governmental and administration	\$ -
Public Safety	-
Public Works	-
Health	-
Development services	-
Cultural and Recreational	-
Total depreciation expense- Government activities	<u>\$ -</u>
Business-type activities	
Water and Sewer	\$ 1,700,154
Sanitations	174,344
Airport	230,635
Total depreciation expense- Business-type activities	<u>\$ 2,105,133</u>

The City has active construction projects as of September 30, 2008. Total accumulated commitments for ongoing capital projects are composed of the following

	<u>Committed</u>
Streets and Drainage Fund	\$ 187,707
Park Improvements	31,933
Water & Sewer Funds	4,067,249
Mainstreet Improvements	425,405
General Facilities	4,817,344
Total	<u>\$ 9,529,638</u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE G. LONG-TERM DEBT**

The following is a summary of bonded and other debt transactions of the City for the year beginning October 1, 2007 and ending September 30, 2008.

Proprietary Fund Long-Term Debt as of September 30, 2008 were as follows:

<u>Water and Sewer Fund</u>	<u>2008</u>	<u>2007</u>
\$5,930,000 Waterworks and Sewer System Revenue Bonds, Series 1998, due in annual installments varying from \$100,000 to \$450,000 through December 1, 2017. Interest varies from 3.05% to 4.50 %	\$ 3,775,000	\$ 4,075,000
Tax and Waterworks and Sewer System (Limited-Pledge) Revenue Certificate of Obligations, Series 1999, due in annual installments varying from \$84,000 to \$141,000 through 2019. Interest varies from 4.40% to 4.5%. Bond proceeds will be used for Water and Sewer System Infrastructure improvements.	1,213,128	1,296,648
\$2,829,600 General Obligation Refunding Bonds, Series 2002, dated September 1, 2002, due in annual installment varying from \$117,000 to \$369,000 through February 15, 2014, bearing interest rates of 3.00% to 3.875%	1,423,800	1,758,600
\$21,710,000 2007 Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligations, Series 2007 August 15, 2008, due in annual installments varying from \$40,000 to \$2,270,000 through February 15, 2027, bearing interest rates of 4.00% to 5.00%	21,710,000	21,710,000
<u>Sanitation Fund</u>		
\$360,000 2007 Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligations, Series 2007 August 15, 2008, due in annual installments varying from \$45,000 to \$60,000 through February 15, 2014, bearing interest rates of 4.00%	<u>315,000</u>	<u>360,000</u>
Total Proprietary Fund Long-Term Debt	<u>\$ 28,436,928</u>	<u>\$ 29,200,248</u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE G. LONG-TERM DEBT (CONT.)**

<u>Governmental Long-Term Debt</u>	<u>2008</u>	<u>2007</u>
Assumed bonded indebtedness of Hidalgo and Cameron Counties Control and Improvements District No.9 due in annual installments.	\$ -	\$ -
Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificate of Obligations, Series 1999, due in annual installments varying from \$245,000 to \$522,000 through 2019. Interest varies from 4.40% to 4.50% Bonds proceeds will be used for infrastructure improvements.	4,596,872	4,913,352
\$5,030,400 General Obligation Refunding Bonds, Series 2002, dated September 1, 2002, due in annual installments varying from \$208,000 to \$656,000 through February 14, 2014. Interest varies from 3.00% to 3.875%	2,531,200	3,126,400
\$14,080,000 2003 Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligations, dated August 15, 2003, due in annual installments varying from \$10,000 to \$1,460,000 through February 15, 2023, bearing interest rates of \$2.00% to 5.00%	13,865,000	14,000,000
\$6,105,000 2007 Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligations, Series 2007 dated August 15, 2008, due in annual installments varying from \$5,000 to \$530,000 through February 15, 2027, bearing interest rates of 4.00% to 5.00%	<u>6,105,000</u>	<u>6,105,000</u>
Total Governmental Long-Term Debt	<u><u>27,098,072</u></u>	<u><u>28,144,752</u></u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE G. LONG-TERM DEBT(CONT.)**

<u>Revenue Bonds</u>	<u>2008</u>	<u>2007</u>
\$1,270,000 Economic Development Sales Tax Revenue Bond, Series 2000, due in annual installments not exceeding \$170,000 beginning February 15,2001 through August 15, 2010, interest varies between 4.550% and 4.95%	\$ 330,000	\$ 485,000
\$1,895,000 Economic Development Sales Tax Revenue Bond, Series 2000A, due in annual installments not exceeding \$275,000 beginning February 15, 2001, through February 15, 2009, interest varies between 6.8% and 7.15%	185,000	460,000
\$2,000,000 Economic Development Sales Tax Revenue Bond, Series 2003, due in annual installments not exceeding \$145,000 beginning February 15, 2004 through August 15, 2023. interest varies between 1.500% and 4.75%	1,650,000	1,730,000
\$4,060,000 Economic Development Sales Tax Revenue Bond, Series 2003A, due in annual installments not exceeding \$330,000 beginning February 15, 2004 through February 15, 2003, interest varies between 2.00% and 6.00%	<u>3,435,000</u>	<u>3,585,000</u>
Total Revenue Bond	<u>\$ 5,600,000</u>	<u>\$ 6,260,000</u>

**CITY OF WESLACO, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2008**

**NOTE G. LONG-TERM DEBT (CONT.)**

<u>Notes Payable</u>	<u>2008</u>	<u>2007</u>
<p>\$245,800 note due to First National Bank of Edinburg payable at 1% below prime. The note is secured by real estate and improvements</p>	-	146,841
<p>A note dated October 25, 2005 and payable to First National Bank of Edinburg, Texas in the original amount of \$1,150,000. The terms of the note include principal and interest payment in the amount of \$12,525, beginning November 14, 2005, and continuing regularly thereafter until October 18, 2008, when the entire balance, including principal and interest will be due and payable. The interest rate is set at 1% below prime rate. The note is secured by all deeds of trust, security agreement, collateral assignments, and other liens owned and acquired by the Corporation.</p>	-	975,008
<p>\$153,500 note due to First National Bank of Edinburg payable at 1% below prime. The note is secured by a Deed of Trust on Industrial Park Properties.</p>	-	129,250
<p>\$157,000 note due to the General Fund, payable at 5% interest rate. The note is due on or before five years. The note is secured by a Deed of Trust on three lots at Mid Valley Industrial Park. The note is recorded in the General Fund as note receivable.</p>	-	-
<p>\$60,000 note due to General Fund, payable at 5% interest rate. The note is due on or before five years. The note is secured by a Deed of Trust on three lots at Mid Valley Industrial Park No. 2. The note is recorded in the General Fund as note receivable.</p>	-	-
<b>Total Notes Payable</b>	<b>\$ -</b>	<b>\$ 1,251,099</b>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE G. LONG-TERM DEBT(CONT.)**

Transactions for the tear ended September 30, 2008 are as follows:

	Balance October 1	Issues or Additions	Payments or Expenditures	Balance September 30	Due Within One Year
<b><u>Governmental Type Activities</u></b>					
General Obligation Bonds	\$ 3,126,400	\$ -	\$ 595,200	\$ 2,531,200	\$ 617,600
Certificates of Obligation	20,105,000	-	135,000	19,970,000	5,000
Water District Debt Assumed	-	-	-	-	-
Tax and Waterworks and Sewer System (Limited Pledge)	4,913,352	-	316,480	4,596,872	332,304
Arbitrage Payable	-	-	-	-	-
Compensated Absences	1,837,101	753,268	-	2,590,369	252,625
	<u>29,981,853</u>	<u>753,268</u>	<u>1,046,680</u>	<u>29,688,441</u>	<u>1,207,529</u>
<b><u>Economic Development Sales Tax</u></b>					
Revenue Bonds	6,260,000	-	660,000	5,600,000	585,000
Notes Payable	1,251,099	1,220,131	2,471,230	-	-
Sub-total Governmental Activities	<u>7,511,099</u>	<u>1,220,131</u>	<u>3,131,230</u>	<u>5,600,000</u>	<u>585,000</u>
Total Governmental Activities	<u>\$ 37,492,952</u>	<u>\$ 1,973,399</u>	<u>\$ 4,177,910</u>	<u>\$ 35,288,441</u>	<u>\$ 1,792,529</u>
<b><u>Business-Type Activities</u></b>					
General Obligation Bonds	\$ 1,758,600	\$ -	\$ 334,800	\$ 1,423,800	\$ 347,400
Revenue Bonds Payable	4,075,000	-	300,000	3,775,000	315,000
Certificate of Obligation	23,366,648	-	128,520	23,238,128	127,696
Compensated Absences	304,625	4,616	-	309,241	309,241
Total Business-Type Activities	<u>29,504,873</u>	<u>4,616</u>	<u>763,320</u>	<u>28,746,169</u>	<u>1,099,337</u>
Total Government	<u>\$ 66,997,825</u>	<u>\$ 1,978,015</u>	<u>\$ 4,941,230</u>	<u>\$ 64,034,610</u>	<u>\$ 2,891,866</u>

**General Obligation Bonds and Certificates of Obligation-**

General Obligation Bonds are direct obligations issued of the general taxing power for the payment of the debt obligations of the City. General Obligation Bonds and Certificates of Obligation require the City to compute, at the same time that taxes are levied, the rate of tax required to provide (in each year that bonds

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE G. LONG-TERM DEBT(CONT.)**

are outstanding) the funds to pay for interest and principle at maturity. The City is in compliance with this requirement.

On September 18, 2007, the City issued \$28,175,000 of Series 2007, Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligations. The bonds were issued to acquire land, equipment and motor vehicles, to undertake street improvements, and water and sewer improvements. The bonds are payable in average annual installments of \$2,343,143 (including principal and interest) with maturity dates ranging from February 15, 2008 through February 15, 2027. The average interest (coupon) rate for the bonds is 4.88%. Any interest earned on the bond proceeds in excess of allowable amounts will be rebated to the United States Treasury as required by Section 148 of the Internal Revenue Code of 1986. The City has placed all bond proceeds in a repurchase agreement yielding 4.54%. The City has the option to redeem certificates having stated maturities on or after February 15, 2018, on February 15, 2017, or on any date thereafter. The bonds were further allocated with \$6,105,000 for tax supported projects, \$21,710,000 for water and sewer projects, and \$360,000 for equipment in the Sanitation Fund.

**Revenue Bonds-**

Water and Sewer Revenue Bonds constitute special obligations of the City solely by a lien on and pledge of the net revenues of the Water and Sewer system.

The Revenue Bonds are collateralized by the revenue of the water and sewer system and the various special funds established by the bond ordinances. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the Revenue Bond funds. Remaining revenue may then be used for any lawful purpose. The ordinances also contain provisions which, among other items, restrict the issuance of additional Revenue Bonds unless the special funds noted above contain the required amounts and certain financial ratios are met. The City is in compliance with all significant financial requirements as of September 30, 2008.

Sales Tax Revenue Bonds are direct obligations issued on a pledge of the City's sales tax revenues allocated to the Economic Development Corporation, in accordance with state statutes.

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE G.     LONG-TERM DEBT(CONT.)**

General Obligation Refunding Bonds-

On October 10, 2002, the City of Weslaco issued general refunding obligation bonds of \$7,860,000 (par value) with an average coupon rate of 3.34% to advance refund 1993 General Obligation Bonds with an average coupon rate of 5.19% and a par value of \$4,880,000, and to advance refund 1995 Certificate of Obligation Bonds with an average coupon rate of 6.00% and a par value of \$2,580,000. The bonds have a final maturity date of February 15, 2014, and are callable on or after February 15, 2012. The general obligation bonds were issued at a premium of \$32,049, with accrued interest of \$27,558, and after paying issuance costs of \$166,726, the net proceeds were \$7,752,881. The net proceeds from the issuance were used to purchase U.S Government securities and those securities were deposited in a irrevocable trust with an escrow agent to provide debt service payments until the 1993 General Obligation Bonds were called on February 15, 2003, and the 1995 certificate of obligation bonds were called on February 15, 2004. The advance refunding met the requirements of an in-substance defeasance and the bonds were removed from the City's government-wide financial statement.

As a result of the advance refunding, the City reduced its total debt service requirements by \$530,972 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$471,685.

On September 24, 2004, the City issued \$14,080,000 of series 2004 Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligations. The bonds were issued to pay for street improvements, public facilities, park improvements, main street beautifications, landfill closure costs, and fire and EMS equipment. The bonds are payable in average annual installments of \$1,175,995 including principle and interest with maturity dates ranging from February 15, 2006 through February 15, 2023. The average interest (coupon) rate for the bonds is 4.69%. Any interest earned on the bond proceeds in excess of allowable amounts will be rebated to the United States Treasury as required by Section 148 of the

Internal Revenue Code of 1986. The City has the option to redeem Certificates having stated maturities on and after February 15, 2014, on February 15, 2012, or on any date thereafter.

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

**NOTE G. LONG-TERM DEBT(CONT.)**

Defeased Bonds Outstanding-

In prior years, the City issued refunding bonds to defease certain outstanding bonds for the purpose of consolidation and to achieve debt service savings. The City has placed the proceeds from the refunding issues in irrevocable escrow accounts assets with a trust agent to ensure payment of debt service on the refunded bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements.

Revenue Bonding Refunding-

On March 20, 2002, the City of Weslaco Economic Development Corporation issued Sales Tax Revenue Bonds Series 2003-2003A for \$2,000,000 and \$4,060,000. The \$2,000,000 bond issue was used to finance the costs of public facilities to include municipally owned buildings and tourist information/exhibition facilities. The 2003-A \$4,060,000 issue was used to finance the construction of a building for use in manufacturing finished wood products, which was leased to a private enterprise. This is in conformity with the Construction of Texas, including Section 4a of Article 5190.6, Vernon Texas Civil Statutes. The issue dated was March 28, 2003.

Bond Authorized and Unissued-

At September 30, 2007, the City had no General Obligations Bonds and Revenue Bonds which were authorized and unissued.

**NOTE G. LONG-TERM DEBT(CONT.)**

The following table summarizes the restricted cash and cash investments:

Reserve for Revenue Bond Retirement	\$ 476,188
Total Reserve for Revenue Bond Retirement	<u>476,188</u>
Revenue Bond Construction	18,586,893
Capital Improvement Fee	<u>1,579,215</u>
Total Restricted Cash and Cash Investments as of September 30, 2008	<u><u>\$ 20,642,296</u></u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE G. LONG-TERM DEBT(CONT.)**

The annual aggregate maturities for each bond type for the year subsequent to September 30, 2008, are as follows:

**General Obligation Bonds**

Year Ending September 30	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2009	617,600	76,671	347,400	43,128	1,084,799
2010	636,800	56,596	358,200	31,835	1,083,431
2011	656,000	34,768	369,000	19,557	1,079,325
2012	201,600	19,634	113,400	11,044	345,678
2013	211,200	12,020	118,800	6,761	348,781
2014	208,000	4,030	117,000	2,267	331,297
Total	<u>\$ 2,531,200</u>	<u>\$ 203,719</u>	<u>\$ 1,423,800</u>	<u>\$ 114,592</u>	<u>\$ 4,273,311</u>

**Certificate of Obligations**

Year Ending September 30	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2009	337,304	1,129,955	172,696	1,108,437	2,748,392
2010	474,172	1,113,150	340,828	1,097,965	3,026,115
2011	574,996	1,091,449	495,004	1,080,969	3,242,418
2012	1,455,820	1,049,607	509,180	1,060,521	4,075,128
2013	1,590,600	977,363	529,400	1,039,289	4,136,652
2014-2018	9,051,788	3,806,281	4,318,212	5,723,745	22,900,026
2019-2023	9,112,192	1,612,371	8,437,808	3,185,902	22,348,273
2024-2027	1,970,000	203,250	8,435,000	1,338,250	11,946,500
Total	<u>\$ 24,566,872</u>	<u>\$ 10,983,426</u>	<u>\$ 23,238,128</u>	<u>\$ 15,635,078</u>	<u>\$ 74,423,504</u>

**Revenue Bonds**

Year Ending September 30	Business-type Activities		
	Principal	Interest	Total
2009	900,000	427,628	1,327,628
2010	745,000	390,629	1,135,629
2011	600,000	362,065	962,065
2012	625,000	335,720	960,720
2013	650,000	307,295	957,295
2014-2018	3,720,000	1,046,115	4,766,115
2019-2023	2,135,000	312,026	2,447,026
Total	<u>9,375,000</u>	<u>3,181,478</u>	<u>12,556,478</u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE H. SEGMENT INFORMATION FOR ENTERPRISE FUND**

Generally accepted accounting principles require disclosure, as part of the Combined Statements Overview, of certain information concerning individual funds including segment information for the Enterprise Funds.

The City maintains four Enterprise Funds which provide, water, sewer, sanitation, and airport services to the City of Weslaco. Selected segment information for the year ended September 30, 2008 is as follows:

	Water and Sewer Fund	Sanitation Fund	Airport Fund	Total Enterprise Fund
Operating Revenues	\$ 7,724,198	\$ 3,664,591	\$ 518,288	\$ 11,907,077
Depreciation	1,674,183	174,343	230,635	2,079,161
Net Operating Income (Loss)	(646,337)	98,570	(574,140)	(1,121,907)
Net Income (Loss)	(590,458)	(35,422)	(233,930)	(859,810)
Current Capital Contributions	377,763			377,763
Plant, Property, and Equipment				
New Additions	3,195,679	-	1,729	3,197,408
Dispositions	35,839	-	-	35,839
Net Working Capital	463,828	(207,619)	25,148	281,357
Bond and Other Long- Term Liabilities Payable From Operating Revenues	26,881,167	310,105		27,191,272
Total Assets	52,202,079	1,717,062	4,706,500	59,337,227
Total Equity	22,360,724	(620,810)	4,577,418	26,713,879

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE I.      CONTRIBUTED CAPITAL-PROPRIETARY FUND TYPES**

	10/1/2007	Additions (Deletions)	9/30/2008
<u>Water and Sewer Fund</u>			
Contributed Capital Donation	\$ 11,000	\$ -	\$ 11,000
Contributions from City	3,304,737		3,304,737
Contributions in Aid of Construction	707,629		707,629
Contributions-State Grants	3,954,105		3,954,105
Contributions-Federal Grants	5,114,658		5,114,658
	<u>13,092,129</u>	<u>-</u>	<u>13,092,129</u>
<u>Sanitation Fund</u>			
Contributions from City	3,801,456	85,480	3,886,936
Contributions-Federal Grants	8,187		8,187
	<u>3,809,643</u>	<u>85,480</u>	<u>3,895,123</u>
<u>Airport Fund</u>			
Contributions from City	1,398,150		1,398,150
Contributions-Federal Grants	1,617,395		1,617,395
Contributions from Revenue Sharing Fund	175,130		175,130
Contributions-Federal Grants	3,391,137	121,039	3,512,176
	<u>6,581,812</u>	<u>121,039</u>	<u>6,702,851</u>
<u>Internal Service Fund</u>			
<u>Equipment Replacement Fund</u>			-
 Total Contributed Capital	 <u>23,483,584</u>	 <u>206,519</u>	 <u>23,690,103</u>

**NOTE J.      PROPERTY TAX**

The State of Texas Constitution limits the City's ad valorem tax rate for all purposes to \$2.50 per one hundred dollars of assessed valuation. Ad valorem tax revenue during the year ended September 30, 2008 was levied using a rate of \$ .6995 per one hundred dollars of assessed valuation based on 100 percent of estimated market value.

Legislation has been passed by the Texas Legislation which affects the methods of property appraisal in the City. This legislation, with certain exceptions, exempts intangible personal property, household goods, and family-owned automobiles (unless specifically authorized by resolution of the governing body) from taxation. In addition, this legislation creates a

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE J.     PROPERTY TAX(CONT.)**

“Property Tax Code” and provides, among other things, for the establishment of county appraisal districts and for a state property board.

The appraisal of property within the city is the responsibility of the Hidalgo County Tax Appraisal District. The Appraisal District is required under the Property Tax Code to appraise all property within the county on the basis of 100 percent of its market value. The value of real property within the Appraisal District must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The city may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on city property. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate of the previous year by more than 8 percent, qualifies votes of the city may petition for an election to determine whether to limit the tax rate to no more than 8 percent above the effective tax rate.

The city bills and collects its own property taxes through a contractual agreement with the County of Hidalgo. Collections of the city taxes and remittance of them are accounted for in the County of Hidalgo Tax Collection Agency Fund. City property tax revenues are recognized when levied to the extent that they result in current receivables. January 1 is the assessment date. March 31 is the end of the rendition period for the Appraisal District.

By September 31, the City adopts the tax rate. On October 1 taxes are levied and payable by January 31. Property taxes attaches as an enforceable lien on property as of January 1. Uncollected taxes are placed in the hands of the attorney for legal action on February 1, following year of assessment.

Property tax is levied each October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the City. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the City Council. Appraised values are established by the Appraisal Board at 100% for estimated fair market value.

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE J.      PROPERTY TAX(CONT.)**

Taxes are due on October 1, the levy date, and are delinquent after the following, January 31. Tax liens are automatic on January 1 each year. The tax lien is part of a lawsuit for property that can be filed any time after taxes become delinquent (February 1), The City usually waits until after July 1 to file suits on real estate property. As of July 1, 15% collection costs may be added to all delinquent accounts. Current tax collections for the year ended September 30, 2008, were 92.91% of the tax levy.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

The City charter of the City of Weslaco, Texas does not provide for a debt limit, therefore, no computation can be made. However, at September 30, 2008, the City had a margin of \$1.8005 for every \$100 valuation based upon a maximum ad valorem tax of \$2.50 for every \$100 valuation imposed by Texas Constitution Law.

**NOTE K.      PENSION PLAN**

Employee Pension Plans (Other Than Fireman)  
Plan Description

The City provides pension benefits for all of its full-time employees, except the fire department employees, through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of over 821 administered by TMRS, an agent multiple-employer public employee retirement system. It is the opinion of the TMRS management that the plans in TMRS are substantially defined contribution plans, but they have elected to provide additional voluntary disclosure to help foster a better understanding of some of the nontraditional characteristics of the plan.

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE K. PENSION PLAN(CONT)**

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for services rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and monetary credits for service since the plan began, would be the total monetary credits and employees contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. The plan also provides death and disability benefits. A member is vested after 5 years, but he must leave his accumulated contributions in the plan. If a member withdraws his own money, he is not entitled to the employer-financed monetary credits, even if he was vested. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

**Contributions**

At September 30, 2008 the contributions rate for the employees was 7% and the City matching percent was 14%, both as adopted by the governing body of the City. Under the state law governing TMRS, the City contributions rate is annually determined by the actuary. The unit credit actuarial cost method is used for determining the contribution rate for each city. This rate consists of the normal cost contribution rate, both of which are calculated to be a level percent of payroll from year to year.

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE K. PENSION PLAN(CONT)**

The normal cost contribution rate finances the currently accruing monetary credits due to the city matching percent, which are the obligations of the City matching percent, which are the obligation of the City as of the employee's retirement date, not at the time the employee's contributions are made.

The normal cost contributions rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his retirement becomes effective.

The prior service contribution rate amortizes the unfunded (or over-funded) actuarial liability (asset) over the remainder of each plan's 25-year amortization period. Currently, the unfunded actuarial liability is being amortized over a 25-year open period. The employer contribution rate cannot exceed a statutory maximum rate that is a function of the employee contribution rate and the City matching percent. The maximum employer contribution rate is 14%. These maximum rates come into play only occasionally. Contributions are made monthly by both the employees and City. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is basis of the rate and the calendar year when the rate goes into effect.

The City's total payroll in fiscal year 2008 was \$11,952,182 and the City's contributions were based on a payroll of \$9,099,212. Both the City and the covered employees made the required contributions, amounting to \$984,969 (11.6% for calendar year 2007, and 14% for calendar year 2008) for the City, and \$685,259 (7%) for the employees. There were no related-party transactions. All contributions were made by their respective due dates.

**Funding Status and Programs**

Even though the substance of the City's plan is not to provide a defined benefit in some form, some additional voluntary disclosure is appropriate due to the nontraditional nature of the defined contribution plan which had an initial unfunded pension benefit obligation due to the monetary credits granted by the City for services rendered before the plan began and which can have additions to the unfunded pension benefit credits and benefits.

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE K. PENSION PLAN(CONT)**

Statement No. 27 of the Governmental Accounting Standards Board (GASB 5) defines Actuarial Accrued Liability (AAL) as a standardized disclosure measure of the actuarial present value of pension benefits, adjusted for the effects of projected salary increases, and estimated being payable in the future, as a result of employee service to date. The measure is intended to help users assess the funding progress over time, of public employee pension plans, in accumulating sufficient assets to pay benefits when due rather than placing under emphasis on current point-in-time measures.

The Actuarial Accrued Liability shown below is similar in nature to the standardized disclosure measure required by GASB #27 for defined benefit plans except that there is no need to project salary increases since the benefit credits earned for service to date are not dependant upon future salaries. The calculations were made as part of the annual actuarial valuation as of December 31, 2007. Because of the money-purchase nature of the plan, the interest rate assumption, currently 7.0% per year does not have as much impact on the results as it does for a defined benefit plan. Market value of investments is not determined for each City's plan. All investments for TMRS are at fair value at December 31, 2007. This is in accordance with the elected implementation of Governmental Accounting Standards Board Statement No. 25. The Texas Legislation, thru House Bill 1113 authorized the "Partial Lump Sum Distributions and the 'POP-UP'" factor. These provisions became effective September 1, 1997. This increases qualified employment under the Restricted Prior Service Credit.

The City of Weslaco is one of 821 municipalities having the benefit plan administered by TMRS. Each of the 821 Municipalities have an annual, individual actuarial valuation performed. All assumptions for the 12/31/07 valuations are contained in the 2007 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to: P.O. Box 149153, Austin, Texas 78714-9153.

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE K. PENSION PLAN(CONT)**

Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date	<u>12/31/07</u>	<u>12/31/06</u>	<u>12/31/05</u>
Actuarial Value of Assets	\$ 15,705,424	\$ 14,910,028	\$ 13,912,836
Actuarial Accrued Liability	25,524,437	19,506,553	18,092,798
Percentage Funded	61.5%	76.4%	76.9%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	9,819,013	4,596,525	4,179,962
Annual Covered Payroll (Calendar year)	9,099,212	7,821,257	7,955,459
UAAL as a Percentage of Covered Payroll	107.9%	58.7%	52.5%
Net Pension Obligation (NPO) at the Beginning of Period			
Annual Pension Cost:			
Annual Required Contribution (ARC)	984,969	734,622	569,881
Interest on NPO			
Adjustments to the ARC	-	-	-
Contributions Made	<u>984,969</u>	<u>734,622</u>	<u>569,881</u>
Increase in NPO			
NPO at the end of the period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The book value of assets is amortized cost for bonds and original cost for short-term securities and stock. The actuarial assumptions used to compute the actuarially determined City contribution rate are the same as those used to compute the actuarial accrued liability. The numbers above reflect changes in actuarial assumptions since the previous actuarial valuation, which had the effect of increasing the City's contribution rate by 2.4% for 2008. The 2009 rate will be 12.01% because of the one-year lag between the actuarial valuation date and the calendar year when the newly calculated rate goes into effect, the new actuarial assumptions will first affect the adoption of changes in the plan since the previous actuarial valuation, which had no effect of increasing the unfunded actuarial accrued liability by \$5,222,488.

**CITY OF WESLACO, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2008**

**NOTE K. PENSION PLAN(CONT)**

Firemen's Pension Plan

The Weslaco Fireman's Relief and Retirement Fund, administers a retirement plan for the employees of the fire department. All employees who are members of the fund on the valuation date are included in the valuation.

The date of the most recent valuation was December 31, 2003. The valuation was based on the plan of benefits in effect on the valuation date. Valuations are required on this fund every three years. The actuarial cost method used was the Entry Age Actuarial Cost Method. The unfunded accrued liability is being amortized with a level percentage of projected pay roll, assuming a 6.2% annual increase. At the current funding levels it is expected to be amortized over nine years.

The City of Weslaco contributed \$402,372 to the plan during this fiscal year including \$6,594 towards amortizing an unfunded accrued liability of \$2,976,827.

At the end of the fiscal year 2008 the City was contributing 11.60% on gross wages for all full-time foremen and \$240 annually for each volunteer fireman. The full-time firemen contributed 9% of their gross wages to the plan. In 2008 the Coty's contribution rate will increase to 12.01%.

Actuarial Present Value of Accrued Benefits	\$ 6,535,107
Actuarial Present Value of Assets	<u>(3,558,280)</u>
Unfunded Actuarial Accrued Liabilities	<u>\$ 2,976,827</u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE K. PENSION PLAN(CONT)**

Total assets include the present value of additional contributions of \$6,594 per year made by the volunteer firemen.

Other Plans

The City has deferred compensation plans created in accordance with the Internal Revenue Code Section 457. The plans are administered by independent plan administrators through administrative service agreements. One plan is available to all city employees, and the other plan is available to all employees of the Weslaco Fire Department.

Employees defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or financial hardship.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City, but not subject to the claims of the City's general creditors. Participants' rights under the plan are preferred to those of general creditors of the City in an amount equal to the fair market value of the deferred amount for each participant.

It is the option of the City's legal counsel that the City has no liability for losses under the plan agreement but does not have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE L.     OPERATING TRANSFERS**

Operating transfers at September 30, 2008 were as follows:

<b><u>GOVERNMENTAL FUNDS</u></b>	<b>Transfers In</b>	<b>Transfers Out</b>
	<u>          </u>	<u>          </u>
<b><u>General Fund</u></b>		
Water	\$ -	
Sewer	-	
Sanitation	-	
Airport	-	218,000
2007 Constructiion Fund	-	
New City Hall Project Fund	-	
Total General Fund	<u>-</u>	<u>218,000</u>
<b><u>Business Type Funds</u></b>		
<b><u>Enterprise Funds</u></b>		
<b>Water Fund</b>		
General Fund		-
New City Hall Project Fund		
Water & Sewer Reserve Fund	-	931,184
<b>Water &amp; Sewer Reserve</b>		
Water Fund	931,184	-
Sewer Fund	705,953	
Water & Sewer System	190,920	
Sanitation Fund	142,533	
<b>Sewer Fund</b>		
Water & Sewer Reserve Fund		705,953
<b>Sanitation Fund</b>		
Water & Sewer Reserve Fund		142,533
2003 C.O. Construction Fund	-	
<b>Water &amp; Sewer System</b>		
Water & Sewer Reserve		190,920
<b>Airport Fund</b>		
General Fund	<u>218,000</u>	
 Total Enterprise Funds	 <u>2,188,590</u>	 <u>1,970,590</u>
 Total All Funds	 <u>\$ 2,188,590</u>	 <u>\$ 2,188,590</u>

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

**NOTE M.     DEFERRED REVENUES**

Deferred Revenues at September 30, 2008 are composed of the following:

General Fund		
Taxes receivable net of allowances	\$ 1,151,642	
Total General Fund		\$ 1,151,642
Economic Development Corporation		
Total Economic Development Corporation	416,350	416,350
Debt Service Fund		
Taxes Recievable net of allowances	511,957	
Total Debt Service Fund		511,957
Total Deferred Revenues		\$ 2,079,949

**NOTE N.     COMMITMENTS**

The City contracts with the County of Hidalgo, Office of Tax Assessor-Collector to assess, maintain accountability, and collect its property taxes. The City is also committed to the Hidalgo County Appraisal District for the appraisal of property within the City. Also, October 1, 1993, the Sewer Plant Operations were contracted to OMI, a private management company. The water plant operations were contracted to OMI, on October 1994.

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE N. COMMITMENTS(CONT.)**

The brush collection was contracted to BFI on April 1996. Minimum annual payments are as follows for the fiscal year ended September 30, 2008.

	<u>2008</u>	<u>2007</u>
County of Hidalgo-Tax Collection	\$ 41,963	\$ 45,293
Hidalgo County Appraisal District	74,484	61,566
OMI Management Company Sewer Plant	1,298,847	1,265,549
OMI Management Company Water Plant	854,639	795,408
Allied Waste Services (Brush Collection)	765,715	746,918
Upper Valley Humane Society	60,774	70,395
Municipal Judges	87,180	50,996
Medical Doctors (EMS)	40,000	36,667
Caballero Governmental Affairs	60,000	60,000
Hollis Rutledge & Associates	<u>30,000</u>	<u>10,000</u>
 Total	 <u>\$ 3,313,602</u>	 <u>\$ 3,142,792</u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE N.      COMMITMENTS(CONT.)**

The Economic Development Corporation of Weslaco (EDC) extended economic incentives to private enterprises as follows:

	<u>Commitment</u>	<u>Paid in Prior Years</u>	<u>Paid in Current Year</u>	<u>Balance Due</u>
<b><u>Loan/Rent Incentives</u></b>				
Daniel E. Arnold	\$ 100,000	\$ 100,000	\$ -	\$ -
NICO-WFI, LLC	75,000	75,000		-
Tan 'US' Sales Company	570,000	570,000		-
Torres Espino Cabinets, Inc.	406,125	406,125		-
Irene's Tea Room	10,000	10,000		-
Caldwell/VSR	693,000	693,000		-
La Abuela Foods, Inc.	132,500	129,437		3,063
Ciro's Restaurant	30,000	30,000		-
Reyna Family Development	200,000	200,000		-
Plaza Los Encinos	60,000	60,000		-
RGV Express	90,000	90,000		-
<b>Total Loan/Rent Incentives</b>	<b>\$ 2,366,625</b>	<b>\$ 2,363,562</b>	<b>\$ -</b>	<b>\$ 3,063</b>
<b><u>Monetary/ Incentives</u></b>				
FedEX Ground Packaging	550,000	357,500	137,500	55,000
NICO-WFI, LLC.	110,000	100,000	-	10,000
Nico Tenant Building	180,000	-	-	180,000
Tan 'US' Sales Company (Payable over 7 years)	2,000,000	544,492	288,847	1,166,661
Sigma Foods	60,000	60,000	-	-
El Mexicano Bakery	4,000	4,000	-	-
Little Italy	16,000	16,000	-	-
Anabell Cardona	20,000	20,000	-	-
Anabell Cardona	400,000	3,402	245,820	150,778
TNT Investments	60,000	60,000	-	-
Mandujano Western Boots	33,300	-	33,300	-
Medical Safety Technologies	75,000	-	37,500	37,500
Builders First Source	94,000	-	47,000	47,000
Medina Real Estate	2,500	-	2,500	-
RDG Ande, LTD	50,848	-	-	50,848
Rio Bank	50,000	-	-	50,000
Grande Central Plaza	200,000	-	-	200,000
Trane (American Standard, Inc.)	125,000	-	125,000	-
Legacy Builders	24,000	-	24,000	-
Reyna Family Development	350,000	-	-	350,000
Cano Family Company	75,000	-	-	75,000
Water Ford Gardens	60,000	-	-	60,000
Mountain Glacier	75,000	-	37,500	37,500
Roy Ibanez	18,000	-	-	18,000
John Knox Village	60,000	-	-	60,000
SDI Weslaco Holding	600,000	-	-	600,000
Others	15,400	15,400	-	-
<b>Total Monetary Incentives</b>	<b>5,308,048</b>	<b>1,180,794</b>	<b>978,967</b>	<b>3,148,287</b>
<b>Total Commitment</b>	<b>\$ 7,674,673</b>	<b>\$ 3,544,356</b>	<b>\$ 978,967</b>	<b>\$ 3,151,350</b>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE N.      COMMITMENTS(CONT.)**

Subsequent year balances of \$3,151,350 are contingent on the business entities maintaining agreed upon employment levels and other conditions of the loan/grant incentives. This amount is not recognized as a liability in the financial statements.

**NOTE O.      CITY ADVISORY NON-PROFIT CORPORATION**

There are five non-profit corporations owned by the City of Weslaco that are used to attract and promote industry, hospital and housing facilities. The City Hospital and Housing Corporation (four) act as advisory boards which review and provide recommendations to the City Commission. There are no financial transactions involved. Weslaco Development Corporation absorbed the Weslaco Development Committee, Inc. assets and liabilities. The EDC operations are reported as a component unit in the Special Revenue Fund.

**NOTE P.      PROPRIETARY FUND-SANITARY LANDFILL**

Recognition of closure and post-closure costs

State and federal EPA laws require final cover closure as well as post-closure care of the City of Weslaco landfill site in Alton, Texas. The Governmental Accounting Standards Board issued Statement No. 18-Accounting for Municipal Solid Waste Landfill Closure and Post-Closure Care Costs. This statement addresses the financial statement effect of the EPA rules and state rules and requires that all closure is currently inactive. The closure and post-closure costs considered are based on this inactive state. If the landfill begins receiving wastes, the closure and post-closure and related liability balance will have to be revised based in the capacity of the landfill that will be used.

Approximately twenty-five percent of the landfill capacity has been used to date. Based in the current capacity used, \$919,704 is estimated as a closure and post-closure cost. The transfer station, underground petroleum storage tanks, closure and post-closure are estimated at \$131,556. The landfill has been closed and post-closure costs are estimated at \$1,051,260. These costs are currently reflected in the financial statements of the Sanitation Fund. As costs are incurred during the year, the liabilities will be reduced. The City met the state's financial assurance requirements during the current fiscal year. The landfill remains in an inactive status as of September 30, 2008. The post-closure costs include lab tests, gas

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE P.      PROPRIETARY FUND-SANITARY LANDFILL**

monitoring, leachate disposal and general monitoring maintenance during its inactive status.

**NOTE Q.      CONTINGENT LIABILITIES**

The City participates in a number of federally assisted grant programs, which are the Community Development Block Grants, Local Public Works Program and the Texas Department of Transportation. These programs are subject to program compliance audits by the grantors or their representatives. The audit of these programs for/or including the year ending September 30, 2008 have not yet been conducted. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

**NOTE R.      LITIGATION**

There are several pending lawsuits in which the City is involved. The City attorney estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial statements of the City at September 30, 2008.

**Required Supplementary  
Information**

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**CITY OF WESLACO**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**  
**AS OF SEPTEMBER 30, 2008**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
September 30, 2005	13,912,836	18,092,798	4,179,962	76.90%	7,955,459	52.54%
September 30, 2006	14,910,028	19,506,553	4,596,525	76.44%	7,821,257	58.77%
September 30, 2007	15,705,424	25,524,437	9,819,013	61.53%	9,099,212	107.91%

**General Fund**

## **GENERAL FUND**

The General Fund accounts for the resources used to finance the fundamental operations of the City. It is the basic fund of the City and covers all activities for which a separate fund has not been established.

**CITY OF WESLACO, TEXAS**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures</b>	<u>\$ (311,021)</u>	\$ (950,522)	<u>\$ (639,501)</u>
<b>Fund Balance, October 1,</b>		<u>737,441</u>	
<b>Fund Balance, September 30,</b>		<u><u>\$ (213,081)</u></u>	

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Taxes</b>			
General property taxes			
Advalorem taxes	\$ 5,931,237	\$ 5,699,524	\$ (231,713)
Penalties and interest on taxes	210,000	192,844	(17,156)
<b>Total General Property Taxes</b>	<u>6,141,237</u>	<u>5,892,368</u>	<u>(248,869)</u>
City sales tax	6,898,152	6,556,949	(341,203)
Alcoholic beverage tax	26,500	44,386	17,886
Bingo tax	3,000	2,967	(33)
Payment in lieu of taxes	-	-	-
Franchise taxes	1,858,240	1,878,604	20,364
Other	-	-	-
<b>Total Taxes</b>	<u>14,927,129</u>	<u>14,375,274</u>	<u>(551,855)</u>
<b>Licenses and Permits</b>			
Business licenses and permits	466,100	447,575	(18,525)
Non-business licenses and permits	35,700	42,308	6,608
<b>Total Licenses and Permits</b>	<u>501,800</u>	<u>489,883</u>	<u>(11,917)</u>
<b>Intergovernmental Revenue</b>			
Urban County Development Grant	36,605	96,073	59,468
Federal Grants	297,207	290,769	(6,438)
State Grants	84,444	799,179	714,735
<b>Total Intergovernmental Revenue</b>	<u>418,256</u>	<u>1,186,021</u>	<u>767,765</u>
<b>Charges for Services</b>			
Administrative fee (other city funds)	2,188,335	2,195,735	7,400
Public safety	703,500	959,521	256,021
Health	160,000	262,843	102,843
Cemetary charges	61,000	53,757	(7,243)
<b>Total Charges for Services</b>	<u>\$ 3,112,835</u>	<u>\$ 3,471,856</u>	<u>\$ 359,021</u>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Fines and Forfeits</b>			
Corporation court fines	\$ 594,500	\$ 616,379	\$ 21,879
Municipal court technology	-	-	-
Parking meter fines	2,000	4,819	2,819
Money confiscated	-	-	-
Court fines	65,000	106,308	41,308
<b>Total Fines and Forfeits</b>	<u>661,500</u>	<u>727,506</u>	<u>66,006</u>
<b>Interest</b>			
Interest revenue	110,000	56,054	(53,946)
<b>Total Interest</b>	<u>110,000</u>	<u>56,054</u>	<u>(53,946)</u>
<b>Miscellaneous Revenues</b>			
Rents	71,200	63,054	(8,146)
Royalties	3,000	4,958	1,958
Contribution	2,000	-	(2,000)
Other income	156,400	241,902	85,502
<b>Total Miscellaneous Revenues</b>	<u>232,600</u>	<u>309,914</u>	<u>77,314</u>
<b>Sale of Assets</b>			
Proceeds Sale of Assets	50,000	36,010	(13,990)
<b>Total Sale of Assets</b>	<u>50,000</u>	<u>36,010</u>	<u>(13,990)</u>
<b>Total Revenues</b>	20,014,120	20,652,518	638,398

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>GENERAL GOVERNMENT</b>			
<b>Control</b>			
<b>Legislative-City Commission</b>			
Personal services	\$ 9,689	\$ 10,544	\$ (855)
Other services & charges	145,850	172,284	(26,434)
Supplies	5,800	7,460	(1,660)
<b>Total Legislative-City Commission</b>	<u>161,339</u>	<u>190,288</u>	<u>(28,949)</u>
<b>Executive-/City Manager's Office</b>			
Personal services	205,687	205,074	613
Other services & charges	14,246	12,336	1,910
Supplies	3,250	3,526	(276)
<b>Total Executive-City Manager's Office</b>	<u>223,183</u>	<u>220,936</u>	<u>2,247</u>
<b>City Secretary's Office</b>			
Personal services	282,759	278,910	3,849
Other services & charges	28,550	18,390	10,160
Supplies	8,468	2,543	5,925
<b>Total City Secretary's Office</b>	<u>319,777</u>	<u>299,843</u>	<u>19,934</u>
<b>Municipal Court</b>			
Personal services	134,199	139,216	(5,017)
Other services & charges	97,180	95,335	1,845
Supplies	6,100	3,608	2,492
<b>Total Municipal Court</b>	<u>237,479</u>	<u>238,159</u>	<u>(680)</u>
<b>Total Control</b>	<u>941,778</u>	<u>949,226</u>	<u>(7,448)</u>
<b>Staff Agencies</b>			
<b>Elections</b>			
Personal services	-	2,251	(2,251)
Other services & charges	15,325	13,904	1,421
Supplies	6,500	6,550	(50)
<b>Total Elections</b>	<u>\$ 21,825</u>	<u>\$ 22,705</u>	<u>\$ (880)</u>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>GENERAL GOVERNMENT-continued</b>			
<b>Staff Agencies-continued</b>			
<b>Finance</b>			
Personal services	\$ 384,030	\$ 470,774	\$ (86,744)
Other services & charges	44,616	47,418	(2,802)
Supplies	5,700	5,671	29
<b>Subtotal</b>	<u>434,346</u>	<u>523,863</u>	<u>(89,517)</u>
Assessment and Collection of Taxes	<u>241,660</u>	<u>195,178</u>	<u>46,482</u>
<b>Total Finance</b>	<u>676,006</u>	<u>719,041</u>	<u>(43,035)</u>
<b>Personnel Director</b>			
Personal services	172,423	153,298	19,125
Other services & charges	20,831	34,257	(13,426)
Supplies	8,019	7,203	816
<b>Total Personnel Director</b>	<u>201,273</u>	<u>194,758</u>	<u>6,515</u>
<b>Purchasing</b>			
Personal services	222,022	206,234	15,788
Other services & charges	9,295	11,667	(2,372)
Supplies	3,070	3,310	(240)
<b>Total Purchasing</b>	<u>234,387</u>	<u>221,211</u>	<u>13,176</u>
<b>Law-City Attorney</b>			
Personal services	-	-	-
Other services & charges	265,200	514,969	(249,769)
Supplies	174	113	61
<b>Total Law</b>	<u>265,374</u>	<u>515,082</u>	<u>(249,769)</u>
<b>Building Maintenance</b>			
Personal services	405,400	388,137	17,263
Other services & charges	75,813	130,628	(54,815)
Supplies	37,747	42,858	(5,111)
<b>Total Building Maintenance</b>	<u>\$ 518,960</u>	<u>\$ 561,623</u>	<u>\$ (42,663)</u>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>GENERAL GOVERNMENT-continued</b>			
<b>Data Processing</b>			
Personal services	\$ 136,011	\$ 134,481	\$ 1,530
Other services & charges	117,600	100,794	16,806
Supplies	1,800	1,932	(132)
<b>Total Data Processing</b>	<u>255,411</u>	<u>237,207</u>	<u>18,204</u>
<b>Planning</b>			
Personal services	279,655	260,439	19,216
Other services & charges	14,850	11,276	3,574
Supplies	4,650	3,909	741
<b>Total Planning</b>	<u>299,155</u>	<u>275,624</u>	<u>23,531</u>
<b>Total Staff Agencies</b>	<u>2,472,391</u>	<u>2,747,251</u>	<u>(274,921)</u>
<b>Total General Government</b>	<u>\$ 3,414,169</u>	<u>\$ 3,696,477</u>	<u>\$ (282,369)</u>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>PUBLIC SAFETY</b>			
<b>Police Department</b>			
Investigation and Uniformed Patrol			
Personal services	\$ 5,418,177	\$ 5,809,573	\$ (391,396)
Other services & charges	236,715	182,918	53,797
Supplies	259,084	254,729	4,355
<b>Total Investigation and         Uniformed Patrol</b>	<u>5,913,976</u>	<u>6,247,220</u>	<u>(333,244)</u>
<b>Parking Control</b>			
Personal services	-	-	-
Other services & charges	-	-	-
Supplies	-	-	-
<b>Total Parking Control</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Traffic Safety</b>			
Personal services	100,761	47,807	52,954
Other services & charges	49,500	35,137	14,363
Supplies	23,750	10,749	13,001
<b>Total Police Department</b>	<u>6,087,987</u>	<u>6,340,913</u>	<u>(252,926)</u>
<b>Fire Suppression</b>			
Personal services	4,344,218	4,532,113	(187,895)
Other services & charges	167,738	168,342	(604)
Supplies	166,917	177,620	(10,703)
<b>Total Protective Inspection</b>	<u>4,678,873</u>	<u>4,878,075</u>	<u>(199,202)</u>
<b>Emergency Medical Services</b>			
Personal services	-	-	-
Other services & charges	209,185	289,113	(79,928)
Supplies	101,826	100,844	982
<b>Total Emergency Medical Services</b>	<u>\$ 311,011</u>	<u>\$ 389,957</u>	<u>\$ (78,946)</u>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>PUBLIC SAFETY-continued</b>			
<b>Code Enforcement</b>			
Personal services	\$ 538,736	\$ 510,422	\$ 28,314
Other services & charges	120,991	85,629	35,362
Supplies	29,772	26,103	3,669
<b>Total Code Enforcement</b>	<u>689,499</u>	<u>622,154</u>	<u>67,345</u>
<b>Emergency Management</b>			
Personal services	-	-	-
Other services & charges	58,579	691,756	(633,177)
Supplies	9,572	7,015	2,557
<b>Total Emergency Management</b>	<u>68,151</u>	<u>698,771</u>	<u>(630,620)</u>
<b>Total Fire Department</b>	<u>5,747,534</u>	<u>6,588,957</u>	<u>(841,423)</u>
<b>Total Public Safety</b>	<u>11,835,521</u>	<u>12,929,870</u>	<u>(1,094,349)</u>
<b>PUBLIC WORKS</b>			
<b>Administration</b>			
Personal services	106,583	99,711	6,872
Other services & charges	11,475	7,754	3,721
Supplies	4,500	5,300	(800)
<b>Total Administration</b>	<u>122,558</u>	<u>112,765</u>	<u>9,793</u>
<b>Urban Development</b>			
Personal services	352,213	74,810	277,403
Other services & charges	67,100	65,276	1,824
Supplies	5,872	9,037	(3,165)
<b>Total Urban Development</b>	<u>425,185</u>	<u>149,123</u>	<u>276,062</u>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>PUBLIC WORKS-continued</b>			
<b>Drain Ditch Maintenance</b>			
Personal services	\$ 39,185	\$ 38,529	\$ 656
Other services & charges	5,100	4,597	503
Supplies	11,624	24,978	(13,354)
<b>Total Drain Ditch Maintenance</b>	<u>55,909</u>	<u>68,104</u>	<u>(12,195)</u>
<b>Streets and Highways</b>			
Personal services	566,164	550,518	15,646
Other services & charges	70,145	60,895	9,250
Supplies	61,884	69,341	(7,457)
<b>Total Streets and Highways</b>	<u>698,193</u>	<u>680,754</u>	<u>17,439</u>
<b>Street Cleaning</b>			
Personal services	103,133	96,134	6,999
Other services & charges	8,755	5,354	3,401
Supplies	11,397	11,134	263
<b>Total Street Cleaning</b>	<u>123,285</u>	<u>112,622</u>	<u>10,663</u>
<b>Street Lighting</b>			
Other services & charges	430,000	444,447	(14,447)
<b>Total Street Lighting</b>	<u>430,000</u>	<u>444,447</u>	<u>(14,447)</u>
<b>Total Public Works</b>	<u>1,855,130</u>	<u>1,567,815</u>	<u>287,315</u>
<b>HEALTH</b>			
<b>Vital Statistics</b>			
Personal services	111,489	113,602	(2,113)
Other services & charges	15,525	14,736	789
Supplies	7,500	7,164	336
<b>Total Vital Statistics</b>	<u>134,514</u>	<u>135,502</u>	<u>(988)</u>
<b>Total Health</b>	<u>\$ 134,514</u>	<u>\$ 135,502</u>	<u>\$ (988)</u>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>CULTURE AND RECREATION</b>			
<b>Municipal Parks</b>			
Personal services	\$ 908,043	\$ 908,941	\$ (898)
Other services & charges	289,266	362,764	(73,498)
Supplies	39,328	46,269	(6,941)
<b>Total Municipal Parks</b>	<u>1,236,637</u>	<u>1,317,974</u>	<u>(81,337)</u>
<b>Swimming Pool</b>			
Personal services	41,109	42,696	(1,587)
Other services & charges	4,300	4,323	(23)
Supplies	12,100	11,852	248
<b>Total Swimming Pool</b>	<u>57,509</u>	<u>58,871</u>	<u>(1,362)</u>
<b>Total Culture &amp; Recreation</b>	<u>1,294,146</u>	<u>1,376,845</u>	<u>(82,699)</u>
<b>NON-DEPARTMENTAL EXPENSES</b>			
<b>General expenditures:</b>			
Personal services	753,938	799,980	(46,042)
Other services & charges	662,514	598,383	64,131
Supplies	44,043	36,879	7,164
Community expenditures-Urban County	-	-	-
Community development	-	-	-
Insurance	-	-	-
<b>Total Miscellaneous</b>	<u>1,460,495</u>	<u>1,435,242</u>	<u>25,253</u>
<b>CAPITAL OUTLAY</b>			
General Government	8,800	-	8,800
Public Safety	13,194	9,150	4,044
Public Works	-	6,342	(6,342)
Streets and Highways	-	-	-
Culture and Recreation	-	-	-
Non-Departmental	91,172	145,123	(53,951)
General Fixed Assets	-	82,673	(82,673)
Health	-	-	-
<b>Total Capital Outlay</b>	<u>113,166</u>	<u>243,288</u>	<u>(130,122)</u>
<b>Total Expenditures</b>	<u>\$ 20,107,141</u>	<u>\$ 21,385,039</u>	<u>\$ (1,277,959)</u>

**Special Revenues Funds**

### **Special Revenue Funds**

These fund accounts for revenues are earmarked or restricted for certain purposes or within certain limitations.

Economic Development Corporation of Weslaco- This fund was created to account for the collection of a ½ cent sales tax to be used in economic development activities.

Library Fund- This fund was created to account for sales tax allocations, grants and contributed revenues used to operate the Weslaco Library.

Hotel/Motel Tax Fund- This fund was created to account for hotel/motel tax collected in Weslaco. These funds are allocated for use in economic development and community enhancement.

**CITY OF WESLACO, TEXAS  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	<u>Economic Development Corporation</u>	<u>Library Fund</u>
<b>Revenues</b>		
Sales taxes	\$ 2,185,650	\$ -
Hotel taxes	-	-
Intergovernmental	-	116
Contributions	-	508
Interest	127,526	-
Program Income	187,056	-
Sale of assets	3,715,918	-
Other	69,020	-
<b>Total Revenues</b>	<u>6,285,170</u>	<u>624</u>
<b>Expenditures</b>		
Economic development	1,756,419	-
Culture & recreation	-	-
Capital outlay	307,097	-
<b>Total Expenditures</b>	<u>2,063,516</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>4,221,654</u>	<u>624</u>
<b>Other Financing Sources (Uses):</b>		
Notes proceeds	1,220,131	-
Bond retirement	(3,131,230)	-
Bond interest	(349,826)	-
Operating transfers in	-	-
Operating transfers out	-	-
<b>Net Other Financing Sources (Uses)</b>	<u>(2,260,925)</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses</b>	1,960,729	624
<b>Fund Balances at Beginning of Year</b>	<u>2,985,857</u>	<u>13,695</u>
<b>Fund Balances at End of Year</b>	<u>\$ 4,946,586</u>	<u>\$ 14,319</u>

<u>Hotel/ Motel Tax</u>	<u>Totals</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 470,369	\$ 2,656,019	\$ 2,661,013	\$ (4,994)
-	-	-	-
-	116	-	116
-	508	-	508
-	127,526	82,980	44,546
-	187,056	153,786	33,270
-	3,715,918	1,086,975	2,628,943
-	69,020	-	69,020
<u>470,369</u>	<u>6,756,163</u>	<u>3,984,754</u>	<u>2,771,409</u>
-	1,756,419	4,110,225	2,353,806
438,594	438,594	463,412	24,818
-	307,097	-	(307,097)
<u>438,594</u>	<u>2,502,110</u>	<u>4,573,637</u>	<u>2,071,527</u>
31,774	4,254,052	(588,883)	4,842,935
-	1,220,131	-	1,220,131
-	(3,131,230)	-	(3,131,230)
-	(349,826)	-	(349,826)
-	-	-	-
-	-	-	-
-	(2,260,925)	-	(2,260,925)
31,774	6,514,977	(588,883)	7,103,860
<u>785,965</u>	<u>3,944,447</u>		
<u>\$ 817,739</u>	<u>\$ 10,459,424</u>		

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**ECONOMIC DEVELOPMENT CORPORATION OF WESLACO**

**CITY OF WESLACO, TEXAS  
ECONOMIC DEVELOPMENT CORPORATION  
OF WESLACO  
COMPARATIVE SCHEDULE OF EXPENDITURES  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

<b>Administration</b>	
Personal services	44,295
Other services & charges	124,223
<b>Total Administration</b>	<u>168,518</u>
<b>Property Management</b>	
Personal services	93,523
Other services & charges	209,074
Bad debt expense	-
<b>Total Property Management</b>	<u>302,597</u>
<b>Promotion &amp; Development</b>	
Personal services	65,694
Consultants	67,111
Other services & charges	32,148
<b>Total Promotion &amp; Development</b>	<u>164,953</u>
<b>Contract Services-Funding of Economic Development Projects</b>	
Weslaco Chamber of Commerce	65,000
Marines Bakery	-
Valley Nature Center	24,000
Vida Grant	25,000
Hidalgo County Juvenile Program	4,700
Walgreen's/Shamrock	-
Granado's Service Station	10,709
Que-Tal Productions	10,000
Mighty Joe's Gym	1,975
<b>Total Contract Services</b>	<u>141,384</u>
<b>Economic Incentives to Area Businesses:</b>	
Tan 'US Sales Company	288,847
TNT Investments	-
Sigma Foods	-
El Mexicano Bakery	-
Fed-Ex Ground	137,500
Little Italy	-
Anabell Cardona	-
Anabell Cardona	245,820
Medical Safety Technologies	37,500
Builder's First Source	47,000
Medina Real Estate	2,500
Trane (American Standard, Inc.)	125,000
Legacy Builder's	24,000
Mountain Glacier	37,500
Mandujano Western Boots	33,300
<b>Total Economic Incentives</b>	<u>\$ 978,967</u>

**CITY OF WESLACO, TEXAS**  
**ECONOMIC DEVELOPMENT CORPORATION**  
**OF WESLACO**  
**COMPARATIVE SCHEDULE OF EXPENDITURES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

<b>Capital Outlay</b>			\$ -
Administration			-
Land & Building		307,097	
Parking lot			-
Vehicles			-
<b>Total Capital Outlay</b>		307,097	
 <b>Debt Service</b>			
Principal on bonds and notes		3,131,230	
Loan refinancing costs			-
Interest on bonds and notes		348,033	
Contingency expense			-
Fiscal charges		1,793	
<b>Total Debt Service</b>		3,481,056	
<b>Total Expenditures</b>			\$ 5,544,572

**Debt Service**

## **DEBT SERVICE FUND**

### **GENERAL OBLIGATION BONDS**

This fund is used to account for payment of principal and interest on the general long-term debt of the City. Financing is provided by apportioning a percentage of the property tax levy of the City to meet the general obligation bond requirements.

**CITY OF WESLACO, TEXAS  
DEBT SERVICE FUND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

<b>Assets</b>	
Cash	\$ 5,333
Investments	-
Taxes receivable net of estimated uncollectible taxes	543,556
Due from other funds	<u>72,568</u>
<b>Total Assets</b>	<b><u><u>\$ 621,457</u></u></b>
 <b>Liabilities and Fund Balances</b>	
<b>Liabilities</b>	
Accounts payable	\$ 299
Interest payable	-
Deferred revenues-tax	<u>511,957</u>
<b>Total Liabilities</b>	<b><u>512,256</u></b>
 <b>Fund Balances</b>	
Reserved for debt service	<u>109,201</u>
 <b>Total Liabilities and Fund Balances</b>	 <b><u><u>\$ 621,457</u></u></b>

**CITY OF WESLACO, TEXAS  
DEBT SERVICE FUND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

<b>Revenues</b>	
Property taxes	\$ 1,964,704
Penalty/interest	88,061
Interest	8,065
Other	20,986
<b>Total Revenues</b>	<b>2,081,816</b>
 <b>Expenditures</b>	
Debt service	
Defeased Bonds	-
Redemption of serial bonds	1,046,680
Redemption of assumed	
Water District debt	-
Interest on bonds and notes	1,214,180
Fiscal charges	4,700
Bond Issuance Costs	-
Rebatable Arbitrage	-
<b>Total Expenditures</b>	<b>2,265,560</b>
<b>Excess (Deficiency) of Revenues Over Expenditure</b>	<b>(183,744)</b>
 <b>Other Financing Sources</b>	
Bond Proceeds/Interest	-
Transfers In	-
	-
<b>Excess of Revenues and Other Sources, Over-Expenditures</b>	<b>(183,744)</b>
Fund Balances, October 1,	292,945
<b>Fund Balances, September 30,</b>	<b>\$ 109,201</b>

**CITY OF WESLACO, TEXAS  
DEBT SERVICE FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

<b>Interest and Sinking Fund</b>			
	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Property taxes	\$ 2,019,813	\$ 1,964,704	\$ (55,109)
Penalty and Interest	100,000	88,061	(11,939)
Interest	8,000	8,065	65
Other	-	20,986	20,986
<b>Total Revenues</b>	<b>2,127,813</b>	<b>2,081,816</b>	<b>(45,997)</b>
<b>Expenditures</b>			
Debt service			
Defeased bonds	-	-	-
Redemption of serial bonds	1,116,983	1,046,680	70,303
Redemption of assumed	-	-	-
Water District debt	-	-	-
Interest on bonds and notes	937,162	1,214,180	(277,018)
Fiscal charges	10,000	4,700	5,300
Bond issuance costs	-	-	-
Arbitrage liability	-	-	-
<b>Total Expenditures</b>	<b>2,064,145</b>	<b>2,265,560</b>	<b>(201,415)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>63,668</b>	<b>(183,744)</b>	<b>(247,412)</b>
<b>Other Financing Sources</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Excess of Revenues and Other Sources, Over-Expenditures</b>	<b>\$ 63,668</b>	<b>(183,744)</b>	<b>\$ (247,412)</b>
Fund Balance, October 1,		292,945	
<b>Fund Balance, September 30,</b>		<b>\$ 109,201</b>	

**Capital Projects Funds**

**CAPITAL PROJECTS FUND**

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## **CAPITAL PROJECTS FUNDS**

These funds are used to account for revenues and expenditures relating to the acquisition of capital facilities and are principally financed from the sale of bonds and federal or state grants-in-aid.

1999 Construction Fund- accounts for infrastructure improvements and Y2K computer upgrades. Part of the infrastructure improvements \$1,730,952 are for Water & Sewer Water Projects. These projects are financed by the Tax and Water & Sewer Systems (limited pledge) Revenue Certificate of Obligation Series 1999, for \$8,290,000. \$6,559,048 is for general government projects.

2003 Certificate of Obligation Construction Fund- accounts for street improvements, public facilities, park improvements, main street beautification, landfill closure costs, and fire and EMS equipment. These projects are financed by the Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2003 for \$14,080,000.

2007 Certificate of Obligation Construction Fund- accounts for street improvements, acquisition of equipment for police department and fire suppression department, renovation of public works building, and improvement to the library facilities. These projects are financed by the Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2007 for \$6,105,000 allocation.

**CITY OF WESLACO, TEXAS  
CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEETS  
SEPTEMBER 30, 2008**

	<b>1999 Construction Fund</b>	<b>2003 Certificate Of Obligation Construction Fund</b>	<b>2007 Certificate of Obligation Construction Fund</b>	<b>Total</b>
<b>Assets</b>				
Cash	\$ -	\$ 517,515	\$ 2,407,651	\$ 2,925,166
Investments				
Due from other funds				
Due from others			141	141
<b>Total Assets</b>	<u>\$ -</u>	<u>\$ 517,515</u>	<u>\$ 2,407,792</u>	<u>\$ 2,925,307</u>
<b>Liabilities</b>				
Contract payable	\$ -	\$ 97,117	\$ 280,955	\$ 378,072
Retaining payable				-
Due to others				
Due to other funds				
<b>Total Liabilities</b>	<u>-</u>	<u>97,117</u>	<u>280,955</u>	<u>378,072</u>
<b>Fund Balance</b>				
Unreserved-designated for capital expenditures		420,399	2,126,837	2,547,236
<b>Total Liabilities and Fund Balance</b>	<u>\$ -</u>	<u>\$ 517,515</u>	<u>\$ 2,407,792</u>	<u>\$ 2,925,307</u>

**CITY OF WESLACO, TEXAS  
CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	1999 Construction Fund	2003 Certificate of Obligation Construction Fund	2007 Certificate of Obligation Construction Fund	Total
<b>Revenues</b>				
Interest	\$ 782	\$ 46,055	\$ 209,448	\$ 256,285
Intergovernmental revenues	-	-	-	-
Miscellaneous revenue	-	-	-	-
<b>Total Revenue</b>	<u>782</u>	<u>46,055</u>	<u>209,448</u>	<u>256,285</u>
<b>Expenditures</b>				
Administration expenditures	-	-	-	-
Capital outlay				
Street improvements	-	187,707	-	187,707
Drainage improvements	-	-	-	-
Park improvements	-	31,933	-	31,933
Mainstreet improvements	-	425,405	-	425,405
Sanitation landfill	-	85,480	-	85,480
City Hall construction	-	-	-	-
Building improvements	67,135	-	4,089,361	4,156,496
Equipment	-	270,812	-	270,812
Community service equipment	-	-	-	-
Land Acquisition	-	279,500	-	279,500
Cemetery improvements	-	25,056	-	25,056
<b>Total Expenditures</b>	<u>67,135</u>	<u>1,305,893</u>	<u>4,089,361</u>	<u>5,462,389</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(66,353)</u>	<u>(1,259,837)</u>	<u>(3,879,913)</u>	<u>(5,206,103)</u>
<b>Other financing sources (uses)</b>				
Bond Proceeds	-	-	-	-
Bond Issuance Costs	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>(66,353)</u>	<u>(1,259,837)</u>	<u>(3,879,913)</u>	<u>(5,206,103)</u>
<b>Fund Balances, October 1,</b>	66,353	1,680,236	6,006,750	7,753,339
<b>Fund Balances, September 30,</b>	<u>\$ -</u>	<u>\$ 420,399</u>	<u>\$ 2,126,837</u>	<u>\$ 2,547,236</u>

**CITY OF WESLACO, TEXAS**  
**2007 CERTIFICATE OF OBLIGATION CONSTRUCTION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE-BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Interest	\$ -	\$ 209,448	\$ 209,448
Intergovernmental revenues	-	-	-
Miscellaneous revenue	-	-	-
Total Revenue	-	209,448	209,448
<b>Expenditures</b>			
Administration expenditures	-	-	-
Capital outlay			
Generator - Public Safety Bldg	140,000	143,254	(3,254)
Generator - Fire Station #2	35,000	-	35,000
Gallon Tanker - 3,000 (gal)	250,000	201,091	48,909
Brush Trucks	65,000	129,695	(64,695)
Rescue Truck - Pumper	500,000	443,410	56,590
Carpeting - Library Media Center	200,000	195,257	4,743
Remount EMS Units	143,200	25,539	117,661
Emergency Med Srvc - Units	300,000	293,132	6,868
Sugarcane St (5 1/2 to Mile 6)	500,000	84,185	415,815
Border St (18th to 34th)	1,000,000	153,305	846,695
Truck (1 ton) with tow pkg	42,000	36,361	5,639
Ambulance - Type I	100,000	10,191	89,809
Street Resurfacing	674,800	674,247	553
Crown Victoria w/code 3 Equip	380,000	373,800	6,200
Frost Proof Drive	-	40,030	(40,030)
Renavation - Pub Wrks Bldg	1,525,000	1,243,282	281,718
Reserved	250,000	43,245	206,755
Debt Service			
Bond Issuance Costs	-	(663)	663
Total Expenditures	6,105,000	4,089,361	2,014,976
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (6,105,000)</b>	<b>(3,879,913)</b>	<b>\$ (1,805,528)</b>
 Fund Balances, October 1,		6,006,750	
Fund Balances, September 30,		\$ 2,126,837	



## **ENTERPRISE FUND**

Enterprise Funds are established to account for operations which are self-supporting through user charges to the general public. The City of Weslaco operates the water and sewer utility plants and the municipal airport on this basis.

Water and Sewer Fund- accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration (utility director, operations, maintenance, financing and related debt service, and billing and collection).

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

Sanitation Fund- accounts for the provision of sanitation services to the residents of the City. All activities necessary to provide such services are accounted for in this fund. Prior to 1994 sanitation services were accounted in the City of Weslaco General Fund.

**CITY OF WESLACO, TEXAS  
ENTERPRISE FUND  
COMBINING BALANCE SHEETS  
SEPTEMBER 30, 2008**

<b>Assets</b>	<b>Water and Sewer Fund</b>	<b>Sanitation Fund</b>	<b>Airport Fund</b>	<b>Totals</b>
<b>Current Assets</b>				
Cash	\$ 1,984	\$ 365,757	\$ 83,109	\$ 450,850
Investments	-	-	-	-
Receivables	-	-	-	-
Customers (net of allowance)	805,876	403,131	7,215	1,216,222
Inventory	99,321	-	62,411	161,732
Prepaid Expenses	-	-	-	-
Due from other funds	1,526,300	-	-	1,526,300
Due from other governments	-	-	1,495	1,495
Due from others	-	-	-	-
<b>Total Current Assets</b>	<b>2,433,481</b>	<b>768,888</b>	<b>154,230</b>	<b>3,356,599</b>
<b>Restricted Assets</b>				
Cash Escrow (TXDOT)	-	-	28,910	28,910
Construction account	-	-	-	-
Cash in bank	-	-	-	-
Investments	-	-	-	-
Due from other funds	-	-	-	-
Revenue bond debt service account	-	-	-	-
Revenue bond reserve account	476,188	-	-	476,188
Revenue bond construction account	18,586,893	-	-	18,586,893
Capital fee for construction	-	-	-	-
Investments	1,579,215	-	-	1,579,215
<b>Total Restricted Assets</b>	<b>20,642,296</b>	<b>-</b>	<b>28,910</b>	<b>20,671,206</b>
<b>Property, Plant, and Equipment</b>				
Water and sewer plant	48,314,983	-	-	48,314,983
Sanitation fixed assets	-	3,108,341	-	3,108,341
Airport fixed assets	-	-	7,093,082	7,093,082
<b>Total</b>	<b>48,314,983</b>	<b>3,108,341</b>	<b>7,093,082</b>	<b>58,516,406</b>
Less: Allowances for depreciation	(19,188,681)	(2,160,167)	(2,569,722)	(23,918,570)
<b>Net Property, Plant, and Equipment</b>	<b>29,126,302</b>	<b>948,174</b>	<b>4,523,360</b>	<b>34,597,836</b>
<b>Total Assets</b>	<b>\$ 52,202,079</b>	<b>\$ 1,717,062</b>	<b>\$ 4,706,500</b>	<b>\$ 58,625,641</b>

**CITY OF WESLACO, TEXAS  
ENTERPRISE FUND-COMBINING BALANCE SHEETS  
SEPTEMBER 30, 2008**

	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Airport Fund</u>	<u>Totals</u>
<b>Liabilities and Equity</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 488,160	\$ 299,649	\$ 49,782	\$ 837,591
Accrued salaries and payroll taxes	-	-	-	-
Compensated absences	161,884	70,558	76,799	309,241
Due to other funds	600,000	606,300	-	1,206,300
Customer deposits	671,837	-	2,501	674,338
Other liabilities	47,772	-	-	47,772
<b>Total Current Liabilities</b>	<u>1,969,653</u>	<u>976,507</u>	<u>129,082</u>	<u>3,075,242</u>
<b>Current Liabilities Payable from Restricted Assets</b>				
Construction contracts and retainage	-	-	-	-
Accrued interest on bonds	200,439	-	-	200,439
Revenue bonds payable-current	790,096	-	-	790,096
<b>Total Current Liabilities Payable from Restricted Assets</b>	<u>990,535</u>	<u>-</u>	<u>-</u>	<u>990,535</u>
<b>Other Liabilities</b>				
Revenue bonds payable (net of current and unamortized issuance costs)	27,336,727	310,105	-	27,646,832
Landfill closure and post-closure costs	-	1,051,260	-	1,051,260
<b>Total Other Liabilities</b>	<u>27,336,727</u>	<u>1,361,365</u>	<u>-</u>	<u>28,698,092</u>
<b>Total Liabilities</b>	<u>30,296,915</u>	<u>2,337,872</u>	<u>129,082</u>	<u>32,763,869</u>
<b>Equity</b>				
<b>Contributed Capital</b>				
Contributed capital donation	11,000	-	-	11,000
Contribution from City	3,304,737	3,801,456	1,398,150	8,504,343
Contributions in Aid of Construction	707,629	-	-	707,629
Contributions from State Grants	3,954,105	-	1,617,395	5,571,500
Contributions from Revenue Sharing Fund	-	-	175,130	175,130
Contributions from Federal Grants	5,114,658	8,187	3,391,137	8,513,982
<b>Total Contributed Capital</b>	<u>13,092,129</u>	<u>3,809,643</u>	<u>6,581,812</u>	<u>23,483,584</u>
<b>Retained Earnings</b>				
Reserve for bond debt service	1,623,472	-	-	1,623,472
Unreserved (Deficit)	7,189,563	(4,430,453)	(2,004,394)	754,716
<b>Total Retained Earnings</b>	<u>8,813,035</u>	<u>(4,430,453)</u>	<u>(2,004,394)</u>	<u>2,378,188</u>
<b>Total Equity</b>	<u>21,905,164</u>	<u>(620,810)</u>	<u>4,577,418</u>	<u>25,861,772</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 52,202,079</u>	<u>\$ 1,717,062</u>	<u>\$ 4,706,500</u>	<u>\$ 58,625,641</u>

**CITY OF WESLACO, TEXAS**  
**ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	Water and Sewer Fund	Sanitation Fund	Airport Fund	Totals
<b>Operating Revenues</b>				
Water sales	\$ 4,159,964	\$ -	\$ -	\$ 4,159,964
Sewer charges	3,375,730			3,375,730
Sanitation charges		3,589,119		3,589,119
Fuel sales			463,793	463,793
Hangar rental fees			44,245	44,245
Intergovernmental Revenues				-
Other Operating Revenues	188,504	75,472	10,250	274,226
<b>Total Operating Revenues</b>	<u>7,724,198</u>	<u>3,664,591</u>	<u>518,288</u>	<u>11,907,077</u>
<b>Operating Expenses Before Depreciation</b>				
Personal services	1,291,413	566,088	212,443	2,069,944
Other services and charges	1,005,956	844,391	123,899	1,974,246
Supplies	373,062	288,908	525,451	1,187,421
Contractual services	4,025,921	1,692,291		5,718,212
<b>Total Operating Expenses</b>	<u>6,696,352</u>	<u>3,391,678</u>	<u>861,793</u>	<u>10,949,823</u>
<b>Operating Income Before Depreciation</b>	1,027,846	272,913	(343,505)	957,254
Depreciation	(1,674,183)	(174,343)	(230,635)	(2,079,161)
<b>Operating Income (Loss)</b>	<u>(646,337)</u>	<u>98,570</u>	<u>(574,140)</u>	<u>(1,121,907)</u>
<b>Non-operating Revenues (Expenses)</b>				
Interest earned	907,122	8,541	1,170	916,833
Unrealized loss on investments	-			-
Administrative fees	275,098			275,098
Sewer backup issues	-			-
Bond interest and fiscal charges	(2,356,033)			(2,356,033)
Capital improvement fee	631,599			631,599
Operating grants			121,040	121,040
Sale of land	-			-
<b>Total Non-operating Revenues (Expenses)</b>	<u>(542,214)</u>	<u>8,541</u>	<u>122,210</u>	<u>(411,463)</u>
<b>Income (Loss) Before Operating Transfers</b>	(1,188,551)	107,111	(451,930)	(1,533,370)
<b>Operating Transfers</b>				
Operating Transfers In	1,970,590	-	218,000	2,188,590
Operating Transfers (Out)	(1,828,057)	(142,533)		(1,970,590)
<b>Total Net Operating Transfers</b>	<u>142,533</u>	<u>(142,533)</u>	<u>218,000</u>	<u>218,000</u>
<b>Net Income (Loss)</b>	(1,046,018)	(35,422)	(233,930)	(1,315,370)
<b>Retained Earnings, October 1,</b>	<u>9,859,053</u>	<u>(4,395,031)</u>	<u>(1,770,464)</u>	<u>3,693,558</u>
<b>Retained Earnings, (Deficit) September 30,</b>	<u>\$ 8,813,035</u>	<u>\$ (4,430,453)</u>	<u>\$ (2,004,394)</u>	<u>\$ 2,378,188</u>

**CITY OF WESLACO, TEXAS  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	<b>Water and Sewer Fund</b>	<b>Sanitation Fund</b>	<b>Airport Fund</b>	<b>Totals</b>
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 6,876,360	\$ 3,632,697	\$ 512,621	\$ 11,021,678
Cash received from others	-	-	-	-
Cash received from operating grants	-	119,000	-	119,000
Cash received from other funds for services	(4,417,070)	(2,850,027)	(628,117)	(7,895,214)
Cash payments to suppliers for goods and services	(1,256,254)	(602,643)	(206,431)	(2,065,328)
Cash payments to employees for services	-	6,300	-	6,300
Cash payments to other funds for services	-	-	-	-
Net cash provided (used) by operating activities	<u>1,203,036</u>	<u>305,327</u>	<u>(321,927)</u>	<u>1,186,436</u>
<b>Cash flows from non-capital financing activities:</b>				
Grants	-	-	121,040	121,040
Transfers from other funds	1,970,590	-	218,000	2,188,590
Transfers to other funds	<u>(1,828,057)</u>	<u>(142,533)</u>	-	<u>(1,970,590)</u>
Net cash provided (used) by non-capital financing activities	<u>142,533</u>	<u>(142,533)</u>	<u>339,040</u>	<u>339,040</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	(3,165,573)	-	(1,729)	(3,167,302)
Casualty loss	-	-	-	-
Proceeds from sales of capital assets	-	-	-	-
Retirement of accounts payable	-	-	-	-
Capital improvements/administrative fees	906,697	-	-	906,697
Interest paid on bonds	(2,356,033)	-	-	(2,356,033)
Retirement of bonds	(744,709)	-	-	(744,709)
Bond Proceeds (net)	-	(45,000)	-	(45,000)
Landfill closure costs	-	(145,679)	-	(145,679)
Contributed capital	<u>377,763</u>	<u>85,500</u>	-	<u>463,263</u>
Net cash provided (used) from capital and related financing activities	<u>\$ (4,981,855)</u>	<u>\$ (105,179)</u>	<u>\$ (1,729)</u>	<u>\$ (5,088,763)</u>

Continued

**CITY OF WESLACO, TEXAS  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	<b>Water and Sewer Fund</b>	<b>Sanitation Fund</b>	<b>Airport Fund</b>	<b>Totals</b>
<b>Cash flow from investing activities:</b>				
Interest on cash and investments	\$ 907,122	\$ 8,541	\$ 1,170	\$ 916,833
Unrealized loss on investments	-			-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,729,164)</b>	<b>66,156</b>	<b>16,554</b>	<b>(2,646,454)</b>
Cash and cash investments, October 1	<u>23,373,444</u>	<u>299,601</u>	<u>95,465</u>	<u>23,768,510</u>
Cash and cash investments, September 30	<u><u>\$ 20,644,280</u></u>	<u><u>\$ 365,757</u></u>	<u><u>\$ 112,019</u></u>	<u><u>\$ 21,122,056</u></u>
<b>Reconciliation of income (losses) from operations to net cash provided (used) by operating activities:</b>				
Income (loss) from operations	\$ (646,337)	\$ 98,570	\$ (574,140)	\$ (1,121,907)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operations activities				
Depreciation	1,674,183	174,343	230,635	2,079,161
Provision for doubtful accounts				
Change in assets and liabilities				
(Increase) decrease in accounts receivables	1,889	(31,894)	(5,667)	(35,672)
(Increase) decrease in due from other funds	(926,300)	-	-	(926,300)
(Increase) decrease in due from others	10,203	119,000	(779)	128,424
(Increase) in inventories	(2)	-	(18,714)	(18,716)
Increase (decrease) in due to other funds	600,000	-	-	600,000
Increase (decrease) in accounts payable	377,886	(24,437)	40,876	394,325
Increase (decrease) in deposits	66,370	-	(150)	66,220
Increase (decrease) in other liabilities	9,985	6,300	-	16,285
Increase (decrease) for compensated absences	35,159	(36,555)	6,012	4,616
Reallocated in fixed assets				
<b>Net cash provided (used) by operating activities</b>	<u><u>\$ 1,203,036</u></u>	<u><u>\$ 305,327</u></u>	<u><u>\$ (321,927)</u></u>	<u><u>\$ 1,186,436</u></u>
<b>Reconciliation of total cash and cash investments</b>				
Current assets-cash and cash investments	\$ 1,984	\$ 365,757	\$ 83,109	\$ 450,850
Restricted assets-cash and cash investments	<u>20,642,296</u>	<u>-</u>	<u>28,910</u>	<u>20,671,206</u>
<b>Total cash and cash investments</b>	<u><u>\$ 20,644,280</u></u>	<u><u>\$ 365,757</u></u>	<u><u>\$ 112,019</u></u>	<u><u>\$ 21,122,056</u></u>

**Water & Sewer Funds**

**WATER AND SEWER FUND**

**CITY OF WESLACO, TEXAS  
WATER AND SEWER FUND  
BALANCE SHEET  
SEPTEMBER 30, 2008**

<b>Assets</b>	
<b>Current Assets</b>	
Cash	\$ 1,984
Investments	-
Accounts receivable (net of allowance)	805,876
Inventory	99,321
Due from other funds	1,526,300
Due from others	-
<b>Total Current Assets</b>	<u>2,433,481</u>
<b>Restricted Assets</b>	
Revenue bond debt service	-
Revenue bond reserve	-
Cash	-
Revenue bond debt service	476,188
Revenue bond construction	18,586,893
Capital Fee for Construction	-
Investments	1,579,215
<b>Total Restricted Assets</b>	<u>20,642,296</u>
<b>Property, Plant, and Equipment</b>	
Water Plant in service	18,601,749
Sewer Plant in service	<u>29,713,234</u>
Total Property, Plant, and Equipment	48,314,983
Less: Accumulated depreciation	<u>(19,188,681)</u>
<b>Total Net Property, Plant, and Equipment</b>	<u>29,126,302</u>
<b>Total Assets</b>	<u><u>\$ 52,202,079</u></u>

**CITY OF WESLACO, TEXAS  
WATER AND SEWER FUNDS  
BALANCE SHEET  
SEPTEMBER 30, 2008**

**Liabilities and Equity**

**Current Liabilities**

Payable from current assets	
Accounts payable	488,160
Accrued salaries and payroll taxes	-
Compensated absences	161,884
Due to other funds	600,000
Customer deposits	671,837
Other liabilities	<u>47,772</u>
<b>Total Current Liabilities</b>	<u><b>1,969,653</b></u>

**Payable from Restricted Assets**

Construction contracts and retainage	
Accrued interest on bonds	200,439
Revenue bonds payable-current	<u>790,096</u>
<b>Total Payable from Restricted Assets</b>	<u><b>990,535</b></u>

**Other Liabilities**

Revenue bonds payable (net of current and unamortized issuance costs)	<u>27,336,727</u>
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<b>Total Liabilities</b>	<u><b>30,296,915</b></u>
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**Equity**

Contributed Capital	
Contributions from Individuals	11,000
Contributions from City	3,304,737
Contributions in Aid of Construction	707,629
Contributions from State Grants	3,954,105
Contributions from Federal Grants	<u>5,114,658</u>
<b>Total Contributed Capital</b>	<u><b>13,092,129</b></u>

**Retained Earnings**

Reserve for bond debt service	1,623,472
Unreserved	<u>7,189,563</u>
<b>Total Retained Earnings</b>	<u><b>8,813,035</b></u>

<b>Total Equity</b>	<u><b>21,905,164</b></u>
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<b>Total Liabilities and Fund Equity</b>	<u><b>\$ 52,202,079</b></u>
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**CITY OF WESLACO, TEXAS  
WATER AND SEWER FUNDS  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN RETAINED EARNINGS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

<b>Operating Revenues</b>	
Water Sales	4,159,964
Sewer charges	3,375,730
Other Operating Revenues:	
Tap fees	43,745
Penalties	79,649
Intergovernmental Revenues	-
Contributions	-
Miscellaneous	65,110
<b>Total Operating Revenues</b>	<u>7,724,198</u>
<b>Operating Expenses Before Depreciation</b>	
Personal services	1,291,413
Other services and charges	1,005,956
Supplies	373,062
Contractual services-operations	2,153,486
Contractual services-administrative	1,872,435
<b>Total Operating Expenses</b>	<u>6,696,352</u>
<b>Operating Income Before Depreciation</b>	1,027,846
Depreciation	<u>(1,674,183)</u>
<b>Operating Income (Loss)</b>	<u>(646,337)</u>
<b>Non-operating Revenues (Expenses)</b>	
Interest earned	907,122
Unrealized loss on investments	-
Administrative fees	275,098
Sewer backup issues	-
Bond interest and fiscal charges	(2,356,033)
Capital Improvement fee	631,599
<b>Total Non-operating Revenues (Expenses)</b>	<u>(542,214)</u>
<b>Income (Loss) Before Operating Transfers</b>	(1,188,551)
<b>Operating Transfers</b>	
Operating Transfers In	1,970,590
Operating Transfers (Out)	<u>(1,828,057)</u>
<b>Total Net Operating Transfers</b>	142,533
<b>Net Income (Loss)</b>	(1,046,018)
<b>Retained Earnings, October 1</b>	<u>9,859,053</u>
<b>Retained Earnings, September 30</b>	<u>\$ 8,813,035</u>

**CITY OF WESLACO, TEXAS  
WATER AND SEWER FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

<b>Cash flows from operating activities:</b>		\$ 6,876,360
Cash received from customers		-
Cash received from others		
Cash received from operating grants		
Cash received from other funds for services		(4,417,070)
Cash payments to suppliers for good and services		(1,256,254)
Cash payments to employees for services		
Cash payments to other funds for services		
<b>Net cash provided (used) by operating activities</b>		1,203,036
 <b>Cash flow from non-capital financing activities</b>		 1,970,590
Transfers from other funds		(1,828,057)
Transfers to other funds		
<b>Net cash provided (used) by non-capital financing activities</b>		142,533
 <b>Cash flows from capital and related financing activities</b>		 (3,165,573)
Acquisition and construction of capital assets		906,697
Capital improvements/administrative fees		(2,356,033)
Interest paid on bonds		-
Bond proceeds		(744,709)
Retirement of funds		377,763
Contributed capital-Urban County		
<b>Net cash provided (used) by capital and related financing activities</b>		(4,981,855)
 <b>Cash flow from investing activities:</b>		 907,122
Interest on cash and investments		-
Unrealized loss on investments		
<b>Net (decrease) in cash and cash investments</b>		(2,729,164)
 Cash and cash investments, October 1		23,373,444
 <b>Cash and cash investmetns, September 30</b>		<b>\$ 20,644,280</b>

\*Note: Cash includes cash, investments, restricted cash and its investments.

**CITY OF WESLACO, TEXAS  
WATER AND SEWER FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

Reconciliation of income (losses) from operations to net cash provided (used) by operating activities:	\$ (646,337)
Income (loss) from operations	
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operations activities	
Depreciation	1,674,183
Provision for doubtful accounts	
Change in assets and liabilities	
(Increase) decrease in accounts receivables	1,889
(Increase) decrease in due from other funds	(926,300)
(Increase) decrease in due from others	10,203
(Increase) in inventories	(2)
Increase (decrease) in due to other funds	600,000
Increase (decrease) in accounts payable	377,886
Increase (decrease) in deposits	66,370
Increase (decrease) in other liabilities	9,985
Increase (decrease) for compensated absences	35,159
Reallocated in fixed assets	-
<b>Net cash provided (used) by operating activities</b>	<b><u>\$ 1,203,036</u></b>
Reconciliation of total cash and cash investments	
Current assets-cash and cash investments	\$ 1,984
Restricted assets-cash and cash investments	<u>20,642,296</u>
<b>Total cash and cash investments</b>	<b><u>\$ 20,644,280</u></b>

**CITY OF WESLACO, TEXAS  
WATER AND SEWER FUND  
SCHEDULE OF CHANGES IN RESTRICTED ASSETS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	<u>Revenue Bond Debt Service</u>	<u>Revenue Bond Reserve</u>	<u>Revenue Bond Construction</u>	<u>Capital Fee- Construction</u>	<u>Totals</u>
<b>Asset Balances,</b> October 1, 2007	\$ 78,707	\$ 636,200	\$ 21,117,393	\$ 1,417,401	\$ 23,249,701
<b>Cash Receipts:</b>					-
Bond proceeds	-				-
Transfers in	-		-		-
Capital Fee	-			631,599	631,599
Interest earned	-	30,908	844,341		875,249
Unrealized loss	-	-			-
<b>Total Revenues Available</b>	<u>78,707</u>	<u>667,108</u>	<u>21,961,734</u>	<u>2,049,000</u>	<u>24,756,549</u>
<b>Cash Disbursements:</b>					
Construction contracts			3,374,841	469,785	3,844,626
Transfer out	-	190,920			190,920
Bond issuance costs	-				-
Principal payments	-				-
Interest payments	78,707				78,707
Fiscal agent's fees	-				-
Rebatable liability	-				-
<b>Total Disbursements</b>	<u>78,707</u>	<u>190,920</u>	<u>3,374,841</u>	<u>469,785</u>	<u>4,114,253</u>
<b>Asset Balances</b> September 30, 2008	<u>\$ -</u>	<u>\$ 476,188</u>	<u>\$ 18,586,893</u>	<u>\$ 1,579,215</u>	<u>\$ 20,642,296</u>

**CITY OF WESLACO, TEXAS  
WATER AND SEWER OPERATIONS  
SCHEDULE OF REVENUES AND EXPENSES  
TO INDICATE NET REVENUE AVAILABLE FOR DEBT SERVICE  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

<b>Operating Revenues</b>	
Water sales	\$ 4,159,964
Sewer charges	3,375,730
Other revenues	188,504
<b>Total Operating Revenues</b>	<u>7,724,198</u>
<b>Operating Expenses</b>	
Personal services	1,291,413
Other services and charges	1,005,956
Supplies	373,062
Contractual supplies	4,025,921
<b>Total Operating Expenses</b>	<u>6,696,352</u>
<b>Income Before Non-operating Revenues (Expenses)</b>	<u>1,027,846</u>
<b>Non-operating Revenues (Expenses)</b>	
Capital Improvement Fee	631,599
Interest earned	907,122
Unrealized loss on investments	-
<b>Total Non-Operating Revenues (Expenses)</b>	<u>1,538,721</u>
<b>Net Revenue Available For Debt Service</b>	<u><u>\$ 2,566,567</u></u>

**CITY OF WESLACO, TEXAS  
STATEMENT OF REVENUES AND EXPENSES  
FROM WATER OPERATIONS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

<b>Operating Revenues</b>	\$ 4,159,964
Water sales	-
Intergovernmental Revenues	-
Other Operating Revenues	43,745
Tap fees	79,649
Penalties	65,110
Miscellaneous	<u>4,348,468</u>
<b>Total Operating Revenues</b>	<u>4,348,468</u>
<b>Operating Expenses Before Depreciation</b>	1,014,422
Personal services	500,538
Other services and charges	357,299
Supplies	854,639
Contractual services-water operations	1,181,020
Contractual services-administrative services	<u>3,907,918</u>
<b>Total Operating Expenses</b>	<u>3,907,918</u>
<b>Operating Income Before Depreciation</b>	440,550
Depreciation	<u>(436,733)</u>
<b>Operating Income (Loss)</b>	<u>3,817</u>
<b>Non-operating Revenue (Expenses)</b>	35,491
Interest earned	-
Unrealized loss on investments	275,098
Administrative fees	-
Rebatable arbitrage	<u>(975,799)</u>
Bond interest and fiscal charges	<u>(665,210)</u>
<b>Total Non-operating Revenues (Expenses)</b>	<u>(665,210)</u>
<b>Income (Loss) Before Operating Transfers</b>	(661,393)
Operating Transfers In	<u>(931,184)</u>
Operating Transfers Out	<u>(931,184)</u>
<b>Net Income (Loss)</b>	<u><u>\$ (1,592,577)</u></u>

**CITY OF WESLACO, TEXAS  
STATEMENT OF REVENUES AND EXPENSES  
FROM SEWER OPERATIONS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

<b>Operating Revenues</b>	
Sewer charges	\$ 3,375,730
Intergovernmental Revenue	-
Contributions	-
Miscellaneous	-
<b>Total Operating Revenues</b>	<u>3,375,730</u>
<b>Operating Expenses Before Depreciation</b>	
Personal services	276,991
Other services and charges	505,418
Supplies	15,763
Contractual services-sewer operations	1,298,847
Contractual services-administrative services	691,415
<b>Total Operating Expenses</b>	<u>2,788,434</u>
<b>Operating Income Before Depreciation</b>	587,296
Depreciation	<u>(943,866)</u>
<b>Operating Income (Loss)</b>	<u>(356,570)</u>
<b>Non-operating Revenues (Expenses)</b>	
Capital Improvement Fee	631,599
Interest earned	8,444
Sewer backup issues	-
Bond interest and fiscal charges	-
<b>Total Non-operating Revenues (Expenses)</b>	<u>640,043</u>
<b>Income (Loss) Before Operating Transfers</b>	283,473
Operating Transfers In	
Operating Transfers (Out)	<u>(705,953)</u>
<b>Net Income (Loss)</b>	<u><u>\$ (422,480)</u></u>

**CITY OF WESLACO, TEXAS  
WATER OPERATIONS  
SCHEDULE OF EXPENSES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

<b>DEPARTMENT</b>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Water Supply, Plumbing and Purification</b>			
Personal services	\$ 184,285	\$ 189,894	\$ (5,609)
Other services & charges	248,594	230,964	17,630
Supplies	381,758	311,799	69,959
Contractual services	846,526	854,639	(8,113)
<b>Total Water Supply, Plumbing and Purification</b>	<u>1,661,163</u>	<u>1,587,296</u>	<u>73,867</u>
<b>Water Transmission and Distribution</b>			
Personal services	228,154	351,992	(123,838)
Other services & charges	117,425	99,699	17,726
Supplies	21,544	27,231	(5,687)
Contractual services	-	-	-
<b>Total Water Transmission and Distribution</b>	<u>367,123</u>	<u>478,922</u>	<u>(111,799)</u>
<b>Maintenance Shop</b>			
Personal services	173,565	154,236	19,329
Other services & charges	52,070	64,032	(11,962)
Supplies	12,020	8,392	3,628
Contractual	-	-	-
<b>Total Maintenance Shop</b>	<u>237,655</u>	<u>226,660</u>	<u>10,995</u>
<b>Administration and Finance</b>			
Personal services	313,036	318,300	(5,264)
Other services & charges	70,697	105,843	(35,146)
Supplies	8,652	9,877	(1,225)
Contractual/General government	1,181,020	1,181,020	-
Bad debt expense	-	-	-
<b>Total Administration and Finance</b>	<u>1,573,405</u>	<u>1,615,040</u>	<u>(41,635)</u>
<b>Total Operating Expenses</b>	<u>3,839,346</u>	<u>3,907,918</u>	<u>(68,572)</u>

**CITY OF WESLACO, TEXAS  
SEWER OPERATIONS  
SCHEDULE OF EXPENSES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

<b>DEPARTMENT</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Sewage Pumping and Collection</b>			
Personal services	\$ 272,806	\$ 276,991	\$ (4,185)
Other services & charges	230,495	318,659	(88,164)
Supplies	16,792	15,763	1,029
Contractual services	261,620	256,257	5,363
<b>Total Sewage Pumping and Collections</b>	<u>781,713</u>	<u>867,670</u>	<u>(85,957)</u>
<b>Sewage Treatment</b>			
Other services & charges	207,000	186,759	20,241
Supplies	-	-	-
Contractual services	1,085,538	1,042,590	42,948
<b>Total Sewage Treatment</b>	<u>1,292,538</u>	<u>1,229,349</u>	<u>63,189</u>
<b>Administration and Finance</b>			
Bad debt expense			-
Contractual/General government	678,273	691,415	(13,142)
<b>Total Administration and Finance</b>	<u>678,273</u>	<u>691,415</u>	<u>(13,142)</u>
<b>Total Operating Expense</b>	<u>\$ 2,752,524</u>	<u>\$ 2,788,434</u>	<u>\$ (35,910)</u>

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**CITY OF WESLACO, TEXAS  
WATER OPERATIONS  
SCHEDULE OF FIXED ASSETS AND ALLOWANCE FOR DEPRECIATION  
SEPTEMBER 30, 2008**

	<b>Fixed Assets</b>			<b>Balance 9/30/2008</b>
	<b>Balance 10/1/2007</b>	<b>Current</b>		
		<b>Additions</b>	<b>Retirements</b>	
<b>Water System and Equipment</b>				
Land	\$ 163,584	\$ -	\$ -	\$ 163,584
Buildings	236,047	-	-	236,047
Improvements other - than buildings	10,781,276	1,986,894		12,768,170
Equipment	2,953,930	58,350	(11,844)	3,000,436
<b>Total Water System and Equipment</b>	<u>14,134,837</u>	<u>2,045,244</u>	<u>(11,844)</u>	<u>16,168,237</u>
 <b>Construction-in-Progress</b>	 <u>725,888</u>	 <u>1,707,624</u>	 <u>-</u>	 <u>2,433,512</u>
 <b>Total Utility Plant-in Service</b>	 <u>\$ 14,860,725</u>	 <u>\$ 3,752,868</u>	 <u>\$ (11,844)</u>	 <u>\$ 18,601,749</u>

**CITY OF WESLACO, TEXAS  
WATER OPERATIONS  
SCHEDULE OF FIXED ASSETS AND ALLOWANCE FOR DEPRECIATION  
SEPTEMBER 30, 2000**

	<b>Allowance for Depreciation</b>			<b>Balance 9/30/2008</b>	<b>Net Book Value</b>
	<b>Balance 10/1/2007</b>	<b>Current</b>			
		<b>Depreciation</b>	<b>Retirements</b>		
<b>Water System and Equipment</b>	-	-	-	-	163,584
<b>Land</b>	-	-	-	-	112,315
<b>Buildings</b>	\$ 112,570	\$ 11,162	\$ -	\$ 123,732	-
<b>Improvements other - than buildings</b>	5,744,110	436,539	-	6,180,649	6,587,521
<b>Equipment</b>	2,355,869	113,834	(2,171)	2,467,531	532,905
<b>Total Water System and Equipment</b>	<u>8,212,549</u>	<u>561,534</u>	<u>(2,171)</u>	<u>8,771,912</u>	<u>7,396,325</u>
 <b>Construction-in-Progress</b>	 -	 -	 -	 -	 <u>2,433,512</u>
 <b>Total Utility Plant-in Service</b>	 <u>\$ 8,212,549</u>	 <u>\$ 561,534</u>	 <u>\$ (2,171)</u>	 <u>\$ 8,771,912</u>	 <u>\$ 9,829,837</u>

**CITY OF WESLACO, TEXAS  
SEWER OPERATIONS  
SCHEDULE OF FIXED ASSETS AND ALLOWANCE FOR DEPRECIATION  
SEPTEMBER 30, 2008**

	<b>Fixed Assets</b>			<b>Balance 9/30/2008</b>
	<b>Balance 10/1/2007</b>	<b>Current Additions</b>	<b>Retirements</b>	
<b>Sewer Plant Systems and Equipment</b>				
Land	\$ 408,221	\$ -	\$ -	\$ 408,221
Buildings	188,276	-	-	188,276
Improvements other - than buildings	-	-	-	-
Equipment	25,056,005	1,142,048	-	26,198,053
<b>Total Sewer Plant Systems and Equipment</b>	<u>1,297,691</u>	<u>11,250</u>	<u>(23,995)</u>	<u>1,284,946</u>
	<u>26,950,193</u>	<u>1,153,298</u>	<u>(23,995)</u>	<u>28,079,496</u>
<b>Construction-in-Progress</b>	<u>3,344,225</u>	<u>-</u>	<u>(1,710,487)</u>	<u>1,633,738</u>
<b>Total Sewer Plant-in Service</b>	<u>30,294,418</u>	<u>1,153,298</u>	<u>(1,734,482)</u>	<u>29,713,234</u>

**CITY OF WESLACO, TEXAS  
SEWER OPERATIONS  
SCHEDULE OF FIXED ASSETS AND ALLOWANCE FOR DEPRECIATION  
SEPTEMBER 30, 2008**

	<b>Allowance for Depreciation</b>			<b>Balance 9/30/2008</b>	<b>Net Book Value</b>
	<b>Balance 10/1/2007</b>	<b>Current</b>			
		<b>Depreciation</b>	<b>Retirements</b>		
<b>Sewer Plant Systems and Equipment</b>					408,221
Land				20,259	168,017
Buildings	\$ 10,142	\$ 10,117	\$ -	-	-
Improvements other than buildings	8,243,140	1,085,127	-	9,328,267	16,869,786
Equipment	1,048,863	43,376	(23,995)	1,068,244	216,702
<b>Total Sewer Plant Systems and Equipment</b>	<u>9,302,145</u>	<u>1,138,619</u>	<u>(23,995)</u>	<u>10,416,769</u>	<u>17,662,727</u>
<b>Construction-in-Progress</b>	-	-	-	-	1,633,738
<b>Total Sewer Plant-in Service</b>	<u>9,302,145</u>	<u>1,138,619</u>	<u>(23,995)</u>	<u>10,416,769</u>	<u>19,296,465</u>



Sanitation Funds

**SANITATION FUND**

**CITY OF WESLACO, TEXAS  
SANITATION FUND  
BALANCE SHEET  
SEPTEMBER 30, 2008**

**Assets**

**Current Assets**

Cash	\$ 365,757
Accounts receivable (net of allowance)	403,131
Due from other funds	-
Due from others	-
<b>Total Current Assets</b>	<u>768,888</u>

**Property, Plant, and Equipment**

Equipment in service	3,108,341
Less: Accumulated depreciation	<u>(2,160,167)</u>
<b>Total Property, Plant and Equipment</b>	<u>948,174</u>

**Total Assets**

\$ 1,717,062

**Liabilities and Equity**

**Current Liabilities**

Accounts payable	\$ 299,649
Accrued salaries and payroll tax	-
Compensated absences	70,558
Due to other funds	<u>606,300</u>
<b>Total Current Liabilities</b>	<u>976,507</u>

**Long-Term Liabilities**

Revenue bonds payable (net of current and unamortized issuance costs)	310,105
Long-term closure and post-closure liabilities	<u>1,051,260</u>

**Total Liabilities**

2,337,872

**Equity**

Contributions from city	3,801,456
Contributions from federal government	<u>8,187</u>
<b>Total Contributed Capital</b>	<u>3,809,643</u>

**Retained Earnings**

Unreserved (Deficit)	<u>(4,430,453)</u>
<b>Total Equity</b>	<u>(620,810)</u>

**Total Liabilities and Equity**

\$ 1,717,062

**CITY OF WESLACO, TEXAS  
SANITATION FUND  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN RETAINED EARNINGS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

<b>Operating Revenues</b>	\$ 2,776,169
Garbage fees	812,950
Brush fees	61,315
Other operating revenues/insurance proceeds	14,157
Recycling fees	<u>3,664,591</u>
<b>Total Operating Revenues</b>	
 <b>Operating Expenses before Depreciation</b>	
Personal services	566,088
Other services and charges	844,391
Supplies	288,908
Contractual	1,692,291
<b>Total Operating Expenses</b>	<u>3,391,678</u>
 <b>Operating Income (Loss) Before Depreciation</b>	272,913
Depreciation	<u>(174,343)</u>
 <b>Operating Income (Loss)</b>	98,570
 <b>Non-operating Revenues (Expenses)</b>	
Interest earned	8,541
Sale of land	-
<b>Total Non-operating Revenues (Expenses)</b>	<u>8,541</u>
 <b>Income (Loss) Before Operating Revenues</b>	107,111
 <b>Operating Transfers</b>	
Transfers In	-
Transfers (Out)	(142,533)
<b>Total Net Operating Transfers</b>	<u>(142,533)</u>
 <b>Net Income (Loss)</b>	(35,422)
 <b>Retained Earnings, October 1,</b>	<u>(4,395,031)</u>
 <b>Retained Earnings, September 30,</b>	<u><u>\$ (4,430,453)</u></u>

**CITY OF WESLACO, TEXAS  
SANITATION FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 3,632,697
Cash received from others	-
Cash received from other funds	119,000
Cash payments to suppliers for good and services	(2,850,027)
Cash payments to employees for services	(602,643)
Cash payments to other funds	6,300
<b>Net cash provided (used) by operating activities</b>	<u>305,327</u>
<b>Cash flows from non-capital financing activities</b>	
Transfers from other funds	-
Transfers to other funds	(142,533)
<b>Net cash provided (used) by non-capital financing activities</b>	<u>(142,533)</u>
<b>Cash flows from capital and related financing activities</b>	
Acquisition and construction of capital assets	-
Casualty loss	-
Bond revenue Proceeds (net)	(45,000)
Landfill closure costs	(145,679)
Capital contribution	85,500
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(105,179)</u>
<b>Cash flow from investing activities:</b>	
Interest on cash and investments	<u>8,541</u>
<b>Net increase (decrease) in cash and cash investments</b>	66,156
Cash and cash investments, October 1	<u>299,601</u>
<b>Cash and cash investments, September 30</b>	<u>\$ 365,757</u>

Continued

**CITY OF WESLACO, TEXAS  
SANITATION FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

Reconciliation of income (losses) from operations to net cash provided (used) by operating activities:	\$ 98,570
Income (loss) from operations	
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operations activities	
Depreciation	174,343
Provision for doubtful accounts	-
Change in assets and liabilities	
(Increase) decrease in accounts receivables	(31,894)
(Increase) decrease in due from other funds	-
(Increase) decrease in due from others	119,000
(Increase) in inventories	-
Increase (decrease) in due to other funds	-
Increase (decrease) in accounts payable	(24,437)
Increase (decrease) in deposits	-
Increase (decrease) in other liabilities	6,300
Increase (decrease) for compensated absences	(36,555)
Reallocated in fixed assets	-
<b>Net cash provided (used) by operating activities</b>	<b>\$ 305,327</b>
Reconciliation of total cash and cash investments	
Current assets-cash and cash investments	\$ 365,757
Restricted assets-cash and cash investments	-
<b>Total cash and cash investments</b>	<b>\$ 365,757</b>

**CITY OF WESLACO, TEXAS  
SANITATION FUND  
SCHEDULE OF EXPENSES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

<b>DEPARTMENT</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Waste Collection</b>			
Personal services	\$ 386,908	\$ 343,494	\$ 43,414
Other services & charges	214,625	188,575	26,050
Supplies	258,590	271,023	(12,433)
Casualty loss	-	-	-
Contractual	437,750	525,746	(87,996)
<b>Total Waste Collection</b>	<u>1,297,873</u>	<u>1,328,838</u>	<u>(30,965)</u>
<b>Waste Disposal</b>			
Personal services	235,752	222,594	13,158
Other services & charges	27,900	25,067	2,833
Supplies	20,818	17,829	2,989
Landfill-Tipping fees	-	-	-
<b>Total Waste Disposal</b>	<u>284,470</u>	<u>265,490</u>	<u>18,980</u>
<b>Brush Collection</b>			
Personal services	-	-	-
Contractual	772,500	765,715	6,785
<b>Total Brush Collection</b>	<u>772,500</u>	<u>765,715</u>	<u>6,785</u>
<b>Landfill</b>			
Other services & charges	65,800	26,609	39,191
Supplies	1,000	56	944
Contractual	355,000	400,830	(45,830)
<b>Total Landfill</b>	<u>421,800</u>	<u>427,495</u>	<u>(5,695)</u>
<b>Administration and Finance</b>			
Personal services	-	-	-
Other services & charges	604,139	604,140	(1)
Bad debt expense	-	-	-
<b>Total Administration and         Financing</b>	<u>604,139</u>	<u>604,140</u>	<u>(1)</u>
<b>Total Operating Expenses</b>	<u>\$ 3,380,782</u>	<u>\$ 3,391,678</u>	<u>\$ (10,896)</u>

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**CITY OF WESLACO, TEXAS  
SANITATION FUND  
SCHEDULE OF FIXED ASSETS AND ALLOWANCE FOR DEPRECIATION  
SEPTEMBER 30, 2008**

	<b>Fixed Assets</b>			
	<b>Balance 10/1/2007</b>	<b>Current Additions</b>	<b>Retirements</b>	
<b>Sanitation Fixed Assets</b>				
Land	\$ 421,247	\$ -	\$ -	\$ 421,247
Improvements other - than buildings	64,461	-		64,461
Equipment	1,953,852	-	-	1,953,852
<b>Total Sanitation Fixed Assets</b>	<b>2,439,560</b>	<b>-</b>	<b>-</b>	<b>2,439,560</b>
Recycling Center	668,781			668,781
<b>Total Fixed Assets</b>	<b>\$ 3,108,341</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,108,341</b>

**CITY OF WESLACO, TEXAS  
SANITATION FUND  
SCHEDULE OF FIXED ASSETS AND ALLOWANCE FOR DEPRECIATION  
SEPTEMBER 30, 2008**

	<b>Allowance for Depreciation</b>			<b>Balance 9/30/2008</b>	<b>Net Book Value</b>
	<b>Balance 10/1/2007</b>	<b>Current</b>			
		<b>Depreciation</b>	<b>Retirements</b>		
<b>Sanitation Fixed Assets</b>					
Land	\$ -	\$ -	\$ -	\$ -	\$ 421,247
Improvements other - than buildings	20,224	1,940	-	22,164	42,297
Equipment	1,391,042	125,292	-	1,516,334	437,518
<b>Total Sanitation Fixed Assets</b>	<b>1,411,266</b>	<b>127,232</b>	<b>-</b>	<b>1,538,498</b>	<b>901,062</b>
Recycling Center	574,558	47,112	-	621,669	47,112
<b>Total Fixed Assets</b>	<b>\$ 1,985,824</b>	<b>\$ 174,344</b>	<b>\$ -</b>	<b>\$ 2,160,167</b>	<b>\$ 948,174</b>

Alrport Fund

**AIRPORT FUND**

**CITY OF WESLACO, TEXAS  
AIRPORT FUND  
BALANCE SHEET  
SEPTEMBER 30, 2008**

**Assets**

**Current Assets**

Cash	\$ 83,109
Accounts receivable (net of allowance)	7,215
Inventory	62,411
Due from other governments	1,495
<b>Total Current Assets</b>	<u>154,230</u>

**Restricted Assets**

Cash Escrow (TXDOT)	<u>28,910</u>
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**Property, Plant and Equipment**

Airport fixed assets	7,093,082
Less: allowance for depreciation	<u>(2,569,722)</u>
<b>Total Property, Plant and Equipment</b>	<u>4,523,360</u>

<b>Total Assets</b>	<u>\$ 4,706,500</u>
---------------------	---------------------

**Liabilities and Equity**

**Current Liabilities**

Accounts Payable	\$ 49,782
Compensated absences	76,799
Deposits	2,501
<b>Total Current Liabilities</b>	<u>129,082</u>

**Equity**

**Contributed Capital**

Contributions from City	1,398,150
Contributions from State grants	1,617,395
Contributions from Revenue Sharing Fund	175,130
Contributions from Federal grants	3,391,137
<b>Total Contributed Capital</b>	<u>6,581,812</u>

**Retained Earnings**

Unreserved (Deficit)	<u>(2,004,394)</u>
<b>Total Equity</b>	<u>4,577,418</u>

<b>Total Liabilities and Equity</b>	<u>\$ 4,706,500</u>
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**CITY OF WESLACO, TEXAS  
AIRPORT FUND  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

<b>Operating Revenues</b>	
Fuel sales (net of debt)	\$ 463,793
Hangar/Bldg. Rentals	44,245
Other operating revenues	10,250
<b>Total Operating Revenues</b>	<u>518,288</u>
 <b>Operating Expenses Before Depreciation</b>	 
Personal services	212,443
Other services and charges	123,899
Supplies	525,451
<b>Total Operating Expenses</b>	<u>861,793</u>
 <b>Operating Income (Loss) Before Depreciation</b>	 (343,505)
Depreciation	<u>(230,635)</u>
<b>Net Operating Income (Loss)</b>	<u>(574,140)</u>
 <b>Non-Operating Revenues (Expenses)</b>	 
Interest earned	1,170
Operating grants	121,040
<b>Total Non-Operating Revenues (Expenses)</b>	<u>122,210</u>
 <b>Income (Loss) Before Operating Transfers</b>	 <u>(451,930)</u>
 <b>Operating Transfers</b>	 
Operating transfers in	218,000
Operating transfers out	-
<b>Total Operating Transfers</b>	<u>218,000</u>
 Net Income (Loss)	 (233,930)
 <b>Retained earnings (Deficit), October 1,</b>	 <u>(1,770,464)</u>
 <b>Retained earnings (Deficit), September 30,</b>	 <u>\$ (2,004,394)</u>

**CITY OF WESLACO, TEXAS  
AIRPORT FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 512,621
Cash received from other governments	-
Cash payments to supplier for good and services	(628,117)
Cash payments to employees for services	(206,431)
<b>Net cash provided (used) for by operating activities</b>	<u>(321,927)</u>
<b>Cash flows from non-capital financing activities:</b>	
Grants	121,040
Transfers from other funds	218,000
Payment of due to other fund	
	<u>339,040</u>
<b>Cash flow from capital and related financing activities:</b>	
Acquisition and construction of capital assets	(1,729)
Interest paid on loans	
Retirement on accounts payable	
	<u>(1,729)</u>
<b>Net cash provided (used) for capital activities</b>	<u>(1,729)</u>
<b>Cash flows from investing activities:</b>	
Interest on investments	1,170
<b>Net cash from investing activities</b>	<u>1,170</u>
<b>Net increase (decrease) in cash</b>	16,554
Cash at beginning of year	<u>95,465</u>
<b>* Cash at end of year</b>	<u><u>\$ 112,019</u></u>

Continued

**CITY OF WESLACO, TEXAS  
AIRPORT FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

Reconciliation of income (losses) from operations to net cash provided (used) by operating activities:	\$ (574,140)
Income (loss) from operations	
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operations activities	
Depreciation	230,635
Provision for doubtful accounts	
Change in assets and liabilities	
(Increase) decrease in accounts receivables	(5,667)
(Increase) decrease in due from other funds	-
(Increase) decrease in due from others	(779)
(Increase) in inventories	(18,714)
Increase (decrease) in due to other funds	-
Increase (decrease) in accounts payable	40,876
Increase (decrease) in deposits	(150)
Increase (decrease) in other liabilities	-
Increase (decrease) for compensated absences	6,012
Reallocated in fixed assets	-
<b>Net cash provided (used) by operating activities</b>	<b>\$ (321,927)</b>
Reconciliation of total cash and cash investments	
Current assets-cash and cash investments	\$ 83,109
Restricted assets-cash and cash investments	28,910
<b>Total cash and cash investments</b>	<b>\$ 112,019</b>

**CITY OF WESLACO, TEXAS  
AIRPORT FUND  
SCHEDULE OF FIXED ASSETS AND ALLOWANCE FOR DEPRECIATION  
SEPTEMBER 30, 2008**

	<b>Fixed Assets</b>			<b>Balance 9/30/2008</b>
	<b>Balance 10/1/2007</b>	<b>Current Additions</b>	<b>Retirements</b>	
<b>Airport Fixed Assets</b>				
<b>Land</b>	\$ 1,495,448	\$ -	\$ -	\$ 1,495,448
<b>Buildings</b>	648,540			648,540
<b>Improvements other - than buildings</b>	4,434,406			4,434,406
	-			-
<b>Equipment</b>	512,959	1,729	-	514,688
<b>Total Airport Fixed Assets</b>	7,091,353	1,729	-	7,093,082
Construction-In-Progress	-	-	-	-
<b>Total Fixed Assets</b>	<b>\$ 7,091,353</b>	<b>\$ 1,729</b>	<b>\$ -</b>	<b>\$ 7,093,082</b>

**CITY OF WESLACO, TEXAS  
AIRPORT FUND  
SCHEDULE OF FIXED ASSETS AND ALLOWANCE FOR DEPRECIATION  
SEPTEMBER 30, 2008**

	Allowance for Depreciation			Balance 9/30/2008	Net Book Value
	Balance 10/1/2007	Current Depreciation	Retirements		
<b>Airport Fixed Assets</b>					
Land	\$ -	\$ -	\$ -	\$ -	\$ 1,495,448
Buildings	274,599	15,249		289,848	358,692
Improvements other - than buildings	1,644,125	180,708	-	1,824,833	2,609,573
Equipment	-	-	-	-	-
	420,363	34,677	-	455,040	59,648
<b>Total Airport Fixed Assets</b>	<u>2,339,087</u>	<u>230,635</u>	<u>-</u>	<u>2,569,722</u>	<u>4,523,360</u>
Construction-In-Progress	-	-	-	-	-
<b>Total Fixed Assets</b>	<u>\$ 2,339,087</u>	<u>\$ 230,635</u>	<u>\$ -</u>	<u>\$ 2,569,722</u>	<u>\$ 4,523,360</u>

**Internal Service Fund**

## **INTERNAL SERVICE FUNDS**

Internal Service Funds are used to account for services performed by one government organization for others on a cost recovery basis. The City of Weslaco operates the medical group self-insurance program as an internal service fund.

Equipment Replacement Fund-This fund accounts for the City's equipment replacement program. The purpose of this fund is to accumulate funds to replace equipment by purchasing and leasing equipment and transfer to their respective funds, either the General Fixed Assets Account Group or the individual enterprise funds.

**CITY OF WESLACO, TEXAS  
EQUIPMENT REPLACEMENT FUND  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2008**

<b>Assets</b>	
<b>Current Assets</b>	
Cash	\$ 2,083
Investments	-
Accrued Interest	-
Due from other funds	-
	-
<b>Total Current Assets</b>	2,083
<b>Fixed Assets</b>	
Equipment	2,406,778
Allowance on Depreciation	(2,406,778)
<b>Total Fixed Assets</b>	-
<b>Total Assets</b>	\$ 2,083
 <b>Liabilities and Equity</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ -
Due to Interest & Sinking Fund	-
Current portion-long term debt	-
<b>Total Current Liabilities</b>	-
<b>Long Term Debt</b>	
Note Payable (net of Current Portion)	-
<b>Total Long Term Debt</b>	-
<b>Total Liabilities</b>	-
<b>Equity</b>	
Contributed Capital	-
Retained Earnings	2,083
<b>Total Equity</b>	2,083
<b>Total Liabilities and Equity</b>	\$ 2,083

**CITY OF WESLACO, TEXAS  
EQUIPMENT REPLACEMENT FUND  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS  
FOR THE FISCAL YEAR ENDED SETEMBER 30, 2008**

<b>Operating Revenues</b>	
<b>Charges for Service</b>	
City Contribution-Health	\$ -
City Contribution-Life	-
Employee Contribution-Health	-
Equipment Leases	<u>-</u>
<b>Total Operating Revenues</b>	<u><u>-</u></u>
<b>Operating Expenses</b>	
Other services and charges	-
Health insurance premium	<u>-</u>
<b>Total Operating Expense</b>	<u><u>-</u></u>
<b>Operating Income Before Depreciation</b>	-
Depreciation	(248,589)
<b>Operating Income (Loss)</b>	<u><u>(248,589)</u></u>
<b>Non-Operating Revenues (Expenses)</b>	
Interest earned	71
Interest expense	-
Realized gain or loss in investments	-
Operating transfers in	-
Operating transfers out	<u>-</u>
<b>Total Non-operating Revenues</b>	<u><u>71</u></u>
<b>Net Income (Loss)</b>	(248,518)
<b>Retained Earnings (Deficit), October 1,</b>	250,601
<b>Retained Earnings, September 30,</b>	<u><u>\$ 2,083</u></u>

**CITY OF WESLACO, TEXAS  
EQUIPMENT REPLACEMENT FUND  
COMBINING STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

<b>Cash flows from operating activities:</b>	
Other operating cash receipts	\$ -
Cash payments to suppliers for goods and services	-
	-
<b>Net cash used provided by operating activities</b>	-
<b>Cash flow from non-capital financing activities:</b>	
Acquisition of notes	-
Retirement of notes	-
Interest paid on notes	71
Transfers to other funds	-
Transfer from other funds	-
Acquisition and construction of capital assets	-
	-
<b>Total Cash Flow From Non-Capital Financing</b>	71
<b>Cash flow from investing activities:</b>	
Interest on investments	-
	-
 <b>Net increase (decrease) in cash</b>	 -
 *Cash at beginning of year	 2,012
 <b>Cash at the end of year</b>	 \$ 2,083

\*Note: Cash includes cash in bank and investments.

Fiduciary

**TRUST AND AGENCY FUNDS**

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## **TRUST AND AGENCY FUNDS**

Trust Funds are used to account for assets held by the City in a trustee capacity. Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds.

### **Pension Trust Fund**

The Weslaco's Firemen's Relief and Retirement Fund- This fund administers a retirement plan for the employees of the Weslaco Fire Department. The fund is administered by a board elected by the firemen and the Mayor of the City serving as an appointed position designated by the trust instrument.

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**PENSION TRUST  
FUND**

**CITY OF WESLACO, TEXAS  
 FIREMEN'S RETIREMENT FUND  
 COMBINING BALANCE SHEET  
 SEPTEMBER 30, 2008**

<b>Assets</b>	
<b>Current Assets</b>	
Cash	\$ 59,545
Investments	3,931,020
Accounts receivable (pension contributions)	1,893
Due from other funds	-
Due from individuals	-
	-
<b>Total Assets</b>	<b>\$ 3,992,458</b>
<b>Liabilities and Fund Balance</b>	
<b>Liabilities</b>	
Accounts payable	\$ 8,726
Due to the other governments	-
Due to other funds	-
	-
<b>Total Liabilities</b>	<b>\$ 8,726</b>
<b>Fund Balance</b>	
Reserved	\$ 3,983,732
Unreserved	-
Undesignated	-
	-
<b>Total Fund Balance</b>	<b>3,983,732</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 3,992,458</b>

**CITY OF WESLACO, TEXAS  
FIREMEN'S RETIREMENT FND  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

<b>Operating revenues</b>	
Charges for services	\$ 715,187
<b>Operating expenses</b>	
Other charges and services	<u>233,360</u>
<b>Operating Income (loss) before Non-operating Revenues</b>	<u>481,827</u>
<b>Non-operating Revenues</b>	
Interest Earned	118,354
Miscellaneous income	-
Dividends	-
(Loss) or Gain on Realized Appreciation	<u>(894,964)</u>
<b>Total Non-Operating Revenues</b>	<u>(776,610)</u>
<b>Net Income (loss) Before Transfers</b>	(294,783)
<b>Transfers</b>	
Transfer In (Out)	-
<b>Net Income (loss)</b>	<u>(294,783)</u>
Fund Balance, October 1,	<u>4,278,515</u>
<b>Fund Balance, September 30,</b>	<u><u>\$ 3,983,732</u></u>

**CITY OF WESLACO, TEXAS  
FIREMEN'S RETIREMENT FUND  
STATEMENT OF CASH FLOW  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

<b>Cash flows from operating activities:</b>	
Operating income (loss)	\$ 481,827
Adjustments to reconcile operating income to net cash provided by operating activities:	
Net Change in investments (increase) decreases:	(275,606)
Decreases (increase) in due to pension receivable	(1,533)
Increase (decrease) in due from other funds	-
(Increase) decrease in due to others	-
<b>Net cash provided by operating activities</b>	<u>204,688</u>
<b>Cash flows from investing activities:</b>	
Purchase of mutual fund securities	
Interest on investments	-
Dividends	-
Miscellaneous income	-
Gain (Loss) on Realized Appreciation	-
<b>Net cash (used) provided by investing activities</b>	<u>-</u>
<b>Net increase (decrease)n in cash</b>	-
Cash, beginning of year	<u>-</u>
*Cash, end of year	<u><u>\$ -</u></u>

\*Cash-This reflects cash in the operating account.

**Debts Service  
Requirements to Maturity**

## **BONDED DEBT REQUIREMENTS**

**CITY OF WESLACO, TEXAS  
SCHEDULE OF CHANGES IN BONDED DEBT  
OCTOBER 1, 2007 TO SEPTEMBER 30, 2008**

Description	Date Issued	Original Amount Issued	Bonds Outstanding 10/1/2007
<b><u>GENERAL BONDS PAYABLE SERIALLY</u></b>			
Tax & Waterworks & Sewer Systems (Limited Pledge)			
Revenue Certificate of Obligations	36,202	\$ 6,559,048	\$ 4,913,352
Water District Bond Debt Assumed By City	(1)	N/A	-
General Obligations Refunding Bonds Series 2002	37,539	5,030,400	3,126,400
Tax System Surplus Revenue Certificates of Obligation Series 2003	37,888	14,080,000	14,000,000
Tax & Waterworks & Sewer System Surplus Revenue Certificates of Obligation, Series 2007	39,355	6,105,000	6,105,000
Total General Bonds Payable Serially			<u>28,144,752</u>
<b><u>REVENUE BONDS PAYABLE SERIALLY</u></b>			
Waterworks and Sewer Revenue Bonds of 1988	32,224	6,625,000	-
Waterworks and Sewer System Refunding Bonds-1997	35,765	3,025,000	-
1998 Waterworks and Sewer Systems Reserve Bonds	36,061	5,930,000	4,075,000
Tax & Waterworks & Sewer System (Limited Pledge)			
Revenue Certificate of Obligation	36,202	1,730,952	1,296,648
General Obligation Refunding Bonds Series 2002	37,539	2,829,600	1,758,600
Tax & Waterworks & Sewer System Surplus Revenue Certificates of Obligation, Series 2003	39,355	21,710,000	21,710,000
Tax & Waterworks & Sewer System Surplus Revenue Certificates of Obligation, Series 2007	39,355	360,000	360,000
Total Revenue Bonds Payable Serially			<u>29,200,248</u>
<b><u>ECONOMIC DEVELOPMENT SALES TAX REVENUE BONDS</u></b>			
Series 2000	36,851	1,270,000	485,000
Series 2000A	36,851	1,895,000	460,000
Services 2003	37,707	2,000,000	1,730,000
Services 2003A	37,707	4,060,000	3,585,000
Total Economic Development Sales Tax			<u>6,260,000</u>
<b><u>TOTAL ALL BONDS PAYABLE SERIALLY</u></b>			<u>\$ 63,605,000</u>

- (1) Hidalgo and Cameron Countless Water District No. 9,  
Mercedes, Texas
- (2) Bank of New York, Jacksonville, Florida
- (3) Wachovia Bank, Houston, Texas
- (4) The Bank of New York, New York
- (5) Texas State Bank, McAllen, Texas

**CITY OF WESLACO, TEXAS  
SCHEDULE OF CHANGES IN BONDED DEBT  
OCTOBER 1, 2007 TO SEPTEMBER 30, 2008**

<u>Issued/ Adjusted</u>	<u>Retired</u>	<u>Bonds Outstanding 9/30/2008</u>	<u>Interest Rates</u>	<u>Optional Rates</u>	<u>Principal Date</u>	<u>Agent</u>
	\$ 316,480	\$ 4,596,872	Various	None	2-Feb	(5)
	-	-		None		(1)
	595,200	2,531,200	Various	None	15-Feb	(5)
	135,000	13,865,000	Various	None	15-Feb	(5)
-		6,105,000	Various	None	15-Feb	(5)
-	<u>1,046,680</u>	<u>27,098,072</u>				
	-	-	Various	None	1-Dec	(2)
	-	-	Various	None	30-Dec	(4)
	300,000	3,775,000	Various	None	1-Jun	(5)
	-	-				
	83,520	1,213,128	Various	None	2-Feb	(5)
	334,800	1,423,800	Various	None	15-Feb	(5)
	-	-				
-		21,710,000	Various	None	15-Feb	(5)
	-	-				
-	45,000	315,000	Various	None	15-Feb	(5)
-	<u>763,320</u>	<u>28,436,928</u>				
	155,000	330,000	Various	None	15-Feb	(3)
	275,000	185,000	Various	None	15-Feb	(3)
	80,000	1,650,000	Various	None	15-Feb	(3)
	150,000	3,435,000	Various	None	15-Feb	(3)
-	<u>660,000</u>	<u>5,600,000</u>				
-	<u>\$ 2,470,000</u>	<u>\$ 61,135,000</u>				

**CITY OF WESLACO, TEXAS**  
**SUMMARY OF BONDED DEBT SERVICE REQUIREMENTS TO MATURITY**  
**AT SEPTEMBER 30, 2008**

Fiscal Year Ending	Governmental-Activities			
	General Obligation Bonds and Certificates of Obligation		Sales Tax Revenue Bonds	
	Principal	Interest	Principal	Interest
30-Sep				
2009	\$ 954,904	\$ 1,206,625	\$ 585,000	\$ 269,993
2010	1,110,972	1,169,745	420,000	245,956
2011	1,230,996	1,126,216	260,000	231,195
2012	1,657,420	1,069,240	270,000	219,619
2013	1,801,800	998,383	285,000	206,769
2014	1,859,424	921,664	300,000	192,632
2015	1,726,204	844,404	315,000	177,704
2016	1,805,984	766,397	325,000	162,085
2017	1,884,720	683,784	345,000	145,569
2018	1,983,456	594,062	360,000	128,047
2019	2,077,192	496,601	380,000	108,600
2020	1,635,000	406,855	405,000	86,925
2021	1,710,000	325,165	425,000	63,844
2022	1,800,000	238,000	450,000	39,313
2023	1,890,000	145,750	475,000	13,344
2024	455,000	87,125		
2025	480,000	63,750		
2026	505,000	39,125		
2027	530,000	13,250		
Total	<u>\$ 27,098,072</u>	<u>\$ 11,196,141</u>	<u>\$ 5,600,000</u>	<u>\$ 2,291,595</u>

<u>Business-Type Activities</u>		<u>Total Requirements</u>		
<u>Revenue, General Obligation and Certificates of Obligation</u>				
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
\$ 835,096	\$ 1,309,199	\$ 2,375,000	\$ 2,785,817	\$ 5,160,817
1,024,028	1,274,472	2,555,000	2,690,173	5,245,173
1,204,004	1,231,395	2,695,000	2,588,806	5,283,806
977,580	1,187,662	2,905,000	2,476,521	5,381,521
1,013,200	1,146,576	3,100,000	2,351,728	5,451,728
1,070,576	1,103,164	3,230,000	2,217,460	5,447,460
1,273,796	1,053,574	3,315,000	2,075,682	5,390,682
1,329,016	997,985	3,460,000	1,926,467	5,386,467
1,385,280	939,331	3,615,000	1,768,684	5,383,684
1,451,544	872,988	3,795,000	1,595,097	5,390,097
1,527,808	797,141	3,985,000	1,402,342	5,387,342
1,605,000	719,663	3,645,000	1,213,443	4,858,443
1,685,000	642,348	3,820,000	1,031,357	4,851,357
1,765,000	558,625	4,015,000	835,938	4,850,938
1,855,000	468,125	4,220,000	627,219	4,847,219
1,950,000	373,000	2,405,000	460,125	2,865,125
2,055,000	272,875	2,535,000	336,625	2,871,625
2,160,000	167,500	2,665,000	206,625	2,871,625
2,270,000	56,750	2,800,000	70,000	2,870,000
<u>\$ 28,436,928</u>	<u>\$ 15,172,373</u>	<u>\$ 61,135,000</u>	<u>\$ 28,660,109</u>	<u>\$ 89,795,109</u>

**CITY OF WESLACO, TEXAS  
TAX & WATERWORKS & SEWER SYSTEM (LIMITED PLEDGE) REVENUE  
CERTIFICATES OF OBLIGATION, SERIES 1999  
AS OF SEPTEMBER 30, 2008**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 1-Feb	Outstanding 30-Sep
		1-Feb	1-Aug		
2008		-	-	-	\$ 4,596,872
2009	4.15%	104,450	97,472	332,304	\$ 4,264,568
2010	4.20%	97,472	90,158	344,172	\$ 3,920,396
2011	4.25%	90,158	82,328	359,996	\$ 3,560,400
2012	4.35%	82,328	74,060	375,820	\$ 3,184,580
2013	4.40%	74,060	65,159	395,600	\$ 2,788,980
2014	4.50%	65,159	55,799	411,424	\$ 2,377,556
2015	4.55%	55,799	45,882	431,204	\$ 1,946,352
2016	4.50%	45,882	35,396	450,984	\$ 1,495,368
2017	4.65%	35,396	24,240	474,720	\$ 1,020,648
2018	4.70%	24,240	12,402	498,456	\$ 522,192
2019	4.75%	<u>12,402</u>	<u>-</u>	<u>522,192</u>	\$ -
<b>Total</b>		<u><u>\$ 687,346</u></u>	<u><u>\$ 582,896</u></u>	<u><u>\$ 4,596,872</u></u>	

**CITY OF WESLACO, TEXAS  
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2002  
AS OF SEPTEMBER 30, 2008**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 1-Feb	Outstanding 30-Sep
		1-Feb	1-Aug		
2008					2,531,200
2009	3.150%	43,199	33,472	617,600	1,913,600
2010	3.250%	33,472	23,124	636,800	1,276,800
2011	3.500%	23,124	11,644	656,000	620,800
2012	3.625%	11,644	7,990	201,600	419,200
2013	3.750%	7,990	4,030	211,200	208,000
2014	3.875%	4,030	-	208,000	-
<b>Total</b>		<b>\$ 123,459</b>	<b>\$ 80,260</b>	<b>\$ 2,531,200</b>	

**CITY OF WESLACO, TEXAS  
TAX AND WATERWORKS & SEWER SYSTEM-SURPLUS REVENUE  
CERTIFICATES OF OBLIGATION, SERIES 2003  
AS OF SEPTEMBER 30, 2008**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2008		-	-		13,865,000
2009	3.500%	320,117	320,117		13,865,000
2010	3.500%	320,117	318,804	75,000	13,790,000
2011	3.750%	318,804	316,460	125,000	13,665,000
2012	4.000%	316,460	298,860	880,000	12,785,000
2013	4.125%	298,860	279,886	920,000	11,865,000
2014	4.250%	279,886	259,592	955,000	10,910,000
2015	4.375%	259,592	237,717	1,000,000	9,910,000
2016	4.450%	237,717	214,466	1,045,000	8,865,000
2017	4.500%	214,466	189,940	1,090,000	7,775,000
2018	4.625%	189,940	163,463	1,145,000	6,630,000
2019	4.750%	163,463	134,963	1,200,000	5,430,000
2020	4.875%	134,963	104,250	1,260,000	4,170,000
2021	5.000%	104,250	71,250	1,320,000	2,850,000
2022	5.000%	71,250	36,500	1,390,000	1,460,000
2023	5.000%	36,500	-	1,460,000	-
<b>Total</b>		<b>\$ 3,266,385</b>	<b>\$ 2,946,268</b>	<b>\$ 13,865,000</b>	

**CITY OF WESLACO, TEXAS  
TAX AND WATERWORKS & SEWER SYSTEM SURPLUS REVENUE  
CERTIFICATES OF OBLIGATION, SERIES 2007  
AS OF SEPTEMBER 30, 2008**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2008				-	6,105,000
2009	4.00%	143,949	143,849	5,000	6,100,000
2010	4.00%	143,849	142,749	55,000	6,045,000
2011	4.00%	142,749	140,949	90,000	5,955,000
2012	4.00%	140,949	136,949	200,000	5,755,000
2013	4.00%	136,949	131,449	275,000	5,480,000
2014	4.00%	131,449	125,749	285,000	5,195,000
2015	4.13%	125,749	119,665	295,000	4,900,000
2016	4.13%	119,665	113,271	310,000	4,590,000
2017	4.25%	113,271	106,471	320,000	4,270,000
2018	5.25%	106,471	97,546	340,000	3,930,000
2019	5.25%	97,546	88,227	355,000	3,575,000
2020	4.70%	88,227	79,415	375,000	3,200,000
2021	4.70%	79,415	70,250	390,000	2,810,000
2022	5.00%	70,250	60,000	410,000	2,400,000
2023	5.00%	60,000	49,250	430,000	1,970,000
2024	5.00%	49,250	37,875	455,000	1,515,000
2025	5.00%	37,875	25,875	480,000	1,035,000
2026	5.00%	25,875	13,250	505,000	530,000
2027	5.00%	13,250	-	530,000	-
<b>Total</b>		<u><u>\$ 1,826,738</u></u>	<u><u>\$ 1,682,789</u></u>	<u><u>\$ 6,105,000</u></u>	

**CITY OF WESLACO, TEXAS  
WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 1998  
AS OF SEPTEMBER 30, 2008**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 1-Dec	Outstanding 30-Sep
		1-Dec	1-Jun		
2008					3,775,000
2009	4.00%	81,967	75,668	315,000	3,460,000
2010	4.10%	75,668	69,005	325,000	3,135,000
2011	4.20%	69,005	61,865	340,000	2,795,000
2012	4.30%	61,865	54,233	355,000	2,440,000
2013	4.35%	54,232	46,294	365,000	2,075,000
2014	4.40%	46,293	37,934	380,000	1,695,000
2015	4.45%	37,933	29,034	400,000	1,295,000
2016	4.45%	29,034	19,800	415,000	880,000
2017	4.50%	19,800	10,125	430,000	450,000
2018	4.50%	10,125	-	450,000	-
<b>Total</b>		<b>\$ 485,922</b>	<b>\$ 403,958</b>	<b>\$ 3,775,000</b>	

**CITY OF WESLACO, TEXAS  
TAX & WATERWORKS & SEWER SYSTEM (LIMITED PLEDGE) REVENUE  
CERTIFICATES OF OBLIGATION, SERIES 1999  
AS OF SEPTEMBER 30, 2008**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 1-Feb	Outstanding 30-Sep
		1-Feb	1-Aug		
2008		\$ -	\$ -	\$ -	\$ 1,213,128
2009	4.20%	27,565	25,723	87,696	1,125,432
2010	4.25%	25,723	23,793	90,828	1,034,604
2011	4.35%	23,793	21,727	95,004	939,600
2012	4.40%	21,727	19,545	99,180	840,420
2013	4.50%	19,545	17,196	104,400	736,020
2014	4.55%	17,196	14,726	108,576	627,444
2015	4.50%	14,726	12,108	113,796	513,648
2016	4.65%	12,108	9,341	119,016	394,632
2017	4.70%	9,341	6,397	125,280	269,352
2018	4.75%	6,397	3,273	131,544	137,808
2019	4.75%	<u>3,273</u>	<u></u>	<u>137,808</u>	-
Total		<u>\$ 181,394</u>	<u>\$ 153,829</u>	<u>\$ 1,213,128</u>	

**CITY OF WESLACO, TEXAS  
GENERAL OBLIGATION REFUNDING BONDS-SERIES 2002  
WATER AND SEWER FUND  
AS OF SEPTEMBER 30, 2008**

<u>Fiscal Year</u>	<u>Interest Rate</u>	<u>Interest Payments</u>		<u>Principal Due 15-Feb</u>	<u>Principal Outstanding 30-Sep</u>
		<u>15-Feb</u>	<u>15-Aug</u>		
2008		\$ -	\$ -	\$ -	\$ 1,423,800
2009	3.150%	24,300	18,828	347,400	1,076,400
2010	3.250%	18,828	13,007	358,200	718,200
2011	3.500%	13,007	6,550	369,000	349,200
2012	3.625%	6,550	4,494	113,400	235,800
2013	3.750%	4,494	2,267	118,800	117,000
2014	3.875%	<u>2,267</u>	<u>          </u>	<u>117,000</u>	-
<b>Total</b>		<u>\$ 69,446</u>	<u>\$ 45,146</u>	<u>\$ 1,423,800</u>	

**CITY OF WESLACO, TEXAS  
TAX AND WATERWORKS & SEWER SYSTEM SURPLUS REVENUE  
CERTIFICATES OF OBLIGATION, SERIES 2007  
AS OF SEPTEMBER 30, 2008**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2008					21,710,000
2009	4.00%	522,124	521,324	40,000	21,670,000
2010	4.00%	521,324	517,324	200,000	21,470,000
2011	4.00%	517,324	510,324	350,000	21,120,000
2012	4.00%	510,324	503,224	355,000	20,765,000
2013	4.00%	503,224	495,824	370,000	20,395,000
2014	4.00%	495,824	487,724	405,000	19,990,000
2015	4.13%	487,724	472,049	760,000	19,230,000
2016	4.13%	472,049	455,653	795,000	18,435,000
2017	4.25%	455,653	438,015	830,000	17,605,000
2018	5.25%	438,015	415,178	870,000	16,735,000
2019	5.25%	415,178	378,690	1,390,000	15,345,000
2020	4.70%	378,690	340,973	1,605,000	13,740,000
2021	4.70%	340,973	301,375	1,685,000	12,055,000
2022	5.00%	301,375	257,250	1,765,000	10,290,000
2023	5.00%	257,250	210,875	1,855,000	8,435,000
2024	5.00%	210,875	162,125	1,950,000	6,485,000
2025	5.00%	162,125	110,750	2,055,000	4,430,000
2026	5.00%	110,750	56,750	2,160,000	2,270,000
2027	5.00%	56,750	-	2,270,000	-
Total		<u>\$ 7,157,551</u>	<u>\$ 6,635,427</u>	<u>\$ 21,710,000</u>	

**CITY OF WESLACO, TEXAS  
TAX & WATERWORKS & SEWER SYSTEM SURPLUS REVENUE  
CERTIFICATES OF OBLIGATION, SERIES 2007  
AS OF SEPTEMBER 30, 2008**

<u>Fiscal Year</u>	<u>Interest Rate</u>	<u>Interest Payments</u>		<u>Principal Due 15-Feb</u>	<u>Outstanding 30-Sep</u>
		<u>15-Feb</u>	<u>15-Aug</u>		
2008					\$ 315,000
2009	4.00%	6,300	5,400	45,000	270,000
2010	4.00%	5,400	4,400	50,000	220,000
2011	4.00%	4,400	3,400	50,000	170,000
2012	4.00%	3,400	2,300	55,000	115,000
2013	4.00%	2,300	1,200	55,000	60,000
2014	4.00%	<u>1,200</u>	<u>-</u>	<u>60,000</u>	-
Total		<u>\$ 23,000</u>	<u>\$ 16,700</u>	<u>\$ 315,000</u>	

**CITY OF WESLACO, TEXAS  
ECONOMIC DEVELOPMENT SALES TAX REVENUE BONDS  
SERIES 2000  
AS OF SEPTEMBER 30, 2008**

<u>Fiscal Year</u>	<u>Bond Numbers</u>	<u>Interest Rate</u>	<u>Interest Payments</u>		<u>Principal Due 15-Feb</u>	<u>Outstanding 30-Sep</u>
			<u>15-Feb</u>	<u>15-Aug</u>		
2008			\$ -	\$ -	\$ -	\$ 330,000
2009		4.88%	8,108	4,208	160,000	170,000
2010		4.95%	<u>4,208</u>	<u>-</u>	<u>170,000</u>	-
Total			<u>\$ 12,316</u>	<u>\$ 4,208</u>	<u>\$ 330,000</u>	

**CITY OF WESLACO, TEXAS  
ECONOMIC DEVELOPMENT SALES TAX REVENUE BONDS  
SERIES 2000A  
AS OF SEPTEMBER 30, 2008**

Fiscal Year	Bond Numbers	Interest Rate	Interest Payments		Principal Due 15-Feb	Principal Outstanding 30-Sep
			15-Feb	15-Aug		
2008						185,000
2009		7.15%	6,614	-	185,000	-
Total			<u>\$ 6,614</u>	<u>\$ -</u>	<u>\$ 185,000</u>	

**CITY OF WESLACO, TEXAS  
ECONOMIC DEVELOPMENT SALES TAX REVENUE BONDS  
SERIES 2003  
AS OF SEPTEMBER 30, 2008**

Fiscal Year	Bond Numbers	Interest Rate	Interest Payments		Principal Due 15-Feb	Principal Outstanding 30-Sep
			15-Feb	15-Aug		
2008			\$ -	\$ -	\$ -	\$ 1,650,000
2009		3.00%	34,725	33,450	85,000	1,565,000
2010		3.38%	33,450	32,016	85,000	1,480,000
2011		3.50%	32,016	30,441	90,000	1,390,000
2012		3.75%	30,441	28,753	90,000	1,300,000
2013		4.00%	28,753	26,853	95,000	1,205,000
2014		4.00%	26,853	24,853	100,000	1,105,000
2015		4.13%	24,853	22,688	105,000	1,000,000
2016		4.13%	22,688	20,522	105,000	895,000
2017		4.38%	20,522	18,116	110,000	785,000
2018		4.38%	18,116	15,600	115,000	670,000
2019		4.50%	15,600	12,900	120,000	550,000
2020		4.50%	12,900	9,975	130,000	420,000
2021		4.75%	9,975	6,769	135,000	285,000
2022		4.75%	6,769	3,444	140,000	145,000
2023		4.75%	<u>3,444</u>	<u>          </u>	<u>145,000</u>	-
Total			<u>\$ 321,105</u>	<u>\$ 286,380</u>	<u>\$ 1,650,000</u>	

**CITY OF WESLACO, TEXAS  
ECONOMIC DEVELOPMENT SALES TAX REVENUE BONDS  
SERIES 2003A  
AS OF SEPTEMBER 30, 2008**

Fiscal Year	Bond Numbers	Interest Rate	Interest Payments		Principal Due 15-Feb	Principal Outstanding 30-Sep
			15-Feb	15-Aug		
2008						\$ 3,435,000
2009		4.25%	92,994	89,894	155,000	3,280,000
2010		4.75%	89,894	86,388	165,000	3,115,000
2011		4.75%	86,388	82,350	170,000	2,945,000
2012		5.25%	82,350	78,075	180,000	2,765,000
2013		5.25%	78,075	73,088	190,000	2,575,000
2014		5.25%	73,088	67,838	200,000	2,375,000
2015		5.25%	67,838	62,325	210,000	2,165,000
2016		5.25%	62,325	56,550	220,000	1,945,000
2017		5.25%	56,550	50,381	235,000	1,710,000
2018		5.25%	50,381	43,950	245,000	1,465,000
2019		6.00%	43,950	36,150	260,000	1,205,000
2020		6.00%	36,150	27,900	275,000	930,000
2021		6.00%	27,900	19,200	290,000	640,000
2022		6.00%	19,200	9,900	310,000	330,000
2023		6.00%	9,900	-	330,000	-
<b>Total</b>			<b>\$ 876,983</b>	<b>\$ 783,989</b>	<b>\$ 3,435,000</b>	

**Statistical Section**

**PART III**  
**STATISTICAL SECTION**

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**CITY OF WESLACO, TEXAS**  
**NET ASSETS BY COMPONENT**  
**LAST FIVE FISCAL YEARS**  
(Accrual Basis of Accounting)

	Fiscal Year				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ (6,623,797)	\$ (4,460,151)	\$ (994,005)	\$ (5,007,449)	\$ 438,179
Restricted	13,787,838	9,620,591	5,782,184	11,810,520	6,474,762
Unrestricted	<u>2,268,030</u>	<u>2,609,572</u>	<u>3,476,327</u>	<u>2,123,912</u>	<u>535,440</u>
Total governmental activities net assets	<u>\$ 9,432,071</u>	<u>\$ 7,770,012</u>	<u>\$ 8,264,506</u>	<u>\$ 8,926,983</u>	<u>\$ 7,448,381</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 23,351,304	\$ 24,614,327	\$ 24,896,795	\$ 2,905,484	\$ 6,190,908
Restricted	1,710,803	1,800,708	1,923,598	23,249,701	20,642,296
Unrestricted	<u>1,259,796</u>	<u>879,556</u>	<u>613,375</u>	<u>463,253</u>	<u>(971,432)</u>
Total business-type activities net assets	<u>\$ 26,321,903</u>	<u>\$ 27,294,591</u>	<u>\$ 27,433,768</u>	<u>\$ 26,618,438</u>	<u>\$ 25,861,772</u>
Primary Government					
Invested in capital assets, net of related debt	\$ 16,727,507	\$ 20,154,176	\$ 23,902,790	\$ (2,101,965)	\$ 6,629,087
Restricted	15,498,641	11,421,299	7,705,782	35,060,221	27,117,058
Unrestricted	<u>3,527,826</u>	<u>3,489,128</u>	<u>4,089,702</u>	<u>2,587,165</u>	<u>(435,992)</u>
Total primary government net assets	<u>\$ 35,753,974</u>	<u>\$ 35,064,603</u>	<u>\$ 35,698,274</u>	<u>\$ 35,545,421</u>	<u>\$ 33,310,153</u>

**Note:** The City of Weslaco began to report accrual information when it implemented GASB 34 in fiscal year 2003.

**CITY OF WESLACO, TEXAS**  
**CHANGES IN NET ASSETS**  
**LAST FIVE FISCAL YEARS**  
(Accrual Basis of Accounting)

	Fiscal Year				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Expenses</b>					
<b>Governmental activities:</b>					
General government	\$ 3,536,176	\$ 3,173,753	\$ 3,407,051	\$ 4,773,130	\$ 2,618,476
Public safety	9,006,880	8,912,376	9,403,983	10,602,820	13,173,159
Emergency medical service	309,027	391,159	416,618	443,243	-
Public works	1,806,831	1,903,767	2,151,773	2,147,216	1,567,815
Health	102,652	103,315	117,798	130,130	135,502
Culture and recreation	2,986,985	2,387,048	1,895,790	1,650,424	1,815,439
Development services	2,198,848	4,065,156	3,601,649	3,249,338	1,847,396
Interest on long-term debt	1,698,736	1,569,716	1,496,672	1,425,639	5,735,318
<b>Total governmental activities expenses</b>	<u>21,646,135</u>	<u>22,506,290</u>	<u>22,491,334</u>	<u>24,421,940</u>	<u>26,893,105</u>
<b>Business-type activities:</b>					
Water and sewer	5,728,344	5,445,414	5,725,442	6,392,983	10,726,658
Sanitation	1,821,839	2,190,248	2,472,505	3,083,417	3,480,521
Airport	434,510	591,213	516,765	565,703	1,092,428
<b>Total business-type activities expenses</b>	<u>7,984,693</u>	<u>8,226,875</u>	<u>8,714,712</u>	<u>10,042,103</u>	<u>15,299,607</u>
<b>Total primary government expenses</b>	<u>\$ 29,630,828</u>	<u>\$ 30,733,165</u>	<u>\$ 31,206,046</u>	<u>\$ 34,464,043</u>	<u>\$ 42,192,712</u>
<b>Program Revenues</b>					
<b>Governmental activities:</b>					
<b>Fees, fines, and charges for services:</b>					
General government	\$ 713,924	\$ 769,385	\$ 977,678	\$ 1,311,453	\$ 3,471,856
Public Safety	-	140,028	144,613	116,703	1,217,389
Emergency medical services	-	591,401	749,585	581,732	-
Development services	653,038	713,264	554,960	468,712	187,056
Operating grants and contributions	1,361,554	1,144,450	951,782	979,980	1,186,137
Capital grants and contributions	-	11,613	2,290	154	-
<b>Total governmental activities program revenues</b>	<u>2,728,516</u>	<u>3,370,141</u>	<u>3,380,908</u>	<u>3,458,734</u>	<u>6,062,438</u>
<b>Business-type activities:</b>					
<b>Charges for services:</b>					
Water and sewer	5,193,482	6,938,186	7,510,128	7,090,033	8,630,895
Sanitation	2,044,453	2,481,973	2,850,669	3,525,482	3,579,091
Airport	92,930	80,323	65,820	135,742	518,288
Operating grants and contributions	551,517	562,677	646,487	603,306	121,040
Capital grants and contributions	(133,463)	1,578,448	-	183,820	-
<b>Total business-type activities program revenues</b>	<u>7,748,919</u>	<u>11,641,607</u>	<u>11,073,104</u>	<u>11,538,383</u>	<u>12,849,314</u>
<b>Total primary government program revenues</b>	<u>\$ 10,477,435</u>	<u>\$ 15,011,748</u>	<u>\$ 14,454,012</u>	<u>\$ 14,997,117</u>	<u>\$ 18,911,752</u>

**CITY OF WESLACO, TEXAS  
CHANGE IN NET ASSETS  
LAST FIVE FISCAL YEARS  
(Accrual Basis of Accounting)**

	Fiscal Year				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (18,917,619)	\$ (19,136,149)	\$ (19,110,426)	\$ (20,963,206)	\$ (20,830,667)
Business-type activities	<u>(235,774)</u>	<u>3,414,732</u>	<u>2,358,392</u>	<u>1,521,068</u>	<u>(2,450,293)</u>
Total primary government net expense	<u>\$ (19,153,393)</u>	<u>\$ (15,721,417)</u>	<u>\$ (16,752,034)</u>	<u>\$ (19,442,138)</u>	<u>\$ (23,280,960)</u>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Taxes:					
Ad valorem	\$ 6,082,213	\$ 6,499,478	\$ 6,932,312	\$ 7,443,962	\$ 16,449,025
Sales	6,700,209	6,933,795	7,823,243	8,599,413	2,656,019
Occupancy	330,995	346,541	401,599	433,603	-
Other	54,648	55,494	42,150	32,908	-
Franchise fees	1,154,942	1,228,381	1,316,235	1,314,100	-
Intergovernmental	502,667	235,434	492,681	105,411	-
Investment earnings	448,666	437,602	463,425	479,206	447,930
Gain (loss) on sale/retirement of capital assets	73,665	94,746	62,293	348,144	(398,361)
Miscellaneous	516,231	359,655	429,987	388,842	415,452
Transfers	<u>1,770,283</u>	<u>2,520,627</u>	<u>2,322,145</u>	<u>2,480,094</u>	<u>(218,000)</u>
Total governmental activities	<u>17,634,519</u>	<u>18,711,753</u>	<u>20,286,070</u>	<u>21,625,683</u>	<u>19,352,065</u>
Business-type activities					
Investment earnings	112,469	78,583	102,930	168,484	916,833
Transfers	<u>(1,770,283)</u>	<u>(2,520,627)</u>	<u>(2,322,145)</u>	<u>(2,480,094)</u>	<u>218,000</u>
Total business-type activities	<u>(1,657,814)</u>	<u>(2,442,044)</u>	<u>(2,219,215)</u>	<u>(2,311,610)</u>	<u>1,134,833</u>
Total primary government	<u>\$ 15,976,705</u>	<u>\$ 16,269,709</u>	<u>\$ 18,066,855</u>	<u>\$ 19,314,073</u>	<u>\$ 20,486,898</u>
<b>Change in Net Assets</b>					
Governmental activities	\$ (1,283,100)	\$ (424,396)	\$ 1,175,644	\$ 662,477	\$ (1,478,602)
Business-type activities	(1,893,588)	972,688	139,177	(815,330)	(1,315,370)
Total primary government	<u>\$ (3,176,688)</u>	<u>\$ 548,292</u>	<u>\$ 1,314,821</u>	<u>\$ (152,853)</u>	<u>\$ (2,793,972)</u>

**Note:** The City of Weslaco began to report accrual information when it implemented GASB 34 in fiscal year 2003.

**CITY OF WESLACO, TEXAS**  
**FUND BALANCE, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
 (Modified Accrual Basis of Accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund					
Reserved	\$ 99,887	\$ 132,910	\$ 51,251	\$ 49,087	\$ -
Unreserved	<u>2,425,118</u>	<u>2,289,797</u>	<u>1,683,882</u>	<u>529,424</u>	<u>(213,081)</u>
Total general fund	<u>\$ 2,525,005</u>	<u>\$ 2,422,707</u>	<u>\$ 1,735,133</u>	<u>\$ 578,511</u>	<u>\$ (213,081)</u>
All Other Governmental Funds					
Reserved	\$ 2,025,898	\$ 554,769	\$ 745,612	\$ 1,195,145	\$ 5,642,293
Unreserved, reported in:					
Special revenue funds	1,780,456	2,630,662	1,997,984	3,042,247	2,792,788
Capital projects funds	<u>11,085,284</u>	<u>8,286,475</u>	<u>3,506,156</u>	<u>7,753,339</u>	<u>-</u>
Total all other governmental funds	<u>\$ 14,891,638</u>	<u>\$ 11,471,906</u>	<u>\$ 6,249,752</u>	<u>\$ 11,990,731</u>	<u>\$ 8,435,081</u>

Note: The City began to report accrual information when it implemented GASB statement 34 in fiscal year 2003.

**CITY OF WESLACO, TEXAS**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(Modified Accrual Basis of Accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Revenues</b>					
Taxes:					
Ad valorem	\$ 5,799,532	\$ 6,185,816	\$ 6,623,099	\$ 7,102,727	\$ 16,339,978
Penalty and interest	240,663	272,605	325,629	293,589	109,047
Sales	6,700,209	6,933,795	7,823,243	8,599,413	2,656,019
Occupancy	330,995	346,541	401,599	433,603	-
Other	54,648	55,494	42,150	32,908	-
Franchise fees	1,154,942	1,228,381	1,316,235	1,314,100	-
Charges for services	1,990,811	2,424,354	2,701,643	2,857,551	3,471,856
Program income	653,038	713,264	554,960	468,712	-
Intergovernmental	1,407,371	1,274,991	1,293,030	588,535	1,373,193
Licenses and permits	324,922	367,205	391,624	490,788	489,883
Investment income	447,249	430,542	457,963	478,815	447,930
Fines and forfeitures	386,687	355,437	504,840	757,695	727,506
Contributions	-	11,613	2,290	154	-
Miscellaneous	469,537	363,318	440,684	716,842	415,452
Proceeds from sales	174,430	199,173	272,860	2,354,819	-
<b>Total revenues</b>	<u>20,135,034</u>	<u>21,162,529</u>	<u>23,151,849</u>	<u>26,490,251</u>	<u>26,030,864</u>
<b>Expenditures</b>					
General government	2,671,813	2,556,380	2,937,547	3,276,336	5,131,719
Public Safety	9,085,020	9,056,062	9,528,930	10,752,116	13,173,159
Public Works	1,414,400	1,420,839	1,601,099	1,748,968	1,567,815
Health	100,062	100,650	114,363	126,393	135,502
Culture and recreation	2,112,001	1,595,588	1,639,680	1,405,479	1,815,439
Economic development	1,871,342	4,004,228	2,716,178	2,708,077	7,218,808
Nondepartmental	1,140,590	581,387	602,784	544,839	-
Capital outlay	8,478,236	3,913,742	5,809,407	4,073,761	307,097
Debt service					
Principal	1,330,724	1,654,012	1,655,296	1,837,290	4,177,910
Interest and fiscal charges	2,013,977	1,554,018	1,503,325	1,435,439	1,568,706
Contingency expense	-	-	-	550,000	-
<b>Total expenditures</b>	<u>30,218,165</u>	<u>26,436,906</u>	<u>28,108,609</u>	<u>28,458,698</u>	<u>35,096,155</u>
Excess of revenues over (under) expenditures	(10,083,131)	(5,274,377)	(4,956,760)	(1,968,447)	(9,065,291)
<b>Other Financing Sources (Uses)</b>					
Debt proceeds	60,000	245,801	176,969	6,105,000	1,220,131
Debt issuance costs				(105,000)	-
Sale of Capital Assets				-	3,715,918
Transfers in	5,970,765	1,179,675	1,320,555	1,036,129	-
Transfers out	(6,027,409)	(204,000)	(583,905)	(483,325)	(218,000)
<b>Total other financing sources (uses)</b>	<u>3,356</u>	<u>1,221,476</u>	<u>913,619</u>	<u>6,552,804</u>	<u>4,718,049</u>
<b>Net change in fund balances</b>	<u>\$ (10,079,775)</u>	<u>\$ (4,052,901)</u>	<u>\$ (4,043,141)</u>	<u>\$ 4,584,357</u>	<u>\$ (4,347,242)</u>
Debt service as a percentage of noncapital expenditures	15.4%	14.2%	14.2%	13.4%	16.5%

Note: The City began to report accrual information when it implemented GASB statement 34 in fiscal year 2003.

**CITY OF WESLACO, TEXAS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended September 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections Percentage in Subsequent Years</b>	<b>Total Collections to Date Percentage</b>	
		<b>Amount</b>	<b>of Levy</b>		<b>Amount</b>	<b>of Levy</b>
1998	\$ 4,107,812	\$ 3,782,909	92.09%	\$ 279,731	\$ 4,062,640	98.90%
1999	4,443,169	4,131,420	92.98%	310,962	4,442,382	99.98%
2000	4,701,715	4,361,469	92.76%	313,900	4,675,369	99.44%
2001	5,163,455	4,718,274	91.38%	369,253	5,087,527	98.53%
2002	5,614,216	5,045,013	89.86%	439,484	5,484,497	97.69%
2003	5,749,544	5,315,241	92.45%	323,182	5,638,423	98.07%
2004	5,734,805	5,303,677	92.48%	311,038	5,614,715	97.91%
2005	6,139,744	5,659,936	92.19%	270,432	5,930,368	96.59%
2006	6,484,463	6,021,477	92.86%	184,509	6,205,986	95.71%
2007	6,982,093	6,555,427	93.89%	-	6,555,427	93.89%
2008	7,667,949	7,558,725	98.58%	-	7,171,489	93.53%

**CITY OF WESLACO, TEXAS  
 ASSESSED VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Tax-Exempt</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
1998	\$ 263,004,714	\$ 310,719,870	\$ 169,359,779	\$ 573,724,584	\$ 2.8046
1999	286,371,764	313,732,491	171,990,942	600,104,255	2.8001
2000	306,360,240	321,409,853	170,837,584	627,770,093	2.7968
2001	340,258,187	351,440,829	187,452,986	691,699,016	2.8827
2002	384,247,929	365,218,113	199,174,144	749,466,042	2.9031
2003	404,568,844	401,083,324	199,196,476	805,652,168	3.0183
2004	426,892,896	417,210,584	212,997,074	844,103,480	2.9760
2005	441,511,544	468,256,630	226,814,960	909,768,174	2.9669
2006	506,062,673	447,666,328	243,504,504	953,729,001	2.9616
2007	559,681,854	478,189,081	295,278,641	1,037,870,935	2.8666
2008	641,361,248	512,587,048	313,753,593	1,153,948,296	2.6438

**City of Weslaco, Texas**  
**CITY OF WESLACO, TEXAS**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**  
(Rate per \$100 of Assessed Value)

Fiscal Year	City Direct Rates			Overlapping Rates				
	Maintenance and Operation	Interest and Sinking	Total Direct Rate	Weslaco Independent School District	South Texas College	Hidalgo County	Drainage District #1	South Texas School District
1999	\$ 0.4435	\$ 0.3424	\$ 0.7859	\$ 1.3975	\$ 0.0918	\$ 0.4467	\$ 0.0410	\$ 0.0372
2000	0.4143	0.3707	0.7850	1.3975	0.0920	0.4467	0.0384	0.0372
2001	0.4465	0.3385	0.7850	1.4300	0.0922	0.5007	0.0376	0.0372
2002	0.4900	0.2891	0.7791	1.4300	0.0897	0.5195	0.0456	0.0392
2003	0.5050	0.2309	0.7359	1.4300	0.1776	0.5900	0.0456	0.0392
2004	0.4786	0.2209	0.6995	1.4300	0.1738	0.5900	0.0435	0.0392
2005	0.5091	0.1904	0.6995	1.4300	0.1647	0.5900	0.0435	0.0392
2006	0.4963	0.2032	0.6995	1.4300	0.1589	0.5900	0.0435	0.0392
2007	0.5065	0.1930	0.6995	1.3418	0.1548	0.5900	0.0413	0.0392
2008	0.5153	0.1814	0.6967	1.1047	0.1540	0.5900	0.0492	0.0492

**CITY OF WESLACO, TEXAS  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
H E BUTT	\$ 19,105,431	1	1.66%	\$ 8,120,358	5	1.43%
WAL MART STORES	18,401,794	2	1.59%	-		
JOHN KNOX VILLAGES	10,217,566	3	0.89%	8,807,400	2	1.34
AEP TEXAS CENTRAL CO	7,238,530	4	0.63%	-	-	
WESLACO PALM PLAZA	6,505,263	5	0.56%	-	-	
CLEARVIEW WESLACO LLP	6,250,450	6	0.54%	-	-	
FOREMOST PAVING	6,189,577	7	0.54%	-	-	
VERIZON SOUTHWEST	5,792,950	8	0.50%	8,138,470	4	1.24%
THE HOME DEPOT	5,553,926	9	0.48%	-	-	
CALDWELL, VSR INC	5,141,543	10	0.45%	-	-	
PIONEER HI-BRED INT'L INC.				10,806,799	1	1.64%
FOLMER & ASSOCIATES				7,977,015	6	1.21%
REYNA, EZEQUIEL JR. & LIVIA				8,384,601	3	1.28%
SUPER K-MART #4920				5,564,644	9	0.85%
CENTRAL POWER & LIGHT				7,039,460	7	1.07%
WESLACO DISTRIBUTION CENTER				5,795,616	8	0.88%
ITHACA INVESTMENT				5,130,733	10	0.78%
	<u>\$ 90,397,030</u>		<u>7.83%</u>	<u>\$ 75,765,096</u>		<u>144.38%</u>

**CITY OF WESLACO, TEXAS  
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
 AS OF SEPTEMBER 30, 2008**

<b>Governmental Unit</b>	<b>Gross Debt Less Sinking Fund</b>	<b>Estimated Percentage Debt Applicable to City of Weslaco</b>	<b>City of Weslaco Share of Debt</b>
City of Weslaco, Texas	\$ 62,599,286	100.00%	\$ 62,599,286
Weslaco Independent School District	83,376,294	76.23%	63,557,749
Hidalgo County	181,922,500	5.11%	9,296,240
Hidalgo County Drainage District #1	99,950,000	5.22%	5,217,390
South Texas Community College District	84,174,991	4.35%	<u>3,661,612</u>
			<u>144,332,277</u>
Percentage of Assessed Valuation			<u>13%</u>
Direct and Overlapping Debt per Capita			<u>4,497</u>
Population:	<u>32,092</u>		
Assessed Valuation:	<u>1,100,576,283</u>		

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**CITY OF WESLACO, TEXAS  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FICAL YEARS**

**Legal Debt Margin Calculation fo Fiscal Year 2008**

Assessed value	\$ 1,100,576,283
Debt limit (10% of assessed value)	110,057,628
Debt applicable to limit:	
General obligation bonds	27,098,072
Less: Amount set aside for repayment of general obligation debt	(5,333)
Total net debt applicable to limit	27,092,739
Legal debt margin	\$ 82,964,889

	<u>1999</u>	<u>2000</u>	<u>2001</u>
Debt limit	\$56,535,575	\$ 59,894,437	\$ 65,776,472
Total net debt applicable to limit	18,295,971	15,576,043	13,969,147
Legal debt margin	\$38,239,604	\$ 44,318,394	\$ 51,807,325
Total net debt applicable to the limit as a percentage of debt limit	32.36%	26.01%	21.24%

Note: In 1955, the State Legislature enacted the 10% debt limit rate for school districts in Texas and has subsequently been used by municipalities as a general rule in computing debt margin.

**CITY OF WESLACO, TEXAS  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FICAL YEARS**

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 72,060,258	\$ 78,129,405	\$ 81,983,807	\$ 87,773,309	\$ 92,227,149	\$ 99,815,209	\$ 110,057,628
<u>12,452,847</u>	<u>25,194,127</u>	<u>24,662,550</u>	<u>23,847,724</u>	<u>22,852,031</u>	<u>27,872,725</u>	<u>27,092,739</u>
<u>\$ 59,607,411</u>	<u>\$ 52,935,278</u>	<u>\$ 57,321,257</u>	<u>\$ 63,925,585</u>	<u>\$ 69,375,118</u>	<u>\$ 71,942,484</u>	<u>\$ 82,964,889</u>
17.28%	32.25%	30.08%	27.17%	24.78%	27.92%	24.62%

**CITY OF WESLACO, TEXAS  
PLEGDED-REVENUE COVERAGE  
LAST TEN FISCAL YEARS**

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Plus: CIP Fee (1)	Net Available Revenue	Debt Service		Coverage
					Principal	Interest	
1999	\$ 4,846,263	\$ 2,799,832	\$ 438,823	\$ 2,485,254	\$ 685,000	\$ 310,933	2.50
2000	5,574,326	3,259,122	420,102	2,735,306	645,000	353,958	2.74
2001	5,494,570	3,698,875	485,820	2,281,515	670,000	327,667	2.29
2002	5,645,074	4,127,486	481,681	1,999,269	700,000	299,797	2.00
2003	5,170,164	4,318,724	524,705	1,376,145	725,000	270,366	1.38
2004	5,300,765	5,262,723	551,517	589,559	545,000	244,308	0.75
2005	7,005,742	5,116,708	562,677	2,451,711	565,000	222,245	3.11
2006	7,647,543	5,490,379	591,140	2,748,304	585,000	199,335	3.50
2007	7,244,451	6,051,989	603,306	1,795,768	310,000	181,603	3.65
2008	7,535,694	6,696,352	631,600	1,470,942	300,000	169,785	3.13

(1) The Waterworks and Sewer System Revenue Bonds, Series 1998 were issued on September 23, 1998 in the amount of \$5,930,000. These bonds will be paid from a CIP fee that has been charged to customers since June 1, 1996. This fee is to remain in place until the debt related to the new sewer plant on the south side of town has been paid for. The CIP fee is recognized as non-operating revenue. This table has been modified to reflect this source of funds.

**CITY OF WESLACO, TEXAS  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST FIVE FISCAL YEARS**

Fiscal Year	General Bonded Debt			Percentage of Actual Taxable Value of Property	Per Capita	Other Governmental Activities Debt	
	General Obligation Bonds	Certificates of Obligation	Water District Debt Assumed			Arbitrage Payable	Compensated Absences
2003	5,355,400	20,136,636	734,482	3.37%	\$ 867.54	343,436	1,187,854
2004	4,896,600	19,871,584	46,266	3.04%	815.84		1,318,127
2005	4,249,600	19,590,708	30,844	2.72%	784.82		1,743,184
2006	3,699,200	19,287,964	15,422	2.49%	731.59		1,910,089
2007	3,126,400	25,018,352	-	2.81%	877.00		2,141,726
2008	2,531,200	24,566,872	-	2.71%	844.39		2,274,848

Fiscal Year	Business-Type Activities				Economic Development Sales Tax		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation	Revenue Bonds	Notes Payable	Revenue Bonds	Notes Payable			
2003	2,829,600	1,773,364	6,080,000	61,496	8,480,000	1,499,887	48,482,155	11.16%	1,604
2004	2,678,400	1,528,416	535,000		8,050,000	1,350,230	40,274,623	8.60%	1,324
2005	2,390,400	1,454,292	4,970,000		7,480,000	1,455,316	43,364,344	8.53%	1,426
2006	2,080,800	1,377,036	4,385,000		6,885,000	1,500,555	41,141,066	7.63%	1,308
2007	1,758,600	4,075,000	23,366,648		6,260,000	1,251,099	66,997,825	11.73%	2,088
2008	1,423,800	3,775,000	23,238,128	-	5,600,000	-	63,409,848	13.96%	1,976

Note: The City began to report accrual information when it implemented GASB statement 34 in fiscal year 2003.

**CITY OF WESLACO, TEXAS  
TAXABLE SALES BY INDUSTRY  
LAST FIVE CALENDAR YEARS**

	Calendar Year				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Accommodation and food services	\$ 43,882,947	\$ 46,131,680	\$ 48,551,878	\$ 54,973,601	\$ 60,676,571
Administration, support, waste management, remediation	8,366,625	8,061,895	7,999,003	8,607,798	7,496,343
Arts, entertainment, and recreation	825,856	923,504	1,233,549	1,267,988	771,049
Construction	1,283,765	928,983	1,690,806	1,132,716	1,413,237
Finance and insurance	1,384,743	1,446,676	1,429,610	1,480,900	1,770,635
Health care and social assistance	350,684	380,614	387,060	349,339	294,675
Information	11,779,432	8,157,061	18,480,970	12,253,568	6,747,785
Manufacturing	2,646,501	3,232,274	3,824,972	3,830,005	5,211,076
Other	551,180	366,923	63,937	47,047	14,532
Other services	6,339,804	8,025,007	8,362,080	8,645,560	9,830,952
Professional, scientific and technical	1,169,601	1,124,693	1,500,573	1,297,799	892,992
Real estate, rental and leasing	17,507,254	20,694,305	27,299,222	26,148,015	31,158,281
Retail trade	179,808,962	167,989,382	179,317,839	202,744,888	217,604,417
Transportation and warehousing	400,478	520,640	1,045,346	1,368,621	1,357,532
Wholesale trade	10,081,664	8,912,919	10,215,320	11,048,557	10,575,494
<b>Total</b>	<b>\$ 286,379,496</b>	<b>\$ 276,896,556</b>	<b>\$ 311,402,165</b>	<b>\$ 335,196,402</b>	<b>\$ 355,815,571</b>
City direct sales tax rate	2.00%	2.00%	2.00%	2.00%	2.00%

Source: Texas State Comptroller

Note: Prior years are not available due to changes in classifications implemented by the Comptroller's office.

**CITY OF WESLACO, TEXAS  
SALES TAX REVENUE PAYERS BY INDUSTRY  
CALENDAR YEARS 2003 AND 2007**

	2003				2007			
	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Tax Liability</u>	<u>Percentage of Total</u>	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Tax Liability</u>	<u>Percentage of Total</u>
Accommodation and food services	115	12.82%	\$ 877,659	15.32%	124	13.26%	\$ 1,213,531	17.1%
Administration, support, waste management	50	5.57%	167,333	2.92%	51	5.45%	149,927	2.1%
Arts, entertainment, and recreation	10	1.11%	16,517	0.29%	9	0.96%	15,421	0.2%
Construction	32	3.57%	25,675	0.45%	37	3.96%	28,265	0.4%
Finance and insurance	19	2.12%	27,695	0.48%	19	2.03%	35,413	0.5%
Health care and social assistance	4	0.45%	7,014	0.12%	4	0.43%	5,894	0.1%
Information	18	2.01%	235,589	4.11%	17	1.82%	134,956	1.9%
Manufacturing	23	2.56%	52,930	0.92%	29	3.10%	104,222	1.5%
Other	39	4.35%	11,024	0.19%	16	1.71%	291	0.0%
Other services	98	10.93%	126,796	2.21%	112	11.98%	196,619	2.8%
Professional, scientific and technical	33	3.68%	23,392	0.41%	36	3.85%	17,860	0.3%
Real estate, rental and leasing	15	1.67%	350,145	6.11%	14	1.50%	623,166	8.8%
Retail trade	405	45.15%	3,596,179	62.79%	423	45.24%	4,352,088	61.2%
Transportation and warehousing	6	0.67%	8,010	0.14%	6	0.64%	27,151	0.4%
Wholesale trade	30	3.34%	201,633	3.52%	38	4.06%	211,510	3.0%
<b>Total</b>	<b>897</b>	<b>100.00%</b>	<b>\$ 5,727,590</b>	<b>100.00%</b>	<b>935</b>	<b>100.00%</b>	<b>\$ 7,116,311</b>	<b>100.00%</b>

Source: Texas State Comptroller

Note: The tax liability was calculated from amounts reported by the Comptrollers office as sales subject to sales tax. Because of amounts retained by the state for administration and timing differences due to accounts under audit the totals will not necessarily compare with actual sales tax rebates received by the City.

**CITY OF WESLACO, TEXAS  
DIRECT AND OVERLAPPING SALES TAX RATES  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>City Direct Rate</b>	<b>State Rate</b>	<b>Total Tax Rate</b>
1999	2.00%	6.25%	8.25%
2000	2.00%	6.25%	8.25%
2001	2.00%	6.25%	8.25%
2002	2.00%	6.25%	8.25%
2003	2.00%	6.25%	8.25%
2004	2.00%	6.25%	8.25%
2005	2.00%	6.25%	8.25%
2006	2.00%	6.25%	8.25%
2007	2.00%	6.25%	8.25%
2008	2.00%	6.25%	8.25%

**CITY OF WESLACO, TEXAS  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS**

<b>Calendar Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
1999	26,565	327,689,590	12,335	16.3%
2000	26,935	356,948,781	13,252	16.3%
2001	28,282	389,537,024	13,773	15.3%
2002	27,967	411,207,600	14,703	15.6%
2003	30,231	434,459,797	14,371	16.6%
2004	30,416	468,540,296	15,404	13.3%
2005	30,416	508,525,738	16,719	7.2%
2006	31,442	539,037,263	17,144	6.5%
2007	32,092	571,379,538	17,804	7.3%
2008	32,092	454,069,708	14,149	7.3%

Source: Weslaco Economic Development Corporation and the Bureau of Economic Analysis

**City of Weslaco, Texas**  
**Operating Indicators and Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**  
(dollars in thousands)

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>General government</b>										
Building permits issued	3,315	3,030	2,681	4,203	2,791	2,744	2,764	2,984	2,848	2,361
Building inspections Conducted	4,100	4,590	3,791	5,959	1,439	5,149	4,678	5,391	5,536	5,055
<b>Police</b>										
Physical Arrests-Adults	1,892	1,876	2,569	2,429	2,275	2,263	2,159	2,225	2,585	2,266
Physical Arrests-Juveniles	636	633	629	512	567	537	599	703	651	366
<b>Fire</b>										
Emergency responses	3,469	3,416	3,368	3,368	4,651	5,027	5,488	5,499	6,664	7,235
<b>Library</b>										
Volumes in collection	67,231	67,128	72,779	75,344	77,899	80,239	82,504	75,444	65,569	51,968
Total volumes borrowed	97,298	75,239	98,910	102,322	77,264	78,622	56,251	60,542	56,901	76,057
<b>Water</b>										
New connections	329	320	361	479	380	328	309	290	267	267
Average daily consumption (thousands of gallons)	4,179	4,816	4,854	5,111	4,660	4,550	5,210	5,406	4,385	5,666
Peak daily consumption (thousands of gallons)	7,353	7,200	7,048	8,930	7,330	7,022	7,770	7,741	7,799	8,076
<b>Wastewater</b>										
Average daily sewage treatment (thousands of gallons)	2,303	3,406	2,215	2,978	3,568	3,794	3,590	3,377	3,431	2,080
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Substation	1	1	4	4	4	4	3	3	3	3
Patrol Units										77
<b>Fire stations</b>	2	2	3	3	3	3	3	3	3	3
<b>Other public works</b>										
Street (miles)	91.85	91.85	91.85	91.85	91.85	91.85	91.85	91.85	97.54	97.54
Streetslights	1,102	1,102	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
<b>Parks &amp; recreation</b>										
Acreage	89.80	89.80	89.80	154.80	154.80	154.80	153.53	153.53	153.53	153.53
Playgrounds	11	11	11	11	11	11	16	16	16	16
Golf courses	1	1	1	1	1	1	1	1	1	1
<b>Water</b>										
Water main (miles)	103.3	115.9	121.4	121.4	121.4	121.4	126.0	126.0	126.0	126.0
Fire hydrants										
Storage capacity (thousands of gallons)	7,900	7,900	7,900	7,900	7,900	7,900	7,900	7,900	7,900	7,900
<b>Wastewater</b>										
Sanitary sewer (miles)	96.57	101.27	107.17	107.17	107.17	107.17	111.67	111.67	118.01	118.01
Storm sewer (miles)	44.84	46.34	48.24	48.24	48.24	48.24	50.94	50.94	50.94	50.94
Treatment capacity (thousands of gallons)	3,000	3,000	3,000	5,500	5,500	5,500	5,500	5,500	5,500	5,500

**CITY OF WESLACO, TEXAS  
PRINCIPAL EMPLOYERS  
2008 AND 2002**

<u>Employer</u>	<u>2008</u>			<u>2002</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Weslaco Independent School District	2,825	1	22.95%	2,100	1	19.08%
Knapp Medical Center	980	2	7.96%	1,200	2	10.90%
Woodcrafters	541	3	4.40%	260	9	2.36%
Wal-Mart	455	4	3.70%			
H.E.Butt Grocery Company	407	5	3.31%	230	10	2.09%
City of Weslaco	390	6	3.17%	266	7	2.42%
Payne Auto Group	330	7	2.68%	-		0.00%
South Texas College	193	8	1.57%			
Foremost Paving	166	9	1.35%			
Tx A&M University System	147	10	1.19%			
International Wood	206		1.67%	-		0.00%
Williamson-Dickie	-		-	734	3	6.67%
McManus, JS Produce	-		-	400	4	3.63%
K-Mart Super Center	-		-	275	5	2.50%
Haggar Clothing Co.	-		-	270	6	2.45%
Caldwell VSR	-		-	265	8	2.41%
<b>Total</b>	<b>6,640</b>		<b>53.95%</b>	<b>6,000</b>		<b>54.51%</b>

Source: Weslaco Economic Development Corporation

**CITY OF WESLACO, TEXAS  
 FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION  
 LAST TEN FISCAL YEARS**

<b>Function</b>	<b><u>1999</u></b>	<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>
<b>General government</b>	44	47	47	50	54	51	50	50	51	54
Legislative	5	5	5	5	5	5	5	5	5	7
Other	39	42	42	45	49	46	45	45	46	47
<b>Public Safety</b>	125	140	142	155	166	175	177	174	175	197
<b>Public Works</b>	19	19	19	20	23	23	27	28	29	29
<b>Health &amp; Welfare</b>	3	2	2	3	3	3	3	3	3	3
<b>Culture &amp; Recreation</b>	32	33	36	37	39	38	38	38	38	39
<b>Refuse collection</b>	15	16	23	23	23	23	15	17	17	17
<b>Library</b>	16	16	18	19	19	20	19	19	19	19
<b>Water</b>	21	21	21	21	21	23	23	23	23	24
<b>Wastewater</b>	7	8	9	9	9	9	9	9	9	8
<b>Airport</b>	3	4	4	4	4	4	4	4	4	4
<b>Museum</b>	1	1	1	1	2	2	2	2	2	2
<b>Total</b>	<b>286</b>	<b>307</b>	<b>322</b>	<b>342</b>	<b>363</b>	<b>371</b>	<b>367</b>	<b>367</b>	<b>370</b>	<b>396</b>

**Disclosure Requirements**

**CONTINUING DISCLOSURE REQUIREMENTS**

**OF**

**SEC RULE 15 (c) 2-12**

The System

Waterworks System

The City of Weslaco has one water treatment plant, constructed in four different phases. Section No 1 was built in 1945, Section No 2 in 1960, Section No 3 in 1970, and Section No 4 in 1983. The total capacity is 8.1 MGD (Per TCEQ) and is presently meeting all EPA and TCEQ safe drinking water standards. The total above ground storage is 1.3 MG and 1,085,000 underground storage at the plant site. The distribution system maintains adequate pressure in 126 miles of water mains in the system.

Table 1 - Historical Water Consumption (Gallons)

Fiscal Year					Water
<u>Ended</u>	<u>Daily Average</u>	<u>Peak Day</u>	<u>Peak Month</u>	<u>Total Usage</u>	<u>Revenue</u>
1999	4,179,268	7,353,000	146,410,000	1,525,433,000	\$ 2,463,033
2000	4,816,000	7,200,000	191,100,000	1,642,400,000	\$ 2,813,148
2001	4,854,000	7,048,000	185,800,000	1,771,700,000	\$ 2,915,645
2002	5,110,916	8,930,000	192,970,000	1,866,730,000	\$ 2,973,709
2003	4,659,507	7,330,000	174,643,000	1,700,720,000	\$ 2,781,636
2004	4,550,318	7,022,000	180,273,000	1,660,866,000	\$ 2,864,106
2005	5,210,000	7,770,000	196,700,000	1,903,120,000	\$ 3,778,748
2006	5,406,000	7,741,000	204,215,000	1,973,214,000	\$ 4,071,305
2007	4,384,980	7,799,000	154,903,000	1,600,518,000	\$ 3,733,413
2008	5,666,000	8,076,000	217,313,000	2,072,698,000	\$ 4,159,964

Table 2 - Ten Largest Water Customers (Based on Gallons Consumed)

<u>Customer</u>	<u>Type of Industry</u>	<u>Water Usage</u>	<u>% of Total Water Usage</u>	<u>Water Revenue</u>	<u>% of Total Water Revenue</u>
Weslaco Ind. School Dist.	Educational Facility	72,098,100	3.48%	\$ 150,339	3.61%
City of Weslaco	Municipality	60,020,700	2.90%	122,983	2.96%
Military Highway Water Supply	Water Company	56,353,200	2.72%	100,703	2.42%
Pine to Palm Trailer Park	Mobile Home Park	25,646,000	1.24%	45,710	1.10%
North Side Apartments	Government Housing	25,074,000	1.21%	49,688	1.19%
Knapp Medical Center	Hospital	21,767,900	1.05%	44,992	1.08%
John Knox Village	Retirement Center	20,518,000	0.99%	35,312	0.85%
Maverick Industrial Service	Industrial	16,962,100	0.82%	32,246	0.78%
Country Sunshine Park	Mobile Home Park	10,905,200	0.53%	22,453	0.54%
Wal-Mart	Retail	9,798,800	0.47%	22,053	0.53%
		<u>319,144,000</u>	<u>15.40%</u>	<u>\$ 626,480</u>	<u>15.06%</u>

Table 3 - Monthly Water Rates (Effective 10/4/2007)

New Rates	
<u>Inside City</u>	<u>Outside City</u>
\$10.36 (Base Fee)	\$15.04 (Base Fee)
+ \$1.79 / 1,000 Gallons	+ \$1.79 / 1,000 Gallons
Old Rate (10/5/2006)	
<u>Inside City</u>	<u>Outside City</u>
\$10.06 (Base Fee)	\$14.60 (Base Fee)
+ \$1.74 / 1,000 Gallons	+ \$1.74 / 1,000 Gallons

## The System

### Waste Water System

The City of Weslaco wastewater treatment plants have an existing 5.5 MGD capacity to treat domestic sewage from within its corporate city limits. At the present time the system has approximately 111.67 miles of sanitary sewer lines including pressure mains feeding from 50 existing lift stations. All sludge is disposed of at a permitted landfill.

Table 4 - Wastewater Usage (Gallons)

Fiscal Year Ended	Daily Average	Monthly Average	Peak Daily Usage	Peak Monthly Usage	Total Usage	Total Revenues
<u>September 30,</u>						
1999	2,303,000	70,058,000	4,500,000	81,500,000	840,700,000	\$ 1,525,595
2000	3,405,900	103,597,000	3,900,000	123,300,000	1,243,170,000	\$ 1,634,422
2001	2,214,900	67,370,000	3,800,000	88,600,000	808,450,000	\$ 1,873,565
2002	2,978,482	90,595,500	3,500,000	105,836,000	1,087,146,000	\$ 1,844,504
2003	3,568,222	108,533,417	9,456,000	138,876,000	1,302,401,000	\$ 1,892,832
2004	3,794,051	115,401,750	7,269,000	136,279,000	1,384,829,000	\$ 2,029,333
2005	3,590,000	109,140,000	8,350,000	122,590,000	1,309,740,000	\$ 2,862,655
2006	3,376,663	102,706,833	3,227,000	110,887,000	1,232,482,000	\$ 3,171,673
2007	3,431,364	104,374,000	6,409,000	125,794,000	1,252,448,000	\$ 3,112,706
2008	2,079,800	109,303,000	6,238,200	128,231,000	1,309,560,000	\$ 3,375,730

Table 5 - Ten Largest Wastewater Customers

<u>Customer</u>	<u>Type of Industry</u>	<u>Wastewater Revenue</u>	<u>% of Total Wastewater Revenue</u>
Weslaco Ind. School Dist.	Educational Facility	\$ 99,879	2.96%
City of Weslaco	Municipality	63,811	1.89%
Pine to Palm	Mobile Home Park	41,293	1.22%
North Side Apartments	Government Housing	40,426	1.20%
Knapp Medical Center	Hospital	37,093	1.10%
Maverick Industrial Service	Industrial	30,083	0.89%
John Knox Village	Retirement Center	22,386	0.66%
Wal-Mart	Retail	20,592	0.61%
Country Sunshine	Mobile Home Park	18,333	0.54%
Palm Aire Motel	Mobile Home Park	16,384	0.49%
		<u>\$ 390,281</u>	<u>11.56%</u>

The System

Table 6 - Monthly Sewer Rates (Effective 10/4/2007)

Residential			
New Rates			
	<u>Inside City</u>		<u>Outside City</u>
Base Fee	\$ 11.12		N/A
Per Thousand	\$ 1.27		
Old Rate (10/5/2006)			
	<u>Inside City</u>		<u>Outside City</u>
Base Fee	\$ 10.35		N/A
Per Thousand	\$ 1.18		
Commercial			
Rate (No recent changes)			
	<u>Inside City</u>		<u>Outside City</u>
80% to 95 % of water charge			N/A

Table 7 - Waterworks and Sewer System Revenue Debt Service Requirements

Fiscal Year Ended <u>30-Sep</u>	Outstanding Debt			% of Principal Retired
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2009	315,000	157,635	472,635	8.34%
2010	325,000	144,673	469,673	16.95%
2011	340,000	130,870	470,870	25.96%
2012	355,000	116,098	471,098	40.39%
2013	365,000	100,526	465,526	45.03%
2014	380,000	84,228	464,228	55.10%
2015	400,000	66,968	466,968	70.33%
2016	415,000	48,834	463,834	76.69%
2017	430,000	29,925	459,925	88.08%
2018	450,000	10,125	460,125	100.00%
	<u>\$ 3,775,000</u>	<u>\$ 889,882</u>	<u>\$ 4,664,882</u>	

The System

Table 8 - Condensed Statement of Operations

	Fiscal Year Ended September 30,				
	2008	2007	2006	2005	2004
<b>Revenues</b>					
Water Service	\$ 4,159,964	\$ 3,733,413	\$ 4,071,305	\$ 3,778,748	\$ 2,864,106
Sewer Service	3,375,730	3,112,706	3,171,673	2,862,655	2,029,333
Interest Earnings	907,122	154,418	93,408	67,556	107,283
Miscellaneous	463,602	243,914	311,157	296,783	300,043
<b>Total Revenues</b>	<b>\$ 8,906,418</b>	<b>\$ 7,244,451</b>	<b>\$ 7,647,543</b>	<b>\$ 7,005,742</b>	<b>\$ 5,300,765</b>
<b>Expenses</b>					
Personal Services	\$ 1,291,413	\$ 1,078,515	\$ 999,869	\$ 1,014,761	\$ 976,445
Other Services and Charges	1,005,956	989,099	1,094,427	901,704	777,856
Supplies	373,062	297,729	234,763	245,296	562,504
Contractual Services	4,025,921	3,686,646	3,161,320	2,954,947	2,945,918
<b>Total Expenses</b>	<b>\$ 6,696,352</b>	<b>\$ 6,051,989</b>	<b>\$ 5,490,379</b>	<b>\$ 5,116,708</b>	<b>\$ 5,262,723</b>
<b>Net Available for Debt Service</b>	<b>2,210,066</b>	<b>1,192,462</b>	<b>2,157,164</b>	<b>1,889,034</b>	<b>38,042</b>
<b>CIP Fees (1)</b>	<b>631,599</b>	<b>603,306</b>	<b>591,140</b>	<b>562,677</b>	<b>551,517</b>
<b>Net Available for Debt Service Adjusted by CIP Fees</b>	<b>\$ 2,841,665</b>	<b>\$ 1,795,768</b>	<b>\$ 2,748,304</b>	<b>\$ 2,451,711</b>	<b>\$ 589,559</b>
<b>Water Customers</b>	<b>9,533</b>	<b>11,468</b>	<b>10,149</b>	<b>9,802</b>	<b>8,626</b>
<b>Sewer Customers</b>	<b>8,726</b>	<b>9,689</b>	<b>9,323</b>	<b>9,008</b>	<b>7,827</b>

(1) The Waterworks and Sewer System Revenue Bonds, Series 1998 were issued on September 23, 1998 in the amount of \$5,930,000. These bonds will be paid from a CIP fee that has been charged to customers since June 1, 1996. This fee is to remain in place until the debt related to the new sewer plant on the south side of town has been paid for. The CIP fee is recognized as non-operating revenue. Table 8 has been modified to reflect this source of funds.

Table 9 - Coverage and Fund Balances

Average Annual Principal and Interest Requirements, 2009-2027	\$ 2,159,623
Coverage of Average Annual Requirements by 9/30/08 Net Income	0.83
Maximum Principal and Interest Requirements, 2009	\$ 1,281,133
Coverage of Maximum Requirements by 9/30/08 Net Income	1.40
Waterworks and Sewer System Revenue Bonds Outstanding, 9/30/08	\$ 3,775,000
Interest and Sinking Fund, 9/30/08	\$ -
Reserve Fund, 9/30/08	\$ 476,188

The System

Table 10 - Value of the System

Fiscal Year Ended September 30,					
	2008	2007	2006	2005	2004
<b>Waterworks System</b>					
Land	\$ 163,584	\$ 163,584	\$ 163,584	\$ 163,584	\$ 163,584
Buildings	236,047	236,047	134,721	134,721	134,721
Other Improvements	12,768,170	10,781,276	10,873,233	10,854,745	10,277,893
Machinery and Equipment	3,000,436	2,953,930	2,699,120	2,666,169	2,666,169
Construction in Progress	<u>2,433,512</u>	<u>725,888</u>	<u>725,888</u>	<u>723,225</u>	<u>723,570</u>
Total Value	\$ 18,601,749	\$ 14,860,725	\$ 14,596,546	\$ 14,542,444	\$ 13,965,937
Less: Depreciation	<u>877,1912</u>	<u>8,212,549</u>	<u>7,778,755</u>	<u>7,348,688</u>	<u>6,909,839</u>
Net System Value	9,829,837	6,648,176	6,817,791	7,193,756	7,056,098
<b>Sewer System</b>					
Land	\$ 408,221	\$ 408,221	\$ 408,221	\$ 408,221	\$ 408,221
Buildings	188,276	188,276	1,950	1,950	1,950
Other Improvements	26,198,053	25,056,005	24,514,551	24,489,195	24,314,232
Machinery and Equipment	1,284,946	1,297,691	1,248,326	1,248,326	1,248,326
Construction in Progress	<u>1,633,738</u>	<u>3,344,225</u>	<u>3,367,285</u>	<u>3,034,985</u>	<u>2,688,281</u>
Total Value	\$ 29,713,234	\$ 30,294,418	\$ 29,540,333	\$ 29,182,677	\$ 28,661,010
Less: Depreciation	<u>10,416,769</u>	<u>9,302,145</u>	<u>8,379,796</u>	<u>7,544,169</u>	<u>6,700,006</u>
Net System Value	19,296,465	20,992,273	21,160,537	21,638,508	21,961,004
Total Net System Value	<u>\$ 29,126,302</u>	<u>\$ 27,640,449</u>	<u>\$ 27,978,328</u>	<u>\$ 28,832,264</u>	<u>\$ 29,017,102</u>

Table 11 - City's Equity in System

Fiscal Year Ended September 30,					
	2008	2007	2006	2005	2004
<b>Resources</b>					
Total Net System Value	\$ 29,126,302	\$ 27,640,449	\$ 27,978,328	\$ 28,832,264	\$ 29,017,102
Cash and Investments	1,984	123,743	236,561	393,265	1,124,345
Other Resources	<u>2,431,497</u>	<u>24,766,988</u>	<u>3,611,952</u>	<u>3,291,861</u>	<u>3,038,645</u>
Total Resources	\$ 31,559,783	\$ 52,531,180	\$ 31,826,841	\$ 32,517,390	\$ 33,180,092
<b>Obligations</b>					
Revenue Bonds Payable	\$ 3,775,000	\$ 4,075,000	\$ 1,059,667	\$ 4,962,515	\$ 5,520,235
GO / CO Debt	24,351,823	24,765,248	3,457,836	3,844,692	4,206,816
Other Obligations	<u>2,170,092</u>	<u>1,117,513</u>	<u>4,055,786</u>	<u>619,426</u>	<u>1,077,101</u>
Total Obligations	\$ 30,296,915	\$ 29,957,761	\$ 8,573,289	\$ 9,426,633	\$ 10,804,152
City's Equity in System	<u>1,262,868</u>	<u>22,573,419</u>	<u>23,253,552</u>	<u>23,090,757</u>	<u>22,375,940</u>
Percentage City's Equity in System	4.00%	42.97%	73.06%	71.01%	67.44%



**PART IV**

**SINGLE AUDIT SECTION**

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2008-01 and 2008-02 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Weslaco's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2008-01 and 2008-02

This report is intended solely for the information and use of management, others within the entity, the City Commission, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Luis G. Castilleja, CPA



Raul Hernandez & Company, P.C.

May 22, 2009

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## **Independent Auditors' Report**

### Report on Compliance with Requirements Applicable To each Major Program and on Internal Control over Compliance In Accordance With OMB Circular A-133

City Commission  
City of Weslaco  
255 S. Kansas Ave.  
Weslaco, Texas 78596

Members of the City Commission:

#### Compliance

We have audited the compliance of City of Weslaco with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2008. City of Weslaco's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Weslaco's management. Our responsibility is to express an opinion on City of Weslaco's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Weslaco'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. Our audit does not provide a legal determination of City of Weslaco's compliance with those requirements.

In our opinion, City of Weslaco complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2008.

#### Internal Control Over Compliance

The management of City of Weslaco is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Weslaco's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Weslaco's internal control over compliance.

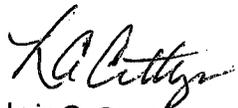
A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses.

This report is intended solely for the information and use of management, others within the entity, the City Commission, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Luis G. Castilleja, CPA



Raul Hernandez & Company, P.C.

May 22, 2009

**CITY OF WESLACO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**A. Summary of Auditor's Results**

**1. Financial Statements**

Type of auditor's report issued: Qualified

Internal control over financial reporting:

One or more material weaknesses identified?  X  Yes      No

One or more significant deficiencies identified that are not considered to be material weaknesses?      Yes  X  None Reported

Noncompliance material to financial statements noted?  X  Yes      No

**2. Federal Awards**

Internal control over major programs:

One or more material weaknesses identified?      Yes  X  No

One or more significant deficiencies identified that are not considered to be material weaknesses?      Yes  X  None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?      Yes  X  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.044	SAFER Grant
97.036	FEMA

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?      Yes  X  No

**B. Financial Statement Findings**

**2008-01 Internal Control over Financial Reporting**

**Finding:**  
 SAS No. 112-Communicating Internal Control Related Matters Identified in an Audit, establishes requirements for auditors to communicate certain control deficiencies that have been identified during the audit.

**CITY OF WESLACO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Management is responsible for establishing and maintaining internal controls, including ongoing activities, for the selection and application of accounting principles; and for the fair presentation in the financial statements in accordance with U.S. generally accepted accounting principles. The City's management is responsible for reliably initiating, authorizing, recording and processing all accounting data and a proper control system must provide for the reliable and accurate reporting of this financial data. The City relied on us to prepare its financial statements in accordance with U.S. generally accepted accounting principles which is considered common for entities with a small staff. Since management does not possess the ability to prepare the financial statements it does not have the skills and knowledge to prevent, detect and correct a misstatement in the financial statements and this presents a "material weakness" in the City's internal control system. As your auditor, we cannot be considered part of the City's internal control; thus controls over the financial statement preparation function that exist in our firm cannot be considered in determining whether there is a control deficiency and its severity."

**Recommendation:**

We recommend that the City consider strengthening its internal control over financial reporting and monitoring on going activities. We also recommend that management and the City Commissioners remain involved in the financial reporting process. The funding of future federal and state grants may be affected if this material weakness is not corrected. A CPA other than the auditing firm can be part of the client's internal control, and those controls can be considered.

**2008-02 Posting Errors/Internal Control Weaknesses**

**Finding:**

During our examination, we discovered numerous transactions were posted incorrectly in the general ledger. Management charged significant amounts of capital outlay to operating expense rather than capitalizing these additions to the balance sheet of the enterprise fund. This required an extensive analysis to correct the errors. As mentioned in the independent auditor's report, the city did not maintain adequate records for general fixed assets and related depreciation. These errors are a result of management's lack of understanding of accounting principles. In many instances we noted that work prepared by personnel is not being properly approved by senior management. Many of the journal entries are not being reviewed by a supervisor. During our subsequent review of the city's transactions, we noted two particular disbursements for a capital project, totaling over \$1,800,000, which did not appear to have complete authorization for payment. Further inquiries to management disclosed that these particular transactions did not appear to include the city engineer's approval for the payment as well. Management is conducting extensive research on these transactions as of the date of this report.

**Recommendation:**

We recommend that management consider correcting these weaknesses in internal control. The costs of employing an additional accountant/internal auditor with the requisite education, training, and experience may well exceed the benefit that the City could receive by strengthening these control weaknesses. For that reason, we strongly recommend that management and the city commissioners be aware of these weaknesses and become more involved in the financial reporting process. Internal audits of all departments should be performed in order to reevaluate all internal controls within the city as well as help identify the areas which need immediate attention. The internal audits will also enhance the effectiveness and efficiency of the city operations. We strongly recommend that all capital projects expenditures be reviewed immediately to determine if the city's policies and procedures for these projects are being properly adhered to by the City.

**C. Federal Award Findings and Questioned Costs**

**NONE**

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**CITY OF WESLACO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

<b>Pass-Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor Number</b>	<b>Program or Award Amount</b>
<u>Federal Assistance</u>			
<u>U.S. Department of Justice</u>			
Direct Program:			
* Drug Enforcement Administration	16.71		15,854
Special Events Security Program & Body Armor Purchase Initiative	16.71		16,013
<b>Total U S Department of Justice</b>			<b>31,867</b>
<u>Federal Communication Commission</u>			
Pass Through the Universal Service Administrative Company:			
* USAC Schools and Libraries E-Rate		141687	128,657
<u>U.S. Department of Homeland Security</u>			
Passed through the			
2005 SHSP	97.073	2005 HSGP-77272	71,385
2006 SHSP	97.073	2006 HSGP-050169	45,958
SAFER Grant	97.044	EMW-2006-FF-03766	1,035,000
			<b>1,152,343</b>
<u>The Federal Bureau of Investigation</u>			
Violent Crime Task Force		166E-SA-46020	15,573
Violent Crime Task Force		166E-SA-46020	15,573
<b>Total Federal Bureau of Investigation</b>			<b>31,146</b>
<u>Federal Emergency Mgmnt Agency</u>			
Pass through the Texas Dept. of Public Safety Division of Emergency Management Disaster Relief (Hurricane Dolly)			
	97.036	FEMA-1780	-
<u>U S Department of Federal Aviation</u>			
<u>Administrative (FAA)</u>			
Passed Through Texas Department of Transportation-Aviation Division			
Airport Improvements		M721WESLA	25,000
Airport Improvements		O821WESLA	180,171
<b>Total Federal Aviation Administration</b>			<b>205,171</b>
<b>Total Federal Assistance</b>			<b>1,549,184</b>

<u>Accrued (Deferred) Revenue At 1-Oct-07</u>	<u>Grant Revenues Received</u>	<u>Matching &amp; Miscellaneous Revenues</u>	<u>Grant Expenditures Adjustment</u>	<u>Other Expenditures</u>	<u>Accrued (Deferred) Revenue at September 30,2008</u>
-	15,854	-	15,854	-	-
	16,013		16,013		
<u>-</u>	<u>31,867</u>	<u>-</u>	<u>31,867</u>	<u>-</u>	<u>-</u>
	7,863	1,792	16,125	1,792	8,262
	2,886		2,886		-
	45,828		45,828		-
	181,568	37,146	274,915	37,146	93,347
<u>-</u>	<u>230,282</u>	<u>37,146</u>	<u>323,629</u>	<u>37,146</u>	<u>93,347</u>
400	400				-
	7,153		7,153		-
<u>400</u>	<u>7,553</u>	<u>-</u>	<u>7,153</u>	<u>-</u>	<u>-</u>
	-	222,676	475,491	222,676	475,491
	5,905	5,905	5,905	5,905	-
	115,134	34,209	115,134	34,209	
	121,039	40,114	121,039	40,114	
<u>400</u>	<u>398,604</u>	<u>301,728</u>	<u>975,304</u>	<u>301,728</u>	<u>577,100</u>

<u>Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Program or Award Amount</u>
<b>STATE ASSISTANCE</b>			
<u>Texas Department of Environmental Quality</u> Compost Utilization Project		582-6-80481	<u>126,600</u>
<u>Office of the Governor-Criminal Justice Division</u> Local Law Enforcement Block Grant		2007DJBX1204	<u>14,571</u>
<u>Texas Department of Public Safety</u> Division of Emergency Management			
Border Star II		BSOC-OP-BS-043	107,300
Border Star V		LBSP-08-050	120,000
Tobacco Compliance Grant			<u>4,000</u>
			<u>231,300</u>
<u>Division of Traffic Safety</u> FY 2007 Safe and Sober	20.60	587XXF6018	<u>26,860</u>
<b>Total Texas Department of Transportation</b>			<u><b>26,860</b></u>
<u>Texas State Comptroller</u> LEOSE (Travel & Training)			6,071
LEOSE (Travel & Training)			5,994
<b>Total Texas State Comptroller</b>			<u><b>12,065</b></u>
<u>Texas Department of Information Resources</u> Texas State Library & Archives Commission		442-08519	<u>12,625</u>
<b>Total State Assistance</b>			<u><b>424,021</b></u>
<b>Total Federal &amp; State Assistance</b>			<u><b>\$ 1,973,205</b></u>

<u>Accrued (Deferred) Revenue At 1-Oct-07</u>	<u>Grant Revenues Received</u>	<u>Matching &amp; Miscellaneous Revenues</u>	<u>Grant Expenditures Adjustment</u>	<u>Other Expenditures</u>	<u>Accrued (Deferred) Revenue at September 30,2008</u>
13,000	17,900		17,900		13,000
	91,742		91,742		-
	95,282		88,030		(7,252)
	4,000		637		(3,363)
13,000	191,024	-	180,409	-	(10,615)
7,785	7,785				-
7,785	7,785	-	-	-	-
(116)	-	-	116		-
	5,994		4,392		(1,602)
(116)	5,994	-	4,508	-	(1,602)
	12,625		12,625		-
33,669	235,328	-	215,442	-	783
<b>\$ 34,069</b>	<b>\$ 633,932</b>	<b>\$ 301,728</b>	<b>\$ 1,190,747</b>	<b>\$ 301,728</b>	<b>\$ 577,883</b>

**CITY OF WESLACO**

*NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008*

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Weslaco and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.