

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
CITY OF WESLACO, TEXAS  
FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**Issued By:**

**LEONARDO OLIVARES, City Manager**

**OMAR GONZALES, Director of Finance**

**CITY OF WESLACO, TEXAS  
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**PART I**

**INTRODUCTION SECTION**

**CITY OF WESLACO, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**YEAR ENDED SEPTEMBER 30, 2009**

**CITY OFFICIALS**

Mayor	Hector “Buddy” De La Rosa
Commissioners	Rene Rodriguez, Jr. Mayor Pro-Tem
	John F. “Johnny” Cuellar
	Gerardo J. Tafolla
	Robert Garza
	Lupe Rivera
	Patrick Kennedy
City Manager	Leonardo Olivares
Director of Finance	Omar 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	Jose Perez
Fire Chief	Arturo Avila
Human Resources Director	Francisco Castellanos
Planning Director	Bernard Rodriguez
Parks Director	Pete Garcia, Jr.
Public Works Director	
Library Director-Interim	Martin Mata
Aviation Director/Emergency Management	George P. Garrett

# City of Weslaco

*"The City on the Grow"*



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

Leonardo Olivares, City Manager

27 May 2010

The Honorable Hector "Buddy" de la Rosa, R. Ph.  
City Commission  
225 S. Kansas Avenue  
Weslaco, Texas 78596

Dear Mayor de la Rosa and Commissioners:

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 ending September 30, 2009.

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 this representation, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatements. 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 Garcia & Pena, CPAs, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ending September 30, 2009, are free of material misstatement. The independent audit involved



**"In Weslaco EVERYONE opens the door!"**

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. Although the independent auditors' opinion is qualified due to the City's deficiencies in reconciling its detail fixed assets and related depreciation as it applies to the governmental funds, the City's financial statements for the fiscal year ending September 30, 2009 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 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. These reports are available on pages 211-216 in this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basis 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's MD&A can be found immediately following the independent auditor's report.

## **I. Profile of the Government**

The City of Weslaco, Texas established in 1919, is located in the southern tip of Texas in the geographic center of the Rio Grande Valley, which is considered to be one of the top growth areas in the state and nation. The City currently occupies a land area of 14.12 square miles and serves a population of 33,354. The City is authorized 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 incorporation in 1921. Policy-making and legislative authority is vested in a City Commission consisting of the Mayor and six Commissioners. The Commission is elected on a non-partisan basis. The Mayor and Commissioners serve three-year staggered terms, with two commissioners elected annually, except for every third year when the Mayor is also elected with two commissioners. The City Commission is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the City Commission, for overseeing the daily operations of the City, and for appointing the Directors of various departments.

The City 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, wastewater, and solid waste service also are provided by

the City. The City also includes a municipally chartered economic development corporation, which is reported as a component unit within the City's financial statements. Additional information on this legally separate entity can be found in Note O in the notes to the financial statement, or in its audited financial report.

There are five development corporations owned by the City of Weslaco that are used to attract and promote industry, hospital and housing facilities. The Economic Development Corporation of Weslaco's (EDC) operations is reported as a component unit in the Special Revenue Funds. The hospital and housing corporations (four) act merely as advisory boards to the City Commission (their existence is further explained on Note A (3) page 33 and Note O page 66 in the financial statement section). They are not part of the City's reporting entity because the City does not have oversight responsibilities and accountability over fiscal matters. The City is not legally or morally obligated for the Corporation's debt, even though they operate within the City limits and the City approves their issuance of bonds.

The annual budget serves as the foundation for the City financial planning and control. All municipal 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 basis 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's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department Directors may, with the City Manager's approval, make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the approval of the City Commission. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page 75 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 on page 92.

## II. Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood by having an understanding of the environmental conditions in which the City of Weslaco operates.

**Local Economy** – Weslaco continues to be recognized as the region's headquarters, at the commercial center point for 231,570 consumers within a ten-mile radius. New commercial developments completed in 2009 have spurred the sales tax receipts and new commercial growth continues 2010, with four new major retailers located in the City limits. The City of Weslaco's economy has been fairly steady, and in some respects fantastic. The year's sales tax receipts, which make up 31% of the General Fund increased by 4.95%, and 2010 has already surpassed our expectations.

Property tax collections have held steady during 2009, with a collection rate of 95% of the current levy and more than 101% total taxes collected over the current levy. The new year also has experienced strong collection efforts, again surpassing our expectations. The taxable

assessed value of property in the City increased from \$922 million to \$998 million during 2009. The tax levy for 2010 increased by \$421,832, without increasing the tax rates from the previous year.

**Operations Governmental Funds** - The City has invested heavily in improving the Fire Department and EMS operations with new equipment and training as well as the Police Department, not only with City funds but by taking advantage of State and Federal funds from the Homeland Security programs. This year the City also completed renovations to its Public Facilities Building which was acquired in 2007.

**Utility Funds** - The City continues completing construction on the new wastewater treatment plant and improvements to its existing old north wastewater treatment plant including improving the wastewater collection systems. The current water treatment plant will also include modifications to increase its capacity as the City begins planning for an additional water treatment plant.

The City is also completing a new comprehensive plan to assess the infrastructure needs in the water and sewer funds now and in the future. The comprehensive plan will also serve as a tool to be used in prioritizing projects based on available funds.

A water and wastewater rate study is also being implemented to assist in determining the actual costs associated with providing service as well as determining the adequacy of our current rates. The rate study will work hand-in-hand with the comprehensive plan in determining the proper rates to be charged to utility customers to ensure a financially stable system.

**Long-Term Financial Planning** - The City has maintained a relatively consistent income stream with moderate increases. The challenges are in maintaining operating costs within these limits. There is increasing pressure from vendors, national and local, in increasing prices for supplies and services as the national economy slowed in other areas. This affected them in acquiring their inventories and services also.

The City will be reviewing operations very closely again to limit the costs of operations and extending the life span of its equipment. This will be accomplished by being more pro-active in preventative maintenance of equipment and infrastructure; monitor staffing and overtime; and reviewing our purchasing schedules to allow for better control on acquisitions of supplies and services.

Given the challenges that the City has been facing concerning the declining fund balance in the General Fund, the City has implemented a financial forecast model. This model was initially implemented and adopted by the Commission to raise the fund balance to the target amount of 25% of annual expenditures by the year 2012. The model will be updated periodically to track our progress toward this goal.

**Cash Management Policies and Practices** – Cash temporarily idle during the year was invested in Tex Pool (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. The average yield on investments was 4.61 percent for the City's investments at September 30, 2009. The minimum interest rate offered by the City's depository bank is equal to 70% of the 90 days 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 statewide Texas Municipal Retirement System (TMRS). The City 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.

In 2009, TMRS has recently implemented changes that will affect the amount that the City has to contribute to the plan. The most significant change is in the actuarial cost method. This requires a closed amortization period for the unfounded actuarial accrued liability, which will gradually increase the percentage of benefits that the City has funded. It also causes the City's annually repeating cost of living allowance received by retirees as a committed benefit and thus requires it to be advance funded. It is important to note that no money has been lost and total cost of the benefits has not changed. The changes only affect the required rate of funding by the City. If the City makes no changes to the current plan the City's contribution rate could increase from 12.01% of covered payroll to approximately 16.94%. TMRS has also started to shift some of its 100% bond investment portfolio into equities as well which would serve to increase the return on invested funds and decrease the required contributions from the City. We will continue to examine our options carefully during the next few months.

The City 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 fully funds each year's annual required contribution to the pension plan as determined by the actuary.

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

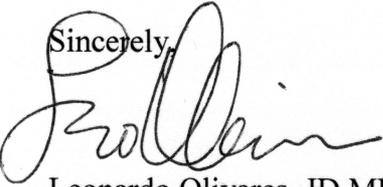
### **III. Awards and Acknowledgments**

The City received the Government Finance Officers Association's (GFOA) Distinguished Budget Presentation Award for its annual budget document for the fiscal year ending September 30, 2009. In order to qualify for the Distinguished Budget Presentation Award, the

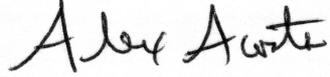
City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

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 City Commission for their unfailing support of the highest standards of professionalism in the management of the City finances.

Sincerely,



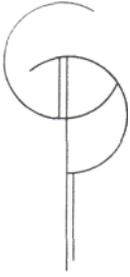
Leonardo Olivares, JD MPA  
City Manager



Alex Acosta  
Interim Finance Director

**PART II**

**FINANCIAL SECTION**



# GARCIA & PENA

Certified Public Accountants

R O. Box 8032

301 West 4th

Weslaco, Texas 78599

956-969-1433 • Fax 956-968-1467 • 956-421-4601

Manuel B. Garcia, CPA  
Jaime X. Pena, CPA

Honorable Mayor and  
Members of the City Commission  
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 the City of Weslaco, Texas as of and for the year ended September 30, 2009, which collectively comprise the City of Weslaco, Texas basic and combining financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City of Weslaco, Texas 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, we well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The City of Weslaco, Texas 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, improvements, 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 the City of Weslaco, Texas as of September 30, 2009, 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 the City of Weslaco, Texas 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 4, 2010, on our consideration of the City of Weslaco, Texas internal control over financial reporting and on our tests of its compliance with certain provision 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. This report also covers the compliance with Title 49 U.S. Code as it applies to airport revenues and local taxes on aviation fuel.

Management's Discussion and Analysis and the schedules of funding progress for the Texas Municipal Retirement System on page 69 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 them.

Our audit was performed for the purpose of forming opinions, on the financial statements, which collectively comprise the City of Weslaco, Texas' 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 section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The bond ordinances authorizing the issuance of waterworks and sewer system revenue bond require that the independent auditors disclose the information of items (a) and (g). Part of this statistical information is a non-accounting nature and is presented in this report. This information was obtained by us from the records of the City of Weslaco. We did not make tests of the data underlying the statistics presented herein, as they do not involve information which enters into the financial statements.

- a. Detail statements of income and expenses:

The statements are presented on page 112 of the annual report. Also, income and expenses are regrouped on page 116 to indicate net revenue available for debt service as recommended by the Municipal Advisory Council of Texas.

- b. Balance sheet at the end of the fiscal year:

The balance sheet of the Water and Sewer Revenue Fund is presented as pages 110 and 111 of the annual report.

- c. Accountants' comment regarding the manner in which the City has complied with the ordinances, and recommendations for any changes or improvements in the operations, records, and accounts of the system:

The City has met the requirements of these ordinances in all material respects.

- d. List of insurance policies in force at the end of the fiscal year:

A schedule of insurance coverage is presented on page 191 to 196 of the annual report.

- e. The number of properties connected with each system and total income from each system for the year are:

	<u>Connected Properties</u>	<u>Income</u>
Waterworks	11,306	\$4,293,548
Sewer System	10,432	\$3,374,207

- f. The number of un-metered customers for each system at the end of the year:

None

- g. The number of gallons of water registered through the master meter and the number of gallons sold through the year:

Gallons pumped at filter plant	2,067,861,000
Gallons sold (estimated)	1,667,381,800

Manuel B. Garcia, CPA  
Garcia & Pena,  
Certified Public Accountants

May 4, 2010

## Management's Discussion and Analysis

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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, 2009. As noted in the auditor's opinion letter, the prior year's balances were audited by another firm, and some of the balances in the General Fund and Water and Sewer Funds have been restated as explained in Note S (Pages 67-68). 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 \$46,769,134 (net assets). Of this amount, \$2,644,813 represents unrestricted net assets. 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 \$8,335,324. Approximately 84.5% of this total amount, \$7,048,533, is available for spending at the government's discretion (undesignated fund balance).
- At the end of the current fiscal year, the fund balance for the general fund was \$961,570, or 4.5% of total general fund expenditures.

### 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).

## Management's Discussion and Analysis

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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.

The government-wide financial statements can be found on pages 13-16 of this report.

**Fund financial statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City 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 maybe 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

## Management's Discussion and Analysis

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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.

The basic governmental fund financial statements can be found on pages 17-23 of this report.

**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.

The basic proprietary fund financial statements can be found on pages 24-31 of this report.

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

The basic fiduciary fund financial statements can be found on pages 138-140 of this report.

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

# Management's Discussion and Analysis

## Government-wide Financial Analysis

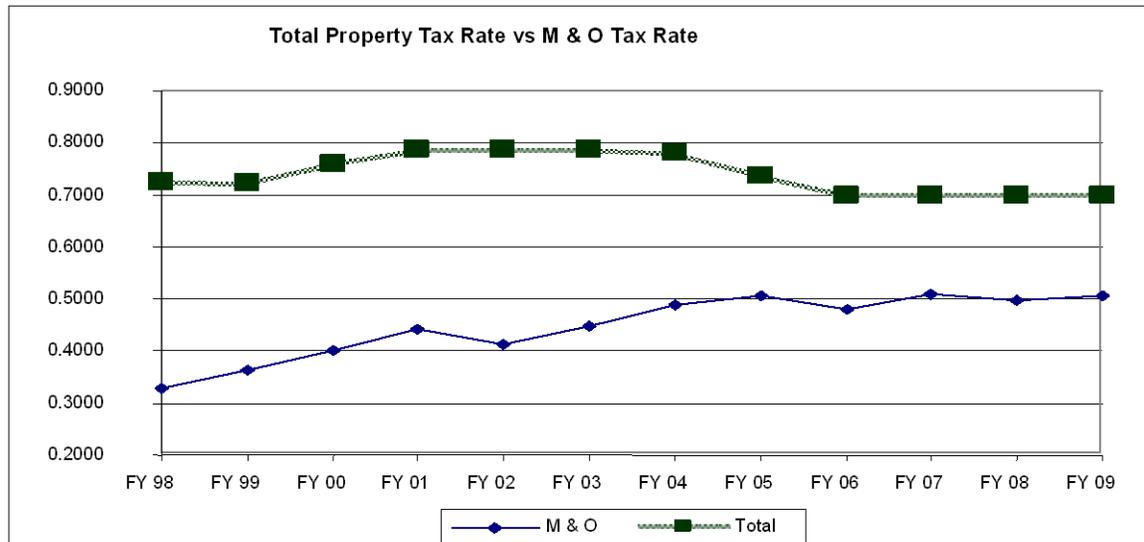
As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Weslaco, assets exceeded liabilities by \$46,769,134 at the close of the most recent fiscal year.

By far the largest portion of the City of Weslaco's net assets (39 percent) reflects bond funds available for capital projects acquisition. On September 30, 2009, the City had an outstanding bonds balance of \$54,735,972 and had \$18,416,710 in cash to be used for completing the 2007 bond issues projects.

An additional portion of the City of Weslaco's net assets (3 percent) represents other resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* is a \$2,644,813. This amount may be used to meet the government's ongoing obligations to citizens and creditors.

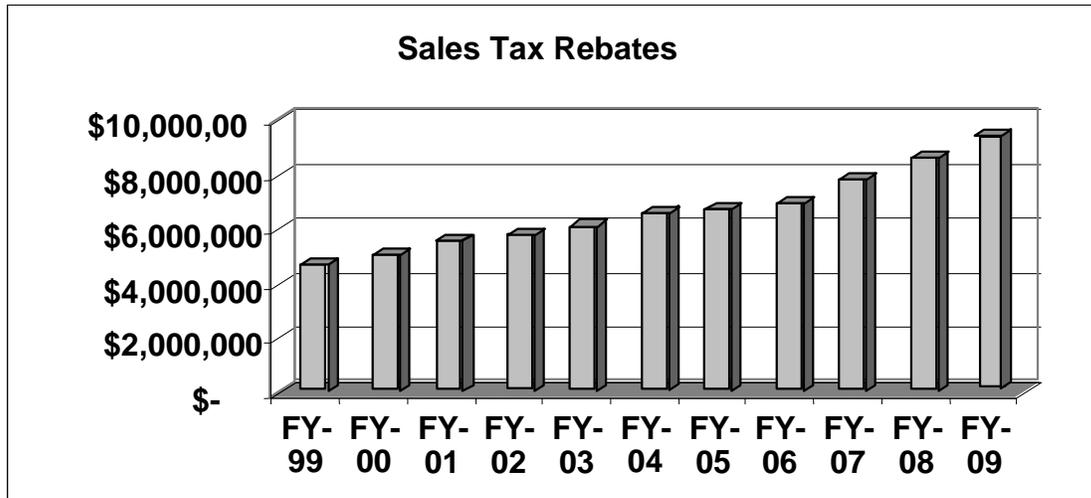
At the end of the current fiscal year, the City of Weslaco is able to report positive balances of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

**Governmental activities.** The property tax levy increased by \$1,253,221 (16 percent) during the year due mostly to new development and construction. The tax rate has been reduced or maintained each year for the last eight years. This has been due to a concerted effort on the part of the City Commission to maintain or reduce the tax rate. Below is a graph showing the changes in the maintenance and operation (M & O – used for operations of the City) as it compares with the total property tax rate that includes the debt service portion of the tax rate as well.



## Management's Discussion and Analysis

Sales tax rebates amounted to \$9,175,453 for the year with an increase of \$324,641 or 3.6% over the last fiscal year. Of the total amount collected, 25% goes to the Weslaco Economic Development Corporation. The remainder stays in the General Fund with some of those funds being used for the operation of the library.



Operating grants for governmental activities amounted to \$238,775 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 58 percent of the City of Weslaco's net assets.

- The water and sewer rates were adjusted during the current fiscal year based on the Consumer Price Index which rose 4.3%. The rate increases were necessary to increase bond debt service coverage ratios and to provide for needed capital improvements. Some of the planned capital improvements include a new water plant as well as renovations to the north sewer plant.
- The net assets of the Water & Sewer Fund decreased by \$239,286. Although revenues increased as expected with the increase in rates, expenses increased by a higher amount.
- The net assets of the Sanitation Fund increased by \$377,266. The sanitation rates have only been increased by approximately 3% or 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 \$44,941. 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 decreased by \$62,628 for business-type activities because of an overall decrease in the amount of cash and cash investments.

# Management's Discussion and Analysis

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## 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 \$8,335,324. Approximately 84.5% of this total amount \$7,048,533 constitutes *unreserved fund balance*, which is available for spending 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 1) to liquidate contracts and purchase orders of the prior period, or 2) 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 \$547,296, while total fund balance reached \$961,570. 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. Unreserved fund balance represents 2.6 percent of total general fund expenditures, while total fund balance represents 4.5 percent of that same amount. 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 2015. The fund balance of the City of Weslaco's general fund increased by \$1,179,058 during the current fiscal year. 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 increased the tax rate at to \$.6997 in 2008. 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, the City has spurred growth within the City and with fiscal restraints during the latter part of the year, the fund balance begin to trend upwards.
- It was a great year for sales tax revenues which increased by 3.6% increase over the prior year. The increases in the sales tax revenues can be attributed at least in part to retail development on the expressway. Now that the expressway expansion is complete it is reasonable to expect the economic growth to continue. The increase in sales tax for the current fiscal year is approximately 3% which while lower than last year's increase is still continuing the upward trend. The City Commission has lowered the property tax rate at \$.6967 per \$100 of valuation for the year 2009-2010 while controlling spending.

## Management's Discussion and Analysis

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The debt service fund has a total fund balance of \$384,591 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 2009 is \$2,163,954.

**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 \$723,032, the unrestricted assets for the Sanitation Fund amounted to \$259,463 and those for the Airport Fund amounted to \$94,238. 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, 2009, amounts to \$84,258,271 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City of Weslaco's investment in capital assets for the current fiscal year was 13.25 percent (a 13.19 percent increase for business-type activities, and a .06 percent increase for governmental activities).

Additional information on the City of Weslaco's capital assets can be found in note F on pages 45-46 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Weslaco had total bonded debt outstanding of \$54,735,972. Of this amount, \$28,144,752 comprises debt backed by the full faith and credit of the government. The remainder of the City of Weslaco's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The City of Weslaco currently has a "BBB+" rating from Standard & Poor's and a "Baa2" rating from Moody's for general obligation debt. This is reflective of the rating review in December 2009 by both rating agencies. The prior ratings were "Baa1" 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.

Additional information on the City of Weslaco's long-term debt can be found in note G on pages 47-54 of this report.

# Management's Discussion and Analysis

## Economic Factors and Next Year's Budget

- The employment rate for the City of Weslaco is currently 92.5 percent, compared to 93.5 percent a year ago. This rate compares to the state's average employment rate of 95.8 percent.
- 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 2009. 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	33,354	62,735	58,986
<i>Valuation</i>	\$ 5,903,139,057	\$ 2,352,554,809	\$ 1,344,781,879	\$ 2,497,547,882	\$ 1,617,294,089
City	\$ 0.4213	\$ 0.5566	<b>\$ 0.6997</b>	\$ 0.6350	\$ 0.6831
County	0.5900	0.5900	<b>0.5900</b>	0.5900	0.5900
ISD	1.4780	1.4574	<b>1.1387</b>	1.4452	1.5194
Drainage	0.0413	0.0413	<b>0.0700</b>	0.0413	0.0413
STISD	0.0392	0.0392	<b>0.0472</b>	0.0392	0.0392
STC	0.1548	0.1548	<b>0.1498</b>	0.1548	0.1548
<b>Total</b>	<b>\$ 2.7246</b>	<b>\$ 2.8393</b>	<b>\$ 2.6954</b>	<b>\$ 2.9055</b>	<b>\$ 3.0278</b>

*Note: Population figures are 2008 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 2008.*

*Tax rates are for tax year 2008 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.

## **Management's Discussion and Analysis**

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## **BASIC FINANCIAL STATEMENTS**

**CITY OF WESLACO, TEXAS**  
**GOVERNMENT-WIDE STATEMENT OF NETS ASSETS**  
**SEPTEMBER 30, 2009**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash investments	\$ 6,677,372	\$ 1,693,065	\$ 8,370,437
Receivables (net of allowance for doubtful accounts)			-
Ad valorem taxes	1,748,358		1,748,358
Sales taxes	678,252		678,252
Ambulance fees	108,308		108,308
Other	299,095	1,358,487	1,657,582
Other assets	20,000		20,000
Due from other governments		122,639	122,639
Internal balances	360,000	(360,000)	-
Notes receivables	2,040,293		2,040,293
Due from others	248,602		248,602
Prepaid items	6,143		6,143
Inventories	61,244	118,388	179,632
Assets held for resale	1,143,995		1,143,995
Restricted assets:			-
Cash and cash investments	906,715	16,444,383	17,351,098
Capital assets:			-
Land	4,711,085	2,458,500	7,169,585
Buildings	17,714,197	1,010,863	18,725,060
Equipment	8,538,913	6,838,751	15,377,664
Improvements	35,978,406	44,359,647	80,338,053
Infrastructure			-
Construction-in-progress		10,327,997	10,327,997
Accumulated depreciation	(22,620,947)	(25,059,141)	(47,680,088)
<b>Total assets</b>	<u>\$ 58,620,031</u>	<u>\$ 59,313,579</u>	<u>\$ 117,933,610</u>

See accompanying notes to basic financial statements

**CITY OF WESLACO, TEXAS**  
**GOVERNMENT-WIDE STATEMENT OF NETS ASSETS**  
**SEPTEMBER 30, 2009**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Liabilities</b>			
Accounts payable	\$ 712,512	\$ 485,056	\$ 1,197,568
Accrued salaries payable			-
Compensated absences payable	240,289	320,192	560,481
Contracts payable	310,335	2,213,339	2,523,674
Other liabilities	193,272	88,604	281,876
Trust-Boy's & Girl's Club	425,353		425,353
Trust-Friends of the Library	481,362		481,362
Revolving Loan-Contingency	550,000		550,000
Deferred revenue	1,329,074		1,329,074
Payable from restricted assets:			-
Current portion of long-term debt			-
Revenue bonds payable		974,028	974,028
Accrued interest	152,776	200,439	353,215
Deposits		761,555	761,555
Due within one year	1,903,493		1,903,493
Non-current liabilities:			-
Due in more than one year	32,668,691	27,154,106	59,822,797
<b>Total Liabilities</b>	<u>38,967,157</u>	<u>32,197,319</u>	<u>71,164,476</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	9,749,470	11,808,483	21,557,953
Restricted for:			-
Prepaid items			-
Debt service	1,286,791	1,872,812	3,159,603
General fund	961,570		961,570
Special revenue funds	3,824,971		3,824,971
Capital projects	2,261,992	12,358,232	14,620,224
Unrestricted	1,568,080	1,076,733	2,644,813
<b>Total Net assets</b>	<u>\$ 19,652,874</u>	<u>\$ 27,116,260</u>	<u>\$ 46,769,134</u>

See accompanying notes to basic financial statements

**CITY OF WESLACO, TEXAS  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
SEPTEMBER 30, 2009**

Program Activities	Expenses	Program Revenues		
		Fees, Fine and Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities</b>				
General government and administration	\$ 3,710,070	\$ 406,099	\$ -	\$ -
Public safety	12,486,600	1,912,015	81,000	857,343
Emergency medical services				
Public works	1,843,346			7,275
Health	127,044	275,706		
Culture and recreation	2,484,004	66,675		52,938
Development services	4,994,533	62,604		
Interest on long-term debt	1,488,868			
<b>Total governmental activities</b>	<u>27,134,465</u>	<u>2,723,099</u>	<u>81,000</u>	<u>917,556</u>
<b>Business-type activities:</b>				
Water and sewer	7,662,631	8,993,459		124,729
Sanitation	3,468,755	3,992,622		
Airport	564,958	112,917	20,267	99,586
<b>Total business-type activities</b>	<u>11,696,344</u>	<u>13,098,998</u>	<u>20,267</u>	<u>224,315</u>
<b>Total governmental and business-type activities</b>	<u>\$ 38,830,809</u>	<u>\$ 15,822,097</u>	<u>\$ 101,267</u>	<u>\$ 1,141,871</u>

**General Revenues**

Taxes:  
Ad valorem  
Sales  
Occupancy  
Other  
Franchise fees  
Intergovernmental  
Investment earnings  
Gain (loss) on sale/retirement of capital assets  
Miscellaneous

**Transfers**

**Total general revenues and transfers**

**Change in net assets**

**Net assets at beginning of year,  
as restated**

**Net assets at end of year**

See accompanying notes to basic financial statements.

Net (Expenses) Revenue  
And Changes in Net Assets

Governmental Activities	Business-type Activities	Total
(3,303,971)		\$ (3,303,971)
(9,636,242)		(9,636,242)
		-
(1,836,071)		(1,836,071)
148,662		148,662
(2,364,391)		(2,364,391)
(4,931,929)		(4,931,929)
(1,488,868)		(1,488,868)
<u>(23,412,810)</u>	<u>-</u>	<u>(23,412,810)</u>
	1,455,557	1,455,557
	523,867	523,867
	<u>(332,188)</u>	<u>(332,188)</u>
<u>-</u>	<u>1,647,236</u>	<u>1,647,236</u>
<u>\$ (23,412,810)</u>	<u>\$ 1,647,236</u>	<u>\$ (21,765,574)</u>
9,752,261		9,752,261
9,175,453		9,175,453
403,467		403,467
57,047		57,047
1,418,405		1,418,405
143,800		143,800
226,519	868,794	1,095,313
482,859	(19,061)	463,798
433,260		433,260
2,403,930	<u>(2,403,930)</u>	<u>-</u>
<u>24,497,001</u>	<u>(1,554,197)</u>	<u>22,942,804</u>
1,084,191	93,039	1,177,230
<u>18,568,683</u>	<u>27,023,221</u>	<u>45,591,904</u>
<u>\$ 19,652,874</u>	<u>\$ 27,116,260</u>	<u>\$ 46,769,134</u>

**GOVERNMENTAL-TYPE  
ACTIVITIES**

**CITY OF WESLACO, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2009**

	General	Debt Service	Economic Development
<b>Assets</b>			
Cash and cash investments	\$ 1,100,529	\$ 291,405	\$ 2,810,147
Receivables (net where applicable of allowance for doubtful accounts):			
Ad valorem taxes	1,243,644	504,714	
Sales taxes	678,252		
Ambulance fees	108,308		
Other	194,600		14,808
Other assets	5,000		15,000
Due from other funds	360,000	71,003	169,563
Due from others	248,332		270
Notes receivable			2,040,293
Restricted Cash-Boy's & Girls Club	425,353		
Restricted Cash-Friends of the Library	481,362		
Prepaid items			6,143
Inventories	61,244		1,143,995
<b>Total Assets</b>	<b>\$ 4,906,624</b>	<b>\$ 867,122</b>	<b>\$ 6,200,219</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Liabilities:			
Accounts payable	\$ 577,982	\$ -	\$ 133,908
Contracts payable			
Due to other funds	240,566		
Compensated balances	240,289		
Accrued interest			
Other liabilities	193,272		
Trust account-Boy's & Girls Club	425,353		
Trust account-Friends of the Library	481,362		
Deferred revenues	1,236,230	482,531	1,329,074
Revolving loan	550,000		
<b>Total Liabilities</b>	<b>3,945,054</b>	<b>482,531</b>	<b>1,462,982</b>
<b>Fund Balances</b>			
Reserved for:			
Encumbrances			
Prepaid items			
Debt service		384,591	902,200
Unreserved, reported in:			
General fund	961,570		
Special revenue funds			3,235,037
Capital projects funds			600,000
Undesignated			
<b>Total Fund Balances</b>	<b>961,570</b>	<b>384,591</b>	<b>4,737,237</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,906,624</b>	<b>\$ 867,122</b>	<b>\$ 6,200,219</b>

See accompanying notes to basic financial statements.

<u>Capital Projects</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
\$ 1,972,327	\$ 500,869	\$ 6,675,277
		-
		1,748,358
		678,252
		108,308
	89,687	299,095
		20,000
		600,566
		248,602
		2,040,293
		425,353
		481,362
		6,143
		1,205,239
<u>\$ 1,972,327</u>	<u>\$ 590,556</u>	<u>\$ 14,536,848</u>
\$ -	\$ 622	\$ 712,512
310,335		310,335
		240,566
		240,289
		-
		193,272
		425,353
		481,362
		3,047,835
		550,000
<u>310,335</u>	<u>622</u>	<u>6,201,524</u>
		-
		1,286,791
		961,570
1,661,992	589,934	3,824,971
		2,261,992
		-
<u>1,661,992</u>	<u>589,934</u>	<u>8,335,324</u>
<u>\$ 1,972,327</u>	<u>\$ 590,556</u>	<u>\$ 14,536,848</u>

**CITY OF WESLACO, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET**  
**TO STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2009**

Total fund balance-total governmental funds \$ 8,335,324

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

Deferred revenue in the General Fund and Debt Service Fund which are included in the Statement of Activities do not provide (or require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds. 1,718,761

Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental fund balance sheet. Include capital assets of Internal Service Funds. 44,321,654

Interest payables on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in governmental funds balance sheet. (152,776)

Internal service funds are used by management to charge the cost of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the Internal Service Fund are:

(Net of amount allocated to business-type activities, capital assets and long-term liabilities). Internal Service Fund balances are not included in other reconciling items:

Current assets	\$	2,095	
Net of amount allocated to business-type activities			2,095

Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet. (Includes Internal Service Funds' non-current liabilities):

Due within one year	\$	1,903,493	
Due in more than one year		32,668,691	(34,572,184)

Net assets of governmental activities	\$	<u>19,652,874</u>
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See accompanying notes to basic financial statements.

**CITY OF WESLACO, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2009**

	<u>General</u>	<u>Debt Service</u>	<u>Economic Development</u>
<b>Revenues</b>			
Taxes:			
Ad valorem	\$ 6,981,142	\$ 2,321,143	\$ -
Penalty and interest	285,796	116,270	
Sales	6,881,590		2,293,863
Occupancy			
Other	57,047		
Franchise fees	1,418,405		
Charges for services	3,752,129		
Program Income			62,604
Intergovernmental	1,061,356		
Licenses and permits	406,099		
Investment income	12,912	1,931	117,624
Fines and forfeitures	690,602		
Contributions	1,400		
Miscellaneous	389,065		42,241
Proceeds from sales	500		904,934
<b>Total Revenues</b>	<u>21,938,043</u>	<u>2,439,344</u>	<u>3,421,266</u>
<b>Expenditures</b>			
Current:			
General government and administration	3,481,440	2,425	
Public safety	12,486,212		
Public works	1,468,756		
Health	123,307		
Culture and recreation	2,231,748		
Economic development			3,787,108
Nondepartmental	541,759		
Capital outlay	664,538		214,129
Debt service:			
Principal retirement		954,904	635,843
Interest and fiscal charges		1,206,625	293,535
<b>Total Expenditures</b>	<u>20,997,760</u>	<u>2,163,954</u>	<u>4,930,615</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>940,283</u>	<u>275,390</u>	<u>(1,509,349)</u>
<b>Other financing sources (uses):</b>			
Bond proceeds			1,300,000
Bond Management Fees			
Transfers in	525,775		
Transfers out	(287,000)		
<b>Total other financing sources (uses)</b>	<u>238,775</u>	<u>-</u>	<u>1,300,000</u>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	1,179,058	275,390	(209,349)
<b>Fund balances at beginning of year, As Restated</b>	<u>(217,488)</u>	<u>109,201</u>	<u>4,946,586</u>
<b>Fund balances at end of year</b>	<u>\$ 961,570</u>	<u>\$ 384,591</u>	<u>\$ 4,737,237</u>

See accompanying notes to basic financial statements.

<u>Capital Projects</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 9,302,285
		402,066
		9,175,453
	403,467	403,467
		57,047
		1,418,405
		3,752,129
		62,604
81,000		1,142,356
		406,099
90,455	3,585	226,507
		690,602
	554	1,954
		431,306
		905,434
<u>171,455</u>	<u>407,606</u>	<u>28,377,714</u>
		3,484,006
141		12,486,212
		1,468,756
		123,307
	59,905	2,291,653
	589,825	4,376,933
		541,759
1,001,163		1,879,830
		1,590,747
		1,500,160
<u>1,001,304</u>	<u>649,730</u>	<u>29,743,363</u>
<u>(829,849)</u>	<u>(242,124)</u>	<u>(1,365,649)</u>
		1,300,000
(120,076)		(120,076)
-		525,775
(23,180)		(310,180)
<u>(143,256)</u>	<u>-</u>	<u>1,395,519</u>
		29,870
(973,105)	(242,124)	29,870
<u>2,635,097</u>	<u>832,058</u>	<u>8,305,454</u>
<u>\$ 1,661,992</u>	<u>\$ 589,934</u>	<u>\$ 8,335,324</u>

**CITY OF WESLACO, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**SEPTEMBER 30, 2009**

Net change in fund balances-total governmental funds		\$ 29,870
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		1,879,830
Governmental funds do not report the retirement of fixed assets. In the Government-Wide Statement of Revenues, Expenditures and Changes in Fund Balances this is the amount of fixed assets retired in the current period.		(422,575)
Depreciation expense on capital assets is reported in the government-wide statement activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds. (Includes Internal Service Funds' depreciation expense of \$-0-.		(1,178,405)
Long-term liability for accrued vacation and accrued sick leave is not recorded with the governmental activities		425,510
The issuance of long-term debt (e.g., bonds) provides current financial resource to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is net effect of these differences in the treatment of long-term debt and related items.		290,747
Some property tax will not be collected for several months after the city's fiscal year end, they are not considered "available" revenues in the governmental funds.		47,910
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net assets, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds.		11,292
Internal Service funds are used by management to charge the costs of certain activities such as insurance and fleet management, to individual funds. The net revenue of the Internal Service Fund is reported with governmental activities net of amount allocated to business-type activities and depreciation expense.		
Change in net assets	\$ 12	
Net of amount allocated to business-type activities	-	
Depreciation expense	-	
		12
Change in net assets of governmental activities		\$ 1,084,191

See accompanying notes to basic financial statements.

**CITY OF WESLACO, TEXAS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
SEPTEMBER 30, 2009**

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes:				
Ad-valorem	\$ 7,319,094	\$ 8,827,566	\$ 9,302,285	\$ 474,719
Penalty and interest	400,000	301,000	402,066	101,066
Sales	8,184,940	8,936,955	9,175,453	238,498
Other	441,500	478,000	460,514	(17,486)
Franchise fees	1,331,500	1,375,000	1,418,405	43,405
Charges for service	1,139,000	3,500,335	3,752,129	251,794
Program income	147,866	66,326	62,604	(3,722)
Intergovernmental	331,118	577,414	1,142,356	564,942
Licenses and permits	456,250	477,910	406,099	(71,811)
Investment income	104,076	163,010	226,507	63,497
Fines and forfeitures	939,500	1,098,868	690,602	(408,266)
Miscellaneous	275,500	268,338	433,260	164,922
Proceeds from sales	50,000	522,000	905,434	383,434
<b>Total Revenues</b>	<u>21,120,344</u>	<u>26,592,722</u>	<u>28,377,714</u>	<u>1,784,992</u>
<b>Expenditures</b>				
Current:				
General government and administration	3,245,372	3,683,108	3,484,006	199,102
Public safety	10,441,413	12,776,123	12,486,212	289,911
Public works	1,748,458	1,716,690	1,468,756	247,934
Health	121,728	135,068	123,307	11,761
Cultural and recreation	1,969,428	3,268,942	2,291,653	977,289
Economic development	2,602,491	3,083,521	4,376,933	(1,293,412)
Nondepartmental services	1,084,700	536,300	541,759	(5,459)
Capital outlay	4,108,301	111,172	1,879,830	(1,768,658)
Debt service				
Principal retirement	1,963,596	1,017,878	1,590,747	(572,869)
Interest	1,274,917	1,188,690	1,500,160	(311,470)
<b>Total Expenditures</b>	<u>28,560,404</u>	<u>27,517,492</u>	<u>29,743,363</u>	<u>(2,225,871)</u>
<b>Deficiency of revenues over expenditures</b>	<u>(7,440,060)</u>	<u>(924,770)</u>	<u>(1,365,649)</u>	<u>(440,879)</u>
<b>Other financing sources (uses):</b>				
Bond proceeds			1,300,000	1,300,000
Bond issuance costs			(120,076)	(120,076)
Transfers in	2,342,477	2,398,290	525,775	(1,872,515)
Transfers out		(272,000)	(310,180)	(38,180)
<b>Total other financing sources (uses)</b>	<u>2,342,477</u>	<u>2,126,290</u>	<u>1,395,519</u>	<u>(730,771)</u>
<b>Excess (deficiency) of revenues and other sources over expenditures (uses)</b>	<u>\$ (5,097,583)</u>	<u>\$ 1,201,520</u>	29,870	<u>\$ (1,171,650)</u>
<b>Fund balances at beginning of year, As Adjusted</b>			<u>8,305,454</u>	
<b>Fund balances at end of year</b>			<u>\$ 8,335,324</u>	

See accompanying notes to basic financial statements.

**BUSINESS-TYPE  
ACTIVITIES**

**CITY OF WESLACO, TEXAS**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2009**

	Business-Type Activities-Enterprise Funds				Governmental Activities Internal Service Fund
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Totals	
<b>Assets</b>					
Current Assets					
Cash and cash investments	\$ 1,130,465	\$ 405,029	\$ 157,571	\$ 1,693,065	\$ 2,095
Receivables (net where applicable of allowance for doubtful accounts)	892,880	455,246	10,361	1,358,487	
Accrued interest				-	
Due from other funds	305,401			305,401	
Due from other governments	122,553		86	122,639	
Due from others			-	-	
Inventories	93,823		24,565	118,388	
Prepaid expenses				-	
<b>Total current assets</b>	<b>2,545,122</b>	<b>860,275</b>	<b>192,583</b>	<b>3,597,980</b>	<b>2,095</b>
Restricted Assets					
Cash and cash investments	16,444,383		-	16,444,383	
Non-current assets					
Deferred charges					
Capital assets					
Land	571,805	421,247	1,465,448	2,458,500	
Buildings	362,323		648,540	1,010,863	
Equipment	4,540,664	1,783,399	514,688	6,838,751	2,406,778
Improvements	39,161,999	733,242	4,464,406	44,359,647	
Infrastructure					
Construction-in-progress	10,113,277		214,720	10,327,997	
Accumulated depreciation	(20,256,205)	(2,019,597)	(2,783,339)	(25,059,141)	(2,406,778)
<b>Total capital assets, net of accumulated depreciation</b>	<b>34,493,863</b>	<b>918,291</b>	<b>4,524,463</b>	<b>39,936,617</b>	<b>-</b>
<b>Total non-current assets</b>	<b>34,493,863</b>	<b>918,291</b>	<b>4,524,463</b>	<b>39,936,617</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 53,483,368</b>	<b>\$ 1,778,566</b>	<b>\$ 4,717,046</b>	<b>\$ 59,978,980</b>	<b>\$ 2,095</b>

See accompanying notes to basic financial statements.

**CITY OF WESLACO, TEXAS**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2009**

	Business-Type Activities-Enterprise Funds				Governmental Activities Internal Service Fund
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Totals	
<b>Liabilities</b>					
Current Liabilities					
Accounts payable	\$ 244,102	\$ 222,985	\$ 17,969	\$ 485,056	\$ -
Accrued salaries				-	
Due to other funds	360,000	305,401		665,401	
Customer deposits	758,921		2,634	761,555	
Other liabilities	88,604			88,604	
Note payable current				-	-
Compensated absences	170,024	72,426	77,742	320,192	
Accrued interest				-	
<b>Total current liabilities</b>	1,621,651	600,812	98,345	2,320,808	-
Liabilities payable from restricted assets					
Accounts payable	2,213,339			2,213,339	
Rebatable Arbitrage					
Revenue bonds payable	974,028			974,028	
Accrued interest	200,439			200,439	
<b>Total liabilities payable from restricted assets</b>	3,387,806	-	-	3,387,806	
Noncurrent liabilities					
General obligation bonds payable	25,961,879	265,105		26,226,984	
Revenue bonds payable				-	
Landfill closure		927,122		927,122	
<b>Total noncurrent liabilities</b>	25,961,879	1,192,227	-	27,154,106	
<b>Total liabilities</b>	\$ 30,971,336	\$ 1,793,039	\$ 98,345	\$ 32,862,720	\$ -

See accompanying notes to basic financial statements.

**CITY OF WESLACO, TEXAS**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2009**

	Business-Type Activities-Enterprise Funds				Governmental Activities Internal Service Fund
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Totals	
<b>Net Assets</b>					
Invested capital assets, net of related debt	\$ 7,557,956	\$ (273,936)	\$ 4,524,463	\$ 11,808,483	\$ -
Restricted for:					
Revenue bond retirement	1,872,812			1,872,812	
Construction	12,358,232			12,358,232	
Unrestricted	723,032	259,463	94,238	1,076,733	2,095
<b>Total net assets</b>	<b>\$ 22,512,032</b>	<b>\$ (14,473)</b>	<b>\$ 4,618,701</b>	<b>\$ 27,116,260</b>	<b>\$ 2,095</b>

Reconciliation to government-wide statement of net assets:

Adjustment to reflect the consolidation of Internal Service  
Funds' activities related to Enterprise Funds

-

Net assets of business-type activities

**\$ 27,116,260**

See accompanying notes to basic financial statements.

**CITY OF WESLACO, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS-PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2009**

	Business Type Activities-Enterprise Funds				Governmental Activities Internal Service Fund
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Total	
<b>Operating Revenues:</b>					
Water Sales	\$ 4,293,548	\$ -	\$ -	\$ 4,293,548	\$ -
Charges for services	3,374,207	3,920,199		7,294,406	
Other	122,553	72,423	127,525	322,501	-
Miscellaneous	282,986		5,659	288,645	
<b>Total operating revenues</b>	<u>8,073,294</u>	<u>3,992,622</u>	<u>133,184</u>	<u>12,199,100</u>	<u>-</u>
<b>Operating Expenses:</b>					
Personal services	1,325,256	592,154	202,274	2,119,684	
Other services and charges	1,134,186	781,025	128,194	2,043,405	
Supplies	280,560	144,612	20,873	446,045	
Contractual services	4,084,118	1,765,789		5,849,907	
<b>Total operating expenses</b>	<u>6,824,120</u>	<u>3,283,580</u>	<u>351,341</u>	<u>10,459,041</u>	<u>-</u>
Depreciation	(1,397,736)	(173,474)	(213,617)	(1,784,827)	-
<b>Income (loss) from operations</b>	<u>(148,562)</u>	<u>535,568</u>	<u>(431,774)</u>	<u>(44,768)</u>	<u>-</u>
<b>Non-operating revenues (expenses)</b>					
Investment income	852,465	1,493	247	854,205	12
Unrealized gain on investments	14,589			14,589	
Administrative fees	275,098			275,098	
Sewer backup issues	(275,296)			(275,296)	
Capital Improvement fees	645,067			645,067	
Capital grants	124,729		99,586	224,315	
Interest expense	(1,353,814)	(11,701)		(1,365,515)	
Loss on sale of asset	(19,061)			(19,061)	
<b>Total non-operating revenues (expenses)</b>	<u>263,777</u>	<u>(10,208)</u>	<u>99,833</u>	<u>353,402</u>	<u>12</u>

See accompanying notes to basic financial statements.

**CITY OF WESLACO, TEXAS  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS-PROPRIETARY FUNDS  
SEPTEMBER 30, 2009**

	Business Type Activities-Enterprise Funds				Governmental Activities Internal Service Fund
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Total	
<b>Income (loss) before transfers</b>	115,215	525,360	(331,941)	308,634	12
Transfers in	-	23,180	287,000	310,180	
Transfers (out)	(354,501)	(171,274)	-	(525,775)	
Change in net assets	(239,286)	377,266	(44,941)	93,039	12
<b>Net assets at beginning of year, As Restated</b>	10,036,952	(4,115,882)	(1,918,170)	4,002,900	2,083
<b>Net assets at end of year</b>	\$ 9,797,666	\$ (3,738,616)	\$ (1,963,111)	\$ 4,095,939	\$ 2,095

Reconciliation to government-wide statement of net assets:

Adjustment to reflect the consolidation of Internal Service  
Funds' activities related to Enterprise Funds

-

Change in net assets of business-type activities

\$ 4,095,939

See accompanying notes to basic financial statements.

**CITY OF WESLACO, TEXAS**  
**STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2009**

	Business Type Activities-Enterprise Funds				Governmental Activities Internal Service Fund
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Total	
<b>Cash flows from operating activities</b>					
Cash received from customers	\$ 7,853,063	\$ 3,940,507	\$ 337,623	\$ 12,131,193	\$ -
Cash received from others	87,084			87,084	
Cash received from operating grants			21,677	21,677	
Cash received from other funds for services	1,220,899			1,220,899	
Cash payments to suppliers for goods and services	(5,688,784)	(2,768,090)	(370,754)	(8,827,628)	
Cash payments to employees for services	(1,317,116)	(590,286)	(201,331)	(2,108,733)	
Cash payments to other funds	(240,000)	(300,899)		(540,899)	
Net cash provided (used) by operating activities	<u>1,915,146</u>	<u>281,232</u>	<u>(212,785)</u>	<u>1,983,593</u>	<u>-</u>
<b>Cash flows from noncapital financing activities</b>					
Transfers from other funds	-	23,180	287,000	310,180	
Transfers to other funds	(354,501)	(171,274)	-	(525,775)	
Net cash provided (used) by noncapital financing activities	<u>(354,501)</u>	<u>(148,094)</u>	<u>287,000</u>	<u>(215,595)</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>					
Acquisition and construction of capital assets	(4,158,495)		(99,586)	(4,258,081)	
Casualty loss				-	
Retirement on accounts payable				-	
Proceeds from sale of capital assets					
Capital Improvement/Administrative Fees	920,165			920,165	
Bond proceeds				-	
Interest paid on bonds	(1,353,814)	(11,701)		(1,365,515)	
Retirement of bonds	(735,357)	(45,000)		(780,357)	
Landfill closure costs		(38,658)		(38,658)	
Sewer Backup Issues	(275,296)			(275,296)	
Contributed capital	124,729		99,586	224,315	
Net cash provided (used) by capital and related financing activities	<u>(5,478,068)</u>	<u>(95,359)</u>	<u>-</u>	<u>(5,573,427)</u>	<u>-</u>

See accompanying notes to basic financial statements.

**CITY OF WESLACO, TEXAS**  
**STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2009**

	Business Type Activities-Enterprise Funds				Governmental Activities Internal Service Fund
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Total	
Cash flow from investing activities:					
Interest on cash and investments	852,465	1,493	247	854,205	12
Unrealized loss on investments	(4,472)				
Net increase (decrease) in cash and cash investments	(3,069,430)	39,272	74,462	(2,955,696)	12
Cash and cash investments, October 1	20,644,278	365,757	83,109	21,093,144	2,083
Cash and cash investments, September 30	\$ 17,574,848	\$ 405,029	\$ 157,571	\$ 18,137,448	\$ 2,095

See accompanying notes to basic financial statements.

**CITY OF WESLACO, TEXAS**  
**STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2009**

	Business Type Activities-Enterprise Funds				Governmental Activities Internal Service Fund
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Total	
Reconciliation of income (losses) from operations to net cash provided (used) by operating activities:					
Income (loss) from operations	\$ (148,562)	\$ 535,568	\$ (431,774)	\$ (44,768)	\$ 12
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities					
Depreciation	1,397,736	173,474	213,617	1,784,827	
Provision for doubtful accounts					
Change in assets and liabilities:					
(Increase) Decrease in Assets:					
Accounts receivables	(97,677)	(52,115)	(3,146)	(152,938)	
Other receivables	(122,553)		1,410	(121,143)	
Due from other funds	1,220,899			1,220,899	
Inventories	5,496		37,846	43,342	
Increase (Decrease) in Liabilities:					
Due to other funds	(240,000)	(300,000)		(540,000)	
Accounts payable	(236,247)	(76,664)	(31,813)	(344,724)	
Deposits	87,084		133	87,217	
Liability for compensated absences	8,139	1,868	942	10,949	
Other liabilities	40,831	(899)		39,932	
<b>Net cash provided (used) by operating activities</b>	<b>\$ 1,915,146</b>	<b>\$ 281,232</b>	<b>\$ (212,785)</b>	<b>\$ 1,983,593</b>	<b>\$ 12</b>
Reconciliation of total cash and cash investments					
Current assets-cash and cash investments	\$ 1,130,465	\$ 405,029	\$ 157,571	\$ 1,693,065	\$ 2,095
Restricted assets-cash and cash investments	16,444,383	-	-	16,444,383	
<b>Total cash and cash investments</b>	<b>\$ 17,574,848</b>	<b>\$ 405,029</b>	<b>\$ 157,571</b>	<b>\$ 18,137,448</b>	<b>\$ 2,095</b>

See accompanying notes to basic financial statements.

**NOTES TO FINANCIAL STATEMENTS**

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**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
- . 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 Firemen's Relief and Retirement Fund of Weslaco, Texas (Firemen's Fund), and Weslaco Economic Development Corporation (EDC). The City is represented on the governing board of the Firemen's Fund and has the ability to significantly influence operations. The City appoints the EDC's board members and sets expenditures caps, which requires the City of Weslaco Commissioners' approval over Specified Dollar amounts. The Firemen'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

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

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

boards and are independent of the City as to fiscal accountability and financial affairs. Responsibility for administration and operation of TMRS has been vested with its board of Trustees. The City has no oversight responsibility regarding TMRS. Also excluded from the reporting entity is the Housing Authority of Weslaco. The Housing Authority is governed by a board of five commissioners, administers 180 units of low-income housing and also operates 328 units of existing Section 8 Housing Voucher Choice Program.

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 facilities and property, and determining the outcome or disposition of matters affecting the service tenants of the Housing Authority 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 the 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 members have no continuing relationships with the City; the board designates management; the City cannot significantly influence the corporations' operations; the Board has sole budgetary authority; the corporations' control surpluses and deficits, the City is not legally or morally obligated for the corporations' debt and the corporation's are responsible for fiscal management and fee determination. In this situation, the preceding factors are conclusive in contrast to the following factors indicating inclusion. The corporation's operate within the boundaries of the City and the City approves bonds for issuance.

4. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5. 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 governmental and business-type activities columns, has

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE A.**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

**Fund Financial Statements:**

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

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

**Special Revenue Fund –**

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

**Debt Service Fund –**

Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is 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 Funds).

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

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

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 include 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.

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 this fund. The fund is financed primarily by the City of Weslaco operating grants, hangar rentals and tie-down fees.

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

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

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 reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

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

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

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

and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

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

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

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 within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Commission, even though the City Charter does not impose any restrictions or limit expenditures to amounts appropriated.
5. Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, and Debt Service Funds.

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

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

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, 2009. Subsequent to year-end management and the City Commission amended the September 30, 2009 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 Development Grants (CDBG). Although they are appropriated annually, unspent appropriations in the Urban County Development Grants (CDBG) are appropriated under the same objects of expenditures in subsequent grant periods.

7. Cash and Cash Investments  
**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the proprietary fund type considers cash and equivalents to include all highly liquid investments with maturity of three months or less when purchased.

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 equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. An individual fund's pooled Cash and Cash investments are available upon demand and are considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities not included in the common pooled accounts that are purchased with a maturity of ninety days or less are also considered to be "cash equivalents". Negative balances incurred in pooled cash at year-end are treated as inter-fund receivables of the General Fund and inter-fund payables of the deficit fund.

**Investments**

In accordance with provisions of GASB Statement No.31, "Accounting and Financial Reporting for Certain Investments and External Investment Pools," 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 transactions between willing parties.

**Interest Rate Risk**

The City's investment policy limits investment maturities to no more than two years from the date of purchase.

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.

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

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

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 governmental 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.

The City allocates to the Proprietary Funds an indirect cost percentage of information technology services and salaries and wages and related costs of personnel who perform administrative services for those funds but are paid through the General Fund along with other indirect costs deemed necessary for their operations. During the year ended September 30, 2009, the City allocated \$2,188,335 as a transfer for such services.

12. Capital Assets

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

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

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.

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

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

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 of maximum limits is not paid upon termination, but will be paid only upon illness while in the employ of the City.

At September 30, 2009, the liability for accrued vacation leave and accrued sick leave is approximately \$ 2,725,440. The amount applicable to the Enterprise Funds of \$320,192 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 \$2,164,859 and \$240,539 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 use 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. 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.

16. Implementation of New Accounting Principles

The City elected to utilize the infrastructure transition option in the implementation of GASB Statement No. 34 (GASB 34), “Basic Financial Statements-Management’s Discussion and Analysis-for State and Local Governments” and in fiscal year 2009 has not capitalized its major infrastructure networks; street, drainage and parks. It will be using in the absence of actual cost information, weighted average age calculation for estimating the historical cost of these infrastructure networks.

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

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

As a result of implementing the infrastructure transition provision of GASB 34, net assets at October 1, 2008 is reconciled as follows:

	Activities
Net Assets, October 1, 2008	
as previously reported	\$ 8,222,000
Internal Service Fund Balance	2,083
Deferred Revenue	1,670,851
General Fixed Assets , net	66,082,436
Estimated depreciation at October 1, 2008	(22,039,632)
Prior Period Adjustment	83,454
Accrued Interest	(164,068)
Long-term Debt	(35,288,441)
Net Assets, October 1, 2008, as Restated	\$ 18,568,683

**NOTE B. BUDGET BASIS OF ACCOUNTING**

The City of Weslaco, Texas prepares 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 Balances-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).

Adjustments necessary to convert the General Fund's excess of revenues and other sources over expenditure and other uses on the budget basis to a GAAP basis are provided below:

Excess of revenues and other uses over	
expenditures and other sources-budget basis	\$ 1,179,058
Accrued interest	(120,888)
Net of fixed assets	590,722
Current year levy in excess of collection	84,588
Net of allowance for uncollectible	-
Excess of revenues and other sources	
over expenditures and other uses-	
GAAP basis	\$ 1,733,480

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE C. DEPOSITS AND INVESTMENTS**

Deposits and Credit Risks

Custodial Credit Risk

Custodial credit risk refers to the risk that in the event of a bank failure, the City's deposits may not be returned to them.

It is the City's policy, as well as a requirement in its Depository agreement, for deposits plus accrued interest thereon to be 102% secured by collateral valued at fair value, less the amount of the Federal Deposit Insurance Corporation insurance. The City's deposits, including certificates of deposit, were fully insured or collateralized as required by the state statutes at September 30, 2009. At year-end, the respective bank balance totaled \$821,089. Of the total bank balance, \$250,000 was covered by Federal Depository Insurance Corporation (FDIC). The remainder was covered by collateral with a value of \$1,375,107. 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.

Safekeeping Bank	Local Bank	Amount
The Independent Banker's Bank San Antonio, Texas	First National Bank Weslaco, Texas	\$ 1,375,107

Investments –

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

All securities held at September 30, 2009, were insured or registered, or were held by the City or its agent in the City's name (Category 1).

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

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

Fair Values of Financial Instruments –

The following methods of assumptions were used by the City in estimating its fair value disclosures for financial instruments:

- Cash, cash equivalents, short-term investments, and promises to give are due in less than one year. The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

The City's investments carried at fair value at September 30, 2009, are:

	Fair Value
Investments:	
Texpool	\$ 3,127,963
Repurchase Agreement	19,574,962
Government Agencies	-
Total Investments	\$ 22,702,925

Of the City's investment in repurchase agreements (with Hypo Public Finance Bank, Dublin, Ireland), underlying securities of \$19,574,962 are held with a third party custodian (U.S. Bank National Association, St. Paul, Minnesota). The repurchase agreement was entered into using 2009 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. 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.

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

The Firemen's Relief and Retirement Fund Investments are recorded at fair value as of September 30, 2009. All investments held by the Firemen's Relief and Retirement Fund at September 30, 2009 were uninsured and unregistered securities which are held by the counterparty, its trust department, or agent, but not in the Funds name (Category 3).

	Fair Value
Investments:	
Texpool	\$ 67,300
Jessup & Lamont (Stocks & Bonds)	4,177,020
Total Investments	\$ 4,244,320

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

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

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

County of Hidalgo	Rural Fire	\$ 55,525
Hidalgo County	Tax Receipts	44,013
Department of Justice	Homeland Security	134,881
Texas Alcohol and Beverage Commission		12,670
Weslaco ISD	Elections	-
Texas Department of Public Safety	Fuel	-
State of Texas	Bingo Tax	1,243
Texas Commission on Environmental Quality	Compost Utilization Project	-
Total		\$ 248,332

**NOTE E. NOTES RECEIVABLES**

Revitalization Grant Fund

The City had initiated a Revolving Loan Guarantee Program to qualifying businesses in the Community whereby the City lent funds made available through the recaptured funds from the Texas Department of Commerce. As of September 30, 2009, the City had loaned \$80,000 to eligible businesses. One of the loans included in the \$80,000 was a loan guaranteed by the City that defaulted. The amount of the loan that defaulted was \$34,312.

Economic Development Corporation Grant Fund

As an inducement for businesses to expand their 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 credit 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, 2009**

**NOTE E. NOTES RECEIVABLES (CONTINUED)**

The following is a summary of notes receivable payable to the Corporation at September 30, 2009:

	<u>2008</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>2009</u>	
Anabell Cardona	\$ 13,829		\$ 6,684	\$ 7,145	*
Anabell Cardona	249,221			249,221	*
Sigma Foods	60,000			60,000	*
TNT Investments	60,000			60,000	*
Weslaco Bicultural Museum	30,000		12,000	18,000	
Mandujano Western Boot	33,300			33,300	*
CMG Concrete	22,120	148	22,268	-	
Sugar Sweet Realty, LLC	516,275	39,047	5,000	550,322	(1)
SDI, Weslaco Holdings, LLC		914,408	-	914,408	*
Maverick Industry Service		25,000	2,103	22,897	
AC/DC Signs		125,000		125,000	
Total	<u>\$ 984,745</u>	<u>\$ 1,103,603</u>	<u>\$ 48,055</u>	<u>\$ 2,040,293</u>	

\* Note balance with deferred component \$1,324,074

(1) The note receivable from Sugar Sweet Realty, LLC was advanced on January 29, 2008 to help the entity discharge corporate debt. The terms of the note call for monthly payments of \$10,153,75, including interest at eight percent (8%). As of 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 advances. 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.

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE F. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2009 was as follows:

	<u>Balance October 1</u>	<u>Additions/ Completions</u>	<u>Retirements/ Adjustments</u>	<u>Balance September 30</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated				
Land	\$ 4,704,812	\$ 289,290	\$ 283,017	\$ 4,711,085
Infrastructure				-
Construction-in-Progress	-			-
Total assets, not being depreciated	<u>4,704,812</u>	<u>289,290</u>	<u>283,017</u>	<u>4,711,085</u>
Capital assets, being depreciated				
Buildings	18,030,918	419,927	736,648	17,714,197
Equipment	7,623,070	915,843		8,538,913
Improvements	<u>35,723,636</u>	<u>254,770</u>		<u>35,978,406</u>
Total capital assets being depreciated	<u>61,377,624</u>	<u>1,590,540</u>	<u>736,648</u>	<u>62,231,516</u>
Less accumulated depreciation for:				
Buildings	4,646,127	423,926	597,090	4,472,963
Equipment	3,428,605	379,763		3,808,368
Improvements	13,964,900	374,716		14,339,616
Infrastructure	-			-
Total accumulated depreciation	<u>22,039,632</u>	<u>1,178,405</u>	<u>597,090</u>	<u>22,620,947</u>
Total capital assets, being depreciated, net	<u>39,337,992</u>	<u>412,135</u>	<u>139,558</u>	<u>39,610,569</u>
Governmental activities, capital assets, net	<u>\$ 44,042,804</u>	<u>\$ 701,425</u>	<u>\$ 422,575</u>	<u>\$ 44,321,654</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated				
Land	\$ 2,458,500	\$ -	\$ -	\$ 2,458,500
Infrastructure				
Construction-in-progress	<u>4,185,247</u>	<u>6,142,750</u>		<u>10,327,997</u>
Total capital assets not being depreciated	<u>6,643,747</u>	<u>6,142,750</u>	<u>-</u>	<u>12,786,497</u>
Capital assets being depreciated				
Building	1,072,863		62,000	1,010,863
Equipment	6,583,469	255,282		6,838,751
Improvements	44,234,918	124,729		44,359,647
Infrastructure				-
Total capital assets, being depreciated	<u>51,891,250</u>	<u>380,011</u>	<u>62,000</u>	<u>52,209,261</u>
Less accumulated depreciation for:				
Building	434,308	35,811	10,659	459,460
Equipment	5,253,403	299,666		5,553,069
Improvements	17,597,262	1,449,350		19,046,612
Infrastructure	-			-
Total accumulated depreciation	<u>23,284,973</u>	<u>1,784,827</u>	<u>10,659</u>	<u>25,059,141</u>
Total capital assets being depreciated, net	<u>28,606,277</u>	<u>(1,404,816)</u>	<u>51,341</u>	<u>27,150,120</u>
Business-type activities capital assets, net	<u>\$ 35,250,024</u>	<u>\$ 4,737,934</u>	<u>\$ 51,341</u>	<u>\$ 39,936,617</u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

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

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

Governmental activities:	
General government and administration	\$ 161,687
Public Safety	293,947
Public Works	398,248
Health	3,737
Development services	75,841
Cultural and recreational	<u>244,945</u>
Total depreciation expense- Government activities	<u><u>\$ 1,178,405</u></u>
Business-type activities:	
Water and Sewer	\$ 1,397,736
Sanitation	173,474
Airport	<u>213,617</u>
Total depreciation expense- Business-type activities	<u><u>\$ 1,784,827</u></u>

The City has active construction projects as of September 30, 2009. Total accumulated commitments for ongoing capital projects are as follows:

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
Streets and Drainage Projects	\$ 1,464,608	\$ -
General Facilities	197,384	
New Sewer Plant		<u>12,358,232</u>
Total	<u><u>\$ 1,661,992</u></u>	<u><u>\$ 12,358,232</u></u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**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, 2008 and ending September 30, 2009.

Proprietary Fund Long-Term Debt as of September 30, 2009 were as follows:

<u>Water and Sewer Fund</u>	<u>2009</u>	<u>2008</u>
<p>\$5 930 000 Waterworks and Sewer System Revenue Bonds, Series 1988, due in annual installments varying from \$100 000 to \$450 000 through December 1, 2017. Interest varies from 3.05% to 4.50%.</p>	\$ 3,460,000	\$ 3,775,000
<p>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 4.50%. Bond proceeds will be used for Water and Sewer System Infrastructure improvements.</p>	1,125,432	1,213,128
<p>\$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%.</p>	1,076,400	1,423,800
<p>\$21 710 000 2007 Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2007 dated August 15, 2008, due in annual installments varying from \$40 000 to \$2 270 000 through February 15, 2027, bearing interest rates of 4.00% to 5.00%.</p>	21,670,000	21,710,000
<u>Sanitation Fund</u>		
<p>\$360 000 2007 Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, 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%.</p>	<u>270,000</u>	<u>315,000</u>
<p>Total Proprietary Fund Long-Term Debt</p>	<u><u>\$ 27,601,832</u></u>	<u><u>\$ 28,436,928</u></u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

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

	2009	2008
<u>Governmental Long-Term Debt</u>		
Assumed bonded indebtedness of Hidalgo and Cameron Counties Control and Improvement 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.	4,264,568	4,596,872
\$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%.	1,913,600	2,531,200
\$14 080 000 2003 Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, 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	13,865,000
\$6 105 000 2007 Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2007 dated August 15, 2008, due in annual installments varying from \$5 000 to \$530 000 through February 15, 2027, bearing interest rates of 4.00% to 5.00%.	6,100,000	6,105,000
Total Governmental Long-Term Debt	\$ 26,143,168	\$ 27,098,072

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

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

	2009	2008
<u>Economic Development Revenue Bonds</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%.	\$ 170,000	\$ 330,000
\$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 6.800% and 7.150%.	-	185,000
\$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%.	1,565,000	1,650,000
\$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%.	3,280,000	3,435,000
Total Revenue Bonds	\$ 5,015,000	\$ 5,600,000

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE G LONG-TERM DEBT (CONTINUED)**

	2009	2008
<p>A note dated May 6, 2009 and payable to Compass Bank for \$1,300,000. The terms of the note include principal and interest payments ranging from \$12,000 to \$18,000 beginning June 6, 2009 and continuing regularly thereafter until May 6, 2016, when the entire balance, including principal and interest will be due and payable. The interest rate is fixed 6.25%. The note is secured by 2.900 acres owned by the Corporation. The note was used to meet its obligations under its existing SDI Weslaco Holdings, LLC Construction Loan Agreement and Amended Development Agreement</p>	1,249,157	
Total Note Payable	1,249,157	-
Total Economic Development Revenue Bonds and Notes Payable	\$ 6,264,157	\$ 5,600,000

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

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

Transactions for the year ended September 30, 2009 are summarized as follows:

	Balance October 1	Issues or Additions	Payments or Expenditures	Balance September 30	Due Within One Year
<u>Governmental Type Activities</u>					
General Obligation Bonds	\$ 2,531,200	\$ -	\$ 617,600	\$ 1,913,600	\$ 636,800
Certificates of Obligation	19,970,000	-	5,000	19,965,000	130,000
Water District Debt Assumed	-	-	-	-	-
Tax and Waterworks and Sewer System (Limited Pledge)	4,596,872	-	332,304	4,264,568	344,172
Arbitrage Payable	-	-	-	-	-
Compensated Absences	2,590,369	-	425,510	2,164,859	216,486
	<u>29,688,441</u>	<u>-</u>	<u>1,380,414</u>	<u>28,308,027</u>	<u>1,327,458</u>
<u>Economic Development Sales Tax</u>					
Revenue Bonds	5,600,000	-	585,000	5,015,000	420,000
Notes Payable	-	1,300,000	50,843	1,249,157	156,035
Sub-total Governmental Activities	<u>5,600,000</u>	<u>1,300,000</u>	<u>635,843</u>	<u>6,264,157</u>	<u>576,035</u>
Total Governmental Activities	<u>\$ 35,288,441</u>	<u>\$ 1,300,000</u>	<u>\$ 2,016,257</u>	<u>\$ 34,572,184</u>	<u>\$ 1,903,493</u>
<u>Business-Type Activities</u>					
General Obligation Bonds	\$ 1,423,800	\$ -	\$ 347,400	\$ 1,076,400	\$ 358,200
Revenue Bonds Payable	3,775,000	-	315,000	3,460,000	325,000
Certificate of Obligation	23,238,128	-	172,696	23,065,432	340,828
Notes Payable	309,241	10,800	-	320,041	320,041
Landfil Closure	965,780	-	38,658	927,122	139,068
Total Business-Type Activities	<u>29,711,949</u>	<u>10,800</u>	<u>873,754</u>	<u>28,848,995</u>	<u>1,483,137</u>
Total Government	<u>\$ 65,000,390</u>	<u>\$ 1,310,800</u>	<u>\$ 2,890,011</u>	<u>\$ 63,421,179</u>	<u>\$ 3,386,630</u>

General Obligation Bonds and Certificates of Obligation -

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General Obligation Bonds and Certificates of Obligation require the City to compute, at the time that taxes are levied, the rate of tax required to provide (in each year that bonds are outstanding the funds to pay for interest and principal at maturity. The City is in compliance with this requirement.

On September 18, 2007, the City issued \$28,175,000 of Series 2007, Tax & Waterworks and Sewer System Surplus Revenue Certificates of Obligation. 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

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

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

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 secured by a lien on and pledge of the net revenues of the Water and Sewer system.

The Revenue Bonds are collateralized by the revenue of the water and 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 fund noted above contain the required amounts and certain financial ratios are met. The City is in compliance with all significant financial requirements as of September 30, 2009.

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.

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 an 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 statements.

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 Obligation. The bonds were issued to pay for street improvements, public facilities, park improvements, main street beautification, 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

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

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

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.

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 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 Constitution 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, 2009, the City had no General Obligations Bonds and Revenue Bonds which were authorized and unissued.

The following table summarizes the restricted cash and cash investments:

Reserve for Bond Debt Service	\$ 10,497
Reserve for Revenue Bond Retirement	469,604
Total Reserve for Revenue Bond Retirement	<u>480,101</u>
Revenue Bond Construction	14,571,571
Capital Improvement Fee	<u>1,392,711</u>
Total Restricted Cash and Cash Investments as of September 30, 2009	<u><u>\$ 16,444,383</u></u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

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

The annual aggregate maturities for each bond type for the year subsequent to September 30, 2009, are as follows:

General Obligation Bonds

<u>Year Ending</u> <u>September 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
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
<b>Total</b>	<b>\$ 1,913,600</b>	<b>\$ 127,048</b>	<b>\$ 1,076,400</b>	<b>\$ 71,464</b>	<b>\$ 3,188,512</b>

Certificate of Obligations

<u>Year Ending</u> <u>September 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2010	\$ 474,172	\$ 1,113,149	\$ 340,828	\$ 1,092,372	\$ 3,020,521
2011	574,996	1,091,448	495,004	1,073,168	3,234,616
2012	1,455,820	1,049,606	509,180	1,054,820	4,069,426
2013	1,590,600	986,363	529,400	1,035,789	4,142,152
2014	1,651,424	917,634	573,576	1,015,470	4,158,104
2015-2019	9,477,556	3,385,248	5,272,444	4,505,168	22,640,416
2020-2024	7,490,000	1,202,895	8,860,000	2,761,761	20,314,656
2025-2027	1,515,000	116,125	6,485,000	497,125	8,613,250
<b>Total</b>	<b>\$ 24,229,568</b>	<b>\$ 9,862,468</b>	<b>\$ 23,065,432</b>	<b>\$ 13,035,673</b>	<b>\$ 70,193,141</b>

Revenue Bonds

<u>Year Ending</u> <u>September 30</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	680,000	276,859	956,859
2015-2019	3,420,000	877,856	4,297,856
2020-2023	1,755,000	203,426	1,958,426
<b>Total</b>	<b>\$ 8,475,000</b>	<b>\$ 2,753,850</b>	<b>\$ 11,228,850</b>

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**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, 2009 is as follows:

	Water and Sewer Fund	Sanitation Fund	Airport Fund	Enterprise Fund
Operating Revenues	\$ 8,073,294	\$ 3,992,622	\$ 133,184	\$ 12,199,100
Operating Expenses	6,824,120	3,283,580	351,341	10,459,041
Depreciation	1,397,736	173,474	213,617	1,784,827
Operating Income	<u>(148,562)</u>	<u>535,568</u>	<u>(431,774)</u>	<u>(44,768)</u>
Net Non-Operating Revenues and Expenses	139,048	(10,208)	247	129,087
Contributions	124,729		99,586	224,315
Transfers	<u>(354,501)</u>	<u>(148,094)</u>	<u>287,000</u>	<u>(215,595)</u>
Changes in Net Assets	(239,286)	377,266	(44,941)	93,039
Beginning Net Assets	<u>22,751,318</u>	<u>(391,739)</u>	<u>4,663,642</u>	<u>27,023,221</u>
Ending Net Assets	<u><u>\$ 22,512,032</u></u>	<u><u>\$ (14,473)</u></u>	<u><u>\$ 4,618,701</u></u>	<u><u>\$ 27,116,260</u></u>
<b>Condensed Cash Flow</b>				
Net Cash Provided (Used) by:				
Operating Activities	\$ 1,915,146	\$ 281,232	\$ (212,785)	\$ 1,983,593
Non-Capital Financing Activities	(354,501)	(148,094)	287,000	(215,595)
Capital and Related Financing Activities	(5,478,068)	(95,359)	-	(5,573,427)
Investing Activities	847,993	1,493	247	849,733
Beginning Cash	<u>20,644,278</u>	<u>365,757</u>	<u>83,109</u>	<u>21,093,144</u>
Ending Cash	<u><u>\$ 17,574,848</u></u>	<u><u>\$ 405,029</u></u>	<u><u>\$ 157,571</u></u>	<u><u>\$ 18,137,448</u></u>

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

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

	<u>10/1/2008</u>	<u>Additions (Deletions)</u>	<u>9/30/2009</u>
<u>Water and Sewer Fund</u>			
Contributed Capital Donation	\$ 11,000	\$ -	\$ 11,000
Contributions from City	2,926,974		2,926,974
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>12,714,366</u>	<u>-</u>	<u>12,714,366</u>
<u>Sanitation Fund</u>			
Contributions from City	3,715,956		3,715,956
Contributions-Federal Grants	8,187		8,187
	<u>3,724,143</u>	<u>-</u>	<u>3,724,143</u>
<u>Airport Fund</u>			
Contributions from City	1,398,150		1,398,150
Contributions-State Grants	1,617,395		1,617,395
Contributions from Revenue Sharing Fund	175,130		175,130
Contributions-Federal Grants	3,391,137		3,391,137
	<u>6,581,812</u>	<u>-</u>	<u>6,581,812</u>
<u>Internal Service Fund</u>			
<u>Equipment Replacement Fund</u>			-
Total Contributed Capital	<u>\$23,020,321</u>	<u>\$ -</u>	<u>\$ 23,020,321</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, 2009 was levied using a rate of \$.6967 per one hundred dollars of assessed valuation based on 100 percent of estimated market value.

Legislation has been passed by the Texas Legislature which affects the methods of property appraisal in the City. This legislation, with certain exceptions, exempts intangible personal property, household goods, and family-owned automobiles (unless specifically authorized by resolution of the governing body) from taxation. In addition, this legislation creates a “Property Tax Code” and provides, among other things, for the establishment of county appraisal districts and for a state property board.

The appraisal of property within the city is the responsibility of the Hidalgo County Tax Appraisal District.

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE J. PROPERTY TAX (CONTINUED)**

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

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 attach as an enforceable lien on property as of January 1. Uncollected taxes are placed in the hands of the attorney for legal action on February 1, following year of assessment.

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

Taxes are due on October 1, the levy date, and are delinquent after the following January 31. Tax liens are automatic on January 1 each year. The tax lien is part of a lawsuit for property that can be filed any time after taxes become delinquent (February 1). The City usually waits until after July 1 to file suits on real estate property. As of July 1, 15% collection costs may be added to all delinquent accounts. Current tax collections for the year ended September 30, 2009, were 92.27% 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, 2009, the City had a tax margin of \$1.8033 for every \$100 valuation based upon a maximum ad valorem tax of \$2.50 for every \$100 valuation imposed by Texas Constitutional law.

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE K. PENSION PLAN**

Employee Pension Plans (Other Than Firemen)  
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.

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 service 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, 2009, the contribution 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 contribution 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.

The normal cost contribution rate finances the currently accruing monetary credits due to the city matching percent, which are the obligation 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 contribution 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.

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

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

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 the basis of the rate and the calendar year when the rate goes into effect.

The City's total payroll in fiscal year 2009 was \$11,944,357 and the City's contributions were based on a payroll of \$9,899,222. Both the City and the covered employees made the required contributions, amounting to \$1,208,568 (14% for calendar year 2008, and 12.77% for calendar year 2009) for the City, and \$672,206 (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. 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, estimated to be 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 dependent upon future salaries. The calculations were made as part of the annual actuarial valuation as of December 31, 2008. 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, 2008. 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 12/31/08 valuations are contained in the 2008 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, 2009**

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

Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date	12/31/08	12/31/07	12/31/06
Actuarial Value of Assets	\$ 17,001,070	\$ 15,705,424	\$ 14,910,028
Actuarial Accrued Liability	27,821,973	25,524,437	19,506,553
Percentage Funded	61.1%	61.5%	76.4%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	10,820,903	9,819,013	4,596,525
Annual Covered Payroll (Calendar year)	9,899,222	9,099,212	7,821,257
UAAL as a Percentage of Covered Payroll	109.3%	107.9%	58.7%
Net Pension Obligation (NPO) at the Beginning of Period			
Annual Pension Cost:			
Annual Required Contribution (ARC)	1,196,828	984,969	795,931
Interest on NPO			
Adjustments to the ARC			
Contributions Made	1,196,828	984,969	795,931
Increase in NPO			
NPO at the end of the period	\$ -	\$ -	\$ -

The book value of assets is amortized cost for bonds and original cost for short-term securities and stocks. 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 decreasing the City's contribution rate by 1.23% for 2009. The 2010 rate will be 14.44%. 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 the effect of increasing the unfunded actuarial accrued liability by \$1,001,890.

Fireman's Pension Plan

The Weslaco's Firemen'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, 2006. 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 payroll, assuming a 4.5% annual increase. At the current funding levels it is expected to be amortized over nine years.

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

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

12/31/05	12/31/04	12/31/2003	12/31/2002
\$ 13,912,836	\$ 14,244,463	\$ 13,679,921	\$ 12,350,117
18,092,798	15,456,284	14,956,021	13,224,734
76.9%	92.2%	91.5%	93.4%
4,179,962	1,211,821	1,276,100	874,617
7,955,459	7,623,491	7,392,489	6,589,351
52.5%	15.9%	17.3%	13.3%
592,416	539,959	480,200	446,758
592,416	539,959	480,200	446,758
\$ -	\$ -	\$ -	\$ -

The City of Weslaco contributed \$414,399.20 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 2009 the City was contributing 12.01% on gross wages for all full-time firemen and \$240 annually for each volunteer fireman. The full-time firemen contributed 9% of their gross wages to the plan. In 2010 the City's contribution rate will increase to 14.44%.

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>

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

The City's rate is the same percentage of payroll that the City contributes to the Texas Municipal Retirement System for other employees.

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

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

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 opinion 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.

**NOTE L. OPERATING TRANSFERS**

Operating transfers at September 30, 2009 were as follows:

<u>GOVERNMENTAL FUNDS</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>General Fund</u>		
Water	\$ 197,701	
Sewer	156,800	
Sanitation	171,274	
Airport		287,000
2007 Construction Fund		
New City Hall Project Fund		
Total General Fund	<u>525,775</u>	<u>287,000</u>
<u>Debt Service Fund</u>		
1993 Construction Fund		
Total Debt Service Fund	<u>-</u>	<u>-</u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE L. OPERATING TRANSFERS (CONTINUED)**

<u>GOVERNMENTAL FUNDS</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Capital Projects</u>		
1993 Construction Fund		
Debt Service Fund		
1999 Construction Fund		
New City Hall Project		
New City Hall Project		
General Fund		
1999 Construction Fund		
2003 C.O. Construction Fund		
Sanitation Fund		23,180
Total Capital Projects	<u>-</u>	<u>23,180</u>
 <u>BUSINESS TYPE FUNDS</u>		
<u>Enterprise Funds</u>		
Water Fund		
General Fund		197,701
New City Hall Project Fund		
2007 Construction Fund		
General Fund		
Sewer Fund		
General Fund		156,800
Sanitation Fund		
General Fund		171,274
2003 C.O. Construction Fund	23,180	
Airport Fund		
General Fund	<u>287,000</u>	
Total Enterprise Funds	<u>310,180</u>	<u>525,775</u>
Total All Funds	<u>\$ 835,955</u>	<u>\$ 835,955</u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE M. DEFERRED REVENUES**

Deferred Revenues at September 30, 2009 are composed of the following:

General Fund		
Taxes receivable net of allowances	\$ 1,204,345	
Paving assessments	26,885	
Confiscated Property	<u>5,000</u>	
Total General Fund		\$ 1,236,230
Economic Development Corporation		
Total Economic Development Corporation	<u>1,329,074</u>	1,329,074
Debt Service Fund		
Taxes Receivable net of allowances	<u>482,531</u>	
Total Debt Service Fund		<u>482,531</u>
Total Deferred Revenues		<u><u>\$ 3,047,835</u></u>

**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, on October 1, 1993, the Sewer Plant Operations were contracted to OMI, a privatized management company. The water plant operations were contracted to OMI, on October 1994. The brush collection was contracted to BFI on April 1996. Minimum annual payments are as follows for the fiscal year ended September 30, 2009:

	<u>2009</u>	<u>2008</u>
County of Hidalgo-Tax Collection	\$ 41,963	\$ 41,963
Hidalgo County Appraisal District	80,622	74,424
OMI Management Company Sewer Plant	1,181,064	1,298,847
OMI Management Company Water Plant	1,184,710	854,639
Browning Ferris Industries (Brush Collections)	797,290	765,715
Upper Valley Humane Society	72,631	60,774
Municipal Judge	86,264	87,180
Medical Doctor (EMS)	<u>40,000</u>	<u>40,000</u>
Total	<u><u>\$ 3,484,544</u></u>	<u><u>\$ 3,223,542</u></u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE N. COMMITMENTS (CONTINUED)**

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

	Commitment	Paid in Prior Years	Paid in Current Year	Balance Due
<u>Loan/Rent Incentives</u>				
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	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		-
Total Loan/Rent Incentives	<u>2,366,625</u>	<u>2,363,562</u>	<u>-</u>	<u>3,063</u>
<u>Monetary/Incentives</u>				
FedEx Ground Packaging	\$ 550,000	\$ 495,000	\$ 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	833,339	288,994	877,667
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	249,222		150,778
TNT Investments	60,000	60,000		-
Mandujano Western Boots	33,300	33,300		-
Medical Safety Technicians	75,000	37,500		37,500
Builder 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)	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	31,250	6,250
John Knox Village	60,000			60,000
Weslaco Hills Apartments	620,000			620,000
Becknell Development	250,000			250,000
Gran Café de la Parroquia	34,000			34,000
Maverick Ind. Services	125,000			125,000
Pharmacy Care USA	75,000			75,000
SDI Weslaco Holdings, LLC	2,300,000		914,408	1,385,592
Other	20,400	15,400		5,000
Total Monetary Incentives	<u>8,099,048</u>	<u>2,159,761</u>	<u>1,414,652</u>	<u>4,524,635</u>
Total Commitment	<u>\$ 10,465,673</u>	<u>\$ 4,523,323</u>	<u>\$ 1,414,652</u>	<u>\$ 4,527,698</u>

Subsequent year balances of \$4,527,698 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.

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**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 Corporations (four) act as advisory boards which review and provide recommendations to the City Commission. There are no financial transactions involved. Weslaco Development Committee, Inc. dissolved during the 2002 fiscal year. The Weslaco Economic Development Corporation absorbed the Weslaco Development Committee, Inc. assets and liabilities. The EDC operations are reported as a 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 states rules and requires that all closure and post-closure costs be recognized during the operating life of the landfill. The City's landfill is currently inactive. The closure and post-closure costs considered are based on this inactive state. If the landfill begins receiving wastes, the closure and post-closure and related liability balance will have to be revised based on the capacity of the landfill that will be used.

Approximately twenty-five percent of the landfill capacity has been used to date. Based on the current capacity used, \$825,224, is estimated as a closure and post-closure cost. The transfer station, underground petroleum storage tanks, closure and post-closure costs are estimated at \$131,556. The landfill has been closed and post-closure costs are estimated at \$927,122. These costs are currently reflected in the financial statements of the Sanitation Fund. As costs are incurred during the year, the liability will be reduced. The City met the state's financial assurance requirements during the current fiscal year. The landfill remains in an inactive status as of September 30, 2009. The post-closure costs include lab tests, gas 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, and the Local Public Works Program, and the Texas Department of Transportation. These programs are subject to program compliance audits by the grantors or their representatives. The audit of these programs for/or including the year ending September 30, 2009 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, 2009.

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE S. RESTATEMENT OF PRIOR YEAR BALANCES**

	Governmental Activities	Governmental Funds
<u>General Fund</u>		
Fund Balance, September 30, 2008	\$ 893,997	\$ 737,441
Net Income (Loss)	(950,522)	(950,522)
Changes in Net Income (Loss):		
Fund balance not included	(4,750)	(4,750)
Revenue not recorded	343	343
Net Income (Loss), As Restated	(954,929)	(954,929)
Fund Balance, September 30, 2008, As Restated	\$ (60,932)	\$ (217,488)
 <u>Capital Projects Fund</u>		
Fund Balance, September 30, 2008	\$ 7,753,339	\$ 7,753,339
Net Income (Loss)	(5,206,103)	(5,206,103)
Changes in Net Income (Loss):		
Transfers Out Not Recorded	87,861	87,861
Net Income (Loss), As Restated	(5,118,242)	(5,118,242)
Fund Balance, September 30, 2008, As Restated	\$ 2,635,097	\$ 2,635,097
 <u>Water and Sewer Funds</u>		
Balance, September 30, 2008	\$ 22,573,419	\$ 9,859,053
Net Income (Loss)	(668,255)	(1,046,018)
Changes in Net Income (Loss):		
Depreciation of non-depreciable assets	293,584	293,584
Adjustment for trade-in of assets	1,970	1,970
Unamortized interest adjustment	455,559	455,559
Capital Grants not recorded	95,041	472,804
Net Income (Loss), As Restated	177,899	177,899
Balance, September 30, 2008, As Restated	\$ 22,751,318	\$ 10,036,952

Business-Type Activities	
Net Asset	Retained Earnings

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE S. RESTATEMENT OF PRIOR YEAR BALANCES (CONTINUED)**

	Business-Type Activities	
	Net Asset	Retained Earnings
<u>Sanitation Fund</u>		
Balance, September 30, 2008	\$ (670,888)	\$ (4,395,031)
Net Income (Loss)	50,078	(35,422)
Changes in Net Income (Loss):		
Transfers In not recorded	215,175	215,175
Capital Grants not recorded	-	85,500
Overstatement of expenses	13,896	13,896
Net Income (Loss), As Restated	<u>279,149</u>	<u>279,149</u>
Balance, September 30, 2008, As Restated	<u>\$ (391,739)</u>	<u>\$ (4,115,882)</u>
 <u>Airport Fund</u>		
Balance, September 30, 2008	\$ 4,811,348	\$ (1,770,464)
Net Income (Loss)	(233,930)	(233,930)
Changes in Net Income (Loss):		
Overstatement of expenses	86,224	86,224
Net Income (Loss), As Restated	<u>(147,706)</u>	<u>(147,706)</u>
Balance, September 30, 2008, As Restated	<u>\$ 4,663,642</u>	<u>\$ (1,918,170)</u>

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**CITY OF WESLACO, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
ANALYSIS OF FUNDING PROGRESS  
LAST THREE FISCAL YEARS**

Fiscal Year	(1) Actuarial Value of Assets**	(2) Actuarial Accrued Liability *	(3) Funded Ratio (1)/(2)	(4) Unfunded Actuarial Accrued Liability	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability As A Percentage of Covered Payroll
2006	14,910,028	19,506,553	76.4%	4,596,525	7,821,257	58.7%
2007	15,705,424	25,524,437	61.5%	9,819,013	9,099,212	107.9
2008	17,001,070	27,821,973	61.1%	10,820,903	9,899,222	109.3

\* As of December 31 of the preceding year, the date of the actuarial valuation.

\*\* Assets are stated cost as of December 31 of the preceding year.

## NON-MAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

Revitalization Grant Fund-This fund was created to account for the collection of low interest loans amortized over ten years to local businesses. Funds for these loans were initially provided by the Texas Department of Commerce.

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  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2009**

	<u>Special Revenue Funds</u>		<u>2009 Total Funds</u>	<u>2008 Total Funds</u>
	<u>Hotel/ Motel Tax</u>	<u>Library Fund</u>		
<b>Assets</b>				
Cash and Cash Investments	\$ 485,951	\$ 14,918	\$ 500,869	\$ 714,345
Accounts Receivable	89,687	-	89,687	120,140
Due From Other Governments	-	-	-	-
<b>Total Assets</b>	<u>\$ 575,638</u>	<u>\$ 14,918</u>	<u>\$ 590,556</u>	<u>\$ 834,485</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts Payable	\$ 622	\$ -	\$ 622	\$ 2,427
Deferred Revenue	-	-	-	-
<b>Total Liabilities</b>	<u>622</u>	<u>-</u>	<u>622</u>	<u>2,427</u>
<b>Fund Balances</b>				
Unreserved				
Designated			-	
Undesignated	575,016	14,918	589,934	832,058
<b>Total Fund Balance</b>	<u>575,016</u>	<u>14,918</u>	<u>589,934</u>	<u>832,058</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 575,638</u>	<u>\$ 14,918</u>	<u>\$ 590,556</u>	<u>\$ 834,485</u>

See accompanying notes to basic financial statements.

**CITY OF WESLACO, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2009**

	<u>Special Revenue Funds</u>		<u>2009 Total Funds</u>	<u>2008 Total Funds</u>
	<u>Hotel/ Motel Tax</u>	<u>Library Fund</u>		
<b>Revenues</b>				
Hotel/Motel Tax	\$ 403,467	\$ -	\$ 403,467	\$ 446,595
Intergovernmental	-	-	-	116
Investment Income	3,540	45	3,585	24,183
Contributions	-	554	554	-
Miscellaneous	-	-	-	98
<b>Total Revenue</b>	<u>407,007</u>	<u>599</u>	<u>407,606</u>	<u>470,992</u>
<b>Expenditures</b>				
Current:				
Development services	59,905	-	59,905	173,523
Cultural and recreational	589,825	-	589,825	265,071
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<u>649,730</u>	<u>-</u>	<u>649,730</u>	<u>438,594</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(242,723)</u>	<u>599</u>	<u>(242,124)</u>	<u>32,398</u>
<b>Other financing sources (uses)</b>				
Bonds issued				
Transfers in			-	-
Transfers out			-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of (deficiency) revenues and other sources over expenditures and other (uses)</b>	<u>(242,723)</u>	<u>599</u>	<u>(242,124)</u>	<u>32,398</u>
<b>Fund balances at beginning of year</b>	<u>817,739</u>	<u>14,319</u>	<u>832,058</u>	<u>799,660</u>
<b>Fund balances at end of year</b>	<u>\$ 575,016</u>	<u>\$ 14,918</u>	<u>\$ 589,934</u>	<u>\$ 832,058</u>

See accompanying notes to basic financial statements.

**CITY OF WESLACO, TEXAS  
HOTEL/MOTEL TAX SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2009  
WITH COMPARATIVE ACTUAL TOTALS FOR 2008**

	2009		2008		
	Budget Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
	Original	Final			
<b>Revenues</b>					
Occupancy tax	\$ 440,000	\$ 440,000	\$ 403,467	\$ (36,533)	\$ 446,595
Investment income	21,500	21,500	3,540	(17,960)	23,675
Miscellaneous Income	-	-	-	-	98
<b>Total Revenues</b>	<u>461,500</u>	<u>461,500</u>	<u>407,007</u>	<u>(54,493)</u>	<u>470,368</u>
<b>Expenditures</b>					
Current:					
Development services	75,292	75,292	59,905	15,387	173,523
Cultural and recreational	658,240	658,240	589,825	68,415	265,071
Capital outlay	-	-	-	-	-
<b>Total Expenditures</b>	<u>733,532</u>	<u>733,532</u>	<u>649,730</u>	<u>83,802</u>	<u>438,594</u>
<b>Excess of revenues over expenditures</b>	(272,032)	(272,032)	(242,723)	29,309	31,774
<b>Other financing (uses)</b>					
Transfers out	-	-	-	-	-
<b>Excess of revenues over expenditures and other (uses)</b>	<u>(272,032)</u>	<u>(272,032)</u>	(242,723)	<u>29,309</u>	31,774
<b>Fund balances at beginning of year</b>			817,739		785,965
<b>Fund balances at end of year</b>			<u>\$ 575,016</u>		<u>\$ 817,739</u>

See accompanying notes to basic financial statements.

**CITY OF WESLACO, TEXAS  
LIBRARY FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2009  
WITH COMPARATIVE ACTUAL TOTALS FOR 2008**

	2009			2008	
	Budget Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
	Original	Final			
<b>Revenues</b>					
Sales tax	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-	116
Investment income	-	-	45	45	508
Other	-	-	554	554	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>599</u>	<u>599</u>	<u>624</u>
<b>Expenditures</b>					
Current:					
Cultural/recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>599</u>	<u>599</u>	<u>624</u>
<b>Other financing sources (uses)</b>					
Transfers in					
Transfers out					
<b>Total other financing sources (uses)</b>		<u>-</u>	<u>-</u>	<u>-</u>	
<b>Excess of (deficiency) revenues and other sources over expenditures and other (uses)</b>	<u>-</u>	<u>-</u>	<u>599</u>	<u>599</u>	<u>624</u>
<b>Fund balance at beginning of year</b>			<u>14,319</u>		<u>13,695</u>
<b>Fund balances at end of year</b>			<u>\$ 14,918</u>		<u>\$ 14,319</u>

See accompanying notes to basic financial statements.

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND ACCOUNT  
GROUPS**

## **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  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2009**

<b>Assets</b>	<b>2009</b>	<b>As Restated 2008</b>
Cash	\$ 1,100,529	\$ 726,443
Investments		
Receivable (Net of allowance)		
Property taxes	1,243,644	1,174,669
Sales taxes	678,252	717,060
Ambulance fee	108,308	108,308
Other	194,600	135,679
Other assets	5,000	6,910
Inventories	61,244	51,933
Due from other funds	360,000	-
Due from other governments	248,332	647,190
Restricted Cash-Boy's & Girls Club	425,353	446,186
Restricted Cash-Friends of the Library	481,362	
<b>Total Assets</b>	<b>\$ 4,906,624</b>	<b>\$ 4,014,378</b>
<b>Liabilities and Fund Balance</b>		
Liabilities		
Accounts payable	\$ 577,982	\$ 1,056,903
Compensated absences	240,289	252,625
Due to other funds	240,566	571,833
Other liabilities	193,272	195,425
Trust-Boy's & Girl's Club	425,353	446,186
Trust-Friends of the Library	481,362	
Deferred revenues	1,236,230	1,158,894
Revolving Loan-Contingency	550,000	550,000
<b>Total Liabilities</b>	<b>3,945,054</b>	<b>4,231,866</b>
<b>Fund Balance</b>		
Reserve for inventories	61,244	51,933
Unreserved		
Designated for community promotion	31,301	31,301
Designated for public safety equipment	63,231	114,875
Designated for drainage projects	49,775	49,775
Designated for excess sales tax receipts	167,976	167,976
Designated for land improvements	15,000	15,000
Designated for the endowments	747	747
Designated for swimming pool project	25,000	25,000
Undesignated	547,296	(674,095)
<b>Total Fund Balance</b>	<b>961,570</b>	<b>(217,488)</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 4,906,624</b>	<b>\$ 4,014,378</b>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED SEPTEMBER 30, 2008)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>As Restated 2008 Actual</u>
<b>Revenues</b>				
Taxes	\$14,980,945	\$15,623,980	\$ 643,035	\$14,375,274
Licenses and permits	477,910	406,099	(71,811)	489,883
Intergovernmental	577,414	1,061,356	483,942	1,312,507
Charges for services	3,500,335	3,752,129	251,794	3,464,456
Fines and forfeits	1,098,868	690,602	(408,266)	738,663
Interest	53,000	12,912	(40,088)	56,397
Miscellaneous revenue	268,338	390,465	122,127	309,900
Sale of assets	2,000	500	(1,500)	43,410
<b>Total Revenues</b>	<u>20,958,810</u>	<u>21,938,043</u>	<u>979,233</u>	<u>20,790,490</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	3,673,108	3,481,440	191,668	3,608,717
Public safety	12,776,123	12,486,212	289,911	13,034,947
Public works	1,716,690	1,468,756	247,934	1,567,815
Health	135,068	123,307	11,761	136,025
Culture and recreation	2,359,410	2,231,748	127,662	2,270,879
Economic Development	-	-	-	-
Nondepartmental expenses	536,300	541,759	(5,459)	559,441
Capital Outlay	111,172	664,538	(553,366)	349,595
<b>Total Expenditures</b>	<u>21,307,871</u>	<u>20,997,760</u>	<u>310,111</u>	<u>21,527,419</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(349,061)</u>	<u>940,283</u>	<u>1,289,344</u>	<u>(736,929)</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in (Note L)	525,775	525,775	-	-
Operating transfers out	(287,000)	(287,000)	-	(218,000)
<b>Total Other Financing Sources (Uses)</b>	<u>238,775</u>	<u>238,775</u>	<u>-</u>	<u>(218,000)</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures</b>	<u>\$ (110,286)</u>	<u>\$ 1,179,058</u>	<u>\$ 1,289,344</u>	<u>\$ (954,929)</u>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED SEPTEMBER 30, 2008)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>As Restated 2008 Actual</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures</b>	<u>\$ (110,286)</u>	\$ 1,179,058	<u>\$ 1,289,344</u>	\$ (954,929)
<b>Fund Balance, October 1,</b>		<u>(217,488)</u>		<u>737,441</u>
<b>Fund Balance, September 30,</b>		<u>\$ 961,570</u>		<u>\$ (217,488)</u>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Taxes</b>			
General property taxes			
Advalorem taxes	\$ 6,641,523	\$ 6,981,142	\$ 339,619
Penalties and interest on taxes	210,000	285,796	75,796
<b>Total General Property Taxes</b>	<u>6,851,523</u>	<u>7,266,938</u>	<u>415,415</u>
City sales tax	6,716,422	6,881,590	165,168
Alcoholic beverage tax	35,000	51,570	16,570
Bingo tax	3,000	5,477	2,477
Payment in lieu of taxes	-	-	-
Franchise taxes	1,375,000	1,418,405	43,405
Other	-	-	-
<b>Total Taxes</b>	<u>14,980,945</u>	<u>15,623,980</u>	<u>643,035</u>
<b>Licenses and Permits</b>			
Business licenses and permits	442,200	365,307	(76,893)
Non-business licenses and permits	35,710	40,792	5,082
<b>Total Licenses and Permits</b>	<u>477,910</u>	<u>406,099</u>	<u>(71,811)</u>
<b>Intergovernmental Revenue</b>			
Urban County Development Grant	12,105	82,229	70,124
Federal Grants	470,276	772,943	302,667
State Grants	95,033	206,184	111,151
<b>Total Intergovernmental Revenue</b>	<u>577,414</u>	<u>1,061,356</u>	<u>483,942</u>
<b>Charges for Services</b>			
Administrative fee (other city funds)	2,188,335	2,188,335	-
Public safety	972,000	1,228,616	256,616
Health	280,000	275,706	(4,294)
Cemetery charges	60,000	59,472	(528)
<b>Total Charges for Services</b>	<u>\$ 3,500,335</u>	<u>\$ 3,752,129</u>	<u>\$ 251,794</u>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Fines and Forfeits</b>			
Corporation court fines	\$ 889,701	\$ 477,849	\$ (411,852)
Municipal court technology		17,163	17,163
Parking meter fines	2,000	-	(2,000)
Money confiscated		69,234	69,234
Court fines	200,467	119,153	(81,314)
Library fines	6,700	7,203	503
<b>Total Fines and Forfeits</b>	<u>1,098,868</u>	<u>690,602</u>	<u>(408,266)</u>
<b>Interest</b>			
Interest revenue	53,000	12,912	(40,088)
<b>Total Interest</b>	<u>53,000</u>	<u>12,912</u>	<u>(40,088)</u>
<b>Miscellaneous Revenues</b>			
Rents	67,700	72,761	5,061
Royalties	3,500	3,603	103
Contribution	21,400	1,400	(20,000)
Other income	175,738	312,701	136,963
<b>Total Miscellaneous Revenues</b>	<u>268,338</u>	<u>390,465</u>	<u>122,127</u>
<b>Sale of Assets</b>			
Proceeds Sale of Assets	2,000	500	(1,500)
<b>Total Sale of Assets</b>	<u>2,000</u>	<u>500</u>	<u>(1,500)</u>
<b>Total Revenues</b>	<u>\$20,958,810</u>	<u>\$21,938,043</u>	<u>\$ 979,233</u>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<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	\$ 13,564	\$ 11,969	\$ 1,595
Other services & charges	183,248	154,469	28,779
Supplies	7,550	7,111	439
<b>Total Legislative-City Commission</b>	<u>204,362</u>	<u>173,549</u>	<u>30,813</u>
<b>Executive-/City Manager's Office</b>			
Personal services	205,824	279,196	(73,372)
Other services & charges	8,339	9,956	(1,617)
Supplies	2,887	2,998	(111)
<b>Total Executive-City Manager's Office</b>	<u>217,050</u>	<u>292,150</u>	<u>(75,100)</u>
<b>City Secretary's Office</b>			
Personal services	278,363	271,882	6,481
Other services & charges	23,506	19,982	3,524
Supplies	12,168	9,626	2,542
<b>Total City Secretary's Office</b>	<u>314,037</u>	<u>301,490</u>	<u>12,547</u>
<b>Judicial-Corporation Court</b>			
Personal services	153,166	123,319	29,847
Other services & charges	99,634	93,942	5,692
Supplies	5,030	3,779	1,251
<b>Total Judicial-Corporation Court</b>	<u>257,830</u>	<u>221,040</u>	<u>36,790</u>
<b>Total Control</b>	<u>993,279</u>	<u>988,229</u>	<u>5,050</u>
<b>Staff Agencies</b>			
<b>Elections</b>			
Personal services	-	99	(99)
Other services & charges	18,900	6,135	12,765
Supplies	5,150	2,638	2,512
<b>Total Elections</b>	<u>\$ 24,050</u>	<u>\$ 8,872</u>	<u>\$ 15,178</u>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<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	\$ 379,472	\$ 381,032	\$ (1,560)
Other services & charges	43,595	40,781	2,814
Supplies	6,600	6,629	(29)
<b>Subtotal</b>	<u>429,667</u>	<u>428,442</u>	<u>1,225</u>
Assessment and Collection of Taxes	<u>250,668</u>	<u>265,464</u>	<u>(14,796)</u>
<b>Total Finance</b>	<u>680,335</u>	<u>693,906</u>	<u>(13,571)</u>
<b>Personnel Director</b>			
Personal services	162,751	159,812	2,939
Other services & charges	34,452	29,190	5,262
Supplies	11,833	9,225	2,608
<b>Total Personnel Director</b>	<u>209,036</u>	<u>198,227</u>	<u>10,809</u>
<b>Purchasing</b>			
Personal services	218,186	210,807	7,379
Other services & charges	10,526	7,883	2,643
Supplies	3,050	2,334	716
<b>Total Purchasing</b>	<u>231,762</u>	<u>221,024</u>	<u>10,738</u>
<b>Law-City Attorney</b>			
Personal services			
Other services & charges	<u>265,700</u>	<u>241,126</u>	<u>24,574</u>
<b>Total Law</b>	<u>265,700</u>	<u>241,126</u>	<u>24,574</u>
<b>Building Maintenance</b>			
Personal services	408,537	399,127	9,410
Other services & charges	138,631	137,704	927
Supplies	50,015	41,756	8,259
<b>Total Building Maintenance</b>	<u>\$ 597,183</u>	<u>\$ 578,587</u>	<u>\$ 18,596</u>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>GENERAL GOVERNMENT-continued</b>			
<b>Data Processing</b>			
Personal services	\$ 133,779	\$ 107,193	\$ 26,586
Other services & charges	127,368	103,457	23,911
Supplies	1,800	1,051	749
<b>Total Data Processing</b>	<u>262,947</u>	<u>211,701</u>	<u>51,246</u>
<b>Planning</b>			
Personal services	380,668	309,045	71,623
Other services & charges	20,516	18,208	2,308
Supplies	7,632	12,515	(4,883)
<b>Total Planning</b>	<u>408,816</u>	<u>339,768</u>	<u>69,048</u>
<b>Total Staff Agencies</b>	<u>2,679,829</u>	<u>2,493,211</u>	<u>186,618</u>
<b>Total General Government</b>	<u>\$ 3,673,108</u>	<u>\$ 3,481,440</u>	<u>\$ 191,668</u>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<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	\$ 5,829,193	\$ 5,794,201	\$ 34,992
Other services & charges	236,632	215,876	20,756
Supplies	239,868	199,250	40,618
<b>Total Investigation and         Uniformed Patrol</b>	<u>6,305,693</u>	<u>6,209,327</u>	<u>96,366</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	95,942	62,036	33,906
Other services & charges	67,775	53,548	14,227
Supplies	22,047	10,854	11,193
<b>Total Traffic Safety</b>	<u>185,764</u>	<u>126,438</u>	<u>59,326</u>
<b>Total Police Department</b>	<u>6,491,457</u>	<u>6,335,765</u>	<u>155,692</u>
<b>Fire Suppression</b>			
Personal services	4,733,881	4,807,962	(74,081)
Other services & charges	171,448	156,581	14,867
Supplies	179,632	158,992	20,640
<b>Total Protective Inspection</b>	<u>5,084,961</u>	<u>5,123,535</u>	<u>(38,574)</u>
<b>Emergency Medical Services</b>			
Personal services			-
Other services & charges	260,918	279,018	(18,100)
Supplies	109,997	103,673	6,324
<b>Total Emergency Medical Services</b>	<u>\$ 370,915</u>	<u>\$ 382,691</u>	<u>\$ (11,776)</u>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>PUBLIC SAFETY-continued</b>			
<b>Code Enforcement</b>			
Personal services	\$ 526,563	\$ 481,532	\$ 45,031
Other services & charges	124,955	99,850	25,105
Supplies	28,431	21,180	7,251
<b>Total Code Enforcement</b>	<u>679,949</u>	<u>602,562</u>	<u>77,387</u>
<b>Emergency Management</b>			
Personnel Services			-
Other services & charges	70,369	22,726	47,643
Supplies	78,472	18,933	59,539
<b>Total Emergency Management</b>	<u>148,841</u>	<u>41,659</u>	<u>107,182</u>
<b>Total Fire Department</b>	<u>6,284,666</u>	<u>6,150,447</u>	<u>134,219</u>
<b>Total Public Safety</b>	<u>12,776,123</u>	<u>12,486,212</u>	<u>289,911</u>
<b>PUBLIC WORKS</b>			
<b>Administration</b>			
Personal services	105,139	86,221	18,918
Other services & charges	7,231	7,899	(668)
Supplies	5,621	3,337	2,284
<b>Total Administration</b>	<u>117,991</u>	<u>97,457</u>	<u>20,534</u>
<b>Urban Development</b>			
Personal services	-	-	-
Other services & charges	80,000	125,905	(45,905)
Supplies	-	-	-
<b>Total Urban Development</b>	<u>80,000</u>	<u>125,905</u>	<u>(45,905)</u>
<b>Drain Ditch Maintenance</b>			
Personal services	38,599	30,805	7,794
Other services & charges	47,484	23,326	24,158
Supplies	18,664	16,441	2,223
<b>Total Drain Ditch Maintenance</b>	<u>104,747</u>	<u>70,572</u>	<u>34,175</u>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>PUBLIC WORKS-continued</b>			
<b>Streets and Highways</b>			
Personal services	\$ 558,454	\$ 528,586	\$ 29,868
Other services & charges	86,686	53,739	32,947
Supplies	86,218	40,848	45,370
<b>Total Streets and Highways</b>	<u>731,358</u>	<u>623,173</u>	<u>108,185</u>
<b>Street Cleaning</b>			
Personal services	99,369	90,315	9,054
Other services & charges	15,834	7,689	8,145
Supplies	17,391	7,215	10,176
<b>Total Street Cleaning</b>	<u>132,594</u>	<u>105,219</u>	<u>27,375</u>
<b>Street Lighting</b>			
Other services & charges	550,000	446,430	103,570
<b>Total Street Lighting</b>	<u>550,000</u>	<u>446,430</u>	<u>103,570</u>
<b>Total Public Works</b>	<u>1,716,690</u>	<u>1,468,756</u>	<u>247,934</u>
<b>HEALTH</b>			
<b>Vital Statistics</b>			
Personal services	106,619	103,520	3,099
Other services & charges	16,949	10,017	6,932
Supplies	11,500	9,770	1,730
<b>Total Vital Statistics</b>	<u>135,068</u>	<u>123,307</u>	<u>11,761</u>
<b>Total Health</b>	<u>\$ 135,068</u>	<u>\$ 123,307</u>	<u>\$ 11,761</u>
<b>CULTURE AND RECREATION</b>			
<b>Municipal Parks</b>			
Personal services	\$ 896,295	\$ 814,036	\$ 82,259
Other services & charges	356,732	397,261	(40,529)
Supplies	61,358	49,706	11,652
<b>Total Municipal Parks</b>	<u>1,314,385</u>	<u>1,261,003</u>	<u>53,382</u>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>CULTURE AND RECREATION-continued</b>			
<b>Swimming Pool</b>			
Personal services	\$ 42,193	\$ 44,531	\$ (2,338)
Other services & charges	3,400	2,932	468
Supplies	13,000	11,869	1,131
<b>Total Swimming Pool</b>	<u>58,593</u>	<u>59,332</u>	<u>(739)</u>
<b>Library</b>			
Personal services	691,272	673,981	17,291
Other services & charges	179,214	151,386	27,828
Supplies	115,946	86,046	29,900
<b>Total Library</b>	<u>986,432</u>	<u>911,413</u>	<u>75,019</u>
<b>Total Culture &amp; Recreation</b>	<u>2,359,410</u>	<u>2,231,748</u>	<u>127,662</u>
<b>NON-DEPARTMENTAL EXPENSES</b>			
<b>General expenditures:</b>			
Personal services	150,000	63,939	86,061
Other services & charges	386,300	416,276	(29,976)
Community expenditures-Urban County	-	61,544	(61,544)
Community development	-	-	-
<b>Total Miscellaneous</b>	<u>536,300</u>	<u>541,759</u>	<u>(5,459)</u>
<b>CAPITAL OUTLAY</b>			
General Government	-	78,023	(78,023)
Public Safety	65,591	181,315	(115,724)
Public Works	-	-	-
Streets and Highways	-	-	-
Culture and Recreation	45,581	405,200	(359,619)
Health	-	-	-
<b>Total Capital Outlay</b>	<u>111,172</u>	<u>664,538</u>	<u>(553,366)</u>
<b>Total Expenditures</b>	<u>\$21,307,871</u>	<u>\$20,997,760</u>	<u>\$ 310,111</u>

## **SPECIAL REVENUE FUNDS**

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

Revitalization Grant Fund-This fund was created to account for the collection of low interest loans amortized over ten years to local businesses. Funds for these loans were initially provided by the Texas Department of Commerce.

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 BALANCE SHEETS  
SEPTEMBER 30, 2009  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2008)**

	<u>Economic Development Corporation</u>	<u>Library Fund</u>	<u>Hotel/ Motel Tax</u>
<b>Assets</b>			
Cash	\$ 1,530,207	\$ 14,918	\$ 485,951
Investments	1,279,940	-	-
Accounts Receivables	14,808	-	89,687
Due from other funds	169,563	-	-
Due from others	270	-	-
Notes Receivable (net)	2,040,293	-	-
Accrued Interest	-	-	-
Prepaid expenses	6,143	-	-
Escrow	15,000	-	-
Assets held for resale	1,143,995	-	-
<b>Total Assets</b>	<u>\$ 6,200,219</u>	<u>\$ 14,918</u>	<u>\$ 575,638</u>
<b>Liabilities and Fund Balances</b>			
Accounts payable	\$ 133,908	\$ -	\$ 371
Accrued salaries	-	-	251
Due to other funds	-	-	-
Compenated absences	-	-	-
Deferred revenue	1,329,074	-	-
<b>Total Liabilities</b>	<u>1,462,982</u>	<u>-</u>	<u>622</u>
<b>Fund Balance</b>			
Reserved			
Reserved for bond service	902,200	-	-
Unreserved			
Designated for business loans	-	-	-
Designated for administration	-	-	-
Designated for economic incentive	-	-	-
Designated for project development	600,000	-	-
Undesignated	3,235,037	14,918	575,016
<b>Total Fund Balance</b>	<u>4,737,237</u>	<u>14,918</u>	<u>575,016</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 6,200,219</u>	<u>\$ 14,918</u>	<u>\$ 575,638</u>

<b>Totals</b>	
<b>2009</b>	<b>2008</b>
\$ 2,031,076	\$ 1,984,028
1,279,940	2,721,535
104,495	145,915
169,563	179,265
270	691
2,040,293	984,745
-	-
6,143	12,692
15,000	20,500
1,143,995	325,658
<u>\$ 6,790,775</u>	<u>\$ 6,375,029</u>
\$ 134,279	\$ 179,898
251	137
-	-
-	-
1,329,074	416,350
<u>1,463,604</u>	<u>596,385</u>
902,200	902,200
-	-
-	-
-	-
600,000	600,000
<u>3,824,971</u>	<u>4,276,444</u>
<u>5,327,171</u>	<u>5,778,644</u>
<u>\$ 6,790,775</u>	<u>\$ 6,375,029</u>

**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, 2009  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2008)**

	<u>Economic Development Corporation</u>	<u>Library Fund</u>	<u>Hotel/ Motel Tax</u>
<b>Revenues</b>			
Sales taxes	\$ 2,293,863	\$ -	\$ -
Hotel taxes	-	-	403,467
Intergovernmental	-	-	-
Contributions	-	554	-
Interest	117,624	45	3,540
Program Income	62,604	-	-
Sale of assets	904,934	-	-
Other	42,241	-	-
<b>Total Revenues</b>	<u>3,421,266</u>	<u>599</u>	<u>407,007</u>
<b>Expenditures</b>			
Economic development	4,716,486	-	-
Culture & recreation	-	-	649,730
Capital outlay	214,129	-	-
<b>Total Expenditures</b>	<u>4,930,615</u>	<u>-</u>	<u>649,730</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(1,509,349)</u>	<u>599</u>	<u>(242,723)</u>
<b>Other Financing Sources (Uses):</b>			
Notes proceeds	1,300,000	-	-
Bond revenues	-	-	-
Bond issuance costs	-	-	-
Operating transfers in	-	-	-
Operating transfers out	-	-	-
<b>Net Other Financing Sources (Uses)</b>	<u>1,300,000</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses</b>	<u>(209,349)</u>	<u>599</u>	<u>(242,723)</u>
<b>Fund Balances at Beginning of Year</b>	<u>4,946,586</u>	<u>14,319</u>	<u>817,739</u>
<b>Fund Balances at End of Year</b>	<u>\$ 4,737,237</u>	<u>\$ 14,918</u>	<u>\$ 575,016</u>

<u>2009</u>		<u>Variance Favorable (Unfavorable)</u>	<u>2008</u>
<u>Totals</u>	<u>Budget</u>		<u>Totals</u>
\$ 2,293,863	\$ 2,285,000	\$ 8,863	\$ 2,185,650
403,467	440,000	(36,533)	470,369
-	-	-	116
554	-	554	508
121,209	98,000	23,209	127,525
62,604	110,265	(47,661)	187,056
904,934	941,141	(36,207)	3,715,918
42,241	-	42,241	69,020
<u>3,828,872</u>	<u>3,874,406</u>	<u>(45,534)</u>	<u>6,756,162</u>
4,716,486	4,383,521	(332,965)	1,756,419
649,730	909,532	259,802	438,594
214,129		(214,129)	307,097
<u>5,580,345</u>	<u>5,293,053</u>	<u>(287,292)</u>	<u>2,502,110</u>
(1,751,473)	(1,418,647)	(332,826)	4,254,052
1,300,000	1,300,000	-	1,220,131
-		-	(3,131,230)
-		-	(349,826)
-		-	-
-		-	-
<u>1,300,000</u>	<u>1,300,000</u>	<u>-</u>	<u>(2,260,925)</u>
(451,473)	(118,647)	(332,826)	1,993,127
<u>5,778,644</u>			<u>3,785,517</u>
<u>\$ 5,327,171</u>			<u>\$ 5,778,644</u>

**ECONOMIC DEVELOPMENT CORPORATION OF WESLACO**

**CITY OF WESLACO, TEXAS  
ECONOMIC DEVELOPMENT CORPORATION  
OF WESLACO  
COMPARATIVE SCHEDULE OF EXPENDITURES  
FOR THE YEAR ENDED SEPTEMBER 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b>Administration</b>		
Personal services	\$ 48,624	\$ 44,295
Other services & charges	132,399	124,223
<b>Total Administration</b>	<u>181,023</u>	<u>168,518</u>
<b>Property Management</b>		
Personal services	104,862	93,523
Other services & charges	212,350	209,074
Bad debt expense	-	-
<b>Total Property Management</b>	<u>317,212</u>	<u>302,597</u>
<b>Promotion &amp; Development</b>		
Personal services	58,391	65,694
Consultants	79,549	67,111
Other services & charges	40,413	32,148
<b>Total Promotion &amp; Development</b>	<u>178,353</u>	<u>164,953</u>
<b>Contract Services-Funding of Economic Development Projects</b>		
Weslaco Chamber of Commerce	65,000	65,000
Valley Nature Center	-	24,000
Vida Grant	25,000	25,000
Liquid Environmental	-	20,709
Hidalgo County Juvenile Program	-	4,700
Mighty Joe's Gym	3,025	1,975
Heart of Weslaco	24,897	-
City of Weslaco Development	15,285	-
Eastland Holdings, Inc.	5,000	-
Surya, LTD	12,378	-
Mid Valley Airport Project	464,454	-
Weslaco Museum	17,000	-
Rudy's Plaza	20,000	-
DK III Development	10,000	-
Donation to DPS	1,022,398	-
<b>Total Contract Services</b>	<u>1,684,437</u>	<u>141,384</u>

**CITY OF WESLACO, TEXAS  
ECONOMIC DEVELOPMENT CORPORATION  
OF WESLACO  
COMPARATIVE SCHEDULE OF EXPENDITURES  
FOR THE YEAR ENDED SEPTEMBER 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b>Economic Incentives to Area Businesses:</b>		
Tan 'US Sales Company	\$ 288,994	\$ 288,847
Fed-Ex Ground	55,000	137,500
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	31,250	37,500
Mandujano Western Boots	-	33,300
Rio Bank	50,000	-
Cano Family Company	75,000	-
SDI Weslaco Holdings, LLC	914,408	-
<b>Total Economic Incentives</b>	<u>1,414,652</u>	<u>978,967</u>
<b>Capital Outlay</b>		
Administration	2,863	-
Land & Building	211,266	307,097
Parking lot	-	-
Vehicles	-	-
<b>Total Capital Outlay</b>	<u>214,129</u>	<u>307,097</u>
<b>Debt Service</b>		
Principal on bonds and notes	635,843	3,131,230
Loan refinancing costs	-	-
Interest on bonds and notes	293,535	348,033
Contingency expense	-	-
Fiscal charges	11,431	1,793
<b>Total Debt Service</b>	<u>940,809</u>	<u>3,481,056</u>
<b>Total Expenditures</b>	<u>\$ 4,930,615</u>	<u>\$ 5,544,572</u>

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**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  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2008)**

	<b>Totals</b>	
	<u><b>2009</b></u>	<u><b>2008</b></u>
<b>Assets</b>		
Cash	\$ 291,405	\$ 5,333
Investments	-	-
Taxes receivable net of estimated uncollectible taxes	504,714	543,556
Due from other funds	<u>71,003</u>	<u>72,568</u>
<b>Total Assets</b>	<u><u>\$ 867,122</u></u>	<u><u>\$ 621,457</u></u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 299
Interest payable	-	-
Deferred revenues-tax	<u>482,531</u>	<u>511,957</u>
<b>Total Liabilities</b>	<u><u>482,531</u></u>	<u><u>512,256</u></u>
<b>Fund Balances</b>		
Reserved for debt service	<u>384,591</u>	<u>109,201</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 867,122</u></u>	<u><u>\$ 621,457</u></u>

**CITY OF WESLACO, TEXAS  
DEBT SERVICE FUND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2008)**

	<b>Totals</b>	
	<b>2009</b>	<b>2008</b>
<b>Revenues</b>		
Property taxes	\$ 2,321,143	\$ 1,964,704
Penalty/interest	116,270	88,061
Interest	1,931	8,065
Other	-	20,986
<b>Total Revenues</b>	2,439,344	2,081,816
<b>Expenditures</b>		
Debt service		
Defeased Bonds		
Redemption of serial bonds	954,904	1,046,680
Redemption of assumed Water District debt	-	-
Interest on bonds and notes	1,206,625	1,214,180
Fiscal charges	2,425	4,700
Bond Issuance Costs	-	-
Rebatable Arbitrage	-	-
<b>Total Expenditures</b>	2,163,954	2,265,560
<b>Excess (Deficiency) of Revenues Over Expenditure</b>	275,390	(183,744)
<b>Other Financing Sources</b>		
Bond Proceeds/Interest	-	-
Transfers In	-	-
	-	-
<b>Excess of Revenues and Other Sources, Over-Expenditures</b>	275,390	(183,744)
Fund Balances, October 1,	109,201	292,945
<b>Fund Balances, September 30,</b>	<b>\$ 384,591</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, 2009**

<b>Interest and Sinking Fund</b>			
	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Property taxes	\$ 2,186,043	\$ 2,321,143	\$ 135,100
Penalty and Interest	91,000	116,270	25,270
Interest	12,010	1,931	(10,079)
Other	-	-	-
<b>Total Revenues</b>	2,289,053	2,439,344	150,291
<b>Expenditures</b>			
Debt service			
Defeased bonds			-
Redemption of serial bonds	1,017,878	954,904	62,974
Redemption of assumed Water District debt	-		-
Interest on bonds and notes	1,188,690	1,206,625	(17,935)
Fiscal charges	10,000	2,425	7,575
Bond issuance costs	-	-	-
Arbitrage liability	-	-	-
<b>Total Expenditures</b>	2,216,568	2,163,954	52,614
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	72,485	275,390	202,905
<b>Other Financing Sources</b>			
Transfers in	-		
Transfers out	-		
	-	-	-
<b>Excess of Revenues and Other Sources, Over-Expenditures</b>	\$ 72,485	275,390	\$ 202,905
Fund Balance, October 1,		109,201	
<b>Fund Balance, September 30,</b>		\$ 384,591	

**CAPITAL PROJECTS FUND**

## **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.

Capital Improvement Funds-accounts for the Street Improvements Project still under construction and is financed by the \$7 825 000 general obligation bond issue from 1993.

Capital Improvement and Equipment Project Funds-accounts for the acquisition of equipment and construction projects. This project is financed by the issuance of \$2 500 000 Tax and Revenue Certificates of Obligation, Series 1990.

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 are for general governmental projects.

New City Hall Project Fund – accounts for the purchase of land and building located at 255 S. Kansas Avenue in Weslaco, as well as the costs associated with demolition, renovation, and construction of the new City Hall. This fund is financed by various interfund transfers, with the majority of funding coming from the General, Water and Sewer Funds, as they were reimbursed by qualifying projects by the 2003 Certificate of Obligation Fund.

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 PROJECTS FUNDS  
COMBINING BALANCE SHEETS  
SEPTEMBER 30, 2009  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2008)**

	2003 Certificate of Obligation Construction Fund	2007 Certificate of Obligation Construction Fund	Totals	
			2009	2008
<b>Assets</b>				
Cash	\$ 321,025	\$ 1,651,302	\$ 1,972,327	\$ 2,925,166
Investments	-	-	-	-
Due from other funds	-	-	-	-
Due from others	-	-	-	141
<b>Total Assets</b>	<u>\$ 321,025</u>	<u>\$ 1,651,302</u>	<u>\$ 1,972,327</u>	<u>\$ 2,925,307</u>
 <b>Liabilities</b>				
Contract payable	\$ 15,089	\$ 295,246	\$ 310,335	\$ 378,071
Retainage payable	-	-	-	-
Due to others	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<u>15,089</u>	<u>295,246</u>	<u>310,335</u>	<u>378,071</u>
 <b>Fund Balances</b>				
Unreserved-designated for capital expenditures	<u>305,936</u>	<u>1,356,056</u>	<u>1,661,992</u>	<u>2,547,236</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 321,025</u>	<u>\$ 1,651,302</u>	<u>\$ 1,972,327</u>	<u>\$ 2,925,307</u>

**CITY FOR WESLACO, TEXAS  
CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2008)**

	2003	2007	Totals	
	Certificate of Obligation Construction Fund	Certificate of Obligation Construction Fund	2009	2008
<b>Revenues</b>				
Interest	\$ 2,729	\$ 87,726	\$ 90,455	\$ 256,286
Intergovernmental revenues		81,000	81,000	664
<b>Total Revenues</b>	<u>2,729</u>	<u>168,726</u>	<u>171,455</u>	<u>256,950</u>
<b>Expenditures</b>				
Administrative expenditures		141	141	
Capital outlay				
Street improvements	43,905	98,073	141,978	1,139,474
Park improvements	59,698	-	59,698	31,933
Mainstreet improvements	38,335	-	38,335	425,405
Library Improvements	-	3,733	3,733	195,257
Building improvements	-	419,927	419,927	1,453,672
Equipment				
Streets & Highways	-	-	-	270,812
Fire Department	-	25,670	25,670	680,863
Emergency Management	-	311,822	311,822	328,861
Police Department	-	-	-	373,800
Land acquisition	-	-	-	279,500
Cemetary improvements	-	-	-	25,056
<b>Total Expenditures</b>	<u>141,938</u>	<u>859,366</u>	<u>1,001,304</u>	<u>5,204,633</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(139,209)</u>	<u>(690,640)</u>	<u>(829,849)</u>	<u>(4,947,683)</u>
<b>Other financing sources (uses)</b>				
Bond Management Fees	(39,935)	(80,141)	(120,076)	(43,245)
Transfers in	-	-	-	-
Transfers out	(23,180)	-	(23,180)	(215,175)
<b>Total Other Financing sources (uses)</b>	<u>(63,115)</u>	<u>(80,141)</u>	<u>(143,256)</u>	<u>(258,420)</u>
<b>Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>(202,324)</u>	<u>(770,781)</u>	<u>(973,105)</u>	<u>(5,206,103)</u>
<b>Fund Balances, October 1, As Restated</b>	<u>508,260</u>	<u>2,126,837</u>	<u>2,635,097</u>	<u>7,753,339</u>
<b>Fund Balances, September 30,</b>	<u>\$ 305,936</u>	<u>\$ 1,356,056</u>	<u>\$ 1,661,992</u>	<u>\$ 2,547,236</u>

**CITY OF WESLACO, TEXAS**  
**2003 CERTIFICATE OF OBLIGATION CONSTRUCTION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE-BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Interest	\$ -	\$ 2,729	\$ 2,729
Intergovernmental revenues	-	-	-
Miscellaneous revenue	-	-	-
<b>Total Revenue</b>	-	2,729	2,729
<b>Expenditures</b>			
Administration expenditures			
Capital outlay			
Street Improvements	401,022	43,905	357,117
Park Improvements	40,897	59,698	(18,801)
Mainstreet Beautification	27,299	38,335	(11,036)
Cemetary Expansion	39,029	-	39,029
<b>Total Expenditures</b>	508,247	141,938	366,309
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(508,247)	(139,209)	(363,580)
<b>Other financing sources (uses)</b>			
Bond Management Fees		(39,935)	(39,935)
Transfers in	-	-	-
Transfers out	(23,200)	(23,180)	(20)
<b>Total Other Financing sources (uses)</b>	(23,200)	(63,115)	(39,955)
<b>Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	\$ (531,447)	(202,324)	\$ (323,625)
<b>Fund Balances, October 1</b>		508,260	
<b>Fund Balances, September 30</b>		\$ 305,936	

**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, 2009**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Interest	\$ -	\$ 87,726	\$ 87,726
Intergovernmental revenues	-	81,000	81,000
Miscellaneous revenue	-	-	-
<b>Total Revenue</b>	-	168,726	168,726
<b>Expenditures</b>			
Administration expenditures		141	
Capital outlay			
Generator-fire station #2	31,745		31,745
Ambulance - Type I		311,822	
Rescue truck-pumper	30,176	25,670	4,506
Carpeting-library media center	3,704	3,733	(29)
Sugarcane st. (5 1/2 to mile 6)	15,815	5,662	10,153
Border st. (18th to 34th)	397,405		397,405
Frost proof drive	445,514	35,411	410,103
Westgate Drive		57,000	
Renovation-public works bldg	617,311	419,927	197,384
Reserved	85,601		85,601
<b>Total Expenditures</b>	1,627,271	859,366	1,136,868
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(1,627,271)	(690,640)	(968,142)
<b>Other financing sources (uses)</b>			
Bond Management Fees	190,594	(80,141)	110,453
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total Other Financing sources (uses)</b>	190,594	(80,141)	110,453
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	\$ (1,627,271)	(770,781)	(968,142)
<b>Fund Balances, October 1</b>		2,126,837	
<b>Fund Balances, September 30</b>		\$ 1,356,056	

## **ENTERPRISE FUNDS**

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-downs 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, 2009  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2008)**

	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Airport Fund</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$ 1,130,465	\$ 405,029	\$ 157,571
Investments	-		
Receivables			
Customers (net of allowance)	892,880	455,246	10,361
Inventory	93,823		24,565
Prepaid Expenses			
Due from other funds	305,401	-	
Due from other governments	122,553		86
Due from others		-	
<b>Total Current Assets</b>	<u>2,545,122</u>	<u>860,275</u>	<u>192,583</u>
<b>Restricted Assets</b>			
Cash Escrow (TXDOT)			-
Construction account			
Cash in bank			
Investments	-		
Due from other funds			
Revenue bond debt service account	10,497		
Revenue bond reserve account	469,604		
Revenue bond construction account	14,571,571		
Capital fee for construction	1,392,711		
<b>Total Restricted Assets</b>	<u>16,444,383</u>	<u>-</u>	<u>-</u>
<b>Property, Plant, and Equipment</b>			
Water and sewer plant	54,750,068		
Sanitation fixed assets		2,937,888	
Airport fixed assets			7,307,802
<b>Total</b>	<u>54,750,068</u>	<u>2,937,888</u>	<u>7,307,802</u>
Less: Allowances for depreciation	<u>(20,256,205)</u>	<u>(2,019,597)</u>	<u>(2,783,339)</u>
<b>Net Property, Plant, and Equipment</b>	<u>34,493,863</u>	<u>918,291</u>	<u>4,524,463</u>
<b>Total Assets</b>	<u>\$ 53,483,368</u>	<u>\$ 1,778,566</u>	<u>\$ 4,717,046</u>

<b>Totals</b>	
<b>2009</b>	<b>Restated 2008</b>
\$ 1,693,065	\$ 448,866
-	
-	
1,358,487	1,205,549
118,388	161,730
-	-
305,401	1,526,300
122,639	1,495
-	
<u>3,597,980</u>	<u>3,343,940</u>
-	
-	
-	
10,497	1,333
469,604	476,188
14,571,571	18,904,831
1,392,711	1,261,926
<u>16,444,383</u>	<u>20,644,278</u>
	-
54,750,068	48,388,893
2,937,888	2,937,888
7,307,802	7,208,216
<u>64,995,758</u>	<u>58,534,997</u>
(25,059,141)	(23,284,973)
<u>39,936,617</u>	<u>35,250,024</u>
<u>\$ 59,978,980</u>	<u>\$ 59,238,242</u>

**CITY OF WESLACO, TEXAS**  
**ENTERPRISE FUND-COMBINING BALANCE SHEET**  
**SEPTEMBER 30, 2009**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2008)**

	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Airport Fund</u>
<b>Liabilities and Equity</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 244,102	\$ 222,985	\$ 17,969
Accrued salaries and payroll taxes		-	
Compensated absences	170,024	72,426	77,742
Due to other funds	360,000	305,401	
Customer deposits	758,921		2,634
Other liabilities	88,604		
<b>Total Current Liabilities</b>	<u>1,621,651</u>	<u>600,812</u>	<u>98,345</u>
<b>Current Liabilities Payable from Restricted Assets</b>			
Construction contracts and retainage	2,213,339		
Accrued interest on bonds	200,439		
Revenue bonds payable-current	974,028		
<b>Total Current Liabilities Payable from Restricted Assets</b>	<u>3,387,806</u>	<u>-</u>	<u>-</u>
<b>Other Liabilities</b>			
Revenue bonds payable (net of current and unamortized issuance costs)	25,961,879	265,105	
Landfill closure and post-closure costs		927,122	
<b>Total Other Liabilities</b>	<u>25,961,879</u>	<u>1,192,227</u>	<u>-</u>
<b>Total Liabilities</b>	<u>30,971,336</u>	<u>1,793,039</u>	<u>98,345</u>
<b>Equity</b>			
<b>Contributed Capital</b>			
Contributed capital donation	11,000		
Contribution from City	2,926,974	3,715,956	1,398,150
Contributions in Aid of Construction	707,629		
Contributions from State Grants	3,954,105		1,617,395
Contributions from Revenue Sharing Fund			175,130
Contributions from Federal Grants	5,114,658	8,187	3,391,137
<b>Total Contributed Capital</b>	<u>12,714,366</u>	<u>3,724,143</u>	<u>6,581,812</u>
<b>Retained Earnings</b>			
Reserve for bond debt service	469,604		
Unreserved (Deficit)	9,328,062	(3,738,616)	(1,963,111)
<b>Total Retained Earnings</b>	<u>9,797,666</u>	<u>(3,738,616)</u>	<u>(1,963,111)</u>
<b>Total Equity</b>	<u>22,512,032</u>	<u>(14,473)</u>	<u>4,618,701</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 53,483,368</u>	<u>\$ 1,778,566</u>	<u>\$ 4,717,046</u>

<b>Totals</b>	
<u>2009</u>	<u>Restated 2008</u>
\$ 485,056	\$ 829,780
-	-
320,192	309,242
665,401	1,206,300
761,555	674,338
88,604	47,773
<u>2,320,808</u>	<u>3,067,433</u>
2,213,339	-
200,439	200,439
974,028	790,096
<u>3,387,806</u>	<u>990,535</u>
26,226,984	27,191,273
927,122	965,780
<u>27,154,106</u>	<u>28,157,053</u>
<u>32,862,720</u>	<u>32,215,021</u>
11,000	11,000
8,041,080	8,041,080
707,629	707,629
5,571,500	5,571,500
175,130	175,130
8,513,982	8,513,982
<u>23,020,321</u>	<u>23,020,321</u>
469,604	476,188
3,626,335	3,526,712
<u>4,095,939</u>	<u>4,002,900</u>
<u>27,116,260</u>	<u>27,023,221</u>
<u>\$ 59,978,980</u>	<u>\$ 59,238,242</u>

**CITY OF WESLACO, TEXAS  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2008)**

	<b>Water and Sewer Fund</b>	<b>Sanitation Fund</b>	<b>Airport Fund</b>
<b>Operating Revenues</b>			
Water sales	\$ 4,293,548	\$ -	\$ -
Sewer charges	3,374,207		
Sanitation charges		3,920,199	
Fuel sales			63,188
Hangar rental fees			44,070
Intergovernmental Revenues	122,553		20,267
Other Operating Revenues	282,986	72,423	5,659
<b>Total Operating Revenues</b>	<u>8,073,294</u>	<u>3,992,622</u>	<u>133,184</u>
<b>Operating Expenses Before Depreciation</b>			
Personal services	1,325,256	592,154	202,274
Other services and charges	1,134,186	781,025	128,194
Supplies	280,560	144,612	20,873
Contractual services	4,084,118	1,765,789	-
<b>Total Operating Expenses</b>	<u>6,824,120</u>	<u>3,283,580</u>	<u>351,341</u>
<b>Operating Income Before Depreciation</b>	1,249,174	709,042	(218,157)
Depreciation	<u>(1,397,736)</u>	<u>(173,474)</u>	<u>(213,617)</u>
<b>Operating Income (Loss)</b>	<u>(148,562)</u>	<u>535,568</u>	<u>(431,774)</u>
<b>Non-operating Revenues (Expenses)</b>			
Interest earned	852,465	1,493	247
Unrealized gain on investments	14,589		
Administrative fees	275,098		
Sewer backup issues	(275,296)		
Bond interest and fiscal charges	(1,353,814)	(11,701)	
Capital improvement fee	645,067		
Capital grants	124,729		99,586
Loss on sale of asset	(19,061)		
<b>Total Non-operating Revenues (Expenses)</b>	<u>263,777</u>	<u>(10,208)</u>	<u>99,833</u>
<b>Income (Loss) Before Operating Transfers</b>	115,215	525,360	(331,941)
<b>Operating Transfers</b>			
Operating Transfers In	-	23,180	287,000
Operating Transfers (Out)	<u>(354,501)</u>	<u>(171,274)</u>	<u>-</u>
<b>Total Net Operating Transfers</b>	<u>(354,501)</u>	<u>(148,094)</u>	<u>287,000</u>
<b>Net Income (Loss)</b>	(239,286)	377,266	(44,941)
<b>Retained Earnings, October 1, (As Restated)</b>	<u>10,036,952</u>	<u>(4,115,882)</u>	<u>(1,918,170)</u>
<b>Retained Earnings, September 30,</b>	<u>\$ 9,797,666</u>	<u>\$(3,738,616)</u>	<u>\$(1,963,111)</u>

<b>Totals</b>	
<b>2009</b>	<b>Restated 2008</b>
\$ 4,293,548	\$ 4,159,964
3,374,207	3,302,985
3,920,199	3,589,119
63,188	76,362
44,070	44,245
142,820	5,907
361,068	347,240
<u>12,199,100</u>	<u>11,525,822</u>
2,119,684	2,068,349
2,043,405	1,975,483
446,045	665,305
5,849,907	5,705,070
<u>10,459,041</u>	<u>10,414,207</u>
1,740,059	1,111,615
<u>(1,784,827)</u>	<u>(1,785,578)</u>
<u>(44,768)</u>	<u>(673,963)</u>
854,205	916,829
14,589	
275,098	275,098
(275,296)	-
(1,365,515)	(1,393,733)
645,067	631,599
224,315	640,577
(19,061)	
<u>353,402</u>	<u>1,070,370</u>
308,634	396,407
310,180	575,708
<u>(525,775)</u>	<u>(662,773)</u>
<u>(215,595)</u>	<u>(87,065)</u>
93,039	309,342
<u>4,002,900</u>	<u>3,693,558</u>
<u>\$ 4,095,939</u>	<u>\$ 4,002,900</u>

**CITY OF WESLACO, TEXAS  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009  
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2008)**

	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Airport Fund</u>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 7,853,063	\$ 3,940,507	\$ 337,623
Cash received from others	87,084	-	
Cash received from operating grants	-	-	21,677
Cash received from other funds for services	1,220,899		
Cash payments to suppliers for goods and services	(5,688,784)	(2,768,090)	(370,754)
Cash payments to employees for services	(1,317,116)	(590,286)	(201,331)
Cash payments to other funds for services	(240,000)	(300,899)	
Net cash provided (used) by operating activities	<u>1,915,146</u>	<u>281,232</u>	<u>(212,785)</u>
<b>Cash flows from non-capital financing activities</b>			
Capital Grants			99,586
Transfers from other funds	-	23,180	287,000
Transfers to other funds	(354,501)	(171,274)	-
Net cash provided (used) by non-capital financing activities	<u>(354,501)</u>	<u>(148,094)</u>	<u>386,586</u>
<b>Cash flows from capital and related financing activities</b>			
Acquisition and construction of capital assets	(4,158,495)	-	(99,586)
Casualty loss			
Proceeds from sales of capital assets			-
Retirement of accounts payable			
Capital improvements/administrative fees	920,165		
Interest paid on bonds	(1,353,814)	(11,701)	
Retirement of bonds	(735,357)	(45,000)	
Bond Proceeds (net)	-		
Landfill closure costs		(38,658)	
Sewer Backup Issues	(275,296)		
Contributed capital -Urban County	124,729		
Net cash provided (used) from capital and related financing activities	<u>(5,478,068)</u>	<u>(95,359)</u>	<u>(99,586)</u>
<b>Cash flow from investing activities:</b>			
Interest on cash and investments	852,465	1,493	247
Unrealized loss on investments	(4,472)		
Net increase (decrease) in cash and cash investments	<u>(3,069,430)</u>	<u>39,272</u>	<u>74,462</u>
Cash and cash investments, October 1	<u>20,644,278</u>	<u>365,757</u>	<u>83,109</u>
Cash and cash investments, September 30	<u>\$ 17,574,848</u>	<u>\$ 405,029</u>	<u>\$ 157,571</u>

<b>Totals</b>	
<b>2009</b>	<b>Restated 2008</b>
\$ 12,131,193	\$ 11,504,190
87,084	66,370
21,677	5,907
1,220,899	719,000
(8,827,628)	(7,981,772)
(2,108,733)	(2,063,732)
(540,899)	(920,000)
<u>1,983,593</u>	<u>1,329,963</u>
99,586	82,273
310,180	575,708
<u>(525,775)</u>	<u>(662,773)</u>
<u>(116,009)</u>	<u>(4,792)</u>
(4,258,081)	(3,376,779)
-	
-	
-	
920,165	906,697
(1,365,515)	(1,399,466)
(780,357)	(1,245,268)
-	
(38,658)	(360,854)
<u>124,729</u>	<u>558,304</u>
<u>(5,397,717)</u>	<u>(4,917,366)</u>
854,205	916,829
(4,472)	
<u>(279,768)</u>	<u>                    </u>
(2,955,696)	(2,675,366)
<u>21,093,144</u>	<u>23,768,510</u>
<u>\$ 18,137,448</u>	<u>\$ 21,093,144</u>

**CITY OF WESLACO, TEXAS  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2008)**

	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Airport Fund</u>
<b>Reconciliation of Income (Losses) from operations to net cash provided (used) by operating activities:</b>			
Income (Loss) from operations:	\$ (148,562)	\$ 535,568	\$ (431,774)
Adjustments to reconcile Income (Loss) from operations to net cash provided (used) by operating activities:			
Depreciation	1,397,736	173,474	213,617
Change in Assets and Liabilities			
(Increase) Decrease in Accounts Receivables	(97,677)	(52,115)	(3,146)
(Increase) Decrease in Due from Other Funds	1,220,899	-	-
(Increase) Decrease in Due from Others	(122,553)		1,410
(Increase) Decrease in Inventories	5,496	-	37,846
Increase (Decrease) in Accounts Payable	(236,247)	(76,664)	(31,813)
Increase (Decrease) in Due to Other Funds	(240,000)	(300,000)	-
Increase (Decrease) in Deposits	87,084		133
Increase (Decrease) in other Liabilities	40,831	(899)	
Increase (Decrease) in Compensated Absences	8,139	1,868	942
<b>Net cash provided (used) by operating activities</b>	<u>\$ 1,915,146</u>	<u>\$ 281,232</u>	<u>\$ (212,785)</u>
 <b>Reconciliation of Total Cash and Cash Investments</b>			
Current Cash - Cash And Cash Investments	\$ 1,130,465	\$ 405,029	\$ 157,571
Restricted Assets - Cash And Cash Investments	16,444,383	-	-
<b>Total Cash and Cash Investments</b>	<u>\$ 17,574,848</u>	<u>\$ 405,029</u>	<u>\$ 157,571</u>

<b>Totals</b>	
<u>2009</u>	<u>Restated 2008</u>
\$ (44,768)	\$ (673,963)
1,784,827	1,785,578
(152,938)	(24,999)
1,220,899	(807,300)
(121,143)	9,424
43,342	(18,714)
(344,724)	372,618
(540,000)	600,000
87,217	66,220
39,932	16,482
10,949	4,617
<u>\$ 1,983,593</u>	<u>\$ 1,329,963</u>
\$ 1,693,065	\$ 448,866
16,444,383	20,644,278
<u>\$ 18,137,448</u>	<u>\$ 21,093,144</u>

**WATER AND SEWER FUND**

**CITY OF WESLACO, TEXAS  
WATER AND SEWER FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2009 AND 2008**

	<b>2009</b>	<b>Restated 2008</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 1,130,465	\$ -
Investments	-	-
Accounts receivable (net of allowance)	892,880	795,203
Inventory	93,823	99,319
Due from other funds	305,401	1,526,300
Due from others	122,553	
<b>Total Current Assets</b>	<b>2,545,122</b>	<b>2,420,822</b>
<b>Restricted Assets</b>		
Revenue bond debt service	10,497	1,333
Revenue bond reserve		
Cash	469,604	476,188
Investments:		
Revenue bond construction	14,571,571	18,904,831
Capital Fee for Construction	1,392,711	1,261,926
<b>Total Restricted Assets</b>	<b>16,444,383</b>	<b>20,644,278</b>
<b>Property, Plant, and Equipment</b>		
Water Plant in service	16,154,337	15,887,809
Sewer Plant in service	28,482,454	28,430,971
Total Plant in Service	44,636,791	44,318,780
Construction-in-Progress	10,113,277	4,070,113
Total Property, Plant and Equipment	54,750,068	48,388,893
Less: Accumulated depreciation	(20,256,205)	(18,869,128)
<b>Total Net Property, Plant, and Equipment</b>	<b>34,493,863</b>	<b>29,519,765</b>
<b>Total Assets</b>	<b>\$ 53,483,368</b>	<b>\$ 52,584,865</b>

**CITY OF WESLACO, TEXAS  
WATER AND SEWER FUNDS  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2009 AND 2008**

	<u>2009</u>	<u>Restated 2008</u>
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Payable from current assets		
Accounts payable	\$ 244,102	\$ 480,349
Accrued salaries and payroll taxes	-	-
Compensated absences	170,024	161,885
Due to other funds	360,000	600,000
Customer deposits	758,921	671,837
Other liabilities	88,604	47,773
<b>Total Current Liabilities</b>	<u>1,621,651</u>	<u>1,961,844</u>
<b>Payable from Restricted Assets</b>		
Construction contracts and retainage	2,213,339	-
Accrued interest on bonds	200,439	200,439
Revenue bonds payable-current	974,028	790,096
<b>Total Payable from Restricted Assets</b>	<u>3,387,806</u>	<u>990,535</u>
<b>Other Liabilities</b>		
Revenue bonds payable (net of current and unamortized issuance costs)	<u>25,961,879</u>	<u>26,881,168</u>
<b>Total Liabilities</b>	<u>30,971,336</u>	<u>29,833,547</u>
<b>Equity</b>		
<b>Contributed Capital</b>		
Contributions from Individuals	11,000	11,000
Contributions from City	2,926,974	2,926,974
Contributions in Aid of Construction	707,629	707,629
Contributions from State Grants	3,954,105	3,954,105
Contributions from Federal Grants	5,114,658	5,114,658
<b>Total Contributed Capital</b>	<u>12,714,366</u>	<u>12,714,366</u>
<b>Retained Earnings</b>		
Reserve for bond debt service	469,604	476,188
Unreserved	9,328,062	9,560,764
<b>Total Retained Earnings</b>	<u>9,797,666</u>	<u>10,036,952</u>
<b>Total Equity</b>	<u>22,512,032</u>	<u>22,751,318</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 53,483,368</u>	<u>\$ 52,584,865</u>

**CITY OF WESLACO, TEXAS  
WATER AND SEWER FUNDS  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2009 AND 2008**

	<u>2009</u>	<u>Restated 2008</u>
<b>Operating Revenues</b>		
Water sales	\$ 4,293,548	\$ 4,159,964
Sewer charges	3,374,207	3,302,985
Other Operating Revenues:		
Tap fees	64,927	43,745
Penalties	153,243	152,394
Intergovernmental Revenues	122,553	-
Contributions	-	-
Miscellaneous	64,816	67,084
<b>Total Operating Revenues</b>	<u>8,073,294</u>	<u>7,726,172</u>
<b>Operating Expenses Before Depreciation</b>		
Personal services	1,325,256	1,289,818
Other services and charges	1,134,186	1,020,693
Supplies	280,560	373,062
Contractual services-operations	2,224,814	2,153,486
Contractual services-administrative	1,859,304	1,859,293
<b>Total Operating Expenses</b>	<u>6,824,120</u>	<u>6,696,352</u>
<b>Operating Income Before Depreciation</b>	1,249,174	1,029,820
Depreciation	<u>(1,397,736)</u>	<u>(1,380,600)</u>
<b>Operating Income (Loss)</b>	<u>(148,562)</u>	<u>(350,780)</u>
<b>Non-operating Revenues (Expenses)</b>		
Interest earned	852,465	907,118
Unrealized gain on investments	14,589	-
Administrative fees	275,098	275,098
Sewer backup issues	(275,296)	-
Bond interest and fiscal charges	(1,353,814)	(1,380,233)
Capital Improvement fee	645,067	631,599
Capital Grants	124,729	472,804
Loss on Sale of Asset	(19,061)	-
<b>Total Non-operating Revenues (Expenses)</b>	<u>263,777</u>	<u>906,386</u>
<b>Income (Loss) Before Operating Transfers</b>	115,215	555,606
<b>Operating Transfers</b>		
Operating Transfers In	-	142,533
Operating Transfers (Out)	<u>(354,501)</u>	<u>(520,240)</u>
<b>Total Net Operating Transfers</b>	<u>(354,501)</u>	<u>(377,707)</u>
<b>Net Income (Loss)</b>	(239,286)	177,899
<b>Retained Earnings, October 1, (As Restated)</b>	<u>10,036,952</u>	<u>9,859,053</u>
<b>Retained Earnings, September 30,</b>	<u><u>\$ 9,797,666</u></u>	<u><u>\$ 10,036,952</u></u>

**CITY OF WESLACO, TEXAS  
WATER AND SEWER FUND  
COMPARATIVE STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2009 AND 2008**

	<u>2009</u>	<u>Restated 2008</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 7,853,063	\$ 7,748,937
Cash received from others	87,084	66,370
Cash received from operating grants	-	-
Cash received from other funds for services	1,220,899	600,000
Cash payments to suppliers for good and services	(5,688,784)	(5,026,277)
Cash payments to employees for services	(1,317,116)	(1,254,658)
Cash payments to other funds for services	(240,000)	(926,300)
<b>Net cash provided (used) by operating activities</b>	<u>1,915,146</u>	<u>1,208,072</u>
<b>Cash flow from non-capital financing activities</b>		
Transfers from other funds	-	142,533
Transfers to other funds	(354,501)	(520,240)
<b>Net cash provided (used) by non-capital financing activities</b>	<u>(354,501)</u>	<u>(377,707)</u>
<b>Cash flows from capital and related financing activities</b>		
Acquisition and construction of capital assets:	(4,158,495)	(3,259,916)
Capital improvements/administrative fees	920,165	906,697
Interest paid on bonds	(1,353,814)	(1,385,966)
Bond proceeds	-	-
Retirement of bonds	(735,357)	(1,200,268)
Sewer Backup Issues	(275,296)	
Contributed capital - Urban County	124,729	472,804
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(5,478,068)</u>	<u>(4,466,649)</u>
<b>Cash flow from investing activities:</b>		
Interest on cash and investments	852,465	907,118
Unrealized loss on investments	(4,472)	
<b>Net (decrease) in cash and cash investments</b>	(3,069,430)	(2,729,166)
Cash and cash investments, October 1	<u>20,644,278</u>	<u>23,373,444</u>
<b>Cash and cash investments, September 30</b>	<u><u>\$ 17,574,848</u></u>	<u><u>\$ 20,644,278</u></u>

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

**CITY OF WESLACO, TEXAS  
WATER AND SEWER FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<b>2009</b>	<b>Restated 2008</b>
<b>Reconciliation of Income (Losses) from operations to net cash provided (used) by operating activities:</b>		
Income (Loss) from operations:	\$ (148,562)	\$ (350,780)
Adjustments to reconcile Income (Loss) from operations to net cash provided (used) by operating activities:		
Depreciation	1,397,736	1,380,600
Change in Assets and Liabilities		
(Increase) Decrease in Accounts Receivables	(97,677)	12,562
(Increase) Decrease in Due from Other Funds	1,220,899	(926,300)
(Increase) Decrease in Due from Others	(122,553)	10,203
(Increase) Decrease in Inventories	5,496	-
Increase (Decrease) in Accounts Payable	(236,247)	370,075
Increase (Decrease) in Due to Other Funds	(240,000)	600,000
Increase (Decrease) in Deposits	87,084	66,370
Increase (Decrease) in other Liabilities	40,831	10,182
Increase (Decrease) in Compensated Absences	8,139	35,160
<b>Net cash provided (used) by operating activities</b>	<b>\$ 1,915,146</b>	<b>\$ 1,208,072</b>

**Reconciliation of Total Cash and Cash Investments**

Current Cash - Cash And Cash Investments	\$ 1,130,465	\$ -
Restricted Assets - Cash And Cash Investments	16,444,383	20,644,278
<b>Total Cash and Cash Investments</b>	<b>\$ 17,574,848</b>	<b>\$ 20,644,278</b>

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

**CITY OF WESLACO, TEXAS  
WATER AND SEWER FUND  
SCHEDULE OF CHANGES IN RESTRICTED ASSETS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<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, 2008	\$ 1,333	\$ 476,188	\$ 18,904,831	\$ 1,261,926	\$ 20,644,278
Cash Receipts:					-
Bond proceeds					-
Transfers in	2,097,304				2,097,304
Capital Fee				645,067	645,067
Interest earned	431	3,124	845,060		848,615
Unrealized loss					-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Revenues</b>					
<b>Available</b>	<u>2,099,068</u>	<u>479,312</u>	<u>19,749,891</u>	<u>1,906,993</u>	<u>24,235,264</u>
<b>Cash Disbursements:</b>					
Construction contracts			4,047,855		4,047,855
Operating Costs				41,647	41,647
Transfer out		9,708	1,130,465	472,635	1,612,808
Bond issuance costs					-
Principal payments	790,096				790,096
Interest payments	1,296,900				1,296,900
Fiscal agent's fees	1,575				1,575
Rebatable liability					-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Disbursements</b>	<u>2,088,571</u>	<u>9,708</u>	<u>5,178,320</u>	<u>514,282</u>	<u>7,790,881</u>
<b>Asset Balances</b>					
<b>September 30, 2009</b>	<u><u>\$ 10,497</u></u>	<u><u>\$ 469,604</u></u>	<u><u>\$ 14,571,571</u></u>	<u><u>\$ 1,392,711</u></u>	<u><u>\$ 16,444,383</u></u>

**CITY OF WESLACO, TEXAS  
WATER AND SEWER OPERATIONS  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES  
TO INDICATE NET REVENUE AVAILABLE FOR DEBT SERVICE  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<u>2009</u>	<u>Restated 2008</u>
<b>Operating Revenues</b>		
Water sales	\$ 4,293,548	\$ 4,159,964
Sewer charges	3,374,207	3,302,985
Other revenues	405,539	263,223
<b>Total Operating Revenues</b>	<u>8,073,294</u>	<u>7,726,172</u>
 <b>Operating Expenses</b>		
Personal services	1,325,256	1,289,818
Other services and charges	1,134,186	1,020,693
Supplies	280,560	373,062
Contractual services	4,084,118	4,012,779
<b>Total Operating Expenses</b>	<u>6,824,120</u>	<u>6,696,352</u>
 <b>Income Before Non-operating Revenues (Expenses)</b>	<u>1,249,174</u>	<u>1,029,820</u>
 <b>Non-operating Revenues (Expenses)</b>		
Capital Improvement Fee	645,067	631,599
Interest earned	852,465	907,118
Unrealized gain on investments	14,589	-
<b>Total Non-Operating Revenues (Expenses)</b>	<u>1,512,121</u>	<u>1,538,717</u>
 <b>Net Revenue Available For Debt Service</b>	<u>\$ 2,761,295</u>	<u>\$ 2,568,537</u>

**CITY OF WESLACO, TEXAS  
WATER OPERATIONS  
SCHEDULE OF FIXED ASSETS AND ALLOWANCE FOR DEPRECIATION  
SEPTEMBER 30, 2009**

	<b>Fixed Assets</b>			
	<b>Restated Balance 10/1/2008</b>	<b>Current</b>		<b>Balance 9/30/2009</b>
		<b>Additions</b>	<b>Retirements</b>	
<b>Water System and Equipment</b>				
Land	\$ 163,584	\$ -	\$ -	\$ 163,584
Buildings	236,047	-	-	236,047
Improvements than buildings	12,487,742	11,246	-	12,498,988
Equipment	3,000,436	255,282	-	3,255,718
<b>Total Water System and Equipment</b>	<b>15,887,809</b>	<b>266,528</b>	<b>-</b>	<b>16,154,337</b>
Construction-in-progress	2,436,375	268,030		2,704,405
<b>Total Utility Plant-in- Service</b>	<b>\$ 18,324,184</b>	<b>\$ 534,558</b>	<b>\$ -</b>	<b>\$ 18,858,742</b>

**Allowance for Depreciation**

<b>Depreciation Rate</b>	<b>Balance 10/1/2008</b>	<b>Current</b>		<b>Balance 9/30/2009</b>	<b>Net Book Value</b>
		<b>Depreciation</b>	<b>Retirements</b>		
	\$ -	\$ -	\$ -	\$ -	\$ 163,584
2 1/2-5%	123,732	10,444	-	134,176	101,871
2 1/2-20%	6,055,848	329,679	-	6,385,527	6,113,461
2 1/2-20%	2,467,532	117,307	-	2,584,839	670,879
	<u>8,647,112</u>	<u>457,430</u>	<u>-</u>	<u>9,104,542</u>	<u>7,049,795</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,704,405</u>
	<u><u>\$ 8,647,112</u></u>	<u><u>\$ 457,430</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,104,542</u></u>	<u><u>\$ 9,754,200</u></u>

**CITY OF WESLACO, TEXAS  
SEWER OPERATIONS  
SCHEDULE OF FIXED ASSETS AND ALLOWANCE FOR DEPRECIATION  
SEPTEMBER 30, 2009**

	<b>Fixed Assets</b>			
	<b>Restated Balance 10/1/2008</b>	<b>Current</b>		<b>Balance 9/30/2009</b>
		<b>Additions Adjustment</b>	<b>Retirements Adjustment</b>	
<b>Sewer Plant Systems and Equipment</b>				
Land	\$ 408,221	\$ -	\$ -	\$ 408,221
Buildings	188,276	-	(62,000)	126,276
Improvements other than buildings	26,549,528	113,483	-	26,663,011
Equipment	1,284,946	-	-	1,284,946
<b>Total Sewer Plant Systems and Equipment</b>	<b>28,430,971</b>	<b>113,483</b>	<b>(62,000)</b>	<b>28,482,454</b>
Construction-in-progress	1,633,738	5,775,134	-	7,408,872
<b>Total Sewer Plant-in- Service</b>	<b>30,064,709</b>	<b>5,888,617</b>	<b>(62,000)</b>	<b>35,891,326</b>
Total Water Plant-In-Service	18,324,184	534,558	-	18,858,742
<b>Total Water and Sewer Plant-In-Service</b>	<b>\$ 48,388,893</b>	<b>\$ 6,423,175</b>	<b>\$ (62,000)</b>	<b>\$ 54,750,068</b>

**Allowance for Depreciation**

<b>Depreciation Rate</b>	<b>Balance 10/1/2008</b>	<b>Current</b>		<b>Balance 9/30/2009</b>	<b>Net Book Value</b>
		<b>Depreciation</b>	<b>Retirements</b>		
	\$ 20,259	\$ -	\$ -	\$ -	\$ 408,221
		10,117	(10,659)	19,717	106,559
2 1/2-4%	9,077,780	889,889		9,967,669	16,695,342
2 1/2-20%	1,123,977	40,300		1,164,277	120,669
	<u>10,222,016</u>	<u>940,306</u>	<u>(10,659)</u>	<u>11,151,663</u>	<u>17,330,791</u>
					7,408,872
	<u>10,222,016</u>	<u>940,306</u>	<u>(10,659)</u>	<u>11,151,663</u>	<u>24,739,663</u>
	<u>8,647,112</u>	<u>457,430</u>	<u>-</u>	<u>9,104,542</u>	<u>9,754,200</u>
	<u>\$ 18,869,128</u>	<u>\$ 1,397,736</u>	<u>\$ (10,659)</u>	<u>\$ 20,256,205</u>	<u>\$ 34,493,863</u>

**CITY OF WESLACO, TEXAS  
COMPARATIVE STATEMENTS OF REVENUES AND EXPENSES  
FROM WATER OPERATIONS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009 AND 2008**

	<b>2009</b>	<b>Restated 2008</b>
<b>Operating Revenues</b>		
Water sales	\$ 4,293,548	\$ 4,159,964
Intergovernmental Revenues	-	-
Other Operating Revenues		
Tap fees	64,927	43,745
Penalties	80,738	79,649
Miscellaneous	64,816	67,084
<b>Total Operating Revenues</b>	4,504,029	4,350,442
<b>Operating Expenses Before Depreciation</b>		
Personal services	1,046,415	1,012,827
Other services and charges	581,217	502,133
Supplies	270,184	357,299
Contractual services-water operations	1,184,710	854,639
Contractual services-administrative services	1,181,064	1,181,020
<b>Total Operating Expenses</b>	4,263,590	3,907,918
<b>Operating Income Before Depreciation</b>	240,439	442,524
Depreciation	(457,430)	(436,734)
<b>Operating Income (Loss)</b>	(216,991)	5,790
<b>Non-operating Revenue (Expenses)</b>		
Interest earned	256,649	294,445
Unrealized gain on investments	14,589	-
Administrative fees	275,098	275,098
Rebatable arbitrage	-	-
Capital Grants	11,246	377,763
Bond interest and fiscal charges	(406,144)	(414,070)
<b>Total Non-operating Revenues (Expenses)</b>	151,438	533,236
<b>Income(Loss) Before Operating Transfers</b>	(65,553)	539,026
Operating Transfers In	-	142,533
Operating Transfers Out	(197,701)	(520,240)
<b>Total Net Operating Transfers</b>	(197,701)	(377,707)
<b>Net Income (Loss)</b>	\$ (263,254)	\$ 161,319

**CITY OF WESLACO, TEXAS  
COMPARATIVE STATEMENTS OF REVENUES AND EXPENSES  
FROM SEWER OPERATIONS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009 AND 2008**

	<u>2009</u>	<u>Restated 2008</u>
<b>Operating Revenues</b>		
Sewer charges	\$ 3,374,207	\$ 3,302,985
Intergovernmental Revenue	122,553	-
Other Operating Revenues		
Penalties	72,505	72,745
Miscellaneous	-	-
<b>Total Operating Revenues</b>	<u>3,569,265</u>	<u>3,375,730</u>
 <b>Operating Expenses Before Depreciation</b>		
Personal services	278,841	276,991
Other services and charges	552,969	518,560
Supplies	10,376	15,763
Contractual services-sewer operations	1,040,104	1,298,847
Contractual services-administrative services	678,240	678,273
<b>Total Operating Expenses</b>	<u>2,560,530</u>	<u>2,788,434</u>
 <b>Operating Income Before Depreciation</b>	1,008,735	587,296
 Depreciation	<u>(940,306)</u>	<u>(943,866)</u>
 <b>Operating Income (Loss)</b>	<u>68,429</u>	<u>(356,570)</u>
 <b>Non-operating Revenues (Expenses)</b>		
Capital Improvement Fee	645,067	631,599
Interest earned	595,816	612,673
Sewer backup issues	(275,296)	-
Loss on Sale of Asset	(19,061)	-
Capital Grants	113,483	95,041
Bond interest and fiscal charges	(947,670)	(966,163)
<b>Total Non-operating Revenues (Expenses)</b>	<u>112,339</u>	<u>373,150</u>
 <b>Income (Loss) Before Operating Transfers</b>	180,768	16,580
Operating Transfers In		
Operating Transfers (Out)	<u>(156,800)</u>	<u>-</u>
 <b>Net Income (Loss)</b>	<u>\$ 23,968</u>	<u>\$ 16,580</u>

**CITY OF WESLACO, TEXAS  
WATER OPERATIONS  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

<b>DEPARTMENT</b>	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Favorable (Unfavorable)</u></b>
<b>Water Supply, Pumping and Purification</b>			
Personal services	\$ 183,202	\$ 190,451	\$ (7,249)
Other services & charges	231,513	271,929	(40,416)
Supplies	431,929	222,247	209,682
Contractual services	<u>1,145,190</u>	<u>1,184,710</u>	<u>(39,520)</u>
<b>Total Water Supply, Pumping and Purification</b>	<u>1,991,834</u>	<u>1,869,337</u>	<u>122,497</u>
<b>Water Transmission and Distribution</b>			
Personal services	391,824	404,603	(12,779)
Other services & charges	131,108	132,120	(1,012)
Supplies	36,213	26,279	9,934
Contractual services	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Water Transmission and Distribution</b>	<u>559,145</u>	<u>563,002</u>	<u>(3,857)</u>
<b>Maintenance Shop</b>			
Personal services	169,825	162,222	7,603
Other services & charges	48,685	87,310	(38,625)
Supplies	17,760	12,415	5,345
Contractual	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Maintenance Shop</b>	<u>236,270</u>	<u>261,947</u>	<u>(25,677)</u>
<b>Administration and Finance</b>			
Personal services	309,482	289,139	20,343
Other services & charges	76,182	65,153	11,029
Supplies	7,350	9,243	(1,893)
Contractual/General government	1,181,020	1,181,064	(44)
Bad debt expense	<u>-</u>	<u>24,705</u>	<u>(24,705)</u>
<b>Total Administration and Finance</b>	<u>1,574,034</u>	<u>1,569,304</u>	<u>4,730</u>
<b>Total Operating Expenses</b>	<u>\$ 4,361,283</u>	<u>\$ 4,263,590</u>	<u>\$ 97,693</u>

**CITY OF WESLACO, TEXAS  
SEWER OPERATIONS  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

<b>DEPARTMENT</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Sewage Pumping and Collection</b>			
Personal services	\$ 267,925	\$ 278,841	\$ (10,916)
Other services & charges	329,783	331,907	(2,124)
Supplies	18,944	10,376	8,568
Contractual services	218,323	239,797	(21,474)
<b>Total Sewage Pumping and Collections</b>	<u>834,975</u>	<u>860,921</u>	<u>(25,946)</u>
<b>Sewage Treatment</b>			
Other services & charges	180,700	208,989	(28,289)
Supplies	-	-	-
Contractual services	774,078	800,307	(26,229)
<b>Total Sewage Treatment</b>	<u>954,778</u>	<u>1,009,296</u>	<u>(54,518)</u>
<b>Administration and Finance</b>			
Bad debt expense		12,073	(12,073)
Contractual/General government	678,273	678,240	33
<b>Total Administration and Finance</b>	<u>678,273</u>	<u>690,313</u>	<u>(12,040)</u>
<b>Total Operating Expense</b>	<u>\$ 2,468,026</u>	<u>\$ 2,560,530</u>	<u>\$ (92,504)</u>

**SANITATION FUND**

**CITY OF WESLACO, TEXAS  
SANITATION FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2009**

	<u>2009</u>	<u>As Restated 2008</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 405,029	\$ 365,757
Accounts receivable (net of allowance)	455,246	403,131
Due from other funds	-	-
Due from others	-	-
<b>Total Current Assets</b>	<u>860,275</u>	<u>768,888</u>
<b>Property, Plant and Equipment</b>		
Equipment in service	2,937,888	2,937,888
Less: Accumulated depreciation	<u>(2,019,597)</u>	<u>(1,846,123)</u>
<b>Total Property, Plant and Equipment</b>	<u>918,291</u>	<u>1,091,765</u>
<b>Total Assets</b>	<u><u>\$ 1,778,566</u></u>	<u><u>\$ 1,860,653</u></u>
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 222,985	\$ 299,649
Accrued salaries and payroll tax	-	-
Compensated absences	72,426	70,558
Due to other funds	305,401	606,300
<b>Total Current Liabilities</b>	<u>600,812</u>	<u>976,507</u>
<b>Long-Term Liabilities</b>		
Revenue bonds payable (net of current and unamortized issuance costs)	265,105	310,105
Long-term closure and post-closure liabilities	<u>927,122</u>	<u>965,780</u>
<b>Total Liabilities</b>	<u>1,793,039</u>	<u>2,252,392</u>
<b>Equity</b>		
Contributions from city	3,715,956	3,715,956
Contributions from federal government	8,187	8,187
<b>Total Contributed Capital</b>	<u>3,724,143</u>	<u>3,724,143</u>
<b>Retained Earnings</b>		
Unreserved (Deficit)	<u>(3,738,616)</u>	<u>(4,115,882)</u>
<b>Total Equity</b>	<u>(14,473)</u>	<u>(391,739)</u>
<b>Total Liabilities and Equity</b>	<u><u>\$ 1,778,566</u></u>	<u><u>\$ 1,860,653</u></u>

**CITY OF WESLACO, TEXAS  
SANITATION FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<u>2009</u>	<u>As Restated 2008</u>
<b>Operating Revenues</b>		
Garbage fees	\$ 3,026,584	\$ 2,776,169
Brush fees	893,615	812,950
Other operating revenues/insurance proceeds	65,025	61,315
Recycling fees	7,398	14,157
<b>Total Operating Revenues</b>	<u>3,992,622</u>	<u>3,664,591</u>
<b>Operating Expenses Before Depreciation</b>		
Personal services	592,154	566,088
Other services and charges	781,025	830,891
Supplies	144,612	275,012
Contractual	1,765,789	1,692,291
<b>Total Operating Expenses</b>	<u>3,283,580</u>	<u>3,364,282</u>
<b>Operating Income (Loss) Before Depreciation</b>	709,042	300,309
Depreciation	<u>(173,474)</u>	<u>(174,343)</u>
<b>Operating Income (Loss)</b>	535,568	125,966
<b>Non-operating Revenues (Expenses)</b>		
Interest earned	1,493	8,541
Capital Grants		85,500
Bond Interest and Fiscal Changes	<u>(11,701)</u>	<u>(13,500)</u>
<b>Total Non-operating Revenues (Expenses)</b>	<u>(10,208)</u>	<u>80,541</u>
<b>Income (Loss) Before Operating Transfers</b>	525,360	206,507
<b>Operating Transfers</b>		
Transfers In	23,180	215,175
Transfers (Out)	<u>(171,274)</u>	<u>(142,533)</u>
<b>Total Net Operating Transfers</b>	<u>(148,094)</u>	<u>72,642</u>
<b>Net Income (Loss)</b>	377,266	279,149
<b>Retained Earnings, October 1, As Restated</b>	<u>(4,115,882)</u>	<u>(4,395,031)</u>
<b>Retained Earnings, September 30</b>	<u>\$ (3,738,616)</u>	<u>\$ (4,115,882)</u>

**CITY OF WESLACO, TEXAS  
SANITATION FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<b>2009</b>	<b>2008</b>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 3,940,507	\$ 3,632,697
Cash received from others	-	
Cash received from other funds	-	119,000
Cash payments to suppliers for goods and services	(2,768,090)	(2,836,527)
Cash payments to employees for services	(590,286)	(602,643)
Cash payments to other funds	(300,899)	6,300
<b>Net cash provided (used) by operating activities</b>	<b>281,232</b>	<b>318,827</b>
<b>Cash flows from non-capital financing activities</b>		
Transfers from other funds	23,180	215,175
Transfers to other funds	(171,274)	(142,533)
<b>Net cash provided (used) by non-capital financing activities</b>	<b>(148,094)</b>	<b>72,642</b>
<b>Cash flows from capital and related financing activities</b>		
Acquisition and construction of capital assets	-	-
Interest Paid on Bonds	(11,701)	(13,500)
Bond revenue proceeds (net)	(45,000)	(45,000)
Landfill closure costs	(38,658)	(360,854)
Capital Contribution	-	85,500
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(95,359)</b>	<b>(333,854)</b>
<b>Cash flow from investing activities:</b>		
Interest on cash and investments	1,493	8,541
<b>Net increase (decrease) in cash and cash investments</b>	<b>39,272</b>	<b>66,156</b>
Cash and cash investments, October 1	365,757	299,601
<b>Cash and cash investments, September 30</b>	<b>\$ 405,029</b>	<b>\$ 365,757</b>

**CITY OF WESLACO, TEXAS  
SANITATION FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<b>2009</b>	<b>2008</b>
<b>Reconciliation of Income (Losses) from operations to net cash provided (used) by operating activities:</b>		
Income (Loss) from operations:	\$ 535,568	\$ 125,966
Adjustments to reconcile Income (Loss) from operations to net cash provided (used) by operating activities:		
Depreciation	173,474	174,343
Change in Assets and Liabilities		
(Increase) Decrease in Accounts Receivables	(52,115)	(31,894)
(Increase) Decrease in Due from Other Funds	-	119,000
(Increase) Decrease in Inventories	-	
Increase (Decrease) in Accounts Payable	(76,664)	(38,333)
Increase (Decrease) in Due to Other Funds	(300,000)	
Increase (Decrease) in other Liabilities	(899)	6,300
Increase (Decrease) in Compensated Absences	1,868	(36,555)
<b>Net cash provided (used) by operating activities</b>	<b>\$ 281,232</b>	<b>\$ 318,827</b>

**Reconciliation of Total Cash and Cash Investments**

Current Cash - Cash And Cash Investments	\$ 405,029	\$ 365,757
Restricted Assets - Cash And Cash Investments	-	-
<b>Total Cash and Cash Investments</b>	<b>\$ 405,029</b>	<b>\$ 365,757</b>

**CITY OF WESLACO, TEXAS  
SANITATION FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

<b>DEPARTMENT</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Waste Collection</b>			
Personal services	\$ 380,393	\$ 390,435	\$ (10,042)
Other services & charges	235,175	118,607	116,568
Supplies	189,600	132,182	57,418
Casualty loss			-
Contractual	<u>611,782</u>	<u>589,490</u>	<u>22,292</u>
<b>Total Waste Collection</b>	<u>1,416,950</u>	<u>1,230,714</u>	<u>186,236</u>
<b>Waste Disposal</b>			
Personal services	230,248	201,719	28,529
Other services & charges	42,400	22,316	20,084
Supplies	24,450	12,407	12,043
Landfill-Tipping fees	<u>400,000</u>	<u>379,009</u>	<u>20,991</u>
<b>Total Waste Disposal</b>	<u>697,098</u>	<u>615,451</u>	<u>81,647</u>
<b>Brush Collection</b>			
Personal services			
Contractual	<u>844,584</u>	<u>797,290</u>	<u>47,294</u>
<b>Total Brush Collection</b>	<u>844,584</u>	<u>797,290</u>	<u>47,294</u>
<b>Landfill</b>			
Other services & charges	66,000	3,015	62,985
Supplies	1,500	23	1,477
Contractual			-
<b>Total Landfill</b>	<u>67,500</u>	<u>3,038</u>	<u>64,462</u>
<b>Administration and Financing</b>			
Personal services	604,139	604,129	10
Other services & charges		32,958	(32,958)
Bad debt expense			-
<b>Total Administration and Financing</b>	<u>604,139</u>	<u>637,087</u>	<u>(32,948)</u>
<b>Total Operating Expenses</b>	<u>\$ 3,630,271</u>	<u>\$ 3,283,580</u>	<u>\$ 346,691</u>

**CITY OF WESLACO, TEXAS  
SANITATION FUND  
SCHEDULE OF FIXED ASSETS AND ALLOWANCE FOR DEPRECIATION  
SEPTEMBER 30, 2009**

<b>SANITATION FIXED ASSETS</b>	<b>Fixed Assets</b>			<b>Balance 9/30/09</b>
	<b>Restated Balance 10/1/08</b>	<b>Current</b>		
		<b>Additions</b>	<b>Retirements</b>	
Land	\$ 421,247	\$ -	\$ -	\$ 421,247
Improvements other than buildings	64,461			64,461
Equipment	1,783,399			1,783,399
<b>Total Sanitation Fixed Assets</b>	2,269,107	-	-	2,269,107
Recycling Center	668,781			668,781
<b>Total Fixed Assets</b>	\$ 2,937,888	\$ -	\$ -	\$ 2,937,888

Depreciation Rate	Allowance for Depreciation			Balance 9/30/08	Net Book Value
	Balance 10/1/08	Current Depreciation	Retirements		
	\$ -	\$ -	\$ -	\$ -	\$ 421,247
20%	22,164	1,940		24,104	40,357
10-33%	1,202,290	124,422		1,326,712	456,687
	<u>1,224,454</u>	<u>126,362</u>	-	1,350,816	918,291
	621,669	47,112		668,781	-
	<u>\$ 1,846,123</u>	<u>\$ 173,474</u>	<u>\$ -</u>	<u>\$ 2,019,597</u>	<u>\$ 918,291</u>

**AIRPORT FUND**

**CITY OF WESLACO, TEXAS  
AIRPORT FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2009**

<b>Assets</b>	<b>2009</b>	<b>2008</b>
<b>Current Assets</b>		
Cash	\$ 157,571	\$ 83,109
Accounts receivable (Net of Allowance)	10,361	7,215
Inventory	24,565	62,411
Due from other governments	86	1,495
<b>Total Current Assets</b>	<b>192,583</b>	<b>154,230</b>
 <b>Restricted Assets</b>		
Cash Escrow (TXDOT)	-	-
 <b>Property, Plant, and Equipment</b>		
Airport fixed assets	7,307,802	7,208,216
Less: allowance for depreciation	(2,783,339)	(2,569,722)
<b>Total Property, Plant, and Equipment</b>	<b>4,524,463</b>	<b>4,638,494</b>
 <b>Total Assets</b>	<b>\$ 4,717,046</b>	<b>\$ 4,792,724</b>
 <b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Accounts Payable	17,969	49,782
Compensated absences	77,742	76,799
Deposits	2,634	2,501
<b>Total Current Liabilities</b>	<b>98,345</b>	<b>129,082</b>
 <b>Equity</b>		
<b>Contributed Capital</b>		
Contributions from City	1,398,150	1,398,150
Contributions from State grants	1,617,395	1,617,395
Contributions from Revenue Sharing Fund	175,130	175,130
Contributions from Federal grants	3,391,137	3,391,137
<b>Total Contributed Capital</b>	<b>6,581,812</b>	<b>6,581,812</b>
Retained Earnings		
Unreserved (Deficit)	(1,963,111)	(1,918,170)
<b>Total Equity</b>	<b>4,618,701</b>	<b>4,663,642</b>
 <b>Total Liabilities and Equity</b>	<b>\$ 4,717,046</b>	<b>\$ 4,792,724</b>

**CITY OF WESLACO, TEXAS  
AIRPORT FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<u>2009</u>	<u>2008</u>
<b>Operating Revenues</b>		
Fuel sales (net of cost)	\$ 63,188	\$ 76,362
Hangar/Bldg. Rentals	44,070	44,245
Operating Grants	20,267	5,907
Other operating revenues	5,659	8,545
<b>Total Operating Revenues</b>	<u>133,184</u>	<u>135,059</u>
<b>Operating Expenses Before Depreciation</b>		
Personal services	202,274	212,443
Other services and charges	128,194	123,899
Supplies	20,873	17,231
<b>Total Operating Expenses</b>	<u>351,341</u>	<u>353,573</u>
<b>Operating Income (Loss) Before Depreciation</b>	(218,157)	(218,514)
Depreciation	(213,617)	(230,635)
<b>Net Operating Income(Loss)</b>	<u>(431,774)</u>	<u>(449,149)</u>
<b>Non-Operating Revenues (Expenses)</b>		
Interest earned	247	1,170
Capital Grants	99,586	82,273
<b>Total Non-operating Revenues (Expenses)</b>	<u>99,833</u>	<u>83,443</u>
<b>Income (Loss) Before Operating Transfers</b>	<u>(331,941)</u>	<u>(365,706)</u>
<b>Operating Transfers</b>		
Operating transfers in	287,000	218,000
Operating transfers out		
<b>Total Operating Transfers</b>	<u>287,000</u>	<u>218,000</u>
Net Income (Loss)	(44,941)	(147,706)
<b>Retained earnings (Deficit), October 1, (As Restated)</b>	<u>(1,918,170)</u>	<u>(1,770,464)</u>
<b>Retained earnings (Deficit), September 30,</b>	<u><u>\$ (1,963,111)</u></u>	<u><u>\$ (1,918,170)</u></u>

**CITY OF WESLACO, TEXAS  
AIRPORT FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<u>2009</u>	<u>2008</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 337,623	\$ 122,556
Cash received from operating grants	21,677	5,907
Cash payments to suppliers for goods and services	(370,754)	(118,968)
Cash payments to employees for services	(201,331)	(206,431)
<b>Net cash provided (used) for by operating activities</b>	<u>(212,785)</u>	<u>(196,936)</u>
 <b>Cash flows from non-capital financing activities:</b>		
Capital Grants	99,586	82,273
Transfers from other funds	287,000	218,000
Payment of due to other fund	-	-
	<u>386,586</u>	<u>300,273</u>
 <b>Cash flow from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(99,586)	(116,863)
Interest paid on loans	-	-
Retirements on accounts payable	-	-
<b>Net cash provided (used) for capital activities</b>	<u>(99,586)</u>	<u>(116,863)</u>
 <b>Cash flows from investing activities:</b>		
Interest on investments	247	1,170
<b>Net cash from investing activities</b>	<u>247</u>	<u>1,170</u>
 <b>Net increase (decrease) in cash</b>	74,462	(12,356)
Cash at beginning of year	<u>83,109</u>	<u>95,465</u>
 <b>* Cash at end of year</b>	<u><u>\$ 157,571</u></u>	<u><u>\$ 83,109</u></u>

\* Note: Cash includes operating cash and cash escrow balances.

**CITY OF WESLACO, TEXAS  
AIRPORT FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<b>2009</b>	<b>2008</b>
<b>Reconciliation of Income (Losses) from operations to net cash provided (used) by operating activities:</b>		
Income (Loss) from operations:	\$ (431,774)	\$ (449,149)
Adjustments to reconcile Income (Loss) from operations to net cash provided (used) by operating activities:		
Depreciation	213,617	230,635
Change in Assets and Liabilities		
(Increase) Decrease in Accounts Receivables	(3,146)	(5,667)
(Increase) Decrease in Due from Other Funds	-	-
(Increase) Decrease in Due from Others	1,410	(779)
(Increase) Decrease in Inventories	37,846	(18,714)
Increase (Decrease) in Accounts Payable	(31,813)	40,876
Increase (Decrease) in Due to Other Funds	-	
Increase (Decrease) in Deposits	133	(150)
Increase (Decrease) in Compensated Absences	942	6,012
<b>Net cash provided (used) by operating activities</b>	<b>\$ (212,785)</b>	<b>\$ (196,936)</b>

**Reconciliation of Total Cash and Cash Investments**

Current Cash - Cash And Cash Investments	\$ 157,571	\$ 83,109
Restricted Assets - Cash And Cash Investments		
<b>Total Cash and Cash Investments</b>	<b>\$ 157,571</b>	<b>\$ 83,109</b>

**CITY OF WESLACO, TEXAS  
AIRPORT FUND  
SCHEDULE OF FIXED ASSETS AND ALLOWANCE FOR DEPRECIATION  
SEPTEMBER 30, 2009**

<b>Fixed Assets</b>	<b>Fixed Assets</b>			
	<b>Balance</b>	<b>Current</b>		<b>Balance</b>
	<b>10/1/2008</b>	<b>Additions</b>	<b>Retirements</b>	<b>9/30/2009</b>
Land-airport site	\$ 98,439	\$ -	\$ -	\$ 98,439
Land-Airpark	1,327,009			1,327,009
Land-Industrial Park	40,000			40,000
Custom Permit Costs	30,000			30,000
Landscaping	69,333			69,333
Paving-runway and taxi strip	819,811			819,811
Helo Pad	9,265			9,265
Paving-runway	726,012			726,012
Buildings	648,540			648,540
Equipment	514,688			514,688
Improvements-runway lights	55,576			55,576
Improvements-parking	61,055			61,055
Improvements-runway paving	813,391			813,391
Improvements-fence	121,593			121,593
Terminal apron expansion	1,758,370			1,758,370
Sub Total	7,093,082	-	-	7,093,082
Construction-In-Progress	115,134	99,586		214,720
Total Fixed Assets	\$7,208,216	\$ 99,586	\$ -	\$ 7,307,802

<b>Allowance for Depreciation</b>					
<b>Depreciation</b>	<b>Balance</b>	<b>Current</b>		<b>Balance</b>	<b>Net Book</b>
<b>Rate</b>	<b>10/1/2008</b>	<b>Depreciation</b>	<b>Retirements</b>	<b>9/30/2009</b>	<b>Value</b>
	\$ -	\$ -	\$ -	\$ -	\$ 98,439
					1,327,009
					40,000
					30,000
	40,921	3,196		44,117	25,216
3%	195,828	16,264		212,092	607,719
	578	578		1,156	8,109
	379,507	29,040		408,547	317,465
4-20%	290,317	15,250		305,567	342,973
	459,604	17,637		477,241	37,447
10%	55,576	-		55,576	-
3-10%	61,055	-		61,055	-
3-4%	543,460	22,089		565,549	247,842
10%	116,743	6,707		123,450	(1,857)
	426,133	102,856		528,989	1,229,381
	<u>2,569,722</u>	<u>213,617</u>	<u>-</u>	<u>2,783,339</u>	<u>4,309,743</u>
	-	-	-	-	214,720
	<u>\$ 2,569,722</u>	<u>\$ 213,617</u>	<u>\$ -</u>	<u>\$ 2,783,339</u>	<u>\$ 4,524,463</u>

## **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 to the various departments involved, or merely purchase 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, 2009  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2008)**

	<b>2009</b>	<b>2008</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ -	\$ -
Investments	2,095	2,083
Accrued Interest		
Due from other funds		
<b>Total Current Assets</b>	<b>2,095</b>	<b>2,083</b>
<b>Fixed Assets</b>		
Equipment	2,406,778	2,406,778
Allowance on Depreciation	(2,406,778)	(2,406,778)
<b>Total Fixed Assets</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 2,095</b>	<b>\$ 2,083</b>
 <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>-</b>	<b>-</b>
<b>Long Term Debt</b>		
Note Payable (net of Current Portion)		-
<b>Total Long Term Debt</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>
<b>Equity</b>		
Contributed Capital		-
Retained Earnings	2,095	2,083
<b>Total Equity</b>	<b>2,095</b>	<b>2,083</b>
<b>Total Liabilities and Equity</b>	<b>\$ 2,095</b>	<b>\$ 2,083</b>

**CITY OF WESLACO, TEXAS  
EQUIPMENT REPLACEMENT FUND  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009  
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2008)**

	<u>2009</u>	<u>2008</u>
<b>Operating Revenues</b>		
<b>Charges for Service</b>		
City Contribution-Health	\$ -	\$ -
City Contribution-Life		
Employee Contribution-Health		
Equipment Leases		
<b>Total Operating Revenues</b>	<u>-</u>	<u>-</u>
<b>Operating Expenses</b>		
Other services and charges		
Health insurance premium		
<b>Total Operating Expenses</b>	<u>-</u>	<u>-</u>
<b>Operating Income Before Depreciation</b>	-	-
Depreciation	-	(248,589)
<b>Operating Income (Loss)</b>	<u>-</u>	<u>(248,589)</u>
<b>Non-Operating Revenues (Expenses)</b>		
Interest earned	12	71
Interest expense		
Realized gain or loss in investments		
Operating transfers in		
Operating transfers out		
<b>Total Non-operating Revenues</b>	<u>12</u>	<u>71</u>
<b>Net Income (Loss)</b>	12	(248,518)
<b>Retained Earnings (Deficit), October 1,</b>	<u>2,083</u>	<u>250,601</u>
<b>Retained Earnings, September 30,</b>	<u>\$ 2,095</u>	<u>\$ 2,083</u>

**CITY OF WESLACO, TEXAS  
EQUIPMENT REPLACEMENT FUND  
COMBINING STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009  
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2008)**

	2009	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	12	71
Interest paid on notes		
Transfers to other funds		
Transfers from other funds		
Acquisition and construction of capital assets		
<b>Total Cash Flow From Non-Capital Financing</b>	12	71
<b>Cash flow from investing activities:</b>		
Interest on investments		
<b>Net increase (decrease) in cash</b>	12	71
*Cash at beginning of year	2,083	2,012
<b>Cash at end of year</b>	\$ 2,095	\$ 2,083

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

**TRUST AND AGENCY FUNDS**

## **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.

**PENSION TRUST  
FUND**

**CITY OF WESLACO, TEXAS  
FIREMEN'S RETIREMENT FUND  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2009  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2008)**

	<b>2009</b>	<b>2008</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 314,616	\$ 59,545
Investments	4,208,965	3,931,020
Accounts receivable (pension contributions)	1,194	1,893
Due from other funds	-	-
Due from individuals	-	-
	<b>Total Assets</b>	<b>Total Assets</b>
	<b>\$ 4,524,775</b>	<b>\$ 3,992,458</b>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 8,726
Due to other governments	-	-
Due to other funds	-	-
	<b>Total Liabilities</b>	<b>Total Liabilities</b>
	<b>-</b>	<b>8,726</b>
<b>Fund Balance</b>		
Reserved	4,524,775	3,983,732
Unreserved		
Undesignated		
	<b>Total Fund Balance</b>	<b>Total Fund Balance</b>
	<b>4,524,775</b>	<b>3,983,732</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 4,524,775</b>	<b>\$ 3,992,458</b>

**CITY OF WESLACO, TEXAS  
FIREMEN'S RETIREMENT FUND  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009  
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2008)**

	<u>2009</u>	<u>2008</u>
<b>Operating revenues</b>		
Charges for services	\$ 779,141	\$ 715,187
<b>Operating expenses</b>		
Other charges and services	<u>314,471</u>	<u>233,360</u>
<b>Operating income (loss) before Non-operating Revenues</b>	<u>464,670</u>	<u>481,827</u>
<b>Non-operating Revenues</b>		
Interest Earned	110,603	118,354
Miscellaneous income	-	-
Dividends	-	-
(Loss) or Gain on Realized Appreciation	<u>(34,230)</u>	<u>(894,964)</u>
<b>Total Non-Operating Revenues</b>	<u>76,373</u>	<u>(776,610)</u>
<b>Net Income (loss) Before Transfers</b>	541,043	(294,783)
<b>Transfers</b>		
Transfers In (Out)	<u>-</u>	<u>-</u>
<b>Net Income (loss)</b>	<u>541,043</u>	<u>(294,783)</u>
Fund Balance, October 1,	<u>3,983,732</u>	<u>4,278,515</u>
<b>Fund Balance, September 30,</b>	<u><u>\$ 4,524,775</u></u>	<u><u>\$ 3,983,732</u></u>

**CITY OF WESLACO, TEXAS  
FIREMEN'S RETIREMENT FUND  
COMPARATIVE STATEMENT OF CASH FLOW  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<b>2009</b>	<b>2008</b>
<b>Cash flows from operating activities:</b>		
Operating income (loss)	\$ 464,670	\$ 481,827
Adjustments to reconcile operating income to net cash provided by operating activities:		
Net Change in investments (increase) decrease:	(277,945)	296,479
Decrease (increase) in due to pension receivable	699	(1,533)
Increase (decrease) in due from other funds	-	2,355
(Increase) decrease in due to others	(8,726)	1,100
<b>Net cash provided by operating activities</b>	<b>178,698</b>	<b>780,228</b>
<b>Cash flows from investing activities:</b>		
Purchase of mutual fund securities	-	-
Interest on investments	110,603	118,354
Dividends	-	-
Miscellaneous income	-	-
Gain (Loss) on Realized Appreciation	(34,230)	(894,964)
<b>Net cash (used) provided by investing activities</b>	<b>76,373</b>	<b>(776,610)</b>
<b>Net increase (decrease) in cash</b>	<b>255,071</b>	<b>3,618</b>
Cash, beginning of year	59,545	55,927
<b>*Cash, end of year</b>	<b>\$ 314,616</b>	<b>\$ 59,545</b>

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

### **GENERAL FIXED ASSETS ACCOUNT GROUP**

This account group is established to account for the fixed assets owned by the City exclusive of those relating to Enterprise Fund operations. Expenditure transactions to acquire general fixed assets occur in the General, Special Revenue, and Capital Projects Funds.

**CITY OF WESLACO, TEXAS  
SCHEDULE OF GENERAL FIXED ASSETS  
BY SOURCE  
SEPTEMBER 30, 2009 AND 2008**

	<b>2009</b>	<b>2008</b>
<b>General Fixed Assets</b>		
Land	\$ 4,711,085	\$ 4,704,812
Buildings	17,714,197	18,030,918
Improvements other than buildings	35,978,406	35,723,636
Machinery & equipment	8,538,913	7,623,070
<b>Total General Fixed Assets</b>	<b>\$ 66,942,601</b>	<b>\$ 66,082,436</b>
 <b>Investment in General Fixed Assets From</b>		
Capital Projects Funds		
Miscellaneous	\$ 1,696,720	\$ 1,696,720
General obligation bonds	17,525,771	17,525,771
Certification of obligation	20,882,269	19,881,106
Federal grants	3,414,497	3,011,901
State grants	1,021,897	1,021,897
General Fund	10,830,134	10,568,192
Special Revenue Fund	11,281,834	12,087,370
Special Assessments	289,479	289,479
<b>Total Investment in General Fixed Assets</b>	<b>\$ 66,942,601</b>	<b>\$ 66,082,436</b>

**CITY OF WESLACO, TEXAS**  
**SCHEDULE OF GENERAL FIXED ASSETS-BY FUNCTION AND ACTIVITY**  
**SEPTEMBER 30, 2009**

<u>Function &amp; Activity</u>	<u>Total</u>	<u>Land</u>	<u>Buildings</u>	<u>Improv. Other than Buildings</u>	<u>Machinery and Equipment</u>
<b>General Government</b>					
<b>Control:</b>					
Legislative	4,341,311	\$ -	\$ 4,310,782	\$ -	\$ 30,529
Executive	9,891			1,090	8,801
City secretary	36,084				36,084
Judicial	85,091			1,530	83,561
<b>Total Control</b>	<u>4,472,377</u>	<u>-</u>	<u>4,310,782</u>	<u>2,620</u>	<u>158,975</u>
<b>Staff Agencies:</b>					
Finance	215,184		156,675	15,515	42,994
Data Processing	519,787		259,292		260,495
Data Planning	19,113				19,113
Purchasing	23,014				23,014
Building maintenance	7,412,640	1,387,150	5,007,264	867,114	151,112
<b>Total Agencies</b>	<u>8,189,738</u>	<u>1,387,150</u>	<u>5,423,231</u>	<u>882,629</u>	<u>496,728</u>
<b>Total General Government</b>	<u>12,662,115</u>	<u>1,387,150</u>	<u>9,734,013</u>	<u>885,249</u>	<u>655,703</u>
<b>Public Safety</b>					
Police protection	1,856,699		629,757	189,094	1,037,848
Fire protection	3,946,209		1,328,732	5,575	2,611,902
Civil defense	-				
Risk management	518,713			16,828	501,885
Parking control	292				292
Protective inspection	55,722				55,722
Traffic safety	62,664	19,108		9,846	33,710
Emergency medical Services	1,065,608				1,065,608
Building maintenance	-				
<b>Total Public Safety</b>	<u>7,505,907</u>	<u>19,108</u>	<u>1,958,489</u>	<u>221,343</u>	<u>5,306,967</u>
<b>Public Works</b>					
Administration	581,537		419,927	120,752	40,858
Streets, drainage & sidewalks	29,570,090	361,566	419,421	28,121,526	667,577
<b>Total Public Works</b>	<u>30,151,627</u>	<u>361,566</u>	<u>839,348</u>	<u>28,242,278</u>	<u>708,435</u>
<b>Other</b>					
Health	65,772		58,934		6,838
Library	3,375,869	3,900	1,748,951	410,801	1,212,217
Community recreations	8,452,377	1,520,730	959,260	5,442,425	529,962
Cemetery	356,954	18,796		338,158	
Economic development	4,062,708	1,388,440	2,415,202	140,275	118,791
Capital lease equipment	-				
Miscellaneous	128,959	11,395		117,564	
Construction-in-progress	180,313			180,313	
<b>Total Other</b>	<u>16,622,952</u>	<u>2,943,261</u>	<u>5,182,347</u>	<u>6,629,536</u>	<u>1,867,808</u>
<b>Total General Fixed Assets</b>	<u>\$ 66,942,601</u>	<u>\$ 4,711,085</u>	<u>\$ 17,714,197</u>	<u>\$ 35,978,406</u>	<u>\$ 8,538,913</u>

**CITY OF WESLACO, TEXAS**  
**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS**  
**BY FUNCTION AND ACTIVITY**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

<b>Function &amp; Activity</b>	<b>General Fixed Assets 10/1/08</b>	<b>Additions</b>	<b>Deductions</b>	<b>General Fixed Assets 9/30/09</b>
<b>General Government</b>				
<b>Control:</b>				
Legislative	\$ 4,341,311	\$ -	\$ -	\$ 4,341,311
Executive	9,891			9,891
City secretary	36,084			36,084
Judicial	85,091			85,091
<b>Total Control</b>	<u>4,472,377</u>	<u>-</u>	<u>-</u>	<u>4,472,377</u>
<b>Staff Agencies:</b>				
Finance	215,184			215,184
Data processing	519,787			519,787
Planning	19,113			19,113
Purchasing	23,014			23,014
Building maintenance	7,412,640			7,412,640
<b>Total Agencies</b>	<u>8,189,738</u>	<u>-</u>	<u>-</u>	<u>8,189,738</u>
<b>Total General Government</b>	<u>12,662,115</u>	<u>-</u>	<u>-</u>	<u>12,662,115</u>
<b>Public Safety</b>				
Police protection	1,726,159	130,540		1,856,699
Fire protection	3,920,539	25,670		3,946,209
Risk management	472,438	46,275		518,713
Parking control	292			292
Protective inspection	55,722			55,722
Traffic safety	58,164	4,500		62,664
Emergency medical services	753,786	311,822		1,065,608
<b>Total Public Safety</b>	<u>6,987,100</u>	<u>518,807</u>	<u>-</u>	<u>7,505,907</u>
<b>Public Works</b>				
Administration	161,610	419,927		581,537
Streets, drainage & sidewalks	29,492,067	78,023		29,570,090
<b>Total Public Works</b>	<u>29,653,677</u>	<u>497,950</u>	<u>-</u>	<u>30,151,627</u>
<b>Other</b>				
Health	65,772			65,772
Library	2,977,962	397,907		3,375,869
Community recreation	8,381,653	70,724		8,452,377
Cemetery	356,954			356,954
Economic development	4,868,244	214,129	1,019,665	4,062,708
Capital lease equipment	-			-
Miscellaneous	128,959			128,959
Construction-in-progress	-	180,313		180,313
<b>Total Other</b>	<u>16,779,544</u>	<u>863,073</u>	<u>1,019,665</u>	<u>16,622,952</u>
<b>Total General Fixed Assets</b>	<u>\$ 66,082,436</u>	<u>\$ 1,879,830</u>	<u>\$ 1,019,665</u>	<u>\$ 66,942,601</u>

**PART III**

**STATISTICAL SECTION**

**SUPPLEMENTAL STATEMENTS AND SCHEDULES**

**CITY OF WESLACO, TEXAS  
SCHEDULE OF TAXES RECEIVABLE -BY FUNDS  
AT SEPTEMBER 30, 2009**

Year	Total	General Fund		I & S Fund	
		%	Amount	%	Amount
1999 & Prior	\$ 209,687	Various	\$ 109,905	Various	\$ 99,782
2000	54,992	56.88%	31,280	43.12%	23,713
2001	77,713	62.89%	48,876	37.11%	28,837
2002	106,698	68.62%	73,220	31.38%	33,478
2003	83,264	68.42%	56,969	31.38%	26,295
2004	110,795	72.78%	80,637	27.22%	30,158
2005	196,227	70.95%	139,223	29.05%	57,004
2006	196,684	72.41%	142,419	27.59%	54,265
2007	332,876	73.96%	246,205	26.04%	86,671
2008	713,644	74.78%	533,671	25.22%	179,973
	<u>2,082,581</u>		<u>1,462,404</u>		<u>620,176</u>
Less					
Allowances for uncollectible	<u>(334,223)</u>		<u>(218,760)</u>		<u>(115,463)</u>
Net Amount	<u>\$ 1,748,358</u>		<u>\$ 1,243,644</u>		<u>\$ 504,713</u>

**CITY OF WESLACO, TEXAS  
ANALYSIS OF TAX COLLECTIONS, ADJUSTMENTS,  
AND ALLOCATION TO FUNDS  
OCTOBER 1, 2008 TO SEPTEMBER 30, 2009**

TAX COLLECTIONS AND ADJUSTMENTS

Year	Uncollected 10/1/08	Current Assessments & Correction	Collections	Adjustments	Uncollected 9/30/09
1999 & Prior	\$ 238,613	\$	\$ 19,119	\$ (9,807)	\$ 209,687
2000	70,870		9,572	(6,305)	54,993
2001	100,124		15,899	(6,512)	77,713
2002	132,598		19,926	(5,974)	106,698
2003	112,097		21,776	(7,058)	83,263
2004	162,906		36,461	(15,650)	110,795
2005	249,321		50,827	(2,267)	196,227
2006	307,582		137,081	26,183	196,684
2007	653,099		337,246	17,023	332,876
2008		8,920,936	8,518,972	311,680	713,644
<b>Total</b>	<b>\$ 2,027,210</b>	<b>\$ 8,920,936</b>	<b>\$ 9,166,879</b>	<b>\$ 301,312</b>	<b>\$ 2,082,579</b>

ALLOCATION TO FUNDS

Year	Collections	General Fund		I & S Fund	
		%	\$	%	\$
1999 & Prior	\$ 19,119	Various	\$ 10,148	Various	\$ 8,971
2000	9,572	56.88%	5,445	43.12%	4,127
2001	15,899	62.89%	9,999	37.11%	5,900
2002	19,926	68.62%	13,673	31.38%	6,253
2003	21,776	68.42%	14,899	31.38%	6,877
2004	36,461	72.78%	26,536	27.22%	9,925
2005	50,827	70.95%	36,062	29.05%	14,765
2006	137,081	72.41%	99,260	27.59%	37,821
2007	337,246	73.96%	249,437	26.04%	87,809
2008	8,518,972	74.78%	6,370,582	25.22%	2,148,390
<b>Total</b>	<b>\$ 9,166,879</b>		<b>\$ 6,836,041</b>		<b>\$ 2,330,838</b>

## **BONDED DEBT REQUIREMENTS**

**CITY OF WESLACO, TEXAS  
SCHEDULE OF CHANGES IN BONDED DEBT  
OCTOBER 1, 2008 TO SEPTEMBER 30, 2009**

Description	Date Issued	Original Amount Issued	Bonds Outstanding 10/1/2008
<b><u>GENERAL BONDS PAYABLE SERIALY</u></b>			
Tax & Waterworks & Sewer Systems (Limited Pledge) Revenue Certificate of Obligations	2/11/1999	\$ 6,559,048	\$ 4,596,872
General Obligation Refunding Bonds Series 2002	10/10/2002	5,030,400	2,531,200
Tax System Surplus Revenue Certificates of Obligation Series 2003	9/24/2003	14,080,000	13,865,000
Tax & Waterworks & Sewer System Surplus Revenue Certificates of Obligation, Series 2007	9/30/2007	6,105,000	<u>6,105,000</u>
Total General Bonds Payable Serially			<u>27,098,072</u>
<b><u>REVENUE BONDS PAYABLE SERIALY</u></b>			
1998 Waterworks and Sewer Systems Reserve Bonds	9/23/1998	5,930,000	3,775,000
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificate of Obligation	2/11/1999	1,730,952	1,213,128
General Obligation Refunding Bonds Series 2002	10/10/2002	2,829,600	1,423,800
Tax & Waterworks & Sewer System Surplus Revenue Certificates of Obligation, Series 2007	9/30/2007	21,710,000	21,710,000
Tax & Waterworks & Sewer System Surplus Revenue Certificates of Obligation, Series 2007	9/30/2007	360,000	<u>315,000</u>
Total Revenue Bonds Payable Serially			<u>28,436,928</u>
<b><u>ECONOMIC DEVELOPMENT SALES TAX REVENUE BONDS</u></b>			
Series 2000	11/21/2000	1,270,000	330,000
Series 2000A	11/21/2000	1,895,000	185,000
Series 2003	3/27/2003	2,000,000	1,650,000
Series 2003A	3/27/2003	4,060,000	<u>3,435,000</u>
Total Economic Development Sales Tax			<u>5,600,000</u>
<b><u>TOTAL ALL BONDS PAYABLE SERIALY</u></b>			<b><u>\$ 61,135,000</u></b>

(1) Wachovia Bank, Houston, Texas  
(2) Compass Bank, McAllen, Texas

**CITY OF WESLACO, TEXAS  
SCHEDULE OF CHANGES IN BONDED DEBT  
OCTOBER 1, 2008 TO SEPTEMBER 30, 2009**

Issued/ Adjusted	Retired	Bonds Outstanding 9/30/2009	Interest Rates	Optional Date	Principal Date	Agent
	\$ 332,304	\$ 4,264,568	Various	None	2-Feb	(2)
	617,600	1,913,600	Various	None	15-Feb	(2)
		13,865,000	Various	None	15-Feb	(2)
	5,000	6,100,000	Various	None	15-Feb	(2)
-	954,904	26,143,168				
	315,000	3,460,000	Various	None	1-Jun	(2)
	87,696	1,125,432	Various	None	2-Feb	(2)
	347,400	1,076,400	Various	None	15-Feb	(2)
	40,000	21,670,000	Various	None	15-Feb	(2)
	45,000	270,000	Various	None	15-Feb	(2)
-	835,096	27,601,832				
	160,000	170,000	Various	None	15-Feb	(1)
	185,000	-	Various	None	15-Feb	(1)
	85,000	1,565,000	Various	None	15-Feb	(1)
	155,000	3,280,000	Various	None	15-Feb	(1)
-	585,000	5,015,000				
\$ -	\$ 2,375,000	\$ 58,760,000				

**CITY OF WESLACO, TEXAS**  
**SUMMARY OF BONDED DEBT SERVICE REQUIREMENTS TO MATURITY**  
**AT SEPTEMBER 30, 2009**

Fiscal Year Ending	Governmental-Activities			
	General Obligation Bonds and Certificates of Obligation		Sales Tax Revenue Bonds	
	Principal	Interest	Principal	Interest
30-Sep				
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>\$ 26,143,168</u>	<u>\$ 9,989,516</u>	<u>\$ 5,015,000</u>	<u>\$ 2,021,602</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>
\$ 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>\$ 27,601,832</u>	<u>\$ 13,863,174</u>	<u>\$ 58,760,000</u>	<u>\$ 25,874,292</u>	<u>\$ 84,634,292</u>

**CITY OF WESLACO, TEXAS  
TAX & WATERWORKS & SEWER SYSTEM (LIMITED PLEDGE) REVENUE  
CERTIFICATES OF OBLIGATION, SERIES 1999  
AS OF SEPTEMBER 30, 2009**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 1-Feb	Outstanding 30-Sep
		1-Feb	1-Aug		
2009		\$ -	\$ -	\$ -	\$ 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>	-
Total		<u>\$ 582,896</u>	<u>\$ 485,424</u>	<u>\$ 4,264,568</u>	

**CITY OF WESLACO, TEXAS  
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2002  
AS OF SEPTEMBER 30, 2009**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2009		\$ -	\$ -	\$ -	\$ 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	-
Total		<u>\$ 80,260</u>	<u>\$ 46,788</u>	<u>\$ 1,913,600</u>	

**CITY OF WESLACO, TEXAS  
TAX AND WATERWORKS & SEWER SYSTEM-SURPLUS REVENUE  
CERTIFICATES OF OBLIGATION, SERIES 2003  
AS OF SEPTEMBER 30, 2009**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2009		\$ -	\$ -	\$ -	\$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	-
Total		<u>\$ 2,946,268</u>	<u>\$ 2,626,151</u>	<u>\$ 13,865,000</u>	

**CITY OF WESLACO, TEXAS  
TAX & WATERWORKS & SEWER SYSTEM SURPLUS REVENUE  
CERTIFICATES OF OBLIGATION, SERIES 2007  
AS OF SEPTEMBER 30, 2009**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2009		\$ -	\$ -	\$ -	\$ 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>\$ 1,682,789</u>	<u>\$ 1,538,940</u>	<u>\$ 6,100,000</u>	

**CITY OF WESLACO, TEXAS  
WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 1998  
AS OF SEPTEMBER 30, 2009**

Fiscal Year	Interest Rate	Interest Payment		Principal Due	Outstanding 30-Sep
		1-Dec	1-Jun	1-Dec	
2009		\$ -	\$ -	\$ -	\$ 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	-
Total		<u>\$ 403,955</u>	<u>\$ 328,290</u>	<u>\$ 3,460,000</u>	

**CITY OF WESLACO, TEXAS  
TAX & WATERWORKS & SEWER SYSTEM (LIMITED PLEDGE) REVENUE  
CERTIFICATES OF OBLIGATION, SERIES 1999  
AS OF SEPTEMBER 30, 2009**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 1-Feb	Outstanding 30-Sep
		1-Feb	1-Aug		
2009		\$ -	\$ -	\$ -	\$ 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>\$ 153,829</u>	<u>\$ 128,106</u>	<u>\$ 1,125,432</u>	

**CITY OF WESLACO, TEXAS  
GENERAL OBLIGATION REFUNDING BONDS-SERIES 2002  
WATER AND SEWER FUND  
AS OF SEPTEMBER 30, 2009**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2009		\$ -	\$ -	\$ -	\$ 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>	-
Total		<u>\$ 45,146</u>	<u>\$ 26,318</u>	<u>\$ 1,076,400</u>	

**CITY OF WESLACO, TEXAS  
TAX & WATERWORKS & SEWER SYSTEM SURPLUS REVENUE  
CERTIFICATES OF OBLIGATION, SERIES 2007  
AS OF SEPTEMBER 30, 2009**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2009		\$ -	\$ -	\$ -	\$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>\$ 6,635,427</u>	<u>\$ 6,114,103</u>	<u>\$ 21,670,000</u>	

**CITY OF WESLACO, TEXAS  
TAX & WATERWORKS & SEWER SYSTEM SURPLUS REVENUE  
CERTIFICATES OF OBLIGATION, SERIES 2007  
AS OF SEPTEMBER 30, 2009**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2009		\$ -	\$ -	\$ -	\$ 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%	1,200		60,000	-
Total		<u>\$ 16,700</u>	<u>\$ 11,300</u>	<u>\$ 270,000</u>	

**CITY OF WESLACO, TEXAS  
ECONOMIC DEVELOPMENT SALES TAX REVENUE BONDS  
SERIES 2000  
AS OF SEPTEMBER 30, 2009**

Fiscal Year	Bond Numbers	Interest Rate	Interest Payment		Principal Due 15-Feb	Principal Outstanding 30-Sep
			15-Feb	15-Aug		
2009			\$ -	\$ -	\$ -	\$ 170,000
2010		4.95%	4,208		170,000	-
Total			\$ 4,208	\$ -	\$ 170,000	

**CITY OF WESLACO, TEXAS  
ECONOMIC DEVELOPMENT SALES TAX REVENUE BONDS  
SERIES 2003  
AS OF SEPTEMBER 30, 2009**

Fiscal Year	Bond Numbers	Interest Rate	Interest Payment		Principal Due 15-Feb	Principal Outstanding 30-Sep
			15-Feb	15-Aug		
2009			\$ -	\$ -	\$ -	\$ 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%	3,444		145,000	-
			<u>\$ 286,380</u>	<u>\$ 252,930</u>	<u>\$ 1,565,000</u>	

**CITY OF WESLACO, TEXAS  
ECONOMIC DEVELOPMENT SALES TAX REVENUE BONDS  
SERIES 2003A  
AS OF SEPTEMBER 30, 2009**

Fiscal Year	Bond Numbers	Interest Rate	Interest Payment		Principal Due 15-Feb	Principal Outstanding 30-Sep
			15-Feb	15-Aug		
2009			\$ -	\$ -	\$ -	\$ 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	-
			<u>\$ 783,989</u>	<u>\$ 694,095</u>	<u>\$ 3,280,000</u>	

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

Table I

	Fiscal Year				
	2005	2006	2007	2008	2009
Governmental activities					
Invested in capital assets, net of related debt	\$ (4,460,151)	\$ (994,005)	\$ (5,007,449)	\$ 438,179	\$ 9,749,470
Restricted	9,620,591	5,782,184	11,810,520	6,474,762	8,335,324
Unrestricted	2,609,572	3,476,327	2,123,912	535,440	1,568,080
Total governmental activities net assets	<u>\$ 7,770,012</u>	<u>\$ 8,264,506</u>	<u>\$ 8,926,983</u>	<u>\$ 7,448,381</u>	<u>\$ 19,652,874</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 24,614,327	\$ 24,896,795	\$ 2,905,484	\$ 6,190,908	\$ 11,808,483
Restricted	1,800,708	1,923,598	23,249,701	20,642,296	14,231,044
Unrestricted	879,556	613,375	463,253	(971,432)	1,076,733
Total business-type activities net assets	<u>\$ 27,294,591</u>	<u>\$ 27,433,768</u>	<u>\$ 26,618,438</u>	<u>\$ 25,861,772</u>	<u>\$ 27,116,260</u>
Primary Government					
Invested in capital assets, net of related debt	\$ 20,154,176	\$ 23,902,790	\$ (2,101,965)	\$ 6,629,087	\$ 21,557,953
Restricted	11,421,299	7,705,782	35,060,221	27,117,058	22,566,368
Unrestricted	3,489,128	4,089,702	2,587,165	(435,992)	2,644,813
Total primary government net assets	<u>\$ 35,064,603</u>	<u>\$ 35,698,274</u>	<u>\$ 35,545,421</u>	<u>\$ 33,310,153</u>	<u>\$ 46,769,134</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)

Table II

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Expenses</b>					
Governmental activities:					
General government	\$ 3,173,753	\$ 3,407,051	\$ 4,773,130	\$ 2,618,476	\$ 3,710,070
Public safety	8,912,376	9,403,983	10,602,820	13,173,159	12,486,600
Emergency medical service	391,159	416,618	443,243	-	-
Public works	1,903,767	2,151,773	2,147,216	1,567,815	1,843,346
Health	103,315	117,798	130,130	135,502	127,044
Culture and recreation	2,387,048	1,895,790	1,650,424	1,815,439	2,484,004
Development services	4,065,156	3,601,649	3,249,338	1,847,396	4,994,533
Interest on long-term debt	1,569,716	1,496,672	1,425,639	5,735,318	1,488,868
Total governmental activities expenses	<u>22,506,290</u>	<u>22,491,334</u>	<u>24,421,940</u>	<u>26,893,105</u>	<u>27,134,465</u>
Business-type activities:					
Water and sewer	5,445,414	5,725,442	6,392,983	10,726,658	7,662,631
Sanitation	2,190,248	2,472,505	3,083,417	3,480,521	3,468,755
Airport	591,213	516,765	565,703	1,092,428	564,958
Total business-type activities expenses	<u>8,226,875</u>	<u>8,714,712</u>	<u>10,042,103</u>	<u>15,299,607</u>	<u>11,696,344</u>
Total primary government expenses	<u>\$ 30,733,165</u>	<u>\$ 31,206,046</u>	<u>\$ 34,464,043</u>	<u>\$ 42,192,712</u>	<u>\$ 38,830,809</u>
<b>Program Revenues</b>					
Governmental activities:					
Fees, fines, and charges for services:					
General government	\$ 769,385	\$ 977,678	\$ 1,311,453	\$ 3,471,856	\$ 406,099
Public Safety	140,028	144,613	116,703	1,217,389	1,912,015
Emergency medical services	591,401	749,585	581,732	-	-
Development services	713,264	554,960	468,712	187,056	404,985
Operating grants and contributions	1,144,450	951,782	979,980	1,186,137	81,000
Capital grants and contributions	11,613	2,290	154	-	917,556
Total governmental activities program revenue:	<u>3,370,141</u>	<u>3,380,908</u>	<u>3,458,734</u>	<u>6,062,438</u>	<u>3,721,655</u>
Business-type activities:					
Charges for services:					
Water and sewer	6,938,186	7,510,128	7,090,033	8,630,895	8,993,459
Sanitation	2,481,973	2,850,669	3,525,482	3,579,091	3,992,622
Airport	80,323	65,820	135,742	518,288	112,917
Operating grants and contributions	562,677	646,487	603,306	121,040	20,267
Capital grants and contributions	1,578,448	-	183,820	-	224,315
Total business-type activities program revenue	<u>11,641,607</u>	<u>11,073,104</u>	<u>11,538,383</u>	<u>12,849,314</u>	<u>13,343,580</u>
Total primary government program revenues	<u>\$ 15,011,748</u>	<u>\$ 14,454,012</u>	<u>\$ 14,997,117</u>	<u>\$ 18,911,752</u>	<u>\$ 17,065,235</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (19,136,149)	\$ (19,110,426)	\$ (20,963,206)	\$ (20,830,667)	\$ (23,412,810)
Business-type activities	3,414,732	2,358,392	1,496,280	(2,450,293)	1,647,236
Total primary government net expense	<u>\$ (15,721,417)</u>	<u>\$ (16,752,034)</u>	<u>\$ (19,466,926)</u>	<u>\$ (23,280,960)</u>	<u>\$ (21,765,574)</u>

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

Table III

**GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS**

	Fiscal Year				
	2005	2006	2007	2008	2009
Governmental activities:					
Taxes:					
Ad valorem	\$ 6,499,478	\$ 6,932,312	\$ 7,443,962	\$ 16,449,025	\$ 9,752,261
Sales	6,933,795	7,823,243	8,599,413	2,656,019	9,175,453
Occupancy	346,541	401,599	433,603	-	403,467
Other	55,494	42,150	32,908	-	57,047
Franchise fees	1,228,381	1,316,235	1,314,100	-	1,418,405
Intergovernmental	235,434	492,681	105,411	-	143,800
Investment earnings	437,602	463,425	479,206	447,930	226,519
Gain (loss) on sale/retirement of capital assets	94,746	62,293	348,144	(398,361)	482,859
Miscellaneous	359,655	429,987	388,842	415,452	433,260
Transfers	2,520,627	2,322,145	2,480,094	(218,000)	2,403,930
Total governmental activities	<u>18,711,753</u>	<u>20,286,070</u>	<u>21,625,683</u>	<u>19,352,065</u>	<u>24,497,001</u>
Business-type activities					
Investment earnings	78,583	102,930	168,484	916,833	849,733
Transfers	(2,520,627)	(2,322,145)	(2,480,094)	218,000	(2,403,930)
Total business-type activities	<u>(2,442,044)</u>	<u>(2,219,215)</u>	<u>(2,311,610)</u>	<u>1,134,833</u>	<u>(1,554,197)</u>
Total primary government	<u>\$ 16,269,709</u>	<u>\$ 18,066,855</u>	<u>\$ 19,314,073</u>	<u>\$ 20,486,898</u>	<u>\$ 22,942,804</u>
<b>Change in Net Assets</b>					
Governmental activities	\$ (424,396)	\$ 1,175,644	\$ 662,477	\$ (1,478,602)	\$ 1,084,191
Business-type activities	972,688	139,177	(815,330)	(1,315,370)	93,039
Total primary government	<u>\$ 548,292</u>	<u>\$ 1,314,821</u>	<u>\$ (152,853)</u>	<u>\$ (2,793,972)</u>	<u>\$ 1,177,230</u>

**FUND BALANCE, GOVERNMENTAL FUNDS**

	Fiscal Year				
	2005	2006	2007	2008	2009
General Fund					
Reserved	\$ 132,910	\$ 51,251	\$ 49,087	\$ -	\$ 61,244
Unreserved	2,289,797	1,683,882	529,424	(213,081)	900,326
Total general fund	<u>\$ 2,422,707</u>	<u>\$ 1,735,133</u>	<u>\$ 578,511</u>	<u>\$ (213,081)</u>	<u>\$ 961,570</u>
All Other Governmental Funds					
Reserved	\$ 554,769	\$ 745,612	\$ 1,195,145	\$ 5,642,293	\$ 1,286,791
Unreserved, reported in:					
Special revenue funds	2,630,662	1,997,984	3,042,247	2,792,788	3,824,971
Capital projects funds	8,286,475	3,506,156	7,753,339	-	2,261,992
Unrestricted					
Total all other governmental funds	<u>\$ 11,471,906</u>	<u>\$ 6,249,752</u>	<u>\$ 11,990,731</u>	<u>\$ 8,435,081</u>	<u>\$ 7,373,754</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 FIVE FISCAL YEARS**  
(Modified Accrual Basis of Accounting)

Table IV  
(Page 1 of 2)

	<b>FISCAL YEAR</b>				
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Revenues</b>					
Taxes:					
Ad valorem	\$ 6,185,816	\$ 6,623,099	\$ 7,102,727	\$ 16,339,978	\$ 9,302,285
Penalty and interest	272,605	325,629	293,589	109,047	402,066
Sales	6,933,795	7,823,243	8,599,413	2,656,019	9,175,453
Occupancy	346,541	401,599	433,603	-	403,467
Other	55,494	42,150	32,908	-	57,047
Franchise fees	1,228,381	1,316,235	1,314,100	-	1,418,405
Charges for services	2,424,354	2,701,643	2,857,551	3,471,856	3,752,129
Program income	713,264	554,960	468,712	-	62,604
Intergovernmental	1,274,991	1,293,030	588,535	1,373,193	1,142,356
Licenses and permits	367,205	391,624	490,788	489,883	406,099
Investment income	430,542	457,963	478,815	447,930	226,507
Fines and forfeitures	355,437	504,840	757,695	727,506	690,602
Contributions	11,613	2,290	154	-	1,954
Miscellaneous	363,318	440,684	716,842	415,452	431,306
Proceeds from sales	199,173	272,860	2,354,819	-	905,434
<b>Total revenues</b>	<b>21,162,529</b>	<b>23,151,849</b>	<b>26,490,251</b>	<b>26,030,864</b>	<b>28,377,714</b>
<b>Expenditures</b>					
General government	2,556,380	2,937,547	3,276,336	5,131,719	3,484,006
Public Safety	9,056,062	9,528,930	10,752,116	13,173,159	12,486,212
Public Works	1,420,839	1,601,099	1,748,968	1,567,815	1,468,756
Health	100,650	114,363	126,393	135,502	123,307
Culture and recreation	1,595,588	1,639,680	1,405,479	1,815,439	2,291,653
Economic development	4,004,228	2,716,178	2,708,077	7,218,808	4,376,933
Nondepartmental	581,387	602,784	544,839	-	541,759
Capital outlay	3,913,742	5,809,407	4,073,761	307,097	1,879,830
Debt service					
Principal	1,654,012	1,655,296	1,837,290	4,177,910	1,590,747
Interest and fiscal charges	1,554,018	1,503,325	1,435,439	1,568,706	1,500,160
Contingency expense	-	-	550,000	-	-
<b>Total expenditures</b>	<b>26,436,906</b>	<b>28,108,609</b>	<b>28,458,698</b>	<b>35,096,155</b>	<b>29,743,363</b>
Excess of revenues over (under) expenditures	(5,274,377)	(4,956,760)	(1,968,447)	(9,065,291)	(1,365,649)

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

Table IV  
(Page 2 of 2)

	<b>FISCAL YEAR</b>				
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Other Financing Sources (Uses)</b>					
Debt proceeds	245,801	176,969	6,105,000	1,220,131	1,300,000
Debt issuance costs			(105,000)	-	(120,076)
Bond interest			-	3,715,918	-
Transfers in	1,179,675	1,320,555	1,036,129	-	525,775
Transfers out	(204,000)	(583,905)	(483,325)	(218,000)	(310,180)
<b>Total other financing sources (uses)</b>	<b>1,221,476</b>	<b>913,619</b>	<b>6,552,804</b>	<b>4,718,049</b>	<b>1,395,519</b>
<b>Net change in fund balances</b>	<b>\$ (4,052,901)</b>	<b>\$ (4,043,141)</b>	<b>\$ 4,584,357</b>	<b>\$ (4,347,242)</b>	<b>\$ 29,870</b>
 Debt service as a percentage of noncapital expenditures	 14.2%	 14.2%	 13.4%	 16.5%	 11.1%

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**

Table V

<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 in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
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%	214,183	6,769,610	96.96%
2008	7,667,715	7,171,489	93.53%	387,236	7,558,725	98.58%
2009	8,920,936	8,518,972	95.49%	647,906	9,166,878	102.76%

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

Table VI

<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 Overlapping Tax Rate</b>
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	2.5638
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	2.9611
2007	559,681,854	478,189,081	295,278,641	1,037,870,935	2.8666
2008	641,361,248	512,587,048	313,753,593	1,153,948,296	2.6438
2009	756,407,311	588,374,568	345,797,678	1,344,781,879	2.6954

Source: Hidalgo County Appraisal District

**CITY OF WESLACO, TEXAS  
PROPERTY TAX RATES AND TAX LEVIES-ALL OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**

Fiscal Year	Tax Year	City Direct Rates		
		Maintenance and Operation	Interest and Sinking	(Per \$100) City
<b>PROPERTY TAX RATES</b>				
2000	1999	0.4143	0.3707	0.7850
2001	2000	0.4465	0.3385	0.7850
2002	2001	0.4900	0.2891	0.7791
2003	2002	0.505	0.2309	0.7359
2004	2003	0.4786	0.2209	0.6995
2005	2004	0.5091	0.1904	0.6995
2006	2005	0.4963	0.2032	0.6995
2007	2006	0.5065	0.1930	0.6995
2008	2007	0.5153	0.1814	0.6997
2009	2008	0.5210	0.1757	0.6997
<b>TAX LEVIES</b>				
2000	1999			4,701,715
2001	2000			5,163,455
2002	2001			5,614,216
2003	2002			5,749,544
2004	2003			5,734,805
2005	2004			6,139,744
2006	2005			6,451,289
2007	2006			6,982,074
2008	2007			7,667,715
2009	2008			8,881,533

Tax rate is limited by charter to \$2.50 per \$100.

Taxes are due October 1, and become delinquent February 1.

Discounts are not allowed.

Penalty for delinquency is 6% of amount of tax during first month, plus 1% for each additional month delinquent, to a maximum of 12% beginning July 1. Interest is 1% for each month or portion of month the tax remains delinquent.

On July 1, 1982, pursuant to Section 33.07 of the Property Tax Code, an additional penalty of 15% of the taxes, penalty, and interest is added on all taxes delinquent for the 1981 year and subsequent years.

Uncollected taxes are placed in hands of attorney for legal action on February 1, following year of assessment.

Overlapping Rates					
(Per \$100) Weslaco School District	South Texas Community College	(Per \$100) Hidalgo County	(Per \$100) Drainage District #1	(Per \$100) South Texas School District	(Per \$100) Total
1.3975	0.0920	0.4467	0.0384	0.0372	2.7968
1.4300	0.0922	0.5007	0.0376	0.0372	2.8827
1.4300	0.0897	0.5195	0.0456	0.0392	2.9031
1.4300	0.1776	0.5900	0.0456	0.0392	3.0183
1.4300	0.1738	0.5900	0.0435	0.0392	2.9760
1.4300	0.1647	0.5900	0.0435	0.0392	2.9669
1.4300	0.1589	0.5900	0.0435	0.0392	2.9611
1.3418	0.1548	0.5900	0.0413	0.0392	2.8666
1.1047	0.1540	0.5900	0.0492	0.0492	2.6438
1.1397	0.1498	0.5900	0.0700	0.0492	2.6954
10,178,646	10,617,382	50,014,563	4,105,987	4,303,533	83,921,826
11,708,504	11,694,086	61,125,933	4,415,868	4,737,868	98,845,714
12,867,115	12,749,702	70,959,997	5,946,384	5,589,657	113,727,071
14,067,955	26,927,038	86,128,712	6,388,052	6,004,776	145,266,077
14,663,742	28,045,487	91,965,820	6,538,099	6,512,984	153,460,937
15,870,637	29,796,163	103,605,172	7,305,724	7,221,751	169,939,191
17,168,408	31,182,415	112,523,012	7,944,984	7,816,538	183,086,646
17,881,783	33,514,193	125,028,182	8,251,877	8,624,663	200,282,772
16,140,097	37,903,742	142,503,382	11,181,038	12,290,736	227,686,710
19,808,237	40,130,123	155,425,414	16,982,072	13,321,253	254,548,632

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

Table VIII

Taxpayer	2009			2000		
	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 Grocery Company	\$ 42,171,599	1	3.14%	\$ 14,664,076	1	2.34%
Wal-Mart Stores LP #452	18,600,854	2	1.38%	6,779,104	5	1.08%
H E Butt Weslaco Transportation	13,567,182	3	1.01%			
Clearview Weslaco LLP	10,864,607	4	0.81%			
John Knox Villages	10,828,823	5	0.81%	7,990,171	2	1.27%
Weslaco Palm Plaza Ltd	8,705,924	6	0.65%			
Verizon Southwest	6,782,050	7	0.50%	7,961,370	4	1.26%
AEP Texas Central	6,600,420	8	0.49%			
Foremost Paving, Inc	6,518,765	9	0.48%			
Sweet Water Gama, LP	6,129,079	10	0.46%			
Folmer & Associates				7,977,015	3	1.26%
Reyna, Ezequiel Jr. & Livia				6,645,485	6	1.06%
Weslaco Distribution Center				6,584,311	7	1.05%
Central Power & Light				6,125,493	8	0.98%
Palm Aire, Inc				5,513,014	9	0.88%
Ithaca Investment, LTD				5,031,555	10	0.80%
	<u>\$ 130,769,303</u>		<u>9.73%</u>	<u>\$ 75,271,594</u>		<u>12.00%</u>

**CITY OF WESLACO, TEXAS  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
AT SEPTEMBER 30, 2009**

Table IX

	Gross Debt Less Sinking Fund	Estimated Percentage Debt Applicable to City of Weslaco	City of Weslaco Share of Debt
City of Weslaco, Texas	\$ 26,668,781	100.00%	\$ 26,668,781
Weslaco Independent School District	85,311,294	72.31%	61,688,597
Hidalgo County	178,616,912	5.11%	9,127,324
Hidalgo County Drainage District #1	99,034,038	4.98%	4,931,895
South Texas Community College District	76,905,188	4.39%	<u>3,376,138</u>
			<u><u>\$ 105,792,735</u></u>
Percentage of Assessed Valuation			<u>7.87%</u>
Direct and Overlapping Debt Per Capita			<u>\$ 3,172</u>
Population:	<u>33,354</u>		
Assessed Valuation:	<u>1,274,800,225</u>		

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

Table X  
(Page 1 of 2)

**Legal Debt Margin Calculation fo Fiscal Year 2009**

Assessed value	\$ 1,274,800,225
Debt limit (10% of assessed value)	127,480,023
Debt applicable to limit:	
General obligation bonds	26,143,168
Less: Amount set aside for repayment of general obligation debt	291,405
Total net debt applicable to limit	25,851,763
Legal debt margin	\$ 101,628,260

	<b>2000</b>	<b>2001</b>	<b>2002</b>
Debt limit	\$ 59,894,437	\$ 65,776,472	\$ 72,060,258
Total net debt applicable to limit	15,576,043	13,969,147	12,452,847
Legal debt margin	\$ 44,318,394	\$ 51,807,325	\$ 59,607,411
Total net debt applicable to the limit as a percentage of debt limit	26.01%	21.24%	17.28%

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 FISCAL YEARS**

Table X  
(Page 2 of 2)

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 78,129,405	\$ 81,983,807	\$ 87,773,309	\$ 92,227,149	\$ 99,815,209	\$ 110,057,628	\$ 127,480,023
<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>25,851,763</u>
<u><u>\$ 52,935,278</u></u>	<u><u>\$ 57,321,257</u></u>	<u><u>\$ 63,925,585</u></u>	<u><u>\$ 69,375,118</u></u>	<u><u>\$ 71,942,484</u></u>	<u><u>\$ 82,964,889</u></u>	<u><u>\$ 101,628,260</u></u>
32.25%	30.08%	27.17%	24.78%	27.92%	24.62%	20.28%

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

Table XI

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Plus: CIP Fee (1) Non-Operating	Net Available Revenue	Debt Service		Coverage
					Principal	Interest	
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	7,724,198	6,696,352	631,599	1,659,445	300,000	169,785	3.53
2009	8,198,023	6,824,120	645,067	2,018,970	315,000	157,635	4.27

(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.

\* The Revenue Coverage computation does not include the 2007 Certificate of Obligation issue of \$21,710,000. This issue is a surplus Revenue Certificate of Obligation and does not meet the requirement to be included in the computation for pledged revenue coverage. If considered in the computation, the coverage would be .76.

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

Table XII  
(Page 1 of 2)

<b>Fiscal Year</b>	<b>General Bonded Debt</b>			<b>Percentage of Actual Taxable Value of Property</b>
	<b>General Obligation Bonds</b>	<b>Certificates of Obligation</b>	<b>Water District Debt Assumed</b>	
2005	\$ 4,249,600	\$ 19,590,708	\$ 30,844	2.72%
2006	3,699,200	19,287,964	15,422	2.49%
2007	3,126,400	25,018,352	-	2.81%
2008	2,531,200	24,566,872	-	2.71%
2009	1,913,600	24,229,568	-	1.94%

<b>Fiscal Year</b>	<b>Business-Type Activities</b>			
	<b>General Obligation Bonds</b>	<b>Certificates of Obligation</b>	<b>Revenue Bonds</b>	<b>Notes Payable</b>
2005	\$ 2,390,400	\$ 1,454,292	\$ 4,970,000	\$ -
2006	2,080,800	1,377,036	4,385,000	-
2007	1,758,600	4,075,000	23,366,648	-
2008	1,423,800	3,775,000	23,238,128	-
2009	1,076,400	3,460,000	23,900,528	-

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

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

Table XII  
(Page 2 of 2)

<u>Per Capita</u>	<u>Other Governmental Activities Debt</u>				
	<u>Arbitrage Payable</u>	<u>Compensated Absences</u>			
\$ 784.82	\$ -	\$ 1,743,184			
731.59	-	1,910,089			
877.00	-	2,141,726			
844.39	-	2,274,848			
783.81	-	2,725,440			
 <b>Economic Development Sales Tax</b> <hr/>					
<u>Revenue Bonds</u>	<u>Notes Payable</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>	
\$ 7,480,000	\$ 1,455,316	43,364,344	8.52%	1,425	
6,885,000	1,500,555	41,141,066	7.63%	1,308	
6,260,000	1,251,099	66,997,825	11.73%	2,088	
5,600,000	-	63,409,848	13.96%	1,976	
5,015,000	-	62,320,536	12.27%	1,868	

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

Table XIII

	Calendar Year				
	2004	2005	2006	2007	2008
Accommodation and food services	\$ 46,131,680	\$ 48,551,878	\$ 54,973,601	\$ 60,676,571	\$ 65,881,204
Administration, support, waste management, and remediation	8,061,895	7,999,003	8,607,798	7,496,343	6,010,391
Arts, entertainment, and recreation	923,504	1,233,549	1,267,988	771,049	649,832
Construction	928,983	1,690,806	1,132,716	1,413,238	1,281,277
Finance and insurance	1,446,676	1,429,610	1,480,900	1,770,635	1,928,421
Health care and social assistance	380,614	387,060	349,339	294,675	365,439
Information	8,157,061	18,480,970	12,253,568	6,747,785	6,441,066
Manufacturing	3,232,274	3,824,972	3,830,005	5,211,076	4,667,887
Other	366,923	63,937	47,047	14,532	19,758
Other services	8,025,007	8,362,080	8,645,560	9,830,952	6,913,697
Professional, scientific and technical	1,124,693	1,500,573	1,297,799	892,992	997,224
Real estate, rental and leasing	20,694,305	27,299,222	26,148,015	31,158,281	26,369,258
Retail trade	167,989,382	179,317,839	202,744,888	217,604,417	236,247,401
Transportation and warehousing	520,640	1,045,346	1,368,621	1,357,532	1,557,971
Wholesale trade	8,912,919	10,215,320	11,048,557	10,575,494	16,215,102
<b>Total</b>	<b>\$ 276,896,556</b>	<b>\$ 311,402,165</b>	<b>\$ 335,196,402</b>	<b>\$ 355,815,572</b>	<b>\$ 375,545,928</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 2008 AND 2004**

Table XIV  
(Page 1 of 2)

	<b>2008</b>			
	<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Tax Liability</b>	<b>Percentage of Total</b>
Accommodation and food services	115	16.20%	1,317,624	17.5%
Administration, support, waste management, and remediation	39	5.49%	120,208	1.6%
Arts, entertainment, and recreation	8	1.13%	12,997	0.2%
Construction	39	5.49%	25,626	0.3%
Finance and insurance	17	2.39%	38,568	0.5%
Health care and social assistance	10	1.41%	7,309	0.1%
Information	19	2.68%	128,821	1.7%
Manufacturing	23	3.24%	93,358	1.2%
Other	8	1.13%	395	0.0%
Other services	65	9.15%	137,274	1.8%
Professional, scientific and technical	32	4.51%	19,944	0.3%
Real estate, rental and leasing	14	1.97%	527,385	7.0%
Retail trade	290	40.85%	4,724,948	62.9%
Transportation and warehousing	5	0.70%	31,159	0.4%
Wholesale trade	26	3.66%	324,302	4.3%
<b>Total</b>	<b>710</b>	<b>100.00%</b>	<b>7,509,918</b>	<b>100.00%</b>

Source: Texas State Comptroller

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

**CITY OF WESLACO, TEXAS  
SALES TAX REVENUE PAYERS BY INDUSTRY  
CALENDAR YEARS 2008 AND 2004**

Table XIV  
(Page 2 of 2)

<b>2004</b>			
<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Tax Liability</b>	<b>Percentage of Total</b>
104	15.07%	922,634	16.66%
43	6.23%	161,238	2.91%
9	1.30%	18,470	0.33%
30	4.35%	18,580	0.34%
17	2.46%	28,934	0.52%
4	0.58%	7,612	0.14%
14	2.03%	163,141	2.95%
18	2.61%	64,645	1.17%
21	3.04%	7,338	0.13%
64	9.28%	160,500	2.90%
25	3.62%	22,494	0.41%
15	2.17%	413,886	7.47%
292	42.32%	3,359,788	60.67%
9	1.30%	10,413	0.19%
25	3.62%	178,258	3.22%
<b>690</b>	<b>100.00%</b>	<b>5,537,931</b>	<b>100.00%</b>

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

Table XV

<b>Fiscal Year</b>	<b>City Direct Rate</b>	<b>State Rate</b>	<b>Total Tax Rate</b>
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%
2009	2.00%	6.25%	8.25%



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

Table XVII

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2000	26,935	\$ 356,942,620	\$ 13,252	16.3%
2001	28,282	389,527,986	13,773	15.3%
2002	27,967	411,198,801	14,703	15.6%
2003	30,231	434,449,701	14,371	16.6%
2004	30,416	468,528,064	15,404	13.3%
2005	30,416	508,525,104	16,719	7.2%
2006	31,442	539,041,648	17,144	6.5%
2007	32,092	571,365,968	17,804	7.3%
2008	32,092	571,365,968	17,804	7.3%
2009	33,354	507,814,650	15,225	8.3%

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

**CITY OF WESLACO, TEXAS**  
**OPERATING INDICATORS AND CAPITAL ASSETS STATISTICS**  
**BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

Table XVIII

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>General government</b>										
Building permits issued	3,030	2,681	4,203	2,791	2,744	2,764	2,984	2,848	2,361	2,499
Building inspections - conducted	4,590	3,791	5,959	1,439	5,149	4,678	5,391	5,536	5,055	5,264
<b>Police</b>										
Physical Arrests-Adults	1,876	2,569	2,429	2,275	2,263	2,159	2,225	2,585	2,266	2,646
Physical Arrests-Juveniles	633	629	512	567	537	599	703	651	366	464
<b>Fire</b>										
Emergency responses	3,416	3,368	3,368	4,651	5,027	5,488	5,499	6,664	7,235	7,387
<b>Library</b>										
Volumes in collection	67,128	72,779	75,344	77,899	80,239	82,504	75,444	65,569	51,968	63,006
Total volumes borrowed	75,239	98,910	102,322	77,264	78,622	56,251	60,542	56,901	76,057	57,412
<b>Water</b>										
New connections	320	361	479	380	328	309	290	267	267	221
Average daily consumption (thousands of gallons)	4,816	4,854	5,111	4,660	4,550	5,210	5,406	4,385	5,666	5,667
Peak daily consumption (thousands of gallons)	7,200	7,048	8,930	7,330	7,022	7,770	7,741	7,799	8,086	8,307
<b>Wastewater</b>										
Average daily sewage treatment (thousands of gallons)	3,406	2,215	2,978	3,568	3,794	3,590	3,377	3,431	2,080	3,835
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Substation	1	4	4	4	4	3	3	3	3	2
Patrol Units									77	79
<b>Fire stations</b>	2	3	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	97.54	97.54	97.54
Streetlights	1,102	1,600	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	154.80	154.80	154.80	153.53	153.53	153.53	153.53	153.53
Playgrounds	11	11	11	11	11	16	16	16	11	11
Golf courses	1	1	1	1	1	1	1	1	1	1
<b>Water</b>										
Water main (miles)	115.9	121.4	121.4	121.4	121.4	126.0	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)	101.27	107.17	107.17	107.17	107.17	111.67	111.67	118.01	118.01	118.01
Storm sewer (miles)	46.34	48.24	48.24	48.24	48.24	50.94	50.94	50.94	50.94	50.94
Treatment capacity (thousands of gallons)	3,000	3,000	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500

**CITY OF WESLACO, TEXAS  
PRINCIPAL EMPLOYERS  
2009 AND 2003**

Table XIX

Employer	2009			2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Weslaco Independent School District	2,817	1	44.30%	2,100	1	35.00%
Knapp Medical Center	1,000	2	15.73%	1,200	2	20.00%
Woodcrafters	592	3	9.31%	260	9	4.33%
H.E.Butt Grocery Company	407	4	6.40%	230	10	3.83%
Payne Auto Group	389	5	6.12%	-		0.00%
City of Weslaco	351	6	5.51%	266	7	4.44%
Wal-Mart	260	7	4.09%	-		0.00%
South Texas College	214	8	3.37%	-		0.00%
Foremost Paving	168	9	2.64%	-		0.00%
Valley Grande Manor	161	10	2.53%	-		0.00%
Williamson-Dickie	-		-	734	3	12.23%
McManus, JS Produce	-		-	400	4	6.67%
K-Mart Super Center	-		-	275	5	4.58%
Haggar Clothing Co.	-		-	270	6	4.50%
Caldwell VSR	-		-	265	8	4.42%
<b>Total</b>	<b>6,359</b>		<b>100.00%</b>	<b>6,000</b>		<b>100.00%</b>

Source: Weslaco Economic Development Corporation

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

Table XX

<b>Function</b>	<b>Full-time-Equivalent Employees as of September 30,</b>									
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
General government	47	47	50	54	51	50	50	51	54	54
Legislative	5	5	5	5	5	5	5	5	7	7
Other	42	42	45	49	46	45	45	46	47	47
Public Safety	140	142	155	166	175	177	174	175	197	181
Public Works	19	19	20	23	23	27	28	29	29	29
Health & Welfare	2	2	3	3	3	3	3	3	3	3
Culture & Recreation	33	36	37	39	38	38	38	38	39	39
Refuse collection	16	23	23	23	23	15	17	17	17	17
Library	16	18	19	19	20	19	19	19	19	20
Water	21	21	21	21	23	23	23	23	24	19
Wastewater	8	9	9	9	9	9	9	9	8	10
Airport	4	4	4	4	4	4	4	4	4	4
Museum	1	1	1	2	2	2	2	2	2	2
<b>Total</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>	<b>378</b>

**CITY OF WESLACO, TEXAS  
SCHEDULE OF INSURANCE COVERAGE  
SEPTEMBER 30, 2009**

<u>Insurer</u>	<u>Type of Coverage</u>
CHUBB	Real and Personal Property All risk coverage. \$10,000 deductible \$46,419,429 blanket limit.  Replacement cost loss valuation

Table XXI  
(Page 2 of 6)

Policy Number & Period Covered	Property	Total	Building	Contents
PE-4618832-00				
10/1/09-10/01/10	Airplane Hangar/Maint/Office	\$ 284,285	\$ 284,285	\$ -
	Airport Hangar/Terminal	484,638	434,638	50,000
	Old Terminal Office	35,846	35,846	
	Hanger	653,385	653,385	
	Swimming Pool Bath House	158,729	146,729	12,000
	City Hall/Aux Fire Station	955,085	955,085	
	City Shop	1,168,992	1,043,992	125,000
	General Shop	118,213	86,963	31,250
	Health & Day Center	369,957	369,957	
	Lawn Mower Storage	6,750	6,750	
	Library	3,029,569	2,460,819	568,750
	Meeting Hall	241,511	211,511	30,000
	Museum	872,219	779,219	93,000
	Office Building-Tower	117,482	112,482	5,000
	Office	100,214	87,714	12,500
	Office/Testing Lab	53,836	45,586	8,250
	Police/Fire Station	1,605,319	1,518,624	86,695
	Recreation Building	319,352	314,352	5,000
	Water Tower	580,500	580,500	
	Tower Theatre	118,045	96,170	21,875
	Vehicle Storage	53,091	35,591	17,500
	Elev. Water Tower	769,500	769,500	
	Elev. Water Tower	769,500	769,500	
	Water Plant/Entire Complex	6,831,000	6,831,000	
	Weslaco Recycling Center	498,462	298,462	200,000
	<b>North Wastewater Plant</b>	<b>5,946,584</b>	<b>5,946,584</b>	
	Cemetary Storage Building	115,834	95,834	20,000
	Cemetary Fence	38,000	38,000	
	New PFA Building	5,697,759	5,697,759	
	Isaac D. Rodriguez Skate Park	67,200	67,200	
	Office Complex	780,739	736,389	44,350
	Public Parking Garage	595,578	595,578	
	South Wastewater Plant	3,800,000	3,800,000	
	Fire Station	620,474	580,474	40,000
	Cavazos Park (Entire Park)	80,750	80,750	
	City Park (Entire Park)	943,668	943,668	
	Gibson Park (Entire Park)	285,768	285,768	
	Nature Center	308,502	278,502	30,000
	Plazita Park	140,000	140,000	
	Old Harlon Block Park (Entire Park)	753,558	753,558	
	Municipal Court	350,149	350,149	
	Harlon Block Sports Complex	1,755,000	1,755,000	
	City Office Building	6,214,360	5,631,360	583,000
	<b>Total</b>	<b>\$ 48,689,403</b>	<b>\$ 46,705,233</b>	<b>\$ 1,984,170</b>
			\$ 245,584	

**CITY OF WESLACO, TEXAS  
 SCHEDULE OF INSURANCE COVERAGE  
 SEPTEMBER 30, 2009**

Insurer	Type of Coverage
Alliance of Texas Public Entity	General Liability Policy General Aggregate Limit Product-Completed Aggregate Limit Each/Occurrence Limit Fire Damage Personal and Advertising Injury
Nationwide Insurance Company	Accident Fire Department Death & Dismemberment Medical Expense Benefit Maximum Disability
Illinois National Insurance Company	General Liability Each Occurrence Property Damage Each Occurrence Hangar Keeping Liability
PEAT	Automobile Liability: Body Injury and Property Damage Combined Liability (per occurrence) Physical Damage Comprehensive & Collision (aggregate limit)

Policy Number & Period Covered	Property	Coverage		
		Total	Building	Contents
PE4618832-00 10/1/09-10/01/10	City Operations	\$ 2,000,000		
		2,000,000		
		1,000,000		
		100,000		
		1,000,000		
LE4618832 10/1/09-10/01/10	Law Enforcement	1,000,000		
		3,000,000		
PO4618832 10/1/09-10/01/10	Public Officials	2,000,000		
		4,000,000		
AAPN05622645 10/1/09-10/01/10	Airport Liability	1,000,000		
		1,000,000		
		1,000,000		

**CITY OF WESLACO, TEXAS  
 SCHEDULE OF INSURANCE COVERAGE  
 SEPTEMBER 30, 2009**

<u>Insurer</u>	<u>Type of Coverage</u>
PEAT	Police Professional Liability Policy Personal Injury Liability Each Person Each Occurance Annual Aggregate
TAPS	Mobile Equipment Blanket Basis
PEAT	Public Officials Liability Policy Each Loss Deductible Annual Aggregate
Texas Association of Political Subdivision	Public Employee Dishonesty Occurance Limit Deductible

<u>Policy Number &amp; Period Covered</u>	<u>Property</u>	<u>Coverage</u>		
		<u>Total</u>	<u>Building</u>	<u>Contents</u>
PE4618832-00 10/1/09-10/01/10	Police Liability	\$ 1,000,000		
		3,000,000		
	Deductible	10,000		
PE4601359-03 10/1/09-10/01/10	Schedule of Equipment			
	Policy File	569,420		
PO4618832 10/1/09-10/01/10	Public Officials and			
	Employees	2,000,000		
		10,000		
		6,000,000		
PE4618832-00 10/1/09-10/01/10	Public Employees			
		20,000		
		1,000		

Continuing Disclosure Requirements  
of  
SEC Rule 15 (c) 2-12

## Annual Report

### Continuing Disclosure Requirements of SEC Rule 15 (c) 2-12

This information is being provided by City of Weslaco, Texas (the “Issuer”) in compliance with its contractual undertaking (the “Undertaking”) to provide an annual report of financial and operating information, as required by Rule 15 (c) 2-12 (the “Rule”) of the Securities and Exchange Commission, regarding the following municipal debt issues:

Issuer CUSIP Number	Issue Description
950868	\$3,550,000 City of Weslaco, Texas Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 1995
951002	\$3,025,000 City of Weslaco, Texas Waterworks and Sewer System Refunding Bonds, Series 1997
951002	\$5,930,000 City of Weslaco, Texas Waterworks and Sewer System Revenue Bonds, Series 1998

The report is based on information compiled and provided by the Issuer. This information has been obtained from Issuer records, audited financial statements and other sources which are believed to be reliable. This information is provided in satisfaction of the Undertaking, containing information as prescribed by the Rule. The Issuer makes no warranty concerning the usefulness of such information to a decision to invest in, hold or sell bonds or other debt instruments of the Issuer. Information agreed to be provided by the Issuer may be reported in full text herein, or may be incorporated by reference to certain other publicly available documents. The Undertaking requires that the Issuer provide information annually, while the debt identified above is outstanding, and that such information will be provided by a date not more than six months following the close of the Issuer’s fiscal year. The required information includes financial statements of the Issuer, which may be provided separately. If it becomes available within the aforesaid period for providing information, the audited annual financial report of the Issuer will be provided, otherwise unaudited financial information will be provided within the prescribed time and audited financial information will be provided when and if it becomes available.

Approved for submission:

May 4, 2010

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Alex Acosta  
Interim Finance Director

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) - Unaudited

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>
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
2009	5,665,373	9,077,000	235,767,000	2,067,861,000	\$	4,293,548

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

<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	72,807,700	3.52%	\$ 152,763	3.56%
City of Weslaco	Municipality	69,697,600	3.37%	141,569	3.30%
Military Highway Water Supply	Water Company	59,037,100	2.85%	104,738	2.44%
North Side Apartments	Government Housing	23,264,000	1.13%	46,924	1.09%
John Knox Village	Retirement Center	23,132,000	1.12%	45,501	1.06%
La Estancia	Government Housing	17,672,000	0.85%	35,973	0.84%
Knapp Medical Center	Hospital	14,618,500	0.71%	32,040	0.75%
Maverick Industrial Service	Industrial	13,290,400	0.64%	29,949	0.70%
Country Sunshine Park	Mobile Home Park	11,359,700	0.55%	22,193	0.52%
Pine to Palm Trailer Park	Mobile Home Park	10,519,000	0.51%	28,534	0.66%
		<u>315,398,000</u>	<u>15.25%</u>	<u>\$ 640,184</u>	<u>14.91%</u>

Table 3 - Monthly Water Rates (Effective 11/19/2009)

New Rates	
<u>Inside City</u>	<u>Outside City</u>
\$10.99 (Base Fee)	\$15.95 (Base Fee)
+ \$1.90 / 1,000 Gallons	+ \$1.90 / 1,000 Gallons
Old Rate (10/4/2007)	
<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

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) - Unaudited

<u>Fiscal Year Ended</u> <u>September 30.</u>	<u>Daily Average</u>	<u>Monthly Average</u>	<u>Peak Daily Usage</u>	<u>Peak Monthly Usage</u>	<u>Total Usage</u>	<u>Total Revenues</u>
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
2009	3,805,668	115,755,800	6,556,000	125,815,000	1,389,069,000	\$ 3,569,265

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	\$ 102,982	2.89%
City of Weslaco	Municipality	75,188	2.11%
North Side Apartments	Government Housing	37,539	1.05%
La Estancia	Government Housing	34,260	0.96%
John Knox Village	Retirement Center	27,763	0.78%
Pine to Palm	Mobile Home Park	27,107	0.76%
Maverick Industrial Service	Industrial	26,486	0.74%
Knapp Medical Center	Hospital	19,990	0.56%
Country Sunshine	Mobile Home Park	17,754	0.50%
Palm Aire Motel	Motel	14,725	0.41%
		<u>\$ 383,794</u>	<u>10.75%</u>

Table 6 - Monthly Sewer Rates (Effective 11/19/09)

Residential			
New Rates			
	<u>Inside City</u>		<u>Outside City</u>
Base Fee	\$ 11.79		N/A
Per Thousand	\$ 1.35		
Old Rate (10/5/2007)			
	<u>Inside City</u>		<u>Outside City</u>
Base Fee	\$ 11.12		N/A
Per Thousand	\$ 1.27		
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	Outstanding Debt			% of Principal Retired
	Principal	Interest	Total	
2010	325,000	144,673	469,673	9.39%
2011	340,000	130,870	470,870	19.22%
2012	355,000	116,098	471,098	33.67%
2013	365,000	100,526	465,526	40.03%
2014	380,000	84,228	464,228	51.01%
2015	400,000	66,968	466,968	66.99%
2016	415,000	48,834	463,834	74.57%
2017	430,000	29,925	459,925	86.99%
2018	450,000	10,125	460,125	100.00%
	\$ 3,460,000	\$ 732,247	\$ 4,192,247	

Table 8 - Condensed Statement of Operations

	Fiscal Year Ended September 30,				
	2009	2008	2007	2006	2005
<u>Revenues</u>					
Water Service	\$ 4,293,548	\$ 4,159,964	\$ 3,733,413	\$ 4,071,305	\$ 3,778,748
Sewer Service	3,374,207	3,302,985	3,112,706	3,171,673	2,862,655
Interest Earnings	852,465	907,118	169,007	93,408	67,556
Miscellaneous	420,128	263,223	243,914	311,157	296,783
Total Revenues	\$ 8,940,348	\$ 8,633,290	\$ 7,259,040	\$ 7,647,543	\$ 7,005,742
<u>Expenses</u>					
Personal Services	\$ 1,325,256	\$ 1,289,818	\$ 1,078,515	\$ 999,869	\$ 1,014,761
Other Services and Charges	1,134,186	1,020,693	989,099	1,094,427	901,704
Supplies	280,560	373,062	297,729	234,763	245,296
Contractual Services	4,084,118	4,012,779	3,686,646	3,161,320	2,954,947
Total Expenses	\$ 6,824,120	\$ 6,696,352	\$ 6,051,989	\$ 5,490,379	\$ 5,116,708
Net Available for Debt Service	2,116,228	1,936,938	1,207,051	2,157,164	1,889,034
CIP Fees (1)	645,067	631,599	603,306	591,140	562,677
Net Available for Debt Service Adjusted by CIP Fees	\$ 2,761,295	\$ 2,568,537	\$ 1,810,357	\$ 2,748,304	\$ 2,451,711
Water Customers	11,306	11,034	10,721	10,370	9,802
Sewer Customers	10,432	10,212	9,939	9,532	9,008

(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, 2010-2018	\$ 465,805
Coverage of Average Annual Requirements by 9/30/09 Net Income	5.93
Maximum Principal and Interest Requirements, 2012	\$ 471,098
Coverage of Maximum Requirements by 9/30/09 Net Income	5.86
Waterworks and Sewer System Revenue Bonds Outstanding, 9/30/09	\$ 3,460,000
Interest and Sinking Fund, 9/30/09	\$ 10,497
Reserve Fund, 9/30/09	\$ 469,604

The System (Pages 198-202)

Table 10 - Value of the System

	Fiscal Year Ended September 30,				
	2009	2008	2007	2006	2005
<u>Waterworks System</u>					
Land	\$ 163,584	\$ 163,584	\$ 163,584	\$ 163,584	\$ 163,584
Buildings	236,047	236,047	236,047	134,721	134,721
Other Improvements	12,498,988	12,487,742	10,781,276	10,873,233	10,854,745
Machinery and Equipment	3,255,718	3,000,436	2,953,930	2,699,120	2,666,169
Construction in Progress	<u>2,704,405</u>	<u>2,436,375</u>	<u>725,888</u>	<u>725,888</u>	<u>723,225</u>
Total Value	\$ 18,858,742	\$ 18,324,184	\$ 14,860,725	\$ 14,596,546	\$ 14,542,444
Less: Depreciation	<u>9,104,542</u>	<u>8,647,112</u>	<u>8,212,549</u>	<u>7,778,755</u>	<u>7,348,688</u>
Net System Value	9,754,200	9,677,072	6,648,176	6,817,791	7,193,756
<u>Sewer System</u>					
Land	\$ 408,221	\$ 408,221	\$ 408,221	\$ 408,221	\$ 408,221
Buildings	126,276	188,276	188,276	1,950	1,950
Other Improvements	26,663,011	26,549,528	25,056,005	24,514,551	24,489,195
Machinery and Equipment	1,284,946	1,284,946	1,297,691	1,248,326	1,248,326
Construction in Progress	<u>7,408,872</u>	<u>1,633,738</u>	<u>3,344,225</u>	<u>3,367,285</u>	<u>3,034,985</u>
Total Value	\$ 35,891,326	\$ 30,064,709	\$ 30,294,418	\$ 29,540,333	\$ 29,182,677
Less: Depreciation	<u>11,151,663</u>	<u>8,647,112</u>	<u>9,302,145</u>	<u>8,379,796</u>	<u>7,544,169</u>
Net System Value	24,739,663	21,417,597	20,992,273	21,160,537	21,638,508
Total Net System Value	<u>\$ 34,493,863</u>	<u>\$ 31,094,669</u>	<u>\$ 27,640,449</u>	<u>\$ 27,978,328</u>	<u>\$ 28,832,264</u>

Table 11 - City's Equity in System

	Fiscal Year Ended September 30,				
	2009	2008	2007	2006	2005
<u>Resources</u>					
Total Net System Value	\$ 34,493,863	\$ 31,094,669	\$ 27,640,449	\$ 27,978,328	\$ 28,832,264
Cash and Investments	-	-	123,743	236,561	393,265
Other Resources	<u>18,989,505</u>	<u>21,490,196</u>	<u>24,766,988</u>	<u>3,611,952</u>	<u>3,291,861</u>
Total Resources	\$ 53,483,368	\$ 52,584,865	\$ 52,531,180	\$ 31,826,841	\$ 32,517,390
<u>Obligations</u>					
Revenue Bonds Payable	\$ 3,460,000	\$ 3,775,000	\$ 4,075,000	\$ 1,059,667	\$ 4,962,515
GO / CO Debt	23,676,346	24,096,703	24,765,248	3,457,836	3,844,692
Other Obligations	<u>3,834,990</u>	<u>1,961,844</u>	<u>1,117,513</u>	<u>4,055,786</u>	<u>619,426</u>
Total Obligations	\$ 30,971,336	\$ 29,833,547	\$ 29,957,761	\$ 8,573,289	\$ 9,426,633
City's Equity in System	<u>22,512,032</u>	<u>22,751,318</u>	<u>22,573,419</u>	<u>23,253,552</u>	<u>23,090,757</u>
Percentage City's Equity in System	42.09%	43.27%	42.97%	73.06%	71.01%

Continuing Disclosure Requirements  
of  
SEC Rule 15 (c) 2-12

## Annual Report

### Continuing Disclosure Requirements of SEC Rule 15 (c) 2-12

This information is being provided by City of Weslaco, Texas (the “Issuer”) in compliance with its contractual undertaking (the “Undertaking”) to provide an annual report of financial and operating information, as required by Rule 15 (c) 2-12 (the “Rule”) of the Securities and Exchange Commission, regarding the following municipal debt issues:

Issuer CUSIP Number	Issue Description
950868	\$8,290,000 City of Weslaco, Texas Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 1999
950868	\$7,860,000 City of Weslaco, Texas General Obligation Refunding Bonds, Series 2002
950868	\$14,080,000 City of Weslaco, Texas Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2003
950868	\$28,175,000 City of Weslaco, Texas Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2007

The report is based on information compiled and provided by the Issuer. This information has been obtained from Issuer records, audited financial statements and other sources which are believed to be reliable. This information is provided in satisfaction of the Undertaking, containing information as prescribed by the Rule. The Issuer makes no warranty concerning the usefulness of such information to a decision to invest in, hold or sell bonds or other debt instruments of the Issuer. Information agreed to be provided by the Issuer may be reported in full text herein, or may be incorporated by reference to certain other publicly available documents. The Undertaking requires that the Issuer provide information annually, while the debt identified above is outstanding, and that such information will be provided by a date not more than six months following the close of the Issuer’s fiscal year. The required information includes financial statements of the Issuer, which may be provided separately. If it becomes available within the aforesaid period for providing information, the audited annual financial report of the Issuer will be provided, otherwise unaudited financial information will be provided within the prescribed time and audited financial information will be provided when and if it becomes available.

Approved for submission:

May 4, 2010

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Alex Acosta  
Interim Finance Director

**TABLE 1- VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT**

2008 Market Valuation Established by Hidalgo County Appraisal District (excluding totally exempt property)			\$ 1,344,781,879
Less Exemptions/Reductions at 100% Market Value:			
Residential Homestead Exemptions	\$ 20,300,149		
Disabled Veterans	2,507,710		
Other Exemptions	4,212,183		
Agricultural Use and Timberland Use Reductions	24,883,140	<u>51,903,182</u>	
2008 Taxable Assessed Valuation			\$ 1,292,878,697
General Obligation Debt Payable from Ad Valorem Taxes(1)			
General Obligation Debt	\$ 2,990,000		
Tax and Waterworks and Sewer System Revenue Certificates of Obligation	47,295,000		
General Obligation Debt Payable from Ad Valorem Taxes			\$ 50,285,000
Less: Self Supporting Debt (2)			
General Obligation Debt	\$ 1,076,400		
Tax and Water and Sewer System Surplus Revenue Certificates of Obligation	23,065,432	<u>24,141,832</u>	
Net General Obligation Debt Payable from Ad Valorem Taxes			\$ 26,143,168
General Obligation Interest and Sinking Fund as of 09-30-09			\$ 291,405
Ratio General Obligation Tax Debt to Taxable Assessed Valuation			2.02%

2009 Estimated Population - 33,354  
 Per Capita Taxable Assessed Valuation - \$38,762  
 Per Capita General Obligation Debt Payable from Ad Valorem Taxes - \$1,508  
 Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - \$784

- (1) The above statement of indebtedness does not include currently outstanding \$3,460,000 waterworks and sewer system revenue bonds, as these bonds are payable solely from the net revenues of the Waterworks and Sewer System (the "System"), as defined in the ordinances authorizing the bonds.
- (2) General obligation debt in the amounts shown for which repayment is provided from revenues of the respective revenue systems. The amount of self supporting debt is based on the percentages of revenue support as shown in Table 10. It is the City's current policy to provide these payments from respective system revenues; this policy is subject to change in the future.

**TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY**

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2009		2008		2007	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 611,739,534	45.49%	\$ 535,298,293	39.81%	\$ 453,223,684	33.70%
Real, Residential, Multi-Family	48,333,071	3.59%	31,459,106	2.34%	37,885,867	2.82%
Real, Vacant Lots/Tracts	96,334,706	7.16%	74,603,849	5.55%	68,572,303	5.10%
Real, Acreage (Land Only)	37,323,926	2.78%	27,249,673	2.03%	24,259,230	1.80%
Real, Farm and Ranch Improvements	3,462,777	0.26%	3,633,670	0.27%	3,163,913	0.24%
Real, Commercial	319,621,131	23.77%	261,797,492	19.47%	225,828,359	16.79%
Real, Industrial	18,013,221	1.34%	17,575,795	1.31%	18,273,400	1.36%
Real, Oil, Gas and Other Mineral Reserves	111,030	0.01%	58,110	0.00%	83,530	0.01%
Tangible Personal, Business	-	0.00%	-	0.00%	-	0.00%
Real and Tangible Personal, Utilities	20,355,940	1.51%	20,102,072	1.49%	22,622,457	1.68%
Tangible Personal, Commercial	125,094,371	9.30%	121,691,353	9.05%	125,016,518	9.30%
Tangible Personal, Industrial	3,623,813	0.27%	4,020,978	0.30%	3,527,121	0.26%
Tangible Personal, Mobile Homes	30,351,214	2.26%	33,028,978	2.46%	33,646,693	2.50%
Tangible Personal, Other	-	0.00%	-	0.00%	-	0.00%
Full Exemptions	119,399	0.01%	-	0.00%	-	0.00%
Real Property, Inventory	30,297,746	2.25%	23,428,927	2.03%	21,767,860	2.10%
Total Appraised Value before Exemptions	\$ 1,344,781,879	100.00%	\$ 1,153,948,296	86.10%	\$ 1,037,870,935	77.66%
Less: Total Exemptions/Reductions	51,903,182		40,788,274		37,409,614	
Taxable Assessed Value	\$ 1,292,878,697		\$ 1,113,160,022		\$ 1,000,461,321	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2006		2005	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 418,877,292	31.15%	\$ 390,307,406	29.02%
Real, Residential, Multi-Family	33,476,995	2.49%	28,794,007	2.14%
Real, Vacant Lots/Tracts	53,708,386	3.99%	49,155,217	3.66%
Real, Acreage (Land Only)	17,748,365	1.32%	20,596,301	1.53%
Real, Farm and Ranch Improvements	2,883,704	0.21%	2,845,889	0.21%
Real, Commercial	207,994,470	15.47%	196,116,746	14.58%
Real, Industrial	19,226,261	1.43%	18,667,746	1.39%
Real, Oil, Gas and Other Mineral Reserves	48,840	0.00%	60,110	0.00%
Tangible Personal, Business	-	0.00%	-	0.00%
Real and Tangible Personal, Utilities	23,607,708	1.76%	23,282,018	1.73%
Tangible Personal, Commercial	119,442,500	8.88%	125,045,581	9.30%
Tangible Personal, Industrial	3,589,801	0.27%	3,994,089	0.30%
Tangible Personal, Mobile Homes	34,532,540	2.57%	35,777,055	2.66%
Tangible Personal, Other	-	0.00%	-	0.00%
Full Exemptions	-	0.00%	-	0.00%
Real Property, Inventory	18,592,139	1.95%	15,126,009	1.66%
Total Appraised Value before Exemptions	\$ 953,729,001	71.49%	\$ 909,768,174	68.19%
Less: Total Exemptions/Reductions	29,927,235		33,336,151	
Taxable Assessed Value	\$ 923,801,766		\$ 876,432,023	

NOTE: Valuations shown are certified taxable assessed values reported by the Hidalgo County Appraisal District to the state Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

**TABLE 3 - VALUATIONS AND GENERAL OBLIGATION DEBT HISTORY**

Fiscal Year Ended 9-30	Estimated Population (1)	Taxable Assessed Valuation (2)	Taxable Assessed Valuation Per Capita	(Net) G.O. Tax Debt Outstanding at End of Year (3)	Ratio of (Net) G.O. Tax Debt to Taxable Assessed Valuation	(Net) G.O. Tax Debt Per Capita
2005	30,602	\$ 876,432,023	\$ 28,640	\$ 23,871,152	2.72%	\$ 780
2006	30,789	\$ 923,801,766	\$ 30,004	\$ 23,002,586	2.49%	\$ 747
2007	32,092	\$ 1,000,461,321	\$ 31,175	\$ 28,144,752	2.81%	\$ 877
2008	32,288	\$ 1,113,160,022	\$ 34,476	\$ 27,098,072	2.43%	\$ 839
2009	33,354	\$ 1,292,878,697	\$ 38,762	\$ 26,143,168	2.02%	\$ 784

- (1) Source: City of Weslaco, Texas.
- (2) As reported by the Hidalgo County Appraisal District on City's annual State Property Tax Board Reports; subject to change during the ensuing year.
- (3) Does not include self-supporting debt.

**TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY**

Fiscal Year Ended 9-30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collection
2005	0.6995	0.5091	0.1904	6,139,744	92.19%	98.99%
2006	0.6995	0.4963	0.2032	6,484,463	92.86%	100.26%
2007	0.6995	0.5065	0.1930	6,982,093	93.89%	99.93%
2008	0.6967	0.5153	0.1814	7,667,949	93.53%	98.58%
2009	0.6967	0.5210	0.1757	8,920,936	95.49%	102.76%

**TABLE 5 - TEN LARGEST TAXPAYERS**

Name of Taxpayer	Nature of Property	2008 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
H.E. Butt Grocery Company	Grocery Store	\$ 42,171,599	3.26%
Wal-Mart	Retail	18,600,854	1.44%
HEB Weslaco Transporation	Warehouse/Distribution	13,567,182	1.05%
Clearview Weslaco LLP	Development	10,864,607	0.84%
John Knox Villages	Retirement Housing	10,828,823	0.84%
Weslaco Palm Plaza LTD	Retail Property	8,705,924	0.67%
Verizon Southwest Inc.	Telephone Company	6,782,050	0.52%
AEP Texas Central Co	Electric Utility	6,600,420	0.51%
Foremost Paving, Inc.	Construction Company	6,518,765	0.50%
Sweetwater Gama Limited Partnership	Hotel Properties	6,129,079	0.47%
		<u>\$ 130,769,303</u>	<u>10.11%</u>

**TABLE 6 - TAX ADEQUACY**

2010 Principal and Interest Requirements.....	\$ 2,280,719
\$0.1838 Tax Rate at 96% Collection Produces.....	2,281,259
Maximum Principal and Interest Requirements, 2013.....	2,800,184
\$0.2257 Tax Rate at 96% Collection Produces.....	2,801,306

TABLE 8 - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding Debt (1)(2)			Less Self- Supporting Debt Service	Net General Purpose Debt Service Requirements	% of Principal Retired
	Principal	Interest	Total			
2010	1,810,000	2,299,547	4,109,547	1,828,828	2,280,719	
2011	2,095,000	2,226,744	4,321,744	1,964,530	2,357,214	
2012	2,280,000	2,140,807	4,420,807	1,694,145	2,726,662	
2013	2,450,000	2,044,435	4,494,435	1,694,251	2,800,184	17.17%
2014	2,550,000	1,940,603	4,490,603	1,709,514	2,781,089	
2015	2,600,000	1,831,012	4,431,012	1,860,404	2,570,608	
2016	2,720,000	1,715,549	4,435,549	1,863,167	2,572,382	
2017	2,840,000	1,593,191	4,433,191	1,864,686	2,568,505	38.47%
2018	2,985,000	1,456,926	4,441,926	1,864,407	2,577,519	
2019	3,605,000	1,293,741	4,898,741	2,324,949	2,573,792	
2020	3,240,000	1,126,518	4,366,518	2,324,663	2,041,855	
2021	3,395,000	967,513	4,362,513	2,327,348	2,035,165	
2022	3,565,000	796,625	4,361,625	2,323,625	2,038,000	71.86%
2023	3,745,000	613,875	4,358,875	2,323,125	2,035,750	
2024	2,405,000	460,125	2,865,125	2,323,000	542,125	
2025	2,535,000	336,625	2,871,625	2,327,875	543,750	
2026	2,665,000	206,625	2,871,625	2,327,500	544,125	
2027	2,800,000	70,000	2,870,000	2,326,750	543,250	100.00%
	<u>\$ 50,285,000</u>	<u>\$ 23,120,459</u>	<u>\$ 73,405,459</u>	<u>\$ 37,272,767</u>	<u>\$ 36,132,692</u>	

(1) "Outstanding Debt" does not include lease/purchase obligations

(2) Includes self-supporting debt.

**TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION**

Net Tax Supported Debt Service Requirements, Fiscal Year Ending 09-30-10		\$ 2,280,719
Interest and Sinking Fund, 09-30-09	291,405	
Interest and Sinking Fund Tax Levy @ 92% Collection	2,042,207	
Estimated Interest Income/Delinquent Taxes/Penalties	<u>248,510</u>	<u>2,582,122</u>
Estimated Balance, 9-30-10		<u>\$ 301,403</u>

**TABLE 10 - COMPUTATION OF SELF-SUPPORTING DEBT**

	<u>2009</u>	<u>2008</u>
Net System Revenue Available	\$ 2,761,295	\$ 2,568,537
Less: Requirements for Revenue Bonds	<u>472,635</u>	<u>469,785</u>
Balance Available for Other Purposes	\$ 2,288,660	\$ 2,098,752
Requirements for System Tax Bonds	\$ 1,671,661	\$ 1,631,554
Percentage of System General Obligation Bonds Self-Supporting	100.00%	100.00%

**TABLE 11 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS**

The City has no authorized but unissued general obligation debt.

**ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT. . .**

The City does not anticipate the issuance of additional debt within the next 12 months.

**TABLE 12 - OTHER OBLIGATIONS**

The City currently has no other tax supported debt obligations.

**TABLE 13 - GENERAL FUND REVENUES AND EXPENDITURE HISTORY**

<b>Revenues:</b>	<b>Fiscal Years Ended September 30,</b>				
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Taxes	\$ 15,623,980	\$ 14,375,274	\$ 12,318,874	\$ 11,396,512	\$ 10,490,518
Licenses and Permits	406,099	489,883	490,788	391,624	367,205
Intergovernmental	705,035	1,312,507	403,434	1,062,403	592,290
Charges for Services	3,752,129	3,464,456	2,857,551	2,701,643	2,424,354
Fines and Forfeitures	690,602	738,663	757,695	504,840	355,437
Interest	12,912	56,397	133,796	75,290	42,489
Miscellaneous	390,965	353,310	665,428	245,051	268,715
<b>Total Revenue</b>	<b>\$ 21,581,722</b>	<b>\$ 20,790,490</b>	<b>\$ 17,627,566</b>	<b>\$ 16,377,363</b>	<b>\$ 14,541,008</b>
<b>Expenditures:</b>					
General Government	3,481,440	3,608,717	3,276,336	2,937,547	2,556,380
Public Safety	12,486,212	13,034,947	10,752,116	9,528,930	9,056,062
Public Works	1,468,756	1,567,815	1,748,968	1,601,099	1,420,839
Health	123,307	136,025	126,393	114,363	100,650
Culture and Recreation	2,231,748	2,270,879	1,286,936	1,231,995	1,308,604
Economic Development	-	-	-	-	-
Miscellaneous	541,759	559,441	544,839	602,784	509,717
Capital Outlay	308,217	349,595	1,834,637	520,048	143,739
Debt Service	-	-	-	-	-
<b>Total Expenditures</b>	<b>20,641,439</b>	<b>21,527,419</b>	<b>19,570,225</b>	<b>16,536,766</b>	<b>15,095,991</b>
<b>Other Financing Sources (Uses)</b>					
Loan Proceeds	-	-	-	-	-
Other Financial Resources	-	158,930	-	-	-
Operating Transfers-In	525,775	-	1,036,037	1,015,555	313,175
Operating Transfers-Out	(287,000)	(218,000)	(250,000)	(217,000)	(204,000)
<b>Total Other Sources (Uses)</b>	<b>238,775</b>	<b>(59,070)</b>	<b>786,037</b>	<b>798,555</b>	<b>109,175</b>
<b>Excess (Deficiency) of</b>					
<b>Revenues Over</b>					
<b>Expenditures and</b>					
<b>Other Sources (Uses)</b>					
	1,179,058	(795,999)	(1,156,622)	639,152	(445,808)
Beginning Fund Balance	(217,488)	578,511	1,735,133	1,095,981	1,541,789
Prior Period Adjustment	-	-	-	-	-
<b>Ending Fund Balance</b>	<b>\$ 961,570</b>	<b>\$ (217,488)</b>	<b>\$ 578,511</b>	<b>\$ 1,735,133</b>	<b>\$ 1,095,981</b>

Note: The Other Financial Resources in 2008 represents the inclusion in the General Fund of the Library Fund.

**TABLE 14 - MUNICIPAL SALES TAX HISTORY**

<b>Fiscal Year Ended 9-30</b>	<b>Total Collected (1)</b>	<b>% of Ad Valorem Tax Levy</b>	<b>Equivalent of Ad Valorem Tax Rate</b>	<b>Per Capita (2)</b>
2005	5,200,346	84.70%	0.5934	169.93
2006	5,867,431	90.48%	0.6351	190.57
2007	6,449,560	92.37%	0.6447	200.97
2008	6,556,949	85.51%	0.5890	203.08
2009	6,881,590	77.14%	0.5323	206.32

(1) Includes the sales tax for reduction of property taxes; does not include the sales tax for economic development.

(2) Based on population estimates of the City of Weslaco.

**Table 15 - Current Investments**

As of September 30, 2009, the City's investable funds were invested in the following categories:

<u>Type of Investment</u>	<u>Texpool</u>	<u>Agencies</u>	<u>Repurchase Agreement</u>	<u>Total</u>
Bal 10/01/08	\$ 3,702,529	\$ -	\$ 21,568,514	\$ 25,271,043
Deposits	15,444,916	-	-	15,444,916
Withdrawals	16,049,782	-	2,926,338	18,976,121
Interest Earned	<u>30,301</u>	<u>-</u>	<u>932,786</u>	<u>963,087</u>
Bal 9/30/09	<u>\$ 3,127,963</u>	<u>\$ -</u>	<u>\$ 19,574,961</u>	<u>\$ 22,702,925</u>
% of Portfolio	13.78%	0.00%	86.22%	100.00%
Avg Annual Yield	0.81%	0.00%	4.54%	4.35%

**PART IV**  
**SINGLE AUDIT SECTION**

**SCHEDULE OF FEDERAL  
AND  
STATE FINANCIAL ASSISTANCE**

**CITY OF WESLACO, TEXAS  
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

<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><u>FEDERAL ASSISTANCE</u></b>			
<b><u>U.S. Department of Justice</u></b>			
Direct Program:			
Drug Enforcement Administration	16.710		\$ <u>16,329</u>
Total U.S. Department of Justice			
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Passed through Texas Department of Commerce:			
Revolving Fund Program	14.218		(1) <u>-</u>
<b><u>Federal Communications Commission</u></b>			
Passed through the Universal Service Administrative Company:			
* USAC Schools and Libraries E-Rate	2006-10-08	141687	* <u>561,559</u>
<b><u>U.S. Department of Homeland Security</u></b>			
Passed through the Texas Engineering Extension Service			
2007 SHSP/2007 LETPP	97.073/97.074	2007-GE-T7-0024	65,500
2008 SHSP	97.073	2008-GE-T8-0034	237,431
2009 SHSP	97.073	2009-SS-T9-0064	25,925
Safer Grant	97.044	EMW-2006-FF-03766	<u>1,035,000</u>
			* <u>1,363,856</u>
The Federal Bureau of Investigation			
Violent Crime Task Force		166E-SA-46020	<u>10,304</u>
			<u>10,304</u>

(1) Loans are made to businesses from payments received from previous loans to businesses and from interest income on the loans.

\* Denotes Major Programs

<u>Accrued (Deferred) Revenue at October 1, 2008</u>	<u>Grant Revenues Received</u>	<u>Matching &amp; Miscellaneous Revenues</u>	<u>Grant Expendi- tures/Adj.</u>	<u>Other Expendi- tures</u>	<u>Accrued (Deferred) Revenue at September 30, 2009</u>
<u>\$ -</u>	<u>\$ 16,329</u>	<u>\$ -</u>	<u>\$ 16,329</u>	<u>\$ -</u>	<u>\$ -</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>356,321</u>	<u>38,067</u>	<u>394,388</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>59,152</u>	<u>-</u>	<u>59,152</u>	<u>-</u>	<u>-</u>
<u>93,347</u>	<u>356,389</u>	<u>90,973</u>	<u>432,113</u>	<u>-</u>	<u>78,098</u>
<u>93,347</u>	<u>415,541</u>	<u>90,973</u>	<u>491,265</u>	<u>-</u>	<u>78,098</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

<u>Accrued (Deferred) Revenue at October 1, 2008</u>	<u>Grant Revenues Received</u>	<u>Matching &amp; Miscellaneous Revenues</u>	<u>Grant Expendi- tures/Adj.</u>	<u>Other Expendi- tures</u>	<u>Accrued (Deferred) Revenue at September 30, 2009</u>
<u>\$ -</u>	<u>\$ 16,329</u>	<u>\$ -</u>	<u>\$ 16,329</u>	<u>\$ -</u>	<u>\$ -</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>356,321</u>	<u>38,067</u>	<u>394,388</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>59,152</u>	<u>-</u>	<u>59,152</u>	<u>-</u>	<u>-</u>
<u>93,347</u>	<u>356,389</u>	<u>90,973</u>	<u>432,113</u>	<u>-</u>	<u>78,098</u>
<u>93,347</u>	<u>415,541</u>	<u>90,973</u>	<u>491,265</u>	<u>-</u>	<u>78,098</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**CITY OF WESLACO, TEXAS  
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

<u>Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Program or Award Amount</u>
<u>U.S. Department of Federal Aviation Administrative (FAA)</u>			
Passed Through Texas Department of Transportation-Aviation Division			
Airport Improvements	20.106	0821WESLA/8XXAV021	\$ 181,860
Ramp Grant		M821WESLA	50,000
Ramp Grant		M921WESLA	50,000
Total Federal Aviation Administration			<u>281,860</u>
<u>Federal Emergency Management Agency</u>			
Passed Through Texas Department of Public Safety Division			
Emergency Management Disaster Relief (Hurricane Dolly)	97.036	FEMA-1780	<u>681,793</u>
<u>Urban and Rural Economic Development (HBCU Set-Aside)</u>			
	93.570	N/A	<u>384,861</u>
Total Federal Assistance			<u>\$ 3,300,562</u>
<u>STATE ASSISTANCE</u>			
<u>Texas Commission on 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			
2007 Justice Assistance Grant		2007-DJ-BX-1204	<u>14,571</u>
Total Justice Division			<u>14,571</u>
<u>Texas Department of Public Safety</u>			
Division of Emergency Management			
Border Star V (2008)		LBSP-08-050	119,102
Border Star V (2009)		LBSP-08-050	80,000
Total Texas Department of Public Safety			<u>199,102</u>

<u>Accrued (Deferred) Revenue at October 1, 2008</u>	<u>Grant Revenues Received</u>	<u>Matching &amp; Miscellaneous Revenues</u>	<u>Grant Expendi- tures</u>	<u>Other Expendi- tures</u>	<u>Accrued (Deferred) Revenue at September 30, 2009</u>
\$ -	\$ 99,586	\$ -	\$ 99,586	\$ -	\$ -
	4,386	4,386	8,772		-
	5,875	5,875	11,750		-
<u>-</u>	<u>109,847</u>	<u>10,261</u>	<u>120,108</u>	<u>-</u>	<u>-</u>
<u>475,491</u>	<u>418,750</u>				<u>56,741</u>
					<u>-</u>
<u>\$ 568,838</u>	<u>\$ 1,316,788</u>	<u>\$ 139,301</u>	<u>\$ 1,022,090</u>	<u>\$ -</u>	<u>\$ 134,839</u>
	<u>7,275</u>	<u>-</u>	<u>7,275</u>	<u>-</u>	<u>-</u>
	<u>14,571</u>		<u>14,571</u>		<u>-</u>
<u>-</u>	<u>14,571</u>	<u>-</u>	<u>14,571</u>	<u>-</u>	<u>-</u>
<u>(7,252)</u>					<u>(7,252)</u>
	<u>64,000</u>	<u>15,693</u>	<u>79,693</u>		<u>-</u>
<u>(7,252)</u>	<u>64,000</u>	<u>15,693</u>	<u>79,693</u>	<u>-</u>	<u>(7,252)</u>

**CITY OF WESLACO, TEXAS  
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

<u>Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Program or Award Amount</u>
<u>Texas State Comptroller</u> LEOSE (Travel & Training)			<u>\$ 5,830</u>
<u>Texas Department of Information Resources</u> Texas State Library & Archives Commission		442-09515	<u>11,938</u> <u>11,938</u>
<u>Texas Parks and Wildlife</u> City Park Trail		RT-0638	<u>41,000</u>
Total State Assistance			<u>399,041</u>
Total Federal and State Assistance			<u><u>\$ 3,699,603</u></u>

<u>Accrued (Deferred) Revenue at October 1, 2008</u>	<u>Grant Revenues Received</u>	<u>Matching &amp; Miscellaneous Revenues</u>	<u>Grant Expendi- tures</u>	<u>Other Expendi- tures</u>	<u>Accrued (Deferred) Revenue at September 30, 2009</u>
<u>\$ -</u>	<u>\$ 5,830</u>	<u>\$ 220</u>	<u>\$ 6,050</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>11,938</u>		<u>11,938</u>		<u>-</u>
<u>-</u>	<u>11,938</u>	<u>-</u>	<u>11,938</u>	<u>-</u>	<u>-</u>
	<u>41,000</u>	<u>11,190</u>	<u>52,190</u>	<u>-</u>	<u>-</u>
<u>(7,252)</u>	<u>144,614</u>	<u>27,103</u>	<u>171,717</u>	<u>-</u>	<u>(7,252)</u>
<u>\$ 561,586</u>	<u>\$ 1,461,402</u>	<u>\$ 166,404</u>	<u>\$ 1,193,807</u>	<u>\$ -</u>	<u>\$ 127,587</u>

**NOTES TO SCHEDULE OF FEDERAL AND STATE  
FINANCIAL ASSISTANCE**

**CITY OF WESLACO**  
**NOTES TO SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED SEPTEMBER 30, 2009**

1 General

The accompanying Schedule of Federal Financial Assistance Programs presents the activity of all the Federal Financial Assistance Programs of the City of Weslaco, Texas. The City reporting entity is defined in Note A (1) to the City's general purpose financial statements.

2 Basis of Accounting

The accompanying Schedule of Federal Financial Assistance Programs is presented using the modified accrual basis of accounting, which is described in Note A (4) to the City's general purpose financial statements.

**RECONCILIATION TO FINANCIAL STATEMENTS**

<u>GRANT/PROGRAM TITLE</u>	<u>CFDA</u>	<u>GRANTOR NUMBER</u>	<u>CITY MATCH</u>	<u>REVENUE AMOUNT</u>
<u>Federal Assistance</u>				
Drug Enforcement Administration	16.710		\$ -	\$ 16,329
USAC Schools and Libraries E-Rate	2006-10-8	141687	\$ 38,067	\$ 394,388
Homeland Security Grant				
2007 SHSP/2007 LETPP	97.003/4	2007-GE-T7-0024	\$ -	\$ 59,152
Safer Grant	97.044	EMW-2006-FF-03766	90,973	432,113
			<u>90,973</u>	<u>491,265</u>
<u>State Assistance</u>				
Texas Commission on Environmental Quality		582-6-80481	\$ -	\$ 7,275
2007 Justice Assistance		2007-DJ-BX-1204	\$ -	\$ 14,571
Border Star V (2009)		LBSP-08-050	\$ 15,693	\$ 79,693
LEOSE (Travel & Training)			\$ 220	\$ 6,050
Texas State Library & Archive Comm		442-09515	\$ -	11,938
Texas Parks & Wildlife		RT-0638	\$ 11,190	\$ 52,190
TOTAL			<u>\$ 156,143</u>	<u>\$ 1,073,699</u>
TOTAL GRANT REVENUE (GRANT REVENUE LESS CITY MATCH)				<u>\$ 917,556</u>

**CITY OF WESLACO**  
**NOTES TO SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED SEPTEMBER 30, 2009**

GRANT/PROGRAM TITLE	CFDA	GRANTOR NUMBER	CITY MATCH	REVENUE AMOUNT
GENERAL FUND REVENUE	(PAGE 77)			
STATE GRANTS			\$ 772,943	
FEDERAL GRANTS			206,184	
SUBTOTAL			979,127	
LESS: OTHER REIMBURSABLE GRANTS			(61,571)	
TOTAL			\$ 917,556	\$ 917,556
OTHER REIMBURSABLE GRANTS:				
TEXAS FOREST SERVICE			\$ 5,404	
CITY OF MCALLEN			4,856	
LRGV REGIONAL COUNCIL			6,136	
COUNTY OF HIDALGO			30,175	
WESLACO EDC GRANT			15,000	
TOTAL OTHER REIMBURSABLE GRANTS			61,571	\$ 61,571
<u>Federal Assistance</u>				
U.S. Department of Federal Aviation				
AIRPORT IMPROVEMENTS		0821WESLA	\$ -	\$ 99,586
RAMP GRANT		M821WESLA	4,386	8,772
RAMP GRANT		M921WESLA	5,875	11,750
TOTAL			\$ 10,261	\$ 120,108
TOTAL GRANT REVENUE (GRANT REVENUE LESS CITY MATCH)				\$ 109,847
Airport Fund Revenue (Page 133)				
OPERATING GRANTS			\$ 20,267	
CAPITAL GRANTS			99,586	
SUBTOTAL			119,853	
LESS: OTHER REIMBURSABLE GRANTS			(10,006)	
TOTAL			\$ 109,847	\$ 109,847

**CITY OF WESLACO, TEXAS**  
**NOTES TO SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE**  
**SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL**  
**SEPTEMBER 30, 2009**

FEDERAL ASSISTANCE

	U.S. Department of Justice Drug Enforcement Administration			Federal Communication Commission USAC Schools and Libraries E-Rate		
	Budget	Prior Years	Current Year	Budget	Prior Years	Current Year
Revenue						
Federal	\$ 16,329	\$ -	\$ 16,329	\$ 561,559	\$ -	\$ 356,321
State						
City *						38,067
Total revenue	16,329	-	16,329	561,559	-	394,388
Expenditures **						
<b>General Fund</b>						
Public Safety						
Police Department						
Personal Services	16,329		16,329			
Other Services & Charges						
Supplies						
Public Works						
Engineering						
Personal Services						
Library Fund						
Other Services & Charges				561,559		394,388
<b>General Fund</b>						
Capital Outlay						
<b>Capital Projects Fund</b>						
Capital Outlay						
<b>Airport Fund</b>						
Other Services and Charges						
Capital Assets						
Total expenditures	16,329	-	16,329	561,559	-	394,388
Accrued (Deferred) Revenue at September 30, 2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

\* Matching Revenue

\*\* Categorized per Contract

FEDERAL ASSISTANCE

	U.S. Department of Homeland Security 2007 SHSP/2007 LETPP			U.S. Department of Homeland Security 2008 SHSP		
	Budget	Prior Years	Current Year	Budget	Prior Years	Current Year
Revenue						
Federal	\$ 65,500	\$ -	\$ 59,152	\$ 237,431	\$ -	\$ -
State						
City *						
Total revenue	65,500	-	59,152	237,431	-	-
Expenditures **						
<b>General Fund</b>						
Public Safety						
Police Department						
Personal Services						
Other Services & Charges						
Supplies						
Public Works						
Engineering						
Personal Services						
Library Fund						
Other Services & Charges						
<b>General Fund</b>						
Capital Outlay	65,500		59,152	237,431		
<b>Capital Projects Fund</b>						
Capital Outlay						
<b>Airport Fund</b>						
Other Services and Charges						
Capital Assets						
Total expenditures	65,500	-	59,152	237,431	-	-
Accrued (Deferred) Revenue at September 30, 2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

\* Matching Revenue

\*\* Categorized per Contract

FEDERAL ASSISTANCE

	U.S. Department of Homeland Security 2009 SHSP			U.S. Department of Homeland Security Safer Grant		
	Budget	Prior Years	Current Year	Budget	Prior Years	Current Year
Revenue						
Federal	\$ 25,925	\$ -	\$ -	\$ 1,035,000	\$ 274,915	\$ 263,042
State						
City *				1,474,656	37,146	90,973
Total revenue	25,925	-	-	2,509,656	312,061	354,015
Expenditures **						
<b>General Fund</b>						
Public Safety						
Police Department						
Personal Services				2,509,656	312,061	432,113
Other Services & Charges						
Supplies						
Public Works						
Engineering						
Personal Services						
Library Fund						
Other Services & Charges						
<b>General Fund</b>						
Capital Outlay	25,925					
<b>Capital Projects Fund</b>						
Capital Outlay						
<b>Airport Fund</b>						
Other Services and Charges						
Capital Assets						
Total expenditures	25,925	-	-	2,509,656	312,061	432,113
Accrued (Deferred) Revenue at September 30, 2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 78,098

\* Matching Revenue

\*\* Categorized per Contract

FEDERAL ASSISTANCE

	The Federal Bureau of Investigation Violent Crime Task Force			U.S. Department of Federal Aviation Administrative (FFA) Airport Improvements		
	Budget	Prior Years	Current Year	Budget	Prior Years	Current Year
Revenue						
Federal	\$ 10,304	\$ -	\$ -	\$ 181,860	\$ 82,273	\$ 99,586
State						
City *				32,861	32,861	
Total revenue	10,304	-	-	214,721	115,134	99,586
Expenditures **						
<b>General Fund</b>						
Public Safety						
Police Department						
Personal Services	10,304					
Other Services & Charges						
Supplies						
Public Works						
Engineering						
Personal Services						
Library Fund						
Other Services & Charges						
<b>General Fund</b>						
Capital Outlay						
<b>Capital Projects Fund</b>						
Capital Outlay						
<b>Airport Fund</b>						
Other Services and Charges						
Capital Assets		-	-	214,721	115,134	99,586
Total expenditures	10,304	-	-	214,721	115,134	99,586
Accrued (Deferred) Revenue at September 30, 2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

\* Matching Revenue

\*\* Categorized per Contract

FEDERAL ASSISTANCE

	U.S. Department of Federal Aviation Administrative (FAA) RAMP Grant M821WESLA			U.S. Department of Federal Aviation Administrative (FAA) RAMP Grant M921WESLA		
	Budget	Prior Years	Current Year	Budget	Prior Years	Current Year
Revenue						
Federal	\$ 50,000	\$ -	\$ 4,386	\$ 50,000	\$ -	\$ 5,875
State						
City *	<u>50,000</u>	<u>          </u>	<u>4,386</u>	<u>50,000</u>	<u>          </u>	<u>5,875</u>
Total revenue	100,000	-	8,772	100,000	-	11,750
Expenditures **						
<b>General Fund</b>						
Public Safety						
Police Department						
Personal Services						
Other Services & Charges						
Supplies						
Public Works						
Engineering						
Personal Services						
Library Fund						
Other Services & Charges						
<b>General Fund</b>						
Capital Outlay						
<b>Capital Projects Fund</b>						
Capital Outlay						
<b>Airport Fund</b>						
Other Services and Charges	100,000		8,772	100,000		11,750
Capital Assets	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	100,000	-	8,772	100,000	-	11,750
Accrued (Deferred) Revenue at September 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\* Matching Revenue

\*\* Categorized per Contract

TOTAL FEDERAL ASSISTANCE

	<u>Total Budget</u>	<u>Total Prior Years</u>	<u>Total Current Years</u>
Revenue			
Federal	\$ 2,233,908	\$ 357,188	\$ 804,691
State			
City *	<u>1,607,517</u>	<u>70,007</u>	<u>139,301</u>
Total revenue	3,841,425	427,195	943,992
Expenditures **			
<b><u>General Fund</u></b>			
Public Safety			
Police Department			
Personal Services	2,536,289	312,061	448,442
Other Services & Charges	-	-	-
Supplies	-	-	-
Public Works			
Engineering	-	-	-
Personal Services	-	-	-
Library Fund			
Other Services & Charges	561,559	-	394,388
<b><u>General Fund</u></b>			
Capital Outlay	328,856	-	59,152
<b><u>Capital Projects Fund</u></b>			
Capital Outlay	-	-	-
<b><u>Airport Fund</u></b>			
Other Services and Charges	200,000	-	20,522
Capital Assets	<u>214,721</u>	<u>115,134</u>	<u>99,586</u>
Total expenditures	3,841,425	427,195	1,022,090
Accrued (Deferred) Revenue at September 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,098</u>

\* Matching Revenue

\*\* Categorized per Contract

STATE ASSISTANCE

	Texas Department of Environmental Quality Compost Utilization Project			Office of the Governor Local Law Enforcement Block Grant 2007 Justice Assistance Grant		
	Budget	Prior Years	Current Year	Budget	Prior Years	Current Year
Revenue						
Federal	\$ 126,600	\$ 51,600	\$ 7,275	\$ 14,571	\$ -	\$ 14,571
State						
City *						
Total revenue	126,600	51,600	7,275	14,571	-	14,571
Expenditures **						
<b>General Fund</b>						
Public Safety						
Police Department						
Personal Services				14,571		14,571
Other Services & Charges						
Supplies						
Public Works						
Engineering						
Personal Services	126,600	51,600	7,275			
Library Fund						
Other Services & Charges						
<b>General Fund</b>						
Capital Outlay						
<b>Capital Projects Fund</b>						
Capital Outlay						
<b>Airport Fund</b>						
Other Services and Charges						
Capital Assets	-	-	-	-	-	-
Total expenditures	126,600	51,600	7,275	14,571	-	14,571
Accrued (Deferred) Revenue at September 30, 2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

\* Matching Revenue

\*\* Categorized per Contract

STATE ASSISTANCE

	Texas Department of Public Safety Border Star V (2008)			Texas Department of Public Safety Border Star V (2009)		
	Budget	Prior Years	Current Year	Budget	Prior Years	Current Year
Revenue						
Federal	\$ 119,102	\$ 95,282	\$ -	\$ 80,000	\$ -	\$ 64,000
State						
City *						15,693
Total revenue	119,102	95,282	-	80,000	-	79,693
Expenditures **						
<b>General Fund</b>						
Public Safety						
Police Department						
Personal Services	114,012	83,013		76,600		75,189
Other Services & Charges	5,090	5,017		3,400		4,504
Supplies						
Public Works						
Engineering						
Personal Services						
Library Fund						
Other Services & Charges						
<b>General Fund</b>						
Capital Outlay						
<b>Capital Projects Fund</b>						
Capital Outlay						
<b>Airport Fund</b>						
Other Services and Charges						
Capital Assets	-	-	-	-	-	-
Total expenditures	119,102	88,030	-	80,000	-	79,693
Accrued (Deferred) Revenue at September 30, 2009	\$ -	\$ (7,252)	\$ -	\$ -	\$ -	\$ -

\* Matching Revenue

\*\* Categorized per Contract

STATE ASSISTANCE

	Texas State Comptroller LEOSE			Texas Department of Information Resources Texas State Library & Archives Commission		
	Budget	Prior Years	Current Year	Budget	Prior Years	Current Year
Revenue						
Federal	\$ 5,830	\$ -	\$ 5,830	\$ 11,938	\$ -	\$ 11,938
State						
City *			220			
Total revenue	5,830	-	6,050	11,938	-	11,938
Expenditures **						
<b>General Fund</b>						
Public Safety						
Police Department						
Personal Services	5,830		6,050			
Other Services & Charges						
Supplies						
Public Works						
Engineering						
Personal Services						
Library Fund						
Other Services & Charges				11,938		11,938
<b>General Fund</b>						
Capital Outlay						
<b>Capital Projects Fund</b>						
Capital Outlay						
<b>Airport Fund</b>						
Other Services and Charges						
Capital Assets	-	-	-	-	-	-
Total expenditures	5,830	-	6,050	11,938	-	11,938
Accrued (Deferred) Revenue at September 30, 2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

\* Matching Revenue

\*\* Categorized per Contract

STATE ASSISTANCE

	<u>Texas Parks and Wildlife City Park Trail</u>			<u>TOTAL STATE ASSISTANCE</u>		
	<u>Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total Budget</u>	<u>Total Prior Years</u>	<u>Total Current Years</u>
Revenue						
Federal	\$ 41,000	\$ -	\$ 41,000	\$ 399,041	\$ 146,882	\$ 144,614
State						
City *	<u>11,190</u>		<u>11,190</u>	<u>11,190</u>	<u>-</u>	<u>27,103</u>
Total revenue	52,190	-	52,190	410,231	146,882	171,717
Expenditures **						
<b><u>General Fund</u></b>						
Public Safety						
Police Department						
Personal Services				211,013	-	95,810
Other Services & Charges				8,490	-	4,504
Supplies				-	-	-
Public Works						
Engineering				-	-	-
Personal Services				126,600	51,600	7,275
Library Fund						
Other Services & Charges				11,938	-	11,938
<b><u>General Fund</u></b>						
Capital Outlay				-	-	-
<b><u>Capital Projects Fund</u></b>						
Capital Outlay	52,190		52,190	52,190	-	52,190
<b><u>Airport Fund</u></b>						
Other Services and Charges				-	-	-
Capital Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	52,190	-	52,190	410,231	139,630	171,717
Accrued (Deferred) Revenue at September 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,252)</u>	<u>\$ -</u>

\* Matching Revenue

\*\* Categorized per Contract

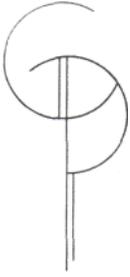
TOTAL FEDERAL  
AND STATE ASSISTANCE

	Total Budget	Total Prior Years	Total Current Years
Revenue			
Federal	\$ 2,632,949	\$ 504,070	\$ 949,305
State			
City *	<u>1,618,707</u>	<u>70,007</u>	<u>166,404</u>
Total revenue	4,251,656	574,077	1,115,709
Expenditures **			
<b><u>General Fund</u></b>			
Public Safety			
Police Department			
Personal Services	2,747,302	312,061	544,252
Other Services & Charges	8,490	-	4,504
Supplies	-	-	-
Public Works			
Engineering	-	-	-
Personal Services	126,600	51,600	7,275
Library Fund			
Other Services & Charges	573,497	-	406,326
<b><u>General Fund</u></b>			
Capital Outlay	328,856	-	59,152
<b><u>Capital Projects Fund</u></b>			
Capital Outlay	52,190	-	52,190
<b><u>Airport Fund</u></b>			
Other Services and Charges			20,522
Capital Assets	<u>214,721</u>	<u>115,134</u>	<u>99,586</u>
Total expenditures	4,251,656	566,825	1,193,807
Accrued (Deferred) Revenue at September 30, 2009	<u>\$ -</u>	<u>\$ (7,252)</u>	<u>\$ 78,098</u>

\* Matching Revenue

\*\* Categorized per Contract

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENTAL AUDITING STANDARDS**



# GARCIA & PENA

Certified Public Accountants

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Manuel B. Garcia, CPA  
Jaime X. Pena, CPA

Honorable Mayor and  
Members of the City Commission  
City of Weslaco  
Weslaco, Texas 78596

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Weslaco, Texas as of and for the year ended September 30, 2009, which collectively comprise the City of Weslaco, Texas basic financial statements and have issued our report thereon dated May 4, 2010. 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.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Weslaco, Texas' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Weslaco, Texas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Weslaco, Texas' internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Weslaco, Texas' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Weslaco, Texas' financial statements that is more than inconsequential will not be prevented or detected by the City of Weslaco, Texas' internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting as items 09-1 and 09-2.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be detected by the City of Weslaco, Texas' internal control.

Honorable Mayor and  
Members of the City Commission  
City of Weslaco, Texas  
Page 2

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, we believe that both of the significant deficiencies described above is a material weakness; 09-1 and 09-2.

Compliance and Other Matters

As part of obtaining reasonable assurance whether the City of Weslaco, Texas' 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 did not disclose instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

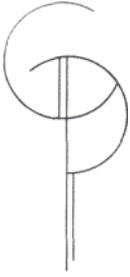
The City of Weslaco, Texas' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Weslaco, Texas' response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of audit committee, management and federal and state awarding agencies and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

Garcia & Pena, CPAs  
Certified Public Accountants

May 4, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**



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Weslaco, Texas 78596

## Compliance

We have audited the compliance of the City of Weslaco, Texas 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, 2009. The City of Weslaco, Texas' major federal programs are identified in the summary of auditors' result 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 the City of Weslaco, Texas' management. Our responsibility is to express an opinion on the City of Weslaco, Texas' 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 non-compliance 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 the City of Weslaco, Texas' compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Weslaco, Texas' compliance with those requirements.

In our opinion, the City of Weslaco, Texas 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, 2009.

## Internal Control Over Compliance

The management of the City of Weslaco, Texas is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Weslaco, Texas' internal control over compliance with 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 the City of Weslaco, Texas' internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the City's internal control that

might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A control deficiency in a City'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 City'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 City's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 09-1 and 09-2 to be significant deficiencies.

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 City's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider items 09-1 and 09-2 to be material weaknesses.

The City of Weslaco, Texas' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Weslaco, Texas' response and, accordingly, we express no opinion on it.

This report is intended solely for the information of the Mayor, City Commissioners, management, 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.

Garcia & Pena, CPAs  
Certified Public Accountants

May 4, 2010

**CITY OF WESLACO, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

SECTION 1- SUMMARY OF AUDITOR'S RESULTS

**Financial Statements**

Type of auditor's report issued: **Qualified**

Internal control over financial reports:

* Material weakness (es) identified:	<u>  X  </u>	Yes	<u>      </u>	No
*Reportable condition (s) identified that are not considered to be material weaknesses?	<u>      </u>	Yes	<u>  X  </u>	No
Noncompliance material to financial Statement notes?	<u>      </u>	Yes	<u>  X  </u>	No

**Federal Awards**

Internal control over major programs:

* Material weakness (es) identified:	<u>  X  </u>	Yes	<u>      </u>	No
*Reportable condition (s) identified that are not considered to be material weaknesses?	<u>      </u>	Yes	<u>  X  </u>	No

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?	<u>      </u>	Yes	<u>  X  </u>	No
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CFDA Number	Name of Federal Program or Cluster
2006-10-08	Federal Communications Commission USAC Schools and Libraries E-Rate
97.073 / 97.074 / 97.044	U.S. Department of Homeland Security
20.106	U.S. Department of Federal Aviation Administration (FAA)

Dollar threshold used to distinguish between Type A and Type B programs: \$500 000

Auditee qualified as low-risk auditee:	<u>      </u>	Yes	<u>  X  </u>	No
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**CITY OF WESLACO, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SEPTEMBER 30, 2009**

**Section II-Financial Statement Findings**

**PROGRAM**

**DESCRIPTION**

Findings for the fiscal year ended September 30, 2009:

**Reference Number 09-1**

**Internal Control Over Purchases**

Criteria: All assets, equipment, and service acquisitions are processed through the City's Purchasing Department, in accordance with the City's policies.

Condition Found: While conducting our audit, we observed that department heads are not following the proper protocol in purchasing assets, equipment, or services by overriding the Purchasing Department.

Context: The City did not properly enforce its own internal control policies.

Effect: By overriding the Purchasing Department, the City is not taking advantage of any efficiencies that the Purchasing Department can accomplish and the City is also violating its own local procedures, and may also violate state bidding procedures.

Cause: The City has not established formal policies and procedures in correcting situations where department heads become non-compliant.

Recommendation: We recommend the City restructure its operations to follow its own internal policies in accordance with its purchasing manual – for all departments. This would set a pattern in allowing all affected departments to perform their duties more efficiently, beginning with the City Manager. He will have one source of information for all purchases.

The Purchasing Department will seek the best pricing and costs and assure the City stays in compliance with State and Federal regulations. The Records Department will have access to the contracts generated and will allow it to properly document the contracts in accordance with State records retention requirements. The Accounting Department will have a clear trail of the transactions, with properly executed documents to process payments of invoices.

**CITY OF WESLACO, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SEPTEMBER 30, 2009**

**Section II-Financial Statement Findings (Continued)**

**PROGRAM**

**DESCRIPTION**

Findings for the fiscal year ended September 30, 2009:

**Reference Number 09-2**

**Control Over Financial Reporting**

Criteria:

The Auditing Standards Board recently issued guidance to auditors related to entity's internal control over financial reporting. Many small organizations rely on their auditor to generate the annual financial statements including footnotes. SAS No. 112 emphasizes that the auditor cannot be part of your system of internal control over financial reporting.

Condition Found:

In our judgment, the City's accounting personnel and those charged with governance, in the course of their assigned duties, lack the capable skills to prepare the financial statements and related footnotes in accordance with generally accepted accounting principles and detect and correct a material misstatement, if present.

Context:

The auditor prepared the financial statements.

Effect:

Material misstatements in financial statements could go undetected.

Recommendation:

In our judgment, due to the lack of resources available to management to correct this material weakness in financial reporting, we recommend management mitigate this weakness by having a heightened awareness of all transactions being reported.