

# **HIDALGO COUNTY DRAINAGE DISTRICT NO.1**

A Component Unit of County of Hidalgo, Texas



Comprehensive Annual Financial Report  
For the Fiscal Year Ended December 31, 2019

**Hidalgo County Drainage District No. 1**  
**A Component Unit of County of Hidalgo, Texas**

**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended**  
**December 31, 2019**



**Prepared By:**  
**Accounting Department**  
**Lora D. Briones**  
**Chief Financial Officer**  
**902 N. Doolittle**  
**Edinburg, Texas 78542**



**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**(A Component Unit of Hidalgo County, Texas)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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This report is also available online at <http://www.hcdd1.org>



# INTRODUCTORY SECTION





## HIDALGO COUNTY DRAINAGE DISTRICT No. 1

**RAUL E. SESIN, PE, CFM**

District General Manager

Hidalgo County Floodplain Administrator

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### BOARD OF DIRECTORS

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DAVID L. FUENTES  
Board Member

EDUARDO "EDDIE" CANTU  
Board Member

RICHARD F. CORTEZ  
Chairman of the Board

JOE M. FLORES  
Board Member

ELLIE TORRES  
Board Member

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July 27, 2020

The Honorable Richard Cortez, Chairman of the Board  
The Honorable David L. Fuentes, Board Member  
The Honorable Eduardo "Eddie" Cantu, Board Member  
The Honorable Joe M. Flores, Board Member  
The Honorable Ellie Torres, Board Member

Dear Board of Directors:

The Hidalgo County Drainage District No.1 (District) Comprehensive Annual Financial Report for the year ended December 31, 2019, is submitted herewith.

Hidalgo County Drainage District No. 1 was created on April 9, 1908 by Order of the Commissioners' Court of Hidalgo County, Texas, pursuant to an election held within the territory affected on March 24, 1908. Originally organized under provisions of Article III, Section 52 of the Constitution of Texas, the District was later converted to a Conservation and Reclamation District under the provisions of Article XVI, Section 59 of the Texas Constitution. Since its creation, the Board of Directors has been made up of the County Judge and four County Commissioners.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the District as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to obtain the maximum understanding of the District's financial affairs have been included.

In 2002, the District initiated the implementation of Governmental Accounting Standards Board Statement Number 34 (GASB 34), *Basic Financial Statements – And Management's Discussion and Analysis – For State and Local Governments*. GASB Statement 34, labeled by GASB as "the most significant change in the history of government financial reporting," amends the financial reporting model to include supplementary information about an entity and fiscal health including the status of public infrastructure. This report for 2019 was prepared in accordance with this statement and is presented in the following three sections:

- The Introductory Section, which includes this Transmittal Letter
- The Financial Section, which includes the Independent Auditors' Report, Management's Discussion and Analysis (MD&A), the basic statements, and combining statements and schedules.
- Supplementary information, as required by Texas Commission on Environmental Quality (TCEQ), and statistical information that is generally presented on a multi-year basis.

Burton, McCumber & Longoria, LLP, an independent certified public accounting firm, has audited the District's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the year ended December 31, 2019, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based on the independent audit performed by our external auditors, they concluded that there was a reasonable basis

for rendering an unmodified opinion that the District's financial statements for year ended December 31, 2019, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The Independent Auditors' Report is presented as the first component of the Financial Section of this report.

Generally accepted accounting principles require that management provide a narrative overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction therewith. The District's MD&A can be found immediately following the report of the independent auditors.

The five members of the Board of Directors for the District are the same members as the Hidalgo County Commissioners Court. One member is the county judge who is elected to a four-year term. The other four members are county commissioners, each elected from a road and bridge precinct to a four-year term.

Among its duties and responsibilities, the five-member board has exclusive authority over a wide range of areas in the operation of the District. These duties and responsibilities include the approval of the District's operating budget and budgetary amendments, setting ad valorem property tax rates, auditing, and directing settlement of all claims against the District. The board also determines when propositions to issue bonds will be submitted to the voters.

### **Internal Controls**

Management of the District is responsible for the establishment and maintenance of internal accounting controls that have been designed to ensure assets are safeguarded and financial transactions are properly recorded and adequately documented. Such internal controls require estimates and judgments from management that, in attaining reasonable assurance as to the adequacy of such controls, the cost does not exceed the benefit obtained.

### **Budget and Fiscal Policy**

As a sound financial management practice, members of the Board consistently emphasize and maintain fifty percent of the unassigned fund balance levels of the District's main operating fund – General fund, to meet obligations of payroll and operating costs, thus assisting in maintaining financial stability for retaining or enhancing the District's bond ratings. The District also strives to maintain significant amounts to fund the repairs of structures in the event of excessive rainfalls, hurricanes or disasters that may occur during the year.

### **Cash Management**

The District invests its funds in investments authorized by Texas laws in accordance with investment policies approved by the Board of Directors. Under Texas Law, the District is required to invest its funds to primarily emphasize safety of principal and liquidity. The actual interest income in 2019 totaled \$2,427,546 an increase of \$1,207,280 from the prior year total of \$1,220,266. Interest income has increased due to the sale of bonds in July in the amount of \$73,845,000.

### **Capital Assets**

These financial statements include the capital assets of the District. Accounting for capital assets is discussed in the MD&A that is part of the basic financial statements. More detailed information about the capital assets can be found in the notes to the financial statements.

### **Risk Management and Insurance**

The District provides for a risk manager, who is primarily responsible for identifying and assessing the District's exposure to all types of risk and recommending the safest and most cost effective methods to eliminate or reduce the identified risks. The District, through its risk management policies, assumes substantially all risks associated with general tort claims that parties may file against the District and liability claims against the District due to conditions of property or equipment. Additional information on the District's risk management activity can be found in the notes to the financial statements.

## **Economic Conditions and Outlook**

Hidalgo County, in which the District operates, is an attractive place in which to live and do business. With an estimated population of 868,707 people, Hidalgo County is the 7<sup>th</sup> most out of 254 Texas counties. Population since the 2010 Census has grown by 11.13% according to the U.S. Census Bureau. Also, the traditional agricultural and international based economy has increasingly diversified with education, health services, and government sector employment. Ecotourism has seen a recent growth in Hidalgo County attracting new travelers to this area for birding due to the prime location of the county along the transcontinental migratory flight paths. Also seeing a growth is the healthcare field, with the commitment of the University of Texas Rio Grande Valley's Medical School and Texas A&M campus in North McAllen. This will help in further diversifying in adding highly skilled employment to the trade centered economy in Hidalgo County.

According to the McAllen Economic Development Corp, the City of McAllen MSA (metropolitan statistical area) remains among the fastest growing regions in the nation due to low cost labor and proximity to Mexico. McAllen, which is the largest city in the County, has a current population of 143,268, according to the U.S. Census Bureau website. Edinburg has an estimated population of 101,170 and is considered the educational and technological capital of the Texas-Mexico border region. The unemployment rate as of December 2019 was 7% an increase of .4% over 2018.

Hidalgo County provides factors which are considered to be an excellent quality of life, high-tech medical facilities, comprehensive financial services community, a demonstrated logistics advantage necessary to reach existing and new markets, and bicultural/bilingual population. The median household income for this area in 2019 estimate, according to U.S. Census Bureau, averaged \$38,398.

## **Current Developments and Programs**

On November 6, 2018 Hidalgo County voters passed a \$190 Million bond referendum to improve the District's drainage system. 37 individual projects were identified to alleviate flooding issues throughout the District. The first tranche of funds were received in July 2019 and the design phase of the identified projects commenced. Among those projects are:

### Raymondville Main Drain Project

The Raymondville Drain Project currently exists as an authorized federal project with the US Army Corps of Engineers-Galveston District (USACE) as the Project for Flood Control, Lower Rio Grande Basin, Texas under Title IV, Section 401 of WRDA 1986, as amended by the Water Resources Development Act (WRDA) 2007. Major flooding problems exist in the areas drained by the Raymondville Drain because of significant urban growth that has occurred in recent years. The project will implement flood control improvements along an approximate 60-mile long channel alignment, including 12 miles of new ditch, major detention ponds, in-line detention, retention, hydraulic control structures, bridges, culverts and utility crossings. The District is the lead sponsor for the project working in partnership with the US Army Corps of Engineers. The District has a current agreement with the USACE, invoking provisions of general WRDS Section 211, whereby the District has taken over the USACE's portion of the project, anticipating reimbursement at the time of construction for the federal cost share of the project. Concurrently, the District is also pursuing congressional designation for the project to be a demonstration project under Section 211 (f), to ensure that reimbursement of the federal cost share could occur intermittently, as the planning documents-studies progress prior to construction. The project was recently ranked as the No. 1 project for the Lower Rio Grande Valley Regional Drainage Plan. It is anticipated that the project will get environmental clearance in 2021; portions of construction commenced in 2018.

### Delta Regional Reservoir

Once the project is complete, it will provide over 200 acres of off-line detention ponds in the North East quadrant of the district near the City of Mercedes, Texas. This will mitigate flooding up and downstream of the Main Floodwater Channel Drain.

### Mission/Palmview Lateral

This project will widen and enhance the linear detention and functionality of the District's Mission Lateral Ditch while also adding culvert crossing and detention facilities.

Mile 10 N & Mile 1 W, Mile 11 N & FM 1015, and Mile 11 N & Texas Boulevard Projects

These projects in the District's Precinct 1 area will add four new regional detention ponds and new storm drainage systems along several neighborhoods that were severely impacted with the 500-year rain events that occurred in the last two years.

South Lateral Drain and Las Milpas

These projects will add detention facilities at the upstream end connecting to the Main Floodway as well as widening the channel to improve drain flow. Also, the Las Milpas project will improve the culvert and widening of drain ditches leading up to the outfall points at the South Lateral Drain.

Status of projects can also be found in the District's website [www.hcdd1.org](http://www.hcdd1.org).

**Award and Acknowledgements**

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Hidalgo County Drainage District No. 1 for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2018. This was the second year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report would not have been possible without the professional services provided by our independent auditors, Burton McCumber & Longoria, LLP. I would like to express our appreciation to the District's accounting staff and the various departments of Hidalgo County who assisted and contributed to the preparation of this report. I wish to express my thanks to the Board of Directors for their unfailing support for maintaining the highest standards of professionalism in managing the District's financial affairs.

Sincerely,  
Hidalgo County Drainage District No. 1



Raul E. Sesin, PE, CFM  
General Manager



Lora Briones,  
District's Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Hidalgo County Drainage District #1**  
**Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

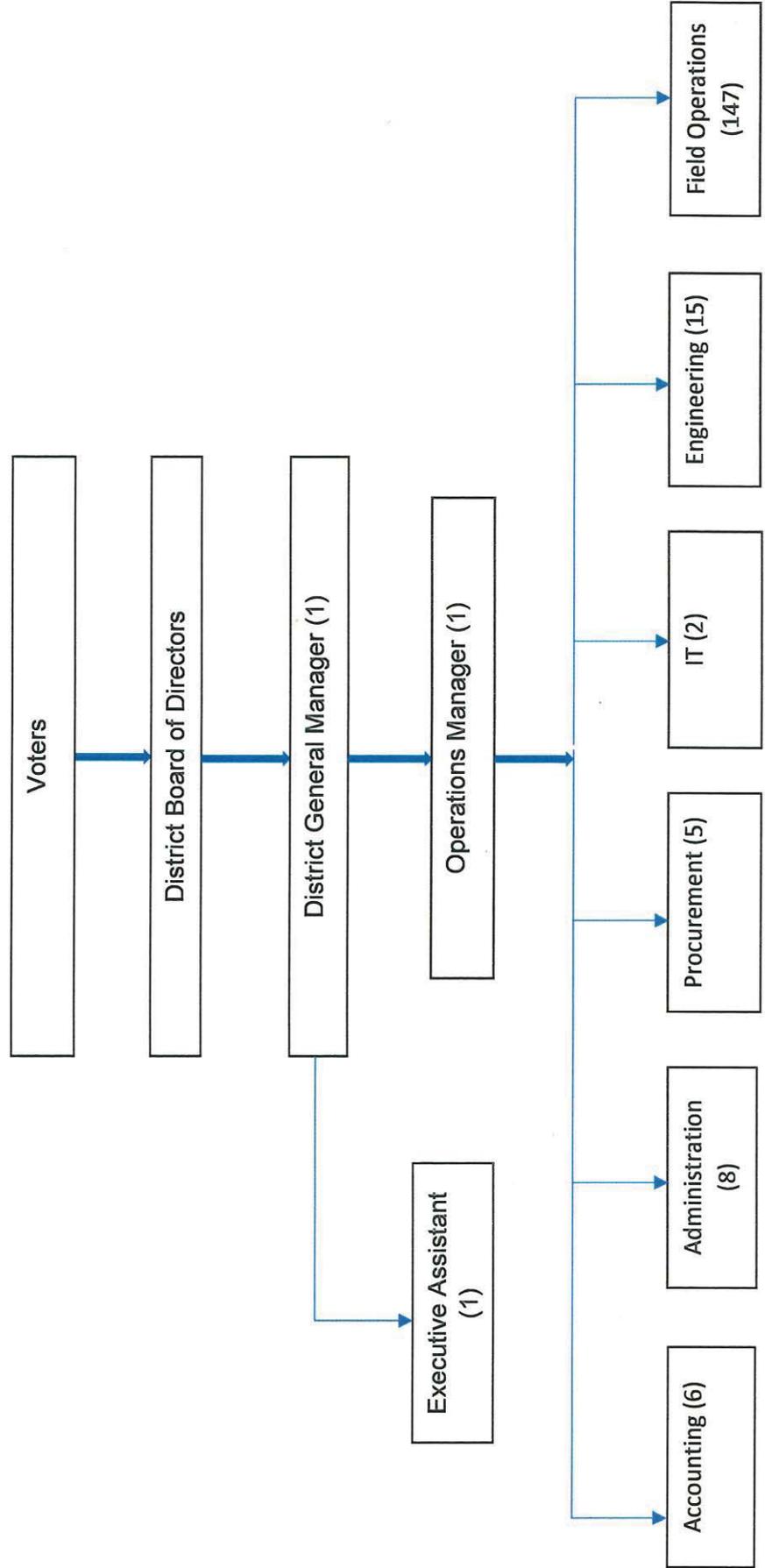
**December 31, 2018**

*Christopher P. Morill*

Executive Director/CEO



# Hidalgo County Drainage District No. 1 2019 Organizational Chart



**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**

**Governing Body**

**December 31, 2019**

County Judge Richard Cortez.....Chairman  
Commissioner David L. Fuentes.....Board Member  
Commissioner Eduardo Cantu.....Board Member  
Commissioner Jose M. Flores.....Board Member  
Commissioner Ellie Torres..... Board Member

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**Principal Officials**  
**December 31, 2019**

Richard Cortez.....	County Judge	Chairman
David L. Fuentes.....	Commissioner	Board Member
Eduardo Cantu.....	Commissioner	Board Member
Jose M. Flores.....	Commissioner	Board Member
Ellie Torres.....	Commissioner	Board Member
Raul E. Sasin, P.E., CFM.....	General Manager	General Manager
Maria Arcilia Duran, CPA.....	County Auditor	County Auditor
Pablo "Paul" Villarreal, Jr.....	Tax Assessor	Tax Assessor/Collector
Lita L. Leo .....	County Treasurer	Investment Officer

# **INDEPENDENT AUDITORS' REPORT**



*The Right Choice.*

**BML**

McAllen • Brownsville

Burton  
McCumber  
& Longoria, LLP  
*CPAs & Advisors*

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Hidalgo County Drainage District No. 1  
Edinburg, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hidalgo County Drainage District No. 1 (the District), a component unit of County of Hidalgo, Texas, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of December 31, 2019, and the respective changes in financial position and the respective budgetary comparison for the general fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, OPEB liability and pension information, on pages 18–24 and 67–70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and budgetary comparison schedules, Texas supplementary information (TSI) as required by Texas Commission for Environmental Quality (TCEQ), and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Buster McCall & Associates, LLP*

McAllen, Texas  
July 27, 2020



# **MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**Hidalgo County Drainage District No. 1  
(A Component Unit of Hidalgo County, Texas)  
Management's Discussion and Analysis  
December 31, 2019**

Management's Discussion and Analysis (MD&A) of Hidalgo County Drainage District No. 1 (the District), Edinburg, Texas is intended to provide an overview of the District's financial position and results of operations for the fiscal year ended December 31, 2019. Please read it in conjunction with the letter of transmittal on page 3 and the District's financial statements, which begin on page 26.

**FINANCIAL HIGHLIGHTS**

**General Fund**

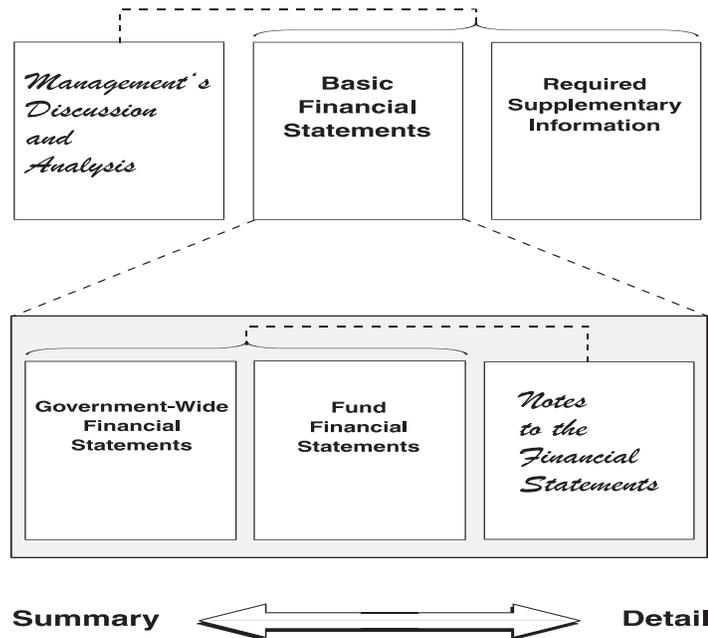
- At fiscal year-end, the unassigned fund balance in the general fund totaled \$19,449,540 which represents a \$2,871,829 increase from fiscal year 2018.
- General fund revenues increased by \$2,561,753 to \$20,557,629, an increase of 14.2 percent over fiscal year 2018. The 2019 tax levy increased to \$38,358,813 an increase 20.6 percent.
- General fund expenditures increased by \$904,119 to \$20,785,163, an increase of 4.5 percent over fiscal year 2018.

**Government-Wide**

- The District's governmental activities reported expenses of \$25,057,201 net of program revenues totaling \$2,171,758. General revenues and transfers totaled \$39,789,709 resulting in an increase in net position of \$16,904,266.
- At fiscal year-end, the District's governmental activities reported combined total net position of \$117,133,138. A significant portion of net position is invested in capital assets or is restricted for specific purposes.

## USING THIS ANNUAL REPORT

The following illustration is provided to facilitate the understanding of the GASB 34 reporting format and its components:



## OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements are comprised of 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.

- The Statement of Net Position and the Statement of Activities are government-wide financial statements that provide information about the activities of the District as a whole and present a long-term view of the District's finances.
- Fund financial statements provide information as to how services are financed in the short-term, as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds or "major" funds rather than fund types.
- The accompanying notes provide essential information about certain accounts disclosed on the face of the financial statements. Consequently, the notes form an integral part of the basic financial statements.

The following summarizes the major features of the District's financial statements:

	<b>Government-Wide</b>	<b>Governmental Funds</b>
Scope	Entire District government	The activities of the District
Required financial statements	◆ Statement of Net Position	◆ Balance Sheet
	◆ Statement of Activities	◆ Statement of Revenues, Expenditures and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

### **Government-Wide Financial Statements**

The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities that is helpful in determining whether the District's position has improved or deteriorated as a result of the current year activities. Both statements are prepared using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The Statement of Net Position includes all assets, liabilities, both short and long-term and deferred inflows of resources. The Statement of Activities reports all of the current year revenues and expenses regardless of when cash is received or paid.

The two government-wide statements report the District's net position and changes in them. Net position (the difference between assets, liabilities and deferred inflows of resources) are one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating. Other non-financial factors, however, such as changes in the District's property tax base and the condition of the District's drainage facilities, should also be considered in assessing the overall health of the District.

The Statement of Net Position and the Statement of Activities operate as governmental activities. The District's services consist primarily of drainage flood control and administration. Property taxes, bond proceeds, interest earnings, and miscellaneous revenue finance most of these activities.

## Fund Financial Statements

The fund financial statements provide a detailed short-term view of the District's operations, focusing on its most significant or "major" funds. Certain funds are required by state law and by bond covenants. Other funds are established to ensure and demonstrate compliance with finance related legal requirements and prudent fiscal management. The District has only governmental fund types.

- *Governmental funds* – all of the District's basic services are reported in governmental funds. The measurement focus and basis of accounting continues to be the modified accrual basis, which measures inflows and outflows of current financial resources and the balances left at year-end that are available for spending. The District's major governmental funds are the General Fund, 2013 Bond Series Capital Project Fund, 2019 Bond Series Capital Project Fund, 2013 Bond Series Debt Service Fund, 2016 Refunding Bonds Debt Service Fund, and the 2018 Refunding Bonds Debt Service Fund. The reconciliations of the fund financial statements to the government-wide statements explain the differences between the governmental fund statements and the government-wide statements.

### Statement of Net Position (Government-Wide)

The following comparative analysis table summarizes the District's net position as of December 31,:

<b>Assets:</b>		
	2019	2018
Current and other assets	\$ 176,271,783	\$ 94,295,489
Capital assets, net	175,853,559	161,138,356
Total assets	<u>352,125,342</u>	<u>255,433,845</u>
<b>Deferred Outflows of Resources:</b>		
Deferred charges on refunding	3,356,631	4,326,364
Deferred resources for pension	2,082,053	928,900
Deferred resources for OPEB	561,543	6,846
Total deferred outflows of resources	<u>6,000,227</u>	<u>5,262,110</u>
<b>Liabilities:</b>		
Long-term liabilities	208,564,250	131,608,924
Other liabilities	7,221,981	6,370,410
Total liabilities	<u>215,786,231</u>	<u>137,979,334</u>
<b>Deferred Inflows of Resources:</b>		
Deferred resources for pension	437,981	690,703
Deferred resources for OPEB	163,780	113,258
Unearned revenue for property taxes	24,604,440	21,683,788
Total deferred inflows of resources	<u>25,206,201</u>	<u>22,487,749</u>
<b>Net position:</b>		
Net investment in capital assets	122,823,880	113,921,907
Restricted	11,648,315	9,400,427
Unrestricted	(17,339,057)	(23,093,462)
Total net position	<u>\$ 117,133,138</u>	<u>\$ 100,228,872</u>

At the close of the current fiscal year, \$122,823,880 represents the portion the District has invested in capital assets (i.e., land, infrastructure, buildings, machinery and equipment), net of accumulated depreciation less any outstanding debt used to construct or acquire those assets. The District uses these capital assets to provide services to citizens; consequently, these are not available for future spending. At the end of the fiscal year, the District reported a positive balance of \$11,648,315 for the District's restricted net position that may be used to meet the ongoing obligations to citizens and creditors. The District's unrestricted net position increased to \$(17,339,057) in connection with the District's governmental activities related to the debt associated with Drainage Development Projects, Control Structures, and Weir Rehabilitation as well as capital outlays. The ownership and maintenance of the levees was transferred to IBWC.

### Statement of Activities (Government-Wide)

The following table summarizes the change in the District's net position from its activities for the fiscal years ended December 31,

	2019	2018
<b>Revenues:</b>		
Program revenues:		
Operating grants and contributions	\$ 2,090,667	\$ 4,673,566
Charges for services	81,091	60,693
Total program revenues	<u>2,171,758</u>	<u>4,734,259</u>
General revenues:		
Property taxes	35,225,673	32,353,117
Interest income	2,427,546	1,220,266
Tax penalties and interest	836,274	814,826
Miscellaneous	1,194,933	77,450
Gain/(Loss) on sale of capital assets	105,283	5,866
Total general revenues	<u>39,789,709</u>	<u>34,471,525</u>
Total revenues	<u>41,961,467</u>	<u>39,205,784</u>
<b>Expenses:</b>		
General government	(3,744,042)	(2,693,067)
Drainage flood control	(16,576,753)	(15,398,590)
Interest on long-term debt	(4,736,406)	(4,120,104)
Total expenses	<u>(25,057,201)</u>	<u>(22,211,761)</u>
Increase (decrease) in net position	16,904,266	16,994,023
Net Position - beginning as restated	<u>100,228,872</u>	<u>83,234,849</u>
Net Position - ending	<u>\$ 117,133,138</u>	<u>\$ 100,228,872</u>

The District's general revenues totaled \$39,789,709. Property taxes contributed \$35,225,673, or 88.5% of total general revenues. The remaining 11.5% of general revenues was derived from interest, tax penalties and other sources. The total expenses for services totaled \$25,057,201. Expenditures necessary for the maintenance and operations of drainage facilities accounted for 66.2% of expenses. General governmental activities and interest on long-term debt expenses accounted for 14.9% and 18.9% percent of the total expenses, respectively.

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. Financial information is presented separately in the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds for the District's major funds: General Fund, 2013 Bond Series Capital

Projects Fund, 2019 Bond Series Capital Projects Fund, 2013 Bonds Debt Service Fund, 2016 Refunding Bonds Debt Service Fund, and the 2018 Refunding Bonds Debt Service Fund. Financial information for the non-major governmental funds is presented in single columns by fund type.

## General Fund

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the fund balance of the General Fund totaled \$20,910,699 which represents a \$2,981,977 increase from fiscal year 2018. The increase in fund balance was attributed mainly to the Dewbre Petroleum Oil and Gas Royalties received in the amount of \$976,905 also an increase in the tax levy that resulted in over \$1.3 million in additional tax revenue.

Over the course of the year, the Board revised the District's budget. These budget amendments fall into three categories. The first category includes the appropriation of the prior year's remaining balance for new projects the Board took action on during 2019. The second category includes line item transfers within the department to cover underfunded line items. Finally, the Board approved budget amendments to certain line items (including: engineering, rentals, insurance, and other heavy equipment) to record expenditures that were necessary for maintenance and operations of the drainage systems.

The District experienced a negative variance for general government and drainage flood control budgets that netted a negative variance of \$2,487,823 between original and final budget. Most of the variance came from the purchase of 5 additional tractors, previous year carryovers, and personnel changes throughout the year.

Resources available totaled \$819,421 over the final budget amount of \$19,738,208. Property tax collections, miscellaneous revenues, which include royalties and reimbursement from governments, and interest accounted for all of the increase in estimated revenues. Charges for services were less than the estimated amounts.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2019, the District had \$175,853,559 invested in capital assets, including land and easements, infrastructure, construction in progress, buildings and renovations, and machinery and equipment. Land, easements and construction in progress are not depreciated. Additional information on the District's capital assets can be found in the notes to the financial statements.

	Capital assets at year-end (Net of depreciation)	
	2019	2018
Land and easements	\$ 28,863,993	\$ 28,210,823
Infrastructure	64,903,880	61,282,745
Construction in progress	69,082,708	61,633,341
Buildings and renovations	3,039,550	354,716
Machinery and equipment	9,963,428	9,656,731
Total	<u>\$ 175,853,559</u>	<u>\$ 161,138,356</u>

## Outstanding Debt

At year-end, the District's outstanding long-term liabilities for the 2013 Bond Debt Series, 2014 Refunding Bond Series, 2016 Refunding Bond Series, 2018 Bond Refunding Series, 2019 Bond Series, notes payable, and compensated absences totaled \$55,500,000, \$7,665,000, \$44,635,000, \$2,080,000, \$73,845,000, \$3,684,023, and \$374,245 respectively. Additional debt information can be found on Note G Long-Term Liabilities beginning on page 51.

	Outstanding Debt at Year-End	
	2019	2018
Bond Series 2013	55,500,000	56,640,000
Refunding Bond 2014	7,665,000	7,665,000
Refunding Bond 2016	44,635,000	49,405,000
Refunding Bond 2018	2,080,000	6,095,000
Bond Series 2019	73,845,000	-
Notes Payable	3,684,023	584,201
Compensated Absences	374,245	402,003
	<u>\$ 187,783,268</u>	<u>\$ 120,791,204</u>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2020 Levy experienced almost a 2.7 billion dollar increase in the appraised valuation from prior years, due in part to the growth of the economy. The District will continue maintenance and expansion of its facilities as well as new projects as Hidalgo County's population and infrastructure needs continue to grow.

The Board of Directors considered these factors when setting the budget requirements for fiscal year 2020. Budgeted expenditures for 2020 total \$21,077,227 that's \$1,098,390 over budgeted revenues of \$19,978,837 available for appropriation in the General Fund budget. The District passed a tax rate of .1051 per \$100 valuation for the 2020 budget year. The 2020 budget year includes additional employees. Other operational expenditures were evaluated and adjusted, including items that have been affected by economic trends and other items used for emergencies. Capital improvements are in the future plans of the District for the 2020 fiscal year.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives and can also be found at [www.hcdd1.org](http://www.hcdd1.org). Additional financial information can be requested at:

Hidalgo County Drainage District No. 1  
902 North Doolittle Road  
Edinburg, Texas 78542  
956-292-7080

# **BASIC FINANCIAL STATEMENTS**

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS**  
**DECEMBER 31, 2019**

**EXHIBIT A-1**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 140,637,344
Investments, including accrued interest	5,128,111
Receivables (net of allowance for uncollectibles)	
Property taxes	24,605,596
Other accounts	122,847
Due from other governments	5,763,649
Prepaid items	14,236
Capital assets, not being depreciated	
Land and easements	28,863,993
Construction in progress	69,082,708
Capital assets (net of accumulated depreciation)	
Infrastructure	64,903,880
Buildings and renovations	3,039,550
Machinery and equipment	9,963,428
<b>Total assets</b>	<b>352,125,342</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charges on refunding	3,356,631
Deferred resources for pension	2,082,053
Deferred resources for OPEB	561,543
<b>Total deferred outflows of resources</b>	<b>6,000,227</b>
<b>LIABILITIES</b>	
Accounts payable	2,111,910
Salaries and benefits payable	768,754
Retainage payable	180,989
Due to other governments	906,342
Unearned revenue	232,094
Accrued interest	2,900,063
Other liabilities	121,828
Long-term liabilities:	
Due within one year	
Note payable 2016	364,023
Note payable 2019	1,660,000
Bond Series 2013	3,751,083
Bond Series 2014	88,108
Bond Series 2016	6,158,872
Bond Series 2018	2,080,000
Bond Series 2019	2,153,758
Compensated absences	31,627
Due in more than one year	
Note payable 2016	-
Note payable 2019	1,660,000
Bond Series 2013	53,122,534
Bond Series 2014	8,122,920
Bond Series 2016	43,459,933
Bond Series 2018	-
Bond Series 2019	81,392,886
Compensated absences	342,618
Net pension	2,278,777
Other post employment benefits	1,897,111
<b>Total liabilities</b>	<b>215,786,230</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred resources for pension	437,981
Deferred resources for OPEB	163,780
Unearned revenues-property taxes	24,604,440
<b>Total deferred inflows of resources</b>	<b>25,206,201</b>
<b>NET POSITION</b>	
Net investment in capital assets	122,823,880
Restricted for:	
Debt service	11,648,315
Unrestricted	(17,339,057)
<b>Total net position</b>	<b>\$ 117,133,138</b>

The accompanying notes are an integral part of this statement.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**STATEMENT OF ACTIVITIES**  
**A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**EXHIBIT A-2**

Functions\ Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>					
General government	\$ (3,744,042)	\$ -	\$ -	\$ -	\$ (3,744,042)
Drainage flood control	(16,576,753)	81,091	2,090,667	-	(14,404,995)
Interest on long-term debt	(4,736,406)	-	-	-	(4,736,406)
<b>Total Governmental Activities</b>	<b>\$ (25,057,201)</b>	<b>\$ 81,091</b>	<b>\$ 2,090,667</b>	<b>\$ -</b>	<b>\$ (22,885,443)</b>
<b>General Revenues:</b>					
Property taxes					35,225,673
Interest income					2,427,546
Tax penalties and interest					836,274
Miscellaneous					1,194,933
Gain on sale of capital assets					105,283
<b>Total General Revenues</b>					<b>39,789,709</b>
Change in Net Position					16,904,266
<b>Net Position - Beginning</b>					<b>100,228,872</b>
<b>Net Position - Ending</b>					<b>\$ 117,133,138</b>

The accompanying notes are an integral part of this statement.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2019

	General Fund	2013 Bond Series Capital Project Fund	2019 Bond Series Capital Project Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 35,155,762	\$ 13,717,594	\$ 80,332,158
Investments	-	5,128,111	-
Receivables (net of allowance for uncollectibles)			
Property taxes	12,377,477	-	-
Other accounts	117,522	-	-
Due from other governments	3,661,428	73,250	-
Due from other funds	221	-	13,698
Prepaid items	14,236	-	-
<b>Total Assets</b>	<b>\$ 51,326,646</b>	<b>\$ 18,918,955</b>	<b>\$ 80,345,856</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 589,895	\$ 495,167	\$ 887,788
Salaries and benefits payable	768,754	-	-
Held in escrow	121,828	-	-
Retainage payable	67,702	71,740	30,484
Due to other governments	273,257	-	62,202
Due to other funds	8,076,926	-	-
Unearned revenue	188,662	-	-
<b>Total Liabilities</b>	<b>10,087,024</b>	<b>566,907</b>	<b>980,474</b>
<b>Deferred inflows of resources:</b>			
Unavailable revenue- property taxes	7,952,605	-	-
Unearned revenue- property taxes	12,376,318	-	-
<b>Total deferred inflows of resources</b>	<b>20,328,923</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>			
Non-spendable:			
Prepaid items	14,236	-	-
Restricted:			
Special revenue	-	-	-
Capital projects	-	18,352,048	79,365,382
Debt service	-	-	-
Assigned	1,446,923	-	-
Unassigned	19,449,540	-	-
<b>Total Fund Balances</b>	<b>20,910,699</b>	<b>18,352,048</b>	<b>79,365,382</b>
<b>Total Liabilities, Deferred Inflows and fund balances</b>	<b>\$ 51,326,646</b>	<b>\$ 18,918,955</b>	<b>\$ 80,345,856</b>

The accompanying notes are an integral part of this statement.

2013 Bond Series Debt Service Fund	2016 Refunding Bonds Debt Service Fund	2018 Refunding Bonds Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
\$ 1,276,909	\$ 916,036	\$ 45,970	\$ 9,192,915	\$ 140,637,344
-	-	-	-	5,128,111
3,375,226	4,523,069	1,237,429	3,092,395	24,605,596
-	-	-	5,325	122,847
-	-	-	2,028,971	5,763,649
2,203,499	2,956,893	890,016	2,012,820	8,077,147
-	-	-	-	14,236
<u>\$ 6,855,634</u>	<u>\$ 8,395,998</u>	<u>\$ 2,173,415</u>	<u>\$ 16,332,426</u>	<u>\$ 184,348,930</u>
\$ -	\$ -	\$ -	\$ 139,060	\$ 2,111,910
-	-	-	-	768,754
-	-	-	-	121,828
-	-	-	11,063	180,989
-	-	-	570,883	906,342
-	-	-	221	8,077,147
-	-	-	43,432	232,094
<u>-</u>	<u>-</u>	<u>-</u>	<u>764,659</u>	<u>12,399,064</u>
2,189,090	2,925,718	871,794	2,011,531	15,950,738
3,375,226	4,523,069	1,237,429	3,092,398	24,604,440
<u>5,564,316</u>	<u>7,448,787</u>	<u>2,109,223</u>	<u>5,103,929</u>	<u>40,555,178</u>
-	-	-	-	14,236
-	-	-	-	-
-	-	-	9,116,376	106,833,806
1,291,318	947,211	64,192	1,347,462	3,650,183
-	-	-	-	1,446,923
-	-	-	-	19,449,540
<u>1,291,318</u>	<u>947,211</u>	<u>64,192</u>	<u>10,463,838</u>	<u>131,394,688</u>
<u>\$ 6,855,634</u>	<u>\$ 8,395,998</u>	<u>\$ 2,173,415</u>	<u>\$ 16,332,426</u>	<u>\$ 184,348,930</u>



**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2019

**EXHIBIT A-4**

Total fund balance - balance sheet governmental funds \$ 131,394,688

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

1. Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land and easements	28,863,993	
Infrastructure	64,903,880	
Buildings and renovations	3,039,550	
Machinery and equipment	9,963,428	
Construction in progress	<u>69,082,708</u>	175,853,559
2. Deferred outflows of resources represent a consumption of net position that applies to future periods, therefore, they are not recognized as an outflow until then. For refunding debt, the deferred charges on refundings are amortized over the shorter of the life of refunded or refunding debt.		
Refunding	3,356,631	
Pensions	2,082,053	
OPEB	<u>561,543</u>	6,000,227
3. A portion of the District's taxes collected during the year are not available to pay for the current period's expenditures and, therefore, are reported as unavailable revenue in the funds.		15,950,738
4. Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities (both current and long-term), are reported in the statement of net position.		
Bond Series 2013 - face value	(55,500,000)	
Bond Series 2013 - unamortized premium	(1,373,617)	
Bond Series 2014 - face value	(7,665,000)	
Bond Series 2014 - unamortized premium	(546,028)	
Bond Series 2016 - face value	(44,635,000)	
Bond Series 2016 - unamortized premium	(4,983,805)	
Bond Series 2018 - face value	(2,080,000)	
Bond Series 2019 - face value	(73,845,000)	
Bond Series 2019 - unamortized premium	(9,701,644)	
Notes payable 2016	(364,023)	
Notes payable 2019	(3,320,000)	
Accrued interest	(2,900,063)	
Other post employment benefits	(1,897,111)	
Pension	(2,278,777)	
Compensated absences	<u>(374,245)</u>	(211,464,313)
5. Deferred inflows related to the pension are not reported in the funds.	(437,981)	
Deferred inflows related to the OPEB are not reported in the funds.	<u>(163,780)</u>	<u>(601,761)</u>
Total net position of governmental activities		<u><u>\$ 117,133,138</u></u>

The accompanying notes are an integral part of this statement.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund	2013 Bond Series Capital Project Fund	2019 Bond Series Capital Projects Fund
<b>REVENUES</b>			
Property taxes	\$ 18,466,159	\$ -	\$ -
Charges for services	81,091	-	-
Interest	773,779	417,223	757,381
Intergovernmental	90,667	-	-
Miscellaneous	1,145,933	-	-
<b>Total revenues</b>	<u>20,557,629</u>	<u>417,223</u>	<u>757,381</u>
<b>EXPENDITURES</b>			
Current:			
General government	2,880,207	-	-
Drainage flood control	11,734,756	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Fiscal Agent Fees	-	-	-
Bond issuance costs	-	-	814,062
Capital Outlay:			
General government	37,200	-	-
Drainage flood control	6,133,000	6,669,980	4,595,141
<b>Total expenditures</b>	<u>20,785,163</u>	<u>6,669,980</u>	<u>5,409,203</u>
Excess (deficiency) of revenues over (under) expenditures	(227,534)	(6,252,757)	(4,651,822)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers out	(250,000)	-	-
Sale of capital assets	139,511	165,479	-
Bonds issued	-	-	73,845,000
Note proceeds	3,320,000	-	-
Premium on bond issued	-	-	10,172,204
<b>Total other financing sources (uses)</b>	<u>3,209,511</u>	<u>165,479</u>	<u>84,017,204</u>
Net change in fund balances	2,981,977	(6,087,278)	79,365,382
<b>Fund balances at beginning of year</b>	17,928,722	24,439,326	-
<b>Fund balances at the end of year</b>	<u>\$ 20,910,699</u>	<u>\$ 18,352,048</u>	<u>\$ 79,365,382</u>

The accompanying notes are an integral part of this statement.

2013 Bond Series Debt Service Fund	2016 Refunding Bonds Debt Service Fund	2018 Refunding Bonds Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
\$ 3,373,852	\$ 7,299,268	\$ 4,265,743	\$ 301,920	\$ 33,706,942
-	-	-	-	81,091
46,384	29,425	42	403,312	2,427,546
-	-	-	2,000,000	2,090,667
49,000	-	-	-	1,194,933
<u>3,469,236</u>	<u>7,328,693</u>	<u>4,265,785</u>	<u>2,705,232</u>	<u>39,501,179</u>
-	-	-	49,773	2,929,980
-	-	-	-	11,734,756
1,140,000	4,770,000	4,015,000	220,178	10,145,178
2,183,400	2,420,150	186,913	327,185	5,117,648
450	-	1,000	950	2,400
-	-	-	-	814,062
-	-	-	295,080	332,280
-	-	-	1,696,978	19,095,099
<u>3,323,850</u>	<u>7,190,150</u>	<u>4,202,913</u>	<u>2,590,144</u>	<u>50,171,403</u>
145,386	138,543	62,872	115,088	(10,670,224)
-	-	-	250,000	250,000
-	-	-	-	(250,000)
-	-	-	-	304,990
-	-	-	-	73,845,000
-	-	-	-	3,320,000
-	-	-	-	-
-	-	-	-	10,172,204
-	-	-	250,000	87,642,194
145,386	138,543	62,872	365,088	76,971,970
1,145,932	808,668	1,320	10,098,750	54,422,718
<u>\$ 1,291,318</u>	<u>\$ 947,211</u>	<u>\$ 64,192</u>	<u>\$ 10,463,838</u>	<u>\$ 131,394,688</u>



**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**

A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2019

Net change in fund balances - total governmental funds		\$ 76,971,970
Amounts reported for governmental activities in the statement of activities is different because:		
1. Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	19,427,379	
Depreciation	<u>(4,512,469)</u>	14,914,910
2. Sales and other dispositions of capital assets are reported in the governmental funds as other financing sources. The gain or loss on the sale of capital assets should be reported in the statement of activities. A gain is reported as general revenue and a loss should be included as part of the general government function.		105,283
3. Governmental funds typically report proceeds they receive in connection with the disposal of capital assets as other financing sources. This amount must be removed and replaced by an adjustment to the appropriate capital asset and the accumulated depreciation account. Any gain or loss should be reported as discussed above.		(304,990)
4. Certain property tax revenues reported in the funds are unavailable in the statement of activities. This is the change in these amounts this year.		
Related to prior years	(13,595,733)	
Earned but unavailable	<u>15,950,738</u>	2,355,005
5. Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis; expenses and liabilities are reported regardless of when financial resources are available.		
Amortization of debt premiums	2,476,280	
Amortization of deferred charge on refunding	(969,729)	
Change in accrued interest on bonds	(1,122,904)	
Change in compensated absences	27,758	
Change in deferred outflow of resources - pension	1,153,150	
Change in deferred inflow of resources - pension	252,722	
Net pension obligation	(1,608,441)	
Change in deferred outflow of resources - OPEB	(50,522)	
Change in deferred inflow of resources - OPEB	554,697	
Other post employment benefits	<u>(658,897)</u>	54,114
6. Debt proceeds are reported as financing sources in governmental funds and thus contribute to changes in fund balances. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of position.		
2018 bond series	(73,845,000)	
Premium	(10,172,204)	
2019 Note Payable	(5,895,788)	
Bond payments	9,925,000	
Payment on installment note 2016	220,178	
Payment on installment note 2019	<u>2,575,788</u>	<u>(77,192,026)</u>
Change in net position of governmental activities - statement of activities		<u>\$ 16,904,266</u>

The accompanying notes are an integral part of this statement.



**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**

**EXHIBIT A-7**

A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 18,064,303	\$ 18,064,303	\$ 18,466,159	\$ 401,856
Charges for services	100,000	100,000	81,091	(18,909)
Interest	337,000	337,000	773,779	436,779
Intergovernmental	-	-	90,667	90,667
Miscellaneous	260,000	1,236,905	1,145,933	(90,972)
<b>Total revenues</b>	<b>18,761,303</b>	<b>19,738,208</b>	<b>20,557,629</b>	<b>819,421</b>
<b>EXPENDITURES</b>				
Current:				
General government	3,097,915	3,202,678	2,880,207	322,471
Drainage flood control	11,780,000	11,735,000	11,734,756	244
Capital Outlay:				
General government	40,000	40,000	37,200	2,800
Drainage flood control	3,093,388	5,521,448	6,133,000	(611,552)
<b>Total expenditures</b>	<b>18,011,303</b>	<b>20,499,126</b>	<b>20,785,163</b>	<b>(286,037)</b>
Excess (deficiency) of revenues over (under) expenditures	750,000	(760,918)	(227,534)	533,384
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(750,000)	(750,000)	(250,000)	500,000
Sale of capital assets	-	-	139,511	139,511
Note proceeds	-	-	3,320,000	3,320,000
<b>Total other financing sources (uses)</b>	<b>(750,000)</b>	<b>(750,000)</b>	<b>3,209,511</b>	<b>3,959,511</b>
Net change in fund balance	-	(1,510,918)	2,981,977	4,492,895
<b>Fund balance at beginning of year</b>	<b>17,928,722</b>	<b>17,928,722</b>	<b>17,928,722</b>	<b>-</b>
<b>Fund balance at the end of year</b>	<b>\$ 17,928,722</b>	<b>\$ 16,417,804</b>	<b>\$ 20,910,699</b>	<b>\$ 4,492,895</b>

The accompanying notes are an integral part of this statement.



# **NOTES TO THE FINANCIAL STATEMENTS**

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
(A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note A. General Statement and Summary of Significant Accounting Policies**

**General Statement**

Hidalgo County Drainage District No. 1 (the District) was created on April 9, 1908, by order of the Commissioners' Court of Hidalgo County, Texas (the County), pursuant to an election held within the territory affected. Originally organized under provisions of Article III, Section 52 of the Texas Constitution, the District was later converted into a Conservation and Reclamation district under the provisions of Article XVI, Section 59 of the Texas Constitution, and has continued to exercise all of the powers and functions of such a district. The District operates under Chapter 56 of the Texas Water Code.

**Summary of Significant Accounting Policies**

The accounting and reporting policies of the District, as reflected in the accompanying financial statements, conform to generally accepted accounting principles (GAAP) in the United States of America applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

During 2019, the District implemented the following new GASB standards:

Statement No. 84, Fiduciary Activities. This statement provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement is effective for reporting periods beginning after December 15, 2018. The implementation of this statement did not have a significant affect on the District's financial statements.

**GASB new standards for future periods.**

Statement No. 91, Conduit Debt Obligations. This statement was issued to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. This statement is effective for reporting periods beginning after December 15, 2020

Statement No. 87, Leases. This statement was issued to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognize as inflow of resources or outflows of resources based on the payment provision of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use underlying assets. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This statement is effective for reporting periods beginning after December 15, 2019.

Statement No. 95. This statement was issued due to COVID-19 pandemic and postpones the effective dates of certain authoritative guidance by 12 months and 18 months for Statement 87, Leases.

The impact of these statements on the District's financial statement has not been determined as of yet.

The District will evaluate these new pronouncements and will implement them as applicable by their effective dates. The following significant accounting policies were applied in the preparation of the accompanying general-purpose financial statements.

The following significant accounting policies were applied in the preparation of the accompanying basic financial statements.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
(A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS)  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2019

**Note A. General Statement and Summary of Significant Accounting Policies – Continued**

**1. Reporting Entity**

GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB No. 61, provides guidance for determining which governmental organizations should be included within the reporting entity. GASB Statement No. 61 sets forth financial accountability as the basic criterion for inclusion of a governmental unit in a governmental reporting entity. Financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose its will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

The District is a discretely presented component unit of County of Hidalgo, Texas. The District is a legal separate entity that is governed by the five members of the County's Commissioners Court of Hidalgo County, Texas. The County does not have operational responsibility for activities and it's not obligated in any manner for the District's debt.

On June 22, 1976, the District and the Willacy County Drainage District No. 1 entered into an agreement for the use of an outfall drainage ditch to be constructed, owned, and operated by the District in Willacy County. An advisory committee composed of two members for each district determined the type of maintenance needed and to be performed. The District has no oversight responsibility over Willacy County Drainage District No. 1; therefore, the financial activity for Willacy County Drainage District No. 1 is not included in this report.

**2. Basis of Presentation**

*Government-Wide Financial Statements* consist of a Statement of Net Position and a Statement of Activities. The purpose of these statements is to present the financial position and the operating results of the District as a whole. The District's activities are categorized as "governmental activities" because it is financed primarily through property taxes, intergovernmental revenues, and other transactions. Eliminations have been made to minimize the double counting of internal activities.

The Statement of Net Position focuses on the net position of the District, where the net position equals the assets and deferred outflows less the liabilities and deferred inflows of resources.

The Statement of Activities presents a comparison between direct expenses and program revenues of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges for services and (b) operating grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all property taxes, are presented as general revenues.

*Governmental Fund Financial Statements* provide information about the District's governmental funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund balance, and revenues and expenditures, as appropriate.

The District reports the following major governmental funds:

General Fund – This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.

2013 Bond Series Capital Projects Fund – This fund accounts for the proceeds of the \$77,130,000 unlimited tax improvement bonds series 2013 to be used for drainage improvement projects, right of way acquisition and bond issuance costs.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
(A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS)  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2019

**Note A. General Statement and Summary of Significant Accounting Policies – Continued**

**2. Basis of Presentation – Continued**

2019 Bond Series Capital Projects Fund – The bonds were issued to pay (1) construction of and equipment for drainage improvement projects, (2) acquisitions of rights of way, and (3) costs of issuance of the bonds.

2013 Bonds Series Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of, bonds long-term debt principal, interest and related costs.

2016 Refunding Bonds Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of, bonds long-term debt principal, interest and related costs.

Additionally, the District reports the following fund types:

Special revenue funds account for specific revenue resources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

**3. Basis of Accounting**

*Government-Wide Financial Statements.* The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements.* Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be measurable when the amount of the transaction can be determined and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers collections within 60 days of the end of the current fiscal period to be revenues. Expenditures generally are recorded when a liability is incurred, similar to accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Unearned revenue arises when potential revenues do not meet both the measurable and available test for recognition in the current period and when resources are received by the District before the District is legally entitled to them. In succeeding periods when both revenue recognition criteria are met or when the District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

**4. Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) 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 amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
 (A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS)  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 DECEMBER 31, 2019

**Note A. General Statement and Summary of Significant Accounting Policies - Continued**

**5. Cash and Cash Equivalents and Investments**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date acquired by the District and external investment pools. Investments are stated at fair market value. It is the District's intent to hold all investments to maturity.

**6. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**7. Receivables and Payables**

All trade and property taxes receivable are shown net of an allowance for uncollectible accounts. Property taxes are levied October 1<sup>st</sup> and become delinquent on February 1<sup>st</sup>, at which time penalties and interest are assessed.

Activities between funds that are representative of lending/borrowing arrangements outstanding at year-end are referred to as "due to/from other funds."

**8. Capital Assets**

Capital assets, which include property, equipment, and infrastructure, are reported in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. When no historical records are available, capital assets are valued at estimated acquisition value on the date received.

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

Capital assets of the District are depreciated using the straight-line method over their estimated useful lives. Standard capitalization thresholds have been established for each major class of assets.

The following lists the thresholds and useful lives by class:

Asset Class	Capitalization Threshold	Useful Lives in Months
Land/land improvement	Capitalize all	N/A
Easements	Capitalize all	N/A
Infrastructure	\$100,000	420
Buildings and renovations	\$50,000	480
Machinery and equipment	\$1,000	15-180

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
(A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS)  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2019

**Note A. General Statement and Summary of Significant Accounting Policies - Continued**

**9. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenses / expenditures) until then. The District has three items that qualify for reporting in this category. A deferred charge on refunding bonds results from the difference between the carrying value of refunded debt and the reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The District also has a deferred outflow of resources related to pension expense that results from the differences between expected and actual experience, changes in assumptions, and contributions made subsequent to the measurement date. The third are outflows of resources related to Other Post-Employment Benefits for the differences between the expected and actual experience, changes of assumptions or other inputs, and differences in actual benefits and proportionate share of benefits. For the year ended December 31, 2019, the District had deferred outflows of resources for refunding bond, pension, and OPEB in the amount of \$3,356,631, and \$2,082,053, and \$561,543, respectively.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. A deferred inflow of resources related to pensions for the difference between the expected and actual experience on the plan and net difference between projected and actual earned is reported on the statement of net position. A deferred inflow related to OPEB is for the changes of assumptions and other inputs is also reported on the Statement of Net Position.

At December 31, 2019, the District had deferred inflow of resources related to pension, OPEB, and property taxes in the amount of \$437,981, \$163,780, and \$24,604,440, respectively. A deferred inflow related to OPEB is for the changes of assumptions and other inputs is also reported on the Statement of Net Position.

**10. Fund Balance**

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Non-spendable fund balance – amounts that are not in spendable form or are required to be maintained intact. As such, the prepaid items have been properly classified as non-spendable in the Governmental Funds Balance Sheet.

Restricted fund balance – amounts that can be spent only for specific purposes because of local, state, or federal laws, or externally imposed conditions by grantors or creditors. The District reports restricted fund balances for amounts restricted for debt service and capital projects.

Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. Board of Directors). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint. At December 31, 2019, the District did not have committed funds.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
(A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS)  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2019

**Note A. General Statement and Summary of Significant Accounting Policies – Continued**

**10. Fund Balance – Continued**

Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official body to which the Board of Directors delegates the authority. These funds represent amounts the District intends to use for the Raymondville Drain.

Unassigned fund balance – amounts that are available for any purpose.

For purposes of fund balance classifications, expenditures are to be spent from restricted fund balance first and then unrestricted. Expenditures incurred in the unrestricted fund balances shall be reduced first from the committed fund balance, then from the assigned fund balance, and lastly, the unassigned fund balance.

**11. Encumbrance Accounting**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is utilized as an extension of formal budgetary integration in governmental funds.

Although appropriations lapse at year-end for annually budgeted funds, the District honors encumbrances outstanding at year-end. Outstanding encumbrances do not constitute expenditures or liabilities since the commitments will be honored during the subsequent year. The District has active construction projects as of December 31, 2019. At year-end, the District's remaining commitments totaled \$14,826,455; therefore, this amount is encumbered. Encumbrances for the general fund, 2013 bond series capital projects fund, and 2019 bond series capital projects fund totaled \$1,361,391, \$4,925,973, and \$8,406,304, respectively. Encumbrances for non-major funds totaled \$132,787.

**12. Budgets**

The District's budget is adopted after public hearings have been held. All revisions must be approved by the Board of Directors of the District. The District can't overspend the budget.

Formal budgetary integration is utilized as a management control device during the year for the General and Debt Service Funds. Budgets for the General and Debt Service Funds are adopted on a basis consistent with GAAP. Appropriations for annually budgeted funds lapse at year-end.

Appropriations at year-end for grant-funded special revenue funds and capital project funds are carried forward to subsequent years until the grant has terminated or the project is completed.

The appropriated budget is prepared by fund, function, department, and object codes. Transfers of appropriations between departments require the approval of the Board of Directors. The legal level of budgetary control (i.e., the level at which expenditures cannot legally exceed appropriations) is at the department level.

The general fund's expenditures exceed appropriations due to the return of funds to Texas Division of Emergency Management associated with Hurricane Dolly that occurred on July 20-25, 2008. The District made the decision to build permanent structures instead of temporary structures as allowed by FEMA.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
 (A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS)  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 DECEMBER 31, 2019

**Note A. General Statement and Summary of Significant Accounting Policies - Continued**

**13. Compensated Absences**

Regular full-time employees accumulate vacation leave at varying rates depending on their years of service with the District. They are as follows:

Number of Years of Service	Vacation Leave Hours Earned Per Year
0 to 5 years	96
5 to 10 years	108
Over 10 years	120

Vacation leave may be accumulated up to a maximum of 160 hours (20 days) for employees with less than 10 years of continuous service. Employees with more than 10 years but less than 15 years of continuous service may accumulate 240 hours (30 days). Employees with more than 15 years may maintain an accrued leave of 320 hours (40 days). Employees lose, without pay, unused vacation leave which exceed set limits. Regular part-time employees accumulate vacation leave of 48 hours regardless of years of service. As of December 31, 2019, the District's total liability for vested vacation leave totaled \$374,245. Vested vacation benefits are expected to be liquidated with expendable and available financial resources and are reported as an expense and a long-term liability in the government-wide statement of net position. The District estimates \$31,627 of the total compensated absences balance will be due within one year.

Each regular full-time employee earns sick leave at the rate of 12 working days per year and may accumulate a maximum sick leave balance of 45 working days. Permanent part-time employees earn 6 days per year and may accumulate a maximum of 45 working days. Outstanding sick leave balances are cancelled, without recompense, upon termination, resignation, retirement or death. In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences," no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

The accrued liability for accumulated compensated absences reported in the government-wide financial statements consists of unpaid accumulated vacation leave, compensatory time, and holiday leave balances. Budgets for vested benefits for vacation or sick leave are not legally adopted in the District's operating budget.

The accrued amount for the current year is as follows:

Vacation leave	\$	349,113
Compensatory time		23,190
Holiday leave		1,942
Total	\$	<u>374,245</u>

**14. Rounding Adjustments**

Throughout this report, dollar amounts are rounded, thereby creating differences between the detail and the totals.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
(A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS)  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2019

**Note B. Deposits and Investments**

The District's Depository Agreement requires its designated financial institution to secure by collateral valued at fair value, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance, deposits and accrued interest thereon by 105%. At December 31, 2019, the District's deposits were entirely covered by FDIC insurance pursuant to the Depository Agreement. At December 31, 2019, the carrying amount of the District's deposits totaled \$6,118,356 and was entirely covered by federal deposit insurance or secured by collateral held by the pledging financial institutions agent in the District's name.

Investments of the District are pooled for investment purposes in each of the District's fund types. Earnings on pooled investments are allocated to the funds having equity in the pool on the basis of their relative contribution to the pool.

At December 31, 2019, the District had investments in Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) local government pool. Texas Class investment pools' investments are not evidenced by securities that exist in physical or book entry form and, accordingly, do not have custodial risk. Texas Class is organized under the authority of the Interlocal Cooperation Act, Chapter 2256, of the Texas Government Code.

Texas Class was created in 1996 and is governed by a board of trustees to provide for joint investments of participant's public funds. Texas Class's policy seeks to invest pooled assets in order to preserve principal, maintain the liquidity of the funds, and to maximize yield. Public Trust Advisors, LLC is the program administrator and Wells Fargo Bank Texas, N.A. is custodian.

The District had investments in Texas Class, carried at fair value are classified as cash and cash equivalents totaled \$135,459,820 at December 31, 2019.

The District had one-time deposit of \$5,000,000 at December 31, 2019.

The District's investments are categorized into the following three levels of credit risk:

- Level 1 – Quoted prices in active markets for identical assets
- Level 2 – Observable inputs other than quoted market prices
- Level 3 – Unobservable inputs

The following schedule classifies the investments of the District as of December 31, 2019, into the above noted levels:

Investment Type	Fair Value Measurement		
	Level 1	Level 2	Level 3
Certificates of Deposits (Multi Bank Securities)	\$ 5,128,111	\$ -	\$ -
Total Investments	\$ 5,128,111	\$ -	\$ -

*Interest rate risk.* In accordance with its investment policy, the District manages its exposure to decreases in fair value by utilizing controlled disbursement, cash flow analysis, and portfolio analysis or similar cash management techniques and limiting the weighted average maturity of its investment portfolio to one year or less.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
(A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS)  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2019

**Note B. Deposits and Investments - Continued**

*Credit risk.* The Public Funds Investment Act (Government Code Chapter 2256) limits authorized investments to obligations of, or guaranteed by, governmental entities, certificates of deposit and share certificates, repurchase agreements, securities lending program, banker's acceptances, commercial paper, mutual funds, guaranteed investment contracts, and investment pools. The District's investment policy further limits investments to obligations of, or guaranteed by, governmental entities, certificates of deposit, repurchase agreements, banker's acceptances, AAA rated mutual funds, and investment pools.

*Concentration of credit risk.* To limit the concentration of credit risk, the District's investment policy does not allow investment in banker's acceptances to exceed 10 percent of the District's total investments. Additionally, the District's investment policy prohibits funds held for debt service to be invested in mutual funds and prohibits the District from investing in the aggregate more than eighty percent of its monthly average fund balance, excluding funds held for debt service, in AAA rated money market mutual funds.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's depository agreement requires its designated depository financial institution to secure the District's uninsured deposits by 105% with securities held in the District's name at a third-party financial institution.

*Custodial credit risk – investments.* For an investment, this is the risk that in the event of a failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy reduces the District's exposure to custodial credit risk by limiting investments to securities that are backed by the full faith and credit of the State of Texas, the United States, or their respective agencies and instrumentalities. The District's investment policy strictly prohibits riskier-type investments such as commercial paper.

**Note C. Taxes Receivable**

A summary of the taxes receivable by fund is as follows at December 31, 2019:

	General Fund	Bonds Debt Service Fund	Total
Taxes receivable - current	\$ 11,248,891	\$ 11,315,509	\$ 22,564,400
Taxes receivable - delinquent	2,414,380	1,771,783	4,186,163
Allowance for uncollectibles	<u>(1,285,794)</u>	<u>(859,173)</u>	<u>(2,144,967)</u>
Taxes receivable, net of allowance for uncollectibles	<u>\$ 12,377,477</u>	<u>\$ 12,228,119</u>	<u>\$ 24,605,596</u>

Property taxes attach as an enforceable lien on property as of January 1. The taxes are levied on or about October 1, based on the assessed value listed as of the date the enforceable lien attaches. Appraised values are established by the Hidalgo County Appraisal District, assessed at 100% of appraised value, and certified by the Appraisal Review Board. The County Tax Assessor-Collector (CTAC) bills and collects taxes for the District. CTAC billed the District \$362,691 in fees during 2019.

Taxes are due from October 1 of the year in which levied until January 31 of the following year without interest or penalty. No discounts are offered. On February 1, these taxes become delinquent, at which time penalty and interest charges are applicable. Collections on the levy for October 1, 2019, as well as the balances due on all taxes receivable related thereto, are reflected as deferred inflows of resources because they are not available to finance 2019 operations.

The 2018 tax levy, for the 2019 year, totaled \$38,358,813 based on a total taxable value of \$36,453,447,769 and a tax rate of 0.09510.

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**Note D. Interfund Receivables and Transfers**

Balances of due to/from other funds consisted of the following at December 31, 2019:

Due to General Fund from Non-Major Special Revenue Fund	\$ 221
Due to 2019 Bond Series Capital Projects Fund from General Fund	13,698
Due to Non-Major Debt Service Funds from General Fund	2,012,820
Due to 2013 Bond Series Debt Service Fund from General Fund	2,203,499
Due to 2016 Refunding Bonds Debt Service Fund from General Fund	2,956,893
Due to 2018 Refunding Bonds Debt Service Fund from General Fund	890,016
Total due to/from other funds	<u>\$ 8,077,147</u>

These balances resulted from the time lag between the dates that (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made.

Transfers are used to (1) move revenues from the fund that statute or budget requires (2) move funds restricted to debt service for debt service payments, and (3) use unrestricted revenues collected in the general fund to finance various projects accounted for in other funds in accordance with budgetary authorizations. Inter-fund transfers consisted of the following for the year ended December 31, 2019:

Transfers In:	Transfers Out:	
	General Fund	Total
Non-major Debt Service Fund	\$ 250,000	\$ 250,000
Total Inter-fund transfers	<u>\$ 250,000</u>	<u>\$ 250,000</u>

**Note E. Due From Other Governments**

Due from other governments consisted of the following at December 31, 2019:

Fund	Due From	Purpose	Amount
General Fund	County of Hidalgo Precinct #1	Inter-local agreement project	\$ 33,092
General Fund	County of Hidalgo Precinct #2	Inter-local agreement project	560,238
General Fund	Willacy County Drainage District No. 1	Inter-local agreement project	12,881
General Fund	Hidalgo County Tax Office	Collection of taxes	3,055,217
DHS Levee Grant	Department of Homeland Security	Inter-local agreement project	28,971
Capital Projects Fund	Texas Water Development Board	Grant agreement	2,000,000
2013 Bond Series Capital Projects Fund	County of Hidalgo Precinct #1	Inter-local agreement project	73,250
	Total due from other governments		<u>\$ 5,763,649</u>

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**Note F. Capital Assets**

The following is a summary of changes in capital assets for the year ended December 31, 2019:

	Beginning Balance	Additions	Retirements/ Transfers	Ending Balance
Governmental activities:				
Capitals assets not being depreciated:				
Land and easements	\$ 28,210,823	\$ 653,170	\$ -	\$ 28,863,993
Construction in progress	61,633,341	10,798,904	(3,349,537)	69,082,708
Total capital assets not being depreciated	<u>89,844,164</u>	<u>11,452,074</u>	<u>(3,349,537)</u>	<u>97,946,701</u>
Capitals assets being depreciated:				
Infrastructure	110,037,205	5,895,788	392,218	116,325,211
Building and renovations	837,964	-	2,791,840	3,629,804
Machinery and equipment	22,016,779	2,079,516	(377,862)	23,718,433
Total capital assets being depreciated	<u>132,891,948</u>	<u>7,975,304</u>	<u>2,806,196</u>	<u>143,673,448</u>
Less accumulated depreciation for:				
Infrastructure	(48,754,460)	(2,672,545)	5,674	(51,421,331)
Building and renovations	(483,248)	(107,006)	-	(590,254)
Machinery and equipment	(12,360,048)	(1,732,918)	337,961	(13,755,005)
Total accumulated depreciation	<u>(61,597,756)</u>	<u>(4,512,469)</u>	<u>343,635</u>	<u>(65,766,590)</u>
Total capital assets being depreciated, net	<u>71,294,192</u>	<u>3,462,835</u>	<u>3,149,831</u>	<u>77,906,858</u>
Governmental activities capital assets, net	<u>\$ 161,138,356</u>	<u>\$ 14,914,909</u>	<u>\$ (199,706)</u>	<u>\$ 175,853,559</u>

\*Depreciation expense totaling \$4,512,469 was charged to the drainage flood control function under governmental activities for the year ended December 31, 2019.

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**Note G. Long-Term Liabilities**

The District issues unlimited tax improvement bonds to provide for the resources for construction of capital assets. The beginning balances of the unlimited tax improvement bonds issued in 2013, 2014, 2016, and 2019 were \$56,640,000, \$7,665,000, \$49,405,000, and \$73,845,000, respectively. The unlimited improvement bonds are direct obligations of the District, payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the District in an amount sufficient to provide payment of principal and interest.

The Unlimited Tax Improvement Bond Series 2008, 2013, and 2019, respectively, have a call option for bonds maturing on or after September 1, 2019, September 1, 2024, and September 1, 2028 prior to stated maturity, in multiples of \$5,000, in whole or in part, on September 1, 2018, September 1, 2023, and September 1, 2027 or any date thereafter, at par plus accrued interest.

On June 15, 2019 the District issued Unlimited Tax Improvement Bonds, Series 2019 in the amount of \$73,845,000. Bond proceeds will be used to pay for construction of and equipment for drainage improvement projects in the District and the acquisitions of rights of way as well as costs of issuance of bonds. 37 specific projects within the District have been identified to address flooding risks.

**1. Advance Refundings and Defeasances**

The following refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position.

On December 1, 2014, the District issued Unlimited Tax Refunding Bonds Series 2014 in the amount of \$7,810,000 to advance refund a portion of Unlimited Tax Improvement Bonds, Series 2007. Bond proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. The reacquisition price exceeded the net carrying amount of the old debt resulting in an economic gain of \$634,376, which will be amortized over the term of the bonds. Deferred charges on refunding at December 31, 2019 totaled \$390,385.

On February 17, 2016, the District issued Unlimited Tax Refunding Bonds Series 2016 in the amount of \$52,625,000 to advance refund \$11,210,000 Unlimited Tax Improvement Bonds, Series 2007 and \$46,555,000 of the Unlimited Tax Improvement Bonds Series 2008. Bond proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. The reacquisition price exceeded the net carrying amount of the old debt resulting in an economic gain of \$5,946,059, which will be amortized over the term of the bonds. Deferred charges on refunding at December 31, 2019 totaled \$2,875,018.

On August 23, 2018, the District issued Unlimited Tax Refunding Bonds, Taxable Series 2018 in the amount of \$6,095,000 to advance refund \$6,368,680. Unlimited Tax Improvement Bonds, Series 2013 Bond proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. The reacquisition price exceeded the net carrying amount of the old debt resulting in an economic gain of \$273,680 which will be amortized over the term of the bonds. Deferred charges on refunding at December 31, 2019 totaled \$91,227.

**2. Prior Year Defeasance of Debt**

In prior years, the District defeased unlimited tax improvement bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

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**Note G. Long-Term Liabilities – Continued**

**2.Prior Year Defeasance of Debt - Continued**

At December 31, 2019, the following defeased bonds remain outstanding:

Description	Refunded Bonds	Maturity
Unlimited Tax Improvement Bonds, Series 2007	\$ 11,210,000	2017-2023
Unlimited Tax Improvement Bonds, Series 2008	\$ 46,555,000	2019-2028
Unlimited Tax Improvement Bonds, Series 2013	\$ 6,368,680	2025-2028

On August 9, 2016, the District entered into an installment note with Hidalgo County for a capital asset purchase in the amount of \$1,243,079, payable from operating funds of the District. The note is payable in five annual installments of \$250,000.

Interest Rate	Issued	Maturity	Original	Outstanding
4.98%	2016	2020	\$ 1,243,079	\$ 364,023

On June 6, 2019, the District entered into an interlocal agreement with Hidalgo County for the purchase of the South Detention Basin in the amount of \$5,895,788. The first payment in 2019 was for \$2,575,788 with two annual installments of \$1,660,000.

Annual debt service requirements to maturity for unlimited improvement tax bonds are as follows:

Year(s) Ending December 31	Governmental Activities		Total
	Principal	Interest	
2020	\$ 11,375,000	\$ 8,285,801	\$ 19,660,801
2021	11,360,000	7,435,313	18,795,313
2022	11,865,000	6,922,013	18,787,013
2023	12,425,000	6,356,863	18,781,863
2024	13,225,000	5,764,763	18,989,763
2025-2029	57,535,000	20,181,025	77,716,025
2030-2034	41,035,000	9,437,825	50,472,825
2035-2039	24,905,000	3,066,600	27,971,600
Total	<u>\$ 183,725,000</u>	<u>\$ 67,450,203</u>	<u>\$ 251,175,203</u>

The following is a summary of changes in long-term liabilities for the year ended December 31, 2019:

	Balance January 1, 2019	Additional Obligations and Net Increases	Payments and Net Decreases	Balance December 31, 2019	Amounts Due Within One Year
Bond Series 2013	\$ 56,640,000	\$ -	\$ (1,140,000)	\$ 55,500,000	\$ 3,255,000
Bond Series 2014	7,665,000	-	-	7,665,000	-
Bond Series 2016	49,405,000	-	(4,770,000)	44,635,000	5,010,000
Bond Series 2018	6,095,000	-	(4,015,000)	2,080,000	2,080,000
Bond Series 2019	-	73,845,000	-	73,845,000	1,030,000
Bond Premiums	8,909,171	10,172,204	(2,476,280)	16,605,095	2,856,821
Note payable 2016	584,201	-	(220,178)	364,023	364,023
Note payable 2019	-	3,320,000	-	3,320,000	1,660,000
Compensated absences	402,003	433,799	(461,557)	374,245	31,627
	<u>\$ 129,700,375</u>	<u>\$ 87,771,003</u>	<u>\$ (13,083,015)</u>	<u>\$ 204,388,363</u>	<u>\$ 16,287,471</u>

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
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 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
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**Note H. Other Post-Employment Benefits (OPEB)**

**1. Plan Description and Benefits Provided**

The District provides healthcare for its employees, retirees, and eligible dependents. Two plans are maintained: The Basic Preferred Provider Organization (PPO) and the Buy Up PPO Plan. Healthcare benefits include medical and prescription drug coverage. The plan is a single-employer, self-funded benefit plan administered by a third-party administrator and the District purchases stop loss insurance for claims that exceed a determined threshold. The District allows retired employees to participate in the Hidalgo County Health Benefits Program by purchasing health care benefits at the same group rate as provided to current active employees at the time they end their service to the District. Retirees are eligible to continue their medical insurance coverage.

The District does not have a formal post-employment benefits plan; however, the District allows retired employees to participate in the County’s Health Benefits Program by purchasing health care benefits at the same group rate as provided to current active employees at the time they end their service to the District. Members may retire upon attaining one of the following: (1) age 60 and above with 8 or more years of service, (2) 20 years of service regardless of age, or (3) when the sum of their age and years of service equals 80 or more. Spouses and dependents are eligible to continue insurance under COBRA for 36 months after the retiree dies. If a dependent is not yet 26 years of age at the time of the members’ death, the same rule applies. Once the dependent attains the age of 26, Aetna will terminate coverage automatically.

A cost sharing premium is a blended rate that takes into account the cost of medical benefits for active employees as well as retirees. Medical costs are generally higher for retirees than for active employees of the same age. A retiree who is paying 100% of the cost sharing premium is most likely not paying 100% of the true cost of the medical benefits. This situation is known as an “implicit rate subsidy”. GASB Statement No. 75, *Accounting and Financial Reporting by Employer for Postemployment Benefits other than Pensions*, is applicable to the District due to the implicit rate subsidy. This “plan” is not a standalone plan and therefore, does not issue its own financial statements.

Membership in the plan as of the measurement date of December 31, 2019 was as follows:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	0
Active Employees	160
	<u>160</u>

**2. Funding Policy**

The District collects insurance premiums from the participating retirees each month and deposits them in the County’s Group Insurance Fund. The District then pays the health insurance premiums for the retirees at the blended rate to the County’s self-funded Health Benefits Program. The required contribution to the program includes the employer’s pay-as-you-go amount and the amount paid by retirees. The District has elected not to prefund the actuarially determined future cost but will accrue the liability as of December 31, 2019 to reflect proper treatment and will disclose the Health Care Benefits for Retired Employees in accordance with GASB No. 75.

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**Note H. Other Post-Employment Benefits (OPEB) - Continued**

**2. Funding Policy – Continued**

Monthly medical contributions required by the retiree for medical and prescriptions are as follows:

Basic PPO Plan		
	Under 65	65 & Over
Retiree only	\$ 562	\$ 284
Retiree + spouse	974	696
Retiree + child(ren)	678	402
Retiree + family	1,090	812
Surviving spouse	562	284
Surviving spouse + child(ren)	678	402
Surviving spouse + family	562	284

**3. Actuarial Assumptions**

The District's total OPEB liability of \$1,897,111 was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2019.

Actuarial assumptions – The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation:	2.00%
Salary increases, including inflation:	2.00%
Discount Rate:	2.75%
Prior Year Discount Rate:	3.71%

Healthcare Cost Trend Rates:

Projection Year 1	Medical Claims	6.25%
Projection Year 2	Medical Claims	6.00%
Projection Year 3	Medical Claims	5.75%
Projection Year 4	Medical Claims	5.50%
Projection Year 5	Medical Claims	5.25%
Projection Year 6	Medical Claims	5.00%
Projection Year 7	Medical Claims	4.75%
Projection Year 8+	Medical Claims	4.50%

Mortality: Mortality rates for active employees were based on the PubG.H-2010 Employee Mortality Table, Generational with Projection Scale MP-2019 for males or females, as appropriate.

Mortality rates for retirees were based on the PubG.H-2010 Healthy Annuitant Mortality Table, Generational with Projection Scale MP-2019 for males or females, as appropriate.

The discount rate was based on the 12/31/2019 Fidelity General Obligation AA 20-Year Yield.

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**Note H. Other Post-Employment Benefits (OPEB) - Continued**

**4. Changes in Total OPEB Liability**

Balance as of December 31, 2018	<u>\$ 1,238,214</u>
Changes for the year:	
Service cost	57,293
Interest on total OPEB liability	45,410
Difference between Actual and Expected Experience	374,011
Changes in assumptions or other inputs	261,526
Changes in proportionate share	(63,712)
Differences in actual benefits and prop. share of benefits	<u>(15,631)</u>
Net changes	<u>658,897</u>
Balance as of December 31, 2019	<u><u>\$ 1,897,111</u></u>

**5. Sensitivity Analysis**

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the District, calculated using the discount rate of 2.75%, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.75%) or one percentage point higher (3.75%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>1.75%</u>	<u>2.75%</u>	<u>3.75%</u>
Total OPEB liability	<u>\$ 2,434,035</u>	<u>\$ 1,897,111</u>	<u>\$ 1,502,215</u>

Sensitivity of the total OPEB liability to changes in the current healthcare cost trend rate – The following presents the total OPEB liability of the District, calculated using the current healthcare cost trend rates, as well as District’s total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current rates:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$ 2,528,582</u>	<u>\$ 1,897,111</u>	<u>\$ 1,448,953</u>

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**Note H. Other Post-Employment Benefits (OPEB) - Continued**

**6. OPEB Expense/(Income) and Deferred Outflows/Inflows of Resources Related to OPEB**

For the year ended December 31, 2019, the District recognized OPEB expense of \$154,722. At December 31, 2019, deferred outflows and inflows of resources related to OPEB were reported from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 331,985	\$ -
Changes of assumptions or other inputs	228,835	89,525
Changes in proportionate share	-	60,578
Differences in actual benefits and proportionate share	723	13,677
Total Deferred Outflows and Inflows	<u>\$ 561,543</u>	<u>\$ 163,780</u>

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

Year ended December 31 ,	
2020	\$ 52,019
2021	52,019
2022	52,019
2023	52,019
2024	52,017
Thereafter	137,670
	<u>\$ 397,763</u>

**Note I. Employee Retirement Benefits**

**1. Plan Description**

The District provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 808 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at PO Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the District within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at age 60 and above with 10 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of services equals 80 or more. Members are vested after 10 years of service but must leave their accumulated contributions in the plan to receive any employer financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the employer.

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 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
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**Note I. Employee Retirement Benefits - Continued**

**1. Plan Description - Continued**

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the District within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the District's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

The employees covered by the plan at December 31, 2019 are as follows:

Inactive employees or beneficiaries currently receiving benefits	61
Inactive employees entitled to but not yet receiving benefits	27
Active Employees	170
	<u>258</u>

**2. Funding Policy**

The District has elected the annually determined contribution rate (ADCR) plan provision of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the District is actuarially determined annually. Contributions were made using the actuarially determined rate of 11.79% for calendar year 2019. The contribution rate payable by the employee member is 7.00% as adopted by the governing body of the District. The employee contribution rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act.

**3. Net Pension Liability**

Governmental Accounting Standards Board issued Statement No. 68 for public pension plans and participating employers which address specifics of reporting public pension plan obligations for employers. Net pension liability (NPL) for the District was measured as of December 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement; which can be found in the required supplemental data as a note to the respective employer contribution schedules.

Mortality assumptions are as follows:

Updated mortality assumptions were adopted in 2017.

Depositing members:

90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate Scale after 2014.

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**Note I. Employee Retirement Benefits - Continued**

**3. Net Pension Liability – Continued**

Service retirees, beneficiaries and non-depositing members:

130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Disabled retirees:

130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant Cliffwater LLC. The numbers shown are based on January 2019 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a 30-year time horizon; the most recent analysis was performed in 2017. The following table summarizes the real rate of return for the Drainage District.

The target asset allocation and geometric real rates of return are shown below:

Asset Class	Benchmark	Target Allocation <sup>(1)</sup>	Geometrical Rate of Return <sup>(2)</sup>
U.S. Equities	Dow Jones U.S. Total Stock Market Index	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(3)</sup>	18.00%	8.40%
Global Equities	MSCI World (net) Index	2.50%	5.70%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	10.00%	5.40%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	7.00%	5.90%
Investment - Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	1.60%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	4.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.95%
Distressed Debt	Cambridge Associates Distressed Securities Index <sup>(4)</sup>	2.00%	7.20%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.35%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(5)</sup>	6.00%	6.30%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	13.00%	3.90%

<sup>(1)</sup> Target asset allocation adopted at the April 2019 TCDRS Board meeting.

<sup>(2)</sup> Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.70%, per Cliffwater's 2019 capital market assumptions.

<sup>(3)</sup> Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

<sup>(4)</sup> Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

<sup>(5)</sup> Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
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**Note I. Employee Retirement Benefits - Continued**

**3. Net Pension Liability - Continued**

The discount rate used to measure the total pension liability was 8.10% at December 31, 2018. The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied. In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability shall be amortized as a level percent of pay over 20-year closed layered periods
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of COLA is required funded over a period of 15 years, if applicable.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
(A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS)  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2019

**Note I. Employee Retirement Benefits - Continued**

**3. Net Pension Liability - Continued**

Changes in Net Pension Liability were as follows:

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of December 31, 2017	\$ 16,301,391	\$ 15,631,055	\$ 670,336
Changes for the year			
Service Cost	865,082	-	865,082
Interest on total pension liability (1)	1,355,574	-	1,355,574
Effect of plan changes (2)	128,866	-	128,866
Effect of economic/demographic gains or losses	185,179	-	185,179
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(27,704)	(27,704)	-
Benefit payments	(851,383)	(851,383)	-
Administrative expenses	-	(12,593)	12,593
Member contributions	-	434,502	(434,502)
Net investment income	-	(287,455)	287,455
Employer contributions	-	780,237	(780,237)
Other (3)	-	11,570	(11,570)
Balances as of December 31, 2018	<u>\$ 17,957,006</u>	<u>\$ 15,678,230</u>	<u>\$ 2,278,777</u>

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees.

(2) No plan changes valued.

(3) Relates to allocation of system-wide items.

\*\*The District's TCDRS actuarial report with a measurement date of December 31, 2018, to be used for audit periods ending January 1, 2019 to December 31, 2019, shows a net pension liability of \$2,278,777.

The following represents the net pension liability of the District, calculated using the discount rate of 8.10%, as well as what District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$ 20,164,852	\$ 17,957,007	\$ 16,080,050
Fiduciary net position	15,678,230	15,678,230	15,678,230
Net pension liability/ (asset)	<u>\$ 4,486,622</u>	<u>\$ 2,278,777</u>	<u>\$ 401,820</u>

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
(A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS)  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2019

**Note I. Employee Retirement Benefits - Continued**

**3. Net Pension Liability – Continued**

	January 1, 2018 to December 31, 2018
Pension expense/ (income)	
Service cost	\$ 865,082
Interest on total pension liability <sup>(1)</sup>	1,355,574
Effect of plan changes	128,866
Administrative expenses	12,593
Member contributions	(434,502)
Expected investment return net of investment expenses	(1,279,404)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(81,590)
Recognition of assumption changes or inputs	25,746
Recognition of investment gains or losses	428,043
Other <sup>(2)</sup>	(11,570)
Pension expense/ (income)	<u>\$ 1,008,838</u>

(1) Reflects the change in liability due to the time value of money. TCDRS does not charge fees or interest.

(2) Related to allocation of system-wide system.

As of December 31, 2018, the deferred inflows and outflows of resources were as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 437,981	\$ 192,307
Changes of assumptions	-	78,144
Net difference between projected and actual earnings	-	1,005,332
Contributions made subsequent to measurement date	-	806,270
	<u>\$ 437,981</u>	<u>\$ 2,082,053</u>

The \$806,270 reported as deferred outflows of resources related to pension resulted from contributions made subsequent to the measurement date and will be recognized as a deduction of the net position liability in the year ended December 31, 2019. Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

<u>Year ended December 31 ,</u>	
2019	337,073
2020	113,177
2021	116,597
2022	278,935
2023	(34,435)
Thereafter	26,455
	<u>\$ 837,802</u>

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
(A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS)  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2019

**Note J. Deferred Inflows/Outflows of Resources and Unearned Revenues**

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds report unearned revenue for resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned and unavailable revenue reported in the governmental funds were as follows:

	Deferred inflows		Unearned Revenue	Total
	Unearned Revenue- Property Taxes	Unavailable Revenue- Property Taxes		
Property taxes (General Fund)	\$ 7,952,605	\$ 12,376,318	\$ -	\$ 20,328,923
Property taxes (Debt Service Funds)	7,998,133	12,228,122	-	20,226,255
Unearned (Interlocal & Grant)	-	-	232,094	232,094
	<u>\$ 15,950,738</u>	<u>\$ 24,604,440</u>	<u>\$ 232,094</u>	<u>\$ 40,787,272</u>

**Note K. Risk Management**

The District is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of property; errors and omissions; injuries to employees; and natural disasters. The District covers such risks by participating in a public entity risk pool. The District has not experienced significant reduction insurance coverage in the last 5 of years.

The District participates in the Texas Municipal League Intergovernmental Risk Pool (the Pool) for coverage in the following areas: general liability, errors and omissions, auto physical damage, auto liability, real and personal property, and workers compensation. Limits on insurance coverage are as provided in Texas State Statutes Civil Practices and Remedies Code Chapter 101.023. The District paid premiums totaling \$418,554 in 2019.

Annual aggregate limits and deductibles are as follows at December 31, 2019:

	Deductible	Annual Aggregate Limits
General liability	\$ 5,000	\$ 10,000,000
Errors and omissions liability	\$ 25,000	\$ 4,000,000
Auto physical damage	\$ 10,000	N/A
Auto liability	\$ 1,000	N/A
Real and personal property	\$ 10,000	N/A
Workers compensation	N/A	Fully Funded

The District participates in the Hidalgo County Health Insurance Fund (Fund) and makes payments to the Fund based on the number of participants. The Fund provides coverage for up to a maximum of \$150,000 per individual per year. Claims in excess of \$150,000 and up to \$1,000,000 per individual per occurrence are covered by commercial insurance purchased by the Fund. The Fund’s health insurance provider is Aetna. Payments to the fund totaled \$1,327,815 in 2019.

**Note L. Litigation**

The District is currently involved in potential claims and litigation involving civil and contractual matters. In the opinion of District management, the potential claims against the District not covered by insurance resulting from litigation will not materially affect the financial position of the District.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
(A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS)  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2019

**Note M. Reclassification**

Certain amounts in the 2018 financial statements have been reclassified to conform to the presentation in the 2019 financial statements.

**Note N. Subsequent Events**

The District has evaluated all events or transactions that occurred after December 31, 2019 through July 27, 2020, the date these financial statements were available to be issued.

On March 13, 2020, the President of the United States declared a National Emergency and the Governor of the State of Texas declared a State of Disaster due to COVID-19 known as the Coronavirus. On March 17, 2020, a Declaration of a Local Disaster due to Public Health Emergency was made by Hidalgo County Judge Richard F. Cortez. The effect of these declarations on the District's taxpayers, employees, suppliers, vendors, and lending institutions are currently unknown. Accordingly, these financial statements have not been adjusted as the effects on the District's financial position are uncertain.



# **REQUIRED SUPPLEMENTAL INFORMATION**



**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**LAST TEN MEASUREMENT YEARS**

**EXHIBIT B-1**

	2019	2018
<b>Total OPEB Liability</b>		
Service Cost	\$ 57,293	68,022
Interest	45,410	43,888
Differences between expected and actual experience	374,011	6,974
Changes in assumptions or other inputs	261,526	(132,135)
Changes in proportionate share	(63,712)	-
Differences in actual benefits and proportionate share of benefits	(15,631)	1,013
Benefit payments	-	(1,386)
<b>Net Change in Total OPEB Liability</b>	<u>658,897</u>	<u>(26,104)</u>
<b>Total OPEB Liability - beginning</b>	<u>1,238,214</u>	<u>1,264,318</u>
<b>Total OPEB Liability - end</b>	<u>\$1,897,111</u>	<u>\$1,238,214</u>
Covered Employee Payroll	\$6,600,265	\$5,353,191
Total OPEB Liability as a percentage of covered employee payroll	28.7%	23.1%

**Notes to Schedule:**

*Changes of Benefit Terms:*

None

*Changes of Assumptions*

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2018	RPH-2014 Employee and Healthy Annuitant Generational with MP-2018
2019	PubG-H-2010 Employee and Healthy Annuitant Generational with MP-2019

2017	3.31%
2018	3.71%
2019	2.75%

This schedule should present 10 years from GASB 75 implementation forward. Total OPEB liability and related ratios will be presented prospectively as data becomes available in accordance with GASB 75.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**MEASUREMENT YEARS ENDED DECEMBER 31**

**EXHIBIT B-2**

	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>					
Service cost	\$ 865,082	\$ 820,277	\$ 756,250	\$ 611,534	\$ 629,877
Interest on total pension liability	1,355,574	1,286,524	1,153,337	1,071,637	980,158
Effect of plan changes	128,866	-	-	236,044	-
Effect of assumption changes or input		62,184	-	101,178	-
Effect on economic/demographic (gains) or losses	185,179	(488,413)	67,163	(237,892)	(58,898)
Refund of contributions	(27,704)				
Benefit payments/refunds of contributions	(851,383)	(866,948)	(700,255)	(659,497)	(499,815)
Net change in total pension liability	1,655,614	813,624	1,276,495	1,123,004	1,051,322
Total pension liability, beginning	16,301,391	15,487,767	14,211,272	13,088,268	12,036,947
Total pension liability, ending (a)	17,957,006	16,301,391	15,487,767	14,211,272	13,088,269
<b>Fiduciary Net Position</b>					
Employer contributions	780,237	708,176	657,951	523,193	493,873
Member contributions	434,502	394,685	351,578	301,925	274,156
Investment income net of investment expenses	(287,455)	1,965,172	904,024	(164,681)	751,128
Refund of contributions	(27,704)				
Benefit payments/refunds of contributions	(851,383)	(866,948)	(700,255)	(659,497)	(499,815)
Administrative expenses	(12,593)	(10,395)	(9,827)	(8,801)	(9,031)
Other	11,570	3,064	47,881	(28,176)	(17,296)
Net change in fiduciary net position	47,174	2,193,754	1,251,352	(36,037)	1,027,607
Fiduciary net position, beginning	15,631,055	13,437,301	12,185,949	12,221,987	11,194,380
Fiduciary net position, ending (b)	15,678,230	15,631,055	13,437,301	12,185,950	12,221,987
<b>Net pension liability/ (asset), ending = (a)-(b)</b>	<u>\$ 2,278,777</u>	<u>\$ 670,336</u>	<u>\$ 2,050,466</u>	<u>\$ 2,025,322</u>	<u>\$ 866,282</u>
Fiduciary net position as a % of total pension liability	87.31%	95.89%	86.76%	85.75%	93.38%
Pensionable covered payroll	\$ 6,207,174	\$ 5,638,364	\$ 5,022,541	\$ 4,313,210	\$ 3,916,520
Net pension liability as a % of covered payroll	36.71%	11.89%	40.83%	46.96%	22.12%

Note: This schedule should present 10 years. Since GASB 68 implementation forward. Net pension liability and related ratios will be presented prospectively as data becomes available in accordance with GASB 68.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**LAST TEN MEASUREMENT YEARS**

**EXHIBIT B-3**

Year Ending	Actuarially	Actual Employer	Contribution	Pensionable	Actual
2009	\$ 295,936	\$ 295,936	\$ -	\$ 3,001,377	09.9%
2010	358,213	358,213	-	3,316,783	10.8%
2011	358,109	358,109	-	3,282,439	10.9%
2012	374,800	374,800	-	3,328,623	11.3%
2013	459,716	459,716	-	3,799,318	12.1%
2014	493,873	493,873	-	3,916,520	12.6%
2015	523,193	523,193	-	4,313,210	12.1%
2016	657,951	657,951	-	5,022,541	13.1%
2017	708,176	708,176	-	5,638,364	12.6%
2018	780,237	780,237	-	6,207,174	12.6%

(1) TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.

(2) Payroll is calculated based on contributions as reported to TCDRS.

**Valuation Date:** Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

**Methods and assumptions used to determine contributions:**

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	12.5 years (based on contribution rated calculated in 12/31/2018 valuation)
Assets Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected 2017: New mortality assumptions were reflected
Changes in Plan Provisions Reflected in the Schedule*	2015: No changes in plan provisions were reflected in the Schedule 2016: Employer contributions reflect that a 100% CPI COLA was adopted. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017 2018: No changes in plan provisions were reflected in the schedule.

\*Only changes effective 2015 and later are shown in the Notes to Schedule.

The above table includes information for the District according to the agent multiple-employer defined benefits pension plan administered by TCDRS.

# TEXAS SUPPLEMENTARY INFORMATION

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**SCHEDULE OF SERVICES AND RATES**  
**YEAR ENDED DECEMBER 31, 2019**

**EXHIBIT TSI-1**

1. Services provided by the District:

<input type="checkbox"/> Retail Water	<input type="checkbox"/> Wholesale Water	<input checked="" type="checkbox"/> Drainage
<input type="checkbox"/> Retail Wastewater	<input type="checkbox"/> Wholesale Wastewater	<input type="checkbox"/> Irrigation
<input type="checkbox"/> Parks/Recreation	<input type="checkbox"/> Fire Protection	<input type="checkbox"/> Security
<input type="checkbox"/> Solid Waste/Garbage	<input checked="" type="checkbox"/> Flood Control	<input type="checkbox"/> Roads
<input type="checkbox"/> Participates in joint venture, regional systems and/or wastewater service (other than interconnect)		
<input type="checkbox"/> Other (specify):		

2. Retail rates based on 5/8" meter:  Retail rates not applicable

3. Retail service providers: N/A

4. Total water consumption (in thousands) during the fiscal year: N/A

5. Standby fees: Does the District assess standby fees?  YES  NO

6. Anticipated sources of funds to be used for debt service payments in the District following fiscal year: None

7. Location of District:

County(ies) in which the District is located: Hidalgo County

Is the District located entirely with in one county?  Yes  No

Is the District located in a city?  Entirely  Partly  Not at all

City(ies) in which the District is located: Alamo, Alton, Edcouch, Edinburg, Elsa, Granejo, Hidalgo, La Joya, La Villa, McAllen, Mercedes, Mission, Palmview, Penitas, Progreso, Pharr, San Juan, Sullivan City, Weslaco

Is the general membership of the Board appointed by an office outside the District?  
 Yes  No If yes, by whom? \_\_\_\_\_

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**SCHEDULE OF GENERAL FUND EXPENDITURES**  
**YEAR ENDED DECEMBER 31, 2019**

**EXHIBIT TSI-2**

Personnel Expenditures (including benefits) *	\$ 9,842,618
Professional Fees:	
Auditing	105,000
Legal	169,468
Engineering	340,044
Contracted Services:	
Appraisal district	324,707
Hidalgo County Tax Assessor Collector	362,691
Utilities	47,786
Repairs and Maintenance	817,034
Administrative Expenditures:	
Office supplies	55,902
Insurance	192,068
Capital Outlay:	
Acquisition of fixed assets	6,172,911
Other Expenditures	<u>2,354,934</u>
TOTAL EXPENDITURES	<u>\$ 20,785,163</u>

\*Number of full-time persons employed by the District: 172

**Schedule of Temporary Investments**

This schedule is omitted because no temporary investments were held at year - end. See note B in the notes to the financial statements.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**SCHEDULE OF TAXES LEVIED AND RECEIVABLE**  
**YEAR ENDED DECEMBER 31, 2019**

**EXHIBIT TSI-4**  
**Continued**

	Maintenance Taxes	Debt Service Taxes
	<u>                    </u>	<u>                    </u>
Property taxes receivable, beginning of year	\$ 2,267,780	\$ 1,705,520
2018 original tax levy (less abatements)	18,113,367	14,949,612
Adjustments for 2018 original tax levy modifications	( 26,369)	( 21,763)
Adjustments for rollbacks and refunds	<u>( 1,984)</u>	<u>( 1,638)</u>
Total to be accounted for	<u>20,352,793</u>	<u>16,631,731</u>
Tax collections:		
Current	(17,429,837)	(14,385,470)
Prior years	<u>(578,174)</u>	<u>(477,187)</u>
Total collections	<u>(18,008,010)</u>	<u>(14,862,657)</u>
Property taxes receivable, end of year	<u>\$ 2,344,783</u>	<u>\$ 1,769,074</u>
Property taxes receivable by years		
2018	\$ 661,907	\$ 546,295
2017	336,066	300,585
2016	239,139	219,372
2015 and prior	<u>1,107,670</u>	<u>702,823</u>
Property taxes receivable, end of year	<u>\$ 2,344,782</u>	<u>\$ 1,769,074</u>

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**SCHEDULE OF TAXES LEVIED AND RECEIVABLE**  
**YEAR ENDED DECEMBER 31, 2019**

**EXHIBIT TSI-4**  
**Continued**

	Tax Levy			
	2018	2017	2016	2015
Property Valuations:				
Land and improvements	\$ 39,875,401,701	\$37,254,998,144	\$35,917,385,528	\$ 33,895,433,392
Minerals	55,804,447	52,881,516	42,073,512	42,073,812
Personal property	4,169,412,132	4,194,288,423	3,994,381,713	3,994,381,713
Total property valuations	<u>\$ 44,100,618,280</u>	<u>\$41,502,168,083</u>	<u>\$39,953,840,753</u>	<u>\$ 37,931,888,917</u>
Tax Rates Per \$100 Valuation:				
Debt service tax rates	0.0430	0.0449	0.0455	0.0470
Maintenance tax rates	0.0521	0.0502	0.0496	0.0481
Total tax rates per \$100 valuation	<u>0.0951</u>	<u>0.0951</u>	<u>0.0951</u>	<u>0.0951</u>
Original tax levy	<u>\$ 33,062,978</u>	<u>\$ 31,810,341</u>	<u>\$ 30,232,354</u>	<u>\$ 28,458,055</u>
Percent of taxes collected to tax levied at December 31, 2018:	<u>96.22%</u>	<u>96.86%</u>	<u>96.00%</u>	<u>98.00%</u>

Tax rate for any other special district which (a) encompasses less than a county, (b) provides water, wastewater collection and drainage or roads to property in the District and, (c) taxes property in the District.

Name of Special District (s)	Service Provided	Tax Rate
NONE		\$ -
Total Rate(s) of Special District (s)		<u>\$ -</u>

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**SCHEDULE OF TAXES LEVIED AND RECEIVABLE**  
**YEAR ENDED DECEMBER 31, 2019**

**EXHIBIT TSI-4**  
**Concluded**

The following represents the 2018 tax levy rates for all overlapping jurisdictions. The table includes any taxing entities which overlap 10% or more of the District.

	Taxing Jurisdiction	<u>Tax Rate</u>
a. County:	<u>Hidalgo County</u>	\$ .5800
b. Cities:	<u>Average of 18 cities within Drainage District</u>	.6272
c. School district(s):	<u>Average of 15 school districts within Drainage District</u>	1.3221
d. Special district(s) not included above:		
	<u>South Texas College</u>	.1780
	<u>South Texas I.S.D.</u>	.0492
e. Total District:		.0951
	Total Overlapping Tax Rate	<u>\$ 2.8516</u>

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
SCHEDULE OF LONG - TERM DEBT SERVICE REQUIREMENTS BY YEARS  
DECEMBER 31, 2019

**EXHIBIT TSI-5**

**Schedule of Long Term Requirements**

This schedule is omitted because information is provided in the statistical section on Exhibits E20-E24.

**Schedule of Changes in Long Term Bonded Debt**

This schedule is omitted because information is provided in the statistical section on Exhibit E16.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - FIVE YEARS**  
**GENERAL FUND AND DEBT SERVICE FUND**  
**FIVE YEARS ENDED DECEMBER 31,**

	A M O U N T S				
	2019	2018	2017	2016	2015
<b>GENERAL FUND</b>					
<b>REVENUES</b>					
Property taxes	\$18,466,159	\$ 17,061,776	\$ 15,967,104	\$ 14,505,100	\$ 13,470,638
Operating grants and contributions	-	-	-	-	5,599,008
Charges for services	81,091	60,693	61,000	57,607	61,590
Interest	773,779	622,391	339,244	212,766	87,290
Intergovernmental	90,667	173,566	13,494	204,710	-
Miscellaneous	1,145,933	77,450	131,728	321,257	768,736
Total revenues	<u>20,557,629</u>	<u>17,995,876</u>	<u>16,512,570</u>	<u>15,301,440</u>	<u>19,987,262</u>
<b>EXPENDITURES</b>					
Professional fees	614,512	665,689	636,900	2,135,655	762,215
Contracted services	687,398	734,774	303,293	327,267	314,690
Payroll	9,842,618	8,997,828	8,127,830	7,117,860	6,074,927
Utilities	47,786	31,533	28,497	31,846	48,568
Materials and supplies	225,547	230,513	594,719	555,609	472,665
Repairs and maintenance	1,557,692	1,380,829	1,202,051	1,416,022	1,031,982
Aid to other governments	-	8,590	71,250	1,200	-
Other expenditures	1,639,410	1,537,818	1,273,032	1,237,457	885,702
Capital outlay	6,170,200	6,293,470	1,232,446	4,370,550	5,169,356
Total expenditures	<u>20,785,163</u>	<u>19,881,044</u>	<u>13,470,018</u>	<u>17,193,466</u>	<u>14,760,105</u>
Excess (deficiency) revenues over (under) expenditures	(227,534)	(1,885,168)	3,042,552	(1,892,026)	5,227,157
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of capital assets	139,511	38,304	211,442	203,933	-
Capital lease proceeds	-	-	-	-	-
Installment note	3,320,000	-	-	1,243,079	-
Interfund transfers in	-	-	-	-	-
Interfund transfers out	(250,000)	(1,850,000)	(2,650,000)	(383,630)	(145,959)
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>\$ 3,209,511</u>	<u>\$ (3,696,864)</u>	<u>\$ 603,994</u>	<u>\$ (828,644)</u>	<u>\$ 5,081,198</u>
<b>DEBT SERVICE FUND</b>					
<b>REVENUES:</b>					
Property taxes	\$15,240,783	\$ 15,260,434	\$ 14,647,242	\$ 14,603,943	\$ 14,193,312
Penalty, interest and other	-	-	-	-	-
Interest	171,585	98,386	23,102	6,018	5,315
Total revenues	<u>15,412,368</u>	<u>15,358,820</u>	<u>14,670,344</u>	<u>14,609,961</u>	<u>14,198,627</u>
<b>EXPENDITURES:</b>					
Debt services, interest and principal	15,265,226	15,267,557	15,061,158	14,857,000	13,999,852
Total expenditures	<u>15,265,226</u>	<u>15,267,557</u>	<u>15,061,158</u>	<u>14,857,000</u>	<u>13,999,852</u>
Excess (deficiency) revenues over (under) expenditures	147,142	91,263	(390,814)	(247,039)	198,775
<b>OTHER FINANCING SOURCES</b>					
Interfund transfers in	250,000	625,000	250,000	383,630	145,959
Interfund transfers out	-	(375,000)	-	-	-
Bond proceeds	-	6,095,000	1,960,000	-	-
Bond premium	-	-	56,605	-	-
Payment to refunded bond escrow agent	-	(6,368,680)	(1,955,083)	666,845	-
Excess of revenues over expenditures and other financing sources	<u>\$ 397,142</u>	<u>\$ 67,583</u>	<u>\$ (79,292)</u>	<u>\$ 803,436</u>	<u>\$ 344,734</u>
<b>TOTAL ACTIVE RETAIL, WATER AND/OR WASTEWATER CONNECTIONS</b>					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PERCENT OF FUND TOTAL REVENUES					
2019	2018	2017	2016	2015	
89.84	94.81	96.70	94.80	67.40	
-	-	-	-	28.01	
0.39	0.34	0.37	0.38	0.31	
3.76	3.46	2.05	1.39	0.44	
0.44	0.96	0.08	1.34	-	
5.57	0.43	0.80	2.10	3.85	
<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	
2.99	3.70	3.86	13.96	3.81	
3.34	4.08	1.84	2.14	1.57	
47.88	50.00	49.22	46.52	30.39	
0.23	0.18	0.17	0.21	0.24	
1.10	1.28	3.60	3.63	2.36	
7.58	7.67	7.28	9.25	5.16	
-	0.05	0.43	0.01	-	
7.97	8.55	7.71	8.09	4.43	
30.01	34.97	7.46	28.56	25.86	
<u>101.10</u>	<u>110.48</u>	<u>81.57</u>	<u>112.37</u>	<u>73.85</u>	
(1.10)	(10.48)	18.43	(12.37)	26.15	
0.68	0.21	1.28	1.33	-	
-	-	-	8.12	-	
-	-	-	-	-	
<u>(1.22)</u>	<u>(10.28)</u>	<u>(16.05)</u>	<u>(2.51)</u>	<u>(0.73)</u>	
<u>(1.64)</u>	<u>(20.55)</u>	<u>3.66</u>	<u>(5.42)</u>	<u>25.42</u>	
98.89	99.36	99.84	99.96	99.96	
-	-	-	-	-	
1.11	0.64	0.16	0.04	0.04	
<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	
99.05	99.40	102.66	101.69	98.60	
<u>99.05</u>	<u>99.40</u>	<u>102.66</u>	<u>101.69</u>	<u>98.60</u>	
0.95	0.59	(2.66)	(1.69)	1.40	
1.62	(2.44)	1.70	2.63	1.03	
-	4.07	-	-	-	
-	39.68	13.36	-	-	
-	-	0.39	-	-	
-	(41.47)	(13.33)	4.56	-	
<u>2.57</u>	<u>0.44</u>	<u>(0.54)</u>	<u>5.50</u>	<u>2.43</u>	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**YEAR ENDED DECEMBER 31, 2019**

**EXHIBIT TSI-8**  
**Continued**

District Business Telephone Number: 902 N. Doolittle Road, Edinburg, Texas 78542  
Complete District Mailing Address:  
(956) 292-7080

<u>Name and Address</u>		<u>Fees</u> <u>12/31/19</u>	<u>Expense</u> <u>Reimbursements</u> <u>FYE 12/31/19</u>	<u>Title at</u> <u>Year End</u>	<u>Resident of</u> <u>District</u>
Board Members:					
Richard F. Cortez 100 E. Cano, Second Floor Edinburg, TX 78539	(Elected) 01/01/19	\$ -	\$ 1,800	Chairman	Yes
David L. Fuentes 1902 Joe Stephens Ave. Suite 101 Weslaco, TX 78599	(Elected) 01/01/17	\$ -	\$ 1,800	Member	Yes
Eduardo "Eddie" Cantu 300 W. Hall Acres Suite G Pharr, TX 78577	(Elected) 01/01/15	\$ -	\$ 1,800	Member	Yes
Joe M. Flores 724 North Breyfogle Mission, TX 78574	(Elected) 01/01/01	\$ -	\$ 1,800	Member	Yes
Ellie Torres 1051 N. Doolittle Road Edinburg, TX 78542	(Elected) 01/01/19	\$ -	\$ 1,800	Member	Yes

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS - CONTINUED**  
**YEAR ENDED DECEMBER 31, 2019**

**EXHIBIT TSI-8**  
**Concluded**

Complete District Mailing Address: 902 N. Doolittle Road, Edinburg, Texas 78542

District Business Telephone Number: (956) 292-7080

Name and Address		Expense		Title at Year End
		Fees 12/31/19	Reimbursements FYE 12/31/19	
Key Personnel:				
Consultants:				
Maria Arcilia Duran Hidalgo County Auditor's Office 2808 S. Business Highway 281 Edinburg, TX 78539	(Appointed) 12/04/17	\$ -	\$ -	County Auditor
Pablo "Paul" Villarreal Jr. PO Box 178 Edinburg, TX 78539	(Elected) 01/01/13	\$ 362,691	\$ -	County Tax Assessor/ Collector
Jones Galligan Key & Lozano, LLP 2300 W Pike Blvd Suite#300 Weslaco, TX 78596	09/4/2018	\$ 169,468	\$ -	Attorneys
The J Ramirez Law Firm 700 N Veterans Blvd B San Juan, TX 78539	-		\$ -	Bond Counsel
Chamberlain, Hrdlicka, White & Aughtry, PC 1200 Smith Street, 14th Floor Houston, Texas 77002	-		\$ -	Attorney
Burton McCumber & Longoria, LLP 205 Pecan Boulevard McAllen, TX 78501	12/10/19	\$ 105,000	\$ -	Independent Auditors
Hidalgo County Appraisal District 4405 Professional Drive Edinburg, TX 78539	-	\$ 324,707	\$ -	Appraisal Services
Investment Officer:				
Lita L. Leo 2810 S. Business Highway 281 Edinburg, TX 78539	(Elected) 01/01/19	\$ -	\$ -	County Treasurer



# **COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2019**

**EXHIBIT C-1**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
<b>ASSETS</b>				
Cash and cash equivalents	\$ 377,607	\$ 1,346,176	\$ 7,469,132	\$ 9,192,915
Receivables (net of allowance for uncollectibles)				
Property taxes	-	3,092,395	-	3,092,395
Other accounts	-	-	5,325	5,325
Due from other governments	28,971	-	2,000,000	2,028,971
Due from other funds	-	2,012,820	-	2,012,820
<b>Total assets</b>	<u>\$ 406,578</u>	<u>\$ 6,451,391</u>	<u>\$ 9,474,457</u>	<u>\$ 16,332,426</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 15,060	\$ -	\$ 124,000	\$ 139,060
Retainage payable	-	-	11,063	11,063
Due to other governments	347,865	-	223,018	570,883
Due to other funds	221	-	-	221
Unearned revenue	43,432	-	-	43,432
<b>Total liabilities</b>	<u>406,578</u>	<u>-</u>	<u>358,081</u>	<u>764,659</u>
<b>Deferred inflows of resources:</b>				
Unavailable revenue- property taxes	-	2,011,531	-	2,011,531
Unearned revenue- property taxes	-	3,092,398	-	3,092,398
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>5,103,929</u>	<u>-</u>	<u>5,103,929</u>
<b>Fund Balances:</b>				
Restricted:				
Capital projects	-	-	9,116,376	9,116,376
Debt service	-	1,347,462	-	1,347,462
<b>Total fund balances</b>	<u>-</u>	<u>1,347,462</u>	<u>9,116,376</u>	<u>10,463,838</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 406,578</u>	<u>\$ 6,451,391</u>	<u>\$ 9,474,457</u>	<u>\$ 16,332,426</u>

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**EXHIBIT C-2**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
<b>REVENUES</b>				
Property taxes	\$ -	\$ 301,920	\$ -	\$ 301,920
Interest	-	46,734	356,578	403,312
Intergovernmental	-	-	2,000,000	2,000,000
<b>Total revenues</b>	<u>-</u>	<u>348,654</u>	<u>2,356,578</u>	<u>2,705,232</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	49,773	49,773
Debt service:				
Principal	-	220,178	-	220,178
Interest	-	327,185	-	327,185
Fiscal agent fees	-	950	-	950
Capital Outlay:				
General government	-	-	295,080	295,080
Drainage flood control	-	-	1,696,978	1,696,978
<b>Total expenditures</b>	<u>-</u>	<u>548,313</u>	<u>2,041,831</u>	<u>2,590,144</u>
Excess (deficiency) of revenues over (under) expenditures	-	(199,658)	314,747	115,088
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	250,000	-	250,000
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Net change in fund balances	-	50,342	314,747	365,088
<b>Fund balances at beginning of year</b>	-	1,297,121	8,801,629	10,098,750
<b>Fund balances at the end of year</b>	<u>\$ -</u>	<u>\$ 1,347,463</u>	<u>\$ 9,116,376</u>	<u>\$ 10,463,838</u>



# **SPECIAL REVENUE FUNDS**



**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**Special Revenue Funds**  
**December 31, 2019**

**DHS Levee Grant**

This fund was created in May of 2008 to account for a Federal Financial Assistance Award (cooperative agreement DHS-CBP-08-0112-001-005) issued by the U.S. Department of Homeland Security and the U.S. Customs and Border Protection, titled Hidalgo County Border Infrastructure Program.

The District participated in the construction of the Border Wall and Levee Rehabilitation projects. Construction of the projects has been completed yet the closeout of the grant award has not occurred.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2019**

**EXHIBIT D-1**

	DHS Levee Grant	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
<b>ASSETS</b>		
Cash and cash equivalents	\$ 377,607	\$ 377,607
Due from other governments	28,971	28,971
<b>Total assets</b>	<u>\$ 406,578</u>	<u>\$ 406,578</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 15,060	\$ 15,060
Due to other governments	347,865	347,865
Due to other funds	221	221
Unearned revenue	43,432	43,432
<b>Total liabilities</b>	<u>406,578</u>	<u>406,578</u>
<b>Deferred inflows of resources:</b>		
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>		
Restricted:		
Special revenue	-	-
<b>Total fund balances</b>	<u>-</u>	<u>-</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 406,578</u>	<u>\$ 406,578</u>

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**EXHIBIT D-2**

	DHS Levee Grant	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
<b>REVENUES</b>		
Interest	\$ -	\$ -
<b>Total revenues</b>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>		
<b>Total expenditures</b>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-
<b>OTHER FINANCING SOURCES (USES):</b>		
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-
<b>Fund balances at beginning of year</b>	-	-
<b>Fund balances at the end of year</b>	<u>\$ -</u>	<u>\$ -</u>



# DEBT SERVICE FUNDS



**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**Debt Service Funds**  
**December 31, 2019**

**MAJOR:**

**2013 Bonds Series Debt Service Fund**

This fund accounts for the payment of principal and interest on Unlimited Tax Improvement Bond Series 2013 issued in 2013 in the amount of \$77,130,000 for the construction of drainage improvements, the acquisition of right of way, and to pay costs related to the issuance of bonds.

**2016 Refunding Bonds Debt Service Fund**

This fund accounts for the payment of principal and interest on refunding bonds issued in 2016 in the amount of \$52,625,000. The bonds were issued for the purpose of refunding a portion of the Unlimited Tax Improvement Bond Series 2007 and Series 2008. Also, in 2017, \$1,960,000 was refunded to maintain the tax rate.

**2018 Refunding Bonds**

This fund accounts for the payment of principal and interest on refunding bonds issued in 2018 in the amount of \$6,095,000. The bonds were issued for the purpose of refunding a portion of the Unlimited Tax Improvement Bond Series 2013.

**NONMAJOR:**

**Debt Service Fund**

This Fund accounts for the accumulation of resources for payment of principal and interest on the District's long-term notes. As of December 31, 2018, the District had one note outstanding.

**2008 Bonds Series**

This fund accounts for the payment of principal and interest on Unlimited Tax Improvement Bond Series 2008 issued in 2008 in the amount of \$72,000,000 for the construction of drainage improvements, the acquisition of right of way, and to pay costs related to the issuance of bonds.

**2014 Refunding Bonds**

This fund accounts for the payment of principal and interest on refunding bonds issued in 2014 in the amount of \$ 7,810,000. The bonds were issued for the purpose of refunding a portion of the Unlimited Tax Improvement Bond Series 2007 and Series 2008.

**2019 Bonds Series**

This fund accounts for the payment of principal and interest on the Unlimited Tax Improvement Bonds, Series 2019 in the amount of \$73,845,000 for the construction of and equipment for drainage improvement projects in the District and the acquisitions of rights of way therefor, and bond issuance costs.



**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**COMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
**DECEMBER 31, 2019**

**EXHIBIT D-3**

	Debt Service Fund	2008 Bond Series	2014 Refunding Bonds	2019 Bond Series	Total Nonmajor Debt Service Funds (See Exhibit C-1)
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 1,139,188	\$ 206,988	\$ -	\$ 1,346,176
Receivables (net of allowance for uncollectibles)					
Property taxes	-	249,322	188,934	2,654,139	3,092,395
Due from other funds	-	-	122,061	1,890,759	2,012,820
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 1,388,510</u>	<u>\$ 517,983</u>	<u>\$ 4,544,898</u>	<u>\$ 6,451,391</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>					
<b>Deferred inflows of resources:</b>					
Unavailable revenues- property taxes	\$ -	\$ -	\$ 120,772	\$ 1,890,759	\$ 2,011,531
Unearned revenue-Property taxes	-	249,322	188,937	2,654,139	3,092,398
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>249,322</u>	<u>309,709</u>	<u>4,544,898</u>	<u>5,103,929</u>
<b>Fund balances:</b>					
Restricted:					
Debt service	-	1,139,188	208,274	-	1,347,462
<b>Total fund balances</b>	<u>-</u>	<u>1,139,188</u>	<u>208,274</u>	<u>-</u>	<u>1,347,462</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ -</u>	<u>\$ 1,388,510</u>	<u>\$ 517,983</u>	<u>\$ 4,544,898</u>	<u>\$ 6,451,391</u>

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR DEBT SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Debt Service Fund	2008 Bond Series	2014 Refunding Bonds
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ 301,920
Interest	-	39,953	6,781
<b>Total revenues</b>	<b>-</b>	<b>39,953</b>	<b>308,701</b>
<b>EXPENDITURES</b>			
Debt service:			
Principal	220,178	-	-
Interest	29,822	-	297,363
Fiscal agent fees	-	-	950
<b>Total expenditures</b>	<b>250,000</b>	<b>-</b>	<b>298,313</b>
Excess (deficiency) of revenues over (under) expenditures	(250,000)	39,953	10,388
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	250,000	-	-
<b>Total other financing sources (uses)</b>	<b>250,000</b>	<b>-</b>	<b>-</b>
Net change in fund balances	-	39,953	10,388
<b>Fund balances at beginning of year</b>	<b>-</b>	<b>1,099,235</b>	<b>197,886</b>
<b>Fund balances at the end of year</b>	<b>\$ -</b>	<b>\$ 1,139,188</b>	<b>\$ 208,274</b>

EXHIBIT D-4

2019 Bond Series	Total Nonmajor Debt Service Funds (See Exhibit C-2)
\$ -	\$ 301,920
-	46,734
-	348,654
-	220,178
-	327,185
-	950
-	548,313
-	(199,659)
-	250,000
-	250,000
-	50,341
-	1,297,121
\$ -	\$ 1,347,462

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**

**EXHIBIT D-5**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 NONMAJOR DEBT SERVICE FUND  
 DEBT SERVICE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
<b>Total revenues</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>EXPENDITURES</b>				
Current:				
Debt Service:				
Principal	220,178	220,178	220,178	-
Interest	<u>29,822</u>	<u>29,822</u>	<u>29,822</u>	-
<b>Total expenditures</b>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	-
Excess (deficiency) of revenues over (under) expenditures	(250,000)	(250,000)	(250,000)	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	250,000	250,000	250,000	-
<b>Total other financing sources (uses)</b>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	-
Net change in fund balance	-	-	-	-
<b>Fund balance at beginning of year</b>	-	-	-	-
<b>Fund balance at the end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**NONMAJOR DEBT SERVICE FUND**  
**2008 BOND SERIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**EXHIBIT D-6**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ 39,953	\$ 39,953
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>39,953</u>	<u>39,953</u>
<b>EXPENDITURES</b>				
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	39,953	39,953
<b>OTHER FINANCING SOURCES (USES)</b>				
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	39,953	39,953
<b>Fund balance at beginning of year</b>	1,099,235	1,099,235	1,099,235	-
<b>Fund balance at the end of year</b>	<u>\$ 1,099,235</u>	<u>\$ 1,099,235</u>	<u>\$ 1,139,188</u>	<u>\$ 39,953</u>

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**

**EXHIBIT D-7**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 NONMAJOR DEBT SERVICE FUND  
 2014 REFUNDING BONDS  
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 284,625	\$ 284,625	\$ 301,920	\$ 17,295
Interest	451	451	6,781	6,330
<b>Total revenues</b>	<u>285,076</u>	<u>285,076</u>	<u>308,701</u>	<u>23,625</u>
<b>EXPENDITURES</b>				
Current:				
Debt Service:				
Interest	297,363	297,363	297,363	-
Fiscal agent Fees	938	938	950	(12)
<b>Total expenditures</b>	<u>298,301</u>	<u>298,301</u>	<u>298,313</u>	<u>(12)</u>
Excess (deficiency) of revenues over (under) expenditures	(13,225)	(13,225)	10,388	23,613
<b>OTHER FINANCING SOURCES (USES)</b>				
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(13,225)	(13,225)	10,388	23,613
<b>Fund balance at beginning of year</b>	197,886	197,886	197,886	-
<b>Fund balance at the end of year</b>	<u>\$ 184,661</u>	<u>\$ 184,661</u>	<u>\$ 208,274</u>	<u>\$ 23,613</u>

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**NONMAJOR DEBT SERVICE FUND**  
**2018 REFUNDING BONDS DEBT SERVICE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**EXHIBIT D-8**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 4,010,162	\$ 4,010,162	\$ 4,265,743	\$ 255,581
Interest	6,349	6,349	42	(6,307)
<b>Total revenues</b>	<u>4,016,511</u>	<u>4,016,511</u>	<u>4,265,785</u>	<u>249,274</u>
<b>EXPENDITURES</b>				
Current:				
Debt Service:				
Principal	4,015,000	4,015,000	4,015,000	-
Interest	186,913	186,913	186,913	-
Fiscal Agent Fees	937	937	1,000	(63)
<b>Total expenditures</b>	<u>4,202,850</u>	<u>4,202,850</u>	<u>4,202,913</u>	<u>(63)</u>
Excess (deficiency) of revenues over (under) expenditures	(186,339)	(186,339)	62,872	249,212
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(800,000)</u>	<u>(800,000)</u>	-	800,000
<b>Total other financing sources (uses)</b>	<u>(800,000)</u>	<u>(800,000)</u>	<u>-</u>	<u>800,000</u>
Net change in fund balance	(986,339)	(986,339)	62,872	1,049,212
<b>Fund balance at beginning of year</b>	-	-	1,320	1,320
<b>Fund balance at the end of year</b>	<u>\$ (986,339)</u>	<u>\$ (986,339)</u>	<u>\$ 64,192</u>	<u>\$ 1,050,532</u>

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**NONMAJOR DEBT SERVICE FUND**  
**2019 BOND SERIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**EXHIBIT D-9**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
<b>Total revenues</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>EXPENDITURES</b>				
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-
<b>Fund balance at beginning of year</b>	-	-	-	-
<b>Fund balance at the end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**

**EXHIBIT D-10**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 MAJOR DEBT SERVICE FUND  
 2013 BOND SERIES DEBT SERVICE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 3,372,078	\$ 3,372,078	\$ 3,373,852	\$ 1,774
Interest	5,338	5,338	46,384	41,046
Miscellaneous	-	-	49,000	49,000
<b>Total revenues</b>	<u>3,377,416</u>	<u>3,377,416</u>	<u>3,469,236</u>	<u>91,820</u>
<b>EXPENDITURES</b>				
Current:				
Debt Service:				
Principal	1,140,000	1,140,000	1,140,000	-
Interest	2,393,168	2,393,168	2,183,400	209,768
Fiscal agent Fees	938	938	450	488
<b>Total expenditures</b>	<u>3,534,106</u>	<u>3,534,106</u>	<u>3,323,850</u>	<u>210,256</u>
Excess (deficiency) of revenues over (under) expenditures	(156,690)	(156,690)	145,386	302,076
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(400,000)	(400,000)	-	400,000
<b>Total other financing sources (uses)</b>	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>	<u>400,000</u>
Net change in fund balance	(556,690)	(556,690)	145,386	702,076
<b>Fund balance at beginning of year</b>	1,145,932	1,145,932	1,145,932	-
<b>Fund balance at the end of year</b>	<u>\$ 589,242</u>	<u>\$ 589,242</u>	<u>\$ 1,291,318</u>	<u>\$ 702,076</u>

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**MAJOR DEBT SERVICE FUND**  
**2016 REFUNDING BONDS DEBT SERVICE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**EXHIBIT D-11**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 6,861,397	\$ 6,861,397	\$ 7,299,268	\$ 437,871
Interest	10,862	10,862	29,425	18,563
<b>Total revenues</b>	<u>6,872,259</u>	<u>6,872,259</u>	<u>7,328,693</u>	<u>456,434</u>
<b>EXPENDITURES</b>				
Current:				
Debt Service:				
Principal	4,770,000	4,770,000	4,770,000	-
Interest	2,420,150	2,420,150	2,420,150	-
Fiscal Agent Fees	937	937	-	937
<b>Total expenditures</b>	<u>7,191,087</u>	<u>7,191,087</u>	<u>7,190,150</u>	<u>937</u>
Excess (deficiency) of revenues over (under) expenditures	(318,828)	(318,828)	138,543	457,371
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(400,000)	(400,000)	-	400,000
<b>Total other financing sources (uses)</b>	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>	<u>400,000</u>
Net change in fund balance	(718,828)	(718,828)	138,543	857,371
<b>Fund balance at beginning of year</b>	808,668	808,668	808,668	-
<b>Fund balance at the end of year</b>	<u>\$ 89,840</u>	<u>\$ 89,840</u>	<u>\$ 947,211</u>	<u>\$ 857,371</u>

# **CAPITAL PROJECTS FUNDS**



**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**Capital Projects Funds**  
**December 31, 2019**

**MAJOR:**

**2013 Bonds Series Capital Project Fund**

This fund accounts for the proceeds of the \$77,130,000 unlimited tax improvement bonds series 2013 to be used for drainage improvement projects, right of way acquisition, and bond issuance costs.

**2019 Bonds Series Capital Project Fund**

This fund accounts for the proceeds of the \$73,845,000 unlimited tax improvement bonds, series 2019 to be used to pay for the construction of and equipment for drainage improvement projects in the District and the acquisitions of rights of way thereof, and to pay costs of issuance of the bonds

**NONMAJOR:**

**Capital Projects Fund**

This fund accounts for the accumulation of resources for capital outlay. The capital projects are the District's new administration facility, Cesar Chavez Drainage improvements, right of way acquisition, and Raymondville Drain.

**2008 Bonds Series**

This fund accounts for the proceeds of the \$72,000,000 unlimited tax improvement bond series 2008 to be used for drainage improvement projects, right of way acquisition, and bonds issuance costs.

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 DECEMBER 31, 2019

EXHIBIT D-12

	Capital Projects Fund	2008 Bond Series	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,224,694	\$ 3,244,438	\$ 7,469,132
Receivables			
Other accounts	-	5,325	5,325
Due from other governments	2,000,000	-	2,000,000
<b>Total assets</b>	<u>\$ 6,224,694</u>	<u>\$ 3,249,763</u>	<u>\$ 9,474,457</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 124,000	\$ -	\$ 124,000
Retainage payable	11,063	-	11,063
Due to other governments	223,018	-	223,018
<b>Total liabilities</b>	<u>358,081</u>	<u>-</u>	<u>358,081</u>
<b>Fund balances:</b>			
Restricted:			
Capital projects	5,866,613	3,249,763	9,116,376
<b>Total fund balances</b>	<u>5,866,613</u>	<u>3,249,763</u>	<u>9,116,376</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 6,224,694</u>	<u>\$ 3,249,763</u>	<u>\$ 9,474,457</u>

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2019

**EXHIBIT D-13**

	Capital Projects Fund	2008 Bond Series	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
<b>REVENUES</b>			
Interest	\$ 217,445	\$ 139,133	\$ 356,578
Intergovernmental	2,000,000	-	2,000,000
<b>Total revenues</b>	<u>2,217,445</u>	<u>139,133</u>	<u>2,356,578</u>
<b>EXPENDITURES</b>			
Current:			
General government	49,773	-	49,773
Capital Outlay:			
General government	295,080	-	295,080
Drainage flood control	1,648,795	48,183	1,696,978
<b>Total expenditures</b>	<u>1,993,648</u>	<u>48,183</u>	<u>2,041,831</u>
Excess (deficiency) of revenues over (under) expenditures	223,797	90,950	314,747
<b>OTHER FINANCING SOURCES (USES):</b>			
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	223,797	90,950	314,747
<b>Fund balances at beginning of year</b>	5,642,816	3,158,813	8,801,629
<b>Fund balances at the end of year</b>	<u>\$ 5,866,613</u>	<u>\$ 3,249,763</u>	<u>\$ 9,116,376</u>

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**NONMAJOR CAPITAL PROJECT FUND**  
**CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**EXHIBIT D-14**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ 217,445	\$ 217,445
Intergovernmental	-	-	2,000,000	2,000,000
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>2,217,445</u>	<u>2,217,445</u>
<b>EXPENDITURES</b>				
Current:	-	-		
General government	-	50,000	49,773	227
Capital Outlay:				
General government	-	318,216	295,080	23,136
Drainage flood control	-	4,135,780	1,648,795	2,486,985
<b>Total expenditures</b>	<u>-</u>	<u>4,503,996</u>	<u>1,993,648</u>	<u>2,510,348</u>
Excess (deficiency) of revenues over (under) expenditures	-	(4,503,996)	223,797	4,727,793
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	(4,503,996)	223,797	4,727,793
<b>Fund balance at beginning of year</b>	5,642,816	5,642,816	5,642,816	-
<b>Fund balance at the end of year</b>	<u><u>5,642,816</u></u>	<u><u>\$ 1,138,820</u></u>	<u><u>\$ 5,866,613</u></u>	<u><u>\$ 4,727,793</u></u>

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**NONMAJOR CAPITAL PROJECT FUND**  
**2008 BOND SERIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**EXHIBIT D-15**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ 139,133	\$ 139,133
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>139,133</u>	<u>139,133</u>
<b>EXPENDITURES</b>				
Capital Outlay:				
Drainage flood control	-	1,964,489	48,183	1,916,306
<b>Total expenditures</b>	<u>-</u>	<u>1,964,489</u>	<u>48,183</u>	<u>1,916,306</u>
Excess (deficiency) of revenues over (under) expenditures	-	(1,964,489)	90,950	2,055,439
<b>OTHER FINANCING SOURCES (USES)</b>				
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	(1,964,489)	90,950	2,055,439
<b>Fund balance at beginning of year</b>	3,158,813	3,158,813	3,158,813	-
<b>Fund balance at the end of year</b>	<u>\$ 3,158,813</u>	<u>\$ 1,194,324</u>	<u>\$ 3,249,763</u>	<u>\$ 2,055,439</u>

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**MAJOR CAPITAL PROJECT FUND**  
**2013 BOND SERIES CAPITAL PROJECT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**EXHIBIT D-16**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ 417,223	\$ 417,223
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>417,223</u>	<u>417,223</u>
<b>EXPENDITURES</b>				
Capital Outlay:				
Drainage flood control	-	24,439,336	6,669,980	17,769,356
<b>Total expenditures</b>	<u>-</u>	<u>24,439,336</u>	<u>6,669,980</u>	<u>17,769,356</u>
Excess (deficiency) of revenues over (under) expenditures	-	(24,439,336)	(6,252,757)	18,186,579
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	165,479	165,479
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>165,479</u>	<u>165,479</u>
Net change in fund balance	-	(24,439,336)	(6,087,278)	18,352,058
<b>Fund balance at beginning of year</b>	24,439,326	24,439,326	24,439,326	-
<b>Fund balance at the end of year</b>	<u>\$ 24,439,326</u>	<u>\$ (10)</u>	<u>\$ 18,352,048</u>	<u>\$ 18,352,058</u>

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**MAJOR CAPITAL PROJECT FUND**  
**2019 BOND SERIES CAPITAL PROJECT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**EXHIBIT D-17**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ 757,381	\$ 757,381
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>757,381</u>	<u>757,381</u>
<b>EXPENDITURES</b>				
Debt service:				
Bond issuance costs	-	827,760	814,062	13,698
Capital Outlay:				
Drainage flood control	-	83,189,444	4,595,141	78,594,303
<b>Total expenditures</b>	<u>-</u>	<u>84,017,204</u>	<u>5,409,202</u>	<u>78,608,001</u>
Excess (deficiency) of revenues over (under) expenditures	-	(84,017,204)	(4,651,822)	79,365,382
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond issued		73,845,000	73,845,000	-
Refunding escrow deposit		10,172,204	10,172,204	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>84,017,204</u>	<u>84,017,204</u>	<u>-</u>
Net change in fund balance	-	-	79,365,382	79,365,382
<b>Fund balance at beginning of year</b>	-	-	-	-
<b>Fund balance at the end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,365,382</u>	<u>\$ 79,365,382</u>



**STATISTICAL SECTION**  
**(UNAUDITED)**



**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**Statistical Section**  
**December 31, 2019**

This section of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health. This information has not been audited by the independent auditor.

**FINANCIAL TRENDS**

These schedules contain trend information to help the reader understand how the District's financial performance changed over time.

**REVENUE CAPACITY**

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

**DEBT CAPACITY**

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

**DEMOGRAPHIC AND ECONOMIC INFORMATION**

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

**OPERATING INFORMATION**

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

**OTHER INFORMATION**

These schedules contain information that although is not require, but is presented to help the reader obtain additional insights into District's activities and finances

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
 (accrual basis of accounting)

	Fiscal Year			
	2019	2018	2017	2016
<b>Governmental activities:</b>				
Net investment in capital assets	\$ 122,823,880	\$ 113,921,907	\$ 114,714,651	\$ 110,770,579
Restricted for:				
Special revenue				
Legislative (1)	-	-	-	-
Grants (1)	-	-	-	2,054
Debt service	11,648,315	9,400,427	7,735,745	4,627,610
Capital projects	-	-	-	-
Unrestricted	(17,339,057)	(23,093,462)	(38,274,625)	(43,000,052)
<b>Subtotal governmental activities net position</b>	<b>\$ 117,133,138</b>	<b>\$ 100,228,872</b>	<b>\$ 84,175,771</b>	<b>\$ 72,400,191</b>
% change from prior year	16.9%	19.1%	16.3%	17.7%
<b>Business-type activities:</b>				
Net investment in capital	\$ -	\$ -	\$ -	\$ -
Restricted for:				
Enterprise - bond covenant	-	-	-	-
Unrestricted	-	-	-	-
<b>Subtotal business-type activities net position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
% change from prior year				
<b>Primary government:</b>				
Net investment in capital assets	\$ 122,823,880	\$ 113,921,907	\$ 114,714,651	\$ 110,770,579
Restricted for:				
Special revenue				
Legislative (1)	-	-	-	-
Grants (1)	-	-	-	2,054
Debt service	11,648,315	9,400,427	7,735,745	4,627,610
Capital projects	-	-	-	-
Unrestricted	(17,339,057)	(23,093,462)	(38,274,625)	(43,000,052)
<b>Total primary government net position (2)</b>	<b>\$ 117,133,138</b>	<b>\$ 100,228,872</b>	<b>\$ 84,175,771</b>	<b>\$ 72,400,191</b>
% change from prior year	16.9%	19.1%	16.3%	17.7%

(1) Beginning in 2009, Restricted for Special Revenue was further categorized.

(2) See Exhibit E-2 for changes in net position from year

EXHIBIT E-1

Fiscal Year					
2015	2014	2013	2012	2011	2010
\$ 97,975,178	\$ 91,597,072	\$ 85,320,293	\$ 77,988,528	\$ 74,059,808	\$ 72,054,337
-	-	-	-	-	-
426	-	-	2,365,838	2,365,838	2,365,838
10,090,911	5,204,351	5,765,558	4,910,882	4,525,122	4,111,222
-	-	-	-	1,119,332	761,184
(46,575,802)	(51,538,613)	(54,538,387)	(54,519,000)	(56,303,976)	(59,619,843)
<u>\$ 61,490,713</u>	<u>\$ 45,262,810</u>	<u>\$ 36,547,464</u>	<u>\$ 30,746,248</u>	<u>\$ 25,766,124</u>	<u>\$ 19,672,738</u>
35.9%	23.8%	18.9%	19.3%	31.0%	50.2%
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>					

\$ 97,975,178	\$ 91,597,072	\$ 85,320,293	\$ 77,988,528	\$ 74,059,808	\$ 72,054,337
-	-	-	-	-	-
426	-	-	2,365,838	2,365,838	2,365,838
10,090,911	5,204,351	5,765,558	4,910,882	4,525,122	4,111,222
-	-	-	-	1,119,332	761,184
(46,575,802)	(51,538,613)	(54,538,387)	(54,519,000)	(56,303,976)	(59,619,843)
<u>\$ 61,490,713</u>	<u>\$ 45,262,810</u>	<u>\$ 36,547,464</u>	<u>\$ 30,746,248</u>	<u>\$ 25,766,124</u>	<u>\$ 19,672,738</u>
35.9%	23.8%	18.9%	19.3%	31.0%	50.2%

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
 (accrual basis of accounting)

	Fiscal Year			
	2019	2018	2017	2016
<b>Expenses</b>				
<i>Governmental activities:</i>				
General government	\$ 3,744,042	\$ 2,693,067	\$ 6,571,100	\$ 5,940,806
Drainage flood control	16,576,753	15,398,590	8,201,939	10,816,262
Interest on long-term debt	4,736,406	4,120,104	5,940,055	5,068,698
<b>Total governmental activities expenses</b>	<u>25,057,201</u>	<u>22,211,761</u>	<u>20,713,094</u>	<u>21,825,766</u>
<i>Business-type activities:</i>				
<b>Total business-type activities expenses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total primary government expenses</b>	<u>25,057,201</u>	<u>22,211,761</u>	<u>20,713,094</u>	<u>21,825,766</u>
<b>Program revenues</b>				
<i>Governmental activities:</i>				
Charges for services	81,091	60,693	61,000	57,607
Operating grants and contributions	2,090,667	4,673,566	571,191	-
<b>Total governmental activities program revenues</b>	<u>2,171,758</u>	<u>4,734,259</u>	<u>632,191</u>	<u>57,607</u>
<i>Business-type activities:</i>				
<b>Total business-type activities program revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total primary government program revenues</b>	<u>2,171,758</u>	<u>4,734,259</u>	<u>632,191</u>	<u>57,607</u>
<b>Net (expenses) revenues</b>				
<i>Governmental activities</i>	(22,885,443)	(17,477,502)	(20,080,903)	(21,768,159)
<i>Business-type activities</i>	-	-	-	-
<b>Total primary government net expenses</b>	<u>\$ (22,885,443)</u>	<u>\$ (17,477,502)</u>	<u>\$ (20,080,903)</u>	<u>\$ (21,768,159)</u>

(1) See Exhibit E-1 for ending net position balances for reported years.

EXHIBIT E-2  
Continued

		Fiscal Year									
		2015	2014	2013	2012	2011	2010				
\$	2,867,683	\$	2,453,673	\$	1,647,613	\$	1,364,679	\$	1,497,873	\$	1,637,935
	9,228,802		8,824,915		13,901,545		10,169,321		10,882,410		15,257,530
	6,609,352		8,228,021		4,056,632		4,196,582		4,316,719		1,154,531
	18,705,837		19,506,609		19,605,790		15,730,582		16,697,002		18,049,996
<hr/>											
-											
	18,705,837		19,506,609		19,605,790		15,730,582		16,697,002		18,049,996
<hr/>											
	61,590		48,000		37,250		48,750		39,750		33,668
	5,599,008		-		-		-		1,258,494		3,782,780
	5,660,598		48,000		37,250		48,750		1,298,244		3,816,448
<hr/>											
	-		-		-		-		-		-
	5,660,598		48,000		37,250		48,750		1,298,244		3,816,448
<hr/>											
	(13,045,239)		(19,458,609)		(19,568,540)		(15,681,832)		(15,398,758)		(14,233,548)
	-		-		-		-		-		-
\$	(13,045,239)	\$	(19,458,609)	\$	(19,568,540)	\$	(15,681,832)	\$	(15,398,758)	\$	(14,233,548)

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year			
	2019	2018	2017	2016
<b>General Revenues and Other Changes in Net Position</b>				
<i>Governmental activities:</i>				
Taxes:				
Property taxes	\$ 35,225,673	\$ 32,353,117	\$ 30,504,959	\$ 28,757,262
Interest earnings	2,427,546	1,220,266	778,435	491,532
Penalty and Interest	836,274	814,826	761,869	767,511
Miscellaneous	1,194,933	77,450	131,728	-
Other	-	-	(309,313)	1,564,336
Gain on sale of capital assets	105,283	5,866	(11,195)	(7,421)
Transfers	-	-	-	-
<b>Total governmental activities</b>	<b>39,789,709</b>	<b>34,471,525</b>	<b>31,856,483</b>	<b>31,573,220</b>
<i>Business-type activities:</i>				
<b>Total business-type activities</b>	-	-	-	-
<b>Total primary government</b>	<b>39,789,709</b>	<b>34,471,525</b>	<b>31,856,483</b>	<b>31,573,220</b>
<b>Change in net position</b>				
<i>Governmental activities</i>	16,904,266	16,994,023	11,775,580	9,805,061
<i>Business-type activities</i>	-	-	-	-
<b>Total primary government (1)</b>	<b>\$ 16,904,266</b>	<b>\$ 16,994,023</b>	<b>\$ 11,775,580</b>	<b>\$ 9,805,061</b>

(1) See Exhibit E-1 for ending net position balances for reported years.

Fiscal Year						
2015	2014	2013	2012	2011	2010	
\$ 27,956,826	\$ 25,725,175	\$ 22,478,956	\$ 19,472,113	\$ 19,016,632	\$ 19,102,838	
277,365	199,126	111,228	72,847	46,863	63,581	
795,286	769,180	677,199	662,844	677,987	664,671	
-	-	741,694	400,646	1,750,662	924,685	
768,736	-	-	-	-	-	
-	30,046	100,294	10,258	-	50,612	
-	1,024,261	2,650,879	-	-	-	
29,798,213	27,747,788	26,760,250	20,618,708	21,492,144	20,806,387	
-	-	-	-	-	-	
29,798,213	27,747,788	26,760,250	20,618,708	21,492,144	20,806,387	
16,752,974	8,289,179	7,191,710	4,936,876	6,093,386	6,572,839	
-	-	-	-	-	-	
\$ 16,752,974	\$ 8,289,179	\$ 7,191,710	\$ 4,936,876	\$ 6,093,386	\$ 6,572,839	

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(modified accrual basis of accounting)

	Fiscal Year			
	2019	2018	2017	2016
<b>General fund:</b>				
Reserved for:				
Prepays	-	-	-	-
TWDB grant	-	-	-	-
DHS Grant	-	-	-	-
Management Consulting Fees	-	-	-	-
Unreserved	-	-	-	-
<b>Total general fund</b>	-	-	-	-
% change from prior year	-	-	-	-
<b>Other governmental funds:</b>				
Reserved for:				
Capital projects:				
Debt	-	-	-	-
Unreserved, reported in:				
Capital projects funds:				
Debt service funds:				
Undesignated	-	-	-	-
<b>Total other governmental funds</b>	-	-	-	-
<b>Total governmental funds</b>	\$ -	\$ -	\$ -	\$ -
% change from prior year	0.0%	0.0%	0.0%	0.0%

(1) Due to implementation of GASB 54 in 2011, fund balance classification changed. See new fund balance classifications on Exhibit E-3

EXHIBIT E-3  
Continued

Fiscal Year						
2015	2014	2013	2012	2011	2010	
-	-	-	-	-	18,272	
-	-	-	-	-	-	
-	-	-	-	-	2,365,838	
-	-	-	-	-	-	
-	-	-	-	-	8,678,975	
-	-	-	-	-	11,063,085	
-	-	-	-	-	25.7%	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	9,410,746	
-	-	-	-	-	1,393,942	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	10,804,688	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,867,773	
0.0%	0.0%	0.0%	0.0%	0.0%	7.5%	

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(modified accrual basis of accounting)

	Fiscal Year			
	2019	2018	2017	2016
General fund:				
Nonspendable:				
Prepays	\$ 14,236	\$ 1,100	\$ 958	\$ 10,224
Restricted for:				
Designated for Raymondville Drain	1,446,923	1,349,911	1,415,469	1,694,524
Unassigned:	19,449,540	16,577,711	20,209,159	19,316,844
<b>Total general fund</b>	<u>\$ 20,910,699</u>	<u>\$ 17,928,722</u>	<u>\$ 21,625,586</u>	<u>\$ 21,021,592</u>
% change from prior year	16.6%	-17.1%	2.9%	-3.8%
<b>Other governmental funds:</b>				
Nonspendable:				
Drainage improvement projects	106,833,806	33,240,955	38,082,540	43,531,469
Debt service reserve	3,650,183	3,253,041	3,185,459	3,264,751
Committed for:				
TWDB	-	-	-	2,054
Unassigned:				
Capital projects funds	-	-	-	-
<b>Total other governmental funds</b>	<u>110,483,989</u>	<u>36,493,996</u>	<u>41,267,999</u>	<u>46,798,274</u>
<b>Total governmental funds</b>	<u>\$ 131,394,688</u>	<u>\$ 54,422,718</u>	<u>\$ 62,893,585</u>	<u>\$ 67,819,866</u>
% change from prior year	141.4%	-13.5%	-7.3%	-9.6%

(1) Due to implementation of GASB 54 in 2011, fund balance classification changed. See historical fund balance classifications on Exhibit E-3 pages 128-129.

EXHIBIT E-3  
Concluded

Fiscal Year					
2015	2014	2013	2012	2011	2010
\$ 192	\$ -	\$ 20,255	\$ 10,266	\$ 14,146	\$ -
-	-	-	2,365,838	2,365,838	-
21,850,044	16,769,038	14,554,688	13,105,945	11,657,563	-
\$ 21,850,236	\$ 16,769,038	\$ 14,574,943	\$ 15,482,049	\$ 14,037,547	\$ -
30.3%	15.1%	-5.9%	10.3%	26.9%	0.0%
50,697,425	59,723,822	73,581,010	7,475,991	9,063,983	-
2,461,315	2,116,581	1,903,111	1,805,618	1,553,289	-
-	-	-	-	-	-
-	-	-	-	-	-
53,158,740	61,840,403	75,484,121	9,281,609	10,617,272	-
\$ 75,008,976	\$ 78,609,441	\$ 90,059,064	\$ 24,763,658	\$ 24,654,819	\$ -
-4.6%	-12.7%	263.7%	0.4%	12.7%	

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(modified accrual basis of accounting)

	Fiscal Year			
	2019	2018	2017	2016
<b>Revenues</b>				
Taxes	\$ 33,706,942	\$ 32,322,210	\$ 30,614,346	\$ 29,109,043
Operating grants and contributions	-	4,500,000	-	-
Intergovernmental	2,090,667	173,566	571,191	204,710
Charges for services	81,091	60,693	61,000	57,607
Interest	2,427,546	1,220,266	778,436	491,530
Miscellaneous	1,194,933	77,450	131,728	321,257
<b>Total revenues</b>	<b>\$ 39,501,179</b>	<b>\$ 38,354,185</b>	<b>\$ 32,156,701</b>	<b>\$ 30,184,147</b>
% change from prior year	3.0%	19.3%	6.5%	-12.2%
<b>Expenditures</b>				
Current:				
General government	2,929,980	2,593,065	2,772,624	2,493,024
Drainage flood control	11,734,756	11,044,060	11,057,559	14,800,681
Debt service:				
Principal	10,145,178	9,704,513	8,809,365	7,770,774
Interest and fiscal charges	5,120,048	5,463,045	5,940,355	5,068,697
Bond issuance costs	814,062	100,000	61,521	666,846
Advance refunding escrow	-	373,680	249,917	1,350,683
Capital outlay	19,427,379	17,684,993	8,464,605	7,336,409
Intergovernmental	-	-	-	-
<b>Total expenditures</b>	<b>50,171,403</b>	<b>46,963,356</b>	<b>37,355,946</b>	<b>39,487,114</b>
% change from prior year	6.8%	25.7%	-5.4%	4.0%
Excess (deficiency) of revenues over (under) expenditures	(10,670,224)	(8,609,171)	(5,199,245)	(9,302,967)
<b>Other financing sources (uses)</b>				
Transfers in	250,000	2,225,000	6,509,939	683,630
Transfers out	(250,000)	(2,225,000)	(6,509,939)	(683,630)
Premium (discount) on bonds issued	10,172,204	-	56,605	10,402,222
Payment to refunded bond escrow agent	-	-	(1,955,083)	-
Bonds issued	73,845,000	-	-	-
Refunding bonds issued	-	6,095,000	1,960,000	52,625,000
Refunding escrow deposit	-	(5,995,000)	-	(62,360,377)
Long-term notes issued	3,320,000	-	-	1,243,079
Sale of capital assets	304,990	38,304	211,442	203,933
<b>Total other financing sources (uses)</b>	<b>87,642,194</b>	<b>138,304</b>	<b>272,964</b>	<b>2,113,857</b>
Net change in fund balances	<b>\$ 76,971,970</b>	<b>\$ (8,470,867)</b>	<b>\$ (4,926,281)</b>	<b>\$ (7,189,110)</b>
Capital outlay	19,427,379	17,717,690	9,672,553	9,075,516
Debt service as a percentage of non-capital expenditures	52.3%	51.8%	52.1%	46.2%

EXHIBIT E-4

Fiscal Year					
2015	2014	2013	2012	2011	2010
\$ 27,663,950	\$ 26,524,982	\$ 20,399,974	\$ 19,727,003	\$ 19,320,940	\$ 19,308,663
5,599,008	-	-	-	1,258,494	3,782,780
-	-	-	-	-	-
61,590	48,000	37,250	48,750	39,750	33,668
276,687	200,699	111,228	72,847	46,864	63,581
768,736	-	741,693	400,646	1,750,658	924,687
<u>\$ 34,369,971</u>	<u>\$ 26,773,681</u>	<u>\$ 21,290,145</u>	<u>\$ 20,249,246</u>	<u>\$ 22,416,706</u>	<u>\$ 24,113,379</u>
28.4%	25.8%	5.1%	-9.7%	-7.0%	-73.0%
2,105,618	1,859,694	1,649,805	1,450,910	1,570,164	1,525,959
12,671,056	8,830,535	12,432,685	9,484,985	7,080,239	10,290,597
7,391,180	5,775,027	3,900,000	3,435,000	4,180,476	3,782,698
6,608,672	8,229,593	4,056,631	4,196,581	4,355,470	4,469,983
-	148,741	545,831	-	-	-
-	-	-	-	-	-
9,193,910	13,983,431	18,424,251	1,610,181	2,444,529	4,373,159
-	-	-	-	-	-
<u>37,970,436</u>	<u>38,827,021</u>	<u>41,009,203</u>	<u>20,177,657</u>	<u>19,630,878</u>	<u>24,442,396</u>
-2.2%	-5.3%	103.2%	2.8%	-19.7%	-79.3%
(3,600,465)	(12,053,340)	(19,719,058)	71,589	2,785,828	(329,017)
145,959	1,062,373	-	110,178	1,967,546	1,563,384
(145,959)	(1,062,373)	-	(110,178)	(1,967,546)	(1,563,384)
-	988,117	7,415,831	-	-	-
-	-	-	-	-	-
-	7,810,000	77,130,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(8,649,377)	-	-	-	-
-	406,980	-	-	-	1,622,706
-	47,997	468,633	37,250	1,218	226,913
-	603,717	85,014,464	37,250	1,218	1,849,619
<u>\$ (3,600,465)</u>	<u>\$ (11,449,623)</u>	<u>\$ 65,295,406</u>	<u>\$ 108,839</u>	<u>\$ 2,787,046</u>	<u>\$ 1,520,602</u>
13,871,409	14,351,412	12,404,973	3,032,014	529,301	3,012,529
48.7%	57.0%	37.6%	41.1%	49.7%	41.1%

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**ASSESSED VALUE AND MARKET VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

Fiscal	Tax Roll	Real and Personal Property (1)	Less: Tax Exempt Property
2010	2009	25,859,376,824	4,005,040,207
2011	2010	25,935,647,449	4,173,410,922
2012	2011	26,006,779,427	4,274,165,297
2013	2012	26,444,329,673	4,420,209,088
2014	2013	27,122,349,160	4,537,832,865
2015	2014	27,797,044,065	4,696,248,349
2016	2015	29,894,876,293	4,953,993,579
2017	2016	31,757,653,439	5,152,572,150
2018	2017	33,025,123,406	5,498,083,420
2019	2018	34,732,762,896	5,911,214,122

(1) Includes minerals.

(2) Recalculated for Tax Roll Years 2007-2013.

Source: Hidalgo County Tax Office Levy Rolls

EXHIBIT E-5

Total Assessed Value (2)	Total Direct Tax	Market Value	Assessed Value as a % of Market Value
29,864,417,031	0.0725	32,581,257,211	91.66%
30,109,058,371	0.0725	32,797,796,809	91.80%
30,280,944,724	0.0733	32,967,100,268	91.85%
30,864,538,761	0.0750	33,506,930,313	92.11%
31,660,182,025	0.0957	34,311,538,180	92.27%
32,493,292,414	0.0957	35,223,180,090	92.25%
34,848,869,872	0.0951	37,931,888,917	91.87%
36,910,225,589	0.0951	39,953,840,743	92.38%
38,523,206,826	0.0951	41,503,168,083	92.82%
40,643,977,018	0.0951	43,951,582,942	92.47%

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**MARKET, ASSESSED, AND TAXABLE VALUATIONS**  
**LAST TEN FISCAL YEARS**

**EXHIBIT E-6**

<u>Fiscal</u> <u>Year</u>	<u>Tax Roll</u> <u>Year</u>	<u>Market</u> <u>Valuation</u>	<u>Assessed</u> <u>Valuation</u>	<u>Taxable</u> <u>Valuation</u>
2010	2009	32,702,552,326	29,979,364,100	25,968,153,946
2011	2010	32,797,796,809	30,109,058,371	25,935,647,449
2012	2011	32,967,100,268	30,280,944,724	26,006,779,427
2013	2012	33,506,930,313	30,864,538,761	26,444,329,673
2014	2013	34,311,538,180	31,660,182,025	27,122,349,160
2015	2014	35,223,180,090	32,493,292,414	27,797,044,065
2016	2015	37,931,888,917	34,848,869,872	29,894,876,293
2017	2016	39,953,840,743	36,910,225,589	31,757,653,439
2018	2017	41,503,168,083	38,523,206,826	33,025,123,406
2019	2018	43,951,852,942	40,643,977,018	34,732,762,896

Source: Hidalgo County Tax Office Levy Rolls

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**

**EXHIBIT E-7**

PROPERTY TAX RATES (1)

LAST TEN FISCAL YEARS

Fiscal Year:	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Tax Roll Year:	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009

**Hidalgo County Drainage District No. 1**

Operating:

General Fund	0.0521	0.0502	0.0496	0.0481	0.0466	0.0449	0.0454	0.0441	0.0447	0.0449
Total Operating	0.0521	0.0502	0.0496	0.0481	0.0466	0.0449	0.0454	0.0441	0.0447	0.0449

Debt Service:

Unlimited Tax Improvement Bonds, Series 2007	-	-	-	0.0074	0.0491	0.0081	0.0081	0.0080	0.0085	0.0079
Unlimited Tax Improvement Bonds, Series 2008	-	0.0113	0.0119	0.0200	-	0.0220	0.0215	0.0212	0.0193	0.0197
Unlimited Tax Improvement Bonds, Series 2013	0.0095	0.0165	0.0176	0.0186	-	0.0208	-	-	-	-
Unlimited Tax Refunding Bonds, Series 2014	0.0009	0.0009	0.0009	0.0010	-	-	-	-	-	-
Unlimited Tax Refunding Bonds, Series 2016	0.0206	0.0101	0.0151	-	-	-	-	-	-	-
Unlimited Tax Refunding Bonds, Series 2017	0.0120	0.0061	-	-	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-	-	-	-	-
Total Debt Service	0.0430	0.0449	0.0455	0.0470	0.0491	0.0509	0.0296	0.0292	0.0278	0.0276

Total Hidalgo County Drainage District No. 1	0.0951	0.0951	0.0951	0.0951	0.0957	0.0958	0.0750	0.0733	0.0725	0.0725
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**Hidalgo County Drainage District No. 1**

Operating

Debt Service

Operating	0.0521	0.0502	0.0496	0.0481	0.0466	0.0449	0.0454	0.0441	0.0447	0.0449
Debt Service	0.0430	0.0449	0.0455	0.0470	0.0491	0.0509	0.0296	0.0292	0.0278	0.0276
<b>Total Hidalgo County Drainage District No. 1</b>	<b>0.0951</b>	<b>0.0951</b>	<b>0.0951</b>	<b>0.0951</b>	<b>0.0957</b>	<b>0.0958</b>	<b>0.0750</b>	<b>0.0733</b>	<b>0.0725</b>	<b>0.0725</b>

(1) These property tax rates are expressed in dollars per \$100 assessed valuation.

Source: Hidalgo County Drainage District No. 1 Tax Rolls

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**

**EXHIBIT E-8**

PROPERTY TAX RATES (1)  
 DIRECT AND OVERLAPPING GOVERNMENTS  
 LAST TEN FISCAL YEARS

	Fiscal Year:	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
	Tax Roll Year:	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Hidalgo County		0.5800	0.5800	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900
Drainage District No. 1		0.0951	0.0951	0.0951	0.0951	0.0957	0.0957	0.0750	0.0733	0.0725	0.0725
EMS District No. 1		0.0194	0.0176	0.0200	0.0185	0.0165	0.0154	0.0143	0.0134	0.0134	0.0132
EMS District No. 2		0.0360	0.0380	0.0380	0.0361	0.0361	0.0361	0.0361	0.0336	0.0311	0.0284
EMS District No. 3		0.0257	0.0285	0.0300	0.0300	0.0300	0.0300	0.0300	0.0100	0.0088	0.0080
EMS District No. 4		0.0252	0.0254	0.0272	0.0027	0.0272	0.0267	0.0262	0.0245	0.0245	0.0240
Red Sands GWC District		0.1528	0.1690	0.1690	0.1690	0.1690	0.1690	0.1690	0.1690	0.1800	-
City of Alamo		0.5817	0.5565	0.5810	0.5881	0.5990	-	-	-	-	-
City of Alton		0.4440	0.4440	0.4490	0.4540	0.4591	0.4624	0.4799	0.4825	0.4850	0.4950
City of Donna		0.7989	0.7989	0.8800	0.9828	1.1424	1.2523	1.2523	1.2523	-	1.0383
City of Edcouch		0.9687	0.9154	0.9286	0.9286	0.9286	0.9705	0.9999	0.8842	0.8542	0.8542
City of Edinburg		0.6350	0.6350	0.6350	0.6350	0.6350	0.6350	0.6350	0.6350	-	-
City of Elsa		0.8822	0.9018	0.9177	0.8566	0.9867	0.9916	0.9900	0.9900	0.9042	0.9042
City of Granjeno		0.4607	0.4469	0.4419	0.4251	0.4230	0.4253	0.4253	0.4253	0.3757	0.3072
City of Hidalgo		0.3514	0.3514	0.3514	0.3514	0.3514	0.3514	0.3514	0.3514	-	-
City of La Joya		0.5668	0.5251	0.5394	0.5435	0.5700	0.5678	0.5678	0.5452	0.5323	0.5176
City of La Villa		0.7836	0.7836	0.7836	0.7836	0.7836	0.7836	0.7836	0.6224	0.6234	0.6234
City of McAllen		0.4792	0.4763	0.4763	0.4763	0.4763	0.4313	0.4313	0.4313	0.4213	0.4213
City of Mercedes		0.7450	0.7450	0.7450	0.7551	0.7600	0.7750	0.7850	0.7850	0.7900	0.7900
City of Mission		0.4862	0.4862	0.4962	0.4988	0.5188	0.5288	0.5288	0.5388	0.5566	0.5566
City of Palmview		0.5001	0.5001	0.4751	0.4751	0.4790	0.4665	0.4665	0.4600	0.4534	0.4438
City of Peñitas		0.5562	0.5562	0.5060	0.5060	0.4595	0.4345	0.4100	0.3625	0.3296	0.3085
City of Pharr		0.6490	0.6490	0.6540	0.6540	0.6800	0.6800	0.6800	0.6800	0.6800	0.6800
City of Progreso		0.8129	0.7840	0.7961	0.8061	0.7930	0.8126	0.5389	0.4999	0.4553	0.4553
City of San Juan		0.6993	0.6993	0.6993	0.6993	0.6993	0.7386	0.7386	0.7386	0.7386	0.7386
City of Sullivan		0.5000	0.5000	0.4606	0.4668	0.4478	0.4160	0.3838	0.3535	0.3220	0.3232
City of Weslaco		0.6667	0.6667	0.6667	0.6767	0.6767	0.6867	0.6967	0.6967	0.6967	0.6967
Donna ISD		1.2582	1.2582	1.2582	1.2582	1.2582	1.2582	1.2582	1.2582	1.2582	1.1779
Edcouch-Elsa ISD		1.2580	1.2580	1.2580	1.2580	1.2580	1.2580	1.2580	1.2580	1.2580	1.2580
Edinburg CISD		1.2398	1.2398	1.2398	1.2398	1.2398	1.2398	1.2398	1.2398	1.2398	1.2198
Hidalgo ISD		1.4700	1.4700	1.4900	1.5300	1.5300	1.5564	1.5564	1.5864	-	-
La Joya ISD		1.3110	1.3110	1.3110	1.3110	1.3110	1.3110	1.3110	1.3110	1.3110	1.3110
La Villa ISD		1.4838	1.3038	1.3038	1.3038	1.3038	1.3038	1.3038	1.3038	1.2248	1.2248
McAllen ISD		1.1550	1.1550	1.1550	1.1550	1.1650	1.1650	1.1650	1.1650	1.1650	1.1650
Mercedes ISD		1.3800	1.3800	1.3800	1.3800	1.3800	1.2900	1.2900	1.2900	1.2900	1.2900
Mission CISD		1.3398	1.3502	1.3582	1.3720	1.3300	1.3000	1.3000	1.3000	1.3000	1.2800
Monte Alto ISD		1.3500	1.3500	1.3500	1.3500	1.3500	1.3500	1.3500	1.3500	1.3500	1.2200
Pharr-San Juan-Alamo ISD		1.3792	1.3892	1.3992	1.3992	1.3592	1.3592	1.3592	1.3592	1.3592	1.3013
Progreso ISD		1.3900	1.3900	1.3900	1.3700	1.3700	1.3275	1.3700	1.4300	1.4300	1.3100
Sharyland ISD		1.3755	1.3755	1.3755	1.3355	1.3350	1.2855	1.2855	1.2000	1.2000	1.2000
South Texas College		0.1780	0.1850	0.1850	0.1850	0.1850	0.1500	0.1507	0.1507	0.1497	0.1491
South Texas ISD		0.0492	0.0492	0.0492	0.0492	0.0492	0.0492	0.0492	0.0492	0.0492	0.0492
Valley View ISD		1.2770	1.2770	1.2770	1.2770	1.2770	1.2770	1.2770	1.3170	1.3170	1.3170
Weslaco ISD		1.1597	1.1597	1.1397	1.1397	1.1397	1.1397	1.1397	1.1397	1.1397	1.1397
Delta Lake Irrigation		-	-	-	-	-	-	-	-	-	-
Donna Irrigation District No. 1		-	-	-	-	-	-	-	-	-	-
Engleman Water District #6		-	-	-	-	-	-	-	-	-	-

(1) These property tax rates are expressed in dollars per \$100 assessed valuation.

Source: Hidalgo County Tax Office

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**

**EXHIBIT E-9**

PRINCIPAL TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Fiscal Year: 2019 Tax Roll Year: 2018				2010 2009			
	Taxable Value (1)	Rank	Tax as a % of Total Levy (2)	Tax (3)	Taxable Value	Rank	Tax as a % of Total Levy (2)*	Tax (3)*
AEP Texas Central Co (CP&L)	\$ 321,312,290	1	0.92%	\$ 305,568	\$ 141,780,810	1	0.72%	\$ 134,833
Simon Property Group-McAllen No 2	\$ 135,839,131	2	0.39%	\$ 129,183	\$ 50,944,799	10	0.26%	\$ 48,448
H E Butt Grocery Company	\$ 104,522,304	3	0.30%	\$ 99,400	\$ 114,289,734	2	0.58%	\$ 108,689
Electric Transmission of Texas	\$ 103,741,310	4	0.30%	\$ 98,657				
CPG Mercedes LP 7	\$ 89,891,425	5	0.26%	\$ 85,486	\$ 60,625,220	9	0.31%	\$ 57,654
Big Sky Commercial Property	\$ 61,421,881	6	0.18%	\$ 58,412				
McAllen Levcal LLC	\$ 60,056,707	7	0.17%	\$ 57,113				
Frontera Generation LTD Partnership	\$ 56,052,250	8	0.16%	\$ 53,305	\$ 82,100,300	6	0.41%	\$ 78,077
Rio Grande Regional Hospital	\$ 54,761,693	9	0.16%	\$ 52,078	\$ 66,677,559	8	0.34%	\$ 63,410
Day Surgery at Renaissance LLC	\$ 52,825,706	10	0.15%	\$ 50,237				
Wal-Mart Stores Texas LLC					104,810,618	3	0.53%	\$ 99,674
Calpine Central LP (Magic Valley PW)					87,490,000	4	0.44%	\$ 83,202
Universal Health Services					83,905,804	5	0.42%	\$ 79,794
Southwestern Bell Tele					79,941,860	7	0.40%	\$ 76,024
<b>Total</b>	<b>\$ 1,040,424,697</b>		<b>2.99%</b>	<b>\$ 989,439</b>	<b>\$ 872,566,704</b>		<b>4.40%</b>	<b>\$ 829,805</b>

(1) Appraisal District certified values for Fiscal Year 2019 and Tax Roll Year 2018.

(2) Total tax levy is: \$ 33,062,978 \$ 18,855,063

(3) Tax rate is: \$ 0.0951 \$ 0.0725

Source: Hidalgo County Appraisal District and 2010 Hidalgo County Annual Financial Report

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
PROPERTY TAX LEVY AND  
RESERVE FOR UNCOLLECTIBLE TAXES  
FISCAL YEAR 2019

**EXHIBIT E-10**

	Tax Levy (1)	Reserved For Uncollectible Taxes	Current Tax Levy Net of Uncollectible Amount
<b>Hidalgo County</b>			
Operating:			
General Fund	\$ 18,113,366	\$ 119,672	\$ 18,233,038
Total Operating	<u>18,113,366</u>	<u>119,672</u>	<u>18,233,038</u>
Debt Service:			
Total Debt Service	<u>14,949,612</u>	<u>85,969</u>	<u>15,035,581</u>
<b>Total Hidalgo County Drainage District No. 1</b>	<u>\$ 33,062,978</u>	<u>\$ 205,641</u>	<u>\$ 33,268,619</u>
<b>Drainage District No. 1</b>			
Operating	\$ 18,113,366	\$ 119,672	\$ 18,233,038
Debt Service	<u>14,949,612</u>	<u>85,969</u>	<u>15,035,581</u>
<b>Total Drainage District No. 1</b>	<u>33,062,978</u>	<u>205,641</u>	<u>33,268,619</u>
<b>Total All Funds</b>	<u>\$ 33,062,978</u>	<u>\$ 205,641</u>	<u>\$ 33,268,619</u>

(1) 2018 Hidalgo County Tax Assesor & Collector 2018 Tax Roll  
Source: District Financial Statements



**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
PROPERTY TAX LEVIES  
LAST TEN FISCAL YEARS

	Fiscal Year:	2019	2018	2017	2016
	Tax Roll Year:	2018	2017	2016	2015
<b>Hidalgo County Drainage District No. 1</b>					
Operating:					
General Fund	\$	18,113,366	\$ 16,928,721	\$ 15,767,873	\$ 14,393,611
Total Operating		<u>18,113,366</u>	<u>16,928,721</u>	<u>15,767,873</u>	<u>14,393,611</u>
Debt Service:					
Debt Service		<u>14,949,612</u>	<u>14,881,620</u>	<u>14,464,481</u>	<u>14,064,444</u>
Total Debt Service		<u>14,949,612</u>	<u>14,881,620</u>	<u>14,464,481</u>	<u>14,064,444</u>
<b>Total Hidalgo County Drainage District No. 1</b>	<b>\$</b>	<b><u>33,062,978</u></b>	<b>\$ <u>31,810,341</u></b>	<b>\$ <u>30,232,354</u></b>	<b>\$ <u>28,458,055</u></b>
<b>Total Hidalgo County Drainage District No. 1</b>		<u>33,062,978</u>	<u>31,810,341</u>	<u>30,232,354</u>	<u>28,458,055</u>
<b>Total All Funds</b>	<b>\$</b>	<b><u>33,062,978</u></b>	<b>\$ <u>31,810,341</u></b>	<b>\$ <u>30,232,354</u></b>	<b>\$ <u>28,458,055</u></b>

Source: Hidalgo County Tax Office

EXHIBIT E-11

2015 2014	2014 2013	2013 2012	2012 2011	2011 2010	2010 2009
\$ 12,968,506	\$ 12,191,627	\$ 12,017,962	\$ 11,487,658	\$ 11,611,614	\$ 11,677,135
12,968,506	12,191,627	12,017,962	11,487,658	11,611,614	11,677,135
13,664,242	13,793,644	7,835,500	7,606,341	7,221,541	7,177,927
13,664,242	13,793,644	7,835,500	7,606,341	7,221,541	7,177,927
\$ 26,632,748	\$ 25,985,271	\$ 19,853,462	\$ 19,093,999	\$ 18,833,155	\$ 18,855,062
26,632,748	25,985,271	19,853,462	19,093,999	18,833,155	18,855,062
\$ 26,632,748	\$ 25,985,271	\$ 19,853,462	\$ 19,093,999	\$ 18,833,155	\$ 18,855,062

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
 DELINQUENT TAXES RECEIVABLE  
 NET OF UNCOLLECTIBLES (INCLUDING ROLLBACK TAXES)  
 LAST TEN FISCAL YEARS

Fiscal Year:	2018	2017	2016	2015	2014	2013
Tax Roll Year:	2017	2016	2015	2014	2013	2012

<b>Drainage District No. 1</b>						
Operating	336,066	239,139	178,505	123,266	98,745	90,672
Debt Service	300,585	219,372	174,422	129,880	111,720	59,117
<b>Total Drainage District No. 1</b>	<u>636,651</u>	<u>458,511</u>	<u>352,927</u>	<u>253,146</u>	<u>210,465</u>	<u>149,789</u>

<b>Total All Funds</b>	<u>\$ 636,651</u>	<u>\$ 458,511</u>	<u>\$ 352,927</u>	<u>\$ 253,146</u>	<u>\$ 210,465</u>	<u>\$ 149,789</u>
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Source: Hidalgo County Delinquent Tax Roll as of December 31, 2019

EXHIBIT E-12

2012 2011	2011 2010	2010 2009	2009 2008	Not Barred By Limitation	Reserve for Loss on Collections	Net Property Taxes Receivable
80,997	79,794	73,511	59,374	365,549	(752,200)	971,567
53,630	49,626	45,187	36,498	-	(524,107)	676,955
<u>134,627</u>	<u>129,420</u>	<u>118,698</u>	<u>95,872</u>	<u>365,549</u>	<u>(1,276,308)</u>	<u>1,648,522</u>
<u>\$ 134,627</u>	<u>\$ 129,420</u>	<u>\$ 118,698</u>	<u>\$ 95,872</u>	<u>\$ 365,549</u>	<u>\$ (1,276,308)</u>	<u>\$ 1,648,522</u>

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Tax Roll Year	Taxable Value	Tax Rate	Late Productivity Penalties	Original Tax Levy	Tax Roll Modifications	Adjusted Tax Levy
2010	2009	25,968,153,946	0.0725	2075	18,855,063	15,448	18,870,511
2011	2010	25,935,647,449	0.0725	25	18,833,155	(75,549)	18,757,606
2012	2011	26,006,779,427	0.0733	-	19,093,999	(96,761)	18,997,238
2013	2012	26,444,329,673	0.0750	-	19,853,462	(111,654)	19,741,808
2014	2013	27,122,349,160	0.0957	2	25,985,271	(39,867)	25,945,404
2015	2014	27,797,044,065	0.0957	-	26,632,748	293,886	26,926,634
2016	2015	29,894,876,293	0.0951	-	28,458,055	51,438	28,509,493
2017	2016	31,757,653,435	0.0951	-	30,232,354	(157,258)	30,075,096
2018	2017	33,274,220,252	0.0951	-	31,437,136	206,648	31,643,783
2019	2018	34,732,762,896	0.0951	-	33,062,978	(17,332)	33,045,646

(1) Taxes collected for the year are allocated between current and delinquent. Taxes recognized as revenues during the current year include taxes collected in advance during the period October through December of the previous year and those taxes collected from January through December for the current year.

(2) Excludes rollback taxes

Source: Hidalgo County Tax Office Collection Reports.

EXHIBIT E-13

Current Tax Collections	Percent of Adjusted Tax Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Ratio of Total Tax Collections to Adjusted Tax Levy	Outstanding Delinquent Taxes (2)	Ratio of Delinquent Taxes to Adjusted Tax Levy
17,767,107	94.15%	955,987	18,723,094	99.22%	130,995	0.69%
17,764,778	94.71%	829,456	18,594,234	99.13%	144,009	0.78%
18,167,645	95.63%	655,789	18,823,434	99.09%	151,272	0.80%
18,896,758	95.72%	639,647	19,536,405	98.96%	171,055	0.87%
24,895,631	95.95%	715,914	25,611,545	98.71%	251,263	0.97%
25,907,301	96.21%	591,078	26,498,379	98.41%	325,505	1.21%
27,407,235	96.13%	449,461	27,856,696	97.71%	442,385	1.55%
28,908,857	96.12%	490,751	28,908,857	97.75%	658,219	2.19%
30,450,951	96.23%	1,056,432	31,507,383	99.57%	1,144,623	3.62%
31,815,307	96.28%	1,055,361	32,870,668	99.47%	1,203,592	3.64%

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**ROLLBACK TAXES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

**EXHIBIT E-14**

Fiscal Year (1)	Tax Roll Year	Beginning Rollback Taxes Receivable	Tax Roll Modifications (2)	Adjusted Rollback Taxes Receivable	Rollback Taxes Collected	Ending Rollback Taxes Receivable	Percent of Total Rollback Taxes Collected
2010	2009	14,464	7,773	22,237	14,322	7,915	64.41%
2011	2010	7,915	14,407	22,322	14,616	7,706	65.48%
2012	2011	7,706	42,115	49,821	12,094	37,727	24.27%
2013	2012	37,727	43,474	81,201	43,082	38,119	53.06%
2014	2013	38,119	65,602	103,721	54,215	49,506	52.27%
2015	2014	49,506	61,103	110,609	59,594	51,016	53.88%
2016	2015	51,016	76,025	127,041	101,790	25,251	80.12%
2017	2016	25,251	163,826	189,077	88,304	100,773	46.70%
2018	2017	100,773	46,758	147,531	104,310	43,221	70.70%
2019	2018	43,221	101,613	144,834	103,938	40,895	71.76%

(1) As of January 1 of each year.

(2) All rollback taxes added to the tax roll are entered as tax modifications.

Source: Hidalgo County Tax Office Collection Reports.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**

**EXHIBIT E-15**

RATIO OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activity			Total Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Special District Bonds	Term Loans			
2010	97,506,006	-	-	97,506,006	0.60%	126
2011	94,400,408	-	-	94,400,408	0.55%	119
2012	90,821,809	-	-	90,821,809	0.50%	113
2013	170,521,255	-	-	170,521,255	0.91%	209
2014	164,486,388	-	261,953	164,748,341	0.83%	198
2015	156,040,650	-	125,774	156,166,424	0.75%	185
2016	151,437,587	-	993,079	152,430,666	0.72%	179
2017	140,475,996	-	793,714	141,269,710	0.64%	164
2018	128,714,171	-	584,201	129,298,372	0.94%	149
2019	183,725,000	-	3,684,023	187,409,023	0.82%	216

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

(1) Population and personal income data can be found in Exhibit E-24

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**RATIO OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**

**EXHIBIT E-16**

General Bonded Debt Outstanding							Percentage of	
Fiscal Year	General Obligation Bonds	Special District Bonds	Gross Bonded Debt	Less: Amounts Restricted to Repaying Debt (1)	Net Bonded Debt	Actual Value of Taxable Property (2)	Net Bonded Debt per Capita (3)	
2010	97,506,006	-	97,506,006	(1,393,943)	96,112,063	0.37%	124	
2011	94,400,408	-	94,400,408	(1,553,289)	92,847,119	0.36%	117	
2012	90,821,809	-	90,821,809	(1,805,618)	89,016,191	0.34%	110	
2013	170,521,255	-	170,521,255	(1,903,111)	168,618,144	0.64%	207	
2014	164,486,388	-	164,486,388	(2,116,581)	162,369,807	0.60%	195	
2015	156,040,650	-	156,040,650	(2,461,315)	153,579,335	0.55%	182	
2016	151,437,587	-	151,437,587	(3,264,751)	148,172,836	0.50%	174	
2017	140,475,856	-	140,475,997	(3,185,459)	137,290,538	0.43%	160	
2018	128,714,171	-	128,714,171	(3,253,041)	125,461,130	0.33%	145	
2019	183,725,000	-	183,725,000	(3,650,183)	180,074,817	0.52%	207	

(1) Amount available for repayment of general obligation bonds as of December 31st.

(2) See Exhibit E-5 for property value data.

(3) See Exhibit E-24 for population data.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES**  
**FOR GENERAL OBLIGATION BONDED DEBT**  
**TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES**  
**LAST TEN FISCAL YEARS**

**EXHIBIT E-17**

Fiscal Year	Principal	Interest (1)	Total Debt Service	Total General Governmental Expenditures (2)	Ratio Debt Service to General Governmental Expenditures
2010	2,470,000	4,419,520	6,889,520	24,442,396	28.19%
2011	2,935,000	4,316,720	7,251,720	19,630,878	36.94%
2012	3,435,000	4,196,582	7,631,582	20,177,657	37.82%
2013	3,900,000	4,056,632	7,956,632	41,009,203	19.40%
2014	5,630,000	8,227,088	13,857,088	38,827,021	35.69%
2015	7,255,000	6,949,810	14,204,810	37,970,436	37.41%
2016	7,395,000	6,761,762	14,156,762	39,487,114	35.85%
2017	8,610,000	5,889,430	14,499,430	37,355,946	38.81%
2018	9,495,000	2,655,646	12,150,646	46,963,356	25.87%
2019	10,145,178	5,117,648	15,262,826	49,357,341	30.92%

(1) Excludes bond issuance and other costs

(2) Includes general, special revenue, debt service, and capital projects funds.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**DIRECT AND OVERLAPPING BONDED DEBT**  
**DECEMBER 31, 2019**

**EXHIBIT E-18**

Jurisdiction	Gross Debt Less Cash Improvements	Percentage Applicable to Hidalgo County Drainage District No.1	Amount Applicable to Hidalgo County as of	Amount Applicable to Hidalgo County Drainage District No.1
<b>Direct Debt:</b>				
Hidalgo County Drainage District No. 1	204,014,118	100%	12/31/2019	204,014,118
<b>Total Direct Debt</b>	<b>204,014,118</b>			<b>204,014,118</b>
<b>Overlapping Debt:</b>				
<b>Independent School Districts:</b>				
Donna	65,815,384	100%	8/31/2018	65,815,384
Edcouch - Elsa	38,498,432	100%	6/30/2019	38,498,432
Edinburg	117,055,000	88%	12/31/2019	103,102,044
Hidalgo	27,384,034	100%	12/31/2018	27,384,034
La Joya	210,465,945	75%	12/31/2019	157,239,108
La Villa	8,973,971	100%	8/31/2018	8,973,971
McAllen	77,186,000	100%	6/30/2019	77,186,000
Mercedes	61,877,804	100%	8/31/2018	61,877,804
Mission	118,288,000	100%	6/30/2019	118,288,000
Monte Alto	13,455,000	89%	6/30/2019	12,007,242
Pharr - San Juan - Alamo	317,585,000	100%	6/30/2019	317,585,000
Progreso	22,230,000	100%	6/30/2019	22,230,000
Sharyland	102,135,000	100%	6/30/2019	102,135,000
South Texas	-	65%	12/31/2019	-
Valley View	40,740,000	100%	6/30/2019	40,740,000
Weslaco	70,922,000	100%	6/30/2019	70,922,000
<b>Cities:</b>				
Alamo	1,215,278	100%	9/30/2018	1,215,278
Alton	-	100%	12/31/2019	-
Donna	4,537,395	100%	9/30/2017	4,537,395
Edcouch	-	100%	12/31/2019	-
Edinburg	67,845,815	100%	3/1/2019	67,845,815
Elsa	-	100%	12/31/2019	-
Hidalgo	3,225,000	100%	6/30/2019	3,225,000
La Joya	-	100%	12/31/2019	-
La Villa	3,653,000	100%	6/30/2019	3,653,000
McAllen	94,360,787	100%	9/30/2018	94,360,787
Mercedes	19,795,982	100%	9/30/2018	19,795,982
Mission	24,460,785	100%	9/30/2018	24,460,785
Palmview	-	100%	12/31/2019	-
Penitas	5,260,000	6%	6/30/2019	315,074
Pharr	55,004,362	100%	9/30/2017	55,004,362
Progreso	1,632,000	100%	6/30/2019	1,632,000
San Juan	14,485,351	100%	3/1/2019	14,485,351
Weslaco	20,511,891	100%	9/30/2018	20,511,891
<b>Road Districts:</b>				
Road District No. 5	-	100%	12/31/2019	-
<b>County Line School Districts:</b>				
Lyford	5,230,094	1%	8/31/2018	55,439
South Texas College District	143,065,000	89%	6/30/2019	127,857,191
<b>Total Overlapping Debt</b>	<b>1,756,894,310</b>			<b>1,662,939,369</b>
<b>Total Direct and Overlapping Debt</b>	<b>\$ 1,960,908,428</b>			<b>\$ 1,866,953,487</b>

Source: The information contained in this statement was provided by the Municipal Advisory Council of Texas (07/30/2019) and is subject to the same disclaimer as given by the Council. The Municipal Advisory Council of Texas utilizes an internal program that calculates the overlapping debt percentages using the Net Taxable Assessed Values.



**COUNTY OF HIDALGO, TEXAS**

LEGAL DEBT MARGIN INFORMATION

	Fiscal Year			
	2019	2018	2017	2016
Assessed Value (1)	\$ 34,732,762,896	\$ 33,025,123,406	\$ 32,379,158,320	\$ 34,063,956,028
Debit limit, 25 % of Assessed Value (2)	8,683,190,724	8,256,280,852	8,094,789,580	8,515,989,007
Debt Applicable to Limitation:				
Bonded debt:				
County Wide				
Special Road Districts	-	-	-	
Drainage District No. 1	183,725,000	119,805,000	131,260,000	137,910,000
Total bonded debt	183,725,000	119,805,000	131,260,000	137,910,000
Less: amounts available for repayment of general obligation bonds				
Drainage District No. 1	(3,650,183)	(3,253,032)	(3,185,459)	(3,264,751)
Total amount available for repayment of general obligation bonds	(3,650,183)	(3,253,032)	(3,185,459)	(3,264,751)
Total debt applicable to limitation	180,074,817	116,551,968	128,074,541	134,645,249
Legal Debt Margin	\$ 8,503,115,907	\$ 8,139,728,884	\$ 7,966,715,039	\$ 8,381,343,758
Total net debt applicable to the limit as a percentage of debt limit	2.07%	1.41%	1.58%	1.58%

(1) FY 2019-2010 Real Estate Assessed Valuation (Hidalgo County Tax Office Levy Rolls)

(2) Texas Constitution, Article III, Section 52-Under legislative provision, the County may issued bonds in any amount not to exceed one fourth of the assessed valuation of the real property.

Fiscal Year					
2015	2014	2013	2012	2011	2010
\$ 33,193,667,610	\$ 32,466,210,900	\$ 31,660,182,025	\$ 30,864,538,761	\$ 30,280,944,724	\$ 30,109,058,371
8,298,416,903	8,116,552,725	7,915,045,506	7,716,134,690	7,570,236,181	7,527,264,593
150,445,000	157,700,000	163,535,000	90,305,000	93,740,000	96,675,000
150,445,000	157,700,000	163,535,000	90,305,000	93,740,000	96,675,000
(2,461,315)	(2,116,581)	(1,903,111)	(1,805,618)	(1,553,289)	(1,393,943)
(2,461,315)	(2,116,581)	(1,903,111)	(1,805,618)	(1,553,289)	(1,393,943)
147,983,685	155,583,419	161,631,889	88,499,382	92,186,711	95,281,057
\$ 8,150,433,218	\$ 7,960,969,306	\$ 7,753,413,617	\$ 7,627,635,308	\$ 7,478,049,470	\$ 7,431,983,536
1.78%	1.92%	2.04%	1.15%	1.22%	1.27%

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**UNLIMITED TAX IMPROVEMENT BONDS SERIES 2013**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS UNTIL MATURITY**

**EXHIBIT E-20**

Date of Payment	Interest Rate (Per Bond) March & September 1st	Principal Requirements	Interest Requirements	Total Annual Requirements
3/1/2020			1,063,200	1,063,200
9/1/2020	5.000%	3,255,000	1,063,200	4,318,200
3/1/2021			981,825	981,825
9/1/2021	5.000%	3,410,000	981,825	4,391,825
3/1/2022			896,575	896,575
9/1/2022	5.000%	3,610,000	896,575	4,506,575
3/1/2023			806,325	806,325
9/1/2023	5.000%	3,810,000	806,325	4,616,325
3/1/2024			711,075	711,075
9/1/2024	5.000%	4,020,000	711,075	4,731,075
3/1/2025			610,575	610,575
9/1/2025	5.000%	2,460,000	610,575	3,070,575
3/1/2026			549,075	549,075
9/1/2026	2.500%	2,600,000	549,075	3,149,075
3/1/2027			516,575	516,575
9/1/2027	3.000%	2,645,000	516,575	3,161,575
3/1/2028			476,900	476,900
9/1/2028	3.130%	4,100,000	476,900	4,576,900
3/1/2029			412,837	412,837
9/1/2029	3.130%	4,800,000	412,838	5,212,838
3/1/2030			337,838	337,838
9/1/2030	3.250%	4,950,000	337,837	5,287,837
3/1/2031			257,400	257,400
9/1/2031	3.250%	5,110,000	257,400	5,367,400
3/1/2032			174,363	174,363
9/1/2032	3.250%	5,280,000	174,362	5,454,362
3/1/2033			88,563	88,563
9/1/2033	3.250%	5,450,000	88,562	5,538,562
TOTALS		<u>\$ 55,500,000</u>	<u>\$ 15,766,250</u>	<u>\$ 71,266,250</u>

DATE: 2-Apr-13  
ISSUED: \$77,130,000  
PAYABLE: U.S. Bank  
CALL OPTION: Bonds maturing on and after 09/1/2024 are callable in whole or in part on any date beginning 09/1/2023 @ par plus accrued interest to the date of redemption.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
 UNLIMITED TAX REFUNDING BONDS SERIES 2014  
 SCHEDULE OF DEBT SERVICE REQUIREMENTS UNTIL MATURITY

**EXHIBIT E-21**

<u>Date of Payment</u>	<u>Interest Rate (Per Bond) March &amp; September 1st</u>	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Annual Requirements</u>
3/1/2020			148,681	148,681
9/1/2020	2.000%		148,681	148,681
3/1/2021			148,681	148,681
9/1/2021	2.000%		148,681	148,681
3/1/2022			148,681	148,681
9/1/2022	2.000%		148,681	148,681
3/1/2023			148,681	148,681
9/1/2023	2.000%		148,681	148,681
3/1/2024			148,681	148,681
9/1/2024	3.750%	1,815,000	148,681	1,963,681
3/1/2025			114,650	114,650
9/1/2025	3.750%	1,880,000	114,650	1,994,650
3/1/2026			79,400	79,400
9/1/2026	4.000%	1,945,000	79,400	2,024,400
3/1/2027			40,500	40,500
9/1/2027	4.000%	2,025,000	40,500	2,065,500
TOTALS		<u>\$ 7,665,000</u>	<u>\$ 1,955,910</u>	<u>\$ 9,620,910</u>

DATE: 30-Dec-14  
 ISSUED: \$7,810,000  
 PAYABLE: U.S. Bank  
 CALL OPTION: Bonds maturing on and after 09/1/2025 are callable in whole or in part on any date beginning 09/1/2024 @ par plus accrued interest to the date of redemption

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**UNLIMITED TAX REFUNDING BONDS SERIES 2016**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS UNTIL MATURITY**

**EXHIBIT E-22**

<u>Date of Payment</u>	<u>Interest Rate (Per Bond) March &amp; September 1st</u>	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Annual Requirements</u>
3/1/2020			1,090,825	1,090,825
9/1/2020	4.000%	5,010,000	1,090,825	6,100,825
3/1/2021			990,625	990,625
9/1/2021	5.000%	5,215,000	990,625	6,205,625
3/1/2022			860,250	860,250
9/1/2022	5.000%	5,445,000	860,250	6,305,250
3/1/2023			724,125	724,125
9/1/2023	5.000%	5,700,000	724,125	6,424,125
3/1/2024			581,625	581,625
9/1/2024	5.000%	4,085,000	581,625	4,666,625
3/1/2025			479,500	479,500
9/1/2025	5.000%	4,280,000	479,500	4,759,500
3/1/2026			372,500	372,500
9/1/2026	5.000%	4,485,000	372,500	4,857,500
3/1/2027			260,375	260,375
9/1/2027	5.000%	4,725,000	260,375	4,985,375
3/1/2028			142,250	142,250
9/1/2028	5.000%	569,000	142,250	5,832,250
TOTALS		<u>\$ 44,635,000</u>	<u>\$ 11,004,150</u>	<u>\$ 55,639,150</u>

DATE: 17-Feb-16  
ISSUED: \$52,625,000  
PAYABLE: U.S. Bank  
CALL OPTION: Bonds maturing on and after 09/1/2026 are callable in whole or in part on any date beginning 09/1/2025 @ par plus accrued interest to the date of redemption

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
 UNLIMITED TAX REFUNDING BONDS SERIES 2018  
 SCHEDULE OF DEBT SERVICE REQUIREMENTS UNTIL MATURITY

**EXHIBIT E-23**

<u>Date of Payment</u>	<u>Interest Rate (Per Bond) March &amp; September 1st</u>	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Annual Requirements</u>
3/1/2020			31,200	31,200
9/1/2020		2,080,000	31,200	2,111,200
	TOTALS	<u>\$ 2,080,000</u>	<u>\$ 62,400</u>	<u>\$ 2,142,400</u>

DATE: 22-Aug-18  
 ISSUED: \$6,095,000  
 PAYABLE: Lone Star National Bank  
 CALL OPTION: Call Date 9/1/2023

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
 UNLIMITED TAX IMPROVEMENT BONDS SERIES 2019  
 SCHEDULE OF DEBT SERVICE REQUIREMENTS UNTIL MATURITY

**EXHIBIT E-24**

Date of Payment	Interest Rate (Per Bond) March & September 1st	Principal Requirements	Interest Requirements	Total Annual Requirements
3/1/2020	3.000%		2,006,013	2,006,013
9/1/2020	3.000%	1,030,000	1,611,975	2,641,975
3/1/2021	3.000%		1,596,525	1,596,525
9/1/2021	3.000%	2,735,000	1,596,525	4,331,525
3/1/2022	4.000%		1,555,500	1,555,500
9/1/2022	4.000%	2,810,000	1,555,500	4,365,500
3/1/2023	4.000%		1,499,300	1,499,300
9/1/2023	4.000%	2,915,000	1,499,300	4,414,300
3/1/2024	5.000%		1,441,000	1,441,000
9/1/2024	5.000%	3,305,000	1,441,000	4,746,000
3/1/2025	5.000%		1,358,375	1,358,375
9/1/2025	5.000%	2,880,000	1,358,375	4,238,375
3/1/2026	5.000%		1,286,375	1,286,375
9/1/2026	5.000%	3,020,000	1,286,375	4,306,375
3/1/2027	5.000%		1,210,875	1,210,875
9/1/2027	5.000%	3,175,000	1,210,875	4,385,875
3/1/2028	5.000%		1,131,500	1,131,500
9/1/2028	5.000%	3,330,000	1,131,500	4,461,500
3/1/2029	5.000%		1,048,250	1,048,250
9/1/2029	5.000%	3,495,000	1,048,250	4,543,250
3/1/2030	5.000%		960,875	960,875
9/1/2030	5.000%	3,670,000	960,875	4,630,875
3/1/2031	5.000%		869,125	869,125
9/1/2031	5.000%	3,855,000	869,125	4,724,125
3/1/2032	5.000%		772,750	772,750
9/1/2032	5.000%	4,050,000	772,750	4,822,750
3/1/2033	4.000%		671,500	671,500
9/1/2033	4.000%	4,250,000	671,500	4,921,500
3/1/2034	4.000%		586,500	586,500
9/1/2034	4.000%	4,420,000	586,500	5,006,500
3/1/2035	4.000%		498,100	498,100
9/1/2035	4.000%	4,600,000	498,100	5,098,100
3/1/2036	4.000%		406,100	406,100
9/1/2036	4.000%	4,780,000	406,100	5,186,100
3/1/2037	4.000%		310,500	310,500
9/1/2037	4.000%	4,975,000	310,500	5,285,500
3/1/2038	4.000%		211,000	211,000
9/1/2038	4.000%	5,170,000	211,000	5,381,000
3/1/2039	4.000%		107,600	107,600
9/1/2039	4.000%	5,380,000	107,600	5,487,600
TOTALS		<u>73,845,000</u>	<u>\$ 38,661,488</u>	<u>\$ 112,506,488</u>

DATE: 2-Apr-13  
 ISSUED: \$77,130,000  
 PAYABLE: U.S. Bank  
 CALL OPTION: Bonds maturing on and after 09/1/2024 are callable in whole or in part on any date beginning 09/1/2023 @ par plus accrued interest to the date of redemption.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1****EXHIBIT E-25**

COUNTY OF HIDALGO, TEXAS

DEMOGRAPHIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (1)	Per Capita Personal Income (1)	School Enrollment (2)	Unemployment Rate (3)
2009	741,152	15,199,996,000	20,509	191,293	10.6%
2010	774,769	16,338,261,000	20,946	204,529	11.8%
2011	794,181	17,248,431,000	21,620	210,705	12.0%
2012	806,552	18,066,662,000	22,400	213,569	11.0%
2013	815,996	18,827,748,000	23,073	218,466	10.8%
2014	831,073	19,740,566,000	23,753	222,720	8.7%
2015	842,304	20,702,876,000	24,579	230,077	7.9%
2016	849,843	21,080,611,000	24,805	234,994	8.2%
2017	860,661	22,047,447,000	25,617	240,049	7.4%
2018	865,939	22,869,174,000	26,410	272,122	6.6%
2019	868,707	(4)	(4)	274,982	7.0%

(1) Source: U.S. Census Bureau (bea.gov), FRED Economic Research

(2) Source: Texas Education Agency (TEA)/towncharts.com

(3) Source: Bureau of Labor Statistics

(4)Data not available for 2019.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
HIDALGO COUNTY  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

**EXHIBIT E-26**

Employer	2019			2010		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
University of Texas-Rio Grande Valley	5,822	1	1.72%	2,850	8	1.04%
(4) H-E-B	5,586	2	1.65%	4,233	1	1.55%
(5) Wal-Mart	5,040	3	1.49%	3,699	4	1.35%
Edinburg Consolidated Independent School District	4,878	4	1.44%	3,600	5	1.32%
Doctor's Hospital at Renaissance	4,600	5	1.36%			
Pharr-San Juan-Alamo Independent School District	4,370	6	1.29%	4,200	2	1.53%
La Joya Independent School District	4,214	7	1.25%			
(1) Hidalgo County	4,135	8	1.22%	3,862	3	1.41%
McAllen Independent School District	3,265	9	0.97%	3,595	6	1.31%
South Texas Health System	2,500	10	0.74%			1.11%
Edinburg Regional Medical Center				3,000	7	1.10%
Weslaco Consolidated Independent School District				2,817	9	1.03%
McAllen Medical Center				2,800	10	1.02%
	<u>44,410</u>		<u>13.13%</u>	<u>34,656</u>		<u>12.66%</u>
			(2)			(3)

Source: Hidalgo County, Texas CAFR

(1) Includes Hidalgo County and County related agencies employees.

(2) Total Employment in 2019 was 338,116

(3) Total Employment in 2010 was 273,741

(4) Based on 19 stores with an average of 294 employees

(5) Based on 18 stores with an average of 280 employees



**Area Information**

Name:	County of Hidalgo	Number of Cities:	22
Date of Incorporation:	1852	Number of Water Supply Corporations:	4
Form of Government:	County Judge	and Number of Banks:	21
	Four Commissioners	* Total Deposits as of June 30, 2019( millions):	\$9,951
County Seat:	Edinburg, Texas		
Number of employees:	4,135		
Area in acres:	9,525,000		
Miles of County maintained roads:	Precinct 1	853*	
	Precinct 2	123	
	Precinct 3	579	
	Precinct 4	500	

**Education**

Four year universities:	University of Texas Rio Grande Valley	Edinburg
Two-four year colleges:	South Texas College	McAllen
Number of school districts:	20	

**Hospitals**

Cornerstone Regional Hospital	Edinburg
Doctor's Hospital at Renaissance	Edinburg
Edinburg Regional Medical Center	Edinburg
Knapp Medical Center	Weslaco
Mission Regional Medical Center	Mission
Rio Grande Regional Hospital	McAllen
Solara Hospital	McAllen
Weslaco Rehabilitation Hospital	Weslaco

**Recreation**

Museums:	Alamo Museum	Alamo
	Donna Hooks Fletcher Historical Museum	Donna
	Hidalgo Pumphouse Heritage & Discovery Park	Hidalgo
	International Museum of Art and Science	McAllen
	Lower Rio Grande Valley Nature Center	Weslaco
	Museum of South Texas History	Edinburg
	Mission Historical Museum	Mission
	Old Clock Museum	Pharr
	Smitty's Juke Box Museum	Pharr
	Weslaco Museum	Weslaco
Number of Libraries:	17	
Number of County Parks:	20	
State Parks:	Bensten RGV State Park	Mission
	Estero Llano Grande State Park	Weslaco
	US Wildlife: Santa Ana National Wildlife Refuge	Alamo
Number of Golf Courses:	17	

**Infrastructure**

Airports ( public ):	McAllen Miller International Airport	McAllen
	Mid Valley Airport	Weslaco
	South Texas International Airport at Edinburg	Edinburg
International Bridges:	Anzalduas - Reynosa International Bridge	
	McAllen-Hidalgo - Reynosa International Bridge	
	Pharr - Reynosa International Bridge	
	Progreso - Nuevo Progreso International Bridge	
	Donna-Rio Bravo International Bridge	
	Los Ebanos Ferry (hand-drawn, three car and 12 pedestrians capacity)	
Foreign Trade Zones:	FTZ No. 12 - McAllen	
	FTZ No. 156 - Weslaco	

**Economic**

(1) Median household income:	\$38,398	Principal industries:	Construction
(1) People below poverty level:	260,612		Education
(1) % of people below poverty level:	30.00%		Finance & Insurance
Labor force:	504,719		Healthcare
People employed:	486,476		Government
People unemployed:	59,941		Information
Unemployment rate:	6.90%		Hospitality
			Manufacturing
			Oil & Gas, and Mining
			Professional
			Retail
			Other Services
			Administrative
			Transportation
			Wholesalers
			Agriculture
			Entertainment
			Real Estate
			Utilities
			Management

**Gross Sales**

Industry	2019	2018	2017	2016
Agriculture	198,993,000	125,290,435	90,949,311	116,897,052
Construction	592,197,000	769,002,956	557,496,434	3,962,552,952
Finance, Real Estate, Insurance	5,488,352,000	374,180,908	124,618,000	215,554,680
Manufacturing	6,395,803,000	1,390,107,461	965,519,783	1,596,796,504
Mining	1,197,651,000	78,854,484	56,097,299	73,229,906
Other	908,707,000	25,939	12,902	31,257
Retail	2,366,022,000	10,328,984,177	6,707,582,147	9,427,288,231
Other Services	633,605,000	3,170,064,174	754,546,459	836,570,177
Transportation, Communications, and Utilities	1,952,247,000	326,614,353	235,237,770	291,565,399
Wholesale-Trade	1,284,179,000	2,696,332,287	1,546,262,553	2,226,358,928
	<u>21,017,756,000</u>	<u>19,259,457,174</u>	<u>11,038,322,658</u>	<u>18,746,845,086</u>

**Agriculture**

Products Raised (2015)	Crops	Acres	
		Harvested	Production
(2) Grain Sorghum		84,012	4,851,324 Bushels
(1) Sugar Cane		24,173	1,029,870 Tons
(2) Corn		41,516	4,294,072 Bushels
(2) Upland Cotton		61,267	146,612 Bales

Sources:

Websites: Valley Chamber of Commerce, Federal Deposit Insurance Corporation, US Census Bureau, Educationbug Organization  
Texas Comptroller of Public Accounts, Texas Education Agency, Texas Workforce Commission, United States Department of Agriculture  
Hidalgo County related agencies.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Function	Fiscal Year			
	2019	2018	2017	2016
Drainage	172	164	142	139
Total	172	164	142	139

Source: Hidalgo County Drainage District No. 1 payroll database

Fiscal Year						
2015	2014	2013	2012	2011	2010	
130	109	113	107	102	94	
130	109	113	107	102	94	

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
 OPERATING INDICATORS BY FUNCTION  
 LAST TEN FISCAL YEARS

Function	Fiscal Year			
	2019	2018	2017	2016
Drainage				
Subdivision Drainage Reviews	262	214	205	230
Utility and Crossing Reviews	6	13	-	-
<b>Total</b>	<b>268</b>	<b>227</b>	<b>205</b>	<b>230</b>

Source: Hidalgo County Drainage District No. 1 Revenue Detail Report

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Fiscal Year					
2015	2014	2013	2012	2011	2010
246	192	149	195	159	135
-	-	-	-	-	-
246	192	149	195	159	135

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**CAPITAL ASSETS STATISTICS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

	Fiscal Year			
	2019	2018	2017	2016
<b>Function</b>				
General government/Administrative Office	2	1	1	1
Drainage				
Drainage Flood Control Structures	191	188	175	171
<b>Total</b>	<b>193</b>	<b>189</b>	<b>176</b>	<b>172</b>
<b>Assets</b>				
Vehicles	96	78	83	88
Backhoes	4	4	3	3
Draglines	3	3	3	3
Dump Trucks	12	12	12	12
Dozers	7	6	5	6
Excavators	25	23	19	22
Front Loaders	2	2	2	2
Motorgraders	5	5	4	4
Rollers	1	1	1	1
Tractors	43	43	39	43
<b>Total</b>	<b>198</b>	<b>177</b>	<b>171</b>	<b>184</b>

Source: Hidalgo County Drainage District NO.1 FAS module capital assets inventory.

Fiscal Year						
2015	2014	2013	2012	2011	2010	
1	1	1	1	1	1	
171	153	152	147	147	147	
172	154	153	148	148	148	
78	67	62	58	56	55	
3	3	3	2	2	2	
3	3	3	2	2	2	
12	2	2	2	1	1	
6	5	5	4	4	4	
19	17	15	13	14	13	
2	1	1	1	1	1	
2	2	2	2	2	2	
1	1	1	1	1	1	
39	39	39	34	30	29	
165	140	133	119	113	110	



**REPORTS REQUIRED UNDER GOVERNMENT  
*AUDITING STANDARDS***

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
Hidalgo County Drainage District No. 1  
Edinburg, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hidalgo County Drainage District No. 1 (the District), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 27, 2020.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2019-001 that we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2019-001.

### **District's Response to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Benton McCall & Langoria, LLP*

McAllen, Texas  
July 27, 2020

Hidalgo County Drainage District No. 1  
Schedule of Findings and Responses  
For the Year Ended December 31, 2019

Finding No: 2019-001 – Public Funds Investment Act

Criteria and Condition

As per Texas Government Code Chapter 2256, Public Funds Investment Act, the investment officer shall prepare and submit to the governing body of the entity a written report of investment transactions for all funds covered by this chapter for the preceding period. As per Section 2256.023 (c) , the report shall be presented not less than quarterly to the governing body and the chief executive officer of the entity within a reasonable time after the end of the period. These reports were not presented to the board of directors timely. The reports for the quarters ended March 31, 2019, June 30, 2019, and September 31, 2019 were presented to the board of directors on December 31, 2019.

Cause and Effect

Investment reports were not presented to the board of directors on a quarterly basis. The quarterly reports for the first three quarters of 2019 were presented to the board of directors together at December 31, 2019. As a result, the District did not comply with Texas Government Code Chapter 2256, Public Funds Investment Act.

Recommendation

We recommend the District implement controls to ensure compliance with Texas Government Code Chapter 2256. We recommend quarterly investment reports be reported on a quarterly basis.

Management's Response

Management concurs and will ensure that investment reports are presented to the board of directors soon after every quarter end. The District will work closely with the Hidalgo County Treasurers' Office to comply with Texas Government Code Chapter 2256.

Responsible Official: Lora D. Briones, Chief Financial Officer, (956)-292-7080

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**

Management and Accounting Personnel

December 31, 2019

Raul E. Sestin, P.E., CFM  
Lora D. Briones  
Jaime J. Salazar  
Alvaro Chuc  
Mark Garcia  
Claudette Guerrero  
Jennifer Lee Garza  
Rosa E. Arce  
Patricia Rodriguez  
Maria Perez  
Moises Salazar  
Enriqueta Zambrano  
Gustavo Garza  
Hector Guzman

General Manager  
Chief Financial Officer  
Operations Manager  
Accounting Supervisor  
Asset Coordinator III  
Accountant IV  
Accountant III  
AP Specialist III  
HR Specialist IV  
HR Specialist III  
Procurement Manager  
Procurement Specialist II  
Administrative Assistant II  
Administrative Assistant II