

# 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, 2020

# Hidalgo County Drainage District No. 1

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Comprehensive Annual Financial Report  
For the Fiscal Year Ended  
December 31, 2020



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, 2020**

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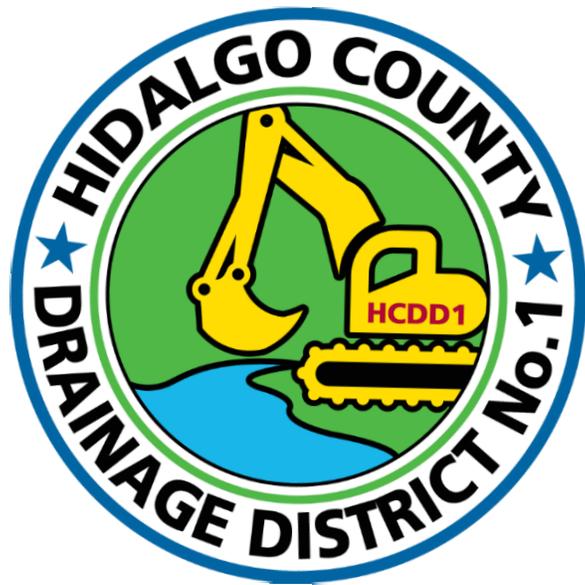
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This report is also available online at <http://www.hcdd1.org>



# 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

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

---

July 26, 2021

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 Citizens of Hidalgo County and Board of Directors:

The Hidalgo County Drainage District No.1 (District) Comprehensive Annual Financial Report for the year ended December 31, 2020, 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 2020 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, 2020, 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, 2020, 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 2020 totaled \$1,178,603 a decrease of \$1,248,943 from the prior year total of \$2,427,546. Interest income has decreased due to the worldwide Covid-19 pandemic and the Federal Reserve rate drops.

### **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 to live and do business. With an estimated population of 875,116 people, Hidalgo County is the 7<sup>th</sup> most populated out of 254 Texas counties. Population since the 2010 Census has grown by 12.1% according to the U.S. Census. 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.

The McAllen-Edinburg-Mission metropolitan area is the 20<sup>th</sup> fastest growing region in the nation from 2010 to 2019 primarily due to low cost labor and proximity to Mexico. McAllen, which is the largest city in the County, has a current population of 144,744, according to worldpopulationreview.com. Edinburg has an estimated population of 104,304 and is considered the educational and technological capital of the Texas-Mexico border region. The unemployment rate as of December 2020 was 11.7% an increase of 67% over 2019 primarily attributed to the global Covid-19 Pandemic.

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. According to the worldpopulationreview.com, the median household income for this area in 2020 estimated an average of \$40,014.

### **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 as of December 31, 2020 twelve projects are under construction. Notable drainage projects that will be addressed with this bond referendum include:

#### 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 as well as parcel acquisition on various segments.

#### 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).

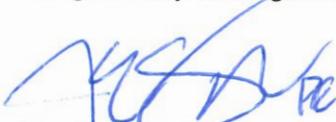
**Award and Acknowledgements**

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, 2019. This was the third 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,  
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

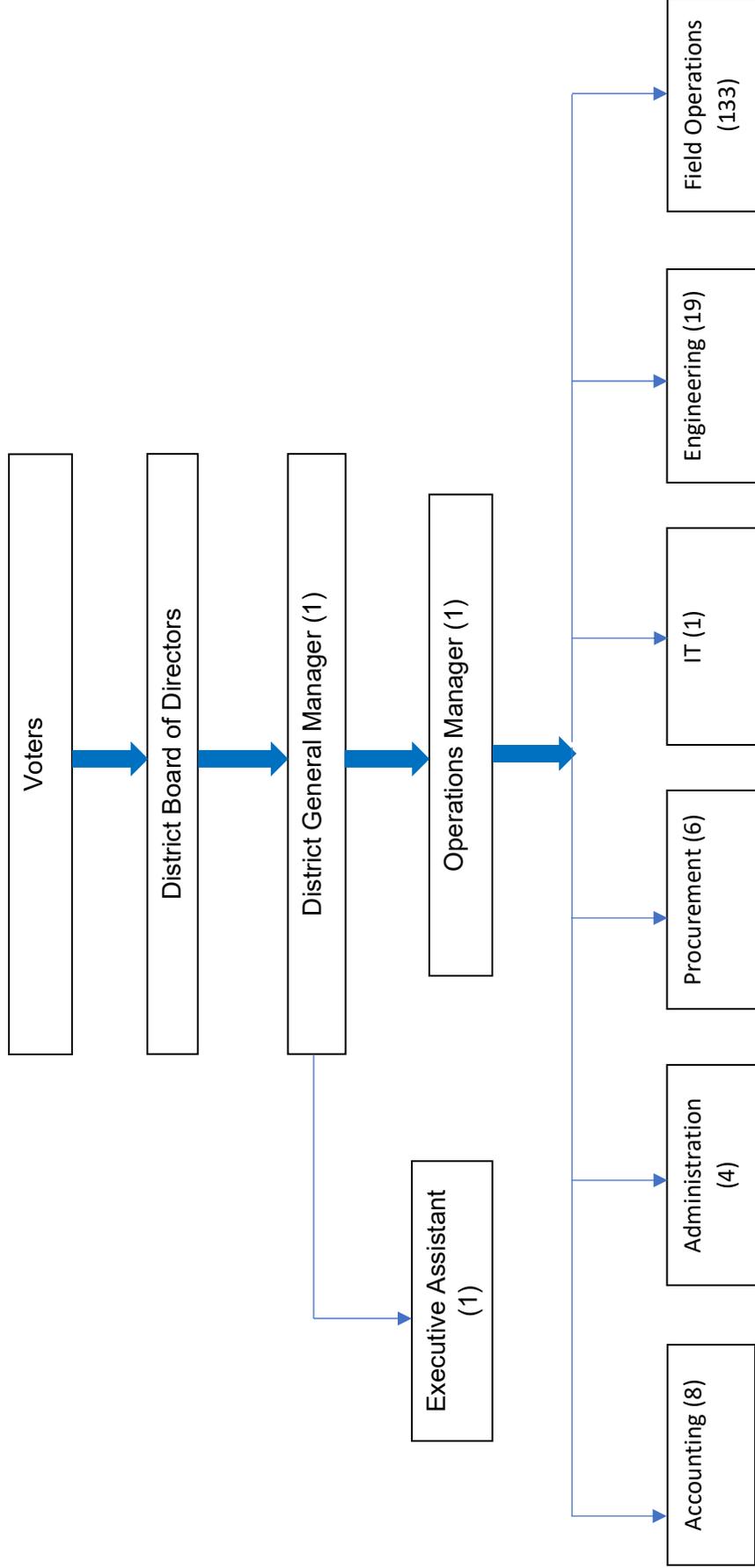
December 31, 2019

*Christopher P. Morill*

Executive Director/CEO



# Hidalgo County Drainage District No. 1 2020 Organizational Chart



**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**Governing Body**  
**As of December 31, 2020**

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**  
**As of December 31, 2020**

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 the 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, 2020, 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, 2020, 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 63-66 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, 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 26, 2021, 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.

*Burton McClure & Lange, LLP*

McAllen, Texas  
July 26, 2021



# **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, 2020**

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, 2020. 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**

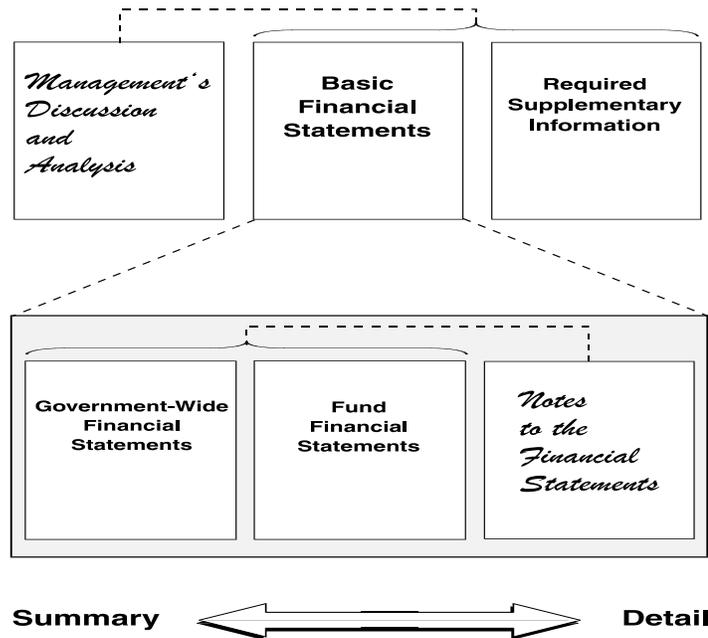
- At fiscal year-end, the unassigned fund balance in the general fund totaled \$17,757,667 which represents a \$1,691,873 decrease from fiscal year 2019.
- Although the collection of the 2019 tax levy for general fund increased to \$18,450,044, an increase of 5.5 percent, the general fund revenues decreased by \$584,548 to \$19,973,081, a decrease of 2.8 percent over fiscal year 2019. The decrease in revenues is attributed to a one-time payment for oil and gas royalties from Dewbre Petroleum Corporation in 2019.
- General fund expenditures decreased by \$833,783 to \$19,951,380, a decrease of 4.0 percent over fiscal year 2019.

**Government-Wide**

- The District's governmental activities reported expenses of \$25,884,759 net of program revenues totaling \$99,380. General revenues totaled \$40,987,706 resulting in an increase in net position of \$15,202,327.
- At fiscal year-end, the District's governmental activities reported combined total net position of \$132,335,465. 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, deferred outflows of resources, 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, 2019 Bond Series Capital Project Fund, 2013 Bond Series Debt Service Fund, 2016 Refunding Bonds Debt Service Fund, and the 2019 Bond Series 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>	2020	2019
Current and other assets	\$ 160,399,325	\$ 176,271,783
Capital assets, net	194,879,219	175,853,559
Total assets	355,278,544	352,125,342
 <b>Deferred Outflows of Resources:</b>		
Deferred charges on refunding	2,432,510	3,356,631
Deferred resources for pension	1,126,162	2,082,053
Deferred resources for OPEB	533,949	561,543
Total deferred outflows of resources	4,092,621	6,000,227
 <b>Liabilities:</b>		
Long-term liabilities	190,134,218	208,564,250
Other liabilities	9,457,373	7,221,980
Total liabilities	199,591,591	215,786,230
 <b>Deferred Inflows of Resources:</b>		
Deferred resources for pension	741,654	437,981
Deferred resources for OPEB	1,233,226	163,780
Unearned revenue for property taxes	25,469,229	24,604,440
Total deferred inflows of resources	27,444,109	25,206,201
 <b>Net position:</b>		
Net investment in capital assets	135,237,940	122,823,880
Restricted	11,346,900	11,648,315
Unrestricted	(14,249,375)	(17,339,057)
Total net position	\$ 132,335,465	\$ 117,133,138

At the close of the current fiscal year, \$135,237,940 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 \$11,346,900 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 \$(14,249,375) 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,

	2020	2019
<b>Revenues:</b>		
Program revenues:		
Operating grants and contributions	\$ -	\$ 2,090,667
Charges for services	99,380	81,091
Total program revenues	99,380	2,171,758
General revenues:		
Property taxes	38,720,572	35,225,673
Interest income	1,178,603	2,427,546
Tax penalties and interest	876,768	836,274
Miscellaneous	196,664	1,194,933
Gain/(Loss) on sale of capital assets	15,099	105,283
Total general revenues	40,987,706	39,789,709
Total revenues	41,087,086	41,961,467
<b>Expenses:</b>		
General government	(4,320,518)	(3,744,042)
Drainage flood control	(15,610,610)	(16,576,753)
Interest on long-term debt	(5,953,631)	(4,736,406)
Total expenses	(25,884,759)	(25,057,201)
Increase (decrease) in net position	15,202,327	16,904,266
Net Position - beginning as restated	117,133,138	100,228,872
Net Position - ending	\$ 132,335,465	\$ 117,133,138

The District's general revenues totaled \$40,987,706. Property taxes contributed \$38,720,572, or 94.5% of total general revenues. The remaining 5.5% of general revenues was derived from interest, tax penalties and other sources. The total expenses for services totaled \$25,884,759. Expenditures necessary for the maintenance and operations of drainage facilities accounted for 60.3% of expenses. General governmental activities and interest on long-term debt expenses accounted for 16.7% and 23.0% 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, 2019 Bond Series Capital Projects Fund, 2013 Bonds Series Debt Service Fund, 2016 Refunding Bonds Debt Service Fund, and the 2019 Bond Series 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 \$18,921,171 which represents a \$1,989,528 decrease from fiscal year 2019. The decrease in fund balance was attributed mainly to the installment loan payment to Hidalgo County for South Detention Basin in the amount of \$1,660,000.

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 2020. 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 between original and final budgets in the amount of \$5,179,239. Most of the variance came from the purchase of heavy equipment: 2 dozers, 6 excavators, 2 motor graders, a water truck, and a fuel truck.

The 2019 Bonds Series Capital Project Fund fund balance decreased by \$13,436,883 which was attributed to the ongoing engineering, land acquisitions, and construction costs of the 37 identified projects. The 2013 Bond Series Debt Service Fund and 2016 Refunding Bonds Debt Service fund decreased by \$39,488 and \$52,094 which were attributed to debt service payments for principal and interest. The 2019 Bond Series Debt Service Fund increased by \$754,634 due to a transfer in from debt service funds that were closed out and no longer have bond payments.

## MAJOR FUNDS

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At the end of 2020, the District had \$194,879,219 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 (See Note F).

	Capital assets at year-end (Net of depreciation)	
	2020	2019
Land and easements	\$ 31,964,342	\$ 28,863,993
Construction in progress	74,286,762	69,082,708
Infrastructure	73,661,975	64,903,880
Buildings and renovations	2,952,435	3,039,550
Machinery and equipment	12,013,705	9,963,428
Total	<u>\$ 194,879,219</u>	<u>\$ 175,853,559</u>

## Outstanding Debt

At year-end, the District's outstanding long-term liabilities were as follows:

Outstanding Debt at Year-End		
	2020	2019
Bond Series 2013	52,245,000	55,500,000
Refunding Bond 2014	7,665,000	7,665,000
Refunding Bond 2016	39,625,000	44,635,000
Refunding Bond 2018	-	2,080,000
Bond Series 2019	72,815,000	73,845,000
Notes Payable	1,660,000	3,684,023
Compensated Absences	407,580	374,245
	<u>\$ 174,417,580</u>	<u>\$ 187,783,268</u>

Additional debt information can be found on Note G Long-Term Liabilities beginning on page 49.

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

The 2021 Levy experienced almost a 1.9 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 2021. Budgeted expenditures for 2021 total \$22,837,277 that's \$942,688 over budgeted revenues of \$21,894,589 available for appropriation in the General Fund budget. The District passed a tax rate of .1026 per \$100 valuation for the 2021 budget year. The 2021 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 2021 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, 2020**

**EXHIBIT A-1**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 132,482,464
Receivables (net of allowance for uncollectibles)	
Property taxes	25,470,388
Other accounts	19,008
Due from other governments	2,426,465
Prepaid items	1,000
Capital assets, not being depreciated	
Land and easements	31,964,342
Construction in progress	74,286,762
Capital assets (net of accumulated depreciation)	
Infrastructure	73,661,975
Buildings and renovations	2,952,435
Machinery and equipment	12,013,705
<b>Total assets</b>	<u>355,278,544</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charges on refunding	2,432,510
Deferred resources for pension	1,126,162
Deferred resources for OPEB	533,949
<b>Total deferred outflows of resources</b>	<u>4,092,621</u>
<b>LIABILITIES</b>	
Accounts payable	4,573,148
Salaries and benefits payable	592,037
Retainage payable	892,831
Due to other governments	621,122
Unearned revenue	235,294
Accrued interest	2,478,437
Other liabilities	64,504
Long-term liabilities:	
Due within one year	
Note payable 2019	1,660,000
Bond Series 2013	3,803,673
Bond Series 2014	88,108
Bond Series 2016	6,215,032
Bond Series 2019	3,833,466
Compensated absences	34,444
Due in more than one year	
Note payable 2019	-
Bond Series 2013	49,318,861
Bond Series 2014	8,034,812
Bond Series 2016	37,244,901
Bond Series 2019	77,559,420
Compensated absences	373,136
Net pension	913,063
Other post employment benefits	1,055,302
<b>Total liabilities</b>	<u>199,591,591</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred resources for pension	741,654
Deferred resources for OPEB	1,233,226
Unearned revenues-property taxes	25,469,229
<b>Total deferred inflows of resources</b>	<u>27,444,109</u>
<b>NET POSITION</b>	
Net investment in capital assets	135,237,940
Restricted for:	
Debt service	11,346,900
Unrestricted	(14,249,375)
<b>Total net position</b>	<u>\$ 132,335,465</u>

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, 2020**

**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	\$ (4,320,518)	\$ -	\$ -	\$ -	\$ (4,320,518)
Drainage flood control	(15,610,610)	99,380	-	-	(15,511,230)
Interest on long-term debt	(5,953,631)	-	-	-	(5,953,631)
<b>Total Governmental Activities</b>	<b>\$ (25,884,759)</b>	<b>\$ 99,380</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (25,785,379)</b>
<b>General Revenues:</b>					
Property taxes					38,720,572
Interest income					1,178,603
Tax penalties and interest					876,768
Miscellaneous					196,664
Gain on sale of capital assets					15,099
<b>Total General Revenues</b>					<b>40,987,706</b>
Change in Net Position					15,202,327
<b>Net Position - Beginning</b>					<b>117,133,138</b>
<b>Net Position - Ending</b>					<b>\$ 132,335,465</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, 2020

	General Fund	2019 Bond Series Capital Project Fund	2013 Bond Series Debt Service Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 35,573,285	\$ 69,758,760	\$ 1,043,612
Receivables (net of allowance for uncollectibles)			
Property taxes	13,502,533	-	3,436,423
Other accounts	13,683	-	-
Due from other governments	2,397,494	-	-
Due from other funds	171,746	-	2,450,089
Prepaid items	1,000	-	-
<b>Total Assets</b>	<b>\$ 51,659,741</b>	<b>\$ 69,758,760</b>	<b>\$ 6,930,124</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 556,235	\$ 3,068,371	\$ -
Salaries and benefits payable	592,037	-	-
Held in escrow	64,504	-	-
Retainage payable	67,702	610,940	-
Due to other governments	273,257	-	-
Due to other funds	8,609,996	150,950	-
Unearned revenue	188,662	-	-
<b>Total Liabilities</b>	<b>10,352,393</b>	<b>3,830,261</b>	<b>-</b>
<b>Deferred inflows of resources:</b>			
Unavailable revenue- property taxes	8,884,804	-	2,241,871
Unearned revenue- property taxes	13,501,373	-	3,436,423
<b>Total deferred inflows of resources</b>	<b>22,386,177</b>	<b>-</b>	<b>5,678,294</b>
<b>Fund Balances:</b>			
Non-spendable:			
Prepaid items	1,000	-	-
Restricted:			
Capital projects	-	65,928,499	-
Debt service	-	-	1,251,830
Assigned	1,162,504	-	-
Unassigned	17,757,667	-	-
<b>Total Fund Balances</b>	<b>18,921,171</b>	<b>65,928,499</b>	<b>1,251,830</b>
<b>Total Liabilities, Deferred Inflows and fund balances</b>	<b>\$ 51,659,741</b>	<b>\$ 69,758,760</b>	<b>\$ 6,930,124</b>

The accompanying notes are an integral part of this statement.

2016 Refunding Bonds Debt Service Fund	2019 Bond Series Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
\$ 459,042	\$ 724,793	\$ 24,922,972	\$ 132,482,464
4,614,905	3,430,203	486,324	25,470,388
-	-	5,325	19,008
-	-	28,971	2,426,465
3,438,175	2,652,957	218,775	8,931,742
-	-	-	1,000
<u>\$ 8,512,122</u>	<u>\$ 6,807,953</u>	<u>\$ 25,662,367</u>	<u>\$ 169,331,066</u>
\$ -	\$ -	\$ 948,542	\$ 4,573,148
-	-	-	592,037
-	-	-	64,504
-	-	214,189	892,831
-	-	347,865	621,122
-	150,000	20,796	8,931,742
-	-	46,632	235,294
<u>-</u>	<u>150,000</u>	<u>1,578,024</u>	<u>15,910,678</u>
3,002,100	2,473,115	124,365	16,726,255
4,614,905	3,430,204	486,324	25,469,229
<u>7,617,005</u>	<u>5,903,319</u>	<u>610,689</u>	<u>42,195,484</u>
-	-	-	1,000
-	-	22,869,785	88,798,284
895,117	754,634	603,869	3,505,450
-	-	-	1,162,504
-	-	-	17,757,667
<u>895,117</u>	<u>754,634</u>	<u>23,473,654</u>	<u>111,224,905</u>
<u>\$ 8,512,122</u>	<u>\$ 6,807,953</u>	<u>\$ 25,662,367</u>	<u>\$ 169,331,067</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, 2020

**EXHIBIT A-4**

Total fund balance - balance sheet governmental funds \$ 111,224,905

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	31,964,342	
	Construction in progress	74,286,762	
	Infrastructure	73,661,975	
	Buildings and renovations	2,952,435	
	Machinery and equipment	<u>12,013,705</u>	194,879,219
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	2,432,510	
	Pensions	1,126,162	
	OPEB	<u>533,949</u>	4,092,621
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.		16,726,255
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.		
	Accrued interest	(2,478,437)	
	Notes payable 2019	(1,660,000)	
	Bond Series 2013 - face value	(52,245,000)	
	Bond Series 2013 - unamortized premium	(877,534)	
	Bond Series 2014 - face value	(7,665,000)	
	Bond Series 2014 - unamortized premium	(457,920)	
	Bond Series 2016 - face value	(39,625,000)	
	Bond Series 2016 - unamortized premium	(3,834,933)	
	Bond Series 2019 - face value	(72,815,000)	
	Bond Series 2019 - unamortized premium	(8,577,886)	
	Compensated absences	(407,580)	
	Pension	(913,063)	
	Other post employment benefits	<u>(1,055,302)</u>	(192,612,655)
5.	Deferred inflows related to the pension are not reported in the funds.	(741,654)	
	Deferred inflows related to the OPEB are not reported in the funds.	<u>(1,233,226)</u>	<u>(1,974,880)</u>
	Total net position of governmental activities		<u><u>\$ 132,335,465</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, 2020

	General Fund	2019 Bond Series Capital Projects Fund	2013 Bond Series Debt Service Fund
<b>REVENUES</b>			
Property taxes	\$ 19,355,454	\$ -	\$ 5,327,945
Charges for services	99,380	-	-
Interest	321,583	583,345	14,417
Miscellaneous	196,664	-	-
<b>Total revenues</b>	<u>19,973,081</u>	<u>583,345</u>	<u>5,342,362</u>
<b>EXPENDITURES</b>			
Current:			
General government	4,320,519	-	-
Drainage flood control	10,336,862	-	-
Debt service:			
Principal	-	-	3,255,000
Interest	-	-	2,126,400
Fiscal Agent Fees	-	-	450
Capital Outlay:			
General government	11,847	-	-
Drainage flood control	5,282,152	14,020,228	-
<b>Total expenditures</b>	<u>19,951,380</u>	<u>14,020,228</u>	<u>5,381,850</u>
Excess (deficiency) of revenues over (under) expenditures	21,701	(13,436,883)	(39,488)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers out	(2,044,333)	-	-
Sale of capital assets	33,104	-	-
<b>Total other financing sources (uses)</b>	<u>(2,011,229)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,989,528)	(13,436,883)	(39,488)
<b>Fund balances at beginning of year</b>	20,910,699	79,365,382	1,291,318
<b>Fund balances at the end of year</b>	<u>\$ 18,921,171</u>	<u>\$ 65,928,499</u>	<u>\$ 1,251,830</u>

The accompanying notes are an integral part of this statement.

2016 Refunding Bonds Debt Service Fund	2019 Bond Series Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
\$ 7,120,797	\$ 4,601,850	\$ 2,415,776	\$ 38,821,822
-	-	-	99,380
19,209	1,986	238,063	1,178,603
-	-	-	196,664
<u>7,140,006</u>	<u>4,603,836</u>	<u>2,653,839</u>	<u>40,296,469</u>
-	-	-	4,320,519
-	-	-	10,336,862
5,010,000	1,030,000	4,104,023	13,399,023
2,181,650	3,617,988	379,069	8,305,107
450	450	1,500	2,850
-	-	-	11,847
-	-	4,820,768	24,123,148
<u>7,192,100</u>	<u>4,648,438</u>	<u>9,305,360</u>	<u>60,499,356</u>
(52,094)	(44,602)	(6,651,521)	(20,202,887)
-	799,236	2,344,333	3,143,569
-	-	(1,099,236)	(3,143,569)
-	-	-	33,104
<u>-</u>	<u>799,236</u>	<u>1,245,097</u>	<u>33,104</u>
(52,094)	754,634	(5,406,424)	(20,169,783)
947,211	-	28,880,078	131,394,688
<u>\$ 895,117</u>	<u>\$ 754,634</u>	<u>\$ 23,473,654</u>	<u>\$ 111,224,905</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, 2020

Net change in fund balances - total governmental funds		\$ (20,169,783)
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	23,632,390	
Depreciation	<u>(4,588,728)</u>	19,043,662
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.		15,099
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.		(33,102)
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	(15,950,737)	
Earned but unavailable	<u>16,726,255</u>	775,518
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	2,856,821	
Amortization of deferred charge on refunding	(924,121)	
Change in accrued interest on bonds	421,626	
Change in compensated absences	(33,335)	
Change in deferred outflow of resources - pension	(955,891)	
Change in deferred inflow of resources - pension	(303,673)	
Net pension obligation	1,365,714	
Change in deferred outflow of resources - OPEB	(1,069,446)	
Change in deferred inflow of resources - OPEB	(27,594)	
Other post employment benefits	<u>841,809</u>	2,171,910
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.		
Payment on installment note 2016	364,023	
Payment on installment note 2019	1,660,000	
Bond payments	<u>11,375,000</u>	<u>13,399,023</u>
Change in net position of governmental activities - statement of activities		<u>\$ 15,202,327</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 BALANCES - BUDGET AND ACTUAL  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 19,217,837	\$ 19,217,837	\$ 19,355,454	\$ 137,617
Charges for services	111,000	111,000	99,380	(11,620)
Interest	480,000	480,000	321,583	(158,417)
Miscellaneous	170,000	170,000	196,664	26,664
<b>Total revenues</b>	<u>19,978,837</u>	<u>19,978,837</u>	<u>19,973,081</u>	<u>(5,756)</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,476,749	4,712,055	4,320,519	391,536
Drainage flood control	7,596,324	13,890,168	10,336,862	3,553,306
Capital Outlay:				
General government	12,000	12,000	11,847	153
Drainage flood control	7,009,500	5,659,589	5,282,152	377,437
<b>Total expenditures</b>	<u>19,094,573</u>	<u>24,273,812</u>	<u>19,951,380</u>	<u>4,322,432</u>
Excess (deficiency) of revenues over (under) expenditures	884,264	(4,294,975)	21,701	4,316,676
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	2,555,000	2,555,000	(2,044,333)	(4,599,333)
Sale of capital assets	-	-	33,104	33,104
<b>Total other financing sources (uses)</b>	<u>2,555,000</u>	<u>2,555,000</u>	<u>(2,011,229)</u>	<u>(4,566,229)</u>
Net change in fund balance	-	(1,739,975)	(1,989,528)	(249,553)
<b>Fund balance at beginning of year</b>	20,910,699	20,910,699	20,910,699	-
<b>Fund balance at the end of year</b>	<u>\$ 20,910,699</u>	<u>\$ 19,170,724</u>	<u>18,921,171</u>	<u>\$ (249,553)</u>

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, 2020

**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 2020, the District implemented the following new GASB standards:

Statement No. 95. This statement was issued due to COVID-19 pandemic and postpones the effective dates of certain authoritative guidance. The below statements reflect the new effective dates.

**New Reporting Standards**

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. 92, Omnibus 2020. The objective of this Statement is to correct, clarify and provide additional guidance on previously issued pronouncements. The statement effective date varies according to the statement it applies to.

Statement No. 93, Replacement of Inter Bank Offered Rates. The objective of this Statement is to address financial reporting implications that result from the replacement of Inter Bank Offered Rates (IBOR). This statement is effective for reporting periods beginning after June 15, 2020.

Statement No. 94, Public-Private and Public Partnerships and Availability Payment Arrangements. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. This statement is effective for reporting periods beginning after June 15, 2022.

Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. SBITAs are contracts that give governmental entities to right to use a vendor's IT software for a specified time in exchange for payment. This statement is effective for reporting periods beginning after June 15, 2022.

Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. This Statement is intended to (1)

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
(A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS)  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2020

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

**New Reporting Standards – Continued**

increase the comparability of the reporting of fiduciary component units in circumstances where a potential component unit does not have a governing board; (2) mitigate costs associated with the reporting of certain defined contribution plans other than pension plans or OPEB plans; (3) enhance the relevance, consistency, and deferred compensation plans. This statement is effective for reporting periods beginning after June 15, 2021.

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 basic financial statements.

**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

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
(A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS)  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2020

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

**2. Basis of Presentation - Continued**

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.

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.

2019 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.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
(A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS)  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2020

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

**3. Basis of Accounting - Continued**

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.

**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.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
(A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS)  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2020

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

**8. Capital Assets - Continued**

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

**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, 2020, the District had deferred outflows of resources for refunding bond, pension, and OPEB in the amount of \$2,432,510, and \$1,126,162, and \$533,949, 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, 2020, the District had deferred inflow of resources related to pension and OPEB and property taxes in the amount of \$741,654 and \$1,233,226, and \$25,469,229 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.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
(A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS)  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2020

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

**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, 2020, the District did not have committed funds.

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, 2020. At year-end, the District's remaining commitments totaled \$32,848,888; therefore, this amount is encumbered. Encumbrances for the general fund and 2019 bond series capital projects fund totaled \$2,467,672, and \$26,724,509, respectively. Encumbrances for non-major funds totaled \$3,656,707.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
 (A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS)  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 DECEMBER 31, 2020

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

**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.

**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, 2020, the District’s total liability for vested vacation leave totaled \$407,580. 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 \$34,444 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.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
 (A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS)  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 DECEMBER 31, 2020

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

**13. Compensated Absences - Continued**

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	\$	366,088
Compensatory time		39,497
Holiday leave		1,995
Total	\$	<u>407,580</u>

**14. Rounding Adjustments**

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

**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, 2020, the District's deposits were entirely covered by FDIC insurance pursuant to the Depository Agreement. At December 31, 2020, the carrying amount of the District's deposits totaled \$10,118,970 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, 2020, 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 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 \$123,114,410 at December 31, 2020. The District had no items classified as investments for 2020.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
(A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS)  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2020

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

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

*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.

*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, 2020:

	General Fund	Bonds Debt Service Fund	Total
Taxes receivable - current	\$ 12,442,737	\$ 10,961,923	\$ 23,404,660
Taxes receivable - delinquent	2,457,157	1,851,408	4,308,565
Allowance for uncollectibles	(1,397,361)	(845,476)	(2,242,837)
Taxes receivable, net of allowance for uncollectibles	<u>\$ 13,502,533</u>	<u>\$ 11,967,855</u>	<u>\$ 25,470,388</u>

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
(A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS)  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2020

**Note C. Taxes Receivable Continued**

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 \$393,276 in fees during 2020. 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, 2020, 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 2020 operations.

The 2019 tax levy, for the 2020 year, totaled \$38,358,813 based on a total taxable value of \$36,453,447,769 and a tax rate of 0.10510.

**Note D. Interfund Receivables and Transfers**

Balances of due to/from other funds consisted of the following at December 31, 2020:

Due to General Fund from Non-Major Special Revenue Fund	\$ 9,783
Due to General Fund from 2019 Bond Series Capital Projects Fund	150,950
Due to General Fund from Non-Major Capital Projects Funds	11,013
Due to Non-Major Debt Service Funds from General Fund	218,775
Due to 2013 Bond Series Debt Service Fund from General Fund	2,450,089
Due to 2016 Refunding Bonds Debt Service Fund from General Fund	3,288,175
Due to 2019 Bond Series Debt Service Fund from General Fund	2,652,957
Due to 2016 Refunding Bond Debt Service Fund from 2019 Bond Series Debt Service Fund	<u>150,000</u>
Total due to/from other funds	<u>\$ 8,931,742</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, 2020:

Transfers In:	Transfers Out:		
	General Fund	Non-Major Debt Service Fund	Total
Non-major Debt Service Fund	\$ 2,044,333	\$ 300,000	\$ 2,344,333
2019 Bond Series Debt Service Fund	-	799,236	799,236
Total Inter-fund transfers	<u>\$ 2,044,333</u>	<u>\$ 1,099,236</u>	<u>\$ 3,143,569</u>

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**Note E. Due From Other Governments**

Due from other governments consisted of the following at December 31, 2020:

<u>Fund</u>	<u>Due From</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	County of Hidalgo Precinct #1	Inter-local agreement project	\$ 37,890
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	5,853
General Fund	Hidalgo County Tax Office	Collection of taxes	1,793,513
DHS Levee Grant	Department of Homeland Security	Inter-local agreement project	28,971
	Total due from other governments		<u>\$ 2,426,465</u>

**Note F. Capital Assets**

The following is a summary of changes in capital assets for the year ended December 31, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Ending Balance</u>
Governmental activities:				
Capitals assets not being depreciated:				
Land and easements	\$ 28,863,993	\$ 3,101,341	\$ (992)	\$ 31,964,342
Construction in progress	69,082,708	17,141,028	(11,936,974)	74,286,762
Total capital assets not being depreciated	<u>97,946,701</u>	<u>20,242,369</u>	<u>(11,937,966)</u>	<u>106,251,104</u>
Capitals assets being depreciated:				
Infrastructure	116,325,211	-	11,434,372	127,759,583
Building and renovations	3,629,804	18,440	-	3,648,244
Machinery and equipment	23,718,433	3,874,186	(30,933)	27,561,686
Total capital assets being depreciated	<u>143,673,448</u>	<u>3,892,626</u>	<u>11,403,439</u>	<u>158,969,513</u>
Less accumulated depreciation for:				
Infrastructure	(51,421,331)	(2,676,277)	-	(54,097,608)
Building and renovations	(590,254)	(105,555)	-	(695,809)
Machinery and equipment	(13,755,005)	(1,806,896)	13,920	(15,547,981)
Total accumulated depreciation	<u>(65,766,590)</u>	<u>(4,588,728)</u>	<u>13,920</u>	<u>(70,341,398)</u>
Total capital assets being depreciated, net	<u>77,906,858</u>	<u>(696,102)</u>	<u>11,417,359</u>	<u>88,628,115</u>
Governmental activities capital assets, net	<u>\$ 175,853,559</u>	<u>\$ 19,546,267</u>	<u>\$ (520,607)</u>	<u>\$ 194,879,219</u>

Depreciation expense totaling \$4,588,728 was charged to the drainage flood control function under governmental activities for the year ended December 31, 2020.

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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 \$55,500,000, \$7,665,000, \$44,635,000, 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, 2024, and September 1, 2028 prior to stated maturity, in multiples of \$5,000, in whole or in part, on September 1, 2023, and September 1, 2027 or any date thereafter, at par plus accrued interest.

**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, 2020 totaled \$341,588.

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, 2020 totaled \$2,090,922.

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, 2020 totaled \$0.

**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.

At December 31, 2020, 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

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

**3. Debt Service Requirements**

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	\$ -

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 in 2020 & 2021.

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

Year(s) Ending December 31	Governmental Activities		Total
	Principal	Interest	
2021	11,360,000	7,435,313	18,795,313
2022	11,865,000	6,922,013	18,787,013
2023	12,425,000	6,356,862	18,781,862
2024	13,225,000	5,764,762	18,989,762
2025	11,500,000	5,126,200	16,626,200
2026-2030	54,655,000	17,652,250	72,307,250
2031-2035	37,015,000	7,836,600	44,851,600
2036-2040	20,305,000	2,070,400	22,375,400
Total	<u>\$ 172,350,000</u>	<u>\$ 59,164,400</u>	<u>\$ 231,514,400</u>

The following is a summary of changes in long-term liabilities for the year ended December 31, 2020:

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020	Amounts Due Within One Year
<b>Governmental activities:</b>					
Bonds and notes payable					
Bond Series 2013	\$ 55,500,000	\$ -	\$ (3,255,000)	\$ 52,245,000	\$ 3,410,000
Bond Series 2014	7,665,000	-	-	7,665,000	-
Bond Series 2016	44,635,000	-	(5,010,000)	39,625,000	5,215,000
Bond Series 2018	2,080,000	-	(2,080,000)	-	-
Bond Series 2019	73,845,000	-	(1,030,000)	72,815,000	2,735,000
Bond Premiums	16,605,095	-	(2,856,821)	13,748,274	2,580,277
	<u>200,330,095</u>	<u>-</u>	<u>(14,231,821)</u>	<u>186,098,274</u>	<u>13,940,277</u>
Note payable 2016	364,023	-	(364,023)	-	-
Note payable 2019	3,320,000	-	(1,660,000)	1,660,000	1,660,000
	<u>3,684,023</u>	<u>-</u>	<u>(2,024,023)</u>	<u>1,660,000</u>	<u>1,660,000</u>
Total bonds and notes payable	<u>204,014,118</u>	<u>-</u>	<u>(16,255,844)</u>	<u>187,758,274</u>	<u>15,600,277</u>
Other liabilities:					
Compensated absences	374,245	449,837	(416,502)	407,580	34,444
Total other liabilities	<u>374,245</u>	<u>449,837</u>	<u>(416,502)</u>	<u>407,580</u>	<u>34,444</u>
<b>Governmental activities long-term liabilities</b>	<u>\$ 204,388,363</u>	<u>\$ 449,837</u>	<u>\$ (16,672,346)</u>	<u>\$ 188,165,854</u>	<u>\$ 15,634,721</u>

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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, 2020 was as follows:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefits	10
Active Employees	169
	<u>179</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, 2020 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	\$ 596	\$ 302
Retiree + spouse	1,032	738
Retiree + child(ren)	720	426
Retiree + family	1,156	862
Surviving spouse	596	302
Surviving spouse + child(ren)	720	426
Surviving spouse + family	596	302

**3. Actuarial Assumptions**

The District's total OPEB liability of \$1,055,302 was measured as of December 31, 2020 and was determined by an actuarial valuation as of January 1, 2020.

Actuarial assumptions – The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions:

Salary increases:	2.00%
Inflation:	2.50%
Discount Rate:	2.12%
Prior Year Discount Rate:	2.75%

Mortality: The Mortality assumption was updated to utilize the MP-20 scales that were recently released by SOA

The discount rate was based on the 12/31/2020 Bond Buyer 20 Bond GO Index.

**4. Changes in Total OPEB Liability**

Balance as of December 31, 2019	<u>\$ 1,897,111</u>
Changes for the year:	
Service cost	256,562
Interest on total OPEB liability	59,018
Difference between Actual and Expected Experience	58,631
Changes in assumptions or other inputs	(794,737)
Changes in proportionate share	(350,608)
Differences in actual benefits and prop. share of benefits	<u>(70,675)</u>
Net changes	<u>(841,809)</u>
Balance as of December 31, 2020	<u><u>\$ 1,055,302</u></u>

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
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**Note H. Other Post-Employment Benefits (OPEB) - Continued**

**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 2.12%, 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 (1.12%) or one percentage point higher (3.12%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	1.12%	2.12%	3.12%
Total OPEB liability	<u>\$ 1,342,232</u>	<u>\$ 1,055,302</u>	<u>\$ 843,067</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:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	<u>\$ 1,386,984</u>	<u>\$ 1,055,302</u>	<u>\$ 816,386</u>

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

For the year ended December 31, 2020, the District recognized OPEB expense of \$255,231. At December 31, 2020 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	\$ 337,227	\$ -
Changes of assumptions or other inputs	196,144	(789,198)
Changes in proportionate share	-	(368,492)
Differences in actual benefits and proportionate share	579	(75,537)
	<u>\$ 533,950</u>	<u>\$ (1,233,227)</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 ,	
2021	(60,349)
2022	(60,349)
2023	(60,349)
2024	(60,349)
2025	(43,534)
Thereafter	(414,347)
	<u>\$ (699,277)</u>

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**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.

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, 2020 are as follows:

Inactive employees or beneficiaries currently receiving benefits	60
Inactive employees entitled to but not yet receiving benefits	45
Active Employees	179
	<u>284</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 11.85% for calendar year 2020. 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, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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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 total pension liability in the December 31, 2019 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 2019.

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.

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 April 2020 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.

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

**3. Net Pension Liability - Continued**

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	14.50%	5.20%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(3)</sup>	20.00%	8.20%
Global Equities	MSCI World (net) Index	2.50%	5.50%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	7.00%	5.20%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	7.00%	5.70%
Investment - Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.20%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	3.14%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.16%
Distressed Debt	Cambridge Associates Distressed Securities Index <sup>(4)</sup>	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	3.00%	4.50%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	8.40%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(5)</sup>	6.00%	5.50%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	8.00%	2.30%

<sup>(1)</sup> Target asset allocation adopted at the June 2020 TCDRS Board meeting.

<sup>(2)</sup> Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.80%, per Cliffwater's 2020 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.

The discount rate used to measure the total pension liability was 8.10% at December 31, 2019. 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

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

**3. Net Pension Liability – Continued**

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.

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, 2018	\$ 17,957,006	\$ 15,678,230	\$ 2,278,777
Changes for the year			
Service Cost	999,005	-	999,005
Interest on total pension liability (1)	1,498,179	-	1,498,179
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	(3,312)	-	(3,312)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(59,632)	(59,632)	-
Benefit payments	(878,584)	(878,584)	-
Administrative expenses	-	(14,174)	14,174
Member contributions	-	478,701	(478,701)
Net investment income	-	2,574,326	(2,574,326)
Employer contributions	-	806,270	(806,270)
Other (3)	-	14,463	(14,463)
Balances as of December 31, 2019	<u>\$ 19,512,663</u>	<u>\$ 18,599,600</u>	<u>\$ 913,063</u>

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

(2) No plan changes valued.

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

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
(A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS)  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2020

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

**3. Net Pension Liability - Continued**

\*\*The District's TCDRS actuarial report with a measurement date of December 31, 2019, to be used for audit periods ending January 1, 2019 to December 31, 2019, shows a net pension liability of \$913,063.

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 <u>7.10%</u>	Current Discount Rate <u>8.10%</u>	1% Increase <u>9.10%</u>
Total pension liability	\$ 21,932,325	\$ 19,512,663	\$ 17,457,793
Fiduciary net position	18,599,601	18,599,600	18,599,601
Net pension liability/ (asset)	<u>\$ 3,332,724</u>	<u>\$ 913,063</u>	<u>\$ (1,141,808)</u>

	<u>January 1, 2019 to December 31, 2019</u>
Pension expense/ (income)	
Service cost	\$ 999,005
Interest on total pension liability <sup>(1)</sup>	1,498,179
Effect of plan changes	-
Administrative expenses	14,174
Member contributions	(478,701)
Expected investment return net of investment expenses	(1,283,718)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(82,064)
Recognition of assumption changes or inputs	25,746
Recognition of investment gains or losses	134,797
Other <sup>(2)</sup>	(14,463)
Pension expense/ (income)	<u>\$ 812,954</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, 2019, the deferred inflows and outflows of resources were as follows:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 321,581	\$ 154,659
Changes of assumptions	-	52,398
Net difference between projected and actual earnings	420,072	-
Contributions made subsequent to measurement date	-	919,105
	<u>\$ 741,653</u>	<u>\$ 1,126,162</u>

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
(A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS)  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2020

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

**3. Net Pension Liability - Continued**

The \$919,105 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, 2021. 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>	
2020	(145,417)
2021	(141,997)
2022	20,341
2023	(293,031)
2024	25,982
Thereafter	(474)
	<u>\$ (534,596)</u>

**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:

	<u>Deferred inflows</u>		Unearned Revenue	Total
	<u>Unearned Revenue- Property Taxes</u>	<u>Unavailable Revenue- Property Taxes</u>		
Property taxes (General Fund)	\$ 8,884,804	\$ 13,501,373	\$ -	\$ 22,386,177
Property taxes (Debt Service Funds)	7,841,451	11,967,856	-	19,809,307
Unearned (Interlocal & Grant)	-	-	235,294	235,294
	<u>\$ 16,726,255</u>	<u>\$ 25,469,229</u>	<u>\$ 235,294</u>	<u>\$ 42,430,778</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 \$580,275 in 2020.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
 (A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS)  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 DECEMBER 31, 2020

**Note K. Risk Management – Continued**

Annual aggregate limits and deductibles are as follows at December 31, 2020:

	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 \$1,457,017 in 2020.

**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.

**Note M. Subsequent Events**

The District continues to operate under a global pandemic. Any impact this may have on the District is currently unknown.

The District has evaluated all events or transactions that occurred after December 31, 2020 through July 26, 2021, the date these financial statements were available to be issued.

On July 7, 2021, the District issued Unlimited Tax Improvement Bonds, Taxable Series 2021 in the amount of \$22,869,000 from the 2018 Bond Referendum. The bonds are on private placement and were purchased by the Texas Water Development Board at zero percent interest.

On July 27, 2021, the Board of Directors adopted a plan of finance to issue the remaining authorized but un-issued bonds from the 2018 Bond Referendum.

# **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**

	2020	2019	2018
<b>Total OPEB Liability</b>			
Service Cost	\$ 256,562	\$ 57,293	\$ 68,022
Interest	59,018	45,410	43,888
Differences between expected and actual experience	58,631	374,011	6,974
Changes in assumptions or other inputs	(794,737)	261,526	(132,135)
Changes in proportionate share	(350,608)	(63,712)	-
Differences in actual benefits and proportionate share of benefits	(70,675)	(15,631)	1,013
Benefit payments	-	-	(13,866)
<b>Net Change in Total OPEB Liability</b>	<u>(841,809)</u>	<u>658,897</u>	<u>(26,104)</u>
<b>Total OPEB Liability - beginning</b>	<u>1,897,111</u>	<u>1,238,214</u>	<u>1,264,318</u>
<b>Total OPEB Liability - end</b>	<u>\$1,055,302</u>	<u>\$1,897,111</u>	<u>\$1,238,214</u>
Covered Employee Payroll	\$7,310,079	\$6,600,265	\$5,353,191
Total OPEB Liability as a percentage of covered employee payroll	14.4%	28.7%	23.1%

**Notes to Schedule:**

*Changes of Benefit Terms:*  
*Changes of Assumptions*

None

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
2020	SOA MP-2020
2017	3.31%
2018	3.71%
2019	2.75%
2020	2.12%

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**

	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>					
Service cost	\$ 999,005	\$ 865,082	\$ 820,277	\$ 756,250	\$ 611,534
Interest on total pension liability	1,498,179	1,355,574	1,286,524	1,153,337	1,071,637
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	(3,312)	185,179	(488,413)	67,163	(237,892)
Refund of contributions	(59,632)	(27,704)			
Benefit payments/refunds of contributions	(878,584)	(851,383)	(866,948)	(700,255)	(659,497)
Net change in total pension liability	1,555,656	1,655,614	813,624	1,276,495	1,123,004
Total pension liability, beginning	17,957,006	16,301,391	15,487,767	14,211,272	13,088,268
Total pension liability, ending (a)	19,512,663	17,957,006	16,301,391	15,487,767	14,211,272
<b>Fiduciary Net Position</b>					
Employer contributions	806,270	780,237	708,176	657,951	523,193
Member contributions	478,701	434,502	394,685	351,578	301,925
Investment income net of investment expenses	2,574,326	(287,455)	1,965,172	904,024	(164,681)
Refund of contributions	(59,632)	(27,704)			
Benefit payments/refunds of contributions	(878,584)	(851,383)	(866,948)	(700,255)	(659,497)
Administrative expenses	(14,174)	(12,593)	(10,395)	(9,827)	(8,801)
Other	14,463	11,570	3,064	47,881	(28,176)
Net change in fiduciary net position	2,921,370	47,174	2,193,754	1,251,352	(36,037)
Fiduciary net position, beginning	15,678,230	15,631,055	13,437,301	12,185,949	12,221,987
Fiduciary net position, ending (b)	18,599,600	15,678,230	15,631,055	13,437,301	12,185,950
<b>Net pension liability/ (asset), ending = (a)-(b)</b>	<u>\$ 2,278,777</u>	<u>\$ 2,278,777</u>	<u>\$ 670,336</u>	<u>\$ 2,050,466</u>	<u>\$ 2,025,322</u>
Fiduciary net position as a % of total pension liability	95.32%	87.31%	95.89%	86.76%	85.75%
Pensionable covered payroll	\$ 6,838,590	\$ 6,207,174	\$ 5,638,364	\$ 5,022,541	\$ 4,313,210
Net pension liability as a % of covered payroll	33.32%	36.71%	11.89%	40.83%	46.96%

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
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%
2019	806,270	806,270	-	6,838,590	11.8%

(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	11.6 years (based on contribution rated calculated in 12/31/2019 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. 2019: Employer contributions reflect that a 2% flat COLA was adopted

\*Only changes that effect the benefit amount and thar are 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, 2020**

**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, and 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, 2020**

**EXHIBIT TSI-2**

Personnel Expenditures (including benefits) *	\$ 10,788,741
Professional Fees:	
Auditing	114,000
Legal	228,725
Engineering	248,048
Contracted Services:	
Appraisal district	385,166
Hidalgo County Tax Assessor Collector	393,276
Utilities	52,690
Repairs and Maintenance	643,351
Administrative Expenditures:	
Office supplies	45,958
Insurance	208,330
Capital Outlay:	
Acquisition of fixed assets	5,293,999
Other Expenditures	<u>1,549,096</u>
TOTAL EXPENDITURES	<u><u>\$ 19,951,380</u></u>

\*Number of full-time persons employed by the District: 174

**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, 2020**

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

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
Property taxes receivable, beginning of year	\$ 2,344,782	\$ 1,769,074
2019 original tax levy (less abatements)	19,124,660	19,234,153
Adjustments for 2019 original tax levy modifications	<u>(74,419)</u>	<u>(74,846)</u>
Adjustments for rollbacks and refunds	<u>30,579</u>	<u>30,754</u>
Total to be accounted for	<u>21,425,602</u>	<u>20,959,135</u>
Tax collections:		
Current	(18,452,464)	(18,558,166)
Prior years	<u>(466,277)</u>	<u>(468,146)</u>
Total collections	<u>(18,918,741)</u>	<u>(19,026,312)</u>
Property taxes receivable, end of year	<u>\$ 2,506,861</u>	<u>\$ 1,932,823</u>
Property taxes receivable by years		
2019	\$ 745,747	\$ 615,503
2018	369,690	330,659
2017	237,485	217,855
2016 and prior	<u>1,153,939</u>	<u>768,806</u>
Property taxes receivable, end of year	<u>\$ 2,506,861</u>	<u>\$ 1,932,823</u>

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**SCHEDULE OF TAXES LEVIED AND RECEIVABLE**  
**YEAR ENDED DECEMBER 31,2020**

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

	Tax Levy			
	2019	2018	2017	2016
Property Valuations:				
Land and improvements	\$ 41,861,864,969	\$ 39,875,401,701	\$ 37,254,998,144	\$ 35,917,385,528
Minerals	46,737,074	55,804,447	52,881,516	42,073,512
Personal property	4,464,519,841	4,169,412,132	4,194,288,423	3,994,381,713
<b>Total property valuations</b>	<b>\$ 46,373,121,884</b>	<b>\$ 44,100,618,280</b>	<b>\$ 41,502,168,083</b>	<b>\$ 39,953,840,753</b>
Tax Rates Per \$100 Valuation:				
Debt service tax rates	0.0527	0.0430	0.0449	0.0455
Maintenance tax rates	0.0524	0.0521	0.0502	0.0496
<b>Total tax rates per \$100 valuation</b>	<b>0.1051</b>	<b>0.0951</b>	<b>0.0951</b>	<b>0.0951</b>
Original tax levy	\$ 38,358,813	\$ 33,062,978	\$ 31,810,341	\$ 30,232,354
Percent of taxes collected to tax levied at December 31, 2019:	96.48%	96.22%	96.86%	96.00%

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)		\$ -

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**SCHEDULE OF TAXES LEVIED AND RECEIVABLE**  
**YEAR ENDED DECEMBER 31, 2020**

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

The following represents the 2019 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>	\$ .5750
b. Cities:	<u>Average of 18 cities within Drainage District</u>	.6439
c. School district(s):	<u>Average of 15 school districts within Drainage District</u>	1.2479
d. Special district(s) not included above:		
	<u>South Texas College</u>	.1718
	<u>South Texas I.S.D.</u>	.0492
e. Total District:		.1051
	Total Overlapping Tax Rate	<u>\$ 2.7929</u>

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**SCHEDULE OF LONG - TERM DEBT SERVICE REQUIREMENTS BY YEARS**  
**DECEMBER 31, 2020**

**EXHIBIT TSI-5**

**Schedule of Long Term Requirements**

This schedule is omitted because information is provided in the statistical section on Exhibits E20-E23.

**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				
	2020	2019	2018	2017	2016
<b>GENERAL FUND</b>					
<b>REVENUES</b>					
Property taxes	\$19,355,454	\$18,466,159	\$ 17,061,776	\$ 15,967,104	\$ 14,505,100
Operating grants and contributions	-	-	-	-	-
Charges for services	99,380	81,091	60,693	61,000	57,607
Interest	321,583	773,779	622,391	339,244	212,766
Intergovernmental	-	90,667	173,566	13,494	204,710
Miscellaneous	196,664	1,145,933	77,450	131,728	321,257
Total revenues	<u>19,973,081</u>	<u>20,557,629</u>	<u>17,995,876</u>	<u>16,512,570</u>	<u>15,301,440</u>
<b>EXPENDITURES</b>					
Professional fees	590,773	614,512	665,689	636,900	2,135,655
Contracted services	778,442	687,398	734,774	303,293	327,267
Payroll	10,788,741	9,842,618	8,997,828	8,127,830	7,117,860
Utilities	52,690	47,786	31,533	28,497	31,846
Materials and supplies	429,091	225,547	230,513	594,719	555,609
Repairs and maintenance	260,218	1,557,692	1,380,829	1,202,051	1,416,022
Aid to other governments	-	-	8,590	71,250	1,200
Other expenditures	1,757,426	1,639,410	1,537,818	1,273,032	1,237,457
Capital outlay	5,293,999	6,170,200	6,293,470	1,232,446	4,370,550
Total expenditures	<u>19,951,380</u>	<u>20,785,163</u>	<u>19,881,044</u>	<u>13,470,018</u>	<u>17,193,466</u>
Excess (deficiency) revenues over (under) expenditures	21,701	(227,534)	(1,885,168)	3,042,552	(1,892,026)
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of capital assets	33,104	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	(2,044,333)	(250,000)	(1,850,000)	(2,650,000)	(383,630)
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>\$ (2,011,229)</u>	<u>\$ 3,209,511</u>	<u>\$ (3,696,864)</u>	<u>\$ 603,994</u>	<u>\$ (828,644)</u>
<b>DEBT SERVICE FUND</b>					
<b>REVENUES:</b>					
Property taxes	\$19,466,369	\$15,240,783	\$ 15,260,434	\$ 14,647,242	\$ 14,603,943
Penalty, interest and other	-	-	-	-	-
Interest	51,546	171,585	98,386	23,102	6,018
Total revenues	<u>19,517,915</u>	<u>15,412,368</u>	<u>15,358,820</u>	<u>14,670,344</u>	<u>14,609,961</u>
<b>EXPENDITURES:</b>					
Debt services, interest and principal	21,706,980	15,265,226	15,267,557	15,061,158	14,857,000
Total expenditures	<u>21,706,980</u>	<u>15,265,226</u>	<u>15,267,557</u>	<u>15,061,158</u>	<u>14,857,000</u>
Excess (deficiency) revenues over (under) expenditures	(2,189,065)	147,142	91,263	(390,814)	(247,039)
<b>OTHER FINANCING SOURCES</b>					
Interfund transfers in	3,143,569	250,000	625,000	250,000	383,630
Interfund transfers out	(1,099,236)	-	(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>\$ (144,732)</u>	<u>\$ 397,142</u>	<u>\$ 67,583</u>	<u>\$ (79,292)</u>	<u>\$ 803,436</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					
2020	2019	2018	2017	2016	
96.91	89.84	94.81	96.70	94.80	
-	-	-	-	-	
0.50	0.39	0.34	0.37	0.38	
1.610	3.76	3.46	2.05	1.39	
-	0.44	0.96	0.08	1.34	
0.98	5.57	0.43	0.80	2.10	
100.00	100.00	100.00	100.00	100.00	
2.96	2.99	3.70	3.86	13.96	
3.90	3.34	4.08	1.84	2.14	
54.02	47.88	50.00	49.22	46.52	
0.26	0.23	0.18	0.17	0.21	
2.15	1.10	1.28	3.60	3.63	
1.30	7.58	7.67	7.28	9.25	
-	-	0.05	0.43	0.01	
8.80	7.97	8.55	7.71	8.09	
26.51	30.01	34.97	7.46	28.56	
99.90	101.10	110.48	81.57	112.37	
0.10	(1.10)	(10.48)	18.43	(12.37)	
0.17	0.68	0.21	1.28	1.33	
-	-	-	-	8.12	
-	-	-	-	-	
(10.24)	(1.22)	(10.28)	(16.05)	(2.51)	
(9.97)	(1.64)	(20.55)	3.66	(5.42)	
99.74	98.89	99.36	99.84	99.96	
-	-	-	-	-	
0.26	1.11	0.64	0.16	0.04	
100.00	100.00	100.00	100.00	100.00	
1.11	99.05	99.40	102.66	101.69	
1.11	99.05	99.40	102.66	101.69	
(1.11)	0.95	0.59	(2.66)	(1.69)	
16.11	1.62	(2.44)	1.70	2.63	
5.63	-	4.07	-	-	
-	-	39.68	13.36	-	
-	-	-	0.39	-	
-	-	(41.47)	(13.33)	4.56	
20.63	2.57	0.44	(0.54)	5.50	
\$ -	-	-	-	-	

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**YEAR ENDED DECEMBER 31, 2020**

**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>12/31/20</u>	<u>Expense</u> <u>Reimbursements</u> <u>FYE 12/31/20</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, 2020**

**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 12/31/20	Reimbursements FYE 12/31/20	
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	\$ 393,276	\$ -	County Tax Assessor/ Collector
Jones Galligan Key & Lozano, LLP 2300 W Pike Blvd Suite#300 Weslaco, TX 78596	09/4/2018	\$ 205,796	\$ -	Attorneys
The Blanchard Law Firm 1831 Harold Street Houston, Texas 77098	-	\$ 22,929	\$ -	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	10/31/17	\$ 114,000	\$ -	Independent Auditors
Hidalgo County Appraisal District 4405 Professional Drive Edinburg, TX 78539	-	\$ 385,165	\$ -	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, 2020**

**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	\$ 390,369	\$ 509,459	\$ 24,023,144	\$ 24,922,972
Receivables (net of allowance for uncollectibles)				
Property taxes	-	486,324	-	486,324
Other accounts	-	-	5,325	5,325
Due from other governments	28,971	-	-	28,971
Due from other funds	-	218,775	-	218,775
<b>Total assets</b>	<u>\$ 419,340</u>	<u>\$ 1,214,558</u>	<u>\$ 24,028,469</u>	<u>\$ 25,662,367</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 15,060	\$ -	\$ 933,482	\$ 948,542
Retainage payable	-	-	214,189	214,189
Due to other governments	347,865	-	-	347,865
Due to other funds	9,783	-	11,013	20,796
Unearned revenue	46,632	-	-	46,632
<b>Total liabilities</b>	<u>419,340</u>	<u>-</u>	<u>1,158,684</u>	<u>1,578,024</u>
<b>Deferred inflows of resources:</b>				
Unavailable revenue- property taxes	-	124,365	-	124,365
Unearned revenue- property taxes	-	486,324	-	486,324
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>610,689</u>	<u>-</u>	<u>610,689</u>
<b>Fund Balances:</b>				
Restricted:				
Capital projects	-	-	22,869,785	22,869,785
Debt service	-	603,869	-	603,869
<b>Total fund balances</b>	<u>-</u>	<u>603,869</u>	<u>22,869,785</u>	<u>23,473,654</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 419,340</u>	<u>\$ 1,214,558</u>	<u>\$ 24,028,469</u>	<u>\$ 25,662,367</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, 2020**

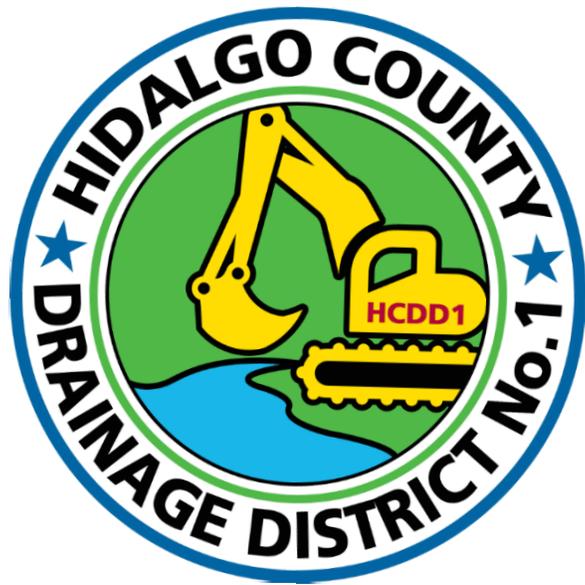
**EXHIBIT C-2**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
<b>REVENUES</b>				
Property taxes	\$ -	\$ 2,415,776	\$ -	\$ 2,415,776
Interest	-	15,934	222,129	238,063
<b>Total revenues</b>	<u>-</u>	<u>2,431,710</u>	<u>222,129</u>	<u>2,653,839</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Debt service:				
Principal	-	4,104,023	-	4,104,023
Interest	-	379,069	-	379,069
Fiscal agent fees	-	1,500	-	1,500
Capital Outlay:				
General government	-	-	-	-
Drainage flood control	-	-	4,820,768	4,820,768
<b>Total expenditures</b>	<u>-</u>	<u>4,484,592</u>	<u>4,820,768</u>	<u>9,305,360</u>
Excess (deficiency) of revenues over (under) expenditures	-	(2,052,882)	(4,598,639)	(6,651,521)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	2,344,333	-	2,344,333
Transfers out	-	(1,099,236)	-	(1,099,236)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>1,245,097</u>	<u>-</u>	<u>1,245,097</u>
Net change in fund balances	-	(807,785)	(4,598,639)	(5,406,424)
<b>Fund balances at beginning of year</b>	-	1,411,654	27,468,424	28,880,078
<b>Fund balances at the end of year</b>	<u>\$ -</u>	<u>\$ 603,869</u>	<u>\$ 22,869,785</u>	<u>\$ 23,473,654</u>



# **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.



**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**Special Revenue Funds**  
**December 31, 2020**

**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 have been completed yet the closeout of the grant award has not occurred.

**Raymondville Drain Restore Act**

This fund was established on October 13, 2020 to account for the Subgrant Reimbursement Contract No. 582-20-10601 with the Texas Commission on Environmental Quality (TCEQ) in the amount of \$7,000,000. The funds are for the restoration of over 60 miles of the Raymondville drain that will be restored using in house force labor and equipment.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2020**

**EXHIBIT D-1**

	DHS Levee Grant	Raymondville Drain Restore Act Grant	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
<b>ASSETS</b>			
Cash and cash equivalents	\$ 390,369	\$ -	\$ 390,369
Due from other governments	28,971	-	28,971
<b>Total assets</b>	<u>\$ 419,340</u>	<u>\$ -</u>	<u>\$ 419,340</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	9,783	-	9,783
Unearned revenue	46,632	-	46,632
<b>Total liabilities</b>	<u>419,340</u>	<u>-</u>	<u>419,340</u>
<b>Deferred inflows of resources:</b>			
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>			
<b>Total fund balances</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 419,340</u>	<u>\$ -</u>	<u>\$ 419,340</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, 2020**

**EXHIBIT D-2**

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

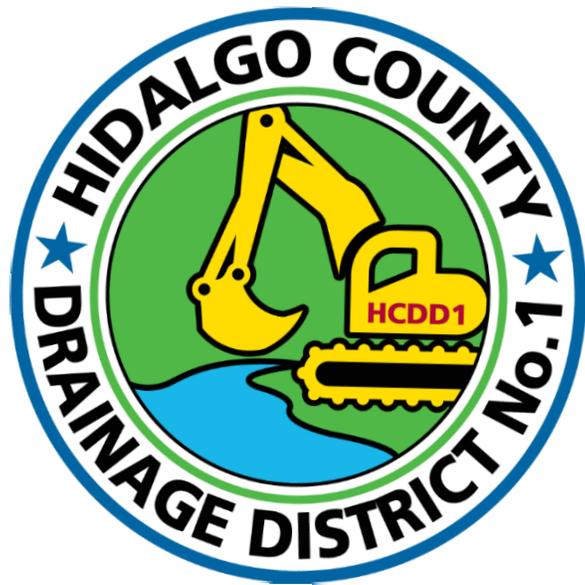
**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**RAYMONDVILLE DRAIN RESTORE ACT GRANT**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**EXHIBIT D-3**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 7,000,000	\$ -	\$ (7,000,000)
<b>Total revenues</b>	<u>-</u>	<u>7,000,000</u>	<u>-</u>	<u>(7,000,000)</u>
<b>EXPENDITURES</b>				
Capital Outlay:				
Drainage flood control	-	7,000,000	-	7,000,000
<b>Total expenditures</b>	<u>-</u>	<u>7,000,000</u>	<u>-</u>	<u>7,000,000</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>

## **DEBT SERVICE FUNDS**

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The essential purpose of a debt service fund is to account for accumulations of resources.



**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**Debt Service Funds**  
**December 31, 2020**

**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.

**2019 Bonds Series Debt Service Fund**

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.

**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, 2020, 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.

**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.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**COMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
**DECEMBER 31, 2020**

	Debt Service Fund	2008 Bond Series
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 45,270
Receivables (net of allowance for uncollectibles)		
Property taxes	-	263,998
Due from other funds	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 309,268</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>		
<b>Liabilities:</b>		
<b>Total liabilities</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources:</b>		
Unavailable revenues- property taxes	\$ -	\$ -
Unearned revenue-Property taxes	-	263,998
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>263,998</b>
<b>Fund balances:</b>		
Restricted:		
Debt service	-	45,270
<b>Total fund balances</b>	<b>-</b>	<b>45,270</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ -</b>	<b>\$ 309,268</b>

EXHIBIT D-4

2014 Refunding Bonds	2018 Refunding Bonds	Total Nonmajor Debt Service Funds (See Exhibit C-1)
\$ 194,640	\$ 269,549	\$ 509,459
193,469	28,857	486,324
135,853	82,922	218,775
<u>\$ 523,962</u>	<u>\$ 381,328</u>	<u>\$ 1,214,558</u>
-	-	-
\$ 124,365	\$ -	\$ 124,365
193,472	28,854	486,324
<u>317,837</u>	<u>28,854</u>	<u>610,689</u>
206,125	352,474	603,869
<u>206,125</u>	<u>352,474</u>	<u>603,869</u>
<u>\$ 523,962</u>	<u>\$ 381,328</u>	<u>\$ 1,214,558</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, 2020**

	Debt Service Fund	2008 Bond Series
<b>REVENUES</b>		
Property taxes	\$ -	\$ -
Charges for services	-	-
Interest	-	5,318
<b>Total revenues</b>	<b>-</b>	<b>5,318</b>
<b>EXPENDITURES</b>		
Debt service:		
Principal	2,024,023	-
Interest	20,310	-
Fiscal agent fees	-	-
<b>Total expenditures</b>	<b>2,044,333</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	(2,044,333)	5,318
<b>OTHER FINANCING SOURCES (USES):</b>		
Transfers in	2,044,333	-
Transfers out	-	(1,099,236)
<b>Total other financing sources (uses)</b>	<b>2,044,333</b>	<b>(1,099,236)</b>
Net change in fund balances	-	(1,093,918)
<b>Fund balances at beginning of year</b>	<b>-</b>	<b>1,139,188</b>
<b>Fund balances at the end of year</b>	<b>\$ -</b>	<b>\$ 45,270</b>

EXHIBIT D-5

2014 Refunding Bonds	2018 Refunding Bonds	Total Nonmajor Debt Service Funds (See Exhibit C-2)
\$ 293,942	\$ 2,121,834	\$ 2,415,776
-	-	-
1,772	8,844	15,934
<u>295,714</u>	<u>2,130,678</u>	<u>2,431,710</u>
-	2,080,000	4,104,023
297,363	61,396	379,069
500	1,000	1,500
<u>297,863</u>	<u>2,142,396</u>	<u>4,484,592</u>
(2,149)	(11,718)	(2,052,882)
-	300,000	2,344,333
-	-	(1,099,236)
<u>-</u>	<u>300,000</u>	<u>1,245,097</u>
(2,149)	288,282	(807,785)
208,274	64,192	1,411,654
<u>\$ 206,125</u>	<u>\$ 352,474</u>	<u>\$ 603,869</u>

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**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, 2020**

**EXHIBIT D-6**

	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>				
Debt Service:				
Principal	2,555,000	2,555,000	2,024,023	530,977
Interest	-	-	20,310	(20,310)
<b>Total expenditures</b>	<u>2,555,000</u>	<u>2,555,000</u>	<u>2,044,333</u>	<u>510,667</u>
Excess (deficiency) of revenues over (under) expenditures	(2,555,000)	(2,555,000)	(2,044,333)	510,667
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,555,000	2,555,000	2,044,333	(510,667)
<b>Total other financing sources (uses)</b>	<u>2,555,000</u>	<u>2,555,000</u>	<u>2,044,333</u>	<u>(510,667)</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-7**

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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ 5,318	\$ 5,318
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>5,318</u>	<u>5,318</u>
<b>EXPENDITURES</b>				
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	5,318	5,318
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	1,099,235	1,099,235	(1,099,236)	(2,198,471)
<b>Total other financing sources (uses)</b>	<u>1,099,235</u>	<u>1,099,235</u>	<u>(1,099,236)</u>	<u>(2,198,471)</u>
Net change in fund balance	1,099,235	1,099,235	(1,093,918)	(2,193,153)
<b>Fund balance at beginning of year</b>	1,139,188	1,139,188	1,139,188	-
<b>Fund balance at the end of year</b>	<u>\$ 2,238,423</u>	<u>\$ 2,238,423</u>	<u>\$ 45,270</u>	<u>\$ (2,193,153)</u>

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**

**EXHIBIT D-8**

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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 292,472	\$ 292,472	\$ 293,942	\$ 1,470
Interest	197	197	1,772	1,575
<b>Total revenues</b>	<u>292,669</u>	<u>292,669</u>	<u>295,714</u>	<u>3,045</u>
<b>EXPENDITURES</b>				
Debt Service:				
Interest	297,363	297,363	297,363	-
Fiscal agent Fees	500	500	500	-
<b>Total expenditures</b>	<u>297,863</u>	<u>297,863</u>	<u>297,863</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(5,194)	(5,194)	(2,149)	3,045
<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	(5,194)	(5,194)	(2,149)	3,045
<b>Fund balance at beginning of year</b>	208,274	208,274	208,274	-
<b>Fund balance at the end of year</b>	<u>\$ 203,080</u>	<u>\$ 203,080</u>	<u>\$ 206,125</u>	<u>\$ 3,045</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**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**EXHIBIT D-9**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 2,107,172	\$ 2,107,172	\$ 2,121,834	\$ 14,662
Interest	1,417	1,417	8,844	7,427
<b>Total revenues</b>	<u>2,108,589</u>	<u>2,108,589</u>	<u>2,130,678</u>	<u>22,089</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	2,080,000	2,080,000	2,080,000	-
Interest	62,400	62,400	61,396	1,004
Fiscal Agent Fees	500	500	1,000	(500)
<b>Total expenditures</b>	<u>2,142,900</u>	<u>2,142,900</u>	<u>2,142,396</u>	<u>504</u>
Excess (deficiency) of revenues over (under) expenditures	(34,311)	(34,311)	(11,718)	22,593
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	300,000	300,000	300,000	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Net change in fund balance	265,689	265,689	288,282	22,593
<b>Fund balance at beginning of year</b>	64,192	64,192	64,192	-
<b>Fund balance at the end of year</b>	<u>\$ 329,881</u>	<u>\$ 329,881</u>	<u>\$ 352,474</u>	<u>\$ 22,593</u>

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**

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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 5,292,912	\$ 5,292,912	\$ 5,327,945	\$ 35,033
Interest	3,558	3,558	14,417	10,859
<b>Total revenues</b>	<u>5,296,470</u>	<u>5,296,470</u>	<u>5,342,362</u>	<u>45,892</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	3,255,000	3,255,000	3,255,000	-
Interest	2,126,400	2,126,400	2,126,400	-
Fiscal agent Fees	500	500	450	50
<b>Total expenditures</b>	<u>5,381,900</u>	<u>5,381,900</u>	<u>5,381,850</u>	<u>50</u>
Excess (deficiency) of revenues over (under) expenditures	(85,430)	(85,430)	(39,488)	45,942
<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	(85,430)	(85,430)	(39,488)	45,942
<b>Fund balance at beginning of year</b>	1,291,318	1,291,318	1,291,318	-
<b>Fund balance at the end of year</b>	<u>\$ 1,205,888</u>	<u>\$ 1,205,888</u>	<u>\$ 1,251,830</u>	<u>\$ 45,942</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, 2020**

**EXHIBIT D-11**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 7,073,396	\$ 7,073,396	\$ 7,120,797	\$ 47,401
Interest	4,755	4,755	19,209	14,454
<b>Total revenues</b>	<u>7,078,151</u>	<u>7,078,151</u>	<u>7,140,006</u>	<u>61,855</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	5,010,000	5,010,000	5,010,000	-
Interest	2,181,650	2,181,650	2,181,650	-
Fiscal Agent Fees	500	500	450	50
<b>Total expenditures</b>	<u>7,192,150</u>	<u>7,192,150</u>	<u>7,192,100</u>	<u>50</u>
Excess (deficiency) of revenues over (under) expenditures	(113,999)	(113,999)	(52,094)	61,905
<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	(113,999)	(113,999)	(52,094)	61,905
<b>Fund balance at beginning of year</b>	947,211	947,211	947,211	-
<b>Fund balance at the end of year</b>	<u>\$ 833,212</u>	<u>\$ 833,212</u>	<u>\$ 895,117</u>	<u>\$ 61,905</u>

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**

**EXHIBIT D-12**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 MAJOR DEBT SERVICE FUND  
 2019 BOND SERIES DEBT SERVICE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 4,571,560	\$ 4,571,560	\$ 4,601,850	\$ 30,290
Interest	3,073	3,073	1,986	(1,087)
<b>Total revenues</b>	<u>\$ 4,574,633</u>	<u>\$ 4,574,633</u>	<u>\$ 4,603,836</u>	<u>\$ 29,203</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	1,030,000	1,030,000	1,030,000	-
Interest	3,617,988	3,617,988	3,617,988	-
Fiscal Agent Fees	500	500	450	50
<b>Total expenditures</b>	<u>4,648,488</u>	<u>4,648,488</u>	<u>4,648,438</u>	<u>50</u>
Excess (deficiency) of revenues over (under) expenditures	(73,855)	(73,855)	(44,602)	29,253
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	799,235	799,235	799,236	1
<b>Total other financing sources (uses)</b>	<u>799,235</u>	<u>799,235</u>	<u>799,236</u>	<u>1</u>
Net change in fund balance	725,380	725,380	754,634	29,254
<b>Fund balance at beginning of year</b>	-	-	-	-
<b>Fund balance at the end of year</b>	<u>\$ 725,380</u>	<u>\$ 725,380</u>	<u>\$ 754,634</u>	<u>\$ 29,254</u>

# **CAPITAL PROJECTS FUNDS**



**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**Capital Projects Funds**  
**December 31, 2020**

**MAJOR:**

**2019 Bond 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.

**2013 Bonds Series**

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  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 DECEMBER 31, 2020

EXHIBIT D-13

	Capital Projects Fund	2008 Bond Series	2013 Bond Series	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,182,845	\$ 3,268,545	\$ 15,571,754	\$ 24,023,144
Receivables				
Other accounts	-	5,325	-	5,325
<b>Total assets</b>	<u>\$ 5,182,845</u>	<u>\$ 3,273,870</u>	<u>\$ 15,571,754</u>	<u>\$ 24,028,469</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 340,108	\$ -	\$ 593,374	\$ 933,482
Retainage payable	11,063	-	203,126	214,189
Due to other funds	-	-	11,013	11,013
<b>Total liabilities</b>	<u>351,171</u>	<u>-</u>	<u>807,513</u>	<u>1,158,684</u>
<b>Deferred inflows of resources:</b>				
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>				
Restricted:				
Capital projects	4,831,674	3,273,870	14,764,241	22,869,785
<b>Total fund balances</b>	<u>4,831,674</u>	<u>3,273,870</u>	<u>14,764,241</u>	<u>22,869,785</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 5,182,845</u>	<u>\$ 3,273,870</u>	<u>\$ 15,571,754</u>	<u>\$ 24,028,469</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, 2020

**EXHIBIT D-14**

	Capital Projects Fund	2008 Bond Series	2013 Bond Series	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
<b>REVENUES</b>				
Interest	\$ 42,787	\$ 24,107	\$ 155,235	\$ 222,129
<b>Total revenues</b>	<u>42,787</u>	<u>24,107</u>	<u>155,235</u>	<u>222,129</u>
<b>EXPENDITURES</b>				
Capital Outlay:				
General government	-	-	-	-
Drainage flood control	1,077,726	-	3,743,042	4,820,768
<b>Total expenditures</b>	<u>1,077,726</u>	<u>-</u>	<u>3,743,042</u>	<u>4,820,768</u>
Excess (deficiency) of revenues over (under) expenditures	(1,034,939)	24,107	(3,587,807)	(4,598,639)
<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 balances	(1,034,939)	24,107	(3,587,807)	(4,598,639)
<b>Fund balances at beginning of year</b>	5,866,613	3,249,763	18,352,048	27,468,424
<b>Fund balances at the end of year</b>	<u>\$ 4,831,674</u>	<u>\$ 3,273,870</u>	<u>\$ 14,764,241</u>	<u>\$ 22,869,785</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, 2020**

**EXHIBIT D-15**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ 42,787	\$ 42,787
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>42,787</u>	<u>42,787</u>
<b>EXPENDITURES</b>				
Capital Outlay:				
General government	-	-	-	-
Drainage flood control	-	2,486,988	1,077,726	1,409,262
<b>Total expenditures</b>	<u>-</u>	<u>2,486,988</u>	<u>1,077,726</u>	<u>1,409,262</u>
Excess (deficiency) of revenues over (under) expenditures	-	(2,486,988)	(1,034,939)	1,452,049
<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	-	(2,486,988)	(1,034,939)	1,452,049
<b>Fund balance at beginning of year</b>	5,866,613	5,866,613	5,866,613	-
<b>Fund balance at the end of year</b>	<u>\$ 5,866,613</u>	<u>\$ 3,379,625</u>	<u>\$ 4,831,674</u>	<u>\$ 1,452,049</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, 2020**

**EXHIBIT D-16**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ 24,107	\$ 24,107
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>24,107</u>	<u>24,107</u>
<b>EXPENDITURES</b>				
Capital Outlay:				
Drainage flood control	-	2,221,221	-	2,221,221
<b>Total expenditures</b>	<u>-</u>	<u>2,221,221</u>	<u>-</u>	<u>2,221,221</u>
Excess (deficiency) of revenues over (under) expenditures	-	(2,221,221)	24,107	2,245,328
<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	-	(2,221,221)	24,107	2,245,328
<b>Fund balance at beginning of year</b>	3,249,763	3,249,763	3,249,763	-
<b>Fund balance at the end of year</b>	<u>\$ 3,249,763</u>	<u>\$ 1,028,542</u>	<u>\$ 3,273,870</u>	<u>\$ 2,245,328</u>

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**NONMAJOR CAPITAL PROJECT FUND**  
**2013 BOND SERIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**EXHIBIT D-17**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ 155,235	\$ 155,235
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>155,235</u>	<u>155,235</u>
<b>EXPENDITURES</b>				
Capital Outlay:				
Drainage flood control	-	17,934,734	3,743,042	14,191,692
<b>Total expenditures</b>	<u>-</u>	<u>17,934,734</u>	<u>3,743,042</u>	<u>14,191,692</u>
Excess (deficiency) of revenues over (under) expenditures	-	(17,934,734)	(3,587,807)	14,346,927
<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	-	(17,934,734)	(3,587,807)	14,346,927
<b>Fund balance at beginning of year</b>	18,352,048	18,352,048	18,352,048	-
<b>Fund balance at the end of year</b>	<u>\$ 18,352,048</u>	<u>\$ 417,314</u>	<u>\$ 14,764,241</u>	<u>\$ 14,346,927</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, 2020**

**EXHIBIT D-18**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ 583,345	\$ 583,345
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>583,345</u>	<u>583,345</u>
<b>EXPENDITURES</b>				
Capital Outlay:				
Drainage flood control	-	78,594,304	14,020,228	64,574,076
<b>Total expenditures</b>	<u>-</u>	<u>78,594,304</u>	<u>14,020,228</u>	<u>64,574,076</u>
Excess (deficiency) of revenues over (under) expenditures	-	(78,594,304)	(13,436,883)	65,157,421
<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	-	(78,594,304)	(13,436,883)	65,157,421
<b>Fund balance at beginning of year</b>	79,365,382	79,365,382	79,365,382	-
<b>Fund balance at the end of year</b>	<u>\$ 79,365,382</u>	<u>\$ 771,078</u>	<u>\$ 65,928,499</u>	<u>\$ 65,157,421</u>



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



**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**Statistical Section**  
**December 31, 2020**

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 issue additional debt in the future.

**DEMOGRAPHIC AND ECONOMIC INFORMATION**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the 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 required, but is presented to help the reader obtain additional insights into the District's activities and finances.

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

	<b>Fiscal Year</b>			
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Governmental activities:</b>				
Net investment in capital assets	\$ 135,237,940	\$ 122,823,880	\$ 113,921,907	\$ 114,714,651
Restricted for:				
Special revenue				
Legislative (1)	-	-	-	-
Grants (1)	-	-	-	-
Debt service	11,346,900	11,648,315	9,400,427	7,735,745
Capital projects	-	-	-	-
Unrestricted	(14,249,375)	(17,339,057)	(23,093,462)	(38,274,625)
<b>Subtotal governmental activities net position</b>	<b><u>\$ 132,335,465</u></b>	<b><u>\$ 117,133,138</u></b>	<b><u>\$ 100,228,872</u></b>	<b><u>\$ 84,175,771</u></b>
% change from prior year	13.0%	16.9%	19.1%	16.3%
<b>Business-type activities:</b>				
Net investment in capital	\$ -	\$ -	\$ -	\$ -
Restricted for:				
Enterprise - bond covenant	-	-	-	-
Unrestricted	-	-	-	-
<b>Subtotal business-type activities net position</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
% change from prior year	0.00%	0.00%	0.00%	0.00%
<b>Primary government:</b>				
Net investment in capital assets	\$ 135,237,940	\$ 122,823,880	\$ 113,921,907	\$ 114,714,651
Restricted for:				
Special revenue				
Legislative (1)	-	-	-	-
Grants (1)	-	-	-	-
Debt service	11,346,900	11,648,315	9,400,427	7,735,745
Capital projects	-	-	-	-
Unrestricted	(14,249,375)	(17,339,057)	(23,093,462)	(38,274,625)
<b>Total primary government net position (2)</b>	<b><u>\$ 132,335,465</u></b>	<b><u>\$ 117,133,138</u></b>	<b><u>\$ 100,228,872</u></b>	<b><u>\$ 84,175,771</u></b>
% change from prior year	13.0%	16.9%	19.1%	16.3%

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

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

EXHIBIT E-1

Fiscal Year					
2016	2015	2014	2013	2012	2011
\$ 110,770,579	\$ 97,975,178	\$ 91,597,072	\$ 85,320,293	\$ 77,988,528	\$ 74,059,808
-	-	-	-	-	-
2,054	426	-	-	2,365,838	2,365,838
4,627,610	10,090,911	5,204,351	5,765,558	4,910,882	4,525,122
-	-	-	-	-	1,119,332
(43,000,052)	(46,575,802)	(51,538,613)	(54,538,387)	(54,519,000)	(56,303,976)
<u>\$ 72,400,191</u>	<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>
17.7%	35.9%	23.8%	18.9%	19.3%	31.0%
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>					
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$ 110,770,579	\$ 97,975,178	\$ 91,597,072	\$ 85,320,293	\$ 77,988,528	\$ 74,059,808
-	-	-	-	-	-
2,054	426	-	-	2,365,838	2,365,838
4,627,610	10,090,911	5,204,351	5,765,558	4,910,882	4,525,122
-	-	-	-	-	1,119,332
(43,000,052)	(46,575,802)	(51,538,613)	(54,538,387)	(54,519,000)	(56,303,976)
<u>\$ 72,400,191</u>	<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>
17.7%	35.9%	23.8%	18.9%	19.3%	31.0%

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

	Fiscal Year			
	2020	2019	2018	2017
<b>Expenses</b>				
<i>Governmental activities:</i>				
General government	\$ 4,320,518	\$ 3,744,042	\$ 2,693,067	\$ 6,571,100
Drainage flood control	15,610,610	16,576,753	15,398,590	8,201,939
Interest on long-term debt	5,953,631	4,736,406	4,120,104	5,940,055
<b>Total governmental activities expenses</b>	<u>25,884,759</u>	<u>25,057,201</u>	<u>22,211,761</u>	<u>20,713,094</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>25,884,759</u>	<u>25,057,201</u>	<u>22,211,761</u>	<u>20,713,094</u>
<b>Program revenues</b>				
<i>Governmental activities:</i>				
Charges for services	99,380	81,091	60,693	61,000
Operating grants and contributions	-	2,090,667	4,673,566	571,191
<b>Total governmental activities program revenues</b>	<u>99,380</u>	<u>2,171,758</u>	<u>4,734,259</u>	<u>632,191</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>99,380</u>	<u>2,171,758</u>	<u>4,734,259</u>	<u>632,191</u>
<b>Net (expenses) revenues</b>				
<i>Governmental activities</i>	(25,785,379)	(22,885,443)	(17,477,502)	(20,080,903)
<i>Business-type activities</i>	-	-	-	-
<b>Total primary government net expenses</b>	<u>\$ (25,785,379)</u>	<u>\$ (22,885,443)</u>	<u>\$ (17,477,502)</u>	<u>\$ (20,080,903)</u>

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

**EXHIBIT E-2**  
**Continued**

		Fiscal Year									
		2016	2015	2014	2013	2012	2011				
\$	5,940,806	\$	2,867,683	\$	2,453,673	\$	1,647,613	\$	1,364,679	\$	1,497,873
	10,816,262		9,228,802		8,824,915		13,901,545		10,169,321		10,882,410
	5,068,698		6,609,352		8,228,021		4,056,632		4,196,582		4,316,719
	21,825,766		18,705,837		19,506,609		19,605,790		15,730,582		16,697,002
	-		-		-		-		-		-
	21,825,766		18,705,837		19,506,609		19,605,790		15,730,582		16,697,002
	57,607		61,590		48,000		37,250		48,750		39,750
	-		5,599,008		-		-		-		1,258,494
	57,607		5,660,598		48,000		37,250		48,750		1,298,244
	-		-		-		-		-		-
	57,607		5,660,598		48,000		37,250		48,750		1,298,244
	(21,768,159)		(13,045,239)		(19,458,609)		(19,568,540)		(15,681,832)		(15,398,758)
	-		-		-		-		-		-
\$	(21,768,159)	\$	(13,045,239)	\$	(19,458,609)	\$	(19,568,540)	\$	(15,681,832)	\$	(15,398,758)

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

	Fiscal Year			
	2020	2019	2018	2017
<b>General Revenues and Other Changes in Net Position</b>				
<i>Governmental activities:</i>				
Taxes:				
Property taxes	\$ 38,720,572	\$ 35,225,673	\$ 32,353,117	\$ 30,504,959
Interest earnings	1,178,603	2,427,546	1,220,266	778,435
Penalty and Interest	876,768	836,274	814,826	761,869
Miscellaneous	196,664	1,194,933	77,450	131,728
Other	-	-	-	(309,313)
Gain on sale of capital assets	15,099	105,283	5,866	(11,195)
Transfers	-	-	-	-
<b>Total governmental activities</b>	<b>40,987,706</b>	<b>39,789,709</b>	<b>34,471,525</b>	<b>31,856,483</b>
<i>Business-type activities:</i>				
<b>Total business-type activities</b>	-	-	-	-
<b>Total primary government</b>	<b>40,987,706</b>	<b>39,789,709</b>	<b>34,471,525</b>	<b>31,856,483</b>
<b>Change in net position</b>				
<i>Governmental activities</i>	15,202,327	16,904,266	16,994,023	11,775,580
<i>Business-type activities</i>	-	-	-	-
<b>Total primary government (1)</b>	<b>\$ 15,202,327</b>	<b>\$ 16,904,266</b>	<b>\$ 16,994,023</b>	<b>\$ 11,775,580</b>

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

**EXHIBIT E-2  
Concluded**

		Fiscal Year									
		2016	2015	2014	2013	2012	2011				
\$	28,757,262	\$	27,956,826	\$	25,725,175	\$	22,478,956	\$	19,472,113	\$	19,016,632
	491,532		277,365		199,126		111,228		72,847		46,863
	767,511		795,286		769,180		677,199		662,844		677,987
	-		-		-		741,694		400,646		1,750,662
	1,564,336		768,736		-		-		-		-
	(7,421)		-		30,046		100,294		10,258		-
	-		-		1,024,261		2,650,879		-		-
	31,573,220		29,798,213		27,747,788		26,760,250		20,618,708		21,492,144
	-		-		-		-		-		-
	31,573,220		29,798,213		27,747,788		26,760,250		20,618,708		21,492,144
	9,805,061		16,752,974		8,289,179		7,191,710		4,936,876		6,093,386
	-		-		-		-		-		-
\$	9,805,061	\$	16,752,974	\$	8,289,179	\$	7,191,710	\$	4,936,876	\$	6,093,386

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

	Fiscal Year			
	2020	2019	2018	2017
General fund:				
Nonspendable:				
Prepays	\$ 1,000	\$ 14,236	\$ 1,100	\$ 958
Restricted for:				
Designated for Raymondville Drain	1,162,504	1,446,923	1,349,911	1,415,469
Unassigned:	17,757,667	19,449,540	16,577,711	20,209,159
<b>Total general fund</b>	<b>\$ 18,921,171</b>	<b>\$ 20,910,699</b>	<b>\$ 17,928,722</b>	<b>\$ 21,625,586</b>
% change from prior year	-9.5%	16.6%	-17.1%	2.9%
<b>Other governmental funds:</b>				
Nonspendable:				
Drainage improvement projects	88,798,284	106,833,806	33,240,955	38,082,540
Debt service reserve	3,505,450	3,650,183	3,253,041	3,185,459
Committed for:				
TWDB	-	-	-	-
Unassigned:				
Capital projects funds	-	-	-	-
<b>Total other governmental funds</b>	<b>92,303,734</b>	<b>110,483,989</b>	<b>36,493,996</b>	<b>41,267,999</b>
<b>Total governmental funds</b>	<b>\$ 111,224,905</b>	<b>\$ 131,394,688</b>	<b>\$ 54,422,718</b>	<b>\$ 62,893,585</b>
% change from prior year	-15.4%	141.4%	-13.5%	-7.3%

EXHIBIT E-3

Fiscal Year					
2016	2015	2014	2013	2012	2011
\$ 10,224	\$ 192	\$ -	\$ 20,255	\$ 10,266	\$ 14,146
1,694,524	-	-	-	2,365,838	2,365,838
19,316,844	21,850,044	16,769,038	14,554,688	13,105,945	11,657,563
<u>\$ 21,021,592</u>	<u>\$ 21,850,236</u>	<u>\$ 16,769,038</u>	<u>\$ 14,574,943</u>	<u>\$ 15,482,049</u>	<u>\$ 14,037,547</u>
-3.8%	30.3%	15.1%	-5.9%	10.3%	0.00%
43,531,469	50,697,425	59,723,822	73,581,010	7,475,991	9,063,983
3,264,751	2,461,315	2,116,581	1,903,111	1,805,618	1,553,289
2,054	-	-	-	-	-
-	-	-	-	-	-
<u>46,798,274</u>	<u>53,158,740</u>	<u>61,840,403</u>	<u>75,484,121</u>	<u>9,281,609</u>	<u>10,617,272</u>
\$ 67,819,866	\$ 75,008,976	\$ 78,609,441	\$ 90,059,064	\$ 24,763,658	\$ 24,654,819
-9.6%	-4.6%	-12.7%	263.7%	0.4%	0.00%

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

	Fiscal Year			
	2020	2019	2018	2017
<b>Revenues</b>				
Taxes	\$ 38,821,822	\$ 33,706,942	\$ 32,322,210	\$ 30,614,346
Operating grants and contributions	-	-	4,500,000	-
Charges for services	99,380	81,091	60,693	61,000
Interest	1,178,603	2,427,546	1,220,266	778,436
Intergovernmental	-	2,090,667	173,566	571,191
Miscellaneous	196,664	1,194,933	77,450	131,728
<b>Total revenues</b>	<b>\$ 40,296,469</b>	<b>\$ 39,501,179</b>	<b>\$ 38,354,185</b>	<b>\$ 32,156,701</b>
% change from prior year	2.0%	3.0%	19.3%	6.5%
<b>Expenditures</b>				
Current:				
General government	4,320,519	2,929,980	2,593,065	2,772,624
Drainage flood control	10,336,862	11,734,756	11,044,060	11,057,559
Debt service:				
Principal	13,399,023	10,145,178	9,704,513	8,809,365
Interest and fiscal charges	8,307,957	5,120,048	5,463,045	5,940,355
Bond issuance costs	-	814,062	100,000	61,521
Advance refunding escrow	-	-	373,680	249,917
Capital outlay	24,134,995	19,427,379	17,684,993	8,464,605
Intergovernmental	-	-	-	-
<b>Total expenditures</b>	<b>60,499,356</b>	<b>50,171,403</b>	<b>46,963,356</b>	<b>37,355,946</b>
% change from prior year	20.6%	6.8%	25.7%	-5.4%
Excess (deficiency) of revenues over (under) expenditures	(20,202,887)	(10,670,224)	(8,609,171)	(5,199,245)
<b>Other financing sources (uses)</b>				
Transfers in	3,143,569	250,000	2,225,000	6,509,939
Transfers out	(3,143,569)	(250,000)	(2,225,000)	(6,509,939)
Premium (discount) on bonds issued	-	10,172,204	-	56,605
Payment to refunded bond escrow agent	-	-	-	(1,955,083)
Bonds issued	-	73,845,000	-	-
Refunding bonds issued	-	-	6,095,000	1,960,000
Refunding escrow deposit	-	-	(5,995,000)	-
Long-term notes issued	-	3,320,000	-	-
Sale of capital assets	33,104	304,990	38,304	211,442
<b>Total other financing sources (uses)</b>	<b>33,104</b>	<b>87,642,194</b>	<b>138,304</b>	<b>272,964</b>
Net change in fund balances	<b>\$ (20,169,783)</b>	<b>\$ 76,971,970</b>	<b>\$ (8,470,867)</b>	<b>\$ (4,926,281)</b>
Capital outlay	-	19,427,379	17,717,690	9,672,553
Debt service as a percentage of non-capital expenditures	59.7%	49.7%	51.8%	52.1%

EXHIBIT E-4

Fiscal Year						
2016	2015	2014	2013	2012	2011	
\$ 29,109,043	\$ 27,663,950	\$ 26,524,982	\$ 20,399,974	\$ 19,727,003	\$ 19,320,940	
-	5,599,008	-	-	-	1,258,494	
57,607	61,590	48,000	37,250	48,750	39,750	
491,530	276,687	200,699	111,228	72,847	46,864	
204,710	-	-	-	-	-	
321,257	768,736	-	741,693	400,646	1,750,658	
<u>\$ 30,184,147</u>	<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>	
-12.2%	28.4%	25.8%	5.1%	-9.7%	-7.0%	
2,493,024	2,105,618	1,859,694	1,649,805	1,450,910	1,570,164	
14,800,681	12,671,056	8,830,535	12,432,685	9,484,985	7,080,239	
7,770,774	7,391,180	5,775,027	3,900,000	3,435,000	4,180,476	
5,068,697	6,608,672	8,229,593	4,056,631	4,196,581	4,355,470	
666,846	-	148,741	545,831	-	-	
1,350,683	-	-	-	-	-	
7,336,409	9,193,910	13,983,431	18,424,251	1,610,181	2,444,529	
-	-	-	-	-	-	
<u>39,487,114</u>	<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>	
4.0%	-2.2%	-5.3%	103.2%	2.8%	-19.7%	
(9,302,967)	(3,600,465)	(12,053,340)	(19,719,058)	71,589	2,785,828	
683,630	145,959	1,062,373	-	110,178	1,967,546	
(683,630)	(145,959)	(1,062,373)	-	(110,178)	(1,967,546)	
10,402,222	-	988,117	7,415,831	-	-	
-	-	-	-	-	-	
-	-	7,810,000	77,130,000	-	-	
52,625,000	-	-	-	-	-	
(62,360,377)	-	(8,649,377)	-	-	-	
1,243,079	-	406,980	-	-	-	
203,933	-	47,997	468,633	37,250	1,218	
<u>2,113,857</u>	<u>-</u>	<u>603,717</u>	<u>85,014,464</u>	<u>37,250</u>	<u>1,218</u>	
<u>\$ (7,189,110)</u>	<u>\$ (3,600,465)</u>	<u>\$ (11,449,623)</u>	<u>\$ 65,295,406</u>	<u>\$ 108,839</u>	<u>\$ 2,787,046</u>	
9,075,516	13,871,409	14,351,412	12,404,973	3,032,014	529,301	
46.2%	48.7%	57.0%	37.6%	41.1%	49.7%	

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

**EXHIBIT E-5**

Fiscal Year	Tax Roll Year	Real and Personal Property (1)	Less: Tax Exempt Property	Total Assessed Value (2)	Total Direct Tax Rate	Market Value	Assessed Value as a % of Market Value
2011	2010	25,935,647,449	4,173,410,922	30,109,058,371	0.0725	32,797,796,809	91.80%
2012	2011	26,006,779,427	4,274,165,297	30,280,944,724	0.0733	32,967,100,268	91.85%
2013	2012	26,444,329,673	4,420,209,088	30,864,538,761	0.0750	33,506,930,313	92.11%
2014	2013	27,122,349,160	4,537,832,865	31,660,182,025	0.0957	34,311,538,180	92.27%
2015	2014	27,797,044,065	4,696,248,349	32,493,292,414	0.0957	35,223,180,090	92.25%
2016	2015	29,894,876,293	4,953,993,579	34,848,869,872	0.0951	37,931,888,917	91.87%
2017	2016	31,757,653,439	5,152,572,150	36,910,225,589	0.0951	39,953,840,743	92.38%
2018	2017	33,025,123,406	5,498,083,420	38,523,206,826	0.0951	41,503,168,083	92.82%
2019	2018	34,732,762,896	5,911,214,122	40,643,977,018	0.0951	43,951,582,942	92.47%
2020	2019	36,453,447,769	6,208,650,091	42,662,097,860	0.0951	46,067,775,118	92.61%

(1) Includes minerals.

(2) Recalculated for Tax Roll Years 2010-2019.

Source: Hidalgo County Tax Office Levy Rolls

**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>
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
2020	2019	46,067,775,118	42,662,097,860	36,453,447,769

Source: Hidalgo County Tax Office Levy Rolls

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
**PROPERTY TAX RATES (1)**  
**LAST TEN FISCAL YEARS**

**EXHIBIT E-7**

	Fiscal Year:	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
	Tax Roll Year:	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Hidalgo County Drainage District No. 1</b>												
Operating:												
General Fund		0.0524	0.0521	0.0502	0.0496	0.0481	0.0466	0.0449	0.0454	0.0441	0.0447	0.0449
Total Operating		0.0524	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		0.0144	0.0095	0.0165	0.0176	0.0186	-	0.0208	-	-	-	-
Unlimited Tax Refunding Bonds, Series 2014		0.0008	0.0009	0.0009	0.0009	0.0010	-	-	-	-	-	-
Unlimited Tax Refunding Bonds, Series 2016		0.0193	0.0206	0.0101	0.0151	-	-	-	-	-	-	-
Unlimited Tax Refunding Bonds, Series 2018		0.0057	0.0120	0.0061	-	-	-	-	-	-	-	-
Unlimited Tax Improvement Bonds, Series 2019		0.0125	-	-	-	-	-	-	-	-	-	-
Notes Payable		-	-	-	-	-	-	-	-	-	-	-
Total Debt Service		0.0527	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		0.1051	0.0951	0.0951	0.0951	0.0951	0.0957	0.0958	0.0750	0.0733	0.0725	0.0725
<b>Hidalgo County Drainage District No. 1</b>												
Operating		0.0524	0.0521	0.0502	0.0496	0.0481	0.0466	0.0449	0.0454	0.0441	0.0447	0.0449
Debt Service		0.0527	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>0.1051</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:	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
	Tax Roll Year:	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Hidalgo County		0.5800	0.5800	0.5800	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900
Drainage District No. 1		0.1051	0.0951	0.0951	0.0951	0.0951	0.0957	0.0957	0.0750	0.0733	0.0725
EMS District No. 1		0.0200	0.0194	0.0176	0.0200	0.0185	0.0165	0.0154	0.0143	0.0134	0.0134
EMS District No. 2		0.0360	0.0360	0.0380	0.0380	0.0361	0.0361	0.0361	0.0361	0.0336	0.0311
EMS District No. 3		0.0245	0.0257	0.0285	0.0300	0.0300	0.0300	0.0300	0.0300	0.0100	0.0088
EMS District No. 4		0.0253	0.0252	0.0254	0.0272	0.0027	0.0272	0.0267	0.0262	0.0245	0.0245
Red Sands GWC District		0.1528	0.1528	0.1690	0.1690	0.1690	0.1690	0.1690	0.1690	0.1690	0.1800
City of Alamo		0.5817	0.5817	0.5565	0.5810	0.5881	0.5990	-	-	-	-
City of Alton		0.4440	0.4440	0.4440	0.4490	0.4540	0.4591	0.4624	0.4799	0.4825	0.4850
City of Donna		0.7889	0.7989	0.7989	0.8800	0.9828	1.1424	1.2523	1.2523	1.2523	-
City of Edcouch		0.9654	0.9687	0.9154	0.9286	0.9286	0.9286	0.9705	0.9999	0.8842	0.8542
City of Edinburg		0.6800	0.6350	0.6350	0.6350	0.6350	0.6350	0.6350	0.6350	0.6350	-
City of Elsa		0.8832	0.8822	0.9018	0.9177	0.8566	0.9867	0.9916	0.9900	0.9900	0.9042
City of Granjeno		0.4607	0.4607	0.4469	0.4419	0.4251	0.4230	0.4253	0.4253	0.4253	0.3757
City of Hidalgo		0.3514	0.3514	0.3514	0.3514	0.3514	0.3514	0.3514	0.3514	0.3514	-
City of La Joya		0.5904	0.5668	0.5251	0.5394	0.5435	0.5700	0.5678	0.5678	0.5452	0.5323
City of La Villa		0.7929	0.7836	0.7836	0.7836	0.7836	0.7836	0.7836	0.7836	0.6224	0.6234
City of McAllen		0.4957	0.4792	0.4763	0.4763	0.4763	0.4763	0.4313	0.4313	0.4313	0.4213
City of Mercedes		0.7450	0.7450	0.7450	0.7450	0.7551	0.7600	0.7750	0.7850	0.7850	0.7900
City of Mission		0.5212	0.4862	0.4862	0.4962	0.4988	0.5188	0.5288	0.5288	0.5388	0.5566
City of Palmview		0.5001	0.5001	0.5001	0.4751	0.4751	0.4790	0.4665	0.4665	0.4600	0.4534
City of Peñitas		0.5562	0.5562	0.5562	0.5060	0.5060	0.4595	0.4345	0.4100	0.3625	0.3296
City of Pharr		0.7176	0.6490	0.6490	0.6540	0.6540	0.6800	0.6800	0.6800	0.6800	0.6800
City of Progreso		0.8429	0.8129	0.7840	0.7961	0.8061	0.7930	0.8126	0.5389	0.4999	0.4553
City of San Juan		0.6993	0.6993	0.6993	0.6993	0.6993	0.6993	0.7386	0.7386	0.7386	0.7386
City of Sullivan		0.5000	0.5000	0.5000	0.4606	0.4668	0.4478	0.4160	0.3838	0.3535	0.3220
City of Weslaco		0.6967	0.6667	0.6667	0.6667	0.6767	0.6767	0.6867	0.6967	0.6967	0.6967
Donna ISD		1.2267	1.2582	1.2582	1.2582	1.2582	1.2582	1.2582	1.2582	1.2582	1.2582
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		1.1382	1.2398	1.2398	1.2398	1.2398	1.2398	1.2398	1.2398	1.2398	1.2398
Hidalgo ISD		1.2963	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	1.4838	1.3038	1.3038	1.3038	1.3038	1.3038	1.3038	1.3038	1.2248
McAllen ISD		1.1528	1.1550	1.1550	1.1550	1.1550	1.1650	1.1650	1.1650	1.1650	1.1650
Mercedes ISD		1.2784	1.3800	1.3800	1.3800	1.3800	1.3800	1.2900	1.2900	1.2900	1.2900
Mission CISD		1.2396	1.3398	1.3502	1.3582	1.3720	1.3300	1.3000	1.3000	1.3000	1.3000
Monte Alto ISD		1.3500	1.3500	1.3500	1.3500	1.3500	1.3500	1.3500	1.3500	1.3500	1.3500
Pharr-San Juan-Alamo ISD		1.2725	1.3792	1.3892	1.3992	1.3992	1.3592	1.3592	1.3592	1.3592	1.3592
Progreso ISD		1.3200	1.3900	1.3900	1.3900	1.3700	1.3700	1.3275	1.3700	1.4300	1.4300
Sharyland ISD		1.2987	1.3755	1.3755	1.3755	1.3355	1.3350	1.2855	1.2855	1.2000	1.2000
South Texas College		0.1733	0.1780	0.1850	0.1850	0.1850	0.1850	0.1500	0.1507	0.1507	0.1497
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	1.2770	1.3170	1.3170
Weslaco ISD		1.0687	1.1597	1.1597	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**  
**PRINCIPAL TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

**EXHIBIT E-9**

	Fiscal Year: 2020 Tax Roll Year: 2019				2011 2010			
Taxpayer	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)	\$ 412,768,240	1	1.02%	\$ 392,543	\$ 171,340,970	1	0.66%	\$ 124,222
Simon Property Group-McAllen No 2	170,193,064	2	0.42%	161,854	50,708,897	10	0.20%	36,764
CPG Mercedes LP	115,000,000	3	0.29%	109,365	59,877,283	7	0.23%	43,411
H E Butt Grocery Company	105,238,478	4	0.26%	100,082	105,448,675	2	0.41%	76,450
Electric Transmission of Texas	97,717,680	5	0.24%	92,930				
McAllen Levcal LLC	63,301,789	7	0.16%	60,200				
Big Sky Commercial Property	61,006,197	6	0.15%	58,017				
Rio Grande Regional Hospital	55,249,830	9	0.14%	52,543	66,299,957	6	0.26%	48,067
Frontera Generation LTD Partnership	67,073,730	8	0.17%	63,787	79,413,430	3	0.31%	57,575
Day Surgery at Renaissance LLC	54,689,137	10	0.14%	52,009				
Wal-Mart Stores Texas LLC					58,057,355	8	0.22%	42,092
Calpine Central LP (Magic Valley PW)					76,169,680	4	0.29%	55,223
Universal Health Services					57,122,840	9	0.22%	41,414
Southwestern Bell Tele					68,612,620	5	0.26%	49,744
<b>Total</b>	<b>\$ 1,202,238,145</b>		<b>2.99%</b>	<b>\$ 1,143,330</b>	<b>\$ 793,051,707</b>		<b>3.06%</b>	<b>\$ 574,962</b>

(1) Appraisal District certified values for Fiscal Year 2020 and Tax Roll Year 2019.

(2) Total tax levy is: \$ 38,358,814 \$ 18,833,155

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

Source: Hidalgo County Appraisal District and 2011 Hidalgo County Annual Financial Report

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**  
 PROPERTY TAX LEVY AND  
 RESERVE FOR UNCOLLECTIBLE TAXES  
 FISCAL YEAR 2020

**EXHIBIT E-10**

	Tax Levy (1)	Reserved For Uncollectible Taxes	Current Tax Levy Net of Uncollectible Amount
<b>Hidalgo County</b>			
Operating:			
General Fund	\$ 19,124,661	\$ 112,113	\$ 19,236,774
<b>Total Operating</b>	<b>19,124,661</b>	<b>112,113</b>	<b>19,236,774</b>
Debt Service:			
Total Debt Service	19,234,152	98,947	19,333,099
<b>Total Hidalgo County Drainage District No. 1</b>	<b>\$ 38,358,813</b>	<b>\$ 211,060</b>	<b>\$ 38,569,873</b>
<b>Drainage District No. 1</b>			
Operating	\$ 19,124,661	\$ 112,113	\$ 19,236,774
Debt Service	19,234,152	98,947	19,333,099
<b>Total Drainage District No. 1</b>	<b>38,358,813</b>	<b>211,060</b>	<b>38,569,873</b>
<b>Total All Funds</b>	<b>\$ 38,358,813</b>	<b>\$ 211,060</b>	<b>\$ 38,569,873</b>

(1) 2019 Hidalgo County Tax Assesor & Collector 2019 Tax Roll  
 Source: District Financial Statements

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

	Fiscal Year:	2020	2019	2018	2017
	Tax Roll Year:	2019	2018	2017	2016
<b>Hidalgo County Drainage District No. 1</b>					
Operating:					
General Fund	\$	19,124,661	\$ 18,113,366	\$ 16,928,721	\$ 15,767,873
Total Operating		19,124,661	18,113,366	16,928,721	15,767,873
Debt Service:					
Debt Service		19,234,152	14,949,612	14,881,620	14,464,481
Total Debt Service		19,234,152	14,949,612	14,881,620	14,464,481
<b>Total Hidalgo County Drainage District No. 1</b>	<b>\$</b>	<b>38,358,813</b>	<b>\$ 33,062,978</b>	<b>\$ 31,810,341</b>	<b>\$ 30,232,354</b>
<b>Total Hidalgo County Drainage District No. 1</b>		<b>38,358,813</b>	<b>33,062,978</b>	<b>31,810,341</b>	<b>30,232,354</b>
<b>Total All Funds</b>	<b>\$</b>	<b>38,358,813</b>	<b>\$ 33,062,978</b>	<b>\$ 31,810,341</b>	<b>\$ 30,232,354</b>

Source: Hidalgo County Tax Office

EXHIBIT E-11

2016	2015	2014	2013	2012	2011
2015	2014	2013	2012	2011	2010
\$ 14,393,611	\$ 12,968,506	\$ 12,191,627	\$ 12,017,962	\$ 11,487,658	\$ 11,611,614
14,393,611	12,968,506	12,191,627	12,017,962	11,487,658	11,611,614
14,064,444	13,664,242	13,793,644	7,835,500	7,606,341	7,221,541
14,064,444	13,664,242	13,793,644	7,835,500	7,606,341	7,221,541
\$ 28,458,055	\$ 26,632,748	\$ 25,985,271	\$ 19,853,462	\$ 19,093,999	\$ 18,833,155
28,458,055	26,632,748	25,985,271	19,853,462	19,093,999	18,833,155
\$ 28,458,055	\$ 26,632,748	\$ 25,985,271	\$ 19,853,462	\$ 19,093,999	\$ 18,833,155

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

Fiscal Year:	2020	2019	2018	2017	2016	2015
Tax Roll Year:	2019	2018	2017	2016	2015	2014

<b>Drainage District No. 1</b>						
Operating	723,096	349,194	240,374	184,592	134,818	105,046
Debt Service	638,154	351,155	214,966	169,304	131,731	110,699
<b>Total Drainage District No. 1</b>	<u>1,361,250</u>	<u>700,349</u>	<u>455,340</u>	<u>353,896</u>	<u>266,549</u>	<u>215,745</u>

<b>Total All Funds</b>	<u>\$ 1,361,250</u>	<u>\$ 700,349</u>	<u>\$ 455,340</u>	<u>\$ 353,896</u>	<u>\$ 266,549</u>	<u>\$ 215,745</u>
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Source: Hidalgo County Delinquent Tax Roll as of December 31, 2020

EXHIBIT E-12

2014 2013	2013 2012	2012 2011	2011 2010	Not Barred By Limitation	Reserve for Loss on Collections	Net Property Taxes Receivable
86,832	81,075	73,045	73,290	2,357,828	(1,285,248)	1,072,580
98,232	52,867	48,373	45,571	2,080,855	(746,527)	1,334,328
<u>185,064</u>	<u>133,942</u>	<u>121,418</u>	<u>118,861</u>	<u>4,438,683</u>	<u>(2,031,775)</u>	<u>2,406,908</u>
<u>\$ 185,064</u>	<u>\$ 133,942</u>	<u>\$ 121,418</u>	<u>\$ 118,861</u>	<u>\$ 4,438,683</u>	<u>\$ (2,031,775)</u>	<u>\$ 2,406,908</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
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	31,643,784
2019	2018	34,732,762,896	0.0951	-	33,062,978	(17,332)	33,045,646
2020	2019	36,453,447,769	0.1051	-	38,358,813	(154,007)	38,204,806

(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
17,764,778	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	29,399,608	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%
37,005,718	96.86%	939,336	37,945,054	99.32%	1,353,198	3.54%

**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
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	51,015	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	40,896	71.76%
2020	2019	40,895	61,333	102,228	59,011	43,217	57.72%

(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**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

**EXHIBIT E-15**

Fiscal Year	Governmental Activity			Total Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds(2)	Special District Bonds	Term Loans			
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	200,330,095	-	3,684,023	204,014,118	0.89%	235
2020	186,098,274	-	1,660,000	187,758,274	0.79%	215

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

(2) 2019 has been reinstated to include premiums

**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(4)	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)	
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	200,330,095	-	183,725,000	(3,650,183)	180,074,817	0.52%	207	
2020	186,098,274	-	186,098,274	(3,505,450)	182,592,824	0.50%	209	

(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.

(4) 2019 has been reinstated to include premiums

**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
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%
2020	11,375,000	8,285,801	19,660,801	60,499,356	32.50%

(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, 2020**

**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	186,098,274	100%	12/31/2020	186,098,274
<b>Total Direct Debt</b>	<u>186,098,274</u>			<u>186,098,274</u>
<b>Overlapping Debt:</b>				
<b>Independent School Districts:</b>				
Donna	58,055,000	100%	12/31/2020	58,055,000
Edcouch - Elsa	35,126,862	100%	12/31/2020	35,126,862
Edinburg	136,745,000	88%	12/31/2020	120,444,996
Hidalgo	27,314,000	100%	12/31/2020	27,314,000
La Joya	231,832,680	75%	12/31/2020	173,202,195
La Villa	9,825,000	100%	12/31/2020	9,825,000
McAllen	95,996,000	100%	12/31/2020	95,996,000
Mercedes	54,599,040	100%	12/31/2020	54,599,040
Mission	113,467,960	100%	12/31/2020	113,467,960
Monte Alto	12,805,000	89%	12/31/2020	11,427,182
Pharr - San Juan - Alamo	303,975,000	100%	12/31/2020	303,975,000
Progreso	20,110,000	100%	12/31/2020	20,110,000
Sharyland	92,770,000	100%	12/31/2020	92,770,000
South Texas	-	100%	12/31/2020	-
Valley View	39,040,000	100%	12/31/2020	39,040,000
Weslaco	68,581,526	100%	12/31/2020	68,581,526
<b>Cities:</b>				
Alamo	11,270,000	100%	12/31/2020	11,270,000
Alton	-	100%	12/31/2020	-
Donna	50,185,000	100%	12/31/2020	50,185,000
Edcouch	-	100%	12/31/2020	-
Edinburg	70,315,000	100%	12/31/2020	70,315,000
Elsa	-	100%	12/31/2020	-
Hidalgo	4,596,000	100%	12/31/2020	4,596,000
La Joya	-	100%	12/31/2020	-
La Villa	3,421,000	100%	12/31/2020	3,421,000
McAllen	101,560,000	100%	12/31/2020	101,560,000
Mercedes	23,470,000	100%	12/31/2020	23,470,000
Mission	39,840,000	100%	12/31/2020	39,840,000
Palmview	-	100%	12/31/2020	-
Penitas	5,089,000	6%	12/31/2020	304,831
Pharr	88,851,658	100%	12/31/2020	88,851,658
Progreso	1,461,000	100%	12/31/2020	1,461,000
San Juan	29,875,000	100%	12/31/2020	29,875,000
Weslaco	69,940,000	100%	12/31/2020	69,940,000
<b>Road Districts:</b>				
Road District No. 5	-	100%	12/31/2020	-
<b>County Line School Districts:</b>				
Lyford	4,120,000	1%	12/31/2020	43,672
South Texas College District	128,814,693	87%	12/31/2020	111,527,761
<b>Total Overlapping Debt</b>	<u>1,933,051,419</u>			<u>1,830,595,683</u>
<b>Total Direct and Overlapping Debt</b>	<u>\$ 2,119,149,693</u>			<u>\$ 2,016,693,957</u>

Source: The information contained in this statement was provided by the Municipal Advisory Council of Texas (12/31/2020) 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			
	2020	2019	2018	2017
Assessed Value (1) (3)	\$ 36,453,447,769	\$ 34,732,762,896	\$ 33,025,123,406	\$ 32,379,158,320
Debit limit, 25 % of Assessed Value (2)	9,113,361,942	8,683,190,724	8,256,280,852	8,094,789,580
Debt Applicable to Limitation:				
Bonded debt:				
County Wide				
Special Road Districts	-	-	-	-
Drainage District No. 1	186,098,274	183,725,000	119,805,000	131,260,000
Total bonded debt	186,098,274	183,725,000	119,805,000	131,260,000
Less: amounts available for repayment				
of general obligation bonds				
Drainage District No. 1	(3,505,450)	(3,650,183)	(3,253,032)	(3,185,459)
Total amount available for repayment				
of general obligation bonds	(3,505,450)	(3,650,183)	(3,253,032)	(3,185,459)
Total debt applicable to limitation	182,592,824	180,074,817	116,551,968	128,074,541
Legal Debt Margin	\$ 8,930,769,118	\$ 8,503,115,907	\$ 8,139,728,884	\$ 7,966,715,039
Total net debt applicable to the limit				
as a percentage of debt limit	2.00%	2.07%	1.41%	1.58%

(1) FY 2020-2011 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.

(3) Recalculated for Tax Roll Years 2008-2014 and 2016.

## Fiscal Year

2016	2015	2014	2013	2012	2011
\$ 34,063,956,028	\$ 33,193,667,610	\$ 32,466,210,900	\$ 31,660,182,025	\$ 30,864,538,761	\$ 30,280,944,724
8,515,989,007	8,298,416,903	8,116,552,725	7,915,045,506	7,716,134,690	7,570,236,181
-	-	-	-	-	-
137,910,000	150,445,000	157,700,000	163,535,000	90,305,000	93,740,000
137,910,000	150,445,000	157,700,000	163,535,000	90,305,000	93,740,000
(3,264,751)	(2,461,315)	(2,116,581)	(1,903,111)	(1,805,618)	(1,553,289)
(3,264,751)	(2,461,315)	(2,116,581)	(1,903,111)	(1,805,618)	(1,553,289)
134,645,249	147,983,685	155,583,419	161,631,889	88,499,382	92,186,711
\$ 8,381,343,758	\$ 8,150,433,218	\$ 7,960,969,306	\$ 7,753,413,617	\$ 7,627,635,308	\$ 7,478,049,470
1.58%	1.78%	1.92%	2.04%	1.15%	1.22%

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

**EXHIBIT E-20**

<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>
3/1/2021			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>\$ 52,245,000</u>	<u>\$ 13,639,850</u>	<u>\$ 65,884,850</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>
3/1/2021			148,682	148,682
9/1/2021	2.000%		148,681	148,681
3/1/2022			148,682	148,682
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>\$ 1,658,550</u>	<u>\$ 9,323,550</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>
3/1/2021			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%	5,690,000	142,250	5,832,250
TOTALS		<u>\$ 39,625,000</u>	<u>\$ 8,822,500</u>	<u>\$ 48,447,500</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 IMPROVEMENT BONDS SERIES 2019**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS UNTIL MATURITY**

**EXHIBIT E-23**

Date of Payment	Interest Rate (Per Bond) March & September 1st	Principal Requirements	Interest Requirements	Total Annual Requirements
3/1/2021			1,596,525	1,596,525
9/1/2021	3.000%	2,735,000	1,596,525	4,331,525
3/1/2022			1,555,500	1,555,500
9/1/2022	4.000%	2,810,000	1,555,500	4,365,500
3/1/2023			1,499,300	1,499,300
9/1/2023	4.000%	2,915,000	1,499,300	4,414,300
3/1/2024			1,441,000	1,441,000
9/1/2024	5.000%	3,305,000	1,441,000	4,746,000
3/1/2025			1,358,375	1,358,375
9/1/2025	5.000%	2,880,000	1,358,375	4,238,375
3/1/2026			1,286,375	1,286,375
9/1/2026	5.000%	3,020,000	1,286,375	4,306,375
3/1/2027			1,210,875	1,210,875
9/1/2027	5.000%	3,175,000	1,210,875	4,385,875
3/1/2028			1,131,500	1,131,500
9/1/2028	5.000%	3,330,000	1,131,500	4,461,500
3/1/2029			1,048,250	1,048,250
9/1/2029	5.000%	3,495,000	1,048,250	4,543,250
3/1/2030			960,875	960,875
9/1/2030	5.000%	3,670,000	960,875	4,630,875
3/1/2031			869,125	869,125
9/1/2031	5.000%	3,855,000	869,125	4,724,125
3/1/2032			772,750	772,750
9/1/2032	5.000%	4,050,000	772,750	4,822,750
3/1/2033			671,500	671,500
9/1/2033	4.000%	4,250,000	671,500	4,921,500
3/1/2034			586,500	586,500
9/1/2034	4.000%	4,420,000	586,500	5,006,500
3/1/2035			498,100	498,100
9/1/2035	4.000%	4,600,000	498,100	5,098,100
3/1/2036			406,100	406,100
9/1/2036	4.000%	4,780,000	406,100	5,186,100
3/1/2037			310,500	310,500
9/1/2037	4.000%	4,975,000	310,500	5,285,500
3/1/2038			211,000	211,000
9/1/2038	4.000%	5,170,000	211,000	5,381,000
3/1/2039			107,600	107,600
9/1/2039	4.000%	5,380,000	107,600	5,487,600
<b>TOTALS</b>		<u>72,815,000</u>	<u>\$ 35,043,500</u>	<u>\$ 107,858,500</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-24**

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)
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	23,815,443,000	27,415	274,982	7.0%
2020	875,200	(4)	(4)	245,076	10.9%

(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 2020.

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

**EXHIBIT E-25**

Employer	2020			2011		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
University of Texas-Rio Grande Valley	5,822	1	1.83%	2,850	9	0.99%
(4) H-E-B	5,586	2	1.76%	4,188	2	1.46%
(5) Wal-Mart	5,040	3	1.58%	3,359	6	1.17%
Doctor's Hospital at Renaissance	4,994	5	1.57%	3,200	7	1.11%
Edinburg Consolidated Independent School District	4,823	4	1.52%	3,600	4	1.25%
Pharr-San Juan-Alamo Independent School District	4,370	6	1.37%	4,200	1	1.46%
La Joya Independent School District	4,231	7	1.33%			
(1) Hidalgo County	4,169	8	1.31%	3,938	3	1.37%
McAllen Independent School District	3,323	9	1.04%	3,595	5	1.25%
South Texas Health System	2,500	10	0.79%			
Edinburg Regional Medical Center				3,000	8	1.04%
Weslaco Consolidated Independent School District						
McAllen Medical Center				2,800	10	0.97%
	<u>44,858</u>		<u>14.11%</u>	<u>34,730</u>		<u>12.07%</u>
			(2)			(3)

Source: Hidalgo County, Texas CAFR

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

(2) Total Employment in 2020 was 318,076

(3) Total Employment in 2011 was 287,831

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

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

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**

MISCELLANEOUS STATISTICS

DECEMBER 31, 2020

**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:	52
	Four Commissioners	* Total Deposits as of June 30, 2020( millions):	\$11,781
County Seat:	Edinburg, Texas		
Number of employees:	4,169		
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:	21	

**Hospitals**

Cornerstone Regional Hospital	Edinburg
Doctor's Hospital at Renaissance	Edinburg
DHR Health Behavioral Hospital	Edinburg
DHR Rehabilitation Hospital	Edinburg
Edinburg Regional Medical Center	Edinburg
Knapp Medical Center	Weslaco
McAllen Medical Center	McAllen
McAllen Heart Hospital	McAllen
Mission Regional Medical Center	Mission
Rio Grande Regional Hospital	McAllen
Solara Hospital	McAllen
Weslaco Rehabilitation Hospital	Weslaco
Women's Hospital at Renaissance	Edinburg

**Recreation**

Museums:	Alamo Museum	Alamo
	Donna Hooks Fletcher Historical Museum	Donna
	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
	Old Hidalgo Pumphouse Museum	Hidalgo
	Smitty's Juke Box Museum	Pharr
	Weslaco Museum	Weslaco
Number of Libraries:	19	
Number of County Parks:	21	
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:	\$41,656	Principal industries:	Construction
(1) People below poverty level:	233,282		Education
(1) % of people below poverty level:	26.90%		Finance & Insurance
Labor force:	359,969		Healthcare
People employed:	318,076		Government
People unemployed:	41,893		Information
Unemployment rate:	11.60%		Hospitality
			Manufacturing
			Professional
			Retail
			Other Services
			Administrative
			Transportation

**Gross Sales**

Industry	2020	2019	2018	2017
Agriculture	\$ 448,190,000	\$ 198,993,000	\$ 125,290,435	\$ 90,949,311
Construction	588,710,000	592,197,000	769,002,956	557,496,434
Finance, Real Estate, Insurance	5,673,460,000	5,488,352,000	374,180,908	124,618,000
Manufacturing	2,712,773,000	6,395,803,000	1,390,107,461	965,519,783
Mining	1,518,981,000	1,197,651,000	78,854,484	56,097,299
Other	2,864,172,000	908,707,000	25,939	12,902
Retail	2,237,658,000	2,366,022,000	10,328,984,177	6,707,582,147
Other Services	613,910,000	633,605,000	3,170,064,174	754,546,459
Transportation, Communications, and Utilities	2,145,365,000	1,952,247,000	326,614,353	235,237,770
Wholesale-Trade	963,211,000	1,284,179,000	2,696,332,287	1,546,262,553
	<u>\$ 19,766,430,000</u>	<u>\$ 21,017,756,000</u>	<u>\$ 19,259,457,174</u>	<u>\$ 11,038,322,658</u>

**Agriculture**

Products Raised	Crops	Acres	
		Harvested	Production
	Grain Sorghum	51,500	2,570,000 Bushels
(1)	Sugar Cane	18,400	691,000 Tons
	Corn	36,300	4,200,000 Bushels
(2)	Upland Cotton	56,500	135,500 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.

(1) Data not available for 2020, used 2018

(2) Data not available for 2020, used 2019

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Function	Fiscal Year			
	2020	2019	2018	2017
Drainage	174	172	164	142
Total	174	172	164	142

Source: Hidalgo County Drainage District No. 1 payroll database

**EXHIBIT E-27**

Fiscal Year					
2016	2015	2014	2013	2012	2011
139	130	109	113	107	102
139	130	109	113	107	102

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

Function	Fiscal Year			
	2020	2019	2018	2017
Drainage				
Subdivision Drainage Reviews	209	262	214	205
Utility and Crossing Reviews	17	6	13	-
<b>Total</b>	<b>226</b>	<b>268</b>	<b>227</b>	<b>205</b>

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

**EXHIBIT E-28**

Fiscal Year					
2016	2015	2014	2013	2012	2011
230	246	192	149	195	159
-	-	-	-	-	-
230	246	192	149	195	159

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

Function	Fiscal Year			
	2020	2019	2018	2017
General government/Administrative Office	3	2	1	1
Drainage				
Drainage Flood Control Structures	197	191	188	175
Total	<u>200</u>	<u>193</u>	<u>189</u>	<u>176</u>
<b>Assets</b>				
Vehicles	109	96	78	83
Backhoes	4	4	4	3
Draglines	3	3	3	3
Dump Trucks	12	12	12	12
Dozers	9	7	6	5
Excavators	28	25	23	19
Front Loaders	2	2	2	2
Motorgraders	9	5	5	4
Rollers	1	1	1	1
Tractors	48	43	43	39
Total	<u>225</u>	<u>198</u>	<u>177</u>	<u>171</u>

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

Fiscal Year						
2016	2015	2014	2013	2012	2011	
1	1	1	1	1	1	
171	171	153	152	147	147	
172	172	154	153	148	148	
88	78	67	62	58	56	
3	3	3	3	2	2	
3	3	3	3	2	2	
12	12	2	2	2	1	
6	6	5	5	4	4	
22	19	17	15	13	14	
2	2	1	1	1	1	
4	2	2	2	2	2	
1	1	1	1	1	1	
43	39	39	39	34	30	
184	165	140	133	119	113	



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



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, 2020, 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 26, 2021.

**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) as a basis for designing 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 2020-001 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the District in a separate letter dated July 26, 2021.

### **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.

*Burton McCook & Higgins, L.L.P.*

McAllen, Texas  
July 26, 2021

## **Schedule of Findings and Responses**

**Finding No: 2020-001**

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***Capital Assets: Construction in Progress Review***

*Criteria and Condition*

Proper accounting requires construction projects that have been completed to be reclassified into the respective capital asset account and depreciated. It was noted there were twenty-four projects totaling \$9,183,654 that had been completed prior to December 31, 2020 that had not been reclassified to infrastructure.

*Cause and Effect*

Controls are not suitably designed to ensure completed projects are classified properly and depreciated. The lack of controls in this area may result in misstatements of capital assets related to classification and may affect accumulated depreciation and depreciation expense.

*Recommendation*

We recommend the District implement controls to ensure proper reclassification from construction in progress to the corresponding capital asset account at the time a project is completed. We also recommend a review of ongoing construction projects be performed to ensure monitoring to detect such errors timely.

*Views of Responsible Officials*

See management's corrective action plan.



## 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

EVERARDO "EVER" VILLARREAL  
Board Member

ELLIE TORRES  
Board Member

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## HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 CORRECTIVE ACTION PLAN FOR THE YEAR ENDED DECEMBER 31, 2020

### Findings Related to the Financial Statements

2020-001 Capital Assets: Construction in Progress Review

Accounting and Engineering will develop and implement a quarterly report that will include a status of all construction projects in progress with an estimated completion date if readily available.

Contact Person: Lora D. Briones, 956-292-7080

Proposed Completion Date: Quarterly Reports will commence in the third quarter of 2021 and will continue permanently.



## 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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Board Member

ELLIE TORRES  
Board Member

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### HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 STATUS OF PRIOR YEAR AUDIT FINDINGS YEAR ENDED DECEMBER 31, 2020

#### Findings Related to the Financial Statements

**2019-001**      *Public Funds Investment Act*

#### **Current Status of Corrective Action Plan:**

The District along with the Hidalgo County Treasurer's Office ensured that quarterly reports were presented to the Board of Directors.

**HIDALGO COUNTY DRAINAGE DISTRICT NO. 1**

Management and Accounting Personnel

As of December 31, 2020

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

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

