

City of San Benito, Texas
General Obligation
Annual Financial Operating Data
Fiscal Year Ended September 30, 2019

Tables 1-5 and 7-12
Submitted pursuant to SEC Rule 15 c 2-12

By:

ESTRADA • HINOJOSA
INVESTMENT BANKERS

COVID-19 DISCLAIMER

The City is filing the following Comprehensive Annual Financial Report solely to comply with contractual commitments, made in connection with the issuance of the City's securities to provide specified information. Descriptions of the securities, the source of payment and security for the securities, and risks associated with an investment in the securities at the time of issuance are described in the Official Statements related to the securities, as supplemented, copies of which are on file with the Municipal Securities Rulemaking Board. This report is not made in connection with a purchase or sale of securities by the City and accordingly does not contain all information material to a decision to purchase or sell the securities.

Any statement in this report which includes a matter of opinion, whether or not expressly so stated, is intended as such, and not as a representation of fact

The information contained in this report is provided as of the respective dates and for the periods specified herein and is subject to change without notice, and the filing of this report does not, under any circumstances, imply that there has been no change in the affairs of the City since the specified date as of which such information is provided. In particular, the dates as of and periods for which information is provided occurred before the worldwide COVID-19 pandemic and before realizing the economic impact of measures instituted to slow it. The pandemic has adversely affected travel, commerce, and financial markets globally and is expected to adversely affect economic output worldwide and in the area of the City. These affects may slow the growth of or reduce future property values [and the collection of sales and other excise taxes, charges, and fees within the City, as well as the assets of the City pension funds, and increase the City expenses,] to an extent that cannot currently be predicted, but could be material. Accordingly, the historical information set forth in this report is not indicative of future results or performance due to these and other factors, including those discussed in the Official Statements referred to above.

In its continuing disclosure undertakings, the City has disclaimed any contractual or tort liability for damages resulting in whole or in part from any breach of the disclosure undertakings or from any statement made pursuant to the undertakings. See "Continuing Disclosure of Information" in the Official Statements.

City of San Benito, Texas (General Obligation)
Continuing Disclosure Statement
For the year ended September 30, 2019
(Pursuant to SEC Rule 15 c 2-12)

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Disclaimer:

The information contained in this report has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and should not be understood as a promise or guarantee. This report may contain estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions. The information contained herein is subject to change and the submission of this report will not imply that there has been no changes to the financial condition of the City.

San Benito, Texas
Continuing Disclosure Statement
For the year Ended September 30, 2019
(Pursuant to SEC Rule 15c-12)

Table 1 - Valuation, Exemption and Debt Obligation

2019 Market Valuation Established by Cameron County Appraisal District ⁽¹⁾		\$ 921,603,830
Less Exemptions/Reductions at 100% Market Value:		
Community Housing	\$ 141,553	
Over 65 and Disabled	8,205,619	
Charitable Exemptions	794,005	
Disabled and Deceased Veterans Exemptions	10,660,240	
Freeport Loss	1,901,890	
Exempt Property	79,022,816	
Productivity Loss	24,181,323	
10% cap loss	5,110,385	
Personal Private Vehicle	97,609	
Less Total Exemptions/Reductions at 100% Market Value		\$ 130,115,440
2019 Net Taxable Assessed Valuation		\$ 791,488,390
General Obligation Debt Payable from Ad Valorem Taxes (as of September 30, 2019)		
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2011 ⁽²⁾	5,270,000	
General Obligation Refunding Bonds, Series 2011 ⁽³⁾	215,000	
General Obligation Refunding Bonds, Series 2012 ⁽⁴⁾	2,720,000	
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2012 ⁽⁵⁾	2,815,000	
General Obligation Refunding Bonds, Series 2013 ⁽⁶⁾	3,390,000	
General Obligation Refunding Bonds, Series 2015 ⁽⁷⁾	6,460,000	
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2019 ⁽⁸⁾	1,500,000	
Total Gross Funded Debt Payable from Ad Valorem Taxes		\$22,370,000
Less: Self-Supporting Debt		
Waterworks and Sewer System	13,624,144	
Economic Development Corporation	2,643,588	
Industrial Development Authority	-	
Community Development Block Grant	722,154	
Sales Tax	353,577	
Total Self Supporting Debt		\$ 17,343,463
Total Net Funded Debt Payable from Ad Valorem Taxes		\$ 5,026,537
Interest and Sinking Fund (as of September 30, 2019)		\$ 337,963
Ratio Gross Funded Debt to Net Taxable Assessed Valuation		2.83%
Ratio Net Funded Debt to Net Taxable Assessed Valuation		0.64%
2020 Estimated Population -	24,385	
Per Capita Taxable Assessed Valuation -	\$ 32,458.00	
Per Capita Gross Funded Debt -	\$ 917	
Per Capita Net Funded Debt -	\$ 206.13	

⁽¹⁾ Information provided by Cameron County Appraisal District.

⁽²⁾ Approximately 100% of the debt service on the 2011 Certificates will be with transfers from the System.

⁽³⁾ Approximately 60% of the debt service on the Series 2011 General Obligation Refunding Bonds will be paid with transfers from the EDC.

⁽⁴⁾ Approximately 71% of the debt service on the Series 2012 General Obligation Refunding Bonds will be paid with transfers from the System.

⁽⁵⁾ Approximately 100% of the debt service on the Series 2012 Certificates of Obligation will be paid by the I&S tax rate.

⁽⁶⁾ Approximately 37% of the debt service on the Series 2013 General Obligation Refunding Bonds will be paid with Transfers from the System; 10% will be paid from transfers from the City's Economic Development Corporation; 31% will be paid from transfers from the City's Community Development Block Grant; 21% will be paid from the City's Sales Tax

⁽⁷⁾ Approximately 69% of the debt service on the Series 2015 General Obligation Refunding Bonds will be paid with transfers from the System; 24% will be paid from transfers from the City's Economic Development Corporation.

⁽⁸⁾ Approximately 60% of the debt service on the Series 2019 Combination Tax and Limited Pledge Revenue Certificates will be paid with transfers from the System; 39% will be paid from transfers from the City's Economic Development Corporation; 1% will be paid from a transfer from the Community Development Block Grant

Additional Sources:

The Municipal Advisory Council of Texas - Texas Municipal Reports

Table 2 - Taxable Assessed Valuation by Category

Category	Taxable Appraised Value For Fiscal Year Ended September 30,					
	2020		2019		2018	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$393,106,811	42.65%	\$ 386,768,970	45.79%	\$ 362,111,214	45.52%
Real, Residential, Multi-Family	30,323,038	3.29%	30,367,303	3.60%	29,301,767	3.68%
Real, Vacant Lots/Tracts	37,385,110	4.06%	38,736,990	4.59%	34,252,578	4.31%
Real, Acreage (Land Only)	25,488,488	2.77%	24,223,819	2.87%	22,758,035	2.86%
Real, Farm and Ranch Improvements	6,665,654	0.72%	5,222,513	0.62%	6,125,787	0.77%
Real, Commercial	184,573,760	20.03%	148,790,410	17.62%	146,034,332	18.36%
Real, Industrial	5,244,620	0.57%	5,221,036	0.62%	5,104,864	0.64%
Real and Tangible Personal, Utilities	67,849,753	7.36%	43,307,928	5.13%	33,910,703	4.26%
Tangible Personal, Commercial	57,231,197	6.21%	57,833,365	6.85%	55,767,020	7.01%
Tangible Personal, Industrial	8,746,919	0.95%	8,788,943	1.04%	6,997,213	0.88%
Tangible Personal, Mobile Homes	14,907,758	1.62%	13,093,076	1.55%	11,490,495	1.44%
Real Inventory	-	0.00%	27,555	0.00%	673,681	0.08%
Special Inventory	10,024,739	1.09%	9,978,027	1.18%	9,919,099	1.25%
Exempt Property	80,055,983	8.69%	72,305,234	8.56%	71,022,876	8.93%
Total Appraised Value Before Exemptions	\$ 921,603,830	100.00%	\$ 844,665,169	100.00%	\$ 795,469,664	100.00%
Less: Total Exemptions/Reductions	130,115,440		121,754,840		115,286,710	
Net Taxable Assessed Valuation	<u>\$ 791,488,390</u>		<u>\$ 722,910,329</u>		<u>\$ 680,182,954</u>	

Category	Taxable Appraised Value For Fiscal Year Ended September 30,			
	2017		2016	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 345,015,239	45.13%	\$ 335,919,075	45.17%
Real, Residential, Multi-Family	31,804,080	4.16%	31,273,742	4.21%
Real, Vacant Lots/Tracts	31,210,913	4.08%	30,819,289	4.14%
Real, Acreage (Land Only)	21,699,262	2.84%	20,965,017	2.82%
Real, Farm and Ranch Improvements	5,030,010	0.66%	5,519,933	0.74%
Real, Commercial	136,494,233	17.85%	140,291,608	18.86%
Real, Industrial	4,579,487	0.60%	4,385,067	0.59%
Real and Tangible Personal, Utilities	29,974,710	3.92%	26,375,594	3.55%
Tangible Personal, Commercial	57,977,439	7.58%	56,613,458	7.61%
Tangible Personal, Industrial	9,156,047	1.20%	8,579,202	1.15%
Tangible Personal, Mobile Homes	11,195,458	1.46%	11,088,292	1.49%
Real Inventory	889,191	0.12%	428,771	0.06%
Special Inventory	9,246,933	1.21%	8,222,311	1.11%
Total Appraised Value Before Exemptions	70,200,615	9.18%	63,241,175	8.50%
Less: Total Exemptions/Reductions	\$ 764,473,617	100.00%	\$ 743,722,534	100.00%
Net Taxable Assessed Valuation	<u>\$ 111,847,955</u>		<u>\$ 103,218,246</u>	
	<u>\$ 652,625,662</u>		<u>\$ 640,504,288</u>	

Source: Texas Comptroller of Public Accounts, Property Tax Division, Cameron County Appraisal District, and the City of San Benito, Texas.

Table 3 - Valuation and Funded Debt History

Fiscal Year Ended 9/30	Estimated Population	Taxable Assessed Valuation	Per Capita Taxable Assessed Valuation	Gross Funded Tax Debt	Ratio Funded	Per Capita Gross Funded Tax Debt
					Debt to Taxable Assessed Valuation	
2011	25,019	\$ 577,927,178	\$ 23,100	\$ 28,815,000	4.99%	\$ 1,152
2012	24,729	584,490,211	23,636	34,685,000	5.93%	1,403
2013	24,491	586,966,454	23,967	35,985,000	6.13%	1,469
2014	24,491	599,885,700	24,494	32,270,000	5.38%	1,318
2015	24,506	609,304,548	24,870	30,450,000	4.95%	1,230
2016	24,496	640,504,288	26,147	28,095,000	4.39%	1,147
2017	24,476	⁽¹⁾ 652,625,662	26,664	25,750,000	3.95%	1,052
2018	24,528	⁽¹⁾ 680,182,954	27,731	23,340,000	3.43%	952
2019	24,385	⁽¹⁾ 722,910,329	29,646	20,870,000	2.89%	856
2020	24,385	⁽¹⁾ 791,488,390	32,458	19,700,000	2.49%	808

Sources: Texas Municipal Report published by the Municipal Advisory Council of Texas and Cameron County Appraisal District

⁽¹⁾ U.S. Census Estimate

Table 4 - Tax Rate, Levy, and Collections History

Fiscal Year Ending 9/30	General Fund	Debt Service	Total Tax Rate	Tax Levy	% Current Collections	% Total Collections
2011	\$ 0.5880	\$ 0.1001	\$ 0.6881	\$ 3,918,836	91.32%	96.70%
2012	0.6478	0.0404	0.6881	3,966,356	93.90%	98.90%
2013	0.6778	0.0504	0.7282	4,197,708	94.28%	97.90%
2014	0.6568	0.0713	0.7281	4,295,533	93.83%	96.80%
2015	0.6568	0.0713	0.7281	4,358,018	95.40%	100.00%
2016	0.6568	0.0713	0.7281	4,518,556	95.50%	99.90%
2017	0.6568	0.0713	0.7281	4,654,608	94.31%	98.44%
2018	0.6568	0.0713	0.7281	4,835,890	94.15%	98.31%
2019	0.6568	0.0713	0.7281	5,128,129	94.89%	98.92%
2020	0.6568	0.0713	0.7281	5,198,844	(In process of collection)	

Sources:

The Municipal Advisory Council of Texas - Texas Municipal Report

The City of San Benito, Texas - Data is unaudited and subject to change.

Table 5 - Top Ten Taxpayers

Taxpayer	Nature of Business	2019 Taxable Assessed Valuation	% of Taxable Assessed Valuation
AEP Texas Inc	Electric Utility	\$ 54,099,692	6.84%
AEP Texas Inc	Electric Utility	18,416,856	2.33%
Wal-Mart Stores East Inc.	Retail	7,861,029	0.99%
HE Butt Grocery Co.	Retail	6,382,883	0.81%
MHC Fun N Sun LLC	RV Resort	5,571,768	0.70%
Villages at Paso Real LP	Apartments	5,200,050	0.66%
Wal-Mart Stores Inc.	Retail	4,793,453	0.61%
Briar Ridge Inc	Retail	4,592,869	0.58%
VDC San Benito Reserve I Homes LP	Apartments	4,300,000	0.54%
Cody Sur Trucks Inc.	Trucking	4,222,354	0.53%
Totals		\$ 115,440,954	14.59%

Sources: Cameron County Appraisal District

Table 7 - DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 30-Sep	Principal	Interest	Total	Principal Retired	Fiscal Year Ending 30-Sep
2020	\$ 2,670,000	\$ 604,195	\$ 3,274,195		2020
2021	2,810,000	536,143	3,346,143		2021
2022	2,875,000	458,782	3,333,782		2022
2023	2,965,000	379,268	3,344,268		2023
2024	2,295,000	306,670	2,601,670	60.86%	2024
2025	1,890,000	247,536	2,137,536		2025
2026	1,720,000	195,919	1,915,919		2026
2027	1,490,000	149,131	1,639,131		2027
2028	885,000	112,096	997,096		2028
2029	910,000	81,774	991,774	91.69%	2029
2030	780,000	52,100	832,100		2030
2031	805,000	23,025	828,025		2031
2032	275,000	4,125	279,125	100.00%	2032
Totals	\$ 22,370,000	\$ 3,150,764	\$ 25,520,764		

Source: Internal Debt Service Schedules.

Table 9 - Other Obligations**Notes Payable**

Rasca Trails Project: Note payable to Cameron County Irrigation District #2 for the purchase of land for the Resaca Trails project. The original amount of the note was \$540,000 at 4% interest with annual payments of \$39,995. The maturity date of the note is September 20, 2026.

Year Ending September 30, 2019	Note Payable - Resca Trails Project		
	Principal	Interest	Total
2020	\$ 29,058	\$ 10,937	\$ 39,995
2021	30,242	9,753	39,995
2022	31,474	8,521	39,995
2023	32,756	7,239	39,995
2024	34,091	5,904	39,995
2025-2029	110,835	9,153	119,988
TOTAL	\$ 268,456	\$ 51,507	\$ 319,963

Fire Apparatus: The City entered in to a property finance contract in April 2016 to finance the purchase of a Fire Apparatus, in the amount of \$591,490 at 2.083% interest with annual payments of \$125,792 after an initial payment of \$100,000 at signing. The payments will be made from rural fire calls quarterly revenue from Cameron County. The note matures April 26, 2021.

Year Ending September 30, 2019	Note Payable -Fire Apparatus		
	Principal	Interest	Total
2020	\$ 120,711	\$ 5,081	\$ 125,792
2021	123,225	2,567	125,792
TOTAL	\$ 243,936	\$ 7,648	\$ 251,584

Capital Lease Obligation

In October 2013, the City entered into a lease-purchase agreement with Motorola Solutions, Inc. for the public safety equipment. Lease payments are due annually beginning January 1, 2015.

Debt Service Year Ending September 30, 2019	Motorola Lease
	Governmental Activities
2020	\$ 148,314
2021	148,314
2022	148,314
2023	148,314
2024	148,314
2025-2029	-
Total minimum lease payments	\$ 741,570
Less the amount representing interest	(74,570)
Present value of net minimum lease payments	\$ 667,000

Economic Development Corporation - Notes Payable ⁽¹⁾

The EDC borrowed \$214,000 from the USDA Intermediary Relending Program (I.R.P.) on a loan agreement for \$248,000. The loan is for 30 years with a fixed rate of interest of 1% with interest only for the first 2 years. The first annual installment of \$10,200 is due December 16, 2014.

The EDC borrowed \$400,000 from the USDA Intermediary Relending Program (I.R.P.). The loan is for 28 years with a fixed rate of interest of 1% with interest only for the first 2 years. The first annual installment of \$16,452 is due December 16, 2018.

Debt Service Year Ending September 30, 2019	I.R.P 2014	I.R.P 2019
	Principal	Interest
2020	\$ 10,201	\$ 16,452
2021	10,201	16,452
2022	10,201	16,452
2023	10,201	16,452
2024	10,201	16,452
2025-2029	51,001	82,260
2030-2034	51,001	82,260
2035-2039	51,001	82,260
2040-2044	30,480	82,260
2045-2049	-	16,334
	\$ 234,488	\$ 427,634

Source: The City of San Benito.

⁽¹⁾ Payable by San Benito Economic Development Corporation

Table - 10 General Fund Revenues, Expenditures History

	Fiscal Year Ended September 30,				
	2019	2018	2017	2016	2015
Revenues					
Property Taxes (including penalties and interest)	\$ 4,557,813	\$ 4,290,899	\$ 4,208,176	\$ 4,130,474	\$ 3,959,128
Other Taxes	4,965,648	4,690,512	4,584,058	4,471,740	4,339,171
License and Permits	238,462	218,147	289,416	207,409	292,824
Charges for Services	1,863,672	2,042,717	1,847,385	170,529	368,023
Fines and Forfeits	386,393	392,386	417,444	556,707	502,146
Intergovernmental	66,148	110,292	802,644	26,775	166,982
Interest	205,962	115,446	50,917	15,906	8,527
Los Indios Bridge	-	-	-	310,058	222,436
Miscellaneous	89,122	83,943	311,859	242,600	36,277
Total Revenues	\$ 12,373,220	\$ 11,944,342	\$ 12,511,899	\$ 10,132,198	\$ 9,895,514
Expenditures					
Current:					
General Government	\$ 2,522,348	\$ 2,698,731	\$ 2,110,301	\$ 2,225,800	\$ 2,187,324
Public Safety	5,679,706	5,640,582	5,426,981	5,770,530	5,747,385
Public Works	2,466,250	2,377,201	2,251,148	1,976,703	1,903,903
Health and Welfare	-	-	-	-	34,439
Culture and Recreation	316,379	308,508	256,671	257,189	280,618
Capital Outlay	209,737	-	76,807	711,573	46,796
Principal	643,851	548,163	510,367	563,009	446,478
Interest and Fees	28,307	24,020	96,400	109,131	56,402
Bond issuance cost	-	-	-	-	-
Total Expenditures	\$ 11,866,578	\$ 11,597,205	\$ 10,728,675	\$ 11,613,935	\$ 10,703,345
Excess/Deficiency of Revenues Over Expenditures	\$ 506,642	\$ 347,137	\$ 1,783,224	\$ (1,481,737)	\$ (807,831)
Other Financing Sources/Uses					
Refunding bonds proceeds	\$ -	\$ -	\$ -	\$ -	\$ 70,289
Refunding bonds - payment to escrow agent	-	-	-	-	-
Capital lease proceeds	309,338	-	-	-	-
Leasing Proceeds	-	-	-	-	-
Insurance Proceeds	-	-	6,807	-	-
Other	1,090	-	3,277	-	-
Operating Transfers In	25	11,288	-	2,039,410	1,422,104
Operating Transfers Out	-	(106,809)	-	(530,000)	(95,264)
Tax Note Proceeds	-	-	-	591,490	-
Finance Contract Issued	-	-	-	-	-
Total Other Financing Sources/Uses	\$ 310,453	\$ (95,521)	\$ 10,084	\$ 2,100,900	\$ 1,397,129
Excess/Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Uses	\$ 817,095	\$ 251,616	\$ 1,793,308	\$ 619,163	\$ 589,298
Beginning Fund Balance	\$ 6,778,163	\$ 6,526,547	\$ 4,733,239	\$ 4,114,076	\$ 3,524,778
Adjustment to Fund Balance	74,570	-	-	-	-
Beginning Fund Balance (restated)	6,852,733	6,526,547			
Ending Fund Balance	\$ 7,669,828	\$ 6,778,163	\$ 6,526,547	\$ 4,733,239	\$ 4,114,076

Source: City of San Benito, Texas

Table 11 - Municipal Sales Tax History

Calendar Year	Total Collected*	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Total Collections Per Capita
2010	3,478,943	88.77%	0.6020	137.16
2011	3,656,543	92.19%	0.6256	150.79
2012	3,824,529	91.11%	0.6516	154.66
2013	3,846,746	89.55%	0.6412	157.07
2014	3,943,122	90.48%	0.6472	161.00
2015	4,212,458	94.95%	0.6914	171.89
2016	4,294,844	92.09%	0.6705	175.33
2017	4,491,359	96.49%	0.6882	183.50
2018	4,565,497	94.41%	0.6712	186.53
2019	4,833,270	94.25%	0.6686	197.47

Sources: Texas Comptroller of Public Accounts Allocation Historical Summary, Municipal Advisory Council, and City of San Benito.

* The City allocates 75% to the General Fund and 25% to the EDC

Table 12 - Current Investments

Investments at fair value, including accrued interest, as of September 30, 2019 are as follows:

	Investment Maturities (in years)	
	Fair Value	1 year or less
Primary Government		
Cash	\$ 6,948,769	\$ 6,948,769
Cash Restricted	-	-
TexPool	2,255,894	2,255,894
Tex Pool - Restricted	359,989	359,989
GreenBank	5,973,285	5,973,285
EastWestBank	2,027,661	2,027,661
Southside Bank	5,750,344	5,750,344
	<u>\$ 23,315,942</u>	<u>\$ 23,315,942</u>
Investments		
Certificates of Deposit	\$ -	\$ -
Certificates of Deposit - Restricted	-	-
	<u>\$ -</u>	<u>\$ -</u>
Component Unit		
Cash	\$ 2,428,872	\$ 2,428,872
TexPool	-	-
Southside Bank	-	-
Total Investments	<u>\$ 2,428,872</u>	<u>\$ 2,428,872</u>
	<u><u>\$ 25,744,814</u></u>	<u><u>\$ 25,744,814</u></u>

A reconciliation of cash and investment follows:

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Cash	\$ 4,072,048	\$ 2,876,721	\$ 6,948,769	\$ 2,428,872
Cash - Restricted	-	-	-	-
Tex Pool	1,680,392	575,502	2,255,894	-
Tex Pool - Restricted	-	359,989	359,989	-
GreenBank	4,425,071	1,548,214	5,973,285	-
EastWest Bank	2,027,661	-	2,027,661	-
Southside Bank	5,750,344	-	5,750,344	-
	<u>\$ 17,955,516</u>	<u>\$ 5,360,426</u>	<u>\$ 23,315,942</u>	<u>\$ 2,428,872</u>
Investments				
Certificates of Deposit	-	-	-	-
	<u>\$ 17,955,516</u>	<u>\$ 5,360,426</u>	<u>\$ 23,315,942</u>	<u>\$ 2,428,872</u>

Source: City of San Benito, Texas.