

CITY OF HARLINGEN, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
(INCLUDING COMPLIANCE REPORT ON GRANT ACTIVITIES)
For The Fiscal Year Ended September 30, 2015

CITY OFFICIALS

Mayor	Chris Boswell
Commissioners	Danny Castillo Tudor G. Uhlhorn Michael Mezmar Ruben De La Rosa Victor Leal
City Manager	Dan Serna
Finance Director	Elvia Treviño

PREPARED BY
DEPARTMENT OF FINANCE

Elvia Treviño,
Finance Director

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INTRODUCTORY SECTION

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CAPITAL OF THE LOWER RIO GRANDE VALLEY

Mission Statement:

"Ensure a business-friendly climate focused on economic growth, quality of life and efficient delivery of excellent services to our community."

March 29, 2016

The Honorable Mayor, City Commissioners and Citizens
Of the City of Harlingen, Texas:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Harlingen, Texas, for the fiscal year ended September 30, 2015. This report was prepared from the books and records of the City of Harlingen and hereby submitted as required by state and local laws. Responsibility for the accuracy of the presented data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City of Harlingen. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. Readers and other users of this report should refer to Management's Discussion and Analysis, which can be found in the Financial Section and immediately follows the independent auditor's report.

THE REPORT

These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB), the National Council on Governmental Accounting (NCGA) and the American Institute of Certified Public Accountants (AICPA).

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and U. S. Office of Management and Budget Circular A-133, Audits of State and Local Governments. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and auditors' report on the internal control structure and compliance with applicable laws and regulations are included in the single audit section of this report.

The City's financial statements have been audited by Long Chilton, LLP, Independent Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2015, were free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is located at the front of the financial section of this report.

"Recipient Of Keep Texas Beautiful Governor's Achievement Award"

118 E. Tyler ★ P.O. Box 2207 ★ Harlingen, Texas 78551

MISSION STATEMENT

The mission statement for the City of Harlingen as adopted by the City Commission is to *"Ensure a business climate focused on economic growth, quality of life and efficient delivery of excellent services to our community"*. The City's mission statement serves as a guide for departments to provide the best service to the community.

ECONOMIC CONDITIONS AND OUTLOOK

Harlingen is located in the Rio Grande Valley of Texas (Valley), an international border region comprised of two vibrant metropolitan areas with an estimated population of 1.2 million people on the U.S. side and over 2 million in the border communities of Mexico. Harlingen's central location, just a few miles from the Mexican border and the availability of skilled labor force at competitive wages has been an important factor in its continued economic development. Harlingen has a dynamic, world class medical and health care complex which includes Valley Baptist Medical Center, Harlingen Medical Center, Rio Grande State Center, Su Clinica Familiar and an increasing number of clinics and medical practices. Harlingen is also home to the University of Texas-San Antonio Health Science Center. Legislation was enacted in 2009 to expand the RAHC into a medical school. The Veteran's Administration Center includes a 120,000 sq. ft. outpatient center. The City's location has made it a logistics center for the Valley. Valley International Airport (VIA) has four major air cargo companies located at its facility.

Overall construction in Harlingen during FY 2014-15 was \$46.6 million in construction permits issued by the City. The City issued 131 building permits for new homes for a total dollar value of over \$16.8 million, with an average construction cost for each home at \$128,793. The commercial/business sector issued permits for 11 new commercial structures with a construction value of \$18.3 million. The City issued 468 building permits with a total dollar value of \$46.6 million.

Total sales tax collected by the City, the Economic Development Corporation (EDC-4A) and the Harlingen Community Improvement Board (HCIB-4B) increased to \$22,014,762 in FY 2014-15 compared to the \$21,325,683 collected in FY 2013-14, a 3.2% or \$689,079 increase. All three entities are committed to combining their resources for the overall economic benefit of the City.

Outlook

The City's fiscal year 2015 Budget was prepared conservatively based on the current economic condition to meet the goals of the City while staying within the resources available to the City. Fiscal year 2015 continued the upward trend in sales taxes that began in fiscal year 2011. Careful long-term planning is important to the City and periodic review of the budget is made to adjust the operational appropriated expenditures for any changes in the City's resources. The City takes a strong stance in preserving the fund balance.

MAJOR INITIATIVES

For the Year

The fiscal year 2014-2015 budget addressed the City Commission's and City Manager's objectives of creating and continuing replacement/improvement programs. These programs are designed for the betterment of the City by having perpetual mechanisms in place to improve the City incrementally each year. City management has built these programs into the annual budgets as to be manageable in both resources of funding and labor.

- Completed the construction of the new Landfill Scalehouse
- Completed major renovations C.B. Wood park
- Completed the construction of Brazil & Teege Road Project
- Completed the construction of Bass Pro Drive West Project
- Completed the construction of Harlingen Heights Lane Improvement Project
- Completed the construction of 3rd Street Drainage Ditch Project
- Completed construction of approximately 4,200 linear feet of sidewalk in partnership with Harlingen Consolidated Independent School District
- Completed construction of approximately 1,000 linear feet of sidewalk with Community Development Block Grant funding
- Completed the General Reseal & Overlay Project for various City streets
- Continued funding major repairs to City buildings using the General Fund and Special Revenue funds

GOALS FOR YEAR 2015-16 AND BEYOND

The Mayor and Commission continue to use the adopted strategic plan called the "Harlingen 100 Plan". The plan builds on previous strategic plans and is a culmination of hundreds of man-hours of planning, various committee meetings and public forums. Annual reports will be given at community forums where new objectives will be entertained and added in anticipation of changing future conditions. With a strong commitment for action and results, seven task forces were set up for each of the following major objectives:

1. Tourism – Harlingen should showcase its attractions to business, education and leisure travelers and keep them here longer.
2. Healthcare – Harlingen can position itself as the state of the art healthcare hub of the region.
3. Image – Harlingen will be the cleanest, greenest and most beautiful city in the Valley. Harlingen will Clean-Up, Green-Up and Step-Up.
4. Recreation – Harlingen will provide first class recreational facilities for its youth and will attract regional, state and national tournaments in baseball, softball and soccer.
5. Business Recruitment and Retention – Harlingen will be known for innovative and aggressive economic development.

6. Education – Harlingen will be the catalyst for improved and enhanced education at all levels.
7. Revitalization – Harlingen will focus on its downtown as a key to development of place. Harlingen will eliminate blight and upgrade the appearance of the central business district.

The City is committed to the achievement of these major objectives by implementing various related projects each year. Some projects will require funding while others are merely changes to existing procedures or popular conceptions. The entire Harlingen 100 Plan and the projects associated with each objective are available on the City's website (www.myharlingen.us) for citizen review.

FINANCIAL INFORMATION

This report contains management's representations concerning the finances of the City of Harlingen. Therefore, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide for a reasonable basis for making these representations, management has established a comprehensive internal control framework designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed with the objective of providing reasonable, but not absolute, assurance that the financial statements are free of any material misstatements. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluations of costs and benefits require estimates and judgments by management.

Single Audit

As a recipient of federal financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

As a part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended September 30, 2015, indicated that there were no material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgeting Controls

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except for the capital projects funds which adopt project - length budgets. Formal budgetary integration is employed as a management control device during the year for the General, Debt Service, Community Development Block Grant, Tennis Court Revenue, Hotel/Motel Occupancy Tax, M.P.O., Catastrophic Emergency Relief, Harlingen Downtown, Special Investigation, and FreeTrade Bridge, COPS/UHP, and Infrastructure as well as for all enterprise and internal service funds. These budgets, except for Community Development Block Grant Fund, are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

Unused appropriations for all of the above annually budgeted funds lapse at the end of each year. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Budgetary data for Capital Project Funds are budgeted over the life of the respective project and not on an annual basis. Therefore, this data is not presented in the accompanying combined financial statements.

Budgets for Community Development Block Grant Fund are legally adopted on a program (entitlement) basis rather than on an annual basis. The budgets reflected on the statement of revenues, expenditures and changes in fund balance represent the remaining unexpended program budget at the beginning of the current fiscal year. Unexpended appropriations do not lapse at the end of the fiscal year for these funds.

Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, several supplementary appropriations were necessary

The annual budget serves as the foundation for the City's financial planning and control. The City maintains budgetary controls over revenues and expenditures to ensure compliance with legal provisions embodied in the annual appropriated budget as approved by the City Commission. Budgetary controls for changes to the approved budget, which exceed or deplete the original appropriated amounts, require City Commission approval. Changes to the original department budgets between line items are processed through budget adjustment forms and require the City Manager, Finance Director, and Department Director approval. Activities of the general fund, special revenue funds and debt service fund are included in the annual appropriated budget. Budget-to-Actual comparisons are provided in this report.

Distinguished Budget Presentation Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate for Distinguished Budget Presentation to the City of Harlingen for its annual budget for the fiscal year beginning October 1, 2014. In order to be awarded a Certificate for Distinguished Budget Presentation, the City must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication medium.

General Governmental Functions

General Governmental Fund Types (General Fund, Special Revenue Funds, and Debt Service Fund) account for a major portion of the City's operating revenues and expenditures. A fourth general governmental fund type is Capital Projects, which was established to account for major city improvements.

The City offers excellent services that enrich the quality of life to the citizens. The City continues to allocate a large amount of funds into the parks, by upgrading park equipment, including exercise equipment near the Veteran's Memorial in Pendleton Park. The construction of walking trails continue, which will eventually connect all the parks together. As always, the City also expends funds on the Public Safety departments of Police and Fire.

Fund Balances

The total fund balance for the general fund totaled \$15,943,698 at September 30, 2015. The unassigned fund balance for the General Fund totaled \$15,938,460, a decrease of \$1,225,577 over last year. The combined fund balance of the Special Revenue Funds totaled \$5,351,404, which includes the Catastrophic Emergency Fund committed fund balance of \$852,107.

The fund balance of the General Fund presented above will provide the City with approximately one hundred and forty-three (143) days of operating expenditures for FY 2016. This level of fund balance is above the City's goal of ninety days of operating expenditures. With the combining of the fund balances of the General Fund and Catastrophic Emergency Fund, the City has approximately one-hundred and fifty-one (151) days of expenditures for FY 2016.

Debt Administration

The City has a goal of attaining and maintaining a fund balance of 25% of the highest annual debt service. The debt service restricted fund balance of \$1,033,665 is 23.6% of the highest annual principal and interest requirements. FY 2015 debt service fund balance is 24.9% of total FY 2016 debt service requirements compared to 25.3% last year.

The City's last rated General Obligation bonds are rated as follows:

	<u>Standards & Poor</u>	<u>Fitch</u>
General Obligation Bonds	AA-	AA-
Revenue Bonds	AA-	AA-

Capital Project Funds

The Capital Project Funds were established to account for major city improvements. Typical projects have included streets, sidewalks and drainage construction. Facilities such as the police/court, fire stations and park restrooms and fields have also been funded through bonds.

Proprietary Funds

The City currently operates four Proprietary Funds. The proprietary funds are set up to operate primarily from user fees charged to the general public. A comparative summary of net income (loss) before capital contributions for the years ended September 30, 2015 and 2014, as follows:

<u>Proprietary Funds</u>	<u>2015</u>	<u>2014</u>
Sanitation Fund	\$ 1,524,301	\$ 1,857,753
Municipal Golf Course Fund	(344,427)	(218,448)
Harlingen Arts & Heritage Museum	(128,043)	(108,139)
Municipal Auditorium Fund	(371,810)	(524,008)
Total net income (loss)	<u>\$ 680,021</u>	<u>\$ 970,121</u>

Sanitation Fund

The Sanitation Department was established as a Proprietary Fund on July 1, 1978. The City owns and operates the entire solid waste, brush and debris collections and public landfill operations within the City limits.

Municipal Golf Course Fund

The Municipal Golf Course Fund was established to account for the operations of the City's municipal golf course. The fund consists of a 27-hole course with a clubhouse.

Municipal Auditorium Fund

The Municipal Auditorium Fund was established to account for the utilization of the City's auditorium and Casa de Amistad facility, as well as for the encouragement of the arts. The Auditorium is home to a variety a number of local dance studios and theatrical performances throughout the year, as well as community organizations including Lifeline Heart of Worship Church, Gloria G. Canales Ballet Folklorico and the Ms. South Texas Senior America Pageant.

Harlingen Arts and Heritage Museum Fund

The Harlingen Arts and Heritage Museum was established to account for the operations of the City's Museum.

Component Units

Four closely associated entities are considered component units. These are the Harlingen Economic Development Corporation, the Harlingen Community Improvement Board, the Valley International Airport, and the Harlingen Water Works System.

Harlingen Economic Development Corporation (HEDC)

The HEDC is a separately chartered nonprofit corporation. This fund is used to account for Section 4A sales taxes allocated from 75% of the special ½ cent sales tax collected for the express purpose of promoting economic development on behalf of the City. The Board of Directors is appointed by the City Commission and functions as the decision/policy-making body for activities related to this component unit subject to some prior Commission approval. Prior to fiscal year 2008, City management and City staff ran the HEDC operations. With the approval of the HEDC board and city commission, a director and three staff positions were hired in FY 2008 solely for the administration and operations of the HEDC.

Harlingen Community Improvement Board (HCIB)

This HCIB is a separately chartered nonprofit corporation. The fund is used to account for Section 4B sales taxes allocated from 25% of the special ½ cent sales tax collected for the express purpose of promoting economic and community development on behalf of the City. The Board of Directors is appointed by the City Commission and functions as the decision/policy-making body for all activities related to this component unit subject to prior Commission approval. Currently, City administration and staff handle the regular operations of the HCIB.

Valley International Airport

Valley International Airport's major operating revenue sources are commissions, car rentals, terminal parking and rentals of the Airport facilities.

Southwest Airlines and United Airlines provide passenger airline service through Valley International Airport. Continuing and connecting flights are facilitated within these airlines' respective systems. Additional connections are provided seasonally by Sun Country Airlines and Delta.

The Airport has received grants from the U. S. Department of Transportation - Federal Aviation Administration. Currently, the Airport has been awarded several grants under the Airport Improvement Program. The grants are awarded primarily for the extension of runways, taxiways, together with grants providing funds for the renovation, rehabilitation, expansion of the Airport terminal, and drainage improvements. The grants reimburse the City at amounts ranging from 90 percent of the respective project costs.

Harlingen Waterworks System

The Waterworks System of the City of Harlingen, Texas, is a separate operating authority established by and subject to the City's Charter. It provides for the water and wastewater services in Harlingen and the surrounding areas. The City conducts oversight responsibilities over the Utilities Trustee Board.

Internal Service Fund

Motor Vehicle/Warehouse Fund

The Motor Vehicle/Warehouse Fund was established to account for vehicle maintenance, equipment replacement, and purchasing/warehouse operations. The vehicle maintenance shop maintains most City vehicles and the departments are billed for the services provided. For equipment replacement, departments are charged rent for the vehicles and rolling stock at a rate to recover depreciation over the useful life. Items "purchased" from purchasing/warehouse are charged to the departments at cost plus 15% to cover the operating cost of purchasing/warehouse.

Medical/Health Fund

The Medical/Health Fund was established to account for monies paid into a pool for medical and health care cost of current and retired City employees. Funds are contributed biweekly through the payroll transactions for both the City and employees portion.

Fiduciary Fund

Pension Trust Fund

This pension system is accounted for in the Firemen's Relief and Retirement Fund. The City of Harlingen contributes 13% of salaries, and 13% is contributed by the firemen. The City of Harlingen administers and operates the pension fund as a fiduciary for the Firemen's Relief and Retirement Fund Board of Directors as authorized by the Texas Local Fire Fighters Retirement Act (TLFFRA).

OTHER INFORMATION

Independent Audit

The City Charter requires an annual audit to be made of the books and accounts of all departments of the City by an Independent Certified Public Accountant. This requirement has been complied with, and the auditors' opinion has been included in this report.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Harlingen, Texas, for its comprehensive annual financial report for the fiscal year ended September 30, 2014. The Certificate of Achievement is the highest form of recognition for excellence in State and Local government financial reporting.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Harlingen has received a Certificate of Achievement for each of the last thirty years (fiscal years ended 1985 to 2014). We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgment

I would like to express my appreciation to Sergio Villasana, Deputy Finance Director, as well as the entire staff of the Finance Department for their diligent efforts in preparation of the annual financial report. I would also like to thank the City Manager, Mayor, and City Commissioners for their leadership, and support in planning and conducting the financial operations of the City in a responsible and progressive manner. Finally I wish to thank our independent certified public accountants, Long Chilton, LLP, whose competent assistance and technical efficiency have assisted and contributed to the preparation of this report.

In conclusion, this report reflects the overall strength and progressive posture in which the City continues to provide necessary services to the citizens and communities of Harlingen.

Respectfully submitted,



Elvia Treviño
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Harlingen
Texas**

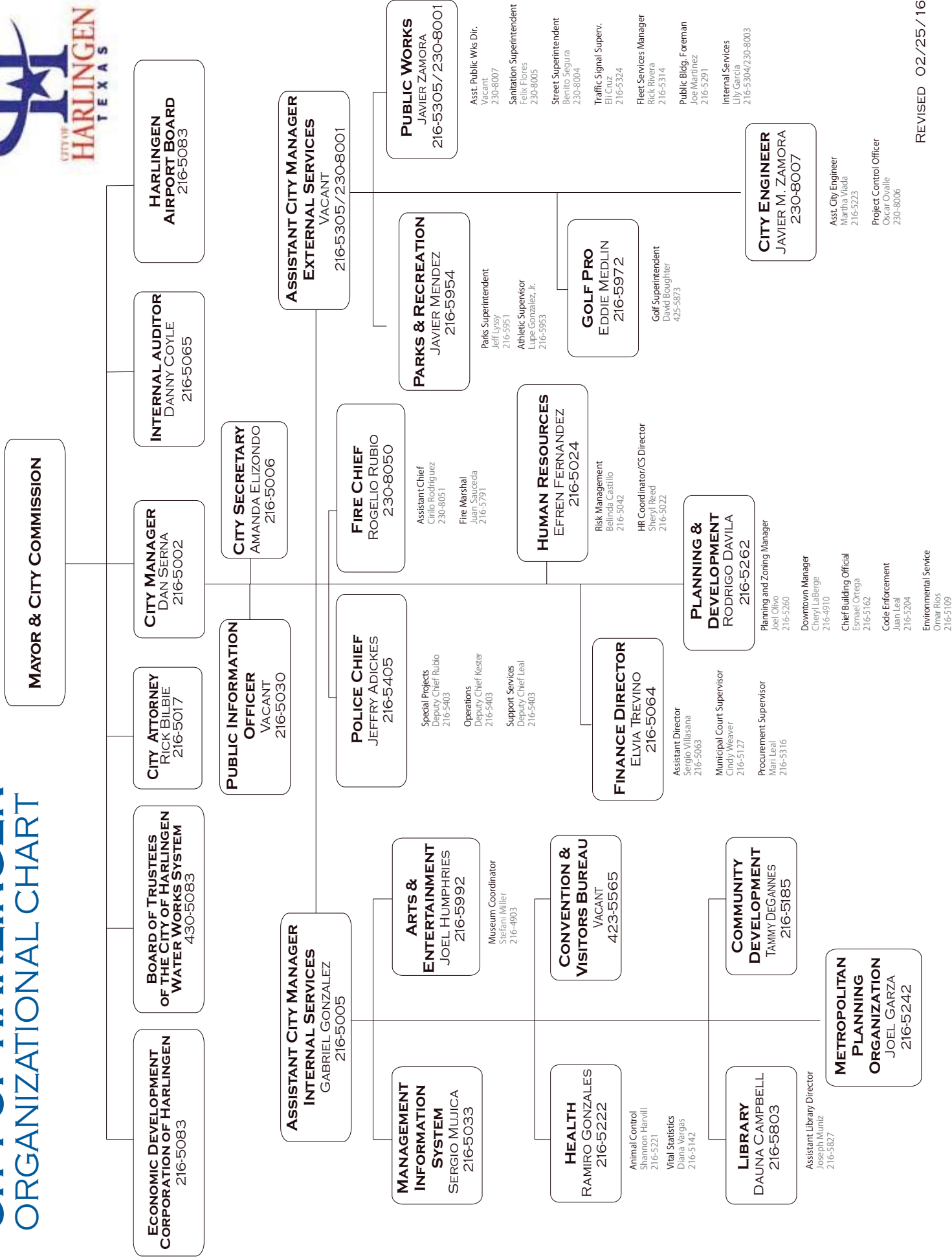
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

CITY OF HARLINGEN

ORGANIZATIONAL CHART



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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the City Commission
City of Harlingen, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Harlingen, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City'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 auditor's 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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Harlingen, Texas, as of September 30, 2015, and the respective changes in financial position, and where applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note A to the financial statements, in 2015, the City adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 37 through 51, other post-employment benefits schedule of funding programs and the pension system supplementary information on pages 132 through 136 and budgetary comparison information on pages 130 through 131, as listed on the table of contents 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Harlingen, Texas' basic financial statements. The introductory section, the other supplementary information section, the statistical section, the continuing disclosure requirements of SEC Rule 15 (c) 2-12 and debt service schedule are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards 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 other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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The introductory and statistical sections, the continuing disclosure requirements of SEC Rule 15 (c) 2-12 and debt service schedule 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 March 29, 2016, on our consideration of the City of Harlingen, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 City of Harlingen, Texas' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Long Chilton, LLP". The signature is written in a cursive, flowing style.

LONG CHILTON, LLP
Certified Public Accountants

Harlingen, Texas
March 29, 2016

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CITY OF HARLINGEN, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Harlingen's annual financial report presents our discussion and analysis of the City's financial performance for the fiscal year ended September 30, 2015. Please read it in conjunction with the transmittal letter on page 17 and the City's financial statements, which begin on page 55.

FINANCIAL HIGHLIGHTS

The net position of the City as of September 30, 2015 was \$116,948,626. This number consists of \$101,218,621 (86.5%) of net investment in capital assets. The net position restricted for specific purposes totals \$9,982,445 (8.5%). The remaining \$5,747,560 (4.9%) is the unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies. The City's total net position decreased \$1,902,133, directly related to this year's operations. The governmental activities net position decreased by \$758,477 or approximately 0.7%, while the net position of our business-type activities decreased by \$1,143,686 or approximately 9.94%. Acquisitions of capital assets and the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" contributed to the decrease in net position.

As of September 30, 2015, the City's governmental funds reported combined ending fund balances of \$27,275,584. Within this total \$5,862 is non-spendable, \$10,048,679 is restricted by specific legal requirements, such as by debt covenants and \$1,419,799 has been committed and assigned to specific types of expenditures. The remaining \$15,801,244 is unassigned fund balance and can be used for any lawful purpose. During the year, the City's governmental expenses were \$758,447 more than the \$48,131,423 generated in taxes and other revenues for governmental activities before special items. Expenses were greater than revenues due to the acquisition of land.

Business-type activities reported combined ending net position of \$10,356,425. Within this total, \$6,229,922 is invested in capital assets (e.g., land, buildings, infrastructure, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The remaining balance of \$4,126,503 is unrestricted and can be used for any lawful purpose. The expenses for the City's business-type activities were \$1,143,686 more than the revenues of \$10,629,468. In business-type activities, charges for services exceeded expenses by \$2,377,945 before transfers out.

USING THIS ANNUAL REPORT

The Comprehensive Annual Financial Report is composed of three main sections – (A) Introductory Section, (B) Financial Section, and (C) the Statistical Section. The Financial Section of this Comprehensive Annual Financial Report consists of four parts: (1) *management's discussion and analysis (this section)*, (2) *the basic financial statements*, (3) *required supplementary information*, and (4) *other supplementary information*, which is an optional section that presents additional information such as *combining and individual fund statements and schedules* for non-major and major governmental funds, internal service funds, fiduciary funds, capital assets, and required compliance information.

CITY OF HARLINGEN, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

This Comprehensive Annual Financial Report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 55 and 56-57) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 58. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending.

Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the City as A Whole

The Statement of Net Position and the Statement of Activities

One of the central concerns in assessing any city's finances is summarized in the question, "Is the City as a whole better or worse off as a result of the year's activities?" Our analysis of the City as a whole begins on page 38. The analysis includes a condensed summary of the government-wide financial statements.

The Statement of Net Position and the Statement of Activities present information about the City that facilitates answering this question. These statements are presented much like private-sector companies, including all assets and liabilities using the *accrual basis of accounting*. All of the current year's revenues and expenses are reported without regard to when cash is received or paid.

These government-wide financial statements report both net position and changes thereto.

The City's net position, which is the difference between assets and liabilities, is one indicator of the City's financial health or financial position. Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating. You need to consider other non-financial factors, such as changes in the City's property tax base and the condition of the City's streets, to assess the overall health of the City.

In the Statement of Net Position and Statement of Activities, we divide the City into three kinds of activities:

- **Governmental activities** – Most of the City's basic services are reported here, including police, fire, public works, public services, and general administration. Property taxes, sales taxes, franchise fees, and state and federal grants finance most of these activities.
- **Business-type activities** – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's golf course, municipal auditorium, museum, and sanitation and landfill operations are reported here.
- **Component units** – The City includes four separate legal entities in its report – the Harlingen Economic Development Corporation, Harlingen Community Improvement Board, Water and Wastewater System, and the Valley International Airport. These are other governmental units over which the City (the City Commission, acting as a group) can exercise influence.

CITY OF HARLINGEN, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Reporting the City's Most Significant Funds

Fund Financial Statements

Our analysis of the City's major funds begins on page 43. The fund financial statements begin on page 58 and provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and others by bond covenants. Some funds are established by the City Commission to assist in managing money that is to be spent for particular purposes. For example, the Community Development Block Grant Fund was established to demonstrate

that the money received from the U.S. Department of Housing and Urban Development was used for purposes established by the federal government. The City's two kinds of funds – governmental and proprietary – use different accounting approaches.

Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for future spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and Statement of Activities) and governmental funds in a reconciliation format at the bottom of the fund financial statements.

The Governmental Accounting Standard Board (GASB) Statement No. 54 – "Fund Balance Reporting and Governmental Fund Type Definitions" provides for a hierarchy of five possible classifications for reporting fund balance as follows.

- **Nonspendable** fund balances are balances that cannot be spent because they are not expected to be converted to cash, or they are legally or contractually required to remain intact.

The spendable fund balances include restricted, committed, assigned and unassigned based upon the hierarchy of spending constraints.

- **Restricted** fund balances are constrained by external parties, constitutional provisions, or enabling legislation.
- **Committed** fund balances contain self-imposed constraints of the government from its highest level of decision making authority (the City Commission).
- **Assigned** fund balances contain self-imposed constraints of the government to be used for a particular purpose (the City Manager has the authority to assign funds for specific purposes).
- **Unassigned** fund balances of the general fund are those that have no constraints for any particular purpose.

CITY OF HARLINGEN, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Proprietary funds – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities – such as the City's Motor Vehicle/Warehouse Fund.

The City as Trustee

Reporting the City's Fiduciary Responsibilities

The City is the trustee, or fiduciary, of the Firemen's Relief and Retirement Fund. This activity is reported in separate Statement of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 66 and 67. These activities are not included with the City's other government-wide financial information since the City cannot use these assets to finance its programs or operations. The City is responsible for ensuring that these funds are used for their intended purpose.

THE CITY AS A WHOLE

The City's combined net position (assets exceeding liabilities) was \$ 116,948,626 as of September 30, 2015. The following tables present the net position (Table I) and general revenues and expenses (Table II) of the City's governmental and business-type activities. The largest portion of the City's net position, \$101,218,621 (86.5%), reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending, and with exception of business type assets, do not generate direct revenue for the City. They do represent, however, an obligation on the part of the City to maintain these assets into the future. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities.

The City's Summary Statement of Net Position is presented in Table 1. For Fiscal Year 2014-15, cost of infrastructure and acquisition of other items with a value of \$5,000 or greater were capitalized.

An additional portion of the City's net position of \$9,982,445 (8.5%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$5,747,560 (4.9%) may be used to meet the government's ongoing obligations to citizens and creditors.

Net position of the City's governmental activities decreased \$758,477 or 0.7%, from \$107,350,648 to \$106,592,201 for FY 2014-15. The net assets of the City's business-type activities decreased 9.94% or \$1,143,686 from \$11,500,111 to \$10,356,425 for FY 2014-15. The decreases to net position are due to acquisitions of capital assets and the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions."

CITY OF HARLINGEN, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Table 1 – Summary Statement of Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
ASSETS						
Current and Other assets	\$ 38,192,925	\$ 38,514,645	\$ 6,185,825	\$ 8,647,406	\$ 44,378,750	\$ 47,162,051
Due from Component units	92,170	89,227	91,251	142,995	183,421	232,222
Internal Balances	13,816	-	(13,816)	(291,988)	-	(291,988)
Net pension asset	945,339	871,561	119,650	110,313	1,064,989	981,874
Capital assets, net						
Non-depreciable assets	11,909,876	13,635,655	1,720,290	707,402	13,630,166	14,343,057
Depreciable assets	125,658,396	125,655,930	4,509,632	4,609,488	130,168,028	130,265,418
Total Capital assets, net	137,568,272	139,291,585	6,229,922	5,316,890	143,798,194	144,608,475
Total assets	176,812,522	178,767,018	12,612,832	13,925,616	189,425,354	192,692,634
DEFERRED OUTFLOWS OF RESOURCES						
Deferred resource outflows of for pension	1,284,175	629,561	162,537	79,683	1,446,712	709,244
TOTAL	\$ 178,096,697	\$ 179,396,579	\$ 12,775,369	\$ 14,005,299	\$ 190,872,066	\$ 193,401,878
LIABILITIES						
Current and other liabilities	\$ 4,790,886	\$ 3,359,605	\$ 310,419	\$ 459,638	\$ 5,101,305	\$ 3,819,243
Non-current liabilities						
Est. Liability for landfill post closure	-	-	1,292,032	1,361,180	1,292,032	1,361,180
Due in one year	2,749,523	3,544,253	29,300	29,300	2,778,823	3,573,553
Due more than one year	63,707,102	51,039,450	754,667	655,070	64,461,769	51,694,520
Total Liabilities	71,247,511	57,943,308	2,386,418	2,505,188	73,633,929	60,448,496
DEFERRED INFLOWS OF RESOURCES						
Deferred resource inflows of for pension	256,985	-	32,526	-	289,511	-
NET POSITION						
Net investment in capital assets	94,988,699	97,835,629	6,229,922	5,316,890	101,218,621	103,152,519
Restricted	9,982,445	9,874,343	-	-	9,982,445	9,874,343
Unrestricted	1,621,057	13,743,299	4,126,503	6,183,221	5,747,560	19,926,520
Total net position	106,592,201	121,453,271	10,356,425	11,500,111	116,948,626	132,953,382
	\$ 178,096,697	\$ 179,396,579	\$ 12,775,369	\$ 14,005,299	\$ 190,872,066	\$ 193,401,878

CITY OF HARLINGEN, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Table 2 – Statement of Activities

	Governmental Activities		Business-Type Activities		Total Primary Government	
	Restated		Restated		Restated	
	2015	2014	2015	2014	2015	2014
REVENUES						
Program revenues:						
Charges for services	\$ 5,747,547	\$ 5,428,651	\$ 10,075,230	\$ 9,977,050	\$ 15,822,777	\$ 15,405,701
Operating grants and contributions	2,106,140	2,563,133	-	10,314	2,106,140	2,573,447
Capital grants and contributions	1,258,973	1,781,492	49,486	39,900	1,308,459	1,821,392
General Revenues:						
Property taxes	17,472,095	17,334,123	-	-	17,472,095	17,334,123
Sales taxes	16,522,227	16,113,160	-	-	16,522,227	16,113,160
Other taxes	4,478,091	4,082,549	-	-	4,478,091	4,082,549
Unrestricted investment earnings	24,939	36,194	2,759	5,269	27,698	41,463
Other	555,397	694,737	11,504	14,098	566,901	708,835
Gain (loss) on sale of assets	(33,986)	(12,121)	490,489	778,731	456,503	766,610
Total revenues	48,131,423	48,021,918	10,629,468	10,825,362	58,760,891	58,847,280
EXPENSES						
Program expenses:						
General government	7,653,403	7,558,018	-	-	7,653,403	7,558,018
Public safety	27,708,973	25,171,328	-	-	27,708,973	25,171,328
Highways and streets	5,403,082	5,310,688	-	-	5,403,082	5,310,688
Health and welfare	3,964,719	4,181,479	-	-	3,964,719	4,181,479
Culture and recreation	4,541,383	4,758,496	-	-	4,541,383	4,758,496
Interest on long-term debt	1,996,255	2,443,285	-	-	1,996,255	2,443,285
Sanitation	-	-	7,347,322	7,747,060	7,347,322	7,747,060
Golf	-	-	1,299,168	1,193,497	1,299,168	1,193,497
Museum	-	-	132,927	111,320	132,927	111,320
Municipal Auditorium	-	-	615,792	674,298	615,792	674,298
Total expenses	51,267,815	49,423,294	9,395,209	9,726,175	60,663,024	59,149,469
Excess (deficiency) before transfers and other financing sources	(3,136,392)	(1,401,376)	1,234,259	1,099,187	(1,902,133)	(302,189)
Other financing sources						
Transfers	2,377,945	794,400	(2,377,945)	(794,400)	-	-
Change in net position	(758,447)	(606,976)	(1,143,686)	304,787	(1,902,133)	(302,189)
Net position, beginning	121,453,271	121,188,677	11,500,111	11,092,430	132,953,382	132,281,107
Prior period adjustment	(14,102,623)	871,570	-	102,894	(14,102,623)	974,464
Net position, beginning, as restated	107,350,648	122,060,247	11,500,111	11,195,324	118,850,759	133,255,571
Net position, ending	\$ 106,592,201	\$ 121,453,271	\$ 10,356,425	\$ 11,500,111	\$ 116,948,626	\$ 132,953,382

Total revenues generated from both governmental and business-type activities this year amounted to \$58,760,891. Total expenses incurred from both governmental and business-type activities this year amounted to \$60,663,024 which resulted in a decrease in net position of 1.6% or \$1,902,133.

CITY OF HARLINGEN, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Governmental Activities

Total revenue generated from governmental activities this year amounted to \$48,131,423. Expenses came in at \$51,267,815, reducing net position by \$3,136,392 before transfers. Transfers of \$2,377,945 from other activities resulted in an all-inclusive decrease to net assets of \$758,447.

The cost of all governmental activities this year was \$51,267,815. However, as shown on the Statement of Activities on page 56 and 57, the amount that our taxpayers ultimately financed for these activities through taxes and other general revenues was \$42,155,155. Expenditures of \$5,747,547 were paid by those who directly benefited from them. \$2,106,140 was paid by operating grants and contributions. \$1,258,973 was paid by capital grants and contributions.

Table 3 presents the cost of each of the City's five largest programs as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

TABLE 3 - GOVERNMENTAL ACTIVITIES

	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
General government	\$ 7,653,403	\$ 7,558,018	\$ 3,616,794	\$ 1,881,750
Public safety	27,708,973	25,171,328	24,888,645	22,806,755
Highway and streets	5,403,082	5,310,688	3,866,490	4,248,162
Health and welfare	3,964,719	4,181,479	3,717,244	3,946,490
Culture and recreation	4,541,383	4,758,496	4,069,727	4,323,576
Interest on long-term debt	1,996,255	2,443,285	1,996,255	2,443,285
	<u>\$51,267,815</u>	<u>\$49,423,294</u>	<u>\$42,155,155</u>	<u>\$ 39,650,018</u>

Business-type Activities

Total revenues generated from business-type activities this year amounted to \$10,579,982. Expenses came in at \$9,395,209, leaving \$1,184,773 as an increase to net assets before transfers and capital contributions. Transfers to other activities totaling \$2,377,945 and grant contributions totaling \$49,486 resulted in an all-inclusive decrease in net assets amounting to \$1,143,686.

More details will be provided about governmental and business-type activities operations later in this discussion and analysis.

THE CITY'S FUNDS

As a result of this year's operations, governmental funds (as reflected in the balance sheet starting on page 58) combined fund balance decreased to \$27,275,584, or \$895,069 less than last year. The General Fund Balance decreased by \$1,239,938.

CITY OF HARLINGEN, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

GOVERNMENTAL FUNDS – A Detailed Discussion

Revenues and Other financing sources (uses)

The following table presents a summary of total governmental funds' revenues and operating transfers-in for the years ended September 30, 2015 and 2014. Following is a detailed analysis of the revenues:

There was a net increase in total revenues (including other financing sources (uses)) of \$430,731 or 0.9%. Property taxes represent 35.4% of total revenues and other financing sources (uses). Property taxes increased by 2.1% or \$365,666. Nonproperty taxes which includes sales, franchise and hotel/motel taxes represents 42.6% of total revenues and other financing sources (uses). Nonproperty taxes increased by \$618,435 or 3.0% over last fiscal year.

Revenues & Other financing sources (uses)	2015	% of Total	2014	Amount of Increase / (Decrease)	Percent of Increase / (Decrease)
Property Taxes	\$ 17,695,979	35.4%	\$ 17,330,313	\$ 365,666	2.1%
Nonproperty taxes	21,299,457	42.6%	20,681,022	618,435	3.0%
Fines and forfeitures	1,780,419	3.6%	1,681,265	99,154	5.9%
Licenses and Permits	502,973	1.0%	564,486	(61,513)	-10.9%
Improvements & Assessments	117,564	0.2%	-	117,564	-
Charges for services	3,244,383	6.5%	2,776,305	468,078	16.9%
Intergovernmental	1,979,491	4.0%	2,674,160	(694,669)	-26.0%
Contributions and donations	2,503,630	5.0%	901,217	1,602,413	177.8%
Miscellaneous	345,891	0.7%	688,813	(342,922)	-49.8%
Interest and investment income	24,941	0.0%	36,271	(11,330)	-31.2%
	49,494,728		47,333,852	2,160,876	
Other financing sources (uses)	555,219	1.1%	2,285,364	(1,730,145)	-75.7%
Total	<u>\$ 50,049,947</u>	100.0%	<u>\$ 49,619,216</u>	<u>\$ 430,731</u>	0.9%

Property and Nonproperty taxes had a total increase of \$984,101 or 2.59% increase over FY 2014. Sales tax account for \$518,313 or 53% of the total increase while property taxes account for \$365,666 or 37% of the total increase.

Ad Valorem (Property) Tax

The total general citywide property tax including collection of current levy, prior years' levy (delinquent), penalty and interest, and payment in lieu of taxes increased \$365,666 or 2.1% from the prior fiscal year.

CITY OF HARLINGEN, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Current Ad Valorem Tax

The collection of current ad valorem tax increased by \$381,442 or 2.3%.

Prior Years (Delinquent) Taxes

Collection of prior year's taxes decreased \$101,278 or 23.9%. A total of \$321,194 was collected in FY 2015 compared to the \$422,472 collected in FY 2014. The outstanding balance of delinquent taxes has also decreased. The average percentage of delinquent taxes outstanding to the total tax levy for the past ten tax years is 9.47%.

Penalty and Interest

Penalty and interest collections decreased \$29,595 or 7.8%. A total of \$349,987 was collected in FY 2015 compared to \$379,582 in FY 2014.

Payment in Lieu of Taxes (PILOT)

Payment in lieu of taxes is collected from industries located in the industrial district which sign a seven year non-annexation agreement with the City, that can be renewed for an additional seven years. During the initial contract, the industry pays a percentage of what the taxes would be if they were annexed. That percentage is 25% for the first two years, 40% for the second two years, 80% for the third two years and 100% for the seventh year. The renewal is for 100% payment but allows the industry to earn a percentage reduction for increases in number of employees and/or assessed value. Collection of the PILOT increased by \$70,945 or 42.3%. A total of \$237,080 was collected in FY 2015 compared to \$166,135 collected in FY 2014.

Collection Rate

The collection rate for FY 2015 taxes is 96.5%. When comparing the collection of current and delinquent tax collections for FY 2015 to the FY 2015 tax levy, the collection rate is 99.57%.

Tax Rate

The total tax rate remained at \$.588827 per \$100 value. This has remained the same for the last six years. The total tax rate is composed of \$0.137926 for the Interest and Sinking Fund (I&S) and \$0.450901 for the Maintenance and Operations (M&O).

Sales Tax 1 ½ cent Reported in the General Fund

Sales tax revenues increased to \$16,631,473 an increase of \$518,313 or 3.2% from prior fiscal year.

Hotel/Motel Occupancy Taxes

Hotel/Motel occupancy taxes increased \$79,561 or 8.4%. Total hotel/motel occupancy taxes of \$1,024,253 were collected in FY 2015 compared to \$944,692 collected in FY 2014.

CITY OF HARLINGEN, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Improvement Assessments

Revenue from improvement assessments funds the Downtown Improvement District. This year the rate remained at 15 cents per \$100 value. Revenues increased from \$22,623 in FY 2014 to \$23,632 in FY 2015.

Fines and Forfeitures

Fines and forfeitures increased by 5.9% or \$99,154 from the previous year. The increase is attributable to the Special Investigation Funds.

Licenses and Permits

Licenses and permits decreased \$61,512 or 10.9% compared to FY 2014. The decrease is attributed to a total decrease of \$57,019 in building, electrical, plumbing and mechanical permits.

Charges for Services

Charges for services had an increase of \$468,078 or 16.9% over last year's total revenue of \$2,776,305. The income increase is attributable to a \$473,273 reimbursement from Sprint for radio equipment.

Intergovernmental

This area decreased by 26.0% or \$694,669. The decrease is attributed mainly to a \$633,511 reduction from prior year in grant reimbursements from the Community Development Block Grant.

Miscellaneous and Program Revenues

Revenues decreased by \$342,922 or 49.8% from the prior year. The decrease is due to a reclassification of special investigation funds to fines and forfeitures.

Interest and Investment Income

This revenue category decreased by \$11,330 or 31.2%, to end FY 2015 at a total of \$24,941 compared to \$36,271 from FY 2014. Interest and investment income revenue has been declining since FY 2008 due to the decrease of interest rates.

Other Financing Sources (uses)

The net amount of other financing sources (uses) from FY 2015 was \$1,730,145 less than the amount reported in FY 2014. The net decrease is attributable to refunding bond proceeds received in FY 2014 and no refunding bond proceeds received in FY 2015.

CITY OF HARLINGEN, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Expenditures

The following table presents a summary of governmental funds' expenditures for the years ended September 30, 2015 and 2014.

Expenditures	2015	% of Total	2014	Amount of Increase / (Decrease)	Percent of Increase / (Decrease)
General Government	\$ 6,659,647	13.1%	\$ 6,552,556	\$ 107,091	1.6%
Public Safety	22,951,582	45.1%	21,804,128	1,147,454	5.3%
Highways and Streets	4,708,242	9.2%	4,602,102	106,140	2.3%
Health and Welfare	3,455,335	6.8%	3,621,978	(166,643)	-4.6%
Cultural and Recreation	3,959,009	7.8%	4,064,968	(105,959)	-2.6%
Capital Outlay	4,881,877	9.6%	5,683,692	(801,815)	-14.1%
Debt Service:					
Principal	2,507,800	4.9%	2,302,113	205,687	8.9%
Interest and Fiscal Charges	1,821,524	3.6%	1,872,583	(51,059)	-2.7%
Total	<u>\$ 50,945,016</u>		<u>\$ 50,504,120</u>	<u>\$ 440,896</u>	0.9%

General Government

General government expenditures increased modestly by 1.6% or 107,091.

Public Safety

Expenditures for public safety increased by 5.3% or \$1,147,454. The increase is attributed to the cost of living adjustments to Police and Fire salaries & benefits.

Highways and Streets

Highways and street expenditures increased slightly by 2.3% or \$106,140.

Health and Welfare

Expenditures decreased 4.6% or \$166,643.

Cultural and Recreational

Cultural and recreational expenditures decreased 2.6% or \$105,959.

CITY OF HARLINGEN, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Capital Outlay

Expenditures for capital outlay decreased 14.1% or \$801,815. The decrease is partly due to a decline in major projects.

Debt Service

Total debt service expenditures increased by \$154,628 or 3.7%. Principal payments on the City's debt obligation increased \$205,687 while interest and fiscal charges decreased by \$247,826.

FUND BALANCE

Combined fund balance for all of the governmental funds decreased \$895,069 from \$28,170,653 to \$27,275,584. Fund balances by fund type are discussed below.

General Fund

The revenues and other financing sources (uses) totaled \$41,392,847 while expenditures and other financing uses totaled \$42,632,785. The net effect is a decrease in the general fund balance of \$1,239,938. The fund balance as of September 30, 2015 is \$15,943,698.

Special Revenue Funds

The combined fund balance of the nonmajor special revenue funds increased from \$4,375,020 to \$5,212,488 or by \$837,468. This is the result of actual revenues for various special revenue funds exceeding budgeted expenditures.

Debt Service Fund

The Debt Service fund balance is \$1,033,665 which is an increase of \$24,666 from prior year. The fund balance represents 25% of the general obligation and certificate of obligation's debt service requirements for the next fiscal year. Additional detailed information concerning long-term debt activity is reported in the relevant disclosures in the notes to the financial statements.

Capital Projects Funds

Combined fund balance of the capital projects funds decreased by \$594,097. The Capital Project fund balance decrease is a result of ongoing projects funded from Certificate of Obligations. No new debt was issued in FY 2015.

CITY OF HARLINGEN, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

PROPRIETARY FUNDS – A Detailed Discussion

Enterprise Funds

The City's enterprise operations consist of the Sanitation Fund, Municipal Golf Course Fund, Municipal Auditorium, and the Harlingen Arts and Heritage Museum Fund.

Sanitation Fund

Operating revenues increased by \$30,553 or .38% over the prior year. Operating expenses increased by \$364,005 or 5.2% over the prior year. Net decrease in net position for the year was \$952,830, which includes transfers out and capital contributions of \$2,543,115.

Municipal Golf Course Fund

Operating revenues decreased by \$27,768 or 2.8% over the prior year. Operating expenses increased by \$98,211 or 8.2% over the prior year. The net loss for the year was \$405,494 which includes transfers out of \$64,830.

Municipal Auditorium Fund

Operating revenues increased by \$93,691 or 62.3% over the prior year. Operating expenses decreased by \$58,506 or 8.7% over the prior year. The net income for the year was \$223,533 which includes capital contributions and transfers in of \$165,540.

Harlingen Arts and Heritage Museum Fund

Operating revenues increased by \$1,703 or 53.5% over the prior year. Operating expenses increased by \$21,607 or 19.4% over the prior year. Net loss for the year was \$8,895 which includes capital contributions and transfers in of \$113,946.

Internal Service Funds

The City's two internal service funds are the Motor Vehicle/Warehouse Fund and Health Insurance Fund.

Motor Vehicle/Warehouse Fund

Operating revenues decreased by \$493,391 or 12.3% over the prior year. Operating expenses decreased by \$366,745 or 8.1% over the prior year. The net decrease in net position for the year was \$96,384 which includes \$556,418 of capital contributions received and \$30,460 transfer out.

CITY OF HARLINGEN, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Health Insurance Fund

The Health Insurance Fund is used to accumulate all payments from the various departments for medical/health insurance premiums, payment from retirees for health insurance premiums, and cafeteria plan deductions from employee's paychecks for payment to the insurance company and plan administrator. Operating revenues increased by \$306,248 or 8% and operating expenses increased by \$325,152 or 8.4%. The net income for the year is \$7,272 which includes a net transfer amount of \$56,884. For the most part, increases or decreases to the revenues and expenditures are directly proportionate to the number of employees in the health plan.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, the City has \$143,798,194 in capital assets.

CAPITAL ASSETS NET OF DEPRECIATION

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Land	\$ 6,677,882	\$ 5,348,106	\$ 467,083	\$ 467,083	\$ 7,144,965	\$ 5,815,189
Construction in progress	5,231,994	8,287,549	1,253,207	240,319	6,485,201	8,527,868
Building	24,389,208	23,881,066	2,238,107	2,144,159	26,627,315	26,025,225
Improvements other than building	13,107,625	13,924,591	1,252,855	1,445,643	14,360,480	15,370,234
Machinery and equipment	12,240,464	12,958,844	1,018,670	1,019,685	13,259,134	13,978,529
Infrastructure	75,921,099	74,891,427	-	-	75,921,099	74,891,427
Total	\$ 137,568,272	\$ 139,291,583	\$ 6,229,922	\$ 5,316,889	\$ 143,798,194	\$ 144,608,472

For more detailed information on capital asset activity, refer to Note E of financial statements beginning on page 90.

Debt

At the end of the fiscal year, the City had \$42,085,000 in bonds and certificates of obligation outstanding, as shown on the following table.

OUTSTANDING DEBT AT YEAR END

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
General Obligation debt (backed by City)	\$ 16,390,000	\$ 17,995,000	\$ -	\$ -	\$ 16,390,000	\$ 17,995,000
Certificates of Obligation	25,695,000	26,455,000	-	-	25,695,000	26,455,000
	\$ 42,085,000	\$ 44,450,000	\$ -	\$ -	\$ 42,085,000	\$ 44,450,000

CITY OF HARLINGEN, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Fitch Ratings has reviewed and assigned an AA- rating to the general obligation debt and certificates of obligation debt on their view of the City's historically strong financial position coupled with strong reserve levels.

For more detailed information on long-term debt activity, refer to the notes to financial statements beginning on page 96.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

During the budget process for fiscal year 2015-16 the Mayor, City Commissioners and staff considered many factors. These factors are drivers and/or indicators of economic growth and recession, job growth and unemployment rate, projected annexation areas, expected increases in City services, new housing growth, new commercial construction, retail sales growth and inflation. A large consideration was the opening of the Bass Pro Shops facility in November 2011, which is expected to increase sales and property taxes as well as spur up new commercial development around the area. As a result of the many discussions and budget workshops, the tax rate remained the same at 0.588827. Within the governmental funds, revenues were budgeted with a decrease of 4.2% or \$1,741,129, and expenditures were decreased by 6.0% or \$2,586,046.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to inform the citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show accountability for the money it received. If you have any questions about the report or need additional information, contact the Finance Director's Office at the City of Harlingen, 118 East Tyler, Harlingen, Texas 78550.

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BASIC FINANCIAL STATEMENTS

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City of Harlingen, Texas
STATEMENT OF NET POSITION
September 30, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 28,507,580	\$ 2,823,160	\$ 31,330,740	\$ 17,863,194
Investments	4,169,326	3,222,934	7,392,260	6,511,466
Receivables, net	4,454,496	111,320	4,565,816	3,314,265
Inventories	135,077	28,411	163,488	357,230
Due from component units	92,170	91,251	183,421	-
Internal balances	13,816	(13,816)	-	-
Prepaid items and deposits	7,587	-	7,587	242,735
Restricted assets:				
Temporarily restricted				
Cash and cash equivalents	-	-	-	14,177,216
Investments	-	-	-	1,000,000
Net pension asset	945,339	119,650	1,064,989	2,028,677
Loans receivable	918,859	-	918,859	979,499
Redevelopment properties	-	-	-	566,759
Capital assets, net				
Non-depreciable assets	11,909,876	1,720,290	13,630,166	22,519,472
Depreciable assets	125,658,396	4,509,632	130,168,028	145,692,738
TOTAL ASSETS	176,812,522	12,612,832	189,425,354	215,253,251
DEFERRED OUTFLOWS OF RESOURCES				
Deferred resource outflows for pensions	1,284,175	162,537	1,446,712	365,738
Deferred charge on refunding	-	-	-	403,009
	<u>1,284,175</u>	<u>162,537</u>	<u>1,446,712</u>	<u>768,747</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 178,096,697	\$ 12,775,369	\$ 190,872,066	\$ 216,021,998
LIABILITIES				
Accounts payable	\$ 1,107,564	\$ 229,156	\$ 1,336,720	\$ 1,377,872
Accrued expenses	753,667	74,751	828,418	9,728
Accrued interest	1,401,356	-	1,401,356	845,134
Due to primary government	-	-	-	183,421
Other liabilities	608,624	6,512	615,136	493,577
Unearned revenue	489,026	-	489,026	345,238
Escrow liabilities	430,649	-	430,649	-
Payable from restricted assets	-	-	-	1,980,446
Non - current liabilities				
Estimated liability for landfill postclosure, due in more than one year	-	1,292,032	1,292,032	-
Due in one year	2,749,523	29,300	2,778,823	1,963,956
Due in more than one year	<u>63,707,102</u>	<u>754,667</u>	<u>64,461,769</u>	<u>62,555,330</u>
TOTAL LIABILITIES	71,247,511	2,386,418	73,633,929	69,754,702
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources from pensions	<u>256,985</u>	<u>32,526</u>	<u>289,511</u>	<u>151,010</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	256,985	32,526	289,511	151,010
NET POSITION				
Net investment in capital assets	94,988,699	6,229,922	101,218,621	120,176,123
Restricted	9,982,445	-	9,982,445	3,413,163
Unrestricted	<u>1,621,057</u>	<u>4,126,503</u>	<u>5,747,560</u>	<u>22,527,000</u>
	<u>106,592,201</u>	<u>10,356,425</u>	<u>116,948,626</u>	<u>146,116,286</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 178,096,697	\$ 12,775,369	\$ 190,872,066	\$ 216,021,998

The notes of the financial statements are an integral part of this statement.

City of Harlingen, Texas
STATEMENT OF ACTIVITIES
For the fiscal year ended September 30, 2015

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and Contributions	Grants and Contributions
Functions/Programs				
Governmental activities:				
General government	\$ 7,653,403	\$ 3,124,245	\$ 905,910	\$ 6,454
Public safety	27,708,973	2,169,309	651,019	-
Highways and streets	5,403,082	-	284,073	1,252,519
Health and welfare	3,964,719	11,155	236,320	-
Culture and recreation	4,541,383	442,838	28,818	-
Interest on long term debt	1,996,255	-	-	-
Total governmental activities	<u>51,267,815</u>	<u>5,747,547</u>	<u>2,106,140</u>	<u>1,258,973</u>
Business-type activities:				
Sanitation services	7,347,322	8,878,911	-	-
Golf course services	1,299,168	954,741	-	-
Auditorium services	615,792	236,971	-	35,540
Museum services	132,927	4,607	-	13,946
Total business-type activities	<u>9,395,209</u>	<u>10,075,230</u>	<u>-</u>	<u>49,486</u>
Total primary government	<u>\$ 60,663,024</u>	<u>\$ 15,822,777</u>	<u>\$ 2,106,140</u>	<u>\$ 1,308,459</u>
Component Units				
Economic development services	\$ 4,460,682	\$ -	\$ 176,916	\$ -
Community improvement services	182,317	-	-	-
Water and sewer services	19,889,654	18,032,746	-	497,912
Airport services	11,006,437	6,104,110	-	2,673,968
Total component units	<u>\$ 35,539,090</u>	<u>\$ 24,136,856</u>	<u>\$ 176,916</u>	<u>\$ 3,171,880</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Sales taxes

Franchise taxes

Hotel motel taxes

Assessments

Unrestricted investment earnings

Miscellaneous

Gain (loss) on sale of assets

Transfers

Total general revenues

Change in net position

Net position--beginning

Prior period adjustment

Net position--beginning, as restated

Net position--ending

The notes of the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (3,616,794)	\$ -	\$ (3,616,794)	\$ -
(24,888,645)	-	(24,888,645)	-
(3,866,490)	-	(3,866,490)	-
(3,717,244)	-	(3,717,244)	-
(4,069,727)	-	(4,069,727)	-
(1,996,255)	-	(1,996,255)	-
(42,155,155)	-	(42,155,155)	-
-	1,531,589	1,531,589	-
-	(344,427)	(344,427)	-
-	(343,281)	(343,281)	-
-	(114,374)	(114,374)	-
-	729,507	729,507	-
(42,155,155)	729,507	(41,425,648)	-
			\$ (4,283,766)
			(182,317)
			(1,358,996)
			(2,228,359)
			(8,053,438)
13,527,759	-	13,527,759	-
3,944,336	-	3,944,336	-
16,522,227	-	16,522,227	5,598,447
3,143,126	-	3,143,126	-
1,024,253	-	1,024,253	-
310,712	-	310,712	-
24,939	2,759	27,698	69,839
555,397	11,504	566,901	1,296,338
(33,986)	490,489	456,503	104,000
2,377,945	(2,377,945)	-	-
41,396,708	(1,873,193)	39,523,515	7,068,624
(758,447)	(1,143,686)	(1,902,133)	(984,814)
119,952,148	11,310,118	131,262,266	144,719,142
(12,601,500)	189,993	(12,411,507)	2,381,958
107,350,648	11,500,111	118,850,759	147,101,100
\$ 106,592,201	\$ 10,356,425	\$ 116,948,626	\$ 146,116,286

City of Harlingen, Texas
GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2015

	General Fund	Community Development Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 11,828,126	\$ 255,752	\$ 11,703,293	\$ 23,787,171
Investments	4,169,326	-	-	4,169,326
Receivables (net of allowance for uncollectibles)				
Taxes	946,484	-	340,307	1,286,791
Accounts	1,347,866	6,422	297,037	1,651,325
Assessments	-	12,817	37,041	49,858
Due from other governments	1,197,754	-	241,676	1,439,430
Due from other funds	494,268	-	322,138	816,406
Due from component units	68,154	-	23,940	92,094
Loans receivable	17,272	901,587	-	918,859
Prepaid items	5,238	624	920	6,782
TOTAL ASSETS	<u>\$ 20,074,488</u>	<u>\$ 1,177,202</u>	<u>\$ 12,966,352</u>	<u>\$ 34,218,042</u>
LIABILITIES				
Accounts payable	\$ 966,461	\$ 2,294	\$ 104,884	\$ 1,073,639
Accrued expenditures	664,825	4,958	75,782	745,565
Other liabilities	591,992	16,632	-	608,624
Due to other funds	322,138	100,000	355,452	777,590
Unearned revenue	489,026	-	-	489,026
Escrow liabilities	-	-	430,649	430,649
TOTAL LIABILITIES	3,034,442	123,884	966,767	4,125,093
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	880,923	-	289,186	1,170,109
Unavailable revenue - payments in lieu of taxes	149,856	-	-	149,856
Unavailable revenue - special assessments	36,000	12,815	37,041	85,856
Unavailable revenue - noncurrent receivables	-	776,657	315,340	1,091,997
Unavailable revenue - other	29,569	124,930	165,048	319,547
TOTAL DEFERRED INFLOWS OF RESOURCES	1,096,348	914,402	806,615	2,817,365
FUND BALANCES				
Nonspendable	5,238	624	-	5,862
Restricted	-	138,292	9,910,387	10,048,679
Committed	-	-	1,419,799	1,419,799
Unassigned	15,938,460	-	(137,216)	15,801,244
TOTAL FUND BALANCES	<u>15,943,698</u>	<u>138,916</u>	<u>11,192,970</u>	<u>27,275,584</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 20,074,488</u>	<u>\$ 1,177,202</u>	<u>\$ 12,966,352</u>	<u>\$ 34,218,042</u>

The notes of the financial statements are an integral part of this statement.

City of Harlingen, Texas
**Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Position**
September 30, 2015

	<u>Governmental Activities</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Fund balances -- total governmental funds	\$ 27,275,584
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. This is the amount of governmental assets \$284,824,975, net of accumulated depreciation totaling \$(153,832,095). Not included in this amount are internal service funds assets of \$6,575,391.	130,992,880
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.	1,647,260
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.	1,170,109
Internal service funds are used by management to charge the cost of certain activities. The assets and liabilities of certain internal service funds are included in the governmental activities in the statement of net position.	11,334,882
Bond premiums and discounts are expensed during the period incurred in the funds, but are amortized as an adjustment to interest expense in the statement of activities over the remaining life of the debt.	(134,830)
Long-term liabilities applicable to the City'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 and include internal service fund liabilities of \$84,517. The internal service long-term liabilities are not a reconciling item.	(66,231,299)
Included in the noncurrent asset is the recognition of the City's net pension asset required by GASB Statement No. 68 in the amount of \$929,256, a deferred resource inflow in the amount of \$(252,614), an a deferred resource outflow in the amount of \$1,262,329. This resulted in an increase in net position by \$1,938,971.	1,938,971
Interest on long-term debt payable is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(1,401,356)</u>
Net position of governmental activities	<u><u>\$ 106,592,201</u></u>

The notes of the financial statements are an integral part of this statement.

City of Harlingen, Texas
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
For the fiscal year ended September 30, 2015

	General Fund	Community Development Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property taxes - including penalty and interest	\$ 13,682,198	\$ -	\$ 4,013,781	\$ 17,695,979
Nonproperty taxes	19,897,893	-	1,401,564	21,299,457
Fines and forfeitures	1,672,287	-	108,132	1,780,419
Licenses and permits	502,973	-	-	502,973
Improvements and assessments	-	-	117,564	117,564
Charges for services	3,034,139	-	210,244	3,244,383
Intergovernmental	689,624	736,631	553,236	1,979,491
Contributions and donations	2,503,630	-	-	2,503,630
Miscellaneous	155,673	153,415	36,803	345,891
Interest and investment income	14,062	6,680	4,199	24,941
Total revenues	42,152,479	896,726	6,445,523	49,494,728
Expenditures				
Current				
General government	5,748,778	104,907	805,962	6,659,647
Public safety	22,621,457	-	330,125	22,951,582
Highways and streets	3,258,044	-	1,450,198	4,708,242
Health and welfare	2,972,646	463,034	19,655	3,455,335
Culture and recreation	3,759,030	-	199,979	3,959,009
Capital outlay	3,933,263	251,953	696,661	4,881,877
Debt service				
Principal	142,800	-	2,365,000	2,507,800
Interest	196,767	-	1,624,757	1,821,524
Total expenditures	42,632,785	819,894	7,492,337	50,945,016
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(480,306)	76,832	(1,046,814)	(1,450,288)
Other financing sources (uses)				
Transfers in	1,300,742	-	2,481,603	3,782,345
Transfers (out)	(2,116,548)	-	(1,170,034)	(3,286,582)
Refunding Bond Proceeds	-	-	3,282	3,282
Proceeds from capital lease	47,250	-	-	47,250
Payment to refunded bond escrow agent	8,924	-	-	8,924
Total other financing sources (uses)	(759,632)	-	1,314,851	555,219
NET CHANGE IN FUND BALANCES	(1,239,938)	76,832	268,037	(895,069)
Fund balance, beginning of year	17,183,636	62,084	10,924,933	28,170,653
Fund balance, end of year	\$ 15,943,698	\$ 138,916	\$ 11,192,970	\$ 27,275,584

The notes to the financial statements are an integral part of this statement.

City of Harlingen, Texas
**Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Governmental Funds
to the Statement of Activities**
For the fiscal year ended September 30, 2015

	<u>Governmental Activities</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances -- total governmental funds	\$ (895,069)
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. This is the amount by which depreciation (\$6,275,338) exceeded capital outlay \$4,881,877 in the current period.	(1,435,837)
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	186,498
Property tax revenues in the statement of activities do not provide current financial resources and are not reported as revenues in the funds.	(223,885)
Internal service funds are used by management to charge the cost of certain activities. The net revenue (loss) of the internal service funds is reported with governmental activities.	(89,112)
Repayment of bond and notes payable principal is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement of net position.	2,447,133
Proceeds from a capital lease are reported as financing sources in governmental funds and thus contribute to the change in fund balances. In the government-wide statements, however, financing a capital lease increases long-term liabilities in the statement of net position and does not affect the statement of activities.	(43,536)
Capital lease principal payments are an expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement of net position.	136,253
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Interest expense in the statement of activities differs from the amount reported in governmental funds because the change in accrued interest \$2,759 was calculated for long term debt. Also, any changes in compensated absences \$(527,571), change in the Firemen's Relief and Retirement Fund net pension liability totaling \$1,359,749 and the change in the City OPEB \$233,919 payable during the year are reported as an increase or decrease to expenses in the statement of activities but not in the governmental funds.	(1,066,097)
The change in accrued interest on long-term debt such as notes payable provides current financial resources to governmental funds, but accrued interest increases long-term liabilities in the statement of net assets.	(238,184)
The implementation of GASB Statement No. 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/14 caused the change in the ending net position to increase in the amount of \$573,905. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decreased in the change in net position totaling \$(618,847). The City's reported TMRS net pension expense had to be recorded. The net pension expense increased the change in net position by \$508,331. The result of these changes is to increase the change in net position by \$463,389.	463,389
Change in net position of governmental activities:	<u>\$ (758,447)</u>

The notes of the financial statements are an integral part of this statement.

City of Harlingen, Texas
PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
September 30, 2015

	Business-type Activities					Governmental Activities
	Sanitation Fund	Municipal Golf Course Fund	Municipal Auditorium Fund	Harlingen Arts and Heritage Museum Fund	Total	Internal Service Funds
ASSETS						
Current assets						
Cash and cash equivalents	\$ 2,587,491	\$ -	\$ 198,716	\$ 36,953	\$ 2,823,160	\$ 4,720,409
Investments	3,111,694	3,582	1,003	106,655	3,222,934	-
Accounts receivables (net of allowances for uncollectibles)	102,659	3,906	4,746	9	111,320	27,092
Inventories	-	28,411	-	-	28,411	135,077
Due from component units	91,251	-	-	-	91,251	76
Prepaid items	-	-	-	-	-	805
Total current assets	5,893,095	35,899	204,465	143,617	6,277,076	4,883,459
Non current assets						
Net pension asset	83,654	29,029	6,967	-	119,650	16,081
Capital assets						
Land	417,587	49,496	-	-	467,083	-
Construction in progress	1,253,207	-	-	-	1,253,207	-
Plant and equipment	2,382,612	4,117,398	4,776,824	215,613	11,492,447	20,302,023
Accumulated depreciation	(1,054,493)	(3,025,275)	(2,778,688)	(124,359)	(6,982,815)	(13,726,632)
Total capital assets (net of accumulated depreciation)	2,998,913	1,141,619	1,998,136	91,254	6,229,922	6,575,391
Total non current assets	3,082,567	1,170,648	2,005,103	91,254	6,349,572	6,591,472
Total assets	8,975,662	1,206,547	2,209,568	234,871	12,626,648	11,474,931
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources for pensions	113,639	39,434	9,464	-	162,537	21,845
TOTAL ASSET AND DEFERRED OUTFLOWS OF RESOURCES	\$ 9,089,301	\$ 1,245,981	\$ 2,219,032	\$ 234,871	\$ 12,789,185	\$ 11,496,776

The notes of the financial statements are an integral part of this statement.

City of Harlingen, Texas
PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION - CONTINUED
September 30, 2015

	Business-type Activities					Governmental Activities
	Sanitation	Municipal	Municipal	Harlingen Arts and Heritage		Internal
	Fund	Golf Course	Auditorium	Museum	Total	Service
		Fund	Fund	Fund		Funds
LIABILITIES						
Current liabilities						
Accounts payable	\$ 163,096	\$ 31,305	\$ 20,972	\$ 13,783	\$ 229,156	\$ 33,925
Due to other funds	-	13,816	-	-	13,816	25,000
Compensated absences	6,300	2,000	-	-	8,300	48,495
Accrued expenses	50,246	15,780	7,243	1,482	74,751	8,102
Unearned revenue	-	-	6,512	-	6,512	-
Estimated liability for landfill postclosure costs, current portion	21,000	-	-	-	21,000	-
Total current liabilities	240,642	62,901	34,727	15,265	353,535	115,522
Long-term liabilities						
Compensated absences	231,312	58,076	19,071	3,912	312,371	-
Net other post employment benefit obligation	291,268	129,452	5,394	16,182	442,296	42,000
Estimated liability for landfill postclosure costs	1,292,032	-	-	-	1,292,032	-
Total long term liabilities	1,814,612	187,528	24,465	20,094	2,046,699	42,000
TOTAL LIABILITIES	2,055,254	250,429	59,192	35,359	2,400,234	157,522
DEFERRED OUTFLOWS OF RESOURCES						
Deferred resource outflows for pensions	22,741	7,891	1,894	-	32,526	4,372
NET POSITION						
Net investment in capital assets	2,998,913	1,141,619	1,998,136	91,254	6,229,922	6,575,391
Unrestricted	4,012,393	(153,958)	159,810	108,258	4,126,503	4,759,491
Total net position	7,011,306	987,661	2,157,946	199,512	10,356,425	11,334,882
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 9,089,301</u>	<u>\$ 1,245,981</u>	<u>\$ 2,219,032</u>	<u>\$ 234,871</u>	<u>\$ 12,789,185</u>	<u>\$ 11,496,776</u>

The notes of the financial statements are an integral part of this statement.

City of Harlingen, Texas
PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the fiscal year ended September 30, 2015

	Business-type Activities					Governmental Activities
	Sanitation Fund	Municipal Golf Course Fund	Municipal Auditorium Fund	Harlingen Arts and Heritage Museum Fund	Totals	Internal Service Funds
Operating revenues						
Charges for services						
Current use charges	\$ 8,871,623	\$ -	\$ 7,011	\$ 277	\$ 8,878,911	\$ 7,656,793
Golf course fees and charges	-	954,741	-	-	954,741	-
Rental income	-	-	236,971	-	236,971	-
Admissions	-	-	-	4,607	4,607	-
Total operating revenues	8,871,623	954,741	243,982	4,884	10,075,230	7,656,793
Operating expenses						
Personnel services	2,310,533	721,280	83,754	69,574	3,185,141	367,854
Contracted services	1,501,297	169,974	185,576	37,206	1,894,053	4,252,472
Materials and supplies	185,191	205,023	15,441	4,154	409,809	1,795,663
Other expenses	3,115,772	58,646	46,521	9,255	3,230,194	66,878
Depreciation and amortization	234,529	144,245	284,500	12,738	676,012	1,861,692
Total operating expense	7,347,322	1,299,168	615,792	132,927	9,395,209	8,344,559
Operating income (loss)	1,524,301	(344,427)	(371,810)	(128,043)	680,021	(687,766)
Nonoperating revenues (expenses)						
Interest revenue	2,616	61	19	63	2,759	1,568
Gain (loss) on sale/disposal of capital assets	27,332	2,619	427,970	-	457,921	14,244
Insurance recovery	32,568	-	-	-	32,568	-
Miscellaneous revenue	3,468	1,083	1,814	5,139	11,504	-
Total nonoperating revenues (expenses)	65,984	3,763	429,803	5,202	504,752	15,812
Income (loss) before operating transfers	1,590,285	(340,664)	57,993	(122,841)	1,184,773	(671,954)
Transfers and capital contributions						
Transfers in	22,449	-	130,000	100,000	252,449	81,000
Transfers (out)	(2,565,564)	(64,830)	-	-	(2,630,394)	(54,576)
Capital contributions	-	-	35,540	13,946	49,486	556,418
Total transfers and capital contributions	(2,543,115)	(64,830)	165,540	113,946	(2,328,459)	582,842
NET INCOME (LOSS)	(952,830)	(405,494)	223,533	(8,895)	(1,143,686)	(89,112)
Net position, beginning of year	7,831,303	1,347,052	1,923,356	208,407	11,310,118	11,398,459
Prior period adjustment	132,833	46,103	11,057	-	189,993	25,535
Total net position, beginning of year, as restated	7,964,136	1,393,155	1,934,413	208,407	11,500,111	11,423,994
Net position, end of year	\$ 7,011,306	\$ 987,661	\$ 2,157,946	\$ 199,512	\$ 10,356,425	\$ 11,334,882

The notes of the financial statements are an integral part of this statement.

City of Harlingen, Texas
PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the fiscal year ended September 30, 2015

	Business-type Activities					Governmental Activities
	Sanitation Fund	Municipal Golf Course Fund	Municipal Auditorium Fund	Harlingen Arts and Heritage Museum Fund	Totals	Internal Service Funds
Cash flows from operating activities						
Receipts from customers	\$ 10,746,816	\$ 956,745	\$ 250,411	\$ 18,830	\$ 11,972,802	\$ 7,665,455
Payments to suppliers	(5,058,276)	(409,597)	(555,813)	(66,176)	(6,089,862)	(6,980,171)
Payments to employees	(2,296,372)	(699,910)	(91,599)	(57,328)	(3,145,209)	(357,488)
Net cash provided (used) by operations	3,392,168	(152,762)	(397,001)	(104,674)	2,737,731	327,796
Cash flows from (to) noncapital financing activities						
Insurance settlement	-	-	427,970	-	427,970	-
Transfers (to) other funds	(2,565,564)	(64,830)	-	-	(2,630,394)	(54,576)
Transfers from other funds	22,449	-	130,000	100,000	252,449	81,000
Net cash provided (used) by noncapital financing activities	(2,543,115)	(64,830)	557,970	100,000	(1,949,975)	26,424
Cash flows from capital and related financing activities						
Insurance proceeds from capital asset disposal	32,568	-	-	-	32,568	-
Proceeds from sales of capital assets	27,332	2,619	-	-	29,951	14,244
Purchase of capital assets	(1,596,520)	-	35,540	(650)	(1,561,630)	(115,843)
Net cash provided (used) by capital and related financing activities	(1,536,620)	2,619	35,540	(650)	(1,499,111)	(101,599)
Cash flows from investing activities						
Purchase of investments	-	99,951	-	-	99,951	-
Interest received	1,007	61	1,811	7	2,886	1,568
Net cash provided (used) by investing activities	1,007	100,012	1,811	7	102,837	1,568
Net increase (decrease) in cash and cash equivalents	(686,560)	(114,961)	198,320	(5,317)	(608,518)	254,189
Cash and cash equivalents, beginning of year	3,274,051	114,961	396	42,270	3,431,678	4,466,220
Cash and cash equivalents, end of year	<u>\$ 2,587,491</u>	<u>\$ -</u>	<u>\$ 198,716</u>	<u>\$ 36,953</u>	<u>\$ 2,823,160</u>	<u>\$ 4,720,409</u>
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	\$ 1,524,301	\$ (344,427)	\$ (371,810)	\$ (128,043)	\$ 680,021	\$ (687,766)
Adjustments to reconcile net income from operations to net cash from operating activities						
Depreciation and amortization	234,529	144,245	284,500	12,738	676,012	959,737
Loss on capital asset disposition	27,332	-	-	-	27,332	-
Bad debt write-offs	-	-	-	-	-	5,750
Other revenue received	38,887	1,083	-	-	39,970	-
(Increase) decrease in receivables	1,750,832	921	917	-	1,752,670	2,911
(Increase) decrease in prepaid items	1,917	-	-	-	1,917	-
(Increase) decrease in due from component units	51,744	-	-	-	51,744	-
(Increase) decrease in due from other funds	-	-	-	-	-	(76)
(Increase) decrease in inventories	-	193	-	-	193	43,036
(Increase) decrease in net pension asset	(6,528)	(2,265)	(544)	-	(9,337)	(1,255)
(Increase) decrease in deferred outflows of resources	(57,928)	(20,101)	(4,825)	-	(82,854)	(11,136)
Increase (decrease) in accounts payable	(191,445)	7,390	(21,837)	(16)	(205,908)	(6,163)
Increase (decrease) in due to other funds	-	13,816	(291,988)	-	(278,172)	-
Increase (decrease) in accrued expenses	9,058	2,647	5,550	(1,599)	15,656	390
Increase (decrease) net other post employment benefit obligations	15,453	37,514	(4,821)	11,074	59,220	17,996
Increase (decrease) in compensated absences	40,423	(1,669)	451	1,172	40,377	-
Increase (decrease) in unearned revenues	-	-	5,512	-	5,512	-
Increase (decrease) in deferred inflows of resources	22,741	7,891	1,894	-	32,526	4,372
Increase (decrease) in estimated liability for landfill closure and post closure costs	(69,148)	-	-	-	(69,148)	-
Total adjustments	1,867,867	191,665	(25,191)	23,369	2,057,710	1,015,562
Net cash provided (used) by operations	<u>\$ 3,392,168</u>	<u>\$ (152,762)</u>	<u>\$ (397,001)</u>	<u>\$ (104,674)</u>	<u>\$ 2,737,731</u>	<u>\$ 327,796</u>
Supplemental disclosure of noncash activities:						
Contributed capital from other funds	\$ -	\$ -	\$ 35,540	\$ -	\$ 35,540	\$ 556,418

The notes of the financial statements are an integral part of this statement.

City of Harlingen, Texas
HARLINGEN FIREMEN'S RELIEF AND RETIREMENT FUND
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2015

	Pension Trust fund
	<u>Firemen's Relief and Retirement</u>
ASSETS	
Cash and cash equivalents	\$ 24,818
Investments, at fair value:	
Money market funds	456,156
Mutual funds - equity	13,739,970
Mutual funds - fixed income	7,131,733
Mutual funds - specialty	<u>5,567,492</u>
 TOTAL ASSETS	 <u><u>\$ 26,920,169</u></u>
LIABILITIES	
Accounts payable	<u>\$ 14,752</u>
 TOTAL LIABILITIES	 14,752
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	<u>26,905,417</u>
 TOTAL LIABILITIES AND NET POSITION HELD IN TRUST FOR PENSION BENEFITS	 <u><u>\$ 26,920,169</u></u>

The notes of the financial statements are an integral part of this statement.

City of Harlingen, Texas
HARLINGEN FIREMEN'S RELIEF AND RETIREMENT FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the fiscal year ended September 30, 2015

	<u>Pension Trust Fund</u>
INVESTMENT INCOME	
Net appreciation (loss) in fair value of investments	\$ (2,136,130)
Interest	<u>1,182,432</u>
Total investment income (loss)	(933,698)
Less investment expense	<u>(179,531)</u>
Net investment income (loss)	<u>(1,133,229)</u>
 CONTRIBUTIONS	
Employer	797,081
Plan member	<u>796,541</u>
Total contributions	1,593,622
 TOTAL ADDITIONS	 460,393
 DEDUCTIONS	
Benefits	1,795,000
Refunds of contributions	690,838
Administrative expense	<u>28,962</u>
 TOTAL DEDUCTIONS	 <u>2,514,800</u>
 NET CHANGE IN PLAN NET POSITION	 (2,054,407)
 Net position held in trust for pension benefits	
Beginning of year	<u>28,959,824</u>
End of year	<u><u>\$ 26,905,417</u></u>

The notes of the financial statements are an integral part of this statement.

City of Harlingen, Texas
COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
September 30, 2015

	Harlingen Economic Development Corporation	Harlingen Community Improvement Board	Harlingen Waterworks System	Valley International Airport	Total
ASSETS					
Current assets					
Cash and cash equivalents	\$ 3,549,349	\$ 3,998,193	\$ 7,286,971	\$ 3,028,681	\$ 17,863,194
Investments	-	-	6,012,588	498,878	6,511,466
Receivables (net of allowances for uncollectible)					
Accounts	120,452	-	2,018,639	644,100	2,783,191
Grants	308,303	-	119,238	-	427,541
Interest	-	-	765	-	765
Long-term loans receivable	-				
Due from other governments	-	102,768	-	-	102,768
Prepaid items	14,102	-	7,500	221,133	242,735
Inventories	-	-	357,230	-	357,230
Restricted assets:					
Cash and cash equivalents	-	-	14,177,216	-	14,177,216
Investments	-	-	1,000,000	-	1,000,000
Total current assets	3,992,206	4,100,961	30,980,147	4,392,792	43,466,106
Noncurrent Assets					
Net pension asset	-	-	1,953,444	75,233	2,028,677
Capital assets					
Non-depreciable assets	4,187,758	-	11,610,102	6,721,612	22,519,472
Depreciable assets	36,698,766	-	162,598,874	152,027,293	351,324,933
Accumulated depreciation	<u>(4,407,380)</u>	<u>-</u>	<u>(106,672,632)</u>	<u>(94,552,183)</u>	<u>(205,632,195)</u>
Total capital assets, net	36,479,144	-	67,536,344	64,196,722	168,212,210
Long-term loans receivable	576,416	-	-	-	576,416
Long-term receivable from primary government	403,083	-	-	-	403,083
Redevelopment properties	<u>256,725</u>	<u>310,034</u>	<u>-</u>	<u>-</u>	<u>566,759</u>
	<u>1,236,224</u>	<u>310,034</u>	<u>-</u>	<u>-</u>	<u>1,546,258</u>
TOTAL ASSETS	<u>41,707,574</u>	<u>4,410,995</u>	<u>100,469,935</u>	<u>68,664,747</u>	<u>215,253,251</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	-	-	403,009	-	403,009
Deferred outflows of resources for pensions	<u>-</u>	<u>-</u>	<u>271,954</u>	<u>93,784</u>	<u>365,738</u>
TOTAL DEFERRED OUT FLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>674,963</u>	<u>93,784</u>	<u>768,747</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 41,707,574</u>	<u>\$ 4,410,995</u>	<u>\$101,144,898</u>	<u>\$ 68,758,531</u>	<u>\$ 216,021,998</u>

The notes of the financial statements are an integral part of this statement.

City of Harlingen, Texas
COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION - CONTINUED
September 30, 2015

	Harlingen Economic Development Corporation	Harlingen Community Improvement Board	Harlingen Waterworks System	Valley International Airport	Total
LIABILITIES					
Current liabilities					
Accounts payable	\$ 75,806	\$ 466	\$ 607,521	\$ 694,079	\$ 1,377,872
Other liabilities	-	-	493,577	-	493,577
Accrued expenses	9,728	-	-	-	9,728
Accrued interest	845,134	-	-	-	845,134
Unearned revenues	-	-	-	345,238	345,238
Compensated absences - current	-	-	505,956	-	505,956
Due to primary government	10,000	-	173,421	-	183,421
Payable from restricted assets - current	-	-	380,446	-	380,446
Current portion of non-current liabilities	<u>1,113,000</u>	<u>-</u>	<u>320,000</u>	<u>25,000</u>	<u>1,458,000</u>
Total current liabilities	2,053,668	466	2,480,921	1,064,317	5,599,372
Non-current liabilities					
Notes and capital leases payable	-	-	-	-	-
Bonds and certificates of obligation payable	31,813,754	-	25,373,261	-	57,187,015
Compensated absences	-	-	200,000	254,322	454,322
Unearned revenues	-	-	-	1,508,852	1,508,852
Payable from restricted assets	-	-	1,600,000	-	1,600,000
Net other post employment obligation	<u>-</u>	<u>-</u>	<u>3,205,507</u>	<u>199,634</u>	<u>3,405,141</u>
Total long-term debt	<u>31,813,754</u>	<u>-</u>	<u>30,378,768</u>	<u>1,962,808</u>	<u>64,155,330</u>
 TOTAL LIABILITIES	 33,867,422	 466	 32,859,689	 3,027,125	 69,754,702
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources from pensions	-	-	130,558	20,452	151,010
NET POSITION					
Net investment in capital assets	3,595,804	-	54,124,539	62,455,780	120,176,123
Nonspendable	-				
Restricted for:					
Debt service	-	-	678,524	-	678,524
System expansion	-	-	2,734,639	-	2,734,639
Passenger facility charges	-	-	-	-	-
Unrestricted	<u>4,244,348</u>	<u>4,410,529</u>	<u>10,616,949</u>	<u>3,255,174</u>	<u>22,527,000</u>
Total net position	<u>7,840,152</u>	<u>4,410,529</u>	<u>68,154,651</u>	<u>65,710,954</u>	<u>146,116,286</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	 <u>\$ 41,707,574</u>	 <u>\$ 4,410,995</u>	 <u>\$ 101,144,898</u>	 <u>\$ 68,758,531</u>	 <u>\$ 216,021,998</u>

City of Harlingen, Texas
COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the fiscal year ended September 30, 2015

		Program Revenues		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Harlingen Economic Development Corporation				
Economic development services	\$ 4,460,682	\$ -	\$ 176,916	\$ -
Total Harlingen Economic Development Corporation	<u>4,460,682</u>	<u>-</u>	<u>176,916</u>	<u>-</u>
Harlingen Community Improvement Board				
Community improvement services	<u>182,317</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Harlingen Community Improvement Board	<u>182,317</u>	<u>-</u>	<u>-</u>	<u>-</u>
Harlingen Waterworks System				
Water and sewer services	<u>19,889,654</u>	<u>18,032,746</u>	<u>-</u>	<u>497,912</u>
Total Harlingen Waterworks System	<u>19,889,654</u>	<u>18,032,746</u>	<u>-</u>	<u>497,912</u>
Valley International Airport				
Airport services	<u>11,006,437</u>	<u>6,104,110</u>	<u>-</u>	<u>2,673,968</u>
Total Valley International Airport	<u>11,006,437</u>	<u>6,104,110</u>	<u>-</u>	<u>2,673,968</u>
Total component units	<u>\$ 35,539,090</u>	<u>\$ 24,136,856</u>	<u>\$ 176,916</u>	<u>\$ 3,171,880</u>

General revenues:

- Nonproperty taxes
- Unrestricted investment earnings
- Miscellaneous revenue
- Gain on sale of asset
- Total general revenues and special item
- Change in net position
- Net position--beginning
- Prior period adjustment
- Net assets--beginning, as restated
- Net position--ending

The notes of the financial statements are an integral part of this statement.

Governmental Activities		Business-type Activities		
Harlingen Economic Development Corporation	Harlingen Community Improvement Board	Harlingen Waterworks System	Valley International Airport	Total
\$ (4,283,766)				\$ (4,283,766)
(4,283,766)				(4,283,766)
	(182,317)			(182,317)
	(182,317)			(182,317)
		(1,358,996)		(1,358,996)
		(1,358,996)		(1,358,996)
			(2,228,359)	(2,228,359)
			(2,228,359)	(2,228,359)
				(8,053,438)
4,212,491	1,385,956	-	-	5,598,447
6,584	592	54,636	8,027	69,839
608,937	-	683,260	4,141	1,296,338
104,000	-	-	-	104,000
4,932,012	1,386,548	737,896	12,168	7,068,624
648,246	1,204,231	(621,100)	(2,216,191)	(984,814)
4,809,948	3,206,298	68,775,751	67,927,145	144,719,142
2,381,958	-	-	-	2,381,958
7,191,906	3,206,298	68,775,751	67,927,145	147,101,100
\$ 7,840,152	\$ 4,410,529	\$ 68,154,651	\$ 65,710,954	\$ 146,116,286

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NOTES TO THE FINANCIAL STATEMENTS

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City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Harlingen, Texas (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

1. *Reporting Entity*

The City of Harlingen, Texas (the City) was incorporated on April 15, 1910, under the provisions of the laws for the State of Texas. The City operates under a City Commission - Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. Other services include utilities (water and wastewater) and airport operations.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Harlingen and its component units, entities for which the City is considered to be financially accountable. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Discretely presented component units - The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City. Discretely presented component units include the following:

City of Harlingen Waterworks System (the System) - As provided by Charter of the City of Harlingen, the Utility Board of Trustees is appointed by the City Commission. The Board of Trustees function as the decision/policy-making body for all activities related to this component unit. Rates for user charges, annual budgets, and bond issuance authorizations are approved by the City Commission.

Valley International Airport (the Airport) - As provided by Charter for the City of Harlingen, the Harlingen Airport Board is appointed by the City Commission. The Board functions as the decision/policy-making body for all activities related to this component unit. Annual budgets and bond issuance authorizations are approved by the City Commission.

Harlingen Economic Development Corporation, Inc. - This component unit is a separately chartered nonprofit 4A corporation. The fund administers the special 75% of the special ½ cent sales tax monies to foster economic development within the City. The Board of Directors is appointed by the City Commission and functions as the decision/policy-making body for all activities related to this component unit subject to prior Commission approval of disbursements in excess of \$25,000.

Harlingen Community Improvement Board – This component unit is a separately chartered nonprofit 4B corporation. The fund administers 25% of the special ½ cent sales tax monies to foster economic development within the City. The Board of Directors are appointed by the City Commission and functions as the decision/policy-making body for all activities related to this component unit subject to prior Commission approval of disbursements in excess of \$25,000.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Membership

The Board of Directors shall consist of seven (7) Directors appointed by the City Commission of the City of Harlingen, for staggered two (2) year terms of office. Not more than four (4) Directors shall be persons who are employees, officers or members of the City Commission. If a Director shall cease to be a City employee, officer, member of the City Commission, such event shall constitute an automatic resignation as a Director and such vacancy shall be filled in the same manner as for other vacancies of the Board of Directors.

Each Director must reside within the City of Harlingen, consistent with Section 4B(c) of the Act, as amended, and if such residency ceases it shall be deemed a resignation. Directors shall serve without compensation, except that the Directors shall be reimbursed for their actual expenses incurred in the performance of their duties as Directors. Any vacancy occurring on the Board of Directors through death, resignation or otherwise shall be filled by appointment by the City Commission, and the appointee shall hold office until the expiration of the relinquished term.

Complete financial statements of the individual component units can be obtained directly from their administrative offices.

City of Harlingen Waterworks System
134 East Van Buren
Harlingen, Texas 78550

Harlingen Economic Development Corporation
2424 Boxwood Street, Suite 125
Harlingen, Texas 78550

Valley International Airport
Airport Terminal Building
Harlingen, Texas 78550

Harlingen Community Improvement Board
118 East Tyler
Harlingen, Texas 78550

2. Government-wide Financial Statements

The government-wide financial statements consist of the statement of net position and the statement of activities. These statements report information on all of the non-fiduciary activities of the primary government and its component unit. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities reflects the extent to which direct expenses of each function are offset by program revenues. *Direct expenses* are those that are attributable to a specific function and are clearly identifiable. *Program revenues* include charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a specific function as well as grants and contributions that are restricted to meeting the operational or capital requirements of a specific function. Taxes and other items not appropriately included with program revenues are shown as *general revenues*.

In addition to and apart from the government-wide financial statements, fund financial statements are presented for governmental funds, proprietary funds and fiduciary funds. In each of these financial statements, major funds are presented in separate columns.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category; governmental funds, proprietary funds, and fiduciary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following two major governmental funds:

The *general fund* is the primary operating fund. It accounts for all of the financial resources of the general government, except those required to be accounted for in another fund.

The *Community Development Fund*, a *special revenue fund* is used to account for the annual Entitlement grant (CDBG) from the U. S. Department of Housing and Urban Development. Special revenue funds are used to account for the proceeds of specific revenue sources, other than for major capital projects, that are legally restricted to expenditure for specified purposes.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of capital assets (capital project funds), and the servicing of general long-term debt (debt service funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

The City reports the following major proprietary funds:

The ***Sanitation Fund*** is used to account for the operations of the City's solid waste collections and public landfill operations within the City limits.

The ***Municipal Golf Course Fund*** is used to account for the operation of the City's Municipal Golf Course.

The ***Municipal Auditorium Fund*** is set up to account for the utilization of the City's auditorium and the Casa de Amistad facility for economic gain as well as the encouragement of the arts.

The ***Harlingen Arts and Heritage Museum Fund*** is used to account for the operation of the City's museum.

In addition, the City reports the following major internal service funds:

The ***Motor Vehicle/Warehouse Fund***, an internal service fund is used to account for the monies received in servicing motorized vehicles and other equipment required for various departments of the City together with those related costs associated with the maintenance and repair of such vehicles and equipment.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The **Health Insurance Fund**, an internal service fund is used to account for the monies received in providing medical insurance to the City's employees and families through a medical benefit program of a commercial carrier.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). All of the City's Proprietary Funds are considered major funds.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses typically are the result from activities specific to a particular proprietary fund's operations. Operating revenues include charges for services. Operating expenses include costs of services as well as materials, contracts, personnel and depreciation. All other revenues and expenses are reported as non-operating revenues and expenses.

Additionally, the City reports the following fund type:

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, or a private purpose trust is used. The City is the trustee, or fiduciary, of the Firemen's Relief and Retirement Fund.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

3. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3. Measurement Focus and Basis of Accounting - Continued

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or as soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The fiduciary fund utilizes the accrual basis of accounting for reporting its assets and liabilities

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow 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 (expense/expenditure) until then.

The City reports deferred inflows of resources on its combined balance sheet. Deferred inflows of resources arise when a potential revenue is *unavailable*. 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. Governmental funds also report unavailable revenues also arise from special assessments, which are deferred and recognized as an inflow of resources in the period that the amounts become available.

4. Assets, Liabilities, Deferred Outflows/Inflows of resources, and Net Position/Fund Balance

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include all demand deposits and short-term investments (inclusive of restricted assets) with maturity dates within ninety days of the date initially acquired.

b. Short-Term Interfund Receivables and Payables/Internal Balances

Short-term lending/borrowing between funds that result in amounts outstanding at the end of the fiscal year are referred to as “due to/from other funds”. “Due to/from other funds” represent the current portion of interfund loans. With respect to the government-wide financial statements, any residual balances outstanding between the governmental activities and business-type activities are reported as “internal balances.”

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

c. Loans to Other Funds

Noncurrent portions of long-term interfund loan receivables are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

d. Inventories

Inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method and consists of expendable supplies, fuel and vehicle repair parts. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

e. Prepaid Items

Expenditures made to third party vendors for goods and services that will benefit periods beyond September 30, 2015 are recorded as prepaid items, in both governmental and fund financial statements.

f. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position, because their use is limited by applicable bond covenants or City ordinance. Funds restricted include amounts set aside to subsidize potential deficiencies from the enterprise funds' operations that could adversely affect debt service payments, amounts set aside from the proceeds of revenue bond issuances that are required for payment of construction, amounts set aside for debt service payments over the succeeding twelve months, amounts set aside for unexpected contingencies or to fund asset replacements, amounts set aside from customers' deposits, as well as a capital facilities users fee established by ordinance of the City of Harlingen.

g. Redevelopment Properties

Governments usually acquire redevelopment property to attract private-sector investment in an economically depressed area. The Harlingen Economic Development Corp., Inc. and the Harlingen Community Improvement Board undertake and fund various capital projects, which will benefit the City. These capital projects, once completed they are conveyed to the City and become part of the City's capital assets or they are sold. During the construction phase, these assets are considered redevelopment assets of the EDC or the HCIB.

h. Capital Assets

Capital assets, which includes property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are reflected at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Gains or losses on dispositions of capital assets are included in income within the proprietary fund financial statements and in the governmental activities and business-type activities columns of the government-wide financial statements. In the governmental fund financial statements only the proceeds from the disposition are reported.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Within the proprietary funds, interest cost, less interest earned on investments acquired with proceeds of related borrowing, is capitalized during the construction of capital projects when material.

Depreciation of capital assets used by proprietary funds, including those acquired by contributed capital, is charged as an expense against their operations in the fund financial statements as well as the government-wide financial statements. Depreciation of capital assets used by funds categorized as governmental activities is not provided in the fund financial statements, however, is included in the gross expense by function in the government-wide Statement of Activities. Capital assets, net of accumulated depreciation, are reported on proprietary fund balance sheets and in both the governmental activities and business-type activities column of the government-wide statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Site improvements	7 - 50 years
Buildings	15 - 50 years
Furniture, equipment and vehicles	2 - 15 years
Infrastructure	15 - 50 years

i. Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental/business-type activities or the specific proprietary fund to which each relates, as applicable. Bond premiums and discounts, as well as bond insurance costs on issuance, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Premiums received on debt issuances are reported as other financing sources and discounts are reported as other financing uses. Issuance costs, whether or not withheld from debt proceeds, are reported as debt service expenditures.

j. Compensated Absences

Accumulated unpaid compensated absences are accrued when incurred in proprietary funds. The liability for governmental funds is recorded only in the governmental activities column of the government-wide financial statements. The expense is recognized in the governmental fund financial statements when paid or expected to be paid with current financial resources. Compensated absences are reported in governmental funds only if they have matured.

k. Pensions

In June 2012, the GASB issued Statement No. 68, *"Accounting and Financial Reporting for Pensions"*. This statement will improve financial reporting of public employee pensions by state and local governments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The City has implemented GASB No. 68 in this annual report. Pension information is disclosed in Note W and the impact on beginning net position recognized as a prior period adjustment is disclosed in Note BB.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

In November 2013, the GASB issued Statement No. 71, “*Pension Transition for Contributions Made Subsequent to the Measurement Date*”. This statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The City has implemented GASB No. 71 in this annual report. Pension information related to this Statement is disclosed in Note W.

For purposes of measuring the net pension asset, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City’s Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City’s Total Pension Asset is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

1. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes 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 (expense/expenditure) until then. The City reports the following items in this category:

- Deferred charges on refundings – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represent 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 City reports the following items in this category:

- Unavailable revenues which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category and are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from five sources: property taxes, payments in lieu of taxes, special assessments, noncurrent receivables and other. These amounts are recognized as an inflow of resources in the period that the amounts become available.
- The difference in expected and actual pension experience is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

m. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (for example, restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

n. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

o. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Commission is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Commission has, by resolution, authorized the City Manager to assign fund balance. The City Commission may also assign fund balance as it does when appropriating fund balances to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

p. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

q. Comparative Data

Comparative total data for the prior year have been presented in the individual fund financial statements included in the Other Supplementary Information Section.

r. Prior Year Reclassification

The financial statements for the fiscal year ended September 30, 2014, have been reclassified to conform with the presentation of the statements for the fiscal year ended September 30, 2015.

s. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except for the capital projects funds which adopt project - length budgets. Formal budgetary integration is employed as a management control device during the year for the General, Debt Service, Community Development Block Grant, Tennis Court Revenue, Hotel/Motel Occupancy Tax, Convention/Visitors Bureau, M.P.O., Catastrophic Emergency Relief, Harlingen Downtown, FreeTrade Bridge, Communication Center, COPS/UHP, Red Light Enforcement and Infrastructure as well as for all enterprise and internal service funds. These budgets, except for Community Development Block Grant Fund, are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

Unused appropriations for all of the above annually budgeted funds lapse at the end of each year. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Budgetary data for Capital Project Funds are budgeted over the life of the respective project and not on an annual basis. Therefore, this data is not presented in the accompanying combined financial statements.

Budgets for the Community Development Block Grant Fund are legally adopted on a program (entitlement) basis rather than on an annual basis. The budgets reflected on the statement of revenues, expenditures and changes in fund balance represent the current fiscal year's program budget plus any remaining unexpended prior year's program budgets. Unexpended appropriations do not lapse at the end of the fiscal year for these funds.

The City Commission approves, by ordinance, total budget appropriations by fund only. The City Manager is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter total appropriations must be approved by the City Commission. Therefore, the legal level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been extended to a functional basis (General Government, Public Safety, etc.)

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

On or before the end of May of each year, all agencies of the City submit requests for appropriation to the City Manager so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Before October 1, the proposed budget is presented to the City Commission for review. The City Commission holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City Manager or the revenue estimates must be changed by an affirmative vote of a majority of the City Commission.

Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, several supplementary appropriations were necessary.

2. Deficit Fund Equity

A deficit balance in fund balance occurred in the following fund for the year ended September 30, 2015 and by the indicated amounts. The deficit will be reimbursed by another fund.

Communication Center	<u>\$137,216</u>
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NOTE C – DEPOSITS AND INVESTMENTS

It is the City's policy for deposits plus accrued interest thereon to be 102% secured by collateral valued at fair value, less the amount of the Federal Deposit Insurance Corporation insurance. At September 30, 2015, the City's deposits were entirely covered by federal deposit insurance or were secured by collateral held by the City's agent in the City's name pursuant to the City's investment policy and its depository agreement. During the year, the City was not always collateralized a 102% during the year.

Investments

Investments at fair value, including accrued interest, as of September 30, 2015 are as follows:

	<u>Investment Maturities (in years)</u>	
	<u>Fair Value</u>	<u>1 or less</u>
Primary Government		
TexPool	\$10,973,116	\$10,973,116
Certificates of deposits	<u>4,169,326</u>	<u>4,169,326</u>
	<u>\$15,142,442</u>	<u>\$15,142,442</u>
 Component Units		
TexStar	\$12,467,017	\$12,467,017
TexPool	1,285,775	1,285,775
Certificates of deposits	<u>7,511,466</u>	<u>7,511,466</u>
	<u>\$21,264,258</u>	<u>\$21,264,258</u>

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE C – DEPOSITS AND INVESTMENTS - Continued

A reconciliation of cash and investments follows:

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Cash and cash equivalents	\$20,757,398	\$ 2,823,160	\$23,580,558	\$18,287,618
TexStar	-	-	-	12,467,017
TexPool	<u>7,750,182</u>	<u>3,222,934</u>	<u>10,973,116</u>	<u>1,285,775</u>
	28,507,580	6,046,094	34,553,674	32,040,410
 Certificates of deposit	 <u>4,169,326</u>	 <u>-</u>	 <u>4,169,326</u>	 <u>7,511,466</u>
	<u>\$32,676,906</u>	<u>\$ 6,046,094</u>	<u>\$38,723,000</u>	<u>\$39,551,876</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The investment policy states that in no case shall the average maturity of investments of the City's operating funds exceed one year. The maximum final stated maturity of any single investment shall not exceed five years.

Primary Government

<u>Maturity</u>	<u>Security Description</u>	<u>Maturity Date</u>	<u>Book Value</u>	<u>Fair Value</u>	<u>% of Bond Holding</u>	<u>Rate</u>
<u>0-3 months</u>						
Investment pool	TexPool		\$10,973,116	\$10,973,116	72.47%	
<u>3-6 months</u>						
Certificates of deposit	Lone Star National Bank	2/25/15	2,088,361	2,088,361	13.79%	0.30%
<u>9-12 months</u>						
Certificates of Deposit	Lone Star National Bank	8/25/14	<u>2,080,965</u>	<u>2,080,965</u>	13.74%	0.45%
			<u>\$15,142,442</u>	<u>\$15,142,442</u>		

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE C – DEPOSITS AND INVESTMENTS - Continued

Components Units

<u>Maturity</u>	<u>Security Description</u>	<u>Maturity Date</u>	<u>Book Value</u>	<u>Fair Value</u>	<u>% of Bond Holding</u>	<u>Rate</u>
Pools	TexStar		\$12,467,017	\$12,467,017		
	TexPool		<u>1,285,775</u>	<u>1,285,775</u>		
			13,752,792	13,752,792	64.68%	
<u>9-12 Months</u>						
Certificates of Deposit	CD 2546713R9	8/6/16	248,437	248,437		0.55%
	CD 28167	3/7/16	250,441	250,441		0.80
	CD 232728	2/20/16	2,003,026	2,003,026		0.29
	CD 231514	3/17/16	1,001,314	1,001,314		0.29
	CD 8070616	1/28/16	246,071	246,071		0.65
	CD 1017500674	1/28/16	758,292	758,292		0.65
	CD 1017827231	5/05/16	2,002,676	2,002,676		0.40
	CD 1017990868	6/23/16	<u>1,001,209</u>	<u>1,001,209</u>		0.45
			<u>7,511,466</u>	<u>7,511,466</u>	35.32%	
			<u>\$21,264,258</u>	<u>\$21,264,258</u>		

Credit Risk

As of September 30, 2015, the investments in the State's investment pool was rated AAAm by Standard and Poor's.

The City's investment policy limits authorized investments to certain Texas government investments pools, certain government money market mutual funds, and repurchase agreements.

Concentration of Credit Risk

The certificate of deposits holdings at September 30, 2015 represents 50% of the total portfolio and TexPool represents 50%. The investment policy is silent in the concentration of holding in the various types of securities and investments.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE C – DEPOSITS AND INVESTMENTS – Continued

Harlingen Firemen's Relief and Retirement Fund Investments

The Firemen's Relief and Retirement Fund Investments are recorded at fair value as of September 30, 2015. The composition of these investments is as follows:

	<u>Fair Value</u>
Mutual funds - equities	
Domestic	\$10,319,220
International	3,420,750
Mutual funds - fixed income	
Domestic	6,321,830
International	809,903
Mutual funds – specialty	5,567,492
Cash and equivalents	<u>456,156</u>
	<u>\$26,895,351</u>

Because of the complexity of the portfolio, the Firemen's Board of Trustees relies on its consultant to provide the necessary guidance to accomplish the Plan's objective. The Board also understands that return objectives can be achieved while assuming market volatility. The Board is willing to forgo potential return in strong markets in return for protection against a severe decline during weak periods.

Interest Rate Risk

The investment policy does not address interest rate risk.

Credit Risk

The total fixed income investment of \$7,131,733 is subject to interest rate risk. Of this total, \$2,842,521 is in high yield bonds which are rated BB. The remaining amount of \$4,289,212 is in investment grade bonds rated AAA. The Firemen's investment policy has established that the fixed income portfolio must have an average credit quality of A or higher. The Firemen's Fund investment policy establishes the allowable investment types and grades of the fund.

Concentration of Credit Risk

The Firemen's investment policy establishes a minimum and maximum percentage allocation for each classification of investments. Fixed income investments should be in between 20% and 60% of the total portfolio, while equity investments should be between 40% and 80% of the total portfolio. Cash equivalents should be between zero and 10% of the total portfolio.

Custodial Credit Risk

By nature of their investment type, the corporate bonds and equity investments are exposed to risk. The rest of the portfolio, cash and cash equivalents is in a nominal bank's trust account and collateralized by FDIC and pledged securities.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE D - RECEIVABLES

Receivables at September 30, 2015 consist of the following:

	Governmental Fund					Governmental Activities Total
	General Fund	Community Development Fund	Other Governmental Funds	Total	Internal Service Funds	
Taxes	\$1,101,633	\$ -	\$ 376,063	\$1,477,696	\$ -	\$1,477,696
Accounts	1,347,866	6,422	297,037	1,651,325	27,092	1,678,417
Assessments	-	12,817	37,041	49,858	-	49,858
Due from other governments	1,197,754	-	241,676	1,439,430	-	1,439,430
Due from other funds	494,268	-	322,138	816,406	-	816,406
Due from component unit	68,154	-	23,940	92,094	-	92,094
Gross receivables	4,209,675	19,239	1,297,895	5,526,809	27,092	5,553,901
Allowance for uncollectibles	(155,149)	-	(35,756)	(190,905)	-	(190,905)
Net receivables	<u>\$4,054,526</u>	<u>\$ 19,239</u>	<u>\$1,262,139</u>	<u>\$ 5,335,904</u>	<u>\$ 27,092</u>	<u>\$5,362,996</u>

Receivables at September 30, 2015, consist of the following:

	Business-type Activities				Total
	Sanitation	Municipal Golf Course	Municipal Auditorium	Harlingen Arts and Heritage Museum	
Accounts	\$141,427	\$ 3,906	\$ 4,746	\$ 9	\$150,088
Allowance for uncollectibles	(38,768)	-	-	-	(38,768)
Net receivables	<u>\$102,659</u>	<u>\$ 3,906</u>	<u>\$ 4,746</u>	<u>\$ 9</u>	<u>\$111,320</u>

	Component Units				Total
	Harlingen Economic Development Corporation	Harlingen Community Improvement Board	Harlingen Waterworks System	Valley International Airport	
Accounts	\$120,452	\$ -	\$2,236,639	\$418,406	\$2,775,497
Grants	308,303	-	119,238	225,695	653,236
Interest	-	-	764	-	764
Due from other governments	-	102,768	-	-	102,768
Gross receivables	428,755	102,768	2,356,641	644,101	3,532,265
Allowance for uncollectibles	-	-	(218,000)	-	(218,000)
Net receivables	<u>\$428,755</u>	<u>\$102,768</u>	<u>\$2,138,641</u>	<u>\$644,101</u>	<u>\$3,314,265</u>

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE D – RECEIVABLES - Continued

1. *Property Taxes*

Property tax revenues are recognized when they become available in the fund statements. Available includes those property tax receivables expected to be collected within sixty days after year end.

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are levied as of October 1. The county appraisal district certifies the tax roll by July 25th. This tax roll is used by the City to adopt a tax rate by September 1st or soon thereafter. The tax bills are mailed on October 1 or soon thereafter and are due and payable upon receipt. The billings become delinquent as of February 1 of the following calendar year and penalties and interest may be assessed by the City.

Taxes receivable in the general and debt service funds include uncollected tax levies since 1945. All real property taxes receivable less than twenty years old are considered collectible. All personal property taxes receivable less than ten years old are considered collectible. All revenues were deferred at the time the levies were recorded. The Texas Legislature enacted a provision during the 1992 legislative session which requires all liens attached to properties because of delinquent taxes to be removed after twenty years. Also, liens attached to personal property for delinquent taxes are required to be removed after ten years. This legislation became effective August 27, 1992.

Current and delinquent property taxes are collected by the Harlingen Tax Office which is operated independently of the City of Harlingen.

NOTE E - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015 is as follows:

Governmental Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers/ Reclassifications</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:					
Land	\$ 5,348,105	\$1,329,777	\$ -	\$ -	\$ 6,677,882
Construction in progress	<u>8,287,550</u>	<u>579,895</u>	<u>-</u>	<u>(3,635,451)</u>	<u>5,231,994</u>
	13,635,655	1,909,672	-	(3,635,451)	11,909,876
Capital assets, being depreciated:					
Buildings	30,601,116	1,263,663	-	-	31,864,779
Improvements	21,737,283	199,467	(482,561)	183,670	21,637,859
Machinery and equipment	33,085,247	1,821,720	(1,737,540)	-	33,169,427
Infrastructure	<u>201,831,298</u>	<u>1,261,981</u>	<u>-</u>	<u>3,451,781</u>	<u>206,545,060</u>
	287,254,944	4,546,831	(2,220,101)	3,635,451	293,217,125
Less accumulated depreciation for:					
Buildings	(6,720,050)	(755,521)	-	-	(7,475,571)
Improvements	(7,812,693)	(1,200,102)	482,561	-	(8,530,234)
Machinery and equipment	(20,126,406)	(2,497,187)	1,694,630	-	(20,928,963)
Infrastructure	<u>(126,939,870)</u>	<u>(3,684,217)</u>	<u>-</u>	<u>126</u>	<u>(130,623,961)</u>
Total accumulated depreciation	<u>(161,599,019)</u>	<u>(8,137,027)</u>	<u>2,177,191</u>	<u>126</u>	<u>(167,558,729)</u>
Total capital assets, being depreciated, net	<u>125,655,925</u>	<u>(3,590,196)</u>	<u>(42,910)</u>	<u>3,635,577</u>	<u>125,658,396</u>
Governmental activities, capital assets, net	<u>\$139,291,580</u>	<u>\$(1,680,524)</u>	<u>\$(42,910)</u>	<u>\$ 126</u>	<u>\$137,568,272</u>

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE E - CAPITAL ASSETS - Continued

Depreciation was charged to government functions as follows:

General Government	\$1,269,868
Public Safety	4,493,725
Highways and Streets	921,466
Health and Welfare	676,162
Culture and Recreation	<u>775,806</u>
Total depreciation - governmental activities	<u>\$8,137,027</u>

In addition, depreciation on capital assets held by the City's internal service fund are charged to the various functions based on their usage of the assets.

Capital asset activity for the year ended September 30, 2015 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers/ Reclassification</u>	<u>Ending Balance</u>
<i>Business-type Activities</i>					
Capital assets, not being depreciated:					
Land	\$ 467,083	\$ -	\$ -	\$ -	\$ 467,083
Construction in progress	<u>240,319</u>	<u>1,233,488</u>	<u>-</u>	<u>(220,600)</u>	<u>1,253,207</u>
Total capital assets, not being depreciated	707,402	1,233,488	-	(220,600)	1,720,290
Capital assets, being depreciated:					
Buildings	4,146,668	-	-	220,600	4,367,268
Improvements	4,409,369	9,550	-	-	4,418,919
Equipment	<u>2,366,653</u>	<u>372,873</u>	<u>(33,266)</u>	<u>-</u>	<u>2,706,260</u>
	10,922,690	382,423	(33,266)	220,600	11,492,447
Less accumulated depreciation for:					
Buildings	(2,002,508)	(126,653)	-	-	(2,129,161)
Improvements	(2,963,726)	(202,338)	-	-	(3,166,064)
Equipment	<u>(1,346,968)</u>	<u>(347,021)</u>	<u>6,399</u>	<u>-</u>	<u>(1,687,590)</u>
Total accumulated depreciation	<u>(6,313,202)</u>	<u>(676,012)</u>	<u>6,399</u>	<u>-</u>	<u>(6,982,815)</u>
Total capital assets, being depreciated, net	<u>4,609,488</u>	<u>(293,589)</u>	<u>(26,867)</u>	<u>220,600</u>	<u>4,509,632</u>
Business type activities capital assets, net	<u>\$ 5,316,890</u>	<u>\$ 939,899</u>	<u>\$ (26,867)</u>	<u>\$ -</u>	<u>\$ 6,229,922</u>

Depreciation was charged to business type activity functions as follows:

Municipal Auditorium	\$284,500
Sanitation	234,529
Harlingen Arts Museum	12,738
Golf Course	<u>144,245</u>
Total depreciation - business-type activities	<u>\$676,012</u>

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE E - CAPITAL ASSETS – Continued

Capital asset activity for the Economic Development Corporation for the year ended September 30, 2015, is as follows:

	Balance at October 1, 2014	Additions	Deletions	Balance at September 30, 2015
Depreciable capital assets				
Land	\$ 4,187,758	\$ -	\$ -	\$ 4,187,758
Building	31,902,903	-	-	31,902,903
Improvements	<u>4,795,863</u>	<u>-</u>	<u>-</u>	<u>4,795,863</u>
	36,698,766	-	-	36,698,766
Accumulated depreciation				
Building	(2,392,718)	(797,572)	-	(3,190,290)
Improvements	<u>(897,366)</u>	<u>(319,724)</u>	<u>-</u>	<u>(1,217,090)</u>
	(3,290,084)	(1,117,296)	-	(4,407,380)
Total capital assets, being depreciated, net	<u>33,408,682</u>	<u>(1,117,296)</u>	<u>-</u>	<u>32,291,386</u>
Total capital assets	<u>\$37,596,440</u>	<u>\$ (1,117,296)</u>	<u>\$ -</u>	<u>\$36,479,144</u>

Depreciation expense for the year ended September 30, 2015 totaled \$1,117,296.

Capital asset activity for Valley International Airport for the year ended September 30, 2015, is as follows:

	Beginning Balance 10/01/2014	Additions	Retirements	Transfers/ Reclassification	Ending Balance 9/30/2015
Capital assets, not being depreciated					
Construction in progress	\$ 218,328	\$5,353,192	\$ -	\$(3,860,989)	\$ 1,710,531
Land	<u>5,011,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,011,081</u>
Total capital assets, not being depreciated	5,229,408	5,353,192	-	(3,860,989)	6,721,612
Other capital assets					
Buildings	38,474,750	91,993	-	-	38,566,743
Runways and taxiways	66,613,814	4,008	-	468,864	67,086,686
Land improvements	23,266,130	-	-	123,693	23,389,823
Furniture and fixtures	3,108,597	-	-	-	3,108,597
Machinery and equipment	<u>16,466,244</u>	<u>174,562</u>	<u>(33,794)</u>	<u>3,268,432</u>	<u>19,875,444</u>
Total other capital assets	147,929,535	270,563	(33,794)	3,860,989	152,027,293
Less accumulated depreciation					
Buildings	(26,160,555)	(1,017,536)	-	-	(27,178,091)
Runways and taxiways	(36,837,883)	(2,484,029)	-	-	(39,321,912)
Land improvements	(14,388,858)	(771,559)	-	-	(15,160,417)
Furniture and fixtures	(1,404,118)	(140,746)	-	-	(1,544,864)
Machinery and equipment	<u>(10,571,168)</u>	<u>(809,525)</u>	<u>33,794</u>	<u>-</u>	<u>(11,346,899)</u>
Total accumulated depreciation	<u>(89,362,582)</u>	<u>(5,223,395)</u>	<u>33,794</u>	<u>-</u>	<u>(94,552,183)</u>
Totals	<u>\$ 63,796,361</u>	<u>\$ 400,360</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,196,722</u>

Depreciation expense for the year ended September 30, 2015 totaled \$5,168,026.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE E - CAPITAL ASSETS – Continued

Capital asset activity for Harlingen Waterworks System is as follows:

	<u>Beginning Balance</u>	<u>Reclass and Additions</u>	<u>Reclass and Disposals</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Water rights	\$ 5,423,369	\$ -	\$ -	\$ 5,423,369
Land	1,184,319	5,188	-	1,189,507
Construction in progress	<u>3,246,227</u>	<u>4,191,097</u>	<u>2,440,098</u>	<u>4,997,226</u>
Total capital assets, not being depreciated	<u>9,853,915</u>	<u>4,196,285</u>	<u>2,440,098</u>	<u>11,610,102</u>
Other capital assets				
Vehicles	2,792,192	183,445	140,886	2,834,751
Water production plant	25,270,640	2,534,719	156,290	27,649,069
Water transmission facilities and equipment	51,677,046	3,283,452	767,045	54,193,453
Wastewater treatment plant	22,491,692	667,256	5,558	23,153,390
Wastewater collection line, lift stations and equipment	50,077,085	559,573	194,417	50,442,241
Laboratory buildings and equipment	296,167	-	-	296,167
Pretreatment buildings and equipment	76,801	-	-	76,801
Office buildings and equipment	<u>3,890,494</u>	<u>62,508</u>	<u>-</u>	<u>3,953,002</u>
Total other capital assets being depreciated	<u>156,572,117</u>	<u>7,290,953</u>	<u>1,264,196</u>	<u>162,598,874</u>
Less accumulated depreciation				
Vehicles	(1,908,534)	(178,072)	140,886	(1,945,720)
Water production plant	(18,906,858)	(682,751)	156,290	(19,433,319)
Water transmission facilities and equipment	(32,443,389)	(1,436,313)	728,646	(33,151,056)
Wastewater treatment plant	(19,546,702)	(777,420)	5,558	(20,318,564)
Wastewater collection line, lift stations and equipment	(27,096,954)	(1,809,357)	194,417	(28,711,894)
Laboratory buildings and equipment	(192,819)	(18,278)	-	(211,097)
Pretreatment buildings and equipment	(71,873)	(1,083)	-	(72,956)
Office buildings and equipment	<u>(2,653,105)</u>	<u>(174,921)</u>	<u>-</u>	<u>(2,828,026)</u>
Total accumulated depreciation	<u>(102,820,234)</u>	<u>(5,078,195)</u>	<u>1,225,797</u>	<u>(106,672,632)</u>
Capital assets, net of accumulated depreciation	<u>\$ 63,605,798</u>	<u>\$6,409,043</u>	<u>\$2,478,497</u>	<u>\$ 67,536,344</u>

Harlingen Waterworks System depreciation expense during the fiscal year totaled \$5,078,195.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE F - LOANS RECEIVABLE

Loans and notes receivable at September 30, 2015, consist of the following:

	Governmental Funds			Component Unit
	General	Community		Economic
	Fund	Development		Development
		Block Grant	Total	Corporation
Rehabilitation loans	\$ -	\$130,380	\$130,380	\$ -
Deferred loans	-	311,943	311,943	-
Replacement loans	-	320,513	320,513	-
Home loans	-	13,820	13,820	-
Business development loans	-	-	-	979,499
Other	<u>17,272</u>	<u>124,931</u>	<u>142,203</u>	<u>-</u>
	<u>\$ 17,272</u>	<u>\$901,587</u>	<u>\$918,859</u>	<u>\$979,499</u>

Rehabilitation loans include 22 loans with origination dates from 1995 to 2012. These loans are collateralized by real property and bear interest that range from interest free notes to 6%. These loans are payable in monthly installments amortized to maturity within 15 years from origination.

Deferred loans include 38 rehabilitation and/or reconstruction including loans through the Harlingen Down Payment Assistance Program. Origination dates range from 2001 to 2012. These loans are collateralized by real property. Deferred loans bear no interest and will become due and payable only upon failure of the other party to maintain compliance with the eligibility requirements of participating in the deferred loan grant program.

Replacement and/or reconstruction loans include ten loans with origination dates in 1990 and 2010. These loans are collateralized by real property and bear interest ranging from 0-6%. These loans are payable in monthly installments amortized to maturity within 20 years from origination.

The Home loan originated in November 2004 and bears a 5% interest rate over a 15 year period.

Included in the business development loans balance of \$979,499 is a loan receivable from the primary government totaling \$403,083.

NOTE G - PAYABLE FROM RESTRICTED ASSETS

Payables from restricted assets of the Harlingen Waterworks (a component unit of the City) at September 30, 2015 consist of the following:

	2015	2014
Current		
Accrued interest	\$ 107,643	\$ 249,309
Customer deposits	272,803	232,511
Noncurrent		
Customer deposits	<u>1,600,000</u>	<u>1,600,000</u>
Total	<u>\$1,980,446</u>	<u>\$2,081,820</u>

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE H - UNEARNED REVENUE

1. Governmental funds report *unearned revenue* in connection with amounts received in advance for goods and/or services to be delivered at a future date. At the end of the current fiscal year, the various components of unearned revenue and unearned revenue reported in the financial statements were as follows:

	<u>Unearned</u>
Governmental Activities	
Grants	\$ <u>489,026</u>
Component Units	
Valley International Airport	\$ <u>1,854,090</u>

*The Valley International Airport unearned revenue is included in long-term debt, see Note J Section 5.

2. Consistent with accounting principles for recording non-monetary transactions, Valley International Airport recognizes permanent structural improvements constructed by tenants on leased facilities owned by the Airport. The value of such improvements is recognized as an increase in the property, plant and equipment accounts. Unearned revenues are similarly increased for these respective values and amortized to operations on a straight-line basis over the primary lease term including extensions.

Amortization requirements for the succeeding five years are as follows:

2016(current portion)		\$ 345,238
2017	\$ 232,091	
2018	219,238	
2019	211,504	
2020	211,504	
Succeeding years	<u>634,515</u>	
Long-term portion		<u>1,508,852</u>
		<u>\$1,854,090</u>

*At September 30, 2015, several leaseholders at the Airport had prepaid their monthly leases in the total amount of \$67,167.

NOTE I - OPERATING LEASES

The Airport leases its property and buildings to various tenants under operating lease agreements. The types of revenue from these leases include terminal space rental, landing fees, fixed base operations rental, manufacturers' rental, parking concession, rental car concession, and retail and restaurant rentals.

Operating revenues recognized from these leases totaled \$5,076,111. Included in operating revenues are contingent rental payments which are revenues that increase or decrease rents after the inception of the lease resulting from changes in factors (such as usage) on which the lease payments are based. Contingent rental payments in 2015 were \$600,221.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE I - OPERATING LEASES - Continued

The following is a schedule by years of minimum future rentals on noncancellable operating leases:

Year ending September 30:	
2016	\$ 3,492,318
2017	3,351,518
2018	2,814,049
2019	1,361,077
2020	223,634
Later years	<u>1,877,400</u>
Total minimum future rentals	<u>\$13,119,996</u>

Future minimum rentals do not include contingent rentals or noncash rents.

NOTE J - LONG-TERM DEBT

1. *Notes Payable*

Notes payable at September 30, 2015 consist of the following:

Component Unit

The Harlingen Economic Development Corporation, a component unit of the primary government, entered into a note agreement in the amount of \$4,431,204 with 83/77 Properties, LTD on December 15, 2010. The note will be repaid with the EDC's portion of the sales tax from anticipated developed properties in a defined area surrounding the Bass Pro Shop development. The note carries an 8% interest rate, but no repayment schedule due to the uncertainty of the revenues designed to repay the loan.

The Harlingen Economic Development Corporation, a component unit of the primary government, entered into a sales tax loan agreement in the amount of \$4,000,000 with Frost Bank on June 14, 2011. The note will be paid over 10 years and carries an interest rate of 3.75% paid semiannually every February 15th and August 15th. Principal payments will be made annually on February 15th. The proceeds were used to construct a large retail facility that is leased to Bass Pro Shops. The annual debt service requirements to maturity are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service Required</u>
2016	\$ 390,000	\$100,188	\$ 490,188
2017	410,000	83,628	493,628
2018	425,000	66,344	491,344
2019	445,000	48,335	493,335
2020	465,000	29,498	494,498
2021	<u>480,000</u>	<u>9,936</u>	<u>489,936</u>
	<u>\$2,615,000</u>	<u>\$337,929</u>	<u>\$2,952,929</u>

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE J - LONG-TERM DEBT - Continued

2. General Obligation Bonds and Certificates of Obligation

The 2006 Series General Obligation Bonds, in the amount of \$3,270,000 were issued May 1, 2006, to pay for the acquisition, construction and improvement of City streets, including drainage and sidewalk improvements and the relocation of a railroad right-of-way, improvements to a fire station together with related fire department equipment. The bonds will be repaid over 20 years which will begin in 2008, and carry interest rates ranging from 3.75% to 4.36%, with interest dates of February 15 and August 15.

The 2007 Series General Obligation Bonds, in the amount of \$10,630,000 were issued April 11, 2007 and will be used for the purpose of (a) acquiring, constructing and improving City streets, including drainage and sidewalk improvements, (b) relocating railroad right-of-way, (c) improving a fire station, and (d) street paving and the costs of issuance of the bonds. The bonds will be repaid over 20 years which will begin in 2008 and carry interest rates ranging from 4% to 4.5% with interest dates of February 15 and August 15.

The 2007 Series Certificates of Obligation, in the amount of \$22,000,000 were issued April 11, 2007 and will be used for the purpose of (a) acquiring, constructing and equipping a new police/municipal court building facility, and fire station, (b) constructing, improving and equipping municipal park facilities, (c) constructing, improving and repairing City streets together with drainage, traffic and street signalization improvements, and the development of a comprehensive drainage study, improving and equipping the municipal auditorium including a Fly System, and (d) paying the costs associated with the issuance of the Certificates. The bonds will be paid over 20 years which will begin in 2008 and carry interest rates ranging from 4% to 4.5% with interest dates of February 15 and August 15.

The 2010 Series Combination Tax and Revenue Certificates of Obligation in the amount of \$3,090,000 were issued July 7, 2010 to pay for construction and improvement for the extension of Dixieland Road from Harrison to Spur 54, including drainage improvements, street lights, railroad crossing and irrigation ditch, improvements and extensions to the City's water and sewer infrastructure, improvements to the City's Tony Butler Golf Course and for paying legal, fiscal and engineering fees in connection with the projects. The Certificates of Obligation will be repaid over 20 years which begins on February 15, 2011 and carry interest rates ranging from 2.0% to 4.125% with interest payment dates of February 15 and August 15.

On October 3, 2012, the City commission authorized the issuance of \$2,280,000 in 2012 Series Combination Tax and Revenue Certificates of Obligation bonds. The proceeds of the bond issuance were used to reimburse the Economic Development Corporation for monies advanced to a developer for infrastructure improvements. The bonds will be repaid with tax revenues generated from the Tax Increment Reinvestment Zone No. 3. The bonds include \$470,000 serial certificates maturing between the years 2016 and 2019 at an interest rate of 3% ranging from \$75,000 to \$140,000. The bonds also include \$1,810,000 in term certificates maturing in years 2021, 2023, 2025, 2027, 2032, and 2035 with interest rates ranging from 2% to 3% with principal amounts ranging from \$290,000 to \$350,000.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE J - LONG-TERM DEBT - Continued

2. General Obligation Bonds and Certificates of Obligation - Continued

On April 3, 2013, the City commission authorized the issuance of \$3,070,000 in 2012 Series Combination Tax and Revenue Certificates of Obligation bonds. The proceeds of the bond issuance were used for infrastructure improvements for Teege and Brazil Roads. Repayment of the bonds will be derived from the increased revenues generated by the Tax Increment Reinvestment Zone No. 3. The bonds include \$1,110,000 serial certificates maturing between the years 2015 and 2023 at an interest rate of 2% ranging from \$30,000 to \$165,000. The bonds also include \$1,960,000 in term certificates maturing in years 2025, 2027, 2031, 2033, and 2035 with interest rates ranging from 3% to 3.25% with principal amounts ranging from \$360,000 to \$430,000.

In July 2010, the City issued \$2,540,000 in General Obligation Refunding Bonds, Series 2010 for the purpose of refunding of outstanding bonds Series 2001 and Series 2002 and to provide resources to cover costs of issuance to purchase qualifying securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the accounts of the City. The refunding bonds were sold at a premium in the amount of \$59,145. The cost of issuance totaled \$71,658. Principal payments range from \$305,000 to \$480,000 plus interest with interest rates ranging from 2.00% to 2.50%.

In January 2012, the City issued \$3,315,000 in General Obligation Refunding Bonds, Series 2011 for the purpose of refunding outstanding bonds Series 2004 and to provide resources to cover costs of issuance to purchase qualifying securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the accounts of the City. The refunding bonds were sold at par. The cost of issuance totaled \$50,338. Principal payments range from \$75,000 to \$285,000 plus interest with interest rate of 2.41%.

In October 2012, the City issued \$2,280,000 in General Obligation Refunding Bonds, Series 2012 for the purpose of refunding outstanding bonds Series 2006 and to provide resources to cover costs of issuance to purchase qualifying securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the accounts of the City. The refunding bonds were sold at a premium in the amount of \$69,188. The cost of issuance totaled \$79,814. Principal payments ranging from \$75,000 to \$350,000 plus interest with interest rates ranging from 1.60% to 3.00%.

In November 2013, the City issued \$3,215,000 in General Obligation Refunding Bonds, Series 2013 for the purpose of refunding outstanding bonds Series 2005 and to provide resources to cover costs of issuance to purchase qualifying securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the accounts of the City. The refunding bonds were sold at a premium in the amount of \$59,145. The cost of issuance totaled \$71,658. Principal payments range from \$65,000 to \$435,000 plus interest with interest rates ranging from 2.00% to 2.50%.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE J - LONG-TERM DEBT - Continued

2. General Obligation Bonds and Certificates of Obligation - Continued

General obligation bonds and certificates of obligation are direct obligations and pledge the full faith and credit of the City. These bonds and certificates generally are issued as 25-year serial bonds, with varying amounts of principal maturing each year. General obligation bonds and certificates of obligation currently outstanding are as follows:

	<u>Original Amount</u>	<u>Interest Rate(s)</u>	<u>Beginning Balance 10/1/2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance 9/30/2015</u>	<u>Due in One Year</u>
Governmental Activities:							
<i>General Obligation</i>							
2006 Series, Refunding Bonds	\$ 3,270,000	3.75 – 4.36%	\$ 2,325,000	\$ -	\$ (155,000)	\$ 2,170,000	\$ 160,000
2007 Series, Refunding Bonds	10,630,000	4.0 – 4.5%	9,020,000	-	(270,000)	8,750,000	365,000
2010 Series, Refunding Bonds	2,540,000	2.0 – 2.5%	785,000	-	(480,000)	305,000	305,000
2011 Series, Refunding Bonds	3,315,000	2.39%	2,715,000	-	(275,000)	2,440,000	285,000
2012 Series	2,280,000	1.6 – 3.000%	2,280,000	-	-	2,280,000	75,000
2013 Series, Refunding Bonds	3,215,000	2.000-2.500%	<u>3,150,000</u>	-	<u>(425,000)</u>	<u>2,725,000</u>	<u>430,000</u>
Total General Obligation Bonds			<u>20,275,000</u>	-	<u>(1,605,000)</u>	<u>18,670,000</u>	<u>1,620,000</u>
<i>Certificates of Obligation</i>							
<i>Combination Tax Revenue CO</i>							
2007 Series	22,000,000	4.0 – 4.5%	18,395,000	-	(600,000)	17,795,000	810,000
2010 Series	3,090,000	2.0 – 4.125%	2,710,000	-	(130,000)	2,580,000	135,000
2013 Series	3,070,000	2.0 – 3.250%	<u>3,070,000</u>	-	<u>(30,000)</u>	<u>3,040,000</u>	<u>45,000</u>
Total Certificates of Obligation			<u>24,175,000</u>	-	<u>(760,000)</u>	<u>23,415,000</u>	<u>990,000</u>
Total Bonded Debt			<u>\$44,450,000</u>	<u>\$ -</u>	<u>\$ (2,365,000)</u>	<u>\$42,085,000</u>	<u>\$2,610,000</u>

The annual debt service requirements to maturity for general obligation bonds and certificates of obligation, are as follows:

<u>Year Ending September 30.</u>	<u>General Obligation Bonds</u>		<u>Certificates of Obligation</u>		<u>Total G. O. and C. O. Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,545,000	\$ 568,651	\$ 1,065,000	\$ 976,769	\$ 2,610,000	\$ 1,601,146
2017	1,395,000	525,578	1,475,000	931,232	2,870,000	1,503,885
2018	1,290,000	483,284	1,710,000	873,407	3,000,000	1,396,667
2019	1,335,000	440,065	1,775,000	808,822	3,110,000	1,283,263
2020	1,360,000	394,280	1,865,000	740,191	3,225,000	1,164,046
2021-2025	7,330,000	1,180,802	10,500,000	2,538,291	17,830,000	3,791,404
2026-2030	2,135,000	91,388	5,695,000	576,667	7,830,000	668,054
2031-2035	-	-	<u>1,610,000</u>	<u>151,476</u>	<u>1,610,000</u>	<u>151,476</u>
	<u>\$16,390,000</u>	<u>\$ 3,684,048</u>	<u>\$25,695,000</u>	<u>\$ 7,596,855</u>	<u>\$42,085,000</u>	<u>\$11,559,941</u>

3. Revenue Bonds

The component units also issue bonds where the component units pledge income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at September 30, 2015, are as follows:

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE J - LONG-TERM DEBT - Continued

Revenue bonds are used to finance the acquisition and construction of major capital improvements for the water and sewer system and related facilities. The revenue bonds are special obligations of the System, payable, both as to principal and interest, solely from and secured by a first lien on and pledge of the net revenues of the combined waterworks and sewer system. "Net revenues" are defined in the respective covenants and are more fully explained therein as the "gross revenues" of the System less the "expenses of operation and maintenance" of the System. Depreciation and payments into and out of the required interest and sinking and the reserve funds are not considered expenses of operation and maintenance.

On October 6, 2010 the System issued the Waterworks and Sewer System Revenue Bonds, Series 2010A in the principal amount of \$6,500,000 to provide funding for the Systems' ongoing capital improvement program and to cover the cost of issuance. Simultaneously, in order to achieve a debt service savings due to favorable interest rates, the Waterworks and Sewer System Revenue Refunding Bonds, Series 2010B were issued, in the principal amount of \$4,205,000.

In September 2015, the System issued the Waterworks and Sewer System Revenue Bonds, Series 2015A in the principal amount of \$12,000,000 to provide funding for the System's ongoing capital improvement program and to cover the cost of issuance. Simultaneously, in order to achieve a debt service savings due to favorable interest rates, the Waterworks and Sewer System Revenue Refunding Bonds, Series 2015B were issued, in the principal amount of \$6,475,000. The proceeds from the sale of the Series 2015B Bonds were used for the purpose of refunding all of the then outstanding Waterworks and Sewer System Revenue Refunding Bonds, Series 2005 in the amount of \$2,620,000; and the Waterworks and Sewer System Revenue Bonds, Series 2005A in the amount of \$4,435,000, and to pay the costs of issuance.

The Series 2015B Bond proceeds, along with other available funds of the System, were deposited with an escrow agent for payment of principal and interest on the refunded debt until the respective call dates of November 1, 2015 through November 1, 2019. As a result, the refunded obligations are considered defeased and the liability for those bonds has been removed from the System's financial statements. The re-acquisition price exceeded the net carrying amount of the old debt by \$332,109. This amount is being amortized over the remaining life of the refunded debt.

As a result of the refunding, the System reduced its aggregate debt service payment to maturity by \$642,772; and obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$555,139.

The bonds carry interest rates as set out below with the interest payment dates of May 1st and November 1st; and principal payments due annually on November 1st. A Credit Facility may be used as a substitute for or to replace cash or investments in the reserve fund. All currently outstanding issues have a surety bond in place of a reserve fund. In addition, a provision in the ordinances requires that certain financial ratios are met. Management of the System believes it is in compliance with all significant financial requirements of the bond ordinances as of September 30, 2015.

In December 2010, the Harlingen Economic Development Corporation ("EDC") issued Harlingen Economic Development Corporation Sales Tax Revenue Bonds, Series 2010A and Harlingen Economic Development Corporation Sales Tax and Lease Rental Revenue Bonds, Taxable Series 2010B Bonds in the principal amount of \$19,150,000 and \$13,075,000, respectively. Proceeds from the sale of the Series 2010A and 2010B will be used for the construction of a facility to be owned by the EDC and leased to Bass ProOutdoor World, L.L.C. ("Bass Pro") and to pay the cost of issuance.

The bonds will be repaid over 30 years beginning February 15, 2011 and carry interest from 2% to 5.125% and 2.71% to 5.750% for the 2010A and 2010B, respectively. Interest payments dates are February and August 15 of each year.

The System has issued refunding bonds to defease certain outstanding bonds by placing the proceeds of refunding issues in irrevocable escrow accounts with a trust agent to provide for future debt service payments on the refunded debt. As of September 30, 2015, all bonds considered defeased have been retired.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE J - LONG-TERM DEBT - Continued

Component Units	Original Amount	Interest Rate(s)	Beginning Balance 10/1/2014	Additions	Reductions	Ending Balance 9/30/2015	Due in One Year
Harlingen Economic Development Corporation							
Sales tax revenue bonds							
Series 2010A	\$19,150,000	2.00 – 5.125%	\$17,830,000	\$ -	\$ (685,000)	\$17,145,000	\$ 705,000
Sales tax and lease rental							
Revenue Bonds Series 2010B	<u>13,075,000</u>	2.71 – 5.750%	<u>12,350,000</u>	-	<u>(385,000)</u>	<u>11,965,000</u>	<u>400,000</u>
Total Harlingen EDC	32,225,000		30,180,000	-	(1,070,000)	29,110,000	1,105,000
Harlingen Waterworks System							
2005 Series Waterworks & Sewer							
System Refunding Bonds	5,830,000	3.0 – 4.50%	2,995,000	-	(2,995,000)	-	-
2005 Series "A" Waterworks & Sewer							
System Revenue Bonds	5,000,000	4.0 – 4.7%	4,645,000	-	(4,645,000)	-	-
2010 Series "A" Waterworks & Sewer System Revenue							
Refunding Bonds	6,500,000	2.0 – 4.25%	6,500,000	-	(210,000)	6,290,000	210,000
2010 Series "B" Waterworks & Sewer System Revenue							
Refunding Bonds	4,205,000	2.0 – 3.0%	800,000	-	(105,000)	695,000	110,000
2015 Series "A" Waterworks & Sewer System Revenue							
Bonds	12,000,000	2.0 – 3.75%	-	12,000,000	-	12,000,000	-
2015 Series "B" Waterworks & Sewer System Revenue							
Refunding Bonds	<u>6,475,000</u>	2.0 – 3.75%	-	<u>6,475,000</u>	-	<u>6,475,000</u>	-
Total Harlingen Waterworks System	<u>21,535,000</u>		<u>14,940,000</u>	<u>18,475,000</u>	<u>(7,955,000)</u>	<u>25,460,000</u>	<u>320,000</u>
Total Component Units	<u>\$53,760,000</u>		<u>\$45,120,000</u>	<u>\$18,475,000</u>	<u>\$(9,025,000)</u>	<u>\$54,570,000</u>	<u>\$1,425,000</u>

Year Ending September 30,	Harlingen Economic Development Corporation		Harlingen Waterworks System		Total Component Units	
	Sales Tax and Lease Revenue Bonds		Water and Sewer Revenue Bonds			
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 1,105,000	\$ 1,604,251	\$ 320,000	\$ 576,203	\$ 1,425,000	\$ 2,180,454
2017	1,150,000	1,561,724	1,455,000	787,781	2,605,000	2,349,505
2018	1,195,000	1,512,013	1,480,000	757,606	2,675,000	2,269,619
2019	1,255,000	1,456,650	1,525,000	719,107	2,780,000	2,175,757
2020	1,310,000	1,397,538	1,565,000	672,756	2,875,000	2,070,294
2021-2025	7,705,000	5,846,220	5,855,000	2,770,700	13,560,000	8,616,920
2026-2030	10,295,000	3,248,037	6,165,000	1,848,381	16,460,000	5,096,418
2031-2035	5,095,000	322,696	5,855,000	787,197	10,950,000	1,109,893
2036	-	-	<u>1,240,000</u>	<u>24,338</u>	<u>1,240,000</u>	<u>24,338</u>
	<u>\$29,110,000</u>	<u>\$16,949,129</u>	<u>\$25,460,000</u>	<u>\$8,944,069</u>	<u>\$54,570,000</u>	<u>\$25,893,198</u>

4. Capital Lease Obligation

Governmental Activities

The City has entered into a certain capital lease agreement in order to purchase communication equipment. The capital lease obligation is paid out of the general fund. The historical purchase price of the capital asset under lease is approximately \$1,483,892.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE J - LONG-TERM DEBT – Continued

Following is a summary of future lease payments due on this equipment:

<u>Fiscal Year</u>	<u>Obligations</u>
2016	\$ 215,941
2017	213,054
2018	209,894
2019	207,063
2020	195,937
2021-2025	<u>394,566</u>
Total	1,436,455
Less interest	<u>(178,339)</u>
 Obligations under capital lease	 <u>\$1,258,116</u>

Component Unit

In March 2005, the Airport entered into a lease-purchase agreement with TAC Americas Inc., for the purchase of a TAC Vista energy management system to be installed in the Terminal and Federal buildings. The lease agreement includes an option to purchase the energy management system. The entire balance outstanding of \$507,567 as of September 30, 2012, was paid off during fiscal year 2013, eliminating the lease obligation at September 30, 2015.

5. *Changes in Long-term Liabilities*

During the year ended September 30, 2015, the following changes occurred:

	<u>Beginning Balance 10/1/2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance 9/30/2015</u>	<u>Amounts Due Within One Year</u>
<i>Governmental Activities</i>					
General obligation debt	\$17,995,000	\$ -	\$(1,605,000)	\$16,390,000	\$1,545,000
Certificates of obligation	26,455,000	-	(760,000)	25,695,000	1,065,000
Capital lease	1,350,833	43,536	(136,253)	1,258,116	139,523
Deferred amounts					
Discounts	(16,704)	7,106	-	(9,598)	-
Premiums	151,649	-	(7,221)	144,428	-
Notes payable	3,659,635	-	(70,000)	3,589,635	-
Compensated absences	4,191,450	858,729	(1,380,324)	3,669,855	-
Net pension liability - Firemen's Relief	11,586,999	1,359,751	-	12,946,750	-
Net OPEB - Governmental Activities	<u>2,538,520</u>	<u>233,919</u>	<u>-</u>	<u>2,772,439</u>	<u>-</u>
	67,912,382	2,503,041	(3,958,798)	66,456,625	2,749,523
<i>Business-type Activities</i>					
Landfill postclosure liability	1,361,180	-	(48,148)	1,313,032	21,000
Compensated absences	301,293	66,554	(47,176)	320,671	29,300
Net OPEB - Business-type Activities	<u>383,077</u>	<u>173,030</u>	<u>(113,811)</u>	<u>442,296</u>	<u>-</u>
	<u>2,045,550</u>	<u>239,584</u>	<u>(209,135)</u>	<u>2,075,999</u>	<u>50,300</u>
 Total primary government	 <u>\$69,957,932</u>	 <u>\$2,742,625</u>	 <u>\$(4,167,933)</u>	 <u>\$68,532,624</u>	 <u>\$2,799,823</u>

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE J - LONG-TERM DEBT – Continued

<i>Component Units</i>	Beginning Balance <u>10/1/2014</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance <u>9/30/2015</u>	Amounts Due Within <u>One Year</u>
Harlingen Economic Development Corporation					
Sales tax revenue bonds	\$30,180,000	\$ -	\$ (1,070,000)	\$29,110,000	\$1,105,000
Deferred amounts					
Discounts	(278,191)	-	18,546	(259,645)	-
Notes payable	4,407,985	-	(375,000)	4,032,985	-
Compensated absences	<u>34,332</u>	<u>38,539</u>	<u>(29,457)</u>	<u>43,414</u>	<u>8,000</u>
Total Harlingen EDC	34,344,126	38,539	(1,455,911)	32,926,754	1,113,000
Harlingen Community Improvements Board					
Note payable	<u>100,000</u>	-	(100,000)	-	-
Total Harlingen HCIB	100,000	-	(100,000)	-	-
Valley International Airport					
Unearned revenues **	2,039,469	113,879	(299,258)	1,854,090	345,238
Compensated absences	293,261	193,288	(207,230)	279,319	25,000
Net OPEB	<u>173,695</u>	<u>25,939</u>	<u>-</u>	<u>199,634</u>	<u>-</u>
Total Valley International Airport	2,506,425	333,106	(506,488)	2,333,043	370,238
Harlingen Waterworks System					
Revenue bonds	14,940,000	18,475,000	(7,955,000)	25,460,000	320,000
Less deferred amounts for discounts and premiums	(32,531)	232,949	32,843	233,261	(32,258)
Net OPEB obligation	2,835,505	683,882	(313,880)	3,205,507	-
Compensated absences	<u>657,377</u>	<u>525,743</u>	<u>(477,164)</u>	<u>705,956</u>	<u>505,956</u>
Total Harlingen Waterworks System	<u>18,400,351</u>	<u>19,917,574</u>	<u>(8,713,201)</u>	<u>29,604,724</u>	<u>793,698</u>
Total component units	<u>\$55,350,902</u>	<u>\$20,289,219</u>	<u>\$ (10,775,600)</u>	<u>\$64,864,521</u>	<u>\$2,276,936</u>

**The current portion of unearned revenues on the Statement of Net Position for a component unit includes amounts, which are strictly short-term in nature, totaling \$345,238 for the year ended 2015.

The City's other non-current liabilities including compensated absences and net OPEB claims payable are liquidated in the fund where the liability was incurred. Thus, the general fund satisfies most liabilities for governmental activities.

In prior years, the City defeased certain outstanding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the respective trust account assets and related liabilities for the defeased bonds are not included in the City's financial statements. At September 30, 2015, the following outstanding bonds are considered defeased:

<u>Series</u>	<u>Ending Balance</u>
2001	\$ 310,000
2004	\$2,535,000
2005	\$2,765,000

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE K - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require that the City of Harlingen place final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill postclosure care costs has a balance of \$1,313,032 as of September 30, 2015, a decrease of \$48,148. This is based on 100% usage of the landfill. The landfill was deemed full and closed on August 1999. The estimated total current cost of the landfill postclosure care is based on the amount that would be paid if all equipment, facilities, and services required to monitor, and maintain the landfill were acquired as of September 30, 1994. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

It is reasonable to assume that the postclosure care costs will be incurred somewhat evenly over the thirty year period following the closure. Therefore, an amount equal to one-thirtieth of the postclosure care costs will be reported as a current liability in the years following the closure, which began September 30, 2000.

Financial assurances are being demonstrated by the City through the mechanisms described in 31 Texas Administrative Code 330.285.

NOTE L - INTERFUND ASSETS/LIABILITIES

Interfund receivables and payables at September 30, 2015 are as follows:

	Receivable Fund				Business-Type Activities		Total Due to Other Funds
	General Fund	Community Development Fund	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds	Municipal Auditorium Fund	
Payable Fund							
<u>Governmental Funds</u>							
General Fund	\$ -	\$ -	\$355,452	\$355,452	\$ 25,000	\$ 13,816	\$394,268
Community Development Fund	100,000	-	-	100,000	-	-	100,000
Nonmajor Governmental Funds	<u>322,138</u>	<u>-</u>	<u>-</u>	<u>322,138</u>	<u>-</u>	<u>-</u>	<u>322,138</u>
	<u>\$422,138</u>	<u>\$ -</u>	<u>\$355,452</u>	<u>\$777,590</u>	<u>\$ 25,000</u>	<u>\$ 13,816</u>	<u>\$816,406</u>

The Interfund assets and liabilities primarily represent temporary short-term borrowings for working capital, which are intended to be satisfied soon after year-end.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE L - INTERFUND ASSETS/LIABILITIES - Continued

Receivables and payables between the primary government and component units at September 30, 2015 are as follows:

Payable Fund or Component Unit	Receivable Fund or Component Unit				Total Due to Primary Government
	Governmental Activities			Business-type Activities	
	General Fund	Nonmajor Fund	Total	Sanitation Fund	
Harlingen Waterworks System	\$ <u>68,154</u>	\$ <u>23,940</u>	\$ <u>92,094</u>	\$ <u>91,251</u>	\$ <u>183,421</u>

NOTE M - TRANSFERS

Interfund transfers are used to 1) provide unrestricted revenues collected in the general fund to finance various programs accounted for in other funds, and 2) move revenues from the fund that the budget requires to collect them to the fund that the budget required to expend them.

	Transfers In/Out							Total Transfers
	General Fund	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds	Municipal Auditorium	Harlingen Arts and Heritage Museum	Sanitation	
Governmental Funds								
General Fund	\$ -	\$1,609,183	\$1,609,183	\$477,365	\$ -	\$ 30,000	\$ -	\$2,116,548
Nonmajor governmental funds	<u>3,785</u>	<u>872,420</u>	<u>876,205</u>	<u>44,344</u>	<u>165,540</u>	<u>83,945</u>	<u>-</u>	<u>1,170,034</u>
	3,785	2,481,603	2,485,388	521,709	165,540	113,945	-	3,286,582
Business-type Activities								
Internal Service Funds	32,127	-	32,127	-	-	-	22,449	54,576
Sanitation	1,200,000	-	1,200,000	-	-	-	-	1,200,000
Municipal Golf Course	<u>64,830</u>	<u>-</u>	<u>64,830</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,830</u>
	<u>1,296,957</u>	<u>-</u>	<u>1,296,957</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,449</u>	<u>1,319,406</u>
	<u>\$1,300,742</u>	<u>\$2,481,603</u>	<u>\$3,782,345</u>	<u>\$521,709</u>	<u>\$165,540</u>	<u>\$113,945</u>	<u>\$ 22,449</u>	<u>\$4,605,988</u>

Transfers out from the General fund to the Tennis Court, Harlingen Downtown, Harlingen Arts and Heritage and Health Insurance funds were to sustain the operating activities of those funds. Transfers from the General to the Tax Increment Financing Zone funds (TIFZ) were for real property incremental ad valorem tax revenues collected for the benefit of the TIFZs. Transfers from the Hotel/Motel fund were to sustain the operating activities of Harlingen Downtown, Convention and Visitors Bureau, Municipal Auditorium and Harlingen Arts and Heritage funds. Transfers from the Free Trade Bridge, Street Improvements and Petition Paving funds to the General and 2010 C.O. Projects Funds were to reimburse for transportation projects. Transfers from the Sanitation to the General fund were to reimburse for administrative services. Transfers from the Municipal Golf Course to the General fund were for franchise fees. The transfer from the Petition Paving fund to the Debt Service fund was to help with the first payment on the 2010 CO's for the Dixieland road extension.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE N – FUND BALANCES

Nonspendable – balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

Restricted – external parties have restricted these funds to be used for their intended purpose.

Committed – the City Commission has authorized the City to use these funds for specifically identified purposes.

Unassigned – the unassigned fund balance has no constraints.

	<u>General Fund</u>	<u>Community Development Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable				
Prepaid items	\$ 5,238	\$ 624	\$ -	\$ 5,862
Restricted				
Community Development	-	138,292	-	138,292
Tennis Court	-	-	83,825	83,825
Public, Educational and Government Access Channels	-	-	322,138	322,138
Construction	-	-	4,933,816	4,933,816
Hotel/Motel occupancy tax	-	-	502,558	502,558
Convention Visitors Bureau	-	-	576,403	576,403
Metropolitan Planning	-	-	99	99
Harlingen Downtown	-	-	229,806	229,806
Federal Forfeitures	-	-	117,527	117,527
State Forfeitures	-	-	214,971	214,971
Lon C. Hill Library	-	-	114,235	114,235
Red light enforcement	-	-	30,383	30,383
Tax Increment Reinvestment Zone	-	-	1,750,961	1,750,961
Debt Service	<u>-</u>	<u>-</u>	<u>1,033,665</u>	<u>1,033,665</u>
Restricted total	-	138,292	9,910,387	10,048,679
Committed				
Catastrophic emergency relief	-	-	852,107	852,107
Infrastructure	-	-	165,437	165,437
Free trade bridge	-	-	389,254	389,254
Street improvements	<u>-</u>	<u>-</u>	<u>13,001</u>	<u>13,001</u>
Committed total	<u>-</u>	<u>-</u>	<u>1,419,799</u>	<u>1,419,799</u>
Unassigned	<u>15,938,460</u>	<u>-</u>	<u>(137,216)</u>	<u>15,801,244</u>
	<u>\$15,943,698</u>	<u>\$ 138,916</u>	<u>\$11,192,970</u>	<u>\$27,275,584</u>

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE O – NET POSITION

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Economic Development Corporation</u>	<u>Community Improvement Board</u>	<u>Harlingen Waterworks System</u>	<u>Valley International Airport</u>
Net investment in capital assets:						
Capital assets, net of accumulated depreciation	\$137,568,271	\$ 6,229,922	\$36,479,144	-\$ -	\$67,536,344	\$157,007,962
Less related liabilities	(47,067,581)	-	(32,883,340)	-	(13,411,805)	(94,552,182)
Restricted cash (unexpended bond proceeds)	<u>4,488,009</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net investment in capital assets	94,988,699	6,229,922	3,595,804	-	54,124,539	62,455,780
Restricted net position consists of the following:						
Community Development	138,292	-	-	-	-	-
Tennis Court	83,825	-	-	-	-	-
Public, Educational and Government Access Channels	322,138	-	-	-	-	-
Construction	4,933,816	-	-	-	-	-
Hotel/Motel Occupancy Tax	502,558	-	-	-	-	-
Convention Visitors Bureau	576,403	-	-	-	-	-
Metropolitan Planning	99	-	-	-	-	-
Harlingen Downtown	229,806	-	-	-	-	-
Federal Forfeitures	117,527	-	-	-	-	-
State Forfeitures	214,971	-	-	-	-	-
Lon C. Hill Library	114,235	-	-	-	-	-
Red Light Enforcement	30,383	-	-	-	-	-
Tax Increment Reinvestment Zone	1,750,961	-	-	-	-	-
Debt Service	967,431	-	-	-	678,524	-
System expansion and replacement (impact and other fees)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,734,639</u>	<u>-</u>
Restricted net position – total	9,982,445	-	-	-	3,413,163	-
Unrestricted net position	<u>1,621,057</u>	<u>4,126,503</u>	<u>4,244,348</u>	<u>4,410,529</u>	<u>10,616,949</u>	<u>3,255,174</u>
Total net position	<u>\$106,592,201</u>	<u>\$10,356,425</u>	<u>\$ 7,840,152</u>	<u>\$ 4,410,529</u>	<u>\$68,154,651</u>	<u>\$ 65,710,954</u>

NOTE P - COMMITMENTS AND CONTINGENT LIABILITIES

1. *Long-Term Contracts*

The System is currently under contract with five wholesale customers (users) to provide treated water. These agreements provide for the treatment of an aggregate minimum of at least 36,100,000 gallons. The contracts have various expiration dates ranging from year 2015 to 2023. The System has contracted to provide wastewater treatment services to two wholesale customers. The combined annual flow is estimated to be 197,000,000 gallons.

2. *Grant Programs*

The City as well as its component units participate in a number of grant programs funded by State and Federal Agencies. These programs are subject to compliance audits by the grantor agencies or their representatives. Audits of all of these programs including the year ended September 30, 2015 have not been conducted. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE P - COMMITMENTS AND CONTINGENT LIABILITIES - Continued

3. *Commitments*

At September 30, 2015, the City had ongoing commitments related to the following:

Governmental Activities

Project	Construction				
	Original Amount	Expensed	Balance	Retainage	Commitment
Dixieland road extension - north	\$4,700,000	\$4,176,412	\$ 523,588	\$ -	\$ 523,588
25 th Street trail	2,623,811	730,115	1,893,696	-	1,893,696
Rangerville park improvements	151,767	148,696	3,071	-	3,071
Fire station westside	1,888,000	20,500	1,867,500	-	1,867,500
Pendleton park trail extension	415,039	80,680	334,359	-	334,359
Lon C. Hill park – pool reno	<u>213,632</u>	<u>31,778</u>	<u>181,854</u>	<u>-</u>	<u>181,854</u>
	<u>\$9,992,249</u>	<u>\$5,188,181</u>	<u>\$4,804,068</u>	<u>\$ -</u>	<u>\$4,804,068</u>

Business-type Activities

Transfer station (fire damage)	\$ 1,250,324	\$1,248,103	\$ 2,221	\$ -	\$ 2,221
Generator and power improvements	<u>402,248</u>	<u>5,104</u>	<u>397,144</u>	<u>-</u>	<u>397,144</u>
	<u>\$ 1,652,572</u>	<u>\$1,253,207</u>	<u>\$ 399,365</u>	<u>\$ -</u>	<u>\$ 399,365</u>

The Airport has on-going commitments relating to the following:

	Total Remaining Commitments	Airport Improvement Project Funds	Passenger Facility Charges	Local Funds
Grant 57 – Rehab RWYs 17R and 13 lighting systems	\$1,680,637	\$1,512,573	\$ -	\$168,064
Grant 57 – Reconstruct perimeter road	2,546,302	2,291,672	-	254,630
Grant 57 – Install thermo plastic signs throughout taxiways	<u>183,548</u>	<u>165,193</u>	<u>-</u>	<u>18,355</u>
Total remaining commitments	<u>\$4,410,487</u>	<u>\$3,969,438</u>	<u>\$ -</u>	<u>\$441,049</u>

The Airport participates in a number of grant programs funded by federal agencies. These programs are subject to compliance audits by the grantor agencies or their representatives. Audits of all of these programs including the year ended September 30, 2015 have not been conducted. Accordingly, the Airport's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time although the Airport expects such amounts, if any, to be immaterial.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE P - COMMITMENTS AND CONTINGENT LIABILITIES - Continued

4. *No Commitment Debt*

In 1995, the City of Harlingen approved the issuance of \$4,000,000, in Higher Education Facilities Corporation Bonds for the Marine Military Academy. At September 30, 2015, the outstanding balance of the 1995 bonds was \$1,042,213. In addition, in December 1998 the City approved the issuance of \$1,450,000 in Higher Education Facilities Corporation Bonds for St. Paul Lutheran Church. The outstanding balance of these bonds outstanding at September 30, 2015, approximated \$975,364. Subsequent to year end the HEFC Bonds for St. Paul Lutheran Church were paid in full. These bonds are special obligations of the City and do not constitute an indebtedness of the City nor any other political subdivision within the interpretations of any statutory provision or limitation.

NOTE Q - MAJOR CUSTOMERS

For the year ended September 30, 2015 and 2014, no single customer provided more than 10% of water revenues or wastewater revenues. For the year ended 2014, the top ten wastewater customers provided approximately \$1,346,035 or 14.42% of wastewater revenues. The top ten water customers generated approximately \$1,061,214 or 12.85% of the water sales revenues.

NOTE R - PASSENGER FACILITY CHARGES

Beginning in November 1998, the Airport instituted passenger facility charges of \$3 per enplaned passenger. Proceeds of the passenger facility charges are to be used by the Airport for certain capital improvements approved pursuant to the Airport's authorization for the passenger facility charge program. Passenger facility charges revenue, including interest, included in capital contributions for the year ended September 30, 2015 totaled \$1,274,088, respectively. In February 2007, the Federal Aviation Administration approved the Airport's application to impose and use passenger facility charges of \$4.50 per enplaned passenger, effective December 1, 2007.

NOTE S - JOINT ARRANGEMENTS

1. *Freetrade Bridge*

On September 13, 1989, the City of Harlingen, Texas, executed an interlocal agreement (a cost-sharing agreement) with Cameron County, Texas, whereby the County would issue revenue bonds for the construction of an international bridge, herein referred to as Los Indios International Bridge, located at Los Indios, Texas, and La Barranca, Tamaulipas, Mexico. The bonds are payable from the revenues of the County's Toll Bridge System, as defined and more fully explained in the Order which authorized such bonds. During November 1992 construction of the bridge was completed, and operations commenced.

Cameron County, Texas, is the legal owner and operator of said bridge; however, the City is obligated to pay twenty-five percent (25%) of any deficiencies in the annual debt service requirements for the proposed revenue bonds, any capital expenditures not paid from bond proceeds, and any net operating losses before transfers excluding depreciation and including or excluding interlocal agreement revenues (or expenses) of the Los Indios International Bridge. However, such amounts shall not exceed the sum of \$200,000 annually.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE S - JOINT ARRANGEMENTS - Continued

Any surplus revenues remaining after payment of the debt service requirements, maintenance and operation costs, and an amount equal to one hundred forty percent (140%) of the average annual debt service requirements of all outstanding bonds shall be equally shared between the City of Harlingen, Texas and Cameron County, Texas.

The bridge operations resulted in a surplus allowing the City to share in 25% of the interlocal contribution, an amount of \$186,593 for the year ending September 30, 2015.

NOTE T - INDUSTRIAL DEVELOPMENT ACTIVITY

The Harlingen Industrial Foundation, Inc. (HIFI) which is a community-owned nonprofit corporation, was organized by the Harlingen Chamber of Commerce to attract and promote new industry for the City of Harlingen. HIFI entered into a contract for deed with the City's Capital Improvement Fund for the purchase of approximately 120.07 acres of land. The City's original purchase price was \$780,455.

Under the terms of the contract, and as more fully explained therein, HIFI paid one-third of the contract amount with the balance due at the earlier of ten years (1993) or the date acreage is sold. HIFI will receive a deed to partial acreage on the following terms: (a) payment of two-thirds of the original acre price; and (b) payment of two-thirds of the profit made by HIFI in reselling the property. The contract has been extended at year end until March 15, 2016.

NOTE U - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

In prior years the Internal Revenue Code specified that the plan's assets were the property of the City until paid or made available to participants, subject only on an equal basis to the claims of the City's general creditors. Therefore, the plan's assets were recorded as a separate agency fund in the Comprehensive Annual Financial Report of the City of Harlingen. A 1996 federal law now requires all assets and income of the Internal Revenue Code 457 deferred compensation plans to be held in trust, custodial accounts, or annuity contracts for the exclusive benefit of the participants and their beneficiaries.

Assets of the City's plan are administered by private corporations under contract with the City. The private administrators have amended the plans to comply with the federal law. Consequently, the plan's assets and liabilities have been removed from the City's financial statements.

NOTE V - RISK MANAGEMENT

The City and component units are exposed to various uncertainties for losses related to intentional and unintentional torts; theft of, damage to and destruction of real and personal property; errors and omissions; catastrophes, medical and dental claims by employees; employee illnesses and injuries and pollution claims for which the entities carry commercial insurance coverage. There have been no significant reductions in insurance coverage from the previous year.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE V - RISK MANAGEMENT - Continued

No negotiated settlements or jury awards have exceeded policy limits in any of the past three years. The entities are members of an intergovernmental risk pool. The risk pool is an interlocal non-assessable agency with present unreserved resources in excess of \$392,687,606 (as of September 30, 2015, the most recently audited financial statements completed for the risk pool). Reinsurance is provided by several A and A++ rated companies in amounts ranging from \$10,000,000 to \$100,000,000 depending on the type of insurance coverage. The entities must promptly pay contributions to the risk pool as outlined by the coverage contracts, comply with underwriting standards and implement loss control recommendations deemed necessary by a risk pool representative due to an eminent high risk of loss situation. City and component units management are not aware of any pending or alleged claims that could exceed the policy limits of the present insurance coverage.

NOTE W - PENSION PLANS

The City and the Valley International Airport (a component unit of the City), (the “City”) have a pension plan covering substantially all of their employees and the Harlingen Waterworks System (a component unit of the reporting entity) (“the System”) has a pension plan covering substantially all of its employees. All the pension plans are funded by making annual contributions to the respective plans equal to the amounts accrued for pension expense, which includes the amortization of past service cost over twenty-four years.

1. *Employees Pension Plans (Other Than Firemen)*

A. Plan Description – Defined Benefit Pension Plans

The City provides pension benefits for all of its eligible full-time employees with the exception of firefighters, through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The Harlingen Waterworks System (the “System”) employees participate in a separate pension plan which is similar to the City's plan and is also sponsored by the Texas Municipal Retirement System. The City of Harlingen firemen are covered by a separate pension plan; therefore, they are not included in the Texas Municipal Retirement System plans.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P. O Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS’ website at www.TMRS.com.

B. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefits are calculated as if the sum of the employee’s contributions, with interest, and the entity-financing monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member’s deposits and interest.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE W - PENSION PLANS - Continued

Employees covered by benefit terms

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

	City and <u>Airport</u>	Harlingen Waterworks <u>System</u>
Inactive employees or beneficiaries currently receiving benefits	296	99
Inactive employees entitled to but not yet receiving benefits	78	45
Active employees	<u>240</u>	<u>133</u>
	<u>614</u>	<u>277</u>

C. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the entity matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the entity. Under the state law governing TMRS, the contribution rate for each entity is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Harlingen, Texas were required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 8.43% and 8.37% in calendar 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2015 were \$903,260 and were equal to the required contributions.

Net Pension Liability (Asset)

The city's Net Pension Liability (NPL) or Asset was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Asset in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE W – PENSION PLANS - Continued

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009 first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	<u>5.0%</u>	8.50%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Pension was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE W – PENSION PLANS – Continued

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following presents the net pension asset of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would have been if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate.

	1% Decrease in Discount Rate <u>(6.0%)</u>	Discount Rate <u>(7.0%)</u>	1% Increase in Discount Rate <u>(8.0%)</u>
City's net pension asset	\$8,759,933	\$(1,064,989)	\$ (9,275,655)
Valley International Airport net pension asset	\$ 618,818	\$ (75,233)	\$ (655,249)
Harlingen Waterworks System net pension asset	\$ 520,306	\$(1,953,444)	\$(4,027,583)

Changes in the net pension asset for the fiscal year ended September 30, 2015 are as follows:

City of Harlingen

	<u>Increase (Decrease)</u>		
	(a) <u>Total Pension Liability</u>	(b) <u>Plan Fiduciary Net Position</u>	(a) – (b) <u>Net Pension Liability (Asset)</u>
Balance at December 31, 2013	\$77,803,042	\$78,868,031	\$(1,064,989)
Changes for the year			
Service cost	1,201,361	-	1,201,361
Interest	5,215,687	-	5,215,687
Change in benefit terms	-	-	-
Difference between expected/actual experience	(389,230)	-	(389,230)
Changes of assumptions	-	-	-
Contributions – employer	-	945,817	(945,817)
Contributions – employee	-	809,375	(809,375)
Net investment income	-	4,405,527	(4,405,527)
Benefit payments, including refunds of employee contributions	(4,267,819)	(4,267,819)	-
Administrative expenses	-	(46,004)	46,004
Other charges	-	(3,782)	3,782
Net changes	<u>1,759,999</u>	<u>1,843,114</u>	<u>(83,115)</u>
Balance at December 31, 2014	<u>\$77,803,042</u>	<u>\$78,868,031</u>	<u>\$ (1,064,989)</u>

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE W – PENSION PLANS – Continued

Valley International Airport

	Increase (Decrease)		
	(a)	(b)	(a) – (b)
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability (Asset)
Balance at December 31, 2013	\$5,371,821	\$5,441,182	\$ (69,361)
Changes for the year			
Service cost	84,866	-	84,866
Interest	368,446	-	368,446
Change in benefit terms	-	-	-
Difference between expected/actual experience	(27,496)	-	(27,496)
Changes of assumptions	-	-	-
Contributions – employer	-	66,814	(66,814)
Contributions – employee	-	57,176	(57,176)
Net investment income	-	311,215	(311,215)
Benefit payments, including refunds of			
employee contributions	(301,487)	(301,487)	-
Administrative expenses	-	(3,250)	3,250
Other charges	-	(267)	267
Net changes	<u>124,329</u>	<u>130,201</u>	<u>(5,872)</u>
Balance at December 31, 2014	<u>\$5,496,150</u>	<u>\$5,571,383</u>	<u>\$ (75,233)</u>

Harlingen Waterworks System

	Increase (Decrease)		
	(a)	(b)	(a) – (b)
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability (Asset)
Balance at December 31, 2013	\$20,346,493	\$22,231,833	\$ (1,885,340)
Changes for the year			
Service cost	457,206	-	457,206
Interest	1,395,895	-	1,395,895
Change in benefit terms	-	-	-
Difference between expected/actual experience	(168,074)	-	(168,074)
Changes of assumptions	-	-	-
Contributions – employer	-	114,431	(114,431)
Contributions – employee	-	381,436	(381,436)
Net investment income	-	1,271,634	(1,271,634)
Benefit payments, including refunds of			
employee contributions	(1,267,474)	(1,267,474)	-
Administrative expenses	-	(13,278)	13,278
Other charges	-	(1,092)	1,092
Net changes	<u>417,553</u>	<u>485,657</u>	<u>(68,104)</u>
Balance at December 31, 2014	<u>\$20,764,046</u>	<u>\$22,717,490</u>	<u>\$ (1,953,444)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plans' Fiduciary Net Position is available in a separately issued financial report. The TMRS financial report may be obtained on the internet at www.tmrs.com.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE W – PENSION PLANS – Continued

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2015 the City and the Airport recognized pension expense in the amount of \$363,240 and \$25,660, respectively. At September 30, 2015 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City of Harlingen	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience (net of current year amortization)	\$ -	\$289,512
Changes in actuarial assumptions	-	-
Differences between projected and actual investment earnings (net of current year amortization)	788,974	-
Contributions subsequent to the measurement date	<u>657,738</u>	<u>-</u>
Total	<u>\$1,446,712</u>	<u>\$289,512</u>
 Valley International Airport	 <u>Deferred Outflows of Resources</u>	 <u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience (net of current year amortization)	\$ -	\$ 20,452
Changes in actuarial assumptions	-	-
Differences between projected and actual investment earnings (net of current year amortization)	55,734	-
Contributions subsequent to the measurement date	<u>38,050</u>	<u>-</u>
Total	<u>\$ 93,784</u>	<u>\$ 20,452</u>
 Harlingen Waterworks System	 <u>Deferred Outflows of Resources</u>	 <u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience (net of current year amortization)	\$ -	\$(130,558)
Changes in actuarial assumptions	-	-
Differences between projected and actual investment earnings (net of current year amortization)	227,675	-
Contributions subsequent to the measurement date	<u>44,279</u>	<u>-</u>
Total	<u>\$271,954</u>	<u>\$(130,558)</u>

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE W – PENSION PLANS – Continued

In the City of Harlingen, Valley International Airport and Harlingen Waterworks System, \$657,738, \$38,050 and \$44,279, respectively, are reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset for the year ending September 30, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	City of <u>Harlingen</u>	Valley International <u>Airport</u>	Harlingen Waterworks <u>System</u>
2015	\$ 97,525	\$ 6,890	\$ 19,403
2016	97,525	6,890	19,403
2017	107,167	7,570	19,403
2018	197,245	13,932	38,908
2019	-	-	-
Thereafter	-	-	-

Subsequent Event:

Defined Benefit Pension Plans

Pursuant to TMRS policy of conducting experience studies every four years, the TMRS Board at their July 31, 2015 meeting determined that they would be changing certain actuarial assumptions including reducing the long term expected rate of return from the current 7% to 6.75% and changing the inflation assumption from 3% to 2.5%. Reduction of expected investment return and related discount rate will increase projected pension liabilities. Reducing the inflation assumption reduces liabilities as future annuity levels and future cost of living adjustments are not projected to be as large as originally projected. While the actual impact on the City's valuation for December 31, 2015 is not known the City does expect some downward pressure on its funded status and upward pressure on its 2017 actuarially determined contribution (ADC) due to this change. Accordingly, the city has included in its approved fiscal year 2016 budget to continue to fund pension contributions above the required ADC which will help smooth impacts of any increases in the required ADC for fiscal year 2017.

2. Harlingen Firemen's Relief and Retirement Fund

A. Plan Description

The Board of Trustees of the Firemen's Relief and Retirement Fund is the administrator of a single-employer defined benefit pension plan. The Firemen's Relief and Retirement Fund is considered part of the City of Harlingen's financial reporting entity and is included in the City's financial reports as a pension trust fund.

A stand-alone report for the Firemen's Relief and Retirement Fund is publicly available at City Hall located at 118 East Tyler, Harlingen, Texas 78550, and complies with GASB Statement No. 67 *Financial Reporting for Pension Plans*, an amendment of GASB Statement No. 25.

Firefighters employed by the Harlingen Fire Department are covered by the Firemen's Relief and Retirement Fund. During the year 2005, the fund changed its year end to December 31st. December 31, 2013 is the most recent information available. The table below summarizes the membership of the fund at December 31, 2013:

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE W - PENSION PLANS - Continued

1. Retirees and beneficiaries currently receiving benefits, terminated employees entitled to benefits but not yet receiving them, and employees who have elected the DROP benefit	74
2. Current employees	
a. Vested	14
b. Nonvested	<u>82</u>
3. Total	<u>170</u>

The Firemen's Relief and Retirement Fund provides service retirement, death, disability and withdrawal benefits. These benefits vest after twenty years of credited service. Employees may retire at age 50 with twenty years of service. The monthly benefit at retirement, payable in a joint and 2/3 to spouse form of annuity, is equal to 65.5% of highest sixty-month average salary plus \$65 per month for each year of service in excess of twenty years. Under this plan, Harlingen firefighters are required to contribute 12% of their pay to the fund. The City of Harlingen is required to make contributions which will equal 12% of pay. The benefit and contribution provisions of this plan are authorized by the Texas Local Fire Fighters Retirement Act (TLFFRA).

B. Summary of Significant Accounting Policies and Plan Asset Matters

1. Basis of Accounting

The Firemen's Relief and Retirement Fund financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

No investment in any one organization represents 5% or more of the net position available for pension benefits.

2. Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost which approximates fair value. Investments that do not have an established market are reported at estimated fair value.

C. Actuarial Assumptions

Valuation date	December 31, 2013
Actuarially determined contributions rates	Calculated in the year contributions are reported based on 40 year (open) period amortization.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age
Amortization method	Open period, level percent of pay
Remaining amortization period	66.6 years
Asset valuation method	Fair value of assets
Salary increases	5.50%
Payroll Growth	4.00%
Investment rate of return	8.00%

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE W - PENSION PLANS - Continued

There were no changes to methods or plan provisions since the prior valuation. The mortality assumption is based on the RP 2000 mortality with Blue Collar adjustment with mortality improvements projected to the valuation date using Scale.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed 2.5%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocations as of December 31, 2013 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return (Arithmetic)</u>
Equity	4.80%
Fixed Income	6.05%
Real Estate	1.50%
Cash	3.50%

Discount rate: The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that the City contribution would equal the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension investments was applied to all period of benefit payments to determine the total pension liability.

	<u>Increase (Decrease)</u>		
	<u>(a) Total Pension Liability</u>	<u>(b) Plan Fiduciary Net Position</u>	<u>(a) – (b) Net Pension Liability (Asset)</u>
Balance at December 31, 2013	\$39,930,327	\$28,343,328	\$11,586,999
Changes for the year			
Service cost	1,000,126	-	1,000,126
Interest	2,950,328	-	2,950,328
Change in benefit terms	-	-	-
Difference between expected/actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions – employer	-	777,438	(777,438)
Contributions – employee	-	775,998	(775,998)
Net investment income	-	1,063,926	(1,063,926)
Benefit payments, including refunds of employee contributions	(1,974,208)	(1,974,208)	-
Administrative expenses	-	(26,659)	26,659
Other charges	-	-	-
Net changes	<u>1,976,246</u>	<u>616,495</u>	<u>1,359,751</u>
Balance at December 31, 2014	<u>\$41,906,573</u>	<u>\$28,959,823</u>	<u>\$12,946,750</u>

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE W - PENSION PLANS - Continued

Sensitivity of the net pension liability to changes in the Discount rate: The following presents the net pension liability of the City, calculated using the discount rate of 8.00% as well as what the City's net pension liability would be if it were to be calculated using the discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease in Discount Rate <u>(7.0%)</u>	Discount Rate <u>(8.0%)</u>	1% Increase in Discount Rate <u>(9.0%)</u>
Firemen's net pension liability	<u>\$15,813,038</u>	<u>\$12,946,750</u>	<u>\$ 8,003,928</u>

3. Retirement Savings Plan

In October 2007, the City Commission approved the establishment of a 401(a) retirement (defined contribution) plan. The effective date of the plan was January 1, 2008 and covers substantially all full time employees hired after September 30, 2007. Under the plan, employees generally may elect to exclude up to 15% of their compensation from amounts subject to federal income tax as a salary deferral contribution. The City is required by resolution to make matching contributions to the plan as follows:

<u>Employee Length of Employment</u>	<u>City Required Contribution</u>
1-5 years	5%
6-10 years	6%
11 + years	7%

Employees are 100% vested immediately. The City's total contribution to the plan during fiscal year 2015 was \$486,600. The Economic Development Corporation's and the Airport's contribution to the plan during fiscal year 2015 was \$31,739 and \$36,095, respectively.

NOTE X - OTHER POST EMPLOYMENT BENEFITS

1. Retiree Health Care Plan

GASB Statement No. 45: *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (OPEB) does not require funding of OPEB expense, but any difference between the annual required contribution (ARC) and the amount funded during the year is required to be recorded in the employer's financial statement as an increase (or decrease) in the net OPEB obligation. The City is required to obtain an actuarial valuation at least once every two years in accordance with GASB 45 standards. The Plan is administered by Total Compensation Group. The authority for establishing or amending the plan's provisions lies with the City. The City maintains the authority for establishing or amending contribution requirements. The City's and System's latest valuations are dated December 31, 2013 and 2014, respectively and discloses the following:

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE X - OTHER POST EMPLOYMENT BENEFITS - Continued

Plan Description

In addition to the pension benefits described in Note W and the supplemental death benefits described in Note X.2, the City and System make available health care and prescription-drug benefits to all employees who retire from the City and System and who are receiving benefits from the City and System sponsored retirement program, Texas Municipal Retirement System ("TMRS") under a single-employer health insurance plan. All current full-time employees of the City and System are eligible for retirement and health-care and prescription-drug coverage at age 60 with five years of service or at any age with 20 years of service. Those approved for disability retirement through TMRS are also eligible for retiree health-care and prescription-drug coverage. The City and System provided group health care coverage is discontinued at the end of the month prior to the retiree's 65th birth month. A Medicare Supplement, Plan F is provided thereafter, until death. The City and System provided health-care and prescription drug coverage and the Medicare Supplement premiums are paid 100% by the City and System.

Employees who are eligible for retirement, but instead choose to terminate employment, are not eligible for City and System sponsored health care and prescription drug coverage at a later date. Retirees who elect to opt-out of the City and System sponsored health care plan do not receive any cash payment in lieu of electing the City and System sponsored health care plan.

Spouses and dependents are eligible for COBRA coverage for 18 months (or up to 36 months under certain circumstances) following members retirement date. Spouse and dependent(s) are responsible for payment of the full premium amount. Retirees are required to enroll in Medicare once eligible. Retirees pay Medicare premiums. The City and System do not provide subsidized retiree vision or dental care coverage. Nor does the City and System provide subsidized retiree life insurance coverage. Life insurance coverage carried at the time of retirement is portable. The City and System do not provide a death-in-service benefit to a surviving spouse; however, through TMRS, there is a \$7,500 death benefit as explained in Note X.2.

Funding Policy and Annual Retiree Health Care Plan Cost

The City and System's annual retiree health care plan cost is based upon the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents an accrual that, if expensed annually, will recognize the normal cost each year and an amount to amortize any unfunded actuarial liabilities (or funding excess) over thirty years. The City and System have not established a trust to fund the Retiree Health Care Plan liability and intend to continue the pay-as-you-go funding method. The plan does not issue a separate financial report.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE X - OTHER POST EMPLOYMENT BENEFITS - Continued

The City and System had its Retiree Health Care Plan actuarial valuation performed for the calendar year ended December 31, 2013 as required by GASB. The funding status and funding progress was initially reported during the fiscal year ended September 30, 2010 as required by GASB. The City's and System's Retiree Health Care Plan cost for the current year is as follows:

	City of Harlingen and Airport	Harlingen Waterworks System
Annual required contribution (ARC)	\$ 637,309	\$ 726,557
Interest on Retiree Health Care Plan obligation	131,472	127,598
Adjustment to ARC	<u>(121,807)</u>	<u>(170,273)</u>
Annual Retiree Health Care Plan cost (expense)		
end of year	646,974	683,882
Employer contributions (pay as you go basis)	<u>(301,202)</u>	<u>(313,880)</u>
Increase in net Retiree Health Care Plan obligation	345,772	370,002
Net Retiree Health Care Plan obligation:		
As of beginning of year	<u>2,921,597</u>	<u>2,835,505</u>
As of end of year	<u>\$3,267,369</u>	<u>\$3,205,507</u>

The City's and System's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended September 30, 2015, the year GASBS Statement No. 45 was implemented, is as follows:

City and Airport								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Fiscal Year Ended	Employer Annual Required Contribution	Net Employer Contribution	Interest on NOO	ARC Adjustment (9) / (6)	Amortization Factor	OPEB Cost (2)+(4)-(5)	Change NOO (7)-(3)	NOO Balance NOO + (8)
9/30/2011								\$ 789,180
9/30/2012	\$453,876	\$ 73,500	\$186,776	\$ (720,935)	23.98540	\$ 1,361,587	\$1,288,087	2,077,267
9/30/2013	645,863	73,500	144,770	101,339	23.98540	689,294	468,794	2,546,061
9/30/2014	618,747	251,634	114,573	106,150	23.98540	627,170	375,536	2,921,597
9/30/2015	637,309	301,202	131,472	121,807	23.98540	646,974	345,772	3,267,369

Harlingen Waterworks System								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Fiscal Year Ended	Employer Annual Required Contribution	Net Employer Contribution	Interest on NOO	ARC Adjustment (9) / (6)	Amortization Factor	OPEB Cost (2)+(4)-(5)	Change NOO (7)-(3)	NOO Balance NOO + (8)
9/30/2011								\$1,440,665
9/30/2012	\$771,545	\$234,793	\$ 64,830	\$ 86,512	16.65270	\$ 749,863	\$ 515,070	1,955,735
9/30/2013	771,545	282,936	88,008	117,443	16.65270	742,110	459,174	2,414,909
9/30/2014	726,557	269,616	108,671	145,016	16.65270	690,212	420,596	2,835,505
9/30/2015	726,557	313,880	127,598	170,273	16.65270	683,882	370,002	3,205,507

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE X - OTHER POST EMPLOYMENT BENEFITS - Continued

<u>City and Airport</u>				
<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Amount Contributed</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2013	\$ 689,294	\$ 73,500	10.7%	\$2,546,061
9/30/2014	627,170	251,634	40.1%	2,921,597
9/30/2015	646,974	301,202	46.6%	3,267,369

<u>Harlingen Waterworks System</u>				
<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Amount Contributed</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2013	\$ 742,110	\$282,936	38.1%	\$2,414,909
9/30/2014	690,212	269,616	39.1%	2,835,505
9/30/2015	683,882	313,880	45.9%	3,205,507

Funding Status and Funding Progress

The funded status of the plan as of the latest valuation date is as follows:

	<u>City and Airport</u>	<u>Harlingen Waterworks System</u>
Actuarial accrued liability	\$6,312,290	\$8,507,490
Actuarial value of plan assets	-	-
Unfunded actuarial accrued liability	<u>\$6,312,290</u>	<u>\$8,507,409</u>
Funded ratio	0%	0%
Covered payroll	\$12,283,634	\$5,584,458
Unfunded actuarial accrued liability as a percentage of covered payroll	39.1%	162%

Under the reporting parameters, the City's and System's retiree health care plan is 0.0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$6,312,290 and \$8,507,409, respectively.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE X - OTHER POST EMPLOYMENT BENEFITS - Continued

Actuarial Methods and Assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's and System's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the City and System and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and System and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant methods and assumptions were as follows:

Measurement date	December 31, 2013
Inflation rate	3.00%
Investment rate of return	4.50% per annum, net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization period	30-year open amortization
Payroll Growth	3.00% per annum
Medical Trend	Initial rate of 6.85%, declining to an Ultimate rate of 4.75% after 13 years City's explicit subsidy is not expected to increase

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City's and System's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information following the footnotes presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing, over time, relative to the actuarial accrued liability for benefits.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE X - OTHER POST EMPLOYMENT BENEFITS - Continued

2. Supplemental Death Benefit Fund

Plan Description

The City and System also participate in the cost sharing multiple-employer benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City and System elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City and System may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

The City and System offer supplemental death benefits to employees:

	<u>Plan Year 2011</u>	<u>Plan Year 2012</u>	<u>Plan Year 2013</u>
Active employees (yes or no)	Yes	Yes	Yes
Retirees (yes or no)	Yes	Yes	Yes
Contribution rates:			
City	.08%	.09%	.09%
System	.06	.07	.07

Contributions

The City and System contribute to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended 2015, 2014 and 2013 were \$30,071, \$26,980 and \$25,827, respectively, which equaled the required contributions each year.

The Valley International Airport's contributions to the TMRS SDBF for the years ended 2015, 2014 and 2013 were \$854, \$856 and \$806, respectively, which equaled the required contributions each year.

The System's contributions to the TMRS SDBF for the years ended 2015, 2014 and 2013 were \$4,468, \$4,143 and \$3,644, respectively, which equaled the required contributions each year.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE Y – TAX INCREMENT FINANCING REINVESTMENT ZONES

On June 21, 2006, the City created three Tax Increment Financing (TIF #1, TIF #2, and TIF #3) Reinvestment Zones (“TIF’s”) pursuant to Chapter 311 of the Texas Tax Code. The Zones were created for the purpose of dedicating a portion of the increase in real property ad valorem tax revenues generated within the zones for public infrastructure necessary to encourage accelerated residential and commercial development. Both the City of Harlingen and Cameron County are participating in the Reinvestment Zones.

The City established a 30 year life for the TIF’s beginning January 1, 2006 and ending on December 31, 2035. The City, as permitted under the Texas Tax Code, has elected to transfer 80 percent of the tax increment collected into the zones beginning with taxes levied after January 1, 2007 as compared to the base year values of January 1, 2006.

Cameron County limited their terms to 15 years beginning on January 1, 2008 and ending on December 31, 2022. The County agreed to participate by contributing 100% of the tax increment collected into the zones beginning with taxes levied after January 1, 2008 as compared to the base year.

For the current year, the amounts transferred were \$344,669 and \$ -0- from the City and County, respectively.

NOTE Z – TRANSACTIONS WITH THE HARLINGEN ECONOMIC DEVELOPMENT CORPORATION

During the year ended September 30, 2007 the City entered into an agreement with the Harlingen Economic Development Corporation (“EDC”) whereby the City would reimburse the EDC for certain amounts of financial assistance provided to a developer for targeted public infrastructure.

The City agreed to reimburse the EDC up to \$3,000,000 for qualifying targeted public infrastructure improvements. At September 30, 2015 targeted qualifying infrastructure improvements for the project totaled \$1,208,323.

The City has recorded a long-term payable to the EDC in the government wide financial statements. Correspondingly, the EDC has recorded a long-term receivable from the City. At year end the balance totaled \$3,013,219.

NOTE AA – COMPLIANCE AND ACCOUNTABILITY

Finance-Related Legal and Contractual Provision

In accordance with GASB Statement No. 38, “Certain Financial Statement Note Disclosures,” violations of finance related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

In the general fund, actual general government expenditures exceeded final budget by \$242,427, capital outlay amounts exceeded final budget due to unexpected capital outlays totaling \$1,757,368 and debt service expenditure exceed final budget by \$336,617.

City of Harlingen, Texas
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

NOTE AA – COMPLIANCE AND ACCOUNTABILITY - Continued

Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
Communication Center	\$ (137,216)	Pending reimbursement from other fund

NOTE BB – RESTATEMENT OF PRIOR YEAR

Change in Accounting Principle

During fiscal year 2015, the City of Harlingen adopted GASB Statement No. 68 for Accounting and Reporting for Pensions. With GASB 68, the City and its discretely presented component units must recognize their proportionate share of the City of Harlingen's Net Pension Asset of the defined benefit retirement plan through the Texas Municipal Retirement System (TMRS). Adoption of GASB 68 required a prior period adjustment to report the effect of the change in accounting principle retroactively.

The effect of the prior period adjustment in these financial statements was to restate beginning net position at October 1, 2013. In addition, pension contributions previously reported in fiscal year 2014 as personnel services expense were reclassified to a deferred outflow of resources on the statement of net position. The overall effect of these adjustments is to increase ending net position as of September 30, 2014. The following details the adjustments to beginning net position by entity.

	<u>City of Harlingen</u>	<u>Economic Development Corporation</u>	<u>Valley International Airport</u>	<u>Harlingen Waterworks System</u>
Deferred outflow of resources for contributions made between 12/31/13 and previous year	\$ 633,678	\$ -	\$ 69,361	\$1,885,340
To record beginning net pension asset, as of December 31, 2014	<u>867,444</u>	<u>-</u>	<u>47,431</u>	<u>83,255</u>
	1,501,122	-	116,792	1,968,595
To adjust net pension liability - Firemen's Relief and Retirement Fund	(10,315,461)	-	-	-
<i>Correction of Error</i>				
To record the City's portion of developer note payable	(3,013,219)	3,013,219	-	-
To record the City's portion of interest payable on developer note payable	(508,363)	508,363	-	-
To adjust interest payable on developer note payable	(265,579)	(124,795)	-	-
To adjust note receivable from primary government	<u>-</u>	<u>(1,014,829)</u>	<u>-</u>	<u>-</u>
	<u>(3,787,161)</u>	<u>2,381,958</u>	<u>-</u>	<u>-</u>
Total adjustments to beginning net position	\$(<u>12,601,500</u>)	\$ <u>2,381,958</u>	\$ <u>116,792</u>	\$ <u>1,968,595</u>

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

City of Harlingen, Texas
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal year ended September 30, 2015

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
Revenues				
Property taxes - including penalty and interest	\$ 13,627,889	\$ 13,627,889	\$ 13,682,198	\$ 54,309
Nonproperty taxes	19,556,078	19,556,078	19,897,893	341,815
Fines and forfeitures	2,253,779	2,253,779	1,672,287	(581,492)
Licenses and permits	618,014	618,014	502,973	(115,041)
Charges for services	1,888,528	2,985,279	3,034,139	48,860
Intergovernmental	1,221,323	745,840	689,624	(56,216)
Contributions and donations	-	15,495	2,503,630	2,488,135
Miscellaneous	187,037	187,037	155,673	(31,364)
Interest and investment income	<u>24,500</u>	<u>24,500</u>	<u>14,062</u>	<u>(10,438)</u>
Total revenues	39,377,148	40,013,911	42,152,479	2,138,568
Expenditures				
Current				
General government	5,438,129	5,506,351	5,748,778	(242,427)
Public safety	22,683,067	22,960,550	22,621,457	339,093
Highways and streets	3,394,060	3,401,010	3,258,044	142,966
Health and welfare	3,360,641	3,351,893	2,972,646	379,247
Culture and recreation	4,122,057	4,089,034	3,759,030	330,004
Capital outlay	494,962	2,175,895	3,933,263	(1,757,368)
Debt service				
Principal retirement	-	-	142,800	(142,800)
Interest and fiscal agent fees	<u>-</u>	<u>2,950</u>	<u>196,767</u>	<u>(193,817)</u>
Total expenditures	<u>39,492,916</u>	<u>41,487,683</u>	<u>42,632,785</u>	<u>(1,145,102)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(115,768)	(1,473,772)	(480,306)	993,466
Other financing sources (uses)				
Transfers in	1,665,330	1,665,330	1,300,742	(364,588)
Transfers (out)	(1,601,475)	(1,601,475)	(2,116,548)	(515,073)
Proceeds from capital lease	-	-	47,250	47,250
Sale of capital assets	<u>65,000</u>	<u>65,000</u>	<u>8,924</u>	<u>(56,076)</u>
Total other financing sources (uses)	<u>128,855</u>	<u>128,855</u>	<u>(759,632)</u>	<u>(888,487)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 13,087</u>	<u>\$ (1,344,917)</u>	(1,239,938)	<u>\$ 104,979</u>
Fund balances, beginning of year			<u>17,183,636</u>	
Fund balance, end of year			<u>\$ 15,943,698</u>	

City of Harlingen, Texas
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal year ended September 30, 2015

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
Revenues				
Intergovernmental	\$ 1,036,842	\$ 1,036,842	\$ 736,631	\$ (300,211)
Miscellaneous and program revenues	48,815	48,815	153,415	104,600
Interest and investment income	<u>6,469</u>	<u>6,469</u>	<u>6,680</u>	<u>211</u>
Total revenues	1,092,126	1,092,126	896,726	(195,400)
Expenditures				
Current				
General government	256,000	256,000	104,907	151,093
Health and welfare	661,126	661,126	463,034	198,092
Capital outlay	<u>175,000</u>	<u>175,000</u>	<u>251,953</u>	<u>(76,953)</u>
Total expenditures	<u>1,092,126</u>	<u>1,092,126</u>	<u>819,894</u>	<u>272,232</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	76,832	<u>\$ 76,832</u>
Fund balance, beginning of year			<u>62,084</u>	
Fund balance, end of year			<u>\$ 138,916</u>	

City of Harlingen, Texas
Required Other Post Employment Benefits
Supplementary Information
September 30, 2015

The City of Harlingen Post Employment Benefits Supplementary Information
Schedule of Funding Progress

City of Harlingen and Valley International Airport – Retiree Healthcare

<u>Fiscal Year*</u>	<u>(1) Actuarial Value of Assets</u>	<u>(2) Actuarial Accrued Liability</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (1)/(2)</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
2013	\$ -	\$6,791,744	\$6,791,744	- %	\$6,791,744	\$12,267,655	55.36%
2014	-	6,312,290	6,312,290	-	6,312,290	12,126,117	52.06
2015	-	6,312,290	6,312,290	-	6,312,290	12,196,886	51.75

*Fiscal year 2013 as of December 31, 2011 actuarial valuation. Fiscal year 2014 and 2015 as of December 31, 2013 actuarial valuation.

Under the reporting parameters, the City's retiree health care plan is 0.0% funded with the actuarial accrued liability exceeding the actuarial assets by \$6,312,290 at December 31, 2013. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 0.0%.

City of Harlingen, Texas
Required Other Post Employment Benefits
Supplementary Information - Continued
September 30, 2015

Harlingen Waterworks System – Retiree Healthcare

<u>Fiscal Year*</u>	(1) <u>Actuarial Value of Assets</u>	(2) <u>Actuarial Accrued Liability</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (1)/(2)</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
2013	\$ -	\$7,553,726	\$7,553,726	- %	\$7,553,726	\$5,449,089	138.62%
2014	-	8,507,409	8,507,409	-	8,507,409	5,261,273	161.70
2015	-	8,507,409	8,507,409	-	8,507,409	5,355,181	158.86

*Fiscal year 2013 as of December 31, 2010 actuarial valuation. Fiscal year 2014 and 2015 as of December 31, 2014 actuarial valuation.

Under the reporting parameters, the City's retiree health care plan is 0.0% funded with the actuarial accrued liability exceeding the actuarial assets by \$8,507,409 at December 31, 2013. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 0.0%.

Actuarial Methods and Assumptions

The Projected Unit Credit Cost Method is used to calculate the GASB ARC for the retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The actuarial cost method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

City of Harlingen, Texas
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
For the Year Ended September 30, 2015

	<u>City of Harlingen</u>	<u>Valley International Airport</u>	<u>Harlingen Waterworks System</u>	<u>Firemen's Relief and Retirement Fund</u>
Total Pension Liability				
Service cost	\$ 1,201,361	\$ 84,866	\$ 457,206	\$ 1,000,126
Interest (on the total pension liability)	5,215,687	368,446	1,395,895	2,950,328
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(389,230)	(27,496)	(168,074)	-
Changes of assumptions	-	-	-	-
Benefit payments, including refunds of employee contributions	<u>(4,267,819)</u>	<u>(301,487)</u>	<u>(1,267,474)</u>	<u>(1,974,208)</u>
Net change in total pension liability	1,759,998	124,329	417,553	1,976,246
Total pension liability – beginning	<u>76,043,043</u>	<u>5,371,821</u>	<u>20,346,493</u>	<u>39,930,327</u>
Total pension liability – ending (a)	<u>\$77,803,042</u>	<u>\$5,496,150</u>	<u>\$20,764,046</u>	<u>\$41,906,573</u>
Plan Fiduciary Net Position				
Contributions – employer	\$ 945,817	\$ 66,814	\$ 114,431	\$ 777,438
Contributions – employee	809,375	57,176	381,436	775,998
Net investment income	4,405,527	311,215	1,271,634	1,063,926
Benefit payments, including refunds of employee contributions	(4,267,819)	(301,487)	(1,267,474)	(1,974,208)
Administrative expense	(46,004)	(3,250)	(13,278)	(26,659)
Other	<u>(3,782)</u>	<u>(267)</u>	<u>(1,092)</u>	<u>-</u>
Net change in plan fiduciary net position	1,843,114	130,201	485,657	616,495
Plan fiduciary net position – beginning	<u>77,024,917</u>	<u>5,441,182</u>	<u>22,231,833</u>	<u>28,343,328</u>
Plan fiduciary net position – ending (b)	<u>\$78,868,031</u>	<u>\$5,571,383</u>	<u>\$22,717,490</u>	<u>\$28,959,823</u>
Net pension liability (asset) – ending (a) – (b)	<u>\$ (1,064,989)</u>	<u>\$ (75,233)</u>	<u>\$ (1,953,444)</u>	<u>\$12,946,750</u>
Plan fiduciary net position as a percentage of total pension liability	101.37%	101.37%	109.41%	69.11%
Covered employee payroll	\$11,326,026	\$800,089	\$5,449,089	\$5,875,429
Net pension liability (asset) as a percentage of covered employee payroll	(9.40)%	(9.40)%	(35.85)%	220.35%

City of Harlingen, Texas
SCHEDULE OF CONTRIBUTIONS
For the Year Ended September 30, 2015

	<u>City of Harlingen</u>	<u>Valley International Airport</u>	<u>Harlingen Waterworks System</u>	<u>Firemen's Relief and Retirement Fund</u>
Actuarially determined contribution	\$ 903,260	\$ 56,067	\$ 75,455	\$1,608,692
Contributions in relation to actuarially determined contribution	<u>(903,260)</u>	<u>(56,067)</u>	<u>(75,455)</u>	<u>(1,439,480)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>169,212</u>
Covered employee payroll	\$10,771,145	\$ 800,089	\$5,584,459	\$5,875,429
Contributions as a percentage of covered employee payroll	8.39%	7.00%	1.35%	24.5%

City of Harlingen, Texas
NOTES TO SCHEDULE OF CONTRIBUTIONS
For the Year Ended September 30, 2015

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	12 Years
Asset Valuation Method	10 Year Smoothed Market; 15% Soft Corridor
Inflation	3.0%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience – based table based on rates that are specific to the City’s plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 – 2009.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information: There were no benefit changes during the year.

City of Harlingen, Texas
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended September 30, 2015

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except for the capital projects funds which adopt project - length budgets. Formal budgetary integration is employed as a management control device during the year for the General, Debt Service, Community Development Block Grant, Tennis Court Revenue, Hotel/Motel Occupancy Tax, M.P.O., Catastrophic Emergency Relief, Harlingen Downtown, Special Investigation, and FreeTrade Bridge, COPS/UHP, Convention and Visitors Bureau, Communication Center, and Infrastructure as well as for all enterprise and internal service funds. These budgets, except for Community Development Block Grant Fund, are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

Unused appropriations for all of the above annually budgeted funds lapse at the end of each year. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Budgetary data for Capital Project Funds are budgeted over the life of the respective project and not on an annual basis. Therefore, this data is not presented in the accompanying combined financial statements. Budgets for Community Development Block Grant Fund are legally adopted on a program (entitlement) basis rather than on an annual basis. The budgets reflected on the schedule of revenues, expenditures and changes in fund balance represent the remaining unexpended program budget at the beginning of the current fiscal year. Unexpended appropriations do not lapse at the end of the fiscal year for these funds. The City Commission approves, by ordinance, total budget appropriations only. The City Manager is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter total appropriations must be approved by the City Commission. Therefore, the legal level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been extended to a functional basis (General Government, Public Safety, etc.)

On or before the end of May of each year, all agencies of the City submit requests for appropriation to the City Manager so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Before October 1, the proposed budget is presented to the City Commission for review. The City Commission holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City Manager or the revenue estimates must be changed by an affirmative vote of a majority of the City Commission.

Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, several supplementary appropriations were necessary.

Budget to actual variances

In the general fund, actual general government expenditures exceeded final budget by \$242,427, capital outlay amounts exceeded final budget due to unexpected capital outlays totaling \$1,757,368 and debt service expenditure exceed final budget by \$336,617.

Deficit Fund Equity

A deficit balance in unrestricted net position/fund balance occurred in the following funds for the year ended September 30, 2015 by the indicated amounts:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
Communication Center	\$137,216	Pending reimbursement from other fund

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OTHER SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. The City has the following special revenue funds:

The ***Tennis Court Revenue Fund*** is used to account for the City's percentage of total revenue from municipal tennis court fees and expenditures for the maintenance and upkeep of the tennis courts.

The ***Public, Educational, and Government (PEG) Access Fund*** is used to account for the franchise renewal fee collected from channel capacity that is designated for public, educational or government use.

The ***Hotel/Motel Occupancy Tax Fund*** is used to account for the 7% occupancy tax monies received from hotels and motels. The fund distributes a majority of the 7% through a contract with the Chamber of Commerce for tourist promotion. The remainder of the monies are expended for other promotional expenses.

The ***Convention & Visitors Bureau Fund*** is used to account for a portion of the Hotel/Motel occupancy taxes allocated by the City for the specific use of encouraging and promoting tourism and conventions to the City. On January 1, 2010, this fund was created when the department was moved from the Harlingen Area Chamber of Commerce and brought into the control of the City of Harlingen.

The ***M. P. O. Grant Fund*** (Metropolitan Planning Organization) is used to account for grant monies received from a Federal-Aid Highway Act grant. The grant funds are used for studies and plans to guide the unified, far-reaching development of the Harlingen traffic area.

The ***Catastrophic Emergency Relief Fund*** is used to account for funds transferred from other funds and for monies received from grants. The fund will account for expenditures specifically authorized by ordinance, generally encompassing capital improvements and catastrophic emergency type expenditures.

The ***Harlingen Downtown Fund*** is used to account for funds assessed and collected from downtown merchants and property owners to improve the quality of the downtown area and attract and promote new and existing business to the downtown area.

The ***Federal Investigation Fund*** is used to account for federal monies received by the Harlingen Police Department. These funds are used to finance the police investigations, equipment, and rewards in the "Crimestoppers" program.

The ***State Investigation Fund*** is used to account for state monies received by the Harlingen Police Department. These funds are used to finance the police investigations, equipment, and rewards in the "Crimestoppers" program.

The ***Other Grants Fund*** is used to account for short-term miscellaneous reimbursement grants of various types.

The ***Communication Center Fund*** is used to account for monies received for the rental of tower space at the City's new Communication Center. The monies will be expended on repairs and maintenance of the tower.

The ***Community Oriented Policing Services/Universal Hiring Program (COPS/UHP) Fund*** is used to account for funds awarded to the City to hire six additional sworn career law enforcement officer positions. The grant is on a reimbursement basis and pays for the entry-level salaries and approved fringe benefits of the six officer positions for a three year term.

NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS - CONTINUED

The ***FEMA Jefferson St Drainage*** is used to account for State Disaster funding awarded through the Texas Department of Public Safety - Division of Emergency Management. This funding enables the Hazard Mitigation-Jefferson Street Drainage project to be completed in its entirety. The total amount of funds award to the City was \$1,725,000.00.

The ***Free Trade Bridge Fund*** is used to account for the City's participation in the construction of the Los Indios Bridge. This project is a cooperative effort encompassing two other governmental entities.

The ***Infrastructure Fund*** is intended to maintain many of the City's existing infrastructures. The fund is financed with a special assessment on the Sanitation bill as a separate monthly line item.

The ***Lon C. Hill Library Fund*** is used to account for monies donated to benefit the library.

The ***Red Light Enforcement Fund*** is used to account for monies received from penalties assessed for red light violations. These funds go towards paying for the operations of the red light program and any excess funds must be utilized for traffic education, traffic engineering improvements, and traffic enforcement.

The ***Tax Increment Financing Reinvestment Zone #1 (TIF #1) Fund*** is used to account for revenue that provide development incentives and funding for infrastructure improvements lacking in the selected area. TIF #1 is an area along and either side of the north leg of Loop 499 continuing along the east leg of the Loop, primarily on the east side south of the airport and containing approximately 2,170 acres.

The ***Tax Increment Financing Reinvestment Zone #2 (TIF #2) Fund*** is used to account for revenue that provide development incentives and funding for infrastructure improvements lacking in the selected area. TIF #2 is an area primarily between FM 801 (Ed Carey) and FM 509 both north and south of Expressway 77/83 and containing approximately 1,183 acres.

The ***Tax Increment Financing Reinvestment Zone #3 (TIF #3) Fund*** is used to account for revenue that provide development incentives and funding for infrastructure improvements lacking in the selected area. TIF #3 is an area north and south of Expressway 83 west of Expressway 77/83 with a smaller area east of Expressway 77/83 and containing approximately 670 acres.

The ***Neighborhood Stabilization Program Fund*** is used to account for funds provided through the Texas Department of Housing and Community Affairs (TDHCA). The program funds are intended to demolish unsafe structures, purchase foreclosed homes, rehabilitate them if necessary, and provide homebuyer assistance.

The ***TxDot 3rd Street Drainage Project Grant*** is used to account for funds provided through the Texas Department of Transportation. The purpose of this project is create bicycle lanes and signage, placards, bridge and street lighting fixtures, utilities, and medians with landscaping and irrigation systems.

CAPITAL PROJECTS FUNDS

The capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. The City has the following capital projects funds:

The ***Capital Improvement Fund*** is used to account for the construction of major capital improvements by the City of Harlingen.

The ***Street Improvement Fund*** is used to account for the improvement and repairing of streets within the City of Harlingen. This fund was initiated during the fiscal year ended September 30, 1998.

The ***TDRA Northwest Area Drainage Fund*** is used to account for State Disaster funding awarded through the Texas Department of Rural Affairs (TDRA). This funding enables the Northwest Area Drainage project to be completed in its entirety.

The ***Petition Paving Fund*** is used to account for the construction of capital assets. The *Petition Paving Fund* is used to account for the construction and financing of certain public improvements which are to be paid wholly or in part by special assessments levied against benefited property.

The ***Certificates of Obligation Projects, Series 1999 Fund*** is used to account for the construction of various bond projects.

The ***Certificates of Obligation Projects, Series 2001 Fund*** is used to account for the construction of various bond projects.

The ***Certificate of Obligation Projects, Series 2007 Fund*** is used to account for the proceeds of the bond issuance, which is to be used for the construction of major capital assets.

The ***Certificate of Obligation Projects, Series 2010 Fund*** is used to account for the construction of various bond projects.

The ***Certificate of Obligation Projects, Series 2012 Fund*** is used to account for the proceeds of the bond issuance, which is to be used for the construction of major capital assets.

The ***Certificate of Obligation Projects, Series 2013 Fund*** is used to account for the proceeds of the bond issuance, which is to be used for the construction of major capital assets.

The ***General Obligation Bonds, Series 2006 Fund*** is used to account for the construction of various bond projects.

The ***General Obligation Bonds, Series 2007 Fund*** is used to account for the construction of various bond projects.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources and the payment of general obligation bond principal and interest from governmental resources when the City is obligated in some manner for the payment.

City of Harlingen, Texas
NON MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2015

	Special Revenue Funds									
	Tennis Court Revenue	PEG Fund	Hotel/Motel Occupancy Tax	Convention Visitors Bureau	M.P.O.	Catastrophic Emergency Relief	Harlingen Downtown	Federal Forfeiture	State Forfeiture	Other Grants
ASSETS										
Cash and cash equivalents	\$ 84,577	\$ -	\$ 418,939	\$ 621,890	\$ -	\$ 852,107	\$ 237,067	\$ 120,232	\$ 214,971	\$ 253,353
Receivables (net of allowance for uncollectibles)										
Accounts	20	-	83,921	-	-	-	610	-	-	68,022
Assessments	-	-	-	-	-	-	37,041	-	-	-
Due from other governments	-	-	-	-	77,554	-	-	-	-	-
Due from other funds	-	322,138	-	-	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	920	-	-	-	-	-
TOTAL ASSETS	<u>\$ 84,597</u>	<u>\$ 322,138</u>	<u>\$ 502,860</u>	<u>\$ 621,890</u>	<u>\$ 78,474</u>	<u>\$ 852,107</u>	<u>\$ 274,718</u>	<u>\$ 120,232</u>	<u>\$ 214,971</u>	<u>\$ 321,375</u>
LIABILITIES										
Accounts payable	\$ 773	\$ -	\$ 302	\$ 6,479	\$ 1,473	\$ -	\$ 4,749	\$ 2,464	\$ -	\$ 6,035
Due to other funds	-	-	-	-	72,641	-	-	-	-	-
Accrued expenditures	-	-	-	39,008	4,261	-	3,122	241	-	-
TOTAL LIABILITIES	773	-	302	45,487	78,375	-	7,871	2,705	-	6,035
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue - noncurrent receivables	-	-	-	-	-	-	-	-	-	315,340
Unavailable revenue - assessments	-	-	-	-	-	-	37,041	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	37,041	-	-	315,340
FUND BALANCE (DEFICIT)										
Restricted	83,824	322,138	502,558	576,403	99	-	229,806	117,527	214,971	-
Committed	-	-	-	-	-	852,107	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total fund balance (deficit)	<u>83,824</u>	<u>322,138</u>	<u>502,558</u>	<u>576,403</u>	<u>99</u>	<u>852,107</u>	<u>229,806</u>	<u>117,527</u>	<u>214,971</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 84,597</u>	<u>\$ 322,138</u>	<u>\$ 502,860</u>	<u>\$ 621,890</u>	<u>\$ 78,474</u>	<u>\$ 852,107</u>	<u>\$ 274,718</u>	<u>\$ 120,232</u>	<u>\$ 214,971</u>	<u>\$ 321,375</u>

Continued

Communi- cation Center	COPS/ UHP Grant	FEMA Jefferson St Drainage	Free Trade Bridge	Infrastru- cture	Lon C.Hill Library	Red Light Enforce- ment	Tax Increment Financing Reinvestment Zone			Neighborhood Stabilization	TxDot 3rd St Drainage	Total
							#1	#2	#3			
\$ -	\$ -	\$ -	\$ 413,964	\$ 168,341	\$ 114,235	\$ 55,710	\$ 533,278	\$ 910,540	\$ 307,144	\$ 2,825	\$ -	\$ 5,309,173
-	-	-	-	-	-	-	-	-	-	-	-	152,573
-	-	-	-	-	-	-	-	-	-	-	-	37,041
-	155,178	-	-	1,159	-	-	-	-	-	7,785	-	241,676
-	-	-	-	-	-	-	-	-	-	-	-	322,138
-	-	-	-	23,940	-	-	-	-	-	-	-	23,940
-	-	-	-	-	-	-	-	-	-	-	-	920
<u>\$ -</u>	<u>\$ 155,178</u>	<u>\$ -</u>	<u>\$ 413,964</u>	<u>\$ 193,440</u>	<u>\$ 114,235</u>	<u>\$ 55,710</u>	<u>\$ 533,278</u>	<u>\$ 910,540</u>	<u>\$ 307,144</u>	<u>\$ 10,610</u>	<u>\$ -</u>	<u>\$ 6,087,461</u>
\$ 5,760	\$ -	\$ -	\$ 24,710	\$ 28,003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,610	\$ -	\$ 91,358
131,456	151,355	-	-	-	-	-	-	-	-	-	-	355,452
-	3,823	-	-	-	-	25,327	-	-	-	-	-	75,782
137,216	155,178	-	24,710	28,003	-	25,327	-	-	-	10,610	-	522,592
-	-	-	-	-	-	-	-	-	-	-	-	315,340
-	-	-	-	-	-	-	-	-	-	-	-	37,041
-	-	-	-	-	-	-	-	-	-	-	-	352,381
-	-	-	-	-	114,235	30,383	533,278	910,540	307,144	-	-	3,942,906
-	-	-	389,254	165,437	-	-	-	-	-	-	-	1,406,798
(137,216)	-	-	-	-	-	-	-	-	-	-	-	(137,216)
<u>(137,216)</u>	<u>-</u>	<u>-</u>	<u>389,254</u>	<u>165,437</u>	<u>114,235</u>	<u>30,383</u>	<u>533,278</u>	<u>910,540</u>	<u>307,144</u>	<u>-</u>	<u>-</u>	<u>5,212,488</u>
<u>\$ -</u>	<u>\$ 155,178</u>	<u>\$ -</u>	<u>\$ 413,964</u>	<u>\$ 193,440</u>	<u>\$ 114,235</u>	<u>\$ 55,710</u>	<u>\$ 533,278</u>	<u>\$ 910,540</u>	<u>\$ 307,144</u>	<u>\$ 10,610</u>	<u>\$ -</u>	<u>\$ 6,087,461</u>

City of Harlingen, Texas
NON MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - CONTINUED
September 30, 2015

	Capital projects funds					
	Capital Improvement	Street Improvement	TDRA Northwest Area Drainage	Petition Paving	Certificates of Obligation Projects, Series 1999	Certificates of Obligation Projects, Series 2001
ASSETS						
Cash and cash equivalents	\$ 389,265	\$ 12,694	\$ -	\$ 478,348	\$ 158,987	\$ 867,813
Receivables (net of allowance for uncollectibles)						
Taxes	-	19,378	-	11,293	-	-
Accounts	-	-	-	144,462	-	-
Assessments	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from component unit	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
TOTAL ASSETS	\$ 389,265	\$ 32,072	\$ -	\$ 634,103	\$ 158,987	\$ 867,813
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	935	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Accrued expenditures	-	-	-	-	-	-
Escrow liabilities	-	-	-	430,649	-	-
TOTAL LIABILITIES	-	-	-	431,584	-	-
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	-	-	-	-	-	-
Unavailable revenue - noncurrent receivables	-	-	-	-	-	-
Unavailable revenue - assessments	-	-	-	-	-	-
Unavailable revenue - other	-	19,071	-	145,977	-	-
TOTAL INFLOWS OF RESOURCES	-	19,071	-	145,977	-	-
FUND BALANCES (DEFICIT)						
Restricted	389,265	-	-	56,542	158,987	867,813
Committed	-	13,001	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balance (deficit)	389,265	13,001	-	56,542	158,987	867,813
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 389,265	\$ 32,072	\$ -	\$ 634,103	\$ 158,987	\$ 867,813

Continued

Capital projects funds								
Certificates of Obligation Projects, Series 2007	Certificates of Obligation Projects, Series 2010	Certificates of Obligation Projects, Series 2012	Certificates of Obligation Projects, Series 2013	G.O. Bond Series 2006	G.O. Bond Series 2007	Total	Debt Service	Total Non Major Governmental Funds
\$ 1,482,910	\$ 3,000	\$ -	\$ -	\$ 1,199,598	\$ 788,292	\$ 5,380,907	\$ 1,013,213	\$ 11,703,293
-	-	-	-	-	-	30,671	309,636	340,307
-	-	-	-	-	-	144,462	2	297,037
-	-	-	-	-	-	-	-	37,041
-	-	-	-	-	-	-	-	241,676
-	-	-	-	-	-	-	-	322,138
-	-	-	-	-	-	-	-	23,940
-	-	-	-	-	-	-	-	920
<u>\$ 1,482,910</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,199,598</u>	<u>\$ 788,292</u>	<u>\$ 5,556,040</u>	<u>\$ 1,322,851</u>	<u>\$ 12,966,352</u>
\$ 9,591	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ 13,526	\$ -	\$ 104,884
-	-	-	-	-	-	-	-	355,452
-	-	-	-	-	-	-	-	75,782
-	-	-	-	-	-	430,649	-	430,649
<u>9,591</u>	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>444,175</u>	<u>-</u>	<u>966,767</u>
-	-	-	-	-	-	-	289,186	289,186
-	-	-	-	-	-	-	-	315,340
-	-	-	-	-	-	-	-	37,041
-	-	-	-	-	-	165,048	-	165,048
-	-	-	-	-	-	165,048	289,186	806,615
1,473,319	-	-	-	1,199,598	788,292	4,933,816	1,033,665	9,910,387
-	-	-	-	-	-	13,001	-	1,419,799
-	-	-	-	-	-	-	-	(137,216)
<u>1,473,319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,199,598</u>	<u>788,292</u>	<u>4,946,817</u>	<u>1,033,665</u>	<u>11,192,970</u>
<u>\$ 1,482,910</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,199,598</u>	<u>\$ 788,292</u>	<u>\$ 5,556,040</u>	<u>\$ 1,322,851</u>	<u>\$ 12,966,352</u>

City of Harlingen, Texas
NON MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
For the fiscal year ended September 30, 2015

	Special Revenue Funds									
	Tennis Court Revenue	PEG	Hotel/Motel Occupancy Tax	Convention Visitors Bureau	M.P.O.	Catastrophic Emergency Relief	Harlingen Downtown	Federal Forfeiture	State Forfeiture	Other Grants
Revenues										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Nonproperty taxes	-	66,599	1,024,253	-	-	-	23,632		-	-
Fines and forfeitures	-	-	-	-	-	-	-	47,487	60,645	-
Licenses and permits	-	-	-	-	-	-	-		-	-
Charges for services	12,627	-	-	-	-	-	-		-	-
Intergovernmental	-	-	-	-	203,394	-	-	5,106	-	152,510
Contributions and donations	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	4,485		-	-
Interest and investment income	39	-	133	146	-	403	70	64	46	-
Total revenues	12,666	66,599	1,024,386	146	203,394	403	28,187	52,657	60,691	152,510
Expenditures										
Current										
General government	-	-	-	429,910	-	-	218,161	-	-	71,830
Public safety	-	-	-	-	-	-	-	76,700	7,850	-
Highways and streets	-	-	-	-	203,394	6,641	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	-	-
Culture and recreation	42,807	-	103,000	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	80,680
Debt service										
Principal retirement	-	-	-	-	-	-	-	-	-	-
Interest and fiscal agent fees	-	-	-	-	-	-	-	-	-	-
Total expenditures	42,807	-	103,000	429,910	203,394	6,641	218,161	76,700	7,850	152,510
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(30,141)	66,599	921,386	(429,764)	-	(6,238)	(189,974)	(24,043)	52,841	-
Other financing sources (uses)										
Transfer in	26,000	255,539	-	513,000	-	-	217,975	-	-	-
Transfer (out)	(70,000)	-	(797,486)	-	-	-	-	(44,343)	-	-
Total other financing sources (uses)	(44,000)	255,539	(797,486)	513,000	-	-	217,975	(44,343)	-	-
NET CHANGE IN FUND BALANCES	(74,141)	322,138	123,900	83,236	-	(6,238)	28,001	(68,386)	52,841	-
Fund balance, beginning of year	157,965	-	378,658	493,167	99	858,345	201,805	185,913	162,130	-
Fund balance, end of year	\$ 83,824	\$ 322,138	\$ 502,558	\$ 576,403	\$ 99	\$ 852,107	\$ 229,806	\$ 117,527	\$ 214,971	\$ -

Continued

Communi- cation Center	COPS/ UHP Grant	FEMA Jefferson St Drainage	Free Trade Bridge	Infrastru- cture	Lon C.Hill Library	Red Light Enforce- ment	Tax Increment Financing Reinvestment Zone			Neighborhood Stabilization	TxDot 3rd St Drainage	Total
							#1	#2	#3			
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
-	-	-	-	287,080	-	-	-	-	-	-	-	1,401,564
-	-	-	-	-	-	-	-	-	-	-	-	108,132
-	-	-	-	-	-	-	-	-	-	-	-	-
11,108	-	-	186,509	-	-	-	-	-	-	-	-	210,244
-	162,320	-	-	-	-	-	-	-	-	19,655	6,453	549,438
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	28,818	-	-	-	-	-	-	33,303
-	-	1	84	24	42	19	137	236	76	-	-	1,520
11,108	162,320	1	186,593	287,104	28,860	19	137	236	76	19,655	6,453	2,304,201
-	-	2,319	-	-	-	-	-	-	70,000	-	6,453	798,673
83,255	162,320	-	-	-	-	-	-	-	-	-	-	330,125
-	-	-	55,633	103,680	-	-	-	-	-	-	-	369,348
-	-	-	-	-	-	-	-	-	-	19,655	-	19,655
-	-	-	-	-	54,172	-	-	-	-	-	-	199,979
-	-	-	-	109,842	-	-	-	-	-	-	-	190,522
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
83,255	162,320	2,319	55,633	213,522	54,172	-	-	-	70,000	19,655	6,453	1,908,302
(72,147)	-	(2,318)	130,960	73,582	(25,312)	19	137	236	(69,924)	-	-	395,899
-	-	-	-	-	-	-	66,620	119,636	158,413	-	-	1,357,183
-	-	(3,785)	-	-	-	-	-	-	-	-	-	(915,614)
-	-	(3,785)	-	-	-	-	66,620	119,636	158,413	-	-	441,569
(72,147)	-	(6,103)	130,960	73,582	(25,312)	19	66,757	119,872	88,489	-	-	837,468
(65,069)	-	6,103	258,294	91,855	139,547	30,364	466,521	790,668	218,655	-	-	4,375,020
<u>\$ (137,216)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 389,254</u>	<u>\$ 165,437</u>	<u>\$ 114,235</u>	<u>\$ 30,383</u>	<u>\$ 533,278</u>	<u>\$ 910,540</u>	<u>\$ 307,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,212,488</u>

City of Harlingen, Texas
NON MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - CONTINUED
For the fiscal year ended September 30, 2015

	Capital Projects Funds					
	Capital Improvement	Street Improvement	TDRA Northwest Area Drainage	Petition Paving	Certificates of Obligation Projects, Series 1999	Certificates of Obligation Projects Series 2001
Revenues						
Property taxes	\$ -	\$ 3,211	\$ -	\$ -	\$ -	\$ -
Nonproperty taxes	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Improvements and assessments	-	-	-	117,564	-	-
Charges for services	-	-	-	-	-	-
Intergovernmental	-	-	3,798	-	-	-
Miscellaneous	-	-	-	-	-	-
Interest and investment income	<u>111</u>	<u>69</u>	<u>-</u>	<u>171</u>	<u>50</u>	<u>422</u>
Total revenues	111	3,280	3,798	117,735	50	422
Expenditures						
Current						
General government	-	-	3,798	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	1,073,664	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	-	<u>1,073,664</u>	<u>3,798</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	111	(1,070,384)	-	117,735	50	422
Other financing sources (uses)						
Transfers in	-	960,309	-	-	-	-
Transfers (out)	-	-	-	(117,564)	(83,020)	-
Refunding Bond Proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	-	<u>960,309</u>	<u>-</u>	<u>(117,564)</u>	<u>(83,020)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	111	(110,075)	-	171	(82,970)	422
Fund balance, beginning of year	<u>389,154</u>	<u>123,076</u>	<u>-</u>	<u>56,371</u>	<u>241,957</u>	<u>867,391</u>
Fund balance, end of year	<u>\$ 389,265</u>	<u>\$ 13,001</u>	<u>\$ -</u>	<u>\$ 56,542</u>	<u>\$ 158,987</u>	<u>\$ 867,813</u>

Continued

Capital Projects Funds								
Certificates of Obligation Projects Series 2007	Certificates of Obligation Projects Series 2010	Certificates of Obligation Projects Series 2012	Certificates of Obligation Projects Series 2013	G.O. Bond Series 2006	G.O. Bond Series 2007	Total	Debt Service Fund	Total Non Major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,211	\$ 4,010,570	\$ 4,013,781
-	-	-	-	-	-	-	-	1,401,564
-	-	-	-	-	-	-	-	108,132
-	-	-	-	-	-	117,564	-	117,564
-	-	-	-	-	-	-	-	210,244
-	-	-	-	-	-	3,798	-	553,236
-	-	-	3,500	-	-	3,500	-	36,803
<u>516</u>	<u>-</u>	<u>3</u>	<u>50</u>	<u>462</u>	<u>254</u>	<u>2,108</u>	<u>571</u>	<u>4,199</u>
516	-	3	3,550	462	254	130,181	4,011,141	6,445,523
3,491	-	-	-	-	-	7,289	-	805,962
-	-	-	-	-	-	-	-	330,125
-	7,186	-	-	-	-	1,080,850	-	1,450,198
-	-	-	-	-	-	-	-	19,655
-	-	-	-	-	-	-	-	199,979
263,601	3,000	-	239,538	-	-	506,139	-	696,661
-	-	-	-	-	-	-	2,365,000	2,365,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,624,757</u>	<u>1,624,757</u>
<u>267,092</u>	<u>10,186</u>	<u>-</u>	<u>239,538</u>	<u>-</u>	<u>-</u>	<u>1,594,278</u>	<u>3,989,757</u>	<u>7,492,337</u>
(266,576)	(10,186)	3	(235,988)	462	254	(1,464,097)	21,384	(1,046,814)
-	164,111	-	-	-	-	1,124,420	-	2,481,603
-	-	(11,699)	(42,137)	-	-	(254,420)	-	(1,170,034)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,282</u>	<u>3,282</u>
<u>-</u>	<u>164,111</u>	<u>(11,699)</u>	<u>(42,137)</u>	<u>-</u>	<u>-</u>	<u>870,000</u>	<u>3,282</u>	<u>1,314,851</u>
(266,576)	153,925	(11,696)	(278,125)	462	254	(594,097)	24,666	268,037
<u>1,739,895</u>	<u>(153,925)</u>	<u>11,696</u>	<u>278,125</u>	<u>1,199,136</u>	<u>788,038</u>	<u>5,540,914</u>	<u>1,008,999</u>	<u>10,924,933</u>
<u>\$ 1,473,319</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,199,598</u>	<u>\$ 788,292</u>	<u>\$ 4,946,817</u>	<u>\$ 1,033,665</u>	<u>\$ 11,192,970</u>

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INTERNAL SERVICE FUNDS

The internal service funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis. The City has the following internal service funds:

The **Motor Vehicle/Warehouse Fund** is used to account for the monies received in servicing motorized vehicles and other equipment required for various departments of the City together with those related costs associated with the maintenance and repair of such vehicles and equipment.

The **Health Insurance Fund** is used to account for the monies received in providing medical insurance to the City's employees and families through a medical benefit program of a commercial carrier.

City of Harlingen, Texas
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
September 30, 2015

	Motor Vehicle/ Warehouse Fund	Health Insurance Fund	Totals
ASSETS			
Current assets			
Cash and cash equivalents	\$ 4,158,289	\$ 562,120	\$ 4,720,409
Receivables (net of allowances for uncollectibles)			
Accounts	9,988	17,104	27,092
Due from component unit	76	-	76
Prepaid expenses	-	805	805
Inventories	135,077	-	135,077
Total current assets	4,303,430	580,029	4,883,459
Non current assets			
Net pension asset	16,081	-	16,081
Capital assets	20,302,023	-	20,302,023
Accumulated depreciation	(13,726,632)	-	(13,726,632)
Capital assets (net of accumulated depreciation)	6,575,391	-	6,575,391
Total non current assets	6,591,472	-	6,591,472
Total assets	10,894,902	580,029	11,474,931
DEFERRED OUTFLOWS OF RESOURCES			
Deferred resource outflows for pensions	21,845	-	21,845
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 10,916,747</u>	<u>\$ 580,029</u>	<u>\$ 11,496,776</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 25,324	\$ 8,601	\$ 33,925
Due to other funds	-	25,000	25,000
Compensated absences	48,495	-	48,495
Accrued expenses	8,102	-	8,102
Total current liabilities	81,921	33,601	115,522
Long-term liabilities			
Net pension obligation	42,000	-	42,000
Total liabilities	123,921	33,601	157,522
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources from pensions	4,372	-	4,372
NET POSITION			
Net investment in capital assets	6,575,391	-	6,575,391
Unrestricted	4,213,063	546,428	4,759,491
Total net position	10,788,454	546,428	11,334,882
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 10,916,747</u>	<u>\$ 580,029</u>	<u>\$ 11,496,776</u>

City of Harlingen, Texas
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
For the fiscal year ended September 30, 2015

	Motor Vehicle/ Warehouse Fund	Health Insurance Fund	Totals
Operating revenues			
Current use charges	\$ 3,516,922	\$ 4,139,871	\$ 7,656,793
Operating expenses			
Personal services	367,854	-	367,854
Contracted services	68,638	4,183,834	4,252,472
Materials and supplies	1,795,663	-	1,795,663
Other expenses	61,128	5,750	66,878
Depreciation expense	<u>1,861,692</u>	<u>-</u>	<u>1,861,692</u>
Total operating expenses	<u>4,154,975</u>	<u>4,189,584</u>	<u>8,344,559</u>
Operating income (loss)	(638,053)	(49,713)	(687,766)
Nonoperating revenues (expenses)			
Interest revenue	1,467	101	1,568
Gain of sale/disposal of capital assets	<u>14,244</u>	<u>-</u>	<u>14,244</u>
Total nonoperating revenues	<u>15,711</u>	<u>101</u>	<u>15,812</u>
Income (loss) before transfers and capital contributions	(622,342)	(49,612)	(671,954)
Transfers and capital contributions			
Transfers in	-	81,000	81,000
Transfers (out)	(30,460)	(24,116)	(54,576)
Capital contributions	<u>556,418</u>	<u>-</u>	<u>556,418</u>
Total transfers and capital contributions	<u>525,958</u>	<u>56,884</u>	<u>582,842</u>
NET INCOME (LOSS)	(96,384)	7,272	(89,112)
Net position, beginning of year	10,859,303	539,156	11,398,459
Prior period adjustment	<u>25,535</u>	<u>-</u>	<u>25,535</u>
Net position, beginning of year, as restated	<u>10,884,838</u>	<u>539,156</u>	<u>11,423,994</u>
Net position, end of year	<u>\$ 10,788,454</u>	<u>\$ 546,428</u>	<u>\$ 11,334,882</u>

City of Harlingen, Texas
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the fiscal year ended September 30, 2015

	Motor Vehicle/ Warehouse Fund	Health Insurance Fund	Totals
Cash flows from operating activities			
Received from customers	\$ 3,533,517	\$ 4,131,938	\$ 7,665,455
Payments to suppliers	(2,791,952)	(4,188,219)	(6,980,171)
Payments to employees	(357,488)	-	(357,488)
Net cash provided by operations	384,077	(56,281)	327,796
Cash flows from noncapital financing activities			
Transfers from other funds	-	81,000	81,000
Transfers to other funds	(30,460)	(24,116)	(54,576)
Net cash provided (used) by noncapital financin activities	(30,460)	56,884	26,424
Cash flows from capital and related financing activities			
Purchases of capital assets	(115,843)	-	(115,843)
Proceeds from sale of capital assets	14,244	-	14,244
Net cash provided (used) by capital and related financing activities	(101,599)	-	(101,599)
Cash flows from investing activities			
Interest received	1,467	101	1,568
Net cash provided (used) by investing activities	1,467	101	1,568
Net increase (decrease) in cash and cash equivalents	253,485	704	254,189
Cash and cash equivalents, beginning of year	3,904,804	561,416	4,466,220
Cash and cash equivalents, end of year	<u>\$ 4,158,289</u>	<u>\$ 562,120</u>	<u>\$ 4,720,409</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ (638,053)	\$ (49,713)	\$ (687,766)
Adjustments to reconcile net income from operations to net cash from operating activities			
Depreciation	959,737	-	959,737
Bad debt write-offs	-	5,750	5,750
(Increase) decrease in receivables	16,594	(13,683)	2,911
(Increase) decrease in receivables from other funds	(76)	-	(76)
(Increase) decrease in inventories	43,036	-	43,036
(Increase) decrease in net pension asset	(1,255)	-	(1,255)
(Increase) decrease in deferred outflows of resources	(11,136)	-	(11,136)
Increase (decrease) in accounts payable	(7,528)	1,365	(6,163)
Increase (decrease) in net other post employment benefits	17,996	-	17,996
Increase (decrease) in deferred inflows of resources	4,372	-	4,372
Increase (decrease) in accrued expenses	390	-	390
Total adjustments	<u>1,022,130</u>	<u>(6,568)</u>	<u>1,015,562</u>
Net cash provided (used) by operations	<u>\$ 384,077</u>	<u>\$ (56,281)</u>	<u>\$ 327,796</u>
Supplemental disclosure of noncash activities:			
Contributed capital from other funds	\$ 556,418	\$ -	\$ 556,418

**SUPPLEMENTARY
INDIVIDUAL
GOVERNMENTAL
FUND
FINANCIAL STATEMENTS
AND
SCHEDULES**

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City of Harlingen, Texas
GENERAL FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 11,828,126	\$ 11,889,103
Investments	4,169,326	4,159,950
Receivables (net of allowances)		
Taxes, including penalty, interest and fees	946,484	1,077,235
Accounts	1,347,866	1,190,299
Due from other governments	1,197,754	1,296,171
Due from other funds	494,268	821,732
Due from component units	68,154	66,328
Loans receivable	17,272	17,272
Prepaid items	<u>5,238</u>	<u>19,599</u>
 TOTAL ASSETS	 <u><u>\$ 20,074,488</u></u>	 <u><u>\$ 20,537,689</u></u>
LIABILITIES		
Accounts payable	966,461	\$ 510,976
Accrued expenditures	664,825	527,662
Other liabilities	591,992	591,753
Due to other funds	322,138	-
Unearned revenue	<u>489,026</u>	<u>480,316</u>
 TOTAL LIABILITIES	 3,034,442	 2,110,707
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	880,923	1,038,574
Unavailable revenue - payments in lieu of taxes	149,856	143,920
Unavailable revenue - special assessments	36,000	-
Unavailable revenue - other	<u>29,569</u>	<u>60,852</u>
 TOTAL DEFERRED INFLOWS OF RESOURCES	 1,096,348	 1,243,346
FUND BALANCES		
Nonspendable	5,238	19,599
Unassigned	<u>15,938,460</u>	<u>17,164,037</u>
 Total fund balances	 <u>15,943,698</u>	 <u>17,183,636</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u><u>\$ 20,074,488</u></u>	 <u><u>\$ 20,537,689</u></u>

City of Harlingen, Texas
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Property taxes - including penalty and interest	\$ 13,682,198	\$ 13,356,797
Non property taxes	19,897,893	19,440,451
Fines and forfeitures	1,672,287	1,681,265
Licenses and permits	502,973	564,486
Charges for services	3,034,139	2,579,831
Intergovernmental	689,624	583,121
Contributions and donations	2,503,630	831,217
Miscellaneous	155,673	294,913
Interest and investment income	<u>14,062</u>	<u>22,098</u>
Total revenues	42,152,479	39,354,179
Expenditures		
Current		
General government	5,748,778	5,617,973
Public safety	22,621,457	21,448,737
Highways and streets	3,258,044	3,214,699
Health and welfare	2,972,646	2,906,812
Culture and recreation	3,759,030	3,844,256
Capital outlay	3,933,263	2,714,934
Debt service		
Principal retirement	142,800	-
Interest and fiscal agent fees	<u>196,767</u>	<u>-</u>
Total expenditures	<u>42,632,785</u>	<u>39,747,411</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(480,306)	(393,232)
Other financing sources (uses)		
Transfers in	1,300,742	2,809,688
Transfers (out)	(2,116,548)	(1,032,116)
Proceeds from capital lease	47,250	-
Sale of general capital assets	<u>8,924</u>	<u>15,125</u>
Total other financing sources (uses)	<u>(759,632)</u>	<u>1,792,697</u>
NET CHANGE IN FUND BALANCE	(1,239,938)	1,399,465
Fund balance, beginning of year	<u>17,183,636</u>	<u>15,784,171</u>
Fund balance, end of year	<u>\$ 15,943,698</u>	<u>\$ 17,183,636</u>

City of Harlingen, Texas
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 255,752	\$ 83,857
Receivables (net of allowances for uncollectibles)		
Accounts	6,422	8,612
Assessments	12,817	12,817
Prepaid items	624	-
Loans receivable	<u>901,587</u>	<u>1,074,547</u>
 TOTAL ASSETS	 <u><u>\$ 1,177,202</u></u>	 <u><u>\$ 1,179,833</u></u>
LIABILITIES		
Accounts payable	\$ 2,294	\$ 14,729
Due to other funds	100,000	-
Accrued expenditures	4,958	3,758
Other liabilities	<u>16,632</u>	<u>11,900</u>
 Total liabilities	 123,884	 30,387
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - noncurrent receivables	776,657	881,773
Unavailable revenue - special assessments	12,815	12,815
Unavailable revenue - other	<u>124,930</u>	<u>192,774</u>
 TOTAL INFLOWS OF RESOURCES	 914,402	 1,087,362
FUND BALANCE		
Nonspendable	624	-
Restricted	<u>138,292</u>	<u>62,084</u>
 Total fund balance	 <u>138,916</u>	 <u>62,084</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u><u>\$ 1,177,202</u></u>	 <u><u>\$ 1,179,833</u></u>

City of Harlingen, Texas
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Intergovernmental	\$ 736,631	\$ 1,370,142
Miscellaneous and program revenues	153,415	63,298
Interest and investment income	<u>6,680</u>	<u>6,938</u>
Total revenues	896,726	1,440,378
Expenditures		
Current		
General government	104,907	415,504
Health and welfare	463,034	712,705
Capital outlay	<u>251,953</u>	<u>267,121</u>
Total expenditures	<u>819,894</u>	<u>1,395,330</u>
NET CHANGE IN FUND BALANCE	76,832	45,048
Fund balance, beginning of year	<u>62,084</u>	<u>17,036</u>
Fund balance, end of year	<u>\$ 138,916</u>	<u>\$ 62,084</u>

City of Harlingen, Texas
PUBLIC, EDUCATIONAL AND GOVERNMENTAL ACCESS CHANNELS FUND
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Due from other funds	<u>\$ 322,138</u>	<u>\$ -</u>
 TOTAL ASSETS	 <u><u>\$ 322,138</u></u>	 <u><u>\$ -</u></u>
LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCE		
Restricted	<u>322,138</u>	<u>-</u>
Total fund balance (deficit)	<u>322,138</u>	<u>-</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 322,138</u></u>	 <u><u>\$ -</u></u>

City of Harlingen, Texas
PUBLIC, EDUCATIONAL, AND GOVERNMENTAL ACCESS CHANNELS FUND
SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Nonproperty taxes	\$ 66,599	\$ -
Total revenues	66,599	-
Expenditures	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	66,599	-
Other financing sources (uses)		
Transfers in	<u>255,539</u>	<u>-</u>
Total other financing sources (uses)	<u>255,539</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	322,138	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$322,138</u></u>	<u><u>\$ -</u></u>

City of Harlingen, Texas
TENNIS COURT REVENUE FUND
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 84,577	\$ 158,339
Receivables (net of allowances)		
Accounts	<u>20</u>	<u>20</u>
 TOTAL ASSETS	 <u>\$ 84,597</u>	 <u>\$ 158,359</u>
 LIABILITIES		
Accounts payable	\$ 773	\$ 394
 FUND BALANCE		
Restricted	<u>83,824</u>	<u>157,965</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 84,597</u>	 <u>\$ 158,359</u>

City of Harlingen, Texas
TENNIS COURT REVENUE FUND
SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Charges for services	\$ 12,627	\$ 10,406
Contributions and donations	-	70,000
Interest and investment income	<u>39</u>	<u>108</u>
Total revenues	12,666	80,514
Expenditures		
Current		
Culture and recreation	<u>42,807</u>	<u>32,784</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(30,141)	47,730
Other financing sources (uses)		
Transfers in	26,000	26,000
Transfers out	<u>(70,000)</u>	<u>(70,000)</u>
Total other financing sources (uses)	<u>(44,000)</u>	<u>(44,000)</u>
NET CHANGE IN FUND BALANCE	(74,141)	3,730
Fund balance, beginning of year	<u>157,965</u>	<u>154,235</u>
Fund balance, end of year	<u><u>\$ 83,824</u></u>	<u><u>\$ 157,965</u></u>

City of Harlingen, Texas
TENNIS COURT REVENUE FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal year ended September 30, 2015

	<u>Budget</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues				
Charges for services	\$ 11,000	\$ 11,000	\$ 12,627	\$ 1,627
Contributions	70,000	70,000	-	(70,000)
Interest income	<u>200</u>	<u>200</u>	<u>39</u>	<u>(161)</u>
Total revenues	81,200	81,200	12,666	(68,534)
Expenditures				
Current				
Culture and recreation	<u>38,790</u>	<u>38,790</u>	<u>42,807</u>	<u>(4,017)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	42,410	42,410	(30,141)	(72,551)
Other financing sources (uses)				
Transfers in	26,000	26,000	26,000	-
Transfers out	<u>(70,000)</u>	<u>(70,000)</u>	<u>(70,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(44,000)</u>	<u>(44,000)</u>	<u>(44,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,590)</u>	<u>\$ (1,590)</u>	(74,141)	<u>\$ (72,551)</u>
Fund balance, beginning of year			<u>157,965</u>	
Fund balance, end of year			<u>\$ 83,824</u>	

City of Harlingen, Texas
HOTEL/MOTEL OCCUPANCY TAX FUND
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 418,939	\$ 284,819
Receivables (net of allowances for uncollectibles)		
Accounts	<u>83,921</u>	<u>94,597</u>
 TOTAL ASSETS	 <u>\$ 502,860</u>	 <u>\$ 379,416</u>
 LIABILITIES		
Accounts payable	\$ 302	\$ 758
 FUND BALANCE		
Restricted	<u>502,558</u>	<u>378,658</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 502,860</u>	 <u>\$ 379,416</u>

City of Harlingen, Texas
HOTEL/MOTEL OCCUPANCY TAX FUND
SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Nonproperty taxes	\$ 1,024,253	\$ 944,692
Interest and investment income	<u>133</u>	<u>162</u>
Total revenues	1,024,386	944,854
Expenditures		
Current		
Culture and recreation	<u>103,000</u>	<u>100,166</u>
EXCESS OF REVENUES OVER EXPENDITURES	921,386	844,688
Other financing sources (uses)		
Transfers (out)	<u>(797,486)</u>	<u>(815,900)</u>
NET CHANGE IN FUND BALANCE	123,900	28,788
Fund balance, beginning of year	<u>378,658</u>	<u>349,870</u>
Fund balance, end of year	<u>\$ 502,558</u>	<u>\$ 378,658</u>

City of Harlingen, Texas
HOTEL/MOTEL OCCUPANCY TAX FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal year ended September 30, 2015

	<u>Budget</u>		<u>Actual</u>	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Nonproperty taxes	\$ 860,200	\$ 860,200	\$ 1,024,253	\$ 164,053
Interest and investment income	<u>200</u>	<u>200</u>	<u>133</u>	<u>(67)</u>
Total revenues	860,400	860,400	1,024,386	163,986
Expenditures				
Current				
Culture and recreation	<u>123,000</u>	<u>172,486</u>	<u>103,000</u>	<u>69,486</u>
EXCESS OF REVENUES OVER EXPENDITURES	737,400	687,914	921,386	233,472
Other financing sources (uses)				
Transfers (out)	<u>(748,000)</u>	<u>(748,000)</u>	<u>(797,486)</u>	<u>(49,486)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (10,600)</u>	<u>\$ (60,086)</u>	123,900	<u>\$ 183,986</u>
Fund balance, beginning of year			<u>378,658</u>	
Fund balance, end of year			<u>\$ 502,558</u>	

City of Harlingen, Texas
CONVENTION AND VISITORS BUREAU FUND
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	<u>\$ 621,890</u>	<u>\$ 509,015</u>
 TOTAL ASSETS	 <u><u>\$ 621,890</u></u>	 <u><u>\$ 509,015</u></u>
LIABILITIES		
Accounts payable	\$ 6,479	\$ 11,436
Accrued expenditures	<u>39,008</u>	<u>4,412</u>
 TOTAL LIABILITIES	 45,487	 15,848
FUND BALANCE		
Restricted	<u>576,403</u>	<u>493,167</u>
TOTAL FUND BALANCES	576,403	493,167
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 621,890</u></u>	 <u><u>\$ 509,015</u></u>

City of Harlingen, Texas
CONVENTION AND VISITORS BUREAU FUND
SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Interest and investment income	\$ 146	\$ 225
Total revenues	146	225
Expenditures		
Current		
General government	<u>429,910</u>	<u>512,905</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(429,764)	(512,680)
Other financing sources (uses)		
Transfers in	<u>513,000</u>	<u>513,000</u>
NET CHANGE IN FUND BALANCE	83,236	320
Fund balance, beginning of year	<u>493,167</u>	<u>492,847</u>
Fund balance, end of year	<u>\$ 576,403</u>	<u>\$ 493,167</u>

City of Harlingen, Texas
CONVENTION AND VISITORS BUREAU FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal year ended September 30, 2015

	<u>Budget</u>		<u>Actual</u>	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest and investment income	\$ 300	\$ 300	\$ 146	\$ (154)
Expenditures				
Current				
General government	<u>580,214</u>	<u>635,914</u>	<u>429,910</u>	<u>206,004</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(579,914)	(635,614)	(429,764)	205,850
Other financing sources (uses)				
Transfers in (out)	<u>513,000</u>	<u>513,000</u>	<u>513,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (66,914)</u>	<u>\$ (122,614)</u>	83,236	<u>\$ 205,850</u>
Fund balance, beginning of year			<u>493,167</u>	
Fund balance, end of year			<u>\$ 576,403</u>	

City of Harlingen, Texas
MPO GRANT FUND
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Due from other governments	\$ 77,554	\$ 62,708
Prepaid items	<u>920</u>	<u>250</u>
 TOTAL ASSETS	 <u><u>\$ 78,474</u></u>	 <u><u>\$ 62,958</u></u>
 LIABILITIES		
Accounts payable	\$ 1,473	\$ 2,149
Due to other funds	72,641	58,199
Accrued expenditures	<u>4,261</u>	<u>2,511</u>
 TOTAL LIABILITIES	 78,375	 62,859
 FUND BALANCE		
Restricted	<u>99</u>	<u>99</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 78,474</u></u>	 <u><u>\$ 62,958</u></u>

City of Harlingen, Texas
MPO GRANT FUND
SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Intergovernmental	\$ 203,394	\$ 249,709
Expenditures		
Current		
Highways and streets	<u>203,394</u>	<u>249,709</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-
Other financing sources (uses)		
Sale of real and personal property	<u>-</u>	<u>99</u>
NET CHANGE IN FUND BALANCE	-	99.00
Fund balance, beginning of year	<u>99</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 99</u></u>	<u><u>\$ 99</u></u>

City of Harlingen, Texas
MPO GRANT FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal year ended September 30, 2015

	<u>Budget</u>			Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$ 369,187	\$ 369,187	\$ 203,394	\$ (165,793)
Expenditures				
Current				
Highways and streets	<u>369,187</u>	<u>369,187</u>	<u>203,394</u>	<u>165,793</u>
Total expenditures	369,187	369,187	203,394	165,793
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance (deficit), beginning of year			<u>99</u>	
Fund balance (deficit), end of year			<u>\$ 99</u>	

City of Harlingen, Texas
CATASTROPHIC EMERGENCY RELIEF FUND
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	<u>\$ 852,107</u>	<u>\$ 858,345</u>
 TOTAL ASSETS	 <u><u>\$ 852,107</u></u>	 <u><u>\$ 858,345</u></u>
 LIABILITIES	 <u>\$ -</u>	 <u>\$ -</u>
 FUND BALANCE		
Committed	<u>852,107</u>	<u>858,345</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 852,107</u></u>	 <u><u>\$ 858,345</u></u>

City of Harlingen, Texas
CATASTROPHIC EMERGENCY RELIEF FUND
SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Intergovernmental	\$ -	\$ 6,501
Interest and investment income	<u>403</u>	<u>489</u>
Total revenues	403	6,990
Expenditures		
Current		
Highways and streets	<u>6,641</u>	<u>4,941</u>
Total expenditures	<u>6,641</u>	<u>4,941</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,238)	2,049
NET CHANGE IN FUND BALANCE	(6,238)	2,049
Fund balance, beginning of year	<u>858,345</u>	<u>856,296</u>
Fund balance, end of year	<u><u>\$ 852,107</u></u>	<u><u>\$ 858,345</u></u>

City of Harlingen, Texas
CATASTROPHIC EMERGENCY RELIEF FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal year ended September 30, 2015

	<u>Budget</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues				
Interest and investment income	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 403</u>	<u>\$ (97)</u>
Total revenues	500	500	403	(97)
Expenditures				
Current				
Highways and streets	<u>25,000</u>	<u>25,000</u>	<u>6,641</u>	<u>18,359</u>
Total expenditures	<u>25,000</u>	<u>25,000</u>	<u>6,641</u>	<u>18,359</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (24,500)</u></u>	<u><u>\$ (24,500)</u></u>	(6,238)	<u><u>\$ 18,262</u></u>
Fund balance, beginning of year			<u>858,345</u>	
Fund balance, end of year			<u><u>\$ 852,107</u></u>	

City of Harlingen, Texas
HARLINGEN DOWNTOWN FUND
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 237,067	\$ 205,280
Receivables (net of allowances for uncollectibles)		
Accounts	610	724
Assessments	<u>37,041</u>	<u>38,058</u>
 TOTAL ASSETS	 <u>\$ 274,718</u>	 <u>\$ 244,062</u>
LIABILITIES		
Accounts payable	\$ 4,749	\$ 1,676
Accrued expenditures	<u>3,122</u>	<u>2,523</u>
 TOTAL LIABILITIES	 7,871	 4,199
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - special assessments	37,041	38,058
 FUND BALANCE		
Restricted	<u>229,806</u>	<u>201,805</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	 <u>\$ 274,718</u>	 <u>\$ 244,062</u>

City of Harlingen, Texas
HARLINGEN DOWNTOWN FUND
SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Non property taxes	\$ 23,632	\$ 22,623
Miscellaneous and program revenues	4,485	-
Interest and investment income	<u>70</u>	<u>76</u>
Total revenues	28,187	22,699
Expenditures		
Current		
General government	<u>218,161</u>	<u>198,363</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(189,974)	(175,664)
Other financing sources (uses)		
Transfers in	<u>217,975</u>	<u>217,975</u>
Total other financing sources (uses)	<u>217,975</u>	<u>217,975</u>
NET CHANGE IN FUND BALANCE	28,001	42,311
Fund balance, beginning of year	<u>201,805</u>	<u>159,494</u>
Fund balance, end of year	<u><u>\$ 229,806</u></u>	<u><u>\$ 201,805</u></u>

City of Harlingen, Texas
HARLINGEN DOWNTOWN FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal year ended September 30, 2015

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
Revenues				
Improvement assessments	\$ 23,000	\$ 23,000	\$ 23,632	\$ 632
Miscellaneous and program revenues	-	-	4,485	4,485
Interest and investment income	-	-	70	70
Total revenues	23,000	23,000	28,187	5,187
Expenditures				
Current				
General government	237,823	238,918	218,161	20,757
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(214,823)	(215,918)	(189,974)	25,944
Other financing sources (uses)				
Transfers in	217,975	217,975	217,975	-
Total other financing sources (uses)	217,975	217,975	217,975	-
NET CHANGE IN FUND BALANCE	\$ 3,152	\$ 2,057	28,001	\$ 25,944
Fund balance, beginning of year			201,805	
Fund balance, end of year			\$ 229,806	

City of Harlingen, Texas
FEDERAL FORFEITURE FUND
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	<u>\$ 120,232</u>	<u>\$ 228,678</u>
 TOTAL ASSETS	 <u><u>\$ 120,232</u></u>	 <u><u>\$ 228,678</u></u>
LIABILITIES		
Accounts payable	\$ 2,464	\$ 42,765
Accrued expenditures	<u>241</u>	<u>-</u>
	2,705	42,765
FUND BALANCE		
Restricted	<u>117,527</u>	<u>185,913</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 120,232</u></u>	 <u><u>\$ 228,678</u></u>

City of Harlingen, Texas
FEDERAL FORFEITURE FUND
SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Intergovernmental	\$ 5,106	\$ -
Fines and forfeitures	47,487	288,969
Interest and investment income	<u>64</u>	<u>109</u>
Total revenues	52,657	289,078
Expenditures		
Current		
Public safety	76,700	154,576
Capital outlay	-	120,875
Debt service		
Principal	-	133,059
Interest	<u>-</u>	<u>35,613</u>
Total expenditures	<u>76,700</u>	<u>444,123</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(24,043)	(155,045)
Other financing sources (uses)		
Transfers (out)	<u>(44,343)</u>	<u>-</u>
Total other financing sources (uses)	<u>(44,343)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(68,386)	(155,045)
Fund balance, beginning of year	<u>185,913</u>	<u>340,958</u>
Fund balance, end of year	<u>\$ 117,527</u>	<u>\$ 185,913</u>

City of Harlingen, Texas
STATE FORFEITURE FUND
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 214,971	\$ 162,130
 TOTAL ASSETS	 <u>\$ 214,971</u>	 <u>\$ 162,130</u>
 LIABILITIES		
Accounts payable	\$ -	\$ -
 FUND BALANCE		
Restricted	<u>214,971</u>	<u>162,130</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 214,971</u>	 <u>\$ 162,130</u>

City of Harlingen, Texas
STATE FORFEITURE FUND
SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Fines and forfeitures	\$ 60,645	\$ 8,794
Interest and investment income	<u>46</u>	<u>91</u>
Total revenues	60,691	8,885
Expenditures		
Current		
Public safety	<u>7,850</u>	<u>9,627</u>
Total expenditures	<u>7,850</u>	<u>9,627</u>
NET CHANGE IN FUND BALANCE	52,841	(742)
Fund balance, beginning of year	<u>162,130</u>	<u>162,872</u>
Fund balance, end of year	<u><u>\$ 214,971</u></u>	<u><u>\$ 162,130</u></u>

City of Harlingen, Texas
OTHER GRANTS FUND
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 253,353	\$ -
Accounts receivable	<u>68,022</u>	<u>-</u>
 TOTAL ASSETS	 <u><u>\$ 321,375</u></u>	 <u><u>\$ -</u></u>
 LIABILITIES		
Accounts payable	\$ 6,035	\$ -
 DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - noncurrent receivables	315,340	-
 FUND BALANCE	 <u>-</u>	 <u>-</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	 <u><u>\$ 321,375</u></u>	 <u><u>\$ 185,913</u></u>

City of Harlingen, Texas
OTHER GRANTS FUND
SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Intergovernmental	\$ 152,510	\$ -
Total revenues	152,510	-
Expenditures		
Current		
General government	71,830	-
Capital outlay	<u>80,680</u>	<u>-</u>
Total expenditures	<u>152,510</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

City of Harlingen, Texas
COMMUNICATION CENTER FUND
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS	\$ -	\$ -
LIABILITIES		
Accounts payable	\$ 5,760	\$ -
Due from other funds	<u>131,456</u>	<u>65,069</u>
	137,216	65,069
FUND BALANCE		
Committed	-	(65,069)
Unassigned	<u>(137,216)</u>	<u>-</u>
Total fund balance	<u>(137,216)</u>	<u>(65,069)</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

City of Harlingen, Texas
COMMUNICATION CENTER FUND
SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Charges for services	\$ 11,108	\$ 17,773
Interest and investment income	<u>-</u>	<u>5</u>
Total revenues	11,108	17,778
Expenditures		
Public safety	<u>83,255</u>	<u>116,458</u>
Total expenditures	<u>83,255</u>	<u>116,458</u>
NET CHANGE IN FUND BALANCE	(72,147)	(98,680)
Fund balance, beginning of year	<u>(65,069)</u>	<u>33,611</u>
Fund balance, end of year	<u><u>\$ (137,216)</u></u>	<u><u>\$ (65,069)</u></u>

City of Harlingen, Texas
COMMUNICATION CENTER FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal year ended September 30, 2015

	<u>Budget</u>		<u>Actual</u>	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	<u>\$ 62,229</u>	<u>\$ 62,229</u>	<u>\$ 11,108</u>	<u>\$ (51,121)</u>
Total revenues	62,229	62,229	11,108	(51,121)
Expenditures				
Current				
Public safety	<u>84,029</u>	<u>84,029</u>	<u>83,255</u>	<u>774</u>
Total expenditures	84,029	84,029	83,255	774
NET CHANGE IN FUND BALANCE	<u>\$ (21,800)</u>	<u>\$ (21,800)</u>	(72,147)	<u>\$ 50,347</u>
Fund balance, beginning of year			<u>(65,069)</u>	
Fund balance, end of year			<u>\$ (137,216)</u>	

City of Harlingen, Texas
COPS/UHP GRANT FUND
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Receivables (net of allowances for uncollectibles)		
Due from other governments	<u>\$ 155,178</u>	<u>\$ 16,013</u>
 TOTAL ASSETS	 <u>\$ 155,178</u>	 <u>\$ 16,013</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accrued expenditures	\$ 3,823	\$ 1,058
Due to other funds	<u>151,355</u>	<u>14,955</u>
 Total liabilities	 155,178	 16,013
 FUND BALANCE	 <u>-</u>	 <u>-</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 155,178</u>	 <u>\$ 16,013</u>

City of Harlingen, Texas
COPS/UHP GRANT FUND
SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Intergovernmental	\$ 162,320	\$ 74,730
Expenditures		
Current		
Public safety	<u>162,320</u>	<u>74,730</u>
NET CHANGE IN FUND BALANCE	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

City of Harlingen, Texas
COPS/UHP GRANT FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal year ended September 30, 2015

	<u>Budget</u>		<u>Actual</u>	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 225,930	\$ 225,930	\$ 162,320	\$ (63,610)
Expenditures				
Current				
Public safety	<u>225,930</u>	<u>225,930</u>	<u>162,320</u>	<u>63,610</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

City of Harlingen, Texas
FEMA JEFFERSON STREET DRAINAGE FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ -	3,784
Due from other governments	<u>-</u>	<u>2,319</u>
 TOTAL ASSETS	 <u><u>\$ -</u></u>	 <u><u>\$ 6,103</u></u>
 LIABILITIES	 \$ -	 \$ -
 FUND BALANCE		
Restricted	<u>-</u>	<u>6,103</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ -</u></u>	 <u><u>\$ 6,103</u></u>

City of Harlingen, Texas
FEMA JEFFERSON STREET DRAINAGE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Interest and investment income	\$ 1	\$ 2
Expenditures		
Current		
General government	<u>2,319</u>	<u>-</u>
Total expenditures	<u>2,319</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,318)	2
Other financing sources (uses)		
Transfers (out)	<u>(3,785)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,785)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(6,103)	2
Fund balance, beginning of year	<u>6,103</u>	<u>6,101</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 6,103</u>

City of Harlingen, Texas
FREE TRADE BRIDGE FUND
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	<u>\$ 413,964</u>	<u>\$ 267,977</u>
 TOTAL ASSETS	 <u><u>\$ 413,964</u></u>	 <u><u>\$ 267,977</u></u>
 LIABILITIES		
Accounts payable	\$ 24,710	\$ 9,683
 FUND BALANCE		
Committed	<u>389,254</u>	<u>258,294</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 413,964</u></u>	 <u><u>\$ 267,977</u></u>

City of Harlingen, Texas
FREE TRADE BRIDGE FUND
SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Charges for services	\$ 186,509	\$ 168,295
Interest and investment income	<u>84</u>	<u>125</u>
Total revenues	186,593	168,420
Expenditures		
Current		
Highways and streets	<u>55,633</u>	<u>78,796</u>
Total expenditures	<u>55,633</u>	<u>78,796</u>
NET CHANGE IN FUND BALANCE	130,960	89,624
Fund balance, beginning of year	<u>258,294</u>	<u>168,670</u>
Fund balance, end of year	<u><u>\$ 389,254</u></u>	<u><u>\$ 258,294</u></u>

City of Harlingen, Texas
FREE TRADE BRIDGE FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal year ended September 30, 2015

	Budget			Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for services	\$ 145,000	\$ 145,000	\$ 186,509	\$ 41,509
Interest and investment income	<u>100</u>	<u>100</u>	<u>84</u>	<u>(16)</u>
Total revenues	145,100	145,100	186,593	41,493
Expenditures				
Current				
Highways and streets	<u>75,000</u>	<u>75,000</u>	<u>55,633</u>	<u>19,367</u>
NET CHANGE IN FUND BALANCE	<u>\$ 70,100</u>	<u>\$ 70,100</u>	130,960	<u>\$ 60,860</u>
Fund balance, beginning of year			<u>258,294</u>	
Fund balance, end of year			<u>\$ 389,254</u>	

City of Harlingen, Texas
INFRASTRUCTURE FUND
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 168,341	\$ 87,775
Due from other governments	1,159	650
Due from component unit	<u>23,940</u>	<u>22,899</u>
 TOTAL ASSETS	 <u><u>\$ 193,440</u></u>	 <u><u>\$ 111,324</u></u>
 LIABILITIES		
Accounts payable	\$ 28,003	\$ 19,469
 FUND BALANCE		
Committed	<u>165,437</u>	<u>91,855</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 193,440</u></u>	 <u><u>\$ 111,324</u></u>

City of Harlingen, Texas
INFRASTRUCTURE FUND
SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Non property taxes	\$ 287,080	\$ 273,211
Interest and investment income	<u>24</u>	<u>147</u>
Total revenues	287,104	273,358
Expenditures		
Highways and streets	103,680	458,163
Capital outlay	<u>109,842</u>	<u>20,974</u>
Total expenditures	<u>213,522</u>	<u>479,137</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	73,582	(205,779)
Operating financing sources (uses)		
Transfers out	<u>-</u>	<u>(45,000)</u>
NET CHANGE IN FUND BALANCE	73,582	(250,779)
Fund balance, beginning of year	<u>91,855</u>	<u>342,634</u>
Fund balance, end of year	<u>\$ 165,437</u>	<u>\$ 91,855</u>

City of Harlingen, Texas
INFRASTRUCTURE FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal year ended September 30, 2015

	<u>Budget</u>			Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Infrastructure - assessments	\$ 275,000	\$ 275,000	\$ 287,080	\$ 12,080
Interest and investment income	<u>200</u>	<u>200</u>	<u>24</u>	<u>(176)</u>
Total revenues	275,200	275,200	287,104	11,904
Expenditures				
Current				
Highways and streets	172,100	172,100	103,680	68,420
Capital outlay	<u>102,000</u>	<u>102,000</u>	<u>109,842</u>	<u>(7,842)</u>
Total expenditures	<u>274,100</u>	<u>274,100</u>	<u>213,522</u>	<u>60,578</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,100</u>	<u>\$ 1,100</u>	73,582	<u>\$ 72,482</u>
Fund balance, beginning of year			<u>91,855</u>	
Fund balance, end of year			<u>\$ 165,437</u>	

City of Harlingen, Texas
LON C. HILL LIBRARY FUND
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 114,235	\$ 142,174
TOTAL ASSETS	<u>\$ 114,235</u>	<u>\$ 142,174</u>
LIABILITIES		
Accounts payable	\$ -	\$ 2,627
FUND BALANCE		
Restricted	<u>114,235</u>	<u>139,547</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 114,235</u>	 <u>\$ 142,174</u>

City of Harlingen, Texas
LON C. HILL LIBRARY FUND
SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Miscellaneous and program revenues	\$ 28,818	\$ 28,840
Interest and investment income	<u>42</u>	<u>72</u>
Total revenues	28,860	28,912
 Expenditures		
Culture and recreation	<u>54,172</u>	<u>19,366</u>
Total expenditures	54,172	19,366
 NET CHANGE IN FUND BALANCE	(25,312)	9,546
 Fund balance, beginning of year	<u>139,547</u>	<u>130,001</u>
 Fund balance, end of year	<u><u>\$ 114,235</u></u>	<u><u>\$ 139,547</u></u>

City of Harlingen, Texas
RED LIGHT ENFORCEMENT FUND
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	<u>\$ 55,710</u>	<u>\$ 55,691</u>
 TOTAL ASSETS	 <u><u>\$ 55,710</u></u>	 <u><u>\$ 55,691</u></u>
LIABILITIES		
Accrued expenditures	<u>\$ 25,327</u>	<u>\$ 25,327</u>
TOTAL LIABILITIES	25,327	25,327
FUND BALANCE		
Restricted	<u>30,383</u>	<u>30,364</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 55,710</u></u>	 <u><u>\$ 55,691</u></u>

City of Harlingen, Texas
RED LIGHT ENFORCEMENT FUND
SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Interest and investment income	\$ 19	\$ 157
Total revenues	19	157
Expenditures	-	-
NET CHANGE IN FUND BALANCE	19	157
Fund balance, beginning of year	<u>30,364</u>	<u>30,207</u>
Fund balance, end of year	<u><u>\$ 30,383</u></u>	<u><u>\$ 30,364</u></u>

City of Harlingen, Texas
TAX INCREMENT FINANCING REINVESTMENT ZONE NO. 1 FUND
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 533,278	\$ 422,680
Due from other governments	<u>-</u>	<u>43,841</u>
 TOTAL ASSETS	 <u><u>\$ 533,278</u></u>	 <u><u>\$ 466,521</u></u>
 LIABILITIES	 \$ -	 \$ -
 FUND BALANCE		
Restricted	<u>533,278</u>	<u>466,521</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 533,278</u></u>	 <u><u>\$ 466,521</u></u>

City of Harlingen, Texas
TAX INCREMENT FINANCING REINVESTMENT ZONE NO. 1 FUND
SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Interest income	\$ 137	\$ 229
Intergovernmental	<u>-</u>	<u>43,841</u>
	137	44,070
Expenditures	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	137	44,070
Other financing sources (uses)		
Transfers in	<u>66,620</u>	<u>72,377</u>
NET CHANGE IN FUND BALANCE	66,757	116,447
Fund balance, beginning of year	<u>466,521</u>	<u>350,074</u>
Fund balance, end of year	<u><u>\$ 533,278</u></u>	<u><u>\$ 466,521</u></u>

City of Harlingen, Texas
TAX INCREMENT FINANCING REINVESTMENT ZONE NO. 2 FUND
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 910,540	\$ 744,668
Due from other governments	<u> -</u>	<u> 46,000</u>
 TOTAL ASSETS	 <u><u>\$ 910,540</u></u>	 <u><u>\$ 790,668</u></u>
 LIABILITIES	 \$ -	 \$ -
 FUND BALANCE		
Restricted	<u> 910,540</u>	<u> 790,668</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 910,540</u></u>	 <u><u>\$ 790,668</u></u>

City of Harlingen, Texas
TAX INCREMENT FINANCING REINVESTMENT ZONE NO. 2 FUND
SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Intergovernmental	\$ -	\$ 46,000
Interest income	<u>236</u>	<u>406</u>
	236	46,406
Expenditures	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	236	46,406
Other financing sources (uses)		
Transfers in	<u>119,636</u>	<u>112,855</u>
NET CHANGE IN FUND BALANCE	119,872	159,261
Fund balance, beginning of year	<u>790,668</u>	<u>631,407</u>
Fund balance, end of year	<u><u>\$ 910,540</u></u>	<u><u>\$ 790,668</u></u>

City of Harlingen, Texas
TAX INCREMENT FINANCING REINVESTMENT ZONE NO. 3 FUND
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 307,144	\$ 137,152
Receivables (net of allowances for uncollectibles)		
Due from other governments	<u>-</u>	<u>81,503</u>
 TOTAL ASSETS	 <u>\$ 307,144</u>	 <u>\$ 218,655</u>
 LIABILITIES		
Accounts payable	\$ -	\$ -
 FUND BALANCE		
Restricted	<u>307,144</u>	<u>218,655</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 307,144</u>	 <u>\$ 218,655</u>

City of Harlingen, Texas
TAX INCREMENT FINANCING REINVESTMENT ZONE NO. 3 FUND
SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Interest and investment income	\$ 76	\$ 207
Intergovernmental	<u>-</u>	<u>81,503</u>
Total revenues	76	81,710
Expenditures		
Current		
General government	<u>70,000</u>	<u>70,338</u>
Total expenditures	<u>70,000</u>	<u>70,338</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(69,924)	11,372
Other financing sources (uses)		
Transfers in	158,413	129,135
Transfers out	<u>-</u>	<u>(228,396)</u>
	<u>158,413</u>	<u>(99,261)</u>
NET CHANGE IN FUND BALANCE	88,489	(87,889)
Fund balance, beginning of year	<u>218,655</u>	<u>306,544</u>
Fund balance, end of year	<u><u>\$ 307,144</u></u>	<u><u>\$ 218,655</u></u>

City of Harlingen, Texas
NEIGHBORHOOD STABILIZATION PROGRAM GRANT FUND
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 2,825	\$ -
Receivables (net of allowances for uncollectibles)		
Due from other governments	<u>7,785</u>	<u>98,354</u>
 TOTAL ASSETS	 <u><u>\$ 10,610</u></u>	 <u><u>\$ 98,354</u></u>
 LIABILITIES		
Accounts payable	\$ 10,610	\$ -
Due to other funds	<u>-</u>	<u>98,354</u>
 TOTAL LIABILITIES	 10,610	 98,354
 FUND BALANCE	 -	 -
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 10,610</u></u>	 <u><u>\$ 98,354</u></u>

City of Harlingen, Texas
NEIGHBORHOOD STABILIZATION PROGRAM GRANT FUND
SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Intergovernmental	\$ 19,655	\$ 2,461
Expenditures		
Current		
Health and welfare	<u>19,655</u>	<u>2,461</u>
NET CHANGE IN FUND BALANCE	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

City of Harlingen, Texas
TxDOT 3rd STREET DRAINAGE PROJECT FUND
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Receivables (net of allowances for uncollectibles)		
Accounts	\$ -	\$ 107,056
 TOTAL ASSETS	 <u>\$ -</u>	 <u>\$ 107,056</u>
LIABILITIES		
Due to other funds	-	107,056
 TOTAL LIABILITIES	 -	 107,056
FUND BALANCE	 -	 -
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ -</u>	 <u>\$ 107,056</u>

City of Harlingen, Texas
TxDOT 3rd STREET DRAINAGE PROJECT FUND
SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Intergovernmental	\$ 6,453	\$ 107,390
Expenditures		
Current		
Highways and streets	6,453	-
Capital outlay	<u>-</u>	<u>143,187</u>
Total expenditures	<u>6,453</u>	<u>143,187</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(35,797)
Other financing sources (uses)		
Transfers in	<u>-</u>	<u>35,797</u>
NET CHANGE IN FUND BALANCE	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

City of Harlingen, Texas
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 1,013,213	\$ 994,228
Taxes receivable (net of allowances)	309,636	368,095
Account receivable	<u>2</u>	<u>2,096</u>
 TOTAL ASSETS	 <u>\$ 1,322,851</u>	 <u>\$ 1,364,419</u>
 LIABILITIES	 \$ -	 \$ -
 DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	289,186	355,420
 FUND BALANCE		
Restricted	<u>1,033,665</u>	<u>1,008,999</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u>\$ 1,322,851</u>	 <u>\$ 1,364,419</u>

City of Harlingen, Texas
DEBT SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Property taxes, including penalty and interest	\$ 4,010,570	\$ 3,968,457
Interest and investment income	<u>571</u>	<u>905</u>
Total revenues	4,011,141	3,969,362
Expenditures		
Debt service		
Principal	2,365,000	2,169,054
Interest	<u>1,624,757</u>	<u>1,836,969</u>
Total expenditures	<u>3,989,757</u>	<u>4,006,023</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	21,384	(36,661)
Other financing sources (uses)		
Refunding bond proceeds	3,282	3,273,794
Payment to refunded bond escrow agent	<u>-</u>	<u>(3,200,946)</u>
Total other financing sources (uses)	<u>3,282</u>	<u>72,848</u>
NET CHANGE IN FUND BALANCE	24,666	36,187
Fund balance, beginning of year	<u>1,008,999</u>	<u>972,812</u>
Fund balance, end of year	<u>\$ 1,033,665</u>	<u>\$ 1,008,999</u>

City of Harlingen, Texas
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal year ended September 30, 2015

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
Revenues				
Property taxes, including penalty and interest	\$ 4,013,716	\$ 4,013,716	\$ 4,010,570	\$ (3,146)
Interest and investment income	<u>1,500</u>	<u>1,500</u>	<u>571</u>	<u>(929)</u>
Total revenues	4,015,216	4,015,216	4,011,141	(4,075)
Expenditures				
Debt service				
Principal retirement	2,365,000	2,365,000	2,365,000	-
Interest and fiscal agent fees	<u>1,650,195</u>	<u>1,650,195</u>	<u>1,624,757</u>	<u>25,438</u>
Total expenditures	<u>4,015,195</u>	<u>4,015,195</u>	<u>3,989,757</u>	<u>25,438</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ 21	\$ 21	21,384	\$ 21,363
Other financing sources (uses)				
Refunding bond proceeds	-	-	3,282	3,282
Payment to refunded bond escrow agent	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>3,282</u>	<u>3,282</u>
NET CHANGE IN FUND BALANCE	<u>\$ 21</u>	<u>\$ 21</u>	24,666	<u>\$ 24,645</u>
Fund balance, beginning of year			<u>1,008,999</u>	
Fund balance, end of year			<u>\$ 1,033,665</u>	

City of Harlingen, Texas
CAPITAL IMPROVEMENT FUND
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	<u>\$ 389,265</u>	<u>\$ 389,154</u>
 TOTAL ASSETS	 <u><u>\$ 389,265</u></u>	 <u><u>\$ 389,154</u></u>
 LIABILITIES	 \$ -	 \$ -
 FUND BALANCE		
Restricted	<u>389,265</u>	<u>389,154</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 389,265</u></u>	 <u><u>\$ 389,154</u></u>

City of Harlingen, Texas
CAPITAL IMPROVEMENT FUND
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Interest and investment income	<u>\$ 111</u>	<u>\$ 222</u>
Expenditures	\$ -	\$ -
NET CHANGE IN FUND BALANCE	111	222
Fund balance, beginning of year	<u>389,154</u>	<u>\$ 388,932</u>
Fund balance, end of year	<u>\$ 389,265</u>	<u>\$ 389,154</u>

City of Harlingen, Texas
STREET IMPROVEMENT FUND
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 12,694	\$ 122,298
Accounts receivable	-	11
Special assessments	<u>19,378</u>	<u>23,414</u>
 TOTAL ASSETS	 <u><u>\$ 32,072</u></u>	 <u><u>\$ 145,723</u></u>
 LIABILITIES	 \$ -	 \$ -
 DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - other	<u>19,071</u>	<u>22,647</u>
 FUND BALANCE		
Committed	<u>13,001</u>	<u>123,076</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u><u>\$ 32,072</u></u>	 <u><u>\$ 145,723</u></u>

City of Harlingen, Texas
STREET IMPROVEMENT FUND
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Property taxes - including penalty and interest	\$ 3,211	\$ 5,059
Interest and investment income	<u>69</u>	<u>106</u>
Total revenues	3,280	5,165
Expenditures		
Current		
Highways and streets	<u>1,073,664</u>	<u>595,794</u>
Total expenditures	<u>1,073,664</u>	<u>595,794</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,070,384)	(590,629)
Operating financing sources (uses)		
Transfers in	<u>960,309</u>	<u>547,774</u>
Total other financing sources (uses)	960,309	547,774
NET CHANGE IN FUND BALANCE	(110,075)	(42,855)
Fund balance, beginning of year	<u>123,076</u>	<u>165,931</u>
Fund balance, end of year	<u>\$ 13,001</u>	<u>\$ 123,076</u>

City of Harlingen, Texas
PETITION PAVING FUND
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 478,348	\$ 602,550
Receivables (net of allowance for uncollectibles)		
Accounts	11,293	11,293
Assessments	<u>144,462</u>	<u>145,827</u>
 TOTAL ASSETS	 <u>\$ 634,103</u>	 <u>\$ 759,670</u>
 LIABILITIES		
Accounts payable	\$ 935	\$ 935
Escrow liabilities	<u>430,649</u>	<u>556,387</u>
 TOTAL LIABILITIES	 431,584	 557,322
 DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - other	<u>145,977</u>	<u>145,977</u>
 FUND BALANCE		
Restricted	<u>56,542</u>	<u>56,371</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u>\$ 634,103</u>	 <u>\$ 759,670</u>

City of Harlingen, Texas
PETITION PAVING FUND
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Improvements and assessments	\$ 117,564	\$ 45
Interest and investment income	<u>171</u>	<u>330</u>
Total revenues	117,735	375
Expenditures	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	117,735	375
Operating financing sources (uses)		
Transfers out	<u>(117,564)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	171	375
Fund balance, beginning of year	<u>56,371</u>	<u>55,996</u>
Fund balance, end of year	<u><u>\$ 56,542</u></u>	<u><u>\$ 56,371</u></u>

City of Harlingen, Texas
TDRA NORTHWEST AREA DRAINAGE FUND
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

City of Harlingen, Texas
TDRA NORTHWEST AREA DRAINAGE FUND
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Intergovernmental	\$ 3,798	\$ 104,108
Expenditures		
Current		
General government	3,798	-
Capital outlay	<u>-</u>	<u>104,108</u>
Total expenditures	<u>3,798</u>	<u>104,108</u>
NET CHANGE IN FUND BALANCE	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

City of Harlingen, Texas
CERTIFICATES OF OBLIGATION PROJECTS, SERIES 1999 FUND
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	<u>\$ 158,987</u>	<u>\$ 241,957</u>
TOTAL ASSETS	<u><u>\$ 158,987</u></u>	<u><u>\$ 241,957</u></u>
 LIABILITIES	 \$ -	 \$ -
 FUND BALANCE		
Restricted	<u>158,987</u>	<u>241,957</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 158,987</u></u>	<u><u>\$ 241,957</u></u>

City of Harlingen, Texas
CERTIFICATES OF OBLIGATION PROJECTS, SERIES 1999 FUND
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Interest and investment income	\$ 50	\$ 136
Expenditures	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	50	136
Operating financing sources (uses)		
Transfers out	<u>(83,020)</u>	<u>(150,000)</u>
NET CHANGE IN FUND BALANCE	(82,970)	(149,864)
Fund balance, beginning of year	<u>241,957</u>	<u>391,821</u>
Fund balance, end of year	<u>\$ 158,987</u>	<u>\$ 241,957</u>

City of Harlingen, Texas
CERTIFICATES OF OBLIGATION PROJECTS, SERIES 2001 FUND
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	<u>867,813</u>	<u>867,391</u>
 TOTAL ASSETS	 <u>\$ 867,813</u>	 <u>\$ 867,391</u>
 LIABILITIES	 \$ -	 \$ -
 FUND BALANCE		
Restricted	<u>867,813</u>	<u>867,391</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 867,813</u>	 <u>\$ 867,391</u>

City of Harlingen, Texas
CERTIFICATES OF OBLIGATION PROJECTS, SERIES 2001 FUND
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Interest and investment income	\$ 422	\$ 319
Expenditures	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	422	319
Fund balance, beginning of year	<u>867,391</u>	<u>867,072</u>
Fund balance, end of year	<u><u>\$ 867,813</u></u>	<u><u>\$ 867,391</u></u>

City of Harlingen, Texas
CERTIFICATES OF OBLIGATION PROJECTS, SERIES 2007 FUND
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	<u>\$ 1,482,910</u>	<u>\$ 1,739,895</u>
 TOTAL ASSETS	 <u><u>\$ 1,482,910</u></u>	 <u><u>\$ 1,739,895</u></u>
 LIABILITIES		
Accounts payable	<u>\$ 9,591</u>	<u>\$ -</u>
Total liabilities	9,591	-
 FUND BALANCE		
Restricted	<u>1,473,319</u>	<u>1,739,895</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 1,482,910</u></u>	 <u><u>\$ 1,739,895</u></u>

City of Harlingen, Texas
CERTIFICATES OF OBLIGATION PROJECTS, SERIES 2007 FUND
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Interest and investment income	\$ 516	\$ 1,376
Miscellaneous	<u>-</u>	<u>4,000</u>
Total revenues	516	5,376
Expenditures		
Current		
General government	3,491	-
Capital outlay	<u>263,601</u>	<u>-</u>
Total expenditures	<u>267,092</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(266,576)	5,376
Other financing sources (uses)		
Transfer (out)	<u>-</u>	<u>(35,797)</u>
NET CHANGE IN FUND BALANCE	(266,576)	(30,421)
Fund balance, beginning of year	<u>1,739,895</u>	<u>1,770,316</u>
Fund balance, end of year	<u><u>\$ 1,473,319</u></u>	<u><u>\$ 1,739,895</u></u>

City of Harlingen, Texas
CERTIFICATES OF OBLIGATION PROJECTS, SERIES 2010 FUND
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 3,000	\$ -
Accounts receivable	<u>-</u>	<u>7,186</u>
 TOTAL ASSETS	 <u>\$ 3,000</u>	 <u>\$ 7,186</u>
 LIABILITIES		
Accounts payable	\$ 3,000	\$ -
Due to other funds	<u>-</u>	<u>161,111</u>
 TOTAL LIABILITIES	 3,000	 161,111
 FUND BALANCE		
Unassigned	<u>-</u>	<u>(153,925)</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 3,000</u>	 <u>\$ 7,186</u>

City of Harlingen, Texas
CERTIFICATES OF OBLIGATION PROJECTS, SERIES 2010 FUND
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues	\$ -	\$ -
Expenditures		
Current		
Highways and streets	7,186	-
Culture and recreation	-	28,496
Capital outlay	<u>3,000</u>	<u>-</u>
Debt service		
Interest	<u>-</u>	<u>-</u>
Total expenditures	<u>10,186</u>	<u>28,496</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(10,186)	(28,496)
Other financing sources		
Transfers in	<u>164,111</u>	<u>70,000</u>
Total other financing sources (uses)	<u>164,111</u>	<u>70,000</u>
NET CHANGE IN FUND BALANCE	153,925	41,504
Fund balance, beginning of year	<u>(153,925)</u>	<u>(195,429)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ (153,925)</u>

City of Harlingen, Texas
CERTIFICATES OF OBLIGATION PROJECTS, SERIES 2012 FUND
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 11,696
 TOTAL ASSETS	 <u>\$ -</u>	 <u>\$ 11,696</u>
 LIABILITIES	 \$ -	 \$ -
 FUND BALANCE		
Restricted	<u> -</u>	<u> 11,696</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ -</u>	 <u>\$ 11,696</u>

City of Harlingen, Texas
CERTIFICATES OF OBLIGATION PROJECTS, SERIES 2012 FUND
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Interest and investment income	\$ 3	\$ 3
Expenditures	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3	3
Other financing sources		
Transfers out	<u>(11,699)</u>	<u>-</u>
Total other financing sources (uses)	<u>(11,699)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(11,696)	3
Fund balance, beginning of year	<u>11,696</u>	<u>11,693</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ 11,696</u></u>

City of Harlingen, Texas
CERTIFICATES OF OBLIGATION PROJECTS, SERIES 2013 FUND
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 375,398
 TOTAL ASSETS	 <u>\$ -</u>	 <u>\$ 375,398</u>
 LIABILITIES		
Accounts payable	\$ -	\$ 97,273
 FUND BALANCE		
Restricted	 <u> -</u>	 <u> 278,125</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ -</u>	 <u>\$ 375,398</u>

City of Harlingen, Texas
CERTIFICATES OF OBLIGATION PROJECTS, SERIES 2013 FUND
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Interest and investment income	\$ 50	\$ 240
Miscellaneous	<u>3,500</u>	<u>-</u>
Total revenues	3,550	240
Expenditures		
Current		
General government	-	740
Capital outlay	<u>239,538</u>	<u>2,044,148</u>
Total expenditures	<u>239,538</u>	<u>2,044,888</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(235,988)	(2,044,648)
Other financing sources		
Transfers out	<u>(42,137)</u>	<u>-</u>
Total other financing sources (uses)	<u>(42,137)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(278,125)	(2,044,648)
Fund balance, beginning of year	<u>278,125</u>	<u>2,322,773</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ 278,125</u></u>

City of Harlingen, Texas
GENERAL OBLIGATION BONDS, SERIES 2006 FUND
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	<u>\$ 1,199,598</u>	<u>\$ 1,199,136</u>
 TOTAL ASSETS	 <u><u>\$ 1,199,598</u></u>	 <u><u>\$ 1,199,136</u></u>
 LIABILITIES	 \$ -	 \$ -
 FUND BALANCE		
Restricted	<u>1,199,598</u>	<u>1,199,136</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 1,199,598</u></u>	 <u><u>\$ 1,199,136</u></u>

City of Harlingen, Texas
GENERAL OBLIGATION BONDS, SERIES 2006 FUND
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Interest and investment income	\$ 462	\$ 564
Expenditures		
Current		
General government	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	462	564
Fund balance, beginning of year	<u>1,199,136</u>	<u>1,198,572</u>
Fund balance, end of year	<u><u>\$ 1,199,598</u></u>	<u><u>\$ 1,199,136</u></u>

City of Harlingen, Texas
GENERAL OBLIGATION BONDS, SERIES 2007 FUND
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 788,292	\$ 788,136
 TOTAL ASSETS	 <u>\$ 788,292</u>	 <u>\$ 788,136</u>
 LIABILITIES		
Accounts payable	\$ -	\$ 98
 TOTAL LIABILITIES	 -	 98
 FUND BALANCE		
Restricted	<u>788,292</u>	<u>788,038</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 788,292</u>	 <u>\$ 788,136</u>

City of Harlingen, Texas
GENERAL OBLIGATION BONDS, SERIES 2007 FUND
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Interest and investment income	\$ 254	\$ 424
Expenditures		
Current		
Capital outlay	<u>-</u>	<u>424</u>
Total expenditures	<u>-</u>	<u>424</u>
NET CHANGE IN FUND BALANCE	254	-
Fund balance, beginning of year	<u>788,038</u>	<u>788,038</u>
Fund balance, end of year	<u><u>\$ 788,292</u></u>	<u><u>\$ 788,038</u></u>

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**SUPPLEMENTARY
INDIVIDUAL
ENTERPRISE
FUND
FINANCIAL STATEMENTS
AND
SCHEDULES**

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ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes. The City has the following enterprise funds:

The ***Sanitation Fund*** is used to account for the operations of the City's solid waste collections and public landfill operations within the City limits.

The ***Municipal Golf Course Fund*** is used to account for the operation of the City's Municipal Golf Course.

The ***Municipal Auditorium Fund*** is set up to account for the utilization of the City's auditorium and the Casa de Amistad facility for economic gain as well as the encouragement of the arts.

The ***Harlingen Arts and Heritage Museum Fund*** is used to account for the operation of the City's museum.

City of Harlingen, Texas
SANITATION FUND
ENTERPRISE FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,587,491	\$ 3,274,051
Investments	3,111,694	3,110,085
Accounts receivables (net of allowances for uncollectibles)	102,659	1,853,491
Due from component units	91,251	142,995
Prepaid Items	<u>-</u>	<u>1,917</u>
Total current assets	5,893,095	8,382,539
Other noncurrent assets		
Net pension asset	<u>83,654</u>	<u>77,126</u>
Capital assets		
Land	417,587	417,587
Construction in progress	1,253,207	240,319
Plant and equipment	2,382,612	1,868,129
Accumulated depreciation	<u>(1,054,493)</u>	<u>(826,362)</u>
Total capital assets (net of accumulated depreciation)	<u>2,998,913</u>	<u>1,699,673</u>
 Total assets	 <u>8,975,662</u>	 <u>10,159,338</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources for pensions	<u>113,639</u>	<u>55,711</u>
 TOTAL ASSET AND DEFERRED OUTFLOWS OF RESOURCES	 <u><u>\$ 9,089,301</u></u>	 <u><u>\$ 10,215,049</u></u>

City of Harlingen, Texas
SANITATION FUND
ENTERPRISE FUND
COMPARATIVE BALANCE SHEETS - CONTINUED
September 30,

	<u>2015</u>	<u>2014</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 163,096	\$ 354,541
Compensated absences	6,300	6,300
Accrued expenses	50,246	41,188
Estimated liability for landfill postclosure costs, current portion	<u>21,000</u>	<u>21,000</u>
Total current liabilities	240,642	423,029
Long-term liabilities		
Compensated absences	231,312	190,889
Net other post employment benefit obligation	291,268	275,815
Estimated liability for landfill postclosure costs	<u>1,292,032</u>	<u>1,361,180</u>
Total long-term liabilities	<u>1,814,612</u>	<u>1,827,884</u>
 TOTAL LIABILITIES	 2,055,254	 2,250,913
 DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources from pensions	22,741	-
 NET POSITION		
Net investment in capital assets	2,998,913	1,699,673
Unrestricted	<u>4,012,393</u>	<u>6,264,463</u>
Total net position	<u>7,011,306</u>	<u>7,964,136</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	 <u>\$ 9,089,301</u>	 <u>\$ 10,215,049</u>

City of Harlingen, Texas
SANITATION FUND
ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Operating revenues		
Current use charges	\$ 8,871,623	\$ 8,841,070
Expenditures		
Personal services	2,310,533	1,858,815
Contracted services	1,501,297	1,443,974
Materials and supplies	185,191	102,064
Other expenses	3,115,772	4,117,943
Depreciation and amortization	<u>234,529</u>	<u>224,264</u>
Total expenditures	<u>7,347,322</u>	<u>7,747,060</u>
Operating income	1,524,301	1,094,010
Nonoperating revenues (expenses)		
Intergovernmental	-	10,314
Interest revenue	2,616	2,979
Insurance recovery	32,568	1,794,115
Gain (loss) on sale of capital assets	27,332	(1,007,925)
Miscellaneous revenue	<u>3,468</u>	<u>3,346</u>
Total nonoperating revenues (expenses)	<u>65,984</u>	<u>802,829</u>
Income before transfers and capital contributions	1,590,285	1,896,839
Transfers and capital contributions		
Transfers in	22,449	-
Transfers (out)	<u>(2,565,564)</u>	<u>(1,000,000)</u>
Total transfers and capital contributions	<u>(2,543,115)</u>	<u>(1,000,000)</u>
Increase (decrease) in net position	(952,830)	896,839
Net position, beginning of year	7,964,136	6,990,143
Prior period adjustment	<u>-</u>	<u>77,154</u>
Net position, beginning of year - as restated	<u>7,964,136</u>	<u>7,067,297</u>
Net position, end of year	<u><u>\$ 7,011,306</u></u>	<u><u>\$ 7,964,136</u></u>

City of Harlingen, Texas
SANITATION FUND
ENTERPRISE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Receipts from customers	\$ 10,746,816	\$ 9,314,911
Payments to suppliers	(5,058,276)	(5,360,403)
Payments to employees	<u>(2,296,372)</u>	<u>(1,894,511)</u>
Net cash provided by operations	3,392,168	2,059,997
Cash flows from noncapital financing activities		
Transfers from other funds	22,449	-
Transfers to other funds	<u>(2,565,564)</u>	<u>(1,000,000)</u>
Net cash (used) by noncapital financing activities	(2,543,115)	(1,000,000)
Cash flows from capital and related financing activities		
Purchase of capital assets	(1,596,520)	(571,176)
Proceeds from sales of capital assets	<u>27,332</u>	<u>-</u>
Net cash (used) by capital and related financing activities	(1,569,188)	(571,176)
Cash flows from investing activities		
Insurance proceeds from capital asset disposal	32,568	-
Interest received	<u>1,007</u>	<u>(1,047)</u>
Net cash provided by investing activities	<u>33,575</u>	<u>(1,047)</u>
Net increase in cash and cash equivalents	(686,560)	487,774
Cash and cash equivalents, beginning of year	<u>3,274,051</u>	<u>2,786,277</u>
Cash and cash equivalents, end of year	<u>\$ 2,587,491</u>	<u>\$ 3,274,051</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,524,301	\$ 1,094,010
Adjustments to reconcile net income from operations to net cash from operating activities		
Depreciation	234,529	224,264
Loss on capital asset disposition	27,332	-
Other revenue received	38,887	3,346
(Increase) decrease in receivables	1,750,832	177,438
(Increase) decrease in prepaid items	1,917	(407)
(Increase) decrease in due from component units	51,744	473,841
(Increase) decrease in net pension asset	(6,528)	-
(Increase) decrease in deferred outflows of resources	(57,928)	-
Increase (decrease) in accounts payable	(191,445)	92,677
Increase (decrease) in accrued expenses	9,058	11,731
Increase (decrease) in net other post employment benefit obligation	15,453	(27,095)
Increase (decrease) in compensated absences	40,423	(8,601)
Increase (decrease) in deferred inflows of resources	22,741	
Increase (decrease) in estimated liability for landfill closure and postclosure costs	<u>(69,148)</u>	<u>18,793</u>
Total Adjustments	<u>1,867,867</u>	<u>965,987</u>
Net cash provided by operating activities:	<u>\$ 3,392,168</u>	<u>\$ 2,059,997</u>
<i>Supplemental disclosure of noncash activities</i>		
<i>Contributed capital from other funds</i>	\$ -	\$ 10,314

City of Harlingen, Texas
MUNICIPAL GOLF COURSE FUND
ENTERPRISE FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ -	\$ 114,961
Investments	3,582	103,533
Accounts receivables (net of allowances for uncollectibles)	3,906	4,827
Inventories	<u>28,411</u>	<u>28,604</u>
Total current assets	35,899	251,925
Other noncurrent assets		
Net pension asset	<u>29,029</u>	<u>26,764</u>
Capital assets		
Land	49,496	49,496
Plant and equipment	4,117,398	4,117,398
Accumulated depreciation	<u>(3,025,275)</u>	<u>(2,881,030)</u>
Total capital assets (net of accumulated depreciation)	<u>1,141,619</u>	<u>1,285,864</u>
 Total assets	 <u>1,206,547</u>	 <u>1,564,553</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources for pensions	<u>39,434</u>	<u>19,333</u>
 TOTAL ASSET AND DEFERRED OUTFLOWS OF RESOURCES	 <u>\$ 1,245,981</u>	 <u>\$ 1,583,886</u>

City of Harlingen, Texas
MUNICIPAL GOLF COURSE FUND
ENTERPRISE FUND
COMPARATIVE BALANCE SHEETS - CONTINUED
September 30,

	<u>2015</u>	<u>2014</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 31,305	\$ 23,915
Compensated absences	2,000	2,000
Accrued expenses	15,780	13,133
	<u>13,816</u>	<u>-</u>
Total current liabilities	62,901	39,048
Long-term liabilities		
Compensated absences	58,076	59,745
Net other post employment benefit obligation	<u>129,452</u>	<u>91,938</u>
Total long-term liabilities	<u>187,528</u>	<u>151,683</u>
 TOTAL LIABILITIES	 250,429	 190,731
 DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources from pensions	7,891	-
 NET POSITION		
Net investment in capital assets	1,141,619	1,285,864
Unrestricted	<u>(153,958)</u>	<u>107,291</u>
Total net position	<u>987,661</u>	<u>1,393,155</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	 <u>\$ 1,245,981</u>	 <u>\$ 1,583,886</u>

City of Harlingen, Texas
MUNICIPAL GOLF COURSE FUND
ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Operating revenues		
Golf course fees and charges	\$ 954,741	\$ 982,509
Operating expenses		
Personal services	721,280	614,083
Contracted services	169,974	175,765
Materials and supplies	205,023	182,537
Other expenses	58,646	75,516
Depreciation and amortization	<u>144,245</u>	<u>153,056</u>
Total operating expense	<u>1,299,168</u>	<u>1,200,957</u>
Operating income (loss)	(344,427)	(218,448)
Nonoperating revenues (expenses)		
Interest revenue	61	144
Miscellaneous revenue	1,083	1,546
Gain (loss) on sale of capital assets	<u>2,619</u>	<u>(7,817)</u>
Total nonoperating revenues (expenses)	<u>3,763</u>	<u>(6,127)</u>
Income (loss) before transfers and capital contributions	(340,664)	(224,575)
Transfers (out)	<u>(64,830)</u>	<u>(52,400)</u>
Total transfers and capital contributions	<u>(64,830)</u>	<u>(52,400)</u>
Increase (decrease) in net position	<u>(405,494)</u>	<u>(276,975)</u>
Net position, beginning of year	1,393,155	1,643,352
Prior period adjustment	<u>-</u>	<u>26,778</u>
Net position, beginning of year - as restated	<u>1,393,155</u>	<u>1,670,130</u>
Net position, end of year	<u>\$ 987,661</u>	<u>\$ 1,393,155</u>

City of Harlingen, Texas
MUNICIPAL GOLF COURSE FUND
ENTERPRISE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Receipts from customers	\$ 956,745	\$ 984,055
Payments to suppliers	(409,597)	(445,491)
Payments to employees	<u>(699,910)</u>	<u>(640,429)</u>
Net cash provided by operations	(152,762)	(101,865)
Cash flows from noncapital financing activities		
Transfers to other funds	<u>(64,830)</u>	<u>(52,400)</u>
Net cash (used) by noncapital financing activities	(64,830)	(52,400)
Cash flows from capital and related financing activities		
Purchase of capital assets	-	217,944
Proceeds from sale of assets	<u>2,619</u>	<u>(238,175)</u>
Net cash provided (used) by capital and related financing activities	2,619	(20,231)
Cash flows from investing activities		
Proceeds for sale of investments	99,951	299,864
Interest received	<u>61</u>	<u>144</u>
Net cash provided (used) by investing activities	<u>100,012</u>	<u>300,008</u>
Net increase (decrease) in cash and cash equivalents	(114,961)	125,512
Cash and cash equivalents, beginning of year	<u>114,961</u>	<u>(10,551)</u>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ 114,961</u>
Reconciliation of operating income to net cash provided		
by operating activities:		
Operating income (loss)	\$ (344,427)	\$ (218,448)
Adjustments to reconcile net income from operations		
to net cash from operating activities		
Depreciation	144,245	153,056
Other revenue received	1,083	1,546
(Increase) decrease in receivables	921	86
(Increase) decrease in inventories	193	(15,467)
(Increase) decrease in interfunds	13,816	-
(Increase) decrease in net pension asset	(2,265)	-
(Increase) decrease in deferred outflows of resources	(20,101)	-
Increase (decrease) in accounts payable	7,390	326
Increase (decrease) in net other post employment benefit pension obligation	37,514	(22,684)
Increase (decrease) in deferred inflows of resources	7,891	-
Increase (decrease) in compensated absences	(1,669)	(3,662)
Increase (decrease) in accrued expenses	<u>2,647</u>	<u>3,382</u>
Total adjustments	<u>191,665</u>	<u>116,583</u>
Net cash provided by operations	<u>(152,762)</u>	<u>(101,865)</u>
<i>Supplemental disclosure of noncash activities:</i>		
Contributed capital from other funds	\$ -	\$ -

City of Harlingen, Texas
MUNICIPAL AUDITORIUM FUND
ENTERPRISE FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 198,716	\$ 396
Investments	1,003	1,000
Accounts receivables (net of allowances for uncollectibles)	<u>4,746</u>	<u>5,663</u>
Total current assets	204,465	7,059
Other noncurrent assets		
Net pension asset	<u>6,967</u>	<u>6,423</u>
Capital assets		
Plant and equipment	4,776,824	4,741,284
Accumulated depreciation	<u>(2,778,688)</u>	<u>(2,494,188)</u>
Total capital assets (net of accumulated depreciation)	<u>1,998,136</u>	<u>2,247,096</u>
Total assets	<u>2,209,568</u>	<u>2,260,578</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources for pensions	<u>9,464</u>	<u>4,639</u>
TOTAL ASSET AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 2,219,032</u></u>	<u><u>\$ 2,265,217</u></u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 20,972	\$ 7,288
Accrued expenses	7,243	1,693
Due to other funds	-	291,988
Unearned revenue	<u>6,512</u>	<u>1,000</u>
Total current liabilities	34,727	301,969
Long-term liabilities		
Compensated absences	19,071	18,620
Net other post employment benefit obligation	<u>5,394</u>	<u>10,215</u>
Total long-term liabilities	<u>24,465</u>	<u>28,835</u>
TOTAL LIABILITIES	59,192	330,804
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources from pensions	1,894	-
NET POSITION		
Net investment in capital assets	1,998,136	2,247,096
Unrestricted	<u>159,810</u>	<u>(312,683)</u>
TOTAL NET POSITION	<u>2,157,946</u>	<u>1,934,413</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 2,219,032</u></u>	<u><u>\$ 2,265,217</u></u>

City of Harlingen, Texas
MUNICIPAL AUDITORIUM FUND
ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Operating revenues		
Charges for services	\$ 7,011	\$ 7,088
Rental income	<u>236,971</u>	<u>143,202</u>
Total operating revenues	243,982	150,290
Operating expenses		
Personal services	83,754	108,159
Contracted services	185,576	213,784
Materials and supplies	15,441	8,248
Other expenses	46,521	72,116
Depreciation and amortization	<u>284,500</u>	<u>271,991</u>
Total operating expenses	<u>615,792</u>	<u>674,298</u>
Operating (loss)	(371,810)	(524,008)
Nonoperating revenues (expenses)		
Interest income	19	2,100
Donations revenue	-	369
Insurance settlement	427,970	-
Miscellaneous revenue	<u>1,814</u>	<u>(404)</u>
Total nonoperating revenues	<u>429,803</u>	<u>2,065</u>
Income (loss) before transfers and capital contributions	57,993	(521,943)
Transfers and capital contributions		
Transfers in	130,000	158,000
Capital contributions	<u>35,540</u>	<u>39,900</u>
Total transfers and capital contributions	<u>165,540</u>	<u>197,900</u>
Increase (decrease) in net position	<u>223,533</u>	<u>(324,043)</u>
Net position, beginning of year	1,934,413	2,252,034
Prior period adjustment	<u>-</u>	<u>6,422</u>
Net position, beginning of year - as restated	<u>1,934,413</u>	<u>2,258,456</u>
Net position, end of year	<u><u>\$ 2,157,946</u></u>	<u><u>\$ 1,934,413</u></u>

City of Harlingen, Texas
MUNICIPAL AUDITORIUM FUND
ENTERPRISE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Receipts from customers	\$ 250,411	\$ 145,836
Payments to suppliers	(555,813)	(185,178)
Payments to employees	<u>(91,599)</u>	<u>(116,525)</u>
Net cash provided (used) by operating activities	(397,001)	(155,867)
Cash flows from noncapital financing activities		
Insurance settlement	427,970	-
Transfers from other funds	<u>130,000</u>	<u>158,000</u>
	557,970	158,000
Cash flows from capital and related financing activities		
Purchase of capital assets	<u>35,540</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	35,540	-
Cash flows from investing activities		
Interest received	<u>1,811</u>	<u>2,103</u>
Net cash provided (used) by investing activities	<u>1,811</u>	<u>2,103</u>
Net increase (decrease) in cash and cash equivalents	198,320	4,236
Cash and cash equivalents, beginning of year	<u>396</u>	<u>(3,840)</u>
Cash and cash equivalents, end of year	<u>\$ 198,716</u>	<u>\$ 396</u>
Reconciliation of operating income to net cash provided		
by operating activities:		
Operating income (loss)	\$ (371,810)	\$ (524,008)
Adjustments to reconcile net income to net cash		
from operating activities		
Depreciation	284,500	271,990
Other revenue received	-	(35)
(Increase) decrease in accounts receivable	917	(4,419)
(Increase) decrease in net pension asset	(544)	-
(Increase) decrease in deferred outflows of resources	(4,825)	-
Increase (decrease) in accounts payable	(21,837)	(29,403)
Increase (decrease) in accrued expenses	5,550	(213)
Increase (decrease) in net other post employment benefit obligation	(4,821)	(1,809)
Increase (decrease) in compensated absences	451	(6,557)
Increase (decrease) in deferred inflows of resources	1,894	-
Increase (decrease) in due to other funds	(291,988)	138,587
Increase (decrease) in unearned revenues	<u>5,512</u>	<u>-</u>
Total Adjustments	<u>(25,191)</u>	<u>368,141</u>
Net cash provided by operating activities:	<u>\$ (397,001)</u>	<u>\$ (155,867)</u>
<i>Supplemental disclosure of noncash activities</i>		
<i>Contributed capital from other funds</i>	\$ 35,540	\$ -

City of Harlingen, Texas
HARLINGEN ARTS AND HERITAGE MUSEUM FUND
ENTERPRISE FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 36,953	\$ 42,270
Investments	106,655	106,599
Accounts receivables (net of allowances for uncollectibles)	<u>9</u>	<u>9</u>
Total current assets	143,617	148,878
Capital assets		
Plant and equipment	215,613	195,878
Accumulated depreciation	<u>(124,359)</u>	<u>(111,621)</u>
Total capital assets (net of accumulated depreciation)	<u>91,254</u>	<u>84,257</u>
 TOTAL ASSETS	 <u><u>\$ 234,871</u></u>	 <u><u>\$ 233,135</u></u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 13,783	\$ 13,799
Accrued expenses	<u>1,482</u>	<u>3,081</u>
Total current liabilities	15,265	16,880
Long-term liabilities		
Compensated absences	3,912	2,740
Net other post employment benefit obligation	<u>16,182</u>	<u>5,108</u>
Total long-term liabilities	<u>20,094</u>	<u>7,848</u>
 TOTAL LIABILITIES	 <u>35,359</u>	 <u>24,728</u>
NET POSITION		
Net investment in capital assets	91,254	84,257
Unrestricted	<u>108,258</u>	<u>124,150</u>
 TOTAL NET POSITION	 <u>199,512</u>	 <u>208,407</u>
 TOTAL LIABILITIES AND NET POSITION	 <u><u>\$ 234,871</u></u>	 <u><u>\$ 233,135</u></u>

City of Harlingen, Texas
HARLINGEN ARTS AND HERITAGE MUSEUM FUND
ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Operating revenues		
Current use charges	\$ 277	\$ -
Admissions	<u>4,607</u>	<u>3,181</u>
Total operating revenues	4,884	3,181
Operating expenses		
Personal services	69,574	49,487
Contracted services	37,206	37,756
Materials and supplies	4,154	2,222
Other expenses	9,255	11,172
Depreciation and amortization	<u>12,738</u>	<u>10,683</u>
Total operating expenses	<u>132,927</u>	<u>111,320</u>
Operating income (loss)	(128,043)	(108,139)
Nonoperating revenues (expenses)		
Interest revenue	63	46
Gain on sale of capital assets	-	358
Miscellaneous revenue	<u>5,139</u>	<u>9,241</u>
Total nonoperating revenues	<u>5,202</u>	<u>9,645</u>
Income (loss) before transfers and capital contributions	(122,841)	(98,494)
Transfers and capital contributions		
Transfers In	100,000	100,000
Capital contributions	<u>13,946</u>	<u>-</u>
Total transfers and capital contributions	<u>113,946</u>	<u>100,000</u>
Increase (decrease) in net position	(8,895)	1,506
Net position, beginning of year	<u>208,407</u>	<u>206,901</u>
Net position, end of year	<u>\$ 199,512</u>	<u>\$ 208,407</u>

City of Harlingen, Texas
HARLINGEN ARTS AND HERITAGE MUSEUM FUND
ENTERPRISE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Receipts from customers	\$ 18,830	\$ 12,425
Payments to suppliers	(66,176)	(49,240)
Payments to employees	<u>(57,328)</u>	<u>(51,169)</u>
Net cash (used) by operations	(104,674)	(87,984)
Cash flows from noncapital financing activities		
Transfers from other funds	100,000	100,000
Cash flows from capital and related financing activities		
Purchases of capital assets	(650)	-
Proceeds from the sale of capital assets	<u>-</u>	<u>358</u>
Net cash provided (used) by capital and related financing activities	(650)	358
Cash flows from investing activities		
Interest received on investments	<u>7</u>	<u>46</u>
Net increase (decrease) in cash and cash equivalents	(5,317)	12,420
Cash and cash equivalents, beginning of year	<u>42,270</u>	<u>29,850</u>
Cash and cash equivalents, end of year	<u>\$ 36,953</u>	<u>\$ 42,270</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating (loss)	\$ (128,043)	\$ (108,139)
Adjustments to reconcile net income from operations to net cash from operating activities		
Depreciation and amortization	12,738	10,682
Other revenue received	-	9,241
(Increase) decrease in inventories	-	(36)
(Increase) decrease in accounts receivable	-	3
Increase (decrease) in accounts payable	(16)	(403)
Increase (decrease) in accrued expenses	(1,599)	2,350
Increase (decrease) in net other post employment benefit obligation	11,074	(2,469)
Increase (decrease) in compensated absences	<u>1,172</u>	<u>787</u>
Total adjustments	<u>23,369</u>	<u>20,155</u>
Net cash provided (used) by operations	<u>\$ (104,674)</u>	<u>\$ (87,984)</u>
<i>Supplemental disclosure of noncash activities</i>	\$ -	\$ -

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**SUPPLEMENTARY
INDIVIDUAL
INTERNAL SERVICE
FUND
FINANCIAL STATEMENTS
AND
SCHEDULES**

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City of Harlingen, Texas
MOTOR VEHICLE/WAREHOUSE FUND
INTERNAL SERVICE FUND
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,158,289	\$ 3,904,804
Receivables (net of allowances for uncollectibles)		
Accounts	9,988	26,582
Due from component unit	76	-
Inventories	<u>135,077</u>	<u>178,113</u>
Total current assets	4,303,430	4,109,499
Other noncurrent assets		
Net pension asset	<u>16,081</u>	<u>14,826</u>
Capital assets	20,302,023	19,629,763
Accumulated depreciation	<u>(13,726,632)</u>	<u>(12,766,895)</u>
Capital assets (net of accumulated depreciation)	<u>6,575,391</u>	<u>6,862,868</u>
Total assets	<u>10,894,902</u>	<u>10,987,193</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred resource outflows for pensions	<u>21,845</u>	<u>10,709</u>
TOTAL ASSET AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 10,916,747</u>	<u>\$ 10,997,902</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 25,324	\$ 32,852
Compensated absences	48,495	36,478
Accrued expenses	<u>8,102</u>	<u>7,712</u>
Total current liabilities	81,921	77,042
Long-term liabilities		
Net other post employment benefit obligation	<u>42,000</u>	<u>36,022</u>
Total non-current liabilities	<u>42,000</u>	<u>36,022</u>
TOTAL LIABILITIES	123,921	113,064
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources from pensions	4,372	-
NET POSITION		
Net investment in capital assets	6,575,391	6,862,868
Unrestricted	<u>4,213,063</u>	<u>4,021,970</u>
Total net position	<u>10,788,454</u>	<u>10,884,838</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 10,916,747</u>	<u>\$ 10,997,902</u>

City of Harlingen, Texas
MOTOR VEHICLE/WAREHOUSE FUND
INTERNAL SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Operating revenues		
Current use charges	\$ 3,516,922	\$ 4,010,313
Operating expenses		
Personnel services	367,854	367,079
Contracted services	68,638	67,898
Materials and supplies	1,795,663	2,239,157
Other expenses	61,128	92,999
Depreciation expense	<u>1,861,692</u>	<u>1,754,587</u>
Total operating expenses	<u>4,154,975</u>	<u>4,521,720</u>
Operating income (loss)	(638,053)	(511,407)
Nonoperating revenues (expenses)		
Interest revenue	1,467	2,788
Gain on sale/disposal of fixed assets	<u>14,244</u>	<u>9,644</u>
Total nonoperating revenues	<u>15,711</u>	<u>12,432</u>
Income (loss) before transfers and capital contributions	(622,342)	(498,975)
Transfers and capital contributions		
Transfers in	-	769,246
Transfers (out)	(30,460)	-
Capital contributions	<u>556,418</u>	<u>-</u>
Total transfers and capital contributions	<u>525,958</u>	<u>769,246</u>
Net increase (decrease) in net position	(96,384)	270,271
Net position, beginning of year	10,884,838	10,599,732
Prior period adjustment	<u>-</u>	<u>14,835</u>
Net position, beginning of year, as restated	<u>10,884,838</u>	<u>10,614,567</u>
Net position, end of year	<u>\$ 10,788,454</u>	<u>\$ 10,884,838</u>

City of Harlingen, Texas
MOTOR VEHICLE/WAREHOUSE FUND
INTERNAL SERVICE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Received from customers	\$ 3,533,517	\$ 4,001,442
Payments to suppliers	(2,791,952)	(3,407,035)
Payments to employees	<u>(357,488)</u>	<u>(368,884)</u>
Net cash provided by operations	384,077	225,523
Cash flows from noncapital financing activities		
Transfers from other funds	(30,460)	-
Cash flows from capital and related financing activities		
Purchases of capital assets	(115,843)	(989,947)
Proceeds from the sale of capital assets	<u>14,244</u>	<u>9,644</u>
Net cash provided (used) by capital and related financing activities	(101,599)	(980,303)
Cash flows from investing activities		
Purchase of investments	-	1,532,691
Interest received	<u>1,467</u>	<u>2,788</u>
Net cash provided (used) by investing activities	<u>1,467</u>	<u>1,535,479</u>
Net increase (decrease) in cash and cash equivalents	253,485	780,699
Cash and cash equivalents, beginning of year	<u>3,904,804</u>	<u>3,124,105</u>
Cash and cash equivalents, end of year	<u>\$ 4,158,289</u>	<u>\$ 3,904,804</u>
Reconciliation of operating income to net cash provided		
by operating activities:		
Operating income (loss)	\$ (638,053)	\$ (511,407)
Adjustments to reconcile net income from		
operations to net cash from operating activities		
Depreciation	959,737	742,214
Bad debt write-offs	-	-
(Increase) decrease in receivables	16,594	(8,871)
(Increase) decrease in due from other funds	(76)	-
(Increase) decrease in inventories	43,036	(16,370)
(Increase) decrease in net pension asset	(1,255)	-
(Increase) decrease in deferred outflows of resources	(11,136)	-
Increase (decrease) in accounts payable	(7,528)	21,762
Increase (decrease) in net other post employment benefit obligation	17,996	(3,448)
Increase (decrease) in deferred inflows of resources	4,372	-
Increase (decrease) in accrued expenses	<u>390</u>	<u>1,643</u>
Total adjustments	<u>1,022,130</u>	<u>736,930</u>
Net cash provided by operations	<u>\$ 384,077</u>	<u>\$ 225,523</u>
<i>Supplemental disclosure of noncash activities:</i>		
<i>Contributed capital from other funds</i>	\$ 556,418	\$ -

City of Harlingen, Texas
HEALTH INSURANCE FUND
INTERNAL SERVICE FUND
COMPARATIVE STATEMENTS OF NET POSITION
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 562,120	\$ 561,416
Accounts receivable	17,104	9,171
Prepaid expenses	<u>805</u>	<u>805</u>
 TOTAL ASSETS	 <u><u>\$ 580,029</u></u>	 <u><u>\$ 571,392</u></u>
 LIABILITIES		
Current liabilities		
Accounts payable	\$ 8,601	\$ 7,236
Due to other funds	<u>25,000</u>	<u>25,000</u>
Total liabilities	33,601	32,236
 NET POSITION		
Unrestricted net position	<u>546,428</u>	<u>539,156</u>
 TOTAL LIABILITIES AND NET POSITION	 <u><u>\$ 580,029</u></u>	 <u><u>\$ 571,392</u></u>

City of Harlingen, Texas
HEALTH INSURANCE FUND
INTERNAL SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Operating revenues		
Current use charges	\$ 4,139,871	\$ 3,833,623
Operating expenses		
Contracted services	4,183,834	3,864,432
Bad debt expenses	<u>5,750</u>	<u>-</u>
Total operating expenses	<u>4,189,584</u>	<u>3,864,432</u>
Operating income (loss)	(49,713)	(30,809)
Nonoperating revenues (expenses)		
Interest revenue	<u>101</u>	<u>315</u>
Income (loss) before operating transfers	(49,612)	(30,494)
Transfers		
Transfers in	81,000	81,000
Transfers out	<u>(24,116)</u>	<u>-</u>
Total transfers	<u>56,884</u>	<u>81,000</u>
Net increase in net position	7,272	50,506
Net position, beginning of year	<u>539,156</u>	<u>488,650</u>
Net position, end of year	<u>\$ 546,428</u>	<u>\$ 539,156</u>

City of Harlingen, Texas
HEALTH INSURANCE FUND
INTERNAL SERVICE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Receipts	\$ 4,131,938	\$ 3,832,832
Payments to suppliers	<u>(4,188,219)</u>	<u>(3,867,484)</u>
Net cash provided by operations	(56,281)	(34,652)
Cash flows from noncapital financing activities		
Transfers from other funds	81,000	81,000
Transfers to other funds	<u>(24,116)</u>	<u>-</u>
	56,884	81,000
Cash flows from capital and related financing activities	-	-
Cash flows from investing activities		
Interest received	<u>101</u>	<u>315</u>
Net increase in cash and cash equivalents	704	46,663
Cash and cash equivalents, beginning of year	<u>561,416</u>	<u>514,753</u>
Cash and cash equivalents, end of year	<u><u>\$ 562,120</u></u>	<u><u>\$ 561,416</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ (49,713)	\$ (30,809)
Bad debt write-offs	5,750	-
Adjustments to reconcile net income (loss) from operations to net cash from operating activities		
(Increase) decrease in accounts receivable	(13,683)	(791)
(Increase) decrease in prepaid expenses	-	(805)
Increase (decrease) in accounts payable	<u>1,365</u>	<u>(2,247)</u>
Total adjustments	<u>(12,318)</u>	<u>(3,843)</u>
Net cash provided by operations	<u><u>\$ (56,281)</u></u>	<u><u>\$ (34,652)</u></u>

COMPONENT UNITS

Discretely presented component units are legally separate organizations that the City of Harlingen must include as part of its financial reporting entity for fair presentation.

Governmental

The **Harlingen Economic Development Corporation, Inc.** is a separately chartered nonprofit 4A corporation. The fund administers 75% of the special ½ cent sales tax monies to foster economic development within the City. The Board of Directors is appointed by the City Commission and functions as the decision/policy-making body for all activities related to this component unit subject to prior Commission approval of disbursements in excess of \$25,000.

The **Harlingen Community Improvement Board** is a separately chartered nonprofit 4B corporation. The fund administers 25% of the special ½ cent sales tax monies to foster economic development within the City. The Board of Directors are appointed by the City Commission and functions as the decision/policy-making body for all activities related to this component unit subject to prior Commission approval of disbursements in excess of \$25,000.

Business-type

The **Water and Wastewater System Fund** is used to account for the operations of the Waterworks and Wastewater System. This fund is primarily controlled by a board separate from the City Commission.

The **Valley International Airport Fund** is used to account for the operations of the Valley International Airport. This fund is primarily controlled by a board separate from the City Commission.

City of Harlingen, Texas
HARLINGEN ECONOMIC DEVELOPMENT CORPORATION, INC.
COMPONENT UNIT
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 3,549,349	\$ 3,269,580
Receivables (net of allowances for uncollectibles)		
Accounts	120,452	69,259
Due from other government	308,303	324,043
Prepaid expenses	14,102	5,491
Long-term loans receivable	979,501	1,014,827
Redevelopment properties	<u>256,725</u>	<u>-</u>
 TOTAL ASSETS	 <u>\$ 5,228,432</u>	 <u>\$ 4,683,200</u>
 LIABILITIES		
Accounts payable	\$ 75,806	\$ 73,469
Accrued expenditures	9,728	12,262
Due to primary government	<u>10,000</u>	<u>-</u>
 TOTAL LIABILITIES	 95,534	 85,731
 DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - noncurrent receivables	979,501	1,014,827
 FUND BALANCE		
Nonspendable	14,102	5,491
Committed	2,000,000	2,000,000
Unassigned	<u>2,139,295</u>	<u>1,577,151</u>
Total fund balance	<u>4,153,397</u>	<u>3,582,642</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u>\$ 5,228,432</u>	 <u>\$ 4,683,200</u>

City of Harlingen, Texas
**Reconciliation of the Balance Sheet of the Harlingen Economic Development Corporation
to the Component Unit Combining Statement of Net Position**
September 30, 2015

	<u>HEDC Activities</u>
Fund balances -- component unit	\$ 4,153,397
Amounts reported in the statement of activities are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. This is the amount of governmental assets \$40,886,524, net of accumulated depreciation totaling \$(4,407,380).	36,479,144
Other long term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.	979,499
Long term liabilities applicable to the component units 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.	(32,926,754)
Interest on long-term debt payable is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(845,134)</u>
Net position of the component unit on the statement of net position	<u>\$ 7,840,152</u>

City of Harlingen, Texas
HARLINGEN ECONOMIC DEVELOPMENT CORPORATION, INC.
COMPONENT UNIT
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Non property taxes	\$ 4,212,491	\$ 4,028,290
Intergovernmental	176,916	177,279
Miscellaneous and program revenues	776,273	776,182
Interest and investment income	<u>6,584</u>	<u>10,770</u>
Total revenues	5,172,264	4,992,521
Expenditures		
Current		
General government	1,448,637	1,909,969
Investment property purchase	-	164,901
Debt service		
Principal retirement	1,445,000	1,395,000
Interest and fiscal agent fees	<u>1,811,872</u>	<u>1,805,741</u>
Total expenditures	4,705,509	5,275,611
Other financing sources (uses)		
Sale of assets	<u>104,000</u>	<u>100,000</u>
Total other financing sources (uses)	104,000	100,000
NET CHANGE IN FUND BALANCE	570,755	(183,090)
Fund balance, beginning of year	<u>3,582,642</u>	<u>3,765,732</u>
Fund balance, end of year	<u><u>\$ 4,153,397</u></u>	<u><u>\$ 3,582,642</u></u>

City of Harlingen, Texas
**Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Harlingen Economic Development Corporation
to the Component Unit Combining Statement of Activities**
For the fiscal year ended September 30, 2015

	<u>HEDC Activities</u>
Net change in fund balances -- component unit fund	\$ 570,755
Amounts reported in the statement of activities are different because:	
Governmental funds report capital asset depreciation 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. Depreciation expense for the current period totaled (\$1,117,296).	(1,117,296)
Repayment of bond and notes payable principal is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement of net position.	1,445,000
Collection of noncurrent receivables is reported as other financing sources in the governmental funds, but the collection reduces the notes receivable in the statement of net position.	(167,336)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Long term debt is not recorded at the fund level, and consequently, the increase in accrued interest is \$570,755 is not recorded either. Also, any changes in compensated absences \$(9,082) and interest payments totaling \$(478,796), are reported as an increase or decrease to expenses in the statement of activities but not in the governmental funds.	<u>(82,877)</u>
Change in net position of governmental activities:	<u>\$ 648,246</u>

City of Harlingen, Texas
HARLINGEN COMMUNITY IMPROVEMENT BOARD
COMPONENT UNIT
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 3,998,193	\$ 2,894,657
Due from other government	102,768	108,148
Redevelopment properties	<u>310,034</u>	<u>310,034</u>
 TOTAL ASSETS	 <u><u>\$ 4,410,995</u></u>	 <u><u>\$ 3,312,839</u></u>
 LIABILITIES		
Accounts payable	\$ 466	\$ 6,541
 FUND BALANCE		
Unassigned	<u>4,410,529</u>	<u>3,306,298</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 4,410,995</u></u>	 <u><u>\$ 3,312,839</u></u>

City of Harlingen, Texas
HARLINGEN COMMUNITY IMPROVEMENT BOARD
COMPONENT UNIT
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Non property taxes	\$ 1,385,956	\$ 1,342,763
Miscellaneous and program revenues	-	625
Interest and investment income	<u>592</u>	<u>1,578</u>
Total revenues	1,386,548	1,344,966
Expenditures		
Current		
General government	<u>282,317</u>	<u>309,028</u>
Total expenditures	<u>282,317</u>	<u>309,028</u>
NET CHANGE IN FUND BALANCE	1,104,231	1,035,938
Fund balance, beginning of year	3,306,298	1,960,326
Prior period adjustment	<u>-</u>	<u>310,034</u>
Fund balance, beginning, as restated	<u>3,306,298</u>	<u>2,270,360</u>
Fund balance, end of year	<u><u>\$ 4,410,529</u></u>	<u><u>\$ 3,306,298</u></u>

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund

City of Harlingen, Texas
CITY OF HARLINGEN WATERWORKS SYSTEM
COMPONENT UNIT
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 7,286,971	\$ 7,087,871
Investments	6,012,588	7,657,733
Receivables, net of allowances for uncollectibles	2,018,639	1,912,321
Grants receivable	119,238	119,238
Interest receivable	765	3,414
Inventories	357,230	308,187
Prepaid expenses	7,500	9,191
Restricted assets		
Cash and cash equivalents	14,177,216	4,362,053
Investments	<u>1,000,000</u>	<u>3,358,136</u>
Total current assets	30,980,147	24,818,144
Noncurrent Assets		
Net pension asset	<u>1,953,444</u>	<u>1,885,340</u>
Capital assets		
Non-depreciable assets	11,610,102	9,853,915
Depreciable assets	162,598,874	156,572,117
Accumulated depreciation	<u>(106,672,632)</u>	<u>(102,820,234)</u>
Total capital assets, net	<u>67,536,344</u>	<u>63,605,798</u>
 TOTAL ASSETS	 100,469,935	 90,309,282
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	403,009	356,796
Pension contributions after measurement date	44,279	83,255
Difference in projected and actual earnings on pension asset	<u>227,675</u>	<u>-</u>
 TOTAL DEFERRED OUTFLOWS OF RESOURCES	 <u>674,963</u>	 <u>440,051</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 <u>\$ 101,144,898</u>	 <u>\$ 90,749,333</u>

City of Harlingen, Texas
CITY OF HARLINGEN WATERWORKS SYSTEM
COMPONENT UNIT
COMPARATIVE BALANCE SHEETS - CONTINUED
September 30,

	<u>2015</u>	<u>2014</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 607,521	\$ 818,302
Due to primary government	173,421	232,222
Compensated absences - current	505,956	507,377
Current maturities of long-term debt, net of deferred amounts	320,000	900,000
Other liabilities	493,577	440,887
Payable from restricted assets - current	<u>380,446</u>	<u>481,820</u>
Total current liabilities	2,480,921	3,380,608
Noncurrent liabilities		
Revenue bonds payable, net	25,373,261	14,007,469
Compensated absences	200,000	150,000
Net other post employment benefit obligation	3,205,507	2,835,505
Payable fom restricted assets	<u>1,600,000</u>	<u>1,600,000</u>
Total long-term debt	<u>30,378,768</u>	<u>18,592,974</u>
 TOTAL LIABILITIES	 32,859,689	 21,973,582
 DEFERRED INFLOWS OF RESOURCES		
Difference in expected and actual pension experience	130,558	-
 NET POSITION		
Net investment in capital assets	54,124,539	50,311,646
Restricted:		
Debt service	678,524	825,098
System expansion	2,734,639	5,525,345
Unrestricted	<u>10,616,949</u>	<u>12,113,662</u>
 Total net position	 <u>68,154,651</u>	 <u>68,775,751</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	 <u>\$101,144,898</u>	 <u>\$ 90,749,333</u>

City of Harlingen, Texas
CITY OF HARLINGEN WATERWORKS SYSTEM
COMPONENT UNIT
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Operating revenues		
Charges for services		
Current use charges	\$ 17,584,357	\$ 17,719,771
Operating expenses		
Personnel services	7,231,771	7,158,585
Contracted services	3,414,620	3,331,659
Supplies and maintenance	2,930,566	3,085,041
Other expenses	224,323	229,404
Depreciation	<u>5,078,195</u>	<u>5,165,357</u>
Total operating expenses	<u>18,879,475</u>	<u>18,970,046</u>
Operating income (loss)	(1,295,118)	(1,250,275)
Non-operating revenues		
Impact fees	448,389	664,367
Investment earnings	54,636	62,478
Miscellaneous revenue	<u>683,260</u>	<u>685,946</u>
Total non-operating revenues	<u>1,186,285</u>	<u>1,412,791</u>
Non-operating expenses		
Interest and amortization expense	<u>1,010,179</u>	<u>757,533</u>
Total non-operating expenses	1,010,179	757,533
Net income (loss) before transfers and capital contributions	(1,119,012)	(595,017)
Capital contributions	<u>497,912</u>	<u>622,162</u>
Change in net position	(621,100)	27,145
Net position, beginning	68,775,751	66,780,011
Prior period adjustment	<u>-</u>	<u>1,968,595</u>
Net position, beginning, restated	<u>68,775,751</u>	<u>68,748,606</u>
Net position, end of year	<u><u>\$ 68,154,651</u></u>	<u><u>\$ 68,775,751</u></u>

City of Harlingen, Texas
CITY OF HARLINGEN WATERWORKS SYSTEM
COMPONENT UNIT
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended September 30,

	2015	2014
Cash flows from operating activities		
Receipts from customers - service revenue	\$ 18,192,836	\$ 18,431,443
Payments to suppliers	(6,861,629)	(7,060,796)
Payments to employees	(6,960,311)	(6,731,422)
Net cash provided by operations	4,370,896	4,639,225
Cash flows from noncapital financing activities	-	-
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(8,500,477)	(4,919,386)
Proceeds from disposition of capital assets	8,755	61,328
Proceeds from impact fees	448,389	664,367
Proceeds of debt issue	12,056,867	-
Proceeds of refunding debt issue	6,647,501	-
Payment to refunded bond escrow agent	(7,300,359)	-
Principal paid on revenue bonds	(900,000)	(1,980,000)
Interest and fees paid on revenue bonds	(877,875)	(630,665)
Net cash provided (used) by capital and related financing activities	1,582,801	(6,804,356)
Cash flows from investing activities		
Purchase of investments	(7,028,906)	(8,036,662)
Maturity of investments	11,032,187	10,311,245
Investment earnings	57,285	65,779
Net cash provided by investing activities	4,060,566	2,340,362
Net increase in cash and cash equivalents	10,014,263	175,231
Cash and cash equivalents, beginning of year	11,449,924	11,274,693
Cash and cash equivalents, end of year	<u>\$ 21,464,187</u>	<u>\$ 11,449,924</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (1,295,118)	\$ (1,250,275)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	5,078,195	5,165,357
Non-operating revenue	674,505	624,619
(Increase) decrease in receivables	(106,318)	34,690
(Increase) decrease in inventories	(49,043)	(80,237)
(Increase) decrease in prepaid expenses	1,691	(691)
(Increase) decrease in net pension asset	(68,104)	-
(Increase) decrease in pension related deferred outflows	(188,699)	-
Increase (decrease) in accounts payable	(210,781)	213,254
Increase (decrease) in due to primary government	(58,801)	(548,966)
Increase (decrease) in compensated absences	48,579	(703)
Increase (decrease) in retiree health care plan liability	370,002	420,596
Increase (decrease) in other liabilities	3,938	9,218
Increase (decrease) in pension related deferred inflows	130,558	-
Increase (decrease) in payable from restricted assets	40,292	52,363
Total adjustments	5,666,014	5,889,500
Net cash provided by operations	<u>\$ 4,370,896</u>	<u>\$ 4,639,225</u>
<i>Supplemental disclosures of noncash capital activities:</i>		
<i>Water lines, sewer mains and related infrastructure contributed to the Waterworks System by developers and builders</i>	\$ 497,912	\$ 622,162

City of Harlingen, Texas
VALLEY INTERNATIONAL AIRPORT
COMPONENT UNIT
COMPARATIVE BALANCE SHEETS
September 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,028,681	\$ 4,236,617
Investments	498,878	499,194
Accounts receivable	644,100	486,788
Prepaid expenses and deposits	221,133	38,265
Restricted assets		
Cash and cash equivalents	<u>-</u>	<u>1,364,981</u>
Total current assets	4,392,792	6,625,845
NONCURRENT ASSETS		
Net pension asset	75,233	69,361
Capital assets		
Land	5,011,081	5,011,081
Construction in progress	1,710,531	218,328
Buildings	38,566,743	38,474,749
Runways and taxiways	67,086,686	66,613,814
Land improvements	23,389,823	23,266,129
Furniture and fixtures	3,108,597	3,108,597
Machinery and equipment	19,875,444	16,466,244
Less accumulated depreciation	<u>(94,552,183)</u>	<u>(89,362,581)</u>
Net capital assets	<u>64,196,722</u>	<u>63,796,361</u>
Total noncurrent assets	64,271,955	63,865,722
Total assets	<u>68,664,747</u>	<u>70,491,567</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred outflows of resources from pensions	<u>93,784</u>	<u>47,431</u>
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u>\$ 68,758,531</u>	<u>\$ 70,538,998</u>

City of Harlingen, Texas
VALLEY INTERNATIONAL AIRPORT
COMPONENT UNIT
COMPARATIVE BALANCE SHEETS - CONTINUED
September 30,

	<u>2015</u>	<u>2014</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 694,079	\$ 105,793
Current portion of unearned revenue	345,238	299,258
Current portion of compensated absences	<u>25,000</u>	<u>25,000</u>
Total current liabilities	1,064,317	430,051
LONG-TERM LIABILITIES, net of current maturities		
Unearned revenue	1,508,852	1,739,845
Compensated absences	254,322	268,262
Net other post employment benefit obligation	<u>199,634</u>	<u>173,695</u>
Total long-term liabilities	<u>1,962,808</u>	<u>2,181,802</u>
TOTAL LIABILITIES	3,027,125	2,611,853
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources from pensions	20,452	-
NET POSITION		
Net investment in capital assets	62,455,780	61,824,425
Restricted for passenger facility charges	-	1,364,981
Unrestricted	<u>3,255,174</u>	<u>4,737,739</u>
Total net position	<u>65,710,954</u>	<u>67,927,145</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 68,758,531</u></u>	<u><u>\$ 70,538,998</u></u>

City of Harlingen, Texas
VALLEY INTERNATIONAL AIRPORT
COMPONENT UNIT
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Operating revenues	\$ 6,104,110	\$ 6,317,437
Operating expenses		
Personnel	2,956,549	2,742,721
Contracted services	1,676,622	1,677,391
Materials and supplies	442,838	554,281
Other expenses	<u>707,034</u>	<u>677,626</u>
Total operating expenses before depreciation expense	<u>5,783,043</u>	<u>5,652,019</u>
Operating income before depreciation expense	321,067	665,418
Depreciation expense	<u>5,223,394</u>	<u>5,168,026</u>
Operating income (loss)	(4,902,327)	(4,502,608)
Nonoperating revenues (expenses)		
Investment income	8,027	6,477
Gain (Loss) on sale of asset	<u>4,141</u>	<u>21,250</u>
Total nonoperating revenues	<u>12,168</u>	<u>27,727</u>
Net income (loss) before capital contributions	(4,890,159)	(4,474,881)
Capital contributions		
Passenger facility charges, including interest	1,028,324	1,205,060
Federal and local grants	<u>1,645,644</u>	<u>3,722,081</u>
Total capital contributions	<u>2,673,968</u>	<u>4,927,141</u>
Increase (decrease) in net position	<u>(2,216,191)</u>	<u>452,260</u>
Net position, beginning of year	67,927,145	67,405,524
Prior period adjustment	<u>-</u>	<u>69,361</u>
Net position, beginning of year, as restated	<u>67,927,145</u>	<u>67,474,885</u>
Net position, end of year	<u>\$ 65,710,954</u>	<u>\$ 67,927,145</u>

City of Harlingen, Texas
VALLEY INTERNATIONAL AIRPORT
COMPONENT UNIT
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended September 30,

	<u>2015</u>	<u>2014</u>
Net cash from operating activities		
Operating cash receipts from customers	\$ 5,761,785	\$ 5,974,774
Cash payments to suppliers for goods and services	(2,395,137)	(2,895,503)
Cash payments to employees for services	<u>(3,002,262)</u>	<u>(2,785,533)</u>
Net cash provided by operating activities	364,386	293,738
Net cash flows from (to) capital and related financing activities		
Capital contributions - Federal Aviation Administration	1,645,644	3,722,081
Fixed assets additions and construction	(5,623,755)	(4,904,659)
Proceeds from sale of assets	4,141	27,663
Passenger facility charges, including interest	<u>1,028,324</u>	<u>1,205,060</u>
Net cash provided (used) by capital and related financing activities	(2,945,646)	50,145
Net cash flows from (to) investing activities		
Purchase of investments	-	(499,194)
Interest received from investments	<u>8,343</u>	<u>6,477</u>
Net cash provided (used) by investing activities	<u>8,343</u>	<u>(492,717)</u>
Net increase (decrease) in cash and cash equivalents	(2,572,917)	(148,834)
Cash and cash equivalents, beginning of year	<u>5,601,598</u>	5,750,432
Cash and cash equivalents, end of year	<u>\$ 3,028,681</u>	<u>\$ 5,601,598</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ (4,902,327)	\$ (4,502,608)
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation and amortization	5,223,394	5,168,026
(Increase) decrease in accounts receivable	(157,312)	(121,886)
(Increase) decrease in prepaid expenses	(182,868)	53,820
(Increase) decrease in net pension asset	(5,872)	-
(Increase) decrease in deferred outflows of resources	(46,353)	(47,431)
Increase (decrease) in accounts payable	588,286	(74,620)
Increase (decrease) in compensated absences	(13,940)	4,619
Increase (decrease) in net pension obligation	25,939	34,595
Increase (decrease) in unearned revenue	<u>(185,013)</u>	<u>(220,777)</u>
	20,452	-
Net cash provided by operating activities	<u>\$ 364,386</u>	<u>\$ 293,738</u>
Supplemental disclosures of noncash activities:		
Revenue recognized in connection with long-term lease	\$ 230,993	\$ 221,547

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CITY OF HARLINGEN, TEXAS

STATISTICAL SECTION

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STATISTICAL SECTION

This part of the City of Harlingen'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 government's overall financial health.

CONTENTS

Financial Trends

Tables 1-7

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

Tables 8-14

These schedules contain information to help the reader assess the government's most significant local revenue sources, the property tax and the hotel/motel tax.

Debt Capacity

Tables 15-17

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

Demographic and Economic Information

Tables 18-19

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

Operating Information

Tables 20-22

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

City of Harlingen, Texas
Changes in Net Position-Governmental Activities
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Source	2006	2007	2008	2009	2010
Expenses:					
General Government	\$4,365,581	\$ 4,468,222	\$ 5,430,037	\$ 5,242,076	\$ 5,875,978
Public Safety	15,828,226	16,114,155	16,552,488	18,107,032	20,713,031
Highways and Streets	7,592,046	9,356,722	10,740,466	10,662,581	9,329,701
Health and Welfare	2,902,912	2,669,049	2,936,977	3,238,825	3,781,447
Culture and Recreation	4,172,438	4,827,734	5,096,487	5,530,536	5,266,289
Interest on Long Term Debt	859,114	1,023,685	2,313,417	2,003,317	1,893,780
Total Expenses	35,720,317	38,459,567	43,069,872	44,784,367	46,860,226
Program Revenues:					
Charges for Services:					
General Government	990,663	993,366	936,518	907,528	720,770
Public Safety	1,472,137	1,670,670	2,150,330	2,203,198	2,268,854
Highways and Streets	348,625	159,534	417,265	190,463	138,435
Health and Welfare	83,767	82,041	86,161	83,850	84,594
Culture and Recreation	383,995	353,702	363,159	395,513	399,721
Operating Grants and Contributions	1,962,956	2,427,180	4,657,404	5,420,766	3,507,285
Capital Grants and Contributions	3,599,474	4,566,668	3,787,945	584,495	75,834
Total Program Revenues	8,841,617	10,253,161	12,398,782	9,785,813	7,195,493
Net (Expense) Revenue	(26,878,700)	(28,206,406)	(30,671,090)	(34,998,554)	(39,664,733)
General Revenues and Transfers:					
Taxes:					
Property taxes, levied for general purposes	9,833,334	10,602,676	11,534,234	11,409,148	12,139,878
Property taxes, levied for debt service	3,658,761	3,700,037	3,752,784	3,921,427	4,101,577
Sales taxes	13,540,521	13,900,112	14,493,898	14,671,251	13,672,390
Franchise taxes	3,333,197	3,845,544	3,893,300	3,918,765	3,859,837
Hotel/Motel taxes	886,715	929,522	977,318	898,129	841,758
Assessments	0	0	0	0	0
Unrestricted investment earnings	1,041,425	1,932,513	1,926,439	654,780	183,573
Miscellaneous	1,469,548	1,515,338	1,082,427	893,025	1,303,388
Utility Company Settlement	0	0	0	0	0
Transfers	303,414	(202,819)	175,741	(185,583)	100,572
Total General Revenues and Transfers	34,066,915	36,222,923	37,836,141	36,180,942	36,202,973
Change in Net Position	\$7,188,215	\$8,016,517	\$7,165,051	\$1,182,388	(\$3,461,760)

Table 1

2011	2012	2013	2014	2015
\$ 8,256,220	\$ 8,103,868	\$ 8,045,249	\$ 7,659,290	\$ 7,653,403
21,428,593	24,787,803	25,738,359	25,508,640	27,708,973
8,501,626	5,162,540	4,778,770	5,381,855	5,403,082
3,036,615	4,134,007	4,344,593	4,237,513	3,964,719
7,534,244	5,314,043	5,043,397	4,822,263	4,541,383
1,931,829	2,097,551	1,456,615	2,443,285	1,996,255
50,689,127	49,599,812	49,406,983	50,052,846	51,267,815
1,261,398	2,144,379	1,663,584	3,065,996	3,124,245
1,942,282	3,160,986	3,053,460	1,944,279	2,169,309
0	166,434	79,736	0	0
12,667	68,944	68,990	841	11,155
398,253	605,813	567,548	417,535	442,838
2,955,031	2,699,930	2,490,080	2,563,133	2,106,140
3,185,634	2,128,092	1,536,151	1,781,492	1,258,973
9,755,265	10,974,578	9,459,549	9,773,276	9,112,660
(40,933,862)	(38,625,234)	(39,947,434)	(40,279,570)	(42,155,155)
12,207,003	12,647,309	13,671,706	13,370,041	13,527,759
4,019,848	3,712,694	3,993,754	3,964,082	3,944,336
14,057,245	15,275,928	15,873,690	16,113,160	16,522,227
3,511,085	3,165,863	3,072,593	3,137,857	3,143,126
819,595	882,322	907,944	944,692	1,024,253
0	0	0	0	310,712
88,401	79,294	57,125	36,194	24,939
344,773	396,610	464,081	694,737	555,397
148,587	109,099	950,909	(12,121)	(33,986)
607,200	473,571	720,400	794,400	2,377,945
35,803,737	36,742,690	39,712,202	39,043,042	41,396,708
(\$5,130,125)	(\$1,882,544)	(\$235,232)	(\$1,236,528)	(\$758,447)

City of Harlingen, Texas
Changes in Net Position-Business-type Activities
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Fiscal Year Ending September 30,

Source	2006	2007	2008	2009	2010
Expenses:					
Sanitation Services	\$5,012,874	\$ 5,441,974	\$ 6,458,458	\$ 7,105,732	\$ 6,796,273
Golf Course Services	1,087,353	980,001	1,060,084	1,102,944	1,218,837
Museum Services	107,635	127,142	106,810	110,291	114,224
Auditorium Services	707,877	639,409	738,798	438,688	433,469
Total Expenses	6,915,739	7,188,526	8,364,150	8,757,655	8,562,803
Program Revenues:					
Charges for Services:					
Sanitation Services	5,527,012	6,550,442	6,998,254	8,402,003	8,394,204
Golf Course Services	1,228,395	1,167,702	1,169,350	1,245,752	1,164,750
Museum Services	1,666	1,117	5,323	5,210	3,818
Auditorium Services	244,400	304,308	227,409	66,560	108,292
Total Program Revenues	7,001,473	8,023,569	8,400,336	9,719,525	9,671,064
Net (Expense) Revenue	85,734	835,043	36,186	961,870	1,108,261
General Revenues and Transfers:					
Unrestricted investment earnings	63,659	99,829	84,999	23,579	5,129
Miscellaneous	47,462	82,821	37,676	16,919	66,046
Gain on sale of assets	0	0	0	(33,806)	19,475
Insurance Recovery	0	0	0	53,346	0
Capital Contributions	0	0	0	134,570	120,000
Transfers	(303,414)	71,746	(175,741)	185,583	(100,572)
Total General Revenues and Transfers	(192,293)	254,396	(53,066)	380,191	110,078
Change in Net Position	(106,559)	\$1,089,439	(16,880)	\$1,342,061	\$1,218,339

Table 2

2011	2012	2013	2014	2015
\$ 6,377,740	\$ 6,958,567	\$ 6,939,912	\$ 7,802,743	\$ 7,347,322
1,200,582	1,236,695	1,306,088	1,220,275	1,299,168
131,671	136,315	115,221	111,320	615,792
683,557	648,809	694,222	678,938	132,927
8,393,550	8,980,386	9,055,443	9,813,276	9,395,209
8,415,042	8,495,419	8,532,359	8,841,070	8,878,911
1,216,805	1,179,528	1,130,416	982,509	954,741
4,010	3,585	2,916	3,181	4,607
258,815	143,885	147,307	150,290	236,971
9,894,672	9,822,417	9,812,998	9,977,050	10,075,230
1,501,122	842,031	757,555	163,774	680,021
4,554	7,259	6,251	5,269	2,759
73,963	18,915	1,940	14,098	11,504
6,082	130	770	778,731	490,489
0	0	0	0	0
1,551,967	103,517	24,794	50,214	49,486
(607,200)	(473,571)	(720,400)	(794,400)	(2,377,945)
1,029,366	(343,750)	(686,645)	53,912	(1,823,707)
\$2,530,488	\$498,281	\$70,910	\$217,686	(\$1,143,686)

City of Harlingen, Texas
Changes in Net Position - Total
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Fiscal Year Ending September 30,

Source	2006	2007	2008	2009	2010
Expenses:					
Governmental Activities *	\$35,720,317	\$38,459,567	\$43,069,872	\$44,784,370	\$46,860,226
Business-type Activities **	6,915,739	7,188,526	8,364,150	8,757,655	8,562,803
Total Expenses	42,636,056	45,648,093	51,434,022	53,542,025	55,423,029
Program Revenues:					
Governmental Activities *	8,841,617	10,253,161	12,398,782	9,785,813	7,195,493
Business-type Activities **	7,001,473	8,023,569	8,400,336	9,719,525	9,791,064
Total Program Revenues	15,843,090	18,276,730	20,799,118	19,505,338	16,986,557
Net (Expense) Revenue	(26,792,966)	(27,371,363)	(30,634,904)	(34,036,687)	(38,436,472)
Governmental Activities *	34,066,915	36,222,923	37,836,141	36,180,942	36,202,973
Business-type Activities **	(192,293)	254,396	(53,066)	380,191	(9,922)
Total General Revenues and Transfers	33,874,622	36,477,319	37,783,075	36,561,133	36,193,051
Change in Net Position	\$7,081,656	\$9,105,956	\$7,148,171	\$2,524,446	(\$2,243,421)

* See Table Changes in Net Position-Governmental Activities

** See Table Changes in Net Position-Business Type Activities

Table 3

2011	2012	2013	2014	2015
\$50,689,127	\$49,599,812	\$49,406,983	\$50,052,846	\$51,267,815
8,393,550	8,980,386	9,055,443	9,813,276	9,395,209
59,082,677	58,580,198	58,462,426	59,866,122	60,663,024
9,755,265	10,974,578	9,459,539	9,773,276	9,112,660
9,894,672	9,925,934	9,837,792	10,027,264	10,075,230
19,649,937	20,900,512	19,297,331	19,800,540	19,187,890
(39,432,740)	(37,679,686)	(39,165,095)	(40,065,582)	(41,475,134)
35,803,737	36,742,688	39,712,202	39,043,042	41,396,708
1,029,366	(447,267)	(711,439)	217,686	(1,823,707)
36,833,103	36,295,421	39,000,763	39,260,728	39,573,001
(\$2,599,637)	(\$1,384,265)	(\$164,332)	(\$804,854)	(\$1,902,133)

City of Harlingen, Texas
Government-wide Net Position by Category
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Fiscal Year Ending September 30,

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental Activities				
Net Investment in Capital Assets	\$76,399,164	\$41,015,422	\$109,813,052	\$110,046,291
Restricted	0	0	0	0
Unrestricted	<u>41,237,006</u>	<u>84,570,376</u>	<u>22,937,797</u>	<u>23,886,943</u>
Subtotal Governmental Activities Net Position	<u>117,636,170</u>	<u>125,585,798</u>	<u>132,750,849</u>	<u>133,933,234</u>
Business-type Activities				
Net Investment in Capital Assets	4,478,302	4,460,027	3,945,166	4,709,696
Restricted	30,500	30,500	30,500	30,500
Unrestricted	<u>794,506</u>	<u>1,378,298</u>	<u>1,876,279</u>	<u>2,453,810</u>
Subtotal Business-type Activities Net Position	<u>5,303,308</u>	<u>5,868,825</u>	<u>5,851,945</u>	<u>7,194,006</u>
Primary Government				
Net Investment in Capital Assets	80,877,466	45,475,449	113,758,218	114,755,987
Restricted	30,500	30,500	30,500	30,500
Unrestricted	<u>42,031,512</u>	<u>85,948,674</u>	<u>24,814,076</u>	<u>26,340,753</u>
Total Primary Government Net Position	<u><u>\$122,939,478</u></u>	<u><u>\$131,454,623</u></u>	<u><u>\$138,602,794</u></u>	<u><u>\$141,127,240</u></u>

Table 4

2010	2011	2012	2013	2014	2015
\$108,894,810	\$102,913,131	\$103,040,149	\$98,058,748	\$97,835,629	\$94,988,699
0	4,388,441	4,155,500	4,531,503	9,874,343	9,982,445
21,576,664	17,038,038	15,261,415	18,598,426	12,242,177	1,621,057
130,471,474	124,339,610	122,457,064	121,188,677	119,952,149	106,592,201
5,662,148	6,881,339	6,648,413	6,361,950	5,316,890	6,229,922
0	0	0	0	0	0
2,306,845	3,641,900	4,373,107	4,730,480	5,993,226	4,126,503
7,968,993	10,523,239	11,021,520	11,092,430	11,310,116	10,356,425
114,556,958	109,794,470	109,688,562	104,420,698	103,152,519	101,218,621
0	4,388,441	4,155,500	4,531,503	9,874,343	9,982,445
23,883,509	20,679,938	19,634,522	23,328,906	18,235,403	5,747,560
\$138,440,467	\$134,862,849	\$133,478,584	\$132,281,107	\$131,262,265	\$116,948,626

City of Harlingen, Texas
Changes in Fund Balances - Governmental Fund
Last Ten Fiscal Years
(modified accrual basis of accounting)
Fiscal Year Ending September 30,

Source	2006	2007	2008	2009	2010
Revenues:					
Taxes	\$31,153,649	\$32,881,366	\$34,294,776	\$35,300,239	\$34,702,472
Fines & Forfeitures	1,160,728	1,356,102	1,771,756	1,695,162	1,652,900
Licenses & Permits	832,712	707,343	598,789	603,626	500,265
Improvements and assessments	0	0	0	0	0
Charges for Services	1,285,748	1,195,867	1,582,889	1,481,764	1,459,209
Intergovernmental	1,962,956	2,427,181	4,657,403	5,420,765	3,437,285
Miscellaneous	1,467,147	1,509,034	1,052,746	882,423	1,184,703
Interest and Investment Income	1,041,425	1,932,513	1,926,439	654,780	183,573
Total Revenues	\$38,904,365	\$42,009,406	\$45,884,798	\$46,038,759	\$43,120,407
Expenditures:					
General Government	\$4,276,224	\$4,822,215	\$5,483,029	\$5,591,046	\$5,860,669
Public Safety	15,335,097	16,290,664	17,092,165	18,626,584	19,881,709
Highways & Streets	3,726,291	5,299,471	6,296,643	6,045,067	5,032,835
Health & Welfare	2,796,907	2,674,945	2,919,664	3,220,659	3,761,018
Culture & Recreation	4,030,060	4,162,877	4,356,273	4,744,840	4,061,901
Capital Outlay	1,642,476	10,815,261	17,470,509	12,462,579	3,780,688
Debt Service					
Principal Retirement	2,957,843	2,985,000	1,349,571	1,960,000	2,150,000
Interest	929,647	1,590,219	2,372,439	1,947,569	1,993,090
Administrative charges	2,534	1,400	2,000	2,000	12,635
Total Expenditures	\$35,697,079	\$48,642,052	\$57,342,293	\$54,600,344	\$46,534,545
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	3,207,286	(6,632,646)	(11,457,495)	(8,561,585)	(3,414,138)
Other Financing Sources (Uses)					
Transfers In	1,245,399	976,562	1,858,564	1,039,866	1,330,694
Transfers Out	(941,985)	(1,179,381)	(1,682,823)	(1,225,449)	(1,230,122)
Insurance Recovery	0	0	0	0	45,206
Issuance of Debt	3,270,000	32,630,000	0	0	3,090,000
Bond &/or Certificate of Obligation Proceeds	0	0	0	0	2,540,000
Payment to Refunded Bond Escrow Agent	0	0	0	0	(2,514,823)
Premium on Debt Issuance	0	0	0	0	0
Capital Lease Proceeds	351,490	0	0	0	0
Proceeds from Sale of Capital Assets	2,401	6,304	29,681	10,602	143,479
Total Other Financing Sources (Uses)	3,927,305	32,433,485	205,422	(174,981)	3,404,434
Net Change in Fund Balances	7,134,591	25,800,839	(11,252,073)	(8,736,566)	(9,704)
Debt Service as a % of Non-Capital Expenditures	11.4%	12.1%	9.3%	9.3%	9.7%

Table 5

2011	2012	2013	2014	2015
\$34,840,257	\$36,681,332	\$37,899,107	\$38,011,335	\$38,995,436
1,550,411	1,808,440	1,780,275	1,681,265	1,780,419
505,837	552,753	614,735	564,486	502,973
0	0	0	0	117,564
1,558,349	2,872,412	2,593,675	2,776,305	3,244,383
5,693,984	3,936,245	2,957,872	2,674,160	1,979,491
939,262	1,386,264	1,418,098	1,590,030	2,849,521
88,401	79,294	57,126	36,271	24,941
<u>\$45,176,501</u>	<u>\$47,316,740</u>	<u>\$47,320,888</u>	<u>\$47,333,852</u>	<u>\$49,494,728</u>
\$7,725,493	\$5,765,003	\$6,052,084	\$6,552,556	\$6,659,647
20,274,158	20,495,448	21,286,630	21,804,128	22,951,582
4,113,096	4,257,383	3,953,133	4,602,102	4,708,242
2,988,993	3,391,215	3,594,105	3,621,978	3,455,335
4,404,463	4,244,459	4,170,128	4,064,968	3,959,009
8,485,704	6,358,369	5,982,406	5,683,692	4,881,877
2,298,136	1,940,000	1,970,000	2,302,113	2,507,800
1,852,835	1,752,898	1,714,452	1,872,583	1,624,757
7,740	0	204,875	0	196,767
<u>\$52,150,618</u>	<u>\$48,204,775</u>	<u>\$48,927,813</u>	<u>\$50,504,120</u>	<u>\$50,945,016</u>
<u>(6,974,117)</u>	<u>(888,035)</u>	<u>(1,606,925)</u>	<u>(3,170,268)</u>	<u>(1,450,288)</u>
3,209,870	2,205,645	3,225,142	3,050,709	3,782,345
(2,674,670)	(1,879,074)	(2,578,244)	(2,337,309)	(3,286,582)
0	0	0	0	0
0	0	0	3,273,794	0
0	3,315,000	5,350,000	(3,185,722)	3,282
0	(3,263,508)	0	0	8,924
0	0	166,091	0	0
0	0	0	1,483,892	47,250
148,587	109,099	950,139	0	
<u>683,787</u>	<u>487,162</u>	<u>7,113,128</u>	<u>2,285,364</u>	<u>555,219</u>
<u>(6,290,330)</u>	<u>(400,873)</u>	<u>5,506,203</u>	<u>(884,904)</u>	<u>(895,069)</u>
9.5%	8.8%	9.1%	9.3%	9.4%

City of Harlingen
General Fund Revenues and Expenditures History
Last Ten Fiscal Years
(modified accrual basis of accounting)
Fiscal Year Ending September 30,

	2006	2007	2008	2009
Revenues:				
Property Taxes - including P & I	\$ 9,444,091	\$ 9,507,610	\$ 10,004,029	\$ 10,618,089
Non-property Taxes	16,873,718	17,418,984	18,067,506	18,248,116
Fines & Forfeitures	1,160,728	1,115,274	1,445,669	1,419,706
Licenses & Permits	832,712	707,343	598,789	584,810
Charges for Services	920,267	941,188	1,092,497	1,234,933
Intergovernmental	520,207	361,651	254,576	207,142
Contributions and Donations	0	0	0	0
Miscellaneous	71,631	122,917	240,330	187,902
Interest and Investment Income	427,071	605,826	557,126	218,109
Total Revenues	\$ 30,250,425	\$ 30,780,793	\$ 32,260,522	\$ 32,718,807
Expenditures:				
General Government	\$ 3,786,422	\$ 4,663,276	\$ 4,821,452	\$ 4,982,646
Public Safety	14,776,181	15,331,155	16,456,701	17,509,144
Highways & Streets	2,700,372	2,693,758	3,023,051	3,405,349
Health & Welfare	2,149,364	2,220,876	2,337,252	2,651,249
Culture & Recreation	3,444,161	3,467,147	3,581,504	3,796,189
Capital Outlay	812,263	1,175,649	1,411,576	525,728
Debt Payments	101,080	0	79,296	0
Total Expenditures	\$ 27,769,843	\$ 29,551,861	\$ 31,710,832	\$ 32,870,305
Excess (Deficiency) of Revenues Over/(Under) Expenditures	2,480,582	1,228,932	549,690	(151,498)
Budgeted Transfers and Other Financing Sources (Uses)	322,696	(585)	(816,281)	19,977
Excess of Revenues Other Financing Sources (Uses) Over (Under) Expenditures & Others	2,803,278	1,228,347	(266,591)	(131,521)
Beginning Fund Balance	7,292,933	10,096,211	11,324,558	11,057,967
Ending Fund Balance	\$ 10,096,211	\$ 11,324,558	\$ 11,057,967	\$ 10,926,446

Table 6

2010	2011	2012	2013	2014	2015
\$ 10,879,410	\$ 12,291,052	\$ 12,690,327	\$ 13,624,303	\$ 13,356,797	\$ 13,682,198
17,253,772	17,272,816	19,063,014	19,091,811	19,440,451	19,897,893
1,464,075	1,550,411	1,807,782	1,780,146	1,681,265	1,672,287
500,265	505,837	552,753	614,735	564,486	502,973
1,254,346	1,163,357	1,037,873	2,391,671	2,579,831	3,034,139
1,153,048	1,062,729	254,552	296,070	583,121	689,624
0	0	0	827,353	831,217	2,503,630
99,178	620,067	946,188	173,637	294,913	155,673
98,128	40,517	39,415	31,265	22,098	14,062
<u>\$ 32,702,222</u>	<u>\$ 34,506,786</u>	<u>\$ 36,391,904</u>	<u>\$ 38,830,991</u>	<u>\$ 39,354,179</u>	<u>\$ 42,152,479</u>
\$ 4,920,415	\$ 4,875,218	\$ 4,867,732	\$ 5,237,122	\$ 5,617,973	\$ 5,748,778
18,391,341	19,076,007	18,351,930	20,580,493	21,448,737	22,621,457
3,214,484	2,917,958	2,977,519	3,100,048	3,214,699	3,258,044
2,630,880	2,458,796	2,554,289	2,785,007	2,906,812	2,972,646
3,777,564	4,168,534	3,853,625	4,024,108	3,844,256	3,759,030
398,916	1,879,673	1,210,517	1,197,032	2,714,934	3,933,263
0	13,136	0	0	0	339,567
<u>\$ 33,333,600</u>	<u>\$ 35,389,322</u>	<u>\$ 33,815,612</u>	<u>\$ 36,923,810</u>	<u>\$ 39,747,411</u>	<u>\$ 42,632,785</u>
(631,378)	(882,536)	2,576,292	1,907,181	(393,232)	(480,306)
<u>232,563</u>	<u>1,214,559</u>	<u>(39,150)</u>	<u>480,194</u>	<u>1,792,697</u>	<u>(759,632)</u>
(398,815)	332,023	2,537,142	2,387,375	1,399,465	(1,239,938)
<u>10,926,446</u>	<u>10,527,631</u>	<u>10,859,654</u>	<u>13,396,796</u>	<u>15,784,171</u>	<u>17,183,636</u>
<u>\$ 10,527,631</u>	<u>\$ 10,859,654</u>	<u>\$ 13,396,796</u>	<u>\$ 15,784,171</u>	<u>\$ 17,183,636</u>	<u>\$ 15,943,698</u>

City of Harlingen, Texas
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Fiscal Year Ending September 30,

	2006	2007	2008	2009	2010
General Fund					
Nonspendable	\$32,883	\$54,783	\$19,865	\$9,148	\$4,887
Unassigned	10,123,235	11,269,775	11,038,102	10,917,298	10,522,744
Subtotal General Fund	10,156,118	11,324,558	11,057,967	10,926,446	10,527,631
General Fund % Change	39.3%	11.5%	-2.4%	-1.2%	-3.6%
All Other Governmental Funds					
Nonspendable	441,106	457,202	611,276	876,583	6,789
Committed	3,624,928	4,141,074	6,700,109	5,965,927	6,654,199
Restricted	10,275,822	34,316,072	20,841,711	12,481,310	13,051,939
Unassigned	0	0	0	0	0
Subtotal All Other Governmental Funds	14,341,856	38,914,348	28,153,096	19,323,820	19,712,927
Total Governmental Funds					
Nonspendable	473,989	511,985	631,141	885,731	11,676
Committed	3,624,928	4,141,074	6,700,109	5,965,927	6,654,199
Restricted	10,275,822	34,316,072	20,841,711	12,481,310	13,051,939
Unassigned	10,123,235	11,269,775	11,038,102	10,917,298	10,522,744
Total Governmental Funds	\$24,497,974	\$50,238,906	\$39,211,063	\$30,250,266	\$30,240,558
All Governmental Funds Percentage Change	41.09%	105.07%	-21.95%	-22.85%	-0.03%

Note: The City of Harlingen first implemented GASB Statement No. 54 in fiscal year 2011.

Table 7

2011	2012	2013	2014	2015
\$8,080	\$15,636	\$14,336	\$19,599	\$5,238
10,851,574	13,381,160	15,769,835	17,164,037	15,938,460
10,859,654	13,396,796	15,784,171	17,183,636	15,943,698
3.2%	23.4%	17.8%	8.9%	-7.2%
798	1,104	1,465	0	624
1,606,602	9,509,122	1,567,142	1,331,570	1,419,799
11,534,935	1,480,266	11,898,209	9,874,343	10,048,679
-51,761	-837,933	-195,429	-218,895	-137,216
13,090,574	10,152,559	13,271,387	10,987,018	11,331,886
8,878	16,740	15,801	19,599	5,862
1,606,602	9,509,122	1,567,142	1,331,570	1,419,799
11,534,935	1,480,266	11,898,209	9,874,343	10,048,679
10,799,813	12,543,227	15,574,406	16,945,142	15,801,244
\$23,950,228	\$23,549,355	\$29,055,558	\$28,170,654	\$27,275,584
-20.80%	-1.67%	23.38%	-3.05%	-3.18%

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Table 8

City of Harlingen, Texas
Tax Revenues by Source - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Taxes	Sales Taxes	Franchise Taxes	Hotel/Motel Taxes	Grand Total
2006	13,393,216	13,540,521	3,333,197	886,715	31,153,649
2007	14,206,188	13,900,112	3,845,544	929,522	32,881,366
2008	14,930,260	14,493,898	3,893,300	977,318	34,294,776
2009	15,330,575	14,671,251	3,918,765	898,129	34,818,720
2010	16,328,487	13,672,390	3,859,837	841,758	34,702,472
2011	16,452,332	14,057,245	3,511,085	819,595	34,840,257
2012	16,444,289	15,275,928	4,078,793	882,322	36,681,332
2013	17,600,278	15,873,690	4,002,690	907,944	38,384,602
2014	17,330,313	16,113,160	3,137,857	944,692	37,526,022
2015	17,472,095	16,522,227	3,143,126	1,024,253	38,161,701
Percentage Change In Dollars Over 10 Years	<u>30.45%</u>	<u>22.02%</u>	<u>-5.70%</u>	<u>15.51%</u>	<u>22.50%</u>

City of Harlingen, Texas
Taxable Assessed Value and Estimated Actual Value of Property
Last Ten Fiscal Years

Fiscal Year Ending September 30	Real Residential Single Family	Real Residential Multi-Family	Real Vacant Lots/ Tracts	Real Acreage (Land Only)	Real Farm & Ranch Improve- ments	Real Commercial & Industrial	Real and Tangible Personal Utilities	Tangible Personal, Commercial & Industrial
2006	985,635,031	70,321,084	72,572,005	102,145,356	10,263,114	571,240,554	76,380,068	317,088,469
2007	1,120,198,367	75,277,924	77,523,856	111,131,900	11,496,550	621,650,294	80,573,423	339,742,457
2008	1,203,276,059	87,364,093	77,954,373	106,785,310	11,696,515	647,695,888	68,524,040	361,951,074
2009	1,244,751,258	107,342,483	76,079,534	100,118,412	11,498,793	655,078,159	78,043,858	364,266,408
2010	1,308,281,506	114,665,293	86,030,347	98,101,068	11,871,389	667,709,872	75,445,515	377,239,082
2011	1,318,224,240	116,950,700	85,528,469	96,496,499	11,841,531	672,640,392	70,089,816	368,545,689
2012	1,344,724,352	125,142,938	80,612,755	101,376,116	12,037,445	684,313,854	64,184,140	369,969,623
2013	1,356,985,849	131,572,346	79,490,812	105,421,460	12,839,492	811,900,683	63,263,718	363,204,883
2014	1,368,138,082	137,135,722	77,780,405	104,026,465	12,967,265	817,744,628	64,460,988	392,710,604
2015	1,391,784,107	145,711,895	79,131,228	102,098,139	16,103,270	853,524,500	71,433,158	349,774,616

Note: Valuations shown are certified taxable assessed values reported by the Cameron Appraisal District to the State Comptroller of Public Accounts.
Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.
Tax rate is expressed in rate per \$100 taxable assessed valuation.

Percentages								
2006	43.70%	3.12%	3.22%	4.53%	0.46%	25.33%	3.39%	14.06%
2007	42.43%	2.85%	2.94%	4.21%	0.44%	23.55%	3.05%	12.87%
2008	43.47%	3.16%	2.82%	3.86%	0.42%	23.40%	2.48%	13.08%
2009	43.52%	3.75%	2.66%	3.50%	0.40%	22.90%	2.73%	12.73%
2010	44.07%	3.86%	2.90%	3.30%	0.40%	22.49%	2.54%	12.71%
2011	44.31%	3.93%	2.88%	3.24%	0.40%	22.61%	2.36%	12.39%
2012	44.28%	4.12%	2.65%	3.34%	0.40%	22.53%	2.11%	12.18%
2013	43.30%	4.20%	2.54%	3.36%	0.41%	25.91%	2.02%	11.59%
2014	42.93%	4.30%	2.44%	3.26%	0.41%	25.66%	2.02%	12.32%
2015	43.09%	4.51%	2.45%	3.16%	0.50%	26.42%	2.21%	10.83%

Each category is represented as a percentage of the total appraised value

Table 9

Tangible Personal, Mobile Homes	Real Property Inventory	Special Inventory	Exempt	Total Appraised Value	Less Total Exemptions	Adjust- ments	Total Taxable Assessed Value	Total Direct Tax Rate	Annual % Change
25,371,340	5,618,275	18,125,295	806,614	2,255,567,205	130,823,725	-	2,124,743,480	0.590559	4.73%
26,052,587	7,218,014	17,808,977	151,404,138	2,640,078,487	311,599,497	-	2,328,478,990	0.590000	9.59%
26,017,359	6,531,199	19,105,549	151,138,046	2,768,039,505	204,507,716	102,138,531	2,461,393,258	0.590000	5.71%
25,594,139	8,212,479	20,389,001	169,133,280	2,860,507,804	207,711,381	85,949,218	2,566,847,205	0.590000	4.28%
25,268,797	7,187,256	19,951,047	177,089,322	2,968,840,494	214,752,669	78,811,286	2,675,276,539	0.588827	4.22%
24,904,511	8,622,072	15,730,782	185,184,548	2,974,759,249	226,921,191	76,850,633	2,670,987,425	0.588827	-0.16%
18,702,753	8,875,454	18,209,616	208,669,510	3,036,818,556	257,001,513	83,575,002	2,696,242,041	0.588827	0.95%
18,674,253	5,079,949	20,596,563	164,870,000	3,133,900,008	239,668,472	79,977,634	2,814,253,902	0.058883	4.38%
19,303,546	4,839,652	22,494,609	165,626,270	3,187,228,236	244,868,703	79,157,227	2,863,202,306	0.588827	1.74%
19,401,944	7,090,330	26,150,645	168,062,865	3,230,266,697	242,627,343	86,620,266	2,901,019,088	0.588827	1.32%

1.12%	0.25%	0.80%	0.04%
0.99%	0.27%	0.67%	5.73%
0.94%	0.24%	0.69%	5.46%
0.89%	0.29%	0.71%	5.91%
0.85%	0.24%	0.67%	5.96%
0.84%	0.29%	0.53%	6.23%
0.62%	0.29%	0.60%	6.87%
0.60%	0.16%	0.66%	5.26%
0.61%	0.15%	0.71%	5.20%
0.60%	0.22%	0.81%	5.20%

Table 10

City of Harlingen, Texas
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Per \$100 of Assessed Value)

Year	Direct			Underlying		Overlapping	Total
	General Fund	Debt Service Fund	Total	Harlingen CISD	South Texas ISD	Cameron County	
2006	0.417934	0.172625	0.590559	1.424000	0.039200	0.358191	2.411950
2007	0.430154	0.159846	0.590000	1.424000	0.039200	0.358191	2.411391
2008	0.435625	0.154375	0.590000	1.125000	0.049200	0.343191	2.107391
2009	0.437800	0.152200	0.590000	1.125000	0.049200	0.353191	2.117391
2010	0.435580	0.153247	0.588827	1.125000	0.049200	0.363191	2.126218
2011	0.434634	0.154193	0.588827	1.219000	0.049200	0.364291	2.221318
2012	0.450426	0.138401	0.588827	1.218000	0.049200	0.384291	2.240318
2013	0.451862	0.136965	0.588827	1.218000	0.049200	0.384291	2.240318
2014	0.449723	0.139104	0.588827	1.218000	0.049200	0.384291	2.240318
2015	0.450901	0.137926	0.588827	1.218000	0.049200	0.399291	2.255318

Tax rate limit City: \$2.50

Tax due date: January 31

Discount allowed: No

Penalty and Interest: Beginning 7% in February (delinquency date) continues to 18% July after which a 1% per month interest is assessed until taxes are paid.

Source: Tax Department of Respective Entities

Table 11

City of Harlingen, Texas
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year	Tax Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Totals Collections As Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Current Levy
2006	2005	12,547,864	12,015,509	95.76%	500,342	12,515,851	99.74%	71,546	0.57%
2007	2006	13,738,026	13,099,364	95.35%	512,764	13,612,128	99.08%	1,810,649	13.18%
2008	2007	14,522,220	13,806,819	95.07%	461,437	14,268,256	98.25%	1,813,318	12.49%
2009	2008	14,988,703	14,474,545	96.57%	639,925	15,168,470	101.20%	1,202,926	8.03%
2010	2009	15,676,927	14,945,297	95.33%	750,389	15,695,686	100.12%	1,411,586	9.00%
2011	2010	15,696,199	15,148,659	96.51%	567,445	15,716,104	100.13%	1,136,262	7.24%
2012	2011	15,845,781	15,339,600	96.81%	496,011	15,835,611	99.94%	939,863	5.93%
2013	2012	16,572,177	16,239,104	97.99%	763,068	17,002,172	102.59%	986,181	5.95%
2014	2013	16,859,308	16,220,678	96.21%	422,472	16,643,150	98.72%	1,711,434	10.15%
2015	2014	17,081,984	16,484,114	96.50%	525,000	17,009,114	99.57%	1,694,744	9.92%

Note: Total Tax Collections is the combined Current Year's Tax plus Delinquent Tax collections (not including penalty and interest charges). Delinquent Taxes consists of 20 years of unpaid taxes. The City's current year collections are usually 95% and when adding collections for 20 years of outstanding taxes it is possible to go over 100% when taken against the Current Tax Year's Levy.

City of Harlingen, Texas
PRINCIPAL PROPERTY TAXPAYERS
Fiscal Years Ending September 30, 2015 and 2006

Principal Taxpayer	Type of Business	FY 2015 Taxable Assessed Valuation	Percentage Of Total Taxable Assessed Valuation
VHS Harlingen Hospital Company	Medical Services	\$75,020,092	2.58%
AEP Texas Central Company	Electricity Suppliers	36,380,870	1.25%
Boyer Harlingen LC	Real Estate Developers	27,955,724	0.96%
Harlingen Medical Center Realty LI	Medical Real Estate Developers	22,897,877	0.79%
VHS Harlingen Hospital Co LLC	Medical Services	22,352,082	0.77%
Mall at Valle Vista LLC	Shopping Center Operations	20,843,119	0.72%
HCHART LLC	Real Estate Developers	15,351,485	0.53%
VHS Valley Real Estsate Co LLC	Medical Real Estate Developers	13,782,688	0.47%
Valley Baptist Realty Corp.	Medical Real Estate Developers	12,483,159	0.43%
Harlingen SC Partners LTD	Shopping Center Operations	12,293,737	0.42%
		<u><u>\$259,360,833</u></u>	<u><u>8.92%</u></u>

Source: Cameron Appraisal District

Table 12

Principal Taxpayer	Type of Business	FY 2006 Taxable Assessed Valuation	Percentage Of Total Taxable Assessed Valuation
Harlingen Medical Center Limited	Medical Real Estate Development	\$25,458,318	1.09%
AEP Texas Central	Electricity Suppliers	25,343,940	1.09%
Simon Property Group	Shopping Center Operations	20,880,453	0.90%
Southwestern Bell Telephone	Telephone Utility	20,466,640	0.88%
Valley Baptist Medical Dev. Corp.	Medical Services	20,245,008	0.87%
H.E. Butt Grocery Company	Retail Grocers	16,777,754	0.72%
Lockheed Martin	Aviation Aerospace Cont.	16,560,769	0.71%
Harlingen Medical Center	Medical Services	13,847,503	0.59%
U.S. Ins II LLC	Construction/Developers	11,271,090	0.48%
Harlingen SC Partners LTD	Shopping Center Operations	8,055,318	0.35%
		<u><u>\$178,906,793</u></u>	<u><u>7.68%</u></u>

Table 13

City of Harlingen, Texas
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Direct</u>	<u>Overlapping</u>	<u>Total Direct and Overlapping Rate</u>
2006	2.00%	6.25%	8.25%
2007	2.00%	6.25%	8.25%
2008	2.00%	6.25%	8.25%
2009	2.00%	6.25%	8.25%
2010	2.00%	6.25%	8.25%
2011	2.00%	6.25%	8.25%
2012	2.00%	6.25%	8.25%
2013	2.00%	6.25%	8.25%
2014	2.00%	6.25%	8.25%
2015	2.00%	6.25%	8.25%

Table 14

City of Harlingen
Table Sales by Category
For Fiscal Years Ending September 30, 2014 and 2015

CATEGORY:	FISCAL 2014	% OF TOTAL	FISCAL 2015	% OF TOTAL	FISCAL 2014	% OF TOTAL	FISCAL 2015	% OF TOTAL
Administrative Mgt and General Mgt Consulting Services	\$ 435.61	0.0020%	-	0.0000%	\$ 11,044.22	0.0509%	\$ 10,652.15	0.0472%
Advertising Agencies	2,490.63	0.0115%	2,598.26	0.0115%	100.60	0.0005%	-	0.0000%
Advertising Material Distribution Services	512.83	0.0024%	513.07	0.0024%	1,001.14	0.0046%	511.00	0.0023%
Air-Conditioning & Heating Equip and Com & Ind Refrig Equip Mfg	11,432.00	0.0527%	4,824.48	0.0214%	17,430.87	0.0803%	9,744.41	0.0432%
All Other Amusement and Recreation Industries	-	0.0000%	480.38	0.0021%	215.52	0.0010%	-	0.0000%
All Other Automotive Repair and Maintenance	5,080.83	0.0234%	2,131.91	0.0095%	507.45	0.0023%	862.16	0.0038%
All Other Business Support Services	9,652.10	0.0445%	9,060.57	0.0402%	3,082.93	0.0142%	1,583.91	0.0070%
All Other Consumer Goods Retail	22,681.05	0.1045%	26,565.48	0.1178%	30,731.85	0.1403%	29,382.79	0.1303%
All Other General Merchandise Stores	552,201.79	2.5433%	563,669.08	2.4999%	87,181.12	0.4019%	33,747.35	0.1497%
All Other Health and Personal Care Stores	7,902.07	0.0364%	4,847.80	0.0218%	3,267.22	0.0151%	1,146.73	0.0051%
All Other Home Furnishings Stores	72,863.72	0.3359%	60,615.02	0.2688%	1,624.94	0.0075%	182.96	0.0008%
All Other Information Services	3,284.92	0.0151%	5,722.97	0.0254%	17,058.72	0.0786%	14,302.11	0.0634%
All Other Insurance Related Activities	6.45	0.0000%	-	0.0000%	-	0.0000%	1,426.92	0.0063%
All Other Miscellaneous Chemical Product and Preparation MFG	1,438.24	0.0066%	1,110.23	0.0049%	37,578.57	0.1732%	70,611.99	0.3132%
All Other Miscellaneous Electrical Equip and Component MFG	492.29	0.0023%	397.27	0.0018%	-	0.0000%	493.81	0.0022%
All Other Miscellaneous Fabricated Metal Product MFG	159.57	0.0007%	34.28	0.0002%	-	0.0000%	13,974.76	0.0620%
All Other Miscellaneous MFG	7,651.86	0.0353%	15,486.78	0.0687%	5,642.61	0.0260%	65,678.88	0.2913%
All Other Miscellaneous Store Retailers (except Tobacco Stores)	86,712.16	0.3997%	147,641.68	0.6548%	21,440.39	0.0988%	28,685.26	0.1272%
All Other Motor Vehicle Dealers	52,319.39	0.2412%	6,183.71	0.0271%	15,490.83	0.0714%	64,457.95	0.2859%
All Other Nondepository Credit Intermediation	-	0.0000%	6,183.71	0.0271%	61,009.86	0.2812%	2,636.99	0.0117%
All Other Nonresidential Trade Contractors	(6,099.87)	-0.0281%	1,217.23	0.0054%	23,552.55	0.1086%	60,601.31	0.2673%
All Other Personal Services	1,780.02	0.0082%	626.17	0.0028%	37,715.27	0.1673%	37,715.27	0.1673%
All Other Plastics Product MFG	2,790.03	0.0129%	924.93	0.0041%	1,613.36	0.0074%	1,846.66	0.0082%
All Other Professional, Scientific, and Technical Services	12,661.11	0.0584%	15,809.19	0.0701%	1,149,490.93	5.2985%	1,132,051.60	5.0208%
All Other Publishers	2,502.40	0.0115%	3,159.40	0.0140%	2,791.27	0.0129%	3,310.80	0.0147%
All Other Specialty Food Stores	26,773.08	0.1234%	26,008.59	0.1154%	2,685.62	0.0124%	2,810.52	0.0125%
All Other Specialty Trade Contractors	5,076.89	0.0234%	10,424.27	0.0462%	636.62	0.0029%	1,264.15	0.0056%
All Other Support Services	-	0.0000%	11.13	0.0000%	1,541,963.46	7.1075%	1,535,697.81	6.8110%
All Other Telecommunications	82,380.55	0.3797%	67,501.23	0.2994%	5,773.65	0.0243%	6,833.47	0.0303%
Analytical Laboratory Instrument MFG	62.62	0.0003%	1,443.96	0.0063%	1,086.57	0.0050%	702.83	0.0031%
Appliance Repair and Maintenance	10,840.55	0.0500%	17,455.67	0.0774%	34,483.51	0.1589%	40,215.31	0.1784%
Audio and Video Equip MFG	13.51	0.0001%	271.63	0.0012%	3,676.14	0.0179%	5,345.24	0.0237%
Auto and Home Supply Stores	3,276.78	0.0151%	6,333.22	0.0281%	20,624.70	0.0951%	19,904.18	0.0883%
Automobile and Other Motor Vehicle Merchant Wholesalers	4,638.27	0.0214%	4,250.90	0.0189%	1,231.99	0.0057%	2,177.60	0.0097%
Automotive Body, Paint and Interior Repair and Maintenance	32,913.64	0.1517%	28,695.32	0.1273%	141,471.94	0.6521%	192,648.98	0.8544%
Automotive Glass Replacement Shops	2,035.31	0.0094%	-	0.0000%	439.57	0.0020%	720.34	0.0032%
Automotive Oil Change and Lubrication Shops	19,037.48	0.0878%	18,852.76	0.0836%	769,332.18	3.5462%	587,082.10	2.6038%
Automotive Parts and Accessories Stores	272,051.09	1.2540%	303,257.54	1.3450%	10,144.77	0.0468%	16,367.91	0.0736%
Barber Shops	-	0.0000%	748.33	0.0033%	645.35	0.0030%	580.18	0.0026%
Beauty Salons	3,985.91	0.0184%	3,721.26	0.0165%	1,696.91	0.0078%	1,807.80	0.0080%
Beauty Shops	12,695.10	0.0585%	1,856.30	0.0082%	48,185.29	0.2221%	48,566.08	0.2146%
Beer, Wine, and Liquor Stores	120,442.47	0.5542%	132,823.63	0.5891%	15,834.25	0.0730%	14,604.13	0.0648%
Book Publishers	10,960.17	0.0505%	7,916.34	0.0351%	4,560.17	0.0210%	3,573.83	0.0159%
Book Stores	7,894.48	0.0364%	6,679.72	0.0296%	2,125.10	0.0098%	7,835.79	0.0348%
Book, Periodical, and Newspaper Merchant Wholesalers	644.76	0.0030%	241.74	0.0011%	31,922.92	0.1471%	27,188.36	0.1206%
Building Cleaning and Maintenance Services, Not	8,975.27	0.0414%	5,378.96	0.0239%	80,637.12	0.3717%	94,945.34	0.4211%
Burial Casket MFG	10,002.00	0.0461%	8,956.56	0.0397%	524.45	0.0024%	793.97	0.0035%
Business Associations	1,654.37	0.0076%	7,359.89	0.0326%	29,349.75	0.1353%	29,108.57	0.1291%
Business Services, Not Elsewhere Classified	39,630.94	0.1827%	32,627.25	0.1447%	40,554.53	0.1869%	34,978.92	0.1551%
Business to Business Electronic Markets	4,821.36	0.0222%	7,128.47	0.0316%	-	0.0000%	133,538.47	0.5923%
Cable and Other Subscription Programming	55,029.06	0.2537%	38,885.18	0.1725%	133,120.49	0.6136%	133,538.47	0.5923%
Cafeterias, Grill Buffets, and Buffets	176,438.17	0.8133%	171,637.70	0.7612%	-	0.0000%	1,555.54	0.0069%
Car Washes	1,081.54	0.0050%	626.59	0.0028%	517,406.52	2.3849%	6,260.27	0.0278%
Carpet and Upholstery Cleaning Services	13,192.94	0.0608%	14,177.42	0.0653%	9,233.20	0.0426%	10,894.04	0.0483%
Catalog and Mail-Order Houses	19.04	0.0001%	15.98	0.0001%	50,938.84	0.2348%	58,639.54	0.2601%
Caterers	6,012.36	0.0277%	1,592.61	0.0071%	4,674.72	0.0215%	5,855.62	0.0260%
Children's and Infants' Clothing Stores	3,341.07	0.0154%	24,068.82	0.1067%	22,803.92	0.1051%	23,002.11	0.1020%
Civic and Social Organizations	1,002.35	0.0046%	245.22	0.0011%	4,714.93	0.0217%	7,830.72	0.0347%
Claims Adjusting	333.05	0.0015%	201.50	0.0009%	-	0.0000%	18.10	0.0001%
Clothing Accessories Stores	193,638.93	0.8926%	179,593.24	0.7965%	621.08	0.0029%	147.51	0.0007%
Collection Agencies	1,182.59	0.0055%	(15,372.99)	-0.0682%	-	0.0000%	26,651.15	0.1182%
Colleges, Universities, and Professional Schools	1,49.17	0.0007%	59.99	0.0003%	980,237.55	4.5183%	1,134,586.48	5.0320%
Commercial and Institutional Building Construction	34,112.32	0.1572%	76,494.04	0.3393%	66.99	0.0003%	2,389.14	0.0106%
Commercial Banking	788.46	0.0036%	424.49	0.0019%	259,718.37	1.1971%	243,540.29	1.0801%
Commercial Graving Printing	-	0.0000%	2,215.54	0.0098%	-	0.0000%	505.14	0.0022%

Gasoline Service Stations	2,942.20	0.0136%	2,144.26	0.0095%	New Single-Family Housing Construction (except Operative Builders)	12,663.18	0.0584%	1,779.48	0.0079%
Gasoline Stations with Convenience Stores	534,270.63	2.4627%	560,889.25	2.4876%	Newspaper Publishers	-	0.0000%	(2.25)	0.0000%
General Automotive Repair	36,455.96	0.1680%	45,484.19	0.2017%	Nondurable Goods, Not Elsewhere Classified	21.71	0.0001%	-	0.0000%
General Freight Trucking, Local	84.50	0.0004%	94.62	0.0004%	Nonresidential Electrical Contractors	6,617.53	0.0305%	7,158.20	0.0317%
General Line Grocery Merchant Wholesalers	567,202.73	2.6345%	2,072.73	0.0092%	Nonresidential Plumbing and HVAC Contractors	2,656.06	0.0122%	702.57	0.0031%
General Medical and Surgical Hospitals	8,232.42	0.0379%	65,373.97	2.8994%	Office Administrative Services	2,762.05	0.0127%	7,314.81	0.0324%
General Rental Centers	18,901.58	0.0871%	-	0.0000%	Office Office Merchant Wholesalers	7,614.69	0.0351%	7,451.17	0.0330%
General Warehousing and Storage	86,252.78	0.3976%	26,757.14	0.1187%	Office Machinery and Equipment Rental and Leasing	47,695.03	0.2198%	102,550.99	0.4548%
Gift, Novelty, and Souvenir Stores	-	0.0000%	309.66	0.0013%	Office Machinery MFG	105.45	0.0005%	-	0.0000%
Glass Product MFG Made of Purchased Glass	10,173.60	0.0469%	10,196.96	0.0452%	Office Supplies and Stationery Stores	118,327.54	0.5454%	109,076.99	0.4838%
Graphic Design Services	400.85	0.0018%	35.65	0.0002%	Offices of Other Holding Companies	2,073.19	0.0038%	2,073.19	0.0092%
Hardware Merchant Wholesalers	35,065.64	0.1616%	43,862.09	0.1945%	Optical Goods Merchant Wholesalers	5,562.36	0.0256%	10,081.22	0.0447%
Hardware Stores	16,089.00	0.0742%	18,532.03	0.0823%	Optical Goods Stores	1,895.87	0.0087%	618.23	0.0027%
Hobby, Toy, and Game Stores	1,567.50	0.0072%	2,824.95	0.0125%	Other	4,208,390.19	19.3982%	4,402,973.06	19.5277%
Home and Garden Equip Repair and Maintenance	4,927.50	0.0227%	5,601.90	0.0248%	Other Accounting Services	67.05	0.0003%	-	0.0000%
Home Furnishing Merchant Wholesalers	(62.85)	0.0003%	399.65	0.0018%	Other Activities Related to Credit Intermediation	4,660.53	0.0215%	5,588.18	0.0248%
Home Health Care Services	733.23	0.0034%	461.61	0.0020%	Other Apparel Accessories and Other Apparel MFG	1,335.79	0.0062%	1,074.44	0.0048%
Home Health Equip Rental	12,120.36	0.0559%	9,431.58	0.0418%	Other Automotive Mechanical and Electrical Repair and Maintenance	590.20	0.0000%	590.20	0.0026%
Hotels (except Casino Hotels) and Motels	291,635.21	1.3443%	267,977.73	1.1885%	Other Building Material Contractors	1,689.59	0.0078%	3,407.71	0.0151%
Household Appliance Stores	216.26	0.0010%	142.91	0.0006%	Other Building Material Dealers	156,999.00	0.7214%	157,087.14	0.6967%
Independent Artists, Writers, and Performers	11,522.36	0.0531%	43,356.52	0.1923%	Other Business Service Centers (including Copy Shops)	1,235.12	0.0055%	1,235.12	0.0055%
Industrial Machinery and Equip Merchant Wholesalers	1,379.04	0.0064%	71.21	0.0003%	Other Chemical and Allied Products Merchant Wholesalers	12,602.22	0.0581%	12,173.55	0.0540%
Industrial Machinery and Equipment	11,773.10	0.0520%	9,408.46	0.0417%	Other Clothing Stores	51,801.44	0.2813%	51,801.44	0.2297%
Industrial Supplies Merchant Wholesalers	527.76	0.0024%	669.75	0.0030%	Other Commercial and Industrial Machinery and Equip Rental and Leasing	80,028.22	0.5239%	80,028.22	0.3549%
Instruments and Related Products MFG for Measuring, Displaying, and Controlling	(75.99)	-0.0003%	226.81	0.0010%	Other Commercial and Service Industry Machinery MFG	2,279.56	0.0101%	2,279.56	0.0101%
Insurance Agencies and Brokerages	-	0.0000%	481.66	0.0021%	Other Commercial Equip Merchant Wholesalers	2,928.46	0.0135%	654.62	0.0029%
Insurance Agents, Brokers, and Service	601.20	0.0028%	1,072.85	0.0048%	Other Commercial Printing	1,120.81	0.0052%	654.62	0.0029%
Internet Publishing/Broadcasting/Web Search Portals	63.66	0.0003%	149.89	0.0007%	Other Computer Peripheral Equip MFG	1,415.15	0.0065%	3,235.26	0.0143%
Investigation Services	18,551.32	0.0855%	38,020.62	0.1686%	Other Computer Related Services	5,580.71	0.0257%	10,201.98	0.0452%
Janitorial Services	-	0.0000%	12.48	0.0001%	Other Construction Material Merchant Wholesalers	3,919.02	0.0181%	11,835.64	0.0525%
Jewelry (except Costume) MFG	94,836.40	0.4371%	99,105.73	0.4395%	Other Construction Material (except Life, Health, and Medical) Carriers	2,265.65	0.0104%	2,176.48	0.0097%
Jewelry Stores	1,817.06	0.0084%	2,091.21	0.0093%	Other Direct Selling Establishments	27,455.77	1.266%	29,439.24	0.1306%
Kidney Dialysis Centers	15,665.07	0.0722%	7,894.52	0.0350%	Other Electric Power Generation	289,383.40	1.284%	289,383.40	1.284%
Landscape Services	26,644.98	0.1228%	29,516.90	0.1306%	Other Electronic and Precision Equip Repair and Maintenance	5,445.36	0.0242%	5,445.36	0.0242%
Lessors of Miniwarehouses and Self-Storage Units	5,646.15	0.0242%	4,197.84	0.0186%	Other Electronic Parts and Equip Merchant Wholesalers	6,892.30	0.0306%	6,892.30	0.0306%
Lessors of Other Real Estate Property	2,198.32	0.0101%	-	0.0000%	Other Grocery and Related Products Merchant Wholesalers	659.01	0.0029%	659.01	0.0029%
Limited-Service Restaurants	1,293,113.75	5.9605%	1,390,545.09	6.1672%	Other Mgt Consulting Services	797.89	0.0030%	797.89	0.0035%
Locksmiths	44.36	0.0002%	-	0.0000%	Other Miscellaneous Durable Goods Merchant Wholesalers	27,158.20	0.1252%	28,166.69	0.1249%
Luggage and Leather Goods Stores	916.94	0.0042%	282.70	0.0013%	Other Miscellaneous Nondurable Goods Merchant Wholesalers	20,843.23	0.0961%	31,014.72	0.1376%
Lumber and Other Building Materials Dealers	5,360.65	0.0247%	4,261.10	0.0189%	Other Personal and Household Goods Repair and Maintenance	1,952.88	0.0090%	1,887.03	0.0084%
Lumber, Plywood, Millwork, and Wood Panel Merchant Wholesalers	5,161.99	0.0238%	1,642.64	0.0073%	Other Professional Equip and Supplies Merchant Wholesalers	6,003.28	0.0059%	6,003.28	0.0266%
Mail-Order Houses	29,149.49	0.1344%	30,181.91	0.1339%	Other Services Related to Advertising	5,628.41	0.0259%	2,468.76	0.0109%
Mail-Order Business Forms Printing	11,694.86	0.0539%	4,568.17	0.0203%	Other Services to Buildings and Dwellings	11,479.03	0.0529%	8,676.14	0.0385%
Marketing Consulting Services	3,216.37	0.0148%	5,302.67	0.0146%	Other Support Activities for Road Transportation	203.62	0.0009%	203.62	0.0009%
Medical Laboratories	5,350.39	0.0247%	73.15	0.0003%	Paint and Coating MFG	7,135.16	0.0325%	7,081.35	0.0341%
Medical, Dental, and Hospital Equip and Supplies Merchant Wholesalers	379,519.61	1.7494%	444,625.52	1.9720%	Painting and Wall Covering Contractors	420.02	0.0019%	-	0.0000%
Medical, Dental, and Hospital Equipment and Supplies	7,010.02	0.0323%	451.93	0.0020%	Passenger Car Leasing	345.16	0.0016%	658.12	0.0029%
Medicinal and Botanical MFG	37.19	0.0002%	29.01	0.0001%	Periodical Publishers	1,893.18	0.0087%	1,559.90	0.0069%
Men's and Boys' Clothing and Furnishings Merchant Wholesalers	-	0.0000%	65.29	0.0003%	Pet and Pet Supplies Stores	63,182.35	0.2912%	30,706.40	0.1362%
Men's and Boys' Cut and Sew Apparel Contractors	841.02	0.0039%	384.94	0.0017%	Petroleum and Petroleum Products Wholesalers (Except Bulk Stations/Terminals)	1,420.56	0.0065%	2,678.02	0.0119%
Metal Service Centers and Other Metal Merchant Wholesalers	557.94	0.0249%	9,333.66	0.0414%	Petroleum Bulk Stations and Terminals	1,441.25	0.0066%	-	0.0000%
Metal Window and Door MFG	4,232.85	0.0195%	1,300.96	0.0058%	Pharmacies and Drug Stores	189,034.10	0.8713%	192,122.32	0.8521%
Miscellaneous Apparel and Accessory Stores	1,340.99	0.0062%	1,681.54	0.0075%	Photographic Equip and Supplies Merchant Wholesalers	168.84	0.0008%	156.30	0.0007%
Miscellaneous Food Stores	3,386.53	0.0156%	4,782.97	0.0212%	Photography Studios, Portrait	9,232.14	0.0444%	7,944.08	0.0332%
Miscellaneous General Merchandise Stores	90,762.80	0.4184%	101,715.41	0.4511%	Plumbing and Heating Equip and Supplies (Hydronics) Merchant Wholesalers	64,200.50	0.2959%	63,938.70	0.2836%
Miscellaneous Homefurnishings Stores	679.03	0.0031%	-	0.0000%	Plumbing, Heating, and Air-Conditioning Contractors	35,958.94	0.1657%	35,403.23	0.1570%
Miscellaneous Personal Services, Not Elsewhere	213.50	0.0010%	584.44	0.0026%	Polish and Other Sanitation Good MFG	24,572.25	0.1133%	27,490.61	0.1219%
Miscellaneous Retail Stores, Not Elsewhere Classified	110,991.35	0.5116%	99,559.71	0.4416%	Power and Communication Line and Related Structures Construction	6,525.64	0.0301%	6,234.53	0.0277%
Mobile Food Services	11,773.82	0.0520%	10,930.33	0.0485%	Prepress Services	306.92	0.0014%	654.14	0.0029%
Motor Vehicle Supplies and New Parts	976.69	0.0045%	-	0.0000%	Prerecorded Tape, Compact Disc, and Record Stores	15,524.44	0.0730%	15,524.44	0.0689%
Motor Vehicle Supplies and New Parts Merchant Wholesalers	42,747.75	0.1970%	42,221.19	0.0000%	Radio and Television Broadcasting and Wireless Communications Equip MFG	589.64	0.0016%	589.64	0.0026%
Musical Instrument and Supplies Stores	24,930.39	0.1145%	26,487.73	0.1175%	Radio, Television, and Other Electronics Stores	357.70	0.0016%	117,713.15	0.5053%
New Car Dealers	184,082.82	0.8485%	223,243.99	0.9901%	Real Estate Agents and Managers	109,613.13	0.0000%	82.50	0.0004%
					Refrigeration and Air-Conditioning Service and Repair	4,552.84	0.0210%	7,617.51	0.0338%

Refrigeration Equip and Supplies Merchant Wholesalers	14,446.62	0.0665%	7,121.43	0.0316%	Sporting and Recreational Goods and Supplies Merchant Wholesalers	1,115.37	0.0051%	3,207.24	0.0142%
Repair Shops and Related Services, Not Elsewhere	11,268.59	0.0519%	12,428.50	0.0511%	Sporting Goods Stores	383,066.42	1.7657%	420,573.40	1.8653%
Repossession Services	-	0.0000%	549.27	0.0024%	Stationery and Office Supplies Merchant Wholesalers	3,177.63	0.0146%	3,443.05	0.0153%
Residential Electrical Contractors	4,313.67	0.0194%	2,455.33	0.0109%	Supermarkets and Other Grocery (except Convenience) Stores	903,361.58	4.1667%	982,311.48	4.3567%
Residential Plumbing and HVAC Contractors	23,225.80	0.1347%	18,082.27	0.0802%	Surgical and Medical Instrument MFG	20,794.88	0.0959%	3,744.39	0.0166%
Retail Nurseries, Lawn and Garden Supply Stores	771.80	0.0036%	966.34	0.0043%	Surgical Appliance and Supplies MFG	1,436.45	0.0066%	3,683.64	0.0163%
Roofing Contractors	1,522.17	0.0070%	990.66	0.0044%	Telecommunications Resellers	77,338.80	0.3565%	32,528.78	0.1443%
Sales Financing	39,323.91	0.1813%	24,373.10	0.0811%	Telephone Apparatus MFG	1,571.32	0.0072%	1,029.25	0.0046%
Satellite Telecommunications	14,978.01	0.0690%	8,941.68	0.0397%	Telephone Communications, Except Radiotelephone	6,439.92	0.0278%	4,389.16	0.0195%
Scheduled Passenger Air Transportation	1,861.43	0.0086%	1,718.16	0.0076%	Testing Laboratories	-	0.0000%	59.47	0.0003%
Secondary Market Financing	1,401.30	0.0065%	164.89	0.0007%	Tire and Tube Merchant Wholesalers	40,101.49	0.1848%	39,863.63	0.1768%
Security Guards and Patrol Services	18.94	0.0001%	-	0.0000%	Tire Dealers	123,314.41	0.5712%	109,170.34	0.4842%
Security Systems Services (except Locksmiths)	28.19	0.0011%	2,164.18	0.0096%	Toilet Preparation MFG	-	0.0000%	2,741.67	0.012%
Service Tank and Related Services	25,724.83	0.1186%	29,949.06	0.1328%	Toy and Hobby Goods and Supplies Merchant Wholesalers	257.89	0.0012%	353.66	0.0016%
Shoe Stores	36,755.67	0.1694%	-	0.0000%	Truck, Utility Trailer, and RV (Recreational Vehicle) Rental and Leasing	223.13	0.0010%	521.15	0.0023%
Sign MFG	167,857.68	0.7737%	176,054.95	0.7808%	Used Car Dealers	168.47	0.0008%	1,524.70	0.0068%
Showcase, Partition, Shelving, and Locker MFG	150.69	0.0007%	215.40	0.0010%	Used Merchandise Stores	15,456.80	0.0712%	26,052.88	0.1155%
Sign MFG	13,597.94	0.0627%	1,1764.80	0.0522%	Vending Machine Operators	2,517.08	0.0116%	2,522.96	0.0112%
Site Preparation Contractors	34.06	0.0002%	2,609.17	0.0116%	Veterinary Services	2,364.35	0.0109%	1,971.02	0.0087%
Small Arms MFG	2,844.76	0.0131%	189.30	0.0008%	Warm Air Heating and Air-Conditioning Equip and Supplies Merchant Wholesalers	68,418.56	0.3154%	71,081.41	0.3153%
Soap and Nonalcoholic Beverage Bars	44,557.27	0.2054%	13,200.50	0.0585%	Watch, Clock, and Jewelry Repair	751.57	0.0035%	2,178.66	0.0097%
Soft Drink MFG	-	0.0000%	499.26	0.0022%	Welding and Soldering Equip MFG	193.96	0.0009%	122.89	0.0005%
Software Publishers	9,573.41	0.0441%	4,452.39	0.0197%	Wholesale Trade Agents and Brokers	43,209.08	0.1992%	39,399.81	0.1747%
Software Reproducing	14,890.06	0.0686%	28,806.12	0.1278%	Wineries	845.00	0.0039%	407.77	0.0018%
Solid Waste Collection	7,291.10	0.0386%	14,740.37	0.0654%	Wired Telecommunications Carriers	284,834.32	1.3129%	329,880.23	1.4631%
Special Trade Contractors, Not Elsewhere Classified	1,681.06	0.0077%	14,319.47	0.0635%	Wireless Telecommunications Carriers (except Satellite)	958,287.98	4.4381%	1,026,877.21	4.5543%
Sporting and Athletic Goods MFG	17,252.45	0.0795%	12,438.58	0.0552%	Women's Accessory and Specialty Stores	1,864.11	0.0086%	1,564.13	0.0069%
	3,504.09	0.0162%	4,115.62	0.0183%	Women's Clothing Stores	112,453.44	0.5183%	120,010.26	0.5323%
					Women's, Children's, and Infants' Clothing and Accessories Merchant Wholesalers	1,260.31	0.0058%	1,384.60	0.0061%
					GRAND TOTAL	\$ 21,694,732.45	100.0000%	\$ 22,547,356.10	100.0000%

Source: Office of State of Texas Comptroller

Note: Categories must have four or more taxpayers in order to be reported by the specific industry code. If any industry code has fewer than four, the allocated sales tax for the industry code is added to an "Other" category. Allocated sales tax is base

Table 15

City of Harlingen, Texas
Ratio of Total Debt Outstanding by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business Type	Total Primary Government	Percentage of Personal Income	Per Capita
	Notes Payable	Rebatable Arbitrage	General Obligation Debt	Certificates of Obligation Debt	Debt			
2006	354,427	-	16,360,000	3,600,000	115,000	20,429,427	1.65%	1,097
2007	274,588	33,267	25,265,000	24,340,000	90,000	50,002,855	3.78%	2,542
2008	162,789	-	24,265,000	24,060,000	60,000	48,547,789	3.49%	2,270
2009	89,771	-	23,040,000	23,325,000	30,000	46,484,771	2.77%	2,076
2010	13,136	-	23,590,000	23,745,000	-	47,348,136	3.18%	2,061
2011	886,416	-	22,160,000	22,890,000	-	45,936,416	3.05%	1,999
2012	1,208,323	-	20,885,000	22,340,000	-	44,433,323	2.95%	1,912
2013	786,416	-	19,465,000	27,140,000	-	47,391,416	3.02%	1,982
2014	646,416	-	17,995,000	26,455,000	-	45,096,416	2.77%	1,818
2015	3,589,635	-	16,390,000	25,695,000	-	45,674,635	2.75%	1,812

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

See Schedule 17 for personal income

Table 16

City of Harlingen, Texas
COMPUTATION OF ESTIMATED DIRECT AND OVERLAPPING DEBT
September 30, 2015

<u>Name of Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to the City of Harlingen</u>	<u>City of Harlingen's Share of Debt</u>
<u>DIRECT DEBT</u>			
City of Harlingen	\$42,661,416	100.00%	\$42,661,416
<u>OVERLAPPING DEBT</u>			
Cameron County	81,320,000	0.01%	10,810
Harlingen Consolidated Independent School District	159,020,547	100.00%	159,020,547
Rio Hondo Independent School District	19,125,521	1.89%	362,333
San Benito Independent School District	<u>82,745,000</u>	1.85%	<u>1,528,364</u>
Overlapping Debt	\$342,211,068		
Total Direct and Overlapping Debt	<u><u>\$384,872,484</u></u>		<u><u>\$203,583,470</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.
For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values.
Applicable percentages were estimated by determining the portion of the another government unit's assessed value that is within the City's boundaries and dividing by each unit's total assessed value.

City of Harlingen, Texas
Legal Debt Margin
Last Ten Fiscal Years

	2006	2007	2008	2009	2010
Assessed Value	\$2,124,743,480	\$2,328,478,990	\$2,461,393,258	\$2,566,847,205	\$2,675,276,539
Legal Debt Margin					
Legal Debt Limit \$2.50 per \$100 of assessed valuation	\$53,118,587	\$58,211,975	\$61,534,831	\$64,171,180	\$66,881,913
General Obligation Bonds	16,360,000	25,265,000	24,265,000	23,040,000	23,590,000
Deduct Amount Available in Debt Service Fund	(3,374,766)	(348,648)	(498,901)	(495,882)	(515,108)
Applicable Debt Margin	12,985,234	24,916,352	23,766,099	22,544,118	23,074,892
Legal Debt Margin	\$40,133,353	\$33,295,623	\$37,768,732	\$41,627,062	\$43,807,021
As a % of debt limit	75.55%	57.20%	61.38%	64.87%	65.50%

Table 17

2011	2012	2013	2014	2015
\$2,670,987,425	\$2,696,242,041	\$2,814,253,902	\$2,863,202,306	\$2,901,019,088
\$66,774,686	\$67,406,051	\$70,356,348	\$71,580,058	\$72,525,477
22,160,000	20,885,000	19,465,000	17,995,000	16,390,000
(591,967)	(689,181)	(972,813)	(1,008,996)	(1,033,665)
21,568,033	20,195,819	18,492,187	16,986,004	15,356,335
\$45,206,653	\$47,210,232	\$51,864,161	\$54,594,054	\$57,169,142
67.70%	70.04%	73.72%	76.27%	78.83%

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Table 18

City of Harlingen, Texas
Economic and Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (PCPI) (2)	Median Age (1)	School Enrollment (3)	Unemployment Rate (1)
2006	66,459	1,237,732,416	18,624	30.7	17,580	7.9%
2007	67,300	1,323,589,100	19,667	28.5	17,684	5.2%
2008	65,043	1,391,074,641	21,387	31.9	17,894	5.7%
2009	74,950	1,677,980,600	22,388	32.4	18,081	8.8%
2010	** 64,849	1,489,840,926	22,974	31.8	18,225	9.3%
2011	65,466	1,504,015,884	22,974	31.3	18,146	9.7%
2012	66,122	1,536,410,792	23,236	32.8	18,176	10.3%
2013	65,679	1,570,319,211	23,909	32.8	18,360	9.9%
2014	65,665	1,628,623,330	24,802	33.1	18,226	7.7%
2015	65,914	1,661,757,854	25,211	32.7	18,259	8.0%

Sources: Harlingen Economic Development Corporation

(3) Harlingen Consolidated Independent School District

(2) US Department of Commerce, Bureau of Economic Analysis (Brownsville-Harlingen MSA)

(1) US Census Bureau (estimate)

** 2010 Census

City of Harlingen, Texas
Principal Employers
For the Fiscal Years Ending September 30, 2015 and 2006

2015			
Name of Employer	Number of Employees	Rank	Percentage Total City Employment
Valley Baptist Medical Center	3,321	1	17.98%
Harlingen CISD	3,234	2	17.51%
Vicki Roy Home Health	975	3	5.28%
Dish Network	883	4	4.78%
City of Harlingen	616	5	3.33%
HEB (3) Harlingen Locations	607	6	9.36%
Advanced Call Center Technologies	605	7	3.27%
Bee First Primary Home Care	600	8	3.25%
Cardone Industries	575	9	3.11%
Texas State Technical College	572	10	3.10%
Total Principal Employers	11,988		64.89%
Other Employers	6,486		35.11%
Total Employers	18,474		100.00%

Source: Harlingen Economic Development Corporation

Table 19

2006			
Name of Employer	Number of Employees	Rank	Percentage of Total City Employment
Harlingen Consolidated Independent School District	2,582	1	10.45%
Valley Baptist Medical Center	2,024	2	8.19%
Dish Network	925	3	3.74%
Vicki Roy Home Health	888	4	3.59%
Advanced Call Center Technologies	684	5	2.77%
Texas State Technical College	537	6	2.17%
City of Harlingen	532	7	2.15%
HEB (3) Harlingen Locations	376	8	1.52%
Wal Mart Supercenter	341	9	1.38%
Su Clinica Familiar	303	10	1.23%
Total Principal Employers	9,192		37.19%
Other Employers	15,527		62.81%
Total Employers	24,719		100.00%

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Table 20

City of Harlingen, Texas
City Employees by Function/Program
Last Ten Fiscal Years

<u>Administrative Services</u>	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
City Manager	4	4	4	4	4	4	4	4	5	4
City Secretary	1	1	1	1	1	1	1	1	2	2
City Attorney	2	3	3	3	3	3	3	3	2	2
Public Information Officer	0	0	0	0	0	0	0	0	0	1
Internal Auditor	1	1	1	1	1	1	1	1	1	0
Total Administrative Services	8	9	9	9	9	9	9	9	10	9
<u>Human Resources</u>										
Human Resources	3.5	3.5	3.5	3.5	3.5	3.5	2.5	3	3	3
Civil Service	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1	1	1
Risk Management	3	3	3	3	3	3	3	3	3	3
Total Human Resources	8.0	8	8	8	8	8	7	7	7	7
<u>Police Department</u>										
Police Department	127	127	127	127	127	134	134	134	138	140
Police Services	48	48	48	48	48	49	49	52	51	51
Total Police Department	175	175	175	175	175	183	183	186	189	191
<u>Fire Department</u>										
Fire Suppression	107	107	107	107	107	107	107	107	107	107
Fire Prevention	5	5	5	5	5	6	6	6	6	6
Total Fire Department	112	112	112	112	112	113	113	113	113	113
<u>Financial Services</u>										
Finance	12	12	12	12	12	12	11	11	12	12
Municipal Court	9	10	11	11	11	10	10	10	10	10
Vital Statistics	3	3	3	4	4	4	4	4	4	4
Management Info. Systems	6	6	6	6	6	6	6	3	3	3
Total Financial Services	30	31	32	33	33	32	31	28	29	29
<u>Development Services</u>										
Planning & Development	6	6	5	5	5	5	5	5	5	6
Engineering	1	2	4.5	4	4	4	4	5	5	4
Building Inspection	8	8	8	7	7	7	6	6	6	6
Public Buildings	18.3	18	17.5	19	19	19	19	19	19	19
Animal Control	4	4	4	4	4	4	4	4	4	4
UT Grant	0	0	0	0	0	0	0	0	0	1
Environmental Health	5	5	5	5	5	5	5	5	5	5
Storm Water Management	0	0	0	0	1	1	1	1	1	1
Code Enforcement	5	5	5	8	8	8	8	8	8	8
Total Development Services	47.3	48	49	52	53	53	52	53	53	54
<u>Public Works</u>										
Public Works Administration	3.2	2.7	3	5	5	4	4	4	4	4
Street Maintenance	26.1	26.4	26	25	25	25	25	25	25	25
Street Cleaning	6	6	6	6	6	6	6	6	6	6
Sanitation Landfill	15.2	13.2	12.2	11	11	10	10	10	10	10
Sanitation Recycling Center	1	1	1	1	1	2	2	2	2	2
Sanitation	38.2	39.1	39.3	45	43	44	42	42	42	42
Traffic Signal Maintenance	4	4	4	4	4	4	4	4	4	4
Internal Services	10.2	10.2	10.2	10	10	10	10	10	10	9
Metropolitan Planning Org.	3	3	3	3	3	3	3	3	4	4
Total Public Works	106.9	105.6	104.7	110	108	108	106	106	107	106
<u>Public Services</u>										
Public Services Administration	2	2	2	2	2	2	2	2	2	2
Parks	39	39	28	14	14	14	16	18	18	18
Parks Maintenance	0	0	0	13	13	13	17	17	17	17
Recreation	4	4	4	4	4	4	4	3	2	2
Pendleton Pool	7	7	8	8	8	8	8	8	8	8
Municipal Golf Course	27	27	27	24	24	24	24	24	24	24
Municipal Auditorium	2	2.2	2.2	2	2	2	2	2	2	1
Library	26	26	26	26	26	26	25	25	25	25
Harlingen Arts & Heritage Museum	2	2.2	2.2	3	3	3	3	3	3	3
Total Public Services	109	109.4	99.4	96	96	96	101	102	101	100
<u>Community Destination</u>										
C.D.B.G.	6	6	6	6	6	6	4	4	4	4
Harlingen Downtown District	3	3	3	3	3	3	3	3	3	3
Convention & Visitor's Bureau	0	0	0	0	3	3	3	3	4	3
EDC	0	0	3	4	4	5	5	5	5	5
Total Community Destination	9	9	12	13	16	17	15	15	16	15
<u>Valley International Airport</u>										
Airport	40	38	39	47	49	40	39	49	53	46
Total Valley International Airport	40	38	39	47	49	40	39	49	53	46
<u>Harlingen Waterworks System</u>										
Waterworks	70.3	69.2	71.7	70.6	68.25	66.75	104.0	104.5	107.5	96.5
Wastewater	80.4	90.4	82.2	69.8	72.25	69.75	31.5	31.5	33.5	42.5
Total Harlingen Waterworks	150.7	159.6	153.9	140.4	140.5	136.5	135.5	136.0	141.0	139.0
Grand Total	795.9	804.6	794.0	795.4	799.5	795.5	791.5	804.0	819.0	809.0

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GOVERNMENTAL FACILITIES										
Airports										
Number of airports:	1	1	1	1	1	1	1	1	1	1
Scheduled airplane flights per day departing:	17	17	17	16	16	13	13	13	13	11
Scheduled airplane flights per day arriving:	17	17	17	16	16	13	13	13	13	11
Passenger enplaning and deplaning per year (approximate)	857,135	875,427	824,084	744,379	726,424	700,520	664,805	606,635	583,652	533,206
Fire Protection										
Number of stations:	7	7	7	7	7	7	7	7	7	7
Number of hydrants:	2,287	2,287	2,322	2,335	2,335	1,990	1,990	2,519	2,546	2,558
Number of fighters:	107	107	109	109	110	110	110	109	109	109
Employees per 1,000 population:	1.65	1.59	1.60	1.45	1.60	1.69	1.69	1.65	1.65	1.65
Police Protection										
Number of stations:	1	1	1	1	1	1	1	1	1	1
Number of sub-stations:	1	1	1	1	1	1	1	1	2	1
Number of sworn officers:	127	127	127	131	132	128	132	131	141	141
Sworn officers per 1,000 population:	1.95	1.9	1.88	1.74	1.76	1.98	1.76	1.75	2.14	2.14
Libraries										
Number of libraries (public):	1	1	1	1	1	1	1	1	1	1
Number of volumes:	151,017	145,637	170,512	148,928	173,068	169,121	157,061	168,643	122,221	108,662
Circulation of volumes:	168,038	132,850	134,335	115,393	111,430	117,768	148,460	177,061	172,489	161,695
Circulation per capita:	2.58	2.1	2.1	1.5	1.7	3.68	3.98	4.75	2.63	2.40
Library cards in force (approximate)	37,552	39,954	39,954	27,415	27,570	32,025	37,281	37,281	21,165	42,785
Parks and Recreation										
Park acreage developed:	643	643	723	723	723	723	723	723	723	461
Park acreage undeveloped:	648	648	568	568	568	568	568	568	568	116
Private golf course:	3	3	3	3	3	2	2	3	3	3
Public golf course:	1	1	1	1	1	2	2	3	3	3
Number of holes:	72	72	72	72	72	72	72	90	90	90
Playgrounds:	18	18	18	18	18	18	18	18	13	14
Streets										
Miles of paved streets:	235.76	237.89	240.19	251.71	254.48	257.32	257.88	259.08	260.31	261.93
Miles of unpaved streets:	8.71	8.71	11.07	11.07	10.98	11.73	11.73	11.73	10.87	11.16
Miles of alleys:	52.5	52.5	52.5	52.5	52.5	52.5	52.5	66.69	66.69	66.69
Miles of paved alleys:	13.63	13.85	13.63	13.63	13.76	13.76	13.76	15.44	15.44	15.44
Miles of sidewalks:	40.75	40.75	41.25	47.52	47.52	48.21	50.00	102.32	102.87	104.16
Number of streetlights:	3,410	3,483	3,527	3,572	3,597	3,653	3,751	3,858	3,908	3,938

City of Harlingen, Texas
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt (1)	Less: Amounts Available in Debt Service Fund (2)	Total	Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita (4)
2006	20,075,000	334,766	19,740,234	0.93%	297
2007	49,695,000	348,648	49,346,352	2.12%	733
2008	48,385,000	498,901	47,886,099	1.95%	736
2009	46,395,000	495,882	45,899,118	1.79%	612
2010	47,335,000	515,108	46,819,892	1.75%	722
2011	45,050,000	591,967	44,458,033	1.66%	679
2012	43,225,000	688,077	42,536,923	1.58%	643
2013	46,605,000	972,810	45,632,190	1.62%	695
2014	44,450,000	1,008,996	43,441,004	1.52%	662
2015	42,085,000	1,033,665	41,051,335	1.42%	623

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

- (1) This is the general bonded debt of both governmental and business type activities, net of original issuance discounts and premiums.
- (2) This is the amount restricted for debt service principal payments.
- (3) See the schedule of Assessed Value and the Estimated Actual Value of Taxable Property for property value data.
- (4) Population data can be found in the Schedule of Demographic and Economic Statistics.

This table was first added to CAFR 2013 to address comments from GFOA on the FY 12 report.

SINGLE AUDIT SECTION

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**INDEPENDENT AUDITORS' 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**

The Honorable Mayor and
Members of the City Commission
City of Harlingen, 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Harlingen, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise City of Harlingen's basic financial statements, and have issued our report thereon dated March 29, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Harlingen, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Harlingen, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of City of Harlingen, Texas' 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Harlingen, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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We noted certain matters that we reported to management of City of Harlingen, Texas, in a separate letter dated March 29, 2016.

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.

A handwritten signature in black ink that reads "Long Chilton, LLP". The signature is written in a cursive, flowing style.

LONG CHILTON, LLP
Certified Public Accountants

Harlingen, Texas
March 29, 2016

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

The Honorable Mayor and
Members of the City Commission
City of Harlingen, Texas

Report on Compliance for Each Major Federal Program

We have audited City of Harlingen, Texas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Harlingen, Texas' major federal programs for the year ended September 30, 2015. City of Harlingen, Texas' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of City of Harlingen, Texas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Harlingen, Texas' compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Harlingen, Texas' compliance.

Opinion on Each Major Federal Program

In our opinion, City of Harlingen, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

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Report on Internal Control Over Compliance

Management of City of Harlingen, Texas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Harlingen, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Harlingen, Texas' internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



LONG CHILTON, LLP
Certified Public Accountants

Harlingen, Texas
March 29, 2016

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City of Harlingen, Texas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2015

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
* Material weakness(es) identified?	_____ yes	<u> X </u> no
* Significant deficiencies identified that are not considered to be material weakness(es)?	_____ yes	<u> X </u> no
Noncompliance material to financial statements noted?	_____ yes	<u> X </u> none reported

Federal Awards

Internal control over major programs:		
* Material weakness(es) identified?	_____ yes	<u> X </u> no
* Significant deficiencies identified that are not considered to be material weakness(es)?	_____ yes	<u> X </u> none reported
Type of auditors' report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	_____ yes	<u> X </u> no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
14.239	HOME Investment Partnership Program
20.106	Airport Development Aid
16.710	Public Safety and Community Policing Grant (COPS)
20.505	Metropolitan Transportation Planning (MPO)

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	<u> X </u> yes _____ no

City of Harlingen, Texas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
Year Ended September 30, 2015

**Section II – Findings Relating to the Financial Statement Audit as Required to Be
Reported in Accordance with Generally Accepted Government Auditing Standards**

PROGRAM

DESCRIPTION

None noted that were required to be reported

Section III - Federal Award Findings

None noted that were required to be reported

City of Harlingen, Texas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS - CONTINUED
CORRECTIVE ACTION PLAN
Year Ended September 30, 2015

PROGRAM DESCRIPTION

CORRECTIVE ACTION PLAN

None noted that were required to be reported

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City of Harlingen, Texas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS
Year Ended September 30, 2015

None that were required to be reported.

City of Harlingen, Texas
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2015

(01) Federal Grantor / Pass-Through Grantor Program Title	(02) Project / Contract Number	(03) Federal CFDA Number	(04) Federal Expenditure
U.S. Department of Housing and Urban Development			
<u>Passed through Texas Department of Agriculture</u>			
Community Development Block Grant	B-13-MC-48-0504	14.218	675,678
Community Development Block Grant	B-14-MC-48-0504	14.218	<u>26,944</u>
Total Passed through Texas Department of Agriculture			702,622
<u>Passed through Texas Department of Housing and Community Affairs</u>			
HOME Investment Partnership Program	M-10-MC-48-0504	14.239	10,489
HOME Investment Partnership Program	M-12-MC-48-0504	14.239	82,061
HOME Investment Partnership Program	M-13-MC-48-0504	14.239	22,500
HOME Investment Partnership Program	M-14-MC-48-0504	14.239	<u>2,222</u>
Total Passed through Texas Department of Housing and Community Affairs			117,272
Neighborhood Stabilization Program (HERA)	77090000123	14.228	<u>19,655</u>
Total Passed through Texas Department of Housing and Community Affairs			136,927
<u>Passed through Texas Department of Rural Affairs</u>			
North Area Drainage Improvement	DRS-010063	14.228	<u>3,798</u>
Total Passed through Texas Department of Rural Affairs			<u>3,798</u>
Total U.S. Department of Housing and Urban Development			843,347
U.S. Department of Homeland Security			
<u>Passed through Texas Department of Public Safety - Division of Emergency Management</u>			
FEMA - 3rd Street Drainage Ditch Improvements	DR-1931-00	97.039	6,454
FEMA - SHSP Police	EMW-2014-SS-00029	97.067	<u>25,121</u>
Total Passed through Texas Department of Public Safety			<u>31,575</u>
Total U.S. Department of Homeland Security			31,575
U.S. Department of Transportation			
Direct Program:			
<u>Federal Aviation Administration</u>			
Airport Development Aid Program Grant	3-48-0101-55-09	20.106	2,946
Airport Development Aid Program Grant	3-48-0101-56-09	20.106	932,321
Airport Development Aid Program Grant	3-48-0101-57-09	20.106	<u>710,377</u>
Total Direct from Federal Aviation Administration			1,645,644
<u>Passed Through Department of Highways and Public Transportation</u>			
Metropolitan Planning Organization Grant	50-9XXF0018	20.505	203,394
Total Passed through Texas Department of Highways and Public Transportation			<u>203,394</u>
Total U.S. Department of Transportation			<u>1,849,038</u>
National Highway Traffic Safety Administration			
<u>Passed through Texas Department of Transportation</u>			
STEP - Single Year - 2015 Comprehensive	2015-Harlinge-S-1YG-0036	20.600	56,601
STEP - Click It or Ticket	2015-Harlingen-CIOT-00072	20.616	<u>3,809</u>
Total National Highway Traffic Safety Administration			<u>60,410</u>

See accompanying notes on accounting policies of Federal awards.

City of Harlingen, Texas
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For the Year Ended September 30, 2015

(01) Federal Grantor / Pass-Through Grantor Program Title	(02) Project / Contract Number	(03) Federal CFDA Number	(04) Federal Expenditure
U.S. Department of Justice			
<u>Passed through Texas Department of Criminal Justice:</u>			
2012 Justice Assistance Grant (JAG)	EBMG #2012-DJ-BX-0302	16.738	199
2013 Justice Assistance Grant (JAG)	EBMG #2012-DJ-BX-0845	16.738	<u>5,647</u>
Total Passed through Texas Department of Criminal Justice			5,846
Direct Program			
<u>Office of the Governor - Criminal Justice Division</u>			
Crime Victims Liaison - CVL	VA-25552-03	16.575	33,032
Crime Victims Liaison - CVL	VA-25552-04	16.575	<u>3,153</u>
Total Direct from Office of the Governor - Criminal Justice Division			36,185
Direct Program			
<u>Office: Bureau of Justice Assistance</u>			
Bulletproof Vest Partnership Program	FY2013	16.607	1,356
Bulletproof Vest Partnership Program	FY2014	16.607	<u>4,424</u>
Total Direct from Office of Bureau of Justice Assistance			5,780
Office of Juvenile Justice and Delinquency Program			
<u>Texas Office of the Attorney General</u>			
Internet Crimes Against Children (ICAC)	2012-MC-FX-K047	16.543	<u>2,431</u>
Total Direct from Office of Bureau of Justice Assistance			2,431
Direct Program:			
<u>Office of Justice Programs</u>			
ARRA - Community Oriented Policing Services (COPS) Grant	2009-RK-WX0815	16.710	7,143
ARRA - Community Oriented Policing Services (COPS) Grant	2013-UM-WX-0099	16.710	<u>155,178</u>
Total Direct from Office of Justice Programs			162,321
Total U.S. Department of Justice			<u>212,563</u>
Total Federal Awards Expended			<u>\$ 2,996,933</u>

City of Harlingen, Texas
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
Year Ended September 30, 2015

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the City of Harlingen, Texas, for the year ended September 30, 2015. The reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Financial accountability exists if a primary government appoints a voting majority of an organization's governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations with a separately elected governing Board, a governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the primary government.

2. Measurement Focus and Basis of Accounting

The federal grant funds were accounted for in the Special Revenue Funds and a component of the Governmental Fund type. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. With the Governmental Fund type measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

City of Harlingen, Texas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
EXIT CONFERENCE
Year Ended September 30, 2015

Discussion with City Personnel: The results of the audit were discussed at an exit briefing with the following grantee personnel:

Elvia Treviño, Finance Director

No exceptions were taken to the factual contents of the items contained in this report.

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CONTINUING DISCLOSURE

REQUIREMENTS OF

SEC RULE 15(C) 2-12

City of Harlingen
General Fund Revenues and Expenditures History
Last Ten Fiscal Years
(modified accrual basis of accounting)
Fiscal Year Ending September 30,

	2006	2007	2008	2009	2010
Revenues:					
Property Taxes - including P & I	\$ 9,444,091	\$ 9,507,610	\$ 10,004,029	\$ 10,618,089	\$ 10,879,410
Non-property Taxes	16,873,718	17,418,984	18,067,506	18,248,116	17,253,772
Fines & Forfeitures	1,160,728	1,115,274	1,445,669	1,419,706	1,464,075
Licenses & Permits	832,712	707,343	598,789	584,810	500,265
Charges for Services	920,267	941,188	1,092,497	1,234,933	1,254,346
Intergovernmental	520,207	361,651	254,576	207,142	1,153,048
Contributions and Donations	0	0	0	0	0
Miscellaneous	71,631	122,917	240,330	187,902	99,178
Interest and Investment Income	427,071	605,826	557,126	218,109	98,128
Total Revenues	\$ 30,250,425	\$ 30,780,793	\$ 32,260,522	\$ 32,718,807	\$ 32,702,222
Expenditures:					
General Government	\$ 3,786,422	\$ 4,663,276	\$ 4,821,452	\$ 4,982,646	\$ 4,920,415
Public Safety	14,776,181	15,331,155	16,456,701	17,509,144	18,391,341
Highways & Streets	2,700,372	2,693,758	3,023,051	3,405,349	3,214,484
Health & Welfare	2,149,364	2,220,876	2,337,252	2,651,249	2,630,880
Culture & Recreation	3,444,161	3,467,147	3,581,504	3,796,189	3,777,564
Capital Outlay	812,263	1,175,649	1,411,576	525,728	398,916
Debt Payments	101,080	0	79,296	0	0
Total Expenditures	\$ 27,769,843	\$ 29,551,861	\$ 31,710,832	\$ 32,870,305	\$ 33,333,600
Excess (Deficiency) of Revenues Over/(Under) Expenditures	2,480,582	1,228,932	549,690	(151,498)	(631,378)
Budgeted Transfers and Other Financing Sources (Uses)	322,696	(585)	(816,281)	19,977	232,563
Excess of Revenues Other Financing Sources (Uses) Over (Under) Expenditures & Others	2,803,278	1,228,347	(266,591)	(131,521)	(398,815)
Beginning Fund Balance	7,292,933	10,096,211	11,324,558	11,057,967	10,926,446
Ending Fund Balance	\$ 10,096,211	\$ 11,324,558	\$ 11,057,967	\$ 10,926,446	\$ 10,527,631

Table 6

2011	2012	2013	2014	2015
\$ 12,291,052	\$ 12,690,327	\$ 13,624,303	\$ 13,356,797	\$ 13,682,198
17,272,816	19,063,014	19,091,811	19,440,451	19,897,893
1,550,411	1,807,782	1,780,146	1,681,265	1,672,287
505,837	552,753	614,735	564,486	502,973
1,163,357	1,037,873	2,391,671	2,579,831	3,034,139
1,062,729	254,552	296,070	583,121	689,624
0	0	827,353	831,217	2,503,630
620,067	946,188	173,637	294,913	155,673
40,517	39,415	31,265	22,098	14,062
<u>\$ 34,506,786</u>	<u>\$ 36,391,904</u>	<u>\$ 38,830,991</u>	<u>\$ 39,354,179</u>	<u>\$ 42,152,479</u>
\$ 4,875,218	\$ 4,867,732	\$ 5,237,122	\$ 5,617,973	\$ 5,748,778
19,076,007	18,351,930	20,580,493	21,448,737	22,621,457
2,917,958	2,977,519	3,100,048	3,214,699	3,258,044
2,458,796	2,554,289	2,785,007	2,906,812	2,972,646
4,168,534	3,853,625	4,024,108	3,844,256	3,759,030
1,879,673	1,210,517	1,197,032	2,714,934	3,933,263
13,136	0	0	0	339,567
<u>\$ 35,389,322</u>	<u>\$ 33,815,612</u>	<u>\$ 36,923,810</u>	<u>\$ 39,747,411</u>	<u>\$ 42,632,785</u>
(882,536)	2,576,292	1,907,181	(393,232)	(480,306)
<u>1,214,559</u>	<u>(39,150)</u>	<u>480,194</u>	<u>1,792,697</u>	<u>(759,632)</u>
332,023	2,537,142	2,387,375	1,399,465	(1,239,938)
<u>10,527,631</u>	<u>10,859,654</u>	<u>13,396,796</u>	<u>15,784,171</u>	<u>17,183,636</u>
<u>\$ 10,859,654</u>	<u>\$ 13,396,796</u>	<u>\$ 15,784,171</u>	<u>\$ 17,183,636</u>	<u>\$ 15,943,698</u>

City of Harlingen, Texas
PROPERTY TAX RATE, LEVY AND COLLECTIONS HISTORY
September 30, 2015

Fiscal Year Ended 9/30	Tax Year	Property Tax Rate	General Fund	Debt Service Fund	Tax Levy	Percentage Current Collection	Percentage Total Collections
2006	2005	0.590559	0.417934	0.172625	12,547,864	95.76%	99.74%
2007	2006	0.590559	0.430154	0.159846	13,738,026	95.35%	99.08%
2008	2007	0.590000	0.435917	0.154083	14,522,362	95.23%	99.47%
2009	2008	0.590000	0.437800	0.152200	14,988,796	95.99%	99.91%
2010	2009	0.588827	0.435580	0.153247	15,677,296	95.41%	98.88%
2011	2010	0.588827	0.434634	0.154193	15,696,199	96.01%	98.00%
2012	2011	0.588827	0.450426	0.138401	15,845,781	96.42%	98.37%
2013	2012	0.588827	0.451862	0.136965	16,572,177	97.78%	97.78%
2014	2013	0.588827	0.449723	0.139104	16,859,308	97.23%	97.23%
2015	2014	0.588827	0.450901	0.137926	17,081,984	96.50%	99.57%

City of Harlingen, Texas
Valuation and General Obligation Debt History
September 30, 2015

Fiscal Year Ending 9/30	Estimated City Population (1)	Taxable Assessed Valuation (2)	Per Capita Taxable Assessed Valuation	Per Capita General Obligation (G.O.) Tax Debt (3)	Ratio G.O. Tax Debt to Taxable Assessed Valuation	Percentage of Total Tax Collection
2006	66,459	2,124,743,480	32,682	252	0.77%	99.74%
2007	67,300	2,328,478,990	33,968	369	1.09%	99.08%
2008	65,043	2,461,393,258	37,843	373	0.99%	99.47%
2009	74,950	2,566,847,205	34,247	307	0.90%	99.91%
2010	64,849	2,675,276,539	41,254	364	0.88%	98.88%
2011	65,466	2,670,987,425	40,800	338	0.83%	98.00%
2012	66,122	2,696,242,041	40,777	316	0.77%	98.37%
2013	65,679	2,814,253,902	43,594	296	0.69%	97.78%
2014	65,665	2,863,202,306	43,603	274	0.63%	97.23%
2015	65,914	2,901,019,088	44,012	249	0.56%	96.50%

- (1) City Planning and Development Department
- (2) As reported by the Cameron County Appraisal District on City's annual State Property Tax Board Report: subject to change during the ensuing year.
- (3) Does not include self-supporting debt

City of Harlingen, Texas
Taxable Assessed Valuations By Category
September 30, 2014

Taxable Appraised Value for Fiscal Year Ended September 30,

	2015		2014		2013		2012	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$1,391,784,107	47.98%	\$1,368,138,082	47.78%	\$1,356,985,849	48.22%	\$1,344,724,352	49.87%
Real, Residential, Multi-Family	145,711,895	5.02%	137,135,722	4.79%	131,572,346	4.68%	125,142,938	4.64%
Real, Vacant Lots/Tracts	79,131,228	2.73%	77,780,405	2.72%	79,490,812	2.82%	80,612,755	2.99%
Real, Acreage (Land Only)	102,098,139	3.52%	104,026,465	3.63%	105,421,460	3.75%	101,376,116	3.76%
Real, Farm and Ranch Improvements	16,103,270	0.56%	12,967,265	0.45%	12,839,492	0.46%	12,037,445	0.45%
Real, Commercial and Industrial	853,524,500	29.42%	817,744,628	28.56%	811,900,683	28.85%	684,313,854	25.38%
Real and Tangible Personal Utilities	71,433,158	2.46%	64,460,988	2.25%	63,263,718	2.25%	64,184,140	2.38%
Tangible Personal, Commercial and Industrial	349,774,616	12.06%	392,710,604	13.72%	363,204,883	12.91%	369,969,623	13.72%
Tangible Personal, Mobile Homes	19,401,944	0.67%	19,303,546	0.67%	18,674,253	0.66%	18,702,753	0.69%
Real Property, Inventory	7,090,330	0.24%	4,839,652	0.17%	5,079,949	0.18%	8,875,454	0.33%
Special Inventory	26,150,645	0.90%	22,494,609	0.79%	20,596,563	0.73%	18,209,616	0.68%
Total Exempt Property	168,062,865	5.79%	165,626,270	5.78%	164,870,000	5.86%	208,669,510	7.74%
Total Appraised Value Before Exemptions	3,230,266,697	100.00%	3,187,228,236	100.00%	3,133,900,008	100.00%	3,036,818,556	100.00%
Less: Total Exemptions/Reductions/Adjustments	329,247,609		324,025,930		319,646,106		340,576,515	
Taxable Assessed Value	\$2,901,019,088		\$2,863,202,306		\$2,814,253,902		\$2,696,242,041	

Taxable Appraised Value for Fiscal Year Ended September 30,

	2011		2010		2009		2008	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$1,318,224,240	49.27%	\$1,308,281,506	48.90%	\$1,244,751,258	48.49%	\$1,203,276,059	48.89%
Real, Residential, Multi-Family	116,950,700	4.37%	114,665,293	4.29%	107,342,483	4.18%	87,364,093	3.55%
Real, Vacant Lots/Tracts	85,528,469	3.20%	86,030,347	3.22%	76,079,534	2.96%	77,954,373	3.17%
Real, Acreage (Land Only)	96,496,499	3.61%	98,101,068	3.67%	100,118,412	3.90%	106,785,310	4.34%
Real, Farm and Ranch Improvements	11,841,531	0.44%	11,871,389	0.44%	11,498,793	0.45%	11,696,515	0.48%
Real, Commercial and Industrial	672,640,392	25.14%	667,709,872	24.96%	655,078,159	25.52%	647,695,888	26.31%
Real and Tangible Personal Utilities	70,089,816	2.62%	75,445,515	2.82%	78,043,858	3.04%	68,524,040	2.78%
Tangible Personal, Commercial and Industrial	368,545,689	13.78%	377,239,082	14.10%	364,266,408	14.19%	361,951,074	14.71%
Tangible Personal, Mobile Homes	24,904,511	0.93%	25,268,787	0.94%	25,594,139	1.00%	26,017,359	1.06%
Real Property, Inventory	8,622,072	0.32%	7,187,256	0.27%	8,212,479	0.32%	6,531,199	0.27%
Special Inventory	15,730,782	0.59%	19,951,047	0.75%	20,389,001	0.79%	19,105,549	0.78%
Total Exempt Property	185,184,548	6.92%	177,089,322	6.62%	169,133,280	6.59%	151,138,046	6.14%
Total Appraised Value Before Exemptions	2,974,759,249	100.00%	2,968,840,484	100.00%	2,860,507,804	100.00%	2,768,039,505	100.00%
Less: Total Exemptions/Reductions/Adjustments	303,771,824		293,563,955		293,660,599		306,646,247	
Taxable Assessed Value	\$2,670,987,425		\$2,675,276,529		\$2,566,847,205		\$2,461,393,258	

Taxable Appraised Value for Fiscal Year Ended September 30,

	2007		2006	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$1,120,198,367	48.05%	\$985,635,031	46.39%
Real, Residential, Multi-Family	75,277,924	3.23%	70,321,084	3.31%
Real, Vacant Lots/Tracts	77,523,856	3.33%	72,572,005	3.42%
Real, Acreage (Land Only)	111,131,900	4.77%	102,145,356	4.81%
Real, Farm and Ranch Improvements	11,496,550	0.49%	10,263,114	0.48%
Real, Commercial and Industrial	624,650,294	26.79%	571,240,554	26.89%
Real and Tangible Personal Utilities	80,573,423	3.46%	76,380,068	3.59%
Tangible Personal, Commercial and Industrial	339,742,457	14.57%	317,088,469	14.92%
Tangible Personal, Mobile Homes	26,052,587	1.12%	25,371,340	1.19%
Real Property, Inventory	7,218,014	0.31%	5,618,275	0.26%
Special Inventory	17,808,977	0.76%	18,125,295	0.85%
Total Exempt Property	151,404,138	6.49%	806,614	0.04%
Total Appraised Value Before Exemptions	2,643,078,487	100.00%	2,255,567,205	100.00%
Less: Total Exemptions/Reductions/Adjustments	311,599,497		130,823,725	
Taxable Assessed Value	\$2,331,478,990		\$2,124,743,480	

City of Harlingen, Texas
COMPUTATION OF ESTIMATED DIRECT AND OVERLAPPING DEBT
September 30, 2015

<u>Name of Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to the City of Harlingen</u>	<u>City of Harlingen's Share of Debt</u>
<u>DIRECT DEBT</u>			
City of Harlingen	\$42,661,416	100.00%	\$42,661,416
<u>OVERLAPPING DEBT</u>			
Cameron County	81,320,000	0.01%	10,810
Harlingen Consolidated Independent School District	159,020,547	100.00%	159,020,547
Rio Hondo Independent School District	19,125,521	1.89%	362,333
San Benito Independent School District	<u>82,745,000</u>	1.85%	<u>1,528,364</u>
Overlapping Debt	\$342,211,068		
Total Direct and Overlapping Debt	<u><u>\$384,872,484</u></u>		<u><u>\$203,583,470</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of the another government unit's assessed value that is within the City's boundaries and dividing by each unit's total assessed value.

City of Harlingen, Texas
PRINCIPAL PROPERTY TAXPAYERS
Fiscal Year Ending September 30, 2015

Principal Taxpayer	Type of Business	FY 2015 Taxable Assessed Valuation	Percentage Of Total Taxable Assessed Valuation
VHS Harlingen Hospital Company LLC	Medical Services	\$75,020,092	2.58%
AEP Texas Central Company	Electricity Suppliers	36,380,870	1.25%
Boyer Harlingen LC	Real Estate Developers	27,955,724	0.96%
Harlingen Medical Center Realty LLC	Medical Real Estate Developers	22,897,877	0.79%
VHS Harlingen Hospital Co LLC	Medical Services	22,352,082	0.77%
Mall at Valle Vista LLC	Shopping Center Operations	20,843,119	0.72%
HCHART LLC	Real Estate Developers	15,351,485	0.53%
VHS Valley Real Estate Co LLC	Medical Real Estate Developers	13,782,688	0.47%
Valley Baptist Realty Corp.	Medical Real Estate Developers	12,483,159	0.43%
Harlingen SC Partners LTD	Shopping Center Operations	12,293,737	0.42%
		<u><u>\$259,360,833</u></u>	<u><u>8.92%</u></u>

Source: Cameron Appraisal District

DEBT SERVICE SCHEDULE

CITY OF HARLINGEN
DEBT SERVICE REQUIREMENTS TO MATURITY - PRIMARY GOVERNMENT
BY FISCAL YEAR

SOURCE OF FUNDING-PROPERTY TAX RATE

FISCAL YEAR ENDING	2006 G. O. BONDS		2007 CERTIFICATE OF OBLIGATION		2007 G. O. BONDS		2010 CERTIFICATE OF OBLIGATION		2010 G. O. REFUNDING BONDS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
9/30/2016	160,000	85,935	810,000	746,538	365,000	368,269	135,000	92,169	305,000	3,813
9/30/2017	165,000	79,635	1,120,000	707,938	510,000	350,769	140,000	88,381	-	-
9/30/2018	175,000	72,835	1,285,000	659,838	590,000	328,769	145,000	84,106	-	-
9/30/2019	180,000	65,735	1,335,000	606,603	615,000	304,284	145,000	79,756	-	-
9/30/2020	190,000	58,335	1,415,000	549,884	715,000	276,853	150,000	75,144	-	-
9/30/2021	195,000	50,513	1,475,000	489,356	745,000	246,275	155,000	69,994	-	-
9/30/2022	205,000	42,263	1,540,000	425,288	775,000	213,975	160,000	64,481	-	-
9/30/2023	210,000	33,625	1,610,000	357,344	810,000	179,788	170,000	58,494	-	-
9/30/2024	220,000	24,595	1,680,000	285,375	845,000	143,584	175,000	52,025	-	-
9/30/2025	230,000	15,088	1,760,000	209,025	885,000	105,188	180,000	45,144	-	-
9/30/2026	240,000	5,100	1,840,000	128,025	925,000	64,463	190,000	37,744	-	-
9/30/2027	-	-	1,925,000	43,313	970,000	21,825	195,000	30,044	-	-
9/30/2028	-	-	-	-	-	-	205,000	22,044	-	-
9/30/2029	-	-	-	-	-	-	215,000	13,509	-	-
9/30/2030	-	-	-	-	-	-	220,000	4,538	-	-
9/30/2031	-	-	-	-	-	-	-	-	-	-
9/30/2032	-	-	-	-	-	-	-	-	-	-
9/30/2033	-	-	-	-	-	-	-	-	-	-
9/30/2034	-	-	-	-	-	-	-	-	-	-
9/30/2035	-	-	-	-	-	-	-	-	-	-
	<u>2,170,000</u>	<u>533,659</u>	<u>17,795,000</u>	<u>5,208,525</u>	<u>8,750,000</u>	<u>2,604,041</u>	<u>2,580,000</u>	<u>817,572</u>	<u>305,000</u>	<u>3,813</u>

2011 G. O. REFUNDING BONDS		2012 CERTIFICATE OF OBLIGATION		2013 CERTIFICATE OF OBLIGATION		2013 G. O. OF OBLIGATION		TOTAL	TOTAL	GRAND
PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL PRINCIPAL & INTEREST
285,000	54,910	75,000	56,588	45,000	81,475	430,000	55,725	2,610,000	1,601,146	4,211,146
285,000	48,099	115,000	54,338	100,000	80,575	435,000	47,075	2,870,000	1,503,885	4,373,885
250,000	41,706	140,000	50,888	140,000	78,575	275,000	39,975	3,000,000	1,396,667	4,396,667
255,000	35,671	140,000	46,688	155,000	75,775	285,000	34,375	3,110,000	1,283,263	4,393,263
260,000	29,517	150,000	42,488	150,000	72,675	195,000	29,575	3,225,000	1,164,046	4,389,046
265,000	23,243	145,000	39,488	160,000	69,675	200,000	25,125	3,340,000	1,038,794	4,378,794
275,000	16,790	150,000	36,588	165,000	66,475	210,000	20,000	3,480,000	905,860	4,385,860
280,000	10,157	150,000	33,588	165,000	63,175	215,000	14,688	3,610,000	765,546	4,375,546
285,000	3,405	160,000	30,588	165,000	59,875	220,000	9,250	3,750,000	617,947	4,367,947
-	-	140,000	27,388	195,000	54,925	260,000	3,250	3,650,000	463,257	4,113,257
-	-	145,000	24,588	195,000	49,075	-	-	3,535,000	308,994	3,843,994
-	-	145,000	21,325	205,000	43,225	-	-	3,440,000	159,731	3,599,731
-	-	15,000	18,063	55,000	37,075	-	-	275,000	77,182	352,182
-	-	20,000	17,650	50,000	35,425	-	-	285,000	66,584	351,584
-	-	25,000	17,100	50,000	33,925	-	-	295,000	55,563	350,563
-	-	100,000	16,413	205,000	32,425	-	-	305,000	48,838	353,838
-	-	115,000	13,663	200,000	26,275	-	-	315,000	39,938	354,938
-	-	110,000	10,500	210,000	20,275	-	-	320,000	30,775	350,775
-	-	120,000	7,200	210,000	13,975	-	-	330,000	21,175	351,175
-	-	120,000	3,600	220,000	7,150	-	-	340,000	10,750	350,750
2,440,000	263,498	2,280,000	568,732	3,040,000	1,002,025	2,725,000	279,038	42,085,000	11,559,939	53,644,939