#### COMPREHENSIVE ANNUAL FINANCIAL REPORT

#### CITY OF HARLINGEN, TEXAS

For the Fiscal Year Ended September 30, 2019

# City of Harlingen, Texas Comprehensive Annual Financial Report (Including Compliance Report on Grant Activities) For the Fiscal Year Ended September 30, 2019

#### **CITY OFFICIALS**

Mayor	Chris Boswell
Commissioners	Richard Uribe Frank Puente Michael Mezmar Ruben De La Rosa Victor Leal
City Manager	Dan Serna

Finance Director

PREPARED BY DEPARTMENT OF FINANCE Robert Rodriguez

Robert Rodriguez, 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."

May 20, 2020

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, 2019. 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 auditors' 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 audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Information related to this Uniform Guidance, 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 Carr, Riggs & Ingram, LLC, 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, 2019, 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 \star P.O. Box 2207 \star 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 a three county area 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 Rio Grande Valley School of Medicine Clinical Education Building and the Graduate Medical Education Office where UTRGV medical students continue their studies and participate in clinical rotations. The University of Texas Rio Grande Valley is constructing a new multi-million dollar Institute of Neuro-Sciences research facility in Harlingen near the established Regional Academic Health Center. Harlingen is also home to the Veteran's Administration Center which includes a 120,000 sq. ft. outpatient center. The Institute will further increase our growing Medical Sector and the number of jobs associated with that industry. The City's location has made it a logistics center for the Valley. Valley International Airport (VIA) has three major air cargo companies located at its facility as well as 6 major airlines for passengers to choose from.

Overall construction in Harlingen during FY 2018-19 was \$86.3 million in construction permits issued by the City. A total of 640 permits were issued. The City issued 189 building permits for new homes for a total dollar value of over \$24.0 million, with an average construction cost for each home at \$126,779. The commercial/business sector issued permits for 34 new commercial structures with a construction value of \$35.2 million.

Total sales tax collected by the City, the Economic Development Corporation (EDC-4A) and the Harlingen Community Improvement Board (HCIB-4B) increased to \$25,576,865 in FY 2018-19 compared to the \$25,183,586 collected in FY 2017-18, a 1.6% or \$393,279 increase. All three entities are committed to combining their resources for the overall economic benefit of the City.

#### Outlook

The City's fiscal year 2019 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 2019 continued the upward trend in sales taxes that began in fiscal year 2011. Careful long-term planning is important to the City. Periodic review of the budget is performed 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 2018-2019 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. The following projects were commenced and/or completed in FY 2019:

- Harlingen Convention Center
- Destination Park
- Transformation of Baxter Building
- Public Works Vehicle Canopy
- Museum and Library renovations
- Farmers Market Canopy
- General Reseal & Overlay Project for various City streets.
- Various Sidewalk improvements
- Victor Park Pool upgrades
- Arroyo Trail Extension

#### GOALS FOR YEAR 2018-19 AND BEYOND

The Harlingen City Commission on April 6, 2017 unanimously approved the "One Vision, One Harlingen" comprehensive plan, which is the City's core policy document. The comprehensive plan utilized key input over several months from stakeholders, residents, business owners, city staff, appointed committee members and elected officials. The plan consists of the City's vision, goals, strategies, and implementation measures for growth and prosperity. "One Vision, One Harlingen" is an integrated approach to future development with a focus on all elements that make up a city such as housing, transportation, parks, economic growth, public safety and public services. The comprehensive plan assisted in developing a priority listing of projects. On June 24, 2017, the Harlingen City Commission approved the priority list of projects. A total of 17 priority projects were included on the list. The top five projects are as follows:

- 1. Design and construct a civic/convention center.
- 2. Pursue redevelopment of the historic Baxter Building as a key downtown land mark.
- 3. Commerce Street overlay improvement project.
- 4. Develop an all-inclusive playground / destination park at Lon C. Hill.
- 5. Create a specific zoning category that allows and encourages mixed use developments.

The "One Vision, One Harlingen" comprehensive plan is available on the City's website (<u>www.myharlingen.us</u>) 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.

#### Uniform Guidance

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 requirements under the Uniform Guidance, 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, 2019, 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, 2018. 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 \$20,789,727 at September 30, 2019. The unassigned fund balance for the General Fund totaled \$20,139,963, a decrease of \$(529,282) over last year. The combined fund balance of all other governmental funds totaled \$10,046,608, which includes restricted funds of \$6,595,635, committed funds of \$3,010,076, nonspendable funds of \$436 and unassigned funds of 440,461.

The fund balance of the General Fund presented above will provide the City with approximately 153 days of operating expenditures for FY 2020. 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 159 days of expenditures for FY 2020.

#### Debt Administration

The City has a goal of attaining and maintaining a fund balance of 25% of the following FY annual debt service requirement. The debt service restricted fund balance of \$1,075,321 is 22.6% of FY 2020 annual principal and interest requirements.

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

	Standards & Poor	<u>Fitch</u>
General Obligation Bonds	AA-/Stable	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 transfers and capital contributions for the years ended September 30, 2019 and 2018, as follows:

Proprietary Funds	2019	2018
Sanitation Fund	\$ 2,171,947	\$ 1,826,675
Municipal Golf Course Fund	(405,520)	(340,014)
Harlingen Arts & Heritage Museum	(118,539)	(109,761)
Municipal Auditorium Fund	(285,880)	(307,363)
Total net income (loss)	\$ 1,362,008	\$ 1,069,537

#### 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, Frontier Airlines, American 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 Airport 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 amended the plan provisions effective April 1, 2019 and increased the employer contribution to 17% of salaries. The firemen continue to contribute 15% of salaries. 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, 2018. 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 three years (fiscal years ended 1985 to 2018). 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 Kareem Abdullah, 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, Carr, Riggs, and Ingram, LLC, 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,

+12

Robert Rodriguez Finance Director



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

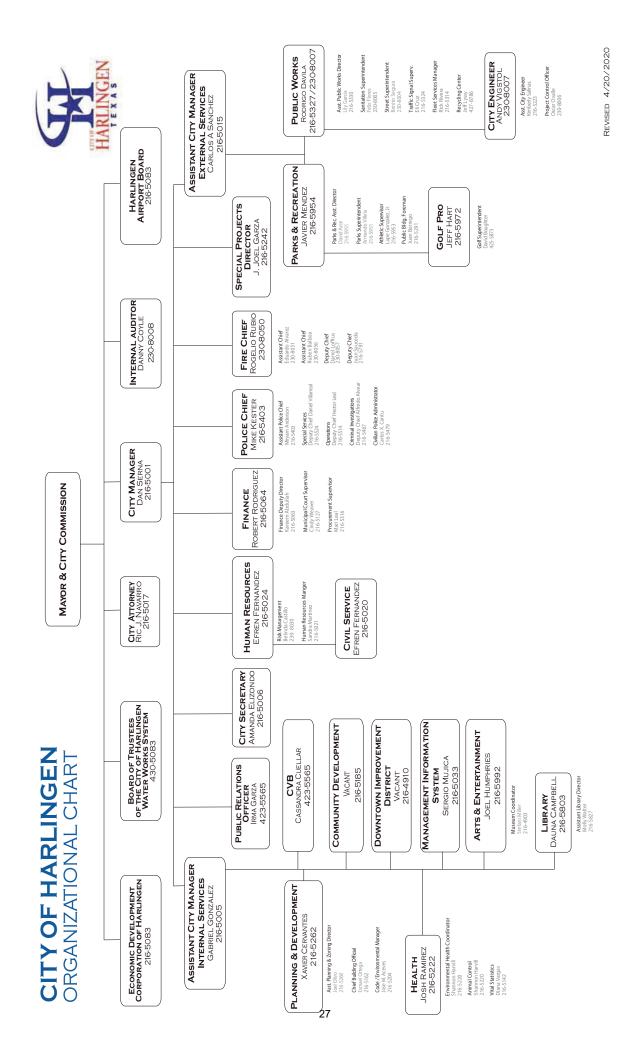
# City of Harlingen Texas

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

September 30, 2018

Christophen P. Morrill

Executive Director/CEO



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**FINANCIAL SECTION** 

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Carr, Riggs & Ingram, LLC 402 East Tyler Avenue Harlingen, TX 78550-9122

(956) 423-3765 (956) 428-7520 (fax) CRIcpa.com

#### **INDEPENDENT AUDITOR'S REPORT**

To 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, the 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, 2019, and the related notes to the financial statements, which collectively comprise the City of Harlingen, Texas' basic financial statements as listed in the table of contents.

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

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

#### Auditors' Responsibility

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

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

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

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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, the 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, 2019, 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.

#### **Emphasis of Matter**

The previously issued financial statements have been restated to account for the correction of a misstatement related to a prior period. As further discussed in Note 29, the City's financial statements were restated and the effect of the adjustment was an increase to beginning net position. Our opinions are 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, General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios for Agent Multiple-Employer Pension Plan- Texas Municipal Retirement System, Schedule of Changes in Net Pension Liability and Related Ratios- Firemen's Relief and Retirement Fund, Schedule of City's Contributions for All Pension Plans, Schedule of Changes in Total OPEB liability and Related Ratios Agent Multiple-Employer OPEB Plan Retiree Health Care Plan, Schedule of Changes in Total OPEB Liability and Related Ratios Supplemental Death Benefits Fund, and the related notes to required supplementary information, as listed in 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.

#### 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 the debt service section are presented for purposes 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is also not a required part of the basic financial statements.

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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.

The introductory and statistical sections, the continuing disclosure requirements of SEC Rule 15(c) 2-12 and the debt service section 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 May 20, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Harlingen, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Harlingen, Texas' internal control over financial reporting and compliance.

Firm's signature

Can, Rigge & Ingram, L.L.C.

Harlingen, Texas May 20, 2020

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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, 2019. Please read it in conjunction with the transmittal letter on page 17 and the City's financial statements, which begin on 54.

## **FINANCIAL HIGHLIGHTS**

The net position of the City as of September 30, 2019 was \$105,544,594. This number consists of \$102,832,713 (97.4%) of net investment in capital assets. The net position restricted for specific purposes totals \$5,547,330 (5.3%) leaving a deficit of \$(2,835,449) (2.7)% in unrestricted net position. The City's total net position decreased by \$(1,897,605). The governmental activities net position decreased by (3,076,319) or approximately (3.22)%, while the net position of our business-type activities increased by \$1,178,714 or approximately 10.01%. The decrease to net position is a result of the increased expenses in the Air Service Development Program and the current year changes in the actuarial calculation of Pension requirements.

As of September 30, 2019, the City's governmental funds reported combined ending fund balances of \$30,836,335. Within this total, \$221,954 is non-spendable, \$6,595,635 is restricted by specific legal requirements, such as by debt covenants, \$3,010,076 has been committed and 428,246 is assigned to specific types of expenditures. The remaining \$20,580,424 is unassigned fund balance and can be used for any lawful purpose. The City's expenditures for FY 2019 were \$5,635,740 more than the \$56,718,293 generated in taxes and other revenues before other finance sources and uses.

Business-type activities reported combined ending net position of \$12,958,551. Within this total, \$6,735,656 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 consists of \$6,222,895 of unrestricted funds which can be used for any lawful purpose. Total proprietary expenses and transfers for the City's business-type activities were \$1,178,714 less than the operating and non-operating revenues of \$11,261,035.

# 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.

This Comprehensive Annual Financial Report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 54-55 and 56) 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 57. 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 42. 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, deferred outflows of resources, liabilities and deferred inflows of resources 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:

- <u>Governmental activities</u> 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.
- <u>Business-type activities</u> 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. The Water and Wastewater System and the Valley International Airport both issue separately audited financial statements which can be obtained from each entity.

## Implementation of New Accounting Pronouncements

In fiscal year 2019, the City implemented GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements. GASB Statement No. 88 improves the information that is disclosed in notes to governments financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

## Recently Issued Accounting Pronouncements

Future possible applicable accounting standards to the City that have been issued by the Governmental Accounting Standards Board are:

- GASB Statement No. 84, Fiduciary Activities
- GASB Statement No. 87, Leases
- GASB Statement No. 88, Certain Disclosures Related to Debt
- GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Const. Period
- GASB Statement No. 90, Majority Equity Interests
- GASB Statement No. 91, Conduit Debt Obligations

In January 2017, the GASB issued GASB Statement No. 84, – *Fiduciary Activities*. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. Management is evaluating the effects that the full implementation of GASB Statement No. 84 will have on its financial statements for the year ended September 30, 2021.

In June 2017, the GASB issued GASB Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. The objective of GASB Statement No. 87 is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Management is evaluating the effects that the full implementation of GASB Statement No. 87 will have on its financial statements for the year ended September 30, 2022.

In March 2018, the GASB issued Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements". This statement will improve the information that is disclosed in notes of governmental financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2019. The City has early implemented GASB No. 88 in this annual report.

In June 2018, the GASB issued Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period". This statement will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and will simplify accounting for interest cost incurred before the end of a construction period. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In August 2018, the GASB issued Statement No. 90, "Majority Equity Interests". This statement will improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In May 2019, GASB Statement No. 91, Conduit Debt Obligations, provides for a single methods of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

## **Reporting the City's Most Significant Funds**

## **Fund Financial Statements**

Our analysis of the City's major funds begins on page 45. The fund financial statements begin on page 57 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.

<u>Governmental funds</u> – 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) Cod. Sec. 1800.165 *Classification and Terminology – Fund Balance Reporting* 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.

<u>Proprietary funds</u> – 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 68 and 69. 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 \$105,544,594 as of September 30, 2019. The following tables present the net position (Table 1) and general revenues and expenses (Table 2) of the City's governmental and business-type activities. The largest portion of the City's net position, \$102,832,713 (97.4%), 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 2018-2019, 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 5,547,330 (5.3%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is (2,835,449) (2.7)%.

Net position of the City's governmental activities decreased by \$(3,076,319) or 3.2%, from \$95,662,362 to \$92,586,043 for FY 2018-2019. The net position of the City's business-type activities increased 10.01% or \$1,178,714 from \$11,779,837 to \$12,958,551 for FY 2018-2019. The largest decrease to net position for FY 2019 resulted from the operation of the Air Service Development Program and recording a significant change in the current year expense from the net pension liability.

# Table 1 – Summary Statement of Net Position

	Governmental	Activities	Business-Type	Activities	Total Primary G	overnment
	2019	2018	2019	2018	2019	2018
ASSETS						
Current and Other assets	\$ 44,174,073 \$	49,397,585 \$	9,317,168 \$	8,638,413 \$	53,491,241 \$	58,035,99
Due from Component units	-	155,678	58,984	62,013	58,984	217,69
Internal Balances	813,048	646,786	(813,048)	(646,786)	-	
Capital assets, net						
Non-depreciable assets	10,887,379	17,156,266	467,083	481,973	11,354,462	17,638,23
Depreciable assets	127,091,960	117,823,850	6,268,573	5,786,576	133,360,533	123,610,42
Total Capital assets, net	137,979,339	134,980,116	6,735,656	6,268,549	144,714,995	141,248,66
Total assets	182,966,460	185,180,165	15,298,760	14,322,189	198,265,220	199,502,35
Deferred Outflows of Resources						
Deferred charge on refunding	550,482	690,152	-	-	550,482	690,15
OPEB - retiree healthcare	332,655	294,340	6,789	28,356	339,444	322,69
OPEB - supplemental death						
benefits	81,926	88,437	1,672	1,824	83,598	90,26
Deferred outflows of resources						
for pension	16,654,988	3,766,466	104,128	24,060	16,759,116	3,790,52
Total deferred outflows of						
resources	17,620,051	4,839,395	112,589	54,240	17,732,640	4,893,63
Total Assets and Deferred						
Outflows of Resources	\$ 200,586,511 \$	190,019,560 \$	15,411,349 \$	14,376,429 \$	215,997,860 \$	204,395,98
iabilities Current and other liabilities Non-current liabilities OPEB liability - retiree health	7,961,718	7,586,725	400,367	361,353	8,362,085	7,948,07
plan OPEB liability - supplemental	4,620,934	4,259,654	94,306	411,655	4,715,240	4,671,30
death benefits	1,375,964	1,375,731	28,082	28,075	1,404,046	1,403,80
Municipal net pension liability	8,057,865	550,168	164,447	11,228	8,222,312	561,39
Firemen's net pension liability	19,906,516	18,337,152		,	19,906,516	18,337,15
Est. Liability landfill						
postclosure	-	-	1,424,220	1,399,038	1,424,220	1,399,03
Due in one year	4,509,149	2,189,575	65,000	65,000	4,574,149	2,254,57
Due more than one year	46,470,311		,			
	40.470.311	53.266.682	269.454	289.528	40./39./05	53.550.21
Total Liabilities	92,902,457	53,266,682 87,565,687	269,454 2,445,876	289,528 2,565,877	46,739,765 95,348,333	
Total Liabilities DEFERRED INFLOWS OF RESOURCES						53,556,21 90,131,56
						90,131,56
DEFERRED INFLOWS OF RESOURCES	92,902,457	87,565,687	2,445,876	2,565,877	95,348,333	90,131,56
DEFERRED INFLOWS OF RESOURCES Deferred inflows of resources	92,902,457	87,565,687	2,445,876	2,565,877	95,348,333	90,131,56
DEFERRED INFLOWS OF RESOURCES Deferred inflows of resources NET POSITION	92,902,457 15,098,011	87,565,687 6,791,511	2,445,876 6,922	2,565,877 30,715	95,348,333 15,104,933	
DEFERRED INFLOWS OF RESOURCES Deferred inflows of resources NET POSITION Net investment in capital assets	92,902,457 15,098,011 96,097,057	87,565,687 6,791,511 99,220,453	2,445,876 6,922	2,565,877 30,715 6,268,549 -	95,348,333 15,104,933 102,832,713 5,547,330	90,131,56 6,822,22 105,489,00
DEFERRED INFLOWS OF RESOURCES Deferred inflows of resources NET POSITION Net investment in capital assets Restricted	92,902,457 15,098,011 96,097,057 5,547,330	87,565,687 6,791,511 99,220,453 4,642,879	2,445,876 6,922 6,735,656	2,565,877 30,715	95,348,333 15,104,933 102,832,713	90,131,56 6,822,22 105,489,00 4,642,87

	Governmer	tal Activities	Business-Typ	oe Activities	Total Primary Government			
	2019	2018	2019	2018	2019	2018		
Revenues								
Program revenues:								
Charges for services	\$ 5,800,670	\$ 4,675,508	\$ 10,850,522	\$ 10,514,203 \$	16,651,192 \$	15,189,711		
Operating grants and								
contributions	3,563,454	3,213,450	-	-	3,563,454	3,213,450		
Capital grants and contributions	1,436,215	1,994,980	-	703,188	1,436,215	2,698,168		
General Revenues:								
Property taxes	19,361,145	18,540,873	-	-	19,361,145	18,540,873		
Sales taxes	19,199,840	18,902,745	-	-	19,199,840	18,902,745		
Other taxes	6,374,802	6,004,510	-	-	6,374,802	6,004,510		
Unrestricted investment earnings	693,991	664,469	199,587	155,379	893,578	819,848		
Other	217,282	382,192	186,374	24,706	403,656	406,898		
Gain (loss) on sale of assets	62,328	77,611	64,624	25,190	126,952	102,801		
Transfers	183,294	1,355,500	(183,294)	(1,355,500)	-	-		
Total revenues	56,893,021	55,811,838	11,117,813	10,067,166	68,010,834	65,879,004		
Expenses								
Program expenses:								
General government	7,256,971	7,140,359	-	-	7,256,971	7,140,359		
Public safety	30,539,817		-	-	30,539,817	27,253,084		
, Highways and streets	7,241,780		-	-	7,241,780	6,106,202		
Health and welfare	1,327,436		-	-	1,327,436	1,075,864		
Community and economic dev.	4,981,305		-	-	4,981,305	3,015,071		
Culture and recreation	7,294,692		-	-	7,294,692	6,789,573		
Interest on long-term debt	1,327,339		-	-	1,327,339	1,419,495		
Sanitation	-	-	8,023,251	7,787,138	8,023,251	7,787,138		
Golf	-	-	1,269,646	1,207,326	1,269,646	1,207,326		
Museum	-	-	137,895	117,026	137,895	117,026		
Municipal Auditorium	-	-	508,307	538,451	508,307	538,451		
Total expenses	59,969,340	52,799,648	9,939,099	9,649,941	69,908,439	62,449,589		
Change in net position	(3,076,319	) 3,012,190	1,178,714	417,225	(1,897,605)	3,429,415		
Net position, beginning	95,662,362	94,214,198	11,779,837	11,287,194	107,442,199	105,501,392		
Prior period adjustment		(1,564,026)		75,418	-	(1,488,608)		
Net position, beginning, as restated	95,662,362		11,779,837	11,362,612	107,442,199	104,012,784		
Net position, ending	\$ 92,586,043	\$ 95,662,362	\$ 12,958,551	\$ 11,779,837 \$	105,544,594 \$	107,442,199		

# Table 2 – Statement of Activities

Total revenues generated from both governmental activities and business-type activities this year amounted to \$68,010,834. Total expenses incurred from both governmental activities and business-type activities this year amounted to \$69,908,439 which resulted in a decrease in net position of 1.8% or \$(1,897,605).

# **Governmental Activities**

Total revenue generated from governmental activities this year amounted to \$56,709,727, before transfers. Expenses came in at \$59,969,340, decreasing net position by \$(3,259,613) before transfers. Transfers of \$183,294 from other activities resulted in an all-inclusive decrease to net position of \$(3,076,319).

The cost of all governmental activities this year was \$59,969,340. However, as shown on the Statement of Activities on page 56, the amount that our taxpayers ultimately financed for these activities through taxes and other general revenues was \$46,092,682. Charges for services of \$5,800,670 were paid by those who directly benefited from them. Operating grants and contributions totaled \$3,563,454. Another \$1,436,215 was paid by capital grants and contributions.

Table 3 presents the cost of each of the City's six 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.

	Total Cost	of Services	Net Cost of	Services
	2019	2018	2019	2018
General government	\$ 7,256,971	\$ 7,140,359	\$ (3,761,752) \$	(3,478,688)
Public safety	30,539,817	27,253,084	(27,425,803)	(23,265,138)
Highway and streets	7,241,780	6,106,202	(6,242,685)	(5,392,252)
Health and welfare	1,327,436	1,075,864	(733,574)	(588,288)
Community & economic dev.	4,981,305	3,015,071	(3,603,831)	(2,866,829)
Culture and recreation	7,294,692	6,789,573	(6,074,017)	(5,905,020)
Interest on long-term debt	1,327,339	1,419,495	(1,327,339)	(1,419,495)
	\$ 59,969,340	\$ 52,799,648	\$ (49,169,001) \$	(42,915,710)

# **TABLE 3 - GOVERNMENTAL ACTIVITIES**

## **Business-type Activities**

Total operating and non-operating revenues generated from business-type activities this year amounted to \$11,301,107, before transfers. Expenses came in at \$9,939,099 leaving \$1,362,008 as an increase to net assets before transfers. Transfers to other activities totaling \$183,294 resulted in an all-inclusive increase in net assets amounting to \$1,178,714. 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 57) combined fund balance decreased to \$30,836,335 or \$5,303,626 less than last year. The significant decrease to fund balance is due to bond proceeds spent for the construction of the Harlingen Convention Center.

# **Governmental Funds**

The following table presents a summary of total governmental funds' revenues and operating transfers in for the years ended September 30, 2019 and 2018. The following is a detailed analysis of the revenues:

				Amount of	Percent
Revenues & Other				Increase /	Increase /
financing sources (uses)	2019	% of Total	2018	(Decrease)	(Decrease)
Property Taxes	\$ 19,344,906	33.9%	\$ 18,890,148	\$ 454,758	2.4%
Nonproperty taxes	24,221,826	42.5%	23,582,221	639,605	2.7%
Assessments	1,522,083	2.7%	1,473,276	48,807	3.3%
Fines and forfeitures	1,148,803	2.0%	1,155,149	(6,346)	-0.5%
Licenses and Permits	690,991	1.2%	655,628	35,363	5.4%
Improvements & Assessments	-	0.0%	20	(20)	-100.0%
Charges for services	1,701,437	3.0%	1,871,530	(170,093)	-9.1%
Intergovernmental	6,376,538	11.2%	5,923,187	453,351	7.7%
Contributions and donations	496,238	0.9%	893,039	(396,801)	-44.4%
Miscellaneous	388,061	0.7%	288,397	99,664	34.6%
Interest and investment income	827,410	1.5%	611,680	215,730	35.3%
	56,718,293		 55,344,275	1,374,018	
Other financing sources (uses)	332,114	0.6%	698,627	(366,513)	-52.5%
Total	\$ 57,050,407		 \$ 56,042,902	\$ 1,007,505	

There was a net increase in total revenues (including other financing sources (uses) of \$1,007,505 or an increase of 1.8%. Property taxes represent 33.9% of total revenues and other financing sources (uses). Property taxes increased by 2.4% or \$454,758. Nonproperty taxes, which includes sales, franchise and hotel/motel taxes represents 42.5% of total revenues and other financing sources (uses). Nonproperty taxes increased by \$639,605 or 2.7% over last fiscal year. Total revenues, not taking into account other financing sources (uses) bond issuance in prior year, increased by \$1,374,018.

Property and Non-property tax revenues had a total increase \$1,094,363 over FY 2018 revenues. Property and Non-property taxes account for the majority of the revenue increase over last fiscal year. Intergovernmental revenue also had an increase over last fiscal year of \$453,351 which contributed to the overall revenue increase.

# Property Taxes – including penalty and interest

Property tax revenues exceeded FY 2018 property tax revenues by \$454,758. The increase is attributable to both current and delinquent collections. The percentage of collection for FY 2019 current taxes was 97.01%. The total tax rate remained at \$0.588827 per \$100 value. The tax rate has remained the same for the last ten years. The total tax rate is composed of \$0.128000 for the Interest and Sinking Fund (I&S) and \$0.460827 for the Maintenance and Operations (M&O).

## Nonproperty taxes

Nonproperty taxes, which includes sales, franchise and hotel/motel taxes represents 42.5% of total revenues and other financing sources (uses). Nonproperty tax revenue increased by \$639,605 or 2.7% over last fiscal year. The increase includes a \$297,095 or 1.6% increase in sales taxes and a \$209,296 increase in Hotel/Motel delinquent taxes collected.

## **Fines and Forfeitures**

Fines and forfeitures decreased by 0.5% or \$6,346 from the previous year due to a decrease in traffic fine income.

## **Licenses and Permits**

Licenses and permits increased \$35,363 or 5.4% compared to FY 2018. The increase is due to increased income from building, electrical, plumbing and alarm permits.

#### **Charges for Services**

Charges for services decreased by \$170,093 or 9.1% over last year's revenue. The income decrease is due to reduced Free Trade Bridge traffic and fewer tower rentals in the Communication Center Fund.

#### Interest and Investment Income

This revenue category increased by \$215,730 or 35.3%, to end FY 2019 at a total of \$827,410 compared to \$611,680 from FY 2018.

## **Other Financing Sources (uses)**

In FY 2019, other financing sources (uses) decreased compared to prior year's amount by \$366,513.

## Expenditures

The following table presents a summary of governmental funds' expenditures for the years ended September 30, 2019 and 2018.

				Amount of	Percent
				Increase /	Increase /
Expenditures	2019	% of Total	2018	(Decrease)	(Decrease)
General Government	\$ 5,883,350	9.4%	\$ 5,810,753	\$ 72,597	1.2%
Public Safety	24,934,218	40.0%	24,446,172	488,046	2.0%
Highways and Streets	5,925,364	9.5%	5,176,279	749,085	14.5%
Health and Welfare	1,085,916	1.7%	912,366	173,550	19.0%
Community & economic dev.	4,063,068	6.5%	2,556,833	1,506,235	58.9%
Cultural and Recreation	5,903,672	9.5%	5,757,824	145,848	2.5%
Capital Outlay	9,589,755	15.4%	9,789,195	(199,440)	-2.0%
Debt Service:					
Principal	3,475,216	5.6%	3,324,340	150,876	4.5%
Interest and Fiscal Charges	1,493,474	2.4%	1,550,523	(57,049)	-3.7%
Bond Issuance Cost & Fees	-	0.0%	2,256	(2,256)	-100.0%
Total	\$ 62,354,033		\$ 59,326,541	\$ 3,027,492	

## **General Government**

General government expenditures increased by 1.2% or 72,597. The balances are comparable between FY 2019 and FY 2018.

## **Public Safety**

Expenditures for public safety had an increase of 2.0% or \$488,046. This amount is due to increase cost of personnel services.

## **Highways and Streets**

Highways and street expenditures increased by 14.5% or \$749,085 A majority of FY 2018 street overlay project was expensed in FY 2019.

## **Health and Welfare**

Expenditures increased 19.0% or \$173,550. The increase is a result of various small grants that were new this fiscal year.

## **Community and Economic Development**

In FY 2019, there was an increase of 58.9% or \$1,506,235 due to the incentive program for certain airlines reported in the Air Service Development Program.

## **Cultural and Recreational**

Cultural and recreational expenditures increased 2.5% or \$145,848. The increase is due to increased expenditures at the Convention and Visitors Bureau.

# **Capital Outlay**

Expenditures for capital outlay decreased 2.0% or \$199,440. The decrease in expenditures is due to the convention center being completed during the year.

#### **Debt Service**

Total debt service expenditures increased by \$91,571 or 1.9%. No new debt was issued in FY 2019.

#### FUND BALANCE

Combined fund balance for all of the governmental funds decreased \$5,303,626 from \$36,139,961 to \$30,836,335. Fund balances by fund type are discussed below.

#### **General Fund**

The revenues and other financing sources (uses) totaled \$42,225,726 while expenditures totaled \$42,136,263. The net effect is an increase in the general fund balance of \$89,463. The fund balance as of September 30, 2019 is \$20,789,727.

#### **Special Revenue Funds**

The combined fund balance of other governmental funds increased from \$6,345,692 to \$7,850,723 or \$1,505,031. The increase is largely attributable to an increase in revenues over expenditures in the Hotel/Motel Occupancy Tax fund and transfers that are in excess of expenditures in the Air Service Development Program fund.

#### **Debt Service Fund**

The Debt Service fund balance is \$1,075,321 which is an increase of \$155,242 from prior year. The fund balance represents 32.0% 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 \$(7,053,362). The Capital Project fund balance decrease is a result of the construction of the Harlingen Convention Center.

## **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 \$477,030 or 5.1 % over the prior year. Operating expenses increased by \$210,931 or 2.7% over the prior year. In FY 2019, the sanitation fund had nonoperating revenues of \$262,858. After net transfers out of \$(570,083), the net increase in net position for the year was \$1,601,864.

#### **Municipal Golf Course Fund**

Operating revenues decreased by \$63,264 or 7.4% over the prior year. Operating expenses increased by \$62,320 or 5.2% over the prior year. The net loss for the year was \$(223,731) which includes depreciation expenses of \$91,538.

#### **Municipal Auditorium Fund**

Operating revenues decreased by \$6,784 or 3.0% over the prior year. Operating expenses decreased by \$30,144 or 5.6% over the prior year. The net loss for the year was \$(170,880) which includes net transfers in of \$115,000 and depreciation expense of \$175,513.

## Harlingen Arts and Heritage Museum Fund

Operating revenues increased by \$2,964 or 102.9% over the prior year. Operating expenses increased by \$5,979 or 5.1% over the prior year. Net loss for the year was \$(28,539) which includes net transfers in of \$90,000 and depreciation expense of \$11,054.

## **Internal Service Funds**

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

## Motor Vehicle/Warehouse Fund

The motor vehicle warehouse fund includes activity for internal services and the vehicle replacement fund. Operating revenues increased by \$57,396 or 1.7% over the prior year. Operating expenses decreased by \$142,204 or 3.7% over the prior year. The net decrease in net position for the year was \$(214,486).

## 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 decreased by \$104,520 or 2.3% and operating expenses decreased by \$101,649 or 2.2%. The net loss for the year is \$(18,257). 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 \$144,714,995 in capital assets.

		Governmenta	al /		Total Primary Government							
		2019		2018		2019		2018		2019		2018
Land	\$	9,844,895	\$	9,518,694	\$	467,083	\$	467,083	\$	10,311,978	\$	9,985,777
Construction in progress		1,042,484		7,637,572		-		14,890		1,042,484		7,652,462
Building		37,731,296		23,724,690		2,919,146		3,048,746		40,650,442		26,773,436
Improvements other than building		11,820,894		12,674,988		793,802		1,013,016		12,614,696		13,688,004
Machinery and equipment		10,565,925		10,606,769		2,555,625		1,724,814		13,121,550		12,331,583
Infrastructure		66,973,845		70,817,403		-		-		66,973,845		70,817,403
Total	\$	137,979,339	\$	134,980,116	\$	6,735,656	\$	6,268,549	\$ :	144,714,995	\$	141,248,665

#### **CAPITAL ASSETS NET OF DEPRECIATION**

For more detailed information on capital asset activity, refer to Note 5 of financial statements beginning on page 94.

## Non-current obligations

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41,055,000 \$

At the end of the fiscal year, the City had \$41,055,000 in bonds and certificates of obligation outstanding, as shown on the following table.

	Governmental	Activities	Business-	Type Activities		Total Primary Go	vernment
	2019	2018	2019	2018		2019	2018
General Obligation debt							
(backed by City)	\$ 22,685,000 \$	25,190,000 \$	-	\$	- \$	22,685,000 \$	25,190,000
Certificates of Obligation	18,370,000	19,090,000	-		-	18,370,000	19,090,000

44,280,000 \$

## OUTSTANDING DEBT AT YEAR END

- \$

- Ś

41,055,000 \$

44,280,000

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 100.

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

During the budget process for fiscal year 2019-2020 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. As a result of the many discussions and budget workshops, the tax rate increased to 0.630000 from 0.588827. Fiscal year 2020 general fund revenues were budgeted conservatively with a total increase of \$2,442,874 over fiscal year 2019 budgeted revenues. General fund budgeted expenditures for fiscal year 2020 increased by \$636,419 from fiscal year 2019 budgeted expenditures.

## 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.

# **BASIC FINANCIAL STATEMENTS**

# City of Harlingen, Texas Statement of Net Position

# September 30, 2019

	Pr	imary Government		
	 Governmental	Business-type		Component
	Activities	Activities	Total	Units
Asset				
Cash and cash equivalents	\$ 2,399,336 \$	735,072 \$	3,134,408 \$	15,242,653
Investments - other	34,546,244	8,257,339	42,803,583	31,185,260
Investments - fair value	-	-	-	248,020
Receivables, net	3,452,975	169,128	3,622,103	4,070,050
Due from component units	-	58,984	58,984	-
Due from other government	1,509,160	-	1,509,160	995,553
Internal balances	813,048	(813,048)	-	-
Inventories	117,400	11,637	129,037	555,714
Prepaid items and deposits	247,269	102,390	349,659	335,647
Restricted assets:				
Temporarily restricted				
Cash and cash equivalents - rest.	-	41,602	41,602	3,151,682
Investments - rest.	137,141	-	137,141	4,130,352
Loans receivable	1,764,548	-	1,764,548	402,387
Redevelopment properties	-	-	-	1,847,816
Capital assets, net				
Non-depreciable assets	10,887,379	467,083	11,354,462	23,787,065
Depreciable assets	127,091,960	6,268,573	133,360,533	148,602,327
Total assets	182,966,460	15,298,760	198,265,220	234,554,526
Deferred outflows of resources				
Deferred charge on refunding	550,482	-	550,482	171,819
OPEB - retiree healthcare	332,655	6,789	339,444	685,604
OPEB - supplemental death benefits	81,926	1,672	83,598	
Retirement pensions - Municipal pension	5,102,205	104,128	5,206,333	2,668,855
Retirement pensions - Firemen's	11,552,783	-	11,552,783	
Total deferred outflows of resources	17,620,051	112,589	17,732,640	3,526,278
Total assets and deferred				
outflows of resources	\$ 200,586,511 \$	15,411,349 \$	215,997,860 \$	238,080,804

# City of Harlingen, Texas Statement of Net Position

# September 30, 2019

	F			
	Governmental	Business-type		Component
	Activities	Activities	Total	Units
Liabilities				
Accounts payable	\$ 2,690,593	\$ 139,816 \$	2,830,409 \$	2,127,566
Accrued expenses	1,158,150	115,674	1,273,824	117,138
Accrued interest	1,614,955	-	1,614,955	1,234,733
Due to primary government	1,014,000	_	1,014,555	58,984
Other liabilities	853,073	134,758	987,831	1,052,532
Unearned revenue	1,155,891	10,119	1,166,010	1,081,410
Escrow liabilities	489,056	10,119	489,056	1,001,410
Due within one year	-05,050		405,050	
Bonds payable	3,360,000	_	3,360,000	2,895,757
Capital lease	179,149	-	179,149	2,093,737
•	•	-		425 000
Notes payable	70,000	-	70,000	425,000
Compensated absences	900,000	65,000	965,000	633,000
Payable from restricted assets Due in more than one year	-	-	-	365,000
	20 204 720		20 204 726	42 4 42 420
Bonds payable	39,204,736	-	39,204,736	42,143,429
Capital lease	515,496	-	515,496	4 007 001
Notes payable	3,239,635	-	3,239,635	1,937,985
Compensated absences	3,510,444	269,454	3,779,898	501,099
Payable from restricted assets	-	-	-	2,450,577
Estimated liability for landfill postclosure	-	1,424,220	1,424,220	
OPEB liability - retiree health plan	4,620,934	94,306	4,715,240	10,508,238
OPEB liability - supplemental death benefits	1,375,964	28,082	1,404,046	582,888
Municipal net pension liability	8,057,865	164,447	8,222,312	1,401,611
Firemen's net pension liability	19,906,516	-	19,906,516	
Total liabilities	92,902,457	2,445,876	95,348,333	69,516,947
Deferred inflows of resources				
Municipal pension	149,458	3,050	152,508	1,079,114
Supplemental Death Benefits	58,314	1,190	59,504	2)070)22
OPEB - Retiree health care	131,397	2,682	134,079	483,346
Firemen's pension	14,758,842	_,	14,758,842	
Total deferred inflows of resources	15,098,011	6,922	15,104,933	1,562,460
NET POSITION		6 705 656		
Net investment in capital assets	96,097,057	6,735,656	102,832,713	122,818,423
Restricted for:				
Capital Projects	723,959	-	723,959	
Debt Service	1,075,321	-	1,075,321	4,181,363
Economic development	1,389,484	-	1,389,484	
Tourism	1,237,155	-	1,237,155	
State and federal grants	209,965	-	209,965	
Other	911,446	-	911,446	
Unrestricted	(9,058,344)	6,222,895	(2,835,449)	40,001,613
Total net position	92,586,043	12,958,551	105,544,594	167,001,397
Total liabilities, deferred inflows				
of resources and net position	\$ 200,586,511	\$ 15,411,349 \$	215,997,860 \$	238,080,804

# City of Harlingen, Texas Statement of Activities

# Year ended September 30, 2019

					Pro	ogram Revenues					pense) Revenue a ges in Net Positio		
									I	Prim	ary Government		
Functions/Programs		Expenses		Charges for Services		Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities		Business-type Activities	Total	Component Units
Governmental activities:		•											
General government	\$	7,256,971	\$	1,582,976	\$	1,817,692	\$ 94,551	\$	(3,761,752)	\$	-	\$ (3,761,752)	\$ -
Public safety		30,539,817		2,513,247		600,767	-		(27,425,803)		-	(27,425,803)	-
Highways and streets		7,241,780		365,936		633,159	-		(6,242,685)		-	(6,242,685)	-
Health and welfare		1,327,436		12,998		494,293	86,571		(733,574)		-	(733,574)	-
Community and economic development		4,981,305		729,267		-	648,207		(3,603,831)		-	(3,603,831)	-
Culture and recreation		7,294,692		596,246		17,543	606,886		(6,074,017)		-	(6,074,017)	-
Interest		1,327,339		-		-	-		(1,327,339)		-	(1,327,339)	-
Total governmental activities		59,969,340		5,800,670		3,563,454	1,436,215		(49,169,001)		-	(49,169,001)	-
Business-type activities:		8,023,251		0 022 201							1,810,140	1,810,140	
Sanitation services				9,833,391		-	-		-				-
Golf course services		1,269,646		791,264		-	-		-		(478,382)	(478,382)	-
Auditorium services		508,307		219,883		-	-		-		(288,424)	(288,424)	-
Museum services		137,895		5,984		-	 -		-		(131,911)	(131,911)	 -
Total business-type activities		9,939,099		10,850,522		-	-		-		911,423	911,423	-
Total primary government	\$	69,908,439	\$	16,651,192	\$	3,563,454	\$ 1,436,215	=	(49,169,001)		911,423	(48,257,578)	-
Component Units													
Economic development services		5,864,379		665,789		-	1,892						(5,196,698)
Community improvement services		1,756,202		492,500		-	-						(1,263,702)
Water and sewer services		19,483,880		20,448,188		-	518,817						1,483,125
Airport services		12,048,679		7,053,147		-	7,723,165	_					 2,727,633
Total component units	\$	39,153,140	\$	28,659,624	\$	-	\$ 8,243,874	=					 (2,249,642)
	Gei	neral revenues:	:										
	Т	axes:							45 9 69 995			45 959 995	
				evied for gener					15,269,035 4,092,110		-	15,269,035 4,092,110	-
			es, ie	evied for debt	servi	Le					-		-
		Sales taxes Franchise ta	voc						19,199,840		-	19,199,840	6,377,025
									3,258,465		-	3,258,465	-
		Hotel motel							1,176,685		-	1,176,685	-
		Mixed bever		laxes					208,273		-	208,273	-
		Assessments		ont oarning-					1,731,379		100 507	1,731,379	- 1 034 073
		Inrestricted inv Iiscellaneous	esim	ient earnings					693,991 217,282		199,587 186,374	893,578 403,656	1,034,072 1,786,558
			اء م <b>ا</b>										
		iain (loss) on sa nsfers	ie of	035612					62,328 183,294		64,624 (183,294)	126,952	995,014
	ifa	Total genera	l rev	enues					46,092,682		267,291	46,359,973	 10,192,669
			1160	CIUCS									7,943,027
			no+	nosition									
	Net	Change in		•					(3,076,319) 95 662 362		1,178,714 11 779 837	(1,897,605) 107 442 199	
		Change in t positionbegi	nnin	g					(3,076,319) 95,662,362		1,178,714 11,779,837	(1,897,605) 107,442,199	155,549,837
	Prio	Change in	nnin <sub>i</sub> tmer	g nt									

# City of Harlingen, Texas Balance Sheet - Governmental Funds

	General	Capital Projects Bond Cert. of Obligation		Other Governmental	Total Governmenta
	Fund	2016	Other Grants	Funds	Funds
Assets					
Cash and cash equivalents	\$ -	\$ 637,066	\$ 902,697	\$ 3,893,321	\$ 5,433,084
Investments - other	19,540,600	992,578	-	6,530,688	27,063,866
Receivables (net of allowance for					
uncollectibles)					
Taxes	828,675	-	-	306,041	1,134,716
Accounts	800,804	54,848	374,874	658,954	1,889,480
Assessments	-	-	-	161,293	161,293
Due from other governments	1,509,367	-	-	249,844	1,759,211
Due from other funds	1,347,498	-	-	-	1,347,498
Loans receivable	189,561	-	-	1,574,987	1,764,548
Prepaid items	221,518	-	-	436	221,954
Restricted assets:					
Investments - other	137,141	-	-	-	137,141
Total assets	\$ 24,575,164	\$ 1,684,492	\$ 1,277,571	\$ 13,375,564	\$ 40,912,791
Liabilities					
Accounts payable	\$ 593,746	\$ 1,280,259	\$ 40,717	\$ 754,968	\$ 2,669,690
Accrued expenditures	1,082,778	-	33,181	22,807	1,138,766
Escrow liabilities	307,898	-	-	181,158	489,056
Other liabilities	665,329	-	30,976	19,627	715,932
Customer deposits	137,141	-	-	-	137,141
Due to other funds	122,833	-	-	346,617	469,450
Unearned revenue	-	-	1,125,091	30,800	1,155,891
Total liabilities	2,909,725	1,280,259	1,229,965	1,355,977	6,775,926
Deferred inflows of resources	707.000			201 625	1 000 001
Unavailable revenue - property taxes	787,066	-	-	281,625	1,068,691
Unavailable revenue - payments in lieu of	22.000				22.000
taxes	23,088	-	-	-	23,088
Unavailable revenue - special assessments	-	-	-	18,280	18,280
Unavailable revenue - noncurrent receivables	-	-	47,606	1,574,987	1,622,593
Unavailable revenue - other	65,558	-	86,571	415,749	567,878
Total deferred inflows of resources	875,712	-	134,177	2,290,641	3,300,530
Fund balances					
Nonspendable	221,518	_	-	436	221,954
Restricted		404,233	-	6,191,402	6,595,635
Committed	-		-	3,010,076	3,010,076
Assigned	428,246	-	-		428,246
Unassigned	20,139,963	-	(86,571)	527,032	20,580,424
Total fund balances	20,789,727	404,233	 (86,571)	 9,728,946	 30,836,335
	20,703,727	+0+,233	(00,571)	5,720,540	30,030,333
Total liabilities, deferred inflows					
	24,575,164	1,684,492	1,277,571	13,375,564	40,912,791

# City of Harlingen, Texas Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position

September 30, 2019	_	
Fund balances total governmental funds	\$	30,836,335
Amounts reported for governmental activities in the statement of net position 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 \$311,124,213 net of accumulated depreciation totaling \$(178,266,346). Not included in this amount are internal service funds capital assets of \$22,352,627 and accumulated depreciation of \$(17,231,155).		132,857,867
Other long-term assets are not available to pay for current period expenditures and are unavailable in the governmental funds which include payments in lieu of taxes \$23,088, special assessments \$18,280, noncurrent receivables \$1,622,593 and other long-term unavailable revenues - other \$567,878.		2,231,839
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 governmental funds.		1,068,691
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.		9,474,699
Deferred amounts on refundings are deferred outflows of resources and, therefore, are not reported in the funds.		550,482
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.		(1,509,736)
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 exclude internal service fund liabilities of \$58,715. The internal service long-term liabilities are not a reconciling item.		(49,411,009)
Included in the noncurrent liability is the recognition of the City's OPEB liability required by GASB Cod. Sec. P52, in the amount of \$(4,620,934) and \$(1,375,964) for the retiree health care plan and the supplemental death benefits fund, respectively and deferred outflows and inflows of resources totaling \$332,655 and \$81,926, \$(131,397) and \$(58,314) for the retiree health care plan and the supplemental death benefits fund, respectively. These amounts include internal service funds deferred outflows of resources \$(3,431) and \$(845) for the retiree health care plan and the supplemental death benefits fund, respectively and include OPEB liabilities of \$47,657 and \$14,190 for the retiree health care plan and the supplemental death benefits fund, respectively. It also includes the internal service deferred inflows of resources in the amount of \$602 and \$1,355, which resulted in a decrease in net position of \$(5,712,500).		(5,712,500)
Included in the noncurrent liability is the recognition of the City's net pension liability required by GASB Cod. Sec P20, Pension Activities, in the amount of \$(8,057,865) and \$(19,906,516) for the municipal pension and the firemen's pension, respectively; a deferred inflows of resources for the municipal pension in the amount of \$(149,458); and deferred inflows of resources totaling of \$(14,758,842), for the firemen's pension; \$5,102,205 and \$11,552,783 in deferred outflows of resources for the municipal pension and firemen's pension, respectively. These amounts include internal service funds deferred inflows of resources of \$(52,620) and net pension liability totaling \$83,102 which resulted in an decrease in net position by \$(26,185,670).		(26,185,670)
Interest on long-term debt payable is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(1,614,955)
	ć	
Net position of governmental activities	\$	92,586,043

# City of Harlingen, Texas Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

	Year ended S	eptember 30, 2	019		
		Capital Projects			
		Bond Cert. of		Other	Total
	General	Obligation		Governmental	Governmenta
	Fund	2016	Other Grants	Funds	Funds
Revenues					
Property taxes - including penalty and					
interest	\$ 15,267,137 \$	- \$	- \$	, , ,	
Nonproperty taxes	22,728,278	-	-	1,493,548	24,221,826
Assessments	-	-	-	1,522,083	1,522,083
Fines and forfeitures	1,059,835	-	-	88,968	1,148,803
Licenses and permits	690,991	-	-	-	690,991
Charges for services	1,327,675	-	-	373,762	1,701,437
Intergovernmental	1,347,063	568,207	1,363,734	3,097,534	6,376,538
Contributions and donations	94,551	-	401,687	-	496,238
Miscellaneous	192,553	-	60,445	135,063	388,061
Interest and investment income	547,187	72,215	-	208,008	827,410
Total revenues	43,255,270	640,422	1,825,866	10,996,735	56,718,293
Expenditures					
Current					
General government	5,818,350	-	-	65,000	5,883,350
Public safety	23,697,616	-	1,079,089	157,513	24,934,218
Highways and streets	3,410,491	-	115,428	2,399,445	5,925,364
Health and welfare	883,373	-	202,543	-	1,085,916
Community and economic					
development	1,818,633	-	-	2,244,435	4,063,068
Culture and recreation	5,046,136	51,742	237,134	568,660	5,903,672
Capital outlay	1,259,425	7,581,019	428,966	320,345	9,589,755
Debt service					
Principal	180,216	-	-	3,295,000	3,475,216
Interest	22,023	-	-	1,471,451	1,493,474
Total expenditures	42,136,263	7,632,761	2,063,160	10,521,849	62,354,033
Excess of revenues over expenditures	1,119,007	(6,992,339)	(237,294)	474,886	(5,635,740)
Other financing sources (uses)					
Transfers in	2,114,996	-	150,723	2,775,067	5,040,786
Transfers out	(3,200,736)	-	, -	(1,570,264)	(4,771,000
Sale of capital assets	56,196	-	-	6,132	62,328
Total other financing sources (uses)	(1,029,544)	-	150,723	1,210,935	332,114
Net change in fund balances	89,463	(6,992,339)	(86,571)	1,685,821	(5,303,626
Fund balance, beginning of year	20,700,264	7,396,572	(00,071)	8,043,125	36,139,961
i unu balance, beginning ur year	20,700,204	1,550,572	2	0,0+0,120	30,139,901

# City of Harlingen, Texas Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Government-Wide Statement of Activities

Net change in fund balances total governmental funds	\$ (5,303,626)
Amounts reported for governmental activities in the statement of activities are different because:	
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 capital outlay of \$9,851,351 exceeded depreciation expense of \$(6,718,916) in the current	
period. Reconciling amounts exclude internal service funds capital asset additions totaling \$1,239,407 and depreciation in the amount of \$(1,306,501).	3,132,435
Proceeds from the sale of capital assets are recognized as revenue in the fund financial statements. The statement of activities recognizes the difference in proceeds received less net book value.	(50,957)
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	(234,511)
Property tax revenues in the statement of activities do not provide current financial resources and are not reported as revenues in the funds.	165,440
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	(232,743)
Repayment of bond and notes payable and capital lease payments is a debt service expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement of net position.	3,476,022
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 \$(64,736) was calculated for long term debt. Also, any changes in compensated absences \$630,234, during the year are reported as an increase or decrease to expenses in the statement of activities but not in the governmental funds.	565,498
Governmental funds report the effect premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of the amortization of premiums, discounts \$370,541.	370,541
The deferred charge on the refunding of bonds is not recognized in the fund statements. This is the change during the year.	(139,670)
GASB Cod. Sec. P52, requires that certain fund expenditures be de-expended and recorded as deferred resource outflows on the government-wide statements. These contributions made after the measurement date of December 31, 2018 caused the change in ending net position to increase in the amount of \$188,366 and \$22,374 for the retiree health care plan and the supplemental death benefits, respectively. 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 decrease in the change in net position totaling \$(156,356) and \$(21,324) for the retiree health care plan and supplemental death benefits, respectively. The City's reported net OPEB expense had to be recorded. The net OPEB expense increased/(decreased) the change in net position by \$(486,132) and \$(66,348) for the retiree health care plan and the supplemental death benefits, respectively. The city's reported net OPEB expense increased/(decreased) the change in net position by \$(486,132) and \$(66,348) for the retiree health care plan and the supplemental death benefits, respectively. The city's reported net OPEB expense in the change in net position by \$(486,132) and \$(66,348) for the retiree health care plan and the supplemental death benefits, respectively. The city's reported net OPEB expense had to be recorded. The net OPEB expense increased/(decreased) the change in net position by \$(486,132) and \$(66,348) for the retiree health care plan and the supplemental death benefits, respectively. The result of these changes is to (decrease) the change in net position by \$(519,420).	(519,420)
GASB Cod. Sec. P20, Pension Activities requires that certain fund expenditures be de-expended and recorded as deferred resource outflows on the government-wide statements. These contributions made after the measurement date of December 31, 2018 for TMRS and September 30, 2018 for the Firemen's Relief and Retirement fund caused the change in ending net position to increase in the amount of \$673,472 and \$1,032,488, respectively. 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 decrease in change in net position totaling \$(736,669) and \$(1,926,732) for the TMRS pension and Firemen's pension respectively. The City's reported TMRS net pension expense had to be recorded. The net pension expense decreased the change in net position by \$(1,561,933) for TMRS and increased the change in net position by \$(1,785,954) from	
the firemen's pension. The result of these changes is to increase the change in net position by \$(4,305,328)	 (4,305,328)
Change in net position of governmental activities	\$ (3,076,319)

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# City of Harlingen, Texas Proprietary Funds Combining Statement of Net Position

# September 30, 2019

				1	Rusin	ess-type Activiti	es				G	overnmental Activities
	Sani Fu			Municipal Golf Course Fund	Jusin	Municipal Auditorium Fund		Harlingen Arts and Heritage Museum Fund		Total		Internal Service Funds
Assets		i ullu		i unu		1 dild		1 dild		Total		Tunus
Current assets												
Cash and cash equivalents	\$	615,921	Ś	-	\$	75,848	\$	43,303	Ś	735,072	Ś	1,270,612
Investments - other	·	8,257,339	•	-		-		-		8,257,339		3,178,018
Accounts receivables												
(net of allowances for uncollectibles)		160,983		3,724		4,389		32		169,128		17,435
Inventories		-		11,637		-		-		11,637		117,400
Prepayments		35,675		-		54,727		11,988		102,390		25,315
Due from component units		58,984		-		-		-		58,984		-
Restricted assets:												
Cash and cash equivalents		-		-		36,495		5,107		41,602		-
Total current assets		9,128,902		15,361		171,459		60,430		9,376,152		4,608,780
Non-current assets Capital assets												
Land		417,587		49,496		-		-		467,083		-
Plant and equipment		6,636,597		3,909,214		4,800,679		223,538		15,570,028		22,352,627
Accumulated depreciation		(2,188,600)		(3,231,334)		(3,716,292)		(165,229)		(9,301,455)		(17,231,155)
Total capital assets												
(net of accumulated depreciation)		4,865,584		727,376		1,084,387		58,309		6,735,656		5,121,472
Total non-current assets		4,865,584		727,376		1,084,387		58,309		6,735,656		5,121,472
Total assets		13,994,486		742,737		1,255,846		118,739		16,111,808		9,730,252
Deferred outflows of resources												
OPEB - retiree healthcare		4,054		2,146		589		-		6,789		3,431
OPEB - supplemental death benefits		999		528		145		-		1,672		845
Retirement pensions		62,182		32,913		9,033		-		104,128		52,620
Total deferred outflows of resources		67,235		35,587		9,767		-		112,589		56,896
Total asset and deferred												
outflows of resources	\$	14,061,721	\$	778,324	\$	1,265,613	\$	118,739	\$	16,224,397	\$	9,787,148

# City of Harlingen, Texas Proprietary Funds Combining Statement of Net Position

# September 30, 2019

	_	Business-type Activities										overnmental Activities
		Sanitation Fund		Municipal Golf Course Fund		Municipal Auditorium Fund		Harlingen Arts and Heritage Museum Fund		Total		Internal Service Funds
Liabilities												
Current liabilities												
Accounts payable	\$	147,356	\$	25,446	\$	10,140	\$	10,738	\$	193,680	\$	20,903
Customer deposits		-		1,014		36,495		5,107		42,616		-
Due to other funds		-		813,048		-		-		813,048		65,000
Compensated absences		63,000		2,000		-		-		65,000		-
Accrued expenses		126,375		21,932		3,479		2,166		153,952		19,384
Unearned revenues		-		-		10,119		-		10,119		-
Total current liabilities		336,731		863,440		60,233		18,011		1,278,415		105,287
Non-current liabilities												
Compensated absences		175,547		66,124		20,532		7,251		269,454		58,715
OPEB liability - retiree health care		56,316		29,809		8,181		-		94,306		47,657
OPEB liability - supplemental death benefits		16,769		8,877		2,436		-		28,082		14,190
Net pension liability		98,203		51,979		14,265		-		164,447		83,102
Estimated liability for landfill postclosure costs		1,424,220		-		-		-		1,424,220		-
Total non-current liabilities		1,771,055		156,789		45,414		7,251		1,980,509		203,664
Total liabilities		2,107,786		1,020,229		105,647		25,262		3,258,924		308,951
Deferred inflows of resources												
Supplemental death benefits		711		376		103		-		1,190		602
OPEB - retiree healthcare		1,601		848		233		-		2,682		1,355
Retirement pensions		1,821		964		265		-		3,050		1,541
Total deferred inflows of resources		4,133		2,188		601		-		6,922		3,498
Net position												
Net investment in capital assets		4,865,584		727,376		1,084,387		58,309		6,735,656		5,121,472
Unrestricted		7,084,218		(971,469)		74,978		35,168		6,222,895		4,353,227
Total net position		11,949,802		(244,093)		1,159,365		93,477		12,958,551		9,474,699
Total liabilities, deferred inflows of	ć	44.064.704	ć	770 224	ć	4 265 642	ć	440 700	ć	46 224 207	¢	0 707 4 40
resources and net position	\$	14,061,721	\$	778,324	\$	1,265,613	\$	118,739	\$	16,224,397	\$	9,787,148

# City of Harlingen, Texas Proprietary Funds Combining Statement of Revenues, Expenses and Changes in Net Position

				D	icin	ess-type Activi	tion				Go	overnmental Activities
				Ы	usini	ess-type Activi		Harlingen Arts				Activities
		Sanitation Fund		Municipal Golf Course Fund		Municipal Auditorium Fund		and Heritage Museum Fund		Totals		Internal Service Funds
Operating revenues		i unu		i uliu		T difu		1 dild		Totals		T unus
Charges for services												
Current use charges	\$	9,907,158	Ś	-	\$	-	\$	-	Ś	9,907,158	\$	7,903,487
Golf course fees and charges	Ŧ		Ŧ	791,264	Ŧ	-	Ŧ	-	Ŧ	791,264	Ŧ	- , ,
Rental income		-				219,883		-		219,883		-
Admissions		-		-				5,844		5,844		-
Total operating revenues		9,907,158		791,264		219,883		5,844		10,924,149		7,903,487
Operating expenses												
Personnel services		2,189,136		657,046		99,464		52,895		2,998,541		416,669
Contracted services		1,587,496		134,556		196,669		29,248		1,947,969		4,598,287
Materials and supplies		148,985		316,537		8,712		4,747		478,981		1,793,448
Other expenses		3,532,419		69,969		27,949		25,061		3,655,398		29,262
Depreciation and amortization		540,033		91,538		175,513		11,054		818,138		1,306,501
Total operating expenses		7,998,069		1,269,646		508,307		123,005		9,899,027		8,144,167
Operating income (loss)		1,909,089		(478,382)		(288,424)		(117,161)		1,025,122		(240,680)
Nonoperating revenues												
Interest revenue		196,250		-		2,456		881		199,587		91,242
Gain (loss) on sale/disposal of capital assets		34,835		4,571		36		(14,890)		24,552		(8)
Insurance recovery		28,271		-		-		-		28,271		-
Miscellaneous revenue		3,502		68,291		52		12,631		84,476		3,195
Total nonoperating revenues		262,858		72,862		2,544		(1,378)		336,886		94,429
Income (loss) before operating transfers		2,171,947		(405,520)		(285,880)		(118,539)		1,362,008		(146,251)
Transfers and capital contributions												
Transfers in		841,442		181,789		115,000		90,000		1,228,231		754,950
Transfers out		(1,411,525)		-		-,				(1,411,525)		(841,442)
Total transfers and capital contributions		(570,083)		181,789		115,000		90,000		(183,294)		(86,492)
Net income (loss)		1,601,864		(223,731)		(170,880)		(28,539)		1,178,714		(232,743)
Net position, beginning of year		10,347,938		(20,362)		1,330,245		122,016		11,779,837		9,707,442
Net position, end of year	\$	11,949,802	\$	(244,093)	\$	1,159,365	\$	93,477	\$	12,958,551	\$	9,474,699

Year ended September 30, 2019

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# City of Harlingen, Texas Proprietary Funds Combining Statement of Cash Flows

Year Ended September 30, 2019

	Business-type Activities								
				Harlingen Arts			Activities		
		Municipal	Municipal	and Heritage			Internal		
	Sanitation	Golf Course		Museum			Serivce		
	Fund	Fund	Fund	Fund	Totals		Funds		
Cash flows from operating activities									
Receipts from customers	\$ 9,907,762	\$ 859,552	\$ 212,443	\$ 18,475	\$ 10,998,232	\$	7,907,594		
Payments to suppliers	(5,243,409)	(346,849)	(280,620)	(66,566)	(5,937,444)		(6,394,974		
Payments to employees	(2,405,502)	(699,920)	(100,483)	(58,975)			(391,627		
Net cash provided by (used in) operations	2,258,851	(187,217)	(168,660)	(107,066)	1,795,908	_	1,120,993		
Cash flows from (to) noncapital financing activities									
Transfers to other funds	(1,411,525)	-	-	-	(1,411,525)		754,950		
Transfers from other funds	841,442	181,789	115,000	90,000	1,228,231		(841,442		
Proceeds from insurance recoveries	28,271	-	-	-	28,271				
Net cash provided by (used in) noncapital financing activities	(541,812)	181,789	115,000	90,000	(155,023)	_	(86,492		
Cash flows from capital and related financing activities									
Proceeds from sale of capital assets	34,834	4,571	-	-	39,405		-		
Purchase of capital assets	(1,294,830)	-	(5,269)	-	(1,300,099)		(1,239,415		
Net cash provided by (used in) capital and related financing activities	(1,259,996)	4,571	(5,269)	-	(1,260,694)	_	(1,239,415		
Cash flows from investing activities									
Purchase of investments	(980,579)	-	-	-	(980,579)		(1,063,039		
Proceeds from sale of investments	-	-	-	58,241	58,241				
Interest received	196,250	-	2,456	881	199,587		91,242		
Net cash provided by (used in) investing activities	(784,329)	-	2,456	59,122	(722,751)	_	(971,797		
Net increase (decrease) in cash and cash equivalents	(327,286)	(857)	(56,473)	42,056	(342,560)		(1,176,711		
Cash and cash equivalents, beginning of year	943,207	857	168,816	6,354	1,119,234		2,447,323		
Cash and cash equivalents, end of year	\$ 615,921	\$ -	\$ 112,343	\$ 48,410	\$ 776,674	\$	1,270,612		

# City of Harlingen, Texas Proprietary Funds Combining Statement of Cash Flows

Year Ended September 30, 2019

		В	usiness-type Ac	tivities		Go	overnmental Activities
				Harlingen Arts		·	
		Municipal	Municipal	and Heritage			Internal
	Sanitation	Golf Course	Auditorium	Museum			Serivce
	Fund	Fund	Fund	Fund	Totals		Funds
Reconciliation of operating income to net cash provided							
by operating activities:							
Operating income (loss)	\$ 1,909,089	\$ (478,382)	\$ (288,424)	\$ (117,161) \$	1,025,122	\$	(240,680)
Adjustments to reconcile net income from operations to net							
cash from operating activities							
Depreciation and amortization	540,033	91,538	175,513	11,054	818,138		1,306,501
Other revenue received	3,502	68,291	52	12,631	84,476		3,195
(Increase) decrease in receivables	(5,927)	(3)		-	(5,930)		649
(Increase) decrease in prepaid items	(35,675)	-	(54,726)	(11,988)	(102,389)		(25,315
(Increase) decrease in due from component units	3,029	-	-	-	3,029		263
(Increase) decrease in inventories	-	9,343	-	-	9,343		61,377
(Increase) decrease in deferred outflows of resources	(47,813)	(25,308)	(6,947)	-	(80,068)		(39,692
Increase (decrease) in accounts payable	(19,020)	(675)	38,313	4,156	22,774		(10,039
Increase (decrease) in due to other funds	-	166,262	-	-	166,262		-
Increase (decrease) in accrued expenses	55,004	(717)	(30,877)	322	23,732		7,296
Increase (decrease) in net pension liability	91,498	48,430	13,291	-	153,219		77,428
Increase (decrease) net other post employment benefit obligations	(224,481)	(59,962)	(4,261)	(6,919)	(295,623)		(202
Increase (decrease) in compensated absences	(13,821)	(7,147)	55	839	(20,074)		-
Increase (decrease) in unearned revenues	-	-	(7,492)	-	(7,492)		-
Increase (decrease) in deferred inflows of resources	(21,749)	1,113	(3,157)	-	(23,793)		(19,788
Increase (decrease) in estimated liability for landfill closure							
and post closure costs	25,182	-	-	-	25,182		-
Total adjustments	349,762	291,165	119,764	10,095	770,786		1,361,673
Net cash provided by (used in) operations	\$ 2,258,851	\$ (187.217)	\$ (168,660)	\$ (107,066) \$	1,795,908	Ś	1,120,993

# City of Harlingen, Texas Fiduciary Fund Harlingen Firemen's Relief and Retirement Fund Statement of Fiduciary Net Position

September 30, 2	2019	
		Pension Trust Fund
Assets		
Cash and cash equivalents	\$	20,313
Investments, at fair value:		
Investments, at fair value		33,703,845
Accounts receivable		49
Total assets		33,724,207
Liabilities		
Accounts payable		11,282
Net position restricted for pensions	\$	33,712,925

September 30, 2019

# City of Harlingen, Texas Fiduciary Fund Harlingen Firemen's Relief and Retirement Fund Statement of Changes in Fiduciary Net Position

	Pension Trust Funds
Investment income	
Net appreciation (depreciation) in fair value of investments	\$ (704,983)
Other	2,700
Interest	2,514,305
Total investment income	1,812,022
Less investment expense	(247,034)
Net investment income	1,564,988
Contributions	
Employer	1,032,488
Plan member	972,985
Total contributions	2,005,473
Total additions	3,570,461
Deductions	
Benefits	2,219,194
Refunds of contributions	505,303
Administrative expense	36,863
Total deductions	2,761,360
Net change in plan net position	809,101
Net position held in trust for pension benefits	
Beginning of year	32,903,824
End of year	\$ 33,712,925

Year ended September 30, 2019

# City of Harlingen, Texas Component Units Combining Statement of Net Position

# September 30, 2019

		Harlingen Economic Development Corporation		Harlingen Community Improvement Board		Harlingen Waterworks System		Valley International Airport		Total
Assets		•						•		
Current assets										
Cash and cash equivalents	\$	2,069,847	\$	6,302,874	\$	5,131,230	\$	1,738,702	\$	15,242,653
Investments - other		6,819,607		-		23,128,351		1,237,302		31,185,260
Investments - fair value		-		-		-		248,020		248,020
Receivables (net of allowances for uncollectible)										
Accounts		114,512		810		2,115,626		640,958		2,871,906
Grants		-		-		-		1,186,783		1,186,783
Interest		-		-		11,361		-		11,361
Due from other governments		377,290		618,263		-		-		995,553
Prepaid items		25,526		-		13,000		297,121		335,647
Inventories		-		-		555,714		-		555,714
Restricted assets:										
Cash and cash equivalents		-		-		3,151,682		-		3,151,682
Investments		-		-		4,130,352		-		4,130,352
Total current assets		9,406,782		6,921,947		38,237,316		5,348,886		59,914,931
Capital assets Non-depreciable assets Depreciable assets		4,294,807 36,698,766		-		7,824,901 184,908,564		11,667,357 154,912,124		23,787,065 376,519,454
Accumulated depreciation		(8,876,563)		-		(120,444,917)		(98,595,647)		(227,917,127)
		(-//				()		(,,,		(/
Total capital assets, net		32,117,010		-		72,288,548		67,983,834		172,389,392
Non-current loans receivable		402,387		-		-		-		402,387
Redevelopment properties		1,847,816		-		-		-		1,847,816
Total other noncurrent assets		2,250,203		-		-		-		2,250,203
Total assets		43,773,995		6,921,947		110,525,864		73,332,720		234,554,526
Deferred outflows of resources										
Deferred charge on refunding		-		-		171,819		-		171,819
Deferred resource outflows for pensions						2,421,729		247,126		2,668,855
Deferred resource outflows for OPEB		-		-		668,024		17,580		685,604
Deterred resource outliows for of EB						000,024		17,500		005,004
Total deferred outflows of resources		-		-		3,261,572		264,706		3,526,278
Total assets and deferred outflows of resources	\$	43,773,995	\$	6,921,947	\$	113,787,436	\$	73,597,426	Ś	238,080,804
outilows of resources	ڔ	43,773,333	ڔ	0,321,347	ڔ	113,707,430	ڔ	13,331,420	ڔ	230,000,004

# City of Harlingen, Texas Component Units Combining Statement of Net Position - Continued

	Harlingen Economic Development Corporation		Harlingen Community Improvement Board		Harlingen Waterworks System		Valley International Airport			Total
Liabilities										
Current liabilities										
Accounts payable	\$	40,584	\$	-	\$	595,520	\$	1,491,462	\$	2,127,566
Other liabilities	Ļ	592,688	Ŷ	54,848	Ŷ	404,996	Ŷ	1,401,402	Ŷ	1,052,532
Accrued expenses		19,720		54,040				97,418		117,138
Accrued interest		944,637		_		290,096		57,410		1,234,733
Unearned revenues		544,057				250,050		410,114		410,114
Due to primary government						58,984		410,114		58,984
Payable from restricted assets:		-		-		50,904		-		50,504
Customer deposits		5,000				360.000				365,000
Bonds and certificates of obligation payable		1,310,000		-		1,585,757		-		2,895,757
Notes payable		425,000		-		1,565,757		-		425,000
Compensated absences		425,000 8,000				- 600,000		- 25,000		633,000
Total current liabilities		3,345,629		54.848				23,000		9,319,824
Total current liabilities		3,345,629		54,848		3,895,353		2,023,994		9,319,824
Non-current liabilities										
Bonds and certificates of obligation payable		22,928,755		-		19,214,674		-		42,143,429
Notes payable		1,937,985		-		-		-		1,937,985
Compensated absences		41,593		-		152,830		306,676		501,099
Unearned revenues		-		-		-		671,296		671,296
Payable from restricted assets		-		-		2,450,577		-		2,450,577
OPEB - retiree healthcare		-		-		10,184,478		323,760		10,508,238
OPEB - supplemental death benefits		-		-		504,660		78,228		582,888
Net pension liability		-		-		989,834		411,777		1,401,611
Total non-current liabilities		24,908,333		-		33,497,053		1,791,737		60,197,123
Total liabilities		28,253,962		54,848		37,392,406		3,815,731		69,516,947
Deferred inflows of resources										
Deferred pension inflows		-		-		1,071,339		7,775		1,079,114
Deferred OPEB inflows		-		-		471,774		11,572		483,346
Total deferred inflows of resources		-		-		1,543,113		19,347		1,562,460
Net position										
Net position Net investment in capital assets		5,515,270				51,488,117		65,815,036		122,818,423
Restricted		5,515,270		-		4,181,361		03,613,030		4,181,361
Restricted for:		-		-		4,101,301		-		4,101,301
Unrestricted		10,004,763		6,867,099		19,182,439		3,947,312		40,001,613
Total net position		15,520,033		6,867,099		74,851,917		69,762,348		167,001,397
Total liabilities, deferred inflows of resources and net position	\$	43,773,995	\$	6,921,947	\$	113,787,436	\$	73,597,426	\$	238,080,804

### September 30, 2019

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

# City of Harlingen, Texas Component Units Combining Statement of Activities

					Progr	am Revenues				Governme	ntal Activ	ities		Business-type	Activitie	S		
		Expenses		Charges for Services		Operating Grants and ontributions	Gran	oital ts and butions		Harlingen Economic Development Corporation	Com Impro	ingen munity vement oard	١	Harlingen Waterworks System	Inte	/alley rnational .irport		Total
Harlingen economic development corporation																		
Economic development services	\$	5,864,379	\$	665,789	\$		\$	1,892	\$	(5,196,698)	\$	-	\$	-	\$	-	\$	(5,196,698)
Total harlingen economic development corporation		5,864,379		665,789		-		1,892		(5,196,698)		-		-		-		(5,196,698)
Harlingen community improvement board																		
Community improvement services		1,756,202		492,500		-		-		-	(1,2	63,702)		-		-		(1,263,702)
Total harlingen community improvement board		1,756,202		492,500		-		-		-	(1,2	63,702)		-		-		(1,263,702)
Harlingen waterworks system																		
Water and sewer services		19,483,880		20,448,188		-	5	18,817		-		-		1,483,125		-		1,483,125
Total harlingen waterworks system		19,483,880		20,448,188		-	5	18,817		-		-		1,483,125		-		1,483,125
Valley international airport																		
Airport services		12,048,679		7,053,147		-	7,7	23,165		-		-		-	2	,727,633		2,727,633
Total valley international airport		12,048,679		7,053,147		-	7,7	23,165		-		-		-	2	,727,633		2,727,633
Total component units	\$	39,153,140	\$	28,659,624	\$	- :	\$ 8,2	43,874		(5,196,698)	(1,2	63,702)		1,483,125	2	,727,633		(2,249,642)
	Ger	neral Revenues	s:															
	Sa	ales taxes								4,762,933	1,6	14,092		-		-		6,377,025
	U	nrestricted inv	estme	nt earnings						132,622	1	.15,801		729,131		56,518		1,034,072
	N	liscellaneous								580,549		15,692		1,175,314		15,003		1,786,558
	G	ain (loss) on sa	ale of a	assets						995,014		-		-		-		995,014
		Total genera	l rever	nues and spec	ial iter	n				6,471,118	1,7	45,585		1,904,445		71,521		10,192,669
		Change i	n net p	osition						1,274,420	4	81,883		3,387,570	2	,799,154		7,943,027
	Net	positionbeg	inning							10,737,080	6,3	85,216		71,464,347	66	,963,194		155,549,837
	Pric	or period adjus	stment							3,508,533		-		-		-		3,508,533
	Net	positionbeg	inning,	, as restated						14,245,613	6,3	85,216		71,464,347	66	,963,194		159,058,370
	Net	positionend	ing						ć	15,520,033	\$ 68	67,099	¢	74,851,917	\$ 60	,762,348	¢	167,001,397

Year ended September 30, 2019

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

NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - 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.

#### 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. ("EDC") - 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 ("HCIB") – 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.

### **NOTE 1 - 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	Harlingen Economic Development Corporation
134 East Van Buren	2424 Boxwood Street, Suite 125
Harlingen, Texas 78550	Harlingen, Texas 78550
Valley International Airport	Harlingen Community Improvement Board
Airport Terminal Building	118 East Tyler
Harlingen, Texas 78550	Harlingen, Texas 78550

Implementation of New Accounting Pronouncement

For fiscal year 2018-2019, the City implemented the following statement of financial accounting standards issued by the Governmental Accounting Standards Board.

In fiscal year 2019, the City implemented GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements. GASB Statement No. 88 improves the information that is disclosed in notes to governments financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

### Recently Issued Accounting Pronouncements

Future possible applicable accounting standards to the City that have been issued by the Governmental Accounting Standards Board are:

- GASB Statement No. 84, Fiduciary Activities
- GASB Statement No. 87, Leases
- GASB Statement No. 88, Certain Disclosures Related to Debt
- GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

- GASB Statement No. 90, Majority Equity Interests
- GASB Statement No. 91, Conduit Debt Obligations

In January 2017, the GASB issued GASB Statement No. 84, – *Fiduciary Activities*. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. Management is evaluating the effects that the full implementation of GASB Statement No. 84 will have on its financial statements for the year ended September 30, 2021.

In June 2017, the GASB issued GASB Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. The objective of GASB Statement No. 87 is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Management is evaluating the effects that the full implementation of GASB Statement No. 87 will have on its financial statements for the year ended September 30, 2022.

In March 2018, the GASB issued Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements". This statement will improve the information that is disclosed in notes of governmental financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2019. The City has early implemented GASB No. 88 as in this annual report.

In June 2018, the GASB issued Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period". This statement will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and will simplify accounting for interest cost incurred before the end of a construction period. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In August 2018, the GASB issued Statement No. 90, "Majority Equity Interests". This statement will improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In May 2019, GASB Statement No. 91, Conduit Debt Obligations, provides for a single methods of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

### 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.

### **NOTE 1 - 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 three 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 **Capital Projects Bond Certificates of Obligation 2016**, a capital projects fund used to account for the construction of a convention center.
- The **Other Grants Fund** is used to account for short-term miscellaneous reimbursement grants of various types.

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.

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

In addition, the City reports the following 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.
- 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.

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

### 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.

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 120 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.

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

The City's balance sheet reports deferred inflows of resources. 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. The City's governmental funds also report unavailable revenues that arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues arise when the City receives resources before it has a legal claim to them, as when grant money are received prior to the incidence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the City has a legal claim to the resources, revenue is recognized.

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."

### 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 value, 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, 2019 are recorded as prepaid items, in both governmental and fund financial statements.

### NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

### 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 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 capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at their acquisition 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.

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.

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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 and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension asset/liability and OPEB liability, pension and OPEB related deferred outflows and inflows of resources, and pension and OPEB 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/Liability and OPEB Liability are 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) Cod. Sec. P20, *Pension Activities* and GASB Cod. Sec. P51, Postemployment Benefits Other Than Pensions—Reporting for Benefits Provided through Trusts That Meet Specified Criteria—Defined Contribution.

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

### k. Pensions and Other Postemployment Benefits (OPEB) - Continued

Reporting for Postemployment Benefits Other Than Pensions. Information regarding the Firemen's Relief and Retirement Fund's Total Pension Liability is obtained from the City's consulting actuary, Retirement Horizons Incorporated. In compliance with GASB Cod. Sec. Pe5, Pension Plans Administered Through Trusts That Meet Specified Criteria – Defined Benefit.

### I. 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.

#### 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.

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

### 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 order to calculate 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 balances of governmental funds are 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.

### 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.

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

### r. Prior Year Reclassification

The financial statements for the fiscal year ended September 30, 2018, have been reclassified to conform with the presentation of the statements for the fiscal year ended September 30, 2019.

### 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 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **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 an annual basis by entitlement year. 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.

### **NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued**

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.)

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.

### NOTE 3 – 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, 2019, 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.

Investments-other, that are not debt securities, including accrued interest, as of September 30, 2019, are as follows:

	Investments-other - Maturities (in years)								
		Book Value		1 or less					
Primary Government									
Certificates of deposit	\$	2,000,000	\$	2,000,000					
Component Units									
Certificates of deposit		23,965,488		23,965,488					
	\$	25,965,488	\$	25,965,488					

### **NOTE 3 – DEPOSITS AND INVESTMENTS - Continued**

		F					
	G	overnmental	E	Business-type		Component	
		Activities		Activities		Total	Units
Cash and cash equivalents	\$	2,399,336	\$	776,674	\$	3,176,010 \$	18,394,335
TexStar		-		-		-	2,316,708
TexPool		32,683,385		8,257,339		40,940,724	9,281,436
Certificate of deposit		2,000,000		-		2,000,000	23,965,488
	\$	37,082,721	\$	9,034,013	\$	46,116,734 \$	53,957,967

A reconcilement of cash and investments follows:

At September 30, 2019, the City's and its discretely presented component unit's certificates of deposit held for investment are not debt securities and are included in investments-other.

### 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.

### Credit Risk

As of September 30, 2019, 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, 2019 represents 4.66% of the total portfolio and TexPool and TexStar represents 95.34%. The investment policy is silent in the concentration of holding in the various types of securities and investments. There were no deposits with custodial risk at year end.

### **NOTE 3 – DEPOSITS AND INVESTMENTS - Continued**

### Primary Government

Maturity	Description	Maturity Date	Fair Value	% of Holding	Rate
Investment pool	Texpool	1/09/2020	\$ 40,940,724	95.34%	
9-12 months Certificates of deposit	BBVA Bank	9/03/2020	 2,000,000	4.66%	1.93%
Investments-other - Prin	nary Government		\$ 42,940,724		

#### Component Units

Maturity	Description	Maturity Date	Fair Value	% of Holding	Rate
· · ·	•				
Pools	TexStar	1/9/2020	\$ 2,316,708		
	TexPool	1/21/2020	9,281,436		
			11,598,144	32.84%	
<u>6-8 Months</u>					
Certificates of Deposit	Legacy Bank	12/16/2019	1,006,087		2.41%
	East West Bank	1/17/2020	2,008,981		2.10%
	East West Bank	3/16/2020	1,501,180		2.05%
			4,516,248	12.79%	
<u>9-12 months</u>					
Certificates of deposit	BBVA Compass	5/14/2020	1,512,996		2.56%
	Legacy Bank	6/10/2020	1,006,011		2.38%
	Legacy Bank	10/18/2019	1,026,188		2.82%
	Southside Bank	2/14/2020	1,520,001		2.68%
	Southside Bank	3/16/2020	1,013,353		2.64%
	Southside Bank	3/16/2020	1,005,545		2.20%
	East West Bank	10/18/2019	1,019,117		2.70%
	East West Bank	10/18/2019	1,016,333		2.64%
	East West Bank	11/23/2019	1,024,397		2.82%
	East West Bank	12/16/2019	1,014,487		2.63%
	East West Bank	1/17/2020	1,019,260		2.72%
	East West Bank	4/15/2020	1,011,945		2.52%
	East West Bank	6/10/2020	2,001,542		2.01%
	East West Bank	7/20/2020	2,008,533		2.10%
	East West Bank	9/21/2020	2,001,512		1.97%
			19,201,220	54.37%	
Investments-other - Con	nponent Units		\$ 35,315,612		

### **NOTE 3 – DEPOSITS AND INVESTMENTS – Continued**

As of September 30, 2019, the City's external investment pools meet the criteria described in GASB Cod. Sec. In5.104, *Investment Pools (External) – Pools That Measure Investments at Amortized Cost – Additional Requirements* and therefore the City measures all of their investments at amortized cost; therefore, the City has also measured their investments in these external investment pools at amortized cost for financial reporting purposes. In addition, the pools do not have any limitations or restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity or redemption gates.

Fair Value Measurements

The City categorizes its fair value measurements within the fair market value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The three levels of the fair value hierarchy are described as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets. These types of investments primarily include common stock and equities traded on public exchanges.

Level 2 – Significant observable inputs for the asset other than quoted prices included within Level 1 that are observable for similar securities, but not exact. These types of investments include US Government obligations and obligations of government agencies.

Level 3 – Significant unobservable inputs for an asset, as they trade infrequently or not at all. (The City does not value any investments using Level 3 inputs.)

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

### **Component Units**

Valley International Airport has the following recurring fair value measurements as of September 30, 2019:

					Inputs				Weighted Average Maturity
	9/	30/2019	(Lev	el 1)	(Level 2	)	(Level 3)		(Days)
Debt Securities									
Certificates of Deposit	\$	248,020	\$ 24	8,020	\$	- \$		-	181
Investments by fair value level	\$	248,020	\$24	8,020	\$	- \$		-	181

### **NOTE 3 – DEPOSITS AND INVESTMENTS – Continued**

### Credit Risk

As of September 30, 2019, the investments in the State's investment pool was rated AAAm by Standard and Poor's. Each component unit'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, 2019 represents 4.66% of the total portfolio and TexPool and TexStar represents 95.34%. The investment policy is silent in the concentration of holding in the various types of securities and investments. There were no deposits with custodial risk at year end.

### 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, 2019. The following table summarizes securities owned by level within the fair value hierarchy as follows:

				Inputs		
	9/30/2019	(L	evel 1)	(Level 2)	(Level 3	3)
Emerging Markets - EB	\$ 1,251,721	\$	- \$	1,251,721	\$	-
Income Opportunity	1,760,348		-	1,760,348		-
International Equity	3,596,010		-	3,596,010		-
Largecap Value Equity	4,620,171		-	4,620,171		-
Blackrock Total Stock-K	5,474,386	5,	474,386	-		-
Allcap Growth Equity	5,469,603		-	5,469,603		-
Smallcap Value Equity	932,241		-	932,241		-
Core Investments Grade Bond	5,632,957		-	5,632,957		-
International Fixed Income	1,414,794		-	1,414,794		-
Real Estate Investment Trust	3,551,611		-	3,551,611		-
Federal Government Obligations	3		3	-		-
Total	\$ 33,703,845	\$5,	474,389 \$	28,229,456	\$	-

Investments classified in Level 1 inputs are quoted prices in active markets for identical assets, and those classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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 Fund'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.

### **NOTE 3 – DEPOSITS AND INVESTMENTS – Continued**

#### Interest Rate Risk

The investment policy does not address interest rate risk.

#### Credit Risk

The total fixed income investment of \$7,047,751 is subject to interest rate risk and are in high yield bonds which are rated AAA. The Firemen's Fund 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 Fund 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**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Plan, and are held by either the counterparty or the counterparty's trust department or agent but not in the Plan's name. At September 30, 2019, none of the Plan's security investments were subject to custodial credit risk.

### **NOTE 4 - RECEIVABLES**

Receivables at September 30, 2019 consist of the following:

		G	Governmenta	al Ac	tivities			
		Capital Projects	Other		Other		Internal	Governmental
	General	Bond Cert. of	Grants	Go	overnmental		Service	Activities
	Fund	Obligations 2016	Fund		Funds	Total	Funds	Total
Taxes	\$ 1,278,154	\$-	\$-	\$	484,697 \$	1,762,851 \$	-	\$ 1,762,851
Accounts	985,462	54,848	374,874		658,954	2,074,138	23,185	2,097,323
Assessments	-	-	-		161,293	161,293	-	161,293
Due from other governments	1,509,367	-	-		249,844	1,759,211	-	1,759,211
Gross receivables	3,772,983	54,848	374,874		1,554,788	5,757,493	23,185	5,780,678
Allowance for uncollectibles	(634,137)	-	-		(178,656)	(812,793)	(5,750)	(818,543)
Net receivables	\$ 3,138,846	\$ 54,848	\$ 374,874	\$	1,376,132 \$	4,944,700 \$	17,435	\$ 4,962,135

### **NOTE 4 - RECEIVABLES - Continued**

		Business-type Activities									
			Municipal Golf	Municipal	Harlingen A and Heritag						
	S	anitation	Course	Auditorium	Museum		Total				
Accounts	\$	199,751 \$	3,724	\$ 4,389	\$	32 \$	207,896				
Allowance for uncollectibles		(38,768)	-	-		-	(38,768)				
Due from component units		58,984	-	-		-	58,984				
Net receivables	\$	219,967 \$	3,724	\$ 4,389	\$	32 \$	228,112				

	_	Component Units									
	ŀ	Harlingen		Harlingen							
	E	conomic		Community		Harlingen		Valley			
	De	Development		Improvement	provement		International				
	Co	orporation		Board		System		Airport		Total	
Accounts	\$	114,512	\$	810	\$	2,330,626	\$	640,958 \$		3,086,906	
Grants		-		-		-		1,186,783		1,186,783	
Interest		-		-		11,361		-		11,361	
Due from other governments		377,290		618,263		-		-		995,553	
Gross receivables		491,802		619,073		2,341,987		1,827,741		5,280,603	
Allowance for uncollectibles		-		-		(215,000)		-		(215,000)	
Net receivables	\$	491,802	\$	619,073	\$	2,126,987	\$	1,827,741 \$		5,065,603	

### 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 5 - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2019 is as follows:

#### **Governmental Activities**

	Beginning			Transfers/	Ending
	Balance	Additions	Retirements	Reclassifications	Balance
Capital assets, not being depreciated:					
Land	\$ 9,518,694 \$	- \$		\$ 326,201 \$	9,844,895
Construction in progress	7,637,572	9,029,159	(6,375)	(15,617,872)	1,042,484
Total capital assets, not being depreciated	17,156,266	9,029,159	(6,375)	(15,291,671)	10,887,379
Capital assets, being depreciated					
Buildings	33,475,890	116,977	(171,267)	14,872,677	48,294,277
Improvements	24,890,066	53,960	(34,294)	418,994	25,328,726
Machinery and equipment	34,935,703	1,796,111	(874,800)	-	35,857,014
Infrastructure	213,014,893	94,551	-	-	213,109,444
Total capital assets, being depreciated	306,316,552	2,061,599	(1,080,361)	15,291,671	322,589,461
Less accumulated depreciation for:					
Buildings	(9,751,200)	(942,436)	130,655	-	(10,562,981)
Improvements	(12,215,078)	(1,327,048)	34,294	-	(13,507,832)
Machinery and equipment	(24,328,934)	(1,817,824)	855,669	-	(25,291,089)
Infrastructure	(142,197,490)	(3,938,109)	-	-	(146,135,599)
Total accumulated depreciation	(188,492,702)	(8,025,417)	1,020,618	-	(195,497,501)
Total capital assets, being depreciated, net	117,823,850	(5,963,818)	(59,743)	15,291,671	127,091,960
Governmental activities, capital assets, net	\$ 134,980,116 \$	3,065,341 \$	(66,118)	\$-\$	137,979,339

Depreciation was charged to government functions as follows:

General government	\$ 1,064,676
Public Safety	4,562,612
Highways and streets	1,027,993
Health and Welfare	198,707
Community and economic development	79,245
Culture and recreation	1,092,184
Total depreciation - governmental activities	\$ 8,025,417

### **NOTE 5 - CAPITAL ASSETS – Continued**

Capital asset activity for the year ended September 30, 2019 is as follows:

#### **Business-type Activities**

	Beginning			Transfers/	Ending
	Balance	Additions	Retirements	Reclassifications	Balance
Capital assets, not being depreciated:					
Land	\$ 467,083 \$	-	\$-	\$-\$	467,083
Construction in progress	14,890	-	(14,890)	-	-
Total capital assets, not being depreciated	481,973	-	(14,890)	-	467,083
Capital assets, being depreciated					
Buildings	5,595,690	-	-	-	5,595,690
Improvements	4,780,511	-	-	-	4,780,511
Equipment	4,164,230	1,300,135	(270,539)	-	5,193,826
Total capital assets, being depreciated	14,540,431	1,300,135	(270,539)	-	15,570,027
Less accumulated depreciation for:					
Buildings	(2,546,944)	(129,600)	-	-	(2,676,544)
Improvements	(3,767,495)	(219,214)	-	-	(3,986,709)
Equipment	(2,439,416)	(469,324)	270,539	-	(2,638,201)
Total accumulated depreciation	(8,753,855)	(818,138)	270,539	-	(9,301,454)
Total capital assets, being depreciated, net	5,786,576	481,997	-	-	6,268,573
Governmental activities, capital assets, net	\$ 6,268,549 \$	481,997	\$ (14,890)	\$-\$	6,735,656

Depreciation was charged to business type activity functions as follows:

Municipal Auditorium	\$ 175,513
Sanitation	540,033
Arts and Heritage Museum	11,054
Municipal Golf Course	91,538
Total depreciation - business-type activities	\$ 818,138

#### **NOTE 5 - CAPITAL ASSETS – Continued**

Capital asset activity for the Economic Development Corporation for the year ended September 30, 2019, is as follows:

#### Harlingen Economic Development Center

	Beginning			Ending	
	Balance	Additions	Retirements	Balance	
Capital assets, not being depreciated:					
Land	\$ 4,294,807 \$	- \$	- \$	4,294,807	
Capital assets, being depreciated					
Buildings	35,998,902	-	(4,095,999)	31,902,903	
Improvements	4,795,863	-	-	4,795,863	
Total capital assets, being depreciated	40,794,765	-	(4,095,999)	36,698,766	
Less accumulated depreciation for:					
Buildings	(6,197,408)	(899,973)	716,800	(6,380,581)	
Improvements	(2,176,259)	(319,723)	-	(2,495,982)	
Total accumulated depreciation	(8,373,667)	(1,219,696)	716,800	(8,876,563)	
Total capital assets, being depreciated, net	32,421,098	(1,219,696)	(3,379,199)	27,822,203	
Harlingen Economic Development					
Corporation, capital assets, net	\$ 36,715,905 \$	(1,219,696) \$	(3,379,199) \$	32,117,010	

Depreciation expense for the year ended September 30, 2019 totaled \$1,219,696.

Capital asset activity for Valley International Airport for the year ended September 30, 2019, is as follows:

#### Valley International Airport

	Beginning			Transfers/	Ending
	Balance	Additions	Retirements	Reclassifications	Balance
Capital assets, not being depreciated:					
Land	\$ 5,011,080 \$	- \$		\$-\$	5,011,080
Construction in progress	1,082,846	9,316,222	(3,742,791)	-	6,656,277
Total capital assets, not being depreciated	6,093,926	9,316,222	(3,742,791)	-	11,667,357
Capital assets, being depreciated					
Buildings	41,735,448	-	3,541,444	-	45,276,892
Runways and taxiways	58,904,765	-	201,347	-	59,106,112
Land improvements	26,645,147	-	-	-	26,645,147
Machinery and equipment	23,512,327	433,247	-	(61,601)	23,883,973
Total capital assets, being depreciated	150,797,687	433,247	3,742,791	(61,601)	154,912,124
Less accumulated depreciation for:					
Buildings	(29,632,532)	(1,168,194)	-	-	(30,800,726
Runways and taxiways	(32,509,207)	(2,385,808)	-	-	(34,895,015
Land improvements	(16,745,848)	(753,361)	-	-	(17,499,209
Machinery and equipment	(14,144,520)	(1,317,778)	-	61,601	(15,400,697
Total accumulated depreciation	(93,032,107)	(5,625,141)	-	61,601	(98,595,647
Total capital assets, being depreciated, net	57,765,580	(5,191,894)	3,742,791	-	56,316,477
Valley International Airport, capital assets, net	\$ 63,859,506 \$	4,124,328 \$	-	\$-\$	67,983,834

Depreciation expense for the year ended September 30, 2019 totaled \$5,625,141

### **NOTE 5 - CAPITAL ASSETS – Continued**

Capital asset activity for Harlingen Waterworks System for the year ended September 30, 2019, is as follows:

#### Harlingen Waterworks System

		Beginning	Reclass &	Reclass &	Ending
		Balance	Additions	Disposals	Balance
Capital assets, not being depreciated:					
Land	\$	1,210,953 \$	- \$	- \$	1,210,953
Water rights		6,131,830	-	-	6,131,830
Construction in progress		2,010,777	472,732	(2,001,391)	482,118
Total capital assets, not being depreciated		9,353,560	472,732	(2,001,391)	7,824,901
Capital assets, being depreciated					
Vehicles		3,532,474	184,774	(59,796)	3,657,452
Water production plant		30,135,745	132,920	(177,111)	30,091,554
Water transmission facilities and equipment		55,728,281	2,825,602	(489,662)	58,064,221
Wastewater treatment plant		34,455,161	16,556	(25,826)	34,445,891
Wastewater collection line, lift stations					
and equipment		53,654,514	968,862	(32,769)	54,590,607
Laboratory buildings and equipment		415,964	26,111	(97,835)	344,240
Pretreatment buildings and equipment		69,003	3,827	(3,901)	68,929
Office buildings and equipment		4,153,630	120,426	(628,386)	3,645,670
Total capital assets, being depreciated		182,144,772	4,279,078	(1,515,286)	184,908,564
Less accumulated depreciation for:					
Vehicles		(2,320,264)	(177,163)	59,796	(2,437,631
Water production plant		(21,235,646)	(720,468)	173,129	(21,782,985
Water transmission facilities and equipment		(36,208,438)	(861,522)	451,262	(36,618,698
Wastewater treatment plant		(22,053,556)	(1,156,400)	25,826	(23,184,130
Wastewater collection line, lift stations					
and equipment		(32,432,332)	(988,325)	32,769	(33,387,888
Laboratory buildings and equipment		(277,180)	(19,081)	87,562	(208,699
Pretreatment buildings and equipment		(68,414)	(911)	3,901	(65,424
Office buildings and equipment		(3,273,981)	(113,867)	628,386	(2,759,462
Total accumulated depreciation		(117,869,811)	(4,037,737)	1,462,631	(120,444,917
Total capital assets, being depreciated, net		64,274,961	241,341	(52,655)	64,463,647
Harlingen Waterworks System, capital assets, net	\$	73,628,521 \$	714,073 \$	(2,054,046) \$	72,288,548

Harlingen Waterworks System depreciation expense during the fiscal year totaled \$4,037,737.

### **NOTE 6 - LOANS RECEIVABLE**

						Co	omponent	
	Governmental Activities							
			Other			E	conomic	
		General	Governmental			De	velopment	
		Fund	Funds		Total	Co	orporation	
Rehabilitation loans	\$	- \$	5 74,854	\$	74,854	\$	-	
Deferred loans		-	1,066,547		1,066,547		-	
Replacement loans		-	250,243		250,243		-	
Home loans		-	39,812		39,812		-	
Business development loans		-	-		-		402,387	
Payment in lieu of taxes		172,289	-		172,289		-	
Other		17,272	143,531		160,803		-	
Total Loans Receivable	\$	189,561 \$	5 1,574,987	\$	1,764,548	\$	402,387	

Loans and notes receivable at September 30, 2019, consist of the following:

Rehabilitation loans include 13 loans with origination dates from 1992 to 2017. 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 27 rehabilitation and/or reconstruction including loans through the Harlingen Down Payment Assistance Program. Origination dates range from 1998 to 2019. 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 9 loans with origination dates from 2008 to 2019. 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 25 years from origination.

Home loans include 2 loans with origination dates of 2004 and 2016 and bears interest of 2% and 5% respectively. These loans are payable in monthly installments amortized over 20 years from origination.

Business development loans of \$402,387 and all other long-term loans receivable are reflected as deferred inflows of resources on the fund financial statements.

### **NOTE 7 - PAYABLE FROM RESTRICTED ASSETS**

Payables from restricted assets of the Harlingen Waterworks (a component unit of the City) at September 30, 2019 consist of the following:

September 30,	2019	2018
Current		
Accrued interest	\$ 290,096 \$	309,159
Customer deposits	360,000	350,000
Noncurrent		
Customer deposits	2,450,577	2,251,402
Total payable from restricted assets	\$ 3,100,673 \$	2,910,561

### NOTE 8 - UNEARNED REVENUE

a. 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:

	Unearned		
Governmental Activities			
Grants	\$ 1,155,891		
Business-type Activities			
Ticket and membership sales	\$ 10,119		
Component Units			
Valley International Airport	\$ 1,081,410		

\*The Valley International Airport unearned revenue is included in long-term debt, see Note 10.

b. 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:

2020 (current portion)		\$ 410,114
2021	\$ 216,566	
2022	216,566	
2023	216,566	
2024	5,059	
Succeeding years	16,539	
Long-term portion		671,296
Total		\$ 1,081,410

\*At September 30, 2019, several leaseholders at the Airport had prepaid their monthly leases in the total amount of \$193,548, which is included in the current portion of \$410,114.

### **NOTE 9 - 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 \$5,849,116. 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 2019 were \$2,119,351.

### **NOTE 9 - OPERATING LEASES - Continued**

During 1987 and 2009, the Airport executed a lease agreement with a manufacturer who made major structural improvements to the leased property. The value of these improvements are recorded in the Airport's financial statements. The unearned revenue connected with these improvements is recognized in the Statements of Changes in Net Position on a straight-line basis over the term of the lease including all renewal options. Noncash revenue recognized from these sources was \$216,559 in 2019.

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

Year ending September 30:	
2020	\$ 4,542,487
2021	3,807,410
2022	3,701,918
2023	3,540,610
2024	3,440,783
Later years	2,506,753
Total minimum future rentals	\$ 21,539,961

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

### **NOTE 10 - NON-CURRENT OBLIGATIONS**

### Notes Payable

### **Primary Government**

With Resolution No. 07R-49, the City Commission authorized the City to enter into an agreement between the Tax Increment Financing Reinvestment Zone. No. 3 to reimburse the Harlingen Economic Development Corporation of Harlingen, Inc. for financial assistance provided to Harlingen Ventures No. 2, L.P. for public targeted infrastructure, not to exceed \$3,000,000. The total qualifying infrastructure improvements amounted to \$886,416 and the balance at year-end is \$296,416. The agreement does not indicate repayment terms or interest rate. The City makes annual payments of \$70,000.

The City and the EDC, 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 City's portion totals \$3,013,219 plus related accrued interest of \$1,254,976. Interest accrues at 8%. Interest paid during the year totaled \$167,267.

### **NOTE 10 - NON-CURRENT OBLIGATIONS – Continued**

### Component Unit

The City and 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 EDC's portion totals \$1,417,985 plus related accrued interest of \$590,577. Interest accrues at 8%. Interest paid during the year totaled \$79,344.

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 15<sup>th</sup> and August 15<sup>th</sup>. Principal payments will be made annually on February 15<sup>th</sup>. 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:

			Total
Years Ending			Debt Service
September 30,	Principal	Interest	Required
2020	\$ 465,000	\$ 29,498	\$ 494,498
2021	480,000	9,936	489,936
	\$ 945,000	\$ 39,434	\$ 984,434

As indicated on the previous page, there are no fixed repayment terms for the TIFRZ and 83/77 Properties, LTD notes payable.

### General Obligation Bonds and Certificates of Obligation

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.

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%.

### **NOTE 10 - NON-CURRENT OBLIGATIONS – Continued**

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.

In April 2013, the City issued \$3,070,000 Combination Tax and Revenue Certificates of Obligation, Series 2013, and will be used for the purpose of (a) acquiring, constructing, improving and repairing City streets and sidewalks, together with water, sewer and drainage improvements, utility line installment and replacement, traffic and street signalization, lighting improvements and right-of-way acquisition and (b) paying fiscal and engineering fees in connection with such projects and for paying the costs associated with the issuance of the Certificates. The certificates include \$1,110,000 serial certificates which will be repaid over nine years in principal installments ranging from \$30,000 to \$165,000 at an interest rate of 2.00%. The certificates also include \$1,960,000 term certificates which will be repaid over a ten year period beginning in August 2025 and maturing in August 2035 in five principal installments ranging from \$360,000 to \$430,000 and carrying an interest rate ranging from 3.00% to 3.25%.

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%.

In July 2016, the City issued the 2016 Series General Obligation Refunding Bonds, in the amount of \$23,915,000 and were be used for the purpose of refunding portions of outstanding bonds series 2006 GOs, 2007 COs and 2007 GOs. The bonds will be repaid over 10 years which began in 2018 and carry interest rates ranging from 2.0% to 5.0% with annual interest dates of February 15.

In December 2016, the City issued \$12,885,000 Combination Tax and Revenue Certificates of Obligation, Series 2016, and will be used for the purpose of constructing a new convention center and paying fiscal and engineering fees in connection with such projects and for paying the costs associated with the issuance of the Certificates. The certificates include \$4,910,000 serial certificates which will be repaid over eleven years in principal installments ranging from \$275,000 to \$510,000 at an interest rate ranging from 1.15% to 3.65%. The certificates also include \$7,975,000 term certificates which will be repaid over a nine year period beginning in August 2031 and maturing in August 2040 in five principal installments ranging from \$1,640,000 to \$3,230,000 and carrying an interest rate ranging from 3.98% to 4.29%.

### **NOTE 10 - NON-CURRENT OBLIGATIONS – Continued**

### Advance Refunding

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, 2019, the following outstanding bonds are considered defeased:

Series	En	ding Balance		
2004	\$ 1,790,0			
2005		1,705,000		
2006		1,845,000		
2007 GO		7,285,000		
2007 CO		14,580,000		

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:

	Original Amount	Interest Rates	Beginning Balance 10/1/2018	,	Additions	F	Reductions	Ending Balance 9/30/2019	Due in One Year
Governmental Activities									
General Obligations									
2011 Series, General Obligation Refunding Bonds	\$ 3,315,000	2.410%	\$ 1,620,000	\$	-	\$	(255,000) \$	1,365,000	\$ 260,000
2013 Series, General Obligation Refunding Bonds	3,215,000	2.000-2.500%	1,585,000		-		(285,000)	1,300,000	195,000
2016 Series, General Obligation Refunding Bonds	23,915,000		21,985,000		-		(1,965,000)	20,020,000	2,105,000
Total General Obligation Bonds	\$ 30,445,000		\$ 25,190,000	\$	-	\$	(2,505,000) \$	22,685,000	\$ 2,560,000
Certificates of Obligation									
2010 Series, Combination Tax Revenue CO	3,090,000	2.000-4.125%	2,160,000		-		(145,000)	2,015,000	150,000
2012 Series, Combination Tax Revenue CO	2,280,000	2.000-3.000%	1,950,000		-		(140,000)	1,810,000	150,000
2013 Series, Combination Tax Revenue CO	3,070,000	2.000-3.750%	2,755,000		-		(155,000)	2,600,000	150,000
2016 Series, Combination Tax Revenue CO	12,885,000	1.150-4.290%	12,225,000		-		(280,000)	11,945,000	350,000
Total Certificates of Obligation	\$ 21,325,000		\$ 19,090,000	\$	-	\$	(720,000) \$	18,370,000	\$ 800,000
Total bonded debt	\$ 51,770,000		\$ 44,280,000	\$	- :	\$	(3,225,000) \$	41,055,000	\$ 3,360,000

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

Year Ending		General Obligation	on Bonds	Certificates of O	bligation	Total Bondeo	l Debt	
September 30,	ember 30, Principal Interest Princ		Principal	Interest	Principal	Interest		
2020		2,560,000	754,892	800,000	645,283 \$	3,360,000 \$	1,400,175	
2021		2,650,000	668,493	850,000	626,188	3,500,000	1,294,681	
2022		2,765,000	545,290	890,000	604,942	3,655,000	1,150,232	
2023		2,895,000	416,346	915,000	581,201	3,810,000	997,547	
2024		3,005,000	306,656	950,000	555,489	3,955,000	862,145	
2025-2029		8,810,000	396,100	4,610,000	2,310,903	13,420,000	2,707,003	
2030-2034		-	-	4,540,000	1,523,053	4,540,000	1,523,053	
2035-2039		-	-	3,990,000	667,235	3,990,000	667,235	
2040-2044		-	-	825,000	35,393	825,000	35,393	
	\$	22,685,000 \$	3,087,777 \$	18,370,000 \$	7,549,687 \$	41,055,000 \$	10,637,464	

### **NOTE 10 - NON-CURRENT OBLIGATIONS – Continued**

#### 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, 2019, are as follows:

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 solely 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. Remaining revenues may then be used for any lawful purpose.

In October 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 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 2010B were issued, in the principal amount of \$4,205,000. The proceeds from the sale of the Series 2010B Bonds were used for purpose of paying costs of issuance and refunding all of the then outstanding Waterworks and Sewer System Revenue Bonds, Series 2000 in the amount of \$1,220,000 and Series 2003 in the amount of \$4,410,000.

The Series 2010B Bond proceeds, along with other available funds of the System, were deposited with an escrow agent and irrevocably pledged to the payment of principal and interest on the refunded Bonds until the respective call dates. As a result, the refunded obligations are considered defeased, and the liability for those bonds has been removed from the System's financial statements. As of September 30, 2018, all Series 2000 and Series 2003 Bonds have been retired.

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.

### **NOTE 10 - NON-CURRENT OBLIGATIONS – Continued**

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. As of September 30, 2018, Series 2005A Bonds in the principal amount of \$995,000 with maturities of November 1, 2016 through November 1, 2019 have not been redeemed.

The bonds carry interest rates as set out below with the interest payment dates of May 1<sup>st</sup> and November 1<sup>st</sup>; and principal payments due annually on November 1<sup>st</sup>. The bond ordinances authorizing these issues require establishing an interest and sinking fund; and, if certain financial ratios are not met, a reserve fund. A Credit Facility may be used as a substitute for or to replace cash or investments in the reserve fund. In addition, a provision in the ordinances requires that rates for service be adjusted if certain financial ratios are not met. Management of the System believes it is in compliance with all significant financial requirements of the bond ordinances as of September 30, 2019.

In December 2010, the Harlingen Economic Development Corporation issued, simultaneously, the Sales Tax Revenue Bonds, Series 2010A and Sales Tax and Lease Rental Revenue Bonds Series 2010B in the amount of \$19,150,000 and \$13,075,000, respectively. The proceeds were used to acquire land, construction of building and economic facilities for lease. The Bond Series 2010A consist of Serial bonds totaling \$14,355,000 with maturities ranging from \$655,000 and \$1,300,000 and interest rates ranging from 2.00% to 5.125% and two term bonds of \$1,985,000 at 4.7% and \$2,810,000 at 5.125% all issued mature on maturities range from February 15, 2013 through February 15, 2032. The Bond Series 2010B consist of Serial bonds totaling \$3,335,000 with maturities ranging from 2.100% to 5.750% and two term bonds of \$3,055,000 at 7.0% and \$6,685,000 at 7.6% all issued mature on maturities range from February 15, 2013 through respectively.

### **NOTE 10 - NON-CURRENT OBLIGATIONS – Continued**

	Original Amount	Interest Rate(s)	Beginning Balance 10/1/2018	А	dditions	Reductions	Ending Balance 9/30/2019	Due in One Year
Component Units								
Harlingen Economic Development Corporation								
Sales tax revenue bonds								
Series 2010A	\$ 19,150,000	2.00-5.125%	\$ 14,960,000	\$	- 9	(785,000) \$	5 14,175,000	\$ 820,000
Sales tax and lease rental								
Revenue Bonds Series 2010B	13,075,000	2.10-7.60%	10,700,000		-	(470,000)	10,230,000	490,000
Total Harlingen EDC	\$ 32,225,000		\$ 25,660,000	\$	- 9	6 (1,255,000)	\$ 24,405,000	\$ 1,310,000
Harlingen Waterworks System								
2010 Series "A" Waterworks &								
Sewer System Revenue								
Refunding Bonds	6,500,000	2.00-4.00%	5,650,000		-	(230,000)	5,420,000	230,000
2010 Series "B" Waterworks &								
Sewer System Revenue								
Refunding Bonds	4,205,000	2.00-3.00%	360,000		-	(115,000)	245,000	120,000
2015 Series "A" Waterworks &								
Sewer System Revenue								
Refunding Bonds	12,000,000	2.00-3.75%	11,095,000		-	(470,000)	10,625,000	485,000
2015 Series "B" Waterworks &								
Sewer System Revenue								
Refunding Bonds	6,475,000	2.00-3.25%	5,100,000		-	(710,000)	4,390,000	730,000
Total Harlingen Waterworks System	29,180,000		 22,205,000		-	(1,525,000)	20,680,000	1,565,000
Total Component Units	\$ 61,405,000		\$ 47,865,000	\$	- 5	5 (2,780,000) 5	45,085,000	\$ 2,875,000

Harlingen Economic

Development Corporation Harlingen Waterworks System

Year Ending	Sales Tax and Lea	se Revenue Bonds	Water and Sewer	Revenue Bonds	Total Compon	Total Component Unites		
September 30,	Principal	Interest	Principal	Interest	Principal	Interest		
2020	1,310,000	1,397,538	1,565,000	672,756 \$	2,875,000 \$	2,070,294		
2021	1,380,000	1,330,969	1,615,000	625,056	2,995,000	1,956,025		
2022	1,455,000	1,256,200	1,015,000	585,444	2,470,000	1,841,644		
2023	1,535,000	1,175,813	1,040,000	554,138	2,575,000	1,729,951		
2024	1,620,000	1,088,568	1,075,000	520,768	2,695,000	1,609,336		
2025-2029	9,690,000	3,852,962	5,955,000	2,046,119	15,645,000	5,899,081		
2030-2034	7,415,000	712,441	5,985,000	1,003,212	13,400,000	1,715,653		
2035-2039	-		2,430,000	95,878	2,430,000	95,878		
	\$ 24,405,000	\$ 10,814,491	\$ 20,680,000	\$ 6,103,371 \$	45,085,000 \$	16,917,862		

#### Changes in Non-Current Liabilities

During the year ended September 30, 2019, the following changes occurred:

	Beginning Balance 10/1/2018	Additions		Reductions	Ending Balance 9/30/2019	Amounts Due in One Year
Governmental activities						
General obligation debt	\$ 25,190,000 \$	i	- \$	(2,505,000) \$	22,685,000 \$	2,560,000
Certificates of obligation	19,090,000		-	(720,000)	18,370,000	800,000
Capital lease	875,667		-	(181,022)	694,645	179,149
Deferred amounts						
Discounts	(6,491)		-	936	(5,555)	-
Premiums	1,886,768		-	(371,477)	1,515,291	-
Notes payable	3,379,635		-	(70,000)	3,309,635	70,000
Non-current liabilities (excluding pensions and						
compensated absences)	\$ 50,415,579 \$		- \$	(3,846,563) \$	46,569,016 \$	3,609,149

### **NOTE 10 - NON-CURRENT OBLIGATIONS – Continued**

	Beginning Balance 10/1/2018	Additions		Reductions	Ending Balance 9/30/2019	Amounts Due in One Year
Component Units						
Harlingen Economic Development Corporation						
Sales tax and revenue bonds	\$ 25,660,000 \$		- \$	(1,255,000) \$	24,405,000 \$	1,310,000
Deferred amounts						
Discounts	(188,484)		-	22,239	(166,245)	-
Notes payable	2,807,985		-	(445,000)	2,362,985	425,000
Total Harlingen EDC	28,279,501		-	(1,677,761)	26,601,740	1,735,000
Harlingen Waterworks System						
Bonds payable	22,205,000		-	(1,525,000)	20,680,000	1,565,000
Less deferred amounts for discounts and						
premiums	143,939		-	(23,508)	120,431	20,757
Total Harlingen Waterworks System	22,348,939		-	(1,548,508)	20,800,431	1,585,757
Total Component Units	\$ 50,628,440 \$		- \$	(3,226,269) \$	47,402,171 \$	3,320,757

### Capital Lease Obligations

### **Governmental Activities**

The City has entered into the following capital lease agreements with maturities as follows:

	Motorola Communication	IBM System Power	IBM System Power	Frost Bank		
	Center	Model 8-1	Model 8-2	Backup	IBM Backup	Total
Fiscal Year	Principal Interest	Principal Interest	Principal Interest	Principal Interest	Principal Interest	Principal Interest
2020	\$ 153,407 \$ 15,266	\$ 4,458 \$ 35	\$ 1,363 \$ 13	\$ 15,439 \$ 2,003	\$ 4,482 \$ 65	\$ 179,149 \$ 17,382
2021	157,089 11,584			16,080 1,362		173,169 12,946
2022	160,859 7,814			16,747 695		177,606 8,509
2023	164,721 3,953					164,721 3,953
Total	\$ 636,076 \$ 38,617	\$ 4,458 \$ 35	\$ 1,363 \$ 13	\$ 48,266 \$ 4,060	\$ 4,482 \$ 65	\$ 694,645 \$ 42,790

The Motorola Communication Center lease term is from April 1, 2013 and expires on April 1, 2023, with annual payments of \$168,673, including interest at 2.4%, payable annually.

The IBM System Power Model 8-1 lease term is from June 1, 2015 and expires on May 1, 2020, with monthly payments of \$682, including interest at 2.35%, payable monthly.

The IBM System Power Model 8-2 lease term is from June 1, 2015 and expires on May 1, 2020, with monthly payments of \$197 including interest at 2.97%, payable monthly.

The Frost Bank Backup lease term is from July 1, 2018 and expires on July 1, 2022, with annual payments of \$17,442, including interest at 4.15%, payable annually.

The IBM Backup lease term is from July 31, 2017 and expires on June 30, 2020, with monthly payments of \$505, including interest at 3.48%, payable annually.

### **NOTE 11 - OTHER NON-CURRENT OBLIGATIONS**

In addition to the Non-Current Debt Obligations in Note 10 Non-Current Obligations, Note 24 Pension Plans and Note 25 Other Post-Employment Benefits, the City has the following changes in other non-current liabilities for the fiscal year ended September 30, 2019 as follows:

	Beginning Balance			Ending Balance	Amounts Due in
	10/1/2018	Additions	Reductions	9/30/2019	One Year
Governmental activities					
Compensated absences	5,040,678	269,766	(900,000)	4,410,444	900,000
Net pension liability - Governmental Activities	550,168	9,307,699	(1,800,000)	8,057,867	-
Net pension liability - Firemen's Relief	18,337,152	1,569,364	-	19,906,516	-
Net OPEB - Supplemental Death Benefit	1,375,733	231	-	1,375,964	-
Net OPEB - Retiree Health Care	4,259,654	361,280	-	4,620,934	-
Total other non-current liabilities - governmental activities	29,563,385	11,508,340	(2,700,000)	38,371,725	900,000
Business Type Activities					
Landfill post closure liability	1,399,038	25,182	-	1,424,220	-
Compensated absences	354,527	21,927	(42,000)	334,454	65,000
Net pension liability - Business-type Activities	11,228	153,219	-	164,447	-
Net OPEB - Supplemental Death Benefit	28,077	5	-	28,082	-
Net OPEB - Retiree Healthcare	411,655	-	(317,349)	94,306	-
Total other non-current liabilities - business-type activities	2,204,525	200,333	(359,349)	2,045,509	65,000
Total other non-current liabilities - Primary Government	31,767,910	11,708,673	(3,059,349)	40,417,234	965,000

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.

	Beginning Balance 10/1/2018	Additions	Reductions	g	Ending Balance 9/30/2019	Amounts Due in One Year
Component Units						
Harlingen Economic Development Corporation						
Compensated absences	\$ 42,120	\$ 7,473	\$ -	\$	49,593	\$ 8,000
Valley International Airport						
Unearned revenue**	1,254,981	193,548	(367,119)		1,081,410	410,114
Compensated absences	304,187	225,485	(197,996)		331,676	25,000
Net pension liability	29,832	475,857	(93,912)		411,777	-
Net OPEB obligation	391,635	29,913	(19,560)		401,988	-
Total Valley International Airport	1,980,635	924,803	(678,587)		2,226,851	435,114
Harlingen Waterworks System						
Compensated absences	775,364	612,000	(634,534)		752,830	600,000
Retiree Health Care Liability	10,560,920	561,728	(938,170)		10,184,478	-
Retiree Death Benefit Liability	524,495	34,735	(54,570)		504,660	-
Net Pension Liability	(1,148,146)	4,323,495	(2,185,515)		989,834	-
Customer deposits	2,601,402	573,813	(364,638)		2,810,577	360,000
Total Harlingen Waterworks System	13,314,035	6,105,771	 (4,177,427)		15,242,379	960,000
Total Component Units	\$ 15,336,790	\$ 7,038,047	\$ (4,856,014)	\$	17,518,823	\$ 1,403,114

\*\*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 \$ 193,548 for the year ended 2019.

### NOTE 12 - 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 \$1,424,220 as of September 30, 2019, an increase of \$25,182. 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 13 - INTERFUND ASSETS/LIABILITIES**

Receivable Fund	General fund	Capital Projects Bond Cert. of Obligation 2016	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds	Business-type Activities Municipal Golf Course Fund	Total Due to Other Funds
Governmental Funds							
General Fund	\$ 122,833	\$ -	\$ 346,617	\$ 469,450	\$ 65,000	\$ 813,048	\$ 1,347,498

Interfund receivables and payables at September 30, 2019 are as follows:

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

### NOTE 13 - INTERFUND ASSETS/LIABILITIES - Continued

Receivables and payables between the primary government and component units at September 30, 2019 are as follows:

		vable Fund omponent Unit
		ness-type ctivities
	Sa	nitation
Payable Fund or Component Unit		Fund
Harlingen Waterworks System	\$	58,984

#### **NOTE 14 - 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 required to collect the revenue to the fund that the budget required to expend it.

				Transfers	In/	Out											Total
				Other		Nonmajor		Total					Н	larlingen	Arts and	Internal	
	(	General		Grants	Go	overnmental	G	overnmental	9	Sanitation	1	Municipal	N	1unicipal	Heritage	Service	
		Fund		Fund		Funds		Funds		Fund	G	iolf Course	Αı	uditorium	Museum	Funds	
Governmental Funds																	
General fund	\$	-	\$	150,723	\$	2,170,149	\$	2,320,872	\$	-	\$	181,789	\$	-	\$ 30,000	\$ 668,075	\$ 3,200,736
Nonmajor governmental funds		703,471		-		604,918		1,308,389		-		-		115,000	60,000	86,875	1,570,264
		703,471		150,723		2,775,067		3,629,261		-		181,789		115,000	90,000	754,950	4,771,000
Business-type Activities																	
Sanitation fund	1	L,411,525		-		-		1,411,525		-		-		-	-	-	1,411,525
Internal service fund		-		-		-		-		841,442		-		-	-	-	841,442
	1	l,411,525	i	-		-		1,411,525		841,442		-		-	-	-	2,252,967
Totals	\$ 2	2,114,996	\$	150,723	\$	2,775,067	\$	5,040,786	\$	841,442	\$	181,789	\$	115,000	\$ 90,000	\$ 754,950	\$ 7,023,967

Transfers out from the General fund to the Health Insurance Fund were to sustain the operating activities of that fund. 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 Sanitation to the General fund were 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 General fund was to help with street repairs. The transfer from the Internal Service Fund to the Sanitation fund is for vehicles contributed to a proprietary fund.

### **NOTE 15 – FUND BALANCES**

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes describes as follows:

**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.

Assigned – fund balances that contain self-imposed constraints of the government.

Unassigned – the unassigned fund balance has no constraints.

		General Fund	Capital Projects Bond Cert. of Obligation 2016	Other Grants	Other Governmental Funds	Total Governmental Funds
Nonspendable						
Prepaid items	\$	221,518	\$ -	\$-	\$ 436	\$ 221,954
Restricted						
Community Development		-	-	-	86,540	86,540
Public, Education and Government Access						
Channels		-	-	-	721,677	721,677
Construction		-	404,233	-	723,959	1,128,192
Hotel/Motel Occupancy Tax		-	-	-	868,840	868,840
Convention Visitors Bureau		-	-	-	204,475	204,475
Harlingen Downtown		-	-	-	163,840	163,840
Federal Forfeitures		-	-	-	59,307	59,307
State Forfeitures		-	-	-	150,658	150,658
Air Service Development		-	-	-	644,072	644,072
Lon C. Hill Library		-	-	-	103,229	103,229
Tax Increment Reinvestment Zone		-	-	-	1,389,484	1,389,484
Debt Service		-	-	-	1,075,321	1,075,321
Restricted total		-	404,233	-	6,191,402	6,595,635
Committed						
Catastrophic Relief		-	-	-	825,474	825,474
Infrastructure		-	-	-	1,179,073	1,179,073
Free Trade Bridge		-	-	-	1,004,996	1,004,996
Street Improvements		-	-	-	533	533
Committed total		-	-	-	3,010,076	3,010,076
Assigned		428,246	-	-	-	428,246
Unassigned	:	20,139,963	-	(86,571)	527,032	20,580,424
Total fund balance	<b>\$</b> 2	20,789,727	\$ 404,233	\$ (86,571)	\$ 9,728,946	\$ 30,836,335

### **NOTE 16 – NET POSITION**

	Governmental Activities	Business-type Activities	Economic Development Corporation	Community Improvement Board	Harlingen Waterworks System	Valley International Airport
Net Investment in capital assets:						
Conital access not of accumulated						
Capital assets, net of accumulated depreciation	137,979,339	6,735,656	32,117,010		72,288,548	67,983,834
Less related liabilities	, ,		, ,	-	, ,	, ,
	(43,005,315)	-	(26,601,740)	-	(20,800,431)	(2,168,798)
Restricted cash (unexpended bond	4 4 2 2 0 2 2					
proceeds)	1,123,033	-	-	-	-	-
Total net investment in capital assets	96,097,057	6,735,656	5,515,270	-	51,488,117	65,815,036
Restricted net position consists						
of the following:						
Community Development	86,540	-	-	-	-	-
Public, Education and Government	,					
Access Channel	721,677	-	-	-	-	-
Construction	723,959	-	-	-	-	-
Hotel/Motel Occupancy Tax	868,840	-	-	-	-	-
Convention Visitors Bureau	204,475	-	-	-	-	-
Harlingen Downtown	163,840	-	-	-	-	-
Federal Forfeitures	59,307	-	-	-	-	-
State Forfeitures	150,658	-	-	-	-	-
Lon C. Hill Library	103,229	-	-	-	-	-
Tax Increment Reinvestment Zone	1,389,484	-	-	-	-	-
Debt Service	1,075,321	-	-	-	1,449,124	-
System expansion and replacement						
(impact and other fees)	-		-	-	2,732,237	
Restricted net position - total	5,547,330	-	-	-	4,181,361	-
Unrestricted net position	(9,058,344)	6,222,895	10,004,763	6,867,099	19,182,439	3,947,312
Total net position	\$ 92,586,043	\$ 12,958,551	\$ 15,520,033	\$ 6,867,099 \$	74,851,917 \$	69,762,348

### NOTE 17 - COMMITMENTS AND CONTINGENT LIABILITIES

#### a. Long-Term Contracts

The Harlingen Waterworks 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 250,000,000 gallons. The contracts have various expiration dates ranging from year 2016 to 2054. The System has contracted to provide wastewater treatment services to two wholesale customers. The combined annual flow is estimated to be 250,000,000 gallons.

### NOTE 17 - COMMITMENTS AND CONTINGENT LIABILITIES – Continued

### b. 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, 2019 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.

### Commitments

At September 30, 2019, the City had ongoing commitments related to the following:

	Construction							
	Original Expensed to Amour							
Project	Amount	Date	Commitment					
Lon C. Hill Park Restroom Facilities	\$ 188,552	\$ 177,459	\$ 11,093					
Sidewalks Improvement - Various	614,344	517,173	97,171					
Arroyo Trail Extension	1,200,000	128,076	1,071,924					
Rangerville Park Basketball Court	62,165	829	61,336					
Vestal Park Lighting Improvements	178,000	827	177,173					
9th and 13th Street Drainage	123,910	115,428	8,482					
Tennis Center Pro Shop	712,018	9,825	702,193					
Tyler Technologies Software Upgrade	195,251	92,867	102,384					
Total Commitments	\$ 3,274,240	\$ 1,042,484	\$ 2,231,756					

### **Component Units**

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

		Total Remaining	Airport Improvemer	t	Passenger Facility	Local
	C	ommitment	Project Fund	S	Charge	Funds
Reconstruction of Apron and Taxiway H	\$	9,054,323	\$ 7,509,8	58 \$	1,544,465	\$ -
Concourse Public Flooring		1,096,358	983,2	88	-	113,070
Purchase of ARFF PPE		50,000	45,0	00	-	5,000
Passenger Loading Bridge		1,506,115		-	1,506,115	-
Total Commitments	\$	11,706,796	\$ 8,538,1	46 \$	3,050,580	\$ 118,070

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, 2019 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.

### NOTE 18 - MAJOR CUSTOMERS

For the year ended September 30, 2019, no single customer provided more than 10% of water revenues or wastewater revenues. For the year ended 2019, the top ten wastewater customers provided approximately \$1,458,007 or 13.9% of wastewater sales revenues. The top ten water customers generated approximately \$1,274,491 or 12.8% of the water sales revenues.

### **NOTE 19 - PASSENGER FACILITY CHARGES**

Beginning in November 1998, the Airport instituted passenger facility charges of \$3 per enplaned passenger. In February 2007, the Federal Aviation Administration approved the Airport's application to impose and use passenger facility charges of \$4.50 per emplaned passenger, effective December 1, 2007. 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 revenue, including interest, included in capital contributions for the year ended September 30, 2019 totaled \$1,325,519.

### **NOTE 20 - JOINT ARRANGEMENTS**

### 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.

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 \$352,493 for the year ending September 30, 2019.

### **NOTE 21 - 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 22 - 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.

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 \$369,643,000 (as of September 30, 2019, 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 24 - PENSION PLANS**

The City and the Valley International Airport (a component unit of 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.

### A. Employees Pension Plans (Other Than Firemen)

### Plan Description – Defined Benefit Pension Plans

With the exception of firefighters, the City of Harlingen participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Ac, Subtitle G, Title 8, Texas Government Code (The TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com. All eligible employees of the City are required to participate in TMRS.

### **NOTE 24 - PENSION PLANS - Continued**

The City of Harlingen firefighters are covered by a separate pension plan; therefore, they are not included in the Texas Municipal Retirement System plans.

### **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 city-financed 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.

### Employees covered by benefit terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Airport	Waterworks System
333 75	123 47
167	<u>135</u> 305
	333 75

#### Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City 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, the Valley International Airport and the Harlingen Waterworks System were required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rates for the City, Airport and the System were 11.40%, 11.40% and 1.90% respectively in calendar year 2018. The City's, Airport's and System's contributions to TMRS for the year ended September 30, 2019 were \$977,060, \$47,065 and \$113,384 respectively, and were equal to the required contributions.

### **Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

#### **NOTE 24 - PENSION PLANS - Continued**

### Actuarial assumptions:

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.50% to 10.50% per year, including inflation
Investment Rate of Return	6.75%

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 Tables with Blue Collar Adjustment, 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 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. 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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

### **NOTE 24 - PENSION PLANS - Continued**

		Long-term
		Expected Real
		Rate of Return
Asset Class	Target Allocation	(Arithmetic)
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	100.0%	

### **Discount Rate**

The discount rate used to measure the Total Pension Liability was 6.75%. 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 Position 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.

Changes in the net pension liability for the fiscal year ended September 30, 2019 are as follows:

#### **City of Harlingen**

	Increase (Decrease)			
		(a)	(b)	(a) - (b)
	Т	otal Pension	Plan Fiduciary	Net Pension
		Liability	Net Position	Liability (Asset)
Balance at December 31, 2017	\$	85,974,585	\$ 85,413,189	\$ 561,396
Changes for the year				
Service Cost		1,093,418	-	1,093,418
Interest		5,794,261	-	5,794,261
Change in benefit terms		-	-	-
Difference between expected/actual experience		(199,054)	-	(199,054)
Changes of assumptions		-	-	-
Contribution - employer		-	1,043,129	(1,043,129)
Contribution - employee		-	641,456	(641,456)
Net investment income		-	(2,603,878)	2,603,878
Benefits payments, including refunds of				
employee contributions		(4,540,726)	(4,540,726)	-
Administrative expenses		-	(50,368)	50,368
Other charges		-	(2,630)	2,630
Net charges		2,147,899	(5,513,017)	7,660,916
Balance at December 31, 2018	\$	88,122,484	\$ 79,900,172	\$ 8,222,312

### **NOTE 24 - 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 6.75%, 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 (5.75%) or 1 percentage point higher (7.75%) than the current rate.

	 5 Decrease in scount Rate (5.75)%	Discount Rate (6.75)%	1% Increase in Discount Rate (7.75)%
Primary Government			
City of Harlingen net pension liability (asset)	\$ 18,451,052 \$	8,057,865	\$ (680,021)
Business-type Activities			
City of Harlingen net pension liability (asset)	\$ 376,552 \$	164,447	\$ (13,878)
Component Units			
Valley International Airport net pension liability (asset)	\$ 938,677 \$	411,777	\$ (34,595)
Harlingen Waterworks System net position liability (asset)	\$ 3,716,689 \$	989,834	\$ (1,305,677)

#### Valley International Airport

	Increase (Decrease)			
		(a)	(b)	(a) - (b)
	Т	otal Pension	Plan Fiduciary	Net Pension
		Liability	Net Position	Liability (Asset)
Balance at December 31, 2017	\$	5,955,631	\$ 5,925,799	\$ 29,832
Changes for the year				
Service Cost		54,514	-	54,514
Interest		288,881	-	288,881
Change in benefit terms		-	-	-
Difference between expected/actual experience		(9,924)	-	(9,924)
Changes of assumptions		-	-	-
Contribution - employer		-	52,007	(52,007)
Contribution - employee		-	31,981	(31,981)
Net investment income		-	(129,820)	129,820
Benefits payments, including refunds of				
employee contributions		(226,384)	(226,384)	-
Administrative expenses		-	(2,511)	2,511
Other charges		-	(131)	131
Net charges		107,087	(274,858)	381,945
Balance at December 31, 2018	\$	6,062,718	\$ 5,650,941	\$ 411,777

### **NOTE 24 - PENSION PLANS - Continued**

#### Harlingen Waterworks System

	Increase (Decrease)			
		(a)	(b)	(a) - (b)
	T	otal Pension	Plan Fiduciary	Net Pension
		Liability	Net Position	Liability (Asset)
Balance at December 31, 2017	\$	23,325,229	\$ 24,473,375	\$ (1,148,146)
Changes for the year				
Service Cost		551,635	-	551,635
Interest		1,543,058	-	1,543,058
Change in benefit terms		-	-	-
Difference between expected/actual experience		(157,540)	-	(157,540)
Changes of assumptions		-	-	-
Contribution - employer		-	116,586	(116,586)
Contribution - employee		-	429,527	(429,527)
Net investment income		-	(732,031)	732,031
Benefits payments, including refunds of				
employee contributions		(1,481,863)	(1,481,863)	-
Administrative expenses		-	(14,168)	14,168
Other charges		-	(741)	741
Net charges		455,290	(1,682,690)	2,137,980
Balance at December 31, 2018	\$	23,780,519	\$ 22,790,685	\$ 989,834

#### 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 <u>www.tmrs.com</u>.

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

For the year ended September 30, 2019 the City, Valley International Airport and Harlingen Waterworks System recognized pension expense in the amount of \$2,630,184, \$131,130 and \$694,168, respectively. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

#### **City of Harlingen**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience		
(net of current year amortization)	\$ 7,551	\$ 152,508
Changes in actuarial assumptions	-	-
Differences between projected and actual investment earnings		
(net of current year amortization)	4,504,405	-
Contributions subsequent to the measurement date	694,377	-
Total	\$ 5,206,333	\$ 152,508

### **NOTE 24 - PENSION PLANS - Continued**

#### Component Unit

#### **Valley International Airport**

	Deferred	Deferred
	Outflows of	Inflows of
	Resources	Resources
Differences between expected and actual economic experience		
(net of current year amortization)	\$ 406	\$ 7,775
Changes in actuarial assumptions	-	-
Differences between projected and actual investment earnings		
(net of current year amortization)	213,490	-
Contributions subsequent to the measurement date	33,230	-
Total	\$ 247,126	\$ 7,775

#### Component Unit

#### Harlingen Waterworks System

	Deferred Outflows of	Deferred Inflows of
	Resources	Resources
Differences between expected and actual economic experience		
(net of current year amortization)	\$ 74,259	\$ 120,645
Changes in actuarial assumptions	42,892	-
Differences between projected and actual investment earnings		
(net of current year amortization)	2,218,529	950,694
Contributions subsequent to the measurement date	86,049	-
Total	\$ 2,421,729	\$ 1,071,339

### Harlingen Firemen's Relief and Retirement Fund

### 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 Cod. Sec. Pe5, *Pension Plans Administered Through Trusts That Meet Specified Criteria – Defined Benefit.* 

Firefighters employed by the Harlingen Fire Department are covered by the Firemen's Relief and Retirement Fund. September 30, 2019 is the most recent information available. The table below summarizes the membership of the fund at September 30, 2019:

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	104
2. Current employees	
a. Vested	3
b. Nonvested	82
3. Total	189

### **NOTE 24 - PENSION PLANS - Continued**

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.

- a. For firefighters who were employed by the City on or before April 1, 2019, a firefighter who qualifies for a service retirement benefit will receive a monthly retirement income equal to the sum of:
  - i. a standard benefit equal to 65.5% of her "Highest 60 Month Average Salary"
  - ii. an additional service benefit in an amount equal to (I) \$65.00 per month for each year of Longevity Service completed on or before April 30, 2019, plus (II) \$50.00 per month for each year of Longevity Service completed after April 30, 2019.

As used in the Plan, the term "Longevity Service" means each whole year of service in excess of 20 years of service, but not to exceed 30 years of service, provided that any years of service over 30 years of service completed as of April 30, 2019, will be considered Longevity Service for purposes of this definition. A partial year of service will be given partial credit based on the number of months completed in excess of whole years.

b. For firefighters who commenced employment after April 1, 2019, a firefighter who qualifies for a service retirement benefit will receive a monthly retirement income equal to (i) 2.5% multiplied by (ii) the firefighter's "Highest 60 Month Average Salary" multiplied by (iii) the firefighter's total years of service; provided, however, such benefit amount will not exceed 70% of the firefighter's "Highest 60 Month Average Salary." A partial year of service will be given partial credit based on the number of months completed in excess of whole years.

The benefit and contribution provisions of this plan are authorized by the Texas Local Fire Fighters Retirement Act (TLFFRA).

Summary of Significant Accounting Policies and Plan Asset Matters

### 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.

### 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.

#### **NOTE 24 - PENSION PLANS - Continued**

Actuarial Assumptions	
Valuation date	September 30, 2018
Actuarially determined contribution 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 Normal Actuarial Cost
	Method
Amortization method	Open period, level percent of pay
Remaining amortization period	59.1 years
Asset valuation method	Market Value
Salary increases	5.00% per annum
Payroll Growth	3.50%
Investment rate of return	7.75% Net of pension plan invest. exp.

#### **Funding Soundness Restoration Plan**

In accordance with State of Texas Statute Sec. 802-2015, the Board of Trustees and the City of Harlingen have jointly formulated a Funding Soundness Restoration Plan (FSRP) that will be sufficient to reduce the expected amortization period to 38 years as of September 30, 2019 within the 10 year anniversary of the effective date of the FSRP.

#### **Changes in Assumptions**

The discount rate remains at 7.75% but the mortality assumption was updated. There were no other changes to the valuation assumptions since the prior valuation. The plan provisions were amended effective April 1, 2019 to reduce the longevity benefit and to create a new lower cost benefit tier for future members. In addition, the City increased its contribution from 15% to 17% of member payroll.

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 assets class included in the pension plan's target asset allocations as of September 30, 2019, are summarized in the following table:

### **NOTE 24 - PENSION PLANS - Continued**

	Long-term Expected Real
	Rate of Return
Asset Class	(Arithmetic)
Domestic equity	7.5%
International equity	8.5%
Domestic bonds	2.5%
International bonds	3.5%
Real estate	4.5%

*Discount rate:* The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that the City contribution would equal 17% of payroll and that member contributions would equal 15% of compensation. 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.

#### Increase (Decrease) (a) (a) - (b) (b) Total Pension **Plan Fiduciary** Net Pension Net Position Liability (Asset) Liability Balance at September 30, 2017 49,561,531 \$ 31,224,379 \$ 18,337,152 Ś Changes for the year 2,010,509 Service Cost 2,010,509 Interest 3,743,926 3,743,926 Change in benefit terms Difference between expected/actual experience Changes of assumptions Contribution - employer 963,468 (963,468) Contribution - member 963,468 (963,468) -Net investment income 2,289,718 (2,289,718)Benefits payments, including refunds of employee contributions (2,505,626)(2,505,626)Administrative expenses 31,583 (31,583) Other charges Net charges 3,248,809 1,679,445 1,569,364 Balance at September 30, 2018 Ś 52,810,340 \$ 32,903,824 \$ 19,906,516

#### Harlingen Firemen's Relief and Retirement Fund

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

For the year ended September 30, 2019 , the Harlingen Firemen's Relief and Retirement Fund recognized pension expense in the amount of \$2,763,562. At September 30, 2019, The Fund reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

### **NOTE 24 - PENSION PLANS - Continued**

#### Harlingen Firemen's Relief and Retirement Fund

	Deferred	Deferred
	Outflows of	Inflows of
	Resources	Resources
Differences between expected and actual economic experience		
(net of current year amortization)	\$ 700,378	\$ 1,408,756
Changes in actuarial assumptions	9,491,454	13,350,086
Differences between projected and actual investment earnings		
(net of current year amortization)	328,463	-
Contributions subsequent to the measurement date	1,032,488	-
Total	\$ 11,552,783	\$ 14,758,842

In the City of Harlingen, Valley International Airport, Harlingen Waterworks System and the Firemen's Relief and Retirement Fund, \$694,377, \$33,230, \$86,049 and \$1,032,488, 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 liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized to pension expense as follows:

Year ending September 30,	M	unicipal Pension City of Harlingen	Valley International Airport	Harlingen Waterworks System	Firemen's Relief and Retirement
2020	\$	1,569,025	\$ 80,169	\$ 515,433 \$	337,253
2021		522,896	19,480	147,904	(117,791)
2022		572,234	21,949	134,168	(217,126)
2023		1,695,293	84,523	466,836	(1,057,605)
2024		-	-	-	(2,893,891)
Thereafter		-	-	-	(289,387)
	\$	4,359,448	\$ 206,121	\$ 1,264,341 \$	(4,238,547)

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 7.75% as well as what the City's net pension liability for the firefighters would be if it were to be calculated using the discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease in	Discount	1% Increase in	
	Discount Rate (6.75)%	Rate (7.75)%	Discount Rate (8.75)%	
Fiduciary Fund	(0.757/0	(7.75)/0	(0.75)70	
Harlingen Firemen's Relief and Retirement Fund	\$ 26,432,983 \$	19,906,516	\$ 14,510,028	

### **NOTE 24 - PENSION PLANS - Continued**

### 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:

Employee	City
Length of	Required
Employment	Contribution
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 2019 was \$718,568. The Economic Development Corporation's, Airport's and System's contribution to the plan during fiscal year 2019 was \$36,479, \$78,725 and \$28,347 respectively.

### **NOTE 25 - OTHER POST EMPLOYMENT BENEFITS**

### **Retiree Health Care Plans**

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB) replaces the requirements of GASB Statement No. 45: Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB). An actuarial valuation to determine the total OPEB liability is required to be performed at least every two years. 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, 2018, and discloses the following:

### **NOTE 25 - OTHER POST EMPLOYMENT BENEFITS - Continued**

### Plan Description

In addition to the pension benefits described in Note 24 and the supplemental death benefits described in Note 25, the City, Valley International Airport (Airport) and the Harlingen Waterworks System (System) make available health care and prescription-drug benefits to all employees who retire from the City, Airport and System and who are receiving benefits from the City, Airport 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, Airport 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, Airport and System provided group health care coverage is discontinued at the end of the month prior to the retiree's 65<sup>th</sup> birth month. Retirees are required to enroll in Medicare once eligible. A Medicare Supplement, Plan F is provided thereafter, until death. The City, Airport and System provided health-care and prescription drug coverage and the Medicare Supplement premiums are paid 100% by the City, Airport and System.

Employees who are eligible for retirement, but instead choose to terminate employment, are not eligible for City, Airport and System sponsored health care and prescription drug coverage at a later date. Retirees who elect to opt-out of the City, Airport and System sponsored health care plan do not receive any cash payment in lieu of electing the City, Airport 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, Airport and System do not provide subsidized retiree vision or dental care coverage. Nor does the City, Airport and System provide subsidized retiree life insurance coverage. Life insurance coverage carried at the time of retirement is portable. The City, Airport 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 25.

### Funding Policy and Annual Retiree Health Care Plan Cost

The City, Airport and System's annual retiree health care plan cost is based upon the annual actuarially determined contribution of the employer ("ADC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The ADC 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, Airport 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.

### **NOTE 25 - OTHER POST EMPLOYMENT BENEFITS - Continued**

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date:	December 31, 2017
Methods and Assumptions	
Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	3.71% as of December 31, 2018
Inflation	2.50%
Salary Increases	TMRS/TCG: 3.50% to 10.50%, including inflation
	Firefighter: 5.00%, including inflation
Demographic Assumptions Mortality	TMRS: Based on the experience study covering the four-year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS).
	TCG: The TRMS demographic assumptions were applied to TCG employees with a modification to retirement rates for TCG employees before age 60. Firefighters: Based on the actuarial valuation for the firemen's Relief and
	Retirement Fund for year ended September 30, 2017.
Mortality	TMRS and TCG: For health retirees, the gender-distinct RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with make 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. Firefighters: For healthy retirees, the gender-distinct RP-2014 Healthy Annuitant Mortality Tables with Blue Collar Adjustment adjusted backward to 2006 by Scale MP-2014. The rates are projected on a fully generational basis by Scale MP-2016 to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.20% declining to an ultimate rate of 4.25% after 14 years
Participation Rates	45% for those retiring after age 50; 20% for those retiring before age 50; 45% for disabled retirees. No participation after retiree reaches eligibility age for Medicare.
Other Information:	
Notes	The discount rate changed from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018.

*Discount Rate:* For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 3.71% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The discount rate was 3.31% as of the prior measurement date.

*Plan Assets:* There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

### NOTE 25 - OTHER POST EMPLOYMENT BENEFITS – Continued

*Summary of Membership Information:* The following table provides a summary of the number of participants in the plan as of December 31, 2018:

### Retiree Health Care Plans

	City	Valley International Airport	Harlingen Waterworks System
Inactive plan members or beneficiaries currently receiving benefits	43	1	73
Inactive plan members entitled to but not yet receiving benefits	-	-	5
Active plan members	533	39	52
Total plan members	576	40	130

Sensitivity of Total OPEB Liability to the Discount Rate Assumption: Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 3.71%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	1% Decrease		Current Discount		1% Increase	
		2.71%	Rate Assumption		4.71%	
City	\$	5,099,313	\$	4,715,240	\$	4,360,839
Valley International Airport		350,418		323,760		299,671
Harlingen Waterworks		11,710,262		10,184,478		8,943,843

Sensitivity of Total OPEB Liability to the Healthcare Cost Trend Rate Assumption: Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

			Cur	rent Discount		
	19	6 Decrease	Rat	e Assumption	1	% Increase
City	\$	4,310,038	\$	4,715,240	\$	5,188,876
Valley International Airport		296,180		323,760		356,572
Harlingen Waterworks		8,698,963		10,184,478		12,056,571

### NOTE 25 - OTHER POST EMPLOYMENT BENEFITS – Continued

*Recognition of Deferred Outflows and Deferred Inflows of Resources:* Differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees) determined as of the beginning of the measurement period.

At the beginning of the current measurement period, the expected remaining service lives of all active employees in the plan was approximately 5,473 years. Additionally, the total plan membership (active employees and inactive employees) was 616. As a result, the average of the expected remaining service lives for purposes of recognizing the applicable deferred outflows and inflows of resources established in the current measurement period is 8.8844 years.

This table is provided to document sources of the new deferred inflows and outflows resulting from the current reporting year. The table is not a required disclosure. The required disclosures regarding deferred inflows and outflows of resources related to OPEB are shown on the following page.

Employer contributions (benefit payments for unfunded plans) made subsequent to the measurement date of the total OPEB liability (December 31, 2018) and prior to the end of the employer's reporting period (September 30, 2019) should be reported by the employer as a deferred outflow related to OPEB. See paragraph 159 of GASB Statement No. 75 for plans that do not have formal assets.

The benefit payments made subsequent to the measurement date were \$244,268 (\$75,625 of explicit premium subsidies and \$168,643 of implicit subsidies). The implicit subsidy was estimated by multiplying the total premiums (employer and retiree portions combined) for retirees of \$285,835 by 0.590. The 0.590 factor equals the ratio of the expected implicit subsidy to the expected total premiums. The calculation is similar to how the benefit payments for the measurement period were developed.

,		red Outflows Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$	2,224	\$	-	
Changes in assumptions		143,007		134,079	
Contributions subsequent to the measurement date		194,213		-	
Total	Ś	339,444	Ś	134.079	

Valley International Airport

	 red Outflows Resources	Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 143	\$	-
Changes in assumptions	9,177		8,604
Contributions subsequent to the measurement date	3,930		-
Total	\$ 13,250	\$	8,604

### NOTE 25 - OTHER POST EMPLOYMENT BENEFITS – Continued

Harlingen Waterworks			
	Deferred Outflows of Resources		 rred Inflows Resources
Differences between expected and actual experience	\$	-	\$ 4,338
Changes in assumptions		349,349	427,354
Contributions subsequent to the measurement date		290,187	-
Total	\$	639,536	\$ 431,692

Deferred outflows of resources resulting from contributions subsequent to the measurement date of \$194,213, \$3,930 and \$290,187 for the City, Valley International Airport and the Harlingen Waterworks, respectively, will be recognized as a reduction of the total OPEB liability for the measurement year ending December 31, 2019 (i.e. recognized in the Airport's financial statements as of September 30, 2020). Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Valley		Harlingen
	City of	International	Waterworks
Year ending September 30,	Harlingen	Airport	System
2020	\$ 4,049	\$ 260	\$ 32,540
2021	4,049	260	24,791
2022	4,049	260	(139,674)
2023	4,049	260	-
2024	4,049	260	-
Thereafter	(9,093)	(584)	-
	\$ 11,152	\$ 716	\$ (82,343)

### **Supplemental Death Benefits Fund**

*Plan Description.* The City, Valley International Airport and the System also participate in the single employer defined benefit plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect to provide group-term life insurance coverage (Supplemental Death Benefits) for their active members, including or not including retirees. The City, Valley International Airport and the System elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City, Valley International Airport and the 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.* Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. 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). The death benefit for retirees is considered a postemployment benefit other than pension benefit (OPEB) and is a fixed amount of \$7,500. The obligation of this plan are payable only from the SDBF and are not an obligation of, or claim against, the pension trust fund.

### **NOTE 25 - OTHER POST EMPLOYMENT BENEFITS - Continued**

*Employees covered by benefit terms.* At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

		Valley International	Harlingen Waterworks
	City	Airport	System
Inactive employees or beneficiaries currently receiving benefits	258	1	95
Inactive employees entitled to but not yet receiving benefits	36	-	6
Active employees	128	39	135
Total	422	40	236

*Funding policy and annual supplemental death benefit plan cost.* Contributions are made monthly based on the covered payroll of employee members of the plan participants. The contractually required contribution rate is determined annually for each participant. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the participant. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund. The TMRS Act requires the Pension Trust Fund to allocate investment income to the SDBF on an annual basis. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to prefund retiree term life insurance during employees' entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you go basis; any excess contributions and investment income over payments then become net position available for benefits.

The City, Valley International Airport and the 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.

#### City of Harlingen

	Total SDBF	Retiree Portion of SDBF
Year	Contribution	Contribution
Plan	Rate	(Rate)
2019	0.35%	0.18%
2018	0.33%	0.16%
2017	0.31%	0.14%

### **NOTE 25 - OTHER POST EMPLOYMENT BENEFITS - Continued**

Valley International Airport		
	Total SDBF	Retiree Portion of SDBF
Year	Contribution	Contribution
Plan	Rate	(Rate)
2019	0.35%	0.13%
2018	0.33%	0.13%
2017	0.31%	0.13%
Harlingen Waterworks		
	Total SDBF	Retiree Portion of SDBF
Year	Contribution	Contribution
Plan	Rate	(Rate)
2019	0.26%	0.10%
2018	0.26%	0.09%
2017	0.26%	0.09%

Due to the SDBF being considered an unfunded OPEB plan, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

The City's contributions to the TMRS SDBF for the years ended 2019, 2018 and 2017 were \$31,251, \$29,404 and \$27,505, respectively, which equaled the required contributions each year.

The Valley International Airport's contributions to the TMRS SDBF for the years ended 2019, 2018 and 2017 were \$700, \$700 and \$700, respectively, which equaled the required contributions each year.

The System's contributions to the TMRS SDBF for the years ended 2019, 2018 and 2017 were \$5,896, \$5,471 and \$5,422, respectively, which equaled the required contributions each year.

### **NOTE 25 - OTHER POST EMPLOYMENT BENEFITS - Continued**

*Funding policy.* The Total Death Benefit OPEB Liability (TOL) shown in this report is based on an actuarial valuation performed as of December 31, 2018, the measurement date. The SDBF covers both inactive and retiree benefits with no segregation of assets, and therefore, doesn't meet the definition of a trust under GASB Statement No. 75, no assets are accumulated for OPEB. As such, the SDBF is considered to be an unfunded plan with benefit payments treated as being equal to the employer's annual contributions for retirees. Under the reporting parameters, the City of Harlingen, Valley International Airport and the Harlingen Waterworks System's death benefit plans is 0.0% funded

Valuation date:	December 31, 2018
Methods and Assumptions	
Discount Rate	3.71% as of December 31, 2018
Inflation	2.50%
Salary Increases	3.50% to 10.50%, including inflation
Retirees' share of benefit-related costs	\$-0-
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted
	for under reporting requirements under GASB Cod. Sec. P20, Pension Activities.
Mortality rates – service retirees	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.
Mortality rates – disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates
	multiplied by 109% with a three year set-forward for both males and females.
	The rates are projected on a fully generational basis with scale BB to account
	for future mortality improvements subject to the 3% floor.
Health Care Trend Rates	Initial rate of 7.20% declining to an ultimate rate of 4.25% after 14 years
Participation Rates	45% for those retiring after age 50; 20% for those retiring before age 50; 45%
	for disabled retirees. No participation after retiree reaches eligibility age for
	Medicare.
Other Information:	
Notes	The discount rate was based on the Fidelity Index's "20-year Municipal GO AA
	Index" rate as of December 31, 2018. The actuarial assumptions used in the
	December 31, 2018 valuation were based on the results of an actuarial
	experience study for the period December 31, 2010 to December 31, 2014.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City of Harlingen, Valley International Airport and the Harlingen Waterworks, calculated using a discount rate that is one percentage-point lower (2.71%) or one percentage-point higher (4.71%).

	1% Decrease			Current Discount	1% Increase 4.71%		
		2.71%		Rate Assumption			
City	\$	1,633,987	\$	1,404,046	\$	1,221,423	
Valley International Airport		91,084		78,228		68,086	
Harlingen Waterworks		591,984		504,660		434,807	

### NOTE 25 - OTHER POST EMPLOYMENT BENEFITS - Continued

*Recognition of deferred outflows and deferred inflows of resources.* Differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period. At September 30, 2019, the City of Harlingen, Valley International Airport and the Harlingen Waterworks System reported deferred outflows of resources related to OPEB from the following resources that are being amortized over a 3.240 year period for the City of Harlingen and Valley International Airport and 5.470 year for the Harlingen Waterworks System year:

City of Harlingen

	 red Outflows Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 22,223	\$	-	
Changes in assumptions	38,305		59,504	
Contributions subsequent to the measurement date	23,070		-	
Total	\$ 83,598	\$	59,504	

Valley International Airport

	 ed Outflows Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 1,108	\$	-	
Changes in assumptions	2,134		2,967	
Contributions subsequent to the measurement date	1,088		-	
Total	\$ 4,330	\$	2,967	

Harlingen Waterworks System				
	Deferred Outflows		Deferred Inflows	
	of Resources		of Resources	
Differences between expected and actual experience	\$	-	\$	13,466
Changes in assumptions		23,886		26,616
Contributions subsequent to the measurement date		4,602		-
Total	\$	28,488	\$	40,082

Deferred outflows of resources resulting from contributions subsequent to the measurement date of \$23,070, \$1,088 and \$4,602 for the City, Valley International Airport and the Harlingen Waterworks, respectively, will be recognized as a reduction of the total OPEB liability for the measurement year ending December 31, 2019 (i.e. recognized in the City of Harlingen, Valley International Airport and Harlingen Waterworks System's financial statements as of September 30, 2020.) Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

### **NOTE 25 - OTHER POST EMPLOYMENT BENEFITS - Continued**

	City of	Valley International	Harlingen Waterworks
Year ending September 30,	Harlingen	Airport	System
2020	\$ 14,247	\$ 892	\$ (2,083)
2021	(9,228)	(416)	(2,083)
2022	(3,995)	(201)	(2,083)
2023	-	-	(5,729)
2024	-	-	(4,218)
Thereafter	-	-	-
	\$ 1,024	\$ 275	\$ (16,196)

Changes in the Supplemental Death Benefit Fund is as follows:

	Valley			Harlingen	
		City of International		Waterworks	
		Harlingen	Airport		System
Service Cost	\$	21,941	\$ 1,094	\$	17,181
Interest on liability		46,846	2,336		17,554
Difference between expected and actual experience		32,144	1,603		(16,478)
Changes of assumptions		(86,065)	(4,291)		(32,570)
Benefit payments		(14,628)	(729)		(5,522)
Net change in total liability	\$	238	\$ 13	\$	(19,835)
Total OPEB liability as of 12/31/2017		1,403,808	78,215		524,495
Net change in total OPEB liability		238	13		(19,835)
Total OPEB liability as of 12/31/2018	\$	1,404,046	\$ 78,228	\$	504,660
Covered employee payroll	\$	9,142,282	\$ 455,815	\$	6,136,098
Total OPEB liability as a percentage					
of covered-employee payroll		15.36%	17.16%		8.22%
Percentage of OPEB liability funded		0.00%	0.00%		0.00%

### NOTE 26 – 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.

### **NOTE 26 – TAX INCREMENT FINANCING REINVESTMENT ZONES - Continued**

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 \$437,174 and \$311,098 from the City and County, respectively.

### NOTE 27 – TRANSACTIONS WITH THE RELATED ENTITIES

#### 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, 2019 targeted qualifying infrastructure improvements for the project totaled \$886,416 of which \$590,000 have been reimbursed to the Harlingen Economic Development Corporation.

### Harlingen Community Improvement Board

During the year, Harlingen Community Improvement Board ("HCIB") paid \$1,068,207 to the City related to the Harlingen Convention Center which comprised of \$568,207 in construction costs and \$500,000 in working capital funds to be available related to start-up operating shortfalls. HCIB also paid \$606,889 in debt service costs related to the construction of the Harlingen Convention Center. At year end, HCIB maintained a liability to the City totaling \$54,848.

#### NOTE 28 – COMPLIANCE AND ACCOUNTABILITY

#### Finance-Related Legal and Contractual Provision

In accordance with GASB Cod. Sec. 1200.1132 Generally Accepted Accounting Principles and legal compliance, violations of finance related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations. No violations in the current year.

#### NOTE 29 – PRIOR PERIOD ADJUSTMENT

Due to an error a capital asset was not recorded on the EDC's (a component unit) books. As a result, the building was recorded as a prior period adjustment to the beginning net position balance. The net effect of adding the building and the related accumulated depreciation was \$3,508,533. The building was sold during the fiscal year ended September 30, 2019 and was subsequently removed from the EDC's financial statements. In addition to that adjustment, a small reclassifying entry was required in the EDC's fund level financial statements for the year ended September 30, 2018 due to a misclassification error that resulted in a net change of \$26,934.

### **NOTE 30 – SUBSEQUENT EVENTS**

### *Evaluation of subsequent Events*

The City has evaluated subsequent events through May 20, 2020, which is the date the financial statements were available to be issued.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities of the City and the component units. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

# **REQUIRED SUPPLEMENTARY INFORMATION**

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# City of Harlingen, Texas General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

								Variance	
			udget	<b>Final</b>	4	Actual Amount		Positive	
Revenues		Original		Final		(GAAP BASIS)		(Negative)	
Property taxes - including penalty and									
interest	\$	15,524,680	\$	15,524,680	\$	15,267,137	\$	(257,543)	
Nonproperty taxes	Ŷ	21,588,245	Ŷ	21,588,245	Ŷ	22,728,278	Ŷ	1,140,033	
Fines and forfeitures		1,151,564		1,228,066		1,059,835		(168,231)	
Licenses and permits		612,210		612,210		690,991		78,781	
Charges for services		1,288,610		1,308,410		1,327,675		19,265	
Intergovernmental		1,209,614		1,209,614		1,347,063		137,449	
Contributions and donations				30,000		94,551		64,551	
Miscellaneous		188,500		188,500		192,553		4,053	
Interest and investment income		220,000		220,000		547,187		327,187	
Total revenues		41,783,423		41,909,725		43,255,270		1,345,545	
Expenditures									
Current		6 4 5 9 6 9 4		c		5 040 050		242.272	
General government		6,152,621		6,030,623		5,818,350		212,273	
Public safety		24,583,196		24,608,371		23,697,616		910,755	
Highways and streets		3,751,346		3,835,461		3,410,491		424,970	
Health and welfare		905,666		904,930		883,373		21,557	
Community and economic development		2,111,567		2,041,665		1,818,633		223,032	
Culture and recreation		5,280,203		5,268,599		5,046,136		222,463	
Capital outlay		848,278		1,751,973		1,259,425		492,548	
Debt service								(	
Principal		-		-		180,216		(180,216)	
Interest		-		-		22,023		(22,023)	
Total expenditures		43,632,877		44,441,622		42,136,263		2,305,359	
Excess (deficiency) of revenues									
over (under) expenditures		(1,849,454)		(2,531,897)		1,119,007		3,650,904	
Other financing sources (uses)									
Transfers in		2,109,471		2,109,471		2,114,996		5,525	
Transfers out		(1,028,517)		(2,807,068)		(3,200,736)		(393,668)	
Sale of capital assets		45,000		45,000		56,196		11,196	
Total other financing sources (uses)		1,125,954		(652,597)		(1,029,544)		(376,947)	
Net change in fund balance	\$	(723,500)	\$	(3,184,494)	_	89,463	\$	3,273,957	
Fund balances, beginning of year						20,700,264			
Fund balance, end of year					\$	20,789,727			

Year ended September 30, 2019

# City of Harlingen, Texas

# Schedule of Changes in Net Pension Liability (Asset) and Related Ratios For Agent Multiple-Employer Pension Plan - Texas Municipal Retirement System

Primary Government           Total Pension Liability Service cost Interest (on the total pension liability)         \$ 1,093,418 \$ 1,139,165 \$ 1,211,932 \$ 1,189,819 \$ 1,201,611 5,537,008 \$,530,102 \$ 5,380,389 \$,5215,687 Changes between expected and actual experience Changes of assumptions         \$ 1,093,418 \$ 1,391,165 \$ 1,211,932 \$ 1,218,931 \$ 5,215,687 Changes of assumptions         \$ 1,201,932 \$ 1,958,49 (389,230) 70,485 195,849 (389,230)           Net change in total pension liability         2,147,899 1,583,277 2,281,197 4,307,069 1,759,999         \$ 2,134,116           Total pension liability - beginning         85,974,585 84,391,308 82,110,111 77,803,042 76,043,043         \$ 70,2481 \$ 82,110,111 77,803,042 76,043,043           Total pension liability - ending (a)         \$ 88,122,484 \$ 85,974,585 \$ 84,391,308 \$ 82,110,111 \$ 77,803,042 76,043,043           Total pension liability - ending (a)         \$ 88,122,484 \$ 85,974,585 \$ 84,391,308 \$ 82,110,111 \$ 77,803,042 76,043,043           Total pension liability - ending (a)         \$ 88,122,484 \$ 85,974,585 \$ 84,391,308 \$ 82,110,111 \$ 77,803,042 76,043,043           Contributions - employee         \$ 1,043,129 \$ 1,008,033 \$ 703,281 \$ 862,218 \$ 945,817 Contributions - employee         \$ 1,043,129 \$ 1,095,1823 5,212,220 \$ 117,780 \$ 4,405,527           Reneft payments, including refunds of employee contributions - employee         \$ 1,043,129 \$ 1,051,823 \$ 7,527,456 \$ 78,865,978 \$ 77,022,864           Administrative expenses         \$ (5,513,017) 7,460,851 \$ 2,024,882 \$ (2,938,522) \$ 1,843,114           Plan fiduciary net position - beginning	December 31,	2018	2017	2016	2015	2014
Service cost Interest (on the total pension liability) Changes between expected and actual experience Contributions         \$ 1,033,418 5,734,261 S,5637,008         \$ 1,211,932 S,637,008         \$ 1,211,932 S,80,309         \$ 1,201,361 S,213,647           Changes between expected and actual experience Contributions         (4,540,726)         (5,107,176)         (4,531,322)         (4,593,104)         (4,267,819)           Net change in total pension liability         2,147,899         1,583,277         2,281,197         4,307,069         1,759,999           Total pension liability - beginning         85,974,585         84,391,308         82,110,111         77,803,042         76,043,043           Total pension liability - ending (a)         \$ 88,122,484         \$ 85,974,585         \$ 84,391,308         \$ 82,110,111         77,803,042         76,043,043           Total pension liability - ending (a)         \$ 88,122,484         \$ 85,974,585         \$ 84,391,308         \$ 82,110,111         \$ 77,803,042         76,043,043           Plan Fiduciary Net Position Contributions - employee         \$ 1,043,129         \$ 1,008,033         \$ 703,281         \$ 862,218         \$ 945,817           Contributions - employee         \$ 1,043,629         1,09,51,823         \$ 5,212,220         117,780         4,405,527           Benefit payments, including refunds of employee contributions         \$ (5,513,017)         7,46	Primary Government					
Service cost Interest (on the total pension liability) Changes between expected and actual experience Contributions         \$ 1,033,418 (5,732,026 (19,054)         \$ 1,211,932 (5,637,008 (19,054)         \$ 1,211,932 (19,054)         \$ 1,201,361 (19,054)         \$ 1,201,361 (19,052)         \$ 1,201,361 (19,052)         \$ 1,201,361 (19,052)         \$ 1,201,361 (19,052)         \$ 1,201,361 (19,052)         \$ 1,201,361 (19,052)         \$ 1,201,361 (14,551,302)         \$ 1,201,361 (14,551,302)         \$ 1,201,361 (14,551,303)         \$ 1,211,927 (11,750)         \$ 1,201,361 (14,557,32)         \$ 1,201,361 (14,567,782         \$ 2,281,197 (10,780,402)         \$ 2,043,832 (2,03,878)         \$ 2,121,111         \$ 77,803,042         \$ 76,043,043           Plan Fiduciary Net Position Contributions - employee Contributions         \$ 1,043,129 (10,951,823 (5,107,176)         \$ 1,043,129 (4,531,304)         \$ 4,267,819 (4,267,819)         \$ 4,405,527           Be	Total Pension Liability					
Interest (on the total pension liability)         5,794,261         5,637,008         5,530,102         5,380,389         5,215,687           Changes of assumptions         -         -         2,134,116         -           Benefit payments, including refunds of employee         (4,540,726)         (5,107,176)         (4,531,322)         (4,593,104)         (4,267,819)           Net change in total pension liability         2,147,899         1,583,277         2,281,197         4,307,069         1,759,999           Total pension liability - ending (a)         \$ 88,122,484         \$ 85,974,585         \$ 84,391,308         \$ 2,110,111         \$ 77,803,042         76,043,043           Total pension liability - ending (a)         \$ 88,122,484         \$ 85,974,585         \$ 84,391,308         \$ 82,110,111         \$ 77,803,042         76,043,043           Contributions - employer         \$ 1,043,129         \$ 1,008,033         \$ 703,281         \$ 862,218         \$ 945,817           Contributions - employee         641,456         665,782         702,791         74,822         809,375           Net investment income         (2,603,878)         10,951,823         5,212,220         117,780         4,405,527           Benefit payments, including refunds of employee         (4,540,726)         (5,176,176)         (4,531,322)         <	-	\$ 1.093.418	\$ 1.139.165 9	\$ 1.211.932 \$	1.189.819	\$ 1.201.361
Changes between expected and actual experience Changes of assumptions Benefit payments, including refunds of employee Contributions         195,849 (2,134,116         195,849 (2,134,111         195,849 (2,134,111         195,849 (2,134,111         195,849 (2,134,129         1,083,227 (2,281,197         2,281,197         4,307,069         1,759,999           Total pension liability - beginning         85,974,585         84,391,308         82,110,111         5,750,042         76,043,043           Total pension liability - ending (a)         \$ 88,122,484         \$ 85,974,585         \$ 84,391,308         \$ 82,110,111         \$ 77,803,042         76,043,043           Total pension liability - ending (a)         \$ 88,122,484         \$ 85,974,585         \$ 84,391,308         \$ 82,110,111         \$ 77,803,042         76,043,043           Total pension liability - ending (a)         \$ 1,043,129         \$ 1,043,129         \$ 1,008,033         \$ 703,281         \$ 862,218			. , , .	. , , .	, ,	
Changes of assumptions Benefit payments, including refunds of employee Contributions         -         -         2,134,116           Net change in total pension liability         2,147,899         1,583,277         2,281,197         4,307,069         1,759,999           Total pension liability - beginning         85,974,585         84,391,308         82,110,111         77,803,042         76,043,043           Total pension liability - ending (a)         \$ 88,122,484         \$ 85,974,585         \$ 84,391,308         \$ 82,110,111         \$ 77,803,042         76,043,043           Plan Fiduciary Net Position Contributions - employee         \$ 1,043,129         \$ 1,008,033         \$ 703,281         \$ 862,218         \$ 945,817           Contributions - employee         \$ 1,043,129         \$ 1,008,033         \$ 703,281         \$ 862,218         \$ 945,817           Contributions - employee         \$ 1,043,129         \$ 1,008,033         \$ 703,281         \$ 862,218         \$ 945,817           Contributions - employee         \$ 641,456         \$ 665,782         702,791         747,822         809,375           Net investment income         \$ (2,603,878)         10,951,823         \$ 5,212,220         117,780         4,405,527           Benefit payments, including refunds of employee         \$ (50,368)         \$ (56,786)         \$ (58,915)						
Benefit payments, including refunds of employee Contributions         (4,540,726)         (5,107,176)         (4,531,322)         (4,593,104)         (4,267,819)           Net change in total pension liability         2,147,899         1,583,277         2,281,197         4,307,069         1,759,999           Total pension liability - beginning         85,974,585         84,391,308         82,110,111         77,803,042         76,043,043           Total pension liability - ending (a)         \$ 88,122,484         \$ 85,974,585         \$ 44,391,308         \$ 82,110,111         \$ 77,803,042         76,043,043           Plan Fiduciary Net Position Contributions - employer         \$ 1,043,129         \$ 1,008,033         \$ 703,281         \$ 862,218         \$ 945,817           Contributions - employer         \$ 1,043,129         \$ 1,008,033         \$ 703,281         \$ 862,218         \$ 945,817           Contributions - employer         \$ 1,043,129         \$ 1,008,033         \$ 703,281         \$ 862,218         \$ 945,817           Contributions         (4,540,726)         (5,107,176)         (4,531,322)         (4,593,104)         (4,267,819)           Administrative expenses         (50,368)         (56,786)         (58,915)         (71,746)         (4,600,726)           Other         (2,630)         (825)         (3,173)		-	-	, -		-
Net change in total pension liability         2,147,899         1,583,277         2,281,197         4,307,069         1,759,999           Total pension liability - beginning         85,974,585         84,391,308         82,110,111         77,803,042         76,043,043           Total pension liability - ending (a)         \$ 88,122,484         \$ 85,974,585         \$ 84,391,308         \$ 82,110,111         77,803,042         76,043,043           Total pension liability - ending (a)         \$ 88,122,484         \$ 85,974,585         \$ 84,391,308         \$ 82,110,111         \$ 77,803,042         76,043,043           Plan Fiduciary Net Position         Contributions - employer         \$ 1,043,129         \$ 1,008,033         \$ 703,281         \$ 862,218         \$ 945,817           Contributions - employee         \$ 1,043,129         \$ 1,008,033         \$ 703,281         \$ 862,218         \$ 945,817           Contributions - employee         \$ 1,043,129         \$ 1,008,033         \$ 703,281         \$ 862,218         \$ 945,817           Contributions - employee         \$ 1,043,129         \$ 1,008,033         \$ 703,281         \$ 862,218         \$ 945,817           Contributions         \$ (2,603,878)         10,951,823         \$ 5,212,200         117,780         4,405,527           Benefit payments, including refunds of employee         \$	Benefit payments, including refunds of employee					
Total pension liability - beginning         85,974,585         84,391,308         82,110,111         77,803,042         76,043,043           Total pension liability - ending (a)         \$ 88,122,484         \$ 85,974,585         \$ 84,391,308         \$ 82,110,111         \$ 77,803,042           Plan Fiduciary Net Position Contributions - employee         \$ 1,043,129         \$ 1,008,033         \$ 703,281         \$ 862,218         \$ 945,817           Contributions - employee         \$ 641,456         665,782         702,791         747,822         809,375           Net investment income         \$ (2,603,878)         10,951,823         5,212,220         117,780         4,405,527           Benefit payments, including refunds of employee         \$ (4,540,726)         \$ (5,107,176)         \$ (4,531,322)         \$ (4,593,104)         \$ (4,267,819)           Administrative expenses         \$ [50,368]         \$ (56,786)         \$ (58,915)         \$ (71,746)         \$ (46,004)           Other         \$ (2,630)         \$ (825)         \$ (3,173)         \$ (1,492)         \$ (3,782)           Net change in plan fiduciary net position         \$ (5,513,017)         7,460,851         2,024,882         \$ (2,938,522)         1,843,114           Plan fiduciary net position - ending (b) <b>79,900,172</b> \$ 85,413,189         77,952,338	Contributions	(4,540,726)	(5,107,176)	(4,531,322)	(4,593,104)	(4,267,819)
Total pension liability - ending (a)         \$ 88,122,484         \$ 85,974,585         \$ 84,391,308         \$ 82,110,111         \$ 77,803,042           Plan Fiduciary Net Position Contributions - employer Contributions - employee contributions - employee         \$ 1,043,129         \$ 1,008,033         \$ 703,281         \$ 862,218         \$ 945,817           Contributions - employee Contributions - employee         \$ 1,043,129         \$ 1,008,033         \$ 702,791         747,822         809,375           Net investment income         (2,603,878)         10,951,823         5,212,220         117,780         4,405,527           Benefit payments, including refunds of employee contributions         (4,540,726)         (5,107,176)         (4,531,322)         (4,593,104)         (4,267,819)           Administrative expenses         (50,368)         (56,786)         (58,915)         (71,746)         (46,004)           Other         (2,630)         (825)         (3,173)         (1,492)         (3,782)           Net change in plan fiduciary net position         (5,513,017)         7,460,851         2,024,882         (2,938,522)         1,843,114           Plan fiduciary net position - beginning         85,413,189         77,952,338         75,927,456         78,865,978         77,022,864           Plan fiduciary net position as a percentage of total pension liability	Net change in total pension liability	2,147,899	1,583,277	2,281,197	4,307,069	1,759,999
Total pension liability - ending (a)         \$ 88,122,484         \$ 85,974,585         \$ 84,391,308         \$ 82,110,111         \$ 77,803,042           Plan Fiduciary Net Position Contributions - employer Contributions - employee contributions - employee         \$ 1,043,129         \$ 1,008,033         \$ 703,281         \$ 862,218         \$ 945,817           Contributions - employee Contributions - employee         \$ 1,043,129         \$ 1,008,033         \$ 703,281         \$ 862,218         \$ 945,817           Benefit payments, including refunds of employee contributions         (4,540,726)         (5,107,176)         (4,531,322)         (4,593,104)         (4,267,819)           Administrative expenses         (50,368)         (56,786)         (58,915)         (71,746)         (46,004)           Other         (2,630)         (825)         (3,173)         (1,492)         (3,782)           Net change in plan fiduciary net position         (5,513,017)         7,460,851         2,024,882         (2,938,522)         1,843,114           Plan fiduciary net position - beginning         85,413,189         77,952,338         75,927,456         78,865,978         77,022,864           Plan fiduciary net position - ending (b)         79,900,172         85,413,189         77,952,338         75,927,456         78,865,978           Net pension liability (asset) - ending (a) - (b)<	Total pension liability - beginning	85.974.585	84.391.308	82.110.111	77.803.042	76.043.043
Plan Fiduciary Net Position Contributions - employee         \$ 1,043,129         \$ 1,008,033         \$ 703,281         \$ 862,218         \$ 945,817           Contributions - employee         641,456         665,782         702,791         747,822         809,375           Net investment income         (2,603,878)         10,951,823         5,212,220         117,780         4,405,527           Benefit payments, including refunds of employee         (4,540,726)         (5,107,176)         (4,531,322)         (4,593,104)         (4,267,819)           Administrative expenses         (50,368)         (56,786)         (58,915)         (71,746)         (46,004)           Other         (2,630)         (825)         (3,173)         (1,492)         (3,782)           Net change in plan fiduciary net position         (5,513,017)         7,460,851         2,024,882         (2,938,522)         1,843,114           Plan fiduciary net position - beginning         85,413,189         77,952,338         75,927,456         78,865,978         77,022,864           Plan fiduciary net position - ending (b)         79,900,172         85,413,189         77,952,338         75,927,456         78,865,978           Net pension liability (asset) - ending (a) - (b)         8,222,312         561,396         6,438,970         6,182,655         (1,062,93			- '//	,,	,	,
Contributions - employer       \$ 1,043,129 \$ 1,008,033 \$ 703,281 \$ 862,218 \$ 945,817         Contributions - employee       641,456       665,782       702,791       747,822       809,375         Net investment income       (2,603,878)       10,951,823       5,212,220       117,780       4,405,527         Benefit payments, including refunds of employee       (4,540,726)       (5,107,176)       (4,531,322)       (4,593,104)       (4,267,819)         Administrative expenses       (50,368)       (56,786)       (58,915)       (71,746)       (46,004)         Other       (2,630)       (825)       (3,173)       (1,492)       (3,782)         Net change in plan fiduciary net position       (5,513,017)       7,460,851       2,024,882       (2,938,522)       1,843,114         Plan fiduciary net position - beginning       85,413,189       77,952,338       75,927,456       78,865,978       77,022,864         Plan fiduciary net position - ending (b)       79,900,172       85,413,189       77,952,338       75,927,456       78,865,978         Net pension liability (asset) - ending (a) - (b)       8,222,312       561,396       6,438,970       6,182,655       (1,062,936)         Plan fiduciary net position as a percentage of total       90.67%       99.35%       92.37%       92.47%       101.3	Total pension liability - ending (a)	\$ 88,122,484	\$ 85,974,585	\$ 84,391,308 \$	82,110,111	\$ 77,803,042
Contributions - employer       \$ 1,043,129 \$ 1,008,033 \$ 703,281 \$ 862,218 \$ 945,817         Contributions - employee       641,456       665,782       702,791       747,822       809,375         Net investment income       (2,603,878)       10,951,823       5,212,220       117,780       4,405,527         Benefit payments, including refunds of employee       (4,540,726)       (5,107,176)       (4,531,322)       (4,593,104)       (4,267,819)         Administrative expenses       (50,368)       (56,786)       (58,915)       (71,746)       (46,004)         Other       (2,630)       (825)       (3,173)       (1,492)       (3,782)         Net change in plan fiduciary net position       (5,513,017)       7,460,851       2,024,882       (2,938,522)       1,843,114         Plan fiduciary net position - beginning       85,413,189       77,952,338       75,927,456       78,865,978       77,022,864         Plan fiduciary net position - ending (b)       79,900,172       85,413,189       77,952,338       75,927,456       78,865,978         Net pension liability (asset) - ending (a) - (b)       8,222,312       561,396       6,438,970       6,182,655       (1,062,936)         Plan fiduciary net position as a percentage of total       90.67%       99.35%       92.37%       92.47%       101.3	Plan Fiduciary Net Position					
Contributions - employee         641,456         665,782         702,791         747,822         809,375           Net investment income         (2,603,878)         10,951,823         5,212,220         117,780         4,405,527           Benefit payments, including refunds of employee         (4,540,726)         (5,107,176)         (4,531,322)         (4,593,104)         (4,267,819)           Administrative expenses         (2,630)         (56,786)         (58,915)         (71,746)         (46,004)           Other         (2,630)         (825)         (3,173)         (1,492)         (3,782)           Net change in plan fiduciary net position         (5,513,017)         7,460,851         2,024,882         (2,938,522)         1,843,114           Plan fiduciary net position - beginning         85,413,189         77,952,338         75,927,456         78,865,978         77,022,864           Plan fiduciary net position - ending (b)         79,900,172         85,413,189         77,952,338         75,927,456         78,865,978           Net pension liability (asset) - ending (a) - (b)         8,222,312         561,396         6,438,970         6,182,655         (1,062,936)           Plan fiduciary net position as a percentage of total pension liability         90.67%         99.35%         92.37%         92.47%         101.37		\$ 1.043.129	\$ 1.008.033	\$ 703,281 \$	862,218	\$ 945.817
Net investment income         (2,603,878)         10,951,823         5,212,220         117,780         4,405,527           Benefit payments, including refunds of employee contributions         (4,540,726)         (5,107,176)         (4,531,322)         (4,593,104)         (4,267,819)           Administrative expenses         (50,368)         (56,786)         (58,915)         (71,746)         (46,004)           Other         (2,630)         (825)         (3,173)         (1,492)         (3,782)           Net change in plan fiduciary net position         (5,513,017)         7,460,851         2,024,882         (2,938,522)         1,843,114           Plan fiduciary net position - beginning         85,413,189         77,952,338         75,927,456         78,865,978         77,022,864           Plan fiduciary net position - ending (b)         79,900,172         85,413,189         77,952,338         75,927,456         78,865,978           Net pension liability (asset) - ending (a) - (b)         8,222,312         561,396         6,438,970         6,182,655         (1,062,936)           Plan fiduciary net position as a percentage of total pension liability         90.67%         99.35%         92.37%         92.47%         101.37%           Covered payroll         9,142,548         9,485,119         10,032,541         10,671,014						
Benefit payments, including refunds of employee contributions       (4,540,726)       (5,107,176)       (4,531,322)       (4,593,104)       (4,267,819)         Administrative expenses       (50,368)       (56,786)       (58,915)       (71,746)       (46,004)         Other       (2,630)       (825)       (3,173)       (1,492)       (3,782)         Net change in plan fiduciary net position       (5,513,017)       7,460,851       2,024,882       (2,938,522)       1,843,114         Plan fiduciary net position - beginning       85,413,189       77,952,338       75,927,456       78,865,978       77,022,864         Plan fiduciary net position - ending (b)       79,900,172       85,413,189       77,952,338       75,927,456       78,865,978         Net pension liability (asset) - ending (a) - (b)       8,222,312       561,396       6,438,970       6,182,655       (1,062,936)         Plan fiduciary net position as a percentage of total pension liability       90.67%       99.35%       92.37%       92.47%       101.37%         Covered payroll       9,142,548       9,485,119       10,032,541       10,671,014       11,326,026         Net pension liability (asset) as a percentage of       6       6       6       6       6       6			,	,	,	,
contributions       (4,540,726)       (5,107,176)       (4,531,322)       (4,593,104)       (4,267,819)         Administrative expenses       (50,368)       (56,786)       (58,915)       (71,746)       (46,004)         Other       (2,630)       (825)       (3,173)       (1,492)       (3,782)         Net change in plan fiduciary net position       (5,513,017)       7,460,851       2,024,882       (2,938,522)       1,843,114         Plan fiduciary net position - beginning       85,413,189       77,952,338       75,927,456       78,865,978       77,022,864         Plan fiduciary net position - ending (b)       79,900,172       85,413,189       77,952,338       75,927,456       78,865,978         Net pension liability (asset) - ending (a) - (b)       8,222,312       561,396       6,438,970       6,182,655       (1,062,936)         Plan fiduciary net position as a percentage of total pension liability       90.67%       99.35%       92.37%       92.47%       101.37%         Covered payroll       9,142,548       9,485,119       10,032,541       10,671,014       11,326,026         Net pension liability (asset) as a percentage of       91       91       10,032,541       10,671,014       11,326,026	Benefit payments, including refunds of employee					
Other         (2,630)         (825)         (3,173)         (1,492)         (3,782)           Net change in plan fiduciary net position         (5,513,017)         7,460,851         2,024,882         (2,938,522)         1,843,114           Plan fiduciary net position - beginning         85,413,189         77,952,338         75,927,456         78,865,978         77,022,864           Plan fiduciary net position - ending (b)         79,900,172         85,413,189         77,952,338         75,927,456         78,865,978           Net pension liability (asset) - ending (a) - (b)         8,222,312         561,396         6,438,970         6,182,655         (1,062,936)           Plan fiduciary net position as a percentage of total pension liability         90.67%         99.35%         92.37%         92.47%         101.37%           Covered payroll         9,142,548         9,485,119         10,032,541         10,671,014         11,326,026		(4,540,726)	(5,107,176)	(4,531,322)	(4,593,104)	(4,267,819)
Net change in plan fiduciary net position         (5,513,017)         7,460,851         2,024,882         (2,938,522)         1,843,114           Plan fiduciary net position - beginning         85,413,189         77,952,338         75,927,456         78,865,978         77,022,864           Plan fiduciary net position - ending (b)         79,900,172         85,413,189         77,952,338         75,927,456         78,865,978           Net pension liability (asset) - ending (a) - (b)         8,222,312         561,396         6,438,970         6,182,655         (1,062,936)           Plan fiduciary net position as a percentage of total pension liability         90.67%         99.35%         92.37%         92.47%         101.37%           Covered payroll         9,142,548         9,485,119         10,032,541         10,671,014         11,326,026           Net pension liability (asset) as a percentage of         6         9         9         9         9         10         10,671,014         11,326,026	Administrative expenses	(50,368)	(56,786)	(58,915)	(71,746)	(46,004)
Plan fiduciary net position - beginning       85,413,189       77,952,338       75,927,456       78,865,978       77,022,864         Plan fiduciary net position - ending (b)       79,900,172       85,413,189       77,952,338       75,927,456       78,865,978         Net pension liability (asset) - ending (a) - (b)       8,222,312       561,396       6,438,970       6,182,655       (1,062,936)         Plan fiduciary net position as a percentage of total pension liability       90.67%       99.35%       92.37%       92.47%       101.37%         Covered payroll       9,142,548       9,485,119       10,032,541       10,671,014       11,326,026         Net pension liability (asset) as a percentage of       6       6       6       6       6	Other	(2,630)	(825)	(3,173)	(1,492)	(3,782)
Plan fiduciary net position - beginning       85,413,189       77,952,338       75,927,456       78,865,978       77,022,864         Plan fiduciary net position - ending (b)       79,900,172       85,413,189       77,952,338       75,927,456       78,865,978         Net pension liability (asset) - ending (a) - (b)       8,222,312       561,396       6,438,970       6,182,655       (1,062,936)         Plan fiduciary net position as a percentage of total pension liability       90.67%       99.35%       92.37%       92.47%       101.37%         Covered payroll       9,142,548       9,485,119       10,032,541       10,671,014       11,326,026         Net pension liability (asset) as a percentage of       6       6       6       6       6	Net change in plan fiduciary net position	(5 513 017)	7 /60 851	2 024 882	(2 938 522)	1 8/3 11/
Plan fiduciary net position - ending (b) <b>79,900,172</b> 85,413,189 <b>77,952,338 75,927,456 78,865,978</b> Net pension liability (asset) - ending (a) - (b) <b>8,222,312</b> 561,396       6,438,970       6,182,655       (1,062,936)         Plan fiduciary net position as a percentage of total pension liability <b>90.67%</b> 99.35%       92.37%       92.47%       101.37%         Covered payroll <b>9,142,548</b> 9,485,119       10,032,541       10,671,014       11,326,026         Net pension liability (asset) as a percentage of <b>9 9 9 9 9 9</b>	Net enange in plan nucleary net position	(3,313,017)	7,400,001	2,024,002	(2,550,522)	1,043,114
Net pension liability (asset) - ending (a) - (b)         8,222,312         561,396         6,438,970         6,182,655         (1,062,936)           Plan fiduciary net position as a percentage of total pension liability         90.67%         99.35%         92.37%         92.47%         101.37%           Covered payroll         9,142,548         9,485,119         10,032,541         10,671,014         11,326,026           Net pension liability (asset) as a percentage of	Plan fiduciary net position - beginning	85,413,189	77,952,338	75,927,456	78,865,978	77,022,864
Plan fiduciary net position as a percentage of total pension liability         90.67%         99.35%         92.37%         92.47%         101.37%           Covered payroll         9,142,548         9,485,119         10,032,541         10,671,014         11,326,026           Net pension liability (asset) as a percentage of         9         9         9         9         9	Plan fiduciary net position - ending (b)	79,900,172	85,413,189	77,952,338	75,927,456	78,865,978
pension liability         90.67%         99.35%         92.37%         92.47%         101.37%           Covered payroll         9,142,548         9,485,119         10,032,541         10,671,014         11,326,026           Net pension liability (asset) as a percentage of         Vertice         Vertice         Vertice         Vertice	Net pension liability (asset) - ending (a) - (b)	8,222,312	561,396	6,438,970	6,182,655	(1,062,936)
pension liability         90.67%         99.35%         92.37%         92.47%         101.37%           Covered payroll         9,142,548         9,485,119         10,032,541         10,671,014         11,326,026           Net pension liability (asset) as a percentage of         Vertice         Vertice         Vertice         Vertice						
Covered payroll         9,142,548         9,485,119         10,032,541         10,671,014         11,326,026           Net pension liability (asset) as a percentage of         9         10		00 670/	00.250/	02 270/	02 470/	101 270/
Net pension liability (asset) as a percentage of	pension liability	90.67%	99.35%	92.37%	92.47%	101.37%
Net pension liability (asset) as a percentage of	Covered payroll	9,142,548	9,485,119	10,032,541	10,671,014	11,326,026
covered payroll89.93%5.92%64.18%57.94%-9.38%						
	covered payroll	89.93%	5.92%	64.18%	57.94%	-9.38%

## City of Harlingen, Texas Schedule of Changes in Net Pension Liability (Asset) and Related Ratios For Agent Multiple-Employer Pension Plan - Texas Municipal Retirement System

December 31,		2018	2017	2016	2015	2014
Valley International Airport						
Total Pension Liability						
Service cost	\$	<b>54,514</b> \$	63 <i>,</i> 470 \$	65,012 \$	68,742 \$	84,866
Interest (on the total pension liability)		288,881	314,074	295,958	311,603	368,446
Changes between expected and actual experience		(9,924)	(4,776)	3,781	11,315	(27 <i>,</i> 496)
Changes of assumptions		-	-	-	123,300	-
Benefit payments, including refunds of employee						
Contributions		(226,384)	(284,554)	(243,075)	(265,369)	(301,487)
Net change in total pension liability		107,087	88,214	121,676	249,591	124,329
			00)221	,0,, 0	,	
Total pension liability - beginning		5,955,631	5,867,417	5,745,741	5,496,150	5,371,821
Total pension liability - ending (a)	Ś	<b>6,062,718</b> \$	5,955,631 \$	5,867,417 \$	5,745,741 \$	5,496,150
Total pension hability - ending (a)	Ş	<b>0,002,718</b> Ş	5,955,051 \$	5,007,417 \$	5,745,741 Ş	5,490,150
Plan Fiduciary Net Position						
Contributions - employer	\$	<b>52,007</b> \$	56,164 \$	37,726 \$	49,815 \$	66,814
Contributions - employee	Ŧ	31,981	37,095	37,700	43,206	57,176
Net investment income		(129,820)	610,196	279,711	6,805	311,215
Benefit payments, including refunds of employee						
contributions		(226,384)	(284,554)	(243,075)	(265,369)	(301,487)
Administrative expenses		(2,511)	(3,164)	(3,160)	(4,145)	(3,250)
Other		(131)	(160)	(170)	(205)	(267)
Net change in plan fiduciary net position		(274,858)	415,577	108,732	(169,893)	130,201
Plan fiduciary net position - beginning		5,925,799	5,510,222	5,401,490	5,571,383	5,441,182
Plan fiduciary net position - ending (b)		5,650,941	5,925,799	5,510,222	5,401,490	5,571,383
Net pension liability (asset) - ending (a) - (b)	Ś	<b>411,777</b> \$	29,832 \$	357,195 \$	344,251 \$	(75,233)
	Ŧ	· <b></b> )···· +	10,001 4	007)200 +	0.1.)202 ¥	(70)2007
Plan fiduciary net position as a percentage of total						
pension liability		93.21%	99.50%	93.91%	94.01%	101.37%
. ,						
Covered payroll	\$	<b>455,815</b> \$	528,477 \$	538,179 \$	616,523 \$	800,089
Net pension liability (asset) as a percentage of		00 0 00	E 6 404	cc 2=0/		0 100/
covered payroll		90.34%	5.64%	66.37%	55.84%	-9.40%

## City of Harlingen, Texas Schedule of Changes in Net Pension Liability (Asset) and Related Ratios For Agent Multiple-Employer Pension Plan - Texas Municipal Retirement System

December 31,		2018	2017	2016	2015	2014
Harlingen Waterworks System						
Total Pension Liability						
Service cost	\$	<b>551,635</b> \$	538,832 \$	539,599 \$	487,964 \$	457,206
Interest (on the total pension liability)	Ŧ	1,543,058	1,497,198	1,453,483	1,420,126	1,395,895
Changes between expected and actual experience		(157,540)	88,270	42,791	130,618	(168,074)
Changes of assumptions		-	-	-	579,040	-
Benefit payments, including refunds of employee					,	
Contributions		(1,481,863)	(1,420,743)	(1,354,964)	(1,441,031)	(1,267,474)
Net change in total pension liability		455,290	703,557	680,909	1,176,717	417,553
Total pension liability - beginning		23,325,229	22,621,672	21,940,763	20,764,046	20,346,493
<b>-</b>						
Total pension liability - ending (a)	Ş	<b>23,780,519</b> \$	23,325,229 \$	22,621,672 \$	21,940,763 Ş	20,764,046
Plan Fiduciary Net Position						
Contributions - employer	\$	<b>116,586</b> \$	104,889 \$	35,295 \$	61,279 \$	114,431
Contributions - employee		429,527	419,558	418,757	397,180	381,436
Net investment income		(732,031)	3,088,807	1,469,085	33,518	1,271,634
Benefit payments, including refunds of employee						
contributions		(1,481,864)	(1,420,743)	(1,354,964)	(1,441,031)	(1,267,474)
Administrative expenses		(14,168)	(16,016)	(16,598)	(20,418)	(13,278)
Other		(740)	(811)	(894)	(1,008)	(1,092)
Net change in plan fiduciary net position		(1,682,690)	2,175,684	550,681	(970 <i>,</i> 480)	485,657
Plan fiduciary net position - beginning		24,473,375	22,297,691	21,747,010	22,717,490	22,231,833
Plan fiduciary net position - ending (b)		22,790,685	24,473,375	22,297,691	21,747,010	22,717,490
Net pension liability (asset) - ending (a) - (b)	\$	<b>989,834</b> \$	(1,148,146) \$	323,981 \$	193,753 \$	(1,953,444)
Plan fiduciary net position as a percentage of total						
pension liability		95.84%	104.92%	98.57%	99.12%	109.41%
		5010470	10 1.5270	20.0770	55.12/0	100.41/0
Covered payroll	Ś	<b>6,136,098</b> \$	5,449,089 \$	5,982,248 \$	616,523 \$	800,089
	Ş	0,130,030 Ş	J,44J,00J Ş	J,702,240 Ş	010,323 \$	000,009
Net pension liability (asset) as a percentage of						
covered payroll		16.13%	-21.07%	5.42%	31.43%	-244.15%
			,	2		,0

## City of Harlingen, Texas Schedule of Changes in Net Pension Liability and Related Ratios Firemen's Relief and Retirement Fund

September 30,		2018		2017		2016		2015		2014
Firemen's Relief and Retirement Fund										
Total Pension Liability										
Service cost	Ś	2,010,509	Ś	1,944,931	Ś	1,516,733	Ś	1,155,376	Ś	1,069,793
Interest (on the total pension liability)	Ŧ	3,743,926	Ŧ	3,446,714	Ŧ	2,510,978	Ŧ	3,358,425	Ŧ	3,192,593
Changes between expected and actual experience		-		(1,961,210)		-		1,419,943		-
Change in benefit terms		-		163,430		-		-		-
Changes of assumptions		-		(18,585,414)		-		19,242,950		-
Benefit payments, including refunds of employee										
Contributions		(2,505,626)		(2,197,233)		(2,096,539)		(2,364,932)		(2,185,334)
				(1= 100 =00)						
Net change in total pension liability		3,248,809		(17,188,782)		1,931,172		22,811,762		2,077,052
Total pension liability - beginning		49,561,531		66,750,313		64,819,141		42,007,379		39,930,327
		-,,		,,		- ,,		, ,		,,-
Total pension liability - ending (a)	\$	52,810,340	\$	49,561,531	\$	66,750,313	\$	64,819,141	\$	42,007,379
Plan Fiduciary Net Position										
Contributions - employer	\$	963,468	\$	921,686	\$	590,451	\$	842,698	\$	774,657
Contributions - employee		963 <i>,</i> 468		921,686		590,451		842,698		774,657
Net investment income		2,289,719		2,880,522		1,983,028		(730,520)		1,473,881
Benefit payments, including refunds of employee		(		(0.40-000)		(2.222.222)				
contributions		(2,505,626)		(2,197,233)		(2,096,539)		(2,364,932)		(2,185,334)
Administrative expenses		(31,583)		(49,366)		(24,755)		(28,581)		(38,105)
Net change in plan fiduciary net position		1,679,446		2,477,295		1,042,636		(1,438,637)		799,756
Net change in plan huddary het position		1,079,440		2,477,295		1,042,050		(1,450,057)		799,750
Plan fiduciary net position - beginning		31,224,378		28,747,083		27,704,447		29,143,084		28,343,328
Plan fiduciary net position - ending (b)		32,903,824		31,224,378		28,747,083		27,704,447		29,143,084
Net pension liability - ending (a) - (b)	Ş	19,906,516	Ş	18,337,153	Ş	38,003,230	Ş	37,114,694	Ş	12,864,295
Plan fiduciary net position as a percentage of total		63 3444		CD 000/		43 030/		43 740/		60 300/
pension liability		62.31%	•	63.00%		43.07%		42.74%		69.38%
Covered payroll	Ś	6,423,120	¢	6,213,613	¢	4,541,931	¢	6,482,292	¢	5,958,900
	ş	0,723,120	<b>ڊ</b>	0,213,013	ڊ	4,541,551	ڔ	0,402,232	ڔ	5,556,500
Net pension liability as a percentage of										
covered payroll		309.92%	,	295.11%		836.72%		572.56%		215.88%

## City of Harlingen, Texas Schedule of City's Contribution for All Pension Plans

September 30,	2019	2018	2017	2016	2015
Primary Government					
Actuarially determined contribution	\$ <b>977,060</b> \$	1,015,206 \$	968,003	\$ 771,480 \$	903,260
Contributions in relation to actuarially determined contribution	(977,060)	(1,015,206)	(968,003)	(771,480)	(903,260)
Contribution deficiency (excess)	\$ - \$	- \$	- 9	\$-\$	
Covered payroll	\$ <b>9,070,492</b> \$	9,074,574 \$	9,762,487	\$ 10,155,938 \$	10,771,145
Contributions as a percentage of covered payroll	10.77%	11.19%	9.92%	7.60%	8.39%
Valley International Airport					
Actuarially determined contribution	\$ <b>47,165</b> \$	52,671 \$	51,757	\$ 40,663 \$	56,067
Contributions in relation to actuarially determined contribution	(47,165)	(52,671)	(51,757)	(40,663)	(56,067)
Contribution deficiency (excess)	\$ - \$	- \$	- 5	\$-\$	-
Covered payroll	\$ <b>435,425</b> \$	471,718 \$	538,433	\$ 535,692 \$	691,171
Contributions as a percentage of covered payroll	10.83%	11.17%	9.61%	7.59%	8.11%
Harlingen Waterworks System					
Actuarially determined contribution	\$ <b>113,384</b> \$	113,427 \$	89 <i>,</i> 045 Ş	\$ 43,964 \$	74,455
Contributions in relation to actuarially determined contribution	(89,045)	(113,427)	(89,045)	(43,964)	(74,455)
Contribution deficiency (excess)	\$ <b>24,339</b> \$	- \$	- (	\$-\$	-
Covered payroll	\$ <b>6,040,222</b> \$	6,078,926 \$	6,024,295	\$ 6,144,250 \$	5,584,459
Contributions as a percentage of covered payroll	1.88%	1.87%	1.48%	0.72%	1.33%
Harlingen Firemen's Relief and Retirement Fund					
Actuarially determined contribution	\$ <b>1,032,488</b> \$	963,468 \$	921,686	\$ 820,837 \$	797,081
Contributions in relation to actuarially determined contribution	(1,032,488)	(963,468)	(921,686)	(820,837)	(797,081)
Contribution deficiency (excess)	\$ - \$	- \$	- \$	\$-\$	-
Covered payroll	\$ <b>6,486,567</b> \$	6,423,120 \$	6,213,613	\$ 6,482,292 \$	5,958,900
Contributions as a percentage of covered payroll	15.92%	15.00%	14.83%	12.66%	13.38%

## City of Harlingen, Texas Schedule of Changes in Total OPEB Liability and Related Ratios Agent Multiple-Employer OPEB Plan Retiree Health Care Plan

#### **Primary Government**

	Plan Year ended December 31, 2018			n Year ended ecember 31, 2017
Total OPEB Liability		2010		2017
Service cost Interest (on the total OPEB liability)	\$	228,716 156,485	\$	202,831 167,434
Changes of benefit terms		-		-
Difference between expected and actual experience		2,506		-
Change of assumptions		(151,084)		184,552
Benefit payments, including refunds of employee contributions		(239,421)		(249,912)
Net Change in Total OPEB Liability		(2,798)		304,905
Total OPEB Liability - Beginning		4,718,038		4,413,133
Total OPEB Liability - Ending	\$	4,715,240	\$	4,718,038
Covered Employee Payroll	\$	25,590,001	\$	24,498,456
Total OPEB Liability as a Percentage of Covered Employee Payroll		18.43%		19.26%

#### Valley International Airport

	Plan Year ended December 31,		 Plan Year ended December 31,		
		2018	2017		
Total OPEB Liability					
Service cost	\$	14,678	\$ 13,017		
Interest (on the total OPEB liability)		10,042	10,745		
Changes of benefit terms		-	-		
Difference between expected and actual experience		161	-		
Change of assumptions		(9,696)	11,844		
Benefit payments, including refunds of employee contributions		(4,845)	(5,394)		
Net Change in Total OPEB Liability		10,340	 30,212		
Total OPEB Liability - Beginning		313,421	283,209		
Total OPEB Liability - Ending	\$	323,761	\$ 313,421		
Covered Employee Payroll	\$	1,572,168	\$ 1,572,168		
Total OPEB Liability as a Percentage of Covered Employee Payroll		20.59%	19.94%		

OPEB schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

No assets are accumulated in a trust that meets the criteria in of GASB Cod. Sec. P52.101 to pay related benefits.

Due to the Retiree Health OPEB being considered an unfunded OPEB plan under GASB Cod. Sec. P52, benefit payments are treated as being equal to the employer's yearly contribution for retirees.

## City of Harlingen, Texas Schedule of Changes in Total OPEB Liability and Related Ratios Agent Multiple-Employer OPEB Plan Retiree Health Care Plan - Continued

#### Harlingen Waterworks System

	Plan Year end December 3:		Plan Year ended December 31,	
Total OPEB Liability		2018		2017
Service cost	\$	214,576	\$	188,372
Interest (on the total OPEB liability)		347,152		364,448
Changes of benefit terms		-		-
Difference between expected and actual experience		(5,805)		-
Change of assumptions		(571,896)		706,447
Benefit payments, including refunds of employee contributions		(360,469)		(339,430)
Net Change in Total OPEB Liability		(376,442)		919,837
Total OPEB Liability - Beginning		10,560,920		3,840,067
Net prior period adjustment for GASB 75	\$	-	\$	5,801,016
Total OPEB Liability - Ending	\$	10,184,478	\$	10,560,920
Covered Employee Payroll	\$	2,773,191	\$	2,699,342
Total OPEB Liability as a Percentage of Covered Employee Payroll		367.25%		391.24%

OPEB schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

No assets are accumulated in a trust that meets the criteria in of GASB Cod. Sec. P52.101 to pay related benefits.

Due to the Retiree Health OPEB being considered an unfunded OPEB plan under GASB Cod. Sec. P52, benefit payments are treated as being equal to the employer's yearly contribution for retirees.

# City of Harlingen, Texas Schedule of Changes in total OPEB Liability and Related Ratios Single-Employer OPEB Plan

#### Texas Municipal Retirement System (TMRS) - Supplemental Death Benefits Fund

**Primary Government** 

		Plan Year ended December 31, 2018		n Year ended cember 31, 2017
Total OPEB Liability Service cost	\$	21 041	ć	10.010
	Ş	21,941	\$	19,919
Interest (on the total OPEB liability) Changes of honefit torms		46,846		47,365
Changes of benefit terms		-		-
Difference between expected and actual experience		32,144		-
Change of assumptions Benefit payments, including refunds of employee contributions		(86,065)		100,085
		(14,628)		(13,279)
Net Change in Total OPEB Liability		238		154,090
Total OPEB Liability - Beginning		1,403,808	<u> </u>	1,249,718
Total OPEB Liability - Ending	\$	1,404,046	\$	1,403,808
Covered Employee Payroll	\$	9,142,282	\$	9,485,119
Total OPEB Liability as a Percentage of Covered Employee Payroll		15.36%		14.80%
Valley International Airport				
		n Year ended		n Year ended
	De	ecember 31,	D	ecember 31,
		2018		2017
Total OPEB Liability				
Service cost	\$	1,094	\$	1,110
Interest (on the total OPEB liability)		2,336		2,639
Changes of benefit terms		-		-
Difference between expected and actual experience		1,603		-
Change of assumptions		(4,291)		5,576
Benefit payments, including refunds of employee contributions		(729)		(740)
Net Change in Total OPEB Liability		13		8,585
Total OPEB Liability - Beginning		78,215		69,630
Total OPEB Liability - Ending	\$	78,228	\$	78,215
Covered Employee Payroll	\$	455,815	\$	528,477

OPEB schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

No assets are accumulated in a trust that meets the criteria in of GASB Cod. Sec P52.101 to pay related benefits.

Due to the Supplemental Death OPEB being considered an unfunded OPEB plan under GASB Cod. Sec P52, benefit payments are treated as being equal to the employer's yearly contribution for retirees.

# City of Harlingen, Texas Schedule of Changes in total OPEB Liability and Related Ratios Single-Employer OPEB Plan

#### Texas Municipal Retirement System (TMRS) - Supplemental Death Benefits Fund

Harlingen Waterworks System

	Plan Year ended December 31, 2018		 Plan Year ended December 31, 2017	
Total OPEB Liability				
Service cost	\$	17,181	\$ 14,385	
Interest (on the total OPEB liability)		17,554	17,569	
Changes of benefit terms		-	-	
Difference between expected and actual experience		(16,478)	-	
Change of assumptions		(32,570)	37,652	
Benefit payments, including refunds of employee contributions		(5,522)	(5,394)	
Net Change in Total OPEB Liability		(19,835)	64,212	
Total OPEB Liability - Beginning		524,495	460,283	
Total OPEB Liability - Ending	\$	504,660	\$ 524,495	
Covered Employee Payroll	\$	6,136,098	\$ 5,993,680	
Total OPEB Liability as a Percentage of Covered Employee Payroll		8.22%	8.75%	

OPEB schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

No assets are accumulated in a trust that meets the criteria in of GASB Cod. Sec P52.101 to pay related benefits.

Due to the Supplemental Death OPEB being considered an unfunded OPEB plan under GASB Cod. Sec P52, benefit payments are treated as being equal to the employer's yearly contribution for retirees.

#### Primary Government and Valley International Airport

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	14 Years
Asset Valuation Method	10 Year Smoothed Market; 15% Soft Corridor
Inflation	2.5%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience – based table based on rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 – 2014.
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.

#### Harlingen Waterworks System

#### Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January twelve months and a day 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	25 Years
Asset Valuation Method	10 Year Smoothed Market; 15% Soft Corridor
Inflation	2.5%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience – based table based on rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 – 2014.
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:	The System discontinued participation in TMRS for employees hired or rehired on or after October 1, 2018.

#### Harlingen Firemen's Relief and Retirement Fund

Valuation Date:

The total pension liability was determined by an actuarial as of September 30, 2018.

#### Methods and Assumptions Used to Determine Contribution Rates:

Inflation Payroll Growth Salary increase Investment rate of return	2.5% 3.5% 5.0% per annum 7.75%, Net of pension plan investment expenses
Mortality	SOA-2010 Public Service Mortality Tables projected forward generationally using Scale MP-2019
Changes in Plan Provisions:	Effective April 1, 2019, the following changes were made: (1) City contribution rate was increased to 17% with the City making its annual contribution in October based on the estimated payroll for that year. (2) The longevity service benefit has been decreased to \$50 per longevity service year, with a maximum of 10 longevity service years, (3) Future members receive a lower cost benefit structure.

#### **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, Air Service Development Program, 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; 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.

#### OTHER SUPPLEMENTARY INFORMATION

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## City of Harlingen, Texas 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 **CDBG Fund** is used to account for the revenues received from the Community Development Block Grant and the associated expenditures for community development. CDBG provides affordable housing, anti-poverty programs, and infrastructure development.

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 *Air Service Development Fund* is used to account for the expenditures paid to airlines as an incentive for providing service to the City.

## City of Harlingen, Texas Nonmajor Governmental Funds Special Revenue Funds

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 **Harlingen Convention Center Fund** is used to account for rental fees and expenditures of the City's new Convention Center.

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.

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 **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.

## City of Harlingen, Texas Nonmajor Governmental Funds 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 *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 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 *General Obligation Bonds, Series 2006 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, 2019

			 	Spec	cial Revenue Fund	ls		 	
	CDBG Fund	Tennis Court Revenue	PEG Fund		Hotel/Motel Occupancy Tax		Convention Visitors Bureau	M.P.O.	Catastrophic Emergency Relief
Assets									
Cash and cash equivalents	\$ 207,223	\$ -	\$ 91,045	\$	222,056	\$	211,430	\$ -	\$ 248,428
Investments - other	-	-	604,497		520,552		-	-	577,046
Receivables (net of allowance for									
uncollectibles) Taxes		_							
Accounts	8,032	20	- 26,135		- 322,693		-	-	-
Assessments	12,815	20	20,155		522,095		-	-	-
Due from other governments	12,815	-	-		-		-	245,707	-
Loans receivable	1,574,987	-	-		-		-	243,707	-
Prepaid items	1,374,987	-	-		-		436	-	-
repaid items							450		 
Total assets	\$ 1,803,057	\$ 20	\$ 721,677	\$	1,065,301	\$	211,866	\$ 245,707	\$ 825,474
iabilities									
Accounts payable	\$ 1,850	\$ 379	\$ -	\$	-	\$	1,375	\$ 60	\$ -
Accrued expenditures	6,197	-	-		-		5,580	6,182	-
Escrow liabilities	18,156	-	-		-		-	-	-
Other liabilities	2,512	-	-		-		-	1,582	-
Due to other funds	100,000	9,145	-		-		-	237,472	-
Unearned revenue	-	-	-		-		-	-	-
Total liabilities	128,715	9,524	-		-		6,955	245,296	-
Deferred inflows of resources									
Unavailable revenue - property taxes	-	-	-		-		-	-	-
Unavailable revenue - special assessments	12,815	-	-		-		-	-	-
Unavailable revenue - noncurrent receivables	1,574,987	-	-		-		-	-	-
Unavailable revenue - other	-	-	-		196,461		-	731	-
Total deferred inflows of resources	1,587,802	-	-		196,461		-	731	-
und balance (deficit)									
Nonspendable	-	-	-		-		436	-	-
Restricted	86,540	-	721,677		868,840		204,475	-	-
Committed	-	-	-		-		-	-	825,474
Unassigned	-	(9,504)	-		-		-	(320)	-
Total fund balance (deficit)	86,540	(9,504)	721,677		868,840		204,911	(320)	825,474
Total liabilities, deferred inflows									
of resources and fund balances	\$ 1,803,057	\$ 20	\$ 721,677	\$	1,065,301	\$	211,866	\$ 245,707	\$ 825,474

									Special Reve	nue	e Funds								
	Harlingen Downtown		Federal Forfeiture		State Forfeiture		Air Service Development Program		Communication Center		Harlingen Convention Center		COPS/ UHP Grant		Tra	ee ade dge	Infrastructure		Lon C. Hill Library
\$	175,053 -	\$	63,444 -	\$	145,664 -	\$	55,256 805,996	\$	43,142	\$	501,875 -	\$	-			80,470 24,536	\$ 772,924 705,247	\$	103,242
	610		-		- 857		-		-		- 280,926		-			-	- 8,388		
	5,465 - -		-		4,137		-		-		-		-			-	-		
\$	181,128	\$	63,444	\$	150,658	\$	861,252	\$	43,142	Ś	782,801	\$	-		1,0	05,006	\$ 1,486,559	\$	103,242
\$	4,099 4,848	\$	-	\$	-	\$	217,180	\$	- 5	\$	220,926	\$	-			10	\$ 307,486	\$	13
	2,876		4,137		-						-		-			-	-		
	11,823		4,137		-		217,180		-		220,926		-			10	307,486		1
	- 5,465		-		-		-		-		-		-			-	-		
	-		-		-		-		-		- 60,000		-			-	-		
	5,465		-		-		-		-		60,000		-			-	 -		
	- 163,840 -		- 59,307 -		- 150,658 -		- 644,072 -		- -		-		-		1,0	- - 104,996	- - 1,179,073		103,229
	- 163,840		- 59,307		- 150,658		- 644,072		43,142 43,142		501,875 501,875		-		1,0	- 04,996	- 1,179,073		103,22
ŝ	181,128	Ś	63,444	Ś	150,658	Ś	861,252	¢	43,142		782,801	ć		4	1.0	05,006	\$ 1,486,559	ć	103,242

# City of Harlingen, Texas Non Major Governmental Funds Combining Balance Sheet

#### September 30, 2019

		:	Speo	cial Revenue Fund	ds				Capital Projects Funds			
	Fax Increment Financing Reinvestment Zone 1	Tax Increment Financing Reinvestment Zone 2		Tax Increment Financing Reinvestment Zone 3		Neighborhood Stabilization		Total	 Capital Improvement		Street Improvement	
issets												
Cash and cash equivalents	\$ 97,593	\$ 189,228	\$	95,168	\$	30,800	\$	3,434,041	\$ 14,334	\$	533	
Investments - other	402,998	402,998		201,499		-		5,045,369	-		-	
Receivables (net of allowance for												
uncollectibles)												
Taxes	-	-		-		-		-	-		12,580	
Accounts	-	-		-		-		647,661	-		-	
Assessments	-	-		-		-		18,280	-		-	
Due from other governments	-	-		-		-		249,844	-		-	
Loans receivable	-	-		-		-		1,574,987	-		-	
Prepaid items	-	-		-		-		436	-		-	
Total assets	\$ 500,591	\$ 592,226	\$	296,667	\$	30,800	\$	10,970,618	\$ 14,334	\$	13,113	
iabilities												
Accounts payable	\$ -	\$ -	\$	-	\$	-	\$	753,378	\$ 1,590	\$	-	
Accrued expenditures	-	-		-		-		22,807	-		-	
Escrow liabilities	-	-		-		-		18,156	-		-	
Other liabilities	-	-		-		-		11,107	7,585		-	
Due to other funds	-	-		-		-		346,617	-		-	
Unearned revenue	-	-		-		30,800		30,800	-		-	
Total liabilities	-	-		-		30,800		1,182,865	9,175		-	
Deferred inflows of resources												
Unavailable revenue - property taxes	-	-		-		-		-	-		-	
Unavailable revenue - special assessments	-	-		-		-		18,280	-		-	
Unavailable revenue - noncurrent receivables	-	-		-		-		1,574,987	-		-	
Unavailable revenue - other	-	-		-		-		257,192	-		12,580	
Total deferred inflows of resources	-	-		-		-		1,850,459	-		12,580	
und balance (deficit)												
Nonspendable	-	-		-		-		436	-		-	
Restricted	500,591	592,226		296,667		-		4,392,122	5,159		-	
Committed	-	-		-		-		3,009,543	-		533	
Unassigned	 -	-		-		-		535,193	-		-	
Total fund balance (deficit)	500,591	592,226		296,667		-		7,937,294	5,159		533	
Total liabilities, deferred inflows												
of resources and fund balances	\$ 500,591	\$ 592,226	\$	296,667	\$	30,800	Ś	10,970,618	\$ 14,334	\$	13,113	

	Capital Pro	oject	s Funds		-		Tatal
Petition Paving	Certificates of Obligation Projects		G.O. Bond	Total		Debt Service Fund	Total Non Major Governmental Funds
 Paving	Series 2001		Series 2006	Total		Fund	Funds
\$ 147,447 -	\$ - 653,168	\$	65,632 -	\$ 227,946 653,168	\$	231,334 832,151	\$ 3,893,321 6,530,688
-	-		-	12,580		293,461	306,041
11,293	-		-	11,293		-	658,954
143,013	-		-	143,013		-	161,293
-	-		-	-		-	249,844
-	-		-	-		-	1,574,987 436
\$ 301,753	\$ 653,168	\$	65,632	\$ 1,048,000	\$	1,356,946	\$ 13,375,564
\$ -	\$ -	\$	-	\$ 1,590	\$	-	\$ 754,968
-	-		-	-		-	22,807
163,002	-		-	163,002		-	181,158
935	-		-	8,520		-	19,627 346,617
 -	-			-		-	30,800
 163,937	-		-	173,112		-	1,355,977
-	-		-	-		281,625	281,625
-	-		-	-		-	18,280
-	-		-	-		-	1,574,987
 145,977	 -		-	 158,557		-	 415,749
 145,977	-		-	158,557		281,625	2,290,641
-	-		-	-		-	436
-	653,168		65,632	723,959		1,075,321	6,191,402
(8,161)	-		-	533 (8,161)		-	3,010,076 527,032
 (8,161)	 653,168		65,632	716,331		1,075,321	 9,728,946
 (0,101)	000,100		00,002	, 10,001		1,07,5,521	5,720,540
\$ 301,753	\$ 653,168	\$	65,632	\$ 1,048,000	\$	1,356,946	\$ 13,375,564

# City of Harlingen, Texas Non Major Governmental Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances

				Sp	ecial Revenue Fund	s		
	CDE Fur		Tennis Court Revenue	PEG Fund	Hotel/Motel Occupancy Tax	Convention Visitors Bureau	M.P.O.	Catastrophic Emergency Relief
Revenues								
Property taxes	\$	- \$	- \$			\$ -	\$-	\$-
Nonproperty taxes		-	-	107,567	1,385,981	-	-	-
Assessments		-	-	-	-	-	-	-
Fines and forfeitures		-	-	-	-	-	-	-
Charges for services		-	8,494	-	-	-	-	-
Intergovernmental	1,23	3,169	-	-	-	1,500	395,558	-
Miscellaneous	11	1,900	-	-	-	1,463	-	-
Interest and investment income		5,752	50	4,497	12,395	3,497	-	17,690
Total revenues	1,35	0,821	8,544	112,064	1,398,376	6,460	395,558	17,690
Expenditures								
Current								
General government		-	-	-	65,000	-	-	-
Public safety		-	-	-	-	-	-	-
Highways and streets		-	-	-	-	-	396,150	11,599
Community and economic development	1.10	6,576	-	-	-	-	-	-
Culture and recreation	, -	-	30,167	-	-	500,942	-	-
Capital outlay	23	0,248	, _	-	-	· -	-	-
Debt service								
Principal		-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-
Total expenditures	1,33	6,824	30,167	-	65,000	500,942	396,150	11,599
Excess (deficiency) of revenues								
over (under) expenditures	1	3,997	(21,623)	112,064	1,333,376	(494,482)	(592)	6,091
Other financing sources (uses)								
Transfers in		-	-	-	-	424,000	-	-
Transfers out		-	-	-	(764,492)		-	-
Sale of capital assets		-	-	-		-	172	-
Total other financing sources (uses)		-	-	-	(764,492)	424,000	172	-
Net change in fund balances	1	3,997	(21,623)	112,064	568,884	(70,482)	(420)	6,091
Fund balance, beginning of year	7	2,543	12,119	609,613	299,956	275,393	100	819,383
Fund balance, end of year	Ś 8	6,540 \$	(9,504) \$	721,677	\$ 868,840	\$ 204,911	\$ (320)	\$ 825,474

Year ended September 30, 2019

				Special Reven	ue Funds				
Harlingen Downtown	Federal Forfeiture	State Forfeiture	Air Service Development Program	Communication Center	Harlingen Convention Center	COPS/ UHP Grant	Free Trade Bridge	Infrastructure	Lon C. Hill Library
- \$	- \$	- ¢		\$-\$	- ¢	- 5	\$-	\$-	\$-
-	-	-	-	-	-	-	-	-	-
30,906	-	-	-	-	-	-	-	1,491,177	-
-	31,489	57,479	-	-	-	-	-	-	-
-	-	-	-	12,775	500,000	- 49,323	352,493	-	-
-	-	4,137	_	-	500,000	45,523	-	-	17,543
2,795	934	3,334	18,615	539	1,875	_	21,259	33,226	1,983
33,701	32,423	64,950	18,615	13,314	501,875	49,323	373,752	1,524,403	19,526
-	- 34,925	- 61,458	-	- 11,807	-	- 49,323	-	-	-
-	-	-	-		-		55,124	1,936,572	-
213,316	-	-	924,543	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	23,176
-	-	37,736	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
213,316	- 34,925	99,194	924,543	- 11,807	-	49,323	- 55,124	1,936,572	23,176
213,310	34,923	55,154	524,545	11,807		45,525	55,124	1,930,972	23,170
(179,615)	(2,502)	(34,244)	(905,928)	1,507	501,875	-	318,628	(412,169)	(3,650
214,975		-	1,550,000				-	15,426	
214,575	-	(86,875)	-	-	-	-	(250,075)	- 15,420	-
1,460	-	4,500	-	-	-	-	(250,075)	-	
216,435	-	(82,375)	1,550,000	-	-	-	(250,075)	15,426	-
36,820	(2,502)	(116,619)	644,072	1,507	501,875	-	68,553	(396,743)	(3,650
127,020	61,809	267,277	-	41,635	-	-	936,443	1,575,816	106,879
163,840 \$	59,307 \$	150,658 \$	644,072	\$ 43,142 \$	501,875 \$	-	\$ 1,004,996	\$ 1,179,073	\$ 103,229

## City of Harlingen, Texas Non Major Governmental Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances

				Speci	ial Revenue Funds					Capital Proje	cts Funds
	Fir Rein	ncrement hancing vestment fone 1	Tax Increment Financing Reinvestment Zone 2		Tax Increment Financing Reinvestment Zone 3	Neighborhood Stabilization		Total	Im	Capital provement	Street Improvement
Revenues	A										
Property taxes	\$	- 9		\$	- \$	-	\$	-	\$	- 9	
Nonproperty taxes		-	-		-	-		1,493,548		-	-
Assessments		-	-		-	-		1,522,083		-	-
Fines and forfeitures		-	-		-	-		88,968		-	-
Charges for services		-	-		-	-		373,762		-	-
Intergovernmental		57,148	112,885		141,065	-		2,490,648		-	-
Miscellaneous		-	-		-	-		135,043		-	-
Interest and investment income		8,752	8,816		7,334	-		153,343		430	533
Total revenues		65,900	121,701		148,399	-		6,257,395		430	533
Expenditures											
Current											
General government		-	-		-	-		65,000		-	-
Public safety		-	-		-	-		157,513		-	-
Highways and streets		-	-		-	-		2,399,445		-	-
Community and economic development		-	-		-	-		2,244,435		-	-
Culture and recreation		-	-		-	-		554,285		4,550	-
Capital outlay		-	-		-	-		267,984		32,361	-
Debt service											
Principal		-	-		70,000	-		70,000		-	-
Interest		-	-		-	-		-		-	-
Total expenditures		-	-		70,000	-		5,758,662		36,911	-
Excess (deficiency) of revenues											
over (under) expenditures		65,900	121,701		78,399	-		498,733		(36,481)	533
Other financing sources (uses)											
Transfers in		61,344	133,805		242,025	-		2,641,575		-	-
Transfers out		· -	-		(453,396)	-		(1,554,838)		-	(15,426)
Sale of capital assets		-	-		-	-		6,132		-	-
Total other financing sources (uses)		61,344	133,805		(211,371)	-		1,092,869		-	(15,426)
Net change in fund balances		127,244	255,506		(132,972)	-		1,591,602		(36,481)	(14,893)
Fund balance, beginning of year		373,347	336,720		429,639	-		6,345,692		41,640	15,426
Fund balance, end of year	\$	500,591	592,226	Ś	296,667 \$	-	Ś	7,937,294	Ś	5,159	533

Year ended September 30, 2019

		Capital Pro	oject	s Funds						
		Certificates								Total
		of Obligation						Debt		Non Major
	Petition	Projects		G.O. Bond				Service		Governmental
	Paving	Series 2001		Series 2006		Total		Fund		Funds
\$	- \$	-	\$	-	\$	-	\$	4,077,769	\$	4,077,769
	-	-		-		-		-		1,493,548
	-	-		-		-		-		1,522,083
	-	-		-		-		-		88,968
	-	-		-		-		-		373,762
	-	-		-		-		606,886		3,097,534
	20	-		-		20		-		135,063
	2,573	15,147		2,436		21,119		33,546		208,008
	2,593	15,147		2,436		21,139		4,718,201		10,996,735
	-	-		-		-		-		65,000
	-	-		-		-		-		157,513
	-	-		-		-		-		2,399,445
	-	-		-		-		-		2,244,435
	-	9,825		-		14,375		-		568,660
	-	-		20,000		52,361		-		320,345
	-	-		-		-		3,225,000		3,295,000
	-	-		-		-		1,471,451		1,471,451
	-	9,825		20,000		66,736		4,696,451		10,521,849
	2,593	5,322		(17,564)		(45,597)		21,750		474,886
	-	-		-		-		133,492		2,775,067
	-	-		-		(15,426)				(1,570,264)
	-	-		-				-		6,132
	-	-		-		(15,426)		133,492		1,210,935
	2,593	5,322		(17,564)		(61,023)		155,242		1,685,821
	(10,754)	647,846		83,196		777,354		920,079		8,043,125
\$	(8,161) \$	653,168	\$	65,632	\$	716,331	\$	1,075,321	\$	9,728,946
Ļ	(0,101) Ş	055,108	ڊ	05,032	ŗ	/10,331	Ļ	1,075,521	Ļ	5,720,540

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### INTERNAL SERVICE FUNDS COMBINING FINANCIAL STATEMENTS

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### City of Harlingen, Texas 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 Fund Combining Statement of Net Position

Sep	otembe	er 30, 2019		
	l	Motor Vehicle/ Warehouse Fund	Health Insurance Fund	Total
Assets				
Current assets				
Cash and cash equivalents	\$	557,130	\$ 713,482	\$ 1,270,612
Investments - other		3,178,018	-	3,178,018
Receivables (net of allowances for uncollectibles)				
Accounts		12,924	4,511	17,435
Inventories		117,400	-	117,400
Prepayments		16,030	9,285	25,315
Total current assets		3,881,502	727,278	4,608,780
Non-current assets Capital assets				
Plant and equipment		22,352,627	-	22,352,627
Accumulated depreciation		(17,231,155)	-	(17,231,155)
Total capital assets (net of accumulated		,		<u> </u>
depreciation)		5,121,472	-	5,121,472
Total assets		9,002,974	727,278	9,730,252
Deferred outflows of resources				
OPEB - retiree healthcare		3,431	-	3,431
OPEB - supplemental death benefits		845	-	845
Pensions		52,620	-	52,620
Total deferred outflows of resources		56,896	-	56,896
Total assets and deferred outflows of				
resources	\$	9,059,870	\$ 727,278	\$ 9,787,148

## City of Harlingen, Texas Internal Service Fund Combining Statement of Net Position

Sept	emb	er 30, 2019		
		Motor Vehicle/ Warehouse Fund	Health Insurance Fund	Total
Liabilities				
Current liabilities				
Accounts payable	\$	2,605	\$ 18,298	\$ 20,903
Due to other funds		-	65,000	65,000
Accrued expenses		19,384	-	19,384
Total current liabilities		21,989	83,298	105,287
Non-current liabilities				
Compensated absences		58,715	-	58,715
OPEB liability - retiree health care		47,657	-	47,657
OPEB liability - supplemental death benefits		14,190	-	14,190
Net pension liability		83,102	-	83,102
Total non-current liabilities		203,664	-	203,664
Total liabilities		225,653	83,298	308,951
Deferred inflows of resources				
Supplemental death benefits		602	-	602
OPEB - retiree healthcare		1,355	-	1,355
Deferred inflows of resources from pensions		1,541	-	1,541
Total deferred inflows of resources		3,498	-	3,498
Net position				
Net investment in capital assets		5,121,472	-	5,121,472
Unrestricted		3,709,247	643,980	4,353,227
Total net position		8,830,719	643,980	9,474,699
Total liabilities, deferred inflows				
of resources and net position	\$	9,059,870	\$ 727,278	\$ 9,787,148

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# City of Harlingen, Texas Internal Service Fund Combining Statements of Revenues, Expenses and Change in Net Position

Year e	nded Sept	ember 30, 201	19	
	N	lotor Vehicle/		
		Warehouse	Health	
		Fund	Insurance Fund	Total
Operating revenues				
Current use charges	\$	3,442,203	\$ 4,461,284 \$	7,903,487
Operating expenses				
Personnel services		416,669	-	416,669
Contracted services		106,726	4,491,561	4,598,287
Materials and supplies		1,793,448	-	1,793,448
Other expenses		29,262	-	29,262
Depreciation and amortization		1,306,501	-	1,306,501
Total operating expenses		3,652,606	4,491,561	8,144,167
Operating loss		(210,403)	(30,277)	(240,680)
Nonoperating revenues				
Interest revenue		79,222	12,020	91,242
Gain on sale/disposal of fixed assets		(8)	-	(8)
Miscellaneous revenue		3,195	-	3,195
Total nonoperating revenues		82,409	12,020	94,429
Loss before transfers		(127,994)	(18,257)	(146,251)
Transfers				
Transfers in		754,950	-	754,950
Transfers out		(841,442)	-	(841,442)
Total transfers		(86,492)	-	(86,492)
Net change in net position		(214,486)	(18,257)	(232,743)
Net position, beginning of year		9,045,205	662,237	9,707,442
Net position, end of year	\$	8,830,719	\$ 643,980 \$	9,474,699

# City of Harlingen, Texas Internal Service Funds Combining Statement of Cash Flows

Year Ended September 3	0, 2019	)		
		Motor		
		Vehicle/	Health	
	۲	Warehouse	Insurance	
		Fund	Fund	Totals
Cash flows from operating activities				
Received from customers	\$	3,445,366 \$	4,462,228 \$	7,907,594
Payments to suppliers		(1,892,440)	(4,502,534)	(6,394,974)
Payments to employees		(391,627)	-	(391,627)
Net cash provided by (used in) operations		1,161,299	(40,306)	1,120,993
Cash flows from noncapital financing activities				
Transfers from other funds		(841,442)	-	(841,442)
Transfers to other funds		754,950	-	754,950
Net cash provided by (used in) noncapital financing activities		(86,492)	-	(86,492)
Cash flows from capital and related financing activities				
Purchases of capital assets		(1,239,415)	_	(1,239,415)
Proceeds from sale of capital assets		(1,233,413)	_	(1,200,410)
Net cash provided by (used in) capital and related financing activities		(1,239,415)	-	(1,239,415)
Cash flows from investing activities		(4.002.020)		(4.052.020)
Purchase of investments		(1,063,039)	-	(1,063,039)
Interest received		79,222	12,020	91,242
Net cash provided by (used in) investing activities		(983,817)	12,020	(971,797)
Net decrease in cash and cash equivalents		(1,148,425)	(28,286)	(1,176,711)
Cash and cash equivalents, beginning of year		1,705,555	741,768	2,447,323
Cash and cash equivalents, end of year	\$	557,130 \$	713,482 \$	1,270,612

# City of Harlingen, Texas Internal Service Funds Combining Statement of Cash Flows - Continued

Year Ended September 30, 2019					
	Motor Vehicle/ Warehouse Fund		Health Insurance Fund	Totals	
Reconciliation of operating income to net cash provided					
by (used in) operating activities:					
Operating loss	\$	(210,403) \$	(30,277) \$	(240,680)	
Adjustments to reconcile net income from operations to net					
cash from operating activities					
Depreciation		1,306,501	-	1,306,501	
Other revenue received		3,195	-	3,195	
(Increase) decrease in receivables		(295)	944	649	
(Increase) decrease in due from component unit		263	-	263	
(Increase) decrease in prepaid expenses		(16,030)	(9,285)	(25,315)	
(Increase) decrease in inventories		61,377	-	61,377	
(Increase) decrease in deferred outflows of resources		(39 <i>,</i> 692)	-	(39 <i>,</i> 692)	
Increase (decrease) in deferred inflows of resources		(19 <i>,</i> 788)	-	(19 <i>,</i> 788)	
Increase (decrease) in accounts payable		(8,351)	(1,688)	(10,039)	
Increase (decrease) in net pension liability		77,428	-	77,428	
Increase (decrease) in net other post employment benefit obligation		(202)	-	(202)	
Increase (decrease) in accrued expenses		7,296	-	7,296	
Total adjustments		1,371,702	(10,029)	1,361,673	
Net cash provided by (used in) operations	\$	1,161,299 \$	(40,306) \$	1,120,993	

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Supplementary Individual Governmental Fund Financial Statements and Schedules

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#### City of Harlingen General Fund Comparative Balance Sheets

September 30,	2019	2018
Assets		
Cash and cash equivalents	\$ -	\$ 2,224
Investments - other	19,540,600	19,289,855
Receivables (net of allowance for uncollectibles)		
Taxes	828,675	768,254
Accounts	800,804	888,394
Due from other governments	1,509,367	1,453,339
Due from other funds	1,347,498	1,563,009
Due from component units	-	144,258
Loans receivable	189,561	175,220
Prepaid items	221,518	31,019
Restricted assets:		
Investments - other	137,141	129,924
Total assets	\$ 24,575,164	\$ 24,445,496
Liabilities		
Accounts payable	\$ 593,746	\$ 601,052
Accrued expenditures	1,082,778	921,616
Escrow liabilities	307,898	284,599
Other liabilities	665,329	795,216
Customer deposits	137,141	129,924
Due to other funds	122,833	122,833
Due to component units	-	5,872
Total liabilities	2,909,725	2,861,112
Deferred inflows of resources		
Unavailable revenue - property taxes	787,066	659,863
Unavailable revenue - payments in lieu of taxes	23,088	157,948
Unavailable revenue - other	65,558	66,309
Total deferred inflows of resources	875,712	884,120
		· · · · ·
Fund balances		
Nonspendable	221,518	31,019
Assigned	428,246	-
Unassigned	20,139,963	20,669,245
Total fund balances	20,789,727	20,700,264
Total liabilities, deferred inflows		
of resources and fund balances	\$ 24,575,164	\$ 24,445,496

### City of Harlingen General Fund Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	2019	2018
Revenues		
Property taxes - including penalty and interest	\$ 15,267,137	\$ 14,763,466
Non property taxes	22,728,278	22,458,031
Fines and forfeitures	1,059,835	918,840
Licenses and permits	690,991	655,628
Charges for services	1,327,675	1,403,079
Intergovernmental	1,347,063	1,176,253
Contributions and donations	94,551	893,039
Miscellaneous	192,553	182,243
Interest and investment income	547,187	310,605
Total revenues	43,255,270	42,761,184
Expenditures		
Current		
General government	5,818,350	5,728,253
Public safety	23,697,616	23,361,243
Highways and streets	3,410,491	3,300,201
Health and welfare	883,373	841,556
Community and economic development	1,818,633	1,589,678
Culture and recreation	5,046,136	5,292,513
Capital outlay	1,259,425	1,420,920
Debt service		
Principal retirement	180,216	169,340
Interest and fiscal agent fees	22,023	22,837
Total expenditures	42,136,263	41,726,541
Excess of revenues over expenditures	1,119,007	1,034,643
Other financing sources (uses)		
Transfers in	2,114,996	2,436,996
Transfers out	(3,200,736)	(1,435,866)
Proceeds from capital lease	-	97,777
Sale of general capital assets	56,196	54,361
Total other financing sources (uses)	(1,029,544)	1,153,268
Net change in fund balance	89,463	2,187,911
Fund balance, beginning of year	20,700,264	18,512,353
Fund balance, end of year	\$ 20,789,727	\$ 20,700,264

# City of Harlingen Community Development Block Grant Fund Comparative Balance Sheets

September 30,		2019		2018
Assets				
Cash and cash equivalents	\$	207,223	\$	222,052
Receivables (net of allowance for uncollectibles)	Ŷ	207)220	Ŷ	222,002
Accounts		8,032		16,722
Assessments		12,815		12,815
Loans receivable		1,574,987		1,609,874
Total assets	\$	1,803,057	\$	1,861,463
Liabilities				
Accounts payable	\$	1,850	\$	40,612
Accrued expenditures		6,197	•	4,447
Escrow liabilities		18,156		20,302
Other liabilities		2,512		870
Due to other funds		100,000		100,000
Total liabilities		128,715		166,231
Deferred inflows of resources				
Unavailable revenue - special assessments		12,815		12,815
Unavailable revenue - noncurrent receivables		1,574,987		1,609,874
Total deferred inflows of resources		1,587,802		1,622,689
Fund balances				
Restricted		86,540		72,543
Total fund balances		86,540		72,543
Total liabilities, deferred inflows				
of resources and fund balances	\$	1,803,057	\$	1,861,463

### City of Harlingen Community Development Block Grant Fund Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	2019	2018
Revenues		
	\$ 1,233,169	\$ 645,875
Intergovernmental Miccollangeus		
Miscellaneous	111,900	80,444
Interest and investment income	5,752	4,312
Total revenues	1,350,821	730,631
Expenditures		
Current		
Community and economic development	1,106,576	682,249
Capital outlay	230,248	88,886
Total expenditures	1,336,824	771,135
Net change in fund balance	13,997	(40,504)
Fund balance, beginning of year	72,543	113,047
Fund balance, end of year	\$ 86,540	\$ 72,543

### City of Harlingen, Texas CDBG Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<b>/</b>	ided Septem	DUIS	0,2015		
	Βι	ıdget		Actual Amount	Variance Positive
	 Original	- 0	Final	(GAAP BASIS)	(Negative)
Revenues	0			· · ·	
Intergovernmental	\$ 1,202,316	\$	1,202,316	\$ 1,233,169	\$ 30,853
Miscellaneous	36,335		36,335	111,900	75,565
Interest and investment income	5,450		5,450	5,752	302
Total revenues	1,244,101		1,244,101	1,350,821	106,720
Expenditures					
Current					
Community and economic development	885,441		1,202,316	1,106,576	95,740
Capital outlay	358,660		419,498	230,248	189,250
Total expenditures	1,244,101		1,621,814	1,336,824	284,990
Net change in fund balance	\$ -	\$	(377,713)	13,997	\$ 391,710
Fund balances, beginning of year				72,543	
Fund balance, end of year				\$ 86,540	

### City of Harlingen Tennis Court Fund Comparative Balance Sheets

September 30,	2019	2018
Assets		
Cash and cash equivalents	\$ -	\$ 12,568
Receivables (net of allowance for uncollectibles)		, ,
Accounts	20	20
Total assets	\$ 20	\$ 12,588
		1 7
Liabilities		
Accounts payable	\$ 379	\$ 469
Due to other funds	9,145	-
Total liabilities	9,524	469
Deferred inflows of resources	-	-
Fund balances		
Restricted	-	12,119
Unassigned	(9,504)	-
Total fund balances	(9,504)	12,119
Total liabilities, deferred inflows		
of resources and fund balances	\$ 20	\$ 12,588

# City of Harlingen Tennis Court Fund Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	2019	2018
Revenues		
Charges for services	\$ 8,494	\$ 8,731
Interest and investment income	50	342
Total revenues	8,544	9,073
Eveneditures		
Expenditures		
Current		
Culture and recreation	30,167	50,511
Total expenditures	30,167	50,511
Net change in fund balance	(21,623)	(41,438)
Fund balance, beginning of year	12,119	53,557
Fund balance, end of year	\$ (9,504)	\$ 12,119

#### City of Harlingen, Texas Tennis Court Revenue Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

	icui ciit	iea septem	ber 5	0,2015				N/	
		Bu	udget		Ac	Actual Amount		Variance Positive	
		Original	0	Final	(0	GAAP BASIS)		(Negative)	
Revenues									
Charges for services	\$	7,500	\$	7,500	\$	8,494	\$	994	
Interest and investment income		-		-		50		50	
Total revenues		7,500		7,500		8,544		1,044	
Expenditures									
Current									
Culture and recreation		38,147		38,147		30,167		7,980	
Total expenditures		38,147		38,147		30,167		7,980	
Net change in fund balance	\$	(30,647)	\$	(30,647)	_	(21,623)	\$	9,024	
Fund balances, beginning of year						12,119			
Fund balance, end of year					\$	(9,504)			

### City of Harlingen Public, Education and Governmental Access Channel Fund (PEG) Comparative Balance Sheets

September 30,	2019	2018
Assets		
Cash and cash equivalents	\$ 91,045	\$ 584,035
Investments - other	604,497	-
Receivables (net of allowance for uncollectibles)		
Accounts	26,135	25,578
Total assets	\$ 721,677	\$ 609,613
Liabilities	\$ -	\$-
Deferred inflows of resources	-	-
Fund balances		
Restricted	721,677	609,613
Total fund balances	721,677	609,613
Total liabilities, deferred inflows		
Total liabilities, deferred inflows of resources and fund balances	\$ 721,677	\$ 609,613
	\$ 721,077	\$ 009,015

### City of Harlingen Public, Education and Governmental Access Channel Fund (PEG) Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	2019	2018
Revenues		
Non property taxes	\$ 107,567	\$ 103,743
Interest and investment income	4,497	-
Total revenues	112,064	103,743
Expenditures	-	-
Net change in fund balance	112,064	103,743
Fund balance, beginning of year	609,613	505,870
Fund balance, end of year	\$ 721,677	\$ 609,613

# City of Harlingen Hotel and Motel Occupancy Tax Fund Comparative Balance Sheets

September 30,	2019	2018
Assets		
Cash and cash equivalents	\$ 222,056	\$-
Investments - other	520,552	484,837
Receivables (net of allowance for uncollectibles)		
Accounts	322,693	88,589
Total assets	\$ 1,065,301	\$ 573,420
Liabilities		
Other liabilities	\$ -	\$ 14,428
Due to other funds	-	259,042
Total liabilities	-	273,47
Deferred inflows of resources		
Unavailable revenue - other	196,461	-
Total deferred inflows of resources	196,461	-
Fund balances		
Restricted	868,840	299,95
Total fund balances	868,840	299,95
Total liabilities, deferred inflows		
of resources and fund balances	\$ 1,065,301	\$ 573,42

### City of Harlingen Hotel and Motel Occupancy Tax Fund Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	2019	2018
Revenues		
Non property taxes	\$ 1,385,981	\$ 1,020,447
Interest and investment income	12,395	11,275
Total revenues	1,398,376	1,031,722
Expenditures		
Current		
General government	65,000	82,500
Total expenditures	65,000	82,500
Excess of revenues over expenditures	1,333,376	949,222
Other financing sources (uses)		
Transfers out	(764,492)	(1,613,081)
Total other financing sources (uses)	(764,492)	(1,613,081)
Net change in fund balance	568,884	(663,859)
Fund balance, beginning of year	299,956	963,815
Fund balance, end of year	\$ 868,840	\$ 299,956

### City of Harlingen, Texas Hotel/Motel Occupancy Tax Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

	Year en	ded Septem	ber 3	30, 2019			
	Budget					ctual Amount	Variance Positive
		Original		Final	(	GAAP BASIS)	(Negative)
Revenues							
Nonproperty taxes	\$	860,000	\$	860,000	\$	1,385,981	\$ 525,981
Interest and investment income		5,000		5,000		12,395	7,395
Total revenues		865,000		865,000		1,398,376	533,376
Expenditures							
Current							
General government		95,000		95,000		65,000	30,000
Total expenditures		95,000		95,000		65,000	30,000
Excess (deficiency) of revenues							
over (under) expenditures		770,000		770,000		1,333,376	563,376
Other financing sources (uses)							
Transfers out		(764,492)		(764,492)		(764,492)	-
Total other financing sources (uses)		(764,492)		(764,492)		(764,492)	-
Net change in fund balance	\$	5,508	\$	5,508		568,884	\$ 563,376
Fund balances, beginning of year						299,956	
Fund balance, end of year					\$	868,840	

### City of Harlingen Convention and Visitors Bureau Fund Comparative Balance Sheets

September 30,	2019	2018
Assets		
Cash and cash equivalents	\$ 211,430	\$ 285,433
Prepaid items	436	4,592
Total assets	\$ 211,866	\$ 290,025
Liabilities		
Accounts payable	\$ 1,375	\$ 9,988
Accrued expenditures	5,580	4,644
Total liabilities	6,955	14,632
Deferred inflows of resources	-	-
Fund balances		
Nonspendable	436	4,592
Restricted	204,475	270,801
Total fund balances	204,911	275,393
Total liabilities, deferred inflows		
of resources and fund balances	\$ 211,866	\$ 290,025

### City of Harlingen Convention and Visitors Bureau Fund Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	2019	2018	
Devenues			
Revenues	÷ 1500	<u>,</u>	
Intergovernmental	\$ 1,500	\$ -	
Miscellaneous	1,463	-	
Interest and investment income	3,497	6,184	
Total revenues	6,460	6,184	
Expenditures			
Current			
Culture and recreation	500,942	383,264	
Total expenditures	500,942	383,264	
(Deficiency) of revenues (under) expenditures	(494,482)	(377,080)	
Other financing sources (uses)			
Transfers in	424,000	424,000	
Transfers out	-	(439,006)	
Total other financing sources (uses)	424,000	(15,006)	
Net change in fund balance	(70,482)	(392,086)	
Fund balance, beginning of year	275,393	667,479	
Fund balance, end of year	\$ 204,911	\$ 275,393	

### City of Harlingen, Texas Convention Visitors Bureau Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

	reur en	ueu septem	Der 5	0,2019			
	Budget		Actual Amount		Variance Positive		
		Original		Final	(GAAP BASIS	)	(Negative)
Revenues							
Intergovernmental	\$	-	\$	-	\$ 1,50	) \$	1,500
Miscellaneous		-		-	1,463	3	1,463
Interest and investment income		2,800		2,800	3,49	7	697
Total revenues		2,800		2,800	6,46	)	3,660
Expenditures							
Current							
Culture and recreation		509,177		509,177	500,942	2	8,235
Total expenditures		509,177		509,177	500,942	2	8,235
Excess (deficiency) of revenues							
over (under) expenditures		(506,377)		(506,377)	(494,482	2)	11,895
Other financing sources (uses)							
Transfers in		424,000		424,000	424,000	C	-
Total other financing sources (uses)		424,000		424,000	424,000	)	-
Net change in fund balance	\$	(82,377)	\$	(82,377)	(70,482	<u>2) \$</u>	11,895
Fund balances, beginning of year					275,393	3	
Fund balance, end of year					\$ 204,91	1	

### City of Harlingen MPO Grant Fund Comparative Balance Sheets

September 30,	2019	2018
Assets		
Receivables (net of allowance for uncollectibles)		
Due from other governments	\$ 245,707	\$ 222,075
Prepaid items	÷ -	290
Total assets	\$ 245,707	\$ 222,365
Liabilities		
Accounts payable	\$ 60	\$ 2,210
Accrued expenditures	6,182	5,829
Other liabilities	1,582	-
Due to other funds	237,472	213,495
Total liabilities	245,296	221,534
Deferred inflows of resources		
Unavailable revenue - other	731	731
Total deferred inflows of resources	731	731
Fund balances		
Nonspendable	-	290
Unassigned	(320)	(190)
Total fund balances	(320)	100
Total liabilities, deferred inflows		
of resources and fund balances	\$ 245,707	\$ 222,365

### City of Harlingen MPO Grant Fund Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	2019	2018
Revenues		
Intergovernmental	\$ 395,558	\$ 265,642
Total revenues	395,558	265,642
Expenditures		
Current		
Highways and streets	396,150	265,642
Total expenditures	396,150	265,642
(Deficiency) of revenues (under) expenditures	(592)	-
Other financing sources (uses)		
Sale of capital assets	172	-
Total other financing sources (uses)	172	-
Net change in fund balance	(420)	-
Fund balance, beginning of year	100	100
Fund balance, end of year	\$ (320)	\$ 100

### City of Harlingen, Texas MPO Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

	Year end	ded Septem	ber 3	0, 2019			
		Bu Original	ıdget	Final		tual Amount GAAP BASIS)	Variance Positive (Negative)
Revenues		onginar		, indi	(1		(Hegative)
Intergovernmental	\$	423,985	\$	423,985	\$	395,558	\$ (28,427)
Total revenues		423,985		423,985		395,558	(28,427)
Expenditures							
Current							
Highways and streets		423,985		423,985		396,150	27,835
Total expenditures		423,985		423,985		396,150	27,835
Excess (deficiency) of revenues							
over (under) expenditures		-		-		(592)	(592)
Other financing sources (uses)							
Sale of capital assets		-		-		172	172
Total other financing sources (uses)		-		-		172	172
Net change in fund balance	\$	-	\$	-	=	(420)	\$ (420)
Fund balances, beginning of year						100	
Fund balance, end of year					\$	(320)	

# City of Harlingen Catastrophic Emergency Relief Fund Comparative Balance Sheets

September 30,	2019	2018
Assets		
Cash and cash equivalents	\$ 248,428	\$ 263,012
Investments - other	577,046	563,858
Total assets	\$ 825,474	\$ 826,870
Liabilities		
Accounts payable	\$ -	\$ 7,487
Total liabilities	-	7,487
Deferred inflows of resources	-	-
Fund balances		
Committed	825,474	819,383
Total fund balances	825,474	819,383
Total liabilities, deferred inflows		
of resources and fund balances	\$ 825,474	\$ 826,870

### City of Harlingen Catastrophic Emergency Relief Fund Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	2019	2018
Revenues		
Interest and investment income	\$ 17,690	\$ 11,303
Total revenues	17,690	11,303
Expenditures		
Current		
Highways and streets	11,599	18,892
Total expenditures	11,599	18,892
Net change in fund balance	6,091	(7,589)
Fund balance, beginning of year	819,383	826,972
Fund balance, end of year	\$ 825,474	\$ 819,383

#### City of Harlingen, Texas Catastrophic Emergency Relief Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

	rear end	iea Septem	Der 3	0, 2019			
		Bu	ıdget		Act	tual Amount	Variance Positive
		Original		Final	(0	GAAP BASIS)	(Negative)
Revenues							
Interest and investment income	\$	4,700	\$	4,700	\$	17,690	\$ 12,990
Total revenues		4,700		4,700		17,690	12,990
Expenditures							
Current							
Highways and streets		25,000		25,000		11,599	13,401
Total expenditures		25,000		25,000		11,599	13,401
Net change in fund balance	\$	(20,300)	\$	(20,300)	_	6,091	\$ 26,391
Fund balances, beginning of year						819,383	
Fund balance, end of year					\$	825,474	

# City of Harlingen Harlingen Downtown Fund Comparative Balance Sheets

September 30,	2019	2018
Assets		
Cash and cash equivalents	\$ 175,053	\$ 86,297
Investments - other	-	48,601
Receivables (net of allowance for uncollectibles)		
Accounts	610	610
Assessments	5,465	5,975
Total assets	\$ 181,128	\$ 141,483
Liabilities		
Accounts payable	\$ 4,099	\$ 4,394
Accrued expenditures	4,848	4,094
Other liabilities	2,876	-
Total liabilities	11,823	8,488
Deferred inflows of resources		
Unavailable revenue - special assessments	5,465	5,975
Total deferred inflows of resources	5,465	5,975
Fund balances		
Restricted	163,840	127,020
Total fund balances	163,840	127,020
Total liabilities, deferred inflows		
of resources and fund balances	\$ 181,128	\$ 141,483

### City of Harlingen Harlingen Downtown Fund Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	2019	2018
Revenues		
Assessments	\$ 30,906	\$ 27,209
Interest and investment income	2,795	1,478
Total revenues	33,701	28,687
Expenditures		
Current		
Community and economic development	213,316	214,906
Total expenditures	213,316	214,906
		(
(Deficiency) of revenues (under) expenditures	(179,615)	(186,219)
Other financing sources (uses)		
Transfers in	214,975	214,975
Sale of capital assets	1,460	-
Total other financing sources (uses)	216,435	214,975
Net change in fund balance	36,820	28,756
Fund balance, beginning of year	127,020	98,264
Fund balance, end of year	\$ 163,840	\$ 127,020

### City of Harlingen, Texas Harlingen Downtown Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Ŷ	ear en	iaea Septem	ber :	30, 2019			
	Budget Original Final			Ac	ctual Amount	Variance Positive	
				Final	(GAAP BASIS)		(Negative)
Revenues							
Assessments	\$	27,500	\$	27,500	\$	30,906	\$ 3,406
Interest and investment income		1,350		1,350		2,795	1,445
Total revenues		28,850		28,850		33,701	4,851
Expenditures							
Current							
Community and economic development		246,191		246,191		213,316	32,875
Total expenditures		246,191		246,191		213,316	32,875
Excess (deficiency) of revenues							
over (under) expenditures		(217,341)		(217,341)		(179,615)	37,726
Other financing sources (uses)							
Transfers in		214,975		214,975		214,975	-
Sale of capital assets		-		-		1,460	1,460
Total other financing sources (uses)		214,975		214,975		216,435	1,460
Net change in fund balance	\$	(2,366)	\$	(2,366)	_	36,820	\$ 39,186
Fund balances, beginning of year						127,020	
Fund balance, end of year					\$	163,840	

### City of Harlingen Federal Forfeiture Fund Comparative Balance Sheets

September 30,	2019	2018
Assets		
Cash and cash equivalents	\$ 63,444	\$ 64,976
Total assets	\$ 63,444	\$ 64,976
Liabilities		
Other liabilities	\$ 4,137	\$ 3,167
Total liabilities	4,137	3,167
Deferred inflows of resources	-	-
Fund balances		
Restricted	59,307	61,809
Total fund balances	59,307	61,809
Total liabilities, deferred inflows		
of resources and fund balances	\$ 63,444	\$ 64,976

# City of Harlingen Federal Forfeiture Fund Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	2019	2018
Revenues		
Fines and forfeitures	\$ 31,489	\$ 49,549
Interest and investment income	934	1,291
Total revenues	32,423	50,840
Expenditures		
Current		
Public safety	34,925	117,764
Total expenditures	34,925	117,764
(Deficiency) of revenues (under) expenditures	(2,502)	(66,924)
Other financing sources (uses)		
Transfers out	-	(26,140)
Total other financing sources (uses)	-	(26,140)
Net change in fund balance	(2,502)	(93,064)
Fund balance, beginning of year	61,809	154,873
Fund balance, end of year	\$ 59,307	\$ 61,809

### City of Harlingen State Forfeiture Fund Comparative Balance Sheets

September 30,	2019	2018
Assets		
Cash and cash equivalents	\$ 145,664	\$ 275,809
Receivables (net of allowance for uncollectibles)		
Accounts	857	1,375
Due from other governments	4,137	-
Prepaid items	-	1,424
Total assets	\$ 150,658	\$ 278,608
Liabilities		
Accounts payable	\$ -	\$ 11,331
Total liabilities		11,331
Deferred inflows of resources	-	-
Fund balances		
Restricted	150,658	267,277
Total fund balances	150,658	267,277
Total liabilities, deferred inflows		
of resources and fund balances	\$ 150,658	\$ 278,608

# City of Harlingen State Forfeiture Fund Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	2019	2018
Revenues		
Fines and forfeitures	\$ 57,479	\$ 186,760
Miscellaneous	4,137	-
Interest and investment income	3,334	2,645
Total revenues	64,950	189,405
Expenditures		
Current		
Public safety	61,458	74,403
Capital outlay	37,736	54,382
Total expenditures	99,194	128,785
Excess (deficiency) of revenues over (under) expenditures	(34,244)	60,620
Other financing sources (uses)		
Transfers out	(86,875)	(12,400)
Sale of capital assets	4,500	23,250
Total other financing sources (uses)	(82,375)	10,850
Net change in fund balance	(116,619)	71,470
Fund balance, beginning of year	267,277	195,807
Fund balance, end of year	\$ 150,658	\$ 267,277

### City of Harlingen Other Grants Fund Comparative Balance Sheets

September 30,	2019	2018
• ·		
Assets	Å	<b>A D D A D</b>
Cash and cash equivalents	\$ 902,697	\$ 30,212
Receivables (net of allowance for uncollectibles)	274.074	
Accounts	374,874	-
Due from other governments	-	510,490
Total assets	\$ 1,277,571	\$ 540,702
Liabilities		
Accounts payable	\$ 40,717	\$ 68,013
Accrued expenditures	33,181	29,099
Other liabilities	30,976	1,364
Unearned revenue	1,125,091	-
Total liabilities	1,229,965	98,476
Deferred inflows of resources		
Unavailable revenue - noncurrent receivables	47,606	442,226
Unavailable revenue - other	86,571	-
Total deferred inflows of resources	134,177	442,226
Fund balances		
Unassigned	(86,571)	
Total fund balances	(86,571)	-
Total liabilities, deferred inflows		
of resources and fund balances	\$ 1,277,571	\$ 540,702

# City of Harlingen Other Grants Fund Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	2019	2	018
Revenues			
Intergovernmental	\$ 1,363,734	\$ 1,2	259,085
Contributions and donations	401,687		-
Miscellaneous	60,445		-
Total revenues	1,825,866	1,2	259,085
Expenditures			
Current			
Public safety	1,079,089	8	320,874
Highways and streets	115,428		-
Health and welfare	202,543		49,253
Culture and recreation	237,134		11,489
Capital outlay	428,966	3	877,469
Total expenditures	2,063,160	1,2	259,085
(Deficiency) of revenues (under) expenditures	(237,294)		-
Other financing sources (uses)			
Transfers in	150,723		-
Total other financing sources (uses)	150,723		-
Net change in fund balance	(86,571)		-
Fund balance, beginning of year	-		-
Fund balance, end of year	\$ (86,571)	\$	-

# City of Harlingen Air Service Development Program Comparative Balance Sheets

September 30,	2019	2018	
Assets			
Cash and cash equivalents	\$ 55,256	\$ -	
Investments - other	805,996	-	
Total assets	\$ 861,252	\$-	
Liabilities			
Accounts payable	\$ 217,180	\$-	
Total liabilities	217,180	-	
Deferred inflows of resources	-	-	
Fund balances			
Restricted	644,072	-	
Total fund balances	644,072	-	
Total liabilities, deferred inflows			
of resources and fund balances	\$ 861,252	\$-	

### City of Harlingen Air Service Development Program Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	2019	201	8
Revenues			
Interest and investment income	\$ 18,615	\$	_
Total revenues	18,615	Ŷ	-
Expenditures			
Current			
Community and economic development	924,543		-
Total expenditures	924,543		-
(Deficiency) of revenues (under) expenditures	(905,928)		-
Other financing sources (uses)			
Transfers in	1,550,000		-
Total other financing sources (uses)	1,550,000		-
Net change in fund balance	644,072		-
Fund balance, beginning of year	-		-
Fund balance, end of year	\$ 644,072	\$	-

#### City of Harlingen, Texas Air Service Development Program Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

	reur er	ided Sept	em	Der .	50, 2019			
			Bu	dget			ctual Amount	Variance Positive
		Original			Final	(	GAAP BASIS)	(Negative)
Revenues								
Interest and investment income	\$		-	\$	-	\$	18,615	\$ 18,615
Total revenues			-		-		18,615	18,615
Expenditures								
Community and economic development			-		1,550,000		924,543	625,457
Total expenditures			-		1,550,000		924,543	625,457
Excess (deficiency) of revenues								
over (under) expenditures			-		(1,550,000)		(905,928)	644,072
Other financing sources (uses)								
Transfers in			-		1,550,000		1,550,000	-
Total other financing sources (uses)			-		1,550,000		1,550,000	-
Net change in fund balance	\$		-	\$	_	_	644,072	\$ 644,072
Fund balances, beginning of year							-	
Fund balance, end of year						\$	644,072	

#### City of Harlingen Communication Center Fund Comparative Balance Sheets

September 30,	2019	2018
Assets		
Cash and cash equivalents	\$ 43,142	\$ 41,635
Total assets	\$ 43,142	\$ 41,635
Liabilities	\$ -	\$-
Deferred inflows of resources	-	-
Fund balances		
Unassigned	43,142	41,635
Total fund balances	43,142	41,635
Total liabilities, deferred inflows		
of resources and fund balances	\$ 43,142	\$ 41,635

# City of Harlingen Communication Center Fund Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	2019	2018
Revenues		
Charges for services	\$ 12,775	\$ 42,775
Interest and investment income	539	74
Total revenues	13,314	42,849
Expenditures		
Current		
Public safety	11,807	1,214
Total expenditures	11,807	1,214
Net change in fund balance	1,507	41,635
Fund balance, beginning of year	41,635	-
Fund balance, end of year	\$ 43,142	\$ 41,635

#### City of Harlingen, Texas Communication Center Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

	· ·		•			Variance
	 Bu	udget		Act	ual Amount	Positive
	Original		Final	(G	AAP BASIS)	(Negative)
Revenues						
Charges for services	\$ 12,776	\$	12,776	\$	12,775	\$ (1)
Interest and investment income	-		-		539	539
Total revenues	12,776		12,776		13,314	538
Expenditures						
Current						
Public safety	1,258		17,256		11,807	5,449
Total expenditures	1,258		17,256		11,807	5,449
Net change in fund balance	\$ 11,518	\$	(4,480)	=	1,507	\$ 5,987
Fund balances, beginning of year					41,635	
Fund balance, end of year				\$	43,142	

Year ended September 30, 2019

# City of Harlingen Harlingen Convention Center Comparative Balance Sheets

September 30,	2019	20	)18
Assets			
Cash and cash equivalents	\$ 501,875	\$	-
Receivables (net of allowance for uncollectibles)		·	
Accounts	280,926		-
Total assets	\$ 782,801	\$	-
Liabilities			
Accounts payable	\$ 220,926	\$	-
Total liabilities	220,926		-
Deferred inflows of resources			
Unavailable revenue - other	60,000		-
Total deferred inflows of resources	60,000		-
Fund balances			
Unassigned	501,875		-
Total fund balances	501,875		-
Total liabilities, deferred inflows			
of resources and fund balances	\$ 782,801	\$	-

# City of Harlingen Harlingen Convention Center Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	2019	2	018
Revenues			
Intergovernmental	\$ 500,000	\$	-
Interest and investment income	1,875		-
Total revenues	501,875		-
Expenditures	-		-
Net change in fund balance	501,875		-
Fund balance, beginning of year	-		
Fund balance, end of year	\$ 501,875	\$	-

# City of Harlingen COPS/UHP Grant Fund Comparative Balance Sheets

September 30,	2	2018	
Assets			
Receivables (net of allowance for uncollectibles)			
Due from other governments	\$	-	\$ 18,661
Total assets	\$	-	\$ 18,661
Liabilities			
Accrued expenditures	\$	-	\$ 2,356
Due to other funds		-	16,305
Total liabilities		_	18,661
Deferred inflows of resources		-	-
Fund balances			
Unassigned		-	
Total fund balances		-	-
Total liabilities, deferred inflows of resources and fund balances	Ş	-	\$ 18,661

# City of Harlingen COPS/UHP Grant Fund Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	2019	2018
Revenues		
Intergovernmental	\$ 49,323	\$ 70,222
Total revenues	49,323	70,222
Expenditures		
Current		
Public safety	49,323	70,222
Total expenditures	49,323	70,222
Net change in fund balance	-	-
Fund balance, beginning of year	-	-
Fund balance, end of year	\$ -	\$-

#### City of Harlingen, Texas COPS/UHP Grant Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

	 ed Septem		0) = 0 = 0			 Variance
	Bu	udget		Act	ual Amount	Positive
	 Original		Final	(G	AAP BASIS)	(Negative)
Revenues						
Intergovernmental	\$ 35,000	\$	49,322	\$	49,323	\$ 1
Total revenues	35,000		49,322		49,323	1
Expenditures						
Current						
Public safety	35,000		49,322		49,323	(1)
Total expenditures	35,000		49,322		49,323	(1)
Net change in fund balance	\$ -	\$	-	=	- :	\$ -
Fund balances, beginning of year					-	
Fund balance, end of year				Ś	-	

Year ended September 30, 2019

# City of Harlingen Free Trade Bridge Fund Comparative Balance Sheets

September 30,	2019	2018
Assets		
Cash and cash equivalents	\$ 180,470	\$ 526,558
Investments - other	824,536	409,895
Total assets	\$ 1,005,006	\$ 936,453
Liabilities		
Accounts payable	\$ 10	\$ 10
Total liabilities	10	10
Deferred inflows of resources	-	-
Fund balances		
Committed	1,004,996	936,443
Total fund balances	1,004,996	936,443
Total liabilities, deferred inflows		
of resources and fund balances	\$ 1,005,006	\$ 936,453

# City of Harlingen Free Trade Bridge Fund Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	2019	2018
Revenues		
Charges for services	\$ 352,493	\$ 416,945
Interest and investment income	21,259	11,125
Total revenues	373,752	428,070
Expenditures		
Current		
Highways and streets	55,124	54,351
Total expenditures	55,124	54,351
Excess of revenues over expenditures	318,628	373,719
Other financing sources (uses)		
Transfers out	(250,075)	(250,000)
Total other financing sources (uses)	(250,075)	(250,000)
Net change in fund balance	68,553	123,719
Fund balance, beginning of year	936,443	812,724
Fund balance, end of year	\$ 1,004,996	\$ 936,443

#### City of Harlingen, Texas Free Trade Bridge Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

	year en	aea Septem	ber 3	30, 2019				
	Budget			Actual Amount			Variance Positive	
		Original Final		Final	(	GAAP BASIS)		(Negative)
Revenues								
Charges for services	\$	321,000	\$	321,000	\$	352,493	\$	31,493
Interest and investment income		4,200		4,200		21,259		17,059
Total revenues		325,200		325,200		373,752		48,552
Expenditures								
Current								
Highways and streets		75,125		75,125		55,124		20,001
Total expenditures		75,125		75,125		55,124		20,001
Excess (deficiency) of revenues								
over (under) expenditures		250,075		250,075		318,628		68,553
Other financing sources (uses)								
Transfers out		(250,075)		(250,075)		(250,075)		-
Total other financing sources (uses)		(250,075)		(250,075)		(250,075)		-
Net change in fund balance	\$	-	\$	-	_	68,553	\$	68,553
Fund balances, beginning of year						936,443		
Fund balance, end of year					\$	1,004,996		

Year ended September 30, 2019

#### City of Harlingen Infrastructure Fund Comparative Balance Sheets

September 30,	2019	2018
Assets		
Cash and cash equivalents	\$ 772,924	\$ 1,910,23
Investments - other	705,247	-
Receivables (net of allowance for uncollectibles)		
Accounts	8,388	-
Due from other governments	-	1,72
Due from component units	-	11,42
Total assets	\$ 1,486,559	\$ 1,923,37
Liabilities Accounts payable	\$ 307,486	\$ 347,55
Total liabilities	307,486	347,55
Deferred inflows of resources	-	-
Fund balances		
Committed	1,179,073	1,575,81
Total fund balances	1,179,073	1,575,81
Total liabilities, deferred inflows		
of resources and fund balances	\$ 1,486,559	\$ 1,923,37

# City of Harlingen Infrastructure Fund Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	2019	2018
Revenues		
Assessments	\$ 1,491,177	\$ 1,446,067
Interest and investment income	33,226	12,603
Total revenues	1,524,403	1,458,670
Expenditures		
Current		
Highways and streets	1,936,572	417,104
Total expenditures	1,936,572	417,104
Excess (deficiency) of revenues over (under) expenditures	(412,169)	1,041,566
Other financing sources (uses)		
Transfers in	15,426	-
Total other financing sources (uses)	15,426	-
Net change in fund balance	(396,743)	1,041,566
Fund balance, beginning of year	1,575,816	534,250
Fund balance, end of year	\$ 1,179,073	\$ 1,575,816

#### City of Harlingen, Texas Infrastructure Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

	rear en	iaea Septem	per	30, 2019					
		В	udget		Actual Amount			Variance Positive	
		Original Final		(GAAP BASIS)		(GAAP BASIS)			(Negative)
Revenues									
Assessments	\$	1,400,000	\$	1,400,000	\$	1,491,177	\$	91,177	
Interest and investment income		3,500		13,074		33,226		20,152	
Total revenues		1,403,500		1,413,074		1,524,403		111,329	
Expenditures									
Current									
Highways and streets		2,000,000		3,004,317		1,936,572		1,067,745	
Total expenditures		2,000,000		3,004,317		1,936,572		1,067,745	
Excess (deficiency) of revenues									
over (under) expenditures		(596,500)		(1,591,243)		(412,169)		1,179,074	
Other financing sources (uses)									
Transfers in		-		15,426		15,426		-	
Total other financing sources (uses)		-		15,426		15,426		-	
Net change in fund balance	\$	(596,500)	\$	(1,575,817)	_	(396,743)	\$	1,179,074	
Fund balances, beginning of year						1,575,816			
Fund balance, end of year					\$	1,179,073			

Year ended September 30, 2019

# City of Harlingen Lon C. Hill Library Fund Comparative Balance Sheets

September 30,	2019	2018	
Assets			
Cash and cash equivalents	\$ 103,242	\$ 86,103	
Investments - other	-	20,926	
Total assets	\$ 103,242	\$ 107,029	
Liabilities			
Accounts payable	\$ 13	\$ 150	
Total liabilities	13	150	
Deferred inflows of resources	-	-	
Fund balances			
Restricted	103,229	106,879	
Total fund balances	103,229	106,879	
Total liabilities, deferred inflows			
of resources and fund balances	\$ 103,242	\$ 107,029	

#### City of Harlingen Lon C. Hill Library Fund Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	2019	2018
Revenues		
Miscellaneous	\$ 17,543	\$ 25,710
Interest and investment income	1,983	1,194
Total revenues	19,526	26,904
Expenditures		
Current		
Culture and recreation	23,176	20,047
Total expenditures	23,176	20,047
Net change in fund balance	(3,650)	6,857
Fund balance, beginning of year	106,879	100,022
Fund balance, end of year	\$ 103,229	\$ 106,879

#### City of Harlingen Tax Increment Reinvestment Zone No. 1 Fund Comparative Balance Sheets

September 30,	2019	2018	
Assets			
Cash and cash equivalents	\$ 97,593	\$ 373 <i>,</i> 347	
Investments - other	402,998	-	
Total assets	\$ 500,591	\$ 373,347	
Liabilities	\$ -	\$-	
Deferred inflows of resources	-	-	
Fund balances			
Restricted	500,591	373,347	
Total fund balances	500,591	373,347	
Total liabilities, deferred inflows			
of resources and fund balances	\$ 500,591	\$ 373 <i>,</i> 347	

# City of Harlingen Tax Increment Reinvestment Zone No. 1 Fund Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	2019	2018
Revenues		
Intergovernmental	\$ 57,148	\$ 101,596
Interest and investment income	8,752	3,336
Total revenues	65,900	104,932
Other financing sources (uses)		
Transfers in	61,344	60,999
Total other financing sources (uses)	61,344	60,999
Net change in fund balance	127,244	165,931
Fund balance, beginning of year	373,347	207,416
Fund balance, end of year	\$ 500,591	\$ 373,347

#### City of Harlingen Tax Increment Reinvestment Zone No. 2 Fund Comparative Balance Sheets

September 30,	2019	2018	
Assets			
Cash and cash equivalents	\$ 189,228	\$ 336,720	
Investments - other	402,998	-	
Total assets	\$ 592,226	\$ 336,720	
Liabilities	\$ -	\$-	
Deferred inflows of resources	-	-	
Fund balances			
Restricted	592,226	336,720	
Total fund balances	592,226	336,720	
Total liabilities, deferred inflows			
of resources and fund balances	\$ 592,226	\$ 336,720	

# City of Harlingen Tax Increment Reinvestment Zone No. 2 Fund Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	2019	2018
Revenues		
Intergovernmental	\$ 112,885	\$ 143,811
Interest and investment income	8,816	2,979
Total revenues	121,701	146,790
Other financing sources (uses)		
Transfers in	133,805	118,716
Total other financing sources (uses)	133,805	118,716
Net change in fund balance	255,506	265,506
Fund balance, beginning of year	336,720	71,214
Fund balance, end of year	\$ 592,226	\$ 336,720

#### City of Harlingen Tax Increment Reinvestment Zone No. 3 Fund Comparative Balance Sheets

September 30,	2019	2018
Assets		
Cash and cash equivalents	\$ 95,168	\$ 429,639
Investments - other	201,499	-
Total assets	\$ 296,667	\$ 429,639
Liabilities	\$ -	\$-
Deferred inflows of resources	-	-
Fund balances		
Restricted	296,667	429,639
Total fund balances	296,667	429,639
Total liabilities, deferred inflows		
of resources and fund balances	\$ 296,667	\$ 429,639

# City of Harlingen Tax Increment Reinvestment Zone No. 3 Fund Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	2019	2018
_		
Revenues		
Intergovernmental	\$ 141,065	\$ 391,610
Interest and investment income	7,334	4,707
Total revenues	148,399	396,317
Expenditures		
Debt service		
Principal retirement	70,000	70,000
Total expenditures	70,000	70,000
Excess of revenues over expenditures	78,399	326,317
Other financing sources (uses)		
Transfers in	242,025	249,455
Transfers out	(453,396)	(540,396)
Total other financing sources (uses)	(211,371)	(290,941)
Net shower in fixed belower	(122.072)	25 276
Net change in fund balance	(132,972)	35,376
Fund balance, beginning of year	429,639	394,263
Fund balance, end of year	\$ 296 667	\$ 429 639
Fund balance, end of year	\$ 296,667	\$ 429,6

# City of Harlingen Neighborhood Stabilization program Grant Fund Comparative Balance Sheets

September 30,	2019	2018
A		
Assets		
Cash and cash equivalents	\$ 30,800	\$ 30,800
Total assets	\$ 30,800	\$ 30,800
Liabilities		
Unearned revenue	\$ 30,800	\$ 30,800
Total liabilities	30,800	30,800
Deferred inflows of resources	-	-
Fund balances	-	-
Total liabilities, deferred inflows		
of resources and fund balances	\$ 30,800	\$ 30,800

#### City of Harlingen Neighborhood Stabilization program Grant Fund Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	2019		2018	
Revenues	\$	-	\$	-
Expenditures		-		-
Net change in fund balance		-		-
Fund balance, beginning of year		-		-
Fund balance, end of year	\$	-	\$	-

#### City of Harlingen Debt Service Fund Comparative Balance Sheets

September 30,	2019	2018
Assets		
Cash and cash equivalents	\$ 231,334	\$ 41,199
Investments - other	832,151	413,126
Receivables (net of allowance for uncollectibles)		
Taxes	293,461	289,234
Accounts	-	434,249
Total assets	\$ 1,356,946	\$ 1,177,808
Liabilities	\$ -	\$-
Deferred inflows of resources		
Unavailable revenue - property taxes	281,625	257,729
Total deferred inflows of resources	281,625	257,729
Fund balances		
Restricted	1,075,321	920,079
Total fund balances	1,075,321	920,079
Total liabilities, deferred inflows		
of resources and fund balances	\$ 1,356,946	\$ 1,177,808

# City of Harlingen Debt Service Fund Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	2019	2018
Revenues		
Property taxes - including penalty and interest	\$ 4,077,769	\$ 4,126,073
Intergovernmental	606,886	599,907
Interest and investment income	33,546	18,019
Total revenues	4,718,201	4,743,999
Expenditures		
Debt service		
Principal retirement	3,225,000	3,155,000
Interest and fiscal agent fees	1,471,451	1,529,942
Total expenditures	4,696,451	4,684,942
Excess of revenues over expenditures	21,750	59,057
Other financing sources (uses)		
Transfers in	133,492	132,081
Total other financing sources (uses)	133,492	132,081
Net change in fund balance	155,242	191,138
Fund balance, beginning of year	920,079	728,941
Fund balance, end of year	\$ 1,075,321	\$ 920,079

#### City of Harlingen, Texas Debt Service Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

	 ided Septem		-,			Variance
	Bu	udget		А	Actual Amount	Positive
	 Original		Final		(GAAP BASIS)	(Negative)
Revenues						
Property taxes - including penalty and						
interest	\$ 4,159,602	\$	4,159,602	\$	4,077,769	\$ (81,833)
Intergovernmental	606,889		606,889		606,886	(3)
Interest and investment income	8,500		8,500		33,546	25,046
Total revenues	4,774,991		4,774,991		4,718,201	(56,790)
Expenditures						
Debt service						
Principal	3,225,000		3,225,000		3,225,000	-
Interest	1,469,895		1,469,895		1,471,451	(1,556)
Total expenditures	4,694,895		4,694,895		4,696,451	(1,556)
Excess (deficiency) of revenues						
over (under) expenditures	80,096		80,096		21,750	(58,346)
Other financing sources (uses)						
Transfers in	133,492		133,492		133,492	-
Total other financing sources (uses)	133,492		133,492		133,492	-
Net change in fund balance	\$ 213,588	\$	213,588	_	155,242	\$ (58,346)
Fund balances, beginning of year					920,079	
Fund balance, end of year				\$	1,075,321	

Year ended September 30, 2019

# City of Harlingen Capital Improvement Fund Comparative Balance Sheets

September 30,	2019	2018
Assets		
Cash and cash equivalents	\$ 14,334	\$ 47,641
Total assets	\$ 14,334	\$ 47,641
Liabilities		
Accounts payable	\$ 1,590	\$ 6,001
Other liabilities	7,585	-
Total liabilities	9,175	6,001
Deferred inflows of resources	-	-
Fund balances		
Restricted	5,159	41,640
Total fund balances	5,159	41,640
Total liabilities, deferred inflows of resources and fund balances	\$ 14,334	\$ 47,641

# City of Harlingen Capital Improvement Fund Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	2019	2018
Revenues		
Interest and investment income	\$ 430	\$ 657
Total revenues	430	657
Expenditures		
Current		
Health and welfare	-	21,557
Culture and recreation	4,550	-
Capital outlay	32,361	10,050
Total expenditures	36,911	31,607
Net change in fund balance	(36,481)	(30,950)
Fund balance, beginning of year	41,640	72,590
Fund balance, end of year	\$ 5,159	\$ 41,640

# City of Harlingen Street Improvement Fund Comparative Balance Sheets

September 30,	2019	2018
Assets		
Cash and cash equivalents	\$ 533	\$ 125,290
Investments - other	-	13,015
Receivables (net of allowance for uncollectibles)		
Taxes	12,580	-
Assessments	-	12,861
Total assets	\$ 13,113	\$ 151,166
Liabilities Accounts payable	\$ -	\$ 122,956
Total liabilities	-	122,956
Deferred inflows of resources		
Unavailable revenue - other	12,580	12,784
Total deferred inflows of resources	12,580	12,784
Fund balances		
Committed	533	15,426
Total fund balances	533	15,426
Total liabilities, deferred inflows		
of resources and fund balances	\$ 13,113	\$ 151,166

# City of Harlingen Street Improvement Fund Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	2019	2018
Revenues		
Property taxes - including penalty and interest	\$ -	\$ 609
Interest and investment income	533	4,835
Total revenues	533	5,444
Expenditures		
Current		
Highways and streets	-	939,691
Total expenditures	-	939,691
Excess (deficiency) of revenues over (under) expenditures	533	(934,247)
Other financing sources (uses)		
Transfers out	(15,426)	-
Total other financing sources (uses)	(15,426)	-
Net change in fund balance	(14,893)	(934,247)
Fund balance, beginning of year	15,426	949,673
Fund balance, end of year	\$ 533	\$ 15,426

# City of Harlingen Petition Paving Fund Comparative Balance Sheets

September 30,	2019	2018
Assets		
Cash and cash equivalents	\$ 147,447	\$ 144,772
Receivables (net of allowance for uncollectibles)	Υ <b>Τ</b> Τ, ΤΤ,	Υ <u>τ</u> ττ,//2
Accounts	11,293	11,293
Assessments	143,013	143,013
Total assets	\$ 301,753	\$ 299,078
Liabilities Escrow liabilities	\$ 163,002	\$ 162,920
Other liabilities	\$ 105,002 935	3 102,920 935
Other habilities	955	955
Total liabilities	163,937	163,855
Deferred inflows of resources		
	145 077	145 077
Unavailable revenue - other	145,977	145,977
Total deferred inflows of resources	145,977	145,977
Fund balances		
Unassigned	(8,161)	(10,754)
Total fund balances	(8,161)	(10,754)
Total liabilities, deferred inflows	¢ 204 752	¢ 200 070
of resources and fund balances	\$ 301,753	\$ 299,078

#### City of Harlingen Petition Paving Fund Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	2019	2018
Revenues		
Miscellaneous	\$20	\$ 20
Interest and investment income	2,573	1,816
Total revenues	2,593	1,836
Other financing sources (uses)		
Transfers out	-	(86,100)
Total other financing sources (uses)	-	(86,100)
Net change in fund balance	2,593	(84,264)
	2,595	(04,204)
Fund balance, beginning of year	(10,754)	73,510
Fund balance, end of year	\$ (8,161)	\$ (10,754)

# City of Harlingen Certificates of Obligation Projects, Series 2001 Fund Comparative Balance Sheets

September 30,	2019	2018
Assets		
Cash and cash equivalents	\$ -	\$ 798
Investments - other	653,168	647,048
		- ,
Total assets	\$ 653,168	\$ 647,846
Liabilities	\$ -	\$-
Deferred inflows of resources	-	-
Fund balances		
Restricted	653,168	647,846
		<b>647 046</b>
Total fund balances	653,168	647,846
Total liabilities, deferred inflows		
of resources and fund balances	\$ 653,168	\$ 647,846

#### City of Harlingen Certificates of Obligation Projects, Series 2001 Fund Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	2019	2018
Revenues		
Interest and investment income	\$ 15,147	\$ 9,861
Total revenues	15,147	9,861
Expenditures		
Current		
Culture and recreation	9,825	-
Total expenditures	9,825	-
Net change in fund balance	5,322	9,861
Fund balance, beginning of year	647,846	637,985
Fund balance, end of year	\$ 653,168	\$ 647,846

# City of Harlingen Certificates of Obligation Projects, Series 2016 Fund Comparative Balance Sheets

September 30,	2019	2018
Assets		
Cash and cash equivalents	\$ 637,066	\$ 3,749,208
Investments - other	992,578	5,920,363
Receivables (net of allowance for uncollectibles)		
Accounts	54,848	75,765
Total assets	\$ 1,684,492	\$ 9,745,336
Liabilities		
Accounts payable	\$ 1,280,259	\$ 2,346,287
Accrued expenditures	-	2,477
Total liabilities	1,280,259	2,348,764
Deferred inflows of resources	-	-
Fund balances		
Restricted	404,233	7,396,572
Total fund balances	404,233	7,396,572
Total liabilities, deferred inflows		
of resources and fund balances	\$ 1,684,492	\$ 9,745,336

#### City of Harlingen Certificates of Obligation Projects, Series 2016 Fund Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	2019	2018
Revenues		
Intergovernmental	\$ 568,207	\$ 1,269,186
Interest and investment income	72,215	187,298
Total revenues	640,422	1,456,484
Expenditures		
Current		
Culture and recreation	51,742	-
Capital outlay	7,581,019	7,837,488
Total expenditures	7,632,761	7,837,488
(Deficiency) of revenues (under) expenditures	(6,992,339)	(6,381,004)
Other financing sources (uses)		
Transfers in	-	1,289,006
Total other financing sources (uses)	-	1,289,006
	(6.000.000)	
Net change in fund balance	(6,992,339)	(5,091,998)
Fund balance, beginning of year	7,396,572	12,488,570
Fund balance, end of year	\$ 404,233	\$ 7,396,572

## City of Harlingen General Obligation Bonds, Series 2006 Fund Comparative Balance Sheets

September 30,	2019	2018
Assets		
Cash and cash equivalents	\$ 65,632	\$-
Investments - other	-	222,744
Total assets	\$ 65,632	\$ 222,744
Liabilities		
Due to other funds	\$ -	\$ 139,548
Total liabilities		139,548
Deferred inflows of resources	-	-
Fund balances		
Restricted	65,632	83,196
Total fund balances	65,632	83,196
Total liabilities, deferred inflows	A 65 600	¢ 222 744
of resources and fund balances	\$ 65,632	\$ 222,744

#### City of Harlingen General Obligation Bonds, Series 2006 Fund Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	2019	2018
Revenues		
Interest and investment income	\$ 2,436	\$ 3,741
Total revenues	2,436	3,741
Expenditures		
Current		
Highways and streets	-	180,398
Capital outlay	20,000	-
Total expenditures	20,000	180,398
Net change in fund balance	(17,564)	(176,657)
Fund balance, beginning of year	83,196	259,853
Fund balance, end of year	\$ 65,632	\$ 83,196

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#### SUPPLEMENTARY INDIVIDUAL ENTERPRISE FUNDS FINANCIAL STATEMENTS AND SCHEDULE

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#### City of Harlingen, Texas 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 Sanitation Fund Enterprise Fund Comparative Statement of Net Position

September 30,	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 615,921	\$ 943,207
Investments - other	8,257,339	7,276,760
Accounts receivables (net of allowances for uncollectibles)	160,983	155,056
Prepayments	35,675	1,120
Due from component units	58,984	62,013
Total current assets	9,128,902	8,438,156
Non-current assets		
Capital assets		
Land	417,587	417,587
Plant and equipment	6,636,597	5,585,084
Accumulated depreciation	(2,188,600)	(1,891,885)
Total capital assets (net of accumulated depreciation)	4,865,584	4,110,786
Total non-current assets	4,865,584	4,110,786
Total assets	13,994,486	12,548,942
Deferred outflows of resources		
OPEB - retiree healthcare	4,054	20,480
OPEB - supplemental death benefits	999	1,089
Retirement pensions	62,182	13,249
Total deferred outflows of resources	67,235	34,818
Total assets and deferred outflows of resources	\$ 14,061,721	\$ 12,583,760

### City of Harlingen Sanitation Fund Enterprise Fund Comparative Statement of Net Position - Continued

September 30,	2019	2018
Liabilities		
Current liabilities		
Accounts payable	\$ 147,356	\$ 166,376
Compensated absences	63,000	63,000
Accrued expenses	126,375	71,371
Total current liabilities	336,731	300,747
Non-current liabilities		
Compensated absences	175,547	189,368
OPEB liability - retiree healthcare	56,316	297,316
OPEB liability - supplemental death benefits	16,769	16,766
Net pension liability	98,203	
Estimated liability for landfill postclosure costs	1,424,220	1,399,038
Total non-current liabilities	1,771,055	1,909,193
Total liabilities	2,107,786	2,209,940
Deferred inflows of resources		
Supplemental death benefits	711	-
OPEB - retiree healthcare	1,601	-
Retirement pensions	1,821	25,882
Total deferred inflows of resources	4,133	25,882
Net position		
Net investment in capital assets	4,865,584	4,110,786
Unrestricted	7,084,218	
Total net position	11,949,802	
Total liabilities, deferred inflows		
of resources and net position	\$ 14,061,721	\$ 12,583,760

### City of Harlingen Sanitation Fund Enterprise Fund Comparative Statements of Revenues,

# Expenditures and Change in Net Position

Year ended September 30,	2019	2018
Operating revenues		
Current use charges	\$ 9,907,158	\$ 9,430,128
Operating expenses		
Personnel services	2,189,136	2,330,639
Contracted services	1,587,496	1,512,695
Materials and supplies	148,985	152,570
Other expenses	3,532,419	3,443,285
Depreciation and amortization	540,033	347,949
Total operating expenses	7,998,069	7,787,138
Operating income	1,909,089	1,642,990
Nonoperating revenues		
Interest revenue	196,250	152,870
Gain (loss) on sale/disposal of capital assets	34,835	25,190
Insurance recovery	28,271	1,798
Miscellaneous revenue	3,502	3,827
Total nonoperating revenues	262,858	183,685
Income (loss) before operating transfers	2,171,947	1,826,675
Transfers		
Transfers in	841,442	703,188
Transfers out	(1,411,525)	(1,560,500)
Total transfers	(570,083)	(857,312)
Increase (decrease) in net position	1,601,864	969,363
Net position, beginning of year	10,347,938	9,378,575
Net position, end of year	\$ 11,949,802	\$ 10,347,938

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## City of Harlingen Sanitation Fund Enterprise Fund Comparative Statements of Cash Flows

Year ended September 30,	2019	2018
Cash flows from operating activities		
Receipts from customers	\$ 9,907,762	\$ 9,400,513
Payment to suppliers	(5,243,409)	(5,069,048)
Payments to employees	(2,405,502)	(2,333,305)
Net cash provided by (used in) operations	2,258,851	1,998,160
Cash flows from (to) noncapital financing activities		
Transfers to other funds	(1,411,525)	(1,560,500)
Transfers from other funds	841,442	-
Proceeds from insurance recoveries	28,271	1,798
Net cash provided by (used in) noncapital financing activities	(541,812)	(1,558,702)
Cash flows from capital and related financing activities		
Proceeds from sale of capital assets	34,834	25,190
Purchase of capital assets	(1,294,830)	(459,425)
Net cash provided by (used in) capital and related financing activities	(1,259,996)	(434,235)
Cash flows from investing activities		
Purchase of investments	(980,579)	(110,804)
Interest received	196,250	152,870
Net cash provided by (used in) investing activities	(784,329)	42,066
Net increase (decrease) in cash and cash equivalents	(327,286)	47,289
Cash and cash equivalents, beginning of year	943,207	895,918
Cash and cash equivalents, end of year	\$ 615,921	\$ 943,207

#### City of Harlingen Sanitation Fund Enterprise Fund

#### **Comparative Statements of Cash Flows - Continued**

Year ended September 30,	2019	2018
Reconciliation of operating income to net cash provided		
by (used in) operating activities:		
Operating income (loss)	\$ 1,909,089	\$ 1,642,990
Adjustments to reconcile net income from operations		
to net cash from operating activities		
Depreciation	540,033	347,949
Other revenue received	3,502	-
(Increase) decrease in receivables	(5,927)	(13,764)
(Increase) decrease in prepaid items	(35,675)	1,491
(Increase) decrease in due from component units	3,029	(15,851)
(Increase) decrease in deferred outflows of resources	(47,813)	243,867
Increase (decrease) in accounts payable	(19,020)	7,889
Increase (decrease) in accrued expenses	55,004	(1,333)
Increase (decrease) in net pension liability	91,498	(292,839)
Increase (decrease) in net other post employment benefit obligations	(224,481)	9,906
Increase (decrease) in compensated absences	(13,821)	14,859
Increase (decrease) in deferred inflows of resources	(21,749)	21,541
Increase (decrease) in estimated liability for landfill closure		
and post closure costs	25,182	31,455
Total adjustments	349,762	355,170
Net cash provided by (used in) operations	\$ 2,258,851	\$ 1,998,160

## City of Harlingen Municipal Golf Course Fund Enterprise Fund Comparative Statement of Net Position

September 30,	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$-	\$ 857
Accounts receivables (net of allowances for uncollectibles)	3,724	3,721
Inventories	11,637	20,980
Total current assets	15,361	25,558
Non-current assets		
Capital assets		
Land	49,496	49,496
Plant and equipment	3,909,214	3,926,200
Accumulated depreciation	(3,231,334)	(3,156,782)
Total capital assets (net of accumulated depreciation)	727,376	818,914
Total non-current assets	727,376	818,914
Total assets	742,737	844,472
Deferred outflows of resources		
OPEB - retiree healthcare	2,146	6,485
OPEB - supplemental death benefits	528	577
Retirement pensions	32,913	7,605
Total deferred outflows of resources	35,587	14,667
Total assets and deferred outflows of resources	\$ 778,324	\$ 859,139

#### City of Harlingen Municipal Golf Course Fund Enterprise Fund Comparative Statement of Net Position - Continued

September 30,	2019	2018
Liabilities		
Current liabilities		
Accounts payable	\$ 25,446	\$ 26,721
Customer deposits	1,014	414
Due to other funds	813,048	646,786
Compensated absences	2,000	2,000
Accrued expenses	21,932	22,649
Total current liabilities	863,440	698,570
Non-current liabilities		
Compensated absences	66,124	73,271
OPEB liability - retiree healthcare	29,809	94,162
OPEB liability - supplemental death benefits	8,877	8,874
Net pension liability	51,979	3,549
Total non-current liabilities	156,789	179,856
Total liabilities	1,020,229	878,426
Deferred inflows of resources		
Supplemental death benefits	376	-
OPEB - retiree healthcare	848	-
Retirement pensions	964	1,075
Total deferred inflows of resources	2,188	1,075
Net position		
Net investment in capital assets	727,376	818,914
Unrestricted	(971,469)	(839,276)
Total net position	(244,093)	(20,362)
Total liabilities, deferred inflows		
of resources and net position	\$ 778,324	\$ 859,139

#### City of Harlingen Municipal Golf Course Fund Enterprise Fund Comparative Statements of Revenues, Expenditures and Change in Net Position

Year ended September 30,	2019	2018
Operating revenues		
Golf course fees and charges	\$ 791,264	\$ 854,528
Operating expenses		
Personnel services	657,046	724,784
Contracted services	134,556	169,484
Materials and supplies	316,537	156,500
Other expenses	69,969	57,886
Depreciation and amortization	91,538	98,672
Total operating expenses	1,269,646	1,207,326
Operating income	(478,382)	(352,798)
Nonoperating revenues	4 5 7 4	
Gain (loss) on sale/disposal of capital assets	4,571	-
Miscellaneous revenue	68,291	12,784
Total nonoperating revenues	72,862	12,784
Income (loss) before operating transfers	(405,520)	(340,014)
Transfers		
Transfers in	181,789	-
Total transfers	181,789	-
	· · · · · ·	
Increase (decrease) in net position	(223,731)	(340,014)
Net position, beginning of year	(20,362)	319,652
Net position, end of year	\$ (244,093)	\$ (20,362)

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## City of Harlingen Municipal Golf Course Fund Enterprise Fund Comparative Statements of Cash Flows

Year ended September 30,	2019	2018
Cash flows from operating activities	2019	2018
	\$ 859,552	\$ 865,058
Receipts from customers		
Payment to suppliers	(346,849)	(116,251)
Payments to employees	(699,920)	(747,950)
Net cash provided by (used in) operations	(187,217)	857
Cash flows from (to) noncapital financing activities		
Transfers from other funds	181,789	-
Net cash provided by (used in) noncapital financing activities	181,789	-
Cash flows from capital and related financing activities		
Proceeds from sale of capital assets	4,571	-
Net cash provided by (used in) capital and related financing activities	4,571	-
Cash flows from investing activities	-	-
Net increase (decrease) in cash and cash equivalents	(857)	857
Cash and cash equivalents, beginning of year	857	-
Cash and cash equivalents, end of year	\$-	\$ 857

#### City of Harlingen Municipal Golf Course Fund Enterprise Fund Comparative Statements of Cash Flows - Continued

Year ended September 30,	2019	2018
Reconciliation of operating income to net cash provided		
by (used in) operating activities:		
Operating income (loss)	\$ (478,382)	\$ (352,798)
Adjustments to reconcile net income from operations		
to net cash from operating activities		
Depreciation	91,538	98,672
Other revenue received	68,291	12,785
(Increase) decrease in receivables	(3)	-
(Increase) decrease in inventories	9,343	2,426
(Increase) decrease in deferred outflows of resources	(25,308)	93,817
Increase (decrease) in accounts payable	(675)	(4,458)
Increase (decrease) in due to other funds	166,262	268,519
Increase (decrease) in accrued expenses	(717)	1,132
Increase (decrease) in net pension liability	48,430	(114,097)
Increase (decrease) in net other post employment benefit obligations	(59,962)	3,353
Increase (decrease) in compensated absences	(7,147)	(5,609)
Increase (decrease) in unearned revenues	-	(2,255)
Increase (decrease) in deferred inflows of resources	1,113	(630)
Total adjustments	291,165	353,655
Net cash provided by (used in) operations	\$ (187,217)	\$ 857

### City of Harlingen Municipal Auditorium Fund Enterprise Fund Comparative Statement of Net Position

September 30,	2019		2018
Assets			
Current assets			
Cash and cash equivalents	\$ 75,848	\$	168,816
Accounts receivables (net of allowances for uncollectibles)	4,389		4,389
Prepayments	54,727		-
Restricted assets:			
Cash and cash equivalents	36,495		-
Total current assets	171,459		173,205
Non-current assets			
Capital assets			
Plant and equipment	4,800,679	4	4,795,374
Accumulated depreciation	3,716,292)		3,540,778)
Total capital assets (net of accumulated depreciation)	1,084,387		1,254,596
Total non-current assets	1,084,387		1,254,596
	, ,		<u> </u>
Total assets	1,255,846	2	1,427,801
Deferred outflows of resources			
OPEB - retiree healthcare	589		879
OPEB - supplemental death benefits	145		158
Retirement pensions	9,033		2,086
Total deferred outflows of resources	9,767		3,123
Total assets and deferred outflows of resources	\$ 1,265,613	\$ 1	1,430,924

#### City of Harlingen Municipal Auditorium Fund Enterprise Fund Comparative Statement of Net Position - Continued

September 30,	2019		2018
Liabilities			
Current liabilities			
Accounts payable	\$ 10,140	\$	8,322
Customer deposits	36,495		-
Accrued expenses	3,479		34,356
Unearned revenue	10,119		17,611
Total current liabilities	60,233		60,289
Non-current liabilities	20 522		20 477
Compensated absences	20,532		20,477
OPEB liability - retiree healthcare	8,181		12,746
OPEB liability - supplemental death benefits	2,436		2,435
Net pension liability	14,265		974
Total non-current liabilities	45,414		36,632
Total liabilities	105,647		96,921
Deferred inflows of resources			
Supplemental death benefits	103		-
OPEB - retiree healthcare	233		-
Retirement pensions	265		3,758
Total deferred inflows of resources	601		3,758
Net position			
Net investment in capital assets	1,084,387	1	1,254,596
Unrestricted	74,978	-	75,649
Total net position	1,159,365	1	1,330,245
	1,100,000		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Total liabilities, deferred inflows			
of resources and net position	\$ 1,265,613	\$ 1	1,430,924

#### City of Harlingen Municipal Auditorium Fund Enterprise Fund Comparative Statements of Revenues, Expenditures and Change in Net Position

Year ended September 30,	2019	2018
Operating revenues		
Rental income	\$ 219,883	\$ 226,667
Operating expenses		
Personnel services	99,464	96,303
Contracted services	196,669	214,599
Materials and supplies	8,712	11,362
Other expenses	27,949	29,901
Depreciation and amortization	175,513	186,286
Total operating expenses	508,307	538,451
Operating income (loss)	(288,424)	(311,784)
Nonoperating revenues		
Interest revenue	2,456	1,595
Gain (loss) on sale/disposal of capital assets	36	-
Miscellaneous revenue	52	2,826
Total nonoperating revenues	2,544	4,421
Income (loss) before operating transfers	(285,880)	(307,363)
Transfers		
Transfers in	115,000	115,000
Total transfers	115,000	115,000
Increase (decrease) in net position	(170,880)	(192,363)
Net position, beginning of year	1,330,245	1,522,608
Net position, end of year	\$ 1,159,365	\$ 1,330,245

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### City of Harlingen Municipal Auditorium Fund Enterprise Fund Comparative Statements of Cash Flows

		2242
Year ended September 30,	2019	2018
Cash flows from operating activities		
Receipts from customers	\$ 212,443	\$ 227,807
Payment to suppliers	(280,620)	(246,627)
Payments to employees	(100,483)	(98,149)
Net cash provided by (used in) operations	(168,660)	(116,969)
Cash flows from (to) noncapital financing activities		
Transfers from other funds	115,000	115,000
Net cash provided by (used in) noncapital financing activities	115,000	115,000
Cash flows from capital and related financing activities Purchase of capital assets	(5,269)	-
Net cash provided by (used in) capital and related financing activities	(5,269)	-
Cash flows from investing activities	2,456	1,595
Net cash provided by (used in) investing activities	2,456	1,595
Net cash provided by (used in) investing activities	2,450	1,595
Net increase (decrease) in cash and cash equivalents	(56,473)	(374)
Cash and cash equivalents, beginning of year	168,816	169,190
Cash and cash equivalents, end of year	\$ 112,343	\$ 168,816

#### City of Harlingen Municipal Auditorium Fund Enterprise Fund Comparative Statements of Cash Flows - Continued

Year ended September 30,	2019	2018
Reconciliation of operating income to net cash provided		
by (used in) operating activities:		
Operating income (loss)	\$ (288,424)	\$ (311,784)
Adjustments to reconcile net income from operations		
to net cash from operating activities		
Depreciation	175,513	186,285
Other revenue received	52	-
(Increase) decrease in receivables	-	23,797
(Increase) decrease in prepaid items	(54,726)	-
(Increase) decrease in deferred outflows of resources	(6,947)	-
Increase (decrease) in accounts payable	38,313	(2,306)
Increase (decrease) in accrued expenses	(30,877)	11,542
Increase (decrease) in net pension liability	13,291	(29,050)
Increase (decrease) in net other post employment benefit obligations	(4,261)	526
Increase (decrease) in compensated absences	55	(442)
Increase (decrease) in unearned revenues	(7,492)	1,140
Increase (decrease) in deferred inflows of resources	(3,157)	3,323
Total adjustments	119,764	194,815
Net cash provided by (used in) operations	\$ (168,660)	\$ (116,969)

#### City of Harlingen Harlingen Arts and Heritage Museum Fund Enterprise Fund Comparative Statement of Net Position

September 30,	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 43,303	\$ 6,354
Investments - other	-	58,241
Accounts receivables (net of allowances for uncollectibles)	32	32
Prepayments	11,988	-
Restricted assets:		
Cash and cash equivalents	5,107	-
Total current assets	60,430	64,627
Non-current assets		
Capital assets		
Construction in progress	-	14,890
Plant and equipment	223,538	233,773
Accumulated depreciation	(165,229)	(164,410)
Total capital assets (net of accumulated depreciation)	58,309	84,253
Total non-current assets	58,309	84,253
Total assets	118,739	148,880
Deferred outflows of resources		
OPEB - retiree healthcare	-	512
Total deferred outflows of resources	-	 512
Total assets and deferred outflows of resources	\$ 118,739	\$ 149,392

#### City of Harlingen Harlingen Arts and Heritage Museum Fund Enterprise Fund Comparative Statement of Net Position - Continued

September 30,	2019	2018
Liabilities		
Current liabilities		
Accounts payable	\$ 10,738	\$ 6,394
Customer deposits	5,107	5,295
Accrued expenses	2,166	1,844
Total current liabilities	18,011	13,533
Non-current liabilities		
Compensated absences	7,251	6,412
OPEB liability - retiree healthcare	-	7,431
Total non-current liabilities	7,251	13,843
Total liabilities	25,262	27,376
Deferred inflows of resources	-	-
Net position		
Net investment in capital assets	58,309	84,253
Unrestricted	35,168	37,763
Total net position	93,477	122,016
Total liabilities, deferred inflows		
of resources and net position	\$ 118,739	\$ 149,392

#### City of Harlingen Harlingen Arts and Heritage Museum Fund Enterprise Fund Comparative Statements of Revenues, Expenditures and Change in Net Position

Year ended September 30,	2019	2018
Operating revenues		
Admissions	\$ 5,844	\$ 2,880
Operating expenses		
Personnel services	52,895	52,965
Contracted services	29,248	29,501
Materials and supplies	4,747	5,300
Other expenses	25,061	15,616
Depreciation and amortization	11,054	13,644
Total operating expenses	123,005	117,026
Operating income (loss)	(117,161)	(114,146)
Nonoperating revenues		
Interest revenue	881	914
Gain (loss) on sale/disposal of capital assets	(14,890)	-
Miscellaneous revenue	12,631	3,471
Total nonoperating revenues	(1,378)	4,385
Income (loss) before operating transfers	(118,539)	(109,761)
Transfers		
Transfers in	90,000	90,000
Total transfers	90,000	90,000
Increase (decrease) in net position	(28,539)	(19,761)
Net position, beginning of year	122,016	141,777
Net position, end of year	\$ 93,477	\$ 122,016

#### City of Harlingen Harlingen Arts and Heritage Museum Fund Enterprise Fund Comparative Statements of Cash Flows

Year ended September 30,	2019	2018
Cash flows from operating activities		
Receipts from customers	\$ 18,475	\$ 2,880
Payment to suppliers	(66,566)	(52,042)
Payments to employees	(58,975)	(51,087)
Net cash provided by (used in) operations	(107,066)	(100,249)
Cash flows from (to) noncapital financing activities		
Transfers from other funds	90,000	90,000
Net cash provided by (used in) noncapital financing activities	90,000	90,000
Cach flows from conital and related financing activities		
Cash flows from capital and related financing activities		(5.004)
Purchase of capital assets	-	(5,064)
Net cash provided by (used in) capital and related financing activities	-	(5,064)
Cash flows from investing activities		
Proceeds from sale of investments	58,241	
Interest received	881	27
Net cash provided by (used in) investing activities	59,122	27
Net increase (decrease) in cash and cash equivalents	42,056	(15,286)
Cash and cash equivalents, beginning of year	6,354	21,640
Cash and cash equivalents, end of year	\$ 48,410	\$ 6,354
Reconciliation of operating income to net cash provided		
by (used in) operating activities:		
Operating income (loss)	\$ (117,161)	\$ (114,146)
Adjustments to reconcile net income from operations	\$ (117,101)	Ş (114,140)
to net cash from operating activities		
Depreciation	11,054	13,644
Other revenue received	12,631	-
(Increase) decrease in prepaid items	(11,988)	_
Increase (decrease) in accounts payable	4,156	(1,722)
Increase (decrease) in accrued expenses	322	(1,722) 97
Increase (decrease) in net other post employment benefit obligations	(6,919)	222
Increase (decrease) in compensated absences	(0,919) 839	1,656
Total adjustments	10,095	13,897
	10,093	13,057
Net cash provided by (used in) operations	\$ (107,066)	\$ (100,249)

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#### SUPPLEMENTARY INDIVIDUAL INTERNAL SERVICE FUNDS FINANCIAL STATEMENTS AND SCHEDULES

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#### City of Harlingen, Texas 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 Motor Vehicle and Warehouse Fund Internal Service Fund Comparative Statement of Net Position

September 30,	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 557,130	\$ 1,705,555
Investments - other	3,178,018	2,114,979
Accounts receivables (net of allowances for uncollectibles)	12,924	12,629
Inventories	117,400	178,777
Prepayments	16,030	-
Due from component units	-	263
Total current assets	3,881,502	4,012,203
Non-current assets		
Capital assets		
Plant and equipment	22,352,627	21,698,912
Accumulated depreciation	(17,231,155)	(16,510,346)
Total capital assets (net of accumulated depreciation)	5,121,472	5,188,566
Total non-current assets	5,121,472	5,188,566
Total assets	9,002,974	9,200,769
Deferred outflows of resources		
OPEB - retiree healthcare	3,431	3,788
OPEB - supplemental death benefits	845	922
Retirement pensions	52,620	12,928
Total deferred outflows of resources	56,896	17,638
Total assets and deferred outflows of resources	\$ 9,059,870	\$ 9,218,407

### City of Harlingen Motor Vehicle and Warehouse Fund Internal Service Fund Comparative Statement of Net Position - Continued

September 30,	2019	2018
Liabilities		
Current liabilities		
Accounts payable	\$ 2,605	5 \$ 10,956
Compensated absences	-	52,025
Accrued expenses	19,384	12,088
Total current liabilities	21,989	9 75,069
Non-current liabilities		
Compensated absences	58,715	
OPEB liability - retiree healthcare	47,657	7 54,985
OPEB liability - supplemental death benefits	14,190	) 14,188
Net pension liability	83,102	2 5,674
Total non-current liabilities	203,664	1 74,847
Total liabilities	225,653	3 149,916
Deferred inflows of resources		
Supplemental death benefits	602	2
OPEB - retiree healthcare	1,355	
Retirement pensions	1,542	
Total deferred inflows of resources	3,498	•
Net position		
Net investment in capital assets	5,121,472	5,188,566
Unrestricted	3,709,247	
Total net position	8,830,719	9,045,205
Total liabilities, deferred inflows		
of resources and net position	\$ 9,059,870	) \$ 9,218,407

#### City of Harlingen Motor Vehicle and Warehouse Fund Internal Service Fund Comparative Statements of Revenues, Expenditures and Change in Net Position

Year ended September 30,	2019	2018
Operating revenues		
Current use charges	\$ 3,442,203	\$ 3,384,807
Operating expenses		
Personnel services	416,669	374,126
Contracted services	106,726	94,140
Materials and supplies	1,793,448	1,763,463
Other expenses	29,262	46,240
Depreciation and amortization	1,306,501	1,516,841
Total operating expenses	3,652,606	3,794,810
Operating income	(210,403)	(410,003)
Nonoperating revenues		
Interest revenue	79,222	48,466
Gain (loss) on sale/disposal of capital assets	(8)	694
Miscellaneous revenue	3,195	-
Total nonoperating revenues	82,409	49,160
Income (loss) before operating transfers	(127,994)	(360,843)
Transfers		
Transfers in	754,950	751,261
Transfers out	(841,442)	(703,188)
Total transfers	(86,492)	48,073
Increase (decrease) in net position	(214,486)	(312,770)
Net position, beginning of year	9,045,205	9,357,975
Net position, end of year	\$ 8,830,719	\$ 9,045,205

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# City of Harlingen Motor Vehicle and Warehouse Fund Enterprise Fund Comparative Statements of Cash Flows

Year ended September 30,	2019	2018
Cash flows from operating activities		
Receipts from customers	\$ 3,445,366	\$ 3,382,564
Payment to suppliers	(1,892,440)	(1,926,425)
Payments to employees	(391,627)	(370,979)
Net cash provided by (used in) operations	1,161,299	1,085,160
Cash flows from (to) noncapital financing activities		
Transfers to other funds	(841,442)	(703,188)
Transfers from other funds	754,950	-
Net cash provided by (used in) noncapital financing activities	(86,492)	(703,188)
Cash flows from capital and related financing activities Proceeds from sale of capital assets Purchase of capital assets	- (1,239,415)	694 (299,225)
Net cash provided by (used in) capital and related financing activities	(1,239,415)	(298,531)
Cash flows from investing activities Purchase of investments Interest received	(1,063,039) 79,222	(32,205) 48,466
Net cash provided by (used in) investing activities	(983,817)	16,261
Net increase (decrease) in cash and cash equivalents	(1,148,425)	99,702
Cash and cash equivalents, beginning of year	1,705,555	1,605,853
Cash and cash equivalents, end of year	\$ 557,130	\$ 1,705,555

#### City of Harlingen Motor Vehicle and Warehouse Fund Enterprise Fund Comparative Statements of Cash Flows - Continued

Year ended September 30,	2019	2018
Reconciliation of operating income to net cash provided		
by (used in) operating activities:		
Operating income (loss)	\$ (210,403)	\$ (410,003)
Adjustments to reconcile net income from operations		
to net cash from operating activities		
Depreciation	1,306,501	1,516,841
Other revenue received	3,195	-
(Increase) decrease in receivables	(295)	(2,244)
(Increase) decrease in prepaid items	(16,030)	-
(Increase) decrease in due from component units	263	(263)
(Increase) decrease in inventories	61,377	(15,693)
(Increase) decrease in deferred outflows of resources	(39,692)	78,324
Increase (decrease) in accounts payable	(8,351)	(6,626)
Increase (decrease) in accrued expenses	7,296	428
Increase (decrease) in net pension liability	77,428	(99,948)
Increase (decrease) in net other post employment benefit obligations	(202)	2,592
Increase (decrease) in deferred inflows of resources	(19,788)	21,752
Total adjustments	1,371,702	1,495,163
Net cash provided by (used in) operations	\$ 1,161,299	\$ 1,085,160

# City of Harlingen Health Insurance Fund Internal Service Fund Comparative Statement of Net Position

September 30,	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 713,482	\$ 741,768
Accounts receivables (net of allowances for uncollectibles)	4,511	5,455
Prepayments	9,285	-
Total current assets	727,278	747,223
Total assets	¢ 777 770	¢ 7/7 772
Total assets	\$ 727,278	\$ 747,223
Liabilities		
Current liabilities		
Accounts payable	\$ 18,298	\$ 19,986
Due to other funds	65,000	65,000
Total current liabilities	83,298	84,986
Total liabilities	83,298	84,986
Net position	642.000	662 227
Unrestricted	643,980	662,237
Total net position	643,980	662,237
Total liabilities and net position	\$ 727,278	\$ 747,223

# City of Harlingen Health Insurance Fund Internal Service Fund Comparative Statements of Revenues, Expenditures and Change in Net Position

Year ended September 30,	2019	2018
Operating revenues		
Current use charges	\$ 4,461,284	\$ 4,565,804
Operating expenses		
Contracted services	4,491,561	4,593,210
Total operating expenses	4,491,561	4,593,210
Operating income (loss)	(30,277)	(27,406)
Nonoperating revenues		
Interest revenue	12,020	8,129
Total nonoperating revenues	12,020	8,129
Income (loss) before operating transfers	(18,257)	(19,277)
Transfers		
Transfers in	-	81,000
Total transfers	-	81,000
Increase (decrease) in net position	(18,257)	61,723
Net position, beginning of year	662,237	600,514
Net position, end of year	\$ 643,980	\$ 662,237

# City of Harlingen Health Insurance Fund Enterprise Fund Comparative Statements of Cash Flows

Year ended September 30,		2019		2018
Cash flows from operating activities				
Receipts from customers	\$ 4	4,462,228	\$ 4	4,568,925
Payment to suppliers	(4	4,502,534)	(4	4,579,484)
Net cash provided by (used in) operations		(40,306)		(10,559)
Cash flows from (to) noncapital financing activities				
Transfers from other funds		-		81,000
Net cash provided by (used in) noncapital financing activities		-		81,000
Cash flows from capital and related financing activities		-		-
Cash flows from investing activities				
Interest received		12,020		8,129
Net cash provided by (used in) investing activities		12,020		8,129
Net increase (decrease) in cash and cash equivalents		(28,286)		78,570
Cash and cash equivalents, beginning of year		741,768		663,198
		-		<u> </u>
Cash and cash equivalents, end of year	\$	713,482	\$	741,768
· · · · · ·				
Reconciliation of operating income to net cash provided				
by (used in) operating activities:				
Operating income (loss)	\$	(30,277)	\$	(27,406)
Adjustments to reconcile net income from operations	Ŧ	(00)_//	Ŧ	(_/),
to net cash from operating activities				
(Increase) decrease in receivables		944		3,121
(Increase) decrease in prepaid items		(9,285)		-
Increase (decrease) in accounts payable		(1,688)		13,726
Total adjustments		(10,029)		16,847
		(10,023)		10,047
Net cash provided by (used in) operations	\$	(40,306)	\$	(10,559)
Net cash provided by (used in) operations	\$	(40,306)	\$	(10,559)

#### SUPPLEMENTARY INDIVIDUAL COMPONENT UNITS FINANCIAL STATEMENTS

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#### City of Harlingen, Texas 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

			Restated
September 30,		2019	2018
Assets			
Cash and cash equivalents	\$	<b>2,069,847</b> \$	1,974,607
Investments - other	•	6,819,607	3,067,895
Receivables (net of allowances for uncollectibles)			, ,
Accounts		114,512	82,619
Due from other government		377,290	363,283
Prepaid expenses		25,526	2,111
Long-term loans receivable		402,387	475,430
Redevelopment properties		1,847,816	587,620
Total assets	\$	<b>11,656,985</b> \$	6,553,565
			· · ·
Liabilities			
Accounts payable	\$	<b>40,584</b> \$	53,528
Other liabilities		592,688	-
Accrued expenditures		19,721	11,744
Due to primary government		-	10,241
Customer deposits - payable from restricted assets		5,000	5,000
Total liabilities		657,993	80,513
Deferred inflows of resources			
Deferred inflows of resources - noncurrent receivables		427,946	500,990
Fund balance			
Nonspendable		2,111	2,111
Committed		2,000,000	2,000,000
Assigned		2,733	-
Unassigned		8,566,202	3,969,951
Total fund balance		10,571,046	5,972,062
Total liabilities, deforred inflows			
Total liabilities, deferred inflows of resources and fund balances	~	11 CEC 005 C	
or resources and rund balances	\$	<b>11,656,985</b> \$	6,553,565

## City of Harlingen, Texas Harlingen Economic Development Corporation, Inc. Component Unit

#### Reconciliation of the Balance Sheet of the Harlingen Economic Development Corporation to the Component Unit Combining Statement of Net Position

Year ended September 30, 2019	HEDC
	Activities
Fund balances component unit	\$ 10,571,046
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 \$40,993,573, net of accumulated depreciation totaling	
\$(8,876,563).	32,117,010
Other long term assets are not available to pay for current period	
expenditures and therefore are deferred in the governmental funds.	427,947
Long term liabilities, including \$49,593 in compensated absences, 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.	(26,651,333)
Interest on long-term debt payable is not accrued in governmental funds,	
but rather is recognized as an expenditure when due.	(944,637)
Net position of the component unit on the statement of net position	\$ 15,520,033

## City of Harlingen, Texas Harlingen Economic Development Corporation, Inc. Component Unit

### Comparative Statements of Revenues, Expenditures and Changes in Fund Balance

			Restated
Year ended September 30,		2019	2018
Revenues			
Non property taxes	\$	<b>4,926,911</b> \$	4,836,949
Intergovernmental	Ŧ	210,721	500,815
Miscellaneous and program revenues		871,110	859,301
Interest and investment income		133,150	67,563
Total revenues		6,141,892	6,264,628
Expenditures			
Current			
Community and economic development		2,632,436	2,455,646
Debt Service			
Principal retirement		1,700,000	1,620,000
Interest and fiscal agent fees		1,586,577	1,650,340
Total expenditures		5,919,013	5,725,986
Excess revenue over expenditures			
Other financing sources			
Sales of assets		4,376,105	1,892
Total other financing sources		4,376,105	1,892
Net change in fund balance		4,598,984	540,534
Fund balance, beginning of year		5,972,062	5,431,528
Fund balance, end of year	\$	<b>10,571,046</b> \$	5,972,062

# City of Harlingen, Texas Harlingen Economic Development Corporation, Inc. Component Unit

### 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

Year ended September 30, 2019	
	HEDC Activities
Net change in fund balances component unit fund	\$ 4,598,984
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. This is the amount that depreciation expense for the current period \$(1,219,696) exceeded capital outlay	(1 210 606)
expenditures of \$0.	(1,219,696)
Proceeds from capital asset disposals provides current financial resources at the fund level but decreases the asset balance during the year in the statement of net position This value is the book value of the capital asset that was sold.	(3,379,198)
Other long term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	(73,044)
Repayment of bond and notes payable principal is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement	1,700,000
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 is accrued interest of \$(322,914) is not recorded either. Also, any changes in compensated absences \$(7,473) and amortization of discounts related to long-term debt totaling \$(22,239), are reported as an increase or decrease to expenses in the statement of activities but not in the governmental funds.	(352,626)
Change in net position of Harlingen Economic Development Corporation:	\$ 1,274,420

### City of Harlingen, Texas Harlingen Community Improvement Board Component Unit Comparative Balance Sheet

September 30,	2019	2018
Assets		
Cash and cash equivalents	\$ <b>6,302,874</b> \$	6,777,226
Receivables (net of allowances for uncollectibles)		
Accounts	810	410
Due from other government	618,263	121,094
Total assets	\$ <b>6,921,947</b> \$	6,898,730
Liabilities		
Other liabilities	\$ <b>54,848</b> \$	513,514
Total liabilities	54,848	513,514
Fund balance		
Assigned	57 <i>,</i> 869	-
Unassigned	6,809,230	6,385,216
Total fund balance	6,867,099	6,385,216
Total liabilities and fund balance	\$ <b>6,921,947</b> \$	6,898,730

### City of Harlingen, Texas Harlingen Community Improvement Board Component Unit

# **Comparative Statement of Revenues, Expenditures and Change in Fund Balance**

Year ended September 30,	2019	2018
Revenues		
Non property taxes	\$ <b>1,614,092</b> \$	1,587,582
Intergovernmental	492,500	-
Miscellaneous and program revenues	15,692	-
Interest and investment income	115,801	66,790
Total revenues	2,238,085	1,654,372
Expenditures		
Current		
Community and economic development	1,756,202	742,221
Total expenditures	1,756,202	742,221
EXCESS REVENUES OVER EXPENDITURES	481,883	912,151
Other financing sources (uses)		
Disposal of capital asset	-	(64,417)
Total other financing sources	-	(64,417)
Net change in fund balance	481,883	847,734
Fund balance, beginning of year	6,385,216	5,537,482
Fund balance, end of year	\$ <b>6,867,099</b> \$	6,385,216

### City of Harlingen, Texas Harlingen Waterworks System Component Unit Comparative Balance Sheets

September 30,	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 5,131,230	5,511,165
Investments - other	23,128,351	18,898,573
Receivables (net of allowances for uncollectibles)	2,115,626	2,425,179
Interest receivable	11,361	27,125
Inventories	555,714	370,747
Prepaid expenses	13,000	11,000
Restricted assets		
Cash and cash equivalents	3,151,682	2,720,279
Investments	4,130,352	4,136,287
Total current assets	38,237,316	34,100,355
		. ,
Noncurrent Assets		
Net pension asset	-	1,148,146
Capital assets		
Non-depreciable assets	7,824,901	9,353,560
Depreciable assets	184,908,564	182,144,772
Accumulated depreciation	(120,444,917)	(117,869,811)
Total capital assets, net	72,288,548	74,776,667
Total assets	110,525,864	108,877,022
Deferred outflows of resources		
Deferred charge on refunding	171,819	215,886
Deferred resource outflows for pensions	2,421,729	1,078,873
Deferred resource outflows for OPEB	668,024	764,111
		- ,
Total deferred outflows of resources	3,261,572	2,058,870
Total assets and deferred		
outflows of resources	\$ 113,787,436	\$ 110,935,892

### City of Harlingen, Texas Harlingen Waterworks System Component Unit Comparative Balance Sheets - Continued

September 30,	2019	2018
Liabilities		
Current liabilities		
Accounts payable	\$ 595,520	\$ 425,134
Due to primary government	58,984	207,450
Other liabilities	404,996	433,004
Payable from restricted assets:		
Accrued interest	290,096	309,159
Customer deposits - current	360,000	350,000
Compensated absences - current	600,000	550,000
Revenue bonds - current	1,585,757	1,548,508
Total current liabilities	3,895,353	3,823,255
Noncurrent liabilities		
Revenue bonds payable, net	19,214,674	20,800,431
Compensated absences	152,830	
OPEB - retiree healthcare	10,184,478	
OPEB - supplemental death benefits	504,660	524,495
Net pension liability	989,834	
Payable from restricted assets	2,450,577	2,251,402
Total long-term debt	33,497,053	34,362,612
Total liabilities	37,392,406	38,185,867
Deferred inflows of resources		
Deferred pension inflows	1,071,339	1,285,678
Deferred OPEB inflows	471,774	
Total deferred inflows of resources	1,543,113	1,285,678
Net position		
Net investment in capital assets	51,488,117	51,927,406
Restricted	4,181,361	4,887,346
Unrestricted	19,182,439	
Total net position	74,851,917	71,464,347
Total liabilities, deferred inflows		
of resources and net position	\$ 113,787,436	\$ 110,935,892

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#### City of Harlingen, Texas Harlingen Waterworks System Component Unit

# Comparative Statement of Revenues, Expenses and Changes in Net Position

Year ended September 30,		2019	2018
Operating revenues			
Charges for services			
Current use charges	\$	<b>20,448,188</b> \$	21,271,728
Operating expenses			
Personal services		8,879,396	8,382,710
Contracted services		2,775,240	2,909,671
Supplies and maintenance		2,876,634	2,901,611
Other expenses		182,088	150,646
Depreciation		4,037,737	4,001,507
Total operating expenses		18,751,095	18,346,145
Operating income		1,697,093	2,925,583
Non-operating revenues			
Impact fees		572,843	651,807
Investment earnings		729,131	445,721
Miscellaneous revenue		602,471	733,040
Total non-operating revenues		1,904,445	1,830,568
Non-operating expenses			
Interest and amortization expense		732,785	780,514
Net income (loss) before capital contributions		2,868,753	3,975,637
			<u>, , ,</u>
Capital contributions		518,817	470,890
Change in net position		3,387,570	4,446,527
change in het position		3,307,370	7,770,327
Net position, beginning		71,464,347	67,017,820
Net position, end of year	Ś	<b>74,851,917</b> \$	71,464,347
	· ·	//- T	, - ,

### City of Harlingen, Texas Harlingen Waterworks System Component Unit Comparative Statement of Cash Flows

Year ended September 30,	2019	2018
Cash flows from operating activities		
Receipts from customers - service revenue	\$ <b>21,368,667</b> \$	22,018,388
Payments to suppliers	(5,886,784)	(5,895,049)
Payments to employees	(8,129,037)	(7,717,465)
Net cash provided by operations	7,352,846	8,405,874
Cash flows from capital and related financing activities	(2.244.270)	(6 447 427)
Acquisition and construction of capital assets	(2,211,270)	(6,417,127)
Proceeds from sale of assets	63,854	18,150
Proceeds from impact fees	572,843	651,807
Principal paid on revenue bonds	(1,525,000)	(1,480,000)
Interest and fees paid on revenue bonds	(722,857)	(761,056)
Net cash provided by (used in) capital and related financing activities	(3,822,430)	(7,988,226)
Cash flows from investing activities		
Purchase of investments	(28,534,601)	(27,518,823)
Maturity of investments	24,477,504	22,877,746
Investment earnings	744,895	457,835
Net cash provided by (used in) investing activities	(3,312,202)	(4,183,242)
Net (decrease) increase in cash and cash equivalents	218,214	(3,765,594)
Cash and cash equivalents, beginning of year	11,605,933	15,371,527
Cash and cash equivalents, end of year	\$ <b>11,824,147</b> \$	11,605,933

### City of Harlingen, Texas Harlingen Waterworks System Component Unit Comparative Statement of Cash Flows - Continued

Year ended September 30,		2019	2018
Reconciliation of operating income (loss) to net cash provided by operating a	activiti	AC.	
Operating income	Ś	<b>1,697,093</b> \$	2,925,583
Adjustments to reconcile operating loss to net cash provided	Ŷ	1,057,050 ¢	2,525,505
by operating activities:			
Depreciation expense		4,037,737	4,001,507
Non-operating revenue		474,763	716,195
Increase in receivables		309,553	(183,530)
(Increase) decrease in inventories		(184,967)	23,078
(Increase) decrease in prepaid expenses		(2,000)	3,459
Increase in net pension asset		1,148,146	(1,148,146)
Increase in pension related deferred outflows		(1,342,856)	464,322
Increase in OPEB related deferred outflows		96,087	(574,934)
Decrease in accounts payable		170,386	(13,246)
Increase (decrease) in due to primary government		(73,012)	20,195
Increase (decrease) in other liabilities		(15,717)	75,754
Increase (decrease) in liability for compensated absences		(22,534)	12,547
Increase (decrease) in net pension liability		989,834	(323,981)
Increase (decrease) in OPEB liability		(396,277)	984,049
Increase (decrease) in pension related deferred inflows		(214,339)	1,229,222
Increase in OPEB related deferred inflows		471,774	-
Increase in customer deposits		209,175	193,800
Total adjustments		5,655,753	5,480,291
Net cash provided by operations	\$	<b>7,352,846</b> \$	8,405,874
Supplemental disclosures of noncash capital activities:			
Water lines, sewer mains and related infrastructure			
contributed to the Waterworks System by developers and builders	\$	<b>518,517</b> \$	470,890

### City of Harlingen, Texas Valley International Airport Component Unit Comparative Balance Sheets

September 30,	2019	2018
Assets		
Current assets		
Cash and cash equivalents	<b>\$ 1,738,702</b> \$	2,596,992
Investments - other	1,237,302	-
Investments - fair value	248,020	498,623
Accounts receivable	640,958	795,018
Grant receivable	1,186,783	1,404,200
Prepaid expenses and deposits	297,121	239,871
Total current assets	5,348,886	5,534,704
Noncurrent Assets		
Capital assets		
Land	5,011,080	5,011,080
Construction in progress	6,656,277	1,082,846
Buildings	45,276,892	41,735,448
Runways and taxiways	59,106,112	58,904,765
Land improvements	26,645,147	26,645,147
Furniture and fixtures	3,315,614	3,315,614
Machinery and equipment	20,568,359	20,196,713
Less accumulated depreciation	(98,595,647)	(93,032,107)
Net capital assets	67,983,834	63,859,506
Total noncurrent assets	67,983,834	63,859,506
Total assets	73,332,720	69,394,210
Deferred outflows of resources		
Deferred resource outflows for pensions	247,126	63,531
Deferred resource outflows for OPEB	17,580	18,946
Total deferred outflows of resources	264,706	82,477
Total assets and deferred outflows of resources	\$ 73,597,426 \$	69,476,687

### City of Harlingen, Texas Valley International Airport Component Unit Comparative Balance Sheets - Continued

September 30,		2019	2018
Liabilities			
Current liabilities			
	Ś	1 401 462 6	222 662
Accounts payable	Ş	<b>1,491,462</b> \$	323,563
Accrued expenses		97,418	96,022
Current portion of unearned revenue		410,114	362,059
Current portion of compensated absences		25,000	25,000
Total current liabilities		2,023,994	806,644
Long-term liabilities, net of current maturities			
Unearned revenue		671,296	892,922
Compensated absences		306,676	279,187
Net pension liability		411,777	29,832
OPEB liability - retiree healthcare		323,760	313,420
OPEB liability - supplemental death benefit		78,228	78,215
Total long-term liabilities		1,791,737	1,593,576
Total liabilities		3,815,731	2,400,220
Deferred inflows of resources			
Deferred inflows of resources for pensions		7,775	113,273
Deferred inflows of resources related to OPEB liability		11,572	
Total deferred inflows of resources		19,347	113,273
Net position			
Net investment in capital assets		65,815,036	62,755,084
Unrestricted		3,947,312	4,208,110
Total net position		69,762,348	66,963,194
		03,702,340	00,903,194
Total liabilities, deferred inflows			
of resources and fund balances	\$	<b>73,597,426</b> \$	69,476,687

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### City of Harlingen, Texas Valley International Airport Component Unit

# Comparative Statement of Revenues, Expenses and Changes in Net Position

Year ended September 30,	2019	2018
Operating revenues	\$ <b>7,053,147</b> \$	6,684,267
Operating expenses		
Personnel	3,797,045	3,420,876
Contracted services	1,456,221	1,427,361
Materials and supplies	530,796	506,305
Other expenses	639,476	642,951
Total operating expenses before depreciation expense	6,423,538	5,997,493
Operating income before depreciation expense	629,609	686,774
Depreciation expense	5,625,141	5,348,853
Operating loss	(4,995,532)	(4,662,079)
Non-operating revenues		
Investment earnings	56,518	28,459
Gain on sale asset	15,003	1,004,745
Total non-operating revenues	71,521	1,033,204
Net income (loss) before capital contributions	(4,924,011)	(3,628,875)
Capital contributions		
Passenger facility charges, including interest	1,325,519	1,143,581
Federal and local grants	6,397,646	3,528,390
Total capital contributions	7,723,165	4,671,971
Change in net position	2,799,154	1,043,096
Net position, beginning	66,963,194	65,920,098
Net position, end of year	\$ <b>69,762,348</b> \$	66,963,194

### City of Harlingen, Texas Valley International Airport Component Unit Comparative Statement of Cash Flows

Year ended September 30,		2019	2018
Net cash from operating activities			
Operating cash receipts from customers	Ś	<b>7,033,636</b> \$	6,149,942
Cash payments to suppliers for goods and services	Ŧ	(1,515,844)	(3,464,390)
Cash payments to employees for services		(3,652,017)	(3,372,573)
Net cash (used in) provided by operating activities		1,865,775	(687,021)
Net cash flows from (to) capital and related financing activities			
Capital contributions - Federal Aviation Administration		6,615,063	3,282,202
Fixed assets additions and construction		(9,749,469)	(4,358,520)
Proceeds from sale of assets		15,003	1,076,088
Passenger facility charges, including interest		1,325,519	1,143,581
Net cash (used in) provided by capital and related financing activities		(1,793,884)	1,143,351
Net cash flows from (to) investing activities			
Maturities of investments		251,032	248,931
Interest received from investments		56,089	28,036
Net cash (used in) provided by investing activities		307,121	276,967
Net decrease in cash and cash equivalents		379,012	733,297
Cash and cash equivalents, beginning of year		2,596,992	1,863,695
Cash and cash equivalents, end of year	\$	<b>2,976,004</b> \$	2,596,992

### City of Harlingen, Texas Valley International Airport Component Unit Comparative Statement of Cash Flows - Continued

Year ended September 30,	2019	2018
Reconciliation of operating income (loss) to net cash provided by		
(used in) operating activities?		
Operating income (loss)	\$ <b>(4,995,532)</b> \$	(4,662,079)
Adjustments to reconcile operating loss to net cash provided	•••••	
by operating activities:		
Depreciation and amortization	5,625,141	5,348,853
(Increase) decrease in accounts receivable	154,060	(338,928)
(Increase) decrease in prepaid expenses	(57,250)	(132,766)
(Increase) decrease in net pension asset	(182,229)	(327,363)
(Increase) decrease in deferred outflows of resources	381,945	245,188
Increase (decrease) in accounts payable	1,167,899	(793,803)
Increase (decrease) in accrued expenses	1,396	11,711
Increase (decrease) in compensated absences	27,489	12,032
Increase (decrease) in net pension obligation	13	38,796
Increase (decrease) in unearned revenue	(173,571)	(195,397)
Increase (decrease) in deferred inflows of resources	(83,586)	106,735
		,
Net cash provided by operations	\$ <b>1,865,775</b> \$	(687,021)
Supplemental disclosures of noncash capital activities:		
Revenue recognized in connection with long-term lease	\$ <b>158,632</b> \$	216,455

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#### STATISTICAL SECTION

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#### City of Harlingen, Texas 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

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

**Financial Trends** 

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

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

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**

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.

#### Tables 8-13

#### Tables 17-18

**Tables 14-16** 

# Tables 19-21

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#### City of Harlingen , Texas Changes in Net Position - Governmental Activities Last Ten Fiscal Years (Accrual Basis of Accounting)

Table 1

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
General government	\$ 5,875,978	\$ 8,256,220	\$ 8,103,868	\$ 8,045,249	\$ 7,659,290	\$ 7,653,403	\$ 8,621,014	\$ 7,238,065	\$ 7,140,359	\$ 7,256,971
Public safety	20,713,031	21,428,593	24,787,803	25,738,359	25,508,640	27,708,973	29,692,941	34,594,729	27,253,084	30,539,817
Highways and streets	9,329,701	8,501,626	5,162,540	4,778,770	5,381,855	5,403,082	5,134,045	8,676,859	6,106,202	7,241,780
Health and welfare	3,781,447	3,036,615	4,134,007	4,344,593	4,237,513	3,964,719	5,147,258	3,245,464	1,075,864	1,327,436
Community and economic development	-	-	-	-	-	-	-	3,079,700	3,015,071	4,981,305
Culture and recreation	5,266,289	7,534,244	5,314,043	5,043,397	4,822,263	4,541,383	5,529,616	2,033,635	6,789,573	7,294,692
Interest on long term debt	1,893,780	1,931,829	2,097,551	1,456,615	2,443,285	1,996,255	1,219,992	1,713,057	1,419,495	1,327,339
Total Expenses	46,860,226	50,689,127	49,599,812	49,406,983	50,052,846	51,267,815	55,344,866	60,581,509	52,799,648	59,969,340
Program Revenues:										
Charges for services:										
General government	720,770	1,261,398	2,144,379	1,663,584	3,065,996	3,124,245	2,690,463	1,986,867	1,576,846	1,582,976
Public safety	2,268,854	1,942,282	3,160,986	3,053,460	1,944,279	2,169,309	2,023,579	2,455,774	2,289,816	2,513,247
Highways and streets	138,435	-	166,434	79,736	-	-	-	400,460	398,508	365,936
Health and welfare	84,594	12,667	68,944	68,990	841	11,155	12,190	11,472	3,160	12,998
Community and economic development	-	-	-	-	-	-	-	-	148,242	729,267
Culture and recreation	399,721	398,253	605,813	567,548	417,535	442,838	480,345	626,250	258,936	596,246
Operating grants and contributions	3,507,285	2,955,031	2,699,930	2,490,080	2,563,133	2,106,140	3,617,370	3,395,347	3,213,450	3,563,454
Capital grants and contributions	75,834	3,185,634	2,128,092	1,536,151	1,781,492	1,258,973	435,218	1,202,490	1,994,980	1,436,215
Total Program Revenues	7,195,493	9,755,265	10,974,578	9,459,549	9,773,276	9,112,660	9,259,165	10,078,660	9,883,938	10,800,339
Net (Expense) Revenue	(39,664,733)	(40,933,862)	(38,625,234)	(39,947,434)	(40,279,570)	(42,155,155)	(46,085,701)	(50,502,849)	(42,915,710)	(49,169,001)
General Revenues and Transfers:										
Taxes:										
Property taxes, levied for general										
purposes	12,139,878	12,207,003	12,647,309	13,671,706	13,370,041	13,527,759	14,238,438	14,382,440	14,509,438	15,269,035
Property taxes, levied for debt service	4,101,577	4,019,848	3,712,694	3,993,754	3,964,082	3,944,336	3,886,765	3,929,046	4,031,435	4,092,110
Sales taxes	13,672,390	14,057,245	15,275,928	15,873,690	16,113,160	16,522,227	16,878,582	17,611,023	18,902,745	19,199,840
Franchise taxes	3,859,837	3,511,085	3,165,863	3,072,593	3,137,857	3,143,126	3,077,871	3,268,621	3,300,630	3,258,465
Hotel/Motel taxes	841,758	819,595	882,322	907,944	944,692	1,024,253	997,629	954,465	1,020,447	1,176,685
Mixed beverage taxes	-	-	-	-	-	-	-	184,095	210,157	208,273
Assessments	-	-	-	-	-	310,712	321,220	230,704	1,473,276	1,731,379
Unrestricted investment earnings	183,573	88,401	79,294	57,125	36,194	24,939	48,058	221,539	664,469	693,991
Miscellaneous	1,303,388	344,773	396,610	464,081	694,737	555,397	151,486	1,188,735	378,274	217,282
Interest on notes receivable	-	-	-	-	-	-	-	6,425	3,918	-
Gain (loss) on sale of assets	-	-	-	-	-	-	-	263,501	77,611	62,328
Utility company settlement	-	148,587	109,099	950,909	(12,121)	(33,986)	68,951	-	-	-
Transfers	100,572	607,200	473,571	720,400	794,400	2,377,945	1,203,909	1,097,044	1,355,500	183,294
Total General Revenues and Transfers	36,202,973	35,803,737	36,742,690	39,712,202	39,043,042	41,396,708	40,872,909	43,337,638	45,927,900	46,092,682
Change in Net Position	\$ (3,461,760)	¢ (E 120 12E)	\$ (1,882,544)	ć (วาศ วาว)	\$ (1,236,528)	\$ (758,447)	ć (F 212 702)	\$ (7,165,211)	\$ 3,012,190	\$ (3,076,319

#### City of Harlingen , Texas Changes in Net Position - Business-type Activities Last Ten Fiscal Years (Accrual Basis of Accounting)

Table 2

Fiscal Year Ended September 30,										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Sanitation Services	\$ 6,796,273	\$ 6,377,740 \$	6,958,567 \$	6,939,912 \$	7,802,743	\$ 7,347,322	5 7,128,323	\$ 7,391,547 \$	7,787,138	\$ 8,023,251
Golf Course Services	1,218,837	1,200,582	1,236,695	1,306,088	1,220,275	1,299,168	1,280,136	1,273,887	1,207,326	1,269,646
Auditorium Services	433,469	683,557	648,809	694,222	678,938	615,792	642,887	630,272	538,451	508,307
Museum Services	114,224	131,671	136,315	115,221	111,320	132,927	141,234	127,988	117,026	137,895
Total Expenses	8,562,803	8,393,550	8,980,386	9,055,443	9,813,276	9,395,209	9,192,580	9,423,694	9,649,941	9,939,099
Program Revenues:										
Charges for Services:										
Sanitation Services	8,394,204	8,415,042	8,495,419	8,532,359	8,841,070	8,878,911	9,181,830	9,228,585	9,430,128	9,833,391
Golf Course Services	1,164,750	1,216,805	1,179,528	1,130,416	982,509	954,741	919,727	965,623	854,528	791,264
Auditorium Services	108,292	258,815	143,885	147,307	150,290	236,971	234,792	177,893	226,667	219,883
Museum Services	3,818	4,010	3,585	2,916	3,181	4,607	3,694	8,150	2,880	5,984
Total Program Revenues	9,671,064	9,894,672	9,822,417	9,812,998	9,977,050	10,075,230	10,340,043	10,380,251	10,514,203	10,850,522
Net (Expense) Revenue	1,108,261	1,501,122	842,031	757,555	163,774	680,021	1,147,463	956,557	864,262	911,423
Capital Contributions	120,000	1,551,967	103,517	24,794	50,214	49,486	-	-	703,188	-
General Revenues and Transfers:										
Unrestricted investment earnings	5,129	4,554	7,259	6,251	5,269	2,759	10,521	47,492	155,379	199,587
Miscellaneous	66,046	73,963	18,915	1,940	14,098	11,504	6,880	1,057,029	24,706	186,374
Gain on sale of assets	19,475	6,082	130	770	778,731	490,489	1,165	4,612	25,190	64,624
Transfers	(100,572)	(607,200)	(473,571)	(720,400)	(794,400)	(2,377,945)	(1,203,909)	(1,097,044)	(1,355,500)	(183,294)
Total General Revenues and Transfers	(9,922)	(522,601)	(447,267)	(711,439)	3,698	(1,873,193)	(1,185,343)	12,089	(1,150,225)	267,291
Change in Net Position	\$ 1,218,339	\$ 2,530,488 \$	498,281 \$	70,910 \$	217,686	\$ (1,143,686) \$	\$ (37,880)	\$ 968,646 \$	417,225	\$ 1,178,714

#### City of Harlingen , Texas Changes in Net Position - Total Last Ten Fiscal Years (Accrual Basis of Accounting)

Table 3

Fiscal Year Ended September 30,										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental Activities *	\$ 46,860,226	\$ 50,689,127	\$ 49,599,812	\$ 49,406,983	\$ 50,052,846	\$ 51,267,815	\$ 55,344,866	\$ 60,581,509	\$ 52,799,648	\$ 59,969,340
Business-type Activities **	8,562,803	8,393,550	8,980,386	9,055,443	9,813,276	9,395,209	9,192,580	9,423,694	9,649,941	9,939,099
Total Expenses	55,423,029	59,082,677	58,580,198	58,462,426	59,866,122	60,663,024	64,537,446	70,005,203	62,449,589	69,908,439
Program Revenues:										
Governmental Activities *	7,195,493	9,755,265	10,974,578	9,459,539	9,773,276	9,112,660	9,259,165	10,078,660	9,883,938	10,800,339
Business-type Activities **	9,791,064	9,894,672	9,925,934	9,837,792	10,027,264	10,075,230	10,340,043	10,380,251	11,217,391	10,850,522
Total Program Revenues	16,986,557	19,649,937	20,900,512	19,297,331	19,800,540	19,187,890	19,599,208	20,458,911	21,101,329	21,650,861
Net (Expense) Revenue	(38,436,472)	(39,432,740)	(37,679,686)	(39,165,095)	(40,065,582)	(41,475,134)	(44,938,238)	(49,546,292)	(41,348,260)	(48,257,578)
Governmental Activities *	36,202,973	35,803,737	36,742,688	39,712,202	39,043,042	41,396,708	40,872,909	43,337,638	45,927,900	46,092,682
Business-type Activities **	(9,922)	1,029,366	(447,267)	(711,439)	217,686	(1,823,707)	(1,185,343)	12,089	(1,150,225)	267,291
Total General Revenues and Transfers	36,193,051	36,833,103	36,295,421	39,000,763	39,260,728	39,573,001	39,687,566	43,349,727	44,777,675	46,359,973
Change in Net Position	\$ (2,243,421)	\$ (2,599,637)	\$ (1,384,265)	\$ (164,332)	\$ (804,854)	\$ (1,902,133)	\$ (5,250,672)	\$ (6,196,565)	\$ 3,429,415	\$ (1,897,605)

\* See Table 1: Changes in Net Position-Governmental Activities

\*\* See Table 2: Changes in Net Position-Business-Type Activities

#### City of Harlingen , Texas Government-wide Net Position by Category Last Ten Fiscal Years (Accrual Basis of Accounting)

Table 4

Fiscal Year Ended September 30,										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net Investment in capital assets	\$ 108,894,810	\$ 102,913,131	\$ 103,040,149	\$ 98,058,748	\$ 97,835,629	\$ 94,988,699	\$ 90,814,756	\$ 96,279,558	\$ 99,220,453	\$ 96,097,057
Restricted	-	4,388,441	4,155,500	4,531,503	9,874,343	9,982,445	8,077,571	5,361,574	4,642,879	5,547,330
Unrestricted	21,576,664	17,038,038	15,261,415	18,598,426	12,242,177	1,621,057	2,487,082	(7,426,934)	(8,200,970)	(9,058,344)
Total governmental activities net position	130,471,474	124,339,610	122,457,064	121,188,677	119,952,149	106,592,201	101,379,409	94,214,198	95,662,362	92,586,043
Business-type activities										
Net Investment in capital assets	5,662,148	6,881,339	6,648,413	6,361,950	5,316,890	6,229,922	5,797,785	5,769,141	6,268,549	6,735,656
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	2,306,845	3,641,900	4,373,107	4,730,480	5,993,226	4,126,503	4,520,760	5,518,050	5,511,288	6,222,895
Total business-type activities net position	7,968,993	10,523,239	11,021,520	11,092,430	11,310,116	10,356,425	10,318,545	11,287,191	11,779,837	12,958,551
Primary government										
Net Investment in capital assets	114,556,958	109,794,470	109,688,562	104,420,698	103,152,519	101,218,621	96,612,541	102,048,699	105,489,002	102,832,713
Restricted	-	4,388,441	4,155,500	4,531,503	9,874,343	9,982,445	8,077,571	5,361,574	4,642,879	5,547,330
Unrestricted	23,883,509	20,679,938	19,634,522	23,328,906	18,235,403	5,747,560	7,007,842	(1,908,884)	(2,689,682)	(2,835,449)
Total primary government net position	\$ 138,440,467	\$ 134,862,849	\$ 133,478,584	\$ 132,281,107	\$ 131,262,265	\$ 116,948,626	\$ 111,697,954	\$ 105,501,389	\$ 107,442,199	\$ 105,544,594

Note: For fiscal year September 30, 2015, the City implemented GASB No. 67, Financial Report for Pensions for the Firemen's Relief and Retirement Fund and GASB No. 68, Accounting and Financial Reporting for Pensions, for the City's Municipal Pension resulting in the recognition of initial Net Pension Liabilities.

#### City of Harlingen , Texas Changes in Fund Balances - Governmental Funds Last Ten Fiscal Years (Accrual Basis of Accounting)

Table 5

Fiscal Year Ended September 30,										Idi
· · · · ·	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Taxes	\$ 34,702,472	\$ 34,840,257 \$	36,681,332	\$ 37,899,107	\$ 38,011,335	\$ 38,995,436	\$ 39,720,246	\$ 41,092,944	\$ 43,945,645	45,088,815
Fines and forfeitures	1,652,900	1,550,411	1,808,440	1,780,275	1,681,265	1,780,419	1,657,510	1,372,991	1,155,149	1,148,803
Licenses and permits	500,265	505,837	552,753	614,735	564,486	502,973	549,401	650,476	655,628	690,991
Improvements and assessments	-	-	-	-	-	117,564	215,833	15	20	-
Charges for services	1,459,209	1,558,349	2,872,412	2,593,675	2,776,305	3,244,383	2,761,319	3,246,568	1,871,530	1,701,437
Intergovernmental	3,437,285	5,693,984	3,936,245	2,957,872	2,674,160	1,979,491	3,441,491	3,439,937	5,923,187	6,376,538
Miscellaneous	1,184,703	939,262	1,386,264	1,418,098	1,590,030	2,849,521	1,324,887	1,425,744	1,181,436	884,299
Interest and Investment Income	183,573	88,401	79,294	57,126	36,271	24,941	48,055	227,927	611,680	827,410
Total Revenues	43,120,407	45,176,501	47,316,740	47,320,888	47,333,852	49,494,728	49,718,742	51,456,602	55,344,275	56,718,293
Expenditures:										
General Government	5,860,669	7,725,493	5,765,003	6,052,084	6,552,556	6,659,647	6,600,141	5,705,734	5,810,753	5,883,350
Public Safety	19,881,709	20,274,158	20,495,448	21,286,630		22,951,582	22,992,979	23,637,298		24,934,218
,					21,804,128			, ,	24,446,172	
Highways and streets	5,032,835	4,113,096	4,257,383	3,953,133	4,602,102	4,708,242	3,901,541	5,113,681	5,176,279	5,925,364
Health and welfare	3,761,018	2,988,993	3,391,215	3,594,105	3,621,978	3,455,335	3,911,837	2,971,441	912,366	1,085,916
Community and economic development	-	-	-	-	-	-	-	1,977,463	2,556,833	4,063,068
Culture and recreation	4,061,901	4,404,463	4,244,459	4,170,128	4,064,968	3,959,009	4,198,871	4,704,245	5,757,824	5,903,672
Capital outlay	3,780,688	8,485,704	6,358,369	5,982,406	5,683,692	4,881,877	2,676,339	5,432,339	9,789,195	9,589,755
Debt service										
Principal retirement	2,150,000	2,298,136	1,940,000	1,970,000	2,302,113	2,507,800	2,899,856	3,232,871	3,324,340	3,475,216
Interest	1,993,090	1,852,835	1,752,898	1,714,452	1,872,583	1,624,757	1,202,344	1,573,513	1,550,523	1,493,474
Administrative charges	12,635	7,740	-	204,875	-	196,767	308,236	210,281	2,256	-
Total Expenditures	46,534,545	52,150,618	48,204,775	48,927,813	50,504,120	50,945,016	48,692,144	54,558,866	59,326,541	62,354,033
Excess (Deficiency) of Revenues										
Over/(Under) Expenditures	(3,414,138)	(6,974,117)	(888,035)	(1,606,925)	(3,170,268)	(1,450,288)	1,026,598	(3,102,264)	(3,982,266)	(5,635,740)
Other Financing Sources (Uses)										
Transfers in	1,330,694	3,209,870	2,205,645	3,225,142	3,050,709	3,782,345	4,666,734	2,851,558	4,926,228	5,040,786
Transfers out	(1,230,122)	(2,674,670)	(1,879,074)	(2,578,244)		(3,286,582)	(4,299,078)	(1,971,442)	(4,402,989)	(4,771,000)
Insurance recovery	45,206	-	-	-	-	-	-	4,794	-	-
Issuance of debt	3,090,000	-	-	-	3,273,794	-	-	-	-	-
Bond and/or certificate of obligation										
proceeds	2,540,000	-	3,315,000	5,350,000	(3,185,722)	3,282	23,915,000	12,885,000	-	-
Refunding bond proceeds	-	-	-	-	-		2,595,060	-	-	-
Payment to refunded bond escrow agent	(2,514,823)	-	(3,263,508)	-	-	8,924	(26,687,399)	-	-	-
Premium on debt issuance	(_/ ///_//	-	(-,,,	166,091	-	-,	(,,,,	-	-	-
Capital lease proceeds	-	-	-	,	1,483,892	47,250	-	263,501	97,777	-
Proceeds from sale of capital assets	143,479	148,587	109,099	950,139			-		77,611	62,328
Total Other Financing Sources (Uses)	3,404,434	683,787	487,162	7,113,128	2,285,364	555,219	190,317	14,033,411	698,627	332,114
Net Change in Fund Balances	\$ (9,704)	\$ (6,290,330) \$	(400,873)	\$ 5,506,203	\$ (884,904)	\$ (895,069)	\$ 1,216,915	\$ 10,931,147	\$ (3,283,639)	\$ (5,303,626)
Debt Service as a Percentage of	·				·					-
Non-Capital Expenditures	9.69%	9.51%	8.82%	8.58%	9.31%	8.97%	8.91%	9.78%	9.84%	9.42%
Pro Province	2.23/0			2.2.3/0	0.01/0	/0				0

#### City of Harlingen, Texas General Fund Revenues and Expenditures History Last Ten Fiscal Years (Accrual Basis of Accounting)

Table 6

Fiscal Year Ended September 30,										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Property Taxes - including P and I	\$ 10,879,410	\$ 12,291,052	\$ 12,690,327	\$ 13,624,303	\$ 13,356,797	\$ 13,682,198	\$ 14,202,827	\$ 14,365,607	\$ 14,763,466	\$ 15,267,137
Non-property Taxes	17,253,772	17,272,816	19,063,014	19,091,811	19,440,451	19,897,893	20,221,652	21,134,041	22,458,031	22,728,278
Fines & Forfeitures	1,464,075	1,550,411	1,807,782	1,780,146	1,681,265	1,672,287	1,442,634	1,113,512	918,840	1,059,835
Licenses & Permits	500,265	505,837	552,753	614,735	564,486	502,973	549,401	650,476	655,628	690,991
Charges for Services	1,254,346	1,163,357	1,037,873	2,391,671	2,579,831	3,034,139	2,459,509	2,840,253	1,403,079	1,327,675
Intergovernmental	1,153,048	1,062,729	254,552	296,070	583,121	689,624	58,815	59,730	1,176,253	1,347,063
Contributions and Donations	-	-	-	827,353	831,217	2,503,630	696,413	628,274	893,039	94,551
Miscellaneous	99,178	620,067	946,188	173,637	294,913	155,673	131,008	604,711	182,243	192,553
Interest and Investment Income	98,128	40,517	39,415	31,265	22,098	14,062	32,006	115,237	310,605	547,187
Total Revenues	32,702,222	34,506,786	36,391,904	38,830,991	39,354,179	42,152,479	39,794,265	41,511,841	42,761,184	43,255,270
Expenditures:										
General Government	4,920,415	4,875,218	4,867,732	5,237,122	5,617,973	5,748,778	5,536,663	5,519,977	5,728,253	5,818,350
Public Safety	18,391,341	19,076,007	18,351,930	20,580,493	21,448,737	22,621,457	22,055,008	22,905,249	23,361,243	23,697,616
Highways & Streets	3,214,484	2,917,958	2,977,519	3,100,048	3,214,699	3,258,044	3,037,712	3,192,920	3,300,201	3,410,491
Health & Welfare	2,630,880	2,458,796	2,554,289	2,785,007	2,906,812	2,972,646	2,895,711	2,893,736	841,556	883,373
Community and economic development	-	-	-	-		-	-	597,316	1,589,678	1,818,633
Culture & Recreation	3,777,564	4,168,534	3,853,625	4,024,108	3,844,256	3,759,030	3,928,243	4,116,239	5,292,513	5,046,136
Capital Outlay	398,916	1,879,673	1,210,517	1,197,032	2,714,934	3,933,263	952,217	1,537,157	1,420,920	1,259,425
Debt Payments	-	13,136	-	-	-	339,567	540,738	168,672	192,177	202,239
Total Expenditures	33,333,600	35,389,322	33,815,612	36,923,810	39,747,411	42,632,785	38,946,292	40,931,266	41,726,541	42,136,263
Excess (Deficiency) of Revenues	(624.270)	(000 500)	2 576 202	4 007 404	(202.222)	(400.200)	0.47.072	500 575	4 02 4 6 42	4 4 4 0 00-
Over/(Under) Expenditures	(631,378)	(882,536)	2,576,292	1,907,181	(393,232)	(480,306)	847,973	580,575	1,034,643	1,119,007
Budgeted Transfers and		1 214 550	(20.150)	400 104	1 702 607	(750,622)	(76,620)	1 210 740	1 152 200	
Other Financing Sources (Uses)	232,563	1,214,559	(39,150)	480,194	1,792,697	(759,632)	(76,639)	1,216,746	1,153,268	(1,029,544
Excess of Revenues										
Other Financing Sources (Uses)	(200.015)	222.022	2 5 2 7 4 4 2	2 207 275	4 200 465	(4 220 622)	774 004	4 707 004	2 4 9 7 6 4 4	00.000
Over (Under) Expenditures & Others	(398,815)	332,023	2,537,142	2,387,375	1,399,465	(1,239,938)	771,334	1,797,321	2,187,911	89,463
Beginning Fund Balance	10,926,446	10,527,631	10,859,654	13,396,796	15,784,171	17,183,636	15,943,698	16,715,032	18,512,353	20,700,264
Ending Fund Balance	\$ 10 527 631	\$ 10,859,654	\$ 13 396 796	\$ 15 784 171	\$ 17 183 636	\$ 15 943 698	\$ 16 715 032	\$ 18 512 252	\$ 20,700,264	\$ 20 789 725

#### City of Harlingen, Texas Fund Balances- Governmental Funds Last Ten Fiscal Years- (Modified Accrual Basis of Accounting)

Table 7

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Nonspendable	\$ 4,887	\$ 8,080	\$ 15,636	\$ 14,336	\$ 19,599	\$ 5,238	\$ 41,628	\$ 35,008	\$ 31,019	\$ 221,518
Assigned	-	-	-	-	-	-	-	-	-	428,246
Unassigned	10,522,744	10,851,574	13,381,160	15,769,835	17,164,037	15,938,460	16,673,404	18,477,345	20,669,245	20,139,963
Total General Fund	10,527,631	10,859,654	13,396,796	15,784,171	17,183,636	15,943,698	16,715,032	18,512,353	20,700,264	20,789,727
General Fund Percentage Change	-3.6%	3.2%	23.4%	17.8%	8.9%	-7.2%	4.8%	10.8%	11.8%	0.4%
All Other Governmental Funds										
Nonspendable	6,789	798	1,104	1,465	-	624	3,466	1,847	6,306	436
Committed	6,654,199	1,606,602	9,509,122	1,567,142	1,331,570	1,419,799	3,902,757	3,123,619	4,659,060	3,010,076
Restricted	13,051,939	11,534,935	1,480,266	11,898,209	9,874,343	10,048,679	8,083,611	17,786,138	12,055,632	6,595,635
Unassigned	-	(51,761)	(837,933)	(195,429)	(218,895)	(137,216)	(212,367)	(355)	30,691	440,461
Total All Other Governmental Funds	19,712,927	13,090,574	10,152,559	13,271,387	10,987,018	11,331,886	11,777,467	20,911,249	16,751,689	10,046,608
Total Governmental Funds										
Nonspendable	11,676	8,878	16,740	15,801	19,599	5,862	45,094	36,855	37,325	221,954
Committed	6,654,199	1,606,602	9,509,122	1,567,142	1,331,570	1,419,799	3,902,757	3,123,619	3,347,068	3,010,076
Restricted	13,051,939	11,534,935	1,480,266	11,898,209	9,874,343	10,048,679	8,083,611	17,786,138	12,055,632	6,595,635
Assigned	-	-	-	-	-	-	-	-	-	428,246
Unassigned	10,522,744	10,799,813	12,543,227	15,574,406	16,945,142	15,801,244	16,461,037	18,476,990	20,699,936	20,580,424
Total Governmental Funds	\$ 30,240,558	\$ 23,950,228	\$ 23,549,355	\$ 29,055,558	\$ 28,170,654	\$ 27,275,584	\$ 28,492,499	\$ 39,423,602	\$ 36,139,961	\$ 30,836,335
All Governmental Funds										
Percentage Change	0.0%	-20.8%	-1.7%	23.4%	-3.0%	-3.2%	4.5%	38.4%	-8.3%	-14.7%

Note: The City of Harlingen first implemented GASB Cod. Sec. 1800.165, Classification and Terminology, Governmental Fund Reporting in fiscal year 2011.

# City of Harlingen, Texas Tax Revenues by Source - Governmental Funds Last Ten Fiscal Years

Table 8

Fiscal Year	Property Taxes	Sales Taxes	Franchise Taxes	Hotel/Motel Taxes	Grand Total
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
2016	18,125,203	16,878,582	3,077,871	997,629	39,079,285
2017	18,233,617	17,611,023	3,268,621	954,465	40,067,726
2018	18,890,148	18,902,745	3,300,630	1,020,447	42,113,970
2019	\$ 19,344,906 \$	19,369,107 \$	3,258,465	<b>\$ 1,594,254</b> \$	43,566,732
Percentage Change In Dollars Over 10 Years	 18.5%	41.7%	-15.6%	89.4%	25.5%

## City of Harlingen, Texas Taxable Assessed Value and Estimated Actual Value of Property Last Ten Fiscal Years

							Table 9
	_				Total	Total	Annual
Fiscal	Тах	Market		Less: Total	Taxable	Direct	Percentage
Year	Year	Real Property	Personal Property	Exemptions	Assessed Value	Tax Rate	Change
2010	2009	\$ 2,466,326,280	\$ 489,576,355	\$ 293,503,194	\$ 2,662,399,441	0.588827	5.4%
2011	2010	2,497,917,168	471,341,102	303,760,248	2,665,498,022	0.588827	0.1%
2012	2011	2,567,472,330	464,156,293	340,576,515	2,691,052,108	0.588827	1.0%
2013	2012	2,693,333,488	440,566,520	319,646,106	2,814,253,902	0.058883	4.6%
2014	2013	2,714,076,005	473,152,231	324,025,930	2,863,202,306	0.588827	1.7%
2015	2014	2,789,270,692	440,996,005	329,247,609	2,901,019,088	0.588827	1.3%
2016	2015	2,745,634,386	505,582,927	342,680,454	2,908,536,859	0.588827	0.3%
2017	2016	2,882,579,137	523,067,285	376,981,707	3,028,664,715	0.588827	4.1%
2018	2017	3,008,300,856	528,931,816	403,183,842	3,134,048,830	0.588827	3.5%
2019	2018	\$ 3,136,896,056	\$ 544,665,576	\$ 425,341,688	\$ 3,256,219,944	0.588827	3.9%

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.

### City of Harlingen, Texas Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

								Tal	ole 10
			Direct			Underlying		Overlapping	
Fiscal	Тах	General	Debt Service		Harlingen	South Texas	Port of	Cameron	
Year	Year	Fund	Fund	Total	CISD	ISD	Harlingen	County	Total
2010	2009	0.435580	0.153247	0.588827	1.125000	0.049200	-	0.363191	2.126218
2011	2010	0.434634	0.154193	0.588827	1.219000	0.049200	-	0.364291	2.221318
2012	2011	0.450426	0.138401	0.588827	1.218000	0.049200	-	0.384291	2.240318
2013	2012	0.451862	0.136965	0.588827	1.218000	0.049200	-	0.384291	2.240318
2014	2013	0.449723	0.139104	0.588827	1.218000	0.049200	-	0.384291	2.240318
2015	2014	0.450901	0.137926	0.588827	1.218000	0.049200	-	0.399291	2.255318
2016	2015	0.458590	0.130237	0.588827	1.318000	0.049200	-	0.399261	2.355288
2017	2016	0.460327	0.128500	0.588827	1.318000	0.049200	-	0.407743	2.363770
2018	2017	0.4563270	0.1325000	0.588827	1.3180000	0.0492000	0.0300000	0.4108030	2.396830
2019	2018	0.4608270	0.1280000	0.588827	1.3180000	0.0492000	-	0.4168930	2.372920

Tax due date: January 31

Discount allowed: No

**Penalty and Interest:** Beginning at 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

# City of Harlingen, Texas Property Tax Levies and Collections Last Ten Fiscal Years

		Taxes Levied	Adjustments	Adjusted	Collected \	Nithin the	Collections		Table 11
		Within the	to the Levy	Taxes Levied	Fiscal Year		in	Total Co	llections
Fiscal	Тах	Fiscal Year	In the	for the		Percentage	Subsequent		Percentage
Year	Year	of the Levy	Fiscal Year	Fiscal Year	Amount	of Levy	Years	Amount	of Levy
2010	2009	\$ 15,751,241	\$ (73,945)	\$ 15,677,296	\$ 14,942,198	95.31%	\$ 670,897	\$ 15,613,095	99.59%
2011	2010	15,679,846	16,352	15,696,198	15,069,584	96.01%	559,846	15,629,430	99.57%
2012	2011	15,831,009	14,772	15,845,781	15,277,856	96.42%	497,499	15,775,355	99.56%
2013	2012	16,702,363	(130,186)	16,572,177	16,203,650	97.78%	294,178	16,497,828	99.55%
2014	2013	16,808,735	50,684	16,859,419	16,343,303	96.94%	436,059	16,779,362	99.53%
2015	2014	17,124,639	(73,665)	17,050,974	16,714,992	98.03%	242,722	16,957,714	99.45%
2016	2015	17,514,160	(226,387)	17,287,773	17,073,956	98.76%	97,138	17,171,094	99.33%
2017	2016	17,753,400	28,762	17,782,162	17,265,768	97.10%	365,685	17,631,453	99.15%
2018	2017	18,347,246	11,508	18,358,754	17,868,349	97.33%	238,051	18,106,400	98.63%
2019	2018	\$ 19,016,342	\$ (43,511)	18,972,831	\$ 18,404,809	97.01%	\$-	\$ 18,404,809	97.01%

Source: Harlingen Tax Office

#### City of Harlingen, Texas Principal Property Taxpayers

	2019				2010		
		Taxable Assessed	Percentage Of Total Taxable Assessed			Taxable Assessed	Percentage Of Total Taxable Assessed
Principal Taxpayer	Type of Business	Valuation	Valuation	Principal Taxpayer	Type of Business	Valuation	Valuation
VHS Harlingen Hospital Company LLC	Medical Services	\$ 70,147,279	2.15%	HMC Realty LLC	Real Estate Developers	\$ 25,227,692	0.95%
AEP Texas Inc	Electricity Suppliers	45,006,090	1.38%	United Launch Alliance LLC	Space Launch Services	21,234,433	0.80%
Boyer Harlingen LC	Real Estate Developers	27,955,724	0.86%	AEP TexasInc	Electricity Suppliers	21,032,950	0.79%
HMC Realty LLC	Real Estate Developers	26,317,781	0.81%	Mall at Valle Vista LLC	Shopping Center Operations	20,843,119	0.78%
Mall at Valle Vista LLC	Shopping Center Operations	21,424,317	0.66%	Southwestern Bell Telephone	Telephone Utility	17,701,020	0.66%
/HS Harlingen Hospital Company LLC	Medical Services	20,538,936	0.63%	Valley Baptist Med Dev Corp	Medical Services	17,285,692	0.65%
merican Realty Capital	Real Estate Developers	17,662,173	0.54%	Valley Baptist Realty Corp	Medical Real Estate Developers	16,197,024	0.61%
/alley Baptist Realty Corp	Medical Real Estate Developers	13,078,291	0.40%	Harlingen Corners Venture No 2	Shopping Center Operations	13,153,041	0.49%
/HS Valley Real Estate Company	Medical Real Estate Developers	13,001,593	0.40%	Harlingen SC Partners LTD	Shopping Center Operations	12,419,287	0.47%
Rancho Harlingen Corners LLC	Shopping Center Operations	12,296,417	0.38%	Harlingen Medical Center LTD	Harlingen Medical Center LTD	12,062,348	0.45%
		\$ 267,428,601	8.21%	-		\$ 177,156,606	6.65%

Source: Cameron Appraisal District

# City of Harlingen, Texas Direct and Overlapping Sales Tax Rates Last Ten Fiscal Years

Fiscal Year	Direct Rate	Overlapping Rate	Total Direct and Overlapping Rate
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%
2016	2.00%	6.25%	8.25%
2017	2.00%	6.25%	8.25%
2018	2.00%	6.25%	8.25%
2019	2.00%	6.25%	8.25%

Table 13

#### City of Harlingen, Texas Ratio of Total Debt Outstanding by Type Last Ten Fiscal Years

#### Table 14

		Go	vernmental Activ	ities				General Bonded Debt as a Percent	
Fiscal Year	Notes Payable	General Obligation Debt	Certificates of Obligation Debt	Capital Lease	Net Discount Premium	Total Primary Government	Percentage of Personal Income	of Estimated Taxable Property Values	Per Capita
2010	13,136	23,590,000	23,745,000	556,761	-	47,904,897	2.30%	1.78%	2,085
2011	886,416	22,160,000	22,890,000	556,761	-	46,493,177	2.02%	1.69%	2,024
2012	1,208,323	20,885,000	22,340,000	507,567	-	44,940,890	1.91%	1.61%	1,934
2013	716,416	19,465,000	27,140,000	-	136,213	47,457,629	2.12%	1.66%	1,982
2014	646,416	17,995,000	26,455,000	1,350,833	134,945	46,582,194	2.10%	1.55%	1,873
2015	3,589,635	16,390,000	25,695,000	1,258,116	134,830	47,067,581	2.05%	1.46%	1,867
2016	3,519,635	28,875,000	8,765,000	1,110,281	2,718,135	44,988,051	2.00%	1.39%	1,677
2017	3,449,635	27,645,000	19,790,000	958,121	2,270,495	54,113,251	2.31%	1.57%	1,916
2018	3,379,635	25,190,000	19,090,000	875,667	1,880,277	50,415,579	2.02%	1.41%	1,750
2019	\$ 3,309,635	\$ 22,685,000	\$ 18,370,000	\$ 694,645	\$ 1,509,736	\$ 46,569,016	1.83%	1.26%	1,200

Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements. See Table 17 for personal income.

## City of Harlingen, Texas Computation of Estimated Direct and Overlapping Debt Last Ten Fiscal Years

Fiscal Year Ended September 30, 2019			
Name of Governmental Unit	Net Debt Outstanding	Percentage Applicable to the City of Harlingen	City of Harlingen's Share of Debt
Direc	ct Debt		
City of Harlingen	\$ 46,569,016	100.00%	\$ 46,569,016
Total Direct Debt	46,569,016		46,569,016
Overlap	ping Debt		
Cameron County	159,080,000	16.13%	25,659,604
Harlingen Consolidated Independent School District	146,209,412	75.05%	109,730,164
Rio Hondo Independent School District	36,284,224	1.67%	605,947
San Benito Consolidated Independent School District	93,525,000	1.51%	1,412,228
Total Overlapping Debt	435,098,636		137,407,943
Total Overlapping Debt	435,098,636		137,407,
Total Direct and Overlapping Debt	\$ 481,667,652		\$ 183,976,959

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.

Table 15

#### City of Harlingen, Texas Legal Debt Margin Last Ten Fiscal Years

Fiscal Year Ended September 3	30.									Table 16
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assessed Value	\$ 2,675,276,539	\$ 2,670,987,425	\$ 2,696,242,041	\$ 2,814,253,902	\$ 2,863,202,306	\$ 2,901,019,088	\$ 2,908,536,859	\$ 3,028,664,715	\$ 3,134,048,830	\$ 3,256,219,944
Legal Debt Margin										
Legal Debt Limit										
\$2.50 per \$100 of	66,881,913	66,774,686	67,406,051	70,356,348	71,580,058	72,525,477	72,713,421	75,716,618	78,351,221	81,405,499
assessed valuation										
General Obligation Bonds	23,590,000	22,160,000	20,885,000	19,465,000	17,995,000	16,390,000	14,845,000	29,485,000	27,070,277	25,190,000
Deduct Amount Available										
in Debt Service Fund	(515,108)	(591,967)	(689,181)	(972,813)	(1,008,996)	(1,033,665)	(1,230,000)	(1,840,000)	(920,079)	(1,075,322
Applicable Debt Margin	23,074,892	21,568,033	20,195,819	18,492,187	16,986,004	15,356,335	13,615,000	27,645,000	26,150,198	24,114,678
Legal Debt Margin	\$ 43,807,021	\$ 45,206,653	\$ 47,210,232	\$ 51,864,161	\$ 54,594,054	\$ 57,169,142	\$ 59,098,421	\$ 48,071,618	\$ 52,201,023	\$ 57,290,821
As a percentage of debt limit	65.50%	67.70%	70.04%	73.72%	76.27%	78.83%	81.28%	63.49%	66.62%	70.38%

### City of Harlingen, Texas Economic and Demographic Statistics Last Ten Fiscal Years

Fiscal Year	Estimated Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age (1)	School Enrollment (3)	Unemployment Rate (4)
2010	64,849	2,062,003,653	31,797	31.8	18,225	9.30%
2011	65,466	2,274,812,568	34,748	31.3	18,146	9.70%
2012	66,122	2,331,924,574	35,267	32.8	18,176	10.30%
2013	65,679	2,239,391,184	34,096	32.8	18,360	9.90%
2014	65,665	2,223,285,570	33,858	33.1	18,226	7.70%
2015	65,914	2,298,289,352	34,868	32.7	18,259	8.00%
2016	65,774	2,266,966,684	34,466	31.5	18,192	7.60%
2017	65,539	2,340,922,002	35,718	32.8	18,614	5.90%
2018	65,467	2,495,732,974	38,122	31.1	18,285	6.15%
2019	65,436	2,538,916,800	38,800	31.1	18,574	4.90%

Table 17

(1) United States Department of Commerce, Bureau of Census

(2) United State Department of Commerce, Bureau of Economic Analysis

(3) Harlingen Consolidated Independent School District

(4) United States Department of Labor, Bureau of Labor Statistics

#### City of Harlingen, Texas Principal Employers

	2019				2010		
Employer	Number of Employees	Rank	Percentage of Total City Employment	Employer	Number of Employees	Rank	Percentage of Total City Employment
Harlingen Consolidated School District	3,334	1	17.43%	Harlingen Consolidated School District	2,848	1	11.93%
Valley Baptist Medical Center	3,234	2	16.90%	Valley Baptist Medical Center	1,930	2	8.08%
Advanced Call Center Technologies	1,285	3	6.72%	Advanced Call Center Technologies	1,170	3	4.90%
United HealthCare Services, Inc.	737	4	3.85%	Dish Network	1,036	4	4.34%
Rio Grande State Center	610	5	3.19%	Vicki Roy Home Health	719	5	3.01%
HEB (3) Harlingen Locations	607	6	3.17%	Texas State Technical College	599	6	2.51%
Bee First Primary Home Care	600	7	3.14%	HEB (3) Harlingen Locations	577	7	2.42%
City of Harlingen	596	8	3.12%	City of Harlingen	574	8	2.40%
Harlingen Medical Center	559	9	2.92%	Harlingen Medical Center	546	9	2.29%
Texas State Technical College	525	10	2.74%	Rio Grande State Center	485	10	2.03%
Total Principal Employers	12,087		63.17%	Total Principal Employers	10,484		43.91%
Other Employers	7,046		36.83%	Other Employers	13,392		56.09%
Total Employers	19,133		100.00%	Total Employers	23,876		100.00%

Source: Harlingen Economic Development Corporation

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Table 18

# City of Harlingen, Texas City Employees by Function/Program Last Ten Fiscal Years

Fiscal Year Ended September 30,									Table 1	.9
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Administrative Services										
City Manager	4	4	4	4	5	4	4	4	4	4
City Secretary	1	1	1	1	2	2	2	2	3	3
City Attorney	3	3	3	3	2	2	2	3	1	1
Public Information Officer	0	0	0	0	0	1	0	0	0	1
Internal Auditor	1	1	1	1	1	0	1	1	1	1
Total Administrative Services	9	9	9	9	10	9	9	10	9	10
Human Resources										
Human Resources	3.5	3.5	2.5	3	3	3	3	3	3	3
Civil Service	1.5	1.5	1.5	1	1	1	1	1	1	1
Risk Management	3	3	3	3	3	3	3	3	2	2
Total Human Resources	8	8	7	7	7	7	7	7	6	6
Police Department										
Police Department	127	134	134	134	138	140	144	144	143	143
Police Services	48	49	49	52	51	51	52	52	52	49
Total Police Department	175	183	183	186	189	191	196	196	195	192
Fire Department										
Fire Suppression	107	107	107	107	107	107	107	107	107	107
Fire Prevention	5	6	6	6	6	6	6	6	6	6
Total Fire Department	112	113	113	113	113	113	113	113	113	113
Financial Services										
Finance	12	12	11	11	12	12	12	12	11	11
Municipal Court	11	10	10	10	10	10	10	10	10	10
Vital Statistics	4	4	4	4	4	4	4	4	4	4
Management Information Systems	6	6	6	3	3	3	4	4	3	3
Total Financial Services	33	32	31	28	29	29	30	30	28	28
Development Services										
Planning & Development	5	5	5	5	5	6	5	5	5	5
Engineering	4	4	4	5	5	4	4	4	4	5
Building Inspection	7	7	6	6	6	6	6	6	6	7
Public Buildings	19	19	19	19	19	19	19	19	18	17
Animal Control	4	4	4	4	4	4	4	4	4	4
UT Grant	0	0	0	0	0	1	1	1	1	1
Environmental Health	5	5	5	5	5	5	5	5	5	5
Storm Water Management	1	1	1	1	1	1	1	1	1	-
Code Enforcement	8	8	8	8	8	8	8	8	8	7
Total Development Services	53	53	52	53	53	54	53	53	52	51

# City of Harlingen, Texas City Employees by Function/Program Last Ten Fiscal Years

								Table 1	.9
2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
5	4	4	4	4	4	4	4	5	3
25	25	25	25	25	25	25	25	25	25
6	6	6	6	6	6	6	6	6	6
11	10	10	10	10	10	11	11	12	13
1	2	2	2	2	2	4	4	4	4
43	44	42	42	42	42	40	40	40	40
4	4	4	4	4	4	4	4	4	4
10	10	10	10	10	9	10	10	9	9
3	3	3	3	4	4	4	4	4	-
108	108	106	106	107	106	108	108	109	104
2	2	2	2	2	2	1	1	1	3
27	27	33	35	35	35	29	29	29	29
4	4	4	3	2	2	3	3	2	2
1	1	1	1	1	1	1	1	1	1
21	21	21	21	21	21	21	21	21	19
2	2	2	2	2	1	1	1	1	1
22	22	22	22	22	22	22	22	22	22
3	3	3	3	3	3	3	3	3	2
82	82	88	89	88	87	81	81	80	79
6	6	4	4	4	4	5	5	5	5
3	3	3	3	3	3	3	3	3	3
3	3	3	3	4	3	3	3	3	3
4	5	5	5	5	5	5	5	5	5
16	17	15	15	16	15	16	16	16	16
49	40	39	49	53	46	46	46	47	57
49	40	39	49	53	46	46	46	47	57
68.25	66.75	104.0	104.5	107.5	96.5	102.7	98.5	99.0	96.0
72.25	69.75	31.5	31.5	33.5	42.5	43	48.5	49	52
140.5	136.5	135.5	136.0	141.0	139.0	145.7	147.0	148.0	148.0
785.5	781.5	778.5	791.0	806.0	796.0	804.7	807.0	803.0	804.0
	5 25 6 111 1 43 4 10 3 108 2 27 4 1 21 2 22 3 82 6 3 82 6 3 3 4 16 49 49 49 49 49 49 5 2.25 140.5	$\begin{array}{cccccccccccccccccccccccccccccccccccc$	$\begin{array}{cccccccccccccccccccccccccccccccccccc$	$\begin{array}{cccccccccccccccccccccccccccccccccccc$	5         4         4         4         4         4           25         25         25         25         25         25           6         6         6         6         6         6           11         10         10         10         10         10           1         2         2         2         2         2           43         44         42         42         42         42           4         4         4         4         4         4           10         10         10         10         10         10           3         3         3         3         4         4         4         3         2           2 </td <td>5         4         4         4         4         4         4         4           25         25         25         25         25         25         25         25           6         6         6         6         6         6         6         6           11         10         10         10         10         10         10           1         2         2         2         2         2         2           43         44         42         42         42         42           4         4         4         4         4         4           100         100         100         100         9         3         3         3         4         4           108         108         106         106         107         106         107         106           2         2         2         2         2         2         2         1</td> <td>5         4</td> <td><math display="block">\begin{array}{cccccccccccccccccccccccccccccccccccc</math></td> <td><math display="block">\begin{array}{cccccccccccccccccccccccccccccccccccc</math></td>	5         4         4         4         4         4         4         4           25         25         25         25         25         25         25         25           6         6         6         6         6         6         6         6           11         10         10         10         10         10         10           1         2         2         2         2         2         2           43         44         42         42         42         42           4         4         4         4         4         4           100         100         100         100         9         3         3         3         4         4           108         108         106         106         107         106         107         106           2         2         2         2         2         2         2         1	5         4	$\begin{array}{cccccccccccccccccccccccccccccccccccc$	$\begin{array}{cccccccccccccccccccccccccccccccccccc$

# City of Harlingen, Texas Operating Statistics by Function/Program Last Ten Fiscal Year

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Airports										
Number of airports:	1	1	1	1	1	1	1	1	1	1
Scheduled airplane flights per day departing:	16	13	13	13	13	11	11	14	14	16
Scheduled airplane flights per day arriving:	16	13	13	13	13	11	11	14	14	16
Passenger enplaning and deplaning (approximate):	726,424	700,520	664,805	606,635	583,652	533,206	518,994	546,304	605,820	673,579
Fire Protection										
Number of stations:	7	7	7	7	7	7	7	8	8	8
Number of hydrants:	2,335	1,990	1,990	2,519	2,546	2,558	2,628	2,572	2,572	2,632
Number of fighters:	110	110	110	109	109	109	109	109	109	109
Firefighters per 1,000 population:	1.60	1.69	1.69	1.65	1.65	1.65	1.65	1.65	1.65	1.62
Police Protection										
Number of stations:	1	1	1	1	1	1	1	1	1	1
Number of sub-stations:	1	1	1	1	2	1	0	0	0	0
Number of sworn officers: Sworn officers per 1,000 population:	132 1.76	128 1.98	132 1.76	131 1.75	141 2.14	141 2.14	143 2.2	143 2.2	143 2.2	143 2.2
Libraries										
Number of public libraries:	1	1	1	1	1	1	1	1	1	1
Number of volumes:	173,068	169,121	157,061	168,643	1 122,221	108,662	112,361	111,601	112,205	113,180
Circulation of volumes:	111,430	109,121	148,460	108,043	172,489	161,695	160,976	178,703	178,838	193,917
Circulation per capita:	1.7	3.68	3.98	4.75	2.63	2.40	2.43	3.85	3.54	3.53
Library cards in force (approximate)	27,570	32,025	37,281	37,281	21,165	42,785	43,609	46,442	50,477	55,020
Parks and Recreation										
Park acreage developed:	723.00	723.00	723.00	723.00	723.00	461.00	461.00	612.00	612.00	612.00
Park acreage undeveloped:	568.00	568.00	568.00	568.00	568.00	116.00	140.00	122.00	122.00	122.00
Playgrounds:	18	18	18	18	13	14	14	16	17	17
Private golf course:	3	2	2	3	3	3	3	3	2	2
Public golf course:	1	2	2	3	3	3	3	3	3	2
Number of holes:	72	72	72	90	90	90	90	90	81	63
Streets										
Miles of paved streets:	254.48	257.32	257.88	259.08	260.31	261.93	262.14	262.61	263.35	263.35
Miles of unpaved streets:	10.98	11.73	11.73	11.73	10.87	11.16	9.44	9.06	8.33	8.33
Miles of alleys:	52.50	52.50	52.50	66.69	66.69	66.69	66.84	66.84	66.84	66.84
Miles of paved alleys:	13.76	13.76	13.76	15.44	15.44	15.44	15.76	15.76	15.76	15.76
Miles of sidewalks:	47.52	48.21	50.00	102.32	102.87	104.16	109.32	111.54	113.29	114.13
Number of streetlights:	3,597	3,653	3,751	3,858	3,908	3,938	4,104	4,156	4,185	4,210
Water System	-	_	-		_	-	-		-	
Number of water plants:	2	2	2	2	2	2	2	2	2	2
Miles of water mains:	493.00	493.00	500.00	500.00	505.00	505.00	505.80	506.50	507.90	510.00
Daily average consumption (MGD):	10.03	13.00	13.30	13.10	13.10	9.34	12.90	13.84	12.00	12.41
Plant capacity (MGD): Number of service connections:	28.00 23,824	28.00	35.00 24,445	35.00 24,592	35.00 24,876	40.40	38.60 25,248	38.60 25,624	38.60 25,705	38.60 26,152
Storage tank capacity (MG):	23,824	24,144 22.75	24,445	24,592	24,876	25,168 32.40	32.25	32.25	32.25	15.00
Sewage System										
Number of disposal plants:	1	1	1	1	1	1	1	1	1	1
Miles of sanitary sewers:	310.00	310.00	313.00	314.00	310.00	330.00	312.00	314.00	316.00	317.42
Number of lift stations:	69	510.00 69	63	58	63	63	63	63	61	61
Combined daily average treatment (MGD):	6.20	6.20	5.80	5.70	5.75	6.20	6.00	5.40	5.30	5.50
Combined daily average treatment (MGD): Maximum capacity of treatment plant (MGD):	6.20 9.00	6.20 9.00	5.80 6.50	5.70 6.50	5.75 7.25	6.20 6.20	6.00 10.00	5.40 10.00	5.30 10.00	5.50 10.00

Source: City Departments and Component Units

Table 20

## City of Harlingen, Texas Ratio of General Bonded Debt Outstanding Last Ten Fiscal Years

Table 21

					Percentage of Estimated	
		General	Less: Amounts		Actual Taxable	
	Fiscal	Bonded	Available in Debt		Value of	Per
_	Year	Debt (1)	Service Fund (2)	Total	Property (3)	Capita (4)
	2010	47,335,000	515,108	46,819,892	1.78%	722
	2011	45,050,000	591,967	44,458,033	1.69%	679
	2012	43,225,000	688,077	42,536,923	1.61%	643
	2013	46,605,000	972,810	45,632,190	1.66%	695
	2014	44,450,000	1,008,996	43,441,004	1.55%	662
	2015	42,219,830	1,033,665	41,186,165	1.46%	625
	2016	40,358,135	1,150,000	39,208,135	1.39%	596
	2017	47,435,000	728,941	46,706,059	1.57%	713
	2018	44,280,000	920,079	43,359,921	1.41%	662
	2019	41,055,000	1,075,321	39,979,679	1.26%	609

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.

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### 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

To 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 the City of Harlingen, Texas, as of and for the year ended September 30, 2019 and the related notes to the financial statements, which collectively comprise the City of Harlingen, Texas' basic financial statements, and have issued our report thereon dated May 20, 2020.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 the City of Harlingen, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

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#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

#### **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.

Firm's signature

Can, Rigge & Ingram, L.L.C.

Harlingen, Texas May 20, 2020

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#### INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

#### **Report on Compliance for Each Major Federal Program**

We have audited the City of Harlingen, Texas' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Harlingen, Texas' major federal programs for the year ended September 30, 2019. City of Harlingen, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the 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 the City of Harlingen, Texas' compliance.

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#### **Opinion on Each Major Federal Program**

In our opinion, the 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, 2019.

#### **Report on Internal Control over Compliance**

Management of the 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 the 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of 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 a combination of deficiencies, in internal control over compliance with a type 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 to the type of compliance is a deficiency or a combination of deficiencies, in internal control over compliance with a type of compliance is a deficiency or a combination of deficiencies, in internal control over compliance with a type of compliance is a deficiency or a combination of deficiencies, in internal control over compliance with a type of compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of over compliance with a type of 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Firm's signature

Can, Rigge & Ingram, L.L.C.

Harlingen, Texas May 20, 2020

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# City of Harlingen, Texas Schedule of Findings and Questioned Costs

### Section I - Summary of Auditors' Results

Financial Statements		
Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
<ul> <li>* Material weakness(es) identified?</li> <li>* Significant deficiencies identified that are not considered to be material weakness(es)?</li> </ul>	yes yes	<u>X</u> no <u>X</u> none reported
Noncompliance material to financial statements noted?	yes	<u>X</u> no
Federal Awards		
Internal control over major programs:		
<ul> <li>* Material weakness(es) identified?</li> <li>* Significant deficiencies identified that are not considered to be material weakness(es)?</li> </ul>	yes yes	<u>X</u> no <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 2 CFR 200.516(a)?	yes	<u>X</u> no
Identification of major programs:		
CFDA Number(s)	Name of Federal	Program or Cluster
20.106	Airport Improven	nent Program
14.218	CDBG Entitlemen Community Deve Grants/Entitlem	lopment Block
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000	
Auditee qualified as low-risk auditee?	<u>X</u> yes	no

## City of Harlingen, Texas Schedule of Findings and Questioned Costs

Section II – Findings Relating to the Financial Statement Audit as Required to Be Reported in Accordance with Generally Accepted Government Auditing Standards

None noted that were required to be reported

#### Section III - Federal Award Findings and Questioned Costs

None noted that were required to be reported



## 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."

> City of Harlingen, Texas Schedule of Findings and Questioned Costs Corrective Action Plan September 30, 2019

PROGRAM DESCRIPTION

#### CORRECTIVE ACTION PLAN

None noted that were required to be reported

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

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

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# City of Harlingen, Texas Schedule of Findings and Questioned Costs Summary Schedule of Prior Audit Findings

None that were required to be reported.

# City of Harlingen, Texas Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2019

	(2)	(3)	(4)	(5)
Federal Grantor /	Federal	Pass-through	Provided	
Pass-Through Grantor	CFDA	Entity Identifying Number	to Subassisients	Federal
Program Title	Number	Number	Subrecipients	Expenditure
U.S. Department of Housing and Urban Development				
Direct Program				
CDBG - Entitlement Grants Cluster				
*Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-48-0504	-	157,016
*Community Development Block Grants/Entitlement Grants	14.218	B-15-MC-48-0504	-	28,699
*Community Development Block Grants/Entitlement Grants	14.218	B-16-MC-48-0504	-	80,659
*Community Development Block Grants/Entitlement Grants	14.218	B-17-MC-48-0504	-	518,188
*Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-48-0504	128,000	373,419
Total CDBG - Entitlement Grants Cluster			128,000	1,157,981
Direct Program				
HOME Investment Partnerships Program	14.239	M-14-MC-48-0504	-	16,290
HOME Investment Partnerships Program	14.239	M-15-MC-48-0504	-	35,071
HOME Investment Partnerships Program	14.239	M-16-MC-48-0504	-	13,991
HOME Investment Partnerships Program	14.239	M-17-MC-48-0504	-	48,587
HOME Investment Partnerships Program	14.239	M-18-MC-48-0504	-	54,041
Total HOME Investment Partnerships Program			-	167,980
Total U.S. Department of Housing and Urban Development			128,000	1,325,961
U.C. Department of lustice				
U.S. Department of Justice				
Passed through Texas Office of the Governor - Criminal Justice Division	46 575	2016 144 624 0022		24.040
Crime Victim Assistance	16.575	2016-VA-GX-0033	-	34,818
Total passed through Texas Office of the Governor - Criminal Justice Division			-	34,818
Direct Program				
Office of Bureau of Justice Assistance				
Bulletproof Vest Partnership Program	16.607	FY2017	-	4,909
Total Direct from Office of Bureau of Justice Assistance			-	4,909
Direct Program:				
Office of Juvenile Justice Programs				
Public Safety Partnership and Community Policing Grants	16.710	2013-UM-WX-0099	-	49,322
Total Direct from Office of Juvenile Justice Programs			-	49,322
Passed through Texas Department of Criminal Justice:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0821	-	27,830
Total Passed through Texas Department of Criminal Justice	10.750	2010 05 07 0021	-	27,830
Direct Program				
Direct Program Equitable Sharing Program	16.922		_	3/1 025

\*Cluster of programs

# City of Harlingen, Texas Schedule of Expenditures of Federal Awards Continued

(1) Federal Grantor /	(2) Federal	(3) Pass-through	(4) Provided	(5)
Pass-Through Grantor	CFDA	Entity Identifying	to	Federal
Program Title	Number	Number	Subrecipients	Expenditure
U.S. Department of Transportation				
Direct Program:				
Federal Aviation Administration				
Airport Improvement Program	20.106	3-48-0101-060-2018	-	1,123,111
Airport Improvement Program Airport Improvement Program	20.106 20.106	3-48-0101-061-2018 3-48-0101-062-2019	-	5,125,180 30,908
Total Direct from Federal Aviation Administration	20.100	5-46-0101-002-2019	-	6,279,199
Passed Through Department of Highways and Public Transportation				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	50-14XF0018	-	395,560
Total Passed through Texas Department of Highways and Public Transportation			-	395,560
Passed Through Lower Rio Grande Valley Development Council				
Federal Transit Cluster:				
*Federal Transit Formula Grants	20.507	TX-2016-060-00	-	131,030
Total Federal Transit Cluster passed through Lower Rio Grande Valley Development				
Council			-	131,030
Total U.S. Department of Transportation			-	6,805,789
Office of National Highway Traffic Safety Administration				
Passed through Texas Department of Transportation				
Highway Safety Cluster:				
*State and Community Highway Safety	20.600	2019-Harlingen-S-1YG-00113	-	52,612
*State and Community Highway Safety	20.600	2019-Harlingen-S-1YG-0020	-	12,000
*National Priority Safety Programs	20.616	2019-Harlingen-CIOT-00027	-	3,454
*National Priority Safety Programs	20.616	2019-Harlingen-IDM-00023	-	10,000
Total Highway Safety Cluster passed through Texas Department of Transportation			-	78,066
Total Office of National Highway Traffic Safety Administration			-	78,066
Centers for Disease Control and Prevention				
Passed Through Department of State Health Services				
Public Health Emergency Response: Cooperative Agreement for Emergency Response: PHCR	93.354	HHS000371500005	-	11,794
Public Health Emergency Response: Cooperative Agreement for Emergency Response: PHCR	93.354	HHS000371500005	-	187,801
Total Passed through Department of State Health Services			-	199,595
Total Centers for Disease Control and Prevention			-	199,595
U.S. Department of Homeland Security				
Passed Through Texas Division of Emergency Management				
Hazard Mitigation Grant Total Passed through Texas Division of Emergency Management	97.039	DR 4266-014	-	86,571 86,571
				,-
Passed Through Texas Office of the Governor – Division of Emergency Management				
Homeland Security Grant Program	97.067	EMW-2017-SS-00005	-	29,139
Homeland Security Grant Program	97.067	EMW-2017-SS-00022-S01	-	43,797
Homeland Security Grant Program	97.067	EMW-2018-SS-00022-S01		17,800
Total Passed through Texas Office of the Governor – Division of Emergency Management			-	90,736
Total U.S. Department of Homeland Security			-	177,307

#### 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, 2019. 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.

#### **Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Harlingen, Texas and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

#### Sub-recipients

During the year ended September 30, 2019, the City of Harlingen, Texas passed through federal awards of the Community Development Block Grants/Entitlement Grants in the amount of \$128,000 to sub-recipients.

#### Federal Loans and Loan Guarantees

During the year ended September 30, 2019, the City had no outstanding federal loans payable or loan guarantees.

#### Federally Funded Insurance

During the year ended September 30, 2019, the City had no federally funded insurance.

#### Noncash Awards

During the year ended September 30, 2019, the City did not have any federal awards in the form of noncash assistance.

#### Indirect Cost Rate

The Uniform Guidance allows an organization to elect a 10% de minimus indirect cost rate. For the year ended September 30, 2019, the City did not elect to use this rate.

### City of Harlingen, Texas Exit Conference

**Discussion with City Personnel:** The results of the audit were discussed at an exit briefing with the following grantee personnel:

Robert Rodriguez, 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, Texas General Fund Revenues and Expenditures History Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

#### Fiscal Year Ended September 30,

· · · · · · · · · · · · · · · · · · ·	2010	2011		2012
Revenues:				
Property Taxes - including P and I	\$ 10,879,410	\$ 12,291,052	\$	12,690,327
Non-property Taxes	17,253,772	17,272,816		19,063,014
Fines & Forfeitures	1,464,075	1,550,411		1,807,782
Licenses & Permits	500,265	505,837		552,753
Charges for Services	1,254,346	1,163,357		1,037,873
Intergovernmental	1,153,048	1,062,729		254,552
Contributions and Donations	-	-		-
Miscellaneous	99,178	620,067		946,188
Interest and Investment Income	98,128	40,517		39,415
Total Revenues	32,702,222	34,506,786		36,391,904
Expenditures:				
General Government	4,920,415	4,875,218		1 967 722
Public Safety	18,391,341	19,076,007		
Highways & Streets	3,214,484	2,917,958		
Health & Welfare	2,630,880	2,458,796		
Community and economic development	2,000,000			
Culture & Recreation	3,777,564	4,168,534		3 853 625
Capital Outlay	398,916	1,879,673		
Debt Payments		13,136		
Total Expenditures	33,333,600	35,389,322		33,815,612
Excess (Deficiency) of Revenues	(624.270)	(002 526)		2 576 202
Over/(Under) Expenditures	(631,378)	(882,536)		2,576,292
Budgeted Transfers and	222 5 6 2	1 214 550		(20.150)
Other Financing Sources (Uses)	232,563	1,214,559		(39,150)
Excess of Revenues				
Other Financing Sources (Uses)	(200.045)	222.022		2 5 2 7 4 4 2
Over (Under) Expenditures & Others	(398,815)	332,023	2       \$ 12,690,327         19,063,014       1,807,782         552,753       1,037,873         254,552       -         946,188       39,415         36,391,904       -         36,391,904       -         36,391,904       -         36,391,904       -         37,377,519       2,554,289         3,853,625       1,210,517         33,815,612       -         9)       2,576,292         (39,150)       2,537,142         10,859,654       -	
Beginning Fund Balance	10,926,446	10,527,631		10,859,654
Ending Fund Balance	\$ 10,527,631	\$ 10,859,654	Ś	13,396,796

## City of Harlingen, Texas General Fund Revenues and Expenditures History Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

 2013	2014	2015	2016	2017	2018	2019
\$ 13,624,303	\$ 13,356,797	\$ 13,682,198	\$ 14,202,827	\$ 14,365,607	\$ 14,763,466	\$ 15,267,137
19,091,811	19,440,451	19,897,893	20,221,652	21,134,041	22,458,031	22,728,278
1,780,146	1,681,265	1,672,287	1,442,634	1,113,512	918,840	1,059,835
614,735	564,486	502,973	549,401	650,476	655,628	690,991
2,391,671	2,579,831	3,034,139	2,459,509	2,840,253	1,403,079	1,327,675
296,070	583,121	689,624	58,815	59,730	1,176,253	1,347,063
827,353	831,217	2,503,630	696,413	628,274	893,039	94,551
173,637	294,913	155,673	131,008	604,711	182,243	192,553
31,265	22,098	14,062	32,006	115,237	310,605	547,187
38,830,991	39,354,179	42,152,479	39,794,265	41,511,841	42,761,184	43,255,270
5,237,122	5,617,973	5,748,778	5,536,663	5,519,977	5,728,253	5,818,350
20,580,493	21,448,737	22,621,457	22,055,008	22,905,249	23,361,243	23,697,616
3,100,048	3,214,699	3,258,044	3,037,712	3,192,920	3,300,201	3,410,491
2,785,007	2,906,812	2,972,646	2,895,711	2,893,736	841,556	883,373
2,785,007	2,500,812	2,572,040	2,055,711	597,316	1,589,678	1,818,633
4,024,108	3,844,256	3,759,030	3,928,243	4,116,239	5,292,513	5,046,136
1,197,032	2,714,934	3,933,263	952,217	1,537,157	1,420,920	1,259,425
-		339,567	540,738	168,672	192,177	202,239
36,923,810	39,747,411	42,632,785	38,946,292	40,931,266	41,726,541	42,136,263
 00)020)020	 00)/ 1/)/22	 ,002,700	00,0 10,202	 .0,002,200	 .1), 20)0 .1	 .2,200,200
1,907,181	(393,232)	(480,306)	847,973	580,575	1,034,643	1,119,007
480,194	1,792,697	(759,632)	(76,639)	1,216,746	1,153,268	(1,029,544
2,387,375	1,399,465	(1,239,938)	771,334	1,797,321	2,187,911	89,463
13,396,796	15,784,171	17,183,636	15,943,698	16,715,032	18,512,353	20,700,264
\$ 15,784,171	\$ 17,183,636	\$ 15,943,698	\$ 16,715,032	\$ 18,512,353	\$ 20,700,264	\$ 20,789,727

City of Harlingen, Texas
Property Tax Rate, Levy and Collection History
Last Ten Fiscal Years

Fiscal Year	Tax Year			Debt Service Fund	Tax Levy	Percentage Current Collection	Percentage Total Collections		
2010	2009	0.588827	0.435580	0.153247	15,677,296	95.31%	99.59%		
2011	2010	0.588827	0.434634	0.154193	15,696,198	96.01%	99.57%		
2012	2011	0.588827	0.450426	0.138401	15,845,781	96.42%	99.56%		
2013	2012	0.588827	0.451862	0.136965	16,572,177	97.78%	99.55%		
2014	2013	0.588827	0.449723	0.139104	16,859,420	96.94%	99.53%		
2015	2014	0.588827	0.450901	0.137926	17,050,974	98.03%	99.45%		
2016	2015	0.588827	0.458590	0.130237	17,287,773	98.76%	99.33%		
2017	2016	0.588827	0.460327	0.128500	17,782,162	97.10%	99.15%		
2018	2017	0.588827	0.456327	0.132500	18,358,754	97.33%	98.63%		
2019	2018	0.588827	0.460827	0.128000	18,972,831	97.01%	97.01%		

## City of Harlingen, Texas Valuation and General Obligation Debt History Last Ten Fiscal Years

		Taxable	Per Capita Taxable	Per Capita General Obligation	Ratio G.O. Tax Debt to	Percentage of Total
Fiscal Year	Estimated City Population (1)	Assessed Valuation (2)	Assessed Valuation	(G.O.) Tax Debt (3)	Taxable Assessed Valuation	Tax Collection
2010	64,849	2,662,399,441	41,055	364	0.89%	99.59%
2011	65,466	2,665,498,022	40,716	338	0.83%	99.57%
2012	66,122	2,691,052,108	40,698	316	0.78%	99.56%
2013	65,679	2,814,253,902	42,849	296	0.69%	99.55%
2014	65,665	2,863,202,306	43,603	274	0.63%	99.53%
2015	65,914	2,901,019,088	44,012	251	0.57%	99.45%
2016	65,774	2,908,536,859	44,220	480	1.09%	99.33%
2017	65,539	3,028,664,715	46,212	422	0.91%	99.15%
2018	65,467	3,134,048,830	47,872	385	0.80%	98.63%
2019	65,436	3,256,219,944	49,762	347	0.70%	97.01%

### City of Harlingen, Texas Taxable Assessed Valuations by Category Last Ten Fiscal Years

Fiscal Year Ended September 30,

	2010 2011			2012		2013		
Category	Amount	% of Total						
Real, Residential, Single-Family	\$ 1,244,751,258	43.52%	\$ 1,318,224,240	44.31%	\$ 1,344,724,352	44.28%	\$ 1,356,985,849	43.30%
Real, Residential, Multi-Family	107,342,483	3.75%	116,950,700	3.93%	125,142,938	4.12%	131,572,346	4.20%
Real, Vacant Lots and Land Tracts	76,079,534	2.66%	85,528,469	2.88%	80,612,755	2.65%	79,490,812	2.54%
Real, Acreage (Land Only)	100,118,412	3.50%	96,496,499	3.24%	101,376,116	3.34%	105,421,460	3.36%
Real, Farm and Ranch Improvements	11,498,793	0.40%	11,841,531	0.40%	12,037,445	0.40%	12,839,492	0.41%
Real, Commercial and Industrial	655,078,159	22.90%	672,640,392	22.61%	684,313,854	22.53%	811,900,683	25.91%
Real and Tangible Personal Utilities	78,043,858	2.73%	70,089,816	2.36%	64,184,140	2.11%	63,263,718	2.02%
Tangible Personal, Commercial and Industrial	364,266,408	12.73%	368,545,689	12.39%	369,969,623	12.18%	363,204,883	11.59%
Tangible Personal, Mobile Homes	25,594,139	0.89%	24,904,511	0.84%	18,702,753	0.62%	18,674,253	0.60%
Real Property, Inventory	8,212,479	0.29%	8,622,072	0.29%	8,875,454	0.29%	5,079,949	0.16%
Special Inventory	20,389,001	0.71%	15,730,782	0.53%	18,209,616	0.60%	20,596,563	0.66%
Total Exempt Property	169,133,280	5.91%	185,184,548	6.23%	208,669,510	6.87%	164,870,000	5.26%
Total Appraised Value Before Exemptions	2,860,507,804	100.00%	2,974,759,249	100.00%	3,036,818,556	100.00%	3,133,900,008	100.00%
Less: Total Exemptions/Reductions/Adjustments	293,660,599		303,771,824		340,576,515		319,646,106	
Taxable Assessed Value	\$ 2,566,847,205		\$ 2,670,987,425		\$ 2,696,242,041		\$ 2,814,253,902	

(1) United States Department of Commerce, Bureau of the Census

(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

2014		2015		2016		2017		2018		2019	
Amount	% of Total										
\$ 1,368,138,082	42.93%	\$ 1,391,784,107	43.09%	\$ 1,422,719,443	41.78%	\$ 1,505,382,496	42.46%	\$ 1,504,401,535	42.53%	\$ 1,613,839,460	43.84%
137,135,722	4.30%	145,711,895	4.51%	152,731,731	4.48%	156,626,985	4.42%	156,393,800	4.42%	165,286,368	4.49%
77,780,405	2.44%	79,131,228	2.45%	99,616,746	2.93%	95,179,814	2.68%	94,844,855	2.68%	93,441,512	2.54%
104,026,465	3.26%	102,098,139	3.16%	77,483,543	2.28%	78,901,837	2.23%	78,876,674	2.23%	84,269,537	2.29%
12,967,265	0.41%	16,103,270	0.50%	22,543,512	0.66%	20,715,678	0.58%	20,135,916	0.57%	19,506,624	0.53%
817,744,628	25.66%	853,524,500	26.42%	869,779,194	25.54%	913,777,649	25.77%	907,886,024	25.67%	918,457,512	24.95%
64,460,988	2.02%	71,433,158	2.21%	87,635,345	2.57%	92,638,719	2.61%	92,638,719	2.62%	94,662,090	2.57%
392,710,604	12.32%	349,774,616	10.83%	408,136,305	11.98%	411,114,410	11.60%	409,616,184	11.58%	425,678,402	11.56%
19,303,546	0.61%	19,401,944	0.60%	19,475,651	0.57%	20,048,678	0.57%	20,048,678	0.57%	20,285,891	0.55%
4,839,652	0.15%	7,090,330	0.22%	5,289,784	0.16%	3,845,926	0.11%	3,845,926	0.11%	5,337,252	0.14%
22,494,609	0.71%	26,150,645	0.81%	33,441,069	0.98%	33,840,897	0.95%	33,839,897	0.96%	31,364,048	0.85%
165,626,270	5.20%	168,062,865	5.20%	206,794,099	6.07%	213,290,180	6.02%	214,704,464	6.07%	209,432,936	5.69%
3,187,228,236	100.00%	3,230,266,697	100.00%	3,405,646,422	100.00%	3,545,363,269	100.00%	3,537,232,672	100.01%	3,681,561,632	100.00%
324,025,930		329,247,609		376,981,707		403,316,602		403,183,842		425,341,688	
\$ 2,863,202,306		\$ 2,901,019,088		\$ 3,028,664,715		\$ 3,142,046,667		\$ 3,134,048,830		\$ 3,256,219,944	

#### City of Harlingen, Texas Computation of Estimated Direct and Overlapping Debt

Fiscal Year Ended September 30, 2019

Name of Governmental Unit	Net Debt Outstanding	Percentage Applicable to the City of Harlingen	City of Harlingen's Share of Debt										
Direct Debt													
City of Harlingen	\$ 46,569,016	100.00%	\$ 46,569,016										
Total Direct Debt	46,569,016		46,569,016										
Overlapping Debt													
Cameron County	159,080,000	16.13%	25,659,604										
Harlingen Consolidated Independent School District	146,209,412	75.05%	109,730,164										
Rio Hondo Independent School District	36,284,224	1.67%	605,947										
San Benito Consolidated Independent School District	93,525,000	1.51%	1,412,228										
Total Overlapping Debt	435,098,636		137,407,943										
Total Direct and Overlapping Debt	\$ 481,667,652		\$ 183,976,959										

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 units 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 Ended September 30, 2019

Prinicipal Taxpayer	Type of Business	Fiscal Year Taxable Assessed Valuation	Percentage of Total Taxable Assessed Valuation
VHS Harlingen Hospital Company LLC	Medical Services	\$ 70,147,279	2.15%
AEP Texas Inc	Electricity Suppliers	45,006,090	1.38%
Boyer Harlingen LC	Real Estate Developers	27,955,724	0.86%
HMC Realty LLC	Real Estate Developers	26,317,781	0.81%
Mall at Valle Vista LLC	Shopping Center Operations	21,424,317	0.66%
VHS Harlingen Hospital Company LLC	Medical Services	20,538,936	0.63%
American Realty Capital	Real Estate Developers	17,662,173	0.54%
Valley Baptist Realty Corp	Medical Real Estate Developers	13,078,291	0.40%
VHS Valley Real Estate Company LLC	Medical Real Estate Developers	13,001,593	0.40%
Rancho Harlingen Corners LLC	Shopping Center Operations	12,296,417	0.38%
		\$ 267,428,601	8.21%

Source: Cameron Appraisal District

#### **DEBT SERVICE SECTION**

#### City of Harlingen, Texas Debt Service Requirements to Maturity - Primary Government Last Ten Fiscal Years

	2010		201	1	201	.2	201	3	201	3	201	16	2016	;			
Fiscal	Certifi	cate	General O	oligation	Certifi	cate	Certifi	cate	General Ob	ligation	Certifi	cate	General Ob	General Obligation			Grand Total
Year	of Oblig	ation	Refunding	g Bonds	of Oblig	ation	of Oblig	ation	Bond	ls	of Oblig	gation	Bond	s	Total	Total	Principal
Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	and Interest
9/30/2020	\$ 150,000	\$ 75,144	\$ 260,000	\$ 29,517	\$ 150,000	\$ 42,488	\$ 150,000	\$ 72,675	\$ 195,000	\$ 29,575	\$ 350,000	\$ 454,976	\$ 2,105,000 \$	695,800	\$ 3,360,000 \$	5 1,400,175	\$ 4,760,175
9/30/2021	155,000	69,994	265,000	23,243	145,000	39,488	160,000	69,675	200,000	25,125	390,000	447,031	2,185,000	620,125	3,500,000	1,294,681	4,794,681
9/30/2022	160,000	64,481	275,000	16,790	150,000	36,588	165,000	66,475	210,000	20,000	415,000	437,398	2,280,000	508,500	3,655,000	1,150,232	4,805,232
9/30/2023	170,000	58,494	280,000	10,157	150,000	33,588	165,000	63,175	215,000	14,688	430,000	425,944	2,400,000	391,500	3,810,000	997,546	4,807,546
9/30/2024	175,000	52,025	285,000	3,405	160,000	30,588	165,000	59,875	220,000	9,250	450,000	413,001	2,500,000	294,000	3,955,000	862,144	4,817,144
9/30/2025	180,000	45,144	-	-	140,000	27,388	195,000	54,925	260,000	3,250	460,000	398,826	2,645,000	216,825	3,880,000	746,358	4,626,358
9/30/2026	190,000	37,744	-	-	145,000	24,588	195,000	49,075	-	-	475,000	383,876	2,990,000	132,300	3,995,000	627,583	4,622,583
9/30/2027	195,000	30,044	-	-	145,000	21,325	205,000	43,225	-	-	490,000	367,964	2,915,000	43,725	3,950,000	506,283	4,456,283
9/30/2028	205,000	22,044	-	-	15,000	18,063	55,000	37,075	-	-	510,000	350,814	-	-	785,000	427,996	1,212,996
9/30/2029	215,000	13,509	-	-	20,000	17,650	50,000	35,425	-	-	525,000	332,199	-	-	810,000	398,783	1,208,783
9/30/2030	220,000	4,538	-	-	25,000	17,100	50,000	33,925	-	-	545,000	311,304	-	-	840,000	366,867	1,206,867
9/30/2031	-	-	-	-	100,000	16,413	205,000	32,425	-	-	570,000	289,613	-	-	875,000	338,451	1,213,451
9/30/2032	-	-	-	-	115,000	13,663	200,000	26,275	-	-	595,000	266,927	-	-	910,000	306,865	1,216,865
9/30/2033	-	-	-	-	110,000	10,500	210,000	20,275	-	-	620,000	242,294	-	-	940,000	273,069	1,213,069
9/30/2034	-	-	-	-	120,000	7,200	210,000	13,975	-	-	645,000	216,626	-	-	975,000	237,801	1,212,801
9/30/2035	-	-	-	-	120,000	3,600	220,000	7,150	-	-	670,000	189,923	-	-	1,010,000	200,673	1,210,673
9/30/2036	-	-	-	-	-	-	-	-	-	-	700,000	162,185	-	-	700,000	162,185	862,185
9/30/2037	-	-	-	-	-	-	-	-	-	-	730,000	133,205	-	-	730,000	133,205	863,205
9/30/2038	-	-	-	-	-	-	-	-	-	-	760,000	101,888	-	-	760,000	101,888	861,888
9/30/2039	-	-	-	-	-	-	-	-	-	-	790,000	69,284	-	-	790,000	69,284	859,284
9/30/2040		-	-	-	-	-	-	-	-	-	825,000	35,397	-	-	825,000	35,397	860,397
	\$ 2,015,000	\$ 473,161	\$ 1,365,000	\$ 83,112	\$ 1,810,000	\$ 360,230	\$ 2,600,000	\$ 685,625	\$ 1,300,000	\$ 101,888	\$ 11,945,000	\$ 6,030,675	\$ 20,020,000 \$	2,902,775	\$ 41,055,000	5 10,637,466	\$ 51,692,466