COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF HARLINGEN, TEXAS

For the Fiscal Year Ended September 30, 2016



City of Harlingen, Texas Comprehensive Annual Financial Report (Including Compliance Report on Grant Activities) For the Fiscal Year Ended September 30, 2016

CITY OFFICIALS

Commissioners

Richard Uribe
Tudor G. Uhlhorn

Mayor

Michael Mezmar Ruben De La Rosa Victor Leal

Chris Boswell

City Manager Dan Serna

Finance Director Elvia Treviño

PREPARED BY DEPARTMENT OF FINANCE

Elvia Treviño, Finance Director

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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."

April 19, 2017

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, 2016. This report was prepared from the books and records of the City of Harlingen and hereby submitted as required by state and local laws. Responsibility for the accuracy of the presented data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City of Harlingen. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. Readers and other users of this report should refer to Management's Discussion and Analysis, which can be found in the Financial Section and immediately follows the independent auditor's report.

THE REPORT

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

The City is required to undergo an annual single audit in conformity with the provisions of the 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, 2016, 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.

MISSION STATEMENT

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

ECONOMIC CONDITIONS AND OUTLOOK

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

Overall construction in Harlingen during FY 2015-16 was \$58.2 million in construction permits issued by the City. A total of 522 permits were issued. The City issued 164 building permits for new homes for a total dollar value of over \$21.0 million, with an average construction cost for each home at \$128,279. The commercial/business sector issued permits for 17 new commercial structures with a construction value of \$11.8 million.

Total sales tax collected by the City, the Economic Development Corporation (EDC-4A) and the Harlingen Community Improvement Board (HCIB-4B) increased to \$22,538,031 in FY 2015-16 compared to the \$22,014,761 collected in FY 2014-154, a 2.4% or \$532,269 increase. All three entities are committed to combining their resources for the overall economic benefit of the City.

Outlook

The City's fiscal year 2016 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 2016 continued the upward trend in sales taxes that began in fiscal year 2011. Careful long-term planning is important to the City and periodic review of the budget is made to adjust the operational appropriated expenditures for any changes in the City's resources. The City takes a strong stance in preserving the fund balance.

MAJOR INITIATIVES

For the Year

The fiscal year 2015-2016 budget addressed the City Commission's and City Manager's objectives of creating and continuing replacement/improvement programs. These programs are designed for the betterment of the City by having perpetual mechanisms in place to improve the City incrementally each year. City management has built these programs into the annual budgets as to be manageable in both resources of funding and labor.

- Completed the construction of Dixieland Road Extension .
- Completed the construction of 25th Street Hike and Bike Trail.
- Completed the construction of Pendleton Park trail extension and added lighting.
- Completed renovation to Lon C. Hill Park pool.
- Completed improvements to Rangerville Park.
- Completed improvements to Windsor Park.
- Completed construction of approximately 1,300 linear feet of sidewalk through commercial development.
- Completed the General Reseal & Overlay Project for various City streets.
- Continued funding major repairs to City buildings using the General Fund and Special Revenue funds.

GOALS FOR YEAR 2016-17 AND BEYOND

The Harlingen City Commission on April 6, 2016 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, 2016, 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 (www.myharlingen.us) for citizen review.

FINANCIAL INFORMATION

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

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, 2016, 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, 2015. 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 \$16,715,032 at September 30, 2016. The unassigned fund balance for the General Fund totaled \$16,673,404, an increase of \$734,944 over last year. The combined fund balance of the Special Revenue Funds totaled \$6,692,324, which includes the Catastrophic Emergency Fund committed fund balance of \$846,374.

The fund balance of the General Fund presented above will provide the City with approximately one hundred and forty-six (146) days of operating expenditures for FY 2017. This level of fund balance is above the City's goal of ninety days of operating expenditures. With the combining of the fund balances of the General Fund and Catastrophic Emergency Fund, the City has approximately one-hundred and fifty-four (154) days of expenditures for FY 2017.

Debt Administration

The City has a goal of attaining and maintaining a fund balance of 25% of the highest annual debt service. The debt service restricted fund balance of \$805,839 is 20.4% of the highest annual principal and interest requirements. FY 2016 debt service fund balance is 20.4% of total FY 2017 debt service requirements.

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

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

Capital Project Funds

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

Proprietary Funds

The City currently operates four Proprietary Funds. The proprietary funds are set up to operate primarily from user fees charged to the general public. A comparative summary of net income (loss) before transfers and capital contributions for the years ended September 30, 2016 and 2015, as follows:

Proprietary Funds	2016	2015
Sanitation Fund	\$ 2,053,507	\$ 1,524,301
Municipal Golf Course Fund	(360,409)	(344,427)
Harlingen Arts & Heritage Museum	(137,540)	(128,043)
Municipal Auditorium Fund	(408,095)	(371,810)
Total net income (loss)	\$ 1,147,463	\$ 680,021

Sanitation Fund

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

Municipal Golf Course Fund

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

Municipal Auditorium Fund

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

Harlingen Arts and Heritage Museum Fund

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

Component Units

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

Harlingen Economic Development Corporation (HEDC)

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

Harlingen Community Improvement Board (HCIB)

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

Valley International Airport

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

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

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

Harlingen Waterworks System

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

Internal Service Fund

Motor Vehicle/Warehouse Fund

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

Medical/Health Fund

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

Fiduciary Fund

Pension Trust Fund

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

OTHER INFORMATION

Independent Audit

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

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Harlingen, Texas, for its comprehensive annual financial report for the fiscal year ended September 30, 2015. 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 one years (fiscal years ended 1985 to 2015). We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgment

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

Elvia Treviño Finance Director



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Harlingen Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

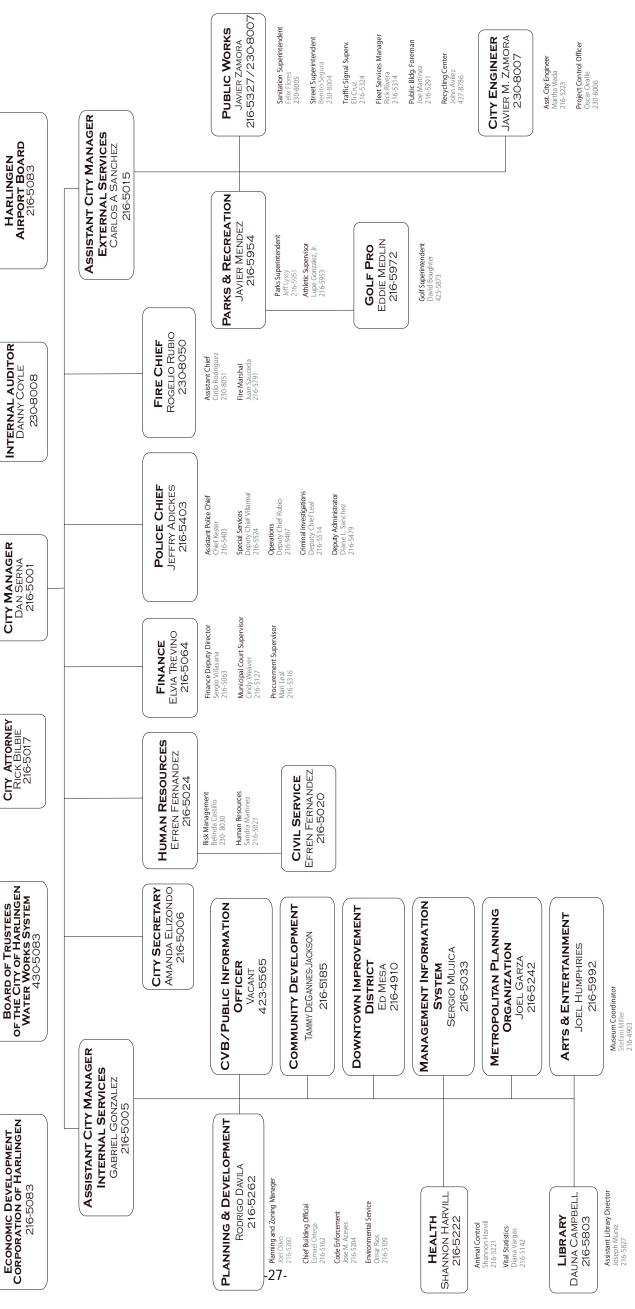
September 30, 2015

Executive Director/CEO

fry R. Ener

MAYOR & CITY COMMISSION





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

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Harlingen, Texas, (the "City") as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 37 through 51, other post-employment benefits schedule of funding programs and the pension system supplementary information on pages 134 through 142 and budgetary comparison information on pages 132 through 133, 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Harlingen, Texas' basic financial statements. The introductory section, the other supplementary information section, the statistical section, the continuing disclosure requirements of SEC Rule 15 (c) 2-12 and debt service schedule are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *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 debt service schedule have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

The financial statements of the City of Harlingen, Texas for the year ended September 30, 2015 were audited by other auditors and their report thereon dated March 29, 2016 expressed an unmodified opinion on those financial statements. Their report, as of the same date, on other supplementary information related to 2015 stated that, in their opinion, such information was fairly stated in all material respects in relation to the financial statements for the year ended September 30, 2015 as a whole.

Other Reporting Required by Government Auditing Standards

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2017, on our consideration of the City of Harlingen, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Harlingen, Texas' internal control over financial reporting and compliance.

Harlingen, Texas April 18, 2017

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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, 2016. Please read it in conjunction with the transmittal letter on page 17 and the City's financial statements, which begin on page 55.

FINANCIAL HIGHLIGHTS

The net position of the City as of September 30, 2016 was \$111,697,954. This number consists of \$96,612,541 (86.5%) of net investment in capital assets. The net position restricted for specific purposes totals \$8,077,571 (7.2%). The remaining 7,007,842 (6.3%) is the unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies. The City's total net position decreased by \$5,250,672. The governmental activities net position decreased by \$5,212,792 or approximately 4.9%, while the net position of our business-type activities decreased by \$37,880 or approximately .04%. The decrease to net position is the net result of several reconciling items found on page 61. The largest decreases to net position for FY 2016 resulted from an increase to the Firemen's Relief and Retirement Fund net pension liability totaling \$3,348,441 and depreciation expense exceeding capital outlay of \$3,559,439.

As of September 30, 2016, the City's governmental funds reported combined ending fund balances of \$28,492,499. Within this total \$45,094 is non-spendable, \$8,083,611 is restricted by specific legal requirements, such as by debt covenants and \$3,902,757 has been committed and assigned to specific types of expenditures. The remaining \$16,461,037 is unassigned fund balance and can be used for any lawful purpose. The City's expenditures for FY 2016 were \$1,026,598 less than the \$49,718,742 generated in taxes and other revenues before other finance sources and uses.

Business-type activities reported combined ending net position of \$10,318,545. Within this total, \$5,797,785 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 \$4,520,760 of unrestricted funds which can be used for any lawful purpose. Total proprietary expenses and transfers for the City's business-type activities were \$37,880 more than the operating and non-operating revenues of \$10,358,610.

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 55 and 56-57) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 58. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending.

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

Reporting the City as A Whole

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

- Governmental activities Most of the City's basic services are reported here, including police, fire, public works, public services, and general administration. Property taxes, sales taxes, franchise fees, and state and federal grants finance most of these activities.
- <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.
- <u>Component units</u> 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.

Reporting the City's Most Significant Funds

Fund Financial Statements

Our analysis of the City's major funds begins on page 43. The fund financial statements begin on page 58 and provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and others by bond covenants. Some funds are established by the City Commission to assist in managing money that is to be spent for particular purposes. For example, the Community Development Block Grant Fund was established to demonstrate that the money received from the U.S. Department of Housing and Urban Development was used for purposes established by the federal government. The City's two kinds of funds – governmental and proprietary – use different accounting approaches.

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

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

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

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

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

<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 66 and 67. These activities are not included with the City's other government-wide financial information since the City cannot use these assets to finance its programs or operations. The City is responsible for ensuring that these funds are used for their intended purpose.

THE CITY AS A WHOLE

The City's combined net position (assets, deferred outflows of resources exceeding liabilities and deferred inflows of resources) was \$111,697,954 as of September 30, 2016. 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, \$96,612,541 (86.50%), 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 2015-16, 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 \$8,077,571 (7.3%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$7,007,842 (5.3%) may be used to meet the government's ongoing obligations to citizens and creditors.

Net position of the City's governmental activities decreased by \$5,212,792 or 4.9%, from \$106,592,201 to \$101,379,409 for FY 2015-16. The net position of the City's business-type activities decreased 0.4% or \$37,880 from \$10,356,425 to \$10,318,545 for FY 2015-16. The decrease to net position is the net result of several reconciling items found on page 61. The largest decreases to net position for FY 2016 resulted from an increase to the Firemen's Relief and Retirement Fund net pension liability totaling \$3,348,441 and depreciation expense exceeding capital outlay of \$3,559,439.

Table 1 – Summary Statement of Net Position

		Governmental Activities			Business-Type Activities			Total Primary Government				
		2016		2015		2016		2015		2016		2015
Assets												
Current and Other assets	\$	38,378,368	\$	38,192,925	\$	7,053,859	\$	6,185,825	\$	45,432,227	\$	44,378,750
Due from Component units		81,461		92,170		81,598		91,251		163,059		183,421
Internal Balances		274,362		13,816		(274,362)		(13,816)		-		-
Net pension asset		-		945,339		-		119,650		-		1,064,989
Capital assets, net												
Non-depreciable assets		7,607,793		11,909,876		481,972		1,720,290		8,089,765		13,630,166
Depreciable assets		126,323,371		125,658,396		5,315,813		4,509,632		131,639,184		130,168,028
Total Capital assets, net		133,931,164		137,568,272		5,797,785		6,229,922		139,728,949		143,798,194
Total assets		172,665,355		176,812,522		12,658,880		12,612,832		185,324,235		189,425,354
Deferred Outflows of Resources												
Deferred resource outflows of for												
pension		27,358,501		1,284,175		724,987		162,537		28,083,488		1,446,712
Deferred charge on refunding		1,006,345		-		-		-		1,006,345		-
		28,364,846		1,284,175		724,987		162,537		29,089,833		1,446,712
Total Assets and Deferred Outflows		, ,		, ,		,		,				, ,
of Resources	ς	201,030,201	ς	178,096,697	ς	13,383,867	ς	12,775,369	ς	214.414.068	\$	190,872,066
Liabilities												
Current and other liabilities Non-current liabilities	\$	4,636,310	\$	4,790,886	\$	316,872	\$	310,419	\$	4,953,182	\$	5,101,305
		F FF7 CCC				C22 02C				C 190 CO2		
Municipal net pension liability		5,557,666		-		622,936		-		6,180,602		-
Firemen's net pension liability		37,114,694		12,946,750		452.220		-		37,114,694		12,946,750
Other post employement benefits Est. Liability for landfill post closure		2,840,913		2,772,439		453,220		442,296		3,294,133		3,214,735
		-		-		1,343,402		1,292,032		1,343,402		1,292,032
Due in one year		3,547,871		2,749,523		65,000		29,300		3,612,871		2,778,823
Due more than one year		45,782,666		47,987,913		244,769		312,371		46,027,435		48,300,284
Total Liabilities		99,480,120		71,247,511		3,046,199		2,386,418		102,526,319		73,633,929
Deferred Inflows of Resources												
Deferred resource inflows of for												
pension		170,672		256,985		19,123		32,526		189,795		289,511
Net Position												
Net investment in capital assets		90,814,756		94,988,699		5,797,785		6,229,922		96,612,541		101,218,621
Restricted		8,077,571		9,982,445		-		-		8,077,571		9,982,445
Unrestricted		2,487,082		1,621,057		4,520,760		4,126,503		7,007,842		5,747,560
Total net position		101,379,409		106,592,201		10,318,545		10,356,425		111,697,954		116,948,626
Total Liabilities, Deferred Inflows												
of Resources and Net Position	\$	201,030,201	\$	178,096,697	\$	13,383,867	\$	12,775,369	\$	214,414,068	\$	190,872,066

Table 2 – Statement of Activities

	Governmen	tal Activities	Business-Ty	pe Activities	Total Primary Government		
	2016	2015	2016	2015	2016	2015	
Revenues							
Program revenues:							
Charges for services	\$ 5,206,577	\$ 5,747,547	\$ 10,340,043	\$ 10,075,230	\$ 15,546,620	\$ 15,822,777	
Operating grants and contributions	3,617,370	2,106,140	-	49,486	3,617,370	2,155,626	
Capital grants and contributions	435,218	1,258,973	-	-	435,218	1,258,973	
General Revenues:							
Property taxes	18,125,203	17,472,095	-	-	18,125,203	17,472,095	
Sales taxes	16,878,582	16,522,227	-	-	16,878,582	16,522,227	
Other taxes	4,396,720	4,478,091	-	-	4,396,720	4,478,091	
Unrestricted investment earnings	48,058	24,939	10,521	2,759	58,579	27,698	
Other	151,486	555,397	6,880	11,504	158,366	566,901	
Gain (loss) on sale of assets	68,951	(33,986)	1,165	490,489	70,116	456,503	
Total revenues	48,928,165	48,131,423	10,358,609	10,629,468	59,286,774	58,760,891	
Expenses							
Program expenses:							
General government	8,621,014	7,653,403	-	-	8,621,014	7,653,403	
Public safety	29,692,941	27,708,973	-	-	29,692,941	27,708,973	
Highways and streets	5,134,045	5,403,082	-	-	5,134,045	5,403,082	
Health and welfare	5,147,258	3,964,719	-	-	5,147,258	3,964,719	
Culture and recreation	5,529,616	4,541,383	-	-	5,529,616	4,541,383	
Interest on long-term debt	1,219,992	1,996,255	-	-	1,219,992	1,996,255	
Sanitation	-	-	7,128,323	7,347,322	7,128,323	7,347,322	
Golf	-	-	1,280,136	1,299,168	1,280,136	1,299,168	
Museum	-	-	642,887	132,927	642,887	132,927	
Municipal Auditorium	-	-	141,234	615,792	141,234	615,792	
Total expenses	55,344,866	51,267,815	9,192,580	9,395,209	64,537,446	60,663,024	
Excess (deficiency) before							
transfers and other financing							
sources	(6,416,701)	(3,136,392)	1,166,029	1,234,259	(5,250,672)	(1,902,133	
Other Financing Sources							
Transfers	1,203,909	2,377,945	(1,203,909)	(2,377,945)	-	-	
	· ·		, , , ,	, , , ,			
Change in net position	(5,212,792)	(758,447)	(37,880)	(1,143,686)	(5,250,672)	(1,902,133	
Net position, beginning	106,592,201	107,350,648	10,356,425	11,500,111	116,948,626	118,850,759	
Net position, ending	\$ 101,379,409	\$ 106,592,201	\$ 10,318,545	\$ 10,356,425	\$ 111,697,954	\$ 116,948,626	

Total revenues generated from both governmental and business-type activities this year amounted to \$59,286,774. Total expenses incurred from both governmental and business-type activities this year amounted to \$64,537,446 which resulted in a decrease in net position of 4.5% or \$5,250,672.

Governmental Activities

Total revenue generated from governmental activities this year amounted to \$48,928,165. Expenses came in at \$55,344,866, reducing net position by \$6,416,701 before transfers. Transfers of \$1,203,909 from other activities resulted in an all-inclusive decrease to net assets of \$5,212,792.

The cost of all governmental activities this year was \$55,344,866. However, as shown on the Statement of Activities on page 56 and 57, the amount that our taxpayers ultimately financed for these activities through taxes and other general revenues was \$40,872,909. Revenues of \$5,206,577 were paid by those who directly benefited from them. Operating grants and contributions totaled \$3,617,370. Another \$435,218 was paid by capital grants and contributions.

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

TABLE 3 - GOVERNMENTAL ACTIVITIES

	Total Cost	of Services	Net Cost of S	ervices
	2016	2015	2016	2015
General government	\$ 8,621,014	\$ 7,653,403	\$ 4,283,306 \$	3,616,794
Public safety	29,692,941	27,708,973	26,849,125	24,888,645
Highway and streets	5,134,045	5,403,082	3,932,963	3,866,490
Health and welfare	5,147,258	3,964,719	4,774,384	3,717,244
Culture and recreation	5,529,616	4,541,383	5,025,931	4,069,727
Interest on long-term debt	1,219,992	1,996,255	1,219,992	1,996,255
	\$55,344,866	\$51,267,815	\$46,085,701 \$	42,155,155

Business-type Activities

Total operating and non-operating revenues generated from business-type activities this year amounted to \$10,358,610. Expenses came in at \$9,192,580 leaving \$1,166,029 as an increase to net assets before transfers. Transfers to other activities totaling \$1,203,910 resulted in an all-inclusive decrease in net assets amounting to \$37,880.

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

THE CITY'S FUNDS

As a result of this year's operations, governmental funds (as reflected in the balance sheet starting on page 58) combined fund balance increased to \$28,492,499 or \$1,216,915 more than last year. The General Fund Balance increased by \$771,334.

GOVERNMENTAL FUNDS – A Detailed Discussion

Revenues and Other financing sources (uses)

The following table presents a summary of total governmental funds' revenues and operating transfers-in for the years ended September 30, 2016 and 2015. Following is a detailed analysis of the revenues:

There was a net decrease in total revenues (including other financing sources (uses) of \$140,888 or 0.3%. Property taxes represent 36.2% of total revenues and other financing sources (uses). Property taxes increased by 2.2% or \$394,859. Nonproperty taxes, which includes sales, franchise and hotel/motel taxes represents 43.3% of total revenues and other financing sources (uses). Nonproperty taxes increased by \$329,951 or 1.5% over last fiscal year.

				Α	mount of	Percent of
Revenues & Other				Ir	ncrease /	Increase /
Financing Sources (Uses)	2016	% of Total	2015	([Decrease)	(Decrease)
Property Taxes	\$ 18,090,838	36.2%	\$ 17,695,979	\$	394,859	2.2%
Nonproperty taxes	21,629,408	43.3%	21,299,457		329,951	1.5%
Fines and forfeitures	1,657,510	3.3%	1,780,419		(122,909)	-6.9%
Licenses and Permits	549,401	1.1%	502,973		46,428	9.2%
Improvements & Assessments	215,833	0.4%	117,564		98,269	83.6%
Charges for services	2,761,319	5.5%	3,244,383		(483,064)	-14.9%
Intergovernmental	3,441,491	6.9%	1,979,491		1,462,000	73.9%
Contributions and donations	696,413	1.4%	2,503,630		(1,807,217)	-72.2%
Miscellaneous	628,474	1.3%	345,891		282,583	81.7%
Interest and investment income	48,055	0.1%	24,941		23,114	92.7%
	49,718,742		49,494,728		224,014	
Other financing sources (uses)	190,317	0.4%	555,219		(364,902)	-65.7%
Total	\$ 49,909,059	_	\$ 50,049,947	\$	(140,888)	

Property and Non-property taxes had a total increase of \$724,810 or 1.9% over FY 2015. Non-property taxes account for \$329,951 or 46% of the total increase while property taxes account for \$394,859 or 54% of the total increase.

Ad Valorem (Property) Tax

The total general citywide property tax including collection of current levy, prior years' levy (delinquent), penalty and interest, and payment in lieu of taxes increased \$394,859 or 2.2% from the prior fiscal year.

Current Ad Valorem Tax

The collection of current ad valorem tax increased by \$411,407 or 2.5%.

Prior Years (Delinquent) Taxes

Delinquent tax collections increased by \$15,629 or 4.3% over last fiscal year. A total of \$380,976 was collected in FY 2016 compared to the \$365,346 collected in FY 2015. The average percentage of delinquent taxes outstanding to the total tax levy for the past ten tax years is 9.09%

Penalty and Interest

Penalty and interest collections increased \$3,878 or 1.1%. A total of \$353,866 was collected in FY 2016 compared to \$349,988 in FY 2015.

Payment in Lieu of Taxes (PILOT)

Payment in lieu of taxes is collected from industries located in the industrial district which sign a seven year non-annexation agreement with the City, that can be renewed for an additional seven years. During the initial contract, the industry pays a percentage of what the taxes would be if they were annexed. That percentage is 25% for the first two years, 40% for the second two years, 80% for the third two years and 100% for the seventh year. The renewal is for 100% payment but allows the industry to earn a percentage reduction for increases in number of employees and/or assessed value. Collection of the PILOT decreased by \$36,057 or 15.2%. A total of \$201,023 was collected in FY 2016 compared to \$237,080 collected in FY 2015.

Collection Rate

The collection rate for FY 2016 taxes is 96.5%. When comparing the collection of current and delinquent tax collections for FY 2016 to the FY 2016 tax levy, the collection rate is 99.7%.

Tax Rate

The total tax rate remained at \$.588827 per \$100 value. This has remained the same for the last six years. The total tax rate is composed of \$0.128500 for the Interest and Sinking Fund (I&S) and \$0.460327 for the Maintenance and Operations (M&O).

Sales Tax 1 ½ cent Reported in the General Fund

Sales tax revenues increased to \$17,024,736 an increase of \$393,263 or 2.4% from prior fiscal year.

Hotel/Motel Occupancy Taxes

Hotel/Motel occupancy taxes decreased of \$24,155 or 2.4%. Total hotel/motel occupancy taxes of \$997,026 were collected in FY 2016 compared to \$1,021,181 collected in FY 2015.

Improvement Assessments

Revenue from improvement assessments funds the Downtown Improvement District. This year the rate remained at 15 cents per \$100 value. Revenues increased from \$23,631 in FY 2015 to \$27,842 in FY 2016.

Fines and Forfeitures

Fines and forfeitures decreased by 6.9% or \$122,909 from the previous year. The decrease results for a net decrease in court fees and fines of \$217,545 and a net increase to non-court fines and forfeitures of \$120,817.

Licenses and Permits

Licenses and permits increased \$46,428 or 9.2% compared to FY 2015. The increase is mostly attributed to an increase of \$29,856 in building permits.

Charges for Services

Charges for services decreased by \$483,064 or 14.9% over last year's revenue. The income decrease is attributable to a one time reimbursement of \$473,273 from Sprint for radio equipment in FY 2015.

Intergovernmental

This area increased by 73.6% or \$1,462,000. The increase is attributed mainly to an increase in overall spending of grant funds.

Miscellaneous and Program Revenues

Revenues increased by \$282,583 or 81.7% from the prior year. The increase is due to an increase in Community Development Block Grant home loan principal payment income.

Interest and Investment Income

This revenue category increased by \$23,114 or 92.7%, to end FY 2016 at a total of \$48,055 compared to \$24,941 from FY 2015. Interest and investment income continue to remain low since due to low interest rates since 2008.

Other Financing Sources (Uses)

The net amount of other financing sources (uses) from FY 2016 was \$364,902 less than the amount reported in FY 2015. The net decrease is attributable to an overall net decrease in transfers.

Expenditures

The following table presents a summary of governmental funds' expenditures for the years ended September 30, 2016 and 2015.

				Amount of	Percent of
				Increase /	Increase /
Expenditures	2016	% of Total	2015	(Decrease)	(Decrease)
General Government	\$ 6,600,141	13.6%	\$ 6,659,647	\$ (59,506)	-0.9%
Public Safety	22,992,979	47.2%	22,951,582	41,397	0.2%
Highways and Streets	3,901,541	8.0%	4,708,242	(806,701)	-17.1%
Health and Welfare	3,911,837	8.0%	3,455,335	456,502	13.2%
Cultural and Recreation	4,198,871	8.6%	3,959,009	239,862	6.1%
Capital Outlay	2,676,339	5.5%	4,881,877	(2,205,538)	-45.2%
Debt Service:					
Principal	2,899,856	6.0%	2,507,800	392,056	15.6%
Interest and Fiscal Charges	1,202,344	2.5%	1,821,524	(619,180)	-34.0%
Bond Issuance Cost & Fees	308,236	0.6%		308,236	-
Total	\$48,692,144		\$50,945,016	\$ (2,252,872)	-4.4%

General Government

General government expenditures decreased slightly by 0.9% or 59,506.

Public Safety

Expenditures for public safety had a modest increase of by 0.2% or \$41,397.

Highways and Streets

Highways and street expenditures decreased by 17.1% or \$806,701. This is a result of a decrease in available funding for streets.

Health and Welfare

Expenditures increased 13.2% or \$456,502. The increase is a result of increased spending of the Community Development Block Grant.

Cultural and Recreational

Cultural and recreational expenditures increased 6.1% or \$239,861.

Capital Outlay

Expenditures for capital outlay decreased 45.2% or \$2,205,538. The decrease is due to a decline in major projects.

Debt Service

Total debt service expenditures decreased by \$81,112 or 1.9%. Principal payments on the City's debt obligation increased \$392,056, interest and fiscal charges decreased by \$619,180 while bond issue costs increased due to the current year bond refunding costs

Fund Balances

Combined fund balance for all of the governmental funds increased \$1,216,915 from 27,275,584 to \$28,492,499. Fund balances by fund type are discussed below.

General Fund

The revenues and other financing sources (uses) totaled \$39,717,626 while expenditures totaled \$38,946,292. The net effect is an increase in the general fund balance of \$771,334. The fund balance as of September 30, 2016 is \$16,715,032.

Special Revenue Funds

The combined fund balance of other governmental funds increased from \$11,331,886 to \$11,777,467 or \$445,581. The non-major special revenue funds increased from \$5,212,488 to \$6,548,897 or by \$1,336,409. This is the result of actual revenues for various special revenue funds exceeding budgeted expenditures.

Debt Service Fund

The Debt Service fund balance is \$805,839 which is a decrease of \$227,826 from prior year. The fund balance represents 20.4% 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 \$667,513. The Capital Project fund balance decrease is a result of ongoing projects funded from Certificate of Obligations, specifically a new fire station. No new debt was issued in FY 2016 for capital projects.

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 \$310,207 or 3.5 % over the prior year. Operating expenses decreased by \$218,999 or 3.0% over the prior year. After transfers out of \$1,468,128 and capital contributions of \$124,518, the net increase in net position for the year was \$718,814.

Municipal Golf Course Fund

Operating revenues decreased by \$35,014 or 3.7% over the prior year. Operating expenses decreased by \$19,032 or 1.5% over the prior year. The net loss for the year was \$419,713 which includes transfers out of \$65,300.

Municipal Auditorium Fund

Operating revenues decreased by \$9,190 or 3.8% over the prior year. Operating expenses increased by \$27,095 or 4.4% over the prior year. The net loss for the year was \$292,220 which includes transfers in of \$115,000.

Harlingen Arts and Heritage Museum Fund

Operating revenues decrease by \$1,190 or 24.4% over the prior year. Operating expenses increased by \$8,307 or 6.2% over the prior year. Net loss for the year was \$44,761 which includes transfers in of \$90,000.

Internal Service Funds

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

Motor Vehicle/Warehouse Fund

Operating revenues decreased by \$609,448 or 17.3% over the prior year. Operating expenses decreased by \$226,181 or 5.4% over the prior year. The net decrease in net position for the year was \$666,670.

Health Insurance Fund

The Health Insurance Fund is used to accumulate all payments from the various departments for medical/health insurance premiums, payment from retirees for health insurance premiums, and cafeteria plan deductions from employee's paychecks for payment to the insurance company and plan administrator. Operating revenues increased by \$246,177 or 5.9% and operating expenses increased by \$250,030 or 6.0%. The net income for the year is \$27,484 which includes a net transfer amount of \$81,000. 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 \$139,728,949 in capital assets.

CAPITAL ASSETS NET OF DEPRECIATION

	Governmental Activities			Business-Type Activities			Total Primary Government				
	2016		2015		2016		2015		2016		2015
Land	\$ 6,677,882	\$	6,677,882	\$	467,083	\$	467,083	\$	7,144,965	\$	7,144,965
Construction in progress	929,911		5,231,994		14,889		1,253,207		944,800		6,485,201
Building	23,625,589		24,389,208		3,353,433		2,238,107		26,979,022		26,627,315
Improvements other than buildin	13,427,922		13,107,625		1,054,947		1,252,855		14,482,869		14,360,480
Machinery and equipment	11,930,320		12,240,464		907,433		1,018,670		12,837,753		13,259,134
Infrastructure	77,339,540		75,921,099		-		-		77,339,540		75,921,099
Total	\$ 133,931,164	\$	137,568,272	\$	5,797,785	\$	6,229,922	\$	139,728,949	\$	143,798,194

For more detailed information on capital asset activity, refer to Note E of financial statements beginning on page 92.

Debt

At the end of the fiscal year, the City had \$37,640,000 in bonds and certificates of obligation outstanding, as shown on the following table.

OUTSTANDING DEBT AT YEAR END

	Governmen	Busi	iness-	Туре	Activities	Total Primary Government		
	2016	2015	2	016		2015	2016	2015
General Obligation debt								
(backed by City)	\$28,875,000	\$16,390,000	\$	-	\$	-	\$ 28,875,000	\$ 16,390,000
Certificates of Obligation	8,765,000	25,695,000		-		-	8,765,000	25,695,000
	\$37,640,000	\$42,085,000	\$	-	\$	-	\$ 37,640,000	\$ 42,085,000

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 98.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

During the budget process for fiscal year 2016-17 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 remained the same at 0.588827. Fiscal year 2017 general fund revenues were budgeted conservatively with a total increase of \$1,539,993 over fiscal year 2016 budgeted revenues. General fund expenditures for fiscal year 2017 increased by \$1,039,993 over fiscal year 2016 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.

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BASIC FINANCIAL STATEMENTS

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September 30, 2016

		Primary Government				
	Go	vernmental	Business-type		Component	
		Activities	Activities	Total	Units	
Assets	A	27.740.077	.	4 24.552.425	÷ 20.055.050	
Cash and cash equivalents	\$	27,749,977	\$ 6,910,449	\$ 34,660,426	\$ 20,966,859	
Investments - other		4,185,023	=	4,185,023	6,646,833	
Investments - fair value		-	-	-	499,718	
Receivables, net		4,850,312	90,921	4,941,233	3,534,434	
Inventories		164,210	25,026	189,236	390,004	
Due from component units		81,461	81,598	163,059	=	
Internal balances		274,362	(274,362)	-	-	
Prepaid items and deposits		433,674	27,463	461,137	366,019	
Restricted assets:						
Temporarily restricted						
Cash and cash equivalents		-	-	-	4,236,075	
Investments		-	-	-	7,644,727	
Loans receivable		995,172	-	995,172	819,440	
Redevelopment properties		-	_	-	875,720	
Capital assets, net					0,3,,20	
•		7,607,793	491 072	8,089,765	21 202 757	
Non-depreciable assets			481,972		31,293,757	
Depreciable assets		126,323,371	5,315,813	131,639,184	138,509,721	
Total Assets		172,665,355	12,658,880	185,324,235	215,783,307	
Deferred outflows of resources						
Deferred resource outflows for pensions		27,358,501	724,987	28,083,488	2,409,312	
Deferred charge on refunding		1,006,345	· ·	1,006,345	337,810	
		28,364,846	724,987	29,089,833	2,747,122	
Total assets and deferred						
outflows of resources	\$	201,030,201	\$ 13,383,867	\$ 214,414,068	\$218,530,429	
Liabilities						
Accounts payable	\$	1,037,986	\$ 206,276	\$ 1,244,262	\$ 1,326,227	
Accrued expenses	~	926,361	109,596	1,035,957	14,907	
Accrued interest		1,285,031	109,390	1,285,031	1,016,822	
			-		1,010,622	
Due to component units		-	-	=	462.050	
Due to primary government		-	-	-	163,059	
Other liabilities		674,402	1,000	675,402	702,989	
Unearned revenue		481,336	-	481,336	276,091	
Escrow liabilities		231,194	-	231,194	-	
Payable from restricted assets		-	-	-	2,219,305	
Non - current liabilities				=		
Municipal net pension liability		5,557,666	622,936	6,180,602	538,004	
Firemen's net pension liability		37,114,694	-	37,114,694	-	
Estimated liability for landfill postclosure,		, ,		, ,		
due in more than one year		_	1,343,402	1,343,402	_	
Due in one year		3,547,871	65,000	3,612,871	3,755,255	
		48,623,579	697,989	49,321,568	59,086,281	
Due in more than one year Total liabilities			3,046,199	102,526,319	69,098,940	
l Otal Habilities		99,480,120	3,046,199	102,520,319	69,098,940	
Deferred inflows of resources						
Deferred inflows of resources from pensions		170,672	19,123	189,795	106,450	
Total deferred inflows of resources		170,672	19,123	189,795	106,450	
NET POSITION						
Net investment in capital assets		90,814,756	5,797,785	96,612,541	118,485,480	
Restricted for:		55,017,750	3,737,703	30,012,341	110,-00,-00	
		2,066,080		2 055 000		
Capital Projects			-	2,066,080	1 244 546	
Debt Service		799,799	=	799,799	1,341,546	
Economic development		2,510,536	-	2,510,536	-	
System expansion and replacement		-	-	-	1,107,204	
Tourism		1,412,242	-	1,412,242	-	
Other		1,288,914	-	1,288,914	-	
Unrestricted		2,487,082	4,520,760	7,007,842	28,390,809	
Total net position		101,379,409	10,318,545	111,697,954	149,325,039	
Total liabilities, deferred inflows	<u> </u>					
of resources and net position	\$	201,030,201	\$ 13,383,867	\$ 214,414,068	\$218,530,429	

Year ended September 30, 2016

		F	Program Revenue	S	
			Operating	Capital	
		Charges for	Grants and	Grants and	
	Expenses	Services	Contributions	Contributions	
Functions/Programs					
Governmental activities:					
General government	\$ 8,621,014	\$ 2,690,463	\$ 1,647,245	\$ -	
Public safety	29,692,941	2,023,579	820,237	-	
Highways and streets	5,134,045	-	765,864	435,218	
Health and welfare	5,147,258	12,190	360,684	-	
Culture and recreation	5,529,616	480,345	23,340	-	
Interest on long term debt	1,219,992	-	-	-	
Total governmental activities	55,344,866	5,206,577	3,617,370	435,218	
Business-type activities:					
Sanitation services	7,128,323	9,181,830	-	-	
Golf course services	1,280,136	919,727	-	-	
Auditorium services	642,887	234,792	-	-	
Museum services	141,234	3,694	=	-	
Total business-type activities	9,192,580	10,340,043	-		
Total primary government	\$ 64,537,446	\$ 15,546,620	\$ 3,617,370	\$ 435,218	
Component Units					
Economic development services	\$ 3,117,192	\$ -	\$ 159,160	\$ -	
Community improvement services	124,626	-	-	-	
Water and sewer services	20,305,543	19,887,653	-	219,410	
Airport services	11,136,415	6,021,600	-	4,391,702	
Total component units	\$34,683,776	\$ 25,909,253	\$ 159,160	\$ 4,611,112	

General revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Sales taxes

Franchise taxes

Hotel motel taxes

Assessments

Unrestricted investment earnings

Miscellaneous

Gain (loss) on sale of assets

Transfers

Total general revenues

Change in net position

Net position--beginning

Net position--ending

•	anges in Net Posit		
	rimary Governme		
Governmental	Component		
Activities	Business-type Activities	Total	Units
\$ (4,283,306)	\$ -	\$ (4,283,306)	\$ -
(26,849,125)	-	(26,849,125)	-
(3,932,963)	-	(3,932,963)	-
(4,774,384)	-	(4,774,384)	-
(5,025,931)	-	(5,025,931)	-
(1,219,992)	-	(1,219,992)	
(46,085,701)	-	(46,085,701)	-
-	2,053,507	2,053,507	-
-	(360,409)	(360,409)	-
-	(408,095)	(408,095)	-
-	(137,540)	(137,540)	-
	1,147,463	1,147,463	
(46,085,701)	1,147,463	(44,938,238)	-
			\$ (2,958,032)
			(124,626)
			(198,480)
			(723,113)
			(4,004,251)
14,238,438	-	14,238,438	-
3,886,765	-	3,886,765	-
16,878,582	-	16,878,582	5,747,990
3,077,871	-	3,077,871	-
997,629	-	997,629	-
321,220	-	321,220	-
48,058	10,521	58,579	137,584
151,486	6,880	158,366	1,327,430
68,951	1,165	70,116	-
1,203,909	(1,203,909)		
40,872,909	(1,185,343)	39,687,566	7,213,004
(5,212,792)	(37,880)	(5,250,672)	3,208,753
106,592,201	10,356,425	116,948,626	146,116,286
\$ 101,379,409	\$10,318,545	\$ 111,697,954	\$149,325,039
_			

Net (Expense) Revenue and

City of Harlingen, Texas Balance Sheet - Governmental funds

September 30, 2016

30, 2010		Community	Other	Total
	General	Development	Governmental	Governmental
	Fund	Fund	Funds	Funds
Assets				
Cash and cash equivalents	\$ 11,735,858	\$ 258,696	\$ 11,905,332	\$ 23,899,886
Investments - other	4,185,023	-	-	4,185,023
Receivables (net of allowance for uncollectibles)				
Taxes	986,344	-	339,501	1,325,845
Accounts	996,563	6,709	511,839	1,515,111
Assessments	-	12,817	36,862	49,679
Due from other governments	1,320,925	-	614,512	1,935,437
Due from other funds	1,080,717	_	-	1,080,717
Due from component units	78,441	_	2,898	81,339
Loans receivable	17,272	977,900	-	995,172
Prepaid items	41,628	-	3,466	45,094
Total assets	\$ 20,442,771	\$ 1,256,122	\$ 13,414,410	\$ 35,113,303
1-1-1-1-1-1				
Liabilities Accounts payable	\$ 507,642	949	\$ 457,207	\$ 965,798
Accounts payable		4,471	38,494	
Accrued expenditures Other liabilities	872,172		30,494	915,137
	657,843	16,559	-	674,402
Due to other funds	122,833	100,000	518,522	741,355
Unearned revenue	456,066	-	25,270	481,336
Escrow liabilities Total Liabilities	2,616,556	121,979	231,194 1,270,687	231,194 4,009,222
Total Liabilities	2,010,530	121,979	1,270,087	4,009,222
Deferred inflows of resources				
Unavailable revenue - property taxes	914,721	-	289,753	1,204,474
Unavailable revenue - payments in lieu of taxes	130,878	-	-	130,878
Unavailable revenue - special assessments	36,000	12,815	36,862	85,677
Unavailable revenue - noncurrent receivables	-	859,054	20,321	879,375
Unavailable revenue - other	29,584	118,847	162,747	311,178
Total deferred inflows of resources	1,111,183	990,716	509,683	2,611,582
Fund balances				
Nonspendable	41,628	_	3,466	45,094
Restricted	-	143,427	7,940,184	8,083,611
Committed	<u>-</u>	-	3,902,757	3,902,757
Unassigned	16,673,404	_	(212,367)	16,461,037
Total fund balances	16,715,032	143,427	11,634,040	28,492,499
	-, -,	-, =-	, ,	-, - ,
Total liabilities, deferred inflows				
of resources and fund balances	\$ 20,442,771	\$ 1,256,122	\$ 13,414,410	\$ 35,113,303

September 30, 2016

September 30, 2016	
Amounts reported for governmental activities in the statement of net position are different because:	
Fund balances total governmental funds	\$ 28,492,499
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 \$287,334,891, net of accumulated depreciation totaling \$(159,901,450). Not included in this amount are internal service funds assets of \$6,497,723.	127,433,441
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 \$130,878, special assessments \$85,677, noncurrent receivables \$879,375 and other long-term unavailable revenues \$311,178.	1,407,108
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.	1,204,474
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.	10,695,696
Deferred amounts on refundings are deferred outflows of resources and, therefore, are not reported in the funds.	1,006,345
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.	(2,718,135)
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities – both current and long-term are reported in the statement of net position and include internal service fund liabilities of \$93,933. The internal service long-term liabilities are not a reconciling item.	(49,359,382)
Included in the noncurrent liability is the recognition of the City's net pension liability required by GASB Statement No. 67, 68 and 71 in the amount of \$(5,459,450) and \$(37,114,694) for the municipal pension and the firemen's fund, respectively; a deferred inflows of resources for the municipal pension in the amount of \$(167,657); and deferred outflows of resources totaling of \$6,356,220 and \$20,887,975 for the municipal pension and the firemen's fund, respectively. These amounts do not include internal service funds deferred inflows of resources \$3,015, deferred outflows of resources of \$(114,306) and net pension liability totaling \$98,216 This resulted in an decrease in net position by \$15,497,606.	(15,497,606)
Interest on long-term debt payable is not accrued in governmental funds, but rather is	
recognized as an expenditure when due.	(1,285,031)
Net position of governmental activities	\$ 101,379,409

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

Year ended September 30, 2016

real ended September 30, 2010				
		Community	Other	Total
	General	-	Governmental	
	Fund	Fund	Funds	Funds
Revenues				
Property taxes - including penalty and interest	\$ 14,202,827	\$ -	\$ 3,888,011	\$ 18,090,838
Nonproperty taxes	20,221,652	-	1,407,756	21,629,408
Fines and forfeitures	1,442,634	-	214,876	1,657,510
Licenses and permits	549,401	-	-	549,401
Improvements and assessments	-		215,833	215,833
Charges for services	2,459,509	-	301,810	2,761,319
Intergovernmental	58,815	1,132,941	2,249,735	3,441,491
Contributions and donations	696,413	-	-	696,413
Miscellaneous	131,008	364,515	132,951	628,474
Interest and investment income	32,006	6,871	9,178	48,055
Total revenues	39,794,265	1,504,327	8,420,150	49,718,742
Expenditures				
Current				
General government	5,536,663	404,314	659,164	6,600,141
Public safety	22,055,008	2,435	935,536	22,992,979
,		2,433	,	
Highways and streets	3,037,712	-	863,829	3,901,541
Health and welfare Culture and recreation	2,895,711	890,205	125,921	3,911,837
	3,928,243	202,862	270,628	4,198,871
Capital outlay Debt service	952,217	202,862	1,521,260	2,676,339
Principal	292,355	_	2,607,501	2,899,856
Interest	248,383	_	953,961	1,202,344
Bond issuance costs and fees	-	_	308,236	308,236
Total expenditures	38,946,292	1,499,816	8,246,036	48,692,144
- Country Country Co	33,3 .3,232	2, 133,020	3,2 . 3,030	.0,032,1
Excess of revenues over expenditures	847,973	4,511	174,114	1,026,598
Other financing courses (uses)				
Other financing sources (uses) Transfers in	1,089,300		2 727 456	1 016 756
Transfers (out)	(1,234,885)	-	3,727,456	4,816,756
	(1,234,003)	-	(3,214,215)	(4,449,100)
Bond refunding issuance premium	-	-	2,595,060	2,595,060
Refunding bond proceeds	-	-	23,915,000	23,915,000
Payment to refunded bond escrow agent	68,946	-	(26,756,345)	(26,687,399)
Total other financing sources (uses)	(76,639)	-	266,956	190,317
Net change in fund balances	771,334	4,511	441,070	1,216,915
Fund balance, beginning of year	15,943,698	138,916	11,192,970	27,275,584
Fund balance, end of year	\$ 16,715,032	\$ 143,427	\$ 11,634,040	\$ 28,492,499

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

Vear ended September 30, 2016 Net change in fund balances total governmental funds	\$ 1,216,915
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 he amount by which depreciation of (\$6,312,487) exceeded capital outlay of \$2,350,924 and a capital asset ransfer from the business-type activities totaling \$402,123 in the current period. Reconciling amounts do not include internal service funds depreciation \$(1,902,533) and capital asset additions totaling \$1,951,191.	(2.550.440)
	(3,559,440)
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in he funds.	(240,148)
Property tax revenues in the statement of activities do not provide current financial resources and are not eported as revenues in the funds.	34,365
nternal 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.	(639,186)
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.	2,899,856
Proceeds from the issuance of debt refundings totaling \$(23,915,000) provides current financial resources to governmental funds, while the payment to the escrow agent totaling \$26,756,345, consumes current inancial resources of governmental funds. This amount is the net effect of these differences in the reatment of long-term debt refundings.	2,841,345
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 in 6.116,324 was calculated for long term debt. Also, any changes in compensated absences \$(669,196), change in the Firemen's Relief and Retirement Fund net pension liability totaling \$(3,279,967) and the change in the City OPEB \$(68,474) payable during the year are reported as an increase or decrease to expenses in the statement of activities but not in the governmental funds.	(3,901,313)
Governmental funds report the effect of current period premiums issued on refunded bonds totaling (2,595,060), whereas these premiums issued on refunding bonds are deferred and amortized as expenditures in the governmental funds. Amortization of premiums and discounts totaled \$11,756.	(2 582 204)
GASB Statement No. 68 requires that certain fund expenditures be de-expended and recorded as deferred resource outflowson the government-wide statements. These contributions made after the measurement late of December 31, 2015 caused the change in the ending net position to increase in the amount of 6473,528. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decreased in the change in net position totaling \$(581,019). The City's reported TMRS net pension expense had to be recorded. The net pension expense increased the change in net position by \$(1,174,391). The result of these changes is to increase the change in net position by \$(1,281,882).	(2,583,304) (1,281,882)
	 (1,201,002)
Change in net position of governmental activities:	\$ (5,212,792)

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

September 30, 2016

		Ruci	iness-type Activi	tios		Governmental Activities
		Activities				
	Sanitation Fund	Municipal Golf Course Fund	Municipal Auditorium Fund	Harlingen Arts and Heritage Museum Fund	Total	Internal Service Funds
Assets	Tuliu	Tana	Tana	Tuna	10101	- 1 and 3
Current assets						
Cash and cash equivalents	\$ 6,634,364	\$ 4,569	\$ 177,141	\$ 94,375	\$ 6,910,449	\$ 3,850,091
Accounts receivables	ÿ 0,05 1 ,50 1	Ş 4 ,505	ÿ 1/7,141	у <i>Э</i> ч ,373	ÿ 0,510,445	\$ 3,030,031
(net of allowances for uncollectibles)	82,799	3,724	4,389	9	90,921	24,240
Inventories	-	25,026	-,505	_	25,026	164,210
Due from component units	81,598	-	_	_	81,598	122
Prepaid items	27,332	_	131	_	27,463	388,580
r repaid items	27,332		131		27,403	300,300
Total current assets	6,826,093	33,319	181,661	94,384	7,135,457	4,427,243
Non current assets						
Capital assets						
Land	417,587	49,496	-	-	467,083	-
Construction in progress	-	-	-	14,889	14,889	-
Plant and equipment	3,837,874	3,987,005	4,795,374	215,614	12,835,867	21,181,101
Accumulated depreciation	(1,303,924)	(3,012,007)	(3,066,127)	(137,996)	(7,520,054)	(14,683,378
Total capital assets						•
(net of accumulated depreciation)	2,951,537	1,024,494	1,729,247	92,507	5,797,785	6,497,723
Total non current assets	2,951,537	1,024,494	1,729,247	92,507	5,797,785	6,497,723
Total assets	9,777,630	1,057,813	1,910,908	186,891	12,933,242	10,924,966
Total assets	9,777,030	1,057,615	1,910,906	100,091	12,955,242	10,924,900
Deferred outflows of resources						
Deferred outflows of resources for pensions	485,597	190,718	48,672	-	724,987	114,306
Total asset and deferred						
outflows of resources	\$ 10,263,227	\$ 1,248,531	\$ 1,959,580	\$ 186,891	\$ 13,658,229	\$11,039,272

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

September 30, 2016

						Governmental
		Bu	siness-type Acti			Activities
				Harlingen Arts		
		Municipal	Municpal	and Heritage		Internal
	Sanitation	Golf Course	Auditorium	Museum	T-4-1	Service
	Fund	Fund	Fund	Fund	Total	Funds
Liabilities						
Current liabilities						
Accounts payable	\$ 167,289	\$ 21,737	\$ 8,317	\$ 8,933	\$ 206,276	\$ 72,188
Due to other funds	-	274,362	-	-	274,362	65,000
Compensated absences	63,000	2,000	-	-	65,000	51,933
Accrued expenses	68,791	21,922	17,013	1,870	109,596	11,224
Unearned revenue	-	-	1,000	-	1,000	
Total current liabilities	299,080	320,021	26,330	10,803	656,234	200,345
Long-term liabilities						
Compensated absences	162,112	59,009	18,892	4,756	244,769	-
Net other post employment benefit obligation	298,462	132,650	5,527	16,581	453,220	42,000
Net pension liability	417,243	163,872	41,821	-	622,936	98,216
Estimated liability for landfill postclosure costs	1,343,402	-	-	-	1,343,402	-
Total long term liabilities	2,221,219	355,531	66,240	21,337	2,664,327	140,216
Total liabilities	2,520,299	675,552	92,570	32,140	3,320,561	340,561
Deferred outflows of resources						
Deferred resource outflows for pensions	12,808	5,031	1,284	-	19,123	3,015
Net position						
Net investment in capital assets	2,951,537	1,024,494	1,729,247	92,507	5,797,785	6,497,723
Unrestricted	4,778,583	(456,546)	136,479	62,244	4,520,760	4,197,973
Total net position	7,730,120	567,948	1,865,726	154,751	10,318,545	10,695,696
Total liabilities, deferred inflows of						
resources and net position	\$ 10,263,227	\$ 1,248,531	\$1,959,580	\$ 186,891	\$ 13,658,229	\$11,039,272

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

Year ended September 30, 2016

						Governmental Activities	
	Business-type Activities						
				Harlingen Arts			
		Municipal	Municpal	and Heritage		Internal	
	Sanitation	Golf Course	Auditorium	Museum		Service	
	Fund	Fund	Fund	Fund	Totals	Funds	
Operating revenues							
Charges for services							
Current use charges	\$ 9,181,830	\$ -	\$ -	\$ -	\$ 9,181,830	\$ 7,293,522	
Golf course fees and charges	-	919,727	-	-	919,727	-	
Rental income	-	-	234,792	-	234,792	-	
Admissions	-	-	-	3,694	3,694		
Total operating revenues	9,181,830	919,727	234,792	3,694	10,340,043	7,293,522	
Operating expenses							
Personnel services	2,350,776	755,648	100,187	60,402	3,267,013	376,256	
Contracted services	1,318,819	168,174	214,662	44,196	1,745,851	4,505,952	
Materials and supplies	130,688	168,568	11,845	3,021	314,122	1,418,249	
Other expenses	3,080,914	70,621	28,754	19,978	3,200,267	165,418	
Depreciation and amortization	247,126	117,125	287,439	13,637	665,327	1,902,533	
Total operating expense	7,128,323	1,280,136	642,887	141,234	9,192,580	8,368,408	
Operating income (loss)	2,053,507	(360,409)	(408,095)	(137,540)	1,147,463	(1,074,886)	
Nonoperating revenues							
Interest revenue	10,188	10	19	304	10,521	4,778	
Gain (loss) on sale/disposal of capital assets	(26,850)	5,810	-	102	(20,938)	2,120	
Insurance recovery	22,103	-	-	-	22,103	-	
Miscellaneous revenue	3,476	176	856	2,373	6,881	-	
Total nonoperating revenues	8,917	5,996	875	2,779	18,567	6,898	
Income (loss) before operating transfers	2,062,424	(354,413)	(407,220)	(134,761)	1,166,030	(1,067,988)	
Transfers and capital contributions							
Transfers in	_	-	115,000	90,000	205,000	81,000	
Transfers out	(1,468,128)	(65,300)	-	-	(1,533,428)	(127,618)	
Capital contributions	124,518	-	_	_	124,518	475,420	
Total transfers and capital contributions	(1,343,610)	(65,300)	115,000	90,000	(1,203,910)	428,802	
Net income (loss)	718,814	(419,713)	(292,220)	(44,761)	(37,880)	(639,186)	
, ,	,						
Net position, beginning of year	7,011,306	987,661	2,157,946	199,512	10,356,425	11,334,882	
Net position, end of year	\$ 7,730,120	\$ 567,948	\$ 1,865,726	\$ 154,751	\$ 10,318,545	\$ 10,695,696	

Year ended September 30, 2016

		Bus	iness-type Acti	vities		Governmenta Activities
				Harlingen Arts		
		Municipal	Municpal	and Heritage		Internal
	Sanitation	Golf Course	Auditorium	Museum		Service
	Fund	Fund	Fund	Fund	Totals	Funds
Cash flows from operating activities						
Receipts from customers	\$ 9,229,903	\$ 920,085	\$ 229,637	\$ 3,694	\$10,383,319	\$ 7,336,375
•						
Payments to suppliers	(4,504,645)	(146,858)	(276,808)	(71,658)	(4,999,969)	(7,414,097)
Payments to employees	(2,237,076)	(712,760)	(91,263)	(59,159)	(3,100,258)	(349,217
Net cash provided by (used in) operations	2,488,182	60,467	(138,434)	(127,123)	2,283,092	(426,939)
Cash flows from (to) noncapital financing activities						
Transfers to other funds	(1,468,128)	(65,300)	-	-	(1,533,428)	(127,618
Transfers from other funds	-	-	115,000	90,000	205,000	81,000
Net cash provided by (used in) noncapital financing activities	(1,468,128)	(65,300)	115,000	90,000	(1,328,428)	(46,618
Cash flows from capital and related financing activities	22 102				22.102	
Insurance proceeds from capital asset disposal	22,103		-	102	22,103	2 120
Proceeds from sales of capital assets	(26,850)	5,810	-	102	(20,938)	2,120
Purchase of capital assets Net cash provided by (used in) capital and related financing activities	(90,316) (95,063)	- E 010	-	(12,516)	(102,832)	(403,659
Net cash provided by (used in) capital and related illiancing activities	(95,063)	5,810		(12,414)	(101,667)	(401,539
Cash flows from investing activities						
Interest received	10,188	10	856	304	11,358	4,778
Net cash provided by (used in) investing activities	10,188	10	856	304	11,358	4,778
Net increase (decrease) in cash and cash equivalents	935,179	987	(22,578)	(49,233)	864,355	(870,318
Cash and cash equivalents, beginning of year	5,699,185	3,582	199,719	143,608	6,046,094	4,720,409
Cash and cash equivalents, end of year	\$ 6,634,364	\$ 4,569	\$ 177,141	\$ 94,375	\$ 6,910,449	\$ 3,850,091
cash and cash equivalents, end of year	ψ 0,00 1,00 1	ψ 1,505	Ψ 1777111	Ψ 31,373	ψ 0,510,1.5	ψ 3,030,031
Reconciliation of operating income to net cash provided						
by operating activities:						
Operating income (loss)	\$ 2,053,507	\$ (360,409)	\$ (408,095)	\$ (137,540)	\$ 1,147,463	\$ (1,074,886
Adjustments to reconcile net income from operations to net	. , ,	, ,	, ,	, ,	, , ,	,
cash from operating activities						
Depreciation and amortization	253,524	117,125	287,439	13,637	671,725	956,746
Loss on capital asset disposition	(26,850)	117,123	207,433	-	(26,850)	330,740
Other revenue received	38,887	176	_		39,063	
Decrease in receivables		182		_		2 0 5 2
	19,860	-	357	-	20,399	2,852
Increase in prepaid items	(27,332)	-	(131)	-	(27,463)	(387,775
Decrease in due from component units	9,653	-	-	-	9,653	-
Increase in due from other funds	-	-	-	-	-	39,954
(Increase) decrease in inventories	-	3,385	-	-	3,385	(29,133
Decrease in net pension asset	500,897	192,901	48,788	-	742,586	114,297
Increase in deferred outflows of resources	(371,958)	(151,284)	(39,208)	-	(562,450)	(92,461
Increase (decrease) in accounts payable	4,193	(9,568)	(31,186)	(4,851)	(41,412)	38,263
Increase in due to other funds	125	274,362	-	-	274,487	-
Increase (decrease) in accrued expenses	18,545	(7,674)	9,770	388	21,029	3,122
Increase net other post employment benefit obligations	7,194	3,198	133	399	10,924	3,439
Increase (decrease) in compensated absences	(12,500)	933	(179)	844	(10,902)	-
Decrease in unearned revenues	,,	-	(5,512)	-	(5,512)	_
Decrease in deferred inflows of resources	(9,933)	(2,860)	(610)	_	(13,403)	(1,357
Increase (decrease) in estimated liability for landfill closure	(5,555)	(2,000)	(010)		(13,403)	(1,337
and post closure costs	30,370	_	_	-	30,370	_
Total adjustments	434,675	420,876	269,661	10,417	1,135,629	647,947
	-	-,				
Net cash provided by (used in) operations	\$ 2,488,182	\$ 60,467	\$ (138,434)	\$ (127,123)	\$ 2,283,092	\$ (426,939)
Supplemental disclosure of noncash activities:						
Contributed capital from other funds	\$ 124,518	\$ -	\$ -	\$ -	\$ 124,518	\$ 475,420
	Ψ 12-7,310	+	*	Ψ	7 12-7,310	÷ 175,420

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

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

September 30, 2016

	Pension
	Trust fund
Assets	
Cash and cash equivalents	\$ 30,08
Investments, at fair value:	
Mutual funds - equities	14,899,94
Mutual funds - fixed income	7,477,88
Mutual funds - specialty	6,339,28
Total assets	\$ 28,747,19
Liabilities	
Accounts payable	\$ 11
Total liabilities	11
Net position restricted for pensions	28,747,08
Total liabilities and net position restricted for pensions	\$ 28,747,19

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

Year ended September 30, 2016

real chaca deptember 50, 2010	Pension
	Trust Fund
Investment income	
Net appreciation in fair value of investments	\$ 2,431,999
Interest	497,191
Total investment income	2,929,190
Less investment expense	(143,491)
Net investment income	2,785,699
Contributions	
Employer	820,837
Plan member	820,837
Total contributions	1,641,674
Total additions	4,427,373
Deductions	
Benefits	1,953,685
Refunds of contributions	607,267
Administrative expense	24,755
Total deductions	2,585,707
Net change in plan net position	1,841,666
Net position held in trust for pension benefits	
Beginning of year	26,905,417
End of year	\$ 28,747,083

City of Harlingen, Texas

Component Units

Combining Statement of Net Position

September 30, 2016

	Harlingen	Harlingen			
	Economic	Community	Harlingen	Valley	
	Development	Improvement	Waterworks	International	
	Corporation	Board	System	Airport	Total
Assets					
Current assets					
Cash and cash equivalents	\$ 4,011,552	\$ 5,332,536	\$ 9,906,621	\$ 1,716,150	\$ 20,966,859
Investments - other	-	-	5,896,408	750,425	6,646,833
Investments - fair value	-	-	-	499,718	499,718
Receivables (net of allowances for uncollectible)					
Accounts	72,139	-	2,112,871	445,454	2,630,464
Grants	339,095	-	-	448,106	787,201
Interest	-	-	3,737	-	3,737
Due from other governments	-	113,032	-	-	113,032
Prepaid items	23,816	-	108,157	234,046	366,019
Inventories	-	-	390,004	-	390,004
Restricted assets:					
Cash and cash equivalents	-	-	4,236,075	-	4,236,075
Investments	-	-	7,644,727	-	7,644,727
Total current assets	4,446,602	5,445,568	30,298,600	4,093,899	44,284,669
Capital assets Non-depreciable assets	4,187,758	-	17,317,500	9,788,499	31,293,757
Depreciable assets	36,698,766	-	164,064,416	153,719,717	354,482,899
Accumulated depreciation	(4,686,704)	-	(111,570,052)	(99,716,422)	(215,973,178
Total capital assets, net	36,199,820	-	69,811,864	63,791,794	169,803,478
Long-term loans receivable	576,416	-	-	-	576,416
Long-term receivable from primary government	243,024	-	-	-	243,024
Redevelopment properties	565,686	310,034	-	-	875,720
	1,385,126	310,034	-	-	1,695,160
Total assets	42,031,548	5,755,602	100,110,464	67,885,693	215,783,307
Deferred outflows of resources					
Deferred charge on refunding	-	-	337,810	-	337,810
Deferred outflows of resources for pensions	-	-	1,988,470	420,842	2,409,312
Total deferred outflows of resources	-	-	2,326,280	420,842	2,747,122
Total assets and deferred					
outflows of resources	\$ 42,031,548	\$ 5,755,602	\$ 102,436,744	\$ 68,306,535	\$ 218,530,429

City of Harlingen, Texas

Component Units

Combining Statement of Net Position - Continued

September 30, 2016

3cptc///30, 2010	Harlingen	Harlingen			
	Economic	Community	Harlingen	Valley	
	Development	Improvement	Waterworks	International	
	Corporation	Board	System	Airport	Total
Liabilities					
Current liabilities					
Accounts payable	\$ 9,172	\$ 50,550	\$ 502,574	\$ 763,931	\$ 1,326,227
Other liabilities	-	-	702,989	-	702,989
Accrued expenses	14,907	-	-	-	14,907
Accrued interest	682,517	-	-	-	682,517
Unearned revenues	-	-	-	276,091	276,091
Compensated absences - current	-	-	543,517	-	543,517
Due to primary government	20,000	-	143,059	-	163,059
Payable from restricted assets:					
Accrued interest	-	-	334,305	-	334,305
Customer deposits - current	-	-	267,813	-	267,813
Current portion of non-current liabilities	2,034,251	-	1,484,834	25,000	3,544,085
Total current liabilities	2,760,847	50,550	3,979,091	1,065,022	7,855,510
Non-current liabilities					
Bonds and certificates of obligation payable	29,424,340	-	23,856,169	-	53,280,509
Compensated absences	-	-	233,000	253,548	486,548
Unearned revenues	-	-	-	1,277,127	1,277,127
Payable from restricted assets	-	-	1,885,000	-	1,885,000
Net pension liability	-	-	193,753	344,251	538,004
Net other post employment obligation	-	-	3,542,478	233,764	3,776,242
Total long-term debt	29,424,340	-	29,710,400	2,108,690	61,243,430
Total liabilities	32,185,187	50,550	33,689,491	3,173,712	69,098,940
Deferred inflows of resources					
Deferred inflows of resources from pensions	-	-	93,042	13,408	106,450
Not confide					
Net position	4 707 466		E4 44E 70-	62 202 575	440 405 400
Net investment in capital assets	4,787,109	-	51,415,795	62,282,576	118,485,480
Nonspendable	-				
Restricted for:					
Debt service	-	-	1,341,546	-	1,341,546
System expansion		<u> </u>	1,107,204	-	1,107,204
Unrestricted	5,059,252	5,705,052	14,789,666	2,836,839	28,390,809
Total net position	9,846,361	5,705,052	68,654,211	65,119,415	149,325,039
Total liabilities, deferred inflows	A 40 004 7 07	A = === coc	A 400 100 - 11	A 60 655 =5=	A 040 = 00 (= =
of resources and net position	\$ 42,031,548	\$ 5,755,602	\$ 102,436,744	\$ 68,306,535	\$ 218,530,429

City of Harlingen, Texas Component Units Combining Statement of Activities

Year ended September 30, 2016

			Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Harlingen economic development corporation				
Economic development services	\$ 3,117,192	\$ -	\$ 159,160	\$ -
Total harlingen economic development corporation	3,117,192	-	159,160	-
Harlingen community improvement board				
Community improvement services	124,626	-	-	-
Total harlingen community improvement board	124,626	-	-	-
Harlingen waterworks system				
Water and sewer services	20,305,543	19,887,653	-	219,410
Total harlingen waterworks system	20,305,543	19,887,653	-	219,410
Valley international airport				
Airport services	11,136,415	6,021,600	-	4,391,702
Total valley international airport	11,136,415	6,021,600	-	4,391,702
Total component units	\$ 34,683,776	\$ 25,909,253	\$ 159,160	\$ 4,611,112

General revenues:

Nonproperty taxes

Unrestricted investment earnings

Miscellaneous revenue

Total general revenues and special item

Change in net position

Net position--beginning

Net position--ending

	Government	rnmental Activities			Business-type Activities				
	Harlingen		lingen						
	Economic		munity	nity Harlingen Valley		•			
	evelopment	•	ovement	Wat	erworks	In	ternational		
C	orporation	В	oard	Sy	/stem		Airport		Total
\$	(2,958,032)	\$	-	\$	-	\$	-	\$	(2,958,032)
	(2,958,032)		-		-		-		(2,958,032)
	-		124,626)		-		-		(124,626)
	-	(1	124,626)		-		-		(124,626)
	-		-		(198,480)		-		(198,480)
	-		-		(198,480)				(198,480)
					(===, ==,				(===, ===,
	-		-		-		(723,113)		(723,113)
	-		-		-		(723,113)		(723,113)
									(4,004,251)
	4,329,262	1.4	118,728		_		_		5,747,990
	6,816	±,-	421		117,496		12,851		137,584
	628,163		-		580,544		118,723		1,327,430
	4,964,241	1.4	119,149		698,040		131,574		7,213,004
	2,006,209		294,523		499,560		(591,539)		3,208,753
	7,840,152		110,529	68	,154,651		65,710,954		146,116,286
\$	9,846,361		705,052		,654,211	\$	65,119,415		149,325,039
	, ,	. ,	,		. ,	•		•	, ,

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NOTES TO FINANCIAL STATEMENTS

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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.

a. Reporting Entity

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

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

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

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

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

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

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

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 134 East Van Buren Harlingen, Texas 78550

Valley International Airport Airport Terminal Building Harlingen, Texas 78550 Harlingen Economic Development Corporation 2424 Boxwood Street, Suite 125 Harlingen, Texas 78550

Harlingen Community Improvement Board 118 East Tyler Harlingen, Texas 78550

b. Implementation of New Accounting Statements

For fiscal year 2015-16, the City has implemented the following new statements of financial accounting standards issued by the Governmental Accounting Standards Board.

Statement No. 72, Fair Value Measurement and Application. GASB 72 addresses accounting and financial reporting issues related to fair value measurements. The objective of this statement is to enhance comparability of governmental financial statements by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. The implementation of this statement requires additional footnote disclosures only. See Note 3.

Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify-in the context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement has no impact on the City's financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Statement No. 79, Certain External Investment Pools and Pool Participants. Elements of GASB 79 were effective for the fiscal year ending September 30, 2016, with the remaining provisions effective for the fiscal year ending September 30, 2017. The City implemented all provisions of the statement for the fiscal year ended September 30, 2016. This statement allows governments to continue amortized cost accounting for certain investment pools. The implementation of this statement requires additional footnote disclosures only. See Note 3.

c. 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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The City reports the following two major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

In addition, the City reports the following 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

d. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

d. Measurement Focus and Basis of Accounting - Continued

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

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

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The City'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.

e. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 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, 2016 are recorded as prepaid items, in both governmental and fund financial statements.

f. Restricted Assets

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

g. Redevelopment Properties

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

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

h. Capital Assets

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

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

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

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

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

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

i. Long-Term Obligations

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

m. Net Position Flow Assumption

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

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

n. Fund Balance Flow Assumptions

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

o. Fund Balance Policies

Fund 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

r. Prior Year Reclassification

The financial statements for the fiscal year ended September 30, 2015, have been reclassified to conform with the presentation of the statements for the fiscal year ended September 30, 2016.

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

a. 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.

NOTE 2- STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

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.

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.

b. Deficit Fund Equity

A deficit balance in fund balance occurred in the following fund for the year ended September 30, 2016 and by the indicated amounts. The deficit will be reimbursed by the general fund.

Communication Center

\$(210,469)

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, 2016, 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. The City was not collateralized at 102% for two days during the year.

Investments-other, that are not debt securities, including accrued interest, as of September 30, 2016 are as follows:

	<u>Investment-other</u>	Maturities (in years)
Primary Government	Book Value	1 or less
Certificates of deposits	\$ 4,185,023	\$ 4,185,023
Component Units		
Certificates of deposits	<u>14,291,560</u>	<u>14,291,560</u>
	\$ <u>18,476,583</u>	\$ <u>18,476,583</u>

A reconcilement of cash and investments follows:

	Pr			
	Governmental	Business-Type		Component
	Activities	Activities	<u>Total</u>	<u>Units</u>
Cash and cash equivalents	\$14,563,577	\$2,727,160	\$17,290,737	\$12,441,824
TexStar	-	-	-	3,393,335
TexPool	13,186,400	4,183,289	17,369,689	6,333,801
Money market accounts	-	-	-	3,033,974
Certificates of deposit	4,185,023	-	4,185,023	14,291,560
FHLB-Bonds	<u>-</u>	<u>-</u>	<u>-</u>	499,718
	\$ <u>31,935,000</u>	\$ <u>6,910,449</u>	\$ <u>38,845,449</u>	\$ <u>39,994,212</u>

At September 30, 2016, 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.

NOTE 3 – DEPOSITS AND INVESTMENTS - Continued

Primary Government

Primary Government				% of Bond	
<u>Maturity</u>	Security Description	Maturity Date	Book Value	<u>Holding</u>	Rate
0-3 months			4.= 0.00 0.00	00 -00/	
Investment pool	TexPool		\$17,369,689	80.59%	
<u>3-6 months</u> Certificates of deposit					
deposit	Lone Star National Bank	2/25/16	2,094,652	9.72%	0.30%
<u>9-12 months</u>					
Certificates of deposit	Lone Star National Bank	8/24/17	2,090,371	9.70%	0.45%
Deposit	Lone Star National Bank	8/24/17	2,090,371	9.70%	0.45%
Investments-other – Primary Gove	ernment		\$ <u>21,554,712</u>		
Components Units					
Pools	TexStar		\$ 3,393,335		
	TexPool		6,333,801		
			9,727,136	35.96%	
Money Market	Green Bank		1,003,577		0.55%
	Southside Bank		2,030,397		0.53%
6-8 Months			3,033,974	11.22%	
Certificates of deposit	Legacy Bank		2,007,228		0.62%
·	Legacy Bank		1,002,023		0.60%
	Legacy Bank		2,509,762		0.65%
	Legacy Bank		2,000,000		0.68%
			7,519,013	27.79%	
9-12 Months					
Certificates of deposit	Southside Bank		2,009,878		0.55%
	Southside Bank		1,006,707		0.75%
	Texas Regional Bank		250,845		0.67%
	Everbank		248,821		0.65%
	Wells Fargo Bank		248,821		0.90%
	Legacy Bank		1,002,675		0.65%
	Legacy Bank		1,002,530		0.75%
landa da anta anta anta anta anta anta an	Legacy Bank		1,002,270	25.020/	0.40%
Investments-other Component Un	ITS		6,772,547	25.03%	
Total investments-other			\$ <u>27,052,670</u>		

The amounts for the Investment-other Pools (TexPool and TexStar) are included for financial reporting purposes in cash and cash equivalents on the Balance Sheet and on the Statement of Net Position.

NOTE 3 – DEPOSITS AND INVESTMENTS – Continued

As of September 30, 2016, the City's external investment pools meet the criteria described in GASB Statement No. 79 and 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, 2016:

			Inputs		Weighted Average Maturity
	9/30/16	(Level 1)	(Level 2)	(Level 3)	(Days)
Debt Securities					
Federal Home Loan Bank-Bonds	\$249,940	\$ -	\$249,940	\$ -	54
Federal Home Loan Bank-Bonds	249,778		249,778	-	242
Investments by fair value level	\$ <u>499,718</u>	\$ <u> </u>	\$ <u>499,718</u>	\$ <u> </u> -	<u>296</u>

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

Credit Risk

As of September 30, 2016, 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, 2016 represents 50% of the total portfolio and TexPool represents 50%. The investment policy is silent in the concentration of holding in the various types of securities and investments.

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, 2016. The composition of these investments is as follows:

	<u>Fair Value</u>
Equities	
Domestic	\$10,890,293
International	4,009,650
Fixed income	
Domestic	6,606,805
International	871,077
Specialty	<u>6,339,285</u>
	\$ 28,717,110

The Firemen's fund has adopted the provisions of GASB Statement 72 and fully disclosed in the notes to the financial statements the fair value hierarchy and the methods of valuing the related investments as required under generally accepted accounting principles. A summary of the hierarchy is as follows:

Level 2 inputs are significant other observable inputs

\$28,717,110

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

Interest Rate Risk

The investment policy does not address interest rate risk.

Credit Risk

The total fixed income investment of \$7,477,882 is subject to interest rate risk. Of this total, \$2,304,301 is in high yield bonds which are rated BB. The remaining amount of \$5,173,581 is in investment grade bonds rated AAA. The Firemen's investment policy has established that the fixed income portfolio must have an average credit quality of A or higher. The Firemen's Fund investment policy establishes the allowable investment types and grades of the fund.

NOTE 3 – DEPOSITS AND INVESTMENTS – Continued

Concentration of Credit Risk

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

Custodial Credit Risk

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

NOTE 4 - RECEIVABLES

Receivables at September 30, 2016 consist of the following:

	<u></u>		Governm	ental Activities		
		Community	Other		Internal	Governmental
	General	Development	Governmental		Service	Activities
	<u>Fund</u>	Fund	Funds	Total	_ Funds	Total
Taxes	\$1,141,493	\$ -	\$ 377,584	\$1,519,077	\$ -	\$1,519,077
Accounts	1,032,020	6,709	552,037	1,590,766	29,990	1,620,756
Assesments	-	12,817	36,862	49,679	-	49,679
Due from other governments	1,320,925	-	614,512	1,935,437	-	1,935,437
Due from other funds	1,080,717	-	-	1,080,717	-	1,080,717
Due from component unit	78,441	<u>-</u> _	2,898	81,339	122	81,461
Gross receivables	4,653,596	19,526	1,583,893	6,257,015	30,112	6,287,127
Allowance for uncollectibles	(190,606)	 _	(78,281)	(268,887)	(5,750)	(274,637)
Net receivables	\$4,462,990	\$ 19,526	\$1,505,612	\$5,988,128	\$ 24,362	\$6,012,490
	· <u></u>	· · · · · · · · · · · · · · · · · · ·	· <u></u>			· · · · · · · · · · · · · · · · · · ·
		Business-typ	pe Activities			
		Municipal	•	Harlinger	n Arts	
		Golf	Municipal	and Herit		
	<u>Sanitation</u>	Course	<u>Auditorium</u>	Museu	<u>ım</u>	Total
Accounts	\$121,567	\$ 3,724	\$ 4,389	\$	9	\$129,689
Allowance for uncollectibles	(38,768)	-	-		-	(38,768)
Due from component unit	81,598	-	_		_	81,598
Net receivables	\$ <u>164,367</u>	\$ 3,724	\$ <u>4,389</u>	\$	9	\$ <u>172,519</u>
	· 	· <u></u>	- -	-	_	·
		Com	ponent Units			
	Harlingen	Harlingen				
	Economic	Community	Harlingen	Val	ley	
	Development	Improvement	Waterworks	s Internat	ional	
	Corporation	<u>Board</u>	System	Airp	<u>ort</u>	Total
Accounts	\$ 72,139	\$ -	\$2,324,871	. \$445,	454	\$2,842,464
Grants	339,095	-	-	448,	106	787,201
Interest	-	-	3,737	•	-	3,737
Due from other governments		113,032		<u> </u>	<u>-</u>	113,032
Gross receivables	411,234	113,032	2,328,608	893,	560	3,746,434
Allowance for uncollectibles	<u>-</u>	<u>-</u>	(212,000		<u>-</u>	(212,000)
Net receivables	\$ <u>411,234</u>	\$ <u>113,032</u>	\$2,116,608	\$ <u>893,</u>	<u>560</u> \$	3,534,434
						

NOTE 4 - RECEIVABLES - Continued

a. 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, 2016 is as follows:

Governmental Activities

	Beginning			Transfers/	Ending
	Balance	Additions	<u>Retirements</u>	<u>Reclassifications</u>	Balance
Capital assets, not being depreciated:					
Land	\$ 6,677,882	\$ -	\$ -	\$ -	\$ 6,677,882
Construction in progress	5,231,994	1,461,207	<u>-</u>	(<u>5,763,290</u>)	929,911
	11,909,876	1,461,207	-	(5,763,290)	7,607,793
Capital assets, being depreciated:					
Buildings	31,864,779	-	-	-	31,864,779
Improvements	21,637,859	240,949	(24,547)	1,259,010	23,113,271
Machinery and equipment	33,169,427	2,337,786	(1,282,000)	(8,825)	34,216,388
Infrastructure	206,545,060	262,173	<u>-</u>	4,906,528	<u>211,713,761</u>
	293,217,125	2,840,908	(1,306,547)	6,156,713	300,908,199
Less accumulated depreciation for:					
Buildings	(7,475,571)	(763,619)	-	-	(8,239,190)
Improvements	(8,530,234)	(1,188,072)	24,547	8,410	(9,685,349)
Machinery and equipment	(20,928,963)	(2,513,069)	1,155,674	290	(22,286,068)
Infrastructure	(130,623,961)	(3,750,260)	<u>-</u>	<u>-</u>	(134,374,221)
Total accumulated depreciation	(<u>167,558,729</u>)	(8,215,020)	1,180,221	8,700	(174,584,828)
Total capital assets, being depreciated, net	125,658,396	(5,374,112)	(126,326)	<u>6,165,413</u>	126,323,371
Governmental activities, capital assets, net	\$ <u>137,568,272</u>	\$(<u>3,912,905</u>)	\$ <u>(126,326</u>)	\$ <u>402,123</u>	\$ <u>133,931,164</u>

NOTE 5 - CAPITAL ASSETS - Continued

Depreciation was charged to government functions as follows:

General Government	\$1,407,475
Public Safety	4,456,488
Highways and Streets	769,432
Health and Welfare	772,355
Culture and Recreation	809,270
Total depreciation – governmental activities	\$ <u>8,215,020</u>

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

Capital asset activity for the year ended September 30, 2016 is as follows:

Business-type Activities	Beginning Balance	Additions	<u>Retirements</u>	Transfers/ Reclassification	Ending Balance
Capital assets, not being depreciated: Land Construction in progress Total capital assets, not being depreciated	\$ 467,083 1,253,207 1,720,290	\$ - 412,033 412,033	\$ - 	\$ - (<u>1,650,351</u>) (1,650,351)	\$ 467,083 14,889 481,972
Capital assets, being depreciated: Buildings Improvements Equipment	4,367,268 4,418,919 <u>2,706,260</u> 11,492,447	- - <u>223,279</u> 223,279	- (<u>136,789</u>) (136,789)	1,248,103 - 8,825 1,256,928	5,615,371 4,418,919 2,801,575 12,835,865
Less accumulated depreciation for: Buildings Improvements Equipment Total accumulated depreciation	(2,129,161) (3,166,064) (1,687,590) (6,982,815)	(132,777) (197,908) (<u>334,641</u>) (<u>665,326</u>)	136,789 136,789	(8,700) (8,700)	(2,261,938) (3,363,972) (1,894,142) (7,520,052)
Total capital assets, being depreciated, net Business type activities capital assets, net	4,509,632 \$6,229,922	(442,047) \$_(30,014)	\$ <u> </u>	1,248,228 \$_(402,123)	5,315,813 \$5,797,785

Depreciation was charged to business type activity functions as follows:

Municipal Auditorium	\$287,439
Sanitation	247,126
Arts and Heritage Museum	13,637
Municipal Golf Course	<u>117,124</u>
Total depreciation - business-type activities	\$665,326

NOTE 5 - CAPITAL ASSETS - Continued

Capital asset activity for the Economic Development Corporation for the year ended September 30, 2016, is as follows:

	Balance at <u>October 1, 2015</u>	Additions	<u>Deletions</u>	Balance at September 30, 2016
Nondepreciable capital assets				
Land	\$ 4,187,758	\$ -	\$ -	\$ 4,187,758
Depreciable capital assets				
Building	31,902,903	-	-	31,902,903
Improvements	4,795,863	<u>-</u>	<u>-</u>	4,795,863
	36,698,766	-	-	36,698,766
Accumulated depreciation				
Building	(3,190,290)	(199,394)	-	(3,389,684)
Improvements	<u>(1,217,090</u>)	<u>(79,930</u>)	<u>-</u>	<u>(1,297,020</u>)
	(4,407,380)	(279,324)	-	(4,686,704)
Total capital assets, being depreciated, net	32,291,386	(<u>279,324</u>)		32,012,062
Total capital assets	\$ <u>36,479,144</u>	\$(<u>279,324</u>)	\$	\$ <u>36,199,820</u>

Depreciation expense for the year ended September 30, 2016 totaled \$279,324.

Capital asset activity for Valley International Airport for the year ended September 30, 2016, is as follows:

	Beginning Balance				Ending Balance
	October 1,				September 30,
	2015	Additions	Transfers	Disposals	2016
Capital assets not being depreciated					
Construction in progress	\$ 1,710,531	\$4,351,264	\$(1,284,376)	\$ -	\$ 4,777,419
Land	5,011,080				5,011,080
Total capital assets not being depreciated	6,721,611	4,351,264	(1,284,376)	-	9,788,499
Other capital assets					
Buildings	38,566,743	-	-	-	38,566,743
Runways and taxiways	67,086,686	-	-	-	67,086,686
Land improvements	23,389,823	-	1,016,257	-	24,406,080
Furniture and fixtures	3,108,597	-	-	-	3,108,597
Machinery and equipment	19,875,445	620,001	268,119	<u>(211,954</u>)	20,551,611
Total other capital assets	152,027,294	620,001	1,284,376	(211,954)	153,719,717
Less accumulated depreciation for:					
Buildings	(27,178,090)	(914,115)	-	-	(28,092,205)
Runways and taxiways	(39,321,912)	(2,507,827)	-	-	(41,829,739)
Land improvements	(15,160,417)	(642,434)	-	-	(15,802,851)
Furniture and fixtures	(1,544,864)	(139,768)	-	-	(1,684,632)
Machinery and equipment	(11,346,900)	(1,050,151)		90,056	(12,306,995)
Total accumulated depreciation	(<u>94,552,183</u>)	(<u>5,254,295</u>)		90,056	(<u>99,716,422</u>)
Total capital assets, being depreciated, net	<u>57,475,111</u>	(<u>4,634,294</u>)	<u>1,284,376</u>	(<u>121,898</u>)	54,003,295
Totals	\$ <u>64,196,722</u>	\$ <u>(283,030</u>)	\$ <u> </u>	\$(<u>121,898</u>)	\$ <u>63,791,794</u>

Depreciation expense for the year ended September 30, 2016 totaled \$5,254,295.

NOTE 5 - CAPITAL ASSETS - Continued

Capital asset activity for Harlingen Waterworks System is as follows:

Capital assets, not being depreciated	Beginning Balance	Reclass and <u>Additions</u>	Reclass and <u>Disposals</u>	Ending Balance
Water rights	\$ 5,423,369	\$ -	\$ -	\$ 5,423,369
Land	1,189,507	12,582	- -	1,202,089
Construction in progress	4,997,226	6,380,135	685,319	10,692,042
Total capital assets, not being depreciated	\$ <u>11,610,102</u>	\$ <u>6,392,717</u>	\$685,319	\$17,317,500
rotal capital assets, not being depreciated	Ψ <u>11)010)102</u>	φ <u>σ,552,717</u>	ψ <u>σσσ,σ1σ</u>	ψ <u>17,317,300</u>
Other capital assets				
Vehicles	2,834,751	215,193	77,895	2,972,049
Water production plant	27,649,069	-	18,881	27,630,188
Water transmission facilities and equipment	54,193,453	1,014,194	40,982	55,166,665
Wastewater treatment plant	23,153,390	180,712	8,400	23,325,702
Wastewater collection line, lift				
stations and equipment	50,442,241	155,003	-	50,597,244
Laboratory buildings and equipment	296,167	19,471	-	315,638
Pretreatment buildings and equipment	76,801	-	-	76,801
Office buildings and equipment	3,953,002	<u>27,127</u>	<u>-</u> _	3,980,129
Total other capital assets being depreciated	162,598,874	1,611,700	146,158	164,064,416
Less accumulated depreciation				
Vehicles	(1,945,720)	(264,744)	77,896	(2,132,568)
Water production plant	(19,433,319)	(644,809)	18,576	(20,059,552)
Water transmission facilities and equipment	(33,151,056)	(1,423,565)	2,584	(34,572,037)
Wastewater treatment plant	(20,318,564)	(781,967)	5,749	(21,094,782)
Wastewater collection line, lift	, , , ,	, , ,	•	, , , ,
stations and equipment	(28,711,894)	(1,708,152)	-	(30,420,046)
Laboratory buildings and equipment	(211,097)	(19,321)	-	(230,418)
Pretreatment buildings and equipment	(72,956)	(1,087)	-	(74,043)
Office buildings and equipment	(2,828,026)	(158,580)	<u>-</u> _	(2,986,606)
Total accumulated depreciation	(106,672,632)	(5,002,225)	104,805	(111,570,052)
Capital assets, net of accumulated				
depreciation	\$ <u>67,536,344</u>	\$ <u>3,002,192</u>	\$ <u>726,672</u>	\$ <u>69,811,864</u>

Harlingen Waterworks System depreciation expense during the fiscal year totaled \$5,002,225.

NOTE 6 - LOANS RECEIVABLE

Loans and notes receivable at September 30, 2016, consist of the following:

·		Governmental Activi	ities	Component <u>Unit</u>
		Community		Economic
	General	Development		Development
	<u>Fund</u>	Block Grant	<u>Total</u>	Corporation
Rehabilitation loans	\$ -	\$104,868	\$104,868	\$ -
Deferred loans	-	401,796	401,796	-
Replacement loans	-	299,272	299,272	-
Home loans	-	53,118	53,118	-
Business development loans	-	-	-	819,440
Other	17,272	<u>118,846</u>	<u>136,118</u>	<u>-</u>
	\$ <u>17,272</u>	\$ <u>977,900</u>	\$ <u>995,172</u>	\$ <u>819,440</u>

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

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

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

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

Included in the business development loans balance of \$819,440 is a loan receivable from the primary government totaling \$576,416.

NOTE 7 - PAYABLE FROM RESTRICTED ASSETS

Payables from restricted assets of the Harlingen Waterworks (a component unit of the City) at September 30, 2016 consist of the following:

	<u> 2016 </u>	<u>2015</u>
Current		
Accrued interest	\$ 334,305	\$ 107,643
Customer deposits	267,813	272,803
Noncurrent		
Customer deposits	<u>1,885,000</u>	1,600,000
Total	\$ <mark>2,487,118</mark>	\$ <u>1,980,446</u>

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:

	<u>Unearned</u>
Governmental Activities	
Grants	\$ <u>481,336</u>
Component Units	
Valley International Airport	\$ <u>1,553,218</u>

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

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:

2017 (current portion)		\$ 276,091
2018	\$ 219,976	
2019	211,504	
2020	211,504	
2021	211,504	
Succeeding years	<u>422,639</u>	
Long-term portion		1,277,127
Total		\$ <u>1,553,218</u>

^{*}At September 30, 2016, several leaseholders at the Airport had prepaid their monthly leases in the total amount of \$44,000.

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 \$5,012,316. Included in operating revenues are contingent rental payments which are revenues that increase or decrease rents after the inception of the lease resulting from changes in factors (such as usage) on which the lease payments are based. Contingent rental payments in 2015 were \$596,635.

NOTE 9 - OPERATING LEASES - Continued

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

Year ending September 30:	
2017	\$ 3,463,920
2018	2,840,139
2019	1,728,998
2020	367,818
2021	247,743
Later years	<u>1,708,830</u>
Total minimum future rentals	\$ <u>10,357,448</u>

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

NOTE 10 - LONG-TERM DEBT

a. Notes Payable

Notes payable at September 30, 2016 consist of the following:

Component Unit

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

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

			Total
Year Ending			Debt Service
September 30,	<u> Principal</u>	Interest	Required
2017	\$ 410,000	\$ 83,628	\$493,628
2018	425,000	66,344	491,344
2019	445,000	48,335	493,335
2020	465,000	29,498	494,498
2021	480,000	<u>9,936</u>	489,936
	\$ <u>2,225,000</u>	\$ <u>237,741</u>	\$ <u>2,462,741</u>

NOTE 10 - LONG-TERM DEBT - Continued

b. General Obligation Bonds and Certificates of Obligation

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

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

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

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

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 - LONG-TERM DEBT - Continued

b. General Obligation Bonds and Certificates of Obligation - Continued

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, construction, 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%.

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%.

Advance Refunding

During the year ended September 30, 2016, the City issued \$23,915,000 General Obligation Refunding Bonds, Series 2016. Net proceeds from the sale, including a \$554,521 issuer contribution, totaled \$27,106,526. Of these proceeds, \$26,756,345 was placed with an escrow agent to provide for all future debt payments of the refunded bonds.

This refunding resulted in a decrease in the City's debt service payments of \$3,683,217, which resulted in an economic gain (difference between the present value of the debt service payments of the old and new debt) of \$3,387,022.

As a result of this transaction, \$9,885,000 of general obligation bonds and \$15,865,000 of combination tax and revenue certificates of obligation of governmental activities were refunded and are considered legally defeased. As such, they are no longer included as liabilities in the City's basic financial statements.

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, 2016, the following outstanding bonds are considered defeased:

<u>Series</u>	Ending Balance
2004	\$ 2,295,000
2005	2,380,000
2006	2,010,000
2007 GO	7,875,000
2007 CP	15,865,000

NOTE 10 - LONG-TERM DEBT - Continued

b. General Obligation Bonds and Certificates of Obligation - Continued

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

Governmental Activities:	Original Amount	Interest Rate(s)	Beginning Balance 10/1/2015	Additions	Reductions	Ending Balance <u>9/30/2016</u>	Due in One Year
General Obligation							
2006 Series, Refunding Bonds	\$ 3,270,000	3.75 - 4.36%	\$ 2,170,000	\$ -	\$ (2,170,000)	\$ -	\$ -
2007 Series, Refunding Bonds	10,630,000	4.0 - 4.5%	8,750,000	-	(8,240,000)	510,000	510,000
2010 Series, Refunding Bonds	2,540,000	2.0 - 2.5%	305,000	-	(305,000)	-	-
2011 Series, Refunding Bonds	3,315,000	2.39%	2,440,000	-	(285,000)	2,155,000	285,000
2013 Series, Refunding Bonds	3,215,000	2.000-2.500%	2,725,000	-	(430,000)	2,295,000	435,000
2016 Series, Refunding Bonds				23,915,000		23,915,000	<u>-</u>
Total General Obligation Bonds			16,390,000	23,915,000	(11,430,000)	28,875,000	1,230,000
Certificates of Obligation							
Combination Tax Revenue CO							
2007 Series	22,000,000	4.0 - 4.5%	17,795,000	-	(16,675,000)	1,120,000	1,120,000
2010 Series	3,090,000	2.0 - 4.125%	2,580,000	-	(135,000)	2,445,000	140,000
2012 Series	2,280,000	1.6 - 3.000%	2,280,000	-	(75,000)	2,205,000	115,000
2013 Series	3,070,000	2.0 - 3.250%	3,040,000		(45,000)	2,995,000	100,000
Total Certificates of Obligation			25,695,000		(16,930,000)	8,765,000	<u>1,475,000</u>
Total Bonded Debt			\$ <u>42,085,000</u>	\$ <u>23,915,000</u>	\$(<u>28,360,000</u>)	\$ <u>37,640,000</u>	\$2,705,000

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

Year Ending	General Ob	General Obligation Bonds		of Obligation	Total G. O. and C. O. Debt		
September 30,	Principal	Interest	Principal	Interest	<u>Principal</u>	Interest	
2017	\$ 1,230,000	\$ 987,060	\$1,475,000	\$ 255,894	\$ 2,705,000	\$ 1,242,954	
2018	2,455,000	857,131	425,000	213,569	2,880,000	1,070,700	
2019	2,505,000	806,546	440,000	202,219	2,945,000	1,008,765	
2020	2,560,000	754,892	450,000	190,307	3,010,000	945,199	
2021	2,650,000	668,493	460,000	179,157	3,110,000	847,650	
2022-2026	14,560,000	1,620,667	2,505,000	704,153	17,065,000	2,324,820	
2027-2031	2,915,000	43,725	1,705,000	342,761	4,620,000	386,486	
2032-2036			1,305,000	102,638	1,305,000	102,638	
	\$ <u>28,875,000</u>	\$ <u>5,738,514</u>	\$ <u>8,765,000</u>	\$ <u>2,190,698</u>	\$ <u>37,640,000</u>	\$ <u>7,929,212</u>	

c. 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, 2016, are as follows:

NOTE 10 - LONG-TERM DEBT - Continued

Revenue Bonds are used to finance the acquisition and construction of major capital improvements for the water and sewer system and related facilities. The revenue bonds are special obligations of the System 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, 2016, 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.

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, 2016, 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 1st and November 1st; and principal payments due annually on November 1st. 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, 2016.

NOTE 10 - LONG-TERM DEBT - Continued

NOTE 10 - LONG	I-TEKIVI DE	Original Amount	Interest Rate(s)	Beginning Balance 10/1/2015	Additions	Reductions	Ending Balance <u>9/30/2016</u>	Due in One Year
Component Units								
Harlingen Economic D	evelopment C	orporation						
Sales tax revenue bond	ds							
Series 2010A		\$19,150,000	2.00 - 5.125%	\$17,145,000	\$ -	\$ (705,000)	\$16,440,000	\$ 725,000
Sales tax and lease ren								
Revenue Bonds Se	eries 2010B	13,075,000	2.71 – 5.750%	11,965,000		(400,000)	11,565,000	425,000
Total Harlingen	EDC	32,225,000		29,110,000	-	(1,105,000)	28,005,000	1,150,000
Harlingen Waterwork	s System							
2010 Series "A" Water	works &							
Sewer System Rev	enue							
Refunding Bonds		6,500,000	2.0 - 4.25%	6,290,000	-	(210,000)	6,080,000	215,000
2010 Series "B" Water	works &							
Sewer System Rev	enue							
Refunding Bonds		4,205,000	2.0 - 3.0%	695,000	-	(110,000)	585,000	110,000
2015 Series "A" Water	works &							
Sewer System Rev	enue							
Bonds		12,000,000	2.0 - 3.75%	12,000,000	-	-	12,000,000	450,000
2015 Series "B" Water	works &							
Sewer System Rev	enue							
Refunding Bonds		6,475,000	2.0 – 3.75%	6,475,000	-		6,475,000	680,000
Total Harlingen Water	works System	21,535,000		25,460,000	-	(320,000)	25,140,000	<u>1,455,000</u>
Total Component Ur	-	\$53,760,000		\$54,570,000	\$ <u> </u>	\$(1,425,000)	\$53,145,000	\$2,605,000
·		· · · · · · · · · · · · · · · · · · ·		· <u> </u>		, , , , , , , , , , , , , , , , , , , ,		
		Harlingen E	conomic					
	De	evelopment Co	orporation	Harlingen V	Vaterworks Sys	tem		
Year Ending		x and Lease Re	evenue Bonds		wer Revenue B		Total Compone	nt Units
September 30,		cipal_	Interest	<u>Principal</u>	Intere		rincipal	<u>Interest</u>
2017		50,000	\$ 1,561,724	\$ 1,455,000			2,605,000	\$2,349,505
2018	1,19	95,000	1,512,013	1,480,000	757,	606 2	2,675,000	2,269,619
2019	1,25	55,000	1,456,650	1,525,000			2,780,000	2,175,757
2020	1,31	10,000	1,397,538	1,565,000	672,	756 2	2,875,000	2,070,294
2021	1,38	30,000	1,330,969	1,615,000	625,	056 2	2,995,000	1,956,025
2022-2026	8,14	10,000	5,407,509	5,390,000	2,594,	213 13	3,530,000	8,001,722
2027-2031	10,95	50,000	2,596,545	6,380,000	1,641,	763 17	7,330,000	4,238,308
2032-2036	2,62	<u> 25,000</u>	<u>81,930</u>	5,730,000	<u>569,</u>	<u>584</u> <u>8</u>	<u>3,355,000</u>	651,514

Component Unit

\$28,005,000

\$15,344,878

In March 2005, the Airport entered into a lease-purchase agreement with TAC Americas Inc., for the purchase of a TAC Vista energy management system to be installed in the Terminal and Federal buildings. The lease agreement includes an option to purchase the energy management system. The entire balance outstanding of \$507,567 as of September 30, 2012, was paid off during fiscal year 2013, eliminating the lease obligation at September 30, 2016.

\$25,140,000

\$8,367,866

\$53,145,000

\$23,712,744

NOTE 10 - LONG-TERM DEBT - Continued

d. Changes in Long-term Liabilities

During the year ended September 30, 2016, the following changes occurred:

Governmental Activities General obligation debt	Beginning Balance 10/1/2015 \$16,390,000	<u>Additions</u> \$23,915,000	Reductions \$(11,430,000)	Ending Balance 9/30/2016 \$28,875,000	Amounts Due Within One Year \$1,230,000
Certificates of obligation	25,695,000	-	(16,930,000)	8,765,000	1,475,000
Capital lease	1,258,116	-	(147,835)	1,110,281	142,871
Deferred amounts					
Discounts	(9,598)	1,082	-	(8,516)	-
Premiums	144,428	2,595,061	(12,838)	2,726,651	-
Notes payable	3,589,635	-	(70,000)	3,519,635	-
Compensated absences	3,669,855	1,327,782	(655,152)	4,342,485	700,000
Long-term liabilities (excluding pension)	50,737,436	27,838,925	(29,245,825)	49,330,536	3,547,871
Net pension liability – Governmental Activities	-	5,557,666	-	5,557,666	-
Net pension liability - Firemen's Relief	12,946,750	28,963,514	(4,795,570)	37,114,694	-
Net OPEB - Governmental Activities	2,772,439	270,773	(202,299)	2,840,913	
Total long-term liabilities	66,456,625	62,630,878	(34,243,694)	94,843,809	3,547,871
Business-type Activities					
Landfill postclosure liability	1,313,032	30,370	-	1,343,402	-
Compensated absences	320,671	53,148	<u>(64,050</u>)	309,769	65,000
Long-term liabilities (excluding pension)	1,633,703	83,518	(64,050)	1,653,171	65,000
Net pension liability – Business-type Activities	-	622,936	-	622,936	-
Net OPEB - Business-type Activities	<u>442,296</u>	43,197	(32,273)	<u>453,220</u>	
Total long-term liabilities (business-type)	2,075,999	<u>749,651</u>	<u>(96,323</u>)	<u>2,729,327</u>	<u>65,000</u>
Total primary government	\$ <u>68,532,624</u>	\$ <u>63,380,529</u>	\$(<u>34,340,017</u>)	\$ <u>97,573,136</u>	\$ <u>3,612,871</u>
Component Units	Beginning Balance 10/1/2015	<u>Additions</u>	Reductions	Ending Balance <u>9/30/2016</u>	Amounts Due Within One Year
·					
Harlingen Economic Development Corporation	4				4
Sales tax revenue bonds	\$29,110,000	\$ -	\$(1,105,000)	\$28,005,000	\$1,150,000
Deferred amounts	/a== -:-:			/a:	
Discounts	(259,645)	-	24,371	(235,274)	-
Notes payable	4,032,985	-	(390,000)	3,642,985	-
Compensated absences	43,414	12,030	(9,564)	45,880	8,000
Total Harlingen EDC	32,926,754	12,030	(1,480,193)	31,458,591	1,158,000

NOTE 10 - LONG-TERM DEBT - Continued

Valley International Airport					
Unearned revenues **	\$1,854,090	\$ 44,000	\$344,872	\$1,553,218	\$276,091
Compensated absences	279,322	200,822	201,596	278,548	25,000
Net pension liability	-	344,251	-	344,251	-
Net OPEB obligation	199,634	34,130	<u>=</u>	233,764	
Total Valley International Airport	\$2,333,046	\$623,203	\$546,468	\$2,409,781	\$ 301,091
Harlingen Waterworks System					
Bonds Payable	\$25,460,000	-	\$(320,000)	\$25,140,000	\$1,455,000
Less deferred amounts for discounts and					
premiums	233,261		(32,258)	201,003	29,834
Total bonds payable	25,693,261	-	(352,258)	25,341,003	1,484,834
Compensated absences	705,956	564,851	(494,290)	776,517	543,517
Retiree health care obligation	3,205,507	678,313	(341,342)	3,542,478	-
Net pension obligation	(1,953,444)	2,639,174	(491,977)	193,753	-
Customer Deposits	1,872,803	513,000	(232,990)	2,152,813	267,813
Total Harlingen Waterworks System	\$ <u>29,524,083</u>	\$ <u>4,395,338</u>	\$ <u>(1,912,857</u>)	\$ <u>32,006,564</u>	\$ <u>2,296,164</u>

^{**}The current portion of unearned revenues on the Statement of Net Position for a component unit includes amounts, which are strictly short-term in nature, totaling \$276,091 for the year ended 2016.

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.

e. Capital Lease Obligation

Governmental Activities

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

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

<u>Fiscal Year</u>	<u>Obligations</u>
2017	\$ 168,673
2018	168,673
2019	168,673
2020	168,673
2021	168,673
2022-2023	337,346
Total	1,180,711
Less interest	<u>(105,654</u>)
Obligations under capital lease	\$ <u>1,075,057</u>

NOTE 11 - 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 \$1,343,402 as of September 30, 2016, an increase of \$30,370. 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 12 - INTERFUND ASSETS/LIABILITIES

Interfund receivables and payables at September 30, 2016 are as follows:

	Payable Fund								
					Business-	Type Activities			
	Payroll- General	Community Development	Nonmajor Governmental	Total Governmental	Internal Service	Municipal Golf Course	Total Due to		
Receivable Fund	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>	Funds	Fund	Other Funds		
Governmental Funds									
General Fund	\$ <u>122,833</u>	\$ <u>100,000</u>	\$ <u>518,522</u>	\$ <u>741,355</u>	\$ <u>65,000</u>	\$ <u>274,362</u>	\$ <u>1,080,717</u>		

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

NOTE 12 - INTERFUND ASSETS/LIABILITIES - Continued

Receivables and payables between the primary government and component units at September 30, 2016 are as follows:

		Receivable Fund or Component Unit							
				Business-type		Total Due to			
	Governmental Activities								
Payable Fund or Component Unit	General Fund	Nonmajor Fund	Total	Sanitation Fund	Service Fund	Government			
Harlingen Waterworks System	\$ <u>78,441</u>	\$ <u>2,898</u>	\$ <u>81,339</u>	\$ <u>81,598</u>	\$ <u>122</u>	\$ <u>163,059</u>			

NOTE 13 - TRANSFERS

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

				Trans	fers In/Out				Ca	pital Contri	butions	Totals
						Harlingen		Transfers				
		Nonmajor		Total		Arts and	Internal	Before		Internal		
	General	Government	al G	Sovernmental	Municipal	Heritage	Service	Capital	Sanitation	Service	Governmental	
	Fund	Funds		funds	Auditorium	Museum	Fund	Contributions	Fund	Fund	Activities	
Governmental Funds												
General Fund	\$ -	\$ 1,069,03	0 \$	\$ 1,069,030	\$ -	\$ 30,000	\$ 81,000	\$ 1,180,030	\$ -	\$ 54,855	\$ -	\$ 1,234,885
Nonmajor governmental funds	-	2,658,42	6	2,658,426	115,000	60,000	-	2,833,426	_	380,789		3,214,215
	-	3,727,45	6	3,727,456	115,000	90,000	81,000	4,013,456	-	435,644	-	4,449,100
Business-type Activities												
Sanitation Fund	1,024,000	-		1,024,000	-	-	-	1,024,000	-	39,776	404,352	1,468,128
Municipal Golf Course Fund	65,300	-		65,300	-	-	-	65,300	-	-	-	65,300
Internal Service Funds	-	-		-	_	-	-		124,518	-	3,100	127,618
	1,089,300	-		1,089,300	-	-	-	1,089,300	124,518	39,776	407,452	1,661,046
Totals	\$1,089,300	\$ 3,727,45	6 \$	\$ 4,816,756	\$ 115,000	\$ 90,000	\$ 81,000	\$ 5,102,756	\$124,518	\$475,420	\$ 407,452	\$ 6,110,146

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

NOTE 14 – 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.

	Ger	neral Fund	Devel	munity opment Fund	C	Gove	Other rnmental Funds	Go —	Total overnmental Funds
Nonspendable Prepaid items	\$	41,628	\$	_		\$	3,466	\$	45,094
·	•	,	,			•	2,100	,	,
Restricted									
Community Development		-	1	43,427			-		143,427
Tennis Court		-		-			82,535		82,535
Public, Educational and Government Access Channels		-		-			410,866		410,866
Construction		-		-		,	066,080		2,066,080
Hotel/Motel Occupancy Tax		-		-			764,727		764,727
Convention Visitors Bureau		-		-		(647,515		647,515
Harlingen Downtown		-		-		:	241,168		241,168
Federal Forfeitures		-		-			88,008		88,008
State Forfeitures		-		-		:	187,108		187,108
Lon C. Hill Library		-		-		:	110,328		110,328
Red Light Enforcement		-		-			25,474		25,474
Tax Increment Reinvestment Zone		-		-		2,	510,536		2,510,536
Debt Service	_		_			:	<u>805,839</u>	-	805,839
Restricted total		-	1	43,427		7,9	940,184	:	8,083,611
Committed									
Catastrophic Emergency Relief		-		-		:	846,374		846,374
Infrastructure		-		-		:	230,079		230,079
Free Trade Bridge		-		-		(613,080		613,080
Street Improvements	_	<u> </u>	_			2,	213,224		2,213,224
Committed total	_	<u>-</u>	_			3,	902,757		3,902,757
Unassigned	16,	<u>673,404</u>	_			(:	<u>212,367</u>)	<u>1</u>	<u>6,461,037</u>
	\$ <u>16,</u>	715,032	\$ <u>1</u>	<u> 43,427</u>	:	\$ <u>11,</u>	634,040	\$ <u>2</u>	8,492,49 <u>9</u>

NOTE 15 – NET POSITION

Net investment in capital assets:	Governmental <u>Activities</u>	Business-type Activities	Economic Development Corporation	Community Improvement <u>Board</u>	Harlingen Waterworks <u>System</u>	Valley International <u>Airport</u>
Capital assets, net of accumulated depreciation Less related liabilities Restricted cash (unexpended bond proceeds)	\$133,931,163 (44,988,052) <u>1,871,645</u>	\$ 5,797,785 - 	\$36,199,820 (31,412,711)	\$ - -	69,811,864 (18,396,069)	\$ 63,791,794 (1,509,218)
Total net investment in capital assets	90,814,756	5,797,785	4,787,109	-	51,415,795	62,282,576
Restricted net position consists of the following: Community Development Tennis Court Public, Educational and Government Access Channels Construction Hotel/Motel Occupancy Tax Convention Visitors Bureau	143,427 82,535 410,866 2,066,080 764,727 647,515	- - - -	- - - - -	- - - - -	- - - - -	- - - - -
Harlingen Downtown Federal Forfeitures	241,168 88,008	-	-	-	-	-
State Forfeitures Lon C. Hill Library	187,108 110,328	-	-	-	-	-
Red Light Enforcement Tax Increment Reinvestment Zone Debt Service	25,474 2,510,536 799,799	- - -	- - -	- - -	1,341,546	-
System expansion and replacement (impact and other fees)	_				1,107,204	
Restricted net position – total	8,077,571	-	-	-	2,448,750	-
Unrestricted net position	2,487,082	4,520,760	5,059,252	<u>5,705,052</u>	14,789,666	2,836,839
Total net position	\$ <u>101,379,409</u>	\$ <u>10,318,545</u>	\$ <u>9,846,361</u>	\$ <u>5,705,052</u>	\$ <u>68,654,211</u>	\$ <u>65,119,415</u>

NOTE 16 - COMMITMENTS AND CONTINGENT LIABILITIES

a. Long-Term Contracts

The System is currently under contract with five wholesale customers (users) to provide treated water. These agreements provide for the treatment of an aggregate minimum of at least 36,100,000 gallons. The contracts have various expiration dates ranging from year 2016 to 2054. The System has contracted to provide wastewater treatment services to two wholesale customers. The combined annual flow is estimated to be 197,000,000 gallons.

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, 2016 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.

NOTE 16 - COMMITMENTS AND CONTINGENT LIABILITIES - Continued

c. Commitments

At September 30, 2016, the City had ongoing commitments related to the following:

Governmental Activities

		Construction						
	Original							
<u>Project</u>	Amount	Expensed	<u>Balance</u>	Retainage	Commitment			
Fire station - westside	\$ <u>1,888,000</u>	\$ <u>929,911</u>	\$ <u>958,089</u>	\$ <u></u>	\$ <u>958,089</u>			
Business-type Activities								
Museum – reroofing*	\$ <u>14,889</u>	\$ <u>14,889</u>	\$ <u></u>	\$ <u></u>	\$ <u></u>			

^{*} At year-end, the Museum expensed \$14,889 in preparation for reroofing of the museum; however, the City has not entered into a contract.

Component Units

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

	Total Remaining	Airport Improvement	Passenger Facility	
	Commitments	Project Funds	Charges	Local Funds
Grant 57 – Rehab RWYs 17R / 13 lighting systems	\$ 104,467	\$ 94,020	\$ -	\$ 10,447
Grant 57 – Reconstruct perimeter road	787,426	708,683	-	78,743
Grant 57 – Install thermo plastic signs / taxiway	6,132	<u>5,519</u>		613
	\$ <u>898,025</u>	\$ <u>808,222</u>	\$ <u> </u>	\$ <u>89,803</u>
Grant 58 – Construct New ARFF Facility	\$ 104,467	\$ 94,020	\$ -	\$ 10,447
Grant 58 – Mill and Overlay TWY A	787,426	708,683	-	78,743
Grant 58 – Shared User Passenger Processing System	6,132	<u>5,519</u>		613
	\$ <u>898,025</u>	\$ <u>808,222</u>	\$ <u> -</u>	\$ <u>89,803</u>

The Airport participates in a number of grant programs funded by federal agencies. These programs are subject to compliance audits by the grantor agencies or their representatives. Audits of all of these programs including the year ended September 30, 2016 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.

As of September 30, 2016, the System had open purchase orders for construction projects, operating supplies and equipment in the amount of \$2,126,296. The projects include water treatment, transmission and distribution system improvements and wastewater treatment and collection system improvements. These commitments will be funded with bond proceeds, and unrestricted cash

NOTE 16 - COMMITMENTS AND CONTINGENT LIABILITIES - Continued

d. No Commitment Debt

In 1995, the City of Harlingen approved the issuance of \$4,000,000, in Higher Education Facilities Corporation Bonds for the Marine Military Academy. At September 30, 2016, the outstanding balance of the 1995 bonds was \$639,165. These bonds are special obligations of the City and do not constitute an indebtedness of the City nor any other political subdivision within the interpretations of any statutory provision or limitation.

NOTE 17 - MAJOR CUSTOMERS

For the year ended September 30, 2016 and 2015, no single customer provided more than 10% of water revenues or wastewater revenues. For the year ended 2016, the top ten wastewater customers provided approximately \$1,459,351 or 14.47% of wastewater sales revenues. The top ten water customers generated approximately \$1,182,936 or 12.66% of the water sales revenues.

NOTE 18 - PASSENGER FACILITY CHARGES

Beginning in November 1998, the Airport instituted passenger facility charges of \$3 per enplaned passenger. Proceeds of the passenger facility charges are to be used by the Airport for certain capital improvements approved pursuant to the Airport's authorization for the passenger facility charge program. Passenger facility charges revenue, including interest, included in capital contributions for the year ended September 30, 2016 totaled \$1,028,324, respectively. 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.

NOTE 19 - JOINT ARRANGEMENTS

a. 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.

NOTE 19 - JOINT ARRANGEMENTS - Continued

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

The bridge operations resulted in a surplus allowing the City to share in 25% of the interlocal contribution, an amount of \$278,895 for the year ending September 30, 2016.

NOTE 20 - INDUSTRIAL DEVELOPMENT ACTIVITY

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

Under the terms of the contract, and as more fully explained therein, HIFI paid one-third of the contract amount with the balance due at the earlier of ten years (1993) or the date acreage is sold. HIFI will receive a deed to partial acreage on the following terms: (a) payment of two-thirds of the original acre price; and (b) payment of two-thirds of the profit made by HIFI in reselling the property. The contract has been extended at year end until March 15, 2017.

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.

NOTE 22 - RISK MANAGEMENT - Continued

No negotiated settlements or jury awards have exceeded policy limits in any of the past three years. The entities are members of an intergovernmental risk pool. The risk pool is an interlocal non-assessable agency with present unreserved resources in excess of \$366,629,000 (as of September 30, 2016, 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 23 - PENSION PLANS

The City and the Valley International Airport (a component unit of the City), (the "City") have a pension plan covering substantially all of their employees and the Harlingen Waterworks System (a component unit of the reporting entity) ("the System") has a pension plan covering substantially all of its employees.

A. Employees Pension Plans (Other Than Firemen)

1. Plan Description – Defined Benefit Pension Plans

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

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

2. Benefits Provided

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

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

NOTE 23 - PENSION PLANS - Continued

Employees covered by benefit terms

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

		Harlingen
	City and	Waterworks
	<u> Airport</u>	System
Inactive employees or beneficiaries currently receiving benefits	308	99
Inactive employees entitled to but not yet receiving benefits	76	45
Active employees	<u>219</u>	<u>133</u>
	<u>603</u>	<u>277</u>

3. Contributions

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

Employees for the City of Harlingen, Texas were required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 8.37% and 7.30% in calendar 2015 and 2016, respectively. The City's contributions to TMRS for the year ended September 30, 2016 were \$771,480 and were equal to the required contributions.

Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Asset in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation 2.50% per year

Overall payroll growth 3.50% to 10.5% including inflation

Investment Rate of Return 6.75%, net of pension plan investment expense, including inflation

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

NOTE 23 - PENSION PLANS - Continued

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014 were used in the December 31, 2015 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2015 valuation, the City adopted the Entry Age Normal actuarial cost method and a one- time change to the amortization policy. These assumptions apply to both the Pension Trust and the supplemental Death Benefits Fund as applicable.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

		Long-term Expected Real Rate of Return
Asset Class	Target Allocation	_(Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	<u>5.0</u> %	8.00%
Total	<u>100.0</u> %	

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.

NOTE 23 – 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.

	1% Decrease in		1% Increase in
	Discount Rate	Discount Rate	Discount Rate
	(5.75%)	(6.75%)	(7.75%)
City of Harlingen net pension liability (asset)	\$16,566,619	\$6,180,602	\$(2,503,048)
Valley International Airport net pension liability (asset)	957,144	344,251	(144,615)
Harlingen Waterworks System net position liability (asset)	\$2,805,320	\$ 193,753	\$(1,995,627)

Changes in the net pension liability for the fiscal year ended September 30, 2016 are as follows:

City of Harlingen

	Increase (Decrease)			
	(a)	(b)	(a) - (b)	
	Total Pension	Plan Fiduciary	Net Pension	
	<u>Liability</u>	Net Position	Liability (Asset)	
Balance at December 31, 2014	\$77,803,042	\$78,868,031	\$ (1,064,989)	
Changes for the year				
Service cost	1,189,819	-	1,189,819	
Interest	5,380,389	-	5,380,389	
Change in benefit terms	-	-	-	
Difference between expected/actual experience	195,849	-	195,849	
Changes of assumptions	2,134,116	-	2,134,116	
Contributions – employer	-	862,218	(862,218)	
Contributions – employee	-	747,822	(747,822)	
Net investment income	-	117,780	(117,780)	
Benefit payments, including refunds of				
employee contributions	(4,593,104)	(4,593,104)	-	
Administrative expenses	-	(71,746)	71,746	
Other charges	_	(1,492)	1,492	
Net changes	4,307,069	(2,938,522)	<u>7,245,591</u>	
Balance at December 31, 2015	\$ <u>82,110,111</u>	\$ <u>75,929,509</u>	\$ <u>6,180,602</u>	

NOTE 23 – PENSION PLANS – Continued

Valley International Airport

valley international / in port	Increase (Decrease)			
	(a)	(b)	(a) – (b)	
	Total Pension	Plan Fiduciary	Net Pension	
	Liability	Net Position	Liability (Asset)	
Balance at December 31, 2014	\$5,496,150	\$5,571,383	\$ (75,233)	
Changes for the year				
Service cost	68,742	-	68,742	
Interest	311,603	-	311,603	
Change in benefit terms	-	-	-	
Difference between expected/actual experience	11,315	-	11,315	
Changes of assumptions	123,300	-	123,300	
Contributions – employer	-	49,815	(49,815)	
Contributions – employee	-	43,206	(43,206)	
Net investment income	-	6,805	(6,805)	
Benefit payments, including refunds of				
employee contributions	(265,369)	(265,369)	-	
Administrative expenses	-	(4,145)	4,145	
Other charges	-	(205)	205	
Net changes	_ 249,591	<u>(169,893</u>)	419,484	
Balance at December 31, 2015	\$ <u>5,745,741</u>	\$ <u>5,401,490</u>	\$ <u>344,251</u>	
Harlingen Waterworks System				
		Increase (Decrease)		
	(a)	(b)	(a) – (b)	
	Total Pension	Plan Fiduciary	Net Pension	
	Liability	Net Position	<u>Liability (Asset)</u>	
Balance at December 31, 2014	\$20,764,046	\$22,717,490	\$ (1,953,444)	
Changes for the year		-		
Service cost	487,964		487,964	
Interest	1,420,126	-	1,420,126	
Change in benefit terms	-	-	420.640	
Difference between expected/actual experience	130,618	-	130,618	
Changes of assumptions	579,040	- 64 270	579,040	
Contributions – employer		61,279	(61,279)	
Contributions – employee		397,180	(397,180)	
Net investment income		33,518	(33,518)	
Benefit payments, including refunds of employee contributions	(1,441,031)	(1,441,031)		
Administrative expenses	(1,441,051)	(20,418)	20,418	
Other charges	- -	(1,008)	1,008	
Net changes	\$ <u>1,176,717</u>	\$ <u>(970,480)</u>	\$ <u>2,147,197</u>	
Balance at December 31, 2015	\$ <u>21,940,763</u>	\$ <u>21,747,010</u>	\$ <u>193,753</u>	

Pension Plan Fiduciary Net Position

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

NOTE 23 - PENSION PLANS - Continued

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

For the year ended September 30, 2016 the City, Valley International Airport and Harlingen Waterworks System recognized pension expense in the amount of \$2,153,800, \$124,437 and \$437,129, respectively. At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred	Deferred
	Outflows of	Inflows of
City of Harlingen	Resources	Resources
Differences between expected and actual economic experience		
(net of current year amortization)	\$ 142,192	\$189,795
Changes in actuarial assumptions	1,549,427	φ103,733 -
Differences between projected and actual investment earnings	1,3 13, 127	
(net of current year amortization)	4,967,840	_
Contributions subsequent to the measurement date	536,054	_
·		
Total	\$ <u>7,195,513</u>	\$ <u>189,795</u>
Component Unit	Deferred	Deferred
	Outflows of	Inflows of
Valley International Airport	Resources	Resources
Differences between expected and actual economic experience		
(net of current year amortization)	\$ 8,215	\$ 13,408
Changes in actuarial assumptions	89,519	7 13,400
Differences between projected and actual investment earnings	05,515	
(net of current year amortization)	294,632	_
Contributions subsequent to the measurement date	_28,47 <u>6</u>	_
Continuations subsequent to the measurement date		
Total	\$ <u>420,842</u>	\$ <u>13,408</u>
Component Unit	Deferred	Deferred
	Outflows of	Inflows of
Harlingen Waterworks System	Resources	Resources
Differences between expected and actual economic experience		
Differences between expected and actual economic experience (net of current year amortization)	\$ 100,382	\$ (93,402)
Changes in actuarial assumptions	445,003	ر (ع5,402) -
Differences between projected and actual investment earnings	445,005	
(net of current year amortization)	1,416,121	_
Contributions subsequent to the measurement date	_26,964	<u>-</u>
25		
Total	\$ <u>1,988,470</u>	\$ (93,402)
	· 	· _ (==, :==)

NOTE 23 – PENSION PLANS – Continued

Harlingen Firemen's Relief and Retirement Fund	Deferred Outflows of Resources	Deferred Inflows of Resources
•		
Difference between expected and actual experience	\$ 1,228,059	\$ -
Changes in assumptions	16,642,551	-
Net difference between projected and actual investment earnings	2,426,914	-
City Contributions subsequent to Measurement Date	<u>590,453</u>	_
Total	\$ <u>20,887,975</u>	\$ <u> </u> -

In the City of Harlingen, Valley International Airport and Harlingen Waterworks System, \$536,054, \$28,476 and \$26,964, respectively, are reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset for the year ending September 30, 2017 Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

		Valley	Harlingen	Firemen's
	City of	International	Waterworks	Relief and
Year ending September30,	<u> Harlingen</u>	Airport	System	Retirement
2017	\$1,829,898	\$106,979	\$ 495,017	\$3,399,011
2018	1,839,540	107,659	495,017	3,399,011
2019	1,706,199	101,112	514,522	3,399,011
2020	1,094,027	63,208	363,908	3,399,013
2021	-	-	-	2,792,283
Thereafter				3,909,195
	\$ <u>6,469,664</u>	\$ <u>378,958</u>	\$ <u>1,868,464</u>	\$ <u>16,388,329</u>

B Harlingen Firemen's Relief and Retirement Fund

1. Plan Description

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

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

Firefighters employed by the Harlingen Fire Department are covered by the Firemen's Relief and Retirement Fund. During the year 2005, the fund changed its year end to December 31st. December 31, 2015 is the most recent information available. The table below summarizes the membership of the fund at December 31, 2015:

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	101
2.	Current employees	
	a. Vested	7
	b. Nonvested	73
3.	Total	181

NOTE 23 - 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. The monthly benefit at retirement, payable in a joint and 2/3 to spouse form of annuity, is equal to 65.5% of highest sixty-month average salary plus \$65 per month for each year of service in excess of twenty years. Under this plan, Harlingen firefighters are required to contribute 13% of their pay to the fund. The City of Harlingen is required to make contributions which will equal 13% of pay. The benefit and contribution provisions of this plan are authorized by the Texas Local Fire Fighters Retirement Act (TLFFRA).

2. Summary of Significant Accounting Policies and Plan Asset Matters

A 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.

3. 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.

B. Actuarial Assumptions

Valuation date

Actuarially determined contributions rates

Methods and assumptions used to determine contribution rates:
Actuarial cost method

Amortization method Remaining amortization period

Kemaining amortization pend

Asset valuation method

Salary increases Payroll Growth

Investment rate of return

December 31, 2015

Calculated in the year contributions are reported based on 40 year (open) period

amortization.

Entry Age Normal Actuarial Cost Method Open period, level percent of pay

66.6 years Market Value

5.00% 3.50%

8.00% per annum/net of investment expenses

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 less than 40 years within the 10 year anniversary of the effective date of the FSRP.

NOTE 23 - PENSION PLANS - Continued

Changes in Assumptions

The mortality assumption was updated to the RP-2014 blue collar mortality tables adjusted backward to 2006 with Scale MP-2014 and projected with Scale MP-2015. The retirement rates were revised to reflect recent experience, the salary scale assumption was decreased from 5.50% to 5.00%, and the payroll growth assumption was decreased from 4.00% to 3.50%. The discount rate was changed to 8.00% net of investment expenses only, with a separate assumption that annual administrative expenses will equal 10 basis points of the fair value of assets. There were no other changes in actuarial assumptions from the prior year.

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

	Long-term
	Expected Real
	Rate of Return
Asset Class	<u>(Arithmetic)</u>
Equity	6.5%
Fixed Income	4.0%
Real Estate	5.0%
Cash	0.0%

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

		Increase (Decrease)	
Balance at December 31, 2014	(a) Total Pension Liability \$42,007,382	(b) Plan Fiduciary Net Position \$29,143,084	(a) – (b) Net Pension <u>Liability (Asset)</u> \$12,864,298
Changes for the year Service cost Interest	1,155,376 3,358,422	-	1,155,376 3,358,422
Experience Employer contributions Member contributions	1,419,943 -	842,698 842,698	1,419,943 (842,698) (842,698)
Net investment income Benefit payments Administrative expenses	(2,364,932)	(730,520) (2,364,932) (28,581)	730,520 - 28,581
Assumptions changes Changes in benefit terms	19,242,950 - - - - - - - - - - - - - - - - - - -	<u>(1,438,637)</u>	19,242,950
Balance at December 31, 2015	\$ <u>64,819,141</u>	\$ <u>27,704,447</u>	\$ <u>37,114,694</u>

NOTE 23 - 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 5.25% as well as what the City's net pension liability would be if it were to be calculated using the discount rate that is 1-percentage-point lower (4.25%) or 1-percentage-point higher (6.25%) than the current rate:

	1% Decrease in		1% Increase in
	Discount Rate	Discount Rate	Discount Rate
	(4.25%)	(5.25%)	(6.25%)
Firemen's net pension liability	\$47,274,648	\$37,114,694	\$28,993,848

B. 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
<u>Employment</u>	<u>Contribution</u>
1-5 years	5%
6-10 years	6%
11 + years	7%

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

NOTE 24 - OTHER POST EMPLOYMENT BENEFITS

A. Retiree Health Care Plan

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

NOTE 24 - OTHER POST EMPLOYMENT BENEFITS - Continued

Plan Description

In addition to the pension benefits described in Note 23 and the supplemental death benefits described in Note 24.B, the City and System make available health care and prescription-drug benefits to all employees who retire from the City and System and who are receiving benefits from the City and System sponsored retirement program, Texas Municipal Retirement System ("TMRS") under a single-employer health insurance plan. All current full-time employees of the City and System are eligible for retirement and health-care and prescription-drug coverage at age 60 with five years of service or at any age with 20 years of service. Those approved for disability retirement through TMRS are also eligible for retiree health-care and prescription-drug coverage. The City and System provided group health care coverage is discontinued at the end of the month prior to the retiree's 65th birth month. A Medicare Supplement, Plan F is provided thereafter, until death. The City and System provided health-care and prescription drug coverage and the Medicare Supplement premiums are paid 100% by the City and System.

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

Spouses and dependents are eligible for COBRA coverage for 18 months (or up to 36 months under certain circumstances) following members retirement date. Spouse and dependent(s) are responsible for payment of the full premium amount. Retirees are required to enroll in Medicare once eligible. Retirees pay Medicare premiums. The City and System do not provide subsidized retiree vision or dental care coverage. Nor does the City and System provide subsidized retiree life insurance coverage. Life insurance coverage carried at the time of retirement is portable. The City and System do not provide a death-in-service benefit to a surviving spouse; however, through TMRS, there is a \$7,500 death benefit as explained in Note 24.2.

Funding Policy and Annual Retiree Health Care Plan Cost

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

NOTE 24 - OTHER POST EMPLOYMENT BENEFITS - Continued

The City and System had its Retiree Health Care Plan actuarial valuation performed for the calendar year ended December 31, 2015 as required by GASB. The funding status and funding progress was initially reported during the fiscal year ended September 30, 2010 as required by GASB. The City's and System's Retiree Health Care Plan cost for the current year is as follows:

	City of	Harlingen
	Harlingen	Waterworks
	and Airport	System
Annual required contribution (ARC)	\$ 491,722	\$ 726,557
Interest on Retiree Health Care Plan obligation	130,695	144,248
Adjustment to ARC	<u>(127,319</u>)	(192,492)
Annual Retiree Health Care Plan cost (expense)		
end of year	495,098	678,313
Employer contributions (pay as you go basis)	<u>(234,572</u>)	(341,342)
Increase in net Retiree Health Care Plan obligation	260,526	336,971
Net Retiree Health Care Plan obligation:		
As of beginning of year	<u>3,267,369</u>	<u>3,205,507</u>
As of end of year	\$ <u>3,527,895</u>	\$ <u>3,542,478</u>

The City's and System's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended September 30, 2016, is as follows:

				City and Airport				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Employer							
	Annual	Net		ARC		OPEB	Change	NOO
Fiscal Year	Required	Employer	Interest on	Adjustment	Amortization	Cost	NOO	Balance
Ended	Contribution	Contribution	NOO	(9) / (6)	Factor	(2)+(4)-(5)	(7)-(3)	NOO + (8)
9/30/2012	\$453,876	\$ 73,500	\$186,776	\$ (720,935)	23.98540	\$ 1,361,587	\$1,288,087	2,077,267
9/30/2013	645,863	73,500	144,770	101,339	23.98540	689,294	468,794	2,546,061
9/30/2014	618,747	251,634	114,573	106,150	23.98540	627,170	375,536	2,921,597
9/30/2015	637,309	301,202	131,472	121,807	23.98540	646,974	345,772	3,267,369
9/30/2016	491,722	234,572	130,695	127,319	25.66294	495,098	260,526	3,527,895
			Harlingen	Waterworks Syste	m			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Employer							
	Annual	Net		ARC		OPEB	Change	NOO
Fiscal Year	Required	Employer	Interest on	Adjustment	Amortization	Cost	NOO	Balance
Ended	Contribution	Contribution	NOO	(9) / (6)	Factor	(2)+(4)-(5)	(7)-(3)	NOO + (8)
9/30/2012	\$771,545	\$234,793	\$ 64,830	\$ 86,512	16.65270	\$ 749,863	\$ 515,070	1,955,735
9/30/2013	771,545	282,936	88,008	117,443	16.65270	742,110	459,174	2,414,909
9/30/2014	726,557	269,616	108,671	145,016	16.65270	690,212	420,596	2,835,505
9/30/2015	726,557	313,880	127,598	170,273	16.65270	683,882	370,002	3,205,507
9/30/2016	726,557	341,342	144,248	192,492	16.65270	678,313	336,971	3,542,478

NOTE 24 - OTHER POST EMPLOYMENT BENEFITS - Continued

		City and Airport		
		Employer	Percentage of	
Fiscal	Annual	Amount	Annual OPEB	Net OPEB
Year Ended	OPEB Cost	Contributed	Cost Contributed	<u>Obligation</u>
9/30/2013	\$ 689,294	\$ 73,500	10.7%	\$2,546,061
9/30/2014	627,170	251,634	40.1%	2,921,597
9/30/2015	646,974	301,202	46.6%	3,267,369
9/30/2016	495,098	234,572	47.4%	3,527,895

	Harlingen \	Naterworks System		
		Employer	Percentage of	
Fiscal	Annual	Amount	Annual OPEB	Net OPEB
Year Ended	OPEB Cost	Contributed	Cost Contributed	<u>Obligation</u>
9/30/2013	\$ 742,110	\$282,936	38.1%	\$2,414,909
9/30/2014	690,212	269,616	39.1%	2,835,505
9/30/2015	683,882	313,880	45.9%	3,205,507
9/30/2016	678,313	341,342	50.3%	3,542,478

Funding Status and Funding Progress

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

	City and Airport	Harlingen Waterworks System
Actuarial accrued liability	\$ 5,987,601	\$8,507,409
Actuarial value of plan assets	-	-
Unfunded actuarial accrued liability	5,987,601	8,507,409
	0.00/	0.00/
Funded ratio	0.0%	0.0%
Covered payroll	\$10,671,014	\$3,444,447
Unfunded actuarial accrued liability as		
a percentage of covered payroll	56%	247%

Under the reporting parameters, the City's and System's retiree health care plan is 0.0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$5,987,601 and \$8,507,409, respectively.

NOTE 24 - OTHER POST EMPLOYMENT BENEFITS - Continued

Actuarial Methods and Assumptions

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

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

Significant methods and assumptions were as follows:

Measurement date December 31, 2015

Inflation rate 2.50%

Investment rate of return 4.00% per annum, net of expenses

Actuarial cost method Individual Entry Age Normal Cost Method Amortization method Level as a percentage of employee payroll

Amortization period 30-year open amortization

Payroll Growth 3.00% per annum

Medical Trend Initial rate of 7.30%, declining to an

Ultimate rate of 4.25% after 14 years

City's explicit subsidy is not expected to increase

Actuarial Methods and Assumptions

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

NOTE 24 - OTHER POST EMPLOYMENT BENEFITS - Continued

B. Supplemental Death Benefit Fund

Plan Description

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

Benefits

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

The City and System offer supplemental death benefits to employees:

	Plan Year 2014	Plan Year 2015	Plan Year 2016
Active employees (yes or no)	Yes	Yes	Yes
Retirees (yes or no)	Yes	Yes	Yes
Contribution rates:			
City	.09%	.09%	.09%
System	.08	.08	.09

Contributions

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

The City's contributions to the TMRS SDBF for the years ended 2016, 2015 and 2014 were \$29,452, \$30,071 and \$26,980, respectively, which equaled the required contributions each year.

The Valley International Airport's contributions to the TMRS SDBF for the years ended 2016, 2015 and 2014 were \$667, \$854 and \$856, respectively, which equaled the required contributions each year.

The System's contributions to the TMRS SDBF for the years ended 2016, 2015 and 2014 were \$5,372, \$4,468 and \$4,143, respectively, which equaled the required contributions each year.

NOTE 25 – TAX INCREMENT FINANCING REINVESTMENT ZONES

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

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

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

For the current year, the amounts transferred were \$360,054 and \$469,353 from the City and County, respectively.

NOTE 26 – TRANSACTIONS WITH THE HARLINGEN ECONOMIC DEVELOPMENT CORPORATION

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

The City agreed to reimburse the EDC up to \$3,000,000 for qualifying targeted public infrastructure improvements. At September 30, 2016 targeted qualifying infrastructure improvements for the project totaled \$886,416 of which \$380,000 have been reimbursed to the Harlingen Economic Development Corporation.

The City has recorded a long-term payable to the EDC in the government wide financial statements. Correspondingly, the EDC has recorded a long-term receivable from the City. At year end, the balance totaled \$3,013,219 and is included in the notes payable balance totaling \$3,519,635.

NOTE 27 – COMPLIANCE AND ACCOUNTABILITY

Finance-Related Legal and Contractual Provision

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

In the general fund, actual general government expenditures exceeded final budget by \$427,926, capital outlay amounts exceeded final budget due to unexpected capital outlays totaling \$483,257 and debt service expenditure exceed final budget by \$362,502.

NOTE 27 - COMPLIANCE AND ACCOUNTABILITY - Continued

Deficit Fund Balance or Fund Net Position of Individual Funds

NOTE 28 – SUBSEQUENT EVENT

Issuance of bonds

On December 15, 2016, the City issued \$12,885,000 in Combination Tax and Revenue Certificates of Obligation, Taxable Series 2016. The proceeds of the bonds will be used to provide resources for the construction of a new convention center.

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REQUIRED SUPPLEMENTARY INFORMATION

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

Year ended September 30, 2016

				Variance
	Budget		Actual Amount	Positive
	Original	Final	(GAAP BASIS)	(Negative)
Revenues	ć 42.0 7 6.400	ć 42.0 7 6.400	ć 44.202.02 7	ć 226.427
Property taxes - including penalty and interest	\$ 13,876,400	\$ 13,876,400	\$ 14,202,827	\$ 326,427
Nonproperty taxes	20,183,269	20,183,269	20,221,652	38,383
Fines and forfeitures	2,263,113	2,263,113	1,442,634	(820,479)
Licenses and permits	555,000	555,000	549,401	(5,599)
Charges for services	1,898,072	1,901,148	2,459,509	558,361
Intergovernmental	530,908	530,908	58,815	(472,093)
Contributions and donations	-	-	696,413	696,413
Miscellaneous	86,350	113,138	131,008	17,870
Interest and investment income	10,200	10,200	32,006	21,806
Total revenues	39,403,312	39,433,176	39,794,265	361,089
Expenditures				
Current				
General government	5,038,647	5,108,737	5,536,663	(427,926)
Public safety	23,160,313	23,104,537	22,055,008	1,049,529
Highways and streets	3,522,267	3,525,901	3,037,712	488,189
Health and welfare	3,163,623	3,163,847	2,895,711	268,136
Culture and recreation	4,053,989	3,971,349	3,928,243	43,106
Capital outlay	84,562	468,960	952,217	(483,257)
Debt service	,	,	,	, , ,
Principal retirement	178,236	178,236	292,355	(114,119)
Interest and fiscal agent fees			248,383	(248,383)
Total expenditures	39,201,637	39,521,567	38,946,292	575,275
Excess (deficiency) of revenues				
over (under) expenditures	201,675	(88,391)	847,973	936,364
Other financing sources (uses)				
Transfers in	589,800	589,800	1,089,300	499,500
Transfers out	(1,301,475)	(1,301,475)	(1,234,885)	66,590
Sale of capital assets	10,000	10,000	68,946	58,946
Total other financing sources (uses)	(701,675)	(701,675)	(76,639)	625,036
Net change in fund balance	(500,000)	(790,066)	771,334	1,561,400
-	(300,000)	(. 50,000)		_,301,100
Fund balances, beginning of year			15,943,698	
Fund balance, end of year			\$ 16,715,032	

City of Harlingen, Texas
Community Development Block Grant Fund
Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended September 30, 2016

				Variance
	Budget		Actual Amount	Positive
	Original	Final	(GAAP BASIS)	(Negative)
Revenues				
Intergovernmental	\$ 1,014,447	\$ 1,014,447	\$ 1,132,941	\$ 118,494
Miscellaneous and program revenues	55,333	55,333	364,515	309,182
Interest and investment income	7,032	7,032	6,871	(161)
Total revenues	1,076,812	1,076,812	1,504,327	427,515
Expenditures				
Current				
General government	235,000	235,000	404,314	(169,314)
Public safety	-	-	2,435	(2,435)
Health and welfare	402,675	402,675	890,205	(487,530)
Capital outlay	439,137	439,137	202,862	236,275
Total expenditures	1,076,812	1,076,812	1,499,816	(423,004)
Net change in fund balance	-	-	4,511	4,511
Fund balance, beginning of year			138,916	
Fund balance, end of year			\$ 143,427	

City of Harlingen, Texas Other Post Employment Benefits Required Supplementary Information Schedule of Funding Progress September 30, 2016

<u>City of Harlingen and Valley International Airport – Retiree Healthcare</u>

							Unfunded Actuarial
							Accrued
							Liability
	(1)	(2)			Unfunded		as a
	Actuarial	Actuarial	Unfunded AAL	Funded	Actuarial	Annual	Percentage
	Value of	Accrued	(UAAL)	Ratio	Accrued	Covered	of Covered
Fiscal Year*	Assets	<u>Liability</u>	(b-a)	(1)/(2)	<u>Liability</u>	<u>Payroll</u>	<u>Payroll</u>
2013	\$ -	\$6,791,744	\$6,791,744	- %	\$6,791,744	\$12,267,655	55.36%
2014	-	6,312,290	6,312,290	-	6,312,290	12,126,117	52.06
2015	-	6,312,290	6,312,290	-	6,312,290	12,196,886	51.75
2016	-	5,987,601	5,987,601	-	5,987,601	10,671,014	56.11

^{*}Fiscal year 2016 as of December 31, 2015 actuarial valuation. Fiscal year 2014 and 2015 as of December 31, 2013 actuarial valuation.

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

Actuarial methods and assumptions

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

Significant methods and assumptions were as follows:

Measurement date
Inflation rate
Investment rate of return
Actuarial cost method
Amortization method
Amortization period
Payroll Growth
Medical Trend

December 31, 2015
2.50%
4.00% per annum, net of expenses
Individual Entry Age Normal Cost Method
Level as a percentage of employee payroll
30-year open amortization
3.00% per annum
Initial rate of 7.30%, declining to an
Ultimate rate of 4.25% after 14 years
City's explicit subsidy is not expected to increase

City of Harlingen, Texas
Other Post Employment Benefits
Required Supplementary Information
Schedule of Funding Progress
September 30, 2016

<u> Harlingen Waterworks System – Retiree Healthcare</u>

	(1)	(2)			Unfunded		Unfunded Actuarial Accrued Liability as a
	Actuarial	Actuarial	Unfunded AAL	Funded	Actuarial	Annual	Percentage
	Value of	Accrued	(UAAL)	Ratio	Accrued	Covered	of Covered
Fiscal Year*	Assets	Liability	(b-a)	(1)/(2)	<u>Liability</u>	<u>Payroll</u>	Payroll
2013	\$ -	\$7,553,726	\$7,553,726	- %	\$7,553,726	\$5,449,089	138.62%
2014	-	8,507,409	8,507,409	-	8,507,409	5,261,273	161.70
2015	-	8,507,409	8,507,409	-	8,507,409	5,355,181	158.86
2016	-	8,507,409	8,507,409	-	8,507,409	3,444,447	246.99

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

Under the reporting parameters, the City's retiree health care plan is 0.0% funded with the actuarial accrued liability exceeding the actuarial assets by \$8,507,409 at December 31, 2014. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 0.0%.

Actuarial Methods and Assumptions

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

City of Harlingen, Texas Schedule of Changes in Net Pension Liability (Asset) and Related Ratios For Agent Multiple-Employer Pension Plan - Texas Municipal Retirement System September 30, 2016

Primary Government	2016	2015
Total Pension Liability Service cost Interest (on the total pension liability)	\$ 1,189,819 5,380,389	\$ 1,201,361 5,215,687
Changes of benefit terms Difference between expected and actual experience Changes of assumptions Benefit payments, including refunds of employee	195,849 2,134,116	(389,230) -
contributions Net change in total pension liability	(4,593,104) 4,307,069	(4,267,819) 1,759,998
Total pension liability – beginning	77,803,042	76,043,043
Total pension liability – ending (a)	\$ <u>82,110,111</u>	\$ <u>77,803,042</u>
Plan Fiduciary Net Position Contributions – employer Contributions – employee Net investment income Benefit payments, including refunds of employee contributions Administrative expense Other	\$ 862,218 747,822 117,780 (4,593,104) (71,746) (1,492)	\$ 945,817 809,375 4,405,527 (4,267,819) (46,004) (3,782)
Net change in plan fiduciary net position	(2,938,522)	1,843,114
Plan fiduciary net position – beginning	<u>78,868,031</u>	<u>77,024,917</u>
Plan fiduciary net position – ending (b)	\$ <u>75,929,522</u>	\$ <u>78,868,031</u>
Net pension liability (asset) – ending (a) – (b)	\$ <u>6,180,602</u>	\$ <u>(1,064,989</u>)
Plan fiduciary net position as a percentage of total pension liability	92.47%	101.37%
Covered employee payroll	\$10,671,014	\$11,326,026
Net pension liability (asset) as a percentage of covered employee payroll	57.92%	(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 September 30, 2016

Valley International Airport	2016	2015
Total Pension Liability Service cost Interest (on the total pension liability) Changes of benefit terms Difference between expected and actual experience Changes of assumptions Benefit payments, including refunds of employee	\$ 68,742 311,603 - 11,315 123,300	\$ 84,866 368,446 - (27,496)
contributions Net change in total pension liability	<u>(265,369</u>) 249,591	<u>(301,487)</u> 124,329
Total pension liability – beginning	<u>5,496,150</u>	<u>5,371,821</u>
Total pension liability – ending (a)	\$ <u>5,745,741</u>	\$ <u>5,496,150</u>
Plan Fiduciary Net Position Contributions – employer Contributions – employee Net investment income Benefit payments, including refunds of employee contributions Administrative expense Other	\$ 49,815 43,206 6,805 (265,369) (4,145) (205)	\$ 66,814 57,176 311,215 (301,487) (3,250) (267)
Net change in plan fiduciary net position	(169,893)	130,201
Plan fiduciary net position – beginning	<u>5,571,383</u>	<u>5,441,182</u>
Plan fiduciary net position – ending (b)	\$ <u>5,401,490</u>	\$ <u>5,571,383</u>
Net pension liability (asset) – ending (a) – (b)	\$ <u>344,251</u>	\$ <u>(75,233</u>)
Plan fiduciary net position as a percentage of total pension liability	94.01%	101.37%
Covered employee payroll	\$616,523	\$800,089
Net pension liability (asset) as a percentage of covered employee payroll	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 September 30, 2016

Harlingen Waterworks System	2016	2015
Total Pension Liability Service cost Interest (on the total pension liability) Changes of benefit terms Difference between expected and actual experience Changes of assumptions Benefit payments, including refunds of employee	\$ 487,964 1,420,126 - 130,618 579,040	\$ 457,206 1,395,895 - (168,074)
contributions	_(1,441,031)	<u>(1,267,474</u>)
Net change in total pension liability	1,176,717	417,553
Total pension liability – beginning	20,764,046	20,346,493
Total pension liability – ending (a)	\$ <u>21,940,763</u>	\$ <u>20,764,046</u>
Plan Fiduciary Net Position Contributions – employer Contributions – employee Net investment income Benefit payments, including refunds of employee contributions Administrative expense Other	\$ 61,279 397,180 33,518 (1,441,031) (20,418) (1,008)	\$ 114,431 381,436 1,271,634 (1,267,474) (13,278) (1,092)
Net change in plan fiduciary net position	(970,480)	485,657
Plan fiduciary net position – beginning	22,717,490	22,231,833
Plan fiduciary net position – ending (b)	\$ <u>21,747,010</u>	\$ <u>22,717,490</u>
Net pension liability (asset) – ending (a) – (b)	\$ <u>193,753</u>	\$ <u>(1,953,444</u>)
Plan fiduciary net position as a percentage of total pension liability	99.12%	109.41%
Covered employee payroll	\$ 5,674,004	\$ 5,449,089
Net pension liability (asset) as a percentage of covered employee payroll	3.41%	(35.85)%

City of Harlingen, Texas Schedule of Changes in Net Pension Liability (Asset) and Related Ratios September 30, 2016

Firemen's Relief and Retirement Fund	2016	2015
Total Pension Liability Service cost Interest (on the total pension liability)	\$ 1,155,376 3,358,422	\$ 1,069,793 3,192,593
Changes of benefit terms Difference between expected and actual experience Changes of assumptions Benefit payments, including refunds of employee	1,419,943 19,242,950	- - -
contributions	(2,364,932)	(2,185,334)
Net change in total pension liability	22,811,759	2,077,055
Total pension liability – beginning	42,007,382	<u>39,930,327</u>
Total pension liability – ending (a)	\$ <u>64,819,141</u>	\$ <u>42,007,382</u>
Plan Fiduciary Net Position Contributions – employer Contributions – employee Net investment income Benefit payments, including refunds of employee contributions Administrative expense Other	\$ 842,698 842,698 (730,520) (2,364,932) (28,581)	\$ 774,657 774,657 1,473,881 (2,185,334) (38,105)
Net change in plan fiduciary net position	(1,438,637)	799,756
Plan fiduciary net position – beginning	<u>29,143,084</u>	28,343,328
Plan fiduciary net position – ending (b)	\$ <u>27,704,447</u>	\$ <u>29,143,084</u>
Net pension liability (asset) – ending (a) – (b)	\$ <u>37,114,694</u>	\$ <u>12,864,298</u>
Plan fiduciary net position as a percentage of total pension liability	42.7%	69.4%
Covered employee payroll	\$6,482,292	\$5,958,900
Net pension liability (asset) as a percentage of covered employee payroll	572.6%	215.9%

City of Harlingen, Texas Schedule of City's Contribution for All Pension Plans September 30, 2016

Primary Government	2016	2015
Actuarially determined contribution	\$ 771,480	\$ 903,260
Contributions in relation to actuarially determined contribution	(771,480)	<u>(903,260</u>)
Contribution deficiency (excess)	\$ <u> </u>	\$ <u> </u>
Covered employee payroll	\$10,155,938	\$10,771,145
Contributions as a percentage of covered employee payroll	7.60%	8.39%
Valley International Airport		
Actuarially determined contribution	\$ 40,663	\$ 56,067
Contributions in relation to actuarially determined contribution	(40,663)	(56,067)
Contribution deficiency (excess)	\$ <u> </u>	\$ <u> </u>
Covered employee payroll	\$535,692	\$691,171
Contributions as a percentage of covered employee payroll	7.60%	8.39%
Harlingen Waterworks System		
Actuarially determined contribution	\$ 43,964	\$ 75,455
Contributions in relation to actuarially determined contribution	<u>(43,964</u>)	<u>(75,455</u>)
Contribution deficiency (excess)	\$ <u> </u>	\$
Covered employee payroll	\$6,144,250	\$5,584,459
Contributions as a percentage of covered employee payroll	0.72%	1.35%
Firemen's Relief and Retirement Fund		
Actuarially determined contribution	\$1,685,396	\$1,549,314
Contributions in relation to actuarially determined contribution	(1,685,396)	(1,549,314)
Contribution deficiency (excess)	\$ <u> </u>	\$ <u> </u>
Covered employee payroll	\$6,482,292	\$5,958,900
Contributions as a percentage of covered employee payroll	26.0%	26.0%

City of Harlingen, Texas Notes to Required Supplementary Information Schedule of Contributions September 30, 2016

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 12 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 2010 valuation pursuant to an experience study of the period 2005 – 2009.

Mortality RP2000 Combined Mortality Table with Blue Collar Adjustment

with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

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

City of Harlingen, Texas Notes to Required Supplementary Information Schedule of Contributions September 30, 2016

Harlingen Waterworks System

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 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: There were no benefit changes during the year.

City of Harlingen, Texas Notes to Required Supplementary Information Budget Information September 30, 2016

Budgetary Information

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

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

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

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

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

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

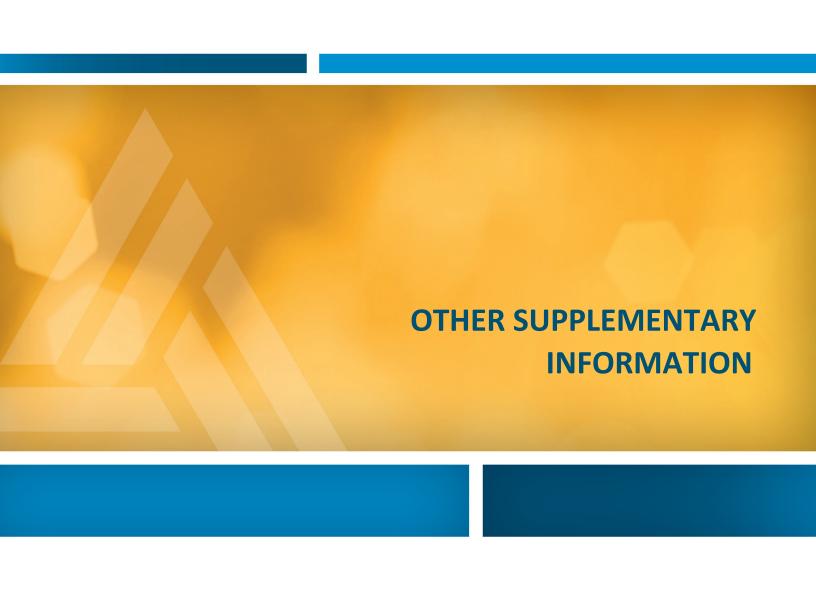
City of Harlingen, Texas Notes to Required Supplementary Information Budget Information September 30, 2016

Budget to actual variances

In the general fund, actual general government expenditures exceeded final budget by \$427,926, capital outlay amounts exceeded final budget due to unexpected capital outlays totaling \$483,257 and debt service expenditure exceed final budget by \$362,502.

Deficit Fund Equity

A deficit balance in unrestricted net position	on/fund balance occurred	in the following funds for the year ended
September 30, 2016 by the indicated amou	unts:	
Fund Name	Deficit Amount	Remarks
Communication Center	\$ (210,469)	Pending reimbursement from the general fund



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

City of Harlingen, Texas 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 1999 Fund* is used to account for the construction of various bond projects.

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

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

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

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

DEBT SERVICE FUND

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

September 30, 2016

			-		Special Rev	enue Funds				
	Tennis		Hotel/Motel	Convention		Catastrophic				
	Court	PEG	Occupancy	Visitors		Emergency	Harlingen	Federal	State	Other
	Revenue	Fund	Tax	Bureau	M.P.O.	Relief	Downtown	Forfeiture	Forfeiture	Grants
Assets										
Cash and cash equivalents	\$82,976	\$ 388,804	\$ 689,606	\$ 672,456	\$ -	\$ 846,374	\$ 244,873	\$82,883	\$ 187,137	\$ -
Receivables (net of allowance for										
uncollectibles)										
Accounts	20	22,062	75,121	6,090	-	-	610	5,125	-	259,799
Assessments	-	-	-	-	-	-	36,862	-	-	-
Due from other governments	-	-	-	-	110,959	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	993	1,274	-	-	432	-	635
Total assets	\$82,996	\$ 410,866	\$ 764,727	\$ 679,539	\$ 112,233	\$ 846,374	\$ 282,345	\$88,440	\$ 187,137	\$ 260,434
Liabilities										
Accounts payable	\$ 461	\$ -	\$ -	\$ 6,454	\$ 1,874	\$ -	\$ 428	\$ -	\$ 29	\$ 66,320
Due to other funds	-	-	-	-	104,422	-	-	-	-	173,793
Accrued expenditures	_	_	_	24,577	5,794	_	3,887	-	_	
Unearned revenues	_	_	_	,	-	_	-	-	_	_
Escrow liabilities	-		-	-	-	-	-		-	
Total liabilities	461	-	-	31,031	112,090	-	4,315	-	29	240,113
Deferred inflows of resources										
Unavailable revenue - property taxes	-	-	-	-	-	-	-	-	-	-
Unavailable revenue - noncurrent receivables	-	-	-	-	-	-	-	-	-	20,321
Unavailable revenue - assessments	-	-	-	-	-	-	36,862	-	-	-
Unavailable revenue - other	-	-	-		-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	36,862	-	-	20,321
Fund balance (deficit)										
Nonspendable	-	-	-	993	1,274	-	-	432	-	635
Restricted	82,535	410,866	764,727	647,515	-	-	241,168	88,008	187,108	-
Committed	-	-	-	-	-	846,374	-	-	-	-
Unassigned	-	-	-	-	(1,131)	-	-	-	-	(635
Total fund balance (deficit)	82,535	410,866	764,727	648,508	143	846,374	241,168	88,440	187,108	-
Total liabilities, deferred inflows										
of resources and fund balances	\$82,996	\$ 410,866	\$ 764,727	\$ 679,539	\$ 112,233	\$ 846,374	\$ 282,345	\$88,440	\$ 187,137	\$ 260,434
or resources and rund parances	3 0Z,390	y 410,000	7 /04,727	9 تارورون	112,233 ډ	7 040,574	202,343 ډ	۶00,44U	107,137 ډ	۶ کان,434

				Spe	ecial Revenu	e Funds				
Communi-	COPS/	Free			Red Light		Increment Finar	-		
cation	UHP	Trade	Infrastru-	Lon C.Hill	Enforce-		einvestment Zor		Neighborhood	
Center	Grant	Bridge	cture	Library	ment	#1	#2	#3	Stabilization	Total
\$ -	\$ -	\$ 668,092	\$ 226,924	\$ 110,353	\$ 25,474	\$ 595,725	\$ 976,369	\$ 469,088	\$ 25,270	\$ 6,292,404
-	-	-	-	-	-	-	-	-	_	368,827
-	-	-	-	-	-	-	-	-	-	36,862
-	33,942	-	257	-	-	128,230	46,248	294,876	-	614,512
-	-	-	2,898	-	-	-	-	-	-	2,898
-	132	-	-	-	-	-	-	-	-	3,466
\$ -	\$ 34,074	\$ 668,092	\$ 230,079	\$ 110,353	\$ 25,474	\$ 723,955	\$ 1,022,617	\$ 763,964	\$ 25,270	\$ 7,318,969
\$ -	\$ -	\$ 55,012	\$ -	\$ 25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130,603
210,469	29,838	-	-	-	-	-	-	-	-	518,522
-	4,236	-	-	-	-	-	-	-	-	38,494
-	-	-	-	-	-	-	-	-	25,270	25,270
-	-	-	-	-	-	-	-	-	-	-
210,469	34,074	55,012	-	25	-	-	-	-	25,270	712,889
-	-	-	-	-	-	-	-	-	_	-
-	-	-	-	-	-	-	-	-	-	20,321
-	-	-	-	-	-	-	-	-	-	36,862
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	57,183
_	132	_	_	_	_	_	_	_	_	3,466
-	-	-	-	110,328	25,474	723,955	1,022,617	763,964	-	5,068,265
-	-	613,080	230,079	-,-	- ,	-	-	-	-	1,689,533
(210,469)	(132)	-	-	-	-	-	-	-	-	(212,367)
(210,469)	-	613,080	230,079	110,328	25,474	723,955	1,022,617	763,964	-	6,548,897
\$ -	\$ 34,074	\$ 668,092	\$ 230,079	\$ 110,353	\$25,474	\$ 723,955	\$ 1,022,617	\$ 763,964	\$ 25,270	\$ 7,318,969

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

September 30, 2016

	Capital projects funds							
			·	-	Cert	ificates		rtificates
						ligation		Obligation
	(Capital	Street	Petition	Pro	ojects,	F	rojects,
	Imp	rovement	Improvement	Paving	Seri	es 1999	Se	ries 2001
Assets								
Cash and cash equivalents	\$	72,343	\$2,388,275	\$496,230	\$	-	\$	633,586
Receivables (net of allowance for								
uncollectibles)								
Taxes		-	17,051	11,293		-		-
Accounts		-	-	143,012		-		-
Assessments		-	-	-		-		-
Due from other governments		-	-	-		-		-
Due from component unit		-	-	-		-		-
Prepaid items		-	-	-		-		-
Total assets	\$	72,343	\$ 2,405,326	\$650,535	\$	-	\$	633,586
Liabilities								
Accounts payable	\$	-	\$ 175,332	935	\$	-	\$	_
Due to other funds	·	-	-	_	·	_	·	_
Accrued expenditures		-	-	-		-		_
Unearned revenues		-	-	-		-		_
Escrow liabilities		-	-	231,194		-		-
Total liabilities		-	175,332	232,129		-		-
Deferred inflows of resources								
Unavailable revenue - property taxes		_	_	_		_		_
Unavailable revenue - noncurrent receivables		_	_	_		_		_
Unavailable revenue - assessments		_	_	_		_		_
Unavailable revenue - other		_	16,770	145,977				_
Total inflows of resources		-	16,770	145,977		-		-
Fund balances (deficit)								
Nonspendable		_	_	_		_		_
Restricted		72,343	_	- 272,429		_		633,586
Committed		, <u>,</u> , , , , , , , , , , , , , , , , ,	2,213,224			_		-
Unassigned		-	-,213,224	-		_		-
Total fund balance (deficit)		72,343	2,213,224	272,429		-		633,586
Tanal linkillatan dafa								
Total liabilities, deferred inflows of resources and fund balances	\$	72,343	\$2,405,326	\$650,535	\$	-	\$	633,586

Continued

			Capital pro	jects fu	unds					
	ertificates									Total
	Obligation									on Major
	Projects,		O. Bond		. Bond			Debt	Go	vernmental
Se	eries 2007	Se	ries 2006	Serie	es 2007	Total		Service		Funds
\$	979,742	\$	258,201	\$	116	\$4,828,493	\$	784,435	\$ 1	11,905,332
	-		-		_	28,344		311,157		339,501
	-		-		-	143,012		, -		511,839
	-		-		-	-		-		36,862
	-		-		-	-		-		614,512
	-		-		-	-		-		2,898
	-		-		-	-		-		3,466
\$	979,742	\$	258,201	\$	116	\$4,999,849	\$1	,095,592	\$ 1	13,414,410
-										
\$	150,337	\$	-	\$	_	\$ 326,604	\$	-	\$	457,207
	-		-		-	-		-		518,522
	-		-		-	-		-		38,494
	-		-		-	-		-		25,270
	-		-		-	231,194		-		231,194
	150,337		-		-	557,798		-		1,270,687
	-		-		-	-		289,753		289,753
	-		-		-	-		-		20,321
	-		-		-	-		-		36,862
	-		-		-	162,747		-		162,747
	-		-		-	162,747		289,753		509,683
	-		-		-	-		-		3,466
	829,405		258,201		116	2,066,080		805,839		7,940,184
	-		-		-	2,213,224		-		3,902,757
	-		-					-		(212,367)
	829,405		258,201		116	4,279,304		805,839	1	1,634,040
\$	979,742	\$	258,201	\$	116	\$4,999,849	\$1	,095,592	\$ 1	13,414,410

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

<u> </u>					Special Re	evenue Funds				
	Tennis Court Revenue	PEG Fund	Hotel/Motel Occupancy Tax	Convention Visitors Bureau	M.P.O.	Catastrophic Emergency Relief	Harlingen Downtown	Federal Forfeiture	State Forfeiture	Other Grants
Revenues	Revenue	ruliu	Tax	Duleau	IVI.F.U.	Reliei	DOWIILOWII	roneiture	Fortellare	Grants
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Nonproperty taxes	· -	88,728	997,629	· -	· -	· -	27,843		- -	- -
Fines and forfeitures	_	-	-	_	_	_	-	48,719	140,830	_
Improvements and assessments	_	_	_	_	_	_	_	.0,7.23	1.0,000	_
Charges for services	10,218	_	_	_	_	_	_		_	_
Intergovernmental	-	_	_	_	341,277	_	_	_	_	1,236,523
Miscellaneous	_	_	_	315	-	_	5		_	-
Interest and investment income	8	_	540	61	_	1,616	154	12	18	_
Total revenues	10,226	88,728	998,169	376	341,277	1,616	28,002	48,731	140,848	1,236,523
Expenditures										
Current										
General government	-	-	-	352,271	-	-	231,615	4,605	-	-
Public safety	-	-	-	-	-	-	-	66,585	77,406	547,964
Highways and streets	-	-	-	-	341,233	7,349	-	6,628	-	· -
Health and welfare	-	-	-	-	· -	-	-	-	-	80,971
Culture and recreation	37,515	-	105,000	-	-	-	-	-	-	100,798
Capital outlay	-	-	-	-	-	-	-	-	54,308	460,790
Debt service										·
Principal retirement	_	_	-	-	_	_	-	-	_	_
Interest										
Bond issuance costs and fees	-	-	-	-	-	-	-	-	-	-
Total expenditures	37,515	-	105,000	352,271	341,233	7,349	231,615	77,818	131,714	1,190,523
Evenes (deficiency) of revenues										
Excess (deficiency) of revenues over (under) expenditures	(27,289)	88,728	893,169	(351,895)	44	(5,733)	(203,613)	(29,087)	9,134	46,000
over (under) expenditures	(27,269)	66,726	693,109	(331,633)	44_	(3,733)	(203,013)	(23,067)	9,134	40,000
Other financing sources (uses)										
Transfer in	26,000	-	-	424,000	-	-	214,975	-	- (0.0.000)	
Transfer out	-	-	(631,000)	-	-	-	-	-	(36,997)	(46,000
Total other financing sources (uses)	26,000	-	(631,000)	424,000	-	-	214,975	-	(36,997)	(46,000
Net change in fund balances	(1,289)	88,728	262,169	72,105	44	(5,733)	11,362	(29,087)	(27,863)	-
Fund balance, beginning of year	83,824	322,138	502,558	576,403	99	852,107	229,806	117,527	214,971	-
Fund balance, end of year	\$ 82,535	\$ 410,866	\$ 764,727	\$ 648,508	\$ 143	\$ 846,374	\$ 241,168	\$ 88,440	\$ 187,108	\$ -

				Spe	ecial Revenu	e Funds				
Communi-	COPS/	Free			Red Light		Increment Fina	-		
cation	UHP	Trade	Infrastru-	Lon C.Hill	Enforce-	R	einvestment Zo	ne	Neighborhood	
Center	Grant	Bridge	cture	Library	ment	#1	#2	#3	Stabilization	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	293,556	-	-	-	-	-	-	1,407,756
-	-	-	-	-	25,327	-	-	-	-	214,876
-	-	-	-	-	-	-	-	-	-	-
12,697	-	278,895	-	-	-	-	-	-	-	301,810
-	157,631	-	-	-	-	128,230	46,248	294,876	44,950	2,249,73
-	-	-	-	23,340	-	-	-	-	-	23,660
-	-	53	14	68	79	50	85	30	-	2,788
12,697	157,631	278,948	293,570	23,408	25,406	128,280	46,333	294,906	44,950	4,200,625
_	_	_	-	_	_	_	-	70,000	-	658,491
85,950	157,631	-	-	-	-	-	-	-	-	935,536
-	-	55,122	99,343	-	-	-	-	-	-	509,67
-	-	-	-	-	-	-	-	-	44,950	125,92
-	-	-	-	27,315	-	-	-	-	-	270,62
-	-	-	129,585	-	30,315	-	-	-	-	674,998
-	-	-	-	-	-	-	-	-	-	-
-	-	_	_	-	-	_	-	-	-	-
85,950	157,631	55,122	228,928	27,315	30,315	-	-	70,000	44,950	3,175,24
(73,253)	-	223,826	64,642	(3,907)	(4,909)	128,280	46,333	224,906	-	1,025,37
_	_	_	_	-	_	62,397	65,744	231,914	-	1,025,03
-	-	-	-	-	-	-	-	-	-	(713,99
-	-	-	-	-	-	62,397	65,744	231,914	-	311,03
(73,253)	-	223,826	64,642	(3,907)	(4,909)	190,677	112,077	456,820	-	1,336,40
(137,216)	-	389,254	165,437	114,235	30,383	533,278	910,540	307,144	-	5,212,48
\$ (210,469)	\$ -	\$ 613,080	\$ 230,079	\$ 110,328	\$ 25,474	\$ 723,955	\$ 1,022,617	\$ 763,964	\$ -	\$ 6,548,89

City of Harlingen, Texas
Non Major Governmental Funds
Combining Statements of Revenues, Expenditures and
Changes in Fund Balances - Continued

rear ended September 30, 2016		Capi	tal Projects F	unds	
	Capital Improvement	Street Improvement	Petition Paving	Certificates of Obligation Projects, Series 1999	Certificates of Obligation Projects Series 2001
Revenues					
Property taxes	\$ -	\$ 1,813	\$ -	\$ -	\$ -
Nonproperty taxes	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Improvements and assessments	-	-	215,833	-	-
Charges for services	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Interest and investment income	14	160	54	25	1,894
Total revenues	14	1,973	215,887	25	1,894
Expenditures					
Current					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	354,154	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	19,144	-	-	-	33,374
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond issuance costs and fees	<u>-</u>	<u> </u>	-	-	<u> </u>
Total expenditures	19,144	354,154	-	-	33,374
Excess (deficiency) of revenues					
over (under) expenditures	(19,130)	(352,181)	215,887	25	(31,480)
Other financing sources (uses)					
Transfers in	-	2,552,404	-	-	-
Transfers out	(297,792)	-	-	(159,012)	(202,747)
Bond refunding issuance premium	-	-		-	-
Refunding Bond Proceeds	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	(297,792)	2,552,404	-	(159,012)	(202,747)
Net change in fund balances	(316,922)	2,200,223	215,887	(158,987)	(234,227)
Fund balance, beginning of year	389,265	13,001	56,542	158,987	867,813
Fund balance, end of year	\$ 72,343	\$ 2,213,224	\$272,429	\$ -	\$ 633,586

Cap	oital Projects Fur	nds			
Certificates					Total
of Obligation				Debt	Non Major
Projects	G.O. Bond	G.O. Bond		Service	Governmental
Series 2007	Series 2006	Series 2007	Total	Fund	Funds
\$ -	\$ -	\$ -	\$ 1,813	\$ 3,886,198	\$ 3,888,011
-	-	-	-	-	1,407,756
-	-	-	-	-	214,876
-	-	-	215,833	-	215,833
-	-	-	-	-	301,810
-	-	-	-	-	2,249,735
-	-	109,291	109,291	-	132,951
481	1,510	293	4,431	1,959	9,178
481	1,510	109,584	331,368	3,888,157	8,420,150
673	_	-	673	-	659,164
-	-	-	-	-	935,536
-	-	-	354,154	-	863,829
-	-	-	-	-	125,921
-	-	-	-	-	270,628
793,744	-	-	846,262	-	1,521,260
-	-	-	-	2,607,501	2,607,501
-	-	-	-	953,961	953,961
-	-	-	-	308,236	308,236
794,417	-	-	1,201,089	3,869,698	8,246,036
(793,936)	1,510	109,584	(869,721)	18,459	174,114
150,022	_	_	2,702,426	_	3,727,456
-	(942,907)	(897,760)	(2,500,218)	-	(3,214,215)
-	-	-	-	2,595,060	2,595,060
-	-	-	-	23,915,000	23,915,000
-	-	-	-	(26,756,345)	(26,756,345)
150,022	(942,907)	(897,760)	202,208	(246,285)	266,956
(643,914)	(941,397)	(788,176)	(667,513)	(227,826)	441,070
(073,314)	(371,337)	(700,170)	(007,313)	(227,020)	741,070
1,473,319	1,199,598	788,292	4,946,817	1,033,665	11,192,970
\$ 829,405	\$ 258,201	\$ 116	\$ 4,279,304	\$ 805,839	\$ 11,634,040

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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 Funds Combining Statement of Net Position

September 30, 2016

September 30, 2010			
	Motor		
	Vehicle/	Health	
	Warehouse	Insurance	
	Fund	Fund	Totals
Assets			
Current assets			
Cash and cash equivalents	\$ 3,599,807	\$ 250,284	\$ 3,850,091
Receivables (net of allowances for uncollectibles)		,	. , ,
Accounts	9,510	14,730	24,240
Due from component unit	122	-	122
Prepaid expenses	-	388,580	388,580
Inventories	164,210	-	164,210
Total current assets	3,773,649	653,594	4,427,243
Capital assets	21,181,101	-	21,181,101
Accumulated depreciation	(14,683,378)	-	(14,683,378)
Capital assets (net of accumulated			
depreciation)	6,497,723	-	6,497,723
Total non current assets	6,497,723	-	6,497,723
Total assets	10,271,372	653,594	10,924,966
Deferred outflows of resources			
Deferred resource outflows for pensions	114,306		114,306
Total assets and deferred outflows			
of resources	\$ 10,385,678	\$ 653,594	\$11,039,272
Liabilities			
Current liabilities			
Accounts payable	\$ 57,506	\$ 14,682	\$ 72,188
Due to other funds	-	65,000	65,000
Compensated absences	51,933	-	51,933
Accrued expenses	11,224	70.602	11,224
Total current liabilities	120,663	79,682	200,345
Long-term liabilities			
Net pension obligation	42,000	_	42,000
Net pension liability	98,216	_	98,216
Total liabilities	260,879	79,682	340,561
	,-		,
Deferred inflows of resources			
Deferred inflows of resources from pensions	3,015	-	3,015
Net position			
Net investment in capital assets	6,497,723	-	6,497,723
Unrestricted	3,624,061	573,912	4,197,973
Total net position	10,121,784	573,912	10,695,696
Total liabilities, deferred inflows	ć 10 20E C70	ć (F2.504	ć 11 020 272
of resources and net position	\$ 10,385,678	\$ 653,594	\$11,039,272

City of Harlingen, Texas
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes
in Net Position

Tear chaca september 30, 2010	Motor		
	Vehicle/	Health	
	Warehouse	Insurance	
	Fund	Fund	Totals
Operating revenues	\$ 2,907,474	\$4,386,048	\$ 7,293,522
Current use charges	Ş 2,907,474	\$4,500,04 0	\$ 7,293,522
Operating expenses			
Personal services	376,256	-	376,256
Contracted services	66,338	4,439,614	4,505,952
Materials and supplies	1,418,249	-	1,418,249
Other expenses	165,418	-	165,418
Depreciation expense	1,902,533	-	1,902,533
Total operating expenses	3,928,794	4,439,614	8,368,408
Operating loss	(1,021,320)	(53,566)	(1,074,886)
Nonoperating revenues			
Interest revenue	4,728	50	4,778
Gain of sale/disposal of capital assets	2,120	-	2,120
Total nonoperating revenues	6,848	50	6,898
Loss before transfers and			
capital contributions	(1,014,472)	(53,516)	(1,067,988)
Transfers and capital contributions			
Transfers in	-	81,000	81,000
Transfers out	(127,618)	-	(127,618)
Capital contributions	475,420	-	475,420
Total transfers and capital contributions	347,802	81,000	428,802
Net income (loss)	(666,670)	27,484	(639,186)
Net position, beginning of year	10,788,454	546,428	11,334,882
Net position, end of year	\$10,121,784	\$ 573,912	\$ 10,695,696

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

rear enaea september 50, 2016			
	Motor		
	Vehicle/	Health	
	Warehouse	Insurance	
	Fund	Fund	Totals
Cash flows from operating activities			
Received from customers	\$ 2,907,953	\$ 4,428,422	\$ 7,336,375
Payments to suppliers	(2,592,789)	(4,821,308)	(7,414,097)
Payments to employees	(349,217)	-	(349,217)
Net cash used in operations	(34,053)	(392,886)	(426,939)
Cash flows from noncapital financing activities			
Transfers from other funds	-	81,000	81,000
Transfers to other funds	(127,618)	-	(127,618)
Net cash provided by (used in) noncapital financin activities	(127,618)	81,000	(46,618)
Cash flows from capital and related financing activities			
Purchases of capital assets	(403,659)	-	(403,659)
Proceeds from sale of capital assets	2,120	-	2,120
Net cash used in capital and related financing activities	(401,539)	-	(401,539)
Cash flows from investing activities			
Interest received	4,728	50	4,778
Net cash provided by investing activities	4,728	50	4,778
	()	(
Net decrease in cash and cash equivalents	(558,482)	(311,836)	(870,318)
Cash and and a substantial arts having a firm	4.450.200	F.C2.420	4 720 400
Cash and cash equivalents, beginning of year	4,158,289	562,120	4,720,409
Cash and cash equivalents, end of year	\$ 3,599,807	\$ 250,284	\$ 3,850,091
Reconciliation of operating income to net cash provided			
by operating activities:			
Operating loss	\$(1,021,320)	\$ (53,566)	\$ (1,074,886)
Adjustments to reconcile net income from			
operations to net cash from operating activities			
Depreciation	956,746	-	956,746
Bad debt write-offs	=	-	-
Decrease in receivables	478	2,374	2,852
(Increase) decrease in receivables from other funds	(46)	40,000	39,954
Increase in inventories	(29,133)	-	(29,133)
(Increase) decrease in prepaid expenses	-	(387,775)	(387,775)
Decrease in net pension asset			
	114,297	-	114,297
Increase in deferred outflows of resources	114,297 (92,461)	-	114,297 (92,461)
·		- - 6,081	
Increase in deferred outflows of resources Increase in accounts payable	(92,461) 32,182	- - 6,081 -	(92,461) 38,263
Increase in deferred outflows of resources Increase in accounts payable Increase in net other post employment benefits	(92,461) 32,182 3,439	- - 6,081 - -	(92,461) 38,263 3,439
Increase in deferred outflows of resources Increase in accounts payable Increase in net other post employment benefits Decrease in deferred inflows of resources	(92,461) 32,182 3,439 (1,357)	- - 6,081 - - -	(92,461) 38,263 3,439 (1,357)
Increase in deferred outflows of resources Increase in accounts payable Increase in net other post employment benefits	(92,461) 32,182 3,439	- 6,081 - - - - (339,320)	(92,461) 38,263 3,439
Increase in deferred outflows of resources Increase in accounts payable Increase in net other post employment benefits Decrease in deferred inflows of resources Increase in accrued expenses	(92,461) 32,182 3,439 (1,357) 3,122	, - - -	(92,461) 38,263 3,439 (1,357) 3,122
Increase in deferred outflows of resources Increase in accounts payable Increase in net other post employment benefits Decrease in deferred inflows of resources Increase in accrued expenses	(92,461) 32,182 3,439 (1,357) 3,122	, - - -	(92,461) 38,263 3,439 (1,357) 3,122
Increase in deferred outflows of resources Increase in accounts payable Increase in net other post employment benefits Decrease in deferred inflows of resources Increase in accrued expenses Total adjustments	(92,461) 32,182 3,439 (1,357) 3,122 987,267	(339,320)	(92,461) 38,263 3,439 (1,357) 3,122 647,947
Increase in deferred outflows of resources Increase in accounts payable Increase in net other post employment benefits Decrease in deferred inflows of resources Increase in accrued expenses Total adjustments Net cash used in operations	(92,461) 32,182 3,439 (1,357) 3,122 987,267	(339,320)	(92,461) 38,263 3,439 (1,357) 3,122 647,947
Increase in deferred outflows of resources Increase in accounts payable Increase in net other post employment benefits Decrease in deferred inflows of resources Increase in accrued expenses Total adjustments	(92,461) 32,182 3,439 (1,357) 3,122 987,267	(339,320)	(92,461) 38,263 3,439 (1,357) 3,122 647,947

SUPPLEMENTARY INDIVIDUAL GOVERNMENTAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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City of Harlingen, Texas General Fund Comparative Balance Sheets

September 30,		2016		2015
Assets				
Cash and cash equivalents	\$	11,735,858	\$	11,828,126
Investments - other	•	4,185,023	•	4,169,326
Receivables (net of allowances)		, ,		, ,
Taxes, including penalty, interest and fees		986,344		946,484
Accounts		996,563		1,347,866
Due from other governments		1,320,925		1,197,754
Due from other funds		1,080,717		494,268
Due from component units		78,441		68,154
Loans receivable		17,272		17,272
Prepaid items		41,628		5,238
Total assets	\$	20,442,771	\$	20,074,488
Liabilities				
Accounts payable	\$	507,642	\$	966,461
Accounts payable Accrued expenditures	Ą	872,172	Ą	664,825
Other liabilities		657,843		591,992
Due to other funds		122,833		322,138
Unearned revenue		456,066		489,026
Officarried revenue		430,000		489,020
Total liabilities		2,616,556		3,034,442
Deferred inflows of resources				
Unavailable revenue - property taxes		914,721		880,923
Unavailable revenue - payments in lieu of taxes		130,878		149,856
Unavailable revenue - special assessments		36,000		36,000
Unavailable revenue - other		29,584		29,569
Total deferred inflows of resources		1,111,183		1,096,348
Fund balances				
Nonspendable		41,628		5,238
Unassigned		16,673,404		15,938,460
Total fund balances	_	16,715,032		15 042 609
Total Iuliu Dalalices		10,/13,032		15,943,698
Total liabilities, deferred inflows				
of resources and fund balances	\$	20,442,771	\$	20,074,488

City of Harlingen, Texas General Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2016	2015
Davisonias		
Revenues Proporty tayon, including populty and interest	\$ 14,202,827	¢ 12 602 100
Property taxes - including penalty and interest		\$ 13,682,198
Non property taxes Fines and forfeitures	20,221,652 1,442,634	19,897,893 1,672,287
	1,442,034 549,401	
Licenses and permits Charges for services	2,459,509	502,973
-	• • •	3,034,139
Intergovernmental Contributions and donations	58,815 696,413	689,624 3,800,733
Miscellaneous	131,008	
Interest and investment income	•	155,673
Total revenues	32,006 39,794,265	14,062 43,449,582
Total revenues	39,794,203	43,449,362
Expenditures		
Current		
General government	5,536,663	5,748,778
Public safety	22,055,008	22,621,457
Highways and streets	3,037,712	3,258,044
Health and welfare	2,895,711	2,972,646
Culture and recreation	3,928,243	3,759,030
Capital outlay	952,217	3,933,263
Debt service		
Principal retirement	292,355	142,800
Interest and fiscal agent fees	248,383	196,767
Total expenditures	38,946,292	42,632,785
Excess of revenues		
over expenditures	847,973	816,797
Other financing sources (uses)		
Transfers in	1,089,300	3,639
Transfers out	(1,234,885)	(2,116,548)
Proceeds from capital lease	(1,234,003)	47,250
Sale of general capital assets	68,946	8,924
Total other financing sources (uses)	(76,639)	(2,056,735)
	(, ,	, , ,
Net change in fund balance	771,334	(1,239,938)
Fund balance, beginning of year	15,943,698	17,183,636
Fund balance, end of year	\$ 16,715,032	\$ 15,943,698

City of Harlingen, Texas Community Development Block Grant Fund Special Revenue Fund Comparative Balance Sheets

September 30,	2016	2015
Assets		
Cash and cash equivalents	\$ 258,696	\$ 255,752
Receivables (net of allowances for uncollectibles)		
Accounts	6,709	6,422
Assessments	12,817	12,817
Prepaid items	-	624
Loans receivable	977,900	901,587
Total assets	\$1,256,122	\$1,177,202
Liabilities		
Accounts payable	\$ 949	\$ 2,294
Due to other funds	100,000	100,000
Accrued expenditures	4,471	4,958
Other liabilities	16,559	16,632
Other haddities	10,333	10,032
Total liabilities	121,979	123,884
Deferred inflows of resources		
Unavailable revenue - noncurrent receivables	859,054	776,657
Unavailable revenue - special assessments	12,815	12,815
Unavailable revenue - other	118,847	124,930
Total deferred inflows of resources	990,716	914,402
Fund balance		
Nonspendable		624
Restricted	- 143,427	
Restricted	143,427	138,292
Total fund balance	143,427	138,916
Total liabilities, deferred inflows		
of resources and fund balances	\$1,256,122	\$1,177,202
	<u> </u>	·

City of Harlingen, Texas Community Development Block Grant Fund Special Revenue Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2016	2015
Revenues		
Intergovernmental	\$1,132,941	\$ 736,631
Miscellaneous and program revenues	364,515	153,415
Interest and investment income	6,871	6,680
Total revenues	1,504,327	896,726
Expenditures		
Current		
General government	404,314	104,907
Public safety	2,435	-
Health and welfare	890,205	463,034
Capital outlay	202,862	251,953
Total expenditures	1,499,816	819,894
Net change in fund balance	4,511	76,832
Fund balance, beginning of year	138,916	62,084
Fund balance, end of year	\$ 143,427	\$ 138,916

City of Harlingen, Texas Public, Educational And Governmental Access Channels Fund Special Revenue Fund Comparative Balance Sheets

September 30,	2016	2015
Assets		
Cash and cash equivalents	\$ 388,804	\$ -
Receivables (net of allowances)		
Accounts	22,062	-
Due from other funds	-	322,138
Total assets	\$ 410,866	\$ 322,138
Liabilities	-	_
Fund balance		
Restricted	410,866	322,138
Total fund balance (deficit)	410,866	322,138
Total liabilities and fund balance	\$ 410,866	\$ 322,138

City of Harlingen, Texas Public, Educational, And Governmental Access Channels Fund Special Revenue Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2016	2015
Revenues		
Nonproperty taxes	\$ 88,728	\$ 66,599
Total revenues	88,728	66,599
Expenditures	-	-
Excess of revenues over expenditures	88,728	66,599
Other financing sources		
Transfers in	-	255,539
Total other financing sources	-	255,539
Net change in fund balance	88,728	322,138
Fund balance, beginning of year	322,138	-
Fund balance, end of year	\$410,866	\$ 322,138

City of Harlingen, Texas Tennis Court Revenue Fund Special Revenue Fund Comparative Balance Sheets

September 30,	2016	2015
Assets		
Cash and cash equivalents	\$ 82,976	\$ 84,577
Receivables (net of allowances)	+/-	7 0 1,011
Accounts	20	20
Total assets	\$ 82,996	\$ 84,597
Liabilities		
Accounts payable	\$ 461	\$ 773
Fund balance		
Restricted	82,535	83,824
Total liabilities and fund balance	\$ 82,996	\$ 84,597

City of Harlingen, Texas Tennis Court Revenue Fund Special Revenue Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2016	2015
Revenues		
Charges for services	\$ 10,218	\$ 12,627
Interest and investment income	8	39
Total revenues	10,226	12,666
Expenditures		
Current		
Culture and recreation	37,515	42,807
Deficiency of revenues under expenditures	(27,289)	(30,141)
Other financing sources (uses)		
Transfers in	26,000	26,000
Transfers out	-	(70,000)
Total other financing sources (uses)	26,000	(44,000)
Net change in fund balance	(1,289)	(74,141)
Fund balance, beginning of year	83,824	157,965
Fund balance, end of year	\$ 82,535	\$ 83,824

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

Tear chaca september 30, 2010					Va	riance
	Bu	Budget		ıal Amount	Positive	
	Original	Final	(GA	AP BASIS)	(Ne	egative)
Revenues						
Charges for services	\$11,000	\$ 11,000	\$	10,218	\$	(782)
Interest income	75	75		8		(67)
Total revenues	11,075	11,075		10,226		(849)
Expenditures						
Current						
Culture and recreation	6,000	30,000		37,515		(7,515)
Excess (deficiency) of revenues						
over (under) expenditures	5,075	(18,925)		(27,289)		(8,364)
Other financing sources						
Transfers in	26,000	26,000		26,000		_
Total other financing sources	26,000	26,000		26,000		-
Net change in fund balance	\$31,075	\$ 7,075		(1,289)	\$	(8,364)
Fund balance, beginning of year				83,824		
Fund balance, end of year			\$	82,535		

City of Harlingen, Texas Hotel/Motel Occupancy Tax Fund Special Revenue Fund Comparative Balance Sheets

September 30,	2016	2015
Assets		
Cash and cash equivalents	\$ 689,606	\$ 418,939
Receivables (net of allowances for uncollectibles)		
Accounts	75,121	83,921
Total assets	\$764,727	\$ 502,860
Liabilities		
Accounts payable	\$ -	\$ 302
Fund balance		
Restricted	764,727	502,558
Total liabilities and fund balance	\$ 764,727	\$ 502,860

City of Harlingen, Texas Hotel/Motel Occupancy Tax Fund Special Revenue Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30, 2016	2016	2015
Revenues		
Nonproperty taxes	\$ 997,629	\$1,024,253
Interest and investment income	540	133
Total revenues	998,169	1,024,386
Expenditures		
Current		
Culture and recreation	105,000	103,000
Excess of revenues over expenditures	893,169	921,386
Other financing uses		
Transfers out	(631,000)	(797,486)
Net change in fund balance	262,169	123,900
Fund balance, beginning of year	502,558	378,658
Fund balance, end of year	\$ 764,727	\$ 502,558

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

					Variance
	Bud	lget	Actual Amount		Positive
	Original	Final	(G	AAP BASIS)	(Negative)
Revenues					
Nonproperty taxes	\$ 860,200	\$ 860,000	\$	997,629	\$ 137,629
Interest and investment income	125	325		540	215
Total revenues	860,325	860,325		998,169	137,844
Expenditures					
Current					
Culture and recreation	115,000	115,000		105,000	10,000
Excess of revenues					
over expenditures	745,325	745,325		893,169	147,844
Other financing uses					
Transfers out	(631,000)	(631,000)		(631,000)	-
Total other financing uses	(631,000)	(631,000)		(631,000)	-
Net change in fund balance	\$ 114,325	\$ 114,325		262,169	\$ 147,844
Fund balance, beginning of year				502,558	
Fund balance, end of year			\$	764,727	

City of Harlingen, Texas Convention and Visitors Bureau Fund Special Revenue Fund Comparative Balance Sheets

Year ended September 30,	2016	2015	
Assets			
Cash and cash equivalents	\$ 672,456	\$ 621,890	
Accounts receivables (net of allowances for uncollectibles)	6,090	-	
Prepaid items	993	-	
Total assets	\$ 679,539	\$ 621,890	
10ta1 4330t3	7 013,333	7 021,030	
Liabilities			
Accounts payable	\$ 6,454	\$ 6,479	
Accrued expenditures	24,577	39,008	
Total liabilities	31,031	45,487	
Total Habilities	31,031	13,107	
Fund Balance			
Nonspendable	993	-	
Restricted	647,515	576,403	
Total fund balances	648,508	576,403	
Total liabilities and fund balance	\$ 679,539	\$ 621,890	

City of Harlingen, Texas Convention and Visitors Bureau Fund Special Revenue Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2016	2015	
Povenues			
Revenues	4 0		
Miscellaneous and program revenues	\$ 315	\$ -	
Interest and investment income	61	146	
Total revenues	376	146	
Expenditures			
Current			
General government	352,271	429,910	
Deficiency of revenues under expenditures	(351,895)	(429,764)	
Other financing sources			
Transfers in	424,000	513,000	
NET CHANGE IN FUND BALANCE	72,105	83,236	
Fund balance, beginning of year	576,403	493,167	
Fund balance, end of year	\$ 648,508	\$576,403	

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

					Va	riance	
	Budg	Budget		Actual Amount		Positive	
	Original	Final	(GAAP BASIS)		(Negative)		
Revenues							
Miscellaneous and other	-	-	\$	315	\$	315	
Interest and investment income	200	200		61		(139)	
Total revenues	200	200		376		176	
Expenditures							
Current							
General government	423,013	475,059	352,271		122,788		
Deficiency of revenues under expenditures	(422,813)	(474,859)	(351,895)		122,964		
Other financing sources							
Transfers in	424,000	424,000	424,000		-		
Total other financing sources	424,000	424,000	42	24,000		-	
Net change in fund balance	1,187	(50,859)	7	72,105	1	22,964	
Fund balance, beginning of year			57	76,403			
Fund balance, end of year			\$ 64	18,508			

City of Harlingen, Texas MPO Grant Fund Special Revenue Fund Comparative Balance Sheets

Year ended September 30,	2016	2015
Assets		
Due from other governments	\$110,959	\$77,554
Prepaid items	1,274	920
Total assets	\$112,233	\$78,474
Liabilities		
Accounts payable	\$ 1,874	\$ 1,473
Due to other funds	104,422	72,641
Accrued expenditures	5,794	4,261
Total liabilities	112,090	78,375
Fund balance		
Restricted	143	99
Total fund balance	143	99
Total liabilities and fund balance	\$112,233	\$78,474

City of Harlingen, Texas MPO Grant Fund Special Revenue Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2	016	20	015
Revenues				
Intergovernmental	\$ 34	11,277	\$20	3,394
Expenditures				
Current				
Highways and streets	34	11,233	20	3,394
Net change in fund balance		44		-
Fund balance, beginning of year		99		99
Fund balance, end of year	\$	143	\$	99

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

Year ended September 30, 2016

real chaca september 30, 2010					Variance
	Ruc	dget	Acti	ual Amount	Positive
	Original	Final		AAP BASIS)	(Negative)
Revenues				,	, ,
Intergovernmental	\$364,215	\$364,215	\$	341,277	\$ (22,938)
Expenditures					
Current					
Highways and streets	364,215	364,215		341,233	22,982
Total expenditures	364,215	364,215		341,233	22,982
Net change in fund balance	-	-		44	44
Fund balance (deficit), beginning of year				99	
Fund balance (deficit), end of year			\$	143	

City of Harlingen, Texas Catastrophic Emergency Relief Fund Special Revenue Fund Comparative Balance Sheets

September 30,	2016	2015
Assets		
Cash and cash equivalents	\$ 846,374	\$ 852,107
Total assets	\$ 846,374	\$ 852,107
Liabilities	\$ -	\$ -
Fund balance		
Committed	846,374	852,107
Total liabilities and fund balance	\$ 846,374	\$ 852,107

City of Harlingen, Texas Catastrophic Emergency Relief Fund Special Revenue Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2016	2015
Revenues		
Interest and investment income	1,616	403
Total revenues	1,616	403
Expenditures		
Current		
Highways and streets	7,349	6,641
Total expenditures	7,349	6,641
Net change in fund balance	(5,733)	(6,238)
Fund balance, beginning of year	852,107	858,345
Fund balance, end of year	\$846,374	\$ 852,107

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

Year ended September 30, 2016

							Va	riance
		Bud	get		Actual Amount		Positive	
	Ori	ginal	F	inal	(GA	AP BASIS)	(Negative)	
Revenues								
Interest and investment income	\$	-	\$	-	\$	1,616	\$	1,616
Total revenues		-		-		1,616		1,616
Expenditures								
Current								
Highways and streets	25	,000	25	5,000		7,349		17,651
Total expenditures	25	5,000	25	5,000		7,349		17,651
Net change in fund balance	(25	5,000)	(25	5,000)		(5,733)		19,267
Fund balance, beginning of year						852,107		
Fund balance, end of year					\$	846,374		

City of Harlingen, Texas Harlingen Downtown Fund Special Revenue Fund Comparative Balance Sheets

September 30,	2016	2015
Assets		
Cash and cash equivalents	\$ 244,873	\$ 237,067
Receivables (net of allowances for uncollectibles)		
Accounts	610	610
Assessments	36,862	37,041
Total assets	\$ 282,345	\$ 274,718
Liabilities		
Accounts payable	\$ 428	\$ 4,749
Accrued expenditures	3,887	3,122
Total liabilities	4,315	7,871
Deferred inflows of resources		
Unavailable revenue - special assessments	36,862	37,041
Fund balance		
Restricted	241,168	229,806
Total liabilities, deferred inflows		
of resources and fund balances	\$ 282,345	\$ 274,718

City of Harlingen, Texas Harlingen Downtown Fund Special Revenue Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2016	2015
Revenues		
Non property taxes	\$ 27,843	\$ 23,632
Miscellaneous and program revenues	1	4,485
Interest and investment income	154	70
Total revenues	27,998	28,187
Expenditures		
Current		
General government	231,615	218,161
Deficiency of revenues under expenditures	(203,617)	(189,974)
Other financing sources		
Transfers in	214,975	217,975
Proceeds from sale of capital assets	4	-
Total other financing sources	214,979	217,975
Net change in fund balance	11,362	28,001
Fund balance, beginning of year	229,806	201,805
Fund balance, end of year	\$ 241,168	\$ 229,806

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

Year ended September 30, 2016

real ended September 30, 2010	Bud	lget	Actual Amount		Variance Positive		
	Original	Final		AAP BASIS)		(Negative)	
Revenues	- 0 -		, -	,		-87	
Improvement assessments	\$ 29,000	\$ 29,000	\$	27,843	\$	(1,157)	
Miscellaneous and program revenues	-	-		1		1	
Interest and investment income	-	-		154		154	
Total revenues	29,000	29,000		27,998		(1,002)	
Expenditures							
Current							
General government	249,439	253,906		231,615		22,291	
Deficiency of revenues under expenditures	(220,439)	(224,906)		(203,617)		21,289	
Other financing sources							
Transfers in	214,975	214,975		214,975		-	
Sale of fixed assets	-	-		4		4	
Total other financing sources	214,975	214,975		214,979		4	
Net change in fund balance	(5,464)	(9,931)		11,362		21,293	
Fund balance, beginning of year				229,806			
Fund balance, end of year			\$	241,168			

City of Harlingen, Texas Federal Forfeiture Fund Special Revenue Fund Comparative Balance Sheets

September 30,	2016	2015
Assets		
Cash and cash equivalents	\$ 82,883	\$ 120,232
Accounts receivable	5,125	-
Prepaid items	432	-
Total assets	\$ 88,440	\$ 120,232
Liabilities		
Accounts payable	\$ -	\$ 2,464
Accrued expenditures	-	241
Total liabilities	-	2,705
Fund balance		
Nonspendable	432	-
Restricted	88,008	117,527
Total liabilities and fund balance	\$ 88,440	\$ 120,232

City of Harlingen, Texas Federal Forfeiture Fund Special Revenue Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2016	2015
Revenues		
Intergovernmental	\$ -	\$ 5,106
Fines and forfeitures	48,719	47,487
Interest and investment income	12	64
Total revenues	48,731	52,657
Expenditures		
Current		
General Government	4,605	-
Public safety	66,585	76,700
Capital outlay	6,628	-
Total expenditures	77,818	76,700
Deficiency of revenues under expenditures	(29,087)	(24,043)
Other financing uses		
Transfers out	-	(44,343)
Total other financing uses	-	(44,343)
Net change in fund balance	(29,087)	(68,386)
Fund balance, beginning of year	117,527	185,913
Fund balance, end of year	\$ 88,440	\$ 117,527

City of Harlingen, Texas State Forfeiture Fund Special Revenue Fund Comparative Balance Sheets

September 30,	2016	2015
Assets		
Cash and cash equivalents	\$187,137	\$214,971
Total assets	\$187,137	\$214,971
Liabilities		
Accounts payable	\$ 29	\$ -
Fund balance		
Restricted	187,108	214,971
Total liabilities and fund balance	\$187,137	\$214,971

City of Harlingen, Texas State Forfeiture Fund Special Revenue Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2016	2015	
Revenues			
Fines and forfeitures	\$ 140,830	\$ 60,645	
Interest and investment income	18	46	
Total revenues	140,848	60,691	
Expenditures			
Current			
Public safety	77,406	7,850	
Capital outlay	54,308	-	
Total expenditures	131,714	7,850	
Excess of revenues over expenditures	9,134	52,841	
Other financing uses			
Transfers out	(36,997)	-	
Total other financing uses	(36,997)	-	
Net change in fund balance	(27,863)	52,841	
Fund balance, beginning of year	214,971	162,130	
Fund balance, end of year	\$ 187,108	\$ 214,971	

City of Harlingen, Texas Other Grants Fund Special Revenue Fund Comparative Balance Sheets

September 30,	2016	2015
Assets		
Cash and cash equivalents	\$ -	\$ 253,353
Accounts receivable	259,799	68,022
Prepaid items	635	-
Total assets	\$ 260,434	\$ 321,375
Liabilities		
Accounts payable	\$ 66,320	\$ 6,035
Due to other funds	173,793	-
	240,113	6,035
Deferred inflows of resources		
Unavailable revenue - noncurrent receivables	20,321	315,340
Fund balance		
Nonspendable	635	-
Restricted	(635)	-
Total fund balance	-	-
Total liabilities, deferred inflows		
of resources and fund balances	\$ 260,434	\$ 321,375

City of Harlingen, Texas Other Grants Fund Special Revenue Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2016	2015
Revenues		
Intergovernmental	\$1,236,523	\$ 152,510
Total revenues	1,236,523	152,510
Expenditures		
Current		
Public safety	547,964	71,830
Health and welfare	80,971	-
Culture and recreation	100,798	-
Capital outlay	460,790	80,680
Total expenditures	1,190,523	152,510
Excess of revenues over expenditures	46,000	
Other financing (uses)		
Transfers out	(46,000)	-
Total other financing (uses)	(46,000)	-
Net change in fund balance	-	-
Fund balance, beginning of year	-	-
Fund balance, end of year	\$ -	\$ -

City of Harlingen, Texas Communication Center Fund Special Revenue Fund Comparative Balance Sheets

September 30,	2016	2015
Assets		
Cash and cash equivalents	\$ -	\$ -
Total assets	\$ -	\$ -
Liabilities		
Accounts payable	\$ -	\$ 5,760
Due from other funds	210,469	131,456
	210,469	137,216
Fund balance		
Unassigned	(210,469)	(137,216)
Total fund balance	(210,469)	(137,216)
Total liabilities and fund balance	\$ -	\$ -

City of Harlingen, Texas Communication Center Fund Special Revenue Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2016	2015
Revenues		
Charges for services	\$ 12,697	\$ 11,108
Total revenues	12,697	11,108
Expenditures		
Public safety	85,950	83,255
Total expenditures	85,950	83,255
Net change in fund balance	(73,253)	(72,147)
Fund balance, beginning of year	(137,216)	(65,069)
Fund balance, end of year	\$(210,469)	\$(137,216)

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

Year ended September 30, 2016

					Variance
	Buo	lget	Actual Amount		Positive
	Original	Final	(G	AAP BASIS)	(Negative)
Revenues					
Charges for services	\$ 172,819	\$ 172,819	\$	12,697	\$ (160,122)
Total revenues	172,819	172,819		12,697	(160,122)
Expenditures					
Current					
Public safety	85,950	85 <i>,</i> 950		85,950	-
Total expenditures	85,950	85,950		85,950	-
Net change in fund balance	86,869	86,869		(73,253)	160,122
Fund balance, beginning of year				(137,216)	
Fund balance, end of year			\$	(210,469)	

City of Harlingen, Texas COPS/UHP Grant Fund Special Revenue Fund Comparative Balance Sheets

September 30,	2016	2015
Assets		
Due from other governments Prepaids	\$ 33,942 132	\$ 155,178 -
Total assets	\$ 34,074	\$ 155,178
Liabilities		
Accrued expenditures	\$ 4,236	\$ 3,823
Due to other funds	29,838	151,355
Total liabilities	34,074	155,178
Fund balance		
Nonspendable	132	-
Restricted	(132)	-
Total fund balance	-	-
Total liabilities and fund balance	\$ 34,074	\$ 155,178

City of Harlingen, Texas COPS/UHP Grant Fund Special Revenue Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

\$ 157,631	\$ 162,320
\$ 157,631	\$ 162,320
\$ 157,631	\$ 162,320
157,631	162,320
-	-
-	-
\$ -	\$ -
	- \$ -

City of Harlingen, Texas COPS/UHP Grant Fund Special Revenue Fund Schedule Of Revenues, Expenditures And Changes In Fund Balance - Budget And Actual

Year ended September 30, 2016

	Bud	dget	Actual Amount		Variance Positive	
	Original	Final	(GA	AAP BASIS)	(Negative)	
Revenues						
Intergovernmental	\$ 208,979	\$ 208,979	\$	157,631	\$ (51,348)	
Expenditures						
Current						
Public safety	208,979	208,979		157,631	51,348	
Net change in fund balance	-	-		-	-	
Fund balance, beginning of year				-		
Fund balance, end of year			\$	-		

City of Harlingen, Texas Free Trade Bridge Fund Special Revenue Fund Comparative Balance Sheets

September 30,	2016	2015
Assets		
Cash and cash equivalents	\$ 668,092	\$ 413,964
Total assets	\$ 668,092	\$ 413,964
Liabilities		
Accounts payable	\$ 55,012	\$ 24,710
Fund balance		
Committed	613,080	389,254
Committee	013,000	303,234
Total liabilities and fund balance	\$ 668,092	\$ 413,964

City of Harlingen, Texas Free Trade Bridge Fund Special Revenue Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2016	2015
Revenues		
Charges for services	\$ 278,895	\$ 186,509
Interest and investment income	53	84
Total revenues	278,948	186,593
Expenditures		
Current		
Highways and streets	55,122	55,633
Total expenditures	55,122	55,633
Net change in fund balance	223,826	130,960
Fund balance, beginning of year	389,254	258,294
runu balance, beginning of year	369,234	238,294
Fund balance, end of year	\$ 613,080	\$ 389,254

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

Year ended September 30, 2016

					Variance		
	Budget Actual A		Actual Amount		Budget Actual Amount		Positive
	Original	Final	(GA	AAP BASIS)	(Negative)		
Revenues							
Charges for services	\$145,000	\$145,000	\$	278,895	\$ 133,895		
Interest and investment income	100	100		53	(47)		
Total revenues	145,100	145,100		278,948	133,848		
Expenditures Current							
Highways and streets	75,000	200,000		55,122	144,878		
Net change in fund balance	70,100	(54,900)		223,826	278,726		
Fund balance, beginning of year				389,254			
Fund balance, end of year			\$	613,080			

City of Harlingen, Texas Infrastructure Fund Special Revenue Fund Comparative Balance Sheets

September 30,	2016	2015
Assets		
Cash and cash equivalents	\$ 226,924	\$ 168,341
Due from other governments	257	1,159
Due from component unit	2,898	23,940
Total assets	\$ 230,079	\$ 193,440
Liabilities		
Accounts payable	\$ -	\$ 28,003
Fund balance		
Committed	230,079	165,437
Total liabilities and fund balance	\$ 230,079	\$ 193,440

City of Harlingen, Texas Infrastructure Fund Special Revenue Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	tember 30, 2016	
Revenues		
Non property taxes	\$ 293,556	\$ 287,080
Interest and investment income	14	24
Total revenues	293,570	287,104
Expenditures		
Highways and streets	99,343	103,680
Capital outlay	129,585	109,842
Total expenditures	228,928	213,522
Net change in fund balance	64,642	73,582
Fund balance, beginning of year	165,437	91,855
Fund balance, end of year	\$ 230,079	\$ 165,437

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

Year ended September 30, 2016

					Variance
	Buc	lget	Actu	al Amount	Positive
	Original	Final	(GA	AAP BASIS)	(Negative)
Revenues					
Infrastructure - assessments	\$275,000	\$275,000	\$	293,556	\$ 18,556
Interest and investment income	-	-		14	14
Total revenues	275,000	275,000		293,570	18,570
Expenditures Current					
Highways and streets	223,400	133,700		99,343	34,357
Capital outlay	110,000	223,585		129,585	94,000
Total expenditures	333,400	357,285		228,928	128,357
Net change in fund balance	(58,400)	(82,285)		64,642	146,927
Fund balance, beginning of year				165,437	_
Fund balance, end of year			\$	230,079	

City of Harlingen, Texas Lon C. Hill Library Fund Special Revenue Fund Comparative Balance Sheets

September 30,	2016	2015
Assets		
Cash and cash equivalents	\$ 110,353	\$ 114,235
Total assets	\$ 110,353	\$ 114,235
Liabilities		
Accounts payable	\$ 25	\$ -
Fund balance		
Restricted	110,328	114,235
	ć 440.252	Ć 444 225
Total liabilities and fund balance	\$ 110,353	\$ 114,235

City of Harlingen, Texas Lon C. Hill Library Fund Special Revenue Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2016	2015	
Revenues			
Miscellaneous and program revenues	\$ 23,340	\$ 28,818	
Interest and investment income	68	42	
Total revenues	23,408	28,860	
Expenditures			
Culture and recreation	27,315	54,172	
Total expenditures	27,315	54,172	
Net change in fund balance	(3,907)	(25,312)	
Fund balance, beginning of year	114,235	139,547	
Fund balance, end of year	\$ 110,328	\$ 114,235	

City of Harlingen, Texas Red Light Enforcement Fund Special Revenue Fund Comparative Balance Sheets

September 30,	2016	2015
Assets		
Cash and cash equivalents	\$ 25,474	\$ 55,710
Total assets	\$ 25,474	\$ 55,710
Liabilities		
Accrued expenditures	\$ -	\$ 25,327
Total liabilities	-	25,327
Fund balance		
Restricted	25,474	30,383
Total liabilities and fund balance	\$ 25,474	\$ 55,710

City of Harlingen, Texas Red Light Enforcement Fund Special Revenue Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2016	20:	15
Revenues			
Fines and forfeitures	\$ 25,327	\$	-
Interest and investment income	79		19
Total revenues	25,406		19
Expenditures			
Current			
Capital outlay	30,315		-
Total expenditures	30,315		-
Excess (deficiency) of revenues			
over (under) expenditures	(4,909)		19
Other financing sources (uses)			
Transfers in	-		
Net change in fund balance	(4,909)		19
Fund balance, beginning of year	30,383	30	,364
Fund balance, end of year	\$ 25,474	\$ 30	,383

City of Harlingen, Texas Tax Increment Financing Reinvestment Zone No. 1 Fund Special Revenue Fund Comparative Balance Sheets

September 30,	2016	2015
Assets		
Cash and cash equivalents	\$ 595,725	\$ 533,278
Due from other governments	128,230	-
Total assets	\$ 723,955	\$ 533,278
	·	
Liabilities	\$ -	\$ -
Fund balance		
Restricted	723,955	533,278
Total liabilities and fund balance	\$ 723,955	\$ 533,278

City of Harlingen, Texas Tax Increment Financing Reinvestment Zone No. 1 Fund Special Revenue Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2016	2	2015	
Revenues				
Interest income	\$ 50	\$	137	
Intergovernmental	128,230		-	
Total revenues	128,280		137	
Expenditures	<u>-</u>			
Excess of revenues over expenditures	128,280		137	
Other financing sources				
Transfers in	62,397		66,620	
Net change in fund balance	190,677		66,757	
Found believes the structure of const	522.270	4	CC F 24	
Fund balance, beginning of year	533,278	4	66,521	
Fund balance, end of year	\$ 723,955	\$ 5	33,278	
i unu balance, enu oi year	۶ /25, 3 33	ر ب	33,270	

City of Harlingen, Texas Tax Increment Financing Reinvestment Zone No. 2 Fund Special Revenue Fund Comparative Balance Sheets

September 30,	2016	2015
Assets		
Cash and cash equivalents	\$ 976,369	\$910,540
Due from other governments	46,248	-
		_
Total assets	\$1,022,617	\$910,540
Liabilities	\$ -	\$ -
Fund balance		
Restricted	1,022,617	910,540
Total liabilities and fund balance	\$1,022,617	\$910,540

City of Harlingen, Texas Tax Increment Financing Reinvestment Zone No. 2 Fund Special Revenue Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2016	2015
Revenues		
Intergovernmental	\$ 46,248	\$ -
Interest income	85	236
	46,333	236
Expenditures	-	-
Excess of revenues over expenditures	46,333	236
Other financing sources		
Transfers in	65,744	119,636
Net change in fund balance	112,077	119,872
Fund balance, beginning of year	910,540	790,668
Fund balance, end of year	\$1,022,617	\$910,540

City of Harlingen, Texas Tax Increment Financing Reinvestment Zone No. 3 Fund Special Revenue Fund Comparative Balance Sheets

September 30,	2016	2015
Assets		
	ć 450 000	ć 207.444
Cash and cash equivalents	\$ 469,088	\$ 307,144
Due from other governments	294,876	-
Total assets	\$ 763,964	\$ 307,144
Liabilities	\$ -	\$ -
Fund balance		
Restricted	763,964	307,144
Total liabilities and fund balance	\$ 763,964	\$ 307,144

City of Harlingen, Texas Tax Increment Financing Reinvestment Zone No. 3 Fund Special Revenue Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2016	2015
_		
Revenues		
Interest and investment income	\$ 30	\$ 76
Intergovernmental	294,876	-
Total revenues	294,906	76
Expenditures		
Current		
General government	70,000	70,000
Total expenditures	70,000	70,000
Evenes (deficiency) of revenues		
Excess (deficiency) of revenues	224.006	(60.024)
over (under) expenditures	224,906	(69,924)
Other financing sources		
Transfers in	231,914	158,413
	231,914	158,413
Net change in fund balance	456,820	88,489
Fund balance, beginning of year	307,144	218,655
Fund balance, end of year	\$ 763,964	\$ 307,144

City of Harlingen, Texas Neighborhood Stabilization Program Grant Fund Special Revenue Fund Comparative Balance Sheets

September 30,	2016	2015
Assets		
Cash and cash equivalents	\$ 25,270	\$ 2,825
Due from other governments	-	7,785
Total assets	\$ 25,270	\$ 10,610
Liabilities		
Accounts payable	\$ -	\$ 10,610
Unearned revenue	25,270	-
Total liabilities	25,270	10,610
Fund balance	-	
Total liabilities and fund balance	\$ 25,270	\$ 10,610

City of Harlingen, Texas Neighborhood Stabilization Program Grant Fund Special Revenue Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2016	2015
Revenues		
Intergovernmental	\$ 44,950	\$ 19,655
Expenditures		
Current		
Health and welfare	44,950	19,655
Net change in fund balance	-	-
Fund balance, beginning of year	-	-
Fund balance, end of year	\$ -	\$ -

City of Harlingen, Texas Debt Service Fund Comparative Balance Sheets

September 30,	2016	2015
Assets		
Cash and cash equivalents	\$ 784,435	\$1,013,213
Taxes receivable (net of allowances)	311,157	309,636
Account receivable	-	2
Total assets	\$ 1,095,592	\$1,322,851
Liabilities	\$ -	\$ -
Deferred inflows of resources		
Unavailable revenue - property taxes	289,753	289,186
Fund balance		
Restricted	805,839	1,033,665
Total liabilities, deferred inflows		4
of resources and fund balances	\$ 1,095,592	\$1,322,851

City of Harlingen, Texas Debt Service Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2016	2015
Revenues		
Property taxes, including penalty and interest	\$ 3,886,198	\$ 4,010,570
Interest and investment income	1,959	571
Total revenues	3,888,157	4,011,141
Expenditures		
Debt service		
Principal	2,607,501	2,365,000
Interest	953,961	1,624,757
Debt issuance costs	308,236	-
	·	
Total expenditures	3,869,698	3,989,757
Excess of revenues over expenditures	18,459	21,384
Other financing sources (uses)		
Refunding bond proceeds	23,915,000	3,282
Payment to refunded bond escrow agent	(26,756,345)	-
Bond refunding issuance premium	2,595,060	_
Total other financing sources (uses)	(246,285)	3,282
Net change in fund balance	(227,826)	24,666
Fund balance, beginning of year	1,033,665	1,008,999
Fund balance, end of year	\$ 805,839	\$ 1,033,665

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

Year ended September 30, 2016

				Variance
	Buc	lget	Actual Amount	Positive
	Original	Final	(GAAP BASIS)	(Negative)
Revenues				
Property taxes, including penalty and interest	\$ 3,807,922	\$ 3,807,922	\$ 3,886,198	\$ 78,276
Interest and investment income	1,000	1,000	1,959	959
Total revenues	3,808,922	3,808,922	3,888,157	79,235
Expenditures				
Debt service				
Principal retirement	2,610,000	2,610,000	2,607,501	2,499
Interest and fiscal agent fees	1,545,422	1,545,422	953,961	591,461
Debt issuance costs	-	-	308,236	(308,236)
Total expenditures	4,155,422	4,155,422	3,869,698	285,724
Excess (deficiency) of revenues				
over (under) expenditures	\$ (346,500)	\$ (346,500)	18,459	\$ 364,959
Other financing sources (uses)				
Refunding bond proceeds	-	-	23,915,000	23,915,000
Payment to refunded bond escrow agent	-	-	(26,756,345)	(26,756,345)
Bond refunding issuance premium	-	-	2,595,060	2,595,060
Total other financing uses	-	-	(246,285)	(246,285)
Net change in fund balance	(346,500)	(346,500)	(227,826)	118,674
Fund balance, beginning of year			1,033,665	
Fund balance, end of year			\$ 805,839	

City of Harlingen, Texas Capital Improvement Fund Capital Projects Fund Comparative Balance Sheets

September 30,	2016	2015
Assets		
Cash and cash equivalents	\$ 72,343	\$ 389,265
Total assets	\$ 72,343	\$ 389,265
Liabilities	\$ -	\$ -
Fund balance		
Restricted	72,343	389,265
Total liabilities and fund balance	\$ 72,343	\$ 389,265

City of Harlingen, Texas Capital Improvement Fund Capital Projects Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2016	2	015
Revenues			
Interest and investment income	\$ 14	\$	111
Expenditures			
Capital outlay	19,144		
Total expenditures	19,144		-
Deficiency of revenues under expenditures	(19,130)		111
Other financing uses			
Transfers out	(297,792)		
Total other financing uses	(297,792)		-
Net change in fund balance	(316,922)		111
Fund balance, beginning of year	389,265	\$ 38	89,154
Fund balance, end of year	\$ 72,343	\$ 38	89,265

City of Harlingen, Texas Street Improvement Fund Capital Projects Fund Comparative Balance Sheets

September 30,	2016	2015
Assets		
Cash and cash equivalents	\$2,388,275	\$ 12,694
Accounts receivable	-	-
Special assessments	17,051	19,378
Total assets	\$2,405,326	\$ 32,072
Liabilities		
Accounts Payable	\$ 175,332	\$ -
Total liabilities	175,332	-
Deferred inflows of resources		
Unavailable revenue - other	16,770	19,071
Fund balance		
Committed	2,213,224	13,001
Total liabilities, deferred inflows		
of resources and fund balances	\$2,405,326	\$ 32,072

City of Harlingen, Texas Street Improvement Fund Capital Projects Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2016	2015
		_
Revenues		
Property taxes - including penalty and interest	\$ 1,813	\$ 3,211
Interest and investment income	160	69
Total revenues	1,973	3,280
Expenditures		
Current		
Highways and streets	354,154	1,073,664
Total expenditures	354,154	1,073,664
Deficiency of revenues under expenditures	(352,181)	(1,070,384)
Operating financing sources		
Transfers in	2,552,404	960,309
Total other financing sources	2,552,404	960,309
Net change in fund balance	2,200,223	(110,075)
Fund balance, beginning of year	13,001	\$ 123,076
Fund balance, end of year	\$2,213,224	\$ 13,001

City of Harlingen, Texas Petition Paving Fund Capital Projects Fund Comparative Balance Sheets

September 30,	2016	2015
Assets		
Cash and cash equivalents	\$ 496,230	\$ 478,348
Receivables (net of allowance for uncollectibles)		
Accounts	11,293	11,293
Assessments	143,012	144,462
Total assets	\$ 650,535	\$ 634,103
Liabilities		
Accounts payable	\$ 935	\$ 935
Escrow liabilities	231,194	430,649
Total liabilities	232,129	431,584
Deferred inflows of resources		
Unavailable revenue - other	145,977	145,977
Fund balance		
Restricted	272,429	56,542
Total liabilities, deferred inflows		
of resources and fund balances	\$ 650,535	\$ 634,103
	7 050,555	7 00-7,100

City of Harlingen, Texas Petition Paving Fund Capital Projects Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2016	2015
Revenues		
Improvements and assessments	\$ 215,833	\$ 117,564
Interest and investment income	54	171
Total revenues	215,887	117,735
Expenditures	-	
Excess of revenues over expenditures	215,887	117,735
Operating financing uses		
Transfers out	-	(117,564)
Net change in fund balance	215,887	171
Fund balance, beginning of year	56,542	56,371
Fund balance, end of year	\$ 272,429	\$ 56,542

City of Harlingen, Texas Certificates Of Obligation Projects, Series 1999 Fund Capital Projects Fund Comparative Balance Sheets

September 30,	2016	2015
Assets		
		d 450 007
Cash and cash equivalents	\$ -	\$ 158,987
Total assets	\$ -	\$ 158,987
Liabilities	\$ -	\$ -
Fund balance		
Restricted	-	158,987
Total liabilities and fund balance	\$ -	\$ 158,987

City of Harlingen, Texas Certificates Of Obligation Projects, Series 1999 Fund Capital Projects Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2016	2015	
Revenues			
Interest and investment income	\$ 25	\$ 50	
Expenditures	-	-	
Excess of revenues over expenditures	25	50	
Operating financing uses			
Transfers out	(159,012)	(83,020)	
Net change in fund balance	(158,987)	(82,970)	
Fund balance, beginning of year	158,987	241,957	
Fund balance, end of year	\$ -	\$ 158,987	

City of Harlingen, Texas Certificates Of Obligation Projects, Series 2001 Fund Capital Projects Fund Comparative Balance Sheets

September 30,	2016	2015
Assets		
		4 00= 010
Cash and cash equivalents	\$ 633,586	\$ 867,813
Total assets	\$ 633,586	\$ 867,813
Liabilities	\$ -	\$ -
Fund balance		
Restricted	633,586	867,813
Total liabilities and fund balance	\$ 633,586	\$ 867,813

City of Harlingen, Texas Certificates Of Obligation Projects, Series 2001 Fund Capital Projects Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2016	2015
Revenues		
Interest and investment income	\$ 1,894	\$ 422
Total revenues	1,894	
Expenditures		
Capital outlay	33,374	-
Total expenditures	33,374	-
Excess (deficiency) of revenues		
over (under) expenditures	(31,480) 422
Other financing uses		
Transfer out	(202,747) -
Total other financing uses	(202,747) -
Net change in fund balance	(234,227) 422
Fund balance, beginning of year	867,813	867,391
Fund balance, end of year	\$ 633,586	\$ 867,813

City of Harlingen, Texas Certificates Of Obligation Projects, Series 2007 Fund Capital Projects Fund Comparative Balance Sheets

September 30,		2016	2015
Assets			
Cash and cash equivalents	\$	979,742	\$ 1,482,910
Total assets	\$	979,742	\$ 1,482,910
Liabilities			
Accounts payable	\$	150,337	\$ 9,591
Total liabilities		150,337	9,591
Fund balance			
Restricted		829,405	1,473,319
Tatal liabilities and found belows	¢	070 742	ć 4 402 040
Total liabilities and fund balance	\$	979,742	\$ 1,482,910

City of Harlingen, Texas Certificates Of Obligation Projects, Series 2007 Fund Capital Projects Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2016	2015	
Revenues			
Interest and investment income	\$ 481	\$ 516	
Total revenues	481	516	
Expenditures			
Current			
General government	673	3,491	
Capital outlay	793,744	263,601	
Total expenditures	794,417	267,092	
Deficiency of revenues under expenditures	(793,936)	(266,576)	
Other financing sources			
Transfer out	150,022	-	
Net change in fund balance	(643,914)	(266,576)	
Fund balance, beginning of year	1,473,319	1,739,895	
Fund balance, end of year	\$ 829,405	\$1,473,319	

City of Harlingen, Texas General Obligation Bonds, Series 2006 Fund Capital Projects Fund Comparative Balance Sheets

September 30,	2016	2015
Assets		
Assets		
Cash and cash equivalents	\$ 258,201	\$1,199,598
Total assets	\$ 258,201	\$1,199,598
Liabilities	\$ -	\$ -
Fund balance		
Restricted	258,201	1,199,598
Total liabilities and fund balance	\$ 258,201	\$1,199,598

City of Harlingen, Texas General Obligation Bonds, Series 2006 Fund Capital Projects Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2016	2015	
Revenues			
Interest and investment income	\$ 1,510	\$ 462	
Expenditures	-		
Excess of revenues over expenditures	1,510	462	
Other financing uses			
Transfers out	(942,907)	-	
Net change in fund balance	(941,397)	462	
Fund balance, beginning of year	1,199,598	1,199,136	
Fund balance, end of year	\$ 258,201	\$1,199,598	

City of Harlingen, Texas General Obligation Bonds, Series 2007 Fund Capital Projects Fund Comparative Balance Sheets

September 30,	2016		2015	
Assets				
Cash and cash equivalents	\$ 116	\$	788,292	
Total assets	\$ 116	\$	788,292	
Liabilities	\$ -	\$	-	
Fund balance				
Restricted	116		788,292	
Total liabilities and fund balance	\$ 116	\$	788,292	

City of Harlingen, Texas General Obligation Bonds, Series 2007 Fund Capital Projects Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2016		2015	
Revenues				
Interest and investment income	\$ 29	3 \$	254	
Miscellaneous	109,29		234	
Total revenues	109,58		254	
	,			
Expenditures	-		-	
Excess of revenues over expenditures	109,58	4	254	
Other financing uses				
Transfer out	(897,76	0)	-	
Net change in fund balance	(788,17	6)	254	
Fund balance, beginning of year	788,29	2	788,038	
Fund balance, end of year	\$ 11	6 \$	788,292	

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SUPPLEMENTARY INDIVIDUAL ENTERPRISE FUNDS FINANCIAL STATEMENTS AND SCHEDULES

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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, Texas Sanitation Fund Enterprise Fund Comparative Balance Sheets

September 30,	2016	2015
Assets		
Current assets		
Cash and cash equivalents	\$ 6,634,364	\$ 5,699,185
Accounts receivables (net of allowances for uncollectibles)	82,799	102,659
Due from component units	81,598	91,251
Prepaid items	27,332	51,251
Total current assets	6,826,093	5,893,095
Other noncurrent assets		
Net pension asset	-	83,654
Capital assets		
Land	417,587	417,587
Construction in progress	-	1,253,207
Plant and equipment	3,837,874	2,382,612
Accumulated depreciation	(1,303,924)	(1,054,493)
Total capital assets (net of accumulated depreciation)	2,951,537	2,998,913
Total assets	9,777,630	8,975,662
Deferred outflows of resources		
Deferred outflows of resources for pensions	485,597	113,639
Total assets and deferred outflows of resources	\$ 10,263,227	\$ 9,089,301

City of Harlingen, Texas Sanitation Fund Enterprise Fund Comparative Balance Sheets - Continued

September 30,	2016 201	
Liabilities		
Current liabilities		
Accounts payable	\$ 167,289	\$ 163,096
Compensated absences, current portion	63,000	65,000
Accrued expenses	68,791	50,246
Total current liabilities	299,080	278,342
to the second se		
Long-term liabilities		
Compensated absences	162,112	172,612
Net other post employment benefit obligation	298,462	291,268
Net pension liability	417,243	-
Estimated liability for landfill postclosure costs	1,343,402	1,313,032
Total long-term liabilities	2,221,219	1,776,912
Total liabilities	2,520,299	2,055,254
Deferred inflows of resources		
Deferred inflows of resources from pensions	12,808	22,741
Deterred filliows of resources from pensions	12,000	22,7 41
Net position		
Net investment in capital assets	2,951,537	2,998,913
Unrestricted	4,778,583	4,012,393
Total net position	7,730,120	7,011,306
Total liabilities, deferred inflows		
of resources and fund balances	\$10,263,227	\$ 9,089,301

City of Harlingen, Texas Sanitation Fund Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Position

Year ended September 30,	2016	2015
Operating revenues		
Current use charges	\$ 9,181,830	\$ 8,871,623
Expenditures		
Personal services	2,350,776	2,310,533
Contracted services	1,318,819	1,501,297
Materials and supplies	130,688	185,191
Other expenses	3,080,914	3,115,772
Depreciation and amortization	247,126	234,529
Capital outlay	-	-
Total expenditures	7,128,323	7,347,322
Operating income	2,053,507	1,524,301
Nonoperating revenues		
Interest revenue	10,188	2,616
Insurance recovery	22,103	32,568
Gain on sale of capital assets	(26,850)	27,332
Miscellaneous revenue	3,476	3,468
Total nonoperating revenues	8,917	65,984
Income before transfers and capital contributions	2,062,424	1,590,285
Transfers and capital contributions		
Transfers in	-	22,449
Transfers out	(1,468,128)	(2,565,564)
Capital contributions	124,518	-
Total transfers and capital contributions	(1,343,610)	(2,543,115)
·	, , , -1	, , - ,
Increase (decrease) in net position	718,814	(952,830)
Net position, beginning of year	7,011,306	7,964,136
Net position, end of year	\$ 7,730,120	\$ 7,011,306

City of Harlingen, Texas Sanitation Fund Enterprise Fund Comparative Statement of Cash Flows

Year ended September 30,	2016	2015
Cash flows from operating activities		
Receipts from customers	\$ 9,229,903	\$ 10,746,816
Payments to suppliers	(4,504,645)	(5,058,276)
Payments to employees	(2,237,076)	(2,296,372)
Net cash provided by operations	2,488,182	3,392,168
Cash flows from noncapital financing activities		
Transfers from other funds	-	22,449
Transfers to other funds	(1,468,128)	(2,565,564)
Net cash used in noncapital financing activities	(1,468,128)	(2,543,115)
Cash flows from capital and related financing activities		
Purchase of capital assets	(90,316)	(1,596,520)
Insurance proceeds from capital asset disposal	22,103	32,568
Proceeds from sales of capital assets	(26,850)	27,332
Net cash used in capital and related financing activities	(95,063)	(1,536,620)
Cash flows from investing activities	40.400	4.007
Interest received Net cash (used in) provided by investing activities	10,188 10,188	1,007 1,007
Net cash (used in) provided by investing activities	10,188	1,007
Net decrease in cash and cash equivalents	935,179	(686,560)
Cash and cash equivalents, beginning of year	5,699,185	6,385,745
Cash and cash equivalents, end of year	\$ 6,634,364	\$ 5,699,185
Reconciliation of operating income to net cash provided		
by operating activities:	A 0.00 -00	4
Operating income	\$ 2,053,507	\$ 1,524,301
Adjustments to reconcile net income from operations		
to net cash from operating activities	252.524	224 520
Depreciation	253,524	234,529
Loss on capital asset disposition	(26,850)	27,332
Other revenue received	38,887	38,887
Decrease in receivables	19,860	1,750,832
(Increase) decrease in prepaid items	(27,332)	1,917
Decrease in due from component units	9,653	51,744
(Increase) decrease in net pension asset	500,897	(6,528)
Increase in deferred outflows of resources	(371,958)	(57,928)
Decrease in accounts payable	4,193	(191,445)
Increase (decrease) due to other funds	125	-
Increase in accrued expenses	18,545	9,058
Increase in net other post employment benefit obligation	7,194	15,453
Increase (decrease) in compensated absences	(12,500)	40,423
Increase (decrease) in deferred inflows of resources	(9,933)	22,741
Increase (decrease) in estimated liability for landfill		
closure and postclosure costs	30,370	(69,148)
Total Adjustments	434,675	1,867,867
Net cash provided by operating activities:	\$ 2,488,182	\$ 3,392,168
Supplemental disclosure of noncash activities		
Contributed capital from other funds	\$ 124,518	\$ -
to the second	•	

City of Harlingen, Texas Municipal Golf Course Fund Enterprise Fund Comparative Balance Sheets

September 30,	2016		2015	
Assets				
Current assets				
Cash and cash equivalents	\$ 4,5	569 \$	3,582	
Accounts receivables (net of allowances for uncollectibles)		724	3,906	
Inventories	25,0	026	28,411	
Total current assets	33,	319	35,899	
Other noncurrent assets				
Net pension asset		-	29,029	
Capital assets				
Land	49,	496	49,496	
Plant and equipment	3,987,0	005	4,117,398	
Accumulated depreciation	(3,012,	007)	(3,025,275)	
Total capital assets (net of accumulated depreciation)	1,024,	494	1,141,619	
Total assets	1,057,	813	1,206,547	
Deferred outflows of resources				
Deferred outflows of resources for pensions	190,	718	39,434	
Total assets and deferred outflows of resources	\$ 1,248,	531 \$	5 1,245,981	

City of Harlingen, Texas Municipal Golf Course Fund Enterprise Fund Comparative Balance Sheets - Continued

September 30,	2016	2015	
Linkillainn			
Liabilities			
Current liabilities			
Accounts payable	\$ 21,737	\$ 31,305	
Compensated absences	2,000	2,000	
Accrued expenses	21,922	29,596	
Due to other funds	274,362	-	
Total current liabilities	320,021	62,901	
Long-term liabilities			
Compensated absences	59,009	58,076	
Net other post employment benefit obligation	132,650	129,452	
Net pension liability	163,872	123,432	
Total long-term liabilities	355,531	187,528	
Total long term habilities	333,331	107,320	
Total liabilities	675,552	250,429	
Deferred inflows of resources			
Deferred inflows of resources from pensions	5,031	7,891	
Deferred filliows of resources from pensions	3,031	7,031	
Net position			
Net investment in capital assets	1,024,494	1,141,619	
Unrestricted	(456,546)	(153,958)	
Total net position	567,948	987,661	
Total liabilities, deferred inflows	.	4	
of resources and fund balances	\$ 1,248,531	\$ 1,245,981	

City of Harlingen, Texas Municipal Golf Course Fund Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Position

Year ended September 30,	2016	2015	
Operating revenues			
Operating revenues	ć 010 737	ć 054.741	
Golf course fees and charges	\$ 919,727	\$ 954,741	
Operating expenses			
Personal services	755,648	721,280	
Contracted services	168,174	169,974	
Materials and supplies	168,568	205,023	
Other expenses	70,621	58,646	
Depreciation and amortization	117,125	144,245	
Total operating expense	1,280,136	1,299,168	
Operating loss	(360,409)	(344,427)	
Nonoperating revenues			
Interest revenue	10	61	
Miscellaneous revenue	176	1,083	
Gain on sale of capital assets	5,810	2,619	
Total nonoperating revenues	5,996	3,763	
Loss before transfers and capital contributions	(354,413)	(340,664)	
Transfers out	(65,300)	(64,830)	
Total transfers	(65,300)	(64,830)	
		_	
Decrease in net position	(419,713)	(405,494)	
Net position, beginning of year	987,661	1,393,155	
Net position, end of year	\$ 567,948	\$ 987,661	

City of Harlingen, Texas Municipal Golf Course Fund Enterprise Fund Comparative Statement Of Cash Flows

Year ended September 30,	2016		2015
Cash flows from operating activities			
Receipts from customers	\$ 920,08	35 \$	956,745
Payments to suppliers	(146,85		(409,597)
Payments to employees	(712,76		(699,910)
Net cash provided by (used in) operations	60,46	57	(152,762)
Cash flows from noncapital financing activities			
Transfers to other funds	(65,30)0)	(64,830)
Net cash used in noncapital financing activities	(65,30)0)	(64,830)
Cash flows from capital and related financing activities			
Proceeds from sale of assets	5,83	LO	2,619
Net cash provided by capital and related financing activities	5,82	10	2,619
Cash flows from investing activities			
Proceeds for sale of investments	-		99,951
Interest received	-	10	61
Net cash provided by (used in) investing activities	-	10	100,012
Net increase (decrease) in cash and cash equivalents	98	37	(114,961)
Cash and cash equivalents, beginning of year	3,58	32	118,543
Cash and cash equivalents, end of year	\$ 4,56	59 \$	3,582
Reconciliation of operating income to net cash provided			
by operating activities:			
Operating loss	\$ (360,40	09) \$	(344,427)
Adjustments to reconcile net income from operations	\$ (300,40	ڊ رور	(344,427)
to net cash from operating activities			
Depreciation	117,12) 5	144,245
Other revenue received		76	1,083
Decrease in receivables		32	921
Decrease in inventories			
	3,38		193
Decrease in interfunds	274,36		13,816
(Increase) decrease in net pension asset	192,90		(2,265)
Increase in deferred outflows of resources	(151,28		(20,101)
Increase (decrease) in accounts payable	(9,56		7,390
Increase in net other post employment benefit pension obligation	3,19		37,514
Increase (decrease) in deferred inflows of resources	(2,86		7,891
Increase (decrease) in compensated absences		33	(1,669)
Increase (decrease) in accrued expenses	(7,67		2,647
Total adjustments	420,87	76	191,665
Net cash provided by (used in) operations	\$ 60,46	57 \$	(152,762)
Supplemental disclosure of noncash activities:			
Contributed capital from other funds	\$ -	\$	-

City of Harlingen, Texas Municipal Auditorium Fund Enterprise Fund Comparative Balance Sheets

September 30,		2016	2015	
Assets				
Current assets				
	\$	177 141	\$	100 710
Cash and cash equivalents Accounts receivables (net of allowances for uncollectibles)	Ş	177,141 4,389	Ş	199,719 4,746
		131		4,740
Prepaid Items		131		
Total current assets		181,661		204,465
Other noncurrent assets				
Net pension asset		-		6,967
Capital assets				
Plant and equipment	4	,795,374	4	4,776,824
Accumulated depreciation		,066,127)	(2,778,688)	
Total capital assets (net of accumulated depreciation)		,729,247		1,998,136
Total assets	1	,910,908		2,209,568
		•		· · · · · · · · · · · · · · · · · · ·
Deferred outflows of resources		10 672		0.464
Deferred outflows of resources for pensions		48,672		9,464
Total assets and deferred outflows of resources	\$ 1	,959,580	\$ 2	2,219,032
Liabilities				
Current liabilities				
Accounts payable	\$	8,317	\$	20,972
Accrued expenses		17,013		7,243
Unearned revenue		1,000		6,512
Total current liabilities		26,330		34,727
Long-term liabilities				
Compensated absences		18,892		19,071
Net other post employment benefit obligation		5,527		5,394
Net pension liability		41,821		-
Total long-term liabilities		66,240		24,465
Total liabilities		92,570		59,192
Deferred inflows of resources				
Deferred inflows of resources from pensions		1,284		1,894
·		,		,
Net position				
Net investment in capital assets	1	,729,247	:	1,998,136
Unrestricted		136,479		159,810
Total net position	1	,865,726	:	2,157,946
Total liabilities, deferred inflows				
of resources and net position	\$ 1	,959,580	\$ 2	2,219,032
•				

City of Harlingen, Texas Municipal Auditorium Fund Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Position

Year ended September 30,		2016		2015	
Operating revenues					
Charges for services	\$	-	\$	7,011	
Rental income		234,792		236,971	
Total operating revenues		234,792		243,982	
Operating symposes					
Operating expenses Personal services		100 107		02 754	
		100,187		83,754	
Contracted services		214,662		185,576	
Materials and supplies		11,845		15,441	
Other expenses		28,754		46,521	
Depreciation and amortization		287,439		284,500	
Total operating expenses		642,887		615,792	
Operating loss		(408,095)		(371,810)	
Operating 1033		(400,033)		(371,010)	
Nonoperating revenues					
Interest income		19		19	
Insurance settlement		_		427,970	
Miscellaneous revenue		856		1,814	
Total nonoperating revenues		875		429,803	
		(407.330)		F7 002	
Income (loss) before transfers and capital contributions		(407,220)		57,993	
Transfers and capital contributions					
Transfers in		115,000		130,000	
Capital contributions		-		35,540	
Total transfers and capital contributions		115,000		165,540	
		7		,-	
(Decrease) increase in net position		(292,220)		223,533	
Net position, beginning of year		2,157,946		1,934,413	
Not position and of year	ċ	1 065 726	ć	2 157 046	
Net position, end of year	Ş	1,865,726	Ą	2,157,946	

City of Harlingen, Texas Municipal Auditorium Fund Enterprise Fund Comparative Statement of Cash Flows

Year ended September 30,	2016	2015
Cash flows from operating activities		
Receipts from customers	\$ 229,637	\$ 250,411
Payments to suppliers	(276,808)	(555,813)
Payments to employees	(91,263)	(91,599)
Net cash used in operating activities	(138,434)	(397,001)
Cash flows from noncapital financing activities		
Insurance settlement	-	427,970
Transfers from other funds	115,000	130,000
Net cash provided by noncapital financing activities	115,000	557,970
Cash flows from capital and related financing activities		
Purchase of capital assets	-	35,540
Net cash priovided by capital and related financing activities	-	35,540
Cash flows from investing activities		
Interest received	856	1,811
Net cash provided by investing activities	856	1,811
Net increase (decrease) in cash and cash equivalents	(22,578)	198,320
Cash and cash equivalents, beginning of year	199,719	1,399
Cash and cash equivalents, end of year	\$ 177,141	\$ 199,719
Reconciliation of operating income to net cash provided		
by operating activities:		
Operating loss	\$ (408,095)	\$ (371,810)
Adjustments to reconcile net income to net cash	\$ (408,033)	\$ (371,810)
from operating activities		
Depreciation	287,439	284,500
Decrease in accounts receivable	357	917
(Increase) decrease in prepaid items	(131)	-
(Increase) decrease in prepara items (Increase) decrease in net pension asset	48,788	(544)
Increase in deferred outflows of resources	(39,208)	(4,825)
Decrease in accounts payable	(31,186)	(21,837)
Increase in accrued expenses	9,770	5,550
Decrease in net other post employment benefit obligation	133	(4,821)
Increase (decrease) in compensated absences	(179)	451
Increase (decrease) in deferred inflows of resources	(610)	1,894
Decrease in due to other funds	(010)	(291,988)
Increase (decrease) in unearned revenues	(5,512)	5,512
Total Adjustments	269,661	(25,191)
Net cash provided by operating activities:	\$ (138,434)	\$ (397,001)
Supplemental disclosure of noncash activities		
Contributed capital from other funds	\$ -	\$ -

City of Harlingen, Texas Harlingen Arts and Heritage Museum Fund Enterprise Fund Comparative Balance Sheets

September 30,	2016	2015
Assets		
Current assets		
	Ć 04.275	ć 442 COO
Cash and cash equivalents	\$ 94,375	\$ 143,608
Accounts receivables (net of allowances for uncollectibles)	9	142 (17
Total current assets	94,384	143,617
Capital assets		
Construction in progress	14,889	-
Plant and equipment	215,614	215,613
Accumulated depreciation	(137,996)	(124,359)
Total capital assets (net of accumulated depreciation)	92,507	91,254
Total assets	\$ 186,891	\$ 234,871
10tal assets	Ţ 100,0J1	7 23 4,07 1
Liabilities		
Current liabilities		
Accounts payable	\$ 8,933	\$ 13,783
Accrued expenses	1,870	1,482
Total current liabilities	10,803	15,265
Long-term liabilities		
Compensated absences	4,756	3,912
Net other post employment benefit obligation	16,581	16,182
Total long-term liabilities	21,337	20,094
Total liabilities	32,140	35,359
Total habilities	32,140	33,333
Net position		
Net investment in capital assets	92,507	91,254
Unrestricted	62,244	108,258
Total net position	154,751	199,512
Total liabilities and net position	\$ 186,891	\$ 234,871

City of Harlingen, Texas Harlingen Arts and Heritage Museum Fund Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Position

Year ended September 30,	2016	2015
Operating revenues		
Current use charges	\$ -	\$ 277
Admissions	3,694	4,607
Total operating revenues	3,694	4,884
On a wating a superior		
Operating expenses Personal services	CO 403	CO 574
	60,402	69,574
Contracted services	44,196	37,206
Materials and supplies	3,021	4,154
Other expenses	19,978	9,255
Depreciation and amortization	13,637	12,738
Total operating expenses	141,234	132,927
Operating loss	(137,540)	(128,043)
Noneparating revenues		
Nonoperating revenues	304	63
Interest revenue		03
Gain on sale of capital assets	102	- - 120
Miscellaneous revenue	2,373	5,139
Total nonoperating revenues	2,779	5,202
Loss before transfers and capital contributions	(134,761)	(122,841)
Transfers and capital contributions		
Transfers In	90,000	100,000
Capital contributions	-	13,946
Total transfers and capital contributions	90,000	113,946
·	,	· · · · · ·
Change in net position	(44,761)	(8,895)
Net position, beginning of year	199,512	208,407
Net position, end of year	\$ 154,751	\$ 199,512
	· · ·	. ,

City of Harlingen, Texas Harlingen Arts and Heritage Museum Fund Enterprise Fund Comparative Statement of Cash Flows

Year ended September 30,		2016		2015
Cash flows from operating activities				
Receipts from customers	\$	3,694	\$	18,830
Payments to suppliers	•	(71,658)	,	(66,176)
Payments to employees		(59,159)		(57,328)
Net cash used in operations		(127,123)		(104,674)
Cash flows from noncapital financing activities				
Transfers from other funds		90,000		100,000
Cash flows from capital and related financing activities				
Purchases of capital assets		(12,516)		(650)
Proceeds from the sale of capital assets		102		(030)
Net cash provided used in capital and related financing activities		(12,414)		(650)
The cash provided asea in capital and related infancing activities		(12,111)		(030)
Cash flows from investing activities				
Interest received on investments		304		7
Net increase (decrease) in cash and cash equivalents		(49,233)		(5,317)
Net increase (accrease) in easir and easir equivalents		(43,233)		(3,317)
Cash and cash equivalents, beginning of year		143,608		148,925
Cash and cash equivalents, end of year	\$	94,375	\$	143,608
Reconciliation of operating income to net cash provided				
by operating activities:				
Operating loss	\$	(137,540)	\$	(128,043)
Adjustments to reconcile net income from operations				
to net cash from operating activities				
Depreciation and amortization		13,637		12,738
Decrease in accounts payable		(4,851)		(16)
Increase (decrease) in accrued expenses		388		(1,599)
Increase in net other post employment benefit obligation		399		11,074
Increase in compensated absences		844		1,172
Total adjustments		10,417		23,369
Net cash used in operations	\$	(127,123)	\$	(104,674)
Supplemental disclosure of noncash activities	\$	-	\$	-

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SUPPLEMENTARY INDIVIDUAL INTERNAL SERVICE FUNDS FINANCIAL STATEMENTS AND SCHEDULES

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City of Harlingen, Texas Motor Vehicle/Warehouse Fund Internal Service Fund Comparative Balance Sheets

September 30,	2016	2015
Assets		
Current assets		
Cash and cash equivalents	\$ 3,599,807	\$ 4,158,289
Receivables (net of allowances for uncollectibles)	\$ 3,399,607	7 4,130,203
Accounts	9,510	9,988
Due from component unit	122	76
Prepaid expenses	122	70
Inventories	164 210	135,077
Total current assets	164,210 3,773,649	4,303,430
Total current assets	3,773,649	4,303,430
Other noncurrent assets		
Net pension asset	_	16,081
Net pension asset		10,001
Capital assets	21,181,101	20,302,023
Accumulated depreciation	(14,683,378)	(13,726,632)
Capital assets (net of accumulated depreciation)	6,497,723	6,575,391
	5,151,15	
Total assets	10,271,372	10,894,902
Deferred outflows of resources		
Deferred resource outflows for pensions	114,306	21,845
Total assets and deferred outflows of resources	\$ 10,385,678	\$ 10,916,747
Liabilities		
Current liabilities		
Accounts payable	\$ 57,506	\$ 25,324
Compensated absences	51,933	48,495
Accrued expenses	11,224	8,102
Total current liabilities	120,663	81,921
Total current habilities	120,003	81,921
Long-term liabilities		
Net other post employment benefit obligation	42,000	42,000
Net pension liability	98,216	-
Total non-current liabilities	140,216	42,000
	_ : :,==:	,
Total liabilities	260,879	123,921
Deferred inflows of resources		
Deferred inflows of resources from pensions	3,015	4,372
·	,	•
Net position		
Net investment in capital assets	6,497,723	6,575,391
Restricted	-	-
Unrestricted	3,624,061	4,213,063
Total net position	10,121,784	10,788,454
Total liabilities, deferred inflows		
of resources and net position	\$ 10,385,678	\$ 10,916,747
or resources and net position	7 10,303,078	7 10,310,747

City of Harlingen, Texas Motor Vehicle/Warehouse Fund Internal Service Fund Comparative Statements of Revenues, Expenses and Changes in Net Position

Year ended September 30,	2016	2015
Operating revenues		
Current use charges	\$ 2,907,474	\$ 3,516,922
Operation		
Operating expenses Personnel services	276 256	267.054
	376,256	367,854
Contracted services	66,338	68,638
Materials and supplies	1,418,249	1,795,663
Other expenses	165,418	61,128
Depreciation expense	1,902,533	1,861,692
Total operating expenses	3,928,794	4,154,975
Operating loss	(1,021,320)	(638,053)
	(, , ,	
Nonoperating revenues		
Interest revenue	4,728	1,467
Gain on sale/disposal of fixed assets	2,120	14,244
Total nonoperating revenues	6,848	15,711
Loss before transfers and capital contributions	(1,014,472)	(622,342)
Loss before transfers and capital contributions	(1,014,472)	(022,342)
Transfers and capital contributions		
Transfers in	-	(556,418)
Transfers out	(127,618)	(30,460)
Capital contributions	475,420	1,112,836
Total transfers and capital contributions	347,802	525,958
Net decrease in net position	(666,670)	(96,384)
Net position, beginning of year	10,788,454	10,884,838
Net position, end of year	\$ 10,121,784	\$ 10,788,454

City of Harlingen, Texas Motor Vehicle/Warehouse Fund Internal Service Fund Comparative Statements Of Cash Flows

Year ended September 30,	2016	2015
Cash flows from operating activities		
Received from customers	\$ 2,907,953	\$ 3,533,517
Payments to suppliers	(2,592,789)	(2,791,952)
Payments to employees	(349,217)	(357,488)
Net cash provided by (used in) operations	(34,053)	384,077
Cash flows from noncapital financing activities		
Transfers from other funds	(127,618)	(30,460)
Cash flows from capital and related financing activities		
Purchases of capital assets	(403,659)	(115,843)
Proceeds from the sale of capital assets	2,120	14,244
Net cash used in capital and related financing activities	(401,539)	(101,599)
Cash flows from investing activities		
Interest received	4,728	1,467
Net cash provided by investing activities	4,728	1,467
Net increase (decrease) in cash and cash equivalents	(558,482)	253,485
Cash and cash equivalents, beginning of year	4,158,289	3,904,804
Cash and cash equivalents, end of year	\$ 3,599,807	\$ 4,158,289
	+ =/==/==	+ 1/200/200
Reconciliation of operating income to net cash provided		
by operating activities:		
Operating loss	\$(1,021,320)	\$ (638,053)
Adjustments to reconcile net income from	1 (/- / /	, (,,
operations to net cash from operating activities		
Depreciation	956,746	959,737
Bad debt write-offs		
Decrease in receivables	478	16,594
Increase in due from other funds	(46)	(76)
(Increase) decrease in inventories	(29,133)	43,036
(Increase) decrease in net pension asset	114,297	(1,255)
Increase in deferred outflows of resources	(92,461)	(11,136)
Increase (decrease) in accounts payable	32,182	(7,528)
Increase in net other post employment benefit obligation	3,439	17,996
Increase (decrease) in deferred inflows of resources	(1,357)	4,372
Increase in accrued expenses	3,122	390
Total adjustments	987,267	1,022,130
Net cash provided by (used in) operations	\$ (34,053)	\$ 384,077
recedin provided by (used iii) operations	(34,033)	ب J04,077
Supplemental disclosure of noncash activities:		
Contributed capital from other funds	\$ 475,420	\$ 1,112,836

City of Harlingen, Texas Health Insurance Fund Internal Service Fund Comparative Statements Of Net Position

September 30,	2016	2015
Assets		
Current assets		
Cash and cash equivalents	\$ 250,284	\$ 562,120
Accounts receivable	14,730	17,104
Prepaid expenses	388,580	805
Total assets	\$ 653,594	\$ 580,029
Liabilities		
Current liabilities		
Accounts payable	\$ 14,682	\$ 8,601
Due to other funds	65,000	25,000
Total liabilities	79,682	33,601
Net position		
Unrestricted net position	573,912	546,428
Total liabilities and net position	\$ 653,594	\$ 580,029

City of Harlingen, Texas Health Insurance Fund Internal Service Fund Comparative Statements of Revenues, Expenses and Changes in Net Position

Year ended September 30,	2016	2015
Operating revenues		4
Current use charges	\$4,386,048	\$4,139,871
Operating expenses		
Contracted services	4,439,614	4,183,834
Bad debt expenses	-	5,750
Total operating expenses	4,439,614	4,189,584
Operating loss	(53,566)	(49,713)
Nonoperating revenues		
Interest revenue	50	101
Loss before operating transfers	(53,516)	(49,612)
Transfers		
Transfers in	81,000	81,000
Transfers out	-	(24,116)
Total transfers	81,000	56,884
Net increase in net position	27,484	7,272
Net position, beginning of year	546,428	539,156
Net position, end of year	\$ 573,912	\$ 546,428

City of Harlingen, Texas Health Insurance Fund Internal Service Fund Comparative Statements of Cash Flows

Year ended September 30,	2016	2015
Cash flows from operating activities	4	4
Receipts	\$4,428,422	\$4,131,938
Payments to suppliers	(4,821,308)	(4,188,219)
Net cash used in operations	(392,886)	(56,281)
Cash flows from noncapital financing activities		
Transfers from other funds	81,000	81,000
Transfers to other funds	01,000	•
Net cash provided by noncapital financing activities	81,000	(24,116) 56,884
Net cash provided by horicapital illiancing activities	81,000	30,864
Cash flows from capital and related financing activities	<u>-</u>	
Cash flows from investing activities		
Interest received	50	101
Net (decrease) increase in cash and cash equivalents	(311,836)	704
Cash and cash equivalents, beginning of year	562,120	561,416
Cash and cash equivalents, end of year	\$ 250,284	\$ 562,120
Reconciliation of operating income to net cash provided		
by operating activities:	¢ (52.500)	¢ (40.712)
Operating loss Bad debt write-offs	\$ (53,566)	\$ (49,713)
	-	5,750
Adjustments to reconcile net loss from operations to net cash from operating activities		
(Increase) decrease in accounts receivable	2 274	(12 692)
,	2,374	(13,683)
Increase in prepaid expenses Decrease in due from other funds	(387,775) 40,000	-
	•	1 265
Increase in accounts payable Total adjustments	6,081	1,365
Total aujustificitis	(339,320)	(12,318)
Net cash used in operations	\$ (392,886)	\$ (56,281)

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

September 30,		2016		2015
Assets				
Cash and cash equivalents	\$	4,011,552	\$	3,549,349
Receivables (net of allowances for uncollectibles)	*	.,0==,00=	*	0,0 10,0 10
Accounts		72,139		120,452
Due from other government		339,095		308,303
Prepaid expenses		23,816		14,102
Long-term loans receivable		819,440		979,501
Redevelopment properties		565,686		256,725
Total assets	\$	5,831,728	\$	5,228,432
Liabilities				
Accounts payable	\$	9,172	\$	75,806
Accrued expenditures		14,907		9,728
Due to primary government		20,000		10,000
Total liabilities		44,079		95,534
Deferred inflows of resources				
Unavailable revenue - noncurrent receivables		819,440		979,501
Fund balance				
Nonspendable		23,816		14,102
Committed		2,000,000		2,000,000
Unassigned		2,944,393		2,139,295
Total fund balance		4,968,209		4,153,397
Total liabilities, deferred inflows				
of resources and fund balances	\$	5,831,728	\$	5,228,432

City of Harlingen, Texas

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

Year ended September 30, 2016

Year ended September 30, 2016	
	HEDC Activities
Fund balances component unit	\$ 4,968,209
Amounts reported in the statement of activities are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. This is the amount of governmental assets \$40,886,524, net of accumulated depreciation totaling \$(4,407,380).	36,199,820
Other long term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.	819,440
Long term liabilities applicable to the component units governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities – both current and long-term are reported in the statement of net position.	(31,458,591)
Interest on long-term debt payable is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(682,517)
Net position of the component unit on the statement of net position	\$ 9,846,361

City of Harlingen, Texas Harlingen Economic Development Corporation, Inc. Component Unit Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2016	2015
Revenues		
Non property taxes	\$ 4,329,262	\$ 4,212,491
Intergovernmental	159,160	176,916
Miscellaneous and program revenues	788,222	776,273
Interest and investment income	6,816	6,584
Total revenues	5,283,460	5,172,264
		_
Expenditures		
Current		
General government	1,197,619	1,448,637
Debt service		
Principal retirement	1,495,000	1,445,000
Interest and fiscal agent fees	1,776,029	1,811,872
Total expenditures	4,468,648	4,705,509
OIL C		
Other financing sources		
Sale of assets	-	104,000
Total other financing sources	-	104,000
Net change in fund balance	814,812	570,755
Fund balance, beginning of year	4,153,397	3,582,642
Fund balance, end of year	\$ 4,968,209	\$ 4,153,397

City of Harlingen, Texas
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Harlingen Economic Development Corporation
to the Component Unit Combining Statement of Activities

Year ended September 30, 2016

rear ended september 30, 2016		HEDC ctivities
Net change in fund balances component unit fund	\$	814,812
Amounts reported in the statement of activities are different because:		
Governmental funds report capital asset depreciation as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation expense for the current period totaled (\$279,324).		(279,324)
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	,495,000
Collection of noncurrent receivables is reported as other financing sources in the governmental funds, but the collection reduces the notes receivable in the statement of net position.		(160,059)
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 decrease in accrued interest of \$162,617 is not recorded either. Also, any changes in compensated absences \$(2,466) and amortization of discounts related to long-term debt totaling \$(24,371), are reported as an increase or decrease to expenses in the statement of activities but not in the governmental funds.		135,780
Change in net position of Harlingen Economic Development Corporation:	¢ n	2,006,209

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

September 30,	2016	2015
Assets		
Cash and cash equivalents	\$ 5,332,536	\$ 3,998,193
Due from other government	113,032	102,768
Redevelopment properties	310,034	310,034
Total assets	\$ 5,755,602	\$ 4,410,995
Liabilities		
Accounts payable	\$ 50,550	\$ 466
Fund balance		
Unassigned	5,705,052	4,410,529
Total liabilities and fund balance	\$ 5,755,602	\$ 4,410,995

City of Harlingen, Texas Harlingen Community Improvement Board Component Unit Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2016	2015
Revenues		
Non property taxes	\$ 1,418,728	\$1,385,956
Interest and investment income	421	592
Total revenues	1,419,149	1,386,548
Expenditures		
Current		
General government	124,626	282,317
Total expenditures	124,626	282,317
Net change in fund balance	1,294,523	1,104,231
Fund balance, beginning of year	4,410,529	3,306,298
Fund balance, end of year	\$ 5,705,052	\$4,410,529

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

September 30,	2016	2015
Assets		
Current assets		
Cash and cash equivalents	\$ 9,906,621	\$ 7,286,971
Investments - other	5,896,408	6,012,588
Receivables, net of allowances for uncollectibles	2,112,871	2,018,639
Grants receivable	-	119,238
Interest receivable	3,737	765
Inventories	390,004	357,230
Prepaid expenses	108,157	7,500
Restricted assets		,,,,,,
Cash and cash equivalents	4,236,075	14,177,216
Investments	7,644,727	1,000,000
Total current assets	30,298,600	30,980,147
	, ,	, ,
Noncurrent Assets		
Net pension asset	-	1,953,444
·		<u> </u>
Capital assets		
Non-depreciable assets	17,317,500	11,610,102
Depreciable assets	164,064,416	162,598,874
Accumulated depreciation	(111,570,052)	(106,672,632)
Total capital assets, net	69,811,864	67,536,344
Total assets	100,110,464	100,469,935
Defermed outflows of vectors		
Deferred outflows of resources	227.040	402.000
Deferred charge on refunding	337,810	403,009
Deferred resource outflows for pensions	1,988,470	271,954
Total deferred outflows of resources	2 226 290	674,963
Total deferred outflows of resources	2,326,280	074,903
Total assets and deferred		
outflows of resources	\$ 102,436,744	\$ 101,144,898
	7 102,430,744	7 101,144,000

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

September 30,	2016	2015
Liabilities		
Current liabilities		
Accounts payable	\$ 502,574	\$ 607,521
Due to primary government	143,059	173,421
Compensated absences - current	543,517	505,956
Current maturities of long-term debt, net of deferred amounts	1,484,834	320,000
Other liabilities	702,989	493,577
Payable from restricted assets:	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,-
Accrued interest	334,305	107,643
Customer deposits - current	267,813	272,803
Total current liabilities	3,979,091	2,480,921
	· ·	· · ·
Noncurrent liabilities		
Revenue bonds payable, net	23,856,169	25,373,261
Compensated absences	233,000	200,000
Net other post employment benefit obligation	3,542,478	3,205,507
Net pension obligation	193,753	-
Payable fom restricted assets	1,885,000	1,600,000
Total long-term debt	29,710,400	30,378,768
Total liabilities	33,689,491	32,859,689
Deferred inflows of resources		
Deferred inflows of resources for pensions	93,042	130,558
Deterred filliows of resources for perisions	33,042	130,330
Net position		
Net investment in capital assets	51,415,795	54,124,539
Restricted:	31,413,733	34,124,333
Debt service	1,341,546	290,266
System expansion	1,107,204	1,028,057
Unrestricted	14,789,666	12,711,789
Omestricted	14,703,000	12,711,703
Total net position	68,654,211	68,154,651
Total liabilities, deferred inflows		
of resources and net position	\$102,436,744	\$101,144,898
or resources and net position	7 102,430,744	7101,144,030

City of Harlingen, Texas City of Harlingen Waterworks System Component Unit Comparative Statements of Revenues, Expenses and Changes in Net Position

Year ended September 30,	2016	2015
Operating revenues		
Charges for services	¢40,422,277	ć 47 F04 2F7
Current use charges	\$19,423,277	\$ 17,584,357
Operating expenses		
Personnel services	8,051,290	7,231,771
Contracted services	3,459,466	3,414,620
Supplies and maintenance	2,937,214	2,930,566
Other expenses	240,465	224,323
Depreciation	5,002,225	5,078,195
Total operating expenses	19,690,660	18,879,475
Operating loss	(267,383)	(1,295,118)
Non-operating revenues		
Impact fees	464,376	448,389
Investment earnings	117,496	54,636
Miscellaneous revenue	580,544	683,260
Total non-operating revenues	1,162,416	1,186,285
Non-operating expenses		
Interest and amortization expense	614,883	1,010,179
Total non-operating expenses	614,883	1,010,179
		_
Net income (loss) before capital contributions	280,150	(1,119,012)
Capital contributions	219,410	497,912
		,
Change in net position	499,560	(621,100)
Net position, beginning	68,154,651	68,775,751
Net position, end of year	\$68,654,211	\$ 68,154,651

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

Year ended September 30,	2016	2015
Cash flows from operating activities		
Receipts from customers - service revenue	\$ 20,308,837	\$18,192,836
Payments to suppliers	(6,714,105)	(6,861,629)
Payments to employees	(7,365,573)	(6,960,311)
Net cash provided by operations	6,229,159	4,370,896
Cash flows from noncapital financing activities	 	
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(6,964,121)	(8,500,477)
Proceeds from disposition of capital assets	-	8,755
Proceeds from impact fees	464,376	448,389
Proceeds of debt issue	-	12,056,867
Proceeds of refunding debt issue	-	6,647,501
Payment to refunded bond escrow agent	-	(7,300,359)
Principal paid on revenue bonds	(320,000)	(900,000)
Interest and fees paid on revenue bonds	(316,882)	(877,875)
Net cash provided by (used in) capital and related financing activities	(7,136,627)	1,582,801
Cash flows from investing activities		
Purchase of investments	(23,578,927)	(7,028,906)
Maturity of investments	17,050,380	11,032,187
Investment earnings	114,524	57,285
Net cash provided by (used in) investing activities	(6,414,023)	4,060,566
Net (decrease) increase in cash and cash equivalents	(7,321,491)	10,014,263
Cash and cash equivalents, beginning of year	21,464,187	11,449,924
Cash and cash equivalents, end of year	\$ 14,142,696	\$21,464,187
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating loss	\$ (267,383)	\$ (1,295,118)
Adjustments to reconcile operating loss to net cash provided		
by operating activities:		
Depreciation expense	5,002,225	5,078,195
Non-operating revenue	580,544	674,505
Increase in receivables	(94,232)	(106,318)
Decrease in grants receivable	119,238	-
Increase in inventories	(32,774)	(49,043)
(Increase) decrease in prepaid expenses	(100,657)	1,691
(Increase) decrease in net pension asset	1,953,444	(68,104)
Increase in pension related deferred outflows	(1,716,516)	(188,699)
Decrease in accounts payable	(104,947)	(210,781)
Decrease in due to primary government	(30,362)	(58,801)
Increase in compensated absences	76,800	48,579
Increase in retiree health care plan liability	70,561	370,002
Increase in other liabilities	336,971	3,938
Increase in net pension obligation	193,753	-
Increase (decrease) in pension related deferred inflows	(37,516)	130,558
Increase in payable from restricted assets	280,010	40,292
Total adjustments	6,496,542	5,666,014
Net cash provided by operations	\$ 6,229,159	\$ 4,370,896
Supplemental disclosures of noncash capital activities:		
·		
Water lines, sewer mains and related infrastructure		

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

September 30,	2016	2015
Assets		
Current assets	ć 171C1F0	¢ 2.020.001
Cash and cash equivalents	\$ 1,716,150	\$ 3,028,681
Investments - other	750,425	498,878
Investments - fair value	499,718	-
Accounts receivable	445,454	418,405
Grant receivable	448,106	225,695
Prepaid expenses and deposits	234,046	221,133
Total current assets	4,093,899	4,392,792
Noncurrent assets		
Net pension asset	-	75,233
Capital assets		
Land	5,011,081	5,011,081
Construction in progress	4,777,418	1,710,531
Buildings	38,566,743	38,566,743
Runways and taxiways	67,086,686	67,086,686
Land improvements	24,406,080	23,389,823
Furniture and fixtures	3,108,597	3,108,597
Machinery and equipment	20,551,611	19,875,444
Less accumulated depreciation	(99,716,422)	(94,552,183)
Net capital assets	63,791,794	64,196,722
Total noncurrent assets	63,791,794	64,271,955
Total assets	67,885,693	68,664,747
Deferred outflows of resources		
Deferrred outflows of resources from pensions	420,842	93,784
		_
Total assets and deferred outflows of resources	\$ 68,306,535	\$ 68,758,531

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

September 30,	2016	2015
A College of the Coll		
Liabilities		
Current liabilities		
Accounts payable	\$ 763,931	\$ 694,079
Current portion of unearned revenue	276,091	345,238
Current portion of compensated absences	25,000	25,000
Total current liabilities	1,065,022	1,064,317
Long-term liabilities, net of current maturities		
Unearned revenue	1,277,127	1,508,852
Compensated absences	253,548	254,322
Net pension liability	344,251	-
Net other post employment benefit obligation	233,764	199,634
Total long-term liabilities	2,108,690	1,962,808
Total liabilities	3,173,712	3,027,125
Deferred inflows of resources		
Deferred inflows of resources from pensions	13,408	20,452
Net position		
Net investment in capital assets	62,282,576	62,455,780
Unrestricted	2,836,839	3,255,174
Total net position	65,119,415	65,710,954
Total liabilities, deferred inflows		
of resources and net position	\$ 68,306,535	\$ 68,758,531

City of Harlingen, Texas Valley International Airport Component Unit Comparative Statements of Revenues, Expenses and Changes in Net Position

Year ended September 30,	2016	2015
Operating revenues	\$ 6,021,600	\$ 6,104,110
Operating expenses		
Personnel	3,204,093	2,956,549
Contracted services	1,683,013	1,676,622
Materials and supplies	413,984	442,838
Other expenses	581,030	707,034
Total operating expenses before depreciation expense	5,882,120	5,783,043
Operating income before depreciation expense	139,480	321,067
Depreciation expense	5,254,295	5,223,394
Operating loss	(5,114,815)	(4,902,327)
Nonoperating revenues		
Investment income	12,851	8,027
Gain on sale of asset	118,723	4,141
Total nonoperating revenues	131,574	12,168
Net loss before capital contributions	(4,983,241)	(4,890,159)
Capital contributions		
Passenger facility charges, including interest	1,008,078	1,028,324
Federal and local grants	3,383,624	1,645,644
Total capital contributions	4,391,702	2,673,968
Change in net position	(591,539)	(2,216,191)
Net position, beginning of year	65,710,954	67,927,145
Net position, end of year	\$ 65,119,415	\$ 65,710,954

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

Year ended September 30, 2016	2016	2015
Net cash from operating activities		
Operating cash receipts from customers	\$ 5,471,268	\$ 5,761,785
Cash payments to suppliers for goods and services	(2,586,958)	(2,395,137)
Cash payments to employees for services	(3,119,485)	(3,002,262)
Net cash (used in) provided by operating activities	(235,175)	364,386
	(, - ,	
Net cash flows from (to) capital and related financing activities		
Capital contributions - Federal Aviation Administration	3,383,624	1,645,644
Fixed assets additions and construction	(4,971,265)	(5,623,755)
Proceeds from sale of assets	240,621	4,141
Passenger facility charges, including interest	1,008,078	1,028,324
Net cash used in capital and related financing activities	(338,942)	(2,945,646)
Net cash flows from (to) investing activities		
Purchase of investments	(748,000)	_
Interest received from investments	9,586	8,343
Net cash (used in)provided by investing activities	(738,414)	8,343
	(/ /	
Net decrease in cash and cash equivalents	(1,312,531)	(2,572,917)
Cash and cash equivalents, beginning of year	3,028,681	5,601,598
Cook and sook assistate and of soon	¢ 1.716.150	ć 2.020.001
Cash and cash equivalents, end of year	\$ 1,716,150	\$ 3,028,681
Reconciliation of operating income to net cash		
provided by operating activities:		
Operating income (loss)	\$(5,114,815)	\$ (4,902,327)
Adjustments to reconcile operating income		
to net cash from operating activities		
Depreciation and amortization	5,254,295	5,223,394
(Increase) decrease in accounts receivable	(249,460)	(157,312)
(Increase) decrease in prepaid expenses	(12,913)	(182,868)
(Increase) decrease in net pension asset	75,233	(5,872)
(Increase) decrease in deferred outflows of resources	(327,058)	(46,353)
Increase (decrease) in accounts payable	69,852	588,286
Increase (decrease) in compensated absences	(774)	(13,940)
Increase (decrease) in net pension obligation	378,381	25,939
Increase (decrease) in unearned revenue	(300,872)	(185,013)
Increase (decrease) in deferred inflows of resources	(7,044)	20,452
Net cash provided by operating activities	\$ (235,175)	\$ 364,386
Supplemental disclosures of noncash activities:	٠ (٢٥٥,±٢٥)	у 504,500
Revenue recognized in connection with long-term lease	\$ 231,724	\$ 230,993

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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

Financial Trends Tables 1-7

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity Tables 8-14

These schedules contain information to help the reader assess the government's most significant local revenue sources, the property tax and the hotel/motel tax.

Debt Capacity Tables 15-17

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

Demographic and Economic Information

Tables 18-19

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

Operating Information

Tables 20-22

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

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

Fiscal Year Ended September 30.

General Revenues and Transfers: Taxes: Property taxes, levied for general purposes 10,602,676 11,534,234 11,409,148 12,139,878 12,207,003 Property taxes, levied for debt service 3,700,037 3,752,784 3,921,427 4,101,577 4,019,848 Sales taxes 13,900,112 14,493,898 14,671,251 13,672,390 14,057,245 Franchise taxes 3,845,544 3,893,300 3,918,765 3,859,837 3,511,085 Hotel/Motel taxes 929,522 977,318 898,129 841,758 819,595 Assessments - - - - - - - Unrestricted investment earnings 1,932,513 1,926,439 654,780 183,573 88,401 Miscellaneous 1,515,338 1,082,427 893,025 1,303,388 344,773 Utility Company Settlement - - - - - - - 148,587 Transfers (202,819) 175,741 (185,583) 100,572 607,200 Total General Revenues and Transfers	Fiscal Year Ended September 30,					
General Government \$ 4,468,222 \$ 5,430,037 \$ 5,242,076 \$ 5,875,978 \$ 8,256,220 Public Safety 16,114,155 16,552,488 18,107,032 20,713,031 21,428,593 High ways and Streets 9,356,722 10,740,466 10,662,581 9,329,701 8,501,626 Lealth and Welfare 2,669,049 2,936,977 3,238,825 3,781,447 3,036,615 Culture and Recreation 4,827,734 5,096,487 5,530,536 5,266,289 7,534,244 Interest on Long Term Debt 1,023,685 2,313,417 2,003,317 1,893,780 1,931,829 Total Expenses Total Expenses 38,459,567 43,069,872 44,784,367 46,860,226 50,689,127 Program Revenues: Charges for Services: Charges for Services: General Government 993,366 936,518 907,528 720,770 1,261,398 Public Safety 1,670,670 2,150,330 2,203,198 2,268,854 1,942,282	Source	2007	2008	2009	2010	2011
General Government \$ 4,468,222 \$ 5,430,037 \$ 5,242,076 \$ 5,875,978 \$ 8,256,220 Public Safety 16,114,155 16,552,488 18,107,032 20,713,031 21,428,593 High ways and Streets 9,356,722 10,740,466 10,662,581 9,329,701 8,501,626 Lealth and Welfare 2,669,049 2,936,977 3,238,825 3,781,447 3,036,615 Culture and Recreation 4,827,734 5,096,487 5,530,536 5,266,289 7,534,244 Interest on Long Term Debt 1,023,685 2,313,417 2,003,317 1,893,780 1,931,829 Total Expenses Total Expenses 38,459,567 43,069,872 44,784,367 46,860,226 50,689,127 Program Revenues: Charges for Services: Charges for Services: General Government 993,366 936,518 907,528 720,770 1,261,398 Public Safety 1,670,670 2,150,330 2,203,198 2,268,854 1,942,282	Function					
Public Safety 16,114,155 16,552,488 18,107,032 20,713,031 21,428,593 Highways and Streets 9,356,722 10,740,466 10,662,581 9,329,701 8,501,626 Health and Welfare 2,669,049 2,936,977 3,238,825 3,781,447 3,036,615 Culture and Recreation 4,827,734 5,096,487 5,530,536 5,266,289 7,534,244 Interest on Long Term Debt 1,023,685 2,313,417 2,003,317 1,893,780 1,931,829 Total Expenses Total Expenses 38,459,567 43,069,872 44,784,367 46,860,225 50,689,127 Total Expenses Total Expenses Highways and Streets 993,366 936,518 907,528 720,770 1,261,398 Public Safety 1,670,670 2,150,330 2,203,198 720,770 1,261,398 Public Safety 1,670,670 2,150,330 2,003,198 720,770 1,261,398 Highways and Streets 159,534 417,265	Expenses:					
Highways and Streets 9,356,722 10,740,466 10,662,581 9,329,701 8,501,626 Health and Welfare 2,699,049 2,936,977 3,238,825 3,781,447 3,036,615 Culture and Recreation 4,827,734 5,509,6387 5,509,6387 5,509,6387 1,893,780 7,531,244 Interest on Long Term Debt 1,023,685 2,313,417 2,003,317 1,893,780 1,931,829 7 43,069,872 44,784,367 46,860,226 50,689,127 7 43,069,872 44,784,367 46,860,226 50,689,127 7 43,069,872 44,784,367 46,860,226 50,689,127 7 43,069,872 44,784,367 46,860,226 50,689,127 7 40,670,602 3,503,508 2,903,198 4,268,848 1,942,282 4,670,607 2,150,330 2,203,198 2,268,854 1,942,282 Highways and Streets 159,534 417,265 190,463 183,435 -		\$ 4,468,222	\$ 5,430,037			\$ 8,256,220
Health and Welfare 2,669,049 2,936,977 3,238,825 3,781,447 3,036,615 Culture and Recreation 4,827,734 5,096,487 5,530,536 5,266,289 7,534,244 Interest on Long Term Debt 1,023,685 2,313,417 2,003,317 1,893,780 1,931,829 Total Expenses 38,459,567 43,069,872 44,784,367 46,860,226 50,689,127 Program Revenues: Charges for Services: General Government 993,366 936,518 907,528 720,770 1,261,398 Public Safety 1,670,670 2,150,330 2,203,198 2,268,854 1,942,282 Highways and Streets 159,534 417,265 190,463 138,435 - Health and Welfare 82,041 86,161 83,850 84,594 12,667 Culture and Recreation 353,702 363,159 395,513 399,721 398,253 Operating Grants and Contributions 2,427,180 4,657,404 5,420,766 3,507,285 2,955,031 Capital Grants and Contributions						
Culture and Recreation Interest on Long Term Debt 4,827,734 (1,023,685) 5,096,487 (2,003,317) 5,266,289 (2,931,244) 7,534,244 (1,023,685) 1,023,685 (2,313,417) 2,003,317 (2,003,317) 1,893,780 1,931,829 Total Expenses 38,459,567 43,069,872 44,784,367 46,860,226 50,689,127 Program Revenues: Charges for Services: General Government 993,366 936,518 (200,703) 907,528 (200,707) 1,261,398 (200,708) Public Safety 1,670,670 (21,50,330) 2,203,198 (2,68,854) 1,942,282 (2,68,854) 1						
Interest on Long Term Debt						
Total Expenses 38,459,567 43,069,872 44,784,367 46,860,226 50,689,127 Program Revenues: Charges for Services: General Government 993,366 936,518 907,528 720,770 1,261,398 Public Safety 1,670,670 2,150,330 2,203,198 2,268,854 1,942,282 Health and Welfare 82,041 86,161 83,850 84,594 12,667 Culture and Recreation 353,702 363,159 395,513 399,721 398,253 Operating Grants and Contributions 4,566,668 3,787,945 584,495 75,834 3,185,634 Total Program Revenues 10,253,161 12,398,782 9,785,813 7,195,493 9,755,265 Net (Expense) Revenue (28,206,406) (30,671,090) (34,998,554) (39,664,733) (40,933,862) General Revenues and Transfers: 13,900,112 14,493,898 14,671,251 13,672,390 14,057,245 Franchise taxes 13,900,112 14,493,898 14,671,251 13,672,390 14,057,245						
Program Revenues: Charges for Services: General Government 993,366 936,518 907,528 720,770 1,261,398 Public Safety 1,670,670 2,150,330 2,203,198 2,268,854 1,942,282 Highways and Streets 159,534 417,265 190,463 138,435 - Health and Welfare 82,041 86,161 83,850 84,594 12,667 Culture and Recreation 353,702 363,159 395,513 399,721 398,253 Operating Grants and Contributions 4,566,668 3,787,945 584,495 75,834 3,185,634 Total Program Revenues 10,253,161 12,398,782 9,785,813 7,195,493 9,755,265 Net (Expense) Revenue (28,206,406) (30,671,090) (34,998,554) (39,664,733) (40,933,862) General Revenues and Transfers: 17 12,534,234 11,409,148 12,139,878 12,207,003 Property taxes, levied for general purposes 10,602,676 11,534,234 11,409,148 12,139,878 12,207,003	Interest on Long Term Debt	1,023,685	2,313,417	2,003,317	1,893,780	1,931,829
Charges for Services: General Government 993,366 936,518 907,528 720,770 1,261,398 Public Safety 1,670,670 2,150,330 2,203,198 2,268,854 1,942,282 Highways and Streets 159,534 417,265 190,463 138,435 - Health and Welfare 82,041 86,161 83,850 84,594 12,667 Culture and Recreation 353,702 363,159 395,513 399,721 398,253 Operating Grants and Contributions 2,427,180 4,657,404 5,420,766 3,507,285 2,955,031 Capital Grants and Contributions 4,566,668 3,787,945 584,495 75,834 3,185,634 Total Program Revenues 10,253,161 12,398,782 9,785,813 7,195,493 9,755,265 Net (Expense) Revenue (28,206,406) (30,671,090) (34,998,554) (39,664,733) (40,933,862) General Revenues and Transfers: 1,51,534,234 11,409,148 12,139,878 12,207,003 Property taxes, levied for general purposes 10,602,676 11	Total Expenses	38,459,567	43,069,872	44,784,367	46,860,226	50,689,127
General Government 993,366 936,518 907,528 720,770 1,261,398 Public Safety 1,670,670 2,150,330 2,203,198 2,268,854 1,942,282 Highways and Streets 159,534 417,265 190,463 138,435 12,667 Lealth and Welfare 82,041 86,161 83,850 84,594 12,667 Culture and Recreation 353,702 363,159 395,513 399,721 398,253 Operating Grants and Contributions 2,427,180 4,657,404 5,420,766 3,507,285 2,955,031 Capital Grants and Contributions 4,566,668 3,787,945 584,495 75,834 3,185,634 Total Program Revenues 10,253,161 12,398,782 9,785,813 7,195,493 9,755,265 Net (Expense) Revenue (28,206,406) (30,671,090) (34,998,554) (39,664,733) (40,933,862) General Revenues and Transfers: 1 11,534,234 11,409,148 12,139,878 12,207,003 Are (Expense) Revenue 3,700,037 3,752,784 3,921,427	Program Revenues:					
General Government 993,366 936,518 907,528 720,770 1,261,398 Public Safety 1,670,670 2,150,330 2,203,198 2,268,854 1,942,282 Highways and Streets 159,534 417,265 190,463 138,435 12,667 Lealth and Welfare 82,041 86,161 83,850 84,594 12,667 Culture and Recreation 353,702 363,159 395,513 399,721 398,253 Operating Grants and Contributions 2,427,180 4,657,404 5,420,766 3,507,285 2,955,031 Capital Grants and Contributions 4,566,668 3,787,945 584,495 75,834 3,185,634 Total Program Revenues 10,253,161 12,398,782 9,785,813 7,195,493 9,755,265 Net (Expense) Revenue (28,206,406) (30,671,090) (34,998,554) (39,664,733) (40,933,862) General Revenues and Transfers: 1 11,534,234 11,409,148 12,139,878 12,207,003 Are (Expense) Revenue 3,700,037 3,752,784 3,921,427	Charges for Services:					
Public Safety 1,670,670 2,150,330 2,203,198 2,268,854 1,942,282 Highways and Streets 159,534 417,265 190,463 138,435 - Culture and Recreation 353,702 363,159 395,513 399,721 298,253 Operating Grants and Contributions 2,427,180 4,657,404 5,420,766 3,507,285 2,955,031 Capital Grants and Contributions 4,566,668 3,787,945 584,495 75,834 3,185,634 Total Program Revenues 10,253,161 12,398,782 9,785,813 7,195,493 9,755,265 Net (Expense) Revenue (28,206,406) (30,671,090) (34,998,554) (39,664,733) (40,933,862) General Revenues and Transfers: 1 1,534,234 11,409,148 12,139,878 12,207,003 Property taxes, levied for general purposes 10,602,676 11,534,234 11,409,148 12,139,878 12,207,003 Property taxes, levied for debt service 3,700,037 3,752,784 3,921,427 4,101,577 4,019,848 Sales taxes 13,900,112<	_	993,366	936,518	907,528	720,770	1,261,398
Highways and Streets 159,534 417,265 190,463 138,435 - Health and Welfare 82,041 86,161 83,850 84,594 12,667 Culture and Recreation 353,702 363,159 395,513 399,721 398,253 Operating Grants and Contributions 2,427,180 4,657,404 5,420,766 3,507,285 2,955,031 Capital Grants and Contributions 4,566,668 3,787,945 584,495 75,834 3,185,634 Total Program Revenues 10,253,161 12,398,782 9,785,813 7,195,493 9,755,265 Net (Expense) Revenue (28,206,406) (30,671,090) (34,998,554) (39,664,733) (40,933,862) General Revenues and Transfers: Taxes: Property taxes, levied for general purposes 10,602,676 11,534,234 11,409,148 12,139,878 12,207,003 Property taxes, levied for debt service 3,700,037 3,752,784 3,921,427 4,101,577 4,019,848 Sales taxes 13,900,112 14,493,898 14,671,251						
Health and Welfare 82,041 86,161 83,850 84,594 12,667 Culture and Recreation 353,702 363,159 395,513 399,721 398,253 Operating Grants and Contributions 2,427,180 4,657,404 5,420,766 3,507,285 2,955,031 Capital Grants and Contributions 4,566,668 3,787,945 584,495 75,834 3,185,634 Total Program Revenues 10,253,161 12,398,782 9,785,813 7,195,493 9,755,265 Net (Expense) Revenue (28,206,406) (30,671,090) (34,998,554) (39,664,733) (40,933,862) General Revenues and Transfers: Taxes: Property taxes, levied for general purposes 10,602,676 11,534,234 11,409,148 12,139,878 12,207,003 Property taxes, levied for debt service 3,700,037 3,752,784 3,921,427 4,101,577 4,019,848 Sales taxes 13,900,112 14,493,898 14,671,251 13,672,390 14,057,245 Franchise taxes 929,522	·					-
Operating Grants and Contributions 2,427,180 4,657,404 5,420,766 3,507,285 2,955,031 Capital Grants and Contributions 4,566,668 3,787,945 584,495 75,834 3,185,634 Total Program Revenues 10,253,161 12,398,782 9,785,813 7,195,493 9,755,265 Net (Expense) Revenue (28,206,406) (30,671,090) (34,998,554) (39,664,733) (40,933,862) General Revenues and Transfers: Taxes: Property taxes, levied for general purposes 10,602,676 11,534,234 11,409,148 12,139,878 12,207,003 Property taxes, levied for debt service 3,700,037 3,752,784 3,921,427 4,101,577 4,019,848 Sales taxes 13,900,112 14,493,898 14,671,251 13,672,390 14,057,245 Franchise taxes 3,845,544 3,893,300 3,918,765 3,859,837 3,511,085 Hotel/Motel taxes 929,522 977,318 898,129 841,758 819,595 Assessments - - - - - - -	_ ,					12,667
Capital Grants and Contributions 4,566,668 3,787,945 584,495 75,834 3,185,634 Total Program Revenues 10,253,161 12,398,782 9,785,813 7,195,493 9,755,265 Net (Expense) Revenue (28,206,406) (30,671,090) (34,998,554) (39,664,733) (40,933,862) General Revenues and Transfers: Taxes: Property taxes, levied for general purposes 10,602,676 11,534,234 11,409,148 12,139,878 12,207,003 Property taxes, levied for debt service 3,700,037 3,752,784 3,921,427 4,101,577 4,019,848 Sales taxes 13,900,112 14,493,898 14,671,251 13,672,390 14,057,245 Franchise taxes 3,845,544 3,893,300 3,918,765 3,859,837 3,511,085 Hotel/Motel taxes 929,522 977,318 898,129 841,758 819,595 Assessments - - - - - - - - - - - - - - - - <t< td=""><td>Culture and Recreation</td><td>353,702</td><td>363,159</td><td>395,513</td><td>399,721</td><td>398,253</td></t<>	Culture and Recreation	353,702	363,159	395,513	399,721	398,253
Total Program Revenues 10,253,161 12,398,782 9,785,813 7,195,493 9,755,265 Net (Expense) Revenue (28,206,406) (30,671,090) (34,998,554) (39,664,733) (40,933,862) General Revenues and Transfers: Taxes: Property taxes, levied for general purposes 10,602,676 11,534,234 11,409,148 12,139,878 12,207,003 Property taxes, levied for debt service 3,700,037 3,752,784 3,921,427 4,101,577 4,019,848 Sales taxes 13,900,112 14,493,898 14,671,251 13,672,390 14,057,245 Franchise taxes 3,845,544 3,893,300 3,918,765 3,859,837 3,511,085 Hotel/Motel taxes 929,522 977,318 898,129 841,758 819,595 Assessments - - - - - - Unrestricted investment earnings 1,932,513 1,926,439 654,780 183,573 88,401 Miscellaneous 1,515,338 1,082,427 893,025 1,303,388 344,773	Operating Grants and Contributions	2,427,180	4,657,404	5,420,766	3,507,285	2,955,031
Net (Expense) Revenue (28,206,406) (30,671,090) (34,998,554) (39,664,733) (40,933,862) General Revenues and Transfers: Taxes: Property taxes, levied for general purposes 10,602,676 11,534,234 11,409,148 12,139,878 12,207,003 Property taxes, levied for debt service 3,700,037 3,752,784 3,921,427 4,101,577 4,019,848 Sales taxes 13,900,112 14,493,898 14,671,251 13,672,390 14,057,245 Franchise taxes 3,845,544 3,893,300 3,918,765 3,859,837 3,511,085 Hotel/Motel taxes 929,522 977,318 898,129 841,758 819,595 Assessments - - - - - - Unrestricted investment earnings 1,932,513 1,926,439 654,780 183,573 88,401 Miscellaneous 1,515,338 1,082,427 893,025 1,303,388 344,773 Utility Company Settlement - - - - - - - - -<	Capital Grants and Contributions	4,566,668	3,787,945	584,495	75,834	3,185,634
Net (Expense) Revenue (28,206,406) (30,671,090) (34,998,554) (39,664,733) (40,933,862) General Revenues and Transfers: Taxes: Property taxes, levied for general purposes 10,602,676 11,534,234 11,409,148 12,139,878 12,207,003 Property taxes, levied for debt service 3,700,037 3,752,784 3,921,427 4,101,577 4,019,848 Sales taxes 13,900,112 14,493,898 14,671,251 13,672,390 14,057,245 Franchise taxes 3,845,544 3,893,300 3,918,765 3,859,837 3,511,085 Hotel/Motel taxes 929,522 977,318 898,129 841,758 819,595 Assessments - - - - - - Unrestricted investment earnings 1,932,513 1,926,439 654,780 183,573 88,401 Miscellaneous 1,515,338 1,082,427 893,025 1,303,388 344,773 Utility Company Settlement - - - - - - - - -<						
General Revenues and Transfers: Taxes: Property taxes, levied for general purposes Property taxes, levied for debt service 3,700,037 1,527,784 3,921,427 4,101,577 4,019,848 3,845,544 3,893,300 3,918,765 3,859,837 3,511,085 Hotel/Motel taxes 929,522 977,318 898,129 841,758 819,595 Assessments	Total Program Revenues	10,253,161	12,398,782	9,785,813	7,195,493	9,755,265
Taxes: Property taxes, levied for general purposes 10,602,676 11,534,234 11,409,148 12,139,878 12,207,003 Property taxes, levied for debt service 3,700,037 3,752,784 3,921,427 4,101,577 4,019,848 Sales taxes 13,900,112 14,493,898 14,671,251 13,672,390 14,057,245 Franchise taxes 3,845,544 3,893,300 3,918,765 3,859,837 3,511,085 Hotel/Motel taxes 929,522 977,318 898,129 841,758 819,595 Assessments - - - - - Unrestricted investment earnings 1,932,513 1,926,439 654,780 183,573 88,401 Miscellaneous 1,515,338 1,082,427 893,025 1,303,388 344,773 Utility Company Settlement - - - - - - - 148,587 Transfers (202,819) 175,741 (185,583) 100,572 607,200 Total General Revenues and Transfers 36,222,923 37,836,141 36,180,942 36,	Net (Expense) Revenue	(28,206,406)	(30,671,090)	(34,998,554)	(39,664,733)	(40,933,862)
Taxes: Property taxes, levied for general purposes 10,602,676 11,534,234 11,409,148 12,139,878 12,207,003 Property taxes, levied for debt service 3,700,037 3,752,784 3,921,427 4,101,577 4,019,848 Sales taxes 13,900,112 14,493,898 14,671,251 13,672,390 14,057,245 Franchise taxes 3,845,544 3,893,300 3,918,765 3,859,837 3,511,085 Hotel/Motel taxes 929,522 977,318 898,129 841,758 819,595 Assessments - - - - - Unrestricted investment earnings 1,932,513 1,926,439 654,780 183,573 88,401 Miscellaneous 1,515,338 1,082,427 893,025 1,303,388 344,773 Utility Company Settlement - - - - - - - 148,587 Transfers (202,819) 175,741 (185,583) 100,572 607,200 Total General Revenues and Transfers 36,222,923 37,836,141 36,180,942 36,	Canaral Bayanyas and Transfers					
Property taxes, levied for general purposes 10,602,676 11,534,234 11,409,148 12,139,878 12,207,003 Property taxes, levied for debt service 3,700,037 3,752,784 3,921,427 4,101,577 4,019,848 Sales taxes 13,900,112 14,493,898 14,671,251 13,672,390 14,057,245 Franchise taxes 3,845,544 3,893,300 3,918,765 3,859,837 3,511,085 Hotel/Motel taxes 929,522 977,318 898,129 841,758 819,595 Assessments - - - - - - Unrestricted investment earnings 1,932,513 1,926,439 654,780 183,573 88,401 Miscellaneous 1,515,338 1,082,427 893,025 1,303,388 344,773 Utility Company Settlement - - - - - - - 148,587 Transfers (202,819) 175,741 (185,583) 100,572 607,200 Total General Revenues and Transfers 36,222,923 37,836,141 36,180,942 36,202,973 35,803,737						
Property taxes, levied for debt service 3,700,037 3,752,784 3,921,427 4,101,577 4,019,848 Sales taxes 13,900,112 14,493,898 14,671,251 13,672,390 14,057,245 Franchise taxes 3,845,544 3,893,300 3,918,765 3,859,837 3,511,085 Hotel/Motel taxes 929,522 977,318 898,129 841,758 819,595 Assessments - - - - - - - Unrestricted investment earnings 1,932,513 1,926,439 654,780 183,573 88,401 Miscellaneous 1,515,338 1,082,427 893,025 1,303,388 344,773 Utility Company Settlement - - - - - - 148,587 Transfers (202,819) 175,741 (185,583) 100,572 607,200 Total General Revenues and Transfers 36,222,923 37,836,141 36,180,942 36,202,973 35,803,737		10 602 676	11 52/1 22/1	11 //09 1//8	12 130 878	12 207 003
Sales taxes 13,900,112 14,493,898 14,671,251 13,672,390 14,057,245 Franchise taxes 3,845,544 3,893,300 3,918,765 3,859,837 3,511,085 Hotel/Motel taxes 929,522 977,318 898,129 841,758 819,595 Assessments - - - - - - - Unrestricted investment earnings 1,932,513 1,926,439 654,780 183,573 88,401 Miscellaneous 1,515,338 1,082,427 893,025 1,303,388 344,773 Utility Company Settlement - - - - - - 148,587 Transfers (202,819) 175,741 (185,583) 100,572 607,200 Total General Revenues and Transfers 36,222,923 37,836,141 36,180,942 36,202,973 35,803,737						
Franchise taxes 3,845,544 3,893,300 3,918,765 3,859,837 3,511,085 Hotel/Motel taxes 929,522 977,318 898,129 841,758 819,595 Assessments - - - - - - - Unrestricted investment earnings 1,932,513 1,926,439 654,780 183,573 88,401 Miscellaneous 1,515,338 1,082,427 893,025 1,303,388 344,773 Utility Company Settlement - - - - - - 148,587 Transfers (202,819) 175,741 (185,583) 100,572 607,200 Total General Revenues and Transfers 36,222,923 37,836,141 36,180,942 36,202,973 35,803,737						
Hotel/Motel taxes 929,522 977,318 898,129 841,758 819,595 Assessments -						
Assessments						
Unrestricted investment earnings 1,932,513 1,926,439 654,780 183,573 88,401 Miscellaneous 1,515,338 1,082,427 893,025 1,303,388 344,773 Utility Company Settlement - - - - - 148,587 Transfers (202,819) 175,741 (185,583) 100,572 607,200 Total General Revenues and Transfers 36,222,923 37,836,141 36,180,942 36,202,973 35,803,737		•		•		
Miscellaneous 1,515,338 1,082,427 893,025 1,303,388 344,773 Utility Company Settlement - - - - - 148,587 Transfers (202,819) 175,741 (185,583) 100,572 607,200 Total General Revenues and Transfers 36,222,923 37,836,141 36,180,942 36,202,973 35,803,737		1.932.513	1.926.439	654.780	183.573	88.401
Utility Company Settlement - - - - - - 148,587 Transfers (202,819) 175,741 (185,583) 100,572 607,200 Total General Revenues and Transfers 36,222,923 37,836,141 36,180,942 36,202,973 35,803,737						
Transfers (202,819) 175,741 (185,583) 100,572 607,200 Total General Revenues and Transfers 36,222,923 37,836,141 36,180,942 36,202,973 35,803,737			-			
		(202,819)	175,741	(185,583)	100,572	
	Total General Revenues and Transfers	36,222,923	37,836,141	36,180,942	36,202,973	35,803,737
Change in Net Position \$8,016,517 \$7,165,051 \$1,182,388 (\$3,461,760) (\$5,130,125)						
	Change in Net Position	\$8,016,517	\$7,165,051	\$1,182,388	(\$3,461,760)	(\$5,130,125)

Table 1

2012	2013	2014	2015	2016
\$ 8,103,868	\$ 8,045,249	\$ 7,659,290	\$ 7,653,403	\$ 8,621,014
24,787,803	25,738,359	25,508,640	27,708,973	29,692,941
5,162,540	4,778,770	5,381,855	5,403,082	5,134,045
4,134,007	4,344,593	4,237,513	3,964,719	5,147,258
5,314,043	5,043,397	4,822,263	4,541,383	5,529,616
2,097,551	1,456,615	2,443,285	1,996,255	1,219,992
49,599,812	49,406,983	50,052,846	51,267,815	55,344,866
2,144,379	1,663,584	3,065,996	3,124,245	2,690,463
3,160,986	3,053,460	1,944,279	2,169,309	2,023,579
166,434	79,736	-	-	-
68,944	68,990	841	11,155	12,190
605,813	567,548	417,535	442,838	480,345
2,699,930	2,490,080	2,563,133	2,106,140	3,617,370
2,128,092	1,536,151	1,781,492	1,258,973	435,218
10,974,578	9,459,549	9,773,276	9,112,660	9,259,165
(38,625,234)	(39,947,434)	(40,279,570)	(42,155,155)	(46,085,701)
12 (47 200	12 (71 70)	12 270 041	12 527 750	14 220 420
12,647,309	13,671,706	13,370,041	13,527,759	14,238,438
3,712,694	3,993,754	3,964,082	3,944,336	3,886,765
15,275,928 3,165,863	15,873,690	16,113,160	16,522,227	16,878,582 3,077,871
	3,072,593	3,137,857	3,143,126 1,024,253	
882,322	907,944	944,692	· · · · · · · · · · · · · · · · · · ·	997,629 321,220
- 79,294	- 57,125	36,194	310,712 24,939	48,058
396,610	464,081	694,737	555,397	151,486
109,099	950,909	(12,121)	(33,986)	68,951
473,571	720,400	794,400	(55,960) 2,377,945	1,203,909
4/3,3/1	720,400	7 34,400	2,377,343	1,203,303
36,742,690	39,712,202	39,043,042	41,396,708	40,872,909
20,. 12,030	00,,_	33,013,012	,_,,,,,,	. 5,5, 2,505
(\$1,882,544)	(\$235,232)	(\$1,236,528)	(\$758,447)	(\$5,212,792)
(1 / /- 1	(1 / 3 - /	(, , , - = -)	(1 / /	(, - / / /

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

Fiscal Year Ended September 30,

Source Source	2007	2008	2009	2010
Expenses:				
Sanitation Services	\$ 5,441,974	\$ 6,458,458	\$ 7,105,732	\$ 6,796,273
Golf Course Services	980,001	1,060,084	1,102,944	1,218,837
Museum Services	127,142	106,810	110,291	114,224
Auditorium Services	639,409	738,798	438,688	433,469
Total Expenses	7,188,526	8,364,150	8,757,655	8,562,803
Program Revenues:				
Charges for Services:				
Sanitation Services	6,550,442	6,998,254	8,402,003	8,394,204
Golf Course Services	1,167,702	1,169,350	1,245,752	1,164,750
Museum Services	1,117	5,323	5,210	3,818
Auditorium Services	304,308	227,409	66,560	108,292
Total Program Revenues	8,023,569	8,400,336	9,719,525	9,671,064
Net (Expense) Revenue	835,043	36,186	961,870	1,108,261
General Revenues and Transfers:				
Unrestricted investment earnings	99,829	84,999	23,579	5,129
Miscellaneous	82,821	37,676	16,919	66,046
Gain on sale of assets	-	-	(33,806)	19,475
Insurance Recovery	-	_	53,346	, -
Capital Contributions	-	_	134,570	120,000
Transfers	71,746	(175,741)	185,583	(100,572)
Total General Revenues and Transfers	254,396	(53,066)	380,191	110,078
Change in Net Position	\$1,089,439	(16,880)	\$1,342,061	\$1,218,339

2011	2012	2013	2014	2015	2016
\$ 6,377,740	\$ 6,958,567	\$ 6,939,912	\$ 7,802,743	\$ 7,347,322	\$ 7,128,323
1,200,582	1,236,695	1,306,088	1,220,275	1,299,168	1,280,136
131,671	136,315	115,221	111,320	132,927	141,234
683,557	648,809	694,222	678,938	615,792	642,887
•	•	•	•	•	<u> </u>
8,393,550	8,980,386	9,055,443	9,813,276	9,395,209	9,192,580
	2,000,000	2,000,110	5,525,215	2,222,222	0,202,000
8,415,042	8,495,419	8,532,359	8,841,070	8,878,911	9,181,830
1,216,805	1,179,528	1,130,416	982,509	954,741	919,727
4,010	3,585	2,916	3,181	4,607	3,694
258,815	143,885	147,307	150,290	236,971	234,792
230,013	113,003	117,307	130,230	230,371	23 1,7 32
9,894,672	9,822,417	9,812,998	9,977,050	10,075,230	10,340,043
3,034,072	3,022,417	5,012,550	3,311,030	10,073,230	10,540,045
1,501,122	842,031	757,555	163,774	680,021	1,147,463
1,301,122	042,031	737,333	103,774	000,021	1,147,403
4,554	7,259	6,251	5,269	2,759	10,521
73,963	18,915	1,940	14,098	11,504	6,880
6,082	130	770	778,731	490,489	1,165
0,002	-	-	770,731	430,463	1,103
1,551,967	103,517	- 24,794	50,214	- 49,486	_
(607,200)	•	(720,400)	(794,400)	•	(1 202 000)
(007,200)	(473,571)	(720,400)	(754,400)	(2,377,945)	(1,203,909)
1 020 266	(242.750\	1606 64E\	E2 012	(1 022 707)	/1 10E 242\
1,029,366	(343,750)	(686,645)	53,912	(1,823,707)	(1,185,343)
¢3 E30 400	¢400 201	670.010	6247 606	(¢1 142 COC\	(627.000)
\$2,530,488	\$498,281	\$70,910	\$217,686	(\$1,143,686)	(\$37,880)

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

Fiscal Year Ended September 30,

Fiscal Year Ended September 30,				
Source	2007	2008	2009	2010
Expenses:				
Governmental Activities *	\$38,459,567	\$43,069,872	\$44,784,370	\$46,860,226
Business-type Activities **	7,188,526	8,364,150	8,757,655	8,562,803
Dusiness-type Activities	7,100,320	0,304,130	0,737,033	0,302,003
Total Expenses	45,648,093	51,434,022	53,542,025	55,423,029
Program Revenues:				
Flogram Revenues.				
Governmental Activities *	10,253,161	12,398,782	9,785,813	7,195,493
Business-type Activities **	8,023,569	8,400,336	9,719,525	9,791,064
Total Program Revenues	18,276,730	20,799,118	19,505,338	16,986,557
Net (Expense) Revenue	(27,371,363)	(30,634,904)	(34,036,687)	(38,436,472)
Not (Expense) Nevende	(21,011,000)	(50,004,504)	(04,000,007)	(50,450,472)
Governmental Activities *	36,222,923	37,836,141	36,180,942	36,202,973
Business-type Activities **	254,396	(53,066)	380,191	(9,922)
Total General Revenues and Transfers	36,477,319	37,783,075	36,561,133	36,193,051
Change in Net Position	\$9,105,956	\$7,148,171	\$2,524,446	(\$2,243,421)

^{*} See Table Changes in Net Position-Governmental Activities

^{**} See Table Changes in Net Position-Business Type Activities

Table 3

	2011	2012	2013	2014	2015	2016
	\$50,689,127	\$49,599,812	\$49,406,983	\$50,052,846	\$51,267,815	\$55,344,866
	8,393,550	8,980,386	9,055,443	9,813,276	9,395,209	9,192,580
	59,082,677	58,580,198	58,462,426	59,866,122	60,663,024	64,537,446
	9,755,265	10,974,578	9,459,539	9,773,276	9,112,660	9,259,165
	9,894,672	9,925,934	9,837,792	10,027,264	10,075,230	10,340,043
_	, ,	, ,	, ,	, ,	, ,	, ,
	19,649,937	20,900,512	19,297,331	19,800,540	19,187,890	19,599,208
-	,,		,,	,,	,,	10,000,000
	(39,432,740)	(37,679,686)	(39,165,095)	(40,065,582)	(41,475,134)	(44,938,238)
_	(00,102,710)	(01,010,000)	(00,100,000)	(10,000,002)	(11,170,101)	(11,000,200)
	35,803,737	36,742,688	39,712,202	39,043,042	41,396,708	40,872,909
	1,029,366		i	217,686		
_	1,028,300	(447,267)	(711,439)	217,000	(1,823,707)	(1,185,343)
	26 022 102	26 205 424	20 000 762	20 260 720	20 572 001	20 607 566
_	36,833,103	36,295,421	39,000,763	39,260,728	39,573,001	39,687,566
	(#O FOO OCT)	(04.004.005)	(0404.000)	(0004.054)	(04,000,400)	(AE 0E0 070)
_	(\$2,599,637)	(\$1,384,265)	(\$164,332)	(\$804,854)	(\$1,902,133)	(\$5,250,672)

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

Fiscal Year Ended September 30,

	2007	2008	2009	2010
Governmental Activities				
Net Investment in Capital Assets	\$41,015,422	\$109,813,052	\$110,046,291	\$108,894,810
Restricted	-	-	-	-
Unrestricted	84,570,376	22,937,797	23,886,943	21,576,664
Sutbtotal Governmental Activities Net Position	125,585,798	132,750,849	133,933,234	130,471,474
Business-type Activities				
Net Investment in Capital Assets	4,460,027	3,945,166	4,709,696	5,662,148
Restricted	30,500	30,500	30,500	-
Unrestricted	1,378,298	1,876,279	2,453,810	2,306,845
Subtotal Business-type Activities Net Position	5,868,825	5,851,945	7,194,006	7,968,993
Primary Government				
Net Investment in Capital Assets	45,475,449	113,758,218	114,755,987	114,556,958
Restricted	30,500	30,500	30,500	· · ·
Unrestricted	85,948,674	24,814,076	26,340,753	23,883,509
Total Primary Governement Net Position	\$131,454,623	\$138,602,794	\$141,127,240	\$138,440,467

2011	2012	2013	2014	2015	2016	
\$102,913,131	\$103,040,149	\$98,058,748	\$97,835,629	\$94,988,699	\$90,814,756	
4,388,441	4,155,500	4,531,503	9,874,343	9,982,445	8,077,571	
17,038,038	15,261,415	18,598,426	12,242,177	1,621,057	2,487,082	
					_	
124,339,610	122,457,064	121,188,677	119,952,149	106,592,201	101,379,409	
					_	
6,881,339	6,648,413	6,361,950	5,316,890	6,229,922	5,797,785	
-	-	-	-	-	-	
3,641,900	4,373,107	4,730,480	5,993,226	4,126,503	4,520,760	
					_	
10,523,239	11,021,520	11,092,430	11,310,116	10,356,425	10,318,545	
					_	
109,794,470	109,688,562	104,420,698	103,152,519	101,218,621	96,612,541	
4,388,441	4,155,500	4,531,503	9,874,343	9,982,445	8,077,571	
20,679,938	19,634,522	23,328,906	18,235,403	5,747,560	7,007,842	
\$134,862,849	\$133,478,584	\$132,281,107	\$131,262,265	\$116,948,626	\$111,697,954	

City of Harlingen, Texas Changes in Fund Balances - Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

Fiscal Year Ended September 30,				
Source	2007	2008	2009	2010
Revenues:				
Taxes	\$32,881,366	\$34,294,776	\$35,300,239	\$34,702,472
Fines & Forfeitures	1,356,102	1,771,756	1,695,162	1,652,900
Licenses & Permits	707,343	598,789	603,626	500,265
Improvements and assessments	· =	- -	- -	-
Charges for Services	1,195,867	1,582,889	1,481,764	1,459,209
Intergovernmental	2,427,181	4,657,403	5,420,765	3,437,285
Miscellaneous	1,509,034	1,052,746	882,423	1,184,703
Interest and Investment Income	1,932,513	1,926,439	654,780	183,573
Total Revenues	\$42,009,406	\$45,884,798	\$46,038,759	\$43,120,407
Expenditures:				
General Government	\$4,822,215	\$5,483,029	\$5,591,046	\$5,860,669
Public Safety	16,290,664	17,092,165	18,626,584	19,881,709
Highways & Streets	5,299,471	6,296,643	6,045,067	5,032,835
Health & Welfare	2,674,945	2,919,664	3,220,659	3,761,018
Culture & Recreation	4,162,877	4,356,273	4,744,840	4,061,901
Capital Outlay	10,815,261	17,470,509	12,462,579	3,780,688
Debt Service				
Principal Retirement	2,985,000	1,349,571	1,960,000	2,150,000
Interest	1,590,219	2,372,439	1,947,569	1,993,090
Administrative charges	1,400	2,000	2,000	12,635
Total Expenditures	\$48,642,052	\$57,342,293	\$54,600,344	\$46,534,545
Excess (Deficiency) of Revenues				
Over/(Under) Expenditures	(6,632,646)	(11,457,495)	(8,561,585)	(3,414,138)
Other Financing Sources (Uses)				
Transfers In	976,562	1,858,564	1,039,866	1,330,694
Transfers Out	(1,179,381)	(1,682,823)	(1,225,449)	(1,230,122)
Insurance Recovery	=	-	-	45,206
Issuance of Debt	32,630,000	-	-	3,090,000
Bond &/or Certificate of Obligation Proceeds	· · · · · · · · · · · · · · · · · · ·	-	-	2,540,000
Refunding Bond Proceeds	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	(2,514,823)
Long-term note proceeds	-	-	-	-
Premium on Debt Issuance	-	-	-	-
Capital Lease Proceeds	-	-	-	_
Proceeds from Sale of Capital Assets	6,304	29,681	10,602	143,479
Total Other Financing Sources (Uses)	32,433,485	205,422	(174,981)	3,404,434
Net Change in Fund Balances	25,800,839	(11,252,073)	(8,736,566)	(9,704)
Debt Service as a % of Non-Capital				
Expenditures	12.1%	9.3%	9.3%	9.7%
•				

2011	2012	2013	2014	2015	2016		
\$34,840,257	\$36,681,332	\$37,899,107	\$38,011,335	\$38,995,436	\$39,720,246		
1,550,411	1,808,440	1,780,275	1,681,265	1,780,419	1,657,510		
505,837	552,753	614,735	564,486	502,973	549,401		
-	-	-	-	117,564	215,833		
1,558,349	2,872,412	2,593,675	2,776,305	3,244,383	2,761,319		
5,693,984	3,936,245	2,957,872	2,674,160	1,979,491	3,441,491		
939,262	1,386,264	1,418,098	1,590,030	2,849,521	1,324,887		
88,401	79,294	57,126	36,271	24,941	48,055		
\$45,176,501	\$47,316,740	\$47,320,888	\$47,333,852	\$49,494,728	\$49,718,742		
\$7,725,493	\$5,765,003	\$6,052,084	\$6,552,556	\$6,659,647	\$6,600,141		
20,274,158	20,495,448	21,286,630	21,804,128	22,951,582	22,992,979		
4,113,096	4,257,383	3,953,133	4,602,102	4,708,242	3,901,541		
2,988,993	3,391,215	3,594,105	3,621,978	3,455,335	3,911,837		
4,404,463	4,244,459	4,170,128	4,064,968	3,959,009	4,198,871		
8,485,704	6,358,369	5,982,406	5,683,692	4,881,877	2,676,339		
2,298,136	1,940,000	1,970,000	2,302,113	2,507,800	2,899,856		
1,852,835	1,752,898	1,714,452	1,872,583	1,624,757	1,202,344		
7,740	-	204,875	-	196,767	308,236		
	¢40.204.775		Ć50 504 430				
\$52,150,618	\$48,204,775	\$48,927,813	\$50,504,120	\$50,945,016	\$48,692,144		
(6,974,117)	(888,035)	(1,606,925)	(3,170,268)	(1,450,288)	1,026,598		
3,209,870	2,205,645	3,225,142	3,050,709	3,782,345	4,666,734		
(2,674,670)	(1,879,074)	(2,578,244)	(2,337,309)	(3,286,582)	(4,299,078)		
-	-	-	-	-	-		
-	-	-	3,273,794	-	-		
-	3,315,000	5,350,000	(3,185,722)	3,282	23,915,000		
-	-	-	-	-	2,595,060		
-	(3,263,508)	-	-	8,924	(26,687,399)		
-	-	-	-	-	-		
-	-	166,091	-	-	-		
-	-	-	1,483,892	47,250	-		
148,587	109,099	950,139	-	-	-		
683,787	487,162	7,113,128	2,285,364	555,219	190,317		
(6,290,330)	(400,873)	5,506,203	(884,904)	(895,069)	1,216,915		
9.5%	8.8%	8.6%	9.3%	9.0%	8.9%		

City of Harlingen

General Fund Revenues and Expenditures History

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year Ended September 30,

Fiscal Year Ended September 30	2007	2008	2009	2010
Revenues:				
Property Taxes - including P & I	\$ 9,507,610	\$ 10,004,029	\$ 10,618,089	\$ 10,879,410
Non-property Taxes	17,418,984	18,067,506	18,248,116	17,253,772
Fines & Forfeitures	1,115,274	1,445,669	1,419,706	1,464,075
Licenses & Permits	707,343	598,789	584,810	500,265
Charges for Services	941,188	1,092,497	1,234,933	1,254,346
Intergovernmental	361,651	254,576	207,142	1,153,048
Contributions and Donations	-	-	-	-
Miscellaneous	122,917	240,330	187,902	99,178
Interest and Investment Income	605,826	557,126	218,109	98,128
Total Revenues	\$ 30,780,793	\$ 32,260,522	\$ 32,718,807	\$ 32,702,222
Expenditures:				
General Government	\$ 4,663,276	\$ 4,821,452	\$ 4,982,646	\$ 4,920,415
Public Safety	15,331,155	16,456,701	17,509,144	18,391,341
Highways & Streets	2,693,758	3,023,051	3,405,349	3,214,484
Health & Welfare	2,220,876	2,337,252	2,651,249	2,630,880
Culture & Recreation	3,467,147	3,581,504	3,796,189	3,777,564
Capital Outlay	1,175,649	1,411,576	525,728	398,916
Debt Payments	-	79,296	-	-
Total Expenditures	\$ 29,551,861	\$ 31,710,832	\$ 32,870,305	\$ 33,333,600
Excess (Deficiency) of Revenues				
Over/(Under) Expenditures	1,228,932	549,690	(151,498)	(631,378)
Budgeted Transfers and	1,220,332	349,090	(131,436)	(031,376)
Other Financing Sources (Uses)	(585)	(816,281)	19,977	232,563
-				
Excess of Revenues				
Other Financing Sources (Uses)				
Over (Under) Expenditures & Others	1,228,347	(266,591)	(131,521)	(398,815)
Beginning Fund Balance	10,096,211	11,324,558	11,057,967	10,926,446
Ending Fund Balance	\$ 11,324,558	\$ 11,057,967	\$ 10,926,446	\$ 10,527,631

2011	2012	2013	2014	2015	2016
					_
\$ 12,291,052	\$ 12,690,327	\$ 13,624,303	\$ 13,356,797	\$ 13,682,198	\$ 14,202,827
17,272,816	19,063,014	19,091,811	19,440,451	19,897,893	20,221,652
1,550,411	1,807,782	1,780,146	1,681,265	1,672,287	1,442,634
505,837	552,753	614,735	564,486	502,973	549,401
1,163,357	1,037,873	2,391,671	2,579,831	3,034,139	2,459,509
1,062,729	254,552	296,070	583,121	689,624	58,815
-	-	827,353	831,217	2,503,630	696,413
620,067	946,188	173,637	294,913	155,673	131,008
40,517	39,415	31,265	22,098	14,062	32,006
\$ 34,506,786	\$ 36,391,904	\$ 38,830,991	\$ 39,354,179	\$ 42,152,479	\$ 39,794,265
\$ 4,875,218	\$ 4,867,732	\$ 5,237,122	\$ 5,617,973	\$ 5,748,778	\$ 5,536,663
19,076,007	18,351,930	20,580,493	21,448,737	22,621,457	22,055,008
2,917,958	2,977,519	3,100,048	3,214,699	3,258,044	3,037,712
2,458,796	2,554,289	2,785,007	2,906,812	2,972,646	2,895,711
4,168,534	3,853,625	4,024,108	3,844,256	3,759,030	3,928,243
1,879,673	1,210,517	1,197,032	2,714,934	3,933,263	952,217
13,136	-	- -	-	339,567	540,738
\$ 35,389,322	\$ 33,815,612	\$ 36,923,810	\$ 39,747,411	\$ 42,632,785	\$ 38,946,292
7 33,363,322	7 33,013,012	ÿ 30,323,010	Ş 33,747,411	ÿ 4 2,032,703	ÿ 30,540,232
(882,536)	2,576,292	1,907,181	(393,232)	(480,306)	847,973
, ,				, , ,	
1,214,559	(39,150)	480,194	1,792,697	(759,632)	(76,639)
222.022	2 527 442	2 227 275	4 200 465	(4.222.222)	774 004
332,023	2,537,142	2,387,375	1,399,465	(1,239,938)	771,334
10,527,631	10,859,654	13,396,796	15,784,171	17,183,636	15,943,698
\$ 10,859,654	\$ 13,396,796	\$ 15,784,171	\$ 17,183,636	\$ 15,943,698	\$ 16,715,032
+ ==,==,==	+ -0,000,00	+ -5,.51,1.1	+,,	+ ==,= :=,===	÷ 10,710,002

City of Harlingen, Texas
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ended September 30,

riscar rear Effacta September 30,					
	2007	2008	2009	2010	
General Fund					
Nonspendable	\$54 <i>,</i> 783	\$19,865	\$9,148	\$4,887	
Unassigned	11,269,775	11,038,102	10,917,298	10,522,744	
Substituted Comment From d	44 224 550	44.057.067	10.026.446	40 527 624	
Subtotal General Fund	11,324,558	11,057,967	10,926,446	10,527,631	
General Fund % Change	11.5%	-2.4%	-1.2%	-3.6%	
All Other Governmental Funds					
Nonspendable	457,202	611,276	876,583	6,789	
Committed	4,141,074	6,700,109	5,965,927	6,654,199	
Restricted	34,316,072	20,841,711	12,481,310	13,051,939	
Unassigned	-	-	-	-	
Subtotal All Other					
Governmental Funds	20 014 240	29 152 006	10 222 020	10 712 027	
Governmental Funds	38,914,348	28,153,096	19,323,820	19,712,927	
Total Governmental Funds					
Nonspendable	511,985	631,141	885,731	11,676	
Committed	4,141,074	6,700,109	5,965,927	6,654,199	
Restricted	34,316,072	20,841,711	12,481,310	13,051,939	
Unassigned	11,269,775	11,038,102	10,917,298	10,522,744	
Total Governmental Funds	\$50,238,906	\$39,211,063	\$30,250,266	\$30,240,558	
All Governmental Funds					
Percentage Change	105.07%	-21.95%	-22.85%	-0.03%	

Note: The City of Harlingen first implemented GASB Statement No. 54 in fiscal year 2011.

Table 7

2016	2015	2014	2013	2012	2011
\$41,628	\$5,238	\$19,599	\$14,336	\$15,636	\$8,080
16,673,404	15,938,460	17,164,037	15,769,835	13,381,160	10,851,574
		.=			
16,715,032	15,943,698	17,183,636	15,784,171	13,396,796	10,859,654
4.00/	7.20/	0.00/	47.00/	22.40/	2.20/
4.8%	-7.2%	8.9%	17.8%	23.4%	3.2%
3,466	624	0	1,465	1,104	798
3,902,757	1,419,799	1,331,570	1,567,142	9,509,122	1,606,602
8,083,611	10,048,679	9,874,343	11,898,209	1,480,266	11,534,935
(212,367)	(137,216)	(218,895)	(195,429)	(837,933)	(51,761)
(===)==: /	(==;)===;	(==0,000)	(200):20)	(001)000)	(0 =) . 0 =)
11,777,467	11,331,886	10,987,018	13,271,387	10,152,559	13,090,574
45,094	5,862	19,599	15,801	16,740	8,878
3,902,757	1,419,799	1,331,570	1,567,142	9,509,122	1,606,602
8,083,611	10,048,679	9,874,343	11,898,209	1,480,266	11,534,935
16,461,037	15,801,244	16,945,142	15,574,406	12,543,227	10,799,813
\$28,492,499	\$27,275,584	\$28,170,654	\$29,055,558	\$23,549,355	\$23,950,228
4.46%	-3.18%	-3.05%	23.38%	-1.67%	-20.80%

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City of Harlingen, Texas

Tax Revenues by Source - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Table 8

Fiscal Year	• •		Franchise Taxes	Hotel/Motel Taxes	Grand Total					
					_					
2007	\$ 14,206,188	\$13,900,112	\$3,845,544	\$929,522	\$32,881,366					
2008	14,930,260	14,493,898	3,893,300	977,318	34,294,776					
2009	15,330,575	14,671,251	3,918,765	898,129	34,818,720					
2010	16,328,487	13,672,390	3,859,837	, ,						
2011	16,452,332	14,057,245	14,057,245 3,511,085		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					
•	Percentage Change									
In Dollars Ove										
Years	27.59%	18.86%	-19.96%	10.19%	16.06%					

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

Fiscal Year Ending Real September Residential 30 Single Family		Residential		Real Residential Multi-Family	v	Real acant Lots/ Tracts		Real Acreage (Land Only)		Real Farm & Ranch Improve- ments		Real Commercial & Industrial		Real and Tangible Personal Utilities		Tangible Personal, Commercial & Industrial
2007	Ś	1,120,198,367	Ś	75,277,924	Ś	77,523,856	Ś	111,131,900	Ś	11,496,550	Ś	621,650,294	Ś	80,573,423	Ś	339,742,457
2008	•	1,203,276,059		87.364.093		77,954,373	Ċ	106,785,310		11,696,515	Ċ	647,695,888		68,524,040	•	361,951,074
2009		1,244,751,258		107,342,483		76,079,534		100,118,412		11,498,793		655,078,159		78,043,858		364,266,408
2010		1,308,281,506		114,665,293		86,030,347		98,101,068		11,871,389		667,709,872		75,445,515		377,239,082
2011		1,318,224,240		116,950,700		85,528,469		96,496,499		11,841,531		672,640,392		70,089,816		368,545,689
2012		1,344,724,352		125,142,938		80,612,755		101,376,116		12,037,445		684,313,854		64,184,140		369,969,623
2013		1,356,985,849		131,572,346		79,490,812		105,421,460		12,839,492		811,900,683		63,263,718		363,204,883
2014		1,368,138,082		137,135,722		77,780,405		104,026,465		12,967,265		817,744,628		64,460,988		392,710,604
2015		1,391,784,107		145,711,895		79,131,228		102,098,139		16,103,270		853,524,500		71,433,158		349,774,616
2016		1,422,719,443		152,731,731		99,616,746		77,483,543		22,543,512		869,779,194		87,635,345		408,136,305

Note: Valuations shown are certified taxable assessed values reported by the Cameron Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

Tax rate is expressed in rate per \$100 taxable assessed valuation.

-				Percentages										
2007	42.43%	2.85%	2.94%	4.21%	0.44%	23.55%	3.05%	12.87%						
2008	43.47%	3.16%	2.82%	3.86%	0.42%	23.40%	2.48%	13.08%						
2009	43.52%	3.75%	2.66%	3.50%	0.40%	22.90%	2.73%	12.73%						
2010	44.07%	3.86%	2.90%	3.30%	0.40%	22.49%	2.54%	12.71%						
2011	44.31%	3.93%	2.88%	3.24%	0.40%	22.61%	2.36%	12.39%						
2012	44.28%	4.12%	2.65%	3.34%	0.40%	22.53%	2.11%	12.18%						
2013	43.30%	4.20%	2.54%	3.36%	0.41%	25.91%	2.02%	11.59%						
2014	42.93%	4.30%	2.44%	3.26%	0.41%	25.66%	2.02%	12.32%						
2015	43.09%	4.51%	2.45%	3.16%	0.50%	26.42%	2.21%	10.83%						
2016	41.78%	4.48%	2.93%	2.28%	0.66%	25.54%	2.57%	11.98%						

Each category is represented as a percentage of the total appraised value

Table 9

F	Tangible Personal, Mobile Homes	Real Property Inventory	Special Inventory	Exempt	Total Appraised Value	Less Total Exemptions	Adjust- ments	Total Taxable Assessed Value	Total Direct Tax Rate	Annual % Change
\$	26,052,587 26,017,359 25,594,139 25,268,797 24,904,511 18,702,753 18,674,253 19,303,546 19,401,944 19,475,651 0.99% 0.94% 0.85% 0.85% 0.85% 0.85%	\$ 7,218,014 6,531,199 8,212,479 7,187,256 8,622,072 8,875,454 5,079,949 4,839,652 7,090,330 5,289,784 0.27% 0.24% 0.29% 0.29% 0.29%	\$ 17,808,977 19,105,549 20,389,001 19,951,047 15,730,782 18,209,616 20,596,563 22,494,609 26,150,645 33,441,069 0.67% 0.69% 0.71% 0.67% 0.53% 0.60%	\$ 151,404,138 151,138,046 169,133,280 177,089,322 185,184,548 208,669,510 164,870,000 165,626,270 168,062,865 206,794,099 5.73% 5.46% 5.91% 6.23% 6.87%	\$ 2,640,078,487 2,768,039,505 2,860,507,804 2,968,840,494 2,974,759,249 3,036,818,556 3,133,900,008 3,187,228,236 3,230,266,697 3,405,646,422	\$ 311,599,497 204,507,716 207,711,381 214,752,669 226,921,191 257,001,513 239,668,472 244,868,703 242,627,343 298,613,054	\$ 102,138,531 85,949,218 78,811,286 76,850,633 83,575,002 79,977,634 79,157,227 86,620,266 78,368,653	\$ 2,328,478,990 2,461,393,258 2,566,847,205 2,675,276,539 2,670,987,425 2,696,242,041 2,814,253,902 2,863,202,306 2,901,019,088 3,028,664,715	0.590000 0.590000 0.590000 0.588827 0.588827 0.058883 0.588827 0.588827	9.59% 5.71% 4.28% 4.22% -0.16% 0.95% 4.38% 1.74% 1.32% 4.40%

5.26%

5.20%

5.20%

6.07%

0.60%

0.61%

0.60%

0.57%

0.16%

0.15%

0.22%

0.16%

0.66%

0.71%

0.81%

0.98%

Table 10
City of Harlingen, Texas
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Per \$100 of Assessed Value)

		Direct		Under	lying	Overlapping	
		Debt		•	South		
	General	Service		Harlingen	Texas	Cameron	
Year	Fund	Fund	Total	CISD	ISD	County	Total
2007	\$0.43015	\$0.15985	\$ 0.59000	\$ 1.42400	\$0.03920	\$ 0.35819	2.411391
2008	0.435625	0.154375	0.590000	1.125000	0.049200	0.343191	2.107391
2009	0.437800	0.152200	0.590000	1.125000	0.049200	0.353191	2.117391
2010	0.435580	0.153247	0.588827	1.125000	0.049200	0.363191	2.126218
2011	0.434634	0.154193	0.588827	1.219000	0.049200	0.364291	2.221318
2012	0.450426	0.138401	0.588827	1.218000	0.049200	0.384291	2.240318
2013	0.451862	0.136965	0.588827	1.218000	0.049200	0.384291	2.240318
2014	0.449723	0.139104	0.588827	1.218000	0.049200	0.384291	2.240318
2015	0.450901	0.137926	0.588827	1.218000	0.049200	0.399291	2.255318
2016	0.460327	0.128500	0.588827	1.318000	0.049200	0.399261	2.355288

Tax rate limit City: \$2.50 Tax due date: January 31 Discount allowed: No

Penalty and Interest: Beginning 7% in February (delinquency date) continues to 18% July after which a 1%

per month interest is assessed until taxes are paid.

Source: Tax Department of Respective Entities

City of Harlingen, Texas
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Table 11

Fiscal Year	Tax Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Totals Collections As Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Current Levy
2007	2006	\$13,738,026	\$13,099,364	95.35%	\$512,764	\$13,612,128	99.08%	\$1,810,649	13.18%
2008	2007	14,522,220	13,806,819	95.07%	461,437	14,268,256	98.25%	1,813,318	12.49%
2009	2008	14,988,703	14,474,545	96.57%	639,925	15,168,470	101.20%	1,202,926	8.03%
2010	2009	15,676,927	14,945,297	95.33%	750,389	15,695,686	100.12%	1,411,586	9.00%
2011	2010	15,696,199	15,148,659	96.51%	567,445	15,716,104	100.13%	1,136,262	7.24%
2012	2011	15,845,781	15,339,600	96.81%	496,011	15,835,611	99.94%	939,863	5.93%
2013	2012	16,572,177	16,239,104	97.99%	763,068	17,002,172	102.59%	986,181	5.95%
2014	2013	16,859,308	16,220,678	96.21%	422,472	16,643,150	98.72%	1,711,434	10.15%
2015	2014	17,081,984	16,484,114	96.50%	525,000	17,009,114	99.57%	1,694,744	9.92%
2016	2015	17,126,250	16,526,832	96.50%	547,500	17,074,332	99.70%	1,537,038	8.97%

Note: Total Tax Collections is the combined Current Year's Tax plus Delinquent Tax collections (not including penalty and interest charges).

Delinquent Taxes consists of 20 years of unpaid taxes. The City's current year collections are usually 95% and when adding collections for 20 years of outstanding taxes it is possible to go over 100% when taken against the Current Tax Year's Levy.

City of Harlingen, Texas PRINCIPAL PROPERTY TAXPAYERS Fiscal Years Ending September 30, 2016 and 2007

Prinicipal Taxpayer	Type of Business	FY 2016 Taxable Assessed Valuation	Percentage Of Total Taxable Assessed Valuation
VHS Harlingen Hospital Company LLC	Medical Services	\$73,853,442	2.17%
AEP Texas Central Company	Electricity Suppliers	35,028,240	1.03%
Boyer Harlingen LC	Real Estate Developers	27,955,724	0.82%
VHS Harlingen Hospital Co LLC	Medical Services	23,157,401	0.68%
Harlingen Medical Center Realty LLC	Medical Services	22,444,998	0.66%
Mall at Valle Vista LLC	Shopping Center Operations	20,841,484	0.61%
HCHART LLC	Real Estate Developers	16,682,802	0.49%
VHS Valley Real Estsate Co LLC	Medical Real Estate Developers	13,454,578	0.40%
Valley Baptist Realty Corp.	Medical Real Estate Developers	13,357,256	0.39%
Harlingen SC Partners LTD	Shopping Center Operations	12,293,737	0.36%
		\$259,069,662	7.61%

Source: Cameron Appraisal District

Principal Taxpayer	Type of Business	FY 2007 Taxable Assessed Valuation	Percentage Of Total Taxable Assessed Valuation
Harlingen Medical CenterLimited	Medical Real Estate Developers	\$25,228,459	0.96%
United Launch Alliance LLC	Aviation Aerospace	22,629,654	0.86%
AEP Texas Central	Electricity Suppliers	21,344,510	0.81%
Southwestern Bell Telephone	Telephone Utility	20,882,730	0.79%
Simon Property Group	Shopping Center Operations	20,874,952	0.79%
Valley Baptist Medical Dev. Corp	Medical Services	20,246,687	0.77%
HEB Grocery Company	Retail Grocers	15,703,116	0.59%
Valley Baptist Realty Corp.	Holding Company	15,589,175	0.59%
Harlingen Medical Center LTD	Medical Services	12,309,728	0.47%
Harlingen SC Partners LTD	Shopping Center Operations	11,400,000	0.43%
		\$186,209,011	7.06%

Table 13

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

Fiscal Year	Direct	Overlapping	Total Direct and Overlapping Rate
-		11 0	11 5
2007	2.00%	6.25%	8.25%
2008	2.00%	6.25%	8.25%
2009	2.00%	6.25%	8.25%
2010	2.00%	6.25%	8.25%
2011	2.00%	6.25%	8.25%
2012	2.00%	6.25%	8.25%
2013	2.00%	6.25%	8.25%
2014	2.00%	6.25%	8.25%
2015	2.00%	6.25%	8.25%
2016	2.00%	6.25%	8.25%

City of Harlingen Taxable Sales by Category

CATEGORY:	FISCAL 2015	% OF TOTAL	FISCAL 2016	% OF TOTAL		FISCAL 2015	% OF TOTAL	FISCAL 2016	% OF TOTAL
Administrative Mgt and General Mgt Consulting Services	\$ -	0.0000% \$	88.77	0.0000%	Commercial Lithographic Printing	\$ 10,652.15		18,183.76	0.0800%
Advertising Agencies	2,598.26	0.0115%	2,312.97	0.0100%	Commercial Printing, Not Elsewhere Classified		0.0000%	-	0.0000%
Advertising Material Distribution Services	1,530.72	0.0068%	586.24	0.0000%	Commercial Screen Printing	511.00		171.93	0.0000%
Air-Conditioning & Heating Equip and Com & Ind Refrig Equip Mfg	4,824.48	0.0214%	16,023.22	0.0700%	Commerical/Industrial Machinery (Exc Auto/Electronic) Repair/Maintenance	9,744.41	0.0432%	13,022.19	0.0600%
All Other Amusement and Recreation Industries	480.38 2,131.91	0.0021% 0.0095%	1,507.95 1,370.49	0.0100% 0.0100%	Communication Equip Repair and Maintenance	- 862.16	0.0000% 0.0038%	-	0.0000% 0.0000%
All Other Automotive Repair and Maintenance All Other Business Support Services	2,131.91 9,060.57	0.0095%	9,309.67	0.0100%	Communications Services, Not Elsewhere Classified Computer and Computer Peripheral Equip and Software Merchant Wholesalers	1,583.91	0.0038%	10,329.67	0.0500%
All Other Consumer Goods Rental	26,565.48	0.1178%	29,575.47	0.0400%	Computer and Office Machine Repair and Maintenance	29,382.79		22,385.17	0.0500%
All Other General Merchandise Stores	563,669.08	2.4999%	590,890.51	2.6000%	Computer and Software Stores	33,747.35		48,308.67	0.2100%
All Other Health and Personal Care Stores	4,847.80	0.0215%	7,516.98	0.0300%	Computer Maintenance and Repair	1,146.73		2,556.93	0.0100%
All Other Home Furnishings Stores	60,615.02	0.2688%	88,444.44	0.3900%	Computer Related Services, Not Elsewhere Classified	182.96	0.00031%	26,806.10	0.1200%
All Other Information Services	5,722.97	0.0254%	7,532.18	0.0300%	Computer Systems Design Services	14,302.11	0.0634%	158.53	0.0000%
All Other Insurance Related Activities	-	0.0000%	-,	0.0000%	Construction, Mining, and Forestry Machinery and Equip Rental and Leasing	1,426.92	0.0063%	11,118.48	0.0500%
All Other Miscellaneous Chemical Product and Preparation MFG	1,110.23	0.0049%	2,700.76	0.0100%	Consumer Electronics and Appliances Rental	70,611.99	0.3132%	68,622.67	0.3000%
All Other Miscellaneous Electrical Equip and Component MFG	397.27	0.0018%	503.80	0.0000%	Consumer Electronics Repair and Maintenance	493.81	0.0022%	1,719.57	0.0100%
All Other Miscellaneous Fabricated Metal Product MFG	34.28	0.0002%	672.33	0.0000%	Consumer Lending	13,974.76	0.0620%	9,708.03	0.0400%
All Other Miscellaneous MFG	15,486.78	0.0687%	18,145.03	0.0800%	Convenience Stores	65,678.88	0.2913%	61,459.93	0.2700%
All Other Miscellaneous Store Retailers (except Tobacco Stores)	147,641.68	0.6548%	96,821.16	0.4300%	Corporate, Subsidiary, and Regional Managing Offices	28,685.26	0.1272%	9,986.48	0.0400%
All Other Motor Vehicle Dealers	6,816.38	0.0302%	68,804.69	0.3000%	Cosmetics, Beauty Supplies, and Perfume Stores	64,457.95		71,596.45	0.3100%
All Other Nondepository Credit Intermediation	61,183.71	0.2714%	21,068.95	0.0900%	Credit Bureaus	2,636.99	0.0117%	3,127.40	0.0100%
All Other Nonresidential Trade Contractors	1,217.23	0.0054%	1,696.55	0.0100%	Custom Computer Programming Services	60,601.31		123,326.73	0.5400%
All Other Personal Services	626.17	0.0028%	2,174.84	0.0100%	Data Processing, Hosting, and Related Services	37,715.27	0.1673%	29,924.61	0.1300%
All Other Plastics Product MFG	924.93	0.0041%	1,637.26	0.0100%	Dental Equip and Supplies MFG	1,846.66		3,480.91	0.0200%
All Other Professional, Scientific, and Technical Services	15,809.19	0.0701%	22,908.57	0.1000%	Department Stores (except Discount Department Stores)	1,132,051.60	5.0208%	1,116,640.98	4.9000%
All Other Publishers	3,159.40	0.0140%	592.72	0.0000%	Detective, Guard, and Armored Car Services	3,310.80			0.0000%
All Other Specialty Food Stores	26,008.59	0.1154%	6,004.48	0.0300%	Digital Printing	2,810.52		2,398.41	0.0100%
All Other Specialty Trade Contractors	10,424.27	0.0462%	24,028.48	0.1100%	Direct Property and Casualty Insurance Carriers	1,264.15		632.93	0.0000%
All Other Support Services	11.13	0.0000% 0.2994%	-	0.0000%	Discount Department Stores	1,535,697.81	6.8110% 0.0303%	1,583,151.71	6.9500%
All Other Telecommunications Analytical Laboratory Instrument MFG	67,501.23 1,443.98	0.2994%	67,280.91 274.98	0.3000% 0.0000%	Disinfecting and Pest Control Services	6,833.47 702.83	0.0303%	- 791.14	0.0000% 0.0000%
Appliance Repair and Maintenance	1,445.96	0.0064%	29.065.53	0.1300%	Display Advertising Drinking Places (Alcoholic Beverages)	40.215.31	0.0031%	31.016.68	0.0000%
Audio and Video Equip MFG	271.63	0.0012%	604.01	0.1300%	Drugs and Druggists' Sundries Merchant Wholesalers	5,345.24		8,924.84	0.1400%
Auto and Home Supply Stores	6.333.22	0.0281%	11.334.09	0.0500%	Drycleaning and Laundry Services (except Coin-Operated)	19.904.18		121,485.27	0.5300%
Automobile and Other Motor Vehicle Merchant Wholesalers	4.250.90	0.0189%	4.371.76	0.0200%	Durable Goods, Not Elsewhere Classified	2.177.60		121,403.27	0.0000%
Automotive Body, Paint and Interior Repair and Maintenance	28,695.32	0.1273%	24,663.81	0.1100%	Eating Places	192,649.98	0.8544%	_	0.0000%
Automotive Oil Change and Lubrication Shops	18,852.76	0.0836%	29,833.04	0.1300%	Educational Support Services	720.34	0.0032%	246.93	0.0000%
Automotive Parts and Accessories Stores	303.257.54	1.3450%	319.648.70	1,4000%	Electric Power Distribution	587.082.10		796,549,19	3.5000%
Baked Goods Store		0.0000%	84.18	0.0000%	Electric Services	16,367.91	0.0726%	-	0.0000%
Barber Shops	748.33	0.0033%	-	0.0000%	Electrical and Electronic Appliance, Televisions, Radio Set Merchant Wholesalers	580.18	0.0026%	993.00	0.0000%
Beauty Salons	3,721.26	0.0165%	3,531.98	0.0200%	Electrical and Electronic Repair Shops, Not Elsewhere	1,807.80	0.0080%	-	0.0000%
Beauty Shops	1,856.30	0.0082%	-	0.0000%	Electrical Apparatus and Equip, Wiring Supplies, and Related Equip Wholesalers	48,566.08	0.2154%	37,245.87	0.1600%
Beer, Wine, and Liquor Stores	132,823.63	0.5891%	140,861.34	0.6200%	Electrical Contractors and Other Wiring Installation Contractors	14,604.13	0.0648%	30,213.04	0.1300%
Book Publishers	7,916.34	0.0351%	12,826.75	0.0600%	Electrical Work	3,573.83	0.0159%	-	0.0000%
Book Stores	6,679.72	0.0296%	3,818.38	0.0200%	Electromedical and Electrotherapeutic Apparatus MFG	7,835.79	0.0348%	7,717.71	0.0300%
Book, Periodical, and Newspaper Merchant Wholesalers	241.74	0.0011%	3,029.36	0.0100%	Electronic Computer MFG	27,188.36		46,342.20	0.2000%
Building Cleaning and Maintenance Services, Not	5,378.96	0.0239%	5,909.33	0.0300%	Electronic Shopping	94,945.34		111,555.56	0.4900%
Burial Casket MFG	8,956.56	0.0397%		0.0000%	Elementary and Secondary Schools	793.97	0.0035%	435.37	0.0000%
Business Associations	7,359.89	0.0326%	146.10	0.0000%	Engineering Services	29,108.57	0.1291%	14,786.01	0.0600%
Business Services, Not Elsewhere Classified	32,627.25	0.1447%		0.0000%	Equipment Rental and Leasing, Not Elsewhere Classified	34,978.92	0.1551%		0.0000%
Business to Business Electronic Markets	7,128.47 38,885.18	0.0316% 0.1725%	4,882.64 174,292.36	0.0200% 0.7700%	Exterminating and Pest Control Services	133,538.47 1,555.54	0.5923% 0.0069%	199,448.00	0.8800% 0.0000%
Cable and Other Subscription Programming					Fabricated Structural Metal MFG			-	
Cafeterias, Grill Buffets, and Buffets Car Washes	171,637.70 626.59	0.7612% 0.0028%	205,735.16	0.9000% 0.0000%	Facilities Support Services Family Clothing Stores	6,260.27 501.116.41	0.0278% 2.2225%	10,164.93 469.250.62	0.0400% 2.0600%
Carpet and Upholstery Cleaning Services	14,717.42	0.0653%	200.44	0.0000%	Financial Transactions Processing, Reserve, and Clearinghouse Activities	10,894.04	0.0483%	12,376.48	0.0500%
Catalog and Mail-Order Houses	15.98	0.0001%	200.44	0.0000%	Fitness and Recreational Sports Centers	58,639.54	0.2601%	68,514.81	0.3000%
Caterers	1,592.61	0.0001%	1,530.17	0.0000%	Floor Covering Stores	5,855.62		2,960.44	0.0100%
Children's and Infants' Clothing Stores	24.068.82	0.1067%	25.515.61	0.0100%	Florists	23,002.11		2,960.44	0.0100%
Civic and Social Organizations	245.22	0.0011%	8,044.14	0.0400%	Food (Health) Supplement Stores	7,830.72		9,108.62	0.0400%
Claims Adjusting	201.50	0.0001%	7,348.03	0.0300%	Food Service Contractors	18.10		3,112.77	0.0100%
Clothing Accessories Stores	179,593.24	0.7965%	182,733.13	0.8000%	Footwear Merchant Wholesalers	147.51	0.0001%	2,235.99	0.0100%
Collection Agencies	(15,372.99)	-0.0682%	22,394.16	0.1000%	Fossil Fuel Electric Power Generation	26,651.15		-,	0.0000%
Colleges, Universities, and Professional Schools	59.99	0.0003%	1,052.31	0.0000%	Full-Service Restaurants	1,134,586.48	5.0320%	1,307,020.65	5.7400%
Commercial and Institutional Building Construction	76,494.04	0.3393%	101,264.35	0.4400%	Furniture Merchant Wholesalers	2,389.14		3,532.78	0.0200%
	424.49	0.0019%	5,966.16	0.0300%	Furniture Stores	243,540.29		471,416.69	2.0700%
Commercial Banking	727.73					243,340.23			

Gasoline Service Stations	2,144.26	0.0095%		0.0000% 0.0000%	Name Circle Formity Housing Construction (current Constitut Building)	1,779.48	0.0079%		0.0000% 0.0000%
Gasoline Stations with Convenience Stores	2,144.26 560.889.25	2.4876%	586.211.01	2.5700%	New Single-Family Housing Construction (except Operative Builders) Newspaper Publishers	(2.25)	0.0079%		0.0000%
General Automotive Repair	45,484.19	0.2017%	47,071.94	0.2100%	Nonresidential Electrical Contractors	7,158.20	0.0317%	16,948.85	0.0700%
General Freight Trucking, Local	94.62	0.0004%		0.0000%	Nonresidential Plumbing and HVAC Contractors	702.57	0.0031%	26,780.24	0.1200%
General Line Grocery Merchant Wholesalers	2,072.73	0.0092%	-	0.0000%	Nursery, Garden Center, and Farm supply Store		0.0000%	245.14	0.0000%
General Medical and Surgical Hospitals	653,735.97	2.8994%	13,616.63	0.0600%	Office Administrative Services	7,314.81	0.0324%		0.0000%
General Rental Centers	-	0.0000%	5,500.88	0.0200%	Office Equip Merchant Wholesalers	7,451.17	0.0330%	30,316.50	0.1300%
General Warehousing and Storage	26,757.14	0.1187%	5,235.43	0.0200%	Office Machinery and Equip Rental and Leasing	102,550.99	0.4548%	454.79	0.0000%
Gift, Novelty, and Souvenir Stores	105,727.37 385.08	0.4689%	66,168.69 305.94	0.2900% 0.0000%	Office Machinery MFG	109,076.99	0.0000% 0.4838%	106,481.11	0.0000%
Glass Product MFG Made of Purchased Glass Graphic Design Services	385.08 10,196.96	0.0017% 0.0452%	15,416.95	0.0000%	Office Supplies and Stationery Stores Offices of Other Holding Companies	2,073.19	0.4838%	9,270.33	0.4700% 0.0400%
Hardware Merchant Wholesalers	35.65	0.0002%	322.04	0.0000%	Ophthalmic Goods Merchant Wholesalers	10,081.22	0.0032%	1,205.59	0.0100%
Hardware Stores	43,862.09	0.1945%	102,250.88	0.4500%	Optical Goods Stores	618.23	0.0027%	6,212.97	0.0300%
Hobby, Toy, and Game Stores	18,552.03	0.0823%	5,088.89	0.0200%	Other	4,402,973.06	19.5277%	4,800,767.30	21.0900%
Home and Garden Equip Repair and Maintenance	2,824.95	0.0125%	996.60	0.0000%	Other Accounting Services		0.0000%		0.0000%
Home Furnishing Merchant Wholesalers	5,601.90	0.0248%	5,028.06	0.0200%	Other Activities Related to Credit Intermediation	5,588.18	0.0248%	33.50	0.0000%
Home Health Care Services	399.65	0.0018%	19.52	0.0000%	Other Apparel Accessories and Other Apparel MFG	1,074.44	0.0048%	453.21	0.0000%
Home Health Equip Rental	461.61	0.0020%		0.0000%	Other Automotive Mechancial and Electrical Repair and Maintenance	590.20	0.0026%	1,750.11	0.0100%
Hotels (except Casino Hotels) and Motels Household Appliance Stores	9,431.58 267,977.73	0.0418% 1.1885%	13,429.31	0.0600%	Other Building Equip Contractors Other Building Material Dealers	3,407.71 157,087.14	0.0151% 0.6967%	(1,531.38) 159,276.95	-0.0100% 0.7000%
Human Resources Consulting Services	207,977.73	0.0000%	463.54	0.0000%	Other Business Service Centers (including Copy Shops)	1,235.12	0.0955%	590.27	0.0000%
Independent Artists, Writers, and Performers	142.91	0.0006%	215.82	0.0000%	Other Chemical and Allied Products Merchant Wholesalers	12,173.55	0.0540%	39,072.57	0.1700%
Industrial Machinery and Equip Merchant Wholesalers	43.356.52	0.1923%	764.02	0.0000%	Other Clothing Stores	51,801.44	0.2297%	65,056.70	0.2900%
Industrial Machinery and Equipment	71.21	0.0003%	23,226.25	0.1000%	Other Commercial and Industrial Machinery and Equip Rental and Leasing	80,028.22	0.3549%	127,129.06	0.5600%
Industrial Supplies Merchant Wholesalers	9,408.46	0.0417%	5,805.51	0.0300%	Other Commercial and Service Industry Machinery MFG	1,560.90	0.0069%	1,033.27	0.0000%
Instruments and Related Products MFG for Measuring, Displaying, and C	669.75	0.0030%	-	0.0000%	Other Commercial Equip Merchant Wholesalers	2,279.56	0.0101%	(13,019.01)	-0.0600%
Insurance Agencies and Brokerages	226.81	0.0010%	597.65	0.0000%	Other Commercial Printing	654.62	0.0029%	1,275.49	0.0100%
Insurance Agents, Brokers, and Service	481.66	0.0021%	-	0.0000%	Other Computer Peripheral Equip MFG	3,235.26	0.0143%	7,498.19	0.0300%
Internet Publishing/Broadcasting/Web Search Portals Investigation Services	1,072.85 149.89	0.0048% 0.0007%	909.03 87.30	0.0000%	Other Computer Related Services Other Construction Material Merchant Wholesalers	10,201.98 11.835.64	0.0452% 0.0525%	12,056.35 17.861.91	0.0500% 0.0800%
Janitorial Services	38,020.62	0.0007%	36,026.47	0.1600%	Other Direct Insurance (except Life, Health, and Medical) Carriers	2,176.48	0.0323%	1,927.66	0.0800%
Jewelry (except Costume) MFG	12.48	0.0001%	30,020.47	0.0000%	Other Direct Selling Establishments	29,439.24	0.1306%	28,804.70	0.1300%
9 Jewelry Stores	99.105.73	0.4395%	121.980.06	0.5400%	Other Electric Power Generation	289,383,40	1.2834%	116.558.50	0.5100%
Jewelry, Watch, Precious Stone, and Precious Metal Merchant Wholesal	2,091.21	0.0093%	3,017.05	0.0100%	Other Electronic and Precision Equip Repair and Maintenance	5,445.36	0.0242%	5,082.87	0.0200%
Kidney Dialysis Centers	7,894.52	0.0350%	-	0.0000%	Other Electronic Component MFG		0.0000%	119.06	0.0000%
Landscaping Services	29,316.90	0.1300%	35,246.99	0.1500%	Other Electronic Parts and Equip Merchant Wholesalers	6,892.30	0.0306%	9,072.24	0.0400%
Lessors of Miniwarehouses and Self-Storage Units	4,197.84	0.0186%	1,569.23	0.0100%	Other Grocery and Related Products Merchant Wholesalers	659.01	0.0029%	1,939.44	0.0100%
Lessors of Other Real Estate Property		0.0000%		0.0000%	Other Mgt Consulting Services	797.89	0.0035%	1,567.60	0.0100%
Limited-Service Restaurants	1,390,545.09	6.1672% 0.0000%	1,496,402.53	6.5700%	Other Miscellaneous Durable Goods Merchant Wholesalers Other Miscellaneous Nondurable Goods Merchant Wholesalers	28,166.69 31.014.72	0.1249% 0.1376%	36,563.83 34.556.80	0.1600% 0.1500%
Luggage and Leather Goods Stores	282.70	0.0000%		0.0000%	Other Personal and Household Goods Repair and Maintenance	1,887.03	0.1376%	5,342.73	0.1300%
Lumber and Other Building Materials Dealers	4,261.10	0.0189%	7,614.14	0.0300%	Other Professional Equip and Supplies Merchant Wholesalers	6,003.28	0.0266%	-	0.0000%
Lumber, Plywood, Millwork, and Wood Panel Merchant Wholesalers	1,642.64	0.0073%	-	0.0000%	Other Services Related to Advertising	2,468.76	0.0109%	-	0.0000%
Mail-Order Houses	30,181.91	0.1339%	30,823.38	0.1400%	Other Services to Buildings and Dwellings	8,676.14	0.0385%	15,188.80	0.0700%
Manifold Business Forms Printing	4,568.17	0.0203%	-	0.0000%	Other Support Activities for Road Transportation	203.62	0.0009%		0.0000%
Marketing Consulting Services	3,302.67	0.0146%	3,431.80	0.0200%	Paint and Coating MFG	7,681.35	0.0341%	234.70	0.0000%
Medical Laboratories	73.15	0.0003%	-	0.0000%	Payroll Services	-	0.0000%	372.42	0.0000%
Medical, Dental, and Hospital Equip and Supplies Merchant Wholesalers Medical, Dental, and Hospital Equipment and Supplies	444,625.52 451.93	1.9720% 0.0020%	482,615.03	2.1200% 0.0000%	Passenger Car Leasing Periodical Publishers	658.12 1,559.90	0.0029% 0.0069%	- 777.34	0.0000% 0.0000%
Medicinal and Botanical MFG	29.01	0.0020%	45.14	0.0000%	Pet and Pet Supplies Stores	30,706.40	0.1362%	24,137.68	0.1100%
Men's and Boys' Clothing and Furnishings Merchant Wholesalers	65.29	0.0003%	406.19	0.0000%	Petroleum and Petroleum Products Wholesalers (Except Bulk Stations/Terminals)	2,678.02	0.0119%	5,603.60	0.0200%
Men's and Boys' Cut and Sew Apparel Contractors	384.94	0.0017%	-	0.0000%	Pharmaceutical Preparation MFG		0.0000%	692.30	0.0000%
Men's Clothing Stores	349.43	0.0015%	2,043.81	0.0100%	Pharmacies and Drug Stores	192,122.32	0.8521%	165,649.12	0.7300%
Metal Service Centers and Other Metal Merchant Wholesalers	9,333.66	0.0414%	4,536.50	0.0200%	Photographic Equip and Supplies Merchant Wholesalers	156.30	0.0007%	59.72	0.0000%
Metal Window and Door MFG	1,300.96	0.0058%		0.0000%	Photography Studios, Portrait	7,944.08	0.0352%	8,137.24	0.0400%
Miscellaneous Apparel and Accessory Stores	1,681.54	0.0075%		0.0000%	Plumbing and Heating Equip and Supplies (Hydronics) Merchant Wholesalers	63,938.70	0.2836%	50,850.50	0.2200%
Miscellaneous Food Stores Miscellaneous General Merchandise Stores	4,782.97 101,715.41	0.0212% 0.4511%		0.0000%	Plumbing, Heating and Air-Conditioning Plumbing, Heating, and Air-Conditioning Contractors	35,403.23 27,490.61	0.1570% 0.1219%	49,047.54	0.2200% 0.0000%
Miscellaneous General Merchandise Stores Miscellaneous Homefurnishings Stores	101,/15.41	0.4511%		0.0000%	Plumbing, Heating, and Air-Conditioning Contractors Polish and Other Sanitation Good MFG	27,490.61 1,386.07	0.1219%	-	0.0000%
Miscellaneous Personal Services, Not Elsewhere	584.44	0.0006%		0.0000%	Power and Communication Line and Related Structures Construction	6,234.53	0.0061%	1,697.48	0.0000%
Miscellaneous Retail Stores, Not Elsewhere Classified	99,559.71	0.4416%		0.0000%	Prepress Services	654.14	0.0029%	215.92	0.0000%
Mobile Food Services	10,930.33	0.0485%	32,697.87	0.1400%	Prerecorded Tape, Compact Disc, and Record Stores	15,524.44	0.0689%	10,978.86	0.0500%
Monetary Authorities-Central Bank	-	0.0000%	34.51	0.0000%	Radio and Television Broadcasting and Wireless Communications Equip MFG	589.64	0.0026%	1,082.26	0.0000%
Motor Vehicle Supplies and New Parts Merchant Wholesalers	42,221.19	0.1873%	37,228.32	0.1600%	Radio, Television, and Other Electronics Stores	117,713.15	0.5221%	115,922.12	0.5100%
Musical Instrument and Supplies Stores	26,487.73	0.1175%	3,848.06	0.0200%	Real Estate Agents and Managers	82.50	0.0004%	-	0.0000%
Natural Gas Distribution	-	0.0000%	160,829.25	0.7100%	Refrigeration and Air-Conditioning Service and Repair	7,617.51	0.0338%	14,639.97	0.0600% 0.0000%
New Car Dealers	223,243.99	0.9901%	215,368.04	0.9500%	Sporting and Recreational Goods and Supplies Merchant Wholesalers	3,207.24	0.0142%		0.0000%

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				0.0000%					0.0000%
Religious Organizations	-	0.0000%	895.00	0.0000%	Sporting Goods Stores	420,573.40	1.8653%	365,292.96	1.6000%
Refrigeration Equip and Supplies Merchant Wholesalers	7,121.43	0.0316%	-	0.0000%	Stationery and Office Supplies Merchant Wholesalers	3,443.05	0.0153%	3,951.48	0.0200%
Repair Shops and Related Services, Not Elsewhere	12,428.50	0.0551%	-	0.0000%	Supermarkets and Other Grocery (except Convenience) Stores	982,311.48	4.3567%	877,218.49	3.8500%
Repossession Services	549.27	0.0024%	3,362.09	0.0100%	Surgical and Medical Instrument MFG	3,744.39	0.0166%	18,281.88	0.0800%
Residential Electrical Contractors	2,455.33	0.0109%	21,625.53	0.0900%	Surgical Appliance and Supplies MFG	3,683.64	0.0163%	-	0.0000%
Residential Plumbing and HVAC Contractors	18,082.27	0.0802%	16,015.60	0.0700%	Telecommunications Resellers	32,528.78	0.1443%	45,513.39	0.2000%
Residential Remodelers	966.34	0.0043%	2,203.41	0.0100%	Telephone Apparatus MFG	1,029.25	0.0046%	4,428.81	0.0200%
Retail Nurseries, Lawn and Garden Supply Stores	990.66	0.0044%	-	0.0000%	Telephone Communications, Except Radiotelephone	4,389.16	0.0195%	1,277.90	0.0100%
Roofing Contractors	24,373.10	0.1081%	29,751.71	0.1300%	This NAICS Has Missing Description on Entriprise Tables	59.47	0.0003%	75,274.24	0.3300%
Sales Financing	8,941.68	0.0397%	13,374.94	0.0600%	Tire and Tube Merchant Wholesalers	39,863.63	0.1768%	36,514.64	0.1600%
Satellite Telecommunications	1,718.16	0.0076%	2,710.50	0.0100%	Tire Dealers	109,170.34	0.4842%	140,037.33	0.6200%
Scheduled Passenger Air Transportation	164.89	0.0007%		0.0000%	Toilet Preparation MFG	2,741.67	0.0122%	5,860.65	0.0300%
Security Guards and Patrol Services	2,164.18	0.0096%	6,482.70	0.0300%	Toy and Hobby Goods and Supplies Merchant Wholesalers	353.66	0.0016%	1,517.27	0.0100%
Security Systems Services (except Locksmiths)	29,949.06	0.1328%	43,513.14	0.1900%	Truck, Utility Trailer, and RV (Recreational Vehicle) Rental and Leasing	521.15	0.0023%	133.86	0.0000%
Septic Tank and Related Services	-	0.0000%	2,667.35	0.0100%	Used Car Dealers	1,524.70	0.0068%	1,613.84	0.0100%
Service Establishment Equip and Supplies Merchant Wholesalers	48,403.66	0.2147%	51,039.07	0.2200%	Used Merchandise Stores	26,052.88	0.1155%	28,469.05	0.1300%
Shoe Stores	176,054.95	0.7808%	175,018.18	0.7700%	Vending Machine Operators	2,522.96	0.0112%	11,903.45	0.0500%
Showcase, Partition, Shelving, and Locker MFG	215.40	0.0010%	2,801.55	0.0100%	Veterinary Services	1,971.02	0.0087%	841.24	0.0000%
Sign MFG	11,764.80	0.0522%	11,525.34	0.0500%	Warm Air Heating and Air-Conditioning Equip and Supplies Merchant Wholesalers	71,081.41	0.3153%	90,495.10	0.4000%
Site Preparation Contractors	2,609.17	0.0116%	3,194.68	0.0100%	Watch, Clock, and Jewelry Repair	2,178.66	0.0097%	-	0.0000%
Small Arms MFG	189.30	0.0008%	45.42	0.0000%	Welding and Soldering Equip MFG	122.89	0.0005%	-	0.0000%
Snack and Nonalcoholic Beverage Bars	13,200.50	0.0585%	42,831.37	0.1900%	Wholesale Trade Agents and Brokers	39,399.81	0.1747%	29,627.72	0.1300%
Soap and Other Detergent MFG	499.26	0.0022%	-	0.0000%	Wineries	407.77	0.0018%	301.16	0.0000%
Soft Drink MFG	4,452.39	0.0197%	277.79	0.0000%	Wired Telecommunications Carriers	329,880.23	1.4631%	371,661.77	1.6100%
Software Publishers	28,806.12	0.1278%	4,192.80	0.0200%	Wireless Telecommunications Carriers (Except Satellite)	1,026,877.21	4.5543%	883,856.53	3.9800%
Software Reproducing	14,740.37	0.0654%	49,533.84	0.2200%	Women's Accessory and Specialty Stores	1,564.13	0.0069%	111,785.34	0.4900%
Special Trade Contractors, Not Elsewhere Classified	12,438.58	0.0552%	-	0.0000%	Women's, Children's, and Infants' Clothing and Accessories Merchant Wholesalers	1,384.60	0.0061%	2,216.28	0.0100%
Sporting and Athletic Goods MFG	4,115.62	0.0183%	3,939.73	0.0200%	GRAND TOTAL	\$ 22,547,356.10	100.0000% \$	22,767,212.53	100.0000%

Source: Office of State of Texas Comptroller

Note: Categories must have four or more taxpayers in order to be reported by the specific industry code. If any industry code has fewer than four, the allocated sales tax for the industry code is added to an "Other" category. Allocated sales tax is base

Table 15

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

				Gove	ernmental Activi	ities				iness Type Activities			
					General	C	Certificates of				Total	Percentage	
	Notes	R	ebatable		Obligaton		Obligation		Capital		Primary	of Personal	Per
Fiscal Year	Payable	Α	rbitrage		Debt		Debt		Lease	Debt	Government	Income	Capita
2007	\$ 274,588	\$	33,267	\$	25,265,000	\$	24,340,000	\$	-	\$ 90,000	\$ 50,002,855	3.78%	2,542
2008	162,789		-		24,265,000		24,060,000		-	60,000	48,547,789	3.49%	2,270
2009	89,771		-		23,040,000		23,325,000		-	30,000	46,484,771	2.77%	2,076
2010	13,136		-		23,590,000		23,745,000		556,761	-	47,904,897	3.22%	2,085
2011	886,416		-		22,160,000		22,890,000		556,761	-	46,493,177	3.09%	2,024
2012	1,208,323		-		20,885,000		22,340,000		507,567	-	44,940,890	2.99%	1,934
2013	786,416		-		19,465,000		27,140,000		-	-	47,391,416	3.02%	1,982
2014	646,416		-		17,995,000		26,455,000	1	1,350,833	-	46,447,249	2.85%	1,873
2015	3,589,635		-		16,534,428		25,685,402	1	1,258,116	-	47,067,581	2.83%	1,867
2016	3,519,635		-		31,601,651		8,756,484	1	1,110,281	-	44,988,051	2.71%	1,784

 $Note: Details \ regarding \ the \ City's \ outstanding \ debt \ can \ be \ found \ in \ the \ notes \ to \ the \ basic \ financial \ statements$

See Schedule 17 for personal income

Table 16

City of Harlingen, Texas COMPUTATION OF ESTIMATED DIRECT AND OVERLAPPING DEBT

September 30, 2016

		Percentage	City of
	Net Debt	Applicable to the	Harlingen's
Name of Governmental Unit	Outstanding	City of Harlingen	Share of Debt
	DIRECT DEBT		
City of Harlingen	\$44,988,051	100.00%	\$44,988,051
Total Direct Debt	\$44,988,051		\$44,988,051
	OVERLAPPING DEBT		
Cameron County	113,000,000	0.01%	15,021
Harlingen Consolidated Independent School District	153,482,965	100.00%	153,482,965
Rio Hondo Independent School District	19,125,521	1.89%	362,333
San Benito Independent School District	76,850,000	1.85%	1,419,478
Overlapping Debt	362,458,486		155,279,797
Total Direct and Overlapping Debt	\$407,446,537		\$200,267,848

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 asssessed value.

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

	2007	2008	2009	2010
Assessed Value	\$2,328,478,990	\$2,461,393,258	\$2,566,847,205	\$2,675,276,539
Legal Debt Margin				
Legal Debt Limit \$2.50 per \$100 of assessed valuation	\$58,211,975	\$61,534,831	\$64,171,180	\$66,881,913
General Obligation Bonds	25,265,000	24,265,000	23,040,000	23,590,000
Deduct Amount Available in Debt Service Fund	(348,648)	(498,901)	(495,882)	(515,108)
Applicable Debt Margin	24,916,352	23,766,099	22,544,118	23,074,892
Legal Debt Margin	\$33,295,623	\$37,768,732	\$41,627,062	\$43,807,021
As a % of debt limit	57.20%	61.38%	64.87%	65.50%

2011	2012	2013	2014	2015	2016
\$2,670,987,425	\$2,696,242,041	\$2,814,253,902	\$2,863,202,306	\$2,901,019,088	\$2,908,536,859
\$66,774,686	\$67,406,051	\$70,356,348	\$71,580,058	\$72,525,477	\$72,713,421
22,160,000	20,885,000	19,465,000	17,995,000	16,390,000	14,845,000
(591,967)	(689,181)	(972,813)	(1,008,996)	(1,033,665)	(1,230,000)
21,568,033	20,195,819	18,492,187	16,986,004	15,356,335	13,615,000
\$45,206,653	\$47,210,232	\$51,864,161	\$54,594,054	\$57,169,142	\$59,098,421
67.70%	70.04%	73.72%	76.27%	78.83%	81.28%

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

Table 18

			Per Capita Personal			
Fiscal Year	Population (1)	Personal Income	Income (PCPI) (2)	Median Age (1)	School Enrollment (3)	Unemployment Rate (1)
2007	67,300	\$1,323,589,100	19,667	28.5	17,684	5.2%
2008	65,043	1,391,074,641	21,387	31.9	17,894	5.7%
2009	74,950	1,677,980,600	22,388	32.4	18,081	8.8%
2010	** 64,849	1,489,840,926	22,974	31.8	18,225	9.3%
2011	65,466	1,504,015,884	22,974	31.3	18,146	9.7%
2012	66,122	1,536,410,792	23,236	32.8	18,176	10.3%
2013	65,679	1,570,319,211	23,909	32.8	18,360	9.9%
2014	65,665	1,628,623,330	24,802	33.1	18,226	7.7%
2015	65,914	1,661,757,854	25,211	32.7	18,259	8.0%
2016	65,774	1,764,453,324	26,826	31.5	18,192	7.6%

Sources: Harlingen Economic Development Corporation

⁽³⁾Harlingen Consolidated Independent School District

⁽²⁾US Department of Commerce, Bureau of Economic Analysis (Brownsville-Harlingen MSA)

⁽¹⁾US Census Bureau (estimate)

^{** 2010} Census

City of Harlingen, Texas Principal Employers

Fiscal Years Ended September 30, 2016 and 2007

20	016			
Name of Employer	Number of Employees	Percentage Total City Employment		
Valley Baptist Medical Center	3,321	1	17.98%	
Harlingen CISD	3,234	2	17.51%	
Vicki Roy Home Health	975	3	5.28%	
Dish Network	883	4	4.78%	
City of Harlingen	616	5	3.33%	
HEB (3) Harlingen Locations	607	6	3.29%	
Advanced Call Center Technologies	605	7	3.27%	
Bee First Primary Home Care	600	8	3.25%	
Cardone Industries	590	9	3.19%	
Texas State Technical College	570	10	3.09%	
Total Principal Employers	12,001		64.96%	
Other Employers	6,473		35.04%	
Total Employers	18,474		100.00%	

Source: Harlingen Economic Development Corporation

2007								
Name of Employer	Number of Employees	Rank	Percentage of Total City Employment					
Harlingen Consolidated Independent School District	2,848	1	20.86%					
Valley Baptist Medical Center	1,415	2	10.37%					
Dish Network	1,036	3	7.59%					
Vicki Roy Home Health	925	4	6.78%					
Advanced Call Center Technologies	719	5	5.27%					
Texas State Technical College	599	6	4.39%					
City of Harlingen	582	7	4.26%					
HEB (3) Harlingen Locations	577	8	4.23%					
Wal Mart Supercenter	546	9	4.00%					
Su Clinica Familiar	303	10	2.22%					
Total Principal Employers	9,550		69.96%					
Other Employers	4,100		30.04%					
Total Employers	13,650		100.00%					

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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Administrative Services										
City Manager	4	4	4	4	4	4	4	5	4	4
City Attorney	1	1	1	1	1	1	1	2	2	2
City Attorney Public Information Officer	0	0	0	0	0	0	0	0	1	0
Internal Auditor	1	1	1	1	1	1	1	1	0	1
Total Administrative Services	9	9	9	9	9	9	9	10	9	9
Human Resources										
Human Resources	3.5	3.5	3.5	3.5	3.5	2.5	3	3	3	3
Civil Service	1.5	1.5	1.5	1.5	1.5	1.5	1	1	1	1
Risk Management	3	3	3	3	3	3	3	3	3	3
Total Human Resources	8	8	8	8	8	7	7	7	7	7
Police Department										
Police Department	127	127	127	127	134	134	134	138	140	144
Police Services Total Police Department	48 175	48 175	48 175	48 175	49 183	49 183	52 186	51 189	51 191	52 196
·	1/3	173	173	173	103	103	100	103	131	150
Fire Department Fire Suppression	107	107	107	107	107	107	107	107	107	107
Fire Prevention	5	5	5	5	6	6	6	6	6	6
Total Fire Department	112	112	112	112	113	113	113	113	113	113
Financial Services										
Finance	12	12	12	12	12	11	11	12	12	12
Municipal Court	10	11	11	11	10	10	10	10	10	10
Vital Statistics	3	3	4	4	4	4	4	4	4	4
Management Info. Systems	6	6	6	6	6	6	3	3	3	4
Total Financial Services	31	32	33	33	32	31	28	29	29	30
Development Services										
Planning & Development	6	5	5	5	5	5	5	5	6	5
Engineering	2	4.5	4	4	4	4	5	5	4	4
Building Inspection Public Buildings	8 18	8 17.5	7 19	7 19	7 19	6 19	6 19	6 19	6 19	6 19
Animal Control	4	4	4	4	4	4	4	4	4	4
UT Grant	0	0	0	0	0	0	0	0	1	1
Environmental Health	5	5	5	5	5	5	5	5	5	5
Storm Water Management	0	0	0	1	1	1	1	1	1	1
Code Enforcement	5	5	8	8	8	8	8	8	8	8
Total Development Services	48	49	52	53	53	52	53	53	54	53
Public Works										
Public Works Administration	2.7	3	5	5	4	4	4	4	4	4
Street Maintenance Street Cleaning	26.4 6	26 6	25 6							
Sanitation Landfill	13.2	12.2	11	11	10	10	10	10	10	11
Sanitation Recycling Center	1	1	1	1	2	2	2	2	2	4
Sanitation	39.1	39.3	45	43	44	42	42	42	42	40
Traffic Signal Maintenance	4	4	4	4	4	4	4	4	4	4
Internal Services	10.2	10.2	10	10	10	10	10	10	9	10
Metropolitan Planning Org.	3	3	3	3	3	3	3	4	4	4
Total Public Works	105.6	104.7	110	108	108	106	106	107	106	108
Public Services										
Public Services Administration	2	2	2	2	2	2	2	2	2	1
Parks Parks Maintenance	39 0	28 0	14 13	14 13	14 13	16 17	18 17	18 17	18 17	18 18
Recreation	4	4	4	4	4	4	3	2	2	3
Pendleton Pool	7	8	8	8	8	8	8	8	8	8
Municipal Golf Course	27	27	24	24	24	24	24	24	24	24
Municipal Auditorium	2.2	2.2	2	2	2	2	2	2	1	1
Library	26	26	26	26	26	25	25	25	25	25
Harlingen Arts & Heritage Museum Total Public Services	2.2	2.2	3	3	3	3	3	3	3	3
	109.4	99.4	96	96	96	101	102	101	100	101
Community Destination	6		6			4	4	4	4	-
C.D.B.G. Harlingen Downtown District	3	6 3	3	6 3	6 3	3	3	3	3	5 3
Convention & Visitor's Bureau	0	0	0	3	3	3	3	4	3	3
EDC	0	3	4	4	5	5	5	5	5	5
Total Community Destination	9	12	13	16	17	15	15	16	15	16
Valley International Airport										
Airport	38	39	47	49	40	39	49	53	46	46
Total Valley International Airport	38	39	47	49	40	39	49	53	46	46
Harlingen Waterworks System										
Waterworks	69.2	71.7	70.6	68.25	66.75	104.0	104.5	107.5	96.5	102.7
Wastewater	90.4	82.2	69.8	72.25	69.75	31.5	31.5	33.5	42.5	43
Total Harlingen Waterworks	159.6	153.9	140.4	140.5	136.5	135.5	136.0	141.0	139.0	145.7
Grand Total	804.6	794.0	795.4	799.5	795.5	791.5	804.0	819.0	809.0	824.7

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function/Program										
GOVERNMENTAL FACILITIES										
<u>Airports</u>										
Number of airports:	1	1	1	1	1	1	1	1	1	1
Scheduled airplane flights per day departing:	17	17	16	16	13	13	13	13	11	11
Scheduled airplane flights per day arriving:	17	17	16	16	13	13	13	13	11	11
Passenger enplaning and deplaning per year (approximate)	875,427	824,084	744,379	726,424	700,520	664,805	606,635	583,652	533,206	518,994
Fire Protection										
Number of stations:	7	7	7	7	7	7	7	7	7	7
Number of hydrants:	2,287	2,322	2,335	2,335	1,990	1,990	2,519	2,546	2,558	2,628
Number of fighters:	107	109	109	110	110	110	109	109	109	109
Employees per 1,000 population:	1.59	1.60	1.45	1.60	1.69	1.69	1.65	1.65	1.65	1.65
Police Protection										
Number of stations:	1	1	1	1	1	1	1	1	1	1
Number of sub-stations:	1	1	1	1	1	1	1	2	1	0
Number of sworn officers:	127	127	131	132	128	132	131	141	141	143
Sworn officers per 1,000 population:	1.9	1.88	1.74	1.76	1.98	1.76	1.75	2.14	2.14	2.2
<u>Libraries</u>										
Number of libraries (public):	1	1	1	1	1	1	1	1	1	1
Number of volumes:	145,637	170,512	148,928	173,068	169,121	157,061	168,643	122,221	108,662	112,361
Circulation of volumes:	132,850	134,335	115,393	111,430	117,768	148,460	177,061	172,489	161,695	160,976
Circulation per capita:	2.1	2.1	1.5	1.7	3.68	3.98	4.75	2.63	2.40	2.43
Library cards in force (approximate)	39,954	39,954	27,415	27,570	32,025	37,281	37,281	21,165	42,785	43,609
Parks and Recreation										
Park acreage developed:	643	723	723	723	723	723	723	723	461	461
Park acreage undeveloped:	648	568	568	568	568	568	568	568	116	140
Private golf course:	3	3	3	3	2	2	3	3	3	3
Public golf course:	1	1	1	1	2	2	3	3	3	3
Number of holes:	72	72	72	72	72	72	90	90	90	90
Playgrounds:	18	18	18	18	18	18	18	13	14	14
<u>Streets</u>										
Miles of paved streets:	237.89	240.19	251.71	254.48	257.32	257.88	259.08	260.31	261.93	262.14
Miles of unpaved streets:	8.71	11.07	11.07	10.98	11.73	11.73	11.73	10.87	11.16	9.44
Miles of alleys:	52.5	52.5	52.5	52.5	52.5	52.5	66.69	66.69	66.69	66.84
Miles of paved alleys:	13.85	13.63	13.63	13.76	13.76	13.76	15.44	15.44	15.44	15.76
Miles of sidewalks:	40.75	41.25	47.52	47.52	48.21	50.00	102.32	102.87	104.16	109.32
	3,483	3,527							3,938	

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function/Program										
GOVERNMENTAL FACILITIES - Continued <u>Utilities</u>										
Water System										
Number of water plants:	2	2	2	2	2	2	2	2		2
Miles of water mains:	486.63	490.5	492.58	493	493	500	500	505	505	505.8
Daily average consumption:	9.42 MGD	12.56 MGD	12.83 MGD	10.03 MGD	13.0 MGD	13.3 MGD	13.1 MGD	13.1 MGD	9.34 MGD	12.9 MGD
Plant capacity:	39 MGD	38.8 MGD	26.0 MGD	28.0 MGD	28.0 MGD	35.0 MGD	35.0 MGD	35.0 MGD	40.4 MGD	38.6 MGD
Number of service connections:	23,357	23,581	23,996	23,824	24,144	24,445	24,592	24,876	25,168	25,248
Storage tank capacity:	22.75 MG	23.25 MG	32.40 MG	32.25 MG						
Sewage System										
Number of disposal plants:	2	2	2	1	1	1	1	1	1	1
Miles of sanitary sewers:	295.54	300.45	306.14	310	310	313	314	310	330	312
Number of lift stations:	77	74	70	69	69	63	58	63	63	63
Combined daily average treatment	6.11 MGD	6.742 MGD	6.2 MGD	6.2 MGD	6.2 MGD	5.8 MGD	5.7 MGD	5.75 MGD	6.2 MGD	6.0 MGD
Maximum capacity of treatment plant:	10.6 MGD	9.96 MGD	9.96 MGD	9.0 MGD	9.0 MGD	6.5 MGD	6.5 MGD	7.25 MGD	6.2 MGD	10.0 MGD
number of service connections:	18,790	19,008	19,197	19,226	19,457	19,633	19,762	19,675	19,892	20,013
Schools										
Texas State Technical College - Harlingen										
Number of classrooms:	192	220	223	184	185	151	212	182	164	159
Number of administrative personnel:	9	8	8	12	11	11	11	13	13	14
Number of full-time professors:	149	154	155	157	148	157	156	155	160	111
Number of full-time students:	4,384	4,290	4,486	5,526	5,400	4,868	5,217	4,937	2,832	2,247
Number of part-time students:	7,797	9,861	11,530	11,091	11,595	10,702	9,054	7,928	6,470	6,749
Major counties served:	4	4	4	4	4	4	4	4	4	4
Annual budet:	49.7 million	49.8 million	49.4 million	57.6 million	61 million	58 million	67 million	67 million	64 million	63 Million
Harlingen Consolidated Independent School District										
Number of square miles:	82.85	62.65	82	82	82	82	82	82	82	82
Total number of school buildings:	26	27	28	28	28	28	30	30	30	30
Elementary campuses:	16	16	17	17	17	17	17	17	17	17
Middle school campuses:	5	5	5	5	5	5	5	5	5	5
High school campuses:	2	3	3	3	3	3	4	4	4	4
Elementary Alternative Education:	1	1	1	1	1	1	2	2	2	2
Secondary Alternative Education:	1	1	1	1	1	1	1	1	1	1
Alternative High School	1	1	1	1	1	1	1	1	1	1
Number of teachers:	1,122	1,140	1,193	1,230	1,201	1,176	1,203	1,214	1,240	1,269
Number of students:	17,684	17,894	18,081	18,225	18,146	18,176	18,360	18,226	18,259	18,800
Annual budget:	130.2 million	134.0 million	139.5 million	147.8 million	149.9 million	149.2 million	157.4 million	162.8 million	170.4 million	187.6 Million
Net bonded - indebtedness:	126.3 million	120.6 million	114.9 million	109.1 million	255.0 million	244.8 million	153.6 million	163.5 million	159.0 million	159.0 Million

Source: Various City Departments and Component Units

GOVERNMENT

Date of Incorporation: April 15,1910 Adoption of Home Rule: February 24,1927 Form of Government: City Commission - Manager

A ... ' 20

Area in square miles: 38

Population: 1990 census 48,735 2000 census 57,564 2010 census 64,849 2013 census 65,679 Total Personal Income \$1,764,453,324

Per Capita Personal Income \$26,826

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

				Percentage of Estimated	
	General	Less: Amounts		Actual Taxable	
	Bonded	Available in Debt		Value of	Per
Fiscal Year	Debt (1)	Service Fund (2)	Total	Property (3)	Capita (4)
2007	49,695,000	\$ 348,648	49,346,352	2.12%	733
2008	48,385,000	498,901	47,886,099	1.95%	736
2009	46,395,000	495,882	45,899,118	1.79%	612
2010	47,335,000	515,108	46,819,892	1.75%	722
2011	45,050,000	591,967	44,458,033	1.66%	679
2012	43,225,000	688,077	42,536,923	1.58%	643
2013	46,605,000	972,810	45,632,190	1.62%	695
2014	44,450,000	1,008,996	43,441,004	1.52%	662
2015	42,085,000	1,033,665	41,051,335	1.42%	623
2016	39,475,000	1,150,000	38,325,000	1.52%	635

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

This table was first added to CAFR 2013 to address comments from GFOA on the FY 12 report.

⁽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 Statisics.





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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Harlingen, Texas, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise City of Harlingen's basic financial statements, and have issued our report thereon dated April 18, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Harlingen, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of City of Harlingen, Texas, in a separate letter dated April 18, 2017.

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.

Harlingen, Texas April 18, 2017

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

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

Report on Compliance for Each Major Federal Program

We have audited City of Harlingen, Texas' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Harlingen, Texas' major federal programs for the year ended September 30, 2016. City of Harlingen, Texas' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of City of Harlingen, Texas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 City of Harlingen, Texas' compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Harlingen, Texas' compliance.

Opinion on Each Major Federal Program

In our opinion, City of Harlingen, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

Report on Internal Control Over Compliance

Management of City of Harlingen, Texas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Harlingen, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 City of Harlingen, Texas' internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Harlingen, Texas April 18, 2017

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

City of Harlingen, Texas Schedule of Findings and Questioned Costs September 30, 2016

Section I - Summary of Auditors' Results

Financial Statements Type of auditors' report issued: Unmodified Internal control over financial reporting: * Material weakness(es) identified? <u>X</u> no ___ yes * Significant deficiencies identified that are not considered to be material weakness(es)? X no __ yes Noncompliance material to financial statements noted? X none reported __ yes Federal Awards Internal control over major programs: * Material weakness(es) identified? <u>X</u> no __ yes * Significant deficiencies identified that are not considered to be material weakness(es)? X none reported yes Type of auditors' report issued on compliance for Unmodified major programs: Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? ____ yes <u>X</u> no Identification of major programs: Name of Federal Program or Cluster CFDA Number(s) Community Development Block 14.218 **Grant/Entitlement Grants** 20.106 Airport Development Aid Dollar threshold used to distinguish between Type A and Type B programs: \$750,000 Auditee qualified as low-risk auditee? X yes no

City of Harlingen, Texas Schedule of Findings and Questioned Costs September 30, 2016

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

PROGRAM DESCRIPTION

None noted that were required to be reported

Section III - Federal Award Findings

None noted that were required to be reported

City of Harlingen, Texas
Schedule of Findings and Questioned Costs
Corrective Action Plan
September 30, 2016

PROGRAM DESCRIPTION

CORRECTIVE ACTION PLAN

None noted that were required to be reported

City of Harlingen, Texas
Schedule of Findings and Questioned Costs
Schedule of Status of Prior Year Findings
September 30, 2016

None that were required to be reported.

City of Harlingen, Texas SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2016

(01) Federal Grantor / Pass-Through Grantor	(02) Project / Contract	(03) Federal CFDA	(04) Federal
Program Title	Number	Number	Expenditure
U.S. Department of Housing and Urban Development Passed through Texas Department of Agriculture			
Community Development Block Grant	B-13-MC-48-0504	14.218	17,917
Community Development Block Grant	B-14-MC-48-0504	14.218	442,434
Community Development Block Grant	B-15-MC-48-0504	14.218	454,642
Total Passed through Texas Department of Agriculture			914,993
Passed through Texas Department of Housing and Community Affairs			
HOME Investment Partnership Program	M-10-MC-48-0504	14.239	32,147
HOME Investment Partnership Program	M-11-MC-48-0504	14.239	27,129
HOME Investment Partnership Program	M-12-MC-48-0504	14.239	146,015
HOME Investment Partnership Program	M-13-MC-48-0504	14.239	61,277
HOME Investment Partnership Program	M-14-MC-48-0504	14.239	20,778
HOME Investment Partnership Program	M-15-MC-48-0504	14.239	4,918
Total Passed through Texas Department of Housing and Community Af	fairs		292,264
Neighborhood Stabilization Program (HERA)	77090000123	14.228	44.050
Total Passed through Texas Department of Rural Affairs	77030000123	14.226	44,950 44,950
Total U.S. Department of Housing and Urban Development			1,252,207
II C Department of Herseland County.			
U.S. Department of Homeland Security Passed through Texas Office of the Governor -			
Division of Emergency Management			
Operation Stonegarden (OPSG)	EMW-2014-SS-00029	97.067	54,885
Total Passed through Texas Office of the Governor -	2014 33 00023	37.007	54,885
Division of Emergency Management			
Total U.S. Department of Homeland Security			54,885
U.S. Department of Transportation			
Direct Program:			
Federal Aviation Administration			
Airport Development Aid Program Grant	3-48-0101-57-09	20.106	3,022,740
Airport Development Aid Program Grant	3-48-0101-58-09	20.106	360,884
Total Direct from Federal Aviation Administration			3,383,624
Passed Through Department of Highways and Public Transportation			
Metropolitan Planning Organization Grant	50-14XF0018	20.505	341,233
Total Passed through Texas Department of Highways and			
Public Transportation			341,233
Total U.S. Department of Transportation			3,724,857
National Highway Traffic Safety Administration			
Passed through Texas Department of Transportation			
STEP - 2016 Comprehensive	2016-Harlingen-S-1YG-0079	20.600	35,203
STEP - 2016 CMV	2016-Harlingen-S-1YG-0097	20.600	9,519
STEP - Click It or Ticket	2016-Harlingen-S-CIOT-0050	20.616	1,778
STEP Impaired Driving Mobilization	2016-Harlingen-S-IDM-0028	20.616	4,529
Total National Highway Traffic Safety Administration			51,029

See accompanying notes on accounting policies of Federal awards.

City of Harlingen, Texas SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended September 30, 2016

(01) Federal Grantor / Pass-Through Grantor	(02) Project / Contract	(03) Federal CFDA	(04) Federal
Program Title	Number	Number	Expenditure
U.S. Department of the Interior Passed through Texas General Land Office Lower Laguna Madre Regional Treatment Wetland System Total Passed through Texas General Land Office	06-\$130653	15.668	146,257 146,257
Total U.S. Department of the Interior			146,257
Environmental Protection Agency Passed through Border Environment Cooperation Commission Border 2020 U.S Mexico Program Total Passed through Border Environmental Cooperation Commission	SOLTA-15-010	66.931	42,909 42,909
Total Environmental Protection Agency			42,909
U.S. Department of Justice Passed through Texas Department of Criminal Justice:			
2013 Justice Assistance Grant (JAG)	2013-DJ-BX-0845	16.738	20,589
2014 Justice Assistance Grant (JAG)	2014-DJ-BX-0485	16.738	27,780
2015 Justice Assistance Grant (JAG)	2015-DJ-BX-0944	16.738	21,705
Justice Assistance Grant (JAG) Operation "Hot Spot"	2925601	16.738	12,100
Total Passed through Texas Department of Criminal Justice			82,174
Direct Program			
Crime Victims Liaison - CVL	2015-VA-GX-0009	16.575	37,741
Direct Program			
Bulletproof Vest Partnership Program	FY2014	16.607	626
Bulletproof Vest Partnership Program	FY2015	16.607	24,373
Total Bulletproof Vest Partnership Program			24,999
Direct Program			
Equitable Sharing Program		16.922	77,818
Direct Program:			
Community Oriented Policing Services (COPS) Grant	2013-UM-WX-0099	16.710	157,631
Total U.S. Department of Justice			380,363
Total Federal Awards Expended			\$ 5,652,507

City of Harlingen, Texas Notes on Accounting Policies for Federal Awards September 30, 2016

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the City of Harlingen, Texas, for the year ended September 30, 2016. The reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Financial accountability exists if a primary government appoints a voting majority of an organization's governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations with a separately elected governing Board, a governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the primary government.

2. Measurement Focus and Basis of Accounting

The federal grant funds were accounted for in the Special Revenue Funds and a component of the Governmental Fund type. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. With the Governmental Fund type measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

2. Indirect Cost Rate

The City of Harlingen has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

City of Harlingen, Texas Exit Conference September 30, 2016

Discussion with City Personnel: The results of the audit were discussed at an exit briefing with the following grantee personnel:

Elvia Treviño, Finance Director

No exceptions were taken to the factual contents of the items contained in this report.

CONTINUING DISCLOSURE REQUIREMENTS OF SEC RULE 15(C) 2-12

City of Harlingen
General Fund Revenues and Expenditures History
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ended September 30,

	2007	2008	2009	2010
Revenues:				
Property Taxes - including P & I	\$ 9,507,610	\$ 10,004,029	\$ 10,618,089	\$ 10,879,410
Non-property Taxes	17,418,984	18,067,506	18,248,116	17,253,772
Fines & Forfeitures	1,115,274	1,445,669	1,419,706	1,464,075
Licenses & Permits	707,343	598,789	584,810	500,265
Charges for Services	941,188	1,092,497	1,234,933	1,254,346
Intergovernmental	361,651	254,576	207,142	1,153,048
Contributions and Donations	0	0	0	0
Miscellaneous	122,917	240,330	187,902	99,178
Interest and Investment Income	605,826	557,126	218,109	98,128
Total Revenues	\$ 30,780,793	\$ 32,260,522	\$ 32,718,807	\$ 32,702,222
Expenditures:				
General Government	\$ 4,663,276	\$ 4,821,452	\$ 4,982,646	\$ 4,920,415
Public Safety	15,331,155	16,456,701	17,509,144	18,391,341
Highways & Streets	2,693,758	3,023,051	3,405,349	3,214,484
Health & Welfare	2,220,876	2,337,252	2,651,249	2,630,880
Culture & Recreation	3,467,147	3,581,504	3,796,189	3,777,564
Capital Outlay	1,175,649	1,411,576	525,728	398,916
Debt Payments	0	79,296	0	0
Total Expenditures	\$ 29,551,861	\$ 31,710,832	\$ 32,870,305	\$ 33,333,600
Excess (Deficiency) of Revenues				
Over/(Under) Expenditures	1,228,932	549,690	(151,498)	(631,378)
Budgeted Transfers and				
Other Financing Sources (Uses)	(585)	(816,281)	19,977	232,563
Excess of Revenues				
Other Financing Sources (Uses)				
Over (Under) Expenditures & Others	1,228,347	(266,591)	(131,521)	(398,815)
over (order) Experiatures & Others	1,220,347	(200,391)	(131,321)	(330,013)
Beginning Fund Balance	10,096,211	11,324,558	11,057,967	10,926,446
Ending Fund Balance	\$ 11,324,558	\$ 11,057,967	\$ 10,926,446	\$ 10,527,631

2011	2012	2013	2014	2015	2016
\$ 12,291,052	\$ 12,690,327	\$ 13,624,303	\$ 13,356,797	\$ 13,682,198	\$ 14,202,827
17,272,816	19,063,014	19,091,811	19,440,451	19,897,893	20,221,652
1,550,411	1,807,782	1,780,146	1,681,265	1,672,287	1,442,634
505,837	552,753	614,735	564,486	502,973	549,401
1,163,357	1,037,873	2,391,671	2,579,831	3,034,139	2,459,509
1,062,729	254,552	296,070	583,121	689,624	58,815
0	0	827,353	831,217	2,503,630	696,413
620,067	946,188	173,637	294,913	155,673	131,008
40,517	39,415	31,265	22,098	14,062	32,006
\$ 34,506,786	\$ 36,391,904	\$ 38,830,991	\$ 39,354,179	\$ 42,152,479	\$ 39,794,265
\$ 4,875,218	\$ 4,867,732	\$ 5,237,122	\$ 5,617,973	\$ 5,748,778	\$ 5,536,663
19,076,007	18,351,930	20,580,493	21,448,737	22,621,457	22,055,008
2,917,958	2,977,519	3,100,048	3,214,699	3,258,044	3,037,712
2,458,796	2,554,289	2,785,007	2,906,812	2,972,646	2,895,711
4,168,534	3,853,625	4,024,108	3,844,256	3,759,030	3,928,243
1,879,673	1,210,517	1,197,032	2,714,934	3,933,263	952,217
13,136	0	0	0	339,567	540,738
\$ 35,389,322	\$ 33,815,612	\$ 36,923,810	\$ 39,747,411	\$ 42,632,785	\$ 38,946,292
(882,536)	2,576,292	1,907,181	(393,232)	(480,306)	847,973
1,214,559	(39,150)	480,194	1,792,697	(759,632)	(76,639)
332,023	2,537,142	2,387,375	1,399,465	(1,239,938)	771,334
10,527,631	10,859,654	13,396,796	15,784,171	17,183,636	15,943,698
					· · · · · · · · · · · · · · · · · · ·
\$ 10,859,654	\$ 13,396,796	\$ 15,784,171	\$ 17,183,636	\$ 15,943,698	\$ 16,715,032

City of Harlingen, Texas PROPERTY TAX RATE, LEVY AND COLLECTIONS HISTORY

Fiscal Year Ended September 30, 2016

Fiscal							
Year		Property		Debt		Percentage	Percentage
Ended	Tax	Tax	General	Service	Tax	Current	Total
9/30	Year	Rate	Fund	Fund	Levy	Collection	Collections
2007	2006	\$ 0.590559	\$ 0.430154	\$ 0.159846	\$ 13,738,026	95.35%	99.08%
2008	2007	0.590000	0.435917	0.154083	14,522,362	95.23%	99.47%
2009	2008	0.590000	0.437800	0.152200	14,988,796	95.99%	99.91%
2010	2009	0.588827	0.435580	0.153247	15,677,296	95.41%	98.88%
2011	2010	0.588827	0.434634	0.154193	15,696,199	96.01%	98.00%
2012	2011	0.588827	0.450426	0.138401	15,845,781	96.42%	98.37%
2013	2012	0.588827	0.451862	0.136965	16,572,177	97.78%	97.78%
2014	2013	0.588827	0.449723	0.139104	16,859,308	97.23%	97.23%
2015	2014	0.588827	0.450901	0.137926	17,081,984	96.50%	99.57%
2016	2015	0.588827	0.460327	0.128500	17,126,250	96.50%	99.70%

City of Harlingen, Texas Valuation and General Obligation Debt History

Fiscal Year Ended September 30, 2016

Fiscal Year Ending 9/30	Estimated City Population (1)	ixable Assessed Valuation (2)	T A	er Capita Taxable ssessed Aluation	Ge Obli (G.0	Capita eneral igation O.) Tax bt (3)	Ratio G.O. Tax Debt to Taxable Assessed Valuation	Percentage of Total Tax Collection
2007	67,300	\$ 2,328,478,990	\$	33,968	\$	369	1.09%	99.08%
2008	65,043	2,461,393,258		37,843		373	0.99%	99.47%
2009	74,950	2,566,847,205		34,247		307	0.90%	99.91%
2010	64,849	2,675,276,539		41,254		364	0.88%	98.88%
2011	65,466	2,670,987,425		40,800		338	0.83%	98.00%
2012	66,122	2,696,242,041		40,777		316	0.77%	98.37%
2013	65,679	2,814,253,902		43,594		296	0.69%	97.78%
2014	65,665	2,863,202,306		43,603		274	0.63%	97.23%
2015	65,914	2,901,019,088		44,012		249	0.56%	96.50%
2016	65,774	3,028,664,715		46,047		480	1.11%	96.50%

⁽¹⁾ City Planning and Development Department

⁽²⁾ As reported by the Cameron County Appraisal District on City's annual State Property Tax Board Report: subject to change during the ensuing year.

⁽³⁾ Does not include self-supporting debt

Taxable	Ant	oraised	Value

Fiscal Year Ended September 30,	2016		2015		2014		2013	
Category	Amount	% of Total						
Real, Residential, Single-Family	\$1,422,719,443	45.79%	\$1,391,784,107	47.98%	\$1,368,138,082	47.78%	\$1,356,985,849	48.22%
Real, Residential, Multi-Family	\$152,731,731	4.92%	145,711,895	5.02%	137,135,722	4.79%	131,572,346	4.68%
Real, Vacant Lots/Tracts	99,616,746	3.21%	79,131,228	2.73%	77,780,405	2.72%	79,490,812	2.82%
Real, Acreage (Land Only)	77,483,543	2.49%	102,098,139	3.52%	104,026,465	3.63%	105,421,460	3.75%
Real, Farm and Ranch Improvements	22,543,512	0.73%	16,103,270	0.56%	12,967,265	0.45%	12,839,492	0.46%
Real, Commercial and Industrial	869,779,194	27.99%	853,524,500	29.42%	817,744,628	28.56%	811,900,683	28.85%
Real and Tangible Personal Utilities	87,635,345	2.82%	71,433,158	2.46%	64,460,988	2.25%	63,263,718	2.25%
Tangible Personal, Commercial and Industrial	408,136,305	13.14%	349,774,616	12.06%	392,710,604	13.72%	363,204,883	12.91%
Tangible Personal, Mobile Homes	19,475,651	0.63%	19,401,944	0.67%	19,303,546	0.67%	18,674,253	0.66%
Real Property, Inventory	5,289,784	0.17%	7,090,330	0.24%	4,839,652	0.17%	5,079,949	0.18%
Special Inventory	33,441,069	1.08%	26,150,645	0.90%	22,494,609	0.79%	20,596,563	0.73%
Total Exempt Property	206,794,099	6.66%	168,062,865	5.79%	165,626,270	5.78%	164,870,000	5.86%
Total Appraised Value Before Exemptions	3,405,646,422	100.00%	3,230,266,697	100.00%	3,187,228,236	100.00%	3,133,900,008	100.00%
Less: Total Exemptions/Reductions/Adjustments	298,613,054		329,247,609		324,025,930		319,646,106	
Taxable Assessed Value	\$3,107,033,368		\$2,901,019,088		\$2,863,202,306		\$2,814,253,902	

Taxable Appraised Value

For the Fiscal Year Ended September 30,	2012		2011		2010		2009	
Category	Amount	% of Total						
Real, Residential, Single-Family	\$1,344,724,352	49.87%	\$1,318,224,240	49.35%	\$1,308,281,506	48.90%	\$1,244,751,258	48.49%
Real, Residential, Multi-Family	125,142,938	4.64%	116,950,700	4.38%	114,665,293	4.29%	107,342,483	4.18%
Real, Vacant Lots/Tracts	80,612,755	2.99%	85,528,469	3.20%	86,030,347	3.22%	76,079,534	2.96%
Real, Acreage (Land Only)	101,376,116	3.76%	96,496,499	3.61%	98,101,068	3.67%	100,118,412	3.90%
Real, Farm and Ranch Improvements	12,037,445	0.45%	11,841,531	0.44%	11,871,389	0.44%	11,498,793	0.45%
Real, Commercial and Industrial	684,313,854	25.38%	672,640,392	25.18%	667,709,872	24.96%	655,078,159	25.52%
Real and Tangible Personal Utilities	64,184,140	2.38%	70,089,816	2.62%	75,445,515	2.82%	78,043,858	3.04%
Tangible Personal, Commercial and Industrial	369,969,623	13.72%	368,545,689	13.80%	377,239,082	14.10%	364,266,408	14.19%
Tangible Personal, Mobile Homes	18,702,753	0.69%	24,904,511	0.93%	25,268,787	0.94%	25,594,139	1.00%
Real Property, Inventory	8,875,454	0.33%	8,622,072	0.32%	7,187,256	0.27%	8,212,479	0.32%
Special Inventory	18,209,616	0.68%	15,730,782	0.59%	19,951,047	0.75%	20,389,001	0.79%
Total Exempt Property	208,669,510	7.74%	185,184,548	6.93%	177,089,322	6.62%	169,133,280	6.59%
Total Appraised Value Before Exemptions	3,036,818,556	100.00%	2,974,759,249	100.00%	2,968,840,484	100.00%	2,860,507,804	100.00%
Less: Total Exemptions/Reductions/Adjustments	340,576,515		303,771,824		293,563,955		293,660,599	
Taxable Assessed Value	\$2,696,242,041		\$2,670,987,425		\$2,675,276,529		\$2,566,847,205	

Taxable Appraised Value

For the Fiscal Year Ended September 30,	2008		2007	
		% of		% of
Category	Amount	Total	Amount	Total
Real, Residential, Single-Family	\$1,203,276,059	48.89%	\$1,120,198,367	48.05%
Real, Residential, Multi-Family	87,364,093	3.55%	75,277,924	3.23%
Real, Vacant Lots/Tracts	77,954,373	3.17%	77,523,856	3.33%
Real, Acreage (Land Only)	106,785,310	4.34%	111,131,900	4.77%
Real, Farm and Ranch Improvements	11,696,515	0.48%	11,496,550	0.49%
Real, Commercial and Industrial	647,695,888	26.31%	624,650,294	26.79%
Real and Tangible Personal Utilities	68,524,040	2.78%	80,573,423	3.46%
Tangible Personal, Commercial and Industrial	361,951,074	14.71%	339,742,457	14.57%
Tangible Personal, Mobile Homes	26,017,359	1.06%	26,052,587	1.12%
Real Property, Inventory	6,531,199	0.27%	7,218,014	0.31%
Special Inventory	19,105,549	0.78%	17,808,977	0.76%
Total Exempt Property	151,138,046	6.14%	151,404,138	6.49%
Total Appraised Value Before Exemptions	2,768,039,505	100.00%	2,643,078,487	100.00%
Less: Total Exemptions/Reductions/Adjustments	306,646,247		311,599,497	
Taxable Assessed Value	\$2,461,393,258		\$2,331,478,990	

City of Harlingen, Texas COMPUTATION OF ESTIMATED DIRECT AND OVERLAPPING DEBT

September 30, 2016

Name of Governmental Unit	Net Debt Outstanding	Percentage Applicable to the City of Harlingen	City of Harlingen's Share of Debt
<u></u>	DIRECT DEBT		
City of Harlingen	\$44,988,051	100.00%	\$44,988,051
OVER	RLAPPING DEBT		
Cameron County	113,000,000	0.01%	15,021
Harlingen Consolidated Independent School District	153,482,965	100.00%	153,482,965
Rio Hondo Independent School District	19,125,521	1.89%	362,333
San Benito Independent School District	76,850,000	1.85%	1,419,478
Overlapping Debt	362,458,486		155,279,798
Total Direct and Overlapping Debt	\$407,446,537		\$200,267,849

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 asssessed value.

City of Harlingen, Texas PRINCIPAL PROPERTY TAXPAYERS

Fiscal Year Ended September 30, 2016

Prinicipal Taxpayer	Type of Business	FY 2016 Taxable Assessed Valuation	Percentage Of Total Taxable Assessed Valuation
VHS Harlingen Hospital Company LLC	Medical Services	\$73,853,442	2.17%
AEP Texas Central Company	Electricity Suppliers	35,028,240	1.03%
Boyer Harlingen LC	Real Estate Developers	27,955,724	0.82%
VHS Harlingen Hospital Co LLC	Medical Real Estate Developers	23,157,401	0.68%
Harlingen Medical Center Realty LLC	Medical Services	22,444,998	0.66%
Mall at Valle Vista LLC	Shopping Center Operations	20,841,484	0.61%
HCHART LLC	Real Estate Developers	16,682,802	0.49%
VHS Valley Real Estsate Co LLC	Medical Real Estate Developers	13,454,578	0.40%
Valley Baptist Realty Corp.	Medical Real Estate Developers	13,357,256	0.39%
Harlingen SC Partners LTD	Shopping Center Operations	12,293,737	0.36%
		\$259,069,662	7.61%

Source: Cameron Appraisal District



CITY OF HARLINGEN DEBT SERVICE REQUIREMENTS TO MATURITY - PRIMARY GOVERNMENT BY FISCAL YEAR

SOURCE OF FUNDING-PROPERTY TAX RATE

FISCAL YEAR ENDING	2007 CERTIFICATE OF OBLIGATION PRINCIPAL INTEREST		Г	2007 G. O. BONDS PRINCIPAL INTEREST		2010 CERTIFICATE OF OBLIGATION PRINCIPAL INTEREST		2010 G. O. REFUNDING BONDS PRINCIPAL INTEREST		2011 G. O. REFUNDING BONDS PRINCIPAL INTEREST		2012 CERTIFICATE OF OBLIGATION PRINCIPAL INTEREST	
9/30/2017	\$ 1,120,000	\$ 32,6	600	\$ 510,000	\$ -	\$ 140,000	\$ 88,381	\$ -	\$ -	\$ 285,000	\$ 48,099	\$ 115,000	\$ 54,338
9/30/2018	-		-	-	-	145,000	84,106	-	-	250,000	41,706	140,000	50,888
9/30/2019	-		-	-	-	145,000	79,756	-	-	255,000	35,671	140,000	46,688
9/30/2020	-		-	-		150,000	75,144	-	-	260,000	29,517	150,000	42,488
9/30/2021	-		-	-		155,000	69,994	-	-	265,000	23,243	145,000	39,488
9/30/2022	-		-	-	-	160,000	64,481	-	-	275,000	16,790	150,000	36,588
9/30/2023	-		-	-	-	170,000	58,494	-	-	280,000	10,157	150,000	33,588
9/30/2024	-		-	-	-	175,000	52,025	-	-	285,000	3,405	160,000	30,588
9/30/2025	-		-	-	-	180,000	45,144	-	-	-	-	140,000	27,388
9/30/2026	-		-	-	-	190,000	37,744	-	-	-	-	145,000	24,588
9/30/2027	-		-	-	-	195,000	30,044	-	-	-	-	145,000	21,325
9/30/2028	-		-	-	-	205,000	22,044	-	-	-	-	15,000	18,063
9/30/2029	-		-	-	-	215,000	13,509	-	-	-	-	20,000	17,650
9/30/2030	-		-	-	-	220,000	4,538	-	-	-	-	25,000	17,100
9/30/2031	-		-	-	-	-	-	-	-	-	-	100,000	16,413
9/30/2032	-		-	-	-	-	-	-	-	-	-	115,000	13,663
9/30/2033	-		-	-	-	-	-	-	-	-	-	110,000	10,500
9/30/2034	-		-	-	-	-	-	-	-	-	-	120,000	7,200
9/30/2035	-		-	-	-	-	-	-	-	-	-	120,000	3,600
_	1,120,000	32,6	500	510,000	-	2,445,000	725,403	-	-	2,155,000	208,588	2,205,000	512,144

	013 IFICATE		2013 G. O.	20 G.	16 O.			GRAND TOTAL	
	LIGATION		BLIGATION		GATION	TOTAL	TOTAL	PRINCIPAL & INTEREST	
PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST		
\$ 100,000	\$ 80,57	\$ 435,000	\$ 47,075	\$ -	\$ 891,886	\$ 2,705,000	\$ 1,242,954	\$ 3,947,954	
140,000	78,57	5 275,000	39,975	1,930,000	775,450	2,880,000	1,070,700	3,950,700	
155,000	75,77	5 285,000	34,375	1,965,000	736,500	2,945,000	1,008,765	3,953,765	
150,000	72,67	5 195,000	29,575	2,105,000	695,800	3,010,000	945,199	3,955,199	
160,000	69,67	5 200,000	25,125	2,185,000	620,125	3,110,000	847,650	3,957,650	
165,000	66,47	·	20,000	2,280,000	508,500	3,240,000	712,834	3,952,834	
165,000	63,17		14,688	2,400,000	391,500	3,380,000	571,602	3,951,602	
165,000	59,87		9,250	2,500,000	294,000	3,505,000	449,143	3,954,143	
195,000	54,92		3,250	2,645,000	216,825	3,420,000	347,532	3,767,532	
195,000	49,07		-	2,990,000	132,300	3,520,000	243,707	3,763,707	
205,000	43,22	5 -	-	2,915,000	43,725	3,460,000	138,319	3,598,319	
55,000	37,07	-	-	-	-	275,000	77,182	352,182	
50,000	35,42	-	-	-	-	285,000	66,584	351,584	
50,000	33,92	5 -	-	-	-	295,000	55,563	350,563	
205,000	32,42	5 -	-	-	-	305,000	48,838	353,838	
200,000	26,27	5 -	-	-	-	315,000	39,938	354,938	
210,000	20,27	5 -	-	-	-	320,000	30,775	350,775	
210,000	13,97	5 -	-	-	-	330,000	21,175	351,175	
220,000	7,15	0 -	-	-	-	340,000	10,750	350,750	
2,995,000	920,55	2,295,000	223,313	23,915,000	5,306,611	37,640,000	7,929,209	45,569,209	