COMPREHENSIVE ANNUAL FINANCIAL REPORT CITY OF HARLINGEN, TEXAS

For the Fiscal Year Ended September 30, 2018

City of Harlingen, Texas Comprehensive Annual Financial Report (Including Compliance Report on Grant Activities) For the Fiscal Year Ended September 30, 2018

CITY OFFICIALS

Mayor Chris Boswell

Commissioners Richard Uribe

Tudor G. Uhlhorn Michael Mezmar Ruben De La Rosa Victor Leal

City Manager Dan Serna

Finance Director Elvia Treviño

PREPARED BY DEPARTMENT OF FINANCE

Elvia Treviño, Finance Director

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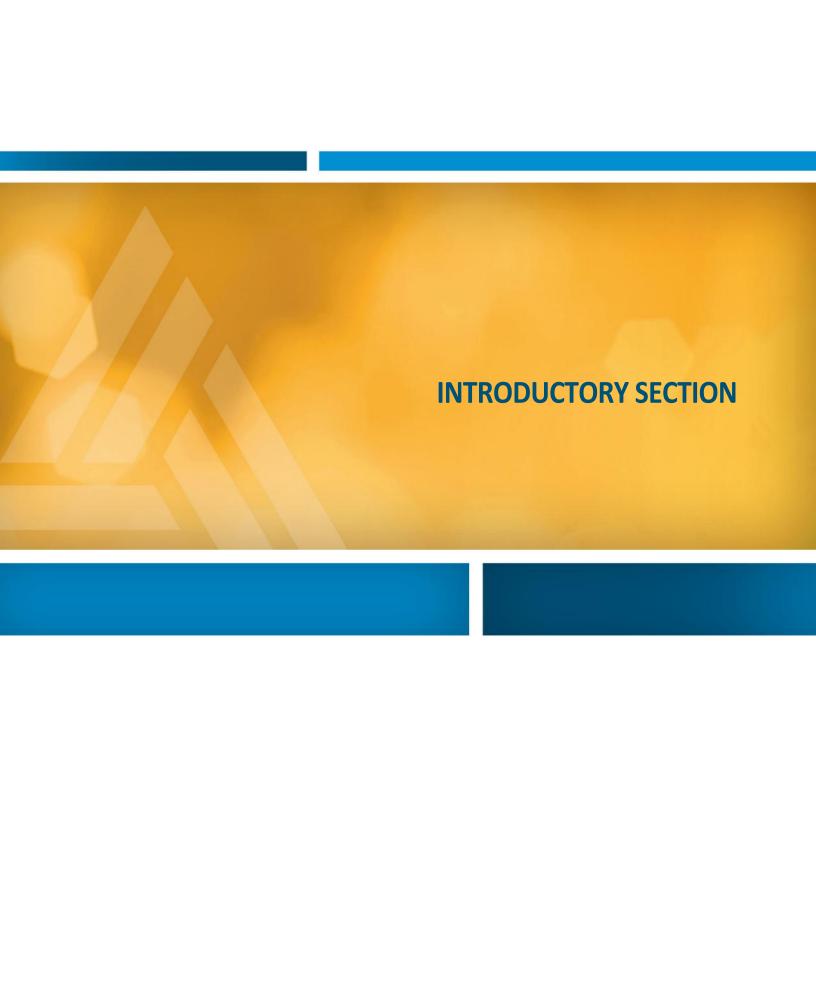
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CAPITAL OF THE LOWER RIO GRANDE VALLEY

Mission Statement:

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

April 30, 2019

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, 2018. This report was prepared from the books and records of the City of Harlingen and hereby submitted as required by state and local laws. Responsibility for the accuracy of the presented data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City of Harlingen. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. Readers and other users of this report should refer to Management's Discussion and Analysis, which can be found in the Financial Section and immediately follows the independent auditors' report.

THE REPORT

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

The City is required to undergo an annual single audit in conformity with the provisions of the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Information related to this Uniform Guidance, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and auditors' report on the internal control structure and compliance with applicable laws and regulations are included in the single audit section of this report.

The City's financial statements have been audited by Carr, Riggs & Ingram, LLC, Independent Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2018, were free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is located at the front of the financial section of this report.

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

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 Rio Grande Valley School of Medicine Clinical Education Building and the Graduate Medical Education Office where UTRGV medical students continue their studies and participate in clinical rotations. Harlingen is also home to the Veteran's Administration Center which 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 three major air cargo companies located at its facility as well as 6 major airlines for passengers to choose from.

Overall construction in Harlingen during FY 2017-18 was \$78.4 million in construction permits issued by the City. A total of 610 permits were issued. The City issued 180 building permits for new homes for a total dollar value of over \$23.3 million, with an average construction cost for each home at \$129,659. The commercial/business sector issued permits for 20 new commercial structures with a construction value of \$19.7 million.

Total sales tax collected by the City, the Economic Development Corporation (EDC-4A) and the Harlingen Community Improvement Board (HCIB-4B) increased to \$25,183,586 in FY 2017-18 compared to the \$23,521,243 collected in FY 2016-17, a 7.1% or \$1,662,343 increase. All three entities are committed to combining their resources for the overall economic benefit of the City.

Outlook

The City's fiscal year 2018 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 2018 continued the upward trend in sales taxes that began in fiscal year 2011. Careful long-term planning is important to the City. Periodic review of the budget is performed to adjust the operational appropriated expenditures for any changes in the City's resources. The City takes a strong stance in preserving the fund balance.

MAJOR INITIATIVES

For the Year

The fiscal year 2017-2018 budget addressed the City Commission's and City Manager's objectives of creating and continuing replacement/improvement programs. These programs are designed for the betterment of the City by having perpetual mechanisms in place to improve the City incrementally each year. City management has built these programs into the annual budgets as to be manageable in both resources of funding and labor. The following projects were commenced and/or completed in FY 2018:

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

GOALS FOR YEAR 2018-19 AND BEYOND

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

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

The "One Vision, One Harlingen" comprehensive plan is available on the City's website (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, 2018, 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, 2017. In order to be awarded a Certificate for Distinguished Budget Presentation, the City must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication medium.

General Governmental Functions

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

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

Fund Balances

The total fund balance for the general fund totaled \$20,700,264 at September 30, 2018. The unassigned fund balance for the General Fund totaled \$20,669,245, an increase of \$2,187,911 over last year. The combined fund balance of all other governmental funds totaled \$15,439,697, which includes restricted funds of \$12,055,632 and committed funds of \$3,347,068 and nonspendable funds of \$6,306.

The fund balance of the General Fund presented above will provide the City with approximately one hundred and sixty (160) days of operating expenditures for FY 2019. 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 sixty-six (166) days of expenditures for FY 2019.

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 \$920,077 is 34.1% of the highest annual principal and interest requirements. FY 2018 debt service fund balance is 19.6% of total FY 2018 debt service requirements.

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

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

Capital Project Funds

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

Proprietary Funds

The City currently operates four Proprietary Funds. The proprietary funds are set up to operate primarily from user fees charged to the general public. A comparative summary of net income (loss) before transfers and capital contributions for the years ended September 30, 2018 and 2017, as follows:

Proprietary Funds	2018	2017
Sanitation Fund	\$ 1,826,675	\$ 2,925,965
Municipal Golf Course Fund	(340,014)	(291,380)
Harlingen Arts & Heritage Museum	(109,761)	(117,642)
Municipal Auditorium Fund	(307,363)	(451,253)
Total net income (loss)	\$ 1,069,537	\$ 2,065,690

Sanitation Fund

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

Municipal Golf Course Fund

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

Municipal Auditorium Fund

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

Harlingen Arts and Heritage Museum Fund

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

Component Units

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

Harlingen Economic Development Corporation (HEDC)

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

Harlingen Community Improvement Board (HCIB)

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

Valley International Airport

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

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

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

Harlingen Waterworks System

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

Internal Service Fund

Motor Vehicle/Warehouse Fund

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

Medical/Health Fund

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

Fiduciary Fund

Pension Trust Fund

This pension system is accounted for in the Firemen's Relief and Retirement Fund. The City of Harlingen contributes 15% of salaries, and 15% 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, 2017. 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 two years (fiscal years ended 1985 to 2017). 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

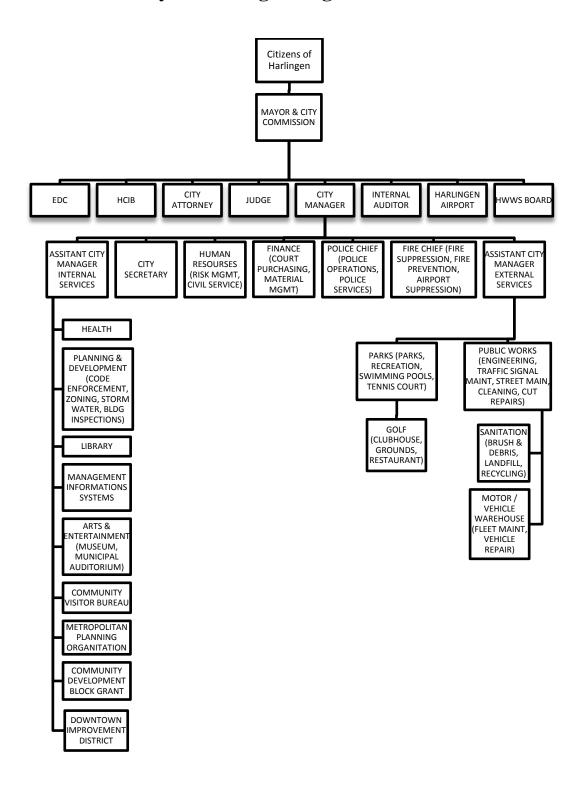
For its Comprehensive Annual Financial Report for the Fiscal Year Ended

September 30, 2017

Christophu P. Morrill

Executive Director/CEO

City of Harlingen Organizational Chart



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

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

INDEPENDENT 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Harlingen, Texas, as of September 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2018, the City adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. Beginning net position for governmental activities and business-type activities have been restated to reflect the change in accounting principle for implementation of this Statement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19 through 33, budgetary comparison information on page 115, the pension information on pages 116 through 120, other post-employment benefits information on pages on 121 through 124, and related notes to required supplementary information on pages 125 through 127, 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.

Other Reporting Required by Government Auditing Standards

Caux Rigge & Ingram, L.L.C.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2019, on our consideration of the City of Harlingen, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Harlingen's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Harlingen, Texas' internal control over financial reporting and compliance.

Harlingen, Texas April 30, 2019

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CITY OF HARLINGEN, TEXAS MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Harlingen's annual financial report presents our discussion and analysis of the City's financial performance for the fiscal year ended September 30, 2018. Please read it in conjunction with the transmittal letter on page 1 and the City's financial statements, which begin on page 34.

FINANCIAL HIGHLIGHTS

The net position of the City as of September 30, 2018 was \$107,442,199. This number consists of \$105,489,002 (98.1%) of net investment in capital assets. The net position restricted for specific purposes totals \$4,642,879 (4.3%) leaving a deficit of \$(2,689,682) (2.5%) in unrestricted net position. The City's total net position increased by \$3,429,415. The governmental activities net position increased by \$3,012,190 or approximately 3.4%, while the net position of our business-type activities increased by \$417,225 or approximately 3.7%. The increase to net position is a result of the construction of the Harlingen Convention Center. Net investment in capital assets account for 98% or \$2,940,895 of the increase in net position.

As of September 30, 2018, the City's governmental funds reported combined ending fund balances of \$36,139,961. Within this total \$37,325 is non-spendable, \$12,055,632 is restricted by specific legal requirements, such as by debt covenants and \$3,347,068 has been committed and assigned to specific types of expenditures. The remaining \$20,699,936 is unassigned fund balance and can be used for any lawful purpose. The City's expenditures for FY 2018 were \$3,982,266 more than the \$55,344,275 generated in taxes and other revenues before other finance sources and uses.

Business-type activities reported combined ending net position of \$11,779,837. Within this total, \$6,268,549 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 \$5,511,288 of unrestricted funds which can be used for any lawful purpose. Total proprietary expenses and transfers for the City's business-type activities were \$417,225 less than the operating and non-operating revenues of \$10,719,478.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

This Comprehensive Annual Financial Report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 34-35 and 36-37) 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 38. 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 23. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

New Accounting Standards Adopted

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement replaces the requirements of GASB Statement No. 45 and requires governments to report a liability on the face of the financial statements for the OPEB they provide. Statement No. 75 requires governments in all types to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability.

GASB Statement No. 85, *Omnibus 2017.* This Statement establishes accounting and financial reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

Recently Issued Accounting Pronouncements

In January 2017, the GASB issued GASB Statement No. 84, — *Fiduciary Activities*. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. Management is evaluating the effects that the full implementation of GASB Statement No. 84 will have on its financial statements for the year ended September 30, 2020.

In June 2017, the GASB issued GASB Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. The objective of GASB Statement No. 87 is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Management is evaluating the effects that the full implementation of GASB Statement No. 87 will have on its financial statements for the year ended September 30, 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Reporting the City's Most Significant Funds

Fund Financial Statements

Our analysis of the City's major funds begins on page 26. The fund financial statements begin on page 38 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) Cod. Sec. 1800.165 *Classification and Terminology – Fund Balance Reporting* provides for a hierarchy of five possible classifications for reporting fund balance as follows.

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

<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 48 and 49. These activities are not included with the City's other government-wide financial information since the City cannot use these assets to finance its programs or operations. The City is responsible for ensuring that these funds are used for their intended purpose.

THE CITY AS A WHOLE

The City's combined net position (assets exceeding liabilities) was \$107,442,199 as of September 30, 2018. 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, \$105,489,002 (98.1%), 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 2017-18, 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 \$4,642,879 (4.3%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$(2,689,682) (2.4%).

Net position of the City's governmental activities decreased by \$3,012,190 or 3.3%, from \$92,650,172 to \$95,662,362 or 2.5% for FY 2017-18. The net position of the City's business-type activities increased 3.7% or \$417,225 from \$11,362,612 to \$11,779,837 for FY 2017-18. The largest increase to net position for FY 2018 resulted from recording significant expense from the firemen's net pension liability in the prior year which were not as large in the current year. In current year, the City also incurred additional expenses from the implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

CITY OF HARLINGEN, TEXAS MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Table 1 – Summary Statement of Net Position

		Governmen	tal	Activities	Business-Ty	pe.	Activities	Total Primary	/ Go	vernment
		2018		2017	2018		2017	2018		2017
ASSETS										
Current and Other assets	\$	49,397,585	\$	50,526,379	\$ 8,638,413	\$	8,455,375	\$ 58,035,998	\$	58,981,754
Due from Component units		155,678		69,647	62,013		46,162	217,691		115,809
Internal Balances		646,786		378,267	(646,786)		(378,267)	-		-
Capital assets, net										
Non-depreciable assets		17,156,266		10,676,628	481,973		760,382	17,638,239		11,437,010
Depreciable assets		117,823,850		121,451,020	5,786,576		5,008,759	123,610,426		126,459,779
Total Capital assets, net		134,980,116		132,127,648	6,268,549		5,769,141	141,248,665		137,896,789
Total assets		185,180,165		183,101,941	14,322,189		13,892,411	199,502,354		196,994,352
Deferred Outflows of Resources										
Deferred charge on refunding		690,152		837,208	-		-	690,152		837,208
OPEB - retiree healthcare		294,340		-	28,356		-	322,696		-
OPEB - supplemental death										
benefits		88,437		-	1,824		-	90,261		-
Deferred outflows of resources										
for pension		3,766,466		5,826,288	24,060		385,541	3,790,526		6,211,829
Total deferred outflows of		4,839,395		6,663,496	54,240		385,541	4,893,635		7,049,037
resources		4,833,333		0,003,490	34,240		363,341	4,033,033		7,043,037
Total Assets and Deferred										
Outflows of Resources	\$	190,019,560	\$	189,765,437	\$ 14,376,429	\$	14,277,952	\$ 204,395,989	\$	204,043,389
Liabilities Current and other liabilities	\$	7,586,725	\$	4,960,121	\$ 361,353	\$	354,458	\$ 7,948,078	\$	5,314,579
Non-current liabilities OPEB liablity - retiree		4,259,654		-	411,655		-	4,671,309		-
OPEB liablity - supplemental death benefits		1,375,731		_	28,075		_	1,403,806		_
Municipal net pension liability		550,168		5,991,756	11,228		447,214	561,396		6,438,970
Firemen's net pension liability		18,337,152		18,337,152	-		-	18,337,152		18,337,152
Est. Liability landfill		10,007,102		10,007,102				10,007,101		10,007,102
postclosure		-		-	1,399,038		1,367,583	1,399,038		1,367,583
Due in one year		2,189,575		2,158,437	65,000		65,000	2,254,575		2,223,437
Due more than one year		53,266,682		59,348,310	289,528		750,025	53,556,210		60,098,335
Total Liabilities		87,565,687		90,795,776	2,565,877		2,984,280	90,131,564		93,780,056
DEFERRED INFLOWS OF RESOURCES	;									
Deferred inflows of resources		6 701 511		A 7EE 462	20 715		C 401	6 022 226		4 761 044
for pension		6,791,511		4,755,463	30,715		6,481	6,822,226		4,761,944
NET POSITION										
Net investment in capital assets										
·		99,220,453		96,279,558	6,268,549		5,769,141	105,489,002		102,048,699
Restricted		4,642,879		5,361,574	-		-	4,642,879		5,361,574
Unrestricted		(8,200,970)		(7,426,934)	 5,511,288		5,518,050	 (2,689,682)		(1,908,884)
Total net position		95,662,362		94,214,198	11,779,837		11,287,194	107,442,199		105,501,389
	\$	190,019,560	\$	189,765,437	\$ 14,376,429	\$	14,277,952	\$ 204,395,989	\$	204,043,389

CITY OF HARLINGEN, TEXAS MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Table 2 – Statement of Activities

	Governmen	tal Activities	Business-Ty	pe Activities	Total Primary Government		
	2018	2017	2018	2017	2018	2017	
Revenues							
Program revenues:							
Charges for services	\$ 4,675,508	\$ 5,480,823	\$ 10,514,203	\$ 10,380,251	\$ 15,189,711	\$ 15,861,074	
Operating grants and contributions	3,213,450	3,395,347	-	-	3,213,450	3,395,347	
Capital grants and contributions	1,994,980	1,202,490	703,188	-	2,698,168	1,202,490	
General Revenues:							
Property taxes	18,540,873	18,311,486	-	-	18,540,873	18,311,486	
Sales taxes	18,902,745	17,611,023	-	-	18,902,745	17,611,023	
Other taxes	6,004,510	4,637,885	-	-	6,004,510	4,637,885	
Unrestricted investment earnings	664,469	221,539	155,379	47,492	819,848	269,031	
Other	382,192	1,195,160	24,706	1,057,029	406,898	2,252,189	
Gain (loss) on sale of assets	77,611	263,501	25,190	4,612	102,801	268,113	
Transfers	1,355,500	1,097,044	(1,355,500)	(1,097,044)	-	-	
Total revenues	55,811,838	53,416,298	10,067,166	10,392,340	65,879,004	63,808,638	
Expenses							
Program expenses:							
General government	7,140,359	7,238,065	-	-	7,140,359	7,238,065	
Public safety	27,253,084	34,594,729	-	-	27,253,084	34,594,729	
Highways and streets	6,106,202	8,676,859	-	-	6,106,202	8,676,859	
Health and welfare	1,075,864	3,245,464	-	-	1,075,864	3,245,464	
Community and economic dev.	3,015,071	3,079,700			3,015,071	3,079,700	
Culture and recreation	6,789,573	2,033,635	-	-	6,789,573	2,033,635	
Interest on long-term debt	1,419,495	1,713,057	-	-	1,419,495	1,713,057	
Sanitation	-	-	7,787,138	7,391,547	7,787,138	7,391,547	
Golf	-	-	1,207,326	1,273,887	1,207,326	1,273,887	
Museum	-	-	538,451	630,272	538,451	630,272	
Municipal Auditorium	_	-	117,026	127,988	117,026	127,988	
Total expenses	52,799,648	60,581,509	9,649,941	9,423,694	62,449,589	70,005,203	
Change in net position	3,012,190	(7,165,211)	417,225	968,646	3,429,415	(6,196,565)	
Net position, beginning	94,214,198	101,379,409	11,287,194	10,318,545	105,501,392	111,697,954	
Prior period adjustment	(1,564,026)	,,-,	75,418		(1,488,608)	-	
Net position, beginning, as restated	92,650,172	101,379,409	11,362,612	10,318,545	104,012,784	111,697,954	
Net position, ending	\$ 95,662,362	\$ 94,214,198	\$ 11,779,837	\$ 11,287,191	\$ 107,442,199	\$ 105,501,389	

Total revenues generated from both governmental activities and business-type activities this year amounted to \$65,879,004. Total expenses incurred from both governmental activities and business-type activities this year amounted to \$62,449,589 which resulted in a increase in net position of 3.3% or \$3,429,415.

Governmental Activities

Total revenue generated from governmental activities this year amounted to \$54,456,338, before transfers. Expenses came in at \$52,799,648, increasing net position by \$1,656,690 before transfers. Transfers of \$1,355,500 from other activities resulted in an all-inclusive increase to net position of \$3,012,190.

The cost of all governmental activities this year was \$52,799,648. However, as shown on the Statement of Activities on page 36 and 37, the amount that our taxpayers ultimately financed for these activities through taxes and other general revenues was \$45,927,900. Charges for services of \$4,675,508 were paid by those who directly benefited from them. Operating grants and contributions totaled \$3,213,450. Another \$1,994,980 was paid by capital grants and contributions.

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

TABLE 3 - GOVERNMENTAL ACTIVITIES

	Total Cost	of Services	Net Cost	of S	ervices
	2018	2017	2018		2017
General government	\$ 7,140,359	\$ 7,238,065	\$ 3,478,688	\$	3,562,234
Public safety	27,253,084	34,594,729	23,265,138		30,955,426
Highway and streets	6,106,202	8,676,859	5,392,252		7,963,339
Health and welfare	1,075,864	3,245,464	588,288		3,160,980
Conmunity & economic dev.	3,015,071	3,079,700	2,866,829		2,802,934
Culture and recreation	6,789,573	2,033,635	5,905,020		344,879
Interest on long-term debt	1,419,495	1,713,057	1,419,495		1,713,057
	\$ 52,799,648	\$ 60,581,509	\$ 42,915,710	\$	50,502,849

Business-type Activities

Total operating and non-operating revenues generated from business-type activities this year amounted to \$10,719,478, before transfers. Expenses came in at \$9,649,941 leaving \$1,069,537 as an increase to net assets before transfers. Transfers to other activities totaling \$1,355,500 resulted in an all-inclusive increase in net assets amounting to \$417,225. 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 40) combined fund balance decreased to \$36,139,961 or \$3,283,639 less than last year. The significant decrease to fund balance is due to bond proceeds spent for the construction of the Harlingen Convention Center.

CITY OF HARLINGEN, TEXAS MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Governmental Funds

The following table presents a summary of total governmental funds' revenues and operating transfers in for the years ended September 30, 2018 and 2017. The following is a detailed analysis of the revenues:

				Amount of	Percent of
Revenues & Other				Increase /	Increase /
financing sources (uses)	2018	% of Total	2017	(Decrease)	(Decrease)
Property Taxes	\$ 18,890,148	33.7%	\$ 18,233,617	\$ 656,531	3.6%
Nonproperty taxes	23,582,221	42.1%	22,859,327	722,894	3.2%
Assessments	1,473,276	2.6%	-	1,473,276	100%
Fines and forfeitures	1,155,149	2.1%	1,372,991	(217,842)	-15.9%
Licenses and Permits	655,628	1.2%	650,476	5,152	0.8%
Improvements & Assessments	20	0.0%	15	5	33.3%
Charges for services	1,871,530	3.3%	3,246,568	(1,375,038)	-42.4%
Intergovernmental	4,654,001	8.3%	3,439,937	1,214,064	35.3%
Contributions and donations	893,039	1.6%	628,274	264,765	42.1%
Miscellaneous	1,557,583	2.8%	797,470	760,113	95.3%
Interest and investment income	611,680	1.1%	227,927	383,753	168.4%
	55,344,275		51,456,602	3,887,673	•
Other financing sources (uses)	698,627	1.2%	14,033,411	(13,334,784)	-95.0%
Total	\$ 56,042,902	-	\$ 65,490,013	\$ (9,447,111)	

There was a net decrease in total revenues (including other financing sources (uses) of \$(9,497,111) or a decrease of 14.4%. Property taxes represent 33.7% of total revenues and other financing sources (uses). Property taxes increased by 3.6% or \$656,531. Nonproperty taxes, which includes sales, franchise and hotel/motel taxes represents 42.1% of total revenues and other financing sources (uses). Nonproperty taxes increased by \$722,894 or 3.2% over last fiscal year. The largest decrease to revenue is due to the bonds that were issued in 2017 and none were issued in 2018. Total revenues, not taking into account other financing sources (uses) bond issuance in prior year, increased by \$3,887,673.

Property and Non-property tax revenues had a total increase \$1,379,425 over FY 2017 revenues. Property and Non-property taxes account for 75.8% of the revenue increase over last fiscal year. Interest income also had a revenue increase over last fiscal year of \$383,753 which contributed to the overall revenue increase.

Property Taxes – including penalty and interest

Property tax revenues exceeded FY 2017 property tax revenues by \$656,531. The increase is attributable to both current and delinquent collections. The percentage of collection for FY 2018 current taxes was 97.33%. The total tax rate remained at \$.588827 per \$100 value. The tax rate has remained the same for the last nine years. The total tax rate is composed of \$0.128000 for the Interest and Sinking Fund (I&S) and \$0.460827 for the Maintenance and Operations (M&O).

CITY OF HARLINGEN, TEXAS MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Nonproperty taxes

Nonproperty taxes, which includes sales, franchise and hotel/motel taxes represents 42.1% of total revenues and other financing sources (uses). Nonproperty tax revenue increased by \$722,894 or 3.2% over last fiscal year. The increase includes a \$1,291,722 or 7.3% increase in sales taxes and a \$32,009 increase in franchise tax revenue. In the prior year, there was \$647,756 in assessments that were included in nonproperty taxes, in the current year, the assessment were reclassified out of nonproprty taxes to the assessment line of the statement of revenues, expenditures and changes in fund balance.

Fines and Forfeitures

Fines and forfeitures decreased by 15.9% or \$217,842 from the previous year due to a decrease in traffic fine income.

Licenses and Permits

Licenses and permits increased \$5,152 or 0.8% compared to FY 2017. The increase is due to increased income from building, electrical, plumbing and alarm permits

Charges for Services

Charges for services decreased by \$1,375,038 or 42.4% over last year's revenue. The income decrease is due to changes in the revenue classification for fire suppression services. In prior fiscal years, fire suppression services provided to surrounding Cities were reported under charges for services. In FY 2018, fire suppression services revenue of \$1,102,663 was reported under intergovernmental revenue resulting in a positive variance of \$1,214,064.

Interest and Investment Income

This revenue category increased by \$383,753 or 168.4%, to end FY 2018 at a total of \$611,680 compared to \$227,927 from FY 2017.

Other Financing Sources (uses)

In FY 2018, other financing sources (uses) decreased compared to prior year's amount by \$13,334,784. The net decrease is due to bond proceeds received for the construction of the convention center in the prior year and no bonds were issued in the current year.

Expenditures

The following table presents a summary of governmental funds' expenditures for the years ended September 30, 2018 and 2017.

				Amount of	Percent of
				Increase /	Increase /
Expenditures	2018	% of Total	2017	(Decrease)	(Decrease)
General Government	\$ 5,810,753	9.8%	\$ 5,705,734	\$ 105,019	1.8%
Public Safety	24,446,172	41.2%	23,637,298	808,874	3.4%
Highways and Streets	5,176,279	8.7%	5,113,681	62,598	1.2%
Health and Welfare	912,366	1.5%	2,971,441	(2,059,075)	-69.3%
Community & economic dev.	2,556,833	4.3%	1,977,463	579,370	29.3%
Cultural and Recreation	5,757,824	9.7%	4,704,245	1,053,579	22.4%
Capital Outlay	9,789,195	16.5%	5,432,339	4,356,856	80.2%
Debt Service:					
Principal	3,324,340	5.6%	3,232,871	91,469	2.8%
Interest and Fiscal Charges	1,550,523	2.6%	1,573,513	(22,990)	-1.5%
Bond Issuance Cost & Fees	2,256	0.0%	210,281	(208,025)	-98.9%
Total	\$ 59,326,541		\$ 54,558,866	\$ 4,767,675	

General Government

General government expenditures increased by 1.8% or 105,019. The increase is largely due to an increased cost of supplies and services.

Public Safety

Expenditures for public safety had an increase of 3.4% or \$808,874. This amount is due to increase cost of personnel services.

Highways and Streets

Highways and street expenditures increased by 1.2% or \$62,598 A majority of FY 2017 street overlay project was expensed in FY 2018

Health and Welfare

Expenditures decreased (69.3)% or \$(2,059,075). The decrease is a result of program expenses reclassified to new Community and Economic development program category.

Community and Economic Development

In FY 2018, there was an increase of 29.3% or \$579,370 due to program expenses for Planning and Zoning, Code Enforcement, and Building Inspections. The program expenses in prior years were reported under Health and Welfare.

Cultural and Recreational

Cultural and recreational expenditures increased 22.4% or \$1,053,579. The increase in expenditures is due to improvements at the IH-69E/IH-2 interchange as well as increased costs to promoting City events.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Capital Outlay

Expenditures for capital outlay increased 80.2% or \$4,356,856. The increase in expenditures is due to the construction of the all-inclusive parks as well as the acquisition of land for the convention center.

Debt Service

Total debt service expenditures decreased by \$139,546 or 2.9%. No new debt was issued in FY 2018.

FUND BALANCE

Combined fund balance for all of the governmental funds decreased \$3,283,641 from \$39,423,602 to \$36,139,961. Fund balances by fund type are discussed below.

General Fund

The revenues and other financing sources (uses) totaled \$43,914,452 while expenditures totaled \$41,726,541. The net effect is an increase in the general fund balance of \$2,187,911. The fund balance as of September 30, 2018 is \$20,700,264.

Special Revenue Funds

The combined fund balance of other governmental funds increased from \$5,699,673 to \$6,345,692 or \$646,019. The increase is largely attributable to unspent bond proceeds for the construction of the Harlingen convention center.

Debt Service Fund

The Debt Service fund balance is \$920,079 which is a increase of \$191,138 from prior year. The fund balance represents 1.9% 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 \$6,308,707. The Capital Project fund balance decrease is a result of the construction of the Harlingen Convention Center and completion of street improvement projects.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

PROPRIETARY FUNDS - A Detailed Discussion

Enterprise Funds

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

Sanitation Fund

Operating revenues increased by \$201,543 or 2.2 % over the prior year. Operating expenses increased by \$395,591 or 5.4% over the prior year. In FY 2018, the sanitation fund received insurance proceeds of \$1,798. After transfers out of \$1,560,500 and capital contributions of \$703,188, the net increase in net position for the year was \$969,363.

Municipal Golf Course Fund

Operating revenues decreased by \$111,095 or 11.5% over the prior year. Operating expenses decreased by \$66,561 or 5.26% over the prior year. The net loss for the year was \$340,014 which includes depreciation expenses of \$98,672.

Municipal Auditorium Fund

Operating revenues increased by \$48,774 or 27.4% over the prior year. Operating expenses decreased by \$91,821 or 14.6% over the prior year. The net loss for the year was \$192,363 which includes transfers in of \$115,000 and depreciation expense of \$186,286.

Harlingen Arts and Heritage Museum Fund

Operating revenues decreased by \$5,270 or 64.6% over the prior year. Operating expenses decreased by \$10,962 or 8.6% over the prior year. Net loss for the year was \$19,761 which includes transfers in of \$90,000 and depreciation expense of \$13,644.

Internal Service Funds

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

Motor Vehicle/Warehouse Fund

The motor vehicle warehouse fund includes activity for internal services and the vehicle replacement fund. Operating revenues increased by \$430,805 or 5.7% over the prior year. Operating expenses decreased by \$90,863 or 1.1% over the prior year. The net decrease in net position for the year was \$312,770.

CITY OF HARLINGEN, TEXAS MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Health Insurance Fund

The Health Insurance Fund is used to accumulate all payments from the various departments for medical/health insurance premiums, payment from retirees for health insurance premiums, and cafeteria plan deductions from employee's paychecks for payment to the insurance company and plan administrator. Operating revenues increased by \$121,477 or 2.7% and operating expenses increased by \$92,441 or 2.0%. The net income for the year is \$61,723 which includes a net transfer amount of \$80,990. 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 \$141,248,664 in capital assets.

CAPITAL ASSETS NET OF DEPRECIATION

	Governmen	tal A	Activities	Business-Ty	Type Activities			Total Primary Government		
	2018		2017	2018		2017		2018		2017
Land	\$ 9,518,694	\$	8,673,929	\$ 467,083	\$	467,083	\$	9,985,777	\$	9,141,012
Construction in progress	7,637,573		2,002,699	14,890		293,298		7,652,463		2,295,997
Building	23,724,690		22,867,771	3,048,746		3,183,450		26,773,436		26,051,221
Improvements other than building	12,674,987		13,741,515	1,013,016		866,767		13,688,003		14,608,282
Machinery and equipment	10,606,769		10,787,658	1,724,814		958,543		12,331,583		11,746,201
Infrastructure	70,817,403		74,054,076	-		-		70,817,403		74,054,076
Total	\$ 134,980,116	\$	132,127,648	\$ 6,268,549	\$	5,769,141	\$	141,248,665	\$	137,896,789

For more detailed information on capital asset activity, refer to Note 5 of financial statements beginning on page 73.

Debt

At the end of the fiscal year, the City had \$44,280,000 in bonds and certificates of obligation outstanding, as shown on the following table.

OUTSTANDING DEBT AT YEAR END

Government	Governmental Activities I		iness-	Type	Activities	Total Primary Government		
2018	2017	2	018		2017	2018	2017	
\$ 25,190,000	\$ 27,645,000	\$	-	\$	-	\$ 25,190,000	\$ 27,645,000	
19,090,000	19,790,000		-		-	19,090,000	19,790,000	
\$ 44,280,000	\$ 47,435,000	\$	-	\$	=	\$ 44,280,000	\$ 47,435,000	
	2018 \$ 25,190,000 19,090,000	2018 2017 \$ 25,190,000 \$ 27,645,000 19,090,000 19,790,000	2018 2017 2 \$ 25,190,000 \$ 27,645,000 \$ 19,090,000 19,790,000	2018 2017 2018 \$ 25,190,000 \$ 27,645,000 \$ - 19,090,000 19,790,000 -	2018 2017 2018 \$ 25,190,000 \$ 27,645,000 \$ - \$ 19,090,000 19,790,000 -	2018 2017 2018 2017 \$ 25,190,000 \$ 27,645,000 \$ - \$ - 19,090,000 19,790,000	2018 2017 2018 2017 2018 \$ 25,190,000 \$ 27,645,000 \$ - \$ - \$ 25,190,000 19,090,000 19,790,000 - - 19,090,000	

CITY OF HARLINGEN, TEXAS MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

For more detailed information on long-term debt activity, refer to the notes to financial statements beginning on page 79.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

During the budget process for fiscal year 2018-19 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 2019 general fund revenues were budgeted conservatively with a total increase of \$213,478 over fiscal year 2018 budgeted revenues. General fund expenditures for fiscal year 2019 decreased by \$359,478 from fiscal year 2018 budgeted expenditures.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

City of Harlingen, Texas Statement of Net Position

September 30, 2018

	P	rimary Governme	nt	
	Governmental	Business-type		Component
	Activities	Activities	Total	Units
Assets				
Cash and cash equivalents	\$ 11,503,983	\$ 1,119,234	\$ 12,623,217	\$ 16,859,990
Investments - other	30,279,152	7,335,001	37,614,153	21,966,468
Investments - fair value	-	-	-	498,623
Receivables, net	2,793,058	163,198	2,956,256	5,213,056
Due from component units	155,678	62,013	217,691	-
Due from primary government	-	-	-	5,872
Due from other government	2,206,287	-	2,206,287	-
Internal balances	646,786	(646,786)	-	-
Inventories	178,777	20,980	199,757	370,747
Prepaid items and deposits	37,325	-	37,325	252,982
Restricted assets:				
Temporarily restricted				
Cash and cash equivalents	613,909	-	613,909	2,720,279
Investments	-	-	-	4,136,287
Net pension asset	-	-	-	1,148,146
Loans receivable	1,785,094	-	1,785,094	475,430
Redevelopment properties	-	-	-	555,686
Capital assets, net				
Non-depreciable assets	17,156,266	481,973	17,638,239	19,742,293
Depreciable assets	117,823,850	5,786,576	123,610,426	150,980,040
Total Assets	185,180,165	14,322,189	199,502,354	224,925,899
Deferred outflows of resources				
Deferred charge on refunding	690,152	-	690,152	215,886
OPEB - retiree healthcare	294,340	28,356	322,696	783,057
OPEB - supplemental death benefits	88,437	1,824	90,261	-
Retirement pensions - Municipal pension	1,178,933	24,060	1,202,993	1,142,404
Retirement pensions - Firemen's	2,587,533	<u> </u>	2,587,533	
Total deferred outflows of resources	4,839,395	54,240	4,893,635	2,141,347

Total assets and deferred				
outflows of resources	\$190,019,560	\$ 14,376,429	\$204,395,989	\$227,067,246

City of Harlingen, Texas Statement of Net Position

September 30, 2018

	Р	rimary Governme	ent	
	Governmental	Business-type		Component
	Activities	Activities	Total	Units
Liabilities				
Accounts payable	\$ 3,602,381	\$ 213,522	\$ 3,815,903	\$ 1,315,739
Accrued expenses	986,650	130,220	1,116,870	107,766
Accrued interest	1,550,219	-	1,550,219	930,882
Due to component units	5,872	_	5,872	-
Due to primary government	-	_	-	217,691
Other liabilities	942,982	-	942,982	433,004
Unearned revenue	30,800	17,611	48,411	1,254,981
Escrow liabilities	467,821	-	467,821	-
Payable from restricted assets	- -	-	-	2,601,402
Non - current liabilities				
OPEB liability - retiree healthplan	4,259,654	411,655	4,671,309	10,874,340
OPEB liability - supplemental death benefits	1,375,731	28,075	1,403,806	602,710
Municipal net pension liability	550,168	11,228	561,396	29,832
Firemen's net pension liability	18,337,152	-	18,337,152	-
Estimated liability for landfill postclosure,				
due in more than one year	-	1,399,038	1,399,038	-
Due in one year	2,189,575	65,000	2,254,575	3,811,508
Due in more than one year	53,266,682	289,528	53,556,210	47,938,603
Total liabilities	87,565,687	2,565,877	90,131,564	70,118,458
Deferred inflows of resources				
Municipal pension	2,122,893	30,715	2,153,608	1,398,951
Firemen's pension	4,668,618	-	4,668,618	
Total deferred inflows of resources	6,791,511	30,715	6,822,226	1,398,951
NET POSITION				
Net investment in capital assets	99,220,453	6,268,549	105,489,002	119,637,295
Restricted for:	33,220,433	0,200,343	103,463,002	113,037,233
Capital Projects	761,926	_	761,926	_
Debt Service	920,077	_	920,077	1,409,529
Economic development	1,139,706	_	1,139,706	1,403,323
System expansion and replacement	-	_	-	3,477,817
Tourism	575,345	_	575,345	5,477,017
State and federal grants	329,087		329,087	_
Other	916,738	_	916,738	_
Unrestricted	(8,200,970)	5,511,288	(2,689,682)	31,025,196
Total net position	95,662,362	11,779,837	107,442,199	155,549,837
Total liabilities, deferred inflows	33,002,302	11,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	10,,172,133	133,343,037
of resources and net position	\$190,019,560	\$ 14,376,429	\$ 204,395,989	\$227,067,246

City of Harlingen, Texas Statement of Activities

Year ended September 30, 2018

			Program Reve	nues	
	Expenses	Charges for Services	Operatin Grants an Contributio	d	Capital Grants and Contributions
Functions/Programs					
Governmental activities:					
General government	\$ 7,140,359	\$ 1,576,846	\$ 1,566,	900	517,925
Public safety	27,253,084	2,289,816	820,	982	877,148
Highways and streets	6,106,202	398,508	315,	442	-
Health and welfare	1,075,864	3,160	484,	416	-
Community and economic development	3,015,071	148,242		-	-
Culture and recreation	6,789,573	258,936	25,	710	599,907
Interest on long term debt	1,419,495	-		-	-
Total governmental activities	52,799,648	4,675,508	3,213,	450	1,994,980
Business-type activities:					
Sanitation services	7,787,138	9,430,128		-	703,188
Golf course services	1,207,326	854,528		-	-
Auditorium services	538,451	226,667		-	-
Museum services	117,026	2,880		-	-
Total business-type activities	9,649,941	10,514,203		-	703,188
Total primary government	\$ 62,449,589	\$ 15,189,711	\$ 3,213,	450 \$	2,698,168
Component Units					
Economic development services	5,290,306	422,683	600,	815	1,892
Community improvement services	806,638	-		-	-
Water and sewer services	19,126,659	21,923,535		-	470,890
Airport services	11,346,346	6,684,267		-	4,671,971
Total component units	\$ 36,569,949	\$ 29,030,485	\$ 600,	815 \$	5,144,753

General revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Sales taxes

Franchise taxes

Hotel motel taxes

Mixed beverage taxes Assessments

Unrestricted investment earnings

Miscellaneous

Interest on notes receivable

Gain (loss) on sale of assets

Transfers

Total general revenues

Change in net position

Net position--beginning Prior period adjustment

Net position--beginning, as restated

Net position--ending

City of Harlingen, Texas Statement of Activities

	Net	(Exp	ense) Revenue	and			
	Cl	hang	es in Net Positi	on			
	I	Prima	ary Governmen	t			
Go	overnmental	В	usiness-type			(Component
	Activities		Activities		Total		Units
\$	(3,478,688)	\$	-	\$	(3,478,688)	\$	-
	(23,265,138)		-		(23,265,138)		-
	(5,392,252)		-		(5,392,252)		-
	(588,288)		-		(588,288)		-
	(2,866,829)		-		(2,866,829)		
	(5,905,020)		-		(5,905,020)		-
	(1,419,495)		-		(1,419,495)		
	(42,915,710)		-		(42,915,710)		-
	_		2,346,178		2,346,178		_
	-		(352,798)		(352,798)		_
	_		(311,784)		(311,784)		_
	-		(114,146)		(114,146)		_
			(== :,= :=)		(== :,= :=)	_	
	-		1,567,450		1,567,450		-
	(42,915,710)		1,567,450		(41,348,260)		-
						\$	(4,264,916) (806,638)
							3,267,766 9,892
							(1,793,896)
							(=,: = =,===,
	14,509,438		_		14,509,438		_
	4,031,435		_		4,031,435		_
	18,902,745		_		18,902,745		6,280,841
	3,300,630		_		3,300,630		-
	1,020,447		_		1,020,447		_
	210,157		_		210,157		_
	1,473,276		_		1,473,276		-
	664,469		155,379		819,848		612,834
	378,274		24,706		402,980		1,884,479
	3,918		-		3,918		-
	77,611		25,190		102,801		-
	1,355,500		(1,355,500)				-
	45,927,900		(1,150,225)		44,777,675		8,778,154
	3,012,190		417,225		3,429,415		6,984,258
	94,214,198		11,287,194		105,501,392		154,738,210
	(1,564,026)		75,418		(1,488,608)	_	(6,172,631)
	92,650,172		11,362,612		104,012,784		148,565,579
\$	95,662,362	\$	11,779,837	\$	107,442,199	\$	155,549,837

City of Harlingen, Texas Balance Sheet – Governmental Funds

September 30, 2018

<u> </u>		Capital Projects		pital Projects	Other		Total	
		General	В	ond Cert. of	G	overnmental	G	overnmental
		Fund	Ob	oligation 2016		Funds		Funds
Assets								
Cash and cash equivalents	\$	2,224	\$	3,749,208	\$	5,919,127	\$	9,670,559
Investments - other		19,419,779		5,920,363		2,824,050		28,164,192
Receivables (net of allowance for uncollectibles)								
Taxes		768,254		-		289,234		1,057,488
Accounts		888,394		75,765		578,436		1,542,595
Assessments		-		-		174,664		174,664
Due from other governments		1,453,339		-		752,948		2,206,287
Due from other funds		1,563,009		-		-		1,563,009
Due from component units		144,258		-		11,420		155,678
Loans receivable		175,220		-		1,609,874		1,785,094
Prepaid items		31,019		-		6,306		37,325
Total assets	\$	24,445,496	\$	9,745,336	\$	12,166,059	\$	46,356,891
Liabilities								
Accounts payable	\$	600,807	\$	2,346,287	\$	624,345	\$	2 571 /20
Accrued expenditures	Ş	921,616	Ş		Ş	50,469	Ş	3,571,439
Escrow liabilities				2,477		•		974,562
		284,599		-		183,222		467,821
Other liabilities Due to other funds		925,385		-		17,597		942,982
		122,833		-		728,390		851,223
Unearned revenue		-		-		30,800		30,800
Due to component units		5,872		2 2 4 0 7 5 4		4.624.022		5,872
Total Liabilities		2,861,112		2,348,764		1,634,823		6,844,699
Deferred inflows of resources								
Unavailable revenue - property taxes		659,863		-		257,729		917,592
Unavailable revenue - payments in lieu of taxes		157,948		-		-		157,948
Unavailable revenue - special assessments		-		-		18,790		18,790
Unavailable revenue - noncurrent receivables		-		-		2,052,100		2,052,100
Unavailable revenue - other		66,309		-		159,492		225,801
Total deferred inflows of resources		884,120		-		2,488,111		3,372,231
Fund balances								
Nonspendable		31,019		_		6,306		37,325
Restricted		-		7,396,572		4,659,060		12,055,632
Committed		_				3,347,068		3,347,068
Unassigned		20,669,245		-		30,691		20,699,936
Total fund balances		20,700,264		7,396,572		8,043,125		36,139,961
. J.a. rana balances		23,700,204		,,550,572		3,0 13,123		23,133,301
Total liabilities, deferred inflows								
of resources and fund balances	\$	24,445,496	\$	9,745,336	\$	12,166,059	\$	46,356,891

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

September 30, 2018

September 30, 2016	
Amounts reported for governmental activities in the statement of net position are different because:	
Fund balances total governmental funds	\$ 36,139,961
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 \$301,773,906 net of accumulated depreciation totaling \$(171,982,356). Not included in this amount are internal service funds capital assets of \$21,698,912 and	129,791,550
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 \$157,948, special assessments \$18,790, noncurrent receivables \$2,052,100 and other long-term unavailable revenues - other \$225,801.	2,454,639
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.	917,547
Internal service funds are used by management to charge the cost of certain activities. The assets and liabilities of certain internal service funds are included in the governmental activities in the statement of net position.	9,707,442
Deferred amounts on refundings are deferred outflows of resources and, therefore, are not reported in the funds.	690,152
Bond premiums and discounts are expensed during the period incurred in the funds, but are amortized as an adjustment to interest expense in the statement of activities over the remaining life of the debt.	(1,880,277)
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 \$52,025. The internal service long-term liabilities are not a reconciling item.	(53,523,955)
Included in the noncurrent liability is the recognition of the City's OPEB liability required by GASB Statement No. 75 in the amount of \$(4,259,654) and \$(1,375,731) for the retiree health care plan and the supplemental death benefits fund, respectively and deferred outflows of resources totaling \$294,340 and \$88,437 for the retiree health care plan and the supplemental death benefits fund, respectively. These amounts do not include internal service funds deferred outflows of resources \$3,788 and \$922 for the retiree health care plan and the supplemental death benefits fund, respectively and do not included OPEB liabilities of \$(54,985) and \$(14,188) for the retiree health care plan and the supplemental death benefits fund, respectively, which resulted in an decrease in net position by \$(5,188,145).	(5,188,145)
Included in the noncurrent liability is the recognition of the City's net pension liability required by GASB Cod. Sec P20, <i>Pension Activities,</i> in the amount of \$(550,168) and \$(18,337,152) for the municipal pension and the firemen's pension, respectively; a deferred inflows of resources for the municipal pension in the amount of \$(2,122,893); and deferred inflows of resources totaling of \$(4,668,618), for the firemen's pension; \$1,178,933 and \$2,587,533 in deferred outflows of resources for the municipal pension and firemen's pension, respectively. These amounts do not include internal service funds deferred inflows of resources \$(23,286), deferred outflows of resources of \$12,928 and net pension liability totaling \$(5,674) which resulted in an decrease in net position by \$21,896,333.	
Interest on long-term debt payable is not accrued in governmental funds, but rather is recognized as an	(21,896,333)
expenditure when due.	 (1,550,219)
Net position of governmental activities	\$ 95,662,362

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

Year ended September 30, 2018

		Ca	pital Projects		Other	То	tal
	General	В	ond Cert. of	Go	vernmental	Govern	mental
	Fund	Ob	ligation 2016		Funds	Fur	nds
Revenues							
Property taxes - including penalty and interest	\$ 14,763,466	\$	-	\$	4,126,682	\$ 18,8	90,148
Nonproperty taxes	22,458,031		-		1,124,190	23,5	82,221
Assessments	-		-		1,473,276	1,4	73,276
Fines and forfeitures	918,840		-		236,309	1,1	55,149
Licenses and permits	655,628		-		-	6	55,628
Improvements and assessments	-		-		20		20
Charges for services	1,403,079		-		468,451	1,8	71,530
Intergovernmental	1,176,253		-		3,477,748	4,6	54,001
Contributions and donations	893,039		-		-	8	93,039
Miscellaneous	182,243		1,269,186		106,154	1,5	57,583
Interest and investment income	310,605		187,298		113,777	6	11,680
Total revenues	42,761,184		1,456,484		11,126,607	55,3	44,275
Expenditures							
Current							
General government	5,728,253		_		82,500	5,8	10,753
Public safety	23,361,243		_		1,084,929		46,172
Highways and streets	3,300,201		_		1,876,078	-	76,279
Health and welfare	841,556		-		70,810		12,366
Community and economic development	1,589,678		-		967,155		56,833
Culture and recreation	5,292,513		-		465,311		57,824
Capital outlay	1,420,920		7,837,488		530,787		89,195
Debt service			, ,		•	,	•
Principal	169,340		-		3,155,000	3,3	24,340
Interest	22,837		-		1,527,686		50,523
Bond issuance costs and fees	-		-		2,256		2,256
Total expenditures	41,726,541		7,837,488		9,762,512	59,3	26,541
Excess of revenues over expenditures	1,034,643		(6,381,004)		1,364,095	(3,9	82,266)
Other Constitution (Const							
Other financing sources (uses)	2 426 006		1 200 000		1 200 226	4.0	26.220
Transfers in Transfers out	2,436,996		1,289,006		1,200,226		26,228 .02,989)
	(1,435,866)		-		(2,967,123)		
Capital lease financing	97,777		-		-		97,777
Sale of capital assets	54,361		-		23,250		77,611
Total other financing sources (uses)	1,153,268		1,289,006		(1,743,647)	6	98,627
Net change in fund balances	2,187,911		(5,091,998)		(379,552)	(3.2	83,639)
Fund balance, beginning of year	18,512,353		12,488,570		8,422,677		23,600
Fund balance, end of year	\$ 20,700,264	\$	7,396,572	\$	8,043,125	\$ 36,1	

City of Harlingen, Texas

3,012,190

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

Year ended September 30, 2018		
Net change in fund balances total governmental funds	\$	(3,283,639)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay of \$9,808,766 exceeded depreciation expense of \$(6,489,940) in the current period. Reconciling amounts do not include internal service funds capital asset additions totaling \$1,050,486 and		
depreciation in the amount of \$(1,516,841).		3,318,826
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		78,387
Property tax revenues in the statement of activities do not provide current financial resources and are not reported as revenues in the funds.		(349,446)
Internal service funds are used by management to charge the cost of certain activities. The net revenue (loss) of the internal service funds is reported with governmental activities.		(251,047)
Repayment of bond and notes payable and capital lease payments is a debt service expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement of net position.		3,359,927
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Interest expense in the statement of activities differs from the amount reported in governmental funds because the change in accrued interest \$(64,403) was calculated for long term debt. Also, any changes in compensated absences \$(725,789), during the year are reported as an increase or decrease to expenses in the statement of activities but not in the governmental funds.		(790,192)
		(790,192)
Governmental funds report the effect premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of the amortization of premiums, discounts \$390,218 and gains/losses on refunding \$(147,056) totaled \$243,162.		243,162
Proceeds from capital lease financing arrangements provides current financial resources to governmental funds but capital lease arrangements increase long-term liabilities on the statement of net position.		(97,777)
GASB Statement No. 75 requires that certain fund expenditures be de-expended and recorded as deferred resource outflows on the government-wide statements. These contributions made after the measurement date of December 31, 2017 caused the change in the ending net position to increase in the amount of \$161,209 and \$21,987 for the retiree health care plan and the supplemental death benefits, respectively. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decreased in the change in net position totaling \$(189,027) and \$(21,927). The City's reported OPEB expense expense had to be recorded. The net pension expense increased the change in net position by \$(97,096)and \$(83,197) for the retiree health care plan and the supplemental death benefits, respectively. The result of these changes is to increase the change in net position by \$(208,051).		(208,051)
GASB Cod. Sec. P20, <i>Pension Activities</i> requires that certain fund expenditures be de-expended and recorded as deferred resource outflows on the government-wide statements. These contributions made after the measurement date of December 31, 2017 for TMRS and September 30, 2017 for the firemen's relief and retirement fund caused the change in the ending net position to increase in the amount of \$759,537 and \$1,926,732, respectively. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decreased in the change in net position totaling \$(734,758) and \$(1,180,902) for the TMRS pension and firemen's pension, respectively. The City's reported TMRS net pension expense had to be recorded. The net pension expense increased the change in net position by \$744,602 from the firemen's pension. The result of these changes is to increase the change in net		
position by \$992,040.		992,040
	^	2 042 400

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

Change in net position of governmental activities:

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

September 30, 2018

		Rue	siness-type Activ	itios		Governmenta Activities
		- Bu:	silless-type Activ	Harlingen Arts		Activities
	Sanitation	Municipal Golf Course	Municipal Auditorium	and Heritage Museum		Internal Service
	Fund	Fund	Fund	Fund	Total	Funds
Assets						
Current assets						
Cash and cash equivalents	\$ 943,207	\$ 857	\$ 168,816	\$ 6,354	\$ 1,119,234	\$ 2,447,32
Investments - other	7,276,760	-	-	58,241	7,335,001	2,114,97
Accounts receivables						
(net of allowances for uncollectibles)	155,056	3,721	4,389	32	163,198	18,08
Inventories	-	20,980	-	-	20,980	178,77
Due from component units	62,013	-	-	-	62,013	26
Total current assets	8,437,036	25,558	173,205	64,627	8,700,426	4,759,426
Non current assets						
Capital assets						
Land	417,587	49,496	-	-	467,083	-
Construction in progress	-	-	-	14,890	14,890	-
Plant and equipment	5,585,084	3,926,200	4,795,374	233,773	14,540,431	21,698,91
Accumulated depreciation	(1,891,885)	(3,156,782)	(3,540,778)	(164,410)	(8,753,855)	(16,510,34
Total capital assets						
(net of accumulated depreciation)	4,110,786	818,914	1,254,596	84,253	6,268,549	5,188,56
Total non current assets	4,110,786	818,914	1,254,596	84,253	6,268,549	5,188,56
Total assets	12,547,822	844,472	1,427,801	148,880	14,968,975	9,947,99
Deferred outflows of resources						
OPEB - retiree healthcare	20,480	6,485	879	512	28,356	3,78
OPEB - supplemental death benefits	1,089	577	158	-	1,824	92
Retirement pensions	14,369	7,605	2,086	_	24,060	12,92
Total deferred outflows of resources	35,938	14,667	3,123	512	54,240	17,63
Total asset and deferred						
outflows of resources	\$ 12,583,760	\$ 859,139	\$ 1,430,924	\$ 149,392	\$ 15,023,215	¢ 0.06F.C3
Outnows of resources	β 12,363,760	\$ 859,139	۶ 1,450,924 ج	\$ 149,392	ې 15,025,215 چ	\$ 9,965,63

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

September 30, 2018

				_								vernmenta
				Bu	siness	s-type Activ						Activities
		nitation Fund		Municipal olf Course Fund		lunicpal ditorium Fund	and	ingen Arts d Heritage Juseum Fund		Total		Internal Service Funds
Liabilities												
Current liabilities												
Accounts payable	\$	166,376	\$	27,135	\$	8,322	\$	11,689	\$	213,522	\$	30,942
Due to other funds	,	-	,	646,786	,	-	,	,	,	646,786	,	65,000
Compensated absences		63,000		2,000		_		_		65,000		52,025
Accrued expenses		71,371		22,649		34,356		1,844		130,220		12,088
Unearned revenue		-		,-		17,611		-,		17,611		,
Total current liabilities		300,747		698,570		60,289		13,533		1,073,139		160,055
Long-term liabilities												
Compensated absences		189,368		73,271		20,477		6,412		289,528		-
OPEB liability - retiree healthcare		297,316		94,162		12,746		7,431		411,655		54,985
OPEB liability - supplemental death benefits		16,766		8,874		2,435		-		28,075		14,188
Net pension liability		6,705		3,549		974		-		11,228		5,674
Estimated liability for landfill postclosure costs	:	1,399,038		-		-		-		1,399,038		-
Total long term liabilities	:	1,909,193		179,856		36,632		13,843		2,139,524		74,847
Total liabilities	;	2,209,940		878,426		96,921		27,376		3,212,663		234,902
Deferred inflows of resources												
Retirement pensions		25,882		1,075		3,758		-		30,715		23,286
Net position												
Net investment in capital assets	4	4,110,786		818,914	1	,254,596		84,253		6,268,549		5,188,566
Unrestricted	(5,237,152		(839,276)		75,649		37,763		5,511,288		4,518,876
Total net position	10	0,347,938		(20,362)	1	,330,245		122,016		11,779,837		9,707,442
		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		(),		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		,,,,,,		, ,,,,		
Total liabilities, deferred inflows of												
resources and net position	\$ 17	2,583,760	\$	859,139	\$ 1	,430,924	\$	149,392	\$	15,023,215	\$	9,965,63

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

Year ended September 30, 2018

		Rus	siness-type Activi	ties		Governmental Activities
		Dus	siness-type Activi	Harlingen Arts		Activities
		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	\$ 9,430,128	\$ -	\$ -	\$ -	\$ 9,430,128	\$ 7,950,611
Golf course fees and charges	-	854,528	-	-	854,528	-
Rental income	-	_	226,667	-	226,667	-
Admissions	-	-	, -	2,880	2,880	-
Total operating revenues	9,430,128	854,528	226,667	2,880	10,514,203	7,950,611
Operating expenses						
Personnel services	2,330,639	724,784	96,303	52,965	3,204,691	374,126
Contracted services	1,512,695	169,484	214,599	29,501	1,926,279	4,687,350
Materials and supplies	152,570	156,500	11,362	5,300	325,732	1,763,463
Other expenses	3,443,285	57,886	29,901	15,616	3,546,688	46,240
Depreciation and amortization	347,949	98,672	186,286	13,644	646,551	1,516,841
Total operating expense	7,787,138	1,207,326	538,451	117,026	9,649,941	8,388,020
Operating income (loss)	1,642,990	(352,798)	(311,784)	(114,146)	864,262	(437,409)
Nononorating revenues						
Nonoperating revenues Interest revenue	152,870		1,595	914	155,379	56,595
	25,190	-	1,393	-	25,190	694
Gain (loss) on sale/disposal of capital assets	25,190 1,798	-	-	-	25,190 1,798	094
Insurance recovery Miscellaneous revenue	1,798 3,827	12704	2,826	- 2 471	•	-
Total nonoperating revenues	183,685	12,784 12,784	4,421	3,471 4,385	22,908	57,289
rotal nonoperating revenues	103,003	12,701	1,121	1,505	203,273	37,203
Income (loss) before operating transfers	1,826,675	(340,014)	(307,363)	(109,761)	1,069,537	(380,120)
Transfers and capital contributions						
Transfers in	-	_	115,000	90,000	205,000	81,000
Transfers out	(1,560,500)	_	-	-	(1,560,500)	(703,188
Capital contributions	703,188	-	-	-	703,188	751,261
Total transfers and capital contributions	(857,312)	-	115,000	90,000	(652,312)	129,073
Net income (loss)	969,363	(340,014)	(192,363)	(19,761)	417,225	(251,047
Not position beginning of year	0.254.044	276 560	1 520 472	127 112	11 207 104	0.074.000
Net position, beginning of year	9,354,041	276,568	1,529,473	127,112	11,287,194	9,974,886
Prior period adjustment Total net position, beginning of year, as restated	24,534 9,378,575	43,084	(6,865) 1,522,608	14,665	75,418 11,362,612	(16,397
		319,652 \$ (20.362)		141,777		9,958,489
Net position, end of year	\$ 10,347,938	\$ (20,362)	\$ 1,330,245	\$ 122,016	\$ 11,779,837	\$ 9,707,442

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

Year ended September 30, 2018

		Due	inas tuna Asti	vition		Governmenta
		Bus	iness-type Acti			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	\$ 9,400,513	\$ 865,058	\$ 227,807	\$ 2,880	\$ 10,496,258	\$ 7,951,489
Payments to suppliers	(5,069,048)	(116,251)	(246,627)	(52,042)	(5,483,968)	(6,505,909)
Payments to employees	(2,333,305)	(747,950)	(98,149)	(51,087)	(3,230,491)	(370,979)
Net cash provided by (used in) operations	1,998,160	857	(116,969)	(100,249)	1,781,799	1,074,601
Cash flows from (to) noncapital financing activities						
Transfers to other funds	(1,560,500)	-	-	-	(1,560,500)	(703,188)
Transfers from other funds	-	-	115,000	90,000	205,000	81,000
Net cash provided by (used in) noncapital financing activities	(1,560,500)	-	115,000	90,000	(1,355,500)	(622,188)
Cash flows from capital and related financing activities						
Insurance proceeds from capital asset disposal	1,798	-	-	-	1,798	-
Proceeds from sales of capital assets	25,190	-	-	-	25,190	694
Purchase of capital assets	(459,425)	-	-	(5,064)	(464,489)	(299,225)
Net cash provided by (used in) capital and related financing activities	(432,437)	-	-	(5,064)	(437,501)	(298,531)
Cash flows from investing activities						
Purchase of investments	(110,804)	-	-	_	(110,804)	(32,205)
Interest received	152,870	-	1,595	27	154,492	56,595
Net cash provided by (used in) investing activities	42,066	-	1,595	27	43,688	24,390
Net increase (decrease) in cash and cash equivalents	47,289	857	(374)	(15,286)	32,486	178,272
Cash and cash equivalents, beginning of year	895,918	-	169,190	21,640	1,086,748	2,269,051
Cash and cash equivalents, end of year	\$ 943,207	\$ 857	\$ 168,816	\$ 6,354	\$ 1,119,234	\$ 2,447,323

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

Year ended September 30, 2018

		Bus	iness-type Acti	vities		Governmental Activities
		Dus	mess type near	Harlingen Arts		Activities
		Municipal	Municpal	and Heritage		Internal
	Sanitation	Golf Course	Auditorium	Museum		Service
	Fund	Fund	Fund	Fund	Totals	Funds
Reconciliation of operating income to net cash provided						
by operating activities:						
Operating income (loss)	\$ 1,642,990	\$ (352,798)	\$ (311,784)	\$ (114,146)	\$ 864,262	\$ (437,409)
Adjustments to reconcile net income from operations to net						
cash from operating activities						
Depreciation and amortization	347,949	98,672	186,285	13,644	646,550	1,516,841
Other revenue received	-	12,785	-	-	12,785	-
Decrease in receivables	(13,764)	-	-	-	(13,764)	877
Increase in prepaid items	1,491	-	-	-	1,491	-
Decrease in due from component units	(15,851)	-	-	-	(15,851)	-
Increase in due from other funds	-	-	-	-	-	(263)
(Increase) decrease in inventories	-	2,426	-	-	2,426	(15,693)
Decrease in net pension asset	(292,839)	(114,097)	(29,050)	-	(435,986)	(99,948)
Increase in deferred outflows of resources	243,867	93,817	23,797	-	361,481	78,324
Increase (decrease) in accounts payable	7,889	(4,458)	(2,306)	(1,722)	(597)	7,100
Increase in due to other funds	-	268,519	-	-	268,519	-
Increase (decrease) in accrued expenses	(1,333)	1,132	11,542	97	11,438	428
Increase net other post employment benefit obligations	9,906	3,353	526	222	14,007	2,592
Increase (decrease) in compensated absences	14,859	(5,609)	(442)	1,656	10,464	-
Decrease in unearned revenues	-	(2,255)	1,140	-	(1,115)	-
Decrease in deferred inflows of resources	21,541	(630)	3,323	-	24,234	21,752
Increase (decrease) in estimated liability for landfill closure						
and post closure costs	31,455	-	-	-	31,455	-
Total adjustments	355,170	353,655	194,815	13,897	917,537	1,512,010
Net cash provided by (used in) operations	\$ 1,998,160	\$ 857	\$ (116,969)	\$ (100,249)	\$ 1,781,799	\$ 1,074,601
Supplemental disclosure of noncash activities: Schedule of noncash capital transactions Capital Contributions from other funds	\$ 703,188	\$ -	\$ -	\$ -	\$ 703,188	\$ 751,261
Capital Contributions to other funds	\$ 703,100	\$ -	\$ -	\$ -	\$ 703,100	\$ (703,188)

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

September 30, 2018

	Pension Trust fund				
Assets					
Cash and cash equivalents	\$	4,306			
Investments, at fair value:					
Mutual funds - equities	20,918,678				
Mutual funds - fixed income	6,957,067				
Mutual funds - specialty	4	1,881,288			
Federal government obligations		144,704			
Prepaid items		987			
Total assets	32	2,907,030			
Liabilities					
Accounts payable		3,206			
Net position held in trust for pension benefits	\$ 32	2,903,824			

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

Year ended September 30, 2018

	Pension	
	Trust Fund	b
Investment income		
Net appreciation in fair value of investments	\$ 732,33	12
Other	1,61	19
Interest	1,785,80	01
Total investment income	2,519,73	32
Less investment expense	(230,03	13)
Net investment income	2,289,73	19
Contributions		
Employer	963,46	68
Plan member	963,46	68
Total contributions	1,926,93	36
Total additions	4,216,65	55
Deductions		
Benefits	2,114,83	34
Refunds of contributions	390,79	92
Administrative expense	31,58	83
Total deductions	2,537,20	09
Net change in plan net position	1,679,44	46
Net position held in trust for pension benefits		
Beginning of year	31,224,37	78
End of year	\$ 32,903,82	24

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

September 30, 2018

September 30, 2018		Harlingen Economic Development		Harlingen Community Improvement		Harlingen Waterworks		Valley International		Takal
Assets	C	orporation		Board		System		Airport		Total
Current assets	<u>,</u>	1 074 607	<u>,</u>	6 777 226	<u>,</u>	F F44 4CF	4	2 506 002	<u>,</u>	46 050 000
Cash and cash equivalents	\$	1,974,607	\$	6,777,226	\$	5,511,165	\$	2,596,992	\$	16,859,990
Investments - other		3,067,895		-		18,898,573		400.633		21,966,468
Investments - fair value		-		-		-		498,623		498,623
Receivables (net of allowances for uncollectible)		92.610		410		2 410 207		705 019		3,297,354
Accounts Grants		82,619		410		2,419,307		795,018 1,404,200		1,404,200
Interest		-		-		- 27 125		1,404,200		
		363,283		121,094		27,125		-		27,125 484,377
Due from primary government		303,263		121,094		5,872		-		5,872
Due from primary government Prepaid items		- 2,111		-		11,000		239,871		252,982
Inventories		2,111		-		370,747		233,0/1		370,747
Restricted assets:		_		_		370,747		_		370,747
Cash and cash equivalents		-		_		2,720,279		-		2,720,279
Investments		-		-		4,136,287		-		4,136,287
Total current assets		5,490,515		6,898,730		34,100,355		5,534,704		52,024,304
Noncurrent Assets Net pension asset Capital assets		-		-		1,148,146		-		1,148,146
Non-depreciable assets		4,294,807				9,353,560		6,093,926		19,742,293
Depreciable assets		36,698,766				182,144,772	1	.50,797,686		369,641,224
Accumulated depreciation		(7,759,267)		_		117,869,811)		(93,032,106)	([218,661,184]
		(1)100/201/					,	(00)000,000		(===,===,===,===,===,===,===,===,===,==
Total capital assets, net		33,234,306		-		73,628,521		63,859,506		170,722,333
Long-term loans receivable		475,430		-		-		-		475,430
Redevelopment properties		555,686		-		-		-		555,686
Total other noncurrent assets		1,031,116		-		-		-		1,031,116
Total assets		39,755,937		6,898,730	:	108,877,022		69,394,210		224,925,899
Deferred outflows of resources										
Deferred charge on refunding		-		-		215,886		-		215,886
Deferred resource outflows for pensions		-		-		1,078,873		63,531		1,142,404
Deferred resource outflows for OPEB		-		-		764,111		18,946		783,057
Total deferred outflows of resources		-		-		2,058,870		82,477		2,141,347
Total assets and deferred outflows of resources	\$	39,755,937	\$	6,898,730	¢ ·	110,935,892	ς .	69,476,687	¢	227,067,246
OUTHOWS OF FESOURCES	ڔ	33,133,331	٧	0,030,730	. ب	110,333,032	ڔ	03,470,007	٧	227,007,240

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

September 30, 2018

·	Harlingen		Harlingen					
	Economic		Community	Ha	rlingen	\	/alley	
	Developmen	nt	Improvement	Wat	erworks	Inter	national	
	Corporation	ı	Board	S	ystem	Α	irport	Total
Liabilities								
Current liabilities								
Accounts payable	\$ 53,52	.8	\$ 513,514	\$	425,134	\$	323,563	\$ 1,315,739
Other liabilities	-		-		433,004		-	433,004
Accrued expenses	11,74	4	-		-		96,022	107,766
Accrued interest	621,72	:3	-		-		-	621,723
Unearned revenues	-		-		-		362,059	362,059
Due to primary government	10,24	1	-		207,450		-	217,691
Payable from restricted assets:								
Accrued interest	-		-		309,159		-	309,159
Customer deposits - current	-		-		350,000		-	350,000
Compensated absences - current	8,00	00	-		550,000		25,000	583,000
Current portion of non-current liabilities	1,680,00	00	-		1,548,508		-	3,228,508
Total current liabilities	2,385,23		513,514		3,823,255		806,644	7,528,649
Non-current liabilities								
Bonds and certificates of obligation payable	26,599,50)1	-	2	0,800,431		-	47,399,932
Compensated absences	34,12	20	-		225,364		279,187	538,671
Unearned revenues	-		-		-		892,922	892,922
Payable from restricted assets, customer deposits	-		-		2,251,402		-	2,251,402
OPEB - retiree healthcare	-		-	1	0,560,920		313,420	10,874,340
OPEB - supplemental death benefits	-		-		524,495		78,215	602,710
Net pension liability	-		-		-		29,832	29,832
Total long-term debt	26,633,62	1	-	3	4,362,612	1	,593,576	62,589,809
Total liabilities	20.010.05	-7	F12 F14	2	0 105 067	-	400 220	70 110 450
Total liabilities	29,018,85	0.7	513,514	3	8,185,867		,400,220	70,118,458
Deferred inflows of resources								
	-		-		1,285,678		113,273	1,398,951
Net position								
Net investment in capital assets	4,954,80)5	-	5	1,927,406	62	,755,084	119,637,295
Nonspendable	-							
Restricted for:								
Debt service	_		-		1,409,529		_	1,409,529
System expansion	_		-		3,477,817		_	3,477,817
Unrestricted	5,782,27	' 5	6,385,216		4,649,595	4	,208,110	31,025,196
Total net position	10,737,08		6,385,216		1,464,347		,963,194	155,549,837
Total liabilities, deferred inflows of resources and net position	\$ 39,755,93	3 7	\$ 6,898,730	\$ 11	0,935,892	\$ 69	,476,687	\$ 227,067,246

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

City of Harlingen, Texas Component Units Combining Statement of Activities

Year ended September 30, 2018

				Progr	am Revenues	;	
	Expenses		narges for Services	Operating Grants and Contributions			Capital frants and entributions
Harlingen economic development corporation							
Economic development services	\$ 5,290,306	\$	422,683	\$	600,815	\$	1,892
Total harlingen economic development corporation	5,290,306		422,683		600,815		1,892
Harlingen community improvement board							
Community improvement services	806,638		-		-		-
Total harlingen community improvement board	806,638		-		-		-
Harlingen waterworks system							
Water and sewer services	19,126,659	2	1,923,535		-		470,890
Total harlingen waterworks system	19,126,659	2	1,923,535		-		470,890
Valley international airport							
Airport services	11,346,346		6,684,267		-		4,671,971
Total valley international airport	11,346,346		6,684,267		-		4,671,971
Total component units	\$ 36,569,949	\$ 2	9,030,485	\$	600,815	\$	5,144,753

General revenues:
Sales taxes
Unrestricted investment earnings
Miscellaneous revenue
Total general revenues and special item
Change in net position
Net position--beginning
Prior period adjustment
Net assets--beginning, as restated
Net position--ending

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

City of Harlingen, Texas Component Units Combining Statement of Activities

Governmen	Governmental Activities Business-type Activities						
Harlingen	Harlingen						
Economic	Community	Harlingen	Valley				
Development	Improvement	Waterworks	International				
Corporation	Board	System	Airport	Total			
\$ (4,264,916)	\$ -	\$ -	\$ -	\$ (4,264,916)			
(4,264,916)	-	-	-	(4,264,916)			
_	(806,638)	_	_	(806,638)			
	(806,638)	-	-	(806,638)			
	, , ,			, , ,			
		2 267 766		2 267 766			
	-	3,267,766	-	3,267,766			
	-	3,267,766	-	3,267,766			
-	-	-	9,892	9,892			
	-	-	9,892	9,892			
				(1,793,896)			
				(1,793,890)			
4,693,259	1,587,582	-	-	6,280,841			
71,864	66,790	445,721	28,459	612,834			
146,694	-	733,040	1,004,745	1,884,479			
4,911,817	1,654,372	1,178,761	1,033,204	8,778,154			
646,901	847,734	4,446,527	1,043,096	6,984,258			
10,090,179	5,537,482	73,089,942	66,020,607	154,738,210			
=	=	(6,072,122)	(100,509)	(6,172,631)			
10,090,179	5,537,482	67,017,820	65,920,098	148,565,579			
\$ 10,737,080	\$ 6,385,216	\$ 71,464,347	\$ 66,963,194	\$ 155,549,837			

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NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Membership

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

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

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

City of Harlingen Waterworks System 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

For fiscal year 2017-2018 the City has implemented the following new statements of financial accounting standards issued by the Governmental Accounting Standards Board.

Implementation of New Accounting Statements

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement replaces the requirements of GASB Statement No. 45 and requires governments to report a liability on the face of the financial statements for the OPEB they provide. Statement No. 75 requires governments in all types to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability. A restatement was required for the recording of the beginning net OPEB liability and for the recording of deferred outflows of resources, as described in Note 28 on page 114.

GASB Statement No. 85, *Omnibus 2017.* This Statement establishes accounting and financial reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Recently Issued Accounting Pronouncements

In January 2017, the GASB issued GASB Statement No. 84, — *Fiduciary Activities*. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. Management is evaluating the effects that the full implementation of GASB Statement No. 84 will have on its financial statements for the year ended September 30, 2020.

In June 2017, the GASB issued GASB Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. The objective of GASB Statement No. 87 is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Management is evaluating the effects that the full implementation of GASB Statement No. 87 will have on its financial statements for the year ended September 30, 2021.

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.

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 Capital Projects Bond Certificates of Obligation 2016, a capital projects fund used to account for the construction of a convention center.

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

The City reports the following major proprietary funds:

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

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

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

Additionally, the City reports the following fund type:

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus and Basis of Accounting

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

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

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

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

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

a. Cash and Cash Equivalents

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

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

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

c. Loans to Other Funds

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

d. Inventories

Inventories are valued at cost, which approximates market, 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, 2018 are recorded as prepaid items, in both governmental and fund financial statements.

f. Restricted Assets

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

g. Redevelopment Properties

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

h. Capital Assets

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

i. Long-Term Obligations

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

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

j. Compensated Absences

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

k. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension asset/liability and OPEB liability, pension and OPEB related deferred outflows and inflows of resources, and pension and OPEB expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Asset/Liability and OPEB Liability are obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Cod. Sec. P20, Pension Activities and GASB Statement No. 75, Accounting and Financial

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

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

I. Deferred Outflows/Inflows of Resources

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

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represent an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City reports the following items in this category:

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

m. Net Position Flow Assumption

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

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

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.

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, 2017, have been reclassified to conform with the presentation of the statements for the fiscal year ended September 30, 2018.

s. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

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

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

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

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

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, 2018, the City's deposits were entirely covered by federal deposit insurance or were secured by collateral held by the City's agent in the City's name pursuant to the City's investment policy and its depository agreement.

Investments-other, that are not debt securities, including accrued interest, as of September 30, 2018, are as follows:

		Investments-othe	Investments-other - Maturities (in years)					
	E	Book Value		1 or less				
Primary Government				_				
Certificates of deposit	\$	2,119,807	\$	2,119,807				
Component Units								
Certificates of deposit		20,157,538		20,157,538				
	\$	22,277,345	\$	22,277,345				

NOTE 3 – DEPOSITS AND INVESTMENTS

A reconcilement of cash and investments follows:

	F	t		
	Governmental	Business-type	_	Component
	Activities	Activities	Total	Units
Cash and cash equivalents	\$ 12,117,892	\$ 1,119,234	\$ 13,237,126	\$ 19,580,269
TexStar	-	-	-	2,570,344
TexPool	28,159,345	7,335,001	35,494,346	3,872,040
Certificate of deposit	2,119,807	-	2,119,807	19,660,371
United States Treasury Notes	-	-	-	498,623
	\$ 42,397,044	\$ 8,454,235	\$ 50,851,279	\$ 46,181,647

At September 30, 2018, 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.

Primary Government

Maturity	Description	Maturity Date	Market Value	% of Holding	Rate
Investment pool	Texpool		\$ 35,494,346	94.36%	
·	Γελροσί		<i>у 33,434,</i> 340	94.50%	
9-12 months Certificates of deposit	Lone Star National Bank	8/24/2019	2,119,807	5.64%	0.30%
Investments-other - Prim	ary Government		\$ 37,614,153		

NOTE 3 – DEPOSITS AND INVESTMENTS - Continued

Component Units

component onits			% of		
Maturity	Description	Maturity Date	Market Value	Holding	Rate
Pools	TexStar TexPool	·	\$ 2,570,344 3,872,040 6,442,384	24.68%	
6-8 Months					
Certificates of Deposit	East West Bank	11/23/2018	1,009,528		2.15%
	BTH Bank	12/11/2018	1,005,884		2.33%
			2,015,412	7.72%	
<u>9-12 Months</u>					
Certificates of Deposit	Southside Bank	10/19/2018	2,023,276		1.55%
	Legacy Bank	12/21/2018	1,013,974		1.85%
	Southside Bank	1/18/2019	2,019,187		1.93%
	East West Bank	2/16/2019	1,013,335		2.13%
	BTH Bank	3/11/2019	1,006,112		2.42%
	East West Bank	3/15/2019	1,012,349		2.24%
	East West Bank	4/12/2019	1,005,407		2.43%
	GreenBank	5/14/2019	1,509,150		2.42%
	BBVA Compass Bank	6/24/2019	1,002,270		2.67%
	BTH Bank	7/19/2019	1,004,472		2.63%
	BBVA Compass Bank	8/23/2019	1,002,330		2.74%
	East West Bank	9/17/2019	2,002,119		2.76%
			15,613,981	59.82%	
13-18 Months					
Certificates of Deposit	GreenBank	2/15/2019	2,030,978	7.78%	1.54%
			19,660,371	75.32%	
Investments-other Comp	onent Units		\$ 26,102,755		

As of September 30, 2018, the City's external investment pools meet the criteria described in GASB Cod. Sec. In5.104, *Investment Pools (External) – Pools That Measure Investments at Amortized Cost – Additional Requirements* and therefore the City measures all of their investments at amortized cost; therefore, the City has also measured their investments in these external investment pools at amortized cost for financial reporting purposes. In addition, the pools do not have any limitations or restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity or redemption gates.

NOTE 3 – DEPOSITS AND INVESTMENTS – Continued

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, 2018:

				Inpu	ıts			Weighted Average Maturity	
	9/30/2018		(Level 1)	(Le	evel 2)	(Level 3)		(Days)	
Debt Securities									
United States Treasury Notes	\$	248,877	\$ 248,877	\$	-	\$	-	75	
United States Treasury Notes		249,746	249,746		-		-	106	
Investments by fair value level	\$	498,623	\$ 498,623	\$	-	\$	-	181	

Credit Risk

As of September 30, 2018, 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, 2018 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.

NOTE 3 – DEPOSITS AND INVESTMENTS – Continued

Harlingen Firemen's Relief and Retirement Fund Investments

The Firemen's Relief and Retirement Fund Investments are recorded at fair value as of September 30, 2018. The following table summarizes securities owned by level within the fair value hierarchy as follows:

				nputs			
	Ç	9/30/2018	 (Level 1)		(Level 2)	(Level 3)	
Westwood Emerging Markets - EB	\$	1,222,296	\$ =	\$	1,222,296	\$	-
Westwood Income Opportunity - EB		1,666,948	-		1,666,948		-
Westwood International Equity - EB		3,486,549	-		3,486,549		-
Westwood Largecap Value Equity -Eb		6,778,081	-		6,778,081		-
Westwood Allcap Growth Equity - EB		8,135,374	-		8,135,374		-
Westwood Smallcap Value Equity - EB		1,296,102	-		1,296,102		-
Westwood Core Investments Grade Bond - EB		5,490,304	-		5,490,304		-
Westwood International Fixed Income - EB		1,466,763	-		1,466,763		-
Westwood Real Estate Trust -EB		3,214,340	-		3,214,340		-
Federal Government Obligations		144,704	144,704		-		-
Accrued interest		276	276		-		-
Total	\$	32,901,737	\$ 144,980	\$	32,756,757	\$	-

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 \$6,957,067 is subject to interest rate risk and are in high yield bonds which are rated AAA. The Firemen's investment policy has established that the fixed income portfolio must have an average credit quality of A or higher. The Firemen's Fund investment policy establishes the allowable investment types and grades of the fund.

Concentration of Credit Risk

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

NOTE 3 – DEPOSITS AND INVESTMENTS – Continued

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, 2018 consist of the following:

	 Governmental Activities										
			Capital Projects Other			Internal	Go	overnmental			
	General	Bor	Bond Cert. of		vernmental			Service		Activities	
	Fund	Oblig	ations 2016		Funds	Total		Funds		Total	
Taxes	\$ 1,166,692	\$	-	\$	464,301	\$ 1,630,993	\$	-	\$	1,630,993	
Accounts	923,851		75,765		567,029	1,566,645		23,834		1,590,479	
Assessments	-		-		174,664	174,664		-		174,664	
Due from other governments	1,453,339		-		752,948	2,206,287		-		2,206,287	
Due from other funds	1,563,009		-		-	1,563,009		-		1,563,009	
Due from component units	144,258		-		11,420	155,678		-		155,678	
Gross receivables	5,251,149		75,765		1,970,362	7,297,276		23,834		7,321,110	
Allowance for uncollectibles	(433,895)		-		(163,660)	(597,555)		(5,750)		(603,305)	
Net receivables	\$ 4,817,254	\$	75,765	\$	1,806,702	\$ 6,699,721	\$	18,084	\$	6,717,805	

Business-type Activities Municipal Harlingen Arts Golf Municpal and Heritage Sanitation Course Auditorium Museum Total Accounts 193,824 3,721 4,389 \$ 32 201,966 Allowance for uncollectibles (38,768)(38,768)Due from component unit 62,013 62,013 Net receivables 3,721 \$ 4,389 \$ 32 217,069 225,211

					Component Units		
	H	Iarlingen	Н	Iarlingen			_
	E	conomic	Co	mmunity	Harlingen	Valley	
	De	velopment	Imp	provement	Waterworks	International	
	Co	rporation		Board	System	Airport	Total
Accounts	\$	82,619	\$	410	\$ 2,635,179	\$ 795,018	\$ 3,513,226
Grants		-		-	-	1,404,200	1,404,200
Interest		-		-	27,125	-	27,125
Due from other governments		363,283		121,094	-	-	484,377
Gross receivables		445,902		121,504	2,662,304	2,199,218	5,428,928
Allowance for uncollectibles		-		=	(210,000)	-	(210,000)
Net receivables	\$	445,902	\$	121,504	\$ 2,452,304	\$ 2,199,218	\$ 5,218,928

NOTE 4 - RECEIVABLES - Continued

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, 2018 is as follows:

Governmental Activities					
	Beginning			Transfers /	Ending
	Balance	Additions	Retirements	Reclassifications	Balance
Capital assets, not being depreciated:					
Land	\$ 8,673,929	\$ 844,765	\$ -	\$ -	\$ 9,518,694
Construction in progress	2,002,699	7,480,753	-	(1,845,880)	7,637,572
Total capital assets, not being depreciated	10,676,628	8,325,518	-	(1,845,880)	17,156,266
Capital assets, being depreciated					
Buildings	31,837,598	-	-	1,638,292	33,475,890
Improvements	24,640,634	41,844	-	207,588	24,890,066
Machinery and equipment	34,734,736	1,808,561	(1,607,594)	-	34,935,703
Infrastructure	212,331,564	683,329	-	-	213,014,893
Total capital assets, being depreciation	303,544,532	2,533,734	(1,607,594)	1,845,880	306,316,552
Less accumulated depreciation for:					
Buildings	(8,969,828)	(781,372)	-	-	(9,751,200)
Improvements	(10,899,116)	(1,315,962)	-	-	(12,215,078)
Machinery and equipment	(23,947,082)	(1,989,446)	1,607,594	-	(24,328,934)
Infrastructure	(138,277,489)	(3,920,001)	-	-	(142,197,490)
Total accumulated depreciation	(182,093,515)	(8,006,781)	1,607,594	-	(188,492,702)
Total capital assets, being depreciation, net	121,451,017	(5,473,047)	-	1,845,880	117,823,850
Governmental activities, capital assets, net	\$ 132,127,645	\$ 2,852,471	\$ -	\$ -	\$ 134,980,116

NOTE 5 - CAPITAL ASSETS - Continued

Depreciation was charged to government functions as follows:

General government	\$ 2,361,204
Public safety	3,551,014
Highways and streets	753,958
Health and Welfare	132,559
Community and economic development	371,528
Culture and recreation	836,518
Total depreciation - governmental activities	\$ 8,006,781

Capital asset activity for the year ended September 30, 2018 is as follows:

Business-type Activities

	1	Beginning Balance	Δ	dditions		ements /	Ending Balance
Capital assets, not being depreciated:		Bularice		taditions.	recia	3311104110113	Dalarice
Land	\$	467,083	\$	-	\$	-	\$ 467,083
Construction in progress		293,299		81,904	(360,313)	14,890
Total capital assets, not being depreciated		760,382		81,904	(360,313)	481,973
Capital assets, being depreciated							
Buildings		5,595,690		-		-	5,595,690
Improvements		4,420,198		-		360,313	4,780,511
Equipment		3,106,860		1,064,054		(6,684)	4,164,230
Total capital assets, being depreciation		13,122,748		1,064,054		353,629	14,540,431
Less accumulated depreciation for:							
Buildings		(2,412,240)		(134,704)		-	(2,546,944)
Improvements		(3,553,429)		(214,066)		-	(3,767,495)
Equipment		(2,148,318)		(297,782)		6,684	(2,439,416)
Total accumulated depreciation		(8,113,987)		(646,552)		6,684	(8,753,855)
Total capital assets, being depreciation, net		5,008,761		417,502		360,313	5,786,576
Business-type activities, capital assets, net	\$	5,769,143	\$	499,406	\$	-	\$ 6,268,549

Depreciation was charged to business type activity functions as follows:

Municpal Auditorium	\$ 186,286
Sanitation	347,950
Arts and Heritage Museum	13,644
Municipal Golf Course	98,672
Total depreciation - business-type activities	\$ 646,552

NOTE 5 - CAPITAL ASSETS - Continued

Capital asset activity for the Economic Development Corporation for the year ended September 30, 2018, is as follows:

Harlingen Economic Development Corporation

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 4,187,758	\$ 107,049	\$ -	\$ 4,294,807
Capital assets, being depreciated				
Buildings	31,902,903	-	-	31,902,903
Improvements	4,795,863	-	-	4,795,863
Total capital assets, being depreciation	36,698,766	-	-	36,698,766
Less accumulated depreciation for:				
Buildings	(4,785,435)	(797,573)	-	(5,583,008)
Improvements	(1,856,536)	(319,723)	-	(2,176,259)
Total accumulated depreciation	(6,641,971)	(1,117,296)	-	(7,759,267)
Total capital assets, being depreciation, net	30,056,795	(1,117,296)	-	28,939,499
Harlingen Economic Development				
Corporation, capital assets, net	\$34,244,553	\$ (1,010,247)	\$ -	\$33,234,306

Depreciation expense for the year ended September 30, 2018 totaled \$1,117,296.

Capital asset activity for Valley International Airport for the year ended September 30, 2018, is as follows:

	Beginning Balance			Transfers / Reclassifications	Ending Balance	
Valley International						
Capital assets, not being depreciated:						
Land	\$ 5,164,481	\$ -	\$ -	\$ (8,171,542)	\$ (3,007,061)	
Construction in progress	5,011,080	4,089,907	-	-	9,100,987	
Total capital assets, not being depreciated	10,175,561	4,089,907	-	(8,171,542)	6,093,926	
Capital assets, being depreciated						
Buildings	38,609,716	-	(865,000)	3,990,731	41,735,447	
Runways and taxiways	56,193,760	-	-	2,711,004	58,904,764	
Land improvements	26,645,146	-	-	-	26,645,146	
Furniture and fixtures	3,237,977	77,637	-	-	3,315,614	
Machinery and equipment	18,670,709	190,976	(134,777)	1,469,807	20,196,715	
Total capital assets, being depreciation	143,357,308	268,613	(999,777)	8,171,542	150,797,686	
Less accumulated depreciation for:						
Buildings	(28,865,416)	(1,025,389)	364,021	-	(29,526,784)	
Runways and taxiways	(30,246,269)	(2,379,830)	-	-	(32,626,099)	
Land improvements	(15,991,151)	(754,697)	-	-	(16,745,848)	
Furniture and fixtures	(1,703,829)	(161,196)	-	-	(1,865,025)	
Machinery and equipment	(11,375,386)	(1,027,741)	134,777	-	(12,268,350)	
Total accumulated depreciation	(88,182,051)	(5,348,853)	498,798	-	(93,032,106)	
Total capital assets, being depreciation, net	55,175,257	(5,080,240)	(500,979)	8,171,542	57,765,580	
Valley International Airport, capital assets, net	\$ 65,350,818	\$ (990,333)	\$ (500,979)	\$ -	\$ 63,859,506	

Depreciation expense for the year ended September 30, 2018 totaled \$5,348,853.

NOTE 5 - CAPITAL ASSETS - Continued

Capital asset activity for Harlingen Waterworks System is as follows:

Harlingen Waterworks System

Beginning	Reclass &	Reclass &	Ending
Balance	Additions	Disposals	Balance
\$ 1,208,953	\$ 2,000	\$ -	\$ 1,210,953
5,423,369	708,461	-	6,131,830
3,209,690	5,013,331	(6,212,244)	2,010,777
9,842,012	5,723,792	(6,212,244)	9,353,560
3,189,456	415,737	(72,719)	3,532,474
27,652,943	2,550,734	(67,932)	30,135,745
55,472,378	328,087	(72,184)	55,728,281
31,386,507	3,089,527	(20,873)	34,455,161
			-
52,681,659	1,015,133	(42,278)	53,654,514
415,964	-	-	415,964
76,801	-	(7,798)	69,003
4,056,504	97,126	-	4,153,630
174,932,212	7,496,344	(283,784)	182,144,772
(2,225,390)	(167,592)	72,718	(2,320,264)
(20,661,374)	(642,205)	67,933	(21,235,646)
(35,417,606)	(824,616)	33,784	(36,208,438)
(20,889,823)	(1,184,606)	20,873	(22,053,556)
. , , ,	.,,,,		
(31.459.360)	(1.013.945)	40.973	(32,432,332)
		-	(277,180)
. , ,		7,798	(68,414)
(3,129,374)	(144,607)	-	(3,273,981)
(114,112,383)	(4,001,507)	244,079	(117,869,811)
·	•		
60,819,829	3,494,837	(39,705)	64,274,961
\$ 70,661,841	\$ 9,218,629	\$ (6,251,949)	\$ 73,628,521
	\$ 1,208,953 5,423,369 3,209,690 9,842,012 3,189,456 27,652,943 55,472,378 31,386,507 52,681,659 415,964 76,801 4,056,504 174,932,212 (2,225,390) (20,661,374) (35,417,606) (20,889,823) (31,459,360) (254,329) (75,127) (3,129,374) (114,112,383) 60,819,829	\$ 1,208,953 \$ 2,000 5,423,369 708,461 3,209,690 5,013,331 9,842,012 5,723,792 3,189,456 415,737 27,652,943 2,550,734 55,472,378 328,087 31,386,507 3,089,527 52,681,659 1,015,133 415,964 - 76,801 - 4,056,504 97,126 174,932,212 7,496,344 (2,225,390) (167,592) (20,661,374) (642,205) (35,417,606) (824,616) (20,889,823) (1,184,606) (31,459,360) (1,013,945) (254,329) (22,851) (75,127) (1,085) (3,129,374) (144,607) (114,112,383) (4,001,507)	Balance Additions Disposals \$ 1,208,953 \$ 2,000 \$ - 5,423,369 708,461 - 3,209,690 5,013,331 (6,212,244) 9,842,012 5,723,792 (6,212,244) 3,189,456 415,737 (72,719) 27,652,943 2,550,734 (67,932) 55,472,378 328,087 (72,184) 31,386,507 3,089,527 (20,873) 52,681,659 1,015,133 (42,278) 415,964 - - 76,801 - (7,798) 4,056,504 97,126 - 174,932,212 7,496,344 (283,784) (2,225,390) (167,592) 72,718 (20,661,374) (642,205) 67,933 (35,417,606) (824,616) 33,784 (20,889,823) (1,184,606) 20,873 (31,459,360) (1,013,945) 40,973 (254,329) (22,851) - (75,127) (1,085) 7,798

Harlingen Waterworks System depreciation expense during the fiscal year totaled \$4,001,507.

NOTE 6 - LOANS RECEIVABLE

Loans and notes receivable at September 30, 2018, consist of the following:

	Governemental Activities						Component Unit		
		Other							conomic
		General	Go	vernmental		Total			rnoration
Dahahilitatian laga	ć	Fund	ć	Funds	۲.	Total	-	, CO	rporation
Rehabilitation loans	\$	-	Ş	92,199	Ş	92,199		\$	-
Deferred loans		-		1,144,520		1,144,520			-
Replacement loans		-		180,509		180,509			-
Home loans		-		44,570		44,570			-
Business development loans		-		-		-			475,430
Payment in lieu of taxes		157,948		-		157,948			-
Other		17,272		148,076		165,348	_		-
Total Loans Receivable	\$	175,220	\$	1,609,874	\$	1,785,094		\$	475,430

Rehabilitation loans include 15 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 29 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 seven 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.

Business development loans of \$475,430 and all other long-term loans receivable are reflected as deferred inflows of resources on the fund financial statements.

NOTE 7 - PAYABLE FROM RESTRICTED ASSETS

Payables from restricted assets of the Harlingen Waterworks (a component unit of the City) at September 30, 2018 consist of the following:

September 30,	2018	2017
Current		
Accrued interest	\$ 309,159	\$ 322,180
Customer deposits	350,000	300,000
Noncurrent		
Customer deposits	2,251,402	2,107,602
Total payable from restricted assets	\$ 2,910,561	\$ 2,729,782

NOTE 8 - UNEARNED REVENUE

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

	Unearned	
Governmental Activities		
Grants	\$	30,800
Business-type Activities		
Ticket and membership sales	\$	17,611
Component Units		
Valley International Airport	\$ 1	1,254,981

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

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

2019 (current portion)		\$ 362,059
2020	\$ 211,500	
2021	211,500	
2022	211,500	
2023	258,422	
Long-term portion		892,922
Total		\$ 1,254,981

^{*}At September 30, 2018, several leaseholders at the Airport had prepaid their monthly leases in the total amount of \$137,234, which is included in the current portion of \$362,059.

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 \$5,507,679. 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 2017 were \$797,345.

NOTE 9 - OPERATING LEASES - Continued

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

Year ending September 30:	
2019	\$ 4,333,122
2020	1,397,498
2021	1,218,516
2022	1,119,623
2023	804,005
Later years	1,397,038
Total minimum future rentals	\$ 10,269,802

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

NOTE 10 - LONG-TERM DEBT

Notes Payable

Primary Government

With Resolution No. 07R-49, the City Commission authorized the City to enter into an agreement between the Tax Increment Financing Reinvestment Zone. No. 3 to reimburse the Harlingen Economic Development Corporation of Harlingen, Inc. for financial assistance provided to Harlingen Ventures No. 2, L.P. for public targeted infrastructure, not to exceed \$3,000,000. The total qualifying infrastructure improvements amounted to \$886,416 and the balance at year-end is \$366,416. The agreement does not indicated repayment terms or interest rate. The City makes annual payments of \$70,000.

The City and the EDC, entered into a note agreement in the amount of \$4,431,204 with 83/77 Properties, LTD on December 15, 2010. The note will be repaid with the EDC's portion of the sales tax from anticipated developed properties in a defined area surrounding the Bass Pro Shop development. The note carries an 8% interest rate, but no repayment schedule due to the uncertainty of the revenues designed to repay the loan. The City's portion totals \$3,013,219 plus related accrued interest of \$1,182,974. Interest accrues at 8%. Interest paid during the year totaled \$160,307.

Component Unit

The City and the Harlingen Economic Development Corporation, a component unit of the primary government, entered into a note agreement in the amount of \$4,431,204 with 83/77 Properties, LTD on December 15, 2010. The note will be repaid with the EDC's portion of the sales tax from anticipated developed properties in a defined area surrounding the Bass Pro Shop development. The note carries an 8% interest rate, but no repayment schedule due to the uncertainty of the revenues designed to repay the loan. The EDC's portion totals \$1,417,985 plus related accrued interest of \$556,694. Interest accrues at 8%. Interest paid during the year totaled \$75,144.

NOTE 10 - LONG-TERM DEBT - Continued

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		
Years Ending				De	bt Service	
September 30,	Princ	Principal Interest				
2019	\$ 4	45,000	\$ 48,335	\$	493,335	
2020	4	65,000	29,498		494,498	
2021	4	80,000	9,936		489,936	
	\$ 1,3	90,000	\$ 87,769	\$	1,477,769	

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

General Obligation Bonds and Certificates of Obligation

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

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

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.

NOTE 10 - LONG-TERM DEBT - 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%.

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

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

Advance Refunding

In prior years, the City defeased certain outstanding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the respective trust account assets and related liabilities for the defeased bonds are not included in the City's financial statements. At September 30, 2018, the following outstanding bonds are considered defeased:

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

NOTE 10 - LONG-TERM DEBT - Continued

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:

	Original Amount	Interest Rates	Beginning Balance 10/1/2017	Ad	ditions	ı	Reductions	Ending Balance 9/30/2018	Due in One Year
Governmental Activities									
General Obligations									
2011 Series, General Obligation Refunding Bonds	\$ 3,315,000	2.390%	\$ 1,870,000	\$	-	\$	(250,000)	\$ 1,620,000	\$ 255,000
2013 Series, General Obligation Refunding Bonds	3,215,000	2.000-2.500%	1,860,000		-		(275,000)	1,585,000	285,000
2016 Series, General Obligation Refunding Bonds	23,915,000		23,915,000		-		(1,930,000)	21,985,000	-
Total General Obligation Bonds	\$ 30,445,000		\$ 27,645,000	\$	-	\$	(2,455,000)	\$ 25,190,000	\$ 540,000
			-						-
Certificates of Obligation									
2010 Series, Combination Tax Revenue CO	3,090,000	2.000-4.125%	2,305,000		-		(145,000)	2,160,000	145,000
2012 Series, Combination Tax Revenue CO	2,280,000	1.600-3.000%	2,090,000		-		(140,000)	1,950,000	140,000
2013 Series, Combination Tax Revenue CO	3,070,000	2.000-3.750%	2,895,000		-		(140,000)	2,755,000	155,000
2016 Series, Combination Tax Revenue CO	12,885,000	1.150-4.900%	12,500,000		-		(275,000)	12,225,000	280,000
Total Certificates of Obligation	\$ 21,325,000		\$ 19,790,000	\$	-	\$	(700,000)	\$ 19,090,000	\$ 720,000
Total bonded debt	\$ 51,770,000		\$ 47,435,000	\$	-	\$	(3,155,000)	\$ 44,280,000	\$ 1,260,000

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

Year Ending	General Obli	gation Bonds	Certificates	of Obligation	Total Bonded Debt			
September 30,	er 30, Principal II		Interest Principal		Principal	Interest		
2019	\$ 2,505,000	\$ 806,546	\$ 720,000	\$ 662,599	\$ 3,225,000	\$ 1,469,145		
2020	2,560,000	754,892	800,000	645,283	3,360,000	1,400,175		
2021	2,650,000	668,493	850,000	626,188	3,500,000	1,294,681		
2022	2,765,000	545,290	890,000	604,942	3,655,000	1,150,232		
2023	2,895,000	416,346	915,000	581,201	3,810,000	997,547		
2024-2028	11,815,000	702,756	4,750,000	2,467,609	16,565,000	3,170,365		
2029-2033	-	-	4,375,000	1,684,035	4,375,000	1,684,035		
2034-2038	-	-	4,175,000	835,752	4,175,000	835,752		
2039-2043	=	-	1,615,000	104,677	1,615,000	104,677		
	\$ 25,190,000	\$ 3,894,323	\$ 19,090,000	\$ 8,212,286	\$ 44,280,000	\$ 12,106,609		

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, 2018, are as follows:

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

NOTE 10 - LONG-TERM DEBT - Continued

In October 2010, the System issued the Waterworks and Sewer System Revenue Bonds, Series 2010A in the principal amount of \$6,500,000 to provide funding for the System's ongoing capital improvement program and to cover the cost of issuance. Simultaneously, in order to achieve a debt service savings due to favorable interest rates. The Waterworks and Sewer System Revenue Refunding Bonds, Series 2010B were issued, in the principal amount of \$4,205,000. The proceeds from the sale of the Series 2010B Bonds were used for purpose of paying costs of issuance and refunding all of the then outstanding Waterworks and Sewer System Revenue Bonds, Series 2000 in the amount of \$1,220,000 and Series 2003 in the amount of \$4,410,000.

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

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

The Series 2015B Bond proceeds, along with other available funds of the System, were deposited with an escrow agent for payment of principal and interest on the refunded debt until the respective call dates of November 1, 2015 through November 1, 2019. As a result, the refunded obligations are considered defeased, and the liability for those bonds has been removed from the System's financial statements. As of September 30, 2018, Series 2005A Bonds in the principal amount of \$995,000 with maturities of November 1, 2016 through November 1, 2019 have not been redeemed.

The bonds carry interest rates as set out below with the interest payment dates of May 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, 2018.

NOTE 10 - LONG-TERM DEBT - Continued

In December 2010, the Harlingen Economic Development Corporation issued, simultaneously, the Sales Tax Revenue Bonds, Series 2010A and Sales Tax and Lease Rental Revenue Bonds Series 2010B in the amount of \$19,150,000 and \$13,075,000, respectively. The proceeds were used to acquire land, construction of building and economic facilities for lease. The Bond Series 2010A consist of Serial bonds totaling \$14,355,000 with maturities ranging from \$655,000 and \$1,300,000 and interest rates ranging from 2.00% to 5.125% and two term bonds of \$1,985,000 at 4.7% and \$2,810,000 at 5.125% all issued mature on maturities range from February 15, 2013 through February 15, 2032. The Bond Series 2010B consist of Serial bonds totaling \$3,335,000 with maturities ranging from \$355,000 and \$490,000 and interest rates ranging from 2.100% to 5.750% and two term bonds of \$3,055,000 at 7.0% and \$6,685,000 at 7.6% all issued mature on maturities range from February 15, 2013 through February 15, 2032.

	Original Amount	Interest Rate(s)	Beginning Balance 10/1/2017	Additions	Reductions	Ending Balance 9/30/2018	Due in One Year
Component Units							_
Harlingen Economic Development Corporation							
Sales tax revenue bonds							
Series 2010A	\$ 19,150,000	2.00-5.125%	\$ 15,715,000	\$ -	\$ (755,000)	\$ 14,960,000	\$ 785,000
Sales tax and lease rental							
Revenue Bonds Series 2010B	13,075,000	2.71-5.75%	11,140,000	-	(440,000)	10,700,000	470,000
Total Harlingen EDC	32,225,000		26,855,000	-	(1,195,000)	25,660,000	1,255,000
Harlingen Waterworks System 2010 Series "A" Waterworks &							
Sewer System Revenue Refunding Bonds 2010 Series "B" Waterworks &	6,500,000	2.00-4.25%	5,865,000	-	(215,000)	5,650,000	230,000
Sewer System Revenue Refunding Bonds 2015 Series "A" Waterworks &	4,205,000	2.00-3.00%	475,000	-	(115,000)	360,000	115,000
Sewer System Revenue Refunding Bonds 2015 Series "B" Waterworks &	12,000,000	2.00-3.75%	11,550,000	-	(455,000)	11,095,000	470,000
Sewer System Revenue							
Refunding Bonds	6,475,000	2.00-3.75%	5,795,000	-	(695,000)	5,100,000	710,000
Total Harlingen Waterworks System	29,180,000		23,685,000	-	(1,480,000)	22,205,000	1,525,000
Total Component Units	\$ 61,405,000		\$ 50,540,000	\$ -	\$ (2,675,000)	\$ 47,865,000	\$ 2,780,000

Year Ending	_S	Harlingen Developmer ales Tax and Lea	nt Copo	ration	١	Harlingen Wat Vater and Sewe		•	Total Com	nponent	Units			
September 30,		Principal		Interest		Principal Interest		Principal Int		Principal Interest		Principal		Interest
2019	\$	1,255,000	\$	1,456,650	\$	1,525,000	\$	719,107	\$ 2,780,000	\$	2,175,757			
2020		1,310,000		1,397,538		1,565,000		672,756	2,875,000		2,070,294			
2021		1,380,000		1,330,969		1,615,000		625,056	2,995,000		1,956,025			
2022		1,455,000		1,256,200		1,015,000		585,444	2,470,000		1,841,644			
2023		1,535,000		1,175,813		1,040,000		554,138	2,575,000		1,729,951			
2024-2028		9,130,000		4,412,927		5,750,000		2,236,395	14,880,000		6,649,322			
2029-2033		9,595,000		1,241,044		6,125,000		1,217,403	15,720,000		2,458,447			
2034-2038		-		-		3,570,000		212,181	3,570,000		212,181			
	\$	25,660,000	\$	12,271,141	\$	22,205,000	\$	6,822,480	\$ 47,865,000	\$	19,093,621			

NOTE 10 - LONG-TERM DEBT - Continued

Changes in Long-term Liabilities

During the year ended September 30, 2018, the following changes occurred:

	Beginning Balance 10/1/2017			Additions	Reductions	Ending Balance 9/30/2018	Amounts Due in One Year
Governmental activities		10/1/2017		Additions	Reductions	9/30/2018	Office real
General obligation debt	\$	27,645,000	\$	-	\$ (2,455,000)	\$ 25,190,000	\$ 540,000
Certificates of obligation		19,790,000	•	-	(700,000)	19,090,000	720,000
Capital lease		958,121		97,777	(180,231)	875,667	159,575
Deferred amounts				•	, , ,	·	
Discounts		(7,478)		-	987	(6,491)	-
Premiums		2,277,973		-	(391,205)	1,886,768	-
Notes payable		3,449,635		_	(70,000)	3,379,635	70,000
Compensated absences		4,314,889		1,425,789	(700,000)	5,040,678	700,000
Long-term liabilities (excluding pension)		58,428,140		1,523,566	(4,495,449)	55,456,257	2,189,575
Net pension liability - Governmental Activities		5,991,756		-	(5,441,588)	550,168	-
Net pension liability - Firemen's Relief		18,337,152		_	-	18,337,152	_
Net OPEB- Supplemental Death Benefit		1,224,725		151,008	-	1,375,733	
Net OPEB - Retiree Health Care		7,062,978		275,283	(3,078,607)	4,259,654	
Total long-term liabilities		91,044,751		1,949,857	(13,015,644)	79,978,964	2,189,575
Business Type Activities							
Landfill post closure liability		1,367,583		31,455	-	1,399,038	-
Compensated absences		343,805		10,722	-	354,527	65,000
Long-term liabilities (excluding pension)		1,711,388		42,177	-	1,753,565	65,000
Net pension liability - Business-type Activities		918,174		-	(906,946)	11,228	-
Net OPEB- Supplemental Death Benefit		24,994		3,083		28,077	
Net OPEB - Retiree Healthcare		856,012		26,604	(470,961)	411,655	-
Total long-term liabilities (business-type)		3,510,568		71,864	(1,377,907)	2,204,525	65,000
Total Primary Government	\$	94,555,319	\$	2,021,721	\$ (14,393,551)	\$ 82,183,489	\$ 2,254,575
		Beginning Balance 10/1/2017		Additions	Reductions	Ending Balance 9/30/2018	Amounts Due in One Year
Component Units		10/1/201/		7 Idaicions		3, 30, 2010	0.10 1.00.
Harlingen Economic Development Corporation							
Sales tax and revenue bonds	\$	26,855,000	\$	-	\$ (1,195,000)	\$ 25,660,000	\$ 1,255,000
Deferred amounts					. ,		
Discounts		(211,521)			23,037	(188,484)	\$ -
Note payable		3,232,985		-	(425,000)	2,807,985	425,000
Compensated absences		26,142		15,978	<u> </u>	42,120	8,000
Total Harlingen EDC		29,902,606		15,978	(1,596,963)	28,321,621	1,688,000

NOTE 10 - LONG-TERM DEBT - Continued

	Beginning Balance					Ending Balance	Amounts Due in	
	10/1/2017	Additions	Red	ductions	9	9/30/2018	One Year	
Valley International Airport								_
Unearned revenue	1,450,378	150,559		(345,956)		1,254,981	362,059	Э
Compensated absenses	292,155	217,756		(205,724)		304,187	25,000)
Net pension liability	357,195	380,868		(708,231)		29,832	-	
Net OPEB obligation	352,839	44,930		(6,134)		391,635	-	
Total Valley International Airport	2,452,567	794,113	(1,266,045)		1,980,635	387,059)
Harlingen Waterworks System								
Bonds payable	\$ 23,685,000	\$ -	\$ (1,480,000)	\$	22,205,000	\$ 1,525,000	C
Less deferred amounts for discounts and								
premiums	171,169	-		(27,230)		143,939	23,508	3_
Total bonds payable	23,856,169	-	(1,507,230)		22,348,939	1,548,508	3
Compensated absenses	762,817	562,438		(549,891)		775,364	550,000	o
Retiree Health Care Liability	9,641,083	1,259,267		(339,430)		10,560,920		
Retiree Death Benefit Liability	460,283	69,606		(5,394)		524,495	-	
Net Pension Liability	323,981	703,557	(:	2,175,684)		(1,148,146)	-	
Customer deposits	2,407,602	549,311		(355,511)		2,601,402	350,000	C
Total Harlingen Waterworks System	13,595,766	3,144,179	(3,425,910)		13,314,035	900,000	<u> </u>
Total Component Units	\$ 37,451,935	\$ 3,144,179	\$ (4,933,140)	\$	35,662,974	\$ 2,448,508	3

^{**}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 \$350,000 for the year ended 2018.

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.

Capital Lease Obligation

Governmental Activities

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

		Moto	rola			IBN	1			IBN	Λ											
		Commur	nicat	ion		System F	owe	er		System	Pow	er		Frost	Bank							
		Cen	ter			Model	8 -1			Model	8 - 2			Back	cup			IBM Bac	kup		Tot	tal
Fiscal Year	F	Principal	I	nterest	P	rincipal	Int	terest	Pr	rincipal	Int	erest	P	rincipal	In	terest	Pr	incipal	Int	terest	Principal	Interest
2019	\$	149,811	\$	18,861	\$	7,487	\$	215	\$	2,277	\$	83	\$	14,824	\$	2,618	\$	5,796	\$	266	\$ 180,195	\$ 22,043
2020		153,407		15,266		5,090		45		1,556		17		15,439		2,003		4,482		65	179,974	17,396
2021		157,089		11,584		-		-		-		-		16,080		1,362		-		-	173,169	12,946
2022		160,859		7,814		-		-		-		-		16,747		695		-		-	177,606	8,509
2023		164,721		3,953		-		-		-		-		-		-		-		-	164,721	3,953
Total	\$	785,887	\$	57,478	\$	12,577	\$	260	\$	3,833	\$	100	\$	63,090	\$	6,678	\$	10,278	\$	331	\$ 875,665	\$ 64,847

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

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

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

NOTE 10 - LONG-TERM DEBT - Continued

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

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

NOTE 11 - 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 \$1,399,038 as of September 30, 2018, an increase of \$31,455. 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, 2018 are as follows:

										Bus	iness-type	
										A	ctivities	
		Capita	l Projects	N	Nonmajor		Total	- II	nternal	N	1unicipal	Total
	General	Bond	Cert. of	Go	vernmental	G	overnmental	9	Service	Go	olf Course	Due to
Receivable Fund	fund	Obliga	tion 2016		Funds		Funds		Funds		Fund	Other Funds
Governmental Funds												
General Fund	\$ 122,833	\$	-	\$	728,390	\$	851,223	\$	65,000	\$	646,786	\$ 1,563,009

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, 2018 are as follows:

	Receivable Fund or Component Unit										
	Business-type Tot										
			N	Nonmajor		Total	Α	ctivities		Due to	
	(General	Go	vernmental	Go	overnmental	Sa	anitation	I	Primary	
Payable Fund or Component Unit		Fund		Funds		Funds		Fund	Go	vernment	
Harlingen Waterworks System	\$	134,017	\$	11,420	\$	145,437	\$	62,013	\$	207,450	
Harlingen Economic Development Corp.		10,241		-		10,241		-		10,241	
	\$	144,258	\$	11,420	\$	155,678	\$	62,013	\$	217,691	

At September 30, 2018, the primary government owed the Harlingen Economic Development Corporation \$5,872.

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.

			Tra	insfers In/Out	t							_	_		pital ibutions				1	Total
	General Fund	Nonmajor overnmental Funds	Bo	ital Projects nd Cert. of gation 2016	G	Total overnmental Funds	nitation Fund	Harlir Munio Audito	cipal	Arts and Heritage Museum	Transfers Internal Service Fund	C	Before Capital tributions	s	anitation Fund		Ser	ernal vice nds		
Governmental Funds																				
General fund	\$ -	\$ 612,145			\$	612,145	\$ -	\$	-	\$ 30,000	\$ 81,000		723,145	\$	-	!		2,721		435,866
Nonmajor governmental funds	876,496 876,496	588,081 1,200,226		1,289,006 1,289,006		2,753,583 3,365,728	-		,000	60,000 90,000	81,000		,928,583 ,651,728	_	-			1,261		967,123 402,989
Business-type Activities																				
Sanitation fund	1,560,500	-		-		1,560,500	_		_	-	-	1	,560,500		_			_	1,!	560,500
Internal service fund	-	-		-		-	-		-	-	-		-		703,18	8		-		703,188
	1,560,500	-		-		1,560,500	-		-	-	-	1	,560,500		703,18	8		-	2,:	263,688
Totals	\$ 2,436,996	\$ 1,200,226	\$	1,289,006	\$	4,926,228	\$ -	\$ 115	,000	\$ 90,000	\$ 81,000	\$ 5	,212,228	\$	703,18	8 .	\$ 75	1,261	\$ 6,0	666,677

Transfers out from the General fund to the Health Insurance Fund were to sustain the operating activities of that fund. Transfers from the General to the Tax Increment Financing Zone funds (TIFZ) were for real property incremental ad valorem tax revenues collected for the benefit of the TIFZs. Transfers from the Hotel/Motel fund were to sustain the operating activities of Harlingen Downtown, Convention and Visitors Bureau, Municipal Auditorium and Harlingen Arts and Heritage funds. Transfers from the Sanitation to the General fund were for administrative services. Transfers from the Municipal Golf Course to the General fund were for franchise fees. The transfer from the Petition Paving fund to the General fund fund was to help with street repairs.

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.

	General Fund		Capital Projects Bond Cert. of Obligation 2016		Other Governmental Funds		Total Governmental Funds		
Nonspendable									
Prepaid items	\$	31,019	\$	-	\$	6,306	\$	37,325	
Restricted									
Community Development		-		-		72,543		72,543	
Tennis Court		-		-		12,119		12,119	
Public, Education and Government Access Channels		-		-		609,613		609,613	
Construction		-	7,	396,572		772,682		8,169,254	
Hotel/Motel Occupancy Tax		-		-		299,956		299,956	
Convention Visitors Bureau		-		-		270,801		270,801	
Harlingen Downtown		-		-		127,020		127,020	
Federal Forfeitures		-		-		61,809		61,809	
State Forfeitures		-		-		265,853		265,853	
Lon C. Hill Library		-		-		106,879		106,879	
Tax Increment Reivestment Zone		-		-		1,139,706		1,139,706	
Debt Service		-		-		920,079		920,079	
Restricted total		-	7,	396,572		4,659,060		12,055,632	
Committed									
Catastrophic Relief		-		-		819,383		819,383	
Infrastructure		-		-		1,575,816		1,575,816	
Free Trade Bridge		-		-		936,443		936,443	
Street Improvements		-		-		15,426		15,426	
Committed total		-		-	;	3,347,068		3,347,068	
Unassigned	2	20,669,245		-		30,691		20,699,936	
Total fund balance	\$ 2	20,700,264	\$ 7,	396,572	\$	8,043,125	\$	36,139,961	

NOTE 15 – NET POSITION

Net Investment in capital assets:	Governmental Activities	Business-type Activities	Economic Development Corporation	Community Improvement Board	Harlingen Waterworks System	Valley International Airport
The time estiment in suprior assets.						
Capital assets, net of accumulated						
depreciation	\$ 134,980,116	\$ 6,268,548	\$ 33,234,306	\$ -	\$ 73,628,521	\$ 63,859,507
Less related liabilities	(46,160,277)	-	(28,279,501)	-	(21,701,115)	(1,104,423)
Restricted cash (unexpended bond						
proceeds)	10,400,614	-	-	-	-	-
Total net investment in capital assets	99,220,453	6,268,548	4,954,805	-	51,927,406	62,755,084
Restricted net position consists						
of the following:						
Community Development	72,541	-	-	-	-	-
Tennis Court	12,121	-	-	-	-	-
Public, Education and Government						
Access Channel	609,613	-	-	-	-	-
Construction	761,926	-	-	-	-	-
Hotel/Motel Occupancy Tax	299,955	-	-	-	-	-
Convention Visitors Bureau	275,390	-	-	-	-	-
Harlingen Downtown	127,022	-	-	-	-	-
Federal Forfeitures	61,810	-	-	-	-	-
State Forfeitures	267,277	-	-	-	-	-
Lon C. Hill Library	95,441	-	-	-	-	-
Tax Increment Reivestment Zone	1,139,706	-	-	-	-	-
Debt Service	920,077	-	-	-	1,409,529	-
System expansion and replacement						
(impact and other fees)	-	-	-	-	3,477,817	-
Restricted net position - total	4,642,879	-	-	-	4,887,346	-
Unrestricted net position	(8,200,970)	5,511,288	5,782,275	6,385,216	14,649,595	4,208,110
Total net position	\$ 95,662,362	\$ 11,779,836	\$ 10,737,080	\$ 6,385,216	\$ 71,464,347	\$ 66,963,194

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, 2018 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

Commitments

At September 30, 2018, the City had ongoing commitments related to the following:

		Construction	
	Original	Expensed to	Amount
Project	Amount	Date	Commitment
Lamb Avenue	\$ 30,107	\$ 30,107	\$ -
Lon C. Hill Park Restroom Facilities	197,353	8,801	188,552
Sidewalks Improvement - Various	614,344	322,849	291,495
Covention Center	15,522,302	7,245,214	8,277,088
Harrison/Tyler Interchange	6,375	6,375	-
Municipal Court Remodel	78,999	4,877	74,122
Arroyo Trail Extension	1,200,000	14,350	1,185,650
Public Library Teen Room Area	166,000	5,000	161,000
	\$ 17,815,480	\$ 7,637,573	\$ 10,177,907

Business-Type Activities

	Construction							
	Original Expensed to Amo							
Project	А	mount		Date	Con	nmitment		
Museum Renovation	\$	14,889	\$	9,475	\$	5,414		

^{*} 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	Airport	Passenger	
	Remaining	Improvement	Facility	Local
	Commitment	Project Funds	Charge	Funds
Reconstruction of Apron and Taxiway	\$ 15,445,652	\$ 13,901,187	\$ 1,544,465	\$ -
New Terminal Flooring	1,232,000	1,108,800	-	123,200
Replacement of Fan Coil Units	870,000	-	870,000	-
FIS Apron and Security Lights	190,000	171,000	-	19,000
	\$ 17,737,652	\$ 15,180,987	\$ 2,414,465	\$ 142,200

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, 2018 have not been conducted. Accordingly, the Airport's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time although the Airport expects such amounts, if any, to be immaterial.

NOTE 16 - COMMITMENTS AND CONTINGENT LIABILITIES - Continued

Conduit 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, 2018, 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, 2018, no single customer provided more than 10% of water revenues or wastewater revenues. For the year ended 2017, the top ten wastewater customers provided approximately \$1,478,329 or 13.61% of wastewater sales revenues. The top ten water customers generated approximately \$1,332,804 or 14.27% 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, 2018 and 2017 totaled \$1,143,581 and \$1,032,501, 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

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 \$416,945 for the year ending September 30, 2018.

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. During the current year, HIFI took ownership of the land in exchange for cancellation of the note receivable. The land was sold to a company as an incentive to expand into the Harlingen area.

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, 2018, 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), have a pension plan covering substantially all of their employees and the Harlingen Waterworks System (a component unit of the reporting entity) ("the System") has a pension plan covering substantially all of its employees.

A. Employees Pension Plans (Other Than Firemen)

Plan Description - Defined Benefit Pension Plans

With the exception of firefighters, The City of Harlingen participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Ac, Subtitle G, Title 8, Texas Government Code (The TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com. All eligible employees of the City are required to participate in TMRS.

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

Benefits Provided

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

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

NOTE 23 - PENSION PLANS - Continued

Employees covered by benefit terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

	City and <u>Airport</u>	Harlingen Waterworks <u>System</u>
Inactive employees or beneficiaries currently receiving benefits Inactive employees entitled to but not yet receiving benefits	332 74	116 49
Active employees	179	135
Total employees covered by benefit terms	585	300

Contributions

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

Employees for the City of Harlingen, Texas were required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 10.91 % and 11.73% in calendar 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018 were \$1,044,671 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, 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 Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including
	inflation

NOTE 23 - PENSION PLANS - Continued

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blud Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 4% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

		Long-term
		Expected Real
		Rate of Return
Asset Class	Target Allocation	<u>(Arithmetic)</u>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	<u>5.0</u> %	7.50%
Total	<u>100.0</u> %	

NOTE 23 - PENSION PLANS - Continued

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the net pension liability for the fiscal year ended September 30, 2018 are as follows:

City of Harlingen

	Increase (Decrease)			
	(a)	(b)	(a) - (b)	
	Total Pension	Plan Fiduciary	Net Pension	
	Liability	Net Position	Liability (Asset)	
Balance at December 31, 2016	\$ 84,391,308	\$ 77,954,391	\$ 6,436,917	
Changes for the year				
Service Cost	1,139,165	-	1,139,165	
Interest	5,637,008	-	5,637,008	
Change in benefit terms	· · · · -	-	-	
Difference between expected/actual experience	(85,720)	-	(85,720)	
Changes of assumptions	-	-	-	
Contribution - employer	-	1,008,033	(1,008,033)	
Contribution - employee	-	665,782	(665,782)	
Net investment income	-	10,951,823	(10,951,823)	
Benefit payments, including refunds of				
employee contributions	(5,107,176)	(5,107,176)	-	
Administrative expenses	-	(56,786)	56,786	
Other charges	-	(2,878)	2,878	
Net charges	1,583,277	7,458,798	(5,875,521)	
Balance at December 31, 2017	\$ 85,974,585	\$ 85,413,189	\$ 561,396	

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 Discount Rate (5.75%)		Discount Rate (6.75%)			Increase in scount Rate (7.75%)
Primary Government City of Harlingen net pension liability (asset)	\$ 10,347,628		\$	\$ 550,168		(7,717,027)
Business-type Activities City of Harlingen net pension liability (asset)	\$	654,257	\$	11,228	\$	(487,922)
Component Units Valley International Airport net pension liability (asset)	\$	586,059	\$	29,832	\$	(437,069)
Harlingen Waterworks System net position liability (asset)	\$	1,555,564	\$	(1,148,146)	\$	3,421,216

NOTE 23 - PENSION PLANS - Continued

Valley International Airport

Valley International Airport				
		Increase (Decrease)		
	(a)	(b)	(a) - (b)	
	Total Pension	Plan Fiduciary	Net Pension	
	Liability	Net Position	Liability (Asset)	
Balance at December 31, 2016	\$ 5,867,417	\$ 5,510,222	\$ 357,195	
Changes for the year				
Service Cost	63,470	-	63,470	
Interest	314,074	-	314,074	
Change in benefit terms	-	-	-	
Difference between expected/actual experience	(4,776)	-	(4,776)	
Changes of assumptions	-	-	-	
Contribution - employer	-	56,164	(56,164)	
Contribution - employee	-	37,095	(37,095)	
Net investment income	-	610,196	(610,196)	
Benefit payments, including refunds of		,	, , ,	
employee contributions	(284,554)	(284,554)	-	
Administrative expenses	-	(3,164)	3,164	
Other charges	-	(160)	160	
Net charges	88,214	415,577	(327,363)	
Balance at December 31, 2017	\$ 5,955,631	\$ 5,925,799	\$ 29,832	
Harlingen Waterworks System				
Trainingen Water Works System	Increase (Decrease)			
	(a)	(b)	(a) - (b)	
	Total Pension	Plan Fiduciary	Net Pension	
	Liability	Net Position	Liability (Asset)	
Balance at December 31, 2016	\$ 22,621,672	\$ 22,297,691	\$ 323,981	
Changes for the year				
Service Cost	538,832	-	538,832	
Interest	1,497,198	-	1,497,198	
Change in benefit terms	, - ,	_	, = , = -	
Difference between expected/actual experience	88,270	-	88,270	
Changes of assumptions	, -	_		
Contribution - employer	<u>-</u>	104,889	(104,889)	
Contribution - employer	_	104,889	(104,889)	

Pension Plan Fiduciary Net Position

Contribution - employee

Net investment income

employee contributions

Administrative expenses

Balance at December 31, 2017

Other charges

Net charges

Benefit payments, including refunds of

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.

(1,420,743)

703,557

\$ 23,325,229

419,558

3,088,807

(1,420,743)

2,175,684

\$ 24,473,375

(16,016)

(811)

(419,558)

16,016

(1,472,127)

(1,148,146)

811

(3,088,807)

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, 2018 the City, Valley International Airport, Harlingen Waterworks System and Harlingen Firemen's Relief and Retirement Fund recognized pension expense in the amount of \$2,736,598, \$146,799, \$437,129 and \$2,715,064, respectively. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City of Harlingen			
,	Deferred	Deferred	
	Outflows of	Inflows of	
Difference is a boundary of a standard and a standa	Resources	Resources	
Differences between expected and actual economic experience	\$ 63,407	\$ (57,430)	
(net of current year amortization) Changes in actuarial assumptions	\$ 63,407 380,049	\$ (57,430)	
Differences between projected and actual investment earnings	300,043		
(net of current year amortization)	_	(2,096,178)	
Contributions subsequent to the measurement date	759,537	(2,030,170)	
Total	\$ 1,202,993	\$ (2,153,608)	
Component Unit			
Valley International Airport			
Tana, manananan mpan	Deferred	Deferred	
	Outflows of	Inflows of	
	Resources	Resources	
Differences between expected and actual economic experience			
(net of current year amortization)	\$ 3,546	\$ (3,200)	
Changes in actuarial assumptions	21,957	-	
Differences between projected and actual investment earnings		(440.072)	
(net of current year amortization)	-	(110,073)	
Contributions subsequent to the measurement date	38,028	-	
Total	\$ 63,531	\$ (113,273)	
Component Unit			
Harlingen Waterworks System			
,	Deferred	Deferred	
	Outflows of	Inflows of	
	Resources	Resources	
Differences between expected and actual economic experience			
(net of current year amortization)	\$ 89,251	\$ -	
Changes in actuarial assumptions	679,601	(1,267,668)	
Differences between projected and actual investment earnings	122.000	(40.000)	
(net of current year amortization)	133,092	(18,010)	
Contributions subsequent to the measurement date	176,929	-	
Total	\$ 1,078,873	\$ (1,285,678)	

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NOTE 23 – PENSION PLANS – Continued

Harlingen Firemen's Relief and Retirement Fund

Plan Description

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

A stand-alone report for the Firemen's Relief and Retirement Fund is publicly available at City Hall located at 118 East Tyler, Harlingen, Texas 78550, and complies with GASB Cod. Sec. Pe5, Pension Plans Administered Through Trusts That Meet Specified Criteria – Defined Benefit.

Firefighters employed by the Harlingen Fire Department are covered by the Firemen's Relief and Retirement Fund. In prior year, the fund changed its year end to September 30. September 30, 2017 is the most recent information available. The table below summarizes the membership of the fund at September 30, 2017:

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

b. Nonvested 77 3. Total 185

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 15% of their pay to the fund. The City of Harlingen is required to make contributions which will equal 15% of pay. The benefit and contribution provisions of this plan are authorized by the Texas Local Fire Fighters Retirement Act (TLFFRA).

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

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

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

Method Used to Value Investments

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

NOTE 23 - PENSION PLANS - Continued

Actuarial Assumptions

Valuation date

Actuarially determined contributions rates

Methods and assumptions used to determine contribution rates:

Actuarial cost method

Amortization method Asset valuation method

Remaining amortization period Salary increases Payroll Growth

September 30, 2017

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

59.1 years Market Value 5.00% per annum

3.50%

Investment rate of return

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.

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 generationally with Scale MP-2016. The discount rate was decreased from 8.00% to 7.75% 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 September 30, 2017 (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	(Arithmetic)
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 7.75%. The projection of cash flows used to determine the discount rate assumed that the City contribution would equal 15.00% of payroll and that member contributions would equal 15.00% of compensation. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension investments of 7.75% was applied to all period of benefit payments to determine the total pension liability.

NOTE 23 - PENSION PLANS - Continued

Changes in Assumptions

Harlingen Firemen's Relief and Retirement Fund

Harringen Firemen's Relief and Retirement Fund	Increase (Decrease)				
	(2)	, ,	(a) (b)		
	(a) Total Pension	(b) Plan Fiduciary	(a) - (b) Net Pension		
		,			
Dalamas at Camtauria and 20, 2016	Liability	Net Position	Liability (Asset)		
Balance at September 30, 2016	\$ 66,750,313	\$ 28,747,083	\$ 38,003,230		
Changes for the year					
Service Cost	1,944,931	-	1,944,931		
Interest	3,446,714	-	3,446,714		
Change in benefit terms	163,430	-	163,430		
Difference between expected/actual			-		
experience	(1,961,210)	-	(1,961,210)		
Changes of assumptions	(18,585,414)	-	(18,585,414)		
Contribution - employer	-	921,686	(921,686)		
Contribution - member	_	921,686	(921,686)		
Net investment income	-	2,880,522	(2,880,522)		
Benefit payments, including refunds of		,,-	(//- /		
employee contributions	(2,197,233)	(2,197,233)	_		
Administrative expenses	(=)===;	(49,365)	49,365		
Other charges	_	-	-		
Net charges	(17,188,782)	2,477,296	(19,666,078)		
Balance at September 30, 2017	\$ 49,561,531	\$ 31,224,379	\$ 18,337,152		
Butunee at September 30, 2017	Ţ 1 3,301,331	Ţ 31,224,373	7 10,557,152		
Harlingen Firemen's Relief and Retirement Fund					
Training en i memen a nemer and nessi emener and		Deferred	Deferred		
		Outflows of	Inflows of		
		Resources	Resources		
Differences between expected and actual economic ex	perience				
(net of current year amortization)		\$ -	\$ (792,721)		
Changes in actuarial assumptions		-	(3,875,897)		
Differences between projected and actual investment	earnings				
(net of current year amortization)		660,801	-		
Contributions subsequent to the measurement date		1,926,732	-		
Total		\$ 2,587,533	\$ (4,668,618)		

In the City of Harlingen, Valley International Airport, Harlingen Waterworks System and the Firemen's Relief and Retirement Fund, \$759,537, \$38,028, \$176,929 and \$1,926,732, 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, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Mur	nicipal Pension		Valley	H	Harlingen	Firemen's
		City of	Inte	ernational	W	aterworks	Relief and
Year ending September 30,		Harlingen		Airport		System	Retirement
2019	\$	575,016	\$	38,044	\$	226,145	\$ 315,948
2020		(50,584)		(579)		75,531	315,948
2021		(1,124,721)		(62,663)		(291,998)	(139,096)
2022		(1,123,057)		(62,572)		(305,734)	(238,431)
2023		-		-		-	(1,078,908)
Thereafter		-		-		-	(3,183,278)
	\$	(1,723,346)	\$	(87,770)	\$	(296,056)	\$ (4,007,817)

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

	1% Decrease in	Discount	1% Increase in
	Discount Rate	Rate	Discount Rate
	(6.75%)	(7.75%)	(8.75%)
Fiduciary Fund			
Harlingen Firemen's Relief and Retirement Fund	\$ 24,462,121	\$ 18,337,152	\$ 13,272,647

Retirement Savings Plan

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

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

Employees are 100% vested immediately. The City's total contribution to the plan during fiscal year 2018 was \$667,446. The Economic Development Corporation's and the Airport's contribution to the plan during fiscal year 2017 was \$32,451 and \$53,192, respectively.

NOTE 24 - OTHER POST EMPLOYMENT BENEFITS

Retiree Health Care Plans

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB) replaces the requirements of GASB Statement No. 45: Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB). An actuarial valuation to determine the total OPEB liability is required to be performed at least every two years. The authority for establishing or amending the plan's provisions lies with the City. The City maintains the authority for establishing or amending contribution requirements. The City's and System's latest valuations are dated December 31, 2017, 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 23, 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. Retirees are required to enroll in Medicare once eligible. 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-inservice benefit to a surviving spouse; however, through TMRS, there is a \$7,500 death benefit as explained in Note 24.

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 actuarially determined contribution of the employer ("ADC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The ADC represents an accrual that, if expensed annually, will recognize the normal cost each year and an amount to amortize any unfunded actuarial liabilities (or funding excess) over thirty years. The City 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

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date: December 31, 2017

Methods and Assumptions

Actuarial Cost Method Individual Entry-Age Normal Discount Rate 3.31% as of December 31, 2017

Inflation 2.50%

Salary Increases TMRS/TCG: 3.50% to 10.50%, including inflation

Firefighter: 5.00%, including inflation

Demographic Assumptions Mortality TMRS: Based on the experience study covering the four-year period ending

December 31, 2014 as conducted for the Texas Municipal Retirement System

(TMRS).

TCG: The TRMS demographic assumptions were applied to TCG employees with a modification to retirement rates for TCG employees before age 60. Firefighters: Based on the actuarial valuation for the firemen's Relief and

Retirement Fund for year ended September 30, 2017.

Mortality TMRS and TCG: For health retirees, the gender-distinct RP-2000 Combined

Healthy Mortality Tables with Blue Collar Adjustment are used with make rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. Firefighters: For healthy retirees, the gender-distinct RP-2014 Healthy Annuitant Mortality Tables with Blue Collar Adjustment adjusted backward to 2006 by Scale MP-2014. The rates are projected on a fully generational basis by Scale MP-2016 to account for future mortality

improvements.

Health Care Trend Rates Initial rate of 7.20% declining to an ultimate rate of 4.25% after 14 years

Participation Rates 45% for those retiring after age 50; 20% for those retiring before age 50; 45%

for disabled retirees. No participation after retiree reaches eligibility age for

Medicare.

Other Information:

Notes The discount rate changed from 3.81% as of December 31, 2106 to 3.31% as of

December 31, 2107.

Discount Rate: For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 3.31% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The discount rate was 3.81% as of the prior measurement date.

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

NOTE 24 - OTHER POST EMPLOYMENT BENEFITS - Continued

Summary of Membership Information: The following table provides a summary of the number of participants in the plan as of December 31, 2017:

Retiree Health Care Plans

		Valley	Harlingen
		International	Waterworks
	City	Airport	System
Inactive plan members or beneficiaries currently receiving benefits	43	1	92
Inactive plan members entitled to but not yet receiving benefits	-	0	7
Active plan members	571	39	135
Total plan members	614	40	234

Sensitivity of Total OPEB Liability to the Discount Rate Assumption: Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 3.31%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

1% Decrease		6 Decrease	Current Discount		1% Increase	
		2.31%	Rate	Assumption		4.31%
City	\$	5,118,063	\$	4,671,309	\$	4,366,995
Valley International Airport		328,423		313,420		280,228
Harlingen Waterworks		12,222,941		10,560,920		9,217,867

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

			Curre	ent Discount			
	1%	6 Decrease	Rate	Rate Assumption		1% Increase	
City	\$	4,623,097	\$	4,671,309	\$	5,507,206	
Valley International Airport		278,773		313,420		332,085	
Harlingen Waterworks		9,040,342		10,560,920		12,485,458	

NOTE 24 - OTHER POST EMPLOYMENT BENEFITS - Continued

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

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

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

Employer contributions (benefit payments for unfunded plans) made subsequent to the measurement date of the total OPEB liability (December 31, 2017) and prior to the end of the employer's reporting period (September 30, 2018) should be reported by the employer as a deferred outflow related to OPEB. See paragraph 159 of GASB Statement No. 75 for plans that do not have formal assets.

The benefit payments made subsequent to the measurement date were \$164,689 (\$46,749 of explicit premium subsidies and \$117,940 of implicit subsidies). The implicit subsidy was estimated by multiplying the total premiums (employer and retiree portions combined) for retirees of \$199,898 by 0.590. The 0.590 factor equals the ratio of the expected implicit subsidy to the expected total premiums. The calculation is similar to how the benefit payments for the measurement period were developed.

City	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between expected and actual experience Changes in assumptions	\$	- 161,487	\$	-
Contributions subsequent to the measurement date		161,209		-
Total	\$	322,696	\$	-

Valley International Airport	Deferred Outflows		Deferred Inflows	
	of Resources		of Resources	
Differences between expected and actual experience	\$	-	\$	-
Changes in assumptions		10,510		-
Contributions subsequent to the measurement date		3,480		-
Total	\$	13,990	\$	-

NOTE 24 - OTHER POST EMPLOYMENT BENEFITS - Continued

Harlingen Waterworks	Deferred Outflows		Deferred Inflows	
	of Resources		of Resources	
Differences between expected and actual experience	\$	-	\$	-
Changes in assumptions		527,898		-
Contributions subsequent to the measurement date		201,216		-
Total	\$	729,114	\$	-

Deferred outflows of resources resulting from contributions subsequent to the measurement date of \$161,209, \$3,480 and \$201,216 for the City, Valley International Airport and the Harlingen Waterworks, respectively, will be recognized as a reduction of the total OPEB liability for the measurement year ending December 31, 2018 (i.e. recognized in the Airport's financial statements as of September 30, 2019). Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	V		Valley	Н	Iarlingen
	City of	Inte	rnational	W	aterworks
Year ending September 30,	Harlingen	F	\irport		System
2019 2020	\$ 20,773 20,773	\$	1,333 1,333	\$	178,549 178,549
2021	20,773		1,333		170,800
2022	20,773		1,333		-
2023	20,773		1,333		-
Thereafter	57,622		3,845		-
	\$ 161,487	\$	10,510	\$	527,898

Supplemental Death Benefits Fund

Plan Description. The City, Valley International Airport and the System also participate in the single employer defined benefit plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect to provide group-term life insurance coverage (Supplemental Death Benefits) for their active members, including or not including retirees. The City, Valley International Airport and the System elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City, Valley International Airport and the System may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Benefits. Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered a postemployment benefit other than pension benefit (OPEB) and is a fixed amount of \$7,500. The obligation of this plan are payable only from the SDBF and are not an obligation of, or claim against, the pension trust fund.

NOTE 24 - OTHER POST EMPLOYMENT BENEFITS - Continued

Employees covered by benefit terms. At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

		Valley	Harlingen
		International	Waterworks
	City	Airport	System
Inactive employees or beneficiaries currently receiving benefits	168	92	92
Inactive employees entitled to but not yet receiving benefits	28	7	7
Active employees	44	135	135
Total	240	234	234

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

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

City of Harlingen

	Total SDBF	Retiree Portion of SDBF
Year	Contribution	Contribution
Plan	Rate	(Rate)
2018	0.33%	0.16%
2017	0.31%	0.14%
2016	0.29%	13.00%

NOTE 24 - OTHER POST EMPLOYMENT BENEFITS - Continued

Valley International Airport

Year	Total SDBF Contribution	Retiree Portion of SDBF Contribution
Plan	Rate	(Rate)
2018	0.13%	0.13%
2017	0.13%	0.13%
2016	0.13%	0.13%
Harlingen Waterworks		
	Total SDBF	Retiree Portion of SDBF
Year	Contribution	Contribution
Plan	Rate	(Rate)
2018	0.26%	0.09%
2017	0.26%	0.09%
2016	0.26%	0.09%

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

The City's contributions to the TMRS SDBF for the years ended 2018, 2017 and 2016 were \$29,404, \$27,505 and \$29,452, respectively, which equaled the required contributions each year.

The Valley International Airport's contributions to the TMRS SDBF for the years ended 2018, 2017 and 2016 were \$700, \$700 and \$667, respectively, which equaled the required contributions each year.

The System's contributions to the TMRS SDBF for the years ended 2018, 2017 and 2016 were \$5,471, \$5,422 and \$5,372, respectively, which equaled the required contributions each year.

			Vall	ey	Har	lingen
	Cit	y of	Inte	rnationa	wa ⁻	terworks
	На	rlingen	Airp	ort	Syst	tem
Service Cost	\$	19,919	\$	1,110	\$	14,385
Interest on liability		47,365		2,639		17,569
Changes of assumptions		100,085		5,576		37,652
Benefit payments		(13,279)		(740)		(5,394)
Net change in total liability	\$	154,090	\$	8,585	\$	64,212

NOTE 24 - OTHER POST EMPLOYMENT BENEFITS - Continued

Funding policy. The Total Death Benefit OPEB Liability (TOL) shown in this report is based on an actuarial valuation performed as of December 31, 2017, the measurement date. The SDBF covers both inactive and retiree benefits with no segregation of assets, and therefore, doesn't meet the definition of a trust under GASB Statement No. 75, no assets are accumulated for OPEB. As such, the SDBF is considered to be an unfunded plan with benefit payments treated as being equal to the employer's annual contributions for retirees. Under the reporting parameters, the City of Harlingen, Valley International Airport and the Harlingen Waterworks System's death benefit plans is 0.0% funded

Valuation date: December 31, 2017

Methods and Assumptions

Discount rate 3.31% as of December 31, 2017

Inflation 2.50%

Salary increases 3.50% to 10.50%, including inflation

Retirees' share of benefit-related costs \$-0

Administrative expenses All administrative expenses are paid through the Pension Trust and accounted

for under reporting requirements under GASB Cod. Sec. P20, *Pension Activities*. RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates

Mortality rates – service retirees RP2000 Combined Mortality Table with Blue Collar Adjustment with male rate multiplied by 109% and female rates multiplied by 103% and projected on a

fully generational basis with scale BB.

Mortality rates – disabled retirees RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates

multiplied by 109% with a three year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account

for future mortality improvements subject to the 3% floor.

Health Care Trend Rates Initial rate of 7.20% declining to an ultimate rate of 4.25% after 14 years

Participation Rates 45% for those retiring after age 50; 20% for those retiring before age 50; 45%

for disabled retirees. No participation after retiree reaches eligibility age for

Medicare.

Other Information:

Notes The discount rate was based on the Fidelity Index's "20-year Municipal GO AA

Index" rate as of December 31, 2017. The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City of Harlingen, Valley International Airport and the Harlingen Waterworks, calculated using a discount rate that is one percentage-point lower (2.31% or one percentage-point higher (4.31%).

	1% Decrease		1% Increase
	2.31%	Rate Assumption	4.31%
City	\$1,657,663	\$1,403,806	\$1,203,179
Valley International Airport	\$92,359	\$78,215	\$67,037
Harlingen Waterworks	\$619,579	\$524,495	\$448,887

NOTE 24 - OTHER POST EMPLOYMENT BENEFITS - Continued

Recognition of deferred outflows and deferred inflows of resources. Differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period. At September 30, 2018, the City of Harlingen, Valley International Airport and the Harlingen Waterworks System reported deferred outflows of resources related to OPEB from the following resources that are being amortized over a 3.240 year period for the City of Harlingen and Valley International Airport and 5.470 year for the Harlingen Waterworks System year:

City of Harlingen

		red Outflows Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$	-	Ś	-	
Changes in assumptions	Ψ	68,274	Ψ	-	
Contributions subsequent to the measurement date		21,987		-	
Total	\$	90,261	\$	-	

Valley International Airport

	 ed Outflows esources	 ed Inflows sources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	3,855	-
Contributions subsequent to the measurement date	1,101	-
Total	\$ 4,956	\$ -

Harlingen Waterworks System

	Deferi	red Outflows	Deferre	ed Inflows
	of I	Resources	of Re	sources
Differences between expected and actual experience	\$	-	\$	-
Changes in assumptions		30,769		-
Contributions subsequent to the measurement date		4,228		-
Total	\$	34,997	\$	-

Deferred outflows of resources resulting from contributions subsequent to the measurement date of \$4,228 will be recognized as a reduction of the total OPEB liability for the measurement year ending December 31, 2018 (i.e. recognized in the City of Harlingen, Valley International Airport and Harlingen Waterworks System's financial statements as of September 30, 2019.) Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

			Valley		Ha	arlingen		
	City of		International		International		Wa	terworks
Year ending September 30,		Harlingen		irport	9	System		
2019	\$	30,890	\$	1,721	\$	6,883		
2020		30,890		1,721		6,883		
2021		6,494		413		6,883		
2022		-		-		6,883		
Thereafter		-		-		3,237		
	\$	68,274	\$	3,855	\$	30,769		

NOTE 24 - OTHER POST EMPLOYMENT BENEFITS - Continued

Changes in the Supplemental Death Benefit Fund is as follows:

		Va	lley	Harlingen		
	City of		City of Internationa			
	Harlingen		n Airport		tem	
Service Cost	\$ 19,919	\$	1,110	\$	14,385	
Interest on liability	47,365		2,639		17,569	
Changes of assumptions	100,085		5,576		37,652	
Benefit payments	(13,279)	(740)		(5,394)	
Net change in total liability	\$ 154,090	\$	8,585	\$	64,212	
Total OPEB liability as of 12/31/2016	1,249,716		69,630		460,283	
Net change in total OPEB liability	154,090		8,585		64,212	
Total OPEB liability as of 12/31/2017	\$1,403,806	\$	78,215	\$	524,495	
Covered employee payroll	\$9,485,134	\$	528,477	\$ 5	5,993,680	
Total OPEB liability as a percentage						
of covered-employee payroll	14.80%	6	14.80%		8.75%	
Percentage of OPEB liability funded	0.00%	6	0.00%		0.00%	

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 \$429,170 and \$637,017 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, 2018 targeted qualifying infrastructure improvements for the project totaled \$886,416 of which \$520,000 have been reimbursed to the Harlingen Economic Development Corporation.

NOTE 27 – COMPLIANCE AND ACCOUNTABILITY

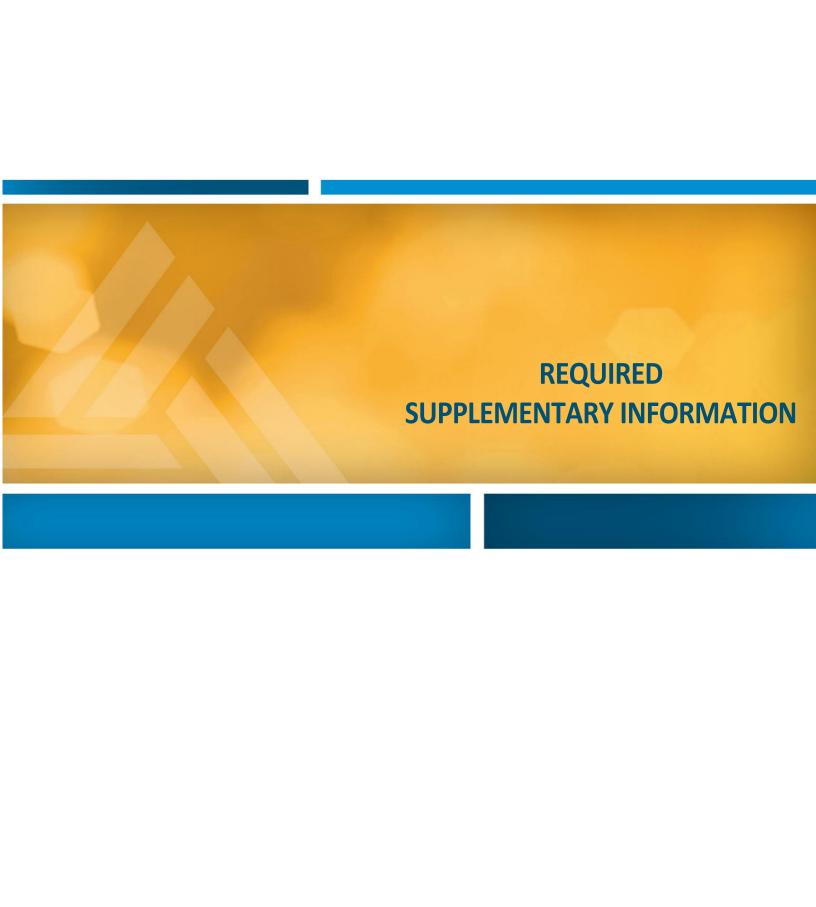
Finance-Related Legal and Contractual Provision

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. No violations in the current year.

NOTE 28 – PRIOR PERIOD ADJUSTMENT

Change in Accounting Principle

During the fiscal year 2018, the City adopted GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. A restatement to beginning net position was required for the recording of the beginning net OPEB liability and for the recording of deferred outflows of resources for contributions made after the measurement date of the beginning net OPEB liability and the beginning of the reporting entities fiscal year. Beginning net position as of October 1, 2017 has been restated for the implementation of GASB Statement No. 75 by \$(6,172,631) and \$(1,488,608) for the aggregate discretely presented component units and governmental activities, respectively. The prior period adjustment resulted in a restated beginning net position balance of \$148,565,579 and \$104,012,784 for the aggregate discretely presented component units and the governmental activities, respectively.



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

Year ended September 30, 2018

	Budget			Variance Positive		
	Original	Final	Actual Amount (GAAP BASIS)	(Negative)		
Revenues	211811121		(0	(110821110)		
Property taxes - including penalty and interest	\$ 14,684,466	\$ 14,899,803	\$ 14,763,466	\$ (136,337)		
Nonproperty taxes	20,146,328	21,219,562	22,458,031	1,238,469		
Fines and forfeitures	1,710,265	1,160,265	918,840	(241,425)		
Licenses and permits	548,500	543,500	655,628	112,128		
Charges for services	1,745,055	1,821,994	1,403,079	(418,915)		
Intergovernmental	1,138,486	1,169,835	1,176,253	6,418		
Contributions and donations	-	215,891	893,039	677,148		
Miscellaneous	290,800	310,800	182,243	(128,557		
Interest and investment income	50,200	196,200	310,605	114,405		
Total revenues	40,314,100	41,537,850	42,761,184	1,223,334		
Expenditures						
Current						
General government	5,830,579	6,078,504	5,728,253	350,251		
Public safety	24,141,330	24,087,001	23,361,243	725,758		
Highways and streets	3,558,190	3,606,880	3,300,201	306,679		
Health and welfare	872,260	872,825	841,556	31,269		
Community and economic development	1,901,750	1,922,472	1,589,678	332,794		
Culture and recreation	5,295,192	5,542,176	5,292,513	249,663		
Capital outlay	826,309	2,119,670	1,420,920	698,750		
Debt service						
Principal retirement	169,340	169,340	169,340	-		
Interest and fiscal agent fees	22,837	22,837	22,837	_		
Total expenditures	42,617,787	44,421,705	41,726,541	2,695,164		
·	.2,027,707	, .=1,, 00	. 1,7 10,0 . 1	2,000,101		
Excess (deficiency) of revenues over (under) expenditures	(2,303,687)	(2,883,855)	1,034,643	(1,471,830)		
over (under) expenditures	(2,303,067)	(2,003,033)	1,034,043	(1,471,030)		
Other financing sources (uses)						
Transfers in	2,189,457	2,436,957	2,436,996	39		
Transfers out	(660,485)	(894,558)	(1,435,866)	(541,308		
Proceeds from capital lease	10,000.00	45,000.00	97,777	52,777		
Sale of capital assets	-	-	54,361	54,361		
Total other financing sources (uses)	1,538,972	1,587,399	1,153,268	(434,131		
Net change in fund balance	\$ (764,715)	\$ (1,296,456)	2,187,911	\$ (1,905,961		
Fund balances, beginning of year			18,512,353			
Fund balance, end of year			\$ 20,700,264			

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

December 31,	2017	2016	2015	2014
Primary Government				
Total Pension Liability Service cost Interest (on the total pension liability) Changes between expected and actual experience Changes of assumptions Benefit payments, including refunds of employee	\$ 1,139,165 5,637,008 (85,720) -	\$ 1,211,932 5,530,102 70,485 -	\$ 1,189,819 5,380,389 195,849 2,134,116	\$ 1,201,361 5,215,687 (389,230)
Contributions	(5,107,176)	(4,531,322)	(4,593,104)	(4,267,819)
Net change in total pension liability	1,583,277	2,281,197	4,307,069	1,759,999
Total pension liability - beginning	84,391,308	82,110,111	77,803,042	76,043,043
Total pension liability - ending (a)	\$ 85,974,585	\$ 84,391,308	\$ 82,110,111	\$ 77,803,042
Plan Fiduciary Net Position Contributions - employer Contributions - employee Net investment income Benefit payments, including refunds of employee contributions Administrative expenses Other	\$ 1,008,033 665,782 10,951,823 (5,107,176) (56,786) (2,878)	\$ 703,281 702,791 5,212,220 (4,531,322) (58,915) (3,173)	\$ 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	7,458,798	2,024,882	(2,938,522)	1,843,114
Plan fiduciary net position - beginning	77,954,391	75,927,456	78,865,978	77,022,864
Plan fiduciary net position - ending (b)	85,413,189	77,952,338	75,927,456	78,865,978
Net pension liability (asset) - ending (a) - (b)	\$ 561,396	\$ 6,438,970	\$ 6,182,655	\$ (1,062,936)
Plan fiduciary net position as a percentage of total pension liability	99.35%	92.37%	92.47%	101.37%
Covered payroll	\$ 9,485,119	\$ 10,032,541	\$ 10,671,014	\$ 11,326,026
Net pension liability (asset) as a percentage of covered payroll	5.92%	64.18%	57.94%	-9.38%

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

December 31,		2017		2016		2015		2014
Valley International Airport								
Total Pension Liability								
Service cost	\$	63,470	\$	65,012	\$	68,742	\$	84,866
Interest (on the total pension liability)		314,074		295,958		311,603		368,446
Changes between expected and actual experience		(4,776)		3,781		11,315		(27,496)
Changes of assumptions		-		-		123,300		-
Benefit payments, including refunds of employee								
Contributions		(284,554)		(243,075)		(265,369)		(301,487)
Net change in total pension liability		88,214		121,676		249,591		124,329
Total pension liability - beginning		5,867,417		5,745,741		5,496,150		5,371,821
Total pension liability - ending (a)	\$	5,955,631	\$	5,867,417	\$	5,745,741	\$	5,496,150
Plan Fiduciary Net Position								
Contributions - employer	\$	56,164	\$	37,726	\$	49,815	\$	66,814
Contributions - employee	•	37,095	•	37,700	•	43,206	•	57,176
Net investment income		610,196		279,711		6,805		311,215
Benefit payments, including refunds of employee								
contributions		(284,554)		(243,075)		(265,369)		(301,487)
Administrative expenses		(3,164)		(3,160)		(4,145)		(3,250)
Other		(160)		(170)		(205)		(267)
Net change in plan fiduciary net position		415,577		108,732		(169,893)		130,201
Plan fiduciary net position - beginning		5,510,222		5,401,490		5,571,383		5,441,182
Plan fiduciary net position - ending (b)		5,925,799		5,510,222		5,401,490		5,571,383
Net pension liability (asset) - ending (a) - (b)	\$	29,832	\$	357,195	\$	344,251	\$	(75,233)
Plan fiduciary net position as a percentage of total								
pension liability		99.50%		93.91%		94.01%		101.37%
Covered payroll	\$	528,477	\$	538,179	\$	616,523	\$	800,089
Net pension liability (asset) as a percentage of								
covered payroll		5.64%		66.37%		55.84%		-9.40%

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

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

December 31,	2017		2016	2015	2014
Harlingen Waterworks System					
Total Pension Liability Service cost Interest (on the total pension liability) Changes between expected and actual experience Changes of assumptions Benefit payments, including refunds of employee Contributions	\$ 538,832 1,497,198 88,270 - (1,420,743)	\$	539,599 1,453,483 42,791 - (1,354,964)	\$ 487,964 1,420,126 130,618 579,040 (1,441,031)	\$ 457,206 1,395,895 (168,074) - (1,267,474)
Net change in total pension liability	703,557		680,909	1,176,717	 417,553
Total pension liability - beginning	22,621,672		21,940,763	20,764,046	 20,346,493
Total pension liability - ending (a)	\$ 23,325,229	\$	22,621,672	\$ 21,940,763	\$ 20,764,046
Plan Fiduciary Net Position Contributions - employer Contributions - employee Net investment income Benefit payments, including refunds of employee contributions Administrative expenses Other	\$ 104,889 419,558 3,088,807 (1,420,743) (16,016) (811))	35,295 418,757 1,469,085 (1,354,964) (16,598) (894)	\$ 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	2,175,684		550,681	(970,480)	485,657
Plan fiduciary net position - beginning	22,297,691		21,747,010	22,717,490	 22,231,833
Plan fiduciary net position - ending (b)	24,473,375		22,297,691	21,747,010	22,717,490
Net pension liability (asset) - ending (a) - (b)	\$ (1,148,146)	\$	323,981	\$ 193,753	\$ (1,953,444)
Plan fiduciary net position as a percentage of total pension liability	104.92%	ı	98.57%	99.12%	109.41%
Covered payroll	\$ 5,449,089	\$	5,982,248	\$ 616,523	\$ 800,089
Net pension liability (asset) as a percentage of covered payroll	-21.07%		5.42%	31.43%	-244.15%

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

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

September 30,	2017	2016	2015	2014
Firemen's Relief and Retirement Fund				_
Total Pension Liability Service cost Interest (on the total pension liability) Changes between expected and actual experience Change in benefit terms Changes of assumptions Benefit payments, including refunds of employee Contributions	\$ 1,944,931 3,446,714 (1,961,210) 163,430 (18,585,414) (2,197,233)	\$ 1,516,733 2,510,978 - - - - (2,096,539)	\$ 1,155,376 3,358,422 1,419,943 - 19,242,950 (2,364,932)	\$ 1,069,793 3,192,593 - - - - (2,185,334)
Net change in total pension liability	(17,188,782)	1,931,172	22,811,759	2,077,052
Total pension liability - beginning	66,750,313	64,819,141	42,007,379	39,930,327
Total pension liability - ending (a)	\$ 49,561,531	\$ 66,750,313	\$ 64,819,138	\$ 42,007,379
Plan Fiduciary Net Position Contributions - employer Contributions - employee Net investment income Benefit payments, including refunds of employee contributions Administrative expenses Other	\$ 921,686 921,686 2,880,522 (2,197,233) (49,365)	\$ 590,451 590,451 1,983,028 (2,096,539) (24,755)	\$ 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	2,477,296	1,042,636	(1,438,637)	799,756
Plan fiduciary net position - beginning	28,747,083	27,704,447	29,143,084	28,343,328
Plan fiduciary net position - ending (b)	31,224,379	28,747,083	27,704,447	29,143,084
Net pension liability - ending (a) - (b)	\$ 18,337,152	\$ 38,003,230	\$ 37,114,691	\$ 12,864,295
Plan fiduciary net position as a percentage of total pension liability	63.00%	43.07%	42.74%	69.38%
Covered payroll	\$ 6,213,613	\$ 4,541,931	\$ 6,482,292	\$ 5,958,900
Net pension liability as a percentage of covered payroll	295.11%	836.72%	572.56%	215.88%

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

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

September 30,	2018		2017	2016	2015
Primary Government					
Actuarially determined contribution	\$ 1,015,206	\$	968,003	\$ 771,480	\$ 903,260
Contributions in relation to actuarially determined contribution	(1,015,206)		(968,003)	(771,480)	(903,260)
Contribution deficiency (excess)	\$ -	\$	-	\$ -	\$ _
Covered payroll	\$ 9,074,574	\$	9,762,487	\$ 10,155,938	\$ 10,771,145
Contributions as a percentage of covered payroll	11.19%	5	9.92%	7.60%	8.39%
Valley International Airport					
Actuarially determined contribution	\$ 51,757	\$	51,757	\$ 40,663	\$ 56,067
Contributions in relation to actuarially determined contribution	(51,757))	(51,757)	(40,663)	(56,067)
Contribution deficiency (excess)	\$ -	\$	-	\$ -	\$ -
Covered payroll	\$ 538,433	\$	538,433	\$ 535,692	\$ 691,171
Contributions as a percentage of covered payroll	9.61%	•	9.61%	7.59%	8.11%
Harlingen Waterworks System					
Actuarially determined contribution	\$ 113,427	\$	104,708	\$ 26,964	\$ 61,279
Contributions in relation to actuarially determined contribution	(113,427))	(104,708)	(26,964)	(61,279)
Contribution deficiency (excess)	\$ -	\$	-	\$ -	\$ -
Covered payroll	\$ 6,078,926	\$	6,024,295	\$ 5,982,248	\$ 5,674,004
Contributions as a percentage of covered payroll	1.87%	,	1.74%	0.45%	1.08%
Harlingen Firemen's Relief and Retirement Fund					
Actuarially determined contribution	\$ 1,843,372	\$	1,843,372	\$ 1,685,396	\$ 1,549,314
Contributions in relation to actuarially determined contribution	(1,843,372))	(1,843,372)	(1,685,396)	(1,549,314)
Contribution deficiency (excess)	\$ -	\$	-	\$ -	\$
Covered payroll	\$ 6,213,613	\$	6,213,613	\$ 6,482,292	\$ 5,958,900
Contributions as a percentage of covered payroll	29.67%	•	29.67%	26.00%	26.00%

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

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

Primary Government

		Year ended	
		ecember 31, 2017	
Total OPEB Liability		2017	
Service cost	\$	215,848	
Interest (on the total OPEB liability)		178,179	
Changes of benefit terms		-	
Difference between expected and actual experience		-	
Change of assumputions		196,396	
Benefit payments, including refunds of employee contributions		(255,306)	
Net Change in Total OPEB Liability		335,117	
Total OPEB Liability - Beginning		4,696,342	
Total OPEB Liability - Ending (a)	\$	5,031,459	
Covered Employee Payroll	\$	26,070,624	
Total OPEB Liability as a Percentage of Covered Employee Payroll		19.30%	
Valley International Airport			
,	Р	lan Year ended	
		December 31,	
		2017	_
Total OPEB Liability			_
Service cost		\$ 13,017	,
Interest (on the total OPEB liability)		10,745	;
Changes of benefit terms		-	-
Difference between expected and actual experience		-	-
Change of assumputions		11,844	ļ
Benefit payments, including refunds of employee contributions	_	(5,394	ŀ)
Net Change in Total OPEB Liability		30,212	<u>'</u>
Total OPEB Liability - Beginning	_	283,209	_
Total OPEB Liability - Ending (a)		\$ 313,421	_
Covered Employee Payroll	9	\$ 1,572,168	}
Total OPEB Liability as a Percentage of Covered Employee Payroll		19.94%	%

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

Harlingen Waterworks System

,	Plan	Year ended
	D	ecember 31,
Total OPEB Liability		2017
Service cost	\$	188,372
Interest (on the total OPEB liability)		364,448
Changes of benefit terms		-
Difference between expected and actual experience		-
Change of assumputions		706,447
Benefit payments, including refunds of employee contributions		(339,430)
Net Change in Total OPEB Liability		919,837
Total OPEB Liability - Beginning		9,641,083
Total OPEB Liability - Ending (a)	\$	10,560,920
Covered Employee Payroll	\$	2,699,342
Total OPEB Liability as a Percentage of Covered Employee Payroll		391.24%

City of Harlingen, Texas Schedule of Changes in Total OPEB Liability and Related Ratios Single-Employer OPEB Plan Texas Municipal Retirement System (TMRS) - Supplemental Death Benefits Fund

Primary Government

·		Year ended cember 31,
		2017
Total OPEB Liability		
Service cost	\$	19,919
Interest (on the total OPEB liability)		47,365
Changes of benefit terms		-
Difference between expected and actual experience		-
Change of assumputions		100,085
Benefit payments, including refunds of employee contributions		(13,279)
Net Change in Total OPEB Liability		154,090
Total OPEB Liability - Beginning		1,249,719
Total OPEB Liability - Ending (a)	\$	1,403,809
Covered Employee Payroll	\$	9,485,119
Total OPEB Liability as a Percentage of Covered Employee Payroll		14.80%
Valley International Airport		
	Plan \	Year ended
	De	cember 31,
		2017
Total OPEB Liability		
Service cost	\$	1,110
Interest (on the total OPEB liability)		2,639
Changes of benefit terms		-
Difference between expected and actual experience		-
Change of assumputions		5,576
Benefit payments, including refunds of employee contributions		(740)
Net Change in Total OPEB Liability		8,585
Total OPEB Liability - Beginning		69,630
Total OPEB Liability - Ending (a)	\$	78,215
Covered Employee Payroll	\$	528,477

City of Harlingen, Texas Schedule of Changes in Total OPEB Liability and Related Ratios Supplemental Death Benefits Fund - Continued

Harlingen Waterworks System

,	Plan	Year ended
	Dε	ecember 31,
Total OPEB Liability		2017
Service cost	\$	14,385
Interest (on the total OPEB liability)		17,569
Changes of benefit terms		-
Difference between expected and actual experience		-
Change of assumputions		37,652
Benefit payments, including refunds of employee contributions		(5,394)
Net Change in Total OPEB Liability		64,212
Total OPEB Liability - Beginning		460,283
Total OPEB Liability - Ending (a)	\$	524,495
Covered Employee Payroll	\$	5,993,680
Total ODER Liability as a Parsentage of Covered Employee Payrell		8.75%
Total OPEB Liability as a Percentage of Covered Employee Payroll		8.75%

City of Harlingen, Texas **Notes to Required Supplementary Information Schedule of Contributions**

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%

Experience – based table based on rates that are specific to the Retirement Age

> 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

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 $\frac{1}{2}$

BB.

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

City of Harlingen, Texas Notes to Required Supplementary Information Budget Information

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).

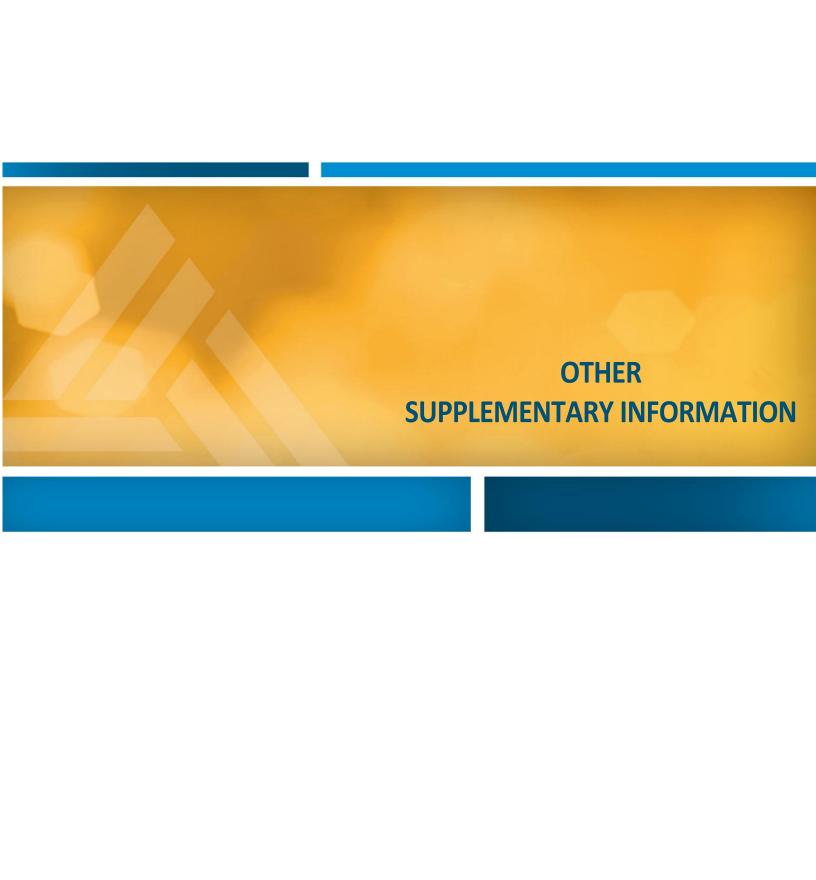
Unused appropriations for all of the above annually budgeted funds lapse at the end of each year. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

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.

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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 *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 2001 Fund* is used to account for the construction of various bond projects.

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

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

DEBT SERVICE FUND

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

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

9/30/2018+A6:X44A6:X46A6:A6:X65

						ecial Revenue					
		Tennis		Hotel/Motel	Convention		Catastrophic				
	CDBG	Court	PEG	Occupancy	Visitors		Emergency	Harlingen	Federal	State	Other
	Fund	Revenue	Fund	Tax	Bureau	M.P.O.	Relief	Downtown	Forfeiture	Forfeiture	Grants
Assets											
Cash and cash equivalents	\$ 222,052	\$ 12,568	\$ 584,035	\$ -	\$ 285,433	\$ -	\$ 263,012	\$ 86,297	\$ 64,976	\$ 275,809	\$ 30,21
Investments - other	-	-	-	484,837	-	-	563,858	48,601	-	-	-
Receivables (net of allowance for											
uncollectibles)											
Taxes	_	-	-	-	-	-	-	-		_	-
Accounts	16,722	20	25,578	88,589	-	-	-	610	-	1,375	-
Assessments	12,815		-	-	-	-	-	5,975	-	-	-
Due from other governments	· -	_	_	_	-	222,075	_		-	_	510,49
Loans receivable	1,609,874		_	_	-	-	_	_	_	_	_
Due from other funds		-	-	-	-	-	-	-		-	-
Due from component units	-	-	-	-	-	-			-	-	-
Prepaid items	-	-	-	-	4,592	290	-	-	-	1,424	-
Total assets	\$1,861,463	\$ 12,588	\$ 609,613	\$ 573,426	\$ 290,025	\$ 222,365	\$ 826,870	\$ 141,483	\$ 64,976	\$ 278,608	\$ 540,70
Liabilities											
Accounts payable	\$ 40,612	\$ 469	\$ -	\$ -	\$ 9,988	\$ 2,210	\$ 7,487	\$ 4,394	\$ 3,167	\$ 11,331	\$ 68,01
Due to other funds	100,000	-	-	259,042	-	213,495	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-		-	-
Accrued expenditures	4,447	-	-	-	4,644	5,829	-	4,094	-	-	29,09
Other liabilities	870	-	-	14,428	-	-	-	-	-	-	1,36
Unearned revenues	-	-	-	-	-	-	-	-	-	-	-
Escrow liabilities	20,302	-	-	-	-	-	-	-		-	
Total liabilities	166,231	469	-	273,470	14,632	221,534	7,487	8,488	3,167	11,331	98,47
Deferred inflows of resources											
Unavailable revenue - property taxes	_		_	_	_	_	_	_	_	_	_
Unavailable revenue - noncurrent receivables	1,609,874	_	_	_	-	-	_	-	-	_	442,22
Unavailable revenue - special assessments	12,815	-	-	-	-	-	-	5,975	-	-	-
Unavailable revenue - other	· -	-	-	-		731	-	-	-	-	-
Total deferred inflows of resources	1,622,689	-	-	-	-	731	_	5,975	_	_	442,22
Fund balance (deficit)											
Nonspendable				_	4,592	290		_	_	1,424	
Restricted	72,543	12,119	609,613	299,956	270,801	290	-	127,020	61,809	265,853	-
Committed	72,343	12,113	009,013	299,930	270,801	-	819,383		01,009	203,633	-
Unassigned	-		-	-		(190)	- 019,303	-		-	-
Total fund balance (deficit)	72,543	12,119	609,613	299,956	275,393	100	819,383		61,809	267,277	
. Sea. Tana balance (denery	, 2,343	12,113	005,015	233,330	213,333	100	013,303	127,020	01,003	201,211	
Total liabilities, deferred inflows											
of resources and fund balances	\$1,861,463	\$ 12,588	\$ 609,613	\$ 573,426	\$ 290,025	\$ 222,365	\$ 826,870	\$ 141,483	\$ 64,976	\$ 278,608	\$ 540,70

			cing	ment Finan		Revenue Fund Tax	эрсски		Free	COPS/	Communi-
	hborhood	Neigl		stment Zon			Lon C.Hill	Infrastru-	Trade	UHP	cation
Total	oilization	Stab	#3	#2		#1	Library	cture	Bridge	Grant	Center
\$ 5,559,4 1,528,1	30,800	\$	\$ 429,639 -	336,720	\$	\$ 373,347 -	\$ 86,103 20,926	\$1,910,231 -	\$ 526,558 409,895	\$ -	\$ 41,635 -
-	-		-	-		-	-	-	-	-	-
132,8	-		-	-		-	-	-	-	-	-
18,7	-		-	-		-	-	-	-	-	-
752,9	-		-	-		-	-	1,722	-	18,661	-
1,609,8	-		-	-		-	-	-	-	-	-
-	-		-	-		-	-	-	-	-	-
11,4	-		-	-		-	-	11,420	-	-	-
6,3	-		-	-		-	-	-	-	-	-
\$ 9,619,7	30,800	\$	\$ 429,639	336,720	\$	\$ 373,347	\$ 107,029	\$1,923,373	\$ 936,453	\$ 18,661	\$ 41,635
\$ 495,3		\$	\$ -		\$	\$ -	\$ 150	\$ 347,557	\$ 10	\$ -	\$ -
588,8		,	, -		ب	, .	ý 130 -	3 347,337	, 10 -	16,305	, .
500,0	_		_	_		_	_	_	_	10,505	_
50,4	_		_	_		_	_	_	_	2,356	_
16,6	_		-	_		-	_	-	-	-	
30,8	30,800		_	_		_	_	_	_	_	_
20,3	-		-	-		-	-	-	-	-	-
1,202,4	30,800		-	-		-	150	347,557	10	18,661	-
	-		-	-		-	-	-	-	-	-
2,052,1	-		-	-		-	-	-	-	-	-
18,7 7	-		-	-		-	-	-	-	-	-
2,071,6	-		-	-		-	-	-	-		-
6,3	-		-	-		-	-	-	-	-	-
2,966,2	-		429,639	336,720		373,347	106,879	-	-	-	-
3,331,6	-		-	-		-	-	1,575,816	936,443	-	-
41,4	-		-	-		-	-			-	41,635
	-		429,639	336,720		373,347	106,879	1,575,816	936,443	-	41,635

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

September 30, 2018

			Street	Petition Paving	of (ertificates Obligation Projects, eries 2001	
Assets		TOTELLICITE		JI O V CIII CIII C			
Cash and cash equivalents	\$	47,641	\$	125,290	\$ 144,772	\$	798
Investments - other	*	-	Ψ.	13,015	-	Ψ.	647,048
Receivables (net of allowance for							,
uncollectibles)							
Taxes		-		-	-		-
Accounts		-		-	11,293		-
Assessments		-		12,861	143,013		-
Due from other governments		-		-	-		-
Due from other funds		_		_			_
Due from component unit		_		_	-		_
Loans receivable		_		_			_
Prepaid items		_		_	_		_
Total assets	\$	47,641	\$	151,166	\$ 299,078	\$	647,846
Total assets	<u> </u>	17,011	· ·	131,100	ψ 2 33,073	Υ	0 17,0 10
Liabilities							
Accounts payable	\$	6,001	\$	122,956	-	\$	_
Due to other funds	•	-		-	-		_
Accrued expenditures		-		-	-		_
Other liabilities		-		-	935		-
Unearned revenues		-		-	-		-
Escrow liabilities		-		-	162,920		-
Total liabilities		6,001		122,956	163,855		-
Deferred inflows of resources							
Unavailable revenue - property taxes		-		-	-		-
Unavailable revenue - noncurrent receivables		-		-	-		-
Unavailable revenue - special assessments		-		-	-		-
Unavailable revenue - other		-		12,784	145,977		-
Total inflows of resources		-		12,784	145,977		-
Fund balances (deficit)							
Nonspendable		_		_	-		_
Restricted		41,640		_	-		647,846
Committed		-		15,426	_		- -
Unassigned		-		-	(10,754)		-
Total fund balance (deficit)		41,640		15,426	(10,754)		647,846
<u> </u>					<u> </u>		
Total liabilities, deferred inflows							
of resources and fund balances	\$	47,641	\$	151,166	\$ 299,078	\$	647,846

	Ca	pital projects fu			
Cert	tificates				Total
of Obligation					Non Major
Pro	ojects,	G.O. Bond		Debt	Governmental
Seri	es 2007	Series 2006	Total	Service	Funds
\$	-	\$ -	\$ 318,501	\$ 41,199	\$ 5,919,127
	-	222,744	882,807	413,126	2,824,050
		•	•	,	, ,
	-	-	-	289,234	289,234
	-	-	11,293	434,249	578,436
	-	-	155,874	-	174,664
	-	-	-	-	752,948
	-	-	-	-	-
	-	-	_	-	11,420
	_	_	_	_	1,609,874
	_	_	_	-	6,306
\$	-	\$ 222,744	\$ 1,368,475	\$ 1,177,808	\$ 12,166,059
		y 222,744	7 1,300,473	7 1,177,000	7 12,100,033
\$	-	\$ -	\$ 128,957	\$ -	\$ 624,345
•	-	139,548	139,548	-	728,390
	-	· -	-	-	50,469
	-	-	935	-	17,597
	-	-	_	-	30,800
	-	-	162,920	-	183,222
	-	139,548	432,360	-	1,634,823
		,	,		, ,
	-	-	-	257,729	257,729
	-	-	_	-	2,052,100
	-	-	_	-	18,790
	-	-	158,761	-	159,492
	-	_	158,761	257,729	2,488,111
-			•	•	, ,
	-	-	-	-	6,306
	-	83,196	772,682	920,079	4,659,060
	-	-	15,426	-	3,347,068
	-	-	(10,754)	-	30,691
	-	83,196	777,354	920,079	8,043,125
-		<u>, </u>	•	<u>, </u>	
\$	-	\$ 222,744	\$ 1,368,475	\$ 1,177,808	\$ 12,166,059

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

Figure F							Special Re	evenue Funds				
Fund Revenue Fund Revenue Fund Tax Bureau M.P.O. Relief Downtown Forfeiture Grain Gr			Tennis		Hotel/Motel	Convention		Catastrophic				
Revenus:		CDBG	Court	PEG	Occupancy	Visitors		Emergency	Harlingen	Federal	State	Other
Property taxes		Fund	Revenue	Fund	Tax	Bureau	M.P.O.	Relief	Downtown	Forfeiture	Forfeiture	Grants
Nonproperty taxes	Revenues											
Sassements	Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assessments	Nonproperty taxes		-	103.743	1.020.447	-	-		-	-	-	
Fine and for fettures In Fine and for fettu		-	-	-	-	-	-	-	27,209	-	-	
Improvements and assessments		-	-	-	-	-	-	-	-	49,549	186,760	
Charge for services 6, 8,751 .	Improvements and assessments	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental 645,875	•	-	8,731	-	-	-	-	-	-	-	-	-
Miscellaneous Miscellaneou	=	645,875		-	-	-	265,642	-	-	-	-	1,259,08
Interest and investment income	=		-	-	-	-	-	-	-	-	-	
Total revenues 730,631 9,073 103,743 1,031,722 6,184 265,642 11,303 28,687 50,840 189,405 1,259,	Interest and investment income		342	-	11,275	6,184	-	11,303	1,478	1,291	2,645	
Current General government				103,743			265,642					1,259,08
Current General government												
General government	•											
Public safety												
Highways and streets	=	-	-	-		-	-	-	-	-	-	-
Health and welfare		-	-	-	-	-		-	-	117,764	74,403	820,87
Community and economic development 682,249 214,906 11, Culture and recreation - 50,511 383,264 214,906 11, Capital outlaty 88,886 50,511 383,264 214,906 11, Capital outlaty 88,886	= :	-	-	-	-	-	265,642	18,892	-	-	-	-
Culture and recreation	Health and welfare	-	-	-	-	-	-	-	-	-	-	49,25
Capital outlay 88,886 54,382 377, Debt service Principal retirement	,	682,249	-	-	-		-	-	214,906	-	-	-
Debt service Principal retirement Interest Bond issuance costs and fees	Culture and recreation	-	50,511	-	-	383,264	-	-	-	-	-	11,48
Principal retirement	Capital outlay	88,886	-	-	-	-	-	-	-	-	54,382	377,46
Interest Bond issuance costs and fees	Debt service											
Bond issuance costs and fees	Principal retirement	-	-	-	-	-	-	-	-	-	-	-
Total expenditures 771,135 50,511 - 82,500 383,264 265,642 18,892 214,906 117,764 128,785 1,259, Excess (deficiency) of revenues over (under) expenditures (40,504) (41,438) 103,743 949,222 (377,080) - (7,589) (186,219) (66,924) 60,620 Other financing sources (uses) Transfer in 424,000 214,975 Transfer out (1,613,081) (439,006) (26,140) (12,400) Refunding bond proceeds (26,140) (12,400) Refunding bond proceeds (26,140) (12,400) Payment to refunded bond escrow agent 23,250 Insurance recovery (1,613,081) (15,006) 214,975 (26,140) 10,850 Net change in fund balances (40,504) (41,438) 103,743 (663,859) (392,086) - (7,589) 28,756 (93,064) 71,470 Fund balance, beginning of year 113,047 53,557 505,870 963,815 667,479 100 826,972 98,264 154,873 195,807	Interest	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures (40,504) (41,438) 103,743 949,222 (377,080) - (7,589) (186,219) (66,924) 60,620 Other financing sources (uses) Transfer in 424,000 214,975 Transfer out (1,613,081) (439,006) (26,140) (12,400) Refunding bond proceeds (26,140) (12,400) Refunding bond proceeds	Bond issuance costs and fees	-	-	-	-	-	-	-	-	-	-	-
Other financing sources (uses) (40,504) (41,438) 103,743 949,222 (377,080) - (7,589) (186,219) (66,924) 60,620 Other financing sources (uses) Transfer in - - - 424,000 - - 214,975 - - Transfer out - - (1,613,081) (439,006) - - - (26,140) (12,400) Refunding bond proceeds -	Total expenditures	771,135	50,511	-	82,500	383,264	265,642	18,892	214,906	117,764	128,785	1,259,08
Other financing sources (uses) (40,504) (41,438) 103,743 949,222 (377,080) - (7,589) (186,219) (66,924) 60,620 Other financing sources (uses) Transfer in - - - 424,000 - - 214,975 - - Transfer out - - (1,613,081) (439,006) - - - (26,140) (12,400) Refunding bond proceeds -												
Other financing sources (uses) Transfer in	The state of the s											
Transfer in	over (under) expenditures	(40,504)	(41,438)	103,743	949,222	(377,080)		(7,589)	(186,219)	(66,924)	60,620	
Transfer in	Other financing sources (uses)											
Transfer out (1,613,081) (439,006) (26,140) (12,400) Refunding bond proceeds (26,140) (12,400) Refunding bond proceeds (26,140) (12,400) Refunding bond proceeds	- · · · · · · · · · · · · · · · · · · ·					424 000			214 975			
Refunding bond proceeds										(26 140)	(12.400)	
Payment to refunded bond escrow agent Proceeds from sale of capital assets 23,250 Insurance recovery					(1,013,001)	(433,000)				(20,140)	(12,400)	
Proceeds from sale of capital assets 23,250 Insurance recovery Total other financing sources (uses) (1,613,081) (15,006) 214,975 (26,140) 10,850 Net change in fund balances (40,504) (41,438) 103,743 (663,859) (392,086) - (7,589) 28,756 (93,064) 71,470 Fund balance, beginning of year 113,047 53,557 505,870 963,815 667,479 100 826,972 98,264 154,873 195,807		-	-	-	-	-	-	-	-			
Insurance recovery	· · ·	-	-	-	-	-	-	-	-		22.250	
Total other financing sources (uses) (1,613,081) (15,006) 214,975 (26,140) 10,850 Net change in fund balances (40,504) (41,438) 103,743 (663,859) (392,086) - (7,589) 28,756 (93,064) 71,470 Fund balance, beginning of year 113,047 53,557 505,870 963,815 667,479 100 826,972 98,264 154,873 195,807	· · · · · · · · · · · · · · · · · · ·	-	-	-	-	-	-	-	-	-	•	
Net change in fund balances (40,504) (41,438) 103,743 (663,859) (392,086) - (7,589) 28,756 (93,064) 71,470 Fund balance, beginning of year 113,047 53,557 505,870 963,815 667,479 100 826,972 98,264 154,873 195,807	·									(26.140)		
Fund balance, beginning of year 113,047 53,557 505,870 963,815 667,479 100 826,972 98,264 154,873 195,807	Total other financing sources (uses)	-	-	-	(1,613,081)	(15,006)		-	214,975	(26,140)	10,850	-
	Net change in fund balances	(40,504)	(41,438)	103,743	(663,859)	(392,086)	-	(7,589)	28,756	(93,064)	71,470	-
5 73 F42 642 440 6 600 62 6 27 202 6 400 6 040 202 6 27 202 6 27 202 6	Fund balance, beginning of year	113,047	53,557	505,870	963,815	667,479	100	826,972	98,264	154,873	195,807	-
		A 70.5.0	A 12 14 5	A 600 611	ć 200.0==	A 275 262	4 400	ć 040 252	A 127.055	A 64.065	ć 267.2==	<u> </u>

					Special Re	evenue Funds					
	ommuni- COPS/ Free Tax Increment Financing										
cation		UHP	Trade	Infrastru-	Lon C.Hill		einve	stment Zoi		Neighborhood	
(Center	Grant	Bridge	cture	Library	#1		#2	#3	Stabilization	Total
\$	_	\$ -	\$ -	\$ -	\$ -	\$ -	\$	_	\$ -	\$ -	\$ -
~	_	-	-	-	-	-	Ÿ	_	-	-	1,124,190
	_	-	-	1,446,067	_	-		_	-	_	1,473,276
	_	-	-	-, ,	_	-		_	-	_	236,309
	_	-	-	-	_	-		_	-	_	,
	42,775	-	416,945	_	_	-		-	_	_	468,451
	-	70,222	-	-	_	101,596		143,811	391,610	_	2,877,841
	_	-	-	-	25,710	,			-	_	106,154
	74	-	11,125	12,603	1,194	3,336		2,979	4,707	_	74,848
	42,849	70,222	428,070	1,458,670	26,904	104,932		146,790	396,317	-	6,361,069
	-	-	-	-	-	-		-	-	-	82,500
	1,214	70,222	-	-	-	-		-	-	-	1,084,477
	-	-	54,351	417,104	-	-		-	-	-	755,989
	-	-	-	-	-	-		-	-	-	49,253
	-	-	-	-	-	-		-	70,000	-	967,155
	-	-	-	-	20,047	-		-	-	-	465,311
	-	-	-	-	-	-		-	-	-	520,737
											-
	-	-	-	-	-	-		-	-	-	-
	-	-	-	-	-	-		-	-	-	-
	-	-	-	-	-	-		-	-	-	-
	1,214	70,222	54,351	417,104	20,047	-		-	70,000	-	3,925,422
	41,635	-	373,719	1,041,566	6,857	104,932		146,790	326,317	-	2,435,647
	_	_	-	-	_	60,999		118,716	249,455	-	1,068,145
	_	-	(250,000)	-	_	-		,	(540,396)	_	(2,881,023
		_	(===,===,	_	_	_			(= .5,555)	_	-
	-	-	-	-	-	-		-	-	-	23,250
											23,230
			(250,000)			60,999		118,716	(290,941)	-	(1,789,628
			(250,000)			00,555		110,710	(230)3 12)		(1), 03)020
	41,635	-	123,719	1,041,566	6,857	165,931		265,506	35,376	-	646,019
	-	-	812,724	534,250	100,022	207,416		71,214	394,263	-	5,699,673
\$	41,635	\$ -	\$ 936,443	\$1,575,816	\$ 106,879	\$ 373,347	\$	336,720	\$ 429,639	\$ -	\$ 6,345,692

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

rear enaea September 30, 2018	Capital Projects Funds							
		Capital provement	Street Improvement		Petition Paving		of C	ertificates Obligation Projects ries 2001
Revenues								
Property taxes	\$	-	\$	609	\$	-	\$	-
Nonproperty taxes		-		-		-		-
Assessments		-		-		-		-
Fines and forfeitures		-		-		-		-
Improvements and assessments		-		-		20		-
Charges for services		-		-		-		-
Intergovernmental		-		-		-		-
Miscellaneous		-		-		-		-
Interest and investment income		657		4,835		1,816		9,861
Total revenues		657		5,444		1,836		9,861
Expenditures Current								
General government		-		-		-		-
Public safety		-		-		-		-
Highways and streets		-		939,691		-		-
Health and welfare		21,557		-		-		-
Community and economic development		-		-		-		-
Culture and recreation		-		-		-		-
Capital outlay		10,050		-		-		-
Debt service								
Principal		-		-		-		-
Interest		-		-		-		-
Bond issuance costs and fees		-		-		-		-
Total expenditures		31,607		939,691		-		-
Excess (deficiency) of revenues								
over (under) expenditures		(30,950)		(934,247)		1,836		9,861
Other financing sources (uses) Transfers in		_		_		_		_
Transfers out		_		_	15	36,100)		_
Insurance recovery		_		_	,,	-		_
Total other financing sources (uses)		-		-	(8	36,100)		-
Net change in fund balances		(30,950)		(934,247)	(8	34,264)		9,861
Fund balance, beginning of year		72,590		949,673	7	73,510		637,985
Fund balance, end of year	\$	41,640	\$	15,426	\$ (1	10,754)	\$	647,846

Cap	oital Proj	ects Funds			
Certific					Total
of Oblig				Debt	Non Major
Projects		G.O. Bond		Service	Governmental
Series 2007		Series 2006	Total	Fund	Funds
\$	_	\$ -	\$ 609	\$ 4,126,073	\$ 4,126,682
Ÿ	_	-	- -	-	1,124,190
	-	_	-	-	1,473,276
	-	_	-	-	236,309
	-	-	20	-	20
	-	-	-	-	468,451
	-	-	-	599,907	3,477,748
	-	-	-	· -	106,154
	_	3,741	20,910	18,019	113,777
	-	3,741	21,539	4,743,999	11,126,607
			·		
	_	_	_	_	82,500
	452	_	452	_	1,084,929
	-	180,398	1,120,089	_	1,876,078
	_	-	21,557	_	70,810
	_	_		-	967,155
	-	-	-	-	465,311
	-	-	10,050	-	530,787
				0.455.000	2.455.000
	-	-	-	3,155,000	3,155,000
	-	-	-	1,527,686	1,527,686
	-	-	-	2,256	2,256
	452	180,398	1,152,148	4,684,942	9,762,512
	(452)	(176,657)	(1,130,609)	59,057	1,364,095
	-	-	-	132,081	1,200,226
	-	-	(86,100)	-	(2,967,123)
	-	-	-	-	-
	-	-	(86,100)	132,081	(1,743,647)
	(452)	(176,657)	(1,216,709)	191,138	(379,552)
	452	259,853	1,994,063	728,941	8,422,677
\$	-	\$ 83,196	\$ 777,354	\$ 920,079	\$ 8,043,125

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INTERNAL SERVICE FUNDS COMBINING FINANCIAL STATEMENTS

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, 2018

<i>September 30, 2016</i>			
	Motor Vehicle/	Health	
	Warehouse	Insurance	
	Fund	Fund	Totals
Assets			
Current assets			
Cash and cash equivalents	\$ 1,705,555	\$ 741,768	\$ 2,447,323
Investments - other	2,114,979	-	2,114,979
Receivables (net of allowances for uncollectibles)			
Accounts	12,629	5,455	18,084
Due from component unit	263	-	263
Inventories	178,777	-	178,777
Total current assets	4,012,203	747,223	4,759,426
Capital assets	21,698,912	-	21,698,912
Accumulated depreciation	(16,510,346)	-	(16,510,346)
Capital assets (net of accumulated			
depreciation)	5,188,566	-	5,188,566
Total non current assets	5,188,566	-	5,188,566
Total assets	9,200,769	747,223	9,947,992
Deferred outflows of resources			
OPEB - retiree healthcare	3,788	-	3,788
OPEB - supplemental death benefits	922		922
Net pension liability	12,928	-	12,928
	17,638	-	17,638
Total assets and deferred outflows			
of resources	\$ 9,218,407	\$ 747,223	\$ 9,965,630

City of Harlingen, Texas Internal Service Funds Combining Statement of Net Position - Continued

September 30, 2018

<u> </u>	N	1otor				
		hicle/	ı	Health		
	Warehouse Insurance Fund Fund					
				Totals		
Liabilities	·					
Current liabilities						
Accounts payable	\$	10,956	\$	19,986	\$	30,942
Due to other funds	·	-		65,000	·	65,000
Compensated absences		52,025		-		52,025
Accrued expenses		12,088		-		12,088
Total current liabilities		75,069		84,986		160,055
Long-term liabilities						
OPEB liability - retiree healthcare		54,985		-		54,985
OPEB liability - supplemental death benefits		14,188				14,188
Net pension liability		5,674		-		5,674
Total liabilities		149,916		84,986		234,902
Deferred inflows of resources						
Deferred inflows of resources from pensions		23,286		-		23,286
Net position						
Net investment in capital assets	5.	188,566		_		5,188,566
Unrestricted		856,639		662,237		4,518,876
Total net position		045,205		662,237		9,707,442
Total liabilities, deferred inflows						
of resources and net position	\$ 9,	218,407	\$	747,223	\$	9,965,630

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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	T dild	Tullu	Totals
Current use charges	\$ 3,384,807	\$ 4,565,804	\$ 7,950,611
Operating expenses			
Personal services	374,126	-	374,126
Contracted services	94,140	4,593,210	4,687,350
Materials and supplies	1,763,463	-	1,763,463
Other expenses	46,240	-	46,240
Depreciation expense	1,516,841	=	1,516,841
Total operating expenses	3,794,810	4,593,210	8,388,020
Operating loss	(410,003)	(27,406)	(437,409)
Nonoperating revenues			
Interest revenue	48,466	8,129	56,595
Gain of sale/disposal of capital assets	694	-	694
Total nonoperating revenues	49,160	8,129	57,289
Loss before transfers and			
capital contributions	(360,843)	(19,277)	(380,120)
Transfers and capital contributions			
Transfers in		81,000	81,000
Transfers out	(703,188)	81,000	(703,188)
Capital contributions	751,261	-	751,261
Total transfers and capital contributions	48,073	81,000	129,073
- Court of a court of	,	02,000	223,676
Net income (loss)	(312,770)	61,723	(251,047)
Net position, beginning of year	9,374,372	600,514	9,974,886
Prior period adjustment	(16,397)	-	(16,397)
Net position, beginning of year, as restated	9,357,975	600,514	9,958,489
Net position, end of year	\$ 9,045,205	\$ 662,237	\$ 9,707,442
. , ,	. ,,	, -	, , - ,

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

	Motor		
	Vehicle/	Health	
	Warehouse	Insurance	
	Fund	Fund	Totals
Cash flows from operating activities			
Received from customers	\$ 3,382,564	\$ 4,568,925	\$ 7,951,489
Payments to suppliers	(1,926,425)	(4,579,484)	(6,505,909)
Payments to employees	(370,979)	-	(370,979)
Net cash used in operations	1,085,160	(10,559)	1,074,601
Cash flows from noncapital financing activities			
Transfers from other funds	-	81,000	81,000
Transfers to other funds	(703,188)	-	(703,188)
Net cash provided by (used in) noncapital financing activities	(703,188)	81,000	(622,188)
Cash flows from capital and related financing activities			
Purchases of capital assets	(299,225)	-	(299,225)
Proceeds from sale of capital assets	694	-	694
Net cash used in capital and related financing activities	(298,531)	-	(298,531)
Cash flows from investing activities			
Interest received	48,466	8,129	56,595
Net cash provided by investing activities	16,261	8,129	24,390
Net decrease in cash and cash equivalents	99,702	78,570	178,272
Cash and cash equivalents, beginning of year	1,605,853	663,198	2,269,051
Cash and cash equivalents, end of year	\$ 1,705,555	\$ 741,768	\$ 2,447,323

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

Vehicle/ Warehouse		Health surance		
	In	curanco		
المساحة المساحة		Surance		
Fund		Fund		Totals
\$ (410,003)	\$	(27,406)	\$	(437,409
1,516,841		-		1,516,841
-		-		-
(2,244)		3,121		877
(263)		-		(263
(15,693)		-		(15,693
(99,948)		-		(99,948
78,324		-		78,324
(6,626)		13,726		7,100
2,592		-		2,592
21,752		-		21,752
428		-		428
1,495,163		16,847		1,512,010
\$ 1,085,160	Ś	(10,559)	\$	1,074,601
	1,516,841 (2,244) (263) (15,693) (99,948) 78,324 (6,626) 2,592 21,752 428 1,495,163	1,516,841 - (2,244) (263) (15,693) (99,948) 78,324 (6,626) 2,592 21,752 428 1,495,163	1,516,841 (2,244) 3,121 (263) - (15,693) - (99,948) - 78,324 - (6,626) 13,726 2,592 - 21,752 - 428 - 1,495,163 16,847	1,516,841 (2,244) 3,121 (263) - (15,693) - (99,948) - 78,324 - (6,626) 13,726 2,592 - 21,752 - 428 - 1,495,163 16,847

SUPPLEMENTARY INDIVIDUAL GOVERNMENTAL FUND FINANCIAL STATEMENTS AND SCHEDULES

City of Harlingen, Texas General Fund Comparative Balance Sheets

September 30,		2018	2017
Assets			
Cash and cash equivalents	\$	2,224	\$ 482,291
Investments - other	•	19,419,779	17,445,777
Receivables (net of allowances)		, ,	, ,
Taxes, including penalty, interest and fees		768,254	998,982
Accounts		888,394	867,691
Due from other governments		1,453,339	1,469,466
Due from other funds		1,563,009	719,138
Due from component units		144,258	62,571
Loans receivable		175,220	166,298
Prepaid items		31,019	35,008
Total assets	\$	24,445,496	\$ 22,247,222
Total assets	<u> </u>	24,443,430	<i>γ </i>
Liabilities			
Accounts payable		600,807	589,743
Accrued expenditures		921,616	905,696
Escrow payable		284,599	273,637
Other liabilities		925,385	835,216
Due to other funds		122,833	-
Due to component unit		5,872	
Total liabilities		2,861,112	2,604,292
Deferred inflows of resources			
Unavailable revenue - property taxes		659,863	914,908
Unavailable revenue - payments in lieu of taxes		157,948	149,026
Unavailable revenue - other		66,309	66,643
Total deferred inflows of resources		884,120	1,130,577
Fund balances			
Nonspendable		31,019	35,008
Unassigned		20,669,245	18,477,345
Total fund balances		20,700,264	18,512,353
Total liabilities, deferred inflows			
of resources and fund balances	\$	24,445,496	\$ 22,247,222

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

Year ended September 30,	2018	2017
Revenues		
Property taxes - including penalty and interest	\$ 14,763,466	\$ 14,365,607
Non property taxes	22,458,031	21,134,041
Fines and forfeitures	918,840	1,113,512
Licenses and permits	655,628	650,476
Charges for services	1,403,079	2,177,034
Intergovernmental	1,176,253	1,172,402
Contributions and donations	893,039	628,274
Miscellaneous	182,243	155,258
Interest and investment income	310,605	115,236
Total revenues	42,761,184	41,511,840
Expenditures		
Current		
General government	5,728,253	5,378,208
Public safety	23,361,243	22,905,249
Highways and streets	3,300,201	3,192,920
Health and welfare	841,556	787,067
Community and economic development	1,589,678	1,700,425
Culture and recreation	5,292,513	5,261,568
Capital outlay	1,420,920	1,537,157
Debt service		
Principal retirement	169,340	142,871
Interest and fiscal agent fees	22,837	25,801
Total expenditures	41,726,541	40,931,266
Excess of revenues		
over expenditures	1,034,643	580,574
Other financing sources (uses)		
Transfers in	2,436,996	1,733,396
Transfers out	(1,435,866)	(780,151)
Proceeds from capital lease	97,777	-
Sale of general capital assets	54,361	263,501
Total other financing sources (uses)	1,153,268	1,216,746
Net change in fund balance	2,187,911	1,797,320
Fund balance, beginning of year	18,512,353	16,715,033
Fund balance, end of year	20,700,264	\$ 18,512,353

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

September 30,	2018	2017
Assets		
	ć 222.0F2	ć 240.04 7
Cash and cash equivalents	\$ 222,052	\$ 249,047
Receivables (net of allowances for uncollectibles)	16 722	20.516
Accounts	16,722	30,516
Assessments receivable	12,815	12,815
Loans receivable	1,609,874	1,505,465
Total assets	\$ 1,861,463	\$ 1,797,843
Liabilities		
Accounts payable	\$ 40,612	\$ 43,480
Other liabilities	870	397
Due to other funds	100,000	100,000
Accrued expenditures	4,447	4,837
Escrow payable	20,302	17,802
		_
Total liabilities	166,231	166,516
Deferred inflows of resources		
Unavailable revenue - noncurrent receivables	1,609,874	1,505,465
Unavailable revenue - special assessments	12,815	12,815
Total deferred inflows of resources	1,622,689	1,518,280
Fund balance		
Restricted	72,543	113,047
Total fund balance	72,543	113,047
Total liabilities, deferred inflows		
of resources and fund balances	\$ 1,861,463	\$ 1,797,843

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

Year ended September 30,	2	2018	2017
Revenues			
Intergovernmental	\$ 6	645,875	\$ 1,214,911
Miscellaneous and program revenues	·	80,444	145,474
Interest and investment income		4,312	6,723
Total revenues	7	730,631	1,367,108
			_
Expenditures			
Current			
Community and economic development	(582,249	1,268,251
Capital outlay		88,886	129,237
Total expenditures	7	771,135	1,397,488
Net change in fund balance		(40,504)	(30,380)
Fund balance, beginning of year	1	113,047	143,427
Fund balance, end of year	\$	72,543	\$ 113,047

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

					١	/ariance
	Budget		Actua	al Amount		Positive
	Original	Final	(GA	AP BASIS)	1)	Negative)
Revenues	-	-				
Intergovernmental	\$ 1,010,571	\$ 1,010,571	\$	645,875	\$	(364,696)
Miscellaneous and program revenues	36,792	36,792		80,444		43,652
Interest and investment income	4,711	4,711		4,312		(399)
Total revenues	1,052,074	1,052,074		730,631		(321,443)
Expenditures Current						
Community and economic development	1,144,647	682,249		682,249		-
Capital outlay	-	88,886		88,886		-
Total expenditures	1,144,647	771,135		771,135		
Net change in fund balance	\$ (92,573)	\$ 280,939		(40,504)	\$	(321,443)
Fund balance, beginning of year				113,047		
Fund balance, end of year			\$	72,543		

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

September 30,	2018	2017
Assets		
Cash and cash equivalents	\$ 584,035	\$ 481,018
Receivables (net of allowances)		
Accounts	25,578	24,853
Total assets	\$ 609,613	\$ 505,871
Liabilities	\$ -	\$ -
Fund balance		
Restricted	609,613	505,871
Total fund balance (deficit)	609,613	505,871
Total liabilities and fund balance	\$ 609,613	\$ 505,871

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

Year ended September 30,	2018	2017
Revenues		
Nonproperty taxes	\$ 103,743	95,005
Expenditures	-	-
Net change in fund balance	103,743	95,005
Fund balance, beginning of year	505,870	410,866
Fund balance, end of year	\$ 609,613	\$ 505,871

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

September 30,	2018	2017
Assets		
Cash and cash equivalents	\$ 12,568	\$53,887
Receivables (net of allowances)		
Accounts	20	20
		_
Total assets	\$ 12,588	\$53,907
Liabilities Accounts payable	\$ 469	350
Fund balance Restricted	12,119	53,557
Total liabilities and fund balance	\$ 12,588	\$ 53,907

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

Year ended September 30,	2018	2017
Revenues		
Charges for services	\$ 8,731	\$ 8,654
Interest and investment income	342	223
Total revenues	9,073	8,877
Expenditures		
Current		
Culture and recreation	50,511	37,855
Deficiency of revenues under expenditures	(41,438)	(28,978)
Net change in fund balance	(41,438)	(28,978)
Fund balance, beginning of year	53,557	82,535
Fund balance, end of year	\$ 12,119	\$ 53,557

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

				Variance
	Bud	get	Actual Amount	Positive
	Original	Final	(GAAP BASIS)	(Negative)
Revenues				
Charges for services	\$ 11,000	\$ 11,000	\$ 8,731	\$ (2,269)
Interest income	-	-	342	342
Total revenues	11,000	11,000	9,073	(1,927)
Expenditures Current				
Culture and recreation	38,000	53,000	50,511	2,489
Net change in fund balance	\$ (27,000)	\$ (42,000)	(41,438)	\$ 562
Fund balance, beginning of year			53,557	
Fund balance, end of year			\$ 12,119	

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

September 30,	2018	2017
Assets		
Cash and cash equivalents	-	\$ 405,235
Investments - other	484,837	477,454
Receivables (net of allowances for uncollectibles)		
Accounts	88,589	83,415
Total assets	\$ 573,426	\$ 966,104
Liabilities		
Other liabilities	\$ 14,428	\$ 2,289
Due to other funds	259,042	
Total liabilities	273,470	2,289
Fund balance		
Restricted	299,956	963,815
Total liabilities and fund balance	\$ 573,426	\$ 966,104

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

Year ended September 30,	2018	2017
Revenues		
Nonproperty taxes	\$ 1,020,447	\$ 954,465
Interest and investment income	11,275	3,782
Total revenues	1,031,722	958,247
Expenditures		
Current		
General government	82,500	97,289
Excess of revenues over expenditures	949,222	860,958
Other financing uses		
Transfers out	(1,613,081)	(661,870)
Net change in fund balance	(663,859)	199,088
Fund balance, beginning of year	963,815	764,727
Fund balance, end of year	\$ 299,956	\$ 963,815

City of Harlingen, Texas Hotel and Motel Occupancy Tax Fund Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual

				Variance
	Bu	ıdget	Actual Amount	Positive
	Original	Final	(GAAP BASIS)	(Negative)
Revenues				
Nonproperty taxes	\$860,000	\$ 860,000	\$ 1,020,447	\$ 160,447
Interest and investment income	1,000	1,000	11,275	10,275
Total revenues	861,000	861,000	1,031,722	170,722
Expenditures				
Current				
General government	115,000	115,000	82,500	32,500
Total expenditures	115,000	115,000	82,500	32,500
Excess of revenues				
over expenditures	746,000	746,000	949,222	203,222
Other financing uses				
Transfers out	(764,492)	(1,614,492)	(1,613,081)	1,411
Net change in fund balance	\$ (18,492)	\$ (868,492)	(663,859)	\$ 204,633
Fund balance, beginning of year			963,815	
Fund balance, end of year			\$ 299,956	

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

Year ended September 30,	2018	2017
Assets		
Cash and cash equivalents	\$ 285,433	\$ 671,309
Accounts receivables (net of allowances for uncollectibles)	-	-
Prepaid items	4,592	1,392
Total assets	\$ 290,025	\$ 672,701
Liabilities		
Accounts payable	9,988	2,197
Accrued expenditures	4,644	3,025
Total liabilities	14,632	5,222
Fund Balance		
Nonspendable	4,592	993
Restricted	270,801	666,486
Total fund balances	275,393	667,479
Takal liabilitains and found belows	ć 200 025	ć C72 701
Total liabilities and fund balance	\$ 290,025	\$ 672,701

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

Year ended September 30,	2018	2017
Revenues		
Miscellaneous and program revenues	\$ -	\$ -
Interest and investment income	6,184	2,243
Total revenues	6,184	2,243
Expenditures		
Current		
Culture and recreation	383,264	407,272
Deficiency of revenues under expenditures	(377,080)	(405,029)
Other financing sources (uses)		
Transfers in	424,000	424,000
Transfers (out)	(439,006)	-
Total other financincing sources (uses)	(15,006)	424,000
NET CHANGE IN FUND BALANCE	(392,086)	18,971
Fund balance, beginning of year	667,479	648,508
Fund balance, end of year	\$ 275,393	\$ 667,479

City of Harlingen, Texas Convention and Visitors Bureau Fund Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual

real chaca september 30, 2010				Variance	
	Buc	Budget		Positive	
	Original	Final	(GAAP BASIS)	(Negative)	
Revenues				_	
Interest and investment income	-	\$ -	\$ 6,184	\$ 6,184	
Expenditures					
Current					
Culture and recreation	433,332	433,332	383,264	50,068	
Total expenditures	433,332	433,332	383,264	50,068	
Deficiency of revenues under expenditures	(433,332)	(433,332)	(377,080)	56,252	
Other financing sources					
Transfers in	424,000	424,000	424,000	-	
Transfers out	-	(439,006)	(439,006)	-	
Total other financing sources	424,000	(15,006)	(15,006)	-	
Net change in fund balance	\$ (9,332)	\$ (448,338)	(392,086)	\$ 56,252	
Fund balance, beginning of year			667,479		
Fund balance, end of year			\$ 275,393		

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

Year ended September 30,	2018	2017
Assets		
Due from other governments	\$ 222,075	\$ 148,513
Prepaid items	290	455
Total assets	\$ 222,365	\$ 148,968
Liabilities		
Accounts payable	\$ 2,210	\$ 250
Due to other funds	213,495	144,219
Accrued expenditures	5,829	3,723
Total liabilities	221,534	148,192
Deferred inflows of resources		
Unavailable revenue - other	731	676
Total deferred inflows of resources	731	676
Fund balance		
Nonspendable	290	455
Unassigned	(190)	(355)
Total fund balance	100	100
Total liabilities and fund balance	\$ 222,365	\$ 148,968

City of Harlingen, Texas MPO Grand Fund Comparative Statements of Revenues, Expenditures and Change in Fund Balances

Year ended September 30,	20	18	2	017
Revenues				
Intergovernmental	26	5,642	2!	59,913
Expenditures				
Current				
Highways and streets	26	5,642	2!	59,912
Net change in fund balance		-		1
Fund balance, beginning of year		100		99
Fund balance, end of year	\$	100	\$	100

City of Harlingen, Texas MPO Grand Fund Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual

							\	/ariance
	Budget			Actual Amount		Positive		
	Or	iginal		Final	(GA	AP BASIS)	(Negative)	
Revenues								
Intergovernmental	\$ 33	23,595	\$	323,595	\$	265,642	\$	(57,953)
Expenditures								
Current								
Highways and streets	3	23,723		335,595		265,642		69,953
Total expenditures	3	23,723		335,595		265,642		69,953
Net change in fund balance	\$	(128)	\$	(12,000)	\$	-	\$	12,000
Fund balance (deficit), beginning of year						100		
Fund balance (deficit), end of year					\$	100		

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

September 30,	2018	2017
Assets		
Cash and cash equivalents	\$ 263,012	\$ 271,515
Investments - other	563,858	555,272
Receivables (net of allowances for uncollectibles)		
Accounts	-	185
Total assets	\$ 826,870	\$ 826,972
Liabilities		
Accounts payable	\$ 7,487	\$ -
Fund balance		
Committed	819,383	826,972
Total liabilities and fund balance	\$ 826,870	\$ 826,972

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

Year ended September 30,	2018	2017
Revenues Interest and investment income	\$ 11,303	\$ 4,826
Expenditures		
Current		
Highways and streets	18,892	24,228
Net change in fund balance	(7,589)	(19,402)
Fund balance, beginning of year	826,972	846,374
Fund balance, end of year	\$ 819,383	\$ 826,972

City of Harlingen, Texas Catastrophic Emergency Relief Fund Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual

						Va	riance
	 Buc	lget		Actual Amount		Positive	
				(GA	AP BASIS)	(Ne	egative)
Revenues							
Interest and investment income	\$ 2,350	\$	2,350	\$	11,303	\$	8,953
Total revenues	2,350		2,350		11,303		8,953
Expenditures							
Current							
Highways and streets	25,000		25,000		18,892		6,108
Total expenditures	25,000		25,000		18,892		6,108
Net change in fund balance	\$ (22,650)	\$	(22,650)		(7,589)	\$	15,061
Fund balance, beginning of year					826,972		
Fund balance, end of year				\$	819,383		

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

September 30,	2018	2017
Assets		
Cash and cash equivalents	\$ 86,297	\$ 54,926
Investments - other	48,601	47,861
Receivables (net of allowances for uncollectibles)		
Accounts	610	610
Property taxes	5,975	5,232
Total assets	\$ 141,483	\$ 108,629
Liabilities		
Accounts payable	4,394	1,142
Accrued expenditures	4,094	3,991
Total liabilities	8,488	5,133
Deferred inflows of resources		
Unavailable revenue - special assessments	5,975	5,232
Fund balance		
Restricted	127,020	98,264
Total liabilities, deferred inflows		
of resources and fund balances	\$ 141,483	\$ 108,629
UI TESOUTCES ATIU TUTTU DATATICES	Ş 141,465	ې ۲00,029

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

Year ended September 30,	2018	2017
Revenues		
Assessments	\$ 27,209	\$ 28,060
Interest and investment income	1,478	676
Total revenues	28,687	28,736
Expenditures		
Current		
Community and economic development	214,906	203,639
Total expenditures	214,906	203,639
Deficiency of revenues under expenditures	(186,219)	(174,903)
Other financing sources		
Transfers in	214,975	32,000
Net change in fund balance	28,756	(142,907)
Fund balance, beginning of year	98,264	241,171
Fund balance, end of year	\$ 127,020	\$ 98,264

City of Harlingen, Texas Harlingen Downtown Fund Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual

				Variance
		dget	Actual Amount	Positive
	Original	Final	(GAAP BASIS)	(Negative)
Revenues				
Improvement assessments	\$ -	\$ -	\$ 27,209	\$ 27,209
Interest and investment income			1,478	1,478
Total revenues	-	-	28,687	28,687
Expenditures				
Current				
Community and economic development	245,687	245,324	214,906	30,418
Total expenditures	245,687	245,324	214,906	30,418
Deficiency of revenues under expenditures	(245,687)	(245,324)	(186,219)	59,105
Other financing sources				
Transfers in	214,975	214,975	214,975	
Net change in fund balance	\$ (30,712)	\$ (30,349)	28,756	\$ 59,105
Fund balance, beginning of year			98,264	
Fund balance, end of year			\$ 127,020	

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

September 30,	2018	2017
Assets		
Cash and cash equivalents	\$ 64,976	\$156,136
Accounts receivable	-	4,953
Total assets	\$ 64,976	\$161,089
Liabilities		
Accounts payable	3,167	6,216
Fund balance		
Restricted	61,809	154,873
Total liabilities and fund balance	\$ 64,976	\$161,089
Total habilities and rand balance	γ 04,370	7 101,000

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

Year ended September 30,	2018	2017
Revenues		
Fines and forfeitures	\$ 49,549	\$ 99,412
Interest and investment income	1,291	18
Total revenues	50,840	99,430
Expenditures		
Current		
Public safety	117,764	31,814
Capital outlay	-	5,977
Total expenditures	117,764	37,791
Deficiency of revenues under expenditures	(66,924)	61,639
Other financing uses		
Transfers out	(26,140)	-
Insurance recovery	-	4,794
Total other financing uses	(26,140)	4,794
Net change in fund balance	(93,064)	66,433
Fund balance, beginning of year	154,873	88,440
Fund balance, end of year	\$ 61,809	\$ 154,873

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

September 30,	2018	2017
Assets		
Cash and cash equivalents	\$ 275,809	\$ 200,605
Accounts receivable	1,375	-
Prepaid items	1,424	-
Total assets	\$ 278,608	\$ 200,605
Liabilities		
Accounts payable	\$ 11,331	\$ 4,798
Fund balance		
Restricted	267,277	195,807
Total liabilities and fund balance	\$ 278 608	\$ 200,605
Total liabilities and fund balance	\$ 278,60	18

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

Year ended September 30,	2018	2017
_		
Revenues	4	4 460 060
Fines and forfeitures	\$ 186,760	\$ 160,068
Interest and investment income	2,645	14
Total revenues	189,405	160,082
Expenditures		
Current		
Public safety	74,403	78,086
Capital outlay	54,382	13,673
Total expenditures	128,785	91,759
Excess of revenues over expenditures	60,620	68,323
Other financing uses		
Transfers out	(12,400)	(59,625)
Sale of capital asset	23,250	-
Total other financing uses	10,850	(59,625)
Net change in fund balance	71,470	8,698
Fund balance, beginning of year	195,807	187,109
Fund balance, end of year	\$ 267,277	\$ 195,807

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

September 30,	2018	2017
Assets		
Cash and cash equivalents	\$ 30,212	\$ 99,548
Due from other governments	510,490	226,135
Total assets	\$ 540,702	\$ 325,683
Liabilities		
Accounts payable	68,013	52 <i>,</i> 753
Other liabilities	1,364	21,181
Accrued expenditures	29,099	12,341
Total liabilities	98,476	86,275
Deferred inflows of resources		
Unavailable revenue - noncurrent receivables	442,226	239,408
Fund balance	<u>-</u>	-
Total liabilities, deferred inflows		
of resources and fund balances	\$ 540,702	\$ 325,683

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

Year ended September 30,	2018	2017
Revenues		
Intergovernmental	\$ 1,259,085	\$ 1,078,104
Expenditures		
Current		
Public safety	820,874	449,243
Health and welfare	49,253	77,889
Culture and recreation	11,489	12,326
Capital outlay	377,469	497,246
Total expenditures	1,259,085	1,036,704
Excess of revenues over expenditures	-	41,400
Other financing (uses)		
Transfer out	-	(41,400
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,	2018	2	017
Assets			
Cash and cash equivalents	\$ 41,635	\$	-
Total assets	\$ 41,635	\$	-
Liabilities			
Due from other funds	\$ -	\$	-
Fund balance			
Unassigned	41,635		-
Total fund balance	41,635		-
Total liabilities and fund balance	\$ 41,635	\$	-

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

Year ended September 30,	2018	2017
Revenues		
Charges for services	\$ 42,775	\$ 11,714
Interest and investment income	74	-
Total revenues	42,849	11,714
Expenditures		
Public safety	1,214	10,876
Excess of revenues over expenditures	41,635	838
Other Financing (uses)		
Transfers In	<u>-</u>	209,631
Net change in fund balance	41,635	210,469
Fund balance, beginning of year	-	(210,469)
Fund balance, end of year	\$ 41,635	\$ -

City of Harlingen, Texas Communication Center Fund Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual

				Variance	
	Buc	lget	Actual Amount	Positive	
	Original	Final	(GAAP BASIS)	(Negative)	
Revenues					
Charges for services	\$ 12,776	\$ 12,776	\$ 42,775	\$ 29,999	
Interest and investment income	-	-	74	74	
Total revenues	12,776	12,776	42,849	(30,073)	
Expenditures					
Current					
Public safety	1,258	1,258	1,214	44	
EXCESS OF REVENUES					
OVER EXPENDITURES	11,518	11,518	41,635	30,117	
Net change in fund balance	\$ 11,518	\$ 11,518	41,635	\$ (30,117)	
Fund balance, beginning of year					
Fund balance, end of year			\$ 41,635		

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

September 30,	2018	2017
Assets		
Receivables (net of allowances for uncollectibles)		
Accounts		
Due from other governments	\$ 18,661	\$ 35,921
Prepaids	-	-
Total assets	\$ 18,661	\$ 35,921
Liabilities		
Accrued expenditures	\$ 2,356	\$ 4,964
Due to other funds	16,305	30,957
Total liabilities	18,661	35,921
Fund balance	-	-
Total liabilities and fund balance	\$ 18,661	\$ 35,921

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

Year ended September 30,	2018	2017
Revenues		
Intergovernmental	\$ 70,222	\$ 136,210
Expenditures		
Current		
Public safety	70,222	136,210
Net change in fund balance	-	-
Fund balance, beginning of year	-	
Fund balance, end of year	\$ -	\$ -

City of Harlingen, Texas COPS/UHP Grant Fund Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual

					Variance	
	Bud	Budget		al Amount	Positive	
	Original	Final	(GA	AP BASIS)	(Negative)	
Revenues						
Intergovernmental	\$ 105,000	\$ 105,000	\$	70,222	\$ (34,778)	
Expenditures						
Current						
Public safety	105,000	105,000		70,222	34,778	
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,	2018	2017
Assets		
Cash and cash equivalents	\$ 526,558	\$ 464,084
Investments	409,895	403,653
Total assets	\$ 936,453	\$ 867,737
Liabilities		
Accounts payable	\$ 10	\$ 55,013
Fund balance		
Committed	936,443	812,724
Total liabilities and fund balance	\$ 936,453	\$ 867,737

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

Year ended September 30,	2018	2017
Revenues		
Charges for services	\$ 416,945	\$ 385,947
Interest and investment income	11,125	2,943
Total revenues	428,070	388,890
Expenditures		
Current		
Highways and streets	54,351	189,246
Total expenditures	54,351	189,246
EVERSE (DEFICIENCY) OF DEVENIES OVED		
EXCESS (DEFICIENCY) OF REVENUES OVER	272 740	100 644
(UNDER) EXPENDITURES	373,719	199,644
Other financing sources (uses)		
Transfers (out)	(250,000)	-
Total other financing sources (uses)	(250,000)	-
Net change in fund balance	123,719	199,644
Net thange in fund balance	123,713	155,044
Fund balance, beginning of year	812,724	613,080
Fund balance, end of year	\$ 936,443	\$ 812,724

City of Harlingen, Texas Free Trade Bridge Fund Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual

Year ended September 30, 2018

					١	/ariance
	Bud	dget	Acti	ual Amount		Positive
	Original	Final	(G	AAP BASIS)	1)	Negative)
Revenues						
Charges for services	\$ 321,000	\$ 321,000	\$	416,945	\$	95,945
Interest and investment income	760	760		11,125		10,365
Total revenues	321,760	321,760		428,070		106,310
Expenditures						
Current						
Highways and streets	75,000	75,000		54,351		20,649
EXCESS OF REVENUES OVER EXPENDITURES	246,760	246,760		373,719		126,959
Other financing sources (uses)						
Transfers (out)	(250,000)	(250,000)		(250,000)		-
Total other financing sources (uses)	\$ (250,000)	\$ (250,000)		(250,000)	\$	
Net change in fund balance	\$ 246,760	\$ 246,760	_	123,719	\$	(123,041)
Fund balance, beginning of year				812,724		
Fund balance, end of year			\$	936,443		

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

September 30,	2018	2017
Accepta		
Assets		
Cash and cash equivalents	\$ 1,910,231	\$ 527,480
Receivables (net of allowances for uncollectibles)		
Due from other governments	1,722	1,642
Due from component unit	11,420	7,076
		_
Total assets	\$ 1,923,373	\$ 536,198
Liabilities		
Accounts payable	\$ 347,557	1,948
Fund balance		
Committed	1,575,816	534,250
Total liabilities and fund balance	\$ 1,923,373	\$ 536,198

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

Year ended September 30,	2018	2017
Revenues		
Assessments	\$ 1,446,067	\$ 647,756
Interest and investment income	12,603	921
Total revenues	1,458,670	648,677
Expenditures		
Highways and streets	417,104	178,032
Capital outlay	-	166,474
Total expenditures	417,104	344,506
Net change in fund balance	1,041,566	304,171
Fund balance, beginning of year	534,250	230,079
Tana balance, beginning or year	334,230	230,073
Fund balance, end of year	\$ 1,575,816	\$ 534,250

City of Harlingen, Texas Infrastructure Fund Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual

Year ended September 30, 2018

						Variance
	Budget		Actual Amount		Positive	
	Original	Final	(G.	AAP BASIS)	(Negative)	
Revenues						
Infrastructure - assessments	\$ 1,400,000	\$ 1,400,000	\$	1,446,067	\$	46,067
Interest and investment income	-	-		12,603		12,603
Total revenues	1,400,000	1,400,000		1,458,670		58,670
Expenditures						
Current						
Highways and streets	1,990,000	1,990,000		417,104		1,572,896
Culture and recreation	-	4,739		-		4,739
Total expenditures	1,990,000	1,994,739		417,104		1,577,635
Net change in fund balance	\$ (590,000)	\$ (594,739)	=	1,041,566	\$	1,636,305
Fund balance, beginning of year				534,250		
Fund balance, end of year			\$	1,575,816		

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

September 30,	2018	2017
Assets		
Cash and cash equivalents	\$ 86,103	\$ 79,523
Investments - other	20,926	20,608
Total assets	\$ 107,029	\$ 100,131
Liabilities		
Accounts payable	\$ 150	\$ 109
Fund balance		
Restricted	106,879	100,022
Total liabilities and fund balance	\$ 107,029	\$ 100,131

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

Year ended September 30,	2018	2017
Revenues		
Contributions and donations	\$ 25,710	\$ 22,530
Interest and investment income	1,194	428
Total revenues	26,904	22,958
Expenditures		
Culture and recreation	20,047	33,264
Net change in fund balance	6,857	(10,306)
Fund balance, beginning of year	100,022	110,328
Fund balance, end of year	\$ 106,879	\$ 100,022

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

September 30,	2018	2017
Assets		
Cash and cash equivalents	\$ 373,347	\$ 207,416
Receivables (net of allowances for uncollectibles)		
Due from other governments	-	47,710
Total assets	\$ 373,347	\$ 255,126
Liabilities	\$ -	\$ -
Deferred inflows of resources		
Unavailable revenue - noncurrent receivables	<u>-</u>	47,710
Fund balance		
Restricted	373,347	207,416
Total liabilities and fund balance	\$ 373,347	\$ 255,126

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

Year ended September 30,	2018	2017
Pavanuas		
Revenues		
Interest income	\$ 3,336	\$ 1,701
Intergovernmental	101,596	22,125
Total revenues	104,932	23,826
Expenditures		
Capital outlay	-	601,312
Excess of revenues over expenditures	104,932	(577,486)
Other financing sources		
Transfers in	60,999	60,947
Net change in fund balance	165,931	(516,539)
Fund balance, beginning of year	207,416	723,955
Fund balance, end of year	\$ 373,347	\$ 207,416

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

September 30,	2018	2017
Assets		
Cash and cash equivalents	\$ 336,720	\$ 71,214
Receivables (net of allowances for uncollectibles)		
Due from other governments	-	45,530
Total assets	\$ 336,720	\$ 116,744
Liabilities	\$ -	\$ -
Deferred inflows of resources		
Unavailable revenue - noncurrent receivables	-	45,530
Fund balance Restricted	336,720	71,214
,	,.	,
Total liabilities and fund balance	\$ 336,720	\$ 116,744

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

Year ended September 30,	2018	2017
Revenues		
Intergovernmental	\$ 143,811	\$ 12,208
Interest income	2,979	2,071
	146,790	14,279
Expenditures		
Current		
Capital outlay	-	1,026,873
Excess of revenues over expenditures	146,790	(1,012,594)
Other financing sources		
Transfers in	118,716	61,191
Net change in fund balance	265,506	(951,403)
Fund balance, beginning of year	71,214	1,022,617
Fund balance, end of year	\$ 336,720	\$ 71,214

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

September 30,	2018	2017
Assets		
Cash and cash equivalents	\$ 429,639	\$ 394,263
Due from other governments	-	183,526
Total assets	\$ 429,639	\$ 577,789
Liabilities	\$ -	\$ -
Deferred inflows of resources Unavailable revenue - noncurrent receivables	-	183,526
Fund balance Restricted	429,639	394,263_
Total liabilities and fund balance	\$ 429,639	\$ 577,789

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

Year ended September 30,	2018	2017	
Revenues			
Interest and investment income	\$ 4,707	\$ 2,116	
Intergovernmental	391,610	50,119	
Total revenues	396,317	52,235	
Expenditures			
Current			
Community and economic development	70,000	70,000	
Capital outlay	-	367,162	
Total expenditures	70,000	437,162	
Excess (deficiency) of revenues			
over (under) expenditures	326,317	(384,927)	
Other financing sources			
Transfers in	249,455	243,623	
Transfers out	(540,396)	(228,396)	
	(290,941)	15,227	
Net change in fund balance	35,376	(369,700)	
Fund balance, beginning of year	394,263	763,963	
Fund balance, end of year	\$ 429,639	\$ 394,263	

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

September 30,	2018		2017
Accets			
Assets			
Cash and cash equivalents	\$ 30,800	\$	30,800
Total assets	\$ 30,800	\$	30,800
Liabilities			
Unearned revenue	\$ 30,800	\$	30,800
Fund balance			
Nonspendable	-		-
Restricted	-		-
Total liabilities and fund balance	\$ 30,800	\$	30,800

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

Year ended September 30,	2	2018		2017	
Revenues					
Intergovernmental	\$	-	\$	3,384	
Expenditures					
Current					
Community and economic development		-		3,384	
Net change in fund balance		-		-	
Fund balance, beginning of year		-		-	
Fund balance, end of year	\$	-	\$	-	

City of Harlingen, Texas Debt Service Fund Special Revenue Fund Comparative Balance Sheets

September 30,	2018	2017
Assets		
Cash and cash equivalents	\$ 41,199	\$ 51,111
Investments - other	413,126	653,366
Taxes receivable (net of allowances)	289,234	376,830
Account receivable	434,249	-
		_
Total assets	\$ 1,177,808	\$ 1,081,307
		_
Liabilities	\$ -	\$ -
Deferred inflows of resources		
Unavailable revenue - property taxes	257,729	352,366
Fund balance		
Restricted	920,079	728,941
Total liabilities, deferred inflows		
of resources and fund balances	\$ 1,177,808	\$ 1,081,307

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

Year ended September 30,	2018	2017
Revenues		
Property taxes, including penalty and interest	\$ 4,126,073	\$ 3,866,432
Interest and investment income	18,019	6,585
Intergovernmental	599,907	603,233
Total revenues	4,743,999	4,476,250
Expenditures		
Debt service		
Principal	3,155,000	3,090,000
Interest	1,527,686	1,547,712
Debt issuance costs	2,256	2,206
Total expenditures	4,684,942	4,639,918
Excess of revenues over expenditures	59,057	(163,668)
Other financing sources (uses)		
Transfers in	132,081	86,770
Total other financing sources (uses)	132,081	86,770
Net change in fund balance	191,138	(76,898)
Fund balance, beginning of year	728,941	805,839
Fund balance, end of year	\$ 920,079	\$ 728,941

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

Year ended September 30, 2018

·				Variance	
	Bud	dget	Actual Amount	t Positive	
	Original	Final	(GAAP BASIS)	(Negative)	
Revenues					
Property taxes, including penalty and interest	\$ 4,103,036	\$ 4,103,036	\$ 4,126,073	\$ 23,037	
Interest and investment income	3,400	3,400	18,019	14,619	
Intergovernmental	606,316	606,316	599,907	(6,409)	
Total revenues	4,712,752	4,712,752	4,743,999	31,247	
Expenditures					
Debt service					
Principal retirement	3,155,000	3,155,000	3,155,000	-	
Interest and fiscal agent fees	1,535,508	1,535,508	1,527,686	7,822	
Debt issuance costs	-	_	2,256	(2,256)	
Total expenditures	4,690,508	4,690,508	4,684,942	5,566	
Excess (deficiency) of revenues					
over (under) expenditures	22,244	22,244	59,057	36,813	
Other financing sources (uses)					
Transfers in	133,492	133,492	132,081	(1,411)	
Net change in fund balance	\$ 155,736	\$ 155,736	191,138	\$ 35,402	
Fund balance, beginning of year			728,941		
Fund balance, end of year			\$ 920,079		

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

September 30,	2018	2017
Assets		
Cash and cash equivalents	\$ 47,641	\$ 72,590
Total assets	\$ 47,641	\$ 72,590
Liabilities		
Accounts payable	\$ 6,001	\$ -
Total liabilities	6,001	-
Fund balance		
Restricted	41,640	72,590
Total liabilities and fund balance	\$ 47,641	\$ 72,590

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

Year ended September 30,	2	2018		2017
Revenues				
Interest and investment income	\$	657	\$	247
Expenditures				
Current				
Health and welfare		21,557		-
Capital outlay		10,050		
Total expenditures		31,607		-
Deficiency of revenues under expenditures		(30,950)		247
Other financing uses				
Transfers out		-		-
Net change in fund balance		(30,950)		247
Fund balance, beginning of year		72,590		72,343
Fund balance, end of year	\$	41,640	\$	72,590

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

September 30,	2018		
Assets			
Cash and cash equivalents	\$ 125,290	\$	936,632
Investments - other	13,015		12,817
Assessments receivable	12,861		15,292
Total assets	\$ 151,166	\$	964,741
Liabilities			
Accounts Payable	\$ 122,956	\$	
Deferred inflows of resources			
Unavailable revenue - other	12,784		15,068
Fund balance			
Committed	15,426		949,673
Total liabilities, deferred inflows			
of resources and fund balances	\$ 151,166	\$	964,741

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

Year ended September 30,		2018		2017
Revenues				
Property taxes - including penalty and interest	\$	609	\$	1,578
Interest and investment income	*	4,835	7	4,215
Total revenues		5,444		5,793
Expenditures				
Current				
Highways and streets	!	939,691	1,	,269,343
Deficiency of revenues under expenditures	(934,247)	(1,	.263,550)
Operating financing sources				
Transfers in		-		-
	,	004 047)	14	262 550)
Net change in fund balance	(934,247)	(1,	,263,550)
Fund balance, beginning of year		949,673	2,	213,223
Fund balance, end of year	\$	15,426	\$	949,673

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

September 30,	2018	2017
Assets		
Cash and cash equivalents	\$ 144,772	\$ 228,670
Receivables (net of allowance for uncollectibles)		
Accounts	11,293	11,293
Assessments receivable	143,013	143,013
Total assets	\$ 299,078	\$ 382,976
	•	
Liabilities		
Other liabilities	\$ 935	\$ 935
Escrow liabilities	162,920	162,554
Total liabilities	163,855	163,489
Deferred inflows of resources		
Unavailable revenue - other	145,977	145,977
Fund balance		
Restricted	(10,754)	73,510
Total liabilities deferred inflows		
Total liabilities, deferred inflows of resources and fund balances	¢ 200 079	¢ 202.070
of resources and tund balances	\$ 299,078	\$ 382,976

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

Year ended September 30,	2018	2017	
Revenues			
Improvements and assessments	\$ 20	\$	15
Interest and investment income	1,816		1,066
Total revenues	1,836		1,081
Expenditures	-		-
Excess of revenues over expenditures	1,836		1,081
Operating financing uses			
Transfers out	(86,100)		(200,000)
Net change in fund balance	(84,264)		(198,919)
Fund balance, beginning of year	73,510		272,429
Fund balance, end of year	\$ (10,754)	\$	73,510

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

September 30,	2018	2017	7
Assets			
Restricted			
Cash and cash equivalents	\$ 798	\$ 7	788
Investments - other	647,048	637,1	197
Total assets	\$ 647,846	\$ 637,9	985
Liabilities	\$ -	\$.	-
Fund balance			
Restricted	647,846	637,9	985
Total liabilities and fund balance	\$ 647,846	\$ 637,9	985

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

Year ended September 30,		2017
Revenues Interest and investment income	\$ 9,861	\$ 4,400
Expenditures	-	-
Net change in fund balance	9,861	4,400
Fund balance, beginning of year	637,985	633,585
Fund balance, end of year	\$ 647,846	\$ 637,985

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

September 30,	2018		2017	
Assets				
Restricted				
Cash and cash equivalents	\$	-	\$ 93,267	
Accounts receivable		-	24,755	
Total assets	\$	-	\$ 118,022	
Liabilities Accounts payable	\$	-	\$ 117,570	
Fund balance Restricted		_	452	
Total liabilities and fund balance	\$	-	\$ 118,022	

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

Year ended September 30,	7	2018	2017	
Revenues				
Interest and investment income	\$	-	\$	25,597
Total revenues		-		25,597
Expenditures				
Current				
Public safety		452		20,512
Capital outlay		-		834,036
Total expenditures		452		854,548
Deficiency of revenues under expenditures		(452)		(828,951)
Other financing sources				
Transfer out		-		-
Net change in fund balance		(452)		(828,951)
Fund balance, beginning of year		452		829,403
Fund balance, end of year	\$	-	\$	452

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

September 30,	2018	2017
Assets		
Restricted		
Cash and cash equivalents	\$ 3,749,208	\$ -
·	• • • •	•
Investments - other	5,920,363	12,733,065
Accounts receivable	75,765	
Total assets	\$ 9,745,336	12,733,065
Linkilision		
Liabilities Assourts navable	¢ 2.246.297	\$ 241,368
Accounts payable	\$ 2,346,287	•
Accrued expenditures	2,477	2,432
Due to other funds	-	695
Total liabilities	2,348,764	244,495
Fund balance		
Restricted	7,396,572	12,488,570
Total liabilities and fund balance	\$ 9,745,336	\$ 12,733,065
. otaaamirica ana rana barance	+ 5,5,550	÷ 12,700,000

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

Year ended September 30,	2018		2	2017	
Revenues					
Interest and investment income	\$	187,298	\$	64,836	
Miscellaneous		1,269,186		-	
Total revenues		1,456,484		64,836	
Expenditures					
Debt service					
Debt issuance costs		-	2	208,075	
Capital outlay		7,837,488	2	253,191	
Total expenditures		7,837,488	2	161,266	
Excess (deficiency) of revenues					
over (under) expenditures		(6,381,004)	(3	396,430)	
Other financing uses					
Transfer in		1,289,006		-	
Proceeds from bond refunding		-	12,8	385,000	
Total other financing uses		1,289,006	12,8	385,000	
Net change in fund balance		(5,091,998)	12,4	188,570	
Fund balance, beginning of year		12,488,570		-	
Fund balance, end of year	\$	7,396,572	\$12,4	188,570	

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

September 30,	2018		2017	
Assets				
Restricted				
Cash and cash equivalents	\$ -	\$	40,501	
Investments - other	222,744		219,352	
Total assets	\$ 222,744	\$	259,853	
Liabilities Due to other funds	139,548	\$	-	
Total liabilities	139,548		-	
Fund balance				
Restricted	83,196		259,853	
Total fund balance	83,196		259,853	
Total liabilities and fund balance	\$ 222,744	\$	259,853	

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

Year ended September 30,	2018	2017
Revenues		
Interest and investment income	\$ 3,741	\$ 1,652
Expenditures		
Current		
Highways and streets	180,398	-
Total expenditures	180,398	-
Excess of revenues over expenditures	(176,657)	1,652
Net change in fund balance	(176,657)	1,652
Fund balance, beginning of year	259,853	258,201
Fund balance, end of year	\$ 83,196	\$ 259,853

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SUPPLEMENTARY INDIVIDUAL ENTERPRISE FUNDS FINANCIAL STATEMENTS AND SCHEDULES

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,	2018	2017
Accets		
Assets		
Current assets		
Cash and cash equivalents	\$ 943,207	895,918
Investments - other	7,276,760	7,165,956
Accounts receivables (net of allowances for uncollectibles)	155,056	112,275
Due from component units	62,013	46,162
Prepaid items	-	1,491
Total current assets	8,437,036	8,221,802
Capital assets		
Land	417,587	417,587
Construction in progress	-	278,409
Plant and equipment	5,585,084	4,169,252
Accumulated depreciation	(1,891,885)	(1,543,936)
Total capital assets (net of accumulated depreciation)	4,110,786	3,321,312
Total assets	12,547,822	11,543,114
Deferred outflows of resources	20.400	40.450
OPEB - retiree healthcare	20,480	10,159
OPEB - supplemental death benefits	1,089	262
Retirement pensions	14,369	258,236
Total deferred outflows of resources	35,938	268,657
Total assets and deferred outflows of resources	\$ 12,583,760	\$ 11,811,771

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

September 30,	2018	2017
Liabilities		
Current liabilities		
Accounts payable	166,376	158,487
Compensated absences, current portion	63,000	63,000
Accrued expenses	71,371	72,704
Total current liabilities	300,747	294,191
Total current habilities	300,141	254,151
Long-term liabilities		
Compensated absences	189,368	174,509
OPEB liability - retiree healthcare	297,316	278,102
OPEB liability - supplemental death benefits	16,766	14,926
Net pension liability	6,705	299,544
Estimated liability for landfill postclosure costs	1,399,038	1,367,583
Total long-term liabilities	1,909,193	2,134,664
Total liabilities	2,209,940	2,428,855
Deferred inflows of resources		
	25 882	4 2 4 1
Deferred inflows of resources from pensions	25,882	4,341
Net position		
Net investment in capital assets	4,110,786	3,321,312
Unrestricted	6,237,152	6,057,263
Total net position	10,347,938	9,378,575
	, ,	, , , -
Total liabilities, deferred inflows		
of resources and fund balances	\$ 12,583,760	\$ 11,811,771

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

Year ended September 30,	2018	2017
Operating revenues	0.420.420	0.220.505
Current use charges	9,430,128	9,228,585
Expenditures		
Personnel services	2,330,639	2,501,523
Contracted services	1,512,695	1,377,146
Materials and supplies	152,570	150,775
Other expenses	3,443,285	3,089,489
Depreciation and amortization	347,949	272,614
Total expenditures	7,787,138	7,391,547
Operating income	1,642,990	1,837,038
Nonoperating revenues		
Interest revenue	152,870	46,643
Insurance recovery	1,798	1,037,611
Gain (loss) on sale of capital assets	25,190	1,271
Miscellaneous revenue	3,827	3,402
Total nonoperating revenues	183,685	1,088,927
Income before transfers and capital contributions	1,826,675	2,925,965
Transfers and capital contributions		
Transfers in	_	50
Transfers out	(1,560,500)	(1,551,224)
Capital contributions	703,188	249,130
Total transfers and capital contributions	(857,312)	(1,302,044)
Total transfers and capital contributions	(007,012)	(1,302,011)
Increase (decrease) in net position	969,363	1,623,921
Net position, beginning of year	9,378,575	7,730,120
Prior period adjustment	-,-:,	24,534
Net position, beginning of year - as restated	9,378,575	7,754,654
rect position, beginning or year as restated	3,310,313	7,734,034
Net position, end of year	\$ 10,347,938	\$ 9,378,575

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

Year ended September 30,	2018	2017
Cash flows from operating activities		
Receipts from customers	\$ 9,400,513	\$ 9,236,676
Payments to suppliers	(5,069,048)	(4,572,162)
Payments to employees	(2,333,305)	(2,379,367)
Net cash provided by operations	1,998,160	2,285,147
Cash flows from noncapital financing activities		
Transfers from other funds	_	50
Transfers to other funds	(1,560,500)	(1,551,224)
Net cash used in noncapital financing activities	(1,560,500)	(1,551,174)
	()	(, , ,
Cash flows from capital and related financing activities		
Purchase of capital assets	(459,425)	(391,988)
Insurance proceeds from capital asset disposal	1,798	1,037,611
Proceeds from sales of capital assets	25,190	1,271
Net cash (used in) provided by capital and related financing activities	(432,437)	646,894
Cash flows from investing activities		
Purchase of investments	(110,804)	(3,044,224)
Interest received	152,870	46,643
Net cash (used in) provided by investing activities	42,066	(2,997,581)
Net Increase in cash and cash equivalents	47,289	(1,616,714)
Cash and cash equivalents, beginning of year	895,918	2,512,632
Cash and cash equivalents, end of year	\$ 943,207	\$ 895,918

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

Year ended September 30,	2018	 2017	
Reconciliation of operating income to net cash provided			
by operating activities:			
Operating income	\$ 1,642,990	\$ 1,837,038	
Adjustments to reconcile net income from operations			
to net cash from operating activities			
Depreciation	347,949	272,614	
Loss on capital asset disposition	-	(1,271)	
Increase in receivables	(13,764)	(26,074)	
Decrease in prepaid items	1,491	25,956	
(Increase) Decrease in due from component units	(15,851)	35,436	
Increase in net pension liability	(292,839)	(117,699)	
Decrease in deferred outflows of resources net pension liability	-	227,361	
Decrease in deferred outflows of resources OPEB	243,867	-	
Increase (decrease) in accounts payable	7,889	(8,802)	
Increase (decrease) in accrued expenses	(1,333)	3,913	
Increase in other post employment benefit obligation	9,906	8,679	
Increase in compensated absences	14,859	12,282	
Increase (decrease) in deferred inflows of resources	21,541	(8,467)	
Increase in estimated liability for landfill			
closure and postclosure costs	31,455	24,181	
Total Adjustments	355,170	448,109	
Net cash provided by operating activities:	\$ 1,998,160	\$ 2,285,147	
Supplemental disclosure of noncash activities			
Schedule of noncash capital transactions			
Capital Contributions from other funds	\$ 703,188	\$ 249,130	

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

September 30,	2018			2017	
Assets					
Current assets					
Cash and cash equivalents	\$	857	\$	_	
Accounts receivables (net of allowances for uncollectibles)	•	3,721	·	3,722	
Inventories		20,980		23,406	
Total current assets		25,558		27,128	
Capital assets					
Land		49,496		49,496	
Plant and equipment	3,9	926,200	3	,932,884	
Accumulated depreciation	(3,1	156,782)	(3	,064,794)	
Total capital assets (net of accumulated depreciation)	8	318,914		917,586	
Total assets	8	344,472		944,714	
Deferred outflows of resources					
OPEB - retiree healthcare		6,485		3,217	
OPEB - supplemental death benefits		577		139	
Retirement pensions		7,605		101,422	
Total deferred outflows of resources		14,667		104,778	
Total assets and deferred outflows of resources	\$ 8	359,139	\$ 1	.,049,492	

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

September 30,	2018	2017
Liabilities		
Current liabilities		
Accounts payable	27,135	31,593
Compensated absences	2,000	2,000
Accrued expenses	22,649	21,517
Unearned revenues	, -	2,255
Due to other funds	646,786	378,267
Total current liabilities	698,570	435,632
Long-term liabilities		
Compensated absences	73,271	78,880
OPEB liability - retiree healthcare	94,162	88,076
OPEB liability - supplemental death benefits	8,874	7,901
Net pension liability	3,549	117,646
Total long-term liabilities	179,856	292,503
Total liabilities	878,426	728,135
Deferred inflows of resources		
Deferred inflows of resources from pensions	1,075	1,705
Net position		
Net investment in capital assets	818,914	917,586
Unrestricted	(839,276)	(597,934)
Total net position	(20,362)	319,652
Total liabilities, deferred inflows		
of resources and fund balances	\$ 859,139	\$ 1,049,492

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

Year ended September 30,		2018		2017
Operating revenues				
Golf course fees and charges	\$	854,528	Ś	965,623
Con course rees and enarges	Ψ	031,320	<u> </u>	303,023
Operating expenses				
Personnel services		724,784		785,891
Contracted services		169,484		173,796
Materials and supplies		156,500		140,990
Other expenses		57,886		71,028
Depreciation and amortization		98,672		102,182
Total operating expense		1,207,326	-	1,273,887
Operating loss		(352,798)		(308,264)
Nonoperating revenues				
Interest revenue		-		24
Miscellaneous revenue		12,784		13,519
Gain on sale of capital assets		-		3,341
Total nonoperating revenues		12,784		16,884
Decrease in net position		(340,014)		(291,380)
Net position, beginning of year		319,652		567,948
Prior period adjustment		-		43,084
Net position, beginning of year - as restated		319,652		611,032
Net position, end of year	\$	(20,362)	\$	319,652

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

Year ended September 30,	2	2018		
Cash flows from operating activities				
Receipts from customers	\$ 8	65,058	\$	978,056
Payments to suppliers	(1	16,251)		(270,836)
Payments to employees	(7	47,950)		(723,221)
Net cash provided by (used in) operations		857		(16,001)
Cash flows from noncapital financing activities		-		-
Cash flows from capital and related financing activities				
Proceeds from sale of assets		-		11,408
Net cash provided by capital and related financing activities		-		11,408
Cash flows from investing activities				
Interest received		-		24
Net cash provided by (used in) investing activities		-		24
Net increase (decrease) in cash and cash equivalents		857		(4,569)
Cash and cash equivalents, beginning of year		-		4,569
Cash and cash equivalents, end of year	\$	857	\$	-

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

Year ended September 30,	2018	2017
Reconciliation of operating income to net cash provided		
by operating activities:		
Operating loss	\$ (352,798)	\$ (308,264)
Adjustments to reconcile net income from operations		
to net cash from operating activities		
Depreciation	98,672	102,182
Gain on capital asset disposition	-	(3,341)
Other revenue received	12,785	15,774
Decrease in inventories	2,426	1,620
Decrease in interfunds	268,519	103,905
(Increase) decrease in net pension liability	(114,097)	(46,226)
Increase in deferred outflows of resources	93,817	89,296
Increase (decrease) in accounts payable	(4,458)	9,858
Increase (decrease) in unearned revenues	(2,255)	-
Increase in net other post employment benefit pension obligation	3,353	3,055
Increase (decrease) in deferred inflows of resources	(630)	(3,326)
Increase (decrease) in compensated absences	(5,609)	19,871
Increase (decrease) in accrued expenses	1,132	(405)
Total adjustments	353,655	292,263
Net cash provided by (used in) operations	\$ 857	\$ (16,001)

Supplemental disclosure of noncash activities:

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

\$ 1,430,924

1,640,817

September 30,	2018	2017
Assets		
Current assets		
Cash and cash equivalents	\$ 168,816	\$ 169,190
Accounts receivables (net of allowances for uncollectibles)	4,389	4,389
Total current assets	173,205	173,579
Capital assets		
Plant and equipment	4,795,374	4,795,374
Accumulated depreciation	(3,540,778)	(3,354,493)
Total capital assets (net of accumulated depreciation)	1,254,596	1,440,881
Total assets	1,427,801	1,614,460
Deferred outflows of resources		
OPEB - retiree healthcare	879	436
OPEB - supplemental death benefits	158	38
Net pension liability	2,086	25,883
Total deferred outflows of resources	3,123	26,357

Total assets and deferred outflows of resources

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

September 30,	2018		2017	
Liabilities				
Current liabilities				
Accounts payable	\$ 8,322	\$	10,628	
Accrued expenses	34,356	۲	22,814	
Unearned revenue	17,611		19,297	
Total current liabilities	60,289		52,739	
Long-term liabilities				
Compensated absences	20,477		20,919	
OPEB liability - retiree healthcare	12,746		11,924	
OPEB liability - supplemental death benefits	2,435		2,168	
Net pension liability	974		30,024	
Total long-term liabilities	36,632		65,035	
Total liabilities	96,921		117,774	
Deferred inflows of resources				
Deferred outflows of resources for pensions	3,758		435	
Net position				
Net investment in capital assets	1,254,596		1,440,881	
Unrestricted	75,649		81,727	
Total net position	1,330,245		1,522,608	
Total liabilities, deferred inflows				
of resources and net position	\$ 1,430,924	\$	1,640,817	

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

Year ended September 30,	2018		2017
Operating revenues	226 667	<u> </u>	477.000
Rental income	\$ 226,667	\$	177,893
Operating expenses			
Personnel services	96,303		108,167
Contracted services	214,599		214,082
Materials and supplies	11,362		9,832
Other expenses	29,901		9,823
Depreciation and amortization	186,286		288,367
Total operating expenses	538,451		630,271
Operating loss	(311,784)		(452,378)
Nonoperating revenues			
Interest income	1,595		385
Miscellaneous revenue	2,826		740
Total nanaparating rayanyas	4,421		1 125
Total nonoperating revenues	4,421		1,125
Income (loss) before transfers and capital contributions	(307,363)		(451,253)
Transfers and capital contributions	445.000		445.000
Transfers in	115,000		115,000
(Decrease) increase in net position	(192,363)		(336,253)
			, ,
Net position, beginning of year	1,522,608		1,865,726
Prior period adjustment	-		(6,865)
Net position, beginning of year - as restated	1,522,608		1,858,861
Net position, end of year	\$ 1,330,245	\$	1,522,608

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

Year ended September 30,		2018		2017
Cash flows from operating activities				
Receipts from customers	\$	227,807	\$	196,931
Payments to suppliers	•	(246,627)	Y	(225,496)
Payments to employees		(98,149)		(94,771)
Net cash used in operating activities		(116,969)		(123,336)
Cash flows from noncapital financing activities				
Transfers from other funds		115,000		115,000
Net cash provided by noncapital financing activities		115,000		115,000
Cash flows from capital and related financing activities		-		-
Cash flows from investing activities				
Interest received		1,595		385
Net cash provided by investing activities		1,595		385
Net increase (decrease) in cash and cash equivalents		(374)		(7,951)
Cash and cash equivalents, beginning of year		169,190		177,141
Cash and cash equivalents, end of year	\$	168,816	\$	169,190
		-		
Reconciliation of operating income to net cash provided				
by operating activities:				
Operating loss	\$	(311,784)	\$	(452,379)
Adjustments to reconcile net income to net cash				
from operating activities				
Depreciation		186,285		288,367
Decrease in accounts receivable		-		-
(Increase) decrease in prepaid items		-		131
(Increase) decrease in net pension (liability) asset		(29,050)		(11,797)
Increase in deferred outflows of resources		23,797		22,789
Decrease in accounts payable		(2,306)		2,389
Increase in accrued expenses		11,542		5,723
Decrease in net other post employment benefit obligation		526		1,226
Increase (decrease) in compensated absences		(442)		2,027
Increase (decrease) in deferred inflows of resources		3,323		(849)
Decrease in due to other funds		-		-
Increase (decrease) in unearned revenues		1,140		19,037
Total Adjustments		194,815		329,043
Net cash provided by operating activities:	\$	(116,969)	\$	(123,336)

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

September 30,		2018		2017
Assets				
Current assets				
Cash and cash equivalents	\$	6,354	\$	21,640
Investments - other	·	58,241	•	57,354
Accounts receivables (net of allowances for uncollectibles)		32		32
Total current assets		64,627		79,026
Continue				
Capital assets				
Construction in progress		14,890		14,890
Plant and equipment		233,773		225,238
Accumulated depreciation		(164,410)		(150,766)
Total capital assets (net of accumulated depreciation)		84,253		89,362
Deferred outflows of resources				
OPEB - retiree healthcare		512		254
Total assets	\$	149,392	\$	168,642
Liabilities				
Current liabilities				
Accounts payable	\$	11,689	\$	13,411
Accrued expenses		1,844		1,747
Total current liabilities		13,533		15,158
Long-term liabilities				
Compensated absences		6,412		4,756
OPEB liability - retiree healthcare		7,431		6,951
Total long-term liabilities		13,843		11,707
Total liabilities		27,376		26,865
Net position				00.00=
Net investment in capital assets		84,253		89,362
Unrestricted		37,763		52,415
Total net position		122,016		141,777
Total liabilities and net position	\$	149,392	\$	168,642

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

Year ended September 30,	2018	2017	
Operating revenues			
Admissions	\$ 2,880	\$ 8,150	
Operating expenses			
Personnel services	52,965	58,605	
Contracted services	29,501	36,397	
Materials and supplies	5,300	5,310	
Other expenses	15,616	14,907	
Depreciation and amortization	13,644	12,770	
Total operating expenses	117,026	127,989	
Operating loss	(114,146)	(119,839)	
Nonoperating revenues			
Interest revenue	914	440	
Miscellaneous revenue	3,471	1,756	
Total nonoperating revenues	4,385	2,196	
	(****	(4.4 = 6.40)	
Loss before transfers and capital contributions	(109,761)	(117,643)	
Transfers and conital contributions			
Transfers and capital contributions	00.000	00.000	
Transfers In	90,000	90,000	
Change in not nocition	(10.761)	(27.642)	
Change in net position	(19,761)	(27,643)	
Net position, beginning of year	141,777	154,755	
Prior period adjustment		14,665	
Net position, beginning of year - as restated	141,777	169,420	
The position, segming or year as restated	±7±,///	103,720	
Net position, end of year	\$ 122,016	\$ 141,777	

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

Payments to suppliers Payments to employees Net cash used in operations Cash flows from noncapital financing activities Transfers from other funds Cash flows from capital and related financing activities Purchases of capital assets Net cash provided used in capital and related financing activities Cash flows from investing activities Purchase of investments Interest received on investments Net cash provided used in (provided by) investing activities Net increase (decrease) in cash and cash equivalents Cash and cash equivalents, beginning of year Cash and cash equivalents, end of year Reconciliation of operating income to net cash provided by operating activities:	\$ 2,880 (52,042) (51,087) (100,249) 90,000 (5,064) (5,064)	\$ 8,127 (52,255) (53,824) (97,952) 90,000 (7,869) (7,869)
Receipts from customers Payments to suppliers Payments to employees Net cash used in operations Cash flows from noncapital financing activities Transfers from other funds Cash flows from capital and related financing activities Purchases of capital assets Net cash provided used in capital and related financing activities Cash flows from investing activities Purchase of investments Interest received on investments Net cash provided used in (provided by) investing activities Net increase (decrease) in cash and cash equivalents Cash and cash equivalents, beginning of year Cash and cash equivalents, end of year Reconciliation of operating income to net cash provided by operating activities: Operating loss Adjustments to reconcile net income from operations	\$ (52,042) (51,087) (100,249) 90,000 (5,064) (5,064)	\$ (52,255) (53,824) (97,952) 90,000 (7,869) (7,869)
Payments to suppliers Payments to employees Net cash used in operations Cash flows from noncapital financing activities Transfers from other funds Cash flows from capital and related financing activities Purchases of capital assets Net cash provided used in capital and related financing activities Cash flows from investing activities Purchase of investments Interest received on investments Net cash provided used in (provided by) investing activities Net increase (decrease) in cash and cash equivalents Cash and cash equivalents, beginning of year Cash and cash equivalents, end of year Reconciliation of operating income to net cash provided by operating activities: Operating loss Adjustments to reconcile net income from operations	(52,042) (51,087) (100,249) 90,000 (5,064) (5,064)	(52,255) (53,824) (97,952) 90,000 (7,869) (7,869)
Payments to employees Net cash used in operations Cash flows from noncapital financing activities Transfers from other funds Cash flows from capital and related financing activities Purchases of capital assets Net cash provided used in capital and related financing activities Cash flows from investing activities Purchase of investments Interest received on investments Net cash provided used in (provided by) investing activities Net increase (decrease) in cash and cash equivalents Cash and cash equivalents, beginning of year Cash and cash equivalents, end of year Reconciliation of operating income to net cash provided by operating activities: Operating loss Adjustments to reconcile net income from operations	(51,087) (100,249) 90,000 (5,064) (5,064)	(53,824) (97,952) 90,000 (7,869) (7,869)
Net cash used in operations Cash flows from noncapital financing activities Transfers from other funds Cash flows from capital and related financing activities Purchases of capital assets Net cash provided used in capital and related financing activities Cash flows from investing activities Purchase of investments Interest received on investments Net cash provided used in (provided by) investing activities Net increase (decrease) in cash and cash equivalents Cash and cash equivalents, beginning of year Cash and cash equivalents, end of year Reconciliation of operating income to net cash provided by operating activities: Operating loss Adjustments to reconcile net income from operations	90,000 (5,064) (5,064)	90,000 (7,869) (7,869)
Cash flows from noncapital financing activities Transfers from other funds Cash flows from capital and related financing activities Purchases of capital assets Net cash provided used in capital and related financing activities Cash flows from investing activities Purchase of investments Interest received on investments Net cash provided used in (provided by) investing activities Net increase (decrease) in cash and cash equivalents Cash and cash equivalents, beginning of year Cash and cash equivalents, end of year Reconciliation of operating income to net cash provided by operating activities: Operating loss Adjustments to reconcile net income from operations	90,000 (5,064) (5,064)	90,000 (7,869) (7,869) - 44
Transfers from other funds Cash flows from capital and related financing activities Purchases of capital assets Net cash provided used in capital and related financing activities Cash flows from investing activities Purchase of investments Interest received on investments Net cash provided used in (provided by) investing activities Net increase (decrease) in cash and cash equivalents Cash and cash equivalents, beginning of year Cash and cash equivalents, end of year Reconciliation of operating income to net cash provided by operating activities: Operating loss Adjustments to reconcile net income from operations	(5,064) (5,064) - 27	(7,869) (7,869) - 44
Transfers from other funds Cash flows from capital and related financing activities Purchases of capital assets Net cash provided used in capital and related financing activities Cash flows from investing activities Purchase of investments Interest received on investments Net cash provided used in (provided by) investing activities Net increase (decrease) in cash and cash equivalents Cash and cash equivalents, beginning of year Cash and cash equivalents, end of year Reconciliation of operating income to net cash provided by operating activities: Operating loss Adjustments to reconcile net income from operations	(5,064) (5,064) - 27	(7,869) (7,869) - 44
Cash flows from capital and related financing activities Purchases of capital assets Net cash provided used in capital and related financing activities Cash flows from investing activities Purchase of investments Interest received on investments Net cash provided used in (provided by) investing activities Net increase (decrease) in cash and cash equivalents Cash and cash equivalents, beginning of year Cash and cash equivalents, end of year Reconciliation of operating income to net cash provided by operating activities: Operating loss Adjustments to reconcile net income from operations	(5,064) (5,064) - 27	(7,869) (7,869) - 44
Purchases of capital assets Net cash provided used in capital and related financing activities Cash flows from investing activities Purchase of investments Interest received on investments Net cash provided used in (provided by) investing activities Net increase (decrease) in cash and cash equivalents Cash and cash equivalents, beginning of year Cash and cash equivalents, end of year Reconciliation of operating income to net cash provided by operating activities: Operating loss Adjustments to reconcile net income from operations	(5,064) - 27	(7,869) - 44
Purchases of capital assets Net cash provided used in capital and related financing activities Cash flows from investing activities Purchase of investments Interest received on investments Net cash provided used in (provided by) investing activities Net increase (decrease) in cash and cash equivalents Cash and cash equivalents, beginning of year Cash and cash equivalents, end of year Reconciliation of operating income to net cash provided by operating activities: Operating loss Adjustments to reconcile net income from operations	(5,064) - 27	(7,869) - 44
Net cash provided used in capital and related financing activities Cash flows from investing activities Purchase of investments Interest received on investments Net cash provided used in (provided by) investing activities Net increase (decrease) in cash and cash equivalents Cash and cash equivalents, beginning of year Cash and cash equivalents, end of year Reconciliation of operating income to net cash provided by operating activities: Operating loss Adjustments to reconcile net income from operations	(5,064) - 27	(7,869) - 44
Purchase of investments Interest received on investments Net cash provided used in (provided by) investing activities Net increase (decrease) in cash and cash equivalents Cash and cash equivalents, beginning of year Cash and cash equivalents, end of year Reconciliation of operating income to net cash provided by operating activities: Operating loss Adjustments to reconcile net income from operations		
Purchase of investments Interest received on investments Net cash provided used in (provided by) investing activities Net increase (decrease) in cash and cash equivalents Cash and cash equivalents, beginning of year Cash and cash equivalents, end of year Reconciliation of operating income to net cash provided by operating activities: Operating loss Adjustments to reconcile net income from operations		
Interest received on investments Net cash provided used in (provided by) investing activities Net increase (decrease) in cash and cash equivalents Cash and cash equivalents, beginning of year Cash and cash equivalents, end of year Reconciliation of operating income to net cash provided by operating activities: Operating loss Adjustments to reconcile net income from operations		
Net cash provided used in (provided by) investing activities Net increase (decrease) in cash and cash equivalents Cash and cash equivalents, beginning of year Cash and cash equivalents, end of year Reconciliation of operating income to net cash provided by operating activities: Operating loss Adjustments to reconcile net income from operations		
Net increase (decrease) in cash and cash equivalents Cash and cash equivalents, beginning of year Cash and cash equivalents, end of year Reconciliation of operating income to net cash provided by operating activities: Operating loss Adjustments to reconcile net income from operations	27	11
Cash and cash equivalents, beginning of year Cash and cash equivalents, end of year Reconciliation of operating income to net cash provided by operating activities: Operating loss Adjustments to reconcile net income from operations		44
Cash and cash equivalents, end of year Reconciliation of operating income to net cash provided by operating activities: Operating loss Adjustments to reconcile net income from operations	(15,286)	(15,777)
Reconciliation of operating income to net cash provided by operating activities: Operating loss Adjustments to reconcile net income from operations	21,640	37,417
by operating activities: Operating loss Adjustments to reconcile net income from operations	\$ 6,354	\$ 21,640
by operating activities: Operating loss Adjustments to reconcile net income from operations		
Operating loss Adjustments to reconcile net income from operations		
Adjustments to reconcile net income from operations		
	\$ (114,146)	\$ (119,838)
to net cash from operating activities		
Depreciation and amortization	13,644	12,770
(Increase) decrease in accounts receivable	-	(23)
Decrease in accounts payable	(1,722)	4,481
Increase (decrease) in accrued expenses	97	(123)
Increase in net other post employment benefit obligation	222	4,781
Increase in compensated absences	1,656	-
Total adjustments	13,897	21,886
Net cash used in operations		(97,952)
Supplemental disclosure of noncash activities	\$ (100,249)	\$

SUPPLEMENTARY INDIVIDUAL INTERNAL SERVICE FUNDS FINANCIAL STATEMENTS AND SCHEDULES

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 Motor Vehicle and Warehouse Fund Internal Service Fund Comparative Statement of Net Position

September 30,	2018	2017
Assets		
Current assets		
Cash and cash equivalents	\$ 1,705,555	\$ 2,118,477
Investments - other	2,114,979	1,570,148
Receivables (net of allowances for uncollectibles)		, ,
Accounts	12,629	10,385
Due from component unit	263	-
Inventories	178,777	163,084
Total current assets	4,012,203	3,862,094
Capital assets	21,698,912	21,630,255
Accumulated depreciation	(16,510,346)	(15,975,333)
Capital assets (net of accumulated depreciation)	5,188,566	5,654,922
Total capital assets	5,188,566	5,654,922
Total assets	9,200,769	9,517,016
Deferred outflows of resources		
OPEB - retiree healthcare	3,788	1,880
OPEB - supplemental death benefits	922	222
Pensions	12,928	91,252
Total deferred outflows of resources	17,638	93,354
Total assets and deferred outflows of resources	\$ 9,218,407	\$ 9,610,370

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

September 30,	2018	2017
Liabilities		
Current liabilities		
Accounts payable	\$ 10,95 6	\$ 17,582
Compensated absences	52,025	51,933
Accrued expenses	12,088	11,660
Total current liabilities	75,069	81,175
Long-term liabilities		
OPEB liability - retiree healthcare	54,985	51,432
OPEB liability - supplemental death benefits	14,188	12,631
Net pension liability	5,674	105,622
Total non-current liabilities	74,847	169,685
Total liabilities	149,916	250,860
Deferred inflows of resources		
Deferred inflows of resources from pensions	23,286	1,535
Net position		
Net investment in capital assets	5,188,566	5,654,922
Unrestricted	3,856,639	3,703,053
Total net position	9,045,205	9,357,975
Total liabilities, deferred inflows		
of resources and net position	\$ 9,218,407	\$ 9,610,370

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

Year ended September 30,	2018	2017
Operating revenues		
Current use charges	\$ 3,384,80	7 \$ 3,075,479
Operating expenses		
Personnel services	374,12	6 412,357
Contracted services	94,14	o 78,036
Materials and supplies	1,763,46	1,557,664
Other expenses	46,24	0 137,744
Depreciation expense	1,516,84	1,792,315
Total operating expenses	3,794,81	0 3,978,116
Operating loss	(410,00	(902,637)
Nonoperating revenues		
Interest revenue	48,46	
Gain on sale/disposal of fixed assets	69	<u> </u>
Total nonoperating revenues	49,16	0 19,294
Loss before transfers and capital contributions	(360,84	(883,343)
Transfers and capital contributions		
Transfers out	(703,18	(249,130)
Capital contributions	751,26	
Total transfers and capital contributions	48,07	
·		
Net decrease in net position	(312,77	(747,415)
Net position, beginning of year	9,357,97	5 10,121,787
Prior period adjustment	-	(16,397)
Net position, beginning of year, as restated	9,357,97	5 10,105,390
Net position, end of year	\$ 9,045,20	5 \$ 9,357,975

City of Harlingen, Texas Motor Vehicle and Warehouse Fund Internal Service Fund Comparative Statement of Cash Flows

Year ended September 30,	2018		2017
Cash flows from operating activities		_	
Received from customers	\$ 3,382,564	\$	3,072,694
Payments to suppliers	(1,926,425)		(1,812,119)
Payments to employees	(370,979)		(379,373)
Net cash provided by (used in) operations	1,085,160		881,202
Cash flows from noncapital financing activities			
Transfers from other funds	(703,188)		(249,130)
Cash flows from capital and related financing activities			
Purchases of capital assets	(299,225)		(562,546)
·	(299,223) 694		• • •
Proceeds from the sale of capital assets Not each used in capital and related financing activities			1,911
Net cash used in capital and related financing activities	(298,531)		(560,635)
Cash flows from investing activities			
Purchase of investments	(32,205)		(512,626)
Interest received	48,466		17,383
Net cash provided by investing activities	16,261		(495,243)
Net increase (decrease) in cash and cash equivalents	99,702		(423,806)
Cash and cash equivalents, beginning of year	1,605,853		2,029,659
Cash and cash equivalents, end of year	\$ 1,705,555	\$	1,605,853

City of Harlingen, Texas Motor Vehicle and Warehouse Fund Internal Service Fund Comparative Statement of Cash Flows – Continued

Year ended September 30,		2018		2017
Reconciliation of operating income to net cash provided				
by operating activities:				
Operating loss	\$	(410,003)	\$	(902,635)
Adjustments to reconcile net income from				
operations to net cash from operating activities				
Depreciation		1,516,841		1,792,315
Gain on disposal of assets		-		(1,911)
Decrease in receivables		(2,244)		(875)
Increase in due from other funds		(263)		122
(Increase) decrease in inventories		(15,693)		1,126
(Increase) decrease in net pension asset		(99,948)		7,406
Increase in deferred outflows of resources		78,324		23,054
Increase (decrease) in accounts payable		(6,626)		(39,922)
Increase in net other post employment benefit obligation		2,592		3,566
Increase (decrease) in deferred inflows of resources		21,752		(1,480)
Increase in accrued expenses		428		436
Total adjustments		1,495,163		1,783,837
Net cash provided by (used in) operations	\$	1,085,160	\$	881,202
Supplemental disclosure of naneach activities				
Supplemental disclosure of noncash activities:				
Schedule of noncash capital transactions	¢	754 264	۲	205.050
Capital Contributions from other funds	\$	751,261	\$	385,058

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

September 30,	2018	2017
Assets		
Current assets		
Cash and cash equivalents	\$ 741,768	\$ 663,198
Accounts receivable	5,455	8,576
Total assets	\$ 747,223	\$ 671,774
Liabilities		
Current liabilities		
Accounts payable	\$ 19,986	\$ 6,260
Due to other funds	65,000	65,000
Total liabilities	84,986	71,260
Net position Unrestricted net position	662,237	600,514
Total liabilities and net position	\$ 747,223	\$ 671,774

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

Year ended September 30,	201	8	2017
			_
Operating revenues			
Current use charges	4,50	55,804	4,444,327
Operating expenses			
Contracted services	4,59	93,210	4,500,769
Operating loss	(2	27,406)	(56,442)
	•	<u> </u>	
Nonoperating revenues			
Interest revenue		8,129	2,043
Loss before operating transfers	(:	19,277)	(54,399)
Transfers			
Transfers in	:	31,000	81,000
Net increase in net position		61,723	26,601
Net position, beginning of year	60	00,514	573,913
Net position, end of year	\$ 60	62,237	\$ 600,514

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

Year ended September 30,		2018		2017
Cash flows from operating activities				
Receipts		4,568,925		4,450,481
Payments to suppliers	(4	4,579,484)	(-	4,120,609)
Net cash used in operations		(10,559)		329,872
Cash flows from noncapital financing activities		04.000		04.000
Transfers from other funds		81,000		81,000
Cash flows from capital and related financing activities		-		
Cash flave from investing activities				
Cash flows from investing activities		0.430		2 042
Interest received		8,129		2,043
Net (decrease) increase in cash and cash equivalents		78,570		412,915
Net (decrease) merease in easir and easir equivalents		70,370		412,313
Cash and cash equivalents, beginning of year		663,199		250,284
Cash and cash equivalents, end of year	\$	741,769	\$	663,199
		-		
Reconciliation of operating income to net cash provided				
by operating activities:				
Operating loss	\$	(27,406)	\$	(56,442)
Adjustments to reconcile net loss from	•	, , ,	·	, , ,
operations to net cash from operating activities				
(Increase) decrease in accounts receivable		3,121		6,154
Increase in prepaid expenses		-		388,580
Decrease in due from other funds		_		-
Increase in accounts payable		13,726		(8,420)
Total adjustments		16,847		386,314
		,-		/
Net cash used in operations	\$	(10,559)	\$	329,872



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,		2018		2017
Assets				
Cash and cash equivalents	\$	1,974,607		1,688,620
Investments - other	•	3,067,895		3,021,179
Receivables (net of allowances for uncollectibles)		2,222,222		0,0==,=:0
Accounts		82,619		76,780
Due from other government		363,283		367,366
Prepaid expenses		2,111		2,111
Long-term loans receivable		475,430		516,843
Redevelopment properties		555,686		672,593
Total assets	\$	6,521,631	\$	6,345,492
	·	<u> </u>		
Liabilities				
Accounts payable	\$	53,528	\$	63,389
Accrued expenditures	•	11,744	т.	11,264
Due to primary government		10,241		4,008
Total liabilities		75,513		78,661
Deferred inflows of resources				
Deferred inflows of resources - noncurrent receivables		500,990		835,303
Deferred inflows of resources - noncurrent receivables - TIRZ		, -		-
TOTAL INFLOWS OF RESOURCES		500,990		835,303
Fund balance				
Nonspendable		2,111		2,111
Committed		2,000,000		2,000,000
Unassigned		3,943,017		3,429,417
Total fund balance		5,945,128		5,431,528
Total liabilities, deferred inflows				
of resources and fund balances	\$	6,521,631	\$	6,345,492

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

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

Year ended September 30, 2018

- Tear chaca september 30, 2010	HEDC Activities
Fund balances component unit	\$ 5,945,128
Amounts reported in the statement of activities are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. This is the amount of governmental assets \$40,993,573, net of accumulated depreciation totaling	
\$(7,759,267).	33,234,306
Other long term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.	500,990
Long term liabilities, including \$42,120 in compensated absences, applicable to the component units governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities – both current and long-term are reported in the statement of net	
position.	(28,321,621)
Interest on long-term debt payable is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(621,723)
Net position of the component unit on the statement of net position	\$ 10,737,080

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

Year ended September 30,		2018		2017
Revenues				
Non property taxes	\$	4,836,949	\$	4,516,849
Intergovernmental	·	500,815	·	430,884
Miscellaneous and program revenues		864,301		561,035
Interest and investment income		67,563		23,317
Total revenues		6,269,628		5,532,085
Expenditures				
Current				
Community and economic development		2,487,580		1,895,667
Debt service				
Principal retirement		1,620,000		1,560,000
Interest and fiscal agent fees		1,650,340		1,719,345
Total expenditures		5,757,920		5,175,012
Other financing sources				
Sale of assets		1,892		106,247
Total other financing sources		1,892		106,247
Net change in fund balance		513,600		463,320
Fund balance, beginning of year		5,431,528		4,968,208
Fund balance, end of year	\$	5,945,128	\$	5,431,528

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

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

Year ended September 30, 2018

real chaca september 50, 2010	HEDC Activities
Net change in fund balances component unit fund	\$ 513,600
Amounts reported in the statement of activities are different because:	
Governmental funds report capital asset depreciation as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount that depreciation expense for the current period \$(1,117,296) exceeded capital outlay expenditures of \$107,049	(1,010,247)
Other long term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	(334,313)
Repayment of bond and notes payable principal is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement	1,620,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Long term debt is not recorded at the fund level, and consequently, the decrease in accrued interest of \$(103,124) is not recorded either. Also, any changes in compensated absences \$(15,978) and amortization of discounts related to long-term debt totaling \$(23,037), are reported as an increase or decrease to expenses in the statement of activities but not in the governmental funds.	(142,139)
Change in net position of Harlingen Economic Development Corporation:	\$ 646,901

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

September 30,	2018	2017
Assets		
Cash and cash equivalents	\$ 6,777,226	\$ 5,124,585
Receivables (net of allowances for uncollectibles)		
Accounts	410	-
Due from other government	121,094	122,455
Redevelopment properties	-	310,035
Total assets	\$ 6,898,730	\$ 5,557,075
Liabilities		
Accounts payable	513,514	19,593
Fund balance		
Unassigned	6,385,216	5,537,482
		, , , -
Total liabilities and fund balance	\$ 6,898,730	\$ 5,557,075

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

Year ended September 30,	2018		2017
Revenues			
Non property taxes	\$ 1,587,582	\$	1,480,262
Miscellaneous and program revenues	-	Ψ	54,291
Interest and investment income	66,790		17,608
Total revenues	1,654,372		1,552,161
Expenditures			
Current			
Community and economic development	742,221		1,719,731
Total expenditures	742,221		1,719,731
EXCESS REVENUES OVER EXPENDITURES	912,151		(167,570)
Other financing sources (uses)			
Disposal of capital assets	(64,417)		-
Total other financing sources (uses)	(64,417)		-
Net change in fund balance	847,734		(167,570)
Fund balance, beginning of year	5,537,482		5,705,052
Fund balance, end of year	\$ 6,385,216	\$	5,537,482

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

September 30,	2018	2017
Assets		
Current assets		
Cash and cash equivalents	\$ 5,511,165	\$ 7,875,076
Investments - other	18,898,573	12,763,316
Receivables, net of allowances for uncollectibles	2,419,307	2,241,649
Due from primary government	5,872	-
Interest receivable	27,125	39,239
Inventories	370,747	393,825
Prepaid expenses	11,000	14,459
Restricted assets		
Cash and cash equivalents	2,720,279	4,121,962
Investments	4,136,287	5,630,467
Total current assets	34,100,355	33,079,993
Noncurrent Assets		
Net pension asset	1,148,146	-
Capital assets		
Non-depreciable assets	9,353,560	9,842,012
Depreciable assets	182,144,772	174,932,212
Accumulated depreciation	(117,869,811)	(114,112,382)
Total capital assets, net	73,628,521	70,661,842
Total assets	108,877,022	103,741,835
	• •	, ,
Deferred outflows of resources		
Deferred charge on refunding	215,886	269,324
Deferred resource outflows for pensions	1,078,873	1,543,195
Deferred resource outflows for OPEB	764,111	189,177
T	2 050 070	2 004 505
Total deferred outflows of resources	2,058,870	2,001,696
Total assets and deferred		
outflows of resources	\$ 110,935,892	\$ 105,743,531

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

September 30,	2018	2017
Liabilities		
Current liabilities		
Accounts payable	\$ 425,134	\$ 438,380
Due to primary government	207,450	111,801
Other liabilities	433,004	344,959
Payable from restricted assets:	133,50	3 : 1,333
Accrued interest	309,159	322,180
Customer deposits - current	350,000	300,000
Compensated absences - current	550,000	572,000
Revenue bonds - current	1,548,508	1,507,230
Total current liabilities	3,823,255	3,596,550
Total carrent habilities	5,023,233	3,330,330
Noncurrent liabilities		
Revenue bonds payable, net	20,800,431	22,348,939
Compensated absences	225,364	190,817
OPEB - retiree healthcare	10,560,920	9,641,083
OPEB - supplemental death benefits	524,495	460,283
Net pension liability	-	323,981
Payable fom restricted assets	2,251,402	2,107,602
Total long-term debt	34,362,612	35,072,705
Total liabilities	38,185,867	38,669,255
Deferred inflows of resources		
Deferred inflows of resources for pensions	1,285,678	56,456
Deterred lilliows of resources for perisions	1,263,076	30,430
Net position		
Net investment in capital assets	51,927,406	50,848,870
Restricted:	31,327,400	30,040,070
Debt service	1,409,529	1,362,301
System expansion	3,477,817	6,823,103
Unrestricted	14,649,595	7,983,546
Omestricted	14,043,333	7,363,340
Total net position	71,464,347	67,017,820
Total liabilities, deferred inflows		
of resources and net position	\$ 110,935,892	\$ 105,743,531

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

Year ended September 30,	2018	2017
Operating revenues Charges for services		
Current use charges	¢ 21 271 720	¢ 21 /77 /57
Current use charges	\$ 21,271,728	\$ 21,477,457
Operating expenses		
Personnel services	8,382,710	8,175,686
Contracted services	2,909,671	3,274,701
Supplies and maintenance	2,901,611	2,886,769
Other expenses	150,646	141,543
Depreciation	4,001,507	3,823,252
Total operating expenses	18,346,145	18,301,951
Operating income	2,925,583	3,175,506
Non-operating revenues		
Impact fees	651,807	768,230
Investment earnings	445,721	206,280
Miscellaneous revenue	733,040	509,279
Total non-operating revenues	1,830,568	1,483,789
Non-operating expenses		
Interest and amortization expense	780,514	656,446
Net income (loss) before capital contributions	3,975,637	4,002,849
Capital contributions	470,890	432,882
Change in net position	4,446,527	4,435,731
Net position, beginning	67,017,820	68,654,211
Prior period adjustment	<u>-</u>	(6,072,122)
Net position, beginning, restated	67,017,820	62,582,089
Net position, end of year	\$ 71,464,347	\$ 67,017,820

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

Year ended September 30,	2018	2017
Cash flows from operating activities		
Receipts from customers - service revenue	\$ 22,018,388	\$ 22,319,814
Payments to suppliers	(5,895,049)	(6,466,765)
Payments to employees	(7,717,465)	(7,281,538)
Net cash provided by operations	8,405,874	8,571,511
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(6,417,127)	(4,757,010)
Proceeds from sale of assets	18,150	-
Proceeds from impact fees	651,807	768,230
Principal paid on revenue bonds	(1,480,000)	(1,455,000)
Interest and fees paid on revenue bonds	(761,056)	(591,519)
Net cash provided by (used in) capital and related financing activities	(7,988,226)	(6,035,299)
Cash flows from investing activities		
Purchase of investments	(27,518,823)	(22,084,694)
Maturity of investments	22,877,746	20,606,535
Investment earnings	457,835	170,778
Net cash provided by (used in) investing activities	(4,183,242)	(1,307,381)
Net (decrease) increase in cash and cash equivalents	(3,765,594)	1,228,831
Cash and cash equivalents, beginning of year	 11,997,038	10,768,207
Cash and cash equivalents, end of year	\$ 8,231,444	\$ 11,997,038

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

Year ended September 30,		2018		2017
Reconciliation of operating income (loss) to net cash provided by operating	g activities:			
Operating Income	\$	2,925,583	\$	3,175,506
Adjustments to reconcile operating loss to net cash provided				
by operating activities:				
Depreciation expense		4,001,507		3,823,252
Non-operating revenue		716,195		716,346
Increase in receivables		(183,530)		(128,778)
(Increase) decrease in inventories		23,078		(3,821)
(Increase) decrease in prepaid expenses		3,459		93,698
Increase in net pension asset		(1,148,146)		-
Increase in pension related deferred outflows		464,322		445,275
Increase in OPEB related deferred outflows		(574,934)		-
Decrease in accounts payable		(13,246)		(64,194)
Increase (decrease) in due to primary government		20,195		(31,258)
Increase (decrease) in compensated absences		75,754		(86,835)
Increase (decrease) in retiree health care plan liability		12,547		(13,700)
Increase (decrease) in other liabilities		(323,981)		297,589
Increase in net pension obligation		1,229,222		130,228
Increase in OPEB (retiree health care plan) liability		919,837		(36,586)
Increase in OPEB (retiree death benfit plan) liability		64,212		-
Increase in customer deposits		193,800		254,789
Total adjustments		5,480,291		5,396,005
Net cash provided by operations	\$	8,405,874	\$	8,571,511
Constant discharge of a search and the last title				
Supplemental disclosures of noncash capital activities:				
Water lines, sewer mains and related infrastructure		470 000	~	422.002
contributed to the Waterworks System by developers and builders	\$	470,890	\$	432,882

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

September 30,	2018	2017
Assets		
Current assets		
Cash and cash equivalents	\$ 2,596,992	\$ 1,863,695
Investments - other	-	497,167
Investments - fair value	498,623	249,964
Accounts receivable	795,018	456,090
Grant receivable	1,404,200	728,375
Prepaid expenses and deposits	239,871	107,105
Total current assets	5,534,704	3,902,396
Noncompat		
Noncurrent assets Capital assets		
·		= 044 000
Land	5,011,080	5,011,080
Construction in progress	1,082,846	5,164,481
Buildings	41,735,448	38,609,717
Runways and taxiways	58,904,765	56,193,761
Land improvements	26,645,147	26,645,147
Furniture and fixtures	3,315,614	3,237,977
Machinery and equipment	20,196,712	18,670,708
Less accumulated depreciation	(93,032,106)	(88,182,052)
Net capital assets	63,859,506	65,350,819
Total noncurrent assets	63,859,506	65,350,819
Total assets	69,394,210	69,253,215
Deferred outflows of resources		
Deferrred outflows of resources from pensions	63,531	322,375
Deferrred outflows of resources from OPEB	18,946	5,290
	82,477	327,665
Total assets and deferred outflows of resources	\$ 69,476,687	\$ 69,580,880

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

September 30,	2018	2017
Liabilities		
Current liabilities		
Accounts payable	\$ 323,563	
Accrued expenses	96,022	•
Current portion of unearned revenue	362,059	
Current portion of compensated absences	25,000	
Total current liabilities	806,644	1,567,679
Long-term liabilities, net of current maturities		
Unearned revenue	892,922	1,109,376
Compensated absences	279,187	· ·
Net pension liability	29,832	•
Net OPEB liability	391,635	•
Total long-term liabilities	1,593,576	
Total liabilities	2,400,220	3,654,244
Deferred inflows of resources		
Deferred inflows of resources from pensions	113,273	6,538
Net position		
Net investment in capital assets	62,755,084	64,029,943
Unrestricted	4,208,110	, ,
	,,_,,,,	_,
Total net position	66,963,194	65,920,098
Total liabilities, deferred inflows		
of resources and net position	\$ 69,476,687	\$ 69,580,880
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City of Harlingen, Texas Valley International Airport Component Unit Comparative Statement of Revenues, Expenses and Changes in Net Position

Year ended September 30,	2018	2017
Operating revenues	\$ 6,684,267	\$ 6,205,638
Operating expenses		
Personnel	3,420,876	3,211,904
Contracted services	1,427,361	1,629,543
Materials and supplies	506,305	430,132
Other expenses	642,951	641,222
Total operating expenses before depreciation expense	5,997,493	5,912,801
Operating income before depreciation expense	686,774	292,837
Depreciation expense	5,348,853	5,527,324
Operating loss	(4,662,079)	(5,234,487)
Nonoperating revenues		
Investment income	28,459	22,375
Gain on sale of asset	1,004,745	3,760
Total nonoperating revenues	1,033,204	26,135
Net loss before capital contributions	(3,628,875)	(5,208,352)
Capital contributions		
Passenger facility charges, including interest	1,143,581	1,032,501
Federal and local grants	3,528,390	5,077,043
Total capital contributions	4,671,971	6,109,544
Change in net position	1,043,096	901,192
Net position, beginning of year	65,920,098	65,119,415
Prior period adjustment	-	(100,509)
Net position, beginning of year, as restated	65,920,098	65,018,906
Net position, end of year	\$ 66,963,194	\$ 65,920,098

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

Year ended September 30	2018	2017
Net cash from operating activities	4	
Operating cash receipts from customers	\$ 6,149,942	\$ 5,811,893
Cash payments to suppliers for goods and services	(3,464,390)	(2,129,656)
Cash payments to employees for services	(3,372,573)	(3,087,034)
Net cash (used in) provided by operating activities	(687,021)	595,203
Net cash flows from (to) capital and related financing activities		
Capital contributions - Federal Aviation Administration	3,282,202	5,077,043
Fixed assets additions and construction	(4,358,520)	(7,086,349)
Proceeds from sale of assets	1,076,088	3,760
Passenger facility charges, including interest	1,143,581	1,032,501
Net cash used in capital and related financing activities	1,143,351	(973,045)
Nick and flows from (b) investigation activities		
Net cash flows from (to) investing activities	242.024	500.000
Maturities of investments	248,931	500,000
Interest received from investments	28,036	25,387
Net cash (used in)provided by investing activities	276,967	525,387
Net decrease in cash and cash equivalents	733,297	147,545
Cash and cash equivalents, beginning of year	1,863,695	1,716,150
Cash and cash equivalents, end of year	\$ 2,596,992	\$ 1,863,695

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

Year ended September 30		2018		2017
Reconciliation of operating income to net cash				
provided by operating activities:				
Operating income (loss)	\$	(4,662,079)	\$	(5,234,487)
Adjustments to reconcile operating income	•	, , ,	•	, , ,
to net cash from operating activities				
Depreciation and amortization		5,348,853		5,527,324
(Increase) decrease in accounts receivable		(338,928)		(290,905)
(Increase) decrease in prepaid expenses		(132,766)		126,941
(Increase) decrease in net pension asset		(327,363)		(331,307)
(Increase) decrease in deferred outflows of resources		245,188		98,467
Increase (decrease) in accounts payable		(793,803)		431,024
Increase (decrease) in accrued expenses		11,711		6,722
Increase (decrease) in compensated absences		12,032		13,607
Increase (decrease) in net pension obligation		38,796		357,527
Increase (decrease) in unearned revenue		(195,397)		(102,840)
Increase (decrease) in deferred inflows of resources		106,735		(6,870)
		· · · · · · · · · · · · · · · · · · ·		(, - /
Net cash provided by operating activities	\$	(687,021)	\$	595,203
Supplemental disclosures of noncash activities:	•			
Revenue recognized in connection with long-term lease	\$	216,455	\$	216,469

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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 8-13

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 14-16

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 17-18

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 19-21

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)

Fices	I Vaar	$\Gamma \sim d \sim d$	Conton	nber 30.
riscu	reur	Enueu	sebten	iber su.

riscui reui Ended September 30,	2009	2010	2011	2012
Expenses:			_	_
General Government	\$ 5,242,076	\$ 5,875,978	\$ 8,256,220	\$ 8,103,868
Public Safety	18,107,032	20,713,031	21,428,593	24,787,803
Highways and Streets	10,662,581	9,329,701	8,501,626	5,162,540
Health and Welfare	3,238,825	3,781,447	3,036,615	4,134,007
Community and Economic Development	-	-	-	-
Culture and Recreation	5,530,536	5,266,289	7,534,244	5,314,043
Interest on Long Term Debt	2,003,317	1,893,780	1,931,829	2,097,551
Total Expenses	44,784,367	46,860,226	50,689,127	49,599,812
Program Revenues:				
Charges for Services:				
General Government	907,528	720,770	1,261,398	2,144,379
Public Safety	2,203,198	2,268,854	1,942,282	3,160,986
Highways and Streets	190,463	138,435	-	166,434
Community and Economic Development	-	-	-	-
Health and Welfare	83,850	84,594	12,667	68,944
Culture and Recreation	395,513	399,721	398,253	605,813
Operating Grants and Contributions	5,420,766	3,507,285	2,955,031	2,699,930
Capital Grants and Contributions	584,495	75,834	3,185,634	2,128,092
Total Program Revenues	9,785,813	7,195,493	9,755,265	10,974,578
-				
Net (Expense) Revenue	(34,998,554)	(39,664,733)	(40,933,862)	(38,625,234)
General Revenues and Transfers:				
Taxes:				
Property taxes, levied for general purposes	11,409,148	12,139,878	12,207,003	12,647,309
Property taxes, levied for debt service	3,921,427	4,101,577	4,019,848	3,712,694
Sales taxes	14,671,251	13,672,390	14,057,245	15,275,928
Franchise taxes	3,918,765	3,859,837	3,511,085	3,165,863
Hotel/Motel taxes	898,129	841,758	819,595	882,322
Mixed beverage taxes	-	-	-	-
Assessments	-	-	-	-
Unrestricted investment earnings	654,780	183,573	88,401	79,294
Miscellaneous	893,025	1,303,388	344,773	396,610
Interest on notes receivable	-	-	-	-
Gain (loss) on sale of assets	-	-	-	_
Insurance recovery	-	_	_	-
Utility company settlement	-	-	148,587	109,099
Transfers	(185,583)	100,572	607,200	473,571
Total General Revenues and Transfers	36,180,942	36,202,973	35,803,737	36,742,690
Change in Net Position	\$ 1,182,388	\$ (3,461,760)	\$ (5,130,125)	\$ (1,882,544
<u> </u>	. , - ,	, . , /	. , -, -,	, - ,

	2013	2014	2015	2016	2017	2018
		_				_
	\$ 8,045,249	\$ 7,659,290	\$ 7,653,403	\$ 8,621,014	\$ 7,238,065	\$ 7,140,359
	25,738,359	25,508,640	27,708,973	29,692,941	34,594,729	27,253,084
	4,778,770	5,381,855	5,403,082	5,134,045	8,676,859	6,106,202
	4,344,593	4,237,513	3,964,719	5,147,258	3,245,464	1,075,864
	-	-	-	-	3,079,700	3,015,071
	5,043,397	4,822,263	4,541,383	5,529,616	2,033,635	6,789,573
_	1,456,615	2,443,285	1,996,255	1,219,992	1,713,057	1,419,495
_	49,406,983	50,052,846	51,267,815	55,344,866	60,581,509	52,799,648
	1 ((2 504	3 005 000	2 424 245	2 (00 462	1 000 007	1 576 946
	1,663,584	3,065,996	3,124,245	2,690,463	1,986,867	1,576,846
	3,053,460	1,944,279	2,169,309	2,023,579	2,455,774	2,289,816
	79,736	-	-	-	400,460	398,508
	-	-	-	-	-	148,242
	68,990	841	11,155	12,190	11,472	3,160
	567,548	417,535	442,838	480,345	626,250	258,936
	2,490,080	2,563,133	2,106,140	3,617,370	3,395,347	3,213,450
_	1,536,151	1,781,492	1,258,973	435,218	1,202,490	1,994,980
_	9,459,549	9,773,276	9,112,660	9,259,165	10,078,660	9,883,938
	(20.047.424)	(40.270.570)	(42 455 455)	(46 005 701)	(50 502 840)	(42.015.710)
_	(39,947,434)	(40,279,570)	(42,155,155)	(46,085,701)	(50,502,849)	(42,915,710)
	13,671,706	13,370,041	13,527,759	14,238,438	14,382,440	14,509,438
	3,993,754	3,964,082	3,944,336	3,886,765	3,929,046	4,031,435
	15,873,690	16,113,160	16,522,227	16,878,582	17,611,023	18,902,745
	3,072,593	3,137,857	3,143,126	3,077,871	3,268,621	3,300,630
	907,944	944,692	1,024,253	997,629	954,465	1,020,447
	-	-	-	-	184,095	210,157
	_	-	310,712	321,220	230,704	1,473,276
	57,125	36,194	24,939	48,058	221,539	664,469
	464,081	694,737	555,397	151,486	1,188,735	378,274
	-	-	-		6,425	3,918
	-	-	-	-	263,501	77,611
	-	-	-	-	-	-
	950,909	(12,121)	(33,986)	68,951	_	_
	720,400	794,400	2,377,945	1,203,909	1,097,044	1,355,500
_	39,712,202	39,043,042	41,396,708	40,872,909	43,337,638	45,927,900
	\$ (235,232)	\$ (1,236,528)	\$ (758,447)	\$ (5,212,792)	\$ (7,165,211)	\$ 3,012,190
_	1 1 7 - 7					

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

Fiscal Year Ended September 30,

Fiscal Year Ended September 30,			
	2010	2011	2012
Expenses:			
Sanitation Services	\$6,796,273	\$6,377,740	\$6,958,567
Golf Course Services	1,218,837	1,200,582	1,236,695
Museum Services	114,224	131,671	136,315
Auditorium Services	433,469	683,557	648,809
Total Expenses	8,562,803	8,393,550	8,980,386
Program Revenues:			
Charges for Services:			
Sanitation Services	8,394,204	8,415,042	8,495,419
Golf Course Services	1,164,750	1,216,805	1,179,528
Museum Services	3,818	4,010	3,585
Auditorium Services	108,292	258,815	143,885
Total Program Revenues	9,671,064	9,894,672	9,822,417
Net (Expense) Revenue	1,108,261	1,501,122	842,031
Capital Contributions	120,000	1,551,967	103,517
capital contributions	120,000	1,331,307	103,317
General Revenues and Transfers:			
Unrestricted investment earnings	5,129	4,554	7,259
Miscellaneous	66,046	73,963	18,915
Gain on sale of assets	19,475	6,082	130
Insurance Recovery	-	-	-
Transfers	(100,572)	(607,200)	(473,571)
Total General Revenues and Transfers	(9,922)	(522,601)	(447,267)
Change in Net Position	\$1,218,339	\$2,530,488	\$ 498,281

2013	2014	2015	2016	2017	2018
					_
\$6,939,912	\$7,802,743	\$ 7,347,322	\$7,128,323	\$7,391,547	\$7,787,138
1,306,088	1,220,275	1,299,168	1,280,136	1,273,887	1,207,326
115,221	111,320	132,927	141,234	630,272	538,451
694,222	678,938	615,792	642,887	127,988	117,026
9,055,443	9,813,276	9,395,209	9,192,580	9,423,694	9,649,941
8,532,359	8,841,070	8,878,911	9,181,830	9,228,585	9,430,128
1,130,416	982,509	954,741	919,727	965,623	854,528
2,916	3,181	4,607	3,694	177,893	226,667
147,307	150,290	236,971	234,792	8,150	2,880
9,812,998	9,977,050	10,075,230	10,340,043	10,380,251	10,514,203
757,555	163,774	680,021	1,147,463	956,557	864,262
24,794	50,214	49,486	-	-	703,188
6,251	5,269	2,759	10,521	47,492	155,379
1,940	14,098	11,504	6,880	1,057,029	24,706
770	778,731	490,489	1,165	4,612	25,190
-	-	-	-	-	-
(720,400)	(794,400)	(2,377,945)	(1,203,909)	(1,097,044)	(1,355,500)
(711,439)	3,698	(1,873,193)	(1,185,343)	12,089	(1,150,225)
\$ 70,910	\$ 217,686	\$ (1,143,686)	\$ (37,880)	\$ 968,646	\$ 417,225

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,			
	2010	2011	2012
Expenses:			
Governmental Activities *	\$ 46,860,226	\$50,689,127	\$49,599,812
Business-type Activities **	8,562,803	8,393,550	8,980,386
Total Expenses	55,423,029	59,082,677	58,580,198
Program Revenues:			
Governmental Activities *	7,195,493	9,755,265	10,974,578
Business-type Activities **	9,791,064	9,894,672	9,925,934
Total Program Revenues	16,986,557	19,649,937	20,900,512
Net (Expense) Revenue	(38,436,472)	(39,432,740)	(37,679,686)
Governmental Activities *	36,202,973	35,803,737	36,742,688
Business-type Activities **	(9,922)	1,029,366	(447,267)
Total General Revenues and Transfers	36,193,051	36,833,103	36,295,421
Change in Net Position	\$ (2,243,421)	\$ (2,599,637)	\$ (1,384,265)

^{*} See Table 1: Changes in Net Position-Governmental Activities

^{**} See Table 2: Changes in Net Position-Business Type Activities

	2013		2014	2015	2016	2017	2018
	2013		2014	2013	2010	2017	2010
\$	49,406,983	\$5	50,052,846	\$51,267,815	\$ 55,344,866	\$ 60,581,509	\$52,799,648
	9,055,443		9,813,276	9,395,209	9,192,580	9,423,694	9,649,941
	58,462,426	5	59,866,122	60,663,024	64,537,446	70,005,203	62,449,589
	9,459,539		9,773,276	9,112,660	9,259,165	10,078,660	9,883,938
	9,837,792	1	10,027,264	10,075,230	10,340,043	10,380,251	11,217,391
	19,297,331	1	19,800,540	19,187,890	19,599,208	20,458,911	21,101,329
(39,165,095)	(4	10,065,582)	(41,475,134)	(44,938,238)	(49,546,292)	(41,348,260)
	39,712,202	3	39,043,042	41,396,708	40,872,909	43,337,638	45,927,900
	(711,439)		217,686	(1,823,707)	(1,185,343)	12,089	(1,150,225)
	39,000,763	3	39,260,728	39,573,001	39,687,566	43,349,727	44,777,675
			•	•	•	•	-
\$	(164,332)	\$	(804,854)	\$ (1,902,133)	\$ (5,250,672)	\$ (6,196,565)	\$ 3,429,415

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

Fiscal Year Ended September 30,

	2009	2010	2011	2012
Governmental activities				
Net Investment in capital assets	\$ 110,046,291	\$ 108,894,810	\$ 102,913,131	\$ 103,040,149
Restricted	-	-	4,388,441	4,155,500
Unrestricted	23,886,943	21,576,664	17,038,038	15,261,415
Total governmental activities net position	133,933,234	130,471,474	124,339,610	122,457,064
Business-type activities				
Net Investment in capital assets	4,709,696	5,662,148	6,881,339	6,648,413
Restricted	30,500	-	-	-
Unrestricted	2,453,810	2,306,845	3,641,900	4,373,107
Total business-type activities net position	7,194,006	7,968,993	10,523,239	11,021,520
Primary government				
Net Investment in capital assets	114,755,987	114,556,958	109,794,470	109,688,562
Restricted	30,500	-	4,388,441	4,155,500
Unrestricted	26,340,753	23,883,509	20,679,938	19,634,522
Total primary government net position	\$ 141,127,240	\$ 138,440,467	\$ 134,862,849	\$ 133,478,584

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

2013	2014	2015	2016	2017	2018
\$ 98,058,748	\$ 97,835,629	\$ 94,988,699	\$ 90,814,756	\$ 96,279,558	\$ 99,220,453
4,531,503	9,874,343	9,982,445	8,077,571	5,361,574	4,642,879
18,598,426	12,242,177	1,621,057	2,487,082	(7,426,934)	(8,200,970)
121,188,677	119,952,149	106,592,201	101,379,409	94,214,198	95,662,362
6,361,950	5,316,890	6,229,922	5,797,785	5,769,141	6,268,549
-	-	-	-	-	-
4,730,480	5,993,226	4,126,503	4,520,760	5,518,050	5,511,288
11,092,430	11,310,116	10,356,425	10,318,545	11,287,191	11,779,837
104,420,698	103,152,519	101,218,621	96,612,541	102,048,699	105,489,002
4,531,503	9,874,343	9,982,445	8,077,571	5,361,574	4,642,879
23,328,906	18,235,403	5,747,560	7,007,842	(1,908,884)	(2,689,682)
\$ 132,281,107	\$ 131,262,265	\$ 116,948,626	\$ 111,697,954	\$ 105,501,389	\$ 107,442,199

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

Fiscal Year Ended Septe

riscal real Ended September 50,	2009	2010	2011	2012
Revenues:				
Taxes	\$ 35,300,239	\$ 34,702,472	\$ 34,840,257	\$ 36,681,332
Fines & Forfeitures	1,695,162	1,652,900	1,550,411	1,808,440
Licenses & Permits	603,626	500,265	505,837	552,753
Improvements and assessments	-	-	-	-
Charges for Services	1,481,764	1,459,209	1,558,349	2,872,412
Legal Settlement	-	-	-	-
Intergovernmental	5,420,765	3,437,285	5,693,984	3,936,245
Miscellaneous	882,423	1,184,703	939,262	1,386,264
Interest and Investment Income	654,780	183,573	88,401	79,294
Total Revenues	46,038,759	43,120,407	45,176,501	47,316,740
Expenditures:				
General Government	5,591,046	5,860,669	7,725,493	5,765,003
Public Safety	18,626,584	19,881,709	20,274,158	20,495,448
Highways & streets	6,045,067	5,032,835	4,113,096	4,257,383
Health & welfare	3,220,659	3,761,018	2,988,993	3,391,215
Community and economic development	3,220,033	5,701,010	2,300,333	3,331,213
Culture & Recreation	4,744,840	4,061,901	4,404,463	4,244,459
Capital outlay	12,462,579	3,780,688	8,485,704	6,358,369
Debt service	12,402,373	3,700,000	0,403,704	0,330,303
Principal retirement	1,960,000	2,150,000	2,298,136	1,940,000
Interest	1,947,569	1,993,090	1,852,835	1,752,898
Administrative charges	2,000	12,635	7,740	1,732,030
Total Expenditures	54,600,344	46,534,545	52,150,618	48,204,775
		10,00 1,0 10	02,200,020	,,
Excess (Deficiency) of Revenues				
Over/(Under) Expenditures	(8,561,585)	(3,414,138)	(6,974,117)	(888,035)
Other Financing Sources (Heas)				
Other Financing Sources (Uses) Transfers In	1 020 966	1 220 604	2 200 970	2 205 645
Transfers Out	1,039,866	1,330,694	3,209,870	2,205,645
	(1,225,449)	(1,230,122) 45,206	(2,674,670)	(1,879,074)
Insurance Recovery Issuance of Debt	-	3,090,000	_	_
Bond &/or Certificate of Obligation Proceeds	-		-	2 215 000
Refunding Bond Proceeds	-	2,540,000	-	3,315,000
Payment to Refunded Bond Escrow Agent	-	(2,514,823)	-	(3,263,508)
Long-term note proceeds	-	(2,314,623)	-	(3,203,306)
Premium on Debt Issuance	-	-	-	-
Capital Lease Proceeds	-	-	-	-
Proceeds from Sale of Capital Assets	10,602	143,479	148,587	109,099
Total Other Financing Sources (Uses)	(174,981)	3,404,434	683,787	487,162
Total Other Financing Sources (SSES)	(17.1,301)	3, 10 1, 13 1	003,707	107,102
Net Change in Fund Balances	\$ (8,736,566)	\$ (9,704)	\$ (6,290,330)	\$ (400,873)
Dobt Sorvice as a Borcontage of				
Debt Service as a Percentage of Non-Capital Expenditures	9.3%	9.7%	9.5%	8.8%
Non-Capital Experiultures	3.370	3.170	3.370	0.070

2012	2014	2015	2016	2017	2010
2013	2014	2015	2016	2017	2018
\$ 37,899,107	\$ 38,011,335	\$ 38,995,436	\$ 39,720,246	\$ 41,092,944	\$43,945,645
1,780,275	1,681,265	1,780,419	1,657,510	1,372,991	1,155,149
614,735	564,486	502,973	549,401	650,476	655,628
-	-	117,564	215,833	15	20
2,593,675	2,776,305	3,244,383	2,761,319	3,246,568	1,871,530
-	-	-	-,:,	-	-,,
2,957,872	2,674,160	1,979,491	3,441,491	3,439,937	4,654,001
1,418,098	1,590,030	2,849,521	1,324,887	1,425,744	2,450,622
57,126	36,271	24,941	48,055	227,927	611,680
47,320,888	47,333,852	49,494,728	49,718,742	51,456,602	55,344,275
	,,		-, -,	- , ,	
6,052,084	6,552,556	6,659,647	6,600,141	5,705,734	5,810,753
21,286,630	21,804,128	22,951,582	22,992,979	23,637,298	24,446,172
3,953,133	4,602,102	4,708,242	3,901,541	5,113,681	5,176,279
3,594,105	3,621,978	3,455,335	3,911,837	2,971,441	912,366
-	-	-	-	1,977,463	2,556,833
4,170,128	4,064,968	3,959,009	4,198,871	4,704,245	5,757,824
5,982,406	5,683,692	4,881,877	2,676,339	5,432,339	9,789,195
1,970,000	2,302,113	2,507,800	2,899,856	3,232,871	3,324,340
1,714,452	1,872,583	1,624,757	1,202,344	1,573,513	1,550,523
204,875	-	196,767	308,236	210,281	2,256
48,927,813	50,504,120	50,945,016	48,692,144	54,558,866	59,326,541
(1,606,925)	(3,170,268)	(1,450,288)	1,026,598	(3,102,264)	(3,982,266)
2 225 4 42	2.050.700	2 702 245	4 666 724	2 054 550	4 005 000
3,225,142	3,050,709	3,782,345	4,666,734	2,851,558	4,926,228
(2,578,244)	(2,337,309)	(3,286,582)	(4,299,078)	(1,971,442)	(4,402,989)
-	- 2 2 7 2 4	-	-	4,794	-
-	3,273,794	2 202	-	-	-
5,350,000	(3,185,722)	3,282	23,915,000	12,885,000	-
-	-	- 0.034	2,595,060	-	-
-	-	8,924	(26,687,399)	-	-
166.004	-	-	-	-	-
166,091	1 402 003	47.250	-	262.504	-
-	1,483,892	47,250	-	263,501	97,777
950,139	2 205 204	-	100 217	14 022 444	77,611
7,113,128	2,285,364	555,219	190,317	14,033,411	698,627
	\$ (884,904)	\$ (895,069)	\$ 1,216,915	\$ 10,931,147	\$ (3,283,639)
\$ 5,506,203	7 (UU4,3U4)	7 (000,000)	ディー・フェン・フェン	Y 10,001,141	7 (3,203,033)
\$ 5,506,203					
\$ 5,506,203					
\$ 5,506,203	9.3%	9.0%	8.9%	9.8%	9.8%

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

Fiscal Year Ended September 30,

risear rear Enaca september 50,	2009	2010	2011	2012
Revenues:				
Property Taxes - including P and I	\$10,618,089	\$10,879,410	\$12,291,052	\$12,690,327
Non-property Taxes	18,248,116	17,253,772	17,272,816	19,063,014
Fines & Forfeitures	1,419,706	1,464,075	1,550,411	1,807,782
Licenses & Permits	584,810	500,265	505,837	552,753
Charges for Services	1,234,933	1,254,346	1,163,357	1,037,873
Intergovernmental	207,142	1,153,048	1,062,729	254,552
Contributions and Donations	-	-	-	-
Miscellaneous	187,902	99,178	620,067	946,188
Interest and Investment Income	218,109	98,128	40,517	39,415
Total Revenues	32,718,807	32,702,222	34,506,786	36,391,904
Expenditures:				
General Government	4,982,646	4,920,415	4,875,218	4,867,732
Public Safety	17,509,144	18,391,341	19,076,007	18,351,930
Highways & Streets	3,405,349	3,214,484	2,917,958	2,977,519
Health & Welfare	2,651,249	2,630,880	2,458,796	2,554,289
Community and economic development	-	-	-	-
Culture & Recreation	3,796,189	3,777,564	4,168,534	3,853,625
Capital Outlay	525,728	398,916	1,879,673	1,210,517
Debt Payments	-	-	13,136	-
Total Expenditures	32,870,305	33,333,600	35,389,322	33,815,612
Excess (Deficiency) of Revenues				
Over/(Under) Expenditures	(151,498)	(631,378)	(882,536)	2,576,292
Budgeted Transfers and	(131) 130)	(032)373)	(332)3337	2,373,232
Other Financing Sources (Uses)	19,977	232,563	1,214,559	(39,150)
Excess of Revenues			_,,	(00,000)
Other Financing Sources (Uses)				
Over (Under) Expenditures & Others	(131,521)	(398,815)	332,023	2,537,142
, , , , , , , , , , , , , , , , , , , ,	(- ,- ==/	(===,===,	, - 	,, ,
Beginning Fund Balance	11,057,967	10,926,446	10,527,631	10,859,654
Ending Fund Balance	\$10,926,446	\$10,527,631	\$10,859,654	\$13,396,796

2013	2014	2015	2016	2017	2018
\$13,624,303	\$13,356,797	\$13,682,198	\$14,202,827	\$14,365,607	\$ 14,763,466
19,091,811	19,440,451	19,897,893	20,221,652	21,134,041	22,458,031
1,780,146	1,681,265	1,672,287	1,442,634	1,113,512	918,840
614,735	564,486	502,973	549,401	650,476	655,628
2,391,671	2,579,831	3,034,139	2,459,509	2,840,253	1,403,079
296,070	583,121	689,624	58,815	59,730	1,176,253
827,353	831,217	2,503,630	696,413	628,274	893,039
173,637	294,913	155,673	131,008	604,711	182,243
31,265	22,098	14,062	32,006	115,237	310,605
38,830,991	39,354,179	42,152,479	39,794,265	41,511,841	42,761,184
5,237,122	5,617,973	5,748,778	5,536,663	5,519,977	5,728,253
20,580,493	21,448,737	22,621,457	22,055,008	22,905,249	23,361,243
3,100,048	3,214,699	3,258,044	3,037,712	3,192,920	3,300,201
2,785,007	2,906,812	2,972,646	2,895,711	2,893,736	841,556
-		-	-	597,316	1,589,678
4,024,108	3,844,256	3,759,030	3,928,243	4,116,239	5,292,513
1,197,032	2,714,934	3,933,263	952,217	1,537,157	1,420,920
	-	339,567	540,738	168,672	192,177
36,923,810	39,747,411	42,632,785	38,946,292	40,931,266	41,726,541
1,907,181	(393,232)	(480,306)	847,973	580,575	1,034,643
480,194	1,792,697	(759,632)	(76,639)	1,216,746	1,153,268
			·		
2,387,375	1,399,465	(1,239,938)	771,334	1,797,321	2,187,911
13,396,796	15,784,171	17,183,636	15,943,698	16,715,032	18,512,353
\$15,784,171	\$17,183,636	\$15,943,698	\$16,715,032	\$18,512,353	\$ 20,700,264

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

Fiscal Year Ended September 30,

riscai rear Enaea September 30,	2009	2010	2011	2012	
General Fund					
Nonspendable	\$ 9,148	\$ 4,887	\$ 8,080	\$ 15,636	
Unassigned	10,917,298	10,522,744	10,851,574	13,381,160	
Total General Fund	10,926,446	10,527,631	10,859,654	13,396,796	
General Fund Percentage Change	-1.2%	-3.6%	3.2%	23.4%	
All Other Governmental Funds					
Nonspendable	876,583	6,789	798	1,104	
Committed	5,965,927	6,654,199	1,606,602	9,509,122	
Restricted	12,481,310	13,051,939	11,534,935	1,480,266	
Unassigned	-	-	(51 <i>,</i> 761)	(837,933	
Total All Other Governmental Funds	19,323,820	19,712,927	13,090,574	10,152,559	
Total Governmental Funds					
Nonspendable	885,731	11,676	8,878	16,740	
Committed	5,965,927	6,654,199	1,606,602	9,509,122	
Restricted	12,481,310	13,051,939	11,534,935	1,480,266	
Unassigned	10,917,298	10,522,744	10,799,813	12,543,227	
Total Governmental Funds	\$ 30,250,266	\$ 30,240,558	\$ 23,950,228	\$ 23,549,355	
411.0					
All Governmental Funds Percentage Change	-22.9%	0.0%	-20.8%	-1.7%	

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

2018	2017	2016	2015	2014	2013
_					
\$ 31,019	\$ 35,008	\$ 41,628	\$ 5,238	\$ 19,599	\$ 14,336
20,669,245	18,477,345	16,673,404	15,938,460	17,164,037	15,769,835
20,700,264	18,512,353	16,715,032	15,943,698	17,183,636	15,784,171
11.8%	10.8%	4.8%	-7.2%	8.9%	17.8%
6,306	1,847	3,466	624	-	1,465
4,659,060	3,123,619	3,902,757	1,419,799	1,331,570	1,567,142
12,055,632	17,786,138	8,083,611	10,048,679	9,874,343	11,898,209
30,691	(355)	(212,367)	(137,216)	(218,895)	(195,429)
16,751,689	20,911,249	11,777,467	11,331,886	10,987,018	13,271,387
37,325	36,855	45,094	5,862	19,599	15,801
3,347,068	3,123,619	3,902,757	1,419,799	1,331,570	1,567,142
12,055,632	17,786,138	8,083,611	10,048,679	9,874,343	11,898,209
20,699,936	18,476,990	16,461,037	15,801,244	16,945,142	15,574,406
\$36,139,961	\$ 39,423,602	\$ 28,492,499	\$ 27,275,584	\$ 28,170,654	\$ 29,055,558
-8.3%	38.4%	4.5%	-3.2%	-3.0%	23.4%

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

Table 8

Fiscal Year	Property Taxes	Sales Taxes	Franchise Taxes	Hotel/Motel Taxes	Grand Total
2009	\$ 15,330,575	\$ 14,671,251	\$ 3,918,765	\$ 898,129	\$ 34,818,720
2010	16,328,487	13,672,390	3,859,837	841,758	34,702,472
2011	16,452,332	14,057,245	3,511,085	819,595	34,840,257
2012	16,444,289	15,275,928	4,078,793	882,322	36,681,332
2013	17,600,278	15,873,690	4,002,690	907,944	38,384,602
2014	17,330,313	16,113,160	3,137,857	944,692	37,526,022
2015	17,472,095	16,522,227	3,143,126	1,024,253	38,161,701
2016	18,125,203	16,878,582	3,077,871	997,629	39,079,285
2017	18,233,617	17,611,023	3,268,621	954,465	40,067,726
2018	18,890,148	18,902,745	3,300,630	1,020,447	\$42,113,970
Percentage Change In Dollars Over 10 Years	23.2%	28.8%	-15.8%	13.6%	21.0%
16015	25.2%	20.8%	-13.6%	15.0%	21.0%

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

Table 9

Fiscal Year Ended September 30,

					Total	Total	Annual	
Fiscal	Tax	Marke	t Valı	ıe	Less: Total	Taxable	Direct	Percentage
Year	Year	Real Property	Per	sonal Property	Exemptions	Assesed Value	Tax Rate	Change
2009	2008	\$ 2,354,763,696	\$	465,209,877	\$ 293,485,384	\$ 2,526,488,189	0.590000	2.7%
2010	2009	2,466,326,280		489,576,355	293,503,194	2,662,399,441	0.588827	5.4%
2011	2010	2,497,917,168		471,341,102	303,760,248	2,665,498,022	0.588827	0.1%
2012	2011	2,567,472,330		464,156,293	340,576,515	2,691,052,108	0.588827	1.0%
2013	2012	2,693,333,488		440,566,520	319,646,106	2,814,253,902	0.058883	4.6%
2014	2013	2,714,076,005		473,152,231	324,025,930	2,863,202,306	0.588827	1.7%
2015	2014	2,789,270,692		440,996,005	329,247,609	2,901,019,088	0.588827	1.3%
2016	2015	2,745,634,386		505,582,927	342,680,454	2,908,536,859	0.588827	0.3%
2017	2016	2,882,579,137		523,067,285	376,981,707	3,028,664,715	0.588827	4.1%
2018	2017	3,008,300,856		528,931,816	403,183,842	3,134,048,830	0.588827	3.5%

Note: Valuations shown are certified taxable assessed values reported by the Cameron Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records. Tax rate is expressed in rate per \$100 taxable assessed valuation.

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

Table 10

			Direct			Underlying		Overlapping	
Fiscal	Tax	General	Debt Service		Harlingen	South Texas	Port of	Cameron	
Year	Year	Fund	Fund	Total	CISD	ISD	Harlingen	County	Total
2009	2008	\$ 0.437800	\$ 0.152200	\$ 0.590000	\$ 1.125000	\$ 0.049200	\$ -	\$ 0.353191	\$ 2.117391
2010	2009	0.435580	0.153247	0.588827	1.125000	0.049200	-	0.363191	2.126218
2011	2010	0.434634	0.154193	0.588827	1.219000	0.049200	-	0.364291	2.221318
2012	2011	0.450426	0.138401	0.588827	1.218000	0.049200	-	0.384291	2.240318
2013	2012	0.451862	0.136965	0.588827	1.218000	0.049200	-	0.384291	2.240318
2014	2013	0.449723	0.139104	0.588827	1.218000	0.049200	-	0.384291	2.240318
2015	2014	0.450901	0.137926	0.588827	1.218000	0.049200	-	0.399291	2.255318
2016	2015	0.458590	0.130237	0.588827	1.318000	0.049200	-	0.399261	2.355288
2017	2016	0.460327	0.128500	0.588827	1.318000	0.049200	-	0.407743	2.363770
2018	2017	0.4563270	0.1325000	0.5888270	1.3180000	0.0492000	0.0300000	0.4108030	2.3968300

Tax due date: January 31 Discount allowed: No

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

a 1% per month interest is assessed until taxes are paid.

Source: Tax Department of Respective Entities

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

Table 11

		Taxes Levied Within the	Adjustments to the Levy	Adjusted Taxes Levied		Within the of the Levy	Collections		Total Collections		
Fiscal Year	Tax Year	Fiscal Year of the Levy	In the Fiscal Year	for the Fiscal Year	Amount	Percentage of Levy	in S	ubsequent Years	Amount	Percentage of Levy	
2009	2008	\$ 14,864,934	\$ (123,862)	\$14,741,072	\$14,387,085	97.60%	\$	267,169	\$14,654,254	99.41%	
2010	2009	15,751,241	(73,945)	15,677,296	14,942,198	95.31%		675,658	15,617,855	99.62%	
2011	2010	15,679,846	16,352	15,696,199	15,069,584	96.01%		591,328	15,660,912	99.78%	
2012	2011	15,831,009	14,772	15,845,781	15,277,856	96.42%		685,315	15,963,171	100.74%	
2013	2012	16,702,363	(130,186)	16,572,177	16,203,650	97.78%		413,045	16,616,695	100.27%	
2014	2013	16,808,735	50,684	16,859,420	16,343,303	96.94%		367,575	16,710,878	99.12%	
2015	2014	17,124,639	(73,665)	17,050,974	16,714,992	98.03%		310,330	17,025,322	99.85%	
2016	2015	17,514,160	(428,867)	17,085,293	17,073,956	99.93%		283,164	17,357,120	101.59%	
2017	2016	17,753,400	28,762	17,782,161	17,265,768	97.10%		242,452	17,508,219	98.46%	
2018	2017	\$ 18,347,246	\$ 11,508	\$18,358,754	\$17,868,349	97.33%	\$	-	\$17,868,349	97.33%	

Source: Harlingen Tax Office

City of Harlingen, Texas Principal Property Taxpayers Last Ten Fiscal Years

Fiscal Years Ended September 30,

	2018		
Principal Taxpayer	Type of Business	Taxable Assessed Valuation	
VHS Harlingen Hospital Company LLC	Medical Services	\$ 73,339,5	2.34%
AEP Texas Inc	Electricity Suppliers	41,563,1	20 1.33%
Boyer Harlingen LC	Real Estate Developers	27,955,7	24 0.89%
HMC Realty LLC	Real Estate Developers	25,080,6	0.80%
VHS Harlingen Hospital Company LLC	Medical Services	21,872,3	0.70%
Mall at Valle Vista LLC	Shopping Center Operations	20,841,4	84 0.67%
American Realty Capital	Real Estate Developers	17,787,0	0.57%
VHS Valley Real Estate Company LLC	Medical Real Estate Developers	13,096,9	0.42%
Valley Baptist Realty Corp	Medical Real Estate Developers	13,078,2	91 0.42%
Rancho Harlingen Corners LLC	Shopping Center Operations	12,296,4	0.39%
		\$ 266,911,5	8.52%

Source: Cameron Appraisal District

Table 12

	2009		
Principal Taxpayer	Type of Business	Taxable Assessed Valuation	Percentage Of Total Taxable Assessed Valuation
HMC Realty LLC	Real Estate Developers	\$ 25,228,459	1.00%
AEP Texas Central Co	Electricity Suppliers	21,617,320	0.86%
Mall at Valle Vista LLC	Shopping Center Operations	20,874,952	0.83%
Valley Baptist Med Dev Corp	Medical Services	20,069,680	0.79%
Southwestern Bell Telephone	Telephone Utility	18,651,640	0.74%
Valley Baptist Realty Corp	Medical Real Estate Developers	16,253,309	0.64%
United Launch Alliance LLC	Space Launch Services	14,496,278	0.57%
Harlingen Medical Center LTD	Medical Services	12,243,263	0.48%
Harlingen SC Partners LTD	Shopping Center Operations	11,446,160	0.45%
Harlingen USCIS LP	U.S. Government	11,316,578	0.45%
		\$ 172,197,639	6.83%

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

Table 13

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

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

Table 14

		Governme	ntal Activities		Business-Type Activities			General Bonded Debt as a Percent	
Fiscal Year	Notes Payable	General Obligation Debt	Certificates of Obligation Debt	Capital Lease	Debt	Total Primary Government	Percentage of Personal Income	of Estimated Taxable Property Property Values	Per apita
2009	\$ 89,771	\$23,040,000	\$ 23,325,000	\$ -	\$ 30,000	\$ 46,484,771	2.77%	1.84%	\$ 2,076
2010	13,136	23,590,000	23,745,000	556,761	-	47,904,897	3.22%	1.78%	2,085
2011	886,416	22,160,000	22,890,000	556,761	-	46,493,177	3.09%	1.69%	2,024
2012	1,208,323	20,885,000	22,340,000	507,567	-	44,940,890	2.93%	1.61%	1,934
2013	786,416	19,465,000	27,140,000	-	-	47,391,416	3.02%	1.66%	1,982
2014	646,416	17,995,000	26,455,000	1,350,833	-	46,447,249	2.85%	1.55%	1,873
2015	3,589,635	16,534,428	25,685,402	1,258,116	-	47,067,581	2.83%	1.46%	1,867
2016	3,519,635	31,601,651	8,756,484	1,110,281	-	44,988,051	2.55%	1.39%	1,677
2017	3,449,635	27,645,000	19,790,000	958,121	-	51,842,756	2.92%	1.57%	1,916
2018	\$3,379,635	\$25,190,000	\$ 19,090,000	\$ 875,665	\$ -	48,535,300	2.67%	1.41%	1,750

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

See Table 17 for personal income.

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

Table 15

Fiscal Year Ended September 30, 2018

Name of Governmental Unit	Net Debt Outstanding	Percentage Applicable to the City of Harlingen	City of Harlingen's Share of Debt
Direc	t Debt		
City of Harlingen Total Direct Debt	\$ 50,415,577 50,415,577	100.00%	\$ 50,415,577 50,415,577
Overlap	ping Debt		
Cameron County	126,670,000	17.01%	21,546,567
Harlingen Consolidated Independent School District	147,495,439	77.87%	114,854,698
Rio Hondo Independent School District	36,284,224	1.84%	667,630
San Benito Consolidated Independent School District	68,110,000	1.78%	1,212,358
Total Overlapping Debt	378,559,663		138,281,253
Total Direct and Overlapping Debt	\$ 428,975,240		\$ 188,696,830

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of the another government unit's assessed value that is within the City's boundaries and dividing by each unit's total assessed value.

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

		2009		2010		2011		2012
Assessed Value	\$2	,566,847,205	\$2	,675,276,539	\$2	,670,987,425	\$ 2	2,696,242,041
Legal Debt Margin								
Legal Debt Limit \$2.50 per \$100 of assessed valuation		64,171,180		66,881,913		66,774,686		67,406,051
General Obligation Bonds		23,040,000		23,590,000		22,160,000		20,885,000
Deduct Amount Available in Debt Service Fund		(495,882)		(515,108)		(591,967)		(689,181)
Applicable Debt Margin		22,544,118		23,074,892		21,568,033		20,195,819
Legal Debt Margin	\$	41,627,062	\$	43,807,021	\$	45,206,653	\$	47,210,232
As a percentage of debt limit		64.87%		65.50%		67.70%		70.04%

Table 16

	2013		2014		2015		2016		2017		2018
\$2	,814,253,902	\$2	,863,202,306	\$2	,901,019,088	\$2	,908,536,859	\$3	,028,664,715	\$3	,134,048,830
	70,356,348		71,580,058		72,525,477		72,713,421		75,716,618		78,351,221
	19,465,000		17,995,000		16,390,000		14,845,000		29,485,000		27,070,277
	(972,813)		(1,008,996)		(1,033,665)		(1,230,000)		(1,840,000)		(920,079)
	18,492,187		16,986,004		15,356,335		13,615,000		27,645,000		26,150,198
\$	51,864,161	\$	54,594,054	\$	57,169,142	\$	59,098,421	\$	48,071,618	\$	52,201,023
	73.72%		76.27%		78.83%		81.28%		63.49%		66.6%

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

Table 17

Per Capita									
Fiscal Year	Estimated Population (1)		Personal Income	_	ersonal come (2)	Median Age (1)	School Enrollment (3)	Unemployment Rate (4)	
- i cai	r opulation (1)		meome		come (2)	78c (±)	Linoillient (3)	nate (4)	
2009	74,950	\$	1,677,980,600	\$	22,388	32.4	18,081	8.80%	
2010	64,849		1,489,840,926		22,974	31.8	18,225	9.30%	
2011	65,466		1,504,015,884		22,974	31.3	18,146	9.70%	
2012	66,122		1,536,410,792		23,236	32.8	18,176	10.30%	
2013	65,679		1,570,319,211		23,909	32.8	18,360	9.90%	
2014	65,665		1,628,623,330		24,802	33.1	18,226	7.70%	
2015	65,914		1,661,757,854		25,211	32.7	18,259	8.00%	
2016	65,774		1,764,453,324		26,826	31.5	18,192	7.60%	
2017	65,539		1,773,157,645		27,055	32.8	18,614	5.90%	
2018	65,467		1,816,120,047		27,741	31.1	18,285	6.15%	

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

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

⁽³⁾ Harlingen Consolidated Independent School District

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

City of Harlingen, Texas Principal Employers Last Ten Fiscal Years

Fiscal Years Ended September 30,

201	.8		
Employer	Number of Employees	Rank	Percentage of Total City Employment
Harlingen Consolidated School District	3,331	1	17.73%
Valley Baptist Medical Center	3,234	2	17.21%
Advanced Call Center Technologies	885	3	4.71%
United HealthCare Services, Inc.	737	4	3.92%
Dish Network	691	5	3.68%
Rio Grande State Center	610	6	3.25%
HEB (3) Harlingen Locations	607	7	3.23%
Bee First Primary Home Care	600	8	3.19%
City of Harlingen	596	9	3.17%
Harlingen Medical Center	559	10	2.98%
Total Principal Employers	11,850		63.07%
Other Employers	6,938		36.93%
Total Employers	18,788		100.00%

Source: Harlingen Economic Development Corporation

2009			
Employer	Number of Employees	Rank	Percentage of Total City Employment
Harlingen Consolidated School District	2,675	1	11.45%
Valley Baptist Medical Center	2,214	2	9.48%
Dish Network	875	3	3.74%
Advanced Call Center Technologies	772	4	3.30%
Vicki Roy Home Health	719	5	3.08%
City of Harlingen	600	6	2.57%
Texas State Technical College	564	7	2.41%
HEB (3) Harlingen Locations	546	8	2.34%
Rio Grande State Center	537	9	2.30%
Wal-Mart Superstore	434	10	1.86%
Total Principal Employers	9,936		42.53%
Other Employers	13,429		57.47%
Total Employers	23,365		100.00%

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Administrative Services										
City Manager	4	4	4	4	4	5	4	4	4	4
City Secretary	1	1	1	1	1	2	2	2	2	3
City Attorney	3	3	3	3	3	2	2	2	3	1
Public Information Officer	0	0	0	0	0	0	1	0	0	0
Internal Auditor	1	1	1	1	1	1	0	1	1	1
Total Administrative Services	9	9	9	9	9	10	9	9	10	9
Human Resources										
Human Resources	3.5	3.5	3.5	2.5	3	3	3	3	3	3
Civil Service	1.5	1.5	1.5	1.5	1	1	1	1	1	1
Risk Management	3	3	3	3	3	3	3	3	3	2
Total Human Resources	8	8	8	7	7	7	7	7	7	6
Police Department										
Police Department	127	127	134	134	134	138	140	144	144	143
Police Services	48	48	49	49	52	51	51	52	52	52
Total Police Department	175	175	183	183	186	189	191	196	196	195
Fire Department										
Fire Suppression	107	107	107	107	107	107	107	107	107	107
Fire Prevention	5	5	6	6	6	6	6	6	6	6
Total Fire Department	112	112	113	113	113	113	113	113	113	113
Financial Services										
Finance	12	12	12	11	11	12	12	12	12	11
Municipal Court	11	11	10	10	10	10	10	10	10	10
Vital Statistics	4	4	4	4	4	4	4	4	4	4
Management Information Systems	6	6	6	6	3	3	3	4	4	3
Total Financial Services	33	33	32	31	28	29	29	30	30	28
Development Services										
Planning & Development	5	5	5	5	5	5	6	5	5	5
Engineering	4	4	4	4	5	5	4	4	4	4
Building Inspection	7	7	7	6	6	6	6	6	6	6
Public Buildings	19	19	19	19	19	19	19	19	19	18
Animal Control	4	4	4	4	4	4	4	4	4	4
UT Grant	0	0	0	0	0	0	1	1	1	1
Environmental Health	5	5	5	5	5	5	5	5	5	5
Storm Water Management	0	1	1	1	1	1	1	1	1	1
Code Enforcement	8	8	8	8	8	8	8	8	8	8
Total Development Services	52	53	53	52	53	53	54	53	53	52

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Works										
Public Works Administration	5	5	4	4	4	4	4	4	4	5
Street Maintenance	25	25	25	25	25	25	25	25	25	25
Street Cleaning	6	6	6	6	6	6	6	6	6	6
Sanitation Landfill	11	11	10	10	10	10	10	11	11	12
Sanitation Recycling Center	1	1	2	2	2	2	2	4	4	4
Sanitation	45	43	44	42	42	42	42	40	40	40
Traffic Signal Maintenance	4	4	4	4	4	4	4	4	4	4
Internal Services	10	10	10	10	10	10	9	10	10	9
Metropolitan Planning Organization	3	3	3	3	3	4	4	4	4	4
Total Public Works	110	108	108	106	106	107	106	108	108	109
Public Services										
Public Services Administration	2	2	2	2	2	2	2	1	1	1
Parks	14	14	14	16	18	18	18	18	18	18
Parks Maintenance	13	13	13	17	17	17	17	18	18	18
Recreation	4	4	4	4	3	2	2	3	3	2
Pendleton Pool	8	8	8	8	8	8	8	8	8	8
Municipal Golf Course	24	24	24	24	24	24	24	24	24	24
Municipal Auditorium	2	2	2	2	2	2	1	1	1	1
Library	26	26	26	25	25	25	25	25	25	25
Harlingen Arts & Heritage Museum	3	3	3	3	3	3	3	3	3	3
Total Public Services	96	96	96	101	102	101	100	101	101	100
Community Destination										
Community Development Block Grar	6	6	6	4	4	4	4	5	5	5
Harlingen Downtown District	3	3	3	3	3	3	3	3	3	3
Convention & Visitor's Bureau	0	3	3	3	3	4	3	3	3	3
Economic Development Corporation	4	4	5	5	5	5	5	5	5	5
Total Community Destination	13	16	17	15	15	16	15	16	16	16
Valley International Airport										
Airport	47	49	40	39	49	53	46	46	46	47
Total Valley International Airport	47	49	40	39	49	53	46	46	46	47
Harlingen Waterworks System										
Waterworks	70.6	68.25	66.75	104.0	104.5	107.5	96.5	102.7	98.5	99.0
Wastewater	69.8	72.25	69.75	31.5	31.5	33.5	42.5	43	48.5	49
Total Harlingen Waterworks	140.4	140.5	136.5	135.5	136.0	141.0	139.0	145.7	147.0	148.0
Grand Total	795.4	799.5	795.5	791.5	804.0	819.0	809.0	824.7	827.0	823.0

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Airports										
Number of airports:	1	1	1	1	1	1	1	1	1	1
Scheduled airplane flights per day departing:	16	16	13	13	13	13	11	11	14	14
Scheduled airplane flights per day arriving:	16	16	13	13	13	13	11	11	14	14
Passenger enplaning and deplaning (approximate):	744,379	726,424	700,520	664,805	606,635	583,652	533,206	518,994	546,304	605,820
Fire Protection										
Number of stations:	7	7	7	7	7	7	7	7	8	8
Number of hydrants:	2,335	2,335	1,990	1,990	2,519	2,546	2,558	2,628	2,572	2,572
Number of fighters:	109	110	110	110	109	109	109	109	109	109
Firefighters per 1,000 population:	1.45	1.60	1.69	1.69	1.65	1.65	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	2	1	0	0	0
Number of sworn officers:	131	132	128	132	131	141	141	143	143	143
Sworn officers per 1,000 population:	1.74	1.76	1.98	1.76	1.75	2.14	2.14	2.2	2.2	2.2
Libraries										
Number of public libraries:	1	1	1	1	1	1	1	1	1	1
Number of volumes:	148,928	173,068	169,121	157,061	168,643	122,221	108,662	112,361	111,601	112,205
Circulation of volumes:	115,393	111,430	117,768	148,460	177,061	172,489	161,695	160,976	178,703	178,838
Circulation per capita:	1.5	1.7	3.68	3.98	4.75	2.63	2.40	2.43	3.85	3.54
Library cards in force (approximate)	27,415	27,570	32,025	37,281	37,281	21,165	42,785	43,609	46,442	50,477
Parks and Recreation										
Park acreage developed:	723.00	723.00	723.00	723.00	723.00	723.00	461.00	461.00	612.00	612.00
Park acreage undeveloped:	568.00	568.00	568.00	568.00	568.00	568.00	116.00	140.00	122.00	122.00
Playgrounds:	18	18	18	18	18	13	14	14	16	17
Private golf course:	3	3	2	2	3	3	3	3	3	2
Public golf course:	1	1	2	2	3	3	3	3	3	3
Number of holes:	72	72	72	72	90	90	90	90	90	81
<u>Streets</u>										
Miles of paved streets:	251.71	254.48	257.32	257.88	259.08	260.31	261.93	262.14	262.61	263.35
Miles of unpaved streets:	11.07	10.98	11.73	11.73	11.73	10.87	11.16	9.44	9.06	8.33
Miles of alleys:	52.50	52.50	52.50	52.50	66.69	66.69	66.69	66.84	66.84	66.84
Miles of paved alleys:	13.63	13.76	13.76	13.76	15.44	15.44	15.44	15.76	15.76	15.76
Miles of sidewalks:	47.52	47.52	48.21	50.00	102.32	102.87	104.16	109.32	111.54	113.29
Number of streetlights:	3,572	3,597	3,653	3,751	3,858	3,908	3,938	4,104	4,156	4,185
Water System										
Number of water plants:	2	2	2	2	2	2	2	2	2	2
Miles of water mains:	492.58	493.00	493.00	500.00	500.00	505.00	505.00	505.80	506.50	507.90
Daily average consumption (MGD):	12.83	10.03	13.00	13.30	13.10		9.34 MGD	12.90	13.84	12.00
Plant capacity (MGD):	26.00	28.00	28.00	35.00	35.00	35.00	40.40	38.60	38.60	38.60
Number of service connections:	23,996	23,824	24,144	24,445	24,592	24,876	25,168	25,248	25,624	25,705
Storage tank capacity (MG):	22.75	22.75	22.75	22.75	22.75	23.25	32.40	32.25	32.25	32.25
Sewage System	2									
Number of disposal plants:	200.14	1	1	1	1	1	1	1	1	246.00
Miles of sanitary sewers:	306.14	310.00	310.00	313.00	314.00	310.00	330.00	312.00	314.00	316.00
Number of lift stations:	70	69	69	63	58	63	63	63	63	61
Combined daily average treatment (MGD):	6.20	6.20	6.20	5.80	5.70	5.75	6.20	6.00	5.40	5.30
Maximum capacity of treatment plant (MGD):	9.96	9.00	9.00	6.50	6.50	7.25	6.20	10.00	10.00	10.00
Number of service connections:	19,197	19,226	19,457	19,633	19,762	19,675	19,892	20,013	20,408	20,254

Source: City Departments and Component Units

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

Table 21

Fiscal Year	General Bonded Debt (1)	Less: Amounts Available in Debt Service Fund (2)	Total	Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita (4)
2009	\$ 46,365,000	\$ 495,882	\$ 45,869,118	1.84%	\$ 612
2003	7 40,303,000	7 455,002	7 43,003,110	1.0470	у 012
2010	47,335,000	515,108	46,819,892	1.78%	722
2011	45,050,000	591,967	44,458,033	1.69%	679
2012	43,225,000	688,077	42,536,923	1.61%	643
2013	46,605,000	972,810	45,632,190	1.66%	695
2014	44,450,000	1,008,996	43,441,004	1.55%	662
2015	42,219,830	1,033,665	41,186,165	1.46%	625
2016	40,358,135	1,150,000	39,208,135	1.39%	596
2017	47,435,000	728,941	46,706,059	1.57%	713
2018	44,280,000	920,079	43,359,921	1.41%	662

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

⁽¹⁾ This is the general bonded debt of both governmental and business type activities, net of original issuance discounts and premiums.

⁽²⁾ This is the amount restricted for debt service principal payments.

⁽³⁾ See the schedule of Assessed Value and the Estimated Actual Value of Taxable Property for property value data.

⁽⁴⁾ Population data can be found in the Schedule of Demographic and Economic Statistics.





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

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

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, 2018, 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 30, 2019.

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*.

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 30, 2019

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



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

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

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, 2018. 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, 2018.

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 30, 2019

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

City of Harlingen, Texas Schedule of Findings and Questioned Costs September 30, 2018

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)? <u>X</u> no ____ yes Noncompliance material to financial statements noted? X none reported ___ yes Federal Awards Internal control over major programs: * Material weakness(es) identified? _ yes <u>X</u> no * Significant deficiencies identified that are not considered to be material weakness(es)? X none reported yes Type of auditors' report issued on compliance for Unmodified major programs: Any audit findings disclosed that are required to X _ no be reported in accordance with the Uniform Guidance? Identification of major programs: CFDA Number(s) Name of Federal Program or Cluster 20.106 Airport Improvement Program Federal Transit Cluster: 20.507 Federal Transit Formula Grants 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, 2018

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



CAPITAL OF THE LOWER RIO GRANDE VALLEY

Mission Statement:

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

> City of Harlingen, Texas **Schedule of Findings and Questioned Costs Corrective Action Plan** September 30, 2018

PROGRAM DESCRIPTION

CORRECTIVE ACTION PLAN

None noted that were required to be reported

"Recipient of Keep Texas Beautiful Governor's Ackievement Award"

City of Harlingen, Texas Schedule of Findings and Questioned Costs Schedule of Status of Prior Year Findings September 30, 2018

None that were required to be reported.

City of Harlingen, Texas Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2018

(1)	(2)	(3)	(4)	(5)
Federal Grantor /	Federal	Pass-through	Provided	
Pass-Through Grantor	CFDA	Entity Identifying	to	Federal
Program Title	Number	Number	Subrecipients	Expenditure
U.S. Department of Housing and Urban Development				
Passed through Community Planning and Development				
CDBG - Entitlement Grants Cluster:				
*Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-48-0504	\$ -	\$ 2,316
*Community Development Block Grants/Entitlement Grants	14.218	B-15-MC-48-0504	-	46,652
*Community Development Block Grants/Entitlement Grants	14.218	B-16-MC-48-0504	-	227,567
*Community Development Block Grants/Entitlement Grants	14.218	B-17-MC-48-0504	-	161,727
Total CDBG - Entitlement Grants Cluster passed through Community Planning and Development			-	438,262
Passed through Texas Department of Housing and Community Affairs				
HOME Investment Partnerships Program	14.239	M-14-MC-48-0504	-	87,621
HOME Investment Partnerships Program	14.239	M-15-MC-48-0504	-	12,450
HOME Investment Partnerships Program	14.239	M-16-MC-48-0504	-	70,727
HOME Investment Partnerships Program	14.239	M-17-MC-48-0504	-	39,514
Total Passed through Texas Department of Housing and Community Affairs Total U.S. Department of Housing and Urban Development			-	210,312
U.S. Department of Justice Passed through Texas Office of the Governor - Criminal Justice Division				
•				
Crime Victim Assistance Total passed through Texas Office of the Governor - Criminal Justice Division	16.575	2016-VA-GX-0033	-	40,830 40,830
				,
Direct Program				
Office: Bureau of Justice Assistance				
Bulletproof Vest Partnership Program	16.607	FY2016	-	7,021
Bulletproof Vest Partnership Program	16.607	FY2017	-	1,356
Total Direct from Office of Bureau of Justice Assistance			-	8,377
Direct Program:				
Office of Juvenile Justice Programs				
Public Safety Partnership and Community Policing Grants	16.710	2013-UM-WX-0099	-	70,222
Total Direct from Office of Justice Programs			-	70,222
Passed through Texas Department of Criminal Justice:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0821	-	264
Total Passed through Texas Department of Criminal Justice		· · · · · · · · · · · · · · · · · · ·	-	264
Direct Program				
Equitable Sharing Program	16.922	None	-	143,903
Total U.S. Department of Justice	-		-	263,596

^{*} Cluster of programs

The accompanying notes are an integral part of this schedule.

City of Harlingen, Texas Schedule of Expenditures of Federal Awards Continued

(1) Federal Grantor / Pass-Through Grantor Program Title	(2) Federal CFDA Number	(3) Pass-through Entity Identifying Number	(4) Provided to Subrecipients	(5) Federal Expenditure
U.S. Department of Transportation				
Direct Program:				
Federal Aviation Administration				
Airport Improvement Program	20.106	3-48-0101-058-2016	-	844,777
Airport Improvement Program	20.106	3-48-0101-059-2017	-	1,740,535
Airport Improvement Program	20.106	3-48-0101-060-2018	-	317,174
Airport Improvement Program	20.106	3-48-0101-061-2018	-	625,904
Total Direct from Federal Aviation Administration			-	3,528,390
Passed Through Department of Highways and Public Transportation				
Highway Planning and Construction Cluster:				
*Highway Planning and Construction	20.205	FY 2018 UPWP	-	10,500
Total Highway Planning and Construction Cluster			-	10,500
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	50-14XF0018	-	244,642
Total Passed through Texas Department of Highways and Public Transportation			-	255,142
Passed Through Lower Rio Grande Valley Development Council				
Federal Transit Cluster:				
*Federal Transit Formula Grants	20.507	TX-2016-060-00	\$ -	\$ 247,462
Total Federal Transit Cluster			-	247,462
Total Passed through Lower Rio Grande Valley Development Council			-	247,462
Total U.S. Department of Transportation			-	4,030,994
Office of National Highway Traffic Safety Administration				
Passed through Texas Department of Transportation				
Highway Safety Cluster:				
*State and Community Highway Safety	20.600	2017-Harlingen-S-1YG-0070	-	40,400
*State and Community Highway Safety	20.600	2017-Harlingen-S-1YG-0091	-	4,815
*National Priority Safety Programs	20.616	2017-Harlingen-CIOT-00046	-	970
Total Highway Safety Cluster			-	46,185
Total Passed through Texas Department of Transportation			-	46,185
Total Office of National Highway Traffic Safety Administration			-	46,185
Institute of Museum and Library Services				
Passed Through Texas State Library & Services Commission	45.240	15 00 47 0044 47		4 442
Grants to States Total Passed through Texas State Library & Services Commission	45.310	LS-00-17-0044-17	-	4,412 4,412
Total Institute of Museum and Library Services				4,412
U.S. Department of Homeland Security				
Passed Through Texas Office of the Governor – Division of Emergency Management				
Homeland Security Grant Program	97.067	EMW-2016-SS-00056	-	43,335
Homeland Security Grant Program	97.067	EMW-2017-SS-00005	-	5,860
Homeland Security Grant Program	97.067	3383801	<u> </u>	80,735
Total Passed through Texas Office of the Governor – Division of Emergency Management			_	129,930
Total U.S. Department of Homeland Security			-	129,930
Total Federal Awards Expended			\$ -	\$ 5,123,691

City of Harlingen, Texas Notes on Accounting Policies for Federal Awards September 30, 2018

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, 2018. The reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Harlingen, Texas and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Sub-recipients

During the year ended September 30, 2018, the City of Harlingen, Texas had no sub-recipients.

Federal Loans and Loan Guarantees

During the year ended September 30, 2018, the City had no outstanding federal loans payable or loan guarantees.

Federally Funded Insurance

During the year ended September 30, 2018, the City had no federally funded insurance.

Noncash Awards

During the year ended September 30, 2018, the City did not have any federal awards in the form of noncash assistance.

Indirect Cost Rate

The Uniform Guidance allows an organization to elect a 10% de minimus indirect cost rate. For the year ended September 30, 2018, the City did not elect to use this rate.

City of Harlingen, Texas Exit Conference September 30, 2018

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

Fiscal Year Ended September 30,	2009	2010	2011	2012
Revenues:				
Property Taxes - including P and I	\$10,618,089	\$10,879,410	\$12,291,052	\$12,690,327
Non-property Taxes	18,248,116	17,253,772	17,272,816	19,063,014
Fines & Forfeitures	1,419,706	1,464,075	1,550,411	1,807,782
Licenses & Permits	584,810	500,265	505,837	552,753
Charges for Services	1,234,933	1,254,346	1,163,357	1,037,873
Intergovernmental	207,142	1,153,048	1,062,729	254,552
Contributions and Donations	-	-	-	-
Miscellaneous	187,902	99,178	620,067	946,188
Interest and Investment Income	218,109	98,128	40,517	39,415
Total Revenues	32,718,807	32,702,222	34,506,786	36,391,904
Expenditures:				
General Government	4,982,646	4,920,415	4,875,218	4,867,732
Public Safety	17,509,144	18,391,341	19,076,007	18,351,930
Highways & Streets	3,405,349	3,214,484	2,917,958	2,977,519
Health & Welfare	2,651,249	2,630,880	2,458,796	2,554,289
Community and economic development	-	-	-	-
Culture & Recreation	3,796,189	3,777,564	4,168,534	3,853,625
Capital Outlay	525,728	398,916	1,879,673	1,210,517
Debt Payments	-	-	13,136	-
Total Expenditures	32,870,305	33,333,600	35,389,322	33,815,612
5 (0.6)				
Excess (Deficiency) of Revenues	(454,400)	(624.270)	(002 526)	2.576.202
Over/(Under) Expenditures	(151,498)	(631,378)	(882,536)	2,576,292
Budgeted Transfers and	40.077	222 562	4 244 550	(20.450)
Other Financing Sources (Uses)	19,977	232,563	1,214,559	(39,150)
Excess of Revenues				
Other Financing Sources (Uses)	(404 504)	(200.045)	222.022	2 527 442
Over (Under) Expenditures & Others	(131,521)	(398,815)	332,023	2,537,142
Beginning Fund Balance	11,057,967	10,926,446	10,527,631	10,859,654
Ending Fund Balance	\$10,926,446	\$10,527,631	\$10,859,654	\$13,396,796

2013	2014	2015	2016	2017	2018
					_
¢42.624.202	ć 4.2.25.C.707	¢42.602.400	¢14 202 027	¢14.205.007	¢14.762.466
\$13,624,303	\$13,356,797	\$13,682,198	\$14,202,827	\$14,365,607	\$14,763,466
19,091,811	19,440,451	19,897,893	20,221,652	21,134,041	22,458,031
1,780,146	1,681,265	1,672,287	1,442,634	1,113,512	918,840
614,735	564,486	502,973	549,401	650,476	655,628
2,391,671	2,579,831	3,034,139	2,459,509	2,840,253	1,403,079
296,070	583,121	689,624	58,815	59,730	1,176,253
827,353	831,217	2,503,630	696,413	628,274	893,039
173,637	294,913	155,673	131,008	604,711	182,243
31,265	22,098	14,062	32,006	115,237	310,605
38,830,991	39,354,179	42,152,479	39,794,265	41,511,841	42,761,184
F 227 422	F 647 072	F 740 770	F F26 662	F F40 077	5 700 050
5,237,122	5,617,973	5,748,778	5,536,663	5,519,977	5,728,253
20,580,493	21,448,737	22,621,457	22,055,008	22,905,249	23,361,243
3,100,048	3,214,699	3,258,044	3,037,712	3,192,920	3,300,201
2,785,007	2,906,812	2,972,646	2,895,711	2,893,736	841,556
-		-	-	597,316	1,589,678
4,024,108	3,844,256	3,759,030	3,928,243	4,116,239	5,292,513
1,197,032	2,714,934	3,933,263	952,217	1,537,157	1,420,920
	-	339,567	540,738	168,672	192,177
36,923,810	39,747,411	42,632,785	38,946,292	40,931,266	41,726,541
1,907,181	(393,232)	(480,306)	847,973	580,575	1,034,643
480,194	1,792,697	(759,632)	(76,639)	1,216,746	1,153,268
2,387,375	1,399,465	(1,239,938)	771,334	1,797,321	2,187,911
13,396,796	15,784,171	17,183,636	15,943,698	16,715,032	18,512,353
\$15,784,171	\$17,183,636	\$15,943,698	\$16,715,032	\$18,512,353	\$20,700,264
,,	, ,,	, -,,	,,	, -,,	, -,,

City of Harlingen, Texas Property Tax Rate, Levy and Collection History Last Ten Fiscal Years

		Property		Debt		Percentage	Percentage
Fiscal	Tax	Tax	General	Service	Tax	Current	Total
Year	Year	Rate	Fund	Fund	Levy	Collection	Collections
2009	2008	0.590000	0.437800	0.152200	\$ 14,741,072	97.60%	99.41%
2010	2009	0.588827	0.435580	0.153247	15,677,296	95.31%	99.62%
2011	2010	0.588827	0.434634	0.154193	15,696,199	96.01%	99.78%
2012	2011	0.588827	0.450426	0.138401	15,845,781	96.42%	100.74%
2013	2012	0.588827	0.451862	0.136965	16,572,177	97.78%	100.27%
2014	2013	0.588827	0.449723	0.139104	16,859,420	96.94%	99.12%
2015	2014	0.588827	0.450901	0.137926	17,050,974	98.03%	99.85%
2016	2015	0.588827	0.458590	0.130237	17,085,293	99.93%	101.59%
2017	2016	0.588827	0.460327	0.128500	17,782,161	97.10%	98.46%
2018	2017	0.588827	0.456327	0.132500	18,358,754	97.33%	97.33%

City of Harlingen, Texas Valuation and General Obligation Debt History Last Ten Fiscal Years

				Per Capita		
			Per Capita	General	Ratio G.O.	Percentage
			Taxable	Obligation	Tax Debt to	of Total
Fiscal	Estimated City	Taxable Assessed	Assessed	(G.O.) Tax	Taxable Assessed	Tax
Year	Population (1)	Valuation (2)	Valuation	Debt (3)	Valuation	Collection
2009	74,950	2,526,488,189	\$ 33,709	\$ 307	0.91%	99.41%
2010	64,849	2,662,399,441	41,055	364	0.89%	99.62%
2011	65,466	2,665,498,022	40,716	338	0.83%	99.78%
2012	66,122	2,691,052,108	40,698	316	0.78%	100.74%
2013	65,679	2,814,253,902	42,849	296	0.69%	100.27%
2014	65,665	2,863,202,306	43,603	274	0.63%	99.12%
2015	65,914	2,901,019,088	44,012	251	0.57%	99.85%
2016	65,774	2,908,536,859	44,220	480	1.09%	101.59%
2017	65,539	3,028,664,715	46,212	422	0.91%	98.46%
2018	65,467	3,134,048,830	47,872	385	0.80%	97.33%

City of Harlingen, Texas Taxable Assessed Valuations by Category Last Ten Fiscal Years

	2009		2010	2010 2011			11 2012		
Category	Amount	% of Total							
Real, Residential, Single-Family	\$1,244,751,258	43.52%	\$1,244,751,258	43.52%	\$1,318,224,240	44.31%	\$1,344,724,352	44.28%	
Real, Residential, Multi-Family	107,342,483	3.75%	107,342,483	3.75%	116,950,700	3.93%	125,142,938	4.12%	
Real, Vacant Lots and Land Tracts	76,079,534	2.66%	76,079,534	2.66%	85,528,469	2.88%	80,612,755	2.65%	
Real, Acreage (Land Only)	100,118,412	3.50%	100,118,412	3.50%	96,496,499	3.24%	101,376,116	3.34%	
Real, Farm and Ranch Improvements	11,498,793	0.40%	11,498,793	0.40%	11,841,531	0.40%	12,037,445	0.40%	
Real, Commercial and Industrial	655,078,159	22.90%	655,078,159	22.90%	672,640,392	22.61%	684,313,854	22.53%	
Real and Tangible Personal Utilities	78,043,858	2.73%	78,043,858	2.73%	70,089,816	2.36%	64,184,140	2.11%	
Tangible Personal, Commercial and Industrial	364,266,408	12.73%	364,266,408	12.73%	368,545,689	12.39%	369,969,623	12.18%	
Tangible Personal, Mobile Homes	25,594,139	0.89%	25,594,139	0.89%	24,904,511	0.84%	18,702,753	0.62%	
Real Property, Inventory	8,212,479	0.29%	8,212,479	0.29%	8,622,072	0.29%	8,875,454	0.29%	
Special Inventory	20,389,001	0.71%	20,389,001	0.71%	15,730,782	0.53%	18,209,616	0.60%	
Total Exempt Property	169,133,280	5.91%	169,133,280	5.91%	185,184,548	6.23%	208,669,510	6.87%	
Total Appraised Value Before Exemptions	2,860,507,804	100.00%	2,860,507,804	100.00%	2,974,759,249	100.00%	3,036,818,556	100.00%	
Less: Total Exemptions/Reductions/Adjustments	293,660,599		293,660,599		303,771,824		340,576,515		
Taxable Assessed Value	\$2,566,847,205		\$2,566,847,205		\$2,670,987,425		\$2,696,242,041		

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

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

⁽³⁾ Does not include self-supporting debt

2013		2014		2015		2016		2017		2018	
Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
\$ 1,356,985,849	43.30%	\$1,368,138,082	42.93%	\$1,391,784,107	43.09%	\$1,422,719,443	41.78%	\$ 1,505,382,496	42.46%	\$1,504,401,535	42.53%
131,572,346	4.20%	137,135,722	4.30%	145,711,895	4.51%	152,731,731	4.48%	156,626,985	4.42%	156,393,800	4.42%
79,490,812	2.54%	77,780,405	2.44%	79,131,228	2.45%	99,616,746	2.93%	95,179,814	2.68%	94,844,855	2.68%
105,421,460	3.36%	104,026,465	3.26%	102,098,139	3.16%	77,483,543	2.28%	78,901,837	2.23%	78,876,674	2.23%
12,839,492	0.41%	12,967,265	0.41%	16,103,270	0.50%	22,543,512	0.66%	20,715,678	0.58%	20,135,916	0.57%
811,900,683	25.91%	817,744,628	25.66%	853,524,500	26.42%	869,779,194	25.54%	913,777,649	25.77%	907,886,024	25.67%
63,263,718	2.02%	64,460,988	2.02%	71,433,158	2.21%	87,635,345	2.57%	92,638,719	2.61%	92,638,719	2.62%
363,204,883	11.59%	392,710,604	12.32%	349,774,616	10.83%	408,136,305	11.98%	411,114,410	11.60%	409,616,184	11.58%
18,674,253	0.60%	19,303,546	0.61%	19,401,944	0.60%	19,475,651	0.57%	20,048,678	0.57%	20,048,678	0.57%
5,079,949	0.16%	4,839,652	0.15%	7,090,330	0.22%	5,289,784	0.16%	3,845,926	0.11%	3,845,926	0.11%
20,596,563	0.66%	22,494,609	0.71%	26,150,645	0.81%	33,441,069	0.98%	33,840,897	0.95%	33,839,897	0.96%
164,870,000	5.26%	165,626,270	5.20%	168,062,865	5.20%	206,794,099	6.07%	213,290,180	6.02%	214,704,464	6.07%
3,133,900,008	100.00%	3,187,228,236	100.00%	3,230,266,697	100.00%	3,405,646,422	100.00%	3,545,363,269	100.00%	3,537,232,672	100.00%
319,646,106		324,025,930		329,247,609		376,981,707		403,316,602		403,183,842	
\$2,814,253,902		\$2,863,202,306		\$2,901,019,088		\$3,028,664,715		\$3,142,046,667		\$3,134,048,830	

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

Fiscal Year Ended September 30, 2018

Name of Governmental Unit	Net Debt Outstanding	Percentage Applicable to the City of Harlingen	City of Harlingen's Share of Debt						
Direc	t Debt								
City of Harlingen Total Direct Debt	\$ 50,415,577 50,415,577	100.00%	\$ 50,415,577 50,415,577						
Overlap	Overlapping Debt								
Cameron County	126,670,000	17.01%	21,546,567						
Harlingen Consolidated Independent School District	147,495,439	77.87%	114,854,698						
Rio Hondo Independent School District	36,284,224	1.84%	667,630						
San Benito Consolidated Independent School District Total Overlapping Debt	68,110,000 378,559,663	1.78%	1,212,358 138,281,253						
Total Direct and Overlapping Debt	\$ 428,975,240		\$188,696,830						

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values.

Applicable percentages were estimated by determining the portion of the another government unit's assessed value that is within the City's boundaries and dividing by each unit's total assessed value.

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

Fiscal Year Ended September 30, 2018

Principal Taxpayer	Type of Business	Fiscal Year Taxable Assessed Valuation	Percentage of Total Taxable Assessed Valuation
VHS Harlingen Hospital Company LLC	Medical Services	\$ 73,339,564	2.34%
AEP Texas Inc	Electricity Suppliers	41,563,120	1.33%
Boyer Harlingen LC	Real Estate Developers	27,955,724	0.89%
HMC Realty LLC	Real Estate Developers	25,080,618	0.80%
VHS Harlingen Hospital Company LLC	Medical Services	21,872,344	0.70%
Mall at Valle Vista LLC	Shopping Center Operations	20,841,484	0.67%
American Realty Capital	Real Estate Developers	17,787,014	0.57%
VHS Valley Real Estate Company LLC	Medical Real Estate Developers	13,096,929	0.42%
Valley Baptist Realty Corp	Medical Real Estate Developers	13,078,291	0.42%
Rancho Harlingen Corners LLC	Shopping Center Operations	12,296,417	0.39%
		\$266,911,505	8.52%

Source: Cameron Appraisal District



City of Harlingen, Texas Debt Service Requirements to Maturity – Primary Government Last Ten Fiscal Years

Fiscal Year	201 Certif of Obli	icate	20: General O Refundin	bligation	2012 Certificate of Obligation		201 Certif of Obli	icate
Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
9/30/2019	\$ 145,000	\$ 79,756	\$ 255,000	\$ 35,671	\$ 140,000	\$ 46,688	\$ 155,000	\$ 75,775
9/30/2020	150,000	75,144	260,000	29,517	150,000	42,488	150,000	72,675
9/30/2021	155,000	69,994	265,000	23,243	145,000	39,488	160,000	69,675
9/30/2022	160,000	64,481	275,000	16,790	150,000	36,588	165,000	66,475
9/30/2023	170,000	58,494	280,000	10,157	150,000	33,588	165,000	63,175
9/30/2024	175,000	52,025	285,000	3,405	160,000	30,588	165,000	59,875
9/30/2025	180,000	45,144	-	-	140,000	27,388	195,000	54,925
9/30/2026	190,000	37,744	-	-	145,000	24,588	195,000	49,075
9/30/2027	195,000	30,044	-	-	145,000	21,325	205,000	43,225
9/30/2028	205,000	22,044	-	-	15,000	18,063	55,000	37,075
9/30/2029	215,000	13,509	-	-	20,000	17,650	50,000	35,425
9/30/2030	220,000	4,538	-	-	25,000	17,100	50,000	33,925
9/30/2031	-	-	-	-	100,000	16,413	205,000	32,425
9/30/2032	-	-	-	-	115,000	13,663	200,000	26,275
9/30/2033	-	-	-	-	110,000	10,500	210,000	20,275
9/30/2034	-	-	-	-	120,000	7,200	210,000	13,975
9/30/2035	-	-	-	-	120,000	3,600	220,000	7,150
9/30/2036	-	-	-	-	-	-	-	-
9/30/2037	-	-	-	-	-	-	-	-
9/30/2038	-	-	-	-	-	-	-	-
9/30/2039	-	-	-	-	-	-	-	-
9/30/2040	-	-	-	-	-	-	-	-
=	\$2,160,000	\$552,916	\$1,620,000	\$118,783	\$1,950,000	\$406,918	\$2,755,000	\$761,400

Continued

2013 General Obligation of Obligation		2016 Certificate of Obligation		2016 General Obligation of Obligation		Total	Total	Grand Total Principal
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	and Interest
\$ 285,000	\$ 34,375	\$ 280,000	\$ 460,380	\$ 1,965,000	\$ 736,500	\$ 3,225,000	\$ 1,469,145	\$ 4,694,145
195,000	29,575	350,000	454,976	2,105,000	695,800	3,360,000	1,400,175	4,760,175
200,000	25,125	390,000	447,031	2,185,000	620,125	3,500,000	1,294,681	4,794,681
210,000	20,000	415,000	437,398	2,280,000	508,500	3,655,000	1,150,232	4,805,232
215,000	14,688	430,000	425,944	2,400,000	391,500	3,810,000	997,546	4,807,546
220,000	9,250	450,000	413,001	2,500,000	294,000	3,955,000	862,144	4,817,144
260,000	3,250	460,000	398,826	2,645,000	216,825	3,880,000	746,358	4,626,358
-	-	475,000	383,876	2,990,000	132,300	3,995,000	627,583	4,622,583
-	-	490,000	367,964	2,915,000	43,725	3,950,000	506,283	4,456,283
-	-	510,000	350,814	-	-	785,000	427,996	1,212,996
-	-	525,000	332,199	-	-	810,000	398,783	1,208,783
-	-	545,000	311,304	-	-	840,000	366,867	1,206,867
-	-	570,000	289,613	-	-	875,000	338,451	1,213,451
-	-	595,000	266,927	-	-	910,000	306,865	1,216,865
-	-	620,000	242,294	-	-	940,000	273,069	1,213,069
-	-	645,000	216,626	-	-	975,000	237,801	1,212,801
-	-	670,000	189,923	-	-	1,010,000	200,673	1,210,673
-	-	700,000	162,185	-	-	700,000	162,185	862,185
-	-	730,000	133,205	-	-	730,000	133,205	863,205
-	-	760,000	101,888	-	-	760,000	101,888	861,888
-	-	790,000	69,284	-	-	790,000	69,284	859,284
-	-	825,000	35,397	-	-	825,000	35,397	860,397
\$1,585,000	\$136,263	\$12,225,000	\$6,491,055	\$21,985,000	\$3,639,275	\$44,280,000	\$12,106,609	\$56,386,609