COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF HARLINGEN, TEXAS

For the Fiscal Year Ended September 30, 2020

City of Harlingen, Texas
Comprehensive Annual Financial Report
(Including Compliance Report on Grant Activities)
For the Fiscal Year Ended September 30, 2020

CITY OFFICIALS

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

PREPARED BY
DEPARTMENT OF FINANCE

Robert Rodriguez,
Finance Director

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City of Harlingen, Texas
Table of Contents
September 30, 2020

TABLE OF CONTENTS

	Page No.
INTRODUCTORY SECTION	
Letter of Transmittal	17
GFOA Certificate of Achievement	26
Organizational Chart	27
FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	31
MANAGEMENT'S DISCUSSION AND ANALYSIS	37
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	56
Statement of Activities	58
Fund Financial Statements	
Governmental Funds Financial Statements	
Balance Sheet	59
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	60
Statement of Revenues, Expenditures and Changes in Fund Balances	61
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Government-Wide Statement of Activities	62
Proprietary Fund Financial Statements	
Combining Statement of Net Position	64
Combining Statement of Revenues, Expenses and Changes in Net Position	66
Combining Statement of Cash Flows	68
Fiduciary Fund Statements	
Statement of Fiduciary Net Position	70
Statement of Changes in Fiduciary Net Position	71
Component Units	
Combining Statement of Net Position	72
Combining Statement of Activities	74
Notes to Financial Statements	76

City of Harlingen, Texas
Table of Contents
September 30, 2020

TABLE OF CONTENTS - CONTINUED

	Page No.
REQUIRED SUPPLEMENTARY INFORMATION	
General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	151
CDBG Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	152
Other Grants Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	153
Pension Related Information	
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios for Agent Multiple-Employer Pension Plan – Texas Municipal Retirement System	154
Schedule of Changes in Net Pension Liability and Related Ratios – Firemen's Relief and Retirement Fund	157
Schedule of City's Contribution for all Pension Plans	158
Other Post-employment Benefits (OPEB) Related Information	
Schedule of Changes in Total OPEB Liability and Related Ratios for Agent Multiple-Employer OPEB Plan – Retiree Health Care Plan	159
Schedule of Changes in Total OPEB Liability and Related Ratios for Single-Employer - Texas Municipal Retirement System - OPEB Plan – Supplemental Death Benefits Fund	161
Notes to Required Supplementary Information	163
OTHER SUPPLEMENTARY INFORMATION	
Nonmajor Governmental Funds	
Combining Balance Sheet	172
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	176
Supplementary Individual Governmental Funds Financial Statements and Schedules	
Internal Service Funds	
Combining Statement of Net Position	184
Combining Statement of Revenues, Expenses and Changes in Net Position	187
Combining Statement of Cash Flows	188

City of Harlingen, Texas
Table of Contents
September 30, 2020

TABLE OF CONTENTS - CONTINUED

Page No.

OTHER SUPPLEMENTARY INFORMATION - Continued

Supplementary Individual Governmental Funds Financial Statements and Schedules - Continued

General Fund

Comparative Balance Sheets 193
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 194

Community Development Block Grant Fund

Comparative Balance Sheets 195
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 196

Tennis Court Revenue Fund

Comparative Balance Sheets 197
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 198
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual 199

Public, Educational and Governmental Access Channel Fund

Comparative Balance Sheets 200
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 201
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual 202

Hotel/Motel Occupancy Tax Fund

Comparative Balance Sheets 203
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 204
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual 205

Convention and Visitors Bureau Fund

Comparative Balance Sheets 206
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 207
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual 208

City of Harlingen, Texas
Table of Contents
September 30, 2020

TABLE OF CONTENTS - CONTINUED

Page No.

OTHER SUPPLEMENTARY INFORMATION - Continued

Supplementary Individual Governmental Funds Financial Statements and Schedules - Continued

MPO Grant Fund

Comparative Balance Sheets 209
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 210

Catastrophic Emergency Relief Fund

Comparative Balance Sheets 211
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 212
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual 213

Harlingen Downtown Fund

Comparative Balance Sheets 214
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 215
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual 216

Federal Forfeiture Fund

Comparative Balance Sheets 217
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 218
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual 219

State Forfeiture Fund

Comparative Balance Sheets 220
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 221
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual 222

Other Grants Fund

Comparative Balance Sheets 223
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 224

Air Service Development Program Fund

Comparative Balance Sheets 225
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 226

City of Harlingen, Texas
Table of Contents
September 30, 2020

TABLE OF CONTENTS - CONTINUED

Page No.

OTHER SUPPLEMENTARY INFORMATION - Continued

Supplementary Individual Governmental Funds Financial Statements and Schedules - Continued

Communication Center Fund

Comparative Balance Sheets 227
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 228

Harlingen Convention Center

Comparative Balance Sheets 229
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 230
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual 231

COPS/UHP Grant Fund

Comparative Balance Sheets 232
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 233

Free Trade Bridge Fund

Comparative Balance Sheets 234
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 235
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual 236

Infrastructure Fund

Comparative Balance Sheets 237
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 238

Lon C. Hill Library Fund

Comparative Balance Sheets 239
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 240

Tax Increment Financing Reinvestment Zone No. 1 Fund

Comparative Balance Sheets 241
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 242
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual 243

Tax Increment Financing Reinvestment Zone No. 2 Fund

Comparative Balance Sheets 244
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 245
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual 246

City of Harlingen, Texas
Table of Contents
September 30, 2020

TABLE OF CONTENTS - CONTINUED

Page No.

OTHER SUPPLEMENTARY INFORMATION - Continued

Supplementary Individual Governmental Funds Financial Statements and Schedules – Continued

Tax Increment Financing Reinvestment Zone No. 3 Fund

Comparative Balance Sheets 247
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 248
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual 249

Neighborhood Stabilization Program Grant Fund

Comparative Balance Sheets 250
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 251

Debt Service Fund

Comparative Balance Sheets 252
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 253

Capital Improvement Fund

Comparative Balance Sheets 254
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 255

Street Improvement Fund

Comparative Balance Sheets 256
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 257

Petition Paving Fund

Comparative Balance Sheets 258
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 259

Certificates of Obligation Projects, Series 2001 Fund

Comparative Balance Sheets 260
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 261

City of Harlingen, Texas
Table of Contents
September 30, 2020

TABLE OF CONTENTS - CONTINUED

Page No.

OTHER SUPPLEMENTARY INFORMATION - Continued

Supplementary Individual Governmental Funds Financial Statements and Schedules – Continued

Certificates of Obligation Projects, Series 2016 Fund

Comparative Balance Sheets 262
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 263

General Obligation Bonds, Series 2006 Fund

Comparative Balance Sheets 264
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 265

Supplementary Individual Enterprise Funds Financial Statements and Schedules

Sanitation Fund

Comparative Balance Sheets 270
Comparative Statements of Revenues, Expenses and Changes in Net Position 272
Comparative Statement of Cash Flows 274

Municipal Golf Course Fund

Comparative Balance Sheets 276
Comparative Statements of Revenues, Expenses and Changes in Net Position 278
Comparative Statement of Cash Flows 280

City of Harlingen, Texas
Table of Contents
September 30, 2020

TABLE OF CONTENTS - CONTINUED

Page No.

OTHER SUPPLEMENTARY INFORMATION - Continued

Supplementary Individual Enterprise Funds Financial Statements and Schedules – Continued

Municipal Auditorium Fund

Comparative Balance Sheets 282
Comparative Statements of Revenues, Expenses and Changes in Net Position 284
Comparative Statement of Cash Flows 286

Harlingen Arts and Heritage Museum Fund

Comparative Balance Sheets 288
Comparative Statements of Revenues, Expenses and Changes in Net Position 290
Comparative Statement of Cash Flows 291

Supplementary Individual Internal Service Funds Financial Statements and Schedules

Motor Vehicle/Warehouse Fund

Comparative Statements of Net Position 296
Comparative Statements of Revenues, Expenses and Changes in Net Position 298
Comparative Statements of Cash Flows 300

Health Insurance Fund

Comparative Statements of Net Position 302
Comparative Statements of Revenues, Expenses and Changes in Net Position 303
Comparative Statements of Cash Flows 304

City of Harlingen, Texas
Table of Contents
September 30, 2020

TABLE OF CONTENTS - CONTINUED

Page No.

OTHER SUPPLEMENTARY INFORMATION - Continued

Supplementary Individual Component Units Financial Statements and Schedules

Harlingen Economic Development Corporation, Inc.

Comparative Balance Sheets 308
Reconciliation of the Balance Sheet of the Harlingen Economic Development Corporation to the Component Unit Combining Statement of Net Position 309
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 310
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 311

Harlingen Community Improvement Board

Comparative Balance Sheets 312
Reconciliation of the Balance Sheet of the Harlingen Economic Development Corporation to the Component Unit Combining Statement of Net Position 313
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 314
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 315

City of Harlingen Waterworks System

Comparative Balance Sheets 316
Comparative Statements of Revenues, Expenses and Changes in Net Position 319
Comparative Statements of Cash Flows 320

Valley International Airport

Comparative Balance Sheets 322
Comparative Statements of Revenues, Expenses and Changes in Net Position 325
Comparative Statements of Cash Flows 326

STATISTICAL SECTION

Government-wide Information

Changes in Net Position - Governmental Activities (Last Ten Fiscal Years) (*Table 1*) 332

Changes in Net Position - Business-Type Activities (Last Ten Fiscal Years) (*Table 2*) 333

Changes in Net Position - Total (Last Ten Fiscal Years) (*Table 3*) 334

City of Harlingen, Texas
Table of Contents
September 30, 2020

TABLE OF CONTENTS - CONTINUED

		Page No.
STATISTICAL SECTION - Continued		
Government-Wide Net Position by Category (Last Ten Fiscal Years)	(*Table 4*)	335
Fund Information		
Changes in Fund Balances - Governmental Funds (Last Ten Fiscal Years)	(*Table 5*)	336
General Fund Revenues and Expenditures History (Last Ten Fiscal Years)	(*Table 6*)	337
Fund Balances - Governmental Funds (Last Ten Fiscal Years)	(*Table 7*)	338
Tax Revenues by Source - Governmental Funds (Last Ten Fiscal Years)	(*Table 8*)	339
Taxable Assessed Value and Estimated Actual Value of Property (Last Ten Fiscal Years)	(*Table 9*)	340
Direct and Overlapping Property Tax Rates (Last Ten Fiscal Years)	(*Table 10*)	341
Property Tax Levies and Collections (Last Ten Fiscal Years)	(*Table 11*)	342
Principal Property Taxpayers	(*Table 12*)	343
Direct and Overlapping Sales Tax Rates (Last Ten Fiscal Years)	(*Table 13*)	344
Ratio of Total Debt Outstanding by Type (Last Ten Fiscal Years)	(*Table 14*)	345
Computation of Estimated Direct and Overlapping Debt	(*Table 15*)	346
Legal Debt Margin (Last Ten Fiscal Years)	(*Table 16*)	347
Economic and Demographic Statistics (Last Ten Fiscal Years)	(*Table 17*)	348
Principal Employers	(*Table 18*)	349
City Employees by Function/Program (Last Ten Fiscal Years)	(*Table 19*)	350
Operating Statistics by Function/Program (Last Ten Fiscal Years)	(*Table 20*)	352
Ratio of General Bonded Debt Outstanding (Last Ten Fiscal Years)	(*Table 21*)	353

City of Harlingen, Texas
Table of Contents
September 30, 2020

TABLE OF CONTENTS - CONTINUED

Page No.

SINGLE AUDIT SECTION

Federal/State Awards Section

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* *357*

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and the State of Texas Single Audit Circular 361

Schedule of Findings and Questioned Costs 365

Corrective Action Plan 369

Schedule of Status of Prior Year Findings 370

Schedule of Expenditures of Federal Awards 371

Schedule of Expenditures of State Awards 372

Notes on Accounting Policies for Federal and State Awards 373

Exit Conference 374

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

General Fund Revenues and Expenditures History (Last Ten Fiscal Years) 376
Property Tax Rate, Levy and Collections History 378
Valuation and General Obligation Debt History 379
Taxable Assessed Valuations by Category 380
Computation of Estimated Direct and Overlapping Debt 382
Principal Property Taxpayers 383

DEBT SERVICE SCHEDULE

Debt Service Requirements to Maturity – Primary Government by Fiscal Year 386

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INTRODUCTORY SECTION

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March 29, 2021

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 (AFR) of the City of Harlingen, Texas, for the fiscal year ended September 30, 2020. 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, 2020, were free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is located at the front of the financial section of this report.

MISSION STATEMENT

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

ECONOMIC CONDITIONS AND OUTLOOK

Harlingen is located in the Rio Grande Valley of Texas (Valley), an international border region comprised of a three county area with an estimated population of 1.2 million people on the U.S. side and over 2 million in the border communities of Mexico. Harlingen's central location, just a few miles from the Mexican border, and the availability of skilled labor force at competitive wages has been an important factor in its continued economic development. Harlingen has a dynamic, world class medical and health care complex which includes Valley Baptist Medical Center, Harlingen Medical Center, Rio Grande State Center, Su Clinica Familiar and an increasing number of clinics and medical practices. Harlingen is also home to the University of Texas Rio Grande Valley School of Medicine Clinical Education Building and the Graduate Medical Education Office where UTRGV medical students continue their studies and participate in clinical rotations. The University of Texas Rio Grande Valley is constructing a new multi-million dollar Institute of Neuro-Sciences research facility in Harlingen near the established Regional Academic Health Center. Harlingen is also home to the Veteran's Administration Center which includes a 120,000 sq. ft. outpatient center. The Institute will further increase our growing Medical Sector and the number of jobs associated with that industry. The City's location has made it a logistics center for the Valley. Valley International Airport (VIA) has three major air cargo companies located at its facility as well as 6 major airlines for passengers to choose from.

Overall construction in Harlingen during FY 2019-20 was $70.7 million in construction permits issued by the City. A total of 759 permits were issued. The City issued 255 building permits for new homes for a total dollar value of over $33.3 million, with an average construction cost for each home at $130,728. The commercial/business sector issued permits for 21 new commercial structures with a construction value of $8.5 million.

Total sales tax collected by the City, the Economic Development Corporation (EDC-4A) and the Harlingen Community Improvement Board (HCIB-4B) decreased to $25,346,140 in FY 2019-20 compared to the $25,576,865 collected in FY 2018-19, a 0.9% or $230,725 decrease. All three entities are committed to combining their resources for the overall economic benefit of the City.

Outlook

The City's fiscal year 2020 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 2020 showed a slight decrease in sales taxes which is quite impressive considering the impact of the COVID-19 pandemic. 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 2019-2020 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 2020:

- Harlingen Convention Center
- Destination Park
- Road construction including Altas Palmas, Beckham, Lake Drive, Secluded Acres, Becky Lane and Halpin Road and several others
- Drainage projects including Dixieland Drainage Ditch, 9th and 13th Street Drainage Ditch improvements, 13th Street Drainage Ditch and Jefferson Drainage Ditch
- Added 2.1 miles of sidewalk to areas around town through the City's Sidewalk Improvement Project including FM 507 & Loop 499, 6th Street, Ed Carey, and Haine Drive
- Substantial completion of Phase I of the Lon C. Hill Destination Park
- General Reseal & Overlay Project for various City streets
- Arroyo Trail Extension

GOALS FOR YEAR 2020-21 AND BEYOND

The Harlingen City Commission on April 6, 2016 unanimously approved the "One Vision, One Harlingen" comprehensive plan, which is the City's core policy document. The comprehensive plan utilized key input over several months from stakeholders, residents, business owners, city staff, appointed committee members and elected officials. The plan consists of the City's vision, goals, strategies, and implementation measures for growth and prosperity. "One Vision, One Harlingen" is an integrated approach to future development with a focus on all elements that make up a city such as housing, transportation, parks, economic growth, public safety and public services. The comprehensive plan assisted in developing a priority listing of projects. On June 24, 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. Complete the Regional Flood Plan Study
2. Commence of Phase II of the Lon C. Hill Destination Park
3. Continue providing COVID-19 support for the community
4. Construction of the 5th & 7th Street Storm Sewer Improvement Project
5. Seek additional grant funding and opportunities for drainage and street projects
6. Rehab roadways through our Street Improvement Program totaling 4.45 miles
7. Several park upgrades including C.B Wood, Destination Park, and trails extension from McKelvey Park back to Hugh Ramsey Nature Park

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, 2020, 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, Public Education Grant, Catastrophic Emergency Relief, Harlingen Downtown, Harlingen Convention Center, Freetrade Bridge, Federal Forfeitures, State Forfeitures, Convention & Visitors Bureau, Grant Awards, Tax Increment Financing, 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, 2019. 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. Construction on the destination park and the new tennis center continues with projected completion dates in FY 2021. 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 $26,051,375 at September 30, 2020. The unassigned fund balance for the General Fund totaled $25,177,079, an increase of $5,037,116 over last year. The combined fund balance of all other governmental funds totaled $11,955,404, which includes restricted funds of $8,124,798, committed funds of $3,275,935, nonspendable funds of $25,000 and unassigned funds of 529,671.

The fund balance of the General Fund presented above will provide the City with approximately 191 days of operating expenditures for FY 2021. 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 198 days of expenditures for FY 2021.

Debt Administration

The City had an informal goal of attaining and maintaining a fund balance of 25% of the following FY annual debt service requirement. That informal goal was evaluated during the FY and determined to be in excess of the City's needs. The debt service restricted fund balance of $958,835 is 20.1% of FY 2021 annual principal and interest requirements.

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

	Fitch	Standards & Poor
General Obligation Bonds	AA+	AA-

Capital Project Funds

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

Proprietary Funds

The City currently operates four Proprietary Funds. The proprietary funds are set up to operate primarily from user fees charged to the general public. A comparative summary of net income (loss) before transfers and capital contributions for the years ended September 30, 2020 and 2019, as follows:

Proprietary Funds	2020	2019
Sanitation Fund	$ 957,530	$ 2,171,947
Municipal Golf Course Fund	(393,104)	(405,520)
Municipal Auditorium Fund	(459,961)	(285,880)
Harlingen Arts & Heritage Museum	(118,434)	(118,539)
Total net income (loss)	$ (13,969)	$ 1,362,008

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 18-hole course with a clubhouse.

Municipal Auditorium Fund

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

Harlingen Arts and Heritage Museum Fund

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

Component Units

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

Harlingen Economic Development Corporation (HEDC)

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

Harlingen Community Improvement Board (HCIB)

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

Valley International Airport

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

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

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

Harlingen Waterworks System

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

Internal Service Fund

Motor Vehicle/Warehouse Fund

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

Medical/Health Fund

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

Fiduciary Fund

Pension Trust Fund

This pension system is accounted for in the Firemen's Relief and Retirement Fund. The City of Harlingen amended the plan provisions effective April 1, 2019 and increased the employer contribution to 17% of salaries. The firemen continue to contribute 15% of salaries. The City of Harlingen administers and operates the pension fund as a fiduciary for the Firemen's Relief and Retirement Fund Board of Directors as authorized by the Texas Local Fire Fighters Retirement Act (TLFFRA).

OTHER INFORMATION

Independent Audit

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

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Harlingen, Texas, for its comprehensive annual financial report for the fiscal year ended September 30, 2019. 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 five years (fiscal years ended 1985 to 2019). We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgment

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

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

Respectfully submitted,

Robert Rodriguez
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Harlingen
Texas

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morrill

Executive Director/CEO

CITY OF HARLINGEN
ORGANIZATIONAL CHART

Citizens of Harlingen

Mayor & City Commission

Economic Development Corporation of Harlingen
216-5083

Board of Trustees of the City of Harlingen Water Works System
430-5083

City Attorney
Ric J. Navarro
216-5017

City Manager
Dan Serna
216-5001

Internal Auditor
Danny Coyle
230-8008

Harlingen Airport Board
216-5083

Assistant City Manager Internal Services
Gabriel Gonzalez
216-5005

Planning & Development
Xavier Cervantes
216-5262

Asst. Planning & Zoning Director
Joel Olivo
216-5260

Chief Building Official
Esmael Ortega
216-5162

Code / Environmental Manager
Jose M. Aceves
216-5204

Health
Josh Ramirez
216-5222

Environmental Health Coordinator
Shannon Harvill
216-5220

Animal Control
Shannon Harvill
216-5220

Vital Statistics
Diana Vargas
216-5142

Library
Dauna Campbell
216-5803

Assistant Library Director
Molly Walter
216-5827

CVB
Cassandra Cuellar
423-5565

Community Development
Sandee Woelhof
216-5185

Downtown Improvement District
Alexis Alaniz
216-4910

Management Information System
Sergio Mujica
216-5033

Arts & Entertainment
Joel Humphries
216-5992

Museum Coordinator
Stefani Miller
216-4903

Public Relations Officer
Irma Garza
423-5565

City Secretary
Amanda Elizondo
216-5006

Human Resources
Efren Fernandez
216-5024

Risk Management
Oscar Salinas
216-5027

Human Resources Manager
Sandra Martinez
216-5021

Civil Service
Efren Fernandez
216-5020

Finance
Robert Rodriguez
216-5064

Finance Deputy Director
Kareem Abdullah
216-5063

Municipal Court Supervisor
Cindy Weaver
216-5127

Procurement Supervisor
Mari Leal
216-5316

Police Chief
Mike Kester
216-5403

Assistant Police Chief
Miryam Anderson
216-5403

Special Services
Deputy Chief Daniel Villarreal
216-5524

Operations
Deputy Chief Hector Leal
216-5514

Criminal Investigations
Deputy Chief Alfredo Alvear
216-5467

Civilian Police Administrator
Carlos X. Cantu
216-5479

Fire Chief
Rafael Balderas
230-8050

Assistant Chief
Eduardo Alvarez
230-8051

Assistant Chief
Ruben Balboa
230-8056

Deputy Chief
Darrel Lofftus
230-8057

Deputy Chief
Juan Sauceda
216-5791

Special Projects Director
Ana L. Hernandez
216-5242

Assistant City Manager External Services
Carlos A Sanchez
216-5015

Parks & Recreation
Javier Mendez
216-5954

Parks & Rec. Asst. Director
Vacant
216-5951

Parks Superintendent
Armando Villela
216-5951

Athletic Supervisor
Lupe Gonzalez, Jr.
216-5953

Public Bldg. Foreman
Juan Borrego
216-5291

Golf Pro
Jeff Hart
216-5972

Golf Superintendent
Vacant
425-5873

Public Works
Rodrigo Davila
216-5327/230-8007

Asst. Public Works Director
Lily Garcia
216-5330

Sanitation Superintendent
Chistopher Torres
230-8005

Street Superintendent
Danny Diaz
230-8004

Traffic Signal Superv.
Arnold Campos
216-5324

Fleet Services Manager
Rick Rivera
216-5314

Recycling Center
Jeff Lyssy
427-8786

City Engineer
Andy Vigstol
230-8007

Asst. City Engineer
Kimberly Salinas
216-5223

Project Control Officer
Oscar Ovalle
230-8006

Revised 3/31/2021

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FINANCIAL SECTION

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CRI CARR RIGGS & INGRAM
CPAs and Advisors

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

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

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Harlingen, Texas, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Harlingen, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Harlingen, Texas, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The previously issued financial statements have been restated to account for the correction of a misstatement related to a prior period. As further discussed in Note 28, the City's financial statements were restated and the effect of the adjustments was a decrease to beginning net position. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 37-53 and 151-166 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Harlingen, Texas' basic financial statements. The introductory section, the other supplementary information section, the statistical section, the continuing disclosure requirements of SEC Rule 15 (c) 2-12, and the debt service section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal/state 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 the *State of Texas Single Audit Circular* 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/state 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/state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections, the continuing disclosure requirements of SEC Rule 15(c) 2-12 and the debt service section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2021, on our consideration of the City of Harlingen, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Harlingen, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Harlingen, Texas' internal control over financial reporting and compliance.

Firm's signature

Cain, Riggs & Ingram, L.L.C.

Harlingen, Texas
March 29, 2021

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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, 2020. Please read it in conjunction with the transmittal letter on page 17 and the City's financial statements, which begin on 56.

FINANCIAL HIGHLIGHTS

The net position of the City as of September 30, 2020 was $103,075,588. This number consists of $95,016,336 (92.2%) of net investment in capital assets. The net position restricted for specific purposes totals $8,242,917 (8.0%) and unrestriced net position of $(183,665) ((0.2))%. The City's total net position increased by $9,450,954. The governmental activities net position increased by $9,386,334 or approximately 11.64%, while the net position of our business-type activities increased by $64,620 or approximately 0.50%. The increase to net position is a result of increased property tax collections and the operating CARES act grant received during the year.

As of September 30, 2020, the City's governmental funds reported combined ending fund balances of $38,006,779. Within this total, $207,808 is non-spendable, $8,242,917 is restricted by specific legal requirements, such as by debt covenants, $3,275,935 has been committed and $573,369 is assigned to specific types of expenditures. The remaining $25,706,750 is unassigned fund balance and can be used for any lawful purpose. The City's expenditures for FY 2020 were $5,402,338 less than the $63,594,747 generated in taxes and other revenues before other finance sources and uses.

Business-type activities reported combined ending net position of $13,023,171. Within this total, $7,768,023 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 $5,255,148 of unrestricted funds which can be used for any lawful purpose. Total proprietary expenses and transfers for the City's business-type activities were $64,620 less than the operating and non-operating revenues of $10,633,257.

USING THIS ANNUAL REPORT

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

This Comprehensive Annual Financial Report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 56-57 and 58) 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 59. 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 43. The analysis includes a condensed summary of the government-wide financial statements.

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

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

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

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

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

Recently Issued Accounting Pronouncements

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

- GASB Statement No. 84, Fiduciary Activities
- GASB Statement No. 87, Leases
- GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Const. Period
- GASB Statement No. 90, Majority Equity Interests
- GASB Statement No. 91, Conduit Debt Obligations
- GASB Statement No. 92, Omnibus 2020
- GASB Statement No. 93, Replacement of Interbank Offered Rates
- GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements
- GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance

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

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

In June 2018, the GASB issued Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period”. This statement will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and will simplify accounting for interest cost incurred before the end of a construction period. The requirements of this statement are effective for reporting periods beginning after December 15, 2021. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In August 2018, the GASB issued Statement No. 90, “Majority Equity Interests”. This statement will improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In May 2019, GASB issued Statement No. 91, Conduit Debt Obligations, provides for a single methods of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2022.

In January 2020, the GASB issued Statement No. 92, “Omnibus 2020”. This statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this statement are effective for reporting periods beginning after June 15, 2020. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In March 2020, the GASB issued Statement No. 93, “Replacement of Interbank Offered Rates”. This Statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this statement are effective for reporting periods ending after December 31, 2021. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In March 2020, the GASB issued Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”. This Statement establishes standards of accounting and financial reporting for PPPs and APAs for governments. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In May 2020, the GASB issued Statement No. 95, “Postponement of the Effective Dates of Certain Authoritative Guidance”. This Statement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 or later.

Reporting the City's Most Significant Funds

Fund Financial Statements

Our analysis of the City's major funds begins on page 46. The fund financial statements begin on page 59 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.

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

The City as Trustee

Reporting the City's Fiduciary Responsibilities

The City is the trustee, or fiduciary, of the Firemen's Relief and Retirement Fund. This activity is reported in separate Statement of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 70 and 71. 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 $103,075,588 as of September 30, 2020. 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, $95,016,336 (92.2%), 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 2019-2020, cost of infrastructure and acquisition of other items with a value of $5,000 or greater were capitalized.

An additional portion of the City's net position of $8,242,917 (8.0%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is $(183,665) (0.2)%.

Net position of the City's governmental activities decreased by $2,383,626 or 2.6%, from $92,436,043 to $90,052,417 for FY 2019-2020. The net position of the City's business-type activities increased 0.5% or $64,620 from $12,958,551 to $13,023,171 for FY 2019-2020. The larger increases to net position for FY 2020 resulted from increased property tax collections and the operating CARES act grant received during the year. There was also a significant prior period adjustment that reduced net position in the amount of $11,919,960. The prior period adjustment was neccessary to correctly state accumulated depreciation for FY 2020.

Table 1 – Summary Statement of Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	Restated 2019	2020	2019	2020	Restated 2019
Assets						
Current and Other assets	$ 50,333,187	$ 44,174,073	$ 8,795,314	$ 9,317,168	$ 59,128,501	$ 53,491,241
Due from Component units	86,921	-	143,646	58,984	230,567	58,984
Internal Balances	1,164,297	813,048	(1,164,297)	(813,048)	-	-
Capital assets, net						
Non-depreciable assets	13,279,710	10,887,379	477,083	467,083	13,756,793	11,354,462
Depreciable assets	111,816,031	115,322,000	7,543,286	6,268,573	119,359,317	121,590,573
Total Capital assets, net	125,095,741	126,209,379	8,020,369	6,735,656	133,116,110	132,945,035
Total assets	176,680,146	171,196,500	15,795,032	15,298,760	192,475,178	186,495,260
Deferred Outflows of Resources	11,436,155	17,620,051	25,697	112,589	11,461,852	17,732,640
Total Assets and Deferred Outflows of Resources	$ 188,116,301	$ 188,816,551	$ 15,820,729	$ 15,411,349	$ 203,937,030	$ 204,227,900
Liabilities						
Current and other liabilities	6,695,875	8,111,718	606,070	400,367	7,301,945	8,512,085
Non-current liabilities						
OPEB liability - retiree health plan	4,143,657	4,620,934	84,566	94,306	4,228,223	4,715,240
OPEB liability - supplemental death benefits	1,529,406	1,375,964	31,213	28,082	1,560,619	1,404,046
Municipal net pension liability	611,973	8,057,865	12,489	164,447	624,462	8,222,312
Firemen's net pension liability	19,291,409	19,906,516	-	-	19,291,409	19,906,516
Est. Liability landfill postclosure	-	-	1,441,311	1,424,220	1,441,311	1,424,220
Due in one year	5,003,772	4,509,149	128,647	65,000	5,132,419	4,574,149
Due more than one year	43,025,986	46,470,311	411,707	269,454	43,437,693	46,739,765
Total Liabilities	80,302,078	93,052,457	2,716,003	2,445,876	83,018,081	95,498,333
Deferred inflows of resources	17,761,806	15,098,011	81,555	6,922	17,843,361	15,104,933
NET POSITION						
Net investment in capital assets	87,248,313	84,327,097	7,768,023	6,735,656	95,016,336	91,062,753
Restricted	8,242,917	5,547,330	-	-	8,242,917	5,547,330
Unrestricted	(5,438,813)	(9,208,344)	5,255,148	6,222,895	(183,665)	(2,985,449)
Total net position	90,052,417	80,666,083	13,023,171	12,958,551	103,075,588	93,624,634
	$ 188,116,301	$ 188,816,551	$ 15,820,729	$ 15,411,349	$ 203,937,030	$ 204,227,900

Table 2 – Statement of Activities

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	Restated 2019	2020	2019	2020	Restated 2019
Revenues						
Program revenues:						
Charges for services	$ 6,976,009	$ 5,800,670	$ 10,528,963	$ 10,850,522	$ 17,504,972	$ 16,651,192
Operating grants and contributions	5,287,810	3,563,454	-	-	5,287,810	3,563,454
Capital grants and contributions	4,066,338	1,436,215	-	-	4,066,338	1,436,215
General Revenues:						
Property taxes	22,011,806	19,361,145	-	-	22,011,806	19,361,145
Sales taxes	18,955,627	19,199,840	-	-	18,955,627	19,199,840
Other taxes	5,971,004	6,374,802	-	-	5,971,004	6,374,802
Unrestricted investment earnings	277,582	693,991	77,454	199,587	355,036	893,578
Other	425,688	217,282	38,329	186,374	464,017	403,656
Gain (loss) on sale of assets	501,268	62,328	(11,489)	64,624	489,779	126,952
Transfers	(78,589)	183,294	78,589	(183,294)	-	-
Total revenues	64,394,543	56,893,021	10,711,846	11,117,813	75,106,389	68,010,834
Expenses						
Program expenses:						
General government	7,249,460	7,256,971	-	-	7,249,460	7,256,971
Public safety	29,650,574	30,539,817	-	-	29,650,574	30,539,817
Highways and streets	5,647,986	7,241,780	-	-	5,647,986	7,241,780
Health and welfare	1,660,362	1,327,436	-	-	1,660,362	1,327,436
Community and economic dev.	2,948,451	4,981,305	-	-	2,948,451	4,981,305
Culture and recreation	6,672,567	7,294,692	-	-	6,672,567	7,294,692
Interest on long-term debt	1,178,809	1,327,339	-	-	1,178,809	1,327,339
Sanitation	-	-	8,947,337	8,023,251	8,947,337	8,023,251
Golf	-	-	1,071,223	1,269,646	1,071,223	1,269,646
Museum	-	-	127,734	137,895	127,734	137,895
Municipal Auditorium	-	-	500,932	508,307	500,932	508,307
Total expenses	55,008,209	59,969,340	10,647,226	9,939,099	65,655,435	69,908,439
Change in net position	9,386,334	(3,076,319)	64,620	1,178,714	9,450,954	(1,897,605)
Net position, beginning	80,666,083	95,662,362	12,958,551	11,779,837	93,624,634	107,442,199
Prior period adjustment	-	(11,919,960)	-	-	-	(11,919,960)
Net position, beginning, as restated	80,666,083	83,742,402	12,958,551	11,779,837	93,624,634	95,522,239
Net position, ending	$ 90,052,417	$ 80,666,083	$ 13,023,171	$ 12,958,551	$ 103,075,588	$ 93,624,634

Total revenues generated from both governmental activities and business-type activities this year amounted to $75,106,389. Total expenses incurred from both governmental activities and business-type activities this year amounted to $65,655,435 which resulted in an increase in net position of 10.1% or $9,450,954.

Governmental Activities

Total revenue generated from governmental activities this year amounted to $64,473,132, before transfers. Expenses came in at $55,008,209, increasing net position by $9,464,923 before transfers. Transfers of $(78,589) to other activities resulted in an all-inclusive increase to net position of $9,386,334.

The cost of all governmental activities this year was $55,008,209. However, as shown on the Statement of Activities on page 58, the amount that our taxpayers ultimately financed for these activities through taxes and other general revenues was $48,064,386. Charges for services of $6,976,009 were paid by those who directly benefited from them. Operating grants and contributions totaled $5,287,810. Another $4,066,338 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 Services	
	2020	2019	2020	2019
General government	$ 7,249,460	$ 7,256,971	$ (1,758,581)	$ (3,761,752)
Public safety	29,650,574	30,539,817	(25,989,447)	(27,425,803)
Highway and streets	5,647,986	7,241,780	(5,224,785)	(6,242,685)
Health and welfare	1,660,362	1,327,436	2,247,166	(733,574)
Community & economic dev.	2,948,451	4,981,305	(1,923,308)	(3,603,831)
Culture and recreation	6,672,567	7,294,692	(4,850,288)	(6,074,017)
Interest on long-term debt	1,178,809	1,327,339	(1,178,809)	(1,327,339)
	$ 55,008,209	$ 59,969,340	$ (38,678,052)	$ (49,169,001)

Business-type Activities

Total operating and non-operating revenues generated from business-type activities this year amounted to $10,633,257, before transfers. Expenses came in at $10,647,226 leaving $(13,969) as an increase to net assets before transfers. Transfers from other activities totaling $78,589 resulted in an all-inclusive increase in net assets amounting to $64,620. 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 59) combined fund balance increased to $38,006,779 or $7,320,444 more than last year. The significant increase to fund balance is a result of increased property tax collections and the operating CARES act grant received during the year.

Governmental Funds

The following table presents a summary of total governmental funds' revenues and operating transfers in for the years ended September 30, 2020 and 2019. The following is a detailed analysis of the revenues:

Revenues & Other financing sources (uses)	2020	% of Total	2019	Amount of Increase / (Decrease)	Percent Increase / (Decrease)
Property Taxes	$ 22,018,956	33.6%	$ 19,344,906	$ 2,674,050	13.8%
Nonproperty taxes	23,570,651	36.0%	24,221,826	(651,175)	-2.7%
Assessments	1,553,568	2.4%	1,522,083	31,485	2.1%
Fines and forfeitures	848,008	1.3%	1,148,803	(300,795)	-26.2%
Licenses and Permits	706,930	1.1%	690,991	15,939	2.3%
Charges for services	1,147,685	1.8%	1,701,437	(553,752)	-32.5%
Intergovernmental	9,472,611	14.5%	6,376,538	3,096,073	48.6%
Contributions and donations	3,366,423	5.1%	496,238	2,870,185	578.4%
Miscellaneous	580,052	0.9%	388,061	191,991	49.5%
Interest and investment income	329,863	0.5%	827,410	(497,547)	-60.1%
	63,594,747		56,718,293	6,876,454	
Other financing sources (uses)	1,918,106	2.9%	332,114	1,585,992	477.5%
Total	$ 65,512,853		$ 57,050,407	$ 8,462,446	

There was a net increase in total revenues (including other financing sources (uses) of $8,462,446 or an increase of 14.8%. Property taxes represent 33.6% of total revenues and other financing sources (uses). Property taxes increased by 13.8% or $2,674,050. Nonproperty taxes, which includes sales, franchise and hotel/motel taxes represents 36.0% of total revenues and other financing sources (uses). Nonproperty taxes decreased by $(651,175) or (2.7)% over last fiscal year. Total revenues, not taking into account other financing sources (uses) increased by $6,876,454.

Property and Non-property tax revenues had a total increase $2,022,875 over FY 2019 revenues. Property and Non-property taxes account for a major part of the revenue increase over last fiscal year. Intergovernmental revenue also had an increase over last fiscal year of $3,096,073 which contributed to the overall revenue increase.

Property Taxes – including penalty and interest

Property tax revenues exceeded FY 2019 property tax revenues by $2,674,050. The increase is attributable to both current and delinquent collections. The percentage of collection for FY 2020 current taxes was 97.46%. The total tax rate increased to $0.630000 per $100 value from $0.588827 per $100 value in the prior fiscal year. The total tax rate is composed of $0.111900 for the Interest and Sinking Fund (I&S) and $0.518100 for the Maintenance and Operations (M&O).

Nonproperty taxes

Nonproperty taxes, which includes sales, franchise and hotel/motel taxes represents 36.0% of total revenues and other financing sources (uses). Nonproperty tax revenue decreased by $(651,175) or (2.7)% over last fiscal year. The decrease includes a $(237,827) or (1.2)% decrease in sales taxes, a $(251,478) or (15.8)% decrease in Hotel/Motel delinquent taxes collected, and a $(161,870) or (5.0)% decrease in franchise fees.

Fines and Forfeitures

Fines and forfeitures decreased by 26.2% or $(300,795) from the previous year due to a decrease in traffic fine income.

Licenses and Permits

Licenses and permits increased $15,939 or 2.3% compared to FY 2019. The increase is due to increased income from building, electrical, plumbing and alarm permits.

Charges for Services

Charges for services decreased by $(553,752)or (32.5)% less than last year's revenue. The majority of the decrease is due to a lack of charges for renting City facilities as a result of the COVID pandemic.

Interest and Investment Income

This revenue category decreased by $(497,547) or (60.1)%, to end FY 2020 at a total of $329,863 compared to $827,410 from FY 2019.

Other Financing Sources (uses)

In FY 2020, other financing sources (uses) increased compared to prior year's amount by $1,585,992.

Expenditures

The following table presents a summary of governmental funds' expenditures for the years ended September 30, 2020 and 2019.

Expenditures	2020	% of Total	2019	Amount of Increase / (Decrease)	Percent Increase / (Decrease)
General Government	$ 6,409,719	11.0%	$ 5,883,350	$ 526,369	8.9%
Public Safety	25,437,180	43.7%	24,934,218	502,962	2.0%
Highways and Streets	4,743,047	8.2%	5,925,364	(1,182,317)	-20.0%
Health and Welfare	1,485,617	2.6%	1,085,916	399,701	36.8%
Community & economic dev.	2,867,872	4.9%	4,063,068	(1,195,196)	-29.4%
Cultural and Recreation	5,627,100	9.7%	5,903,672	(276,572)	-4.7%
Capital Outlay	6,482,396	11.1%	9,589,755	(3,107,359)	-32.4%
Debt Service:					
Principal	3,682,945	6.3%	3,475,216	207,729	6.0%
Interest and Fiscal Charges	1,456,533	2.5%	1,493,474	(36,941)	-2.5%
Total	$ 58,192,409		$ 62,354,033	$ (4,161,624)	

General Government
General government expenditures increased by 8.9% or 526,369. The major component of this increase was a $200,000 donation to the Boys and Girls Club for the construction of a gym.

Public Safety
Expenditures for public safety had an increase of 2.0% or $502,962. This amount is due to increase cost of personnel services.

Highways and Streets
Highways and street expenditures decreased by (20.0)% or $(1,182,317) A majority of the decrease was due to higher expenditures in the street overlay project in the previous FY. Another large variance was caused by the Metropolitan Planning Organizations large expenditures in the prior year.

Health and Welfare
Expenditures increased 36.8% or $399,701. The increase is a result of various expenditures related to the COVID 19 pandemic.

Community and Economic Development
In FY 2020, there was a decrease of (29.4)% or $(1,195,196) due to the incentive program for certain airlines reported in the Air Service Development Program in the prior fiscal year.

Cultural and Recreational
Cultural and recreational expenditures decreased (4.7)% or $(276,572). The decrease is due to higher expenditures in the prior fiscal year on the Arroyo Trail Extention project.

Capital Outlay

Expenditures for capital outlay decreased 32.4% or $3,107,359. The decrease in expenditures is due to the convention center being completed during the prior fiscal year.

Debt Service

Total debt service expenditures increased by $170,788 or 3.4%. Bonds were refunded during the year as well as a new note was entered into for the purchase of land.

FUND BALANCE

Combined fund balance for all of the governmental funds increased $7,320,444 from $30,836,335 to $38,006,779. Included in this difference is a $150,000 prior period adjustment for a missed economic incentive payment that applied to fiscal year ending 9/30/18. Fund balances by fund type are discussed below.

General Fund

The revenues and other financing sources (uses) totaled $53,062,462 while expenditures totaled $47,650,814. The net effect is an increase in the general fund balance of $5,411,648. The fund balance as of September 30, 2020 is $26,051,375.

Special Revenue Funds

The combined fund balance of other governmental funds increased from $7,850,723 to $9,900,146 or $2,049,423. The increase is largely attributable to an increase in revenues over expenditures in the Hotel/Motel Occupancy Tax fund and transfers that are in excess of expenditures in the Air Service Development Program fund.

Debt Service Fund

The Debt Service fund balance is $958,835 which is a decrease of $(116,486) from the prior year. The fund balance represents 20.1% 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 $(24,141). The majority of the Capital Project fund balance decrease is a result of the advertising for the Harlingen Convention Center.

PROPRIETARY FUNDS – A Detailed Discussion

Enterprise Funds

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

Sanitation Fund

Operating revenues decreased by $(76,753) or (0.8) % over the prior year. Operating expenses increased by $949,268 or 11.9% over the prior year. In FY 2020, the sanitation fund had nonoperating revenues of $74,462. After net transfers out of $(147,645) , the net increase in net position for the year was $809,885.

Municipal Golf Course Fund

Operating revenues decreased by $(124,278) or 15.7% over the prior year. Operating expenses decreased by $(201,140) or (15.8)% over the prior year. The net loss for the year was $(393,104) which includes depreciation expenses of $85,036.

Municipal Auditorium Fund

Operating revenues decreased by $(191,614) or (87.1)% over the prior year. Operating expenses decreased by $(7,375) or 1.5% over the prior year. The net loss for the year was $(344,965) which includes net transfers in of $114,996 and depreciation expense of $184,288.

Harlingen Arts and Heritage Museum Fund

Operating revenues decreased by $(2,541) or 43.5% over the prior year. Operating expenses increased by $4,729 or 3.8% over the prior year. Net loss for the year was $(7,196) which includes net transfers in of $111,238 and depreciation expense of $13,777.

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 decreased by $(173,449) or 5.0% over the prior year. Operating expenses decreased by $(397,631) or 10.9% over the prior year. The net decrease in net position for the year was $(574,511).

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 $321,356 or 7.2% and operating expenses increased by $127,820 or 2.8%. The net income for the year is $166,879. 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 $133,116,110 in capital assets.

CAPITAL ASSETS NET OF DEPRECIATION

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land	$ 11,153,970	$ 9,844,895	$ 467,083	$ 467,083	$ 11,621,053	$ 10,311,978
Construction in progress	2,125,740	1,042,484	10,000	-	2,135,740	1,042,484
Building	30,709,127	31,852,295	2,779,276	2,919,146	33,488,403	34,771,441
Improvements other than building	7,855,725	8,753,527	565,683	793,802	8,421,408	9,547,329
Machinery and equipment	6,949,469	7,742,333	4,198,327	2,555,625	11,147,796	10,297,958
Infrastructure	66,301,710	66,973,845	-	-	66,301,710	66,973,845
Total	$ 125,095,741	$ 126,209,379	$ 8,020,369	$ 6,735,656	$ 133,116,110	$ 132,945,035

For more detailed information on capital asset activity, refer to Note 5 of financial statements beginning on page 97.

Non-current obligations

At the end of the fiscal year, the City had $37,520,000 in bonds and certificates of obligation outstanding, as shown on the following table.

OUTSTANDING DEBT AT YEAR END

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
General Obligation debt (backed by City)	$ 21,815,000	$ 22,685,000	$ -	$ -	$ 21,815,000	$ 22,685,000
Certificates of Obligation	15,705,000	18,370,000	-	-	15,705,000	18,370,000
	$ 37,520,000	$ 41,055,000	$ -	$ -	$ 37,520,000	$ 41,055,000

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

For more detailed information on long-term debt activity, refer to the notes to financial statements beginning on page 105.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

During the budget process for fiscal year 2020-2021 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 decreased to 0.619849 from 0.630000. Fiscal year 2021 general fund revenues were budgeted conservatively with a total decrease of $822,601 under fiscal year 2020 budgeted revenues. General fund budgeted expenditures for fiscal year 2021 decreased by $4,111,893 from fiscal year 2020 budgeted expenditures.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

City of Harlingen, Texas
Statement of Net Position

September 30, 2020

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Asset				
Cash and cash equivalents	$ 32,427,415	$ 8,646,730	$ 41,074,145	$ 30,342,097
Investments - other	5,000,000	-	5,000,000	17,356,544
Receivables, net	3,266,569	130,194	3,396,763	4,429,845
Due from component units	86,921	143,646	230,567	-
Due from primary government	-	-	-	50,000
Due from other governments	5,196,336	-	5,196,336	532,721
Internal balances	1,164,297	(1,164,297)	-	-
Inventories	191,673	13,593	205,266	401,100
Prepaid items and deposits	207,808	3,747	211,555	308,774
Restricted assets:				
Temporarily restricted				
Cash and cash equivalents - rest.	2,374,115	1,050	2,375,165	4,302,777
Investments - rest.	-	-	-	3,757,515
Net pension asset	-	-	-	1,114,105
Loans receivable	1,669,271	-	1,669,271	715,652
Redevelopment properties	-	-	-	1,847,816
Capital assets, net				
Non-depreciable assets	13,279,710	477,083	13,756,793	36,006,801
Depreciable assets	111,816,031	7,543,286	119,359,317	145,062,299
Total assets	176,680,146	15,795,032	192,475,178	246,228,046
Deferred outflows of resources				
Deferred charge on refunding	418,530	-	418,530	177,188
OPEB - retiree healthcare	356,701	7,279	363,980	991,996
OPEB - supplemental death benefits	187,334	3,823	191,157	103,438
Retirement pensions - Municipal pension	715,164	14,595	729,759	1,594,215
Retirement pensions - Firemen's	9,758,426	-	9,758,426	-
Total deferred outflows of resources	11,436,155	25,697	11,461,852	2,866,837
Total assets and deferred outflows of resources	$ 188,116,301	$ 15,820,729	$ 203,937,030	$ 249,094,883

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

City of Harlingen, Texas
Statement of Net Position

September 30, 2020

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Liabilities				
Accounts payable	$ 2,427,575	$ 477,008	$ 2,904,583	$ 2,681,770
Accrued expenses	464,034	12,314	476,348	51,924
Accrued interest	1,483,299	-	1,483,299	997,282
Due to component units	50,000	-	50,000	-
Due to primary government	-	-	-	164,876
Other liabilities	542,002	111,649	653,651	539,357
Unearned revenue	1,102,503	5,099	1,107,602	728,700
Escrow liabilities	626,462	-	626,462	-
Due within one year				
Bonds payable	3,465,000	-	3,465,000	2,846,162
Capital lease	173,169	49,445	222,614	-
Notes payable	152,199	-	152,199	480,000
Compensated absences	1,213,404	79,202	1,292,606	15,884
Payable from restricted assets	-	-	-	350,000
Due in more than one year				
Bonds payable	35,471,043	-	35,471,043	40,150,209
Capital lease	342,327	202,901	545,228	-
Notes payable	4,013,640	-	4,013,640	1,417,985
Compensated absences	3,198,976	208,806	3,407,782	1,203,195
Payable from restricted assets	-	-	-	2,644,888
Estimated liability for landfill postclosure	-	1,441,311	1,441,311	-
OPEB liability - retiree health plan	4,143,657	84,566	4,228,223	10,133,838
OPEB liability - supplemental death benefits	1,529,406	31,213	1,560,619	694,993
Municipal net pension liability	611,973	12,489	624,462	54,586
Firemen's net pension liability	19,291,409	-	19,291,409	-
Total liabilities	80,302,078	2,716,003	83,018,081	65,155,649
Deferred inflows of resources				
OPEB - Retiree health care	774,939	15,815	790,754	1,218,082
OPEB - Supplemental Death Benefits	110,817	2,262	113,079	45,678
Municipal pension	3,110,484	63,478	3,173,962	2,604,622
Firemen's pension	13,765,566	-	13,765,566	-
Total deferred inflows of resources	17,761,806	81,555	17,843,361	3,868,382
NET POSITION				
Net investment in capital assets	87,248,313	7,768,023	95,016,336	135,157,699
Restricted for:				
Capital Projects	1,103,440	-	1,103,440	-
Debt Service	958,835	-	958,835	5,005,937
Economic development	1,628,784	-	1,628,784	-
Tourism	1,539,425	-	1,539,425	-
State and federal grants	1,735,028	-	1,735,028	-
Other	1,277,405	-	1,277,405	-
Unrestricted	(5,438,813)	5,255,148	(183,665)	39,907,216
Total net position	90,052,417	13,023,171	103,075,588	180,070,852
Total liabilities, deferred inflows of resources and net position	$ 188,116,301	$ 15,820,729	$ 203,937,030	$ 249,094,883

City of Harlingen, Texas
Statement of Activities

Year ended September 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position – Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units
Governmental activities:								
General government	$ 7,249,460	$ 2,072,707	$ 189,208	$ 3,228,964	$ (1,758,581)	$ -	$ (1,758,581)	$ -
Public safety	29,650,574	3,360,631	300,496	-	(25,989,447)	-	(25,989,447)	-
Highways and streets	5,647,986	240,422	182,779	-	(5,224,785)	-	(5,224,785)	-
Health and welfare	1,660,362	5,749	3,808,847	92,932	2,247,166	-	2,247,166	-
Community and economic development	2,948,451	175,653	729,490	120,000	(1,923,308)	-	(1,923,308)	-
Culture and recreation	6,672,567	1,120,847	76,990	624,442	(4,850,288)	-	(4,850,288)	-
Interest	1,178,809	-	-	-	(1,178,809)	-	(1,178,809)	-
Total governmental activities	55,008,209	6,976,009	5,287,810	4,066,338	(38,678,052)	-	(38,678,052)	-
Business-type activities:								
Sanitation services	8,947,337	9,830,405	-	-	-	883,068	883,068	-
Golf course services	1,071,223	666,986	-	-	-	(404,237)	(404,237)	-
Auditorium services	500,932	28,269	-	-	-	(472,663)	(472,663)	-
Museum services	127,734	3,303	-	-	-	(124,431)	(124,431)	-
Total business-type activities	10,647,226	10,528,963	-	-	-	(118,263)	(118,263)	-
Total primary government	$ 65,655,435	$ 17,504,972	$ 5,287,810	$ 4,066,338	(38,678,052)	(118,263)	(38,796,315)	-
Component Units								
Economic development services	5,621,350	746,487	-	945				(4,873,918)
Community improvement services	606,485	-	-	-				(606,485)
Water and sewer services	20,004,163	21,107,552	-	769,552				1,872,941
Airport services	12,106,017	4,839,078	-	13,183,275				5,916,336
Total component units	$ 38,338,015	$ 26,693,117	$ -	$ 13,953,772				2,308,874
General revenues:								
Taxes:								
Property taxes, levied for general purposes					18,239,999	-	18,239,999	-
Property taxes, levied for debt service					3,771,807	-	3,771,807	-
Sales taxes					18,955,627	-	18,955,627	6,294,756
Franchise taxes					3,074,660	-	3,074,660	-
Hotel motel taxes					1,132,665	-	1,132,665	-
Mixed beverage taxes					160,936	-	160,936	-
Assessments					1,602,743	-	1,602,743	-
Unrestricted investment earnings					277,582	77,454	355,036	679,920
Miscellaneous					425,688	38,329	464,017	2,351,589
Gain (loss) on sale of assets					501,268	(11,489)	489,779	1,584,316
Transfers					(78,589)	78,589	-	-
Total general revenues					48,064,386	182,883	48,247,269	10,910,581
Change in net position					9,386,334	64,620	9,450,954	13,219,455
Net position--beginning					92,586,043	12,958,551	105,544,594	167,001,397
Prior period adjustment					(11,919,960)	-	(11,919,960)	(150,000)
Net position--beginning, as restated					80,666,083	12,958,551	93,624,634	166,851,397
Net position--ending					$ 90,052,417	$ 13,023,171	$ 103,075,588	$ 180,070,852

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

City of Harlingen, Texas
Balance Sheet - Governmental Funds

September 30, 2020

	General Fund	CDBG Fund	Other Grants	Capital Projects Bond Cert. of Obligation 2016	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 16,156,573	$ 301,432	$ 2,639,691	$ -	$ 8,750,721	$ 27,848,417
Investments - other	5,000,000	-	-	-	-	5,000,000
Receivables (net of allowance for uncollectibles)						
Taxes	882,557	-	-	-	263,643	1,146,200
Accounts	811,205	1,607	266,125	-	862,414	1,941,351
Assessments	-	12,815	-	-	149,148	161,963
Due from other governments	4,604,594	-	-	-	591,742	5,196,336
Due from other funds	1,329,881	-	-	-	-	1,329,881
Due from component units	65,052	-	-	-	21,254	86,306
Loans receivable	212,899	1,456,372	-	-	-	1,669,271
Prepaid items	182,808	-	-	-	25,000	207,808
Restricted assets:						
Cash and cash equivalents - rest.	35,914	-	-	1,569,004	769,197	2,374,115
Total assets	$ 29,281,483	$ 1,772,226	$ 2,905,816	$ 1,569,004	$ 11,433,119	$ 46,961,648
Liabilities						
Accounts payable	$ 797,541	$ 12,225	$ 239,102	$ 1,237,644	$ 60,880	$ 2,347,392
Accrued expenditures	458,282	625	2,782	-	1,144	462,833
Escrow liabilities	440,145	23,315	-	-	163,002	626,462
Other liabilities	539,250	2,976	-	-	9,308	551,534
Customer deposits	35,914	-	-	-	-	35,914
Due to other funds	-	99,997	-	-	587	100,584
Unearned revenue	-	-	1,102,503	-	-	1,102,503
Due to component units	50,000	-	-	-	-	50,000
Total liabilities	2,321,132	139,138	1,344,387	1,237,644	234,921	5,277,222
Deferred inflows of resources						
Unavailable revenue - property taxes	814,112	-	-	-	247,429	1,061,541
Unavailable revenue - payments in lieu of taxes	28,810	-	-	-	-	28,810
Unavailable revenue - special assessments	-	12,815	-	-	6,135	18,950
Unavailable revenue - noncurrent receivables	-	1,456,372	192	-	-	1,456,564
Unavailable revenue - other	66,054	-	36,222	-	1,009,506	1,111,782
Total deferred inflows of resources	908,976	1,469,187	36,414	-	1,263,070	3,677,647
Fund balances						
Nonspendable	182,808	-	-	-	25,000	207,808
Restricted	118,119	163,901	1,525,015	331,360	6,104,522	8,242,917
Committed	-	-	-	-	3,275,935	3,275,935
Assigned	573,369	-	-	-	-	573,369
Unassigned	25,177,079	-	-	-	529,671	25,706,750
Total fund balances	26,051,375	163,901	1,525,015	331,360	9,935,128	38,006,779
Total liabilities, deferred inflows of resources and fund balances	$ 29,281,483	$ 1,772,226	$ 2,905,816	$ 1,569,004	$ 11,433,119	$ 46,961,648

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

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

September 30, 2020

Fund balances -- total governmental funds	$	38,006,779
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. This is the amount of governmental assets $317,452,149 net of accumulated depreciation totaling $(196,874,888). Not included in this amount are internal service funds capital assets of $21,062,708 and accumulated depreciation of $(16,544,228).		120,577,270
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 $28,810, special assessments $18,950, noncurrent receivables $1,456,564 and other long-term unavailable revenues - other $1,111,782.		2,616,106
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the governmental funds.		1,061,541
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.		9,067,067
Deferred amounts on refundings are deferred outflows of resources and, therefore, are not reported in the funds.		418,530
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.		(1,416,043)
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities – both current and long-term are reported in the statement of net position and exclude internal service fund liabilities of $45,762. The internal service long-term liabilities are not a reconciling item.		(46,567,953)
Included in the noncurrent liability is the recognition of the City's OPEB liability required by GASB Cod. Sec. P52, in the amount of $(4,143,657) and $(1,529,406) for the retiree health care plan and the supplemental death benefits fund, respectively and deferred outflows and inflows of resources totaling $356,701 and $187,334, $(774,939) and $(110,817) for the retiree health care plan and the supplemental death benefits fund, respectively. These amounts include internal service funds deferred outflows of resources $(3,679) and $(1,932) for the retiree health care plan and the supplemental death benefits fund, respectively and include OPEB liabilities of $42,734 and $15,773 for the retiree health care plan and the supplemental death benefits fund, respectively. It also includes the internal service deferred inflows of resources in the amount of $7,992 and $1,143, which resulted in a decrease in net position of $(5,952,753).		(5,952,753)
Included in the noncurrent liability is the recognition of the City's net pension liability required by GASB Cod. Sec P20, Pension Activities, in the amount of $(611,973) and $(19,291,409) for the municipal pension and the firemen's pension, respectively; a deferred inflows of resources for the municipal pension in the amount of $(3,110,484); and deferred inflows of resources totaling of $(13,765,566), for the firemen's pension; $715,164 and $9,758,426 in deferred outflows of resources for the municipal pension and firemen's pension, respectively. These amounts exclude internal service funds deferred inflows of resources $32,079, deferred outflows of resources of $(7,376) and net pension liability totaling $6,311 which resulted in an decrease in net position by $(26,274,828).		(26,274,828)
Interest on long-term debt payable is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(1,483,299)
Net position of governmental activities	$	90,052,417

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

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

Year ended September 30, 2020

	General Fund	CDBG Fund	Other Grants	Capital Projects Bond Cert. of Obligation 2016	Other Governmental Funds	Total Governmental Funds
Revenues						
Property taxes - including penalty and interest	$ 18,206,332	$ -	$ -	$ -	$ 3,812,624	$ 22,018,956
Nonproperty taxes	22,280,460	-	-	-	1,290,191	23,570,651
Assessments	-	-	-	-	1,553,568	1,553,568
Fines and forfeitures	831,889	-	-	-	16,119	848,008
Licenses and permits	706,930	-	-	-	-	706,930
Charges for services	981,550	-	-	-	166,135	1,147,685
Intergovernmental	5,743,698	729,490	2,391,483	-	607,940	9,472,611
Contributions and donations	3,228,964	-	137,459	-	-	3,366,423
Miscellaneous	401,968	93,418	-	4,500	80,166	580,052
Interest and investment income	238,198	6,168	-	8,991	76,506	329,863
Total revenues	52,619,989	829,076	2,528,942	13,491	7,603,249	63,594,747
Expenditures						
Current						
General government	6,324,719	-	-	-	85,000	6,409,719
Public safety	24,296,047	-	1,101,204	-	39,929	25,437,180
Highways and streets	3,644,814	-	-	-	1,098,233	4,743,047
Health and welfare	1,305,281	-	178,586	-	1,750	1,485,617
Community and economic development	1,748,118	529,210	-	-	590,544	2,867,872
Culture and recreation	4,969,797	-	112,900	86,364	458,039	5,627,100
Capital outlay	5,048,443	222,505	1,170,045	-	41,403	6,482,396
Debt service						
Principal	252,945	-	-	-	3,430,000	3,682,945
Interest	60,650	-	-	-	1,395,883	1,456,533
Total expenditures	47,650,814	751,715	2,562,735	86,364	7,140,781	58,192,409
Excess (deficiency) of revenues over (under) expenditures	4,969,175	77,361	(33,793)	(72,873)	462,468	5,402,338
Other financing sources (uses)						
Transfers in	2,598,381	-	1,657,879	-	1,928,811	6,185,071
Transfers out	(3,637,188)	-	(12,500)	-	(2,127,872)	(5,777,560)
Note payable proceeds	1,000,000	-	-	-	-	1,000,000
Bond refunding issuance premium	-	-	-	-	280,521	280,521
Refunding bond proceeds	-	-	-	-	1,690,000	1,690,000
Payment to refunded bond escrow agent	-	-	-	-	(1,896,534)	(1,896,534)
Cost of refunded bonds	-	-	-	-	(64,660)	(64,660)
Sale of capital assets	481,280	-	-	-	19,988	501,268
Total other financing sources (uses)	442,473	-	1,645,379	-	(169,746)	1,918,106
Net change in fund balances	5,411,648	77,361	1,611,586	(72,873)	292,722	7,320,444
Fund balance, beginning of year	20,789,727	86,540	(86,571)	404,233	9,642,406	30,836,335
Prior period adjustment	(150,000)	-	-	-	-	(150,000)
Fund balance, beginning of year, as restated	20,639,727	86,540	(86,571)	404,233	9,642,406	30,686,335
Fund balance, end of year	$ 26,051,375	$ 163,901	$ 1,525,015	$ 331,360	$ 9,935,128	$ 38,006,779

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

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

Year ended September 30, 2020

Net change in fund balances -- total governmental funds	$	7,320,444
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 $6,482,394 is exceeded by depreciation expense of $(6,926,460) in the current period. Reconciling amounts exclude internal service funds capital asset additions totaling $651,712 and depreciation in the amount of $(1,184,152).		(444,066)
Proceeds from the sale of capital assets are recognized as revenue in the fund financial statements. The statement of activities recognizes the difference in proceeds received less net book value. This amount does not include $(70,552) that is attributed to the internal service funds.		(66,580)
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		384,267
Property tax revenues in the statement of activities do not provide current financial resources and are not reported as revenues in the funds.		(7,150)
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.		(407,632)
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.		5,547,945
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.		(2,690,000)
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. Interest expense in the statement of activities differs from the amount reported in governmental funds because the change in accrued interest $131,656 was calculated for long term debt. Also, any changes in compensated absences $(14,881), during the year are reported as an increase or decrease to expenses in the statement of activities but not in the governmental funds. The change in compensated absences noted above does not include $12,945 that is attributed to the internal service funds.		116,775
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 and discounts $374,214. New premium added in the amount of $280,521.		93,693
The deferred charge on the refunding of bonds is not recognized in the fund statements. This is the change during the year.		(131,952)
GASB Cod. Sec. P52, requires that certain fund expenditures be de-expended and recorded as deferred resource outflows on the government-wide statements. These contributions made after the measurement date of December 31, 2019 caused the change in ending net position to change in the amount of $472,354 and $(151,859) 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 an increase in the change in net position totaling $23,798 and $104,321 for the retiree health care plan and supplemental death benefits, respectively. The City's reported net OPEB expense had to be recorded. The net OPEB expense (decreased) the change in net position by $(643,001) and $(45,865) for the retiree health care plan and the supplemental death benefits, respectively. The result of these changes is to (decrease) the change in net position by $(240,252).		(240,252)
GASB Cod. Sec. P20, Pension Activities requires that certain fund expenditures be de-expended and recorded as deferred resource outflows on the government-wide statements. These contributions made after the measurement date of December 31, 2019 for TMRS and September 30, 2019 for the Firemen's Relief and Retirement fund caused the change in ending net position to increase in the amount of $7,369,101 and $615,107, respectively. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in change in net position totaling $(4,341,797) and $(1,794,357) for the TMRS pension and Firemen's pension respectively. The City's reported TMRS net pension expense had to be recorded. The net pension expense decreased the change in net position by $(2,930,488) for TMRS and increased the change in net position by $993,276 from the firemen's pension. The result of these changes is to decrease the change in net position by $(89,158)		(89,158)
Change in net position of governmental activities	$	9,386,334

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

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

September 30, 2020

	Business-type Activities					Governmental Activities
	Sanitation Fund	Municipal Golf Course Fund	Municipal Auditorium Fund	Harlingen Arts and Heritage Museum Fund	Total	Internal Service Funds
Assets						
Current assets						
Cash and cash equivalents	$ 8,610,149	$ -	$ -	$ 36,581	$ 8,646,730	$ 4,578,998
Accounts receivables						
(net of allowances for uncollectibles)	121,543	4,134	4,389	128	130,194	17,055
Inventories	-	13,593	-	-	13,593	191,673
Prepayments	3,747	-	-	-	3,747	-
Due from component units	143,646	-	-	-	143,646	615
Restricted assets:						
Cash and cash equivalents	-	-	-	1,050	1,050	-
Total current assets	8,879,085	17,727	4,389	37,759	8,938,960	4,788,341
Non-current assets						
Capital assets						
Land	417,587	49,496	-	-	467,083	-
Construction in progress	10,000	-	-	-	10,000	-
Plant and equipment	8,678,892	4,180,857	4,795,374	244,776	17,899,899	21,062,708
Accumulated depreciation	(2,953,261)	(3,329,070)	(3,895,276)	(179,006)	(10,356,613)	(16,544,228)
Total capital assets (net of accumulated depreciation)	6,153,218	901,283	900,098	65,770	8,020,369	4,518,480
Total non-current assets	6,153,218	901,283	900,098	65,770	8,020,369	4,518,480
Total assets	15,032,303	919,010	904,487	103,529	16,959,329	9,306,821
Deferred outflows of resources						
OPEB - retiree healthcare	4,347	2,301	631	-	7,279	3,679
OPEB - supplemental death benefits	2,283	1,208	332	-	3,823	1,932
Retirement pensions	8,716	4,613	1,266	-	14,595	7,376
Total deferred outflows of resources	15,346	8,122	2,229	-	25,697	12,987
Total asset and deferred outflows of resources	$ 15,047,649	$ 927,132	$ 906,716	$ 103,529	$ 16,985,026	$ 9,319,808

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

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

September 30, 2020

	Business-type Activities					Governmental Activities
	Sanitation Fund	Municipal Golf Course Fund	Municipal Auditorium Fund	Harlingen Arts and Heritage Museum Fund	Total	Internal Service Funds
Liabilities						
Current liabilities						
Accounts payable	$ 470,696	$ 22,962	$ 23,779	$ 8,747	$ 526,184	$ 34,746
Customer deposits	-	275	19,676	1,050	21,001	-
Due to other funds	-	1,157,376	6,921	-	1,164,297	65,000
Compensated absences	55,293	16,920	5,004	1,985	79,202	12,585
Accrued expenses	49,592	3,520	442	232	53,786	1,201
Unearned revenues	-	-	5,099	-	5,099	-
Capital lease - current	-	49,445	-	-	49,445	-
Total current liabilities	575,581	1,250,498	60,921	12,014	1,899,014	113,532
Non-current liabilities						
Compensated absences	145,771	44,608	13,193	5,234	208,806	33,177
Capital lease - non-current	-	202,901	-	-	202,901	-
OPEB liability - retiree health care	50,500	26,730	7,336	-	84,566	42,734
OPEB liability - supplemental death benefits	18,639	9,866	2,708	-	31,213	15,773
Net pension liability	7,458	3,948	1,083	-	12,489	6,311
Estimated liability for landfill postclosure costs	1,441,311	-	-	-	1,441,311	-
Total non-current liabilities	1,663,679	288,053	24,320	5,234	1,981,286	97,995
Total liabilities	2,239,260	1,538,551	85,241	17,248	3,880,300	211,527
Deferred inflows of resources						
OPEB - retiree healthcare	9,444	4,999	1,372	-	15,815	7,992
OPEB - supplemental death benefits	1,351	715	196	-	2,262	1,143
Retirement pensions	37,907	20,064	5,507	-	63,478	32,079
Total deferred inflows of resources	48,702	25,778	7,075	-	81,555	41,214
Net position						
Net investment in capital assets	6,153,218	648,937	900,098	65,770	7,768,023	4,518,480
Unrestricted	6,606,469	(1,286,134)	(85,698)	20,511	5,255,148	4,548,587
Total net position	12,759,687	(637,197)	814,400	86,281	13,023,171	9,067,067
Total liabilities, deferred inflows of resources and net position	$ 15,047,649	$ 927,132	$ 906,716	$ 103,529	$ 16,985,026	$ 9,319,808

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

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

Year ended September 30, 2020

	Business-type Activities					Governmental Activities
	Sanitation Fund	Municipal Golf Course Fund	Municipal Auditorium Fund	Harlingen Arts and Heritage Museum Fund	Totals	Internal Service Funds
Operating revenues						
Charges for services						
Current use charges	$ 9,830,405	$ -	$ -	$ -	$ 9,830,405	$ 8,051,394
Golf course fees and charges	-	666,986	-	-	666,986	-
Rental income	-	-	28,269	-	28,269	-
Admissions	-	-	-	3,303	3,303	-
Total operating revenues	9,830,405	666,986	28,269	3,303	10,528,963	8,051,394
Operating expenses						
Personnel services	2,636,610	648,083	103,220	59,933	3,447,846	349,108
Contracted services	1,699,777	163,639	190,807	36,053	2,090,276	4,720,383
Materials and supplies	227,340	110,835	5,844	5,871	349,890	1,578,536
Other expenses	3,618,947	60,913	16,773	12,100	3,708,733	42,177
Depreciation and amortization	764,663	85,036	184,288	13,777	1,047,764	1,184,152
Total operating expenses	8,947,337	1,068,506	500,932	127,734	10,644,509	7,874,356
Operating income (loss)	883,068	(401,520)	(472,663)	(124,431)	(115,546)	177,038
Nonoperating revenues (expenses)						
Interest revenue	77,040	-	297	117	77,454	34,833
Interest expense	-	(2,717)	-	-	(2,717)	-
Gain (loss) on sale/disposal of capital assets	(11,489)	-	-	-	(11,489)	(137,132)
Miscellaneous revenue	8,911	11,133	12,405	5,880	38,329	3,730
Total nonoperating revenues (expenses)	74,462	8,416	12,702	5,997	101,577	(98,569)
Income (loss) before operating transfers	957,530	(393,104)	(459,961)	(118,434)	(13,969)	78,469
Transfers						
Transfers in	1,152,351	-	114,996	111,238	1,378,585	666,250
Transfers out	(1,299,996)	-	-	-	(1,299,996)	(1,152,351)
Total transfers	(147,645)	-	114,996	111,238	78,589	(486,101)
Change in net position	809,885	(393,104)	(344,965)	(7,196)	64,620	(407,632)
Net position, beginning of year	11,949,802	(244,093)	1,159,365	93,477	12,958,551	9,474,699
Net position, end of year	$ 12,759,687	$ (637,197)	$ 814,400	$ 86,281	$ 13,023,171	$ 9,067,067

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

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

Year Ended September 30, 2020

	Business-type Activities					Governmental Activities
	Sanitation Fund	Municipal Golf Course Fund	Municipal Auditorium Fund	Harlingen Arts and Heritage Museum Fund	Totals	Internal Serivce Funds
Cash flows from operating activities						
Receipts from customers	$ 9,794,094	$ 677,709	$ 35,654	$ 9,087	$ 10,516,544	$ 8,054,889
Payments to suppliers	(5,267,581)	(14,650)	(157,992)	(50,018)	(5,490,241)	(6,376,211)
Payments to employees	(2,672,326)	(653,745)	(105,298)	(59,965)	(3,491,334)	(378,750)
Net cash provided by (used in) operations	1,854,187	9,314	(227,636)	(100,896)	1,534,969	1,299,928
Cash flows from (to) noncapital financing activities						
Transfers to other funds	(1,299,996)	-	-	-	(1,299,996)	(1,152,351)
Transfers from other funds	1,152,351	-	114,996	111,238	1,378,585	666,250
Net cash provided by (used in) noncapital financing activities	(147,645)	-	114,996	111,238	78,589	(486,101)
Cash flows from capital and related financing activities						
Proceeds from sale of capital assets	5,602	-	-	-	5,602	-
Purchase of capital assets	(2,052,295)	-	-	(21,238)	(2,073,533)	(718,292)
Principal paid on capital leases	-	(6,597)	-	-	(6,597)	-
Interest paid	-	(2,717)	-	-	(2,717)	-
Net cash provided by (used in) capital and related financing activities	(2,046,693)	(9,314)	-	(21,238)	(2,077,245)	(718,292)
Cash flows from investing activities						
Purchase of investments	-	-	-	-	-	-
Interest received	77,040	-	297	117	77,454	34,833
Net cash provided by (used in) investing activities	77,040	-	297	117	77,454	34,833
Net increase (decrease) in cash and cash equivalents	(263,111)	-	(112,343)	(10,779)	(386,233)	130,368
Cash and cash equivalents, beginning of year	8,873,260	-	112,343	48,410	9,034,013	4,448,630
Cash and cash equivalents, end of year	$ 8,610,149	$ -	$ -	$ 37,631	$ 8,647,780	$ 4,578,998

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

Year Ended September 30, 2020

	Business-type Activities					Governmental Activities
	Sanitation Fund	Municipal Golf Course Fund	Municipal Auditorium Fund	Harlingen Arts and Heritage Museum Fund	Totals	Internal Serivce Funds
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	$ 883,068	$ (401,520)	$ (472,663)	$ (124,431)	$ (115,546)	$ 177,038
Adjustments to reconcile net income from operations to net cash from operating activities						
Depreciation and amortization	764,663	85,036	184,288	13,777	1,047,764	1,184,152
Other revenue received	8,911	11,133	12,405	5,880	38,329	3,730
Insurance recoveries received	-	-	-	-	-	-
(Increase) decrease in receivables	39,440	(410)	-	(96)	38,934	380
(Increase) decrease in prepaid items	31,926	-	54,727	11,988	98,641	25,315
(Increase) decrease in due from component units	(84,662)	-	-	-	(84,662)	(615)
(Increase) decrease in inventories	-	(1,956)	-	-	(1,956)	(74,273)
(Increase) decrease in deferred outflows of resources	53,466	28,300	7,768	-	89,534	45,244
Increase (decrease) in accounts payable	323,340	(3,223)	(3,180)	(6,048)	310,889	13,843
Increase (decrease) in due to other funds	-	344,328	6,921	-	351,249	-
Increase (decrease) in accrued expenses	(76,783)	(18,412)	(3,037)	(1,934)	(100,166)	(18,183)
Increase (decrease) in net pension liability	(90,745)	(48,031)	(13,182)	-	(151,958)	(76,791)
Increase (decrease) net other post employment benefit obligations	(5,523)	(2,925)	(802)	-	(9,250)	(17,628)
Increase (decrease) in compensated absences	(37,483)	(6,596)	(2,335)	(32)	(46,446)	-
Increase (decrease) in unearned revenues	-	-	(5,020)	-	(5,020)	-
Increase (decrease) in deferred inflows of resources	44,569	23,590	6,474	-	74,633	37,716
Total adjustments	971,119	410,834	245,027	23,535	1,650,515	1,122,890
Net cash provided by (used in) operations	$ 1,854,187	$ 9,314	$ (227,636)	$ (100,896)	$ 1,534,969	$ 1,299,928
Supplemental disclosure of noncash actvities						
Initiation of capital lease	$ -	$ 258,943	$ -	$ -	$ 258,943	$ -

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

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

September 30, 2020

		Pension Trust Fund
Assets		
Investments, at fair value:		
U.S. government and agency obligations	$	46
Mutual Funds - equities		21,888,568
Mutual funds - fixed income		9,213,717
Mutual funds - specialty		1,876,915
Real estate investment trust (REIT)		1,758,063
Accounts receivable		33,446
Prepaid items		308
Total assets		34,771,063
Liabilities		
Accounts payable		35,371
Net position restricted for pensions	$	34,735,692

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

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

Year ended September 30, 2020

		Pension Trust Funds
Investment income		
Net appreciation (depreciation) in fair value of investments	$	123,651
Interest		2,374,249
Total investment income		2,497,900
Less investment expense		238,021
Net investment income		2,259,879
Contributions		
Employer		1,185,530
Plan member		1,045,922
Total contributions		2,231,452
Total additions		4,491,331
Deductions		
Benefits		2,406,197
Refunds of contributions		1,033,866
Administrative expense		28,501
Total deductions		3,468,564
Net change in plan net position		1,022,767
Net position held in trust for pension benefits		
Beginning of year		33,712,925
End of year		34,735,692

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

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

September 30, 2020

	Harlingen Economic Development Corporation	Harlingen Community Improvement Board	Harlingen Waterworks System	Valley International Airport	Total
Assets					
Current assets					
Cash and cash equivalents	$ 8,317,674	$ 5,941,275	$ 12,375,254	$ 3,707,894	$ 30,342,097
Investments - other	-	-	17,356,544	-	17,356,544
Receivables (net of allowances for uncollectible)					
Accounts	89,223	883	2,037,171	2,289,949	4,417,226
Interest	-	-	12,619	-	12,619
Due from other governments	399,541	133,180	-	-	532,721
Due from primary governments	50,000	-	-	-	50,000
Prepaid items	-	-	-	308,774	308,774
Inventories	-	-	401,100	-	401,100
Restricted assets:					
Cash and cash equivalents	-	-	4,302,777	-	4,302,777
Investments	-	-	3,757,515	-	3,757,515
Total current assets	8,856,438	6,075,338	40,242,980	6,306,617	61,481,373
Noncurrent Assets					
Other noncurrent assets					
Non-current loans receivable	715,652	-	-	-	715,652
Redevelopment properties	1,847,816	-	-	-	1,847,816
Net pension asset	-	-	1,114,105	-	1,114,105
Total other noncurrent assets	2,563,468	-	1,114,105	-	3,677,573
Capital assets					
Non-depreciable assets	4,294,807	1,951,708	10,736,157	19,024,129	36,006,801
Depreciable assets	36,698,766	-	187,725,776	156,549,191	380,973,733
Accumulated depreciation	(10,086,967)	-	(124,227,239)	(101,597,228)	(235,911,434)
Total capital assets, net	30,906,606	1,951,708	74,234,694	73,976,092	181,069,100
Total assets	42,326,512	8,027,046	115,591,779	80,282,709	246,228,046
Deferred outflows of resources					
Deferred charge on refunding	-	-	177,188	-	177,188
Deferred resource outflows for pensions	-	-	1,557,802	36,413	1,594,215
Deferred outflows for retiree health care	-	-	974,110	17,886	991,996
Outflows for supplemental death benefits	-	-	94,286	9,152	103,438
Total deferred outflows of resources	-	-	2,803,386	63,451	2,866,837
Total assets and deferred outflows of resources	$ 42,326,512	$ 8,027,046	$ 118,395,165	$ 80,346,160	$ 249,094,883

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

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

September 30, 2020

	Harlingen Economic Development Corporation	Harlingen Community Improvement Board	Harlingen Waterworks System	Valley International Airport	Total
Liabilities					
Current liabilities					
Accounts payable	$ 63,494	$ 137,936	$ 1,202,496	$ 1,277,844	$ 2,681,770
Other liabilities	-	-	539,357	-	539,357
Accrued expenses	2,221	-	-	49,703	51,924
Accrued interest	731,490	-	265,792	-	997,282
Unearned revenues	-	-	-	273,917	273,917
Due to primary government	-	-	164,876	-	164,876
Payable from restricted assets:					
Customer deposits	-	-	350,000	-	350,000
Bonds and certificates of obligation payable	1,385,000	-	1,461,162	-	2,846,162
Notes payable	480,000	-	-	-	480,000
Compensated absences	15,884	-	500,000	25,000	540,884
Total current liabilities	2,678,089	137,936	4,483,683	1,626,464	8,926,172
Non-current liabilities					
Bonds and certificates of obligation payable	22,281,490	-	17,868,719	-	40,150,209
Notes payable	1,417,985	-	-	-	1,417,985
Compensated absences	41,877	-	319,212	317,106	678,195
Unearned revenues	-	-	-	454,783	454,783
Payable from restricted assets	-	-	2,644,888	-	2,644,888
OPEB - retiree healthcare	-	-	9,835,549	298,289	10,133,838
OPEB - supplemental death benefits	-	-	609,404	85,589	694,993
Net pension liability	-	-	-	54,586	54,586
Total non-current liabilities	23,741,352	-	31,277,772	1,210,353	56,229,477
Total liabilities	26,419,441	137,936	35,761,455	2,836,817	65,155,649
Deferred inflows of resources					
Deferred pension inflows	-	-	2,450,177	154,445	2,604,622
Deferred retiree healthcare inflows	-	-	1,164,259	53,823	1,218,082
Deferred supplemental death benefits inflows	-	-	40,268	5,410	45,678
Total deferred inflows of resources	-	-	3,654,704	213,678	3,868,382
Net position					
Net investment in capital assets	5,342,131	1,951,708	55,082,001	72,781,859	135,157,699
Restricted	-	-	5,005,937	-	5,005,937
Restricted for:					
Unrestricted	10,564,940	5,937,402	18,891,068	4,513,806	39,907,216
Total net position	15,907,071	7,889,110	78,979,006	77,295,665	180,070,852
Total liabilities, deferred inflows of resources and net position	$ 42,326,512	$ 8,027,046	$ 118,395,165	$ 80,346,160	$ 249,094,883

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

City of Harlingen, Texas
Component Units
Combining Statement of Activities

Year ended September 30, 2020

		Program Revenues			Governmental Activities		Business-type Activities		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Harlingen Economic Development Corporation	Harlingen Community Improvement Board	Harlingen Waterworks System	Valley International Airport	Total
Harlingen economic development corporation									
Economic development services	$ 5,621,350	$ 746,487	$ -	$ 945	$ (4,873,918)	$ -	$ -	$ -	$ (4,873,918)
Total harlingen economic development corporation	5,621,350	746,487	-	945	(4,873,918)	-	-	-	(4,873,918)
Harlingen community improvement board									
Community improvement services	606,485	-	-	-	-	(606,485)	-	-	(606,485)
Total harlingen community improvement board	606,485	-	-	-	-	(606,485)	-	-	(606,485)
Harlingen waterworks system									
Water and sewer services	20,004,163	21,107,552	-	769,552	-	-	1,872,941	-	1,872,941
Total harlingen waterworks system	20,004,163	21,107,552	-	769,552	-	-	1,872,941	-	1,872,941
Valley international airport									
Airport services	12,106,017	4,839,078	-	13,183,275	-	-	-	5,916,336	5,916,336
Total valley international airport	12,106,017	4,839,078	-	13,183,275	-	-	-	5,916,336	5,916,336
Total component units	$ 38,338,015	$ 26,693,117	$ -	$ 13,953,772	(4,873,918)	(606,485)	1,872,941	5,916,336	2,308,874
General Revenues:									
Sales taxes					4,700,483	1,594,273	-	-	6,294,756
Unrestricted investment earnings					72,151	34,223	540,881	32,665	679,920
Miscellaneous					638,322	-	1,713,267	-	2,351,589
Gain (loss) on sale of assets					-	-	-	1,584,316	1,584,316
Total general revenues and special item					5,410,956	1,628,496	2,254,148	1,616,981	10,910,581
Change in net position					537,038	1,022,011	4,127,089	7,533,317	13,219,455
Net position--beginning					15,520,033	6,867,099	74,851,917	69,762,348	167,001,397
Prior period adjustment					(150,000)	-	-	-	(150,000)
Net position--beginning, as restated					15,370,033	6,867,099	74,851,917	69,762,348	166,851,397
Net position--ending					$ 15,907,071	$ 7,889,110	$ 78,979,006	$ 77,295,665	$ 180,070,852

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Membership of Component Units

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 City employees, officers, or members of the City Commission. If a Director shall cease to be a City employee, officer, or member of the City Commission, such event shall constitute an automatic resignation as a Director and such vacancy shall be filled in the same manner as for other vacancies of the Board of Directors.

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

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

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

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

Valley International Airport
Airport Terminal Building
Harlingen, Texas 78550

Harlingen Community Improvement Board
118 East Tyler
Harlingen, Texas 78550

Recently Issued Accounting Pronouncements

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

- GASB Statement No. 84, Fiduciary Activities
- GASB Statement No. 87, Leases
- GASB Statement No. 88, Certain Disclosures Related to Debt
- GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period
- GASB Statement No. 90, Majority Equity Interests
- GASB Statement No. 91, Conduit Debt Obligations
- GASB Statement No. 92, Omnibus 2020
- GASB Statement No. 93, Replacement of Interbank Offered Rates
- GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements
- GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

In June 2017, the GASB issued GASB Statement No. 87, *Leases*, effective for fiscal years beginning after June 15, 2021. The objective of GASB Statement No. 87 is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Management is evaluating the effects that the full implementation of GASB Statement No. 87 will have on its financial statements for the year ended September 30, 2022.

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

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

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

In May 2019, GASB Statement No. 91, Conduit Debt Obligations, provides for a single methods of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

In January 2020, the GASB issued Statement No. 92, "Omnibus 2020". This statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In March 2020, the GASB issued Statement No. 93, "Replacement of Interbank Offered Rates". This Statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this statement are effective for reporting periods ending after December 31, 2021. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In March 2020, the GASB issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". This Statement establishes standards of accounting and financial reporting for PPPs and APAs for governments. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In May 2020, the GASB issued Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance". This Statement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 or later.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 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 ***CDBG Fund*** is used to account for the revenues received from the Community Development Block Grant and the associated expenditures for community development. CDBG provides affordable housing, anti-poverty programs, and infrastructure development.
- The ***Capital Projects Bond Certificates of Obligation 2016***, a capital projects fund used to account for the construction of a convention center.
- The ***Other Grants Fund*** is used to account for short-term miscellaneous reimbursement grants of various types.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

The City reports the following major proprietary funds:

- The ***Sanitation Fund*** is used to account for the operations of the City's solid waste collections and public landfill operations within the City limits.
- The ***Municipal Golf Course Fund*** is used to account for the operation of the City's Municipal Golf Course.
- The ***Municipal Auditorium Fund*** is set up to account for the utilization of the City's auditorium and the Casa de Amistad facility for economic gain as well as the encouragement of the arts.
- The ***Harlingen Arts and Heritage Museum Fund*** is used to account for the operation of the City's museum.

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

- The **Motor Vehicle/Warehouse Fund,** an internal service fund is used to account for the monies received in servicing motorized vehicles and other equipment required for various departments of the City together with those related costs associated with the maintenance and repair of such vehicles and equipment.
- The **Health Insurance Fund,** an internal service fund is used to account for the monies received in providing medical insurance to the City's employees and families through a medical benefit program of a commercial carrier.

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

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**.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

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

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

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 is 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."

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

c. Loans to Other Funds

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

d. Inventories

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

e. Prepaid Items

Expenditures made to third party vendors for goods and services that will benefit periods beyond September 30, 2020 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, are conveyed to the City and become part of the City's capital assets or 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

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

Depreciation of capital assets used by proprietary funds, including those acquired by contributed capital, is charged as an expense against their operations in the fund financial statements as well as the government-wide financial statements.

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

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

i. Long-Term Obligations

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

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

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

k. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension asset/liability and OPEB liability, pension and OPEB related deferred outflows and inflows of resources, and pension and OPEB expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Asset/Liability and OPEB Liability are obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Cod. Sec. P20, *Pension Activities* and GASB Cod. Sec. P51, *Postemployment Benefits Other Than Pensions—Reporting for Benefits Provided through Trusts That Meet Specified Criteria—Defined Contribution.*

Information regarding the Firemen's Relief and Retirement Fund's Total Pension Liability is obtained from the City's consulting actuary, Definiti, in compliance with GASB Cod. Sec. Pe5, *Pension Plans Administered Through Trusts That Meet Specified Criteria – Defined Benefit.*

l. 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 and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension and OPEB assets – This difference is deferred and amortized over a closed five year period.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 and OPEB 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).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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, 2019, have been reclassified to conform with the presentation of the statements for the fiscal year ended September 30, 2020.

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.

t. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 29, 2021. See Note 30 for relevant disclosure(s). No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

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.

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.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

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

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

NOTE 3 – DEPOSITS AND INVESTMENTS

It is the City's policy for deposits plus accrued interest thereon to be 102% secured by collateral valued at fair value, less the amount of the Federal Deposit Insurance Corporation insurance. At September 30, 2020, 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, 2020, are as follows:

	Investments-other - Maturities (in years)	
	Book Value	1 or less
Primary Government		
Certificates of deposit	$ 5,000,000	$ 5,000,000
Component Units		
Certificates of deposit	21,114,059	21,114,059
	$ 26,114,059	$ 26,114,059

NOTE 3 – DEPOSITS AND INVESTMENTS - Continued

A reconcilement of cash and investments follows:

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Cash and cash equivalents				
Cash	$ 34,785,396	$ 8,646,219	$ 43,431,615	$ 29,344,745
TexStar	-	-	-	1,623,982
TexPool	16,134	1,561	17,695	3,676,147
Total cash and cash equivalents	$ 34,801,530	$ 8,647,780	$ 43,449,310	$ 34,644,874
Invesetments - other				
Certificate of deposit	5,000,000	-	5,000,000	21,114,059
Total investments - other	$ 39,801,530	$ 8,647,780	$ 48,449,310	$ 55,758,933

At September 30, 2020, the City's and its discretely presented component units' certificates of deposit held for investment are not debt securities and are included in investments-other.

Interest Rate Risk

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

Credit Risk

As of September 30, 2020, 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, 2020 represents 99.65% the Primary Government's total portfolio and TexPool and TexStar represents 0.35%. The investment policy is silent in the concentration of holding in the various types of securities and investments. There were no deposits with custodial risk at year end.

NOTE 3 – DEPOSITS AND INVESTMENTS - Continued

Primary Government

Maturity	Description	Maturity Date	*Cost or Value	% of Holding	Rate
Investment pool	Texpool	1/19/2021	$ 17,695	0.35%	
9-12 months					
Certificates of deposit	BBVA Bank	1/22/2021	5,000,000	99.65%	0.46%
Investment Pools and CDs - Primary Government			$ 5,017,695		

Component Units

Maturity	Description	Maturity Date	*Cost or Value	% of Holding	Rate
Investment Pools	TexStar	1/7/2021	$ 1,623,982		
	TexPool	1/21/2021	3,676,147		
			5,300,129	20.07%	
0-2 Months					
Certificates of Deposit	Southside Bank	10/21/2020	1,520,133		1.78%
	East West Bank	10/21/2020	1,012,089		1.70%
	Southside Bank	11/20/2020	1,012,967		1.72%
	East West Bank	11/20/2020	1,503,225		0.56%
	Southside Bank	12/17/2020	2,532,347		1.71%
			7,580,761	28.70%	
3-5 Months					
Certificates of Deposit	East West Bank	1/15/2021	1,011,946		1.68%
	East West Bank	1/20/2021	1,000,820		0.41%
	Southside Bank	2/16/2021	1,512,366		1.65%
	Bank of Ozarks	3/10/2021	1,001,238		0.49%
			4,526,370	17.14%	
6-8 Months					
Certificates of Deposit	Bank of Ozarks	4/15/2021	1,003,152		0.75%
	East West Bank	5/20/2021	2,001,601		4.00%
	Bank of Ozarks	6/16/2021	1,001,389		0.55%
			4,006,142	15.17%	
9-12 months					
Certificates of deposit	East West Bank	7/21/21	2,000,203		0.37%
	East West Bank	8/20/2021	1,000,380		0.33%
	East West Bank	9/23/2021	2,000,203		0.37%
			5,000,786	18.93%	
Investment Pools and CDs - Component Units			$ 26,414,188		

*Investment pools are valued at amortized cost. CDs are valued at cost plus accrued interest.

NOTE 3 – DEPOSITS AND INVESTMENTS – Continued

As of September 30, 2020, the City's external investment pools meet the criteria described in GASB Cod. Sec. In5.104, *Investment Pools (External) – Pools That Measure Investments at Amortized Cost – Additional Requirements* and therefore the City measures all of their investments at amortized cost; therefore, the City has also measured their investments in these external investment pools at amortized cost for financial reporting purposes. In addition, the pools do not have any limitations or restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity or redemption gates.

Fair Value Measurements

The City categorizes its fair value measurements within the fair 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.

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, 2020. The following table summarizes securities owned by level within the fair value hierarchy as follows:

		Inputs		
	9/30/2020	(Level 1)	(Level 2)	(Level 3)
Baird Aggregate Bond Fund-IS	$ 6,738,021	$ 6,738,021	$ -	$ -
Income Opportunity	1,876,915	-	1,876,915	-
International Equity	3,640,966	-	3,640,966	-
Largecap Value Equity	4,472,703	-	4,472,703	-
Blackrock Total Stock-K	5,882,718	5,882,718	-	-
Allcap Growth Equity	5,768,466	-	5,768,466	-
Smallcap Value Equity	802,094	-	802,094	-
Clarion Lion Properties Fund	1,758,063	-	1,758,063	-
RBC Funds Trust Emerging Markets	1,321,621	1,321,621	-	-
Legg Mason Gbl Ass Brandywine Opp	1,474,368	1,474,368	-	-
Pacific Funds Series Trust Pac Fitg Inc	1,001,328	1,001,328	-	-
Federal Government Obligations	46	46	-	-
Total	$ 34,737,309	$ 16,418,102	$ 18,319,207	$ -

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

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

NOTE 3 – DEPOSITS AND INVESTMENTS – Continued

Interest Rate Risk

The investment policy does not address interest rate risk.

Credit Risk

The total fixed income investment of $3,079,684 is subject to interest rate risk and are in high yield bonds which are rated AAA. The Firemen's Fund investment policy has established that the fixed income portfolio must have an average credit quality of A or higher. The Firemen's Fund investment policy establishes the allowable investment types and grades of the fund.

Concentration of Credit Risk

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

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Harlingen Firemen's Relief and Retirement Plan (the plan) will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Plan, and are held by either the counterparty or the counterparty's trust department or agent but not in the Plan's name. At September 30, 2020, none of the Plan's security investments were subject to custodial credit risk.

NOTE 4 - RECEIVABLES

Receivables at September 30, 2020 consist of the following:

	Governmental Activities						
	General Fund	CDBG Fund	Other Grants Fund	Other Governmental Funds	Total	Internal Service Funds	Governmental Activities Total
Taxes	$ 1,320,048	$ -	$ -	$ 451,850	$ 1,771,898	$ -	$ 1,771,898
Accounts	960,406	1,607	266,125	862,658	2,090,796	22,805	2,113,601
Assessments	-	12,815	-	149,148	161,963	-	161,963
Due from component units	65,052	-	-	21,254	86,306	615	86,921
Due from other governments	4,604,594	-	-	591,742	5,196,336	-	5,196,336
Gross receivables	6,950,100	14,422	266,125	2,076,652	9,307,299	23,420	9,330,719
Allowance for uncollectibles	(586,692)	-	-	(188,451)	(775,143)	(5,750)	(780,893)
Net receivables	$ 6,363,408	$ 14,422	$ 266,125	$ 1,888,201	$ 8,532,156	$ 17,670	$ 8,549,826

NOTE 4 - RECEIVABLES - Continued

	Business-type Activities				
	Sanitation	Municipal Golf Course	Municipal Auditorium	Harlingen Arts and Heritage Museum	Total
Accounts	$ 201,499	$ 4,134	$ 4,389	$ 128	$ 210,150
Allowance for uncollectibles	(79,956)	-	-	-	(79,956)
Due from component units	143,646	-	-	-	143,646
Net receivables	$ 265,189	$ 4,134	$ 4,389	$ 128	$ 273,840

	Component Units				
	Harlingen Economic Development Corporation	Harlingen Community Improvement Board	Harlingen Waterworks System	Valley International Airport	Total
Accounts	$ 89,223	$ 883	$ 2,267,671	$ 220,767	$ 2,578,544
Grants	-	-	-	2,069,182	2,069,182
Interest	-	-	12,619	-	12,619
Due from primary government	50,000	-	-	-	50,000
Due from other governments	399,541	133,180	-	-	532,721
Gross receivables	538,764	134,063	2,280,290	2,289,949	5,243,066
Allowance for uncollectibles	-	-	(230,500)	-	(230,500)
Net receivables	$ 538,764	$ 134,063	$ 2,049,790	$ 2,289,949	$ 5,012,566

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, 2020 is as follows:

Governmental Activities	Beginning Balance	Additions	Retirements	Transfers/ Reclassifications	Ending Balance
Capital assets, not being depreciated:					
Land	$ 9,844,895	$ -	$ -	$ 1,309,075	$ 11,153,970
Construction in progress	1,042,484	2,989,174	-	(1,905,918)	2,125,740
Total capital assets, not being depreciated	10,887,379	2,989,174	-	(596,843)	13,279,710
Capital assets, being depreciated					
Buildings	48,294,277	-	-	-	48,294,277
Improvements	25,328,726	25,566	(6,204)	411,200	25,759,288
Machinery and equipment	35,857,014	890,403	(2,089,885)	185,643	34,843,175
Infrastructure	213,109,444	3,228,963	-	-	216,338,407
Total capital assets, being depreciated	322,589,461	4,144,932	(2,096,089)	596,843	325,235,147
Less accumulated depreciation for:					
Buildings	(16,441,982)	(1,143,168)	-	-	(17,585,150)
Improvements	(16,575,199)	(1,334,568)	6,204	-	(17,903,563)
Machinery and equipment	(28,114,681)	(1,731,778)	1,952,753	-	(27,893,706)
Infrastructure	(146,135,599)	(3,901,098)	-	-	(150,036,697)
Total accumulated depreciation	(207,267,461)	(8,110,612)	1,958,957	-	(213,419,116)
Total capital assets, being depreciated, net	115,322,000	(3,965,680)	(137,132)	596,843	111,816,031
Governmental activities, capital assets, net	$ 126,209,379	$ (976,506)	$ (137,132)	$ -	$ 125,095,741

Depreciation was charged to government functions as follows:

General government	$ 1,075,979
Public Safety	4,611,047
Highways and streets	1,038,906
Health and Welfare	200,816
Community and economic development	80,087
Culture and recreation	1,103,777
Total depreciation - governmental activities	$ 8,110,612

NOTE 5 - CAPITAL ASSETS – Continued

Capital asset activity for the year ended September 30, 2020 is as follows:

Business-type Activities

	Beginning Balance	Additions	Retirements	Transfers/ Reclassifications	Ending Balance
Capital assets, not being depreciated:					
Land	$ 467,083	$ -	$ -	$ -	$ 467,083
Construction in progress	-	10,000	-	-	10,000
Total capital assets, not being depreciated	467,083	10,000	-	-	477,083
Capital assets, being depreciated					
Buildings	5,595,690	-	-	-	5,595,690
Improvements	4,780,511	-	-	-	4,780,511
Equipment	5,193,826	2,322,477	-	7,395	7,523,698
Total capital assets, being depreciated	15,570,027	2,322,477	-	7,395	17,899,899
Less accumulated depreciation for:					
Buildings	(2,676,544)	(139,870)	-	-	(2,816,414)
Improvements	(3,986,709)	(228,119)	-	-	(4,214,828)
Equipment	(2,638,201)	(679,775)	-	(7,395)	(3,325,371)
Total accumulated depreciation	(9,301,454)	(1,047,764)	-	(7,395)	(10,356,613)
Total capital assets, being depreciated, net	6,268,573	1,274,713	-	-	7,543,286
Governmental activities, capital assets, net	$ 6,735,656	$ 1,284,713	$ -	$ -	$ 8,020,369

Depreciation was charged to business type activity functions as follows:

Municipal Auditorium	$ 184,288
Sanitation	764,663
Arts and Heritage Museum	13,777
Municipal Golf Course	85,036
Total depreciation - business-type activities	$ 1,047,764

NOTE 5 - CAPITAL ASSETS – Continued

Capital asset activity for the Economic Development Corporation for the year ended September 30, 2020, is as follows:

Harlingen Economic Development Center

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	$ 4,294,807	$ -	$ -	$ 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 depreciated	36,698,766	-	-	36,698,766
Less accumulated depreciation for:				
Buildings	(6,380,581)	(864,036)	-	(7,244,617)
Improvements	(2,495,982)	(346,368)	-	(2,842,350)
Total accumulated depreciation	(8,876,563)	(1,210,404)	-	(10,086,967)
Total capital assets, being depreciated, net	27,822,203	(1,210,404)	-	26,611,799
Harlingen Economic Development Corporation, capital assets, net	$ 32,117,010	$ (1,210,404)	$ -	$ 30,906,606

Depreciation expense for the year ended September 30, 2020 totaled $1,210,404.

Capital asset activity for the Harlingen Community Improvement Board for the year ended September 30, 2020, is as follows:

Harlingen Community Improvement Board

	Beginning Balance	Additions	Retirements	Transfers/ Reclassifications	Ending Balance
Capital assets, not being depreciated:					
Construction in progress	$ -	$ 1,951,708	$ -	$ -	$ 1,951,708
Total capital assets, not being depreciated	$ -	$ 1,951,708	$ -	$ -	$ 1,951,708

NOTE 5 - CAPITAL ASSETS – Continued

Capital asset activity for Valley International Airport for the year ended September 30, 2020, is as follows:

Valley International Airport

	Beginning Balance	Additions	Retirements	Transfers/ Reclassifications	Ending Balance
Capital assets, not being depreciated:					
Land	$ 5,011,080	$ -	$ -	$ -	$ 5,011,080
Construction in progress	6,656,277	11,310,469		(3,953,697)	14,013,049
Total capital assets, not being depreciated	11,667,357	11,310,469	-	(3,953,697)	19,024,129
Capital assets, being depreciated					
Buildings	45,276,892	39,191	(1,518,051)	3,904,157	47,702,189
Runways and taxiways	59,106,112	-	-	-	59,106,112
Land improvements	26,645,147	-	(22,022)	-	26,623,125
Machinery and equipment	23,883,973	351,428	(1,167,176)	49,540	23,117,765
Total capital assets, being depreciated	154,912,124	390,619	(2,707,249)	3,953,697	156,549,191
Less accumulated depreciation for:					
Buildings	(30,800,726)	(1,324,733)	-	1,518,051	(30,607,408)
Runways and taxiways	(34,895,015)	(2,336,546)	-	-	(37,231,561)
Land improvements	(17,499,209)	(753,110)	-	-	(18,252,319)
Machinery and equipment	(15,400,697)	(1,294,441)	-	1,189,198	(15,505,940)
Total accumulated depreciation	(98,595,647)	(5,708,830)	-	2,707,249	(101,597,228)
Total capital assets, being depreciated, net	56,316,477	(5,318,211)	(2,707,249)	6,660,946	54,951,963
Valley International Airport, capital assets, net	$ 67,983,834	$ 5,992,258	$ (2,707,249)	$ 2,707,249	$ 73,976,092

Depreciation expense for the year ended September 30, 2020 totaled $5,708,830.

NOTE 5 - CAPITAL ASSETS – Continued

Capital asset activity for Harlingen Waterworks System for the year ended September 30, 2020, is as follows:

Harlingen Waterworks System

	Beginning Balance	Reclass & Additions	Reclass & Disposals	Ending Balance
Capital assets, not being depreciated:				
Land	$ 1,210,953	$ -	$ -	$ 1,210,953
Water rights	6,131,830	334,477	-	6,466,307
Construction in progress	482,118	2,880,234	(303,455)	3,058,897
Total capital assets, not being depreciated	7,824,901	3,214,711	(303,455)	10,736,157
Capital assets, being depreciated				
Vehicles	3,657,452	516,191	(44,770)	4,128,873
Water production plant	30,091,554	199,190	(13,299)	30,277,445
Water transmission facilities and equipment	58,064,221	1,017,388	(171,370)	58,910,239
Wastewater treatment plant	34,445,891	31,458	(5,325)	34,472,024
Wastewater collection line, lift stations and equipment	54,590,607	1,268,644	(107,381)	55,751,870
Laboratory buildings and equipment	344,240	5,138	-	349,378
Pretreatment buildings and equipment	68,929	-	-	68,929
Office buildings and equipment	3,645,670	155,846	(34,498)	3,767,018
Total capital assets, being depreciated	184,908,564	3,193,855	(376,643)	187,725,776
Less accumulated depreciation for:				
Vehicles	(2,437,631)	(286,243)	44,770	(2,679,104)
Water production plant	(21,782,985)	(722,215)	13,299	(22,491,901)
Water transmission facilities and equipment	(36,618,698)	(913,206)	67,574	(37,464,330)
Wastewater treatment plant	(23,184,130)	(1,105,708)	5,324	(24,284,514)
Wastewater collection line, lift stations and equipment	(33,387,888)	(882,078)	107,381	(34,162,585)
Laboratory buildings and equipment	(208,699)	(15,439)	-	(224,138)
Pretreatment buildings and equipment	(65,424)	(383)	-	(65,807)
Office buildings and equipment	(2,759,463)	(129,895)	34,498	(2,854,860)
Total accumulated depreciation	(120,444,918)	(4,055,167)	272,846	(124,227,239)
Total capital assets, being depreciated, net	64,463,646	(861,312)	(103,797)	63,498,537
Harlingen Waterworks System, capital assets, net	$ 72,288,547	$ 2,353,399	$ (407,252)	$ 74,234,694

Harlingen Waterworks System depreciation expense during the fiscal year totaled $4,055,167.

NOTE 6 - LOANS RECEIVABLE

Loans and notes receivable at September 30, 2020, consist of the following:

	Governmental Activities			Component Unit
	General Fund	CDBG Fund	Total	Economic Development Corporation
Rehabilitation loans	$ -	$ 63,060	$ 63,060	$ -
Deferred loans	-	944,226	944,226	-
Replacement loans	-	271,968	271,968	-
Home loans	-	33,587	33,587	-
Business development loans	-	-	-	715,652
Payment in lieu of taxes	212,899	-	212,899	-
Other	-	143,531	143,531	-
Total Loans Receivable	$ 212,899	$ 1,456,372	$ 1,669,271	$ 715,652

Rehabilitation loans include 9 loans with origination dates from 1992 to 2017. These loans are collateralized by real property and bear interest that range from interest free notes to 6%. These loans are payable in monthly installments amortized to maturity within 15 years from origination.

Deferred loans include 27 rehabilitation and/or reconstruction including loans through the Harlingen Down Payment Assistance Program. Origination dates range from 1998 to 2019. These loans are collateralized by real property. Deferred loans bear no interest and will become due and payable only upon failure of the other party to maintain compliance with the eligibility requirements of participating in the deferred loan grant program.

Replacement and/or reconstruction loans include 9 loans with origination dates from 2008 to 2019. These loans are collateralized by real property and bear interest ranging from 0-6%. These loans are payable in monthly installments amortized to maturity within 25 years from origination.

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

Business development loans of $715,652 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, 2020 consist of the following:

September 30,	2020	2019
Current		
Accrued interest	$ 265,792	$ 290,096
Customer deposits	350,000	360,000
Noncurrent		
Customer deposits	2,644,888	2,450,577
Total payable from restricted assets	$ 3,260,680	$ 3,100,673

NOTE 8 - UNEARNED REVENUE

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

		Unearned
Governmental Activities		
Grants	$	1,102,503
Business-type Activities		
Ticket and membership sales	$	5,099
Component Units		
Valley International Airport	$	728,700

*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:

2021 (current portion)			$	273,917
2022	$	216,566		
2023		216,566		
2024		5,059		
2025		5,059		
Succeeding years		11,533		
Long-term portion				454,783
Total			$	728,700

*At September 30, 2020, several leaseholders at the Airport had prepaid their monthly leases in the total amount of $57,351, which is included in the current portion of $273,917.

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 $4,035,893. 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 2020 were $1,432,939.

NOTE 9 - OPERATING LEASES - Continued

During 1987 and 2009, the Airport executed a lease agreement with a manufacturer who made major structural improvements to the leased property. The value of these improvements are recorded in the Airport's financial statements. The unearned revenue connected with these improvements is recognized in the Statements of Changes in Net Position on a straight-line basis over the term of the lease including all renewal options. Noncash revenue recognized from these sources was $216,559 in 2020.

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

Year ending September 30:		
2021	$	4,528,190
2022		3,640,178
2023		3,478,270
2024		3,139,043
2025		1,879,891
Later years		2,243,039
Total minimum future rentals	$	18,908,611

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

NOTE 10 - NON-CURRENT OBLIGATIONS

Notes Payable

Primary Government

With Resolution No. 07R-49, the City Commission authorized the City to enter into an agreement between the Tax Increment Financing Reinvestment Zone. No. 3 to reimburse the Harlingen Economic Development Corporation of Harlingen, Inc. for financial assistance provided to Harlingen Ventures No. 2, L.P. for public targeted infrastructure, not to exceed $3,000,000. The total qualifying infrastructure improvements amounted to $886,416 and the balance at year-end is $226,416. The agreement does not indicate repayment terms or interest rate. The City makes annual payments of $70,000.

The City and the EDC, entered into a note agreement in the amount of $4,431,204 with 83/77 Properties, LTD on December 15, 2010. The note will be repaid with the EDC's portion of the sales tax from anticipated developed properties in a defined area surrounding the Bass Pro Shop development. The note carries an 8% interest rate, but no repayment schedule due to the uncertainty of the revenues designed to repay the loan. The City's portion totals $3,013,219 plus related accrued interest of $1,320,600. Interest accrues at 8%. Interest paid during the year totaled $175,653.

The City entered into a 10 year note agreement in the amount of $550,000 with an individual on November 19, 2019. The note caries a 5% interest rate compounded monthly. Prinicipal and interest payments are made monthly in the amount of $5,807. The balance of the note as of September 30, 2020 is $509,382. The City also entered into a 10 year note agreement in the amount of $450,000 with another individual on November 19, 2019. The note caries a 5% interest rate compounded monthly. Prinicipal and interest payments are made monthly in the amount of $4,746. The balance of the note as of September 30, 2020 is $416,820. Both notes were for the purchase of 7.91 acres of land.

NOTE 10 - NON-CURRENT OBLIGATIONS – Continued

Component Unit

The City and the Harlingen Economic Development Corporation, a component unit of the primary government, entered into a note agreement in the amount of $4,431,204 with 83/77 Properties, LTD on December 15, 2010. The note will be repaid with the EDC's portion of the sales tax from anticipated developed properties in a defined area surrounding the Bass Pro Shop development. The note carries an 8% interest rate, but no repayment schedule due to the uncertainty of the revenues designed to repay the loan. The EDC's portion totals $1,417,985 plus related accrued interest of $621,459. Interest accrues at 8%. Interest paid during the year totaled $82,337. As indicated on the previous page, there are no fixed repayment terms for the TIFRZ and 83/77 Properties, LTD notes payable.

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:

Years Ending September 30,	Principal	Interest	Total Debt Service Required
2021	$ 480,000	$ 9,936	$ 489,936
	$ 480,000	$ 9,936	$ 489,936

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. During the fiscal year, these Certificates of Obligation were refunded and are considered legally defeased.

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

NOTE 10 - NON-CURRENT OBLIGATIONS – Continued

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

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

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

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

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

NOTE 10 - NON-CURRENT OBLIGATIONS – Continued

In December 2019, the City issued $1,690,000 in General Obligation Refunding Bonds, Series 2019 for the purpose of refunding the 2010 Series Combination Tax and Revenue Certificates of Obligation 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 of $280,521. The cost of issuance totaled $79,444. Principal payments range from $120,000 to $215,000 plus interest with an interest rate from 3.0 to 5.0%.

Advance Refunding

Primary Government
During the year ended September 30, 2020, the City issued $1,690,000 General Obligation Refunding Bonds, Series 2019. Net proceeds from the sale, including a $14,784 issuer contribution, totaled $1,985,304. Of these proceeds, $1,896,534 was placed with an escrow agent to provide for all future debt payments of the refunded bonds.

This refunding resulted in a decrease in the City's debt service payments of $53,203, which resulted in an economic gain (difference between the present value of the debt service payments of the old and new debt) of $44,181.

As a result of this transaction, $1,865,000 of combination tax and revenue certificates of obligation of governmental activities were refunded and are considered legally defeased. As such, they are no longer included as liabilities in the City's basic financial statements.

Component Unit
During the year ended September 30, 2020, the Harlingen Economic Development Corporation, a component unit of the primary government, issued $17,585,000 Sales Tax Revenue Refunding Bonds, Series 2019A and $4,035,000 Sales Tax and Lease Rental Revenue Refunding Bonds, Taxable Series 2019B. Net proceeds from the sale totaled $20,075,235 and $4,035,000 of each issuance respectively. Of these proceeds, $23,688,181 was placed with an escrow agent to provide for all future debt payments of the refunded bonds.

This refunding resulted in a decrease in the component unit's debt service payments of $5,790,936, which resulted in an economic gain (difference between the present value of the debt service payments of the old and new debt) of $4,845,091.

As a result of this transaction, $13,355,000 of Sales Tax Revenue Bonds were refunded and $9,740,000 of Sales Tax & Lease Rental Revenue Bonds are considered legally defeased. As such, they are no longer included as liabilities in the component unit's financial statements.

NOTE 10 - NON-CURRENT OBLIGATIONS – Continued

In current and 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, 2020, the following outstanding bonds and certificates of obligation are considered defeased:

Primary Government		Component Units Harlingen EDC	
Series	Ending Balance	Series	Ending Balance
2004 GO	$ 1,240,000	2010A	$ 9,930,000
2005 GO	1,200,000	2010B	7,855,000
2006 GO	1,300,000		
2007 GO	5,955,000		
2007 CO	11,830,000		
2010 CO	1,865,000		

Bonded Debt Rollforward

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 10/1/2019	Additions	Reductions	Ending Balance 9/30/2020	Due in One Year
Governmental Activities							
General Obligations							
2011 Series, General Obligation Refunding Bonds	$ 3,315,000	2.410%	$ 1,365,000	$ -	$ (260,000)	$ 1,105,000	$ 265,000
2013 Series, General Obligation Refunding Bonds	3,215,000	2.000-2.500%	1,300,000	-	(195,000)	1,105,000	200,000
2016 Series, General Obligation Refunding Bonds	23,915,000	2.000-5.000%	20,020,000	-	(2,105,000)	17,915,000	2,185,000
2019 Series, General Obligation Refunding Bonds	$ 1,690,000	3.000-5.000%	-	$ 1,690,000	$ -	1,690,000	120,000
Total General Obligation Bonds	$ 32,135,000		$ 22,685,000	$ 1,690,000	$ (2,560,000)	$ 21,815,000	$ 2,770,000
Certificates of Obligation							
2010 Series, Combination Tax Revenue CO	3,090,000	2.000-4.125%	2,015,000	-	(2,015,000)	-	-
2012 Series, Combination Tax Revenue CO	2,280,000	2.000-3.000%	1,810,000	-	(150,000)	1,660,000	145,000
2013 Series, Combination Tax Revenue CO	3,070,000	2.000-3.750%	2,600,000	-	(150,000)	2,450,000	160,000
2016 Series, Combination Tax Revenue CO	12,885,000	1.150-4.290%	11,945,000	-	(350,000)	11,595,000	390,000
Total Certificates of Obligation	$ 21,325,000		$ 18,370,000	$ -	$ (2,665,000)	$ 15,705,000	$ 695,000
Total bonded debt	$ 53,460,000		$ 41,055,000	$ 1,690,000	$ (5,225,000)	$ 37,520,000	$ 3,465,000

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

Year Ending	General Obligation Bonds		Certificates of Obligation		Total Bonded Debt	
September 30,	Principal	Interest	Principal	Interest	Principal	Interest
2021	2,770,000	745,393	695,000	556,194	$ 3,465,000	$ 1,301,587
2022	2,890,000	617,265	730,000	540,461	3,620,000	1,157,726
2023	3,035,000	481,696	745,000	522,707	3,780,000	1,004,403
2024	3,150,000	364,881	775,000	503,464	3,925,000	868,345
2025	3,075,000	272,125	795,000	481,139	3,870,000	753,264
2026-2030	6,895,000	304,525	3,450,000	2,043,608	10,345,000	2,348,133
2031-2035	-	-	4,710,000	1,356,859	4,710,000	1,356,859
2036-2040	-	-	3,805,000	501,955	3,805,000	501,955
	$ 21,815,000	$ 2,785,885	$ 15,705,000	$ 6,506,387	$ 37,520,000	$ 9,292,272

NOTE 10 - NON-CURRENT OBLIGATIONS – Continued

Revenue Bonds

The component units also issue bonds where the component units pledge income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at September 30, 2020, are as follows:

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

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

The Series 2010B Bond proceeds, along with other available funds of the System, were deposited with an escrow agent and irrevocably pledged to the payment of principal and interest on the refunded Bonds until the respective call dates. As a result, the refunded obligations are considered defeased, and the liability for those bonds has been removed from the System's financial statements. As of September 30, 2017, all Series 2000 and Series 2003 Bonds have been retired.

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

NOTE 10 - NON-CURRENT OBLIGATIONS – Continued

The Series 2015B Bond proceeds, along with other available funds of the System, were deposited with an escrow agent for payment of principal and interest on the refunded debt until the respective call dates of November 1, 2015 through November 1, 2019. As a result, the refunded obligations are considered defeased, and the liability for those bonds has been removed from the System's financial statements. As of September 30, 2020, Series 2005A Bonds have been redeemed.

In November 2019, the System issued the Waterworks and Sewer System Revenue Refunding Bonds, Series 2019 in the principal amount of $4,825,000 in order to achieve a debt service savings due to favorable interest rates. The proceeds from the sale of the Series 2019 Bonds were used for the purpose of refunding all of the then outstanding Waterworks and Sewer System Revenue Refunding Bonds, Series 2010A in the amount of $5,190,000 and to pay the costs of issuance.

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, 2020.

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 a 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 issues mature 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. The bonds series 2010A and 2010B were refunded during the year and are considered legally defeased.

NOTE 10 - NON-CURRENT OBLIGATIONS – Continued

	Original Amount	Interest Rate(s)	Beginning Balance 10/1/2019	Additions	Reductions	Ending Balance 9/30/2020	Due in One Year
Component Units							
Harlingen Economic Development Corporation							
Sales tax revenue bonds							
Series 2010A	$ 19,150,000	2.00-5.125%	$ 14,175,000	$ -	$ (14,175,000)	$ -	$ -
Sales tax and lease rental							
Revenue Bonds Series 2010B	13,075,000	2.10-7.60%	10,230,000	-	(10,230,000)	-	-
Sales tax revenue bonds							
Series 2019A	17,585,000	4.00-5.00%	-	17,585,000	(180,000)	17,405,000	1,095,000
Sales tax and lease rental							
Revenue Bonds Series 2019B	4,035,000	2.199-3.229%	-	4,035,000	-	4,035,000	290,000
Total Harlingen EDC	$ 53,845,000		$ 24,405,000	$ 21,620,000	$ (24,585,000)	$ 21,440,000	$ 1,385,000
Harlingen Waterworks System							
2010 Series "A" Waterworks & Sewer System Revenue Refunding Bonds	6,500,000	2.00-4.00%	5,420,000	-	(5,420,000)	-	-
2010 Series "B" Waterworks & Sewer System Revenue Refunding Bonds	4,205,000	2.00-3.00%	245,000	-	(120,000)	125,000	125,000
2015 Series "A" Waterworks & Sewer System Revenue Refunding Bonds	12,000,000	2.00-3.75%	10,625,000	-	(485,000)	10,140,000	500,000
2015 Series "B" Waterworks & Sewer System Revenue Refunding Bonds	6,475,000	2.00-3.25%	4,390,000	-	(730,000)	3,660,000	760,000
2019 Series Waterworks & Sewer System Revenue Refunding Bonds	4,825,000	2.50-5.00%	-	4,825,000	-	4,825,000	-
Total Harlingen Waterworks System	34,005,000		20,680,000	4,825,000	(6,755,000)	18,750,000	1,385,000
Total Component Units	$ 87,850,000		$ 45,085,000	$ 26,445,000	$ (31,340,000)	$ 40,190,000	$ 2,770,000

Year Ending	Harlingen Economic Development Corporation Sales Tax and Lease Revenue Bonds		Harlingen Waterworks System Water and Sewer Revenue Bonds		Total Component Unites	
September 30,	Principal	Interest	Principal	Interest	Principal	Interest
2021	1,385,000	880,243	1,385,000	617,125	$ 2,770,000	$ 1,497,368
2022	1,450,000	817,613	995,000	579,025	2,445,000	1,396,638
2023	1,510,000	751,959	1,025,000	543,925	2,535,000	1,295,884
2024	1,580,000	682,930	1,060,000	507,750	2,640,000	1,190,680
2025	1,655,000	610,068	1,095,000	470,325	2,750,000	1,080,393
2026-2030	9,495,000	1,843,903	4,820,000	1,735,288	14,315,000	3,579,191
2031-2035	4,365,000	170,135	5,980,000	669,113	10,345,000	839,248
2036-2040	-	-	2,390,000	20,731	2,390,000	20,731
	$ 21,440,000	$ 5,756,851	$ 18,750,000	$ 5,143,282	$ 40,190,000	$ 10,900,133

NOTE 10 - NON-CURRENT OBLIGATIONS – Continued

Changes in Non-Current Liabilities

During the year ended September 30, 2020, the following changes occurred:

	Beginning Balance 10/1/2019	Additions	Reductions	Ending Balance 9/30/2020	Amounts Due in One Year
Governmental activities					
General obligation debt	$ 22,685,000	$ 1,690,000	$ (2,560,000)	$ 21,815,000	$ 2,770,000
Certificates of obligation	18,370,000	-	(2,665,000)	15,705,000	695,000
Capital lease	694,645	-	(179,149)	515,496	173,169
Deferred amounts					
Discounts	(5,555)	-	5,555	-	-
Premiums	1,515,291	280,521	(379,769)	1,416,043	-
Notes payable	3,309,635	1,000,000	(143,796)	4,165,839	152,199
Non-current liabilities (excluding pensions and compensated absences)	$ 46,569,016	$ 2,970,521	$ (5,922,159)	$ 43,617,378	$ 3,790,368

	Beginning Balance 10/1/2019	Additions	Reductions	Ending Balance 9/30/2020	Amounts Due in One Year
Component Units					
Harlingen Economic Development Corporation					
Sales tax and revenue bonds	$ 24,405,000	$ 21,620,000	$ (24,585,000)	$ 21,440,000	$ 1,385,000
Deferred amounts					
Discounts	(166,245)	-	166,245	-	-
Premiums	-	2,490,235	(263,745)	2,226,490	-
Notes payable	2,362,985	-	(465,000)	1,897,985	480,000
Total Harlingen EDC	26,601,740	24,110,235	(25,147,500)	25,564,475	1,865,000
Harlingen Waterworks System					
Bonds payable	20,680,000	4,825,000	(6,755,000)	18,750,000	1,385,000
Less deferred amounts for discounts and premiums	120,431	522,227	(62,777)	579,881	76,162
Total Harlingen Waterworks System	20,800,431	5,347,227	(6,817,777)	19,329,881	1,461,162
Total Component Units	$ 47,402,171	$ 29,457,462	$ (31,965,277)	$ 44,894,356	$ 3,326,162

Capital Lease Obligations

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

Governmental Activities

	Motorola Communication Center		Frost Bank Backup		Total	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
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	$ 482,669	$ 23,351	$ 32,827	$ 2,057	$ 515,496	$ 25,408

NOTE 10 - NON-CURRENT OBLIGATIONS – Continued

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 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 capital leases were used to purchase capital assets that are being depreciated as follows

Asset Name	Purchase Cost	Accumulated Depreciation 9/30/2020	Book Value 9/30/2020
P-25 Communication Tower	1,483,892	(945,569)	538,323
2018 Unitrends Recovery Series	80,532	(40,937)	39,595
Total governmental activities machinery and equipment capital assets purchased with capial lease proceeds	1,564,424	(986,506)	577,918

Business Type Activities

	Golf Course Equipment	
Fiscal Year	Principal	Interest
2021	$ 49,445	$ 6,443
2022	50,849	5,039
2023	52,293	3,595
2024	53,778	2,109
2025	45,980	593
Total	$ 252,345	$ 17,779

The Golf Course Equipment lease is from June 1, 2020 and expires on July 1, 2025, with monthly payments of $4,657, including interest at 2.8% payable monthly.

The capital lease was used to purchase capital assets that are being depreciated as follows

	Purchase Cost	Accumulated Depreciation 9/30/2020	Book Value 9/30/2020
Various golf course machinery and equipment	258,943	(4,172)	254,771

NOTE 11 - OTHER NON-CURRENT OBLIGATIONS

In addition to the Non-Current Debt Obligations in Note 10 Non-Current Obligations, Note 24 Pension Plans and Note 25 Other Post-Employment Benefits, the City has the following changes in other non-current liabilities for the fiscal year ended September 30, 2020 as follows:

	Beginning Balance 10/1/2019	Additions	Reductions	Ending Balance 9/30/2020	Amounts Due in One Year
Governmental activities					
Compensated absences	4,410,444	1,288,574	(1,286,638)	4,412,380	1,213,404
Net pension liability - Governmental Activities	8,057,867	1,553,609	(8,999,503)	611,973	-
Net pension liability - Firemen's Relief	19,906,516	2,109,390	(2,724,497)	19,291,409	-
Net OPEB - Supplemental Death Benefit	1,375,964	296,295	(142,853)	1,529,406	-
Net OPEB - Retiree Health Care	4,620,934	544,357	(1,021,634)	4,143,657	-
Total other non-current liabilities - governmental activities	38,371,725	5,792,225	(14,175,125)	29,988,825	1,213,404
Business Type Activities					
Landfill post closure liability	1,424,220	17,091	-	1,441,311	-
Compensated absences	334,454	119,626	(166,072)	288,008	79,202
Net pension liability - Business-type Activities	164,447	28,032	(179,990)	12,489	-
Net OPEB - Supplemental Death Benefit	28,082	5,988	(2,857)	31,213	-
Net OPEB - Retiree Healthcare	94,306	10,702	(20,442)	84,566	-
Total other non-current liabilities - business-type activities	2,045,509	181,439	(369,361)	1,857,587	79,202
Total other non-current liabilities - Primary Government	40,417,234	5,973,664	(14,544,486)	31,846,412	1,292,606

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

	Beginning Balance 10/1/2019	Additions	Reductions	Ending Balance 9/30/2020	Amounts Due in One Year
Component Units					
Harlingen Economic Development Corporation					
Compensated absences	$ 49,593	$ 21,393	$ (13,225)	$ 57,761	$ 15,884
Valley International Airport					
Unearned revenue**	1,081,410	77,940	(430,650)	728,700	273,917
Compensated absences	331,676	216,541	(206,111)	342,106	25,000
Net pension liability	411,777	333,127	(690,318)	54,586	-
Net OPEB obligation	401,988	46,497	(64,607)	383,878	-
Total Valley International Airport	2,226,851	674,105	(1,391,686)	1,509,270	298,917
Harlingen Waterworks System					
Compensated absences	752,830	159,057	(92,675)	819,212	500,000
Net OPEB-Retiree Healthcare	10,184,478	1,301,357	(1,650,286)	9,835,549	-
Net OPEB-Supplemental Death Benefit	504,660	121,811	(17,067)	609,404	-
Net Pension Liability (asset)	989,834	2,131,039	(4,234,978)	(1,114,105)	-
Customer deposits	2,810,577	518,371	(334,060)	2,994,888	350,000
Total Harlingen Waterworks System	15,242,379	4,231,635	(6,329,066)	13,144,948	850,000
Total Component Units	$ 17,518,823	$ 4,927,133	$ (7,733,977)	$ 14,711,979	$ 1,164,801

**The current portion of unearned revenues on the Statement of Net Position for a component unit includes amounts, which consist of prepayments and amortizable leasehold improvements totaling $273,917 for the year ended 2020.

NOTE 12 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require that the City of Harlingen place final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill postclosure care costs has a balance of $1,441,311 as of September 30, 2020. 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.

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

NOTE 13 - INTERFUND ASSETS/LIABILITIES

Interfund receivables and payables at September 30, 2020 are as follows:

					Business-type Activities		
Receivable Fund	CDBG Fund	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds	Municipal Golf Course Fund	Municipal Audtorium Fund	Total Due to Other Funds
Governmental Funds							
General Fund	$ 99,997	$ 587	$ 100,584	$ 65,000	$ 1,157,376	$ 6,921	$ 1,329,881

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

Receivables and payables between the primary government and component units at September 30, 2020 are as follows:

	Receivable Fund or Component Unit		
	Governmental Activities	Business-type Activities	Component Unit
Payable Fund or Component Unit	General Fund	Sanitation Fund	Economic Development Corporation
Harlingen Waterworks System	$ 21,230	$ 143,646	$ -
General Fund	-	-	50,000

The amount shown as "due from component units" includes an amount due from the Valley International Airport which it has included as an accounts payable in the amount of $65,076, which is due to several governmental funds.

NOTE 14 - TRANSFERS

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

	Transfers In/Out								
	General Fund	Other Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds	Sanitation Fund	Harlingen Municipal Auditorium	Arts and Heritage Museum	Internal Service Funds	Total
Governmental Activities									
General fund	$ -	$ 1,657,879	$ 1,274,321	$ 2,932,200	$ -	$ -	$ 38,738	$ 666,250	$ 3,637,188
Other grants Fund	-	-	-	-	-	-	12,500	-	12,500
Nonmajor governmental funds	1,298,385	-	654,490	1,952,875	-	114,996	60,000	-	2,127,871
Total governmental activties	1,298,385	1,657,879	1,928,811	4,885,075	-	114,996	111,238	666,250	5,777,559
Business-type Activities									
Sanitation fund	1,299,996	-	-	1,299,996	-	-	-	-	1,299,996
Internal service fund	-	-	-	-	1,152,351	-	-	-	1,152,351
Total business-type activities	1,299,996	-	-	1,299,996	1,152,351	-	-	-	2,452,347
Totals	$ 2,598,381	$ 1,657,879	$ 1,928,811	$ 6,185,071	$ 1,152,351	$ 114,996	$ 111,238	$ 666,250	$ 8,229,906

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 General fund to the Tennis Court, Downtown, and the Harlingen Arts and Heritage Museum were to sustain operating activities. 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. The transfer from the Hotel/Motel fund to the Debt Service fund was to pay for a portion of the 2016 Certificate of Obligation used to costruct the Convention Center. Transfers from the Sanitation to the General fund were for administrative services. The transfer from the Internal Service Fund to the Sanitation fund is for vehicles contributed to a proprietary fund. Transfers from the General fund to the Internal Service Fund were for contributed vehicles. The Free Trade Bridge transfered excess revenue to the General Fund to purchase a street sweeper. The TIFZ #3 fund transfers an amount to the General Fund yearly to help pay the bond payments which were used for construction in the zone.

NOTE 15 – FUND BALANCES

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

Nonspendable – balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.
Restricted – external parties have restricted these funds to be used for their intended purpose.
Committed – the City Commission has authorized the City to use these funds for specifically identified purposes.
Assigned – fund balances that contain self-imposed constraints of the government.
Unassigned – the unassigned fund balance has no constraints.

	General Fund	CDBG Fund	Other Grants	Capital Projects Bond Cert. of Obligation 2016	Other Governmental Funds	Total Governmental Funds
Nonspendable						
Prepaid items	$ 182,808	$ -	$ -	$ -	$ 25,000	$ 207,808
Restricted						
Child Safety	118,119	-	-	-	-	118,119
Community Development	-	163,901	-	-	-	163,901
Grants	-	-	1,525,015	-	-	1,525,015
Public, Education and Gov Access Channels	-	-	-	-	835,504	835,504
Construction	-	-	-	331,360	772,080	1,103,440
Hotel/Motel Occupancy Tax	-	-	-	-	1,142,432	1,142,432
Convention Visitors Bureau	-	-	-	-	221,200	221,200
Harlingen Downtown	-	-	-	-	175,793	175,793
Federal Forfeitures	-	-	-	-	74,452	74,452
State Forfeitures	-	-	-	-	135,561	135,561
Lon C. Hill Library	-	-	-	-	159,881	159,881
Tax Increment Reinvestment Zone	-	-	-	-	1,628,784	1,628,784
Debt Service	-	-	-	-	958,835	958,835
Restricted total	118,119	163,901	1,525,015	331,360	6,104,522	8,242,917
Committed						
Catastrophic Relief	-	-	-	-	829,611	829,611
Infrastructure	-	-	-	-	1,836,890	1,836,890
Air Service Development	-	-	-	-	466	466
Free Trade Bridge	-	-	-	-	608,427	608,427
Street Improvements	-	-	-	-	541	541
Committed total	-	-	-	-	3,275,935	3,275,935
Assigned	573,369	-	-	-	-	573,369
Unassigned	25,177,079	-	-	-	529,671	25,706,750
Total fund balance	$ 26,051,375	$ 163,901	$ 1,525,015	$ 331,360	$ 9,935,128	$ 38,006,779

NOTE 16 – NET POSITION

	Governmental Activities	Business-type Activities	Economic Development Corporation	Community Improvement Board	Harlingen Waterworks System	Valley International Airport
Net Investment in capital assets:						
Capital assets, net of accumulated depreciation	125,095,741	8,020,369	30,906,606	1,951,708	74,234,694	73,976,092
Less related liabilities	(40,185,629)	(252,346)	(25,564,475)	-	(19,152,693)	(1,194,233)
Restricted cash (unexpended bond proceeds)	2,338,201	-	-	-	-	-
Total net investment in capital assets	87,248,313	7,768,023	5,342,131	1,951,708	55,082,001	72,781,859
Restricted net position consists of the following:						
Child Safety	118,119					
Community Development	163,901	-	-	-	-	-
Public, Education and Government Access Channel	835,504	-	-	-	-	-
Grants	1,525,015	-	-	-	-	-
Construction	1,103,440	-	-	-	-	-
Hotel/Motel Occupancy Tax	1,142,432	-	-	-	-	-
Convention Visitors Bureau	221,200	-	-	-	-	-
Harlingen Downtown	175,793	-	-	-	-	-
Federal Forfeitures	74,452	-	-	-	-	-
State Forfeitures	135,561	-	-	-	-	-
Lon C. Hill Library	159,881	-	-	-	-	-
Tax Increment Reinvestment Zone	1,628,784	-	-	-	-	-
Debt Service	958,835	-	-	-	1,275,715	-
Employee pensions	-	-	-	-	221,730	-
System expansion and replacement (impact and other fees)	-	-	-	-	3,508,492	-
Restricted net position - total	8,242,917	-	-	-	5,005,937	-
Unrestricted net position	(5,438,813)	5,255,148	10,564,940	5,937,402	18,891,068	4,513,806
Total net position	$ 90,052,417	$ 13,023,171	$ 15,907,071	$ 7,889,110	$ 78,979,006	$ 77,295,665

NOTE 17 - COMMITMENTS AND CONTINGENT LIABILITIES

a. *Long-Term Contracts*

The Harlingen Waterworks System is currently under contract with five wholesale customers (users) to provide treated water. These agreements provide for the treatment of an aggregate minimum of at least 250,000,000 gallons. The contracts have various expiration dates ranging from year 2016 to 2054. The System has contracted to provide wastewater treatment services to two wholesale customers. The combined annual flow is estimated to be 250,000,000 gallons.

NOTE 17 - COMMITMENTS AND CONTINGENT LIABILITIES – Continued

b. *Grant Programs*

The City as well as its component units participate in a number of grant programs funded by State and Federal Agencies. These programs are subject to compliance audits by the grantor agencies or their representatives. Audits of all of these programs including the year ended September 30, 2020 have not been conducted. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Commitments

At September 30, 2020, the City had ongoing commitments related to the following:

Project	Original Amount	Construction Expensed to Date	Amount Commitment
Lon C. Hill Destiation Park	$ 3,374,050	$ 2,711,683	$ 662,367
Tennis Center Pro Shop	684,382	202,496	481,886
Total Commitments	$ 4,058,432	$ 2,914,179	$ 1,144,253

Component Units

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

	Total Remaining Commitment	Airport Improvement Project Funds	Passenger Facility Charge	Local Funds
Reconstruction of Apron and Taxiway H	$ 4,297,264	$ 2,752,799	$ 1,544,465	$ -
Rehab Runway 13 & Fire Alarm Panel	3,850,225	3,850,225	-	-
Total Commitments	$ 8,147,489	$ 6,603,024	$ 1,544,465	$ -

In addition to the above amounts, the Airport has $16,948,828 of remaining CARES Act grant funds which are to be used to offset the impact of the COVID-19 pandemic. 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, 2020 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 that may be disallowed by the granting agencies cannot be determined at this time although the Airport expects such amounts, if any, to be immaterial.

As of September 30, 2020, the System had open purchase orders for operating supplies, equipment, and capital improvements in the amount of $3,875,395. The projects include water treatment, transmission and distribution system maintenance and improvements, and wastewater treatment and collection system maintenance, and improvements. These commitments will be funded with unrestricted funds.

NOTE 18 - MAJOR CUSTOMERS

Valley International Airport's customers are principally concentrated in the airline industry. The Airport continuously monitors the financial condition of the airline customers as well as maintaining positive customer relations with the airlines. The Airport received approximately $984,038 or 20% in 2020 of the Airport's total operating revenues from passenger air carriers. Of that amount, $487,552 or 10.1% in 2020 of the total operating revenues were received from one airline.

For the year ended September 30, 2020, no single customer provided more than 10% of water revenues or wastewater revenues. For the year ended 2020, the top ten wastewater customers provided approximately $1,542,404 or 14.27% of wastewater sales revenues. The top ten water customers generated approximately $1,294,548 or 12.57% of the water sales revenues.

NOTE 19 - PASSENGER FACILITY CHARGES

Beginning in November 1998, the Airport instituted passenger facility charges of $3 per enplaned passenger. In February 2007, the Federal Aviation Administration approved the Airport's application to impose and use passenger facility charges of $4.50 per emplaned passenger, effective December 1, 2007. Proceeds of the passenger facility charges are to be used by the Airport for certain capital improvements approved pursuant to the Airport's authorization for the passenger facility charge program. Passenger facility charges revenue, including interest, included in capital contributions for the year ended September 30, 2020 totaled $805,888.

NOTE 20 - JOINT ARRANGEMENTS

Freetrade Bridge

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

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

Any surplus revenues remaining after payment of the debt service requirements, maintenance and operation costs, and an amount equal to one hundred forty percent (140%) of the average annual debt service requirements of all outstanding bonds shall be shared proportionally 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 $156,977 for the year ending September 30, 2020.

NOTE 21 - DEFERRED COMPENSATION PLAN

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

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

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

NOTE 22 - RISK MANAGEMENT

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

No negotiated settlements or jury awards have exceeded policy limits in any of the past three years. The entities are members of an intergovernmental risk pool. The risk pool is an interlocal non-assessable agency with present unreserved resources in excess of $392,000,00 (as of September 30, 2019, the most recently audited financial statements completed for the risk pool). Reinsurance is provided by several A and A++ rated companies in amounts ranging from $10,000,000 to $100,000,000 depending on the type of insurance coverage. The entities must promptly pay contributions to the risk pool as outlined by the coverage contracts, comply with underwriting standards and implement loss control recommendations deemed necessary by a risk pool representative due to an eminent high risk of loss situation. City and component units management are not aware of any pending or alleged claims that could exceed the policy limits of the present insurance coverage.

The City is a party to various legal actions none of which is believed by management to have a material effect on the financial condition of the City. Accordingly, no provision for losses has been recorded in the accompanying financial statements for such contingencies.

NOTE 23 - PENSION PLANS

The City of Harlingen contributes to two defined benefit pension plans, (1) the Texas Munical Retirement System (TMRS) and (2) the Firemen's Relief and Retirement Fund. The City and the Valley International Airport (a component unit of the City), have a pension plan covering all employees (except Firemen included in the Firemen's Relief and Retirement Fund) hired prior to October 1, 2007. The Harlingen Waterworks System (a component unit of the City) ("the System") has a pension plan covering all of its employees hired prior to October 1, 2018. The plans had the following balances reported in the government-wide financial statements:

	Net Pension Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Primary Government				
TMRS	$ 624,462	$ 729,759	$ 3,173,962	891,109
Firemen's Relief and Retirement Fund	19,291,409	9,758,426	13,765,566	1,657,647
Total Primary Government	$ 19,915,871	$ 10,488,185	$ 16,939,528	$ 2,548,756
Component Units				
VIA TMRS	$ 54,586	$ 36,413	$ 154,445	$ 41,893
HWWS TMRS	(1,114,105)	1,557,802	2,450,177	241,226
Total Component Units	$ (1,059,519)	$ 1,594,215	$ 2,604,622	$ 283,119

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 888 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 (AFR) 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.

NOTE 23 - PENSION PLANS - Continued

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

Employees covered by benefit terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

	City and Airport	Harlingen Waterworks System
Inactive employees or beneficiaries currently receiving benefits	343	128
Inactive employees entitled to but not yet receiving benefits	73	49
Active employees	150	112
Total employees covered by benefit terms	566	289

Contributions

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

Employees for the City of Harlingen, Texas, the Valley International Airport and the Harlingen Waterworks System were required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rates for the City, Airport and the System were 10.49%, 10.49% and 1.87% respectively in calendar year 2019. The City's, Airport's and System's contributions to TMRS for the year ended September 30, 2020 were $984,318, $48,030 and $102,400 respectively, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

NOTE 23 - PENSION PLANS - Continued

Actuarial assumptions:

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.50% to 11.50% per year, including inflation
Investment Rate of Return	6.75%
Retirment Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully gneratoinal basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projeted on a fully generational basis with scale UMP.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 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.

NOTE 23 - PENSION PLANS - Continued

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:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

Discount Rate

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

NOTE 23 - PENSION PLANS - Continued

Changes in the net pension liability for the fiscal year ended September 30, 2020 are as follows:

City of Harlingen

	Increase (Decrease)		
	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability (Asset)
Balance at December 31, 2018	$ 88,122,484	$ 79,900,172	$ 8,222,312
Changes for the year			
Service Cost	1,079,397	-	1,079,397
Interest	5,933,099	-	5,933,099
Change in benefit terms	-	-	-
Difference between expected/actual experience	(372,030)	-	(372,030)
Changes of assumptions	(112,047)	-	(112,047)
Contribution - employer	-	949,432	(949,432)
Contribution - employee	-	633,488	(633,488)
Net investment income	-	12,616,872	(12,616,872)
Benefits payments, including refunds of employee contributions	(5,196,253)	(5,196,253)	-
Administrative expenses	-	(71,377)	71,377
Other charges	-	(2,146)	2,146
Net charges	1,332,166	8,930,016	(7,597,850)
Balance at December 31, 2019	$ 89,454,650	$ 88,830,188	$ 624,462

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)%	1% Increase in Discount Rate (7.75)%
Primary Government			
City of Harlingen net pension liability (asset)	$ 11,013,432	$ 611,973	$ (8,111,814)
Business-type Activities			
City of Harlingen net pension liability (asset)	$ 224,766	$ 12,489	$ (165,548)
Component Units			
Valley International Airport net pension liability (asset)	$ 528,329	$ 54,586	$ (389,135)
Harlingen Waterworks System net position liability (asset)	$ 1,611,289	$ (1,114,105)	$ (3,411,030)

NOTE 23 - PENSION PLANS - Continued

Valley International Airport

	Increase (Decrease)		
	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability (Asset)
Balance at December 31, 2018	$ 6,062,718	$ 5,650,941	$ 411,777
Changes for the year			
Service Cost	50,745	-	50,745
Interest	278,926	-	278,926
Change in benefit terms	-	-	-
Difference between expected/actual experience	(17,490)	-	(17,490)
Changes of assumptions	(5,268)	-	(5,268)
Contribution - employer	-	44,635	(44,635)
Contribution - employee	-	29,781	(29,781)
Net investment income	-	593,144	(593,144)
Benefits payments, including refunds of employee contributions	(244,286)	(244,286)	-
Administrative expenses	-	(3,355)	3,355
Other charges	-	(101)	101
Net charges	62,627	419,818	(357,191)
Balance at December 31, 2019	$ 6,125,345	$ 6,070,759	$ 54,586

Harlingen Waterworks System

	Increase (Decrease)		
	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability (Asset)
Balance at December 31, 2018	$ 23,780,519	$ 22,790,685	$ 989,834
Changes for the year			
Service Cost	531,250	-	531,250
Interest	1,562,159	-	1,562,159
Change in benefit terms	-	-	-
Difference between expected/actual experience	(194,371)	-	(194,371)
Changes of assumptions	17,123	-	17,123
Contribution - employer	-	110,137	(110,137)
Contribution - employee	-	412,278	(412,278)
Net investment income	-	3,518,192	(3,518,192)
Benefits payments, including refunds of employee contributions	(1,806,083)	(1,806,083)	-
Administrative expenses	-	(19,909)	19,909
Other charges	-	(598)	598
Net charges	110,078	2,214,017	(2,103,939)
Balance at December 31, 2019	$ 23,890,597	$ 25,004,702	$ (1,114,105)

Pension Plan Fiduciary Net Position

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

NOTE 23 - PENSION PLANS - Continued

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

For the year ended September 30, 2020 the City, Valley International Airport, and Harlingen Waterworks System recognized pension expense in the amount of $891,109, $41,893, and $241,226, respectively. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City of Harlingen

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	$ -	$ 266,193
Changes in actuarial assumptions	-	65,554
Differences between projected and actual investment earnings (net of current year amortization)	-	2,842,215
Contributions subsequent to the measurement date	729,759	-
Total	$ 729,759	$ 3,173,962

Component Unit

Valley International Airport

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	$ -	$ 12,659
Changes in actuarial assumptions	-	3,082
Differences between projected and actual investment earnings (net of current year amortization)	-	138,704
Contributions subsequent to the measurement date	36,413	-
Total	$ 36,413	$ 154,445

Component Unit

Harlingen Waterworks System

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	$ 35,988	$ 232,601
Changes in actuarial assumptions	13,113	-
Differences between projected and actual investment earnings (net of current year amortization)	1,430,389	2,217,576
Contributions subsequent to the measurement date	78,312	-
Total	$ 1,557,802	$ 2,450,177

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. September 30, 2019 is the most recent information available. The table below summarizes the membership of the fund at September 30, 2019:

1. Retirees and beneficiaries currently receiving benefits, terminated employees entitled to benefits but not yet receiving them, and employees who have elected the DROP benefit	104
2. Current employees	
a. Vested	3
b. Nonvested	82
3. Total	189

The Firemen's Relief and Retirement Fund provides service retirement, death, disability and withdrawal benefits. These benefits vest after twenty years of credited service. Employees may retire at age 50 with twenty years of service.

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

   As used in the Plan, the term "Longevity Service" means each whole year of service in excess of 20 years of service, but not to exceed 30 years of service, provided that any years of service over 30 years of service completed as of April 30, 2019, will be considered Longevity Service for purposes of this definition. A partial year of service will be given partial credit based on the number of months completed in excess of whole years.
b. For firefighters who commenced employment after April 1, 2019, a firefighter who qualifies for a service retirement benefit will receive a monthly retirement income equal to (i) 2.5% multiplied by (ii) the firefighter's "Highest 60 Month Average Salary" multiplied by (iii) the firefighter's total years of service; provided, however, such benefit amount will not exceed 70% of the firefighter's "Highest 60 Month Average Salary." A partial year of service will be given partial credit based on the number of months completed in excess of whole years.

NOTE 23 - PENSION PLANS - Continued

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.

Actuarial Assumptions	
Valuation date	September 30, 2019
Actuarially determined contribution rates	Calculated in the year contributions are reported based on 40 year (open) period amortization.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal Actuarial Cost Method
Amortization method	Open period, level percent of pay
Remaining amortization period	38 years
Asset valuation method	Fair Value
Inflation	2.50%
Salary increases	5.00% per annum
Payroll Growth	3.50%
Investment rate of return	7.75% Net of pension plan invest. exp.
Mortality	SOA-2010 Public Service Mortality Tables projected forward generationally using Scale MP-2019

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 as of September 30, 2019 within the 10 year anniversary of the effective date of the FSRP.

NOTE 23 - PENSION PLANS - Continued

Changes in Assumptions

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

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed 2.5%). Best estimates of arithmetic real rates of return for each major assets class included in the pension plan's target asset allocations as of September 30, 2019 , are summarized in the following table:

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

Discount rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that the City contribution would equal 17% of payroll and that member contributions would equal 15% of compensation. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension investments was applied to all period of benefit payments to determine the total pension liability.

NOTE 23 - PENSION PLANS - Continued

Harlingen Firemen's Relief and Retirement Fund

	Increase (Decrease)		
	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability (Asset)
Balance at September 30, 2019	$ 52,810,340	$ 32,903,824	$ 19,906,516
Changes for the year			
Service Cost	1,026,260	-	1,026,260
Interest	4,066,762	-	4,066,762
Experience	(2,827,743)	-	(2,827,743)
Change in benefit terms	-	-	-
Difference between expected/actual experience	-	-	-
Changes of assumptions	-	-	-
Contribution - employer	-	1,032,488	(1,032,488)
Contribution - member	-	972,985	(972,985)
Net investment income	-	1,612,946	(1,612,946)
Benefits payments, including refunds of employee contributions	(2,724,497)	(2,724,497)	-
Administrative expenses	-	(84,821)	84,821
Assumptions changes	880,798	-	880,798
Changes in benefit terms	(227,586)	-	(227,586)
Net change	193,994	809,101	(615,107)
Balance at September 30, 2020	$ 53,004,334	$ 33,712,925	$ 19,291,409

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

For the year ended September 30, 2020, the Harlingen Firemen's Relief and Retirement Fund recognized pension expense in the amount of $1,657,647. At September 30, 2020, the Fund reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

Harlingen Firemen's Relief and Retirement Fund

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	$ 508,494	$ 3,033,144
Changes in actuarial assumptions	7,483,067	10,732,422
Differences between projected and actual investment earnings (net of current year amortization)	614,363	-
Contributions subsequent to the measurement date	1,152,502	-
Total	$ 9,758,426	$ 13,765,566

NOTE 23 - PENSION PLANS - Continued

In the City of Harlingen, Valley International Airport, Harlingen Waterworks System, and the Firemen's Relief and Retirement Fund, $729,759, $36,413, $78,312 and $1,152,502, respectively, are reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30,	Municipal Pension City of Harlingen	Valley International Airport	Harlingen Waterworks System	Firemen's Relief and Retirement
2021	$ (1,098,258)	$ (56,734)	$ (289,570)	$ (255,772)
2022	(930,410)	(48,694)	(303,306)	(355,107)
2023	275,001	17,752	29,362	(1,195,586)
2024	(1,420,295)	(66,769)	(407,172)	(3,031,872)
2025	-	-	-	(321,305)
Thereafter	-	-	-	-
	$ (3,173,962)	$ (154,445)	$ (970,686)	$ (5,159,642)

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 Rate (6.75)%	Discount Rate (7.75)%	1% Increase in Discount Rate (8.75)%
Fiduciary Fund			
Harlingen Firemen's Relief and Retirement Fund	$ 25,340,105	$ 19,291,409	$ 14,220,290

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 Length of Employment	City Required 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 2020 was $766,404. The Economic Development Corporation's, Airport's, and System's contribution to the plan during fiscal year 2020 was $41,233, $86,077, and $50,090 respectively.

NOTE 24 - OTHER POST EMPLOYMENT BENEFITS

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 and related component units have two OPEB plans, The Retiree Health Care Plan and the Supplemental Death Benefit Plan. The plans had the following balances reported in the government-wide financial statements:

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Primary Government				
Retiree Health Plan	$ 4,228,223	$ 363,980	$ 790,754	$ 145,075
Supplemental Death Benefit	1,560,619	191,157	113,079	119,122
Total Primary Government	$ 5,788,842	$ 555,137	$ 903,833	$ 264,197
Component Units				
VIA Retiree Health Plan	$ 298,289	$ 17,886	$ 53,823	$ 15,112
VIA Supplemental Death Benefit	85,589	9,152	5,410	5,600
HWWS Retiree Health Plan	9,835,549	974,110	1,164,259	395,995
HWWS Supplemental Death Benefit	609,404	94,286	40,268	44,499
Total Component Units	$ 10,828,831	$ 1,095,434	$ 1,263,760	$ 461,206

NOTE 24 - OTHER POST EMPLOYMENT BENEFITS - Continued

Retiree Health Care Plans

The City's and System's latest valuations are dated December 31, 2019, and discloses the following:

Plan Description

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

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

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

NOTE 24 - OTHER POST EMPLOYMENT BENEFITS - Continued

Funding Policy and Annual Retiree Health Care Plan Cost

The City, Airport and System's annual retiree health care plan cost is based upon the annual actuarially determined contribution of the employer ("ADC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The ADC represents an accrual that, if expensed annually, will recognize the normal cost each year and an amount to amortize any unfunded actuarial liabilities (or funding excess) over thirty years. The City, Airport and System have not established a trust to fund the Retiree Health Care Plan liability and intend to continue the pay-as-you-go funding method. The plan does not issue a separate financial report.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2019 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, 2019
Methods and Assumptions	
Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	2.75% as of December 31, 2019
Inflation	2.50%
Salary Increases	TMRS/TCG: 3.50% to 11.50%, including inflation Firefighter: 5.00%, including inflation
Demographic Assumptions Mortality	TMRS: Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS). TCG: The TMRS 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, 2019.
Mortality	TMRS and TCG: For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements. Firefighters: For healthy retirees, the gender-distinct SOA-2010 Public Service Mortality Tables. The rates are projected on a fully generational basis by Scale MP-2019 to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years
Participation Rates	40% for those retiring after age 50; 20% for those retiring before age 50; 40% for disabled retirees. No participation after retiree reaches eligibility age for Medicare.
Other Information:	
Notes	The discount rate changed from 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019. Additionally, the participation and trend assumptions were modified and the demographic assumptions were updated to reflect the 2019 TMRS Experience Study and most recent Firefighter's pension valuation.

NOTE 24 - OTHER POST EMPLOYMENT BENEFITS – Continued

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 2.75% (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 3.71% 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.

Summary of Membership Information: The following table provides a summary of the number of participants in the plan as of December 31, 2019:

Retiree Health Care Plans

	City	Valley International Airport	Harlingen Waterworks System
Inactive plan members or beneficiaries currently receiving benefits	37	2	76
Inactive plan members entitled to but not yet receiving benefits	-	-	-
Active plan members	524	45	46
Total plan members	561	47	122

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 2.75%, 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 1.75%	Current Discount Rate Assumption	1% Increase 3.75%
City	$ 4,561,974	$ 4,228,222	$ 3,917,438
Valley International Airport	321,844	298,289	276,372
Harlingen Waterworks	11,329,472	9,835,549	8,619,613

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:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
City	$ 3,858,914	$ 4,228,222	$ 4,661,635
Valley International Airport	272,243	298,289	328,875
Harlingen Waterworks	8,503,447	9,835,549	11,499,045

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 5,336 years. Additionally, the total plan membership (active employees and inactive employees) was 608. 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 8.7762 years.

Employer contributions (benefit payments for unfunded plans) made subsequent to the measurement date of the total OPEB liability (December 31, 2019) and prior to the end of the employer's reporting period (September 30, 2020) should be reported by the employer as a deferred outflow related to OPEB.

The benefit payments made subsequent to the measurement date were $208,399 ($57,125 of explicit premium subsidies and $151,274 of implicit subsidies). The implicit subsidy was estimated by multiplying the total premiums (employer and retiree portions combined) for retirees of $243,597 by 0.621. The 0.621 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	$ 1,942	$ 720,571
Changes in assumptions	194,791	70,183
Contributions subsequent to the measurement date	167,247	-
Total	$ 363,980	$ 790,754

Valley International Airport

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 125	$ -
Changes in assumptions	12,864	53,823
Contributions subsequent to the measurement date	4,897	-
Total	$ 17,886	$ 53,823

NOTE 24 - OTHER POST EMPLOYMENT BENEFITS – Continued

Harlingen Waterworks

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 881,447
Changes in assumptions	698,037	282,812
Contributions subsequent to the measurement date	276,073	-
Total	$ 974,110	$ 1,164,259

Deferred outflows of resources resulting from contributions subsequent to the measurement date of $167,247, $4,897 and $276,073 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, 2020 (i.e. recognized in the Airport's financial statements as of September 30, 2021). Other amounts reported as deferred outflows and (inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending September 30,	City of Harlingen	Valley International Airport	Harlingen Waterworks System
2021	$ (73,262)	$ (5,049)	$ (139,432)
2022	(73,262)	(5,049)	(303,897)
2023	(73,262)	(5,049)	(22,893)
2024	(73,262)	(5,049)	-
2025	(73,262)	(5,049)	-
Thereafter	(227,711)	(15,589)	-
	$ (594,021)	$ (40,834)	$ (466,222)

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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

	City	Valley International Airport	Harlingen Waterworks System
Inactive employees or beneficiaries currently receiving benefits	267	1	99
Inactive employees entitled to but not yet receiving benefits	35	-	9
Active employees	142	8	112
Total	444	9	220

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

Plan/ Calendar Year	Total SDBF Contribution (Rate)	Retiree Portion of SDBF Contribution (Rate)
2020	0.37%	0.19%
2019	0.35%	0.18%
2018	0.33%	0.16%
2017	0.31%	0.14%

NOTE 24 - OTHER POST EMPLOYMENT BENEFITS - Continued

Valley International Airport

Plan/ Calendar Year	Total SDBF Contribution (Rate)	Retiree Portion of SDBF Contribution (Rate)
2020	0.37%	0.19%
2019	0.35%	0.18%
2018	0.33%	0.16%
2017	0.31%	0.14%

Harlingen Waterworks

Plan/ Calendar Year	Total SDBF Contribution (Rate)	Retiree Portion of SDBF Contribution (Rate)
2020	0.26%	0.10%
2019	0.26%	0.10%
2018	0.26%	0.09%
2017	0.26%	0.09%

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

The City's contributions to the TMRS SDBF for the fiscal years ended 2020, 2019 and 2018 were $31,650, $31,251 and $29,404, respectively, which equaled the required contributions each year.

The Valley International Airport's contributions to the TMRS SDBF for the fiscal years ended 2020, 2019 and 2018 were $1,543, $759 and $727, respectively, which equaled the required contributions each year.

The System's contributions to the TMRS SDBF for the fiscal years ended 2020, 2019 and 2018 were $5,367, $5,896 and $5,471, respectively, which equaled the required contributions each year.

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, 2019, 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, 2019
Methods and Assumptions	
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Discount Rate	2.75% as of December 31, 2019
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 Statement No. 68
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.
Other Information:	
Notes	The discount rate was based on the Fidelity Index's "20-year Municipal GO AA Index" rate as of December 31, 2019. The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

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 System, calculated using a discount rate that is one percentage-point lower (1.75%) or one percentage-point higher (3.75%).

	1% Decrease 1.75%	Current Discount Rate Assumption	1% Increase 3.75%
City	$ 1,865,707	$ 1,560,619	$ 1,340,442
Valley International Airport	87,710	85,589	63,017
Harlingen Waterworks	722,617	609,404	519,339

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, 2020, 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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 11,689	$ 76,371
Changes in assumptions	157,466	36,708
Contributions subsequent to the measurement date	22,002	-
Total	$ 191,157	$ 113,079

Valley International Airport

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 613	$ 3,767
Changes in assumptions	7,384	1,643
Contributions subsequent to the measurement date	1,155	-
Total	$ 9,152	$ 5,410

Harlingen Waterworks System

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 19,606
Changes in assumptions	90,207	20,662
Contributions subsequent to the measurement date	4,079	-
Total	$ 94,286	$ 40,268

NOTE 24 - OTHER POST EMPLOYMENT BENEFITS - Continued

Deferred outflows of resources resulting from contributions subsequent to the measurement date of $22,002, $1,155 and $4,079 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, 2020 (i.e. recognized in the City of Harlingen, Valley International Airport and Harlingen Waterworks System's financial statements as of September 30, 2021.) Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending September 30,	City of Harlingen	Valley International Airport	Harlingen Waterworks System
2020	$ 24,844	$ 1,185	$ 12,088
2021	31,232	1,402	12,088
2022	-	-	8,442
2023	-	-	9,953
2024	-	-	7,368
Thereafter	-	-	-
	$ 56,076	$ 2,587	$ 49,939

Changes in the Supplemental Death Benefit Fund is as follows:

	City of Harlingen	Valley International Airport	Harlingen Waterworks System
Service Cost	$ 18,035	$ 848	$ 13,546
Interest on liability	52,556	2,471	18,865
Difference between expected and actual experience	(120,207)	(5,651)	(11,177)
Changes of assumptions	222,421	10,456	89,400
Benefit payments	(16,233)	(763)	(5,890)
Net change in total liability	$ 156,572	$ 7,361	$ 104,744
Total OPEB liability as of 12/31/2018	1,404,047	78,228	504,660
Net change in total OPEB liability	156,572	7,361	104,744
Total OPEB liability as of 12/31/2019	$ 1,560,619	$ 85,589	$ 609,404
Covered employee payroll	$ 9,017,521	$ 423,931	$ 5,889,693
Total OPEB liability as a percentage of covered-employee payroll	17.31%	20.19%	10.35%
Percentage of OPEB liability funded	0.00%	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 $753,412 and $- from the City and County, respectively.

NOTE 26 – TRANSACTIONS WITH THE RELATED ENTITIES

Harlingen Economic Development Corporation

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

The City agreed to reimburse the EDC up to $3,000,000 for qualifying targeted public infrastructure improvements. At September 30, 2020 targeted qualifying infrastructure improvements for the project totaled $886,416 of which $660,000 have been reimbursed to the Harlingen Economic Development Corporation.

On May 5, 2019, The EDC and the Valley Internation Airport ("VIA") signed an extension agreement to extend the terms of an existing marketing agreement for an additional five year term. The original five year agreement expires on December 31, 2019. This agreement was entered into by the two component units for the purpose of the EDC providing marketing services for VIA. In fiscal year 2020, VIA paid EDC $100,000 for marketing services in accordance with this marketing agreement.

In December 2019, The EDC paid the City $296,575, to assist the City in purchasing a parcel of land that was made in November 2019. The parcel of land will be used for future project development.

NOTE 26 – TRANSACTIONS WITH THE RELATED ENTITIES - Continued

Harlingen Community Improvement Board

During the year, Harlingen Community Improvement Board ("HCIB") paid to the City $606,485 in debt service costs related to the construction of the Harlingen Convention Center.

NOTE 27 – COMPLIANCE AND ACCOUNTABILITY

Finance-Related Legal and Contractual Provision

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

NOTE 28 – PRIOR PERIOD ADJUSTMENT

Correction of an Error - Unrecorded Liabilities

A large economic incentive payment was errounously ommited from FY 2017-2018. Once the error was identified, the payment was paid to the business in the current fiscal year. The fund balance in the General Fund and the EDC (a component unit) was reduced by $150,000 each to reflect the payment that should have been made in a prior year. This reduction also affected the Government Wide beginning net position amounts for the same amounts.

Correction of an Error - Capital Asset Accumulated Depreciation

During fiscal year 2021, management discovered a financial statement error that caused an overstatement of September 30, 2019 previously reported Net Position as reported on the Government-wide Statement of Net Position's Net Investment in Capital Assets. The error primarily related to the unrecorded accumulated depreciation of capital assets over several years. The effect on Government-wide net position totaled $11,769,960. This error does not affect the fund balance, as reported on the fund financial statements.

The net effect on Government-wide net position related to these two corrections totaled $11,919,960 and the net effect on the EDC (a component unit) fund balance and net position totaled $150,000.

NOTE 29: UNCERTAINTIES

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

The effects of this pandemic continue to have a significant impact on the City and Component Units during the year ended September 30, 2020. However, the City and Component Units have received significant grant awards during the year ended September 30, 2020 and subsequent to September 30, 2020, which will provide resources to offset the loss of revenues which have resulted from the pandemic.

NOTE 30: SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after September 30, 2020 through March 29, 2021, the date the current year's financial statements were available to be issued. The following events occurred:

On Feburary 3, 2021, the City authorized the issuance of General Obligation Refunding Bonds, Series 2021. Proceeds from the bonds will be used to refund the Series 2011 Bonds, the Series 2012 Certificates and the Series 2013 Certificates.

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REQUIRED SUPPLEMENTARY INFORMATION

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

Year ended September 30, 2020

	Budget		Actual Amount	Variance Positive
	Original	Final	(GAAP BASIS)	(Negative)
Revenues				
Property taxes - including penalty and interest	$ 17,918,224	$ 17,918,224	$ 18,206,332	$ 288,108
Nonproperty taxes	21,643,948	21,643,948	22,280,460	636,512
Fines and forfeitures	1,177,862	1,177,862	831,889	(345,973)
Licenses and permits	591,450	591,450	706,930	115,480
Charges for services	1,257,902	1,079,902	981,550	(98,352)
Intergovernmental	1,302,565	2,767,952	5,743,698	2,975,746
Contributions and donations	-	-	3,228,964	3,228,964
Miscellaneous	90,348	90,348	401,968	311,620
Interest and investment income	220,000	220,000	238,198	18,198
Total revenues	44,202,299	45,489,686	52,619,989	7,130,303
Expenditures				
Current				
General government	6,308,153	6,684,222	6,324,719	359,503
Public safety	25,261,650	25,385,224	24,296,047	1,089,177
Highways and streets	3,817,089	4,646,358	3,644,814	1,001,544
Health and welfare	1,060,479	1,812,087	1,305,281	506,806
Community and economic development	1,797,979	1,809,411	1,748,118	61,293
Culture and recreation	5,494,895	5,653,020	4,969,797	683,223
Capital outlay	2,879,169	3,273,810	5,048,443	(1,774,633)
Debt service				
Principal	278,855	274,183	252,945	21,238
Interest	65,233	65,233	60,650	4,583
Total expenditures	46,963,502	49,603,548	47,650,814	1,952,734
Excess (deficiency) of revenues over (under) expenditures	(2,761,203)	(4,113,862)	4,969,175	9,083,037
Other financing sources (uses)				
Transfers in	2,259,771	2,555,051	2,598,381	43,330
Transfers out	(921,607)	(3,170,581)	(3,637,188)	(466,607)
Note payable proceeds	-	1,000,000	1,000,000	-
Sale of capital assets	45,000	440,100	481,280	41,180
Total other financing sources (uses)	1,383,164	824,570	442,473	(382,097)
Net change in fund balance	(1,378,039)	(3,289,292)	5,411,648	8,700,940
Fund balances, beginning of year			20,789,727	
Prior period adjustment			(150,000)	
Fund balance, beginning of year, as restated			20,639,727	
Fund balance, end of year			$ 26,051,375	

City of Harlingen, Texas
CDBG Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended September 30, 2020

	Budget		Actual Amount	Variance Positive
	Original	Final	(GAAP BASIS)	(Negative)
Revenues				
Intergovernmental	$ 1,201,603	$ 1,723,739	$ 729,490	$ (994,249)
Miscellaneous	31,113	93,323	93,418	95
Interest and investment income	4,799	6,579	6,168	(411)
Total revenues	1,237,515	1,823,641	829,076	(994,565)
Expenditures				
Community and economic development	1,087,186	2,878,113	529,210	2,348,903
Capital outlay	150,329	501,382	222,505	278,877
Total expenditures	1,237,515	3,379,495	751,715	2,627,780
Net change in fund balance	-	(1,555,854)	77,361	1,633,215
Fund balance, beginning of year			86,540	
Fund balance, end of year			$ 163,901	

City of Harlingen, Texas
Other Grants
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended September 30, 2020

	Budget		Actual Amount	Variance Positive
	Original	Final	(GAAP BASIS)	(Negative)
Revenues				
Intergovernmental	$ 886,299	$ 4,731,517	$ 2,391,483	$ (2,340,034)
Contributions and donations	-	1,175,147	137,459	(1,037,688)
Total revenues	886,299	5,906,664	2,528,942	(3,377,722)
Expenditures				
Public safety	1,013,268	1,359,170	1,101,204	257,966
Highways and streets	-	63,137	-	63,137
Health and welfare	60,000	350,807	178,586	172,221
Culture and recreation	24,990	322,862	112,900	209,962
Capital outlay	-	5,700,031	1,170,045	4,529,986
Total expenditures	1,098,258	7,796,007	2,562,735	5,233,272
Excess (deficiency) of revenues over (under) expenditures	(211,959)	(1,889,343)	(33,793)	1,855,550
Other financing sources (uses)				
Transfers in	211,959	1,889,343	1,657,879	(231,464)
Transfers out	-	-	(12,500)	(12,500)
Total other financing sources (uses)	211,959	1,889,343	1,645,379	(243,964)
Net change in fund balance	-	-	1,611,586	1,611,586
Fund balance, beginning of year			(86,571)	
Fund balance, end of year			$ 1,525,015	

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,	2019	2018	2017	2016	2015	2014
Primary Government						
Total Pension Liability						
Service cost	**$ 1,079,397**	$ 1,093,418	$ 1,139,165	$ 1,211,932	$ 1,189,819	$ 1,201,361
Interest (on the total pension liability)	**5,933,099**	5,794,261	5,637,008	5,530,102	5,380,389	5,215,687
Changes between expected and actual experience	**(372,030)**	(199,054)	(85,720)	70,485	195,849	(389,230)
Changes of assumptions	**(112,046)**	-	-	-	2,134,116	-
Benefit payments, including refunds of employee Contributions	**(5,196,253)**	(4,540,726)	(5,107,176)	(4,531,322)	(4,593,104)	(4,267,819)
Net change in total pension liability	**1,332,167**	2,147,899	1,583,277	2,281,197	4,307,069	1,759,999
Total pension liability - beginning	**88,122,484**	85,974,585	84,391,308	82,110,111	77,803,042	76,043,043
Total pension liability - ending (a)	**$ 89,454,651**	$ 88,122,484	$ 85,974,585	$ 84,391,308	$ 82,110,111	$ 77,803,042
Plan Fiduciary Net Position						
Contributions - employer	**$ 949,432**	$ 1,043,129	$ 1,008,033	$ 703,281	$ 862,218	$ 945,817
Contributions - employee	**633,488**	641,456	665,782	702,791	747,822	809,375
Net investment income	**12,616,872**	(2,603,878)	10,951,823	5,212,220	117,780	4,405,527
Benefit payments, including refunds of employee contributions	**(5,196,253)**	(4,540,726)	(5,107,176)	(4,531,322)	(4,593,104)	(4,267,819)
Administrative expenses	**(71,377)**	(50,368)	(56,786)	(58,915)	(71,746)	(46,004)
Other	**(2,145)**	(2,630)	(825)	(3,173)	(1,492)	(3,782)
Net change in plan fiduciary net position	**8,930,017**	(5,513,017)	7,460,851	2,024,882	(2,938,522)	1,843,114
Plan fiduciary net position - beginning	**79,900,172**	85,413,189	77,952,338	75,927,456	78,865,978	77,022,864
Plan fiduciary net position - ending (b)	**88,830,189**	79,900,172	85,413,189	77,952,338	75,927,456	78,865,978
Net pension liability (asset) - ending (a) - (b)	**624,462**	8,222,312	561,396	6,438,970	6,182,655	(1,062,936)
Plan fiduciary net position as a percentage of total pension liability	**99.30%**	90.67%	99.35%	92.37%	92.47%	101.37%
Covered payroll	**9,017,514**	9,142,548	9,485,119	10,032,541	10,671,014	11,326,026
Net pension liability (asset) as a percentage of covered payroll	**6.92%**	89.93%	5.92%	64.18%	57.94%	-9.38%

Pension schedules in the required supplementary information are intended to show information fo 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,	2019	2018	2017	2016	2015	2014
Valley International Airport						
Total Pension Liability						
Service cost	**$ 50,745**	$ 54,514	$ 63,470	$ 65,012	$ 68,742	$ 84,866
Interest (on the total pension liability)	**278,926**	288,881	314,074	295,958	311,603	368,446
Changes between expected and actual experience	**(17,490)**	(9,924)	(4,776)	3,781	11,315	(27,496)
Changes of assumptions	**(5,268)**	-	-	-	123,300	-
Benefit payments, including refunds of employee Contributions	**(244,286)**	(226,384)	(284,554)	(243,075)	(265,369)	(301,487)
Net change in total pension liability	**62,627**	107,087	88,214	121,676	249,591	124,329
Total pension liability - beginning	**6,062,718**	5,955,631	5,867,417	5,745,741	5,496,150	5,371,821
Total pension liability - ending (a)	**$ 6,125,345**	$ 6,062,718	$ 5,955,631	$ 5,867,417	$ 5,745,741	$ 5,496,150
Plan Fiduciary Net Position						
Contributions - employer	**$ 44,635**	$ 52,007	$ 56,164	$ 37,726	$ 49,815	$ 66,814
Contributions - employee	**29,781**	31,981	37,095	37,700	43,206	57,176
Net investment income	**593,144**	(129,820)	610,196	279,711	6,805	311,215
Benefit payments, including refunds of employee contributions	**(244,286)**	(226,384)	(284,554)	(243,075)	(265,369)	(301,487)
Administrative expenses	**(3,355)**	(2,511)	(3,164)	(3,160)	(4,145)	(3,250)
Other	**(101)**	(131)	(160)	(170)	(205)	(267)
Net change in plan fiduciary net position	**419,818**	(274,858)	415,577	108,732	(169,893)	130,201
Plan fiduciary net position - beginning	**5,650,941**	5,925,799	5,510,222	5,401,490	5,571,383	5,441,182
Plan fiduciary net position - ending (b)	**6,070,759**	5,650,941	5,925,799	5,510,222	5,401,490	5,571,383
Net pension liability (asset) - ending (a) - (b)	**$ 54,586**	$ 411,777	$ 29,832	$ 357,195	$ 344,251	$ (75,233)
Plan fiduciary net position as a percentage of total pension liability	**99.11%**	93.21%	99.50%	93.91%	94.01%	101.37%
Covered payroll	**$ 423,931**	$ 455,815	$ 528,477	$ 538,179	$ 616,523	$ 800,089
Net pension liability (asset) as a percentage of covered payroll	**12.88%**	90.34%	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,	2019	2018	2017	2016	2015	2014
Harlingen Waterworks System						
Total Pension Liability						
Service cost	**$ 531,250**	$ 551,635	$ 538,832	$ 539,599	$ 487,964	$ 457,206
Interest (on the total pension liability)	**1,562,159**	1,543,058	1,497,198	1,453,483	1,420,126	1,395,895
Changes between expected and actual experience	**(194,371)**	(157,540)	88,270	42,791	130,618	(168,074)
Changes of assumptions	**17,123**	-	-	-	579,040	-
Benefit payments, including refunds of employee Contributions	**(1,806,083)**	(1,481,863)	(1,420,743)	(1,354,964)	(1,441,031)	(1,267,474)
Net change in total pension liability	**110,078**	455,290	703,557	680,909	1,176,717	417,553
Total pension liability - beginning	**23,780,519**	23,325,229	22,621,672	21,940,763	20,764,046	20,346,493
Total pension liability - ending (a)	**$ 23,890,597**	$ 23,780,519	$ 23,325,229	$ 22,621,672	$ 21,940,763	$ 20,764,046
Plan Fiduciary Net Position						
Contributions - employer	**$ 110,137**	$ 116,586	$ 104,889	$ 35,295	$ 61,279	$ 114,431
Contributions - employee	**412,278**	429,527	419,558	418,757	397,180	381,436
Net investment income	**3,518,192**	(732,031)	3,088,807	1,469,085	33,518	1,271,634
Benefit payments, including refunds of employee contributions	**(1,806,083)**	(1,481,864)	(1,420,743)	(1,354,964)	(1,441,031)	(1,267,474)
Administrative expenses	**(19,909)**	(14,168)	(16,016)	(16,598)	(20,418)	(13,278)
Other	**(598)**	(740)	(811)	(894)	(1,008)	(1,092)
Net change in plan fiduciary net position	**2,214,017**	(1,682,690)	2,175,684	550,681	(970,480)	485,657
Plan fiduciary net position - beginning	**22,790,685**	24,473,375	22,297,691	21,747,010	22,717,490	22,231,833
Plan fiduciary net position - ending (b)	**25,004,702**	22,790,685	24,473,375	22,297,691	21,747,010	22,717,490
Net pension liability (asset) - ending (a) - (b)	**$ (1,114,105)**	$ 989,834	$ (1,148,146)	$ 323,981	$ 193,753	$ (1,953,444)
Plan fiduciary net position as a percentage of total pension liability	**104.66%**	95.84%	104.92%	98.57%	99.12%	109.41%
Covered payroll	**$ 5,889,693**	$ 6,136,098	$ 5,449,089	$ 5,982,248	$ 616,523	$ 800,089
Net pension liability (asset) as a percentage of covered payroll	**-18.92%**	16.13%	-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,	2019	2018	2017	2016	2015	2014
Firemen's Relief and Retirement Fund						
Total Pension Liability						
Service cost	**$ 1,026,260**	$ 2,010,509	$ 1,944,931	$ 1,516,733	$ 1,155,376	$ 1,069,793
Interest (on the total pension liability)	**4,066,762**	3,743,926	3,446,714	2,510,978	3,358,425	3,192,593
Differences between expected and actual experience	**(2,827,743)**	-	(1,961,210)	-	1,419,943	-
Change in benefit terms	**(227,586)**	-	163,430	-	-	-
Changes of assumptions	**880,798**	-	(18,585,414)	-	19,242,950	-
Benefit payments, including refunds of employee Contributions	**(2,724,497)**	(2,505,626)	(2,197,233)	(2,096,539)	(2,364,932)	(2,185,334)
Net change in total pension liability	**193,994**	3,248,809	(17,188,782)	1,931,172	22,811,762	2,077,052
Total pension liability - beginning	**52,810,340**	49,561,531	66,750,313	64,819,141	42,007,379	39,930,327
Total pension liability - ending (a)	**$ 53,004,334**	$ 52,810,340	$ 49,561,531	$ 66,750,313	$ 64,819,141	$ 42,007,379
Plan Fiduciary Net Position						
Contributions - employer	**$ 1,032,488**	$ 963,468	$ 921,686	$ 590,451	$ 842,698	$ 774,657
Contributions - employee	**972,985**	963,468	921,686	590,451	842,698	774,657
Net investment income	**1,612,946**	2,289,719	2,880,522	1,983,028	(730,520)	1,473,881
Benefit payments, including refunds of employee contributions	**(2,724,497)**	(2,505,626)	(2,197,233)	(2,096,539)	(2,364,932)	(2,185,334)
Administrative expenses	**(84,821)**	(31,583)	(49,366)	(24,755)	(28,581)	(38,105)
Net change in plan fiduciary net position	**809,101**	1,679,446	2,477,295	1,042,636	(1,438,637)	799,756
Plan fiduciary net position - beginning	**32,903,824**	31,224,378	28,747,083	27,704,447	29,143,084	28,343,328
Plan fiduciary net position - ending (b)	**33,712,925**	32,903,824	31,224,378	28,747,083	27,704,447	29,143,084
Net pension liability - ending (a) - (b)	**$ 19,291,409**	$ 19,906,516	$ 18,337,153	$ 38,003,230	$ 37,114,694	$ 12,864,295
Plan fiduciary net position as a percentage of total pension liability	**63.60%**	62.31%	**63.00%**	**43.07%**	**42.74%**	**69.38%**
Covered payroll	**$ 6,486,567**	$ 6,423,120	$ 6,213,613	$ 4,541,931	$ 6,482,292	$ 5,958,900
Net pension liability as a percentage of covered payroll	**297.41%**	309.92%	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,	**2020**	2019	2018	2017	2016	2015
Primary Government						
Actuarially determined contribution	**$ 984,318**	$ 977,060	$ 1,015,206	$ 968,003	$ 771,480	$ 903,260
Contributions in relation to actuarially determined contribution	**(984,318)**	(977,060)	(1,015,206)	(968,003)	(771,480)	(903,260)
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -
Covered payroll	**$ 8,685,340**	$ 9,070,492	$ 9,074,574	$ 9,762,487	$ 10,155,938	$ 10,771,145
Contributions as a percentage of covered payroll	**11.33%**	10.77%	11.19%	9.92%	7.60%	8.39%
Valley International Airport						
Actuarially determined contribution	**$ 48,030**	$ 47,165	$ 52,671	$ 51,757	$ 40,663	$ 56,067
Contributions in relation to actuarially determined contribution	**(48,030)**	(47,165)	(52,671)	(51,757)	(40,663)	(56,067)
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -
Covered payroll	**$ 423,931**	$ 435,425	$ 471,718	$ 538,433	$ 535,692	$ 691,171
Contributions as a percentage of covered payroll	11.33%	10.83%	11.17%	9.61%	7.59%	8.11%
Harlingen Waterworks System						
Actuarially determined contribution	**$ 102,400**	$ 113,384	$ 113,427	$ 89,045	$ 43,964	$ 74,455
Contributions in relation to actuarially determined contribution	**(102,400)**	(89,045)	(113,427)	(89,045)	(43,964)	(74,455)
Contribution deficiency (excess)	**$ -**	$ 24,339	$ -	$ -	$ -	$ -
Covered payroll	**$ 5,889,693**	$ 6,040,222	$ 6,078,926	$ 6,024,295	$ 6,144,250	$ 5,584,459
Contributions as a percentage of covered payroll	**1.74%**	1.88%	1.87%	1.48%	0.72%	1.33%
Harlingen Firemen's Relief and Retirement Fund						
Actuarially determined contribution	**$ 1,185,530**	$ 1,032,488	$ 963,468	$ 921,686	$ 820,837	$ 797,081
Contributions in relation to actuarially determined contribution	**(1,185,530)**	(1,032,488)	(963,468)	(921,686)	(820,837)	(797,081)
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -
Covered payroll	**$ 6,972,813**	$ 6,486,567	$ 6,423,120	$ 6,213,613	$ 6,482,292	$ 5,958,900
Contributions as a percentage of covered payroll	**17.00%**	15.92%	15.00%	14.83%	12.66%	13.38%

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 - Continued

Primary Government	Plan Year ended December 31, 2019	Plan Year ended December 31, 2018	Plan Year ended December 31, 2017
Total OPEB Liability			
Service cost	$ 218,576	$ 228,716	$ 202,831
Interest (on the total OPEB liability)	175,369	156,485	167,434
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(760,970)	2,506	-
Change of assumptions	82,479	(151,084)	184,552
Benefit payments, including refunds of employee contributions	(202,471)	(239,421)	(249,912)
Net Change in Total OPEB Liability	(487,017)	(2,798)	304,905
Total OPEB Liability - Beginning	4,715,240	4,718,038	4,413,133
Total OPEB Liability - Ending	$ 4,228,223	$ 4,715,240	$ 4,718,038
Covered Employee Payroll	$ 25,877,964	$ 25,590,001	$ 24,498,456
Total OPEB Liability as a Percentage of Covered Employee Payroll	16.34%	18.43%	19.26%

Valley International Airport	Plan Year ended December 31, 2019	Plan Year ended December 31, 2018	Plan Year ended December 31, 2017
Total OPEB Liability			
Service cost	$ 15,012	$ 14,678	$ 13,017
Interest (on the total OPEB liability)	12,045	10,042	10,745
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(52,265)	160	-
Change of assumptions	5,665	(9,696)	11,844
Benefit payments, including refunds of employee contributions	(5,928)	(4,845)	(5,394)
Net Change in Total OPEB Liability	(25,471)	10,339	30,212
Total OPEB Liability - Beginning	323,760	313,421	283,209
Total OPEB Liability - Ending	$ 298,289	$ 323,760	$ 313,421
Covered Employee Payroll	$ 1,777,360	$ 1,572,168	$ 1,572,168
Total OPEB Liability as a Percentage of Covered Employee Payroll	16.78%	20.59%	19.94%

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

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

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

Changes of assumptions reflect the effects of changes in the discount rate for the valuation period. The discount rate changed from 3.31% to 3.71% at the December 31, 2019 measurement date.

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 December 31, 2019	Plan Year ended December 31, 2018	Plan Year ended December 31, 2017
Total OPEB Liability			
Service cost	$ 153,680	$ 214,576	$ 188,372
Interest (on the total OPEB liability)	373,998	347,152	364,448
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(1,289,241)	(5,805)	-
Change of assumptions	773,679	(571,896)	706,447
Benefit payments, including refunds of employee contributions	(361,045)	(360,469)	(339,430)
Net Change in Total OPEB Liability	(348,929)	(376,442)	919,837
Total OPEB Liability - Beginning	10,184,478	10,560,920	3,840,067
Net prior period adjustment for GASB 75	-	-	5,801,016
Total OPEB Liability - Ending	$ 9,835,549	$ 10,184,478	$ 10,560,920
Covered Employee Payroll	$ 2,442,456	$ 2,773,191	$ 2,699,342
Total OPEB Liability as a Percentage of Covered Employee Payroll	402.69%	367.25%	391.24%

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

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

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

Changes of assumptions reflect the effects of changes in the discount rate for the valuation period. The discount rate changed from 3.31% to 3.71% at the December 31, 2019 measurement date.

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

Primary Government

	Plan Year ended December 31, 2019	Plan Year ended December 31, 2018	Plan Year ended December 31, 2017
Total OPEB Liability			
Service cost	$ 18,035	$ 21,941	$ 19,919
Interest (on the total OPEB liability)	52,556	46,846	47,365
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(120,207)	32,144	-
Change of assumptions	222,421	(86,065)	100,085
Benefit payments, including refunds of employee contributions	(16,232)	(14,628)	(13,279)
Net Change in Total OPEB Liability	156,573	238	154,090
Total OPEB Liability - Beginning	1,404,047	1,403,809	1,249,719
Total OPEB Liability - Ending	$ 1,560,620	$ 1,404,047	$ 1,403,809
Covered Employee Payroll	$ 9,017,514	$ 9,142,282	$ 9,485,119
Total OPEB Liability as a Percentage of Covered Employee Payroll	17.31%	15.36%	14.80%

Valley International Airport

	Plan Year ended December 31, 2019	Plan Year ended December 31, 2018	Plan Year ended December 31, 2017
Total OPEB Liability			
Service cost	$ 848	$ 1,094	$ 1,110
Interest (on the total OPEB liability)	2,471	2,336	2,639
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(5,651)	1,603	-
Change of assumptions	10,456	(4,291)	5,576
Benefit payments, including refunds of employee contributions	(763)	(729)	(740)
Net Change in Total OPEB Liability	7,361	13	8,585
Total OPEB Liability - Beginning	78,228	78,215	69,630
Total OPEB Liability - Ending	$ 85,589	$ 78,228	$ 78,215
Covered Employee Payroll	$ 423,931	$ 455,815	$ 528,477
Total OPEB Liability as a Percentage of Covered Employee Payroll	20.19%	17.16%	14.80%

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

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

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

Changes of assumptions reflect the effects of changes in the discount rate for the valuation period. The discount rate changed from 3.71% to 2.75% at the December 31, 2019 measurement date.

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

Harlingen Waterworks System

	Plan Year ended December 31, 2019	Plan Year ended December 31, 2018	Plan Year ended December 31, 2017
Total OPEB Liability			
Service cost	$ 13,546	$ 17,181	$ 14,385
Interest (on the total OPEB liability)	18,865	17,554	17,569
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(11,177)	(16,478)	-
Change of assumptions	89,400	(32,570)	37,652
Benefit payments, including refunds of employee contributions	(5,890)	(5,522)	(5,394)
Net Change in Total OPEB Liability	104,744	(19,835)	64,212
Total OPEB Liability - Beginning	504,660	524,495	460,283
Total OPEB Liability - Ending	$ 609,404	$ 504,660	$ 524,495
Covered Employee Payroll	$ 5,889,693	$ 6,136,098	$ 5,993,680
Total OPEB Liability as a Percentage of Covered Employee Payroll	10.35%	8.22%	8.75%

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

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

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

Changes of assumptions reflect the effects of changes in the discount rate for the valuation period. The discount rate changed from 3.71% to 2.75% at the December 31, 2019 measurement date.

City of Harlingen, Texas
Notes to Required Supplementary Information

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	13 Years
Asset Valuation Method	10 Year Smoothed Market; 12% Soft Corridor
Inflation	2.5%
Salary Increases	3.50% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience – based table based on rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 – 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.
Other Information:	There were no benefit changes during the year.

City of Harlingen, Texas
Notes to Required Supplementary Information

Harlingen Waterworks System

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	N/A
Asset Valuation Method	10 Year Smoothed Market; 12% Soft Corridor
Inflation	2.5%
Salary Increases	3.50% to 11.50% 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 2019 valuation pursuant to an experience study of the period 2014 – 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety tables for males and the General Employee table used for females. The rate projected on a fully generational basis with scale UMP.
Other Information:	The System discontinued participation in TMRS for employees hired or rehired on or after October 1, 2018.

City of Harlingen, Texas
Notes to Required Supplementary Information

Harlingen Firemen's Relief and Retirement Fund

Valuation Date:	The total pension liability was determined by an actuarial as of September 30, 2019.

Methods and Assumptions Used to Determine Contribution Rates:

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

City of Harlingen, Texas
Notes to Required Supplementary 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, Other Grants, Tennis Court Revenue, Hotel/Motel Occupancy Tax, PEG, Catastrophic Emergency Relief, Harlingen Downtown, and Freetrade Bridge, Convention and Visitors Bureau, Communication Center, Federal Foreiture, State Forfeiture, 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.

OTHER SUPPLEMENTARY INFORMATION

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City of Harlingen, Texas
Nonmajor Governmental Funds
Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

City of Harlingen, Texas
Nonmajor Governmental Funds
Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

City of Harlingen, Texas
Nonmajor Governmental Funds
Capital Projects Funds

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

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

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

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

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

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

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

DEBT SERVICE FUND

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

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

September 30, 2020

	Special Revenue Funds						
	Tennis Court Revenue	PEG Fund	Hotel/Motel Occupancy Tax	Convention Visitors Bureau	M.P.O.	Catastrophic Emergency Relief	Harlingen Downtown
Assets							
Cash and cash equivalents	$ 38,749	$ 808,419	$ 1,000,962	$ 225,117	$ -	$ 832,231	$ 182,114
Receivables (net of allowance for uncollectibles)							
Taxes	-	-	-	-	-	-	-
Accounts	20	27,085	292,869	1,028	-	-	610
Assessments	-	-	-	-	-	-	6,135
Due from other governments	-	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-
Prepaid items	-	-	-	25,000	-	-	-
Cash and cash equivalents - rest.	-	-	-	-	-	-	-
Total assets	$ 38,769	$ 835,504	$ 1,293,831	$ 251,145	$ -	$ 832,231	$ 188,859
Liabilities							
Accounts payable	$ 4,610	$ -	$ -	$ -	$ -	$ 2,620	$ 3,474
Accrued expenditures	-	-	-	563	-	-	581
Escrow liabilities	-	-	-	-	-	-	-
Other liabilities	-	-	1,112	4,382	-	-	2,876
Due to other funds	-	-	-	-	-	-	-
Total liabilities	4,610	-	1,112	4,945	-	2,620	6,931
Deferred inflows of resources							
Unavailable revenue - property taxes	-	-	-	-	-	-	-
Unavailable revenue - special assessments	-	-	-	-	-	-	6,135
Unavailable revenue - other	-	-	150,287	-	-	-	-
Total deferred inflows of resources	-	-	150,287	-	-	-	6,135
Fund balance (deficit)							
Nonspendable	-	-	-	25,000	-	-	-
Restricted	-	835,504	1,142,432	221,200	-	-	175,793
Committed	-	-	-	-	-	829,611	-
Unassigned	34,159	-	-	-	-	-	-
Total fund balance (deficit)	34,159	835,504	1,142,432	246,200	-	829,611	175,793
Total liabilities, deferred inflows of resources and fund balances	$ 38,769	$ 835,504	$ 1,293,831	$ 251,145	$ -	$ 832,231	$ 188,859

Special Revenue Funds										
Federal Forfeiture	State Forfeiture	Air Service Development Program	Communication Center	Harlingen Convention Center	Free Trade Bridge	Infrastructure	Lon C. Hill Library	Tax Increment Financing Reinvestment Zone 1	Tax Increment Financing Reinvestment Zone 2
$ 73,023	$ 124,361	$ 1,053	$ -	$ 116,281	$ 608,437	$ 1,862,332	$ 159,881	$ 587,315	$ 808,518
-	-	-	-	-	-	-	-	-	-
1,429	12,201	-	-	506,789	-	2,469	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	67,078	161,333
-	-	-	-	-	-	21,254	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
$ 74,452	$ 136,562	$ 1,053	$ -	$ 623,070	$ 608,437	$ 1,886,055	$ 159,881	$ 654,393	$ 969,851
$ -	$ 1,001	$ -	$ -	$ -	$ 10	$ 49,165	$ -	$ -	$ -
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	587	-	-	-	-	-	-	-
-	1,001	587	-	-	10	49,165	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	120,000	-	-	-	67,578	161,833
-	-	-	-	120,000	-	-	-	67,578	161,833
-	-	-	-	-	-	-	-	-	-
74,452	135,561	-	-	-	-	-	159,881	586,815	808,018
-	-	466	-	-	608,427	1,836,890	-	-	-
-	-	-	-	503,070	-	-	-	-	-
74,452	135,561	466	-	503,070	608,427	1,836,890	159,881	586,815	808,018
$ 74,452	$ 136,562	$ 1,053	$ -	$ 623,070	$ 608,437	$ 1,886,055	$ 159,881	$ 654,393	$ 969,851

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

September 30, 2020

	Special Revenue Funds		Capital Projects Funds				
	Tax Increment Financing Reinvestment Zone 3	Total	Capital Improvement	Street Improvement	Petition Paving	Certificates of Obligation Projects Series 2001	G.O. Bond Series 2006
Assets							
Cash and cash equivalents	$ 234,451	$ 7,663,244	$ 2,883	$ 541	$ 148,053	$ -	$ -
Receivables (net of allowance for uncollectibles)							
Taxes	-	-	-	-	-	-	-
Accounts	-	844,500	-	-	11,293	-	-
Assessments	-	6,135	-	-	143,013	-	-
Due from other governments	363,331	591,742	-	-	-	-	-
Due from component units	-	21,254	-	-	-	-	-
Prepaid items	-	25,000	-	-	-	-	-
Cash and cash equivalents - rest.	-	-	-	-	-	703,305	65,892
Total assets	$ 597,782	$ 9,151,875	$ 2,883	$ 541	$ 302,359	$ 703,305	$ 65,892
Liabilities							
Accounts payable	$ -	$ 60,880	$ -	$ -	$ -	$ -	$ -
Accrued expenditures	-	1,144	-	-	-	-	-
Escrow liabilities	-	-	-	-	163,002	-	-
Other liabilities	-	8,370	-	-	938	-	-
Due to other funds	-	587	-	-	-	-	-
Total liabilities	-	70,981	-	-	163,940	-	-
Deferred inflows of resources							
Unavailable revenue - property taxes	-	-	-	-	-	-	-
Unavailable revenue - special assessments	-	6,135	-	-	-	-	-
Unavailable revenue - other	363,831	863,529	-	-	145,977	-	-
Total deferred inflows of resources	363,831	869,664	-	-	145,977	-	-
Fund balance (deficit)							
Nonspendable	-	25,000	-	-	-	-	-
Restricted	233,951	4,373,607	2,883	-	-	703,305	65,892
Committed	-	3,275,394	-	541	-	-	-
Unassigned	-	537,229	-	-	(7,558)	-	-
Total fund balance (deficit)	233,951	8,211,230	2,883	541	(7,558)	703,305	65,892
Total liabilities, deferred inflows of resources and fund balances	$ 597,782	$ 9,151,875	$ 2,883	$ 541	$ 302,359	$ 703,305	$ 65,892

Capital Projects Funds			
Total	Debt Service Fund	Total Non Major Governmental Funds
$ 151,477	$ 936,000	$ 8,750,721
-	263,643	263,643
11,293	6,621	862,414
143,013	-	149,148
-	-	591,742
-	-	21,254
-	-	25,000
769,197	-	769,197
$ 1,074,980	$ 1,206,264	$ 11,433,119
$ -	$ -	$ 60,880
-	-	1,144
163,002	-	163,002
938	-	9,308
-	-	587
163,940	-	234,921
-	247,429	247,429
-	-	6,135
145,977	-	1,009,506
145,977	247,429	1,263,070
-	-	25,000
772,080	958,835	6,104,522
541	-	3,275,935
(7,558)	-	529,671
765,063	958,835	9,935,128
$ 1,074,980	$ 1,206,264	$ 11,433,119

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

Year ended September 30, 2020

	Special Revenue Funds						
	Tennis Court Revenue	PEG Fund	Hotel/Motel Occupancy Tax	Convention Visitors Bureau	M.P.O.	Catastrophic Emergency Relief	Harlingen Downtown
Revenues							
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Nonproperty taxes	-	108,351	1,181,840	-	-	-	-
Assessments	-	-	-	-	-	-	29,726
Fines and forfeitures	-	-	-	-	-	-	-
Charges for services	9,158	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Miscellaneous	-	-	-	1,790	-	-	-
Interest and investment income	11	5,476	6,240	613	-	6,212	641
Total revenues	9,169	113,827	1,188,080	2,403	-	6,212	30,367
Expenditures							
Current							
General government	-	-	85,000	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	2,075	-
Health and welfare	-	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-	233,394
Culture and recreation	52,182	-	-	385,110	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	52,182	-	85,000	385,110	-	2,075	233,394
Excess (deficiency) of revenues over (under) expenditures	(43,013)	113,827	1,103,080	(382,707)	-	4,137	(203,027)
Other financing sources (uses)							
Transfers in	86,676	-	-	423,996	320	-	214,980
Transfers out	-	-	(829,488)	-	-	-	-
Bond refunding issuance premium	-	-	-	-	-	-	-
Refunding bond proceeds	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-
Cost of refunded bonds	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	86,676	-	(829,488)	423,996	320	-	214,980
Net change in fund balances	43,663	113,827	273,592	41,289	320	4,137	11,953
Fund balance, beginning of year	(9,504)	721,677	868,840	204,911	(320)	825,474	163,840
Fund balance, end of year	$ 34,159	$ 835,504	$ 1,142,432	$ 246,200	$ -	$ 829,611	$ 175,793

Special Revenue Funds									
Federal Forfeiture	State Forfeiture	Air Service Development Program	Communication Center	Harlingen Convention Center	Free Trade Bridge	Infrastructure	Lon C. Hill Library	Tax Increment Financing Reinvestment Zone 1	Tax Increment Financing Reinvestment Zone 2
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,523,842	-	-	-
10,957	5,162	-	-	-	-	-	-	-	-
-	-	-	-	-	156,977	-	-	-	-
1,455	-	-	-	-	-	-	-	-	-
532	834	-	-	-	-	-	76,990	-	-
322	727	7,324	190	1,195	7,954	9,074	409	4,102	4,564
13,266	6,723	7,324	190	1,195	164,931	1,532,916	77,399	4,102	4,564
-	-	-	-	-	-	-	-	-	-
1,600	38,329	-	-	-	-	-	-	-	-
-	-	-	-	-	55,124	1,041,034	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	355,650	-	-	-	-	-	500	500
-	-	-	-	-	-	-	20,747	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
1,600	38,329	355,650	-	-	55,124	1,041,034	20,747	500	500
11,666	(31,606)	(348,326)	190	1,195	109,807	491,882	56,652	3,602	4,064
-	-	-	-	-	-	165,935	-	82,622	211,728
-	-	(295,280)	(43,332)	-	(506,376)	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
3,479	16,509	-	-	-	-	-	-	-	-
3,479	16,509	(295,280)	(43,332)	-	(506,376)	165,935	-	82,622	211,728
15,145	(15,097)	(643,606)	(43,142)	1,195	(396,569)	657,817	56,652	86,224	215,792
59,307	150,658	644,072	43,142	501,875	1,004,996	1,179,073	103,229	500,591	592,226
$ 74,452	$ 135,561	$ 466	$ -	$ 503,070	$ 608,427	$ 1,836,890	$ 159,881	$ 586,815	$ 808,018

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

Year ended September 30, 2020

	Special Revenue Funds		Capital Projects Funds				
	Tax Increment Financing Reinvestment Zone 3	Total	Capital Improvement	Street Improvement	Petition Paving	Certificates of Obligation Projects Series 2001	G.O. Bond Series 2006
Revenues							
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Nonproperty taxes	-	1,290,191	-	-	-	-	-
Assessments	-	1,553,568	-	-	-	-	-
Fines and forfeitures	-	16,119	-	-	-	-	-
Charges for services	-	166,135	-	-	-	-	-
Intergovernmental	-	1,455	-	-	-	-	-
Miscellaneous	-	80,146	-	-	20	-	-
Interest and investment income	2,118	57,172	13	8	583	6,001	260
Total revenues	2,118	3,164,786	13	8	603	6,001	260
Expenditures							
Current							
General government	-	85,000	-	-	-	-	-
Public safety	-	39,929	-	-	-	-	-
Highways and streets	-	1,098,233	-	-	-	-	-
Health and welfare	-	-	-	-	-	1,750	-
Community and economic development	500	590,544	-	-	-	-	-
Culture and recreation	-	458,039	-	-	-	-	-
Capital outlay	-	-	2,289	-	-	39,114	-
Debt service							
Principal	70,000	70,000	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	70,500	2,341,745	2,289	-	-	40,864	-
Excess (deficiency) of revenues over (under) expenditures	(68,382)	823,041	(2,276)	8	603	(34,863)	260
Other financing sources (uses)							
Transfers in	459,062	1,645,319	-	-	-	85,000	-
Transfers out	(453,396)	(2,127,872)	-	-	-	-	-
Bond refunding issuance premium	-	-	-	-	-	-	-
Refunding bond proceeds	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-
Cost of refunded bonds	-	-	-	-	-	-	-
Sale of capital assets	-	19,988	-	-	-	-	-
Total other financing sources (uses)	5,666	(462,565)	-	-	-	85,000	-
Net change in fund balances	(62,716)	360,476	(2,276)	8	603	50,137	260
Fund balance, beginning of year	296,667	7,850,754	5,159	533	(8,161)	653,168	65,632
Fund balance, end of year	$ 233,951	$ 8,211,230	$ 2,883	$ 541	$ (7,558)	$ 703,305	$ 65,892

Capital Projects Funds		
Total	Debt Service Fund	Total Non Major Governmental Funds
$ -	$ 3,812,624	$ 3,812,624
-	-	1,290,191
-	-	1,553,568
-	-	16,119
-	-	166,135
-	606,485	607,940
20	-	80,166
6,865	12,469	76,506
6,885	4,431,578	7,603,249
-	-	85,000
-	-	39,929
-	-	1,098,233
1,750	-	1,750
-	-	590,544
-	-	458,039
41,403	-	41,403
-	3,360,000	3,430,000
-	1,395,883	1,395,883
43,153	4,755,883	7,140,781
(36,268)	(324,305)	462,468
85,000	198,492	1,928,811
-	-	(2,127,872)
-	280,521	280,521
-	1,690,000	1,690,000
-	(1,896,534)	(1,896,534)
-	(64,660)	(64,660)
-	-	19,988
85,000	207,819	(169,746)
48,732	(116,486)	292,722
716,331	1,075,321	9,642,406
$ 765,063	$ 958,835	$ 9,935,128

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INTERNAL SERVICE FUNDS
COMBINING FINANCIAL STATEMENTS

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City of Harlingen, Texas
Internal Service Funds

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

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

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

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

September 30, 2020

	Motor Vehicle/ Warehouse Fund	Health Insurance Fund	Total
Assets			
Current assets			
Cash and cash equivalents	$ 3,687,647	$ 891,351	$ 4,578,998
Receivables (net of allowances for uncollectibles)			
Accounts	10,823	6,232	17,055
Inventories	191,673	-	191,673
Due from component units	615	-	615
Total current assets	3,890,758	897,583	4,788,341
Non-current assets			
Capital assets			
Plant and equipment	21,062,708	-	21,062,708
Accumulated depreciation	(16,544,228)	-	(16,544,228)
Total capital assets (net of accumulated depreciation)	4,518,480	-	4,518,480
Total assets	8,409,238	897,583	9,306,821
Deferred outflows of resources			
OPEB - retiree healthcare	3,679	-	3,679
OPEB - supplemental death benefits	1,932	-	1,932
Pensions	7,376	-	7,376
Total deferred outflows of resources	12,987	-	12,987
Total assets and deferred outflows of resources	$ 8,422,225	$ 897,583	$ 9,319,808

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

September 30, 2020

	Motor Vehicle/ Warehouse Fund	Health Insurance Fund	Total
Liabilities			
Current liabilities			
Accounts payable	$ 13,022	$ 21,724	$ 34,746
Due to other funds	-	65,000	65,000
Compensated absences	12,585	-	12,585
Accrued expenses	1,201	-	1,201
Total current liabilities	26,808	86,724	113,532
Non-current liabilities			
Compensated absences	33,177	-	33,177
OPEB liability - retiree health care	42,734	-	42,734
OPEB liability - supplemental death benefits	15,773	-	15,773
Net pension liability	6,311	-	6,311
Total non-current liabilities	97,995	-	97,995
Total liabilities	124,803	86,724	211,527
Deferred inflows of resources			
Inflows_OPEB - retiree healthcare	7,992	-	7,992
Inflows_OPEB - supplemental death benefits	1,143	-	1,143
Deferred inflows of resources from pensions	32,079	-	32,079
Total deferred inflows of resources	41,214	-	41,214
Net position			
Net investment in capital assets	4,518,480	-	4,518,480
Unrestricted	3,737,728	810,859	4,548,587
Total net position	8,256,208	810,859	9,067,067
Total liabilities, deferred inflows of resources and net position	$ 8,422,225	$ 897,583	$ 9,319,808

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

Year ended September 30, 2020

	Motor Vehicle/ Warehouse Fund	Health Insurance Fund	Total
Operating revenues			
Current use charges	$ 3,268,754	$ 4,782,640	$ 8,051,394
Operating expenses			
Personnel services	349,108	-	349,108
Contracted services	101,002	4,619,381	4,720,383
Materials and supplies	1,578,536	-	1,578,536
Other expenses	42,177	-	42,177
Depreciation and amortization	1,184,152	-	1,184,152
Total operating expenses	3,254,975	4,619,381	7,874,356
Operating income	13,779	163,259	177,038
Nonoperating revenues			
Interest revenue	31,213	3,620	34,833
Gain (loss) on sale/disposal of fixed assets	(137,132)	-	(137,132)
Miscellaneous revenue	3,730	-	3,730
Total nonoperating revenues	(102,189)	3,620	(98,569)
Income before transfers	(88,410)	166,879	78,469
Transfers			
Transfers in	666,250	-	666,250
Transfers out	(1,152,351)	-	(1,152,351)
Total transfers	(486,101)	-	(486,101)
Net change in net position	(574,511)	166,879	(407,632)
Net position, beginning of year	8,830,719	643,980	9,474,699
Net position, end of year	$ 8,256,208	$ 810,859	$ 9,067,067

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

Year Ended September 30, 2020

	Motor Vehicle/ Warehouse Fund	Health Insurance Fund	Totals
Cash flows from operating activities			
Received from customers	$ 3,273,970	$ 4,780,919	$ 8,054,889
Payments to suppliers	(1,769,541)	(4,606,670)	(6,376,211)
Payments to employees	(378,750)	-	(378,750)
Net cash provided by (used in) operations	1,125,679	174,249	1,299,928
Cash flows from noncapital financing activities			
Transfers from other funds	666,250	-	666,250
Transfers to other funds	(1,152,351)	-	(1,152,351)
Net cash provided by (used in) noncapital financing activities	(486,101)	-	(486,101)
Cash flows from capital and related financing activities			
Purchases of capital assets	(718,292)	-	(718,292)
Net cash provided by (used in) capital and related financing activities	(718,292)	-	(718,292)
Cash flows from investing activities			
Purchase of investments	-	-	-
Interest received	31,213	3,620	34,833
Net cash provided by (used in) investing activities	31,213	3,620	34,833
Net decrease in cash and cash equivalents	(47,501)	177,869	130,368
Cash and cash equivalents, beginning of year	3,735,148	713,482	4,448,630
Cash and cash equivalents, end of year	$ 3,687,647	$ 891,351	$ 4,578,998

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

Year Ended September 30, 2020

	Motor Vehicle/ Warehouse Fund	Health Insurance Fund	Totals
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating loss	$ 13,779	$ 163,259	$ 177,038
Adjustments to reconcile net income from operations to net cash from operating activities			
Depreciation	1,184,152	-	1,184,152
Other revenue received	3,730	-	3,730
Insurance recovery received	-	-	-
(Increase) decrease in receivables	2,101	(1,721)	380
(Increase) decrease in due from component unit	(615)	-	(615)
(Increase) decrease in prepaid expenses	16,030	9,285	25,315
(Increase) decrease in inventories	(74,273)	-	(74,273)
(Increase) decrease in deferred outflows of resources	45,244	-	45,244
Increase (decrease) in deferred inflows of resources	37,716	-	37,716
Increase (decrease) in accounts payable	10,417	3,426	13,843
Increase (decrease) in net pension liability	(76,791)	-	(76,791)
Increase (decrease) in net other post employment benefit obligation	(17,628)	-	(17,628)
Increase (decrease) in accrued expenses	(18,183)	-	(18,183)
Total adjustments	1,111,900	10,990	1,122,890
Net cash provided by (used in) operations	$ 1,125,679	$ 174,249	$ 1,299,928

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Supplementary Individual Governmental Fund Financial Statements and Schedules

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City of Harlingen
General Fund
Comparative Balance Sheets

September 30,	2020	Restated 2019
Assets		
Cash and cash equivalents	$ 16,156,573	$ 17,540,600
Investments - other	5,000,000	2,000,000
Receivables (net of allowance for uncollectibles)		
Taxes	882,557	828,675
Accounts	811,203	800,804
Due from other governments	4,604,596	1,509,367
Due from other funds	1,329,881	1,347,498
Due from component units	65,052	-
Loans receivable	212,899	189,561
Prepaid items	182,808	221,518
Restricted assets:		
Cash and cash equivalents	35,914	137,141
Total assets	$ 29,281,483	$ 24,575,164
Liabilities		
Accounts payable	$ 797,541	$ 743,746
Accrued expenditures	458,282	1,082,778
Escrow liabilities	440,145	307,898
Other liabilities	539,250	665,329
Customer deposits	35,914	137,141
Due to other funds	-	122,833
Due to component units	50,000	-
Total liabilities	2,321,132	3,059,725
Deferred inflows of resources		
Unavailable revenue - property taxes	814,112	787,066
Unavailable revenue - payments in lieu of taxes	28,810	23,088
Unavailable revenue - other	66,054	65,558
Total deferred inflows of resources	908,976	875,712
Fund balances		
Nonspendable	182,808	221,518
Restricted	118,119	-
Assigned	573,369	428,246
Unassigned	25,177,079	20,139,963
Total fund balances	26,051,375	20,789,727
Total liabilities, deferred inflows of resources and fund balances	$ 29,281,483	$ 24,725,164

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

Year ended September 30,	2020	Restated 2019
Revenues		
Property taxes - including penalty and interest	$ 18,206,332	$ 15,267,137
Non property taxes	22,280,460	22,728,278
Fines and forfeitures	831,889	1,059,835
Licenses and permits	706,930	690,991
Charges for services	981,550	1,327,675
Intergovernmental	5,743,698	1,347,063
Contributions and donations	3,228,964	94,551
Miscellaneous	401,968	192,553
Interest and investment income	238,198	547,187
Total revenues	52,619,989	43,255,270
Expenditures		
Current		
General government	6,324,719	5,818,350
Public safety	24,296,047	23,697,616
Highways and streets	3,644,814	3,410,491
Health and welfare	1,305,281	883,373
Community and economic development	1,748,118	1,818,633
Culture and recreation	4,969,797	5,046,136
Capital outlay	5,048,443	1,259,425
Debt service		
Principal retirement	252,945	180,216
Interest and fiscal agent fees	60,650	22,023
Total expenditures	47,650,814	42,136,263
Excess of revenues over expenditures	4,969,175	1,119,007
Other financing sources (uses)		
Transfers in	2,598,381	2,114,996
Transfers out	(3,637,188)	(3,200,736)
Note payable proceeds	1,000,000	-
Sale of general capital assets	481,280	56,196
Total other financing sources (uses)	442,473	(1,029,544)
Net change in fund balance	5,411,648	89,463
Fund balance, beginning of year	20,639,727	20,700,264
Prior period adjustment	-	(150,000)
Fund balance, beginning of year, as restated	20,639,727	20,550,264
Fund balance, end of year	$ 26,051,375	$ 20,639,727

City of Harlingen
Community Development Block Grant Fund
Comparative Balance Sheets

September 30,	2020	2019
Assets		
Cash and cash equivalents	$ 301,432	$ 207,223
Receivables (net of allowance for uncollectibles)		
Accounts	1,607	8,032
Assessments	12,815	12,815
Loans receivable	1,456,372	1,574,987
Total assets	$ 1,772,226	$ 1,803,057
Liabilities		
Accounts payable	$ 12,225	$ 1,850
Accrued expenditures	625	6,197
Escrow liabilities	23,315	18,156
Other liabilities	2,976	2,512
Due to other funds	99,997	100,000
Total liabilities	139,138	128,715
Deferred inflows of resources		
Unavailable revenue - special assessments	12,815	12,815
Unavailable revenue - noncurrent receivables	1,456,372	1,574,987
Total deferred inflows of resources	1,469,187	1,587,802
Fund balances		
Restricted	163,901	86,540
Total fund balances	163,901	86,540
Total liabilities, deferred inflows of resources and fund balances	$ 1,772,226	$ 1,803,057

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

Year ended September 30,	2020	2019
Revenues		
Intergovernmental	$ 729,490	$ 1,233,169
Miscellaneous	93,418	111,900
Interest and investment income	6,168	5,752
Total revenues	829,076	1,350,821
Expenditures		
Current		
Community and economic development	529,210	1,106,576
Capital outlay	222,505	230,248
Total expenditures	751,715	1,336,824
Net change in fund balance	77,361	13,997
Fund balance, beginning of year	86,540	72,543
Fund balance, end of year	$ 163,901	$ 86,540

City of Harlingen
Tennis Court Fund
Comparative Balance Sheets

September 30,	2020	2019
Assets		
Cash and cash equivalents	$ 38,749	$ -
Receivables (net of allowance for uncollectibles)		
Accounts	20	20
Total assets	$ 38,769	$ 20
Liabilities		
Accounts payable	$ 4,610	$ 379
Due to other funds	-	9,145
Total liabilities	4,610	9,524
Deferred inflows of resources	-	-
Fund balances		
Unassigned	34,159	(9,504)
Total fund balances	34,159	(9,504)
Total liabilities, deferred inflows of resources and fund balances	$ 38,769	$ 20

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

Year ended September 30,	2020	2019
Revenues		
Charges for services	$ 9,158	$ 8,494
Interest and investment income	11	50
Total revenues	9,169	8,544
Expenditures		
Current		
Culture and recreation	52,182	30,167
Total expenditures	52,182	30,167
(Deficiency) of revenues (under) expenditures	(43,013)	(21,623)
Other financing sources (uses)		
Transfers in	86,676	-
Total other financing sources (uses)	86,676	-
Net change in fund balance	43,663	(21,623)
Fund balance, beginning of year	(9,504)	12,119
Fund balance, end of year	$ 34,159	$ (9,504)

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

Year ended September 30, 2020

	Budget		Actual Amount	Variance Positive
	Original	Final	(GAAP BASIS)	(Negative)
Revenues				
Charges for services	$ 9,000	$ 9,000	$ 9,158	$ 158
Interest and investment income	-	-	11	11
Total revenues	9,000	9,000	9,169	169
Expenditures				
Current				
Culture and recreation	53,147	54,322	52,182	2,140
Capital outlay	24,000	22,825	-	22,825
Total expenditures	77,147	77,147	52,182	24,965
Excess (deficiency) of revenues over (under) expenditures	(68,147)	(68,147)	(43,013)	25,134
Other financing sources (uses)				
Transfers in	86,673	86,673	86,676	3
Total other financing sources (uses)	86,673	86,673	86,676	3
Net change in fund balance	$ 18,526	$ 18,526	43,663	$ 25,137
Fund balances, beginning of year			(9,504)	
Fund balance, end of year			$ 34,159	

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

September 30,	2020	2019
Assets		
Cash and cash equivalents	$ 808,419	$ 695,542
Receivables (net of allowance for uncollectibles)		
Accounts	27,085	26,135
Total assets	$ 835,504	$ 721,677
Liabilities	$ -	$ -
Deferred inflows of resources	-	-
Fund balances		
Restricted	835,504	721,677
Total fund balances	835,504	721,677
Total liabilities, deferred inflows of resources and fund balances	$ 835,504	$ 721,677

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

Year ended September 30,	2020	2019
Revenues		
Non property taxes	$ 108,351	$ 107,567
Interest and investment income	5,476	4,497
Total revenues	113,827	112,064
Expenditures	-	-
Net change in fund balance	113,827	112,064
Fund balance, beginning of year	721,677	609,613
Fund balance, end of year	$ 835,504	$ 721,677

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

Year ended September 30, 2020

	Budget		Actual Amount	Variance Positive
	Original	Final	(GAAP BASIS)	(Negative)
Revenues				
Nonproperty taxes	$ 85,000	$ 85,000	$ 108,351	$ 23,351
Interest and investment income	-	-	5,476	5,476
Total revenues	85,000	85,000	113,827	28,827
Expenditures				
Total expenditures	-	-	-	-
Net change in fund balance	$ 85,000	$ 85,000	113,827	$ 28,827
Fund balances, beginning of year			721,677	
Fund balance, end of year			$ 835,504	

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

September 30,	2020	2019
Assets		
Cash and cash equivalents	$ 1,000,962	$ 742,608
Receivables (net of allowance for uncollectibles)		
Accounts	292,869	322,693
Total assets	$ 1,293,831	$ 1,065,301
Liabilities		
Other liabilities	$ 1,112	$ -
Total liabilities	1,112	-
Deferred inflows of resources		
Unavailable revenue - other	150,287	196,461
Total deferred inflows of resources	150,287	196,461
Fund balances		
Restricted	1,142,432	868,840
Total fund balances	1,142,432	868,840
Total liabilities, deferred inflows of resources and fund balances	$ 1,293,831	$ 1,065,301

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

Year ended September 30,	2020	2019
Revenues		
Non property taxes	$ 1,181,840	$ 1,385,981
Interest and investment income	6,240	12,395
Total revenues	1,188,080	1,398,376
Expenditures		
Current		
General government	85,000	65,000
Total expenditures	85,000	65,000
Excess of revenues over expenditures	1,103,080	1,333,376
Other financing sources (uses)		
Transfers out	(829,488)	(764,492)
Total other financing sources (uses)	(829,488)	(764,492)
Net change in fund balance	273,592	568,884
Fund balance, beginning of year	868,840	299,956
Fund balance, end of year	$ 1,142,432	$ 868,840

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

Year ended September 30, 2020

	Budget		Actual Amount	Variance Positive
	Original	Final	(GAAP BASIS)	(Negative)
Revenues				
Nonproperty taxes	$ 860,000	$ 860,000	$ 1,181,840	$ 321,840
Interest and investment income	5,000	5,000	6,240	1,240
Total revenues	865,000	865,000	1,188,080	323,080
Expenditures				
Current				
General government	95,000	95,000	85,000	10,000
Total expenditures	95,000	95,000	85,000	10,000
Excess (deficiency) of revenues over (under) expenditures	770,000	770,000	1,103,080	333,080
Other financing sources (uses)				
Transfers out	(829,492)	(829,492)	(829,488)	4
Total other financing sources (uses)	(829,492)	(829,492)	(829,488)	4
Net change in fund balance	$ (59,492)	$ (59,492)	273,592	$ 333,084
Fund balances, beginning of year			868,840	
Fund balance, end of year			$ 1,142,432	

City of Harlingen
Convention and Visitors Bureau Fund
Comparative Balance Sheets

September 30,	2020	2019
Assets		
Cash and cash equivalents	$ 225,117	$ 211,430
Receivables (net of allowance for uncollectibles)		
Accounts	1,028	-
Prepaid items	25,000	436
Total assets	$ 251,145	$ 211,866
Liabilities		
Accounts payable	$ -	$ 1,375
Accrued expenditures	563	5,580
Other liabilities	4,382	-
Total liabilities	4,945	6,955
Deferred inflows of resources	-	-
Fund balances		
Nonspendable	25,000	436
Restricted	221,200	204,475
Total fund balances	246,200	204,911
Total liabilities, deferred inflows of resources and fund balances	$ 251,145	$ 211,866

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

Year ended September 30,	2020	2019
Revenues		
Intergovernmental	$ -	$ 1,500
Miscellaneous	1,790	1,463
Interest and investment income	613	3,497
Total revenues	2,403	6,460
Expenditures		
Current		
Culture and recreation	385,110	500,942
Total expenditures	385,110	500,942
(Deficiency) of revenues (under) expenditures	(382,707)	(494,482)
Other financing sources (uses)		
Transfers in	423,996	424,000
Total other financing sources (uses)	423,996	424,000
Net change in fund balance	41,289	(70,482)
Fund balance, beginning of year	204,911	275,393
Fund balance, end of year	$ 246,200	$ 204,911

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

Year ended September 30, 2020

	Budget		Actual Amount	Variance Positive
	Original	Final	(GAAP BASIS)	(Negative)
Revenues				
Intergovernmental	$ 20,500	$ 20,500	$ -	$ (20,500)
Miscellaneous	-	-	1,790	1,790
Interest and investment income	2,800	2,800	613	(2,187)
Total revenues	23,300	23,300	2,403	(20,897)
Expenditures				
Current				
Culture and recreation	443,627	493,627	385,110	108,517
Total expenditures	443,627	493,627	385,110	108,517
Excess (deficiency) of revenues over (under) expenditures	(420,327)	(470,327)	(382,707)	87,620
Other financing sources (uses)				
Transfers in	424,000	424,000	423,996	(4)
Total other financing sources (uses)	424,000	424,000	423,996	(4)
Net change in fund balance	$ 3,673	$ (46,327)	41,289	$ 87,616
Fund balances, beginning of year			204,911	
Fund balance, end of year			$ 246,200	

City of Harlingen
MPO Grant Fund
Comparative Balance Sheets

September 30,	2020	2019
Assets		
Receivables (net of allowance for uncollectibles)		
Due from other governments	$ -	$ 245,707
Prepaid items	-	-
Total assets	$ -	$ 245,707
Liabilities		
Accounts payable	$ -	$ 60
Accrued expenditures	-	6,182
Other liabilities	-	1,582
Due to other funds	-	237,472
Total liabilities	-	245,296
Deferred inflows of resources		
Unavailable revenue - other	-	731
Total deferred inflows of resources	-	731
Fund balances		
Nonspendable	-	-
Unassigned	-	(320)
Total fund balances	-	(320)
Total liabilities, deferred inflows of resources and fund balances	$ -	$ 245,707

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

Year ended September 30,	2020	2019
Revenues		
Intergovernmental	$ -	$ 395,558
Total revenues	-	395,558
Expenditures		
Current		
Highways and streets	-	396,150
Total expenditures	-	396,150
(Deficiency) of revenues (under) expenditures	-	(592)
Other financing sources (uses)		
Transfers in	320	-
Sale of capital assets	-	172
Total other financing sources (uses)	320	172
Net change in fund balance	320	(420)
Fund balance, beginning of year	(320)	100
Fund balance, end of year	$ -	$ (320)

City of Harlingen
Catastrophic Emergency Relief Fund
Comparative Balance Sheets

September 30,	2020	2019
Assets		
Cash and cash equivalents	$ 832,231	$ 825,474
Total assets	$ 832,231	$ 825,474
Liabilities		
Accounts payable	$ 2,620	$ -
Total liabilities	2,620	-
Deferred inflows of resources	-	-
Fund balances		
Committed	829,611	825,474
Total fund balances	829,611	825,474
Total liabilities, deferred inflows of resources and fund balances	$ 832,231	$ 825,474

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

Year ended September 30,	2020	2019
Revenues		
Interest and investment income	$ 6,212	$ 17,690
Total revenues	6,212	17,690
Expenditures		
Current		
Highways and streets	2,075	11,599
Total expenditures	2,075	11,599
Net change in fund balance	4,137	6,091
Fund balance, beginning of year	825,474	819,383
Fund balance, end of year	$ 829,611	$ 825,474

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

Year ended September 30, 2020

	Budget		Actual Amount	Variance Positive
	Original	Final	(GAAP BASIS)	(Negative)
Revenues				
Interest and investment income	$ 4,700	$ 4,700	$ 6,212	$ 1,512
Total revenues	4,700	4,700	6,212	1,512
Expenditures				
Current				
Highways and streets	25,000	25,000	2,075	22,925
Health and welfare	-	50,000	-	50,000
Total expenditures	25,000	75,000	2,075	72,925
Net change in fund balance	$ (20,300)	$ (70,300)	4,137	$ 74,437
Fund balances, beginning of year			825,474	
Fund balance, end of year			$ 829,611	

City of Harlingen
Harlingen Downtown Fund
Comparative Balance Sheets

September 30,	2020	2019
Assets		
Cash and cash equivalents	$ 182,114	$ 175,053
Receivables (net of allowance for uncollectibles)		
Accounts	610	610
Assessments	6,135	5,465
Total assets	$ 188,859	$ 181,128
Liabilities		
Accounts payable	$ 3,474	$ 4,099
Accrued expenditures	581	4,848
Other liabilities	2,876	2,876
Total liabilities	6,931	11,823
Deferred inflows of resources		
Unavailable revenue - special assessments	6,135	5,465
Total deferred inflows of resources	6,135	5,465
Fund balances		
Restricted	175,793	163,840
Total fund balances	175,793	163,840
Total liabilities, deferred inflows of resources and fund balances	$ 188,859	$ 181,128

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

Year ended September 30,	2020	2019
Revenues		
Assessments	$ 29,726	$ 30,906
Interest and investment income	641	2,795
Total revenues	30,367	33,701
Expenditures		
Current		
Community and economic development	233,394	213,316
Total expenditures	233,394	213,316
(Deficiency) of revenues (under) expenditures	(203,027)	(179,615)
Other financing sources (uses)		
Transfers in	214,980	214,975
Sale of capital assets	-	1,460
Total other financing sources (uses)	214,980	216,435
Net change in fund balance	11,953	36,820
Fund balance, beginning of year	163,840	127,020
Fund balance, end of year	$ 175,793	$ 163,840

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

Year ended September 30, 2020

	Budget		Actual Amount	Variance Positive
	Original	Final	(GAAP BASIS)	(Negative)
Revenues				
Assessments	$ 27,500	$ 27,500	$ 29,726	$ 2,226
Interest and investment income	1,350	1,350	641	(709)
Total revenues	28,850	28,850	30,367	1,517
Expenditures				
Current				
Community and economic development	259,809	259,809	233,394	26,415
Total expenditures	259,809	259,809	233,394	26,415
Excess (deficiency) of revenues over (under) expenditures	(230,959)	(230,959)	(203,027)	27,932
Other financing sources (uses)				
Transfers in	214,975	214,975	214,980	5
Total other financing sources (uses)	214,975	214,975	214,980	5
Net change in fund balance	$ (15,984)	$ (15,984)	11,953	$ 27,937
Fund balances, beginning of year			163,840	
Fund balance, end of year			$ 175,793	

City of Harlingen
Federal Forfeiture Fund
Comparative Balance Sheets

September 30,	2020	2019
Assets		
Cash and cash equivalents	$ 73,023	$ 63,444
Receivables (net of allowance for uncollectibles)		
Accounts	1,429	-
Total assets	$ 74,452	$ 63,444
Liabilities		
Other liabilities	$ -	$ 4,137
Total liabilities	-	4,137
Deferred inflows of resources	-	-
Fund balances		
Restricted	74,452	59,307
Total fund balances	74,452	59,307
Total liabilities, deferred inflows of resources and fund balances	$ 74,452	$ 63,444

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

Year ended September 30,	2020	2019
Revenues		
Fines and forfeitures	$ 10,957	$ 31,489
Intergovernmental	1,455	-
Miscellaneous	532	-
Interest and investment income	322	934
Total revenues	13,266	32,423
Expenditures		
Current		
Public safety	1,600	34,925
Total expenditures	1,600	34,925
(Deficiency) of revenues (under) expenditures	11,666	(2,502)
Other financing sources (uses)		
Sale of general capital assets	3,479	-
Total other financing sources (uses)	3,479	-
Net change in fund balance	15,145	(2,502)
Fund balance, beginning of year	59,307	61,809
Fund balance, end of year	$ 74,452	$ 59,307

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

Year ended September 30, 2020

	Budget		Actual Amount	Variance Positive
	Original	Final	(GAAP BASIS)	(Negative)
Revenues				
Fines and forfeitures	$ 10,000	$ 10,000	$ 10,957	$ 957
Intergovernmental	10,000	10,000	1,455	(8,545)
Miscellaneous	-	-	532	532
Interest and investment income	-	-	322	322
Total revenues	20,000	20,000	13,266	(6,734)
Expenditures				
Current				
Public safety	15,000	15,000	1,600	13,400
Capital outlay	5,000	5,000	-	5,000
Total expenditures	20,000	20,000	1,600	18,400
Excess (deficiency) of revenues over (under) expenditures	-	-	11,666	11,666
Other financing sources (uses)				
Sale of capital assets	-	-	3,479	3,479
Total other financing sources (uses)	-	-	3,479	3,479
Net change in fund balance	$ -	$ -	15,145	$ 15,145
Fund balances, beginning of year			59,307	
Fund balance, end of year			$ 74,452	

City of Harlingen
State Forfeiture Fund
Comparative Balance Sheets

September 30,	2020	2019
Assets		
Cash and cash equivalents	$ 124,361	$ 145,664
Receivables (net of allowance for uncollectibles)		
Accounts	12,201	857
Due from other governments	-	4,137
Total assets	$ 136,562	$ 150,658
Liabilities		
Accounts payable	$ 1,001	$ -
Total liabilities	1,001	-
Deferred inflows of resources	-	-
Fund balances		
Restricted	135,561	150,658
Total fund balances	135,561	150,658
Total liabilities, deferred inflows of resources and fund balances	$ 136,562	$ 150,658

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

Year ended September 30,	2020	2019
Revenues		
Fines and forfeitures	$ 5,162	$ 57,479
Miscellaneous	834	4,137
Interest and investment income	727	3,334
Total revenues	6,723	64,950
Expenditures		
Current		
Public safety	38,329	61,458
Capital outlay	-	37,736
Total expenditures	38,329	99,194
Excess (deficiency) of revenues over (under) expenditures	(31,606)	(34,244)
Other financing sources (uses)		
Transfers out	-	(86,875)
Sale of capital assets	16,509	4,500
Total other financing sources (uses)	16,509	(82,375)
Net change in fund balance	(15,097)	(116,619)
Fund balance, beginning of year	150,658	267,277
Fund balance, end of year	$ 135,561	$ 150,658

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

Year ended September 30, 2020

	Budget		Actual Amount	Variance Positive
	Original	Final	(GAAP BASIS)	(Negative)
Revenues				
Fines and forfeitures	$ 70,000	$ 70,000	$ 5,162	$ (64,838)
Miscellaneous	-	-	834	834
Interest and investment income	-	-	727	727
Total revenues	70,000	70,000	6,723	(63,277)
Expenditures				
Current				
Public safety	52,000	58,656	38,329	20,327
Capital outlay	20,000	13,344	-	13,344
Total expenditures	72,000	72,000	38,329	33,671
Excess (deficiency) of revenues over (under) expenditures	(2,000)	(2,000)	(31,606)	(29,606)
Other financing sources (uses)				
Sale of capital assets	-	-	16,509	16,509
Total other financing sources (uses)	-	-	16,509	16,509
Net change in fund balance	$ (2,000)	$ (2,000)	(15,097)	$ (13,097)
Fund balances, beginning of year			150,658	
Fund balance, end of year			$ 135,561	

City of Harlingen
Other Grants Fund
Comparative Balance Sheets

September 30,	2020	2019
Assets		
Cash and cash equivalents	$ 2,639,691	$ 902,697
Receivables (net of allowance for uncollectibles)		
Accounts	266,125	374,874
Total assets	$ 2,905,816	$ 1,277,571
Liabilities		
Accounts payable	$ 239,102	$ 40,717
Accrued expenditures	2,782	33,181
Other liabilities	-	30,976
Unearned revenue	1,102,503	1,125,091
Total liabilities	1,344,387	1,229,965
Deferred inflows of resources		
Unavailable revenue - noncurrent receivables	192	47,606
Unavailable revenue - other	36,222	86,571
Total deferred inflows of resources	36,414	134,177
Fund balances		
Restricted	1,525,015	-
Unassigned	-	(86,571)
Total fund balances	1,525,015	(86,571)
Total liabilities, deferred inflows of resources and fund balances	$ 2,905,816	$ 1,277,571

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

Year ended September 30,	2020	2019
Revenues		
Intergovernmental	$ 2,391,483	$ 1,363,734
Contributions and donations	137,459	401,687
Miscellaneous	-	60,445
Total revenues	2,528,942	1,825,866
Expenditures		
Current		
Public safety	1,101,204	1,079,089
Highways and streets	-	115,428
Health and welfare	178,586	202,543
Culture and recreation	112,900	237,134
Capital outlay	1,170,045	428,966
Total expenditures	2,562,735	2,063,160
(Deficiency) of revenues (under) expenditures	(33,793)	(237,294)
Other financing sources (uses)		
Transfers in	1,657,879	150,723
Transfers out	(12,500)	-
Total other financing sources (uses)	1,645,379	150,723
Net change in fund balance	1,611,586	(86,571)
Fund balance, beginning of year	(86,571)	-
Fund balance, end of year	$ 1,525,015	$ (86,571)

City of Harlingen
Air Service Development Program
Comparative Balance Sheets

September 30,	2020	2019
Assets		
Cash and cash equivalents	$ 1,053	$ 861,252
Total assets	$ 1,053	$ 861,252
Liabilities		
Accounts payable	$ -	$ 217,180
Due to other funds	587	-
Total liabilities	587	217,180
Deferred inflows of resources	-	-
Fund balances		
Committed	466	644,072
Total fund balances	466	644,072
Total liabilities, deferred inflows of resources and fund balances	$ 1,053	$ 861,252

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

Year ended September 30,	2020	2019
Revenues		
Interest and investment income	$ 7,324	$ 18,615
Total revenues	7,324	18,615
Expenditures		
Current		
Community and economic development	355,650	924,543
Total expenditures	355,650	924,543
(Deficiency) of revenues (under) expenditures	(348,326)	(905,928)
Other financing sources (uses)		
Transfers in	-	1,550,000
Transfers out	(295,280)	-
Total other financing sources (uses)	(295,280)	1,550,000
Net change in fund balance	(643,606)	644,072
Fund balance, beginning of year	644,072	-
Fund balance, end of year	$ 466	$ 644,072

City of Harlingen
Communication Center Fund
Comparative Balance Sheets

September 30,	2020	2019
Assets		
Cash and cash equivalents	$ -	$ 43,142
Total assets	$ -	$ 43,142
Liabilities	$ -	$ -
Deferred inflows of resources	-	-
Fund balances		
Unassigned	-	43,142
Total fund balances	-	43,142
Total liabilities, deferred inflows of resources and fund balances	$ -	$ 43,142

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

Year ended September 30,	2020	2019
Revenues		
Charges for services	$ -	$ 12,775
Interest and investment income	190	539
Total revenues	190	13,314
Expenditures		
Current		
Public safety	-	11,807
Total expenditures	-	11,807
Excess of revenues over expenditures	190	1,507
Other financing sources (uses)		
Transfers out	(43,332)	-
Total other financing sources (uses)	(43,332)	-
Net change in fund balance	(43,142)	1,507
Fund balance, beginning of year	43,142	41,635
Fund balance, end of year	$ -	$ 43,142

City of Harlingen
Harlingen Convention Center
Comparative Balance Sheets

September 30,	2020	2019
Assets		
Cash and cash equivalents	$ 116,281	$ 501,875
Receivables (net of allowance for uncollectibles)		
Accounts	506,789	280,926
Total assets	$ 623,070	$ 782,801
Liabilities		
Accounts payable	$ -	$ 220,926
Total liabilities	-	220,926
Deferred inflows of resources		
Unavailable revenue - other	120,000	60,000
Total deferred inflows of resources	120,000	60,000
Fund balances		
Unassigned	503,070	501,875
Total fund balances	503,070	501,875
Total liabilities, deferred inflows of resources and fund balances	$ 623,070	$ 782,801

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

Year ended September 30,	2020	2019
Revenues		
Intergovernmental	$ -	$ 500,000
Interest and investment income	1,195	1,875
Total revenues	1,195	501,875
Expenditures	-	-
Net change in fund balance	1,195	501,875
Fund balance, beginning of year	501,875	-
Fund balance, end of year	$ 503,070	$ 501,875

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

Year ended September 30, 2020

	Budget		Actual Amount	Variance Positive
	Original	Final	(GAAP BASIS)	(Negative)
Revenues				
Intergovernmental	$ 60,000	$ 60,000	$ -	$ (60,000)
Interest and investment income	-	-	1,195	1,195
Total revenues	60,000	60,000	1,195	(58,805)
Net change in fund balance	$ 60,000	$ 60,000	1,195	$ (58,805)
Fund balances, beginning of year			501,875	
Fund balance, end of year			$ 503,070	

City of Harlingen
COPS/UHP Grant Fund
Comparative Balance Sheets

September 30,	2020	2019
Assets		
Receivables (net of allowance for uncollectibles)		
Due from other governments	$ -	$ -
Total assets	$ -	$ -
Liabilities		
Accrued expenditures	$ -	$ -
Due to other funds	-	-
Total liabilities	-	-
Deferred inflows of resources	-	-
Fund balances		
Unassigned	-	-
Total fund balances	-	-
Total liabilities, deferred inflows of resources and fund balances	$ -	$ -

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

Year ended September 30,	2020	2019
Revenues		
Intergovernmental	$ -	$ 49,323
Total revenues	-	49,323
Expenditures		
Current		
Public safety	-	49,323
Total expenditures	-	49,323
Net change in fund balance	-	-
Fund balance, beginning of year	-	-
Fund balance, end of year	$ -	$ -

City of Harlingen
Free Trade Bridge Fund
Comparative Balance Sheets

September 30,	2020	2019
Assets		
Cash and cash equivalents	$ 608,437	$ 1,005,006
Total assets	$ 608,437	$ 1,005,006
Liabilities		
Accounts payable	$ 10	$ 10
Total liabilities	10	10
Deferred inflows of resources	-	-
Fund balances		
Committed	608,427	1,004,996
Total fund balances	608,427	1,004,996
Total liabilities, deferred inflows of resources and fund balances	$ 608,437	$ 1,005,006

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

Year ended September 30,	2020	2019
Revenues		
Charges for services	$ 156,977	$ 352,493
Interest and investment income	7,954	21,259
Total revenues	164,931	373,752
Expenditures		
Current		
Highways and streets	55,124	55,124
Total expenditures	55,124	55,124
Excess of revenues over expenditures	109,807	318,628
Other financing sources (uses)		
Transfers out	(506,376)	(250,075)
Total other financing sources (uses)	(506,376)	(250,075)
Net change in fund balance	(396,569)	68,553
Fund balance, beginning of year	1,004,996	936,443
Fund balance, end of year	$ 608,427	$ 1,004,996

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

Year ended September 30, 2020

	Budget		Actual Amount	Variance Positive
	Original	Final	(GAAP BASIS)	(Negative)
Revenues				
Charges for services	$ 321,000	$ 321,000	$ 156,977	$ (164,023)
Interest and investment income	4,200	4,200	7,954	3,754
Total revenues	325,200	325,200	164,931	(160,269)
Expenditures				
Current				
Highways and streets	75,132	75,132	55,124	20,008
Total expenditures	75,132	75,132	55,124	20,008
Excess (deficiency) of revenues over (under) expenditures	250,068	250,068	109,807	(140,261)
Other financing sources (uses)				
Transfers out	(506,375)	(506,375)	(506,376)	(1)
Total other financing sources (uses)	(506,375)	(506,375)	(506,376)	(1)
Net change in fund balance	$ (256,307)	$ (256,307)	(396,569)	$ (140,262)
Fund balances, beginning of year			1,004,996	
Fund balance, end of year			$ 608,427	

City of Harlingen
Infrastructure Fund
Comparative Balance Sheets

September 30,	2020	2019
Assets		
Cash and cash equivalents	$ 1,862,332	$ 1,478,171
Receivables (net of allowance for uncollectibles)		
Accounts	2,469	8,388
Due from component units	21,254	-
Total assets	$ 1,886,055	$ 1,486,559
Liabilities		
Accounts payable	$ 49,165	$ 307,486
Total liabilities	49,165	307,486
Deferred inflows of resources	-	-
Fund balances		
Committed	1,836,890	1,179,073
Total fund balances	1,836,890	1,179,073
Total liabilities, deferred inflows of resources and fund balances	$ 1,886,055	$ 1,486,559

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

Year ended September 30,	2020	2019
Revenues		
Assessments	$ 1,523,842	$ 1,491,177
Interest and investment income	9,074	33,226
Total revenues	1,532,916	1,524,403
Expenditures		
Current		
Highways and streets	1,041,034	1,936,572
Total expenditures	1,041,034	1,936,572
Excess (deficiency) of revenues over (under) expenditures	491,882	(412,169)
Other financing sources (uses)		
Transfers in	165,935	15,426
Total other financing sources (uses)	165,935	15,426
Net change in fund balance	657,817	(396,743)
Fund balance, beginning of year	1,179,073	1,575,816
Fund balance, end of year	$ 1,836,890	$ 1,179,073

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

September 30,	2020	2019
Assets		
Cash and cash equivalents	$ 159,881	$ 103,242
Total assets	$ 159,881	$ 103,242
Liabilities		
Accounts payable	$ -	$ 13
Total liabilities	-	13
Deferred inflows of resources	-	-
Fund balances		
Restricted	159,881	103,229
Total fund balances	159,881	103,229
Total liabilities, deferred inflows of resources and fund balances	$ 159,881	$ 103,242

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

Year ended September 30,	2020	2019
Revenues		
Miscellaneous	$ 76,990	$ 17,543
Interest and investment income	409	1,983
Total revenues	77,399	19,526
Expenditures		
Current		
Culture and recreation	20,747	23,176
Total expenditures	20,747	23,176
Net change in fund balance	56,652	(3,650)
Fund balance, beginning of year	103,229	106,879
Fund balance, end of year	$ 159,881	$ 103,229

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

September 30,	2020	2019
Assets		
Cash and cash equivalents	$ 587,315	$ 500,591
Receivables (net of allowance for uncollectibles)		
Accounts	67,078	-
Total assets	$ 654,393	$ 500,591
Liabilities	$ -	$ -
Deferred inflows of resources		
Unavailable revenue - other	67,578	-
Fund balances		
Restricted	586,815	500,591
Total fund balances	586,815	500,591
Total liabilities, deferred inflows of resources and fund balances	$ 654,393	$ 500,591

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

Year ended September 30,	2020	2019
Revenues		
Intergovernmental	$ -	$ 57,148
Interest and investment income	4,102	8,752
Total revenues	4,102	65,900
Expenditures		
Current		
Community and economic development	500	-
Total expenditures	500	-
Excess of revenues over expenditures	3,602	65,900
Other financing sources (uses)		
Transfers in	82,622	61,344
Total other financing sources (uses)	82,622	61,344
Net change in fund balance	86,224	127,244
Fund balance, beginning of year	500,591	373,347
Fund balance, end of year	$ 586,815	$ 500,591

City of Harlingen, Texas
Tax Increment Financing Reinvestment Zone 1
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year ended September 30, 2020

	Budget		Actual Amount	Variance Positive
	Original	Final	(GAAP BASIS)	(Negative)
Revenues				
Intergovernmental	$ -	$ -	$ -	$ -
Interest and investment income	1,200	1,200	4,102	2,902
Total revenues	1,200	1,200	4,102	2,902
Expenditures				
Current				
Community and economic development	-	-	500	(500)
Total expenditures	-	-	500	(500)
Excess (deficiency) of revenues over (under) expenditures	1,200	1,200	3,602	2,402
Other financing sources (uses)				
Transfers in	60,000	86,000	82,622	(3,378)
Total other financing sources (uses)	60,000	86,000	82,622	(3,378)
Net change in fund balance	$ 61,200	$ 87,200	86,224	$ (976)
Fund balances, beginning of year			500,591	
Fund balance, end of year			$ 586,815	

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

September 30,	2020	2019
Assets		
Cash and cash equivalents	$ 808,518	$ 592,226
Receivables (net of allowance for uncollectibles)		
Accounts	161,333	-
Total assets	$ 969,851	$ 592,226
Liabilities	$ -	$ -
Deferred inflows of resources		
Unavailable revenue - other	161,833	-
Fund balances		
Restricted	808,018	592,226
Total fund balances	808,018	592,226
Total liabilities, deferred inflows of resources and fund balances	$ 969,851	$ 592,226

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

Year ended September 30,	2020	2019
Revenues		
Intergovernmental	$ -	$ 112,885
Interest and investment income	4,564	8,816
Total revenues	4,564	121,701
Expenditures		
Current		
Community and economic development	500	-
Total expenditures	500	-
Excess of revenues over expenditures	4,064	121,701
Other financing sources (uses)		
Transfers in	211,728	133,805
Total other financing sources (uses)	211,728	133,805
Net change in fund balance	215,792	255,506
Fund balance, beginning of year	592,226	336,720
Fund balance, end of year	$ 808,018	$ 592,226

City of Harlingen, Texas
Tax Increment Financing Reinvestment Zone 2
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year ended September 30, 2020

	Budget		Actual Amount	Variance Positive
	Original	Final	(GAAP BASIS)	(Negative)
Revenues				
Intergovernmental	$ -	$ -	$ -	$ -
Interest and investment income	1,200	1,200	4,564	3,364
Total revenues	1,200	1,200	4,564	3,364
Expenditures				
Current				
Community and economic development	-	-	500	(500)
Total expenditures	-	-	500	(500)
Excess (deficiency) of revenues over (under) expenditures	1,200	1,200	4,064	2,864
Other financing sources (uses)				
Transfers in	120,000	215,000	211,728	(3,272)
Total other financing sources (uses)	120,000	215,000	211,728	(3,272)
Net change in fund balance	$ 121,200	$ 216,200	215,792	$ (408)
Fund balances, beginning of year			592,226	
Fund balance, end of year			$ 808,018	

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

September 30,	2020	2019
Assets		
Cash and cash equivalents	$ 234,451	$ 296,667
Receivables (net of allowance for uncollectibles)		
Accounts	363,331	-
Total assets	$ 597,782	$ 296,667
Liabilities	$ -	$ -
Deferred inflows of resources		
Unavailable revenue - other	363,831	-
Fund balances		
Restricted	233,951	296,667
Total fund balances	233,951	296,667
Total liabilities, deferred inflows of resources and fund balances	$ 597,782	$ 296,667

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

Year ended September 30,	2020	2019
Revenues		
Intergovernmental	$ -	$ 141,065
Interest and investment income	2,118	7,334
Total revenues	2,118	148,399
Expenditures		
Current		
Community and economic development	500	-
Debt service		
Principal retirement	70,000	70,000
Total expenditures	70,500	70,000
Excess of revenues over expenditures	(68,382)	78,399
Other financing sources (uses)		
Transfers in	459,062	242,025
Transfers out	(453,396)	(453,396)
Total other financing sources (uses)	5,666	(211,371)
Net change in fund balance	(62,716)	(132,972)
Fund balance, beginning of year	296,667	429,639
Fund balance, end of year	$ 233,951	$ 296,667

City of Harlingen, Texas
Tax Increment Financing Reinvestment Zone 3
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year ended September 30, 2020

	Budget		Actual Amount	Variance Positive
	Original	Final	(GAAP BASIS)	(Negative)
Revenues				
Intergovernmental	$ 50,000	$ 50,000	$ -	$ (50,000)
Interest and investment income	7,000	7,000	2,118	(4,882)
Total revenues	57,000	57,000	2,118	(54,882)
Expenditures				
Current				
Community and economic development	-	-	500	(500)
Debt service				
Principal	70,000	70,000	70,000	-
Total expenditures	70,000	70,000	70,500	(500)
Excess (deficiency) of revenues over (under) expenditures	(13,000)	(13,000)	(68,382)	(55,382)
Other financing sources (uses)				
Transfers in	230,000	409,000	459,062	50,062
Transfers out	(453,396)	(453,396)	(453,396)	-
Total other financing sources (uses)	(223,396)	(44,396)	5,666	50,062
Net change in fund balance	$ (236,396)	$ (57,396)	(62,716)	$ (5,320)
Fund balances, beginning of year			296,667	
Fund balance, end of year			$ 233,951	

City of Harlingen
Neighborhood Stabilization program Grant Fund
Comparative Balance Sheets

September 30,	2020	2019
Assets		
Cash and cash equivalents	$ -	$ 30,800
Total assets	$ -	$ 30,800
Liabilities		
Unearned revenue	$ -	$ 30,800
Total liabilities	-	30,800
Deferred inflows of resources	-	-
Fund balances	-	-
Total liabilities, deferred inflows of resources and fund balances	$ -	$ 30,800

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

Year ended September 30,	2020	2019
Revenues	$ -	$ -
Expenditures	-	-
Net change in fund balance	-	-
Fund balance, beginning of year	-	-
Fund balance, end of year	$ -	$ -

City of Harlingen
Debt Service Fund
Comparative Balance Sheets

September 30,	2020	2019
Assets		
Cash and cash equivalents	$ 936,674	$ 1,063,485
Receivables (net of allowance for uncollectibles)		
Taxes	263,643	293,461
Accounts	6,621	-
Total assets	$ 1,206,938	$ 1,356,946
Liabilities	$ -	$ -
Deferred inflows of resources		
Unavailable revenue - property taxes	247,429	281,625
Total deferred inflows of resources	247,429	281,625
Fund balances		
Restricted	958,835	1,075,321
Total fund balances	958,835	1,075,321
Total liabilities, deferred inflows of resources and fund balances	$ 1,206,264	$ 1,356,946

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

Year ended September 30,	2020	2019
Revenues		
Property taxes - including penalty and interest	$ 3,812,624	$ 4,077,769
Intergovernmental	606,485	606,886
Interest and investment income	12,469	33,546
Total revenues	4,431,578	4,718,201
Expenditures		
Debt service		
Principal retirement	3,360,000	3,225,000
Interest and fiscal agent fees	1,395,883	1,471,451
Total expenditures	4,755,883	4,696,451
Excess (deficiency) of revenues over (under) expenditures	(324,305)	21,750
Other financing sources (uses)		
Bond refunding issuance premium	280,521	-
Refunding bond proceeds	1,690,000	-
Payment to refunded bond escrow agent	(1,896,534)	-
Cost of refunded bonds	(64,660)	-
Transfers in	198,492	133,492
Total other financing sources (uses)	207,819	133,492
Net change in fund balance	(116,486)	155,242
Fund balance, beginning of year	1,075,321	920,079
Fund balance, end of year	$ 958,835	$ 1,075,321

City of Harlingen
Capital Improvement Fund
Comparative Balance Sheets

September 30,	2020	2019
Assets		
Cash and cash equivalents	$ 2,883	$ 14,334
Total assets	$ 2,883	$ 14,334
Liabilities		
Accounts payable	$ -	$ 1,590
Other liabilities	-	7,585
Total liabilities	-	9,175
Deferred inflows of resources	-	-
Fund balances		
Restricted	2,883	5,159
Total fund balances	2,883	5,159
Total liabilities, deferred inflows of resources and fund balances	$ 2,883	$ 14,334

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

Year ended September 30,	2020	2019
Revenues		
Interest and investment income	$ 13	$ 430
Total revenues	13	430
Expenditures		
Current		
Health and welfare	-	-
Culture and recreation	-	4,550
Capital outlay	2,289	32,361
Total expenditures	2,289	36,911
Net change in fund balance	(2,276)	(36,481)
Fund balance, beginning of year	5,159	41,640
Fund balance, end of year	$ 2,883	$ 5,159

City of Harlingen
Street Improvement Fund
Comparative Balance Sheets

September 30,	2020	2019
Assets		
Cash and cash equivalents	$ 541	$ 533
Receivables (net of allowance for uncollectibles)		
Taxes	-	12,580
Assessments	-	-
Total assets	$ 541	$ 13,113
Liabilities		
Accounts payable	$ -	$ -
Total liabilities	-	-
Deferred inflows of resources		
Unavailable revenue - other	-	12,580
Total deferred inflows of resources	-	12,580
Fund balances		
Committed	541	533
Total fund balances	541	533
Total liabilities, deferred inflows of resources and fund balances	$ 541	$ 13,113

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

Year ended September 30,	2020	2019
Revenues		
Interest and investment income	$ 8	$ 533
Total revenues	8	533
Expenditures		
Current		
Highways and streets	-	-
Total expenditures	-	-
Excess (deficiency) of revenues over (under) expenditures	8	533
Other financing sources (uses)		
Transfers out	-	(15,426)
Total other financing sources (uses)	-	(15,426)
Net change in fund balance	8	(14,893)
Fund balance, beginning of year	533	15,426
Fund balance, end of year	$ 541	$ 533

City of Harlingen
Petition Paving Fund
Comparative Balance Sheets

September 30,	2020	2019
Assets		
Cash and cash equivalents	$ 148,053	$ 147,447
Receivables (net of allowance for uncollectibles)		
Accounts	11,293	11,293
Assessments	143,013	143,013
Total assets	$ 302,359	$ 301,753
Liabilities		
Escrow liabilities	$ 163,002	$ 163,002
Other liabilities	938	935
Total liabilities	163,940	163,937
Deferred inflows of resources		
Unavailable revenue - other	145,977	145,977
Total deferred inflows of resources	145,977	145,977
Fund balances		
Unassigned	(7,558)	(8,161)
Total fund balances	(7,558)	(8,161)
Total liabilities, deferred inflows of resources and fund balances	$ 302,359	$ 301,753

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

Year ended September 30,	2020	2019
Revenues		
Miscellaneous	$ 20	$ 20
Interest and investment income	583	2,573
Total revenues	603	2,593
Other financing sources (uses)		
Transfers out	-	-
Total other financing sources (uses)	-	-
Net change in fund balance	603	2,593
Fund balance, beginning of year	(8,161)	(10,754)
Fund balance, end of year	$ (7,558)	$ (8,161)

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

September 30,	2020	2019
Assets		
Restricted assets:		
Cash and cash equivalents	$ 703,305	$ 653,168
Total assets	$ 703,305	$ 653,168
Liabilities	$ -	$ -
Deferred inflows of resources	-	-
Fund balances		
Restricted	703,305	653,168
Total fund balances	703,305	653,168
Total liabilities, deferred inflows of resources and fund balances	$ 703,305	$ 653,168

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

Year ended September 30,	2020	2019
Revenues		
Interest and investment income	$ 6,001	$ 15,147
Total revenues	6,001	15,147
Expenditures		
Current		
Health and welfare	1,750	-
Culture and recreation	-	9,825
Capital outlay	39,114	-
Total expenditures	40,864	9,825
Excess (deficiency) of revenues over (under) expenditures	(34,863)	5,322
Other financing sources (uses)		
Transfers in	85,000	-
Total other financing sources (uses)	85,000	-
Net change in fund balance	50,137	5,322
Fund balance, beginning of year	653,168	647,846
Fund balance, end of year	$ 703,305	$ 653,168

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

September 30,	2020	2019
Assets		
Receivables (net of allowance for uncollectibles)		
Accounts	$ -	$ 54,848
Restricted assets:		
Cash and cash equivalents	1,569,004	1,629,644
Total assets	$ 1,569,004	$ 1,684,492
Liabilities		
Accounts payable	$ 1,237,644	$ 1,280,259
Total liabilities	1,237,644	1,280,259
Deferred inflows of resources	-	-
Fund balances		
Restricted	331,360	404,233
Total fund balances	331,360	404,233
Total liabilities, deferred inflows of resources and fund balances	$ 1,569,004	$ 1,684,492

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

Year ended September 30,	2020	2019
Revenues		
Intergovernmental	$ -	$ 568,207
Miscellaneous	4,500	-
Interest and investment income	8,991	72,215
Total revenues	13,491	640,422
Expenditures		
Current		
Culture and recreation	86,364	51,742
Capital outlay	-	7,581,019
Total expenditures	86,364	7,632,761
(Deficiency) of revenues (under) expenditures	(72,873)	(6,992,339)
Other financing sources (uses)		
Transfers in	-	-
Total other financing sources (uses)	-	-
Net change in fund balance	(72,873)	(6,992,339)
Fund balance, beginning of year	404,233	7,396,572
Fund balance, end of year	$ 331,360	$ 404,233

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

September 30,	2020	2019
Assets		
Restricted assets:		
Cash and cash equivalents	$ 65,892	$ 65,632
Total assets	$ 65,892	$ 65,632
Liabilities		
Due to other funds	$ -	$ -
Total liabilities	-	-
Deferred inflows of resources	-	-
Fund balances		
Restricted	65,892	65,632
Total fund balances	65,892	65,632
Total liabilities, deferred inflows of resources and fund balances	$ 65,892	$ 65,632

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

Year ended September 30,	2020	2019
Revenues		
Interest and investment income	$ 260	$ 2,436
Total revenues	260	2,436
Expenditures		
Capital outlay	-	20,000
Total expenditures	-	20,000
Net change in fund balance	260	(17,564)
Fund balance, beginning of year	65,632	83,196
Fund balance, end of year	$ 65,892	$ 65,632

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SUPPLEMENTARY INDIVIDUAL ENTERPRISE FUNDS FINANCIAL STATEMENTS AND SCHEDULE

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City of Harlingen, Texas
Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes. The City has the following enterprise funds:

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

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

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

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

City of Harlingen
Sanitation Fund
Enterprise Fund
Comparative Statement of Net Position

September 30,	2020	Restated 2019
Assets		
Current assets		
Cash and cash equivalents	$ 8,610,149	$ 8,873,260
Accounts receivables (net of allowances for uncollectibles)	121,543	160,983
Prepayments	3,747	35,675
Due from component units	143,646	58,984
Total current assets	8,879,085	9,128,902
Non-current assets		
Capital assets		
Land	417,587	417,587
Construction in progress	10,000	-
Plant and equipment	8,678,892	6,636,597
Accumulated depreciation	(2,953,261)	(2,188,600)
Total capital assets (net of accumulated depreciation)	6,153,218	4,865,584
Total non-current assets	6,153,218	4,865,584
Total assets	15,032,303	13,994,486
Deferred outflows of resources		
OPEB - retiree healthcare	4,347	4,054
OPEB - supplemental death benefits	2,283	999
Retirement pensions	8,716	62,182
Total deferred outflows of resources	15,346	67,235
Total assets and deferred outflows of resources	$ 15,047,649	$ 14,061,721

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

September 30,	2020	2019
Liabilities		
Current liabilities		
Accounts payable	$ 470,696	$ 147,356
Compensated absences	55,293	63,000
Accrued expenses	49,592	126,375
Total current liabilities	575,581	336,731
Non-current liabilities		
Compensated absences	145,771	175,547
OPEB liability - retiree healthcare	50,500	56,316
OPEB liability - supplemental death benefits	18,639	16,769
Net pension liability	7,458	98,203
Estimated liability for landfill postclosure costs	1,441,311	1,424,220
Total non-current liabilities	1,663,679	1,771,055
Total liabilities	2,239,260	2,107,786
Deferred inflows of resources		
OPEB - retiree healthcare	9,444	1,601
Supplemental death benefits	1,351	711
Retirement pensions	37,907	1,821
Total deferred inflows of resources	48,702	4,133
Net position		
Net investment in capital assets	6,153,218	4,865,584
Unrestricted	6,606,469	7,084,218
Total net position	12,759,687	11,949,802
Total liabilities, deferred inflows of resources and net position	$ 15,047,649	$ 14,061,721

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

Year ended September 30,	2020	2019
Operating revenues		
Current use charges	$ 9,830,405	$ 9,907,158
Operating expenses		
Personnel services	2,636,610	2,189,136
Contracted services	1,699,777	1,587,496
Materials and supplies	227,340	148,985
Other expenses	3,618,947	3,532,419
Depreciation and amortization	764,663	540,033
Total operating expenses	8,947,337	7,998,069
Operating income	883,068	1,909,089
Nonoperating revenues		
Interest revenue	77,040	196,250
Gain (loss) on sale/disposal of capital assets	(11,489)	34,835
Insurance recovery	5,774	28,271
Miscellaneous revenue	3,137	3,502
Total nonoperating revenues	74,462	262,858
Income (loss) before operating transfers	957,530	2,171,947
Transfers		
Transfers in	1,152,351	841,442
Transfers out	(1,299,996)	(1,411,525)
Total transfers	(147,645)	(570,083)
Increase (decrease) in net position	809,885	1,601,864
Net position, beginning of year	11,949,802	10,347,938
Net position, end of year	$ 12,759,687	$ 11,949,802

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

Year ended September 30,	2020	Restated 2019
Cash flows from operating activities		
Receipts from customers	$ 9,794,094	$ 9,936,033
Payment to suppliers	(5,267,581)	(5,243,409)
Payments to employees	(2,672,326)	(2,405,502)
Net cash provided by (used in) operations	1,854,187	2,287,122
Cash flows from (to) noncapital financing activities		
Transfers to other funds	(1,299,996)	(1,411,525)
Transfers from other funds	1,152,351	841,442
Net cash provided by (used in) noncapital financing activities	(147,645)	(570,083)
Cash flows from capital and related financing activities		
Proceeds from sale of capital assets	5,602	34,834
Purchase of capital assets	(2,052,295)	(1,294,830)
Net cash provided by (used in) capital and related financing activities	(2,046,693)	(1,259,996)
Cash flows from investing activities		
Purchase of investments	-	(980,579)
Proceeds from investment maturities	-	8,257,339
Interest received	77,040	196,250
Net cash provided by (used in) investing activities	77,040	7,473,010
Net increase (decrease) in cash and cash equivalents	(263,111)	7,930,053
Cash and cash equivalents, beginning of year	8,873,260	943,207
Cash and cash equivalents, end of year	$ 8,610,149	$ 8,873,260

City of Harlingen
Sanitation Fund
Enterprise Fund
Comparative Statements of Cash Flows - Continued

Year ended September 30,	2020	2019
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income (loss)	$ 883,068	$ 1,909,089
Adjustments to reconcile net income from operations to net cash from operating activities		
Depreciation	764,663	540,033
Other revenue received	3,137	3,502
Insurance recoveries received	5,774	28,271
(Increase) decrease in receivables	39,440	(5,927)
(Increase) decrease in prepaid items	31,926	(35,675)
(Increase) decrease in due from component units	(84,662)	3,029
(Increase) decrease in deferred outflows of resources	53,466	(47,813)
Increase (decrease) in accounts payable	323,340	(19,020)
Increase (decrease) in accrued expenses	(76,783)	55,004
Increase (decrease) in net pension liability	(90,745)	91,498
Increase (decrease) in net other post employment benefit obligations	(5,523)	(224,481)
Increase (decrease) in compensated absences	(37,483)	(13,821)
Increase (decrease) in deferred inflows of resources	44,569	(21,749)
Increase (decrease) in estimated liability for landfill closure and post closure costs	-	25,182
Total adjustments	971,119	378,033
Net cash provided by (used in) operations	$ 1,854,187	$ 2,287,122

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

September 30,	2020	2019
Assets		
Current assets		
Accounts receivables (net of allowances for uncollectibles)	$ 4,134	$ 3,724
Inventories	13,593	11,637
Total current assets	17,727	15,361
Non-current assets		
Capital assets		
Land	49,496	49,496
Plant and equipment	4,180,857	3,909,214
Accumulated depreciation	(3,329,070)	(3,231,334)
Total capital assets (net of accumulated depreciation)	901,283	727,376
Total non-current assets	901,283	727,376
Total assets	919,010	742,737
Deferred outflows of resources		
OPEB - retiree healthcare	2,301	2,146
OPEB - supplemental death benefits	1,208	528
Retirement pensions	4,613	32,913
Total deferred outflows of resources	8,122	35,587
Total assets and deferred outflows of resources	$ 927,132	$ 778,324

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

September 30,	2020	2019
Liabilities		
Current liabilities		
Accounts payable	$ 22,962	$ 25,446
Customer deposits	275	1,014
Due to other funds	1,157,376	813,048
Compensated absences	16,920	2,000
Accrued expenses	3,520	21,932
Capital lease - current	49,445	-
Total current liabilities	1,250,498	863,440
Non-current liabilities		
Compensated absences	44,608	66,124
Capital lease - non-current	202,901	-
OPEB liability - retiree healthcare	26,730	29,809
OPEB liability - supplemental death benefits	9,866	8,877
Net pension liability	3,948	51,979
Total non-current liabilities	288,053	156,789
Total liabilities	1,538,551	1,020,229
Deferred inflows of resources		
OPEB - retiree healthcare	4,999	848
Supplemental death benefits	715	376
Retirement pensions	20,064	964
Total deferred inflows of resources	25,778	2,188
Net position		
Net investment in capital assets	648,937	727,376
Unrestricted	(1,286,134)	(971,469)
Total net position	(637,197)	(244,093)
Total liabilities, deferred inflows of resources and net position	$ 927,132	$ 778,324

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

Year ended September 30,	2020	2019
Operating revenues		
Golf course fees and charges	$ 666,986	$ 791,264
Operating expenses		
Personnel services	648,083	657,046
Contracted services	163,639	134,556
Materials and supplies	110,835	316,537
Other expenses	60,913	69,969
Depreciation and amortization	85,036	91,538
Total operating expenses	1,068,506	1,269,646
Operating loss	(401,520)	(478,382)
Nonoperating revenues (expenses)		
Interest expense	(2,717)	-
Gain (loss) on sale/disposal of capital assets	-	4,571
Miscellaneous revenue	11,133	68,291
Total nonoperating revenues (expenses)	8,416	72,862
Income (loss) before operating transfers	(393,104)	(405,520)
Transfers		
Transfers in	-	181,789
Total transfers	-	181,789
Increase (decrease) in net position	(393,104)	(223,731)
Net position, beginning of year	(244,093)	(20,362)
Net position, end of year	$ (637,197)	$ (244,093)

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

Year ended September 30,	2020	2019
Cash flows from operating activities		
Receipts from customers	$ 677,709	$ 859,552
Payment to suppliers	(14,650)	(346,849)
Payments to employees	(653,745)	(699,920)
Net cash provided by (used in) operations	9,314	(187,217)
Cash flows from (to) noncapital financing activities		
Transfers from other funds	-	181,789
Net cash provided by (used in) noncapital financing activities	-	181,789
Cash flows from capital and related financing activities		
Proceeds from sale of capital assets	-	4,571
Principal paid on capital leases	(6,597)	-
Interest paid	(2,717)	-
Net cash provided by (used in) capital and related financing activities	(9,314)	4,571
Cash flows from investing activities	-	-
Net increase (decrease) in cash and cash equivalents	-	(857)
Cash and cash equivalents, beginning of year	-	857
Cash and cash equivalents, end of year	$ -	$ -

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

Year ended September 30,	2020	2019
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income (loss)	$ (401,520)	$ (478,382)
Adjustments to reconcile net income from operations to net cash from operating activities		
Depreciation	85,036	91,538
Other revenue received	11,133	68,291
(Increase) decrease in receivables	(410)	(3)
(Increase) decrease in inventories	(1,956)	9,343
(Increase) decrease in deferred outflows of resources	28,300	(25,308)
Increase (decrease) in accounts payable	(3,223)	(675)
Increase (decrease) in due to other funds	344,328	166,262
Increase (decrease) in accrued expenses	(18,412)	(717)
Increase (decrease) in net pension liability	(48,031)	48,430
Increase (decrease) in net other post employment benefit obligations	(2,925)	(59,962)
Increase (decrease) in compensated absences	(6,596)	(7,147)
Increase (decrease) in deferred inflows of resources	23,590	1,113
Total adjustments	410,834	291,165
Net cash provided by (used in) operations	$ 9,314	$ (187,217)
Supplemental disclosure of noncash activities		
Initiation of capital lease	*$ 258,943*	*$ -*

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

September 30,	2020	2019
Assets		
Current assets		
Cash and cash equivalents	$ -	$ 75,848
Accounts receivables (net of allowances for uncollectibles)	4,389	4,389
Prepayments	-	54,727
Restricted assets:		
Cash and cash equivalents	-	36,495
Total current assets	4,389	171,459
Non-current assets		
Capital assets		
Plant and equipment	4,795,374	4,800,679
Accumulated depreciation	(3,895,276)	(3,716,292)
Total capital assets (net of accumulated depreciation)	900,098	1,084,387
Total non-current assets	900,098	1,084,387
Total assets	904,487	1,255,846
Deferred outflows of resources		
OPEB - retiree healthcare	631	589
OPEB - supplemental death benefits	332	145
Retirement pensions	1,266	9,033
Total deferred outflows of resources	2,229	9,767
Total assets and deferred outflows of resources	$ 906,716	$ 1,265,613

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

September 30,	2020	2019
Liabilities		
Current liabilities		
Accounts payable	$ 23,779	$ 10,140
Customer deposits	19,676	36,495
Due to other funds	6,921	-
Compensated absences	5,004	5,000
Accrued expenses	442	3,479
Unearned revenue	5,099	10,119
Total current liabilities	60,921	65,233
Non-current liabilities		
Compensated absences	13,193	15,532
OPEB liability - retiree healthcare	7,336	8,181
OPEB liability - supplemental death benefits	2,708	2,436
Net pension liability	1,083	14,265
Total non-current liabilities	24,320	40,414
Total liabilities	85,241	105,647
Deferred inflows of resources		
OPEB - retiree healthcare	1,372	233
Supplemental death benefits	196	103
Retirement pensions	5,507	265
Total deferred inflows of resources	7,075	601
Net position		
Net investment in capital assets	900,098	1,084,387
Unrestricted	(85,698)	74,978
Total net position	814,400	1,159,365
Total liabilities, deferred inflows of resources and net position	$ 906,716	$ 1,265,613

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

Year ended September 30,	2020	2019
Operating revenues		
Rental income	$ 28,269	$ 219,883
Operating expenses		
Personnel services	103,220	99,464
Contracted services	190,807	196,669
Materials and supplies	5,844	8,712
Other expenses	16,773	27,949
Depreciation and amortization	184,288	175,513
Total operating expenses	500,932	508,307
Operating income (loss)	(472,663)	(288,424)
Nonoperating revenues		
Interest revenue	297	2,456
Gain (loss) on sale/disposal of capital assets	-	36
Miscellaneous revenue	12,405	52
Total nonoperating revenues	12,702	2,544
Income (loss) before operating transfers	(459,961)	(285,880)
Transfers		
Transfers in	114,996	115,000
Total transfers	114,996	115,000
Increase (decrease) in net position	(344,965)	(170,880)
Net position, beginning of year	1,159,365	1,330,245
Net position, end of year	$ 814,400	$ 1,159,365

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

Year ended September 30,	2020	2019
Cash flows from operating activities		
Receipts from customers	$ 35,654	$ 212,443
Payment to suppliers	(157,992)	(280,620)
Payments to employees	(105,298)	(100,483)
Net cash provided by (used in) operations	(227,636)	(168,660)
Cash flows from (to) noncapital financing activities		
Transfers from other funds	114,996	115,000
Net cash provided by (used in) noncapital financing activities	114,996	115,000
Cash flows from capital and related financing activities		
Purchase of capital assets	-	(5,269)
Net cash provided by (used in) capital and related financing activities	-	(5,269)
Cash flows from investing activities		
Interest received	297	2,456
Net cash provided by (used in) investing activities	297	2,456
Net increase (decrease) in cash and cash equivalents	(112,343)	(56,473)
Cash and cash equivalents, beginning of year	112,343	168,816
Cash and cash equivalents, end of year	$ -	$ 112,343

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

Year ended September 30,	2020	2019
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income (loss)	$ (472,663)	$ (288,424)
Adjustments to reconcile net income from operations to net cash from operating activities		
Depreciation	184,288	175,513
Other revenue received	12,405	52
(Increase) decrease in prepaid items	54,727	(54,726)
(Increase) decrease in deferred outflows of resources	7,768	(6,947)
Increase (decrease) in accounts payable	(3,180)	38,313
Increase (decrease) in due to other funds	6,921	
Increase (decrease) in accrued expenses	(3,037)	(30,877)
Increase (decrease) in net pension liability	(13,182)	13,291
Increase (decrease) in net other post employment benefit obligations	(802)	(4,261)
Increase (decrease) in compensated absences	(2,335)	55
Increase (decrease) in unearned revenues	(5,020)	(7,492)
Increase (decrease) in deferred inflows of resources	6,474	(3,157)
Total adjustments	245,027	119,764
Net cash provided by (used in) operations	$ (227,636)	$ (168,660)

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

September 30,	2020	2019
Assets		
Current assets		
Cash and cash equivalents	$ 36,581	$ 43,303
Accounts receivables (net of allowances for uncollectibles)	128	32
Prepayments	-	11,988
Restricted assets:		
Cash and cash equivalents	1,050	5,107
Total current assets	37,759	60,430
Non-current assets		
Capital assets		
Plant and equipment	244,776	223,538
Accumulated depreciation	(179,006)	(165,229)
Total capital assets (net of accumulated depreciation)	65,770	58,309
Total non-current assets	65,770	58,309
Total assets	103,529	118,739
Deferred outflows of resources	-	-
Total assets and deferred outflows of resources	$ 103,529	$ 118,739

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

September 30,	2020	2019
Liabilities		
Current liabilities		
Accounts payable	$ 8,747	$ 10,738
Customer deposits	1,050	5,107
compensated absences	1,985	2,000
Accrued expenses	232	2,166
Total current liabilities	12,014	20,011
Non-current liabilities		
Compensated absences	5,234	5,251
Total non-current liabilities	5,234	5,251
Total liabilities	17,248	25,262
Deferred inflows of resources	-	-
Net position		
Net investment in capital assets	65,770	58,309
Unrestricted	20,511	35,168
Total net position	86,281	93,477
Total liabilities, deferred inflows of resources and net position	$ 103,529	$ 118,739

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

Year ended September 30,	2020	2019
Operating revenues		
Admissions	$ 3,303	$ 5,844
Operating expenses		
Personnel services	59,933	52,895
Contracted services	36,053	29,248
Materials and supplies	5,871	4,747
Other expenses	12,100	25,061
Depreciation and amortization	13,777	11,054
Total operating expenses	127,734	123,005
Operating income (loss)	(124,431)	(117,161)
Nonoperating revenues		
Interest revenue	117	881
Gain (loss) on sale/disposal of capital assets	-	(14,890)
Miscellaneous revenue	5,880	12,631
Total nonoperating revenues	5,997	(1,378)
Income (loss) before operating transfers	(118,434)	(118,539)
Transfers		
Transfers in	111,238	90,000
Total transfers	111,238	90,000
Increase (decrease) in net position	(7,196)	(28,539)
Net position, beginning of year	93,477	122,016
Net position, end of year	$ 86,281	$ 93,477

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

Year ended September 30,	2020	2019
Cash flows from operating activities		
Receipts from customers	$ 9,087	$ 18,475
Payment to suppliers	(50,018)	(66,566)
Payments to employees	(59,965)	(58,975)
Net cash provided by (used in) operations	(100,896)	(107,066)
Cash flows from (to) noncapital financing activities		
Transfers from other funds	111,238	90,000
Net cash provided by (used in) noncapital financing activities	111,238	90,000
Cash flows from capital and related financing activities		
Purchase of capital assets	(21,238)	-
Net cash provided by (used in) capital and related financing activities	(21,238)	-
Cash flows from investing activities		
Proceeds from sale of investments	-	58,241
Interest received	117	881
Net cash provided by (used in) investing activities	117	59,122
Net increase (decrease) in cash and cash equivalents	(10,779)	42,056
Cash and cash equivalents, beginning of year	48,410	6,354
Cash and cash equivalents, end of year	$ 37,631	$ 48,410
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income (loss)	$ (124,431)	$ (117,161)
Adjustments to reconcile net income from operations to net cash from operating activities		
Depreciation	13,777	11,054
Other revenue received	5,880	12,631
(Increase) decrease in receivables	(96)	-
(Increase) decrease in prepaid items	11,988	(11,988)
Increase (decrease) in accounts payable	(6,048)	4,156
Increase (decrease) in accrued expenses	(1,934)	322
Increase (decrease) in net other post employment benefit obligations	-	(6,919)
Increase (decrease) in compensated absences	(32)	839
Total adjustments	23,535	10,095
Net cash provided by (used in) operations	$ (100,896)	$ (107,066)

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SUPPLEMENTARY INDIVIDUAL INTERNAL SERVICE FUNDS FINANCIAL STATEMENTS AND SCHEDULES

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City of Harlingen, Texas
Internal Service Funds

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

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

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

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

September 30,	2020	Restated 2019
Assets		
Current assets		
Cash and cash equivalents	$ 3,687,647	$ 3,735,148
Accounts receivables (net of allowances for uncollectibles)	10,823	12,924
Inventories	191,673	117,400
Prepayments	-	16,030
Due from component units	615	-
Total current assets	3,890,758	3,881,502
Non-current assets		
Capital assets		
Plant and equipment	21,062,708	22,352,627
Accumulated depreciation	(16,544,228)	(17,231,155)
Total capital assets (net of accumulated depreciation)	4,518,480	5,121,472
Total non-current assets	4,518,480	5,121,472
Total assets	8,409,238	9,002,974
Deferred outflows of resources		
OPEB - retiree healthcare	3,679	3,431
OPEB - supplemental death benefits	1,932	845
Retirement pensions	7,376	52,620
Total deferred outflows of resources	12,987	56,896
Total assets and deferred outflows of resources	$ 8,422,225	$ 9,059,870

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

September 30,	2020	2019
Liabilities		
Current liabilities		
Accounts payable	$ 13,022	$ 2,605
Compensated absences	12,585	-
Accrued expenses	1,201	19,384
Total current liabilities	26,808	21,989
Non-current liabilities		
Compensated absences	33,177	58,715
OPEB liability - retiree healthcare	42,734	47,657
OPEB liability - supplemental death benefits	15,773	14,190
Net pension liability	6,311	83,102
Total non-current liabilities	97,995	203,664
Total liabilities	124,803	225,653
Deferred inflows of resources		
OPEB - retiree healthcare	7,992	1,355
Supplemental death benefits	1,143	602
Retirement pensions	32,079	1,541
Total deferred inflows of resources	41,214	3,498
Net position		
Net investment in capital assets	4,518,480	5,121,472
Unrestricted	3,737,728	3,709,247
Total net position	8,256,208	8,830,719
Total liabilities, deferred inflows of resources and net position	$ 8,422,225	$ 9,059,870

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

Year ended September 30,	2020	2019
Operating revenues		
Current use charges	$ 3,268,754	$ 3,442,203
Operating expenses		
Personnel services	349,108	416,669
Contracted services	101,002	106,726
Materials and supplies	1,578,536	1,793,448
Other expenses	42,177	29,262
Depreciation and amortization	1,184,152	1,306,501
Total operating expenses	3,254,975	3,652,606
Operating income	13,779	(210,403)
Nonoperating revenues (expenses)		
Interest revenue	31,213	79,222
Gain (loss) on sale/disposal of capital assets	(137,132)	(8)
Insurance recovery	3,510	-
Miscellaneous revenue	220	3,195
Total nonoperating revenues (expenses)	(102,189)	82,409
Income (loss) before operating transfers	(88,410)	(127,994)
Transfers		
Transfers in	666,250	754,950
Transfers out	(1,152,351)	(841,442)
Total transfers	(486,101)	(86,492)
Increase (decrease) in net position	(574,511)	(214,486)
Net position, beginning of year	8,830,719	9,045,205
Net position, end of year	$ 8,256,208	$ 8,830,719

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

Year ended September 30,	2020	Restated 2019
Cash flows from operating activities		
Receipts from customers	$ 3,273,970	$ 3,445,366
Payment to suppliers	(1,769,541)	(1,892,440)
Payments to employees	(378,750)	(391,627)
Net cash provided by (used in) operations	1,125,679	1,161,299
Cash flows from (to) noncapital financing activities		
Transfers from other funds	666,250	754,950
Transfers to other funds	(1,152,351)	(841,442)
Net cash provided by (used in) noncapital financing activities	(486,101)	(86,492)
Cash flows from capital and related financing activities		
Purchase of capital assets	(718,292)	(1,239,415)
Net cash provided by (used in) capital and related financing activities	(718,292)	(1,239,415)
Cash flows from investing activities		
Purchase of investments	-	(1,063,039)
Proceeds from investment maturities	-	3,178,018
Interest received	31,213	79,222
Net cash provided by (used in) investing activities	31,213	2,194,201
Net increase (decrease) in cash and cash equivalents	(47,501)	2,029,593
Cash and cash equivalents, beginning of year	3,735,148	1,705,555
Cash and cash equivalents, end of year	$ 3,687,647	$ 3,735,148

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

Year ended September 30,	2020	2019
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income (loss)	$ 13,779	$ (210,403)
Adjustments to reconcile net income from operations to net cash from operating activities		
Depreciation	1,184,152	1,306,501
Other revenue received	220	3,195
Insurance recovery received	3,510	-
(Increase) decrease in receivables	2,101	(295)
(Increase) decrease in due from component units	(615)	263
(Increase) decrease in prepaid items	16,030	(16,030)
(Increase) decrease in inventories	(74,273)	61,377
(Increase) decrease in deferred outflows of resources	45,244	(39,692)
Increase (decrease) in deferred inflows of resources	37,716	(19,788)
Increase (decrease) in accounts payable	10,417	(8,351)
Increase (decrease) in net pension liability	(76,791)	77,428
Increase (decrease) in net other post employment benefit obligations	(17,628)	(202)
Increase (decrease) in accrued expenses	(18,183)	7,296
Total adjustments	1,111,900	1,371,702
Net cash provided by (used in) operations	$ 1,125,679	$ 1,161,299

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

September 30,	2020	2019
Assets		
Current assets		
Cash and cash equivalents	$ 891,351	$ 713,482
Accounts receivables (net of allowances for uncollectibles)	6,232	4,511
Prepayments	-	9,285
Total current assets	897,583	727,278
Total assets	$ 897,583	$ 727,278
Liabilities		
Current liabilities		
Accounts payable	$ 21,724	$ 18,298
Due to other funds	65,000	65,000
Total current liabilities	86,724	83,298
Total liabilities	86,724	83,298
Net position		
Unrestricted	810,859	643,980
Total net position	810,859	643,980
Total liabilities and net position	$ 897,583	$ 727,278

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

Year ended September 30,	2020	2019
Operating revenues		
Current use charges	$ 4,782,640	$ 4,461,284
Operating expenses		
Contracted services	4,619,381	4,491,561
Total operating expenses	4,619,381	4,491,561
Operating income (loss)	163,259	(30,277)
Nonoperating revenues		
Interest revenue	3,620	12,020
Total nonoperating revenues	3,620	12,020
Net change in net position	166,879	(18,257)
Net position, beginning of year	643,980	662,237
Net position, end of year	$ 810,859	$ 643,980

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

Year ended September 30,	2020	2019
Cash flows from operating activities		
Receipts from customers	$ 4,780,919	$ 4,462,228
Payment to suppliers	(4,606,670)	(4,502,534)
Net cash provided by (used in) operations	174,249	(40,306)
Cash flows from (to) noncapital financing activities		
Transfers from other funds	-	-
Net cash provided by (used in) noncapital financing activities	-	-
Cash flows from capital and related financing activities	-	-
Cash flows from investing activities		
Interest received	3,620	12,020
Net cash provided by (used in) investing activities	3,620	12,020
Net increase (decrease) in cash and cash equivalents	177,869	(28,286)
Cash and cash equivalents, beginning of year	713,482	741,768
Cash and cash equivalents, end of year	$ 891,351	$ 713,482
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income (loss)	$ 163,259	$ (30,277)
Adjustments to reconcile net income from operations to net cash from operating activities		
(Increase) decrease in receivables	(1,721)	944
(Increase) decrease in prepaid items	9,285	(9,285)
Increase (decrease) in accounts payable	3,426	(1,688)
Total adjustments	10,990	(10,029)
Net cash provided by (used in) operations	$ 174,249	$ (40,306)

SUPPLEMENTARY INDIVIDUAL
COMPONENT UNITS FINANCIAL STATEMENTS

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City of Harlingen, Texas
Component Units

Discretely presented component units are legally separate organizations that the City of Harlingen must include as part of its financial reporting entity for fair presentation.

Governmental

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

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

Business-type

The **Water and Wastewater System Fund** is used to account for the operations of the Waterworks and Wastewater System. This fund is primarily controlled by a board separate from the City Commission.

The **Valley International Airport Fund** is used to account for the operations of the Valley International Airport. This fund is primarily controlled by a board separate from the City Commission.

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

September 30,	**2020**	Restated 2019
Assets		
Cash and cash equivalents	**$ 8,317,674**	$ 2,069,847
Investments - other	**-**	6,819,607
Receivables (net of allowances for uncollectibles)		
Accounts	**89,223**	114,512
Due from other government	**399,541**	377,290
Due from primary governments	**50,000**	-
Prepaid expenses	**-**	25,526
Long-term loans receivable	**715,652**	402,387
Redevelopment properties	**1,847,816**	1,847,816
Total assets	**$ 11,419,906**	$ 11,656,985
Liabilities		
Accounts payable	**$ 63,494**	$ 190,584
Other liabilities	**-**	592,688
Accrued expenditures	**2,221**	19,721
Customer deposits - payable from restricted assets	**-**	5,000
Total liabilities	**65,715**	807,993
Deferred inflows of resources		
Deferred inflows of resources - noncurrent receivables	**718,520**	427,946
Fund balance		
Nonspendable	**2,111**	2,111
Committed	**2,000,000**	2,000,000
Assigned	**2,733**	2,733
Unassigned	**8,630,827**	**8,416,202**
Total fund balance	**10,635,671**	10,421,046
Total liabilities, deferred inflows of resources and fund balances	**$ 11,419,906**	$ 11,656,985

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, 2020

		HEDC Activities
Fund balances -- component unit	$	10,635,671
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 $(10,086,967).		30,906,606
Other long term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.		718,520
Long term liabilities, including $57,761 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.		(25,622,236)
Interest on long-term debt payable is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(731,490)
Net position of the component unit on the statement of net position	$	15,907,071

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,	**2020**	Restated 2019
Revenues		
Non property taxes	**$ 4,870,646**	$ 4,926,911
Intergovernmental	**232,093**	210,721
Miscellaneous and program revenues	**983,478**	871,110
Interest and investment income	**72,170**	133,150
Total revenues	**6,158,387**	6,141,892
Expenditures		
Current		
Community and economic development	**3,252,131**	2,632,436
Debt Service		
Principal retirement	**1,955,000**	1,700,000
Interest and fiscal agent fees	**735,131**	1,586,577
Bond issuance costs and fees	**1,500**	-
Total expenditures	**5,943,762**	5,919,013
Excess revenue over (under) expenditures	**214,625**	222,879
Other financing sources (uses)		
Bond refunding issuance premium	**2,490,235**	-
Refunding bond proceeds	**21,620,000**	-
Payment to refunded bond escrow agent	**(23,688,181)**	-
Cost of refunded bonds	**(422,054)**	-
Sales of assets	**-**	4,376,105
Total other financing sources	**-**	4,376,105
Net change in fund balance	**214,625**	4,598,984
Fund balance, beginning of year	**10,421,046**	5,972,062
Prior period adjustment	**-**	(150,000)
Fund balance, beginning of year, as restated	**10,421,046**	5,822,062
Fund balance, end of year	**$ 10,635,671**	$ 10,421,046

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, 2020

		HEDC Activities
Net change in fund balances -- component unit fund	$	214,625
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 $(1,210,404) exceeded capital outlay expenditures of $0.		(1,210,404)
Other long term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		290,572
Repayment of bond and notes payable principal is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement		3,430,000
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 $213,147 is not recorded either. Also, any changes in compensated absences $(8,168) and amortization of discounts related to long-term debt totaling $(166,245) and the establishment and amortization of premiums related to long-term debt totaling $(2,226,490), are reported as an increase or decrease to expenses in the statement of activities but not in the increase or decrease to expenses in the statement of activities but not in the governmental funds.		(2,187,755)
Change in net position of Harlingen Economic Development Corporation:	$	537,038

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

September 30,		**2020**		2019
Assets				
Cash and cash equivalents	**$**	**5,941,275**	$	6,302,874
Receivables (net of allowances for uncollectibles)				
Accounts		**883**		810
Due from other government		**133,180**		618,263
Total assets	**$**	**6,075,338**	$	6,921,947
Liabilities				
Accounts payable	**$**	**137,936**	$	-
Other liabilities		**-**		54,848
Total liabilities		**137,936**		54,848
Fund balance				
Assigned		**57,869**		57,869
Unassigned		**5,879,533**		6,809,230
Total fund balance		**5,937,402**		6,867,099
Total liabilities and fund balance	**$**	**6,075,338**	$	6,921,947

City of Harlingen, Texas
Harlingen Community Improvement Board
Component Unit
Reconciliation of the Balance Sheet to the Harlingen Community Improvement Board to the Component Unit Combining Statement of Net Position

Year ended September 30, 2020

		HCIB Activities
Fund balances -- component unit	$	5,937,402
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 capital assets of $1,951,708		1,951,708
Net position of the compenent unit on the statement of net position	$	7,889,110

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

Year ended September 30,	**2020**	2019
Revenues		
Non property taxes	**$ 1,594,273**	$ 1,614,092
Intergovernmental	**-**	492,500
Miscellaneous and program revenues	**-**	15,692
Interest and investment income	**34,223**	115,801
Total revenues	**1,628,496**	2,238,085
Expenditures		
Current		
Community and economic development	**606,485**	1,756,202
Capital outlay	**1,951,708**	-
Total expenditures	**2,558,193**	1,756,202
Net change in fund balance	**(929,697)**	481,883
Fund balance, beginning of year	**6,867,099**	6,385,216
Fund balance, end of year	**$ 5,937,402**	$ 6,867,099

City of Harlingen, Texas
Harlingen Community Improvement Board
Component Unit
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Harlingen Community Improvement Board to the Component Unit Combining Statement of Activities

Year ended September 30, 2020

	HCIB Activities
Net change in fund balances -- component unit fund	$ (929,697)
Amounts reported in the statement of activities are different because:	
Governmental funds report capital asset depreciation as expendirues. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciatoin expense. This is the amount that capital outlay exceeded depreciation expense for the current period	1,951,708
Change in net position of Harlingen Community Improvement Board:	$ 1,022,011

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

September 30,	**2020**	2019
Assets		
Current assets		
Cash and cash equivalents	**$ 12,375,254**	5,131,230
Investments - other	**17,356,544**	23,128,351
Receivables (net of allowances for uncollectibles)	**2,037,171**	2,115,626
Interest receivable	**12,619**	11,361
Inventories	**401,100**	555,714
Prepaid expenses	**-**	13,000
Restricted assets		
Cash and cash equivalents	**4,302,777**	3,151,682
Investments	**3,757,515**	4,130,352
Total current assets	**40,242,980**	**38,237,316**
Noncurrent Assets		
Net pension asset	**1,114,105**	-
Capital assets		
Non-depreciable assets	**10,736,157**	7,824,901
Depreciable assets	**187,725,776**	184,908,564
Accumulated depreciation	**(124,227,239)**	(120,444,917)
Total capital assets, net	74,234,694	72,288,548
Total assets	**115,591,779**	110,525,864
Deferred outflows of resources		
Deferred charge on refunding	**177,188**	171,819
Deferred resource outflows for pensions	**1,557,802**	2,421,729
Deferred resource outflows for OPEB	**1,068,396**	668,024
Total deferred outflows of resources	**2,803,386**	3,261,572
Total assets and deferred outflows of resources	**$ 118,395,165**	$ 113,787,436

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

September 30,	**2020**	2019
Liabilities		
Current liabilities		
Accounts payable	**$ 1,202,496**	$ 595,520
Due to primary government	**164,876**	58,984
Other liabilities	**539,357**	404,996
Payable from restricted assets:		
Accrued interest	**265,792**	290,096
Customer deposits - current	**350,000**	360,000
Compensated absences - current	**500,000**	600,000
Revenue bonds - current	**1,461,162**	1,585,757
Total current liabilities	**4,483,683**	3,895,353
Noncurrent liabilities		
Revenue bonds payable, net	**17,868,719**	19,214,674
Compensated absences	**319,212**	152,830
OPEB - retiree healthcare	**9,835,549**	10,184,478
OPEB - supplemental death benefits	**609,404**	504,660
Net pension liability	**-**	989,834
Payable from restricted assets	**2,644,888**	2,450,577
Total long-term debt	**31,277,772**	33,497,053
Total liabilities	**35,761,455**	37,392,406
Deferred inflows of resources		
Deferred pension inflows	**2,450,177**	1,071,339
Deferred OPEB inflows	**1,204,527**	471,774
Total deferred inflows of resources	**3,654,704**	1,543,113
Net position		
Net investment in capital assets	**55,082,001**	51,488,117
Restricted	**5,005,937**	4,181,361
Unrestricted	**18,891,068**	19,182,439
Total net position	**78,979,006**	74,851,917
Total liabilities, deferred inflows of resources and net position	**$ 118,395,165**	$ 113,787,436

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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,	**2020**	2019
Operating revenues		
Charges for services		
Current use charges	**$ 21,107,552**	$ 20,448,188
Operating expenses		
Personal services	**8,694,651**	8,879,396
Contracted services	**3,186,374**	2,775,240
Supplies and maintenance	**3,211,052**	2,876,634
Other expenses	**147,315**	182,088
Depreciation	**4,055,167**	4,037,737
Total operating expenses	**19,294,559**	18,751,095
Operating income	**1,812,993**	1,697,093
Non-operating revenues		
Impact fees	**1,064,009**	572,843
Investment earnings	**540,881**	729,131
Miscellaneous revenue	**649,258**	602,471
Total non-operating revenues	**2,254,148**	1,904,445
Non-operating expenses		
Interest and amortization expense	**709,604**	732,785
Net income (loss) before capital contributions	**3,357,537**	2,868,753
Capital contributions	**769,552**	518,817
Change in net position	**4,127,089**	3,387,570
Net position, beginning	**74,851,917**	71,464,347
Net position, end of year	**$ 78,979,006**	$ 74,851,917

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

Year ended September 30,	**2020**	2019
Cash flows from operating activities		
Receipts from customers - service revenue	**$ 22,895,022**	$ 21,368,667
Payments to suppliers	**(5,775,555)**	(5,886,784)
Payments to employees	**(8,385,683)**	(8,129,037)
Net cash provided by operations	**8,733,784**	7,352,846
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	**(5,915,512)**	(2,211,270)
Proceeds from refunding debt issuance	**5,347,227**	-
Proceeds from sale of assets	**-**	63,854
Proceeds from impact fees	**1,064,009**	572,843
Payments made to refunded bond escrow agent	**(5,227,845)**	-
Principal paid on revenue bonds	**(1,565,000)**	(1,525,000)
Interest and fees paid on revenue bonds	**(725,810)**	(722,857)
Net cash provided by (used in) capital and related financing activities	**(7,022,931)**	(3,822,430)
Cash flows from investing activities		
Purchase of investments	**(25,908,679)**	(28,534,601)
Maturity of investments	**28,512,087**	24,477,504
Investment earnings	**539,623**	744,895
Net cash provided by (used in) investing activities	**3,143,031**	(3,312,202)
Net (decrease) increase in cash and cash equivalents	**4,853,884**	218,214
Cash and cash equivalents, beginning of year	**11,824,147**	11,605,933
Cash and cash equivalents, end of year	**$ 16,678,031**	$ 11,824,147

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

Year ended September 30,	**2020**	2019
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income	**$ 1,812,993**	$ 1,697,093
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	**4,055,167**	4,037,737
Non-operating revenue	**1,418,810**	474,763
Increase in receivables	**78,456**	309,553
(Increase) decrease in inventories	**154,614**	(184,967)
(Increase) decrease in prepaid expenses	**11,145**	(2,000)
Increase in net pension asset	**(1,114,105)**	1,148,146
Increase in pension related deferred outflows	**863,926**	(1,342,856)
Increase in OPEB related deferred outflows	**(400,372)**	96,087
Decrease in accounts payable	**606,976**	170,386
Increase (decrease) in due to primary government	**105,893**	(73,012)
Increase (decrease) in other liabilities	**(336,913)**	(15,717)
Increase (decrease) in liability for compensated absences	**66,382**	(22,534)
Increase (decrease) in net pension liability	**(989,834)**	989,834
Increase (decrease) in OPEB liability	**104,744**	(396,277)
Increase (decrease) in pension related deferred inflows	**1,378,838**	(214,339)
Increase in OPEB related deferred inflows	**732,753**	471,774
Increase in customer deposits	**184,311**	209,175
Total adjustments	**6,920,791**	5,655,753
Net cash provided by operations	**$ 8,733,784**	$ 7,352,846
Supplemental disclosures of noncash capital activities:		
Water lines, sewer mains and related infrastructure contributed to the Waterworks System by developers and builders	**$ 769,552**	$ 518,517

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

September 30,	**2020**	2019
Assets		
Current assets		
Cash and cash equivalents	**$ 3,707,894**	$ 1,738,702
Investments - other	**-**	1,237,302
Investments - fair value	**-**	248,020
Accounts receivable	**2,289,949**	640,958
Grant receivable	**-**	1,186,783
Prepaid expenses and deposits	**308,774**	297,121
Total current assets	**6,306,617**	**5,348,886**
Noncurrent Assets		
Capital assets		
Land	**5,011,080**	5,011,080
Construction in progress	**14,013,049**	6,656,277
Buildings	**47,702,189**	45,276,892
Runways and taxiways	**59,106,112**	59,106,112
Land improvements	**26,645,147**	26,645,147
Furniture and fixtures	**3,293,592**	3,315,614
Machinery and equipment	**19,802,151**	20,568,359
Less accumulated depreciation	**(101,597,228)**	(98,595,647)
Net capital assets	**73,976,092**	67,983,834
Total noncurrent assets	**73,976,092**	67,983,834
Total assets	**80,282,709**	73,332,720
Deferred outflows of resources		
Deferred resource outflows for pensions	**36,413**	247,126
Deferred resource outflows for OPEB	**27,038**	17,580
Total deferred outflows of resources	**63,451**	264,706
Total assets and deferred outflows of resources	**$ 80,346,160**	$ 73,597,426

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

September 30,	**2020**	2019
Liabilities		
Current liabilities		
Accounts payable	**$ 1,277,844**	$ 1,491,462
Accrued expenses	**49,703**	97,418
Current portion of unearned revenue	**273,917**	410,114
Current portion of compensated absences	**25,000**	25,000
Total current liabilities	**1,626,464**	2,023,994
Long-term liabilities, net of current maturities		
Unearned revenue	**454,783**	671,296
Compensated absences	**317,106**	306,676
Net pension liability	**54,586**	411,777
OPEB liability - retiree healthcare	**298,289**	323,760
OPEB liability - supplemental death benefit	**85,589**	78,228
Total long-term liabilities	**1,210,353**	1,791,737
Total liabilities	**2,836,817**	3,815,731
Deferred inflows of resources		
Deferred inflows of resources for pensions	**154,445**	7,775
Deferred inflows of resources related to OPEB liability	**59,233**	11,572
Total deferred inflows of resources	**213,678**	19,347
Net position		
Net investment in capital assets	**72,781,859**	65,815,036
Unrestricted	**4,513,806**	3,947,312
Total net position	**77,295,665**	69,762,348
Total liabilities, deferred inflows of resources and fund balances	**$ 80,346,160**	$ 73,597,426

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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,	**2020**	2019
Operating revenues	**$ 4,839,078**	$ 7,053,147
Operating expenses		
Personnel	**3,714,071**	3,797,045
Contracted services	**1,653,036**	1,456,221
Materials and supplies	**445,430**	530,796
Other expenses	**584,650**	639,476
Total operating expenses before depreciation expense	**6,397,187**	6,423,538
Operating income before depreciation expense	**(1,558,109)**	629,609
Depreciation expense	**5,708,830**	5,625,141
Operating loss	**(7,266,939)**	(4,995,532)
Non-operating revenues		
Investment earnings	**32,665**	56,518
Gain on sale asset	**1,584,316**	15,003
Intergovernmental revenues - Federal grants	**5,038,912**	-
Total non-operating revenues	**6,655,893**	71,521
Net income (loss) before capital contributions	**(611,046)**	(4,924,011)
Capital contributions		
Passenger facility charges, including interest	**805,888**	1,325,519
Federal and local grants	**7,338,475**	6,397,646
Total capital contributions	**8,144,363**	7,723,165
Change in net position	**7,533,317**	2,799,154
Net position, beginning	**69,762,348**	66,963,194
Net position, end of year	**$ 77,295,665**	$ 69,762,348

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

Year ended September 30,	**2020**	2019
Net cash from operating activities		
Operating cash receipts from customers	**$ 4,906,559**	$ 7,033,636
Cash payments to suppliers for goods and services	**(2,908,389)**	(1,515,844)
Cash payments to employees for services	**(3,731,069)**	(3,652,017)
Net cash (used in) provided by operating activities	**(1,732,899)**	1,865,775
Net cash flows from (to) noncapital and related financing activities		
Federal grants - Federal Aviation Administration	**3,593,837**	-
Net cash provided by capital and related financing activites	**3,593,837**	-
Net cash flows from (to) capital and related financing activities		
Capital contributions - Federal Aviation Administration	**7,901,151**	6,615,063
Fixed assets additions and construction	**(11,701,088)**	(9,749,469)
Proceeds from sale of assets	**1,584,316**	15,003
Passenger facility charges, including interest	**805,888**	1,325,519
Net cash (used in) provided by capital and related financing activities	**(1,409,733)**	(1,793,884)
Net cash flows from (to) investing activities		
Maturities of investments	**246,000**	251,032
Interest received from investments	**34,685**	56,089
Net cash (used in) provided by investing activities	**280,685**	307,121
Net decrease in cash and cash equivalents	**731,890**	379,012
Cash and cash equivalents, beginning of year	**2,976,004**	2,596,992
Cash and cash equivalents, end of year	**$ 3,707,894**	$ 2,976,004

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

Year ended September 30,	**2020**	2019
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities?		
Operating income (loss)	**$ (7,266,939)**	$ (4,995,532)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	**5,708,830**	5,625,141
(Increase) decrease in accounts receivable	**420,191**	154,060
(Increase) decrease in prepaid expenses	**(11,653)**	(57,250)
(Increase) decrease in net pension asset	**201,256**	(182,229)
(Increase) decrease in deferred outflows of resources	**(357,191)**	381,945
Increase (decrease) in accounts payable	**(213,620)**	1,167,899
Increase (decrease) in accrued expenses	**(47,715)**	1,396
Increase (decrease) in compensated absences	**10,430**	27,489
Increase (decrease) in total OPEB liability	**(18,110)**	10,353
Increase (decrease) in unearned revenue	**(352,710)**	(173,571)
Increase (decrease) in deferred inflows of resources	**194,332**	(93,926)
Net cash provided by (used in) operations	**$ (1,732,899)**	$ 1,865,775
Supplemental disclosures of noncash capital activities:		
Revenue recognized in connection with long-term lease	**$ 216,514**	$ 158,632

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STATISTICAL SECTION

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City of Harlingen, Texas
Statistical Section

This part of the City of Harlingen's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

CONTENTS

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)

Table 1

Fiscal Year Ended September 30,	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
General government	$ 8,256,220	$ 8,103,868	$ 8,045,249	$ 7,659,290	$ 7,653,403	$ 8,621,014	$ 7,238,065	$ 7,140,359	$ 7,256,971	$ 7,249,460
Public safety	21,428,593	24,787,803	25,738,359	25,508,640	27,708,973	29,692,941	34,594,729	27,253,084	30,539,817	29,650,574
Highways and streets	8,501,626	5,162,540	4,778,770	5,381,855	5,403,082	5,134,045	8,676,859	6,106,202	7,241,780	5,647,986
Health and welfare	3,036,615	4,134,007	4,344,593	4,237,513	3,964,719	5,147,258	3,245,464	1,075,864	1,327,436	1,660,362
Community and economic development	-	-	-	-	-	-	3,079,700	3,015,071	4,981,305	2,948,451
Culture and recreation	7,534,244	5,314,043	5,043,397	4,822,263	4,541,383	5,529,616	2,033,635	6,789,573	7,294,692	6,672,567
Interest on long term debt	1,931,829	2,097,551	1,456,615	2,443,285	1,996,255	1,219,992	1,713,057	1,419,495	1,327,339	1,178,809
Total Expenses	50,689,127	49,599,812	49,406,983	50,052,846	51,267,815	55,344,866	60,581,509	52,799,648	59,969,340	55,008,209
Program Revenues:										
Charges for services:										
General government	1,261,398	2,144,379	1,663,584	3,065,996	3,124,245	2,690,463	1,986,867	1,576,846	1,582,976	2,072,707
Public safety	1,942,282	3,160,986	3,053,460	1,944,279	2,169,309	2,023,579	2,455,774	2,289,816	2,513,247	3,360,631
Highways and streets	-	166,434	79,736	-	-	-	400,460	398,508	365,936	240,422
Health and welfare	12,667	68,944	68,990	841	11,155	12,190	11,472	3,160	12,998	5,749
Community and economic development	-	-	-	-	-	-	-	148,242	729,267	175,653
Culture and recreation	398,253	605,813	567,548	417,535	442,838	480,345	626,250	258,936	596,246	1,120,847
Operating grants and contributions	2,955,031	2,699,930	2,490,080	2,563,133	2,106,140	3,617,370	3,395,347	3,213,450	3,563,454	5,287,810
Capital grants and contributions	3,185,634	2,128,092	1,536,151	1,781,492	1,258,973	435,218	1,202,490	1,994,980	1,436,215	4,066,338
Total Program Revenues	9,755,265	10,974,578	9,459,549	9,773,276	9,112,660	9,259,165	10,078,660	9,883,938	10,800,339	16,330,157
Net (Expense) Revenue	(40,933,862)	(38,625,234)	(39,947,434)	(40,279,570)	(42,155,155)	(46,085,701)	(50,502,849)	(42,915,710)	(49,169,001)	(38,678,052)
General Revenues and Transfers:										
Taxes:										
Property taxes, levied for general purposes	12,207,003	12,647,309	13,671,706	13,370,041	13,527,759	14,238,438	14,382,440	14,509,438	15,269,035	18,239,999
Property taxes, levied for debt service	4,019,848	3,712,694	3,993,754	3,964,082	3,944,336	3,886,765	3,929,046	4,031,435	4,092,110	3,771,807
Sales taxes	14,057,245	15,275,928	15,873,690	16,113,160	16,522,227	16,878,582	17,611,023	18,902,745	19,199,840	18,955,627
Franchise taxes	3,511,085	3,165,863	3,072,593	3,137,857	3,143,126	3,077,871	3,268,621	3,300,630	3,258,465	3,074,660
Hotel/Motel taxes	819,595	882,322	907,944	944,692	1,024,253	997,629	954,465	1,020,447	1,176,685	1,132,665
Mixed beverage taxes	-	-	-	-	-	-	184,095	210,157	208,273	160,936
Assessments	-	-	-	-	310,712	321,220	230,704	1,473,276	1,731,379	1,602,743
Unrestricted investment earnings	88,401	79,294	57,125	36,194	24,939	48,058	221,539	664,469	693,991	277,582
Miscellaneous	344,773	396,610	464,081	694,737	555,397	151,486	1,188,735	378,274	217,282	425,688
Interest on notes receivable	-	-	-	-	-	-	6,425	3,918	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-	263,501	77,611	62,328	501,268
Utility company settlement	148,587	109,099	950,909	(12,121)	(33,986)	68,951	-	-	-	-
Transfers	607,200	473,571	720,400	794,400	2,377,945	1,203,909	1,097,044	1,355,500	183,294	(78,589)
Total General Revenues and Transfers	35,803,737	36,742,690	39,712,202	39,043,042	41,396,708	40,872,909	43,337,638	45,927,900	46,092,682	48,064,386
Change in Net Position	$ (5,130,125)	$ (1,882,544)	$ (235,232)	$ (1,236,528)	$ (758,447)	$ (5,212,792)	$ (7,165,211)	$ 3,012,190	$ (3,076,319)	$ 9,386,334

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

Table 2

Fiscal Year Ended September 30,

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Sanitation Services	$ 6,377,740	$ 6,958,567	$ 6,939,912	$ 7,802,743	$ 7,347,322	$ 7,128,323	$ 7,391,547	$ 7,787,138	$ 8,023,251	$ 8,947,337
Golf Course Services	1,200,582	1,236,695	1,306,088	1,220,275	1,299,168	1,280,136	1,273,887	1,207,326	1,269,646	1,071,223
Auditorium Services	683,557	648,809	694,222	678,938	615,792	642,887	630,272	538,451	508,307	500,932
Museum Services	131,671	136,315	115,221	111,320	132,927	141,234	127,988	117,026	137,895	127,734
Total Expenses	8,393,550	8,980,386	9,055,443	9,813,276	9,395,209	9,192,580	9,423,694	9,649,941	9,939,099	10,647,226
Program Revenues:										
Charges for Services:										
Sanitation Services	8,415,042	8,495,419	8,532,359	8,841,070	8,878,911	9,181,830	9,228,585	9,430,128	9,833,391	9,830,405
Golf Course Services	1,216,805	1,179,528	1,130,416	982,509	954,741	919,727	965,623	854,528	791,264	666,986
Auditorium Services	258,815	143,885	147,307	150,290	236,971	234,792	177,893	226,667	219,883	28,269
Museum Services	4,010	3,585	2,916	3,181	4,607	3,694	8,150	2,880	5,984	3,303
Total Program Revenues	9,894,672	9,822,417	9,812,998	9,977,050	10,075,230	10,340,043	10,380,251	10,514,203	10,850,522	10,528,963
Net (Expense) Revenue	1,501,122	842,031	757,555	163,774	680,021	1,147,463	956,557	864,262	911,423	(118,263)
Capital Contributions	1,551,967	103,517	24,794	50,214	49,486	-	-	703,188	-	-
General Revenues and Transfers:										
Unrestricted investment earnings	4,554	7,259	6,251	5,269	2,759	10,521	47,492	155,379	199,587	77,454
Miscellaneous	73,963	18,915	1,940	14,098	11,504	6,880	1,057,029	24,706	186,374	38,329
Gain on sale of assets	6,082	130	770	778,731	490,489	1,165	4,612	25,190	64,624	(11,489)
Transfers	(607,200)	(473,571)	(720,400)	(794,400)	(2,377,945)	(1,203,909)	(1,097,044)	(1,355,500)	(183,294)	78,589
Total General Revenues and Transfers	(522,601)	(447,267)	(711,439)	3,698	(1,873,193)	(1,185,343)	12,089	(1,150,225)	267,291	182,883
Change in Net Position	$ 2,530,488	$ 498,281	$ 70,910	$ 217,686	$ (1,143,686)	$ (37,880)	$ 968,646	$ 417,225	$ 1,178,714	$ 64,620

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

Table 3

Fiscal Year Ended September 30,

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental Activities *	$ 50,689,127	$ 49,599,812	$ 49,406,983	$ 50,052,846	$ 51,267,815	$ 55,344,866	$ 60,581,509	$ 52,799,648	$ 59,969,340	$ 55,008,209
Business-type Activities **	8,393,550	8,980,386	9,055,443	9,813,276	9,395,209	9,192,580	9,423,694	9,649,941	9,939,099	10,647,226
Total Expenses	59,082,677	58,580,198	58,462,426	59,866,122	60,663,024	64,537,446	70,005,203	62,449,589	69,908,439	65,655,435
Program Revenues:										
Governmental Activities *	9,755,265	10,974,578	9,459,539	9,773,276	9,112,660	9,259,165	10,078,660	9,883,938	10,800,339	16,330,157
Business-type Activities **	9,894,672	9,925,934	9,837,792	10,027,264	10,075,230	10,340,043	10,380,251	11,217,391	10,850,522	10,528,963
Total Program Revenues	19,649,937	20,900,512	19,297,331	19,800,540	19,187,890	19,599,208	20,458,911	21,101,329	21,650,861	26,859,120
Net (Expense) Revenue	(39,432,740)	(37,679,686)	(39,165,095)	(40,065,582)	(41,475,134)	(44,938,238)	(49,546,292)	(41,348,260)	(48,257,578)	(38,796,315)
Governmental Activities *	35,803,737	36,742,688	39,712,202	39,043,042	41,396,708	40,872,909	43,337,638	45,927,900	46,092,682	48,064,386
Business-type Activities **	1,029,366	(447,267)	(711,439)	217,686	(1,823,707)	(1,185,343)	12,089	(1,150,225)	267,291	182,883
Total General Revenues and Transfers	36,833,103	36,295,421	39,000,763	39,260,728	39,573,001	39,687,566	43,349,727	44,777,675	46,359,973	48,247,269
Change in Net Position	$ (2,599,637)	$ (1,384,265)	$ (164,332)	$ (804,854)	$ (1,902,133)	$ (5,250,672)	$ (6,196,565)	$ 3,429,415	$ (1,897,605)	$ 9,450,954

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

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

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

Table 4

Fiscal Year Ended September 30,	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net Investment in capital assets	$ 102,913,131	$ 103,040,149	$ 98,058,748	$ 97,835,629	$ 94,988,699	$ 90,814,756	$ 96,279,558	$ 99,220,453	$ 96,097,057	$ 87,248,313
Restricted	4,388,441	4,155,500	4,531,503	9,874,343	9,982,445	8,077,571	5,361,574	4,642,879	5,547,330	8,242,917
Unrestricted	17,038,038	15,261,415	18,598,426	12,242,177	1,621,057	2,487,082	(7,426,934)	(8,200,970)	(9,058,344)	(5,438,813)
Total governmental activities net position	124,339,610	122,457,064	121,188,677	119,952,149	106,592,201	101,379,409	94,214,198	95,662,362	92,586,043	90,052,417
Business-type activities										
Net Investment in capital assets	6,881,339	6,648,413	6,361,950	5,316,890	6,229,922	5,797,785	5,769,141	6,268,549	6,735,656	7,768,023
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	3,641,900	4,373,107	4,730,480	5,993,226	4,126,503	4,520,760	5,518,050	5,511,288	6,222,895	5,255,148
Total business-type activities net position	10,523,239	11,021,520	11,092,430	11,310,116	10,356,425	10,318,545	11,287,191	11,779,837	12,958,551	13,023,171
Primary government										
Net Investment in capital assets	109,794,470	109,688,562	104,420,698	103,152,519	101,218,621	96,612,541	102,048,699	105,489,002	102,832,713	95,016,336
Restricted	4,388,441	4,155,500	4,531,503	9,874,343	9,982,445	8,077,571	5,361,574	4,642,879	5,547,330	8,242,917
Unrestricted	20,679,938	19,634,522	23,328,906	18,235,403	5,747,560	7,007,842	(1,908,884)	(2,689,682)	(2,835,449)	(183,665)
Total primary government net position	$ 134,862,849	$ 133,478,584	$ 132,281,107	$ 131,262,265	$ 116,948,626	$ 111,697,954	$ 105,501,389	$ 107,442,199	$ 105,544,594	$ 103,075,588

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

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

Table 5

Fiscal Year Ended September 30,	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Taxes	$ 34,840,257	$ 36,681,332	$ 37,899,107	$ 38,011,335	$ 38,995,436	$ 39,720,246	$ 41,092,944	$ 43,945,645	$ 45,088,815	47,143,175
Fines and forfeitures	1,550,411	1,808,440	1,780,275	1,681,265	1,780,419	1,657,510	1,372,991	1,155,149	1,148,803	848,008
Licenses and permits	505,837	552,753	614,735	564,486	502,973	549,401	650,476	655,628	690,991	706,930
Improvements and assessments	-	-	-	-	117,564	215,833	15	20	-	-
Charges for services	1,558,349	2,872,412	2,593,675	2,776,305	3,244,383	2,761,319	3,246,568	1,871,530	1,701,437	1,147,685
Intergovernmental	5,693,984	3,936,245	2,957,872	2,674,160	1,979,491	3,441,491	3,439,937	5,923,187	6,376,538	9,472,611
Miscellaneous	939,262	1,386,264	1,418,098	1,590,030	2,849,521	1,324,887	1,425,744	1,181,436	884,299	3,946,475
Interest and Investment Income	88,401	79,294	57,126	36,271	24,941	48,055	227,927	611,680	827,410	329,863
Total Revenues	45,176,501	47,316,740	47,320,888	47,333,852	49,494,728	49,718,742	51,456,602	55,344,275	56,718,293	**63,594,747**
Expenditures:										
General Government	7,725,493	5,765,003	6,052,084	6,552,556	6,659,647	6,600,141	5,705,734	5,810,753	5,883,350	6,409,719
Public Safety	20,274,158	20,495,448	21,286,630	21,804,128	22,951,582	22,992,979	23,637,298	24,446,172	24,934,218	25,437,180
Highways and streets	4,113,096	4,257,383	3,953,133	4,602,102	4,708,242	3,901,541	5,113,681	5,176,279	5,925,364	4,743,047
Health and welfare	2,988,993	3,391,215	3,594,105	3,621,978	3,455,335	3,911,837	2,971,441	912,366	1,085,916	1,485,617
Community and economic development	-	-	-	-	-	-	1,977,463	2,556,833	4,063,068	2,867,872
Culture and recreation	4,404,463	4,244,459	4,170,128	4,064,968	3,959,009	4,198,871	4,704,245	5,757,824	5,903,672	5,627,100
Capital outlay	8,485,704	6,358,369	5,982,406	5,683,692	4,881,877	2,676,339	5,432,339	9,789,195	9,589,755	6,482,396
Debt service										
Principal retirement	2,298,136	1,940,000	1,970,000	2,302,113	2,507,800	2,899,856	3,232,871	3,324,340	3,475,216	3,682,945
Interest	1,852,835	1,752,898	1,714,452	1,872,583	1,624,757	1,202,344	1,573,513	1,550,523	1,493,474	1,456,533
Administrative charges	7,740	-	204,875	-	196,767	308,236	210,281	2,256	-	-
Total Expenditures	52,150,618	48,204,775	48,927,813	50,504,120	50,945,016	48,692,144	54,558,866	59,326,541	62,354,033	**58,192,409**
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(6,974,117)	(888,035)	(1,606,925)	(3,170,268)	(1,450,288)	1,026,598	(3,102,264)	(3,982,266)	(5,635,740)	**5,402,338**
Other Financing Sources (Uses)										
Transfers in	3,209,870	2,205,645	3,225,142	3,050,709	3,782,345	4,666,734	2,851,558	4,926,228	5,040,786	6,185,071
Transfers out	(2,674,670)	(1,879,074)	(2,578,244)	(2,337,309)	(3,286,582)	(4,299,078)	(1,971,442)	(4,402,989)	(4,771,000)	(5,777,560)
Insurance recovery	-	-	-	-	-	-	4,794	-	-	-
Issuance of debt	-	-	-	3,273,794	-	-	-	-	-	-
Bond and/or certificate of obligation proceeds	-	3,315,000	5,350,000	(3,185,722)	3,282	23,915,000	12,885,000	-	-	-
Refunding bond proceeds	-	-	-	-	-	2,595,060	-	-	-	1,690,000
Payment to refunded bond escrow agent	-	(3,263,508)	-	-	8,924	(26,687,399)	-	-	-	(1,896,534)
Premium on debt issuance	-	-	166,091	-	-	-	-	-	-	280,521
Cost of refunded bonds	-	-	-	-	-	-	-	-	-	(64,660)
Note and Capital lease proceeds	-	-	-	1,483,892	47,250	-	263,501	97,777	-	1,000,000
Proceeds from sale of capital assets	148,587	109,099	950,139	-	-	-	-	77,611	62,328	501,268
Total Other Financing Sources (Uses)	683,787	487,162	7,113,128	2,285,364	555,219	190,317	14,033,411	698,627	332,114	**1,918,106**
Net Change in Fund Balances	$ (6,290,330)	$ (400,873)	$ 5,506,203	$ (884,904)	$ (895,069)	$ 1,216,915	$ 10,931,147	$ (3,283,639)	$ (5,303,626)	**$ 7,320,444**
Debt Service as a Percentage of Non-Capital Expenditures	9.51%	8.82%	8.58%	9.31%	8.97%	8.91%	9.78%	9.84%	9.42%	9.94%

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

Table 6

Fiscal Year Ended September 30,	2011	2012	2013	2014	2015	2016	2017	Restated 2018	2019	2020
Revenues:										
Property Taxes - including P and I	$ 12,291,052	$ 12,690,327	$ 13,624,303	$ 13,356,797	$ 13,682,198	$ 14,202,827	$ 14,365,607	$ 14,763,466	$ 15,267,137	$ 18,206,332
Non-property Taxes	17,272,816	19,063,014	19,091,811	19,440,451	19,897,893	20,221,652	21,134,041	22,458,031	22,728,278	22,280,460
Fines & Forfeitures	1,550,411	1,807,782	1,780,146	1,681,265	1,672,287	1,442,634	1,113,512	918,840	1,059,835	831,889
Licenses & Permits	505,837	552,753	614,735	564,486	502,973	549,401	650,476	655,628	690,991	706,930
Charges for Services	1,163,357	1,037,873	2,391,671	2,579,831	3,034,139	2,459,509	2,840,253	1,403,079	1,327,675	981,550
Intergovernmental	1,062,729	254,552	296,070	583,121	689,624	58,815	59,730	1,176,253	1,347,063	5,743,698
Contributions and Donations	-	-	827,353	831,217	2,503,630	696,413	628,274	893,039	94,551	3,228,964
Miscellaneous	620,067	946,188	173,637	294,913	155,673	131,008	604,711	182,243	192,553	401,968
Interest and Investment Income	40,517	39,415	31,265	22,098	14,062	32,006	115,237	310,605	547,187	238,198
Total Revenues	34,506,786	36,391,904	38,830,991	39,354,179	42,152,479	39,794,265	41,511,841	42,761,184	43,255,270	52,619,989
Expenditures:										
General Government	4,875,218	4,867,732	5,237,122	5,617,973	5,748,778	5,536,663	5,519,977	5,728,253	5,818,350	6,324,719
Public Safety	19,076,007	18,351,930	20,580,493	21,448,737	22,621,457	22,055,008	22,905,249	23,361,243	23,697,616	24,296,047
Highways & Streets	2,917,958	2,977,519	3,100,048	3,214,699	3,258,044	3,037,712	3,192,920	3,300,201	3,410,491	3,644,814
Health & Welfare	2,458,796	2,554,289	2,785,007	2,906,812	2,972,646	2,895,711	2,893,736	841,556	883,373	1,305,281
Community and economic development	-	-	-		-	-	597,316	1,739,678	1,818,633	1,748,118
Culture & Recreation	4,168,534	3,853,625	4,024,108	3,844,256	3,759,030	3,928,243	4,116,239	5,292,513	5,046,136	4,969,797
Capital Outlay	1,879,673	1,210,517	1,197,032	2,714,934	3,933,263	952,217	1,537,157	1,420,920	1,259,425	5,048,443
Debt Payments	13,136	-	-	-	339,567	540,738	168,672	192,177	202,239	313,595
Total Expenditures	35,389,322	33,815,612	36,923,810	39,747,411	42,632,785	38,946,292	40,931,266	41,876,541	42,136,263	47,650,814
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(882,536)	2,576,292	1,907,181	(393,232)	(480,306)	847,973	580,575	884,643	1,119,007	4,969,175
Budgeted Transfers and Other Financing Sources (Uses)	1,214,559	(39,150)	480,194	1,792,697	(759,632)	(76,639)	1,216,746	1,153,268	(1,029,544)	442,473
Excess of Revenues Other Financing Sources (Uses) Over (Under) Expenditures & Others	332,023	2,537,142	2,387,375	1,399,465	(1,239,938)	771,334	1,797,321	2,037,911	89,463	5,411,648
Beginning Fund Balance	10,527,631	10,859,654	13,396,796	15,784,171	17,183,636	15,943,698	16,715,032	18,512,353	20,550,264	20,639,727
Ending Fund Balance	$ 10,859,654	$ 13,396,796	$ 15,784,171	$ 17,183,636	$ 15,943,698	$ 16,715,032	$ 18,512,353	$ 20,550,264	$ 20,639,727	$ 26,051,375

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

Table 7

Fiscal Year Ended September 30,

	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**
General Fund										
Nonspendable	$ 8,080	$ 15,636	$ 14,336	$ 19,599	$ 5,238	$ 41,628	$ 35,008	$ 31,019	$ 221,518	**$ 182,808**
Restricted	-	-	-	-	-	-	-	-	-	**118,119**
Assigned	-	-	-	-	-	-	-	-	428,246	**573,369**
Unassigned	10,851,574	13,381,160	15,769,835	17,164,037	15,938,460	16,673,404	18,477,345	20,519,245	19,989,963	**25,177,079**
Total General Fund	10,859,654	13,396,796	15,784,171	17,183,636	15,943,698	16,715,032	18,512,353	20,550,264	20,639,727	**26,051,375**
General Fund Percentage Change	3.2%	23.4%	17.8%	8.9%	-7.2%	4.8%	10.8%	11.0%	0.4%	**26.2%**
All Other Governmental Funds										
Nonspendable	798	1,104	1,465	-	624	3,466	1,847	6,306	436	**25,000**
Restricted	11,534,935	1,480,266	11,898,209	9,874,343	10,048,679	8,083,611	17,786,138	12,055,632	6,595,635	**8,124,798**
Committed	1,606,602	9,509,122	1,567,142	1,331,570	1,419,799	3,902,757	3,123,619	3,347,068	3,010,076	**3,275,935**
Unassigned	(51,761)	(837,933)	(195,429)	(218,895)	(137,216)	(212,367)	(355)	30,691	440,461	**529,671**
Total All Other Governmental Funds	13,090,574	10,152,559	13,271,387	10,987,018	11,331,886	11,777,467	20,911,249	15,439,697	10,046,608	**11,955,404**
Total Governmental Funds										
Nonspendable	8,878	16,740	15,801	19,599	5,862	45,094	36,855	**37,325**	**221,954**	**207,808**
Restricted	11,534,935	1,480,266	11,898,209	9,874,343	10,048,679	8,083,611	17,786,138	**12,055,632**	**6,595,635**	**8,242,917**
Committed	1,606,602	9,509,122	1,567,142	1,331,570	1,419,799	3,902,757	3,123,619	**3,347,068**	**3,010,076**	**3,275,935**
Assigned	-	-	-	-	-	-	-	**-**	**428,246**	**573,369**
Unassigned	10,799,813	12,543,227	15,574,406	16,945,142	15,801,244	16,461,037	18,476,990	**20,549,936**	**20,430,424**	**25,706,750**
Total Governmental Funds	$ 23,950,228	$ 23,549,355	$ 29,055,558	$ 28,170,654	$ 27,275,584	$ 28,492,499	$ 39,423,602	$ 35,989,961	$ 30,686,335	**$ 38,006,779**
All Governmental Funds										
Percentage Change	-20.8%	-1.7%	23.4%	-3.0%	-3.2%	4.5%	38.4%	-8.7%	-14.7%	**23.9%**

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

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

Table 8

Fiscal Year	Property Taxes	Sales Taxes	Franchise Taxes	Hotel/Motel Taxes	Grand Total
2011	$ 16,452,332	$ 14,057,245	$ 3,511,085	$ 819,595	$ 34,840,257
2012	16,444,289	15,275,928	4,078,793	882,322	36,681,332
2013	17,600,278	15,873,690	4,002,690	907,944	38,384,602
2014	17,330,313	16,113,160	3,137,857	944,692	37,526,022
2015	17,472,095	16,522,227	3,143,126	1,024,253	38,161,701
2016	18,125,203	16,878,582	3,077,871	997,629	39,079,285
2017	18,233,617	17,611,023	3,268,621	954,465	40,067,726
2018	18,890,148	18,902,745	3,300,630	1,020,447	42,113,970
2019	19,344,906	19,369,107	3,258,465	1,594,254	43,566,732
2020	**$ 22,018,956**	**$ 19,131,280**	**$ 3,096,595**	**$ 1,342,776**	$ 45,589,607
Percentage Change In Dollars Over 10 Years	33.8%	36.1%	-11.8%	63.8%	30.9%

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

Table 9

Fiscal Year	Tax Year	Market Value		Less: Total Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate	Annual Percentage Change
		Real Property	Personal Property				
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	0.058827	4.6%
2014	2013	2,714,076,005	473,152,231	324,025,930	2,863,202,306	0.588827	1.7%
2015	2014	2,789,270,692	440,996,005	329,247,609	2,901,019,088	0.588827	1.3%
2016	2015	2,745,634,386	505,582,927	342,680,454	2,908,536,859	0.588827	0.3%
2017	2016	2,882,579,137	523,067,285	376,981,707	3,028,664,715	0.588827	4.1%
2018	2017	3,008,300,856	528,931,816	403,183,842	3,134,048,830	0.588827	3.5%
2019	2018	$ 3,029,706,654	$ 544,665,576	$ 316,263,782	$ 3,258,108,448	0.588827	4.0%
2020	**2019**	**$ 3,246,425,468**	**$ 552,396,663**	**$ 338,378,505**	**$ 3,460,443,626**	**0.630000**	6.2%

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 Year	Tax Year	General Fund	Debt Service Fund	Total	Harlingen CISD	South Texas ISD	Port of Harlingen	Cameron County	Total
2011	2010	0.434634	0.154193	0.588827	1.219000	0.049200	-	0.364291	2.221318
2012	2011	0.450426	0.138401	0.588827	1.218000	0.049200	-	0.384291	2.240318
2013	2012	0.451862	0.136965	0.588827	1.218000	0.049200	-	0.384291	2.240318
2014	2013	0.449723	0.139104	0.588827	1.218000	0.049200	-	0.384291	2.240318
2015	2014	0.450901	0.137926	0.588827	1.218000	0.049200	-	0.399291	2.255318
2016	2015	0.458590	0.130237	0.588827	1.318000	0.049200	-	0.399261	2.355288
2017	2016	0.460327	0.128500	0.588827	1.318000	0.049200	-	0.407743	2.363770
2018	2017	0.4563270	0.1325000	0.588827	1.3180000	0.0492000	0.0300000	0.4108030	2.396830
2019	2018	0.4608270	0.1280000	0.588827	1.3180000	0.0492000	-	0.4168930	2.372920
2020	**2019**	**0.5181000**	**0.1119000**	**0.630000**	**1.2164000**	**0.0492000**	**-**	**0.4368930**	**2.332493**

Tax due date*: January 31*
Discount allowed: *No*
Penalty and Interest: *Beginning at 7% in February (delinquency date) continues to 18% July after which a 1% per month interest is assessed until taxes are paid.*

Source: Tax Department of Respective Entities

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

Table 11

Fiscal Year	Tax Year	Taxes Levied Within the Fiscal Year of the Levy	Adjustments to the Levy In the Fiscal Year	Adjusted Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections	
					Amount	Percentage of Levy		Amount	Percentage of Levy
2011	2010	$ 15,679,846	$ 16,108	$ 15,695,954	$ 15,069,584	96.01%	$ 564,017	$ 15,633,601	99.60%
2012	2011	15,831,009	14,563	15,845,572	15,277,856	96.42%	503,147	15,781,003	99.59%
2013	2012	16,702,363	(130,385)	16,571,978	16,203,650	97.78%	300,837	16,504,487	99.59%
2014	2013	16,808,735	50,494	16,859,229	16,343,303	96.94%	444,796	16,788,099	99.58%
2015	2014	17,124,639	(72,730)	17,051,909	16,714,992	98.02%	261,770	16,976,762	99.56%
2016	2015	17,514,160	(224,119)	17,290,041	17,073,956	98.75%	125,340	17,199,296	99.48%
2017	2016	17,753,400	33,475	17,786,875	17,265,768	97.07%	403,538	17,669,306	99.34%
2018	2017	18,347,246	20,517	18,367,763	17,868,349	97.28%	329,351	18,197,700	99.07%
2019	2018	$ 19,016,342	$ (87,959)	18,928,383	$ 18,404,809	97.23%	245,300	$ 18,650,109	98.53%
2020	**2019**	**$ 21,232,625**	**$ 184,858**	**21,417,483**	**$ 20,872,708**	**97.46%**	**$ -**	**$ 20,872,708**	**97.46%**

Source: Harlingen Tax Office

City of Harlingen, Texas
Principal Property Taxpayers

Table 12

Fiscal Years Ended September 30,

2020				2011			
Principal Taxpayer	**Type of Business**	**Taxable Assessed Valuation**	**Percentage Of Total Taxable Assessed Valuation**	**Principal Taxpayer**	**Type of Business**	**Taxable Assessed Valuation**	**Percentage Of Total Taxable Assessed Valuation**
VHS Harlingen Hospital Company LLC	Medical Services	**$ 67,323,693**	1.95%	United Launch Alliance LLC	Aviation Aerospace	$ 35,951,299	1.35%
AEP Texas Inc	Electricity Suppliers	**53,768,020**	1.56%	Harlingen Medical Center Limited	Medical Real Estate Developers	24,520,011	0.92%
Boyer Harlingen LC	Real Estate Developers	**27,955,724**	0.81%	Mall at Valle Vista LLC	Shopping Center Operations	20,843,119	0.78%
Y & O Harlingen Corners LLC	Shopping Center Operations	**26,585,595**	0.77%	AEP Texas Central Company	Electricity Suppliers	18,920,110	0.71%
HMC Realty LLC	Real Estate Developers	**25,968,000**	0.75%	Valley Baptist Realty Corp	Holding Company	15,393,700	0.58%
VHS Harlingen Hospital Company LLC	Medical Services	**22,878,360**	0.66%	Southwestern Bell Telephone	Telephone Service	15,234,020	0.57%
Valle Vista Mall Realty	Shopping Center Operations	**21,424,317**	0.62%	Harlingen Venture No Two LP	Shopping Center Operations	14,368,096	0.54%
Rancho Harlingen Corners LLC	Shopping Center Operations	**19,586,199**	0.57%	Valley Baptist Realty Corp	Medical Services	12,473,173	0.47%
Valley Baptist Realty Corp	Medical Real Estate Developers	**12,719,160**	0.37%	Harlingen SC Partners, Ltd.	Shopping Center Operations	12,335,426	0.46%
VHS Valley Real Estate Company	Medical Real Estate Developers	**12,316,672**	0.36%	Harlingen Medical Center Limited	Medical Services	12,044,897	0.45%
		$ 290,525,740	8.42%			$ 182,083,851	6.83%

Source: Cameron Appraisal District

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
2011	2.00%	6.25%	8.25%
2012	2.00%	6.25%	8.25%
2013	2.00%	6.25%	8.25%
2014	2.00%	6.25%	8.25%
2015	2.00%	6.25%	8.25%
2016	2.00%	6.25%	8.25%
2017	2.00%	6.25%	8.25%
2018	2.00%	6.25%	8.25%
2019	2.00%	6.25%	8.25%
2020	**2.00%**	**6.25%**	**8.25%**

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

Table 14

	Governmental Activities								
Fiscal Year	Notes Payable	General Obligation Debt	Certificates of Obligation Debt	Capital Lease	Net Discount Premium	Total Primary Government	Percentage of Personal Income	General Bonded Debt as a Percent of Estimated Taxable Property Values	Per Capita
2011	$ 886,416	$ 22,160,000	$ 22,890,000	$ 556,761	$ -	$ 46,493,177	2.02%	1.69%	2,024
2012	1,208,323	20,885,000	22,340,000	507,567	-	44,940,890	1.91%	1.61%	1,934
2013	716,416	19,465,000	27,140,000	-	136,213	47,457,629	2.12%	1.66%	1,982
2014	646,416	17,995,000	26,455,000	1,350,833	134,945	46,582,194	2.10%	1.55%	1,873
2015	3,589,635	16,390,000	25,695,000	1,258,116	134,830	47,067,581	2.05%	1.46%	1,867
2016	3,519,635	28,875,000	8,765,000	1,110,281	2,718,135	44,988,051	2.00%	1.39%	1,677
2017	3,449,635	27,645,000	19,790,000	958,121	2,270,495	54,113,251	2.31%	1.57%	1,916
2018	3,379,635	25,190,000	19,090,000	875,667	1,880,277	50,415,579	2.02%	1.41%	1,750
2019	$ 3,309,635	$ 22,685,000	$ 18,370,000	$ 694,645	$ 1,509,736	$ 46,569,016	1.83%	1.26%	1,200
2020	**$ 4,165,839**	**$ 21,815,000**	**$ 15,705,000**	**$ 515,496**	**$ 1,416,043**	**$ 43,617,378**	**1.69%**	**1.08%**	**1,097**

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

Table 15

Fiscal Year Ended September 30, 2020

Name of Governmental Unit	Net Debt Outstanding	Percentage Applicable to the City of Harlingen	City of Harlingen's Share of Debt
Direct Debt			
City of Harlingen	$ 43,617,378	100.00%	$ 43,617,378
Total Direct Debt	43,617,378		43,617,378
Overlapping Debt			
Cameron County	151,170,000	16.13%	24,383,721
Harlingen Consolidated Independent School District	129,459,451	75.05%	97,159,318
Rio Hondo Independent School District	38,789,715	1.67%	647,788
San Benito Consolidated Independent School District	96,620,000	1.51%	1,458,962
Total Overlapping Debt	416,039,166		123,649,790
Total Direct and Overlapping Debt	$ 459,656,544		$ 167,267,168

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

Table 16

Fiscal Year Ended September 30,

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assessed Value	$ 2,670,987,425	$ 2,696,242,041	$ 2,814,253,902	$ 2,863,202,306	$ 2,901,019,088	$ 2,908,536,859	$ 3,028,664,715	$ 3,134,048,830	$ 3,256,219,944	**$ 3,460,443,626**
Legal Debt Margin										
Legal Debt Limit										
$2.50 per $100 of assessed valuation	66,774,686	67,406,051	70,356,348	71,580,058	72,525,477	72,713,421	75,716,618	78,351,221	81,405,499	**86,511,091**
General Obligation Bonds	20,885,000	19,465,000	17,995,000	16,390,000	14,845,000	29,485,000	27,070,277	25,190,000	22,685,000	**21,815,000**
Deduct Amount Available in Debt Service Fund	(591,967)	(689,181)	(972,813)	(1,008,996)	(1,033,665)	(1,230,000)	(1,840,000)	(920,079)	(1,075,322)	**(958,835)**
Applicable Debt Margin	20,293,033	18,775,819	17,022,187	15,381,004	13,811,335	28,255,000	25,230,277	24,269,921	21,609,678	**20,856,165**
Legal Debt Margin	**$ 46,481,653**	**$ 48,630,232**	**$ 53,334,161**	**$ 56,199,054**	**$ 58,714,142**	**$ 44,458,421**	**$ 50,486,341**	**$ 54,081,300**	$ 59,795,821	**$ 65,654,926**
As a percentage of debt limit	**69.61%**	**72.15%**	**75.81%**	**78.51%**	**80.96%**	**61.14%**	**66.68%**	**69.02%**	73.45%	**75.89%**

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

Table 17

Fiscal Year	Estimated Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age (1)	School Enrollment (3)	Unemployment Rate (4)
2011	65,466	$ 2,274,812,568	34,748	31.3	18,146	9.70%
2012	66,122	2,331,924,574	35,267	32.8	18,176	10.30%
2013	65,679	2,239,391,184	34,096	32.8	18,360	9.90%
2014	65,665	2,223,285,570	33,858	33.1	18,226	7.70%
2015	65,914	2,298,289,352	34,868	32.7	18,259	8.00%
2016	65,774	2,266,966,684	34,466	31.5	18,192	7.60%
2017	65,539	2,340,922,002	35,718	32.8	18,614	5.90%
2018	65,467	2,495,732,974	38,122	31.1	18,285	6.15%
2019	65,436	2,538,916,800	38,800	31.1	18,574	4.90%
2020	**65,074**	**$ 2,586,821,648**	**39,752**	**31.6**	**18,346**	**4.90%**

(1) United States Department of Commerce, Bureau of Census
(2) United State Department of Commerce, Bureau of Economic Analysis
(3) Harlingen Consolidated Independent School District
(4) United States Department of Labor, Bureau of Labor Statistics

City of Harlingen, Texas
Principal Employers

Table 18

Fiscal Years Ended September 30,

2020				2011			
Employer	**Number of Employees**	**Rank**	**Percentage of Total City Employment**	**Employer**	**Number of Employees**	**Rank**	**Percentage of Total City Employment**
Harlingen Consolidated School District	**3,195**	1	16.86%	Harlingen Consolidated School District	2,848	1	11.76%
Valley Baptist Medical Center	**2,789**	2	14.72%	Valley Baptist Medical Center	1,930	2	7.97%
Advanced Call Center Technologies	**1,738**	3	9.17%	Advanced Call Center Technologies	1,250	3	5.16%
HEB (3) Harlingen Locations	**715**	4	3.77%	Dish Network	1,013	4	4.18%
United HealthCare Services, Inc.	**682**	5	3.60%	Vicki Roy Home Health	719	5	2.97%
Harlingen Medical Center	**613**	6	3.23%	Texas State Technical College	599	6	2.47%
Rio Grande State Center	**610**	7	3.22%	City of Harlingen	594	7	2.45%
Bee First Primary Home Care	**600**	8	3.17%	HEB (3) Harlingen Locations	592	8	2.45%
City of Harlingen	**585**	9	3.09%	Harlingen Medical Center	546	9	2.26%
Texas State Technical College	**509**	10	2.69%	Rio Grande State Center	529	10	2.18%
Total Principal Employers	**12,036**		63.51%	**Total Principal Employers**	**10,620**		43.86%
Other Employers	**6,915**		36.49%	**Other Employers**	13,592		56.14%
Total Employers	**18,951**		100.00%	**Total Employers**	**24,212**		100.00%

Source: Harlingen Economic Development Corporation

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

Table 19

Fiscal Year Ended September 30,	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**
Administrative Services										
City Manager	4	4	4	5	4	4	4	4	4	**4**
City Secretary	1	1	1	2	2	2	2	3	3	**3**
City Attorney	3	3	3	2	2	2	3	1	1	**1**
Public Information Officer	0	0	0	0	1	0	0	0	1	**1**
Internal Auditor	1	1	1	1	0	1	1	1	1	**1**
Total Administrative Services	9	9	9	10	9	9	10	9	10	**10**
Human Resources										
Human Resources	3.5	2.5	3	3	3	3	3	3	3	**3**
Civil Service	1.5	1.5	1	1	1	1	1	1	1	**1**
Risk Management	3	3	3	3	3	3	3	2	2	**2**
Total Human Resources	8	7	7	7	7	7	7	6	6	**6**
Police Department										
Police Department	134	134	134	138	140	144	144	143	143	**143**
Police Services	49	49	52	51	51	52	52	52	49	**49**
Total Police Department	183	183	186	189	191	196	196	195	192	**192**
Fire Department										
Fire Suppression	107	107	107	107	107	107	107	107	107	**107**
Fire Prevention	6	6	6	6	6	6	6	6	6	**6**
Total Fire Department	113	113	113	113	113	113	113	113	113	**113**
Financial Services										
Finance	12	11	11	12	12	12	12	11	11	**11**
Municipal Court	10	10	10	10	10	10	10	10	10	**9**
Vital Statistics	4	4	4	4	4	4	4	4	4	**4**
Management Information Systems	6	6	3	3	3	4	4	3	3	**3**
Total Financial Services	32	31	28	29	29	30	30	28	28	**27**
Development Services										
Planning & Development	5	5	5	5	6	5	5	5	5	**5**
Engineering	4	4	5	5	4	4	4	4	5	**5**
Building Inspection	7	6	6	6	6	6	6	6	7	**7**
Public Buildings	19	19	19	19	19	19	19	18	17	**17**
Animal Control	4	4	4	4	4	4	4	4	4	**4**
UT Grant	0	0	0	0	1	1	1	1	1	**1**
Environmental Health	5	5	5	5	5	5	5	5	5	**5**
Storm Water Management	1	1	1	1	1	1	1	1	-	**-**
Code Enforcement	8	8	8	8	8	8	8	8	7	**7**
Total Development Services	53	52	53	53	54	53	53	52	51	**51**

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

Table 19

Fiscal Year Ended September 30,	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**
Public Works										
Public Works Administration	4	4	4	4	4	4	4	5	3	**3**
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	10	10	10	10	10	11	11	12	13	**13**
Sanitation Recycling Center	2	2	2	2	2	4	4	4	4	**4**
Sanitation	44	42	42	42	42	40	40	40	40	**40**
Traffic Signal Maintenance	4	4	4	4	4	4	4	4	4	**4**
Internal Services	10	10	10	10	9	10	10	9	9	**9**
Metropolitan Planning Organization	3	3	3	4	4	4	4	4	-	**-**
Total Public Works	108	106	106	107	106	108	108	109	104	**104**
Public Services										
Public Services Administration	2	2	2	2	2	1	1	1	3	**3**
Parks	27	33	35	35	35	29	29	29	29	**29**
Recreation	4	4	3	2	2	3	3	2	2	**2**
Pendleton Pool	1	1	1	1	1	1	1	1	1	**1**
Municipal Golf Course	21	21	21	21	21	21	21	21	19	**18**
Municipal Auditorium	2	2	2	2	1	1	1	1	1	**1**
Library	22	22	22	22	22	22	22	22	22	**22**
Harlingen Arts & Heritage Museum	3	3	3	3	3	3	3	3	2	**2**
Total Public Services	82	88	89	88	87	81	81	80	79	**78**
Community Destination										
Community Development Block Grant	6	4	4	4	4	5	5	5	5	**5**
Harlingen Downtown District	3	3	3	3	3	3	3	3	3	**3**
Convention & Visitor's Bureau	3	3	3	4	3	3	3	3	3	**3**
Economic Development Corporation	5	5	5	5	5	5	5	5	5	**5**
Total Community Destination	17	15	15	16	15	16	16	16	16	**16**
Valley International Airport										
Airport	40	39	49	53	46	46	46	47	57	**57**
Total Valley International Airport	40	39	49	53	46	46	46	47	57	57
Harlingen Waterworks System										
Waterworks	66.75	104.0	104.5	107.5	96.5	102.7	98.5	99.0	96.0	**96.0**
Wastewater	69.75	31.5	31.5	33.5	42.5	43	48.5	49	52	**52**
Total Harlingen Waterworks	136.5	135.5	136.0	141.0	139.0	145.7	147.0	148.0	148.0	148.0
Grand Total	**781.5**	**778.5**	**791.0**	**806.0**	**796.0**	**804.7**	**807.0**	**803.0**	804.0	**802.0**

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

Table 20

Fiscal Year Ending September 30,

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**
Airports										
Number of airports:	1	1	1	1	1	1	1	1	1	**1**
Scheduled airplane flights per day departing:	13	13	13	13	11	11	14	14	16	**8**
Scheduled airplane flights per day arriving:	13	13	13	13	11	11	14	14	16	**8**
Passenger enplaning and deplaning (approximate):	700,520	664,805	606,635	583,652	533,206	518,994	546,304	605,820	673,579	**419,887**
Fire Protection										
Number of stations:	7	7	7	7	7	7	8	8	8	**7**
Number of hydrants:	1,990	1,990	2,519	2,546	2,558	2,628	2,572	2,572	2,632	**2,230**
Number of fighters:	110	110	109	109	109	109	109	109	109	**109**
Firefighters per 1,000 population:	1.69	1.69	1.65	1.65	1.65	1.65	1.65	1.65	1.62	**1.67**
Police Protection										
Number of stations:	1	1	1	1	1	1	1	1	1	**1**
Number of sub-stations:	1	1	1	2	1	0	0	0	0	**0**
Number of sworn officers:	128	132	131	141	141	143	143	143	143	**139**
Sworn officers per 1,000 population:	1.98	1.76	1.75	2.14	2.14	2.2	2.2	2.2	2.2	**2.1**
Libraries										
Number of public libraries:	1	1	1	1	1	1	1	1	1	**1**
Number of volumes:	169,121	157,061	168,643	122,221	108,662	112,361	111,601	112,205	113,180	**90,438**
Circulation of volumes:	117,768	148,460	177,061	172,489	161,695	160,976	178,703	178,838	193,917	**121,192**
Circulation per capita:	3.68	3.98	4.75	2.63	2.40	2.43	3.85	3.54	3.53	**2.29**
Library cards in force (approximate)	32,025	37,281	37,281	21,165	42,785	43,609	46,442	50,477	55,020	**52,903**
Parks and Recreation										
Park acreage developed:	723.00	723.00	723.00	723.00	461.00	461.00	612.00	612.00	612.00	**612.00**
Park acreage undeveloped:	568.00	568.00	568.00	568.00	116.00	140.00	122.00	122.00	122.00	**97.00**
Playgrounds:	18	18	18	13	14	14	16	17	17	**17**
Private golf course:	2	2	3	3	3	3	3	2	2	**2**
Public golf course:	2	2	3	3	3	3	3	3	2	**2**
Number of holes:	72	72	90	90	90	90	90	81	63	**54**
Streets										
Miles of paved streets:	257.32	257.88	259.08	260.31	261.93	262.14	262.61	263.35	263.35	**266.10**
Miles of unpaved streets:	11.73	11.73	11.73	10.87	11.16	9.44	9.06	8.33	8.33	**8.91**
Miles of alleys:	52.50	52.50	66.69	66.69	66.69	66.84	66.84	66.84	66.84	**66.84**
Miles of paved alleys:	13.76	13.76	15.44	15.44	15.44	15.76	15.76	15.76	15.76	**15.76**
Miles of sidewalks:	48.21	50.00	102.32	102.87	104.16	109.32	111.54	113.29	114.13	**114.80**
Number of streetlights:	3,653	3,751	3,858	3,908	3,938	4,104	4,156	4,185	4,210	**4,240**
Water System										
Number of water plants:	2	2	2	2	2	2	2	2	2	**2**
Miles of water mains:	493.00	500.00	500.00	505.00	505.00	505.80	506.50	507.90	510.00	**518.20**
Daily average consumption (MGD):	13.00	13.30	13.10	13.10	9.34	12.90	13.84	12.00	12.41	**13.60**
Plant capacity (MGD):	28.00	35.00	35.00	35.00	40.40	38.60	38.60	38.60	38.60	**38.60**
Number of service connections:	24,144	24,445	24,592	24,876	25,168	25,248	25,624	25,705	26,152	**26,628**
Storage tank capacity (MG):	22.75	22.75	22.75	23.25	32.40	32.25	32.25	32.25	15.00	**15.00**
Sewage System										
Number of disposal plants:	1	1	1	1	1	1	1	1	1	**1**
Miles of sanitary sewers:	310.00	313.00	314.00	310.00	330.00	312.00	314.00	316.00	317.42	**317.42**
Number of lift stations:	69	63	58	63	63	63	63	61	61	**61**
Combined daily average treatment (MGD):	6.20	5.80	5.70	5.75	6.20	6.00	5.40	5.30	5.50	**6.00**
Maximum capacity of treatment plant (MGD):	9.00	6.50	6.50	7.25	6.20	10.00	10.00	10.00	10.00	**10.00**
Number of service connections:	19,457	19,633	19,762	19,675	19,892	20,013	20,408	20,254	20,574	**20,956**

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)
2011	$ 45,050,000	$ 591,967	$ 44,458,033	1.69%	679
2012	43,225,000	688,077	42,536,923	1.61%	643
2013	46,605,000	972,810	45,632,190	1.66%	695
2014	44,450,000	1,008,996	43,441,004	1.55%	662
2015	42,219,830	1,033,665	41,186,165	1.46%	625
2016	40,358,135	1,150,000	39,208,135	1.39%	596
2017	47,435,000	728,941	46,706,059	1.57%	713
2018	44,280,000	920,079	43,359,921	1.41%	662
2019	41,055,000	1,075,321	39,979,679	1.26%	609
2020	**$ 37,520,000**	**958,835**	**36,561,165**	**1.06%**	**562**

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

(1) This is the general bonded debt of both governmental and business type activities, net of original issuance discounts and premiums.
(2) This is the amount restricted for debt service principal payments.
(3) See the schedule of Assessed Value and the Estimated Actual Value of Taxable Property for property value data.
(4) Population data can be found in the Schedule of Demographic and Economic Statistics.

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SINGLE AUDIT SECTION

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CRI CARR RIGGS & INGRAM
CPAs and Advisors

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 the City of Harlingen, Texas, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Harlingen, Texas' basic financial statements, and have issued our report thereon dated March 29, 2021.

Internal Control over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Firm's signature

Cain, Riggs & Ingram, L.L.C.

Harlingen, Texas
March 29, 2021

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CRI CARR RIGGS & INGRAM
CPAs and Advisors

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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

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

Report on Compliance for Each Major Federal and State Program

We have audited the City of Harlingen, Texas' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State of Texas Single Audit Circular* that could have a direct and material effect on each of the City of Harlingen, Texas' major federal and state programs for the year ended September 30, 2020. City of Harlingen, Texas' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Harlingen, Texas' major federal and state 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) and the *State of Texas Single Audit Circular*. Those standards, the Uniform Guidance and the State of Texas Single Audit Circular 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 or state program occurred. An audit includes examining, on a test basis, evidence about the City of Harlingen Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Opinion on Each Major Federal and State Program

In our opinion, the City of Harlingen, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2020.

Report on Internal Control over Compliance

Management of the City of Harlingen, Texas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Harlingen, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state 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 and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Harlingen, Texas' internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state 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 or state 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 and the State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.

Firm's signature

Cain, Riggs & Ingram, L.L.C

City, State
March 29, 2021

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Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
* Material weakness(es) identified?	_____ yes	__X__ no
* Significant deficiencies identified that are not considered to be material weakness(es)?	_____ yes	__X__ none reported
Noncompliance material to financial statements noted?	_____ yes	__X__ no

Federal and State Awards

Internal control over major programs:		
* Material weakness(es) identified?	_____ yes	__X__ no
* Significant deficiencies identified that are not considered to be material weakness(es)?	_____ yes	__X__ none reported
Type of auditors' report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ yes	__X__ no
Any audit findings disclosed that are required to be reported in accordance with the State of Texas Single Audit Circular?	____ yes	__X__ no

Identification of major programs:

Federal

CFDA Number(s)	*Name of Federal Program or Cluster*
20.106	Airport Improvement Program
21.019	Coronavirus Aid, Relief, and Economic Security Act

Section I - Summary of Auditors' Results

State

Program Number	*Name of State Program*
	Amalie L. "Amy" Koppel Memorial All-Inclusive Playground

Federal

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

State

Dollar threshold used to distinguish between Type A and Type B programs: $300,000

Federal

Auditee qualified as low-risk auditee? __X__ yes _____ no

State

Auditee qualified as low-risk auditee? ____ yes __X__ no

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

None noted that were required to be reported

Section III - Federal and State Award Findings and Questioned Costs

None noted that were required to be reported

Schedule of Findings and Questioned Costs
Corrective Action Plan

PROGRAM	CORRECTIVE ACTION PLAN
	No findings or questioned costs noted

Contact Person: Robert Rodriguez, Finance Director

Implementation Time Frame: N/A

City of Harlingen, Texas
Schedule of Findings and Questioned Costs
Summary Schedule of Prior Audit Findings

None that were required to be reported.

City of Harlingen, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2020

(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 Housing and Urban Development				
Direct Program				
CDBG - Entitlement Grants Cluster				
*Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-48-0504	$ -	$ 68,777
*Community Development Block Grants/Entitlement Grants	14.218	B-16-MC-48-0504	-	37,337
*Community Development Block Grants/Entitlement Grants	14.218	B-17-MC-48-0504	-	39,731
*Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-48-0504	-	354,010
*Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-48-0504	-	123,500
*Community Development Block Grants/Entitlement Grants	14.218	B-20-MC-48-0504	-	18,296
Total CDBG - Entitlement Grants Cluster			-	641,651
Direct Program				
HOME Investment Partnerships Program	14.239	M-15-MC-48-0504	-	19,362
HOME Investment Partnerships Program	14.239	M-16-MC-48-0504	-	26,450
HOME Investment Partnerships Program	14.239	M-17-MC-48-0504	-	11,141
HOME Investment Partnerships Program	14.239	M-18-MC-48-0504	-	33,475
HOME Investment Partnerships Program	14.239	M-19-MC-48-0504	-	19,641
Total HOME Investment Partnerships Program			-	110,069
Total U.S. Department of Housing and Urban Development			-	751,720
U.S. Department of Justice				
Passed through Texas Office of the Governor - Criminal Justice Division (CJD)				
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0002		19,948
Crime Victim Assistance	16.575	2019-V2-GX-0011	-	41,007
Total passed through Texas Office of the Governor - Criminal Justice Division (CJD)			-	60,955
Direct Program				
Office of Bureau of Justice Assistance				
Bulletproof Vest Partnership Program	16.607	FY2017	-	818
Total Direct from Office of Bureau of Justice Assistance			-	818
Direct Program				
Equitable Sharing Program	16.922	JLEOTFS4	-	6,361
Equitable Sharing Program	16.922		-	1,600
Total U.S. Department of Justice			-	69,735
U.S. Department of Transportation				
Direct Program:				
Federal Aviation Administration				
Airport Improvement Program	20.106	3-48-0101-061-2018	-	5,944,668
Airport Improvement Program	20.106	3-48-0101-062-2019	-	1,093,806
Airport Improvement Program	20.106	3-48-0101-063-2020	-	300,001
COVID-19 Airport Improvement Program	20.106	3-48-0101-064-2020	-	4,949,999
COVID-19 Airport Improvement Program Payroll	20.106		-	88,913
Total Direct from Federal Aviation Administration			-	12,377,387
Passed Through the Texas Department of Transportation				
Highway Planning and Construction	20.205	0921-06-312	-	15,452
Total U.S. Department of Transportation			-	12,392,839
Office of National Highway Traffic Safety Administration				
Passed through Texas Department of Transportation				
Highway Safety Cluster:				
*State and Community Highway Safety	20.600	2020-Harlingen-S-1YG-00091	-	$ 43,076
*State and Community Highway Safety	20.600	2020-Harlingen-S-CMV-00029	-	12,000
*National Priority Safety Programs	20.616	2020-Harlingen-IDM-00031	-	5,884
Total Highway Safety Cluster passed through Texas Department of Transportation			-	60,960
Total Office of National Highway Traffic Safety Administration			-	60,960
U.S. Department of the Treasury				
Passed Through Texas Division of Emergency Management				
COVID-19 Coronavirus Aid, Relief, and Economic Security Act	21.019		-	3,758,040
Total Passed through the Texas Division of Emergency Management			-	3,758,040
Total U.S. Department of the Treasury			-	3,758,040
Institute of Museum and Library Services (IMLS)				
Passed through Texas State Library & Archives Commission				
Competitive - TexTreasures Original 2020	45.310	TXT-20005	-	24,990
Total Passed through Texas State Library & Archives Commission			-	24,990
Total Institute of Museum and Library Services (IMLS)			-	24,990
Centers for Disease Control and Prevention				
Passed Through Department of State Health Services				
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	HHS000371500005	-	136,616
Total Passed through Department of State Health Services			-	136,616
Total Centers for Disease Control and Prevention			-	136,616
U.S. Department of Homeland Security				
Passed Through Texas Division of Emergency Management				
Hazard Mitigation Grant Program	97.039	HMGP-DR 4266-TX	-	106,780
Total Passed through Texas Division of Emergency Management			-	106,780
Passed Through Texas Office of the Governor – Homeland Security Grants Division (HSGD)				
Homeland Security Grant Program	97.067	EMW-2019-SS-00034-S01	-	53,795
Total Passed through Texas Office of the Governor – Homeland Security Grants Division (HSGD)			-	53,795
Total U.S. Department of Homeland Security			-	160,575
Total Federal Awards Expended			$ -	$ 17,355,474

* Cluster of programs

The accompanying notes are an integral part of this schedule

City of Harlingen, Texas
Schedule of Expenditures of State Awards
For the Year Ended September 30, 2020

(1) State Grantor / Pass-Through Grantor Program Title	(3) Identifying Number	(4) Provided to Subrecipients	(5) State Expenditure
Tropical Texas Behavioral Health			
Tropical Texas Behavioral Health		-	$ 135,524
Texas Parks and Wildlife Department			
Amalie L. "Amy" Koppel Memorial All-Inclusive Playground		-	946,759
University of Texas Health Science Center At Houston			
Community Health Worker Tu Salud Si Cuenta		-	45,109
Texas State Library & Archives Commission			
Library Services for Border Cities	RGV-21002	-	40,852
Texas Office of the Governor - Criminal Justice Division (CJD)			
BG-Rifle-Resistant Body Armor Grant Program (BAGP)	2020-BG-ST-0025	-	29,725
Texas Office of the Governor - Homeland Security Grants Division (HSGD)			
BL-Local Border Security Program (LBSP)	2020-BL-ST-0016	-	55,177
Total State Financial Assitance Expended			$ 1,253,147

The accompanying notes are an integral part of this schedule

City of Harlingen, Texas
Notes on Accounting Policies for Federal and State Awards

General

The accompanying Schedule of Expenditures of Federal and State Awards presents the activity of all federal and state award programs of the City of Harlingen, Texas, for the year ended September 30, 2020. 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 and state awards includes the federal and state 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 and the State of Texas Single Audit Circular. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Federal Loans and Loan Guarantees

During the year ended September 30, 2020, the City had no outstanding loans payable or loan guarantees.

Federally Funded Insurance

During the year ended September 30, 2020, the City had no federally funded insurance.

Noncash Awards

During the year ended September 30, 2020, the City did not have any 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, 2020, the City did not elect to use this rate.

City of Harlingen, Texas
Exit Conference

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

Robert Rodriguez, Finance Director

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

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,

	2011	2012	2013
Revenues:			
Property Taxes - including P and I	$ 12,291,052	$ 12,690,327	$ 13,624,303
Non-property Taxes	17,272,816	19,063,014	19,091,811
Fines & Forfeitures	1,550,411	1,807,782	1,780,146
Licenses & Permits	505,837	552,753	614,735
Charges for Services	1,163,357	1,037,873	2,391,671
Intergovernmental	1,062,729	254,552	296,070
Contributions and Donations	-	-	827,353
Miscellaneous	620,067	946,188	173,637
Interest and Investment Income	40,517	39,415	31,265
Total Revenues	34,506,786	36,391,904	38,830,991
Expenditures:			
General Government	4,875,218	4,867,732	5,237,122
Public Safety	19,076,007	18,351,930	20,580,493
Highways & Streets	2,917,958	2,977,519	3,100,048
Health & Welfare	2,458,796	2,554,289	2,785,007
Community and economic development	-	-	-
Culture & Recreation	4,168,534	3,853,625	4,024,108
Capital Outlay	1,879,673	1,210,517	1,197,032
Debt Payments	13,136	-	-
Total Expenditures	35,389,322	33,815,612	36,923,810
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(882,536)	2,576,292	1,907,181
Budgeted Transfers and Other Financing Sources (Uses)	1,214,559	(39,150)	480,194
Excess of Revenues Other Financing Sources (Uses) Over (Under) Expenditures & Others	332,023	2,537,142	2,387,375
Beginning Fund Balance	10,527,631	10,859,654	13,396,796
Ending Fund Balance	$ 10,859,654	$ 13,396,796	$ 15,784,171

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

				Restated		
2014	2015	2016	2017	2018	2019	2020
$ 13,356,797	$ 13,682,198	$ 14,202,827	$ 14,365,607	$ 14,763,466	$ 15,267,137	$ 18,206,332
19,440,451	19,897,893	20,221,652	21,134,041	22,458,031	22,728,278	22,280,460
1,681,265	1,672,287	1,442,634	1,113,512	918,840	1,059,835	831,889
564,486	502,973	549,401	650,476	655,628	690,991	706,930
2,579,831	3,034,139	2,459,509	2,840,253	1,403,079	1,327,675	981,550
583,121	689,624	58,815	59,730	1,176,253	1,347,063	5,743,698
831,217	2,503,630	696,413	628,274	893,039	94,551	3,228,964
294,913	155,673	131,008	604,711	182,243	192,553	401,968
22,098	14,062	32,006	115,237	310,605	547,187	238,198
39,354,179	42,152,479	39,794,265	41,511,841	42,761,184	43,255,270	52,619,989
5,617,973	5,748,778	5,536,663	5,519,977	5,728,253	5,818,350	6,324,719
21,448,737	22,621,457	22,055,008	22,905,249	23,361,243	23,697,616	24,296,047
3,214,699	3,258,044	3,037,712	3,192,920	3,300,201	3,410,491	3,644,814
2,906,812	2,972,646	2,895,711	2,893,736	841,556	883,373	1,305,281
	-	-	597,316	1,739,678	1,818,633	1,748,118
3,844,256	3,759,030	3,928,243	4,116,239	5,292,513	5,046,136	4,969,797
2,714,934	3,933,263	952,217	1,537,157	1,420,920	1,259,425	5,048,443
-	339,567	540,738	168,672	192,177	202,239	313,595
39,747,411	42,632,785	38,946,292	40,931,266	41,876,541	42,136,263	47,650,814
(393,232)	(480,306)	847,973	580,575	884,643	1,119,007	4,969,175
1,792,697	(759,632)	(76,639)	1,216,746	1,153,268	(1,029,544)	442,473
1,399,465	(1,239,938)	771,334	1,797,321	2,037,911	89,463	5,411,648
15,784,171	17,183,636	15,943,698	16,715,032	18,512,353	20,550,264	20,639,727
$ 17,183,636	$ 15,943,698	$ 16,715,032	$ 18,512,353	$ 20,550,264	$ 20,639,727	$ 26,051,375

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

Fiscal Year	Tax Year	Property Tax Rate	General Fund	Debt Service Fund	Tax Levy	Percentage Current Collection	Percentage Total Collections
2011	2010	0.588827	0.434634	0.154193	15,696,198	96.01%	99.60%
2012	2011	0.588827	0.450426	0.138401	15,845,781	96.42%	99.59%
2013	2012	0.588827	0.451862	0.136965	16,572,177	97.78%	99.59%
2014	2013	0.588827	0.449723	0.139104	16,859,420	96.94%	99.58%
2015	2014	0.588827	0.450901	0.137926	17,050,974	98.03%	99.56%
2016	2015	0.588827	0.458590	0.130237	17,287,773	98.76%	99.48%
2017	2016	0.588827	0.460327	0.128500	17,782,162	97.10%	99.34%
2018	2017	0.588827	0.456327	0.132500	18,358,754	97.33%	99.07%
2019	2018	0.588827	0.460827	0.128000	18,972,831	97.01%	98.53%
2020	**2019**	**0.630000**	**0.518100**	**0.111900**	**21,417,483**	**97.46%**	**97.46%**

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

Fiscal Year	Estimated City Population (1)	Taxable Assessed Valuation (2)	Per Capita Taxable Assessed Valuation	Per Capita General Obligation (G.O.) Tax Debt	Ratio G.O. Tax Debt to Taxable Assessed Valuation	Percentage of Total Tax Collection
2011	65,466	2,665,498,022	40,716	338	0.83%	99.60%
2012	66,122	2,691,052,108	40,698	316	0.78%	99.59%
2013	65,679	2,814,253,902	42,849	296	0.69%	99.59%
2014	65,665	2,863,202,306	43,603	274	0.63%	99.58%
2015	65,914	2,901,019,088	44,012	251	0.57%	99.56%
2016	65,774	2,908,536,859	44,220	480	1.09%	99.48%
2017	65,539	3,028,664,715	46,212	422	0.91%	99.34%
2018	65,467	3,134,048,830	47,872	385	0.80%	99.07%
2019	65,436	3,258,108,448	49,791	347	0.70%	98.53%
2020	**65,074**	**3,460,443,626**	**53,177**	**335**	**0.63%**	**97.46%**

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

(2) Certified taxable assessed values reported by the Cameron Appraisal District

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

Fiscal Year Ended September 30,

	2011		2012		2013		2014	
Category	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**
Real, Residential, Single-Family	$ 1,318,224,240	44.31%	$ 1,344,724,352	44.28%	$ 1,356,985,849	43.30%	$ 1,368,138,082	42.93%
Real, Residential, Multi-Family	116,950,700	3.93%	125,142,938	4.12%	131,572,346	4.20%	137,135,722	4.30%
Real, Vacant Lots and Land Tracts	85,528,469	2.88%	80,612,755	2.65%	79,490,812	2.54%	77,780,405	2.44%
Real, Acreage (Land Only)	96,496,499	3.24%	101,376,116	3.34%	105,421,460	3.36%	104,026,465	3.26%
Real, Farm and Ranch Improvements	11,841,531	0.40%	12,037,445	0.40%	12,839,492	0.41%	12,967,265	0.41%
Real, Commercial and Industrial	672,640,392	22.61%	684,313,854	22.53%	811,900,683	25.91%	817,744,628	25.66%
Real and Tangible Personal Utilities	70,089,816	2.36%	64,184,140	2.11%	63,263,718	2.02%	64,460,988	2.02%
Tangible Personal, Commercial and Industrial	368,545,689	12.39%	369,969,623	12.18%	363,204,883	11.59%	392,710,604	12.32%
Tangible Personal, Mobile Homes	24,904,511	0.84%	18,702,753	0.62%	18,674,253	0.60%	19,303,546	0.61%
Real Property, Inventory	8,622,072	0.29%	8,875,454	0.29%	5,079,949	0.16%	4,839,652	0.15%
Special Inventory	15,730,782	0.53%	18,209,616	0.60%	20,596,563	0.66%	22,494,609	0.71%
Total Exempt Property	185,184,548	6.23%	208,669,510	6.87%	164,870,000	5.26%	165,626,270	5.20%
Total Appraised Value Before Exemptions	2,974,759,249	100.00%	3,036,818,556	100.00%	3,133,900,008	100.00%	3,187,228,236	100.00%
Less: Total Exemptions/Reductions/Adjustments	303,771,824		340,576,515		319,646,106		324,025,930	
Taxable Assessed Value	$ 2,670,987,425		$ 2,696,242,041		$ 2,814,253,902		$ 2,863,202,306	

(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

2015		2016		2017		2018		2019		2020	
Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
$ 1,391,784,107	43.09%	$ 1,422,719,443	41.78%	$ 1,505,382,496	42.46%	$ 1,504,401,535	42.53%	**$ 1,614,219,233**	**43.82%**	**$ 1,660,777,744**	**42.64%**
145,711,895	4.51%	152,731,731	4.48%	156,626,985	4.42%	156,393,800	4.42%	**165,481,963**	**4.49%**	**181,720,636**	**4.67%**
79,131,228	2.45%	99,616,746	2.93%	95,179,814	2.68%	94,844,855	2.68%	**93,694,770**	**2.54%**	**96,829,240**	**2.49%**
102,098,139	3.16%	77,483,543	2.28%	78,901,837	2.23%	78,876,674	2.23%	**84,269,537**	**2.29%**	**82,382,719**	**2.12%**
16,103,270	0.50%	22,543,512	0.66%	20,715,678	0.58%	20,135,916	0.57%	**19,506,624**	**0.53%**	**21,396,238**	**0.55%**
853,524,500	26.42%	869,779,194	25.54%	913,777,649	25.77%	907,886,024	25.67%	**919,592,996**	**24.97%**	**1,051,331,474**	**26.99%**
71,433,158	2.21%	87,635,345	2.57%	92,638,719	2.61%	92,638,719	2.62%	**94,662,090**	**2.57%**	**105,521,522**	**2.71%**
349,774,616	10.83%	408,136,305	11.98%	411,114,410	11.60%	409,616,184	11.58%	**425,678,402**	**11.56%**	**417,948,663**	**10.73%**
19,401,944	0.60%	19,475,651	0.57%	20,048,678	0.57%	20,048,678	0.57%	**20,285,891**	**0.55%**	**21,347,964**	**0.55%**
7,090,330	0.22%	5,289,784	0.16%	3,845,926	0.11%	3,845,926	0.11%	**5,337,252**	**0.14%**	**2,364,592**	**0.06%**
26,150,645	0.81%	33,441,069	0.98%	33,840,897	0.95%	33,839,897	0.96%	**31,364,048**	**0.85%**	**33,200,319**	**0.85%**
168,062,865	5.20%	206,794,099	6.07%	213,290,180	6.02%	214,704,464	6.06%	**209,432,936**	**5.69%**	**220,288,184**	**5.66%**
3,230,266,697	100.00%	3,405,646,422	100.00%	3,545,363,269	100.00%	3,537,232,672	100.00%	**3,683,525,742**	100.00%	**3,895,109,295**	100.00%
329,247,609		376,981,707		403,316,602		403,183,842		**425,417,294**		**434,665,669**	
$ 2,901,019,088		$ 3,028,664,715		$ 3,142,046,667		$ 3,134,048,830		**$ 3,258,108,448**		**$ 3,460,443,626**	

City of Harlingen, Texas
Computation of Estimated Direct and Overlapping Debt

Fiscal Year Ended September 30, 2020

Name of Governmental Unit	Net Debt Outstanding	Percentage Applicable to the City of Harlingen	City of Harlingen's Share of Debt
Direct Debt			
City of Harlingen	$ 43,617,378	100.00%	$ 43,617,378
Total Direct Debt	43,617,378		43,617,378
Overlapping Debt			
Cameron County	151,170,000	16.13%	24,383,721
Harlingen Consolidated Independent School District	129,459,451	75.05%	97,159,318
Rio Hondo Independent School District	38,789,715	1.67%	647,788
San Benito Consolidated Independent School District	96,620,000	1.51%	1,458,962
Total Overlapping Debt	416,039,166		123,649,790
Total Direct and Overlapping Debt	$ 459,656,544		$ 167,267,168

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

City of Harlingen, Texas
Principal Property Taxpayers

Fiscal Year Ended September 30, 2020

Prinicipal Taxpayer	Type of Business	Fiscal Year Taxable Assessed Valuation	Percentage of Total Taxable Assessed Valuation
VHS Harlingen Hospital Company LLC	Medical Services	$ 67,323,693	1.95%
AEP Texas Inc	Electricity Suppliers	53,768,020	1.55%
Boyer Harlingen LC	Real Estate Developers	27,955,724	0.81%
Y & O Harlingen Corners LLC	Shopping Center Operations	26,585,595	0.77%
HMC Realty LLC	Real Estate Developers	25,968,000	0.75%
VHS Harlingen Hospital Company LLC	Medical Services	22,878,360	0.66%
Valle Vista Mall Realty	Shopping Center Operations	21,424,317	0.62%
Rancho Harlingen Corners LLC	Shopping Center Operations	19,586,199	0.57%
Valley Baptist Realty Corp	Medical Real Estate Developers	12,719,160	0.37%
VHS Valley Real Estate Company	Medical Real Estate Developers	12,316,672	0.36%
		$ 290,525,740	8.40%

Source: Cameron Appraisal District

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DEBT SERVICE SECTION

City of Harlingen, Texas
Debt Service Requirements to Maturity - Primary Government

Fiscal Year Ending	2011 General Obligation Refunding Bonds		2012 Certificate of Obligation		2013 Certificate of Obligation		2013 General Obligation Bonds		2016 Certificate of Obligation		2016 General Obligation Bonds		2019 General Obligation Bonds		Total	Total	Grand Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal and Interest
9/30/2021	$ 265,000	$ 23,243	$ 145,000	$ 39,488	$ 160,000	$ 69,675	$ 200,000	$ 25,125	$ 390,000	$ 447,031	$ 2,185,000	$ 620,125	$ 120,000	$ 76,900	**$ 3,465,000**	**$ 1,301,587**	**$ 4,766,587**
9/30/2022	275,000	16,790	150,000	36,588	165,000	66,475	210,000	20,000	415,000	437,398	2,280,000	508,500	125,000	71,975	**3,620,000**	**1,157,726**	**4,777,726**
9/30/2023	280,000	10,158	150,000	33,588	165,000	63,175	215,000	14,688	430,000	425,944	2,400,000	391,500	140,000	65,350	**3,780,000**	**1,004,403**	**4,784,403**
9/30/2024	285,000	3,406	160,000	30,588	165,000	59,875	220,000	9,250	450,000	413,001	2,500,000	294,000	145,000	58,225	**3,925,000**	**868,345**	**4,793,345**
9/30/2025	-	-	140,000	27,388	195,000	54,925	260,000	3,250	460,000	398,826	2,645,000	216,825	170,000	52,050	**3,870,000**	**753,264**	**4,623,264**
9/30/2026	-	-	145,000	24,588	195,000	49,075	-	-	475,000	383,876	2,990,000	132,300	180,000	45,000	**3,985,000**	**634,839**	**4,619,839**
9/30/2027	-	-	145,000	21,325	205,000	43,225	-	-	490,000	367,964	2,915,000	43,725	185,000	35,875	**3,940,000**	**512,114**	**4,452,114**
9/30/2028	-	-	15,000	18,063	55,000	37,075	-	-	510,000	350,814	-	-	200,000	26,250	**780,000**	**432,202**	**1,212,202**
9/30/2029	-	-	20,000	17,650	50,000	35,425	-	-	525,000	332,199	-	-	210,000	16,000	**805,000**	**401,274**	**1,206,274**
9/30/2030	-	-	25,000	17,100	50,000	33,925	-	-	545,000	311,304	-	-	215,000	5,375	**835,000**	**367,704**	**1,202,704**
9/30/2031	-	-	100,000	16,413	205,000	32,425	-	-	570,000	289,613	-	-	-	-	**875,000**	**338,451**	**1,213,451**
9/30/2032	-	-	115,000	13,663	200,000	26,275	-	-	595,000	266,927	-	-	-	-	**910,000**	**306,865**	**1,216,865**
9/30/2033	-	-	110,000	10,500	210,000	20,275	-	-	620,000	242,294	-	-	-	-	**940,000**	**273,069**	**1,213,069**
9/30/2034	-	-	120,000	7,200	210,000	13,975	-	-	645,000	216,626	-	-	-	-	**975,000**	**237,801**	**1,212,801**
9/30/2035	-	-	120,000	3,600	220,000	7,150	-	-	670,000	189,923	-	-	-	-	**1,010,000**	**200,673**	**1,210,673**
9/30/2036	-	-	-	-	-	-	-	-	700,000	162,185	-	-	-	-	**700,000**	**162,185**	**862,185**
9/30/2037	-	-	-	-	-	-	-	-	730,000	133,205	-	-	-	-	**730,000**	**133,205**	**863,205**
9/30/2038	-	-	-	-	-	-	-	-	760,000	101,888	-	-	-	-	**760,000**	**101,888**	**861,888**
9/30/2039	-	-	-	-	-	-	-	-	790,000	69,284	-	-	-	-	**790,000**	**69,284**	**859,284**
9/30/2040	-	-	-	-	-	-	-	-	825,000	35,393	-	-	-	-	**825,000**	**35,393**	**860,393**
	$ 1,105,000	$ 53,597	$ 1,660,000	$ 317,742	$ 2,450,000	$ 612,950	$ 1,105,000	$ 72,313	$ 11,595,000	$ 5,575,695	$ 17,915,000	$ 2,206,975	$ 1,690,000	$ 453,000	**$ 37,520,000**	**$ 9,292,272**	**$ 46,812,272**