## COMPREHENSIVE ANNUAL FINANCIAL REPORT

## CITY OF HARLINGEN, TEXAS

For the Fiscal Year Ended September 30, 2017



# City of Harlingen, Texas Comprehensive Annual Financial Report (Including Compliance Report on Grant Activities) For the Fiscal Year Ended September 30, 2017

## **CITY OFFICIALS**

Mayor Chris Boswell

Commissioners Richard Uribe

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

City Manager Dan Serna

Finance Director Elvia Treviño

PREPARED BY DEPARTMENT OF FINANCE

Elvia Treviño, Finance Director

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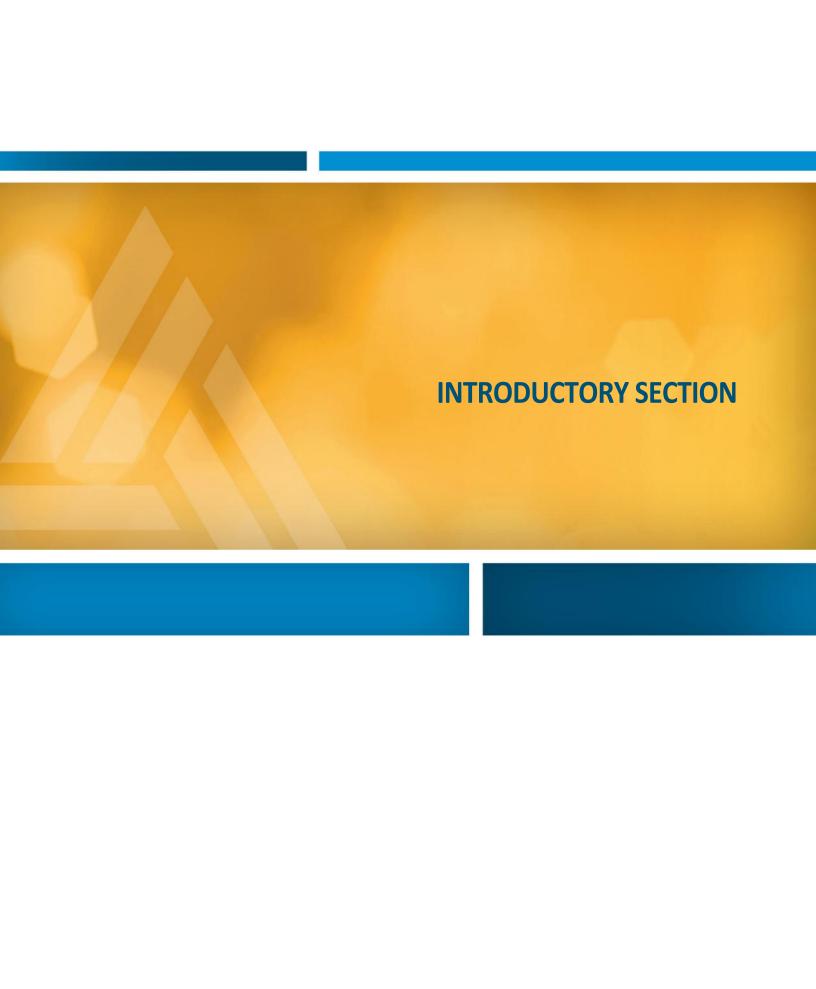
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## CAPITAL OF THE LOWER RIO GRANDE VALLEY

## Mission Statement:

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

April 26, 2018

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Harlingen, Texas, for the fiscal year ended September 30, 2017. 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, 2017, were free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is located at the front of the financial section of this report.

## **MISSION STATEMENT**

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

## **ECONOMIC CONDITIONS AND OUTLOOK**

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

Overall construction in Harlingen during FY 2016-17 was \$64.4 million in construction permits issued by the City. A total of 604 permits were issued. The City issued 211 building permits for new homes for a total dollar value of over \$26.8 million, with an average construction cost for each home at \$127,050. The commercial/business sector issued permits for 19 new commercial structures with a construction value of \$12.4 million.

Total sales tax collected by the City, the Economic Development Corporation (EDC-4A) and the Harlingen Community Improvement Board (HCIB-4B) increased to \$23,521,243 in FY 2016-17 compared to the \$22,538,031 collected in FY 2015-16, a 4.3% or \$983,212 increase. All three entities are committed to combining their resources for the overall economic benefit of the City.

## Outlook

The City's fiscal year 2017 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 2017 continued the upward trend in sales taxes that began in fiscal year 2011. Careful long-term planning is important to the City and periodic review of the budget is made to adjust the operational appropriated expenditures for any changes in the City's resources. The City takes a strong stance in preserving the fund balance.

## **MAJOR INITIATIVES**

For the Year

The fiscal year 2016-2017 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 2017

- Completed improvements to Bonhanm Park.
- Completed improvements to the wetland system at Ramsey park.
- Acquired land for new convention center
- Constructed new fire station.
- Completed improvements to fire department training facility.
- Complete construction of three all inclusive parks.
- Completed the General Reseal & Overlay Project for various City streets.
- Continued funding major repairs to City buildings using the General Fund and Special Revenue funds.

## **GOALS FOR YEAR 2017-18 AND BEYOND**

The Harlingen City Commission on April 6, 2016 unanimously approved the "One Vision, One Harlingen" comprehensive plan, which is the City's core policy document. The comprehensive plan utilized key input over several months from stakeholders, residents, business owners, city staff, appointed committee members and elected officials. The plan consists of the City's vision, goals, strategies, and implementation measures for growth and prosperity. "One Vision, One Harlingen" is an integrated approach to future development with a focus on all elements that make up a city such as housing, transportation, parks, economic growth, public safety and public services. The comprehensive plan assisted in developing a priority listing of projects. On June 24, 2016, the Harlingen City Commission approved the priority list of projects. A total of 17 priority projects were included on the list. The top five projects are as follows:

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

The "One Vision, One Harlingen" comprehensive plan is available on the City's website (<a href="www.myharlingen.us">www.myharlingen.us</a>) 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, 2017, indicated that there were no material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

## **Budgeting Controls**

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

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

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

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

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

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

## Distinguished Budget Presentation Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate for Distinguished Budget Presentation to the City of Harlingen for its annual budget for the fiscal year beginning October 1, 2016. In order to be awarded a Certificate for Distinguished Budget Presentation, the City must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication medium.

## **General Governmental Functions**

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

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

## **Fund Balances**

The total fund balance for the general fund totaled \$18,512,353 at September 30, 2017. The unassigned fund balance for the General Fund totaled \$18,477,345, an increase of \$1,803,941 over last year. The combined fund balance of all other government funds totaled \$20,911,249, which includes restricted funds of \$17,786,138 and committed funds of \$3,123,619.

The fund balance of the General Fund presented above will provide the City with approximately one hundred and fifty-six (156) days of operating expenditures for FY 2018. This level of fund balance is above the City's goal of ninety days of operating expenditures. With the combining of the fund balances of the General Fund and Catastrophic Emergency Fund, the City has approximately one-hundred and sixty-three (163) days of expenditures for FY 2017.

## **Debt Administration**

The City has a goal of attaining and maintaining a fund balance of 25% of the highest annual debt service. The debt service restricted fund balance of \$728,941 is 15.1% of the highest annual principal and interest requirements. FY 2018 debt service fund balance is 15.5% of total FY 2018 debt service requirements.

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

	Standards & Poor	<u>Fitch</u>	
General Obligation Bonds	AA-/Positive	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, 2017 and 2016, is as follows:

Proprietary Funds	2017	2016	
Sanitation Fund	\$ 2,925,965	\$ 2,062,424	
Municipal Golf Course Fund	(291,380)	(354,413)	
Harlingen Arts & Heritage Museum	(117,642)	(134,761)	
Municipal Auditorium Fund	(451,253)	(407,220)	
Total net income (loss)	\$ 2,065,690	\$ 1,166,030	

## Sanitation Fund

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

## Municipal Golf Course Fund

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

## Municipal Auditorium Fund

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

## Harlingen Arts and Heritage Museum Fund

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

## **Component Units**

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

## Harlingen Economic Development Corporation (HEDC)

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

## Harlingen Community Improvement Board (HCIB)

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

## Valley International Airport

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

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

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

## Harlingen Waterworks System

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

## **Internal Service Fund**

## Motor Vehicle/Warehouse Fund

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

## Medical/Health Fund

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

## **Fiduciary Fund**

## Pension Trust Fund

This pension system is accounted for in the Firemen's Relief and Retirement Fund. The City of Harlingen contributes 15% of salaries, and 15% is contributed by the firemen. The City of Harlingen administers and operates the pension fund as a fiduciary for the Firemen's Relief and Retirement Fund Board of Directors as authorized by the Texas Local Fire Fighters Retirement Act (TLFFRA).

## **OTHER INFORMATION**

## Independent Audit

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

## Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Harlingen, Texas, for its comprehensive annual financial report for the fiscal year ended September 30, 2016. The Certificate of Achievement is the highest form of recognition for excellence in State and Local government financial reporting.

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

A Certificate of Achievement is valid for a period of one year only. The City of Harlingen has received a Certificate of Achievement for each of the last thirty two years (fiscal years ended 1985 to 2016). We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

## Acknowledgment

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

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

Respectfully submitted,

Elvia Treviño Finance Director



## Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## City of Harlingen Texas

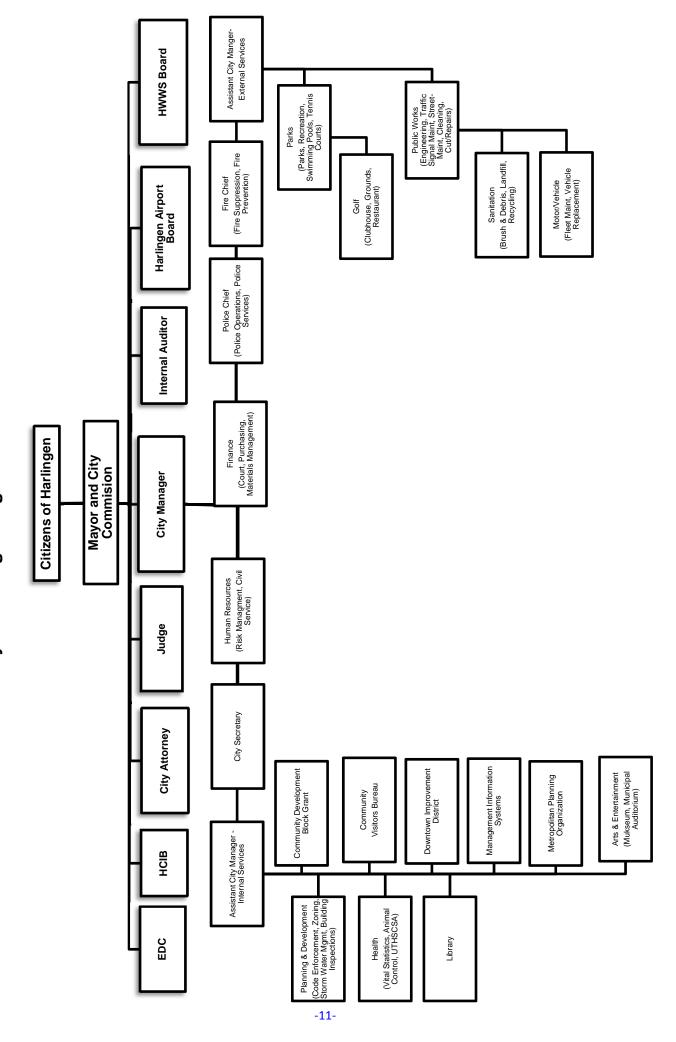
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

**September 30, 2016** 

Christopher P. Morrill

**Executive Director/CEO** 

# City of Harlingen Organizational Chart



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

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

## INDEPENDENT AUDITORS' REPORT

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

## **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Harlingen, Texas, (the "City") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

## Management's Responsibility for the Financial Statements

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

## Auditors' Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Harlingen, Texas, as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19 through 33, other post-employment benefits schedule of funding progress and the pension supplementary information on pages 111 through 117, budgetary comparison information on pages 109 through 110 and related notes to required supplementary information on pages 118 through 120, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Harlingen, Texas' basic financial statements. The introductory section, the other supplementary information section, the statistical section, the continuing disclosure requirements of SEC Rule 15 (c) 2-12 and debt service schedule are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

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The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

## Other Reporting Required by Government Auditing Standards

Caux Rigge & Ingram, L.L.C.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2018, on our consideration of the City of Harlingen, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Harlingen's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Harlingen, Texas' internal control over financial reporting and compliance.

Harlingen, Texas April 26, 2018

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### CITY OF HARLINGEN, TEXAS MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Harlingen's annual financial report presents our discussion and analysis of the City's financial performance for the fiscal year ended September 30, 2017. Please read it in conjunction with the transmittal letter on page 1 and the City's financial statements, which begin on page 35.

#### **FINANCIAL HIGHLIGHTS**

The net position of the City as of September 30, 2017 was \$105,501,389. This number consists of \$102,048,699 (96.7%) of net investment in capital assets. The net position restricted for specific purposes totals \$5,361,574 (5.1%) leaving a deficit of \$1,908,884 (-1.8%) in unrestricted net position. The City's total net position decreased by \$6,196,565. The governmental activities net position decreased by \$7,165,211 or approximately 7.1%, while the net position of our business-type activities increased by \$968,646 or approximately 9.4%. The decrease to net position is the net result of several reconciling items found on page 41. The largest decreases to net position for FY 2017 resulted from an increase to the Firemen's Relief and Retirement Fund net pension liability totaling \$6,944,519 and depreciation expense exceeding capital outlay of \$975,429.

As of September 30, 2017, the City's governmental funds reported combined ending fund balances of \$39,423,602. Within this total \$36,855 is non-spendable, \$17,786,138 is restricted by specific legal requirements, such as by debt covenants and \$3,123,619 has been committed and assigned to specific types of expenditures. The remaining \$18,476,990 is unassigned fund balance and can be used for any lawful purpose. The City's expenditures for FY 2017 were \$3,102,264 more than the \$51,456,602 generated in taxes and other revenues before other finance sources and uses.

Business-type activities reported combined ending net position of \$11,287,191. Within this total, \$5,769,141 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 \$5,518,050 of unrestricted funds which can be used for any lawful purpose. Total proprietary expenses and transfers for the City's business-type activities were \$968,646 less than the operating and non-operating revenues of \$11,489,384.

#### **USING THIS ANNUAL REPORT**

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

#### MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

This Comprehensive Annual Financial Report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 35 and 36-37) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 38. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending.

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

#### Reporting the City as A Whole

#### The Statement of Net Position and the Statement of Activities

One of the central concerns in assessing any city's finances is summarized in the question, "Is the City as a whole better or worse off as a result of the year's activities?" Our analysis of the City as a whole begins on page 23. The analysis includes a condensed summary of the government-wide financial statements.

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

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

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

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

- Governmental activities Most of the City's basic services are reported here, including police, fire, public works, public services, and general administration. Property taxes, sales taxes, franchise fees, and state and federal grants finance most of these activities.
- <u>Business-type activities</u> The City charges a fee to customers to help it cover all or most of the cost
  of certain services it provides. The City's golf course, municipal auditorium, museum, and sanitation
  and landfill operations are reported here.
- 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.

#### **New Accounting Standards Adopted**

GASB Statement No. 80, Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14, the requirements of this statement enhances the comparability of financial statements among governments. In fiscal year 2017, the City did not have any blended component units under the scope of this Statement.

#### MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

GASB Statement No. 77, Tax Abatement Disclosures, applies to financial reports of all state and local governmental entities, addresses the reduction of tax revenues resulting from an agreement between a government and an individual in which the government forgoes tax revenues and the individual promises to take specific action as a result of the agreement that contributes to the economic development to benefit the government or citizens of the government, and relates to agreements entered into by the reporting government or agreements entered into by other governments that reduce the reporting government's tax revenues. In fiscal year 2017, the City did not have tax abatement agreements that require disclosures in the financial statements.

#### Recently Issued Accounting Pronouncements

In March 2018, the GASB issued *GASB 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 to government 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. Management is evaluating the effects that the full implementation of GASB Statement No. 88 will have on its financial statements for the year ended September 30, 2019.

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

In May 2017, the GASB issued *GASB Statement No. 86, Certain Debt Extinguishment Issues,* This Statement improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt, improves accounting and financial report for prepaid insurance on debt that is extinguished and improves notes to financial statements for all debt extinguishments by establishing uniform guidance for derecognizing debt that is defeased in-substance, regardless of how cash and other monetary assets placed in an irrevocable trust for the purpose of extinguishing that debt was acquired. Management is evaluating the effects that the full implementation of GASB Statement No. 86 will have on its financial statements for the year ended September 30, 2018.

In March 2017, the GASB issued *GASB Statement No. 85, Omnibus 2017*, This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployments benefits OPEB). Management is evaluating the effects that the full implementation of GASB Statement No. 85 will have on its financial statements for the year ended September 30, 2018.

In June 2015, the GASB issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for fiscal years beginning after June 15, 2017. The objective of GASB Statement No. 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions by establishing standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expense/expenditures. Management is evaluating the effects that the full implementation of GASB Statement No. 75 will have on its financial statements for the year ended September 30, 2018.

#### MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

#### **Fund Financial Statements**

Our analysis of the City's major funds begins on page 26. The fund financial statements begin on page 38 and provide detailed information about the most significant funds — not the City as a whole. Some funds are required to be established by State law and others by bond covenants. Some funds are established by the City Commission to assist in managing money that is to be spent for particular purposes. For example, the Community Development Block Grant Fund was established to demonstrate that the money received from the U.S. Department of Housing and Urban Development was used for purposes established by the federal government. The City's two kinds of funds — governmental and proprietary — use different accounting approaches.

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

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

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

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

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

#### MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

#### **The City as Trustee**

#### **Reporting the City's Fiduciary Responsibilities**

The City is the trustee, or fiduciary, of the Firemen's Relief and Retirement Fund. This activity is reported in separate Statement of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 46 and 47. These activities are not included with the City's other government-wide financial information since the City cannot use these assets to finance its programs or operations. The City is responsible for ensuring that these funds are used for their intended purpose.

#### THE CITY AS A WHOLE

The City's combined net position (assets exceeding liabilities) was \$105,501,389 as of September 30, 2017. The following tables present the net position (Table 1) and general revenues and expenses (Table 2) of the City's governmental and business-type activities. The largest portion of the City's net position, \$102,048,699 (96.7%), 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 2016-17, cost of infrastructure and acquisition of other items with a value of \$5,000 or greater were capitalized.

An additional portion of the City's net position of \$5,361,574 (5.1%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$1,908,884 (-1.8%).

Net position of the City's governmental activities decreased by \$7,165,211 or 7.1%, from \$101,379,409 to \$94,214,198 for FY 2016-17. The net assets of the City's business-type activities increased 9.4% or \$968,646 from \$10,318,545 to \$11,287,191 for FY 2016-17. The decrease to the City's net position is the net result of several reconciling items found on page 41. The largest decreases to net position for FY 2017 resulted from an increase to the Firemen's Relief and Retirement Fund net pension liability totaling \$6,118,250 and depreciation expense exceeding capital outlay of \$960,715.

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

Table 1 – Summary Statement of Net Position

	Governmen	tal Activities	Business-Ty	pe Activities	Total Primary Government		
	2017	2016	2017	2016	2017	2016	
ASSETS							
Current and Other assets	\$ 50,526,379	\$ 38,378,368	\$ 8,455,375	\$ 7,053,859	\$ 58,981,754	\$ 45,432,227	
Due from Component units	69,647	81,461	46,162	81,598	115,809	163,059	
Internal Balances	378,267	274,362	(378,267)	(274,362)	-	-	
Capital assets, net							
Non-depreciable assets	10,676,628	7,607,793	760,382	467,083	11,437,010	8,074,876	
Depreciable assets	121,451,020	126,323,371	5,008,759	5,330,702	126,459,779	131,654,073	
Total Capital assets, net	132,127,648	133,931,164	5,769,141	5,797,785	137,896,789	139,728,949	
Total assets	183,101,941	172,665,355	13,892,411	12,658,880	196,994,352	185,324,235	
Deferred Outflows of Resources							
Deferred outflows of resources							
for pension	5,826,288	27,358,501	385,541	724,987	6,211,829	28,083,488	
Deferred charge on refunding							
	837,208	1,006,345	-	-	837,208	1,006,345	
	6,663,496	28,364,846	385,541	724,987	7,049,037	29,089,833	
Total Assets and Deferred							
Outflows of Resources	\$ 189,765,437	\$ 201,030,201	\$ 14,277,952	\$ 13,383,867	\$ 204,043,389	\$214,414,068	
Liabilities Current and other liabilities Non-current liabilities Municipal net pension liability Firemen's net pension liability	\$ 4,960,121 5,991,756 18,337,152	\$ 4,636,310 5,557,666 37,114,694	\$ 354,458	\$ 316,872	\$ 5,314,579 6,438,970 18,337,152	\$ 4,953,182 6,180,602 37,114,694	
,		, ,			, ,	, ,	
Est. Liability landfill postclosure	-	-	1,367,583	1,343,402	1,367,583	1,343,402	
Due in one year	2,158,437	3,547,871	65,000	65,000	2,223,437	3,612,871	
Due more than one year	59,348,310	48,623,579	750,025	697,989	60,098,335	49,321,568	
Total Liabilities	90,795,776	99,480,120	2,984,280	3,046,199	93,780,056	102,526,319	
DEFERRED INFLOWS OF RESOURCES Deferred inflows of resources	S						
for pension	4,755,463	170,672	6,481	19,123	4,761,944	189,795	
NET POSITION							
Net investment in capital assets	96,279,558	90,814,756	5,769,141	5,797,785	102,048,699	96,612,541	
Restricted	5,361,574	8,077,571	-	, , <u>-</u>	5,361,574	8,077,571	
Unrestricted	(7,426,934)	2,487,082	5,518,050	4,520,760	(1,908,884)		
Total net position	94,214,198	101,379,409	11,287,191	10,318,545	105,501,389	111,697,954	
	\$ 189,765,437	\$ 201,030,201	\$ 14,277,952	\$ 13,383,867	\$ 204,043,389	\$ 214,414,068	

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

Table 2 – Statement of Activities

	Governmen	tal Activities	Business-Ty	pe Activities	Total Primary Government		
	2017	2016	2017	2016	2017	2016	
Revenues							
Program revenues:							
Charges for services	\$ 5,480,823	\$ 5,206,577	\$ 10,380,251	\$ 10,340,043	\$ 15,861,074	\$ 15,546,620	
Operating grants and contributions	3,395,347	3,617,370	-	-	3,395,347	3,617,370	
Capital grants and contributions	1,202,490	435,218	-	-	1,202,490	435,218	
General Revenues:							
Property taxes	18,311,486	18,125,203	-	-	18,311,486	18,125,203	
Sales taxes	17,611,023	16,878,582	-	-	17,611,023	16,878,582	
Other taxes	4,637,885	4,396,720	-	-	4,637,885	4,396,720	
Unrestricted investment earnings	221,539	48,058	47,492	10,521	269,031	58,579	
Other	1,195,160	151,486	1,057,029	6,880	2,252,189	158,366	
Gain (loss) on sale of assets	263,501	68,951	4,612	1,165	268,113	70,116	
Transfers	1,097,044	1,203,909	(1,097,044)	(1,203,909)	-	-	
Total revenues	53,416,298	50,132,074	10,392,340	9,154,700	63,808,638	59,286,774	
Expenses							
Program expenses:							
General government	7,238,065	8,621,014	-	-	7,238,065	8,621,014	
Public safety	34,594,729	29,692,941	-	-	34,594,729	29,692,941	
Highways and streets	8,676,859	5,134,045	-	-	8,676,859	5,134,045	
Health and welfare	3,245,464	5,147,258	-	-	3,245,464	5,147,258	
Community and economic dev.	3,079,700	-			3,079,700	-	
Culture and recreation	2,033,635	5,529,616	-	-	2,033,635	5,529,616	
Interest on long-term debt	1,713,057	1,219,992	-	-	1,713,057	1,219,992	
Sanitation	-	-	7,391,547	7,128,323	7,391,547	7,128,323	
Golf	-	-	1,273,887	1,280,136	1,273,887	1,280,136	
Museum	_	-	630,272	642,887	630,272	642,887	
Municipal Auditorium	_	-	127,988	141,234	127,988	141,234	
Total expenses	60,581,509	55,344,866	9,423,694	9,192,580	70,005,203	64,537,446	
Change in net position	(7,165,211)	(5,212,792)	968,646	(37,880)	(6,196,565)	(5,250,672	
Net position, beginning	101,379,409	106,592,201	10,318,545	10,356,425	111,697,954	116,948,626	
Net position, ending	\$ 94,214,198	\$ 101,379,409	\$ 11,287,191	\$ 10,318,545	\$105,501,389	\$111,697,954	

Total revenues generated from both governmental and business-type activities this year amounted to \$63,808,638. Total expenses incurred from both governmental and business-type activities this year amounted to \$70,005,203 which resulted in a decrease in net position of 5.6% or \$6,196,565.

#### **Governmental Activities**

Total revenue generated from governmental activities this year amounted to \$52,319,254, before transfers. Expenses came in at \$60,581,509, reducing net position by \$8,262,255 before transfers. Transfers of \$1,097,044 from other activities resulted in an all-inclusive decrease to net assets of \$7,165,211.

The cost of all governmental activities this year was \$60,581,509. However, as shown on the Statement of Activities on page 36 and 37, the amount that our taxpayers ultimately financed for these activities through taxes and other general revenues was \$43,337,638. Charges for services of \$5,480,823 were paid by those who directly benefited from them. Operating grants and contributions totaled \$3,395,347. Another \$1,202,490 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			
	2017	2016	2017	2016
General government	\$ 7,238,065	\$ 8,621,014	\$ 3,562,234	\$ 4,283,306
Public safety	34,594,729	29,692,941	30,955,426	26,849,125
Highway and streets	8,676,859	5,134,045	7,963,339	3,932,963
Health and welfare	3,245,464	5,147,258	3,160,980	4,774,384
Conmunity & economic dev.	3,079,700	-	2,802,934	
Culture and recreation	2,033,635	5,529,616	344,879	5,025,931
Interest on long-term debt	1,713,057	1,219,992	1,713,057	1,219,992
	\$60,581,509	\$55,344,866	\$50,502,849	\$ 46,085,701

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

Total operating and non-operating revenues generated from business-type activities this year amounted to \$11,489,384, before transfers. Expenses came in at \$9,423,694 leaving \$2,065,690 as an increase to net assets before transfers. Transfers to other activities totaling \$1,097,044 resulted in an all-inclusive increase in net assets amounting to \$968,646. 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 38) combined fund balance increased to \$39,423,602 or \$10,931,147 more than last year. The significant increase to fund balance is due to unspent bond proceeds restricted for the construction of the Harlingen Convention center.

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

#### **GOVERNMENTAL FUNDS – A Detailed Discussion**

#### Revenues and Other financing sources (uses)

The following table presents a summary of total governmental funds' revenues and operating transfers-in for the years ended September 30, 2017 and 2016. Following is a detailed analysis of the revenues:

There was a net increase in total revenues (including other financing sources (uses)) of \$15,580,954 or 31.2%. Property taxes represent 27.8% of total revenues and other financing sources (uses). Property taxes increased by 0.8% or \$142,779. Nonproperty taxes, which includes sales, franchise and hotel/motel taxes represents 34.9% of total revenues and other financing sources (uses). Nonproperty taxes increased by \$1,229,919 or 5.7% over last fiscal year. The largest increase to revenues is due to bond proceeds received for the construction of the convention center in other financing sources (uses).

					Amount of	Percent of
Revenues & Other					Increase /	Increase /
financing sources (uses)	2017	% of Total	2016	(Decrease)		(Decrease)
Property Taxes	\$ 18,233,617	27.8%	\$ 18,090,838	\$	142,779	0.8%
Nonproperty taxes	22,859,327	34.9%	21,629,408		1,229,919	5.7%
Fines and forfeitures	1,372,991	2.1%	1,657,510		(284,519)	-17.2%
Licenses and Permits	650,476	1.0%	549,401		101,075	18.4%
Improvements & Assessments	15	0.0%	215,833		(215,818)	-100.0%
Charges for services	3,246,568	5.0%	2,761,319		485,249	17.6%
Intergovernmental	3,439,937	5.3%	3,441,491		(1,554)	0.0%
Contributions and donations	628,274	1.0%	696,413		(68,139)	-9.8%
Miscellaneous	797,470	1.2%	628,474		168,996	26.9%
Interest and investment income	227,927	0.3%	48,055		179,872	374.3%
	51,456,602	_	49,718,742		1,737,860	
Other financing sources (uses)	14,033,411	21.4%	190,317		13,843,094	7273.7%
Total	\$ 65,490,013	-	\$ 49,909,059	\$	15,580,954	

Property and Non-property tax revenues had a total increase of \$1,372,698 over FY 2016 revenues. Property and Non-property taxes account for 62.7% of the revenue increase over last fiscal year. Interest income also had a revenue increase over last fiscal year of \$179,872 which contributed to the overall revenue increase.

#### Property Taxes – including penalty and interest

Property tax revenues exceeded FY 2016 property tax revenue by \$142,779. The increase is attributable to a \$193,260 increase in current collections. The collection percent of current taxes for FY 2017 was 97.25%. The total tax rate remained at \$.588827 per \$100 value. The tax rate has remained the same for the last eight years. The total tax rate is composed of \$0.128500 for the Interest and Sinking Fund (I&S) and \$0.460327 for the Maintenance and Operations (M&O).

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

#### Nonproperty taxes

Nonproperty taxes, which includes sales, franchise and hotel/motel taxes represents 34.9% of total revenues and other financing sources (uses). Nonproperty tax revenue increased by \$1,229,919 or 5.7% over last fiscal year. The increase includes a \$738,411 or 4.3% increase in sales taxes and a \$279,534 increase in franchise tax revenue.

#### **Fines and Forfeitures**

Fines and forfeitures decreased by 17.2% or \$284,519 from the previous year due to a decrease in traffic fine income.

#### **Licenses and Permits**

Licenses and permits increased \$101,075 or 18.4% compared to FY 2016. The increase is due to increased income from building, electrical, plumbing and alarm permits

#### **Charges for Services**

Charges for services increased by \$485,249 or 17.6% over last year's revenue. The income increase is due to prior fiscal year's charges for police services provide to the school district collected in FY 2017. The City also saw an increase in charges for fire services to Cameron County, City of Primera, City of Combes and City of Palm Valley.

#### **Interest and Investment Income**

This revenue category increased by \$179,872 or 374.3%, to end FY 2017 at a total of \$227,927 compared to \$48,055 from FY 2016.

#### Other Financing Sources (uses)

In FY 2017, other financing sources (uses) exceeded prior year's amount by \$13,880,903. The net increase is due to bond proceeds received for the construction of the convention center.

#### **Expenditures**

The following table presents a summary of governmental funds' expenditures for the years ended September 30, 2017 and 2016.

				Amount of	Percent of
				Increase /	Increase /
Expenditures	2017	% of Total	2016	(Decrease)	(Decrease)
General Government	\$ 5,705,734	10.5%	\$ 6,600,141	\$ (894,407)	-13.6%
Public Safety	23,637,298	43.3%	22,992,979	644,319	2.8%
Highways and Streets	5,113,681	9.4%	3,901,541	1,212,140	31.1%
Health and Welfare	2,971,441	5.4%	3,911,837	(940,396)	-24.0%
Community & economic dev.	1,977,463	3.6%	-	1,977,463	-
Cultural and Recreation	4,704,245	8.6%	4,198,871	505,374	12.0%
Capital Outlay	5,432,339	10.0%	2,676,339	2,756,000	103.0%
Debt Service:					
Principal	3,232,871	5.9%	2,899,856	333,015	11.5%
Interest and Fiscal Charges	1,573,513	2.9%	1,202,344	371,169	30.9%
Bond Issuance Cost & Fees	210,281	0.4%	308,236	(97,955)	-31.8%
Total	\$54,558,866		\$48,692,144	\$ 5,866,722	12.0%

#### **General Government**

General government expenditures decreased by 13.6% or 894,407. The decrease is a result of program expenses reclassified to new Community and Economic development program category.

#### **Public Safety**

Expenditures for public safety had an increase of 2.8% or \$644,319. This amount is due to increase cost of personnel services.

#### **Highways and Streets**

Highways and street expenditures increased by 31.1% or \$1,212,140. A majority of FY 2016 street overlay project was expensed in FY 2017.

#### **Health and Welfare**

Expenditures decreased 24% or \$940,396. The decrease is a result of program expenses reclassified to new Community and Economic development program category.

#### **Community and Economic Development**

Community and Economic Development expenses were identified in FY 2017. A new program expense account was created to track economic investments. In FY 2017, \$1,977,463 was spent for community and economic development.

#### **Cultural and Recreational**

Cultural and recreational expenditures increased 12.0% or \$505,374. The increase in expenditures is due to improvements at the IH-69E/IH-2 interchange as well as increased costs to promoting City events.

#### MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

#### **Capital Outlay**

Expenditures for capital outlay increased 103.00% or \$2,756,000. The increase in expenditures is due to the construction of the all-inclusive parks as well as the acquisition of land for the convention center.

#### **Debt Service**

Total debt service expenditures increased by \$606,229 or 13.8%. The increase is due to new debt serviced for the construction of the convention center.

#### **FUND BALANCE**

Combined fund balance for all of the governmental funds increased \$10,931,147 from 28,492,455 to \$39,423,602. Fund balances by fund type are discussed below.

#### **General Fund**

The revenues and other financing sources (uses) totaled \$42,728,587 while expenditures totaled \$40,931,266. The net effect is an increase in the general fund balance of \$1,797,321. The fund balance as of September 30, 2017 is \$18,512,353.

#### **Special Revenue Funds**

The combined fund balance of the major and nonmajor special revenue funds increased from \$6,692,280 to \$5,699,673 or \$962,227. The decrease is largely attributable to completion of CDBG and other projects during the prior year.

#### **Debt Service Fund**

The Debt Service fund balance is \$728,941 which is a decrease of \$76,898 from prior year. The fund balance represents 15.5% 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 major and nonmajor capital projects funds increased by \$10,203,331. The Capital Project fund balance increase is a result of receiving bond proceeds for the construction of the Harlingen Convention Center.

#### MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

#### PROPRIETARY FUNDS - A Detailed Discussion

#### **Enterprise Funds**

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

#### **Sanitation Fund**

Operating revenues increased by \$46,755 or 0.5 % over the prior year. Operating expenses increased by \$263,224 or 3.69% over the prior year. In FY 2017, the sanitation fund received insurance proceeds of \$1,037,611. After transfers out of \$1,551,224 and capital contributions of \$249,130, the net increase in net position for the year was \$1,623,921.

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

Operating revenues increased by \$45,896 or 4.99% over the prior year. Operating expenses decreased by \$6,249 or .49% over the prior year. The net loss for the year was \$291,380 which includes depreciation expenses of \$102,182.

#### **Municipal Auditorium Fund**

Operating revenues decreased by \$56,899 or 24.23% over the prior year. Operating expenses decreased by \$12,615 or 1.96% over the prior year. The net loss for the year was \$336,253 which includes transfers in of \$115,000 and depreciation expense of \$288,367.

#### Harlingen Arts and Heritage Museum Fund

Operating revenues increased by \$4,456 or 120.6% over the prior year. Operating expenses decreased by \$13,246 or 9.38% over the prior year. Net loss for the year was \$27,642 which includes transfers in of \$90,000 and depreciation expense of \$12,770.

#### **Internal Service Funds**

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

#### **Motor Vehicle/Warehouse Fund**

The motor vehicle warehouse fund includes activity for internal services and the vehicle replacement fund. Operating revenues increased by \$168,005 or 5.8% over the prior year. Operating expenses increased by \$19,320 or .5% over the prior year. The net decrease in net position for the year was \$747,413.

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

#### **Health Insurance Fund**

The Health Insurance Fund is used to accumulate all payments from the various departments for medical/health insurance premiums, payment from retirees for health insurance premiums, and cafeteria plan deductions from employee's paychecks for payment to the insurance company and plan administrator. Operating revenues increased by \$58,279 or 1.3% and operating expenses increased by \$61,155 or 1.4%. The net income for the year is \$26,601 which includes a net transfer amount of \$81,000. For the most part, increases or decreases to the revenues and expenditures are directly proportionate to the number of employees in the health plan.

#### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

At the end of the fiscal year, the City has \$137,896,789 in capital assets.

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

	Governmental Activities				Business-Type Activities			Total Primary Government			
	2017		2016		2017		2016		2017		2016
Land	\$ 8,673,929	\$	6,677,882	\$	467,083	\$	467,083	\$	9,141,012	\$	7,144,965
Construction in progress	2,002,699		929,911		293,298		14,889		2,295,997		944,800
Building	22,867,771		23,625,589		3,183,450		3,353,433		26,051,221		26,979,022
Improvements other than building	13,741,515		13,427,922		866,767		1,054,947		14,608,282		14,482,869
Machinery and equipment	10,787,658		11,930,320		958,543		907,433		11,746,201		12,837,753
Infrastructure	74,054,076		77,339,540		-		-		74,054,076		77,339,540
Total	\$ 132,127,648	\$	133,931,164	\$	5,769,141	\$	5,797,785	\$	137,896,789	\$	139,728,949

For more detailed information on capital asset activity, refer to Note 5 of financial statements beginning on page 71.

#### **Debt**

At the end of the fiscal year, the City had \$47,435,000 in bonds and certificates of obligation outstanding, as shown on the following table.

#### **OUTSTANDING DEBT AT YEAR END**

	Governmen	Bu	siness-	Type .	Activities	Total Primary Government		
	2017	2016	2	017	17 2016		2017	2016
General Obligation debt								
(backed by City)	\$27,645,000	\$28,875,000	\$	-	\$	-	\$ 27,645,000	\$ 28,875,000
Certificates of Obligation	19,790,000	8,765,000		-		-	19,790,000	8,765,000
	\$47,435,000	\$37,640,000	\$	-	\$	-	\$ 47,435,000	\$ 37,640,000

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

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

For more detailed information on long-term debt activity, refer to the notes to financial statements beginning on page 77.

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

During the budget process for fiscal year 2017-18 the Mayor, City Commissioners and staff considered many factors. These factors are drivers and/or indicators of economic growth and recession, job growth and unemployment rate, projected annexation areas, expected increases in City services, new housing growth, new commercial construction, retail sales growth and inflation. As a result of the many discussions and budget workshops, the tax rate remained the same at 0.588827. Fiscal year 2018 general fund revenues were budgeted conservatively with a total increase of \$347,668 over fiscal year 2017 budgeted revenues. General fund expenditures for fiscal year 2018 increased by \$416,921 over fiscal year 2017 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**

				ry Governmen	τ		
	Go	overnmental	В	usiness-type			Component
		Activities		Activities		Total	Units
Assets							
Cash and cash equivalents	\$	8,592,857	\$	1,086,748	\$	9,679,605	\$ 19,926,465
Investments - other		35,289,194		7,223,310		42,512,504	12,907,173
Investments - fair value		-		=		=	249,964
Receivables, net		4,772,626		120,420		4,893,046	4,031,954
Inventories		163,084		23,406		186,490	393,825
Due from component units		69,647		46,162		115,809	-
Internal balances		378,267		(378,267)		-	-
Prepaid items and deposits		36,855		1,491		38,346	123,675
Restricted assets:							
Temporarily restricted							
Cash and cash equivalents		-		-		=	4,121,962
Investments		-		-		-	5,630,467
Loans receivable		1,671,763		-		1,671,763	500,981
Redevelopment properties		-		-		· · · · -	982,628
Capital assets, net							
Non-depreciable assets		10,676,628		760,382		11,437,010	24,205,331
Depreciable assets		121,451,020		5,008,759		126,459,779	146,051,883
Depreciable assets		121,431,020		3,000,733		120,433,773	140,031,003
Total Assets		183,101,941		13,892,411		196,994,352	219,126,308
Deferred outflows of resources		660.001				660 004	
Deferred resource outflows for pensions - Firemen's		660,801		-		660,801	-
Deferred resource outflows for pensions - Municipal pension		5,165,487		385,541		5,551,028	1,865,570
Deferred charge on refunding		837,208		-		837,208	269,324
		6,663,496		385,541		7,049,037	2,134,894
Total assets and deferred							
outflows of resources	\$	189,765,437	\$	14,277,952	\$	204,043,389	\$ 221,261,202
				,,,	-		+,,
Liabilities							
Accounts payable	\$	1,140,782	\$	214,175	\$	1,354,957	\$ 1,638,728
Accrued expenses		952,669		118,731		1,071,400	95,575
Accrued interest		1,485,858		-		1,485,858	840,779
Due to primary government		, , , <u>-</u>		_		· · ·	115,809
Other liabilities		860,018		_		860,018	344,959
Unearned revenue		30,800		21,552		52,352	1,450,378
Escrow liabilities		489,994		21,552		489,994	1,430,570
Payable from restricted assets		-				-	2,429,782
Non - current liabilities							2,423,702
		E 004 7EC		447.244		C 420 070	CO4 470
Municipal net pension liability		5,991,756		447,214		6,438,970	681,176
Firemen's net pension liability		18,337,152		-		18,337,152	-
Estimated liability for landfill postclosure,							
due in more than one year		-		1,367,583		1,367,583	-
Due in one year		2,158,437		65,000		2,223,437	3,755,255
Due in more than one year		59,348,310		750,025		60,098,335	55,123,419
Total liabilities		90,795,776		2,984,280		93,780,056	66,475,860
Deferred inflows of resources		00				00.000	
Deferred inflows of resources for pensions - Municipal pension		86,845		6,481		93,326	62,994
Deferred inflows of resources for pensions - Firemen's		4,668,618				4,668,618	
Total deferred inflows of resources		4,755,463		6,481		4,761,944	62,994
NET POSITION							
Net investment in capital assets		96,279,558		5,769,141		102,048,699	118,977,578
		30,413,338		3,703,141		102,040,033	110,3/1,3/8
Restricted for:		4.044.30				1.044.305	
Capital Projects		1,044,391		-		1,044,391	4 000 00
Debt Service		791,555		-		791,555	1,362,303
Economic development		672,894		-		672,894	-
System expansion and replacement		-		-		-	6,823,103
Tourism		1,631,294		-		1,631,294	-
				_		1,221,440	_
Other		1,221,440				1,221,770	
		1,221,440 (7,426,934)		5,518,050		(1,908,884)	27,559,366
Other				5,518,050 11,287,191			
Other Unrestricted	\$	(7,426,934)				(1,908,884)	27,559,366 154,722,348

#### Year ended September 30, 2017

		Program Revenues						
				Operating		Capital		
		Charges for	(	Grants and	<b>Grants and</b>			
	Expenses	Services	Co	Contributions		Contributions		
Functions/Programs								
Governmental activities:								
General government	\$ 7,238,065	\$ 1,986,867	\$	1,688,964	\$	-		
Public safety	34,594,729	2,455,774		584,272		599,257		
Highways and streets	8,676,859	400,460		313,060		-		
Health and welfare	3,245,464	11,472		73,012		-		
Community and economic development	3,079,700	-		276,766		-		
Culture and recreation	2,033,635	626,250		459,273		603,233		
Interest on long term debt	1,713,057	-		-		-		
Total governmental activities	60,581,509	5,480,823		3,395,347		1,202,490		
Business-type activities:								
Sanitation services	7,391,547	9,228,585		-		-		
Golf course services	1,273,887	965,623		-		-		
Auditorium services	630,272	177,893		-		-		
Museum services	127,988	8,150		-		-		
Total business-type activities	9,423,694	10,380,251		-		-		
Total primary government	\$ 70,005,203	\$ 15,861,074	\$	3,395,347	\$	1,202,490		
Component Units								
Economic development services	5,410,377	458,710		530,884		106,247		
Community improvement services	1,719,731	- -		-		, -		
Water and sewer services	18,958,397	22,245,687		-		432,882		
Airport services	11,440,125	6,205,638		-		6,109,544		
Total component units	\$ 37,528,630	\$ 28,910,035	\$	530,884	\$	6,648,673		

General revenues:

Taxes:

Property taxes, levied for general purposes Property taxes, levied for debt service

Sales taxes

Franchise taxes

Hotel motel taxes

Mixed beverage taxes

Assessments

Unrestricted investment earnings

Miscellaneous

Interest on notes receivable

Gain (loss) on sale of assets

Transfers

Total general revenues

Change in net position

Net position--beginning

Net position--ending

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

		ense) Revenue				
		es in Net Positi				
Carramanantal		ary Governmer	π		,	
Governmental	В	usiness-type		Total	(	Component
Activities		Activities		Total		Units
\$ (3,562,234	) \$		\$	(3,562,234)	\$	
\$ (3,562,234) (30,955,426)		-	٦	(30,955,426)	Ş	-
(7,963,339		-		(7,963,339)		-
• • • • • • • • • • • • • • • • • • • •	-	-				-
(3,160,980)		-		(3,160,980)		-
(2,802,934) (344,879)		-		(2,802,934) (344,879)		_
(1,713,057		_		(1,713,057)		_
(1,713,037	<u> </u>			(1,713,037)	-	
(50,502,849	)	-		(50,502,849)		
-		1,837,038		1,837,038		-
-		(308,264)		(308,264)		-
-		(452,379)		(452,379)		-
-		(119,838)		(119,838)		-
-		956,557		956,557		-
		· ·		· · · · · · · · · · · · · · · · · · ·		
(50,502,849	)	956,557		(49,546,292)		-
					\$	(4,314,536)
						(1,719,731)
						3,720,172
						875,057
						(1,439,038)
14,382,440		-		14,382,440		-
3,929,046		-		3,929,046		-
17,611,023		-		17,611,023		5,849,741
3,268,621		-		3,268,621		-
954,465		-		954,465		-
184,095		-		184,095		-
230,704		-		230,704		-
221,539		47,492		269,031		271,905
1,188,735		1,057,029		2,245,764		714,701
6,425				6,425		-
263,501		4,612		268,113		-
1,097,044		(1,097,044)				
43,337,638		12,089		43,349,727		6,836,347
(7,165,211	)	968,646		(6,196,565)		5,397,309
101,379,409		10,318,545		111,697,954		149,325,039
\$ 94,214,198	\$	11,287,191	\$	105,501,389	\$	154,722,348

Net (Expense) Revenue and

City of Harlingen, Texas Balance Sheet - Governmental funds

#### September 30, 2017

		Community	Capital Projects	Other	Total
	General	Development		Governmental	Governmental
	Fund	Fund	Obligation 2016	Funds	Funds
Assets					
Cash and cash equivalents	\$ 482,291	\$ 249,047	\$ -	\$ 5,592,525	\$ 6,323,863
Investments - other	17,445,777	-	12,733,065	3,027,578	33,206,420
Receivables (net of allowance for uncollectibles)					
Taxes	998,982	-	-	392,123	1,391,105
Accounts	867,691	30,516	-	376,217	1,274,424
Assessments	-	12,815	-	143,013	155,828
Due from other governments	1,469,466	-	-	462,842	1,932,308
Due from other funds	719,138	-	-	-	719,138
Due from component units	62,571	-	-	7,076	69,647
Loans receivable	166,298	1,505,465	-	-	1,671,763
Prepaid items	35,008	-	-	1,847	36,855
Total assets	\$ 22,247,222	\$ 1,797,843	\$ 12,733,065	\$ 10,003,221	\$ 46,781,351
Liabilities					
Accounts payable	\$ 589,743	\$ 43,480	\$ 241,368	\$ 242,347	\$ 1,116,938
Accrued expenditures	905,696	4,837	2,432	28,044	941,009
Other liabilities	835,216	397	-,	24,405	860,018
Due to other funds	-	100,000	695	175,176	275,871
Unearned revenue	_		-	30,800	30,800
Escrow liabilities	309,637	17,802	_	162,555	489,994
Total Liabilities	2,640,292	166,516	244,495	663,327	3,714,630
Deferred inflows of resources					
Unavailable revenue - property taxes	914,908	_		352,367	1,267,275
Unavailable revenue - payments in lieu of taxes	149,026	_	_	332,307	149,026
Unavailable revenue - special assessments	149,020	12,815	-	-	12,815
Unavailable revenue - special assessments  Unavailable revenue - noncurrent receivables		•	-	516,174	2,021,639
Unavailable revenue - other	30,643	1,505,465	-	•	
			<u> </u>	161,721	192,364
Total deferred inflows of resources	1,094,577	1,518,280	<u> </u>	1,030,262	3,643,119
Fund balances					
Nonspendable	35,008	-	-	1,847	36,855
Restricted	-	113,047	12,488,570	5,184,521	17,786,138
Committed	-	-	-	3,123,619	3,123,619
Unassigned	18,477,345	-	-	(355)	18,476,990
Total fund balances	18,512,353	113,047	12,488,570	8,309,632	39,423,602
Total liabilities, deferred inflows					
of resources and fund balances	\$ 22,247,222	\$ 1,797,843	\$ 12,733,065	\$ 10,003,221	\$ 46,781,351

#### September 30, 2017

Net position of governmental activities	\$ 94,214,198
Interest on long-term debt payable is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(1,485,858)
Included in the noncurrent liability is the recognition of the City's net pension liability required by GASB Statement No. 67, 68 and 71 in the amount of $\$(5,886,134)$ and $\$(18,337,152)$ for the municipal pension and the firemen's pension, respectively; a deferred inflows of resources for the municipal pension in the amount of $\$(85,310)$ ; and deferred inflows of resources totaling of $\$(4,668,618)$ , for the firemen's pension; $\$5,074,235$ and $\$660,801$ in deferred outflows of resources for the municipal pension and firemen's pension, respectively. These amounts do not include internal service funds deferred inflows of resources $\$1,535$ , deferred outflows of resources of $\$(91,252)$ and net pension liability totaling $\$(105,622)$ which resulted in an decrease in net position by $\$23,242,234$ .	(23,242,234)
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities – both current and long-term are reported in the statement of net position and include internal service fund liabilities of \$97,498. The internal service long-term liabilities are not a reconciling item.	(59,138,754)
Bond premiums and discounts are expensed during the period incurred in the funds, but are amortized as an adjustment to interest expense in the statement of activities over the remaining life of the debt.	(2,270,495)
Deferred amounts on refundings are deferred outflows of resources and, therefore, are not reported in the funds.	837,208
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.	9,974,884
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.	1,267,275
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 \$149,026, special assessments \$12,815, noncurrent receivables \$2,021,639 and other long-term unavailable revenues - other \$192,364.	2,375,844
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 \$292,590,909 net of accumulated depreciation totaling \$(166,118,183). Not included in this amount are internal service funds capital assets of \$21,630,255 and related accumulated depreciation of \$(15,975,333).	126,472,726
Fund balances total governmental funds	\$ 39,423,602
Amounts reported for governmental activities in the statement of net position are different because:	

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

Year ended September 30, 2017

	General Fund	Communi Developme Fund	ent	Capital Projects Bond Cert. of Obligation 2016	Other Governmental Funds	Total Governmental Funds
Revenues	Tunu	Tullu		Dollgation 2010	1 unus	Tulius
Property taxes - including penalty and interest	\$ 14,365,607	\$ -	ç	-	\$ 3,868,010	\$ 18,233,617
Nonproperty taxes	21,134,041			_	1,725,286	22,859,327
Fines and forfeitures	1,113,512			-	259,479	1,372,991
Licenses and permits	650,476	-		-	-	650,476
Improvements and assessments	-	-		-	15	15
Charges for services	2,840,253	-		-	406,315	3,246,568
Intergovernmental	59,730	1,214,9	11	-	2,165,296	3,439,937
Contributions and donations	628,274	-		-	-	628,274
Miscellaneous	604,711	145,4	74	-	47,285	797,470
Interest and investment income	115,237	6,7	23	64,836	41,131	227,927
Total revenues	41,511,841	1,367,1	80	64,836	8,512,817	51,456,602
Expenditures						
Current						
General government	5,519,977	-		-	185,757	5,705,734
Public safety	22,905,249	-		-	732,049	23,637,298
Highways and streets	3,192,920	-		-	1,920,761	5,113,681
Health and welfare	2,893,736	-		-	77,705	2,971,441
Community and economic development	597,316		51	-	111,896	1,977,463
Culture and recreation	4,116,239	-		-	588,006	4,704,245
Capital outlay	1,537,157	129,2	37	253,191	3,512,754	5,432,339
Debt service						
Principal	142,871	-		-	3,090,000	3,232,871
Interest	25,801	-		-	1,547,712	1,573,513
Bond issuance costs and fees	-	4 207 4	00	208,075	2,206	210,281
Total expenditures	40,931,266	1,397,4	88	461,266	11,768,846	54,558,866
Excess of revenues over expenditures	580,575	(30,3	80)	(396,430)	(3,256,029)	(3,102,264)
Other fine size a surrend (see )	,	•	•	• • •		• • • • • • • • • • • • • • • • • • • •
Other financing sources (uses) Transfers in	1,733,396				1,118,162	2,851,558
Transfers (out)	(780,151)			-	(1,191,291)	(1,971,442)
Bond issuance proceeds	(780,131)	-		12,885,000	(1,191,291)	12,885,000
·	262 504	-		12,865,000	-	, ,
Sale of capital assets	263,501	-		-	-	263,501
Insurance recovery					4,794	4,794
Total other financing sources (uses)	1,216,746			12,885,000	(68,335)	14,033,411
Net change in fund balances	1,797,321	(30,3	80)	12,488,570	(3,324,364)	10,931,147
Fund balance, beginning of year	16,715,032	143,4	27	-	11,633,996	28,492,455
Fund balance, end of year	\$ 18,512,353	\$ 113,0	47 \$	12,488,570	\$ 8,309,632	\$ 39,423,602

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, 2017

Net change in fund balances total governmental funds	\$ 10,931,147
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 depreciation of (\$6,391,902) and loss on disposal of capital assets of (\$1,152) exceeded capital outlay of \$5,432,339 in the current period. Reconciling amounts do not include internal ervice funds depreciation \$(1,792,316), loss on disposal of (\$93,617) and capital asset additions totaling \$1,043,132.	(960,715)
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in he funds.	127,344
Property tax revenues in the statement of activities do not provide current financial resources and are not eported as revenues in the funds.	77,869
nternal service funds are used by management to charge the cost of certain activities. The net revenue loss) of the internal service funds is reported with governmental activities.	(720,812)
Repayment of bond and notes payable and capital lease payments is a debt service expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement of net position.	3,312,161
Proceeds from the issuance of debt refundings totaling \$(12,885,000) provides current financial resources to governmental funds.	(12,885,000)
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 (200,871) was calculated for long term debt. Also, any changes in compensated absences \$27,596, change in the Firemen's Relief and Retirement Fund net pension liability totaling \$(6,118,250) and the change in the City OPEB \$(234,129) payable during the year are reported as an increase or decrease to expenses in the statement of activities but not in the governmental funds.	(6,525,654)
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 imortization of premiums, discounts \$447,640 and gains/losses on refunding \$(169,137) totaled \$278,503.	
	278,503
GASB Statement No. 68 requires that certain fund expenditures be de-expended and recorded as deferred esource outflows on the government-wide statements. These contributions made after the measurement date of December 31, 2016 caused the change in the ending net position to increase in the amount of 6771,680. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decreased in the change in not position totaling \$(723,375). The City's reported TMPS not position expenses	
decreased in the change in net position totaling \$(732,375). The City's reported TMRS net pension expense and to be recorded. The net pension expense increased the change in net position by \$(839,359). The result of these changes is to increase the change in net position by \$(800,054).	 (800,054)

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

#### September 30, 2017

Municipal Golf Course Fund \$ - - 3,724 23,406 - - - 27,130	iness-type Activi  Municipal Auditorium Fund  \$ 169,190 - 4,389 173,579	Harlingen Arts and Heritage Museum Fund \$ 21,640 57,354 32 - - - - 79,026	Total  \$ 1,086,748 7,223,310  120,420 23,406 46,162 1,491  8,501,537	Activities  Internal Service Funds  \$ 2,269,052 2,082,774  18,961 163,084 4,533,871
\$ - 3,724 23,406 27,130	\$ 169,190 - 4,389 - -	shape and Heritage Museum Fund  \$ 21,640	\$ 1,086,748 7,223,310 120,420 23,406 46,162 1,491	\$ 2,269,052 2,082,774 18,961 163,084
\$ - 3,724 23,406 27,130	\$ 169,190 - 4,389 - -	\$ 21,640 57,354 32 - -	\$ 1,086,748 7,223,310 120,420 23,406 46,162 1,491	\$ 2,269,052 2,082,774 18,961 163,084
\$ - - 3,724 23,406 - - - 27,130	\$ 169,190 - 4,389 - - -	\$ 21,640 57,354 32 - - -	\$ 1,086,748 7,223,310 120,420 23,406 46,162 1,491	\$ 2,269,052 2,082,774 18,961 163,084 -
3,724 23,406 - - 27,130	4,389 - - -	57,354 32 - - -	7,223,310 120,420 23,406 46,162 1,491	2,082,774 18,961 163,084 - -
3,724 23,406 - - 27,130	4,389 - - -	57,354 32 - - -	7,223,310 120,420 23,406 46,162 1,491	2,082,774 18,961 163,084 - -
3,724 23,406 - - 27,130	4,389 - - -	57,354 32 - - -	7,223,310 120,420 23,406 46,162 1,491	2,082,774 18,961 163,084 - -
23,406 - - - 27,130	- - -	32 - - -	120,420 23,406 46,162 1,491	18,961 163,084 - 
23,406 - - - 27,130	- - -	32 - - -	120,420 23,406 46,162 1,491	18,961 163,084 - 
23,406 - - - 27,130	- - -	- - -	23,406 46,162 1,491	163,084
27,130	173,579	- - - - 79,026	23,406 46,162 1,491	
·	- - 173,579	- - 79,026	1,491	4,533,871
·	- 173,579	79,026		4,533,871
·	173,579	79,026	8,501,537	4,533,871
49,496	_	_	467,083	_
	_	14,890	293,299	_
3,932,884	4,795,374	225,238	13,122,748	21,630,255
(3,064,794)	(3,354,493)	(150,766)	(8,113,989)	(15,975,333)
(3,004,734)	(3,334,433)	(130,700)	(0,113,303)	(13,373,333)
017 596	1 440 991	90.262	E 760 141	E 6E4 022
917,360	1,440,661	69,302	5,769,141	5,654,922
917,586	1,440,881	89,362	5,769,141	5,654,922
944,716	1,614,460	168,388	14,270,678	10,188,793
			_	-
101,422	25,883	-	385,541	91,252
	ć 4 C40 242	¢ 160 200	\$ 14.656.210	\$ 10,280,045
	944,716	917,586 1,440,881 944,716 1,614,460 101,422 25,883	917,586	917,586

#### September 30, 2017

											Go۱	ernmental/
Business-type Activities									-	Activities		
							Har	lingen Arts		,		
				Iunicipal		lunicpal		d Heritage				Internal
	Sa	nitation	Go	olf Course	Au	ditorium	N	∕luseum				Service
		Fund		Fund		Fund		Fund		Total		Funds
Liabilities												
Current liabilities												
Accounts payable	\$	158,487	\$	31,646	\$	10,628	\$	13,414	\$	214,175	\$	23,846
Due to other funds		-		378,267		-		-		378,267		65,000
Compensated absences		63,000		2,000		-		-		65,000		51,933
Accrued expenses		72,704		21,466		22,814		1,747		118,731		11,660
Unearned revenue		-		2,255		19,297		-		21,552		-
Total current liabilities		294,191		435,634		52,739		15,161		797,725		152,439
Long-term liabilities												
Compensated absences		174,509		78,880		20,919		4,756		279,064		-
Net other post employment benefit obligation		307,141		135,705		6,753		21,362		470,961		45,565
Net pension liability		299,544		117,646		30,024		-		447,214		105,622
Estimated liability for landfill postclosure costs		1,367,583		-		-		-		1,367,583		-
Total long term liabilities		2,148,777		332,231		57,696		26,118		2,564,822		151,187
Total liabilities		2,442,968		767,865		110,435		41,279		3,362,547		303,626
Deferred outflows of resources												
Deferred resource outflows for other		-		-		-		-		-		-
Deferred resource outflows for pensions		4,341		1,705		435		-		6,481		1,535
Total deferred inflows of resources		4,341		1,705		435		-		6,481		1,535
Net position												
Net investment in capital assets		3,321,312		917,586	1	,440,881		89,362		5,769,141		5,654,922
Unrestricted		6,032,729		(641,018)		88,592		37,747		5,518,050		4,319,962
Total net position		9,354,041		276,568	1	,529,473		127,109	1	1,287,191		9,974,884
Total liabilities, deferred inflows of												
resources and net position	\$ 1	1,801,350	\$ 1	1,046,138	\$ 1	,640,343	\$	168,388	\$ 1	4,656,219	\$ :	10,280,045

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

Year ended September 30, 2017

		Rus	siness-type Activi	tios		Governmental Activities
		Bu	silless-type Activi	Harlingen Arts		Activities
		Municipal	Municpal	and Heritage		Internal
	Sanitation	Golf Course	Auditorium	Museum		Service
	Fund	Fund	Fund	Fund	Totals	Funds
Operating revenues	rana	runu	runu	Tunu	101013	Tanas
Charges for services						
Current use charges	\$ 9,228,585	\$ -	\$ -	\$ -	\$ 9,228,585	\$ 7,519,806
Golf course fees and charges	-	965,623	-	-	965,623	-
Rental income	_	-	177,893	_	177,893	_
Admissions	_	-	-	8,150	8,150	-
Total operating revenues	9,228,585	965,623	177,893	8,150	10,380,251	7,519,806
Operating expenses						
Personnel services	2,501,523	785,891	108,167	58,605	3,454,186	412,354
Contracted services	1,377,147	173,796	214,082	36,396	1,801,421	4,578,806
Materials and supplies	150,776	140,990	9,833	5,310	306,909	1,557,664
Other expenses	3,089,487	71,028	9,823	14,907	3,185,245	1,337,004
Depreciation and amortization	272,614	102,182	288,367	12,770	675,933	
<u> </u>						1,792,315
Total operating expense	7,391,547	1,273,887	630,272	127,988	9,423,694	8,478,883
Operating income (loss)	1,837,038	(308,264)	(452,379)	(119,838)	956,557	(959,077
Nonoperating revenues						
Interest revenue	46,643	24	385	440	47,492	19,426
Gain (loss) on sale/disposal of capital assets	1,271	3,341	-	-	4,612	1,911
Insurance recovery	1,037,611	-	-	-	1,037,611	-
Miscellaneous revenue	3,402	13,519	741	1,756	19,418	-
Total nonoperating revenues	1,088,927	16,884	1,126	2,196	1,109,133	21,337
Income (loss) before operating transfers	2,925,965	(291,380)	(451,253)	(117,642)	2,065,690	(937,740
Transfers and conital contributions						
Transfers and capital contributions Transfers in	50		115,000	90,000	205,050	81,000
Transfers out	(1,551,224)	-	115,000	90,000	(1,551,224)	(249,130
		-	-	-		
Capital contributions	249,130	-	- 445.000		249,130	385,058
Total transfers and capital contributions	(1,302,044)		115,000	90,000	(1,097,044)	216,928
Net income (loss)	1,623,921	(291,380)	(336,253)	(27,642)	968,646	(720,812
Net position, beginning of year	7,730,120	567,948	1,865,726	154,751	10,318,545	10,695,696
Net position, end of year	\$ 9,354,041	\$ 276,568	\$ 1,529,473	\$ 127,109	\$ 11,287,191	\$ 9,974,884

Year ended September 30, 2017

	Business-type Activities					Governmenta Activities
				Harlingen Arts		
		Municipal	Municpal	and Heritage		Internal
	Sanitation	Golf Course	Auditorium	Museum	Takala	Service
	Fund	Fund	Fund	Fund	Totals	Funds
Cash flows from operating activities						
Receipts from customers	\$ 9,236,676	\$ 978,056	\$ 196,931	\$ 8,127	\$ 10,419,790	\$ 7,523,175
Payments to suppliers	(4,572,162)	(270,836)	(225,496)		(5,120,749)	(5,932,728
Payments to employees	(2,379,367)	(723,221)	(94,771)		(3,251,183)	(379,373
Net cash provided by (used in) operations	2,285,147	(16,001)	(123,336)		2,047,858	1,211,074
, , , , , , , , , , , , , , , , , , ,	,,	( - / /	( -/	ζ- / /	, , , , , , , , , , , , , , , , , , , ,	
Cash flows from (to) noncapital financing activities						
Transfers to other funds	(1,551,224)	-	-	-	(1,551,224)	(249,130
Transfers from other funds	50	-	115,000	90,000	205,050	81,000
Net cash provided by (used in) noncapital financing activities	(1,551,174)	-	115,000	90,000	(1,346,174)	(168,130
Cash flows from capital and related financing activities						
Cash flows from capital and related financing activities	1 027 611				1 027 611	
Insurance proceeds from capital asset disposal	1,037,611	11 400	-	-	1,037,611	1 011
Proceeds from sales of capital assets	1,271	11,408	-	(7.000)	12,679	1,911
Purchase of capital assets	(391,988)	-	-	(7,869)	(399,857)	(562,546
Principal paid on notes, bonds, and loans  Net cash provided by (used in) capital and related financing activ	t 646,894	11,408	-	(7,869)	650,433	(560,635
iver cash provided by (used in) capital and related infancing activ	040,834	11,400		(7,803)	030,433	(300,033
Cash flows from investing activities						
Purchase of investments	(3,044,224)	-	-	-	(3,044,224)	(512,626
Interest received	46,643	24	385	44	47,096	19,426
Net cash provided by (used in) investing activities	(2,997,581)	24	385	44	(2,997,128)	(493,200
Net increase (decrease) in cash and cash equivalents	(1,616,714)	(4,569)	(7,951)	(15,777)	(1,645,011)	(10,891
Cash and cash equivalents, beginning of year	2,512,632	4,569	177,141	37,417	2,731,759	2,279,943
Cash and cash equivalents, end of year	\$ 895,918	\$ -	\$ 169,190	\$ 21,640	\$ 1,086,748	\$ 2,269,052
east and east equivalents, end of year	7 055,510	<u> </u>	7 103,130	ÿ 21,040	7 1,000,740	<del>7</del> 2,203,032
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	\$ 1,837,038	\$ (308,264)	\$ (452,379)	\$ (119,838)	\$ 956,557	\$ (959,077
Adjustments to reconcile net income from operations to net	, , ,	, (,,	, ( - / /	, , , , , , , , , , , , , , , , , , , ,	,,	(/-
cash from operating activities						
Depreciation and amortization	272,614	102,182	288,367	12,770	675,933	1,792,315
Gain on capital asset disposition	(1,271)	(3,341)	-	-	(4,612)	(1,911
Other revenue received	-	15,774	-	-	15,774	-
Decrease in receivables	(26,074)	-	-	(23)	(26,097)	5,279
Increase in prepaid items	25,956	-	131	-	26,087	388,580
Decrease in due from component units	35,436	-	-	-	35,436	-
Increase in due from other funds	-	-	-	-	-	122
(Increase) decrease in inventories	-	1,620	=	=	1,620	1,126
Decrease in net pension asset	(117,699)	(46,226)	(11,797)	-	(175,722)	7,406
Increase in deferred outflows of resources	227,361	89,296	22,789	-	339,446	23,054
Increase (decrease) in accounts payable	(8,802)	9,858	2,389	4,481	7,926	(48,342
Increase in due to other funds		103,905	, -	-	103,905	` -
Increase (decrease) in accrued expenses	3,913	(405)	5,723	(123)	9,108	436
Increase net other post employment benefit obligations	8,679	3,055	1,226	4,781	17,741	3,566
Increase (decrease) in compensated absences	12,282	19,871	2,027		34,180	-
Decrease in unearned revenues	-	-	19,037	_	19,037	_
Decrease in deferred inflows of resources	(8,467)	(3,326)	(849)		(12,642)	(1,480
Increase (decrease) in estimated liability for landfill closure	(0,407)	(3,320)	(049)	· -	(12,042)	(1,400
and post closure costs	24,181	_	_	_	24,181	-
Total adjustments	448,109	292,263	329,043	21,886	1,091,301	2,168,240
,	•		•			
Net cash provided by (used in) operations	\$ 2,285,147	\$ (16,001)	\$ (123,336)	\$ (97,952)	\$ 2,047,858	\$ 1,209,163
Supplemental disclosure of noncash activities:						
Schedule of noncash capital transactions	ć 240.420	ć	ć	ć	ć 240.420	ć 20F.050
Capital Contributions from other funds	\$ 249,130	\$ -	\$ -	\$ -	\$ 249,130	\$ 385,058

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

#### September 30, 2017

	Pension Trust fund
Assets	
Cash and cash equivalents	\$ 510,167
Investments, at fair value:	
Mutual funds - equities	17,124,125
Mutual funds - fixed income	8,304,332
Mutual funds - specialty	5,293,728
Prepaid items	2,167
Total assets	31,234,519
Liabilities	
Accounts payable	10,140
Net position held in trust for pension benefits	\$ 31,224,379

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

#### Year ended September 30, 2017

rear enaca September 50, 2017	Pension
	Trust Fund
Investment income	
Net appreciation in fair value of investments	\$ 12,623
Interest	3,048,834
Total investment income	3,061,457
Less investment expense	(183,935)
Net investment income	2,877,522
Contributions	
Employer	921,686
Plan member	921,686
Total contributions	1,843,372
Total additions	4,720,894
Deductions	
Benefits	2,023,289
Refunds of contributions	173,944
Administrative expense	46,365
Total deductions	2,243,598
Net change in plan net position	2,477,296
Net position held in trust for pension benefits	
Beginning of year	28,747,083
End of year	\$ 31,224,379

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

September 30, 2017

	D	Harlingen Economic Pevelopment Corporation	C	Harlingen Community Iprovement Board	Harlingen Waterworks System	Valley International Airport	Total
Assets							
Current assets							
Cash and cash equivalents	\$	1,688,620	\$	5,124,585	\$ 11,249,565	\$ 1,863,695	\$ 19,926,465
Investments - other		3,021,179		-	9,388,827	497,167	12,907,173
Investments - fair value		-		-	-	249,964	249,964
Receivables (net of allowances for uncollectible	<u>e</u> )						
Accounts		444,146		-	2,241,649	456,090	3,141,885
Grants		-		-	-	728,375	728,375
Interest		-		-	39,239	-	39,239
Due from other governments		-		122,455	-	-	122,455
Prepaid items		2,111		-	14,459	107,105	123,675
Inventories		-		-	393,825	-	393,825
Restricted assets:							
Cash and cash equivalents		-		-	4,121,962	-	4,121,962
Investments		-		-	5,630,467	-	5,630,467
Total current assets		5,156,056		5,247,040	33,079,993	3,902,396	47,385,485
Constant accords							
Capital assets  Non-depreciable assets		4,187,758			9,842,012	10,175,561	24,205,331
Depreciable assets		36,698,766		-			
Accumulated depreciation		(6,641,971)		-	174,932,212 (114,112,382)	143,357,310 (88,182,052)	354,988,288 (208,936,405)
Accumulated depreciation		(0,041,971)			(114,112,362)	(00,102,032)	(200,930,403)
Total capital assets, net		34,244,553		-	70,661,842	65,350,819	170,257,214
Long-term loans receivable		500,981		_	_	-	500,981
Redevelopment properties		672,593		310,035	-	-	982,628
		1,173,574		310,035	-	-	1,483,609
Total assets		40,574,183		5,557,075	103,741,835	69,253,215	219,126,308
Deferred outflows of resources							
Deferred charge on refunding		_		_	269,324	_	269,324
Deferred outflows of resources for pensions		_		_	1,543,195	322,375	1,865,570
pendioni					_,= :=,===	,	_,
Total deferred outflows of resources		-		-	1,812,519	322,375	2,134,894
Total assets and deferred							
outflows of resources	\$	40,574,183	\$	5,557,075	\$ 105,554,354	\$ 69,575,590	\$ 221,261,202

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

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

#### September 30, 2017

	Harlingen	Harlingen			
	Economic	Community	Harlingen	Valley	
	Development	Development Improvement		International	
	Corporation	Board	System	Airport	Total
Liabilities					
Current liabilities					
Accounts payable	\$ 63,389	\$ 19,593	\$ 438,380	\$ 1,117,366	\$ 1,638,728
Other liabilities	-	-	344,959	-	344,959
Accrued expenses	11,264	-	-	84,311	95,575
Accrued interest	518,599	-	-	-	518,599
Unearned revenues	-	-	-	341,002	341,002
Due to primary government	4,008	-	111,801	-	115,809
Payable from restricted assets:					
Accrued interest	-	-	322,180	-	322,180
Customer deposits - current	-	-	300,000	-	300,000
Compensated absences - current	8,000	-	572,000	-	580,000
Current portion of non-current liabilities	1,620,000	-	1,507,230	25,000	3,152,230
Total current liabilities	2,225,260	19,593	3,596,550	1,567,679	7,409,082
Non-current liabilities					
Bonds and certificates of obligation payable	28,256,464	-	22,348,939	-	50,605,403
Compensated absences	18,142	-	190,817	267,155	476,114
Unearned revenues	-	-	-	1,109,376	1,109,376
Payable from restricted assets, customer deposits	-	-	2,107,602	-	2,107,602
Net pension liability	-	-	323,981	357,195	681,176
Net other post employment obligation	-	-	3,840,067	247,040	4,087,107
Total long-term debt	28,274,606	-	28,811,406	1,980,766	59,066,778
Total liabilities	30,499,866	19,593	32,407,956	3,548,445	66,475,860
Deferred inflows of resources					
Deferred inflows of resources from pensions	_	_	56,456	6,538	62,994
	-	-	56,456	6,538	62,994
Net position					
Net investment in capital assets	4,368,089	_	50,579,546	64,029,943	118,977,578
Nonspendable	-,300,003		30,373,340	04,023,343	110,577,576
Restricted for:					
Debt service	_	_	1,362,301	_	1,362,301
System expansion	_	-	6,823,103	_	6,823,103
Unrestricted	5,706,228	5,537,482	14,324,992	1,990,664	27,559,366
Total net position	10,074,317	5,537,482	73,089,942	66,020,607	154,722,348
rotal fiet position	10,074,317	3,337,402	73,003,342	00,020,007	134,722,340
Total liabilities, deferred inflows					
of resources and net position	\$ 40,574,183	\$ 5,557,075	\$ 105,554,354	\$ 69,575,590	\$ 221,261,202
or resources and her position	÷ 40,374,163	3 ک/ان درد د	7 ب ب ب ب	9 روروروں د	٧ ٢٢١,٢٥٦,٢١

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

Year ended September 30, 2017

			Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Harlingen economic development corporation				
Economic development services	\$ 5,410,377	\$ 458,710	\$ 530,884	\$ 106,247
Total harlingen economic development corporation	5,410,377	458,710	530,884	106,247
Harlingen community improvement board				
Community improvement services	1,719,731	-	-	-
Total harlingen community improvement board	1,719,731	-	-	-
Harlingen waterworks system				
Water and sewer services	18,958,397	22,245,687	-	432,882
Total harlingen waterworks system	18,958,397	22,245,687	-	432,882
Valley international airport				
Airport services	11,440,125	6,205,638	-	6,109,544
Total valley international airport	11,440,125	6,205,638	-	6,109,544
Total component units	\$ 37,528,630	\$ 28,910,035	\$ 530,884	\$ 6,648,673

General revenues:

Nonproperty taxes

Unrestricted investment earnings

Miscellaneous revenue

Total general revenues and special item

Change in net position

Net position--beginning

Net position--ending

Governmental Activities		Business-type Activities		
Harlingen	Harlingen			
Economic	Community	Harlingen	Valley	
Development	Improvement	Waterworks	International	
Corporation	Board	System	Airport	Total
\$ (4,314,536)	\$ -	\$ -	\$ -	\$ (4,314,536)
(4,314,536)	-	-	-	(4,314,536)
	(1,719,731)	-	-	(1,719,731)
-	(1,719,731)	-	-	(1,719,731)
	-	3,720,172	-	3,720,172
	-	3,720,172	-	3,720,172
-	-	-	875,057	875,057
-	-	-	875,057	875,057
				(1,439,038)
4,369,479	1,480,262	-	-	5,849,741
25,642	17,608	206,280	22,375	271,905
147,371	54,291	509,279	3,760	714,701
4,542,492	1,552,161	715,559	26,135	6,836,347
227,956	(167,570)	4,435,731	901,192	5,397,309
9,846,361	5,705,052	68,654,211	65,119,415	149,325,039
\$ 10,074,317	\$ 5,537,482	\$ 73,089,942	\$ 66,020,607	\$ 154,722,348

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# **NOTES TO FINANCIAL STATEMENTS**

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

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

## Reporting Entity

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

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

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

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

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

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

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

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

# Membership

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

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

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

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

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

Harlingen Community Improvement Board 118 East Tyler Harlingen, Texas 78550

# *Implementation of New Accounting Statements*

For fiscal year 2016-17, the City has implemented the following new statements of financial accounting standards issued by the Governmental Accounting Standards Board.

# New Accounting Standards Adopted

GASB Statement No. 80, Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14, the requirements of this statement enhances the comparability of financial statements among governments. In fiscal year 2017, the City did not have any blended component units under the scope of this Statement.

GASB Statement No. 77, Tax Abatement Disclosures, applies to financial reports of all state and local governmental entities, addresses the reduction of tax revenues resulting from an agreement between a government and an individual in which the government forgoes tax revenues and the individual promises to take specific action as a result of the agreement that contributes to the economic development to benefit the government or citizens of the government, and relates to agreements entered into by the reporting government or agreements entered into by other governments that reduce the reporting government's tax revenues. In fiscal year 2017, the City did not have tax abatement agreements that require disclosures in the financial statements.

# NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Recently Issued Accounting Pronouncements

In March 2018, the GASB issued *GASB 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 to government 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. Management is evaluating the effects that the full implementation of GASB Statement No. 88 will have on its financial statements for the year ended September 30, 2019.

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

In May 2017, the GASB issued *GASB Statement No. 86, Certain Debt Extinguishment Issues,* This Statement improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt, improves accounting and financial report for prepaid insurance on debt that is extinguished and improves notes to financial statements for all debt extinguishments by establishing uniform guidance for derecognizing debt that is defeased in-substance, regardless of how cash and other monetary assets placed in an irrevocable trust for the purpose of extinguishing that debt was acquired. Management is evaluating the effects that the full implementation of GASB Statement No. 86 will have on its financial statements for the year ended September 30, 2018.

In March 2017, the GASB issued *GASB Statement No. 85, Omnibus 2017,* This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits OPEB). Management is evaluating the effects that the full implementation of GASB Statement No. 85 will have on its financial statements for the year ended September 30, 2018.

In June 2015, the GASB issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for fiscal years beginning after June 15, 2017. The objective of GASB Statement No. 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions by establishing standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expense/expenditures. Management is evaluating the effects that the full implementation of GASB Statement No. 75 will have on its financial statements for the year ended September 30, 2018.

# NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

#### Government-wide Financial Statements

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

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

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

# Basis of presentation – government-wide financial statements

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

# Basis of presentation – fund financial statements

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

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

The City reports the following three major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

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

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

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

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

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

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

Additionally, the City reports the following fund type:

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

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

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

Measurement Focus and Basis of Accounting - Continued

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

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

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

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

The City's balance sheet reports deferred inflows of resources. Deferred inflows of resources arise when a potential revenue is *unavailable*. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City's governmental funds also report unavailable revenues that arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues arise when the City receives resources before it has a legal claim to them, as when grant money are received prior to the incidence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the City has a legal claim to the resources, revenue is recognized.

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

# a. Cash and Cash Equivalents

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

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

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

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

#### c. Loans to Other Funds

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

## d. Inventories

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

## e. Prepaid Items

Expenditures made to third party vendors for goods and services that will benefit periods beyond September 30, 2017 are recorded as prepaid items, in both governmental and fund financial statements.

# f. Restricted Assets

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

# g. Redevelopment Properties

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

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

## h. Capital Assets

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

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

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

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

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

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

# i. Long-Term Obligations

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

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

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

## j. Compensated Absences

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

## k. Pensions

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

# I. Deferred Outflows/Inflows of Resources

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

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

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

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

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

# m. Net Position Flow Assumption

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

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

# n. Fund Balance Flow Assumptions

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

# o. Fund Balance Policies

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

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

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

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

## p. Interfund Transactions

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

# q. Comparative Data

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

#### r. Prior Year Reclassification

The financial statements for the fiscal year ended September 30, 2016, have been reclassified to conform with the presentation of the statements for the fiscal year ended September 30, 2017.

#### s. Estimates

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

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

# **Budgetary Information**

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

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

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

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

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

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

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

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

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

#### **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, 2017, the City's deposits were entirely covered by federal deposit insurance or were secured by collateral held by the City's agent in the City's name pursuant to the City's investment policy and its depository agreement. The City was not collateralized at 102% for two days during the year.

Investments-other, that are not debt securities, including accrued interest, as of September 30, 2017 are as follows:

	Investments-other - Maturities (in years)			
	Book Value 1 or le			
Primary Government				
Certificates of deposit	\$ 4,196,984	\$ 4,196,984		
Component Units				
Certificates of deposit	15,516,461	15,516,461		
	\$ 19,713,445	\$ 19,713,445		

A reconcilement of cash and investments follows:

	Р			
	Governmental	Business-type		Component
	Activities	Activities	Total	Units
Cash and cash equivalents	\$ 8,592,857	\$1,086,748	\$ 9,679,605	\$13,962,591
TexStar	-	-	-	3,225,928
TexPool	31,092,210	7,223,310	38,315,520	6,306,598
Money market accounts	-	-	-	3,574,489
Certificate of deposit	4,196,984	-	4,196,984	15,516,461
FHLB-Bonds	-	-	-	249,964
	\$ 43,882,051	\$8,310,058	\$ 52,192,109	\$42,836,031

At September 30, 2017, the City's and its discretely presented component unit's certificates of deposit held for investment are not debt securities and are included in investments-other.

#### Interest Rate Risk

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

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

# **Primary Government**

Maturity	Description	Maturity Data	Market Value	% of Holding	Rate
Maturity	Description	Maturity Date	value	пошії	Nate
0-3 months					
Investment pool	Texpool		\$ 38,315,520	90.13%	
	- 1		, , , -		
3-6 months					
Certificates of deposit	Lone Star National Bank	2/25/2018	2,100,335	4.94%	0.30%
•					
<u>9-12 months</u>					
Certificates of deposit	Lone Star National Bank	8/24/2018	2,096,649	4.93%	0.30%
			Ć 42 542 504		
Investments-other - Prim	nary Government		\$ 42,512,504		
Component Units					
<u>Component Units</u> Pools	TexStar		\$ 3,225,928		
1 0013	TexPool		6,306,598		
	TEM GOT		9,532,526	33.30%	
			-,,		
Money Market	Green Bank		1,011,612		
	Southside Bank		2,562,877		
			3,574,489	12.49%	
6-8 Months					
Certificates of Deposit	Legacy Bank	10/20/2017	1,508,337		1.10%
	Legacy Bank	12/7/2017	1,003,280		1.30%
	Legacy Bank Legacy Bank	1/11/2018 1/19/2018	1,505,467 1,002,209		1.08% 1.30%
	Legacy Bank	3/15/2018	2,000,000		1.30%
	BBVA Compass Bank	12/7/2017	1,500,000		1.02%
	BBVA Compass Bank	2/16/2018	1,000,000		1.25%
	F	, -, -	9,519,293	33.26%	
<u>9-12 Months</u>					
Certificates of Deposit	BBVA Compass Bank	10/20/2017	2,000,000		0.85%
	BBVA Compass Bank	11/15/2017	1,500,000		0.95%
	Green Bank	2/15/2019	2,000,000		1.54%
	Wells Fargo	11/17/2017	248,000		0.90%
	Capital One Bank	4/19/2018	249,168	20.05%	1.05%
Investments-other Comp	onent Units		5,997,168 \$ 28,623,476	20.95%	
mvesuments-other comp	Joneth Offics		7 20,023,470		

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

As of September 30, 2017, the City's external investment pools meet the criteria described in GASB Statement No. 79 and measures all of their investments at amortized cost; therefore, the City has also measured their investments in these external investment pools at amortized cost for financial reporting purposes. In addition, the pools do not have any limitations or restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity or redemption gates.

## Fair Value Measurements

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

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

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

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

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

# **Component Units**

Valley International Airport has the following recurring fair value measurements as of September 30, 2017:

					Weighted
					Average
			Inputs		Maturity
	9/30/2017	(Level 1)	(Level 2)	(Level 3)	(Days)
Debt Securities					
Federal Home Loan Bank-Bonds	\$ 249,964	\$ -	\$ 249,964	\$ -	170
Investments by fair value level	\$ 249,964	\$ -	\$ 249,964	\$ -	
Certificates of Deposit	249,168				
	\$ 499,132				

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

#### Credit Risk

As of September 30, 2017, 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, 2017 represents 50% of the total portfolio and TexPool represents 50%. The investment policy is silent in the concentration of holding in the various types of securities and investments.

# Harlingen Firemen's Relief and Retirement Fund Investments

The Firemen's Relief and Retirement Fund Investments are recorded at fair value as of September 30, 2017. The following table summarizes securities owned by level within the fair value hierarchy as follows:

				Inputs					
	Ç	9/30/2017		(Level 1)		(Level 2)		(Level 3)	
Emerging Markets	\$	1,893,131	\$	1,893,131	\$	-	\$	-	
Income Opportunity		2,489,211		1,527,677		961,534		-	
International Equity		4,440,822		4,440,822		-		-	
Largecap Value Equity		2,534,951		2,534,951		-		-	
Allcap Growth Equity		4,718,584		4,718,584		-		-	
Smallcap Value Equity		1,966,197		1,966,197		-		-	
Smidcap Plus		1,570,439		1,570,439		-		-	
Core Investments Grade Bond		4,563,582		4,563,582		-		-	
International Fixed Income		1,578,579		1,578,579		-		-	
Short Duration High Yield Bond		2,162,170		-		2,162,170		-	
Strategic Global Convertibles		1,544,161		-		1,544,161		-	
Master Limited Partnership		649,081		649,081		-		-	
Real Estate Trust		611,277		611,277		-		-	
	\$	30,722,185	\$	26,054,320	\$	4,667,865	\$	-	

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

# **Interest Rate Risk**

The investment policy does not address interest rate risk.

## Credit Risk

The total fixed income investment of \$8,304,332 is subject to interest rate risk. Of this total, \$2,162,170 is in high yield bonds which are rated BB. The remaining amount of \$6,142,162 is in investment grade bonds rated AAA. The Firemen's investment policy has established that the fixed income portfolio must have an average credit quality of A or higher. The Firemen's Fund investment policy establishes the allowable investment types and grades of the fund.

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

# **Concentration of Credit Risk**

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

## **Custodial Credit Risk**

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

## **NOTE 4 - RECEIVABLES**

Receivables at September 30, 2017 consist of the following:

	Governmental Activities									
		Co	mmunity		Other			Internal	Go	overnmental
	General	Dev	elopment/	Gov	vernmental			Service		Activities
	Fund		Fund		Funds	Total		Funds		Total
Taxes	\$ 1,154,131	\$	-	\$	462,973	\$ 1,617,104	\$	-	\$	1,617,104
Accounts	903,148		30,516		383,404	1,317,068		24,711		1,341,779
Assessments	-		12,815		143,013	155,828		-		155,828
Due from other governments	1,469,466		-		463,085	1,932,551		-		1,932,551
Due from other funds	841,971		-		-	841,971		-		841,971
Due from component units	62,571		-		7,076	69,647		-		69,647
Gross receivables	4,431,287		43,331		1,459,551	5,934,169		24,711		5,958,880
Allowance for uncollectibles	(190,606)		-		(78,280)	(268,886)		(5,750)		(274,636)
Net receivables	\$ 4,240,681	\$	43,331	\$	1,381,271	\$ 5,665,283	\$	18,961	\$	5,684,244

		Business-type Activities								
		Municipal Harlinger								
		Golf Municpal					and F	leritage		
	S	anitation	C	Course	Aud	ditorium	Mu	seum		Total
Accounts	\$	151,043	\$	3,724	\$	4,389	\$	32	\$	159,188
Allowance for uncollectibles		(38,768)		-		-		-		(38,768)
Due from component unit		46,162		-		-		-		46,162
Net receivables	\$	158,437	\$	3,724	\$	4,389	\$	32	\$	166,582

					Con	nponent Units			
	Н	larlingen	H	arlingen					
	Е	conomic	Co	mmunity		Harlingen		Valley	
	De	velopment	Imp	rovement	٧	Vaterworks	Int	ernational	
	Co	rporation		Board		System		Airport	Total
Accounts	\$	76,780	\$	-	\$	2,445,649	\$	456,090	\$ 2,978,519
Grants		367,366		-		-		728,375	1,095,741
Interest		-		-		39,239		-	39,239
Due from other governments		-		122,455		-		-	122,455
Gross receivables		444,146		122,455		2,484,888		1,184,465	4,235,954
Allowance for uncollectibles		-		-		(204,000)		-	(204,000)
Net receivables	\$	444,146	\$	122,455	\$	2,280,888	\$	1,184,465	\$ 4,031,954

#### **NOTE 4 – RECEIVABLES – Continued**

## **Property Taxes**

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

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

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

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

#### **NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2017 is as follows:

#### **Governmental Activities**

	Beginning			Transfers /	Ending
Balance		Additions	Retirements	Reclassifications	Balance
Capital assets, not being depreciated:					
Land	\$ 6,677,882	\$ 1,996,047	\$ -	\$ -	\$ 8,673,929
Construction in progress	929,911	2,498,490	-	(1,425,702)	2,002,699
Total capital assets, not being depreciated	7,607,793	4,494,537	-	(1,425,702)	10,676,628
Capital assets, being depreciated					
Buildings	31,864,779	-	(27,180)	-	31,837,599
Improvements	23,113,271	174,077	(20,000)	1,373,285	24,640,633
Machinery and equipment	34,216,388	1,189,053	(723,119)	52,417	34,734,739
Infrastructure	211,713,761	617,804	-	-	212,331,565
Total capital assets, being depreciation	300,908,199	1,980,934	(770,299)	1,425,702	303,544,536
Less accumulated depreciation for:					
Buildings	(8,239,190)	(757,818)	27,180	-	(8,969,828)
Improvements	(9,685,349)	(1,233,769)	20,000	-	(10,899,118)
Machinery and equipment	(22,286,068)	(2,289,363)	628,350	-	(23,947,081)
Infrastructure	(134,374,221)	(3,903,268)	-	-	(138,277,489)
Total accumulated depreciation	(174,584,828)	(8,184,218)	675,530	-	(182,093,516)
Total capital assets, being depreciation, net	126,323,371	(6,203,284)	(94,769)	1,425,702	121,451,020
Governmental activities, capital assets, net	\$133,931,164	\$ (1,708,747)	\$ (94,769)	\$ -	\$ 132,127,648

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

Depreciation was charged to government functions as follows:

General government	\$ 1,336,483
Public safety	4,382,649
Highways and streets	949,369
Health and Welfare	719,393
Culture and recreation	796,324
Total depreciation - governmental activities	\$ 8,184,218

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

Capital asset activity for the year ended September 30, 2017 is as follows:

## **Business-type Activities**

	В	eginning					Ending
		Balance	Α	dditions	Retir	ements	Balance
Capital assets, not being depreciated:							
Land	\$	467,083	\$	-	\$	-	\$ 467,083
Construction in progress		14,889		278,410		-	293,299
Total capital assets, not being depreciated		481,972		278,410		-	760,382
Capital assets, being depreciated							
Buildings		5,615,371		-	(:	19,680)	5,595,691
Improvements		4,418,919		9,625		(8,347)	4,420,197
Equipment		2,801,575		381,057	(	75,772)	3,106,860
Total capital assets, being depreciation	:	12,835,865		390,682	(10	03,799)	13,122,748
Less accumulated depreciation for:							
Buildings		(2,261,938)		(155,550)		5,247	(2,412,241)
Improvements		(3,363,972)		(197,507)		8,049	(3,553,430)
Equipment		(1,894,143)		(322,876)	(	68,701	(2,148,318)
Total accumulated depreciation		(7,520,053)		(675,933)	;	81,997	(8,113,989)
Total capital assets, being depreciation, net		5,315,812		(285,251)	(:	21,802)	5,008,759
Business-type activities, capital assets, net	\$	5,797,784	\$	(6,841)	\$ (:	21,802)	\$ 5,769,141

Depreciation was charged to business type activity functions as follows:

Municpal Auditorium	\$ 288,367
Sanitation	272,614
Arts and Heritage Museum	12,770
Municipal Golf Course	102,182
Total depreciation - business-type activities	\$ 675,933

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

Capital asset activity for the Economic Development Corporation for the year ended September 30, 2017, is as follows:

Harlingen Economic Development Corporation				
	Beginning			Ending
	Balance	Additions	Retirements	Balance
Capital assets, not being depreciated:				
Construction in progress	\$ 4,187,758	\$ -	\$ -	\$ 4,187,758
Capital assets, being depreciated				
Buildings	31,902,903	-	-	31,902,903
Improvements	4,795,863	-	-	4,795,863
Total capital assets, being depreciation	36,698,766	-	-	36,698,766
Less accumulated depreciation for:				
Buildings	(3,389,684)	(1,395,751)	-	(4,785,435)
Improvements	(1,297,020)	(559,516)	-	(1,856,536)
Total accumulated depreciation	(4,686,704)	(1,955,267)	-	(6,641,971)
Total capital assets, being depreciation, net	32,012,062	(1,955,267)	-	30,056,795
Harlingen Economic Development				
Corporation, capital assets, net	\$ 36,199,820	\$ (1,955,267)	\$ -	\$ 34,244,553

Depreciation expense for the year ended September 30, 2017 totaled \$1,955,267.

Capital asset activity for Valley International Airport for the year ended September 30, 2017, is as follows:

	Beginning			Transfers /	Ending
	Balance	Additions	Retirements	Reclassifications	Balance
Valley International					
Capital assets, not being depreciated:					
Land	\$ 5,011,080	\$ -	\$ -	\$ -	\$ 5,011,080
Construction in progress	4,777,418	6,985,166	(6,598,103)	-	5,164,481
Total capital assets, not being depreciated	9,788,498	6,985,166	(6,598,103)	-	10,175,561
Capital assets, being depreciated					
Buildings	38,566,743	-	296,224	(253,250)	38,609,717
Runways and taxiways	67,086,686	-	3,196,969	(14,089,894)	56,193,761
Land improvements	24,406,080	-	2,833,833	(594,766)	26,645,147
Furniture and fixtures	3,108,597	-	271,077	(141,697)	3,237,977
Machinery and equipment	20,551,612	101,183	-	(1,982,087)	18,670,708
Total capital assets, being depreciation	153,719,718	101,183	6,598,103	(17,061,694)	143,357,310
Less accumulated depreciation for:					
Buildings	(28,092,205)	(1,026,460)	-	253,250	(28,865,415)
Runways and taxiways	(41,829,739)	(2,506,424)	-	14,089,894	(30,246,269)
Land improvements	(15,802,851)	(783,066)	-	594,766	(15,991,151)
Furniture and fixtures	(1,684,632)	(160,208)	-	141,011	(1,703,829)
Machinery and equipment	(12,306,994)	(1,051,166)	-	1,982,773	(11,375,387)
Total accumulated depreciation	(99,716,421)	(5,527,324)	-	17,061,694	(88,182,051)
Total capital assets, being depreciation, net	54,003,297	(5,426,141)	6,598,103	-	55,175,259
Valley International Airport, capital assets, net	\$ 63,791,795	\$ 1,559,025	\$ -	\$ -	\$ 65,350,820

Depreciation expense for the year ended September 30, 2017 totaled \$5,527,324.

**NOTE 5 - CAPITAL ASSETS - Continued** 

Capital asset activity for Harlingen Waterworks System is as follows:

# Harlingen Waterworks System

Harringen waterworks system	Desire	Davie o	D l 0	E. P.
	Beginning	Reclass &	Reclass &	Ending
	Balance	Additions	Disposals	Balance
Capital assets, not being depreciated:				
Land	\$ 1,202,089	\$ 6,864	\$ -	\$ 1,208,953
Water rights	5,423,369	-	-	5,423,369
Construction in progress	10,692,042	3,887,284	(11,369,636)	3,209,690
Total capital assets, not being depreciated	17,317,500	3,894,148	(11,369,636)	9,842,012
Capital assets, being depreciated				
Vehicles	2,972,049	217,407	-	3,189,456
Water production plant	27,630,188	22,755	-	27,652,943
Water transmission faciltities and equipment	55,166,665	344,113	(38,400)	55,472,378
Wastewater treatment plant	23,325,702	9,513,147	(1,452,342)	31,386,507
Wastewater collection line, lift stations				-
and equipment	50,597,244	2,127,187	(42,772)	52,681,659
Laboratory buildings and equipment	315,638	100,326	-	415,964
Pretreatment buildings and equipment	76,801	-	-	76,801
Office buildings and equipment	3,980,129	101,135	(24,760)	4,056,504
Total capital assets, being depreciation	164,064,416	12,426,070	(1,558,274)	174,932,212
Less accumulated depreciation for:				
Vehicles	(2,132,568)	(92,822)	-	(2,225,390)
Water production plant	(20,059,552)	(601,822)	-	(20,661,374)
Water transmission faciltities and equipment	(34,572,037)	(845,569)	-	(35,417,606)
Wastewater treatment plant	(21,094,782)	(1,022,687)	1,227,647	(20,889,822)
Wastewater collection line, lift stations	, , , ,	, , , ,		. , , ,
and equipment	(30,420,046)	(1,067,830)	28,516	(31,459,360)
Laboratory buildings and equipment	(230,418)	(23,911)	-	(254,329)
Pretreatment buildings and equipment	(74,043)	(1,084)	-	(75,127)
Office buildings and equipment	(2,986,606)	(167,528)	24,760	(3,129,374)
Total accumulated depreciation	(111,570,052)	(3,823,253)	1,280,923	(114,112,382)
Total capital accets, being depreciation, not	E2 404 264	0 602 017	(277 251)	60 910 920
Total capital assets, being depreciation, net	52,494,364	8,602,817	(277,351)	60,819,830
Harlingen Waterworks System, capital assets, net	\$ 69,811,864	\$ 12,496,965	\$ (11,646,987)	\$ 70,661,842

Harlingen Waterworks System depreciation expense during the fiscal year totaled \$3,823,253.

## **NOTE 6 - LOANS RECEIVABLE**

Loans and notes receivable at September 30, 2017, consist of the following:

ivities Unit Economic
Economic
t Development
Total Corporation
\$ -
3,853 1,043,853 -
3,835 213,835 -
- 50,564 -
500,981
- 149,026 -
5,127 133,399 -
5,465 \$ 1,671,763 \$ 500,981
: 1, 3, 3,

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

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

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

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

Included in the business development loans balance of \$500,981 is a loan receivable from the primary government totaling \$500,981.

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

Payables from restricted assets of the Harlingen Waterworks (a component unit of the City) at September 30, 2017 consist of the following:

September 30,	2017	2016	
Current		_	
Accrued interest	\$ 322,180	\$ 334,305	
Customer deposits	300,000	267,813	
Noncurrent			
Customer deposits	2,107,602	1,885,000	
Total payable from restricted assets	\$ 2,729,782	\$ 2,487,118	

#### **NOTE 8 - UNEARNED REVENUE**

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

	Unearned
Governmental Activities	
Grants	\$ 30,800
Business-type Activities	
Ticket and membership sales	\$ 21,552
Component Units	
Valley International Airport	\$ 1,450,378

<sup>\*</sup>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:

2018 (current portion)		\$	341,002
2019	\$ 216,213		
2020	216,213		
2021	216,213		
2022	216,213		
Succeeding years	244,524	_	
Long-term portion			1,109,376
Total		\$	1,450,378

<sup>\*</sup>At September 30, 2017, several leaseholders at the Airport had prepaid their monthly leases in the total amount of \$129,502.

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

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

Operating revenues recognized from these leases totaled \$5,082,208. Included in operating revenues are contingent rental payments which are revenues that increase or decrease rents after the inception of the lease resulting from changes in factors (such as usage) on which the lease payments are based. Contingent rental payments in 2017 were \$670,603.

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

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

Year ending September 30:	
2018	\$ 4,173,127
2019	2,872,593
2020	603,698
2021	485,873
2022	414,605
Later years	1,517,377
Total minimum future rentals	\$ 10,067,273

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

#### **NOTE 10 - LONG-TERM DEBT**

Notes Payable

## **Primary Government**

With Resolution No. 07R-49, the City Commission authorized the City to enter into an agreement between the Tax Increment Financing Reinvestment Zone. No. 3 to reimburse the Harlingen Economic Development Corporation of Harlingen, Inc. for financial assistance provided to Harlingen Ventures No. 2, L.P. for public targeted infrastructure, not to exceed \$3,000,000. The total qualifying infrastructure improvements amounted to \$886,416 and the balance at year-end is \$436,416. The agreement does not indicated repayment terms or interest rate. The City makes annual payments of \$70,000.

The City and the EDC, entered into a note agreement in the amount of \$4,431,204 with 83/77 Properties, LTD on December 15, 2010. The note will be repaid with the EDC's portion of the sales tax from anticipated developed properties in a defined area surrounding the Bass Pro Shop development. The note carries an 8% interest rate, but no repayment schedule due to the uncertainty of the revenues designed to repay the loan. The City's portion totals \$3,013,219 plus related accrued interest of \$1,102,023. Interest accrues at 8%. Interest paid during the year totaled \$76,554.

# **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 \$518,599. Interest accrues at 8%. Interest paid during the year totaled \$35,885.

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

#### NOTE 10 - LONG-TERM DEBT - Continued

			Total
Years Ending			<b>Debt Service</b>
September 30,	Principal	Interest	Required
2018	\$ 425,000	\$ 66,344	\$ 491,344
2019	445,000	48,335	493,335
2020	465,000	29,498	494,498
2021	480,000	9,936	489,936
	\$ 1,815,000	\$ 154,113	\$1,969,113

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

# General Obligation Bonds and Certificates of Obligation

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

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

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

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

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

## **NOTE 10 - LONG-TERM DEBT - Continued**

General Obligation Bonds and Certificates of Obligation – Continued

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

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

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

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

# **Advance Refunding**

In prior years, the City defeased certain outstanding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the respective trust account assets and related liabilities for the defeased bonds are not included in the City's financial statements. At September 30, 2017, the following outstanding bonds are considered defeased:

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

# **NOTE 10 - LONG-TERM DEBT - Continued**

General Obligation Bonds and Certificates of Obligation - Continued

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

			Beginning	Ending				
	Original	Interest	Balance			Balance	Due in	
	Amount	Rates	10/1/2016	Additions	Reductions	9/30/2017	One Year	
Governmental Activities								
General Obligations								
2007 Series, General Obligation Refunding Bonds	\$10,630,000	4.000-4.500%	\$ 510,000	\$ -	\$ (510,000)	\$ -	\$ -	
2011 Series, General Obligation Refunding Bonds	3,315,000	2.390%	2,155,000	-	(285,000)	1,870,000	250,000	
2013 Series, General Obligation Refunding Bonds	3,215,000	2.000-2.500%	2,295,000	-	(435,000)	1,860,000	275,000	
2016 Series, General Obligation Refunding Bonds	23,915,000		23,915,000	-	-	23,915,000	-	
Total General Obligation Bonds	\$41,075,000		\$ 28,875,000	\$ -	\$ (1,230,000)	\$ 27,645,000	\$ 525,000	
			=				-	
Certificates of Obligation								
2007 Series, Combination Tax Revenue CO	22,000,000	4.000-4.500%	1,120,000	-	(1,120,000)	=	-	
2010 Series, Combination Tax Revenue CO	3,090,000	2.000-4.125%	2,445,000	-	(140,000)	2,305,000	145,000	
2012 Series, Combination Tax Revenue CO	2,280,000	1.600-3.000%	2,205,000	-	(115,000)	2,090,000	140,000	
2013 Series, Combination Tax Revenue CO	3,070,000	2.000-3.750%	2,995,000	-	(100,000)	2,895,000	140,000	
2016 Series, Combination Tax Revenue CO	12,885,000	1.150-4.900%	-	12,885,000	(385,000)	12,500,000	275,000	
Total Certificates of Obligation	\$43,325,000		\$ 8,765,000	\$ 12,885,000	\$ (1,860,000)	\$ 19,790,000	\$ 700,000	
			_					
Total bonded debt	\$84,400,000		\$ 37,640,000	\$ 12,885,000	\$ (3,090,000)	\$ 47,435,000	\$1,225,000	

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

Year Ending	General Obli	gation Bonds	Certificates	of Obligation	Total Bor	Bonded Debt		
September 30,	Principal	Interest	Principal	Interest	Principal	Interest		
2018	\$ 2,455,000	\$ 857,131	\$ 700,000	\$ 678,377	\$ 3,155,000	\$ 1,535,508		
2019	2,505,000	806,546	720,000	662,599	3,225,000	1,469,145		
2020	2,560,000	754,892	800,000	645,283	3,360,000	1,400,175		
2021	2,650,000	668,493	850,000	626,188	3,500,000	1,294,681		
2022	2,765,000	545,290	890,000	604,942	3,655,000	1,150,232		
2023-2027	14,710,000	1,119,102	4,880,000	2,620,814	19,590,000	3,739,916		
2028-2032	-	-	4,220,000	1,838,962	4,220,000	1,838,962		
2033-2037	-	-	4,355,000	1,006,933	4,355,000	1,006,933		
2038-2042	-	-	2,375,000	206,565	2,375,000	206,565		
	\$ 27,645,000	\$ 4,751,454	\$ 19,790,000	\$ 8,890,663	\$ 47,435,000	\$ 13,642,117		

#### **NOTE 10 - LONG-TERM DEBT - 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, 2017, 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.

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, 2017, Series 2005A Bonds in the principal amount of \$995,000 with maturities of November 1, 2016 through November 1, 2019 have not been redeemed.

The bonds carry interest rates as set out below with the interest payment dates of May 1<sup>st</sup> and November 1<sup>st</sup>; and principal payments due annually on November 1<sup>st</sup>. The bond ordinances authorizing these issues require establishing an interest and sinking fund; and, if certain financial ratios are not met, a reserve fund. A Credit Facility may be used as a substitute for or to replace cash or investments in the reserve fund. In addition, a provision in the ordinances requires that rates for service be adjusted if certain financial ratios are not met. Management of the System believes it is in compliance with all significant financial requirements of the bond ordinances as of September 30, 2017.

#### **NOTE 10 - LONG-TERM DEBT - Continued**

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

			Beginning			Ending		
	Original		Balance			Balance	Due in	
	Amount	Amount Interest Rate(s) 10/1/2016 Additions		Additions	Reductions	9/30/2017	One Year	
Component Units								
Harlingen Economic Development Corporation								
Sales tax revenue bonds								
Series 2010A	\$19,150,000	2.00-5.125%	\$16,440,000	\$ -	\$ (725,000)	\$15,715,000	\$ 755,000	
Sales tax and lease rental								
Revenue Bonds Series 2010B	13,075,000	2.71-5.75%	11,565,000	-	(425,000)	11,140,000	440,000	
Total Harlingen EDC	32,225,000		28,005,000	-	(1,150,000)	26,855,000	1,195,000	
Harlingen Waterworks System								
2010 Series "A" Waterworks &								
Sewer System Revenue								
Refunding Bonds	6,500,000	2.00-4.25%	6,080,000	-	(215,000)	5,865,000	215,000	
2010 Series "B" Waterworks &								
Sewer System Revenue								
Refunding Bonds	4,205,000	2.00-3.00%	585,000	-	(110,000)	475,000	115,000	
2015 Series "A" Waterworks &								
Sewer System Revenue								
Refunding Bonds	12,000,000	2.00-3.75%	12,000,000	-	(450,000)	11,550,000	455,000	
2015 Series "B" Waterworks &								
Sewer System Revenue								
Refunding Bonds	6,475,000	2.00-3.75%	6,475,000	-	(680,000)	5,795,000	695,000	
Total Harlingen Waterworks System	29,180,000		25,140,000	-	(1,455,000)	23,685,000	1,480,000	
Total Component Units	\$61,405,000		\$53,145,000	\$ -	\$ (2,605,000)	\$50,540,000	\$ 2,675,000	

		Harlingen	Econo	mic									
Development Coporation				ration		Harlingen Wate	erwork						
Year Ending	Year Ending Sales Tax and Lease Revenue Bonds				١	Vater and Sewe	r Reve	nue Bonds	Total Comp	Total Component Units			
September 30,		Principal		Interest		Principal	Interest		Principal	Interest			
2018	\$	1,195,000	\$	1,512,013	\$	1,480,000	\$	757,606	\$ 2,675,000	\$ 2,269,619			
2019		1,255,000		1,456,650		1,525,000		719,107	2,780,000	2,175,757			
2020		1,310,000		1,397,538		1,565,000		672,756	2,875,000	2,070,294			
2021		1,380,000		1,330,969		1,615,000		625,056	2,995,000	1,956,025			
2022		1,455,000		1,256,200		1,015,000		585,444	2,470,000	1,841,644			
2023-2027		8,615,000		4,930,727		5,565,000		2,419,288	14,180,000	7,350,015			
2028-2032		11,645,000		1,899,057		6,250,000		1,430,009	17,895,000	3,329,066			
2033-2037		-		-		4,670,000		370,819	4,670,000	370,819			
	\$	26,855,000	\$	13,783,154	\$	23,685,000	\$	7,580,085	\$50,540,000	\$21,363,239			

# NOTE 10 - LONG-TERM DEBT - Continued

Changes in Long-term Liabilities

During the year ended September 30, 2017, the following changes occurred:

	Beginning Balance			Ending Balance	Amounts Due in
	10/1/2016	Additions	Reductions	9/30/2017	One Year
Governmental activities					
General obligation debt	\$ 28,875,000	\$ -	\$ (1,230,000)	\$ 27,645,000	\$ 525,000
Certificates of obligation	8,765,000	12,885,000	(1,860,000)	19,790,000	700,000
Capital lease	1,110,282	-	(152,161)	958,121	163,437
Deferred amounts					
Discounts	(8,516)	1,038	-	(7,478)	-
Premiums	2,726,651	-	(448,678)	2,277,973	-
Notes payable	3,519,635	-	(70,000)	3,449,635	70,000
Compensated absences	4,342,485	1,218,167	(1,245,763)	4,314,889	700,000
Long-term liabilities (excluding pension)	49,330,537	14,104,205	(5,006,602)	58,428,140	2,158,437
Net pension liability - Governmental Activities	5,557,666	434,090	-	5,991,756	-
Net pension liability - Firemen's Relief	37,114,694	-	(18,777,542)	18,337,152	-
Net OPEB - Governmental Activities	2,840,913	237,694		3,078,607	
Total long-term liabilities	94,843,810	14,775,989	(23,784,144)	85,835,655	2,158,437
Business Type Activities					
Landfill post closure liability	1,343,402	24,181	-	1,367,583	-
Compensated absences	309,769	68,840	(34,545)	344,064	65,000
Long-term liabilities (excluding pension)	1,653,171	93,021	(34,545)	1,711,647	65,000
Net pension liability - Business-type Activities	622,936	-	(175,722)	447,214	-
Net OPEB - Business-type Activities	453,220	17,741	-	470,961	-
Total long-term liabilities (business-type)	2,729,327	110,762	(210,267)	2,629,822	65,000
Total Primary Government	\$ 97,573,137	\$ 14,886,751	\$(23,994,411)	\$ 88,465,477	\$2,223,437
	Beginning			Ending	Amounts
	Balance			Balance	Due in
	10/1/2016	Additions	Reductions	9/30/2017	One Year
Component Units					
Harlingen Economic Development Corporation					
Sales tax and revenue bonds	\$ 28,005,000	\$ -	\$ (1,150,000)	\$ 26,855,000	\$1,195,000
Deferred amounts					
Discounts	(235,274)		23,753	(211,521)	\$ -
Note payable	3,642,985	-	(410,000)	3,232,985	425,000
Compensated absences	45,880	4,162	(23,900)	26,142	8,000
Total Harlingen EDC	31,458,591	4,162	(1,560,147)	29,902,606	1,628,000

## **NOTE 10 - LONG-TERM DEBT - Continued**

	Beginning						Ending	Amounts	
	Balance 10/1/2016		Additions	R	eductions	Balance 9/30/2017		Due in One Year	
Valley International Airport	10/1/2010	·	Additions	IX	eddellons		7/30/2017	One real	
Unearned revenue	1,553,218		157,633		(260,473)		1,450,378	341,002	
Compensated absenses	278,548		227,752		(214,145)		292,155	25,000	
Net pension liability	344,251		12,944		-		357,195	-	
Net OPEB obligation	233,764		13,276		-		247,040	-	
Total Valley International Airport	2,409,781		411,605		(474,618)		2,346,768	366,002	
Harlingen Waterworks System									
Bonds payable	\$ 25,140,000	\$	-	\$	(1,455,000)	\$	23,685,000	\$ 1,480,000	
Less deferred amounts for discounts and									
premiums	201,003		-		(29,834)		171,169	27,230	
Total bonds payable	25,341,003		-		(1,484,834)		23,856,169	1,507,230	
Compensated absenses	776,517		567,928		(581,628)		762,817	572,000	
Retiree health care obligation	3,542,478		631,733		(334,144)		3,840,067	-	
Net pension obligation	193,753		680,909		(550,681)		323,981	-	
Customer deposits	2,152,813		545,704		(290,915)		2,407,602	300,000	
Total Harlingen Waterworks System	6,665,561		2,426,274		(1,757,368)		7,334,467	872,000	
Total Component Units	\$ 32,006,564	\$	2,426,274	\$	(3,242,202)	\$	31,190,636	\$ 2,379,230	

<sup>\*\*</sup>The current portion of unearned revenues on the Statement of Net Position for a component unit includes amounts, which are strictly short-term in nature, totaling \$341,002 for the year ended 2017.

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

Capital Lease Obligation

#### **Governmental Activities**

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

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

Fiscal Year	<u>0</u>	<u>bligations</u>
2018	\$	168,673
2019		168,673
2020		168,673
2021		168,673
2022		168,673
2023		168,673
Total	:	1,012,038
Less interest		(53,917)
Obligations under capital lease	\$	958,121

#### NOTE 11 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require that the City of Harlingen place final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill postclosure care costs has a balance of \$1,367,583 as of September 30, 2017, an increase of \$30,370. This is based on 100% usage of the landfill. The landfill was deemed full and closed on August 1999. The estimated total current cost of the landfill postclosure care is based on the amount that would be paid if all equipment, facilities, and services required to monitor, and maintain the landfill were acquired as of September 30, 1994. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

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

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

#### **NOTE 12 - INTERFUND ASSETS/LIABILITIES**

Interfund receivables and payables at September 30, 2017 are as follows:

						Business-type Activities	:
	Community	Capital Projects	Nonmajor	Total Governmental	Internal	Municipal Golf Course	Total
Receivable Fund	Development fund	Bond Cert. of Obligation 2016	Governmental Funds	Funds	Service Funds	Fund	Due to Other Funds
Governmental Funds	i	J					
General Fund	\$ 100,000	\$ 695	\$ 175,176	\$ 275,871	\$ 65,000	\$ 378,267	\$ 719,138

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

# **NOTE 12 - INTERFUND ASSETS/LIABILITIES - Continued**

Receivables and payables between the primary government and component units at September 30, 2017 are as follows:

	Receivable Fund or Component Unit										
							Bus	siness-type		Total	
			Nonmajor Total				A	Activities		Due to	
	Ger	neral	ral Governmental Governmental			Sanitation		Primary			
Payable Fund or Component Unit	Fι	ınd	Funds		Funds		Fund		Government		
Harlingen Waterworks System	\$ 6	2,571	\$	7,076	\$	69,647	\$	46,162	\$	111,801	
Harlingen Economic Development Corp.		-		-		-		-		4,008	
	\$ 6	2,571	\$	7,076	\$	69,647	\$	46,162	\$	115,809	

## **NOTE 13 - TRANSFERS**

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

	Transfers In/Out										
	General Fund	Nonmajor Governmental Funds	Total Governmental Funds	Sanitation Fund	Municipal Auditorium	Harlingen Arts and Heritage Museum	Internal	Transfers Before Capital Contributions	Sanitation Fund	Internal Service Funds	
Governmental Funds											
General fund Nonmajor governmental funds	\$ - 428,396 428,396	\$ 575,392 542,770 1,118,162		\$ 50 - 50	\$ 55,900 59,100 115,000	\$ 30,000 60,000 90,000	\$ 81,000 - 81,000	1,090,266	\$ - \$ - -	37,809 101,025 138,834	\$ 780,151 1,191,291 1,971,442
Business-type Activities											
Sanitation fund Internal service fund	1,305,000 - 1,305,000	-	1,305,000 - 1,305,000	- -	- -	-	-	1,305,000 - 1,305,000	- 249,130 249,130	246,224	1,551,224 249,130 1,800,354
Totals	\$1,733,396	\$ 1,118,162	\$ 2,851,558	\$ 50	\$ 115,000	\$ 90,000	\$ 81,000	\$ 3,137,608	\$249,130 \$	385,058	\$3,771,796

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

#### **NOTE 14 – FUND BALANCES**

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

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

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

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

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

**Unassigned** – the unassigned fund balance has no constraints.

	(	General Fund	Community Development Fund		Capital Projects Bond Cert. of Obligation 2016		Governmenta	
Nonspendable								
Prepaid items	\$	35,008	\$	-	\$	-	\$	1,847
Restricted								
Community Development		-		113,047		-		-
Tennis Court		-		-		-		53,557
Public, Education and Government Access Channels		-		-		-		505,871
Construction		-		-	12,48	8,570	1	,044,391
Hotel/Motel Occupancy Tax		-		-		-		963,815
Convention Visitors Bureau		-		-		-		666,087
Harlingen Downtown		-		-		-		98,264
Federal Forfeitures		-		-		-		154,873
State Forfeitures		-		-		-		195,806
Lon C. Hill Library		-		-		-		100,022
Tax Increment Reivestment Zone		-		-		-		672,894
Debt Service		-				-		728,941
Restricted total		-		113,047	12,48	8,570	5	,184,521
Committed								
Catastrophic Relief		-		-		-		826,971
Infrastructure		-		-		-		534,250
Free Trade Bridge		-		-		-		812,724
Street Improvements		-		-				949,674
Committed total		-		-		-	3	,123,619
Unassigned	1	8,477,345		-		-		(355)
Total fund balance	\$18	8,512,353	\$	113,047	\$ 12,48	8,570	\$ 8	,309,632

#### **NOTE 15 - NET POSITION**

	Governmental Activities	Business-type Activities	Economic Development Corporation	Harlingen Waterworks System	Valley International Airport
Net Investment in capital assets:					
Capital assets, net of accumulated					
depreciation	\$ 132.127.648	\$ 5.769.141	\$ 34,244,553	\$70,661,842	\$65,350,818
Less related liabilities	(49,572,261)	-	(29,876,464)		(1,320,875)
Restricted cash (unexpended bond	( ,, _ , _ ,		(==,=:=,;==:,	(==,==,==,==,	(=,==,=;=)
proceeds)	13,724,171	-	-	-	-
Total net investment in capital assets	96,279,558	5,769,141	4,368,089	50,579,546	64,029,943
Restricted net position consists					
of the following:					
Community Development	113,047	-	-	-	-
Tennis Court	53,557	-	-	-	-
Public, Education and Government					
Access Channel	505,871	-	-	-	-
Construction	1,044,391	-	-	-	-
Hotel/Motel Occupancy Tax	963,815	-	-	-	-
Convention Visitors Bureau	667,479	-	-	-	-
Harlingen Downtown	98,264	-	-	-	-
Federal Forfeitures	154,873	-	-	-	-
State Forfeitures	195,806	-	-	-	-
Lon C. Hill Library	100,022	-	-	-	-
Tax Increment Reivestment Zone	672,894	-	-	-	-
Debt Service	791,555	-	-	1,362,301	-
System expansion and replacement					
(impact and other fees)	-	-	-	1,886,472	
Restricted net position - total	5,361,574	-	-	3,248,773	-
Unrestricted net position	(7,426,934)	5,518,050	5,706,228	19,261,623	1,990,664
Total net position	\$ 94,214,198	\$ 11,287,191	\$ 10,074,317	\$73,089,942	\$66,020,607

#### **NOTE 16 - COMMITMENTS AND CONTINGENT LIABILITIES**

#### a. Long-Term Contracts

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

#### b. Grant Programs

The City as well as its component units participate in a number of grant programs funded by State and Federal Agencies. These programs are subject to compliance audits by the grantor agencies or their representatives. Audits of all of these programs including the year ended September 30, 2017 have not been conducted. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

#### NOTE 16 - COMMITMENTS AND CONTINGENT LIABILITIES - Continued

#### **Commitments**

At September 30, 2017, the City had ongoing commitments related to the following:

#### **Governmental Activities**

	Construction				
	Original				
Project	Amount	Expensed	Balance	Commitment	
Covention Center	\$ 14,174,006	\$ 79,204	\$14,094,802	\$14,094,802	
Farmer's Market Canopies	134,800	53,883	80,917	80,917	
Fire Station - Westside	1,888,000	1,638,292	249,708	249,708	
Restroom Facilities - Lon C Hill Park	195,520	8,801	186,719	186,719	
Sidewalks - Various	515,102	12,750	502,352	502,352	
	\$ 16,907,428	\$ 1,792,930	\$15,114,498	\$15,114,498	

#### **Business-Type Activities**

	Construction							
		Original						
Project		Amount	Е	xpensed	E	Balance	Con	nmitment
Museum Renovation	\$	14,889	\$	14,889	\$	-	\$	-
Public Works Canopy		360,861		278,409		82,452		82,452
	\$	375,750	\$	293,298	\$	82,452	\$	82,452

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

#### **Component Units**

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

	Total Remaining	Airport Improvement	Passenger Facility	Local
	Commitment	Project Funds	Charge	Funds
PFC - Air handler and disconnect	\$ 1,200,000	\$ -	\$ 1,200,000	\$ -
Grant 59 - Runway 35L end reconfiguration	\$ 2,396,253	\$ 2,215,135	\$ 155,707	\$ 25,411

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, 2017 have not been conducted. Accordingly, the Airport's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time although the Airport expects such amounts, if any, to be immaterial.

#### NOTE 16 - COMMITMENTS AND CONTINGENT LIABILITIES - Continued

#### Conduit debt

In 1995, the City of Harlingen approved the issuance of \$4,000,000, in Higher Education Facilities Corporation Bonds for the Marine Military Academy. At September 30, 2017, the outstanding balance of the 1995 bonds was \$639,165. These bonds are special obligations of the City and do not constitute an indebtedness of the City nor any other political subdivision within the interpretations of any statutory provision or limitation.

#### **NOTE 17 - MAJOR CUSTOMERS**

For the year ended September 30, 2017, no single customer provided more than 10% of water revenues or wastewater revenues. For the year ended 2017, the top ten wastewater customers provided approximately \$1,478,329 or 13.61% of wastewater sales revenues. The top ten water customers generated approximately \$1,332,804 or 14.27% of the water sales revenues.

#### **NOTE 18 - PASSENGER FACILITY CHARGES**

Beginning in November 1998, the Airport instituted passenger facility charges of \$3 per enplaned passenger. Proceeds of the passenger facility charges are to be used by the Airport for certain capital improvements approved pursuant to the Airport's authorization for the passenger facility charge program. Passenger facility charges revenue, including interest, included in capital contributions for the year ended September 30, 2017 and 2016 totaled \$1,032,501 and \$1,008,078, respectively. In February 2007, the Federal Aviation Administration approved the Airport's application to impose and use passenger facility charges of \$4.50 per emplaned passenger, effective December 1, 2007.

#### **NOTE 19 - JOINT ARRANGEMENTS**

#### Freetrade Bridge

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

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

#### **NOTE 19 - JOINT ARRANGEMENTS - Continued**

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

The bridge operations resulted in a surplus allowing the City to share in 25% of the interlocal contribution, an amount of \$385,947 for the year ending September 30, 2017.

#### **NOTE 20 - INDUSTRIAL DEVELOPMENT ACTIVITY**

The Harlingen Industrial Foundation, Inc. (HIFI) which is a community-owned nonprofit corporation, was organized by the Harlingen Chamber of Commerce to attract and promote new industry for the City of Harlingen. HIFI entered into a contract for deed with the City's Capital Improvement Fund for the purchase of approximately 120.07 acres of land. The City's original purchase price was \$780,455. During the current year, HIFI took ownership of the land in exchange for cancellation of the note receivable. The land was sold to a company as an incentive to expand into the Harlingen area.

#### **NOTE 21 - DEFERRED COMPENSATION PLAN**

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

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

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

#### **NOTE 22 - RISK MANAGEMENT**

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

#### NOTE 22 - RISK MANAGEMENT - Continued

No negotiated settlements or jury awards have exceeded policy limits in any of the past three years. The entities are members of an intergovernmental risk pool. The risk pool is an interlocal non-assessable agency with present unreserved resources in excess of \$366,629,000 (as of September 30, 2017, the most recently audited financial statements completed for the risk pool). Reinsurance is provided by several A and A++ rated companies in amounts ranging from \$10,000,000 to \$100,000,000 depending on the type of insurance coverage. The entities must promptly pay contributions to the risk pool as outlined by the coverage contracts, comply with underwriting standards and implement loss control recommendations deemed necessary by a risk pool representative due to an eminent high risk of loss situation. City and component units management are not aware of any pending or alleged claims that could exceed the policy limits of the present insurance coverage.

#### **NOTE 23 - PENSION PLANS**

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

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

Plan Description - Defined Benefit Pension Plans

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

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

#### Benefits Provided

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

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

#### **NOTE 23 - PENSION PLANS - Continued**

#### Employees covered by benefit terms

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

	City and Airport	Harlingen Waterworks <u>System</u>
Inactive employees or beneficiaries currently receiving benefits Inactive employees entitled to but not yet receiving benefits	319 73	111 45
Active employees	202	141
Total employees covered by benefit terms	594	297

#### **Contributions**

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

Employees for the City of Harlingen, Texas were required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 7.30% and 10.91% in calendar 2016 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2017 were \$968,003 and were equal to the required contributions.

#### **Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

#### **Actuarial assumptions:**

The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation 2.50% per year

Overall payroll growth 3.50% to 10.5% including inflation

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

inflation

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

Long-term

#### **NOTE 23 – PENSION PLANS - Continued**

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014 were used in the December 31, 2016 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2016 valuation. These assumptions apply to both the Pension Trust and the supplemental Death Benefits Fund as applicable.

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

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

		Long term
		Expected Real
		Rate of Return
Asset Class	Target Allocation	(Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	<u>5.0</u> %	7.75%
Total	<u>100.0</u> %	

#### **Discount Rate**

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

#### **NOTE 23 – PENSION PLANS – Continued**

#### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would have been if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate.

	 Decrease in scount Rate (5.75%)	Discount Rate (6.75%)	_,	Increase in scount Rate (7.75%)
Primary Government	 ( )	( ,		
City of Harlingen net pension liability (asset)	\$ 15,720,073	\$ 5,991,756	\$	(2,152,841)
Business-type Activities				
City of Harlingen net pension liability (asset)	\$ 1,173,318	\$ 447,214	\$	(160,684)
Component Units				
Valley International Airport net pension liability (asset)	\$ 906,218	\$ 357,195	\$	(124,105)
Harlingen Waterworks System net position liability (asset)	\$ 2,976,155	\$ 323,981	\$	(1,902,705)

Changes in the net pension liability for the fiscal year ended September 30, 2017 are as follows:

#### **City of Harlingen**

		Increase (Decrease)	
	(a)	(b)	(a) - (b)
	<b>Total Pension</b>	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability (Asset)
Balance at December 31, 2015	\$82,110,111	\$ 75,927,456	\$ 6,182,655
Changes for the year			
Service Cost	1,211,932	-	1,211,932
Interest	5,530,102	-	5,530,102
Change in benefit terms	-	-	-
Difference between expected/actual experience	70,485	-	70,485
Changes of assumptions	-	-	-
Contribution - employer	-	703,281	(703,281)
Contribution - employee	-	702,791	(702,791)
Net investment income	-	5,212,220	(5,212,220)
Benefit payments, including refunds of			
employee contributions	(4,531,322)	(4,531,322)	-
Administrative expenses	-	(58,915)	58,915
Oter charges	-	(3,173)	3,173
Net charges	2,281,197	2,024,882	256,315
Balance at December 31, 2016	\$84,391,308	\$77,952,338	\$ 6,438,970
Dalatice at December 31, 2010	⊋ 04,3∃1,3U0	7 / ۱ / ع	۶ 0,430,370

#### **NOTE 23 - PENSION PLANS - Continued**

#### **Valley International Airport**

, , , , , , , , , , , , , , , , , , , ,	Increase (Decrease)			
	(a)	(b)	(a) - (b)	
	Total Pension	Plan Fiduciary	Net Pension	
	Liability	Net Position	Liability (Asset)	
Balance at December 31, 2015	\$ 5,745,741	\$ 5,401,490	\$ 344,251	
Changes for the year				
Service Cost	65,012	-	65,012	
Interest	295,958	-	295,958	
Change in benefit terms	-	-	-	
Difference between expected/actual experience	3,781	-	3,781	
Changes of assumptions	-	-	-	
Contribution - employer	-	37,726	(37,726)	
Contribution - employee	-	37,700	(37,700)	
Net investment income	-	279,711	(279,711)	
Benefit payments, including refunds of				
employee contributions	(243,075)	(243,075)	-	
Administrative expenses	-	(3,160)	3,160	
Oter charges	-	(170)	170	
Net charges	121,676	108,732	12,944	
Balance at December 31, 2016	\$ 5,867,417	\$ 5,510,222	\$ 357,195	
Harlingen Waterworks System				
	Increase (Decrease)			
	(a)	(b)	(a) - (b)	
	Total Pension	Plan Fiduciary	Net Pension	
	Liability	Net Position	Liability (Asset)	
Balance at December 31, 2015	\$ 21,940,763	\$ 21,747,010	\$ 193,753	
Changes for the year				
Service Cost	539,599	-	539,599	
Interest	1,453,483	-	1,453,483	
Change in benefit terms	-	-	-	
Difference between expected/actual experience	42,791	-	42,791	
Changes of assumptions	-	_	_	
Contribution - employer	-	35,295	(35,295)	
Contribution - employee	-	418,757	(418,757)	
Net investment income	-	1,469,085	(1,469,085)	
Benefit payments, including refunds of		_, ,	(=, :==,===,	
employee contributions	(1,354,964)	(1,354,964)	-	
Administrative expenses	(2)00 .)00 .)	(16,598)	16,598	
Oter charges	-	(10,556)	894	
Net charges	680,909	550,681	130,228	
Balance at December 31, 2016	\$ 22,621,672	\$ 22,297,691	\$ 323,981	

#### **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 <a href="https://www.tmrs.com">www.tmrs.com</a>.

#### **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, 2017 the City, Valley International Airport, Harlingen Waterworks System and Harlingen Firemen's Relief and Retirement Fund recognized pension expense in the amount of \$2,736,598, \$146,799, \$437,129 and \$2,715,064, respectively. At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City of Harlingen		
	Deferred	Deferred
	Outflows of	Inflows of
	Resources	Resources
Differences between expected and actual economic experience		
(net of current year amortization)	\$ 138,042	\$ 90,079
Changes in actuarial assumptions	964,738	-
Differences between projected and actual investment earnings		
(net of current year amortization)	3,676,568	3,247
Contributions subsequent to the measurement date	771,680	-
Total	\$ 5,551,028	\$ 93,326
Component Unit		
Valley International Airport		
valley international All port	Deferred	Deferred
	Outflows of	Inflows of
	Resources	Resources
Differences between expected and actual economic experience	Resources	Resources
(net of current year amortization)	\$ 7,771	\$ 6,364
Changes in actuarial assumptions	55,738	-
Differences between projected and actual investment earnings	55,155	
(net of current year amortization)	217,490	174
Contributions subsequent to the measurement date	41,376	-
Total	\$ 322,375	\$ 6,538
Component Unit		
Harlingen Waterworks System		
,	Deferred	Deferred
	Outflows of	Inflows of
	Resources	Resources
Differences between expected and actual economic experience		
(net of current year amortization)	\$ 103,655	\$ 55,526
Changes in actuarial assumptions	310,966	-
Differences between projected and actual investment earnings		
(net of current year amortization)	1,047,861	930
Contributions subsequent to the measurement date	80,713	
Total	\$ 1,543,195	\$ 56,456

#### **NOTE 23 – PENSION PLANS – Continued**

#### 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)	\$ -	\$ 792,721
Changes in actuarial assumptions	-	3,875,897
Differences between projected and actual investment earnings		
(net of current year amortization)	660,801	-
Contributions subsequent to the measurement date	-	-
Total	\$ 660,801	\$ 4,668,618

In the City of Harlingen, Valley International Airport and Harlingen Waterworks System, \$771,680, \$41,376 and \$80,713, respectively, are reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset for the year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Muni	icipal Pension		Valley	Н	larlingen	F	iremen's
		City of	Int	ernational	Wa	aterworks	R	elief and
Year ending September 30,	ŀ	Harlingen	Airport		System		Retirement	
2018	\$	1,846,315	\$	108,740	\$	504,067	\$	315,948
2019		1,735,462		102,193		523,572		315,948
2020		1,105,056		63,570		372,958		(139,096)
2021		(811)		(42)		5,429		(238,431)
2022		-		-		-	(	1,078,908)
Thereafter		-		-		-	(	3,183,278)
	\$	4,686,022	\$	274,461	\$	1,406,026	\$ (	4,007,817)

#### 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 Statement No. 67 Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25.

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

 Retirees and beneficiaries currently receiving benefits, terminated employees entitled to benefits but not yet receiving them, and employees who have elected the DROP benefit

101

2. Current employees

	a. Vested	7
	b. Nonvested	<u>77</u>
3.	Total	<u>185</u>

#### **NOTE 23 - PENSION PLANS - Continued**

The Firemen's Relief and Retirement Fund provides service retirement, death, disability and withdrawal benefits. These benefits vest after twenty years of credited service. Employees may retire at age 50 with twenty years of service. The monthly benefit at retirement, payable in a joint and 2/3 to spouse form of annuity, is equal to 65.5% of highest sixty-month average salary plus \$65 per month for each year of service in excess of twenty years. Under this plan, Harlingen firefighters are required to contribute 13% of their pay to the fund. The City of Harlingen is required to make contributions which will equal 13% of pay. The benefit and contribution provisions of this plan are authorized by the Texas Local Fire Fighters Retirement Act (TLFFRA).

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, 2017
Actuarially determined contributions rates Calculated in

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

amortization.

Methods and assumptions used to determine contribution rates:

Actuarial cost method

Amortization method Remaining amortization period Asset valuation method Salary increases Payroll Growth

Investment rate of return

Entry Age Normal Actuarial Cost

Open period, level percent of pay

59.1 years Market Value 5.00% per annum

3.50%

Method

7.75% net of pension plan

investment expenses

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

In accordance with State of Texas Statute Sec. 802-2015, the Board of Trustees and the City of Harlingen have jointly formulated a Funding Soundness Restoration Plan (FSRP) that will be sufficient to reduce the expected amortization period to less than 40 years within the 10 year anniversary of the effective date of the FSRP.

#### **NOTE 23 - PENSION PLANS - Continued**

#### **Changes in Assumptions**

The mortality assumption was updated to the RP-2014 blue collar mortality tables adjusted backward to 2006 with Scale MP-2014 and projected generationally with Scale MP-2016. The discount rate was decreased from 8.00% to 7.75% There were no other changes in actuarial assumptions from the prior year.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed 2.5%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocations as of September 30, 2017 (see the discussion of the pension plan's investment policy) are summarized in the following table:

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

Discount rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that the City contribution would equal 15.00% of payroll and that member contributions would equal 15.00% of compensation. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension investments of 7.75% was applied to all period of benefit payments to determine the total pension liability.

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

		Increase (Decrease)	
	(a)	(b)	(a) - (b)
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability (Asset)
Balance at September 30, 2016	\$ 66,750,313	\$ 28,747,083	\$ 38,003,230
Changes for the year			
Service Cost	1,944,931	-	1,944,931
Interest	3,446,714	-	3,446,714
Change in benefit terms	163,430	-	163,430
Difference between expected/actual			-
experience	(1,961,210)	-	(1,961,210)
Changes of assumptions	(18,585,414)	-	(18,585,414)
Contribution - employer	-	921,686	(921,686)
Contribution - member	-	921,686	(921,686)
Net investment income	-	2,880,522	(2,880,522)
Benefit payments, including refunds of			
employee contributions	(2,197,233)	(2,197,233)	-
Administrative expenses	-	(49,365)	49,365
Oter charges	-	-	-
Net charges	(17,188,782)	2,477,296	(19,666,078)
Balance at September 30, 2017	\$ 49,561,531	\$ 31,224,379	\$ 18,337,152

#### **NOTE 23 - PENSION PLANS - Continued**

Sensitivity of the net pension liability to changes in the Discount rate: The following presents the net pension liability of the City, calculated using the discount rate of 7.75% as well as what the City's net pension liability would be if it were to be calculated using the discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

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

#### **Retirement Savings Plan**

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

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

Employees are 100% vested immediately. The City's total contribution to the plan during fiscal year 2017 was \$597,309. The Economic Development Corporation's and the Airport's contribution to the plan during fiscal year 2017 was \$32,620 and \$59,909, respectively.

#### **NOTE 24 - OTHER POST EMPLOYMENT BENEFITS**

#### **Retiree Health Care Plan**

GASB Statement No. 45: Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB) does not require funding of OPEB expense, but any difference between the annual required contribution (ARC) and the amount funded during the year is required to be recorded in the employer's financial statement as an increase (or decrease) in the net OPEB obligation. The City is required to obtain an actuarial valuation at least once every two years in accordance with GASB 45 standards. The Plan is administered by Total Compensation Group. The authority for establishing or amending the plan's provisions lies with the City. The City maintains the authority for establishing or amending contribution requirements. The City's and System's latest valuations are dated December 31, 2015 and 2016, respectively and discloses the following:

#### **NOTE 24 - OTHER POST EMPLOYMENT BENEFITS - Continued**

#### Plan Description

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

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

Spouses and dependents are eligible for COBRA coverage for 18 months (or up to 36 months under certain circumstances) following members retirement date. Spouse and dependent(s) are responsible for payment of the full premium amount. Retirees are required to enroll in Medicare once eligible. Retirees pay Medicare premiums. The City and System do not provide subsidized retiree vision or dental care coverage. Nor does the City and System provide subsidized retiree life insurance coverage. Life insurance coverage carried at the time of retirement is portable. The City and System do not provide a death-inservice benefit to a surviving spouse; however, through TMRS, there is a \$7,500 death benefit as explained in Note 24.

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

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

#### **NOTE 24 - OTHER POST EMPLOYMENT BENEFITS - Continued**

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

	Primary		Component Units		
	G	overnment	Valley	Harlingen	
		City of	International	Waterworks	
		Harlingen	Airport	System	
Annual required contribution (ARC)	\$	472,205	\$ 19,157	\$ 690,905	
Interest on Retiree Health Care Plan obligation		149,429	9,326	141,699	
Adjustment to ARC		(116,197)	(15,207)	(200,871)	
Annual Retirement Health Care Plan cost (expense)				_	
end of year		505,437	13,276	631,733	
Employer contributions (pay as you go basis)		(250,000)	-	(334,144)	
Increase in net Retirement Care Plan obligation		255,437	13,276	297,589	
Net Retiree Health Care Plan obligation:					
As of beginning of year		3,294,131	233,764	3,542,478	
As of end of year	\$	3,549,568	\$ 247,040	\$3,840,067	

#### **Primary Government**

City of Harlingen								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Employer							
	Annual	Net		ARC		OPEB	Change	NOO
Fiscal Year	Required	Employer	Interest on	Adjustment	Amortization	Cost	NOO	Balance
Ended	Contribution	Contribution	NOO	(9) / (6)	Factor	(2)+(4)-(5)	(7)-(3)	NOO + (8)
9/30/2012	\$ 453,876	\$ 73,500	\$ 186,776	\$ (720,935)	23.98540	\$1,361,587	\$1,288,087	\$2,077,267
9/30/2013	645,863	73,500	144,770	101,339	23.98540	689,294	468,794	2,546,061
9/30/2014	618,747	251,634	114,573	106,150	23.98540	627,170	375,536	2,921,597
9/30/2015	637,309	301,202	131,472	121,807	23.98540	646,974	345,772	3,267,369
9/30/2016	491,722	468,336	130,695	127,319	25.66294	495,098	26,762	3,294,131
9/30/2017	472,205	250,000	149,429	116,197	25.66294	505,437	255,437	3,549,568

#### **Component Units**

	Valley International Airport							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Employer							
	Annual	Net		ARC		OPEB	Change	NOO
Fiscal Year	Required	Employer	Interest on	Adjustment	Amortization	Cost	NOO	Balance
Ended	Contribution	Contribution	NOO	(9) / (6)	Factor	(2)+(4)-(5)	(7)-(3)	NOO + (8)
9/30/2012	\$ 24,162	\$ -	\$ 5,774	\$ 10,288	23.98540	\$ 19,648	\$ 19,648	\$ 106,919
9/30/2013	24,162	-	8,019	-	23.98540	32,181	32,181	139,100
9/30/2014	24,162	-	10,433	-	23.98540	34,595	34,595	173,695
9/30/2015	18,537	-	13,027	5,625	23.98540	25,939	25,939	199,634
9/30/2016	19,157	-	14,973	-	25.66294	34,130	34,130	233,764
9/30/2017	19,157	-	9,326	15,207	25.66294	13,276	13,276	247,040

**NOTE 24 - OTHER POST EMPLOYMENT BENEFITS - Continued** 

	Harlingen Waterworks System							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Employer							
	Annual	Net		ARC		OPEB	Change	NOO
Fiscal Year	Required	Employer	Interest on	Adjustment	Amortization	Cost	NOO	Balance
Ended	Contribution	Contribution	NOO	(9) / (6)	Factor	(2)+(4)-(5)	(7)-(3)	NOO + (8)
9/30/2012	771,545	234,793	64,830	86,512	16.65270	749,863	515,070	1,955,735
9/30/2013	771,545	282,936	88,008	117,443	16.65270	742,110	459,174	2,414,909
9/30/2014	726,557	269,616	108,671	145,016	16.65270	690,212	420,596	2,835,505
9/30/2015	726,557	313,880	127,598	170,273	16.65270	683,882	370,002	3,205,507
9/30/2016	726,557	341,342	144,248	192,492	16.65270	678,313	336,971	3,542,478
9/30/2017	690,905	334,144	141,699	200,871	16.65270	631,733	297,589	3,840,067

The City's and System's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended September 30, 2017, is as follows:

#### **Primary Government**

	lingen

		<u>,                                      </u>		
		Employer	Percentage of	_
Fiscal Year	Annual	Amount	Annual OPEB	Net OPEB
Ended	OPEB Cost	Contributed	Cost Contributed	Obligation
9/30/2012	\$ -	\$ -	0.0%	\$ -
9/30/2013	689,294	73,500	10.7%	2,546,061
9/30/2014	627,170	251,634	40.1%	2,921,597
9/30/2015	646,974	301,202	46.6%	3,267,369
9/30/2016	495,098	234,572	47.4%	3,527,895
9/30/2017	505,437	250,000	49.5%	3,549,568

#### **Component Units**

#### Valley International Airport

		Employer	Percentage of	
Fiscal Year	Annual	Amount	Annual OPEB	Net OPEB
Ended	OPEB Cost	Contributed	Cost Contributed	Obligation
9/30/2012	\$ -	\$ -	0.0%	\$ -
9/30/2013	32,181	-	0.0%	139,100
9/30/2014	34,595	-	0.0%	173,695
9/30/2015	25,939	-	0.0%	199,634
9/30/2016	34,130	-	0.0%	233,764
9/30/2017	13,276	-	0.0%	247,040

NOTE 24 - OTHER POST EMPLOYMENT BENEFITS - Continued

Harlingen Waterworks System

		,		
Fiscal Year Ended	Annual OPEB Cost	Employer Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2012	\$ -	\$ -	0.0%	\$ -
9/30/2013	742,110	282,936	38.1%	2,414,909
9/30/2014	690,212	269,616	39.1%	2,835,505
9/30/2015	683,882	313,880	45.9%	3,205,507
9/30/2016	678,313	341,342	50.3%	3,542,478
9/30/2017	631,733	334,144	52.9%	3,840,067

#### **Funding Status and Funding Progress**

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

Under the reporting parameters, the City's and System's retiree health care plan is 0.0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$6,257,043 and \$9,549,538, respectively.

	City of Harlingen	Valley International Airport	Harlingen Waterworks System
Actuarial accrued liability	\$6,068,691	\$ 188,352	\$9,549,538
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability	6,068,691	188,352	9,549,538
Funded ratio	0%	0%	0.0%
Covered payroll	12,562,793	1,539,114	3,209,168
Unfunded actuarial accrued liability as a percentage of covered payroll	48.3%	12.2%	297.6%

#### **Actuarial Methods and Assumptions**

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

#### **NOTE 24 - OTHER POST EMPLOYMENT BENEFITS - Continued**

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

Significant methods and assumptions were as follows:

Measurement date December 31, 2015

Inflation rate 2.50%

Investment rate of return 4.00% per annum, net of expenses
Actuarial cost method Individual Entry Age Normal Cost Method
Amortization method Level as a percentage of employee payroll

Amortization period 30-year open amortization

Payroll Growth 3.00% per annum

Medical Trend Initial rate of 7.30%, declining to an Ultimate rate of 4.25% after 14 years

City's explicit subsidy is not expected to

increase

#### **Actuarial Methods and Assumptions**

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

#### **Supplemental Death Benefit Fund**

#### **Plan Description**

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

#### NOTE 24 - OTHER POST EMPLOYMENT BENEFITS - Continued

#### **Benefits**

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

The City and System offer supplemental death benefits to employees:

	Plan Year	Plan Year	Plan Year	Plan Year	
	2014	2015	2016	2017	
Active employees (yes or no)	Yes	Yes	Yes	Yes	
Retirees (yes or no)	Yes	Yes	Yes	Yes	
Contribution rates:					
City	0.09%	0.09%	0.09%	0.09%	
Harlingen Waterworks System	0.08	0.08	0.08	0.08	

#### **Contributions**

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

The City's contributions to the TMRS SDBF for the years ended 2017, 2016 and 2015 were \$27,505, \$29,452 and \$30,071, respectively, which equaled the required contributions each year.

The Valley International Airport's contributions to the TMRS SDBF for the years ended 2017, 2016 and 2015 were \$700, \$667 and \$854, respectively, which equaled the required contributions each year.

The System's contributions to the TMRS SDBF for the years ended 2017, 2016 and 2015 were \$5,422, \$5,372 and \$4,468, respectively, which equaled the required contributions each year.

#### **NOTE 25 – TAX INCREMENT FINANCING REINVESTMENT ZONES**

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

#### NOTE 25 - TAX INCREMENT FINANCING REINVESTMENT ZONES - Continued

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 \$365,760 and \$84,452 from the City and County, respectively.

#### NOTE 26 – TRANSACTIONS WITH THE HARLINGEN ECONOMIC DEVELOPMENT CORPORATION

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

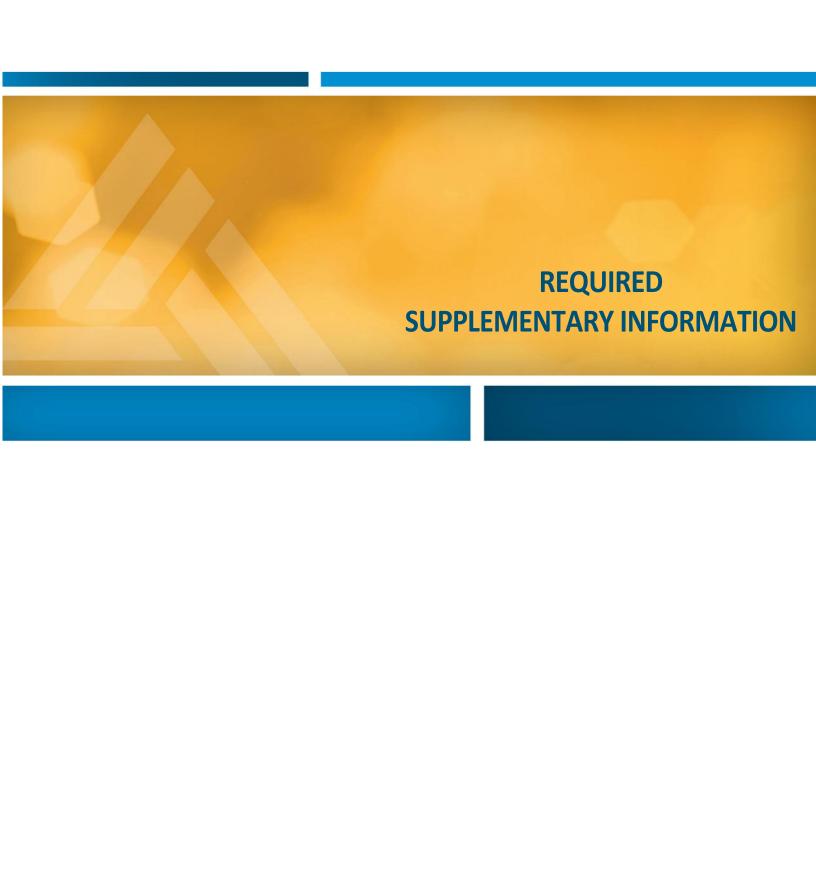
The City agreed to reimburse the EDC up to \$3,000,000 for qualifying targeted public infrastructure improvements. At September 30, 2017 targeted qualifying infrastructure improvements for the project totaled \$886,416 of which \$450,000 have been reimbursed to the Harlingen Economic Development Corporation.

#### **NOTE 27 – COMPLIANCE AND ACCOUNTABILITY**

Finance-Related Legal and Contractual Provision

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

In the general fund, actual capital outlay expenditures exceeded final budget by \$263,217, debt service expenditure amounts exceeded final budget by \$168,672.



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

Year ended September 30, 2017

real ended September 30, 2017	Budget		Actual Amount	Variance Positive	
	Original	Final	(GAAP BASIS)	(Negative)	
Revenues					
Property taxes - including penalty and interest	\$ 14,458,790	\$ 14,458,790	\$ 14,365,607	\$ (93,183)	
Nonproperty taxes	20,218,023	20,213,023	21,134,041	921,018	
Fines and forfeitures	2,235,329	2,235,329	1,113,512	(1,121,817)	
Licenses and permits	662,700	662,700	650,476	(12,224)	
Charges for services	1,538,932	1,956,182	2,840,253	884,071	
Intergovernmental	68,660	68,660	59,730	(8,930)	
Contributions and donations	1,252,496	29,017	628,274	599,257	
Miscellaneous	1,090,175	1,026,692	604,711	(421,981)	
Interest and investment income	18,000	18,000	115,237	97,237	
Total revenues	41,543,105	40,668,393	41,511,841	843,448	
Expenditures					
Current					
General government	5,315,119	5,849,472	5,519,977	329,495	
Public safety	23,485,842	23,618,078	22,905,249	712,829	
Highways and streets	3,404,420	3,379,684	3,192,920	186,764	
Health and welfare	3,127,298	3,113,533	2,893,736	219,797	
Community and economic development	600,000	600,000	597,316	2,684	
Culture and recreation	4,130,067	4,205,590	4,116,239	89,351	
Capital outlay	524,005	1,302,957	1,537,157	(234,200)	
Debt service	-	-			
Principal retirement	363,854	-	142,871	(142,871)	
Interest and fiscal agent fees	-	-	25,801	(25,801)	
Total expenditures	40,950,605	42,069,314	40,931,266	1,138,048	
Excess (deficiency) of revenues	502 500	(4, 400, 024)	500 575	4 004 406	
over (under) expenditures	592,500	(1,400,921)	580,575	1,981,496	
Other financing sources (uses)					
Transfers in	-	1,241,396	1,733,396	492,000	
Transfers out	(592,500)	(792,037)	(780,151)	11,886	
Sale of capital assets	-	256,100	263,501	7,401	
Total other financing sources (uses)	(592,500)	705,459	1,216,746	511,287	
Net change in fund balance	-	(695,462)	1,797,321	2,492,783	
Fund balances, beginning of year			16,715,032		
Fund balance, end of year			\$ 18,512,353		

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

#### Year ended September 30, 2017

				Variance	
	Bud	dget	Actual Amount	Positive	
	Original	Final	(GAAP BASIS)	(Negative)	
Revenues					
Intergovernmental	\$ 1,056,942	\$ 1,012,372	\$ 1,214,911	\$ 202,539	
Miscellaneous and program revenues	-	37,950	145,474	107,524	
Interest and investment income	-	6,320	6,723	403	
Total revenues	1,056,942	1,056,642	1,367,108	310,466	
				_	
Expenditures					
Current					
Community and economic development	681,388	1,055,364	1,268,251	(212,887)	
Capital outlay	375,554	1,480,885	129,237	1,351,648	
Total expenditures	1,056,942	2,536,249	1,397,488	1,138,761	
Net change in fund balance	-	(1,479,607)	(30,380)	1,449,227	
Fund balance, beginning of year			143,427		
Fund balance, end of year			\$ 113,047		

# City of Harlingen, Texas Other Post Employment Benefits Required Supplementary Information Schedule of Funding Progress

Unfunded

City	of F	larlingen -	Retiree	Healthcare
------	------	-------------	---------	------------

							Unfunded
							Actuarial
							Accrued
							Liability
	(1)	(2)			Unfunded		as a
	Actuarial	Actuarial	Unfunded AAL	Funded	Actuarial	Annual	Percentage
	Value of	Accrued	(UAAL)	Ratio	Accrued	Covered	of Covered
Fiscal Year *	Assets	Liability	(b-a)	(1)/(2)	Liability	Payroll	Payroll
2013	\$ -	\$6,791,744	\$ 6,791,744	\$ -	\$6,791,744	\$ 12,267,655	55.36%
2014	-	6,312,290	6,312,290	-	6,312,290	12,126,117	52.06%
2015	-	6,312,290	6,312,290	-	6,312,290	12,196,886	51.75%
2016	-	5,987,601	5,987,601	-	5,987,601	12,562,793	47.66%
2017	-	6,068,691	6,068,691	-	6,068,691	12,562,793	48.31%

#### Valley International Airport - Retiree Healthcare

							Actuarial Accrued Liability
	(1)	(2)			Unfunded		as a
	Actuarial	Actuarial	Unfunded AAL	Funded	Actuarial	Annual	Percentage
	Value of	Accrued	(UAAL)	Ratio	Accrued	Covered	of Covered
Fiscal Year *	Assets	Liability	(b-a)	(1)/(2)	Liability	Payroll	Payroll
2013	\$ -	\$ 186,963	\$ 186,963	\$ -	\$ 186,963	\$ 1,544,224	12.11%
2014	-	151,459	151,459	-	151,459	1,602,605	9.45%
2015	-	151,459	151,459	-	151,459	1,560,751	9.70%
2016	-	180,241	180,241	-	180,241	1,551,915	11.61%
2017	-	188,352	188,352	-	188,352	1,539,114	12.24%

<sup>\*</sup>Fiscal year 2017 as of December 31, 2015 actuarial valuation. Fiscal year 2014 and 2015 as of December 31, 2013 actuarial valuation.

#### Harlingen Waterworks System - Retiree Healthcare

							Unfunded
							Actuarial
							Accrued
							Liability
	(1)	(2)			Unfunded		as a
	Actuarial	Actuarial	<b>Unfunded AAL</b>	Funded	Actuarial	Annual	Percentage
	Value of	Accrued	(UAAL)	Ratio	Accrued	Covered	of Covered
Fiscal Year **	Assets	Liability	(b-a)	(1)/(2)	Liability	Payroll ***	Payroll
2013	\$ -	\$7,553,726	\$ 7,553,726	\$ -	\$7,533,726	\$ 5,449,089	138.26%
2014	-	8,507,409	8,507,409	-	8,507,409	5,261,273	161.70%
2015	-	8,507,409	8,507,409	-	8,507,409	5,355,181	158.86%
2016	-	8,507,409	8,507,409	-	8,507,409	3,444,447	246.99%
2017	-	9,549,538	9,549,538	-	9,549,538	3,209,168	297.57%

<sup>\*\*</sup>As of September 30, 2017 actuarial valuation.

<sup>\*\*\*</sup>Annual covered payroll is the payroll related to those grandfathered employees who will be able to retire and continue health coverage.

# City of Harlingen, Texas Other Post Employment Benefits Notes to Required Supplementary Information Schedule of Funding Progress

#### **City of Harlingen and Valley International Airport**

Under the reporting parameters, the City's retiree health care plan is 0.0% funded with the actuarial accrued liability exceeding the actuarial assets by \$6,257,043 at September 30, 2017. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 62.37%.

#### **Actuarial methods and assumptions**

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

Significant methods and assumptions were as follows:

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

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

#### **Harlingen Waterworks System**

Under the reporting parameters, the City's retiree health care plan is 0.0% funded with the actuarial accrued liability exceeding the actuarial assets by \$9,549,538 at December 31, 2014. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 0.0%.

#### **Actuarial Methods and Assumptions**

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

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

December 31,	2016	2015	2014
Primary Government			
Total Pension Liability	\$ 1,211,932	\$ 1,189,819	\$ 1,201,361
Service cost	5,530,102	5,380,389	5,215,687
Interest (on the total pension liability)	-	-	-
Changes between expected and actual experience	70,485	195,849	(389,230)
Changes of assumptions	-	2,134,116	-
Benefit payments, including refunds of employee			
Contributions	(4,531,322)	(4,593,104)	(4,267,819)
Net change in total pension liability	2,281,197	4,307,069	1,759,999
Total pension liability - beginning	82,110,111	77,803,042	76,043,043
Total pension liability - ending (a)	\$ 84,391,308	\$82,110,111	\$ 77,803,042
Plan Fiduciary Net Position			
Contributions - employer	\$ 703,281	\$ 862,218	\$ 945,817
Contributions - employee	702,791	747,822	809,375
Net investment income	5,212,220	117,780	4,405,527
Benefit payments, including refunds of employee	3,212,220	117,700	4,403,327
contributions	(4,531,322)	(4,593,104)	(4,267,819)
Administrative expenses	(58,915)	(71,746)	(46,004)
Other	(3,173)	(1,492)	(3,782)
Net change in plan fiduciary net position	2,024,882	(2,938,522)	1,843,114
Plan fiduciary net position - beginning	75,927,456	78,865,978	77,022,864
Plan fiduciary net position - ending (b)	77,952,338	75,927,456	78,865,978
Net pension liability (asset) - ending (a) - (b)	\$ 6,438,970	\$ 6,182,655	\$ (1,062,936)
Plan fiduciary net position as a percentage of total			
pension liability	92.37%	92.47%	101.37%
Covered employee payroll	\$ 10,032,541	\$10,671,014	\$11,326,026
Net pension liability (asset) as a percentage of covered			
employee payroll	64.18%	57.94%	-9.38%

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

December 31,		2016	2015		2014		
Valley International Airport							
		65.043	_	60.742		04.055	
Total Pension Liability	\$	65,012	\$	68,742	\$	84,866	
Service cost		295,958		311,603		368,446	
Interest (on the total pension liability)		-		-		- (27.406)	
Changes between expected and actual experience		3,781		11,315		(27,496)	
Changes of assumptions		-		123,300		-	
Benefit payments, including refunds of employee		(		(2.22.2.2)		(001 10=)	
Contributions		(243,075)		(265,369)		(301,487)	
Net change in total pension liability		121,676		249,591		124,329	
Total pension liability - beginning		5,745,741		5,496,150		5,371,821	
Total percentage of the second		-,,-		-,,			
Total pension liability - ending (a)	\$	5,867,417	\$	5,745,741	\$	5,496,150	
Plan Fiduciary Net Position							
Contributions - employer	\$	37,726	\$	49,815	\$	66,814	
Contributions - employee		37,700		43,206		57,176	
Net investment income		279,711		6,805		311,215	
Benefit payments, including refunds of employee							
contributions		(243,075)		(265,369)		(301,487)	
Administrative expenses		(3,160)		(4,145)		(3,250)	
Other		(170)		(205)		(267)	
Not change in plan fiduciary not position		100 722		(160 902)		120 201	
Net change in plan fiduciary net position		108,732		(169,893)		130,201	
Plan fiduciary net position - beginning		5,401,490		5,571,383		5,441,182	
Plan fiduciary net position - ending (b)		5,510,222		5,401,490		5,571,383	
Net pension liability (asset) - ending (a) - (b)	\$	357,195	\$	344,251	\$	(75,233)	
Dian fiduciary not position as a negontage of total							
Plan fiduciary net position as a percentage of total pension liability		02 019/		94.01%		101 270/	
pension liability		93.91%		94.01%		101.37%	
Covered employee payroll	\$	538,179	\$	616,523	\$	800,089	
	Ψ	,	Ψ	010,010	Υ	222,003	
Net pension liability (asset) as a percentage of covered							
employee payroll		66.37%		55.84%		-9.40%	

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

December 31,	2016	2015	2014	
Harlingen Waterworks System				
Total Pension Liability	\$ 539,599	\$ 487,964	\$ 457,206	
Service cost	1,453,483	1,420,126	1,395,895	
Interest (on the total pension liability)	-, 100, 100	-,	-	
Changes between expected and actual experience	42,791	130,618	(168,074)	
Changes of assumptions	- -	579,040	-	
Benefit payments, including refunds of employee				
Contributions	(1,354,964)	(1,441,031)	(1,267,474)	
Net change in total pension liability	680,909	1,176,717	417,553	
Net change in total pension hability	080,303	1,170,717	417,555	
Total pension liability - beginning	21,940,763	20,764,046	20,346,493	
Total pension liability - ending (a)	\$ 22,621,672	\$ 21,940,763	\$ 20,764,046	
, , ,	· · ·	· , , ,	· , , , , , , , , , , , , , , , , , , ,	
Plan Fiduciary Net Position				
Contributions - employer	\$ 35,295	\$ 61,279	\$ 114,431	
Contributions - employee	418,757	397,180	381,436	
Net investment income	1,469,085	33,518	1,271,634	
Benefit payments, including refunds of employee				
contributions	(1,354,964)	(1,441,031)	(1,267,474)	
Administrative expenses	(16,598)	(20,418)	(13,278)	
Other	(894)	(1,008)	(1,092)	
Net change in plan fiduciary net position	550,681	(970,480)	485,657	
Net change in plan nuuciai y net position	330,081	(370,480)	465,057	
Plan fiduciary net position - beginning	21,747,010	22,717,490	22,231,833	
Plan fiduciary net position - ending (b)	22,297,691	21,747,010	22,717,490	
Than haddlary nee position chang (2)	,,	21,7 17,010	22,717,130	
Net pension liability (asset) - ending (a) - (b)	\$ 323,981	\$ 193,753	\$ (1,953,444)	
Plan fiduciary net position as a percentage of total	00.570/	00.430/	100 410/	
pension liability	98.57%	99.12%	109.41%	
Covered employee payroll	\$ 5,982,248	\$ 616,523	\$ 800,089	
- P - V P - V -	, -,,	,,3	,,	
Net pension liability (asset) as a percentage of covered				
employee payroll	5.42%	31.43%	-244.15%	

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

September 30,	2017	2016	2015	
Firemen's Relief and Retirement Fund				
Total Dancian Liability		ć 1 1EE 276	¢ 1.060.702	
Total Pension Liability Service cost	1,944,931	\$ 1,155,376 3,358,422	\$ 1,069,793 3,192,593	
Interest (on the total pension liability)	3,446,714	5,556,422	5,192,595	
Changes between expected and actual experience	(1,961,210)	1,419,943		
Change in benefit terms	163,430	1,419,943	_	
Changes of assumptions	(18,585,414)	19,242,950		
Benefit payments, including refunds of employee	(10,303,414)	13,242,330		
Contributions	(2,197,233)	(2,364,932)	(2,185,334)	
Contributions	(2,137,233)	(2,304,332)	(2,103,334)	
Net change in total pension liability	(17,188,782)	22,811,759	2,077,052	
Total pension liability - beginning	66,750,313	42,007,379	39,930,327	
Total pension liability - ending (a)	\$ 49,561,531	\$ 64,819,138	\$ 42,007,379	
			_	
Plan Fiduciary Net Position				
Contributions - employer	\$ 921,686	\$ 842,698	\$ 774,657	
Contributions - employee	921,686	842,698	774,657	
Net investment income	2,880,522	(730,520)	1,473,881	
Benefit payments, including refunds of employee				
contributions	(2,197,233)	(2,364,932)	(2,185,334)	
Administrative expenses	(49,365)	(28,581)	(38,105)	
Other		-		
Net change in plan fiduciary net position	2,477,296	(1,438,637)	799,756	
	, , ,	( , ==,== ,		
Plan fiduciary net position - beginning	28,747,083	29,143,084	28,343,328	
Plan fiduciary net position - ending (b)	31,224,379	27,704,447	29,143,084	
Net pension liability - ending (a) - (b)	\$ 18,337,152	\$ 37,114,691	\$ 12,864,295	
Plan fiduciary net position as a percentage of total			22 225	
pension liability	63.00%	42.74%	69.38%	
Covered employee payroll	\$ 6,213,613	\$ 6,482,292	\$ 5,958,900	
Net pension liability (asset) as a percentage of covered				
employee payroll	295.11%	572.56%	215.88%	

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

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

# City of Harlingen, Texas Notes to Required Supplementary Information Schedule of Contributions September 30, 2017

#### **Primary Government and Valley International Airport**

Valuation Date: Actuarially determined contribution rates are calculated as of

December 31 and become effective in January 13 months later.

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

Actuarial Cost Method Entry Age Normal

Amortization Method Level Percentage of Payroll, Closed

Remaining Amortization Period 12 Years

Asset Valuation Method 10 Year Smoothed Market; 15% Soft Corridor

Inflation 2.5%

Salary Increases 3.50% to 10.5% including inflation

Investment Rate of Return 6.75%

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

City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 – 2009.

Mortality RP2000 Combined Mortality Table with Blue Collar Adjustment

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

BB.

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

## City of Harlingen, Texas Notes to Required Supplementary Information Schedule of Contributions September 30, 2017

#### **Harlingen Waterworks System**

**Valuation Date:** Actuarially determined contribution rates are calculated as of

December 31 and become effective in January 13 months later.

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

Actuarial Cost Method Entry Age Normal

Amortization Method Level Percentage of Payroll, Closed

Remaining Amortization Period 25 Years

Asset Valuation Method 10 Year Smoothed Market; 15% Soft Corridor

Inflation 2.5%

Salary Increases 3.50% to 10.50% including inflation

Investment Rate of Return 6.75%

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

City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 – 2014.

Mortality RP2000 Combined Mortality Table with Blue Collar Adjustment

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

BB.

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

## City of Harlingen, Texas Notes to Required Supplementary Information Budget Information September 30, 2017

#### **Budgetary Information**

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

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

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

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

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

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

City of Harlingen, Texas

Notes to Required Supplementary Information

Budget Information

September 30, 2017

#### **Budget to actual variances**

In the general fund, actual capital outlay expenditures exceeded final budget by \$234,200, debt service expenditure amounts exceeded final budget by \$168,672.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### City of Harlingen, Texas Capital Projects Funds

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

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

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

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

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

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

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

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

#### **DEBT SERVICE FUND**

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

#### September 30, 2017

					Special Re	venue Funds				
	Tennis		Hotel/Motel	Convention		Catastrophic				
	Court	PEG	Occupancy	Visitors		Emergency	Harlingen	Federal	State	Other
	Revenue	Fund	Tax	Bureau	M.P.O.	Relief	Downtown	Forfeiture	Forfeiture	Grants
Assets										
Cash and cash equivalents	\$ 53,887	\$ 481,019	\$ 405,235	\$ 671,309	\$ -	\$ 271,515	\$ 54,926	\$ 156,137	\$ 200,605	\$ 99,548
Investments - other	\$ 33,007	\$ 461,015	477,454	\$ 071,303	, -	555,272		\$ 150,157	\$ 200,003	\$ 55,540
Receivables (net of allowance for			477,434			333,272	. 47,001			
uncollectibles)										
Accounts	20	24,852	83,415	_	_	184	610	4,953	_	226,135
Assessments	-	,052	-	_	_	-	-	-	_	-
Due from other governments	_	_	-	_	148,513	_	_	_	_	_
Due from other funds	_	_	-	_		_	_	_	_	_
Due from component units	-	-	-	_	_	_	-	-	-	_
Prepaid items	-	-	-	1,392	455	-	-	-	-	-
Total assets	\$ 53,907	\$ 505,871	\$ 966,104	\$ 672,701	\$ 148,968	\$ 826,971	\$ 103,397	\$ 161,090	\$ 200,605	\$ 325,683
Liabilities										
Accounts payable	\$ 350	\$ -	\$ -	\$ 2,197	\$ 250	\$ -	\$ 1,142	\$ 6,217	\$ 4,799	\$ 52,753
Due to other funds	-	· .	-	,	144,219	-	,	,		-
Due to component units	-	-	-	-	-	-	-		-	-
Accrued expenditures	-	-	-	3,025	3,723	-	3,991	-	-	12,341
Other liabilities	-	-	2,289	· -	-	-	-	-	-	21,181
Unearned revenues	-	-	-	-	_	-	_	-	-	-
Escrow liabilities		-	-	-	-	-	-		-	
Total liabilities	350	-	2,289	5,222	148,192	-	5,133	6,217	4,799	86,275
Deferred inflows of resources										
Unavailable revenue - property taxes	-	-	-	-	-	-	-	-	-	-
Unavailable revenue - noncurrent receivables	-	-	-	-	-	-	-	-	-	239,408
Unavailable revenue - other	-	-	-		676	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	676	-	-	-	-	239,408
Fund balance (deficit)										
Nonspendable	-	-	-	1,392	455	-	-	-	-	-
Restricted	53,557	505,871	963,815	666,087	-	-	98,264	154,873	195,806	-
Committed	-	-	-	-	-	826,971		-	-	-
Unassigned	-	-	-	-	(355)	-	-	-	-	-
Total fund balance (deficit)	53,557	505,871	963,815	667,479	100	826,971	98,264	154,873	195,806	-
Total liabilities, deferred inflows										
of resources and fund balances	\$ 53,907	\$ 505,871	\$ 966,104	\$ 672,701	\$ 148,968	\$ 826,971	\$ 103,397	\$ 161,090	\$ 200,605	\$ 325,683

					9	Special Reve							
	nmuni-	COPS/	Free			Red Light			ement Finar				
	ation	UHP	Trade	Infrastru-	Lon C.Hill	Enforce-		einve	estment Zoi			ghborhood	
Ce	enter	Grant	Bridge	cture	Library	ment	#1		#2	#3	Sta	abilization	Total
\$	- -	\$ - -	\$ 464,084 403,653	\$ 527,480 -	\$ 79,522 20,608	\$ - -	\$ 207,416	\$	71,214 -	\$ 394,264 -	\$	30,800	\$ 4,168,961 1,504,848
	-	-	-	-	-	-	-		-	-		-	340,169
	-	35,921	-	1,642	-	-	47,710		45,530	183,526		-	462,842
	-	-	-	-	-	-	-		-	-		-	-
	-	-	-	7,076 -	-	-	-		-	-		-	7,076 1,847
\$	-	\$ 35,921	\$ 867,737	\$ 536,198	\$ 100,130	\$ -	\$ 255,126	\$	116,744	\$ 577,790	\$	30,800	\$ 6,485,743
\$	-	\$ - 30,957	\$ 55,013	\$ 1,948 -	\$ 108	\$ -	\$ -	\$	- -	\$ -	\$	- -	\$ 124,777 175,176
	-	- 4,964	-	-	-	-	-		-	-		-	- 28,044
	-	- 4,504	-	-	-	_	-		-	-		-	23,470
	_	_	_	-	-	_	-		_	-		30,800	30,800
	-	-	-	-	-	-	-		-	-			<u>-</u>
	-	35,921	55,013	1,948	108	-	-		-	-		30,800	382,267
	-	-	-	-	-	-	-		-	-		-	-
	-	-	-	-	-	-	47,710		45,530	183,526		-	516,174
	-	-	-	-	-	-	-		-	-		-	676
	-	-	-	-	-	-	47,710		45,530	183,526		-	516,850
	-	-	-	-	-	-	-		-	-		-	1,847
	-	-	- 012 724	-	100,022	-	207,416		71,214	394,264		-	3,411,189
	-	-	812,724	534,250	-	-	-		-	-		-	2,173,945 (355
	-	-	812,724	534,250	100,022	-	207,416		71,214	394,264		-	5,586,626
\$	-	\$ 35,921	\$ 867,737	\$ 536,198	\$ 100,130	\$ -	\$ 255,126	\$	116,744	\$ 577,790	\$	30,800	\$ 6,485,743

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

#### September 30, 2017

of Capital Street Petition	Certificates Obligation
Assets         Cash and cash equivalents       \$ 72,590       \$ 936,633       \$ 228,671       \$ Investments - other       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817       - 12,817 <t< th=""><th>Projects,</th></t<>	Projects,
Cash and cash equivalents       \$ 72,590       \$ 936,633       \$ 228,671       \$ Investments - other         Receivables (net of allowance for uncollectibles)       -       12,817       -         Taxes       -       15,292       -         Accounts       -       -       11,293         Assessments       -       -       143,013         Due from other governments       -       -       -         Due from component unit       -       -       -         Prepaid items       -       -       -         Total assets       \$ 72,590       \$ 964,742       \$ 382,977       \$         Liabilities       \$       -       \$       -       -       \$         Accounts payable       \$       -       \$       -       \$       \$         Due to other funds       -       -       -       -       -       \$         Accrued expenditures       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       <	eries 2001
Investments - other   -   12,817   -	
Receivables (net of allowance for uncollectibles)         Taxes       -       15,292       -         Accounts       -       -       11,293         Assessments       -       -       143,013         Due from other governments       -       -       -         Due from component unit       -       -       -         Prepaid items       -       -       -         Total assets       \$ 72,590       \$ 964,742       \$ 382,977       \$         Liabilities       \$       -       \$       -       -       \$         Due to other funds       -       -       -       \$       \$         Accrued expenditures       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -	
uncollectibles)           Taxes         -         15,292         -           Accounts         -         -         11,293           Assessments         -         -         143,013           Due from other governments         -         -         -         -           Due from component unit         -         -         -         -           Prepaid items         -         -         -         -           Total assets         \$ 72,590         \$ 964,742         \$ 382,977         \$           Liabilities         \$ 72,590         \$ 96	637,195
Accounts       -       -       11,293         Assessments       -       -       143,013         Due from other governments       -       -       -       -         Due from component unit       -       -       -       -         Prepaid items       -       -       -       -       -         Total assets       \$ 72,590       \$ 964,742       \$ 382,977       \$         Liabilities       \$ 72,590       \$ 964,742       \$ 382,977       \$         Liabilities       \$ -       \$ -       -       -       \$         Due to other funds       -       -       -       -       \$         Accrued expenditures       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -	
Assessments       -       -       143,013         Due from other governments       -       -       -         Due from component unit       -       -       -         Prepaid items       -       -       -         Total assets       \$ 72,590       \$ 964,742       \$ 382,977       \$         Liabilities       -       \$       -       -       -       \$         Accounts payable       \$       -       \$       -       -       \$         Due to other funds       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       <	-
Due from other governments Due from component unit Prepaid items  Total assets  \$ 72,590 \$ 964,742 \$ 382,977 \$  Liabilities  Accounts payable Due to other funds Accrued expenditures Other liabilities	-
Due from component unit Prepaid items  Total assets \$ 72,590 \$ 964,742 \$ 382,977 \$  Liabilities  Accounts payable Due to other funds Accrued expenditures Other liabilities 935	-
Due from component unit Prepaid items Total assets \$ 72,590 \$ 964,742 \$ 382,977 \$  Liabilities Accounts payable Due to other funds Accrued expenditures Other liabilities 935	-
Total assets         \$ 72,590         \$ 964,742         \$ 382,977         \$           Liabilities         S         -         \$         -         -         -         \$           Accounts payable         \$ -         \$ -         -         -         \$           Due to other funds         -         -         -         -         -           Accrued expenditures         -         -         -         -         -         -           Other liabilities         -         -         935         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -	-
Liabilities  Accounts payable \$ - \$ - \$  Due to other funds  Accrued expenditures 935	-
Accounts payable \$ - \$ \$ Due to other funds Accrued expenditures 935	637,986
Due to other fundsAccrued expendituresOther liabilities	
Due to other fundsAccrued expendituresOther liabilities935	_
Other liabilities - 935	_
Other liabilities - 935	-
Unearned revenues	-
	=
Escrow liabilities 162,555	-
Total liabilities 163,490	-
Deferred inflows of resources	
Unavailable revenue - property taxes	_
Unavailable revenue - noncurrent receivables	_
Unavailable revenue - other - 15,068 145,977	-
Total inflows of resources - 15,068 145,977	-
Fund balances (deficit)	
Nonspendable	-
Restricted 72,590 - 73,510	637,986
Committed - 949,674 -	-
Unassigned	-
Total fund balance (deficit) 72,590 949,674 73,510	637,986
Total liabilities, deferred inflows	
of resources and fund balances \$ 72,590 \$ 964,742 \$ 382,977 \$	637,986

#### Continued

		Capital p						
of (	ertificates Obligation Projects, ries 2007	G.O. Bond Series 2006	G.C	). Bond es 2007	Total		Debt Service	Total Non Major overnmental Funds
\$	93,267 -	\$ 40,501 219,352			\$ 1,372,453 869,364	\$	51,111 653,366	\$ 5,592,525 3,027,578
	- 24,755 - - -	- - - -		- - - -	15,292 36,048 143,013 - -		376,831 - - - -	392,123 376,217 143,013 462,842 7,076 1,847
<u> </u>	118,022	\$ 259,853	\$		\$ 2,436,170	\$ :	1,081,308	\$ 10,003,221
\$	117,570 - - - - -	\$ - - - - -	\$	- - - -	\$ 117,570 - - 935 - 162,555	\$	- - - - -	\$ 242,347 175,176 28,044 24,405 30,800 162,555
	117,570	-		-	281,060		-	663,327
_	- - -	- - -		- - - -	- - 161,045 161,045		352,367 - - 352,367	352,367 516,174 161,721 1,030,262
	- 452 - - - 452	- 259,853 - - - 259,853		- - - -	1,044,391 949,674 - 1,994,065		- 728,941 - - 728,941	1,847 5,184,521 3,123,619 (355) 8,309,632
\$	118,022	\$ 259,853	\$	-	\$ 2,436,170	\$ :	1,081,308	\$ 10,003,221

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

					Special Re	evenue Funds				
	Tennis		Hotel/Motel	Convention		Catastrophic				
	Court	PEG	Occupancy	Visitors		Emergency	Harlingen	Federal	State	Other
	Revenue	Fund	Tax	Bureau	M.P.O.	Relief	Downtown	Forfeiture	Forfeiture	Grants
Revenues										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonproperty taxes	-	95,005	954,465	-	-	-	28,060	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	99,411	160,068	-
Improvements and assessments	-	-	-	-	-	-	-	-	-	-
Charges for services	8,654	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	259,913	-	-	-	-	1,078,104
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Interest and investment income	223	-	3,782	2,243	-	4,825	677	18	14	-
Total revenues	8,877	95,005	958,247	2,243	259,913	4,825	28,737	99,429	160,082	1,078,104
Expenditures										
Current										
General government	_	_	_	_	_	_	95,129	_	_	_
Public safety	_	_	_	_	_	_	-	31,813	78,086	449,427
Highways and streets	_	_	_	_	259,912	24,228	_	-	-	
Health and welfare	_	_	_	_	-	,	_	_	_	77,705
Community and economic development	_	_	_	_	_	_	108,512	_	_	
Culture and recreation	37,855	_	97,289	407,272	_	_	-	_	_	12,326
Capital outlay	-	_	-	-	_	_	_	5,977	13,673	497,246
Debt service								-,	==,==	,
Principal retirement	_	_	_	_	_	_	_	_	_	_
Interest										
Bond issuance costs and fees	_	-	_	_		_	_		_	
Total expenditures	37,855	-	97,289	407,272	259,912	24,228	203,641	37,790	91,759	1,036,704
Fire and All of the control of the control of										
Excess (deficiency) of revenues	(20.070)	05.005	000.050	(405.030)	4	(10.402)	(474.004)	C1 C20	co 222	41 400
over (under) expenditures	(28,978)	95,005	860,958	(405,029)	1	(19,403)	(174,904)	61,639	68,323	41,400
Other financing sources (uses)										
Transfer in	-	-	-	424,000	-	-	32,000	-	-	
Transfer out	-	-	(661,870)	-	-	-	-	-	(59,625)	(41,400)
Insurance recovery	_	-	-	-	-	-	-	4,794	-	-
Total other financing sources (uses)	-	-	(661,870)	424,000	-	-	32,000	4,794	(59,625)	(41,400)
Net change in fund balances	(28,978)	95,005	199,088	18,971	1	(19,403)	(142,904)	66,433	8,698	-
Fund balance, beginning of year	82,535	410,866	764,727	648,508	99	846,374	241,168	88,440	187,108	-
	· · · · · · · · · · · · · · · · · · ·	<u> </u>	· · · · · · · · · · · · · · · · · · ·	<u> </u>		<u> </u>	· · · · · · · · · · · · · · · · · · ·	<u> </u>		
Fund balance, end of year	\$ 53,557	\$ 505,871	\$ 963,815	\$ 667,479	\$ 100	\$ 826,971	\$ 98,264	\$ 154,873	\$ 195,806	\$ -

				Sp	ecial Revenue					
Communi-	COPS/	Free			Red Light		Increment Finan	-		
cation	UHP	Trade	Infrastru-	Lon C.Hill	Enforce-		einvestment Zor		Neighborhood	
Center	Grant	Bridge	cture	Library	ment	#1	#2	#3	Stabilization	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	647,756	-	-	-	-	-	-	1,725,286
-	-	-	-	-	-	-	-	-	-	259,479
-	-	-	-	-	-	-	-	-	-	-
11,714	-	385,947	-	-	-	-	-	-	-	406,315
-	136,210	-	-	-	-	22,125	12,208	50,119	3,384	1,562,063
-	-	-	-	22,530	-	-	-	-	-	22,530
-	-	2,943	921	428	163	1,701	2,071	2,116	-	22,125
11,714	136,210	388,890	648,677	22,958	163	23,826	14,279	52,235	3,384	3,997,798
-	-	-	-	-	-	-	-	70,000	-	165,129
10,876	136,210	-	-	-	25,637	-	-	-	-	732,049
-	-	189,246	178,032	-	-	-	-	-	-	651,418
-	-	-	-	-	-	-	-	-	-	77,70
-	-	-	-	-	-	-	-	-	3,384	111,890
-	-	-		33,264	-		-	-	-	588,006
-	-	-	166,474	-	-	601,312	1,026,873	367,162	-	2,678,717
-	-	-	-	-	-	-	-	-	-	-
_	_	-	_	_	_	-	-	-	-	-
10,876	136,210	189,246	344,506	33,264	25,637	601,312	1,026,873	437,162	3,384	5,004,920
838	-	199,644	304,171	(10,306)	(25,474)	(577,486)	(1,012,594)	(384,927)	-	(1,007,122
209,631					_	60,947	61,191	243,623		1,031,392
205,051	_	_	_	_	_	-	-	(228,396)	_	(991,292
		_	_	_	_	_	_	-	_	4,794
209,631	-	-	-	-	-	60,947	61,191	15,227	-	44,895
210,469	-	199,644	304,171	(10,306)	(25,474)	(516,539)	(951,403)	(369,700)	_	(962,22
210,403		133,044	304,171	(10,300)	(23,474)	(310,333)	(551,403)	(303,700)		(302,22
(210,469)	-	613,080	230,079	110,328	25,474	723,955	1,022,617	763,964	-	6,548,853
\$ -	\$ -	\$ 812,724	\$ 534,250	\$ 100,022	\$ -	\$ 207,416	\$ 71,214	\$ 394,264	\$ -	\$ 5,586,626

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

		Capital Pro	jects Funds		
	Capital rovement	Street Improvement	Petition Paving	of C	ertificates Obligation Projects ries 2001
Revenues					
Property taxes	\$ -	\$ 1,578	\$ -	\$	-
Nonproperty taxes	-	-	-		-
Fines and forfeitures	-	-	-		-
Improvements and assessments	-	-	15		-
Charges for services	-	-	-		-
Intergovernmental	-	-	-		-
Miscellaneous	-	-	-		-
Interest and investment income	247	4,215	1,066		4,400
Total revenues	247	5,793	1,081		4,400
Expenditures					
Current					
General government	-	_	_		_
Public safety	-	_	_		_
Highways and streets	_	1,269,343	_		_
Health and welfare	_	-	_		_
Community and economic development	_	_	_		_
Culture and recreation	_	_	_		_
Capital outlay					
Debt service	_	_	_		_
Principal	-	-	-		-
Interest	-	-	-		-
Bond issuance costs and fees	-	- 4 260 242	-		-
Total expenditures	-	1,269,343	-		
Excess (deficiency) of revenues					
over (under) expenditures	247	(1,263,550)	1,081		4,400
Other financing sources (uses)					
Transfers in	_	-	_		_
Transfers out	_	_	(200,000)		_
Insurance recovery	_	_	-		_
Total other financing sources (uses)	-	-	(200,000)		_
Net change in fund balances	247	(1,263,550)	(198,919)		4,400
Fund balance, beginning of year	72,343	2,213,224	272,429		633,586
Fund balance, end of year	\$ 72,590	\$ 949,674	\$ 73,510	\$	637,986

_		al Projects Fund	ds							
	ertificates Obligation							Debt	N	Total Ion Major
	Projects	G.O. Bond	G.C	). Bond				Service		vernmental
	ries 2007	Series 2006		es 2007	Т	otal		Fund		Funds
ć		ć	ć		ć	1.570	ć	2.000.422	ć	2.000.010
\$	-	\$ -	\$	-	\$	1,578	\$	3,866,432	\$	3,868,010 1,725,286
	-	-		-		-		-		259,479
	_	_		_		15		_		15
	_	_		_		-		_		406,315
	-	-		-		-		603,233		2,165,296
	24,755	-		-		24,755		-		47,285
	841	1,652		-		12,421		6,585		41,131
	25,596	1,652		-		38,769		4,476,250		8,512,817
	20,512	-		116		20,628		-		185,757
	-	-		-		-		-		732,049
	-	-		-	1,2	169,343		-		1,920,761
	-	-		-		-		-		77,705
	-	-		-		-		-		111,896
	-	-		-		-		-		588,006
	834,037	-		-	8	34,037		-		3,512,754
	-	-		-		-		3,090,000		3,090,000
	-	-		-		-		1,547,712		1,547,712
	-	-		-		-		2,206		2,206
	854,549	-		116	2,1	24,008		4,639,918		11,768,846
	(828,953)	1,652		(116)	(2,0	85,239)		(163,668)		(3,256,029)
	-	-		-		-		86,770		1,118,162
	-	-		-	(2	(000,000		-		(1,191,291)
	-	-		-		-		-		4,794
	-	-		-	(2	(00,000		86,770		(68,335)
	(828,953)	1,652		(116)	(2,2	285,239)		(76,898)		(3,324,364)
	829,405	258,201		116	4,2	79,304		805,839		11,633,996
\$	452	\$ 259,853	\$	-	\$ 1,9	94,065	\$	728,941	\$	8,309,632

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# INTERNAL SERVICE FUNDS COMBINING FINANCIAL STATEMENTS

#### City of Harlingen, Texas Internal Service Funds

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

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

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

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

#### September 30, 2017

3eptember 30, 2017			
	Motor		
	Vehicle/	Health	
	Warehouse	Insurance	
	Fund	Fund	Totals
Assets			
Current assets			
Cash and cash equivalents	\$ 1,605,853	\$ 663,199	\$ 2,269,052
Investments - other	2,082,774	- -	2,082,774
Receivables (net of allowances for uncollectibles)			
Accounts	10,385	8,576	18,961
Due from component unit	, -	, -	-
Prepaid expenses	-	-	-
Inventories	163,084	_	163,084
Total current assets	3,862,096	671,775	4,533,871
	-,,		,,-
Capital assets	21,630,255	_	21,630,255
Accumulated depreciation	(15,975,333)	_	(15,975,333)
Capital assets (net of accumulated	(13,373,333)		(13,373,333)
depreciation)	5,654,922	_	5,654,922
исрісский опу	3,034,322		3,034,322
Total non current assets	5,654,922	-	5,654,922
Total assets	9,517,018	671,775	10,188,793
Defended and the control of the cont			
Deferred outflows of resources	04.050		04.050
Deferred resource outflows for pensions	91,252	-	91,252
Total assets and deferred outflows			
of resources	\$ 9,608,270	\$ 671,775	\$ 10,280,045
Liabilities			
Current liabilities			
Accounts payable	\$ 17,584	\$ 6,262	\$ 23,846
Due to other funds	-	65,000	65,000
Compensated absences	51,933	-	51,933
Accrued expenses	11,660	-	11,660
Total current liabilities	81,177	71,262	152,439
Long-term liabilities			
Net pension obligation	45,565	-	45,565
Net pension liability	105,622	-	105,622
Total liabilities	232,364	71,262	303,626
Defermed inflavor of recovered			
Deferred inflows of resources	4 = 0 =		4.505
Deferred inflows of resources from pensions	1,535	-	1,535
Net position			
-	5 654 022		E 6E4 022
Net investment in capital assets	5,654,922	- 600 E12	5,654,922
Unrestricted Total not position	3,719,449	600,513	4,319,962
Total net position	9,374,371	600,513	9,974,884
Total liabilities, deferred inflows			
of resources and net position	\$ 9,608,270	\$ 671,775	\$ 10,280,045
<u> </u>			. ,

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

	Motor		
	Vehicle/	Health	
	Warehouse	Insurance	
	Fund	Fund	Totals
Operating revenues			_
Current use charges	\$ 3,075,479	\$ 4,444,327	\$ 7,519,806
Operating expenses			
Personal services	412,354	-	412,354
Contracted services	78,037	4,500,769	4,578,806
Materials and supplies	1,557,664	-	1,557,664
Other expenses	137,744	-	137,744
Depreciation expense	1,792,315	-	1,792,315
Total operating expenses	3,978,114	4,500,769	8,478,883
	(002.625)	(56.442)	(050,077)
Operating loss	(902,635)	(56,442)	(959,077)
Nonoperating revenues			
Interest revenue	17,383	2,043	19,426
Gain of sale/disposal of capital assets	1,911	-	1,911
Total nonoperating revenues	19,294	2,043	21,337
Loss before transfers and			
capital contributions	(883,341)	(54,399)	(937,740)
Transfers and capital contributions			
Transfers in	-	81,000	81,000
Transfers out	(249,130)	-	(249,130)
Capital contributions	385,058	-	385,058
Total transfers and capital contributions	135,928	81,000	216,928
Net income (loss)	(747,413)	26,601	(720,812)
Net position, beginning of year	10,121,784	573,912	10,695,696
Net position, end of year	\$ 9,374,371	\$ 600,513	\$ 9,974,884

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

Teur ended September 50, 2017			
	Motor		
	Vehicle/	Health	
	Warehouse	Insurance	
	Fund	Fund	Totals
Cash flows from operating activities			
Received from customers	\$ 3,072,694	\$ 4,450,481	\$ 7,523,175
Payments to suppliers	(1,812,119)	(4,120,609)	(5,932,728)
Payments to employees	(379,373)	-	(379,373)
Net cash used in operations	881,202	329,872	1,211,074
Cash flows from noncapital financing activities			
Transfers from other funds	-	81,000	81,000
Transfers to other funds	(249,130)	-	(249,130)
Net cash provided by (used in) noncapital financin activities	(249,130)	81,000	(168,130)
Cook flavor from conital and valeted financing activities			
Cash flows from capital and related financing activities	/FC2 F4C\		/FC2 F4C)
Purchases of capital assets	(562,546)	-	(562,546)
Proceeds from sale of capital assets	1,911	-	1,911
Net cash used in capital and related financing activities	(560,635)	-	(560,635)
Cash flows from investing activities			
Interest received	17,383	2,043	19,426
Net cash provided by investing activities	(495,243)	2,043	(493,200)
Not decrease to each and each amitual anti-	(422.006)	442.045	(40.004)
Net decrease in cash and cash equivalents	(423,806)	412,915	(10,891)
Cash and cash equivalents, beginning of year	2,029,659	250,284	2,279,943
Cash and cash equivalents, end of year	\$ 1,605,853	\$ 663,199	\$ 2,269,052
Reconciliation of operating income to net cash provided			
by operating activities:			
Operating loss	\$ (902,635)	\$ (56,442)	\$ (959,077)
Adjustments to reconcile net income from	1 ( //	, (, ,	, (,- ,
operations to net cash from operating activities			
Depreciation	1,792,315	_	1,792,315
Gain on capital asset disposition	(1,911)	_	(1,911)
Decrease in receivables	(875)	6,154	5,279
(Increase) decrease in receivables from other funds	122	0,134	122
		-	1,126
Increase in inventories	1,126	-	
(Increase) decrease in prepaid expenses	-	388,580	388,580
Decrease in net pension asset	7,406	-	7,406
Increase in deferred outflows of resources	23,054	-	23,054
Increase in accounts payable	(39,922)	(8,420)	(48,342)
Increase in net other post employment benefits	3,566	-	3,566
Decrease in deferred inflows of resources	(1,480)	-	(1,480)
Increase in accrued expenses	436		436
Total adjustments	1,783,837	386,314	2,170,151
Net cash used in operations	\$ 881,202	\$ 329,872	\$ 1,211,074
Supplemental disclosure of noncash activities:			
Schedule of noncash capital transactions			
Capital Contributions from other funds	\$ 385,058	\$ -	\$ 385,058
1	, 220,000	•	,,

# SUPPLEMENTARY INDIVIDUAL GOVERNMENTAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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

September 30,	2017	2016
Assets		
Cash and cash equivalents	\$ 482,291	\$ 2,584,338
Investments - other	17,445,777	13,336,549
Receivables (net of allowances)	, -,	-,,-
Taxes, including penalty, interest and fees	998,982	986,344
Accounts	867,691	726,497
Due from other governments	1,469,466	1,356,382
Due from other funds	719,138	958,000
Due from component units	62,571	169,220
Loans receivable	166,298	160,988
Prepaid items	35,008	41,585
Total assets	\$ 22,247,222	\$ 20,319,903
Liabilities		
Accounts payable	589,743	\$ 475,854
Accrued expenditures	905,696	872,416
Escrow payable	309,637	290,952
Other liabilities	835,216	858,714
Due to component unit	•	31,752
Total liabilities	2,640,292	2,529,688
Deferred inflows of resources		
Unavailable revenue - property taxes	914,908	914,721
Unavailable revenue - payments in lieu of taxes	149,026	130,878
Unavailable revenue - other	30,643	29,584
Total deferred inflows of resources	1 004 577	1 075 192
Total deferred filliows of resources	1,094,577	1,075,183
Fund balances		
Nonspendable	35,008	41,585
Unassigned	18,477,345	16,673,447
Total fund balances	18,512,353	16,715,032
Total liabilities, deferred inflows		
of resources and fund balances	\$ 22,247,222	\$ 20,319,903

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

Year ended September 30,	2017	2016
Revenues		
Property taxes - including penalty and interest	14,365,607	\$ 14,202,827
Non property taxes	21,134,041	20,216,650
Fines and forfeitures	1,113,512	1,442,634
Licenses and permits	650,476	549,401
Charges for services	2,840,253	2,045,428
Intergovernmental	59,730	58,815
Contributions and donations	628,274	696,413
Miscellaneous	604,711	550,109
Interest and investment income	115,237	32,006
Total revenues	41,511,841	39,794,283
Expenditures		
Current		
General government	5,519,977	5,296,279
Public safety	22,905,249	22,109,061
Highways and streets	3,192,920	2,970,542
Health and welfare	2,893,736	2,895,713
Community and economic development	597,316	26,788.00
Culture and recreation	4,116,239	3,928,245
Capital outlay	1,537,157	1,019,773
Debt service		
Principal retirement	142,871	511,588
Interest and fiscal agent fees	25,801	29,150
Total expenditures	40,931,266	38,787,139
Excess of revenues		
over expenditures	580,575	1,007,144
Other financing sources (uses)	333/313	
Transfers in	1,733,396	1,089,300
Transfers out	(780,151)	(1,394,045)
Sale of general capital assets	263,501	68,947
Total other financing sources (uses)	1,216,746	(235,798)
	, -, -	( , ,
Net change in fund balance	1,797,321	771,346
Fund balance, beginning of year	16,715,032	15,943,686
Fund balance, end of year	18,512,353	\$ 16,715,032

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

September 30,	2017	2016
Assets		
Cash and cash equivalents	\$ 249,047	\$ 258,695
Receivables (net of allowances for uncollectibles)	<b>,</b> ,	,
Accounts	30,516	6,709
Assessments	12,815	-
Loans receivable	1,505,465	977,901
Total assets	\$ 1,797,843	\$ 1,243,305
Liabilities		
Accounts payable	\$ 43,480	\$ 757
Other liabilities	397	190
Due to other funds	100,000	100,000
Accrued expenditures	4,837	4,471
Escrow payable	17,802	16,559
Total liabilities	166,516	121,977
Deferred inflows of resources		
Unavailable revenue - noncurrent receivables	1,505,465	977,901
Unavailable revenue - special assessments	12,815	-
Total deferred inflows of resources	1,518,280	977,901
Fund balance		
Restricted	113,047	143,427
Total fund balance	113,047	143,427
Total liabilities, deferred inflows	40-0-0	ć 4 242 22 <del>-</del>
of resources and fund balances	\$ 1,797,843	\$ 1,243,305

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

Year ended September 30,	2017	2016
Revenues		
Intergovernmental	\$ 1,214,911	\$ 1,132,941
Miscellaneous and program revenues	145,474	364,588
Interest and investment income	6,723	6,798
Total revenues	1,367,108	1,504,327
Expenditures		
Current		
Community and economic development	1,268,251	1,296,954
Capital outlay	129,237	202,863
Total expenditures	1,397,488	1,499,817
Net change in fund balance	(30,380)	4,511
Fund balance, beginning of year	143,427	138,916
Fund balance, end of year	\$ 113,047	\$ 143,427

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

September 30,	2017	2016
Assets		
Cash and cash equivalents	\$ 481,019	\$ 388,805
Receivables (net of allowances)		
Accounts	24,852	22,061
Total assets	\$ 505,871	\$ 410,866
Liabilities	\$ -	\$ -
Fund balance		
Restricted	505,871	410,866
Total fund balance (deficit)	505,871	410,866
Total liabilities and fund balance	\$ 505,871	\$ 410,866

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

Year ended September 30,	2017	2016	
Revenues			
	<b>.</b>	4 00 700	
Nonproperty taxes	\$ 95,005	\$ 88,728	
Expenditures	-	-	
Net change in fund balance	95,005	88,728	
Fund balance, beginning of year	410,866	322,138	
Fund balance, end of year	\$ 505,871	\$ 410,866	

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

September 30,	2017	2016
Assets		
Cash and cash equivalents	\$ 53,887	\$ 82,976
Receivables (net of allowances)	,,	, - ,
Accounts	20	20
Total assets	\$ 53,907	\$ 82,996
Liabilities		_
Accounts payable	\$ 350	\$ 461
Fund balance		
Restricted	53,557	82,535
Total liabilities and fund balance	\$ 53,907	\$ 82,996

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

Year ended September 30,	2017	2016
_		
Revenues		
Charges for services	\$ 8,654	\$ 10,218
Interest and investment income	223	8
Total revenues	8,877	10,226
Expenditures		
Current		
Culture and recreation	37,855	37,515
Deficiency of revenues under expenditures	(28,978)	(27,289)
Other financing sources (uses)		
Transfers in	_	26,000
Total other financing sources (uses)	-	26,000
Net change in fund balance	(28,978)	(1,289)
Fund balance, beginning of year	82,535	83,824
Fund balance, end of year	\$ 53,557	\$ 82,535

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

				Variance	
	Budget		Actual Amount	Positive	
	Original	Final	(GAAP BASIS)	(Negative)	
Revenues					
Charges for services	\$ 11,000	\$ 11,000	\$ 8,654	\$ (2,346)	
Interest income	-	-	223	223	
Total revenues	11,000	11,000	8,877	(2,123)	
Expenditures Current					
Culture and recreation	30,000	30,000	37,855	(7,855)	
Net change in fund balance	\$ (19,000)	\$ (19,000)	(28,978)	\$ (9,978)	
Fund balance, beginning of year			82,535		
Fund balance, end of year			\$ 53,557		

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

September 30,		2017		2016
Assets				
Cash and cash equivalents	\$	405,235	\$	514,399
Investments - other	Y	477,454	Ą	175,207
Receivables (net of allowances for uncollectibles)		4//,454		173,207
Accounts		83,415		75,121
				-,
Total assets	\$	966,104	\$	764,727
Liabilities				
Other liabilities	\$	2,289	\$	
Total liabilities		2,289		-
Fund balance				
Restricted		963,815		764,727
Total liabilities and fund balance	\$	966,104	\$	764,727

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

Year ended September 30,	2017	2016	
Revenues			
Nonproperty taxes	\$ <b>954,465</b>	\$ 997,629	
Interest and investment income	3,782	540	
Total revenues	958,247	998,169	
Expenditures			
Current			
Culture and recreation	97,289	105,000	
Excess of revenues over expenditures	860,958	893,169	
Other financing uses			
Transfers out	(661,870)	(631,000)	
Net change in fund balance	199,088	262,169	
Fund balance, beginning of year	764,727	502,558	
Fund balance, end of year	\$ 963,815	\$ 764,727	

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

·		Budget			Actual Amount		Variance Positive	
	-	Original		Final	(GA	AAP BASIS)	(	Negative)
Revenues		_						
Nonproperty taxes	\$	860,000	\$	920,000	\$	954,465	\$	34,465
Interest and investment income		200		200		3,782		3,582
Total revenues		860,200		920,200		958,247		38,047
Expenditures								
Current								
Culture and recreation		115,000		115,000		97,289		17,711
Capital outlay		-		850,000		-		850,000
Total expenditures		115,000		965,000		97,289		867,711
Excess of revenues								
over expenditures		745,200		(44,800)		860,958		905,758
Other financing uses								
Transfers out		(631,000)		(717,770)		(661,870)		55,900
Net change in fund balance	\$	114,200	\$	(762,570)		199,088	\$	961,658
Fund balance, beginning of year						764,727		
Fund balance, end of year					\$	963,815		

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

Year ended September 30,	2017	2016
Assets		
Cash and cash equivalents	\$ 671,309	\$ 672,456
Accounts receivables (net of allowances for uncollectibles)	-	6,090
Prepaid items	1,392	993
Total assets	\$ 672,701	\$ 679,539
Liabilities		
Accounts payable	2,197	27,427
Accrued expenditures	3,025	3,604
Total liabilities	5,222	31,031
Fund Balance		
Nonspendable	1,392	993
Restricted	666,087	647,515
Total fund balances	667,479	648,508
Total liabilities and fund balance	\$ 672,701	\$ 679,539

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

Year ended September 30,	2017	2016
Revenues		
Miscellaneous and program revenues	<b>\$</b> -	\$ 315
Interest and investment income	2,243	61
Total revenues	2,243	376
Expenditures Current		
Culture and recreation	407,272	352,271
Deficiency of revenues under expenditures	(405,029)	(351,895)
Other financing sources		
Transfers in	424,000	424,000
NET CHANGE IN FUND BALANCE	18,971	72,105
Fund balance, beginning of year	648,508	576,403
Fund balance, end of year	\$ 667,479	\$ 648,508

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

·				Variance
	Budget		Actual Amount	
	Original	Final	(GAAP BASIS)	(Negative)
Revenues				
Interest and investment income	-	\$ -	\$ 2,243	\$ 2,243
Expenditures				
Current				
General government	401,715	485,526	407,272	78,254
Capital outlay	-	100,000	-	100,000
Total expenditures	401,715	585,526	407,272	178,254
Deficiency of revenues under expenditures	(401,715)	(585,526)	(405,029)	180,497
Other financing sources				
Transfers in	401,715	485,526	424,000	(61,526)
Total other financing sources	401,715	485,526	424,000	(61,526)
Net change in fund balance	-	(100,000)	18,971	118,971
Fund balance, beginning of year			648,508	
Fund balance, end of year			\$ 667,479	

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

Year ended September 30,	2017	2016
Assets		
Due from other governments	\$ 148,513	\$ 110,959
Prepaid items	455	1,274
Total assets	\$ 148,968	\$ 112,233
Liabilities		
Accounts payable	\$ 250	\$ 1,874
Due to other funds	144,219	104,422
Accrued expenditures	3,723	5,794
Total liabilities	148,192	112,090
Deferred inflows of resources		
Unavailable revenue - other	676	44
Total deferred inflows of resources	676	44
Fund balance		
Nonspendable	455	-
Unassigned	(355)	99
Total fund balance	100	99
Total liabilities and fund balance	\$ 148,968	\$ 112,233

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

Year ended September 30,	2017		2016
Davis			
Revenues			
Intergovernmental	259,913	3	341,233
Expenditures			
Current			
Highways and streets	259,912	3	341,233
Net change in fund balance	1		-
Fund balance, beginning of year	99		99
Fund balance, end of year	\$ 100	\$	99

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

					Variance
	Bud	Budget			Positive
	Original	Final	(GA	AAP BASIS)	(Negative)
Revenues					
Intergovernmental	\$ 391,144	\$ 391,144	\$	259,913	\$ (131,231)
Expenditures					
Current					
Highways and streets	391,144	391,144		259,912	131,232
Total expenditures	391,144	391,144		259,912	131,232
Net change in fund balance	-	-		1	1
Fund balance (deficit), beginning of year				99	
Fund balance (deficit), end of year			\$	100	

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

September 30,	2017	2016
Assets		
Cash and cash equivalents	\$ 271,515	\$ 294,933
Investments - other	555,272	551,441
Receivables (net of allowances for uncollectibles)		
Accounts	184	-
Total assets	\$ 826,971	\$ 846,374
Liabilities		
Accounts payable	-	\$ -
Fund balance		
Committed	 826,971	846,374
Total liabilities and fund balance	\$ 826,971	\$ 846,374

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

Year ended September 30,	2017	2016
Revenues		
Interest and investment income	\$ 4,825	\$ 1,616
Expenditures		
Current		
Highways and streets	24,228	7,349
Net change in fund balance	(19,403)	(5,733)
Fund balance, beginning of year	846,374	852,107
Fund balance, end of year	\$ 826,971	\$ 846,374

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

	Bud	get	Actual Amount	Variance Positive
	Original	Final	(GAAP BASIS)	(Negative)
Revenues				
Interest and investment income	\$ -	\$ -	\$ 4,825	\$ 4,825
Total revenues	-	-	4,825	4,825
Expenditures				
Current				
Highways and streets	25,000	25,000	24,228	772
Total expenditures	25,000	25,000	24,228	772
Net change in fund balance	(25,000)	(25,000)	(19,403)	5,597
Fund balance, beginning of year			846,374	
Fund balance, end of year			\$ 826,971	

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

September 30,	2017	2016
Assets		
Cash and cash equivalents	\$ <b>54,92</b> 6	\$ 197,342
Investments - other	47,861	47,531
Receivables (net of allowances for uncollectibles)		
Accounts	610	610
Assessments	-	36,862
Total assets	\$ 103,397	\$ 282,345
Liabilities		
Accounts payable	\$ 1,142	\$ 428
Accrued expenditures	3,991	3,887
<b>→</b> . 10: 130:	F 400	4 24 5
Total liabilities	5,133	4,315
Deferred inflows of resources		
Unavailable revenue - special assessments	-	36,862
Fund balance		
Restricted	98,264	241,168
Total liabilities, deferred inflows		
Total liabilities, deferred inflows of resources and fund balances	\$ 103,397	\$ 282,345
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# City of Harlingen, Texas Harlingen Downtown Fund Special Revenue Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

Year ended September 30,	2017	2016
Revenues		
Non property taxes	\$ 28,060	\$ 27,843
Miscellaneous and program revenues	\$ 28,000	۶ 27,843 1
Interest and investment income	-	
	677	154
Total revenues	28,737	27,998
Expenditures		
Current		
General government	95,129	115,937
Community and economic development	108,512	115,674
Total expenditures	203,641	231,611
Deficiency of revenues under expenditures	(174,904)	(203,613)
Other financing sources		
Transfers in	32,000	214,975
Net change in fund balance	(142,904)	11,362
Fund balance, beginning of year	241,168	229,806
Fund balance, end of year	\$ 98,264	\$ 241,168

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

rear ended deptember 30, 2017				Variance	
	Budget		Actual Amount	Positive	
	Original	Final	(GAAP BASIS)	(Negative)	
Revenues					
Improvement assessments	\$ 29,000	\$ 29,000	\$ 28,060	\$ (940)	
Interest and investment income			677	677	
Total revenues	29,000	29,000	28,737	(263)	
Expenditures					
Current					
General government	250,550	250,550	95,129	155,421	
Community and economic development	-	-	108,512	(108,512)	
Total expenditures	250,550	250,550	203,641	46,909	
Deficiency of revenues under expenditures	(221,550)	(221,550)	(174,904)	46,646	
Other financing sources					
Transfers in	32,000	-	32,000	32,000	
Net change in fund balance	(189,550)	(221,550)	(142,904)	78,646	
Fund balance, beginning of year			241,168		
Fund balance, end of year			\$ 98,264		

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

September 30,	2017	2016
Assets		
Cash and cash equivalents	\$ 156,137	\$ 82,883
Accounts receivable	4,953	5,125
Prepaid items	-	432
Total assets	\$ 161,090	\$ 88,440
Liabilities		
Accounts payable	\$ 6,217	\$ -
Fund balance		
Nonspendable	-	432
Restricted	154,873	88,008
Total liabilities and fund balance	\$ 161,090	\$ 88,440

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

Year ended September 30,	2017	2016
Revenues		
Fines and forfeitures	\$ 99,411	\$ 48,719
Interest and investment income	18	12
Total revenues	99,429	48,731
Expenditures		
Current		
Public safety	31,813	71,190
Capital outlay	5,977	6,628
Total expenditures	37,790	77,818
Deficiency of revenues under expenditures	61,639	(29,087)
Other financing uses		
Insurance recovery	4,794	-
Total other financing uses	4,794	-
Net change in fund balance	66,433	(29,087)
Fund balance, beginning of year	88,440	117,527
Fund balance, end of year	\$ 154,873	\$ 88,440

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

September 30,	2017	2016
Assets		
Cash and cash equivalents	\$ 200,605	\$ 187,137
Total assets	\$ 200,605	\$ 187,137
Liabilities		
Accounts payable	\$ 4,799	\$ 29
Fund balance		
Restricted	195,806	187,108
Total liabilities and fund balance	\$ 200,605	\$ 187,137

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

Year ended September 30,	2017	2016
Revenues		
Fines and forfeitures	\$ 160,068	\$ 140,830
Interest and investment income	14	18
Total revenues	160,082	140,848
Expenditures		
Current		
Public safety	78,086	79,914
Capital outlay	13,673	51,800
Total expenditures	91,759	131,714
Excess of revenues over expenditures	68,323	9,134
Other financing uses		
Transfers out	(59,625)	(36,997)
Total other financing uses	(59,625)	(36,997)
Net change in fund balance	8,698	(27,863)
Fund balance, beginning of year	187,108	214,971
Fund balance, end of year	\$ 195,806	\$ 187,108

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

September 30,	2017	2016
Assets		
Cash and cash equivalents	\$ 99,548	\$ -
Accounts receivable	226,135	259,799
Prepaid items	-	635
Total assets	\$ 325,683	\$ 260,434
Liabilities		
	52,753	\$ 55,013
Accounts payable Other liabilities	21,181	\$ 55,015
Accrued expenditures	12,341	11,307
Due to other funds	-	173,793
	86,275	240,113
Deferred inflows of resources		
Unavailable revenue - noncurrent receivables	239,408	20,321
Fund balance		
Nonspendable	-	635
Restricted	-	(635)
Total fund balance	-	-
Total liabilities, deferred inflows	Á 225 C22	¢ 260 424
of resources and fund balances	\$ 325,683	\$ 260,434

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

Year ended September 30,	2017	2016	
Revenues			
Intergovernmental	\$ 1,078,104	\$ 1,236,5	523
Expenditures			
Current			
Public safety	449,427	547,9	964
Health and welfare	77,705	80,9	
Culture and recreation	12,326	100,7	<sup>7</sup> 98
Capital outlay	497,246	460,7	'90
Total expenditures	1,036,704	1,190,5	523
Excess of revenues over expenditures	41,400	46,0	000
Other financing (uses)			
Transfer out	(41,400)	(46,0	000)
Not shange in found halones			
Net change in fund balance	-	-	-
Fund balance, beginning of year	<u> </u>		
Fund balance, end of year	\$ -	\$ -	-

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

September 30,	20	2017		
Assets				
Cash and cash equivalents	\$	-	\$	-
Total assets	\$	-	\$	-
Liabilities				
Due from other funds	\$	-	\$ 21	10,469
Fund balance				
Unassigned		-	(21	10,469)
Total fund balance		-	(21	LO,469)
Total liabilities and fund balance	\$	-	\$	-

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

Year ended September 30,	2016	2015	
Revenues Charges for services	\$ 11,714	\$ 12,697	
Expenditures Public safety	10,876	85,950	
Excess of revenues over expenditures	838	(73,253)	
Other Financing (uses)			
Transfers In	209,631	-	
Net change in fund balance	210,469	(73,253)	
Fund balance, beginning of year	(210,469)	(137,216)	
Fund balance, end of year	\$ -	\$ (210,469)	

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

rear enaca september 50, 2017				Variance		
				<u> </u>		Positive
	Original	Final	(GAAP BASIS)	(Negative)		
Revenues						
Charges for services	\$ 12,776	\$ 222,407	\$ 11,714	\$ (210,693)		
Expenditures						
Current						
Public safety	11,938	11,938	10,876	1,062		
EXCESS OF REVENUES						
OVER EXPENDITURES	838	210,469	838	(209,631)		
Other financing sources (uses)						
Other financing sources (uses)  Transfers in	-	-	209,631	209,631		
Net change in fund balance	838	210,469	210,469	-		
Fund balance, beginning of year			(210,469)	<u>-</u>		
Fund balance, end of year			\$ -	_		

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

September 30,	2017	2016	
Assets Due from other governments Prepaids	\$ 35,921 -	\$ 33,942 132	
Total assets	\$ 35,921	\$ 34,074	
Liabilities  Accrued expenditures  Due to other funds	\$ 4,964 30,957	\$ 4,236 29,838	
Total liabilities	35,921	34,074	
Fund balance Nonspendable Restricted Total fund balance	- - -	132 (132)	
Total liabilities and fund balance	\$ 35,921	\$ 34,074	

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

Year ended September 30,	2017	2016
Revenues		
Intergovernmental	\$ 136,210	\$ 157,631
Expenditures		
Current		
Public safety	136,210	157,631
Net change in fund balance	-	-
Fund balance, beginning of year	<u>-</u>	-
Fund balance, end of year	<b>\$</b> -	\$ -

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

					Variance	
	Bud	Budget		al Amount	Positive	
	Original	Final	Final (GAAP BA		(Negative)	
Revenues						
Intergovernmental	\$ 218,523	\$ 255,755	\$	136,210	\$ (119,545)	
Expenditures						
Current						
Public safety	218,523	255,755		136,210	119,545	
Net change in fund balance	-	-		-	-	
Fund balance, beginning of year				-		
Fund balance, end of year			\$	-		

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

September 30,	2017	2016
Assets		
Cash and cash equivalents	\$ 464,084	\$ 665,827
Investments	403,653	2,265
Total assets	\$ 464,084	\$ 665,827
Liabilities		
Accounts payable	\$ 55,013	\$ 55,012
Fund balance		
Committed	812,724	613,080
Total liabilities and fund balance	\$ 867,737	\$ 668,092

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

Year ended September 30,	2017	2016
Revenues		
Charges for services	\$ 385,947	\$ 278,895
Interest and investment income	2,943	53
Total revenues	388,890	278,948
Expenditures		
Current		
Highways and streets	189,246	55,122
Net change in fund balance	199,644	223,826
Fund balance, beginning of year	613,080	389,254
Fund balance, end of year	\$ 812,724	\$ 613,080

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

					Variance
	Bud	lget	Actu	al Amount	Positive
	Original	Final	(GA	AAP BASIS)	(Negative)
Revenues					
Charges for services	\$ 162,000	\$ 162,000	\$	385,947	\$ 223,947
Interest and investment income	-	-		2,943	2,943
Total revenues	162,000	162,000		388,890	226,890
Expenditures Current					
Highways and streets	200,000	209,122		189,246	19,876
Net change in fund balance	(38,000)	(47,122)		199,644	246,766
Fund balance, beginning of year				613,080	
Fund balance, end of year			\$	812,724	

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

September 30,	2017	2016
Assets		
Cash and cash equivalents	\$ 527,480	\$ 226,924
Receivables (net of allowances for uncollectibles)		
Due from other governments	1,642	257
Due from component unit	7,076	2,898
	Å F26.400	¢ 220.070
Total assets	\$ 536,198	\$ 230,079
Liabilities		
Accounts payable	\$ 1,948	\$ -
Fund balance		
Committed	534,250	230,079
Total liabilities and fund balance	\$ 536,198	\$ 230,079

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

Year ended September 30,	2017	2016
Revenues		
Non property taxes	\$ 647,756	\$ 293,556
Interest and investment income	921	14
Total revenues	648,677	293,570
Expenditures		
Highways and streets	178,032	99,343
Capital outlay	166,474	129,585
Total expenditures	344,506	228,928
Net change in fund balance	304,171	64,642
Fund balance, beginning of year	230,079	165,437
Fund balance, end of year	\$ 534,250	\$ 230,079

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

rear enaca september 30, 2017					Variance	
		lget	Actual Amount		Positive	
	Original	Final	(GA	AAP BASIS)	(Negative)	
Revenues						
Infrastructure - assessments	\$ 290,000	\$ 290,000	\$	647,756	\$ 357,756	
Interest and investment income	-	-		921	921	
Total revenues	290,000	290,000		648,677	358,677	
Expenditures						
Current						
Highways and streets	156,000	128,000		178,032	(50,032)	
Health and welfare	-	11,000		-	11,000	
Culture and recreation	-	10,000		-	10,000	
Capital outlay	138,000	231,016		166,474	64,542	
Total expenditures	294,000	380,016		344,506	35,510	
Net change in fund balance	(4,000)	(90,016)		304,171	394,187	
Fund balance, beginning of year				230,079		
Fund balance, end of year			\$	534,250		

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

September 30,	2017	2016
Accepte		
Assets		
Cash and cash equivalents	\$ 79,522	\$ 89,888
Investments - other	20,608	20,465
Total assets	\$ 100,130	\$ 110,353
Liabilities		
Accounts payable	\$ 108	\$ 25
Fund balance		
Restricted	100,022	110,328
Total liabilities and fund balance	\$ 100,130	\$ 110,353
TOTAL HADIIITIES AND TUND DAIANCE	\$ 100,130	à 110,333

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

Year ended September 30,	2017	2016
Revenues		
Contributions and donations	\$ 22,530	\$ 23,340
Interest and investment income	428	68
Total revenues	22,958	23,408
Expenditures		
Culture and recreation	33,264	27,315
Net change in fund balance	(10,306)	(3,907)
Fund balance, beginning of year	110,328	114,235
Fund balance, end of year	\$ 100,022	\$ 110,328

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

September 30,	2	017	2016
Assets			
Cash and cash equivalents	\$	-	\$ 25,474
Total assets	\$	-	\$ 25,474
Liabilities	•		<b>^</b>
Accrued expenditures	\$	-	\$ -
Fund balance			
Restricted		-	25,474
Total liabilities and fund balance	\$	-	\$ 25,474

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

Year ended September 30,	2017	2016	
Revenues			
Fines and forfeitures	\$ -	\$ 25,327	
Interest and investment income	163	79	
Total revenues	163	25,406	
Expenditures			
Current			
Public safety	25,637	-	
Capital outlay	-	30,315	
Total expenditures	25,637	30,315	
Excess (deficiency) of revenues			
over (under) expenditures	(25,474)	(4,909)	
Other financing sources (uses)			
Transfers in	-		
Net change in fund balance	(25,474)	(4,909)	
Fund balance, beginning of year	25,474	30,383	
Fund balance, end of year	\$ -	\$ 25,474	

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

September 30,	2017	2016
Assets		
Cash and cash equivalents	\$ 207,416	\$ 595,725
Receivables (net of allowances for uncollectibles)		
Due from other governments	47,710	128,230
Total accets	Ć 255 426	ć 722 OFF
Total assets	\$ 255,126	\$ 723,955
Liabilities	\$ -	\$ -
Deferred inflows of resources		
Unavailable revenue - noncurrent receivables	47,710	-
Fund balance		
Restricted	207,416	723,955
Total liabilities and fund balance	\$ 255,126	\$ 723,955

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

Year ended September 30,	2017	2016
Revenues		
Interest income	\$ 1,701	\$ 50
Intergovernmental	22,125	128,230
Total revenues	23,826	128,280
Expenditures		
Capital outlay	601,312	-
Excess of revenues over expenditures	(577,486)	128,280
Other financing sources		
Transfers in	60,947	62,397
Net change in fund balance	(516,539)	190,677
Fund balance, beginning of year	723,955	533,278
Fund balance, end of year	\$ 207,416	\$ 723,955

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

September 30,	2017	201	6
Assets			
	\$ 71,214	ć 07/	c 200
Cash and cash equivalents Receivables (net of allowances for uncollectibles)	\$ 71,214	\$ 970	5,369
,	45 520	4	. 240
Due from other governments	45,530	40	5,248
Total assets	\$ 116,744	\$ 1,02	2,617
Liabilities	\$ -	\$	-
Deferred inflows of resources			
Unavailable revenue - noncurrent receivables	45,530		-
Fund balance			
Restricted	71,214	1,022	2,617
Total liabilities and fund balance	\$ 116,744	\$ 1,022	2,617

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

Year ended September 30,	2017	2016
Revenues		
Intergovernmental	\$ 12,208	\$ 46,248
Interest income	2,071	85
	14,279	46,333
Expenditures		
Current		
Capital outlay	1,026,873	-
Excess of revenues over expenditures	(1,012,594)	46,333
Other financing sources		
Transfers in	61,191	65,744
Net change in fund balance	(951,403)	112,077
Fund balance, beginning of year	1,022,617	910,540
Fund balance, end of year	\$ 71,214	\$ 1,022,617

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

September 30,	2017	2016
Assets		
Cash and cash equivalents	\$ 394,264	\$ 469,088
Due from other governments	183,526	294,876
Total assets	\$ 577,790	\$ 763,964
Liabilities	\$ -	\$ -
Deferred inflows of resources		
Unavailable revenue - noncurrent receivables	183,526	-
Fund balance		
Restricted	394,264	763,964
Total liabilities and fund balance	\$ 577,790	\$ 763,964

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

Year ended September 30,	2017	2016
B		
Revenues		4 00
Interest and investment income	\$ 2,116	\$ 30
Intergovernmental	50,119	294,876
Total revenues	52,235	294,906
Expenditures		
Current		
General government	70,000	70,000
Capital outlay	367,162	· -
Total expenditures	437,162	70,000
Excess (deficiency) of revenues		
•	(294.027)	224.000
over (under) expenditures	(384,927)	224,906
Other financing sources		
Transfers in	243,623	231,914
Transfers out	(228,396)	-
	15,227	231,914
Net change in fund balance	(369,700)	456,820
Fund balance, beginning of year	763,964	307,144
Fund balance, end of year	\$ 394,264	\$ 763,964

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

September 30,	2017	2016
Assets Cash and cash equivalents Receivables (net of allowances for uncollectibles)	\$ 30,800	\$ 25,270
Accounts	-	
Total assets	\$ 30,800	\$ 25,270
Liabilities Unearned revenue	\$ 30,800	\$ 25,270
Fund balance		
Nonspendable		
Restricted	-	-
Total liabilities and fund balance	\$ 30,800	\$ 25,270

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

Year ended September 30,	2017		2016	
Revenues				
Intergovernmental	\$	3,384	\$	44,950
Expenditures				
Current				
Community and economic development		3,384		44,950
Net change in fund balance		-		-
Fund balance, beginning of year		-		-
Fund balance, end of year	\$	-	\$	-

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

September 30,	2017	2016
Assets		
Cash and cash equivalents	\$ 51,111	\$ 135,578
Investments - other	653,366	648,857
Taxes receivable (net of allowances)	376,831	311,157
Total assets	\$ 1,081,308	\$ 1,095,592
Liabilities	\$ -	\$ -
Deferred inflows of resources		
Unavailable revenue - property taxes	352,367	289,753
Fund balance		
Restricted	728,941	805,839
Total liabilities, deferred inflows		4
of resources and fund balances	\$ 1,081,308	\$ 1,095,592

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

Year ended September 30,	2017	2016
Revenues		
Property taxes, including penalty and interest	\$ 3,866,432	\$ 3,886,198
Interest and investment income		. , ,
	6,585	1,959
Intergovernmental Tatal revenues	603,233	2 000 157
Total revenues	4,476,250	3,888,157
Expenditures		
Debt service		
Principal	3,090,000	2,607,501
Interest	1,547,712	948,955
Debt issuance costs	2,206	313,242
Total expenditures	4,639,918	3,869,698
Excess of revenues over expenditures	(163,668)	18,459
Other financing sources (uses)		
Transfers in	86,770	_
Refunding bond proceeds	=	23,915,000
Payment to refunded bond escrow agent	-	(26,756,345)
Bond refunding issuance premium	-	2,595,060
Total other financing sources (uses)	86,770	(246,285)
Net change in fund balance	(76,898)	(227,826)
Fund balance, beginning of year	805,839	1,033,665
Fund balance, end of year	\$ 728,941	\$ 805,839

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

Year ended September 30, 2017

							,	Variance
	Budget		Act	ual Amount		Positive		
		Original		Final	(G	AAP BASIS)	(1	Negative)
Revenues								
Property taxes, including penalty and interest	\$ 3	3,908,120	\$ 4	1,598,123	\$	3,866,432	\$	(731,691)
Interest and investment income		-		-		6,585		6,585
Intergovernmental		-		-		603,233		603,233
Total revenues		3,908,120		1,598,123		4,476,250		(121,873)
Expenditures								
Debt service								
Principal retirement	:	2,705,000	3	3,090,000		3,090,000		-
Interest and fiscal agent fees		1,242,954	1	L,547,957		1,547,712		245
Debt issuance costs		-		-		2,206		(2,206)
Total expenditures		3,947,954		1,637,957		4,639,918		(1,961)
Excess (deficiency) of revenues								
over (under) expenditures	\$	(39,834)	\$	(39,834)		(163,668)	\$	(123,834)
Other financing sources (uses)								
Transfers in		-		-		86,770		86,770
Net change in fund balance		(39,834)		(39,834)		(76,898)		(37,064)
Fund balance, beginning of year						805,839		
Fund balance, end of year					\$	728,941		

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

September 30,	2017	2016
Assets		
Cash and cash equivalents	\$ 72,590	\$ 72,343
Total assets	\$ 72,590	\$ 72,343
Liabilities	\$ -	\$ -
Fund balance		
Restricted	72,590	72,343
Total liabilities and fund balance	\$ 72,590	\$ 72,343

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

Year ended September 30,	2017	2016
Revenues		
Interest and investment income	\$ 247	\$ 14
Expenditures		
Capital outlay	-	19,144
Deficiency of revenues under expenditures	247	(19,130)
Other financing uses		
Transfers out	-	(297,792)
Net change in fund balance	247	(316,922)
Fund balance, beginning of year	72,343	\$ 389,265
Fund balance, end of year	\$ 72,590	\$ 72,343

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

September 30,	2017	2016
Assets		
Cash and cash equivalents	\$ 936,633	\$ 2,375,547
Investments - other	12,817	12,728
Property taxes	15,292	17,051
Total assets	\$ 964,742	\$ 2,405,326
Linkillaine		
Liabilities Accounts Payable	\$ -	\$ 175,332
Accounts rayable	<del>, , , , , , , , , , , , , , , , , , , </del>	7 175,552
Deferred inflows of resources		
Unavailable revenue - other	15,068	16,770
Fund balance		
Committed	949,674	2,213,224
Total liabilities, deferred inflows		
of resources and fund balances	\$ 964,742	\$ 2,405,326

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

Year ended September 30,	2017	2016
Revenues		
Property taxes - including penalty and interest	\$ <b>1,578</b>	\$ 1,813
Interest and investment income	4,215	160
Total revenues	5,793	1,973
Expenditures		•
Current		
Highways and streets	1,269,343	354,154
Deficiency of revenues under expenditures	(1,263,550)	(352,181)
Operating financing sources		
Transfers in	-	2,552,404
Net change in fund balance	(1,263,550)	2,200,223
Fund balance, beginning of year	\$ 2,213,224	\$ 13,001
Fund balance, end of year	\$ 949,674	\$ 2,213,224

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

September 30,	2017	2016
Assets		
Cash and cash equivalents	\$ 228,671	\$ 496,230
Receivables (net of allowance for uncollectibles)		
Accounts	11,293	11,293
Assessments	143,013	143,013
Total assets	\$ 382,977	\$ 650,536
Liabilities		
Other liabilities	\$ 935	\$ 935
Escrow liabilities	162,555	231,195
Total liabilities	163,490	232,130
Deferred inflows of resources		
Unavailable revenue - other	145,977	145,977
Fund balance		
Restricted	73,510	272,429
Total liabilities, deferred inflows		
of resources and fund balances	\$ 382,977	\$ 650,536
Of resources and runiu balances	۶ ۵۰۷,۶۲ <i>۱</i>	3 نادر د

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

Year ended September 30,	2017	2016
Devenue		
Revenues		
Improvements and assessments	\$ 15	\$ 215,833
Interest and investment income	1,066	54
Total revenues	1,081	215,887
Expenditures		-
Excess of revenues over expenditures	1,081	215,887
Operating financing uses		
Transfers out	(200,000)	-
Net change in fund balance	(198,919)	215,887
Fund balance, beginning of year	272,429	56,542
Fund balance, end of year	\$ 73,510	\$ 272,429

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

September 30,	2017	2016	
Assets			
Restricted			
Cash and cash equivalents Investments - other	\$ <b>791</b> \$ 7 <b>637,195</b> 632,7		788 798
Total assets	\$ <b>637,986</b> \$ 63		586
Liabilities	\$ -	\$	-
Fund balance			
Restricted	637,986	633,586	
Total liabilities and fund balance	\$ 637,986	\$ 633,586	

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

Year ended September 30,	2017	2016	
Revenues			
Interest and investment income	\$ 4,400	\$ 1,894	
	. ,	. ,	
Expenditures			
Capital outlay	-	33,374	
Excess (deficiency) of revenues			
over (under) expenditures	4,400	(31,480)	
Other financing uses			
Transfer out	-	(202,747)	
Not change in fund balance	4,400	(224 227)	
Net change in fund balance	4,400	(234,227)	
Fund balance, beginning of year	633,586	867,813	
Fund balance, end of year	\$ 637,986	\$ 633,586	

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

September 30,	2017	2016
Assets		
Restricted		
Cash and cash equivalents Accounts receivable	\$ 93,267 24,755	\$ 979,742 -
Total assets	\$ 118,022	\$ 979,742
Accounts payable	\$ 117,570	\$ 150,337
Fund balance		
Restricted	452	829,405
Total liabilities and fund balance	\$ 118,022	\$ 979,742

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

Year ended September 30,	2017	2016
Revenues		
Interest and investment income	\$ 841	\$ 481
Miscellaneous	24,755	-
Total revenues	25,596	481
Expenditures		
Current		
General government	20,512	673
Capital outlay	834,037	793,744
Total expenditures	854,549	794,417
Deficiency of revenues under expenditures	(828,953)	(793,936)
Other financing sources		
Transfer out	-	150,022
Net change in fund balance	(828,953)	(643,914)
Fund balance, beginning of year	829,405	1,473,319
Fund balance, end of year	\$ 452	\$ 829,405

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

September 30,	2017	2016	
Assets			
Restricted			
Investments - other	\$ 12,733,065	\$	-
Total assets	\$ 12,733,065	\$	-
Liabilities			
Accounts payable	\$ 241,368		
Accrued expenditures	2,432	\$	-
Due to other funds	695		-
Total liabilities	244,495		-
Fund balance			
Restricted	12,488,570		-
Total liabilities and fund balance	\$ 12,733,065	\$	-

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

Year ended September 30,	2017		
Revenues			
Interest and investment income	\$ 64,836	\$	-
Expenditures			
Debt service			
Debt issuance costs	208,075		
Capital outlay	253,191		-
Total expenditures	461,266		-
Excess (deficiency) of revenues over (under) expenditures	(396,430)		-
Other financing uses			
Proceeds from bond refunding	12,885,000		-
Net change in fund balance	12,488,570		-
Fund balance, beginning of year	-		-
Fund balance, end of year	\$ 12,488,570	\$	-

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

September 30,	2017		2016
Assets			
Restricted			
Cash and cash equivalents	\$ 40,501	\$	40,363
Investments - other	219,352		217,838
Total assets	\$ 259,853	\$	258,201
Liabilities	\$ -	\$	-
Fund balance			
Restricted	259,853		258,201
Total liabilities and fund balance	\$ 259,853	\$	258,201

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

Year ended September 30,		2017		2017		016
Revenues						
Interest and investment income	\$	1,652	\$	1,510		
Expenditures		-		_		
Excess of revenues over expenditures		1,652		1,510		
Other financing uses						
Transfers out		-	(9	42,907)		
Net change in fund balance		1,652	(9	41,397)		
Fund balance, beginning of year		258,201	1,1	99,598		
Fund balance, end of year	\$ 2	259,853	\$ 2	58,201		

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

September 30,	2017	2	016	
Assets				
Restricted				
Cash and cash equivalents	-		116	
Total assets	-	\$	116	
Liabilities	-	\$	-	
Fund balance				
Restricted	-		116	
Total liabilities and fund balance	-	\$	116	

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

Year ended September 30,	7	2017	2016
Revenues			
Interest and investment income	\$	-	\$ 293
Miscellaneous			109,291
Total revenues		-	109,584
Expenditures			
Current			
General government		116	
Excess of revenues over expenditures		(116)	109,584
Other financing uses			
Transfer out		-	(897,760)
Net change in fund balance		(116)	(788,176)
Fund balance, beginning of year		116	788,292
Fund balance, end of year	\$	-	\$ 116

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# SUPPLEMENTARY INDIVIDUAL ENTERPRISE FUNDS FINANCIAL STATEMENTS AND SCHEDULES

#### City of Harlingen, Texas Enterprise Funds

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

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

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

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

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

### City of Harlingen, Texas Sanitation Fund Enterprise Fund Comparative Balance Sheets

September 30,	2017	2016
Assets		
Current assets		
Cash and cash equivalents	\$ 895,918	\$ 2,512,632
Investments - other	7,165,956	4,121,732
Accounts receivables (net of allowances for uncollectibles)	112,275	82,799
Due from component units	46,162	81,598
Prepaid items	1,491	27,447
Total current assets	8,221,802	6,826,208
Capital assets		
Land	417,587	417,587
Construction in progress	278,409	-
Plant and equipment	4,169,252	3,837,874
Accumulated depreciation	(1,543,936)	(1,303,924)
Total capital assets (net of accumulated depreciation)	3,321,312	2,951,537
Total assets	11,543,114	9,777,745
Deferred outflows of resources		
Deferred outflows of resources for pensions	258,236	485,597
Total assets and deferred outflows of resources	\$ 11,801,350	\$ 10,263,342

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

September 30,	2017	2016
Liabilities		
Current liabilities		
Accounts payable	\$ 158,487	\$ 167,289
Compensated absences, current portion	63,000	63,000
Accrued expenses	72,704	68,791
Total current liabilities	294,191	299,080
	- , -	
Long-term liabilities		
Compensated absences	174,509	162,227
Net other post employment benefit obligation	307,141	298,462
Net pension liability	299,544	417,243
Estimated liability for landfill postclosure costs	1,367,583	1,343,402
Total long-term liabilities	2,148,777	2,221,334
Total liabilities	2,442,968	2,520,414
Deferred inflows of resources		
Deferred inflows of resources from pensions	4,341	12,808
Net position		
Net investment in capital assets	3,321,312	2,951,537
Unrestricted	6,032,729	4,778,583
Total net position	9,354,041	7,730,120
Total liabilities, deferred inflows		
of resources and fund balances	\$ 11,801,350	\$ 10,263,342

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

Year ended September 30,	2017	2016
Operating revenues	0.220 505	0.000.500
Current use charges	9,228,585	9,068,588
Expenditures		
Personnel services	2,501,523	2,350,776
Contracted services	1,377,147	1,318,819
Materials and supplies	150,776	130,688
Other expenses	3,089,487	2,967,672
Depreciation and amortization	272,614	247,126
Total expenditures	7,391,547	7,015,081
Operating income	1,837,038	2,053,507
Nonoperating revenues		
Interest revenue	46,643	10,129
Insurance recovery	1,037,611	22,103
Gain (loss) on sale of capital assets	1,271	(26,850)
Miscellaneous revenue	3,402	3,420
Total nonoperating revenues	1,088,927	8,802
Income before transfers and capital contributions	2,925,965	2,062,309
Transfers and capital contributions		
Transfers in	50	-
Transfers out	(1,551,224)	(1,468,128)
Capital contributions	249,130	124,518
Total transfers and capital contributions	(1,302,044)	(1,343,610)
Increase (decrease) in net position	1,623,921	718,699
Net position, beginning of year	7,730,120	7,011,421
Net position, end of year	\$ 9,354,041	\$ 7,730,120

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

Year ended September 30,	2017	2016
Cash flows from operating activities		
Receipts from customers	\$ 9,236,676	\$ 9,229,903
Payments to suppliers	(4,572,162)	(4,504,645)
Payments to employees	(2,379,367)	(2,237,076)
Net cash provided by operations	2,285,147	2,488,182
Cash flows from noncapital financing activities		
Transfers from other funds	50	-
Transfers to other funds	(1,551,224)	(1,468,128)
Net cash used in noncapital financing activities	(1,551,174)	(1,468,128)
Cash flows from capital and related financing activities		
Purchase of capital assets	(391,988)	(117,166)
Insurance proceeds from capital asset disposal	1,037,611	22,103
Net cash used in capital and related financing activities	646,894	(95,063)
Cash flows from investing activities		
Purchase of investments	(3,044,224)	(1,010,038)
Interest received	46,643	10,188
Net cash (used in) provided by investing activities	(2,997,581)	(999,850)
	• • • • • • • • • • • • • • • • • • • •	• • • • •
Net decrease in cash and cash equivalents	(1,616,714)	(74,859)
Cash and cash equivalents, beginning of year	2,512,632	2,587,491
Cash and cash equivalents, end of year	\$ 895,918	\$ 2,512,632
December of annualization in community and analysis and		
Reconciliation of operating income to net cash provided by operating activities:		
Operating activities.	\$ 1,837,038	\$ 2,053,507
Adjustments to reconcile net income from operations	7 1,037,030	\$ 2,055,507
to net cash from operating activities		
Depreciation	272,614	253,524
Gain (loss) on capital asset disposition	(1,271)	(26,850)
Other revenue received	-	38,887
Decrease in receivables	(26,074)	19,860
(Increase) decrease in prepaid items	25,956	(27,332)
Decrease in due from component units	35,436	9,653
(Increase) decrease in net pension (liability) asset	(117,699)	500,897
Increase in deferred outflows of resources	227,361	(371,958)
Decrease in accounts payable	(8,802)	4,193
Increase (decrease) due to other funds	-	125
Increase in accrued expenses	3,913	18,545
Increase in net other post employment benefit obligation	8,679	7,194
Increase (decrease) in compensated absences	12,282	7,194 (12,500)
Increase (decrease) in compensated absences Increase (decrease) in deferred inflows of resources		7,194
Increase (decrease) in compensated absences Increase (decrease) in deferred inflows of resources Increase (decrease) in estimated liability for landfill	12,282 (8,467)	7,194 (12,500) (9,933)
Increase (decrease) in compensated absences Increase (decrease) in deferred inflows of resources Increase (decrease) in estimated liability for landfill closure and postclosure costs	12,282 (8,467) 24,181	7,194 (12,500) (9,933) 30,370
Increase (decrease) in compensated absences Increase (decrease) in deferred inflows of resources Increase (decrease) in estimated liability for landfill	12,282 (8,467)	7,194 (12,500) (9,933)
Increase (decrease) in compensated absences Increase (decrease) in deferred inflows of resources Increase (decrease) in estimated liability for landfill closure and postclosure costs	12,282 (8,467) 24,181	7,194 (12,500) (9,933) 30,370
Increase (decrease) in compensated absences Increase (decrease) in deferred inflows of resources Increase (decrease) in estimated liability for landfill closure and postclosure costs Total Adjustments  Net cash provided by operating activities:  Supplemental disclosure of noncash activities	12,282 (8,467) 24,181 448,109	7,194 (12,500) (9,933) 30,370 434,675
Increase (decrease) in compensated absences Increase (decrease) in deferred inflows of resources Increase (decrease) in estimated liability for landfill closure and postclosure costs  Total Adjustments  Net cash provided by operating activities:	12,282 (8,467) 24,181 448,109	7,194 (12,500) (9,933) 30,370 434,675

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

September 30,	2017	2016	
Assets			
Current assets			
Cash and cash equivalents	\$ -	\$ 4,569	
Accounts receivables (net of allowances for uncollectibles)	3,724	3,724	
Inventories	23,406	25,026	
Total current assets	27,130	33,319	
Capital assets			
Land	49,496	49,496	
Plant and equipment	3,932,884	3,987,005	
Accumulated depreciation	(3,064,794)	(3,012,007)	
Total capital assets (net of accumulated depreciation)	917,586	1,024,494	
Total assets	944,716	1,057,813	
Deferred outflows of resources			
Deferred outflows of resources for pensions	101,422	190,718	
Total assets and deferred outflows of resources	\$ 1,046,138	\$ 1,248,531	

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

September 30,	2017	2016
Liabilities		
Current liabilities		
Accounts payable	\$ 31,646	\$ 21,788
Compensated absences	2,000	2,000
Accrued expenses	21,466	21,871
Unearned revenues	2,255	-
Due to other funds	378,267	274,362
Total current liabilities	435,634	320,021
	,	,
Long-term liabilities		
Compensated absences	78,880	59,009
Net other post employment benefit obligation	135,705	132,650
Net pension liability	117,646	163,872
Total long-term liabilities	332,231	355,531
Total liabilities	767,865	675,552
Deferred inflows of resources	4 ===	<b>5</b> 004
Deferred inflows of resources from pensions	1,705	5,031
Net position		
Net investment in capital assets	917,586	1,024,494
Unrestricted	(641,018)	(456,546)
	` ' '	, , ,
Total net position	276,568	567,948
Total liabilities, deferred inflows		
of resources and fund balances	\$ 1,046,138	\$ 1,248,531

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

Year ended September 30,	2017	2016
Operating revenues		
Operating revenues  Golf course fees and charges	\$ 965,623	\$ 919,727
doil course rees and charges	3 303,023	\$ 313,727
Operating expenses		
Personnel services	785,891	755,648
Contracted services	173,796	168,174
Materials and supplies	140,990	168,568
Other expenses	71,028	70,621
Depreciation and amortization	102,182	117,125
Total operating expense	1,273,887	1,280,136
		_
Operating loss	(308,264)	(360,409)
Nonoperating revenues		
Interest revenue	24	10
Miscellaneous revenue	13,519	125
Gain on sale of capital assets	3,341	5,810
Total nonoperating revenues	16,884	5,945
	<b>4</b>	
Loss before transfers and capital contributions	(291,380)	(354,464)
Transfers out	<u>-</u>	(65,300)
		(,,
Decrease in net position	(291,380)	(419,764)
	· · · · · · · · · · · · · · · · · · ·	•
Net position, beginning of year	567,948	987,712
Net position, end of year	\$ 276,568	\$ 567,948
The position, end of year	7 270,300	7 301,340

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

Year ended September 30,	2017		2016
Cash flows from operating activities			
Receipts from customers	\$ 978,056	\$	920,085
Payments to suppliers	(270,836)	Y	(146,858)
Payments to employees	(723,221)		(712,760)
Net cash provided by (used in) operations	(16,001)		60,467
Cash flows from noncapital financing activities			
Cash flows from noncapital financing activities Transfers to other funds	_		(65,300)
Net cash used in noncapital financing activities			(65,300)
The cash used in noncapital infancing activities			(03,300)
Cash flows from capital and related financing activities			
Proceeds from sale of assets	11,408		5,810
Net cash provided by capital and related financing activities	11,408		5,810
Cash flows from investing activities			
Interest received	24		10
Net cash provided by (used in) investing activities	24		10
· · · · · · · · · · · · · · · · · · ·			
Net increase (decrease) in cash and cash equivalents	(4,569)		987
Cash and cash equivalents, beginning of year	4,569		3,582
Cash and cash equivalents, end of year	\$ -	\$	4,569
Reconciliation of operating income to net cash provided			
by operating activities:			
Operating loss	\$ (308,264)	\$	(360,409)
Adjustments to reconcile net income from operations	ÿ (300,20 <del>4</del> )	Ų	(300,403)
to net cash from operating activities			
Depreciation	102,182		117,125
Gain on capital asset disposition	(3,341)		-
Other revenue received	15,774		176
Decrease in receivables	-		182
Decrease in inventories	1,620		3,385
Decrease in interfunds	103,905		274,362
(Increase) decrease in net pension (liability) asset	(46,226)		192,901
Increase in deferred outflows of resources	89,296		(151,284)
Increase (decrease) in accounts payable	9,858		(9,568)
Increase in net other post employment benefit pension obligation	3,055		3,198
Increase (decrease) in deferred inflows of resources	(3,326)		(2,860)
Increase (decrease) in compensated absences	19,871		933
Increase (decrease) in accrued expenses	(405)		(7,674)
Total adjustments	292,263		420,876
Net cash provided by (used in) operations	\$ (16,001)	\$	60,467
Supplemental disclosure of noncash activities:			
Contributed capital from other funds	\$ -	\$	-

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

September 30,	2017		2016
Assets			
Current assets			
Cash and cash equivalents	\$ 169,190	\$	177,141
Accounts receivables (net of allowances for uncollectibles)	3 169,190 4,389	Ş	4,389
	4,369		
Prepaid Items	-		131
Total current assets	173,579		181,661
Capital assets			
Plant and equipment	4,795,374		4,795,374
Accumulated depreciation	(3,354,493)		(3,066,127)
Total capital assets (net of accumulated depreciation)	1,440,881		1,729,247
Total assets	1,614,460		1,910,908
Deferred outflows of resources			
Deferred outflows of resources for pensions	25,883		48,672
Total assets and deferred outflows of resources	\$ 1,640,343	\$	1,959,580
Liabilities			
Current liabilities	4 40 500		0.220
Accounts payable	\$ 10,628	\$	8,239
Accrued expenses	22,814		17,091
Unearned revenue	19,297		1,000
Total current liabilities	52,739		26,330
Long-term liabilities			
Compensated absences	20,919		18,892
Net other post employment benefit obligation	6,753		5,527
Net pension liability	30,024		41,821
Total long-term liabilities	57,696		66,240
Total liabilities	110,435		92,570
Deferred inflows of resources			
Deferred inflows of resources from pensions	435		1,284
·			,
Net position			
Net investment in capital assets	1,440,881		1,729,247
Unrestricted	88,592		136,479
Total net position	1,529,473		1,865,726
Total liabilities, deferred inflows			
of resources and net position	\$ 1,640,343	\$	1,959,580
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# City of Harlingen, Texas Municipal Auditorium Fund Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Position

Year ended September 30,	2017	2016
Operating revenues		
Rental income	\$ 177,8	<b>393</b> \$ 234,761
Rental income	<b>Ψ</b> 177,0	5 5 254,701
Operating expenses		
Personnel services	108,3	100,186
Contracted services	214,0	<b>214,662</b>
Materials and supplies	9,8	<b>11,84</b> 5
Other expenses	9,8	<b>323</b> 28,724
Depreciation and amortization	288,3	<b>287,439</b>
Total operating expenses	630,2	642,856
Operating loss	(452,	<b>379)</b> (408,095)
Nonoperating revenues		
Interest income		<b>385</b> 19
Miscellaneous revenue		<b>741</b> 856
Total nonoperating revenues	1,3	L <b>26</b> 875
	/	(407.220)
Income (loss) before transfers and capital contributions	(451,2	<b>253)</b> (407,220)
Transfers and capital contributions		
Transfers in	115,0	115,000
Transiers in	113,0	113,000
(Decrease) increase in net position	(336,2	<b>253)</b> (292,220)
(2 co. case) morease in net position	(330).	(232,220)
Net position, beginning of year	1,865,7	<b>726</b> 2,157,946
Net position, end of year	\$ 1,529,4	<b>173</b> \$ 1,865,726
iver position, that of year	7 1,323,	7 1,000,720

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

Year ended September 30,	2017	2016
Cash flows from operating activities		
Receipts from customers	\$ 196,931	\$ 229,637
Payments to suppliers	(225,496)	(276,808)
Payments to employees	(94,771)	(91,263)
Net cash used in operating activities	(123,336)	(138,434)
Cash flows from noncapital financing activities		
Transfers from other funds	115,000	115,000
Net cash provided by noncapital financing activities	115,000	115,000
Cash flows from capital and related financing activities	-	-
Cash flows from investing activities		
Interest received	385	856
Net cash provided by investing activities	385	856
Net increase (decrease) in cash and cash equivalents	(7,951)	(22,578)
Cash and cash equivalents, beginning of year	177,141	199,719
Cash and cash equivalents, end of year	\$ 169,190	\$ 177,141
Reconciliation of operating income to net cash provided		
by operating activities:		
Operating loss	\$ (452,379)	\$ (408,095)
Adjustments to reconcile net income to net cash		
from operating activities		
Depreciation	288,367	287,439
Decrease in accounts receivable	-	357
(Increase) decrease in prepaid items	131	(131)
(Increase) decrease in net pension (liability) asset	(11,797)	48,788
Increase in deferred outflows of resources	22,789	(39,208)
Decrease in accounts payable	2,389	(31,186)
Increase in accrued expenses	5,723	9,770
Decrease in net other post employment benefit obligation	1,226	133
Increase (decrease) in compensated absences	2,027	(179)
Increase (decrease) in deferred inflows of resources	(849)	(610)
Decrease in due to other funds	-	-
Increase (decrease) in unearned revenues	19,037	(5,512)
Total Adjustments	329,043	269,661
Net cash provided by operating activities:	\$ (123,336)	\$ (138,434)
Supplemental disclosure of noncash activities		
Contributed capital from other funds	\$ -	\$ -

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

September 30,		2017		2016
Assets				
Current assets				
Cash and cash equivalents	\$	21,640	\$	37,417
Investments - other	·	57,354	•	56,958
Accounts receivables (net of allowances for uncollectibles)		32		9
Total current assets		79,026		94,384
Capital assets				
Construction in progress		14,890		14,889
Plant and equipment		225,238		215,614
Accumulated depreciation		(150,766)		(137,996)
Total capital assets (net of accumulated depreciation)		89,362		92,507
Total assets	\$	168,388	\$	186,891
Liabilities Current liabilities				
Accounts payable	\$	13,414	\$	8,933
Accounts payable Accrued expenses	Ą	13,414	Ą	1,870
Total current liabilities		15,161		10,803
Total carrent hadmites		13,101		10,003
Long-term liabilities				
Compensated absences		4,756		4,756
Net other post employment benefit obligation		21,362		16,581
Total long-term liabilities		26,118		21,337
Total liabilities		41,279		32,140
Net position				
Net investment in capital assets		89,362		92,507
Unrestricted		37,747		62,244
Total net position		127,109		154,751
Total liabilities and net position	\$	168,388	\$	186,891

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

Year ended September 30,	2017	2016
Operating revenues		
Admissions	\$ 8,150	\$ 3,694
		<u> </u>
Operating expenses		
Personnel services	58,605	60,402
Contracted services	36,396	44,196
Materials and supplies	5,310	3,021
Other expenses	14,907	19,978
Depreciation and amortization	12,770	13,637
Total operating expenses	127,988	141,234
Operating loss	(119,838)	(137,540)
Nonoperating revenues		
Interest revenue	440	304
Gain on sale of capital assets	-	102
Miscellaneous revenue	1,756	2,373
Total nonoperating revenues	2,196	2,779
Loss before transfers and capital contributions	(117,642)	(134,761)
	<u> </u>	( - , - ,
Transfers and capital contributions		
Transfers In	90,000	90,000
Change in net position	(27,642)	(44,761)
Net position, beginning of year	154,751	199,512
Net position, end of year	\$ 127,109	\$ 154,751

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

Year ended September 30,		2017		2016
Cook flows from an arcting activities				
Cash flows from operating activities	<b>.</b>	0.437	۲.	2.604
Receipts from customers	\$	8,127 (53.355)	\$	3,694
Payments to suppliers		(52,255) (52,234)		(71,658)
Payments to employees		(53,824)		(59,159)
Net cash used in operations		(97,952)		(127,123)
Cash flows from noncapital financing activities				
Transfers from other funds		90,000		90,000
Tunsiers from other funds		30,000		30,000
Cash flows from capital and related financing activities				
Purchases of capital assets		(7,869)		(12,516)
Net cash provided used in capital and related financing activities		(7,869)		(12,414)
Cash flows from investing activities				
Purchase of investments		-		(49,697)
Interest received on investments		44		304
Net cash provided used in (provided by) investing activities		44		(49,393)
Net increase (decrease) in cash and cash equivalents		(15,777)		(49,233)
Cash and cash equivalents, beginning of year		37,417		86,650
Cash and cash equivalents, end of year	\$	21,640	\$	37,417
Reconciliation of operating income to net cash provided				
·				
by operating activities:		(440.000)		(407.540)
Operating loss	\$	(119,838)	\$	(137,540)
Adjustments to reconcile net income from operations				
to net cash from operating activities		42.770		42.627
Depreciation and amortization		12,770		13,637
(Increase) decrease in accounts receivable		(23)		- (4.054)
Decrease in accounts payable		4,481		(4,851)
Increase (decrease) in accrued expenses		(123)		388
Increase in net other post employment benefit obligation		4,781		399
Increase in compensated absences		- 24 006		844
Total adjustments		21,886		10,417
Net cash used in operations	\$	(97,952)	\$	(127,123)
Supplemental disclosure of noncash activities	\$		\$	

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# SUPPLEMENTARY INDIVIDUAL INTERNAL SERVICE FUNDS FINANCIAL STATEMENTS AND SCHEDULES

#### City of Harlingen, Texas Internal Service Funds

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

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

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

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

September 30,		2017		2016
Assets				
Current assets				
Cash and cash equivalents	\$	1,605,853	\$	2,029,659
Investments - other	•	2,082,774	•	1,570,148
Receivables (net of allowances for uncollectibles)				, ,
Accounts		10,385		9,510
Due from component unit		-		122
Inventories		163,084		164,210
Total current assets		3,862,096		3,773,649
Capital assets		21,630,255		21,181,101
Accumulated depreciation		15,975,333)		(14,683,378)
Capital assets (net of accumulated depreciation)		5,654,922		6,497,723
Total assets		9,517,018		10,271,372
Deferred outflows of resources				
Deferred resource outflows for pensions		91,252		114,306
Deferred resource outlions for pensions		31,131		111,300
Total assets and deferred outflows of resources	\$	9,608,270	\$	10,385,678
Current liabilities Accounts payable Compensated absences		17,584 51,933		57,506 51,933
Accrued expenses		11,660		11,224
Total current liabilities		81,177		120,663
Long-term liabilities				
Net other post employment benefit obligation		45,565		42,000
Net pension liability		105,622		98,216
Total non-current liabilities		151,187		140,216
Total liabilities		232,364		260,879
Deferred inflows of resources				
Deferred inflows of resources from pensions		1,535		3,015
·				,
Net position				
Net investment in capital assets		5,654,922		6,497,723
Restricted		-		-
Unrestricted Total not position		3,719,449 9,374,371		3,624,061
Total net position		3,374,371		10,121,784
Total liabilities, deferred inflows				
of resources and net position	\$	9,608,270	\$	10,385,678

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

Year ended September 30,	2017	2016
Operating revenues		
Current use charges	\$ 3,075,479	\$ 2,904,581
Operating expenses		
Personnel services	412,354	376,256
Contracted services	78,037	66,338
Materials and supplies	1,557,664	1,418,249
Other expenses	137,744	162,525
Depreciation expense	1,792,315	1,902,533
Total operating expenses	3,978,114	3,925,901
Operating loss	(902,635)	(1,021,320)
Nonoperating revenues		
Interest revenue	17,383	4,728
Gain on sale/disposal of fixed assets	1,911	2,120
Total nonoperating revenues	19,294	6,848
Loss before transfers and capital contributions	(883,341)	(1,014,472)
Transfers and capital contributions		
Transfers out	(249,130)	(127,618)
Capital contributions	385,058	475,420
Total transfers and capital contributions	135,928	347,802
Net decrease in net position	(747,413)	(666,670)
Net position, beginning of year	10,121,784	10,788,454
	A 0.004.500	d 40 404 70 f
Net position, end of year	\$ 9,374,371	\$ 10,121,784

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

Year ended September 30,		2017		2016
Cash flows from operating activities				
Received from customers	\$	3,072,694	\$	2,910,073
Payments to suppliers	•	(1,812,119)	Ψ.	(2,592,789)
Payments to employees		(379,373)		(349,217)
Net cash provided by (used in) operations		881,202		(31,933)
		•		
Cash flows from noncapital financing activities				
Transfers from other funds		(249,130)		(127,618)
Cook flows from control and valued financian activities				
Cash flows from capital and related financing activities		(FC2 F4C)		(402.050)
Purchases of capital assets Proceeds from the sale of capital assets		(562,546)		(403,659)
Net cash used in capital and related financing activities		1,911 (560,635)		(403,659)
Net cash used in capital and related infancing activities		(300,033)		(403,039)
Cash flows from investing activities				
Purchase of investments		(512,626)		(1,570,148)
Interest received		17,383		4,728
Net cash provided by investing activities		(495,243)		(1,565,420)
		( , - ,		( / /
Net increase (decrease) in cash and cash equivalents		(423,806)		(2,128,630)
Cash and cash equivalents, beginning of year		2,029,659		4,158,289
		_,,,,,,,,		.,
Cash and cash equivalents, end of year	\$	1,605,853	\$	2,029,659
Reconciliation of operating income to net cash provided				
by operating activities:				
Operating loss	\$	(902,635)	\$	(1,021,320)
Adjustments to reconcile net income from	•	(,,	•	( /- //
operations to net cash from operating activities				
Depreciation		1,792,315		956,746
Gain on disposal of assets		(1,911)		2,120
Decrease in receivables		(875)		478
Increase in due from other funds		122		(46)
(Increase) decrease in inventories		1,126		(29,133)
(Increase) decrease in net pension asset		7,406		114,297
Increase in deferred outflows of resources		23,054		(92,461)
Increase (decrease) in accounts payable		(39,922)		32,182
Increase in net other post employment benefit obligation		3,566		3,439
Increase (decrease) in deferred inflows of resources		(1,480)		(1,357)
Increase in accrued expenses		436		3,122
Total adjustments		1,783,837		989,387
Net cash provided by (used in) operations	\$	881,202	\$	(31,933)
Supplemental disclosure of noncash activities:				
Schedule of noncash capital transactions				
Capital Contributions from other funds	\$	385,058	\$	475,420

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

September 30,		2017		2016
Assets				
Current assets				
Cash and cash equivalents	\$	663,199	\$	250,284
Accounts receivable	·	8,576	•	14,730
Prepaid expenses				388,580
Total assets	\$	671,775	\$	653,594
Liabilities				
Current liabilities				
Accounts payable	\$	6,262	\$	14,682
Due to other funds		65,000		65,000
Total liabilities		71,262		79,682
Net position				
Unrestricted net position		600,513		573,912
Total liabilities and net position	\$	671,775	\$	653,594

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

Year ended September 30,	2017	2016
Operating revenues		
Current use charges	4,444,327	4,386,048
Operating expenses		
Contracted services	4,500,769	4,439,614
Operating loss	(56,442)	(E2 E66)
Operating loss	(30,442)	(53,566)
Nonoperating revenues		
	2.042	F0
Interest revenue	2,043	50
Loss before operating transfers	(54,399)	(53,516)
	•	<u> </u>
Transfers		
Transfers in	81,000	81,000
Net increase in net position	26,601	27,484
Net position, beginning of year	573,912	546,428
Net position, beginning or year	373,312	340,420
Net position, end of year	\$ 600,513	\$ 573,912

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

Year ended September 30,		2017		2016
Cash flows from operating activities				
Receipts	-	4,450,481	-	4,428,422
Payments to suppliers	(4	4,120,609)	(4	4,821,308)
Net cash used in operations		329,872		(392,886)
Cash flows from noncapital financing activities		04.000		04 000
Transfers from other funds		81,000		81,000
Cash flows from capital and related financing activities		-		-
Cash flows from investing activities				
Interest received		2,043		50
				(0.1.1.000)
Net (decrease) increase in cash and cash equivalents		412,915		(311,836)
Cash and cash equivalents, beginning of year		250,284		562,120
Cash and cash equivalents, end of year	\$	663,199	\$	250,284
Reconciliation of operating income to net cash provided				
by operating activities:				
Operating loss	\$	(56,442)	\$	(53,566)
Adjustments to reconcile net loss from				
operations to net cash from operating activities				
(Increase) decrease in accounts receivable		6,154		2,374
Increase in prepaid expenses		388,580		(387,755)
Decrease in due from other funds		-		40,000
Increase in accounts payable		(8,420)		6,081
Total adjustments		386,314		(339,300)
Net cash used in operations	\$	329,872	\$	(392,866)

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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,		2017		2016
Assets				
Cash and cash equivalents	\$	1,688,620	\$	2,007,728
Investments - other		3,021,179		2,003,824
Receivables (net of allowances for uncollectibles)				
Accounts		76,780		72,139
Due from other government		367,366		339,095
Prepaid expenses		2,111		23,816
Long-term loans receivable		516,843		819,440
Redevelopment properties		672,593		565,686
Total assets	\$	6,345,492	\$	5,831,728
		· ·		<u>, , , , , , , , , , , , , , , , , , , </u>
Liabilities				
Accounts payable	\$	63,389	\$	9,172
Accrued expenditures	•	11,264	•	14,907
Due to primary government		4,008		20,000
Total liabilities		78,661		44,079
Deferred inflows of resources				
Deferred inflows of resources - noncurrent receivables		398,887		313,024
Deferred inflows of resources - noncurrent receivables - TIRZ		436,416		506,416
TOTAL INFLOWS OF RESOURCES		835,303		819,440
Fund balance				
Nonspendable		2,111		23,816
Committed		2,000,000		2,000,000
Unassigned		3,429,417		2,944,393
Total fund balance		5,431,528		4,968,209
Total liabilities, deferred inflows				
of resources and fund balances	\$	6,345,492	\$	5,831,728

**City of Harlingen, Texas** 

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

#### Year ended September 30, 2017

rear ended September 30, 2017	HEDC Activities
Fund balances component unit	\$ 5,431,528
Amounts reported in the statement of activities are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. This is the amount of governmental assets \$40,886,524, net of accumulated	
depreciation totaling \$(6,543,240).	34,244,553
Other long term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.	819,441
Long term liabilities, including \$26,142 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.	(29,902,606)
Interest on long-term debt payable is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(518,599)
Net position of the component unit on the statement of net position	\$ 10,074,317

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

Year ended September 30,		2017		2016
Revenues				
Non property taxes	\$	4,516,849	\$	4,329,262
Intergovernmental	*	430,884	,	229,160
Miscellaneous and program revenues		561,035		716,330
Interest and investment income		23,317		6,816
Total revenues		5,532,085		5,281,568
Expenditures				
Current				
Community and economic development		1,895,668		1,197,619
Debt service				
Principal retirement		1,560,000		1,495,000
Interest and fiscal agent fees		1,719,345		1,776,029
Total expenditures		5,175,013		4,468,648
Other financing sources				
Sale of assets		106,247		1,892
Total other financing sources		106,247		1,892
Total other maneing sources		100,247		1,032
Net change in fund balance		463,319		814,812
Fund balance, beginning of year		4,968,209		4,153,397
	۴.		ċ	· · · · · · · · · · · · · · · · · · ·
Fund balance, end of year	\$	5,431,528	\$	4,968,209

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

#### Year ended September 30, 2017

	HEDC Activities
Net change in fund balances component unit fund	\$ 463,319
Amounts reported in the statement of activities are different because:	
Governmental funds report capital asset depreciation as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation expense for the current period totaled (\$1,955,267).	(1,955,267)
Repayment of bond and notes payable principal is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the	1,560,147
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 \$163,772is not recorded either. Also, any changes in compensated absences \$19,738 and amortization of discounts related to long-term debt totaling \$(23,753), are reported as an increase or decrease to expenses in the statement of activities but not in the governmental funds.	159,757
Change in net position of Harlingen Economic Development Corporation:	\$ 227,956

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

September 30,	;	2017		2016
Assets				
Cash and cash equivalents	\$ 5	,124,585	\$	5,332,536
Due from other government	•	122,455	•	113,032
Redevelopment properties		310,035		310,034
Total assets	\$ 5	,557,075	\$	5,755,602
Liabilities				
Accounts payable		19,593		50,550
Fund balance				
Unassigned	5	,537,482		5,705,052
Total liabilities and fund balance	\$ 5	,557,075	\$	5,755,602

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

Year ended September 30,	2017	2016
Revenues		
Non property taxes	\$ 1,480,262	\$ 1,418,728
Miscellaneous and program revenues	54,291	-
Interest and investment income	17,608	421
Total revenues	1,552,161	1,419,149
Expenditures Current Community and economic development	1,719,731	124,626
Net change in fund balance	(167,570)	1,294,523
Fund balance, beginning of year	5,705,052	4,410,529
Fund balance, end of year	\$ 5,537,482	\$ 5,705,052

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

September 30,	2017	2016
Assets		
Current assets		
Cash and cash equivalents	\$ 11,249,565	\$ 9,906,621
Investments - other	9,388,827	5,896,408
Receivables, net of allowances for uncollectibles	2,241,649	2,112,871
Interest receivable	39,239	3,737
Inventories	393,825	390,004
Prepaid expenses	14,459	108,157
Restricted assets		
Cash and cash equivalents	4,121,962	4,236,075
Investments	5,630,467	7,644,727
Total current assets	33,079,993	30,298,600
		_
Noncurrent Assets		
Capital assets		
Non-depreciable assets	9,842,012	17,317,500
Depreciable assets	174,932,212	164,064,416
Accumulated depreciation	(114,112,382)	(111,570,052)
Total capital assets, net	70,661,842	69,811,864
Total assets	103,741,835	100,110,464
Total assets	103,741,833	100,110,404
Deferred outflows of resources		
Deferred charge on refunding	269,324	337,810
Deferred resource outflows for pensions	1,543,195	1,988,470
	. ,	· · ·
Total deferred outflows of resources	1,812,519	2,326,280
Total assets and deferred	<b> </b>	A 100 100 T
outflows of resources	\$ 105,554,354	\$ 102,436,744

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

September 30,	2017			2016	
Liabilities					
Current liabilities					
Accounts payable	\$ 4	38,380	\$	502,574	
Due to primary government	1	11,801		143,059	
Other liabilities	3	44,959		543,517	
Payable from restricted assets:					
Accrued interest	3	22,180		334,305	
Customer deposits - current	3	00,000		267,813	
Compensated absences - current	5	72,000		1,484,834	
Revenue bonds - current	1,5	07,230		702,989	
Total current liabilities	3,5	96,550		3,979,091	
Noncurrent liabilities					
Revenue bonds payable, net	22,3	48,939		23,856,169	
Compensated absences	1	90,817		233,000	
Net other post employment benefit obligation	3,8	40,067		3,542,478	
Net pension obligation	3	23,981		193,753	
Payable fom restricted assets	2,1	07,602		1,885,000	
Total long-term debt	28,8	11,406		29,710,400	
Total liabilities	22.4	07.056		22 690 401	
Total liabilities	32,4	07,956		33,689,491	
Deferred inflows of resources					
Deferred inflows of resources for pensions		56,456		93,042	
Net position					
Net investment in capital assets	50,5	79,546		51,415,795	
Restricted:					
Debt service	1,3	62,301		1,341,546	
System expansion	6,8	23,103		1,107,204	
Unrestricted	14,3	24,992		14,789,666	
Total net position	73.0	89,942		68,654,211	
Total fiet position	73,0	JJ,J42		00,004,211	
Total liabilities, deferred inflows					
of resources and net position	\$ 105,5	54,354	\$	102,436,744	
- seement min mer herman.	+ -30/0	,	<u> </u>	,,	

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

Year ended September 30,	2017	2016
Operating revenues		
Charges for services		4
Current use charges	\$ 21,477,457	\$ 19,423,277
Operating expenses		
Personnel services	8,175,686	8,051,290
Contracted services	3,274,701	3,459,466
Supplies and maintenance	2,886,769	2,937,214
Other expenses	141,543	240,465
Depreciation	3,823,252	5,002,225
Total operating expenses	18,301,951	19,690,660
Operating loss	3,175,506	(267,383)
Non-operating revenues		
Impact fees	768,230	464,376
Investment earnings	206,280	117,496
Miscellaneous revenue	509,279	580,544
Total non-operating revenues	1,483,789	1,162,416
Non-operating expenses		
Interest and amortization expense	656,446	614,883
Net income (loss) before capital contributions	4,002,849	280,150
Net income (1033) before capital contributions	7,002,043	200,130
Capital contributions	432,882	219,410
Change in net position	4,435,731	499,560
Net position, beginning	68,654,211	68,154,651
Net position, end of year	\$ 73,089,942	\$ 68,654,211
rice position, end of year	Ç 73,009,942	7 00,034,211

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

Year ended September 30,		2017		2016
Cash flows from operating activities				
Receipts from customers - service revenue	\$	22,319,814	Ġ.	20,308,837
Payments to suppliers	Ą	(6,466,765)		(6,714,105)
Payments to employees		(7,281,538)		(7,365,573)
Net cash provided by operations		8,571,511		6,229,159
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets		(4,757,010)		(6,964,121)
Proceeds from impact fees		768,230		464,376
Principal paid on revenue bonds		(1,455,000)		(320,000)
Interest and fees paid on revenue bonds		(591,519)		(316,882)
Net cash provided by (used in) capital and related financing activities		(6,035,299)		(7,136,627)
Cash flows from investing activities				
Purchase of investments		(22,084,694)	(	23,578,927)
Maturity of investments		20,606,535		17,050,380
Investment earnings		170,778		114,524
Net cash provided by (used in) investing activities		(1,307,381)		(6,414,023)
Net (decrease) increase in cash and cash equivalents		1,228,831		(7,321,491)
Cash and cash equivalents, beginning of year		14,142,696		21,464,187
Cash and cash equivalents, end of year	\$	15,371,527	Ş	14,142,696
Reconciliation of operating income (loss) to net cash provided by operating activities:				
		2 175 506	۲.	(207,202)
Operating loss	\$	3,175,506	\$	(267,383)
Adjustments to reconcile operating loss to net cash provided				
by operating activities:		2 022 252		F 002 22F
Depreciation expense		3,823,252		5,002,225
Non-operating revenue		716,346		580,544
Increase in receivables		(128,778)		(94,232)
Decrease in grants receivable Increase in inventories		- (2 021)		119,238
		(3,821)		(32,774)
(Increase) decrease in prepaid expenses		93,698		(100,657)
(Increase) decrease in net pension asset Increase in pension related deferred outflows		- 44E 27E		1,953,444 (1,716,516)
Decrease in accounts payable		445,275 (64,194)		(104,947)
Decrease in due to primary government				(30,362)
		(31,258) (86,835)		76,800
Increase in compensated absences Increase in retiree health care plan liability		(13,700)		70,800
Increase in retiree health care plan hability		297,589		336,971
Increase in other habilities  Increase in net pension obligation				
Increase (decrease) in pension related deferred inflows		130,228 (36,586)		193,753 (37,516)
Increase (decrease) in pension related deferred limows  Increase in payable from restricted assets		(30,380) 254,789		280,010
Total adjustments		5,396,005		6,496,542
Net cash provided by operations	Ś	8,571,511	\$	6,229,159
The cash provided by operations	7	0,0,1,011	٧	3,223,133
Supplemental disclosures of noncash capital activities:				
Water lines, sewer mains and related infrastructure				
contributed to the Waterworks System by developers and builders	\$	432,882	\$	219,410

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

September 30,	2017	2016
		_
Assets		
Current assets		
Cash and cash equivalents	\$ <b>1,863,695</b>	\$ 1,716,150
Investments - other	497,167	750,425
Investments - fair value	249,964	499,718
Accounts receivable	456,090	445,454
Grant receivable	728,375	448,106
Prepaid expenses and deposits	107,105	234,046
Total current assets	2 002 206	4 002 800
Total cultent assets	3,902,396	4,093,899
Noncurrent assets		
Capital assets		
Land	5,164,481	5,011,081
Construction in progress	5,011,080	4,777,418
Buildings	38,609,717	38,566,743
Runways and taxiways	56,193,761	67,086,686
Land improvements	26,645,147	24,406,080
Furniture and fixtures	3,237,977	3,108,597
Machinery and equipment	18,670,708	20,551,611
Less accumulated depreciation	(88,182,052)	(99,716,422)
Net capital assets	65,350,819	63,791,794
Total noncurrent assets	65,350,819	63,791,794
Total assets	69,253,215	67,885,693
Deferred outflows of resources		
Deferrred outflows of resources from pensions	322,375	420,842
Total assets and deferred outflows of resources	\$ 69,575,590	\$ 68,306,535

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

September 30,	2017	2016
Liabilities		
Current liabilities		
Accounts payable	\$ 1,117,366	\$ 686,342
Accrued expenses	84,311	77,589
Current portion of unearned revenue	341,002	276,091
Current portion of compensated absences	25,000	25,000
Total current liabilities	1,567,679	1,065,022
Long-term liabilities, net of current maturities		
Unearned revenue	1,109,376	1,277,127
Compensated absences	267,155	253,548
Net pension liability	357,195	344,251
Net other post employment benefit obligation	247,040	233,764
Total long-term liabilities	1,980,766	2,108,690
		, ,
Total liabilities	3,548,445	3,173,712
Deferred inflows of resources		
Deferred inflows of resources from pensions	6,538	13,408
Net position		
Net investment in capital assets	64,029,943	62,282,576
Unrestricted	1,990,664	2,836,839
Official	1,990,004	2,830,833
Total net position	66,020,607	65,119,415
Total liabilities, deferred inflaus		
Total liabilities, deferred inflows	¢ 60 E7E E00	¢ 60 206 E25
of resources and net position	\$ 69,575,590	\$ 68,306,535

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

Year ended September 30,	2017	2016
Operating revenues	\$ 6,205,638	\$ 6,021,600
Operating expenses		
Personnel	3,211,904	3,204,093
Contracted services	1,629,543	1,683,013
Materials and supplies	430,132	413,984
Other expenses	641,222	581,030
Total operating expenses before depreciation expense	5,912,801	5,882,120
Operating income before depreciation expense	292,837	139,480
Depreciation expense	5,527,324	5,254,295
Operating loss	(5,234,487)	(5,114,815)
Nonoperating revenues		
Investment income	22,375	12,851
Gain on sale of asset	3,760	118,723
Total nonoperating revenues	26,135	131,574
Total Honoperating revenues		131,37
Net loss before capital contributions	(5,208,352)	(4,983,241)
Capital contributions		
Passenger facility charges, including interest	1,032,501	1,008,078
Federal and local grants	5,077,043	3,383,624
Total capital contributions	6,109,544	4,391,702
Change in net position	901,192	(591,539)
Net position, beginning of year	65,119,415	65,710,954
Net position, end of year	\$ 66,020,607	\$ 65,119,415

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

Year ended September 30		2017		2016
Net cash from operating activities				
Operating cash receipts from customers	Ś	5,811,893	Ś	5,471,268
Cash payments to suppliers for goods and services		2,129,656)		(2,586,958)
Cash payments to employees for services		3,087,034)		(3,119,485)
- sacripary manual comprehensive controls	<u> </u>	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		(0,==0,100)
Net cash (used in) provided by operating activities		595,203		(235,175)
Net cash flows from (to) capital and related financing activities				
Capital contributions - Federal Aviation Administration		5,077,043		3,383,624
Fixed assets additions and construction		7,086,349)		(4,971,265)
Proceeds from sale of assets		3,760		240,621
Passenger facility charges, including interest		1,032,501		1,008,078
Net cash used in capital and related financing activities		(973,045)		(338,942)
Nich and flows from the Viscontine and the				
Net cash flows from (to) investing activities				(740,000)
Purchase of investments		-		(748,000)
Maturities of investments		500,000		-
Interest received from investments		25,387		9,586
Net cash (used in)provided by investing activities		525,387		(738,414)
Net decrease in cash and cash equivalents		147,545		(1,312,531)
Cash and cash equivalents, beginning of year		1,716,150		3,028,681
Cash and cash equivalents, end of year	\$	1,863,695	\$	1,716,150
Reconciliation of operating income to net cash				
provided by operating activities:				
Operating income (loss)	\$ (	5,234,487)	\$	(5,114,815)
Adjustments to reconcile operating income				
to net cash from operating activities				
Depreciation and amortization		5,527,324		5,254,295
(Increase) decrease in accounts receivable		(290,905)		(249,460)
(Increase) decrease in prepaid expenses		126,941		(12,913)
(Increase) decrease in net pension asset		(331,307)		75,233
(Increase) decrease in deferred outflows of resources		98,467		(327,058)
Increase (decrease) in accounts payable		431,024		69,852
Increase (decrease) in accrued expenses		6,722		-
Increase (decrease) in compensated absences		13,607		(774)
Increase (decrease) in net pension obligation		357,527		378,381
Increase (decrease) in unearned revenue		(102,840)		(300,872)
Increase (decrease) in deferred inflows of resources		(6,870)		(7,044)
Net cash provided by operating activities	\$	595,203	\$	(235,175)
Supplemental disclosures of noncash activities:	· · · · · · · · · · · · · · · · · · ·		-	
Revenue recognized in connection with long-term lease	\$	216,469	\$	231,724

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### City of Harlingen, Texas Statistical Section

This part of the City of Harlingen's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

#### **CONTENTS**

Financial Trends Tables 1-7

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

Revenue Capacity Tables 8-14

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

Debt Capacity Tables 15-17

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

#### **Demographic and Economic Information**

**Tables 18-19** 

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

#### **Operating Information**

**Tables 20-22** 

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

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

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

Ficcal	l Year Ended Septemb	or 20
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Fiscal Year Ended September 30,					
Source	2008	2009	2010	2011	2012
Expenses:					
General Government	\$ 5,430,037	\$ 5,242,076	\$ 5,875,978	\$ 8,256,220	\$ 8,103,868
Public Safety	16,552,488	3 3,242,076	3 3,873,978 20,713,031	21,428,593	24,787,803
Highways and Streets Health and Welfare	10,740,466	10,662,581	9,329,701	8,501,626	5,162,540
	2,936,977	3,238,825	3,781,447	3,036,615	4,134,007
Community and Economic Development	-	-	-	7.524.244	-
Culture and Recreation	5,096,487	5,530,536	5,266,289	7,534,244	5,314,043
Interest on Long Term Debt	2,313,417	2,003,317	1,893,780	1,931,829	2,097,551
Total Expenses	43,069,872	44,784,367	46,860,226	50,689,127	49,599,812
Program Revenues:					
Charges for Services:					
General Government	936,518	907,528	720,770	1,261,398	2,144,379
Public Safety	2,150,330	2,203,198	2,268,854	1,942,282	3,160,986
Highways and Streets	417,265	190,463	138,435	-	166,434
Community and economic development	-	-	-	-	-
Health and Welfare	86,161	83,850	84,594	12,667	68,944
Culture and Recreation	363,159	395,513	399,721	398,253	605,813
Operating Grants and Contributions	4,657,404	5,420,766	3,507,285	2,955,031	2,699,930
Capital Grants and Contributions	3,787,945	584,495	75,834	3,185,634	2,128,092
	, ,	,	,	, ,	, ,
Total Program Revenues	12,398,782	9,785,813	7,195,493	9,755,265	10,974,578
Net (Expense) Revenue	(30,671,090)	(34,998,554)	(39,664,733)	(40,933,862)	(38,625,234)
General Revenues and Transfers:					
Taxes:					
Property taxes, levied for general purposes	11,534,234	11,409,148	12,139,878	12,207,003	12,647,309
Property taxes, levied for debt service	3,752,784	3,921,427	4,101,577	4,019,848	3,712,694
Sales taxes	14,493,898	14,671,251	13,672,390	14,057,245	15,275,928
Franchise taxes	3,893,300	3,918,765	3,859,837	3,511,085	3,165,863
Hotel/Motel taxes	977,318	898,129	841,758	819,595	882,322
Mixed beverage taxes	-	-	-	-	-
Assessments	_	_	_	_	_
Unrestricted investment earnings	1,926,439	654,780	183,573	88,401	79,294
Miscellaneous	1,082,427	893,025	1,303,388	344,773	396,610
Interest on notes receivable		-	-,505,500	3- <del>1-1</del> ,773 -	-
Gain (Loss) on sale of assets	_	_	_	_	_
Utility Company Settlement	_	-	_	148,587	109,099
Transfers	175,741	(185,583)	100,572	607,200	473,571
Total General Revenues and Transfers	37,836,141	36,180,942	36,202,973	35,803,737	36,742,690
Change in Net Position	\$7,165,051	\$1,182,388	(\$3,461,760)	(\$5,130,125)	(\$1,882,544)
Change in Net i Osition	77,100,001	71,102,300	(73,701,700)	(73,130,123)	(71,002,044)

2013	2014	2015	2016	2017
¢ 0.045.240	ć 7.CFO 200	¢ 7.052.402	¢ 0.031.014	¢ 7 220 005
\$ 8,045,249	\$ 7,659,290	\$ 7,653,403	\$ 8,621,014	\$ 7,238,065
25,738,359	25,508,640	27,708,973	29,692,941	34,594,729
4,778,770	5,381,855	5,403,082	5,134,045	8,676,859
4,344,593	4,237,513	3,964,719	5,147,258	3,245,464
-	-	-	-	3,079,700
5,043,397	4,822,263	4,541,383	5,529,616	2,033,635
1,456,615	2,443,285	1,996,255	1,219,992	1,713,057
49,406,983	50,052,846	51,267,815	55,344,866	60,581,509
1,663,584	3,065,996	3,124,245	2,690,463	1,986,867
3,053,460	1,944,279	2,169,309	2,023,579	2,455,774
79,736	-	-	-	400,460
-	-	-	_	-
68,990	841	11,155	12,190	11,472
567,548	417,535	442,838	480,345	626,250
2,490,080	2,563,133	2,106,140	3,617,370	3,395,347
1,536,151	1,781,492	1,258,973	435,218	1,202,490
1,550,151	1,701,432	1,230,373	433,210	1,202,430
9,459,549	9,773,276	9,112,660	9,259,165	10,078,660
3, 133,3 13	3,7.7.3,2.7.3	3,112,000	3,233,133	10,070,000
(39,947,434)	(40,279,570)	(42,155,155)	(46,085,701)	(50,502,849)
			, , ,	
13,671,706	13,370,041	13,527,759	14,238,438	14,382,440
3,993,754	3,964,082	3,944,336	3,886,765	3,929,046
15,873,690	16,113,160	16,522,227	16,878,582	17,611,023
3,072,593	3,137,857	3,143,126	3,077,871	3,268,621
907,944	944,692	1,024,253	997,629	954,465
-	-	-,02 .,233	-	184,095
_	_	310,712	321,220	230,704
57,125	36,194	24,939	48,058	221,539
464,081	694,737	555,397	151,486	1,188,735
404,001	054,737	333,337	131,400	
-	-	-	-	6,425 263 501
050 000	- (12 121)	(22.006)	- 60 0E1	263,501
950,909	(12,121)	(33,986)	68,951	1 007 044
720,400	794,400	2,377,945	1,203,909	1,097,044
39,712,202	39,043,042	41,396,708	40,872,909	43,337,638
(\$235,232)	(\$1,236,528)	(\$758,447)	(\$5,212,792)	(\$7,165,211)
(7233,232)	(71,230,320)	(7,30,447)	(73,212,132)	(77,103,211)

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

Fiscal Year Ended Septe	ember 30.
-------------------------	-----------

Source	2008	2009	2010	2011
Expenses:				
Expenses.				
Sanitation Services	\$ 6,458,458	\$ 7,105,732	\$ 6,796,273	\$ 6,377,740
Golf Course Services	1,060,084	1,102,944	1,218,837	1,200,582
Museum Services	106,810	110,291	114,224	131,671
Auditorium Services	738,798	438,688	433,469	683,557
Total Expenses	8,364,150	8,757,655	8,562,803	8,393,550
Program Revenues:				
Charges for Services:				
Sanitation Services	6,998,254	8,402,003	8,394,204	8,415,042
Golf Course Services	1,169,350	1,245,752	1,164,750	1,216,805
Museum Services	5,323	5,210	3,818	4,010
Auditorium Services	227,409	66,560	108,292	258,815
Total Program Revenues	8,400,336	9,719,525	9,671,064	9,894,672
Net (Expense) Revenue	36,186	961,870	1,108,261	1,501,122
Capital Contributions	_	134,570	120,000	1,551,967
General Revenues and Transfers:		ŕ	•	
Unrestricted investment earnings	84,999	23,579	5,129	4,554
Miscellaneous	37,676	16,919	66,046	73,963
Gain on sale of assets	-	(33,806)	19,475	6,082
Insurance Recovery	-	53,346	-	-
Transfers	(175,741)	185,583	(100,572)	(607,200)
Total General Revenues and Transfers	(53,066)	245,621	(9,922)	(522,601)
Change in Net Position	(16,880)	\$1,207,491	\$1,098,339	\$978,521

Table 2

2012	2013	2014	2015	2016	2017
\$ 6,958,567	\$ 6,939,912	\$ 7,802,743	\$ 7,347,322	\$ 7,128,323	\$ 7,391,547
1,236,695	1,306,088	1,220,275	1,299,168	1,280,136	1,273,887
136,315	115,221	111,320	132,927	141,234	630,272
 648,809	694,222	678,938	615,792	642,887	127,988
8,980,386	9,055,443	9,813,276	9,395,209	9,192,580	9,423,694
 0,900,300	9,055,445	9,613,270	9,393,209	9,192,360	9,423,094
8,495,419	8,532,359	8,841,070	8,878,911	9,181,830	9,228,585
1,179,528	1,130,416	982,509	954,741	919,727	965,623
3,585	2,916	3,181	4,607	3,694	177,893
143,885	147,307	150,290	236,971	234,792	8,150
 9,822,417	9,812,998	9,977,050	10,075,230	10,340,043	10,380,251
0.42.024	757 555	462.774	600.024	4 4 4 7 4 6 2	056 557
 842,031	757,555	163,774	680,021	1,147,463	956,557
103,517	24,794	50,214	49,486	_	_
103,317	24,734	30,214	43,480	_	_
7,259	6,251	5,269	2,759	10,521	47,492
18,915	1,940	14,098	11,504	6,880	1,057,029
130	770	778,731	490,489	1,165	4,612
-	-	-	-	-	-
(473,571)	(720,400)	(794,400)	(2,377,945)	(1,203,909)	(1,097,044)
(447,267)	(711,439)	3,698	(1,873,193)	(1,185,343)	12,089
¢204.764	646446	6467.470	(64 402 472)	(627.000)	¢0.50.545
 \$394,764	\$46,116	\$167,472	(\$1,193,172)	(\$37,880)	\$968,646

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

Fiscal Year Ended September 30.

Fiscal Year Ended September 30,				
Source	2008	2009	2010	2011
Expenses:				
Governmental Activities *	\$43,069,872	\$44,784,370	\$46,860,226	\$50,689,127
Business-type Activities **	8,364,150	8,757,655	8,562,803	8,393,550
Total Expenses	51,434,022	53,542,025	55,423,029	59,082,677
Program Revenues:				
Governmental Activities *	12,398,782	9,785,813	7,195,493	9,755,265
Business-type Activities **	8,400,336	9,719,525	9,791,064	9,894,672
Total Program Revenues	20,799,118	19,505,338	16,986,557	19,649,937
Net (Expense) Revenue	(30,634,904)	(34,036,687)	(38,436,472)	(39,432,740)
Governmental Activities * Business-type Activities **	37,836,141 (53,066)	36,180,942 380,191	36,202,973 (9,922)	35,803,737 1,029,366
Total General Revenues and Transfers	37,783,075	36,561,133	36,193,051	36,833,103
Change in Net Position	\$7,148,171	\$2,524,446	(\$2,243,421)	(\$2,599,637)

<sup>\*</sup> See Table Changes in Net Position-Governmental Activities

<sup>\*\*</sup> See Table Changes in Net Position-Business Type Activities

Table 3

2012	2013	2014	2015	2016	2017
<b>#40 500 040</b>	<b>\$40,400,000</b>	ΦΕΟ ΟΕΟ 04C	ФЕ4 007 04E	ФББ 0.4.4.000	<b>\$60.504.500</b>
\$49,599,812	\$49,406,983	\$50,052,846	\$51,267,815	\$55,344,866	\$60,581,509
8,980,386	9,055,443	9,813,276	9,395,209	9,192,580	9,423,694
E0 E00 100	E9 460 406	EO 966 122	60 663 034	64 527 446	70 005 202
58,580,198	58,462,426	59,866,122	60,663,024	64,537,446	70,005,203
10,974,578	9,459,539	9,773,276	9,112,660	9,259,165	10,078,660
9,925,934	9,837,792	10,027,264	10,075,230	10,340,043	10,380,251
0,020,001	0,001,102	10,021,201	10,010,200	10,010,010	10,000,201
20,900,512	19,297,331	19,800,540	19,187,890	19,599,208	20,458,911
(37,679,686)	(39,165,095)	(40,065,582)	(41,475,134)	(44,938,238)	(49,546,292)
36,742,688	39,712,202	39,043,042	41,396,708	40,872,909	43,337,638
(447,267)	(711,439)	217,686	(1,823,707)	(1,185,343)	12,089
36,295,421	39,000,763	39,260,728	39,573,001	39,687,566	43,349,727
( <b>*</b>	( <b>*</b> . <b></b>	/ <b>*</b>	/ <b>*</b>	(*)	(* )
(\$1,384,265)	(\$164,332)	(\$804,854)	(\$1,902,133)	(\$5,250,672)	(\$6,196,565)

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

Fiscal Year Ended September 30,

riscar rear Enaca September 50,				
	2008	2009	2010	2011
Governmental Activities				
Net Investment in Capital Assets	\$109,813,052	\$110,046,291	\$108,894,810	\$102,913,131
Restricted	- -	-	-	4,388,441
Unrestricted	22,937,797	23,886,943	21,576,664	17,038,038
Sutbtotal Governmental Activities Net Position	132,750,849	133,933,234	130,471,474	124,339,610
Business-type Activities				
Net Investment in Capital Assets	3,945,166	4,709,696	5,662,148	6,881,339
Restricted	30,500	30,500	-	-
Unrestricted	1,876,279	2,453,810	2,306,845	3,641,900
Subtotal Business-type Activities Net Position	5,851,945	7,194,006	7,968,993	10,523,239
Primary Government				
Net Investment in Capital Assets	113,758,218	114,755,987	114,556,958	109,794,470
Restricted	30,500	30,500	-	4,388,441
Unrestricted	24,814,076	26,340,753	23,883,509	20,679,938
Total Primary Governement Net Position	\$138,602,794	\$141,127,240	\$138,440,467	\$134,862,849

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

2012	2013	2014	2015	2016	2017
\$103,040,149	\$98,058,748	\$97,835,629	\$94,988,699	\$90,814,756	\$96,279,558
4,155,500	4,531,503	9,874,343	9,982,445	8,077,571	5,361,574
15,261,415	18,598,426	12,242,177	1,621,057	2,487,082	(7,426,934)
122,457,064	121,188,677	119,952,149	106,592,201	101,379,409	94,214,198
6,648,413	6,361,950	5,316,890	6,229,922	5,797,785	5,769,141
-	-	-	-	-	-
4,373,107	4,730,480	5,993,226	4,126,503	4,520,760	5,518,050
11,021,520	11,092,430	11,310,116	10,356,425	10,318,545	11,287,191
109,688,562	104,420,698	103,152,519	101,218,621	96,612,541	102,048,699
4,155,500	4,531,503	9,874,343	9,982,445	8,077,571	5,361,574
19,634,522	23,328,906	18,235,403	5,747,560	7,007,842	(1,908,884)
-	· · · · · ·	· · · · · ·			
\$133,478,584	\$132,281,107	\$131,262,265	\$116,948,626	\$111,697,954	\$105,501,389

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

Fiscal Year Ended September 30,				
Source	2008	2009	2010	2011
Revenues:				
Taxes	\$34,294,776	\$35,300,239	\$34,702,472	\$34,840,257
Fines & Forfeitures	1,771,756	1,695,162	1,652,900	1,550,411
Licenses & Permits	598,789	603,626	500,265	505,837
Improvements and assessments	- -	-	- -	-
Charges for Services	1,582,889	1,481,764	1,459,209	1,558,349
Intergovernmental	4,657,403	5,420,765	3,437,285	5,693,984
Miscellaneous	1,052,746	882,423	1,184,703	939,262
Interest and Investment Income	1,926,439	654,780	183,573	88,401
Total Revenues	\$45,884,798	\$46,038,759	\$43,120,407	\$45,176,501
Expenditures:				
General Government	\$5,483,029	\$5,591,046	\$5,860,669	\$7,725,493
Public Safety	17,092,165	18,626,584	19,881,709	20,274,158
Highways & Streets	6,296,643	6,045,067	5,032,835	4,113,096
Health & Welfare	2,919,664	3,220,659	3,761,018	2,988,993
Community and economic development	-	-	-	-
Culture & Recreation	4,356,273	4,744,840	4,061,901	4,404,463
Capital Outlay	17,470,509	12,462,579	3,780,688	8,485,704
Debt Service				
Principal Retirement	1,349,571	1,960,000	2,150,000	2,298,136
Interest	2,372,439	1,947,569	1,993,090	1,852,835
Administrative charges	2,000	2,000	12,635	7,740
Total Expenditures	\$57,342,293	\$54,600,344	\$46,534,545	\$52,150,618
Excess (Deficiency) of Revenues				
Over/(Under) Expenditures	(11,457,495)	(8,561,585)	(3,414,138)	(6,974,117)
Other Financing Sources (Uses)				
Transfers In	1,858,564	1,039,866	1,330,694	3,209,870
Transfers Out	(1,682,823)	(1,225,449)	(1,230,122)	(2,674,670)
Insurance Recovery	-	-	45,206	-
Issuance of Debt	<del>-</del>	-	3,090,000	-
Bond &/or Certificate of Obligation Proceeds	-	-	2,540,000	-
Refunding Bond Proceeds	<del>-</del>	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	(2,514,823)	-
Premium on Debt Issuance	-	-	-	-
Capital Lease Proceeds	-	-	-	-
Proceeds from Sale of Capital Assets	29,681	10,602	143,479	148,587
Total Other Financing Sources (Uses)	205,422	(174,981)	3,404,434	683,787
Net Change in Fund Balances	(11,252,073)	(8,736,566)	(9,704)	(6,290,330)
Debt Service as a % of Non-Capital				
Expenditures	9.3%	9.3%	9.7%	9.5%

	2012	2013	2014	2015	2016	2017
	\$36,681,332	\$37,899,107	\$38,011,335	\$38,995,436	\$39,720,246	\$41,092,944
	1,808,440	1,780,275	1,681,265	1,780,419	1,657,510	1,372,991
	552,753	614,735	564,486	502,973	549,401	650,476
	-	-	-	117,564	215,833	15
	2,872,412	2,593,675	2,776,305	3,244,383	2,761,319	3,246,568
	3,936,245	2,957,872	2,674,160	1,979,491	3,441,491	3,439,937
	1,386,264	1,418,098	1,590,030	2,849,521	1,324,887	1,425,744
_	79,294	57,126	36,271	24,941	48,055	227,927
	\$47,316,740	\$47,320,888	\$47,333,852	\$49,494,728	\$49,718,742	\$51,456,602
-	Ş <del>+</del> 7,310,7 <del>+</del> 0	747,320,000	Ş <del>+</del> 7,555,652	Ş <del>+3,+3+,</del> 720	Ş <del>+</del> 3,710,7+2	731,430,002
	\$5,765,003	\$6,052,084	\$6,552,556	\$6,659,647	\$6,600,141	\$5,705,734
	20,495,448	21,286,630	21,804,128	22,951,582	22,992,979	23,637,298
	4,257,383	3,953,133	4,602,102	4,708,242	3,901,541	5,113,681
	3,391,215	3,594,105	3,621,978	3,455,335	3,911,837	2,971,441
	-	-	-	-	-	1,977,463
	4,244,459	4,170,128	4,064,968	3,959,009	4,198,871	4,704,245
	6,358,369	5,982,406	5,683,692	4,881,877	2,676,339	5,432,339
	1 040 000	1 070 000	2 202 112	2 507 900	2 900 956	2 222 071
	1,940,000 1,752,898	1,970,000 1,714,452	2,302,113 1,872,583	2,507,800 1,624,757	2,899,856 1,202,344	3,232,871 1,573,513
	-	204,875	-	196,767	308,236	210,281
-		201,073		130,707	300,230	210,201
_	\$48,204,775	\$48,927,813	\$50,504,120	\$50,945,016	\$48,692,144	\$54,558,866
	(000 025)	(4.505.035)	(2.470.260)	(4, 450, 200)	4.026.500	(2.402.264)
-	(888,035)	(1,606,925)	(3,170,268)	(1,450,288)	1,026,598	(3,102,264)
	2 205 645	2 225 142	2 050 700	2 702 245	1 666 721	2 051 550
	2,205,645 (1,879,074)	3,225,142 (2,578,244)	3,050,709 (2,337,309)	3,782,345 (3,286,582)	4,666,734 (4,299,078)	2,851,558 (1,971,442)
	(1,079,074)	(2,376,244)	(2,337,303)	(3,200,302)	(4,233,076)	
	_		3,273,794	_	_	4,794
	3,315,000	5,350,000	(3,185,722)	3,282	23,915,000	12,885,000
	3,313,000	3,330,000	(3,103,722)	3,202	2,595,060	12,003,000
	(3,263,508)	_	_	8,924	(26,687,399)	_
	(3,203,300)	166,091	_	-	(20,007,333)	_
	_	-	1,483,892	47,250	_	263,501
	109,099	950,139	-	-	-	-
-	,	,				
_	487,162	7,113,128	2,285,364	555,219	190,317	14,033,411
	(400,873)	5,506,203	(884,904)	(895,069)	1,216,915	10,931,147
-	(100,070)	2,220,203	(55 1,55 1)	(555,555)	-,0,010	20,002,217
	8.8%	8.6%	9.3%	9.0%	8.9%	9.8%

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

Fiscal Year Ended September 30,

	2008	2009	2010	2011
Revenues:				
Property Taxes - including P & I	\$ 10,004,029	\$ 10,618,089	\$ 10,879,410	\$ 12,291,052
Non-property Taxes	18,067,506	18,248,116	17,253,772	17,272,816
Fines & Forfeitures	1,445,669	1,419,706	1,464,075	1,550,411
Licenses & Permits	598,789	584,810	500,265	505,837
Charges for Services	1,092,497	1,234,933	1,254,346	1,163,357
Intergovernmental	254,576	207,142	1,153,048	1,062,729
Contributions and Donations	-	-	-	-
Miscellaneous	240,330	187,902	99,178	620,067
Interest and Investment Income	557,126	218,109	98,128	40,517
Total Revenues	\$ 32,260,522	\$ 32,718,807	\$ 32,702,222	\$ 34,506,786
Expenditures:				
General Government	\$ 4,821,452	\$ 4,982,646	\$ 4,920,415	\$ 4,875,218
Public Safety	16,456,701	17,509,144	18,391,341	19,076,007
Highways & Streets	3,023,051	3,405,349	3,214,484	2,917,958
Health & Welfare	2,337,252	2,651,249	2,630,880	2,458,796
Community and economic development	-	-	-	-
Culture & Recreation	3,581,504	3,796,189	3,777,564	4,168,534
Capital Outlay	1,411,576	525,728	398,916	1,879,673
Debt Payments	79,296	-	-	13,136
Total Expenditures	\$ 31,710,832	\$ 32,870,305	\$ 33,333,600	\$ 35,389,322
Excess (Deficiency) of Revenues				
Over/(Under) Expenditures	549,690	(151,498)	(631,378)	(882,536)
Budgeted Transfers and	349,090	(131,430)	(031,376)	(882,330)
Other Financing Sources (Uses)	(816,281)	19,977	232,563	1,214,559
-	, , ,	,	•	• • •
Excess of Revenues				
Other Financing Sources (Uses)				
Over (Under) Expenditures & Others	(266,591)	(131,521)	(398,815)	332,023
Beginning Fund Balance	11,324,558	11,057,967	10,926,446	10,527,631
Ending Fund Balance	\$ 11,057,967	\$ 10,926,446	\$ 10,527,631	\$ 10,859,654

2012	2013	2002	2015	2016	2017
\$ 12,690,327	\$ 13,624,303	\$ 6,531,894	\$ 13,682,198	\$ 14,202,827	\$ 14,365,607
19,063,014	19,091,811	13,989,759	19,897,893	20,221,652	21,134,041
1,807,782	1,780,146	768,980	1,672,287	1,442,634	1,113,512
552,753	614,735	471,605	502,973	549,401	650,476
1,037,873	2,391,671	419,943	3,034,139	2,459,509	2,840,253
254,552	296,070	565,972	689,624	58,815	59,730
-	827,353		2,503,630	696,413	628,274
946,188	173,637	358,330	155,673	131,008	604,711
39,415	31,265	272,444	14,062	32,006	115,237
\$ 36,391,904	\$ 38,830,991	\$ 23,378,927	\$ 42,152,479	\$ 39,794,265	\$ 41,511,841
\$ 4,867,732	\$ 5,237,122	\$ 2,397,250	\$ 5,748,778	\$ 5,536,663	\$ 5,519,977
18,351,930	20,580,493	14,240,526	22,621,457	22,055,008	22,905,249
2,977,519	3,100,048	2,084,228	3,258,044	3,037,712	3,192,920
2,554,289	2,785,007	1,908,671	2,972,646	2,895,711	2,893,736
-	-	-	-	-	597,316
3,853,625	4,024,108	3,046,544	3,759,030	3,928,243	4,116,239
1,210,517	1,197,032	99,511	3,933,263	952,217	1,537,157
	<u>-</u>	57,007	339,567	540,738	168,672
\$ 33,815,612	\$ 36,923,810	\$ 23,833,737	\$ 42,632,785	\$ 38,946,292	\$ 40,931,266
2,576,292	1,907,181	(454,810)	(480,306)	847,973	580,575
(39,150)	480,194	420,832	(759,632)	(76,639)	1,216,746
	·	·		, , ,	
2,537,142	2,387,375	(33,978)	(1,239,938)	771,334	1,797,321
10,859,654	13,396,796	5,378,407	17,183,636	15,943,698	16,715,032
\$ 13,396,796	\$ 15,784,171	\$ 5,344,429	\$ 15,943,698	\$ 16,715,032	\$ 18,512,353

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

Fiscal Year Ended September 30,

riscui veur Enaea September 30,				
	2008	2009	2010	2011
General Fund				
Nonspendable	\$19,865	\$9,148	\$4,887	\$8,080
Unassigned	11,038,102	10,917,298	10,522,744	10,851,574
Onassigned	11,030,102	10,317,238	10,322,744	10,031,374
Subtotal General Fund	11,057,967	10,926,446	10,527,631	10,859,654
General Fund % Change	8.9%	-1.2%	-3.6%	3.2%
All Other Governmental Funds				
Nonspendable	611,276	876,583	6,789	798
Committed	6,700,109	5,965,927	6,654,199	1,606,602
Restricted	20,841,711	12,481,310	13,051,939	11,534,935
Unassigned	· · ·	-	-	(51,761)
Subtotal All Other				
Governmental Funds	28,153,096	19,323,820	19,712,927	13,090,574
Total Governmental Funds				
Nonspendable	631,141	885,731	11,676	8,878
Committed	6,700,109	5,965,927	6,654,199	1,606,602
Restricted	20,841,711	12,481,310	13,051,939	11,534,935
Unassigned	11,038,102	10,917,298	10,522,744	10,799,813
Total Governmental Funds	\$39,211,063	\$30,250,266	\$30,240,558	\$23,950,228
All Governmental Funds			0.05-1	
Percentage Change	60.06%	-22.85%	-0.03%	-20.80%

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

Table 7

2012	2013	2014	2015	2016	2017
\$15,636	\$14,336	\$19,599	\$5,238	\$41,628	\$35,008
13,381,160	15,769,835	17,164,037	15,938,460	16,673,404	18,477,345
10 006 706	45 704 474	17 100 606	45.040.600	46 745 000	10 510 050
13,396,796	15,784,171	17,183,636	15,943,698	16,715,032	18,512,353
23.4%	17.8%	8.9%	-7.2%	4.8%	10.00/
23.4%	17.8%	8.9%	-7.270	4.8%	10.8%
1,104	1,465	0	624	3,466	1,847
9,509,122	1,567,142	1,331,570	1,419,799	3,902,757	3,123,619
1,480,266	11,898,209	9,874,343	10,048,679	8,083,611	17,786,138
(837,933)	(195,429)	(218,895)	(137,216)	(212,367)	(355)
10,152,559	13,271,387	10,987,018	11,331,886	11,777,467	20,911,249
46740	45.004	40.500	F 063	45.004	26.055
16,740	15,801	19,599	5,862	45,094	36,855
9,509,122	1,567,142	1,331,570	1,419,799	3,902,757	3,123,619
1,480,266	11,898,209	9,874,343	10,048,679	8,083,611	17,786,138
12,543,227	15,574,406	16,945,142	15,801,244	16,461,037	18,476,990
\$23,549,355	\$29,055,558	\$28,170,654	\$27,275,584	\$28,492,499	\$39,423,602
<del>+//</del>	Ţ==,==,===	,, -, 0,00 1	T = - 7 = - 0,000 1	; ==, ·3=, ·33	,
-1.67%	23.38%	-3.05%	-3.18%	4.46%	38.36%

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City of Harlingen, Texas
Tax Revenues by Source - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal	Fiscal Property Year Taxes		Franchise Taxes	Hotel/Motel Taxes	Grand Total	
- I Cai	Taxes	Taxes	Takes	Taxes	Total	
2008	14,930,260	14,493,898	3,893,300	977,318	34,294,776	
2009	15,330,575	14,671,251	3,918,765	898,129	34,818,720	
2010	16,328,487	13,672,390	3,859,837	841,758	34,702,472	
2011	16,452,332	14,057,245	3,511,085	819,595	34,840,257	
2012	16,444,289	15,275,928	4,078,793	882,322	36,681,332	
2013	17,600,278	15,873,690	4,002,690	907,944	38,384,602	
2014	17,330,313	16,113,160	3,137,857	944,692	37,526,022	
2015	17,472,095	16,522,227	3,143,126	1,024,253	38,161,701	
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	
Percentage Change In Dollars Over 10						
Years	22.13%	21.51%	-16.04%	-2.34%	16.83%	

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

Fiscal Year Ending September 30	Real Residential Single Family	Real Residential Multi-Family	Real Vacant Lots/ Tracts	Real Acreage (Land Only)	Real Farm & Ranch Improve- ments	Real Commercial & Industrial	Real and Tangible Personal Utilities	Tangible Personal, Commercial & Industrial
2008	1,203,276,059	87,364,093	77,954,373	106,785,310	11,696,515	647,695,888	68,524,040	361,951,074
2009	1,244,751,258	107,342,483	76,079,534	100,118,412	11,498,793	655,078,159	78,043,858	364,266,408
2010	1,308,281,506	114,665,293	86,030,347	98,101,068	11,871,389	667,709,872	75,445,515	377,239,082
2011	1,318,224,240	116,950,700	85,528,469	96,496,499	11,841,531	672,640,392	70,089,816	368,545,689
2012	1,344,724,352	125,142,938	80,612,755	101,376,116	12,037,445	684,313,854	64,184,140	369,969,623
2013	1,356,985,849	131,572,346	79,490,812	105,421,460	12,839,492	811,900,683	63,263,718	363,204,883
2014	1,368,138,082	137,135,722	77,780,405	104,026,465	12,967,265	817,744,628	64,460,988	392,710,604
2015	1,391,784,107	145,711,895	79,131,228	102,098,139	16,103,270	853,524,500	71,433,158	349,774,616
2016	1,422,719,443	152,731,731	99,616,746	77,483,543	22,543,512	869,779,194	87,635,345	408,136,305
2017	1,505,382,496	156,626,985	95,179,814	78,901,837	20,715,678	913,777,649	92,638,719	411,114,410

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

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

-				Percentages					
2008	43.47%	3.16%	2.82%	3.86%	0.42%	23.40%	2.48%	13.08%	
2009	43.52%	3.75%	2.66%	3.50%	0.40%	22.90%	2.73%	12.73%	
2010	44.07%	3.86%	2.90%	3.30%	0.40%	22.49%	2.54%	12.71%	
2011	44.31%	3.93%	2.88%	3.24%	0.40%	22.61%	2.36%	12.39%	
2012	44.28%	4.12%	2.65%	3.34%	0.40%	22.53%	2.11%	12.18%	
2013	43.30%	4.20%	2.54%	3.36%	0.41%	25.91%	2.02%	11.59%	
2014	42.93%	4.30%	2.44%	3.26%	0.41%	25.66%	2.02%	12.32%	
2015	43.09%	4.51%	2.45%	3.16%	0.50%	26.42%	2.21%	10.83%	
2016	41.78%	4.48%	2.93%	2.28%	0.66%	25.54%	2.57%	11.98%	
2017	42.46%	4.42%	2.68%	2.23%	0.58%	25.77%	2.61%	11.60%	

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

Tangible Personal,	Real			Total	Less		Total Taxable	Total	Annual
Mobile	Property	Special		Appraised	Total	Adjust-	Assessed	Direct	%
Homes	Inventory	Inventory	Exempt	Value	Exemptions	ments	Value	Tax Rate	Change
26,017,359	6,531,199	19,105,549	151,138,046	2,768,039,505	204,507,716	102,138,531	2,461,393,258	0.590000	15.84%
25,594,139	8,212,479	20,389,001	169,133,280	2,860,507,804	207,711,381	85,949,218	2,566,847,205	0.590000	4.28%
25,268,797	7,187,256	19,951,047	177,089,322	2,968,840,494	214,752,669	78,811,286	2,675,276,539	0.588827	4.22%
24,904,511	8,622,072	15,730,782	185,184,548	2,974,759,249	226,921,191	76,850,633	2,670,987,425	0.588827	-0.16%
18,702,753	8,875,454	18,209,616	208,669,510	3,036,818,556	257,001,513	83,575,002	2,696,242,041	0.588827	0.95%
18,674,253	5,079,949	20,596,563	164,870,000	3,133,900,008	239,668,472	79,977,634	2,814,253,902	0.058883	4.38%
19,303,546	4,839,652	22,494,609	165,626,270	3,187,228,236	244,868,703	79,157,227	2,863,202,306	0.588827	1.74%
19,401,944	7,090,330	26,150,645	168,062,865	3,230,266,697	242,627,343	86,620,266	2,901,019,088	0.588827	1.32%
19,475,651	5,289,784	33,441,069	206,794,099	3,405,646,422	298,613,054	78,368,653	3,028,664,715	0.588827	4.40%
20,048,678	3,845,926	33,840,897	213,290,180	3,545,363,269	315,031,845	88,284,757	3,142,046,667	0.588827	3.74%

0.94%	0.24%	0.69%	5.46%
0.89%	0.29%	0.71%	5.91%
0.85%	0.24%	0.67%	5.96%
0.84%	0.29%	0.53%	6.23%
0.62%	0.29%	0.60%	6.87%
0.60%	0.16%	0.66%	5.26%
0.61%	0.15%	0.71%	5.20%
0.60%	0.22%	0.81%	5.20%
0.57%	0.16%	0.98%	6.07%
0.57%	0.11%	0.95%	6.02%

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

	Direct			Under	lying	Overlapping	
		Debt	_		South		
	General	Service		Harlingen	Texas	Cameron	
Year	Fund	Fund	Total	CISD	ISD	County	Total
2008	0.435625	0.154375	0.590000	1.125000	0.049200	0.343191	2.107391
2009	0.437800	0.152200	0.590000	1.125000	0.049200	0.353191	2.117391
2010	0.435580	0.153247	0.588827	1.125000	0.049200	0.363191	2.126218
2011	0.434634	0.154193	0.588827	1.219000	0.049200	0.364291	2.221318
2012	0.450426	0.138401	0.588827	1.218000	0.049200	0.384291	2.240318
2013	0.451862	0.136965	0.588827	1.218000	0.049200	0.384291	2.240318
2014	0.449723	0.139104	0.588827	1.218000	0.049200	0.384291	2.240318
2015	0.450901	0.137926	0.588827	1.218000	0.049200	0.399291	2.255318
2016	0.460327	0.128500	0.588827	1.318000	0.049200	0.399261	2.355288
2017	0.460327	0.128500	0.588827	1.318000	0.049200	0.410803	2.366830

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

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

per month interest is assessed until taxes are paid.

Source: Tax Department of Respective Entities

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

Fiscal Year	Tax Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Totals Collections As Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Current Levy
2008	2007	14,522,220	13,806,819	95.07%	461,437	14,268,256	98.25%	1,813,318	12.49%
2009	2008	14,988,703	14,474,545	96.57%	639,925	15,168,470	101.20%	1,202,926	8.03%
2010	2009	15,676,927	14,945,297	95.33%	750,389	15,695,686	100.12%	1,411,586	9.00%
2011	2010	15,696,199	15,148,659	96.51%	567,445	15,716,104	100.13%	1,136,262	7.24%
2012	2011	15,845,781	15,339,600	96.81%	496,011	15,835,611	99.94%	939,863	5.93%
2013	2012	16,572,177	16,239,104	97.99%	763,068	17,002,172	102.59%	986,181	5.95%
2014	2013	16,859,308	16,220,678	96.21%	422,472	16,643,150	98.72%	1,711,434	10.15%
2015	2014	17,081,984	16,484,114	96.50%	525,000	17,009,114	99.57%	1,694,744	9.92%
2016	2015	17,126,250	16,526,832	96.50%	547,500	17,074,332	99.70%	1,537,038	8.97%
2017	2016	17,833,596	17,209,420	96.50%	403,311	17,265,768	96.82%	1,650,121	9.25%

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

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

## City of Harlingen, Texas PRINCIPAL PROPERTY TAXPAYERS Fiscal Years Ending September 30, 2017 and 2008

Prinicipal Taxpayer	Type of Business	FY 2017 Taxable Assessed Valuation	Percentage Of Total Taxable Assessed Valuation
VHS Harlingen Hospital Company LLC	Medical Services	\$73,339,564	2.15%
AEP Texas Central Company	Electricity Suppliers	41,563,120	1.22%
Boyer Harlingen LC	Real Estate Developers	27,955,724	0.82%
HMC Realty LLC	Real Estate Developers	25,080,618	0.74%
VHS Harlingen Hospital Co LLC	Medical Services	21,872,344	0.64%
Mall at Valle Vista LLC	Shopping Center Operations	20,841,484	0.61%
American Realty Capital	Real Estate Developers	17,787,014	0.52%
VHS Valley Real Estsate Co LLC	Medical Real Estate Developers	13,096,929	0.38%
Valley Baptist Realty Corp.	Medical Real Estate Developers	13,078,291	0.38%
Harlingen SC Partners LTD	Shopping Center Operations	12,296,417	0.36%
		\$266,911,505	7.84%

Source: Cameron Appraisal District

Principal Taxpayer	Type of Business	FY 2008 Taxable Assessed Valuation	Percentage Of Total Taxable Assessed Valuation
HMC Realty LLC	Real Estate Developers	\$25,228,459	0.96%
AEP Texas Central	Electricity Suppliers	21,617,320	0.82%
Mall at Valle Vista LLC	Shopping Center Operations	20,874,952	0.79%
Valley Baptist Medical Dev. Corp	Medical Services	20,069,680	0.76%
Southwestern Bell Telephone	Telephone Utility	18,651,640	0.71%
Valley Baptist Realty Corp.	Holding Company	16,253,309	0.62%
United Launch Alliance LLC	Space Launch Services	14,496,278	0.55%
Harlingen Medical Center LTD	Medical Services	12,243,263	0.46%
Harlingen SC Partners LTD	Shopping Center Operations	11,446,160	0.43%
Harlingen USCIS LP	US Immigration & Naturalization	11,316,578	0.43%
		\$172,197,639	6.53%

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Table 13

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

			<b>Total Direct and</b>
Fiscal Year	Direct	Overlapping	<b>Overlapping Rate</b>
2008	2.00%	6.25%	8.25%
2009	2.00%	6.25%	8.25%
2010	2.00%	6.25%	8.25%
2011	2.00%	6.25%	8.25%
2012	2.00%	6.25%	8.25%
2013	2.00%	6.25%	8.25%
2014	2.00%	6.25%	8.25%
2015	2.00%	6.25%	8.25%
2016	2.00%	6.25%	8.25%
2017	2.00%	6.25%	8.25%

City of Harlingen Taxable Sales by Category

For Fiscal Years Ended September 30, 2016 and 2017									
CATEGORY:	FISCAL 2016	% OF TOTAL	FISCAL 2017	% OF TOTAL		FISCAL 2016	% OF TOTAL	FISCAL 2017	% OF TOTAL
Administrative Mgt and General Mgt Consulting Services	\$ 88.77	\$ %0000.0	1,818.25	0.0100%	Commercial Lithographic Printing	\$ 18,183.76	\$ %0080.0	19,241.00	0.0900%
Advertising Agencies	2,312.97	0.0100%	3,071.91	0.0100%	Commercial Screen Printing	171.93	0.0000%	415.54	0.0000%
Advertising Material Distribution Services	586.24	%0000.0	360.33	0.0000%	Commerical/Industrial Machinery (Exc Auto/Electronic) Repair/Maintenance	13,022.19	%0090.0	10,714.24	0.0500%
Air-Conditioning & Heating Equip and Com & Ind Refrig Equip Mfg	16,023.22	0.0700%	17,454.21	0.0800%	Computer and Computer Peripheral Equip and Software Merchant Wholesalers	10,329.67	0.0500%	6,645.44	0.0300%
All Other Amusement and Recreation Industries	1,507.95	0.0100%	2,575.74	0.0100%	Computer and Office Machine Repair and Maintenance	22,385.17	0.1000%	28,080.80	0.1200%
All Other Automotive Repair and Maintenance	1,370.49	0.0100%	933.78	0.0000%	Computer and Software Stores	48,308.67	0.2300%	44,842.48	0.2000%
All Other Business Support Services	9,309.67	0.0400%	7,268.95	0.0300%	Computer Facilities Mgt. Services		%00000	2,675.94	0.0100%
All Other Consumer Goods Rental All Other General Marchandise Stores	590 890 51	0.1400%	42,6/9./I	0.1900%	Computer Maintenance and Repair Computer Balatad Services Not Elsawhers Classifiad	26.806.10	0.0100%	27 585 82	0.0000%
All Other Health and Personal Care Stores	7,516.98	0.0400%	4,605.69	0.0200%	Computer Systems Design Services	158.53	0.0000%	96.48	0,0000%
All Other Home Furnishings Stores	88,444.44	0.4100%	87,664.01	0.3900%	Construction, Mining, and Forestry Machinery and Equip Rental and Leasing	11,118.48	0.0500%	6,415.64	0.0300%
All Other Information Services	7,532.18	0.0400%	14,026.42	0.0600%	Consumer Electronics and Appliances Rental	68,622.67	0.3200%	43,816.44	0.1900%
All Other Miscellaneous Chemical Product and Preparation MFG	2,700.76	0.0100%	1,936.88	0.0100%	Consumer Electronics Repair and Maintenance	1,719.57	0.0100%	4,557.02	0.0200%
All Other Miscellaneous Electrical Equip and Component MFG	203.80	0.0000%	2,285.57	0.0100%	Consumer Lending	6,708.03	0.0500%	11,507.05	0.0500%
All Other Miscellaneous Fabricated Metal Product MFG	672.33	0.0000%	1,014.62	0.0000%	Convenience Stores	61,459.93	0.2900%	66,108.57	0.2900%
All Other Miscellaneous MFG	18,145.03	0.0800%	23,371.55	0.1000%	Corporate, Subsidiary, and Regional Managing Offices	9,986.48	0.0500%	5,894.39	0.0300%
All Other Miscellaneous Store Retailers (except Tobacco Stores)	96,821.16	0.4500%	160,694.80	0.7100%	Cosmetics, Beauty Supplies, and Perfume Stores	71,596.45	0.3300%	82,093.02	0.3600%
All Other Mondanaciton, Cradit Intermodiation	68,804.69	0.3200%	67,579.29	0.3000%	Credit Bureaus Custom Committee Descriptor	3,127.40	0.0100%	2,910.39	0.0100%
All Other Nonresidential Trade Contractors	1,696.55	0.0100%	5.012.04	0.0200%	Castoni Comparer Frogramming Services	29.924.61	0.1400%	47 293 46	0.2100%
All Other Personal Services	2.174.84	0.0100%	623.92	0.0000%	Dental Equip and Supplies MFG	3,480.91	0.0200%	3,356.09	0.0100%
All Other Plastics Product MFG	1,637.26	0.0100%	4,038.24	0.0200%	Department Stores (except Discount Department Stores)	1,116,640.98	5.2000%	1,064,209.67	4.7300%
All Other Professional, Scientific, and Technical Services	22,908.57	0.1100%	17,512.81	0.0800%	Digital Printing	2,398.41	0.0100%	2,021.34	0.0100%
All Other Publishers	592.72	0.0000%	1,142.89	0.0100%	Direct Life Insurance Carriers	•	0.0000%	20.29	0.0000%
All Other Specialty Food Stores	6,004.48	0.0300%	10,204.84	0.0200%	Direct Property and Casualty Insurance Carriers	632.93	0.0000%	1,346.17	0.0100%
All Other Specialty Trade Contractors	24,028.48	0.1100%	22,738.09	0.1000%	Discount Department Stores	1,1583,151.71	7.3800%	1,594,565.69	7.0900%
All Other Telecommunications	. 20 000 53	0.0000%	332.28	0.0000%	Display Advertising	791.14	0.0000%	20 000 00	0.000%
An Other referonmentations Analytical Laboratory Instrument MFG	274.98	0.0000%	61.09	0.0000%	Drugs and Drug pists' Sundries Merchant Wholesalers	8.924.84	0.0400%	17.219.68	0.0800%
Appliance Repair and Maintenance	29,065.53	0.1400%	23,439.76	0.1000%	Drycleaning and Laundry Services (except Coin-Operated)	121,485.27	0.5700%	126,945.02	0.5600%
Audio and Video Equip MFG	604.01	0.0000%	932.35	0.0000%	Educational Support Services	246.93	0.0000%	330.95	0.0000%
Auto and Home Supply Stores	11,334.09	0.0500%	8,544.34	0.0400%	Electric Power Distribution	796,549.19	3.7100%	1,158,705.24	5.1500%
Automobile and Other Motor Vehicle Merchant Wholesalers	4,371.76	0.0200%	3,775.03	0.0200%	Electrical and Electronic Appliance, Televisions, Radio Set Merchant Wholesalers	993.00	0.0000%	1,465.71	0.0100%
Automotive Body, Paint and Interior Repair and Maintenance	24,663.81	0.1100%	21,039.97	0.0900%	Electrical Apparatus and Equip, Wiring Supplies, and Related Equip Wholesalers	37,245.87	0.1700%	50,756.51	0.2300%
Automotive Glass Replacement Shops	, , ,	0.0000%	1,609.28	0.0100%	Electrical Contractors and Other Wiring Installation Contractors	30,213.04	0.1400%	29,773.51	0.1300%
Automotive Oil Change and Lubrication Shops Automotive Darte and Accessories Stores	319 648 70	1.4900%	32,051.43	1.400%	Electromedical and Electromerapeutic Apparatus MFG Electronic Auctions	1/1/1//	0.0400%	8,105.68	0.0400%
Baked Goods Store	84.18	0.0000%	-	0.0000%	Electronic Computer MFG	46,342.20	0.2200%	46,383.95	0.2100%
Beauty Salons	3,531.98	0.0200%	5,125.96	0.0200%	Electronic Shopping	111,555.56	0.5200%	131,761.28	0.5900%
Beer, Wine, and Liquor Stores	140,861.34	0.6600%	163,870.68	0.7300%	Elevator and Moving Stairway MFG		0.0000%	405.91	0.0000%
Book Publishers	12,826.75	0.0600%	7,709.22	0.0300%	Employment Placement Agencies	. !	0.0000%	521.24	0.0000%
Book Stores	3,818.38	0.0200%	6,756.60	0.0300%	Elementary and Secondary Schools	435.3/	0.0000%	25 10 00 1	0.0000%
Book, Periodical, and Newspaper Merchant Wholesalers Building Cleaning and Maintenance Services Not	3,029.36	0.0100%	648.02	0.0000%	Engineering services	14,786.01	0.0/00%	10,884.76	0.0500%
Business Associations	146.10	0.000%	517.56	0.0000%	Facilities Support Services	10,164.93	0.0500%	6,097.95	0.0300%
Business to Business Electronic Markets	4,882.64	0.0200%	6,263.33	0.0300%	Family Clothing Stores	469,250.62	2.1900%	432,125.19	1.9200%
Cable and Other Subscription Programming	174,292.36	0.8100%	278,567.30	1.2400%	Financial Transactions Processing, Reserve, and Clearinghouse Activities	12,376.48	%0090.0	10,239.45	0.0500%
Cafeterias, Grill Buffets, and Buffets	205,735.16	%0096.0	75,996.18	0.3400%	Fitness and Recreational Sports Centers	68,514.81	0.3200%	75,594.82	0.3400%
Carpet and Upholstery Cleaning Services	200.44	0.0000%	259.00	0.0000%	Floor Covering Stores	2,960.44	0.0100%	5,230.89	0.0200%
Children's and Infants' Clothing Stores	25,515.61	0.1200%	25,472.94	0.1100%	Food (Health) Supplement Stores	9,108.62	0.0400%	10,914.00	0.0500%
Civic and Social Organizations	8,044.14	0.0400%	10,841.25	0.0500%	Food Service Contractors	3,112.77	0.0100%	668.84	0.0000%
Claims Adjusting	7,348.03	0.0300%	7,780.17	0.0300%	Footwear Merchant Wholesalers	2,235.99	0.0100%	923.62	0.0000%
Clothing Accessories Stores	182,733.13	0.8200%	189,534.52	0.8400%	Formal Wear and Costume Rental		%00000	2,546.23	0.0100%
Coin-Operated Laundries & Drycleaners		0.0000%	396.83	0.0000%	Full-Service Restaurants	1,307,020.65	6.0900%	1,389,406.37	6.1800%
Colleges, Universities, and Professional Schools	1.052.31	0.0000%	2,805.41	0.0100%	Furniture Welchant Wholesalers Furniture Stores	471.416.69	2.2000%	319.877.04	1.4200%
Commercial and Institutional Building Construction	101,264.35	0.4700%	157,052.13	0.7000%	Nonresidential Electrical Contractors	16,948.85	0.0800%	14,660.51	0.0700%
Commercial Bakeries		0.0000%	1,819.48	0.0100%	Nonresidential Plumbing and HVAC Contractors	26,780.24	0.1200%	25,187.93	0.1100%
Commercial Banking	5,966.16	0.0300%	9,571.85	0.0400%	Nursery, Garden Center, and Farm supply Store	245.14	0.0000%	1,219.11	0.0100%
Commercial Gravure Printing	5,395.76	0.0300%	2,466.11	0.0100%	Office Equip Merchant Wholesalers	30,316.50	0.1400%	27,282.74	0.1200%
General Automotive Repair	47,071.94	0.2200%	41,256.67	0.1800%	Office Supplies and Stationery Stores	106,481.11	0.5000%	98,538.06	0.4400%
General Medical and Surgical Hospitals	13,616.63	0.0600%	892,337.77	3.9700%	Offices of Other Holding Companies	9,270.33	0.0400%	5,928.22	0.0300%
General Rental Centers	5,500.88	0.0300%	1,827.77	0.0100%	Ophthalmic Goods Merchant Wholesalers	1,205.59	0.0100%	1,756.97	0.0100%

									2000
Giff: Novelty and Souvenir Stores	5,235.43	0.0200%	69 964 73	0.0000%	Optical Goods Stores	6,212.97	0.0300%	4,886.24	0.0200%
Glass Product MFG Made of Purchased Glass	305.94	0.0000%		0.0000%	Other Activities Related to Real State		0.0000%	4,377.77	0.0200%
Graphic Design Services	15,416.95	0.0700%	13,716.65	0.0600%	Other Activities Related to Credit Intermediation	33.50	0.0000%	8.61	0.0000%
Hardware Merchant Wholesalers	322.04	0.0000%	(15,006.58)	-0.0700%	Other Apparel Accessories and Other Apparel MFG	453.21	%00000	131.33	0.0000%
Hardware Stores	102,250.88	0.4800%	114,523.37	0.5100%	Other Automotive Mechancial and Electrical Repair and Maintenance Other Building Equin Contractors	1,750.11	0.0100%	4,125.52	0.0200%
Home and Garden Fourin Repair and Maintenance	69.980,0	0.0000%	189.10	%00000	Other Building Material Dealers	159.276.95	0.7400%	154 710 75	%0020.0
Home Furnishing Merchant Wholesalers	5,028.06	0.0200%	4,190.79	0.0200%	Other Business Service Centers (including Copy Shops)	590.27	0.0000%	466.17	0.0000%
Home Health Care Services	19.52	0.0000%		0.0000%	Other Chemical and Allied Products Merchant Wholesalers	39,072.57	0.1800%	35,554.55	0.1600%
Hotels (except Casino Hotels) and Motels	13,429.31	%0090.0	8,176.94	0.0400%	Other Clothing Stores	65,056.70	0.3000%	80,074.55	0.3600%
Household Appliance Stores	. 5	0.0000%	28,052.08	0.1200%	Other Commercial and Industrial Machinery and Equip Rental and Leasing	127,129.06	0.5900%	137,861.54	0.6100%
Human Resources Consulting Services Independent Artists Writers and Performers	215 82	0.0000	147.44	0.0000	Other Commercial and Service Industry Macninery MrG	1,033.2/	-0.000%	13 301 96	0.0100%
Industrial Machinery and Equip Merchant Wholesalers	764.02	0.000%	680.38	0.0000%	Other Commercial Printing	1,275.49	0.0100%	1,377.04	0.0100%
Industrial Machinery and Equipment	23,226.25	0.1100%	12,068.60	0.0200%	Other Computer Peripheral Equip MFG	7,498.19	0.0300%	7,932.05	0.0400%
Industrial Supplies Merchant Wholesalers	5,805.51	0.0300%	18,223.07	0.0800%	Other Computer Related Services	12,056.35	0.0600%	10,047.92	0.0400%
Instruments and Related Products MFG for Measuring, Displaying, and C		0.0000%	3,903.72	0.0200%	Other Construction Material Merchant Wholesalers	17,861.91	0.0800%	11,835.70	0.0500%
Insurance Agencies and Brokerages	597.65	%00000	481.83	0.0000%	Other Depository Credit Intermediation		0.0000%	2,333.28	0.0100%
Internet Publishing/Broadcasting/Web Search Portals	909.03	%00000	1,006,40	0.0200%	Other Direct Insurance (except Life, Health, and Medical) Carriers	1,927.66	0.0100%	2,002.51	0.0100%
Janitorial Services	36,026,47	0.1700%	41.224.77	0.1800%	Other Electric Power Generation	116.558.50	0.5400%	39,262.12	0.1700%
Jewelry Stores	121,980.06	0.5700%	113,644.63	0.5100%	Other Electronic and Precision Equip Repair and Maintenance	5,082.87	0.0200%	4,390.09	0.0200%
Jeweiry, Watch, Precious Stone, and Precious Metal Merchant Wholesal	3,017.05	0.0100%	4,034.56	0.0200%	Other Electronic Component MFG	119.06	0.0000%		0.0000%
Landscaping Services	35,246.99	0.1600%	29,554.72	0.1300%	Other Electronic Parts and Equip Merchant Wholesalers	9,072.24	0.0400%	8,342.05	0.0400%
Lessors of Mangin and all Intransiple According Units	1,569.23	0.0100%	1 519 42	0.0000%	Other Grocery and Kelated Products Merchant Wholesalers	1,939.44	0.0100%	1 257 58	0.0000%
Lessors of Nonresidencial Buildings		0.000%	15.722.59	0.020%	Other Miscellaneous Durable Goods Merchant Wholesalers	36.563.83	0.1700%	42.737.72	0.1900%
Lessors of Other Real Estate Property		0.0000%	292.96	0.0000%	Other Miscellaneous Nondurable Goods Merchant Wholesalers	34,556.80	0.1600%	37,715.93	0.1700%
Limited-Service Restaurants	1,496,402.53	%0026.9	1,536,167.37	6.8300%	Other Personal and Household Goods Repair and Maintenance	5,342.73	0.0200%	2,549.55	0.0100%
Luggage and Leather Goods Stores		0.0000%	189.81	0.0000%	Other Professional Equip and Supplies Merchant Wholesalers		0.0000%	2,641.09	0.0100%
Lumber and Other Building Materials Dealers	7,614.14	0.0400%	4,003.55	0.0200%	Other Services Related to Advertising		0.0000%	8,161.42	0.0400%
	30,823.38	0.1400%	34,718.07	0.1500%	Other Services to Buildings and Dwellings	15,188.80	0.0700%	11,971.14	0.0500%
Marketing Consulting Services Modical Dental and Hospital Fruin and Supplies Morchant Wholesalers	3,431.80	0.0200%	4,390.69	0.0200%	Paint and Coating MFG Davroll Services	377 47	0.000%	387 40	0.0000
	45.14	0.0000%	19.53	%00000	Passenger Car Leasing	2F:3/5	0.000%	640.55	%00000
Men's and Boys' Clothing and Furnishings Merchant Wholesalers	406.19	0.0000%	652.65	0.0000%	Periodical Publishers	777.34	0.0000%	579.62	0.0000%
Men's Clothing Stores	2,043.81	0.0100%	2,433.19	0.0100%	Pet and Pet Supplies Stores	24,137.68	0.1100%	37,056.31	0.1600%
Metal Service Centers and Other Metal Merchant Wholesalers	4,536.50	0.0200%	11,478.84	0.0200%	Petroleum and Petroleum Products Wholesalers (Except Bulk Stations/Terminals)	5,603.60	0.0300%	6,475.44	0.0300%
Mobile Food Services	32,697.87	0.1500%	35,472.16	0.1600%	Pharmaceutical Preparation MFG	692.30	0.0000%	1,571.57	0.0100%
Monetary Authorities-Central Bank	34.51	0.0000%	- 000 50	0.0000%	Pharmacies and Drug Stores	165,649.12	0.7700%	162,237.22	0.7200%
Musical Instrument and Supplies Stores	3,848.06	0.0200%	5,422.81	0.0200%	Photography Studios. Portrait	8.137.24	0.0400%	5.719,22	0.0300%
Natural Gas Distribution	160,829.25	0.7500%	207,243.15	0.9200%	Plumbing and Heating Equip and Supplies (Hydronics) Merchant Wholesalers	50,850.50	0.2400%	61,234.88	0.2700%
New Car Dealers	215,368.04	1.0000%	244,590.14	1.0900%	Plumbing, Heating and Air-Conditioning	49,047.54	0.2300%	42,056.21	0.1900%
Religious Organizations	895.00	0.0000%	2,636.87	0.0100%	Plumbing, Heating, and Air-Conditioning Contractors		0.0000%	74.73	0.0000%
Repossession Services  Booid out in Electrical Contractors	3,362.09	0.0200%	3,149.50	0.0100%	Polish and Other Sanitation Good IMFG Downs and Communication Line and Delated Structures Construction	1 607 49	0.0000%	367.21	0.0000%
Residential Plumbing and HVAC Contractors	16.015.60	0.1000%	12,813.72	0.0900%	Prepriess Services	215.92	0.000%	23,073.20	0.0000%
Residential Remodelers	2,203.41	0.0100%	2,507.67	0.0100%	Prerecorded Tape, Compact Disc, and Record Stores	1,082.26	0.0100%		0.0000%
Roofing Contractors	29,751.71	0.1400%	40,755.01	0.1800%	Radio and Television Broadcasting and Wireless Communications Equip MFG	10,978.86	0.0500%	11,441.93	0.0500%
Roofing, Siding and Insulation Material Merchant Wholesalers		0.0000%	11,192.95	0.0200%	Radio, Television, and Other Electronics Stores	115,922.12	0.5400%	134,782.99	0.6000%
Sales Financing	13,374.94	0.0600%	15,505.31	0.0700%	Refrigeration and Air-Conditioning Service and Repair	14,639.97	0.0700%	7,902.15	0.0400%
Sacurity Guards and Patrol Services	6.482.70	0.0100%	5,095.04	0.0100%	rereptione Apparatus mind Testing Laboratories	10:074/4	0.0000%	3,379,66	0.0200%
Security Systems Services (except Locksmiths)	43,513.14	0.2000%	33,813.66	0.1500%	Third Party Admin of Insurance and Pension Funds		0.0000%	502.71	0.0000%
Septic Tank and Related Services	2,667.35	0.0100%	2,149.18	0.0100%	Telephone Communications, Except Radiotelephone	1,277.90	0.0100%		0.0000%
Service Establishment Equip and Supplies Merchant Wholesalers	51,039.07	0.2400%	48,820.01	0.2200%	This NAICS has Missing Description on Entriprise Tables	75,274.24	0.3500%	73,323.82	0.3300%
Showcase, Partition, Shelving, and Locker MFG	2,801.55	0.0100%	1.126.94	0.0200%	The Dealers	140,037,33	0.6500%	140,597,56	0.6200%
Sign MFG	11,525.34	0.0500%	13,681.19	0.0600%	Tobacco and Tobacco Product Merchant Wholesale		0.0000%	1,211.82	0.0100%
Site Preparation Contractors	3,194.68	0.0100%		0.0000%	Toilet Preparation MFG	5,860.65	0.0300%	1,277.44	0.0100%
Small Arms MFG	45.42	0.0000%	82.91	0.0000%	Toy and Hobby Goods and Supplies Merchant Wholesalers	1,517.27	0.0100%	2,218.89	0.0100%
Snack and Nonaiconolic beverage bars Soap and Other Detergent MFG	46,000.37	0.0000%	1,082.57	0.0000%	iruck, Ouiny Trailer, and KV (Recreational Venicle) Kental and Leasing Used Car Dealers	1.613.84	0.0000%	1.987.45	0.0100%
Soft Drink MFG	277.79	0.0000%	2,542.68	0.0100%	Used Merchandise Stores	28,469.05	0.1300%	27,766.86	0.1200%
Software Publishers	4,192.80	0.0200%	55,938.87	0.2500%	Vending Machine Operators	11,903.45	%0090.0	10,402.38	0.0500%
Software Reproducing	49,533.84	0.2300%	23,680.46	0.1100%	Veterinary Services	841.24	0.0000%		0.0000%
Solid Waste Collection Snorting and Athletic Goods MEG	13,083.32	0.0600%	11,300.32	0.0500%	Warm Air Heating and Air-Conditioning Equip and Supplies Merchant Wholesalers Wholesale Trade Agents and Brokers	90,495.10	0.4200%	30 454 74	0.4700%
Sporting and Recreational Goods and Supplies Merchant Wholesalers	-	0.0000%	2,740.93	0.0100%	Wineries	301.16	0.0000%	654.66	0.0000%
Sporting Goods Stores	365,292.96	1.7000%	323,936.20	1.4400%	Wired Telecommunications Carriers	371,661.77	1.7300%	368,994.86	1.6400%
Stationery and Office Supplies Merchant Wholesalers	3,951.48	0.0200%	5,785.88	0.0300%	Wireless Telecommunications Carriers (Except Satellite)	883,856.53	4.1200%	941,179.15	4.1800%
Supermarkets and Other Grocery (except Convenience) Stores Surgical and Medical Instrument MEG	877,218.49	4.0900%	939,842.91	4.1800%	Women's Accessory and Specialty Stores Momen's Clothing Stores	111,785.34	0.5200%	4,272.72	0.0200%
Surgical and Medical Instrument Miro Surgical Appliance and Supplies MFG	- 10,401,00	0.0000%	3,107.35	0.0100%	Women's Civiling Stores Women's, Children's, and Infants' Clothing and Accessories Merchant Wholesalers	2,216.28	0.0100%	4,272.72	0.0200%
Telecommunications Resellers	45,513.39	0.2100%	61,769.01	0.2700%	GRAND TOTAL \$	21,456,954.33	100.0000% \$	22,497,306.76	%0096'66

Source: Office of State of Texas Comptroller

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

Table 15

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

		Government	al Ac	tivities			iness Type ctivities				General bonded Debt as a Percent		
		General	С	ertificates of					Total	Percentage	of Estimated		
	Notes	Obligaton		Obligation	Cap	ital			Primary	of Personal	Taxable Property		Per
Fiscal Year	Payable	Debt		Debt	Lea	ase	Debt	0	Government	Income	Property Values	(	Capita
2008	\$ 162,789	\$ 24,265,000	\$	24,060,000	\$	-	\$ 60,000	\$	48,547,789	3.49%	1.96%	\$	2,270
2009	89,771	23,040,000		23,325,000		-	30,000		46,484,771	2.77%	1.81%		2,076
2010	13,136	23,590,000		23,745,000	5!	56,761	-		47,904,897	3.22%	1.77%		2,085
2011	886,416	22,160,000		22,890,000	5!	56,761	-		46,493,177	3.09%	1.69%		2,024
2012	1,208,323	20,885,000		22,340,000	50	07,567	-		44,940,890	2.99%	1.60%		1,934
2013	786,416	19,465,000		27,140,000		-	-		47,391,416	3.02%	1.66%		1,982
2014	646,416	17,995,000		26,455,000	1,3	50,833	-		46,447,249	2.85%	1.55%		1,873
2015	3,589,635	16,534,428		25,685,402	1,2	58,116	-		47,067,581	2.83%	1.46%		1,867
2016	3,519,635	31,601,651		8,756,484	1,1	10,281	-		44,988,051	2.71%	1.33%		1,784
2017	3,449,635	27,645,000		19,790,000	9	58,121	-		51,842,756	3.12%	1.51%		2,056

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

See Schedule 17 for personal income

City of Harlingen, Texas

### COMPUTATION OF ESTIMATED DIRECT AND OVERLAPPING DEBT

September 30, 2017

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	\$54,113,251	100.00%	\$54,113,251
Total Direct Debt	\$54,113,251		\$54,113,251
	OVERLAPPING DEBT		
Cameron County	106,770,000	13.62%	14,540,513
Harlingen Consolidated Independent School District	147,815,384	100.00%	147,815,384
Rio Hondo Independent School District	35,755,504	1.89%	677,389
San Benito Independent School District	72,720,000	1.83%	1,329,130
Overlapping Debt	363,060,888		164,362,415
Total Direct and Overlapping Debt	\$417,174,139		\$218,475,666

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

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

	2008	2009	2010	2011
Assessed Value	\$2,461,393,258	\$2,566,847,205	\$2,675,276,539	\$2,670,987,425
Legal Debt Margin				
Legal Debt Limit				
\$2.50 per \$100 of assessed valuation	\$61,534,831	\$64,171,180	\$66,881,913	\$66,774,686
General Obligation Bonds	24,265,000	23,040,000	23,590,000	22,160,000
Deduct Amount Available				
in Debt Service Fund	(498,901)	(495,882)	(515,108)	(591,967)
Applicable Debt Margin	23,766,099	22,544,118	23,074,892	21,568,033
Legal Debt Margin	\$37,768,732	\$41,627,062	\$43,807,021	\$45,206,653
As a % of debt limit	61.38%	64.87%	65.50%	67.70%

2012	2013	2014	2015	2016	2017
\$2,696,242,041	\$2,814,253,902	\$2,863,202,306	\$2,901,019,088	\$2,908,536,859	\$3,028,664,715
\$67,406,051	\$70,356,348	\$71,580,058	\$72,525,477	\$72,713,421	\$75,716,618
20,885,000	19,465,000	17,995,000	16,390,000	14,845,000	29,485,000
(689,181)	(972,813)	(1,008,996)	(1,033,665)	(1,230,000)	(1,840,000)
20,195,819	18,492,187	16,986,004	15,356,335	13,615,000	27,645,000
\$47,210,232	\$51,864,161	\$54,594,054	\$57,169,142	\$59,098,421	\$48,071,618
70.04%	73.72%	76.27%	78.83%	81.28%	63.49%

City of Harlingen, Texas

Economic and Demographic Statistics Last Ten Fiscal Years

Fiscal	December (4)	Personal	Per Capita Personal Income	Median	School	Unemployment
Year	Population (1)	Income	(PCPI) (2)	Age (1)	Enrollment (3)	Rate (1)
2008	65,043	\$ 1,391,074,641	\$ 21,387	31.9	17,894	5.7%
2009	74,950	1,677,980,600	22,388	32.4	18,081	8.8%
2010	** 64,849	1,489,840,926	22,974	31.8	18,225	9.3%
2011	65,466	1,504,015,884	22,974	31.3	18,146	9.7%
2012	66,122	1,536,410,792	23,236	32.8	18,176	10.3%
2013	65,679	1,570,319,211	23,909	32.8	18,360	9.9%
2014	65,665	1,628,623,330	24,802	33.1	18,226	7.7%
2015	65,914	1,661,757,854	25,211	32.7	18,259	8.0%
2016	65,774	1,764,453,324	26,826	31.5	18,192	7.6%
2017	65,539	1,773,157,645	27,055	32.8	18,614	5.9%

Sources: Harlingen Economic Development Corporation

(3)Harlingen Consolidated Independent School District

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

(1)US Census Bureau (estimate)

<sup>\*\* 2010</sup> Census

### City of Harlingen, Texas Principal Employers

Fiscal Years Ended September 30, 2017 and 2008

20	)17		
Name of Employer	Number of Employees	Rank	Percentage Total City Employment
Harlingen CISD	3,321	1	16.82%
Valley Baptist Medical Center	3,234	2	16.38%
Vicki Roy Home Health	975	3	4.94%
Advanced Call Center Technologies	889	4	4.50%
Dish Network	833	5	4.22%
United HealthCare Services, Inc.	679	6	3.44%
HEB (3) Harlingen Locations	607	7	3.07%
City of Harlingen	603	8	3.05%
Bee First Primary Home Care	600	9	3.04%
South Texas Technical College	590	10	2.99%
Total Principal Employers	12,331		62.44%
Other Employers	7,416		37.56%
Total Employers	19,747		100.00%

Source: Harlingen Economic Development Corporation

	2008		
Name of Employer	Number of Employees	Rank	Percentage of Total City Employment
Harlingen CISD	2,779	1	11.65%
Valley Baptist Medical Center	1,962	2	8.23%
Vicki Roy Home Health	978	3	4.10%
Advanced Call Center Technologies	865	4	3.63%
Dish Network	849	5	3.56%
City of Harlingen	556	6	2.33%
Texas State Technical College	534	7	2.24%
Harlingen Medical Center	463	8	1.94%
Time Warner Cable	440	9	1.84%
West Corporation	425	10	1.78%
Total Principal Employers	9,851		41.30%
Other Employers	14,000		58.70%
Total Employers	23,851		100.00%

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Administrative Services										
City Manager	4	4	4	4	4	4	5	4	4	4
City Secretary	1	1	1	1	1	1	2	2	2	2
City Attorney	3	3	3	3	3	3	2	2	2	3
Public Information Officer	0	0	0	0	0	0	0	1	0	0
Internal Auditor	1	1	1	1	1	1	1	0	1	1
Total Administrative Services	9	9	9	9	9	9	10	9	9	10
Human Resources										
Human Resources	3.5	3.5	3.5	3.5	2.5	3	3	3	3	3
Civil Service	1.5	1.5	1.5	1.5	1.5	1	1	1	1	1
Risk Management	3	3	3	3	3	3	3	3	3	3
Total Human Resources	8	8	8	8	7	7	7	7	7	7
Police Department										
Police Department	127	127	127	134	134	134	138	140	144	144
Police Services	48	48	48	49	49	52	51	51	52	52
Total Police Department	175	175	175	183	183	186	189	191	196	196
Fire Department										
Fire Suppression	107	107	107	107	107	107	107	107	107	107
Fire Prevention	5	5	5	6	6	6	6	6	6	6
Total Fire Department	112	112	112	113	113	113	113	113	113	113
Financial Services										
Finance	12	12	12	12	11	11	12	12	12	12
Municipal Court	11	11	11	10	10	10	10	10	10	10
Vital Statistics	3	4	4	4	4	4	4	4	4	4
Management Info. Systems	6	6	6	6	6	3	3	3	4	4
Total Financial Services	32	33	33	32	31	28	29	29	30	30
Development Services										
Planning & Development	5	5	5	5	5	5	5	6	5	5
Engineering	4.5	4	4	4	4	5	5	4	4	4
Building Inspection	8	7	7	7	6	6	6	6	6	6
Public Buildings	17.5	19	19	19	19	19	19	19	19	19
Animal Control	4	4	4	4	4	4	4	4	4	4
UT Grant	0	0	0	0	0	0	0	1	1	1
Environmental Health	5	5	5	5	5	5	5	5	5	5
Storm Water Management	0	0	1	1	1	1	1	1	1	1
Code Enforcement	5	8	8	8	8	8	8	8	8	8
Total Development Services	49	52	53	53	52	53	53	54	53	53
Public Works										
Public Works Administration	3	5	5	4	4	4	4	4	4	4
Street Maintenance	26	25	25	25	25	25	25	25	25	25
Street Cleaning	6	6	6	6	6	6	6	6	6	6
Sanitation Landfill	12.2	11	11	10	10	10	10	10	11	11
Sanitation Recycling Center	1	1	1	2	2	2	2	2	4	4
Sanitation	39.3	45	43	44	42	42	42	42	40	40
Traffic Signal Maintenance	4 10.2	4 10	4 10	4	4 10	4	4 10	4 9	4	4
Internal Services Metropolitan Planning Org.	3	3	3	10 3	3	10 3	4	4	10 4	10 4
Total Public Works	104.7	110	108	108	106	106	107	106	108	108
	104.7	110	100	100	100	100	107	100	100	100
Public Services					_		_	_		
Public Services Administration	2	2	2	2	2	2	2	2	1	1
Parks	28	14	14	14	16	18	18	18	18	18
Parks Maintenance Recreation	0	13	13	13	17	17	17	17 2	18	18
Pendleton Pool	4 8	4 8	4 8	4 8	4 8	3 8	2 8	8	3 8	3 8
Municipal Golf Course	27	24	24	24	24	24	24	24	24	24
Municipal Auditorium	2.2	2	2	24	2	2	24	1	1	1
Library	26	26	26	26	25	25	25	25	25	25
Harlingen Arts & Heritage Museum	2.2	3	3	3	3	3	3	3	3	3
Total Public Services	99.4	96	96	96	101	102	101	100	101	101
Community Destination										
Community Destination C.D.B.G.	6	6	6	6	4	4	4	4	5	5
Harlingen Downtown District	3	3	3	3	3	3	3	3	3	3
Convention & Visitor's Bureau	0	0	3	3	3	3	4	3	3	3
EDC	3	4	4	5	5	5	5	5	5	5
Total Community Destination	12	13	16	17	15	15	16	15	16	16
Valley International Airport	39	47	49	40	39	40	EO	AC	AC	AC
Airport  Total Valley International Airport	39	47	49	40	39	49 49	53 53	46 46	46 46	46
	33	47	+3	40	33	+3	33	40	40	40
Harlingen Waterworks System		70.0	co ==	cc ==	1010	104-	107 -	00 -	102 -	00 -
Waterworks	71.7	70.6	68.25	66.75	104.0	104.5	107.5	96.5	102.7	98.5
Wastewater Total Harlingon Waterworks	82.2	69.8	72.25	69.75	31.5	31.5	33.5	42.5	43	48.5
Total Harlingen Waterworks	153.9	140.4	140.5	136.5	135.5	136.0	141.0	139.0	145.7	147.0
Grand Total	794.0	795.4	799.5	795.5	791.5	804.0	819.0	809.0	824.7	827.0

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function/Program										
GOVERNIMENTAL FACILITIES										
Airports										
Number of airports:	⊣	1	1	1	7	1	T	1	ч	1
Scheduled airplane flights per day departing:	17	16	16	13	13	13	13	11	11	14
Scheduled airplane flights per day arriving:	17	16	16	13	13	13	13	11	11	14
Passenger enplaning and deplaning per year (approximate)	824,084	744,379	726,424	700,520	664,805	606,635	583,652	533,206	518,994	546,304
Fire Protection										
Number of stations:	7	7	7	7	7	7	7	7	7	∞
Number of hydrants:	2,322	2,335	2,335	1,990	1,990	2,519	2,546	2,558	2,628	2,572
Number of fighters:	109	109	110	110	110	109	109	109	109	109
Employees per 1,000 population:	1.60	1.45	1.60	1.69	1.69	1.65	1.65	1.65	1.65	1.65
Police Protection										
	1	1	1	П	1	1	П	1	1	1
🗞 Number of sub-stations:	₽	н	Н	1	1	1	2	Т	0	0
Number of sworn officers:	127	131	132	128	132	131	141	141	143	143
Sworn officers per 1,000 population:	1.88	1.74	1.76	1.98	1.76	1.75	2.14	2.14	2.2	2.2
Libraries										
Number of libraries (public):	1	1	1	П	1	1	н	1	1	1
Number of volumes:	170,512	148,928	173,068	169,121	157,061	168,643	122,221	108,662	112,361	111,601
Circulation of volumes:	134,335	115,393	111,430	117,768	148,460	177,061	172,489	161,695	160,976	178,703
Circulation per capita:	2.1	1.5	1.7	3.68	3.98	4.75	2.63	2.40	2.43	3.85
Library cards in force (approximate)	39,954	27,415	27,570	32,025	37,281	37,281	21,165	42,785	43,609	46,442
Parks and Recreation										
Park acreage developed:	723	723	723	723	723	723	723	461	461	612
Park acreage undeveloped:	268	268	268	268	268	268	268	116	140	122
Private golf course:	3	3	3	2	2	3	3	3	3	3
Public golf course:	1	₽	1	2	2	3	3	3	3	3
Number of holes:	72	72	72	72	72	06	06	06	06	06
Playgrounds:	18	18	18	18	18	18	13	14	14	16
Streets										
Miles of paved streets:	240.19	251.71	254.48	257.32	257.88	259.08	260.31	261.93	262.14	262.61
Miles of unpaved streets:	11.07	11.07	10.98	11.73	11.73	11.73	10.87	11.16	9.44	90.06
Miles of alleys:	52.5	52.5	52.5	52.5	52.5	69.99	69.99	69.99	66.84	66.84
Miles of paved alleys:	13.63	13.63	13.76	13.76	13.76	15.44	15.44	15.44	15.76	15.76
Miles of sidewalks:	41.25	47.52	47.52	48.21	20.00	102.32	102.87	104.16	109.32	111.54
Number of streetlights:	3,527	3,572	3,597	3,653	3,751	3,858	3,908	3,938	4,104	4,156

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function/Program										
GOVERNMENTAL FACILITIES - Continued <u>Utilities</u>										
Water System										
Number of water plants:	2	2	2	2	2	2	2	2	2	2
Miles of water mains:	490.5	492.58	493	493	200	200	502	505	505.8	506.5
Daily average consumption:	12.56 MGD	12.83 MGD	10.03 MGD	13.0 MGD	13.3 MGD	13.1 MGD	13.1 MGD	9.34 MGD	12.9 MGD	13.84 MGD
Plant capacity:	38.8 MGD	26.0 MGD	28.0 MGD	28.0 MGD	35.0 MGD	35.0 MGD	35.0 MGD	40.4 MGD	38.6 MGD	38.6 MGD
Number of service connections:	23,581	23,996	23,824	24,144	24,445	24,592	24,876	25,168	25,248	25,624
Storage tank capacity:	22.75 MG	23.25 MG	32.40 MG	32.25 MG	32.25 MG					
Sewage System										
Number of disposal plants:	2	2	1	1	1	1	1	1	1	1
Miles of sanitary sewers:	300.45	306.14	310	310	313	314	310	330	312	314
Number of lift stations:	74	70	69	69	63	58	63	63	63	63
Combined daily average treatment	6.742 MGD	6.2 MGD	6.2 MGD	6.2 MGD	5.8 MGD	5.7 MGD	5.75 MGD	6.2 MGD	6.0 MGD	5.4 MGD
Maximum capacity of treatment plant:	9.96 MGD	9.96 MGD	9.0 MGD	9.0 MGD	6.5 MGD	6.5 MGD	7.25 MGD	6.2 MGD	10.0 MGD	10.0 MGD
number of service connections:	19,008	19,197	19,226			19,762	19,675	19,892		20,408
<u>Schools</u>										
Texas State Technical College - Harlingen										
	220	223	184	185	151	212	182	164	159	154
Number of administrative personnel:	8	∞	12	11	11	11	13	13	14	9
Number of full-time professors:	154	155	157	148	157	156	155	160	111	157
Number of full-time students:	4,290	4,486	5,526	5,400	4,868	5,217	4,937	2,832	2,247	2,096
Number of part-time students:	9,861	11,530	11,091	11,595	10,702	9,054	7,928	6,470	6,749	6/0/2
Major counties served:	4	4	4	4	4	4	4	4	4	4
Annual budet:	49.8 million	49.4 million	57.6 million	61 million	58 million	67 million	67 million	64 million	63 million	70 million
Harlingen Consolidated Independent School District										
Number of square miles:	62.65	82	82			82	82	82	82	82
Total number of school buildings:	27	28	28		28	30	30	30		34
Elementary campuses:	16	17	17	П		17	17	17	17	16
Middle school campuses:	5	5	5	2	5	5	5	5		2
High school campuses:	3	3	3	3	3	4	4	4	4	2
Elementary Alternative Education:	₽	1	1	1	1	2	2	2		2
Secondary Alternative Education:	н	1	1	1	П	1	1	1	1	1
Alternative High School	1	1	1		1	П	1	П	1	
Number of teachers:	1,140	1,193	1,230				1,214			
Number of students:	17,894	18,081	18,225	18,146	18,176	18,360	18,226	18,259	18,800	
Annual budget:	134.0 million	139.5 million	147.8 million	149.9 million	149.2 million	157.4 million	162.8 million	170.4 million	187.6 Million	187.3 Million
Net bonded - indebtedness:	120.6 million	114.9 million	109.1 million	255.0 million	244.8 million	153.6 million	163.5 million	159.0 million	159.0 Million	147.8 Million
Source: Various City Departments and Component Units										

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GOVERNIMENT

Date of Incorporation: April 15,1910

Adoption of Home Rule: February 24,1927

Form of Government: City Commission - Manager
Area in square miles: 38

Population: 1990 census 48,735

2000 census 57,564

2010 census 64,849

Total Personal Income \$1,764,453,324

Per Capita Personal Income \$26,826

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

					Percentage of Estimated		
	General		s: Amounts		Actual Taxable		
	Bonded	Avail	able in Debt		Value of		Per
Fiscal Year	Debt (1)	Serv	ice Fund (2)	Total	Property (3)	Cap	ita (4)
2008	\$ 48,385,000	\$	498,901	\$ 47,886,099	1.96%	\$	736
2009	46,395,000		495,882	45,899,118	1.81%		612
2010	47,335,000		515,108	46,819,892	1.77%		680
2011	45,050,000		591,967	44,458,033	1.69%		679
2012	43,225,000		688,077	42,536,923	1.60%		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	42,085,000		1,033,665	41,051,335	1.46%		623
2016	31,601,651		1,150,000	30,451,651	1.33%		463
2017	27,645,000		728,941	26,916,059	1.51%		411

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

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

<sup>(2)</sup> This is the amount restricted for debt service principal payments.

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

<sup>(4)</sup> Population data can be found in the Schedule of Demographic and Economic Statisics.





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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Harlingen, Texas, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise City of Harlingen's basic financial statements, and have issued our report thereon dated April 26, 2018.

#### **Internal Control Over Financial Reporting**

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

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

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

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

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

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harlingen, Texas April 26, 2018

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

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

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

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

We have audited City of Harlingen, Texas' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Harlingen, Texas' major federal programs for the year ended September 30, 2017. City of Harlingen, Texas' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### Management's Responsibility

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

#### Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of City of Harlingen, Texas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of *Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Harlingen, Texas' compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

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

In our opinion, City of Harlingen, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

#### **Report on Internal Control Over Compliance**

Management of City of Harlingen, Texas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Harlingen, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Harlingen, Texas' internal control over compliance.

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

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

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

Harlingen, Texas

Caux Rigge & Ingram, L.L.C.

April 26, 2018

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#### City of Harlingen, Texas Schedule of Findings and Questioned Costs September 30, 2017

#### Section I - Summary of Auditors' Results

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

# City of Harlingen, Texas Schedule of Findings and Questioned Costs September 30, 2017

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

PROGRAM DESCRIPTION

None noted that were required to be reported

**Section III - Federal Award Findings** 

None noted that were required to be reported

City of Harlingen, Texas
Schedule of Findings and Questioned Costs
Corrective Action Plan
September 30, 2017

#### **PROGRAM DESCRIPTION**

#### **CORRECTIVE ACTION PLAN**

None noted that were required to be reported

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City of Harlingen, Texas Schedule of Findings and Questioned Costs Schedule of Status of Prior Year Findings September 30, 2017

None that were required to be reported.

(1) Federal Grantor /	(2) Federal	(3) Pass-through	(4) Provided	(5)
Pass-Through Grantor	CFDA	Entity Identifying	to	Federal
Program Title	Number	Number	Subrecipients	Expenditure
U.S. Department of Housing and Urban Development				
Passed through Community Planning and Development				
CDBG - Entitlement Grants Cluster				
*Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-48-0504	\$ -	\$ 168,413
*Community Development Block Grants/Entitlement Grants	14.218	B-15-MC-48-0504	-	316,121
*Community Development Block Grants/Entitlement Grants	14.218	B-16-MC-48-0504	-	476,862
Total CDBG - Entitlement Grants Cluster passed through Community Planning and Developmen			-	961,395
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawai	14.228	77090000123	-	25,270
Total Passed through Texas Department of Rural Affairs			-	25,270
Passed through Texas Department of Housing and Community Affairs				
HOME Investment Partnerships Program	14.239	M-13-MC-48-0504	_	141,598
HOME Investment Partnerships Program	14.239	M-14-MC-48-0504	-	108,001
HOME Investment Partnerships Program	14.239	M-15-MC-48-0504	-	41,814
HOME Investment Partnerships Program	14.239	M-16-MC-48-0504	-	56,404
Total Passed through Texas Department of Housing and Community Affairs			-	347,817
Total U.S. Department of Housing and Urban Development			-	1,334,483
U.S. Department of the Interior				
Passed Through Texas General Land Office				
Coastal Impact Assistance	15.668	06-S130653	_	11,743
Total Passed through Texas General Land Office			-	11,743
Total U.S. Department of the Interior			\$ -	\$ 11,743
U.S. Department of Justice				
Direct Program				
Texas Office of the Governor - Criminal Justice Division				
	16.575	2015-VA-GX-0009		21.75/
Crime Victim Assistance Total Direct from Texas Office of the Governor - Criminal Justice Division	10.575	2015-VA-GX-0009	-	31,754 31,754
Direct Program  Office: Bureau of Justice Assistance				
	16 607	EV204E		4.250
Bulletproof Vest Partnership Program	16.607 16.607	FY2015 FY2016	-	4,250
Bulletproof Vest Partnership Program  Total Direct from Office of Bureau of Justice Assistance	10.007	F12010	-	5,804 10,054
Direct Program:				
Direct Program:				
Office of Juvenile Justice Programs				
Public Safety Partnership and Community Policing Grants  Total Direct from Office of Justice Programs	16.710	2013-UM-WX-0099	-	136,210 136,210
Passed through Texas Department of Criminal Justice:	16 700	2016 DI DY 2026		47.00
Edward Byrne Memorial Justice Assistance Grant Program  Total Passed through Texas Department of Criminal Justice	16.738	2016-DJ-BX-0821	-	17,964 17,964
·				,
Direct Program Equitable Sharing Program	16.922	None	_	37,790
1				3.,.30
Total U.S. Department of Justice			-	233,772

<sup>\*</sup> Cluster of programs

#### City of Harlingen, Texas Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2017

(1)	(2)	(3)	(4)	(5)
Federal Grantor /	Federal	Pass-through	Provided	
Pass-Through Grantor	CFDA	Entity Identifying	to	Federal
Program Title	Number	Number	Subrecipients	Expenditure
U.S. Department of Transportation				
Direct Program:				
Federal Aviation Administration				
Airport Improvement Program	20.106	3-48-0101-057-2015	-	902,271
Airport Improvement Program	20.106	3-48-0101-058-2016	-	3,489,473
Airport Improvement Program	20.106	3-48-0101-059-2017	-	685,299
Total Direct from Federal Aviation Administration			-	5,077,043
Passed Through Department of Highways and Public Transportation				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	50-14XF0018	<u>-</u>	259,781
Total Passed through Texas Department of Highways and Public Transportation			-	259,781
Total U.S. Department of Transportation			-	5,336,824
National Highway Traffic Safety Administration				
Passed through Texas Department of Transportation				
Highway Safety Cluster:				
*State and Community Highway Safety	20.600	2017-Harlingen-S-1YG-0070	\$ -	\$ 42,337
*State and Community Highway Safety	20.600	2017-Harlingen-S-1YG-0091	-	10,530
*National Priority Safety Programs	20.616	2017-Harlingen-CIOT-00046	-	1,468
*National Priority Safety Programs	20.616	2017-Harlingen-IDM-00031	-	5,753
Total Highway Safety Cluster				60,088
Total Passed through Texas Department of Transportation			-	60,088
Total National Highway Traffic Safety Administration				60,088
U.S. Department of Homeland Security				
Passed Through Texas Office of the Governor – Division of Emergency Management				
Homeland Security Grant Program	97.067	EMW-2015-SS-00080	-	43,750
Homeland Security Grant Program	97.067	EMW-2016-SS-00056	_	415
Total Passed through Texas Office of the Governor – Division of Emergency Management			-	44,165
Total U.S. Department of Homeland Security			-	44,165
Total Federal Awards Expended			\$ -	\$ 7,021,075

# City of Harlingen, Texas Notes on Accounting Policies for Federal Awards September 30, 2017

#### General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the City of Harlingen, Texas, for the year ended September 30, 2017. The reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

#### **Basis of Presentation**

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

#### **Sub-recipients**

During the year ended September 30, 2017, the City of Harlingen, Texas had no sub-recipients.

#### **Federal Loans and Loan Guarantees**

During the year ended September 30, 2017, the City had no outstanding federal loans payable or loan guarantees.

#### **Federally Funded Insurance**

During the year ended September 30, 2017, the City had no federally funded insurance.

#### **Noncash Awards**

During the year ended September 30, 2017, the City did not have any federal awards in the form of noncash assistance.

#### **Indirect Cost Rate**

The Uniform Guidance allows an organization to elect a 10% de minimus indirect cost rate. For the year ended September 30, 2017, the City did not elect to use this rate.

City of Harlingen, Texas Exit Conference September 30, 2017

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

Elvia Treviño, Finance Director

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

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

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

Fiscal Year Ended September 30,

	2008	2009	2010	2011
Revenues:				
Property Taxes - including P & I	\$ 10,004,029	\$ 10,618,089	\$ 10,879,410	\$ 12,291,052
Non-property Taxes	18,067,506	18,248,116	17,253,772	17,272,816
Fines & Forfeitures	1,445,669	1,419,706	1,464,075	1,550,411
Licenses & Permits	598,789	584,810	500,265	505,837
Charges for Services	1,092,497	1,234,933	1,254,346	1,163,357
Intergovernmental	254,576	207,142	1,153,048	1,062,729
Contributions and Donations	-	-	-	-
Miscellaneous	240,330	187,902	99,178	620,067
Interest and Investment Income	557,126	218,109	98,128	40,517
Total Revenues	\$ 32,260,522	\$ 32,718,807	\$ 32,702,222	\$ 34,506,786
Expenditures:				
General Government	\$ 4,821,452	\$ 4,982,646	\$ 4,920,415	\$ 4,875,218
Public Safety	16,456,701	17,509,144	18,391,341	19,076,007
Highways & Streets	3,023,051	3,405,349	3,214,484	2,917,958
Health & Welfare	2,337,252	2,651,249	2,630,880	2,458,796
Community and economic development	-	-	-	-
Culture & Recreation	3,581,504	3,796,189	3,777,564	4,168,534
Capital Outlay	1,411,576	525,728	398,916	1,879,673
Debt Payments	79,296	-	-	13,136
Total Expenditures	\$ 31,710,832	\$ 32,870,305	\$ 33,333,600	\$ 35,389,322
Excess (Deficiency) of Revenues				
Over/(Under) Expenditures Budgeted Transfers and	549,690	(151,498)	(631,378)	(882,536)
Other Financing Sources (Uses)	(816,281)	19,977	232,563	1,214,559
5 (5)				
Excess of Revenues				
Other Financing Sources (Uses)	(200 504)	(424 524)	(200.045)	222.022
Over (Under) Expenditures & Others	(266,591)	(131,521)	(398,815)	332,023
Beginning Fund Balance	11,324,558	11,057,967	10,926,446	10,527,631
Ending Fund Balance	\$ 11,057,967	\$ 10,926,446	\$ 10,527,631	\$ 10,859,654

2012	2013	2002	2015	2016	2017
\$ 12,690,327	\$ 13,624,303	\$ 6,531,894	\$ 13,682,198	\$ 14,202,827	\$ 14,365,607
19,063,014	19,091,811	13,989,759	19,897,893	20,221,652	21,134,041
1,807,782	1,780,146	768,980	1,672,287	1,442,634	1,113,512
552,753	614,735	471,605	502,973	549,401	650,476
1,037,873	2,391,671	419,943	3,034,139	2,459,509	2,840,253
254,552	296,070	565,972	689,624	58,815	59,730
-	827,353	/-	2,503,630	696,413	628,274
946,188	173,637	358,330	155,673	131,008	604,711
39,415	31,265	272,444	14,062	32,006	115,237
\$ 36,391,904	\$ 38,830,991	\$ 23,378,927	\$ 42,152,479	\$ 39,794,265	\$ 41,511,841
+ 00,000,000	+ 00,000,000	+ ==,=:=,==:	+,,	+	<del>+</del>
\$ 4,867,732	\$ 5,237,122	\$ 2,397,250	\$ 5,748,778	\$ 5,536,663	\$ 5,519,977
18,351,930	20,580,493	14,240,526	22,621,457	22,055,008	22,905,249
2,977,519	3,100,048	2,084,228	3,258,044	3,037,712	3,192,920
2,554,289	2,785,007	1,908,671	2,972,646	2,895,711	2,893,736
-	-	-	-	-	597,316
3,853,625	4,024,108	3,046,544	3,759,030	3,928,243	4,116,239
1,210,517	1,197,032	99,511	3,933,263	952,217	1,537,157
-	-	57,007	339,567	540,738	168,672
\$ 33,815,612	\$ 36,923,810	\$ 23,833,737	\$ 42,632,785	\$ 38,946,292	\$ 40,931,266
2,576,292	1,907,181	(454,810)	(480,306)	847,973	580,575
_,	_,_,	(101,000)	(122,222)	2 11 /2 1 2	222,212
(39,150)	480,194	420,832	(759,632)	(76,639)	1,216,746
2,537,142	2,387,375	(33,978)	(1,239,938)	771,334	1,797,321
, ,	, , -	, , -,	( , , , == )	,	, ,-
10,859,654	13,396,796	5,378,407	17,183,636	15,943,698	16,715,032
\$ 13,396,796	\$ 15,784,171	\$ 5,344,429	\$ 15,943,698	\$ 16,715,032	\$ 18,512,353
7 15,550,790	<i>γ</i> 15,/64,1/1	۶ 5,544,429	۶ محصرد45,038 <i>چ</i>	<i>λ</i> 10,/15,052	7 10,512,555

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

Fiscal Year Ended September 30, 2017

Fiscal		•	•				
Year		Property		Debt		Percentage	Percentage
Ended	Tax	Tax	General	Service	Tax	Current	Total
9/30	Year	Rate	Fund	Fund	Levy	Collection	Collections
2008	2007	0.590000	0.435917	0.154083	14,522,362	95.23%	99.47%
2009	2008	0.590000	0.437800	0.152200	14,988,796	95.99%	99.91%
2010	2009	0.588827	0.435580	0.153247	15,677,296	95.41%	98.88%
2011	2010	0.588827	0.434634	0.154193	15,696,199	96.01%	98.00%
2012	2011	0.588827	0.450426	0.138401	15,845,781	96.42%	98.37%
2013	2012	0.588827	0.451862	0.136965	16,572,177	97.78%	97.78%
2014	2013	0.588827	0.449723	0.139104	16,859,308	97.23%	97.23%
2015	2014	0.588827	0.450901	0.137926	17,081,984	96.50%	99.57%
2016	2015	0.588827	0.460327	0.128500	17,126,250	96.50%	99.70%
2017	2016	0.588827	0.460327	0.128500	17,900,502	96.50%	96.82%

## City of Harlingen, Texas Valuation and General Obligation Debt History

#### Fiscal Year Ended September 30, 2017

				Per Capita		
			Per Capita	General	Ratio G.O.	Percentage
_			Taxable	Obligation	Tax Debt to	of Total
Fiscal Year	Estimated City	Taxable Assessed	Assessed	•	<b>Taxable Assessed</b>	Tax
Ending 9/30	Population (1)	Valuation (2)	Valuation	Debt (3)	Valuation	Collection
2008	65,043	2,461,393,258	37,843	373	0.99%	99.47%
2009	74,950	2,566,847,205	34,247	307	0.90%	99.91%
2010	64,849	2,675,276,539	41,254	364	0.88%	98.88%
2011	65,466	2,670,987,425	40,800	338	0.83%	98.00%
2012	66,122	2,696,242,041	40,777	316	0.77%	98.37%
2013	65,679	2,814,253,902	43,594	296	0.69%	97.78%
2014	65,665	2,863,202,306	43,603	274	0.63%	97.23%
2015	65,914	2,901,019,088	44,012	249	0.56%	96.50%
2016	65,774	3,028,664,715	46,047	480	1.11%	96.50%
2017	65,539	3,142,046,667	47,942	422	0.88%	96.82%

<sup>(1)</sup> City Planning and Development Department

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

<sup>(3)</sup> Does not include self-supporting debt

Taxable Appraised Value	Taxab	le A	qq	rais	ed	Val	ue
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Fiscal Year Ended September 30,	2017	2017		2016		2015		2014	
Category	Amount	% of Total							
Real, Residential, Single-Family	\$1,505,382,496	42.46%	\$1,422,719,443	41.78%	\$1,391,784,107	43.09%	\$1,368,138,082	42.93%	
Real, Residential, Multi-Family	\$156,626,985	4.42%	\$152,731,731	4.48%	145,711,895	4.51%	137,135,722	4.30%	
Real, Vacant Lots/Tracts	95,179,814	2.68%	99,616,746	2.93%	79,131,228	2.45%	77,780,405	2.44%	
Real, Acreage (Land Only)	78,901,837	2.23%	77,483,543	2.28%	102,098,139	3.16%	104,026,465	3.26%	
Real, Farm and Ranch Improvements	20,715,678	0.58%	22,543,512	0.66%	16,103,270	0.50%	12,967,265	0.41%	
Real, Commercial and Industrial	913,777,649	25.77%	869,779,194	25.54%	853,524,500	26.42%	817,744,628	25.66%	
Real and Tangible Personal Utilities	92,638,719	2.61%	87,635,345	2.57%	71,433,158	2.21%	64,460,988	2.02%	
Tangible Personal, Commercial and Industrial	411,114,410	11.60%	408,136,305	11.98%	349,774,616	10.83%	392,710,604	12.32%	
Tangible Personal, Mobile Homes	20,048,678	0.57%	19,475,651	0.57%	19,401,944	0.60%	19,303,546	0.61%	
Real Property, Inventory	3,845,926	0.11%	5,289,784	0.16%	7,090,330	0.22%	4,839,652	0.15%	
Special Inventory	33,840,897	0.95%	33,441,069	0.98%	26,150,645	0.81%	22,494,609	0.71%	
Total Exempt Property	213,290,180	6.02%	206,794,099	6.07%	168,062,865	5.20%	165,626,270	5.20%	
Total Appraised Value Before Exemptions	3,545,363,269	100.00%	3,405,646,422	100.00%	3,230,266,697	100.00%	3,187,228,236	100.00%	
Less: Total Exemptions/Reductions/Adjustments	315,031,845		298,613,054		329,247,609		324,025,930		
Taxable Assessed Value	\$3,230,331,424		\$3,107,033,368		\$2,901,019,088		\$2,863,202,306		

#### Taxable Appraised Value

For the Fiscal Year Ended September 30,	2013	2013		2012		2011		2009	
Category	Amount	% of Total							
Real, Residential, Single-Family	\$1,356,985,849	43.30%	\$1,344,724,352	44.28%	\$1,318,224,240	44.31%	\$1,244,751,258	43.52%	
Real, Residential, Multi-Family	131,572,346	4.20%	125,142,938	4.12%	116,950,700	3.93%	107,342,483	3.75%	
Real, Vacant Lots/Tracts	79,490,812	2.54%	80,612,755	2.65%	85,528,469	2.88%	76,079,534	2.66%	
Real, Acreage (Land Only)	105,421,460	3.36%	101,376,116	3.34%	96,496,499	3.24%	100,118,412	3.50%	
Real, Farm and Ranch Improvements	12,839,492	0.41%	12,037,445	0.40%	11,841,531	0.40%	11,498,793	0.40%	
Real, Commercial and Industrial	811,900,683	25.91%	684,313,854	22.53%	672,640,392	22.61%	655,078,159	22.90%	
Real and Tangible Personal Utilities	63,263,718	2.02%	64,184,140	2.11%	70,089,816	2.36%	78,043,858	2.73%	
Tangible Personal, Commercial and Industrial	363,204,883	11.59%	369,969,623	12.18%	368,545,689	12.39%	364,266,408	12.73%	
Tangible Personal, Mobile Homes	18,674,253	0.60%	18,702,753	0.62%	24,904,511	0.84%	25,594,139	0.89%	
Real Property, Inventory	5,079,949	0.16%	8,875,454	0.29%	8,622,072	0.29%	8,212,479	0.29%	
Special Inventory	20,596,563	0.66%	18,209,616	0.60%	15,730,782	0.53%	20,389,001	0.71%	
Total Exempt Property	164,870,000	5.26%	208,669,510	6.87%	185,184,548	6.23%	169,133,280	5.91%	
Total Appraised Value Before Exemptions	3,133,900,008	100.00%	3,036,818,556	100.00%	2,974,759,249	100.00%	2,860,507,804	100.00%	
Less: Total Exemptions/Reductions/Adjustments	319,646,106		340,576,515		303,771,824		293,660,599		
Taxable Assessed Value	\$2,814,253,902		\$2,696,242,041		\$2,670,987,425		\$2,566,847,205		

#### Taxable Appraised Value

For the Fiscal Year Ended September 30,	2009		2008	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$1,244,751,258	43.52%	\$1,203,276,059	43.47%
Real, Residential, Multi-Family	107,342,483	3.75%	87,364,093	3.16%
Real, Vacant Lots/Tracts	76,079,534	2.66%	77,954,373	2.82%
Real, Acreage (Land Only)	100,118,412	3.50%	106,785,310	3.86%
Real, Farm and Ranch Improvements	11,498,793	0.40%	11,696,515	0.42%
Real, Commercial and Industrial	655,078,159	22.90%	647,695,888	23.40%
Real and Tangible Personal Utilities	78,043,858	2.73%	68,524,040	2.48%
Tangible Personal, Commercial and Industrial	364,266,408	12.73%	361,951,074	13.08%
Tangible Personal, Mobile Homes	25,594,139	0.89%	26,017,359	0.94%
Real Property, Inventory	8,212,479	0.29%	6,531,199	0.24%
Special Inventory	20,389,001	0.71%	19,105,549	0.69%
Total Exempt Property	169,133,280	5.91%	151,138,046	5.46%
Total Appraised Value Before Exemptions	2,860,507,804	100.00%	2,768,039,505	100.00%
Less: Total Exemptions/Reductions/Adjustments	293,660,599		306,646,247	
Taxable Assessed Value	\$2,566,847,205		\$2,461,393,258	

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

#### September 30, 2017

Name of Governmental Unit	Net Debt Outstanding	Percentage Applicable to the City of Harlingen	City of Harlingen's Share of Debt						
<u>D</u>	IRECT DEBT								
City of Harlingen	\$54,113,251	100.00%	\$54,113,251						
OVERLAPPING DEBT									
Cameron County	106,770,000	13.62%	14,540,513						
Harlingen Consolidated Independent School District	147,815,384	100.00%	147,815,384						
Rio Hondo Independent School District	35,755,504	1.89%	677,389						
San Benito Independent School District	72,720,000	1.83%	1,329,130						
Overlapping Debt	363,060,888		164,362,416						
Total Direct and Overlapping Debt	\$417,174,139		\$218,475,667						

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values.

Applicable percentages were estimated by determining the portion of the another government unit's assessed value that is within the City's boundaries and dividing by each unit's total asssessed value.

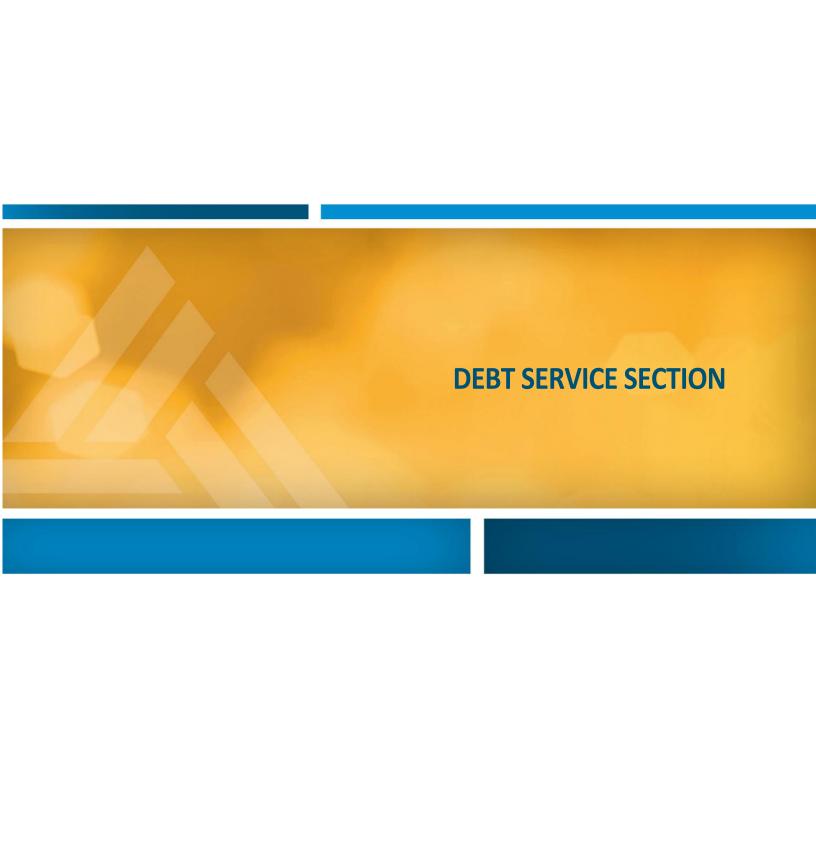
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## City of Harlingen, Texas PRINCIPAL PROPERTY TAXPAYERS

Fiscal Year Ended September 30, 2017

Prinicipal Taxpayer	Type of Business	FY 2017 Taxable Assessed Valuation	Percentage Of Total Taxable Assessed Valuation
VHS Harlingen Hospital Company LLC	Medical Services	\$73,339,564	2.33%
AEP Texas Central Company	Electricity Suppliers	41,563,120	1.32%
Boyer Harlingen LC	Real Estate Developers	27,955,724	0.89%
HMC Realty LLC	Real Estate Developers	25,080,618	0.80%
VHS Harlingen Hospital Co LLC	Medical Real Estate Developers	21,872,344	0.70%
Mall at Valle Vista LLC	Shopping Center Operations	20,841,484	0.66%
American Realty Capital	Real Estate Developers	17,787,014	0.57%
VHS Valley Real Estsate Co LLC	Medical Real Estate Developers	13,096,929	0.42%
Valley Baptist Realty Corp.	Medical Real Estate Developers	13,078,291	0.42%
Harlingen SC Partners LTD	Shopping Center Operations	12,296,417	0.39%
		\$266,911,505	8.49%

Source: Cameron Appraisal District



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

#### SOURCE OF FUNDING-PROPERTY TAX RATE

FISCAL YEAR	<b>201</b> CERTIFI OF OBLIG	CATE	<b>2011</b> G. O. REFUNDING BONDS		<b>2012</b> CERTIFIC OF OBLIG	CATE	<b>2013</b> CERTIFICATE OF OBLIGATION		
ENDING	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
9/30/2018	145,000	84,106	250,000	41,706	140,000	50,888	140,000	78,575	
9/30/2019	145,000	79,756	255,000	35,671	140,000	46,688	155,000	75,775	
9/30/2020	150,000	75,144	260,000	29,517	150,000	42,488	150,000	72,675	
9/30/2021	155,000	69,994	265,000	23,243	145,000	39,488	160,000	69,675	
9/30/2022	160,000	64,481	275,000	16,790	150,000	36,588	165,000	66,475	
9/30/2023	170,000	58,494	280,000	10,157	150,000	33,588	165,000	63,175	
9/30/2024	175,000	52,025	285,000	3,405	160,000	30,588	165,000	59,875	
9/30/2025	180,000	45,144	-	-	140,000	27,388	195,000	54,925	
9/30/2026	190,000	37,744	-	-	145,000	24,588	195,000	49,075	
9/30/2027	195,000	30,044	-	-	145,000	21,325	205,000	43,225	
9/30/2028	205,000	22,044	-	-	15,000	18,063	55,000	37,075	
9/30/2029	215,000	13,509	-	-	20,000	17,650	50,000	35,425	
9/30/2030	220,000	4,538	-	-	25,000	17,100	50,000	33,925	
9/30/2031	-	-	-	-	100,000	16,413	205,000	32,425	
9/30/2032	-	-	-	-	115,000	13,663	200,000	26,275	
9/30/2033	-	-	-	-	110,000	10,500	210,000	20,275	
9/30/2034	-	-	-	-	120,000	7,200	210,000	13,975	
9/30/2035	-	-	-	-	120,000	3,600	220,000	7,150	
9/30/2036	-	-	-	-	-	-	-	-	
9/30/2037	-	-	-	-	-	-	-	-	
9/30/2038	-	-	-	-	-	-	-	-	
9/30/2039	-	-	-	-	-	-	-	-	
9/30/2040	-	-	-	-	-	-	-	-	
_	2,305,000	637,022	1,870,000	160,489	2,090,000	457,806	2,895,000	839,975	

<b>201</b> G. C	).	<b>201</b> CERTIF		<b>2016</b> G. O.		G. O.		G. O.			
OF OBLIG PRINCIPAL	ATION INTEREST	OF OBLIC PRINCIPAL	SATION INTEREST	OF OBLIG PRINCIPAL	SATION INTEREST	TOTAL PRINCIPAL	TOTAL INTEREST	PRINCIPAL & INTEREST			
275,000	39,975	275,000	464,808	1,930,000	775,450	3,155,000	1,535,508	4,690,508			
285,000	34,375	280,000	460,380	1,965,000	736,500	3,225,000	1,469,145	4,694,145			
195,000	29,575	350,000	454,976	2,105,000	695,800	3,360,000	1,400,175	4,760,175			
200,000	25,125	390,000	447,031	2,185,000	620,125	3,500,000	1,294,681	4,794,681			
210,000	20,000	415,000	437,398	2,280,000	508,500	3,655,000	1,150,232	4,805,232			
215,000	14,688	430,000	425,944	2,400,000	391,500	3,810,000	997,546	4,807,546			
220,000	9,250	450,000	413,001	2,500,000	294,000	3,955,000	862,144	4,817,144			
260,000	3,250	460,000	398,826	2,645,000	216,825	3,880,000	746,358	4,626,358			
-	-	475,000	383,876	2,990,000	132,300	3,995,000	627,583	4,622,583			
-	-	490,000	367,964	2,915,000	43,725	3,950,000	506,283	4,456,283			
-	-	510,000	350,814	-	-	785,000	427,996	1,212,996			
-	-	525,000	332,199	-	-	810,000	398,783	1,208,783			
-	-	545,000	311,304	-	-	840,000	366,867	1,206,867			
-	-	570,000	289,613	-	-	875,000	338,451	1,213,451			
-	-	595,000	266,927	-	-	910,000	306,865	1,216,865			
-	-	620,000	242,294	-	-	940,000	273,069	1,213,069			
-	-	645,000	216,626	-	-	975,000	237,801	1,212,801			
-	-	670,000	189,923	-	-	1,010,000	200,673	1,210,673			
-	-	700,000	162,185	-	-	700,000	162,185	862,185			
-	-	730,000	133,205	-	-	730,000	133,205	863,205			
-	-	760,000	101,888	-	-	760,000	101,888	861,888			
-	-	790,000	69,284	-	-	790,000	69,284	859,284			
	-	825,000	35,397	-	-	825,000	35,397	860,397			
1,860,000	176,238	12,500,000	6,955,863	23,915,000	4,414,725	47,435,000	13,642,117	61,077,117			