

# Pharr



## POPULAR ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2015



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# CITY OF PHARR

## POPULAR ANNUAL FINANCIAL REPORT

### A MESSAGE FROM THE MAYOR



**To The Citizens  
of the City of  
Pharr:**

Dr. Ambrosio "Amos" Hernandez  
Mayor  
mayor@pharr-tx.gov

I am pleased to present you the City of Pharr's fifth Popular Annual Financial Report (PAFR) for the year ended September 30, 2015. This report is an easy-to-read version of the City's Comprehensive Annual Financial Report (CAFR) that is published on an annual basis.

This report provides a summary of the City's revenue, spending, and financial condition. It also includes statistical information for the City as well as reference information for usage in contacting Board Members or City departments.

Thank you for your interest in the City of Pharr's government and how it functions. I welcome your feedback, suggestions, and comments regarding the information contained in this report.

Sincerely,

Dr. Ambrosio "Amos" Hernandez  
Mayor

### ELECTED OFFICIALS

Dr. Ambrosio "Amos" Hernandez - Mayor



Oscar Elizondo, Jr.  
Mayor Pro Term



Eleazar Guajardo  
Commissioner



Roberto "Bobby" Carrillo  
Commissioner



Edmund Maldonado, Jr.  
Commissioner



Ricardo Medina  
Commissioner



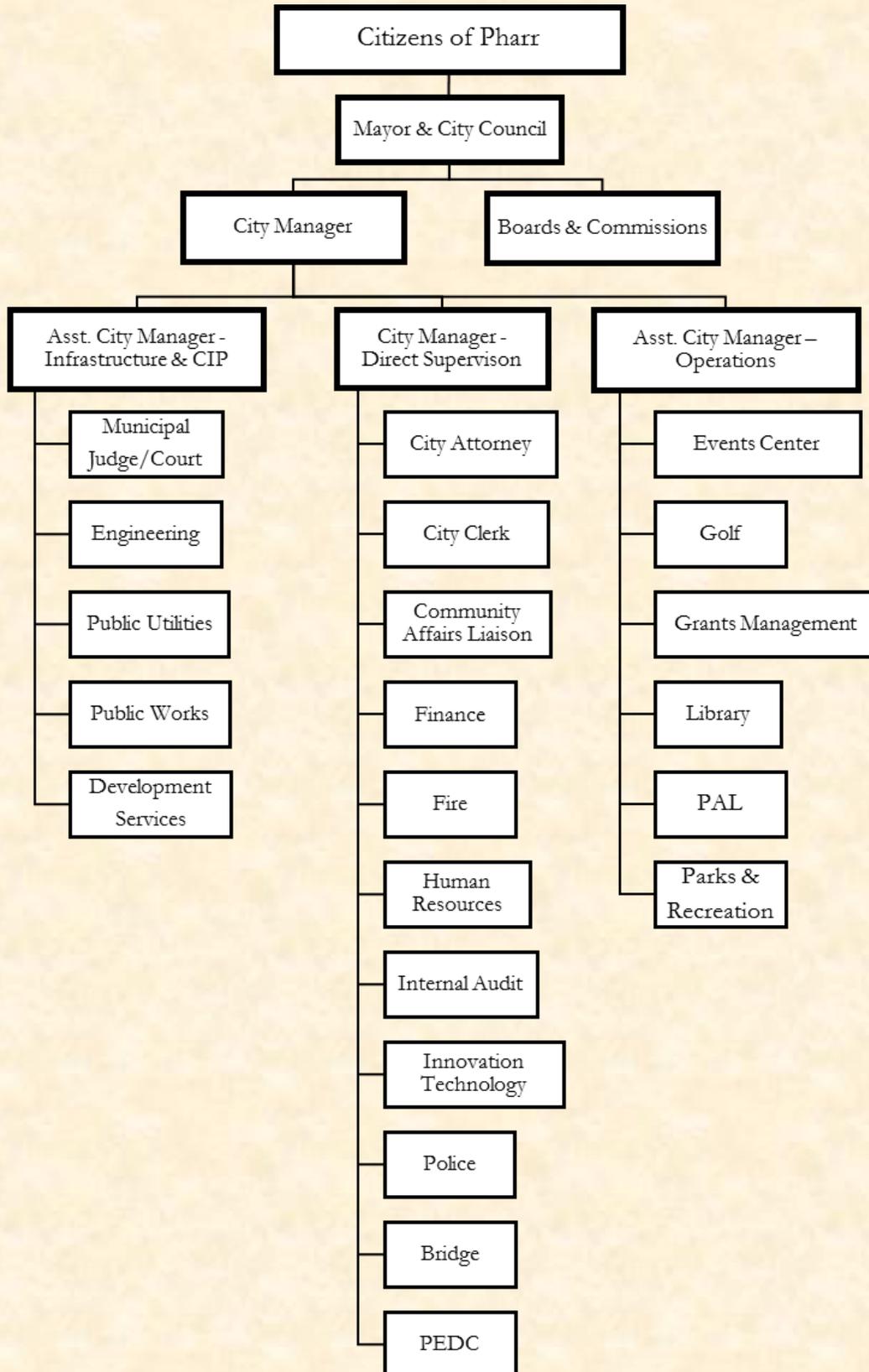
Mario A. Bracamontes  
Commissioner



Juan G. Guerra  
City Manager

Contact Information: (956) 402-4100  
P.O.Box 1729 Pharr, TX 78577

# ORGANIZATION CHART-CITY OF PHARR



# ABOUT THIS REPORT

This Popular Annual Financial Report (PAFR) has been prepared to inform citizens about the City of Pharr and its operations, services and programs, as well as its financial condition.

The PAFR is a summary of the major financial activities of the City's Governmental and Enterprise funds and does not include component unit and non-major fund data.\* The information in this report was drawn from information found in the audited 2015 Comprehensive Annual Financial Report (CAFR) of the City of Pharr. The CAFR report is prepared in accordance with generally accepted accounting principles (GAAP) and includes financial statements audited by Oscar R. Gonzalez, C.P.A. & Associates, P.L.L.C.

The financial information presented in this report is summarized and does not substitute for the City's CAFR. By its nature, this report is unaudited and presented on a non-GAAP basis.



**Pharr Aquatic Center**

Copies of the CAFR are available for public viewing at City Hall, Pharr Memorial Library, and online at: <http://pharr-tx.gov/departments/finance/comprehensive-annual-financial-report-cafr/>



**Pharr International Bridge**

\*Net Position analysis (pg. 8) includes component units and non-major funds.

## IMPORTANT PHONE NUMBERS

**ADMINISTRATION**  
(956) 402-4000

**POLICE DEPT.**  
(956) 402-4700

**FIRE RESCUE**  
(956) 402-4400

**PUBLIC WORKS**  
(956) 402-4310

**PUBLIC UTILITIES**  
(956) 402-4300

**MUNICIPAL COURT**  
(956) 402-4690

**LIBRARY**  
(956) 402-4650

**BRIDGE**  
(956) 402-4660

**CODE ENFORCEMENT**  
(956) 402-4222

**ANIMAL CONTROL**  
(956) 402-4320

**RECYCLING CTR**  
(956) 402-4360

**FINANCE**  
(956) 402-4150

**PARKS & REC**  
(956) 402-4550

**HUMAN RESOURCES**  
(956) 402-4111

# ABOUT THE CITY OF PHARR

The City of Pharr was founded in 1909 and has an estimated population of 76,538 as of September 30, 2015. The City boasts of the largest International Bridge in the world and is the gateway to Latin America along U.S. 281. In 2006 the City was awarded the title of All America City.

The City utilizes a City Manager form of government. The City Manager, who is appointed by the Board of Commissioners, is held responsible for the execution of the laws and the administration of the government of the City.

The Board of Commissioners consists of a Mayor and six (6) commissioners, whom are elected by the City at large for a term of four (4) years. The Board of Commissioners enacts local legislation, adopts budgets, and determines policies.

All powers of the City are exercised in the manner prescribed by the City Charter, or if the manner be not prescribed, then in such manner as may be prescribed by ordinance, the State Constitution, or by the statutes of the State of Texas.

**PROPERTY TAX STATISTICS** <sup>(1) (2)</sup>

**PRINCIPAL PROPERTY TAX PAYERS**

<u>Taxpayer</u>	<u>Rank</u>
Wilder Corporation of Delaware	1
HEB Grocery Company LP	2
McAllen LEVCAL LLC	3
McAllen LEVCAL INC LLC	4
Capote ABCD INC	5
AEP Texas Central Co	6
Paradise Resort Estates LLC	7
Costco Whole Sale Corp	8
FJRS Investments LTD	9
AEP Texas Central Company	10

**CITY OF PHARR TAX RATE**  
**2006-2015**

<u>FY ENDING</u>	<u>RATE</u>
2006	\$0.683
2007	0.683
2008	0.682
2009	0.680
2010	0.680
2011	0.680
2012	0.680
2013	0.680
2014	0.680
2015	\$0.680

REFERENCES:

- (1) City of Pharr Tax Assessor/Collector
- (2) Hidalgo County Tax Office

# WHERE GENERAL FUND MONEY COMES FROM

The City must raise funds to pay for the services that it provides to the citizens and businesses. The sources of funds, known as revenues, are raised through taxes, grants, and charges.

## GOVERNMENTAL REVENUES

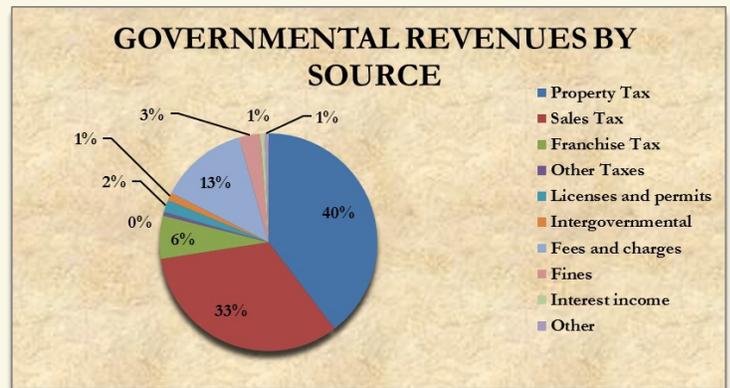
It is important to analyze the City's General fund when assessing the financial results of the City. The General fund is the general operating fund of the City and supports the day-to-day operations of the City, therefore our main focus will be the General Fund. This fund is used to account for all financial resources traditionally associated with government, except those required to be accounted for in another fund.

Total revenues of the governmental funds increased by \$688,792 or 1% over the prior year.

REVENUE SOURCE	2015	2014
Property Tax	\$ 14,738,507	\$ 14,033,540
Sales Tax	12,233,004	10,917,821
Franchise Tax	2,387,854	2,272,994
Other Taxes	206,178	188,597
Licenses and permits	681,144	761,980
Intergovernmental	422,852	554,945
Fees and charges	4,892,050	5,444,356
Fines	1,177,848	1,085,589
Interest income	234,123	316,136
Other	218,180	926,990
<b>Total Revenues*</b>	<b>\$ 37,191,740</b>	<b>\$ 36,502,948</b>

\*Does not include component unit and Non-Major governmental funds.

The graph on the right illustrates governmental revenues by source. Property taxes (40%) and Sales tax (33%) are the largest sources of funds followed by Fees and Charges (13%).



# WHERE GENERAL FUND MONEY GOES

The money the City collects from all sources must be spent efficiently to provide services to the citizens and businesses of the City. The General fund finances the day-to-day operations of the City. General fund expenditures are categorized by the type of service provided. The different categories are General Government, Public Safety, Highways and Streets, Health and Welfare, and Culture and Recreation. Also fully operated this year was the City's 501(c)(3) organization, Police Athletic League (PAL), which is a youth prevention program that relies on educational, athletic and other recreational activities to cement a bond between police officers and the youth of the community.

## GOVERNMENTAL EXPENDITURES

During the years ended September 30, 2015 and 2014, the City expended funds as shown below.

EXPENDITURES	2015	2014
General Government	\$ 10,240,909	\$ 9,207,787
Public Safety	18,336,624	19,477,291
Highways and Streets	4,856,071	4,296,700
Health and Welfare	2,808,354	2,758,305
Culture and Recreation	4,576,540	4,908,356
Debt Service	4,720,341	2,088,022
<b>Total Expenditures *</b>	<b>\$ 45,538,839</b>	<b>\$ 42,736,461</b>

\*Does not include component unit and Non-Major governmental funds.

The City expended \$2,802,378 more than it expended last year. This was mainly due to higher debt service principal and interest payments.

### CITY'S CAPITAL ASSET

#### RECREATION AND PUBLIC SAFETY (2)

Police Stations:	2
Fire Stations:	3
Police Units:	68
Tennis Courts:	2
Community and Convention Centers:	4
International Bridge:	1
Libraries:	1
Golf Course:	1

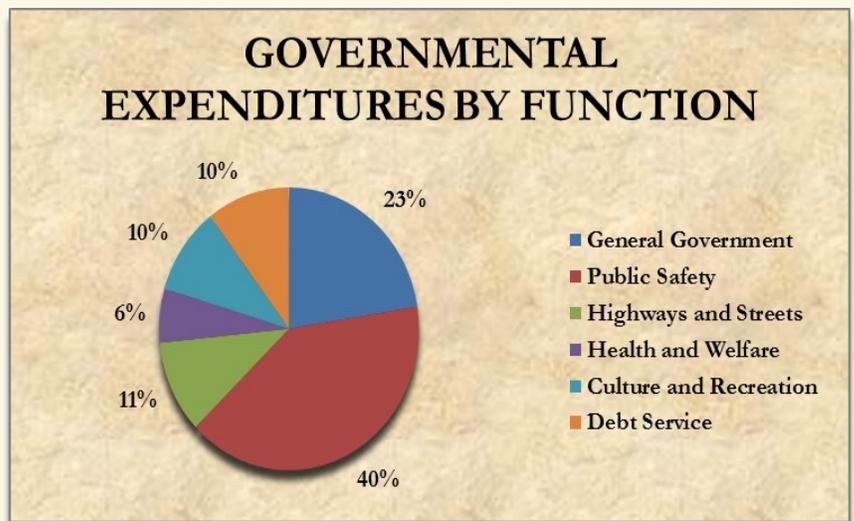
#### PUBLIC SCHOOLS (2)

High School:	3
Middle Schools:	4
Elementary Schools:	14
Special Purpose Schools:	3

#### REFERENCES:

- (1) 2014-2015 P.S.J.A. ISD School District Enrollment
- (2) Various City Departments

The graph on the right illustrates the General fund expenditures by function. Public Safety (40%) is the largest use of funds followed by General government (23%), Culture and Recreation (10%), and Debt Service (10%).



**OTHER NON-MAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS** are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

- Asset Sharing
- Community Development
- Hotel Motel
- Parkland Dedication
- Paving & Drainage
- Special Revenue
- Grants

**DEBT SERVICE FUNDS** are used to account for the accumulation of resources and payment of general long-term debt.

- Debt Service

**CAPITAL PROJECTS FUNDS** are used to account for major capital acquisition and construction activities.

- General Capital Projects

# GOVERNMENTAL FUNDS OVERALL FINANCES

The 2015 financial results of the City of Pharr for general government purposes were as follows:

Revenues	\$ 37,191,740
Expenditures	<u>\$ 45,538,839</u>
Total	<u>\$ (8,347,099)</u>

The City's general fund brought in less money than it spent. This is due to expenditures made with last year's excess cash.

This amount excludes data from Component units and Non-major governmental funds and transfer in and out from/to other funds.



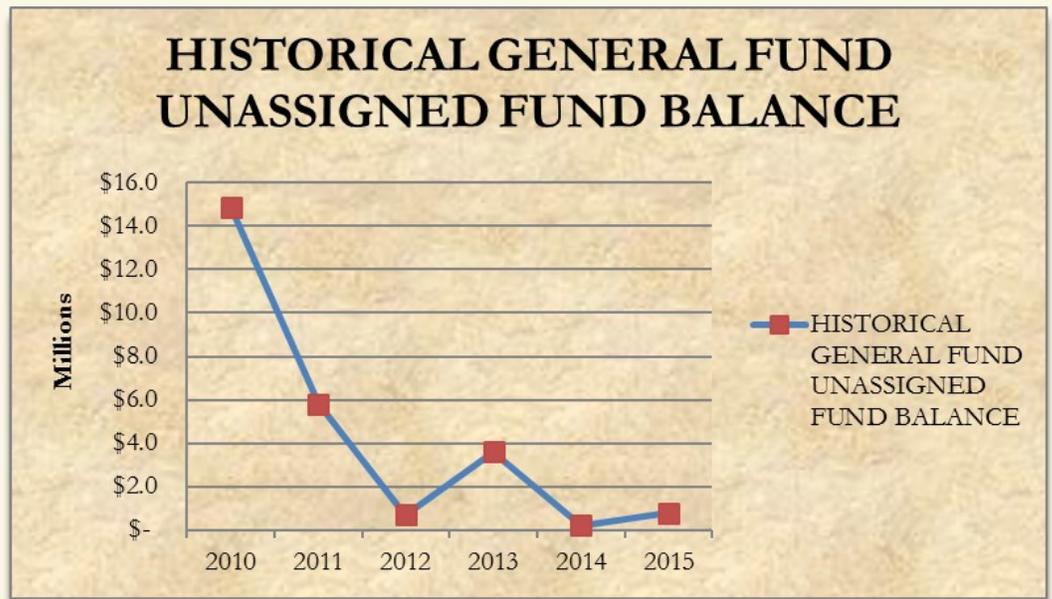
Pharr Memorial Library

## GENERAL FUND UNASSIGNED FUND BALANCE

At the end of the current fiscal year, the unassigned fund balance for the general fund increased \$794 thousand from fiscal year 2014. The unassigned fund balance of the General Fund at the end of the year represents funds available that the city can use for any of its purposes. The increase mainly due to a positive trend in property and sales tax collections experienced during the year. This information does not include the City's Contingency Fund (an amount kept in reserve to guard against possible losses) of 25% of operating expenditures. At the end of 2014-2015 that amount equaled to \$8.3 million.

	<u>2014-2015</u>	<u>2013-2014</u>
Unassigned General Fund, Fund Balance (in millions)	\$0.79	\$.21

Below is a chart that compares the general fund's unassigned fund balance for the past five years.



# ENTERPRISE FUNDS

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business. There are three enterprise funds in the City: Utility Fund, Bridge Fund, and Golf Course Fund.

The Utility fund revenue sources include water sales, sewer sales, tapping fees, and reconnecting fees. Bridge major revenue source is toll fees, and Golf revenue sources include member fees, food and beverage sales, and cart rentals.

The following chart shows operating income (loss) for enterprise funds for the year ended September 30, 2015.

	UTILITY FUND	BRIDGE FUND	GOLF FUND
Operating Revenues	\$ 12,979,679	\$ 12,781,079	\$ 780,583
Operating Expenses	12,425,908	3,500,811	1,423,745
<b>Operating Income (Loss)</b>	<b>\$ 553,771</b>	<b>\$ 9,280,268</b>	<b>\$ (643,162)</b>

## 2015 OPERATING INDICATORS BY FUNCTION

### International Bridge

Car Crossings: 794,930  
Truck Crossings: 523,373

### Utilities

New Connections 303  
Water main breaks 1,726

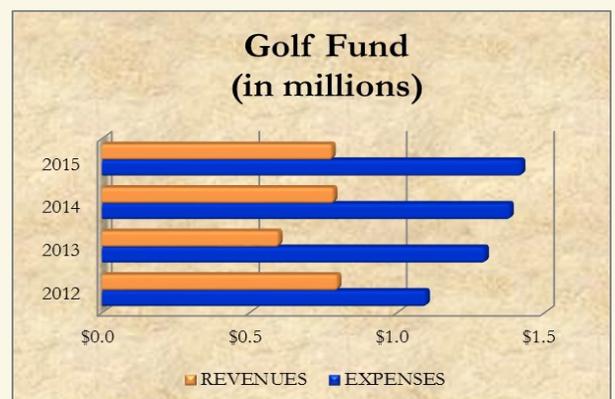
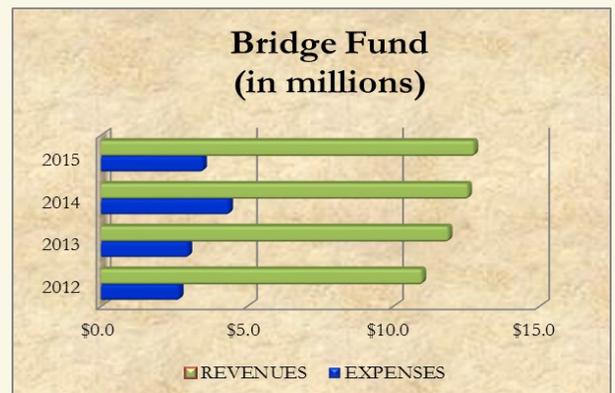
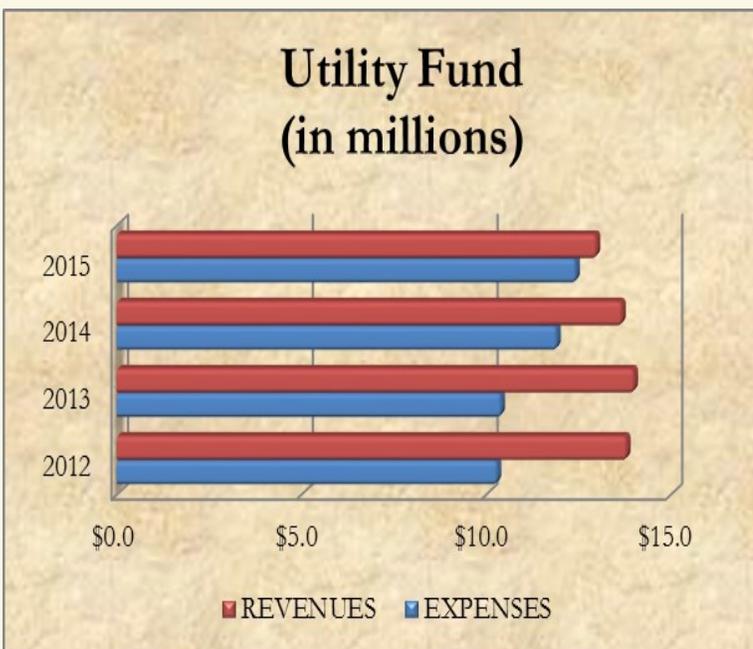
Avg. daily Consumption (millions of gallons) 6.5 MGD

Avg. daily Sewage treatment (thousands of gallons) 5.2 MGD

Water mains (miles) 304  
Sanitary sewers (miles) 267  
Storm sewers (miles) 95.6

SOURCE:  
Various City Departments

The following charts show a comparison of revenues and expenses for the past four years for each of the enterprise funds (not including debt service or capital purchases).



**DEMOGRAPHIC  
AND ECONOMIC  
STATISTICS**

**POPULATION  
STATISTICS**

Population:	76,538 <sup>(2)</sup>
% Female:	50.3% <sup>(2)</sup>
% Male:	49.7% <sup>(2)</sup>
% with Bachelor Degree or higher:	13.1% <sup>(2)</sup>
Median Household Income:	34,655 <sup>(2)</sup>
Per Capita Income:	13,568 <sup>(2)</sup>
Median Age:	27.6 <sup>(1)</sup>
School Enrollment:	32,519 <sup>(1)</sup>

**POPULATION FOR THE**

**LAST 10 YEARS**

2006	61,360
2007	64,318
2008	66,078
2009	66,874
2010	67,217
2011	70,400
2012	72,513
2013	74,116
2014	75,382
2015	76,538

**UNEMPLOYMENT  
RATE<sup>(2)</sup>**

City:	7.1%
State:	4.5%
County:	7.7%

**REFERENCES:**

- (1) City of Pharr September 30, 2015 Comprehensive Annual Financial Report
- (2) U.S. Census Bureau
- (3) Texas Workforce Commission (Texas Labor Market Information)

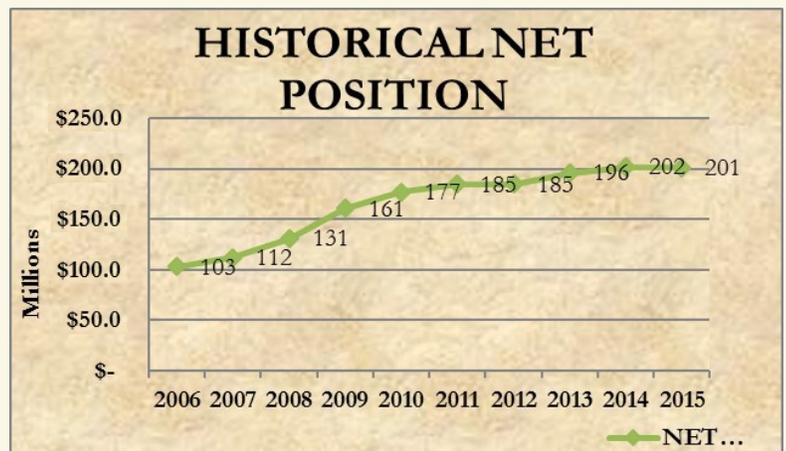
# GOVERNMENT-WIDE FINANCIAL ANALYSIS

## NET POSITION

Net position, the amount in which assets and deferred outflows (what we have) exceed liabilities and deferred inflows (what we owe), may serve as a useful indicator of a City's financial position. The City of Pharr's Net Position combined for fiscal year 2015 were \$201.3 million. Of this amount \$12.4 million are unrestricted net position which can be used to meet the government's ongoing obligations to citizens and creditors. The City's combined net position decreased \$1.5 million from last year which is a .7% increase over last year.

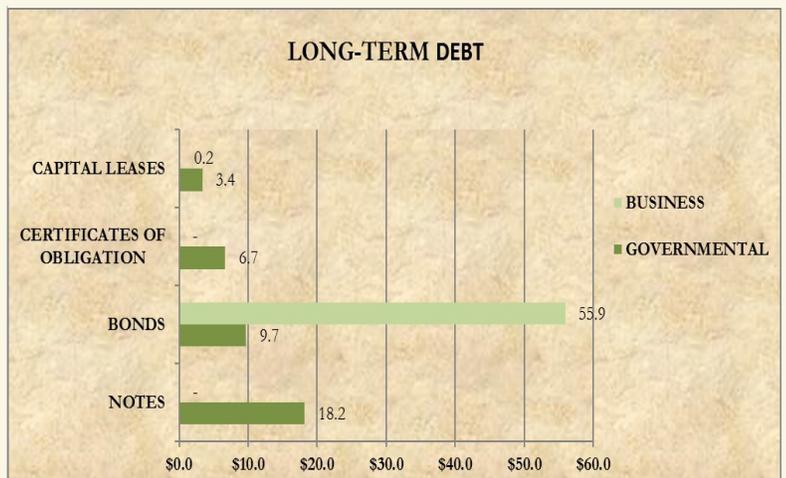
NET POSITION	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>ASSETS AND DEFERRED OUTFLOWS</b>						
Current and Other	\$ 54.9	\$ 62.1	\$ 44.3	\$ 46.0	\$ 99.2	\$ 108.0
Capital Assets	79.7	83.9	137.6	133.7	217.3	217.6
<b>Total Assets</b>	<b>\$ 134.6</b>	<b>\$ 145.9</b>	<b>\$ 181.9</b>	<b>\$ 179.7</b>	<b>\$ 316.5</b>	<b>\$ 325.6</b>
<b>LIABILITIES AND DEFERRED INFLOWS</b>						
Long-Term	\$ 41.7	\$ 45.7	\$ 53.2	\$ 55.0	\$ 94.9	\$ 100.8
Other Liabilities	12.0	11.9	10.5	10.1	22.5	22.0
<b>Total Liabilities</b>	<b>\$ 53.7</b>	<b>\$ 57.7</b>	<b>\$ 63.7</b>	<b>\$ 65.1</b>	<b>\$ 117.4</b>	<b>\$ 122.8</b>
<b>NET POSITION</b>						
Net Invested in Capital Assets,	\$ 62.5	\$ 64.3	\$ 88.4	\$ 85.3	\$ 150.9	\$ 149.6
Restricted	18.4	15.0	19.6	19.0	38.0	34.0
Unrestricted	2.1	9.0	10.3	10.3	12.4	19.2
<b>Total Net Position</b>	<b>\$ 83.0</b>	<b>\$ 88.2</b>	<b>\$ 118.3</b>	<b>\$ 114.6</b>	<b>\$ 201.3</b>	<b>\$ 202.8</b>

\*Includes all funds and component unit.



## LONG-TERM DEBT

The City issues long term debt to finance long-term projects. At the end of the fiscal year, the City had a total of \$94.1 million contractually obligated long-term debt. Total Long-term debt decreased by \$10.5 million from last year. The decrease was due to the standard retirement of debt and new capital leases.



In Millions (not including unamortized activity)

# ECONOMIC OUTLOOK

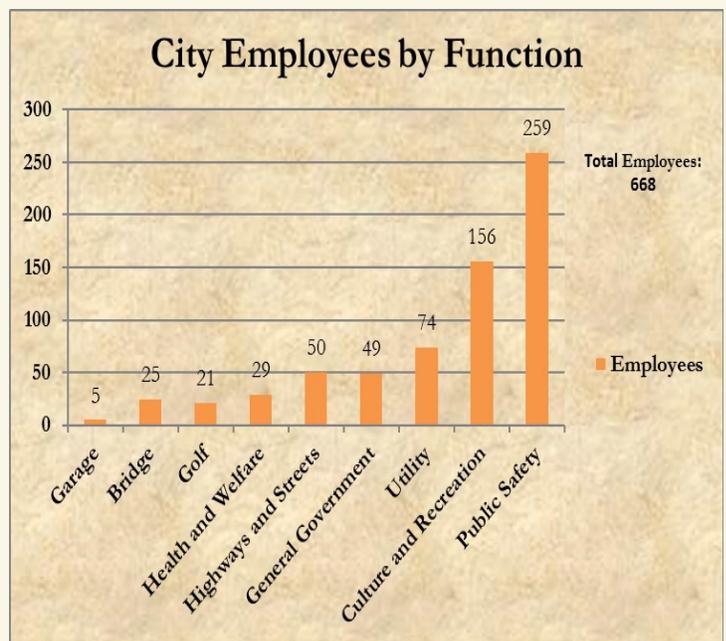
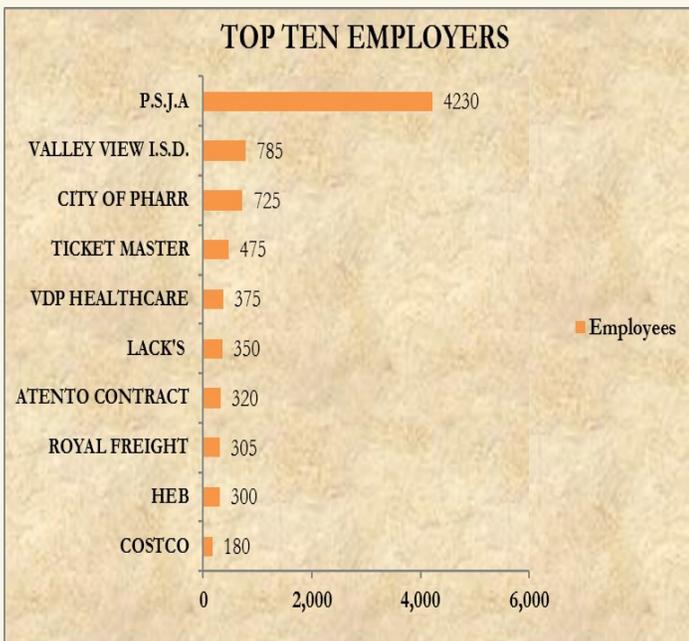
## UPCOMING PROJECTS

- Continued expansion of the Industrial area located close to the International Bridge
- Ongoing development to the shopping mall area
- Consolidation of land in major retail corridor for increase in retail opportunities

## SALES TAX TREND

Sales tax collection for the last four years show a positive trend.

Compared to last year, all months of sales tax revenues showed positive growth. The sales tax positive trend is expected to continue and have a positive outcome in the upcoming year.



# FEDERAL AND STATE GRANTS RECEIVED

POLICE DEPARTMENT

\$484,710



COMMUNITY PLANNING  
AND DEVELOPMENT

\$1,090,607

MUNICIPAL COURT

\$21,286



PUBLIC WORKS

\$29,603



PUBLIC UTILITIES

\$1,690,441

