



Tierra Del Sol Golf Course

CITY OF PHARR, TEXAS
118 S. CAGE BOULEVARD
PHARR, TEXAS 78577

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2010



Municipal Library

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CITY OF PHARR

POPULAR ANNUAL FINANCIAL REPORT

**A MESSAGE FROM THE
MAYOR**



Leopoldo "Polo" Palacios Jr.
Mayor
mayor@pharr-tx.gov

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

I am pleased to present you the City of Pharr's first Popular Annual Financial Report (PAFR) for the year ended September 30, 2010. 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,

Leopoldo "Polo" Palacios Jr.
Mayor

ELECTED OFFICIALS

Leopoldo "Polo" Palacios Jr.-Mayor



Adan Farias
Mayor Pro Term



Arturo J. Cortez
Alternate Mayor Pro
Term



Roberto Carrillo
Commissioner



Oscar Elizondo, Jr.
Commissioner



Eduardo "Eddie" Cantu
Commissioner



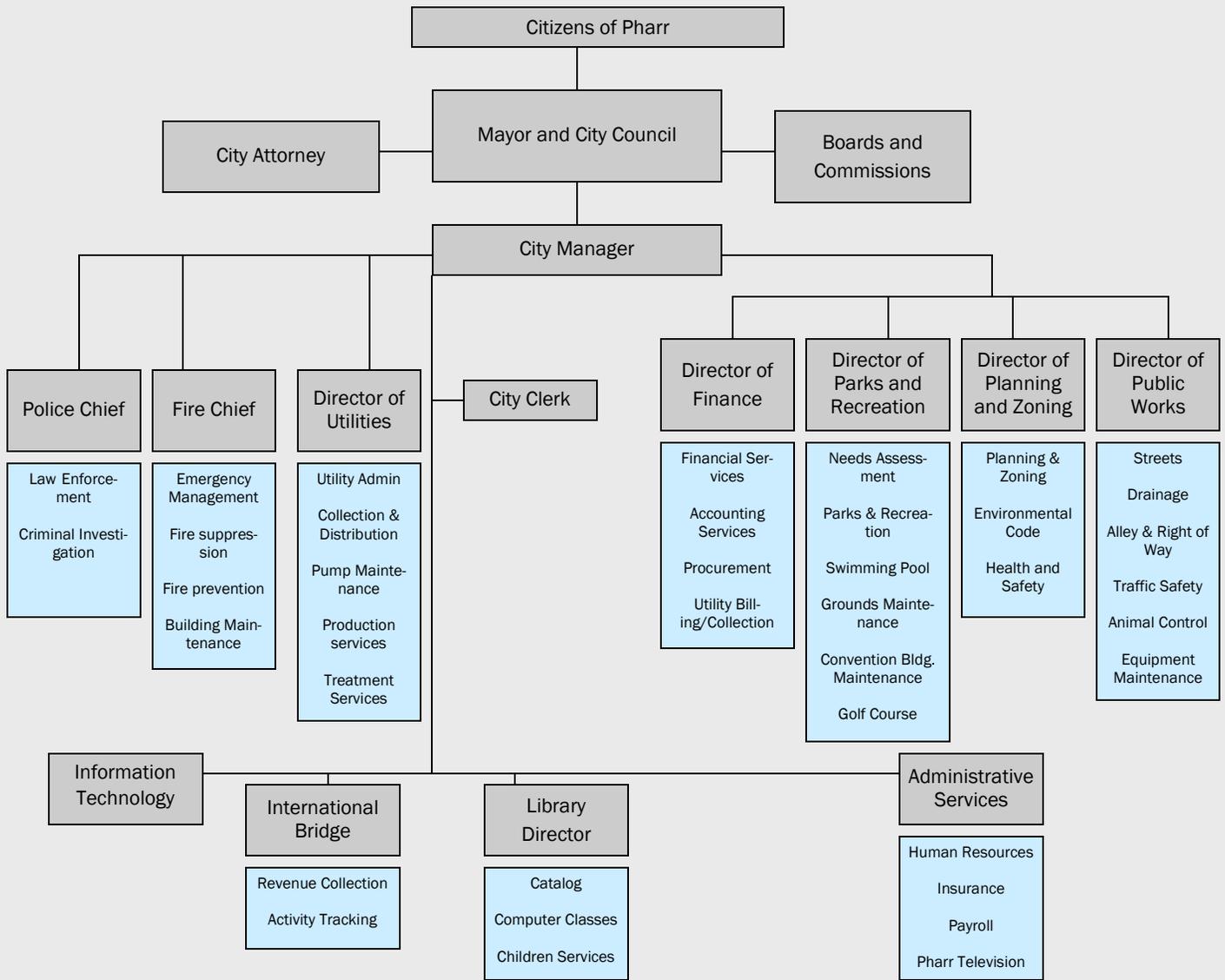
Aquiles "Jimmy" Garza
Commissioner



Fred Sandoval
City Manager

Contact Information: (956) 702-5335
P.O.Box 1729 Pharr, TX 78577

ORGANIZATION CHART-CITY OF PHARR



ABOUT THIS REPORT

IMPORTANT PHONE NUMBERS

ADMINISTRATION
(956) 702-5335

POLICE DEPT.
(956) 784-7700

FIRE RESCUE
(956) 787-2761

PUBLIC WORKS
(956) 787-9772

PUBLIC UTILITIES
(956) 787-7951

MUNICIPAL COURT
(956) 784-7784

LIBRARY
(956) 787-3966

BRIDGE
(956) 781-1361

CODE ENFORCEMENT
(956) 702-5399

ANIMAL CONTROL
(956) 702-3647

RECYCLING CTR
(956) 223-2580

FINANCE
(956) 787-2703

PARKS & REC
(956) 787-5981

HUMAN RESOURCES
(956) 702-5335

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.



City of Pharr City Hall

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 2010 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.

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

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.

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

ABOUT THE CITY OF PHARR

The City of Pharr was founded in 1909 and has an estimated population of 67,217 as of September 30, 2010. 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** ^{(1) (2)}

**PRINCIPAL PROPERTY
TAX PAYERS**

<u>Taxpayer</u>	<u>Rank</u>
AEP Tx Central Co	1
Capote Farms LTD	2
Shell Western E&P	3
Wilder Corp of Delaware	4
Central Power & Light	5
McAllen LEVCAL, LLC	6
Frank Smith Toyota-Isuzu	7
Southwestern Bell Tele	8
Gold star Warehousing LTD	9
Wayne Windle Enterprise Et Al 10	

**CITY OF PHARR
TAX RATE
2001-2010**

<u>FY ENDING</u>	<u>RATE</u>
2001	\$0.662
2002	0.690
2003	0.683
2004	0.683
2005	0.683
2006	0.683
2007	0.683
2008	0.682
2009	0.680
2010	\$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.

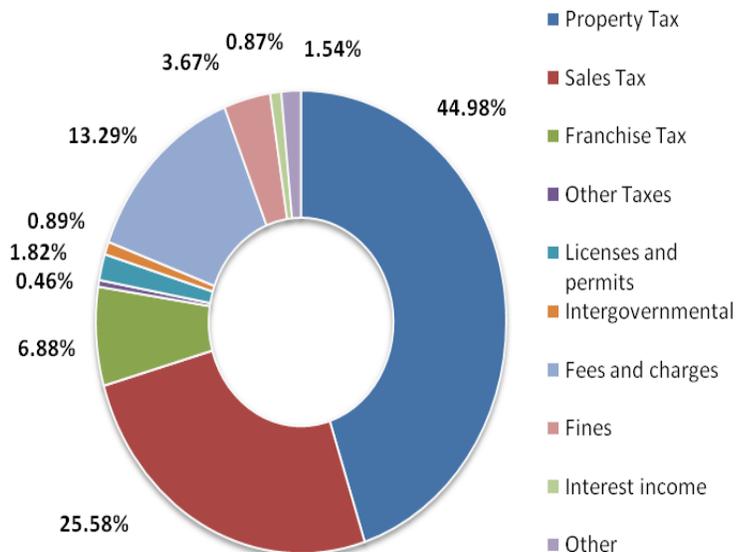
Total revenues of the governmental funds increased by \$655,053 or 2.2% over the prior year.

REVENUE SOURCE	2010	2009
Property Tax	\$ 13,567,309	\$ 13,186,410
Sales Tax	7,717,020	7,918,573
Franchise Tax	2,076,223	1,952,686
Other Taxes	139,015	189,789
Licenses and permits	550,345	682,418
Intergovernmental	269,241	204,297
Fees and charges	4,009,588	3,909,302
Fines	1,107,489	1,121,638
Interest income	263,656	165,147
Other	465,110	179,683
Total Revenues*	\$ 30,164,996	\$ 29,509,943

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

GOVERNMENTAL REVENUES BY SOURCE

The graph on the right illustrates governmental revenues by source. Property taxes (45%) and Sales tax (26%) are the largest sources of funds followed by Fees and Charges (13.29%).



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.

GOVERNMENTAL EXPENDITURES

During the years ended September 30, 2010 and 2009, the City expended funds as shown below.

EXPENDITURES	2010	2009
General Government	\$ 4,812,971	\$ 4,943,223
Public Safety	16,465,922	17,381,091
Highways and Streets	1,943,209	2,081,892
Health and Welfare	2,422,879	2,298,403
Culture and Recreation	2,920,770	3,242,551
Total Expenditures*	\$ 28,565,751	\$ 29,947,160

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

The City expended \$1.38 million less than it expended last year. The primary cause of the decrease was a decrease in Public Safety expenditures. This decrease was mainly due to not purchasing capital items and having vacancies in the Police Department.

MISCELLANEOUS STATISTICS

RECREATION AND PUBLIC SAFETY (2)

- Police Stations: 2
- Fire Stations: 3
- Police Units: 128
- Tennis Courts: 2
- Community and Convention Centers: 4
- International Bridge: 1
- Libraries: 1
- Golf Course: 1

PUBLIC SCHOOLS (2)

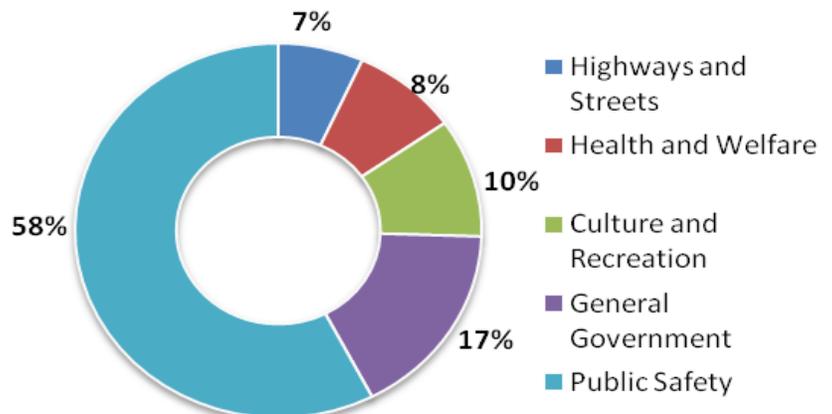
- High School: 2
- Middle Schools: 4
- Elementary Schools: 14
- Special Purpose Schools: 4

REFERENCES:

- (1) 2010-2011 P.S.J.A. ISD School District Enrollment
- (2) Various City Departments

GOVERNMENTAL EXPENDITURES BY FUNCTION

The graph on the right illustrates the General fund expenditures by function. Public Safety (58%) is the largest use of funds followed by General government (17%) and Culture and Recreation (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 2010 financial results of the City of Pharr for general government purposes were as follows:

Revenues	\$30,164,996
Expenditures	<u>\$28,565,751</u>
Total	\$ 1,599,245

The City's general fund brought in more money than it spent. The City expended nearly \$1.6 million less than it received in revenues in 2010.

This amount excludes data from Component units and Non-major governmental funds.



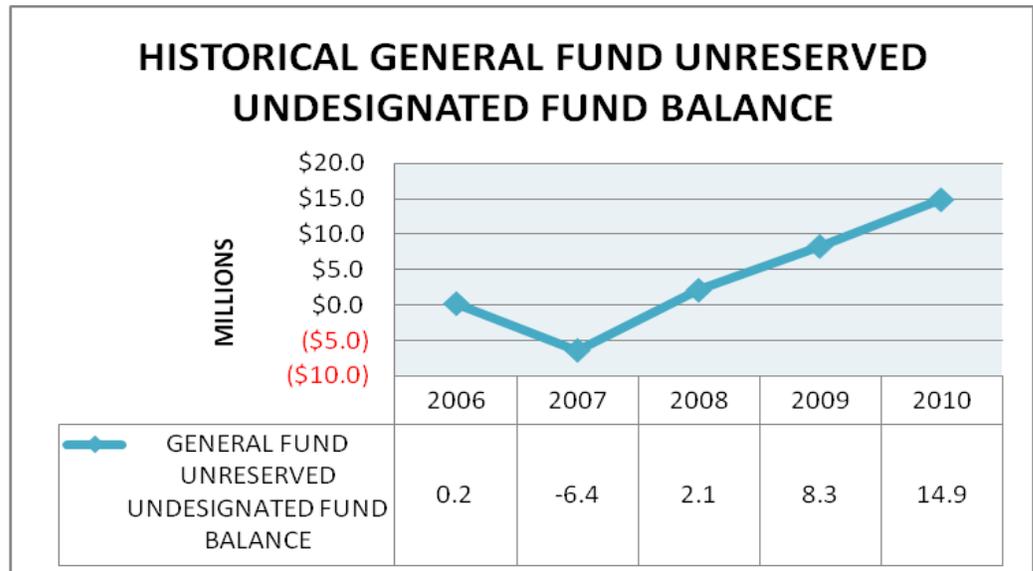
Pharr Memorial Library

GENERAL FUND UNRESERVED FUND BALANCE

At the end of the current fiscal year, the undesignated unreserved fund balance for the general fund increased \$6.6 million from fiscal year 2009. The unreserved 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.

	<u>2009-2010</u>	<u>2008-2009</u>
Unreserved, Undesignated General Fund, Fund Balance	\$14.9	\$8.3
(in millions)		

Below is a chart that compares the general fund's unreserved undesignated 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, 2010.

	UTILITY FUND	BRIDGE FUND	GOLF FUND
OPERATING REVENUES	\$ 11,892,398	\$ 10,659,916	\$ 805,482
OPERATING EXPENSES	7,588,900	2,740,263	1,034,483
OPERATING INCOME (LOSS)	\$ 4,303,498	\$ 7,919,653	\$ (229,001)

2010 OPERATING INDICATORS BY FUNCTION

International Bridge

Car Crossings: 1,264,573
Truck Crossings: 447,122

Utilities

New Connections 278
Water main breaks 711

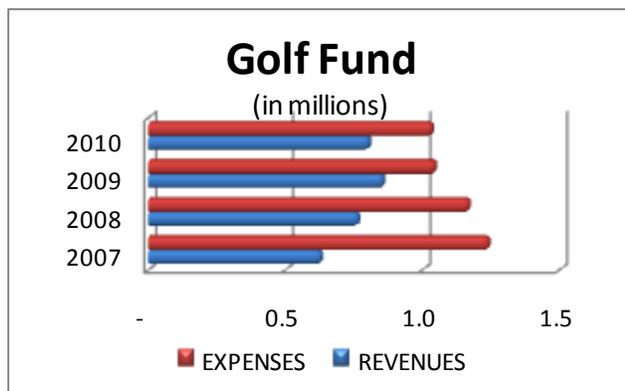
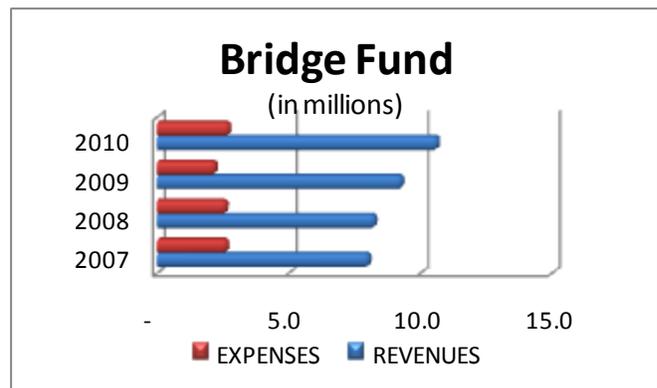
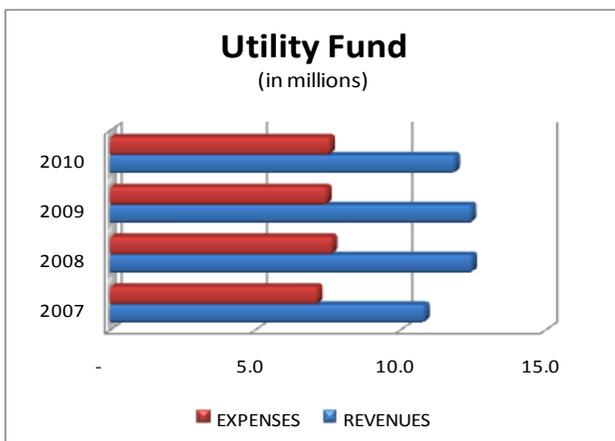
Avg. daily Consumption (millions of gallons) 6.3MGD

Avg. daily Sewage treatment (thousands of gallons) 4.76MGD

Water mains (miles) 313
Sanitary sewers (miles) 266
Storm sewers (miles) 94.43

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:	67,217 ⁽¹⁾
% Female:	52.4% ⁽²⁾
% Male:	47.6% ⁽²⁾
% with Bachelor Degree or higher:	11.2% ⁽²⁾
Median Household Income:	28,000 ⁽¹⁾
Per Capita Income:	11,421 ⁽¹⁾
Median Age:	27.1 ⁽¹⁾
School Enrollment:	14,724 ⁽¹⁾

**POPULATION FOR THE
LAST 10 YEARS**

2001	49,224
2002	51,362
2003	54,452
2004	56,752
2005	59,029
2006	61,360
2007	64,318
2008	66,078
2009	66,874
2010	67,217

**UNEMPLOYMENT
RATE⁽⁴⁾**

City:	10.5%
State:	7.9%
County:	11.3%

REFERENCES:

- (1) City of Pharr September 30, 2010 Comprehensive Annual Financial Report
- (2) 2000 Census
- (3) Texas Workforce Commission (Texas Labor Market Information)

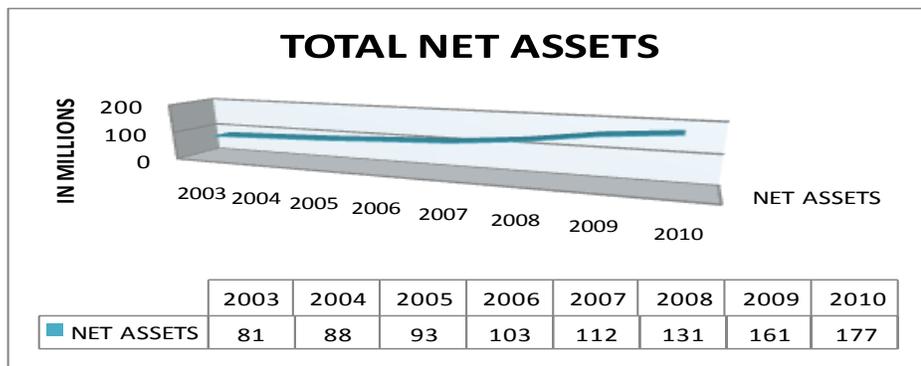
GOVERNMENT-WIDE FINANCIAL ANALYSIS

NET ASSETS

Net assets, the amount in which assets (what we have) exceed liabilities (what we owe), may serve as a useful indicator of a City's financial position. The City of Pharr's Net Assets combined for fiscal year 2010 were \$177.4 million. Of this amount \$28.7 million are unrestricted net assets which can be used to meet the government's ongoing obligations to citizens and creditors. The City's combined net assets increased \$16.7 million from last year which is a 10.4% increase over last year.

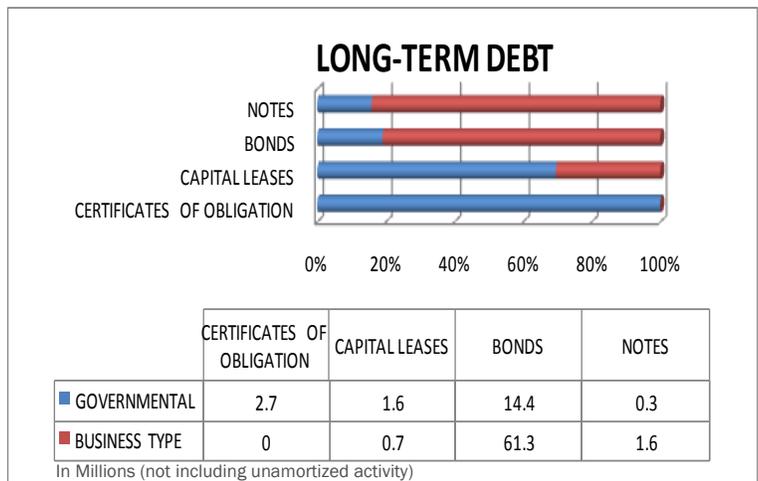
NET ASSETS	Governmental		Business-Type		Total	
	Activities		Activities		Total	
In millions	2010	2009	2010	2009	2010	2009
ASSETS						
Current and other assets	\$ 32.1	\$ 28.6	\$ 55.3	\$ 69.5	\$ 87.4	\$ 98.1
Capital Assets	71.7	71.8	112.9	90.9	184.6	162.7
Total Assets	\$ 103.8	\$ 100.4	\$ 168.2	\$ 160.4	\$ 272.0	\$ 260.8
LIABILITIES						
Long-Term Liabilities	\$ 19.4	\$ 20.9	\$ 56.7	\$ 66.5	\$ 76.1	\$ 87.4
Other Liabilities	6.7	7.6	11.8	5.2	18.5	12.8
Total Liabilities	\$ 26.1	\$ 28.5	\$ 68.5	\$ 71.7	\$ 94.6	\$ 100.2
NET ASSETS						
Invested in Capital Assets, net of related debt	\$ 53.4	\$ 50.8	\$ 82.6	\$ 78.4	\$ 136.0	\$ 129.2
Restricted	5.3	7.8	7.4	7.7	12.7	15.5
Unrestricted	19.0	13.3	9.7	2.6	28.7	15.9
Total Net Assets*	\$ 77.7	\$ 71.9	\$ 99.7	\$ 88.7	\$ 177.4	\$ 160.6

*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 \$82.6 million contractually obligated long-term debt. Total Long-term debt decreased by 7.7 million from last year. The decrease was due to the standard retirement of debt.



ECONOMIC OUTLOOK

UPCOMING PROJECTS

- Remodeling of the Convention Center to a mid-sized entertainment center
- Annexation plans and public hearing to increase current acreage area of the City
- Major wholesale business looking to come to the area
- Continued expansion of the Industrial area located close to the International Bridge
- Possible upgrade to the shopping mall area

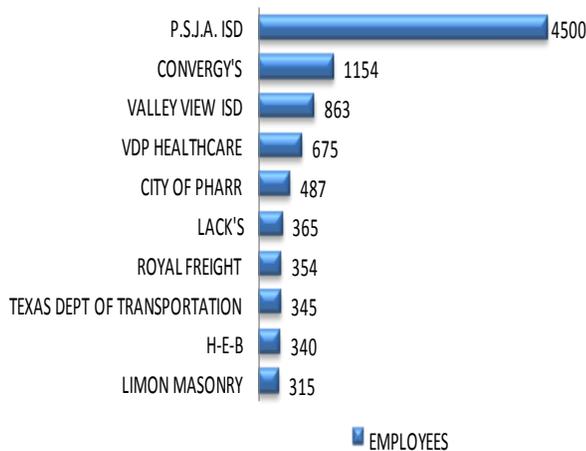
SALES TAX TREND

Sales tax collection for the last 5 months in fiscal year 2010 showed a positive trend. Compared to last year, 8 of the 12 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.

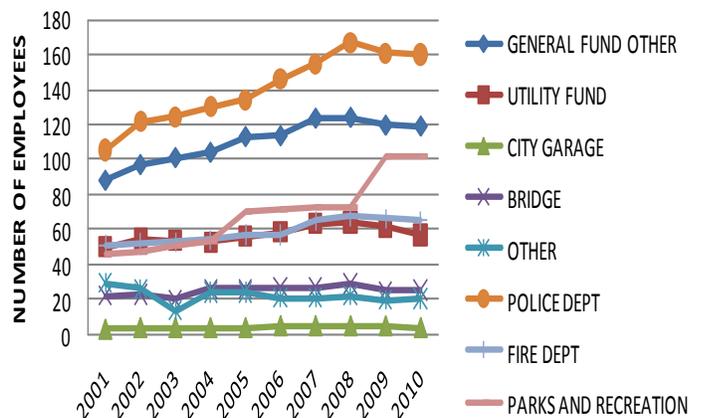
HISTORICAL SALES TAX COLLECTION



TOP TEN EMPLOYERS



CITY EMPLOYEES BY FUNCTION



FEDERAL AND STATE GRANTS RECEIVED

POLICE DEPARTMENT

\$1,087,078



FIRE DEPARTMENT

\$594,559

COMMUNITY PLANNING AND DEVELOPMENT

\$1,129,286

LIBRARY

\$42,690



PUBLIC UTILITIES

\$2,113,917

PUBLIC WORKS

\$63,492

