

POPULAR ANNUAL FINANCIAL REPORT

CITY OF PHARR, TEXAS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

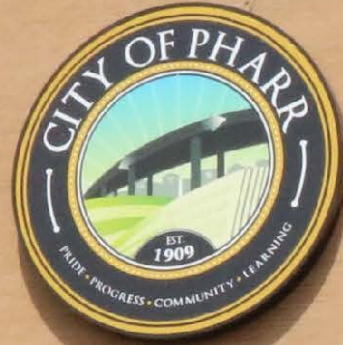


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CITY OF PHARR

POPULAR ANNUAL FINANCIAL REPORT

A MESSAGE FROM THE
MAYOR

Dr. Ambrosio "Amos" Hernandez

Mayor

mayor@pharr-tx.gov

Dear Citizens of
Pharr:

As mayor of the City of Pharr, and in collaboration with my colleagues on the City Commission and all city staff, I am proud to present this year's City of Pharr Popular Annual Financial Report (PAFR) for the year ended September 30, 2019.

This report is a summary of the City's Comprehensive Annual Financial Report (CAFR) and includes information regarding the City's revenue, spending, and financial condition. We provide this version for citizens to gain an understanding of where their tax dollars go and how they are spent, to demonstrate that our City leaders are responsible stewards of funds, and to remain transparent and accountable to the citizens of Pharr.

We are pleased to report that in 2019 the City of Pharr's committed, assigned, and unassigned fund balance is \$21.0 million and is equal to 164 days of operating expenditures. We will continue a conservative approach to budget management to maximize resources in the upcoming year.

In this report, we have also included statistical information for the City as well as contact information for Board Members and City departments.

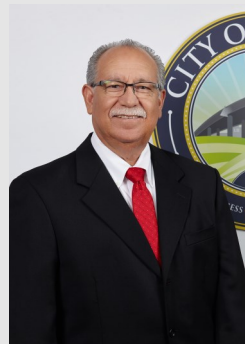
We appreciate your interest in the City of Pharr's government and how it functions, and we welcome your feedback, suggestions, and comments regarding the information contained in this report.

Sincerely,

Dr. Ambrosio Hernandez, Mayor

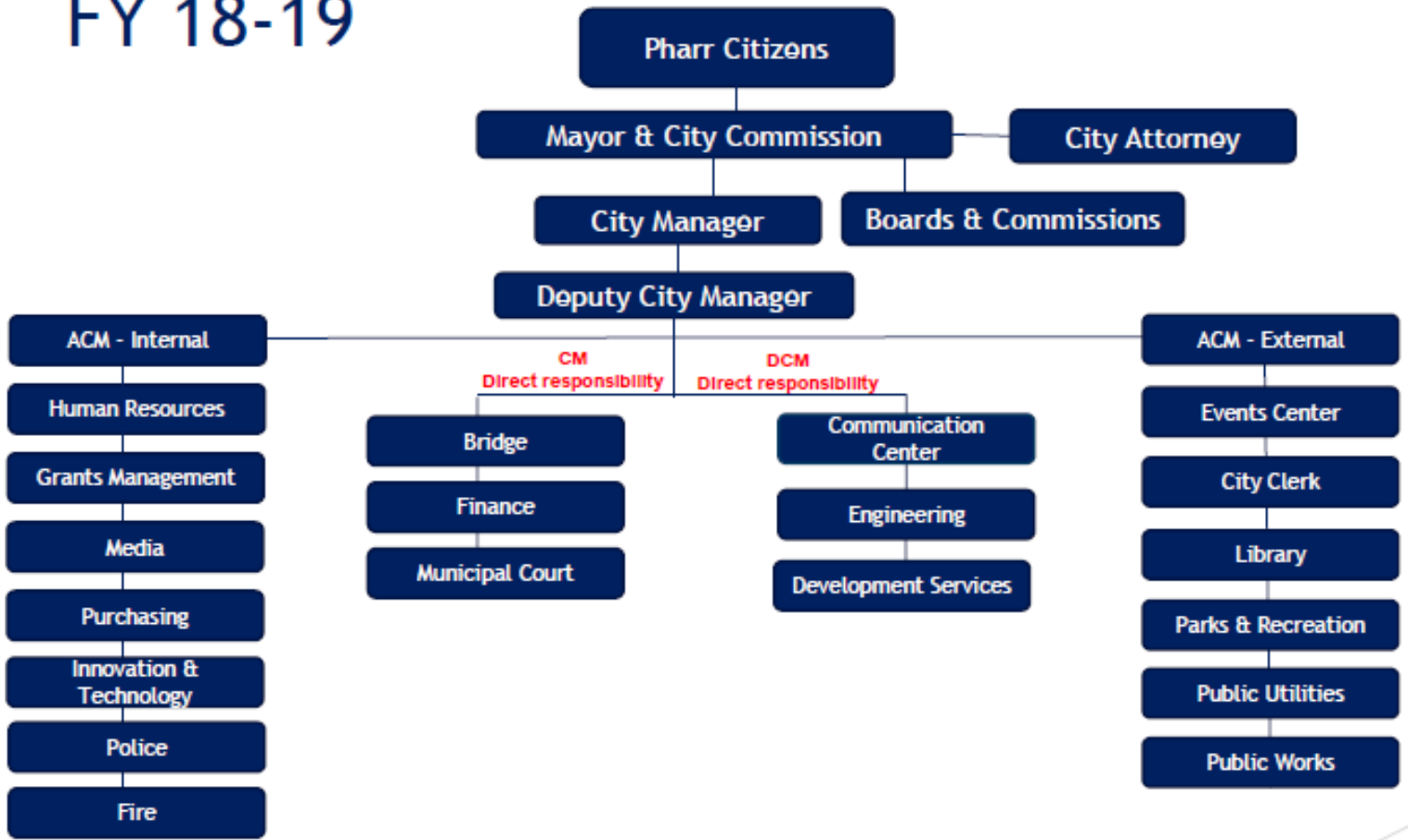
ELECTED OFFICIALS

Dr. Ambrosio "Amos" Hernandez - Mayor

Eleazar Guajardo
CommissionerRoberto "Bobby" Carrillo
CommissionerDaniel Chavez
CommissionerRamiro Caballero
CommissionerRicardo Medina
CommissionerItza Flores
CommissionerAlex Meade
City Manager

ORGANIZATION CHART-CITY OF PHARR

FY 18-19



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 2019 Comprehensive Annual Financial Report (CAFR) of the City of Pharr, which can be found on the City's website. 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.

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



Jose "Pepe" Salinas Memorial Recreation Center



Pharr International Bridge

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) 402-4310

RECYCLING CTR
(956) 402-4360

FINANCE/PURCHASING
(956) 402-4150

PARKS & REC
(956) 402-4550

HUMAN RESOURCES
(956) 402-2600

ABOUT THE CITY OF PHARR

The City of Pharr was founded in 1909 and has an estimated population of 79,707 as of September 30, 2019. 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

PRINCIPAL PROPERTY TAX PAYERS ⁽¹⁾

<u>Taxpayer</u>	<u>Rank</u>
McAllen LEVCAL LLC	1
AEP Texas INC	2
Rowland Enterprises	3
HEB Grocery Company	4
Wilder Corporation of Delaware	5
FJRS Investments LTD	6
TX Pharr Casa LLC	7
Toyota of Pharr Scion of Pharr	8
Ray Audi E	9
Costco Wholesale Corp.	10

CITY OF PHARR PROPERTY TAX RATE 2010-2019²⁾

<u>FY ENDING</u>	<u>RATE</u>
2010	0.680
2011	0.680
2012	0.680
2013	0.680
2014	0.680
2015	0.654
2016	0.654
2017	0.649
2018	0.649
2019	0.717

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

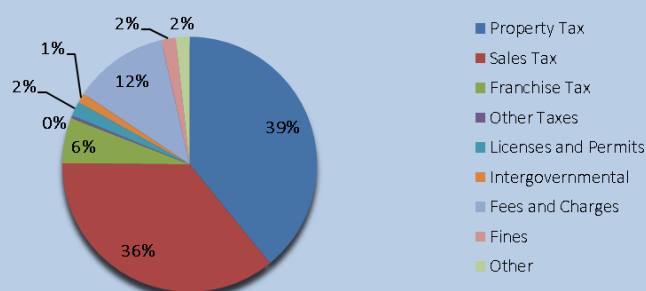
It is important to analyze the City's General fund when assessing the financial results of the City. The General fund is the general operating fund of the City and supports the day-to-day operations of the City, therefore our main focus will be the General Fund. This fund is used to account for all financial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

Total revenues of the governmental funds increased by \$1,785,875.

REVENUE SOURCE	2019	2018
Property Tax	\$ 17,136,640	\$ 16,626,665
Sales Tax	15,760,634	14,017,135
Franchise Tax	2,536,472	2,491,884
Other Taxes	149,877	162,152
Licenses and Permits	808,250	722,697
Intergovernmental	535,923	614,666
Fees and Charges	5,288,199	5,517,645
Fines	798,417	1,067,894
Other	775,745	783,544
Total Revenues*	\$ 43,790,157	\$ 42,004,282

*Does not include component unit and Non-Major governmental

GOVERNMENTAL REVENUES BY SOURCE



The graph on the right illustrates governmental revenues by source. Property taxes (39%) and Sales tax (36%) are the largest sources of funds followed by Fees and Charges (12%).

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, 2019 and 2018, the City expended funds as shown below.

EXPENDITURES	2019	2018
General Government	\$ 11,773,169	\$ 11,575,564
Public Safety	22,443,135	22,822,815
Highways and Streets	4,079,093	4,071,112
Health and Welfare	2,857,062	2,853,212
Culture and Recreation	6,228,652	5,235,128
Total Expenditures *	\$ 47,381,111	\$ 46,557,831

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

The City expended \$823,280 more than it did last year. This was mainly due to higher general government and public safety expenditures consisting of equipment purchases, and other operating supplies.

CITY'S CAPITAL ASSET

RECREATION AND PUBLIC SAFETY⁽¹⁾

Police Stations:	3
Fire Stations:	3
Police Units:	100
Tennis Courts:	2
Community and	
Convention Centers:	7
International Bridge:	1
Libraries:	2
Golf Course:	1

PRINCIPAL EMPLOYERS⁽²⁾

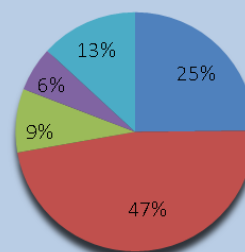
EMPLOYER	RANK
PSJA ISD	1
City of Pharr	2
Ticketmaster	3
Maximus	4
Walmart	5
Atento	6
Lacks	7
H-E-B	8
VDP Healthcare	9
Home Depot	10

REFERENCES:

- (1) Various City Departments
- (2) Workforce Solution s Lower RGV

The graph on the right illustrates the General fund expenditures by function. Public Safety (47%) is the largest use of funds followed by General government (25%), Culture and Recreation (13%), and Highway and Streets (9%).

GOVERNMENTAL EXPENDITURES BY FUNCTION



- General Government
- Public Safety
- Highways and Streets
- Health and Welfare
- Culture and Recreation

**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 2019 financial results of the City of Pharr for general government purposes were as follows:

Revenues	\$ 43,790,157
Expenditures	\$ 47,381,111
Total	\$ (3,590,954)

CAPITAL IMPROVEMENTS

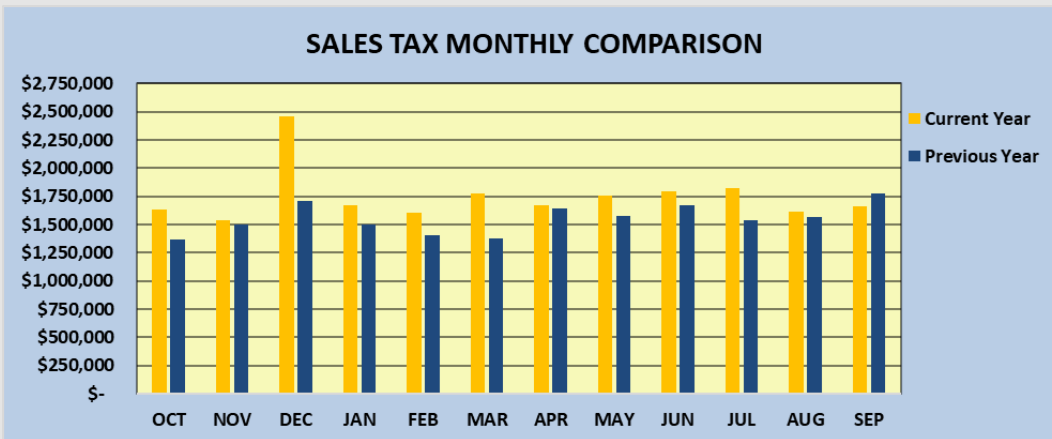
Below is a table that shows our investment in capital improvement projects; you can find the current balance in the second column and the current years investment in the second column. CIP (capital improvement projects) are improvements made to property such as buildings, parks and traffic signs/streetlights.

Governmental:				
	Balance 10/1/2018	Additions	Completions	Balance 9/30/2019
PARKS				
Civic Center Renovation	488,205	3,121,965	-	3,610,170
Parks Designs and Improvements	786,536	-	786,536	-
Jones Box Pedestrian	9,846	-	9,846	-
Newcombe	52,352	1,283,786	-	1,336,138
Dr. Long Park	689,379	1,131,263	-	1,820,642
Jones Box Park	597,197	165,453	-	762,650
Nature Park	1,143,225	1,554,288	-	2,697,513
Witten Park & Pharr Sports Complex Light Poles	9,625	290,975	-	300,600
Baseball Dugouts	20,309	325,175	345,484	-
Aquatic Park Renovations	17,000	154,940	-	171,940
Arnold Elementary Park	1,301,719	1,745,751	-	3,047,470
Victor Garcia Skate Park	55,860	266,153	-	322,013
Northside Aquatic Facility	-	2,311,048	-	2,311,048
Poles For Sport Light	-	140,660	-	140,660
Parks Safety Project	-	144,363	-	144,363
Universal Park	-	82,908	-	82,908
Total Parks	5,171,253	12,718,728	1,141,866	16,748,115
STREETS				
South Alondra	2,985	-	2,985	-
Anaya Road	329,887	-	-	329,887
Hi-Line	538,200	213,848	-	752,048
Owassa Road	3,231,975	23,618	-	3,255,593
Bike Path Stripping	294,413	-	-	294,413
LED Project	2,103,422	-	2,103,422	-
4 Year Repaving Program	9,349,703	2,568,175	-	11,917,878
PSJA Tri-City Pedestrian	93,604	97,515	-	191,119
Moore Road	393,834	-	-	393,834
Railroad Crossing Replanking	89,515	141,302	-	230,817
Downtown Traffic Signal Loop Detector	125,937	-	125,937	-
West Las Milpas Road	98,610	660,599	-	759,209
Thomas Road	33,698	241,014	-	274,712
Downtown Lighting	48,359	61,208	-	109,567
Veterans Road	202,614	-	-	202,614
St. Jude Parking	208,609	104,114	-	312,723
Jackson Right Turn Lane	-	163,168	-	163,168
Total Streets	17,145,365	4,274,560	2,232,344	19,187,581
PUBLIC SAFETY				
Communication Center	2,089,980	2,745,389	-	4,835,369
South Fire Station No. 4	774,998	1,523,522	-	2,298,520
North Fire Station No. 1	42,292	78,775	-	121,067
Total Public Safety	2,907,270	4,347,686	-	7,254,956
TOTAL GOVERNMENTAL	25,223,888	21,340,974	3,374,210	43,190,652

The City's general fund spent more money than it brought in. This is because the City used excess bridge funds to cover expenses as budgeted. This amount excludes data from Component units and Non-major governmental funds and transfer in and out from/to other funds.

SALES TAX

Sales tax revenue collected by the city is 2% of the businesses sales revenue. The city uses 1% of the 2% of sales tax revenue for general operations of the city, .5% for Pharr Economic Development Corporation operations and uses the remaining .5% in lieu of property tax in order to keep rates low. For the fiscal year 18-19 total sales tax collected was \$21,014,179 an increase of \$2,379,454 compared to last year. The main reason for the growth can be attributed to new and more businesses opening in Pharr such as restaurants, Top Golf and retail stores. Below is a graph that compares this year to last years monthly sales tax revenues.



2019 OPERATING INDICATORS BY FUNCTION ⁽¹⁾

International Bridge

Car Crossings:	677,062
Truck Crossings:	623,155

Utilities

New Connections	340
Water Mains Breaks	739

Average Daily Consumption (millions of gallons)	7.3 MGD
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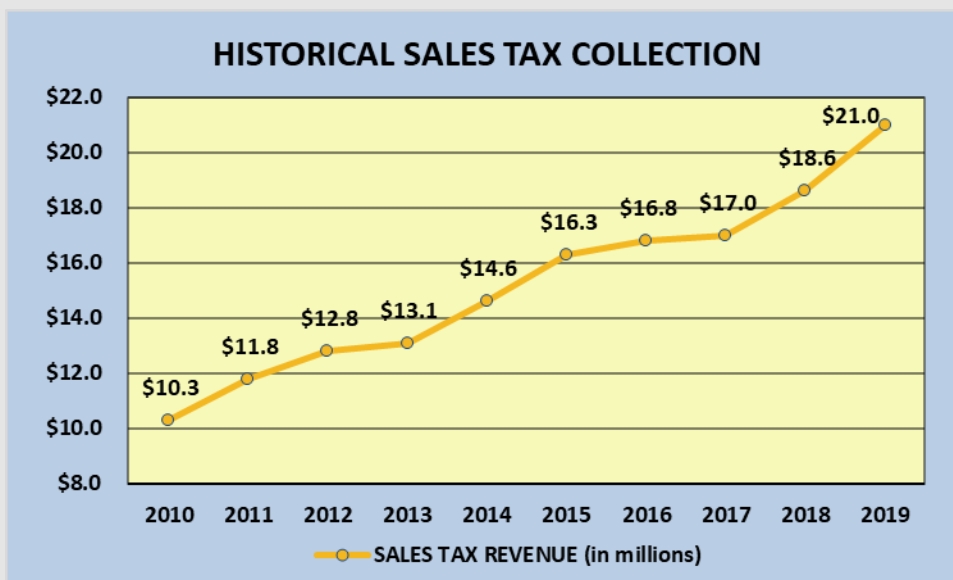
Avg. daily Sewage treatment (thousands of gallons)	4.9MGD
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Water mains (miles)	351
Sanitary sewers (miles)	273.6
Storm sewers (miles)	97

SOURCE:
(1) Various City Departments

SALES TAX TREND

Sales tax collection for the last four years show a positive trend. Compared to last year, all months showed an increase in Sales Tax collections. The sales tax positive trend is expected to continue and have a positive outcome in the upcoming year.



DEMOGRAPHIC AND ECONOMIC STATISTICS

POPULATION STATISTICS ⁽¹⁾

Population:	79,707 ⁽²⁾
% Female:	53.4% ⁽²⁾
% Male:	46.6% ⁽²⁾
Formal Schooling:	63.6% ⁽²⁾
Median Household Income:	39,372 ⁽²⁾
Per Capita Income:	14,826 ⁽²⁾
Median Age:	28.7 ⁽¹⁾
School Enrollment:	32,481 ⁽¹⁾

POPULATION FOR THE LAST 10 YEARS ⁽²⁾

YEARS	
2010	67,217
2011	70,400
2012	72,513
2013	73,138
2014	74,116
2015	75,382
2016	76,538
2017	77,320
2018	79,487
2019	79,707

UNEMPLOYMENT RATE ⁽³⁾

City:	6.1%
State:	3.5%
County:	6.0%

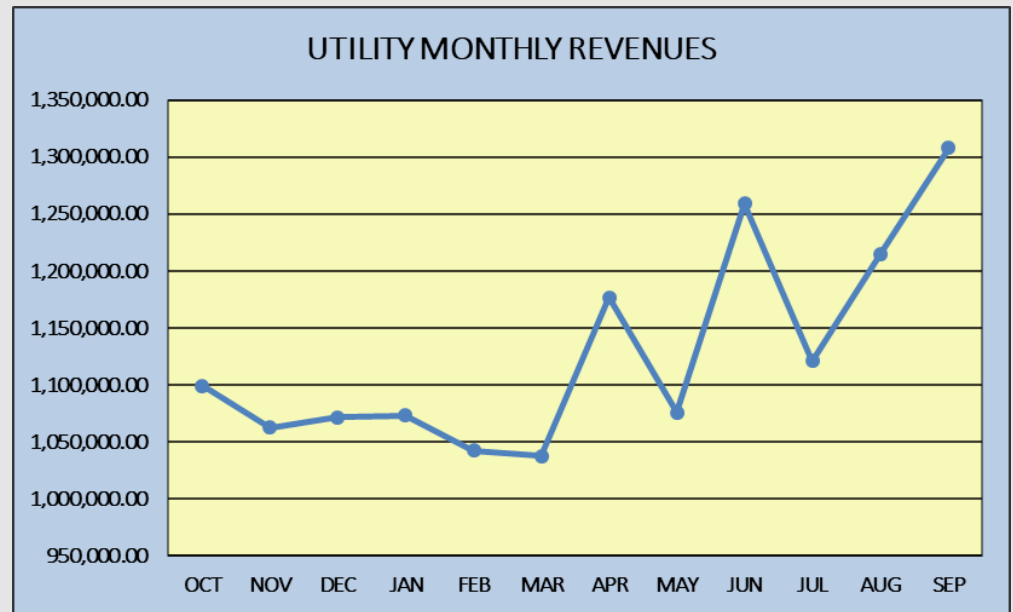
REFERENCES:

- (1) City of Pharr September 30, 2019 Comprehensive Annual Financial Report
- (2) U.S Census Bureau
- (3) Texas Workforce Commission (Texas Labor Market Information)

UTILITY REVENUES

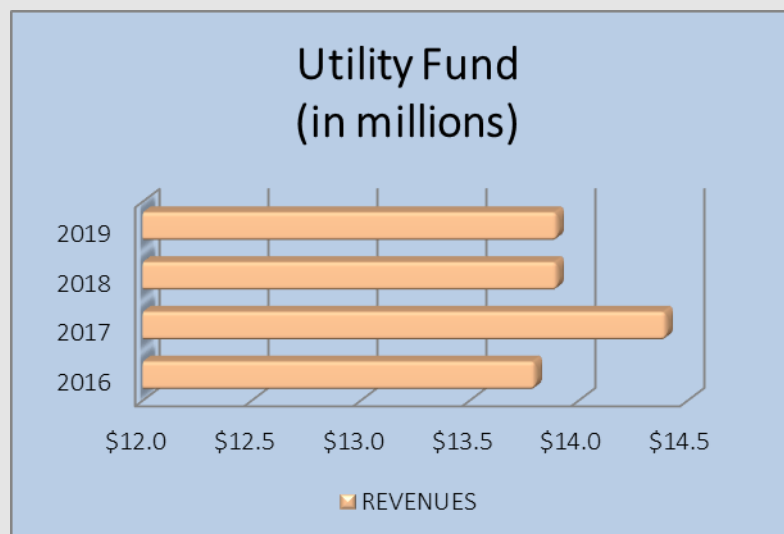
CURRENT YEAR ANALYSIS

At the start of this fiscal year revenues were off to a slow start and began to pick up at the end of the second quarter of the year. In the chart below the steadily low revenues can be seen from October thru March and then a quick uptake in the final 6 months. The revenues are expected to remain constant at this point.



YEAR TO YEAR ANALYSIS

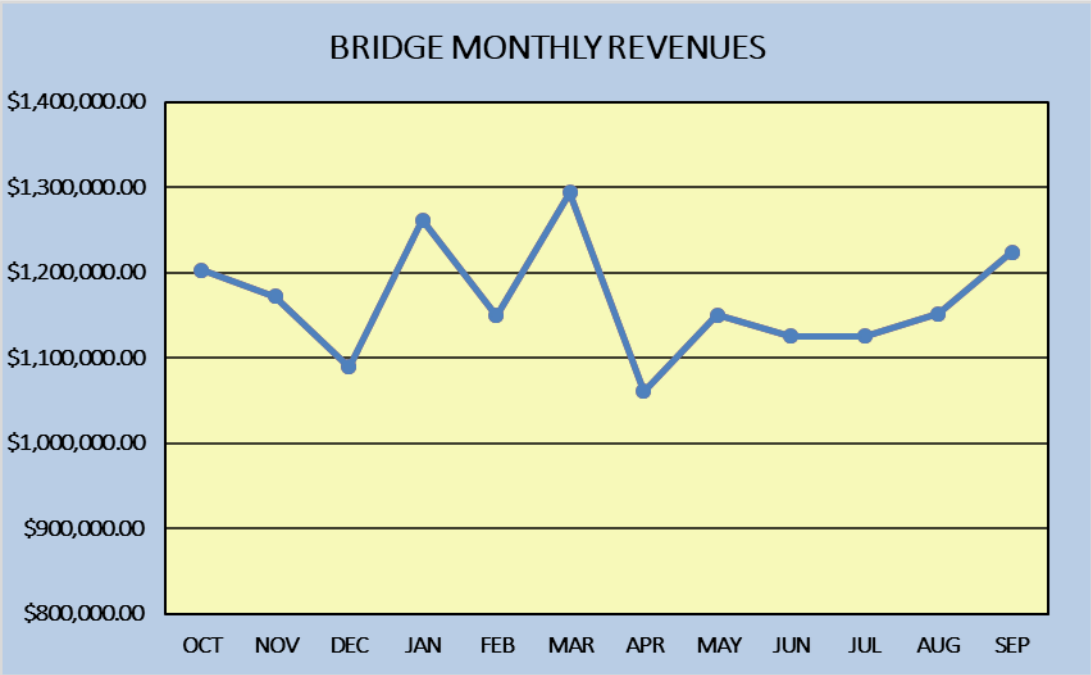
This fiscal year, utility revenues shows a decline. The total revenues for 2019 were \$13.9 million showing a constant of in comparison to last year. Below, is a graph with a four year comparison of revenues that shows the revenues trend.



BRIDGE REVENUES

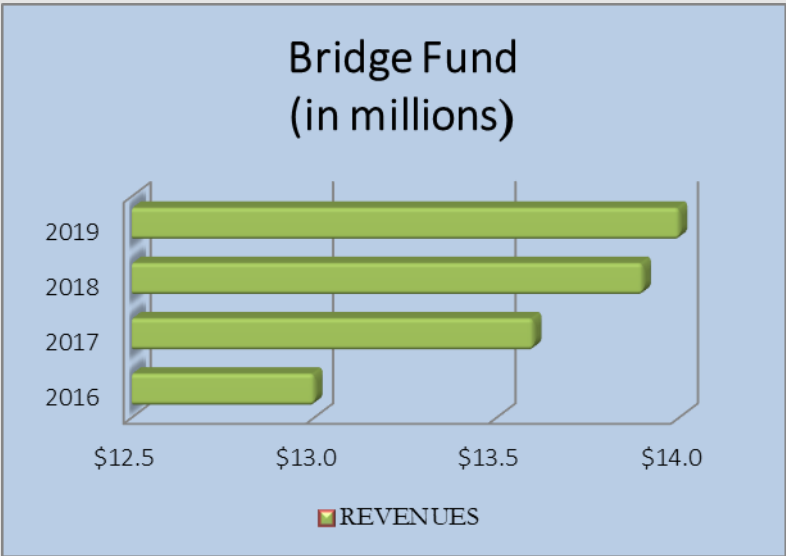
CURRENT YEAR ANALYSIS

This fiscal year bridge earned its most revenues in the month of January with a total of \$1,294,125. The biggest increase in revenues was \$172,300, which took place between December and January. The largest decrease, \$233,042, was between March and April. The chart below shows a relatively positive trend that is expected to continue next year. With revenues decreasing in early winter and picking back up in late winter through late spring.



YEAR TO YEAR ANALYSIS

The Pharr International bridge again had a good year. It generated \$14.0 million this fiscal year in crossing revenues, showing an increase of \$30k in comparison to last year. Despite the decrease in value of the peso and the new Anzalduas bridge opening and all border situation the Pharr bridge has continued to generate increases in revenues without any indication of slowing down.



CORE VALUES

Pharr Mayor



Dr. Ambrosio Hernandez

MISSION STATEMENT

Provide an environment that promotes excellent customer service, invests in staff development and is fiscally responsible and transparent.

VISION STATEMENT

By 2025, Pharr will lead the region in international trade while improving the quality of life of its residents in a sustainable and innovative manner.

Professionalism in your work and appearance.

Respect for yourself, your co-workers, employees and residents.

Integrity in your work and in your life.

Discipline in implementing policies.

Ethics is key to meeting and respecting the taxpayer's expectations and resources.



Strategic Goals

Goal 1 - Set the Standard for Excellence in Sound Governance and Fiscal Management.

Goal 2 - Promote Transparent and Consistent Communication Amongst All Members of the Community.

Goal 3 - Create an Innovative Environment Conducive to Strong Sustainable Economic Development.

Goal 4 - Promote the Visual Image of Pharr as the HUB of the Region for International Trade.

Goal 5 - Set the Standard for a Smart, Safe and Secure City.

Goal 6 - Expand, Enhance and Sustain Pharr's Infrastructure.

Goal 7 - Enhance Pharr's Quality of Life Through Commercial, Recreational, Cultural and Educational.

Goal 8 - Nurture and Promote a Healthy, Sustainable Community.