COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2020

TEAM
PHARR

CITY OF PHARR
EST. 1909
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COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended September 30, 2020

Karla Saavedra, CGFO, Finance Director

Prepared by

CITY OF PHARR, TX
COMPREHENSIVE ANNUAL FINANCIAL
REPORT YEAR ENDED SEPTEMBER 30, 2020

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INTRODUCTORY SECTION

City of Pharr

March 15, 2021

Citizens of Pharr
Honorable Mayor
Members of the City Commission
City of Pharr, Texas
Pharr, Texas 78577

To the Honorable Mayor, Members of the City Commission, and Citizens of the City of Pharr, Texas: The Finance Department and the City Manager's Office are pleased to submit the Comprehensive Annual Financial Report for the City of Pharr, Texas for the fiscal year ended September 30, 2020. State law requires that the City publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Oscar R. Gonzalez, CPA and Associates, P.L.L.C. have issued an unmodified ("clean") opinion on the City of Pharr's financial statements for the year ended September 30, 2020. The independent auditor's report is located at the front of the financial section of this report.

The auditors' report on the basic financial statements and required supplementary information as well as the individual fund statements and schedules are included in the financial section of this report. The auditors' report on internal controls and compliance with applicable laws and regulations can be found in the Report on Internal Control Over Financial.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

On November 10, 2008 via ordinance O-2008-49, the Pharr Economic Development Corporation (PEDC) was approved by citizen vote and ratified by the City Commission to receive ½ percent (the City receives 1 ½ percent) of sales tax. City management has included PEDC in its financial reports as a blended component unit since the City appoints all board members, can remove board members at will, and must approve PEDC's budget and plan of work. The City is also a guarantor for debt that is collateralized by PEDC funds. City management has also included the Pharr Housing Finance Corporation (PHFC), the PHFC Jackson Place apartments and the Pharr Tax Increment Reinvestment Zone (TIRZ) No. 1 and 2 in its financial statements as component units.

More information concerning the PEDC, PHFC, Jackson Apartments and TIRZ No. 1 and No. 2 are in the Notes to Financial Statements.

PROFILE OF THE GOVERNMENT

Located on lands originally known in the 1600's as the Seno Mejicano, the City of Pharr was founded in 1909. During a period of great social and economic transition in the Rio Grande Valley. In 1909, John C. Kelly, Henry N. Pharr, W.E Cage, and R.E Briggs formed the Pharr Townsite Company, platting and registering the new town. Kelly donated lots in the original plat for early churches, including the Methodist, Baptist, Catholic, Episcopal, and Presbyterian denominations. Pharr schools began in 1911, and the community later joined with San Juan and Alamo to create the Pharr-San Juan-and Alamo School District. The City founders were also involved with the Louisiana - Rio Grande Canal Co., organized in 1910 to furnish irrigation and domestic water to 40,000 acres in the Pharr area by means of a Rio Grande Pumping Plant. The water system led the economy to shift from ranching to crop production, and the Railroad, which came through the area in 1905 made it possible to ship the produce around the country. Amidst the explosive growth caused by the introduction of irrigation, the coming of the railroad, and the Mexican Revolution, the City incorporated in 1916, and became a hub for the confluence of Tejano, Anglo and Mejicano influences in the region.

Centrally located, Pharr played a key role as the agricultural frontier pushed into the brush and cattle country in the early 1900's to form a new fertile land dubbed the "Magic Valley". As water from the Rio Grande was being diverted for irrigation, Pharr served as headquarters for the Louisiana-Rio Grande Canal Company owned and operated by the Pharr co-founders John C. Kelly and Henry N. Pharr. The company built the historic Hidalgo Pumphouse that initially irrigated 40,000 acres of land known as Pharr-Kelly tract.

Pharr, served by two state highways and the St. Louis, Brownsville and Mexico Railway Company, became a hub and a natural shipping center for the transportation and produce industries. By the early 1950's, Pharr was home to 22 processing and shipping businesses including the Valley Fruit and Vegetable Company, the largest packing facility in the world. Pharr is situated along a 43-mile corridor, U.S Business 83, once known as the longest Main Street in America. The City's image as the Hub City was firmly established when the Texas Highway Department chose Pharr as its District 21 Headquarters in 1932. The 13,869 Sq mile district is composed of ten counties and is larger than the District of Columbia, Delaware, Connecticut and Massachusetts combined. Since the early days, Pharr sat at the cross-roads of the two most important highways in the Valley: Highways 4 and 66, known today as Memorial Highway U.S 281 (US i69) and U.S Business 83 (US i2) respectively. They intersect Pharr's historical Main Street District and are the basis for Hidalgo County's historical trails, making Pharr the region's historical hub as well. Pharr serves as of the most important ports of entry for the US-Mexico border. It handles both commercial and passenger operated vehicles and crosses about a hundred and seventy-five thousand vehicles a month.

The municipal government provided by the Charter of the City of Pharr is known as the Board of Commissioners – City Manager Form of Government. The Board of Commissioners consists of a Mayor and six (6) Commissioners which enact local legislation, adopt budgets, determine policies, and appoint the City Manager, who is held responsible to the Board of Commissioners for the execution of the laws and the administration of the government of the City.
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. The Mayor and the other members of the Board of Commissioners are elected by the City at large for a term of four (4) years.

The City provides a full range of services. Some of these services include police and fire protection; sanitation service; maintenance of streets and infrastructure; and recreational activities. In addition, the City provides water and wastewater services, a system of municipal parks, and a golf course.

ECONOMIC CONDITION AND OUTLOOK

Pharr is strategically located in the middle of the Rio Grande Valley of South Texas, only minutes from the Mexico border. It is strategically located to reap the benefits of explosive growth in commerce and trade. The Pharr area offers a top-quality workforce on both sides of the border. Many visitors enjoy the diversity of Pharr's culture, business and people with its variety and retail outlets, residential neighborhoods and cultural events – Pharr's rich heritage is unwavering. The spirit of tradition and a strong sense of community are flourishing in Pharr.

Over the last 10 years, Pharr has experienced unprecedented growth and economic development, and increase of roughly 40% in sales tax collections. Its population has steadily increased to almost 90,000 people. The housing industry is still increasing, businesses continue to look at Pharr, and the Pharr-Reynosa International Bridge commercial traffic is continuing to increase.

The sales tax base is growing and is expected to continue to have a positive outcome in the upcoming year, thereby potentially creating more jobs. The economic future looks bright for Pharr despite the Economic Impact that COVID-19 had in our area.

The City of Pharr did not experience loss in Sales Tax Revenue mainly due to the fact that our Top Sales Tax contributors are construction related and transportation; industries that were not as affected as retail and entertainment.

For the Fiscal Year 2020-2021 a few of the upcoming projects include:

* Major commercial development projects in the Pharr Town Center including restaurants
* A new Natatorium to bring swimming competitions
* A new Nursing School Facility
* Increase in industrial warehouses
* Increase in residential development to keep raising appraised value
* Additional Infrastructure upgrades of the Pharr International Bridge

According to the Texas Workforce Commission, Pharr's unemployment rate as of September 30, 2020 was 8.3% due to COVID-19 and as of December 2020 (latest per TWC), the rate fell to 7.2%.

MAJOR INITIATIVES

The City Commission and staff have identified several initiatives to address significant issues in our community. The budget for the upcoming fiscal year reflects these goals. These programs are briefly described below:

Major tax activity: Well-managed economic growth is vital to any city. It increases the tax base and thereby allows improved services to be provided to the citizens.

- **Property Tax**: Tax year 2020, which will be in effect during next fiscal year, is expected to have at least 8% growth in tax appraisal values. In Tax Year 2021 (FY 2021-2022) and forward is when City of Pharr is expecting to have its assessed property values increase even more due to economic development growth expected to happen this coming FY 2020-2021.

- **Sales Tax:** Sales tax revenue is used by the City as an economic indicator. This FY 2019-2020 the City experienced a 2% growth in collections compared to FY 2018-2019 and remained an average of No. 4 in growth compared to neighboring cities in the Rio Grande Valley. For this FY 2020-2021 the City budgeted a 4% projected growth.

- **Hotel/Motel Tax:** Hotel/Motel tax revenue may only be used to increase tourism opportunities, hopefully benefiting the hotel/motel industry within the city. This FY 2019-2020, City approved an ordinance to defer penalties and interest for those Hotels which collections were affected by COVID-19. Collections experienced an approximate 10% Decrease compared to last year and are expected to remain constant for the FY 2020-2021.

Public Safety: Ensuring that the public safety personnel have the tools that they need to ensure the safety of the City is always a priority to the Commissioner's and management.

The Police Department along with the Bridge administrators collectively with federal border security organizations continue to operate a southbound inspection station. The purpose is to slow the flow of stolen vehicles and weapons into Mexico.

International Bridge Infrastructure: The bridge capital projects expenditures for the upcoming fiscal year are budgeted at $19 million. There are two goals of these projects; 1) to allow Pharr to be the regional international trade center, and 2) to minimize the wait-times for commercial traffic, thereby allowing Pharr to continue being the most efficient commercial bridge in south Texas.

International Trade: The City of Pharr owns an international bridge that allows the City to have a generous revenue source as a direct result of the North American Free Trade Agreement (NAFTA). It has four Industrial Parks and 25 cold storage facilities. Most of the bridge revenue is from commercial trucks. The City's International Bridge has grown capping off the year with the number one ranking as produce trading partner of Mexico beating out last year's leader Nogales, Arizona. Pharr continues to break import-export records, crossing 60 percent of all fresh produce coming from Mexico. Pharr is the leading bridge for produce such as avocadoes and berries.

FINANCIAL INFORMATION

Budgetary Controls: The City of Pharr maintains a system of budgetary controls, the objective of which is to ensure compliance with the legal provisions of the annual appropriated budget approved by the City Commission. The adopted Annual Budget is the basic budget document. It governs all expenditures within a certain fiscal year, which runs from October 1 to September 30. The City Charter states that between sixty (60) and ninety (90) days prior to the end of the fiscal year, the City Manager is required to submit to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following October 1. Furthermore, the Charter requires that the budgeted expenditures for governmental funds not exceed estimated resources and requires that public hearings be held prior to the adoption of the budget. Directors are expected to review their budgets on a monthly basis. The Finance Director will periodically review the budget and inform the Director and/or management of its status. A complete summary of significant accounting policies and budgetary principles is presented in the notes to the financial statements.

Fund Accounting: In accordance with generally accepted accounting principles, the City of Pharr uses a fund accounting system. Fund accounting is designed to ensure that public monies are spent for their intended purpose. Numerous funds are necessary due to legal, financial or operating constraints. Each fund is a separate fiscal entity with a self-balancing set of accounting books. In the financial section of the comprehensive annual financial report, each fund type used by the City of Pharr is defined immediately prior to that fund's financial statements.

FINANCIAL INFORMATION

Fund Accounting: In accordance with generally accepted accounting principles, the City of Pharr uses a fund accounting system. Fund accounting is designed to ensure that public monies are spent for their intended purpose. Numerous funds are necessary due to legal, financial or operating constraints. Each fund is a separate fiscal entity with a self-balancing set of accounting books. In the financial section of the comprehensive annual financial report, each fund type used by the City of Pharr is defined immediately prior to that fund's financial statements.

General Fund Balance Policy: The fiscal policy as it relates to General Fund's reserve/contingency account states: the City shall strive to maintain the General Fund undesignated/unreserved fund balance at 90 days of the current year's budget appropriation for operations and maintenance, which is defined as the total budget less capital outlay purchases, debt service , incentives and the annual transfers from the General Fund to the other funds.

For fiscal year 2019-2020, the **General Fund** committed to contingency and unreserved balance totaled $26,165,394 and the required minimum (per Fund Balance policy) was $12,288,635 (rounded).

	FY 17.18	FY 18.19	FY 19.20
Unnasigned Fund Balance and Cash on Hand	$21,211,700	$21,018,685	$26,165,394
Reccomended Days of Fund Balance	90	90	90
Actuals Days of Fund Balance	166	164	202
Unnasigned Fund Balance and Contigency	$13,201,000	$10,582,878	$12,288,635
	103	83	90

Utility Fund Retained Earnings Policy: an operating reserve will be established and maintained at 120 days of the current year´s original budget appropriation for operation and maintenance, which is defined as the total budget less debt service and capital project expenditures. Utility Contingency Balance as of **September 30, 2020 is: $3,500,707.**

The Bridge Fund Retained Earnings Policy: a contingency account will be equal to the annual operating cost (expenses minus long-term debt and minus non-operating General Fund transfers) plus one year of the highest long-term debt service payment (principal and interest). Bridge Contingency Balance as of **September 30, 2020 is $5,431,330.**

These balances provides an adequate protection againts unforseen occurrances and significantly decreased the likelyhood of the City entering the short-term debt market to pay for current operating expenditures. The City's General Fund is fiscally stable.

Debt Administration and Rating: State law does not provide a debt limit for the issuance of debt, however, by custom; a practical economic debt limit of 5% of the assessed valuation is used. General obligation bonds are backed by the full faith and credit of the City of Pharr and are used to finance permanent public improvements. In September of 2018, the city's ratings were upgraded by the first time in the last 10 years by S& P.

S & P AA-

Moody's Aa3

Cash Management: All City operating funds are held in interest-bearing demand accounts in the depository bank. This money is protected by insurance from the Federal Deposit Insurance Corporation and by collateral interests in the depository's investment securities that are pledged against the City's deposits.

Cash not required for operations is invested according to the City's written investment policy. The policy emphasizes safety and liquidity in investing public funds. As of September 30, 2020, 99% of City's funds were available within one day. Investments consisted mainly in 2 CD's this Fiscal Year due to concerns of cash flows due to Covid-19; investments amount were deposited back into depository account.

Risk Management: The City continues to put high emphasis on safety concerns to lower workers' compensation claims. Risk management, particularly workers' compensation, is coordinated through the Human Resources Department. Insurance is provided by Texas Municipal League for general and asset insurance management.

LONG-TERM FINANCIAL PLANNING

The City of Pharr has been planning for the next 30 years in the form of expading the city limits and expanding bridge infrastruture in order to make it the heart of import and export. City has been issuing certificates of obligations in order to invest in these projects.

The Pharr International Bridge continues to break import/export records, making the land port of entry a forced to be reckoned with as the 3rd largest commercial land crossing withn Mexico.

OTHER INFORMATION AWARDS

The Texas State Comptroller issued a new Transparency program that recognizes local governments for going above and beyond in their transparency efforts through Transparency Stars.

The City of Pharr was awarded the Traditional Finances Star this past fiscal year and it was the first City in the Valley to receive it. In FY 2017-2018, the City received for the first time the Debt Obligations Transparency award and has maintained it since then.

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded the City a Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the year ended September 30, 2018, City submitted application for award as every year foe FY ended September 30, 2019 but GFOA has delayed process due to pandemic .

The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit published an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of only one year. The City has received the Certificate of Achievement for the last eight consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate. The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget dated October 1, 2019. This was the City's 11th consecutive budget award from GFOA. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document is judged on proficiency in several categories including policy documentation, financial planning, an operations guide, and a communication device.

The budget for October 1, 2020 has been submitted for review and we are pending notification of an award.

ACKNOWLEDGMENTS: The preparation of this report on a timely basis could not have been accomplished without the efficient and dedication services of the entire staff of the Finance Department. Appreciation is expressed to City employees throughout the organization, especially those employees who were instrumental in the successful completion of this report. We would like to thank the members of the City Commission for their interest and support in planning and guiding the financial operation of the City in a responsible and progressive manner.

Respectfully Submitted,

Karla Saavedra, CGFO
Finance Director

City of Pharr, TX

ELECTED OFFICIALS

Ambrosio "Amos" Hernandez, MD
Mayor

Eleazar Guajardo
Commissioner Place 1

Roberto "Bobby" Carrillo
Commissioner Place 2

Ramiro Caballero, MD
Commissioner Place 3

Daniel Chavez
Commissioner Place 4

Ricardo Medina
Commissioner Place 5

Itza Flores
Commissioner Place 6

International Bridge
International Airports
International Seaport
TEXAS, USA
STARR COUNTY
HIDALGO COUNTY
WILLACY COUNTY
CAMERON COUNTY
I-69
77
I-2
McAllen
Pharr
Harlingen
Valley International Airport
McAllen Miller International Airport
Brownsville Airport
MEXICO

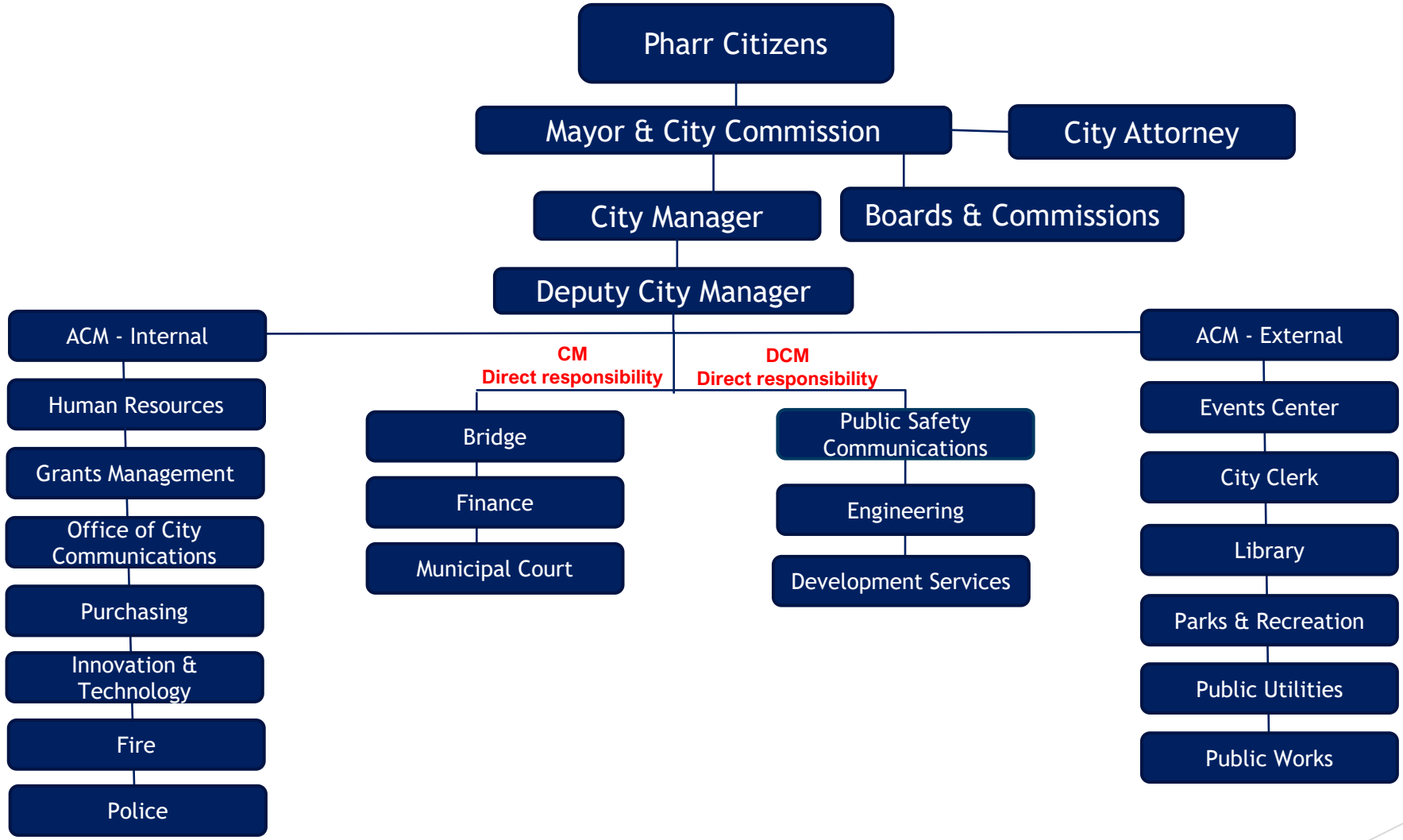
City of Pharr, TX

EXECUTIVE MANEGEMENT

Ed Wylie
City Manager/EMC

Hilda Pedraza, TRMC, CMC
City Clerk/Asst. City Manager

Anali Alanis
Asst. City Manager


Pharr Citizens
Mayor & City Commission
City Attorney
City Manager
Boards & Commissions
Deputy City Manager
ACM - Internal
Human Resources
Grants Management
Office of City Communications
Purchasing
Innovation & Technology
Fire
Police
CM
Direct responsibility
DCM
Direct responsibility
Bridge
Finance
Municipal Court
Public Safety Communications
Engineering
Development Services
ACM - External
Events Center
City Clerk
Library
Parks & Recreation
Public Utilities
Public Works

Department Directors

Karla Saavedra, CGFO

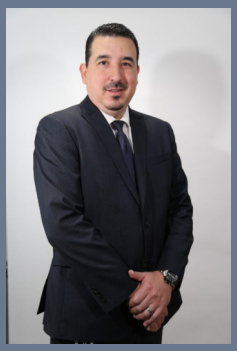
Finance Director

Luis Bazan

Bridge Director

Danny Ramirez

Communications Director/Dep. EMC

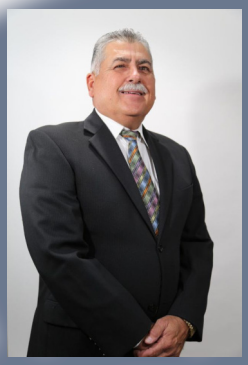


Jose J. Pena, CGCIO

IT & Media Director

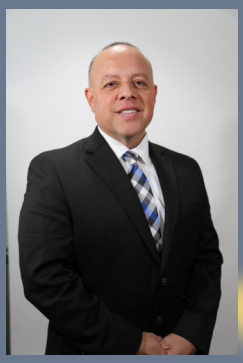
Melanie Cano

Development Services Director



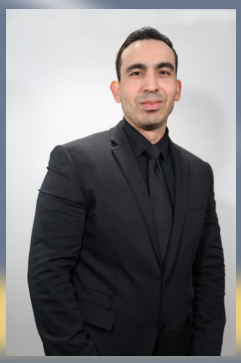
Raul Garza

CDBG Director



Pilar Rodriguez

Int. Public Works Director



Sergio Alaniz

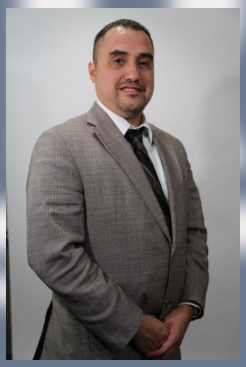
Parks & Rec Director

Ignacio Amezcua

Purchasing Director

Adolfo Garcia

Library Director



Omar Anzaldua Jr. PE, CFM

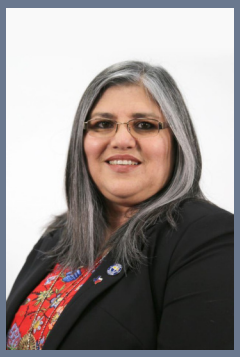
City Engineer

Leonardo Perez

Fire Chief

Criselda Flores

Presiding Judge

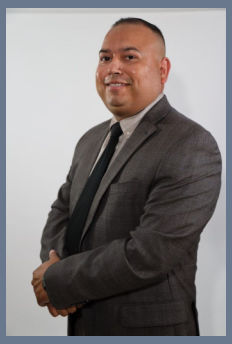


Veronica Ramirez, MBA

HR Director

Andrew Harvey Jr.

Chief of Police



Ruben Rosales

Public Utilities Director

WE ARE

TEAM

PHARR

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Oscar R. González, CPA
&
Associates, P.L.L.C.
Certified Public Accountants
208 W. Ferguson Unit #1 • Pharr, Texas 78577
Tel: (956) 787-9909 • Fax: (956) 787-3067
Email: orgl10n@aol.com

Oscar R. González
Melissa González

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of City Council
City of Pharr, Texas

Report on the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pharr, Texas, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis the schedules of funding progress, schedule of changes in net pension liability and related ratios, and schedule of contributions, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pharr, Texas's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, the schedule of revenues, expenditures, and changes in fund balance – budget and actual for the general fund and the schedule of revenues, expenditures, and changes in fund balance – budget and actual for Pharr Economic Development Corporation II, Inc., and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the schedule of revenues, expenditures, and changes in fund balance – budget and actual for the general fund and the schedule of revenues, expenditures, changes in fund balance – budget and actual for Pharr Economic Development Corporation II, Inc. 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 combining and individual nonmajor fund financial statements, the schedule of revenues, expenditures, and changes in fund balance – budget and actual for the general fund, and the schedule of revenues, expenditures, and changes in fund balance – budget and actual for Pharr Economic Development Corporation II, Inc. are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2021, on our consideration of the City of Pharr, Texas's 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Pharr, Texas's internal control over financial reporting and compliance.

Oscar R. Gonzalez CPA & Associates PLLC

Oscar R. Gonzalez, CPA & Associates, PLLC
Certified Public Accountants

Pharr, Texas
March 11, 2021

MANAGEMENT'S DISCUSSION & ANALYSIS (MD & A)

Management's Discussion and Analysis

As management of the City of Pharr, Texas (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Pharr for the fiscal year ended September 30, 2020.

FINANCIAL HIGHLIGHTS

- The assets of the City's governmental activities exceeded its liabilities at the close of the most recent fiscal year by over $129.69 million (net position). Of this amount, $9.57 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. This is an increase of 5.78 million in unrestricted net position. The increase is mainly due to grants the city has received and the completion of several capital projects.

- The assets of the City's business-type activities exceeded its liabilities at the close of the most recent fiscal year by over $133.7 million (net position). Of this amount, over $16.7 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. Overall proprietary funds experienced an increase of $6.16 million mainly due to better fiscal management and increased collections in Bridge Revenues and the increase on water billing.

- The General Fund assets exceeded its liabilities by over $29 million (fund balance). Of this amount, $4.23 million (unassigned fund balance) may be used to meet the General Fund's ongoing obligations. This is a decrease from last years of $30 thousand.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner like a private-sector business.

The Statement of Net Position presents information on all the City's assets and liabilities as well as deferred outflow and inflow of resources, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include services provided to the citizens for the basic health, safety, welfare, and administration of the City. Examples would include police and fire protection, animal control, streets, and parks and recreation. The business-type activities of the City which include the services provided to the citizens, the cost of which is recouped by user fees charged for the services. This includes water and wastewater services, bridge toll, event concession and rents and golf course fees to all residents and businesses.

The government-wide financial statements include not only the City itself (known as the primary government), but also legally separate component units for which the City is financially accountable: the Pharr Economic Development Corporation II (blended component unit) and the Pharr Public Facilities Corporation No. 1 (blended component unit) and The Greater Pharr Chamber of Commerce (blended component unit).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into four categories: governmental funds, proprietary funds, fiduciary funds, and discretely presented component units.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of resources that can be spent, as well as on balances of resources that can be spent available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains three major (General, PEDC II, CIP) and eleven nonmajor governmental funds. Information for the major funds is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for the General, Asset Sharing, Community Development, Hotel/Motel, Parkland Dedication, Paving & Drainage, Grants, General Capital Improvement Projects, and Debt Service governmental funds. A budgetary comparison statement has been provided for those funds to demonstrate compliance with this budget.

Proprietary Funds

The City maintains two different types of proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and wastewater operations, its bridge toll and golf course operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its vehicle repair activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the water and wastewater operations and its bridge toll and golf course operations. Conversely, internal service funds are combined into a single, aggregated presentation in the proprietary funds' financial statements. Individual fund data for the internal service funds are provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for the Utility, Event Center, Bridge, Golf, and Garage funds. A budgetary comparison statement has been provided for those funds to demonstrate compliance with this budget.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

The City's progress in funding its obligations to provide pension benefits to its employees can be found at the end of the notes to the financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the result of activities comparing the budget versus actual.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by over $263.42 million at the close of the fiscal year.

The City's condensed Statement of Net Position along with last fiscal year's numbers is presented for comparison in the table is located below:

City of Pharr's Net Position

Table 1 – Dollars in Millions	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	$ 94.07	$ 78.18	$ 58.25	$ 22.55	$152.32	$100.73
Capital assets	154.13	137.74	149.92	145.82	304.05	283.56
Total assets	248.20	215.92	208.17	168.37	456.37	384.29
Deferred Outflow of Resources						
Deferred outflows	5.06	7.85	0.19	0.23	5.25	8.08
Total deferred outflow of resources	5.06	7.85	0.19	0.23	5.25	8.08
Total Assets and Deferred Outflow of Resources	253.26	223.77	208.36	168.60	461.62	392.37
Liabilities						
Current and other liabilities	19.36	18.47	7.61	6.70	26.97	25.17
Long-term Liabilities	96.77	87.46	67.03	39.49	163.80	126.95
Total liabilities	116.13	105.93	74.64	46.19	190.77	152.12
Deferred Inflow of Resources						
Deferred inflows	7.64	3.19	-	-	7.64	3.19
Total deferred inflows of resources	7.64	3.19	-	-	7.64	3.19
Total Liabilities and Deferred Inflow of Resources	123.77	109.12	74.64	46.19	198.41	155.31
Net Position						
Net Invested in capital assets, net of related debt	76.80	79.38	74.49	103.80	151.29	183.18
Restricted	43.12	31.49	42.50	8.05	85.62	39.54
Unrestricted	9.77	3.78	16.73	10.57	26.51	14.35
Total net position	$129.69	$114.65	$133.72	$122.42	$263.42	$237.07

The excess of liabilities/deferred inflows of resources over assets/deferred outflows of resources reported on the government-wide Statement of Net Position of $263.21 at September 3 0 , 2020 results from several factors. The most significant items include certain long-term liabilities that do not require current funding such as net pension liabilities of $6.68 million as of September 30, 2020, and other unfunded long-term liabilities which include compensated absences.

By far the largest portion of the City's net position ($151.30) reflects its Net Invested in Capital Assets (e.g., land buildings, 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. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position, ($85.61) million represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position ($26.30 million) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City can report positive balances in all three categories of net assets for the government. The same situation held true for the prior fiscal year.

Governmental Activities

Governmental activities increase the City's net position by $13.34 million. The key changes this fiscal year along with element of this increase is described as follows:

- Transfers from Bridge excess cash.
- Investment in Capital Projects.
- Cares Act grant for Covid-19 Relief.

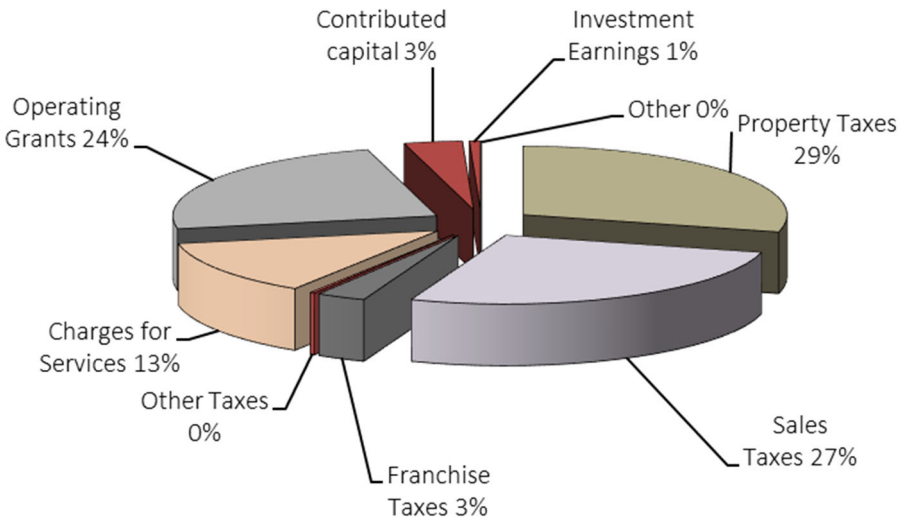
The City's condensed Changes in Net Position along with last fiscal year's numbers are presented for comparison in the following table below:

City of Pharr's Changes in Net Position

Table 2 – Dollars in Millions	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues:						
Charges for services	$ 10.62	$ 9.31	$ 31.49	$ 30.29	$ 42.11	$ 39.60
Operating grants and contributions	19.65	4.03	4.99	-	24.64	4.03
Capital grants and contributions	3.50	2.22	0.60	1.91	4.10	4.13
General Revenues:						
Property tax	23.97	20.75	-	-	23.97	20.75
Sales tax	22.08	21.66	-	-	22.08	21.66
Other taxes	2.48	2.53	-	-	2.48	2.53
Other	0.26	0.74	0.93	0.29	1.19	1.03
Total Revenues	82.56	61.24	38.01	32.49	120.57	93.73
Expenses:						
General governmental	22.69	13.20	-	-	22.69	13.20
Public safety	20.61	26.57	-	-	20.61	26.57
Streets	5.15	5.24	-	-	5.15	5.24
Health and welfare	3.04	3.08	-	-	3.04	3.08
Culture and recreation	13.96	7.42	-	-	13.96	7.42
Economic Development	5.30	4.42	-	-	5.30	4.42
Interest of debt service	2.98	2.97	1.43	-	4.41	2.97
Issuance Cost	-	-	0.26	-	0.26	-
Utility	-	-	14.24	13.59	14.24	13.59
Pharr Event Center	-	-	0.68	0.83	0.68	0.83
Toll bridge	-	-	4.12	4.11	4.12	4.11
Tierra Del Sol Golf Course	-	-	1.46	1.53	1.46	1.53
Total Expenses	73.73	62.90	22.19	20.06	95.92	82.96
Excess of revenues over expenses	8.83	(1.66)	15.82	12.43	24.65	10.77
Transfers	4.51	8.35	(4.51)	(8.35)	-	-
Net change in net position	13.34	6.69	11.31	4.08	24.65	10.77
Net position - beginning	114.65	111.56	122.42	119.21	237.07	230.77
Prior period adjustment (a)	1.50	(3.60)	(0.01)	(0.87)	1.49	(4.47)
Net position - ending	$129.49	$114.65	$133.72	$122.42	$263.21	$237.07

The City's governmental activities' revenues source distribution is presented below.

Revenues by Source – Governmental Activities



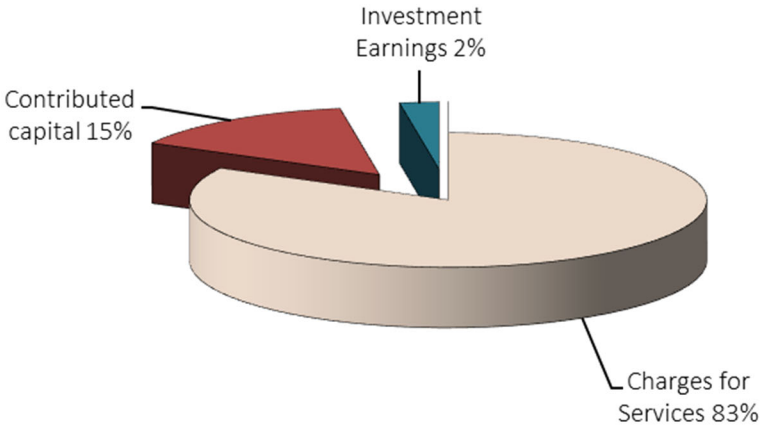
Business-Type Activities

Business-type activities increase the City's net position by $11.30 million. One of the key changes this fiscal year for this increase was:

- Investment on utility capital projects
- Increase in water services.
- Less transfers to General fund.

The City's Business-Type activities' revenue source distribution is presented below.

Revenues by Source – Business-Type Activities



GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund's net change in fund balance show a favorable increase of $7.9 million because we move payroll funds from general fund to the cares act fund that will be reimburse by Hidalgo County. The operating revenues were $707 thousand more than budget. The main reason for this increase was due to sales tax collections greater by $.29 million, franchise tax also increases by $.62 million. Expenditures were $9.8 million less than budget since cares act grant approved to reimburse essential employees' payroll for several months.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Pharr's Capital assets for its governmental and business-type activities amounts to $304.05 million. This investment in capital assets includes land, buildings and system improvements, and machinery and equipment net of depreciation. The total increase in the City's net investment in capital assets for the current fiscal year was $20.5 million or 7.2%.

City of Pharr's Capital Assets
(Net of Depreciation)

Table 3- Dollars in million	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Water rights	$ -	$ -	$ 3.45	$ 3.45	3.45	3.45
Land	19.68	17.58	6.90	3.41	26.58	20.99
Building and system improvements	28.55	27.02	13.47	14.19	42.02	41.21
Other improvements	46.32	11.15	8.04	2.55	54.36	13.70
Machinery and equipment	8.30	7.64	5.04	4.57	13.34	12.21
Infrastructure	29.05	31.14	102.91	106.94	131.96	138.08
Construction in progress	22.23	43.19	10.11	10.69	32.34	53.88
	$ 154.13	$ 137.72	$ 149.92	$ 145.80	$ 304.05	$ 283.52

Additional information on the City's capital assets can be found in the Notes to the Financial Statements in this report under section *III-Detailed Notes on Funds and Component Units* subsection *F-Capital Assets.*

Long-Term Debt

At the end of the current fiscal year, the City had total contractually obligated long-term debt of $154.20 million. The details of the change in debt from last fiscal year are as indicated:

Table 4 - Dollars in millions (not including unamortized activit

	2020	2019	Change
Governmental			
Bonds	$ 1.43	$ 5.03	$ (3.60)
Certificates of obligation	68.97	47.50	21.47
Capital leases	6.35	6.46	(0.11)
Notes	7.93	9.87	(1.94)
	84.68	68.86	15.82
Business-Type			
Bonds	65.61	40.26	25.35
Capital leases	3.91	3.24	0.67
	69.52	43.50	26.02
Total	$ 154.20	$ 112.36	$ 41.84

Long-term debt for the Governmental activities increases by $15 million. This increase was due to the new capital equipment and the issue for new bonds for capital projects. This fiscal year the city issued a new bond in the amount of $25 million for the city's natatorium.

Long-term debt for the Business-Type activities increases by $26 million. This increase was for two new bonds for $18 million and $13 million for utility capital improvements and projects.

Additional information on the City's long-term debt can be found in the Notes to the Financial Statements in this report under section *III-Detailed Notes on Funds and Component Units* subsection *G-Long-Term Obligations.*

Pension

The adoption of Statement No. 68 resulted in the City's reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for each of its qualified pension plans and the recognition of pension expense in accordance with the provisions of the Statement.

Table 5 provides the City's key pension statistics related to the TMRS plan as of and for the fiscal year ended September 30, 2020:

City of Pharr's Key Pensions Statistics

Table 5-(Dollars in millions)

Net Pension Laibility	$	6.68
Pension Expense	$	2.92

Additional information on the City's net pension liability can be found in the notes to the financial statements as indicated in the table of contents of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Due to the current pandemic covid-19, city has been impacted in recreation and fines fees revenues, but on the other hand our sales tax, which is our second largest tax revenue source was not significantly affected in fact it showed a 2% growth from last year.
- The continuous growth of the Pharr Town Center will help increase jobs and sales taxes, during these hard times.
- Series 2020A and 2020B will bring a huge improvement in the city's water and sewer system that way Pharr can provide a better quality of life for their citizens.
- New infrastructure Bridge Projects and improvements inside the Port of Entry will streamline the truck/cargo inspection process, allowing for better flow and maximum efficiency, and more crossing revenue as consequence.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of Pharr, Office of the Finance Director, P.O. Box 1729, Pharr, TX 78577.

WE ARE

TEAM

PHARR

BASIC FINANCIAL STATEMENTS

CITY OF PHARR, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Primary Government				
	Governmental Activities	Business-Type Activities	Total	Discrete Component Units	Total
ASSETS					
Current assets:					
Cash	$ 36,631,171	$ 6,913,799	$ 43,544,969	$ 1,871,594	$ 45,416,563
Receivables (net of allowance for uncollectible)	32,856,943	3,959,679	36,816,623	25,065	36,841,687
Prepaid items	213,466	-	213,466	-	213,466
Internal balances	346,929	(346,929)	-	-	-
Inventories	1,703,319	220,207	1,923,526	-	1,923,526
Land available for sale	2,410,012	-	2,410,012	-	2,410,012
Restricted assets:					
Cash	17,589,572	-	17,589,572	2,567,163	20,156,735
Cash with Fiscal Agent	2,059,532	47,510,974	49,570,507	-	49,570,507
Intergovernmental receivable	264,094	-	264,094	-	264,094
Total current assets	94,075,037	58,257,731	152,332,769	4,463,822	156,796,590
Capital assets					
Water Rights (nondepreciable)	-	3,450,000	3,450,000	-	3,450,000
Land (nondepreciable)	19,676,658	6,897,338	26,573,996	1,500,000	28,073,996
Buildings (net of acc. depreciation)	28,553,401	13,472,030	42,025,430	24,735,721	66,761,151
Improvements other than buildings (net of acc. depreciation)	46,316,868	8,048,255	54,365,123	-	54,365,123
Machinery and equipment (net of acc. depreciation)	8,295,010	5,039,658	13,334,668	84,685	13,419,353
Infrastructure (net of acc. depreciation)	29,053,672	102,903,883	131,957,555	-	131,957,555
Construction in progress (nondepreciable)	22,234,539	10,111,076	32,345,615	-	32,345,615
Total capital assets	154,130,148	149,922,241	304,052,387	26,320,406	330,372,793
Total noncurrent assets	154,130,148	149,922,241	304,052,387	26,320,406	330,372,793
Total assets	248,205,185	208,179,972	456,385,156	30,784,228	487,169,384
DEFERRED OUTFLOW OF RESOURCES					
Other Post Employee Benefits	137,497	-	137,497	-	137,497
Unamortized loss on refunding of debt	48,780	195,484	244,264	-	244,264
Pension-TMRS	5,020,666	-	5,020,666	-	5,020,666
Total deferred outflow of resources	5,206,943	195,484	5,402,427	-	5,402,427
LIABILITIES					
Current liabilities payable:					
Accounts payable and other current liabilities	5,522,459	1,658,336	7,180,795	6,122,469	13,303,264
Escrows	3,367,156	241,064	3,608,219	-	3,608,219
Current portion debt payable	10,475,154	5,713,015	16,188,169	627,931	16,816,100
Total current liabilities	19,364,769	7,612,415	26,977,183	6,750,400	33,727,583
Noncurrent liabilities:					
Other post employment benefit	1,384,039	-	1,384,039	-	1,384,039
Net Pension Liability	6,683,755	-	6,683,755	-	6,683,755
Due in more than one year, net	88,704,265	67,035,163	155,739,428	32,269,429	188,008,857
Total noncurrent liabilities	96,772,059	67,035,163	163,807,222	32,269,429	196,076,651
Total liabilities	116,136,829	74,647,577	190,784,405	39,019,828	229,804,234
DEFERRED INFLOW OF RESOURCES					
Pension-Actual Contributions vs Assumptions	7,575,656	-	7,575,656	-	7,575,656
	7,575,656	-	7,575,656	-	7,575,656
NET POSITION					
Net Invested in capital assets	76,805,452	74,496,933	151,302,384	(6,576,953)	144,725,431
Restricted for:					
Debt service	1,110,591	4,791,960	5,902,551	-	5,902,551
Capital projects	24,888,102	37,238,753	62,126,854	-	62,126,854
Economic development	11,108,686	-	11,108,686	-	11,108,686
Tourism	1,951,675	464,631	2,416,306	-	2,416,306
Public safety	1,259,665	-	1,259,665	-	1,259,665
Paving and Drainage	729,792	-	729,792	-	729,792
General Government	2,069,413	-	2,069,413	-	2,069,413
Unrestricted	9,776,269	16,735,602	26,511,872	(1,658,648)	24,853,224
Total net position	$ 129,699,643	$ 133,727,879	$ 263,427,522	$ (8,235,601)	$ 255,191,921

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

CITY OF PHARR, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

		Program Revenues			Net (Expense) Revenue and Changes in Net Position				
					Primary Government				
Functions/Programs	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Discrete Component Unit	Total
Primary government:									
Governmental activities:									
General government	$ 22,680,455	$ 1,399,507	$ 10,829,134	$ -	$ (10,451,814)		$ (10,451,814)	-	(10,451,814)
Public safety	20,473,046	3,729,167	1,563,346	-	(15,180,533)		(15,180,533)	-	(15,180,533)
Highways and streets	5,140,807	1,781,993	-	7,259,645	3,900,830		3,900,830	-	3,900,830
Health and welfare	3,019,425	4,225,801	-	-	1,206,376		1,206,376	-	1,206,376
Culture and recreation	13,952,484	318,641	-	-	(13,633,843)		(13,633,843)	-	(13,633,843)
Economic development	5,302,619	2,115,532	-	-	(3,187,087)		(3,187,087)	-	(3,187,087)
Interest on long-term debt	2,957,666	-	-		(2,957,666)		(2,957,666)	-	(2,957,666)
Total governmental activities	73,526,502	13,570,641	12,392,480	7,259,645	(40,303,737)		(40,303,737)	-	(40,303,737)
Business-type activities:									
Utility	15,184,755	16,208,278	4,992,506	595,939		6,611,968	6,611,968		6,611,968
Pharr Event Center	684,919	252,452	-	-		(432,468)	(432,468)		(432,468)
Toll Bridge	4,220,584	14,595,374	-	-		10,374,790	10,374,790		10,374,790
Tierra Del Sol Golf Course	1,466,249	796,373	-	-		(649,876)	(649,876)		(649,876)
Total business-type activities	21,556,507	31,852,477	4,992,506	595,939		15,904,415	15,904,415		15,904,415
Total primary government	$ 95,083,010	$ 45,423,118	$ 17,384,985	$ 7,855,584	$ (40,303,737)	$ 15,904,415	$ (24,399,322)	-	(24,399,322)
Component unit:									
PHFC Jackson Apartments	-	-	-					7,000	7,000
Depreciation Expense								1,208,921	
PFH	-	-	-					1,237,848	1,237,848
Debt Interest and Issuance Cost	$ -	$ -	-					1,622,113	1,622,113
	-	-	-					4,075,882	4,075,882
		General revenues:							
		Property taxes			23,976,404	-	23,976,404	-	23,976,404
		Sales taxes			22,086,728	-	22,086,728	-	22,086,728
		Franchise taxes			2,486,997	-	2,486,997	-	2,486,997
		Rent Revenue			-	-	-	2,489,926	2,489,926
		Contributions			300,161	-	300,161	-	300,161
		Other taxes			235,128		235,128	-	235,128
		Investment earnings			255,782	171,034	426,816	5,538	432,354
		Other			-	17,365	17,365	178,410	195,775
		Cost of Issuance			-	(269,780)	(269,780)		(269,780)
		Transfers			4,509,382	(4,509,382)	-	-	-
		Total general revenues and transfers			53,850,583	(4,590,763)	49,259,819	2,673,873	51,933,694
		Change in net position			13,546,847	11,313,652	24,860,499	(1,402,009)	23,458,490
		Net position - beginning			114,652,764	122,423,797	237,076,561	(6,833,592)	230,242,969
		Prior period adjustment			1,500,032	(9,570)	1,490,462	-	1,490,462
		Net position - ending			$ 129,699,643	$ 133,727,879	$ 263,427,522	$ (8,235,601)	$ 255,191,921

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

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CITY OF PHARR, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

		General	Pharr Economic Development Corporation, Inc.	General Capital Improvements	Non-Major Governmental	Total Governmental
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Cash		$ 21,927,781	$ 5,678,768	$ 7,073,580	$ 1,885,139	$ 36,565,269
Receivables (net of allowance for uncollectible):						
	Property taxes	1,859,644	-	-	339,166	2,198,811
	Warrants	5,839,427	-	-	-	5,839,427
	Sales tax	2,922,829	974,276	-	-	3,897,105
	Notes	-	923,365	-	54,619	977,984
	Accounts	1,040,650	-	-	177,243	1,217,893
	Intergovernmental	-	-	4,468,173	-	4,468,173
	Other	6,406,606	43,967	-	7,806,978	14,257,551
Prepaid Items		104,280	109,186	-		213,466
Inventories		1,641,902	-	-	-	1,641,902
Land Available for Sale		-	2,410,012	-	-	2,410,012
Due from other funds		1,151,379	-	1,005,331	5,000	2,161,710
Restricted assets:			-	-		
	Cash	-	603,847	16,985,725	-	17,589,572
	Cash with Fiscal Agent	2,059,532	-	-	-	2,059,532
	Intergovernmental receivable	-	-	-	264,094	264,094
	Total assets	$ 44,954,031	$ 10,743,422	$ 29,532,809	10,532,239	$ 95,762,500
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE						
Liabilities:						
	Accounts payable	$ 3,053,405	$ 126,798	$ 834,276	81,653	$ 4,096,131
	Accrued liabilities	762,689	-	-	-	762,689
	Due to other funds	1,005,331	44,894	-	735,295	1,785,520
	Escrow accounts	2,342,461	7,359	1,014,817	2,519	3,367,156
	Unearned revenue	-	-	-	155,996	155,996
	Total liabilities	7,163,886	179,051	1,849,093	975,463	10,167,492
Deferred Inflows of Resources:						
	Deferred property tax	1,859,644	-	-	339,166	2,198,811
	Deferred accounts	1,040,657	-	-	177,243	1,217,900
	Deferred warrants	5,839,427	-	-	-	5,839,427
	Deferred notes	-	923,365	-	54,619	977,984
	Total deferred inflow of resources	8,739,729	923,365	-	571,028	10,234,122

		General	Economic Development Corporation 4B	General Capital Improvements	Non-Major Governmental	Total Governmental
Fund balances:						
Nonspendable:						
	Inventory	1,641,902	2,410,012	-	-	4,051,915
	Noncurrent advances	5,060,299	-	-	9,881	5,070,180
Restricted:						
	Debt service	-	-	-	931,379	931,379
	Street paving and drainage	-	-	-	729,792	729,792
	Tourism	-	-	-	1,951,675	1,951,675
	Public safety	-	-	-	1,249,784	1,249,784
	Parkland	-	-	-	217,531	217,531
	Community development	-	-	-	470,032	470,032
	Economic development	-	7,230,994	-	3,425,675	10,656,668
Committed:						
	Contingency	12,288,635	-	-	-	12,288,635
Assigned:						-
	General government	3,762,435	-	-	-	3,762,435
	Capital outlay	2,059,532	-	27,683,716	-	29,743,248
Unassigned:		4,237,613	-	-	-	4,237,613
	Total fund balances	29,050,416	9,641,006	27,683,716	8,985,748	75,360,887
Total liabilities, deferred inflows of resources and fund balances		$ 44,954,031	$ 10,743,422	$ 29,532,809	10,532,239	$ 95,762,500

CITY OF PHARR, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds balance sheet			$	75,360,886
(1)	When capital assets that are to be used in governmental activities are purchased, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net asset includes those capital assets among the assets of the city as a whole	Cost of capital assets	258,092,384	
		Accumulated depreciation	(104,298,320)	153,794,064
(2)	Internal service funds are used by management to charge the costs of fleet management and workman's compensation to individual funds. 100% of the assets is allocated to governmental activities. The assets and liabilities of these internal service funds are included in governmental activities in the statement of net position			
		Garage	363,933	363,933
(3)	Long-term liabilities applicable to the city's governmental activities are not due 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			
		Bonds/Certificates/Notes		
		Current	(7,287,971)	
		Long-term	(75,532,348)	
		Capital leases		
		Current	(1,784,348)	
		Long-term	(4,571,345)	
		Unamortized loss -Deferred outflow	48,780	
		Unamortized debt activity	(4,389,403)	(93,516,635)
(4)	Because some property tax will not be collected for several months after the city's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are considered deferred in governmental funds			
		Tax receivable	2,751,800	
		Allowance	(552,989)	2,198,811
(5)	Because some sanitation, brush, and paving fees will not be collected for several months after the city's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are considered deferred in governmental funds	Sanitation	920,558	
		Paving	177,245	
		Library	57,745	
		Alarm permits	62,354	1,217,902
(6)	Interest expense in the statement of activities differs from the amount reported in governmental funds due to accrued interest calculated for bonds and notes payable	Bonds	-	
		Certificates	159,952	
		Notes	18,014	(177,966)

(7)	Certain accrued obligations not normally expected to be liquidated with expendable available financial resources unless they are due for payment in the current period. The difference in compensated absences from last year to this year is recorded in the statement of activities			
		Current	(1,393,368)	
		Long-term	(4,480,104)	(5,873,473)
(8)	Because some warrants will not be collected for some time after the city's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are considered deferred in governmental funds			
		Warrants receivable	13,217,413	
		Allowance	(7,377,986)	5,839,427
(9)	Employers that participate in defined contribution OPEB plans are required to recognize OPEB liability for unpaid required contributions			
		OPEB Liability - Prior Years	137,494	
		This fiscal year contribution	(1,384,039)	
		This fiscal year trust fund contribution	-	(1,246,545)
(10)	Because some EDC loan receivables will not be collected for some time after the city's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are considered deferred in governmental funds.		977,984	977,984
(11)	Deferred Outflow Pension Contributions		5,020,666	
	Deferred Inlfow		(7,575,655)	
	Net Pension Liability		(6,683,755)	
				(9,238,744)
	Net position of governmental activities - statement of net position			$ 129,699,644

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

CITY OF PHARR, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General	Pharr Economic Development Corporation, Inc.	General Capital Improvements	Non-Major Governmental	Total Governmental
REVENUES					
Taxes:					
Property	$ 18,068,992	$ -	$ -	$ 5,902,873	$ 23,971,866
Sales	16,125,380	5,375,127	-	586,222	22,086,728
Franchise	2,486,997	-	-	-	2,486,997
Other	235,128	-	-	-	235,128
Licenses and permits	966,406	-	-	-	966,406
Intergovernmental	81,812	-	7,259,645	12,310,667	19,652,125
Fees and charges:					
Sanitation	2,881,591	-	-	-	2,881,591
Brush	1,138,767	-	-	-	1,138,767
Other	887,002	-	-	1,316,649	2,203,651
Fines	549,623	-	-	-	549,623
Interest income	124,729	90,493	-	40,559	255,781
Other	866,873	2,048,871	-	29,249	2,944,993
Total revenues	44,413,300	7,514,491	7,259,645	20,186,219	79,373,654
EXPENDITURES					
Current:					
General government	10,590,622	-	1,183,083	10,281,539	22,055,243
Public safety	18,985,516	-	145,201	1,395,844	20,526,562
Highways and streets	3,956,320	-	6,355,163	25,439	10,336,921
Health and welfare	2,823,141	-	-	-	2,823,141
Culture and recreation	6,206,905	-	18,636,137	6,399	24,849,442
Economic development	2,222,660	2,057,630	-	200,626	4,480,916
Debt service:					
Principal	1,799,881	2,021,753	983,727	5,492,924	10,298,286
Interest	110,906	246,919	224,389	2,775,067	3,357,281
Total expenditures	46,695,952	4,326,302	27,527,700	20,177,837	98,727,792
Excess (deficiency) of revenues over (under) expenditures	(2,282,652)	3,188,189	(20,268,055)	8,381	(19,354,138)
OTHER FINANCING SOURCES (USES)					
Transfers in	8,426,200	-	4,074,802	3,805,374	16,306,376
Transfers (out)	(3,906,292)	(1,487,500)	(4,730,000)	(1,673,202)	(11,796,994)
Issuance of debt	1,945,500	-	25,000,000	-	26,945,500
Total other financing sources and uses	6,465,408	(1,487,500)	24,344,802	2,132,172	31,454,882
Net change in fund balance	4,182,756	1,700,689	4,076,747	2,140,554	12,100,744
Fund balance - beginning	24,847,477	7,174,797	23,225,587	6,541,290	61,789,151
Prior period adjustment	20,183	765,520	381,382	303,904	1,470,989
Fund balance - ending	$ 29,050,416	$ 9,641,006	$ 27,683,716	8,985,748	$ 75,360,886

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

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CITY OF PHARR, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Amounts reported for governmental activities in the statement of activities are different because:

	Net change in fund balances - total governmental funds		$	12,100,745
(1)	Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period			
		Capital assets purchases	21,815,634	
		Depreciation expense	(5,911,700)	15,903,934
(2)	Governmental funds do not recognize developer contribution of land, roads, paving and draining as donation/contribution revenue nor as an increase in governmental expenditures. This is the net amount by which contributed capital increased the capital assets net or related debt of the city			
		Contributed capital - drainage	70,397	
		Contributed capital - streets	229,764	300,161
(3)	Repayment of bond principal is reported as an expenditure in governmental funds. For the city as a whole, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities. The city's bonded debt was reduced in due to principal payments made to bondholder's and the amortization of the debt issuance cost, premium/discount, and gain or loss on refunding, which results in an increase to interest expenses. Also, any new debt issuances are recorded as other financial sources but not counted as revenue in governmental activities. This is the result of debt activity			
		New lease/notes proceeds	(1,945,500)	
		Certificate of Obligation proceeds	(25,000,000)	
		Lease/Notes	2,352,417	
		Tax Notes Principal Paid	979,116	
		Bond Principal Paid	4,945,000	
		Loan Principal Paid	2,021,753	
		Unamortized debt activity	334,687	(16,312,527)
(4)	Because some property tax will not be collected for several months after the city's fiscal year ends, they are not considered as "available" revenues in the governmental funds			
		Current tax	-	
		Collections	4,540	4,540
(5)	Because some sanitation and brush fees will not be collected for several months after the city's fiscal year ends, they are not considered as "available" revenues in the governmental funds			
		Sanitation	168,300	
		Paving	22,842	
		Library	2,223	
		Alarm Fees	12,078	205,443

CITY OF PHARR, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2020

(6)	Interest expense in the statement of activities differs from the amount reported in governmental funds due to accrued interest calculated for bonds and notes payable	Current year accrual	(177,966)	
		Prior year accrual	242,895	
				64,929
(7)	Certain accrued obligations not normally expected to be liquidated with expendable available financial resources unless they are due for payment in the current period. Compensated absences is recorded in the statement of assets	Current year	(5,573,473)	
		Prior year	5,359,060	(214,412)
(8)	Because some warrant fines will not be collected for some time after the city's fiscal year ends, they are not considered as "available" revenues in the governmental funds			
		Prior Year Warrant A/R	(3,159,634)	
		Current Year Warrant A/R	5,839,166	2,679,532
(9)	Employers that participate in defined contribution OPEB plans are required to recognize OPEB expense/expenditures for their net required contributions to the plan			
		OPEB Liability - This fiscal year	(1,384,039)	
		Trust fund contributions	1,276,503	(107,536)
(10)	Loans issued to outside entities for Economic development are considered expenses governmental funds but not in the statement of activities.		(735,806)	(735,806)
(11)	GASB 68 recognition on Pension Expense requires an adjustment to reflect in Statement of Activities		$ (342,155)	$ (342,155)
	Rounding difference			(1)
Change in net position of governmental activities				$ 13,546,847

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CITY OF PHARR, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2020

	Business-type Enterprise Funds					Governmental Activities - Internal Service Fund
	Utility	Pharr Event Center	Toll Bridge	Tierra Del Sol Golf Course	Total	
ASSETS						
Current assets:						
Cash	$ 158,347	$ 267,103	$ 5,795,478	$ 692,870	$ 6,913,799	$ 65,901
Receivables (net of allowance for uncollectible):						
Accounts	3,486,944	269,410	186,166	17,159	3,959,679	-
Inventories	194,185	5,636	-	20,387	220,207	61,416
Restricted assets:						
Cash	45,626,621	-	420,779	-	46,047,400	-
Cash with Fiscal Agent	-	-	1,439,213	24,362	1,463,575	-
Total current assets	49,466,097	542,149	7,841,636	754,778	58,604,660	127,317
Capital assets						
Water Rights (nondepreciable)	3,450,000	-	-	-	3,450,000	-
Land (nondepreciabble)	4,293,127	785,224	819,645	999,342	6,897,338	-
Buildings (net of acc. depreciation)	9,757,492	2,211,760	1,214,536	288,242	13,472,030	336,083
Improvements other than buildings (net of acc. depreciation)	6,198,149	79,636	112,182	1,658,287	8,048,255	-
Machinery and equipment (net of acc. depreciation)	2,447,940	15,158	2,376,574	199,986	5,039,658	-
Infrastructure (net of acc. depreciation)	91,709,022	-	11,187,024	7,838	102,903,883	-
Construction in progress (nondepreciable)	3,965,890	-	6,145,186	-	10,111,076	-
Total capital assets	121,821,620	3,091,778	21,855,146	3,153,695	149,922,241	336,083
Total noncurrent assets	121,821,620	3,091,778	21,855,146	3,153,695	149,922,241	336,083
Total assets	171,287,717	3,633,928	29,696,783	3,908,473	208,526,900	463,400
DEFERRED OUTFLOW OF RESOURCES						
Unamortized loss on refunding of debt	195,486	-	-	-	195,486	-
Total deferred outflow of resources	195,486	-	-	-	195,486	-

	Business-type Enterprise Funds					Governmental Activities - Internal Service Fund
	Utility	Boggus Event Center	Toll Bridge	Tierra Del Sol Golf Course	Total	
LIABILITIES						
Current liabilities payable:						
Accounts payable	678,870	7,313	389,768	29,015	1,104,966	29,676
Accrued liabilities						
Due to other funds	178,869	47,511	62,775	57,774	346,929	29,260
Unearned revenue	-	4,067	5,500	43,478	53,045	-
Total current liabilities payable	857,738	58,891	458,043	130,266	1,504,939	58,935
Current liabilities payable from restricted assets:						
Customer deposits payable	500,326	-	-	-	500,326	-
Escrow payable	241,064	-	-	-	241,064	-
Matured accrued compensation	123,696	4,657	48,281	16,583	193,217	9,467
Matured capital lease	275,597	-	857,824	55,377	1,188,798	-
Matured bonds/notes, net	3,661,000	-	670,000	-	4,331,000	-
Total current liabilities payable from restricted assets	4,801,682	4,657	1,576,105	71,961	6,454,405	9,466
Total current liabilities	5,659,420	63,548	2,034,148	202,227	7,959,344	68,401
Noncurrent liabilities:						
Accrued compensation	371,088	13,970	144,844	49,751	579,653	28,400
Capital lease payable	950,312	-	1,612,909	159,020	2,722,240	2,665
Bonds/notes principal payable	62,955,429	-	777,841	-	63,733,270	-
Total noncurrent liabilities	64,276,829	13,970	2,535,593	208,770	67,035,163	31,064
Total liabilities	69,936,249	77,519	4,569,742	410,997	74,994,506	99,466
NET POSITION						
Invested in capital assets, net of related debt	50,529,283	3,091,778	17,936,574	2,939,298	74,496,933	336,084
Restricted for:						
Debt service	4,371,181	-	420,779	-	4,791,960	-
Capital projects	37,214,391	-	-	24,362	37,238,753	-
Tourism	-	464,631	-	-	464,631	-
Unrestricted	9,432,098	-	6,769,689	533,816	16,735,603	27,850
Total net position	$ 101,546,953	$ 3,556,410	25,127,042	$ 3,497,476	$ 133,727,880	$ 363,934

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

CITY OF PHARR, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-type Enterprise Funds					Governmental Activities - Internal Service Fund
	Utility	Pharr Event Center	Toll Bridge	Tierra Del Sol Golf Course	Total	
Operating revenues:						
Charges for sales and services:						
Water sales	$ 8,860,079	$ -	$ -	$ -	$ 8,860,079	$ -
Sewer service	6,965,740	-	-	-	6,965,740	-
Tap fees	327,162	-	-	-	327,162	-
Toll fees	-	-	14,367,657	-	14,367,657	-
Golf services	-	-	-	723,745	723,745	-
Event Center	-	252,452	-	-	252,452	-
Other	55,297	-	227,718	72,628	355,642	751,738
Total operating revenues	16,208,278	252,452	14,595,374	796,373	31,852,477	751,738
Operating expenses:						
Personnel services	3,804,667	358,340	1,303,035	771,059	6,237,101	210,577
Supplies and Materials	1,675,938	106,405	156,958	150,941	2,090,242	-
Contractual Services	3,617,580	129,129	1,843,434	303,379	5,893,523	525,719
Depreciation	5,141,912	91,046	820,228	214,034	6,267,219	15,252
Total operating expenses	14,240,096	684,919	4,123,655	1,439,413	20,488,083	751,548
Operating income (loss)	1,968,183	(432,468)	10,471,719	(643,040)	11,364,394	189
Nonoperating revenues (expenses):						
Investment earnings	111,065	1,157	48,897	9,915	171,034	-
Interest expense	(1,308,483)	-	(119,521)	(6,837)	(1,434,841)	(189)
Amortization expense	363,824	-	22,592	-	386,416	-
Intergovernmental	4,880,421	-	112,085	-	4,992,506	-
Other	17,365	-	-	-	17,365	-
Issuance cost	(269,780)	-	-	-	(269,780)	-
Total nonoperating revenues (expenses)	3,794,412	1,157	64,053	3,079	3,862,701	(189)
Income before contributions and transfers	5,762,595	(431,311)	10,535,772	(639,961)	15,227,095	-
Transfers in	2,810,000	393,481	1,920,000	530,637	5,654,118	-
Transfers (out)	(571,400)	-	(9,592,100)	-	(10,163,500)	-
Capital contributions	595,939	-	-	-	595,939	-
	2,834,539	393,481	(7,672,100)	530,637	(3,913,443)	-
Changes in Net Position	8,597,134	(37,830)	2,863,672	(109,324)	11,313,652	-
Total net position - beginning	92,980,419	3,610,509	22,226,069	3,606,800	122,423,797	363,553
Prior period adjustment	(30,600)	(16,269)	37,299	-	(9,570)	380
Total net position - ending	$ 101,546,953	$ 3,556,410	25,127,040	$ 3,497,476	$ 133,727,879	$ 363,934

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

CITY OF PHARR, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-type Enterprise Funds					Governmental Activities - Internal Service Fund
	Utility	Pharr Event Center	Toll Bridge	Tierra Del Sol Golf Course	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	$ 15,438,768	$ 217,029	$ 14,181,964	$ 793,446	$ 30,631,207	$ 751,738
Payments to suppliers	(1,678,573)	(107,579)	(156,958)	(145,526)	(2,088,636)	(6,183)
Payments to employees	(3,771,379)	(400,089)	(1,301,638)	(791,504)	(6,264,610)	(214,541)
Payments for contractual services	(3,400,177)	(137,613)	(1,971,336)	(298,514)	(5,807,640)	(511,974)
Payments (to)/from others	62,154	-	227,718	-	289,872	-
Net cash flow (to)/from operating activities	6,650,793	(428,252)	10,979,750	(442,098)	16,760,193	19,040
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Receipts from grants					-	-
Advances (to)/from other funds	160,652	40,751	47,506	51,089	299,998	7,692
Transfers in from other funds	2,810,000	393,481	1,920,000	530,637	5,654,118	-
Transfers out to other funds	(571,400)	-	(9,592,100)	-	(10,163,500)	-
Net cash provided/(used) by noncapital and related financing activities	2,399,252	434,232	(7,624,594)	581,726	(4,209,384)	7,692
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Bond/Lease Proceeds					-	-
Acquisition and construction of capital assets	(7,290,627)	-	(2,955,765)	(34,140)	(10,280,532)	-
Principal paid on long-term debt	28,200,531	-	321,714	(54,030)	28,468,215	(7,930)
Interest paid on long-term debt	(1,308,483)	-	(119,521)	(6,837)	(1,434,841)	(189)
Other	318,006	(16,271)	62,195	(1)	363,927	-
Net cash provided/(used) by capital and related financing activities	19,919,427	(16,271)	(2,691,377)	(95,008)	17,116,769	(8,119)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest income received	111,065	1,158	48,897	9,915	171,035	-
Net cash provided/(used) by investing activities	111,065	1,158	48,897	9,915	171,035	-
NON CASH INVESTING/FINANCING ACTIVITIES						
Capital Contributions	595,939	-	-	-	595,939	-
Noncash provided/(used) by investing/financing	595,939	-	-	-	595,939	-
Net increase/(decrease) in cash	29,676,476	(9,133)	712,676	54,535	30,434,554	18,613
Cash beginning of fiscal year	11,497,849	276,237	6,833,514	662,075	19,269,675	46,909
Cash end of fiscal year	$ 41,174,325	$ 267,104	7,546,190	$ 716,610	$ 49,704,229	$ 65,522

	Business-type Enterprise Funds					Governmental Activities - Internal Service Fund
	Utility	Pharr Event Center	Toll Bridge	Tierra Del Sol Golf Course	Total	
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income (loss)	$ 1,968,182	(432,469)	10,471,721	(643,040)	$ 11,364,394	$ 189
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	5,141,912	91,046	820,228	214,034	6,267,220	15,252
(Increase) Decrease in Accounts and Other Receivables, net	(707,138)	(5,056)	(137,680)	645	(849,229)	-
(Increase) Decrease in Inventories	(2,636)	(1,174)	-	5,414	1,604	-
(Increase) Decrease in Other Assets		-	-		-	-
Increase (Decrease) in Accounts Payable	217,403	(8,484)	(127,903)	4,865	85,881	7,562
Increase (Decrease) in Accrued Compensation	33,287	(41,750)	1,397	(20,445)	(27,511)	(3,964)
Increase (Decrease) in Deferred/Escrow Revenue	6,857	(30,368)	(48,013)	(3,571)	(75,095)	-
Increase (Decrease) in Customer Deposits	(7,076)	-	-	-	(7,076)	-
Increase (Decrease) in Other Liabilities	-	-	-		-	-
Total adjustments	4,682,609	4,214	508,029	200,942	5,395,799	18,850
Net cash provided (used) by operating activities	$ 6,650,793	$ (428,252)	10,979,750	$ (442,098)	$ 16,760,193	$ 19,039

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

WE ARE

TEAM

PHARR

Discrete Component Units
Basic Financial Statements

Discretely Component Units: Separate legal entities in which the primary government is financially accountable and is able to impose will on the organization.

Pharr Housing Finance Corporation (PHFC): separate entity created for the purpose of carrying out the purposes of the Texas Housing Finance Corporation Act, Chapter 394.

PHFC-Jackson Place Apartments: is a separate entity created for the purpose of holding liability to construct an apartment complex.

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PHARR

CITY OF PHARR, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Pharr Housing Finance Corporation	PHFC Jackson Place Apartments	Total
ASSETS			
Current assets:			
Cash	$ 115	$ 1,871,479	$ 1,871,594
Receivables (net of allowance for uncollectible)	-	25,065	25,065
NonCurrent assets:			
Restricted assets:			
Cash	-	2,567,163	2,567,163
Total current assets	115	4,463,707	4,463,822
Capital assets			
Land (nondepreciable)	-	1,500,000	1,500,000
Machinery and Equipment	-	84,685	84,685
Construction in progress (nondepreciable)	-	24,735,721	24,735,721
Total capital assets	-	26,320,406	26,320,406
Total assets	115	30,784,113	30,784,228
LIABILITIES			
Current liabilities payable:			
Current portion debt payable	-	627,931	627,930.72
Accounts payable and other	866,792	5,255,677	6,122,469
current liabilities	-	-	-
Unearned revenue	-	-	-
Total current liabilities payable	866,792	5,883,608	6,750,400
Noncurrent liabilities:			
Due in more than one year, net	-	32,269,429	32,269,429
Total non current liabilities	866,792	38,153,037	39,019,828
Total liabilities			
NET POSITION			
Net Invested in capital assets	-	(6,576,953)	(6,576,953)
Unrestricted Total net position	(866,677)	(791,971)	(1,658,648)
	$ (866,677)	$ (7,368,924)	$ (8,235,601)

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

CITY OF PHARR, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Service	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Component Unit
Component Unit				
Pharr Housing Finance Corporation	7,000	-	-	(7,000)
PHFC Jackson Place Apartments	1,237,848	-	-	(1,237,848)
Depreciation Expense	1,208,921	-	-	(1,208,921)
Debt Interest and Issuance Cost	1,622,113	-	-	(1,622,113)
Total component unit	$ 4,075,883	$ -	$ -	$ (4,075,883)
Total component unit	$ 4,075,883	$ -	$ -	$ (4,075,883)

General revenues:	
Rental Revenue	2,489,926
Investment earnings	5,538
Other	178,410
Total general revenues and transfers	2,673,873
Change in net position	(1,402,009)
Net position - beginning	(6,833,592)
Prior Period Adjustment	-
Net position - ending	$ (8,235,601)

NOTES TO THE FINANCIAL STATEMENTS

WE ARE

TEAM

PHARR

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The City of Pharr, Texas (City) founded in 1909 and was incorporated as a general law city on February 22, 1916. The City charter was approved via election and adopted with an effective date of December 1, 1949. The charter established a City Manager form of government. The municipal government provided by the Charter of the City of Pharr shall be known as the Board of Commissioners. The Board of Commissioners shall consist of a Mayor and six (6) Commissioners and which shall enact local legislation, adopt budgets, determine policies, and appoint the City Manager, who is held responsible to the Board of Commissioners for the execution of the laws and the administration of the government of the City.

The general governmental functions include law enforcement, fire and other public safety activities, streets, sanitation, public improvements, public charities, parks and recreation, library services, zoning, and general administrative services. Enterprise funds are used to account for the operations of its utility, bridge, and golf operations.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United State of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (FASB), when applicable.

B. Financial Reporting Entity

The City's financial reporting entity comprises the following:

Primary Government: City of Pharr

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units with the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization.
- the city appoints a voting majority of the organization's board.
- the City can impose its will on the organization.
- the organization has the potential to impose a financial benefit/burden on the City.
- there is fiscal dependency by the organization on the City.

Blended Component Unit

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same of substantially the same as the City Commission or the component unit provides services entirely to the City. These component units' funds are blended into those of the City's by appropriate activity type to compose the primary government presentation.

The City has three blended component units, the Pharr Economic Development Corporation (PEDC) II, Inc., Tax Increment Reinvestment Zone No. 1, and Tax Increment Reinvestment Zone No. 2. Information for these component units is stated below:

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

B. Financial Reporting Entity- (continued)

Pharr Economic Development Corporation II, Inc. – (PEDC) is a nonprofit industrial development corporation organized for the same purpose as the PEDC 4a but with the legal authority to use sales tax funds for a wider range of projects. Sales taxes are collected under Section 4B of the Development Corporation Act of 1979 for these purposes. Voted by the citizens of Pharr on November 4, 2008 and ratified by the City Commission on November 10, 2008 via ordinance O-2008-49, the PEDC 4a was dissolved and the PEDC was authorized to receive the sales tax revenue which is its main revenue source.

The reason it is a blended component unit is because City commission can appoint and remove individuals to PEDC board, City management is responsible for oversees and approved financial operations and decisions. Separate financial statements issued by the PEDC can be obtained by request at the following address: *PEDC- 1215 South Cage Blvd. Pharr, TX 78577.*

The Greater Pharr Chamber of Commerce is a nonprofit corporation created on April 16, 2018 for the purpose of creating environment in which business can succeed and thrive, also to promote economic development by creating and promoting community events to increase tourism in the City of Pharr.

It is considering a blended component union because its funded by PEDC for more than 60 percent of their budget. Separate financial statements issued by the Chamber of Commerce can be obtained by request at 1215 South Cage Blvd, Pharr, Texas 78577.

Tax Increment Reinvestment Zone No. 1-On March 2012, the City Commissioners created the Tax Increment Reinvestment Zone No. 1 (TIRZ No. 1). TIRZ is a separate entity with its own EIN, whose three of its board members consists of the same members of the City Commission. TIRZ No. 1 was established to provide a financing mechanism to facilitate a high-quality development in the Pharr area. Created by ordinance No. O-2011-46 in September 2011, TIRZ No. 1 is set to expire on January 1st, 2051 or the date when all project costs are paid, and all debt is retired, whichever comes first. Separate financial statements issued by TIRZ No. 1 can be obtained by request at the following address: *TIRZ No. 1 P.O. Box 1729 Pharr, TX 78577.* The City contributes 60% of the agreed contributions every year also payments and disbursements need to be approved by city manager.

Tax Increment Reinvestment Zone No. 2-On February 2015, the City Commissioners created the Tax Increment Reinvestment Zone No. 2 (TIRZ No. 2). TIRZ is a separate entity with its own EIN, whose three of its board members consists of the same members of the City Commission. TIRZ No. 2 was established to provide a financing mechanism to facilitate a high-quality development in the Pharr area. Created by ordinance No. O-2015-52 in November 2015 TIRZ No. 2 is set to expire on January 1st, 2035 or the date when all project costs are paid, and all debt is retired, whichever comes first. Separate financial statements issued by TIRZ No. 2 can be obtained by request at the following address: *TIRZ No. 2 P.O. Box 1729 Pharr, TX 78577.* The City contributes 60% of the agreed contributions every year also payments and disbursements need to be approved by city manager.

Discretely Presented Component Units

The component unit column in the government-wide financial statements includes the financial data of the City's component unit. The unit is reported in a separate column to emphasize that they are legally separate from the City but are included because the primary government is financially accountable and can impose its will on the organization. This component unit subscribe to the accounting policies and procedures of the primary government.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

B. Financial Reporting Entity- (continued)

Pharr Housing Finance Corporation-On November 2015, the Pharr Housing Finance Corporation (PHFC) was created for the purpose of carrying out the purposes of the Texas Housing Finance Corporations Act, Chapter 394, Texas Local Government Code, by providing a means of financing the cost of residential ownership and development that will provide decent, safe and sanitary housing for residents of the City of Pharr at prices they can afford. The Board of Directors is composed in its entirety of persons who are members of the governing body of the City, and whose terms of office shall be fixed by and run conterminous with their respective terms of office on such governing body of the City. PHFC is considered a Discrete Component Unit based on the criteria established by GASB Statement No. 61. PHFC uses same fiscal year as City of Pharr.

PHFC Jackson Place Apartments-On November 2015, PHFC Jackson Place Apartments Corporation was created for the purpose of holding liability to construct an apartment complex located on the corner of Jackson and Sioux Rd. in Pharr, Texas to meet the purpose of the Texas Housing Finance Corporation Act mentioned above. The City Manager is the designated official to act as the Executive Director of the corporation. PHFC Jackson Place Apartments is considered a Discrete Component Unit based on the criteria established by GASB Statement No. 61 and due to its economic independence to City.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information on all the non-fiduciary financial information for the City and its component units. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Eliminations have been made to minimize the double counting of internal activities. Individual funds are not displayed but the statements distinguish governmental activities (generally supported by taxes and City general revenue) from business-type activities (generally financed in whole or in part with fees charged to external customers). The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operations or capital requirements of a program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements provide reports on the financial condition and results of operations about the City's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP).

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increase (revenues) and decrease (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred. 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are franchise fees, licenses, charges for service, and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as needed.

E. Fund Types and Major Funds

Governmental Funds

The City reports the following major governmental funds:

- *General Fund* – reports the primary fund of the City. This fund is used to account for all financial resources not reported in other funds.
- *General Capital Improvements Fund*- This fund is used to account for all construction projects not accounted in enterprise funds.
- *Pharr Economic Development Corporation, Inc.*– is a nonprofit industrial development corporation organized for the purpose of promoting, assisting, and enhancing economic development activities for the City. Although this fund does not meet the size criteria for major fund categorization, the City is including it as a major fund because it is believed that this fund is particularly important to financial statement users due to of public interest.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

E. Fund Types and Major Funds

Proprietary Funds

The City reports the following major enterprise funds:

- *Utility Fund* – accounts for the provision of water and sewer services to the residents of the City.
- *Event Center*-accounts for event venue to host concerts to attract tourism to the City of Pharr.
- *Bridge Fund* – accounts for the operating function of the City's international bridge with Mexico.
- *Golf Fund*-accounts for the operating function of the golf course including golf event hall, greens, pro-shop, and concessions.

Other Fund Types

Additionally, the City reports internal service funds which are used to account for the financing of goods or services provided by one department to other departments within the City on a cost-reimbursement basis. These services include fleet management. These are proprietary funds that are reported with governmental activities in the government-wide financial statements because most of the activity is for governmental activities. Direct expenses are not eliminated from the various functional categories, whereas indirect expenses are. Reimbursements are treated as a reduction of expenses.

F. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources and Net Position or Equity

1. Cash and Investments

Cash of all funds, including restricted cash, are pooled into common pooled accounts to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. An individual fund's pooled cash are available upon demand and are "cash equivalents" when preparing these financial statements. All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

2. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Taxable property includes real property and certain personal property situated in the City. Certain properties of religious, educational and charitable organizations, including the federal government and the State of Texas, are exempt from taxation. Additionally, there are other exemptions in arriving at the total assessed valuation of taxable property.

The valuations are subject to County-wide revaluation every three years. The effective tax rate is based upon the previous year's total assessed valuation.

Allowances for uncollectible tax receivables within the General and Debt Service funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and included as part of the allowance for uncollectible; except for tax receivables over 20 years, the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. The City does not write off tax receivable greater than 20 years.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

F. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources and Net Position or Equity

3. Inventories

The inventories are recorded at cost and are accounted for by the consumption method.

4. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectible. The three main receivables that contain allowances are for property taxes, utility accounts, and warrants. For these categories, the allowance was based on historical collection rates, the allowances are 2% for property taxes as well as for utility accounts, and 20% for warrants. As of February 2017, the City recommended doing 100% allowance for warrants older than 10 years.

5. Transactions between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

6. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of $5,000 or more and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	50 Years
Infrastructure	30 Years
Improvements	20 Years
Water and Sewer System	30-50 Years
Machinery and Equipment	3-15 Years

7. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated annual and sick leave balances. The City's policy allows employees to accumulate unused sick leave and extra compensation time on an unlimited basis and vacation leave based on the number of years of full-time employment with the City in accordance with the following chart:

Years of Employment	Pro-Rata Accrual Rate per Month
0-19 Years	10 hours (15 days per year)
20 & Over	13.33 hours (20 days per year)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

F. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources and Net Position or Equity- (continued)

Nonexempt employees may accumulate no more than a maximum of two years allotment of vacation leave as set above, except for civil service nonexempt employees, which can accumulate more than the maximum. Exempt employees can also accumulate more than the maximum. Sick leave may be accrued but will not be paid out to employees that leave before retirement.

8. Long-Term Obligations

In the government-wide, proprietary, and component unit financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method as the amount is immaterial against the effective interest method. Gain or loss on refunding are not netted against the liability but recorded in as deferred outflow/inflow of resources. Issuance cost is recorded as an expense for the period incurred and is no longer amortized over the life of the bond after implementing GASB Statement No. 65 and Statement No. 63. In the fund financial statements, long-term liabilities are not recorded in the governmental funds as the payment of the obligations will not be made by current financial resources. The governmental fund financial statements recognize the proceeds of debt as other financing resources.

9. Restricted Assets

The proceeds and required reserves of debt issuances are recorded as restricted assets as they are restricted for debt service and/or capital projects, payments and/or purchases.

10. Net Position / Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available or are legally restricted by outside parties for use for a specific purpose.

11. Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of estimates by management. All estimates are made utilizing a conservative philosophy for both revenues and expenditures.

12. General Fund's Fund Balance Policy

The City has adopted GASB 54 through a resolution as part of its fiscal year ending September 30, 2011. Implementation of GASB 54 is required of all cities for the fiscal year ending in 2011. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the City's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources. GASB 54 provides for two major types of fund balances which are non-spendable and spendable.

Non-spendable 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. Examples of this classification are prepaid items, inventories, non-current advances to other funds that not expected to be collected in the next fiscal year, and the principal (corpus) of an endowment fund. The City has inventories that are considered non-spendable, an encumbrance, and a non-current advance to the PEDC II. The City does not have any prepaid items or non-spendable funds related to an endowment.

In addition to non-spendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

F. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources and Net Position or Equity- (continued)

-Restricted: Fund balances that are constrained by external parties, constitutional provisions, or enabling legislation. All the City's restricted funds are from Special Revenue Funds, whose funds are revenues legally restricted to expenditures for a particular purpose.

-Committed: Fund balances that contain self-imposed constraints of the government from its highest level of decision-making authority. The responsibility to commit funds rests with the elected City Commissioners and Mayor through an approved resolution. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. The City formally approved the recording of its self-named "Contingency" fund balance as committed. The Contingency fund balance policy is as follows:

> The City shall strive to maintain the General Fund (not the combined reporting General Fund which consists of the Payroll, Contingency, and the General funds) committed fund balance at 90 days (25%) of the current year's original budget appropriation for operations and maintenance, which is defined as the total budget less capital outlay purchase, debt service, annual economic incentives, and the annual transfer from the General Fund to the other funds (Charter mandated contingency funding will not take place so long as the contingency fund is fully funded). This amount changes slightly from year to year; for this fiscal year, the General Fund committed balance was fully funded at the end of September 30, 2020.
>
> These funds shall be used only for emergencies, non-recurring expenditures, or major capital purchases that cannot be accommodated through current year savings. The use of these funds will be approved by the City Commission. Use of these funds will be disclosed to the City Commission. If the required amount goes below the stated policy amount, the City will set aside enough portion of the upcoming fiscal year's budget to meet the required reserve amount. Any surpluses realized at year end shall be used first to meet reserve policies, then capital replacement purposes, then retirement/extinguishing of debt.

-Assigned: Fund balances that contain self-imposed constraints of the government to be used for a purpose. The responsibility to assign funds rests with the City Manager. The only funds assigned relate to the accumulation of funds for future capital projects.

-Unassigned: Fund balance of the general fund that is not constrained for any purpose. This is also where negative amounts from the other categories of fund balance are recognized.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City typically first applies restricted resources, as appropriate opportunities arise, but reserves the right to selectively defer the use thereof to a future project or replacement equipment acquisition. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of assigned, then unassigned, and finally committed funds.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Data

1. Budget Policy and Practice

The City follows the procedures outlined below in establishing budgetary data reflected in the financial statements:

Annual budgets are legally adopted for all City funds with revenue and expense/expenditure activity. The City Charter states that between sixty (60) and ninety (90) days prior to the end of the fiscal year, the City Manager is required to submit to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes the proposed expenditures/expenses and the proposed method to finance them.

Dates for public hearings, the purpose of which are to obtain taxpayers' comments, are set by the Board of Commissioners at the time the budget is submitted to that body. The Board of Commissioners may add to, subtract from, or change appropriations, but may not change the form of the proposed budget.

Any changes must be within the revenue and reserves estimated as available by the City Manager. Prior to September 25 of each year, the budget is legally enacted through the passage of an ordinance.

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations between/within a department in the same fund with the City Manager's approval. Transfers of appropriations between funds require the approval of the Board of Commissioners. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

At any time during the fiscal year, the City Manager can reallocate expenditures within a fund without the approval of the Board of Commissioners. However, any revisions to the budget which increase the total budgeted expenditures/expenses within any fund must be approved by the Board of Commissioners.

As of September 30, 2020, the City of Pharr Commissioners approved two (2) Budget Amendments with a net effect of $3,783,700 in expenditures over revenues which was available in bank account.

B. Excess of General Fund Expenditures over Appropriations

None

C. Budget Basis of Accounting

The City prepares its annual budget on a basis (budget basis), which slightly differs from generally accepted accounting principles (GAAP Basis). The budget and all transactions are presented in accordance with the City's method (budget basis) in the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund to provide a meaningful comparison of actual results with the budget. The major differences between budget and GAAP basis are debt service transactions, capital outlay purchases, and the recording of bond/loan proceeds.

D. Finance-Related Legal and Contractual Provisions

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:

Violation	Action Taken
None	Not applicable

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - (continued)

E. Deficit Fund Equity/Net Position

The discretely component unit PHFC- Jackson Place Apartments shows a deficit in net position due to low occupancy and high loan payments. The investment for the construction of the apartments has not been able to recover up to this date.

F. Prior Period Adjustment

Prior period adjustments (PPA) were needed in several funds to properly state the correct financial position of the City. The PPA amounts and the reason are as follows:

Purpose of Prior Period Adjustment	Amount	Total
Governmental Funds:		
General Fund:		
To adjust prior year payables	$ 101,357	
To correct prior year receivables	(81,175)	
		$ 20,182
General CIP:		
To correct prior year receivables	2,715,129	
To adjust prior year payables	(2,333,747)	
		381,382
PEDC:		
To correct prior year void checks	520	
To correct prior year land purchases	765,000	
		765,520
Other:		
To adjust prior receivables	303,289	
To adjust prior year checks	615	
Total Governmental Fund Adjustment		303,904
		1,470,989
Government-Wide Adjustments		
To adjust Prior Long-Term Debt	(171,530)	
To adjust Prior City Garage adjustment	380	
To adjust Prior Year Depreciation Expense	200,193	
		$ 29,043
Total Prior Period Adjustment		$ 1,500,032

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - (continued)

F. Prior Period Adjustment-(continued)

Purpose of Prior Period Adjustment	Amount	Total
Proprietary Funds:		
Enterprise Fund: Utility Fund:		
To adjust prior Depreciation expense	$ 22,800	
To adjust prior year Payables	$ (32,370)	
		$ (9,570)
Total Proprietary Fund Adjustment		$ (9,570)

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS

A. Deposits and Investments

1. Deposits

City's funds are required to be deposited and invested under the terms of a depository contract and investment policy pursuant to state statute. The depository bank deposits for safekeeping and trust with its agent approved pledged securities authorized by Chapter 2257 Collateral for Public Funds of the Government Code in an amount enough to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

On September 30, 2020, the carrying amount of all the City's bank deposits was $75,338,584. The City has one depository account: Lone Star National Bank (LSNB).

LSNB Depository Account-City of Pharr	Balance September 30, 2020
Insured	$ 250,000
Security collateral issued by pledging bank's trust department in the City's name	91,619,440
(Over-insured)/over-collateralized	(16,530,856)
Total Deposits	$ 75,338,584

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS-(continued)

A. Deposits and Investments-(continued)

1. Deposits -(continued)

LSNB Depository Account-PEDC	Balance September 30, 2020
Insured	$ 250,000
Security collateral issued by pledging bank's trust department in the City's name	5,770,968
(Over-insured)/over-collateralized	(526,694)
Total Deposits	$ 5,494,274

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a policy of maintaining contact with the trust department of its depository agency to eliminate all custodial credit risk. As of September 30, 2020, the City's bank balance was not exposed to custodial credit risk and was over-insured and over-collateralized.

In addition, the following is disclosed regarding coverage of combined balances on the date of the highest deposit:

a. Depository: LSNB
b. The market value of securities pledged as of the date of the highest combined balance on deposit was $118,319,735.
c. The highest combined balances of cash accounts amounted to $108,550,215 and occurred during March 2020.
d. The total amount of FDIC coverage at the time of the largest combined balance was $250,000 during September 2020.

Restricted cash is defined as the cash balances restricted by the funder for a specific purpose. Cash with fiscal agents was $49,570,507 on September 30, 2020, was covered by collateral held in the fiscal agents' trust departments, but not in the City's name. The trust department pledges a pool of collateral against all trust deposits it holds. Banc of America leasing company, U.S. Bancorp and Texas Regional Bank are the city's fiscal agents.

2. Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act ("Act"), to adopt, implement, and publicize an investment policy. That policy must be written, primarily emphasize safety of principal and liquidity, address investment diversification, yield, and maturity and the quality and capability of investment management and include a list of the types of authorized investments in which the investing entity's funds may be invested, and the maximum allowable stated maturity of any individual investment owned by the entity.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purposes financial statements disclosed that in the areas of investment practices, management reports and establish appropriate policies. The City adheres to the requirements of the Act. Additionally, investment practices of the City are in accordance with local policies.

Due to the extremely low interest rates, the City had not engaged in any investments other than savings accounts in LSNB before FY 2015-2016, however due the expiration of contract and change in rates, City started to diversify and invested a certain portion of its Contingency cash balance set aside into TexPool and CD's in Lone Star National Bank.

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS- (continued)

2. Investments – (continued)

Analysis of Specific Deposit and Investment Risks:

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Interest Rate Risk
This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk. The City's investment policy states that no investment shall exceed 24 months in maturity. By limiting the exposure of its investments, the City reduces its risk to the rising or decreasing interest rates.

b. Credit Risk
Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At year end, the City was not exposed to credit risk.

c. Custodial Credit Risk
Deposits and investments are exposed to custodial credit risk if they are not covered by depository insurance and the deposits and investments are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name. At year end, the City was not exposed to custodial credit risk. See Note III A.1 for more information on this risk.

d. Concentration of Credit Risk
This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was exposed to concentration of credit risk, but highly collateralized. With the City's investment policy, diversification is stressed.

The City followed its diversification investment guidelines. At the beginning of year, all deposits were placed into LSNB due to previous depository agreement given a rate of return of 2%, now with a renewed agreement, rates are lower, and diversification is even needed more. The City invested in TexPool a portion of its contingency fund as of May 2016 of last year and has accrued interest since then.

e. Foreign Currency Risk
This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS- (continued)

2. Investments – (continued)

The City of Pharr Investment activity as of September 30, 2020 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Market Value
Texpool Investments	$ 4,105,505	$ 1,037,793	$ 5,000,000	$ 143,298	$ 143,298
LSNB-CD	300,000	-	-	300,000	300,000
LSNB-CD	300,000	-	-	300,000	300,000
Total	$ 4,705,505	$ 1,037,793	$ 5,000,000	$ 743,298	$ 443,298

GASB No. 79 requires additional note disclosure requirements for qualifying external investment pools that measure all their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Texpool revised its Investment Policy to comply with GASB No. 79 as of August 2017 which includes the use of amortized cost to value portfolio assets and the following guidelines to maintain the portfolio consistent with a stable net asset value per share:

- The maximum remaining maturity of any security of other investment acquired for the portfolio shall be 397 calendar days or less.
- The portfolio should maintain a weighted average maturity of 60 days or less.
- The portfolio should maintain a weighted average life of 120 days or less.

B. Receivables

Receivables for the City on September 30, 2020, were as follows:

	Governmental Activities			Business-Type Activities				
	General	Other	Total	Utility	Event Center	Bridge	Golf	Total
Property taxes	$ 2,335,219	$ 416,581	$ 2,751,800	$ -	$ -	$ -	$ -	$ -
Warrants	13,217,413	-	13,217,413	-	-	-	-	-
Sales Tax	2,922,829	974,276	3,897,105	-	-	-	-	-
Notes	-	977,984	977,984	-	-	-	-	-
Accounts	1,176,396	179,928	1,356,324	3,543,641	-	186,166	17,159	3,746,967
Intergovernmental	-	4,468,173	4,468,173	-	-	-	-	-
Cares Grant	-	7,681,548	7,681,548	-	-	-	-	-
Jackson Place Apts	5,060,299	-	5,060,299	-	-	-	-	-
Other	1,346,307	169,394	1,515,701	-	269,410	-	-	269,410
Gross receivables	26,058,462	14,867,884	40,926,347	3,543,641	269,410	186,166	17,159	4,016,377
Less; allowance for uncollectible	(7,989,305)	(80,099)	(8,069,404)	(56,697)	-	-	-	(56,697)
Net total receivable	**$ 18,069,158**	**$ 14,787,784**	**$ 32,856,943**	**$ 3,486,944**	**$ 269,410**	**$ 186,166**	**$ 17,159**	**$ 3,959,679**

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS - (continued)

B-1. Notes Receivable –(continued)

Notes Receivables for the Pharr Economic Development Corporation on September 30, 2020, were as follows:

Note	Outstanding Balance As of 10/1/2019	Increases	Decreases	Outstanding Balance As of 9/30/2020
Reyes Garza, 05/13/2012, for the amount of $27,021.68 at an interest rate of 6.00% with maturity on April 13, 2027.	$ 16,735	$ -	$ 1,787	$ 14,948
Moonbeans Coffee, 04/01/15, for the amount of $117,122.99 at an interest rate of 4.00% with maturity on August 01, 2019.	92,889	-	-	92,889
Stormy Colors, 07/01/2015, for the amount of $40,000 at an interest rate of 5.00% with maturity on 08/01/2017	40,000	-	-	40,000
American Star, 03/22/2016, for the amount of $15,000 at an interest rate of 5.00% with maturity on April 01, 2020.	2,712	-	2,712	-
Pharr Bridge Investment, 02/11/2016, for the amount of $900,000 at an interest rate of 4.00% with maturity on March 28, 2021	185,698	-	109,294	76,404
Aprl Investments, 06/20/2016, for the amount of $700,000 at an interest rate of 5.00% with maturity on June 20, 2021	514,809	-	514,809	-
Rositas Taste of the Valley, 02/06/2017, for the amount of $62,0000 at an interest rate of 5% with maturity on February 06, 2022.	34,985	-	7,260	27,725
Trancasa, 02/15/18, for the amount of $600,000 at an interest rate of 6.00% with maturity on March 15, 2026.	569,021	-	88,448	480,573
Big River Brewery, 05/27/2018, for the amount of $180,000 at an interest rate of 6.00% with maturity on April 27, 2021.	202,322	-	11,496	190,826
Totals	$ 1,659,171	$ -	$ 735,806	$ 923,365

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS - (continued)

C. Payables

Payables for the City on September 30, 2020, were as follows:

	Governmental Activities	Business-Type Activities					
	Governmental	Utility	Event Center	Bridge	Golf	Business-Type Total	Total
Vendors	$ 3,907,360	$ 1,055,176	$ 11,380	$ 280,427	$ 72,493	$ 1,419,476	$ 5,326,836
Salaries & benefits	762,689	-	-	-	-	-	762,689
Retainage fees	552,410	124,020	-	-	-	124,020	676,430
Accrued interest	-	-	-	114,841	-	114,841	114,841
Intergovernmental	-	-	-	-	-	-	-
Contingent Liability	300,000	-	-	-	-	-	300,000
Total payables	**$ 5,522,459**	**$1,179,196**	**$ 11,380**	**$395,268**	**$72,493**	**$ 1,658,337**	**$7,180,796**

D. Escrows

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned.

At the end of the current fiscal year, the various components of unearned revenue were mainly Escrow Liability Accounts which are comprised of the following:

	As of September 30, 2020
Water & Sewer	$ 152,550
Police	112,262
Media	22,979
Fire	320,057
Library	58,944
Public Works	359,083
Recreation	6,232
Subdivision and Improvements	886,963
Other	423,391
	$ 2,342,461

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS - (continued)

E. Interfund Balances

The City reports interfund balances between many of its funds. The total of all balances agrees with the sum of interfund balances presented in the statements of net assets/balance sheets for governmental and enterprise funds. The interfund balances are operational and short-term in nature. Interfund balances on September 30, 2020 consisted of the following:

General Fund		PURPOSE
DUE FROM:		
Governmental Funds:		
Assets Sharing	$ 4,170	To advance funds for expenditures
City Garage	29,261	To advance funds for expenditures
CDBG	560,445	To advance funds for expenditures
Grant Fund	160,088	To advance funds for expenditures
Chamber	5,592	To advance funds for expenditures
PEDC	44,894	To advance funds for expenditures
Utility	178,869	To advance funds for payroll expenditures
Event Center	47,511	To advance funds for payroll expenditures
Bridge	62,775	To advance funds for payroll expenditures
Golf	57,774	To advance funds for payroll expenditures
General Fund	**1,151,379**	
Contingency	1,005,331	To advance funds for expenditures
Co Series 2018	**1,005,331**	
Hotel	5,000	To advance funds for expenditures
Chamber	**5,000**	
Grand Total	$ 2,161,710	

F. Capital Assets

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

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS - (continued)

F. Capital Assets

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Primary Government					
Governmental Activities:					
Capital assets, not being depreciated:					
Land and right of way	$ 12,727,272	$ 2,091,280	$ -	$ -	$ 14,818,552
Construction in Progress	43,190,651	23,294,089	44,250,202	-	22,234,539
Total capital assets, not being depreciated	55,917,924	25,385,369	44,250,202	-	37,053,091
Capital assets, being depreciated:					
Buildings	41,001,737	2,438,360	-	(6)	43,440,091
Machinery and equipment	30,117,654	1,984,202	-	785	32,102,641
Improvements other than buildings	14,944,836	35,679,986	-	-	50,624,822
Infrastructure	88,948,641	300,161	-	-	89,248,802
Total capital assets, being depreciated	175,012,868	40,402,709	-	779	215,416,356
Less accumulated depreciation for:					
Buildings	14,289,639	882,196	-	-	15,171,835
Machinery and equipment	22,483,603	1,971,788	-	(586,072)	23,869,320
Improvements other than buildings	4,880,018	549,316	-	52,096	5,481,430
Infrastructure	57,808,384	2,386,748	-	-	60,195,132
Total accumulated depreciation	99,461,643	5,790,048	-	(533,975)	104,717,717
Total capital assets, being depreciated, net	75,551,225	34,612,661	-	534,754	110,698,639
Component Unit-Blended PEDC					
Capital assets, not being depreciated:					
Land and right of way	$ 4,858,106	$ -	$ -	$ -	$ 4,858,106
Total capital assets, not being depreciated	4,858,106	-	-	-	4,858,106
Capital assets, being depreciated:					
Buildings	747,170	-	-	-	747,170
Improvement other than buildings	1,458,521	182,135	-	-	1,640,656
Machinery and equipment	144,340	-	-	-	144,340
Total capital assets, being depreciated	2,350,031	182,135	-	-	2,532,166
Less Accumulated Depreciation					
Buildings	433,935	28,089	-	-	462,024
Improvement other than buildings	370,796	96,384	-	-	467,180
Machinery and equipment	130,923	6,270	-	(24,070)	113,123
Total Accumulated Depreciation	935,654	130,743	-	(24,070)	1,042,327
Total Capital assets, being depreciated, net	1,414,377	51,392	-	24,070	1,489,839
Component Unit- Chamber					
Capital assets, not being depreciated:					
Land and right of way	$ -	$ -	$ -	$ -	$ -
Total capital assets, not being depreciated	-	-	-	-	-
Capital assets, being depreciated:					
Buildings	-	-	-	-	-
Improvement other than buildings	-	-	-	-	-
Machinery and equipment	-	35,848	-	-	35,848
Total capital assets, being depreciated	-	35,848	-	-	35,848
Less Accumulated Depreciation					
Buildings	-	-	-	-	-
Improvement other than buildings	-	-	-	-	-
Machinery and equipment	-	5,377	-	-	5,377
Total Accumulated Depreciation	-	5,377	-	-	5,377
Total Capital assets, being depreciated, net	-	30,471	-	-	30,471
Governmental activities capital assets, net	$ 137,741,634	$ 60,079,893	$ 44,250,202	$ 558,824	$ 154,130,147

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS - (continued)

F. Capital Assets

Business-Type Activities:	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Capital assets, not being depreciated:					
Water Rights	$ 3,450,000	$ -	$ -	$ -	$ 3,450,000
Land and right of way	3,418,448	3,456,090	-	22,800	6,897,338
Construction in Progress	10,691,079	5,099,707	5,756,712	77,000	10,111,074
Total capital assets, not being depreciated	17,559,527	8,555,797	5,756,712	99,800	20,458,412
Capital assets, being depreciated:					
Buildings	32,502,500	-	-	-	32,502,500
Machinery and equipment	18,825,872	1,080,025	-	(5)	19,905,892
Improvements other than buildings	6,116,794	5,785,002	-	-	11,901,796
Infrastructure	154,323,008	499,435	-	96,499	154,918,942
Total capital assets, being depreciated	211,768,174	7,364,462	-	96,494	219,229,130
Less accumulated depreciation for:					
Buildings	18,303,876	726,596	-	(5)	19,030,467
Machinery and equipment	14,255,608	645,255	-	(34,629)	14,866,234
Improvements other than buildings	3,563,922	289,619	-	-	3,853,541
Infrastructure	47,374,684	4,662,734	-	(22,354)	52,015,064
Total accumulated depreciation	83,498,090	6,324,204	-	(56,989)	89,765,305
Total capital assets, being depreciated, net	128,270,084	1,040,258	-	153,482	129,463,824
Business-Type activities capital assets, net	145,829,611	9,596,055	5,756,712	253,282	149,922,241
Total Primary Government	$ 283,571,245	$ 69,675,948	$ 50,006,914	$ 812,106	$ 304,052,387
Component Unit-Discretely PHFC					
PHFC Capital assets, not being depreciated:					
Land and right of way	1,500,000	-	-	-	1,500,000
Construction in progress	-	-	-	-	-
Total capital assets, not being depreciated	1,500,000	-	-	-	1,500,000
PHFC Capital assets, being depreciated:					
Buildings	26,502,558	-	-	-	26,502,558
Improvement other than buildings	-	-	-	-	-
Machinery and equipment	153,683	-	-	-	153,683
Total capital assets, being depreciated	26,656,241	-	-	-	26,656,241
Less Accumulated Depreciation					
Buildings	588,946	1,177,891	-	-	1,766,837
Improvement other than buildings	-	-	-	-	-
Machinery and equipment	37,971	31,030	-	-	69,001
Total Accumulated Depreciation	626,917	1,208,921	-	-	1,835,838
Total Capital assets, being depreciated, net	26,029,324	(1,208,921)	-	-	24,820,403
Component Unit-Blended capital assets, net	33,801,807	(1,157,529)	-	-	26,320,406
City-Wide capital assets, net	$ 317,373,052	$ 68,518,419	$ 50,006,914	$ 812,106	$ 330,372,793

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS - (continued)

G. Long-Term Obligations

The following schedule summarizes the changes in long-term debt during the year ended September 30, 2020:

	Beginning Balance	Additions	Retirements	Adjustments	Ending Balance	Due Within One Year
Governmental Activities						
Refunding Bonds Payable	$ 2,790,000	$ -	$ 1,360,000	$ -	$ 1,430,000	$ 1,430,000
Certificates of Obligation	47,560,000	25,000,000	3,585,000	-	68,975,000	1,890,000
Uamortized Premium/(Discount)	4,772,870	-	383,467	-	4,389,403	383,467
Capital Leases	6,467,609	1,945,500	2,057,415	-	6,355,694	1,784,349
Capital Leases-Garage	10,603	-	7,929	-	2,674	2,674
CDBG Section 108 Note Payable	3,540,000	-	295,000	-	3,245,000	295,000
Tax Notes Series 2017	5,667,897	-	983,727	(1,004)	4,683,166	1,026,449
LSNB Note Payable-City	6,331,756	-	2,021,753	177,145	4,487,148	2,646,522
Other Post Employment Benefits	1,098,814	285,221	-	-	1,384,035	-
Accrued Compensated Absences-PEDC	117,745	73,323	84,528	-	106,540	26,635
Accrued Compensated Absences	5,229,627	2,844,457	2,618,840	11,688	5,466,932	1,366,733
Accrued Compensated Absences -Garage	53,518	17,694	21,658	(11,688)	37,866	9,467
Net Pension Liability-GASB 68	13,505,239	-	6,821,484	-	6,683,755	-
Total Governmental Activities	$ 97,145,678	$ 30,166,195	$ 20,240,801	$ 176,141	$ 107,247,213	$ 10,861,296
Deferred Outflow/Inflow of Resources						
Unamortized Gain/(loss) on Refunding	$ (97,560)	$ -	$ (48,780)	$ -	$ (48,780)	$ (48,780)
	$ (97,560)	$ -	$ (48,780)	$ -	$ (48,780)	$ (48,780)
Business-Type						
Revenue Bonds Payable	$ 21,318,000	$ 32,030,000	$ 1,745,000	$ -	$ 51,603,000	$ 2,186,000
Refunding Revenue Bonds Payable	16,070,000	-	2,060,000	-	14,010,000	2,145,000
Uamortized Premium/(Discount)	2,877,181	-	430,521	-	2,446,660	$430,521
Capital Leases	3,248,825	1,750,000	1,087,787	-	3,911,038	1,188,800
Accrued Compensated Absences	800,379	503,374	530,882	-	$777,480	193,218
Total Business-Type Activities	$ 44,314,385	$ 34,283,374	$ 5,854,190	$ -	$ 72,748,178	$ 6,143,539

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS - (continued)

G. Long-Term Obligations – (continued)

Long-term bonded and revenue supported obligations outstanding on September 30, 2020 is comprised of the following:

	Original Issuance	Series	Type	Name	Payment Installments	Installments Lowest	Installments Highest	Interest Rates Lowest	Interest Rates Highest	Payment Through	Current Balance
Governmental Activities	$ 9,120,000	2015B	Refunding Bonds	GO	Annual	$ 905,000	$ 1,535,000	3.75%	5.00%	8/15/2021	$ 1,430,000
								Subtotal-Refunding Bonds			$ 1,430,000
	$ 7,625,000	2012	Certificate of Obligation	CO	Annual	$ 295,000	$ 535,000	0.60%	4.98%	8/15/2032	$ 4,075,000
	$ 14,290,000	2016	Certificate of Obligation	CO	Annual	$ 190,000	$ 1,035,000	1.13%	3.60%	2/15/2036	$ 13,710,000
	$ 17,240,000	2017	Certificate of Obligation	CO	Annual	$ 355,000	$ 2,640,000	1.45%	2.79%	8/15/2031	$ 13,885,000
	$ 16,440,000	2018	Certificate of Obligation	CO	Annual	$ 70,000	$ 1,440,000	2.08%	3.52%	8/15/2038	$ 14,930,000
	$ 25,000,000	2020	Certificate of Obligation	CO	Annual	$ 890,000	$ 2,625,000	3.00%	3.00%	8/15/2039	$ 22,375,000
								Subtotal-Certificate of Obligation			$ 68,975,000
	$ 7,300,000	2017	Tax Notes	TN	Monthly	$ 941,000	$ 1,167,000	4.25%	4.25%	12/1/2024	$ 4,683,166
								Subtotal-Tax Notes			$ 4,683,166
	$ 5,600,000	2017	HUD Section 108 Loan	HUD 108	Annual	$ 294,000	$ 295,000	1.28%	1.73%	8/15/2031	$ 3,245,000
								Subtotal-Section 108 Laon			$ 3,245,000
								Governmental Total			$ 78,333,166
								Governmental Total			**$ 78,333,166**
Business-Type Activities	$ 13,310,000	2007A	Revenue Bonds-DWSFR	WW & SS	Annual	$ 380,000	$ 1,075,000	2.35%	3.50%	9/1/2027	$ 6,915,000
	$ 10,000,000	2007B	Revenue Bonds-NADBANK	WW & SS	Annual	$ 385,000	$ 685,000	3.75%	3.75%	9/1/2027	$ 4,320,000
	$ 8,725,000	2013	Revenue Bonds-DWSFR	WW & SS	Annual	$ 255,000	$ 400,000	0.00%	2.71%	91/1/2042	$ 6,940,000
	$ 1,762,000	2015	Revenue Bonds-DWSFR	WW & SS	Annual	$ 72,000	$ 117,000	0.59%	4.10%	9/1/2035	$ 1,398,000
	$ 18,150,000	2020A	Revenue Bonds-CWSFR	WW & SS	Annual	$ 115,000	$ 780,000	0.03%	0.22%	9/1/2049	$ 18,150,000
	$ 13,880,000	2020B	Revenue Bonds-CWSFR	WW & SS	Annual	$ 115,000	$ 590,000	0.04%	0.32%	9/1/2049	$ 13,880,000
								Subtotal-Revenue Bonds			$ 51,603,000
	$ 9,755,000	2005A	Refunding Bonds	CT & IBR	Annual	$ 510,000	$ 740,000	3.63%	4.50%	8/15/2022	$ 1,375,000
	$ 18,000,000	2017	Refunding Bonds	WW & SS	Annual	$ 1,220,000	$ 2,160,000	3.29%	3.62%	8/15/2028	$ 12,635,000
								Subtotal-Refunding Bonds			$ 14,010,000
								Business-Type Total			**$ 65,613,000**

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS - (continued)

G. Long-Term Obligations – (continued)

1. Bonds Payable

Debt service requirements of bonds payable on September 30, 2020 are as follows:

Year Ended	Governmental Activities			Business-Type Activities		
September 30,	Principal	Interest	Total	Principal	Interest	Total
2021	$ 3,320,000	$ 2,933,207	$ 6,253,207	$ 4,331,000	$ 1,237,692	$ 5,568,692
2022	4,011,563	2,787,465	6,799,028	4,518,000	1,103,052	5,621,052
2023	4,338,660	2,180,319	6,518,979	3,925,000	967,876	4,892,876
2024	4,482,708	2,036,155	6,518,863	4,056,000	832,862	4,888,862
2025-2030	23,160,385	7,991,613	31,151,998	18,319,000	2,087,089	20,406,089
2031-2035	20,835,000	4,647,950	25,482,950	8,879,000	661,414	9,540,414
2036-2049	10,256,683	1,158,350	11,415,033	21,585,000	556,842	22,141,842
	$ 70,405,000	$ 23,735,058	$ 94,140,058	$ 65,613,000	$ 7,446,826	$ 73,059,826

2. Tax Notes Payable

Year Ended	Governmental Activities		
September 30,	Principal	Interest	Total
2021	$ 1,026,449	$ 181,667	$ 1,245,353
2022	1,071,563	136,553	1,233,907
2023	1,118,660	89,456	1,233,907
2024	1,167,708	40,408	1,221,438
2025	298,786	2,150	300,936
	$ 4,683,166	$ 450,234	$ 5,235,541

3. Notes Payable

Year Ended	Governmental Activities		
September 30,	Principal	Interest	Total
2021	$ 2,941,522	$ 377,334	$ 3,318,856
2022	2,766,283	91,627	2,857,910
2023	295,000	83,662	378,662
2024	295,000	75,078	370,078
2025-2030	1,433,344	271,429	1,704,773
	$ 7,731,149	$ 899,130	$ 8,630,279

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS - (continued)

G. Long-Term Obligations – (continued)

4. Capital Leases Payable

Capital leases payable on September 30, 2020 is comprised of the following issues:

Capital Leases	Governmental	Business-Type	Total
$480,000 lease payable; due in monthly installments of $6,114, including interest, through May 12, 2022; interest at 1.93%. All funds used to purchase Machinery & Equipment.	$ 120,231	$ -	$ 120,231
$2,097,840 lease payable, due in monthly installments of $26,558 including interest, through January 2021; interest at 1.75% General Fund and City Garage equipment purchased.	105,844	-	105,844
$2,685,000 lease payable, due in annual installments of $325,947 including interest, through January 2026 at 3.69% LED Lighting Project City-Wide	1,726,040	-	1,726,040
$260,814 lease payable; due in semi-annual installments of $27,412 including interest, through May 1, 2021; interest at 1.83%. All funds used to purchase Police Units	54,080	-	54,080
$254,694 lease payable; due in semi-annual installments of $19,622 including interest, through May 1, 2023; interest at 2.05%. All funds used to purchase Public Works Units	113,620	-	113,620
$979,455 lease payable; due in semi-annual installments of $55,045 including interest, through May 1, 2026; interest at 2.28%. All funds used to purchase Fire Truck and Equipment	614,091	-	614,091
$3,219,500 lease payable; due in monthly installments of $56,269 including interest, through February 15, 2022; interest at 2%. All funds used to purchase General, Bridge and Golf Fund equipment	319,024	623,699	942,723
$732,500 lease payable; due in quartely installments of $63,117 including interest, throught October 15, 2022; interest 2.45% All funds used to purchase IT and HR equipment.	62,732	-	62,732.00
$482,200 lease payable; due in quartely installments of $25,638 including interest, throught October 15, 2022; interest 2.62% All fund used to purchase Parks and Bridge equipment.	205,284	18,064	223,348
$2,897,100 lease payable, due in quartely installments of $113,435 including interest, throught October 15,2024; interest 2.78% All funds used to purchase city vehicles, public utilities equipment, bridge office expansion and golf house renovations.	274,079	1,538,784	1,812,863

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS - (continued)

G. Long-Term Obligations – (continued)

4. Capital Leases Payable

Capital Leases	Governmental	Business-Type	Total
$955,000 lease payable, due in quartely installments of $27,489 including interest, throught October 15, 2027; interest 2.97% All funds used for city-wide air conditioning repairs, fire equipment and irrigation repairs for the golf course.	617,351	97,279	714,630
$200,000 lease payable, due in quartely installments of $10,827 including interest, throught August 31 2023; interest 3.41% All funds used for International Bridge Security Camaras.	-	123,000	123,000
$619,000 lease payable, due in quartely installments of $53,700 including interest, throught December 15 2021; interest 2.96% All funds used to purchase Police vehicles and new Human Resources sofware	262,268	-	262,268
$212,000 lease payable, due in quartely installments of $11,374 including interest, throught December 15 2022; interest 3.02% All funds used to purchase Fire and IT equipment, Golf course replacement for old gator carts for greens.	132,396	7,944	140,340
$318,000 lease payable, due in quartely installments of $5,462 including interest, throught October 31 2024; interest 3.12% All funds used to purchase general fund equipment and Golf course Equipment.	93,979	11,461	105,440
$3,695,500 lease payable, due in quartely intallments of $193,031 including interest, throught December 6, 2024; interest 2.37% All funds used to purchase general fund equipment and bridge office expansion.	1,657,350	1,490,806	3,148,156
	$ 6,358,369	$ 3,911,037	$ 10,269,406

Assets purchased with the lease funds are included in the City's capital assets and depreciation expense. Debt service requirements of capital leases obligations on September 30, 2020 are as follows:

Year Ended	Governmental Activities			Business-Type Activities		
September 30,	Principal	Interest	Total	Principal	Interest	Total
2021	$ 1,787,023	$ 157,392	$ 1,944,415	$ 1,188,800	$ 80,240	$ 1,269,040
2022	1,287,068	119,467	1,406,534	947,367	43,092	990,459
2023	956,083	84,882	1,040,965	779,083	35,722	814,805
2024	732,719	59,244	791,963	480,844	24,101	504,945
2025	619,211	41,527	660,738	109,365	6,894	116,259
2026-2028	976,266	56,652	1,032,918	405,578	2,512	408,090
	$ 6,358,369	$ 519,164	$ 6,877,534	$ 3,911,037	$ 192,561	$ 4,103,599

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS - (continued)

G. Long-Term Obligations – (continued)

5. Notes Payable

Long-term notes payable outstanding on September 30, 2020 is comprised of the following:

Original Issuance	Issuer	Name	Payment Installments	Installments Lowest	Installments Highest	Interest Rates Lowest	Interest Rates Highest	Payment Through	Current Balance
$5,600,000	Housing and Urban Development	CDBG HUD Section 108	Annual	$ 294,000	$ 295,000	0.49%	1.73%	8/1/2031	$ 3,245,000
								Subtotal-City of Pharr Governmental	$ 3,245,000
$5,000,000	LoneStar National Bank	LSNB-Line of Credit	Annual	$ -	$5,000,000	3.50%	3.50%		$ 1,722,467
$9,913,006	LoneStar National Bank	LSNB-Jackson Development	Annual	$ 669,100	$ 669,100	4.50%	4.50%	11/15/2021	$ 2,763,682
								Subtotal-PEDC	$ 4,486,149
								Governmental Total	$ 7,731,149

Debt service requirements of notes payable on September 30, 2020 are as follows:

Year Ended September 30,	Governmental Activities Principal	Interest	Total
2021	$ 2,941,522	$ 377,334	$ 3,318,856
2022	2,766,283	91,627	2,857,910
2023	295,000	83,662	378,662
2024	295,000	75,078	370,078
2025-2030	1,433,344	271,429	1,704,773
	$ 7,731,149	$ 899,130	$ 8,630,279

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS - (continued)

G. Long-Term Obligations – (continued)

6. Debt Disclosure and Currently Defeased Debt

The City has entered a continuing disclosure undertaking to provide Annual Reports and Material Events Notices to the State Information Depository of Texas, which is the Municipal Advisory Commission. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the City. In 2005, 2008 and 2011 the City defeased certain outstanding general obligation, certificates of obligation, and revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust accounts for the defeased bonds and are not included in the City's financial statements. On September 30, 2018, the following outstanding bonds are considered defeased:

General Obligation Bonds		
Interest rates:	5.00% - 5.53%	
Series 2003		$ 4,470,000
Waterworks & Sewer System Revenue Bonds		
Interest rates:	4.15% - 6.74%	
Series 1996 through 1998a		1,073,000
	Bonds legally defeased	$ 5,543,000

7. Accrued Compensated Absences

Accrued compensated absences (vested sick and vacation leave) are payable from the fund responsible for the employee's compensation. As of September 30, 2020, the owning fund of the liability is as follows:

Owning Fund of Liability	Amount
General	$ 5,456,590
PEDC 4B	106,540
Community Development	10,342
Garage	37,866
Utility	494,783
Event Center	18,627
Bridge	193,126
Golf	66,334
	$ 6,384,208

8. Arbitrage

The City has issued long-term debt for capital construction projects. These bonds are subject to the arbitrage regulations. Arbitrage regulations call for the return of the difference in interest revenue against interest expense. On September 30, 2020, there was no liability of arbitrage that would have been owed to the federal government.

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS - (continued)

H. Interfund Transfers

The City reports interfund transfers between many of its funds. Interfund transfers for the year ended September 30, 2020, consisted of the following:

		TRANSFER FROM Governmental Funds							
		General	PEDC	Hotel/ Motel	Grants	CIP	Paving & Drainage	CDBG	Total Governmental
TRANSFER TO	General	$ -	$ 275,000	$ 30,000				$ 235,510	$ 540,510
	Capital Projects	2,500,000		196,050	87,342		1,061,600	-	3,844,992
	Chamber	35,848	150,000	62,700				-	248,548
	PEDC 4B								
	Community Development	120,226						-	120,226
	Debt Service	298,925	1,062,500					-	1,361,425
	Total governmental	2,954,999	1,487,500	288,750	87,342	-	1,061,600	235,510	6,115,701
	Utility	-		-	-	2,810,000	-	-	2,810,000
	Bridge CIP					1,920,000		-	1,920,000
	Golf	530,637				-		-	530,637
	Total enterprise	951,293	-	-	-	4,730,000	-	-	5,681,293
	Total	$ 3,906,292	$ 1,487,500	$ 288,750	$ 87,342	$4,730,000	$ 1,061,600	$ 235,510	$ 11,796,994

The reasons for the transfers vary from operational, to reimbursements, to debt service payment supplements. The following details state the exact purpose of the transfers.

The transfers on this page are related to Governmental transactions.

General Fund:

- The Transfer from general fund to CIP for 1st floor renovations.
- The Transfer from general fund to PEDC is to pay debt service related to loan with LSNB for the Jackson Development AKA Costco.
- The transfer from General Fund to Chamber to cover for Chamber's new vehicle need it for operations.
- The Transfer from General Fund to debt service is to cover for debt service payment of associated with Envirolite city-wide project.

PEDC:

- The transfer from PEDC to general fund is to pay for the management administrative fee per inter-local agreement.
- The transfer from PEDC to Debt Service is to cover for Certificates of Obligation 2012 and part of 2015B.
- The transfer from PEDC to Chamber base on contract between the two entities.

Other:

- The transfer from CDBG to capital projects is to reimburse expenses related to Jones Box Park.
- The transfer from Hotel Funds to PEDC is to reimburse for tourism manager position.
- The transfer from Hotel Funds to Chamber to cover for initial expenses.
- The transfer from Paving & Drainage to CIP is to cover for a portion of debt service payment for Tax Notes 2017.
- The transfer from CIP bonds proceeds to Utility and Bridge funds to cover for capital projects.

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS - (continued)

H. Interfund Transfers - (continued)

		TRANSFER FROM Enterprise Funds			
		Utility	Bridge	Total Enterprise	Grand Total
TRANSFER TO	General	$ 571,400	$ 7,293,783	$ 7,865,183	$ 8,405,693
	Capital Projects	-	1,304,342	1,304,342	5,149,334
	Chamber	-	-	-	
	PEDC 4B	-	-	-	248,548
	Community Development	-	-	-	120,226
	Grants	-	-	-	-
	Seized Assets	-	-	-	-
	Hotel/Motel	-	-	-	-
	Parkland Dedication	-	-	-	-
	Debt Service	-	1,021,150	1,021,150	2,382,575
	Total governmental	571,400	9,619,275	10,190,675	16,306,376
	Utility	-	-	-	2,810,000
	Bridge CIP	-	-	-	1,920,000
	Golf	-	-	-	530,637
	Total enterprise	-	-	-	5,681,293
	Total	$ 571,400	$ 9,619,275	$ 10,190,675	$ 21,987,669

Enterprise Funds:

- The transfer from Utility to general fund is to pay annual service fees for administrative services.
- The transfer from Bridge to the General Fund is for the following:

Purpose	FY 19/20
GF Operations	$ 4,179,383
Golf Operations	572,100
Help Support Tax Debt	2,042,300
UTRGV Incentive	500,000
Total	$ 7,293,783

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS - (continued)

I. Restricted Assets

The balances of restricted asset as of September 30, 2020 are as follows:

Governmental Funds	
Capital Outlay	$ 2,059,532
Capital Improvement Projects	17,589,572
Grant Receivables	264,094
Total restricted assets-governmental funds	19,913,197
Business-Type Funds	
Capital financing-Utility	45,626,621
Capital financing-Bridge	1,439,213
Capital financing-Golf	24,362
Debt reserves-Bridge	420,779
Total restricted assets-business-type funds	$ 47,510,976
Total restricted assets	$ 67,424,173

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees (workman's compensation), and natural disasters. During the fiscal year, the City obtained general liability coverage at a cost that is economically justifiable by joining with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool (TML). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims more than acceptable risk levels; however, each category of coverage has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years. A copy of TML's Comprehensive Annual Report may be obtained by request at the following address:

Texas Municipal League
1821 Rutherford Lane, Suite 400
Austin, TX 78754-5128

IV. OTHER INFORMATION - (continued)

1. Health Care Coverage

As of January 2018, the City transitioned from fully funded to self/partially funded. Health provider is now United Health Care with Lone Star Insurance services as an agent of record. The Coty now funds its claims monthly through a separate bank account managed through the agent. The City pays for 100% of the employees' insurance cost and 50% of the employee's dependent's insurance cost with the following plans:

Coverage Type	Monthly Cost to Employee	Monthly cost to City	Total Monthly Cost
Employee Only	$ -	$ 149.74	$ 149.74
Employee and Spouse	$ 206.08	$ 149.74	$ 355.82
Employee and Child(ren)	$ 189.25	$ 149.74	$ 338.99
Employee and Family	$ 408.28	$ 149.74	$ 558.02

Coverage Type	Monthly Cost to Employee	Monthly cost to City	Total Monthly Cost
Employee Only	$ 16.97	$ 149.74	$ 166.71
Employee and Spouse	$ 239.62	$ 149.74	$ 389.36
Employee and Child(ren)	$ 221.42	$ 149.74	$ 371.16
Employee and Family	$ 458.05	$ 149.74	$ 607.79

For more detailed information about United HealthCare please contact:

United Healthcare
2000 West Loop South, Suite 900
Houston, TX 77027

2. Post-Retirement Health Care Benefits

The City provides certain health care and life insurance benefits, under City ordinance, for:

A. A retired person and their dependents covered under the City of Pharr's health insurance plan, prior to January 1, 2009, shall be entitled to continued coverage at the municipality's expense not to exceed $275 per month for the retiree, and fifty percent of the cost of coverage for the dependent or $225 whichever is less. When a retiree reaches the age of 65, the municipality will no longer pay for the retiree's and dependent's health insurance. The municipality will only pay for the cost of the retiree's Medicare Advantage Plan coverage.

B. Any person employed with the City of Pharr, prior to January 1, 2009, that has been employed for not less than twenty (20) years with any municipality in the State of Texas that participates in the Texas Municipal Retirement System, that was employed with the City of Pharr for not less than ten (10) years, and reaches the age of fifty (50), shall be eligible upon retirement to receive continued health coverage at the expense of the municipality not to exceed $275 per month. A dependent of an eligible retired person under the subsection shall not receive continued coverage at the expense of the municipality. When a retiree reaches the age of 65, the municipality will no longer pay for the retiree's health coverage.

IV. OTHER INFORMATION - (continued)

2. Post-Retirement Health Care Benefits

C. A person that becomes employed with the City of Pharr, after January 1, 2009, shall not be eligible for any health insurance coverage at the expense of the municipality upon retirement. A dependent of an employee under this subsection shall not receive health insurance coverage at the expense of the municipality upon retirement.

Currently, approximately 46 retirees meet these eligibility requirements. The City pays 80% of the number of validated claims for qualified medical and hospitalization costs incurred, after the retiree meets a deductible ranging from $1,000 per individual to $2,000 per family for In-Network coverage. The maximum out-of-pocket costs that can be incurred by a retiree in one-year ranges from, $1,500 per individual to $3,000 per family.

B. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are the property of the beneficiary. General inflation is assumed to be 2.50% per year with an Investment return and assumption of 6.75% per year, compounded annually, composed on an assumed 2.5% inflation rate and a 4.25% net real rate of return.

C. Pension Plan

1. Plan Description

The City of Pharr participates as of the 872 plans in the nontraditional, joint contributory, hybrid pension plan administered by the TMRS Act, Subtitle G, Title 8, Texas Government Code (The TMRS Act) as an agent of multi-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the system with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the Sate of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available Comprehensive Annual Financial Report that can be obtained at www.TMRS.com.

All eligible employees of the City are required to participate in TMRS.

2. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefits provisions are adopted by the Governing Body of the City, within options available in the state statues governing TMRS. At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in the amount equal to 12, 24 or 36 payments, which cannot exceed 75% of the member's deposits and interest.

IV. OTHER INFORMATION - (continued)

C. Pension Plan

2. Benefits Provided

	Plan Year 2019	Plan Year 2020
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (express as age/years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	0%	0%
Annuity Increase (to retirees)	0% of CPI	0% of CPI

Employee Covered by Benefits Terms.

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

	2019
Membership*	
Number of	
Inactives Employees currently receiving benefits	190
Inactives Employees entitled but not yet receiving benefits	44
Active Employees	613
Total	847

3. Contributions

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

Employees for the City of Pharr were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Pharr were 8.14% in calendar years for both; 2018 and 2019.

The City's contributions to TMRS for the year ended September 30, 2020 were $4,642,463.

	2020	2019	2018
Annual Pension Cost:			
Annual Required Contribution	$ 4,642,463	$ 4,242,054	$ 4,281,490
Contributions Made	4,642,463	4,242,054	4,281,490
Net Pension Obligation	$ -	$ -	$ -

IV. OTHER INFORMATION - (continued)

C. Pension Plan

4. Net Pension Liability

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

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

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate*	2.75%

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 Tables with Blue Collar Adjustment, 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 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males' rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality 16 rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2017; valuation was based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. 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. 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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

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.

IV. OTHER INFORMATION - (continued)

4. Net Pension Liability-(continued)

Changes in Net Pension Liability

On September 30, 2020, the City reported a liability of **$6,821,482.**
The Net Pension Liability is based on an actuarial valuation performed as of December 31, 2019 and a measurement date of December 31, 2019; as such no roll-forward was required.
For this valuation, a single discount rate of 6.75% was used to measure the total pension liability as of December 31, 2019. This single discount rate was based on the expected rate of return on pension plan investment of 6.75%. Based on the stated assumptions and the projection of cash flow, the City's fiduciary net position and future contributions were enough to finance the future benefit payments of the current plan members for all projection years. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for the City. The projection of cash flows used to determine the single discount rate for the City assumed that the funding policy adopted by the TMRS Board will remain in effect for all future years. Under this funding policy, the City will finance the unfunded actuarial accrued liability over the years remaining for the closed period existing for each base in addition to the employer portion of all future benefit accruals.

IV. OTHER INFORMATION - (continued)

4. Net Pension Liability-(continued)

Changes in Net Pension Liability-(continued)

The change in the City's net pension liability for TMRS pension for the fiscal year ended September 30, 2020 is as follows:

A. Total pension liability		
1. Service Cost	$	3,734,670
2. Interest (on the Total Pension Liability)		5,838,306
3. Change in benefit terms including substantively automatic status		-
4. Difference between expected and actual experience		(204,752)
5. Change in assumptions		(213,606)
6. Benefit payments, including refunds of employee contributions		(3,858,744)
7. Net change in total pension liability	$	5,295,874
8. Total pension liability-beginning		86,555,461
9. Total pension liability-ending	$	91,851,335
B. Plan fiduciary net position		
1. Contributions-employeer	$	2,442,368
2. Contributions-employeer		2,167,600
3. Net investment income		11,294,135
4. Benefit payment, including refunds of employees contributions		(3,858,744)
5. Administrative Expense		(63,813)
6. Other		(1,917)
7. Net change in plan fiduciary net position	$	11,979,629
8. Plan fiduciary net position-beginning		73,050,224
9. Plan fiduciary net position-ending	$	85,029,853
C. Net pension liability/(assets) (Item A.9 - Item B.9)	$	6,821,482
D. Plan fiduciary net position as a percentage of the total pension liability (Item B.9 / Item A.9)		92.57%
E. Covered-employee payroll	$	30,363,171
F. Net pension liability/(asset) as a percentage of covered employee payroll		22.47%

IV. OTHER INFORMATION - (continued)

4. Net Pension Liability-(continued)

Sensitivity of the Net Position liability changes in 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 be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Discount Rate Assumption 6.75%	1% Increase 7.75%
$20,556,625	$6,821,482	$ (4,424,311)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

For the year ended September 30, 2020, the City recognized a pension expense of **$2,922,249.**

SCHEDULE OF PENSION EXPENSE

1. Total Service Cost	$ 3,734,670
2. Interest on the Pension Liability	5,838,306
3. Changes in Current Period Benefits Including Substantively Automatic Status	-
4. Employees Contributions (Reduction of Expense)	(2,167,600)
5. Projected Earning on Plan Investment (Reduction of Expense)	(4,930,890)
6. Administrative Expense	63,813
7. Other Changes in Fiduciary Net Position	1,917
8. Recognition of Current Year Outflow (Inflow) of Resources-Liabilities	(66,406)
9. Recognition of Current Year Outflow (Inflow) of Resources-Assets	(1,272,649)
10. Amortization of Prior Year Outflows (Inflows) of Resources-Liabilities	352,173
11.Amortization of Prior Year Outflows (Inflow) of Resources-Assets	1,368,915
12. Total Pension Expense (Income)	$ 2,922,249

IV. OTHER INFORMATION - (continued)

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions – (continued)

On September 30, 2020, the city reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Due to Liabilities:	Recognition Period (or amortization yrs.)	Total (Inflow) or Outflow or Resources	2019 Recognized in current pension expense	Deferred (Inflow)/Outflow in future expense
Difference in expected and actual experience actuarial (gains) or losses	6.36	$ (204,752)	$ (32,500)	$ (172,252)
Difference in assumption changes actuarial (gains) or losses	6.36	$ (213,606)	$ (33,906)	$ (179,700)
			$ (66,406)	$ (351,952)
Due to Assets:				
Difference in projected and actual earnings on pension plan investments actuarial (gains) or losses	5.00	$ (6,363,244)	$ (1,272,649)	$ (5,090,595)
			$ (1,272,649)	$ (5,090,595)
Total:				$ (5,442,547)

The net amounts of the City's balances of deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

	Net deferred outflows (Inflows) of resources
2020	$ (455,524)
2021	(695,216)
2022	66,110
2023	(1,370,899)
2024	(79,538)
Thereafter	(19,922)
Total	$ (2,554,989)

	As of September 2020
Deferred Outflows	$ 5,020,666
Deferred Inflows	(7,575,655)
	$ (2,554,989)

IV. OTHER INFORMATION - (continued)

D. Other Post Employment Benefit (OPEB) Programs

1. Plan Description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered another postemployment benefit ("OPEB") and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is an unfunded OPEB plan (i.e. no assets are accumulated).
The member city contributes 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.

GASB 75 requires employers to recognize the total OPEB liability and the OPEB expense on their financial statements. The OPEB expense recognized each fiscal year is equal to the change in the total OPEB liability from the beginning of the year to the end of the year, adjusted for deferred recognition of certain changes in the liability.

In the year of implementation, the employer should make a prior period adjustment for the total OPEB liability as of the 12/31/2016 measurement date (provided) and record a deferred outflow of resources for contributions recorded by the city (retiree portion of SDB rate only) from December 31, 2016 to its prior fiscal year end. TMRS has elected to not calculate other deferrals as of the December 31, 2017 measurement date.

The total OPEB liability shown in this report is based on an actuarial valuation performed as of December 31, 2017 and a measurement date of December 31, 2018; as such, no roll-forward is required.

2. Supplemental Death Benefits (SDBF) Plan Contributions

The City contributes 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.

Plan/Calendar Year	Total SDB Contribution (Rate)	Retiree Portion of SDB Contribution (Rate)
2020	0.13%	0.03%
2019	0.13%	0.03%
2018	0.13%	0.03%

IV. OTHER INFORMATION - (continued)

3. OPEB Liability

The Other Post-Employment benefits (OPEB) was measured as of December 31, 2018, and the Total Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

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

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate*	2.75%

*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019

The change in the City's OPEB for City of Pharr for the fiscal year ended September 30, 2020 is as follows:

	2019
Membership*	
Number of	
Inactives Employees currently receiving benefits	190
Inactives Employees entitled but not yet receiving benefits	44
Active Employees	613
Total	847
Covered Payroll	$ 30,363,171
Changes in the Total OPEB Liability	
Total OPEB Liability - Beginning of year	1,098,818
Changes for the Year	
Service Cost	60,726
Interest on Total OPEB Liability	41,724
Changes of Benefits terms	-
Difference between expected and actual experience	(45,154)
Changes in assumptions or other imputs	237,034
Benefit Payments**	(9,109)
Net Changes	285,221
Total OPEB Laibility-end of Year	$ 1,384,039
Total OPEB Liability as a percentage of Covered Payroll	4.56%

IV. OTHER INFORMATION - (continued)

Sensitivity of the Net Position liability changes in discount rate

	1% Decrease 1.71%	Current Discount Rate 2.75%	1% Increase 3.75%
Total OPEB liability	$1,691,969	$1,384,039	$1,145,113

4. OPEB Expense

For the year ended September 30, 2020, the City recognized OPEB expense of **$124,725.**

OPEB Expense

Service cost	$	60,726
Interest on total OPEB liability		41,724
Changes in benefit terms including TMRS plan participation		0
Employer administrative cost		0
Recognition of deferred outflows/inflows of resources:		
Difference between expected and actual experience		(10,229)
Changes in assumption or other inputs*		32,504
Total OPEB expense	$	124,725

* Generally, this will only be the annual change in the municipal bond index rate.

5. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

On September 30, 2020, the city reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Due to Liabilities:	Recognition Period (or amortization yrs.)		Total (Inflow) or Outflow or Resources		2019 Recognized in current OPEB expense		Deferred (Inflow)/Outflow in future expense
Difference in expected and actual experience actuarial (gains) or losses	7.6000	$	(45,154)	$	(5,941)	$	(39,213)
Difference in assumption changes actuarial (gains) or losses	7.6000	$	237,034		31,189		205,845
Contributions made subsequent to measurement date							
Total (excluding city provided contributions made subsequent to meaurement date)						$	166,632

IV. OTHER INFORMATION - (continued)

5. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions –(continued)

The net amounts of the City's balances of deferred outflows of resources and deferred inflows related to pensions will be recognized in OPEB expense as follows:

	Net Deferred Outflows/(Inflows) of Resources
2020	$ 22,275
2021	22,275
2022	22,275
2023	22,275
2024	17,820
Thereafter	30,577
Total	$ 137,497

In Fiscal year 2011-2012, the City entered into a contractual agreement with First Southwest Advisory Services, Inc. (FSWA). for the administration and maintenance of cash and other assets from the City's contributions for Other Post-Employment Benefits in the form of an irrevocable trust to fund for its long-term obligation to its participants and to comply with GASB Statement No. 45.

FSWA is registered as an investment advisor with the Securities and Exchange Commission ("SEC") pursuant to the Investment Advisers Act of 1940 and acknowledges that it is a fiduciary with respect to the Trust. FSWA will notify Employer if at any time during the term of this Agreement if it is not registered or if its registration is suspended or restricted.

The balance of the trust on September 30, 2019 was $2,441,322.64.

IV. OTHER INFORMATION - (continued)

E. Commitments

1. Grant Programs

The City participates in several federal and state assisted grant programs. Under the terms of these grants, the City is subject to program compliance audits by the grantors or their representatives. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. If future program compliance audits result in questioned or disallowed costs, reimbursements would be made to the grantor agencies. The amounts of expenditures which might be disallowed by the grantor agencies cannot be determined at this time; however, management believes such amounts, if any, would be immaterial.

2. Litigation

The City is a defendant in various lawsuits. It is the opinion of the City's legal counsel and management there are no potential unasserted claim as of September 30, 2020.

3. Construction Commitments

The City has entered various significant construction commitments that are currently underway. As of September 30, 2020, they are as follows:

Business-Type:				
	Balance 10/1/2019	Additions	Completions	Balance 9/30/2020
UTILITY				
Hike & Bike Reallocation	$ 249,761	$ 9,882		$ 259,643
Rehab LBJ Water Tower	367,112	-	367,112	-
Waste Water Treatment Clarifier	1,873,389	197,867	2,071,256	-
Lift Station N. 25	3,168,410	-	3,168,410	-
Relocation W & SW	425,085	-	-	425,085
Manhole & Lift Station Rehabiliation	61,650	-	61,650	-
Lift Station N. 1	33,692	274	33,966	-
Moore Road Sewer Improvements	856,705	215,972	-	1,072,677
Oxidation Ditches - Sewer Plant	132,517	359,734		492,251
Waterline 16"	141,915	361,051		502,966
South Water Trans	47,122	7,196	54,318	-
Lift Station Elimination	144,300	167,650		311,950
South Region Interception	-	194,000		194,000
West Ridge Water Improvements	-	301,522		301,522
Water Transmintion Mains	-	396,250		396,250
Raw Water Reservoir	-	9,545		9,545
Total Utility	7,501,659	2,220,942	5,756,712	3,965,889
BRIDGE				
Bridge Expansion	-	$ 1,168,949	-	1,168,949
Bridge Office Expansion	593,887	867,753	-	1,461,640
FY 15 DAP	1,042,576	5,825	-	1,048,401
FY 16 DAP	1,552,958	913,238	-	2,466,196
Total Bridge	$ 3,189,421	$ 2,955,765	$ -	$ 6,145,186
Total Business-Type:	$ 10,691,079	$ 5,176,707	$ 5,756,712	$ 10,111,075

IV. OTHER INFORMATION - (continued)

E. Commitments

3. Construction Commitments

Governmental:				
	Balance 10/1/2019	Additions	Completions	Balance 9/30/2020
ADMINISTRATION				
City Hall Renovations	-	877,947	-	877,947
Total Administration	-	877,947	-	877,947
PARKS				
Civic Center Renovation	3,610,170	1,554,354	5,164,524	-
Newcombe	1,336,138	2,356,241	3,692,378	-
Dr. Long Park	1,820,642	335,744	2,156,386	-
Jones Box Park	762,650	239,596	-	1,002,246
Nature Park	2,697,513	286,363	2,983,876	-
Witten Park & Pharr Sports Complex Light Poles	300,600	-	300,600	-
Aquatic Park Renovations	171,940	25,610	197,550	-
Arnold Elementary Park	3,047,470	222,806	3,270,276	-
Victor Garcia Skate Park	322,013	3,312	325,325	-
North Side Aquatic Facility	2,311,048	11,681,900	-	13,992,948
Poles for Sport Light	140,660	102,867	243,527	-
Parks Safety Project	144,363	129,202	273,565	-
Universal Park	82,908	-	82,908	-
Total Parks	16,748,115	16,397,729	18,690,915	14,995,194
STREETS				
North Cana	-	46,788	-	46,788
Ditch Widening	-	559,152	-	559,152
Anaya Road	329,887	-	-	329,887
Hi-Line	752,048	207,361	-	959,409
Owassa Road	3,255,593	-	-	3,255,593
Bike Path Stripping	294,413	-	-	294,413
4 Year Repaving Program	11,917,878	4,596,803	16,514,681	-
PSJA Tri-City Pedestrian	191,119	206,949	-	398,068
Moore Road	393,834	-	393,834	-
Railroad Crossing Replanking	230,817	-	-	230,817
West Las Milpas Road	759,209	-	759,209	-
Thomas Road	274,712	-	274,712	-
Downtown Lighting	109,567	-	109,567	-
Veterans Road	202,614	-	202,614	-
St. Jude Parking	312,723	28,571	341,294	-
Jackson Right Turn Lane	163,169	-	163,169	-
Total Streets	19,187,582	5,645,624	18,759,080	6,074,127
LIBRARY				
North Side Facility	-	287,271	-	287,271
Total Streets	-	287,271	-	287,271
PUBLIC SAFETY				
Communication Center	4,835,369	39,202	4,874,571	-
South Fire Station No. 4	2,298,520	139,840	2,438,360	-
North Fire Station No. 1	121,067	-	121,067	-
Total Public Safety	7,254,956	179,042	7,433,998	-
Total Governmental	$ 43,190,653	$ 22,222,395	$ 44,883,993	$ 22,234,539
Grand Total	$ 49,899,969	$ 26,204,158	$ 44,883,993	$ 32,345,613

IV. OTHER INFORMATION - (continued)

4. Economic Development Commitments

The PEDC, TIRZ, and the City have the following outstanding commitments as of September 30, 2020:

Program Commitment To	Amount Pending	Obligator	Purpose	Length of Time
City of Pharr	varies	TIRZ	Infrastructure development	20 Years
UTRGV	2,500,000	City Of Pharr	Infrastructure development	10 Years
Pharr Town Center	varies*	City OF Pharr	Commercial Development	10 Years
Evergreen	$ 638,393	PEDC	Commercial Development	3 years
CarMax	$ 120,000	PEDC	Commercial Development	2 Years
Top Golf	Varies**	PEDC	Commercial Development	12 years
Total	$ 3,258,393			

*City will reimburse 25% of sales tax received for 10 years

**PEDC will reimburse 50% of total Sales for the next 12 years.

F. Land available for sale

During FY 2011-2012, the City and PEDC entered into an agreement to buy land for economic development purposes. As of September 30, 2015, the City has a market value of $8,867,500 in land including demolitions and infrastructure. On February 2012, the City Commission approved to contribute all land that has been purchased to the PEDC, the transfer of all land titles was completed as of September 30, 2013. Per GASB standards, land available for sale should be recorded at the lower of cost or net realizable value (NRV). The City obtained appraisals for the land in January 2017 which indicated that the land was worth $1,565,698 less than the previous recorded value, a loss of this amount was reported on the financial statements as a special item. The balance of land available for development is recorded as Land Available for Sale in the PEDC fund. Appraisal of land will be done every two years, which began in the September 30, 2013 fiscal year.

The summary land transactions are stated on the following table:

Project/Land	NRV Recorded 9.30.2019	Added/ (Removed)	Adjustment	Gain/(Loss) on Appraised Value	NRV Recorded 9.30.2020
Jackson Development Project	$ 1,240,000	$ -	$ -	$ -	$ 1,240,000
Produce Park	1,834,500	(971,000)	(443,488)	-	420,012
Water Resvoir Commercial Portion	-	750,000	-	-	750,000
Total	$ 3,074,500	$ (221,000)	$ (443,488)	$ -	$ 2,410,012

G. Related Party

None

IV. OTHER INFORMATION - (continued)

H. New Accounting Principles

In fiscal year 2018, the City implemented GASB 75 which is summarized as follows:

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

The following pronouncements were also issued by GASB but not applicable to City of Pharr as of September 30, 2020.

- GASB Statement No. 83, Certain Asset Retirement Obligations
- GASB Statement No. 84, Fiduciary Activities
- GASB Statement No. 85, Omnibus 2017
- GASB Statement No. 86, Certain Debt Extinguishment Issues
- GASB Statement No. 87, Leases

a. Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

   This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.
   This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of ARO.
   The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

b. Statement No. 84 objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

IV. OTHER INFORMATION - (continued)

I. New Accounting Principles-(continued)

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

c. Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits (pension and other postemployment benefits [OPEB]).

   The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

d. Statement No. 86 objective is to improve 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. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

   Governments that defease debt using only existing resources should provide a general description of the transaction in the notes to financial statements in the period of the defeasance. In all periods following an in-substance defeasance of debt using only existing resources, the amount of that debt that remains outstanding at period-end should be disclosed.

   For governments that extinguish debt, whether through a legal extinguishment or through an in-substance defeasance, this Statement requires that any remaining prepaid insurance related to the extinguished debt be included in the net carrying amount of that debt for the purpose of calculating the difference between the reacquisition price and the net carrying amount of the debt.

   The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

e. Statement No. 87 objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases 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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

   The requirements of this Statements are effective for reporting periods beginning after December 15, 2019.

IV. OTHER INFORMATION - (continued)

J. Subsequent Events

To reporting subsequent events, management has considered events occurring through March 15th, 2020 the date the report was available to be issued, and the following are to be disclosed:

- A Budget amendment was taken to City Commission and approved in January 2021 with a net effect in the General Fund of $1.6M to cover for Christmas Bonus and salaries increases.
- In January 2021, the City of Pharr awarded Banc of America for the leasing of $1.78 million in capital outlay for fiscal year 20-21.
- The City purchase the Golazo building for $1,125,218 this is going to be use for parks and recreations activities.
- The City purchase Land for $850,000 for economic development purposes.
- After September 30, 2020, the city has received five reimbursements, from Hidalgo County for the Cares Act Covid-19 relief.

Date	Description		Amount
10/06/2020	Cares Act ICA 20 % Advance PMT	$	1,803,754
12/22/2020	Cares ACT Payment CAT 3-PHA-005		377,402
01/12/2021	Cares ACT Payment CAT 3-PHA-013		1,226,478
02/09/2021	Cares ACT CAT 3 9/20-PHA-014		1,313,900
02/23/2021	Cares ACT CAT 3 9/20-PHA-014		619,819
		$	5,341,353

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PHARR, TEXAS
POST EMPLOYMENT BENEFIT PLAN
RETIREE HEALTH INSURANCE BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS (unaudited

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a/b)	Excess of Assets Over/ (Unfunded) AAL (a-b)	Covered Payroll (c)	Unfunded AAL as Percentage of Covered Payroll ((b-a)/c)
12/31/10	$ 41,686,353	$ 46,768,782	89.1%	$ 5,082,429	$ 17,770,636	28.6%
12/31/11	$ 45,864,221	$ 49,965,141	91.8%	$ 4,100,920	$ 19,519,197	21.0%
12/31/12	$ 49,962,459	$ 53,717,387	93.0%	$ 3,754,928	$ 20,588,476	18.2%
12/31/13	$ 54,346,139	$ 61,820,357	87.9%	$ 7,474,218	$ 21,980,889	34.0%
12/31/14	$ 58,982,997	$ 65,909,395	89.5%	$ 6,926,398	$ 23,264,509	29.8%
12/31/15	$ 62,699,607	$ 72,524,993	86.5%	$ 9,825,386	$ 24,723,154	39.7%
12/31/16	$ 66,621,323	$ 76,673,830	86.9%	$ 10,052,507	$ 26,122,943	38.5%
12/31/17	$ 71,679,826	$ 81,486,304	88.0%	$ 9,806,478	$ 27,718,603	35.4%
12/31/18	$ 76,682,758	$ 86,555,461	88.6%	$ 9,872,703	$ 29,862,376	33.1%
12/31/2019	$ 82,727,442	$ 91,851,335	90.1%	$ 9,123,913	$ 31,228,717	29.2%

CITY OF PHARR, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIONS
LAST TEN YEARS

A Total Pension Liability	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1 Total Service Cost	$ 2,377,944	$ 2,746,650	$ 3,146,078	$ 3,320,128	$ 3,533,983	3,734,670	$XXX	$XXX	$XXX	$XXX
2 Interest on the Total Pension Liability	4,321,502	4,587,828	4,880,163	5,161,419	5,493,822	5,838,306	XXX	XXX	XXX	XXX
3 Current Period Benefit Changes	-	-	-	-	-	-	XXX	XXX	XXX	XXX
4 Difference between expected and actual experience	(63,247)	435,455	(278,776)	67,791	(231,976)	(204,752)	XXX	XXX	XXX	XXX
5 Changes of Assumptions	-	2,330,292	-	-	-	(213,606)	XXX	XXX	XXX	XXX
6 Benefit Payments, including refunds of employee contributions	(2,547,161)	(3,484,627)	(3,598,628)	(3,736,864)	(3,726,672)	(3,858,744)	XXX	XXX	XXX	XXX
7 Net change in total pension liability	$ 4,089,038	$ 6,615,598	$ 4,148,837	$ 4,812,474	$ 5,069,157	$ 5,295,874	$XXX	$XXX	$XXX	$XXX
8 Total pension liability-beginning	61,820,357	65,909,395	72,524,993	76,673,830	81,486,304	86,555,461	XXX	XXX	XXX	XXX
9 Total pension liability-ending	$ 65,909,395	$ 72,524,993	$ 76,673,830	$ 81,486,304	$ 86,555,461	$ 91,851,335	$XXX	$XXX	$XXX	$XXX
B Plan fiduciary net position										
1 Contributions-employer	$ 1,570,743	$ 1,649,708	$ 1,683,200	2,174,506	2,312,486	2,442,368	$XXX	$XXX	$XXX	$XXX
2 Contributions-employee	1,578,431	1,702,972	1,800,699	1,903,877	2,021,401	2,167,600	XXX	XXX	XXX	XXX
3 Net Investment income	3,296,861	90,733	4,148,172	9,059,762	(2,238,218)	11,294,135	XXX	XXX	XXX	XXX
4 Benefit payments, including refunds of employee contributions	(2,547,161)	(3,484,627)	(3,598,628)	(3,736,864)	(3,726,672)	(3,858,744)	XXX	XXX	XXX	XXX
5 Administrative Expense	(34,419)	(55,265)	(46,857)	(46,957)	(43,261)	(63,813)	XXX	XXX	XXX	XXX
6 Other	(2,830)	(2,730)	(2,525)	(2,380)	(2,260)	(1,917)	XXX	XXX	XXX	XXX
7 Net change in plan fiduciary net position	$ 3,861,625	$ (99,209)	$ 3,984,061	$ 9,351,944	$ (1,676,524)	11,979,629	$XXX	$XXX	$XXX	$XXX
8 Plan fiduciary net position-beginning	57,628,328	61,489,953	61,390,744	65,374,805	74,726,749	73,050,224	XXX	XXX	XXX	XXX
9 Plan fiduciary net position-ending	$ 61,489,953	$ 61,390,744	$ 65,374,805	$ 74,726,749	$ 73,050,225	$ 85,029,853	$XXX	$XXX	$XXX	$XXX
C Net Pension Liability (A9-B9)	$ 4,419,442	$ 11,134,249	$ 11,299,025	$ 6,759,555	$ 13,505,236	$ 6,821,482	$XXX	$XXX	$XXX	$XXX
D Plan fiduciary net position as a percentage of the total pension liability (B9/A9)	93.29%	84.65%	85.26%	91.70%	84.40%	92.57	XXX%	XXX%	XXX%	XXX%
E Covered-employee Payroll	$ 22,531,464	$ 24,328,166	$ 25,724,265	$ 27,417,409	$ 28,848,841	$ 30,363,171	$XXX	$XXX	$XXX	$XXX
F Net Pension liability as a percentage of covered employee payroll (C/E)	19.61%	45.77%	43.92%	24.65%	46.81%	22.47%	XXX%	XXX%	XXX%	XXX%

Note to City: GASB 68 requires 10 fiscal years of data to be provided in this schedule.
City will be required to build this schedule over the next 10-year period.

CITY OF PHARR, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
LAST TEN YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially Determined Contribution	$XXX	$ 1,980,325	$ 2,092,448	$ 2,175,593	$XXX	$XXX	$XXX	$XXX	$XXX
Contributions in relation to the actuarially determined contribution	XXX	$ 1,715,919	$ 2,005,126	$ 2,236,749	XXX	XXX	XXX	XXX	XXX
Contribution deficiency (excess)	XXX	$ 264,406	$ 87,322	$ (61,156)	XXX	XXX	XXX	XXX	XXX
Covered employee payroll	XXX	$ 24,723,154	$ 26,122,943	$ 27,147,409	XXX	XXX	XXX	XXX	XXX
Contributions as a percentage of covered employee payroll	XXX%	6.94%	7.68%	8.24%	XXX%	XXX%	XXX%	XXX%	XXX%

Note to City: GASB 68 requires 10 fiscal years of data to be provided in this schedule.
City will be required to build this schedule over the next 10-year period.

CITY OF PHARR, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIONS
LAST TEN YEARS

A Total Pension Liability	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
1 Total OPEB Liability-beginning of year	$ 948,524	$ 1,123,132	$ 1,098,818	$XXX	$XXX	$XXX	$XXX	$XXX	$XXX	$XXX
Changes for the year										
Service Cost	51,580	63,467	60,726	$XXX	$XXX	$XXX	$XXX	$XXX	$XXX	$XXX
Interest on Total OPEB Liability	36,675	38,083	41,724	$XXX	$XXX	$XXX	$XXX	$XXX	$XXX	$XXX
Changes in benefits terms	-	-	-	$XXX	$XXX	$XXX	$XXX	$XXX	$XXX	$XXX
Differences between expected and actual experience	-	(32,757)	(45,154)	$XXX	$XXX	$XXX	$XXX	$XXX	$XXX	$XXX
Changes in assumption or other inputs	94,497	(84,452)	237,034	$XXX	$XXX	$XXX	$XXX	$XXX	$XXX	$XXX
Benefit payments**	(8,144)	(8,655)	(9,109)	$XXX	$XXX	$XXX	$XXX	$XXX	$XXX	$XXX
Net Changes	$ 174,608	$ (24,314)	$ 285,221	$XXX	$XXX	$XXX	$XXX	$XXX	$XXX	$XXX
Total OPEB Liability-end of year	$ 1,123,132	$ 1,098,818	$ 1,384,039	$XXX	$XXX	$XXX	$XXX	$XXX	$XXX	$XXX
Total OPEB Liability as a percentage of Covered Payroll	4.14%	3.81%	4.56%							

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CITY OF PHARR, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANC
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
REVENUES				
Taxes:				
Property	$ 18,223,200	$ 18,223,200	$ 18,068,992	$ (154,208)
Sales	16,327,400	15,827,400	16,125,380	297,980
Franchise	1,861,700	1,861,700	2,486,997	625,297
Other	240,000	240,000	235,128	(4,872)
Licenses and permits	706,800	776,800	966,406	189,606
Intergovernmental	383,600	383,600	81,812	(301,788)
Fees and charges:				
Sanitation	2,961,100	2,961,100	2,881,591	(79,509)
Brush	1,226,200	1,226,200	1,138,767	(87,433)
Other	1,210,600	694,600	887,002	192,402
Fines	867,400	558,400	549,623	(8,777)
Interest income	320,000	320,000	124,729	(195,271)
Other	199,200	633,200	866,873	233,673
Total revenues	44,527,200	43,706,200	44,413,300	707,100
EXPENDITURES				
Current:				
General government	12,658,100	12,970,100	10,590,622	2,379,478
Public safety	25,363,300	26,491,400	18,985,516	7,505,884
Highways and streets	3,878,200	3,973,400	3,956,320	17,080
Health and welfare	2,936,000	2,921,000	2,823,141	97,859
Culture and recreation	6,598,400	7,166,600	6,206,905	959,695
Economic Development	964,400	1,109,400	2,222,660	(1,113,260)
Debt service:				
Principal	1,734,900	1,733,700	1,799,881	(66,181)
Interest	131,900	133,100	110,906	22,194
Total expenditures	54,265,200	56,498,700	46,695,952	9,802,748
Excess (deficiency) of revenues over (under) expenditures	(9,738,000)	(12,792,500)	(2,282,652)	(9,095,647)
OTHER FINANCING SOURCES (USES)				
Transfers in	9,920,800	9,621,800	8,426,200	(1,195,600)
Transfers (out)	(40,240,800)	(2,558,500)	(3,906,292)	(1,347,792)
Cost of Issuance	-	-	-	-
Issuance of debt	40,945,500	1,945,500	1,945,500	-
Premium	-	-	-	-
Total other financing sources and uses	10,625,500	9,008,800	6,465,408	(2,543,392)
Net change in fund balance	887,500	(3,783,700)	4,182,756	(11,639,039)
Fund balance - beginning	-	-	24,847,477	24,847,477
Prior period adjustment	-	-	20,183	20,183
Fund balance - ending	$ 887,500	$ (3,783,700)	$ 29,050,416	$ 13,228,621

CITY OF PHARR, TEXAS
PHARR ECONOMIC DEVELOPMENT CORPORATION, INC.
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
REVENUES				
Taxes:				
Sales	$ 5,205,000	5,205,000	5,375,127	$ 170,127
Interest income	135,000	135,000	90,493	(44,507)
Other	441,800	441,800	2,048,871	1,607,071
Total revenues	5,781,800	5,781,800	7,514,491	1,732,691
EXPENDITURES				
Current:				
Economic development	3,232,400	3,171,500	2,057,630	1,113,870
Debt service:	-			
Principal	688,300	688,300	2,021,753	(1,333,453)
Interest	1,211,600	1,211,600	246,919	964,681
Total expenditures	5,132,300	5,071,400	4,326,302	745,098
Excess (deficiency) of revenues over (under) expenditures	649,500	710,400	3,188,189	987,593
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers (out)	(1,412,500)	(1,473,400)	(1,487,500)	(14,100)
Proceeds from sale of assets	-	-	-	-
Issuance of debt	813,000	813,000	-	(813,000)
Total other financing sources and uses	(599,500)	(660,400)	(1,487,500)	(827,100)
SPECIAL ITEMS				
Gain/(Loss) on land available for sale valuation	-	-	-	-
Total special items	-	-	-	-
Net change in fund balance	50,000	50,000	1,700,689	160,493
Fund balance - beginning	-	-	7,174,797	7,174,797
Prior period adjustment	-	-	765,520	765,520
Fund balance - ending	$ 50,000	$ 50,000	$ 9,641,006	$ 8,100,810

COMBINING AND INDIVIDUAL FUND INFORMATION AND OTHER SUPPLEMENTARY INFORMATION

Non-Major Governmental Funds Combining Financial Statements

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Asset Sharing – This fund accounts for forfeitures awarded to the City by the courts and drug enforcement expenditures.

Community Development – This fund accounts for revenue received from the Community Development Block Grant and the expenditures allowed by grant terms.

Hotel-Motel – This fund accounts for revenue from a seven percent tax levied upon the cost of City hotel and motel rooms with a daily rate over $2. According to state civil statutes, this tax revenue can be used to promote tourism, maintain and repair convention facilities, promote the arts and humanities, or any other purpose directly related to these activities.

Parkland Dedication – This fund accounts for contributions developers are required to make when creating subdivisions for park improvements or development.

Paving & Drainage – This fund accounts for restricted funds that were billed and collected from every utility account to supplement the cost of street improvements.

Special Revenue – This fund accounts for miscellaneous revenues for various purposes that are restricted from general use. Seven departments use this fund: Police, Fire, Court, Streets, Library, Planning & Zoning, and Non-Departmental.

Grants – This fund accounts for general grant revenues awarded to the City. Three departments utilize this fund: Police, Fire, and Library.

Debt Service – This fund accounts for the accumulation of resources for and the payment of General and Certificates of Obligation.

CITY OF PHARR, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	Special Revenue Funds				
	Asset Sharing	Community Development	Greater Phar Chamber	Hotel/Motel	Parkland Dedication
ASSETS AND DEFERRED OUTFLOWS					
Cash	$ 1,290,230	$ 961,736	$ 134,963	$ 1,831,245	$ 217,531
Receivables (net of allowance for uncollectible):					
Property taxes	-	-	-	-	-
Notes	-	54,619	-	-	-
Accounts	-	-	-	-	-
Other	-	-	-	125,430	-
Due from other funds	-	-	5,000	-	-
Restricted assets:					
Intergovernmental receivable	-	69,038	-	-	-
Total assets	$ 1,290,230	$ 1,085,393	$ 139,963	$ 1,956,675	$ 217,531
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE					
Liabilities:					
Accounts payable	$ 36,276	$ 298	$ 10,517	$ -	$ -
Due to other funds	4,170	560,445	5,593	5,000	-
Unearned revenue	-	-	-	-	-
Escroq Accounts	-	-	2,519	-	-
Total liabilities	40,446	560,742	18,629	5,000	-
Deferred Inflows of Resources:					
Deferred property tax	-	-	-	-	-
Deferred accounts	-	-	-	-	-
Deferred notes	-	54,619	-	-	-
Total deferred inflows	-	54,619	-	-	-
Fund balances:					
Restricted:					
General Government	-	-	-	-	-
Debt service	-	-	-	-	-
Street paving and drainage	-	-	-	-	-
Tourism	-	-	-	1,951,675	-
Public safety	1,249,784	-	-	-	-
Parkland	-	-	-	-	217,531
Community development	-	470,032	-	-	-
Economic development	-	-	121,335	-	-
Assigned:					
Capital outlay	-	-	-	-	-
Total fund balances	1,249,784	470,032	121,335	1,951,675	217,531
Total liabilities and fund balances	$ 1,290,230	$ 1,085,393	$ 139,963	$ 1,956,675	$ 217,531

CITY OF PHARR, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

Special Revenue Funds						Debt Service Fund	Total Nonmajor Governmental Funds
Paving & Drainage	Grants	Cares Act Grant	TIRZ No. 1	TIRZ No. 2	Total	Debt Service	
$ 729,792	$ 155,471	$ (7,681,548)	$ 1,651,408	$ 1,652,932	$ 943,760	$ 941,379	$ 1,885,139
							-
							-
-	-	-	-	-	-	339,166	339,166
-	-	-	-	-	54,619	-	54,619
177,243	-	-	-	-	177,243	-	177,243
-	-	7,681,548	-	-	7,806,978	-	7,806,978
-	-	-	-	-	5,000	-	5,000
					-		
-	195,055	-	-	-	264,094	-	264,094
$ 907,035	$ 350,527	$ -	$ 1,651,408	$ 1,652,932	$ 9,251,693	$ 1,280,546	$ 10,532,239
$ -	$ 24,562	$ -	$ -	$ -	$ 71,653	$ 10,000	$ 81,653
-	160,088	-	-	-	735,295	-	735,295
-	155,996	-	-	-	155,996	-	155,996
-	-	-	-	-	2,519		2,519
-	340,646	-	-	-	965,463	10,000	975,463
-	-	-	-	-	-	339,166	339,166
177,243	-	-	-	-	177,243	-	177,243
-	-	-	-	-	54,619	-	54,619
177,243	-	-	-	-	231,862	339,166	571,028
-	9,881	-	-	-	9,881	-	9,881
-	-	-	-	-	-	931,379	931,379
729,792	-	-	-	-	729,792	-	729,792
-	-	-	-	-	1,951,675	-	1,951,675
-	-	-	-	-	1,249,784	-	1,249,784
-	-	-	-	-	217,531	-	217,531
-	-	-	-	-	470,032	-	470,032
-	-	-	1,651,408	1,652,932	3,425,675	-	3,425,675
					-		-
-	-	-	-	-	-	-	-
729,792	9,881	-	1,651,408	1,652,932	8,054,369	931,379	8,985,748
$ 907,035	$ 350,527	$ -	$ 1,651,408	$ 1,652,932	$ 9,251,693	$ 1,280,546	$ 10,532,239

CITY OF PHARR, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Special Revenue Funds				
	Asset Sharing	Community Development	Greater Pharr Chamber	Hotel/Motel	Parkland Dedication
REVENUES					
Taxes:					
Property	$ -	$ -	$ -	$ -	$ -
Other	-	-	-	586,222	-
Intergovernmental	618,321	1,343,832	-	-	-
Fees and charges:					
Other	-	-	65,950	-	172,314
Interest income	9,944	3,425	1,052	-	1,590
Other	-	-	711	28,538	-
Total revenues	628,265	1,347,257	67,713	614,760	173,903
EXPENDITURES					
Current:					
General government	-	796,237	-	-	-
Public safety	622,854	7,000	-	-	-
Highways and streets	-	25,439	-	-	-
Culture and recreation	-	4,455	-	1,944	-
Economic development	-	-	200,626	-	-
Debt service:					
Principal	-	295,000	-	-	-
Interest	-	106,357	-	-	-
Total expenditures	622,854	1,234,486	200,626	1,944	-
Excess (deficiency) of revenues over (under) expenditures	5,411	112,770	(132,913)	612,815	173,903
OTHER FINANCING SOURCES (USES)					
Transfers in	-	120,226	254,248	-	-
Transfers (out)	-	(235,510)	-	(288,750)	-
Total other financing sources and uses	-	(115,284)	254,248	(288,750)	-
Net change in fund balances	5,411	(2,514)	121,335	324,065	173,903
Fund balance - beginning	1,243,757	472,546	-	1,627,610	43,627
Prior period adjustment	615	-	-	-	-
Fund balance - ending	$ 1,249,783	$ 470,032	$ 121,335	$ 1,951,675	$ 217,530

CITY OF PHARR, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANC
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Special Revenue Funds						Debt Service Fund	Total Nonmajor Governmental Funds
Paving & Drainage	Grants	Cares Act Grant	TIRZ No. 1	TIRZ No. 2	Total	Debt Service	
$ -	$ -	$ -	$ 552,772	$ 610,446	$ 1,163,218	$ 4,739,655	$ 5,902,873
-	-	-	-	-	586,222	-	586,222
-	863,213	9,485,302	-	-	12,310,667	-	12,310,667
							-
1,078,385	-	-	-	-	1,316,649	-	1,316,649
12,836	-	-	6,383	5,330	40,559	-	40,559
-	-	-	-	-	29,249	-	29,249
1,091,222	863,213	9,485,302	559,154	615,776	15,446,564	4,739,655	20,186,219
-	-	9,485,302	-	-	10,281,539	-	10,281,539
-	765,990	-	-	-	1,395,844	-	1,395,844
-	-	-	-	-	25,439	-	25,439
-	-	-	-	-	6,399	-	6,399
-	-	-	-	-	200,626	-	200,626
							-
-	-	-	-	-	295,000	5,197,924	5,492,924
-	-	-	-	-	106,357	2,668,711	2,775,067
-	765,990	9,485,302	-	-	12,311,203	7,866,635	20,177,837
1,091,222	97,223	-	559,154	615,776	3,135,361	(3,126,980)	8,381
-	-	-	-		374,474	3,714,000	4,088,474
(1,061,600)	(87,342)	-	-	-	(1,673,202)	-	(1,673,202)
(1,061,600)	(87,342)	-	-	-	(1,298,729)	3,714,000	2,415,271
29,621	9,881	-	559,154	615,776	1,836,633	303,920	2,140,554
700,170	-	-	937,410	888,711	5,913,831	627,459	6,541,290
-	-	-	154,844	148,445	303,904	-	303,904
$ 729,791	$ 9,881	$ -	$ 1,651,408	$ 1,652,932	$ 8,054,368	$ 931,379	$ 8,985,747

Governmental Funds Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

General Fund (detailed): is used to account for all financial resources except those required to be reported in another fund.

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Asset Sharing – This fund accounts for forfeitures awarded to the City by the courts and drug enforcement expenditures.

Community Development – This fund accounts for revenue received from the Community Development Block Grant and the expenditures allowed by grant terms.

Hotel-Motel – This fund accounts for revenue from a seven percent tax levied upon the cost of City hotel and motel rooms with a daily rate over $2. According to state civil statutes, this tax revenue can be used to promote tourism, maintain and repair convention facilities, promote the arts and humanities, or any other purpose directly related to these activities.

Parkland Dedication – This fund accounts for contributions developers are required to make when creating subdivisions for park improvements or development.

Paving & Drainage – This fund accounts for restricted funds that were billed and collected from every utility account to supplement the cost of street improvements.

Grants – This fund accounts for general grant revenues awarded to the City. Three departments utilize this fund: Police, Fire, and Library.

Debt Service – This fund accounts for the accumulation of resources for and the payment of General and Certificates of Obligation.

CITY OF PHARR, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANC
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 202(

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
REVENUES				
Taxes:				
Property				
Current	$ 17,168,200	$ 17,168,200	$ 16,982,096	$ (186,104)
Delinquent	600,000	600,000	661,094	61,094
Penalty & interest	455,000	455,000	425,802	(29,198)
Total property taxes	18,223,200	18,223,200	18,068,992	(154,208)
Sales	16,327,400	15,827,400	16,125,380	297,980
Franchise				
Telephone	-	-	148,140	148,140
Electric	1,766,700	1,766,700	1,852,192	85,492
Cable	-	-	376,095	376,095
Gas	95,000	95,000	110,571	15,571
Total franchise taxes	1,861,700	1,861,700	2,486,997	625,297
Other	240,000	240,000	235,128	(4,872)
Total taxes	36,652,300	36,152,300	36,916,497	764,197
Licenses and permits				
Building	430,000	430,000	530,999	100,999
Vocational	88,000	88,000	108,738	20,738
Other	188,800	258,800	326,669	67,869
Total licenses & permits	706,800	776,800	966,406	189,606
Intergovernmental				
Local school districts	283,600	283,600	70,619	(212,981)
Other	100,000	100,000	11,193	(88,807)
Total intergovernmental	383,600	383,600	81,812	(301,788)
Fees and charges:				
Sanitation	2,961,100	2,961,100	2,881,591	(79,509)
Brush	1,226,200	1,226,200	1,138,767	(87,433)
Other	1,210,600	694,600	887,002	192,402
Total fees & charges	5,397,900	4,881,900	4,907,359	25,459
Fines				
Court	815,800	506,800	519,506	12,706
Other	51,600	51,600	30,117	(21,483)
Total fines	867,400	558,400	549,623	(8,777)
Interest income	320,000	320,000	124,729	(195,271)
Other	199,200	633,200	866,873	233,673
Total revenues	$ 44,527,200	$ 43,706,200	44,413,300	$ 707,100

CITY OF PHARR, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANC
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - Continue
FOR THE YEAR ENDED SEPTEMBER 30, 202

EXPENDITURES	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
Current:				
General government				
City manager	2,389,400	2,556,200	1,084,346	1,471,854
Finance	738,100	748,600	608,397	140,203
Purchasing	299,800	309,300	158,317	150,983
IT	2,003,800	2,057,400	1,268,875	788,525
Media	431,700	438,100	207,622	230,478
Grants	276,800	280,300	129,964	150,336
Human Resources	677,500	683,900	445,644	238,256
Development Services	1,544,500	1,595,900	1,430,864	165,036
Engineering	772,100	779,500	628,047	151,453
Non-departmental	3,524,400	3,520,900	4,628,546	(1,107,646)
Total general government	12,658,100	12,970,100	10,590,622	2,379,478
Public safety				
Police	15,411,600	15,637,900	11,134,372	4,503,528
Court	618,800	789,000	517,480	271,520
Fire	7,498,200	8,154,600	5,771,650	2,382,950
Communications	1,834,700	1,909,900	1,562,014	347,886
Total public safety	25,363,300	26,491,400	18,985,516	7,505,884
Highways and streets	3,878,200	3,973,400	3,956,320	17,080
Health and welfare				
Sanitation	2,088,900	2,073,900	1,976,208	97,692
Brush	727,100	727,100	714,245	12,855
Animal control	120,000	120,000	132,688	(12,688)
Total health and welfare	2,936,000	2,921,000	2,823,141	97,859
Culture and recreation				
Library	1,638,300	1,644,000	1,434,371	209,629
Parks	4,960,100	5,522,600	4,772,534	750,066
Total culture and recreation	6,598,400	7,166,600	6,206,905	959,695
Economic Development	964,400.00	1,109,400.00	2,222,659.98	(1,113,260)
Debt service:				
Principal	1,734,900	1,733,700	1,799,881	(66,181)
Interest	131,900	133,100	110,906	22,194
	1,866,800	1,866,800	1,910,788	(43,988)
Total expenditures	54,265,200	56,498,700	46,695,952	9,802,748
Excess (deficiency) of revenues over (under) expenditures	(9,738,000)	(12,792,500)	(2,282,652)	(10,509,846)

CITY OF PHARR, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANC
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - Continue
FOR THE YEAR ENDED SEPTEMBER 30, 202

OTHER FINANCING SOURCES (USES)	Budgeted Amounts Original	Budgeted Amounts Final	Actual Budget Basis	Final Variance Budget Basis
Transfers in				
CIP	576,000.00	576,000	571,400	(4,600)
Utility				-
Bridge	8,234,800	8,435,800	7,549,800	(886,000)
Hotel	60,000	60,000	30,000	(30,000)
Asset Sharing	500,000			-
PEDC	200,000	200,000	275,000	75,000
PHFC	350,000	350,000		(350,000)
Total transfers in	9,920,800	9,621,800	8,426,200	(1,195,600)
Transfers (out)				
Seized Assets	-	-	-	-
Community Development	-	(3,200.00)	(120,226)	117,026
Capital Improvement Project	(39,000,000.00)	(1,000,000.00)	(2,500,000)	1,500,000
Debt Service	(326,100.00)	(326,100.00)	(298,925)	27,175
City Garage	-	(5,300.00)	-	5,300
Utility	-	(247,100.00)	-	247,100
Event Center	(342,600.00)	(351,800.00)	(420,656)	(68,856)
Bridge	-	(25,000.00)	-	(25,000)
Golf	(572,100.00)	(600,000.00)	(530,637)	(69,363)
PEDC	-	-	(35,848)	35,848
Total transfers (out)	(40,240,800)	(2,558,500)	(3,906,292)	1,769,230
Cost of Issuance				-
Bond/loan proceeds	40,945,500	1,945,500	1,945,500	-
Premium	-	-	-	-
Total	40,945,500	1,945,500	1,945,500	-
Total other financing sources and uses	10,625,500	9,008,800	6,465,408	573,630
Net change in fund balance	887,500	(3,783,700)	4,182,756	(7,966,456)
Fund balance - beginning	-		24,847,477	24,847,477
Prior period adjustment	-	-	20,183	20,183
Fund balance - ending	$ 887,500	$ (3,783,700)	$ 29,050,416	$ 16,901,204

CITY OF PHARR, TEXAS
ASSET SHARING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
REVENUES				
Taxes:				
Intergovernmental	$ 120,000	$ 120,000	$ 618,321	$ 498,321
Interest income	20,000	20,000	9,944	(10,056)
Total revenues	140,000	140,000	628,265	488,265
EXPENDITURES				
Current:				
Public safety	622,000	622,000	622,853	(853)
Total expenditures	622,000	622,000	622,853	(853)
Excess (deficiency) of revenues over (under) expenditures	(482,000)	(482,000)	5,412	489,117
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Bond/loan proceeds	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balance	(482,000)	(482,000)	5,412	489,117
Fund balance - beginning	296,227	296,227	1,243,757	-
	-	-	615	-
Fund balance - ending	$ (185,773)	$ (185,773)	$ 1,249,784	$ 489,117

CITY OF PHARR, TEXAS
CDBG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
REVENUES				
Intergovernmental	$ 1,150,900	$ 1,806,900	$ 1,343,831	$ (463,069)
Interest income	-	-	3,425	3,425
Other	-	-	-	-
Total revenues	1,150,900	1,806,900	1,347,256	(459,644)
EXPENDITURES				
Current:				
General government	728,000	1,487,200	796,237	690,963
Public Safety	17,000	17,000	7,000	10,000
Highways and streets	-	-	25,439	(25,439)
Culture and recreation	-	-	4,455	(4,455)
Debt service:				
Principal	295,000	295,000	295,000	-
Interest	110,900	110,900	106,357	4,544
Total expenditures	1,150,900	1,910,100	1,234,486	675,614
Excess (deficiency) of revenues over (under) expenditures	-	(103,200)	112,770	(1,135,258)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	3,200	120,226	117,026
Transfers out	-	-	(235,510)	(235,510)
Bond/loan proceeds	-	-	-	-
Total other financing sources and uses	-	3,200	(115,284)	(118,484)
Net change in fund balance	-	(100,000)	(2,514)	(1,253,742)
Fund balance - beginning	514,277	514,277	472,546	-
Prior Year Adjustment	-	-	-	
Fund balance - ending	$ 514,277	414,277	470,032	$ (1,253,742)

CITY OF PHARR, TEXAS
HOTEL/MOTEL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
REVENUES				
Taxes:				
Other	$ 550,000	586,222	586,222	$ -
Interest income	-	-	-	-
Other	-	-	28,538	28,538
Total revenues	550,000	586,222	614,760	28,538
EXPENDITURES				
Current:				
Culture and recreation	40,900	40,900	1,944	38,956
Total expenditures	40,900	40,900	1,944	38,956
Excess (deficiency) of revenues over (under) expenditures	509,100	545,322	612,815	(10,418)
OTHER FINANCING SOURCES (USES)				
Transfers out	550,000	550,000	288,750	(261,250.00)
Total other financing sources and uses	550,000	550,000	288,750	(261,250.00)
Net change in fund balance	(40,900)	(4,678)	324,065	250,382
Fund balance - beginning	1,439,628	1,439,628	1,627,610	-
Prior period adjustment	-	-	-	-
Fund balance - ending	$ 1,398,728	$ 1,434,950	$ 1,951,675	$ 250,382

CITY OF PHARR, TEXAS
PARKLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
REVENUES				
Fees and charges:				
Other	$ 30,000	$ 172,314	$ 172,314	$ -
Interest income	500	500	1,590	1,090
Total revenues	30,500	172,814	173,903	1,090
EXPENDITURES				
Current:				
Highways and streets	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	30,500	172,814	173,903	1,090
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Bond/loan proceeds	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balance	30,500	172,814	173,903	1,090
Fund balance - beginning	275,283	275,283	43,627	-
Fund balance - ending	$ 305,783	448,097	$ 217,530	$ 1,090

CITY OF PHARR, TEXAS
PAVING AND DRAINAGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
REVENUES				
Taxes:				
Other	$ 1,074,400	1,074,400	1,078,383	$ 3,983
Interest income	25,200	25,200	12,836	(12,364)
Total revenues	1,099,600	1,099,600	1,091,220	(8,380)
EXPENDITURES				
Highways and streets	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	1,099,600	1,099,600	1,091,220	(8,380)
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,099,600)	(1,099,600)	(1,061,600)	38,000
Total other financing sources and uses	(1,099,600)	(1,099,600)	(1,061,600)	38,000
Net change in fund balance	-	-	29,619	29,619
Fund balance - beginning	676,190	676,190	700,170	23,980
Fund balance - ending	$ 676,190	$ 676,190	$ 729,791	$ 53,599

CITY OF PHARR, TEXAS
GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
REVENUES				
Intergovernmental	$ 767,300	962,500	863,213	$ (99,287)
Total revenues	767,300	962,500	863,213	(99,287)
EXPENDITURES				
Current:				
Public safety	767,300	962,500	765,990	196,510
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Total expenditures	767,300	962,500	765,990	196,510
Excess (deficiency) of revenues over (under) expenditures	-	-	97,223	97,223
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
(Transfers out)	-	-	(87,342)	(87,342)
Total other financing sources and uses	-	-	(87,342)	(87,342)
Net change in fund balance	-	-	9,881	9,881
Fund balance - beginning	-	-	-	-
Fund balance - ending	$ -	$ -	9,881	$ 9,881

CITY OF PHARR, TEXAS
GENERAL CAPITAL IMPROVEMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
REVENUES				
Taxes:				
Intergovernmental	$ -	$ -	$ 7,259,645	$ 7,259,645
Total revenues	-	-	7,259,645	7,259,645
EXPENDITURES				
Current:				
General government	3,314,900	3,314,900	1,183,083	2,131,817
Public safety	-	-	145,201	(145,201)
Highways and streets	28,865,800	28,865,800	6,355,163	22,510,637
Culture and recreation	23,449,000	23,449,000	18,636,137	4,812,863
Debt Service				
Principal	982,700	982,700	983,727	(1,027)
Interest	225,500	225,500	224,389	1,111
Total expenditures	56,837,900	56,837,900	27,527,700	29,310,200
Excess (deficiency) of revenues over (under) expenditures	(56,837,900)	(56,837,900)	(20,268,055)	(22,050,555)
OTHER FINANCING SOURCES (USES)				
Transfers in	40,480,300	2,480,300	4,074,802	1,594,502
Transfers (out)	(500,000)	-	(4,730,000)	4,730,000
Proceeds from sale of assets	-	-	-	-
Issuance of debt	15,000	25,015,000	25,000,000	15,000
Total other financing sources and uses	39,995,300	27,495,300	24,344,802	6,339,502
Net change in fund balance	(16,842,600)	(29,342,600)	4,076,747	(15,711,053)
Fund balance - beginning	-	-	23,225,587	23,225,587
Prior period adjustment	-	-	381,382	381,382
Fund balance - ending	$ (16,842,600)	$ (29,342,600)	$ 27,683,716	$ 7,895,916

CITY OF PHARR, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
REVENUES				
Taxes:				
Current Taxes	$ 3,993,100	$ 3,993,100	$ 4,506,799	$ 513,699
Delinquent Taxes	80,000	80,000	91,853	11,853
Interest & Penalty	50,000	50,000	88,321	38,321
Interest Earn	86,200	86,200	52,683	(33,517)
Total revenues	4,209,300	4,209,300	4,739,655	530,355
EXPENDITURES				
Current:				
Interest Payment	2,368,900	2,368,900	2,668,711	(299,811)
Principal Payment	5,271,300	5,271,300	5,197,924	73,376
Total expenditures	7,640,200	7,640,200	7,866,635	(226,435)
Excess (deficiency) of revenues over (under) expenditures	(3,430,900)	(3,430,900)	(3,126,979)	756,790
OTHER FINANCING SOURCES (USES)				
Transfers in	3,430,900	3,430,900	3,430,900	-
Transfers out	-	-	-	-
Total other financing sources and uses	3,430,900	3,430,900	3,430,900	-
Net change in fund balance	-	-	303,921	756,790
Fund balance - beginning	-	-	627,459	-
	-	-	-	
Fund balance - ending	$ -	$ -	$ 931,380	$ 756,790

CITY OF PHARR, TEXAS
TIRZ #1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
REVENUES				
Taxes:				
Property	$ 578,400	$ 578,000	$ 552,772	$ (25,228)
Interest Income	-	-	6,383	6,383
Total revenues	578,400	578,000	559,154	(18,846)
EXPENDITURES				
Current:				
General Government	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	578,400	578,000	559,154	(18,846)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Bond/loan proceeds	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balance	578,400	578,000	559,154	(18,846)
Fund balance - beginning	937,410	937,410	937,410	-
Prior Year Adjustment	-	-	154,844	154,844
Fund balance - ending	$ 1,515,810	$ 1,515,410	$ 1,651,408	$ 135,999

CITY OF PHARR, TEXAS
TIRZ #2
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
REVENUES				
Taxes:				
Property	$ 657,500	$ 657,500	$ 610,446	$ (47,054)
Interest Income	-	-	5,330	5,330
Total revenues	657,500	657,500	615,776	(41,724)
EXPENDITURES				
Current:				
General Government	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	657,500	657,500	615,776	(41,724)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Bond/loan proceeds	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balance	657,500	657,500	615,776	(41,724)
Fund balance - beginning	888,711	888,711	888,711	-
Prior Year Adjustment	-	-	148,445	148,445
Fund balance - ending	$ 1,546,211	$ 1,546,211	$ 1,652,932	$ 106,720

Proprietary Funds Schedule of Revenues, Expenses and Changes in Net Position– Budget and Actual

Utility Fund: is used to account for the City's water and sewer/wastewater system operations.

Event Center: is used to account for the City's event center. The Event Center serves as a promotional tourism attraction to the City.

Bridge Fund: is used to account for the City's international bridge operations. The bridge enables traffic to flow to and from Mexico.

Golf Course Fund: is to account for the City owned Tierra Del Sol Golf Course operations.

City Garage Fund – This fund is used to account for fleet maintenance and maintains an inventory of parts for the City-owned vehicles.

CITY OF PHARR, TEXAS
UTILITY FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
OPERATING REVENUES				
Charges for sales and services:				
Water Sales	$ 8,895,000	8,895,000	8,860,079	$ 34,921
Sewer Fees	6,467,700	6,467,700	6,965,740	(498,040)
Tap Fees	215,700	215,700	327,164	(111,464)
Other	140,100	140,100	55,297	84,803
Total operating revenues	15,718,500	15,718,500	16,208,280	(489,780)
OPERATING EXPENSES				
Personnel services	4,109,700	4,198,800	3,804,667	(394,133)
Supplies and Materials	1,542,300	1,592,300	1,675,938	83,638
Contractual Services	4,230,300	5,064,100	3,617,580	(1,446,520)
Depreciation	-	-	5,141,912	5,141,912
Total operating expenses	9,882,300	10,855,200	14,240,096	3,384,896
Operating income (loss)	5,836,200	4,863,300	1,968,184	2,895,116
NON OPERATING REVENUES/(EXPENSES):				
Investment earnings	148,900	148,900	111,065	37,835
Interest expense	(1,307,000)	(1,307,000)	(1,308,483)	1,483
Amortization expense	-	-	363,824	(363,824)
Intergovernmental	-	-	4,880,421	(4,880,421)
Other	(39,108,200)	(39,108,200)	17,365	(39,125,565)
Issuance of Debt	30,000,000	30,000,000	-	30,000,000
Issuance cost	-	-	(269,780)	269,780
Total nonoperating revenues/ (expenses)	(10,266,300)	(10,266,300)	3,794,412	(14,060,712)
Income before contributions and transfers	(4,430,100)	(5,403,000)	5,762,596	11,165,596
Transfers in	-	72,900	2,810,000	2,737,100
Transfers (out)	(567,400)	(567,400)	(571,400)	(4,000)
Capital Contributions	-	-	595,939	595,939
Changes in net position	(4,997,500)	(5,897,500)	8,597,135	14,494,635
Total net position - beginning	-	-	92,980,419	92,980,419
Prior period adjustment	-	-	(30,600)	(30,600)
Total net position - ending	$ (4,997,500)	$ (5,897,500)	$ 101,546,954	$ 107,444,454

CITY OF PHARR, TEXAS
EVENT CENTER
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
OPERATING REVENUES				
Charges for sales and services:				
Other	$ 375,600	$ 210,100	$ 252,452	$ 42,352
Total operating revenues	375,600	210,100	252,452	42,352
OPERATING EXPENSES				
Personnel services	401,100	380,700	358,340	22,360
Supplies and Materials	122,300	114,700	106,405	8,295
Contractual Services	153,500	153,500	129,129	24,371
Depreciation	-	-	91,046	(91,046)
Total operating expenses	676,900	648,900	684,920	(36,020)
Operating income (loss)	(301,300)	(438,800)	(432,468)	6,332
NON OPERATING REVENUES/(EXPENSES):				
Investment earnings	-	-	1,157	1,157
Total nonoperating revenues/(expenses)				
Income before contributions and transfers	(301,300)	(438,800)	(431,311)	7,489
Transfers in	342,600	351,800	393,481	41,681
	-	-	-	-
Changes in net position	41,300	(87,000)	(37,830)	49,170
Total net position - beginning	-	-	3,610,509	3,610,509
Prior period adjustment	-	-	(16,269)	(16,269)
Total net position - ending	$ 41,300	$ (87,000)	$ 3,556,410	$ 3,643,410

CITY OF PHARR, TEXAS
BRIDGE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
OPERATING REVENUES				
Charges for sales and services:				
Toll fees	$ 14,853,900	$ 14,853,900	$ 14,367,657	$ (486,243)
Other	249,200	249,200	227,718	(21,482)
Total operating revenues	15,103,100	15,103,100	14,595,374	(507,726)
OPERATING EXPENSES				
Personnel services	1,132,800	1,419,800	1,303,035	116,765
Supplies and Materials	276,000	256,000	156,958	99,042
Contractual Services	3,608,400	3,628,400	1,843,433	1,784,967
Depreciation	-	-	820,228	(820,228)
Total operating expenses	5,017,200	5,304,200	4,123,654	1,180,546
Operating income (loss)	10,085,900	9,798,900	10,471,720	(672,820)
NON OPERATING REVENUES/(EXPENSES):				
Investment earnings	102,300	102,300	48,897	53,403
Interest expense	(141,800)	(141,800)	(119,521)	261,321
Amortization expense	-	-	22,592	22,592
Intergovernmental	-	-	112,085	112,085
Total nonoperating revenues/(expenses)	(39,500)	(39,500)	64,053	(449,400)
Income before contributions and transfers	10,046,400	9,759,400	10,535,774	(776,374)
Transfers in	-	25,000	1,920,000	1,895,000
Transfers (out)	(10,277,100)	(10,478,100)	(9,592,100)	886,000
Debt Proceeds	(15,550,200)	(15,550,200)	-	(15,550,200)
Changes in net position	(15,780,900)	(16,243,900)	2,863,674	(13,545,574)
Total net position - beginning	-	-	22,226,069	22,226,069
Prior period adjustment	-	-	37,299	37,299
Total net position - ending	$ (15,780,900)	$ (16,243,900)	$ 25,127,042	$ 8,717,794

CITY OF PHARR, TEXAS
GOLF BUDGET
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
OPERATING REVENUES				
Charges for sales and services:				
Golf Services	$ 721,000	$ 721,000	$ 723,745	$ (2,745)
Other	95,000	95,000	72,628	22,372
Total operating revenues	816,000	816,000	796,373	19,627
OPERATING EXPENSES				
Personnel services	862,100	893,000	771,059	121,941
Supplies and Materials	244,500	198,300	150,941	47,359
Contractual Services	165,000	211,200	303,379	(92,179)
Depreciation	-	-	214,034	(214,034)
Total operating expenses	1,271,600	1,302,500	1,439,413	(136,913)
Operating income (loss)	(455,600)	(486,500)	(643,040)	156,540
NON OPERATING REVENUES/(EXPENSES):				
Investment earnings	11,800	11,800	9,915	1,885
Interest expense	(128,300)	(128,300)	(6,837)	(121,463)
Total nonoperating revenues/ (expenses)	(116,500)	(116,500)	3,079	(119,579)
Income before contributions and transfers	(572,100)	(603,000)	(639,961)	36,961
Transfers in	572,100	600,000	530,637	69,363
Changes in net position	-	(3,000)	(109,324)	(106,324)
Total net position - beginning			3,606,800	3,606,800
Total net position - ending	$ -	$ (3,000)	$ 3,497,476	$ 3,500,476

Combining Financial Statements

INTERNAL SERVICE FUND

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments within the City on a cost-reimbursement basis.

City Garage Fund – This fund is used to account for fleet maintenance and maintains an inventory of parts for the City-owned vehicles.

CITY OF PHARR, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

		City Garage
ASSETS		
Current assets:		
Cash	$	65,901
Inventories		61,416
Restricted assets:		
Cash with Fiscal Agent		-
Total current assets		127,318
Noncurrent assets:		
Capital assets (net of accumulated: depreciation):		
Buildings		336,083
Total capital assets, net of accumulated depreciation		336,083
Total noncurrent assets		336,083
Total assets		463,401
LIABILITIES		
Current liabilities:		
Accounts payable		29,676
Due to other funds		29,260
Total current liabilities		58,937
Current liabilities payable from restricted assets:		
Matured accrued compensation		9,467
Total current liabilities payable from restricted assets		9,467
Noncurrent liabilities:		
Accrued compensation		28,400
Capital lease payable		2,665
Total noncurrent liabilities		31,065
Total liabilities		99,468
NET POSITION		
Net assets:		
Invested in capital assets, net of related debt		336,083
Unrestricted		27,850
Total net position	$	363,933

CITY OF PHARR, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2020

		City Garage
Operating revenues:		
Charges for sales and services:		751,738
Other	$	-
Total operating revenues		751,738
Operating expenses:		
Personnel services		210,577
Contractual Services		525,719
Depreciation		15,252
Total operating expenses		751,548
Operating income (loss)		189
Nonoperating revenues (expenses):		
Interest expense		(189)
Total nonoperating revenues (expenses)		(189)
Income before contributions and transfers		-
Changes in net position		-
Total net position- beginning		363,553
Prior period adjustment		380
Total net position - ending	$	363,933

CITY OF PHARR, TEXAS
INTERNAL SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
OPERATING REVENUES				
Charges for sales and services:				
Other	$ 851,000	$ 851,000	$ 751,738	$ (99,262)
Total operating revenues	851,000	851,000	751,738	(99,262)
OPERATING EXPENSES				
Personnel services	210,900	210,900	210,577	323
Supplies and Materials	20,500	20,500	6,183	14,317
Contractual Services	611,300	611,300	519,536	91,764
Depreciation	-	-	15,252	(15,252)
Total operating expenses	842,700	842,700	751,548	91,152
Operating income (loss)	8,300	8,300	189	(190,414)
NON OPERATING REVENUES/(EXPENSES):				
Interest expense	(200)	(200)	(189)	(11)
Total nonoperating revenues/ (expenses)	(200)	(200)	(189)	(11)
Income before contributions and transfers	8,100	8,100	-	(190,425)
Changes in net position	8,100	8,100	-	(190,425)
Total net position - beginning	454,436	454,436	454,436	-
Prior period adjustment	-	-	-	-
Total net position - ending	$ 462,536	$ 462,536	$ 454,436	$ (190,425)

WE ARE

TEAM

PHARR

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Pharr'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 City of Pharr's overall financial health.

Page

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. -138-

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax. -143-

Debt Capacity

These schedules present information to help the reader assess the afford-ability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. -147-

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place -152-

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. -154-

City of Pharr, Texas
Net Position by Component
Last Ten Fiscal Years[1]
(Accrual Basis of Accounting)
(amount expressed in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net Invested in capital assets	$ 36,205	$ 36,205	$ 39,362	$ 64,274	$ 62,451	$ 69,610	$ 76,686	$ 72,654	$ 79,387	$ 76,805
Restricted	7,159	23,652	35,796	15,012	18,454	23,585	21,655	31,783	31,481	43,118
Unrestricted	16,463	18,274	8,032	8,951	1,170	2,224	5,954	7,129	3,784	9,776
Total governmental activities net position	$ 59,827	$ 78,131	$ 83,190	$ 88,237	$ 82,075	$ 95,420	$ 104,295	$ 111,566	$ 114,652	$ 129,699
Business-type activities										
Net Invested in capital assets	$ 82,300	$ 82,757	$ 86,011	$ 85,304	$ 88,401	$ 91,942	$ 95,760	$ 98,709	$ 103,809	$ 74,496
Restricted	10,195	8,529	21,394	18,996	19,603	16,647	13,158	10,459	8,044	42,496
Unrestricted	12,435	15,940	6,013	10,276	10,280	5,994	5,938	10,049	10,570	16,735
Total business-type activities net position	$ 104,930	$ 107,226	$ 113,418	$ 114,576	$ 118,283	$ 114,583	$ 114,855	$ 119,217	$ 122,423	$ 133,727
Primary government										
Net Invested in capital assets	$ 118,505	$ 118,962	$ 125,374	$ 149,577	$ 150,852	$ 161,552	$ 172,445	$ 171,363	$ 183,197	$ 151,302
Restricted	17,354	32,181	57,191	34,008	38,056	40,232	34,813	42,242	39,525	85,614
Unrestricted	28,898	34,214	14,044	19,227	11,450	8,218	11,892	17,178	14,534	26,511
Total primary government net position	$ 164,757	$ 185,357	$ 196,609	$ 202,813	$ 200,358	$ 210,002	$ 219,150	$ 230,783	$ 237,256	$ 263,427

City of Pharr, Texas
Changes in Net Position
Last Ten Fiscal Years[1]
(Accrual Basis of Accounting)
(Amount expressed in thousands)

Expenses	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
General government	$ 10,917	$ 16,251	$ 9,970	$ 12,144	$ 11,091	$ 12,359	$ 12,265	$ 16,369	$ 13,205	$ 22,680
Public safety	21,546	22,427	22,700	21,355	20,581	20,175	25,261	23,813	26,572	20,473
Streets	3,757	4,490	5,330	4,903	7,826	7,834	8,748	1,481	5,242	5,140
Sanitation	2,749	2,699	1,880	2,867	2,636	1,518	647	3,014	3,080	3,019
Culture and recreation	3,239	4,133	4,306	6,155	5,530	5,790	5,358	5,607	7,420	13,952
Economic development	-	-	8,085	2,590	1,679	3,119	3,445	5,467	4,425	5,303
Debt service	736	1,293	1,926	1,800	1,629	1,182	1,810	2,192	2,973	2,958
Total governmental activities expenses	42,944	51,293	54,196	51,814	50,973	51,978	57,535	57,943	62,917	73,525
Business-type activities:										
Utility	10,382	11,829	12,241	13,619	14,069	13,981	14,908	13,319	13,582	15,184
Pharr Event Center	-	-	-	-	727	808	776	769	824	685
Toll Bridge	3,082	3,137	3,413	4,822	3,905	3,725	3,768	4,037	4,118	4,221
Tierra Del Sol Golf Course	1,236	1,110	1,279	1,394	1,428	1,338	1,337	1,415	1,536	1,446
Total business-type activities expenses	14,700	16,076	16,933	19,836	20,128	19,851	20,788	19,540	20,060	21,536
Total primary government expenses	$ 57,644	$ 67,369	$ 71,128	$ 71,650	$ 71,101	$ 71,829	$ 78,323	$ 77,483	$ 82,977	$ 95,061
Program Revenues										
Governmental activities:										
Charges for services:										
General government	1,962	$ 2,014	$ 1,980	$ 1,646	$ 1,431	$ 2,074	$ 1,989	$ 4,210	$ 3,712	$ 1,949
Public Safety	1,184	1,180	1,210	1,355	1,607	2,953	2,576	-	447	3,180
Streets	782	807	878	859	1,008	1,026	1,048	472	512	1,782
Sanitation	3,560	3,585	3,658	3,825	3,924	4,018	4,079	4,095	4,248	4,226
Culture and recreation	257	665	579	1,629	582	409	436	390	391	318
Economic development	-	-	-	648	-	-	1,610	-	-	2,116
Debt service	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	3,451	6,221	9,493	3,132	2,568	3,289	3,784	1,014	-	12,392
Capital grants and contributions	25	59	1,111	1,435	1,477	222	59	2,170	1,911	7,259
Total governmental activities program revenues	11,221	14,531	18,910	14,529	12,597	13,991	15,580	12,351	11,221	33,222
Business-type activities:										
Charges for services:										
Utility	13,553	13,814	13,977	13,670	12,980	13,751	14,462	13,952	13,956	16,208
Boggus Ford Event Center	-	-	-	-	434	617	518	341	419	252
Toll Bridge	10,415	11,002	11,915	12,572	12,781	13,438	13,905	13,978	14,341	14,595
Tierra Del Sol Golf Course	812	776	597	786	781	810	876	801	796	796
Operating grants and contributions	-	17	314	-	-	1,812	-	-	-	-
Capital grants and contributions	548	316	1,686	919	3,339	842	2,300	2,776	1,911	5,589
Total business-type activities program revenues	25,328	25,926	28,489	27,948	30,315	31,270	32,061	31,848	31,423	37,440
Total primary government program revenues	36,549	$ 40,456	$ 47,398	$ 42,477	$ 42,912	$ 45,261	$ 47,641	$ 44,199	$ 42,644	$ 70,662
Net (expense)/revenue										
Governmental activities	(31,723)	$ (36,762)	$ (35,286)	$ (37,286)	$ (38,375)	$ (37,987)	$ (41,955)	$ (45,592)	$ (51,696)	$ (40,303)
Business-type activities	10,628	9,850	11,556	8,112	10,186	11,419	11,273	12,308	11,363	15,904
Total primary government net expense	(21,095)	$ (26,913)	$ (23,730)	$ (29,174)	$ (28,189)	$ (26,568)	$ (30,681)	$ (33,284)	$ (40,333)	$ (24,399)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	14,984	$ 15,221	$ 15,186	$ 15,812	$ 16,728	$ 17,186	$ 17,875	$ 19,688	$ 20,759	$ 23,977

Sales taxes	11,838	12,801	13,079	14,557	16,311	16,781	17,082	19,376	21,668	22,087
Other Taxes	2,844	2,232	3,129	3,129	3,605	3,457	3,565	5,534	2,536	2,722
Investment earnings	440	415	473	401	314	89	241	417	562	255
Grants, Donations, and Miscellaneous	763	1,048	421	198	-	1,763	1,546	721	152	300
Transfers	7,214	6,702	6,317	7,682	10,758	11,300	11,175	8,445	8,354	4,509
Total governmental activities	38,083	38,420	38,605	41,780	47,717	50,576	51,484	54,181	54,031	53,850
Business-type activities:										
Investment earnings	795	705	848	848	486	67	112	259	283	171
Grants, Donations, and Miscellaneous	135	22	21	21	65	7	30	5	1	17
Water Relief Program	-	-	-	-	-	(3,750)	-	-	-	-
Cost of Issuance	-	-	-	-	-	-	-	-	-	(269)
Transfers	-	(6,702)	(6,466)	(7,849)	(11,020)	(11,683)	(11,175)	(8,445)	(8,354)	(4,509)
Total business-type activities	930	(5,975)	(5,598)	(6,981)	(10,469)	(15,359)	(11,033)	(8,181)	(8,070)	(4,590)
Total primary government	39,013	$ 32,445	$ 33,008	$ 34,799	$ 37,248	$ 35,217	$ 40,451	$ 46,000	$ 45,961	$ 49,260
Change in Net Position										
Governmental activities	6,360	$ 1,658	$ 3,320	$ 4,494	$ 9,342	$ 12,589	$ 9,530	$ 7,374	$ 2,336	$ 13,547
Business-type activities	4,344	3,875	5,958	1,131	(283)	(3,940)	240	4,127	3,293	11,314
Total primary government	10,704	$ 5,532	$ 9,278	$ 5,625	$ 9,059	$ 8,649	$ 9,770	$ 11,501	$ 5,629	$ 24,861

City of Pharr, Texas
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(amount expressed in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Reserved, Nonspendable, Restricted	$ 3,354	$ 20,807	$ 10,752	$ 12,879	$ 12,841	$ 13,573	$ 16,422	$ 12,634	$ 14,411	$ 18,992
Unreserved, undesignated, unassigned	5,809	748	3,593	219	794	5,839	6,333	3,218	4,560	4,237
Designated, Commited, Assigned	8,054	9,046	-	-	-	-	-	8,010	5,876	5,821
Total general fund	$ 17,217	$ 30,601	$ 14,346	$ 13,098	$ 13,636	$ 19,413	$ 22,755	$ 23,862	$ 24,847	$ 29,050
All other governmental funds										
Reserved, Nonspendable,	$ -	$ (1,611)	$ 1,212	$ 1,677	$ 2,405	$ 3,052	$ 3,145	$ 3,074	$ 2,365	$ 2,419
Restricted, reported in:				-						
Special revenue funds	387	1,339	-	-	-	-	-	4,066	5,913	4,618
Debt service fund	63	20	-	-	-	-	-	-	627	931
Economic Development fund	3,197	3,085	20,014	23,094	12,169	12,816	12,869	3,320	1,923	10,656
Unreserved, unassigned, reported in:										
Special revenue funds	(2,929)	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	11,747	8,349	10,459	23,198	15,690	24,965	23,229	27,686
Debt service funds	-	-	37	157	317	203	251	676	-	-
Economic Development	-	-	-	-	-	-	-	-	2,885	
Assigneed	1,943	17,392	-	-	-	-	-	-	-	-
Total all other governmental funds	$ 2,661	$ 20,224	$ 33,009	$ 33,278	$ 25,350	$ 39,269	$ 31,955	$ 36,101	$ 36,942	$ 46,310
Total governmental fund balances	$ 19,878	$ 50,825	$ 47,355	$ 46,376	$ 38,986	$ 58,681	$ 54,709	$ 59,963	$ 61,789	$ 75,360

City of Pharr, Texas
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(amount expressed in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	$ 29,814	$ 31,391	$ 31,504	$ 33,978	$ 36,550	$ 37,335	$ 38,434	$ 44,716	$ 44,983	$ 48,780
Licenses and permits	762	664	818	762	681	734	657	722	808	966
Intergovernmental	3,451	6,221	9,521	4,468	2,964	3,289	3,784	1,015	4,037	19,652
Charges for services	5,010	5,525	5,778	6,326	5,933	6,048	6,332	6,718	6,374	6,224
Fines	914	977	936	1,086	1,178	1,309	1,641	1,068	798	550
Investment earnings	440	415	474	401	314	89	241	417	562	256
Miscellaneous	375	692	644	945	368	1,218	12,571	1,191	2,062	2,945
Total Revenues	40,766	45,885	49,675	47,966	47,988	50,023	63,661	55,847	59,624	79,373
Expenditures										
General government	14,398	13,336	10,337	11,933	10,784	11,498	11,037	16,384	12,218	22,055
Public safety	19,963	22,058	22,253	21,439	19,456	21,930	23,572	26,603	28,400	20,527
Highways and streets	4,404	7,401	7,056	5,012	8,412	11,107	13,846	8,764	8,696	10,337
Health and Welfare	2,555	2,654	2,371	2,758	2,808	2,694	2,408	2,853	2,857	2,823
Culture and recreation	6,010	5,524	12,999	6,346	4,867	5,439	7,926	12,253	19,032	24,849
Economic development	1,538	2,677	1,163	2,775	1,698	2,720	3,340	8,690	4,717	4,481
Debt service - Principal	1,635	2,588	9,339	7,811	7,994	15,162	17,161	12,046	8,622	10,298
Debt service - Interest	712	1,156	1,750	1,866	1,636	1,267	2,052	2,393	3,222	3,357
Total expenditures	51,215	57,393	67,269	59,940	57,655	71,817	81,342	89,986	87,764	98,727
Excess of revenues over (under) expenditures	(10,449)	(11,508)	(17,594)	(11,974)	(9,667)	(21,793)	(17,681)	(34,139)	(28,140)	(19,354)
Other financing sources (uses)										
Transfers in	11,615	42,210	34,633	19,662	21,849	35,719	20,787	37,389	33,431	16,305
Transfers out	(4,393)	(35,508)	(28,316)	(11,981)	(11,090)	(24,419)	(9,612)	(29,503)	(25,077)	(11,796)
Proceeds from sale of assets	805	120	551	198	(953)	642	-	-	-	-
Other Contributions	-	-	-	-	-	-	(9,900)	-	-	-
Issuance of debt	2,372	30,572	14,306	2,381	480	29,739	11,366	31,810	19,430	26,945
Total other financing sources (uses)	10,399	37,395	21,175	10,260	10,286	41,680	12,641	39,696	27,784	31,454
Special Items										
Gain/(Loss) on land available for sale valuation	-	-	(6,371)	-	(7,629)	-	1,566	(356)	-	-
Total special items	-	-	(6,371)	-	(7,629)	-	1,566	(356)	-	-
Net change in fund balances	$ (50)	$ 25,887	$ (2,790)	$ (1,714)	$ (7,010)	$ 19,887	$ (3,475)	$ 5,201	$ (356)	$ 12,100
Debt service as a percentage of noncapital expenditures	4.8%	7.0%	19.7%	19.3%	20.1%	29.7%	30.9%	19.1%	15.6%	16.1%

City of Pharr, Texas
Assessed Value and Estimated Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended	Tax Year	Residential Property	Commercial Property	Industrial Property	Minerals	Other	Total Assessed	Less: Ag Loss &Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value[1] as a Percentage of Actual Value
2011	2010	$ 1,903,835	$ 561,456	$ 14,999	$ 16,865	$ 265,722	$ 2,762,876	$ 591,022	$ 2,171,854	$ 0.68	$ 2,171,854	127.21%
2012	2011	$ 1,913,524	$ 574,336	$ 13,337	$ 11,027	$ 256,980	$ 2,769,204	$ 604,760	$ 2,164,444	$ 0.68	$ 2,164,444	127.94%
2013	2012	$ 1,978,273	$ 591,866	$ 12,310	$ 11,038	$ 265,359	$ 2,858,847	$ 662,530	$ 2,196,317	$ 0.68	$ 2,196,317	130.17%
2014	2013	$ 1,989,015	$ 623,074	$ 12,350	$ 9,132	$ 320,085	$ 2,953,655	$ 687,001	$ 2,266,654	$ 0.68	$ 2,266,654	130.31%
2015	2014	$ 2,130,562	$ 665,903	$ 12,239	$ 6,201	$ 316,074	$ 3,130,979	$ 753,721	$ 2,377,258	$ 0.68	$ 2,377,258	131.71%
2016	2015	$ 2,255,602	$ 734,905	$ 11,444	$ 4,972	$ 377,209	$ 3,384,132	$ 812,816	$ 2,571,316	$ 0.65	$ 2,571,316	131.61%
2017	2016	$ 2,302,343	$ 826,519	$ 11,971	$ 3,175	$ 374,763	$ 3,518,771	$ 827,461	$ 2,691,310	$ 0.65	$ 2,691,310	130.75%
2018	2017	$ 2,384,074	$ 951,399	$ 12,021	$ 5,914	$ 385,546	$ 3,738,955	$ 896,151	$ 2,842,804	$ 0.65	$ 2,842,804	131.52%
2019	2018	$ 2,561,140	$ 1,001,555	$ 11,949	$ 4,586	$ 415,996	$ 3,995,226	$ 808,535	$ 3,186,691	$ 0.65	$ 3,186,691	125.37%
2020	2019	$ 2,463,601	$ 1,081,404	$ 11,199	$ 2,812	$ 464,453	$ 4,264,978	$ 803,940	$ 3,461,038	$ 0.65	$ 3,461,038	123.23%

Source: Hidalgo County Central Appraisal District

Note: Assessed values are determined as of July 17th, and relate to taxes levied on the first day of the following fiscal year. Assessed value is equal to 100% of estimated value. All property is assessed the same rate regardless of real or personal property, commercial, residential, or industrial.

[1]Includes tax-exempt property.

City of Pharr, Texas
Property Tax Rates[1] and Tax Levies
Direct and Overlapping[2] Governments
Last Ten Fiscal Years

Fiscal Year Ending	City of Pharr Tax Rate			Overlapping Tax Rates: Drainage District #1			Hidalgo County			P.S.J.A ISD		
	Operating	Debt Service	Total	Operating	Debt Service	Total	Operating	Debt Service	Total	Operating	Debt Service	Total
2011	$ 0.60	$ 0.078	$ 0.68	$ 0.04	$ 0.03	$ 0.07	$ 0.52	$ 0.07	$ 0.59	$ 1.17	$ 0.19	$ 1.36
2012	$ 0.60	$ 0.077	$ 0.68	$ 0.05	$ 0.03	$ 0.08	$ 0.52	$ 0.07	$ 0.59	$ 1.17	$ 0.19	$ 1.36
2013	$ 0.60	$ 0.077	$ 0.68	$ 0.06	$ 0.04	$ 0.10	$ 0.52	$ 0.07	$ 0.59	$ 1.17	$ 0.19	$ 1.36
2014	$ 0.60	$ 0.080	$ 0.68	$ 0.05	$ 0.05	$ 0.10	$ 0.53	$ 0.06	$ 0.59	$ 1.17	$ 0.19	$ 1.36
2015	$ 0.58	$ 0.072	$ 0.65	$ 0.05	$ 0.05	$ 0.10	$ 0.53	$ 0.06	$ 0.59	$ 1.17	$ 0.19	$ 1.36
2016	$ 0.58	$ 0.072	$ 0.65	$ 0.05	$ 0.05	$ 0.10	$ 0.53	$ 0.06	$ 0.59	$ 1.17	$ 0.23	$ 1.40
2017	$ 0.58	$ 0.070	$ 0.65	$ 0.05	$ 0.05	$ 0.10	$ 0.53	$ 0.06	$ 0.59	$ 1.17	$ 0.23	$ 1.40
2018	$ 0.58	$ 0.072	$ 0.65	$ 0.05	$ 0.05	$ 0.10	$ 0.53	$ 0.05	$ 0.58	$ 1.17	$ 0.21	$ 1.38
2019	$ 0.57	$ 0.151	$ 0.72	$ 0.05	$ 0.05	$ 0.11	$ 0.55	$ 0.07	$ 0.62	$ 1.07	$ 0.20	$ 1.27
2020	$ 0.57	$ 0.151	$ 0.72	$ 0.05	$ 0.05	$ 0.10	$ 0.57	$ 0.16	$ 0.73	$ 1.05	$ 0.22	$ 1.27

Fiscal Year Ending	Overlapping Tax Rates: South Texas ISD			South Texas College			Total Direct & Overlapping Rates
	Operating	Debt Service	Total	Operating	Debt Service	Total	
2011	$ 0.05	$ -	$ 0.05	$ 0.11	$ 0.04	$ 0.15	$ 2.90
2012	$ 0.05	$ -	$ 0.05	$ 0.11	$ 0.04	$ 0.15	$ 2.90
2013	$ 0.05	$ -	$ 0.05	$ 0.11	$ 0.04	$ 0.15	$ 2.92
2014	$ 0.05	$ -	$ 0.05	$ 0.11	$ 0.04	$ 0.15	$ 2.93
2015	$ 0.05	$ -	$ 0.05	$ 0.14	$ 0.05	$ 0.18	$ 2.93
2016	$ 0.05	$ -	$ 0.05	$ 0.14	$ 0.05	$ 0.18	$ 2.97
2017	$ 0.05	$ -	$ 0.05	$ 0.14	$ 0.05	$ 0.18	$ 2.97
2018	$ 0.05	$ -	$ 0.05	$ 0.14	$ 0.05	$ 0.18	$ 2.94
2019	$ 0.05	$ -	$ 0.05	$ 0.14	$ 0.04	$ 0.18	$ 2.94
2020	$ 0.05	$ -	$ 0.05	$ 0.14	$ 0.03	$ 0.17	$ 3.04

Source: City of Pharr Tax Assessor/Collector, Hidalgo County Tax Office, Pharr-San Juan-Alamo Independent School District, TEA Financial Audit Reports

[1]Tax rate is per $100 of taxable assessed value

[2]Overlapping rates are those of local and county governments that apply to property owners within the City of Pharr. Not all overlapping rates apply to all City of Pharr property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district.

City of Pharr, Texas
Principal Property Taxpayers
Fiscal Year End 2020 and 2010
(amounts expressed in thousands)

	2020			2010		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
PTC TX HOLDINGS LLC	$ 47,059	1	1.36%	$ -	-	0.00%
AEP TEXAS INC-27H	$ 45,921	2	1.33%	$ 5,777	15	0.27%
46TH STREET INVESTORS & PWIP LLC & ROWLAND ENTERPRISES	$ 31,008	3	0.90%	$ -	-	0.00%
HEB GOCERY COMPANY LP	$ 23,628	4	0.68%	$ -	-	0.00%
WILDER CORPORATION OF DELAWARE	$ 18,850	5	0.54%	$ 13,226	3	0.61%
PTC TX HOLDINGS LLC	$ 15,500	6	0.45%	$ -	-	0.00%
BISSELL SOUTHWEST DC LEASING LLC	$ 15,342	7	0.44%	$ -	-	0.00%
GEAR FOR SPORTS INC.	$ 14,596	8	0.42%	$ -	-	0.00%
TX PHARR CASA LLC	$ 12,237	9	0.35%	$ -	-	0.00%
FJRS INVESTMENTS LTD	$ 11,922	10	0.34%	$ 7,101	9	0.33%
RAPID TRANSPORT	$ 11,448	11	0.33%	$ -	-	0.00%
TOYOTA OF PHARR SCION OF PHARR	$ 11,044	12	0.32%	$ -	-	0.00%
COSTCO WHOLESALE CORP	$ 10,819	13	0.31%	$ -	-	0.00%
COSTCO WHOLESALE CORP	$ 10,600	14	0.31%	$ -	-	0.00%
RAY AUDIE E	$ 10,305	15	0.30%	$ -	-	0.00%
LCN ATH GULFPORT (MULTI) LLC	$ 10,177	16	0.29%	$ -	-	0.00%
AEP TEXAS CENTRAL COMPANY	$ 9,902	17	0.29%	$ 11,937	4	0.55%
CLARK KNAPP MOTOR CO LC	$ 9,632	18	0.28%	$ -	-	0.00%
PHARR BRIDGE INVESTMENTS COMPANY LP	$ 9,498	19	0.27%	$ -	-	0.00%
JPC CENTER LLC	$ 9,427	20	0.27%	$ -	-	0.00%
Totals	**$ 338,913**		**9.8%**	**$ 38,041**		**1.8%**
Assessed Taxable Value	**$ 3,461,038**			**$ 2,171,854**		

City of Pharr, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended	Tax Year	Total Tax Levy* for Fiscal Year	Collections within the Fiscal Year of the Levy		Delinquent Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2011	2010	$ 14,674	$ 13,559	92.4%	$ 706.32	$ 14,265	97.2%
2012	2011	$ 14,576	$ 13,771	94.5%	$ (0.13)	$ 13,771	94.5%
2013	2012	$ 14,935	$ 14,049	94.1%	$ 178.69	$ 14,228	95.3%
2014	2013	$ 15,413	$ 14,631	94.9%	$ 96.26	$ 14,727	95.6%
2015	2014	$ 16,431	$ 15,448	94.0%	$ 242.87	$ 15,691	95.5%
2016	2015	$ 16,952	$ 15,928	94.0%	$ 297.72	$ 16,226	95.7%
2017	2016	$ 17,654	$ 16,642	94.3%	$ 293.29	$ 16,935	95.9%
2018	2017	$ 18,625	$ 17,832	95.7%	$ 80.13	$ 17,912	96.2%
2019	2018	$ 19,278	$ 18,408	95.5%	$ 142.67	$ 18,551	96.2%
2020	2019	$ 22,494	$ 21,489	95.5%	$ 125.38	$ 21,614	96.1%

*Tax Levy including modifications throughout the year

Sources: City of Pharr Tax Assessor/Collector
Hidalgo County Tax Assessor/Collector

City of Pharr, Texas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount

	Governmental Activities				Business-Type Activities					
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Notes	Capital Leases	Utility & Toll Bridge Bonds/Notes	Capital Leases	Notes	Total Primary Government	Percentage of Personal Income[1]	Per Capita[1]
2011	$ 15,750	$ -	$ -	$ 2,738	$ 58,415	$ 952	$ -	$ 77,855	0.04%	$ 1,106
2012	$ 14,300	$ 7,600	$ 21,500	$ 3,405	$ 55,385	$ 537	$ -	$ 102,726	0.03%	$ 1,417
2013	$ 12,800	$ 7,300	$ 28,500	$ 3,200	$ 61,000	$ 463	$ -	$ 113,263	0.03%	$ 1,562
2014	$ 11,295	$ 7,025	$ 24,064	$ 4,101	$ 58,442	$ 389	$ -	$ 105,317	0.03%	$ 1,452
2015	$ 9,710	$ 6,720	$ 20,242	$ 3,413	$ 55,917	$ 218	$ -	$ 96,219	0.04%	$ 1,327
2016	$ 7,440	$ 20,705	$ 14,254	$ 8,541	$ 52,092	$ 27	$ -	$ 103,059	0.03%	$ 1,347
2017	$ 6,305	$ 18,835	$ 1,121	$ 6,516	$ 44,268	$ 1,783	$ -	$ 78,827	0.05%	$ 1,019
2018	$ 5,898	$ 32,565	$ 6,819	$ 7,377	$ 41,097	$ 3,539	$ -	$ 97,295	0.04%	$ 1,224
2019	$ 4,090	$ 33,440	$ 18,700	$ 7,390	$ 44,400	$ 3,830	$ -	$ 111,850	0.04%	$ 1,403
2020	$ 2,790	$ 47,560	$ 1,540	$ 6,478	$ 40,265	$ 3,249	$ -	$ 101,882	0.04%	$ 1,283

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

[1]See the Schedule of Demographic and Economic Statistics for personal income and population data.

City of Pharr, Texas
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value[1] of Property	Per Capita[2]
2011	$ 15,750	0.57%	$ 223.7
2012	$ 14,300	0.52%	$ 197.2
2013	$ 12,800	0.45%	$ 176.5
2014	$ 11,295	0.38%	$ 154.4
2015	$ 9,710	0.31%	$ 132.8
2016	$ 7,440	0.22%	$ 97.2
2017	$ 6,305	0.18%	$ 81.5
2018	$ 5,898	0.16%	$ 74.2
2019	$ 4,090	0.10%	$ 51.3
2020	$ 2,790	0.07%	$ 35.1

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

[1]See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.
[2] Population data can be found in the Schedule of Demographic and Economic Statistics

City of Pharr, Texas
Direct and Overlapping Governmental Activities Debt
As of September 30, 2020
(amounts expressed in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable[1]	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Hidalgo County	$ 350,540	9.0%	$ 31,669
Hidalgo Irrigation District #1	$ 187,783	-	-
South Texas College	$ 128,815	100.0%	$ 128,791
South Texas ISD	$ 3,360	-	-
Pharr, San Juan, Alamo Independent School District	$ 298,530	14.6%	$ 43,730
Overlapping debt			$ 204,190
City of Pharr direct debt	$ 186,277	100.0%	$ 186,277
Total direct and overlapping debt			$ 390,467

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Equalization and Assessment. Debt outstanding data provided by the county. Data as of 12/31/2010.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the city of Pharr. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

[1]The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the governments boundaries and dividing it by the county's total taxable assessed value.

City of Pharr, Texas
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	$ 276,288	$ 276,920	$ 285,885	$ 295,366	$ 313,098	$ 338,412	400,700	448,005	399,523	426,498
Total net debt applicable to limit	15,750	14,300	12,800	11,295	9,710	7,440	6,819	5,898	4,090	2,790
Legal debt margin	$ 260,538	$ 262,620	$ 273,085	$ 284,071	$ 303,388	$ 330,972	$ 393,881	$ 442,107	$ 395,433	$ 423,708
Total net debt applicable to the limit as a percentage of debt limit	5.70%	5.2%	4.5%	3.8%	3.1%	2.2%	1.7%	1.3%	1.0%	0.7%

Assesed Value	$ 3,461,038
Add Back: exempt property	803,940
Total Assessed Value	4,264,978
Debt Limit (10% of total assessed value	426,498
Debt applocable to limit:	
General obligation bonds	2,790
Legal debt margin	$ 423,708

Note: Under state finance law, the City of Pharr's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

City of Pharr, Texas
Pledged Revenue Coverage
Last Ten Fiscal Years
(amounts expressed in thousands)

	Water & Sewer Revenue Bonds					
				Debt Service		
Fiscal Year	Utility Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2011	$ 13,553	$ 6,946	$ 6,607	$ 2,465	$ 1,670	1.60
2012	$ 13,814	$ 7,465	$ 6,349	$ 2,540	$ 1,598	1.53
2013	$ 13,977	$ 7,043	$ 6,934	$ 2,540	$ 1,618	1.67
2014	$ 13,728	$ 7,862	$ 5,866	$ 2,870	$ 1,675	1.29
2015	$ 12,991	$ 7,966	$ 5,025	$ 2,950	$ 1,600	1.10
2016	$ 13,745	$ 6,315	$ 7,430	$ 3,035	$ 1,675	1.58
2017	$ 14,454	$ 6,387	$ 8,067	$ 3,382	$ 1,643	1.61
2018	$ 13,643	$ 6,590	$ 7,053	$ 2,958	$ 1,070	1.75
2019	$ 14,132	$ 6,886	$ 7,246	$ 3,084	$ 880	1.83
2020	$ 16,196	$ 7,667	$ 8,529	$ 3,165	$ 643	2.24

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements. Utility charges and other revenues include only utility service charges, investment earnings, and tap fees. Operating expenses do not include interest or depreciation. Historical information taken from prior financial reports.

City of Pharr, Texas
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population[1]	Median Household Income	Per Capita Personal Income	Median Age	Education Level in Years of Formal Schooling[2]	School Enrollment[3]	Unemployment Rate[4]
2011	70,400	28,000	11,420	27.1	58.1%	31,508	10.7%
2012	72,513	30,486	12,328	27.3	59.7%	31,633	8.4%
2013	73,138	30,486	12,328	28.0	59.7%	32,050	9.3%
2014	73,138	32,087	12,964	28.3	61.3%	32,287	7.9%
2015	75,382	34,655	12,694	27.6	61.3%	32,519	7.1%
2016	76,538	34,708	13,713	27.6*	62.0%	33,501	6.7%
2017	77,320	36,501	13,724	31.1	62.8%	32,838	7.7%
2018	79,487	39,445	14,826	31.1	63.3%	32,631	7.3%
2019	79,707	39,372	14,655	28.7	63.6%	32,481	6.4%
2020	79,112	39,884	15,015	28.8	64.5%	31,335	10.5%

Data Sources: U.S. Census, Texas Workforce Commission, U.S. Bureau of Labor Statistics, and PSJA ISD

[1]Population data from 2004 to 2007 taken from Planning/Zoning department. 2010 population estimate based on percentage increase of US Census Bureau totals for 2008 and 2009. 2011 population estimate based on percentage increase of US Census Bureau totals for 2009 and 2010. 2012 population estimate based on percentage increase of US Census Bureau totals for 2010 and 2011. 2013 population estimate based on percentage Increase of US Census Bureau totals for 2011 and 2012.

[2]Represents population age 25 or greater that has graduated from high school.

[3]School Enrollment data includes enrollment for Pharr San Juan and Alamo School Disctrict. (As of 12/26/2020)

[4]Unemployment rate as of September 2019. (Source: Workforce Solutions)

* Data Not Available

City of Pharr, Texas
Principal Employers
Fiscal Year Ending 2020 and 2011

	2020		
Employer	Employees	Rank	Percentage of Total City Employment[1]
Pharr-San Juan-Alamo ISD	4,748	1	14.95%
City of Pharr	835	2	2.63%
Maximus	547	3	1.72%
Walmart	376	4	1.18%
Ticketmaster	365	5	1.15%
Atento	360	6	1.13%
VDP Healthcare	333	7	1.05%
HEB Food Stores	290	8	0.91%
Lacks	250	9	0.79%
Home Depot	225	10	0.71%
Total	**8,329**		**26.40%**

	2011		
Employer	Employees	Rank	Percentage of Total City Employment[1]
Pharr-San Juan - Alamo ISD	3,000	1	13.38%
Convergy's	1,000	2	4.46%
Valley View ISD	700	3	3.12%
Ticketmaster	600	4	2.68%
VDP Healthcare	500	5	2.23%
City of Pharr	400	6	1.78%
Lack's Valley Stores Ltd	360	7	1.61%
Royal Freight	350	8	1.56%
HEB	300	9	1.34%
Atento Contact US Teleservices	245	10	1.09%
Total	**7,455**		**33.24%**

Source: Workforce Solutions Lower RGV

* Information was not tracked to provide stated information.

City of Pharr, Texas
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years
Budgeted Full-time Equivalent Employees as of September 30, 2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GENERAL FUND										
City Manager	7.5	9.5	8.5	15.0	9.0	7.0	8.0	8.0	11.0	12.0
Finance	9.0	14.0	14.0	14.0	12.0	10.0	8.0	8.0	9.0	10.0
Police Department	172.0	174.5	176.5	186.5	178.5	183.0	169.0	169.0	168.0	172.0
Purchasing	0.0	0.0	0.0	0.0	0.0	0.0	2.0	2.0	2.0	4.0
Municipal Court	7.5	7.5	8.0	7.0	8.0	9.0	10.0	10.0	9.0	10.0
Fire Protection	74.0	73.0	78.0	82.0	80.0	80.0	80.0	80.0	83.0	76.0
Public works	49.0	49.0	49.0	48.0	50.0	63.0	53.0	53.0	50.0	47.0
Information Technology	2.5	2.0	5.0	10.0	12.5	19.5	13.5	13.5	14.0	14.5
Media	0.0	0.0	0.0	0.0	0.0	0.0	8.0	8.0	14.0	8.0
Municipal Library	22.5	22.5	23.5	25.0	23.5	27.5	27.5	27.5	30.0	28.0
Grants	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Parks & Recreation	64.3	68.1	62.1	56.8	112.6	31.0	54.0	54.0	53.0	79.0
Communication	0.0	0.0	0.0	0.0	0.0	6.0	23.0	23.0	25.0	27.0
Human Resources	0.0	0.0	0.0	0.0	4.0	6.0	8.0	8.0	7.0	9.0
Development Services	18.5	18.5	20.0	22.5	23.0	23.0	24.0	24.0	23.0	25.0
Engineer	0.0	4.0	5.5	4.5	6.5	7.5	8.5	8.5	7.0	9.5
Total General Fund	433.8	449.6	457.1	479.6	527.9	477.5	499.5	499.5	508.0	534.0
UTILITY FUND										
Administrative	9.0	9.0	9.0	9.0	9.0	9.0	10.0	10.0	10.0	10.0
Water Production	10.0	10.0	13.0	15.0	15.0	15.0	15.0	15.0	15.0	16.0
Water Distribution	24.0	26.5	27.0	30.5	30.5	28.5	32.5	32.5	30.0	36.5
Water Treatment Plant	13.0	17.0	18.0	19.0	19.0	19.0	19.0	19.0	15.0	19.0
Lift Station	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Utility Fund	57.0	62.5	67.0	73.5	73.5	71.5	76.5	76.5	70.0	81.5
INTERNAL SERVICE FUND										
Chief Mechanic	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Laborers	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Total Internal Svc Fund	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Director	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Others	24.0	22.0	22.0	27.0	23.5	23.5	19.0	19.0	21.0	23.5
Total Int'l Bridge	25.0	23.0	23.0	28.0	24.5	24.5	20.0	20.0	22.0	24.5
OTHER										
CDBG	5.5	4.5	3.5	4.0	0.0	0.0	5.0	4.0	3.0	3.0
Golf Course	15.5	15.5	17.0	23.5	20.5	22.0	24.0	24.0	24.0	22.5
Events Center	0.0	6.4	8.0	17.5	18.5	4.0	4.0	4.0	5.0	12.0
Total Other	21.0	26.4	28.5	45.0	45.0	40.5	33.0	32.0	32.0	37.5
GRAND TOTAL	540.8	565.5	580.6	631.1	675.9	619.0	634.0	633.0	637.0	682.5

Source: City of Pharr Budget Reports

City of Pharr, Texas
Operating Indicators by Function
Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Physical arrests	3,395	3,477	2,197	3,573	2,423	1,805	2,150	3,215	1,596	1,205
Parking & Traffic Violations	10,742	9,654	12,607	12,893	19,628	13,684	12,543	13,523	11,636	12,131
Fire										
Number of calls answered	2,018	1,850	2,491	2,488	2,899	2,926	1,527	1,711	2,714	2,398
Inspections	1,842	2,620	2,263	2,942	2,184	2,675	2,197	2,273	631	1,628
Highways and streets										
Street resurfacing (miles)	9	7	6.44	7.31	1.41	10	8	8	8	6.38
Potholes repaired	4000	1500	545	1297	506	3089	3947	1801	1801	822
International Bridge										
Car Crossings	1,038,430	946,847	937,829	866,328	794,930	865,200	843,452	856,392	677,062	456,470
Truck Crossings	440,705	463,714	485,299	508,180	523,373	548,172	566,918	578,617	623,155	643,396
Culture and recreation										
Pharr Events Center	20	72	60	91	69	160	74	76	54	57
Other Community Center Events	329	703	442	unknown	unkown	382	41	unkown	unkown	unkown
Water										
New connections	428	304	372	256	303	447	425	420	340	696
Water mains breaks	768	~1365	~1625	~1642	~1726	1,410	1,107	1,107	739	739
Average daily consumption (millions of gallons)	6.6 MGD	7.0 MGD	6.9 MGD	7.1 MGD	6.46 MGD	6.7 MGD	5.4 MGD	7 MGD	7.34 MGD	7.34 MGD
Wastewater										
Average daily sewage treatment (thousands of gallons)	4.9 MGD	4.9MGD	4.8 MGD	5.1 MGD	5.2 MGD	4.9 MGD	4.8 MGD	4.57 MGD	4.97 MGD	4.97 MGD

Sources: Various City Departments

City of Pharr, Texas
Capital Asset Statistics by Functior
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety										
Police:										
Stations	2	2	2	2	2	2	3	3	3	3
Patrol units	125	62	61	68	68	83	93	98	100	96
Fire stations	3	3	3	3	3	3	3	3	3	3
Highways and streets										
Streets (miles)	214	214	214	214	214	214	214	214	348	348
Streetlights	unknown	unknown	unknown	unknown	unknown	unknown	unknown	unknown	unknown	unknnown
Traffic signals	58	61	68	72	75	77	77	77	100	100
Culture and recreation										
Parks Acreage (Developed)	57	79	46	57	57	57	57	57	127	122
Swimming pools	-	-	1	1	1	1	1	1	1	1
Tennis courts	2	2	2	2	2	2	2	2	2	2
Community and Convention Centers	4	4	4	4	4	7	7	7	7	7
Water										
Water mains (miles)	325	~304	~304	~303	~304	~350.84	~356	~356	~351	355
Fire hydrants	1,946	~2,214	~2,214	~2,213	~2,214	~2,563	~2219	~2219	2,665	2,663
Maximum daily capacity (thousands of gallons)	10 MGD	10 MGD	10 MGD	19 MGD	20 MGD	20 MGD	19MGD	19MGD	19MGD	19MGD
Sewer										
Sanitary sewers (miles)	269	267	~267	~266	~267	~273.55	~280	~280	274	275
Storm sewers (miles)	97.2	Unknown	96.63	95.63	95.64	97.34	98	98	97	97
Maximum daily treatment capacity (thousands of gallons)	8 MGD	8 MGD	7.4 MGD	6.4 MGD	7.3 MGD	6.44 MGD	8 MGD	8 MGD	8 MGD	9.52MGD

Sources: Various City Departments

AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING.

Oscar R. González, CPA
&
Associates, P.L.L.C.
Certified Public Accountants
208 W. Ferguson Unit #1 • Pharr, Texas 78577
Tel: (956) 787-9909 • Fax: (956) 787-3067
Email: org110n@aol.com

Oscar R. González
Melissa González

INDEPENDENT AUDITOR'S 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*

To the Honorable Mayor and Members of City Council
City of Pharr, 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 blended component units, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pharr, Texas, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Pharr, Texas's basic financial statements and have issued our report thereon dated March 11, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Pharr, Texas's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Pharr, Texas's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Pharr, Texas's 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be to be a significant deficiency. It is item #2020-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Pharr, Texas's 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* and which are described in the accompanying schedule of findings and questioned costs.

City of Pharr, Texas's Response to Findings

City of Pharr, Texas's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Pharr, Texas's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Oscar R. Gonzalez, CPA & Associates PLLC

Oscar R. Gonzalez, CPA & Associates, PLLC
Certified Public Accountants

Pharr, Texas
March 11, 2021

City of Pharr, TX
Schedule of Prior Year Findings
Year Ended September 30, 2020

SUMMARY OF AUDITOR RESULTS – PRIOR FISCAL YEAR

Schedule Reference (2019-001) INTERNAL CONTROL OVER MANAGEMENT OF POLICIES AND PROCEDURES RELATING TO CREDIT CARDS

SIGNIFICANT DEFICIENCY

Criteria: Chapter 9 of the City's Purchasing Manual establishes policies and procedures related to the use of credit cards. The manual stipulates that usage of the cards is for unforeseen non-routine or emergency purchases, travel related charges, meeting preparation purposes, and for use with vendors that do not accept purchase orders.

Condition: During the audit, we noted heavy monthly usage of the cards for purchases not deemed compliant with the criteria previously specified. Many of the purchases appeared routine in nature. Other issues encountered included; payment of taxes on purchases, payment of tips on meals, or no receipt at all.

Effect: Controls relating to routine purchases were not adhered to, since the purchases were made with credit cards instead of a purchase order. Additionally, historical information regarding vendor activity/transactions was not maintained in the accounting software during the year, since the credit card system oversteps the vendor payment system.

Cause: Departmental supervisory staff were not monitoring purchase activity to ensure that expenditures adhered to established policies and procedures as prescribed by the Purchasing Manual.

Recommendation**:** City management should implement steps for immediate compliance with Chapter 9 of the Purchasing Manual, in order to foster a stronger system of internal controls.

Current Status: Refer to current year findings

II. FINANCIAL STATEMENT FINDINGS

Schedule Reference (2020-001) INTERNAL CONTROL OVER MANAGEMENT OF POLICIES AND PROCEDURES RELATING TO CREDIT CARDS

SIGNIFICANT DEFICIENCY

Criteria: Chapter 9 of the City's Purchasing Manual establishes policies and procedures related to the use of credit cards. The manual stipulates that usage of the cards is for unforeseen non-routine or emergency purchases, travel related charges, meeting preparation purposes, and for use with vendors that do not accept purchase orders.

Condition: During the audit, we noted ineffective controls for cardholder issuance as it relates to purchase allowability amounts and signature of cardholders documented. Through audit procedures, the listing of active cardholders provided by the Purchasing Director and Finance Department was not complete or accurate when compared to the cardholder listing provided by the banking institution. Furthermore, we note transactional limits for cardholders were not aligned with established policies and procedures set by the City of Pharr.

Through inspection of the Purchasing Manual and inquiry with the Purchasing Director, credit card purchases are authorized for:

- Unforeseen non-routine, charges that are considered an emergency need
- Travel related charges
- Meeting preparation purposes
- Vendors that do not accept PO's

However, through inspection of the transactions and analytical procedures, the auditor noted ten (10) vendors comprised of 15% of the total expenses for the annual activity. The categories for the top vendors included grocery, hardware, electronics, and office supplies. The auditor concludes the number of transactions and total dollar amount for the vendors to be excessive of the definition of "unforeseen, non-routine" or purchase requirements of emergency needs. Chapter 6 – Emergency Purchases of the Purchasing Manual defines procedures dealing with emergency purchases, including verification qualifies as an emergency purchase as defined in State Law and Local Government Code defined in Chapters 252, 262, and 271.

*Top Cardholders**

Cardholder	Annual Dollar Amount	Annual Transactions	Average Transaction Amount
Employee	$ 101,842	250	$407.37
Employee	$ 98,642	384	$256.88
Employee	$ 96,589	190	$508.36
Employee	$ 95,549	201	$475.37
Employee	$ 89,573	586	$152.85
Employee	$ 88,657	305	$290.68
Employee	$ 86,993	346	$251.42
Employee	$ 84,629	288	$293.85
Employee	$ 76,647	278	$275.71
Employee	$ 75,154	301	$249.68

Fifty-six (56) cardholders (of total one-hundred twenty-one (121) cardholders) had over 100 transactions; a sum of $2,665,549* for the fiscal year end.

Total count of transactions for the fiscal year: 13,635
Total dollar amount for the fiscal year: $3,362,280

Over 700 transactions with transaction dates occurring during the weekend (Saturday and Sunday)

*Transactional statistics in this section was derived after removal of utilities expenses paid with the credit card; payment of utility expenses is allowed through acquisition of a credit card program which provides reward program to the City of Pharr for recurring charges, such as utilities.

Effect: Controls relating to routine purchases were not adhered to, since the purchases were made with credit cards instead of a purchase order. Additionally, historical information regarding vendor activity/transactions was not maintained in the accounting software during the year, since the credit card system oversteps the vendor payment system. Currently, there is no requirement to inventory purchases made by each department to validate purchases made on behalf of the City of Pharr were adequate and maintained within the facilities. Without an inventory process for purchases made, cardholders are not held accountable to physical items purchases and expensed to their related departments. In the past, employees were encouraged the use of credit cards by employees to obtain reward benefits from the banking institution which has caused an excessive amount of purchases which are not emergency, unforeseen or non-routine transactions, as established by the City of Pharr's Purchasing Manual.

The risk that exists with an excessive amount of users includes cardholder's abusing the policy and utilizing the credit card purchase for minimal transactions. Through auditor analytics, it should be noted over three thousand (3,000) transactions have an absolute value of $30 or less. As all transaction require proper accounting for presentation to the financial statements, the process for identifying business purpose, items purchased, department and fund balance to impact, etc. add pressure to the finance function as their duties are further increased in acquiring the required documentation.

Cause:
Cardholder/ Employees:
Employees have been encouraged by the previous purchasing manager to use of credit cards for purchases to receive reward benefits from the banking institution. Additionally, the ease of use of credit cards for routine transactions has allowed for circumvention of the City of Pharr's policies and procedure, questioning the conduct risk of employees respecting and abiding to set policies and procedures when management is not enforcing its mandate.

Recommendation**:** City Management should reconsider the intended purpose of utilizing credit cards throughout the City of Pharr. By re-defining the process utilization of credit cards for normal, usual transactions versus emergency purchases, City Management may relieve the departmental burden to the Finance department, lack of controls in the Purchasing department, and employee misconduct as noted through circumvention of the established Purchasing Manual that is currently occurring throughout the City of Pharr. Any purchasing process must include procedures to account for purchases through an inventory management process, where individual departments are held accountable to the requirements set forth by State and Local laws.

Should City Management choose to keep the intended purpose of credit cards as currently established by the Purchasing Manual (unforeseen, emergencies, traveling, etc.), the process should be re-designed to include a strong system of internal controls that are actively monitored and evaluated for effectiveness. This includes training of employees to define the terms of the credit card usage, defining true "emergency" purchases, enforcing transactional and monthly cardholder limits, documenting employee accountability through agreement signatures, implement accountability and internal control responsibilities for each department, establish a centralized location for review of transactions and implement disciplinary actions when employees' actions are not aligned to the Purchasing Manual and departmental policies.

Individual departments:
The City of Pharr does not currently require individual departments to monitor credit card purchase activity to ensure that expenditures adhered to established policies and procedures as prescribed by the Purchasing Manual. The process for reconciling credit card activities to general ledger accounting should include departmental manager's oversight. Purchases should be inventories at the department level, with departmental management attesting to receipt of the item(s).

Purchasing department:
The responsibility of issuing and terminating credit cards, verification of current cardholders, and establishing card limits lies within the Purchasing department. The Purchasing department does not verify cardholder users and limits on a periodic basis. Additionally, issuance of credit cards should be limited throughout the City of Pharr.

Finance department:
In order to account for individual purchases, the Finance department must establish a process for acquiring and retaining the business purpose, receipts, and other documentation for each transaction. Analytical procedures should be performed on a periodic basis to detect and prevent material misstatements arising from excessive use of credit card transactions throughout the City of Pharr. The Finance department is encouraged to work together with other departments, such as the Purchasing department and other areas with high credit card use to design a process of accountability through a holistic approach.

Auditee Response: Refer to corrective action plan.

Pharr

MAYOR Ambrosio Hernandez, MD

COMMISSIONERS Eleazar Guajardo I Roberto "Bobby" Carrillo I Ramiro Caballero, MD I Daniel Chavez I Ricardo Medina I Itza Flores

March 12, 2021

Oscar R. Gonzalez, CPA & Associates, PLLC
Certified Public Accountants
208 W. Ferguson Unit #1
Pharr, TX 78577

Re: P-Card Audit Finding FY 19-20

Dear Mr. Gonzalez,

Please allow this letter to serve as a formal response to your request for corrective action on Audit Finding as it relates to The City of Pharr procurement credit cards. Upon my hiring as Purchasing Director in April 2020 City Administration directed me to start looking at our current Purchasing Manual, specifically to Chapter 9 - Credit Cards. Below please see the proactive measures the City has taken to address the audit finding above-mentioned:

- **Purchasing Manual Update** - our first corrective action to address this finding is the update of our manual; In this update we have established a chapter for Procurement Card Policies and Procedures. The chapter details the responsibilities of cardholder, departments, and program administrator. On March 02, 2021, the updated manual was presented to City Administration, pending approval. Once final approval is received, the Manual will be presented to City Commission for adoption. Once Manual is adopted Purchasing Department in collaboration with Finance will schedule mandatory training for all Card Holders.
- **Reevaluation of City of Pharr Cardholders** – On March 02, 2021 Purchasing Department provided Administration the master list of all cardholders for review and consideration of a 40% overall reduction, reduction shall be in effect before the end of this Fiscal Year.
- **Monthly Credit Limit Discrepancies** – In efforts to be consistent as it relates to credit limits throughout card holders on March 03, 2021 City Administration authorized the following categories and their respective credit limit:

Category	Previous Limit	New Limit
Department Director	$10,000 - $20,000	$10,000
Assistant Director	$5,000 - $10,000	$5,000
All Others	$5,000	$2,500

The Purchasing Department remains fully committed to all Federal, State of Texas Laws, Rules and Regulations, and will continue implementing internal controls to minimize the *Cardholder P-card high risk liability* for the City of Pharr.

Respectfully,

Ignacio Amezcua
Purchasing Director

Telephone (956) 402-4100 I Fax (956) 702-5313 I P.O. Box 1729 I 118 S. Cage I Pharr, Texas 78577