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ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2021

PHARR, TEXAS

City of Pharr, TX
Annual Comprehensive Financial Report
Reprt Year Ended September 30, 2021

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INTRODUCTORY SECTION

City of Pharr

May 2nd, 2022

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, 2021. 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, 2021. The independent auditor's report is located at the front of the financial section of this report.

In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Generally accepted auditing standards and the standards set forth in the Government Accountability Office's Government Auditing Standards were used by the auditors in conducting the engagement. 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 single audit section of this report.

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. The City of Pharr is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Information related to federal and state awards, the independent auditors' report on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in the single audit section of this report.

This report also includes the Financial Statements for its component units; discrete and blended. More information concerning these component units can be found 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 80,000 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.

A few of the upcoming projects include:

* Major commercial development projects in the Pharr Town Center including restaurants
* Bridge Twin Expansion Project
* 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, 2021 was 8.2% and is currently at 8.7% as of March 2022.

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 2022, which will be in effect during next fiscal year, is expected to have at least 5% growth in tax appraisal values.

- **Sales Tax:** Sales tax revenue is used by the City as an economic indicator. This fiscal year FY 2020-2021 the City experienced a 23% growth in collections compared to FY 2019-2020 and remained Top 5 in growth compared to neighboring cities in the Rio Grande Valley. For this FY 2021-2022 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 2020-2021, City remained constant in collections.

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.

The City of Pharr also launched a new Ambulance Enterprise Fund as emergency response (Pharr EMS) this May 2021. Services include , 911 calls, ground and rotor hospital transfers.

Public Works: The cost of infrastructure continues to rise while the need for the projects continues to be a priority. Street repairs continues to be one of the main objectives this coming fiscal year with projects such as the Repaving Plan which is now at Year 6.

International Bridge Infrastructure: The bridge capital projects expenditures for the upcoming fiscal year are budgeted at $64 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 2020-2021, the **General Fund** committed to contingency and unreserved balance totaled $16,354,352 and the required minimum (per Fund Balance policy) was **$13,000,000** (rounded).

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, 2021 is: $3,507,714.**

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, 2021 is $5,437,701.**

These balances provides an adequate protection against unforeseen occurrences and significantly decreased the likelihood 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 2018, the city's ratings were upgraded by the first time in the last 10 years by S& P and this December 2019, city's rating was confirmed once again by S & P and seconded by Moody's.

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, 2021, 93% of City's funds were available within one day. Investments consisted mainly in 2 CD's and 2 main TexPool 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 expanding the city limits and expanding bridge infrastructure 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 within 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.

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 Annual Comprehensive Financial Report (ACFR) for the year ended September 30, 2019.

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 ACFR 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, 2020. This was the City's 12th 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, 2021 has been submitted for review and we are pending noti cation 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

Roberto "Bobby" Carrillo

Ramiro Caballero, MD

Ricardo Medina

Daniel Chavez

Itza Flores

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

OFFICE OF CITY MANAGER

Ed Wylie
City Manager/EMC

Annie Reeves
Asst. City Manager

Anali Alanis
Asst. City Manager

SENIOR LEADERS

Karla Saavedra, CGFO

Finance Director

Luis Bazan

Bridge Director

Kenneth Ennis
Public Safety
Communications Director

Jose J. Pena, CGCIO

IT

Melanie Cano
OSE Director

Olga Garza

Public Works Director

Sergio Alaniz

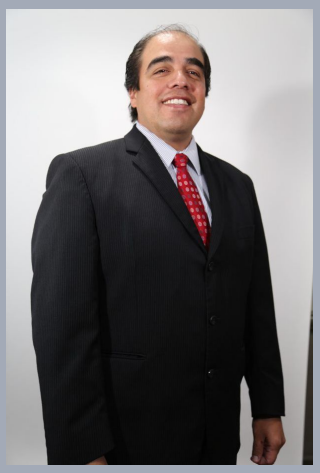
Parks & Rec Director

Omar Anzaldua Jr. PE, CFM

City Engineer

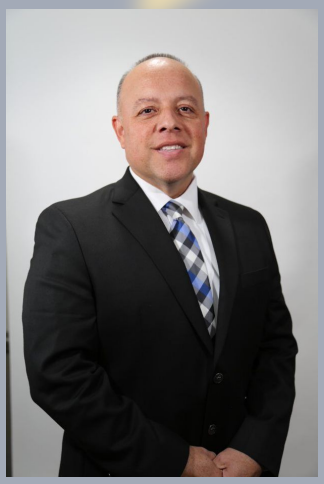
Ignacio Amezcua

Purchasing Director



Adolfo Garcia

Library Director

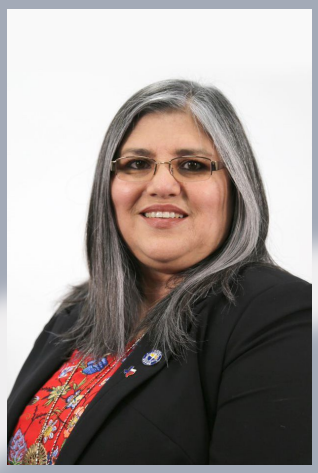


Pilar Rodriguez
Fire Chief

SENIOR LEADERS

Juan Villescas

Presiding Judge



Veronica Ramirez, MBA

HR Director

Andrew Harvey Jr.

Chief of Police

Ruben Rosales

Public Utilities Director

Yuri Gonzalez

Media Director

Danny Ramirez

EMS Director

Roland Gomez

Interim Development Service Director

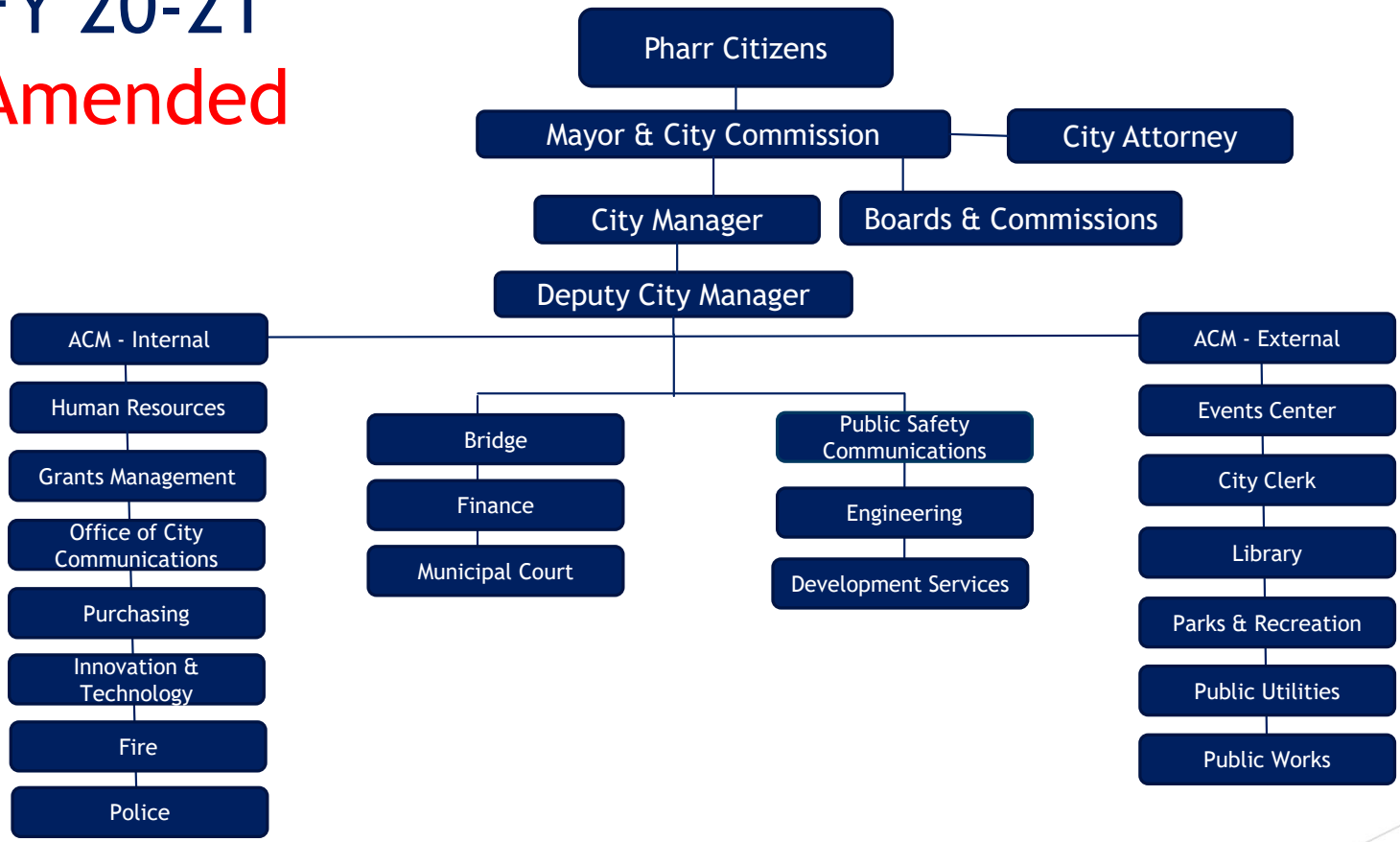
Cynthia Garza

Director of External Affairs / Grant Management

Patricia Rigney

City Attorney

FY 20-21
Amended



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Oscar R. Gonzalez CPA
& Associates PLLC
Certified Public Accountants
208 W Ferguson, Unit 1, Pharr, TX 78577
(956) 787-9909 fax: (956) 787-3067
info@orgcpa.com

Partners:
Oscar R. Gonzalez, CPA
Melissa Gonzalez, CPA

Associates:
Janet Robles, CPA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, the blended 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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. 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, the blended component units, each major fund, and the aggregate remaining fund information of the City of Pharr, Texas, as of September 30, 2021, 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 and budgetary comparison information on pages X–X and XX–XX 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, 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 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 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.

Oscar R. Gonzalez CPA & Associates PLLC

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

Pharr, Texas
April 12, 2022

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, 2021.

Financial Highlights

- The assets and deferred outflow of the city's governmental activities exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $**133.26 million (net position).** Of this amount, $12.84 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- Governmental activities showed an increase of **$3.06 million** in unrestricted net position. The growth is mainly due to grants the city has received, the completion of several capital projects, and an increase in sales taxes.

- The assets and deferred outflows of the city's business-type activities exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by over **$131.63 million** (net position). Of this amount, over **$1.75 million** (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. Overall proprietary funds experienced a slight decrease of half a million dollars due to new CIP projects.

- The General Fund assets exceeded its liabilities by over **$29.39 million** (fund balance). The general fund showed an increase in revenues of almost **$5 million dollars**, primarily due to an increase in sales and property taxes collections. Sales taxes showed an increase of 18%, and property taxes went up by 8%, but we also see an increase of almost **$9 million** in operating expenses compared to the previous fiscal year. The main reason for this significant increase in expenses was due to the Cares Act Grant that the city received in 19-20. The grant allocated payroll expenses and reduced general fund expenses by almost $10 million during 19-20.

- The General Capital Improvements assets exceed its liabilities by over **$11.93 million** (fund balance). CIP fund showed an increase in expenditures of $4.9 million mainly due to our two new projects, the natatorium, and the northside community center. The expenditures on these two new projects resulted on a decrease in fund balance of $15.7 million compared to FY 19-20.

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 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 and 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 and 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 helpful indicator of whether the city's financial position 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 gives 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).

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

The government-wide financial statements include separate component units for which the city is financially accountable: the Pharr Economic Development Corporation II, the greater Pharr chamber of commerce, TIRZ 1&2, PHFC, and Jackson place apartments.

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. Like other state and local governments, the city uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the city's funds are divided into four categories: governmental funds, proprietary funds, fiduciary funds, and discretely presented component units.

Governmental Funds

Governmental funds are used to account for 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 and on balances of resources that can be spent available at the end of the fiscal year. Such information may be helpful 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 helpful 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 fund Balance Sheet and the governmental fund 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 two major (General and CIP) and ten nonmajor governmental funds. Information for the major funds is presented separately in the governmental fund's Balance Sheet and the governmental fund's Statement of Revenues, Expenditures, and Changes in Fund Balances. The nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor funds is provided by 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, ambulances services, 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 and health insurance.

Proprietary funds provide more detailed information than government-wide financial statements. The proprietary funds financial statements offer separate data for water and wastewater operations, bridge toll, ambulances services, 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 by combining statements elsewhere in this report.

The City adopts an annual appropriated budget for the Utility, Event Center, EMS, Bridge, Golf, Health insurance, 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 essential to a complete 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.

Management's Discussion and Analysis

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 as a valuable indicator of a government's financial position over time. In the case of the City, assets exceeded liabilities by over **$264.90 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	
	2021	2020*	2021	2020*	2021	2020*
Assets						
Current and other assets	$ 97.56	$ 94.07	$ 98.51	$ 58.25	$ 196.07	$152.32
Capital assets	173.32	154.13	154.53	149.92	327.85	304.05
Total assets	270.88	248.20	253.04	208.17	523.92	456.37
Deferred Outflow of Resources						
Deferred outflows	3.63	5.06	0.16	0.19	3.79	5.25
Total deferred outflow of resources	3.63	5.06	0.16	0.19	3.79	5.25
Total Assets and Deferred Outflow of Resources	274.51	253.26	253.20	208.36	527.71	461.62
Liabilities						
Current and other liabilities	20.62	19.36	9.33	7.61	29.95	26.97
Long-term Liabilities	89.68	96.77	98.34	67.03	188.02	163.80
Total liabilities	110.30	116.13	107.67	74.64	217.97	190.77
Deferred Inflow of Resources						
Deferred inflows	30.96	7.64	13.90	-	44.86	7.64
Total deferred inflows of resources	30.96	7.64	13.90	-	44.86	7.64
Total Liabilities and Deferred Inflow of Resources	141.26	123.77	121.57	74.64	262.83	198.41
Net Position						
Net Invested in capital assets	100.10	76.80	123.67	74.49	223.77	151.29
Restricted	20.32	43.12	6.08	42.50	26.40	85.62
Unrestricted	12.84	9.57	1.88	16.73	14.72	26.30
Total net position	$ 133.26	$ 129.49	$131.63	$ 133.72	$ 264.90	$263.21

*Amounts not restated for the prior year adjustments

Management's Discussion and Analysis

The excess of liabilities/deferred inflows of resources over assets/deferred outflows of resources reported on the government-wide Statement of Net Position of $264.90 million on September 30, 2021. The increase of $1.47 million is due to the issuance of debt for the new capital projects to improve the citizens' quality of life.

By far, the most significant portion of the city's net position ($223.78) reflects its Net Invested in Capital Assets (e.g., land buildings, machinery, and equipment), less any related debt used to acquire those assets that are 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 are reported in 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 ($26.38) million represents resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net position ($14.73 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 for the prior fiscal year.

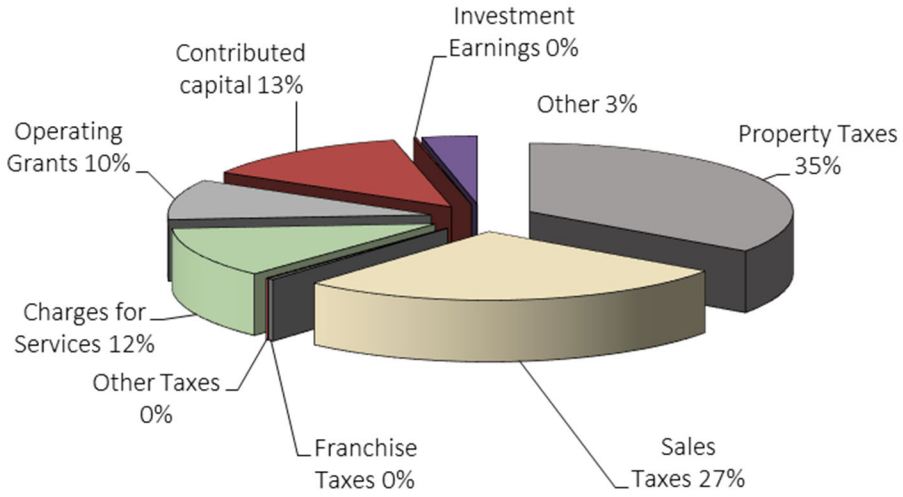
Governmental Activities

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	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues:						
Charges for services	$ 8.95	$ 10.62	$ 35.79	$ 31.49	$ 44.74	$ 42.11
Operating grants and contributions	7.18	19.65	3.60	4.99	10.78	24.64
Capital grants and contributions	9.86	3.50	-	0.60	9.86	4.10
General Revenues:						
Property tax	25.92	23.97	-	-	25.92	23.97
Sales tax	20.19	22.08	-	-	20.19	22.08
Other taxes	2.52	2.48	-	-	2.52	2.48
Other	0.30	0.26	-	0.93	0.30	1.19
Total Revenues	74.92	82.56	39.39	38.01	114.31	120.57
Expenses:						
General governmental	18.68	22.69	-	-	18.68	22.69
Public safety	30.02	20.61	-	-	30.02	20.61
Streets	4.11	5.15	-	-	4.11	5.15
Health and welfare	3.44	3.04	-	-	3.44	3.04
Culture and recreation	9.00	13.96	-	-	9.00	13.96
Economic Development	1.08	5.30	-	-	1.08	5.30
Interest of debt service	2.90	2.98	-	1.43	2.90	4.41
Issuance Cost	-	-	-	0.26	-	0.26
Utility		-	16.66	14.24	16.66	14.24
Pharr EMS			4.65	-	-	-
Pharr Event Center	-	-	0.38	0.68	0.38	0.68
Toll bridge	-	-	5.15	4.12	5.15	4.12
Tierra Del Sol Golf Course	-	-	1.50	1.46	1.50	1.46
Total Expenses	69.23	73.73	28.34	22.19	92.92	95.92
Excess of revenues over expenses	5.69	8.83	11.05	15.82	21.39	24.65
Contributions	2.24	-	1.41	-	-	-
Transfers	10.57	4.51	(10.57)	(4.51)	-	-
Net change in net position	18.50	13.34	1.89	11.31	20.40	24.65
Net position - beginning	129.70	114.65	133.72	122.42	263.42	237.07
Prior period adjustment (a)	(14.94)	1.50	(3.98)	(0.01)	(18.92)	1.49
Net position - ending	$133.26	$129.49	$131.63	$133.72	$264.90	$263.21

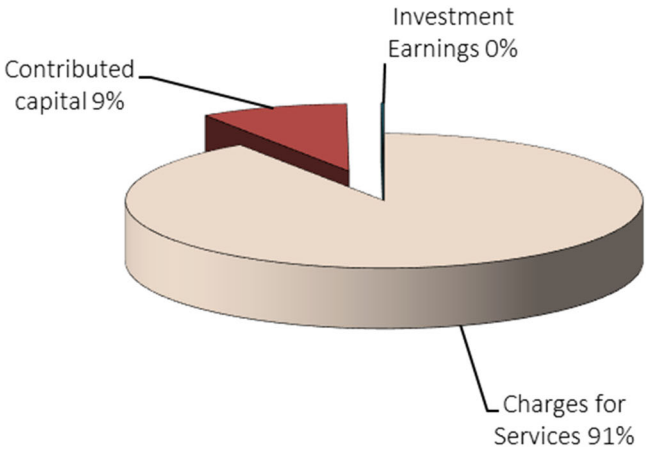
The City's governmental activities' revenues source distribution is presented below.



Business-Type Activities

There was an increase in revenues in bridge and utility funds, but an increase in operating expenses was also reflected. Also, the new capital projects for both funds (bridge and utility) and the starting cost for our new EMS department brought a result of an increase of **$1.3 million** between both years.

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



CAPITAL ASSETS AND DEBT ADMINISTRATION

The City of Pharr's Capital assets for its governmental and business-type activities amounts to $327.85 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 $32.12 million or 8%.

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Water rights	$ -	$ -	$ 3.45	$ 3.45	3.45	3.45
Land	14.82	19.68	6.89	6.90	21.71	26.58
Building and system improvements	27.30	28.55	15.00	13.47	42.30	42.02
Other improvements	54.43	46.32	10.61	8.04	65.04	54.36
Machinery and equipment	7.86	8.30	5.46	5.04	13.32	13.34
Infrastructure	28.66	29.05	100.61	102.91	129.27	131.96
Construction in progress	40.25	22.23	12.51	10.11	52.76	32.34
	$ 173.32	$ 154.13	$ 154.53	$ 149.92	$ 327.85	$ 304.05

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 $184.35 million. The details of the change in debt from last fiscal year are as indicated:

	2021	2020	Change
Governmental			
Bonds	$ -	$ 1.43	$ (1.43)
Certificates of obligation	67.08	68.97	(1.89)
Capital leases	6.15	6.35	(0.20)
Notes	6.60	7.93	(1.33)
	79.83	84.68	(4.85)
Business-Type			
Bonds	101.80	65.61	36.19
Capital leases	2.72	3.91	(1.19)
	104.52	69.52	35.00
Total	$ 184.35	$ 154.20	$ 30.15

Long-term debt for Governmental activities decreases by **$4.85 million**. The payoff Obligation Series 2015 and no debt issue in the city's name contribute to this decrease.

Long-term debt for the Business-Type activities increases by **$35 million**. This increase was for two new bonds, one designated to the bridge fund to cover the new bridge expansion. The total amount issued was **$37.4 million**. The second was a bond of $3.1 for utility improvements projects.

Additional information on the city's long-term debt can be found in this report's Notes to the Financial Statements 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 by the Statement's provisions.

Table 5 provides the city's key pension statistics related to the TMRS plan as of and for the fiscal year ended September 30, 2021:

City of Pharr's Key Pensions Statistics

Table 5-(Dollars in millions)

Net Pension Laibility	$	5.65
Pension Expense	$	1.45

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

- The launching of TeamPharr.net, the new broadband services the city is providing to their citizens that will connect people to a better quality of life.
- The continuation of the new infrastructure Bridge Expansion 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.

BASIC FINANCIAL STATEMENTS

CITY OF PHARR, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Primary Government				
	Governmental Activities	Business-Type Activities	Total	Discrete Component Units	Total
ASSETS					
Current assets:					
Cash	$ 35,466,643	$ 8,622,361	$ 44,089,004	$ 4,293,599	$ 48,382,603
Receivables (net of allowance for uncollectible)	28,185,876	4,409,986	32,595,862	1,980,426	34,576,288
Prepaid items	57,500	-	57,500	-	57,500
Internal balances	2,378,221	(2,378,221)	-	-	-
Inventories	1,902,801	201,607	2,104,408	-	2,104,408
Land available for sale	-	-	-	3,517,699	3,517,699
Restricted assets:					
Cash	13,423,497	80,775,082	94,198,579	3,262,189	97,460,768
Cash with Fiscal Agent	1,699,254	5,337,640	7,036,894	-	7,036,894
Intergovernmental receivable	14,453,773	1,546,858	16,000,631	-	16,000,631
Total current assets	97,567,565	98,515,313	196,082,878	13,053,913	209,136,791
Capital assets					
Water Rights (nondepreciable)	-	3,450,000	3,450,000	-	3,450,000
Land (nondepreciable)	14,818,552	6,897,338	21,715,890	6,358,106	28,073,996
Buildings (net of acc. depreciation)	27,295,712	14,991,536	42,287,249	23,814,887	66,102,136
Improvements other than buildings (net of acc. depreciation)	54,425,438	10,608,626	65,034,064	1,077,008	66,111,072
Machinery and equipment (net of acc. depreciation)	7,862,346	5,455,607	13,317,953	149,485	13,467,438
Infrastructure (net of acc. depreciation)	28,659,942	100,612,925	129,272,867	-	129,272,867
Construction in progress (nondepreciable)	40,258,084	12,515,679	52,773,763	3,237,346	56,011,109
Total capital assets	173,320,075	154,531,712	327,851,787	34,636,832	362,488,618
Total noncurrent assets	173,320,075	154,531,712	327,851,787	34,636,832	362,488,618
Total assets	270,887,641	253,047,026	523,934,665	47,690,745	571,625,409
DEFERRED OUTFLOW OF RESOURCES					
Other Post Employment Benefits	514,804	-	514,804	-	514,804
Unamortized loss on refunding of debt	-	162,905	162,905	-	162,905
Pension-TMRS	3,122,692	-	3,122,692	-	3,122,692
Total deferred outflow of resources	3,637,496	162,905	3,800,401	-	3,800,401
LIABILITIES					
Current liabilities payable:					
Accounts payable and other current liabilities	9,625,780	2,015,908	11,641,688	5,625,570	17,267,257
Escrows	3,699,519	246,364	3,945,883	11,661	3,957,544
Current portion debt payable	7,293,952	7,077,593	14,371,545	3,262,147	17,633,691
Total current liabilities	20,619,251	9,339,864	29,959,115	8,899,377	38,858,492
Noncurrent liabilities:					
Other post employment benefit	1,681,635	-	1,681,635	-	1,681,635
Net Pension Liability	5,655,804	-	5,655,804	-	5,655,804
Due in more than one year, net	82,341,319	98,331,245	180,672,564	31,634,994	212,307,558
Total noncurrent liabilities	89,678,758	98,331,245	188,010,003	31,634,994	219,644,997
Total liabilities	110,298,009	107,671,109	217,969,118	40,534,371	258,503,489
DEFERRED INFLOW OF RESOURCES					
Pension-Actual Contributions vs Assumptions	5,860,613	-	5,860,613	-	5,860,613
Other Post Employment Benefits	90,931	-	90,931	-	90,931
Unearned revenue	25,007,991	3,857,660	28,865,651	-	28,865,651
Unamortized premium	-	10,046,634	10,046,634	-	10,046,634
	30,959,535	13,904,293	44,863,828	-	44,863,828
NET POSITION					
Net Invested in capital assets	100,102,188	123,678,254	223,780,442	4,110,789	227,891,230
Restricted for:					
Debt service	2,548,152	5,820,457	8,368,609	-	8,368,609
Capital projects	8,189,037	-	8,189,037	-	8,189,037
Economic development	4,103,682	-	4,103,682	-	4,103,682
Tourism	2,130,167	247,168	2,377,335	-	2,377,335
Public safety	981,608	-	981,608	-	981,608
Paving and Drainage	668,293	-	668,293	-	668,293
General Government	1,699,254	-	1,699,254	-	1,699,254
Unrestricted	12,845,211	1,888,650	14,733,861	3,045,583	17,779,444
Total net position	$ 133,267,592	$ 131,634,530	$ 264,902,121	$ 7,156,372	$ 272,058,494

CITY OF PHARR, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

		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	$ 18,685,261	$ 1,991,843	$ 5,592,464	$ -	$ (11,100,954)		$ (11,100,954)	-	(11,100,954)
Public safety	30,026,633	165,441	1,591,264	-	(28,269,928)		(28,269,928)	-	(28,269,928)
Highways and streets	4,113,031	1,133,374	-	9,885,224	6,905,567		6,905,567	-	6,905,567
Health and welfare	3,439,273	4,446,880	-	-	1,007,607		1,007,607	-	1,007,607
Culture and recreation	9,002,064	416,036	-	-	(8,586,028)		(8,586,028)	-	(8,586,028)
Economic development	1,087,368	789,251	-	-	(298,117)		(298,117)	-	(298,117)
Interest on long-term debt	2,909,720	-	-		(2,909,720)		(2,909,720)	-	(2,909,720)
Total governmental activities	69,263,350	8,942,824	7,183,728	9,885,224	(43,251,574)		(43,251,574)	-	(43,251,574)
Business-type activities:									
Utility	16,664,042	16,605,555	3,605,921			3,547,434	3,547,434		3,566,891
Pharr Event Center	387,467	28,118	-	-		(359,349)	(359,349)		(359,349)
Toll Bridge	5,146,965	16,964,039	-	-		11,817,075	11,817,075		11,817,075
Pharr EMS	4,648,162	1,315,371	-	-		(3,332,790)	(3,332,790)		(3,332,790)
Tierra Del Sol Golf Course	1,493,395	881,351	-	-		(612,044)	(612,044)		(612,044)
Total business-type activities	28,340,030	35,794,434	3,605,921	-		11,060,326	11,060,326		11,079,782
Total primary government	$ 97,603,380	$ 44,737,258	$ 10,789,649	$ 9,885,224	$ (43,251,574)	$ 11,060,326	$ (32,191,249)	-	(32,171,792)
Component unit:									
PHFC Jackson Apartments	-	-	-					1,157,457	1,157,457
Depreciation Expense	-	-	-					1,348,678	
PFH	-	-	-					10,675	10,675
Pharr Economic Development Corp	-	-	-					1,778,720	
Greater Pharr Chamber of Commerce	-	-	-					213,479	
Debt Interest and Issuance Cost	$ -	$ -	$ -					$ 1,739,332	$ 1,739,332
	-	-	-					6,248,340	6,248,340
		General revenues:							
		Property taxes			25,918,196	-	25,918,196	-	51,836,392
		Sales taxes			20,193,953	-	20,193,953	6,504,170	46,892,076
		Franchise taxes			2,512,805	-	2,512,805	-	5,025,610
		Memberships			-	-	-	85,810	85,810
		Rent Revenue			-	1,412,457	1,412,457	2,917,699	5,742,613
		Contributions			2,247,255	-	2,247,255	(718,384)	3,776,126
		Other taxes			257,673	-	257,673	-	515,346
		Investment earnings			60,204	55,180	115,384	412,452	643,219
		Other			-	19,515	19,515	57,502	96,532
		Cost of Issuance			-	(80,000)	(80,000)	-	(160,000)
		Transfers			10,572,294	(10,572,294)	-	-	-
		Total general revenues and transfers			61,762,379	(9,165,142)	52,597,237	9,259,249	114,453,724
		Change in net position			18,510,807	1,895,184	20,405,991	3,010,909	23,416,900
		Net position - beginning			129,699,643	133,727,881	263,427,524	(8,235,601)	255,191,923
		Prior period adjustment			(14,942,858)	(3,988,535)	(18,931,393)	12,381,064	(6,550,329)
		Net position - ending			$ 133,267,592	$ 131,634,530	$ 264,902,121	$ 7,156,372	$ 272,058,494

CITY OF PHARR, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	General	General Capital Improvements	Non-Major Governmental	Total Governmental
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Cash	$ 20,412,722	$ 3,490,054	$ 10,535,957	$ 34,438,733
Receivables (net of allowance for uncollectible):				
Property taxes	1,873,257	-	564,180	2,437,437
Warrants	3,407,471	-	-	3,407,471
Sales tax	3,442,533	-	-	3,442,533
Notes	-	-	55,889	55,889
Accounts	849,262	-	119,651	968,913
Intergovernmental	-	11,552,749	-	11,552,749
Other	5,683,400	244,101	393,382	6,320,883
Prepaid Items	57,500	-		57,500
Inventories	1,861,399	-	-	1,861,399
Land Available for Sale	-	-	-	-
Due from other funds	2,716,639	-	61,703	2,778,342
Restricted assets:		-		-
Cash	-	2,639,494	10,784,003	13,423,497
Cash with Fiscal Agent	1,699,254	-	-	1,699,254
Intergovernmental receivable	-	-	14,453,800	14,453,800
Total assets	$ 42,003,437	$ 17,926,398	36,968,565	$ 96,898,401
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities:				
Accounts payable	$ 1,923,596	$ 4,949,686	219,318	$ 7,092,600
Accrued liabilities	1,538,242	-	-	1,538,242
Due to other funds	61,703	-	858,175	919,878
Escrow accounts	2,661,568	1,037,951	-	3,699,519
Unearned revenue	-	-	25,007,991	25,007,991
Total liabilities	6,185,109	5,987,637	26,085,484	38,258,230
Deferred Inflows of Resources:				
Deferred property tax	1,873,257	-	382,498	2,255,755
Deferred accounts	1,138,703	-	211,169	1,349,872
Deferred warrants	3,407,471	-	-	3,407,471
Deferred notes	-	-	54,619	54,619
Total deferred inflow of resour	6,419,431	-	648,285	7,067,717
Fund balances:				
Nonspendable:				
Inventory	1,861,399	-	-	1,861,399
Noncurrent advances	4,991,731	-	-	4,991,731
Restricted:				-
General government	-		-	-
Debt service	-	-	2,320,849	2,320,849
Street paving and drainage	-	-	668,293	668,293
Tourism	-	-	2,130,201	2,130,201
Public safety	-	-	981,608	981,608
Parkland	-	-	30,136	30,136
Community development	-	-	470,113	470,113
Economic development	-	-	4,181,644	4,181,644
Committed:				-
Contingency	13,158,214	-	-	13,158,214
Assigned:				-
General government	5,230,852	-		5,230,852
Capital outlay	1,699,254	11,938,760		13,638,014
Encumbrances	-	-	-	-
Unassigned:	2,457,446	-	-	2,457,446
Total fund balances	29,398,896	11,938,761	10,782,844	52,120,500
Total liabilities, deferred inflows of resources and fund balances	$ 42,003,436	$ 17,926,398	37,516,612	$ 97,446,448

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

CITY OF PHARR, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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

Total fund balances - governmental funds balance sheet			$	52,120,500
(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	283,556,632	
		Accumulated depreciation	(110,558,178)	172,998,455
(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	482,835	482,835
(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	(4,306,563)	
		Long-term	(69,385,936)	
		Capital leases		
		Current	(1,543,835)	
		Long-term	(4,615,880)	
		Unamortized loss -Deferred outflow	-	
		Unamortized debt activity	(4,005,937)	(83,858,150)
(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	2,758,750	
		Allowance	(502,995)	2,255,755
(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	1,065,555	
		Paving	211,172	
		Library	7,972	
		Alarm permits	65,176	1,349,875
(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	(155,225)	
		Notes	-	(155,225)

CITY OF PHARR, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2021-Continued

(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	(1,434,264)	
		Long-term	(4,302,792)	(5,737,056)
(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	14,192,094	
		Allowance	(10,784,622)	3,407,473
(9)	Employers that participate in defined contribution OPEB plans are required to recognize OPEB liability for unpaid required contributions			
		OPEB Liability - Prior Years	-	
		This fiscal year contribution	(1,681,635)	
		This fiscal year trust fund contribution	423,873	(1,257,762)
(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.		54,619	54,619
(11)	Deferred Outflow Pension Contributions		3,122,692	
	Deferred Inlfow		(5,860,613)	
	Net Pension Liability		(5,655,804)	
				(8,393,725)
	Rounding Difference			-2
	Net position of governmental activities - statement of net position			$ 133,267,592

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, 2021

	General	*Pharr Economic Development Corporation, Inc.	General Capital Improvements	Non-Major Governmental	Total Governmental
REVENUES					
Taxes:					
Property	$ 19,577,270	-	$ -	$ 6,283,981	$ 25,861,251
Sales	19,512,510	-	-	681,443	20,193,953
Franchise	2,512,805	-	-	-	2,512,805
Other	257,673	-	-	-	257,673
Licenses and permits	1,104,136	-	-	-	1,104,136
Intergovernmental	17,020	-	9,885,224	7,166,708	17,068,952
Fees and charges:					
Sanitation	2,929,891	-	-	-	2,929,891
Brush	1,150,222	-	-	-	1,150,222
Other	667,143	-	-	1,123,463	1,790,606
Fines	555,904	-	-	-	555,904
Interest income	45,637	-	-	14,567	60,204
Other	1,068,092	-	-	6,183	1,074,275
Total revenues	49,398,303		9,885,224	15,276,345	74,559,872
EXPENDITURES					
Current:					
General government	13,650,319	-	4,586,547	1,565,089	19,801,955
Public safety	25,099,773	-	77,875	1,807,016	26,984,664
Highways and streets	3,960,876	-	4,014,065	91,523	8,066,464
Health and welfare	3,200,954	-	-	-	3,200,954
Culture and recreation	6,794,920	-	22,789,400	-	29,584,320
Economic development	1,267,101	-	-	-	1,267,101
Debt service:					
Principal	1,727,562	-	1,025,667	3,877,256	6,630,485
Interest	96,979	-	182,449	2,987,720	3,267,148
Total expenditures	55,798,484	-	32,676,003	10,328,604	98,803,091
Excess (deficiency) of revenues over (under) expenditures	(6,400,181)	-	(22,790,779)	4,947,741	(24,243,219)
OTHER FINANCING SOURCES (USES)					
Transfers in	8,788,820	-	8,954,428	1,703,300	19,446,548
Transfers (out)	(3,994,510)	-	-	(5,057,513)	(9,052,023)
Other contributions	-	-	302,313	648,287	950,600
Issuance of debt	1,788,000	-	-	-	1,788,000
Total other financing sources and uses	6,582,310	-	9,256,741	(2,705,926)	13,133,125
Net change in fund balance	182,129	-	(13,534,038)	2,241,815	(11,110,094)
Fund balance - beginning	29,050,416	9,641,006	27,683,716	8,985,749	75,360,887
Prior period adjustment	166,353	(9,641,006)	(2,210,918)	(444,722)	(12,130,292)
Fund balance - ending	$ 29,398,896	$ -	$ 11,938,761	$ 10,782,844	$ 52,120,500

*** PEDC presented as discretely component unit please see notes to the financial statement pg 40**

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

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, 2021

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

	Net change in fund balances - total governmental funds			$ (11,110,096)
(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	31,742,436	
		Depreciation expense	(7,177,735)	24,564,701
(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	286,934	
		Contributed capital - streets	1,013,260	1,300,194
(3)	Internal service funds are used by management to charge the costs of fleet management and workman's compensation to individual funds. 100% is allocated to governmental activities. This is the net revenue of certain activities of internal service funds			
		Garage	140,817	140,817
(4)	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	(1,788,000)	
		Certificate of Obligation proceeds	-	
		Lease/Notes	2,281,657	
		Tax Notes Principal Paid	1,025,667	
		Bond Principal Paid	3,320,000	
		Loan Principal Paid	-	
		Unamortized debt activity	334,687	5,174,012
(5)	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	56,944	56,944
(6)	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	313,296	
		Paving	56,769	
		Library	(47,550)	
		Alarm Fees	14,901	337,415

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, 2021

(7)	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	(155,225)	
		Prior year accrual	177,966	
				22,741
(8)	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	(5,737,056)	
		Prior year	5,466,933	(270,123)
(9)	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	(5,839,427)	
		Current Year Warrant A/R	3,407,471	(2,431,956)
(10)	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	(118,869)	
		Trust fund contributions	-	(118,869)
(11)	GASB 68 recognition on Pension Expense requires an adjustment to reflect in Statement of Activities		845,029	$ 845,029
	Rounding difference			(2)
Change in net position of governmental activities				$ 18,510,807

CITY OF PHARR, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021

	Business-type Enterprise Funds					
	Utility	EMS	Event Center	Toll Bridge	Tierra Del Sol Golf Course	Total
ASSETS						
Current assets:						
Cash	$ 752,414	$ 183,690	$ 114,423	$ 6,903,594	$ 668,239	$ 8,622,360
Receivables (net of allowance for uncollectible):						
Accounts	3,186,243	1,023,573	150,360	31,365	18,446	4,409,987
Other	-	-	-	-	-	-
Inventories	181,220	-	-	-	20,387	201,607
Restricted assets:						
Cash	40,173,329	-	-	40,601,753	-	80,775,082
Cash with Fiscal Agent	4,510,000	-	-	827,640	-	5,337,640
Intergovermental Receivable	-	-	-	1,546,858	-	1,546,858
Total current assets	48,803,206	1,207,263	264,783	49,911,210	707,072	100,893,534
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)	9,189,000	2,134,029	-	3,393,054	275,453	14,991,536
Improvements other than buildings (net of acc. dep	8,955,431	68,653	-	93,678	1,490,864	10,608,626
Machinery and equipment (net of acc. depreciatior	1,901,179	1,285,220	-	2,098,498	170,710	5,455,607
Infrastructure (net of acc. depreciation)	90,014,864	-	-	10,598,061	-	100,612,925
Construction in progress (nondepreciable)	1,633,568	-	-	10,882,111	-	12,515,679
Total capital assets	119,437,169	4,273,126	-	27,885,047	2,936,369	154,531,711
Total noncurrent assets	119,437,169	4,273,126	-	27,885,047	2,936,369	154,531,711
Total assets	168,240,375	5,480,389	264,783	77,796,257	3,643,441	255,425,246
DEFERRED OUTFLOW OF RESOURCES						
Unamortized loss on refunding of debt	162,905	-	-	-	-	162,905
Total deferred outflow of resources	162,905	-	-	-	-	162,905

	Business-type Enterprise Funds					
	Utility	EMS	Event Center	Toll Bridge	Tierra Del Sol Golf Course	Total
LIABILITIES						
Current liabilities payable:						
Accounts payable	464,537	254,304	-	629,859	34,180	1,382,880
Accrued liabilities	-	-	-	-	-	-
Due to other funds	517,248	1,573,540	17,615	170,729	99,089	2,378,221
Unearned revenue	-	-	-	5,500	49,930	55,430
Total current liabilities payable	981,785	1,827,844	17,615	806,088	183,199	3,816,531
Current liabilities payable from restricted assets:						
Customer deposits payable	577,598	-	-	-	-	577,598
Escrow payable	246,364	-	-	-	-	246,364
Matured accrued compensation	118,418	18,603	-	55,709	11,928	204,658
Matured capital lease	283,341	-	-	634,440	42,153	959,934
Matured bonds/notes, net	3,813,000	-	-	2,100,000	-	5,913,000
Total current liabilities payable from restricted assets	5,038,721	18,603	-	2,790,149	54,081	7,901,554
Total current liabilities	6,020,506	1,846,447	17,615	3,596,237	237,281	11,718,085
Noncurrent liabilities:						
Accrued compensation	355,254	55,810	-	167,126	35,785	613,975
Capital lease payable	666,971	-	-	982,294	117,004	1,766,270
Bonds/notes principal payable	59,921,000	-	-	36,030,000	-	95,951,000
Total noncurrent liabilities	60,943,225	55,810	-	37,179,420	152,790	98,331,245
Total liabilities	66,963,731	1,902,257	17,615	40,775,657	390,070	110,049,330
DEFERRED INFLOW OF RESOURCES						
Unamortized premium	1,982,024	-	-	8,064,610	-	10,046,634
Unearned Revenue-Intergovermental	3,472,746	-	-	-	-	3,472,746
Unearned Revenue-Customers	-	-	-	384,914	-	384,914
Total deferred inflow of resources	5,454,770	-	-	8,449,524	-	13,904,294
NET POSITION						
Invested in capital assets, net of related debt	95,124,819	4,273,126	-	21,503,097	2,777,212	123,678,254
Restricted for:						
Debt service	3,720,457	-	-	2,100,000	-	5,820,457
Tourism	-	-	247,168	-	-	247,168
Unrestricted	(2,860,497)	(694,994)	-	4,967,981	476,160	1,888,650
Total net position	$ 95,984,779	3,578,132	$ 247,168	28,571,076	$ 3,253,372	$ 131,634,530

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, 2021

	Business-type Enterprise Funds					
	Utility	EMS	Event Center	Toll Bridge	Tierra Del Sol Golf Course	Total
Operating revenues:						
Charges for sales and services:						
Water sales	$ 9,023,208	$ -	$ -	$ -	$ -	$ 9,023,208
Sewer service	7,205,233	-	-	-	-	7,205,233
Tap fees	336,235	-	-	-	-	336,235
Toll fees	-	-	-	16,379,775	-	16,379,775
Golf services	-	-	-	-	811,258	811,258
Event Center	-	-	28,118	-	-	28,118
EMS	-	1,315,371	-	-	-	1,315,371
Other	40,878	-	-	584,265	70,093	695,236
Total operating revenues	16,605,554	1,315,371	28,118	16,964,040	881,351	35,794,434
Operating expenses:						
Personnel services	4,029,397	2,463,992	283,778	1,343,622	753,928	8,874,717
Supplies and Materials	2,047,773	317,562	29,377	166,873	160,993	2,722,578
Contractual Services	5,488,214	1,585,383	74,312	2,628,159	329,613	10,105,681
Depreciation	4,154,663	281,224	-	953,126	243,578	5,632,591
Total operating expenses	15,720,047	4,648,161	387,467	5,091,780	1,488,112	27,335,567
Operating income (loss)	885,507	(3,332,790)	(359,349)	11,872,260	(606,761)	8,458,867
Nonoperating revenues (expenses):						
Investment earnings	20,432	30	47	32,478	2,194	55,181
Interest expense	(1,307,820)	-	-	(91,606)	(5,282)	(1,404,708)
Amortization expense	363,824	-	-	36,421	-	400,245
Intergovernmental	360,675	-	-	3,245,246	-	3,605,921
Other	19,515	-	-	-	-	19,515
Issuance cost	(80,000)	-		-		(80,000)
Total nonoperating revenues (expenses)	(623,374)	30	47	3,222,539	(3,088)	2,596,154
Income before contributions and transfers	262,133	(3,332,760)	(359,302)	15,094,799	(609,849)	11,055,021
Transfers in	69,200	3,332,760	252,700	20,300	371,012	4,045,972
Transfers (out)	(3,511,200)	-	-	(11,107,067)	-	(14,618,267)
Capital contributions	1,412,457	-	-	-	-	1,412,457
	(2,029,543)	3,332,760	252,700	(11,086,767)	371,012	(9,159,838)
Changes in Net Position	(1,767,410)	-	(106,602)	4,008,032	(238,837)	1,895,183
Total net position - beginning	101,546,953	-	3,556,410	25,127,042	3,497,476	133,727,881
Prior period adjustment	(3,794,764)	3,578,132	(3,202,640)	(563,996)	(5,267)	(3,988,535)
Total net position - ending	$ 95,984,779	3,578,132	$ 247,168	28,571,076	$ 3,253,372	$ 131,634,530

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, 2021

	Business-type Enterprise Funds						Governmental Activities - Internal Service Fund
	Utility	EMS	Pharr Event Center	Toll Bridge	Tierra Del Sol Golf Course	Total	
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	$ 20,415,378	$ 291,798	$ 27,589	$ 16,919,490	$ 886,516	$ 38,540,771	$ 779,692
Payments to suppliers	(2,034,910)	(317,562)	(18,106)	(166,873)	(160,993)	(2,698,444)	13,476
Payments to employees	(4,050,509)	(2,389,579)	(302,405)	(1,313,913)	(772,548)	(8,828,954)	(189,789)
Payments for contractual services	(5,788,921)	(1,331,079)	(81,625)	(2,388,068)	(324,448)	(9,914,141)	(577,393)
Payments (to)/from others	46,178	30	-	584,265	-	630,473	-
Net cash flow (to)/from operating activities	8,587,216	(3,746,392)	(374,547)	13,634,901	(371,473)	17,729,705	25,986
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Receipts from grants	360,675	-	-	1,698,388	-	2,059,063	-
Advances (to)/from other funds	338,379	1,573,540	(29,895)	107,955	41,316	2,031,295	6,748
Transfers in from other funds	69,200	3,332,760	252,700	20,300	371,012	4,045,972	36,892
Transfers out to other funds	(3,511,200)	-	-	(11,107,067)	-	(14,618,267)	-
Net cash provided/(used) by noncapital and related financing activities	(2,742,946)	4,906,300	222,805	(9,280,424)	412,328	(6,481,937)	43,640
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Bond/Lease Proceeds	-	-	-	33,930,000	-	33,930,000	-
Acquisition and construction of capital assets	(2,068,167)	(976,218)	-	(6,983,027)	(26,261)	(10,053,673)	-
Principal paid on long-term debt	(779,596)	-	-	9,960,466	(55,240)	9,125,630	(10,594)
Interest paid on long-term debt	(1,307,820)	-	-	(91,606)	(5,282)	(1,404,708)	(10)
Other	(3,470,802)	-	(985)	(525,271)	(5,260)	(4,002,320)	(6,259)
Net cash provided/(used) by capital and related financing activities	(7,626,385)	(976,218)	(985)	36,290,562	(92,043)	27,594,929	(16,863)
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest income received	20,433	-	48	32,478	2,194	55,153	-
Net cash provided/(used) by investing activities	20,433	-	48	32,478	2,194	55,153	-
NON CASH INVESTING/FINANCING ACTIVITIES							
Capital Contributions	1,412,457	-	-	-	-	1,412,457	-
Noncash provided/(used) by investing/financing	1,412,457	-	-	-	-	1,412,457	-
Net increase/(decrease) in cash	(349,225)	183,690	(152,679)	40,677,517	(48,994)	40,310,309	52,764
Cash beginning of fiscal year	45,784,968	-	267,104	7,655,470	717,232	54,424,774	46,909
Cash end of fiscal year	$ 45,435,743	183,690	$ 114,425	48,332,987	$ 668,238	$ 94,735,083	$ 99,673

	Business-type Enterprise Funds						Governmental Activities - Internal Service Fund
	Utility	EMS	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)	$ 885,525	(3,332,790)	(359,350)	11,872,261	(606,761)	$ 8,458,885	$ (30,508)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation	4,154,663	281,224	-	953,126	243,578	5,632,591	14,467
(Increase) Decrease in Accounts and Other Receivables, net	300,684	(1,023,573)	3,538	154,802	(1,287)	(565,836)	-
(Increase) Decrease in Inventories	12,964	-	11,273	-	-	24,237	20,015
(Increase) Decrease in Other Assets		-	-	-		-	-
Increase (Decrease) in Accounts Payable	(300,825)	254,334	(7,313)	240,090	5,165	191,451	26,443
Increase (Decrease) in Accrued Compensation	(21,112)	74,413	(18,627)	29,710	(18,620)	45,764	(4,431)
Increase (Decrease) in Deferred/Escrow Revenue	3,478,046	-	(4,068)	384,913	6,452	3,865,343	-
Increase (Decrease) in Customer Deposits	77,272	-	-	-	-	77,272	-
Increase (Decrease) in Other Liabilities	-	-	-	-		-	-
Total adjustments	7,701,692	(413,602)	(15,197)	1,762,641	235,288	9,270,822	56,494
Net cash provided (used) by operating activities	$ 8,587,216	(3,746,392)	$ (374,547)	13,634,901	$ (371,473)	$ 17,729,705	$ 25,986

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

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.

PEDC-Pharr Economic Development Corporation: is a separate non-profit entity created for the purpose of economic development with the use of sales taxes.

Greater Chamber of Commerce : is a separate non-profit entity created for the purpose of promoting tourism.

CITY OF PHARR, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Pharr Housing Finance Corporation	PHFC Jackson Place Apartments	Pharr Economic Development Corporation, Inc.	Greater Pharr Chamber	Total
ASSETS					
Current assets:					
Cash	$ 115	$ 641,545	$ 3,393,935	$ 258,004	$ 4,293,599
Receivables (net of allowance for					-
uncollectible)	-	-	-	-	-
Sales tax	-	-	1,147,511	-	1,147,511
Notes	-	-	604,635	-	604,635
Other	-	65,313	162,967	-	228,280
Prepaid Expenses	-	-	-	-	-
Land Available for Sale	-	-	3,517,699	-	3,517,699
Total current assets	115	706,858	8,826,747	258,004	9,791,724
NonCurrent assets:					
Restricted assets:	-	-	-	-	-
Cash	-	2,497,862	764,327	-	3,262,189
Capital assets not being depreciated:					-
Land (nondepreciable)	-	1,500,000	4,858,106	-	6,358,106
Construction in Process	-	-	3,237,346	-	3,237,346
Capital assets net of accumulated					-
Machinery and Equipment	-	53,652	72,531	23,301	149,485
Building	-	23,557,830	257,057	-	23,814,887
Improvement other than buildings	-	-	1,077,008	-	1,077,008
Total non-current assets	-	27,609,344	10,266,375	23,301	37,899,020
Total assets	115	28,316,202	19,093,122	281,305	47,690,744
LIABILITIES					
Current liabilities payable:					
Accounts payable -Vendors	877,467	4,138,449	95,895	15,020	5,126,831
Accounts Payable-City of Pharr	-	-	480,725	-	480,725
Interest Payable	-	-	18,014	-	18,014
Escrow accounts	-	-	11,661	-	11,661
Due with one year	-	692,170	2,569,976	-	3,262,147
Total current liabilities payable	877,467	4,830,619	3,176,271	15,020	8,899,377
Noncurrent liabilities:					
Other post employment benefit	-	-		-	-
Due in more than one year, net	-	31,545,921	89,073	-	31,634,994
Total non current liabilities	877,467	36,376,540	3,265,344	15,020	40,534,371
Total liabilities					
NET POSITION					
Net Invested in capital assets	-	(7,126,610)	11,214,098	23,301	4,110,789
Economic Development	-	-			
Unrestricted	(877,352)	(933,729)	4,613,680	242,984	3,045,583
Total net position	$ (877,352)	$ (8,060,340)	$ 15,827,777	$ 266,285	$ 7,156,372

CITY OF PHARR, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Pharr Housing Finance Corporation	PHFC Jackson Place Apartments	Pharr Economic Development Corporation, Inc.	Greater Pharr Chamber	Total
Expenses					
Salaries	$ -	$ 359,057	$ 631,169	$ 152,956	$ 1,143,181
Supplies	-	-	-	8,909	8,909
Economic Development	10,675	-	1,149,139	51,613	1,209,840
Repairs and Mantenance	-	798,400	-	-	798,400
Depreciation Expense	-	1,208,921	132,587	7,170	1,348,678
Debt Interest	-	1,590,808	148,523	-	1,739,332
Total component unit	10,675	3,957,186	2,061,418	220,648	6,248,340
General Revenues					
Rent Revenue	-	2,917,699	-	-	2,917,699
Sales Taxes	-	-	6,504,170	-	6,504,170
Memberships	-	-	-	85,810	85,810
Investing earning	-	10	63,978	403	64,391
Other	-	348,061	53,760	3,742	405,564
Net City Contributions	-	-	(956,915)	238,531	(718,384)
Total General Revenues & transfers	-	3,265,770	5,664,993	328,486	9,259,249
Changes in net position	(10,675)	(691,416)	3,603,575	107,837	3,009,321
Net position - beginning	(866,677)	(7,368,924)	12,301,615	-	4,066,014
Prior Period Adjustment	-	-	(77,415)	158,450	81,035
Net position - ending	$ (877,352)	$ (8,060,340)	$ 15,827,777	$ 266,285	$ 7,156,372

NOTES TO THE FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The City of Pharr, Texas (City) was 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 substantially the same as the City Commission and (1) there is a financial benefit or burden between the primary government and the component unit (2) city management holds power on the organization.

The city has two blended component units, Tax Increment Reinvestment Zone No. 1, and Tax Increment Reinvestment Zone No. 2. Information for these component units is stated below:

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Financial Reporting Entity

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; the entity has a total of four (4) board members, for which three (3) of them are part of the city's board of commissioners. TIRZ #1 board serves as an advisory board; any projects or changes in the entity will have to be approved by the city's commission to be executed. TIRZ#1 has no active employees, so all administrative documentation is done by the city's staff and approved by city management.

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 1, 2051, or 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; payments and disbursements need to be approved by the 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. The entity, just like TIRZ # 1, has a total of four (4) members, of which three (3) of them are part of the city's board commissioners. The board is only an advisory board. Any changes on the entity will need to be approved by the city commission, and all documentation is prepared by city staff and approved by the city manager.

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 1, 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 the 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 subscribes to the accounting policies and procedures of the primary government.

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 broader 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 primary government board members can also appoint and remove individuals from the component unit board. Primary government management is responsible for overseeing and approving financial operations and decisions concerning the organization. Separate financial statements issued by the PEDC can be obtained by request at the following address: PEDC- 1215 South Cage Blvd. Pharr, TX 78577.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Financial Reporting Entity- (continued)

The Greater Pharr Chamber of Commerce is a nonprofit corporation created on April 16, 2018, to create an environment in which Pharr businesses can succeed and thrive and promote economic development by creating and promoting community events to increase tourism in tourism the City of Pharr. The primary government board members can also appoint and remove individuals from the component unit board. Primary government management is responsible for overseeing and approving financial operations and decisions concerning the organization. Separate financial statements issued by the Chamber of Commerce can be obtained by request at 1215 South Cage Blvd, Pharr, Texas 78577.

Pharr Housing Finance Corporation- On November 2015, the entity was created to carry out the purposes of the Texas Housing Finance Corporations Act, Chapter 394, Texas Local Government Code, which is to provide financially residential ownership and development to 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 conterminously 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 the same fiscal year as the City of Pharr.

PHFC Jackson Place Apartments-On November 2015, the entity was created to hold liability to construct an apartment complex located in the Pharr area to meet the purpose of the Texas Housing Finance Corporation Act mentioned above. The City Manager is the designated official to act as the corporation's Executive Director. PHFC Jackson Place Apartments is considered a Discrete Component Unit based on the criteria established by GASB Statement No. 61. The city serves as collateral for the construction loan Jackson place apartments have.

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 a 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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Government-Wide and Fund Financial Statements

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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.

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 position 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.
- *Pharr EMS* – accounts for the operations of the emergency medical service provided by the city.
- *Event Center*-accounts for an 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 and health insurance. 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 is 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

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 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 inter-fund 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 or donated works of art are valued at their acquisition value on the donated date. 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 consists 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

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 are 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

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, 2021.
>
> 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 positions 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 having 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 is 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, 2021, the City of Pharr Commissioners approved four (4) Budget Amendments with a net effect of $2,073,600 in expenditures over revenues which was available in bank account.

B. Excess of General Fund Expenditures over Appropriations

In FY 20-21, expenses in certain general fund departments exceeded their budgeted amount. These expenditures over budget are mainly due to two major unexpected events, one been the winter storm that hit the region during February 2021 and the other one been a mayor repair in our public safety communication building, and two incentives payments cover by the excess of sales taxes. The departments and excess of expenditures are listed below.

Department	Amount
Sanitation	$ 22,350
Brush	101,596
Non-depatmental	103,830
Economic Development	276,801
Library	12,019
Public Safety Communications	145,379
	$ 661,975

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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. Last fiscal year PEDC and Chamber were reported as blended component unit, for FY 20-21 both entities change to discretely component unit to comply with GABS 61. PPA of component units and other are listed below.

Purpose of Prior Period Adjustment	Amount	Total
Governmental Funds:		
General Fund:		
To correct prior year receivables	$ 156,163	
To correct prior year receivables	(63,898)	
To correct accruals	(14,872)	
To correct TIRZ#2 contribution	397,795	
To correct TIRZ#1 contribution	(121,138)	
To correct cash in budget savings	(187,698)	
		$ 166,353
General CIP:		
To correct prior-year unearned revenue	(2,210,918)	
		(2,210,918)
PEDC:		
To adjust PEDC 2020 ending balance	(9,641,006)	
		(9,641,006)
Other:		
To adjust prior receivables	(46,729)	
To adjust Chamber 2020 ending balance	(121,335)	
To correct TIRZ#2 contribution	(397,795)	
To correct TIRZ#1 contribution	121,138	
Total Governmental Fund Adjustment		(444,721)
		(12,130,293)

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

F. Prior Period Adjustment

Government-Wide Adjustments		
To adjust PEDC long-Term Debt	4,487,148	
To adjust Prior Long-Term Debt	(363,658)	
To adjust Prior Year capital assets	(300,882)	
To adjust Chamber and PEDC capital assets	(6,378,416)	
To adjust Prior City Garage adjustment	(21,916)	
To adjust PEDC Accrued interest	(18,016)	
To adjust PEDC compesated absenses	106,540	
To adjust PEDC notes receivable	(923,365)	
To adjust PEDC contingency	600,000	
		(2,812,565)
Total Prior Period Adjustment		$ (14,942,858)

During FY 20-21 event center closed their doors and EMS took all event center's capital assets, the PPA to adjust the transfer and correct other items are reflected in the table below.

Purpose of Prior Period Adjustment	Amount	Total
Proprietary Funds:		
Enterprise Fund: Utility Fund:		
To correct accounts receivable	$ (2,480,421)	
To correct fixed assets	(1,412,457)	
To adjust prior year Payables	98,114	
		$ (3,794,764)
Enterprise Fund: EMS Fund		
To adjust fixed assets	3,578,132	
		3,578,132
Enterprise Fund: Event Center Fund:		
To adjust fixed assets	(3,202,640)	
		(3,202,640)
Enterprise Fund: Bridge Fund		
To adjust prior year CIP's	(563,996)	
		(563,996)
Enterprise Fund:Golf Fund		
To adjust prior year lease payable	(5,267)	
		(5,267)
Total Proprietary Fund Adjustment		$ (3,988,535)

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS

A. Deposits and Investments

1. Deposits

The 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, 2021, the carrying amount of all the City's bank deposits was $142,797,583. The city has two depository accounts: Lone Star National Bank (LSNB) and Texas Regional Bank.

LSNB Depository Account-City of Pharr	Balance September 30, 2021
Insured	$ 250,000
Security collateral issued by pledging bank's trust - Lonestar National bank	107,367,921
Security collateral issued by pledging bank's trust - Texas Regional Bank	37,701,663
(over-collateralized)/under-collateralized	(2,522,001)
Total Deposits	$ 142,797,583

Also, as of September 30, 2021, the carrying amount of the city's discretely presented component unit was $4,293,599. The units use Lone Star National bank as a depository bank

LSNB Depository Account- Componet units.	Balance September 30, 2021
Insured	$ 250,000
Security collateral issued by pledging bank's trust department in the City's name	5,012,863
(over-collateralized)/under-collateralized	(969,264)
Total Deposits	$ 4,293,599

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, 2021, the City's bank balance was not exposed to custodial credit risk and was over-insured and over-collateralized.

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS

A. Deposits and Investments

1. Deposits

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

a. Depository: **LSNB and Texas Regional Bank**
b. The market value of securities pledged as of the date of the highest combined balance on deposit was **$142,797,583.**
c. The highest combined balances of cash accounts amounted to **$122,352,912** and occurred during **July 2021.**
d. The total amount of FDIC coverage at the time of the largest combined balance was $250,000 during September 2021.

Restricted cash is defined as the cash balances restricted by the funder for a specific purpose. Total restricted cash at the end of September 30, 2021, amounted to $101,235,473 with **$7,036,894 that is classified as cash with fiscal agent**, which was covered by collateral held in the fiscal agents' trust departments, but not in the city's name. the rest of $94,198,579 are bond proceeds under 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. Bank corp. 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 the 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.

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.

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS

2. Investments

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.

The City of Pharr Investment activity as of September 30, 2021, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Market Value
Texpool Investments	$ 143,298	$ 2,000,314	$ -	$ 2,143,612	$ 2,143,612
Texpool Investments	-	5,000,329	-	5,000,329	5,000,329
LSNB-CD	300,000	9,437	-	309,437	309,437
LSNB-CD	300,000	-	-	300,000	300,000
Total	$ 743,298	$ 7,010,080	$ -	$ 7,753,378	$ 7,453,378

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.

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS

B. Receivables

Receivables for the City on September 30, 2021, were as follows:

	Governmental Activities			Business-Type Activities					
	General	Other	Total	Utility	Event Center	EMS	Bridge	Golf	Total
Property taxes	$ 2,306,402	$ 899,467	$ 3,205,869	$ -	$ -	$ -	$ -	$ -	$ -
Warrants	14,192,094	-	14,192,094	-	-	-	-	-	-
Sales Tax	3,442,533	-	3,442,533	-	-	-	-	-	-
Notes	-	55,889	55,889	-	-	-	-	-	-
Accounts	1,218,079	119,651	1,337,730	4,109,722	-	1,023,573	31,365	18,446	5,183,106
Intergovernmental	-	11,552,749	11,552,749	-	-	-	-	-	-
Covid Grant	-	-	-	-	-	-	-	-	-
PEDC	200,000		200,000						
Jackson Place Apts	4,959,245	-	4,959,245	-	-	-	-	-	-
Other	524,156	372,047	896,203	-	150,360	-	-	-	150,360
Gross receivables	26,842,507	12,999,803	39,842,310	4,109,722	150,360	1,023,573	31,365	18,446	5,333,466
Less; allowance for uncollectible	(11,586,584)	(69,850)	(11,656,434)	(923,479)	-	-	-	-	(923,479)
Net total receivable	**$ 15,255,923**	**$ 12,929,953**	**$ 28,185,876**	**$3,186,242**	**$ 150,360**	**$ 1,023,573**	**$ 31,365**	**$ 18,446**	**$ 4,409,986**

B-1. Notes Receivable

In the Notes Receivables for the Pharr Economic Development Corporation the loans for Pharr Bridge investment and Big River brewery were paid off during this fiscal year, as for Stormy color and Moonbeans loans were written off as a bad debt expense. As September 30, 2021, the balances were as follows:

Note	Outstanding Balance As of 10/1/2020	Increases	Decreases	Outstanding Balance As of 9/30/2021
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.	$ 14,948	$ -	$ 155	$ 14,793
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	-
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	76,404	-	76,404	-
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.	27,725	-	7,474	20,251
Trancasa, 02/15/18, for the amount of $600,000 at an interest rate of 6.00% with maturity on March 15, 2026.	480,573	200,000	110,982	569,591
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.	190,826	-	190,826	-
Totals	$ 923,365	$ 200,000	$ 518,730	$ 604,635

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS

C. Payables

Payables for the City on September 30, 2021, were as follows:

	Governmental Activities	Business-Type Activities						
	Governmental	Utility	EMS	Event Center	Bridge	Golf	Business-Type Total	Total
Vendors	$ 6,492,980	$ 378,045	$ 254,304	$ -	$ 533,924	$ 84,110	$ 1,250,383	$ 7,743,363
Salaries & benefits	1,538,242	-	-	-	-	-	-	1,538,242
Retainage fees	1,439,333	-	-	-	-	-	-	1,439,333
Accrued interest	155,225	86,493	-	-	101,434	-	187,927	343,152
Customer deposit payable	-	577,598	-	-	-	-	577,598	577,598
Total payables	**$ 9,625,780**	**$ 1,042,135**	**$ 254,304**	**$ -**	**$ 635,358**	**$ 84,110**	**$ 2,015,908**	**$ 11,641,688**

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, 2021
Water & Sewer	$ 169,283
Police	156,560
Media	51,620
Fire	98,220
Library	66,951
Public Works	217,144
Court	309,383
Subdivision and Improvements	1,412,471
Public Safety communications	56,893
Other administration	123,043
	$ 2,661,568

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS

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 position/balance sheets for governmental and enterprise funds. The interfund balances are operational and short-term in nature. Interfund balances on September 30, 2021, consisted of the following:

General Fund		PURPOSE
DUE FROM:		
Governmental Funds:		
CDBG	$ 62,677	To advance funds for expenditures
Grant Fund	247,424	To advance funds for expenditures
City Garage	28,317	To advance funds for expenditures
Utility	517,248	To advance funds for expenditures
EMS	1,573,539	To advance funds for payroll expenditures
Event Center	17,615	To advance funds for payroll and operating expenditures
Bridge	170,729	To advance funds for payroll expenditures
Golf	99,089	To advance funds for payroll expenditures
General Fund	**$ 2,716,638**	
General Fund	$ 61,703	To advance funds for expenditures
Seized Assets	**$ 61,703**	
Grand Total	$ 2,778,342	

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS

F. Capital Assets

Capital asset activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Primary Government					
Governmental Activities:					
Capital assets, not being depreciated:					
Land and right of way	$ 14,818,552	$ -	-	$ -	$ 14,818,552
Construction in Progress	22,234,539	18,167,988	-	(144,444)	40,258,084
Total capital assets, not being depreciated	37,053,092	18,167,988	-	(144,444)	55,076,636
Capital assets, being depreciated:					
Buildings	43,440,091	-	-	-	43,440,051
Machinery and equipment	32,102,641	1,646,463	-	(786)	33,748,318
Improvements other than buildings	50,624,822	11,932,354	-	-	62,557,175
Infrastructure	89,248,802	1,300,194	-	(11,400)	90,537,596
Total capital assets, being depreciated	215,416,356	14,879,011	-	(12,186)	230,283,140
Less accumulated depreciation for:					
Buildings	15,171,835	936,382	-	36,123	16,144,339
Machinery and equipment	23,869,320	2,016,652	-	-	25,885,972
Improvements other than buildings	5,481,430	2,542,178	-	108,129	8,131,737
Infrastructure	60,195,132	1,682,523	-	-	61,877,655
Total accumulated depreciation	104,717,717	7,177,735	-	144,252	112,039,704
Total capital assets, being depreciated, net	110,698,640	7,701,275	-	156,438	118,243,436
Governmental activities capital assets, net	$ 147,751,732	$ 25,869,263	$ -	$ (300,882)	$ 173,320,075

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS

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	6,897,338	-	-		6,897,338
Construction in Progress	10,111,075	8,622,711	5,721,760	(496,347)	12,515,679
Total capital assets, not being depreciated	20,458,413	8,622,711	5,721,760	(496,347)	22,863,017
Capital assets, being depreciated:					
Buildings	32,502,500	2,246,102	-	-	34,748,599
Machinery and equipment	19,905,892	5,687,690	-	-	25,593,582
Improvements other than buildings	11,901,796	3,412,953	-	-	15,314,449
Infrastructure	154,918,942	2,399,993	-	5	157,319,779
Total capital assets, being depreciated	219,229,130	13,746,738	-	5	232,976,408
Less accumulated depreciation for:					
Buildings	19,030,467	726,596	-	-	19,757,063
Machinery and equipment	14,866,234	1,047,557	-	4,224,687	20,137,975
Improvements other than buildings	3,853,541	852,282	-	-	4,705,823
Infrastructure	52,015,064	4,707,599	-	(15,809)	56,706,854
Total accumulated depreciation	89,765,306	7,334,033	-	4,208,878	101,307,714
Total capital assets, being depreciated, net	129,463,824	6,412,705	-	(4,208,375)	131,668,695
Business-Type activities capital assets, net	149,922,237	15,035,415	5,721,760	(4,704,722)	154,531,712
Total Primary Government	$ 297,673,969	$ 40,904,679	$ 5,721,760	$ (5,005,604)	$ 327,851,787

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS

F. Capital Assets

Component Unit- Discretely PEDC					
Capital assets, not being depreciated:					
Land and right of way	$ 4,858,106	$ -	$ -	$ -	$ 4,858,106
Construction in Progress	-	3,237,346	-	-	3,237,346
Total capital assets, not being depreciated	4,858,106	3,237,346	-	-	8,095,452
Capital assets, being depreciated:					
Buildings	747,170	-	-	-	747,170
Improvement other than buildings	1,640,656	-	-	-	1,640,656
Machinery and equipment	144,340	49,345	-	-	193,685
Total capital assets, being depreciated	2,532,166	49,345	-	-	2,581,511
Less Accumulated Depreciation					
Buildings	462,024	28,089	-	-	490,113
Improvement other than buildings	467,180	96,468	-	-	563,648
Machinery and equipment	113,123	8,031	-	-	121,154
Total Accumulated Depreciation	1,042,327	132,587	-	-	1,174,914
Total Capital assets, being depreciated, net	1,489,839	(83,242)	-	-	1,406,597
Component Unit - Discretely Chamber					
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	7,170	-	-	12,547
Total Accumulated Depreciation	5,377	7,170	-	-	12,547
Total Capital assets, being depreciated, net	30,471	(7,170)	-	-	23,301

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS

F. Capital Assets

Component Unit-Discretely PHFC					
PHFC Capital assets, not being depreciated:					
Land and right of way	1,500,000	-	-	-	1,500,000
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	1,766,837	1,177,891	-	-	2,944,728
Improvement other than buildings	-	-	-	-	-
Machinery and equipment	69,001	31,030	-	-	100,031
Total Accumulated Depreciation	1,835,838	1,208,921	-	-	3,044,759
Total Capital assets, being depreciated, net	24,820,403	(1,208,921)	-	-	23,611,482
Component Unit-Blended capital assets, net	32,668,348	1,279,247	-	-	34,636,832
City-Wide capital assets, net	$ 330,342,317	$ 42,183,926	$ 5,721,760	$ (5,005,604)	$ 362,488,618

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS

G. Long-Term Obligations

The following schedule summarizes the changes in long-term debt during the year ended September 30, 2021:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities					
Refunding Bonds Payable	$ 1,430,000	$ -	$1,430,000	$ -	$ -
Certificates of Obligation	68,975,000	-	1,890,000	67,085,000	2,940,000
Uamortized Premium/(Discount)	4,389,403	-	383,467	4,005,936	-
Capital Leases	6,358,366	1,788,000	1,983,984	6,162,382	1,543,835
CDBG Section 108 Note Payable	3,245,000	-	$295,000	2,950,000	295,000
LSNB Tax Notes	4,683,166	-	$1,025,667	3,657,499	1,071,504
Other Post Employment Benefits	1,384,039	297,596	-	1,681,635	-
Accrued Compensated Absences	5,466,932	3,029,438	2,759,315	5,737,055	1,434,264
Net Pension Liability-GASB 68	6,683,755	-	1,027,951	5,655,804	-
Total Governmental Activities	$ 102,653,527	$ 5,128,778	$ 13,554,699	$ 96,972,710	$ 7,293,952
Deferred Outflow/Inflow of Resources					
Unamortized Gain/(loss) on Refunding	$ (48,780)	$ -	$ (48,780)	$ -	$ -
	$ (48,780)	$ -	$ (48,780)	$ -	$ -
Business-Type					
Revenue Bonds Payable	$ 51,603,000	$ 40,582,000	$ 2,186,000	$ 89,999,000	$ 3,673,000
Refunding Revenue Bonds Payable	14,010,000	-	2,145,000	11,865,000	2,240,000
Uamortized Premium/(Discount)	2,446,660	-	430,521	2,016,139	-
Uamortized Premium/(Discount)	-	8,030,495	-	8,030,495	-
Capital Leases	3,911,038	-	1,189,447	2,721,591	959,934
Accrued Compensated Absences	777,479	929,032	883,266	823,245	204,658
Total Business-Type Activities	$ 72,748,177	$ 49,541,527	$ 6,834,234	$ 115,455,472	$ 7,077,593

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS

G. Long-Term Obligations

Long-term bonded and revenue supported obligations outstanding on September 30, 2021, 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	$ -
								Subtotal-Refunding Bonds			-
	$ 7,625,000	2012	Certificate of Obligation	CO	Annual	$ 295,000	$ 535,000	0.60%	4.98%	8/15/2032	$ 3,735,000
	$ 14,290,000	2016	Certificate of Obligation	CO	Annual	$ 190,000	$ 1,035,000	1.13%	3.60%	2/15/2036	13,505,000
	$ 17,240,000	2017	Certificate of Obligation	CO	Annual	$ 355,000	$ 2,640,000	1.45%	2.79%	8/15/2031	13,530,000
	$ 16,440,000	2018	Certificate of Obligation	CO	Annual	$ 70,000	$ 1,440,000	2.08%	3.52%	8/15/2038	14,830,000
	$ 25,000,000	2020	Certificate of Obligation	CO	Annual	$ 890,000	$ 2,625,000	3.00%	3.00%	8/15/2039	21,485,000
								Subtotal-Certificate of Obligation			67,085,000
	$ 7,300,000	2017	Tax Notes	TN	Monthly	$ 941,000	$ 1,167,000	4.25%	4.25%	12/1/2024	$ 3,657,499
								Subtotal-Tax Notes			3,657,499
	$ 5,600,000	2017	HUD Section 108 Loan	HUD 108	Annual	$ 294,000	$ 295,000	1.28%	1.73%	8/15/2031	$ 2,950,000
								Subtotal-Section 108 Laon			2,950,000
								Governmental Total			$ 73,692,499
								Governmental Total			$ 73,692,499
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	$ 6,010,000
	$ 10,000,000	2007B	Revenue Bonds-NADBANK	WW & SS	Annual	$ 385,000	$ 685,000	3.75%	3.75%	9/1/2027	3,770,000
	$ 8,725,000	2013	Revenue Bonds-DWSFR	WW & SS	Annual	$ 255,000	$ 400,000	0.00%	2.71%	91/1/2042	6,685,000
	$ 1,762,000	2015	Revenue Bonds-DWSFR	WW & SS	Annual	$ 72,000	$ 117,000	0.59%	4.10%	9/1/2035	1,322,000
	$ 18,150,000	2020A	Revenue Bonds-CWSFR	WW & SS	Annual	$ 115,000	$ 780,000	0.03%	0.22%	9/1/2049	17,950,000
	$ 13,880,000	2020B	Revenue Bonds-CWSFR	WW & SS	Annual	$ 115,000	$ 590,000	0.04%	0.32%	9/1/2049	13,680,000
	$ 37,425,000	2021	Revenue Bonds - CT&IBR	CT & IBR	Annual	$ 1,395,000	$ 2,850,000	3.00%	5.00%	8/15/2041	37,425,000
	$ 3,157,000	2021	Renenue Bonds - CT&WR	WW & SS	Annual	$ 105,000	$ 106,000	0.00%	0.00%	8/15/2051	3,157,000
								Subtotal-Revenue Bonds			$ 89,999,000
	$ 9,755,000	2005A	Refunding Bonds	CT & IBR	Annual	$ 510,000	$ 740,000	3.63%	4.50%	8/15/2022	$ 705,000
	$ 18,000,000	2017	Refunding Bonds	WW & SS	Annual	$ 1,220,000	$ 2,160,000	3.29%	3.62%	8/15/2028	11,160,000
								Subtotal-Refunding Bonds			$ 11,865,000
								Business-Type Total			$ 101,864,000

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS

G. Long-Term Obligations

1. Bonds Payable

Debt service requirements of bonds payable on September 30, 2021, are as follows:

Year Ended	Governmental Activities			Business-Type Activities		
September 30,	Principal	Interest	Total	Principal	Interest	Total
2022	$ 2,940,000	$ 2,787,465	$ 5,727,465	$ 3,813,000	$ 2,722,206	$ 6,535,206
2023	4,338,660	2,553,626	6,892,286	3,925,000	2,509,676	6,434,676
2024	4,782,593	2,444,210	7,226,803	5,451,000	2,374,662	7,825,662
2025	3,445,500	2,314,516	5,760,016	5,658,000	2,168,026	7,826,026
2026	3,575,000	2,180,329	5,755,329	5,876,000	1,951,842	7,827,842
2027-2032	21,108,247	9,853,650	30,961,897	28,933,000	8,126,396	37,059,396
2033-2049	26,895,000	3,970,750	30,865,750	48,208,000	7,081,230	55,289,230
	$ 67,085,000	$ 22,133,795	$ 62,323,796	$ 101,864,000	$ 19,852,808	$ 73,508,808

2. Tax Notes Payable

Year Ended	Governmental Activities		
September 30,	Principal	Interest	Total
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	299,568	2,150	301,718
	$ 3,657,499	$ 268,567	$ 3,990,970

3. Notes Payable

Year Ended	Governmental Activities		
September 30,	Principal	Interest	Total
2022	$ 295,000	$ 91,627	$ 386,627
2023	295,000	83,662	378,662
2024	295,000	75,078	370,078
2025-2030	2,065,000	271,429	2,336,429
	$ 2,950,000	$ 521,796	$ 3,471,796

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS

G. Long-Term Obligations

4. Capital Leases Payable

Capital leases payable on September 30, 2021, 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.	$ 48,556	$ -	$ 48,556
$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	1,463,784	-	1,463,784
$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	79,189	-	79,189
$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	517,455	-	517,455
$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	94,745	185,231	279,976
$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.	115,537	9,520	125,057
$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.	212,463	1,192,850	1,405,313
$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.	539,885	85,073	624,957
$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.	-	83,384	83,384
$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	53,070	-	53,070
$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.	93,028	5,582	98,610

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS

G. Long-Term Obligations

4. Capital Leases Payable

Capital Leases	Governmental	Business-Type	Total
$138,000 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.	77,240	9,419	86,659
$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.	1,279,062	1,150,531	2,429,593
$1,788,000 lease payable. Due in quartely intallments of $70,435 including interest, throught November 23, 2030; interest 1.385% All funds used to purchase general fund equipment	1,588,367	-	1,588,367
	$ 6,162,381	$ 2,721,591	$ 8,883,972

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, 2021, are as follows:

Year Ended	Governmental Activities			Business-Type Activities		
September 30,	Principal	Interest	Total	Principal	Interest	Total
2022	$ 2,048,114	$ 140,119	$ 2,188,233	$ 1,294,015	$ 43,092	$ 1,337,107
2023	956,083	101,899	1,057,982	779,083	35,722	814,805
2024	997,446	72,914	1,070,360	480,844	24,101	
2025	872,075	53,170	1,050,616	109,365	6,894	116,259
2026	760,508	14,839	886,913	58,284	2,512	60,796
2027-2030	528,156	19,156	779,664	-	-	--
	$ 6,162,381	$ 402,097	$ 7,033,768	$ 2,721,591	$ 112,321	$ 2,328,967

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS

G. Long-Term Obligations

5. Notes Payable

Long-term notes payable outstanding on September 30, 2021, 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	$ 2,950,000
							Subtotal-City of Pharr Governmental		$ 2,950,000

Debt service requirements of notes payable on September 30, 2021, are as follows:

Year Ended September 30,	Governmental Activities Principal	Interest	Total
2022	$ 295,000	$ 91,627	$ 386,627
2023	295,000	83,662	378,662
2024	295,000	75,078	370,078
2025-2030	2,065,000	271,429	2,336,429
	$ 2,950,000	$ 521,796	$ 3,471,796

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS

G. Long-Term Obligations

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, 2021, 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, 2021, the owning fund of the liability is as follows:

Owning Fund of Liability	Amount
General	$ 5,736,357
Community Development	699
Garage	37,399
Utility	473,672
EMS	79,022
Bridge	222,835
Golf	47,714
	$ 6,597,698

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, 2021, there was no liability of arbitrage that would have been owed to the federal government.

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS

H. Interfund Transfers

The City reports interfund transfers between many of its funds. Interfund transfers for the year ended September 30, 2021, consisted of the following:

		TRANSFER FROM Governmental Funds							
		General	Parkland	Hotel/ Motel	Covid Relief	CIP	Paving & Drainage	CDBG	Total Governmental
TRANSFER TO	General	$ -	$ 217,753	$ 60,000	$ -	$ -	$ -	$ -	$ 277,753
	Capital Projects	2,777,428	-	380,700	-	-	1,066,300	-	4,224,428
	Debt Service	326,100	-	-	-	-	-	-	326,100
	Total governmental	3,103,528	217,753	440,700	-	-	1,066,300	-	4,828,281
	Utility	69,200	-	-	-	-	-	-	69,200
	Garage	36,892	-	-	-	-	-	-	36,892
	Event Center	252,700	-	-	-	-	-	-	252,700
	Health insurance	140,878	-	-	-	-	-	-	140,878
	EMS	-	-	-	3,332,760	-	-	-	3,332,760
	Bridge	20,300	-	-	-	-	-		20,300
	Golf	371,012	-	-	-	-	-	-	371,012
	Total enterprise	890,982	-	-	3,332,760	-	-	-	4,223,742
	Total	$ 3,994,510	$ 217,753	$ 440,700	$3,332,760	$ -	$ 1,066,300	$ -	$ 9,052,024

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 debt service is to cover for debt service payment of associated with Envirolite city-wide project.
- Transfer from General Fund to Capital Projects to cover for main unrestricted projects
- To cover for health insurance expense.
- Transfer to cover garage fund expenses.

Other:

- The transfer from Hotel Funds to General fund for city festivals.
- The transfer from Paving & Drainage to CIP is to cover for a portion of debt service payment for Tax Notes 2017.
- The transfer from Hotel fund to CIP is to cover for a portion of debt service payment for Tax Notes 2017.

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS

H. Interfund Transfers

TRANSFER TO	TRANSFER FORM Enterprise Funds					
	Utility	Utility CIP	Bridge	Bridge CIP	Total Enterprise	Grand Total
General	$ 701,200	$ -	$ 7,809,867	$ 1,920,000	$ 10,431,067	$ 10,708,820
Capital Projects	-	2,810,000	-	-	$ 2,810,000	7,034,428
Debt Service	-	-	1,377,200	-	1,377,200	1,703,300
Total governmental	701,200	2,810,000	9,187,067	1,920,000	14,618,267	19,446,548
Utility	-	-	-	-	-	69,200
Garage	-	-	-	-	-	-
Event Center	-	-	-	-	-	252,700
Health insurance	-	-	-	-	-	140,878
EMS	-	-	-	-	-	3,332,760
Bridge	-	-	-	-	-	20,300
Golf	-	-	-	-	-	371,012
Total enterprise	-		-	-	-	4,186,850
Total	$ 701,200	$ 2,810,000	$ 9,187,067	$ 1,920,000	$ 14,618,267	$ 23,633,397

Enterprise Funds:

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

Purpose	FY 20/21
GF Operations	$ 7,324,400
Golf Operations	485,467
Total	$ 7,809,867

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS

I. Restricted Assets

The balances of the restricted asset as of September 30, 2021, are as follows:

Governmental Funds		
Capital Outlay	$	1,699,254
Capital Improvement Projects		13,423,497
Grant Receivables		337,339
Grant Receivable - Covid		14,116,434
Total restricted assets-governmental funds		29,576,524
Business-Type Funds		
Capital Outlay		827,640
Capital financing-Utility		40,303,397
Debt reserves - Utility		4,379,932
Capital financing-Bridge		40,210,143
Grants Receivable - FY 15 DAP		1,546,858
Debt reserves-Bridge		391,611
Total restricted assets-business-type funds	$	87,659,580
Total restricted assets	$	117,236,104

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 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

1. Health Care Coverage

As of January 2018, the City transitioned from fully funded to self/partially funded. The 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

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 the one-year range 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 Annual Comprehensive Financial Report (ACFR) 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 statutes 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

C. Pension Plan

2. Benefits Provided

	Plan Year 2020	Plan Year 2021
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, 2020, valuation and measurement date, the following employees were covered by the terms of the benefits:

	2020
Membership*	
Number of	
Inactives Employees currently receiving benefits	246
Inactives Employees entitled but not yet receiving benefits	208
Active Employees	634
Total	1088
Covered Payroll	$ 31,013,497

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

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 were used on 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, 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 the 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 currently 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

4. Net Pension Liability

Changes in Net Pension Liability

On September 30, 2021, the City reported a liability of **$5,655,804.**
The Net Pension Liability is based on an actuarial valuation performed as of December 31, 2021, and a measurement date of December 31, 2020; 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

4. Net Pension Liability

Changes in Net Pension Liability

The change in the City's net pension liability for TMRS pension for the fiscal year ended September 30, 2021, is as follows:

A Total Pension Liability

1	Total Service Cost	$ 3,749,532
2	Interest on the Total Pension Liability	6,184,172
3	Current Period Benefit Changes	-
4	Difference between expected and actual experience	(80,063)
5	Changes of Assumptions	-
6	Benefit Payments, including refunds of employee contributions	(4,217,477)
7	Net change in total pension liability	5,636,164
8	Total pension liability-beginning	91,851,335
9	Total pension liability-ending	$ 97,487,499

B Plan fiduciary net position

1	Contributions-employer	$ 2,437,328
2	Contributions-employee	2,170,945
3	Net Investment income	6,454,440
4	Benefit payments, including refunds of employee contributions	(4,217,477)
5	Administrative Expense	(41,764)
6	Other	(1,629)
7	Net change in plan fiduciary net position	$ 6,801,843
8	Plan fiduciary net position-beginning	85,029,853
9	Plan fiduciary net position-ending	$ 91,831,696

C	Net Pension Liability (A9-B9)	$ 5,655,804
D	Plan fiduciary net position as a percentage of the total pension liability (B9/A9)	94.20%
E	Covered-employee Payroll	31,013,497
F	Net Pension liability as a percentage of covered employee payroll (C/E)	18.24%

IV. OTHER INFORMATION

4. Net Pension Liability

Sensitivity of the Net Position liability changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would 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%
$20,128,275	$5,655,804	$ (6,211,252)

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, 2021, the city recognized a pension expense of **$1,454,581.**

Schedule of Pension Expense

1	Total Service Cost	$ 3,749,532
2	Interest on the Total Pension Liability	6,184,172
3	Current Period Benefit Changes	-
4	Employee Contributions (reduction of Expenses)	(2,170,945)
5	Projected Earnings on Plan Investments (Reduction of Expense)	(5,739,515)
6	Administrative Expense	41,764
7	Other Changes in Fiduciary Net Position	1,629
8	Recognition of Current Year Outflow (Inflow) of Resources-Liabilities	(13,547)
9	Recognition of Current Year Outflow (Inflow) of Resources-Assets	(142,985)
10	Amortization of Prior Year Outflows (Inflows) of Resources-Liabilities	290,924
11	Amortization of Prior Year Outflows (Inflows) of Resources-Assets	(746,448)
12	Total Pension Expense	$ 1,454,581

IV. OTHER INFORMATION

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

On September 30, 2021, 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	5.91	$ (80,063)	$ (13,547)	$ (66,516)
Difference in assumption changes actuarial (gains) or losses	5.91	$ -	$ -	$ -
			$ (13,547)	$ (66,516)
Due to Assets:				
Difference in projected and actual earnings on pension plan investments actuarial (gains) or losses	5.00	$ (714,925)	$ (142,985)	$ (571,940)
			$ (142,985)	$ (571,940)
Total:				$ (638,456)

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
2021	$ (851,748)
2022	(90,422)
2023	(1,527,431)
2024	(236,070)
2025	(32,250)
Thereafter	-
Total	$ (2,737,921)

IV. OTHER INFORMATION

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 post-employment 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.

The city's SDBF is considered a single-employer unfunded OPEB plan with benefit payments treated as being equal to the employee's contribution for retirees.

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)
2021	0.18%	0.10%
2020	0.13%	0.03%
2019	0.13%	0.03%
2018	0.13%	0.03%

IV. OTHER INFORMATION

3. OPEB Liability

The Other Post-Employment Benefits (OPEB) was measured as of December 31, 2020, 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 on December 31, 2020, 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, 2020

The change in the City's OPEB for City of Pharr for the fiscal year ended September 30, 2021, is as follows:

	2020
Membership*	
Number of	
Inactives Employees currently receiving benefits	195
Inactives Employees entitled but not yet receiving benefits	48
Active Employees	634
Total	877
Covered Payroll	$ 31,013,497
Changes in the Total OPEB Liability	
Total OPEB Liability - Beginning of year	1,384,039
Changes for the Year	
Service Cost	80,635
Interest on Total OPEB Liability	39,042
Changes of Benefits terms	-
Difference between expected and actual experience	(43,780)
Changes in assumptions or other imputs	231,003
Benefit Payments**	(9,304)
Net Changes	297,596
Total OPEB Laibility-end of Year	$ 1,681,635
Total OPEB Liability as a percentage of Covered Payroll	5.42%

IV. OTHER INFORMATION

Sensitivity of the Net Position liability changes in the discount rate

	1% Decrease 1.00%	Current Discount Rate 2.00%	1% Increase 3.00%
Total OPEB liability	$2,065,759	$1,681,635	$1,383,208

4. OPEB Expense

For the year ended September 30, 2021, the city recognized OPEB expense of **$167,669.**

Service cost	$ 80,635
Interest on total OPEB liability	39,042
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	(16,243)
Changes in assumption or other inputs*	64,235
Total OPEB expense	$ 167,669

* 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, 2021, the city reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred (Inflows) of Resources	Deferred Outflows of Resources
Diferrences between expected and actual experience	$ (90,931.00)	$ -
Changes in assumptions and other inputs	-	367,659.00
Contributions made subsequent to measurement date		147,145.00
Total (excluding contributions made subsequent to measurement date)	$ (90,931.00)	$ 514,804.00

IV. OTHER INFORMATION

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

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, 2021.

3. Construction Commitments

The city has entered various significant construction commitments that are currently underway. As of September 30, 2021, they are as follows:

IV. OTHER INFORMATION

E. Commitments

3. Construction Commitments

Governmental:					
	Balance 10/1/2020	Additions	Completions	Adjustments	Balance 9/30/2021
ADMINISTRATION					
City Hall Renovations	877,947	2,531,204	3,390,348	(18,802)	-
UTRGV Nursing School	-	669,246	-	-	669,246
Total Administration	877,947	3,200,450	3,390,348	(18,802)	669,246
PARKS					
Jones Box - Splash Pad	-	200,980	-		200,980
Jones Box Park	1,002,246	95,512	1,097,758		-
New Nature Park	-	6,350	-		6,350
North Side Aquatic Facility	13,992,948	13,008,305			27,001,253
Total Parks	14,995,194	13,311,147	1,097,758	-	27,208,583
STREETS					
North Cana	46,788	-	-	-	46,788
Veterans Hike & Bike	-	955,530	-	-	955,530
Various Parking Improvements	-	503,943	-	-	503,943
Ditch Widening	559,152	2,555,374	3,065,524	(49,002)	-
Anaya Road	329,887	-	-	-	329,887
Hi-Line	959,409	160,539	1,153,776	33,828	-
Owassa Road	3,255,593	-	-	-	3,255,593
Bike Path Stripping	294,413	-	294,413	-	-
PSJA Tri-City Pedestrian	398,068	220,888	508,488	(110,468)	-
Railroad Crossing Replanking	230,817	45,896	-	-	276,713
Total Streets	6,074,127	4,442,170	5,022,201	(125,642)	5,368,454
LIBRARY					
North Side Facility	287,271	6,724,530	-		7,011,801
Total Streets	287,271	6,724,530	-		7,011,801
Total Governmental	$ 21,069,321	$ 17,753,317	$ 6,119,959	$ (125,642)	$ 40,258,084
Business-Type:					
	Balance 10/1/2020	Additions	Completions		Balance 9/30/2021
UTILITY					
Hike & Bike Reallocation	$ 259,643	$ 25,264	$ 284,907	$ -	$ -
Relocation W & SW	425,085	-	425,085.00	-	-
Moore Road Sewer Improvements	1,072,677	-	1,072,677.00	-	-
Oxidation ditches	492,251	-	492,251.00		-
South Detention Pound	-	466,912	-	-	466,912
Waterline 16"	502,966	-	502,966.00	-	-
Lift Station Elimination	311,950	177,185	-	-	489,135
SOUTH REGION INTERCEPTOR	194,000	269,250	-		463,250
WEST RIDGE WATER IMPROVEMENTS	301,522	-	301,522.00	-	-
WATER TRANS MAINS-CONSTRUCTION	396,250	-	396,250.00	-	-
Raw Water Reservoir	9,545	204,647		-	214,192
Total Utility	3,965,889	1,143,258	3,475,658	-	1,633,489
BRIDGE					
Bridge Expansion	1,168,949	$ 2,225,221	-	-	3,394,170
Bridge Office Expansion	1,461,640	784,462	2,246,102	-	-
FY 15 DAP	1,048,401	4,351,702	-	98,170	5,498,273
FY 16 DAP	2,466,196	118,068	-	(594,595)	1,989,667
Total Bridge	$ 6,145,186	$ 7,479,453	$ 2,246,102	$ (496,425)	$ 10,882,110
Total Business-Type:	$ 10,111,075	$ 8,622,711	$ 5,721,760	$ (496,425)	$ 12,515,679
Grand Total	$ 31,180,396	$ 26,376,027	$ 11,841,719	$ (622,067)	$ 52,773,763

IV. OTHER INFORMATION

E. Commitments

4. Economic Development Commitments

The PEDC, TIRZ, and the city have the following outstanding commitments as of September 30, 2021
:

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.

The summary land transactions are stated on the following table:

Project/Land	NRV Recorded 9.30.2020	Added/ (Removed)	Adjustment	Gain/(Loss) on Appraised Value	NRV Recorded 9.30.2021
Jackson Development Project	$ 1,240,000	$ -	$ -	$ -	$ 1,240,000
Produce Park	420,012	-	-	-	420,012
Water Resvoir Commercial Portion	750,000		-	-	750,000
Total	$ 2,410,012	$ -	$ -	$ -	$ 2,410,012

G. Related Party

None

IV. OTHER INFORMATION

H. New Accounting Principles

In fiscal year 2021, GASB Issued Statement No 95, it summarized as follows:

Statement 95, the objective of this statement is to provide temporary relief due to COVID19. This statement will postpone effective dates of certain Statements and Implementation Guides that became effective for periods beginning after June 2018, and later.

The following pronouncements were also issued by GASB but not applicable to City of Pharr as of September 30, 2021.

- GASB Statement No. 92, Omnibus 2020
- GASB Statement No. 93, Replacement of interbank offered rates.
- GASB Statement No. 94, Public-Private and public-Public Partnership and availability payment arrangements
- GASB Statement No. 96, Subscription-Based information technology arrangements.
- GASB Statement No. 97, Certain Component unit Criteria, and accounting and financial reporting for internal revenue code section 457 deferred compensation plans.

J. Subsequent Events

To report subsequent events, management has considered events occurring through (Date) 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 on February 28th, 2022, with a net effect in the General Fund of $564,000 to cover for Christmas Bonus and salaries increases.

- In December 2021, the City of Pharr awarded US Bank Corp for the leasing of $4.1 million in capital outlay for fiscal year 21-22.

- In October 2021, the city issued 23.7 million in bonds for the bridge expansion project.

- The launching of pharr.net, the new internet service that will bring a better quality of life to Pharr citizens.

REQUIRED SUPPLEMENTARY INFORMATION

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

A. Total Pension Liability	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
1 Total Sevice Cost	$ 3,749,532	$ 3,734,670	$ 3,533,893	$ 3,320,128	$ 3,146,078	$ 2,746,650	$ 2,377,944
2 Interest on the Total Pension Liability	6,184,172	5,838,306	5,493,822	5,161,419	4,880,163	4,587,828	4,321,502
3 Current Period Benefit Charges	-	-	-	-	-	-	-
4 Difference between expected and actual experience	(80,063)	(204,752)	(231,976)	677,911	(278,776)	435,455	(63,247)
5 Changes in Assumptions	-	(213,606)	-	-	-	2,330,292	-
6 Benefits Payments, including refunds of employeement contributions	(4,217,477)	(3,858,744)	(3,726,672)	(3,736,864)	(3,598,628)	(3,484,627)	(2,547,161)
7 Net change in total liability	$ 5,636,164	$ 5,295,874	$ 5,069,067	$ 5,422,594	$ 4,148,837	$ 6,615,598	$ 4,089,038
8 Total pension liability - beginning	91,851,335	86,555,461	81,486,304	76,673,830	72,524,993	65,909,395	61,820,357
9 Total pension liability - ending	**$ 97,487,499**	**$ 91,851,335**	**$ 86,555,371**	**$ 82,096,424**	**$ 76,673,830**	**$ 72,524,993**	**$ 65,909,395**
B. Plan fiduciary net position							
1 Contributions - employer	$ 2,437,328	$ 2,442,368	$ 2,312,486	$ 2,174,506	$ 1,683,200	$ 1,649,708	$ 1,570,743
2 Contributions - employee	2,170,945	2,167,600	2,021,401	1,903,877	1,800,699	1,702,972	1,578,431
3 Net Investment income	6,454,440	11,294,135	(2,238,218)	9,059,762	4,148,172	90,733	3,296,861
4 Benefit payments, including refunds of employee contributions	(4,217,477)	(3,858,744)	(3,726,672)	(3,736,864)	(3,598,628)	(3,484,627)	(2,547,161)
5 Administrative Expense	(41,761)	(63,813)	(43,261)	(46,957)	(46,857)	(55,265)	(34,419)
6 Other	(1,629)	(1,917)	(2,260)	(2,380)	(2,525)	(2,730)	(2,830)
7 Net change in plan fiduciary net position	$ 6,801,846	$ 11,979,629	$ (1,676,524)	$ 9,351,944	$ 3,984,061	$ (99,209)	$ 3,861,625
8 Plan fiduciary net position - beginning	85,029,853	73,050,224	74,726,749	65,374,805	61,390,744	61,489,953	57,628,328
9 Plan fiduciary net position - ending	**$ 91,831,699**	**$ 85,029,853**	**$ 73,050,225**	**$ 74,726,749**	**$ 65,374,805**	**$ 61,390,744**	**$ 61,489,953**
C. Net Pension Liability (A9-B9)	**$ 5,655,800**	**$ 6,821,482**	**$ 13,505,146**	**$ 7,369,675**	**$ 11,299,025**	**$ 11,134,249**	**$ 4,419,442**
D. Plan fiduciary net position as percentage of the total pension liability (B9/A9)	94.20%	92.57%	84.40%	91.02%	85.26%	84.65%	93.29%
E. Covered payroll	$ 31,013,497	$ 30,363,171	$ 28,848,841	$ 27,417,409	$ 25,724,265	$ 24,328,166	$ 22,531,464
F. Net Pension liability as a percentage of covered payroll (C/E)	18.24%	22.47%	46.81%	26.88%	43.92%	45.77%	19.61%

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

	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	$ 2,777,930	$ 2,489,627	$ 2,154,807	$ 2,134,021	$ 2,175,593	$ 2,092,448	$ 1,980,325
Contribution in relation to the actuarially determined contribution	$ 2,792,076	$ 2,305,875	$ 2,178,843	$ 2,120,938	$ 2,236,749	$ 2,005,126	$ 1,715,919
Contribution deficiency (excess)	$ (14,145)	$ 183,752	$ (61,156)	$ (61,156)	$ (61,156)	$ 87,322	$ 264,406
Covered payroll	$ 35,342,627	$ 31,617,123	$ 30,363,171	$ 28,848,841	$ 27,147,409	$ 25,724,265	$ 27,723,154
Contribution as a percentage of covered payroll	7.90%	7.29%	7.18%	7.35%	8.24%	7.79%	6.19%

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.

Valuation Date: Actuarial determined contribution rates are calculated as October 1st.
Methods and Assumptions Used to Determine Contributions Rtae for 2020:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of payroll, Closed
Remaining Amortization Period	25 Years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the public safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes	There were no benefit changes during the year.

CITY OF PHARR, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
REVENUES				
Taxes:				
Property	$ 19,546,200	$ 19,546,200	$ 19,577,270	$ 31,070
Sales	16,284,200	17,455,900	19,512,510	2,056,610
Franchise	2,171,700	2,171,700	2,512,805	341,105
Other	219,200	219,200	257,673	38,473
Licenses and permits	908,100	908,100	1,104,136	196,036
Intergovernmental	120,000	120,000	17,020	(102,980)
Fees and charges:				
Sanitation	3,022,000	3,022,000	2,929,891	(92,109)
Brush	1,247,700	1,247,700	1,150,222	(97,478)
Other	813,300	813,300	667,143	(146,157)
Fines	597,200	597,200	555,904	(41,296)
Interest income	150,500	150,500	45,637	(104,863)
Other	542,000	610,000	1,068,092	458,094
Total revenues	45,622,100	46,861,800	49,398,301	2,536,503
EXPENDITURES				
Current:				
General government	12,817,600	14,781,600	13,650,319	1,131,281
Public safety	25,349,600	26,174,100	25,099,773	1,074,327
Highways and streets	4,339,900	4,726,100	3,960,876	765,224
Health and welfare	2,878,900	2,878,900	3,200,954	(322,054)
Culture and recreation	7,234,900	7,457,600	6,794,920	662,680
Economic Development	990,300	990,300	1,267,101	(276,801)
Debt service:				
Principal	1,687,900	1,687,900	1,727,562	(39,662)
Interest	126,200	126,200	96,979	29,221
Total expenditures	55,425,300	58,822,700	55,798,484	3,024,216
Excess (deficiency) of revenues over (under) expenditures	(9,803,200)	(11,960,900)	(6,400,183)	(5,560,719)
OTHER FINANCING SOURCES (USES)				
Transfers in	9,115,200	9,259,900	8,788,820	471,080
Transfers (out)	(1,100,000)	(1,160,600)	(3,994,510)	2,833,910
Issuance of debt	1,788,000	1,788,000	1,788,000	-
Total other financing sources and uses	9,803,200	9,887,300	6,582,310	3,304,990
Net change in fund balance	-	(2,073,600)	182,126	(1,891,474)
Fund balance - beginning	-	-	29,050,416	29,050,416
Prior period adjustment	-	-	166,353	166,353
Fund balance - ending	$ -	$ (2,073,600)	$ 29,398,896	$ 27,325,297

COMBINING AND INDIVIDUAL FUND INFORMATION AND OTHER SUPPLEMENTARY INFORMATION

Non-Major Governmental Funds Combining Financial Statements

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.

COVID Relief Fund-This fund accounts for ARPA funding expenditures incurred with allocated sources from the Recovery Act of 2021.

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

TIRZ No. 1& 2-These Funds account for tax collections from City of Pharr and Hidalgo County for geographical areas designated as Reinvestment Zones.

CITY OF PHARR, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	Special Revenue Funds				
	Asset Sharing	Community Development	Hotel/Motel	Parkland Dedication	Paving & Drainage
ASSETS AND DEFERRED OUTFLOWS					
Cash	$ 1,095,133	$ 479,782	$ 2,002,255	$ 30,136	$ 759,810
Receivables (net of allowance for uncollectible):					
Property taxes	-	-	-	-	-
Notes	-	55,889	-	-	-
Accounts	-	-	-	-	119,651
Other	-	-	127,946	-	-
Due from other funds	61,703	-	-	-	-
Restricted assets:					
Cash	-	-	-	-	-
Intergovernmental receivable	-	67,049	-	-	-
Total assets	$ 1,156,836	$ 602,720	$ 2,130,201	$ 30,136	$ 879,461
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE					
Liabilities:					
Accounts payable	175,227	15,311	-	-	-
Due to other funds	-	62,677	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	175,227	77,988	-	-	-
Deferred Inflows of Resources:					
Deferred property tax	-	-	-	-	-
Deferred accounts	-	-	-	-	211,169
Deferred notes	-	54,619	-	-	-
Total deferred inflows	-	54,619	-	-	211,169
Fund balances:					
Restricted:					
Debt service	-	-	-	-	-
Street paving and drainage	-	-	-	-	668,293
Tourism	-	-	2,130,201	-	-
Public safety	981,608	-	-	-	-
Parkland	-	-	-	30,136	-
Community development	-	470,113	-	-	-
Economic development	-	-	-	-	-
Assigned:					
Capital outlay	-	-	-	-	-
Total fund balances	981,608	470,113	2,130,201	30,136	668,293
Total liabilities and fund balances	$ 1,156,836	$ 602,720	$ 2,130,201	$ 30,136	$ 879,461

CITY OF PHARR, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

Special Revenue Funds					Debt Service Fund	Total Nonmajor Governmental Funds
Grants	Cares Act Grant	TIRZ No. 1	TIRZ No. 2	Total	Debt Service	
$ 113,467	$ -	$ 2,179,141	$ 1,555,385	$ 8,215,109	$ 2,320,849	$ 10,535,957
-	-	-	181,683	181,683	382,498	564,181
-	-	-	-	55,889	-	55,889
-	-	-	-	119,651	-	119,651
-	-	265,436	-	393,382	-	393,382
-	-	-	-	61,703	-	61,703
-	10,784,003			10,784,003		10,784,003
270,290	14,116,434	-	-	14,453,773	-	14,453,773
$ 383,757	24,900,437	$ 2,444,577	$ 1,737,067	$ 34,265,192	$ 2,703,347	$ 36,968,538
28,780	-	-	-	219,318	-	219,318
247,424	-	-	-	858,175	-	858,175
107,554	24,900,437	-	-	25,007,991	-	25,007,991
383,758	24,900,437	-	-	26,085,484	-	26,085,484
-	-	-	-	-	382,498	382,498
-		-	-	211,169	-	211,169
-	-	-	-	54,619	-	54,619
-	-	-	-	265,787	382,498	648,286
-	-	-	-	-	2,320,849	2,320,849
-	-	-	-	668,293	-	668,293
-	-	-	-	2,130,201	-	2,130,201
-	-	-	-	981,608	-	981,608
-	-	-	-	30,136	-	30,136
-	-	-	-	470,113	-	470,113
-	-	2,444,577	1,737,067	3,633,570	-	3,633,570
				-		
-	-	-	-	-	-	-
-	-	2,444,577	1,737,067	7,913,921	2,320,849	10,234,768
$ 383,757	$ 24,900,437	$ 2,444,577	$ 1,737,067	$ 34,265,192	$ 2,703,347	$ 36,968,538

CITY OF PHARR, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue Funds					
	Asset Sharing	Community Development	Greater Pharr Chamber	Hotel/Motel	Parkland Dedication	Paving & Drainage
REVENUES						
Taxes:						
Property	$ -	$ -	$ -	$ -	$ -	$ -
Other	-	-	-	681,443	-	-
Intergovernmental	293,757	1,302,222	-	-	-	-
Fees and charges:						
Other	-	-	-	-	29,858	1,093,606
Interest income	2,464	938	-	-	499	2,718
Other	-	-	-	6,183	-	-
Total revenues	296,221	1,303,160	-	687,626	30,357	1,096,324
EXPENDITURES						
Current:						
General government	-	607,607	-	-	-	-
Public safety	564,396	-	-	-	-	-
Highways and streets	-	-	-	-	-	91,523
Debt service:			-			
Principal	-	295,000	-	-	-	-
Interest	-	99,179	-	-	-	-
Total expenditures	564,396	1,001,786	-	-	-	91,523
Excess (deficiency) of revenues over (under) expenditures	(268,175)	301,374	-	687,626	30,357	1,004,801
OTHER FINANCING SOURCES						
Contrubutions	-	(302,313)	-	(68,400.00)	-	-
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	(440,700)	(217,753)	(1,066,300)
Total other financing sources and uses	-	(302,313)	-	(509,100)	(217,753)	(1,066,300)
Net change in fund balances	(268,175)	(939)	-	178,526	(187,396)	(61,499)
Fund balance - beginning	1,249,784	470,032	121,335	1,951,675	217,531	729,792
Prior period adjustment	-	1,020	(121,335)	-	-	-
Fund balance - ending	$ 981,608	$ 470,113	$ -	$ 2,130,201	$ 30,136	$ 668,293

CITY OF PHARR, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Special Revenue Funds					Debt Service Fund	Total Nonmajor Governmental Funds
Grants	COVID RELIEF Grant	TIRZ No. 1	TIRZ No. 2	Total	Debt Service	
$ -	$ -	$ 667,998	$ 478,017	$ 1,146,015	$ 5,137,967	$ 6,283,982
-	-	-	-	681,443	-	681,443
1,280,488	4,290,242	-	-	7,166,709	-	7,166,709
				-		-
-	-	-	-	1,123,464	-	1,123,464
-	-	4,032	3,915	14,566	-	14,566
-	-	-	-	6,183	-	6,183
1,280,488	4,290,242	672,030	481,932	10,138,380	5,137,967	15,276,345
-	957,482	-	-	1,565,089	-	1,565,089
1,242,620	-	-	-	1,807,016	-	1,807,016
-	-	-	-	91,523	-	91,523
				-		-
-	-	-	-	295,000	3,582,256	3,877,256
-	-	-	-	99,179	2,888,541	2,987,720
1,242,620	957,482	-	-	3,857,807	6,470,797	10,328,605
37,868	3,332,760	672,030	481,932	6,280,573	(1,332,830)	4,947,740
-	-	-	-	(370,713)	1,019,000	648,287
-	-	-	-	-	1,703,300	1,703,300
-	(3,332,760)	-	-	(5,057,513)	-	(5,057,513)
-	(3,332,760)	-	-	(5,428,226)	2,722,300	(2,705,926)
37,868	-	672,030	481,932	852,347	1,389,470	2,241,814
9,881	-	1,651,408	1,652,932	8,054,370	931,379	8,985,749
(47,749)	-	121,138	(397,795)	(444,721)	-	(444,721)
$ -	$ -	$ 2,444,577	$ 1,737,067	$ 8,461,995	$ 2,320,849	$ 10,782,842

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.

COVID Relief Fund-This fund accounts for ARPA funding expenditures incurred with allocated sources from the Recovery Act of 2021.

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

TIRZ No. 1& 2-These Funds account for tax collections from City of Pharr and Hidalgo County for geographical areas designated as Reinvestment Zones.

CITY OF PHARR, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
REVENUES				
Taxes:				
Property				
Current	$ 18,646,200	$ 18,646,200	$ 18,356,716	$ (289,484)
Delinquent	600,000	600,000	721,267	121,267
Penalty & interest	300,000	300,000	499,288	199,288
Total property taxes	19,546,200	19,546,200	19,577,271	31,071
Sales	16,284,200	17,455,900	19,512,510	2,056,610
Franchise				
Telephone	181,000	181,000	115,247	(65,753)
Electric	1,787,300	1,787,300	1,906,320	119,020
Cable	93,400	93,400	379,500	286,100
Gas	110,000	110,000	111,738	1,738
Total franchise taxes	2,171,700	2,171,700	2,512,805	341,105
Other	219,200	219,200	257,673	38,473
Total taxes	38,221,300	39,393,000	41,860,259	2,467,259
Licenses and permits				
Building	504,500	504,500	739,164	234,664
Vocational	103,900	103,900	109,825	5,925
Other	299,700	299,700	255,238	(44,462)
Total licenses & permits	908,100	908,100	1,104,227	196,127
Intergovernmental				
Local school districts	120,000	120,000	-	(120,000)
Other	-	-	17,020	17,020
Total intergovernmental	120,000	120,000	17,020	(102,980)
Fees and charges:				
Sanitation	3,022,000	3,022,000	2,929,891	(92,109)
Brush	1,247,700	1,247,700	1,150,222	(97,478)
Other	813,300	813,300	667,143	(146,157)
Total fees & charges	5,083,000	5,083,000	4,747,256	(335,744)
Fines				
Court	566,600	566,600	525,942	(40,658)
Other	30,600	30,600	29,872	(728)
Total fines	597,200	597,200	555,814	(41,386)
Interest income	150,500	150,500	45,637	(104,863)
Other	542,000	610,000	1,068,092	458,092
Total revenues	$ **45,622,100**	$ **46,861,800**	$ **49,398,303**	$ **2,536,503**

CITY OF PHARR, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXPENDITURES	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
Current:				
General government				
City manager	$ 2,407,400	$ 2,736,900	$ 2,565,653	$ 171,247
Finance	725,900	685,700	658,626	27,074
Purchasing	334,200	341,800	294,962	46,838
IT	2,165,600	2,415,300	2,023,392	391,908
Media	450,200	576,600	492,718	83,882
Grants	273,500	484,400	311,641	172,759
Office of Strategic Excellence	-	245,600	123,850	121,750
Human Resources	769,000	795,500	744,436	51,064
Development Services	1,516,600	1,566,200	1,499,555	66,645
Engineering	746,100	753,500	651,647	101,853
Non-departmental	3,429,100	4,180,100	4,283,930	(103,830)
Total general government	12,817,600	14,781,600	13,650,408	1,131,192
Public safety				
Police	14,903,700	15,051,200	14,387,596	663,604
Court	530,900	623,100	532,547	90,553
Fire	8,145,500	8,346,400	7,880,851	465,549
Communications	1,809,500	2,153,400	2,298,779	(145,379)
Total public safety	25,389,600	26,174,100	25,099,773	1,074,327
Highways and streets	4,339,900	4,726,100	3,960,876	765,224
Health and welfare				
Sanitation	1,991,100	1,991,100	2,213,450	(222,350)
Brush	730,000	730,000	831,596	(101,596)
Animal control	157,800	157,800	155,908	1,892
Total health and welfare	2,878,900	2,878,900	3,200,954	(322,054)
Culture and recreation				
Library	1,486,900	1,521,200	1,533,219	(12,019)
Parks	5,708,000	5,936,400	5,261,611	674,789
Total culture and recreation	7,194,900	7,457,600	6,794,830	662,770
Economic Development	990,300	990,300	1,267,101	(276,801)
Debt service:				
Principal	1,687,900	1,687,900	1,727,562	(39,662)
Interest	126,200	126,200	96,979	29,221
	1,814,100	1,814,100	1,824,541	(10,441)
Total expenditures	55,425,300	58,822,700	55,798,484	(3,024,217)
Excess (deficiency) of revenues over (under) expenditures	$ (9,803,200)	$ (11,960,900)	$ (6,400,181)	$ 5,560,719

CITY OF PHARR, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2021

OTHER FINANCING SOURCES (USES)	Budgeted Amounts Original	Budgeted Amounts Final	Actual Budget Basis	Final Variance Budget Basis
Transfers in				
Utility	$ 701,200	$ 701,200	$ 701,200	$ -
Bridge	8,354,000	8,354,000	7,809,867	(544,133)
Hotel	60,000	60,000	60,000	-
EMS	-	144,700	-	(144,700)
Parkland	-	-	217,753	217,753
Total transfers in	9,115,200	9,259,900	8,788,820	(471,080)
Transfers (out)				
Community Development	-	(1,900)	-	1,900
Capital Improvement Project	-	-	(2,777,428)	(2,777,428)
Debt Service	(326,000)	(326,000)	(326,100)	(100)
City Garage	-	(3,700)	(36,892)	(33,192)
Utility	-	(69,200)	(69,200)	-
Event Center	(244,400)	(187,700)	(252,700)	(65,000)
Bridge	-	(20,300)	(20,300)	-
Golf	(529,600)	(551,800)	(371,012)	180,788
Health Insurance	-	-	(140,878)	(140,878)
Total transfers (out)	(1,100,000)	(1,160,600)	(3,994,510)	(2,833,910)
Cost of Issuance	-	-	-	-
Bond/loan proceeds	1,788,000	1,788,000	1,788,000	-
Premium	-	-	-	-
Total	1,788,000	1,788,000	1,788,000	-
Total other financing sources and uses	9,803,200	9,887,300	6,582,310	(3,304,990)
Net change in fund balance	-	(2,073,600)	182,128	2,255,728
Fund balance - beginning	-	-	29,050,416	29,050,416
Prior period adjustment	-	-	166,353	166,353
Fund balance - ending	$ -	$ (2,073,600)	$ 29,398,896	$ 31,472,496

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, 2021

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
REVENUES				
Taxes:				
Intergovernmental	$ -	$ -	$ 293,757	$ 293,757
Interest income	-	-	2,464	2,464
Total revenues	-	-	296,222	296,222
EXPENDITURES				
Current:				
Public safety	550,000	550,000	564,395	(14,395)
Total expenditures	550,000	550,000	564,395	(14,395)
Excess (deficiency) of revenues over (under) expenditures	(550,000)	(550,000)	(268,173)	281,827
Net change in fund balance	(550,000)	(550,000)	(268,173)	281,827
Fund balance - beginning		-	1,249,784	1,249,784
	-	-	-	-
Fund balance - ending	$ (550,000)	$ (550,000)	$ 981,608	$ 1,531,611

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, 2021

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
REVENUES				
Intergovernmental	$ 1,131,400	$ 1,131,400	$ 1,302,221	$ 170,821
Interest income	-	-	938	938
Total revenues	1,131,400	1,131,400	1,303,159	171,759
EXPENDITURES				
Current:				
General government	725,500	727,400	607,607	119,793
Debt service:				
Principal	295,000	295,000	295,000	-
Interest	110,900	110,900	99,179	11,721
Total expenditures	1,131,400	1,133,300	1,001,786	131,514
Excess (deficiency) of revenues over (under) expenditures	-	(1,900)	301,373	303,273
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,900	-	1,900
Contributions	-	-	(302,313)	302,313
Total other financing sources and uses	-	1,900	(302,312)	304,213
Net change in fund balance	-	-	(939)	(939)
Fund balance - beginning	-	-	470,032	470,032
Prior Year Adjustment	-	-	1,020	1,020.00
Fund balance - ending	$ -	$ -	$ 470,113	$ 470,113

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, 2021

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
REVENUES				
Taxes:				
Other	$ 600,000	$ 600,000	$ 681,443	$ 81,443
Other	-	-	6,183	6,183
Total revenues	600,000	600,000	687,626	87,626
EXPENDITURES				
Current:				
Culture and recreation	90,900	90,900	-	90,900
Total expenditures	90,900	90,900	-	90,900
Excess (deficiency) of revenues over (under) expenditures	509,100	509,100	687,626	178,526
OTHER FINANCING SOURCES (USES)				
Transfers out	(509,100)	(509,100)	(509,100)	-
Total other financing sources and uses	(509,100)	(509,100)	(509,100)	-
Net change in fund balance	-	-	178,526	178,526
Fund balance - beginning	-	-	1,951,675	1,951,675
Fund balance - ending	$ -	$ -	$ 2,130,201	$ 2,130,201

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, 2021

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
REVENUES				
Fees and charges:				
Other	$ 30,000	$ 30,000	$ 29,859	$ (141)
Interest income	500	500	500	-
Total revenues	30,500	30,500	30,359	(141)
EXPENDITURES				
Current:				
Highways and streets	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	30,500	30,500	30,359	(141)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(217,753)	(217,753)
Total other financing sources and uses	-	-	(217,753)	(217,753)
Net change in fund balance	30,500	30,500	(187,394)	(217,894)
Fund balance - beginning	-	-	217,531	217,531
Fund balance - ending	$ 30,500	30,500	$ 30,136	$ (364)

CITY OF PHARR, TEXAS
PAVING & DRAINAGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
REVENUES				
Fees and charges:				
Other	$ 1,051,300	$ 1,051,300	$ 1,093,606	$ 42,306
Interest income	15,000	15,000	2,718	(12,282)
Total revenues	1,066,300	1,066,300	1,096,323	30,024
EXPENDITURES				
Current:				
Highways and streets	-	-	91,523	(91,523)
Total expenditures	-	-	91,523	(91,523)
Excess (deficiency) of revenues over (under) expenditures	1,066,300	1,066,300	1,004,800	(61,499)
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,066,300)	(1,066,300)	(1,066,300)	-
Bond/loan proceeds	-	-	-	-
Total other financing sources and uses	(1,066,300)	(1,066,300)	(1,066,300)	-
Net change in fund balance	-	-	(61,500)	(61,500)
Fund balance - beginning	-	-	729,792	729,792
Fund balance - ending	$ -	$ -	$ 668,293	$ 668,293

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, 2021

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
REVENUES				
Intergovernmental	$ 6,320,900	$ 6,320,900	$ 1,280,488	$ (5,040,412)
Other		-	-	-
Total revenues	6,320,900	6,320,900	1,280,488	(5,040,412)
EXPENDITURES				
Current:				
Public safety	2,453,100	2,453,100	1,242,620	1,210,480
Streets	3,867,800	3,867,800	-	3,867,800
Total expenditures	6,320,900	6,320,900	1,242,620	5,078,280
Excess (deficiency) of revenues over (under) expenditures	-	-	37,868	37,868
Net change in fund balance	-	-	37,868	37,868
Fund balance - beginning	-	-	9,881	9,881
Prior period adjustment	-	-	(47,749)	(47,749)
Fund balance - ending	$ -	$ -	$ -	$ -

CITY OF PHARR, TEXAS
DEBT SERVICE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
REVENUES				
Taxes:				
Current taxes	$ 4,948,500	$ 4,948,500	$ 4,871,602	$ (76,898)
Delinquent taxes	80,000	80,000	149,600	69,600
Interest and penalty	50,000	50,000	106,103	56,103
Interest income	86,200	86,200	10,661	(75,539)
Total revenues	5,164,700	5,164,700	5,137,966	(26,734)
EXPENDITURES				
Debt service:				
Principal	4,985,700	4,985,700	3,582,256	1,403,444
Interest	2,901,200	2,901,200	2,888,541	12,659
Total expenditures	7,886,900	7,886,900	6,470,797	1,416,103
Excess (deficiency) of revenues over (under) expenditures	(2,722,200)	(2,722,200)	(1,332,831)	1,389,369
OTHER FINANCING SOURCES (USES)				
Transfers in	2,722,200	2,722,200	2,722,300	100
Total other financing sources and uses	2,722,200	2,722,200	2,722,300	100
Net change in fund balance	-	-	1,389,469	1,389,469
Fund balance - beginning	-	-	931,379	931,379
Prior period adjustment	-	-	-	-
Fund balance - ending	$ -	$ -	$ 2,320,849	$ 2,320,849

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, 2021

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
REVENUES				
Taxes:				
Intergovernmental	$ 5,000,000	$ 5,000,000	$ 9,885,224	$ 4,885,224
Total revenues	5,000,000	5,000,000	9,885,224	4,885,224
EXPENDITURES				
Current:				
General government	12,400,000	12,400,000	4,586,547	7,813,453
Public safety	-	-	77,875	(77,875)
Highways and streets	7,000,000	7,000,000	4,014,065	2,985,935
Culture and recreation	26,935,800	26,935,800	22,789,400	4,146,400
Debt Service				
Principal	982,700	982,700	1,025,667	(42,967)
Interest	225,500	225,500	182,449	43,051
Total expenditures	47,544,000	47,544,000	32,676,004	14,867,996
Excess (deficiency) of revenues over (under) expenditures	(42,544,000)	(42,544,000)	(22,790,780)	(19,753,220)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,447,000	1,447,000	9,256,741	7,809,741
Total other financing sources and uses	1,447,000	1,447,000	9,256,741	7,809,741
Net change in fund balance	(41,097,000)	(41,097,000)	(13,534,039)	27,562,961
Fund balance - beginning	-	-	27,683,716	27,683,716
Prior period adjustment	-	-	(2,210,918)	(2,210,918)
Fund balance - ending	$ (41,097,000)	$ (41,097,000)	$ 11,938,761	$ 53,035,761

CITY OF PHARR, TEXAS
COVID RELIEF FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
REVENUES				
Intergovernmental	$ -	$ -	$ 4,290,242	$ 4,290,242
Total revenues	-	-	4,290,242	4,290,242
EXPENDITURES				
Current:				
Health and welfare	-	-	957,482	(957,482)
Total expenditures	-	-	957,482	(957,482)
Excess (deficiency) of revenues over (under) expenditures	-	-	3,332,760	3,332,760
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(3,332,760)	(3,332,760)
Total other financing sources and uses	-	-	(3,332,760)	(3,332,760)
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	$ -	$ -	$ -	$ -

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, 2021

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
REVENUES				
Taxes:				
Property	$ 802,700	$ 802,700	$ 667,998	$ (134,702)
Interest Income	-	-	4,032	4,032
Total revenues	802,700	802,700	672,030	(130,670)
EXPENDITURES				
Current:				
General Government	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	802,700	802,700	672,030	(130,670)
Net change in fund balance	802,700	802,700	672,030	(130,670)
Fund balance - beginning	-	-	1,651,408	1,651,408
Prior Year Adjustment	-	-	121,138	121,138
Fund balance - ending	$ 802,700	$ 802,700	$ 2,444,577	$ 1,641,876

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, 2021

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
REVENUES				
Taxes:				
Property	$ 669,200	$ 669,200	$ 478,017	$ (191,183)
Interest Income	-	-	3,915	3,915
Total revenues	669,200	669,200	481,931	(187,269)
EXPENDITURES				
Current:				
General Government	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	669,200	669,200	481,931	(187,269)
Net change in fund balance	669,200	669,200	481,931	(187,269)
Fund balance - beginning	-	-	1,652,932	1,652,932
Prior Year Adjustment	-	-	(397,795)	(397,795)
Fund balance - ending	$ 669,200	$ 669,200	$ 1,737,068	$ 1,067,868

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.

EMS: is used to account for the City's ambulance emergency response service.

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, 2021

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
OPERATING REVENUES				
Charges for sales and services:				
Water Sales	$ 9,022,000	$ 9,022,000	$ 9,023,208	$ 1,208
Sewer Fees	6,973,900	6,973,900	7,205,233	231,333
Tap Fees	343,200	343,200	336,235	(6,965)
Other	87,000	87,000	40,878	(46,122)
Total operating revenues	16,426,100	16,426,100	16,605,555	179,455
OPERATING EXPENSES				
Personnel services	4,351,200	4,420,400	4,029,397	391,003
Supplies and Materials	1,777,800	2,170,500	2,047,773	122,727
Contractual Services	34,810,800	34,660,700	5,488,214	29,172,486
Depreciation	-	-	4,154,663	(4,154,663)
Total operating expenses	40,939,800	41,251,600	15,720,047	25,531,553
Operating income (loss)	(24,513,700)	(24,825,500)	885,508	25,711,008
NON OPERATING REVENUES/(EXPENSES):				
Investment earnings	93,400	93,400	20,432	(72,968)
Interest expense	(1,222,200)	(1,222,200)	(1,307,820)	(85,620)
Amortization expense	-	-	363,824	363,824
Intergovernmental	-	-	360,675	360,675
Other	6,000	6,000	19,515	13,515
Issuance cost	-	-	(80,000)	(80,000)
Total nonoperating revenues/ (expenses)	(1,122,800)	(1,122,800)	(623,374)	499,426
Income before contributions and transfers	(25,636,500)	(25,948,300)	262,134	26,210,434
Transfers in	-	72,900	69,200	(3,700)
Transfers (out)	(1,441,500)	(1,441,500)	(3,511,200)	(2,069,700)
Capital Contributions	-	-	1,412,457	1,412,457
Changes in net position	(27,078,000)	(27,316,900)	(1,767,409)	25,549,491
Total net position - beginning	-	-	101,546,953	101,546,953
Prior period adjustment	-	-	(3,794,764)	(3,794,764)
Total net position - ending	$ (27,078,000)	$ (27,316,900)	$ 95,984,779	$ 123,301,679

CITY OF PHARR, TEXAS
PHARR EMERGENCY MEDICAL SERVICE
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
OPERATING REVENUES				
Charges for sales and services:				
EMS	$ -	$ 6,947,000	$ 1,315,371	$ (5,631,629)
Total operating revenues	-	6,947,000	1,315,371	(5,631,629)
OPERATING EXPENSES				
Personnel services	-	4,133,100	2,463,992	1,669,108
Supplies and Materials	-	112,500	317,562	(205,062)
Contractual Services	-	2,556,900	1,585,383	971,517
Depreciation	-	-	281,224	(281,224)
Total operating expenses	-	6,802,500	4,648,162	2,154,338
Operating income (loss)	-	144,500	(3,332,790)	(3,477,290)
NON OPERATING REVENUES/(EXPENSES):				
Investment earnings	-	-	30	30
Total nonoperating revenues/(expenses)				
Income before contributions and transfers	-	144,500	(3,332,760)	(3,477,260)
Transfers (out)	-	(144,500)	3,332,760	3,477,260
Changes in net position	-	144,500	-	-
Total net position - beginning	-	-	-	-
Prior period adjustment	-	-	3,578,132	3,578,132
Total net position - ending	$ -	$ -	$ 3,578,132	$ 3,578,132

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, 2021

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
OPERATING REVENUES				
Charges for sales and services:				
Other	$ 489,500	$ 432,800	$ 28,118	$ (404,682)
Total operating revenues	489,500	432,800	28,118	(404,682)
OPERATING EXPENSES				
Personnel services	307,600	226,000	283,778	(57,778)
Supplies and Materials	60,600	60,600	29,377	31,223
Contractual Services	121,300	111,300	74,312	36,988
Depreciation	-	-	-	-
Total operating expenses	489,500	397,900	387,467	10,433
Operating income (loss)	-	34,900	(359,349)	(394,249)
NON OPERATING REVENUES/(EXPENSES):				
Investment earnings	-	-	47	47
Total nonoperating revenues/(expenses)				
Income before contributions and transfers	-	34,900	(359,302)	(394,202)
Transfers in	-	-	252,700	252,700
	-	-	-	-
Changes in net position	-	34,900	(106,602)	(141,502)
Total net position - beginning	-	-	3,556,410	3,556,410
Prior period adjustment	-	-	(3,202,640)	(3,202,640)
Total net position - ending	$ -	$ 34,900	$ 247,168	$ 212,267

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, 2021

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
OPERATING REVENUES				
Charges for sales and services:				
Toll fees	$ 14,100,000	$ 15,300,000	$ 16,379,775	$ 1,079,775
Other	248,600	248,600	584,265	335,665
Total operating revenues	14,348,600	15,548,600	16,964,039	1,415,439
OPERATING EXPENSES				
Personnel services	1,378,100	1,393,400	1,343,622	49,778
Supplies and Materials	176,000	171,000	166,873	4,127
Contractual Services	1,509,900	2,719,900	2,628,159	91,741
Depreciation	-	-	953,126	(953,126)
Total operating expenses	3,064,000	4,284,300	5,091,779	(807,479)
Operating income (loss)	11,284,600	11,264,300	11,872,260	607,960
NON OPERATING REVENUES/(EXPENSES):				
Investment earnings	66,200	66,200	32,478	(33,722)
Interest expense	(88,900)	(88,900)	(91,606)	(2,706)
Amortization expense	-	-	36,421	36,421
Intergovernmental	20,849,000	20,849,000	3,245,246	(17,603,754)
Total nonoperating revenues/(expenses)	20,826,300	20,826,300	3,222,539	17,603,761
Income before contributions and transfers	32,110,900	32,090,600	15,094,799	(16,995,801)
Transfers in	-	20,300	20,300	-
Transfers (out)	(9,731,200)	(9,731,200)	(11,107,067)	(1,375,867)
Debt Proceeds	(680,700)	(680,700)	-	680,700
Changes in net position	21,699,000	21,699,000	4,008,032	(17,690,968)
Total net position - beginning	-	-	25,127,042	25,127,042
Prior period adjustment	-	-	(563,996)	(563,996)
Total net position - ending	$ 21,699,000	$ 21,699,000	$ 28,571,076	$ 6,872,076

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, 2021

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
OPERATING REVENUES				
Charges for sales and services:				
Golf Services	$ 721,000	$ 721,000	$ 811,258	$ 90,258
Other	95,000	95,000	70,093	(24,907)
Total operating revenues	816,000	816,000	881,351	65,351
OPERATING EXPENSES				
Personnel services	883,700	893,400	753,928	139,472
Supplies and Materials	244,500	179,500	160,993	18,507
Contractual Services	168,400	245,900	329,613	(83,713)
Depreciation	-	-	243,587	(243,587)
Total operating expenses	1,296,600	1,318,800	1,488,122	(169,322)
Operating income (loss)	(480,600)	(502,800)	(606,771)	(103,971)
NON OPERATING REVENUES/(EXPENSES):				
Investment earnings	11,800	11,800	2,203	(9,597)
Interest expense	(60,800)	(60,800)	(5,282)	55,518
Total nonoperating revenues/ (expenses)	(49,000)	(49,000)	(3,079)	45,921
Income before contributions and transfers	(529,600)	(551,800)	(609,850)	(58,050)
Transfers in	529,600	551,800	371,012	(180,788)
Changes in net position	-	-	(238,838)	(238,838)
Total net position - beginning	-	-	3,497,476	3,497,476
Prior period adjustment	-	-	(5,267)	(5,267)
Total net position - ending	$ -	$ -	$ 3,253,372	$ 3,253,372

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.

Health Care Fund-This fund is used to account for the semi self-funded health insurance benefits provided by the City

CITY OF PHARR, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	City Garage	Health Care Insurance	TOTAL
ASSETS			
Current assets:			
Cash	$ 99,673	$ 928,238	$ 1,027,911
Inventories	41,401	-	41,401
Total current assets	141,074	928,238	1,069,312
Noncurrent assets:			
Capital assets (net of accumulated: depreciation):			
Buildings	321,617	-	321,617
Total capital assets, net of accumulated depreciation	321,617	-	321,617
Total noncurrent assets	321,617	-	321,617
Total assets	462,690	928,238	1,390,928
LIABILITIES			
Current liabilities:			
Accounts payable	48,558	791,154	839,712
Due to other funds	28,317	-	28,317
Total current liabilities	76,874	791,154	868,029
Current liabilities payable from restricted assets:			
Matured accrued compensation	9,290	-	9,290
Matured capital lease	-	-	-
Total current liabilities payable from restricted assets	9,290	-	9,290
Noncurrent liabilities:			
Accrued compensation	28,109	-	28,109
Capital lease payable	2,665	-	2,665
Total noncurrent liabilities	30,774	-	30,774
Total liabilities	116,938	791,154	908,093
NET POSITION			
Net assets:			
Invested in capital assets, net of related debt	321,617	-	321,617
Unrestricted	24,136	137,083	161,219
Total net position	$ 345,752	$ 137,083	$ 482,835

CITY OF PHARR, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	City Garage	Health Care Insurance	TOTALS
Operating revenues:			
Charges services:	$ 779,692	$ -	$ 779,692
Contributions	-	5,430,108	5,430,108
Total operating revenues	779,692	5,430,108	6,209,800
Operating expenses:			
Personnel services	185,358	-	185,358
Contractual Services	610,376	-	610,376
Depreciation	14,467	-	14,467
Self Insurance Claims	-	5,434,675	5,434,675
Total operating expenses	810,200	5,434,675	6,244,875
Operating income (loss)	(30,508)	(4,567)	(35,075)
Nonoperating revenues (expenses):			
Interest expense	(2,684)	-	(2,684)
Investment revenue	-	772	772
Total nonoperating revenues (expenses)	(2,684)	772	(1,912)
Income before contributions and transfers	(33,192.18)	(3,794.49)	(36,986.67)
Transfers in	36,892.37	140,877.91	177,770.28
Changes in net position	3,700.19	137,083.42	140,783.61
Total net position- beginning	363,934	-	363,934
Prior period adjustment	(21,882)	-	(21,882)
Total net position - ending	$ 345,752	$ 137,083	$ 482,836

CITY OF PHARR, TEXAS
INTERNAL SERVICE FUNDS - GARAGE
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
OPERATING REVENUES				
Charges for sales and services:				
Other	$ 890,900	$ 890,900	$ 779,692	$ (111,208)
Total operating revenues	890,900	890,900	779,692	(111,208)
OPERATING EXPENSES				
Personnel services	220,800	224,500	185,358	39,142
Supplies and Materials	10,600	10,600	6,539	4,061
Contractual Services	656,700	656,700	603,836	52,864
Depreciation	-	-	14,467	(14,467)
Total operating expenses	888,100	891,800	810,200	81,600
Operating income (loss)	2,800	(900)	(30,509)	(29,609)
NON OPERATING REVENUES/(EXPENSES):				
Interest expense	(2,800)	(2,800)	(2,684)	116
Total nonoperating revenues/ (expenses) income before contributions and transfers	(2,800)	(2,800)	(33,193)	(29,493)
Transfers in	-	-	36,892	36,892
Changes in net position	-	(3,700)	3,700	7,400
Total net position - beginning	-	-	363,934	363,934
Prior period adjustment	-	-	(21,882)	(21,882)
Total net position - ending	$ -	$ (3,700)	$ 345,752	$ 349,452

CITY OF PHARR, TEXAS
INTERNAL SERVICE FUNDS - HEALTH INSURANCE
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
OPERATING REVENUES				
Charges for sales and services:				
Other	$ -	$ -	$ 5,430,108	$ 5,430,108
Total operating revenues	-	-	5,430,108	5,430,108
OPERATING EXPENSES				
Self Insurance Claims	-	-	5,434,675	(5,434,675)
Total operating expenses	-	-	5,434,675	(5,434,675)
Operating income (loss)	-	-	(4,567)	(4,567)
NON OPERATING REVENUES/(EXPENSES):				
Interest expense	-	-	772	(772)
Total nonoperating revenues/ (expenses) income before contributions and transfers	-	-	(3,794)	(3,794)
Transfers in	-	-	140,878	140,878
Changes in net position	-	-	137,083	137,083
Total net position - beginning	-	-	-	-
Prior period adjustment	-	-	-	-
Total net position - ending	$ -	$ -	$ 137,083	$ 137,083

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.	-116-
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	-121-
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.	-125-
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	-130-
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.	-133-

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]
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	$ 1,430	$ 47,560	$ 4,683	$ 6,478	$ 65,613	$ 3,249	$ -	$ 129,013	0.03%	$ 1,625
2021	$ -	$ 67,085	$ 3,657	$ 6,160	$ 101,864	$ 2,722	$ -	$ 181,488	0.02%	$ 2,277

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]
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	$ 1,430	0.03%	$ 18.0
2021	$ -	0.00%	$ -

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	1,430
Legal debt margin	$ 260,538	$ 262,620	$ 273,085	$ 284,071	$ 303,388	$ 330,972	$ 393,881	$ 442,107	$ 395,433	$ 425,068
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%	0.3%

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	1,430
Legal debt margin	$ 425,068

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

SINGLE AUDIT SECTION

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Associates:
Janet Robles, CPA

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 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 aggregate discretely presented component units, the blended 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, 2021, and the related notes to the financial statements, which collectively comprise the City of Pharr, Texas' basic financial statements and have issued our report thereon dated April 12, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Pharr, Texas' internal control over financial reporting (internal control) as a basis for designing 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' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Pharr, Texas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been 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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Pharr, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material

effect on the financial statements. 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*.

City of Pharr, Texas's Response to Findings

City of Pharr, Texas' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Pharr, Texas' 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
April 12, 2022

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS *SINGLE AUDIT CIRCULAR*

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

Report on Compliance for Each Major Federal and State Program

We have audited the City of Pharr, Texas' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the State of *Texas Single Audit Circular* that could have a direct and material effect on each of the City of Pharr, Texas's major federal and state programs for the year ended September 30, 2021 City of Pharr, Texas' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Pharr, Texas' major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas *Single Audit Circular* (Circular). Those standards, Uniform Guidance and the Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the City of Pharr, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the City of Pharr, Texas' compliance.

Opinion on Each Major Federal and State Program

In our opinion, the City of Pharr, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2021.

Report on Internal Control over Compliance

Management of the City of Pharr, Texas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Pharr, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and Circular, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Pharr, Texas' internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance the Circular. Accordingly, this report is not suitable for any other purpose.

Oscar R. Gonzalez CPA & Associates PLLC

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

Pharr, Texas
April 12, 2022

CITY OF PHARR, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED ***SEPTEMBER 30, 2021***

Federal Grantor/Pass Through Grantor/ State Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant Expenditures	Expenditures to Subrecipients
FEDERAL AWARDS				
CDBG ENTITLEMENT GRANTS CLUSTER				
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Programs				
Community Development Block Grant 2018	14.218	B-18-MC-48-0507	$ 361,502	$ 115,464
Community Development Block Grant 2019	14.218	B-19-MC-48-0507	162,619	5,306
Community Development Block Grant 2020	14.218	B-20-MW-48-0507	430,579	69,303
Community Development Block Grant-COVID19 (CARES ACT 2020)	14.218	B-20-MW-48-0507	236,556	60,127
Total U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			$ 1,191,256	$ 250,200
Total CDBG Entitlement Grants Cluster			**$ 1,191,256**	**$ 250,200**
U.S. DEPARTMENT OF JUSTICE				
Direct Programs:				
(HOPE) COVID-19 Response Project - TX Offcie of the Governor	16.034	2020-VD-BX-0002	$ 138,865	$ -
Total Direct Programs			$ 138,865	$ -
Indirect Programs:				
Pass-through from Texas Office of the Governor-Criminal Justice Division (CJD)				
Human Trafficking Liaison Grant	16.575	2019-V2-GX-0011	$ 41,736	$ -
Crime Victims Liaison Grant	16.575	2019-V2-GX-0011	41,200	-
Domestic Violence Coordinator Project	16.575	2019-V2-GX-0011	39,592	-
Total Pass-through Texas Office of the Governor-Criminal Justice Division (CJD)			$ 122,528	$ -
Total U.S. DEPARTMENT OF JUSTICE			**$ 261,393**	**$ -**
U.S. DEPARTMENT OF THE TREASURY				
Pass-through Direct Programs:				
Operation Task Force	16.922	112SA1599	$ 103,861	$ -
Total U.S. DEPARTMENT OF TREASURY			**$ 103,861**	**$ -**
U.S. DEPARTMENT OF TRANSPORTATION HIGHWAY PLANNING AND CONSTRUCTION				
Pass-through Texas Department of Transportation (TXDOT)				
Federal-Aid Highway Program	20.205		$ 2,438,649	$ -
Total U.S. DEPARTMENT OF TREASURY			**$ 2,438,649**	**$ -**
HIGHWAY SAFETY CLUSTER				
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION				
Pass-through Texas Department of Transportation (TXDOT)				
STEP - Commercial Motor Vehicle (CMV)	20.600	2021-PharrPD-S-CMV-00006	$ 11,762	$ -
STEP - Comprehensive Grant	20.600	2021-PharrPD-S-1YG-00015	11,969	-
Total State and Community Highway Safety			$ 23,731	$ -
Click it or Ticket	20.614	2021-PharrPD-CIOT-00035	$ 7,527	$ -
Click it or Ticket	20.614	2021-PharrPD-CIOT-THA-00010	2,917	-
Total National Traffic Safety Administration			$ 10,444	$ -
STEP - Impaired Driving Mobilization (IDM)	20.616	2021-PharrPD-IDM-00005	$ 17,099	$ -
Total National Priority Safety Programs			$ 17,099	$ -
Total Pass-through Texas Department of Transportation			$ 51,274	$ -
Total Highway Safety Cluster			**$ 51,274**	**$ -**

CITY OF PHARR, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED ***SEPTEMBER 30, 2021***

Federal Grantor/Pass Through Grantor/ State Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant Expenditures	Expenditures to Subrecipients
FEDERAL AWARDS				
U.S. DEPARTMENT OF THE TREASURY				
Direct Program				
American Recovery Act Plan (ARPA)	21.019	746001875	$ 3,332,760	$ -
Pass-through Direct Local Grant Program County of Hidalgo				
Coronavirus State and Local Fiscal Recovery Funds (COVID 19)	21.027		$ 957,482	$ -
Total U.S. DEPARTMENT OF TREASURY			$ 4,290,242	$ -
TEXAS WATER DEVELOPMENT BOARD (TWDB) FIF LOAN & LOAN FORGIVENESS				
Direct Program				
Clean Water State Revolving Fund	66.458		$ 169,175	$ -
Drinking Water State Revolving Fund	66.458		191,500	-
Total TEXAS WATER DEVELOPMENT BOARD			$ 360,675	$ -
U.S. DEPARTMENT OF HOMELAND SECURITY				
Direct Program				
2019 Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2019-FF-01465	$ 107,289	$ -
Total Direct Program			$ 107,289	$ -
Pass-through Governor's Division of Emergency Management:				
Operation Stonegarden	97.067	EMW-2019-SS-00034-S01	$ 309,220	$ -
HAZMAT Regional Equipment Project	97.067	EMW-2019-SS-00034-S01	61,823	-
Total Pass-through Governor's Division of Emergency Management			$ 371,043	$ -
Total U.S. DEPARTMENT OF HOMELAND SECURITY			$ 478,332	$ -
		TOTAL FEDERAL AWARDS	$ 9,175,682	$ 250,200
STATE AWARDS				
TEXAS PARKS & WILDLIFE DEPARTMENT ARTICLE VI				
Northside Library & Wellness Center	N/A		$ 5,000,000	$ -
TEXAS DEPARTMENT OF MOTOR VEHICLES				
South Texas Auto Theft Enforcement Task Force	N/A	608-21-0310100	$ 91,124	$ -
TEXAS OFFICE OF THE ATTORNEY GENERAL				
Victims Coordinator Liasion Grant (VCLG)	N/A	2106953	$ 34,608	$ -
TEXAS GOVERNOR'S OFFICE DIVISION OF EMERGENCY MANAGEMENT	N/A	2021-BL-ST-0016	$ 185,561	$ -
TEXAS WATER DEVELOPMENT BOARD (TWDB) FIF GRANT & LOAN	N/A	231-043	$ 466,992	$ -
		TOTAL STATE AWARDS	$ 5,778,285	$ -
		TOTAL FEDERAL AND STATE AWARDS	$ 14,953,967	$ 250,200

City of Pharr, Texas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2021

1. General Statement

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of all the federal award activity of the City of Pharr, Texas, under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). The City's reporting entity is defined in Note I.B. to the City's basic financial statements. All federal awards received directly from Federal agencies and federal awards passed through state agencies are included on the Schedule. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or changes in net position of City of Pharr, Texas.

2. Summary of Significant Accounting Policies

The federal grant funds were accounted for in the Grant Fund, a governmental fund type, and in an enterprise fund. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. With the governmental fund type measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the governmental fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measureable and available, and expenditures in the accounting period in which the fund liability is incurred, if measureable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. Enterprise funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Federal grant funds are generally considered earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. Indirect Cost Rate

The City has elected not to use the 10% *de minimis* indirect cost rate as allowed under the Uniform Guidance

4. Relationship to Federal Financial Status Reports

Amounts reported on the Schedule may not agree with the amounts reported in the related Federal financial status reports filed with grantor agencies, because of the effect of accruals made in the Schedule.

CITY OF PHARR, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: UNMODIFIED

Internal control over financial reporting:

One or more material weaknesses identified?		YES	X	NONE REPORTED
One or more significant deficiencies identified that are not considered to be material weaknesses?	X	YES		NONE REPORTED
Noncompliance material to financial statements noted?		YES	X	NONE REPORTED

2. Federal and State Awards

Internal control over major programs:

• One or more material weakness identified?		YES	X	NONE REPORTED
• One or more significant deficiencies identified that are not considered to be material weaknesses?		YES	X	NONE REPORTED

Type of auditor's report issued on compliance for major programs: UNMODIFIED

Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the Uniform Guidar		YES	X	NO

Identification of major programs:

CFDA Numbers	Name of Federal and State Program or Cluster
14.218	Community Development Block Grants/Entitlement Grants
20.205	Highway Planning and Construction Cluster
21.019	Coronavirus Relief Fund
21.027	American Rescue Plan Act
N/A	Texas Parks & Wildlife, Northside Library Project

	Federal	State
Dollar threshold used to distinguish between type A and type B programs:	$ 750,000	$ 750,000

Auditee qualified as low-risk auditee?		YES	X	NO

II. FINANCIAL STATEMENT FINDINGS

Schedule Reference (2021-001) BRIDGE OPERATIONS - FINANCIAL MANAGEMENT SYSTEM

SIGNIFICANT DEFICIENCY

Criteria: The Bridge-Operations financial management system includes the related business processes relevant to financial reporting and communication of all financial transactions and individual crossings related to the Pharr International Bridge. This system should provide accurate and reliable financial information. The City should establish internal control procedures within both the financial management system and manual systems by which all transactions are initiated, authorized, recorded, processed, corrected as necessary, transferred to the general ledger, and reported in the financial statements.

Condition: During the audit, we noted ineffective controls related to the financial information provided by the financial management system of bridge operations. The daily bridge reports on several days throughout the fiscal year were materially inaccurate. Furthermore, the personnel reconciling the daily reports were aware they were not accurate and manually reported the amounts collected for the day in a separate excel spreadsheet. Though internal control procedures were in place, they were not followed as the supervisor still approved the financial information as reconciling to the bridge operation financial report knowing they were not matching. In interviewing the supervisor and personnel, we became aware the issue is a common occurrence with the system.

Cause: Controls relating to recording, processing, and correcting the financial management system of bridge operations were not adhered to. Personnel were not recording the information from the financial management system since they were aware it was inaccurate but were signing off on the daily reports that they did match, nor did they inform the finance department that the system was providing inaccurate information.

Effect: The lack of internal controls with the financial management system increases the risk of fraud. The deferred revenues and customer receivables cannot be accurately calculated based on reports generated from the system and create major discrepancies at year end with Finance Department for financial reporting purposes.

Recommendation: City Management should consider requiring the financial management system for bridge operations vendor to provide a Soc. 1, Type 2 report for their software. This will provide the City reliance that the software is suitably designed and provides operating effectiveness of controls. In addition, personnel related to reporting should comply with the internal controls that are in place.

III. FEDERAL AWARDS FINDINGS

None.

Corrective Action Plan
Year Ended September 30, 2021

Schedule Reference (2021-001), Bridge Operations-Financial Management System

Senior leaders and staff from Bridge, IT and Finance agree with this finding. An initial corrective action meeting took place on April 7th to discuss steps necessary to implement action plan to eliminate this significant deficiency.

The plan is to officially communicate to software provider and provide them an opportunity to comply with SOC reports; if such attempt fails, then City will officially communicate the need to terminate contract and City will request permission to City Commission to advertise for replacement with a full detail of criteria and specifications that include compliance with SOC reports and Financial Reporting capacity that allows Finance and Bridge staff to reconcile any unused AVI's and Tickets.

Contact Person responsible for corrective action:

Primary Government-City of Pharr, Texas

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City of Pharr, TX
Schedule of Prior Year Findings
Year Ended September 30, 2021

SUMMARY OF AUDITORS RESULTS – PRIOR FISCAL YEAR.

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.

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.

Current Status: Item has been corrected.

III. FEDERAL AWARDS FINDINGS

Schedule Reference (2020-002) Community Development Block Grant (CDBG) – Special Test and Provisions – Environmental Reviews

SIGNIFICANT DEFICIENCY

Criteria: The auditor randomly selected subrecipients of the CDBG program during the audit year in scope. The subrecipient's activities as noted in the Activity Summary Report were described as "to provide housing rehabilitation to three (3) single-family residential units and two complete (2) reconstructions." After inquiry and documentation request, the auditor was unable to verify the City of Pharr, as the grantee, ensured pre-rehabilitation inspections were conducted, verified deficiencies were corrected, and work was properly completed in accordance with contract specifications. The special test was not met. Additionally, the City of Pharr was unable to provide the auditor evidence an environmental review for the selected project occurred, such as the Green Building Retrofit Checklist. The special test was not met.

Condition: Per the Compliance Supplement for CDBG, Environmental Reviews: Projects must have an environmental review unless they meet criteria specified in the regulations that would exempt or exclude them from RROF and environmental certification requirements.
Per 24 CFR Section 570.506 – Records to be maintained: Each recipient shall establish and maintain sufficient records to enable the Secretary to determine whether the recipient has met the requirements of this part.

Effect: The City of Pharr has not met the compliance requirement for rehabilitation projects. When CDBG funds are used for rehabilitation, the grantee must ensure that the work is properly completed (24 CFR section 570.506)

Cause: Weak departmental control over document retention and recent turnover in the CDBG department during the auditor's fieldwork has caused the City of Pharr failure to provide documentation to meet the special test for the selected subrecipient's activity.

Recommendation**:** The department should verify reporting requirements for all federal programs are met on a timely basis and evidence of such be available for auditor inspection during audit fieldwork.

Current Status: Not yet corrected.

Schedule Reference (2020-003) City-wide internal control effectiveness in relation to grant management

SIGNIFICANT DEFICIENCY

Criteria: During inquiry and request of policies and procedures within the grant department, the auditor noticed internal controls were properly designed within the CDBG department, which include controls in the forms of checklists, assignment of responsibilities, established deadlines, and monitoring procedures for compliance. Auditor selected a random sample of subrecipients to verify monitoring controls were effective. During auditor test of operating effectiveness, the auditor concluded ineffective controls due to a lack of evidence retention, empty checklists, and lack of monitoring of subrecipients as designed in the policies and procedures.

Condition: Per 2 CFR Section 200.303 (a) – Internal Controls: The Non-Federal entity must: establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the

United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Effect:
Auditor noted a lack of evidence and incomplete monitoring procedures, concluding ineffective operating controls over the grant.

Cause:
Per auditor inquiries, the City of Pharr's management has informed the auditor the process for approving a grant-wide policy and procedure manual has been delayed. Additionally, reliance on the CDBG department for grant management has caused hierarchal issues when it relates to accountability of the City-wide grant-management department.

Recommendation**:** The auditor recommends the City of Pharr adopt an internal control standard, specifically, the Standards for Internal Control in the Federal Government, which is provided by the US Government Accountability Office, also known as the Green Book. The auditor recommends management review of Part 6 of the Compliance Supplement to gain insights related to internal controls for non-compliance. Additionally, management must enforce an internal accountability process to verify that designed controls are effective on a periodic basis.

Current Status: Not yet corrected.