

ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF HARLINGEN, TEXAS

For the Fiscal Year Ended September 30, 2022

**City of Harlingen, Texas
Annual Comprehensive Financial Report
(Including Compliance Report on Grant Activities)
For the Fiscal Year Ended September 30, 2022**

CITY OFFICIALS

Mayor	Norma Sepulveda
Commissioner, District 1	Ford Kinsley
Commissioner, District 2	Daniel N. Lopez
Commissioner, District 3	Michael Mezmar
Commissioner, District 4	Frank Morales
Commissioner, District 5	Rene Perez
City Manager	Gabriel Gonzalez

**PREPARED BY
DEPARTMENT OF FINANCE**

Robert Rodriguez,
Finance Director

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INTRODUCTORY SECTION

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CAPITAL OF THE LOWER RIO GRANDE VALLEY

Mission Statement:

"Ensure a business-friendly climate focused on economic growth, quality of life and efficient delivery of excellent services to our community."

April 28, 2023

The Honorable Mayor, City Commissioners and Citizens
of the City of Harlingen, Texas:

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of the City of Harlingen, Texas, for the fiscal year ended September 30, 2022. This report was prepared from the books and records of the City of Harlingen and hereby submitted as required by state and local laws. Responsibility for the accuracy of the presented data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City of Harlingen. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. Readers and other users of this report should refer to Management's Discussion and Analysis, which can be found in the Financial Section and immediately follows the independent auditors' report.

THE REPORT

These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB), the National Council on Governmental Accounting (NCGA) and the American Institute of Certified Public Accountants (AICPA).

The City is required to undergo an annual single audit in conformity with the provisions of 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). Information related to this Uniform Guidance, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and auditors' report on the internal control structure and compliance with applicable laws and regulations are included in the single audit section of this report.

The City's financial statements have been audited by Carr, Riggs & Ingram, LLC, Independent Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2022, were free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is located at the front of the financial section of this report.

"Recipient of Keep Texas Beautiful Governor's Achievement Award"

118 E. Tyler ★ P.O. Box 2207 ★ Harlingen, Texas 78551

MISSION STATEMENT

The mission statement for the City of Harlingen as adopted by the City Commission is to *"Ensure a business climate focused on economic growth, quality of life and efficient delivery of excellent services to our community"*. The City's mission statement serves as a guide for departments to provide the best service to the community.

ECONOMIC CONDITIONS AND OUTLOOK

Harlingen is located in the Rio Grande Valley of Texas (Valley), an international border region comprised of a three county area with an estimated population of 1.2 million people on the U.S. side and over 2 million in the border communities of Mexico. Harlingen's central location, just a few miles from the Mexican border, and the availability of skilled labor force at competitive wages has been an important factor in its continued economic development. Harlingen has a dynamic, world class medical and health care complex which includes Valley Baptist Medical Center, Harlingen Medical Center, Rio Grande State Center, Su Clinica Familiar and an increasing number of clinics and medical practices. Harlingen is also home to the University of Texas Rio Grande Valley School of Medicine Clinical Education Building and the Graduate Medical Education Office where UTRGV medical students continue their studies and participate in clinical rotations. Harlingen is also home to The University of Texas Rio Grande Valley's new multi-million dollar Institute of Neurosciences research facility near the established Regional Academic Health Center. . Harlingen is also home to the Veteran's Administration Center which includes a 120,000 sq. ft. outpatient center. The Institute will further increase our growing Medical Sector and the number of jobs associated with that industry. The City's location has made it a logistics center for the Valley. Valley International Airport (VIA) has three major air cargo companies located at its facility as well as 6 major airlines for passengers to choose from.

Overall construction in Harlingen during FY 2021-22 was \$115.7 million in construction permits issued by the City. A total of 1,003 permits were issued. The City issued 261 building permits for new homes for a total dollar value of over \$44.3 million, with an average construction cost for each home at \$169,839. The commercial/business sector issued permits for 41 new commercial structures with a construction value of \$24.5 million.

Total sales tax collected by the City, the Economic Development Corporation (EDC-4A) and the Harlingen Community Improvement Board (HCIB-4B) increased to \$31,892,161 in FY 2021-22 compared to the \$29,424,316 collected in FY 2020-21, a 8.4% or \$2,467,845 increase. All three entities are committed to combining their resources for the overall economic benefit of the City.

Outlook

The City's fiscal year 2022 Budget was prepared conservatively based on the current economic conditions at the time to meet the goals of the City while staying within the resources available to the City. Fiscal year 2022 showed a large increase in sales taxes due inflationary increases and growth within the City. Careful long-term planning is important to the City. Periodic review of the budget is performed to adjust the operational appropriated expenditures for any changes in the City's resources. The City takes a strong stance in preserving its fund balance.

MAJOR INITIATIVES

For the Year

The fiscal year 2021-2022 budget addressed the City Commission's and City Manager's objectives of creating and continuing replacement/improvement programs. These programs are designed for the betterment of the City by having perpetual mechanisms in place to improve the City incrementally each year. City management has built these programs into the annual budgets as to be manageable in both resources of funding and labor. The following projects were commenced and/or completed in FY 2022:

- Lonc C. Hill Destination Park, Phase II
- Road construction including South 5th Street from Coolidge to Arroyo, Montezuma Road, a section of Summerfield Road, Filmore Avenue from P Street to the Irrigation Canal west, Montezuma Road from FM 507 to west City limits (by Lee H. Means Elementary), Summerfield Lane (from 13th St south to 13th St north), 21st St and 20 ½ St from Vinson Avenue to end cul-de-sac, 9th St from Austin Avenue to the railroad tracks south, Clifford Drive from Haine to end cul-de-sac, Daniel Circle from Clifford Drive to end cul-de-sac, T St from Wilson Road to Lozano Street, Taft Avenue from 3rd Street to Frontage Road, Tucker Road from Lincoln Avenue to end, Louisiana Street from Morris Road to Frontage Road.
- Los Vecinos Project, which includes full-depth reconstruction of Pierce, Mitchell and Buchanan streets from dead end to M Street, new parking, sidewalks and ADA ramps.
- Drainage and storm sewer projects including Jackson Ave. and C Street Drainage Improvements, 21st Street Storm Sewer System Improvements, Lozano Detention Facility, Hickory Hill Road Culvert, 5th and 7th Street Storm Sewer Improvements, Pickens Street Storm Sewer Improvements, Lozano Street to Arroyo Colorado Irrigation Canal Study, Teege and Faripark Storm Sewer Improvements, Sunchase and Sabal Palm Storm Sewer Improvements, Adam's Crossing Storm Sewer Improvements, Ed Carey and Business 77 Storm Sewer Improvements and Jacaranda Street Storm Sewer Improvements, Jefferson Storm Sewer Improvements, 9th and 13th Street Storm Sewer Improvements
- Installation of a pedestrian bridge for the Moises Vela Middle School including sidewalks to connect Sun Country Drive to the school.
- Construction of the Fire Training Facility and access roads.
- General Reseal & Overlay Project for various City streets
- Arroyo Colorado Hike and Bike Trail Extension

GOALS FOR YEAR 2022-23 AND BEYOND

The Harlingen City Commission on April 6, 2016 unanimously approved the "One Vision, One Harlingen" comprehensive plan, which is the City's core policy document. The comprehensive plan utilized key input over several months from stakeholders, residents, business owners, city staff, appointed committee members and elected officials. The plan consists of the City's vision, goals, strategies, and implementation measures for growth and prosperity. "One Vision, One Harlingen" is an integrated approach to future development with a focus on all elements that make up a city such as housing, transportation, parks, economic growth, public safety and public services. The comprehensive plan assisted in developing a priority listing of projects. On June 24, 2017, the Harlingen City Commission approved the priority list of projects. A total of 17 priority projects were included on the list. The top seven projects are as follows:

1. Complete the Regional Flood Plan Study
2. Commence of Phase II of the Lon C. Hill Destination Park
3. Construction of the 5th & 7th Street Storm Sewer Improvement Project
4. Construction of Jefferson Storm Sewer Improvements
5. Seek additional grant funding and opportunities for drainage and street projects
6. Rehab roadways through our Street Improvement Program.
7. Several park upgrades including C.B Wood, Destination Park Phase II, Kayak Launch Project and trails extension from McKelvey Park back to Hugh Ramsey Nature Park Phase III

The “One Vision, One Harlingen” comprehensive plan is available on the City’s website (www.myharlingen.us) for citizen review.

FINANCIAL INFORMATION

This report contains management’s representations concerning the finances of the City of Harlingen. Therefore, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide for a reasonable basis for making these representations, management has established a comprehensive internal control framework designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed with the objective of providing reasonable, but not absolute, assurance that the financial statements are free of any material misstatements. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluations of costs and benefits require estimates and judgments by management.

Uniform Guidance

As a recipient of federal financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

As a part of the City's requirements under the Uniform Guidance, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended September 30, 2022, indicated that there were no material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgeting Controls

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except for the capital projects funds which adopt project - length budgets. Formal budgetary integration is employed as a management control device during the year for the General, Debt Service, Community Development Block Grant, Tennis Court Revenue, Hotel/Motel Occupancy Tax, Public Education Grant, Catastrophic Emergency Relief, Harlingen Downtown, Harlingen Convention Center, Freetrade Bridge, Library, Federal Forfeitures, State Forfeitures, Convention & Visitors Bureau, Grant Awards, Tax Increment Financing, and Infrastructure as well as for all enterprise and internal service funds. These budgets, except for Community

Development Block Grant Fund, are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

Unused appropriations for all of the above annually budgeted funds lapse at the end of each year. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Budgetary data for Capital Project Funds are budgeted over the life of the respective project and not on an annual basis. Therefore, this data is not presented in the accompanying combined financial statements.

Budgets for Community Development Block Grant Fund are legally adopted on a program (entitlement) basis rather than on an annual basis. The budgets reflected on the statement of revenues, expenditures and changes in fund balance represent the remaining unexpended program budget at the beginning of the current fiscal year. Unexpended appropriations do not lapse at the end of the fiscal year for these funds.

Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, several supplementary appropriations were necessary.

The annual budget serves as the foundation for the City's financial planning and control. The City maintains budgetary controls over revenues and expenditures to ensure compliance with legal provisions embodied in the annual appropriated budget as approved by the City Commission. Budgetary controls for changes to the approved budget, which exceed or deplete the original appropriated amounts, require City Commission approval. Changes to the original department budgets between line items are processed through budget adjustment forms and require the City Manager, Finance Director, and Department Director approval. Activities of the general fund, special revenue funds and debt service fund are included in the annual appropriated budget. Budget-to-Actual comparisons are provided in this report.

Distinguished Budget Presentation Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate for Distinguished Budget Presentation to the City of Harlingen for its annual budget for the fiscal year beginning October 1, 2021. In order to be awarded a Certificate for Distinguished Budget Presentation, the City must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication medium.

General Governmental Functions

General Governmental Fund Types (General Fund, Special Revenue Funds, and Debt Service Fund) account for a major portion of the City's operating revenues and expenditures. A fourth general governmental fund type is Capital Projects, which was established to account for major city improvements.

The City offers excellent services that enrich the quality of life to the citizens. The City continues to allocate a large amount of funds into the parks, by upgrading park equipment. The construction of walking trails continue, which will eventually connect all the parks together. As always, the City also expends funds on the Public Safety departments of Police and Fire.

Fund Balances

The total fund balance for the general fund totaled \$31,466,180 at September 30, 2022. The unassigned fund balance for the General Fund totaled \$30,349,895, an increase of \$4,099,974 over last year. The combined fund balance of all other governmental funds totaled \$12,540,470, which includes restricted funds of \$8,102,988, committed funds of \$5,163,222, assigned funds of \$1,195,959 nonspendable funds of \$43,750 and unassigned funds of (1,965,449).

The fund balance of the General Fund presented above will provide the City with approximately 216 days of operating expenditures for FY 2023. This level of fund balance is above the City's goal of ninety days of operating expenditures. With the combining of the fund balances of the General Fund and Catastrophic Emergency Fund, the City has approximately 221 days of expenditures for FY 2023.

Debt Administration

The City had an informal goal of attaining and maintaining a fund balance of 25% of the following FY annual debt service requirement. That informal goal was evaluated during the FY and determined to be in excess of the City's needs. The debt service restricted fund balance of \$649,990 is 13.9% of FY 2023 annual principal and interest requirements.

The City's last rated General Obligation bonds are rated as follows:

	<u>Fitch</u>	<u>Standards & Poor</u>
General Obligation Bonds	AA+	AA-

Capital Project Funds

The Capital Project Funds were established to account for major city improvements. Typical projects have included streets, sidewalks and drainage construction. Facilities such as the police/court, fire stations and park restrooms and fields have also been funded through bonds.

Proprietary Funds

The City currently operates four Proprietary Funds. The proprietary funds are set up to operate primarily from user fees charged to the general public. A comparative summary of net income (loss) before transfers and capital contributions for the years ended September 30, 2022 and 2021, as follows:

<u>Proprietary Funds</u>	<u>2022</u>	<u>2021</u>
Sanitation Fund	\$ 461,205	\$ 764,841
Municipal Golf Course Fund	(315,341)	(148,794)
Municipal Auditorium Fund	(211,975)	(309,848)
Harlingen Arts & Heritage Museum	(114,467)	(109,945)
Total net income (loss)	<u>\$ (180,578)</u>	<u>\$ 196,254</u>

Sanitation Fund

The Sanitation Department was established as a Proprietary Fund on July 1, 1978. The City owns and operates the entire solid waste, brush and debris collections and public landfill operations within the City limits.

Municipal Golf Course Fund

The Municipal Golf Course Fund was established to account for the operations of the City's municipal golf course. The fund consists of a 27-hole course with a clubhouse.

Municipal Auditorium Fund

The Municipal Auditorium Fund was established to account for the utilization of the City's auditorium and Casa de Amistad facility, as well as for the encouragement of the arts. The Auditorium is home to a variety a number of local dance studios and theatrical performances throughout the year, as well as community organizations including Lifeline Heart of Worship Church, Gloria G. Canales Ballet Folklorico and the Ms. South Texas Senior America Pageant.

Harlingen Arts and Heritage Museum Fund

The Harlingen Arts and Heritage Museum was established to account for the operations of the City's Museum.

Component Units

Four closely associated entities are considered component units. These are the Harlingen Economic Development Corporation, the Harlingen Community Improvement Board, the Valley International Airport, and the Harlingen Water Works System.

Harlingen Economic Development Corporation (HEDC)

The HEDC is a separately chartered nonprofit corporation. This fund is used to account for Section 4A sales taxes allocated from 75% of the special ½ cent sales tax collected for the express purpose of promoting economic development on behalf of the City. The Board of Directors is appointed by the City Commission and functions as the decision/policy-making body for activities related to this component unit subject to some prior Commission approval. Prior to fiscal year 2008, City management and City staff ran the HEDC operations. With the approval of the HEDC board and city commission, a director and three staff positions were hired in FY 2008 solely for the administration and operations of the HEDC.

Harlingen Community Improvement Board (HCIB)

This HCIB is a separately chartered nonprofit corporation. The fund is used to account for Section 4B sales taxes allocated from 25% of the special ½ cent sales tax collected for the express purpose of promoting economic and community development on behalf of the City. The Board of Directors is appointed by the City Commission and functions as the decision/policy-making body for all activities related to this component unit subject to prior Commission approval. Currently, City administration and staff handle the regular operations of the HCIB.

Valley International Airport

Valley International Airport's major operating revenue sources are commissions, car rentals, terminal parking and rentals of the Airport facilities.

Southwest Airlines, Frontier Airlines, American Airlines, and United Airlines provide passenger airline service through Valley International Airport. Continuing and connecting flights are facilitated within these airlines' respective systems. Additional connections are provided seasonally by Sun Country Airlines and Delta.

The Airport has received grants from the U. S. Department of Transportation - Federal Aviation Administration. Currently, the Airport has been awarded several grants under the Airport Improvement Program. The grants are awarded primarily for the extension of runways, taxiways, together with grants providing funds for the renovation, rehabilitation, expansion of the Airport terminal, and drainage improvements. The grants reimburse the City Airport at amounts ranging from 90 percent of the respective project costs.

Harlingen Waterworks System

The Waterworks System of the City of Harlingen, Texas, is a separate operating authority established by and subject to the City's Charter. It provides for the water and wastewater services in Harlingen and the surrounding areas. The City conducts oversight responsibilities over the Utilities Trustee Board.

Internal Service Fund

Motor Vehicle/Warehouse Fund

The Motor Vehicle/Warehouse Fund was established to account for vehicle maintenance, equipment replacement, and purchasing/warehouse operations. The vehicle maintenance shop maintains most City vehicles and the departments are billed for the services provided. For equipment replacement, departments are charged rent for the vehicles and rolling stock at a rate to recover depreciation over the useful life. Items "purchased" from purchasing/warehouse are charged to the departments at cost plus 15% to cover the operating cost of purchasing/warehouse.

Medical/Health Fund

The Medical/Health Fund was established to account for monies paid into a pool for medical and health care cost of current and retired City employees. Funds are contributed biweekly through the payroll transactions for both the City and employees portion.

Fiduciary Fund

Pension Trust Fund

This pension system is accounted for in the Firemen's Relief and Retirement Fund. The City of Harlingen amended the plan provisions effective April 1, 2019 and increased the employer contribution to 17% of salaries. The firemen continue to contribute 15% of salaries. The City of Harlingen administers and operates the pension fund as a fiduciary for the Firemen's Relief and Retirement Fund Board of Directors as authorized by the Texas Local Fire Fighters Retirement Act (TLFFRA).

OTHER INFORMATION

Independent Audit

The City Charter requires an annual audit to be made of the books and accounts of all departments of the City by an Independent Certified Public Accountant. This requirement has been complied with, and the auditors' opinion has been included in this report.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Harlingen, Texas, for its annual comprehensive financial report for the fiscal year ended September 30, 2021. The Certificate of Achievement is the highest form of recognition for excellence in State and Local government financial reporting.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Harlingen has received a Certificate of Achievement for each of the last thirty six years (fiscal years ended 1985 to 2021). We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgment

I would like to express my appreciation to Kareem Abdullah, Deputy Finance Director, as well as the entire staff of the Finance Department for their diligent efforts in preparation of the annual financial report. I would also like to thank the City Manager, Mayor, and City Commissioners for their leadership, and support in planning and conducting the financial operations of the City in a responsible and progressive manner. Finally, I wish to thank our independent certified public accountants, Carr, Riggs, and Ingram, LLC, whose competent assistance and technical efficiency have assisted and contributed to the preparation of this report.

In conclusion, this report reflects the overall strength and progressive posture in which the City continues to provide necessary services to the citizens and communities of Harlingen.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Robert Rodriguez', with a stylized flourish at the end.

Robert Rodriguez
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Harlingen
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

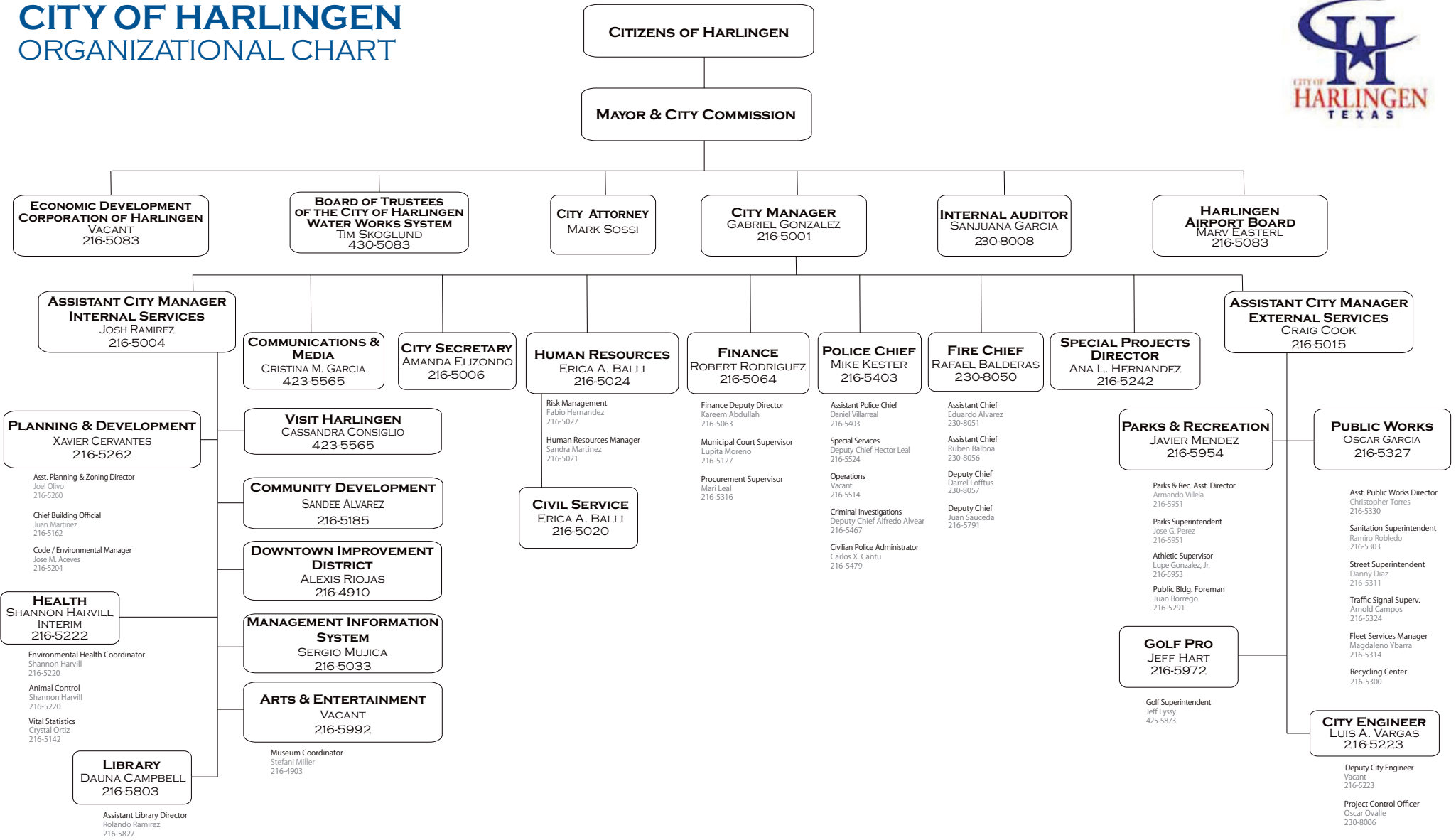
September 30, 2021

Christopher P. Morill

Executive Director/CEO

CITY OF HARLINGEN

ORGANIZATIONAL CHART



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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Commission
City of Harlingen, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Harlingen, Texas, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Harlingen, Texas's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Harlingen, Texas, as of September 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Harlingen, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2022 the City adopted a new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Harlingen, Texas's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Harlingen, Texas's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Harlingen, Texas's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 37–55 and 149–164 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Harlingen, Texas's basic financial statements. The other supplementary information section and schedule of expenditures of federal/state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State of Texas Single Audit Circular are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 other supplementary information and the schedule of expenditures of federal/state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

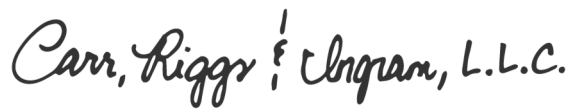
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections, the continuing disclosure requirements of SEC Rule 15 (c) 2-12, and the debt service section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2023, on our consideration of the City of Harlingen, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Harlingen, Texas's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Harlingen, Texas's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive script.

Harlingen, Texas
April 28, 2023

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Management's Discussion and Analysis

This section of the City of Harlingen's annual financial report presents our discussion and analysis of the City's financial performance for the fiscal year ended September 30, 2022. Please read it in conjunction with the transmittal letter on page 17 and the City's financial statements, which begin on 56.

FINANCIAL HIGHLIGHTS

The net position of the City as of September 30, 2022 was \$132,802,697. This number consists of \$109,697,697 (82.6%) of net investment in capital assets. The net position restricted for specific purposes totals \$8,352,773 (6.3%) and unrestricted net position of \$14,752,227 (11.1)%. The City's total net position increased by \$13,660,198. The governmental activities net position increased by \$14,011,785 or approximately 13.47%, while the net position of our business-type activities decreased by \$(351,587) or approximately (2.32)%. The increase to net position is a result of increased sales tax collections and the ARPA grant proceeds received during the year.

As of September 30, 2022, the City's governmental funds reported combined ending fund balances of \$44,006,650. Within this total, \$337,970 is non-spendable, \$8,352,773 is restricted by specific legal requirements, such as by debt covenants, \$5,163,222 has been committed and \$1,768,239 is assigned to specific types of expenditures. The remaining \$28,384,446 is unassigned fund balance and can be used for any lawful purpose. The City's expenditures for FY 2022 were \$5,367,939 less than the \$74,443,965 generated in taxes and other revenues before other finance sources and uses.

Business-type activities reported combined ending net position of \$14,787,164. Within this total, \$8,350,964 is invested in capital assets (e.g., land, buildings, infrastructure, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The remaining balance consists of \$6,436,200 of unrestricted funds which can be used for any lawful purpose. Total proprietary expenses and transfers for the City's business-type activities were \$351,587 more than the operating and non-operating revenues of \$11,409,887.

USING THIS ANNUAL REPORT

The Comprehensive Annual Financial Report is composed of three main sections – (A) Introductory Section, (B) Financial Section, and (C) the Statistical Section. The Financial Section of this Comprehensive Annual Financial Report consists of four parts: (1) *management's discussion and analysis (this section)*, (2) *the basic financial statements*, (3) *required supplementary information*, and (4) *other supplementary information*, which is an optional section that presents additional information such as *combining and individual fund statements and schedules* for non-major and major governmental funds, internal service funds, fiduciary funds, capital assets, and required compliance information.

Management's Discussion and Analysis

This Comprehensive Annual Financial Report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 56-57 and 58) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 59. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending.

Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the City as A Whole

The Statement of Net Position and the Statement of Activities

One of the central concerns in assessing any city's finances is summarized in the question, "Is the City as a whole better or worse off as a result of the year's activities?" Our analysis of the City as a whole begins on page 44. The analysis includes a condensed summary of the government-wide financial statements.

The Statement of Net Position and the Statement of Activities present information about the City that facilitates answering this question. These statements are presented much like private-sector companies, including all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the *accrual basis of accounting*. All of the current year's revenues and expenses are reported without regard to when cash is received or paid.

These government-wide financial statements report both net position and changes thereto.

The City's net position, which is the difference between assets, deferred outflow of resources and liabilities, deferred inflows of resources, is one indicator of the City's financial health or financial position. Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating. You need to consider other non-financial factors, such as changes in the City's property tax base and the condition of the City's streets, to assess the overall health of the City.

In the Statement of Net Position and Statement of Activities, we divide the City into three kinds of activities:

- **Governmental activities** – Most of the City's basic services are reported here, including police, fire, public works, public services, and general administration. Property taxes, sales taxes, franchise fees, and state and federal grants finance most of these activities.
- **Business-type activities** – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's golf course, municipal auditorium, museum, and sanitation and landfill operations are reported here.
- **Component units** – The City includes four separate legal entities in its report – the Harlingen Economic Development Corporation, Harlingen Community Improvement Board, Water and Wastewater System, and the Valley International Airport. These are other governmental units over which the City (the City Commission, acting as a group) can exercise influence. The Water and Wastewater System and the Valley International Airport both issue separately audited financial statements which can be obtained from each entity.

Management's Discussion and Analysis

Recently Issued Accounting Pronouncements

Future possible applicable accounting standards to the City that have been issued by the Governmental Accounting Standards Board are:

- GASB Statement No. 87, Leases
- GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Const. Period
- GASB Statement No. 91, Conduit Debt Obligations
- GASB Statement No. 93, Replacement of Interbank Offered Rates
- GASB Statement No. 94, Public-Private and Public-Public Partnerships 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
- GASB Statement No. 100, Accounting Changes and Error Corrections
- GASB Statement No. 101, Compensated Absences

In June 2017, the GASB issued GASB Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. The objective of GASB Statement No. 87 is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement has been implemented for the fiscal year ending September 30, 2022.

In June 2018, the GASB issued Statement No. 89, *“Accounting for Interest Cost Incurred before the End of a Construction Period”*. This statement will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and will simplify accounting for interest cost incurred before the end of a construction period. The requirements of this statement are effective for reporting periods beginning after December 15, 2021. The Statement is being applied prospectively, therefore, there were no significant impacts of implementing this Statement.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*, provides for a single methods of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In March 2020, the GASB issued Statement No. 93, *“Replacement of Interbank Offered Rates”*. This Statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this statement are effective for reporting periods ending after December 31, 2021. The City determined that there were no significant impacts of implementing this Statement.

In March 2020, the GASB issued Statement No. 94, *“Public-Private and Public-Public Partnerships and Availability Payment Arrangements”*. This Statement establishes standards of accounting and financial reporting for PPPs and APAs for governments. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

Management's Discussion and Analysis

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Management's Discussion and Analysis

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

Reporting the City's Most Significant Funds

Fund Financial Statements

Our analysis of the City's major funds begins on page 47. The fund financial statements begin on page 59 and provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and others by bond covenants. Some funds are established by the City Commission to assist in managing money that is to be spent for particular purposes. For example, the Community Development Block Grant Fund was established to demonstrate that the money received from the U.S. Department of Housing and Urban Development was used for purposes established by the federal government. The City's two kinds of funds – governmental and proprietary – use different accounting approaches.

Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for future spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and Statement of Activities) and governmental funds in a reconciliation format at the bottom of the fund financial statements.

The Governmental Accounting Standard Board (GASB) Cod. Sec. 1800.165 *Classification and Terminology – Fund Balance Reporting* provides for a hierarchy of five possible classifications for reporting fund balance as follows.

- **Nonspendable** 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.

The spendable fund balances include restricted, committed, assigned and unassigned based upon the hierarchy of spending constraints.

- **Restricted** fund balances are constrained by external parties, constitutional provisions, or enabling legislation.
- **Committed** fund balances contain self-imposed constraints of the government from its highest level of decision making authority (the City Commission).
- **Assigned** fund balances contain self-imposed constraints of the government to be used for a particular purpose (the City Manager has the authority to assign funds for specific purposes).
- **Unassigned** fund balances of the general fund are those that have no constraints for any particular purpose.

Management's Discussion and Analysis

Proprietary funds – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities – such as the City's Motor Vehicle/Warehouse Fund.

The City as Trustee

Reporting the City's Fiduciary Responsibilities

The City is the trustee, or fiduciary, of the Firemen's Relief and Retirement Fund. This activity is reported in separate Statement of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 70 and 71. These activities are not included with the City's other government-wide financial information since the City cannot use these assets to finance its programs or operations. The City is responsible for ensuring that these funds are used for their intended purpose.

THE CITY AS A WHOLE

The City's combined net position (assets exceeding liabilities) was \$132,802,697 as of September 30, 2022. The following tables present the net position (Table 1) and general revenues and expenses (Table 2) of the City's governmental and business-type activities. The largest portion of the City's net position, \$109,697,697 (82.6%), reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending, and with exception of business type assets, do not generate direct revenue for the City. They do represent, however, an obligation on the part of the City to maintain these assets into the future. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities.

The City's Summary Statement of Net Position is presented in Table 1. For Fiscal Year 2021-2022, cost of infrastructure and acquisition of other items with a value of \$5,000 or greater were capitalized.

An additional portion of the City's net position of \$8,352,773 (6.3%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is \$14,752,227 (11.1%).

Net position of the City's governmental activities increased by \$14,011,785 or 13.5%, from \$104,003,748 to \$118,015,533 for FY 2021-2022. The net position of the City's business-type activities decreased (2.3)% or \$(351,587) from \$15,138,751 to \$14,787,164 for FY 2021-2022. The large increase to net position in the governmental activities for FY 2022 resulted from increased sales tax collections and the ARPA grant received during the year. The decrease to net position in the business-type activities was a result of the net loss in the Sanitation Fund and the Municipal Auditorium Fund.

Management's Discussion and Analysis

Table 1 – Summary Statement of Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 77,934,896	\$ 59,004,951	\$ 8,338,195	\$ 8,819,847	\$ 86,273,091	\$ 67,824,798
Due from component units	20,572	7,274	144,196	109,928	164,768	117,202
Internal balances	987,823	1,155,819	(987,823)	(1,155,819)	-	-
Net pension asset	4,799,748	1,307,276	97,954	26,680	4,897,702	1,333,956
Capital assets, net						
Non-depreciable assets	13,466,905	15,804,739	467,083	513,978	13,933,988	16,318,717
Depreciable assets	118,589,820	115,544,669	8,035,933	8,011,838	126,625,753	123,556,507
Total capital assets, net	132,056,725	131,349,408	8,503,016	8,525,816	140,559,741	139,875,224
Total assets	215,799,764	192,824,728	16,095,538	16,326,452	231,895,302	209,151,180
Deferred outflows of resources	6,393,829	8,852,655	44,988	32,891	6,438,817	8,885,546
Total assets and deferred outflows of resources	\$ 222,193,593	\$ 201,677,383	\$ 16,140,526	\$ 16,359,343	\$ 238,334,119	\$ 218,036,726
Liabilities						
Current and other liabilities	25,202,288	13,397,616	537,210	424,631	25,739,498	13,822,247
Non-current liabilities						
OPEB liability - retiree health plan	4,712,628	4,509,136	96,177	92,038	4,808,805	4,601,174
OPEB liability - supplemental death benefits	1,803,585	1,727,286	36,808	35,251	1,840,393	1,762,537
Firemen's net pension liability	17,315,431	19,991,801	-	-	17,315,431	19,991,801
Est. Liability landfill postclosure	-	-	110,010	120,010	110,010	120,010
Due in one year	6,257,572	5,164,632	166,105	137,253	6,423,677	5,301,885
Due more than one year	32,467,832	38,811,677	270,475	336,444	32,738,307	39,148,121
Total liabilities	87,759,336	83,602,148	1,216,785	1,145,627	88,976,121	84,747,775
Deferred inflows of resources	16,418,724	14,071,487	136,577	74,965	16,555,301	14,146,452
Net position						
Net investment in capital assets	101,346,733	96,825,475	8,350,964	8,322,915	109,697,697	105,148,390
Restricted	8,352,773	6,317,371	-	-	8,352,773	6,317,371
Unrestricted	8,316,027	860,902	6,436,200	6,815,836	14,752,227	7,676,738
Total net position	118,015,533	104,003,748	14,787,164	15,138,751	132,802,697	119,142,499
Total liabilities, deferred inflows of resources and net position	\$ 222,193,593	\$ 201,677,383	\$ 16,140,526	\$ 16,359,343	\$ 238,334,119	\$ 218,036,726

Management's Discussion and Analysis

Table 2 – Statement of Activities

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 8,241,411	\$ 9,276,607	\$ 11,373,678	\$ 11,103,570	\$ 19,615,089	\$ 20,380,177
Operating grants and contributions	4,994,913	7,692,248	-	-	4,994,913	7,692,248
Capital grants and contributions	7,572,128	6,527,881	-	-	7,572,128	6,527,881
General Revenues:						
Property taxes	23,476,955	23,013,419	-	-	23,476,955	23,013,419
Sales taxes	23,679,669	21,861,723	-	-	23,679,669	21,861,723
Other taxes	5,031,137	4,491,450	-	-	5,031,137	4,491,450
Unrestricted investment earnings	424,727	35,906	55,287	3,356	480,014	39,262
Other	372,805	260,001	30,399	125,170	403,204	385,171
Gain (loss) on sale of assets	423,025	193,831	-	8,190	423,025	202,021
Total revenues	74,216,770	73,353,066	11,459,364	11,240,286	85,676,134	84,593,352
Expenses						
Program expenses:						
General government	7,593,090	6,270,204	-	-	7,593,090	6,270,204
Public safety	27,580,994	26,731,922	-	-	27,580,994	26,731,922
Highways and streets	10,407,022	8,249,883	-	-	10,407,022	8,249,883
Health and welfare	2,490,957	6,120,661	-	-	2,490,957	6,120,661
Community and economic dev.	5,657,302	4,868,179	-	-	5,657,302	4,868,179
Culture and recreation	5,869,981	5,274,945	-	-	5,869,981	5,274,945
Interest on long-term debt	776,648	1,257,926	-	-	776,648	1,257,926
Sanitation	-	-	10,020,472	9,609,368	10,020,472	9,609,368
Golf	-	-	1,186,219	1,009,710	1,186,219	1,009,710
Museum	-	-	115,445	110,164	115,445	110,164
Municipal Auditorium	-	-	317,806	314,790	317,806	314,790
Total expenses	60,375,994	58,773,720	11,639,942	11,044,032	72,015,936	69,817,752
Excess revenues over (under) expenses before transfers	13,840,776	14,579,346	(180,578)	196,254	13,660,198	14,775,600
Transfers	171,009	(628,015)	(171,009)	628,015	-	-
Change in net position	14,011,785	13,951,331	(351,587)	824,269	13,660,198	14,775,600
Net position, beginning	104,003,748	90,052,417	15,138,751	14,314,482	119,142,499	104,366,899
Net position, ending	\$ 118,015,533	\$ 104,003,748	\$ 14,787,164	\$ 15,138,751	\$ 132,802,697	\$ 119,142,499

Total revenues generated from both governmental activities and business-type activities this year amounted to \$85,676,134. Total expenses incurred from both governmental activities and business-type activities this year amounted to \$72,015,936 which resulted in an increase in net position of 11.5% or \$13,660,198.

Management's Discussion and Analysis

Governmental Activities

Total revenue generated from governmental activities this year amounted to \$74,216,770, before transfers. Expenses came in at \$60,375,994, increasing net position by \$13,840,776 before transfers. Transfers of \$171,009 to other activities resulted in an all-inclusive increase to net position of \$14,011,785.

The cost of all governmental activities this year was \$60,375,994. However, as shown on the Statement of Activities on page 58, the amount that our taxpayers ultimately financed for these activities through taxes and other general revenues was \$53,579,327. Charges for services of \$8,241,411 were paid by those who directly benefited from them. Operating grants and contributions totaled \$4,994,913. Another \$7,572,128 was paid by capital grants and contributions.

Table 3 presents the cost of each of the City's six largest programs as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

TABLE 3 - GOVERNMENTAL ACTIVITIES

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
General government	\$ 7,593,090	\$ 6,270,204	\$ (3,692,795)	\$ (1,918,912)
Public safety	27,580,994	26,731,922	(23,422,699)	(23,517,262)
Highway and streets	10,407,022	8,249,883	(3,121,877)	(3,617,926)
Health and welfare	2,490,957	6,120,661	(954,847)	(988,386)
Community & economic dev.	5,657,302	4,868,179	(3,064,323)	(2,931,057)
Culture and recreation	5,869,981	5,274,945	(4,534,353)	(1,045,515)
Interest on long-term debt	776,648	1,257,926	(776,648)	(1,257,926)
	\$ 60,375,994	\$ 58,773,720	\$ (39,567,542)	\$ (35,276,984)

Business-type Activities

Total operating and non-operating revenues generated from business-type activities this year amounted to \$11,459,364, before transfers. Expenses came in at \$11,639,942 leaving \$(180,578) as a decrease to net assets before transfers. Transfers to other activities totaling \$(171,009) resulted in an all-inclusive decrease in net assets amounting to \$(351,587). More details will be provided about governmental and business-type activities operations later in this discussion and analysis.

THE CITY'S FUNDS

As a result of this year's operations, governmental funds (as reflected in the balance sheet starting on page 59) combined fund balance increased to \$44,006,650 or \$6,302,540 more than last year. The increase to fund balance is a result of increased sales and hotel/motel tax collections as well as a large net increase in the infrastructure fund due to less expenditures.

Management's Discussion and Analysis

Governmental Funds

The following table presents a summary of total governmental funds' revenues and operating transfers in for the years ended September 30, 2022 and 2021. The following is a detailed analysis of the revenues:

Revenues & Other financing sources (uses)	2022	% of Total	2021	Amount of Increase / (Decrease)	Percent Increase / (Decrease)
Property Taxes	\$ 23,586,495	31.3%	\$ 23,031,989	\$ 554,506	2.4%
Nonproperty taxes	28,962,704	38.4%	26,575,348	2,387,356	9.0%
Assessments	1,582,852	2.1%	1,545,235	37,617	2.4%
Fines and forfeitures	847,665	1.1%	769,240	78,425	10.2%
Licenses and Permits	907,850	1.2%	796,577	111,273	14.0%
Charges for services	1,713,064	2.3%	1,033,962	679,102	65.7%
Intergovernmental	11,715,440	15.5%	11,036,751	678,689	6.1%
Contributions and donations	4,322,168	5.7%	5,943,534	(1,621,366)	-27.3%
Miscellaneous	375,231	0.5%	266,276	108,955	40.9%
Interest and investment income	430,496	0.6%	41,166	389,330	945.8%
	74,443,965		71,040,078	3,403,887	
Other financing sources (uses)	934,601	1.2%	798,752	135,849	17.0%
Total	\$ 75,378,566		\$ 71,838,830	\$ 3,539,736	

There was a net increase in total revenues (including other financing sources (uses) of \$3,539,736 or an increase of 4.9%. Property taxes represent 31.3% of total revenues and other financing sources (uses). Property taxes increased by 2.4% or \$554,506. Nonproperty taxes, which includes sales, franchise and hotel/motel taxes represents 38.4% of total revenues and other financing sources (uses). Nonproperty taxes increased by \$2,387,356 or 9.0% over last fiscal year. Contributions and donations decreased by (1,621,366) or (27.3)% due to a large contribution in the prior year of the destination park from the HCIB. Total revenues, not taking into account other financing sources (uses) increased by \$3,403,887.

Property and Non-property tax revenues had a total increase \$2,941,862 over FY 2021 revenues. Property and Non-property taxes account for a major part of the revenue increase over last fiscal year. Intergovernmental revenue also had an increase over last fiscal year of \$678,689 which contributed to the overall revenue increase.

Property Taxes – including penalty and interest

Property tax revenues exceeded FY 2021 property tax revenues by \$554,506. The increase is attributable to both current and delinquent collections. The percentage of collection for FY 2022 current taxes was 97.99%. The total tax rate stayed the same at \$0.619849 per \$100 value during the fiscal year. The total tax rate is composed of \$0.107010 for the Interest and Sinking Fund (I&S) and \$0.512839 for the Maintenance and Operations (M&O).

Management's Discussion and Analysis

Nonproperty taxes

Nonproperty taxes, which includes sales, franchise and hotel/motel taxes represents 38.4% of total revenues and other financing sources (uses). Nonproperty tax revenue increased by \$2,387,356 or 9.0% over last fiscal year. The increase includes a \$1,850,884 or 8.4% increase in sales taxes, a \$357,202 or 28.3% increase in Hotel/Motel taxes collected, and a \$(179,015) or (5.1)% decrease in franchise fees. The sales tax increase can be attributed to inflation and an improved economic environment. Increases in the hotel/motel tax is a result of more travel after the COVID-19 pandemic. Franchise fees have been declining because of shifting consumer purchasing habits away from companies that have typically paid those fees in the past.

Fines and Forfeitures

Fines and forfeitures increased by 10.2% or \$78,425 from the previous year due to a increases in traffic fine income as a result of more traffic after the pandemic.

Licenses and Permits

Licenses and permits increased \$111,273 or 14.0% compared to FY 2021. The increase is due to increased income from building, electrical, plumbing and alarm permits.

Charges for Services

Charges for services increased by \$679,102 or 65.7% less than last year's revenue. The majority of the increase is due to charges for renting City facilities that picked up after the end of the COVID pandemic.

Interest and Investment Income

This revenue category increased by \$389,330 or 945.8%, to end FY 2022 at a total of \$430,496 compared to \$41,166 from FY 2021. Interest rates have continually increased throughout the fiscal year due to the actions on the federal reserve.

Other Financing Sources (uses)

In FY 2022, other financing sources (uses) increased compared to prior year's amount by \$135,849.

Management's Discussion and Analysis

Expenditures

The following table presents a summary of governmental funds' expenditures for the years ended September 30, 2022 and 2021.

Expenditures	2022	% of Total	2021	Amount of Increase / (Decrease)	Percent Increase / (Decrease)
General Government	\$ 9,836,301	14.2%	\$ 8,492,590	\$ 1,343,711	15.8%
Public Safety	28,177,804	40.8%	25,941,588	2,236,216	8.6%
Highways and Streets	6,015,100	8.7%	5,067,970	947,130	18.7%
Health and Welfare	1,585,634	2.3%	5,223,825	(3,638,191)	-69.6%
Community & economic dev.	4,186,266	6.1%	3,561,987	624,279	17.5%
Cultural and Recreation	5,093,275	7.4%	4,438,418	654,857	14.8%
Capital Outlay	9,109,500	13.2%	14,149,309	(5,039,809)	-35.6%
Debt Service:					
Principal	3,849,015	5.6%	3,820,366	28,649	0.7%
Interest and Fiscal Charges	1,223,131	1.8%	1,329,747	(106,616)	-8.0%
Cost of refunded bonds	-	0.0%	(115,699)	115,699	0.2%
Total	\$ 69,076,026		\$ 72,025,800	\$ (2,949,774)	

General Government

General government expenditures increased by 15.8% or 1,343,711. The major component of this increase was due to ARPA grant funds spent on water system upgrades and a city-wide internet feasibility study.

Public Safety

Expenditures for public safety had an increase of 8.6% or \$2,236,216. This amount is due to increase cost of personnel services as well as an increase in health insurance costs.

Highways and Streets

Highways and street expenditures increased by 18.7% or \$947,130. Most of this increase is attributable to the HUC 10 flood study grant expenditures.

Health and Welfare

Expenditures decreased (69.6)% or \$(3,638,191). The decrease is a result of CARES Act expenditures incurred in the prior fiscal year that were not incurred in the current fiscal year.

Community and Economic Development

In FY 2022, there was an increase of 17.5% or \$624,279 due to an increase in the funding that the CDBG grant received and expended.

Cultural and Recreational

Cultural and recreational expenditures increased 14.8% or \$654,857. The increase is due to increased expenditures as a result of higher inflation.

Management's Discussion and Analysis

Capital Outlay

Expenditures for capital outlay decreased (35.6)% or \$(5,039,809). The main component of this decrease in expenditures is due to the contribution of the Lon C. Hill Destination park from a component unit in the prior year.

Debt Service

Total debt service expenditures increased by \$37,732 or 0.7% which is reasonable based on the debt service schedule.

FUND BALANCE

Combined fund balance for all of the governmental funds increased \$6,302,540 from \$37,704,110 to \$44,006,650. The many different components of revenue and expenditures discussed above contribute to the increase in fund balance.

General Fund

The revenues and other financing sources (uses) totaled \$56,549,785 while expenditures totaled \$53,248,232. The net effect is an increase in the general fund balance of \$3,301,553. The fund balance as of September 30, 2022 is \$31,466,180. The main component of the increase in fund balance is a result of increases in property and sales taxes during the year.

Other Grants Fund

The revenues and other financing sources (uses) totaled \$6,376,869 while expenditures totaled \$7,067,266 . The net effect is a decrease in the Other Grants fund balance of \$(690,397). The fund balance as of September 30, 2022 is \$(1,965,449) . The main component of the decrease in fund balance is due to several grants having expenditures that were not reimbursed within 120 days after year end and therefore the associated revenue needed to be deferred.

Special Revenue Funds

The combined fund balance of other governmental funds increased from \$9,890,573 to \$13,395,457 or \$3,504,884. The increase is largely attributable to the infrastructure fund which was unable to expend as much money as was originally budgeted as a result of delays in getting products and costs due to macro-economic challenges in the economy. TIRZ #1 and #2 also had revenues that exceeded expenditures by a significant margin.

Debt Service Fund

The Debt Service fund balance is \$649,990 which is a increase of \$189,992 from the prior year. The fund balance represents 13.9% of the general obligation and certificate of obligation's debt service requirements for the next fiscal year. Additional detailed information concerning long-term debt activity is reported in the relevant disclosures in the notes to the financial statements.

Capital Projects Funds

Combined fund balance of the capital projects funds decreased by \$(3,492). The majority of the Capital Project fund balance decrease is a result of the construction of the tennis pro shop using bond funds.

Management's Discussion and Analysis

PROPRIETARY FUNDS – A Detailed Discussion

Enterprise Funds

The City's enterprise operations consist of the Sanitation Fund, Municipal Golf Course Fund, Municipal Auditorium, and the Harlingen Arts and Heritage Museum Fund.

Sanitation Fund

Operating revenues increased by \$158,865 or 1.5 % over the prior year. Operating expenses increased by \$361,627 or 3.8% over the prior year. In FY 2022, the sanitation fund had nonoperating revenues of \$17,796. After net transfers out of \$(855,189) , the net decrease in net position for the year was \$(393,984).

Municipal Golf Course Fund

Operating revenues increased by \$9,001 or 1.1% over the prior year. Operating expenses increased by \$171,559 or 17.1% over the prior year. The net increase for the year was \$128,064 which includes depreciation expenses of \$115,059.

Municipal Auditorium Fund

Operating revenues increased by \$101,834 or 3,867.6% over the prior year. Operating expenses increased by \$3,016 or 1.0% over the prior year. The net income for the year was \$(79,877) which includes net transfers in of \$132,098 and depreciation expense of \$65,874.

Harlingen Arts and Heritage Museum Fund

Operating revenues increased by \$408 or 191.5% over the prior year. Operating expenses increased by \$5,281 or 4.8% over the prior year. Net loss for the year was \$(5,790) which includes net transfers in of \$108,677 and depreciation expense of \$12,271.

Internal Service Funds

The City's two internal service funds are the Motor Vehicle/Warehouse Fund and Health Insurance Fund.

Motor Vehicle/Warehouse Fund

The motor vehicle warehouse fund includes activity for internal services and the vehicle replacement fund. Operating revenues increased by \$932,562 or 26.9% over the prior year. Operating expenses increased by \$852,770 or 27.2% over the prior year. The net increase in net position for the year was \$295,502.

Management's Discussion and Analysis

Health Insurance Fund

The Health Insurance Fund is used to accumulate all payments from the various departments for medical/health insurance premiums, payment from retirees for health insurance premiums, and cafeteria plan deductions from employee's paychecks for payment to the insurance company and plan administrator. Operating revenues increased by \$791,837 or 17.2% and operating expenses increased by \$656,995 or 13.9%. The net income for the year is \$17,692. For the most part, increases or decreases to the revenues and expenditures are directly proportionate to the number of employees in the health plan.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, the City has \$140,559,741 in capital assets.

CAPITAL ASSETS NET OF DEPRECIATION

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	Restated 2021	2022	2021	2022	Restated 2021
Land	\$ 11,153,970	\$ 11,153,970	\$ 467,083	\$ 467,083	\$ 11,621,053	\$ 11,621,053
Construction in progress	2,312,935	4,650,769	-	46,895	2,312,935	4,697,664
Building	29,574,990	29,850,671	2,550,229	2,666,407	32,125,219	32,517,078
Right-to-use leased buildings	159,468	125,399	-	-	159,468	125,399
Improvements other than building	9,802,994	10,728,339	479,314	553,120	10,282,308	11,281,459
Machinery and equipment	10,518,729	9,759,739	5,006,390	4,792,311	15,525,119	14,552,050
Right-to-use leased equipment	201,439	221,759	-	-	201,439	221,759
Infrastructure	68,332,200	65,205,920	-	-	68,332,200	65,205,920
Total	\$ 132,056,725	\$ 131,696,566	\$ 8,503,016	\$ 8,525,816	\$ 140,559,741	\$ 140,222,382

For more detailed information on capital asset activity, refer to Note 5 of financial statements beginning on page 100.

Non-current obligations

At the end of the fiscal year, the City had \$30,220,000 in bonds and certificates of obligation outstanding, as shown on the following table.

OUTSTANDING DEBT AT YEAR END

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
General Obligation debt (backed by City)	\$ 19,430,000	\$ 22,530,000	\$ -	\$ -	\$ 19,430,000	\$ 22,530,000
Certificates of Obligation	10,790,000	11,205,000	-	-	10,790,000	11,205,000
	\$ 30,220,000	\$ 33,735,000	\$ -	\$ -	\$ 30,220,000	\$ 33,735,000

Management's Discussion and Analysis

Fitch Ratings has reviewed and assigned an AA+ rating to the general obligation debt and certificates of obligation debt on their view of the City's historically strong financial position coupled with strong reserve levels.

For more detailed information on long-term debt activity, refer to the notes to financial statements beginning on page 109.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

During the budget process for fiscal year 2022-2023 the Mayor, City Commissioners and staff considered many factors. These factors are drivers and/or indicators of economic growth and recession, job growth and unemployment rate, projected annexation areas, expected increases in City services, new housing growth, new commercial construction, retail sales growth and inflation. As a result of the many discussions and budget workshops, the tax rate stayed the same at 0.606357 for Fiscal year 2023 general fund revenues were budgeted with a total increase of \$4,518,271 over fiscal year 2022 budgeted revenues. General fund budgeted expenditures for fiscal year 2023 increased by \$2,349,940 from fiscal year 2022 budgeted expenditures.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to inform the citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show accountability for the money it received. If you have any questions about the report or need additional information, contact the Finance Director's Office at the City of Harlingen, 118 East Tyler, Harlingen, Texas 78550.

BASIC FINANCIAL STATEMENTS

City of Harlingen, Texas

Statement of Net Position

September 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Asset				
Cash and cash equivalents	\$ 63,856,591	\$ 8,088,095	\$ 71,944,686	\$ 37,165,783
Investments - other	-	-	-	23,205,715
Receivables, net	6,862,236	206,614	7,068,850	3,051,028
Due from component units	20,572	144,196	164,768	-
Due from other governments	2,675,041	-	2,675,041	6,362,402
Internal balances	987,823	(987,823)	-	-
Inventories	227,287	13,940	241,227	659,449
Prepaid items and deposits	337,970	4,548	342,518	25,639
Lease receivable - current	-	-	-	1,539,045
Restricted assets:				
Temporarily restricted				
Cash and cash equivalents - rest.	1,703,376	24,998	1,728,374	4,749,040
Investments - rest.	-	-	-	4,861,664
Lease receivable - non-current	-	-	-	5,145,885
Net pension asset	4,799,748	97,954	4,897,702	464,466
Loans receivable	2,272,395	-	2,272,395	116,652
Redevelopment properties	-	-	-	1,832,094
Capital assets, net				
Non-depreciable assets	13,466,905	467,083	13,933,988	24,473,876
Depreciable assets	118,589,820	8,035,933	126,625,753	162,256,339
Total assets	215,799,764	16,095,538	231,895,302	275,909,077
Deferred outflows of resources				
Deferred charge on refunding	300,930	-	300,930	122,957
OPEB - retiree healthcare	530,671	10,829	541,500	737,183
OPEB - supplemental death benefits	168,279	3,434	171,713	143,022
Retirement pensions - Municipal pension	1,505,577	30,725	1,536,302	1,201,603
Retirement pensions - Firemen's	3,888,372	-	3,888,372	-
Total deferred outflows of resources	6,393,829	44,988	6,438,817	2,204,765
Total assets and deferred outflows of resources	\$ 222,193,593	\$ 16,140,526	\$ 238,334,119	\$ 278,113,842

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

City of Harlingen, Texas

Statement of Net Position

September 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Accounts payable	\$ 4,889,393	\$ 277,434	\$ 5,166,827	\$ 1,837,787
Accrued expenses	864,633	38,317	902,950	86,351
Accrued interest	1,483,214	-	1,483,214	966,450
Due to primary government	-	-	-	164,768
Other liabilities	486,743	135,305	622,048	678,506
Unearned revenue	16,694,243	71,159	16,765,402	452,485
Escrow liabilities	784,062	-	784,062	-
Due within one year				
Bonds payable	3,680,000	-	3,680,000	2,601,988
Financed purchases	164,719	52,293	217,012	-
Lease liabilities	182,518	-	182,518	1,887
Notes payable	461,011	-	461,011	-
Compensated absences	1,769,324	113,812	1,883,136	538,529
Estimated liability for landfill postclosure	-	14,995	14,995	-
Payable from restricted assets	-	-	-	352,500
Due in more than one year				
Bonds payable	27,611,561	-	27,611,561	34,369,155
Financed purchases	-	99,759	99,759	-
Lease liabilities	183,381	-	183,381	8,306
Notes payable	3,396,225	-	3,396,225	1,417,985
Compensated absences	1,276,665	170,716	1,447,381	675,553
Payable from restricted assets	-	-	-	3,055,167
Estimated liability for landfill postclosure	-	110,010	110,010	-
OPEB liability - retiree health plan	4,712,628	96,177	4,808,805	9,869,519
OPEB liability - supplemental death benefits	1,803,585	36,808	1,840,393	863,168
Firemen's net pension liability	17,315,431	-	17,315,431	-
Total liabilities	87,759,336	1,216,785	88,976,121	57,940,104
Deferred inflows of resources				
Inflows_Leases	-	-	-	6,768,015
OPEB - Retiree health care	609,055	12,430	621,485	1,129,596
OPEB - Supplemental Death Benefits	19,472	398	19,870	25,352
Municipal pension	6,063,630	123,749	6,187,379	2,691,377
Firemen's pension	9,726,567	-	9,726,567	-
Total deferred inflows of resources	16,418,724	136,577	16,555,301	10,614,340
NET POSITION				
Net investment in capital assets	101,346,733	8,350,964	109,697,697	147,995,077
Capital Projects	459,927	-	459,927	-
Debt Service	649,990	-	649,990	4,883,684
Economic development	3,129,365	-	3,129,365	-
Tourism	2,190,164	-	2,190,164	-
State and federal grants	544,131	-	544,131	-
Other	1,379,196	-	1,379,196	-
Unrestricted	8,316,027	6,436,200	14,752,227	56,680,637
Total net position	118,015,533	14,787,164	132,802,697	209,559,398
Total liabilities, deferred inflows of resources and net position	\$ 222,193,593	\$ 16,140,526	\$ 238,334,119	\$ 278,113,842

City of Harlingen, Texas

Statement of Activities

Year ended September 30, 2022

					Net (Expense) Revenue and Changes in Net Position				
Program Revenues					Primary Government				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units	
Governmental activities:									
General government	\$ 7,593,090	\$ 981,807	\$ 105,000	\$ 2,813,488	\$ (3,692,795)	\$ -	\$ (3,692,795)	\$ -	
Public safety	27,580,994	3,214,450	943,845	-	(23,422,699)	-	(23,422,699)	-	
Highways and streets	10,407,022	2,361,145	773,212	4,150,788	(3,121,877)	-	(3,121,877)	-	
Health and welfare	2,490,957	508,482	1,027,628	-	(954,847)	-	(954,847)	-	
Community and economic development	5,657,302	517,192	2,075,787	-	(3,064,323)	-	(3,064,323)	-	
Culture and recreation	5,869,981	658,335	69,441	607,852	(4,534,353)	-	(4,534,353)	-	
Interest	776,648	-	-	-	(776,648)	-	(776,648)	-	
Total governmental activities	60,375,994	8,241,411	4,994,913	7,572,128	(39,567,542)	-	(39,567,542)	-	
Business-type activities:									
Sanitation services	10,020,472	10,414,404	-	-	-	393,932	393,932	-	
Golf course services	1,186,219	854,186	-	-	-	(332,033)	(332,033)	-	
Auditorium services	317,806	104,467	-	-	-	(213,339)	(213,339)	-	
Museum services	115,445	621	-	-	-	(114,824)	(114,824)	-	
Total business-type activities	11,639,942	11,373,678	-	-	-	(266,264)	(266,264)	-	
Total primary government	\$ 72,015,936	\$ 19,615,089	\$ 4,994,913	\$ 7,572,128	(39,567,542)	(266,264)	(39,833,806)	-	
Component Units									
Economic development services	4,629,026	801,714	201,442	70,000				(3,555,870)	
Community improvement services	619,827	-	-	-				(619,827)	
Water and sewer services	22,275,897	21,625,716	-	3,713,102				3,062,921	
Airport services	17,244,740	6,796,027	-	17,037,074				6,588,361	
Total component units	\$ 44,769,490	\$ 29,223,457	\$ 201,442	\$ 20,820,176				5,475,585	
General revenues:									
Taxes:									
Property taxes, levied for general purposes					19,495,565	-	19,495,565	-	
Property taxes, levied for debt service					3,981,390	-	3,981,390	-	
Sales taxes					23,679,669	-	23,679,669	7,860,797	
Franchise taxes					3,175,753	-	3,175,753	-	
Hotel motel taxes					1,619,592	-	1,619,592	-	
Mixed beverage taxes					235,792	-	235,792	-	
Unrestricted investment earnings					424,727	55,287	480,014	459,222	
Miscellaneous					334,835	30,399	365,234	2,565,307	
Interest on notes receivable					37,970	-	37,970	-	
Gain on sale of assets					423,025	-	423,025	6,469	
Transfers					171,009	(171,009)	-	-	
Total general revenues					53,579,327	(85,323)	53,494,004	10,891,795	
Change in net position					14,011,785	(351,587)	13,660,198	16,367,380	
Net position--beginning					104,003,748	15,138,751	119,142,499	193,192,018	
Net position--ending					\$ 118,015,533	\$ 14,787,164	\$ 132,802,697	\$ 209,559,398	

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

City of Harlingen, Texas

Balance Sheet - Governmental Funds

September 30, 2022

	General Fund	Other Grants	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 30,033,516	\$ 14,433,364	\$ 13,577,566	\$ 58,044,446
Receivables (net of allowance for uncollectibles)				
Taxes	808,811	-	176,976	985,787
Accounts	890,832	3,442,565	1,345,407	5,678,804
Assessments	-	-	142,872	142,872
Due from other governments	1,930,041	-	745,000	2,675,041
Due from other funds	1,087,739	-	-	1,087,739
Due from component units	-	-	20,572	20,572
Loans receivable	135,365	-	2,137,030	2,272,395
Prepaid items	294,220	-	43,750	337,970
Restricted assets:				
Cash and cash equivalents - rest.	48,102	-	1,655,274	1,703,376
Total assets	\$ 35,228,626	\$ 17,875,929	\$ 19,844,447	\$ 72,949,002
Liabilities				
Accounts payable	\$ 983,892	\$ 2,615,201	\$ 1,269,812	\$ 4,868,905
Accrued expenditures	837,695	16,144	5,923	859,762
Escrow liabilities	445,892	-	338,170	784,062
Other liabilities	406,720	-	31,921	438,641
Customer deposits	48,102	-	-	48,102
Due to other funds	-	-	102,055	102,055
Unearned revenue	21,322	16,672,921	-	16,694,243
Total liabilities	2,743,623	19,304,266	1,747,881	23,795,770
Deferred inflows of resources				
Unavailable revenue - property taxes	719,055	-	157,190	876,245
Unavailable revenue - payments in lieu of taxes	135,365	-	-	135,365
Unavailable revenue - special assessments	-	-	16,901	16,901
Unavailable revenue - noncurrent receivables	-	-	2,137,030	2,137,030
Unavailable revenue - other	164,403	537,112	1,279,526	1,981,041
Total deferred inflows of resources	1,018,823	537,112	3,590,647	5,146,582
Fund balances				
Nonspendable	294,220	-	43,750	337,970
Restricted	249,785	-	8,102,988	8,352,773
Committed	-	-	5,163,222	5,163,222
Assigned	572,280	-	1,195,959	1,768,239
Unassigned	30,349,895	(1,965,449)	-	28,384,446
Total fund balances	31,466,180	(1,965,449)	14,505,919	44,006,650
Total liabilities, deferred inflows of resources and fund balances	\$ 35,228,626	\$ 17,875,929	\$ 19,844,447	\$ 72,949,002

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

City of Harlingen, Texas

Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position

September 30, 2022

Fund balances -- total governmental funds	\$ 44,006,650
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. This is the amount of governmental assets \$359,383,097 net of accumulated depreciation totaling \$(227,326,372). Not included in this amount are internal service funds capital assets of \$18,324,981 and accumulated depreciation of \$(15,792,155).	129,523,899
Other long-term assets are not available to pay for current period expenditures and are unavailable in the governmental funds which include payments in lieu of taxes \$135,365, special assessments \$16,901, noncurrent receivables \$2,137,030 and other long-term unavailable revenues - other \$1,981,041.	4,270,337
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the governmental funds.	876,245
Internal service funds are used by management to charge the cost of certain activities. The assets and liabilities of certain internal service funds are included in the governmental activities in the statement of net position.	8,483,914
Deferred amounts on refundings are deferred outflows of resources and, therefore, are not reported in the funds.	300,930
Bond premiums and discounts are expensed during the period incurred in the funds, but are amortized as an adjustment to interest expense in the statement of activities over the remaining life of the debt.	(1,071,561)
Long-term liabilities applicable to the City's governmental activities are not due and payable 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 and exclude internal service fund liabilities of \$55,911. The internal service long-term liabilities are not a reconciling item.	(37,597,932)
Included in the noncurrent liability is the recognition of the City's OPEB liability required by GASB Cod. Sec. P52, in the amount of \$(4,712,628) and \$(1,803,585) for the retiree health care plan and the supplemental death benefits fund, respectively and deferred outflows and inflows of resources totaling \$530,671 and \$168,279, \$(609,055) and \$(19,472) for the retiree health care plan and the supplemental death benefits fund, respectively. These amounts include internal service funds deferred outflows of resources \$(5,473) and \$(1,735) for the retiree health care plan and the supplemental death benefits fund, respectively and include OPEB liabilities of \$48,602 and \$18,601 for the retiree health care plan and the supplemental death benefits fund, respectively. It also includes the internal service deferred inflows of resources in the amount of \$6,281 and \$201, which resulted in a decrease in net position of \$(6,379,313).	(6,379,313)
Included in the noncurrent liability is the recognition of the City's net pension liability (asset) required by GASB Cod. Sec P20, Pension Activities, in the amount of \$4,799,748 and \$(17,315,431) for the municipal pension and the firemen's pension, respectively; a deferred inflows of resources for the municipal pension in the amount of \$(6,063,630); and deferred inflows of resources totaling of \$(9,726,567), for the firemen's pension; \$1,505,577 and \$3,888,372 in deferred outflows of resources for the municipal pension and firemen's pension, respectively. These amounts exclude internal service funds deferred inflows of resources \$62,536, deferred outflows of resources of \$(15,526) and net pension asset totaling \$(49,501) which resulted in an decrease in net position by \$(22,914,422).	(22,914,422)
Interest on long-term debt payable is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(1,483,214)
Net position of governmental activities	\$ 118,015,533

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

City of Harlingen, Texas
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds

Year ended September 30, 2022

	General Fund	Other Grants	Other Governmental Funds	Total Governmental Funds
Revenues				
Property taxes - including penalty and interest	\$ 19,556,158	\$ -	\$ 4,030,337	\$ 23,586,495
Nonproperty taxes	27,236,338	-	1,726,366	28,962,704
Assessments	-	-	1,582,852	1,582,852
Fines and forfeitures	720,676	-	126,989	847,665
Licenses and permits	907,850	-	-	907,850
Charges for services	1,541,039	-	172,025	1,713,064
Intergovernmental	1,246,018	6,589,749	3,879,673	11,715,440
Contributions and donations	3,880,999	350,364	90,805	4,322,168
Miscellaneous	322,514	-	52,717	375,231
Interest and investment income	195,222	94,177	141,097	430,496
Total revenues	55,606,814	7,034,290	11,802,861	74,443,965
Expenditures				
Current				
General government	7,689,848	2,041,453	105,000	9,836,301
Public safety	26,708,791	1,437,518	31,495	28,177,804
Highways and streets	3,947,975	1,371,135	695,990	6,015,100
Health and welfare	1,036,391	549,243	-	1,585,634
Community and economic development	1,902,713	-	2,283,553	4,186,266
Culture and recreation	4,351,285	177,045	564,945	5,093,275
Capital outlay	7,295,009	1,490,632	323,859	9,109,500
Debt service				
Principal	264,015	-	3,585,000	3,849,015
Interest	52,205	240	1,170,686	1,223,131
Total expenditures	53,248,232	7,067,266	8,760,528	69,076,026
Excess (deficiency) of revenues over (under) expenditures	2,358,582	(32,976)	3,042,333	5,367,939
Other financing sources (uses)				
Transfers in	2,736,065	63,644	2,529,214	5,328,923
Transfers out	(2,375,953)	(721,065)	(1,901,085)	(4,998,103)
Leases (as lessee)	180,756	-	-	180,756
Sale of capital assets	402,103	-	20,922	423,025
Total other financing sources (uses)	942,971	(657,421)	649,051	934,601
Net change in fund balances	3,301,553	(690,397)	3,691,384	6,302,540
Fund balance, beginning of year	28,164,627	(1,275,052)	10,814,535	37,704,110
Fund balance, end of year	\$ 31,466,180	\$ (1,965,449)	\$ 14,505,919	\$ 44,006,650

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

City of Harlingen, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Government-Wide Statement of Activities

Year ended September 30, 2021

Net change in fund balances -- total governmental funds	\$ 6,302,540
Amounts reported for governmental activities in the statement of activities are different because:	
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 outlay of \$9,109,500 exceeds depreciation expense of \$(7,762,678) in the current period. Reconciling amounts exclude internal service funds capital asset additions totaling \$6,229 and depreciation in the amount of \$(992,892).	1,346,822
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	(540,680)
Property tax revenues in the statement of activities do not provide current financial resources and are not reported as revenues in the funds.	(109,542)
Internal service funds are used by management to charge the cost of certain activities. The net revenue (loss) of the internal service funds is reported with governmental activities	313,194
Repayment of bond, notes payable, financed purchases and lease liability payments is a debt service expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement of net position.	4,011,025
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	(180,756)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Interest expense in the statement of activities differs from the amount reported in governmental funds because the change in accrued interest \$(17,462) was calculated for long term debt. Also, any changes in compensated absences \$1,338,773, during the year are reported as an increase or decrease to expenses in the statement of activities but not in the governmental funds. The change in compensated absences noted above does not include \$9,055 that is attributed to the internal service funds	1,365,290
Governmental funds report the effect premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of the amortization of premiums and discounts \$429,021.	429,021
GASB Cod. Sec. P52, requires that certain fund expenditures be de-expended and recorded as deferred resource outflows on the government-wide statements. These contributions made after the measurement date of December 31, 2021 caused the change in ending net position to change in the amount of \$(201,402) and \$(75,512) for the retiree health care plan and the supplemental death benefits, respectively. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused an decrease in the change in net position totaling \$(30,230) and \$(93,998) for the retiree health care plan and supplemental death benefits, respectively. The City's reported net OPEB expense had to be recorded. The net OPEB expense increased the change in net position by \$59,814 and \$64,321 for the retiree health care plan and the supplemental death benefits, respectively. The result of these changes is to (decrease) the change in net position by \$(277,005).	(277,005)
GASB Cod. Sec. P20, Pension Activities requires that certain fund expenditures be de-expended and recorded as deferred resource outflows on the government-wide statements. These contributions made after the measurement date of December 31, 2021 for TMRS and September 30, 2022 for the Firemen's Relief and Retirement fund caused the change in ending net position to increase in the amount of \$3,456,454 and \$2,676,370, respectively. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in change in net position totaling \$711,170 and \$(3,051,882) for the TMRS pension and Firemen's pension respectively. The City's reported TMRS net pension expense had to be recorded. The net pension expense decreased the change in net position by \$(3,121,780) for TMRS and increased the change in net position by \$681,544 from the firemen's pension. The result of these changes is to increase the change in net position by \$1,351,876	1,351,876
Change in net position of governmental activities	\$ 14,011,785

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

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City of Harlingen, Texas
Proprietary Funds
Combining Statement of Net Position

September 30, 2022

	Business-type Activities					Governmental Activities
	Sanitation Fund	Municipal Golf Course Fund	Municipal Auditorium Fund	Harlingen Arts and Heritage Museum Fund	Total	Internal Service Funds
Assets						
Current assets						
Cash and cash equivalents	\$ 7,868,868	\$ -	\$ 167,560	\$ 51,667	\$ 8,088,095	\$ 5,812,145
Accounts receivables (net of allowances for uncollectibles)	202,826	3,429	327	32	206,614	54,773
Inventories	-	13,940	-	-	13,940	227,287
Prepayments	4,548	-	-	-	4,548	-
Due from other funds	-	-	-	-	-	2,139
Due from component units	144,196	-	-	-	144,196	-
Restricted assets:						
Cash and cash equivalents	-	-	23,798	1,200	24,998	-
Total current assets	8,220,438	17,369	191,685	52,899	8,482,391	6,096,344
Non-current assets						
Net pension asset	58,495	30,962	8,497	-	97,954	49,501
Capital assets						
Land	417,587	49,496	-	-	467,083	-
Plant and equipment	11,019,234	4,299,389	4,800,679	244,776	20,364,078	18,324,981
Accumulated depreciation	(4,544,155)	(3,551,506)	(4,029,959)	(202,525)	(12,328,145)	(15,792,155)
Total capital assets (net of accumulated depreciation)	6,892,666	797,379	770,720	42,251	8,503,016	2,532,826
Total non-current assets	6,951,161	828,341	779,217	42,251	8,600,970	2,582,327
Total assets	15,171,599	845,710	970,902	95,150	17,083,361	8,678,671
Deferred outflows of resources						
OPEB - retiree healthcare	6,467	3,423	939	-	10,829	5,473
OPEB - supplemental death benefits	2,051	1,085	298	-	3,434	1,735
Retirement pensions	18,348	9,711	2,666	-	30,725	15,526
Total deferred outflows of resources	26,866	14,219	3,903	-	44,988	22,734
Total asset and deferred outflows of resources	\$ 15,198,465	\$ 859,929	\$ 974,805	\$ 95,150	\$ 17,128,349	\$ 8,701,405

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

City of Harlingen, Texas
Proprietary Funds
Combining Statement of Net Position

September 30, 2022

	Business-type Activities					Governmental Activities
	Sanitation Fund	Municipal Golf Course Fund	Municipal Auditorium Fund	Harlingen Arts and Heritage Museum Fund	Total	Internal Service Funds
Liabilities						
Current liabilities						
Accounts payable	\$ 270,777	\$ 77,589	\$ 17,464	\$ 21,636	\$ 387,466	\$ 20,488
Customer deposits	-	275	23,798	1,200	25,273	-
Due to other funds	-	987,823	-	-	987,823	-
Compensated absences	83,941	26,171	-	3,700	113,812	22,364
Accrued expenses	30,196	7,392	-	729	38,317	4,871
Unearned revenues	-	-	71,099	60	71,159	-
Financed purchases - current	-	52,293	-	-	52,293	-
Estimated liability for landfill postclosure costs - current	14,995	-	-	-	14,995	-
Total current liabilities	399,909	1,151,543	112,361	27,325	1,691,138	47,723
Non-current liabilities						
Compensated absences	125,911	39,256	-	5,549	170,716	33,547
Financed purchases - non-current	-	99,759	-	-	99,759	-
OPEB liability - retiree health care	57,434	30,400	8,343	-	96,177	48,602
OPEB liability - supplemental death benefits	21,981	11,634	3,193	-	36,808	18,601
Estimated liability for landfill postclosure costs	110,010	-	-	-	110,010	-
Total non-current liabilities	315,336	181,049	11,536	5,549	513,470	100,750
Total liabilities	715,245	1,332,592	123,897	32,874	2,204,608	148,473
Deferred inflows of resources						
Inflows OPEB - retiree healthcare	7,423	3,929	1,078	-	12,430	6,281
Inflows OPEB - supplemental death benefits	237	126	35	-	398	201
Retirement pensions	73,899	39,115	10,735	-	123,749	62,536
Total deferred inflows of resources	81,559	43,170	11,848	-	136,577	69,018
Net position						
Net investment in capital assets	6,892,666	645,327	770,720	42,251	8,350,964	2,532,826
Unrestricted	7,508,995	(1,161,160)	68,340	20,025	6,436,200	5,951,088
Total net position	14,401,661	(515,833)	839,060	62,276	14,787,164	8,483,914
Total liabilities, deferred inflows of resources and net position	\$ 15,198,465	\$ 859,929	\$ 974,805	\$ 95,150	\$ 17,128,349	\$ 8,701,405

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

City of Harlingen, Texas
Proprietary Funds
Combining Statement of Revenues, Expenses and
Changes in Net Position

Year ended September 30, 2022

	Business-type Activities					Governmental Activities
	Sanitation Fund	Municipal Golf Course Fund	Municipal Auditorium Fund	Harlingen Arts and Heritage Museum Fund	Totals	Internal Service Funds
Operating revenues						
Charges for services						
Current use charges	\$ 10,414,404	\$ -	\$ -	\$ -	\$ 10,414,404	\$ 9,808,953
Golf course fees and charges	-	854,186	-	-	854,186	-
Rental income	-	-	104,467	-	104,467	-
Admissions	-	-	-	621	621	-
Total operating revenues	10,414,404	854,186	104,467	621	11,373,678	9,808,953
Operating expenses						
Personnel services	2,580,009	675,315	80,147	60,834	3,396,305	397,780
Contracted services	3,495,952	82,784	144,574	26,514	3,749,824	5,498,392
Materials and supplies	203,283	222,409	6,301	3,511	435,504	2,439,043
Other expenses	2,623,593	79,259	20,910	12,315	2,736,077	48,123
Depreciation and amortization	1,068,158	115,059	65,874	12,271	1,261,362	992,892
Total operating expenses	9,970,995	1,174,826	317,806	115,445	11,579,072	9,376,230
Operating income (loss)	443,409	(320,640)	(213,339)	(114,824)	(205,394)	432,723
Nonoperating revenues (expenses)						
Interest revenue	53,566	-	1,364	357	55,287	34,302
Interest expense	-	(11,393)	-	-	(11,393)	-
Gain (loss) on sale/disposal of capital assets	(49,477)	-	-	-	(49,477)	-
Miscellaneous revenue	13,707	16,692	-	-	30,399	5,980
Total nonoperating revenues (expenses)	17,796	5,299	1,364	357	24,816	40,282
Income (loss) before operating transfers	461,205	(315,341)	(211,975)	(114,467)	(180,578)	473,005
Transfers						
Transfers in	159,811	443,405	132,098	108,677	843,991	-
Transfers out	(1,015,000)	-	-	-	(1,015,000)	(159,811)
Total transfers	(855,189)	443,405	132,098	108,677	(171,009)	(159,811)
Change in net position	(393,984)	128,064	(79,877)	(5,790)	(351,587)	313,194
Net position, beginning of year	14,795,645	(643,897)	918,937	68,066	15,138,751	8,170,720
Net position, end of year	\$ 14,401,661	\$ (515,833)	\$ 839,060	\$ 62,276	\$ 14,787,164	\$ 8,483,914

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

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City of Harlingen, Texas
Proprietary Funds
Combining Statement of Cash Flows

Year Ended September 30, 2022

	Business-type Activities					Governmental Activities
	Sanitation Fund	Municipal Golf Course Fund	Municipal Auditorium Fund	Harlingen Arts and Heritage Museum Fund	Totals	Internal Service Funds
Cash flows from operating activities						
Receipts from customers	\$ 10,337,425	\$ 869,017	\$ 159,167	\$ 621	\$ 11,366,230	\$ 9,784,375
Payments to suppliers	(6,331,180)	(495,041)	(143,841)	(35,167)	(7,005,229)	(7,515,834)
Payments to employees	(2,564,640)	(676,229)	(96,884)	(60,883)	(3,398,636)	(394,792)
Net cash provided by (used in) operations	1,441,605	(302,253)	(81,558)	(95,429)	962,365	1,873,749
Cash flows from (to) noncapital financing activities						
Transfers to other funds	(1,015,000)	-	-	-	(1,015,000)	(159,811)
Transfers from other funds	159,811	443,405	132,098	108,677	843,991	-
Net cash provided by (used in) noncapital financing activities	(855,189)	443,405	132,098	108,677	(171,009)	(159,811)
Cash flows from capital and related financing activities						
Purchase of capital assets	(1,209,129)	(78,910)	-	-	(1,288,039)	(6,233)
Principal paid on financed purchases	-	(50,849)	-	-	(50,849)	-
Interest paid	-	(11,393)	-	-	(11,393)	-
Net cash provided by (used in) capital and related financing activities	(1,209,129)	(141,152)	-	-	(1,350,281)	(6,233)
Cash flows from investing activities						
Interest received	53,566	-	1,364	357	55,287	34,304
Net cash provided by (used in) investing activities	53,566	-	1,364	357	55,287	34,304
Net increase (decrease) in cash and cash equivalents	(569,147)	-	51,904	13,605	(503,638)	1,742,009
Cash and cash equivalents, beginning of year	8,438,015	-	139,454	39,262	8,616,731	4,070,136
Cash and cash equivalents, end of year	\$ 7,868,868	\$ -	\$ 191,358	\$ 52,867	\$ 8,113,093	\$ 5,812,145

City of Harlingen, Texas

Proprietary Funds

Combining Statement of Cash Flows

Year Ended September 30, 2022

	Business-type Activities					Governmental Activities
	Sanitation Fund	Municipal Golf Course Fund	Municipal Auditorium Fund	Harlingen Arts and Heritage Museum Fund	Totals	Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	\$ 443,409	\$ (320,640)	\$ (213,339)	\$ (114,824)	\$ (205,394)	\$ 432,723
Adjustments to reconcile net income from operations to net cash from operating activities						
Depreciation and amortization	1,068,158	115,059	65,874	12,271	1,261,362	992,892
Other revenue received	13,707	16,692	-	-	30,399	5,980
(Increase) decrease in receivables	(56,418)	(1,661)	-	-	(58,079)	(31,361)
(Increase) decrease in prepaid items	17,524	2,786	17,408	4,746	42,464	476,967
(Increase) decrease in due from other funds	-	-	-	-	-	(2,139)
(Increase) decrease in due from component units	(34,268)	-	-	-	(34,268)	803
(Increase) decrease in inventories	-	(6,371)	-	-	(6,371)	(9,801)
(Increase) decrease in deferred outflows of resources	(8,757)	(4,633)	(1,273)	-	(14,663)	(7,409)
Increase (decrease) in accounts payable	20,738	58,995	11,387	2,084	93,204	4,697
Increase (decrease) in due to other funds	-	(167,996)	-	-	(167,996)	-
Increase (decrease) in accrued expenses	(36,614)	1,997	(851)	283	(35,185)	2,050
Increase (decrease) in net pension asset/liability	(42,563)	(22,529)	(6,182)	-	(71,274)	(36,018)
Increase (decrease) net other post employment benefit obligations	4,934	2,611	717	-	8,262	13,230
Increase (decrease) in compensated absences	24,962	4,163	(15,344)	(49)	13,732	-
Increase (decrease) in unearned revenues	-	(200)	54,700	60	54,560	-
Increase (decrease) in estimated liability for landfill closure costs	(10,000)	-	-	-	(10,000)	-
Increase (decrease) in deferred inflows of resources	36,793	19,474	5,345	-	61,612	31,135
Total adjustments	998,196	18,387	131,781	19,395	1,167,759	1,441,026
Net cash provided by (used in) operations	\$ 1,441,605	\$ (302,253)	\$ (81,558)	\$ (95,429)	\$ 962,365	\$ 1,873,749

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

City of Harlingen, Texas
Fiduciary Fund
Harlingen Firemen's Relief and Retirement Fund
Statement of Fiduciary Net Position

September 30, 2022

	Pension Trust Fund
Assets	
Cash and cash equivalents	\$ 44,362
Investments, at fair value:	
U.S. government and agency obligations	41
Mutual Funds - equities	19,993,253
Mutual funds - fixed income	6,501,915
Mutual funds - specialty	1,825,225
Real estate investment trust (REIT)	4,801,696
Investments, at net asset value - private equity funds	875,000
Accounts receivable	6,955
Prepaid items	7,976
 Total assets	 34,056,423
Liabilities	
Accounts payable	14,752
 Net position restricted for pensions	 \$ 34,041,671

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

City of Harlingen, Texas
Fiduciary Fund
Harlingen Firemen's Relief and Retirement Fund
Statement of Changes in Fiduciary Net Position

Year ended September 30, 2022

	Pension Trust Funds
Investment income	
Net appreciation (depreciation) in fair value of investments	\$ (7,605,490)
Interest	1,907,835
Total investment income	(5,697,655)
Less investment expense	204,660
Net investment income	(5,902,315)
Contributions	
Employer	1,199,543
Plan member	1,058,420
Total contributions	2,257,963
Total additions	(3,644,352)
Deductions	
Benefits	2,612,212
Refunds of contributions	414,568
Professional services	43,608
Administrative expense	19,177
Total deductions	3,089,565
Net change in plan net position	(6,733,917)
Net position held in trust for pension benefits	
Beginning of year	40,775,588
End of year	34,041,671

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

City of Harlingen, Texas
Component Units
Combining Statement of Net Position

September 30, 2022

	Harlingen Economic Development Corporation	Harlingen Community Improvement Board	Harlingen Waterworks System	Valley International Airport	Total
Assets					
Current assets					
Cash and cash equivalents	\$ 12,054,929	\$ 7,686,400	\$ 9,460,090	\$ 7,964,364	\$ 37,165,783
Investments - other	-	-	18,724,649	4,481,066	23,205,715
Receivables (net of allowances for uncollectible)					
Accounts	120,162	921	2,077,227	850,176	3,048,486
Interest	-	-	2,542	-	2,542
Due from other governments	480,744	160,248	1,941,453	3,779,957	6,362,402
Prepaid items	-	-	-	25,639	25,639
Lease receivable - current	-	-	-	1,539,045	1,539,045
Inventories	-	-	659,449	-	659,449
Restricted assets:					
Cash and cash equivalents	2,500	-	4,746,540	-	4,749,040
Investments	-	-	4,861,664	-	4,861,664
Total current assets	12,658,335	7,847,569	42,473,614	18,640,247	81,619,765
Noncurrent Assets					
Other noncurrent assets					
Non-current loans receivable	116,652	-	-	-	116,652
Redevelopment properties	1,832,094	-	-	-	1,832,094
Lease receivable - non-current	-	-	-	5,145,885	5,145,885
Total other noncurrent assets	1,948,746	-	-	5,145,885	7,094,631
Net pension asset	-	-	157,533	306,933	464,466
Capital assets					
Non-depreciable assets	4,294,807	140,300	11,067,863	8,970,906	24,473,876
Depreciable assets	36,698,766	-	201,299,600	170,391,017	408,389,383
Accumulated depreciation	(12,228,452)	-	(131,334,335)	(102,570,257)	(246,133,044)
Total capital assets, net	28,765,121	140,300	81,033,128	76,791,666	186,730,215
Total noncurrent assets	30,713,867	140,300	81,190,661	82,244,484	194,289,312
Total assets	43,372,202	7,987,869	123,664,275	100,884,731	275,909,077
Deferred outflows of resources					
Deferred charge on refunding	-	-	122,957	-	122,957
Deferred resource outflows for pensions	-	-	1,042,185	159,418	1,201,603
Deferred outflows for retiree health care	-	-	700,597	36,586	737,183
Outflows for supplemental death benefits	-	-	137,493	5,529	143,022
Total deferred outflows of resources	-	-	2,003,232	201,533	2,204,765
Total assets and deferred outflows of resources	\$ 43,372,202	\$ 7,987,869	\$ 125,667,507	\$ 101,086,264	\$ 278,113,842

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

City of Harlingen, Texas
Component Units
Combining Statement of Net Position - Continued

September 30, 2022

	Harlingen Economic Development Corporation	Harlingen Community Improvement Board	Harlingen Waterworks System	Valley International Airport	Total
Liabilities					
Current liabilities					
Accounts payable	\$ 87,371	\$ -	\$ 772,431	\$ 977,985	\$ 1,837,787
Other liabilities	-	-	678,506	-	678,506
Accrued expenses	5,629	-	-	80,722	86,351
Accrued interest	732,408	-	234,042	-	966,450
Unearned revenues	-	-	-	224,689	224,689
Due to primary government	-	-	164,768	-	164,768
Payable from restricted assets:					
Customer deposits	2,500	-	350,000	-	352,500
Lease liability - current	-	-	-	1,887	1,887
Bonds and certificates of obligation payable	1,510,000	-	1,091,988	-	2,601,988
Compensated absences	13,529	-	500,000	25,000	538,529
Total current liabilities	2,351,437	-	3,791,735	1,310,283	7,453,455
Non-current liabilities					
Bonds and certificates of obligation payable	18,659,398	-	15,709,757	-	34,369,155
Notes payable	1,417,985	-	-	-	1,417,985
Lease liability - non current	-	-	-	8,306	8,306
Compensated absences	38,900	-	313,684	322,969	675,553
Unearned revenues	-	-	-	227,796	227,796
Payable from restricted assets:					
Customer deposits	-	-	3,055,167	-	3,055,167
OPEB - retiree healthcare	-	-	9,526,949	342,570	9,869,519
OPEB - supplemental death benefits	-	-	761,947	101,221	863,168
Total non-current liabilities	20,116,283	-	29,367,504	1,002,862	50,486,649
Total liabilities	22,467,720	-	33,159,239	2,313,145	57,940,104
Deferred inflows of resources					
Deferred leases	-	-	-	6,768,015	6,768,015
Deferred pension inflows	-	-	2,278,118	413,259	2,691,377
Deferred retiree healthcare inflows	-	-	1,086,796	42,800	1,129,596
Deferred supplemental death benefits inflows	-	-	24,387	965	25,352
Total deferred inflows of resources	-	-	3,389,301	7,225,039	10,614,340
Net position					
Net investment in capital assets	7,177,738	140,300	64,354,340	76,322,699	147,995,077
Restricted	-	-	4,883,684	-	4,883,684
Unrestricted	13,726,744	7,847,569	19,880,943	15,225,381	56,680,637
Total net position	20,904,482	7,987,869	89,118,967	91,548,080	209,559,398
Total liabilities, deferred inflows of resources and net position	\$ 43,372,202	\$ 7,987,869	\$ 125,667,507	\$ 101,086,264	\$ 278,113,842

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

City of Harlingen, Texas
Component Units
Combining Statement of Activities

Year ended September 30, 2022

	Program Revenues				Governmental Activities		Business-type Activities		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Harlingen Economic Development Corporation	Harlingen Community Improvement Board	Harlingen Waterworks System	Valley International Airport	
Harlingen economic development corporation									
Economic development services	\$ 4,629,026	\$ 801,714	\$ 201,442	\$ 70,000	\$ (3,555,870)	\$ -	\$ -	\$ -	\$ (3,555,870)
Total harlingen economic development corporation	4,629,026	801,714	201,442	70,000	(3,555,870)	-	-	-	(3,555,870)
Harlingen community improvement board									
Community improvement services	619,827	-	-	-	-	(619,827)	-	-	(619,827)
Total harlingen community improvement board	619,827	-	-	-	-	(619,827)	-	-	(619,827)
Harlingen waterworks system									
Water and sewer services	22,275,897	21,625,716	-	3,713,102	-	-	3,062,921	-	3,062,921
Total harlingen waterworks system	22,275,897	21,625,716	-	3,713,102	-	-	3,062,921	-	3,062,921
Valley international airport									
Airport services	17,244,740	6,796,027	-	17,037,074	-	-	-	6,588,361	6,588,361
Total valley international airport	17,244,740	6,796,027	-	17,037,074	-	-	-	6,588,361	6,588,361
Total component units	\$ 44,769,490	\$ 29,223,457	\$ 201,442	\$ 20,820,176	(3,555,870)	(619,827)	3,062,921	6,588,361	5,475,585
General Revenues:									
Sales taxes					5,867,537	1,993,260	-	-	7,860,797
Unrestricted investment earnings					76,350	54,307	199,763	128,802	459,222
Miscellaneous					436,889	-	2,128,418	-	2,565,307
Gain on sale of assets					-	-	-	6,469	6,469
Total general revenues and special item					6,380,776	2,047,567	2,328,181	135,271	10,891,795
Change in net position					2,824,906	1,427,740	5,391,102	6,723,632	16,367,380
Net position--beginning					18,079,576	6,560,129	83,727,865	84,824,448	193,192,018
Net position--ending					\$ 20,904,482	\$ 7,987,869	\$ 89,118,967	\$ 91,548,080	\$ 209,559,398

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

NOTES TO FINANCIAL STATEMENTS

City of Harlingen, Texas

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Harlingen, Texas (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Reporting Entity

The City of Harlingen, Texas (the City) was incorporated on April 15, 1910, under the provisions of the laws for the State of Texas. The City operates under a City Commission - Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. Other services include utilities (water and wastewater) and airport operations.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Harlingen and its component units, entities for which the City is considered to be financially accountable. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Discretely presented component units - The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City. Discretely presented component units include the following:

City of Harlingen Waterworks System (the System) - As provided by Charter of the City of Harlingen, the Utility Board of Trustees is appointed by the City Commission. The Board of Trustees function as the decision/policy-making body for all activities related to this component unit. Rates for user charges, annual budgets, and bond issuance authorizations are approved by the City Commission.

Valley International Airport (the Airport) - As provided by Charter for the City of Harlingen, the Harlingen Airport Board is appointed by the City Commission. The Board functions as the decision/policy-making body for all activities related to this component unit. Annual budgets and bond issuance authorizations are approved by the City Commission.

Harlingen Economic Development Corporation, Inc. ("EDC") - This component unit is a separately chartered nonprofit 4A corporation. The fund administers the special 75% of the special ½ cent sales tax monies to foster economic development within the City. The Board of Directors is appointed by the City Commission and functions as the decision/policy-making body for all activities related to this component unit subject to prior Commission approval of disbursements in excess of \$25,000.

Harlingen Community Improvement Board ("HCIB") - This component unit is a separately chartered nonprofit 4B corporation. The fund administers 25% of the special ½ cent sales tax monies to foster economic development within the City. The Board of Directors are appointed by the City Commission and functions as the decision/policy-making body for all activities related to this component unit subject to prior Commission approval of disbursements in excess of \$25,000.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Membership of Component Units

The Board of Directors shall consist of seven (7) Directors appointed by the City Commission of the City of Harlingen, for staggered two (2) year terms of office. Not more than four (4) Directors shall be persons who are City employees, officers, or members of the City Commission. If a Director shall cease to be a City employee, officer, or member of the City Commission, such event shall constitute an automatic resignation as a Director and such vacancy shall be filled in the same manner as for other vacancies of the Board of Directors.

Each Director must reside within the City of Harlingen, consistent with Section 4B(c) of the Act, as amended, and if such residency ceases it shall be deemed a resignation. Directors shall serve without compensation, except that the Directors shall be reimbursed for their actual expenses incurred in the performance of their duties as Directors. Any vacancy occurring on the Board of Directors through death, resignation or otherwise shall be filled by appointment by the City Commission, and the appointee shall hold office until the expiration of the relinquished term.

Complete financial statements of the individual component units can be obtained directly from their administrative offices.

City of Harlingen Waterworks System
134 East Van Buren
Harlingen, Texas 78550

Harlingen Economic Development Corporation
2424 Boxwood Street, Suite 125
Harlingen, Texas 78550

Valley International Airport
Airport Terminal Building
Harlingen, Texas 78550

Harlingen Community Improvement Board
118 East Tyler
Harlingen, Texas 78550

Recently Issued Accounting Pronouncements

Future possible applicable accounting standards to the City that have been issued by the Governmental Accounting Standards Board are:

- GASB Statement No. 87, Leases
- GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Const. Period
- GASB Statement No. 91, Conduit Debt Obligations
- GASB Statement No. 93, Replacement of Interbank Offered Rates
- GASB Statement No. 94, Public-Private and Public-Public Partnerships 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
- GASB Statement No. 100, Accounting Changes and Error Corrections
- GASB Statement No. 101, Compensated Absences

City of Harlingen, Texas

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Additional information about the changes to the financial statements related to the implementation of this Statement can be found in Note 10.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The Statement is being applied prospectively, therefore, there were no significant impacts of implementing this Statement.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. There were no significant impacts of implementing this Statement.

In May 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this Statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments. There were no significant impacts of implementing this Statement.

In March 2020, the GASB issued Statement No. 94, *"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"*. This Statement establishes standards of accounting and financial reporting for PPPs and APAs for governments. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the

City of Harlingen, Texas

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

Government-wide Financial Statements

The government-wide financial statements consist of the statement of net position and the statement of activities. These statements report information on all of the non-fiduciary activities of the primary government and its component unit. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The statement of activities reflects the extent to which direct expenses of each function are offset by program revenues. *Direct expenses* are those that are attributable to a specific function and are clearly identifiable. *Program revenues* include charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a specific function as well as grants and contributions that are restricted to meeting the operational or capital requirements of a specific function. Taxes and other items not appropriately included with program revenues are shown as *general revenues*.

In addition to and apart from the government-wide financial statements, fund financial statements are presented for governmental funds, proprietary funds and fiduciary funds. In each of these financial statements, major funds are presented in separate columns.

Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category; governmental funds, proprietary funds, and fiduciary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

- The ***General Fund*** is the primary operating fund. It accounts for all of the financial resources of the general government, except those required to be accounted for in another fund.
- The ***Other Grants Fund*** is used to account for short-term miscellaneous reimbursement grants of various types.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of capital assets (capital project funds), and the servicing of general long-term debt (debt service funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

The City reports the following major proprietary funds:

- The **Sanitation Fund** is used to account for the operations of the City's solid waste collections and public landfill operations within the City limits.
- The **Municipal Golf Course Fund** is used to account for the operation of the City's Municipal Golf Course.
- The **Municipal Auditorium Fund** is set up to account for the utilization of the City's auditorium and the Casa de Amistad facility for economic gain as well as the encouragement of the arts.
- The **Harlingen Arts and Heritage Museum Fund** is used to account for the operation of the City's museum.

In addition, the City reports the following internal service funds:

- The **Motor Vehicle/Warehouse Fund**, an internal service fund is used to account for the monies received in servicing motorized vehicles and other equipment required for various departments of the City together with those related costs associated with the maintenance and repair of such vehicles and equipment.
- The **Health Insurance Fund**, an internal service fund is used to account for the monies received in providing medical insurance to the City's employees and families through a medical benefit program of a commercial carrier.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). All of the City's Proprietary Funds are considered major funds.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses typically are the result from activities specific to a particular proprietary fund's operations. Operating revenues include charges for services. Operating expenses include costs of services as well as materials, contracts, personnel and depreciation. All other revenues and expenses are reported as non-operating revenues and expenses.

Additionally, the City reports the following fund type:

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, or a private purpose trust is used. The City is the trustee, or fiduciary, of the **Firemen's Relief and Retirement Fund**.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e. the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or as soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under financed purchases and lease liabilities are reported as other financing sources.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The fiduciary fund utilizes the accrual basis of accounting for reporting its assets and liabilities.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The City's balance sheet reports deferred inflows of resources. Deferred inflows of resources arise when a potential revenue is *unavailable*. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City's governmental funds also report unavailable revenues that arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues arise when the City receives resources before it has a legal claim to them, as when grant money is received prior to the incidence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the City has a legal claim to the resources, revenue is recognized.

Assets, Liabilities, Deferred Outflows/Inflows of resources, and Net Position/Fund Balance

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include all demand deposits and short-term investments (inclusive of restricted assets) with maturity dates within ninety days of the date initially acquired.

b. Short-Term Interfund Receivables and Payables/Internal Balances

Short-term lending/borrowing between funds that result in amounts outstanding at the end of the fiscal year are referred to as "due to/from other funds". "Due to/from other funds" represent the current portion of interfund loans. With respect to the government-wide financial statements, any residual balances outstanding between the governmental activities and business-type activities are reported as "internal balances."

City of Harlingen, Texas

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

c. Loans to Other Funds

Noncurrent portions of long-term interfund loan receivables are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

d. Inventories

Inventories are valued at cost, which approximates fair value, using the first-in, first-out (FIFO) method and consists of expendable supplies, fuel and vehicle repair parts. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

e. Prepaid Items

Expenditures made to third party vendors for goods and services that will benefit periods beyond September 30, 2022 are recorded as prepaid items, in both governmental and fund financial statements.

f. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position, because their use is limited by applicable bond covenants or City ordinance. Funds restricted include amounts set aside to subsidize potential deficiencies from the enterprise funds' operations that could adversely affect debt service payments, amounts set aside from the proceeds of revenue bond issuances that are required for payment of construction, amounts set aside for debt service payments over the succeeding twelve months, amounts set aside for unexpected contingencies or to fund asset replacements, amounts set aside from customers' deposits, as well as a capital facilities users fee established by ordinance of the City of Harlingen.

g. Redevelopment Properties

Governments usually acquire redevelopment property to attract private-sector investment in an economically depressed area. The Harlingen Economic Development Corp., Inc. and the Harlingen Community Improvement Board undertake and fund various capital projects, which will benefit the City. These capital projects, once completed, are conveyed to the City and become part of the City's capital assets or are sold. During the construction phase, these assets are considered redevelopment assets of the EDC or the HCIB.

h. Capital Assets

Capital assets, which includes property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at their acquisition value at the date of donation.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Gains or losses on dispositions of capital assets are included in income within the proprietary fund financial statements and in the governmental activities and business-type activities columns of the government-wide financial statements. In the governmental fund financial statements only the proceeds from the disposition are reported.

Within the proprietary funds, interest cost, less interest earned on investments acquired with proceeds of related borrowing, is capitalized during the construction of capital projects when material.

Depreciation of capital assets used by proprietary funds, including those acquired by contributed capital, is charged as an expense against their operations in the fund financial statements as well as the government-wide financial statements.

Depreciation of capital assets used by funds categorized as governmental activities is not provided in the fund financial statements, however, is included in the gross expense by function in the government-wide Statement of Activities. Capital assets, net of accumulated depreciation, are reported on proprietary fund balance sheets and in both the governmental activities and business-type activities column of the government-wide Statement of Net Position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Site improvements	7 - 50 years
Buildings	15 - 50 years
Furniture, equipment and vehicles	2 - 15 years
Right-to-use leased assets	2 - 20 years
Infrastructure	15 - 50 years

i. Leases

Lessee: The City is a lessee for noncancellable leases for equipment, office space and tower space. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$50,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

j. Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental/business-type activities or the specific proprietary fund to which each relates, as applicable. Bond premiums and discounts, as well as bond insurance costs on issuance, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Premiums received on debt issuances are reported as other financing sources and discounts are reported as other financing uses. Issuance costs, whether or not withheld from debt proceeds, are reported as debt service expenditures.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

k. Compensated Absences

Accumulated unpaid compensated absences are accrued when incurred in proprietary funds. The liability for governmental funds is recorded only in the governmental activities column of the government-wide financial statements. The expense is recognized in the governmental fund financial statements when paid or expected to be paid with current financial resources. Compensated absences are reported in governmental funds only if they have matured.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

I. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension asset/liability and OPEB liability, pension and OPEB related deferred outflows and inflows of resources, and pension and OPEB expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Asset/Liability and OPEB Liability are obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Cod. Sec. P20, *Pension Activities* and GASB Cod. Sec. P51, *Postemployment Benefits Other Than Pensions—Reporting for Benefits Provided through Trusts That Meet Specified Criteria—Defined Contribution*.

Information regarding the Firemen's Relief and Retirement Fund's Total Pension Liability is obtained from the City's consulting actuary, Definiti, in compliance with GASB Cod. Sec. Pe5, *Pension Plans Administered Through Trusts That Meet Specified Criteria – Defined Benefit*.

m. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City reports the following items in this category:

- Deferred charges on refundings – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension and OPEB assets – This difference is deferred and amortized over a closed five year period.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represent an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City reports the following items in this category:

- Unavailable revenues which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category and are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from five sources: property taxes, payments in lieu of taxes, special assessments, noncurrent receivables and other. These amounts are recognized as an inflow of resources in the period that the amounts become available.
- The difference in expected and actual pension and OPEB experience is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

n. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (for example, restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

o. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

p. Fund Balance Policies

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

City of Harlingen, Texas

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Commission is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Commission has, by resolution, authorized the City Manager to assign fund balance. The City Commission may also assign fund balance as it does when appropriating fund balances to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The general fund is the only fund that reports positive unassigned fund balance. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount, however, governmental funds other than the general fund may report a negative unassigned fund balance if expenditures incurred for specific purposes exceeds the amounts that are restricted, committed or assigned for those purposes.

It is important to note that the City has established basic minimum fund balances within all funds. The minimum fund balances are proposed to be available in case of unexpected revenue shortfalls or for unforeseeable expenditures. The basic premise of these minimums is to maintain one hundred twenty days of operating expenditures as the desired minimum fund balances. These minimums are reviewed each year during the budgeting process for the upcoming fiscal year budget. If necessary, changes to the minimum is determined prior to the adoption of the new fiscal year budget.

q. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

r. Comparative Data

Comparative total data for the prior year have been presented in the individual fund financial statements included in the Other Supplementary Information Section.

s. Prior Year Reclassification

The financial statements for the fiscal year ended September 30, 2021, have been reclassified to conform with the presentation of the statements for the fiscal year ended September 30, 2022.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

t. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

u. Change in Accounting Principle

The City implemented GASB Statement No. 87, Leases, as of October 1, 2021. The City evaluated contracts that were formerly accounted for as operating leases to determine whether they meet the definition of a lease as defined in GASB No. 87. The contracts to lease copier equipment, office space and tower rental space met the definition of a lease, and the City calculated and recognized right-to-use leased assets of \$347,158 and lease liabilities as of October 1, 2021. There were no impacts to the beginning net position related to the adoption of GASB No. 87.

v. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 28, 2023. See Note 32 for relevant disclosure(s). No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except for funds that need to be administratively closed and the capital projects funds which adopt project-length budgets. Formal budgetary integration is employed as a management control device during the year for the General, Debt Service, Community Development Block Grant, Tennis Court Revenue, PEG, Hotel/Motel Occupancy Tax, Convention/Visitors Bureau, Catastrophic Emergency Relief, Harlingen Downtown, Federal Forfeiture, State Forfeiture, Other Grants, Harlingen Convention Center, FreeTrade Bridge, Infrastructure, Lon C. Hill Library, and Tax Increment Financing Zones 1, 2 and 3 as well as for all enterprise and internal service funds. These budgets, except for the Community Development Block Grant Fund, are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

Unused appropriations for all of the above annually budgeted funds lapse at the end of each year. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

City of Harlingen, Texas
Notes to Financial Statements

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

Budgetary data for Capital Project Funds are budgeted over the life of the respective project and not on an annual basis. Therefore, this data is not presented in the accompanying combined financial statements.

Budgets for the Community Development Block Grant Fund are legally adopted on an annual basis by entitlement year. The budgets reflected on the statement of revenues, expenditures and changes in fund balance represent the current fiscal year's program budget plus any remaining unexpended prior year's program budgets. Unexpended appropriations do not lapse at the end of the fiscal year for these funds.

The City Commission approves, by ordinance, total budget appropriations by fund only. The City Manager is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter total appropriations must be approved by the City Commission. Therefore, the legal level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been extended to a functional basis (General Government, Public Safety, etc.)

On or before the end of May of each year, all agencies of the City submit requests for appropriation to the City Manager so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

Before October 1, the proposed budget is presented to the City Commission for review. The City Commission holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City Manager or the revenue estimates must be changed by an affirmative vote of a majority of the City Commission.

Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, several supplementary appropriations were necessary.

NOTE 3 – DEPOSITS AND INVESTMENTS

It is the City's policy for deposits plus accrued interest thereon to be 102% secured by collateral valued at fair value, less the amount of the Federal Deposit Insurance Corporation insurance. At September 30, 2022, the City's deposits were entirely covered by federal deposit insurance or were secured by collateral held by the City's agent in the City's name pursuant to the City's investment policy and its depository agreement.

City of Harlingen, Texas
Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS - Continued

Investments-other, that are not debt securities, including accrued interest, as of September 30, 2022, are as follows:

Component Units	Investments-other - Maturities (in years)	
	Book Value	1 or less
U.S. Treasuries	\$ 5,008,096	\$ 5,008,096
Certificates of deposit	21,574,579	21,574,579
Total investments - other	\$ 26,582,675	\$ 26,582,675

NOTE 3 – DEPOSITS AND INVESTMENTS - Continued

A reconciliation of cash and investments follows:

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Cash and cash equivalents				
Cash	\$ 2,618,824	\$ 45,501	\$ 2,664,325	\$ 16,170,397
TexStar	-	-	-	1,451,605
TexPool	62,941,143	8,067,592	71,008,735	24,292,821
Total cash and cash equivalents	\$ 65,559,967	\$ 8,113,093	\$ 73,673,060	\$ 41,914,823
Investments - other				
U.S. Treasuries	-	-	-	5,008,096
Agency Bonds	-	-	-	1,484,704
Certificate of deposit	-	-	-	21,574,579
Total investments - other	\$ -	\$ -	\$ -	\$ 28,067,379

At September 30, 2022, the City's and its discretely presented component units' certificates of deposit held for investment are not debt securities and are included in investments-other.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The investment policy states that in no case shall the average maturity of investments of the City's operating funds exceed one year. The maximum final stated maturity of any single investment shall not exceed five years.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS - Continued

Credit Risk

As of September 30, 2022, the investments in the State's investment pool was rated AAAM by Standard and Poor's. The City's investment policy limits authorized investments to certain Texas government investments pools, certain government money market mutual funds, and repurchase agreements.

Concentration of Credit Risk

The TexPool holdings at September 30, 2022 represents 100% of the Primary Government's total portfolio. The investment policy is silent in the concentration of holding in the various types of securities and investments. There were no deposits with custodial risk at year end.

Primary Government

Maturity	Description	Maturity Date	*Cost or Value	% of Holding	Rate
Investment pool	Texpool	10/15/2022	\$ 71,008,735	100.00%	

Component Units

Maturity	Description	Maturity Date	*Cost or Value	% of Holding	Rate
Investment Pools	TexStar	11/07/2022	\$ 1,451,605		
Investment Pools	TexPool	11/03/2022	24,292,821		
			<u>25,744,426</u>	47.84%	
<u>0-2 Months</u>					
Certificates of Deposit	East West Bank	10/25/2022	4,006,433		0.17%
Certificates of Deposit	East West Bank	11/17/2022	2,003,777		0.22%
U.S. Treasury	U.S. Treasury	11/30/2022	508,775		1.39%
			<u>6,518,985</u>	12.11%	
<u>3-5 Months</u>					
Certificates of Deposit	East West Bank	12/15/2022	2,005,126		0.32%
Certificates of Deposit	East West Bank	1/20/2023	2,508,365		0.48%
U.S. Treasury	U.S. Treasury	1/31/2023	494,322		1.80%
Certificates of Deposit	East West Bank	2/16/2023	1,510,203		1.09%
U.S. Treasury	U.S. Treasury	2/28/2023	500,344		1.73%
			<u>7,018,360</u>	13.04%	
<u>6-8 Months</u>					
Certificates of Deposit	East West Bank	3/17/2023	1,509,960		1.23%
U.S. Treasury	U.S. Treasury	3/31/2023	503,524		2.02%
Agency Bond	Freddie Mac FHLMC	4/20/2023	491,762		4.02%
U.S. Treasury	U.S. Treasury	5/31/2023	503,021		2.21%
			<u>3,008,267</u>	5.59%	
<u>9-12 months</u>					
Agency Bond	Federal Farm Credit Bank FFCB	6/21/2023	511,110		4.23%
U.S. Treasury	U.S. Treasury	6/30/2023	2,011,734		0.13%
Certificates of deposit	East West Bank	6/23/2023	1,008,087		2.94%
Certificates of Deposit	East West Bank	7/21/2023	2,012,466		3.15%
U.S. Treasury	U.S. Treasury	7/31/2023	486,376		2.40%
Certificates of Deposit	Texas Capital Bank	8/23/2023	3,008,420		3.30%
Agency Bond	Freddie Mac FHLMC	9/8/2023	481,832		4.27%
Certificates of deposit	East West Bank	9/23/2023	2,001,742		3.98%
			<u>11,521,767</u>	21.41%	
Investment Pools, Treasuries, Agency Bonds and CDs - Component Units			<u>\$ 53,811,805</u>		

*Investment pools are valued at amortized cost. Treasuries, Agency Bonds and CDs are valued at cost plus accrued interest.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS – Continued

As of September 30, 2022, the City's external investment pools meet the criteria described in GASB Cod. Sec. In5.104, *Investment Pools (External) – Pools That Measure Investments at Amortized Cost – Additional Requirements* and therefore the City measures all of their investments at amortized cost; therefore, the City has also measured their investments in these external investment pools at amortized cost for financial reporting purposes. In addition, the pools do not have any limitations or restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity or redemption gates.

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code and are subject to the provisions of the Act, Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the fair value of its underlying investment portfolio within one half of one percent of the values of its shares.

TexPool is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Act. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller of Public Accounts has established an Advisory Board composed both of participants in TexPool and of other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The three levels of the fair value hierarchy are described as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets. These types of investments primarily include common stock and equities traded on public exchanges.

Level 2 – Significant observable inputs for the asset other than quoted prices included within Level 1 that are observable for similar securities, but not exact. These types of investments include US Government obligations and obligations of government agencies.

Level 3 – Significant unobservable inputs for an asset, as they trade infrequently or not at all. (The City does not value any investments using Level 3 inputs.)

City of Harlingen, Texas

Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS – Continued

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Harlingen Firemen's Relief and Retirement Fund Investments

The Firemen's Relief and Retirement Fund Investments are recorded at fair value as of September 30, 2022. The following table summarizes securities owned by level within the fair value hierarchy as follows:

	9/30/2022	Inputs		
		(Level 1)	(Level 2)	(Level 3)
Mutual funds				
Baird Aggregate Bond Fund-IS	\$ 4,135,058	\$ 4,135,058	\$ -	\$ -
Income Opportunity	1,825,225	-	1,825,225	-
American Europacific Growth	3,161,380	-	3,161,380	-
Largecap Value Equity	5,216,663	-	5,216,663	-
Blackrock Total Stock-K	4,984,370	4,984,370	-	-
Allcap Growth Equity	4,482,422	-	4,482,422	-
Smallcap Value Equity	508,810	-	508,810	-
Conestoga Funds Small Cap	523,582	-	523,582	-
RBC Funds Trust Emerging Markets	1,116,027	1,116,027	-	-
Legg Mason Gbl Ass Brandywine Opp	1,482,737	1,482,737	-	-
Pacific Funds Series Trust Pac Fitg Inc	884,119	884,119	-	-
Total mutual funds	28,320,393	12,602,311	15,718,082	-
REIT				
Clarion Lion Properties Fund	2,508,468	-	-	2,508,468
ARA Core Property Fund	2,293,228	-	-	2,293,228
Total REIT	4,801,696	-	-	4,801,696
Cash and cash equivalents				
Federal Government Obligations	41	41	-	-
Total	\$ 33,122,130	\$ 12,602,352	\$ 15,718,082	\$ 4,801,696
Investment excluded from fair value hierarchy	875,000			
Total Investments	<u>\$ 33,997,171</u>			

Investments classified in Level 1 inputs are quoted prices in active markets for identical assets, and those classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Harlingen Firemen's Relief and Retirement Fund investments in private equities are valued at net asset value.

City of Harlingen, Texas
Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS – Continued

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair Value of Investments in Entities that Use Net Asset Value (NAV) – The following table summarizes investments measured at fair value based on NAV per share as of September 30, 2022:

	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Private Equity Funds	\$ 875,000	\$ 375,000	N/A	N/A

Private Equity – The private equity funds invest primarily in private assets and funds in the US and Global markets. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Firemen’s Fund ownership interest in partners’ capital. The private equity investments are considered closed-end investments, therefore redemptions are not permitted. Distributions from the investment will be received as the underlying investments of the funds are liquidated.

Because of the complexity of the portfolio, the Firemen’s Board of Trustees relies on its consultant to provide the necessary guidance to accomplish the Fund’s objective. The Board also understands that return objectives can be achieved while assuming market volatility. The Board is willing to forgo potential return in strong markets in return for protection against a severe decline during weak periods.

Interest Rate Risk

The investment policy does not address interest rate risk.

Credit Risk

The total fixed income investment of \$5,960,283 is subject to interest rate risk and are in high yield bonds which are rated AAA. The Firemen’s Fund investment policy has established that the fixed income portfolio must have an average credit quality of A or higher. The Firemen’s Fund investment policy establishes the allowable investment types and grades of the fund.

Concentration of Credit Risk

The Firemen’s Fund investment policy establishes a minimum and maximum percentage allocation for each classification of investments. Fixed income investments should be in between 20% and 60% of the total portfolio, while equity investments should be between 40% and 80% of the total portfolio. Cash equivalents should be between zero and 10% of the total portfolio.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS – Continued

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Harlingen Firemen's Relief and Retirement Plan (the plan) will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Plan, and are held by either the counterparty or the counterparty's trust department or agent but not in the Plan's name. At September 30, 2022, none of the Plan's security investments were subject to custodial credit risk.

NOTE 4 - RECEIVABLES

Receivables at September 30, 2022 consist of the following:

	Governmental Activities						
	General	Other	Other		Internal	Governmental	
	Fund	Grants	Governmental	Total	Service	Activities	
		Fund	Funds		Funds	Total	
Taxes	\$ 1,243,993	\$ -	\$ 333,772	\$ 1,577,765	\$ -	\$ 1,577,765	
Accounts	890,832	3,442,565	1,345,407	5,678,804	60,523	5,739,327	
Assessments	-	-	142,872	142,872	-	142,872	
Due from component units	-	-	20,572	20,572	-	20,572	
Due from other governments	1,930,041	-	745,000	2,675,041	-	2,675,041	
Gross receivables	4,064,866	3,442,565	2,587,623	10,095,054	60,523	10,155,577	
Allowance for uncollectibles	(435,182)	-	(156,796)	(591,978)	(5,750)	(597,728)	
Net receivables	\$ 3,629,684	\$ 3,442,565	\$ 2,430,827	\$ 9,503,076	\$ 54,773	\$ 9,557,849	

City of Harlingen, Texas

Notes to Financial Statements

NOTE 4 - RECEIVABLES - Continued

	Business-type Activities				Total
	Sanitation	Municipal Golf Course	Municipal Auditorium	Harlingen Arts and Heritage Museum	
Accounts	\$ 304,481	\$ 3,429	\$ 327	\$ 32	\$ 308,269
Allowance for uncollectibles	(101,655)	-	-	-	(101,655)
Due from component units	144,196	-	-	-	144,196
Net receivables	\$ 347,022	\$ 3,429	\$ 327	\$ 32	\$ 350,810

	Component Units				Total
	Harlingen Economic Development Corporation	Harlingen Community Improvement Board	Harlingen Waterworks System	Valley International Airport	
Accounts	\$ 120,162	\$ 921	\$ 2,337,227	\$ 850,176	\$ 3,308,486
Interest	-	-	2,542	-	2,542
Due from other governments	480,744	160,248	1,941,453	3,779,957	6,362,402
Gross receivables	600,906	161,169	4,281,222	4,630,133	9,673,430
Allowance for uncollectibles	-	-	(260,000)	-	(260,000)
Net receivables	\$ 600,906	\$ 161,169	\$ 4,021,222	\$ 4,630,133	\$ 9,413,430

Property Taxes

Property tax revenues are recognized when they become available in the fund statements. Available includes those property tax receivables expected to be collected within sixty days after year end.

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are levied as of October 1. The county appraisal district certifies the tax roll by July 25th. This tax roll is used by the City to adopt a tax rate by September 1st or soon thereafter. The tax bills are mailed on October 1 or soon thereafter and are due and payable upon receipt. The billings become delinquent as of February 1 of the following calendar year and penalties and interest may be assessed by the City.

Taxes receivable in the general and debt service funds include uncollected tax levies since 1945. All real property taxes receivable less than twenty years old are considered collectible. All personal property taxes receivable less than ten years old are considered collectible. All revenues were deferred at the time the levies were recorded. The Texas Legislature enacted a provision during the 1992 legislative session which requires all liens attached to properties because of delinquent taxes to be removed after twenty years. Also, liens attached to personal property for delinquent taxes are required to be removed after ten years. This legislation became effective August 27, 1992.

Current and delinquent property taxes are collected by the Cameron County Tax Office which is operated independently of the City of Harlingen.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022 is as follows:

Governmental Activities	(Restated) Beginning Balance	Additions	Retirements	Transfers/ Reclassifications	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 11,153,970	\$ -	\$ -	\$ -	11,153,970
Construction in progress	4,650,769	1,700,495	-	(4,038,329)	2,312,935
Total capital assets, not being depreciated	15,804,739	1,700,495	-	(4,038,329)	13,466,905
Capital assets, being depreciated					
Buildings	48,482,829	156,816	-	715,986	49,355,631
Right-to-use leased buildings	125,399	107,532	-	-	232,931
Improvements	29,748,080	389,940	-	-	30,138,020
Machinery and equipment	38,620,850	2,808,674	(1,921,139)	214,880	39,723,265
Right-to-use leased equipment	221,759	73,224	-	-	294,983
Infrastructure	219,184,851	3,879,048	-	3,107,463	226,171,362
Total capital assets, being depreciated	336,383,768	7,415,234	(1,921,139)	4,038,329	345,916,192
Less accumulated depreciation for:					
Buildings	(18,632,158)	(1,148,483)	-	-	(19,780,641)
Right-to-use leased buildings	-	(73,463)	-	-	(73,463)
Improvements	(19,019,741)	(1,315,285)	-	-	(20,335,026)
Machinery and equipment	(28,861,111)	(2,264,564)	1,921,139	-	(29,204,536)
Right-to-use leased equipment	-	(93,544)	-	-	(93,544)
Infrastructure	(153,978,931)	(3,860,231)	-	-	(157,839,162)
Total accumulated depreciation	(220,491,941)	(8,755,570)	1,921,139	-	(227,326,372)
Total capital assets, being depreciated, net	115,891,827	(1,340,336)	-	4,038,329	118,589,820
Governmental activities, capital assets, net	\$ 131,696,566	\$ 360,159	\$ -	\$ -	132,056,725

Depreciation was charged to government functions as follows:

General government	\$ 85,887
Public Safety	845,355
Highways and streets	4,450,593
Health and Welfare	995,300
Community and economic development	1,491,833
Culture and recreation	886,602
Total depreciation - governmental activities	\$ 8,755,570

City of Harlingen, Texas

Notes to Financial Statements

NOTE 5 - CAPITAL ASSETS – Continued

Capital asset activity for the year ended September 30, 2022 is as follows:

Business-type Activities

	Beginning Balance	Additions	Retirements	Transfers/ Reclassifications	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 467,083	\$ -	\$ -	\$ -	467,083
Construction in progress	46,895	16,396	-	(63,291)	-
Total capital assets, not being depreciated	513,978	16,396	-	(63,291)	467,083
Capital assets, being depreciated					
Buildings	5,595,690	6,440	-	-	5,602,130
Improvements	4,869,091	-	-	63,291	4,932,382
Equipment	8,841,300	1,265,203	(276,936)	-	9,829,567
Total capital assets, being depreciated	19,306,081	1,271,643	(276,936)	63,291	20,364,079
Less accumulated depreciation for:					
Buildings	(2,929,283)	(122,618)	-	-	(3,051,901)
Improvements	(4,315,971)	(137,097)	-	-	(4,453,068)
Equipment	(4,048,989)	(1,001,647)	227,459	-	(4,823,177)
Total accumulated depreciation	(11,294,243)	(1,261,362)	227,459	-	(12,328,146)
Total capital assets, being depreciated, net	8,011,838	10,281	(49,477)	63,291	8,035,933
Governmental activities, capital assets, net	\$ 8,525,816	\$ 26,677	\$ (49,477)	\$ -	8,503,016

Depreciation was charged to business type activity functions as follows:

Municipal Auditorium	\$ 65,874
Sanitation	1,068,158
Arts and Heritage Museum	12,271
Municipal Golf Course	115,059
Total depreciation - business-type activities	\$ 1,261,362

City of Harlingen, Texas

Notes to Financial Statements

NOTE 5 - CAPITAL ASSETS – Continued

Capital asset activity for the Economic Development Corporation for the year ended September 30, 2022, is as follows:

Harlingen Economic Development Center					
	Beginning Balance	Additions	Retirements		Ending Balance
Capital assets, not being depreciated:					
Land	\$ 4,294,807	\$ -	\$ -		\$ 4,294,807
Capital assets, being depreciated					
Buildings	31,902,903	-	-		31,902,903
Improvements	4,795,863	-	-		4,795,863
Total capital assets, being depreciated	36,698,766	-	-		36,698,766
Less accumulated depreciation for:					
Buildings	(7,975,726)	(797,572)	-		(8,773,298)
Improvements	(3,135,430)	(319,724)	-		(3,455,154)
Total accumulated depreciation	(11,111,156)	(1,117,296)	-		(12,228,452)
Total capital assets, being depreciated, net	25,587,610	(1,117,296)	-		24,470,314
Harlingen Economic Development Corporation, capital assets, net					
	\$ 29,882,417	\$ (1,117,296)	\$ -		\$ 28,765,121

Depreciation expense for the year ended September 30, 2022 totaled \$1,117,296.

Capital asset activity for the Harlingen Community Improvement Board for the year ended September 30, 2022, is as follows:

Harlingen Community Improvement Board					
	Beginning Balance	Additions	Retirements	Transfers/ Reclassifications	Ending Balance
Capital assets, not being depreciated:					
Construction in progress	\$ -	\$ 140,300	\$ -	\$ -	\$ 140,300
Total capital assets, not being depreciated	\$ -	\$ 140,300	\$ -	\$ -	\$ 140,300

City of Harlingen, Texas

Notes to Financial Statements

NOTE 5 - CAPITAL ASSETS – Continued

Capital asset activity for Valley International Airport for the year ended September 30, 2022, is as follows:

Valley International Airport

	Beginning Balance	Additions	Retirements	Transfers/ Reclassifications	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 5,875,164	\$ -	\$ -	\$ 302,834	\$ 6,177,998
Construction in progress	23,179,080	5,372,279	-	(25,758,451)	2,792,908
Total capital assets, not being depreciated	29,054,244	5,372,279	-	(25,455,617)	8,970,906
Capital assets, being depreciated					
Buildings	47,925,758	-	(291,500)	2,733,059	50,367,317
Runways and taxiways	56,722,860	-	(1,037,938)	22,089,968	77,774,890
Land improvements	24,419,023	-	(1,032,665)	51,255	23,437,613
Furniture and fixtures	2,625,243	-	(1,400)	436,412	3,060,255
Machinery and equipment	14,868,025	971,945	(245,595)	144,923	15,739,298
Total capital assets, being depreciated	146,560,909	971,945	(2,609,098)	25,455,617	170,379,373
Less accumulated depreciation for:					
Buildings	(30,963,692)	(1,419,843)	291,500	-	(32,092,035)
Runways and taxiways	(37,118,536)	(5,672,562)	1,037,938	-	(41,753,160)
Land improvements	(16,921,251)	(759,191)	1,032,665	-	(16,647,777)
Furniture and fixtures	(1,775,968)	(146,996)	1,400	-	(1,921,564)
Machinery and equipment	(9,199,882)	(1,199,695)	245,595	-	(10,153,982)
Total accumulated depreciation	(95,979,329)	(9,198,287)	2,609,098	-	(102,568,518)
Total capital assets, being depreciated, net	50,581,580	(8,226,342)	-	25,455,617	67,810,855
Valley International Airport, capital assets, net	\$ 79,635,824	\$ (2,854,063)	\$ -	\$ -	\$ 76,781,761
Right-to-use lease assets, being amortized	-	11,646			11,646
Total right-to-use lease assets, being amortized	-	11,646	-	-	11,646
Less accumulated amortization for:					
Right-to-use lease assets	-	(1,741)			(1,741)
Total accumulated amortization	-	(1,741)	-	-	(1,741)
Total right-to-use assets, being amortized, net	-	9,905	-	-	9,905
Valley International Airport, total capital and right-to-use assets, net	79,635,824	(2,844,158)	-	-	76,791,666

Depreciation expense for the year ended September 30, 2022 totaled \$9,198,287. Amortization expense for the year ended September 30, 2022 totaled \$1,741

City of Harlingen, Texas

Notes to Financial Statements

NOTE 5 - CAPITAL ASSETS – Continued

Capital asset activity for Harlingen Waterworks System for the year ended September 30, 2022, is as follows:

Harlingen Waterworks System				
	Beginning Balance	Reclass & Additions	Reclass & Disposals	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 6,466,307	\$ -	\$ -	\$ 6,466,307
Water rights	1,210,953	-	-	1,210,953
Construction in progress	4,831,879	2,300,447	(3,741,723)	3,390,603
Total capital assets, not being depreciated	12,509,139	2,300,447	(3,741,723)	11,067,863
Capital assets, being depreciated				
Vehicles	4,732,507	367,428	(55,749)	5,044,186
Water production plant	30,503,658	623,925	(3,321)	31,124,262
Water transmission facilities and equipment	62,832,734	5,440,538	(16,245)	68,257,027
Wastewater treatment plant	33,975,307	131,388	(122,293)	33,984,402
Wastewater collection line, lift stations and equipment	56,573,791	1,618,348	(39,499)	58,152,640
Laboratory buildings and equipment	423,174	13,879	-	437,053
Pretreatment buildings and equipment	49,047	-	-	49,047
Office buildings and equipment	4,142,120	108,863	-	4,250,983
Total capital assets, being depreciated	193,232,338	8,304,369	(237,107)	201,299,600
Less accumulated depreciation for:				
Vehicles	(2,849,018)	(277,286)	55,749	(3,070,555)
Water production plant	(23,170,214)	(653,670)	3,321	(23,820,563)
Water transmission facilities and equipment	(38,428,157)	(1,064,630)	16,245	(39,476,542)
Wastewater treatment plant	(24,713,327)	(809,397)	122,293	(25,400,431)
Wastewater collection line, lift stations and equipment	(35,198,702)	(1,003,156)	39,499	(36,162,359)
Laboratory buildings and equipment	(241,217)	(22,698)	-	(263,915)
Pretreatment buildings and equipment	(42,584)	(789)	-	(43,373)
Office buildings and equipment	(2,943,057)	(153,540)	-	(3,096,597)
Total accumulated depreciation	(127,586,276)	(3,985,166)	237,107	(131,334,335)
Total capital assets, being depreciated, net	65,646,062	4,319,203	-	69,965,265
Harlingen Waterworks System, capital assets, net	\$ 78,155,201	\$ 6,619,650	\$ (3,741,723)	\$ 81,033,128

Harlingen Waterworks System depreciation expense during the fiscal year totaled \$3,985,166.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 6 - LOANS RECEIVABLE

Loans and notes receivable at September 30, 2022, consist of the following:

	Governmental Activities			Component Unit
	General Fund	Other Governmental Fund	Total	Economic Development Corporation
Rehabilitation loans	\$ -	\$ 43,461	\$ 43,461	\$ -
Deferred loans	-	1,708,965	1,708,965	-
Replacement loans	-	245,241	245,241	-
Home loans	-	22,527	22,527	-
Business development loans	-	-	-	116,652
Payment in lieu of taxes	135,365	-	135,365	-
Other	-	116,836	116,836	-
Total Loans Receivable	\$ 135,365	\$ 2,137,030	\$ 2,272,395	\$ 116,652

Rehabilitation loans include 6 loans with origination dates from 1992 to 2017. These loans are collateralized by real property and bear interest that range from interest free notes to 2%. These loans are payable in monthly installments amortized to maturity within 15 years from origination.

Deferred loans include 84 rehabilitation and/or reconstruction including loans through the Harlingen Down Payment Assistance Program. Origination dates range from 2013 to 2022. These loans are collateralized by real property. Deferred loans bear no interest and will become due and payable only upon failure of the other party to maintain compliance with the eligibility requirements of participating in the deferred loan grant program.

Replacement and/or reconstruction loans include 9 loans with origination dates from 2008 to 2019. These loans are collateralized by real property and bear interest ranging from 0-6%. These loans are payable in monthly installments amortized to maturity within 25 years from origination.

Home loans include 2 loans with origination dates of 2004 and 2016 and bears interest of 2% and 5% respectively. These loans are payable in monthly installments amortized over 20 years from origination.

Business development loans of \$116,652 and all other long-term loans receivable are reflected as deferred inflows of resources on the fund financial statements.

NOTE 7 - PAYABLE FROM RESTRICTED ASSETS

Payables from restricted assets of the Harlingen Waterworks (a component unit of the City) at September 30, 2022 consist of the following:

September 30,	2022
Current	
Accrued interest	\$ 234,042
Customer deposits	350,000
Noncurrent	
Customer deposits	3,055,167
Total payable from restricted assets	\$ 3,639,209

City of Harlingen, Texas

Notes to Financial Statements

NOTE 8 - UNEARNED REVENUE

- a. Governmental funds report *unearned revenue* in connection with amounts received in advance for goods and/or services to be delivered at a future date. At the end of the current fiscal year, the various components of unearned revenue and unearned revenue reported in the financial statements were as follows:

	Unearned
Governmental Activities	
Rental Prepayments	\$ 21,322
Grants	16,672,921
Governmental Activities Total	<u>\$ 16,694,243</u>
Business-type Activities	
Ticket and membership sales	<u>\$ 71,159</u>
Component Units	
Valley International Airport	<u>\$ 452,485</u>

*The Valley International Airport unearned revenue is included in long-term debt, see Note 13.

- b. Consistent with accounting principles for recording non-monetary transactions, Valley International Airport recognizes permanent structural improvements constructed by tenants on leased facilities owned by the Airport. The value of such improvements is recognized as an increase in the property, plant, and equipment accounts. Unearned revenues are similarly increased for these respective values and amortized to operations on a straight-line basis over the primary lease term including extensions. Amortization requirements for the succeeding five years are as follows:

2023 (current portion)	\$ 224,689
2024	\$ 33,630
2025	33,630
2026	33,630
2027	33,630
Succeeding years	93,276
Long-term portion	<u>227,796</u>
Total	<u>\$ 452,485</u>

*At September 30, 2022, several leaseholders at the Airport had prepaid their monthly leases in the total amount of \$94,889 which is included in the current portion of \$224,689.

NOTE 9 - LEASES - LESSEE

On October 1, 2021, the City entered into a 30 month lease as the lessee for the use of tower space . An initial lease liability was recorded in the amount of \$221,758. As of September 30, 2022, the value of the lease liability is \$136,823. The City is required to make monthly fixed payments of \$7,287. The lease has an interest rate of 1.8290%. The Tower's estimated useful life was 240 months as of the contract commencement. The value of the right to use asset as of September 30, 2022 is \$221,758 with accumulated amortization of \$88,703.

City of Harlingen, Texas **Notes to Financial Statements**

NOTE 9 - LEASES - LESSEE - Continued

On October 1, 2021, the City entered into a 36 month lease as the lessee for the use of office space. An initial lease liability was recorded in the amount of \$125,399. As of September 30, 2022, the value of the lease liability is \$83,714. the City is required to make monthly fixed payments of \$3,500.00. The lease has an interest rate of 0.3280%. The Buildings estimated useful life was 600 months as of the contract commencement. The value of the right to use asset as of September 30, 2022 of \$125,399 with accumulated amortization of \$41,800.

On November 18, 2021, the City entered into a 35 month lease as lessee for the use of office space. An initial lease liability was recorded in the amount of \$107,532. As of September 30, 2022, the value of the lease liability is \$76,901. The City is required to make monthly fixed payments of \$3,087. The lease has an interest rate of 0.3280%. The Buildings estimated useful life was 600 months as of the contract commencement. The value of the right to use asset as of September 30, 2022 of \$75,869 with accumulated amortization of \$31,663 .

On June 2, 2022, the City entered into a 60 month lease as lessee for the use of 10 Xerox Copiers at the Public Library. An initial lease liability was recorded in the amount of \$73,224. As of September 30, 2022, the value of the lease liability is \$68,461. The City is required to make monthly fixed payments of \$1,286. The lease has an interest rate of 2.1570%. The Equipment's estimated useful life was 60 months as of the contract commencement. The value of the right to use asset as of September 30, 2022 of \$73,224 with accumulated amortization of \$4,841.

The future principal and interest lease payments as of September 30, 2022, were as follows:

Fiscal Year Ending 9/30	Principal	Interest	Total
2023	\$ 182,519	\$ 3,503	\$ 186,022
2024	140,333	1,432	141,765
2025	17,803	718	18,521
2026	15,038	396	15,434
2027	10,206	83	10,289
Total	\$ 365,899	\$ 6,132	\$ 372,031

NOTE 10 - LEASES - LESSOR

The Airport's operations consist of use of buildings, terminal space, and land within the Airport facilities, which expire between 2023 and 2050. The Airport recognized \$1,916,831 of lease revenue principal and \$72,087 of lease revenue interest for the year ended September 30, 2022.

City of Harlingen, Texas **Notes to Financial Statements**

NOTE 10 - LEASES - LESSOR - Continued

The following is a schedule by years of minimum future revenues from non-cancelable agreements as of September 30:

For the years ending September 30,	Principal Payments	Interest Income	Total
2023	\$ 1,539,045	\$ 67,138	\$ 1,606,183
2024	1,016,055	48,800	1,064,855
2025	656,774	35,930	692,704
2026	539,564	29,647	569,211
2027	515,333	23,633	538,966
2028 - 2032	1,645,004	54,137	1,699,141
2033 - 2037	167,128	17,720	184,848
2038 - 2042	201,077	13,213	214,290
2043 - 2047	240,618	7,803	248,421
2048 - 2050	164,332	1,654	165,986
Total	\$ 6,684,930	\$ 299,675	\$ 6,984,605

NOTE 11 - REGULATED LEASES - LESSOR

The Airport's operations include certain lease agreements that are classified as regulated leases under paragraph 42 of GASB Statement No. 87, *Leases*. These agreements consist of aeronautical lease agreements, as defined by the Federal Aviation Administration, which are made up of air carrier agreements, facility agreements that directly or substantially relate to the movement of passengers, ticketing, baggage, mail and cargo, and aircraft storage and maintenance service agreements. For these agreements, leases rates cannot exceed a reasonable amount and the Airport cannot deny potential lessees the right to enter into leases if facilities are available, provided that the potential lessee's use of the facilities complies with use restrictions. The Airport recognizes the revenues from these lease agreements as inflows each year based on the payment provisions of each lease contract. The Airport recognized lease revenue of \$327,237 during the fiscal year.

The following is a schedule by years of minimum future revenues from regulated lease agreements as of September 30:

For the years ending September 30,	Total
2023	\$ 1,932,374
2024	1,819,550
2025	181,351
2026	169,972
2027	165,600
Thereafter	803,569
Total	\$ 5,072,416

City of Harlingen, Texas
Notes to Financial Statements

NOTE 12 - NON-CURRENT OBLIGATIONS

Notes Payable

Primary Government

With Resolution No. 07R-49, the City Commission authorized the City to enter into an agreement between the Tax Increment Financing Reinvestment Zone. No. 3 to reimburse the Harlingen Economic Development Corporation of Harlingen, Inc. for financial assistance provided to Harlingen Ventures No. 2, L.P. for public targeted infrastructure, not to exceed \$3,000,000. The total qualifying infrastructure improvements amounted to \$886,416 and the balance at year-end is \$86,416. The agreement does not indicate repayment terms or interest rate. The City makes annual payments of \$70,000.

The City and the EDC, entered into a note agreement in the amount of \$4,431,204 with 83/77 Properties, LTD on December 15, 2010. The note will be repaid with the EDC's portion of the sales tax from anticipated developed properties in a defined area surrounding the Bass Pro Shop development. The note carries an 8% interest rate, but no repayment schedule due to the uncertainty of the revenues designed to repay the loan. The City's portion totals \$3,013,219 plus related accrued interest of \$1,356,628. Interest accrues at 8%. Interest paid during the year totaled \$239,452.

The City entered into a 10 year note agreement in the amount of \$550,000 with an individual on November 19, 2019. The note carries a 5% interest rate compounded monthly. Principal and interest payments are made monthly in the amount of \$5,807. The balance of the note as of September 30, 2022 is \$416,581. The City also entered into a 10 year note agreement in the amount of \$450,000 with another individual on November 19, 2019. The note carries a 5% interest rate compounded monthly. Principal and interest payments are made monthly in the amount of \$4,746. The balance of the note as of September 30, 2022 is \$341,020. Both notes were for the purchase of 7.91 acres of land.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 12 - NON-CURRENT OBLIGATIONS – Continued

Component Unit

The City and the Harlingen Economic Development Corporation, a component unit of the primary government, entered into a note agreement in the amount of \$4,431,204 with 83/77 Properties, LTD on December 15, 2010. The note will be repaid with the EDC's portion of the sales tax from anticipated developed properties in a defined area surrounding the Bass Pro Shop development. The note carries an 8% interest rate, but no repayment schedule due to the uncertainty of the revenues designed to repay the loan. The EDC's portion totals \$1,417,985 plus related accrued interest of \$638,413. Interest accrues at 8%. Interest paid during the year totaled \$112,243. As indicated on the previous page, there are no fixed repayment terms for the TIFRZ and 83/77 Properties, LTD notes payable.

General Obligation Bonds and Certificates of Obligation

In November 2013, the City issued \$3,215,000 in General Obligation Refunding Bonds, Series 2013 for the purpose of refunding outstanding bonds Series 2005 and to provide resources to cover costs of issuance to purchase qualifying securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the accounts of the City. The refunding bonds were sold at a premium in the amount of \$59,145. The cost of issuance totaled \$71,658. Principal payments range from \$65,000 to \$435,000 plus interest with interest rates ranging from 2.00% to 2.50%.

In July 2016, the City issued the 2016 Series General Obligation Refunding Bonds, in the amount of \$23,915,000 and were be used for the purpose of refunding portions of outstanding bonds series 2006 GOs, 2007 COs and 2007 GOs. The bonds will be repaid over 10 years which began in 2018 and carry interest rates ranging from 2.0% to 5.0% with annual interest dates of February 15.

In December 2016, the City issued \$12,885,000 Combination Tax and Revenue Certificates of Obligation, Series 2016, and will be used for the purpose of constructing a new convention center and paying fiscal and engineering fees in connection with such projects and for paying the costs associated with the issuance of the Certificates. The certificates include \$4,910,000 serial certificates which will be repaid over eleven years in principal installments ranging from \$275,000 to \$510,000 at an interest rate ranging from 1.15% to 3.65%. The certificates also include \$7,975,000 term certificates which will be repaid over a nine year period beginning in August 2031 and maturing in August 2040 in five principal installments ranging from \$1,640,000 to \$3,230,000 and carrying an interest rate ranging from 3.98% to 4.29%.

In December 2019, the City issued \$1,690,000 in General Obligation Refunding Bonds, Series 2019 for the purpose of refunding the 2010 Series Combination Tax and Revenue Certificates of Obligation and to provide resources to cover costs of issuance to purchase qualifying securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the accounts of the City. The refunding bonds were sold at a premium of \$280,521. The cost of issuance totaled \$79,444. Principal payments range from \$120,000 to \$215,000 plus interest with an interest rate from 3.0 to 5.0%.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 12 - NON-CURRENT OBLIGATIONS – Continued

In April 2021, the City issued \$4,500,000 in General Obligation Refunding Bonds, Series 2021 for the purpose of refunding the Series 2011 General Obligation bonds and the 2012 and 2013 Series Combination Tax and Revenue Certificates of Obligation and to provide resources to cover costs of issuance to purchase qualifying securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the accounts of the City. The refunding bonds were sold at a premium of \$456,765. The cost of issuance totaled \$117,038. Principal payments range from \$70,000 to \$510,000 plus interest with an interest rate of 3.0%.

Advance Refunding

Primary Government

In current and prior years, the City defeased certain outstanding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the respective trust account assets and related liabilities for the defeased bonds are not included in the City's financial statements. At September 30, 2022, the following outstanding bonds and certificates of obligation are considered defeased:

Primary Government		Component Units Harlingen EDC	
Series	Ending Balance	Series	Ending Balance
2004 GO	\$ 645,000	2010A	\$ 8,190,000
2005 GO	750,000	2010B	6,760,000
2006 GO	900,000		
2007 GO	4,435,000		
2007 CO	8,815,000		
2010 CO	1,550,000		

City of Harlingen, Texas

Notes to Financial Statements

NOTE 12 - NON-CURRENT OBLIGATIONS – Continued

Bonded Debt Rollforward

General obligation bonds and certificates of obligation are direct obligations and pledge the full faith and credit of the City. These bonds and certificates generally are issued as 25-year serial bonds, with varying amounts of principal maturing each year. General obligation bonds and certificates of obligation currently outstanding are as follows:

	Original Amount	Interest Rates	Beginning Balance 10/1/2021	Additions	Reductions	Ending Balance 9/30/2022	Due in One Year
Governmental Activities							
<i>General Obligations</i>							
2013 Series, General Obligation Refunding Bonds	\$ 3,215,000	2.000-2.500%	\$ 905,000	\$ -	\$ (210,000)	\$ 695,000	\$ 215,000
2016 Series, General Obligation Refunding Bonds	23,915,000	2.000-5.000%	15,730,000	-	(2,280,000)	13,450,000	2,400,000
2019 Series, General Obligation Refunding Bonds	1,690,000	3.000-5.000%	1,570,000	-	(125,000)	1,445,000	140,000
2021 Series, General Obligation Refunding Bonds	4,500,000	3.000%	4,325,000	-	(485,000)	3,840,000	495,000
Total General Obligation Bonds	\$ 33,320,000		\$ 22,530,000	\$ -	\$ (3,100,000)	\$ 19,430,000	\$ 3,250,000
<i>Certificates of Obligation</i>							
2016 Series, Combination Tax Revenue CO	12,885,000	1.150-4.290%	11,205,000	-	(415,000)	10,790,000	430,000
Total Certificates of Obligation	\$ 12,885,000		\$ 11,205,000	\$ -	\$ (415,000)	\$ 10,790,000	\$ 430,000
Total bonded debt	\$ 46,205,000		\$ 33,735,000	\$ -	\$ (3,515,000)	\$ 30,220,000	\$ 3,680,000

The annual debt service requirements to maturity for general obligation bonds and certificates of obligation, are as follows:

Year Ending September 30,	General Obligation Bonds		Certificates of Obligation		Total Bonded Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	3,250,000	586,738	430,000	425,944	\$ 3,680,000	\$ 1,012,682
2024	3,375,000	461,825	450,000	413,001	3,825,000	874,826
2025	3,405,000	357,175	460,000	398,826	3,865,000	756,001
2026	3,505,000	252,450	475,000	383,876	3,980,000	636,326
2027	3,445,000	144,700	490,000	367,964	3,935,000	512,664
2028-2032	1,460,000	293,025	2,745,000	1,550,857	4,205,000	1,843,882
2033-2037	990,000	60,000	3,365,000	944,233	4,355,000	1,004,233
2038-2042	-	-	2,375,000	206,565	2,375,000	206,565
	\$ 19,430,000	\$ 2,155,913	\$ 10,790,000	\$ 4,691,266	\$ 30,220,000	\$ 6,847,179

Revenue Bonds

The component units also issue bonds where the component units pledge income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at September 30, 2022, are as follows:

Revenue Bonds are used to finance the acquisition and construction of major capital improvements for the water and sewer system and related facilities. The revenue bonds are special obligations of the System solely secured by a first lien on and pledge of the net revenues of the combined waterworks and sewer system. Net revenues are defined in the respective covenants and are more fully explained therein as the gross revenues of the System less the expenses of operation and maintenance of the System. Depreciation and payments into and out of the required interest and sinking and the reserve funds are not considered expenses of operation and maintenance. Remaining revenues may then be used for any lawful purpose.

City of Harlingen, Texas
Notes to Financial Statements

NOTE 12 - NON-CURRENT OBLIGATIONS – Continued

In September 2015, the System issued the Waterworks and Sewer System Revenue Bonds, Series 2015A in the principal amount of \$12,000,000 to provide funding for the System's ongoing capital improvement program and to cover the cost of issuance. Simultaneously, in order to achieve a debt service savings due to favorable interest rates, the Waterworks and Sewer System Revenue Refunding Bonds, Series 2015B were issued, in the principal amount of \$6,475,000. The proceeds from the sale of the Series 2015B Bonds were used for the purpose of refunding all of the then outstanding Waterworks and Sewer System Revenue Refunding Bonds, Series 2005 in the amount of \$2,620,000; and the Waterworks and Sewer System Revenue Bonds, Series 2005A in the amount of \$4,435,000 and to pay the costs of issuance.

The Series 2015B Bond proceeds, along with other available funds of the System, were deposited with an escrow agent for payment of principal and interest on the refunded debt until the respective call dates of November 1, 2015 through November 1, 2019. As a result, the refunded obligations are considered retired, and the liability for those bonds has been removed from the System's financial statements. As of September 30, 2019, Series 2005A Bonds in the principal amounts of \$270,000 maturing November 1, 2019 have not been redeemed.

In November 2019, the System issued the Waterworks and Sewer System Revenue Refunding Bonds, Series 2019 in the principal amount of \$4,825,000 in order to achieve a debt service savings due to favorable interest rates. The proceeds from the sale of the Series 2019 Bonds were used for the purpose of refunding all of the then outstanding Waterworks and Sewer System Revenue Refunding Bonds, Series 2010A in the amount of \$5,190,000 and to pay the costs of issuance.

The bonds carry interest rates as set out below with the interest payment dates of May 1st and November 1st; and principal payments due annually on November 1st. The bond ordinances authorizing these issues require establishing an interest and sinking fund; and, if certain financial ratios are not met, a reserve fund. A Credit Facility may be used as a substitute for or to replace cash or investments in the reserve fund. In addition, a provision in the ordinances requires that rates for service be adjusted if certain financial ratios are not met. Management of the System believes it is in compliance with all significant financial requirements of the bond ordinances as of September 30, 2022.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 12 - NON-CURRENT OBLIGATIONS – Continued

	Original Amount	Interest Rate(s)	Beginning Balance 10/1/2021	Additions	Reductions	Ending Balance 9/30/2022	Due in One Year
Component Units							
Harlingen Economic Development Corporation							
Sales tax revenue bonds							
Series 2019A	17,585,000	4.00-5.00%	16,310,000	-	(1,150,000)	15,160,000	1,205,000
Sales tax and lease rental							
Revenue Bonds Series 2019B	4,035,000	2.199-3.229%	3,745,000	-	(300,000)	3,445,000	305,000
Total Harlingen EDC	\$ 21,620,000		\$ 20,055,000	\$ -	\$ (1,450,000)	\$ 18,605,000	\$ 1,510,000
Harlingen Waterworks System							
2015 Series "A" Waterworks & Sewer System Revenue Refunding Bonds	12,000,000	2.00-3.75%	9,640,000	-	(515,000)	9,125,000	530,000
2015 Series "B" Waterworks & Sewer System Revenue Refunding Bonds	6,475,000	2.00-3.25%	2,900,000	-	(240,000)	2,660,000	255,000
2019 Series Waterworks & Sewer System Revenue Refunding Bonds	4,825,000	2.50-5.00%	4,825,000	-	(240,000)	4,585,000	240,000
Total Harlingen Waterworks System	23,300,000		17,365,000	-	(995,000)	16,370,000	1,025,000
Total Component Units	\$ 44,920,000		\$ 37,420,000	\$ -	\$ (2,445,000)	\$ 34,975,000	\$ 2,535,000

Year Ending September 30,	Harlingen Economic Development Corporation		Harlingen Waterworks System		Total Component Units	
	Sales Tax and Lease Revenue Bonds		Water and Sewer Revenue Bonds		Total Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	1,510,000	751,959	1,025,000	543,925	\$ 2,535,000	\$ 1,295,884
2024	1,580,000	682,930	1,060,000	507,750	2,640,000	1,190,680
2025	1,655,000	610,068	1,095,000	470,325	2,750,000	1,080,393
2026	1,735,000	533,167	1,140,000	431,400	2,875,000	964,567
2027	1,820,000	451,929	1,180,000	390,900	3,000,000	842,829
2028-2032	10,305,000	1,028,942	6,255,000	1,290,244	16,560,000	2,319,186
2033-2037	-	-	4,615,000	312,588	4,615,000	312,588
	\$ 18,605,000	\$ 4,058,995	\$ 16,370,000	\$ 3,947,132	\$ 34,975,000	\$ 8,006,127

City of Harlingen, Texas

Notes to Financial Statements

NOTE 12 - NON-CURRENT OBLIGATIONS – Continued

Changes in Non-Current Liabilities

During the year ended September 30, 2022, the following changes occurred:

	(Restated) Beginning Balance 10/1/2021	Additions	Reductions	Ending Balance 9/30/2022	Amounts Due in One Year
Governmental Activities					
General obligation debt	\$ 22,530,000	\$ -	\$ (3,100,000)	\$ 19,430,000	\$ 3,250,000
Certificates of obligation	11,205,000	-	(415,000)	10,790,000	430,000
Financed purchases	342,325	-	(177,606)	164,719	164,719
Lease liabilities	347,158	180,756	(162,015)	365,899	182,518
Deferred amounts					
Premiums	1,500,582	-	(429,021)	1,071,561	-
Notes payable	4,013,640	-	(156,404)	3,857,236	461,011
Non-current liabilities (excluding pensions and compensated absences)	\$ 39,938,705	\$ 180,756	\$ (4,440,046)	\$ 35,679,415	\$ 4,488,248
Business Type Activities					
Financed purchases	\$ 202,901	\$ -	\$ (50,849)	\$ 152,052	\$ 52,293
Component Units					
Harlingen Economic Development Corporation					
Sales tax and revenue bonds	\$ 20,055,000	\$ -	\$ (1,450,000)	\$ 18,605,000	\$ 1,510,000
Deferred amounts					
Premiums	1,882,986	-	(318,588)	1,564,398	-
Notes payable	1,417,985	-	-	1,417,985	-
Total Harlingen EDC	23,355,971	-	(1,768,588)	21,587,383	1,510,000
Harlingen Waterworks System					
Bonds payable	17,365,000	-	(995,000)	16,370,000	1,025,000
Less deferred amounts for discounts and premiums	503,719	-	(71,974)	431,745	66,988
Total Harlingen Waterworks System	17,868,719	-	(1,066,974)	16,801,745	1,091,988
Total Component Units	\$ 41,224,690	\$ -	\$ (2,835,562)	\$ 38,389,128	\$ 2,601,988

Financed Purchases

The City has entered into the following financing lease agreements with maturities as follows:

Governmental Activities

Fiscal Year	Motorola Communication Center		Total	
	Principal	Interest	Principal	Interest
2023	\$ 164,719	\$ 3,953	\$ 164,719	\$ 3,953
Total	\$ 164,719	\$ 3,953	\$ 164,719	\$ 3,953

City of Harlingen, Texas

Notes to Financial Statements

NOTE 12 - NON-CURRENT OBLIGATIONS – Continued

The Motorola Communication Center lease term is from April 1, 2013 and expires on April 1, 2023, with annual payments of \$168,673, including interest at 2.4%, payable annually.

The Frost Bank Backup lease term is from July 1, 2018 and expires on July 1, 2022, with annual payments of \$17,442, including interest at 4.15%, payable annually. This lease was paid off during the fiscal year.

The financed purchase agreements were used to purchase capital assets that are being depreciated as follows

Asset Name	Purchase Cost	Accumulated Depreciation 9/30/2022	Book Value 9/30/2022
P-25 Communication Tower	1,483,892	(1,236,577)	247,315
2018 Unitrends Recovery Series	80,532	(80,532)	-
Total governmental activities machinery and equipment capital assets purchased with financed purchases	1,564,424	(1,317,109)	247,315

Business Type Activities

Golf Course Equipment			
Fiscal Year	Principal	Interest	
2023	\$ 52,293	\$	3,595
2024	53,778		2,109
2025	45,981		593
Total	\$ 152,052	\$	6,297

The Golf Course Equipment lease is from June 1, 2020 and expires on July 1, 2025, with monthly payments of \$4,657, including interest at 2.8% payable monthly.

The financing lease was used to purchase capital assets that are being depreciated as follows

	Purchase Cost	Accumulated Depreciation 9/30/2022	Book Value 9/30/2022
Various golf course machinery and equipment	258,943	(107,892)	151,051

City of Harlingen, Texas

Notes to Financial Statements

NOTE 13 - OTHER NON-CURRENT OBLIGATIONS

In addition to the Non-Current Debt Obligations in Note 12 Non-Current Obligations, Note 25 Pension Plans and Note 26 Other Post-Employment Benefits, the City has the following changes in other non-current liabilities for the fiscal year ended September 30, 2022 as follows:

	Beginning Balance 10/1/2021	Additions	Reductions	Ending Balance 9/30/2022	Amounts Due in One Year
Governmental activities					
Compensated absences	4,384,762	1,290,663	(2,629,436)	3,045,989	1,769,324
Net pension liability (asset) - Governmental Activities	(1,307,276)	5,175,113	(8,667,586)	(4,799,748)	-
Net pension liability - Firemen's Relief	19,991,801	3,363,526	(6,039,896)	17,315,431	-
Net OPEB - Supplemental Death Benefit	1,727,286	154,467	(78,168)	1,803,585	-
Net OPEB - Retiree Health Care	4,509,136	405,193	(201,701)	4,712,628	-
Total other non-current liabilities - governmental activities	29,305,709	10,388,962	(17,616,787)	22,077,885	1,769,324
Business Type Activities					
Landfill post closure liability	135,005	-	(10,000)	125,005	14,995
Compensated absences	270,796	161,354	(147,622)	284,528	113,812
Net pension liability (asset) - Business-type Activities	(26,680)	105,615	(176,888)	(97,954)	-
Net OPEB - Supplemental Death Benefit	35,251	3,185	(1,628)	36,808	-
Net OPEB - Retiree Healthcare	92,038	8,255	(4,116)	96,177	-
Total other non-current liabilities - business-type activities	506,410	278,409	(340,254)	444,564	128,807
Total other non-current liabilities - Primary Government	29,812,119	10,667,371	(17,957,041)	22,522,449	1,898,131

The City's other non-current liabilities including compensated absences and net OPEB claims payable are liquidated in the fund where the liability was incurred. Thus, the general fund satisfies most liabilities for governmental activities.

	Beginning Balance 10/1/2021	Additions	Reductions	Ending Balance 9/30/2022	Amounts Due in One Year
Component Units					
Harlingen Economic Development Corporation					
Compensated absences	\$ 62,021	\$ 10,056	\$ (19,648)	\$ 52,429	\$ 13,529
Valley International Airport					
Unearned revenue**	750,274	378,287	(676,076)	452,485	224,689
lease liability	-	11,646	(1,453)	10,193	1,887
Compensated absences	366,748	346,874	(365,653)	347,969	25,000
Net pension liability (asset)	(40,584)	780,100	(1,046,449)	(306,933)	-
Net OPEB obligation	423,626	43,314	(23,149)	443,791	-
Total Valley International Airport	1,500,064	1,560,221	(2,112,780)	947,505	251,576
Harlingen Waterworks System					
Compensated absences	789,145	627,205	(602,666)	813,684	500,000
Net OPEB-retiree healthcare	10,990,608	429,937	(1,893,596)	9,526,949	-
Net OPEB-supplemental death benefit	712,234	73,279	(23,566)	761,947	-
Net pension liability (asset)	(1,331,806)	3,661,229	(2,486,956)	(157,533)	-
Customer deposits	3,255,862	566,307	(417,002)	3,405,167	350,000
Total Harlingen Waterworks System	14,416,043	5,357,957	(5,423,786)	14,350,214	850,000
Total Component Units	\$ 15,978,128	\$ 6,928,234	\$ (7,556,214)	\$ 15,350,148	\$ 1,115,105

**The current portion of unearned revenues on the Statement of Net Position for a component unit includes amounts, which consist of prepayments and amortizable leasehold improvements totaling \$13,162 for the year ended 2022.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 14 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require that the City of Harlingen place final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill postclosure care costs has a balance of \$125,005 as of September 30, 2022. This is based on 100% usage of the landfill. The landfill was deemed full and closed on August 1999. The estimated total current cost of the landfill postclosure care is based on the amount that would be paid if all equipment, facilities, and services required to monitor, and maintain the landfill were acquired as of September 30, 1994. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

Financial assurances are being demonstrated by the City through the mechanisms described in 31 Texas Administrative Code 330.285.

NOTE 15 - INTERFUND ASSETS/LIABILITIES

Interfund receivables and payables at September 30, 2022 are as follows:

Receivable Fund	Payable Fund		Total
	Governmental Activities	Business-type Activities	
	CDBG Fund	Municipal Golf Course Fund	
Governmental Funds			
General Fund	\$ 99,916	\$ 987,823	\$ 1,087,739
Proprietary Funds			
Motor Vehicle Warehouse Fund	2,139	-	2,139
	\$ 102,055	\$ 987,823	\$ 1,089,878

The interfund assets and liabilities primarily represent temporary short-term borrowings for working capital, which are intended to be satisfied soon after year-end.

Receivables and payables between the primary government and component units at September 30, 2022 are as follows:

Payable Fund or Component Unit	Receivable Fund or Component Unit	
	Governmental Activities	Business-type Activities
	Infrastructure Fund	Sanitation Fund
Harlingen Waterworks System	\$ 20,572	\$ 144,196

City of Harlingen, Texas

Notes to Financial Statements

NOTE 16 - TRANSFERS

Interfund transfers are used to 1) provide unrestricted revenues collected in the general fund to finance various programs accounted for in other funds, and 2) move revenues from the fund that the budget required to collect the revenue to the fund that the budget required to expend it.

	Transfers In/Out						Total
	General Fund	Other Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds	Sanitation Fund	Internal Service Funds	
Governmental Activities							
General fund	\$ -	\$ 721,065	\$ 1,000,000	\$ 1,721,065	\$ 1,015,000	\$ -	\$ 2,736,065
Other grants fund	61,500	-	2,144	63,644	-	-	63,644
Nonmajor governmental funds	1,805,273	-	723,941	2,529,214	-	-	2,529,214
Total governmental activities	1,866,773	721,065	1,726,085	4,313,923	1,015,000	-	5,328,923
Business-type Activities							
Sanitation fund	-	-	-	-	-	159,811	159,811
Municipal Golf Course fund	443,405	-	-	443,405	-	-	443,405
Municipal Auditorium fund	17,098	-	115,000	132,098	-	-	132,098
Arts and Heritage Museum fund	48,677	-	60,000	108,677	-	-	108,677
Internal service fund	-	-	-	-	-	-	-
Total business-type activities	509,180	-	175,000	684,180	-	159,811	843,991
Totals	\$ 2,375,953	\$ 721,065	\$ 1,901,085	\$ 4,998,103	\$ 1,015,000	\$ 159,811	\$ 6,172,914

Transfers from the General to the Tax Increment Financing Zone funds (TIFZ) were for real property incremental ad valorem tax revenues collected for the benefit of the TIFZs. Transfers from the General fund to the Tennis Court, Downtown, Golf Course, Municipal Auditorium and the Harlingen Arts and Heritage Museum were to sustain operating activities. Transfers from the Hotel/Motel fund were to sustain the operating activities of Harlingen Downtown, Convention and Visitors Bureau, Municipal Auditorium and Harlingen Arts and Heritage funds. Transfers from the General fund to the Other Grants fund were for the City's matching portion on grants. The transfer from the Other grants fund to the General fund was for the purchase of items utilizing the ARPA revenue replacement funds for general government services. The transfer from the General fund to the Infrastructure fund was to assign funds for infrastructure related projects. The transfer from the Hotel/Motel fund to the Debt Service fund was to pay for a portion of the 2016 Certificate of Obligation used to construct the Convention Center. Transfers from the Sanitation to the General fund were for administrative services. The transfer from the Internal Service Fund to the Sanitation fund is for vehicles contributed to a proprietary fund. Transfers from the General fund to the Internal Service Fund were for contributed vehicles. The Free Trade Bridge transferred excess revenue to the General Fund. The TIFZ #3 fund transfers an amount to the General Fund yearly to help pay the bond payments which were used for construction in the zone.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 17 – FUND BALANCES

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes describes as follows:

Nonspendable – 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.

Restricted – external parties have restricted these funds to be used for their intended purpose.

Committed – the City Commission has authorized the City to use these funds for specifically identified purposes.

Assigned – fund balances that contain self-imposed constraints of the government.

Unassigned – the unassigned fund balance has no constraints.

	General Fund	Other Grants	Other Governmental Funds	Total Governmental Funds
Nonspendable				
Prepaid items	\$ 294,220	\$ -	\$ 43,750	\$ 337,970
Restricted				
Child Safety	249,785	-	-	249,785
Community Development	-	-	40,520	40,520
Public, Education and Gov Access Channels	-	-	1,059,512	1,059,512
Construction	-	-	459,927	459,927
Hotel/Motel Occupancy Tax	-	-	1,676,885	1,676,885
Convention Visitors Bureau	-	-	330,933	330,933
Harlingen Downtown	-	-	182,346	182,346
Federal Forfeitures	-	-	393,180	393,180
State Forfeitures	-	-	110,431	110,431
Lon C. Hill Library	-	-	69,899	69,899
Tax Increment Reinvestment Zone	-	-	3,129,365	3,129,365
Debt Service	-	-	649,990	649,990
Restricted total	249,785	-	8,102,988	8,352,773
Committed				
Catastrophic Relief	-	-	824,953	824,953
Infrastructure	-	-	3,931,038	3,931,038
Free Trade Bridge	-	-	406,686	406,686
Street Improvements	-	-	545	545
Committed total	-	-	5,163,222	5,163,222
Assigned				
Purchases on order	572,280	-	-	572,280
Tennis Court	-	-	104,683	104,683
Harlingen Convention Center	-	-	1,091,276	1,091,276
Assigned total	572,280	-	1,195,959	1,768,239
Unassigned	30,349,895	(1,965,449)	-	28,384,446
Total fund balance	\$ 31,466,180	\$ (1,965,449)	\$ 14,505,919	\$ 44,006,650

City of Harlingen, Texas

Notes to Financial Statements

NOTE 18 – NET POSITION

	Governmental Activities	Business-type Activities	Economic Development Corporation	Community Improvement Board	Harlingen Waterworks System	Valley International Airport
Net Investment in capital assets:						
Capital assets, net of accumulated depreciation	132,056,725	8,503,016	28,765,121	140,300	81,033,128	76,791,666
Less related liabilities	(32,365,266)	(152,052)	(21,587,383)	-	(16,678,788)	(468,967)
Restricted cash (unexpended bond proceeds)	1,655,274	-	-	-	-	-
Total net investment in capital assets	101,346,733	8,350,964	7,177,738	140,300	64,354,340	76,322,699
Restricted net position consists of the following:						
Child Safety	249,785					
CDBG	40,520					
Public, Education and Government Access Channel	1,059,512	-	-	-	-	-
Construction	459,927	-	-	-	-	-
Hotel/Motel Occupancy Tax	1,676,885	-	-	-	-	-
Convention Visitors Bureau	330,933	-	-	-	-	-
Harlingen Downtown	182,346	-	-	-	-	-
Federal Forfeitures	393,180	-	-	-	-	-
State Forfeitures	110,431	-	-	-	-	-
Lon C. Hill Library	69,899	-	-	-	-	-
Tax Increment Reinvestment Zone	3,129,365	-	-	-	-	-
Debt Service	649,990	-	-	-	945,692	-
Employee pensions	-	-	-	-	(1,078,400)	-
System expansion and replacement (impact and other fees)	-	-	-	-	5,016,392	-
Restricted net position - total	8,352,773	-	-	-	4,883,684	-
Unrestricted net position	8,316,027	6,436,200	13,726,744	7,847,569	19,880,943	15,225,381
Total net position	\$ 118,015,533	\$ 14,787,164	\$ 20,904,482	\$ 7,987,869	\$ 89,118,967	\$ 91,548,080

NOTE 19 - COMMITMENTS AND CONTINGENT LIABILITIES

a. Long-Term Contracts

The Harlingen Waterworks System is currently under contract with five wholesale customers (users) to provide treated water. These agreements provide for the treatment of an aggregate minimum of at least 250,000,000 gallons. The contracts have various expiration dates ranging from year 2016 to 2054. The System has contracted to provide wastewater treatment services to two wholesale customers. The combined annual flow is estimated to be 250,000,000 gallons.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 19 - COMMITMENTS AND CONTINGENT LIABILITIES – Continued

b. *Grant Programs*

The City as well as its component units participate in a number of grant programs funded by State and Federal Agencies. These programs are subject to compliance audits by the grantor agencies or their representatives. Audits of all of these programs including the year ended September 30, 2022 have not been conducted. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Commitments

At September 30, 2022, the City had ongoing commitments related to the following:

Project	Construction		
	Original Amount	Expensed to Date	Amount Commitment
Arroyo Colorado Trail Extension	1,456,971	969,819	487,152
Vela Middle School Connectivity Project	294,911	265,420	29,491
Total Commitments	\$ 1,751,882	\$ 1,235,239	\$ 516,643

Component Units

The Airport has on-going commitments relating to the following:

	Total Remaining Commitment	Airport Improvement Project Funds	Passenger Facility Charge	Local Funds
CARES Act Airport Grant	\$ 5,924,301	\$ 5,924,301	\$ -	\$ -
CRRSAA Grant	5,553	5,553	-	-
ACRGP - Concessions	71,830	71,830	-	-
Airport Rescue Grant	30,685	30,685	-	-
Airport Rescue Grant - Concessions	287,320	287,320	-	-
Extend Runway 35L	13,502,903	7,152,903	6,350,000	-
Passenger Boarding Bridges (3)	2,296,586	1,946,586	350,000	-
Total Commitments	\$ 22,119,178	\$ 15,419,178	\$ 6,700,000	\$ -

In addition to the above amounts, the Airport has \$5,924,301 of remaining CARES Act grant funds which are to be used to offset the impact of the COVID-19 pandemic. The Airport Sponsor participates in a number of grant programs funded by federal agencies. These programs are subject to compliance audits by the grantor agencies or their representatives. Audits of all of these programs including the year ended September 30, 2022 have not been conducted.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 19 - COMMITMENTS AND CONTINGENT LIABILITIES – Continued

As of September 30, 2022, the System had open purchase orders for operating supplies, equipment, and capital improvements in the amount of \$2,974,414. The projects include water treatment, transmission and distribution system maintenance and improvements, and wastewater treatment and collection system maintenance, and improvements. These commitments will be funded with unrestricted funds.

NOTE 20 - MAJOR CUSTOMERS

Valley International Airport's customers are principally concentrated in the airline industry. The Airport continuously monitors the financial condition of the airline customers as well as maintaining positive customer relations with the airlines. The Airport received approximately \$809,294 or 11.9% in 2022 of the Airport's total operating revenues from passenger air carriers. Of that amount, \$385,829 or 47.7% in 2022 of the total operating revenues were received from one airline.

For the year ended September 30, 2022, no single customer provided more than 10% of water revenues or wastewater revenues. For the year ended 2022, the top ten wastewater customers provided approximately \$1,419,226 or 12.90% of wastewater sales revenues. The top ten water customers generated approximately \$1,432,536 or 13.48% of the water sales revenues.

NOTE 21 - PASSENGER AND CUSTOMER FACILITY CHARGES

Beginning in November 1998, the Airport instituted passenger facility charges of \$3 per enplaned passenger. In February 2007, the Federal Aviation Administration approved the Airport's application to impose and use passenger facility charges of \$4.50 per enplaned passenger, effective December 1, 2007. Proceeds of the passenger facility charges are to be used by the Airport for certain capital improvements approved pursuant to the Airport's authorization for the passenger facility charge program. Passenger facility charges revenue, including interest, included in capital contributions for the year ended September 30, 2022 totaled \$1,715,857.

NOTE 22 - JOINT ARRANGEMENTS

Freetrade Bridge

On September 13, 1989, the City of Harlingen, Texas, executed an interlocal agreement (a cost-sharing agreement) with Cameron County, Texas, whereby the County would issue revenue bonds for the construction of an international bridge, herein referred to as Los Indios International Bridge, located at Los Indios, Texas, and La Barranca, Tamaulipas, Mexico. The bonds are payable from the revenues of the County's Toll Bridge System, as defined and more fully explained in the Order which authorized such bonds. During November 1992 construction of the bridge was completed, and operations commenced.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 22 - JOINT ARRANGEMENTS - Continued

Cameron County, Texas, is the legal owner and operator of said bridge; however, the City is obligated to pay twenty-five percent (25%) of any deficiencies in the annual debt service requirements for the proposed revenue bonds, any capital expenditures not paid from bond proceeds, and any net operating losses before transfers excluding depreciation and including or excluding interlocal agreement revenues (or expenses) of the Los Indios International Bridge. However, such amounts shall not exceed the sum of \$200,000 annually.

Any surplus revenues remaining after payment of the debt service requirements, maintenance and operation costs, and an amount equal to one hundred forty percent (140%) of the average annual debt service requirements of all outstanding bonds shall be shared proportionally between the City of Harlingen, Texas and Cameron County, Texas.

The bridge operations resulted in a surplus allowing the City to share in 25% of the interlocal contribution, an amount of \$147,437 for the year ending September 30, 2022.

NOTE 23 - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

In prior years the Internal Revenue Code specified that the plan's assets were the property of the City until paid or made available to participants, subject only on an equal basis to the claims of the City's general creditors. Therefore, the plan's assets were recorded as a separate agency fund in the Annual Comprehensive Financial Report of the City of Harlingen. A 1996 federal law now requires all assets and income of the Internal Revenue Code 457 deferred compensation plans to be held in trust, custodial accounts, or annuity contracts for the exclusive benefit of the participants and their beneficiaries.

Assets of the City's plan are administered by private corporations under contract with the City. The private administrators have amended the plans to comply with the federal law. Consequently, the plan's assets and liabilities have been removed from the City's financial statements.

NOTE 24 - RISK MANAGEMENT

The City and component units are exposed to various uncertainties for losses related to intentional and unintentional torts; theft of, damage to and destruction of real and personal property; errors and omissions; catastrophes, medical and dental claims by employees; employee illnesses and injuries and pollution claims for which the entities carry commercial insurance coverage. There have been no significant reductions in insurance coverage from the previous year.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 24 - RISK MANAGEMENT - Continued

No negotiated settlements or jury awards have exceeded policy limits in any of the past three years. The entities are members of an intergovernmental risk pool. The risk pool is an interlocal non-assessable agency with present unreserved resources in excess of \$381,000,000 (as of September 30, 2022, the most recently audited financial statements completed for the risk pool). Reinsurance is provided by several A and A++ rated companies in amounts ranging from \$10,000,000 to \$100,000,000 depending on the type of insurance coverage. The entities must promptly pay contributions to the risk pool as outlined by the coverage contracts, comply with underwriting standards and implement loss control recommendations deemed necessary by a risk pool representative due to an eminent high risk of loss situation. City and component units management are not aware of any pending or alleged claims that could exceed the policy limits of the present insurance coverage.

The City is a party to various legal actions none of which is believed by management to have a material effect on the financial condition of the City. Accordingly, no provision for losses has been recorded in the accompanying financial statements for such contingencies.

NOTE 25 - PENSION PLANS

The City of Harlingen contributes to two defined benefit pension plans, (1) the Texas Municipal Retirement System (TMRS) and (2) the Firemen's Relief and Retirement Fund. The City and the Valley International Airport (a component unit of the City), have a pension plan covering all employees (except Firemen included in the Firemen's Relief and Retirement Fund.) The Harlingen Waterworks System (a component unit of the City) ("the System") has a pension plan covering all of its employees. The plans had the following balances reported in the government-wide financial statements:

	Net Pension Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense (Income)
Primary Government				
TMRS	\$ (4,897,702)	\$ 1,536,302	\$ 6,187,379	860,674
Firemen's Relief and Retirement Fund	17,315,431	3,888,372	9,726,567	916,210
Total Primary Government	\$ 12,417,729	\$ 5,424,674	\$ 15,913,946	\$ 1,776,884
Component Units				
VIA TMRS	\$ (306,933)	\$ 159,418	\$ 413,259	\$ 64,325
HWWS TMRS	(157,533)	1,042,185	2,278,118	2,215,401
Total Component Units	\$ (464,466)	\$ 1,201,603	\$ 2,691,377	\$ 2,279,726

A. Employees Pension Plans (Other Than Firemen)

Plan Description – Defined Benefit Pension Plans

City of Harlingen, Texas

Notes to Financial Statements

NOTE 25 - PENSION PLANS - Continued

With the exception of firefighters, the City of Harlingen participates as one of almost 1,000 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (The TMRS Act) as an agent multiple-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 State 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.

The City of Harlingen firefighters are covered by a separate pension plan; therefore, they are not included in the Texas Municipal Retirement System plans.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefits are 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 payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Employees covered by benefit terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

	City and Airport	Harlingen Waterworks System
Inactive employees or beneficiaries currently receiving benefits	354	135
Inactive employees entitled to but not yet receiving benefits	87	41
Active employees	498	141
Total employees covered by benefit terms	939	317

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the entity. Under the state law governing TMRS, the contribution rate for each entity 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.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 25 - PENSION PLANS - Continued

Employees for the City of Harlingen, Texas, the Valley International Airport and the Harlingen Waterworks System were required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rates for the City, Airport and the System were 8.78%, 8.78% and 1.87% respectively in calendar year 2022. The City's, Airport's and System's contributions to TMRS for the year ended September 30, 2022 were \$1,907,325, \$195,787 and \$102,400 respectively, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2021, 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, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.50% to 11.50% per year, 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.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 25 - PENSION PLANS - Continued

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). The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 25 - PENSION PLANS - Continued

Changes in the net pension liability for the fiscal year ended September 30, 2022 are as follows:

City of Harlingen

	Increase (Decrease)		
	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability (Asset)
Balance at December 31, 2020	\$ 90,259,092	\$ 91,593,048	\$ (1,333,956)
Changes for the year			
Service Cost	1,831,182	-	1,831,182
Interest	6,107,865	-	6,107,865
Change in benefit terms	2,404,224	-	2,404,224
Difference between expected/actual experience	39,597	-	39,597
Changes of assumptions	-	-	-
Contribution - employer	-	1,195,422	(1,195,422)
Contribution - employee	-	963,056	(963,056)
Net investment income	-	11,842,649	(11,842,649)
Benefits payments, including refunds of employee contributions	(5,102,140)	(5,102,140)	-
Administrative expenses	-	(54,889)	54,889
Other charges	-	376	(376)
Net charges	5,280,728	8,844,474	(3,563,746)
Balance at December 31, 2021	\$ 95,539,820	\$ 100,437,522	\$ (4,897,702)

Sensitivity of the Net Pension Liability to 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 have been 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 in Discount Rate (5.75)%	Discount Rate (6.75)%	1% Increase in Discount Rate (7.75)%
Primary Government			
City of Harlingen net pension liability (asset)	\$ 5,894,874	\$ (4,799,748)	\$ (13,723,539)
Business-type Activities			
City of Harlingen net pension liability (asset)	\$ 120,303	\$ (97,954)	\$ (280,072)
Component Units			
Valley International Airport net pension liability (asset)	\$ 449,564	\$ (306,933)	\$ (1,046,607)
Harlingen Waterworks System net position liability (asset)	\$ 3,051,488	\$ (157,533)	\$ (2,880,033)

City of Harlingen, Texas

Notes to Financial Statements

NOTE 25 - PENSION PLANS - Continued

Valley International Airport

	Increase (Decrease)		
	(a)	(b)	(a) - (b)
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2020	\$ 6,164,439	\$ 6,205,023	\$ (40,584)
Changes for the year			
Service Cost	136,859	-	136,859
Interest	456,492	-	456,492
Change in benefit terms	179,688	-	179,688
Difference between expected/actual experience	2,959	-	2,959
Changes of assumptions	-	-	-
Contribution - employer	-	89,344	(89,344)
Contribution - employee	-	71,977	(71,977)
Net investment income	-	885,100	(885,100)
Benefits payments, including refunds of employee contributions	(381,326)	(381,326)	-
Administrative expenses	-	(4,102)	4,102
Other charges	-	28	(28)
Net charges	394,672	661,021	(266,349)
Balance at December 31, 2021	\$ 6,559,111	\$ 6,866,044	\$ (306,933)

Harlingen Waterworks System

	Increase (Decrease)		
	(a)	(b)	(a) - (b)
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2020	\$ 24,527,629	\$ 25,859,435	\$ (1,331,806)
Changes for the year			
Service Cost	782,523	-	782,523
Interest	1,798,090	-	1,798,090
Change in benefit terms	2,424,138	-	2,424,138
Difference between expected/actual experience	65,784	-	65,784
Changes of assumptions	-	-	-
Contribution - employer	-	117,319	(117,319)
Contribution - employee	-	430,566	(430,566)
Net investment income	-	3,363,869	(3,363,869)
Benefits payments, including refunds of employee contributions	(1,409,306)	(1,409,306)	-
Administrative expenses	-	(15,598)	15,598
Other charges	-	106	(106)
Net charges	3,661,229	2,486,956	1,174,273
Balance at December 31, 2021	\$ 28,188,858	\$ 28,346,391	\$ (157,533)

Pension Plan Fiduciary Net Position

Detailed information about the pension plans' Fiduciary Net Position is available in a separately issued financial report. The TMRS financial report may be obtained on the internet at www.tmrs.com.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 25 - PENSION PLANS - Continued

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2022 the City, Valley International Airport, and Harlingen Waterworks System recognized pension expense in the amount of \$860,674, \$64,325, and \$2,215,401, respectively. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City of Harlingen

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ 19,081	\$ 31,322
Changes in actuarial assumptions	-	-
Differences between projected and actual investment earnings (net of current year amortization)	-	6,156,057
Contributions subsequent to the measurement date	1,517,221	-
Total	\$ 1,536,302	\$ 6,187,379

Component Unit

Valley International Airport

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ 1,426	\$ 1,522
Changes in actuarial assumptions	-	-
Differences between projected and actual investment earnings (net of current year amortization)	-	411,737
Contributions subsequent to the measurement date	157,992	-
Total	\$ 159,418	\$ 413,259

Component Unit

Harlingen Waterworks System

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ 88,129	\$ 67,771
Changes in actuarial assumptions	5,093	-
Differences between projected and actual investment earnings (net of current year amortization)	476,797	2,210,347
Contributions subsequent to the measurement date	472,166	-
Total	\$ 1,042,185	\$ 2,278,118

City of Harlingen, Texas

Notes to Financial Statements

NOTE 25 - PENSION PLANS - Continued

Harlingen Firemen's Relief and Retirement Fund

Plan Description

The Board of Trustees of the Firemen's Relief and Retirement Fund is the administrator of a single-employer defined benefit pension plan. The Firemen's Relief and Retirement Fund is considered part of the City of Harlingen's financial reporting entity and is included in the City's financial reports as a pension trust fund.

A stand-alone report for the Firemen's Relief and Retirement Fund is publicly available at City Hall located at 118 East Tyler, Harlingen, Texas 78550, and complies with GASB Cod. Sec. Pe5, *Pension Plans Administered Through Trusts That Meet Specified Criteria – Defined Benefit*.

Firefighters employed by the Harlingen Fire Department are covered by the Firemen's Relief and Retirement Fund. September 30, 2021 is the most recent information available. The table below summarizes the membership of the fund at September 30, 2021:

1. Retirees and beneficiaries currently receiving benefits, terminated employees entitled to benefits but not yet receiving them, and employees who have elected the DROP benefit	109
2. Current employees	
a. Vested	5
b. Nonvested	86
3. Total	<u>200</u>

The Firemen's Relief and Retirement Fund provides service retirement, death, disability and withdrawal benefits. These benefits vest after twenty years of credited service. Employees may retire at age 50 with twenty years of service.

- a. For firefighters who were employed by the City on or before April 1, 2019, a firefighter who qualifies for a service retirement benefit will receive a monthly retirement income equal to the sum of:
 - i. a standard benefit equal to 65.5% of their "Highest 60 Month Average Salary"
 - ii. an additional service benefit in an amount equal to (I) \$65.00 per month for each year of Longevity Service completed on or before April 30, 2019, plus (II) \$50.00 per month for each year of Longevity Service completed after April 30, 2019.

As used in the Plan, the term "Longevity Service" means each whole year of service in excess of 20 years of service, but not to exceed 30 years of service, provided that any years of service over 30 years of service completed as of April 30, 2019, will be considered Longevity Service for purposes of this definition. A partial year of service will be given partial credit based on the number of months completed in excess of whole years.

- b. For firefighters who commenced employment after April 1, 2019, a firefighter who qualifies for a service retirement benefit will receive a monthly retirement income equal to (i) 2.5% multiplied by (ii) the firefighter's "Highest 60 Month Average Salary" multiplied by (iii) the firefighter's total years of service; provided, however, such benefit amount will not exceed 70% of the firefighter's "Highest 60 Month Average Salary." A partial year of service will be given partial credit based on the number of months completed in excess of whole years.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 25 - PENSION PLANS - Continued

The benefit and contribution provisions of this plan are authorized by the Texas Local Fire Fighters Retirement Act (TLFFRA).

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The Firemen's Relief and Retirement Fund financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

No investment in any one organization represents 5% or more of the net position available for pension benefits.

Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost which approximates fair value. Investments that do not have an established market are reported at estimated fair value.

Actuarial Assumptions

Valuation date	September 30, 2021
Actuarially determined contribution rates	Calculated in the year contributions are reported based on 40 year (open) period amortization.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal Actuarial Cost Method
Amortization method	Open period, level percent of pay
Remaining amortization period	23 years
Asset valuation method	Fair Value
Inflation	2.50%
Salary increases	5.00% per annum
Payroll Growth	3.50%
Investment rate of return	7.75% Net of pension plan invest. exp.
Mortality	SOA-2010 Public Service Mortality Tables projected forward generationally using Scale MP-2020

Funding Soundness Restoration Plan

In accordance with State of Texas Statute Sec. 802-2015, the Board of Trustees and the City of Harlingen have jointly formulated a Funding Soundness Restoration Plan (FSRP) that will be sufficient to reduce the expected amortization period to less than 40 years as of September 30, 2021 within the 10 year anniversary of the effective date of the FSRP.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 25 - PENSION PLANS - Continued

Net Pension Liability

The City's Net Pension Liability (NPL) for the firemen's pension was measured as of September 30, [2021](#), and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Changes in Assumptions

The discount rate remains at 7.75% but the mortality assumption was updated. There were no other changes to the valuation assumptions since the prior valuation. The plan provisions were amended effective April 1, 2019 to reduce the longevity benefit and to create a new lower cost benefit tier for future members. In addition, the City increased its contribution from 15% to 17% of member payroll. There were no other changes to the plan provisions.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates 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 (assumed 2.5%). Best estimates of arithmetic real rates of return for each major assets class included in the pension plan's target asset allocations as of September 30, 2021, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return (Arithmetic)
Domestic equity	10.0%
International equity	11.0%
Domestic bonds	5.0%
International bonds	6.0%
Real estate	7.0%

Discount rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that the City contribution would equal 17% of payroll and that member contributions would equal 15% of compensation. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension investments was applied to all period of benefit payments to determine the total pension liability.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 25 - PENSION PLANS - Continued

Harlingen Firemen's Relief and Retirement Fund

	Increase (Decrease)		
	(a)	(b)	(a) - (b)
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at September 30, 2020	\$ 54,727,493	\$ 34,735,692	\$ 19,991,801
Changes for the year			
Service Cost	1,292,135	-	1,292,135
Interest	4,235,475	-	4,235,475
Experience	-	-	-
Change in benefit terms	-	-	-
Difference between expected/actual experience	684,744	-	684,744
Changes of assumptions	(112,145)	-	(112,145)
Contribution - employer	-	1,214,765	(1,214,765)
Contribution - member	-	1,071,852	(1,071,852)
Net investment income	-	6,606,436	(6,606,436)
Benefits payments, including refunds of employee contributions	(2,736,683)	(2,736,683)	-
Administrative expenses	-	(116,474)	116,474
Assumptions changes	-	-	-
Changes in benefit terms	-	-	-
Net change	3,363,526	6,039,896	(2,676,370)
Balance at September 30, 2021	\$ 58,091,019	\$ 40,775,588	\$ 17,315,431

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2022, the Harlingen Firemen's Relief and Retirement Fund recognized pension expense in the amount of \$916,210. At September 30, 2022, the Fund reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

Harlingen Firemen's Relief and Retirement Fund

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ 695,346	\$ 1,553,562
Changes in actuarial assumptions	1,993,483	5,590,549
Differences between projected and actual investment earnings (net of current year amortization)	-	2,582,456
Contributions subsequent to the measurement date	1,199,543	-
Total	\$ 3,888,372	\$ 9,726,567

City of Harlingen, Texas

Notes to Financial Statements

NOTE 25 - PENSION PLANS - Continued

In the City of Harlingen, Valley International Airport, Harlingen Waterworks System, and the Firemen's Relief and Retirement Fund, \$1,517,221, \$157,992, \$472,166 and \$1,199,543, respectively, are reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30,	Municipal Pension City of Harlingen	Valley International Airport	Harlingen Waterworks System	Firemen's Relief and Retirement
2023	\$ (952,623)	\$ (74,848)	\$ (296,095)	\$ (1,826,441)
2024	(2,551,252)	(159,273)	(735,429)	(3,662,727)
2025	(1,197,727)	(92,506)	(352,907)	(952,161)
2026	(1,054,863)	(85,206)	(323,669)	(691,842)
2027	-	-	-	95,433
Thereafter	-	-	-	-
	<u>\$ (5,756,465)</u>	<u>\$ (411,833)</u>	<u>\$ (1,708,100)</u>	<u>\$ (7,037,738)</u>

Sensitivity of the net pension liability to changes in the Discount rate: The following presents the net pension liability of the City, calculated using the discount rate of 7.75% as well as what the City's net pension liability for the firefighters would be if it were to be calculated using the discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease in Discount Rate (6.75)%	Discount Rate (7.75)%	1% Increase in Discount Rate (8.75)%
Fiduciary Fund			
Harlingen Firemen's Relief and Retirement Fund	\$ 23,866,240	\$ 17,315,431	\$ 11,815,977

City of Harlingen, Texas

Notes to Financial Statements

NOTE 26 - OTHER POST EMPLOYMENT BENEFITS

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)* replaces the requirements of GASB Statement No. 45: *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)*. An actuarial valuation to determine the total OPEB liability is required to be performed at least every two years. The authority for establishing or amending the plan's provisions lies with the City. The City maintains the authority for establishing or amending contribution requirements. The City and related component units have two OPEB plans, The Retiree Health Care Plan and the Supplemental Death Benefit Plan. The plans had the following balances reported in the government-wide financial statements:

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Primary Government				
Retiree Health Plan	\$ 4,808,805	\$ 541,500	\$ 621,485	\$ 314,795
Supplemental Death Benefit	1,840,393	171,713	19,870	199,976
Total Primary Government	\$ 6,649,198	\$ 713,213	\$ 641,355	\$ 514,771
Component Units				
VIA Retiree Health Plan	\$ 342,570	\$ 36,586	\$ 42,800	\$ 12,924
VIA Supplemental Death Benefit	101,221	5,529	965	14,946
HWWS Retiree Health Plan	9,526,949	700,597	1,086,796	636,263
HWWS Supplemental Death Benefit	761,947	137,493	24,387	60,674
Total Component Units	\$ 10,732,687	\$ 880,205	\$ 1,154,948	\$ 724,807

City of Harlingen, Texas
Notes to Financial Statements

NOTE 26 - OTHER POST EMPLOYMENT BENEFITS - Continued

Retiree Health Care Plans

The City's and System's latest valuations are dated December 31, 2021, and discloses the following:

Plan Description

In addition to the pension benefits described in Note 24 and the supplemental death benefits described in this note, the City, Valley International Airport (Airport) and the Harlingen Waterworks System (System) make available health care and prescription-drug benefits to all employees who retire from the City, Airport and System and who are receiving benefits from the City, Airport and System sponsored retirement program, Texas Municipal Retirement System ("TMRS") under a single-employer health insurance plan. All current full-time employees of the City, Airport and System are eligible for retirement and health-care and prescription-drug coverage at age 60 with five years of service or at any age with 20 years of service. Those approved for disability retirement through TMRS are also eligible for retiree health-care and prescription-drug coverage. The City, Airport and System provided group health care coverage is discontinued at the end of the month prior to the retiree's 65th birth month. Retirees are required to enroll in Medicare once eligible. A Medicare Supplement, Plan F is provided thereafter, until death. The City, Airport and System provided health-care and prescription drug coverage and the Medicare Supplement premiums are paid 100% by the City, Airport and System.

Employees who are eligible for retirement, but instead choose to terminate employment, are not eligible for City, Airport and System sponsored health care and prescription drug coverage at a later date. Retirees who elect to opt-out of the City, Airport and System sponsored health care plan do not receive any cash payment in lieu of electing the City, Airport and System sponsored health care plan.

Spouses and dependents are eligible for COBRA coverage for 18 months (or up to 36 months under certain circumstances) following members retirement date. Spouse and dependent(s) are responsible for payment of the full premium amount. Retirees are required to enroll in Medicare once eligible. Retirees pay Medicare premiums. The City, Airport and System do not provide subsidized retiree vision or dental care coverage. Nor does the City, Airport and System provide subsidized retiree life insurance coverage. Life insurance coverage carried at the time of retirement is portable. The City, Airport and System do not provide a death-in-service benefit to a surviving spouse; however, through TMRS, there is a \$7,500 death benefit as explained in this note.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 26 - OTHER POST EMPLOYMENT BENEFITS - Continued

Funding Policy and Annual Retiree Health Care Plan Cost

The City, Airport and System's annual retiree health care plan cost is based upon the annual actuarially determined contribution of the employer ("ADC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The ADC represents an accrual that, if expensed annually, will recognize the normal cost each year and an amount to amortize any unfunded actuarial liabilities (or funding excess) over thirty years. The City, Airport and System have not established a trust to fund the Retiree Health Care Plan liability and intend to continue the pay-as-you-go funding method. The plan does not issue a separate financial report.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date:	December 31, 2021
Methods and Assumptions	
Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	1.84% as of December 31, 2021
Inflation	2.50%
Salary Increases	TMRS/TCG: 3.50% to 11.50%, including inflation Firefighter: 5.00%, including inflation
Demographic Assumptions Mortality	TMRS: Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS). TCG: The TMRS demographic assumptions were applied to TCG employees with a modification to retirement rates for TCG employees before age 60. Firefighters: Based on the actuarial valuation for the Firemen's Relief and Retirement Fund for year ended September 30, 2021.
Mortality	TMRS and TCG: For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements. Firefighters: For healthy retirees, the gender-distinct SOA-2010 Public Service Mortality Tables. The rates are projected on a fully generational basis by Scale MP-2019 to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 13 years
Participation Rates	40% for those retiring after age 50; 20% for those retiring before age 50; 40% for disabled retirees. No participation after retiree reaches eligibility age for Medicare.
Other Information:	
Notes	The discount rate changed from 2.00% as of December 31, 2020 to 1.84% as of December 31, 2021, and the Firefighter mortality projection scale changed based on the September 30, 2021 Firemen's pension valuation.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 26 - OTHER POST EMPLOYMENT BENEFITS – Continued

Discount Rate: For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 1.84% (based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”). The discount rate was 2.00% as of the prior measurement date.

Plan Assets: There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Summary of Membership Information: The following table provides a summary of the number of participants in the plan as of December 31, 2021:

Retiree Health Care Plans

	City and VIA	Harlingen Waterworks System
Inactive plan members or beneficiaries currently receiving benefits	38	71
Inactive plan members entitled to but not yet receiving benefits	-	-
Active plan members	538	41
Total plan members	576	112

Sensitivity of Total OPEB Liability to the Discount Rate Assumption: Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan’s total OPEB liability, calculated using a discount rate of 2.00%, as well as what the plan’s total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	1% Decrease 0.84%	Current Discount Rate Assumption	1% Increase 2.84%
City	\$ 5,195,690	\$ 4,808,805	\$ 4,441,958
Valley International Airport	370,723	342,570	316,943
Harlingen Waterworks	10,916,564	9,526,949	8,389,568

Sensitivity of Total OPEB Liability to the Healthcare Cost Trend Rate Assumption: Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan’s total OPEB liability, calculated using the assumed trend rates as well as what the plan’s total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
City	\$ 4,352,653	\$ 4,808,805	\$ 5,340,364
Valley International Airport	310,571	342,570	381,046
Harlingen Waterworks	8,234,488	9,526,949	11,139,618

City of Harlingen, Texas **Notes to Financial Statements**

NOTE 26 - OTHER POST EMPLOYMENT BENEFITS – Continued

Recognition of Deferred Outflows and Deferred Inflows of Resources: Differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees) determined as of the beginning of the measurement period.

At the beginning of the current measurement period, the expected remaining service lives of all active employees in the plan was approximately 4,819 years. Additionally, the total plan membership (active employees and inactive employees) was 576. As a result, the average of the expected remaining service lives for purposes of recognizing the applicable deferred outflows and inflows of resources established in the current measurement period is 8.3671 years.

Employer contributions (benefit payments for unfunded plans) made subsequent to the measurement date of the total OPEB liability (December 31, 2021) and prior to the end of the employer's reporting period (September 30, 2022) should be reported by the employer as a deferred outflow related to OPEB.

The benefit payments made subsequent to the measurement date were \$220,311 (\$60,000 of explicit premium subsidies and \$160,311 of implicit subsidies). The implicit subsidy was estimated by multiplying the total premiums (employer and retiree portions combined) for retirees of \$275,923 by 0.581. The 0.581 factor equals the ratio of the expected implicit subsidy to the expected total premiums. The calculation is similar to how the benefit payments for the measurement period were developed.

City

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,467	\$ 575,893
Changes in assumptions	372,517	45,592
Contributions subsequent to the measurement date	167,516	-
Total	\$ 541,500	\$ 621,485

Valley International Airport

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	24,680	42,800
Contributions subsequent to the measurement date	11,906	-
Total	\$ 36,586	\$ 42,800

City of Harlingen, Texas

Notes to Financial Statements

NOTE 26 - OTHER POST EMPLOYMENT BENEFITS – Continued

Harlingen Waterworks

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 811,581
Changes in assumptions	426,389	275,215
Contributions subsequent to the measurement date	274,208	-
Total	\$ 700,597	\$ 1,086,796

Deferred outflows of resources resulting from contributions subsequent to the measurement date of \$167,516, \$11,906 and \$274,208 for the City, Valley International Airport and the Harlingen Waterworks, respectively, will be recognized as a reduction of the total OPEB liability for the measurement year ending December 31, 2022 (i.e. recognized in the financial statements as of September 30, 2023). Other amounts reported as deferred outflows and (inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending September 30,	City of Harlingen	Valley International Airport	Harlingen Waterworks System
2023	\$ (43,113)	\$ (3,036)	\$ (218,821)
2024	(43,113)	(3,036)	(441,586)
2025	(43,113)	(3,036)	-
2026	(45,671)	(3,036)	-
2027	(63,159)	(3,036)	-
Thereafter	(10,298)	(2,940)	-
	\$ (248,467)	\$ (18,120)	\$ (660,407)

Supplemental Death Benefits Fund

Plan Description. The City, Valley International Airport and the System also participate in the single employer defined benefit plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect to provide group-term life insurance coverage (Supplemental Death Benefits) for their active members, including or not including retirees. The City, Valley International Airport and the System elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City, Valley International Airport and the System may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Benefits. Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. 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 a postemployment benefit other than pension benefit (OPEB) and is a fixed amount of \$7,500. The obligation of this plan are payable only from the SDBF and are not an obligation of, or claim against, the pension trust fund.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 26 - OTHER POST EMPLOYMENT BENEFITS - Continued

Employees covered by benefit terms. At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

	City and VIA	Harlingen Waterworks System
Inactive employees or beneficiaries currently receiving benefits	271	104
Inactive employees entitled to but not yet receiving benefits	31	8
Active employees	498	141
Total	800	253

Funding policy and annual supplemental death benefit plan cost. Contributions are made monthly based on the covered payroll of employee members of the plan participants. The contractually required contribution rate is determined annually for each participant. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the participant. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund. The TMRS Act requires the Pension Trust Fund to allocate investment income to the SDBF on an annual basis. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to prefund retiree term life insurance during employees' entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you go basis; any excess contributions and investment income over payments then become net position available for benefits.

The City, Valley International Airport and the System contribute 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.

City of Harlingen	Plan/ Calendar Year	Total SDBF Contribution (Rate)	Retiree Portion of SDBF Contribution (Rate)
	2022	0.34%	0.24%
	2021	0.72%	0.58%
	2020	0.37%	0.19%
	2019	0.35%	0.18%
	2018	0.33%	0.16%

City of Harlingen, Texas

Notes to Financial Statements

NOTE 26 - OTHER POST EMPLOYMENT BENEFITS - Continued

Valley International Airport

Plan/ Calendar Year	Total SDBF Contribution (Rate)	Retiree Portion of SDBF Contribution (Rate)
2022	0.34%	0.24%
2021	0.72%	0.58%
2020	0.37%	0.19%
2019	0.35%	0.18%
2018	0.33%	0.16%

Harlingen Waterworks

Plan/ Calendar Year	Total SDBF Contribution (Rate)	Retiree Portion of SDBF Contribution (Rate)
2022	0.41%	0.31%
2021	0.50%	0.39%
2020	0.26%	0.10%
2019	0.26%	0.10%
2018	0.26%	0.09%

Due to the SDBF being considered an unfunded OPEB plan, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

The City's contributions to the TMRS SDBF for the fiscal years ended 2022, 2021 and 2020 were \$76,677, \$69,453 and \$31,650, respectively, which equaled the required contributions each year.

The Valley International Airport's contributions to the TMRS SDBF for the fiscal years ended 2022, 2021 and 2020 were \$9,995, \$3,882 and \$1,543, respectively, which equaled the required contributions each year.

The System's contributions to the TMRS SDBF for the fiscal years ended 2022, 2021 and 2020 were \$17,881, \$12,425 and \$5,367, respectively, which equaled the required contributions each year.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 26 - OTHER POST EMPLOYMENT BENEFITS - Continued

Funding policy. The Total Death Benefit OPEB Liability (TOL) shown in this report is based on an actuarial valuation performed as of December 31, 2021, the measurement date. The SDBF covers both inactive and retiree benefits with no segregation of assets, and therefore, doesn't meet the definition of a trust under GASB Statement No. 75, no assets are accumulated for OPEB. As such, the SDBF is considered to be an unfunded plan with benefit payments treated as being equal to the employer's annual contributions for retirees. Under the reporting parameters, the City of Harlingen, Valley International Airport and the Harlingen Waterworks System's death benefit plans is 0.0% funded

Valuation date: December 31, 2021

Methods and Assumptions

Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Discount Rate	1.84%
Retirees' share of benefit-related costs	\$-0-
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Other Information:

Notes The discount rate was based on the Fidelity Index's "20-year Municipal GO AA Index" rate as of December 31, 2021. The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City of Harlingen, Valley International Airport and the Harlingen Waterworks System, calculated using a discount rate that is one percentage-point lower (0.84%) or one percentage-point higher (2.84%).

	1% Decrease 0.84%	Current Discount Rate Assumption	1% Increase 2.84%
City	\$ 2,008,794	\$ 1,840,393	\$ 1,408,695
Valley International Airport	162,261	101,221	113,788
Harlingen Waterworks	906,952	761,947	646,341

City of Harlingen, Texas **Notes to Financial Statements**

NOTE 26 - OTHER POST EMPLOYMENT BENEFITS - Continued

Recognition of deferred outflows and deferred inflows of resources. Differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period. At September 30, 2022, the City of Harlingen, Valley International Airport and the Harlingen Waterworks System reported deferred outflows of resources related to OPEB from the following resources that are being amortized over a 3.240 year period for the City of Harlingen and Valley International Airport and 5.470 year for the Harlingen Waterworks System year:

City of Harlingen

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,329	\$ 19,870
Changes in assumptions	99,631	-
Contributions subsequent to the measurement date	58,753	-
Total	\$ 171,713	\$ 19,870

Valley International Airport

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 965
Changes in assumptions	-	-
Contributions subsequent to the measurement date	5,529	-
Total	\$ 5,529	\$ 965

Harlingen Waterworks System

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,949	\$ 15,633
Changes in assumptions	111,389	8,754
Contributions subsequent to the measurement date	13,155	-
Total	\$ 137,493	\$ 24,387

City of Harlingen, Texas

Notes to Financial Statements

NOTE 26 - OTHER POST EMPLOYMENT BENEFITS - Continued

Deferred outflows of resources resulting from contributions subsequent to the measurement date of \$58,753, \$3,527 and \$5,529 for the City, Valley International Airport and the Harlingen Waterworks, respectively, will be recognized as a reduction of the total OPEB liability for the measurement year ending December 31, 2022 (i.e. recognized in the City of Harlingen, Valley International Airport and Harlingen Waterworks System's financial statements as of September 30, 2023.) Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending December 31,	City of Harlingen	Valley International Airport	Harlingen Waterworks System
2022	\$ 80,989	\$ (965)	\$ 30,679
2023	13,066	-	32,190
2024	-	-	29,605
2025	-	-	7,477
2026	-	-	-
Thereafter	-	-	-
	<u>\$ 94,055</u>	<u>\$ (965)</u>	<u>\$ 99,951</u>

Changes in the Supplemental Death Benefit Fund is as follows:

	City of Harlingen	Valley International Airport	Harlingen Waterworks System
Service Cost	\$ 50,904	\$ 3,805	\$ 22,358
Interest on liability	34,286	2,562	14,233
Difference between expected and actual experience	22,586	1,688	16,330
Changes of assumptions	49,876	3,728	20,358
Benefit payments	(79,796)	(5,964)	(23,566)
Net change in total liability	<u>\$ 77,856</u>	<u>\$ 5,819</u>	<u>\$ 49,713</u>
Total OPEB liability as of 12/31/2021	1,762,537	95,402	712,234
Net change in total OPEB liability	77,856	5,819	49,713
Total OPEB liability as of 12/31/2022	<u>\$ 1,840,393</u>	<u>\$ 101,221</u>	<u>\$ 761,947</u>
Covered employee payroll	\$ 13,757,936	\$ 1,028,245	\$ 6,042,647
Total OPEB liability as a percentage of covered-employee payroll	13.38%	9.84%	12.61%
Percentage of OPEB liability funded	0.00%	0.00%	0.00%

City of Harlingen, Texas

Notes to Financial Statements

NOTE 27 – TAX INCREMENT FINANCING REINVESTMENT ZONES

On June 21, 2006, the City created three Tax Increment Financing (TIF #1, TIF #2, and TIF #3) Reinvestment Zones ("TIF's") pursuant to Chapter 311 of the Texas Tax Code. The Zones were created for the purpose of dedicating a portion of the increase in real property ad valorem tax revenues generated within the zones for public infrastructure necessary to encourage accelerated residential and commercial development. Both the City of Harlingen and Cameron County are participating in the Reinvestment Zones.

The City established a 30 year life for the TIF's beginning January 1, 2006 and ending on December 31, 2035. The City, as permitted under the Texas Tax Code, has elected to transfer 80 percent of the tax increment collected into the zones beginning with taxes levied after January 1, 2007 as compared to the base year values of January 1, 2006.

Cameron County limited their terms to 15 years beginning on January 1, 2008 and ending on December 31, 2022. The County agreed to participate by contributing 100% of the tax increment collected into the zones beginning with taxes levied after January 1, 2008 as compared to the base year.

For the current year, the amounts transferred were \$968,137 and \$872,035 from the City and County, respectively.

NOTE 28 – TRANSACTIONS WITH THE RELATED ENTITIES

Harlingen Economic Development Corporation

During the year ended September 30, 2007 the City entered into an agreement with the Harlingen Economic Development Corporation ("EDC") whereby the City would reimburse the EDC for certain amounts of financial assistance provided to a developer for targeted public infrastructure.

The City agreed to reimburse the EDC up to \$3,000,000 for qualifying targeted public infrastructure improvements. At September 30, 2022 targeted qualifying infrastructure improvements for the project totaled \$886,416 of which \$800,000 have been reimbursed to the Harlingen Economic Development Corporation.

Harlingen Community Improvement Board

During the year, Harlingen Community Improvement Board ("HCIB") paid to the City \$607,852 in debt service costs related to the construction of the Harlingen Convention Center.

NOTE 29 – COMPLIANCE AND ACCOUNTABILITY

Finance-Related Legal and Contractual Provision

In accordance with GASB Cod. Sec. 1200.1132 Generally Accepted Accounting Principles and legal compliance, violations of finance related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations. No violations in the current year.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 30: ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditure of monies are recorded as reservations of budget, is employed as an extension of statutory required budgetary process. At fiscal year end, outstanding encumbrances represent material purchase commitments for goods and services which were ordered, budgeted, and appropriated, but had not been received or completed as of 9/30/2022. Although encumbrances lapse at year-end, it is the intention to substantially honor these encumbrances under authority provided in the subsequent year's budget. The following are the significant encumbrances at 9/30/2022.

Governmental Activities

General Fund	\$	572,280
Other Grants Fund		6,697,010
Nonmajor Governmental Funds		1,603,907
Total Governmental Activities	\$	8,873,197

Business Type Activities

Sanitation Fund	\$	260,301
Municipal Golf Course Fund		144,416
Municipal Auditorium Fund		7,754
Total Business Type Activities	\$	412,471

Total Primary Government	\$	9,285,668
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NOTE 31: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the City and Component Units. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

NOTE 32: SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after September 30, 2021 through April 28, 2023, the date the current year's financial statements were available to be issued. The following events occurred:

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REQUIRED SUPPLEMENTARY INFORMATION

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City of Harlingen, Texas
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended September 30, 2022

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Property taxes - including penalty and interest	\$ 19,566,763	\$ 19,651,763	\$ 19,556,158	\$ (95,605)
Nonproperty taxes	23,440,013	25,710,013	27,236,338	1,526,325
Fines and forfeitures	998,040	720,040	720,676	636
Licenses and permits	727,320	827,320	907,850	80,530
Charges for services	1,442,424	1,536,056	1,541,039	4,983
Intergovernmental	1,287,258	1,187,258	1,246,018	58,760
Contributions and donations	-	3,003,740	3,880,999	877,259
Miscellaneous	185,225	347,725	322,514	(25,211)
Interest and investment income	252,374	223,374	195,222	(28,152)
Total revenues	47,899,417	53,207,289	55,606,814	2,399,525
Expenditures				
Current				
General government	8,512,186	8,899,842	7,689,848	1,209,994
Public safety	27,509,826	27,901,459	26,708,791	1,192,668
Highways and streets	4,152,648	4,388,555	3,947,975	440,580
Health and welfare	1,163,802	1,195,441	1,036,391	159,050
Community and economic development	1,928,626	1,984,782	1,902,713	82,069
Culture and recreation	4,615,997	4,732,162	4,351,285	380,877
Capital outlay	1,318,019	7,264,062	7,295,009	(30,947)
Debt service				
Principal	276,987	264,722	264,015	707
Interest	53,258	49,058	52,205	(3,147)
Total expenditures	49,531,349	56,680,083	53,248,232	3,431,851
Excess (deficiency) of revenues over (under) expenditures	(1,631,932)	(3,472,794)	2,358,582	5,831,376
Other financing sources (uses)				
Transfers in	1,515,000	2,478,000	2,736,065	258,065
Transfers out	(2,106,316)	(2,513,345)	(2,375,953)	137,392
Leases (as lessee)	-	-	180,756	180,756
Sale of capital assets	364,427	415,604	402,103	(13,501)
Total other financing sources (uses)	(226,889)	380,259	942,971	562,712
Net change in fund balance	(1,858,821)	(3,092,535)	3,301,553	6,394,088
Fund balances, beginning of year			28,164,627	
Fund balance, end of year			\$ 31,466,180	

City of Harlingen, Texas
Other Grants
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual

Year Ended September 30, 2022

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Intergovernmental	\$ 13,885,191	\$ 9,871,355	\$ 6,589,749	\$ (3,281,606)
Contributions and donations	89,847	103,751	350,364	246,613
Interest and investment income	-	-	94,177	94,177
Total revenues	13,975,038	9,975,106	7,034,290	(2,940,816)
Expenditures				
General government	10,963,687	72,913	2,041,453	(1,968,540)
Public safety	1,189,416	1,439,234	1,437,518	1,716
Highways and streets	561,903	563,178	1,371,135	(807,957)
Health and welfare	212,179	3,240,518	549,243	2,691,275
Culture and recreation	158,867	362,960	177,045	185,915
Capital outlay	891,219	4,192,599	1,490,632	2,701,967
Interest	-	-	240	(240)
Total expenditures	13,977,271	9,871,402	7,067,266	2,804,136
Excess (deficiency) of revenues over (under) expenditures	(2,233)	103,704	(32,976)	(136,680)
Other financing sources (uses)				
Transfers in	-	59,115	63,644	4,529
Transfers out	-	(963,000)	(721,065)	241,935
Total other financing sources (uses)	-	(903,885)	(657,421)	246,464
Net change in fund balance	(2,233)	(800,181)	(690,397)	109,784
Fund balance, beginning of year			(1,275,052)	
Fund balance, end of year			\$ (1,965,449)	

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City of Harlingen, Texas
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For Agent Multiple-Employer Pension Plan - Texas Municipal Retirement System

<i>December 31,</i>	2021	2020	2019
Primary Government			
Total Pension Liability			
Service cost	\$ 1,831,182	\$ 1,001,472	\$ 1,079,397
Interest (on the total pension liability)	6,107,865	5,996,106	5,933,099
Changes in benefit terms	2,404,224	-	-
Changes between expected and actual experience	39,597	(553,364)	(372,030)
Changes of assumptions	-	-	(112,046)
Benefit payments, including refunds of employee contributions	(5,102,140)	(5,639,773)	(5,196,253)
Net change in total pension liability	5,280,728	804,441	1,332,167
Total pension liability - beginning	90,259,092	89,454,651	88,122,484
Total pension liability - ending (a)	\$ 95,539,820	\$ 90,259,092	\$ 89,454,651
Plan Fiduciary Net Position			
Contributions - employer	\$ 1,195,422	\$ 992,956	\$ 949,432
Contributions - employee	963,056	596,114	633,488
Net investment income	11,842,649	6,859,753	12,616,872
Benefit payments, including refunds of employee contributions	(5,102,140)	(5,639,773)	(5,196,253)
Administrative expenses	(54,889)	(44,452)	(71,377)
Other	376	(1,739)	(2,145)
Net change in plan fiduciary net position	8,844,474	2,762,859	8,930,017
Plan fiduciary net position - beginning	91,593,048	88,830,189	79,900,172
Plan fiduciary net position - ending (b)	100,437,522	91,593,048	88,830,189
Net pension liability (asset) - ending (a) - (b)	(4,897,702)	(1,333,956)	624,462
Plan fiduciary net position as a percentage of total pension liability	105.13%	101.48%	99.30%
Covered payroll	13,757,936	8,929,768	9,017,514
Net pension liability (asset) as a percentage of covered payroll	-35.60%	-14.94%	6.92%

Pension schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

City of Harlingen, Texas
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For Agent Multiple-Employer Pension Plan - Texas Municipal Retirement System

2018	2017	2016	2015	2014
\$ 1,093,418	\$ 1,139,165	\$ 1,211,932	\$ 1,189,819	\$ 1,201,361
5,794,261	5,637,008	5,530,102	5,380,389	5,215,687
-	-	-	-	-
(199,054)	(85,720)	70,485	195,849	(389,230)
-	-	-	2,134,116	-
(4,540,726)	(5,107,176)	(4,531,322)	(4,593,104)	(4,267,819)
2,147,899	1,583,277	2,281,197	4,307,069	1,759,999
85,974,585	84,391,308	82,110,111	77,803,042	76,043,043
\$ 88,122,484	\$ 85,974,585	\$ 84,391,308	\$ 82,110,111	\$ 77,803,042
\$ 1,043,129	\$ 1,008,033	\$ 703,281	\$ 862,218	\$ 945,817
641,456	665,782	702,791	747,822	809,375
(2,603,878)	10,951,823	5,212,220	117,780	4,405,527
(4,540,726)	(5,107,176)	(4,531,322)	(4,593,104)	(4,267,819)
(50,368)	(56,786)	(58,915)	(71,746)	(46,004)
(2,630)	(825)	(3,173)	(1,492)	(3,782)
(5,513,017)	7,460,851	2,024,882	(2,938,522)	1,843,114
85,413,189	77,952,338	75,927,456	78,865,978	77,022,864
79,900,172	85,413,189	77,952,338	75,927,456	78,865,978
8,222,312	561,396	6,438,970	6,182,655	(1,062,936)
90.67%	99.35%	92.37%	92.47%	101.37%
9,142,548	9,485,119	10,032,541	10,671,014	11,326,026
89.93%	5.92%	64.18%	57.94%	-9.38%

City of Harlingen, Texas
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For Agent Multiple-Employer Pension Plan - Texas Municipal Retirement System

<i>December 31,</i>	2021	2020	2019
Valley International Airport			
Total Pension Liability			
Service cost	\$ 136,859	\$ 48,669	\$ 50,745
Interest (on the total pension liability)	456,492	291,394	278,926
Changes in benefit terms	179,688	-	-
Changes between expected and actual experience	2,959	(26,892)	(17,490)
Changes of assumptions	-	-	(5,268)
Benefit payments, including refunds of employee contributions	(381,326)	(274,077)	(244,286)
Net change in total pension liability	394,672	39,094	62,627
Total pension liability - beginning	6,164,439	6,125,345	6,062,718
Total pension liability - ending (a)	\$ 6,559,111	\$ 6,164,439	\$ 6,125,345
Plan Fiduciary Net Position			
Contributions - employer	\$ 89,344	\$ 48,255	\$ 44,635
Contributions - employee	71,977	28,970	29,781
Net investment income	885,100	333,360	593,144
Benefit payments, including refunds of employee contributions	(381,326)	(274,077)	(244,286)
Administrative expenses	(4,102)	(2,160)	(3,355)
Other	28	(84)	(101)
Net change in plan fiduciary net position	661,021	134,264	419,818
Plan fiduciary net position - beginning	6,205,023	6,070,759	5,650,941
Plan fiduciary net position - ending (b)	6,866,044	6,205,023	6,070,759
Net pension liability (asset) - ending (a) - (b)	\$ (306,933)	\$ (40,584)	\$ 54,586
Plan fiduciary net position as a percentage of total pension liability	104.68%	100.66%	99.11%
Covered payroll	\$ 1,028,245	\$ 1,806,563	\$ 423,931
Net pension liability (asset) as a percentage of covered payroll	-29.85%	-2.25%	12.88%

Pension schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

City of Harlingen, Texas
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For Agent Multiple-Employer Pension Plan - Texas Municipal Retirement System

2018	2017	2016	2015	2014
\$ 54,514	\$ 63,470	\$ 65,012	\$ 68,742	\$ 84,866
288,881	314,074	295,958	311,603	368,446
-	-	-	-	-
(9,924)	(4,776)	3,781	11,315	(27,496)
-	-	-	123,300	-
(226,384)	(284,554)	(243,075)	(265,369)	(301,487)
107,087	88,214	121,676	249,591	124,329
5,955,631	5,867,417	5,745,741	5,496,150	5,371,821
<u>\$ 6,062,718</u>	<u>\$ 5,955,631</u>	<u>\$ 5,867,417</u>	<u>\$ 5,745,741</u>	<u>\$ 5,496,150</u>
\$ 52,007	\$ 56,164	\$ 37,726	\$ 49,815	\$ 66,814
31,981	37,095	37,700	43,206	57,176
(129,820)	610,196	279,711	6,805	311,215
(226,384)	(284,554)	(243,075)	(265,369)	(301,487)
(2,511)	(3,164)	(3,160)	(4,145)	(3,250)
(131)	(160)	(170)	(205)	(267)
(274,858)	415,577	108,732	(169,893)	130,201
5,925,799	5,510,222	5,401,490	5,571,383	5,441,182
5,650,941	5,925,799	5,510,222	5,401,490	5,571,383
<u>\$ 411,777</u>	<u>\$ 29,832</u>	<u>\$ 357,195</u>	<u>\$ 344,251</u>	<u>\$ (75,233)</u>
93.21%	99.50%	93.91%	94.01%	101.37%
\$ 455,815	\$ 528,477	\$ 538,179	\$ 616,523	\$ 800,089
90.34%	5.64%	66.37%	55.84%	-9.40%

City of Harlingen, Texas
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For Agent Multiple-Employer Pension Plan - Texas Municipal Retirement System

<i>December 31,</i>	2021	2020	2019
Harlingen Waterworks System			
Total Pension Liability			
Service cost	\$ 782,523	\$ 492,173	\$ 531,250
Interest (on the total pension liability)	1,798,090	1,578,043	1,562,159
Changes in benefit terms	2,424,138	-	-
Changes between expected and actual experience	65,784	83,340	(194,371)
Changes of assumptions	-	-	17,123
Benefit payments, including refunds of employee contributions	(1,409,306)	(1,516,524)	(1,806,083)
Net change in total pension liability	3,661,229	637,032	110,078
Total pension liability - beginning	24,527,629	23,890,597	23,780,519
Total pension liability - ending (a)	\$ 28,188,858	\$ 24,527,629	\$ 23,890,597
Plan Fiduciary Net Position			
Contributions - employer	\$ 117,319	\$ 105,466	\$ 110,137
Contributions - employee	430,566	384,510	412,278
Net investment income	3,363,869	1,894,042	3,518,192
Benefit payments, including refunds of employee contributions	(1,409,306)	(1,516,524)	(1,806,083)
Administrative expenses	(15,598)	(12,282)	(19,909)
Other	106	(479)	(598)
Net change in plan fiduciary net position	2,486,956	854,733	2,214,017
Plan fiduciary net position - beginning	25,859,435	25,004,702	22,790,685
Plan fiduciary net position - ending (b)	28,346,391	25,859,435	25,004,702
Net pension liability (asset) - ending (a) - (b)	\$ (157,533)	\$ (1,331,806)	\$ (1,114,105)
Plan fiduciary net position as a percentage of total pension liability	100.56%	105.43%	104.66%
Covered payroll	\$ 6,042,647	\$ 5,492,999	\$ 5,889,693
Net pension liability (asset) as a percentage of covered payroll	-2.61%	-24.25%	-18.92%

Pension schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

City of Harlingen, Texas
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For Agent Multiple-Employer Pension Plan - Texas Municipal Retirement System

2018	2017	2016	2015	2014
\$ 551,635	\$ 538,832	\$ 539,599	\$ 487,964	\$ 457,206
1,543,058	1,497,198	1,453,483	1,420,126	1,395,895
-	-	-	-	-
(157,540)	88,270	42,791	130,618	(168,074)
-	-	-	579,040	-
(1,481,863)	(1,420,743)	(1,354,964)	(1,441,031)	(1,267,474)
455,290	703,557	680,909	1,176,717	417,553
23,325,229	22,621,672	21,940,763	20,764,046	20,346,493
<u>\$ 23,780,519</u>	<u>\$ 23,325,229</u>	<u>\$ 22,621,672</u>	<u>\$ 21,940,763</u>	<u>\$ 20,764,046</u>
\$ 116,586	\$ 104,889	\$ 35,295	\$ 61,279	\$ 114,431
429,527	419,558	418,757	397,180	381,436
(732,031)	3,088,807	1,469,085	33,518	1,271,634
(1,481,864)	(1,420,743)	(1,354,964)	(1,441,031)	(1,267,474)
(14,168)	(16,016)	(16,598)	(20,418)	(13,278)
(740)	(811)	(894)	(1,008)	(1,092)
(1,682,690)	2,175,684	550,681	(970,480)	485,657
24,473,375	22,297,691	21,747,010	22,717,490	22,231,833
22,790,685	24,473,375	22,297,691	21,747,010	22,717,490
<u>\$ 989,834</u>	<u>\$ (1,148,146)</u>	<u>\$ 323,981</u>	<u>\$ 193,753</u>	<u>\$ (1,953,444)</u>
95.84%	104.92%	98.57%	99.12%	109.41%
\$ 6,136,098	\$ 5,449,089	\$ 5,982,248	\$ 616,523	\$ 800,089
16.13%	-21.07%	5.42%	31.43%	-244.15%

City of Harlingen, Texas
Schedule of Changes in Net Pension Liability and Related Ratios
Firemen's Relief and Retirement Fund

September 30,	2021	2020	2019	2018	2017	2016	2015	2014
Firemen's Relief and Retirement Fund								
Total Pension Liability								
Service cost	\$ 1,292,135	\$ 1,103,191	\$ 1,026,260	\$ 2,010,509	\$ 1,944,931	\$ 1,516,733	\$ 1,155,376	\$ 1,069,793
Interest (on the total pension liability)	4,235,475	4,060,031	4,066,762	3,743,926	3,446,714	2,510,978	3,358,425	3,192,593
Differences between expected and actual experience	684,744	-	(2,827,743)	-	(1,961,210)	-	1,419,943	-
Change in benefit terms	-	-	(227,586)	-	163,430	-	-	-
Changes of assumptions	(112,145)	-	880,798	-	(18,585,414)	-	19,242,950	-
Benefit payments, including refunds of employee contributions	(2,736,683)	(3,440,063)	(2,724,497)	(2,505,626)	(2,197,233)	(2,096,539)	(2,364,932)	(2,185,334)
Net change in total pension liability	3,363,526	1,723,159	193,994	3,248,809	(17,188,782)	1,931,172	22,811,762	2,077,052
Total pension liability - beginning	54,727,493	53,004,334	52,810,340	49,561,531	66,750,313	64,819,141	42,007,379	39,930,327
Total pension liability - ending (a)	\$ 58,091,019	\$ 54,727,493	\$ 53,004,334	\$ 52,810,340	\$ 49,561,531	\$ 66,750,313	\$ 64,819,141	\$ 42,007,379
Plan Fiduciary Net Position								
Contributions - employer	\$ 1,214,765	\$ 1,185,530	\$ 1,032,488	\$ 963,468	\$ 921,686	\$ 590,451	\$ 842,698	\$ 774,657
Contributions - employee	1,071,852	1,045,922	972,985	963,468	921,686	590,451	842,698	774,657
Net investment income	6,606,436	2,259,879	1,612,946	2,289,719	2,880,522	1,983,028	(730,520)	1,473,881
Benefit payments, including refunds of employee contributions	(2,736,683)	(3,440,063)	(2,724,497)	(2,505,626)	(2,197,233)	(2,096,539)	(2,364,932)	(2,185,334)
Administrative expenses	(116,474)	(28,501)	(84,821)	(31,583)	(49,366)	(24,755)	(28,581)	(38,105)
Net change in plan fiduciary net position	6,039,896	1,022,767	809,101	1,679,446	2,477,295	1,042,636	(1,438,637)	799,756
Plan fiduciary net position - beginning	34,735,692	33,712,925	32,903,824	31,224,378	28,747,083	27,704,447	29,143,084	28,343,328
Plan fiduciary net position - ending (b)	40,775,588	34,735,692	33,712,925	32,903,824	31,224,378	28,747,083	27,704,447	29,143,084
Net pension liability - ending (a) - (b)	\$ 17,315,431	\$ 19,991,801	\$ 19,291,409	\$ 19,906,516	\$ 18,337,153	\$ 38,003,230	\$ 37,114,694	\$ 12,864,295
Plan fiduciary net position as a percentage of total pension liability	70.19%	63.47%	63.60%	62.31%	63.00%	43.07%	42.74%	69.38%
Covered payroll	\$ 7,145,680	\$ 6,972,813	\$ 6,486,567	\$ 6,423,120	\$ 6,213,613	\$ 4,541,931	\$ 6,482,292	\$ 5,958,900
Net pension liability as a percentage of covered payroll	242.32%	286.71%	297.41%	309.92%	295.11%	836.72%	572.56%	215.88%

Pension schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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City of Harlingen, Texas

Schedule of City's Contribution for All Pension Plans

<i>September 30,</i>	2022	2021	2020
Primary Government			
Actuarially determined contribution	\$ 1,195,422	\$ 978,817	\$ 984,318
Contributions in relation to actuarially determined contribution	(1,195,422)	(978,817)	(984,318)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 13,757,936	\$ 8,515,917	\$ 8,685,340
Contributions as a percentage of covered payroll	8.69%	11.49%	11.33%
Valley International Airport			
Actuarially determined contribution	\$ 89,344	\$ 62,394	\$ 48,030
Contributions in relation to actuarially determined contribution	(89,344)	(62,394)	(48,030)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 1,028,245	\$ 413,851	\$ 423,931
Contributions as a percentage of covered payroll	8.69%	15.08%	11.33%
Harlingen Waterworks System			
Actuarially determined contribution	\$ 503,978	\$ 99,144	\$ 102,400
Contributions in relation to actuarially determined contribution	(503,978)	(99,144)	(102,400)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 6,042,647	\$ 5,492,999	\$ 5,889,693
Contributions as a percentage of covered payroll	8.34%	1.80%	1.74%
Harlingen Firemen's Relief and Retirement Fund			
Actuarially determined contribution	\$ 1,199,543	\$ 1,214,765	\$ 1,185,530
Contributions in relation to actuarially determined contribution	(1,199,543)	(1,214,765)	(1,185,530)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 7,056,133	\$ 7,145,680	\$ 6,972,813
Contributions as a percentage of covered payroll	17.00%	17.00%	17.00%

Pension schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

City of Harlingen, Texas
Schedule of City's Contribution for All Pension Plans

2019	2018	2017	2016	2015
\$ 977,060	\$ 1,015,206	\$ 968,003	\$ 771,480	\$ 903,260
(977,060)	(1,015,206)	(968,003)	(771,480)	(903,260)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 9,070,492	\$ 9,074,574	\$ 9,762,487	\$ 10,155,938	\$ 10,771,145
10.77%	11.19%	9.92%	7.60%	8.39%
\$ 47,165	\$ 52,671	\$ 51,757	\$ 40,663	\$ 56,067
(47,165)	(52,671)	(51,757)	(40,663)	(56,067)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 435,425	\$ 471,718	\$ 538,433	\$ 535,692	\$ 691,171
10.83%	11.17%	9.61%	7.59%	8.11%
\$ 113,384	\$ 113,427	\$ 89,045	\$ 43,964	\$ 74,455
(89,045)	(113,427)	(89,045)	(43,964)	(74,455)
\$ 24,339	\$ -	\$ -	\$ -	\$ -
\$ 6,040,222	\$ 6,078,926	\$ 6,024,295	\$ 6,144,250	\$ 5,584,459
1.88%	1.87%	1.48%	0.72%	1.33%
\$ 1,032,488	\$ 963,468	\$ 921,686	\$ 820,837	\$ 797,081
(1,032,488)	(963,468)	(921,686)	(820,837)	(797,081)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 6,486,567	\$ 6,423,120	\$ 6,213,613	\$ 6,482,292	\$ 5,958,900
15.92%	15.00%	14.83%	12.66%	13.38%

City of Harlingen, Texas
Schedule of Changes in Total OPEB Liability and Related Ratios
Agent Multiple-Employer OPEB Plan
Retiree Health Care Plan

Primary Government	Plan Year ended December 31, 2021	Plan Year ended December 31, 2020	Plan Year ended December 31, 2019	Plan Year ended December 31, 2018	Plan Year ended December 31, 2017
Total OPEB Liability					
Service cost	\$ 298,010	\$ 236,087	\$ 218,576	\$ 228,716	\$ 202,831
Interest (on the total OPEB liability)	92,985	117,365	175,369	156,485	167,434
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(38,216)	(6,881)	(760,970)	2,506	-
Change of assumptions	60,669	241,019	82,479	(151,084)	184,552
Benefit payments, including refunds of employee contributions	(205,817)	(214,639)	(202,471)	(239,421)	(249,912)
Net Change in Total OPEB Liability	207,631	372,951	(487,017)	(2,798)	304,905
Total OPEB Liability - Beginning	4,601,174	4,228,223	4,715,240	4,718,038	4,413,133
Total OPEB Liability - Ending	\$ 4,808,805	\$ 4,601,174	\$ 4,228,223	\$ 4,715,240	\$ 4,718,038
Covered Employee Payroll	\$ 29,318,650	\$ 26,457,672	\$ 25,877,964	\$ 25,590,001	\$ 24,498,456
Total OPEB Liability as a Percentage of Covered Employee Payroll	16.40%	17.39%	16.34%	18.43%	19.26%
Valley International Airport					
	Plan Year ended December 31, 2021	Plan Year ended December 31, 2020	Plan Year ended December 31, 2019	Plan Year ended December 31, 2018	Plan Year ended December 31, 2017
Total OPEB Liability					
Service cost	\$ 20,710	\$ 15,108	\$ 15,012	\$ 14,678	\$ 13,017
Interest (on the total OPEB liability)	6,548	7,511	12,045	10,042	10,745
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(2,691)	(440)	(52,265)	160	-
Change of assumptions	4,272	15,422	5,665	(9,696)	11,844
Benefit payments, including refunds of employee contributions	(14,494)	(7,665)	(5,928)	(4,845)	(5,394)
Net Change in Total OPEB Liability	14,345	29,936	(25,471)	10,339	30,212
Total OPEB Liability - Beginning	328,225	298,289	323,760	313,421	283,209
Total OPEB Liability - Ending	\$ 342,570	\$ 328,225	\$ 298,289	\$ 323,760	\$ 313,421
Covered Employee Payroll	\$ 2,109,591	\$ 1,806,563	\$ 1,777,360	\$ 1,572,168	\$ 1,572,168
Total OPEB Liability as a Percentage of Covered Employee Payroll	16.24%	18.17%	16.78%	20.59%	19.94%

OPEB schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

No assets are accumulated in a trust that meets the criteria in of GASB Cod. Sec. P52.101 to pay related benefits.

Due to the Retiree Health OPEB being considered an unfunded OPEB plan under GASB Cod. Sec. P52, benefit payments are treated as being equal to the employer's yearly contribution for retirees.

Changes of assumptions reflect the effects of changes in the discount rate for the valuation period. The discount rate changed from 2.00% to 1.84% at the December 31, 2021 measurement date.

City of Harlingen, Texas
Schedule of Changes in Total OPEB Liability and Related Ratios
Agent Multiple-Employer OPEB Plan
Retiree Health Care Plan

	Plan Year ended December 31,	Plan Year ended December 31,	Plan Year ended December 31,	Plan Year ended December 31,	Plan Year ended December 31,
	2021	2020	2019	2018	2017
Harlingen Waterworks System					
Total OPEB Liability					
Service cost	\$ 211,504	\$ 175,152	\$ 153,680	\$ 214,576	\$ 188,372
Interest (on the total OPEB liability)	218,433	268,330	373,998	347,152	364,448
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(1,125,907)	(37,229)	(1,289,241)	(5,805)	-
Change of assumptions	(418,273)	1,080,180	773,679	(571,896)	706,447
Benefit payments, including refunds of employee contributions	(349,416)	(331,374)	(361,045)	(360,469)	(339,430)
Net Change in Total OPEB Liability	(1,463,659)	1,155,059	(348,929)	(376,442)	919,837
Total OPEB Liability - Beginning	10,990,608	9,835,549	10,184,478	10,560,920	3,840,067
Net prior period adjustment for GASB 75	-	-	-	-	5,801,016
Total OPEB Liability - Ending	\$ 9,526,949	\$ 10,990,608	\$ 9,835,549	\$ 10,184,478	\$ 10,560,920
 Covered Employee Payroll	 \$ 2,739,339	 \$ 2,699,342	 \$ 2,442,456	 \$ 2,773,191	 \$ 2,699,342
 Total OPEB Liability as a Percentage of Covered Employee Payroll	 347.78%	 407.16%	 402.69%	 367.25%	 391.24%

OPEB schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

No assets are accumulated in a trust that meets the criteria in of GASB Cod. Sec. P52.101 to pay related benefits.

Due to the Retiree Health OPEB being considered an unfunded OPEB plan under GASB Cod. Sec. P52, benefit payments are treated as being equal to the employer's yearly contribution for retirees.

Changes of assumptions reflect the effects of changes in the discount rate for the valuation period. The discount rate changed from 2.00% to 1.84% at the December 31, 2021 measurement date.

City of Harlingen, Texas
Schedule of Changes in total OPEB Liability and Related Ratios
Single-Employer OPEB Plan
Texas Municipal Retirement System (TMRS) - Supplemental Death Benefits Fund

Primary Government	Plan Year ended December 31, 2021	Plan Year ended December 31, 2020	Plan Year ended December 31, 2019	Plan Year ended December 31, 2018	Plan Year ended December 31, 2017
Total OPEB Liability					
Service cost	\$ 50,904	\$ 23,844	\$ 18,035	\$ 21,941	\$ 19,919
Interest (on the total OPEB liability)	34,286	43,278	52,556	46,846	47,365
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	22,586	(59,612)	(120,207)	32,144	-
Change of assumptions	49,876	210,588	222,421	(86,065)	100,085
Benefit payments, including refunds of employee contributions	(79,796)	(16,181)	(16,232)	(14,628)	(13,279)
Net Change in Total OPEB Liability	77,856	201,917	156,573	238	154,090
Total OPEB Liability - Beginning	1,762,537	1,560,620	1,404,047	1,403,809	1,249,719
Total OPEB Liability - Ending	\$ 1,840,393	\$ 1,762,537	\$ 1,560,620	\$ 1,404,047	\$ 1,403,809
Covered Employee Payroll	\$ 13,757,936	\$ 8,515,917	\$ 9,017,514	\$ 9,142,282	\$ 9,485,119
Total OPEB Liability as a Percentage of Covered Employee Payroll	13.38%	20.70%	17.31%	15.36%	14.80%
Valley International Airport	Plan Year ended December 31, 2021	Plan Year ended December 31, 2020	Plan Year ended December 31, 2019	Plan Year ended December 31, 2018	Plan Year ended December 31, 2017
Total OPEB Liability					
Service cost	\$ 3,805	\$ 1,160	\$ 848	\$ 1,094	\$ 1,110
Interest (on the total OPEB liability)	2,562	2,103	2,471	2,336	2,639
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	1,688	(2,898)	(5,651)	1,603	-
Change of assumptions	3,728	10,234	10,456	(4,291)	5,576
Benefit payments, including refunds of employee contributions	(5,964)	(786)	(763)	(729)	(740)
Net Change in Total OPEB Liability	5,819	9,813	7,361	13	8,585
Total OPEB Liability - Beginning	95,402	85,589	78,228	78,215	69,630
Total OPEB Liability - Ending	\$ 101,221	\$ 95,402	\$ 85,589	\$ 78,228	\$ 78,215
Covered Employee Payroll	\$ 1,028,245	\$ 413,851	\$ 423,931	\$ 455,815	\$ 528,477
Total OPEB Liability as a Percentage of Covered Employee Payroll	9.84%	23.05%	20.19%	17.16%	14.80%

OPEB schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

No assets are accumulated in a trust that meets the criteria in of GASB Cod. Sec P52.101 to pay related benefits.

Due to the Supplemental Death OPEB being considered an unfunded OPEB plan under GASB Cod. Sec P52, benefit payments are treated as being equal to the employer's yearly contribution for retirees.

Changes of assumptions reflect the effects of changes in the discount rate for the valuation period. The discount rate changed from 2.00% to 1.84% at the December 31, 2021 measurement date.

City of Harlingen, Texas
Schedule of Changes in total OPEB Liability and Related Ratios
Single-Employer OPEB Plan
Texas Municipal Retirement System (TMRS) - Supplemental Death Benefits Fund

Harlingen Waterworks System	Plan Year ended December 31, 2021	Plan Year ended December 31, 2020	Plan Year ended December 31, 2019	Plan Year ended December 31, 2018	Plan Year ended December 31, 2017
Total OPEB Liability					
Service cost	\$ 22,358	\$ 17,028	\$ 13,546	\$ 17,181	\$ 14,385
Interest (on the total OPEB liability)	14,233	16,917	18,865	17,554	17,569
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	16,330	(10,063)	(11,177)	(16,478)	-
Change of assumptions	20,358	84,441	89,400	(32,570)	37,652
Benefit payments, including refunds of employee contributions	(23,566)	(5,493)	(5,890)	(5,522)	(5,394)
Net Change in Total OPEB Liability	<u>49,713</u>	<u>102,830</u>	<u>104,744</u>	<u>(19,835)</u>	<u>64,212</u>
Total OPEB Liability - Beginning	<u>712,234</u>	<u>609,404</u>	<u>504,660</u>	<u>524,495</u>	<u>460,283</u>
Total OPEB Liability - Ending	<u><u>\$ 761,947</u></u>	<u><u>\$ 712,234</u></u>	<u><u>\$ 609,404</u></u>	<u><u>\$ 504,660</u></u>	<u><u>\$ 524,495</u></u>
Covered Employee Payroll	\$ 6,042,647	\$ 5,492,999	\$ 5,889,693	\$ 6,136,098	\$ 5,993,680
Total OPEB Liability as a Percentage of Covered Employee Payroll	12.61%	12.97%	10.35%	8.22%	8.75%

OPEB schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

No assets are accumulated in a trust that meets the criteria in of GASB Cod. Sec P52.101 to pay related benefits.

Due to the Supplemental Death OPEB being considered an unfunded OPEB plan under GASB Cod. Sec P52, benefit payments are treated as being equal to the employer's yearly contribution for retirees.

Changes of assumptions reflect the effects of changes in the discount rate for the valuation period. The discount rate changed from 2.00% to 1.84% at the December 31, 2021 measurement date.

City of Harlingen, Texas
Notes to Required Supplementary Information

Primary Government and Valley International Airport

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	12 Years
Asset Valuation Method	10 Year Smoothed Market; 12% Soft Corridor
Inflation	2.5%
Salary Increases	3.50% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience – based table based on 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: There were no benefit changes during the year.

City of Harlingen, Texas
Notes to Required Supplementary Information

Harlingen Waterworks System

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	N/A
Asset Valuation Method	10 Year Smoothed Market; 12% Soft Corridor
Inflation	2.5%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience – based table based on 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 tables for males and the General Employee table used for females. The rate projected on a fully generational basis with scale UMP.
Other Information:	There were no benefit changes during the year.

City of Harlingen, Texas
Notes to Required Supplementary Information

Harlingen Firemen's Relief and Retirement Fund

Valuation Date: The total pension liability was determined by an actuarial as of September 30, 2021.

Methods and Assumptions Used to Determine Contribution Rates:

Inflation	2.5%
Payroll Growth	3.5%
Salary increase	5.0% per annum
Investment rate of return	7.75%, Net of pension plan investment expenses
Mortality	SOA-2010 Public Service Mortality Tables projected forward generationally using Scale MP-2020

Changes in Plan Provisions: There have been no changes since the prior valuation that materially affect the valuation results.

City of Harlingen, Texas

Notes to Required Supplementary Information

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except for funds that need to be administratively closed and the capital projects funds which adopt project-length budgets. Formal budgetary integration is employed as a management control device during the year for the General, Debt Service, Community Development Block Grant, Tennis Court Revenue, PEG, Hotel/Motel Occupancy Tax, Convention/Visitors Bureau, Catastrophic Emergency Relief, Harlingen Downtown, Federal Forfeiture, State Forfeiture, Other Grants, Harlingen Convention Center, Freetrade Bridge, Infrastructure, Lon C. Hill Library, and Tax Increment Financing Zones 1, 2 and 3 as well as for all enterprise and internal service funds. These budgets, except for the Community Development Block Grant Fund, are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

Unused appropriations for all of the above annually budgeted funds lapse at the end of each year. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Budgetary data for Capital Project Funds are budgeted over the life of the respective project and not on an annual basis. Therefore, this data is not presented in the accompanying combined financial statements. Budgets for Community Development Block Grant Fund are legally adopted on a program (entitlement) basis rather than on an annual basis. The budgets reflected on the schedule of revenues, expenditures and changes in fund balance represent the remaining unexpended program budget at the beginning of the current fiscal year. Unexpended appropriations do not lapse at the end of the fiscal year for these funds. The City Commission approves, by ordinance, total budget appropriations only. The City Manager is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter total appropriations must be approved by the City Commission. Therefore, the legal level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been extended to a functional basis (General Government, Public Safety, etc.)

On or before the end of May of each year, all agencies of the City submit requests for appropriation to the City Manager so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Before October 1, the proposed budget is presented to the City Commission for review. The City Commission holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City Manager or the revenue estimates must be changed by an affirmative vote of a majority of the City Commission. Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, several supplementary appropriations were necessary.

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OTHER SUPPLEMENTARY INFORMATION

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City of Harlingen, Texas
Nonmajor Governmental Funds
Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. The City has the following special revenue funds:

The ***Tennis Court Revenue Fund*** is used to account for the City's percentage of total revenue from municipal tennis court fees and expenditures for the maintenance and upkeep of the tennis courts.

The ***Public, Educational, and Government (PEG) Access Fund*** is used to account for the franchise renewal fee collected from channel capacity that is designated for public, educational or government use.

The ***Hotel/Motel Occupancy Tax Fund*** is used to account for the 7% occupancy tax monies received from hotels and motels. The fund distributes a majority of the 7% through a contract with the Chamber of Commerce for tourist promotion. The remainder of the monies are expended for other promotional expenses.

The ***Convention & Visitors Bureau Fund*** is used to account for a portion of the Hotel/Motel occupancy taxes allocated by the City for the specific use of encouraging and promoting tourism and conventions to the City. On January 1, 2010, this fund was created when the department was moved from the Harlingen Area Chamber of Commerce and brought into the control of the City of Harlingen.

The ***Catastrophic Emergency Relief Fund*** is used to account for funds transferred from other funds and for monies received from grants. The fund will account for expenditures specifically authorized by ordinance, generally encompassing capital improvements and catastrophic emergency type expenditures.

The ***Harlingen Downtown Fund*** is used to account for funds assessed and collected from downtown merchants and property owners to improve the quality of the downtown area and attract and promote new and existing business to the downtown area.

The ***Federal Forfeiture Fund*** is used to account for federal monies received by the Harlingen Police Department. These funds are used to finance the police investigations, equipment, and rewards in the "Crimestoppers" program.

The ***State Forfeiture Fund*** is used to account for state monies received by the Harlingen Police Department. These funds are used to finance the police investigations, equipment, and rewards in the "Crimestoppers" program.

The ***Air Service Development Fund*** is used to account for the expenditures paid to airlines as an incentive for providing service to the City.

City of Harlingen, Texas
Nonmajor Governmental Funds
Capital Projects Funds

The ***Communication Center Fund*** is used to account for monies received for the rental of tower space at the City's new Communication Center. The monies will be expended on repairs and maintenance of the tower.

The ***Harlingen Convention Center Fund*** is used to account for rental fees and expenditures of the City's new Convention Center.

The ***Free Trade Bridge Fund*** is used to account for the City's participation in the construction of the Los Indios Bridge. This project is a cooperative effort encompassing two other governmental entities.

The ***Infrastructure Fund*** is intended to maintain many of the City's existing infrastructures. The fund is financed with a special assessment on the Sanitation bill as a separate monthly line item.

The ***Lon C. Hill Library Fund*** is used to account for monies donated to benefit the library.

The ***Tax Increment Financing Reinvestment Zone #1 (TIF #1) Fund*** is used to account for revenue that provide development incentives and funding for infrastructure improvements lacking in the selected area. TIF #1 is an area along and either side of the north leg of Loop 499 continuing along the east leg of the Loop, primarily on the east side south of the airport and containing approximately 2,170 acres.

The ***Tax Increment Financing Reinvestment Zone #2 (TIF #2) Fund*** is used to account for revenue that provide development incentives and funding for infrastructure improvements lacking in the selected area. TIF #2 is an area primarily between FM 801 (Ed Carey) and FM 509 both north and south of Expressway 77/83 and containing approximately 1,183 acres.

The ***Tax Increment Financing Reinvestment Zone #3 (TIF #3) Fund*** is used to account for revenue that provide development incentives and funding for infrastructure improvements lacking in the selected area. TIF #3 is an area north and south of Expressway 83 west of Expressway 77/83 with a smaller area east of Expressway 77/83 and containing approximately 670 acres.

City of Harlingen, Texas
Nonmajor Governmental Funds
Capital Projects Funds

The capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. The City has the following capital projects funds:

The ***Capital Improvement Fund*** is used to account for the construction of major capital improvements by the City of Harlingen.

The ***Street Improvement Fund*** is used to account for the improvement and repairing of streets within the City of Harlingen. This fund was initiated during the fiscal year ended September 30, 1998.

The ***Petition Paving Fund*** is used to account for the construction of capital assets. The *Petition Paving Fund* is used to account for the construction and financing of certain public improvements which are to be paid wholly or in part by special assessments levied against benefited property.

The ***Certificates of Obligation Projects, Series 2001 Fund*** is used to account for the construction of various bond projects.

The ***General Obligation Bonds, Series 2006 Fund*** is used to account for the construction of various bond projects.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources and the payment of general obligation bond principal and interest from governmental resources when the City is obligated in some manner for the payment.

City of Harlingen, Texas
Non Major Governmental Funds
Combining Balance Sheet

September 30, 2022

	Special Revenue Funds							
	CDBG Fund	Tennis Court Revenue	PEG Fund	Hotel/Motel Occupancy Tax	Convention Visitors Bureau	Catastrophic Emergency Relief	Harlingen Downtown	
Assets								
Cash and cash equivalents	\$ 168,502	\$ 105,360	\$ 1,034,581	\$ 1,531,959	\$ 362,309	\$ 824,953	\$ 198,936	
Receivables (net of allowance for uncollectibles)	-	-	-	-	-	-	-	
Taxes	-	-	-	-	-	-	-	
Accounts	8,578	20	24,931	296,974	840	-	849	
Assessments	12,815	-	-	-	-	-	4,086	
Due from other governments	-	-	-	-	-	-	-	
Due from component units	-	-	-	-	-	-	-	
Loans receivable	2,137,030	-	-	-	-	-	-	
Prepaid items	-	-	-	-	43,750	-	-	
Cash and cash equivalents - rest.	-	-	-	-	-	-	-	
Total assets	\$ 2,326,925	\$ 105,380	\$ 1,059,512	\$ 1,828,933	\$ 406,899	\$ 824,953	\$ 203,871	
Liabilities								
Accounts payable	\$ 6,953	\$ 697	\$ -	\$ 534	\$ 15,138	\$ -	\$ 4,583	
Accrued expenditures	1,984	-	-	-	1,996	-	1,943	
Escrow liabilities	22,577	-	-	-	-	-	-	
Other liabilities	2,991	-	-	-	15,082	-	10,913	
Due to other funds	102,055	-	-	-	-	-	-	
Total liabilities	136,560	697	-	534	32,216	-	17,439	
Deferred inflows of resources								
Unavailable revenue - property taxes	-	-	-	-	-	-	-	
Unavailable revenue - special assessments	12,815	-	-	-	-	-	4,086	
Unavailable revenue - noncurrent receivables	2,137,030	-	-	-	-	-	-	
Unavailable revenue - other	-	-	-	151,514	-	-	-	
Total deferred inflows of resources	2,149,845	-	-	151,514	-	-	4,086	
Fund balance (deficit)								
Nonspendable	-	-	-	-	43,750	-	-	
Restricted	40,520	-	1,059,512	1,676,885	330,933	-	182,346	
Committed	-	-	-	-	-	824,953	-	
Assigned	-	104,683	-	-	-	-	-	
Total fund balance (deficit)	40,520	104,683	1,059,512	1,676,885	374,683	824,953	182,346	
Total liabilities, deferred inflows of resources and fund balances	\$ 2,326,925	\$ 105,380	\$ 1,059,512	\$ 1,828,933	\$ 406,899	\$ 824,953	\$ 203,871	

Special Revenue Funds											
Federal Forfeiture	State Forfeiture	Harlingen Convention Center	Free Trade Bridge	Infrastructure	Lon C. Hill Library	Tax Increment Financing Reinvestment Zone 1	Tax Increment Financing Reinvestment Zone 2	Tax Increment Financing Reinvestment Zone 3	Total		
\$ 393,180	\$ 112,431	\$ 323,025	\$ 406,686	\$ 3,911,773	\$ 88,605	\$ 1,004,364	\$ 1,733,083	\$ 391,918	\$ 12,591,665		
-	-	-	-	-	-	-	-	-	-	-	-
-	-	1,008,251	-	2,347	-	-	-	-	1,342,790		
-	-	-	-	-	-	-	-	-	16,901		
-	-	-	-	-	-	125,000	250,000	370,000	745,000		
-	-	-	-	20,572	-	-	-	-	20,572		
-	-	-	-	-	-	-	-	-	2,137,030		
-	-	-	-	-	-	-	-	-	43,750		
-	-	-	-	-	-	-	-	-	-		
\$ 393,180	\$ 112,431	\$ 1,331,276	\$ 406,686	\$ 3,934,692	\$ 88,605	\$ 1,129,364	\$ 1,983,083	\$ 761,918	\$ 16,897,708		
\$ -	\$ -	\$ -	\$ -	\$ 3,654	\$ 18,706	\$ -	\$ -	\$ -	\$ 50,265		
-	-	-	-	-	-	-	-	-	5,923		
-	-	-	-	-	-	-	-	-	22,577		
-	2,000	-	-	-	-	-	-	-	30,986		
-	-	-	-	-	-	-	-	-	102,055		
-	2,000	-	-	3,654	18,706	-	-	-	211,806		
-	-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-	16,901		
-	-	-	-	-	-	-	-	-	2,137,030		
-	-	240,000	-	-	-	125,000	250,000	370,000	1,136,514		
-	-	240,000	-	-	-	125,000	250,000	370,000	3,290,445		
-	-	-	-	-	-	-	-	-	43,750		
393,180	110,431	-	-	-	69,899	1,004,364	1,733,083	391,918	6,993,071		
-	-	-	406,686	3,931,038	-	-	-	-	5,162,677		
-	-	1,091,276	-	-	-	-	-	-	1,195,959		
393,180	110,431	1,091,276	406,686	3,931,038	69,899	1,004,364	1,733,083	391,918	13,395,457		
\$ 393,180	\$ 112,431	\$ 1,331,276	\$ 406,686	\$ 3,934,692	\$ 88,605	\$ 1,129,364	\$ 1,983,083	\$ 761,918	\$ 16,897,708		

City of Harlingen, Texas
Non Major Governmental Funds
Combining Balance Sheet

September 30, 2022

	Capital Projects Funds							
	Capital Improvement	Street Improvement	Petition Paving	Certificates of Obligation Projects Series 2001	G.O. Bond Series 2006	Certificates of Obligation Projects, Series 2016	Total	
Assets								
Cash and cash equivalents	\$ 448	\$ 545	\$ 357,321	\$ -	\$ -	\$ -	\$ 358,314	
Receivables (net of allowance for uncollectibles)								
Taxes	-	-	-	-	-	-	-	
Accounts	-	-	-	-	-	-	-	
Assessments	-	-	125,971	-	-	-	125,971	
Due from other governments	-	-	-	-	-	-	-	
Due from component units	-	-	-	-	-	-	-	
Loans receivable	-	-	-	-	-	-	-	
Prepaid items	-	-	-	-	-	-	-	
Cash and cash equivalents - rest.	-	-	-	33,302	66,347	1,555,625	1,655,274	
Total assets	\$ 448	\$ 545	\$ 483,292	\$ 33,302	\$ 66,347	\$ 1,555,625	\$ 2,139,559	
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ 6,300	\$ -	\$ 1,213,247	\$ 1,219,547	
Accrued expenditures	-	-	-	-	-	-	-	
Escrow liabilities	-	-	315,593	-	-	-	315,593	
Other liabilities	-	-	935	-	-	-	935	
Due to other funds	-	-	-	-	-	-	-	
Total liabilities	-	-	316,528	6,300	-	1,213,247	1,536,075	
Deferred inflows of resources								
Unavailable revenue - property taxes	-	-	-	-	-	-	-	
Unavailable revenue - special assessments	-	-	-	-	-	-	-	
Unavailable revenue - noncurrent receivables	-	-	-	-	-	-	-	
Unavailable revenue - other	-	-	143,012	-	-	-	143,012	
Total deferred inflows of resources	-	-	143,012	-	-	-	143,012	
Fund balance (deficit)								
Nonspendable	-	-	-	-	-	-	-	
Restricted	448	-	23,752	27,002	66,347	342,378	459,927	
Committed	-	545	-	-	-	-	545	
Assigned	-	-	-	-	-	-	-	
Total fund balance (deficit)	448	545	23,752	27,002	66,347	342,378	460,472	
Total liabilities, deferred inflows of resources and fund balances	\$ 448	\$ 545	\$ 483,292	\$ 33,302	\$ 66,347	\$ 1,555,625	\$ 2,139,559	

	Debt Service Fund		Total Non Major Governmental Funds
\$	627,587	\$	13,577,566
	176,976		176,976
	2,617		1,345,407
	-		142,872
	-		745,000
	-		20,572
	-		2,137,030
	-		43,750
	-		1,655,274
<u>\$</u>	<u>807,180</u>	<u>\$</u>	<u>19,844,447</u>
\$	-	\$	1,269,812
	-		5,923
	-		338,170
	-		31,921
	-		102,055
	-		1,747,881
	157,190		157,190
	-		16,901
	-		2,137,030
	-		1,279,526
<u></u>	<u>157,190</u>	<u></u>	<u>3,590,647</u>
	-		43,750
649,990			8,102,988
-			5,163,222
-			1,195,959
<u>649,990</u>			<u>14,505,919</u>
<u>\$</u>	<u>807,180</u>	<u>\$</u>	<u>19,844,447</u>

City of Harlingen, Texas
Non Major Governmental Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended September 30, 2022

	Special Revenue Funds						
	CDBG Fund	Tennis Court Revenue	PEG Fund	Hotel/Motel Occupancy Tax	Convention Visitors Bureau	Catastrophic Emergency Relief	Harlingen Downtown
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonproperty taxes	-	-	106,774	1,619,592	-	-	-
Assessments	-	-	-	-	-	-	45,008
Fines and forfeitures	-	-	-	-	-	-	-
Charges for services	-	9,583	-	-	340	-	14,665
Intergovernmental	2,231,979	-	-	-	-	-	-
Contributions and donations	-	-	-	-	90,805	-	-
Miscellaneous	32,333	-	-	-	-	-	-
Interest and investment income	5,784	636	6,821	9,408	2,565	5,524	1,323
Total revenues	2,270,096	10,219	113,595	1,629,000	93,710	5,524	60,996
Expenditures							
Current							
General government	-	-	-	105,000	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Community and economic development	1,975,402	-	-	-	-	-	291,651
Culture and recreation	-	55,358	-	-	475,806	-	-
Capital outlay	201,897	-	-	-	25,000	-	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	314	-	-
Total expenditures	2,177,299	55,358	-	105,000	501,120	-	291,651
Excess (deficiency) of revenues over (under) expenditures	92,797	(45,139)	113,595	1,524,000	(407,410)	5,524	(230,655)
Other financing sources (uses)							
Transfers in	-	107,217	-	-	459,925	-	239,563
Transfers out	-	-	-	(898,941)	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	-	107,217	-	(898,941)	459,925	-	239,563
Net change in fund balances	92,797	62,078	113,595	625,059	52,515	5,524	8,908
Fund balance, beginning of year	(52,277)	42,605	945,917	1,051,826	322,168	819,429	173,438
Fund balance, end of year	\$ 40,520	\$ 104,683	\$ 1,059,512	\$ 1,676,885	\$ 374,683	\$ 824,953	\$ 182,346

Special Revenue Funds										
Federal Forfeiture	State Forfeiture	Harlingen Convention Center	Free Trade Bridge	Infrastructure	Lon C. Hill Library	Tax Increment Financing Reinvestment Zone 1	Tax Increment Financing Reinvestment Zone 2	Tax Increment Financing Reinvestment Zone 3	Total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	1,726,366	-
-	-	-	-	1,537,844	-	-	-	-	1,582,852	-
123,824	3,165	-	-	-	-	-	-	-	126,989	-
-	-	-	147,437	-	-	-	-	-	172,025	-
167,807	-	-	-	-	-	114,946	233,870	523,219	3,271,821	-
-	-	-	-	-	-	-	-	-	90,805	-
1,328	-	-	-	-	19,001	-	-	-	52,662	-
1,911	769	2,170	2,528	25,369	711	6,032	9,965	2,547	84,063	-
294,870	3,934	2,170	149,965	1,563,213	19,712	120,978	243,835	525,766	7,107,583	-
-	-	-	-	-	-	-	-	-	105,000	-
-	31,495	-	-	-	-	-	-	-	31,495	-
-	-	-	49,261	646,729	-	-	-	-	695,990	-
-	-	-	-	-	-	5,500	5,500	5,500	2,283,553	-
-	-	-	-	-	33,781	-	-	-	564,945	-
-	-	-	-	-	41,540	-	-	-	268,437	-
-	-	-	-	-	-	-	-	70,000	70,000	-
-	-	-	-	-	-	-	-	-	314	-
-	31,495	-	49,261	646,729	75,321	5,500	5,500	75,500	4,019,734	-
294,870	(27,561)	2,170	100,704	916,484	(55,609)	115,478	238,335	450,266	3,087,849	-
-	-	-	-	522,356	-	121,970	316,150	530,017	2,297,198	-
-	(2,144)	-	-	-	-	-	-	(1,000,000)	(1,901,085)	-
-	20,922	-	-	-	-	-	-	-	20,922	-
-	18,778	-	-	522,356	-	121,970	316,150	(469,983)	417,035	-
294,870	(8,783)	2,170	100,704	1,438,840	(55,609)	237,448	554,485	(19,717)	3,504,884	-
98,310	119,214	1,089,106	305,982	2,492,198	125,508	766,916	1,178,598	411,635	9,890,573	-
\$ 393,180	\$ 110,431	\$ 1,091,276	\$ 406,686	\$ 3,931,038	\$ 69,899	\$ 1,004,364	\$ 1,733,083	\$ 391,918	\$ 13,395,457	-

City of Harlingen, Texas
Non Major Governmental Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended September 30, 2022

	Capital Projects Funds						Total
	Capital Improvement	Street Improvement	Petition Paving	Certificates of Obligation Projects Series 2001	G.O. Bond Series 2006	Certificates of Obligation Projects, Series 2016	
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Nonproperty taxes	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Contributions and donations	-	-	-	-	-	-	-
Miscellaneous	-	-	55	-	-	-	55
Interest and investment income	7	4	39,550	1,450	445	10,419	51,875
Total revenues	7	4	39,605	1,450	445	10,419	51,930
Expenditures							
Current							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay	-	-	-	55,422	-	-	55,422
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	-	-	-	55,422	-	-	55,422
Excess (deficiency) of revenues over (under) expenditures	7	4	39,605	(53,972)	445	10,419	(3,492)
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Net change in fund balances	7	4	39,605	(53,972)	445	10,419	(3,492)
Fund balance, beginning of year	441	541	(15,853)	80,974	65,902	331,959	463,964
Fund balance, end of year	\$ 448	\$ 545	\$ 23,752	\$ 27,002	\$ 66,347	\$ 342,378	\$ 460,472

	Debt Service Fund		Total Non Major Governmental Funds
\$	4,030,337	\$	4,030,337
	-		1,726,366
	-		1,582,852
	-		126,989
	-		172,025
	607,852		3,879,673
	-		90,805
	-		52,717
	5,159		141,097
	<u>4,643,348</u>		<u>11,802,861</u>
	-		105,000
	-		31,495
	-		695,990
	-		2,283,553
	-		564,945
	-		323,859
	3,515,000		3,585,000
	<u>1,170,372</u>		<u>1,170,686</u>
	<u>4,685,372</u>		<u>8,760,528</u>
	<u>(42,024)</u>		<u>3,042,333</u>
	232,016		2,529,214
	-		(1,901,085)
	-		20,922
	<u>232,016</u>		<u>649,051</u>
	189,992		3,691,384
	<u>459,998</u>		<u>10,814,535</u>
\$	<u>649,990</u>	\$	<u>14,505,919</u>

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**INTERNAL SERVICE FUNDS
COMBINING FINANCIAL STATEMENTS**

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City of Harlingen, Texas

Internal Service Funds

The internal service funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis. The City has the following internal service funds:

The **Motor Vehicle/Warehouse Fund** is used to account for the monies received in servicing motorized vehicles and other equipment required for various departments of the City together with those related costs associated with the maintenance and repair of such vehicles and equipment.

The **Health Insurance Fund** is used to account for the monies received in providing medical insurance to the City's employees and families through a medical benefit program of a commercial carrier.

City of Harlingen, Texas
Internal Service Fund
Combining Statement of Net Position

September 30, 2022

	Motor Vehicle/ Warehouse Fund	Health Insurance Fund	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 5,247,699	\$ 564,446	\$ 5,812,145
Receivables (net of allowances for uncollectibles)			
Accounts	40,815	13,958	54,773
Inventories	227,287	-	227,287
Due from other funds	2,139	-	2,139
Total current assets	5,517,940	578,404	6,096,344
Non-current assets			
Net pension asset	49,501	-	49,501
Capital assets			
Plant and equipment	18,324,981	-	18,324,981
Accumulated depreciation	(15,792,155)	-	(15,792,155)
Total capital assets (net of accumulated depreciation)	2,532,826	-	2,532,826
Total assets	8,100,267	578,404	8,678,671
Deferred outflows of resources			
OPEB - retiree healthcare	5,473	-	5,473
OPEB - supplemental death benefits	1,735	-	1,735
Pensions	15,526	-	15,526
Total deferred outflows of resources	22,734	-	22,734
Total assets and deferred outflows of resources	\$ 8,123,001	\$ 578,404	\$ 8,701,405

City of Harlingen, Texas
Internal Service Fund
Combining Statement of Net Position

September 30, 2022

	Motor Vehicle/ Warehouse Fund	Health Insurance Fund	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 3,254	\$ 17,234	\$ 20,488
Compensated absences	22,364	-	22,364
Accrued expenses	4,871	-	4,871
Total current liabilities	30,489	17,234	47,723
Non-current liabilities			
Compensated absences	33,547	-	33,547
OPEB liability - retiree health care	48,602	-	48,602
OPEB liability - supplemental death benefits	18,601	-	18,601
Total non-current liabilities	100,750	-	100,750
Total liabilities	131,239	17,234	148,473
Deferred inflows of resources			
Inflows OPEB - retiree healthcare	6,281	-	6,281
Inflows OPEB - supplemental death benefits	201	-	201
Deferred inflows of resources from pensions	62,536	-	62,536
Total deferred inflows of resources	69,018	-	69,018
Net position			
Net investment in capital assets	2,532,826	-	2,532,826
Unrestricted	5,389,918	561,170	5,951,088
Total net position	7,922,744	561,170	8,483,914
Total liabilities, deferred inflows of resources and net position	\$ 8,123,001	\$ 578,404	\$ 8,701,405

City of Harlingen, Texas
Internal Service Fund
Combining Statements of Revenues,
Expenses and Change in Net Position

Year ended September 30, 2022

	Motor Vehicle/ Warehouse Fund	Health Insurance Fund	Total
Operating revenues			
Current use charges	\$ 4,402,871	\$ 5,406,082	\$ 9,808,953
Operating expenses			
Personnel services	397,780	-	397,780
Contracted services	104,706	5,393,686	5,498,392
Materials and supplies	2,439,043	-	2,439,043
Other expenses	48,123	-	48,123
Depreciation and amortization	992,892	-	992,892
Total operating expenses	3,982,544	5,393,686	9,376,230
Operating income (loss)	420,327	12,396	432,723
Nonoperating revenues			
Interest revenue	34,260	42	34,302
Miscellaneous revenue	726	5,254	5,980
Total nonoperating revenues	34,986	5,296	40,282
Income (loss) before transfers	455,313	17,692	473,005
Transfers			
Transfers out	(159,811)	-	(159,811)
Total transfers	(159,811)	-	(159,811)
Net change in net position	295,502	17,692	313,194
Net position, beginning of year	7,627,242	543,478	8,170,720
Net position, end of year	\$ 7,922,744	\$ 561,170	\$ 8,483,914

City of Harlingen, Texas
Internal Service Funds
Combining Statement of Cash Flows

Year Ended September 30, 2022

	Motor Vehicle/ Warehouse Fund	Health Insurance Fund	Totals
Cash flows from operating activities			
Received from customers	\$ 4,380,386	\$ 5,403,989	\$ 9,784,375
Payments to suppliers	(2,595,628)	(4,920,206)	(7,515,834)
Payments to employees	(394,792)	-	(394,792)
Net cash provided by (used in) operations	1,389,966	483,783	1,873,749
Cash flows from noncapital financing activities			
Transfers to other funds	(159,811)	-	(159,811)
Net cash provided by (used in) noncapital financing activities	(159,811)	-	(159,811)
Cash flows from (to) capital and related financing activities			
Purchase of capital assets	(6,233)	-	(6,233)
Net cash provided by (used in) capital and related financing activities	(6,233)	-	(6,233)
Cash flows from investing activities			
Interest received	34,262	42	34,304
Net cash provided by (used in) investing activities	34,262	42	34,304
Net decrease in cash and cash equivalents	1,258,184	483,825	1,742,009
Cash and cash equivalents, beginning of year	3,989,515	80,621	4,070,136
Cash and cash equivalents, end of year	\$ 5,247,699	\$ 564,446	\$ 5,812,145
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 420,327	\$ 12,396	\$ 432,723
Adjustments to reconcile net income from operations to net cash from operating activities			
Depreciation	992,892	-	992,892
Other revenue	726	5,254	5,980
(Increase) decrease in receivables	(24,014)	(7,347)	(31,361)
(Increase) decrease in due from other funds	(2,139)	-	(2,139)
(Increase) decrease in due from component unit	803	-	803
(Increase) decrease in prepaid expenses	6,473	470,494	476,967
(Increase) decrease in inventories	(9,801)	-	(9,801)
(Increase) decrease in deferred outflows of resources	(7,409)	-	(7,409)
Increase (decrease) in deferred inflows of resources	31,135	-	31,135
Increase (decrease) in accounts payable	1,711	2,986	4,697
Increase (decrease) in net pension liability	(36,018)	-	(36,018)
Increase (decrease) in net other post employment benefit obligation	13,230	-	13,230
Increase (decrease) in accrued expenses	2,050	-	2,050
Total adjustments	969,639	471,387	1,441,026
Net cash provided by (used in) operations	\$ 1,389,966	\$ 483,783	\$ 1,873,749

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**Supplementary Individual Governmental
Fund Financial Statements and Schedules**

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City of Harlingen
General Fund
Comparative Balance Sheet

September 30,	2022	2021
Assets		
Cash and cash equivalents	\$ 30,033,516	\$ 21,091,292
Investments - other	-	5,023,040
Receivables (net of allowance for uncollectibles)		
Taxes	808,811	843,888
Accounts	890,832	1,458,125
Due from other governments	1,930,041	1,733,966
Due from other funds	1,087,739	1,256,109
Loans receivable	135,365	182,061
Prepaid items	294,220	409,842
Restricted assets:		
Cash and cash equivalents	48,102	34,374
Total assets	\$ 35,228,626	\$ 32,032,697
Liabilities		
Accounts payable	\$ 983,892	\$ 1,069,516
Accrued expenditures	837,695	836,025
Escrow liabilities	445,892	451,267
Other liabilities	406,720	425,523
Customer deposits	48,102	34,374
Unearned revenue	21,322	17,505
Total liabilities	2,743,623	2,834,210
Deferred inflows of resources		
Unavailable revenue - property taxes	719,055	705,164
Unavailable revenue - payments in lieu of taxes	135,365	180,767
Unavailable revenue - other	164,403	147,929
Total deferred inflows of resources	1,018,823	1,033,860
Fund balances		
Nonspendable	294,220	409,842
Restricted	249,785	185,308
Assigned	572,280	1,319,556
Unassigned	30,349,895	26,249,921
Total fund balances	31,466,180	28,164,627
Total liabilities, deferred inflows of resources and fund balances	\$ 35,228,626	\$ 32,032,697

City of Harlingen
General Fund
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2022	2021
Revenues		
Property taxes - including penalty and interest	\$ 19,556,158	\$ 19,602,249
Non property taxes	27,236,338	25,202,862
Fines and forfeitures	720,676	748,710
Licenses and permits	907,850	796,577
Charges for services	1,541,039	1,093,093
Intergovernmental	1,246,018	1,492,386
Contributions and donations	3,880,999	5,426,883
Miscellaneous	322,514	199,393
Interest and investment income	195,222	31,700
Total revenues	55,606,814	54,593,853
Expenditures		
Current		
General government	7,689,848	8,428,590
Public safety	26,708,791	25,044,645
Highways and streets	3,947,975	3,595,825
Health and welfare	1,036,391	1,994,009
Community and economic development	1,902,713	1,797,072
Culture and recreation	4,351,285	3,860,130
Capital outlay	7,295,009	9,846,429
Debt service		
Principal retirement	264,015	255,366
Interest and fiscal agent fees	52,205	57,390
Total expenditures	53,248,232	54,879,456
Excess of revenues over expenditures	2,358,582	(285,603)
Other financing sources (uses)		
Transfers in	2,736,065	4,948,402
Transfers out	(2,375,953)	(2,743,378)
Leases (as lessee)	180,756	-
Sale of general capital assets	402,103	193,831
Total other financing sources (uses)	942,971	2,398,855
Net change in fund balance	3,301,553	2,113,252
Fund balance, beginning of year	28,164,627	26,051,375
Fund balance, end of year	\$ 31,466,180	\$ 28,164,627

City of Harlingen
Community Development Block Grant Fund
Comparative Balance Sheet

September 30,	2022	2021
Assets		
Cash and cash equivalents	\$ 168,502	\$ 103,044
Receivables (net of allowance for uncollectibles)		
Accounts	8,578	9,485
Assessments	12,815	12,815
Loans receivable	2,137,030	1,594,640
Total assets	\$ 2,326,925	\$ 1,719,984
Liabilities		
Accounts payable	\$ 6,953	\$ 35,414
Accrued expenditures	1,984	1,935
Escrow liabilities	22,577	23,373
Other liabilities	2,991	2,991
Due to other funds	102,055	101,093
Total liabilities	136,560	164,806
Deferred inflows of resources		
Unavailable revenue - special assessments	12,815	12,815
Unavailable revenue - noncurrent receivables	2,137,030	1,594,640
Total deferred inflows of resources	2,149,845	1,607,455
Fund balances		
Restricted	40,520	-
Unassigned	-	(52,277)
Total fund balances	40,520	(52,277)
Total liabilities, deferred inflows of resources and fund balances	\$ 2,326,925	\$ 1,719,984

City of Harlingen
Community Development Block Grant Fund
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2022	2021
Revenues		
Intergovernmental	\$ 2,231,979	\$ 1,590,264
Miscellaneous	32,333	39,900
Interest and investment income	5,784	5,255
Total revenues	2,270,096	1,635,419
Expenditures		
Current		
Community and economic development	1,975,402	1,512,205
Capital outlay	201,897	352,914
Total expenditures	2,177,299	1,865,119
Excess (deficiency) of revenues over (under) expenditures	92,797	(229,700)
Other financing sources (uses)		
Transfers in	-	13,522
Total other financing sources (uses)	-	13,522
Net change in fund balance	92,797	(216,178)
Fund balance, beginning of year	(52,277)	163,901
Fund balance, end of year	\$ 40,520	\$ (52,277)

City of Harlingen, Texas
CDBG Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended September 30, 2022

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Intergovernmental	\$ 1,310,638	\$ 1,310,638	\$ 2,231,979	\$ 921,341
Miscellaneous	-	-	32,333	32,333
Interest and investment income	-	-	5,784	5,784
Total revenues	1,310,638	1,310,638	2,270,096	959,458
Expenditures				
Current				
Community and economic development	2,659,371	3,448,649	1,975,402	1,473,247
Capital outlay	742,874	686,864	201,897	484,967
Total expenditures	3,402,245	4,135,513	2,177,299	1,958,214
Net change in fund balance	\$ (2,091,607)	\$ (2,824,875)	92,797	\$ 2,917,672
Fund balances, beginning of year			(52,277)	
Fund balance, end of year			\$ 40,520	

**City of Harlingen
Tennis Court Fund
Comparative Balance Sheet**

September 30,	2022	2021
<hr/>		
Assets		
Cash and cash equivalents	\$ 105,360	\$ 43,746
Receivables (net of allowance for uncollectibles)		
Accounts	20	19
<hr/>		
Total assets	\$ 105,380	\$ 43,765
<hr/>		
Liabilities		
Accounts payable	\$ 697	\$ 1,160
<hr/>		
Total liabilities	697	1,160
<hr/>		
Deferred inflows of resources	-	-
<hr/>		
Fund balances		
Assigned	104,683	42,605
<hr/>		
Total fund balances	104,683	42,605
<hr/>		
Total liabilities, deferred inflows of resources and fund balances	\$ 105,380	\$ 43,765
<hr/>		

City of Harlingen
Tennis Court Fund
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2022	2021
Revenues		
Charges for services	\$ 9,583	\$ 10,439
Interest and investment income	636	5
Total revenues	10,219	10,444
Expenditures		
Current		
Culture and recreation	55,358	51,998
Total expenditures	55,358	51,998
(Deficiency) of revenues (under) expenditures	(45,139)	(41,554)
Other financing sources (uses)		
Transfers in	107,217	50,000
Total other financing sources (uses)	107,217	50,000
Net change in fund balance	62,078	8,446
Fund balance, beginning of year	42,605	34,159
Fund balance, end of year	\$ 104,683	\$ 42,605

City of Harlingen, Texas
Tennis Court Revenue
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended September 30, 2022

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Charges for services	\$ 11,000	\$ 9,500	\$ 9,583	\$ 83
Interest and investment income	10	10	636	626
Total revenues	11,010	9,510	10,219	709
Expenditures				
Current				
Culture and recreation	118,227	115,227	55,358	59,869
Capital outlay	-	3,000	-	3,000
Total expenditures	118,227	118,227	55,358	62,869
Excess (deficiency) of revenues over (under) expenditures	(107,217)	(108,717)	(45,139)	63,578
Other financing sources (uses)				
Transfers in	107,217	107,217	107,217	-
Total other financing sources (uses)	107,217	107,217	107,217	-
Net change in fund balance	\$ -	\$ (1,500)	62,078	\$ 63,578
Fund balances, beginning of year			<u>42,605</u>	
Fund balance, end of year			<u><u>\$ 104,683</u></u>	

City of Harlingen
Public, Education and Governmental Access Channel Fund (PEG)
Comparative Balance Sheet

September 30,	2022	2021
Assets		
Cash and cash equivalents	\$ 1,034,581	\$ 918,615
Receivables (net of allowance for uncollectibles)		
Accounts	24,931	27,302
Total assets	\$ 1,059,512	\$ 945,917
Liabilities	\$ -	\$ -
Deferred inflows of resources	-	-
Fund balances		
Restricted	1,059,512	945,917
Total fund balances	1,059,512	945,917
Total liabilities, deferred inflows of resources and fund balances	\$ 1,059,512	\$ 945,917

City of Harlingen
Public, Education and Governmental Access Channel Fund (PEG)
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2022	2021
Revenues		
Non property taxes	\$ 106,774	\$ 110,096
Interest and investment income	6,821	317
Total revenues	113,595	110,413
Expenditures	-	-
Net change in fund balance	113,595	110,413
Fund balance, beginning of year	945,917	835,504
Fund balance, end of year	\$ 1,059,512	\$ 945,917

City of Harlingen, Texas
PEG Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended September 30, 2022

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Nonproperty taxes	\$ 90,000	\$ 90,000	\$ 106,774	\$ 16,774
Interest and investment income	600	600	6,821	6,221
Total revenues	90,600	90,600	113,595	22,995
Net change in fund balance	\$ 90,600	\$ 90,600	113,595	\$ 22,995
Fund balances, beginning of year			<u>945,917</u>	
Fund balance, end of year			<u><u>\$ 1,059,512</u></u>	

City of Harlingen
Hotel and Motel Occupancy Tax Fund
Comparative Balance Sheet

September 30,	2022	2021
Assets		
Cash and cash equivalents	\$ 1,531,959	\$ 940,245
Receivables (net of allowance for uncollectibles)		
Accounts	296,974	313,998
Total assets	\$ 1,828,933	\$ 1,254,243
Liabilities		
Accounts payable	\$ 534	\$ 10,000
Other liabilities	-	-
Total liabilities	534	10,000
Deferred inflows of resources		
Unavailable revenue - other	151,514	192,417
Total deferred inflows of resources	151,514	192,417
Fund balances		
Restricted	1,676,885	1,051,826
Total fund balances	1,676,885	1,051,826
Total liabilities, deferred inflows of resources and fund balances	\$ 1,828,933	\$ 1,254,243

City of Harlingen
Hotel and Motel Occupancy Tax Fund
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2022	2021
Revenues		
Non property taxes	\$ 1,619,592	\$ 1,262,390
Interest and investment income	9,408	427
Total revenues	1,629,000	1,262,817
Expenditures		
Current		
General government	105,000	64,000
Total expenditures	105,000	64,000
Excess of revenues over expenditures	1,524,000	1,198,817
Other financing sources (uses)		
Transfers in	-	159,612
Transfers out	(898,941)	(1,449,035)
Total other financing sources (uses)	(898,941)	(1,289,423)
Net change in fund balance	625,059	(90,606)
Fund balance, beginning of year	1,051,826	1,142,432
Fund balance, end of year	\$ 1,676,885	\$ 1,051,826

City of Harlingen, Texas
Hotel/Motel Occupancy Tax
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended September 30, 2022

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Nonproperty taxes	\$ 1,040,500	\$ 1,390,500	\$ 1,619,592	\$ 229,092
Interest and investment income	1,150	1,150	9,408	8,258
Total revenues	1,041,650	1,391,650	1,629,000	237,350
Expenditures				
Current				
General government	95,000	95,000	105,000	(10,000)
Total expenditures	95,000	95,000	105,000	(10,000)
Excess (deficiency) of revenues over (under) expenditures	946,650	1,296,650	1,524,000	227,350
Other financing sources (uses)				
Transfers out	(898,941)	(898,941)	(898,941)	-
Total other financing sources (uses)	(898,941)	(898,941)	(898,941)	-
Net change in fund balance	\$ 47,709	\$ 397,709	625,059	\$ 227,350
Fund balances, beginning of year			<u>1,051,826</u>	
Fund balance, end of year			<u>\$ 1,676,885</u>	

City of Harlingen
Convention and Visitors Bureau Fund
Comparative Balance Sheet

September 30,	2022	2021
Assets		
Cash and cash equivalents	\$ 362,309	\$ 338,870
Receivables (net of allowance for uncollectibles)		
Accounts	840	-
Prepaid items	43,750	741
Total assets	\$ 406,899	\$ 339,611
Liabilities		
Accounts payable	\$ 15,138	\$ 1,658
Accrued expenditures	1,996	1,203
Other liabilities	15,082	14,582
Total liabilities	32,216	17,443
Deferred inflows of resources	-	-
Fund balances		
Nonspendable	43,750	741
Restricted	330,933	321,427
Total fund balances	374,683	322,168
Total liabilities, deferred inflows of resources and fund balances	\$ 406,899	\$ 339,611

City of Harlingen
Convention and Visitors Bureau Fund
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2022	2021
Revenues		
Charges for services	\$ 340	\$ -
Contributions and donations	90,805	8,900
Interest and investment income	2,565	59
Total revenues	93,710	8,959
Expenditures		
Current		
Culture and recreation	475,806	356,991
Capital outlay	25,000	-
Interest and fiscal agent fees	314	-
Total expenditures	501,120	356,991
(Deficiency) of revenues (under) expenditures	(407,410)	(348,032)
Other financing sources (uses)		
Transfers in	459,925	424,000
Total other financing sources (uses)	459,925	424,000
Net change in fund balance	52,515	75,968
Fund balance, beginning of year	322,168	246,200
Fund balance, end of year	\$ 374,683	\$ 322,168

City of Harlingen, Texas
Convention Visitors Bureau
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended September 30, 2022

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Charges for services	\$ -	\$ -	\$ 340	\$ 340
Contributions and donations	15,000	72,265	90,805	18,540
Interest and investment income	50	50	2,565	2,515
Total revenues	15,050	72,315	93,710	21,395
Expenditures				
Current				
Culture and recreation	477,220	795,485	475,806	319,679
Capital outlay	-	-	25,000	(25,000)
Interest	-	-	314	(314)
Total expenditures	477,220	795,485	501,120	294,365
Excess (deficiency) of revenues over (under) expenditures	(462,170)	(723,170)	(407,410)	315,760
Other financing sources (uses)				
Transfers in	459,925	459,925	459,925	-
Total other financing sources (uses)	459,925	459,925	459,925	-
Net change in fund balance	\$ (2,245)	\$ (263,245)	52,515	\$ 315,760
Fund balances, beginning of year			<u>322,168</u>	
Fund balance, end of year			<u><u>\$ 374,683</u></u>	

City of Harlingen
Catastrophic Emergency Relief Fund
Comparative Balance Sheet

September 30,	2022	2021
Assets		
Cash and cash equivalents	\$ 824,953	\$ 819,429
Total assets	\$ 824,953	\$ 819,429
Liabilities		
Accounts payable	\$ -	\$ -
Deferred inflows of resources	-	-
Fund balances		
Committed	824,953	819,429
Total fund balances	824,953	819,429
Total liabilities, deferred inflows of resources and fund balances	\$ 824,953	\$ 819,429

City of Harlingen
Catastrophic Emergency Relief Fund
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2022	2021
Revenues		
Interest and investment income	\$ 5,524	\$ 323
Total revenues	5,524	323
Expenditures		
Current		
Highways and streets	-	10,505
Total expenditures	-	10,505
Net change in fund balance	5,524	(10,182)
Fund balance, beginning of year	819,429	829,611
Fund balance, end of year	\$ 824,953	\$ 819,429

City of Harlingen, Texas
Catastrophic Emergency Relief
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended September 30, 2022

	Budget		Actual Amount (GAAP BASIS)	Variance Positive (Negative)
	Original	Final		
Revenues				
Interest and investment income	\$ 500	\$ 500	\$ 5,524	\$ 5,024
Total revenues	500	500	5,524	5,024
Expenditures				
Current				
Highways and streets	25,000	25,000	-	25,000
Total expenditures	25,000	25,000	-	25,000
Net change in fund balance	\$ (24,500)	\$ (24,500)	5,524	\$ 30,024
Fund balances, beginning of year			819,429	
Fund balance, end of year			\$ 824,953	

**City of Harlingen
Harlingen Downtown Fund
Comparative Balance Sheet**

September 30,	2022	2021
Assets		
Cash and cash equivalents	\$ 198,936	\$ 184,220
Receivables (net of allowance for uncollectibles)		
Accounts	849	619
Assessments	4,086	9,940
Total assets	\$ 203,871	\$ 194,779
Liabilities		
Accounts payable	\$ 4,583	\$ 4,311
Accrued expenditures	1,943	1,034
Other liabilities	10,913	6,056
Total liabilities	17,439	11,401
Deferred inflows of resources		
Unavailable revenue - special assessments	4,086	9,940
Total deferred inflows of resources	4,086	9,940
Fund balances		
Restricted	182,346	173,438
Total fund balances	182,346	173,438
Total liabilities, deferred inflows of resources and fund balances	\$ 203,871	\$ 194,779

City of Harlingen
Harlingen Downtown Fund
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2022	2021
Revenues		
Assessments	\$ 45,008	\$ 35,344
Charges for services	14,665	-
Interest and investment income	1,323	36
Total revenues	60,996	35,380
Expenditures		
Current		
Community and economic development	291,651	252,710
Total expenditures	291,651	252,710
(Deficiency) of revenues (under) expenditures	(230,655)	(217,330)
Other financing sources (uses)		
Transfers in	239,563	214,975
Total other financing sources (uses)	239,563	214,975
Net change in fund balance	8,908	(2,355)
Fund balance, beginning of year	173,438	175,793
Fund balance, end of year	\$ 182,346	\$ 173,438

City of Harlingen, Texas
Harlingen Downtown
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended September 30, 2022

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Assessments	\$ 27,500	\$ 27,500	\$ 45,008	\$ 17,508
Charges for services	-	60,000	14,665	(45,335)
Miscellaneous	-	-	-	-
Interest and investment income	700	700	1,323	623
Total revenues	28,200	88,200	60,996	(27,204)
Expenditures				
Current				
Community and economic development	271,376	331,376	291,651	39,725
Total expenditures	271,376	331,376	291,651	39,725
Excess (deficiency) of revenues over (under) expenditures	(243,176)	(243,176)	(230,655)	12,521
Other financing sources (uses)				
Transfers in	239,563	239,563	239,563	-
Total other financing sources (uses)	239,563	239,563	239,563	-
Net change in fund balance	\$ (3,613)	\$ (3,613)	8,908	\$ 12,521
Fund balances, beginning of year			<u>173,438</u>	
Fund balance, end of year			<u><u>\$ 182,346</u></u>	

City of Harlingen
Federal Forfeiture Fund
Comparative Balance Sheet

September 30,	2022	2021
Assets		
Cash and cash equivalents	\$ 393,180	\$ 98,310
Receivables (net of allowance for uncollectibles)		
Accounts	-	-
Total assets	\$ 393,180	\$ 98,310
Liabilities		
Other liabilities	\$ -	\$ -
Deferred inflows of resources	-	-
Fund balances		
Restricted	393,180	98,310
Total fund balances	393,180	98,310
Total liabilities, deferred inflows of resources and fund balances	\$ 393,180	\$ 98,310

City of Harlingen
Federal Forfeiture Fund
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2022	2021
Revenues		
Fines and forfeitures	\$ 123,824	\$ 4,075
Intergovernmental	167,807	19,762
Miscellaneous	1,328	-
Interest and investment income	1,911	21
Total revenues	294,870	23,858
Expenditures		
Current		
Public safety	-	-
Total expenditures	-	-
(Deficiency) of revenues (under) expenditures	294,870	23,858
Net change in fund balance	294,870	23,858
Fund balance, beginning of year	98,310	74,452
Fund balance, end of year	\$ 393,180	\$ 98,310

City of Harlingen, Texas
Federal Forfeiture
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended September 30, 2022

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Fines and forfeitures	\$ 20,000	\$ 123,824	\$ 123,824	\$ -
Intergovernmental	20,000	169,697	167,807	(1,890)
Miscellaneous	-	1,329	1,328	(1)
Interest and investment income	20	198	1,911	1,713
Total revenues	40,020	295,048	294,870	(178)
Expenditures				
Current				
Public safety	30,000	30,000	-	30,000
Capital outlay	10,000	10,000	-	10,000
Total expenditures	40,000	40,000	-	40,000
Net change in fund balance	\$ 20	\$ 255,048	294,870	\$ 39,822
Fund balances, beginning of year			<u>98,310</u>	
Fund balance, end of year			<u>\$ 393,180</u>	

**City of Harlingen
State Forfeiture Fund
Comparative Balance Sheet**

September 30,	2022	2021
Assets		
Cash and cash equivalents	\$ 112,431	\$ 118,624
Receivables (net of allowance for uncollectibles)		
Accounts	-	590
Total assets	\$ 112,431	\$ 119,214
Liabilities		
Other liabilities	\$ 2,000	\$ -
Total liabilities	2,000	-
Deferred inflows of resources	-	-
Fund balances		
Restricted	110,431	119,214
Total fund balances	110,431	119,214
Total liabilities, deferred inflows of resources and fund balances	\$ 112,431	\$ 119,214

City of Harlingen
State Forfeiture Fund
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2022	2021
Revenues		
Fines and forfeitures	\$ 3,165	\$ 16,455
Miscellaneous	-	200
Interest and investment income	769	28
Total revenues	3,934	16,683
Expenditures		
Current		
Public safety	31,495	33,030
Total expenditures	31,495	33,030
Excess (deficiency) of revenues over (under) expenditures	(27,561)	(16,347)
Other financing sources (uses)		
Transfers out	(2,144)	-
Sale of capital assets	20,922	-
Total other financing sources (uses)	18,778	-
Net change in fund balance	(8,783)	(16,347)
Fund balance, beginning of year	119,214	135,561
Fund balance, end of year	\$ 110,431	\$ 119,214

City of Harlingen, Texas
State Forfeiture
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended September 30, 2022

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Fines and forfeitures	\$ 125,000	\$ 196,836	\$ 3,165	\$ (193,671)
Interest and investment income	30	30	769	739
Total revenues	125,030	196,866	3,934	(192,932)
Expenditures				
Current				
Public safety	80,000	75,933	31,495	44,438
Capital outlay	20,000	24,067	-	24,067
Total expenditures	100,000	100,000	31,495	68,505
Excess (deficiency) of revenues over (under) expenditures	25,030	96,866	(27,561)	(124,427)
Other financing sources (uses)				
Transfers out	-	-	(2,144)	(2,144)
Sale of capital assets	-	20,922	20,922	-
Total other financing sources (uses)	-	20,922	18,778	(2,144)
Net change in fund balance	\$ 25,030	\$ 117,788	(8,783)	\$ (126,571)
Fund balances, beginning of year			<u>119,214</u>	
Fund balance, end of year			<u>\$ 110,431</u>	

**City of Harlingen
Other Grants Fund
Comparative Balance Sheet**

September 30,	2022	2021
Assets		
Cash and cash equivalents	\$ 14,433,364	\$ 5,728,630
Receivables (net of allowance for uncollectibles)		
Accounts	3,442,565	2,339,618
Total assets	\$ 17,875,929	\$ 8,068,248
Liabilities		
Accounts payable	\$ 2,615,201	\$ 481,391
Accrued expenditures	16,144	9,648
Unearned revenue	16,672,921	7,001,991
Total liabilities	19,304,266	7,493,030
Deferred inflows of resources		
Unavailable revenue - other	537,112	1,850,270
Total deferred inflows of resources	537,112	1,850,270
Fund balances		
Unassigned	(1,965,449)	(1,275,052)
Total fund balances	(1,965,449)	(1,275,052)
Total liabilities, deferred inflows of resources and fund balances	\$ 17,875,929	\$ 8,068,248

City of Harlingen
Other Grants Fund
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2022	2021
Revenues		
Intergovernmental	\$ 6,589,749	\$ 6,506,115
Contributions and donations	350,364	516,651
Interest and investment income	94,177	-
Total revenues	7,034,290	7,022,766
Expenditures		
Current		
General government	2,041,453	-
Public safety	1,437,518	863,913
Highways and streets	1,371,135	1,922
Health and welfare	549,243	3,229,816
Culture and recreation	177,045	116,216
Capital outlay	1,490,632	3,316,866
Debt service		
Interest and fiscal agent fees	240	-
Total expenditures	7,067,266	7,528,733
(Deficiency) of revenues (under) expenditures	(32,976)	(505,967)
Other financing sources (uses)		
Transfers in	63,644	961,549
Transfers out	(721,065)	(3,255,649)
Total other financing sources (uses)	(657,421)	(2,294,100)
Net change in fund balance	(690,397)	(2,800,067)
Fund balance, beginning of year	(1,275,052)	1,525,015
Fund balance, end of year	\$ (1,965,449)	\$ (1,275,052)

City of Harlingen
Air Service Development Program
Comparative Balance Sheet

September 30,	2022	2021
Assets		
Cash and cash equivalents	\$ -	\$ -
Total assets	\$ -	\$ -
Liabilities		
Due to other funds	\$ -	\$ -
Deferred inflows of resources	-	-
Fund balances		
Committed	-	-
Total liabilities, deferred inflows of resources and fund balances	\$ -	\$ -

City of Harlingen
Air Service Development Program
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2022	2021
Revenues		
Interest and investment income	\$ -	\$ 57
Total revenues	-	57
Expenditures		
Current		
Community and economic development	-	-
Other financing sources (uses)		
Transfers out	-	(523)
Total other financing sources (uses)	-	(523)
Net change in fund balance	-	(466)
Fund balance, beginning of year	-	466
Fund balance, end of year	\$ -	\$ -

City of Harlingen
Communication Center Fund
Comparative Balance Sheet

September 30,	2022	2021
Assets		
Cash and cash equivalents	\$ -	\$ -
Total assets	\$ -	\$ -
Liabilities	\$ -	\$ -
Deferred inflows of resources	-	-
Fund balances		
Unassigned	-	-
Total liabilities, deferred inflows of resources and fund balances	\$ -	\$ -

City of Harlingen
Communication Center Fund
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2022	2021
Revenues		
Interest and investment income	\$ -	\$ 2
Total revenues	-	2
Expenditures		
Current		
Public safety	-	-
Excess of revenues over expenditures	-	2
Other financing sources (uses)		
Transfers out	-	(2)
Total other financing sources (uses)	-	(2)
Net change in fund balance	-	-
Fund balance, beginning of year	-	-
Fund balance, end of year	\$ -	\$ -

City of Harlingen
Harlingen Convention Center
Comparative Balance Sheet

September 30,	2022	2021
Assets		
Cash and cash equivalents	\$ 323,025	\$ 320,855
Receivables (net of allowance for uncollectibles)		
Accounts	1,008,251	948,251
Total assets	\$ 1,331,276	\$ 1,269,106
Liabilities		
Accounts payable	\$ -	\$ -
Deferred inflows of resources		
Unavailable revenue - other	240,000	180,000
Fund balances		
Assigned	1,091,276	1,089,106
Total liabilities, deferred inflows of resources and fund balances	\$ 1,331,276	\$ 1,269,106

City of Harlingen
Harlingen Convention Center
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2022	2021
Revenues		
Interest and investment income	\$ 2,170	\$ 17
Expenditures	-	-
Excess of revenues over expenditures	2,170	17
Other financing sources (uses)		
Transfers in	-	586,019
Net change in fund balance	2,170	586,036
Fund balance, beginning of year	1,089,106	503,070
Fund balance, end of year	\$ 1,091,276	\$ 1,089,106

City of Harlingen, Texas
Harlingen Convention Center
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended September 30, 2022

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Interest and investment income	\$ -	\$ -	\$ 2,170	\$ 2,170
Total revenues	-	-	2,170	2,170
Net change in fund balance	\$ -	\$ -	2,170	\$ 2,170
Fund balances, beginning of year			<u>1,089,106</u>	
Fund balance, end of year			<u><u>\$ 1,091,276</u></u>	

City of Harlingen
Free Trade Bridge Fund
Comparative Balance Sheet

September 30,	2022	2021
Assets		
Cash and cash equivalents	\$ 406,686	\$ 295,953
Receivables (net of allowance for uncollectibles)		
Accounts	-	10,029
Total assets	\$ 406,686	\$ 305,982
Liabilities		
Accounts payable	\$ -	\$ -
Deferred inflows of resources	-	-
Fund balances		
Committed	406,686	305,982
Total liabilities, deferred inflows of resources and fund balances	\$ 406,686	\$ 305,982

City of Harlingen
Free Trade Bridge Fund
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2022	2021
Revenues		
Charges for services	\$ 147,437	\$ 151,497
Interest and investment income	2,528	252
Total revenues	149,965	151,749
Expenditures		
Current		
Highways and streets	49,261	55,164
Total expenditures	49,261	55,164
Excess of revenues over expenditures	100,704	96,585
Other financing sources (uses)		
Transfers in	-	152,864
Transfers out	-	(551,894)
Total other financing sources (uses)	-	(399,030)
Net change in fund balance	100,704	(302,445)
Fund balance, beginning of year	305,982	608,427
Fund balance, end of year	\$ 406,686	\$ 305,982

City of Harlingen, Texas
Free Trade Bridge
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended September 30, 2022

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Charges for services	\$ 282,000	\$ 200,000	\$ 147,437	\$ (52,563)
Interest and investment income	400	400	2,528	2,128
Total revenues	282,400	200,400	149,965	(50,435)
Expenditures				
Current				
Highways and streets	75,000	124,076	49,261	74,815
Total expenditures	75,000	124,076	49,261	74,815
Net change in fund balance	\$ 207,400	\$ 76,324	100,704	\$ 24,380
Fund balances, beginning of year			305,982	
Fund balance, end of year			\$ 406,686	

**City of Harlingen
Infrastructure Fund
Comparative Balance Sheet**

September 30,	2022	2021
Assets		
Cash and cash equivalents	\$ 3,911,773	\$ 2,482,366
Receivables (net of allowance for uncollectibles)		
Accounts	2,347	2,558
Due from component units	20,572	7,274
Total assets	\$ 3,934,692	\$ 2,492,198
Liabilities		
Accounts payable	\$ 3,654	\$ -
Deferred inflows of resources	-	-
Fund balances		
Committed	3,931,038	2,492,198
Total liabilities, deferred inflows of resources and fund balances	\$ 3,934,692	\$ 2,492,198

City of Harlingen
Infrastructure Fund
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2022	2021
Revenues		
Assessments	\$ 1,537,844	\$ 1,509,891
Interest and investment income	25,369	708
Total revenues	1,563,213	1,510,599
Expenditures		
Current		
Highways and streets	646,729	1,396,227
Excess (deficiency) of revenues over (under) expenditures	916,484	114,372
Other financing sources (uses)		
Transfers in	522,356	540,936
Net change in fund balance	1,438,840	655,308
Fund balance, beginning of year	2,492,198	1,836,890
Fund balance, end of year	\$ 3,931,038	\$ 2,492,198

City of Harlingen
Infrastructure Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended September 30, 2022

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Assessments	\$ 1,535,500	\$ 1,535,500	\$ 1,537,844	\$ 2,344
Interest and investment income	1,800	1,800	25,369	23,569
Total revenues	1,537,300	1,537,300	1,563,213	25,913
Expenditures				
Current				
Highways and streets	2,500,000	4,444,837	646,729	3,798,108
Total expenditures	2,500,000	4,444,837	646,729	3,798,108
Excess (deficiency) of revenues over (under) expenditures	(962,700)	(2,907,537)	916,484	3,824,021
Other financing sources (uses)				
Transfers in	522,356	522,356	522,356	-
Total other financing sources (uses)	522,356	522,356	522,356	-
Net change in fund balance	\$ (440,344)	\$ (2,385,181)	1,438,840	\$ 3,824,021
Fund balance, beginning of year			<u>2,492,198</u>	
Fund balance, end of year			<u>\$ 3,931,038</u>	

City of Harlingen
Lon C. Hill Library Fund
Comparative Balance Sheet

September 30,	2022	2021
Assets		
Cash and cash equivalents	\$ 88,605	\$ 125,508
Total assets	\$ 88,605	\$ 125,508
Liabilities		
Accounts payable	\$ 18,706	\$ -
Deferred inflows of resources	-	-
Fund balances		
Restricted	69,899	125,508
Total liabilities, deferred inflows of resources and fund balances	\$ 88,605	\$ 125,508

City of Harlingen
Lon C. Hill Library Fund
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2022	2021
Revenues		
Miscellaneous	\$ 19,001	\$ 26,773
Interest and investment income	711	23
Total revenues	19,712	26,796
Expenditures		
Current		
Culture and recreation	33,781	41,871
Capital outlay	41,540	19,298
Total expenditures	75,321	61,169
Net change in fund balance	(55,609)	(34,373)
Fund balance, beginning of year	125,508	159,881
Fund balance, end of year	\$ 69,899	\$ 125,508

City of Harlingen
Lon C. Hill Library Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended September 30, 2022

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Miscellaneous	\$ -	\$ 19,300	\$ 19,001	\$ (299)
Interest and investment income	-	-	711	711
Total revenues	-	19,300	19,712	412
Expenditures				
Current				
Culture and recreation	13,148	38,528	33,781	4,747
Capital outlay	3,778	42,000	41,540	460
Total expenditures	16,926	80,528	75,321	5,207
Net change in fund balance	\$ (16,926)	\$ (61,228)	(55,609)	\$ 5,619
Fund balance, beginning of year			<u>125,508</u>	
Fund balance, end of year			<u>\$ 69,899</u>	

City of Harlingen
Tax Increment Reinvestment Zone No. 1 Fund
Comparative Balance Sheet

September 30,	2022	2021
Assets		
Cash and cash equivalents	\$ 1,004,364	\$ 766,916
Receivables (net of allowance for uncollectibles)		
Accounts	125,000	68,000
Total assets	\$ 1,129,364	\$ 834,916
Liabilities	\$ -	\$ -
Deferred inflows of resources		
Unavailable revenue - other	125,000	68,000
Fund balances		
Restricted	1,004,364	766,916
Total liabilities, deferred inflows of resources and fund balances	\$ 1,129,364	\$ 834,916

City of Harlingen
Tax Increment Reinvestment Zone No. 1 Fund
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2022	2021
Revenues		
Intergovernmental	\$ 114,946	\$ 67,578
Interest and investment income	6,032	232
Total revenues	120,978	67,810
Expenditures		
Current		
Community and economic development	5,500	-
Total expenditures	5,500	-
Excess of revenues over expenditures	115,478	67,810
Other financing sources (uses)		
Transfers in	121,970	112,291
Total other financing sources (uses)	121,970	112,291
Net change in fund balance	237,448	180,101
Fund balance, beginning of year	766,916	586,815
Fund balance, end of year	\$ 1,004,364	\$ 766,916

City of Harlingen, Texas
Tax Increment Financing Reinvestment Zone 1
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended September 30, 2022

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Intergovernmental	\$ 57,704	\$ 57,704	\$ 114,946	\$ 57,242
Interest and investment income	600	600	6,032	5,432
Total revenues	58,304	58,304	120,978	62,674
Expenditures				
Current				
Community and economic development	-	-	5,500	(5,500)
Total expenditures	-	-	5,500	(5,500)
Excess (deficiency) of revenues over (under) expenditures	58,304	58,304	115,478	57,174
Other financing sources (uses)				
Transfers in	85,000	121,970	121,970	-
Total other financing sources (uses)	85,000	121,970	121,970	-
Net change in fund balance	\$ 143,304	\$ 180,274	237,448	\$ 57,174
Fund balances, beginning of year			<u>766,916</u>	
Fund balance, end of year			<u>\$ 1,004,364</u>	

City of Harlingen
Tax Increment Reinvestment Zone No. 2 Fund
Comparative Balance Sheet

September 30,	2022	2021
Assets		
Cash and cash equivalents	\$ 1,733,083	\$ 1,178,598
Receivables (net of allowance for uncollectibles)		
Accounts	250,000	162,000
Total assets	\$ 1,983,083	\$ 1,340,598
Liabilities	\$ -	\$ -
Deferred inflows of resources		
Unavailable revenue - other	250,000	162,000
Fund balances		
Restricted	1,733,083	1,178,598
Total liabilities, deferred inflows of resources and fund balances	\$ 1,983,083	\$ 1,340,598

City of Harlingen
Tax Increment Reinvestment Zone No. 2 Fund
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2022	2021
Revenues		
Intergovernmental	\$ 233,870	\$ 161,833
Interest and investment income	9,965	333
Total revenues	243,835	162,166
Expenditures		
Current		
Community and economic development	5,500	-
Total expenditures	5,500	-
Excess of revenues over expenditures	238,335	162,166
Other financing sources (uses)		
Transfers in	316,150	208,414
Total other financing sources (uses)	316,150	208,414
Net change in fund balance	554,485	370,580
Fund balance, beginning of year	1,178,598	808,018
Fund balance, end of year	\$ 1,733,083	\$ 1,178,598

City of Harlingen, Texas
Tax Increment Financing Reinvestment Zone 2
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended September 30, 2022

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Intergovernmental	\$ 143,592	\$ 143,592	\$ 233,870	\$ 90,278
Interest and investment income	600	600	9,965	9,365
Total revenues	144,192	144,192	243,835	99,643
Expenditures				
Current				
Community and economic development	-	-	5,500	(5,500)
Total expenditures	-	-	5,500	(5,500)
Excess (deficiency) of revenues over (under) expenditures	144,192	144,192	238,335	94,143
Other financing sources (uses)				
Transfers in	215,000	316,150	316,150	-
Total other financing sources (uses)	215,000	316,150	316,150	-
Net change in fund balance	\$ 359,192	\$ 460,342	554,485	\$ 94,143
Fund balances, beginning of year			<u>1,178,598</u>	
Fund balance, end of year			<u>\$ 1,733,083</u>	

City of Harlingen
Tax Increment Reinvestment Zone No. 3 Fund
Comparative Balance Sheet

September 30,	2022	2021
Assets		
Cash and cash equivalents	\$ 391,918	\$ 411,635
Receivables (net of allowance for uncollectibles)		
Accounts	370,000	364,000
Total assets	\$ 761,918	\$ 775,635
Liabilities	\$ -	\$ -
Deferred inflows of resources		
Unavailable revenue - other	370,000	364,000
Fund balances		
Restricted	391,918	411,635
Total liabilities, deferred inflows of resources and fund balances	\$ 761,918	\$ 775,635

City of Harlingen
Tax Increment Reinvestment Zone No. 3 Fund
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2022	2021
Revenues		
Intergovernmental	\$ 523,219	\$ 363,831
Interest and investment income	2,547	89
Total revenues	525,766	363,920
Expenditures		
Current		
Community and economic development	5,500	-
Debt service		
Principal retirement	70,000	70,000
Total expenditures	75,500	70,000
Excess of revenues over expenditures	450,266	293,920
Other financing sources (uses)		
Transfers in	530,017	383,764
Transfers out	(1,000,000)	(500,000)
Total other financing sources (uses)	(469,983)	(116,236)
Net change in fund balance	(19,717)	177,684
Fund balance, beginning of year	411,635	233,951
Fund balance, end of year	\$ 391,918	\$ 411,635

City of Harlingen, Texas
Tax Increment Financing Reinvestment Zone 3
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended September 30, 2022

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Intergovernmental	\$ 228,861	\$ 228,861	\$ 523,219	\$ 294,358
Interest and investment income	300	300	2,547	2,247
Total revenues	229,161	229,161	525,766	296,605
Expenditures				
Current				
Community and economic development	-	-	5,500	(5,500)
Debt service				
Principal	70,000	70,000	70,000	-
Total expenditures	70,000	70,000	75,500	(5,500)
Excess (deficiency) of revenues over (under) expenditures	159,161	159,161	450,266	291,105
Other financing sources (uses)				
Transfers in	460,000	530,017	530,017	-
Transfers out	(500,000)	(500,000)	(1,000,000)	(500,000)
Total other financing sources (uses)	(40,000)	30,017	(469,983)	(500,000)
Net change in fund balance	\$ 119,161	\$ 189,178	(19,717)	\$ (208,895)
Fund balances, beginning of year			<u>411,635</u>	
Fund balance, end of year			<u>\$ 391,918</u>	

**City of Harlingen
Debt Service Fund
Comparative Balance Sheet**

September 30,	2022	2021
Assets		
Cash and cash equivalents	\$ 627,587	\$ 424,009
Receivables (net of allowance for uncollectibles)		
Taxes	176,976	219,246
Accounts	2,617	2,593
Total assets	\$ 807,180	\$ 645,848
Liabilities	\$ -	\$ -
Deferred inflows of resources		
Unavailable revenue - property taxes	157,190	185,850
Fund balances		
Restricted	649,990	459,998
Total liabilities, deferred inflows of resources and fund balances	\$ 807,180	\$ 645,848

City of Harlingen
Debt Service Fund
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2022	2021
Revenues		
Property taxes - including penalty and interest	\$ 4,030,337	\$ 3,429,740
Intergovernmental	607,852	605,015
Interest and investment income	5,159	410
Total revenues	4,643,348	4,035,165
Expenditures		
Debt service		
Principal retirement	3,515,000	3,495,000
Interest and fiscal agent fees	1,170,372	1,272,357
Cost of refunded bonds	-	115,699
Total expenditures	4,685,372	4,883,056
Excess (deficiency) of revenues over (under) expenditures	(42,024)	(847,891)
Other financing sources (uses)		
Bond refunding issuance premium	-	456,765
Issuance of refunding bonds	-	4,500,000
Payment to refunded bond escrow agent	-	(4,839,727)
Transfers in	232,016	232,016
Total other financing sources (uses)	232,016	349,054
Net change in fund balance	189,992	(498,837)
Fund balance, beginning of year	459,998	958,835
Fund balance, end of year	\$ 649,990	\$ 459,998

City of Harlingen
Debt Service Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended September 30, 2022

	Budget		Actual Amount (GAAP BASIS)	Variance Positive (Negative)
	Original	Final		
Revenues				
Property taxes - including penalty and interest	\$ 3,975,324	\$ 3,993,324	\$ 4,030,337	\$ 37,013
Intergovernmental	607,852	607,852	607,852	-
Interest and investment income	655	2,655	5,159	2,504
Total revenues	4,583,831	4,603,831	4,643,348	39,517
Expenditures				
Debt service				
Principal retirement	3,515,000	3,515,000	3,515,000	-
Interest and fiscal agent fees	1,170,623	1,170,623	1,170,372	251
Total expenditures	4,685,623	4,685,623	4,685,372	251
Excess (deficiency) of revenues over (under) expenditures	(101,792)	(81,792)	(42,024)	39,768
Other financing sources (uses)				
Transfers in	232,016	232,016	232,016	-
Total other financing sources (uses)	232,016	232,016	232,016	-
Net change in fund balance	\$ 130,224	\$ 150,224	189,992	\$ 39,768
Fund balance, beginning of year			459,998	
Fund balance, end of year			<u>\$ 649,990</u>	

City of Harlingen
Capital Improvement Fund
Comparative Balance Sheet

September 30,	2022	2021
Assets		
Cash and cash equivalents	\$ 448	\$ 441
Total assets	\$ 448	\$ 441
Liabilities		
Accounts payable	\$ -	\$ -
Deferred inflows of resources	-	-
Fund balances		
Restricted	448	441
Total liabilities, deferred inflows of resources and fund balances	\$ 448	\$ 441

City of Harlingen
Capital Improvement Fund
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2022	2021
Revenues		
Interest and investment income	\$ 7	\$ -
Expenditures		
Current		
Culture and recreation	-	2,442
Net change in fund balance	7	(2,442)
Fund balance, beginning of year	441	2,883
Fund balance, end of year	\$ 448	\$ 441

City of Harlingen
Street Improvement Fund
Comparative Balance Sheet

September 30,	2022	2021
Assets		
Cash and cash equivalents	\$ 545	\$ 541
Total assets	\$ 545	\$ 541
Liabilities		
Accounts payable	\$ -	\$ -
Deferred inflows of resources		
Unavailable revenue - other	-	-
Fund balances		
Committed	545	541
Total liabilities, deferred inflows of resources and fund balances	\$ 545	\$ 541

City of Harlingen
Street Improvement Fund
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2022	2021
Revenues		
Interest and investment income	\$ 4	\$ -
Expenditures		
Current		
Highways and streets	-	-
Net change in fund balance	4	-
Fund balance, beginning of year	541	541
Fund balance, end of year	\$ 545	\$ 541

City of Harlingen
Petition Paving Fund
Comparative Balance Sheet

September 30,	2022	2021
Assets		
Cash and cash equivalents	\$ 357,321	\$ 156,885
Receivables (net of allowance for uncollectibles)		
Assessments	125,971	143,013
Total assets	\$ 483,292	\$ 299,898
Liabilities		
Escrow liabilities	\$ 315,593	\$ 171,802
Other liabilities	935	937
Total liabilities	316,528	172,739
Deferred inflows of resources		
Unavailable revenue - other	143,012	143,012
Fund balances		
Unassigned	23,752	(15,853)
Total liabilities, deferred inflows of resources and fund balances	\$ 483,292	\$ 299,898

City of Harlingen
Petition Paving Fund
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2022	2021
Revenues		
Miscellaneous	\$ 55	\$ 10
Interest and investment income	39,550	22
Total revenues	39,605	32
Expenditures		
Current		
Highways and streets	-	8,327
Net change in fund balance	39,605	(8,295)
Fund balance, beginning of year	(15,853)	(7,558)
Fund balance, end of year	\$ 23,752	\$ (15,853)

City of Harlingen
Certificates of Obligation Projects, Series 2001 Fund
Comparative Balance Sheet

September 30,	2022	2021
Assets		
Restricted assets:		
Cash and cash equivalents	\$ 33,302	\$ 142,354
Total assets	\$ 33,302	\$ 142,354
Liabilities		
Accounts payable	\$ 6,300	\$ 61,380
Deferred inflows of resources	-	-
Fund balances		
Restricted	27,002	80,974
Total liabilities, deferred inflows of resources and fund balances	\$ 33,302	\$ 142,354

City of Harlingen
Certificates of Obligation Projects, Series 2001 Fund
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2022	2021
Revenues		
Interest and investment income	\$ 1,450	\$ 241
Expenditures		
Current		
Culture and recreation	-	8,770
Capital outlay	55,422	613,802
Total expenditures	55,422	622,572
Net change in fund balance	(53,972)	(622,331)
Fund balance, beginning of year	80,974	703,305
Fund balance, end of year	\$ 27,002	\$ 80,974

City of Harlingen
General Obligation Bonds, Series 2006 Fund
Comparative Balance Sheet

September 30,	2022	2021
Assets		
Restricted assets:		
Cash and cash equivalents	\$ 66,347	\$ 65,902
Total assets	\$ 66,347	\$ 65,902
Liabilities		
Due to other funds	\$ -	\$ -
Deferred inflows of resources	-	-
Fund balances		
Restricted	66,347	65,902
Total liabilities, deferred inflows of resources and fund balances	\$ 66,347	\$ 65,902

City of Harlingen
General Obligation Bonds, Series 2006 Fund
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2022	2021
Revenues		
Interest and investment income	\$ 445	\$ 10
Expenditures		
Capital outlay	-	-
Net change in fund balance	445	10
Fund balance, beginning of year	65,902	65,892
Fund balance, end of year	\$ 66,347	\$ 65,902

City of Harlingen
Certificates of Obligation Projects, Series 2016 Fund
Comparative Balance Sheet

September 30,	2022	2021
Assets		
Restricted assets:		
Cash and cash equivalents	\$ 1,555,625	\$ 1,545,209
Total assets	\$ 1,555,625	\$ 1,545,209
Liabilities		
Accounts payable	\$ 1,213,247	\$ 1,213,250
Deferred inflows of resources	-	-
Fund balances		
Restricted	342,378	331,959
Total liabilities, deferred inflows of resources and fund balances	\$ 1,555,625	\$ 1,545,209

City of Harlingen
Certificates of Obligation Projects, Series 2016 Fund
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2022	2021
Revenues		
Interest and investment income	\$ 10,419	\$ 599
Expenditures		
Current		
Culture and recreation	-	-
Net change in fund balance	10,419	599
Fund balance, beginning of year	331,959	331,360
Fund balance, end of year	\$ 342,378	\$ 331,959

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**SUPPLEMENTARY INDIVIDUAL ENTERPRISE
FUNDS FINANCIAL STATEMENTS AND SCHEDULE**

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City of Harlingen, Texas

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes. The City has the following enterprise funds:

The ***Sanitation Fund*** is used to account for the operations of the City's solid waste collections and public landfill operations within the City limits.

The ***Municipal Golf Course Fund*** is used to account for the operation of the City's Municipal Golf Course.

The ***Municipal Auditorium Fund*** is set up to account for the utilization of the City's auditorium and the Casa de Amistad facility for economic gain as well as the encouragement of the arts.

The ***Harlingen Arts and Heritage Museum Fund*** is used to account for the operation of the City's museum.

City of Harlingen
Sanitation Fund
Enterprise Fund
Comparative Statement of Net Position

September 30,	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 7,868,868	\$ 8,438,015
Accounts receivables (net of allowances for uncollectibles)	202,826	146,408
Prepayments	4,548	22,072
Due from component units	144,196	109,928
Total current assets	8,220,438	8,716,423
Non-current assets		
Net pension asset	58,495	15,932
Capital assets		
Land	417,587	417,587
Construction in progress	-	46,895
Plant and equipment	11,019,234	10,040,146
Accumulated depreciation	(4,544,155)	(3,703,456)
Total capital assets (net of accumulated depreciation)	6,892,666	6,801,172
Total non-current assets	6,951,161	6,817,104
Total assets	15,171,599	15,533,527
Deferred outflows of resources		
OPEB - retiree healthcare	6,467	6,842
OPEB - supplemental death benefits	2,051	3,208
Retirement pensions	18,348	9,591
Total deferred outflows of resources	26,866	19,641
Total assets and deferred outflows of resources	\$ 15,198,465	\$ 15,553,168

City of Harlingen
Sanitation Fund
Enterprise Fund
Comparative Statement of Net Position - Continued

September 30,	2022	2021
Liabilities		
Current liabilities		
Accounts payable	\$ 270,777	\$ 250,039
Compensated absences	83,941	58,993
Accrued expenses	30,196	66,810
Estimated liability for landfill postclosure costs	14,995	14,995
Total current liabilities	399,909	390,837
Non-current liabilities		
Compensated absences	125,911	125,897
OPEB liability - retiree healthcare	57,434	54,962
OPEB liability - supplemental death benefits	21,981	21,051
Estimated liability for landfill postclosure costs	110,010	120,010
Total non-current liabilities	315,336	321,920
Total liabilities	715,245	712,757
Deferred inflows of resources		
OPEB - retiree healthcare	7,423	8,280
Supplemental death benefits	237	1,030
Retirement pensions	73,899	35,456
Total deferred inflows of resources	81,559	44,766
Net position		
Net investment in capital assets	6,892,666	6,801,172
Unrestricted	7,508,995	7,994,473
Total net position	14,401,661	14,795,645
Total liabilities, deferred inflows of resources and net position	\$ 15,198,465	\$ 15,553,168

City of Harlingen
Sanitation Fund
Enterprise Fund
Comparative Statement of Revenues,
Expenditures and Change in Net Position

Year ended September 30,	2022	2021
Operating revenues		
Current use charges	\$ 10,414,404	\$ 10,255,539
Operating expenses		
Personnel services	2,580,009	2,641,892
Contracted services	3,495,952	3,402,818
Materials and supplies	203,283	239,199
Other expenses	2,623,593	2,492,710
Depreciation and amortization	1,068,158	832,749
Total operating expenses	9,970,995	9,609,368
Operating income	443,409	646,171
Nonoperating revenues		
Interest revenue	53,566	3,347
Gain (loss) on sale/disposal of capital assets	(49,477)	8,190
Miscellaneous revenue	13,707	107,133
Total nonoperating revenues	17,796	118,670
Income (loss) before operating transfers	461,205	764,841
Transfers		
Transfers in	159,811	979,806
Transfers out	(1,015,000)	(1,000,000)
Total transfers	(855,189)	(20,194)
Increase (decrease) in net position	(393,984)	744,647
Net position, beginning of year	14,795,645	14,050,998
Net position, end of year	\$ 14,401,661	\$ 14,795,645

City of Harlingen
Sanitation Fund
Enterprise Fund
Comparative Statement of Cash Flows

Year ended September 30,	2022	2021
Cash flows from operating activities		
Receipts from customers	\$ 10,337,425	\$ 10,371,525
Payment to suppliers	(6,331,180)	(6,454,040)
Payments to employees	(2,564,640)	(2,682,813)
Net cash provided by (used in) operations	1,441,605	1,234,672
Cash flows from (to) noncapital financing activities		
Transfers to other funds	(1,015,000)	(1,000,000)
Transfers from other funds	159,811	979,806
Net cash provided by (used in) noncapital financing activities	(855,189)	(20,194)
Cash flows from capital and related financing activities		
Proceeds from sale of capital assets	21,000	8,190
Purchase of capital assets	(1,230,129)	(1,398,149)
Net cash provided by (used in) capital and related financing activities	(1,209,129)	(1,389,959)
Cash flows from investing activities		
Interest received	53,566	3,347
Net cash provided by (used in) investing activities	53,566	3,347
Net increase (decrease) in cash and cash equivalents	(569,147)	(172,134)
Cash and cash equivalents, beginning of year	8,438,015	8,610,149
Cash and cash equivalents, end of year	\$ 7,868,868	\$ 8,438,015

City of Harlingen
Sanitation Fund
Enterprise Fund
Comparative Statement of Cash Flows - Continued

Year ended September 30,	2022	2021
Reconciliation of operating income to net cash provided		
by (used in) operating activities:		
Operating income (loss)	\$ 443,409	\$ 646,171
Adjustments to reconcile net income from operations		
to net cash from operating activities		
Depreciation	1,068,158	750,197
Other revenue received	13,707	107,133
(Increase) decrease in receivables	(56,418)	(24,865)
(Increase) decrease in prepaid items	17,524	(18,327)
(Increase) decrease in due from component units	(34,268)	33,718
(Increase) decrease in deferred outflows of resources	(8,757)	(875)
Increase (decrease) in accounts payable	20,738	(220,657)
Increase (decrease) in accrued expenses	(36,614)	17,218
Increase (decrease) in net pension asset/liability	(42,563)	(23,390)
Increase (decrease) in net other post employment benefit obligations	4,934	3,454
Increase (decrease) in compensated absences	24,962	(16,174)
Increase (decrease) in deferred inflows of resources	36,793	(3,936)
Increase (decrease) in estimated liability for landfill closure		
and post closure costs	(10,000)	(14,995)
Total adjustments	998,196	588,501
Net cash provided by (used in) operations	\$ 1,441,605	\$ 1,234,672

City of Harlingen
Municipal Golf Course Fund
Enterprise Fund
Comparative Statement of Net Position

September 30,	2022	2021
Assets		
Current assets		
Accounts receivables (net of allowances for uncollectibles)	\$ 3,429	\$ 1,768
Inventories	13,940	7,569
Prepayments	-	2,786
Total current assets	17,369	12,123
Non-current assets		
Net pension asset	30,962	8,433
Capital assets		
Land	49,496	49,496
Plant and equipment	4,299,389	4,220,479
Accumulated depreciation	(3,551,506)	(3,436,447)
Total capital assets (net of accumulated depreciation)	797,379	833,528
Total non-current assets	828,341	841,961
Total assets	845,710	854,084
Deferred outflows of resources		
OPEB - retiree healthcare	3,423	3,621
OPEB - supplemental death benefits	1,085	1,698
Retirement pensions	9,711	5,078
Total deferred outflows of resources	14,219	10,397
Total assets and deferred outflows of resources	\$ 859,929	\$ 864,481

City of Harlingen
Municipal Golf Course Fund
Enterprise Fund
Comparative Statement of Net Position - Continued

September 30,	2022	2021
Liabilities		
Current liabilities		
Accounts payable	\$ 77,589	\$ 18,294
Customer deposits	275	575
Due to other funds	987,823	1,155,819
Compensated absences	26,171	19,548
Accrued expenses	7,392	5,395
Unearned revenues	-	200
Financed purchases - current	52,293	50,849
Total current liabilities	1,151,543	1,250,680
Non-current liabilities		
Compensated absences	39,256	41,716
Financed purchases - non-current	99,759	152,052
OPEB liability - retiree healthcare	30,400	29,092
OPEB liability - supplemental death benefits	11,634	11,142
Total non-current liabilities	181,049	234,002
Total liabilities	1,332,592	1,484,682
Deferred inflows of resources		
OPEB - retiree healthcare	3,929	4,383
Supplemental death benefits	126	545
Retirement pensions	39,115	18,768
Total deferred inflows of resources	43,170	23,696
Net position		
Net investment in capital assets	645,327	630,627
Unrestricted	(1,161,160)	(1,274,524)
Total net position	(515,833)	(643,897)
Total liabilities, deferred inflows of resources and net position	\$ 859,929	\$ 864,481

City of Harlingen
Municipal Golf Course Fund
Enterprise Fund
Comparative Statement of Revenues,
Expenditures and Change in Net Position

Year ended September 30,	2022	2021
Operating revenues		
Golf course fees and charges	\$ 854,186	\$ 845,185
Operating expenses		
Personnel services	675,315	618,444
Contracted services	82,784	83,454
Materials and supplies	222,409	131,673
Other expenses	79,259	62,320
Depreciation and amortization	115,059	107,376
Total operating expenses	1,174,826	1,003,267
Operating loss	(320,640)	(158,082)
Nonoperating revenues (expenses)		
Interest expense	(11,393)	(6,443)
Miscellaneous revenue	16,692	15,731
Total nonoperating revenues (expenses)	5,299	9,288
Income (loss) before operating transfers	(315,341)	(148,794)
Transfers		
Transfers in	443,405	142,094
Total transfers	443,405	142,094
Increase (decrease) in net position	128,064	(6,700)
Net position, beginning of year	(643,897)	(637,197)
Net position, end of year	\$ (515,833)	\$ (643,897)

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City of Harlingen
Municipal Golf Course Fund
Enterprise Fund
Comparative Statement of Cash Flows

Year ended September 30,	2022	2021
Cash flows from operating activities		
Receipts from customers	\$ 869,017	\$ 863,482
Payment to suppliers	(495,041)	(290,958)
Payments to employees	(676,229)	(631,808)
Net cash provided by (used in) operations	(302,253)	(59,284)
Cash flows from (to) noncapital financing activities		
Transfers from other funds	443,405	142,094
Net cash provided by (used in) noncapital financing activities	443,405	142,094
Cash flows from capital and related financing activities		
Purchase of capital assets	(78,910)	(26,922)
Principal paid on capital leases	(50,849)	(49,445)
Interest paid	(11,393)	(6,443)
Net cash provided by (used in) capital and related financing activities	(141,152)	(82,810)
Cash flows from investing activities	-	-
Net increase (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	\$ -	\$ -

City of Harlingen
Municipal Golf Course Fund
Enterprise Fund
Comparative Statement of Cash Flows - Continued

Year ended September 30,	2022	2021
Reconciliation of operating income to net cash provided		
by (used in) operating activities:		
Operating income (loss)	\$ (320,640)	\$ (158,082)
Adjustments to reconcile net income from operations		
to net cash from operating activities		
Depreciation	115,059	94,677
Other revenue received	16,692	15,731
(Increase) decrease in receivables	(1,661)	2,366
(Increase) decrease in prepaid items	2,786	(2,786)
(Increase) decrease in inventories	(6,371)	6,024
(Increase) decrease in deferred outflows of resources	(4,633)	(465)
Increase (decrease) in accounts payable	58,995	(4,368)
Increase (decrease) in due to other funds	(167,996)	(1,557)
Increase (decrease) in accrued expenses	1,997	1,875
Increase (decrease) in net pension asset/liability	(22,529)	(12,381)
Increase (decrease) in net other post employment benefit obligations	2,611	1,828
Increase (decrease) in compensated absences	4,163	(264)
Increase (decrease) in unearned revenues	(200)	200
Increase (decrease) in deferred inflows of resources	19,474	(2,082)
Total adjustments	18,387	98,798
Net cash provided by (used in) operations	\$ (302,253)	\$ (59,284)

City of Harlingen
Municipal Auditorium Fund
Enterprise Fund
Comparative Statement of Net Position

September 30,	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 167,560	\$ 119,054
Accounts receivables (net of allowances for uncollectibles)	327	327
Prepayments	-	17,408
Restricted assets:		
Cash and cash equivalents	23,798	20,400
Total current assets	191,685	157,189
Non-current assets		
Net pension asset	8,497	2,315
Capital assets		
Plant and equipment	4,800,679	4,800,679
Accumulated depreciation	(4,029,959)	(3,964,085)
Total capital assets (net of accumulated depreciation)	770,720	836,594
Total non-current assets	779,217	838,909
Total assets	970,902	996,098
Deferred outflows of resources		
OPEB - retiree healthcare	939	994
OPEB - supplemental death benefits	298	466
Retirement pensions	2,666	1,393
Total deferred outflows of resources	3,903	2,853
Total assets and deferred outflows of resources	\$ 974,805	\$ 998,951

City of Harlingen
Municipal Auditorium Fund
Enterprise Fund
Comparative Statement of Net Position - Continued

September 30,	2022	2021
Liabilities		
Current liabilities		
Accounts payable	\$ 17,464	\$ 9,475
Customer deposits	23,798	20,400
Compensated absences	-	4,896
Accrued expenses	-	851
Unearned revenue	71,099	16,399
Total current liabilities	112,361	52,021
Non-current liabilities		
Compensated absences	-	10,448
OPEB liability - retiree healthcare	8,343	7,984
OPEB liability - supplemental death benefits	3,193	3,058
Total non-current liabilities	11,536	21,490
Total liabilities	123,897	73,511
Deferred inflows of resources		
OPEB - retiree healthcare	1,078	1,203
Supplemental death benefits	35	149
Retirement pensions	10,735	5,151
Total deferred inflows of resources	11,848	6,503
Net position		
Net investment in capital assets	770,720	836,594
Unrestricted	68,340	82,343
Total net position	839,060	918,937
Total liabilities, deferred inflows of resources and net position	\$ 974,805	\$ 998,951

City of Harlingen
Municipal Auditorium Fund
Enterprise Fund
Comparative Statement of Revenues,
Expenditures and Change in Net Position

Year ended September 30,	2022	2021
Operating revenues		
Rental income	\$ 104,467	\$ 2,633
Operating expenses		
Personnel services	80,147	100,222
Contracted services	144,574	132,591
Materials and supplies	6,301	2,186
Other expenses	20,910	10,981
Depreciation and amortization	65,874	68,810
Total operating expenses	317,806	314,790
Operating income (loss)	(213,339)	(312,157)
Nonoperating revenues		
Interest revenue	1,364	3
Miscellaneous revenue	-	2,306
Total nonoperating revenues	1,364	2,309
Income (loss) before operating transfers	(211,975)	(309,848)
Transfers		
Transfers in	132,098	414,385
Total transfers	132,098	414,385
Increase (decrease) in net position	(79,877)	104,537
Net position, beginning of year	918,937	814,400
Net position, end of year	\$ 839,060	\$ 918,937

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City of Harlingen
Municipal Auditorium Fund
Enterprise Fund
Comparative Statement of Cash Flows

Year ended September 30,	2022	2021
Cash flows from operating activities		
Receipts from customers	\$ 159,167	\$ 20,301
Payment to suppliers	(143,841)	(177,954)
Payments to employees	(96,884)	(106,671)
Net cash provided by (used in) operations	(81,558)	(264,324)
Cash flows from (to) noncapital financing activities		
Transfers from other funds	132,098	414,385
Net cash provided by (used in) noncapital financing activities	132,098	414,385
Cash flows from capital and related financing activities		
Purchase of capital assets	-	(10,610)
Net cash provided by (used in) capital and related financing activities	-	(10,610)
Cash flows from investing activities		
Interest received	1,364	3
Net cash provided by (used in) investing activities	1,364	3
Net increase (decrease) in cash and cash equivalents	51,904	139,454
Cash and cash equivalents, beginning of year	139,454	-
Cash and cash equivalents, end of year	\$ 191,358	\$ 139,454

City of Harlingen
Municipal Auditorium Fund
Enterprise Fund
Comparative Statement of Cash Flows - Continued

Year ended September 30,	2022	2021
Reconciliation of operating income to net cash provided		
by (used in) operating activities:		
Operating income (loss)	\$ (213,339)	\$ (312,157)
Adjustments to reconcile net income from operations		
to net cash from operating activities		
Depreciation	65,874	74,113
Other revenue received	-	2,306
(Increase) decrease in receivables	-	4,062
(Increase) decrease in prepaid items	17,408	(17,408)
(Increase) decrease in deferred outflows of resources	(1,273)	(126)
Increase (decrease) in accounts payable	11,387	(13,580)
Increase (decrease) in due to other funds	-	(6,921)
Increase (decrease) in accrued expenses	(851)	409
Increase (decrease) in net pension asset/liability	(6,182)	(3,398)
Increase (decrease) in net other post employment benefit obligations	717	501
Increase (decrease) in compensated absences	(15,344)	(2,853)
Increase (decrease) in unearned revenues	54,700	11,300
Increase (decrease) in deferred inflows of resources	5,345	(572)
Total adjustments	131,781	47,833
Net cash provided by (used in) operations	\$ (81,558)	\$ (264,324)

City of Harlingen
Harlingen Arts and Heritage Museum Fund
Enterprise Fund
Comparative Statement of Net Position

September 30,	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 51,667	\$ 38,062
Accounts receivables (net of allowances for uncollectibles)	32	32
Prepayments	-	4,746
Restricted assets:		
Cash and cash equivalents	1,200	1,200
Total current assets	52,899	44,040
Non-current assets		
Capital assets		
Plant and equipment	244,776	244,776
Accumulated depreciation	(202,525)	(190,254)
Total capital assets (net of accumulated depreciation)	42,251	54,522
Total non-current assets	42,251	54,522
Total assets	95,150	98,562
Deferred outflows of resources	-	-
Total assets and deferred outflows of resources	\$ 95,150	\$ 98,562

City of Harlingen
Harlingen Arts and Heritage Museum Fund
Enterprise Fund
Comparative Statement of Net Position - Continued

September 30,	2022	2021
Liabilities		
Current liabilities		
Accounts payable	\$ 21,636	\$ 19,552
Customer deposits	1,200	1,200
compensated absences	3,700	2,967
Accrued expenses	729	446
Unearned revenue	60	-
Total current liabilities	27,325	24,165
Non-current liabilities		
Compensated absences	5,549	6,331
Total non-current liabilities	5,549	6,331
Total liabilities	32,874	30,496
Deferred inflows of resources	-	-
Net position		
Net investment in capital assets	42,251	54,522
Unrestricted	20,025	13,544
Total net position	62,276	68,066
Total liabilities, deferred inflows of resources and net position	\$ 95,150	\$ 98,562

City of Harlingen
Harlingen Arts and Heritage Museum Fund
Enterprise Fund
Comparative Statement of Revenues,
Expenditures and Change in Net Position

Year ended September 30,	2022	2021
Operating revenues		
Admissions	\$ 621	\$ 213
Operating expenses		
Personnel services	60,834	58,262
Contracted services	26,514	25,543
Materials and supplies	3,511	3,083
Other expenses	12,315	12,028
Depreciation and amortization	12,271	11,248
Total operating expenses	115,445	110,164
Operating income (loss)	(114,824)	(109,951)
Nonoperating revenues		
Interest revenue	357	6
Income (loss) before operating transfers	(114,467)	(109,945)
Transfers		
Transfers in	108,677	91,730
Increase (decrease) in net position	(5,790)	(18,215)
Net position, beginning of year	68,066	86,281
Net position, end of year	\$ 62,276	\$ 68,066

City of Harlingen
Harlingen Arts and Heritage Museum Fund
Enterprise Fund
Comparative Statement of Cash Flows

Year ended September 30,	2022	2021
Cash flows from operating activities		
Receipts from customers	\$ 621	\$ 309
Payment to suppliers	(35,167)	(34,231)
Payments to employees	(60,883)	(56,183)
Net cash provided by (used in) operations	(95,429)	(90,105)
Cash flows from (to) noncapital financing activities		
Transfers from other funds	108,677	91,730
Net cash provided by (used in) noncapital financing activities	108,677	91,730
Cash flows from capital and related financing activities		
Purchase of capital assets	-	-
Net cash provided by (used in) capital and related financing activities	-	-
Cash flows from investing activities		
Interest received	357	6
Net cash provided by (used in) investing activities	357	6
Net increase (decrease) in cash and cash equivalents	13,605	1,631
Cash and cash equivalents, beginning of year	39,262	37,631
Cash and cash equivalents, end of year	\$ 52,867	\$ 39,262
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (114,824)	\$ (109,951)
Adjustments to reconcile net income from operations to net cash from operating activities		
Depreciation	12,271	11,248
(Increase) decrease in receivables	-	96
(Increase) decrease in prepaid items	4,746	(4,746)
Increase (decrease) in accounts payable	2,084	10,955
Increase (decrease) in accrued expenses	283	214
Increase (decrease) in compensated absences	(49)	2,079
Increase (decrease) in unearned revenues	60	-
Total adjustments	19,395	19,846
Net cash provided by (used in) operations	\$ (95,429)	\$ (90,105)

**SUPPLEMENTARY INDIVIDUAL INTERNAL
SERVICE FUNDS FINANCIAL STATEMENTS AND SCHEDULES**

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City of Harlingen, Texas

Internal Service Funds

The internal service funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis. The City has the following internal service funds:

The **Motor Vehicle/Warehouse Fund** is used to account for the monies received in servicing motorized vehicles and other equipment required for various departments of the City together with those related costs associated with the maintenance and repair of such vehicles and equipment.

The **Health Insurance Fund** is used to account for the monies received in providing medical insurance to the City's employees and families through a medical benefit program of a commercial carrier.

City of Harlingen
Motor Vehicle and Warehouse Fund
Internal Service Fund
Comparative Statement of Net Position

September 30,	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 5,247,699	\$ 3,989,515
Accounts receivables (net of allowances for uncollectibles)	40,815	16,801
Inventories	227,287	217,486
Prepayments	-	6,473
Due from component units	2,139	803
Total current assets	5,517,940	4,231,078
Non-current assets		
Net pension asset	49,501	13,483
Capital assets		
Plant and equipment	18,324,981	20,239,890
Accumulated depreciation	(15,792,155)	(16,720,403)
Total capital assets (net of accumulated depreciation)	2,532,826	3,519,487
Total non-current assets	2,582,327	3,532,970
Total assets	8,100,267	7,764,048
Deferred outflows of resources		
OPEB - retiree healthcare	5,473	5,790
OPEB - supplemental death benefits	1,735	2,715
Retirement pensions	15,526	8,117
Total deferred outflows of resources	22,734	16,622
Total assets and deferred outflows of resources	\$ 8,123,001	\$ 7,780,670

City of Harlingen
Motor Vehicle and Warehouse Fund
Internal Service Fund
Comparative Statement of Net Position - Continued

September 30,	2022	2021
Liabilities		
Current liabilities		
Accounts payable	\$ 3,254	\$ 1,543
Compensated absences	22,364	12,247
Accrued expenses	4,871	2,821
Total current liabilities	30,489	16,611
Non-current liabilities		
Compensated absences	33,547	34,609
OPEB liability - retiree healthcare	48,602	46,511
OPEB liability - supplemental death benefits	18,601	17,814
Total non-current liabilities	100,750	98,934
Total liabilities	131,239	115,545
Deferred inflows of resources		
OPEB - retiree healthcare	6,281	7,007
Supplemental death benefits	201	871
Retirement pensions	62,536	30,005
Total deferred inflows of resources	69,018	37,883
Net position		
Net investment in capital assets	2,532,826	3,519,487
Unrestricted	5,389,918	4,107,755
Total net position	7,922,744	7,627,242
Total liabilities, deferred inflows of resources and net position	\$ 8,123,001	\$ 7,780,670

City of Harlingen
Motor Vehicle and Warehouse Fund
Internal Service Fund
Comparative Statement of Revenues,
Expenditures and Change in Net Position

Year ended September 30,	2022	2021
Operating revenues		
Current use charges	\$ 4,402,871	\$ 3,470,309
Operating expenses		
Personnel services	397,780	376,427
Contracted services	104,706	46,854
Materials and supplies	2,439,043	1,676,088
Other expenses	48,123	31,414
Depreciation and amortization	992,892	998,991
Total operating expenses	3,982,544	3,129,774
Operating income	420,327	340,535
Nonoperating revenues (expenses)		
Interest revenue	34,260	1,397
Miscellaneous revenue	726	-
Total nonoperating revenues (expenses)	34,986	1,397
Income (loss) before operating transfers	455,313	341,932
Transfers		
Transfers out	(159,811)	(970,898)
Total transfers	(159,811)	(970,898)
Increase (decrease) in net position	295,502	(628,966)
Net position, beginning of year	7,627,242	8,256,208
Net position, end of year	\$ 7,922,744	\$ 7,627,242

City of Harlingen
Motor Vehicle and Warehouse Fund
Enterprise Fund
Comparative Statement of Cash Flows

Year ended September 30,	2022	2021
Cash flows from operating activities		
Receipts from customers	\$ 4,380,386	\$ 3,464,946
Payment to suppliers	(2,595,628)	(1,798,924)
Payments to employees	(394,792)	(394,655)
Net cash provided by (used in) operations	1,389,966	1,271,367
Cash flows from (to) noncapital financing activities		
Transfers from other funds	-	-
Transfers to other funds	(159,811)	(970,898)
Net cash provided by (used in) noncapital financing activities	(159,811)	(970,898)
Cash flows from capital and related financing activities		
Purchase of capital assets	(6,233)	-
Net cash provided by (used in) capital and related financing activities	(6,233)	-
Cash flows from investing activities		
Interest received	34,262	1,399
Net cash provided by (used in) investing activities	34,262	1,399
Net increase (decrease) in cash and cash equivalents	1,258,184	301,868
Cash and cash equivalents, beginning of year	3,989,515	3,687,647
Cash and cash equivalents, end of year	\$ 5,247,699	\$ 3,989,515

City of Harlingen
Motor Vehicle and Warehouse Fund
Enterprise Fund
Comparative Statement of Cash Flows - Continued

Year ended September 30,	2022	2021
Reconciliation of operating income to net cash provided		
by (used in) operating activities:		
Operating income (loss)	\$ 420,327	\$ 340,535
Adjustments to reconcile net income from operations		
to net cash from operating activities		
Depreciation	992,892	998,991
Other revenue received	726	-
(Increase) decrease in receivables	(24,014)	(5,978)
(Increase) decrease in due from other funds	(2,139)	(803)
(Increase) decrease in due from component units	803	615
(Increase) decrease in prepaid items	5,473	(6,473)
(Increase) decrease in inventories	(9,801)	(25,813)
(Increase) decrease in deferred outflows of resources	(7,409)	(741)
Increase (decrease) in deferred inflows of resources	31,135	(3,331)
Increase (decrease) in accounts payable	1,711	(11,479)
Increase (decrease) in net pension asset/liability	(36,018)	(19,794)
Increase (decrease) in net other post employment benefit obligations	13,230	4,018
Increase (decrease) in accrued expenses	2,050	1,620
Total adjustments	968,639	930,832
Net cash provided by (used in) operations	\$ 1,388,966	\$ 1,271,367

City of Harlingen
Health Insurance Fund
Internal Service Fund
Comparative Statement of Net Position

September 30,	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 564,446	\$ 80,621
Accounts receivables (net of allowances for uncollectibles)	13,958	6,611
Prepayments	-	470,494
Total current assets	578,404	557,726
Total assets	\$ 578,404	\$ 557,726
Liabilities		
Current liabilities		
Accounts payable	\$ 17,234	\$ 14,248
Net position		
Unrestricted	561,170	543,478
Total liabilities and net position	\$ 578,404	\$ 557,726

City of Harlingen
Health Insurance Fund
Internal Service Fund
Comparative Statement of Revenues,
Expenditures and Change in Net Position

Year ended September 30,	2022	2021
Operating revenues		
Current use charges	\$ 5,406,082	\$ 4,614,245
Operating expenses		
Contracted services	5,393,686	4,736,691
Operating income (loss)	12,396	(122,446)
Nonoperating revenues		
Interest revenue	42	65
Miscellaneous revenue	5,254	-
Total nonoperating revenues	5,296	65
Income (loss) before operating transfers	17,692	(122,381)
Transfers		
Transfers in	-	65,000
Transfers out	-	(210,000)
Total transfers	-	(145,000)
Net change in net position	17,692	(267,381)
Net position, beginning of year	543,478	810,859
Net position, end of year	\$ 561,170	\$ 543,478

City of Harlingen
Health Insurance Fund
Enterprise Fund
Comparative Statement of Cash Flows

Year ended September 30,	2022	2021
Cash flows from operating activities		
Receipts from customers	\$ 5,403,989	\$ 4,613,866
Payment to suppliers	(4,920,206)	(5,279,661)
Net cash provided by (used in) operations	483,783	(665,795)
Cash flows from (to) noncapital financing activities		
Transfers from other funds	-	65,000
Transfers to other funds	-	(210,000)
Net cash provided by (used in) noncapital financing activities	-	(145,000)
Cash flows from capital and related financing activities	-	-
Cash flows from investing activities		
Interest received	42	65
Net cash provided by (used in) investing activities	42	65
Net increase (decrease) in cash and cash equivalents	483,825	(810,730)
Cash and cash equivalents, beginning of year	80,621	891,351
Cash and cash equivalents, end of year	\$ 564,446	\$ 80,621
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 12,396	\$ (122,446)
Adjustments to reconcile net income from operations to net cash from operating activities		
Other revenue	5,254	-
(Increase) decrease in receivables	(7,347)	(379)
(Increase) decrease in prepaid items	470,494	(470,494)
Increase (decrease) in accounts payable	2,986	(7,476)
Increase (decrease) in due to other funds	-	(65,000)
Total adjustments	471,387	(543,349)
Net cash provided by (used in) operations	\$ 483,783	\$ (665,795)

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**SUPPLEMENTARY INDIVIDUAL
COMPONENT UNITS FINANCIAL STATEMENTS**

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City of Harlingen, Texas

Component Units

Discretely presented component units are legally separate organizations that the City of Harlingen must include as part of its financial reporting entity for fair presentation.

Governmental

The **Harlingen Economic Development Corporation, Inc.** is a separately chartered nonprofit 4A corporation. The fund administers 75% of the special ½ cent sales tax monies to foster economic development within the City. The Board of Directors is appointed by the City Commission and functions as the decision/policy-making body for all activities related to this component unit subject to prior Commission approval of disbursements in excess of \$25,000.

The **Harlingen Community Improvement Board** is a separately chartered nonprofit 4B corporation. The fund administers 25% of the special ½ cent sales tax monies to foster economic development within the City. The Board of Directors are appointed by the City Commission and functions as the decision/policy-making body for all activities related to this component unit subject to prior Commission approval of disbursements in excess of \$25,000.

Business-type

The **Water and Wastewater System Fund** is used to account for the operations of the Waterworks and Wastewater System. This fund is primarily controlled by a board separate from the City Commission.

The **Valley International Airport Fund** is used to account for the operations of the Valley International Airport. This fund is primarily controlled by a board separate from the City Commission.

City of Harlingen, Texas
Harlingen Economic Development Corporation, Inc.
Component Unit
Comparative Balance Sheet

<i>September 30,</i>	2022	2021
Assets		
Cash and cash equivalents	\$ 12,054,929	\$ 9,869,145
Receivables (net of allowances for uncollectibles)		
Accounts	120,162	153,218
Due from other government	480,744	433,492
Due from primary governments	-	-
Restricted cash and cash equivalents	2,500	2,500
Long-term loans receivable	116,652	186,652
Redevelopment properties	1,832,094	1,847,816
Total assets	\$ 14,607,081	\$ 12,492,823
Liabilities		
Accounts payable	\$ 87,371	\$ 130,797
Accrued expenditures	5,629	4,658
Customer deposits - payable from restricted assets	2,500	2,500
Total liabilities	95,500	137,955
Deferred inflows of resources		
Deferred inflows of resources - noncurrent receivables	119,520	189,520
Fund balance		
Nonspendable	-	2,111
Committed	2,000,000	2,000,000
Assigned	-	2,733
Unassigned	12,392,061	10,160,504
Total fund balance	14,392,061	12,165,348
Total liabilities, deferred inflows of resources and fund balances	\$ 14,607,081	\$ 12,492,823

City of Harlingen, Texas
Harlingen Economic Development Corporation, Inc.
Component Unit
Reconciliation of the Balance Sheet of the Harlingen Economic Development Corporation to the Component Unit Combining Statement of Net Position

Year ended September 30, 2022

	HEDC Activities
Fund balances -- component unit	\$ 14,392,061
Amounts reported in the statement of activities are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. This is the amount of governmental assets \$40,993,573, net of accumulated depreciation totaling \$(12,228,452).	28,765,121
Other long term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.	119,520
Long term liabilities, including \$52,429 in compensated absences, applicable to the component units governmental activities are not due and payable 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.	(21,639,812)
Interest on long-term debt payable is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(732,408)
Net position of the component unit on the statement of net position	\$ 20,904,482

City of Harlingen, Texas
Harlingen Economic Development Corporation, Inc.
Component Unit
Comparative Statement of Revenues, Expenditures and Changes in Fund
Balances

<i>Year ended September 30,</i>	2022	2021
Revenues		
Non property taxes	\$ 6,099,505	\$ 5,619,773
Intergovernmental	271,442	799,406
Miscellaneous and program revenues	1,006,634	923,686
Interest and investment income	76,350	3,372
Total revenues	7,453,931	7,346,237
Expenditures		
Current		
Community and economic development	2,958,805	3,060,577
Debt Service		
Principal retirement	1,450,000	1,865,000
Interest and fiscal agent fees	817,613	890,183
Bond issuance costs and fees	800	800
Total expenditures	5,227,218	5,816,560
Net change in fund balance	2,226,713	1,529,677
Fund balance, beginning of year	12,165,348	10,635,671
Fund balance, end of year	\$ 14,392,061	\$ 12,165,348

City of Harlingen, Texas
Harlingen Economic Development Corporation, Inc.
Component Unit
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of the Harlingen Economic Development Corporation to the
Component Unit Combining Statement of Activities

Year ended September 30, 2022

	HEDC Activities
Net change in fund balances -- component unit fund	\$ 2,226,713
Amounts reported in the statement of activities are different because:	
Governmental funds report capital asset depreciation 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 that depreciation expense for the current period \$(1,117,296) exceeded capital outlay expenditures of \$0.	(1,117,296)
Other long term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	(70,000)
Repayment of bond and notes payable principal is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement	1,450,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Long term debt is not recorded at the fund level, and consequently, the decrease in accrued interest of \$7,309 is not recorded either. Also, any changes in compensated absences \$9,592 and the establishment and amortization of premiums related to long-term debt totaling \$318,588, are reported as an increase or decrease to expenses in the statement of activities but not in the increase or decrease to expenses in the statement of activities but not in the governmental funds.	335,489
Change in net position of Harlingen Economic Development Corporation:	\$ 2,824,906

City of Harlingen, Texas
Harlingen Community Improvement Board
Component Unit
Comparative Balance Sheet

<i>September 30,</i>	2022	2021
Assets		
Cash and cash equivalents	\$ 7,686,400	\$ 6,423,455
Receivables (net of allowances for uncollectibles)		
Accounts	921	894
Due from other government	160,248	144,497
Total assets	\$ 7,847,569	\$ 6,568,846
Liabilities		
Accounts payable	\$ -	\$ 8,717
Total liabilities	-	8,717
Fund balance		
Committed	7,615,312	-
Assigned	-	57,869
Unassigned	232,257	6,502,260
Total fund balance	7,847,569	6,560,129
Total liabilities and fund balance	\$ 7,847,569	\$ 6,568,846

City of Harlingen, Texas
Harlingen Community Improvement Board
Component Unit
Reconciliation of the Balance Sheet to the Harlingen Community Improvement
Board to the Component Unit Combining Statement of Net Position

Year ended September 30, 2022

	HCIB Activities
Fund balances -- component unit	\$ 7,847,569
Amounts reported in the statement of activities are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. This is the amount of governmental capital assets of \$140,300	140,300
Net position of the component unit on the statement of net position	\$ 7,987,869

City of Harlingen, Texas

Harlingen Community Improvement Board

Component Unit

Comparative Statement of Revenues, Expenditures and Change in Fund Balance

<i>Year ended September 30,</i>	2022	2021
Revenues		
Non property taxes	\$ 1,993,260	\$ 1,839,020
Intergovernmental	-	15,496
Interest and investment income	54,307	1,957
Total revenues	2,047,567	1,856,473
Expenditures		
Current		
Community and economic development	619,827	605,015
Capital outlay	140,300	628,731
Total expenditures	760,127	1,233,746
Net change in fund balance	1,287,440	622,727
Fund balance, beginning of year	6,560,129	5,937,402
Fund balance, end of year	\$ 7,847,569	\$ 6,560,129

City of Harlingen, Texas
Harlingen Community Improvement Board
Component Unit
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balance of the Harlingen Community Improvement Board to the
Component Unit Combining Statement of Activities

Year ended September 30, 2022

	HCIB Activities
Net Change in fund balances -- component unit fund	\$ 1,287,440
Amounts reported in the statement of activities are different because:	
Governmental funds report capital asset depreciation 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 that capital outlay exceeded depreciation expense for the current period	140,300
Change in net position of Harlingen Community Improvement Board:	\$ 1,427,740

City of Harlingen, Texas
Harlingen Waterworks System
Component Unit
Comparative Balance Sheet

<i>September 30,</i>	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 9,460,090	12,565,710
Investments - other	18,724,649	16,282,514
Receivables (net of allowances for uncollectibles)	2,077,227	2,224,558
Intergovernmental receivable	1,941,453	-
Interest receivable	2,542	1,943
Inventories	659,449	455,956
Prepaid expenses	-	29,453
Restricted assets		
Cash and cash equivalents	4,746,540	4,310,542
Investments	4,861,664	3,749,034
Total current assets	42,473,614	39,619,710
Noncurrent Assets		
Net pension asset	157,533	1,331,806
Capital assets		
Non-depreciable assets	11,067,863	12,509,139
Depreciable assets	201,299,600	193,232,338
Accumulated depreciation	(131,334,335)	(127,586,276)
Total capital assets, net	81,033,128	78,155,201
Total assets	123,664,275	119,106,717
Deferred outflows of resources		
Deferred charge on refunding	122,957	148,753
Deferred resource outflows for pensions	1,042,185	1,107,501
Deferred resource outflows for OPEB	838,090	1,462,021
Total deferred outflows of resources	2,003,232	2,718,275
Total assets and deferred outflows of resources	\$ 125,667,507	\$ 121,824,992

City of Harlingen, Texas
Harlingen Waterworks System
Component Unit
Comparative Balance Sheet - Continued

<i>September 30,</i>	2022	2021
Liabilities		
Current liabilities		
Accounts payable	\$ 772,431	\$ 939,902
Due to primary government	164,768	117,202
Other liabilities	678,506	684,861
Payable from restricted assets:		
Accrued interest	234,042	248,479
Customer deposits - current	350,000	350,000
Compensated absences - current	500,000	500,000
Revenue bonds - current	1,091,988	1,066,974
Total current liabilities	3,791,735	3,907,418
Noncurrent liabilities		
Revenue bonds payable, net	15,709,757	16,801,745
Compensated absences	313,684	289,145
OPEB - retiree healthcare	9,526,949	10,990,608
OPEB - supplemental death benefits	761,947	712,234
Payable from restricted assets	3,055,167	2,905,862
Total long-term debt	29,367,504	31,699,594
Total liabilities	33,159,239	35,607,012
Deferred inflows of resources		
Deferred pension inflows	2,278,118	1,819,801
Deferred OPEB inflows	1,111,183	670,314
Total deferred inflows of resources	3,389,301	2,490,115
Net position		
Net investment in capital assets	64,354,340	60,435,235
Restricted	4,883,684	5,172,706
Unrestricted	19,880,943	18,119,924
Total net position	89,118,967	83,727,865
Total liabilities, deferred inflows of resources and net position	\$ 125,667,507	\$ 121,824,992

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City of Harlingen, Texas
Harlingen Waterworks System
Component Unit
Comparative Statement of Revenues, Expenses and Changes in Net Position

<i>Year ended September 30,</i>	2022	2021
Operating revenues		
Charges for services		
Current use charges	\$ 21,625,716	\$ 21,764,755
Operating expenses		
Personal services	10,588,597	9,289,723
Contracted services	3,204,306	3,117,982
Supplies and maintenance	3,843,099	3,410,410
Other expenses	135,369	147,313
Depreciation	3,985,166	3,975,072
Total operating expenses	21,756,537	19,940,500
Operating income	(130,821)	1,824,255
Non-operating revenues		
Impact fees	1,193,766	909,712
Investment earnings	199,763	174,540
Miscellaneous revenue	934,652	789,690
Intergovernmental	1,941,453	559,150
Total non-operating revenues	4,269,634	2,433,092
Non-operating expenses		
Interest and amortization expense	519,360	392,141
Net income (loss) before capital contributions	3,619,453	3,865,206
Capital contributions	1,771,649	883,653
Change in net position	5,391,102	4,748,859
Net position, beginning	83,727,865	78,979,006
Net position, end of year	\$ 89,118,967	\$ 83,727,865

City of Harlingen, Texas
Harlingen Waterworks System
Component Unit
Comparative Statement of Cash Flows

<i>Year ended September 30,</i>	2022	2021
Cash flows from operating activities		
Receipts from customers - service revenue	\$ 24,655,087	\$ 24,023,159
Payments to suppliers	(7,481,867)	(6,949,003)
Payments to employees	(9,160,750)	(9,356,122)
Net cash provided by operations	8,012,470	7,718,034
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(6,945,283)	(7,861,471)
Proceeds from impact fees	1,193,766	909,712
Principal paid on revenue bonds	(995,000)	(1,385,000)
Interest and fees paid on revenue bonds	(579,975)	(450,781)
Net cash provided by (used in) capital and related financing activities	(7,326,492)	(8,787,540)
Cash flows from investing activities		
Purchase of investments	(22,602,341)	(21,109,350)
Maturity of investments	19,047,575	22,191,863
Investment earnings	199,165	185,215
Net cash provided by (used in) investing activities	(3,355,601)	1,267,728
Net (decrease) increase in cash and cash equivalents	(2,669,623)	198,222
Cash and cash equivalents, beginning of year	16,876,253	16,678,031
Cash and cash equivalents, end of year	\$ 14,206,630	\$ 16,876,253

City of Harlingen, Texas
Harlingen Waterworks System
Component Unit
Comparative Statement of Cash Flows - Continued

<i>Year ended September 30,</i>	2022	2021
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income	\$ (130,820)	\$ 1,824,255
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	3,985,166	3,975,072
Non-operating revenue	4,647,753	2,286,833
Increase in receivables	(1,815,254)	(158,388)
(Increase) decrease in inventories	(203,494)	(54,856)
(Increase) decrease in prepaid expenses	50,584	(29,454)
Increase in net pension asset	1,174,273	(217,701)
Increase in pension related deferred outflows	65,317	656,526
Increase in OPEB related deferred outflows	623,930	(393,624)
Decrease in accounts payable	(167,470)	(262,594)
Increase (decrease) in due to primary government	47,565	(47,675)
Increase (decrease) in other liabilities	(1,387,825)	1,260,057
Increase (decrease) in liability for compensated absences	24,540	(30,068)
Increase (decrease) in OPEB liability	49,713	102,830
Increase (decrease) in pension related deferred inflows	-	(1,454,153)
Increase in OPEB related deferred inflows	899,186	-
Increase in customer deposits	149,306	260,974
Total adjustments	8,143,290	5,893,779
Net cash provided by operations	\$ 8,012,470	\$ 7,718,034
Supplemental disclosures of noncash capital activities:		
Water lines, sewer mains and related infrastructure contributed to the Waterworks System by developers and builders	\$ 1,771,649	\$ 883,653

**City of Harlingen, Texas
Valley International Airport
Component Unit
Comparative Balance Sheet**

<i>September 30,</i>	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 7,964,364	\$ 6,298,100
Investments	4,481,066	-
Accounts receivable	850,176	4,087,103
Prepaid expenses and deposits	25,639	39,466
Lease receivable - current	1,539,045	-
Total current assets	14,860,290	10,424,669
Noncurrent Assets		
Lease receivable - non-current	5,145,885	-
Net pension asset	306,933	40,584
Right-of-use asset, net of accumulated amortization	9,905	-
Capital assets		
Land	6,177,998	5,875,164
Construction in progress	2,792,908	23,179,080
Buildings	50,367,317	47,925,758
Runways and taxiways	77,774,890	56,722,860
Land improvements	23,437,613	24,419,023
Furniture and fixtures	3,060,254	2,625,243
Machinery and equipment	15,739,297	14,868,025
Less accumulated depreciation	(102,568,516)	(95,979,329)
Net capital assets	76,781,761	79,635,824
Total noncurrent assets	82,244,484	79,676,408
Total assets	97,104,774	90,101,077
Deferred outflows of resources		
Deferred resource outflows for pensions	159,418	50,552
Deferred resource outflows for OPEB	42,115	41,341
Total deferred outflows of resources	201,533	91,893
Total assets and deferred outflows of resources	\$ 97,306,307	\$ 90,192,970

City of Harlingen, Texas
Valley International Airport
Component Unit
Comparative Balance Sheet - Continued

<i>September 30,</i>	2022	2021
Liabilities		
Current liabilities		
Accounts payable	\$ 977,985	\$ 3,555,512
Accrued expenses	80,722	69,727
Current portion of unearned revenue	224,689	340,026
Current portion of compensated absences	25,000	25,000
Lease liability - current	1,887	-
Total current liabilities	1,310,283	3,990,265
Long-term liabilities, net of current maturities		
Unearned revenue	227,796	410,248
Compensated absences	322,969	341,748
Lease liability	8,306	-
OPEB liability - retiree healthcare	342,570	328,225
OPEB liability - supplemental death benefit	101,221	95,401
Total long-term liabilities	1,002,862	1,175,622
Total liabilities	2,313,145	5,165,887
Deferred inflows of resources		
Deferred inflows of resources related to leases	6,768,015	-
Deferred inflows of resources for pensions	413,259	141,108
Deferred inflows of resources related to OPEB liability	43,765	61,527
Total deferred inflows of resources	7,225,039	202,635
Net position		
Net investment in capital assets	76,322,699	78,145,968
Unrestricted	15,225,381	6,678,480
Total net position	91,548,080	84,824,448
Total liabilities, deferred inflows of resources and fund balances	101,086,264	\$ 90,192,970

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City of Harlingen, Texas
Valley International Airport
Component Unit
Comparative Statement of Revenues, Expenses and Changes in Net Position

<i>Year ended September 30,</i>	2022	2021
Operating revenues	\$ 6,796,027	\$ 4,020,762
Operating expenses		
Personnel	4,136,184	3,995,930
Contracted services	2,145,859	2,144,267
Materials and supplies	751,533	586,809
Other expenses	1,011,136	954,785
Total operating expenses before depreciation expense	8,044,712	7,681,791
Operating income before depreciation expense	(1,248,685)	(3,661,029)
Depreciation expense	9,200,028	6,075,734
Operating loss	(10,448,713)	(9,736,763)
Non-operating revenues		
Investment earnings	128,802	12,809
Gain on sale asset	6,469	12,609
Intergovernmental revenues - Federal grants	10,235,994	8,833,309
Total non-operating revenues	10,371,265	8,858,727
Net income (loss) before capital contributions	(77,448)	(878,036)
Capital contributions		
Passenger facility charges, including interest	1,715,857	1,074,423
Federal and local grants	5,085,223	7,332,396
Total capital contributions	6,801,080	8,406,819
Change in net position	6,723,632	7,528,783
Net position, beginning	84,824,448	77,295,665
Net position, end of year	\$ 91,548,080	\$ 84,824,448

City of Harlingen, Texas
Valley International Airport
Component Unit
Comparative Statement of Cash Flows

<i>Year ended September 30,</i>	2022	2021
Net cash from operating activities		
Operating cash receipts from customers	\$ 6,921,411	\$ 3,144,926
Cash payments to suppliers for goods and services	(6,473,153)	(1,138,883)
Cash payments to employees for services	(4,245,403)	(4,046,173)
Net cash (used in) provided by operating activities	(3,797,145)	(2,040,130)
Net cash flows from (to) noncapital and related financing activities		
Federal grants - Federal Aviation Administration	9,424,963	8,752,906
Net cash provided by capital and related financing activities	9,424,963	8,752,906
Net cash flows from (to) capital and related financing activities		
Capital contributions - Federal Aviation Administration	5,085,223	6,513,055
Fixed assets additions and construction	(6,344,224)	(11,735,466)
Proceeds from sale of assets	6,469	12,609
Passenger facility charges, including interest	1,715,857	1,074,423
Right-of-use asset additions (net)	(1,453)	-
Net cash (used in) provided by capital and related financing activities	461,872	(4,135,379)
Net cash flows from (to) investing activities		
Purchase of investments	(4,481,066)	-
Interest received from investments	57,640	12,809
Net cash (used in) provided by investing activities	(4,423,426)	12,809
Net decrease in cash and cash equivalents	1,666,264	2,590,206
Cash and cash equivalents, beginning of year	6,298,100	3,707,894
Cash and cash equivalents, end of year	\$ 7,964,364	\$ 6,298,100

City of Harlingen, Texas
Valley International Airport
Component Unit
Comparative Statement of Cash Flows - Continued

<i>Year ended September 30,</i>	2022	2021
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities?		
Operating income (loss)	\$ (10,448,713)	\$ (9,736,763)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	9,200,028	6,075,734
(Increase) decrease in accounts receivable	268,001	(897,410)
(Increase) decrease in prepaid expenses	13,827	269,308
(Increase) decrease in net pension asset	(109,640)	(28,443)
(Increase) decrease in deferred outflows of resources	(266,349)	(95,170)
Increase (decrease) in accounts payable	(2,577,527)	2,277,670
Increase (decrease) in accrued expenses	10,995	20,024
Increase (decrease) in compensated absences	(18,779)	24,642
Increase in net OPEB obligations	14,345	-
Increase (decrease) in total OPEB liability	5,820	39,748
Increase (decrease) in unearned revenue	(297,789)	21,574
Increase (decrease) in deferred inflows of resources	254,389	(11,044)
Increase (decrease) in lease receivables and inflows (net)	83,085	-
Increase (decrease) in interest income/expense from leases	71,162	-
Net cash provided by (used in) operations	\$ (3,797,145)	\$ (2,040,130)
<i>Supplemental disclosures of noncash capital activities:</i>		
Revenue recognized in connection with long-term lease	\$ 211,527	\$ 211,500

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STATISTICAL SECTION

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City of Harlingen, Texas

Statistical Section

This part of the City of Harlingen's annual comprehensive 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 government's overall financial health.

CONTENTS

Financial Trends

Tables 1-7

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

Revenue Capacity

Tables 8-13

These schedules contain information to help the reader assess the government's most significant local revenue sources, the property tax and the hotel/motel tax.

Debt Capacity

Tables 14-16

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

Tables 17-18

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

Operating Information

Tables 19-21

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

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial report for the relevant year.

City of Harlingen , Texas
Changes in Net Position - Governmental Activities
Last Ten Fiscal Years (Accrual Basis of Accounting)

Table 1

Fiscal Year Ended September 30,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
General government	\$ 8,045,249	\$ 7,659,290	\$ 7,653,403	\$ 8,621,014	\$ 7,238,065	\$ 7,140,359	\$ 7,256,971	\$ 7,249,460	\$ 6,270,204	\$ 7,593,090
Public safety	25,738,359	25,508,640	27,708,973	29,692,941	34,594,729	27,253,084	30,539,817	29,650,574	26,731,922	27,580,994
Highways and streets	4,778,770	5,381,855	5,403,082	5,134,045	8,676,859	6,106,202	7,241,780	5,647,986	8,249,883	10,407,022
Health and welfare	4,344,593	4,237,513	3,964,719	5,147,258	3,245,464	1,075,864	1,327,436	1,660,362	6,120,661	2,490,957
Community and economic development	-	-	-	-	3,079,700	3,015,071	4,981,305	2,948,451	4,868,179	5,657,302
Culture and recreation	5,043,397	4,822,263	4,541,383	5,529,616	2,033,635	6,789,573	7,294,692	6,672,567	5,274,945	5,869,981
Interest on long term debt	1,456,615	2,443,285	1,996,255	1,219,992	1,713,057	1,419,495	1,327,339	1,178,809	1,257,926	776,648
Total Expenses	49,406,983	50,052,846	51,267,815	55,344,866	60,581,509	52,799,648	59,969,340	55,008,209	58,773,720	60,375,994
Program Revenues:										
Charges for services:										
General government	1,663,584	3,065,996	3,124,245	2,690,463	1,986,867	1,576,846	1,582,976	2,072,707	3,530,973	981,807
Public safety	3,053,460	1,944,279	2,169,309	2,023,579	2,455,774	2,289,816	2,513,247	3,360,631	2,687,871	3,214,450
Highways and streets	79,736	-	-	-	400,460	398,508	365,936	240,422	1,670,533	2,361,145
Health and welfare	68,990	841	11,155	12,190	11,472	3,160	12,998	5,749	72,944	508,482
Community and economic development	-	-	-	-	-	148,242	729,267	175,653	321,613	517,192
Culture and recreation	567,548	417,535	442,838	480,345	626,250	258,936	596,246	1,120,847	992,673	658,335
Operating grants and contributions	2,490,080	2,563,133	2,106,140	3,617,370	3,395,347	3,213,450	3,563,454	5,287,810	7,692,248	4,994,913
Capital grants and contributions	1,536,151	1,781,492	1,258,973	435,218	1,202,490	1,994,980	1,436,215	4,066,338	6,527,881	7,572,128
Total Program Revenues	9,459,549	9,773,276	9,112,660	9,259,165	10,078,660	9,883,938	10,800,339	16,330,157	23,496,736	20,808,452
Net (Expense) Revenue	(39,947,434)	(40,279,570)	(42,155,155)	(46,085,701)	(50,502,849)	(42,915,710)	(49,169,001)	(38,678,052)	(35,276,984)	(39,567,542)
General Revenues and Transfers:										
Taxes:										
Property taxes, levied for general purposes	13,671,706	13,370,041	13,527,759	14,238,438	14,382,440	14,509,438	15,269,035	18,239,999	19,645,258	19,495,565
Property taxes, levied for debt service	3,993,754	3,964,082	3,944,336	3,886,765	3,929,046	4,031,435	4,092,110	3,771,807	3,368,161	3,981,390
Sales taxes	15,873,690	16,113,160	16,522,227	16,878,582	17,611,023	18,902,745	19,199,840	18,955,627	21,861,723	23,679,669
Franchise taxes	3,072,593	3,137,857	3,143,126	3,077,871	3,268,621	3,300,630	3,258,465	3,074,660	3,008,522	3,175,753
Hotel/Motel taxes	907,944	944,692	1,024,253	997,629	954,465	1,020,447	1,176,685	1,132,665	1,262,390	1,619,592
Mixed beverage taxes	-	-	-	-	184,095	210,157	208,273	160,936	220,538	235,792
Assessments	-	-	310,712	321,220	230,704	1,473,276	1,731,379	1,602,743	-	-
Unrestricted investment earnings	57,125	36,194	24,939	48,058	221,539	664,469	693,991	277,582	35,906	424,727
Miscellaneous	464,081	694,737	555,397	151,486	1,188,735	378,274	217,282	425,688	214,841	334,835
Interest on notes receivable	-	-	-	-	6,425	3,918	-	-	45,160	37,970
Gain (loss) on sale of assets	-	-	-	-	263,501	77,611	62,328	501,268	193,831	423,025
Utility company settlement	950,909	(12,121)	(33,986)	68,951	-	-	-	-	-	-
Transfers	720,400	794,400	2,377,945	1,203,909	1,097,044	1,355,500	183,294	(78,589)	(628,015)	171,009
Total General Revenues and Transfers	39,712,202	39,043,042	41,396,708	40,872,909	43,337,638	45,927,900	46,092,682	48,064,386	49,228,315	53,579,327
Change in Net Position	\$ (235,232)	\$ (1,236,528)	\$ (758,447)	\$ (5,212,792)	\$ (7,165,211)	\$ 3,012,190	\$ (3,076,319)	\$ 9,386,334	\$ 13,951,331	\$ 14,011,785

City of Harlingen , Texas
Changes in Net Position - Business-type Activities
Last Ten Fiscal Years (Accrual Basis of Accounting)

Table 2

Fiscal Year Ended September 30,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Sanitation Services	\$ 6,939,912	\$ 7,802,743	\$ 7,347,322	\$ 7,128,323	\$ 7,391,547	\$ 7,787,138	\$ 8,023,251	\$ 8,947,337	\$ 9,609,368	\$ 10,020,472
Golf Course Services	1,306,088	1,220,275	1,299,168	1,280,136	1,273,887	1,207,326	1,269,646	1,071,223	1,009,710	1,186,219
Auditorium Services	694,222	678,938	615,792	642,887	630,272	538,451	508,307	500,932	314,790	317,806
Museum Services	115,221	111,320	132,927	141,234	127,988	117,026	137,895	127,734	110,164	115,445
Total Expenses	9,055,443	9,813,276	9,395,209	9,192,580	9,423,694	9,649,941	9,939,099	10,647,226	11,044,032	11,639,942
Program Revenues:										
Charges for Services:										
Sanitation Services	8,532,359	8,841,070	8,878,911	9,181,830	9,228,585	9,430,128	9,833,391	9,830,405	10,255,539	10,414,404
Golf Course Services	1,130,416	982,509	954,741	919,727	965,623	854,528	791,264	666,986	845,185	854,186
Auditorium Services	147,307	150,290	236,971	234,792	177,893	226,667	219,883	28,269	2,633	104,467
Museum Services	2,916	3,181	4,607	3,694	8,150	2,880	5,984	3,303	213	621
Total Program Revenues	9,812,998	9,977,050	10,075,230	10,340,043	10,380,251	10,514,203	10,850,522	10,528,963	11,103,570	11,373,678
Net (Expense) Revenue	757,555	163,774	680,021	1,147,463	956,557	864,262	911,423	(118,263)	59,538	(266,264)
Capital Contributions	24,794	50,214	49,486	-	-	703,188	-	-	-	-
General Revenues and Transfers:										
Unrestricted investment earnings	6,251	5,269	2,759	10,521	47,492	155,379	199,587	77,454	3,356	55,287
Miscellaneous	1,940	14,098	11,504	6,880	1,057,029	24,706	186,374	38,329	125,170	30,399
Gain on sale of assets	770	778,731	490,489	1,165	4,612	25,190	64,624	(11,489)	8,190	-
Transfers	(720,400)	(794,400)	(2,377,945)	(1,203,909)	(1,097,044)	(1,355,500)	(183,294)	78,589	628,015	(171,009)
Total General Revenues and Transfers	(711,439)	3,698	(1,873,193)	(1,185,343)	12,089	(1,150,225)	267,291	182,883	764,731	(85,323)
Change in Net Position	\$ 70,910	\$ 217,686	\$ (1,143,686)	\$ (37,880)	\$ 968,646	\$ 417,225	\$ 1,178,714	\$ 64,620	\$ 824,269	\$ (351,587)

City of Harlingen , Texas
Changes in Net Position - Total
Last Ten Fiscal Years (Accrual Basis of Accounting)

Table 3

Fiscal Year Ended September 30,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental Activities *	\$ 49,406,983	\$ 50,052,846	\$ 51,267,815	\$ 55,344,866	\$ 60,581,509	\$ 52,799,648	\$ 59,969,340	\$ 55,008,209	\$ 58,773,720	\$ 60,375,994
Business-type Activities **	9,055,443	9,813,276	9,395,209	9,192,580	9,423,694	9,649,941	9,939,099	10,647,226	11,044,032	11,639,942
Total Expenses	58,462,426	59,866,122	60,663,024	64,537,446	70,005,203	62,449,589	69,908,439	65,655,435	69,817,752	72,015,936
Program Revenues:										
Governmental Activities *	9,459,539	9,773,276	9,112,660	9,259,165	10,078,660	9,883,938	10,800,339	16,330,157	23,496,736	20,808,452
Business-type Activities **	9,837,792	10,027,264	10,075,230	10,340,043	10,380,251	11,217,391	10,850,522	10,528,963	11,103,570	11,373,678
Total Program Revenues	19,297,331	19,800,540	19,187,890	19,599,208	20,458,911	21,101,329	21,650,861	26,859,120	34,600,306	32,182,130
Net (Expense) Revenue	(39,165,095)	(40,065,582)	(41,475,134)	(44,938,238)	(49,546,292)	(41,348,260)	(48,257,578)	(38,796,315)	(35,217,446)	(39,833,806)
Governmental Activities *	39,712,202	39,043,042	41,396,708	40,872,909	43,337,638	45,927,900	46,092,682	48,064,386	49,228,315	53,579,327
Business-type Activities **	(711,439)	217,686	(1,823,707)	(1,185,343)	12,089	(1,150,225)	267,291	182,883	764,731	(85,323)
Total General Revenues and Transfers	39,000,763	39,260,728	39,573,001	39,687,566	43,349,727	44,777,675	46,359,973	48,247,269	49,993,046	53,494,004
Change in Net Position	\$ (164,332)	\$ (804,854)	\$ (1,902,133)	\$ (5,250,672)	\$ (6,196,565)	\$ 3,429,415	\$ (1,897,605)	\$ 9,450,954	\$ 14,775,600	\$ 13,660,198

* See Table 1: Changes in Net Position-Governmental Activities

** See Table 2: Changes in Net Position-Business-Type Activities

City of Harlingen , Texas
Government-wide Net Position by Category
Last Ten Fiscal Years (Accrual Basis of Accounting)

Table 4

Fiscal Year Ended September 30,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net Investment in capital assets	\$ 98,058,748	\$ 97,835,629	\$ 94,988,699	\$ 90,814,756	\$ 96,279,558	\$ 99,220,453	\$ 96,097,057	\$ 87,248,313	\$ 96,825,475	\$ 101,346,733
Restricted	4,531,503	9,874,343	9,982,445	8,077,571	5,361,574	4,642,879	5,547,330	8,242,917	6,317,371	8,352,773
Unrestricted	18,598,426	12,242,177	1,621,057	2,487,082	(7,426,934)	(8,200,970)	(9,058,344)	(5,438,813)	860,902	8,316,027
Total governmental activities net position	121,188,677	119,952,149	106,592,201	101,379,409	94,214,198	95,662,362	92,586,043	90,052,417	104,003,748	118,015,533
Business-type activities										
Net Investment in capital assets	6,361,950	5,316,890	6,229,922	5,797,785	5,769,141	6,268,549	6,735,656	7,768,023	8,322,915	8,350,964
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	4,730,480	5,993,226	4,126,503	4,520,760	5,518,050	5,511,288	6,222,895	5,255,148	6,815,836	6,436,200
Total business-type activities net position	11,092,430	11,310,116	10,356,425	10,318,545	11,287,191	11,779,837	12,958,551	13,023,171	15,138,751	14,787,164
Primary government										
Net Investment in capital assets	104,420,698	103,152,519	101,218,621	96,612,541	102,048,699	105,489,002	102,832,713	95,016,336	105,148,390	109,697,697
Restricted	4,531,503	9,874,343	9,982,445	8,077,571	5,361,574	4,642,879	5,547,330	8,242,917	6,317,371	8,352,773
Unrestricted	23,328,906	18,235,403	5,747,560	7,007,842	(1,908,884)	(2,689,682)	(2,835,449)	(183,665)	7,676,738	14,752,227
Total primary government net position	\$ 132,281,107	\$ 131,262,265	\$ 116,948,626	\$ 111,697,954	\$ 105,501,389	\$ 107,442,199	\$ 105,544,594	\$ 103,075,588	\$ 119,142,499	\$ 132,802,697

Note: For fiscal year September 30, 2015, the City implemented GASB No. 67, Financial Report for Pensions for the Firemen's Relief and Retirement Fund and GASB No. 68, Accounting and Financial Reporting for Pensions, for the City's Municipal Pension resulting in the recognition of initial Net Pension Liabilities.

City of Harlingen , Texas
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years (Accrual Basis of Accounting)

Table 5

Fiscal Year Ended September 30,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Taxes	\$ 37,899,107	\$ 38,011,335	\$ 38,995,436	\$ 39,720,246	\$ 41,092,944	\$ 43,945,645	\$ 45,088,815	\$ 47,143,175	\$ 51,152,572	\$ 54,132,051
Fines and forfeitures	1,780,275	1,681,265	1,780,419	1,657,510	1,372,991	1,155,149	1,148,803	848,008	769,240	847,665
Licenses and permits	614,735	564,486	502,973	549,401	650,476	655,628	690,991	706,930	796,577	907,850
Improvements and assessments	-	-	117,564	215,833	15	20	-	-	-	-
Charges for services	2,593,675	2,776,305	3,244,383	2,761,319	3,246,568	1,871,530	1,701,437	1,147,685	1,033,962	1,713,064
Intergovernmental	2,957,872	2,674,160	1,979,491	3,441,491	3,439,937	5,923,187	6,376,538	9,472,611	11,036,751	11,715,440
Miscellaneous	1,418,098	1,590,030	2,849,521	1,324,887	1,425,744	1,181,436	884,299	3,946,475	6,209,810	4,697,399
Interest and Investment Income	57,126	36,271	24,941	48,055	227,927	611,680	827,410	329,863	41,166	430,496
Total Revenues	47,320,888	47,333,852	49,494,728	49,718,742	51,456,602	55,344,275	56,718,293	63,594,747	71,040,078	74,443,965
Expenditures:										
General Government	6,052,084	6,552,556	6,659,647	6,600,141	5,705,734	5,810,753	5,883,350	6,409,719	8,492,590	9,836,301
Public Safety	21,286,630	21,804,128	22,951,582	22,992,979	23,637,298	24,446,172	24,934,218	25,437,180	25,941,588	28,177,804
Highways and streets	3,953,133	4,602,102	4,708,242	3,901,541	5,113,681	5,176,279	5,925,364	4,743,047	5,067,970	6,015,100
Health and welfare	3,594,105	3,621,978	3,455,335	3,911,837	2,971,441	912,366	1,085,916	1,485,617	5,223,825	1,585,634
Community and economic development	-	-	-	-	1,977,463	2,556,833	4,063,068	2,867,872	3,561,987	4,186,266
Culture and recreation	4,170,128	4,064,968	3,959,009	4,198,871	4,704,245	5,757,824	5,903,672	5,627,100	4,438,418	5,093,275
Capital outlay	5,982,406	5,683,692	4,881,877	2,676,339	5,432,339	9,789,195	9,589,755	6,482,396	14,149,309	9,109,500
Debt service										
Principal retirement	1,970,000	2,302,113	2,507,800	2,899,856	3,232,871	3,324,340	3,475,216	3,682,945	3,820,366	3,849,015
Interest	1,714,452	1,872,583	1,624,757	1,202,344	1,573,513	1,550,523	1,493,474	1,456,533	1,329,747	1,223,131
Cost of refunded bonds	-	-	-	-	-	-	-	64,660	115,699	-
Administrative charges	204,875	-	196,767	308,236	210,281	2,256	-	-	-	-
Total Expenditures	48,927,813	50,504,120	50,945,016	48,692,144	54,558,866	59,326,541	62,354,033	58,257,069	72,141,499	69,076,026
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,606,925)	(3,170,268)	(1,450,288)	1,026,598	(3,102,264)	(3,982,266)	(5,635,740)	5,337,678	(1,101,421)	5,367,939
Other Financing Sources (Uses)										
Transfers in	3,225,142	3,050,709	3,782,345	4,666,734	2,851,558	4,926,228	5,040,786	6,185,071	8,988,364	5,328,923
Transfers out	(2,578,244)	(2,337,309)	(3,286,582)	(4,299,078)	(1,971,442)	(4,402,989)	(4,771,000)	(5,777,560)	(8,500,481)	(4,998,103)
Insurance recovery	-	-	-	-	4,794	-	-	-	-	-
Issuance of debt	-	3,273,794	-	-	-	-	-	-	-	-
Bond and/or certificate of obligation proceeds	5,350,000	(3,185,722)	3,282	23,915,000	12,885,000	-	-	-	-	-
Issuance of refunding bonds	-	-	-	2,595,060	-	-	-	1,690,000	4,500,000	-
Payment to refunded bond escrow agent	-	-	8,924	(26,687,399)	-	-	-	(1,896,534)	(4,839,727)	-
Premium on debt issuance	166,091	-	-	-	-	-	-	280,521	456,765	-
Note and lease proceeds	-	1,483,892	47,250	-	263,501	97,777	-	1,000,000	-	180,756
Proceeds from sale of capital assets	950,139	-	-	-	-	77,611	62,328	501,268	193,831	423,025
Total Other Financing Sources (Uses)	7,113,128	2,285,364	555,219	190,317	14,033,411	698,627	332,114	1,982,766	798,752	934,601
Net Change in Fund Balances	\$ 5,506,203	\$ (884,904)	\$ (895,069)	\$ 1,216,915	\$ 10,931,147	\$ (3,283,639)	\$ (5,303,626)	\$ 7,320,444	\$ (302,669)	\$ 6,302,540
Debt Service as a Percentage of Non-Capital Expenditures	8.58%	9.31%	8.97%	8.91%	9.78%	9.84%	9.42%	9.93%	8.88%	8.46%

City of Harlingen, Texas
General Fund Revenues and Expenditures History
Last Ten Fiscal Years (Accrual Basis of Accounting)

Table 6

<i>Fiscal Year Ended September 30,</i>	Restated									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Property Taxes - including P and I	\$ 13,624,303	\$ 13,356,797	\$ 13,682,198	\$ 14,202,827	\$ 14,365,607	\$ 14,763,466	\$ 15,267,137	\$ 18,206,332	\$ 19,602,249	\$ 19,556,158
Non-property Taxes	19,091,811	19,440,451	19,897,893	20,221,652	21,134,041	22,458,031	22,728,278	22,280,460	25,202,862	27,236,338
Fines & Forfeitures	1,780,146	1,681,265	1,672,287	1,442,634	1,113,512	918,840	1,059,835	831,889	748,710	720,676
Licenses & Permits	614,735	564,486	502,973	549,401	650,476	655,628	690,991	706,930	796,577	907,850
Charges for Services	2,391,671	2,579,831	3,034,139	2,459,509	2,840,253	1,403,079	1,327,675	981,550	872,026	1,541,039
Intergovernmental	296,070	583,121	689,624	58,815	59,730	1,176,253	1,347,063	5,743,698	1,713,453	1,246,018
Contributions and Donations	827,353	831,217	2,503,630	696,413	628,274	893,039	94,551	3,228,964	5,426,883	3,880,999
Miscellaneous	173,637	294,913	155,673	131,008	604,711	182,243	192,553	401,968	199,393	322,514
Interest and Investment Income	31,265	22,098	14,062	32,006	115,237	310,605	547,187	238,198	31,700	195,222
Total Revenues	38,830,991	39,354,179	42,152,479	39,794,265	41,511,841	42,761,184	43,255,270	52,619,989	54,593,853	55,606,814
Expenditures:										
General Government	5,237,122	5,617,973	5,748,778	5,536,663	5,519,977	5,728,253	5,818,350	6,324,719	8,428,590	7,689,848
Public Safety	20,580,493	21,448,737	22,621,457	22,055,008	22,905,249	23,361,243	23,697,616	24,296,047	25,044,645	26,708,791
Highways & Streets	3,100,048	3,214,699	3,258,044	3,037,712	3,192,920	3,300,201	3,410,491	3,644,814	3,595,825	3,947,975
Health & Welfare	2,785,007	2,906,812	2,972,646	2,895,711	2,893,736	841,556	883,373	1,305,281	1,994,009	1,036,391
Community and economic development	-	-	-	-	597,316	1,739,678	1,818,633	1,748,118	1,797,072	1,902,713
Culture & Recreation	4,024,108	3,844,256	3,759,030	3,928,243	4,116,239	5,292,513	5,046,136	4,969,797	3,860,130	4,351,285
Capital Outlay	1,197,032	2,714,934	3,933,263	952,217	1,537,157	1,420,920	1,259,425	5,048,443	9,846,429	7,295,009
Debt Payments	-	-	339,567	540,738	168,672	192,177	202,239	313,595	312,756	316,220
Total Expenditures	36,923,810	39,747,411	42,632,785	38,946,292	40,931,266	41,876,541	42,136,263	47,650,814	54,879,456	53,248,232
Excess (Deficiency) of Revenues										
Over/(Under) Expenditures	1,907,181	(393,232)	(480,306)	847,973	580,575	884,643	1,119,007	4,969,175	(285,603)	2,358,582
Budgeted Transfers and										
Other Financing Sources (Uses)	480,194	1,792,697	(759,632)	(76,639)	1,216,746	1,153,268	(1,029,544)	442,473	2,398,855	942,971
Excess of Revenues										
Other Financing Sources (Uses)										
Over (Under) Expenditures & Others	2,387,375	1,399,465	(1,239,938)	771,334	1,797,321	2,037,911	89,463	5,411,648	2,113,252	3,301,553
Beginning Fund Balance	13,396,796	15,784,171	17,183,636	15,943,698	16,715,032	18,512,353	20,550,264	20,639,727	26,051,375	28,164,627
Ending Fund Balance	\$ 15,784,171	\$ 17,183,636	\$ 15,943,698	\$ 16,715,032	\$ 18,512,353	\$ 20,550,264	\$ 20,639,727	\$ 26,051,375	\$ 28,164,627	\$ 31,466,180

City of Harlingen, Texas
Fund Balances- Governmental Funds
Last Ten Fiscal Years- (Modified Accrual Basis of Accounting)

Table 7

Fiscal Year Ended September 30,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nondisposable	\$ 14,336	\$ 19,599	\$ 5,238	\$ 41,628	\$ 35,008	\$ 31,019	\$ 221,518	\$ 182,808	\$ 409,842	\$ 294,220
Restricted	-	-	-	-	-	-	-	118,119	185,308	249,785
Assigned	-	-	-	-	-	-	428,246	573,369	1,319,556	572,280
Unassigned	15,769,835	17,164,037	15,938,460	16,673,404	18,477,345	20,519,245	19,989,963	25,177,079	26,249,921	30,349,895
Total General Fund	15,784,171	17,183,636	15,943,698	16,715,032	18,512,353	20,550,264	20,639,727	26,051,375	28,164,627	31,466,180
General Fund Percentage Change	17.8%	8.9%	-7.2%	4.8%	10.8%	11.0%	0.4%	26.2%	8.1%	11.7%
All Other Governmental Funds										
Nondisposable	1,465	-	624	3,466	1,847	6,306	436	25,000	741	43,750
Restricted	11,898,209	9,874,343	10,048,679	8,083,611	17,786,138	12,055,632	6,595,635	8,124,798	6,132,063	8,102,988
Committed	1,567,142	1,331,570	1,419,799	3,902,757	3,123,619	3,347,068	3,010,076	3,275,935	3,618,150	5,163,222
Assigned	-	-	-	-	-	-	-	-	1,131,711	1,195,959
Unassigned	(195,429)	(218,895)	(137,216)	(212,367)	(355)	30,691	440,461	529,671	(1,343,182)	(1,965,449)
Total All Other Governmental Funds	13,271,387	10,987,018	11,331,886	11,777,467	20,911,249	15,439,697	10,046,608	11,955,404	9,539,483	12,540,470
Total Governmental Funds										
Nondisposable	15,801	19,599	5,862	45,094	36,855	37,325	221,954	207,808	410,583	337,970
Restricted	11,898,209	9,874,343	10,048,679	8,083,611	17,786,138	12,055,632	6,595,635	8,242,917	6,317,371	8,352,773
Committed	1,567,142	1,331,570	1,419,799	3,902,757	3,123,619	3,347,068	3,010,076	3,275,935	3,618,150	5,163,222
Assigned	-	-	-	-	-	-	428,246	573,369	2,451,267	1,768,239
Unassigned	15,574,406	16,945,142	15,801,244	16,461,037	18,476,990	20,549,936	20,430,424	25,706,750	24,906,739	28,384,446
Total Governmental Funds	\$ 29,055,558	\$ 28,170,654	\$ 27,275,584	\$ 28,492,499	\$ 39,423,602	\$ 35,989,961	\$ 30,686,335	\$ 38,006,779	\$ 37,704,110	\$ 44,006,650
All Governmental Funds										
Percentage Change	23.4%	-3.0%	-3.2%	4.5%	38.4%	-8.7%	-14.7%	23.9%	-0.8%	16.7%

City of Harlingen, Texas
Tax Revenues by Source - Governmental Funds
Last Ten Fiscal Years

Table 8

Fiscal Year	Property Taxes	Sales Taxes	Franchise Taxes	Hotel/Motel Taxes	Other Taxes	Grand Total
2013	\$ 17,600,278	\$ 15,873,690	\$ 4,002,690	\$ 775,952	\$ 131,992	\$ 38,384,602
2014	17,330,313	16,113,160	3,137,857	781,125	163,567	37,526,022
2015	17,472,095	16,522,227	3,143,126	852,752	171,501	38,161,701
2016	18,125,203	16,878,582	3,077,871	807,985	189,644	39,079,285
2017	18,233,617	17,611,023	3,268,621	770,370	184,095	40,067,726
2018	18,890,148	18,902,745	3,300,630	810,290	210,157	42,113,970
2019	19,344,906	19,369,107	3,258,465	1,385,981	208,273	43,566,732
2020	22,018,956	19,131,280	3,096,595	1,181,840	160,936	45,589,607
2021	23,031,989	22,068,237	3,024,184	1,262,389	220,538	49,607,337
2022	\$ 23,586,495	\$ 23,919,121	\$ 3,188,199	\$ 1,619,592	\$ 235,792	\$ 52,549,199
Percentage Change In Dollars Over 10 Years	34.0%	50.7%	-20.3%	108.7%	78.6%	36.9%

City of Harlingen, Texas
Taxable Assessed Value and Estimated Actual Value of Property
Last Ten Fiscal Years

Table 9

Fiscal Year	Tax Year	Market Value		Less: Total Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate	Annual Percentage Change
		Real Property	Personal Property				
2013	2012	\$ 2,693,333,488	\$ 440,566,520	\$ 319,646,106	\$ 2,814,253,902	0.058827	4.6%
2014	2013	2,714,076,005	473,152,231	324,025,930	2,863,202,306	0.588827	1.7%
2015	2014	2,789,270,692	440,996,005	329,247,609	2,901,019,088	0.588827	1.3%
2016	2015	2,745,634,386	505,582,927	342,680,454	2,908,536,859	0.588827	0.3%
2017	2016	2,882,579,137	523,067,285	376,981,707	3,028,664,715	0.588827	4.1%
2018	2017	3,008,300,856	528,931,816	403,183,842	3,134,048,830	0.588827	3.5%
2019	2018	3,136,896,056	544,665,576	425,341,688	3,256,219,944	0.588827	3.9%
2020	2019	3,306,825,447	547,713,360	434,514,964	3,420,023,843	0.630000	5.0%
2021	2020	3,439,585,189	513,483,881	502,907,675	3,450,161,395	0.619849	0.9%
2022	2021	\$ 3,713,782,620	\$ 530,951,594	\$ 525,527,971	\$ 3,719,206,243	0.619849	7.8%

Note: Valuations shown are certified taxable assessed values reported by the Cameron Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records. Tax rate is expressed in rate per \$100 taxable assessed valuation.

City of Harlingen, Texas
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Table 10

Fiscal Year	Tax Year	Direct			Underlying			Overlapping	Total
		General Fund	Debt Service Fund	Total	Harlingen CISD	South Texas ISD	Port of Harlingen	Cameron County	
2013	2012	0.451862	0.136965	0.588827	1.218000	0.049200	-	0.384291	2.240318
2014	2013	0.449723	0.139104	0.588827	1.218000	0.049200	-	0.384291	2.240318
2015	2014	0.450901	0.137926	0.588827	1.218000	0.049200	-	0.399291	2.255318
2016	2015	0.458590	0.130237	0.588827	1.318000	0.049200	-	0.399261	2.355288
2017	2016	0.460327	0.128500	0.588827	1.318000	0.049200	-	0.407743	2.363770
2018	2017	0.456327	0.132500	0.588827	1.318000	0.049200	0.030000	0.410803	2.396830
2019	2018	0.460827	0.128000	0.588827	1.318000	0.049200	-	0.416893	2.372920
2020	2019	0.518100	0.111900	0.630000	1.216400	0.049200	-	0.436893	2.332493
2021	2020	0.525762	0.094087	0.619849	1.172300	0.049200	0.027657	0.436893	2.305899
2022	2021	0.512839	0.107010	0.619849	1.156200	0.049200	0.026897	0.436893	2.289039

Tax due date: January 31

Discount allowed: No

Penalty and Interest: Beginning at 7% in February (delinquency date) continues to 18% July after which a 1% per month interest is assessed until taxes are paid.

Source: Tax Department of Respective Entities

City of Harlingen, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years

Table 11

Fiscal Year	Tax Year	Taxes Levied Within the Fiscal Year of the Levy	Adjustments to the Levy In the Fiscal Year	Adjusted Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections	
					Amount	Percentage of Levy		Amount	Percentage of Levy
2013	2012	\$ 16,702,363	\$ (130,385)	\$ 16,571,978	\$ 16,203,650	97.78%	\$ 313,745	\$ 16,517,395	99.67%
2014	2013	16,808,735	50,494	16,859,229	16,343,303	96.94%	461,636	16,804,939	99.68%
2015	2014	17,124,639	(72,730)	17,051,909	16,714,992	98.02%	284,124	16,999,116	99.69%
2016	2015	17,514,160	(224,119)	17,290,041	17,073,956	98.75%	157,619	17,231,575	99.66%
2017	2016	17,753,400	33,475	17,786,875	17,265,768	97.07%	452,196	17,717,964	99.61%
2018	2017	18,347,246	20,517	18,367,763	17,868,349	97.28%	416,604	18,284,953	99.55%
2019	2018	19,016,342	(87,959)	18,928,383	18,404,809	97.23%	416,122	18,820,931	99.43%
2020	2019	21,232,625	184,858	21,417,483	20,872,708	97.46%	400,823	21,273,531	99.33%
2021	2020	21,067,994	1,245,246	22,313,240	21,804,095	97.72%	271,929	22,076,024	98.94%
2022	2021	\$ 23,251,647	\$ (88,650)	23,162,997	\$ 22,697,490	97.99%	\$ -	\$ 22,697,490	97.99%

Source: Harlingen Tax Office and the Cameron County Tax Office

**City of Harlingen, Texas
Principal Property Taxpayers**

Table 12

Fiscal Years Ended September 30,

2022				2013			
Principal Taxpayer	Type of Business	Taxable Assessed Valuation	Percentage Of Total Taxable Assessed Valuation	Principal Taxpayer	Type of Business	Taxable Assessed Valuation	Percentage Of Total Taxable Assessed Valuation
VHS Harlingen Hospital Company LLC	Medical Services	\$ 67,312,543	1.81%	VHS Harlingen Hospital Company LLC	Medical Services	\$ 82,442,845	2.93%
AEP Texas Inc	Electricity Suppliers	55,296,020	1.49%	United Launch Alliance, LLC	Aviation Aerospace	38,271,757	1.36%
VHS Harlingen Hospital Company LLC	Medical Services	28,411,998	0.76%	Boyer Harlingen LC	Real Estate Developers	27,955,724	0.99%
Boyer Harlingen LC	Real Estate Developers	27,575,632	0.74%	Harlingen Medical Center Realty LLC	Medical Real Estate Developers	23,852,478	0.85%
Walmart Inc,	Retail	25,729,396	0.69%	VHS Harlingen Hospital Co LLC	Medical Services	21,111,118	0.75%
HMC Realty LLC	Real Estate Developers	24,480,000	0.66%	Mall at Valle Vista LLC	Shopping Center Operations	20,843,119	0.74%
Valle Vista Mall Realty Et Al	Shopping Center Operations	15,557,027	0.42%	AEP Texas Central Company	Electricity Suppliers	20,311,990	0.72%
Rancho Harlingen Corners LLC	Shopping Center Operations	15,500,000	0.42%	Valley Baptist Realty Corp. Map	Medical Real Estate Developers	17,078,945	0.61%
Y&O Harlingen Corners Wing LLC	Shopping Center Operations	15,050,168	0.40%	Valley Baptist Realty Corp	Medical Real Estate Developers	13,227,498	0.47%
Union Pacific RR CO-07C	Railroad	14,693,950	0.40%	Harlingen Venture No Two LP	Shopping Center Operations	12,668,434	0.45%
		<u>\$ 289,606,734</u>	<u>7.79%</u>			<u>\$ 277,763,908</u>	<u>9.87%</u>

Source: Cameron Appraisal District

City of Harlingen, Texas
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

Table 13

Fiscal Year	Direct Rate	Overlapping Rate	Total Direct and Overlapping Rate
2013	2.00%	6.25%	8.25%
2014	2.00%	6.25%	8.25%
2015	2.00%	6.25%	8.25%
2016	2.00%	6.25%	8.25%
2017	2.00%	6.25%	8.25%
2018	2.00%	6.25%	8.25%
2019	2.00%	6.25%	8.25%
2020	2.00%	6.25%	8.25%
2021	2.00%	6.25%	8.25%
2022	2.00%	6.25%	8.25%

City of Harlingen, Texas
Ratio of Total Debt Outstanding by Type
Last Ten Fiscal Years

Table 14

Fiscal Year	Governmental Activities						Total Primary Government	Percentage of Personal Income	General Bonded Debt as a Percent of Estimated Taxable Property Values		Per Capita
	Notes Payable	General Obligation Debt	Certificates of Obligation Debt	Financed Purchases	Lease liabilities	Net Discount Premium					
2013	\$ 716,416	\$ 19,465,000	\$ 27,140,000	\$ -	\$ -	\$ 136,213	\$ 47,457,629	2.12%	1.66%		1,982
2014	646,416	17,995,000	26,455,000	1,350,833	-	134,945	46,582,194	2.10%	1.55%		1,873
2015	3,589,635	16,390,000	25,695,000	1,258,116	-	134,830	47,067,581	2.05%	1.46%		1,867
2016	3,519,635	28,875,000	8,765,000	1,110,281	-	2,718,135	44,988,051	2.00%	1.39%		1,677
2017	3,449,635	27,645,000	19,790,000	958,121	-	2,270,495	54,113,251	2.31%	1.57%		1,916
2018	3,379,635	25,190,000	19,090,000	875,667	-	1,880,277	50,415,579	2.02%	1.41%		1,750
2019	3,309,635	22,685,000	18,370,000	694,645	-	1,880,277	46,939,557	1.83%	1.26%		1,200
2020	4,165,839	21,815,000	15,705,000	515,496	-	1,416,043	43,617,378	1.69%	1.08%		1,097
2021	4,013,640	22,530,000	11,205,000	342,325	-	\$ 1,500,582	39,591,547	1.28%	0.98%		921
2022	\$ 3,857,236	\$ 19,430,000	\$ 10,790,000	\$ 164,719	\$ 365,899	\$ 1,071,561	\$ 35,679,415	2.25%	0.81%		1,618

*Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.
See Table 17 for personal income.*

City of Harlingen, Texas
Computation of Estimated Direct and Overlapping Debt

Table 15

Fiscal Year Ended September 30, 2022

Name of Governmental Unit	Net Debt Outstanding	Percentage Applicable to the City of Harlingen	City of Harlingen's Share of Debt
Direct Debt			
City of Harlingen	\$ 35,514,696	100.00%	\$ 35,514,696
Total Direct Debt	35,514,696		35,514,696
Overlapping Debt			
Cameron County	143,660,000	16.13%	23,172,358
Harlingen Consolidated Independent School District	113,020,000	75.05%	84,821,510
Rio Hondo Independent School District	34,222,072	1.67%	571,509
San Benito Consolidated Independent School District	87,585,000	1.51%	1,322,534
Total Overlapping Debt	378,487,072		109,887,911
Total Direct and Overlapping Debt	\$ 414,001,768		\$ 145,402,607

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of the another government unit's assessed value that is within the City's boundaries and dividing by each unit's total assessed value.

City of Harlingen, Texas
Legal Debt Margin
Last Ten Fiscal Years

Table 16

Fiscal Year Ended September 30,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Assessed Value	\$ 2,814,253,902	\$ 2,863,202,306	\$ 2,901,019,088	\$ 2,908,536,859	\$ 3,028,664,715	\$ 3,134,048,830	\$ 3,256,219,944	\$ 3,460,443,626	\$ 3,450,161,395	\$ 3,719,206,243
Legal Debt Margin										
Legal Debt Limit										
\$2.50 per \$100 of assessed valuation	70,356,348	71,580,058	72,525,477	72,713,421	75,716,618	78,351,221	81,405,499	86,511,091	86,254,035	92,980,156
General Obligation Bonds	17,995,000	16,390,000	14,845,000	29,485,000	27,070,277	25,190,000	22,685,000	21,815,000	22,530,000	19,430,000
Deduct Amount Available in Debt Service Fund	(972,813)	(1,008,996)	(1,033,665)	(1,230,000)	(1,840,000)	(920,079)	(1,075,322)	(958,835)	(459,998)	(649,990)
Applicable Debt Margin	17,022,187	15,381,004	13,811,335	28,255,000	25,230,277	24,269,921	21,609,678	20,856,165	22,070,002	18,780,010
Legal Debt Margin	\$ 53,334,161	\$ 56,199,054	\$ 58,714,142	\$ 44,458,421	\$ 50,486,341	\$ 54,081,300	\$ 59,795,821	\$ 65,654,926	\$ 64,184,033	\$ 74,200,146
As a percentage of debt limit	75.81%	78.51%	80.96%	61.14%	66.68%	69.02%	73.45%	75.89%	74.41%	79.80%

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

Table 17

Fiscal Year	Estimated Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age (1)	School Enrollment (3)	Unemployment Rate (4)
2013	65,679	\$ 1,147,937,562	17,478	32.8	18,360	9.80%
2014	65,665	1,139,681,740	17,356	33.1	18,226	7.90%
2015	65,914	1,178,080,922	17,873	32.7	18,259	6.80%
2016	65,774	1,162,029,258	17,667	31.5	18,192	7.50%
2017	65,539	1,199,953,551	18,309	32.8	18,614	6.50%
2018	65,467	1,279,290,647	19,541	31.1	18,285	5.80%
2019	65,436	1,301,456,604	19,889	31.1	18,574	5.20%
2020	71,000	1,446,767,000	20,377	31.6	18,346	1.03%
2021	71,829	1,439,812,305	20,045	30.3	18,620	7.30%
2022	71,925	\$ 1,585,586,625	22,045	31.3	17,882	10.10%

(1) United States Department of Commerce, Bureau of Census

(2) United State Department of Commerce, Bureau of Economic Analysis

(3) Harlingen Consolidated Independent School District

(4) United States Department of Labor, Bureau of Labor Statistics

**City of Harlingen, Texas
Principal Employers**

Table 18

Fiscal Years Ended September 30,

2022				2013			
Employer	Number of Employees	Rank	Percentage of Total City Employment	Employer	Number of Employees	Rank	Percentage of Total City Employment
Harlingen Consolidated School District	3,278	1	13.37%	Harlingen Consolidated School District	2,848	1	11.19%
Advanced Call Center Technologies	2,915	2	11.89%	Valley Baptist Medical Center	1,930	2	7.59%
Valley Baptist Medical Center	1,049	3	4.28%	Advanced Call Center Technologies	1,250	3	4.91%
Harlingen Medical Center	684	4	2.79%	Dish Network	1,013	4	3.98%
Veterans Affairs	621	5	2.53%	Vicki Roy Home Health	719	5	2.83%
City of Harlingen	597	6	2.43%	Texas State Technical College	599	6	2.35%
United HealthCare Services, Inc.	594	7	2.42%	City of Harlingen	593	7	2.33%
Rio Grande State Center	572	8	2.33%	HEB (3) Harlingen Locations	592	8	2.33%
HEB (3) Harlingen Locations	567	9	2.31%	Harlingen Medical Center	546	9	2.15%
Texas State Technical College	494	10	2.01%	Rio Grande State Center	529	10	2.08%
Total Principal Employers	11,371		46.37%	Total Principal Employers	10,619		41.74%
Other Employers	13,152		53.63%	Other Employers	14,823		58.26%
Total Employers	24,523		100.00%	Total Employers	25,442		100.00%

Source: Harlingen Economic Development Corporation

City of Harlingen, Texas
City Employees by Function/Program
Last Ten Fiscal Years

Table 19

<i>Fiscal Year Ended September 30,</i>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>Administrative Services</u>										
City Manager	4	5	4	4	4	4	4	4	4	5
City Secretary	1	2	2	2	2	3	3	3	3	3
City Attorney	3	2	2	2	3	1	1	1	-	1
Public Information Officer	-	-	1	-	-	-	1	1	1	1
Special Projects	-	-	0	-	-	-	1	1	1	2
Internal Auditor	1	1	0	1	1	1	1	1	1	1
Total Administrative Services	9	10	9	9	10	9	11	11	10	13
<u>Human Resources</u>										
Human Resources	3	3	3	3	3	3	3	3	3	3
Civil Service	1	1	1	1	1	1	1	1	1	1
Risk Management	3	3	3	3	3	2	2	2	2	2
Total Human Resources	7	7	7	7	7	6	6	6	6	6
<u>Police Department</u>										
Police Department	134	138	140	144	144	143	143	143	139	144
Police Services	52	51	51	52	52	52	49	49	43	48
Total Police Department	186	189	191	196	196	195	192	192	182	192
<u>Fire Department</u>										
Fire Suppression	107	107	107	107	107	98	98	98	97	107
Fire Prevention	6	6	6	6	6	6	6	6	6	5
Airport Prevention	-	-	-	-	-	9	9	9	10	10
Total Fire Department	113	113	113	113	113	113	113	113	113	122
<u>Financial Services</u>										
Finance	11	12	12	12	12	11	11	11	11	11
Municipal Court	10	10	10	10	10	10	10	9	9	9
Vital Statistics	4	4	4	4	4	4	4	4	4	4
Management Information Systems	3	3	3	4	4	3	3	3	3	4
Total Financial Services	28	29	29	30	30	28	28	27	27	28
<u>Development Services</u>										
Planning & Development	5	5	6	5	5	5	5	5	6	5
Engineering	5	5	4	4	4	4	5	5	5	6
Building Inspection	6	6	6	6	6	6	7	7	7	7
Public Buildings	19	19	19	19	19	18	17	17	19	20
Animal Control	4	4	4	4	4	4	4	4	4	5
UT Grant	0	0	1	1	1	1	1	1	1	1
Environmental Health	5	5	5	5	5	5	5	5	5	6
Storm Water Management	1	1	1	1	1	1	-	-	-	-
Code Enforcement	8	8	8	8	8	8	7	7	7	7
Total Development Services	53	53	54	53	53	52	51	51	54	57

City of Harlingen, Texas
City Employees by Function/Program
Last Ten Fiscal Years

Table 19

<i>Fiscal Year Ended September 30,</i>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>Public Works</u>										
Public Works Administration	4	4	4	4	4	5	3	3	3	4
Street Maintenance	25	25	25	25	25	25	25	25	25	25
Street Cleaning	6	6	6	6	6	6	6	6	6	5
Sanitation Landfill	10	10	10	11	11	12	13	13	12	12
Sanitation Recycling Center	2	2	2	4	4	4	4	4	1	1
Sanitation	42	42	42	40	40	40	40	40	40	40
Traffic Signal Maintenance	4	4	4	4	4	4	4	4	4	4
Internal Services	10	10	9	10	10	9	9	9	9	13
Metropolitan Planning Organization	3	4	4	4	4	4	-	-	-	-
Total Public Works	106	107	106	108	108	109	104	104	100	104
<u>Public Services</u>										
Public Services Administration	2	2	2	1	1	1	3	3	3	4
Parks	35	35	35	29	29	29	29	29	29	33
Recreation	3	2	2	3	3	2	2	2	2	2
Pendleton Pool	1	1	1	1	1	1	1	1	1	1
Municipal Golf Course	21	21	21	21	21	21	19	18	18	18
Municipal Auditorium	2	2	1	1	1	1	1	1	1	1
Library	22	22	22	22	22	22	22	22	22	22
Harlingen Arts & Heritage Museum	3	3	3	3	3	3	2	2	2	2
Total Public Services	89	88	87	81	81	80	79	78	77	82
<u>Community Destination</u>										
Community Development Block Grant	4	4	4	5	5	5	5	5	5	5
Harlingen Downtown District	3	3	3	3	3	3	3	3	3	3
Convention & Visitor's Bureau	3	4	3	3	3	3	3	3	3	3
Economic Development Corporation	5	5	5	5	5	5	5	5	6	6
Total Community Destination	15	16	15	16	16	16	16	16	17	17
Grand Total	606.0	612.0	611.0	613.0	614.0	608.0	600.0	598.0	585.0	620.0

City of Harlingen, Texas
Operating Statistics by Function/Program
Last Ten Fiscal Year

Table 20

Fiscal Year Ending September 30,

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Airports										
Number of airports:	1	1	1	1	1	1	1	1	1	1
Scheduled airplane flights per day departing:	13	13	11	11	14	14	16	8	10	14
Scheduled airplane flights per day arriving:	13	13	11	11	14	14	16	8	10	14
Passenger enplaning and deplaning (approximate):	606,635	583,652	533,206	518,994	546,304	605,820	673,579	419,887	542,268	795,144
Fire Protection										
Number of stations:	7	7	7	7	8	8	8	7	8	8
Number of hydrants:	2,519	2,546	2,558	2,628	2,572	2,572	2,632	2,230	2,637	2,691
Number of fighters:	109	109	109	109	109	109	109	109	110	109
Firefighters per 1,000 population:	1.65	1.65	1.65	1.65	1.65	1.65	1.62	1.67	1.39	1.52
Police Protection										
Number of stations:	1	1	1	1	1	1	1	1	1	1
Number of sub-stations:	1	2	1	0	0	0	0	0	0	0
Number of sworn officers:	131	141	141	143	143	143	143	139	139	139
Sworn officers per 1,000 population:	1.75	2.14	2.14	2.20	2.20	2.20	2.20	2.12	1.93	1.93
Libraries										
Number of public libraries:	1	1	1	1	1	1	1	1	1	1
Number of volumes:	168,643	122,221	108,662	112,361	111,601	112,205	113,180	90,438	94,794	98,301
Circulation of volumes:	177,061	172,489	161,695	160,976	178,703	178,838	193,917	121,192	106,533	142,332
Circulation per capita:	4.75	2.63	2.40	2.43	3.85	3.54	3.53	2.29	2.11	3.06
Library cards in force (approximate)	37,281	21,165	42,785	43,609	46,442	50,477	55,020	52,903	50,511	46,418
Parks and Recreation										
Park acreage developed:	723.00	723.00	461.00	461.00	612.00	612.00	612.00	612.00	612.00	612.00
Park acreage undeveloped:	568.00	568.00	116.00	140.00	122.00	122.00	122.00	97.00	97.00	97.00
Playgrounds:	18	13	14	14	16	17	17	17	17	17
Private golf course:	3	3	3	3	3	2	2	2	2	2
Public golf course:	3	3	3	3	3	3	2	2	2	2
Number of holes:	90	90	90	90	90	81	63	54	54	54
Streets										
Miles of paved streets:	259.08	260.31	261.93	262.14	262.61	263.35	263.35	266.10	268.36	270.65
Miles of unpaved streets:	11.73	10.87	11.16	9.44	9.06	8.33	8.33	8.91	8.91	8.73
Miles of alleys:	66.69	66.69	66.69	66.84	66.84	66.84	66.84	66.84	66.84	66.84
Miles of paved alleys:	15.44	15.44	15.44	15.76	15.76	15.76	15.76	15.76	15.76	15.73
Miles of sidewalks:	102.32	102.87	104.16	109.32	111.54	113.29	114.13	114.80	119.48	120.21
Number of streetlights:	3,858	3,908	3,938	4,104	4,156	4,185	4,210	4,240	4,303	4,385
Water System										
Number of water plants:	2	2	2	2	2	2	2	2	2	2
Miles of water mains:	500.00	505.00	505.00	505.80	506.50	507.90	510.00	518.20	515.40	517.70
Daily average consumption (MGD):	13.10	13.10	9.34	12.90	13.84	12.00	12.41	13.60	14.50	13.80
Plant capacity (MGD):	35.00	35.00	40.40	38.60	38.60	38.60	38.60	38.60	39.00	39.00
Number of service connections:	24,592	24,876	25,168	25,248	25,624	25,705	26,152	26,628	27,028	27,383
Storage tank capacity (MG):	22.75	23.25	32.40	32.25	32.25	32.25	15.00	15.00	15.00	15.00
Sewage System										
Number of disposal plants:	1	1	1	1	1	1	1	1	1	1
Miles of sanitary sewers:	314.00	310.00	330.00	312.00	314.00	316.00	317.42	317.42	344.07	346.67
Number of lift stations:	58	63	63	63	63	61	61	61	61	61
Combined daily average treatment (MGD):	5.70	5.75	6.20	6.00	5.40	5.30	5.50	6.00	6.00	6.00
Maximum capacity of treatment plant (MGD):	6.50	7.25	6.20	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Number of service connections:	19,762	19,675	19,892	20,013	20,408	20,254	20,574	20,956	21,239	21,508

Source: City Departments and Component Units

City of Harlingen, Texas
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Table 21

Fiscal Year	General Bonded Debt (1)	Less: Amounts Available in Debt Service Fund (2)	Total	Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita (4)
2013	\$ 46,605,000	\$ 972,810	\$ 45,632,190	1.66%	695
2014	44,450,000	1,008,996	43,441,004	1.55%	662
2015	42,219,830	1,033,665	41,186,165	1.46%	625
2016	40,358,135	1,150,000	39,208,135	1.39%	596
2017	47,435,000	728,941	46,706,059	1.57%	713
2018	44,280,000	920,079	43,359,921	1.41%	662
2019	41,055,000	1,075,321	39,979,679	1.26%	609
2020	37,520,000	958,835	36,561,165	1.06%	562
2021	33,735,000	459,998	33,275,002	0.96%	463
2022	\$ 30,220,000	\$ 649,990	\$ 29,570,010	0.86%	411

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

(1) This is the general bonded debt of both governmental and business type activities, net of original issuance discounts and premiums.

(2) This is the amount restricted for debt service principal payments.

(3) See the schedule of Assessed Value and the Estimated Actual Value of Taxable Property for property value data.

(4) Population data can be found in the Schedule of Demographic and Economic Statistics.

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SINGLE AUDIT SECTION

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members of the City Commission
City of Harlingen, 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, each major fund, and the aggregate remaining fund information of City of Harlingen, Texas, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise City of Harlingen, Texas's basic financial statements, and have issued our report thereon dated April 28, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Harlingen, Texas's 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 City of Harlingen, Texas's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Harlingen, Texas's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

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

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.

Carr, Riggs & Ingram, L.L.C.

Harlingen, Texas
April 28, 2023

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**INDEPENDENT AUDITORS' 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 Members of the City Commission
City of Harlingen, Texas

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited City of Harlingen, Texas's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement and the State of Texas Single Audit Circular* that could have a direct and material effect on each of City of Harlingen, Texas's major federal and state programs for the year ended September 30, 2022. City of Harlingen, Texas's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Harlingen, 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 programs and state program for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal and State Program

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*. Our responsibilities under those standards Uniform Guidance, and State of Texas Single Audit Circular are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Harlingen, Texas and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of City of Harlingen, Texas's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Harlingen, Texas's federal and state programs.

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Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Harlingen, Texas's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance, and the State of Texas Single Audit Circular will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Harlingen, Texas's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance, and the State of Texas Single Audit Circular we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Harlingen, Texas's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Harlingen, Texas's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State of Texas Single Audit Circular, but not for the purpose of expressing an opinion on the effectiveness of City of Harlingen, Texas's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 or state program will not be prevented, or detected and corrected, on a timely basis.

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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 or 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 and the State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.

Carr, Rigg & Ingram, L.L.C.

Harlingen, Texas
April 28, 2023

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City of Harlingen, Texas
Schedule of Findings and Questioned Costs

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
* Material weakness(es) identified?	_____ yes	___X___ no
* Significant deficiencies identified that are not considered to be material weakness(es)?	_____ yes	___X___ none reported
Noncompliance material to financial statements noted?	_____ yes	___X___ no

Federal and State Awards

Internal control over major programs:		
* Material weakness(es) identified?	_____ yes	___X___ no
* Significant deficiencies identified that are not considered to be material weakness(es)?	_____ yes	___X___ none reported
Type of auditors' report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ yes	___X___ no
Any audit findings disclosed that are required to be reported in accordance with the State of Texas Single Audit Circular?	_____ yes	___X___ no

Identification of major programs:

Federal

<i>Assistance Listing Number(s)</i>	<i>Name of Federal Program or Cluster</i>
20.106	Airport Improvement Program
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

City of Harlingen, Texas
Schedule of Findings and Questioned Costs

Section I - Summary of Auditors' Results

Federal (Continued)

<i>Assistance Listing Number(s)</i>	<i>Name of Federal Program or Cluster</i>
14.218	Community Development Block Grants/Entitlement Grants Cluster
14.239	HOME Investment Partnership Program

State

<i>Program Number</i>	<i>Name of State Program</i>
40041	Category 1 Harlingen HUC 10 Flood Protection Planning Study

Federal

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

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
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Federal

Auditee qualified as low-risk auditee?	<u> X </u> yes	<u> </u> no
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State

Auditee qualified as low-risk auditee?	<u> X </u> yes	<u> </u> no
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City of Harlingen, Texas
Schedule of Findings and Questioned Costs

**Section II – Findings Relating to the Financial Statement Audit as Required to Be
Reported in Accordance with Generally Accepted Government Auditing Standards**

None noted that were required to be reported

City of Harlingen, Texas
Schedule of Findings and Questioned Costs

Section III - Federal and State Award Findings and Questioned Costs

None noted that were required to be reported

City of Harlingen, Texas
Schedule of Findings and Questioned Costs
Corrective Action Plan

PROGRAM

CORRECTIVE ACTION PLAN

No findings or questioned costs noted

Contact Person:



Robert Rodriguez, Finance Director

Implementation Time Frame:

N/A

City of Harlingen, Texas
Schedule of Findings and Questioned Costs
Summary Schedule of Prior Audit Findings

None that were required to be reported.

City of Harlingen, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

(1) Federal Grantor / Pass-through Grantor Program Title	(2) Federal Assistance Listing Number	(3) Pass-through Entity Identifying Number	(4) Provided to Subrecipients	(5) Federal Expenditure
U.S. Department of Housing and Urban Development				
Direct Program:				
CDBG - Entitlement Grants Cluster				
*Community Development Block Grants/Entitlement Grants	14.218	B-16-MC-48-0504	\$ -	\$ 50
*Community Development Block Grants/Entitlement Grants	14.218	B-17-MC-48-0504	-	14,537
*Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-48-0504	-	3,100
*Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-48-0504	-	124,961
*Community Development Block Grants/Entitlement Grants	14.218	B-20-MC-48-0504	-	338,346
*Community Development Block Grants/Entitlement Grants	14.218	B-21-MC-48-0504	-	371,021
*COVID-19 Community Development Block Grant/Entitlement Grants (CDBG-CV)	14.218	B-20-MW-48-0504	-	431,158
Total CDBG - Entitlement Grants Cluster			-	1,283,173
Direct Program:				
HOME Investment Partnerships Program	14.239	M-16-MC-48-0504	-	157
HOME Investment Partnerships Program	14.239	M-17-MC-48-0504	-	16
HOME Investment Partnerships Program	14.239	M-18-MC-48-0504	-	143,527
HOME Investment Partnerships Program	14.239	M-19-MC-48-0504	-	150,769
HOME Investment Partnerships Program	14.239	M-20-MC-48-0504	-	237,779
HOME Investment Partnerships Program	14.239	M-21-MC-48-0504	-	245,467
Total HOME Investment Partnerships Program			-	777,715
Passed through Texas Department of Housing and Community Affairs				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-20-DW-48-0001	-	156,192
Total U.S. Department of Housing and Urban Development			-	2,217,080
U.S. Department of Justice				
Passed through Texas Office of the Governor - Criminal Justice Division (CJD)				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-DJ-BX-0034	-	132,671
Crime Victim Assistance	16.575	2020-V2-GX-0004	-	63,256
Total passed through Texas Office of the Governor - Criminal Justice Division (CJD)			-	195,927
Passed through Institute for Intergovernmental Research				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-MU-BX-K002	-	30,241
Direct Program:				
Office of Justice Programs				
Bulletproof Vest Partnership Program	16.607	FY 2020 BVP	-	35,474
Direct Program:				
Equitable Sharing Program	16.922	JLEOTFS4	-	13,758
Total U.S. Department of Justice			-	275,400
U.S. Department of Transportation				
Direct Program:				
Federal Aviation Administration				
Airport Improvement Program	20.106	3-48-0101-061-2018	-	365,939
Airport Improvement Program	20.106	3-48-0101-063-2018	-	1,127,068
COVID-19 Airport Improvement Program	20.106	3-48-0101-064-2018	-	5,596,248
COVID-19 Airport Improvement Program	20.106	3-48-0101-065-2018	-	9,514
Airport Improvement Program	20.106	3-48-0101-067-2018	-	1,521,862
COVID-19 Airport Improvement Program	20.106	3-48-0101-068-2018	-	4,635,785
Airport Improvement Program	20.106	3-48-0101-070-2018	-	1,656,159
Airport Improvement Program	20.106	3-48-0101-071-2018	-	415,360
Total Direct from Federal Aviation Administration			-	15,327,935
Passed through Lower Rio Grande Valley Development Council				
Federal Transit Cluster:				
*Federal Transit Formula Grants	20.507	TX-2021-064-00	-	99,884
Total passed through the Lower Rio Grande Valley Development Council			-	99,884
Passed through Texas Department of Transportation				
*Highway Planning and Construction	20.205	0921-06-312	-	7,237
Total highway Planning and Construction Cluster			-	7,237
Total U.S. Department of Transportation			-	15,435,056

City of Harlingen, Texas
Schedule of Expenditures of Federal Awards - (Continued)
For the Year Ended September 30, 2022

Office of National Highway Traffic Safety Administration

Passed through Texas Department of Transportation

Highway Safety Cluster:

State and Community Highway Safety	20.600	2022-Harlingen-S-1YG-00100	-	23,957
State and Community Highway Safety	20.600	2022-Harlingen-S-CMV-00030	-	10,294
State and Community Highway Safety	20.600	2022-Harlingen-OpSlow-00025	-	1,724
National Priority Safety Programs	20.616	2022-Harlingen-IDM-00025	-	4,208
National Priority Safety Programs	20.616	2022-Harlingen-CIOT-00010	-	268
Total Passed through the Texas Department of Transportation				40,451

Total Office of National Highway Traffic Safety Administration - **40,451**

U.S. Department of the Treasury

Direct Program:

COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	1505-AC77	-	2,895,679
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Total U.S. Department of the Treasury - **2,895,679**

Institute of Museum and Library Services (IMLS)

Passed through Texas State Library & Archives Commission

Library Services and Technology ACT (LSTA) Program	45.310	TSL-22001	-	50,000
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Total Institute of Museum and Library Services (IMLS) - **50,000**

Centers for Disease Control and Prevention

Passed through Department of State Health Services

Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis	93.354	HHS001076300001	-	67,277
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Total Centers for Disease Control and Prevention - **67,277**

U.S. Department of Homeland Security

Passed through Texas Division of Emergency Management

Hazard Mitigation Grant Program	97.039	DR-4377-0004	-	184,499
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Hazard Mitigation Grant Program	97.039	DR-4266-014	-	197,845
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Total Passed through Texas Division of Emergency Management			-	382,344
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Passed through Texas Office of the Governor – Homeland Security Grants Division (HSGD)

Homeland Security Grant Program	97.067	EMW-2021-SS-00062	-	69,622
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Total U.S. Department of Homeland Security - **451,966**

U.S. Department of Health and Human Services

Passed through Texas Department of State and Health Services

COVID-19 Immunizations Grant Program	93.268	NH23IP922616	-	580,130
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Total U.S. Department of Health and Human Services - **580,130**

Total Federal Awards Expended \$ - **\$ 22,013,039**

* Cluster of programs

City of Harlingen, Texas
Schedule of Expenditures of State Awards
For the Year Ended September 30, 2022

(1)	(3)	(4)	(5)
State Grantor / Pass-Through Grantor Program Title	Identifying Number	Provided to Subrecipients	State Expenditure
Texas Water Development Board			
Category 3 Harlingen 9th and 13th St Drainage Improvements Project	40115	\$ -	\$ 242,423
Category 1 Harlingen HUC 10 Flood Protection Planning Study	40041	-	1,297,984
Tropical Texas Behavioral Health			
Tropical Texas Behavioral Health	MHO-2022		90,176
University of Texas Health Science Center At Houston			
Community Health Worker Tu Salud Si Cuenta	UTH52099	-	56,848
Texas Office of the Governor - Criminal Justice Division (CJD)			
BG-Rifle-Resistant Body Armor Grant Program (BAGP)	2022-BG-ST-0025	-	54,081
Texas Office of the Governor - Homeland Security Grants Division (HSGD)			
BL-Local Border Security Program (LBSP)	2022-BL-ST-0016	-	63,464
Total State Financial Assistance Expended		\$ -	\$ 1,804,976

City of Harlingen, Texas

Notes on Accounting Policies for Federal and State Awards

General

The accompanying Schedule of Expenditures of Federal and State Awards presents the activity of all federal and state award programs of the City of Harlingen, Texas, for the year ended September 30, 2022. The reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the City of Harlingen, Texas and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance and the State of Texas Single Audit Circular. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Federal Loans and Loan Guarantees

During the year ended September 30, 2022, the City had no outstanding loans payable or loan guarantees.

Federally Funded Insurance

During the year ended September 30, 2022, the City had no federally funded insurance.

Noncash Awards

During the year ended September 30, 2022, the City did not have any awards in the form of noncash assistance.

Indirect Cost Rate

The Uniform Guidance allows an organization to elect a 10% de minimus indirect cost rate. For the year ended September 30, 2022, the City did not elect to use this rate.

City of Harlingen, Texas
Exit Conference

Discussion with City Personnel: The results of the audit were discussed at an exit briefing with the following grantee personnel:

Robert Rodriguez, Finance Director

No exceptions were taken to the factual contents of the items contained in this report.

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**CONTINUING DISCLOSURE
REQUIREMENTS OF
SEC RULE 15(C) 2-12**

City of Harlingen, Texas
General Fund Revenues and Expenditures History
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year Ended September 30,

	2013	2014	2015
Revenues:			
Property Taxes - including P and I	\$ 13,624,303	\$ 13,356,797	\$ 13,682,198
Non-property Taxes	19,091,811	19,440,451	19,897,893
Fines & Forfeitures	1,780,146	1,681,265	1,672,287
Licenses & Permits	614,735	564,486	502,973
Charges for Services	2,391,671	2,579,831	3,034,139
Intergovernmental	296,070	583,121	689,624
Contributions and Donations	827,353	831,217	2,503,630
Miscellaneous	173,637	294,913	155,673
Interest and Investment Income	31,265	22,098	14,062
Total Revenues	38,830,991	39,354,179	42,152,479
Expenditures:			
General Government	5,237,122	5,617,973	5,748,778
Public Safety	20,580,493	21,448,737	22,621,457
Highways & Streets	3,100,048	3,214,699	3,258,044
Health & Welfare	2,785,007	2,906,812	2,972,646
Community and economic development	-	-	-
Culture & Recreation	4,024,108	3,844,256	3,759,030
Capital Outlay	1,197,032	2,714,934	3,933,263
Debt Payments	-	-	339,567
Total Expenditures	36,923,810	39,747,411	42,632,785
Excess (Deficiency) of Revenues			
Over/(Under) Expenditures	1,907,181	(393,232)	(480,306)
Budgeted Transfers and			
Other Financing Sources (Uses)	480,194	1,792,697	(759,632)
Excess of Revenues			
Other Financing Sources (Uses)			
Over (Under) Expenditures & Others	2,387,375	1,399,465	(1,239,938)
Beginning Fund Balance	13,396,796	15,784,171	17,183,636
Ending Fund Balance	\$ 15,784,171	\$ 17,183,636	\$ 15,943,698

City of Harlingen, Texas
General Fund Revenues and Expenditures History
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

		Restated				
2016	2017	2018	2019	2020	2021	2022
\$ 14,202,827	\$ 14,365,607	\$ 14,763,466	\$ 15,267,137	\$ 18,206,332	\$ 19,602,249	\$ 19,556,158
20,221,652	21,134,041	22,458,031	22,728,278	22,280,460	25,202,862	27,236,338
1,442,634	1,113,512	918,840	1,059,835	831,889	748,710	720,676
549,401	650,476	655,628	690,991	706,930	796,577	907,850
2,459,509	2,840,253	1,403,079	1,327,675	981,550	872,026	1,541,039
58,815	59,730	1,176,253	1,347,063	5,743,698	1,713,453	1,246,018
696,413	628,274	893,039	94,551	3,228,964	5,426,883	3,880,999
131,008	604,711	182,243	192,553	401,968	199,393	322,514
32,006	115,237	310,605	547,187	238,198	31,700	195,222
39,794,265	41,511,841	42,761,184	43,255,270	52,619,989	54,593,853	55,606,814
5,536,663	5,519,977	5,728,253	5,818,350	6,324,719	8,428,590	7,689,848
22,055,008	22,905,249	23,361,243	23,697,616	24,296,047	25,044,645	26,708,791
3,037,712	3,192,920	3,300,201	3,410,491	3,644,814	3,595,825	3,947,975
2,895,711	2,893,736	841,556	883,373	1,305,281	1,994,009	1,036,391
-	597,316	1,739,678	1,818,633	1,748,118	1,797,072	1,902,713
3,928,243	4,116,239	5,292,513	5,046,136	4,969,797	3,860,130	4,351,285
952,217	1,537,157	1,420,920	1,259,425	5,048,443	9,846,429	7,295,009
540,738	168,672	192,177	202,239	313,595	312,756	316,220
38,946,292	40,931,266	41,876,541	42,136,263	47,650,814	54,879,456	53,248,232
847,973	580,575	884,643	1,119,007	4,969,175	(285,603)	2,358,582
(76,639)	1,216,746	1,153,268	(1,029,544)	442,473	2,398,855	942,971
771,334	1,797,321	2,037,911	89,463	5,411,648	2,113,252	3,301,553
15,943,698	16,715,032	18,512,353	20,550,264	20,639,727	26,051,375	28,164,627
\$ 16,715,032	\$ 18,512,353	\$ 20,550,264	\$ 20,639,727	\$ 26,051,375	\$ 28,164,627	\$ 31,466,180

City of Harlingen, Texas
Property Tax Rate, Levy and Collection History
Last Ten Fiscal Years

Fiscal Year	Tax Year	Property Tax Rate	General Fund	Debt Service Fund	Tax Levy	Percentage Current Collection	Percentage Total Collections
2013	2012	0.588827	0.451862	0.136965	16,571,978	97.78%	99.67%
2014	2013	0.588827	0.449723	0.139104	16,859,229	96.94%	99.68%
2015	2014	0.588827	0.450901	0.137926	17,051,909	98.02%	99.69%
2016	2015	0.588827	0.458590	0.130237	17,290,041	98.75%	99.66%
2017	2016	0.588827	0.460327	0.128500	17,786,875	97.07%	99.61%
2018	2017	0.588827	0.456327	0.132500	18,367,763	97.28%	99.55%
2019	2018	0.588827	0.460827	0.128000	18,928,383	97.23%	99.43%
2020	2019	0.630000	0.518100	0.111900	21,417,483	97.46%	99.33%
2021	2020	0.619849	0.525762	0.094087	22,313,240	97.72%	98.94%
2022	2021	0.619849	0.512839	0.107010	23,162,997	97.72%	97.99%

City of Harlingen, Texas
Valuation and General Obligation Debt History
Last Ten Fiscal Years

Fiscal Year	Estimated City Population (1)	Taxable Assessed Valuation (2)	Per Capita Taxable Assessed Valuation	Per Capita General Obligation (G.O.) Tax Debt	Ratio G.O. Tax Debt to Taxable Assessed Valuation	Percentage of Total Tax Collection
2013	65,679	2,814,253,902	42,849	296	0.69%	99.67%
2014	65,665	2,863,202,306	43,603	274	0.63%	99.68%
2015	65,914	2,901,019,088	44,012	251	0.57%	99.69%
2016	65,774	2,908,536,859	44,220	480	1.09%	99.66%
2017	65,539	3,028,664,715	46,212	422	0.91%	99.61%
2018	65,467	3,134,048,830	47,872	385	0.80%	99.55%
2019	65,436	3,258,108,448	49,791	347	0.70%	99.43%
2020	70,000	3,420,023,843	48,857	335	0.63%	99.33%
2021	71,829	3,450,161,395	48,003	335	0.63%	98.94%
2022	71,925	3,719,206,243	51,710	270	0.52%	97.99%

(1) United States Department of Commerce, Bureau of Census

(2) Certified taxable assessed values reported by the Cameron Appraisal District

City of Harlingen, Texas

Taxable Assessed Valuations by Category

Last Ten Fiscal Years

Fiscal Year Ended September 30,

	2013		2014		2015		2016	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 1,356,985,849	43.30%	\$ 1,368,138,082	42.93%	\$ 1,391,784,107	43.09%	\$ 1,422,719,443	41.78%
Real, Residential, Multi-Family	131,572,346	4.20%	137,135,722	4.30%	145,711,895	4.51%	152,731,731	4.48%
Real, Vacant Lots and Land Tracts	79,490,812	2.54%	77,780,405	2.44%	79,131,228	2.45%	99,616,746	2.93%
Real, Acreage (Land Only)	105,421,460	3.36%	104,026,465	3.26%	102,098,139	3.16%	77,483,543	2.28%
Real, Farm and Ranch Improvements	12,839,492	0.41%	12,967,265	0.41%	16,103,270	0.50%	22,543,512	0.66%
Real, Commercial and Industrial	811,900,683	25.91%	817,744,628	25.66%	853,524,500	26.42%	869,779,194	25.54%
Real and Tangible Personal Utilities	63,263,718	2.02%	64,460,988	2.02%	71,433,158	2.21%	87,635,345	2.57%
Tangible Personal, Commercial and Industrial	363,204,883	11.59%	392,710,604	12.32%	349,774,616	10.83%	408,136,305	11.98%
Tangible Personal, Mobile Homes	18,674,253	0.60%	19,303,546	0.61%	19,401,944	0.60%	19,475,651	0.57%
Real Property, Inventory	5,079,949	0.16%	4,839,652	0.15%	7,090,330	0.22%	5,289,784	0.16%
Special Inventory	20,596,563	0.66%	22,494,609	0.71%	26,150,645	0.81%	33,441,069	0.98%
Total Exempt Property	164,870,000	5.26%	165,626,270	5.20%	168,062,865	5.20%	206,794,099	6.07%
Total Appraised Value Before Exemptions	3,133,900,008	100.00%	3,187,228,236	100.00%	3,230,266,697	100.00%	3,405,646,422	100.00%
Less: Total Exemptions/Reductions/Adjustments	319,646,106		324,025,930		329,247,609		497,109,563	
Taxable Assessed Value	\$ 2,814,253,902		\$ 2,863,202,306		\$ 2,901,019,088		\$ 2,908,536,859	

(1) United States Department of Commerce, Bureau of the Census

(2) As reported by the Cameron County Appraisal District on City's annual State Property Tax Board Report:

Subject to change during the ensuing year.

(3) Does not include self-supporting debt

2017		2018		2019		2020		2021		2022	
Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
\$ 1,505,382,496	42.46%	\$ 1,504,401,535	42.53%	\$ 1,614,219,233	43.82%	\$ 1,653,826,114	42.91%	\$ 1,691,789,891	42.80%	\$ 1,827,671,089	43.06%
156,626,985	4.42%	156,393,800	4.42%	165,481,963	4.49%	181,677,766	4.71%	190,497,063	4.82%	236,409,595	5.57%
95,179,814	2.68%	94,844,855	2.68%	93,694,770	2.54%	96,744,381	2.51%	95,342,947	2.41%	97,084,553	2.29%
78,901,837	2.23%	78,876,674	2.23%	84,269,537	2.29%	103,016,837	2.67%	104,038,591	2.63%	101,752,896	2.40%
20,715,678	0.58%	20,135,916	0.57%	19,506,624	0.53%	22,257	0.00%	20,261	0.00%	27,278	0.00%
913,777,649	25.77%	907,886,024	25.67%	919,592,996	24.97%	1,023,263,511	26.55%	1,032,136,478	26.11%	1,116,172,044	26.30%
92,638,719	2.61%	92,638,719	2.62%	94,662,090	2.57%	105,521,522	2.74%	88,944,454	2.25%	102,395,395	2.41%
411,114,410	11.60%	409,616,184	11.58%	425,678,402	11.56%	413,265,360	10.72%	393,535,505	9.96%	398,937,633	9.40%
20,048,678	0.57%	20,048,678	0.57%	20,285,891	0.55%	21,347,964	0.55%	21,919,075	0.55%	22,151,627	0.52%
3,845,926	0.11%	3,845,926	0.11%	5,337,252	0.14%	2,364,592	0.06%	972,689	0.02%	336,396	0.01%
33,840,897	0.95%	33,839,897	0.96%	31,364,048	0.85%	33,200,319	0.86%	35,773,132	0.90%	34,862,687	0.82%
213,290,180	6.02%	214,704,464	6.06%	209,432,936	5.69%	220,288,184	5.72%	298,098,984	7.54%	306,933,021	7.23%
3,545,363,269	100.00%	3,537,232,672	100.00%	3,683,525,742	100.00%	3,854,538,807	100.00%	3,953,069,070	100.00%	4,244,734,214	100.00%
516,698,554		403,183,842		425,417,294		434,514,965		502,907,675		525,527,971	
\$ 3,028,664,715		\$ 3,134,048,830		\$ 3,258,108,448		\$ 3,420,023,842		\$ 3,450,161,395		\$ 3,719,206,243	

City of Harlingen, Texas
Computation of Estimated Direct and Overlapping Debt

Fiscal Year Ended September 30, 2022

Name of Governmental Unit	Net Debt Outstanding	Percentage Applicable to the City of Harlingen	City of Harlingen's Share of Debt
Direct Debt			
City of Harlingen	\$ 35,514,696	100.00%	\$ 35,514,696
Total Direct Debt	35,514,696		35,514,696
Overlapping Debt			
Cameron County	143,660,000	16.13%	23,172,358
Harlingen Consolidated Independent School District	113,020,000	75.05%	84,821,510
Rio Hondo Independent School District	34,222,072	1.67%	571,509
San Benito Consolidated Independent School District	87,585,000	1.51%	1,322,534
Total Overlapping Debt	378,487,072		109,887,911
Total Direct and Overlapping Debt	\$ 414,001,768		\$ 145,402,607

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values.

Applicable percentages were estimated by determining the portion of the another government units assessed value that is within the City's boundaries and dividing by each unit's total assessed value.

City of Harlingen, Texas
Principal Property Taxpayers

Fiscal Year Ended September 30, 2022

Principal Taxpayer	Type of Business	Fiscal Year Taxable Assessed Valuation	Percentage of Total Taxable Assessed Valuation
VHS Harlingen Hospital Company LLC	Medical Services	\$ 67,312,543	1.81%
AEP Texas Inc	Electricity Suppliers	55,296,020	1.49%
VHS Harlingen Hospital Company LLC	Medical Services	28,411,998	0.76%
Boyer Harlingen LC	Real Estate Developers	27,575,632	0.74%
Walmart Inc,	Retail	25,729,396	0.69%
HMC Realty LLC	Real Estate Developers	24,480,000	0.66%
Valle Vista Mall Realty	Shopping Center Operations	15,557,027	0.42%
Rancho Harlingen Corners LLC	Shopping Center Operations	15,500,000	0.42%
Y&O Harlingen Corners Wing LLC	Shopping Center Operations	15,050,168	0.40%
Union Pacific RR CP-07C	Railroad	14,693,950	0.40%
		\$ 289,606,734	7.79%

Source: Cameron Appraisal District

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DEBT SERVICE SECTION

City of Harlingen, Texas
Debt Service Requirements to Maturity - Primary Government

Fiscal Year	2013 General Obligation		2016 Certificate		2016 General Obligation		2019 General Obligation		2021 General Obligation				Grand Total	
	Bonds		of Obligation		Bonds		Bonds		Bonds		Total	Total	Principal	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	and Interest	
9/30/2023	\$ 215,000	\$ 14,688	\$ 430,000	\$ 425,944	\$ 2,400,000	\$ 391,500	\$ 140,000	\$ 65,350	\$ 495,000	\$ 115,200	\$ 3,680,000	\$ 1,012,682	\$ 4,692,682	
9/30/2024	220,000	9,250	450,000	413,001	2,500,000	294,000	145,000	58,225	510,000	100,350	3,825,000	874,826	4,699,826	
9/30/2025	260,000	3,250	460,000	398,826	2,645,000	216,825	170,000	52,050	330,000	85,050	3,865,000	756,001	4,621,001	
9/30/2026	-	-	475,000	383,876	2,990,000	132,300	180,000	45,000	335,000	75,150	3,980,000	636,326	4,616,326	
9/30/2027	-	-	490,000	367,964	2,915,000	43,725	185,000	35,875	345,000	65,100	3,935,000	512,664	4,447,664	
9/30/2028	-	-	510,000	350,814	-	-	200,000	26,250	70,000	54,750	780,000	431,814	1,211,814	
9/30/2029	-	-	525,000	332,199	-	-	210,000	16,000	70,000	52,650	805,000	400,849	1,205,849	
9/30/2030	-	-	545,000	311,304	-	-	215,000	5,375	75,000	50,550	835,000	367,229	1,202,229	
9/30/2031	-	-	570,000	289,613	-	-	-	-	305,000	48,300	875,000	337,913	1,212,913	
9/30/2032	-	-	595,000	266,927	-	-	-	-	315,000	39,150	910,000	306,077	1,216,077	
9/30/2033	-	-	620,000	242,294	-	-	-	-	320,000	29,700	940,000	271,994	1,211,994	
9/30/2034	-	-	645,000	216,626	-	-	-	-	330,000	20,100	975,000	236,726	1,211,726	
9/30/2035	-	-	670,000	189,923	-	-	-	-	340,000	10,200	1,010,000	200,123	1,210,123	
9/30/2036	-	-	700,000	162,185	-	-	-	-	-	-	700,000	162,185	862,185	
9/30/2037	-	-	730,000	133,205	-	-	-	-	-	-	730,000	133,205	863,205	
9/30/2038	-	-	760,000	101,888	-	-	-	-	-	-	760,000	101,888	861,888	
9/30/2039	-	-	790,000	69,284	-	-	-	-	-	-	790,000	69,284	859,284	
9/30/2040	-	-	825,000	35,393	-	-	-	-	-	-	825,000	35,393	860,393	
	\$ 695,000	\$ 27,188	\$ 10,790,000	\$ 4,691,266	\$ 13,450,000	\$ 1,078,350	\$ 1,445,000	\$ 304,125	\$ 3,840,000	\$ 746,250	\$ 30,220,000	\$ 6,847,179	\$ 37,067,179	