

ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF HARLINGEN, TEXAS

For the Fiscal Year Ended September 30, 2023

City of Harlingen, Texas
Annual Comprehensive Financial Report
(Including Compliance Report on Grant Activities)
For the Fiscal Year Ended September 30, 2023

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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City of Harlingen, Texas
Table of Contents
September 30, 2023

TABLE OF CONTENTS	<u>Page No.</u>
INTRODUCTORY SECTION	
Letter of Transmittal	17
GFOA Certificate of Achievement	26
Organizational Chart	27
FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	31
MANAGEMENT'S DISCUSSION AND ANALYSIS	37
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	54
Statement of Activities	56
Fund Financial Statements	
<i>Governmental Funds Financial Statements</i>	
Balance Sheet	57
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	58
Statement of Revenues, Expenditures and Changes in Fund Balances	59
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Government-Wide Statement of Activities	60
<i>Proprietary Fund Financial Statements</i>	
Combining Statement of Net Position	62
Combining Statement of Revenues, Expenses and Changes in Net Position	64
Combining Statement of Cash Flows	66
<i>Fiduciary Fund Statements</i>	
Statement of Fiduciary Net Position	68
Statement of Changes in Fiduciary Net Position	69
<i>Component Units</i>	
Combining Statement of Net Position	70
Combining Statement of Activities	72
Notes to Financial Statements	74

City of Harlingen, Texas
Table of Contents
September 30, 2023

TABLE OF CONTENTS - CONTINUED

Page No.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	155
CDBG Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	156
Other Grants Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	157

Pension Related Information

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios for Agent Multiple-Employer Pension Plan – Texas Municipal Retirement System	158
Schedule of Changes in Net Pension Liability and Related Ratios – Firemen’s Relief and Retirement Fund	166
Schedule of City’s Contribution for all Pension Plans	168

Other Post-employment Benefits (OPEB) Related Information

Schedule of Changes in Total OPEB Liability and Related Ratios for Agent Multiple-Employer OPEB Plan – Retiree Health Care Plan	170
Schedule of Changes in Total OPEB Liability and Related Ratios for Single-Employer - Texas Municipal Retirement System - OPEB Plan – Supplemental Death Benefits Fund	172
Notes to Required Supplementary Information	174

OTHER SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Combining Balance Sheet	184
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	188

Supplementary Individual Governmental Funds Financial Statements and Schedules

Internal Service Funds

Combining Statement of Net Position	196
Combining Statement of Revenues, Expenses and Changes in Net Position	198
Combining Statement of Cash Flows	199

City of Harlingen, Texas
Table of Contents
September 30, 2023

TABLE OF CONTENTS - CONTINUED

	<u>Page No.</u>
OTHER SUPPLEMENTARY INFORMATION - Continued	
Supplementary Individual Governmental Funds Financial Statements and Schedules - Continued	
<i>General Fund</i>	
Comparative Balance Sheet	202
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	203
<i>Community Development Block Grant Fund</i>	
Comparative Balance Sheets	204
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	205
<i>Tennis Court Revenue Fund</i>	
Comparative Balance Sheet	206
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	207
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	208
<i>Public, Educational and Governmental Access Channel Fund</i>	
Comparative Balance Sheet	210
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	211
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	212
<i>Hotel/Motel Occupancy Tax Fund</i>	
Comparative Balance Sheet	214
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	215
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	216
<i>Convention and Visitors Bureau Fund</i>	
Comparative Balance Sheet	218
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	219
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	220

City of Harlingen, Texas
Table of Contents
September 30, 2023

TABLE OF CONTENTS - CONTINUED

	<u>Page No.</u>
OTHER SUPPLEMENTARY INFORMATION - Continued	
Supplementary Individual Governmental Funds Financial Statements and Schedules - Continued	
<i>Catastrophic Emergency Relief Fund</i>	
Comparative Balance Sheet	222
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	223
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	224
<i>Harlingen Downtown Fund</i>	
Comparative Balance Sheet	226
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	227
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	228
<i>Federal Forfeiture Fund</i>	
Comparative Balance Sheet	230
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	231
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	232
<i>State Forfeiture Fund</i>	
Comparative Balance Sheet	234
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	235
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	236
<i>Sponsorships Fund</i>	
Comparative Balance Sheet	238
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	239
<i>Other Grants Fund</i>	
Comparative Balance Sheet	240
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	241

City of Harlingen, Texas
Table of Contents
September 30, 2023

TABLE OF CONTENTS - CONTINUED

	<u>Page No.</u>
OTHER SUPPLEMENTARY INFORMATION - Continued	
Supplementary Individual Governmental Funds Financial Statements and Schedules - Continued	
<i>Harlingen Convention Center</i>	
Comparative Balance Sheet	242
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	243
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	244
<i>Free Trade Bridge Fund</i>	
Comparative Balance Sheet	246
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	247
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	248
<i>Infrastructure Fund</i>	
Comparative Balance Sheet	250
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	251
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	252
<i>Lon C. Hill Library Fund</i>	
Comparative Balance Sheet	254
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	255
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	256
<i>Tax Increment Financing Reinvestment Zone No. 1 Fund</i>	
Comparative Balance Sheet	258
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	259
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	260
<i>Tax Increment Financing Reinvestment Zone No. 2 Fund</i>	
Comparative Balance Sheet	262
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	263
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	264

City of Harlingen, Texas
Table of Contents
September 30, 2023
TABLE OF CONTENTS - CONTINUED

Page No.

OTHER SUPPLEMENTARY INFORMATION - Continued

Supplementary Individual Governmental Funds Financial Statements and Schedules – Continued

Tax Increment Financing Reinvestment Zone No. 3 Fund

Comparative Balance Sheet	266
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	267
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	268

Debt Service Fund

Comparative Balance Sheet	270
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	271
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	272

Capital Improvement Fund

Comparative Balance Sheet	274
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	275

Street Improvement Fund

Comparative Balance Sheet	276
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	277

Petition Paving Fund

Comparative Balance Sheet	278
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	279

Certificates of Obligation Projects, Series 2001 Fund

Comparative Balance Sheet	280
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	281

**City of Harlingen, Texas
Table of Contents
September 30, 2023**

TABLE OF CONTENTS - CONTINUED

	<u>Page No.</u>
OTHER SUPPLEMENTARY INFORMATION - Continued	
Supplementary Individual Governmental Funds Financial Statements and Schedules – Continued	
<i>General Obligation Bonds, Series 2006 Fund</i>	
Comparative Balance Sheet	282
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	283
<i>Certificates of Obligation Projects, Series 2016 Fund</i>	
Comparative Balance Sheet	284
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	285
Supplementary Individual Enterprise Funds Financial Statements and Schedules	
<i>Sanitation Fund</i>	
Comparative Statement of Net Position	290
Comparative Statement of Revenues, Expenses and Changes in Net Position	292
Comparative Statement of Cash Flows	293
<i>Municipal Golf Course Fund</i>	
Comparative Statement of Net Position	295
Comparative Statement of Revenues, Expenses and Changes in Net Position	297
Comparative Statement of Cash Flows	298

**City of Harlingen, Texas
Table of Contents
September 30, 2023**

TABLE OF CONTENTS - CONTINUED

	<u>Page No.</u>
OTHER SUPPLEMENTARY INFORMATION - Continued	
Supplementary Individual Enterprise Funds Financial Statements and Schedules – Continued	
<i>Municipal Auditorium Fund</i>	
Comparative Statement of Net Position	300
Comparative Statement of Revenues, Expenses and Changes in Net Position	302
Comparative Statement of Cash Flows	303
<i>Harlingen Arts and Heritage Museum Fund</i>	
Comparative Statement of Net Position	305
Comparative Statement of Revenues, Expenses and Changes in Net Position	307
Comparative Statement of Cash Flows	308
Supplementary Individual Internal Service Funds Financial Statements and Schedules	
<i>Motor Vehicle/Warehouse Fund</i>	
Comparative Statement of Net Position	312
Comparative Statement of Revenues, Expenses and Changes in Net Position	314
Comparative Statement of Cash Flows	315
<i>Health Insurance Fund</i>	
Comparative Statement of Net Position	317
Comparative Statement of Revenues, Expenses and Changes in Net Position	318
Comparative Statement of Cash Flows	319

City of Harlingen, Texas
Table of Contents
September 30, 2023

TABLE OF CONTENTS - CONTINUED

Page No.

OTHER SUPPLEMENTARY INFORMATION - Continued

Supplementary Individual Component Units Financial Statements and Schedules

Harlingen Economic Development Corporation, Inc.

Comparative Balance Sheet	324
Reconciliation of the Balance Sheet of the Harlingen Economic Development Corporation to the Component Unit Combining Statement of Net Position	325
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	326
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Harlingen Economic Development Corporation to the Component Unit Combining Statement of Activities	327

Harlingen Community Improvement Board

Comparative Balance Sheet	328
Reconciliation of the Balance Sheet of the Harlingen Community Improvement Board to the Component Unit Combining Statement of Net Position	329
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	330
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	331

City of Harlingen Waterworks System

Comparative Balance Sheet	332
Comparative Statement of Revenues, Expenses and Changes in Net Position	335
Comparative Statement of Cash Flows	336

Valley International Airport

Comparative Balance Sheet	338
Comparative Statement of Revenues, Expenses and Changes in Net Position	341
Comparative Statement of Cash Flows	342

STATISTICAL SECTION

Government-wide Information

Changes in Net Position - Governmental Activities (Last Ten Fiscal Years)	(Table 1)	348
Changes in Net Position - Business-Type Activities (Last Ten Fiscal Years)	(Table 2)	349
Changes in Net Position - Total (Last Ten Fiscal Years)	(Table 3)	350

City of Harlingen, Texas
Table of Contents
September 30, 2023

TABLE OF CONTENTS - CONTINUED

	<u>Page No.</u>
STATISTICAL SECTION - Continued	
Government-Wide Net Position by Category (Last Ten Fiscal Years) (Table 4)	351
Fund Information	
Changes in Fund Balances - Governmental Funds (Last Ten Fiscal Years) (Table 5)	352
General Fund Revenues and Expenditures History (Last Ten Fiscal Years) (Table 6)	353
Fund Balances - Governmental Funds (Last Ten Fiscal Years) (Table 7)	354
Tax Revenues by Source - Governmental Funds (Last Ten Fiscal Years) (Table 8)	355
Taxable Assessed Value and Estimated Actual Value of Property (Last Ten Fiscal Years) (Table 9)	356
Direct and Overlapping Property Tax Rates (Last Ten Fiscal Years) (Table 10)	357
Property Tax Levies and Collections (Last Ten Fiscal Years) (Table 11)	358
Principal Property Taxpayers (Table 12)	359
Direct and Overlapping Sales Tax Rates (Last Ten Fiscal Years) (Table 13)	360
Ratio of Total Debt Outstanding by Type (Last Ten Fiscal Years) (Table 14)	361
Computation of Estimated Direct and Overlapping Debt (Table 15)	362
Legal Debt Margin (Last Ten Fiscal Years) (Table 16)	363
Economic and Demographic Statistics (Last Ten Fiscal Years) (Table 17)	364
Principal Employers (Table 18)	365
City Employees by Function/Program (Last Ten Fiscal Years) (Table 19)	366
Operating Statistics by Function/Program (Last Ten Fiscal Years) (Table 20)	368
Ratio of General Bonded Debt Outstanding (Last Ten Fiscal Years) (Table 21)	369

**City of Harlingen, Texas
Table of Contents
September 30, 2023**

TABLE OF CONTENTS - CONTINUED

Page No.

SINGLE AUDIT SECTION

Federal Awards Section

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 <i>Government Auditing Standards</i>	373
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	377
Schedule of Findings and Questioned Costs	381
Schedule of Expenditures of Federal Awards	382
Schedule of Expenditures of State Awards	385
Notes to the Schedules of Expenditures of Federal and State Awards	386

CONTINUING DISCLOSURE REQUIREMENTS OF SEC RULE 15(C) 2-12

General Fund Revenues and Expenditures History (Last Ten Fiscal Years)	388
Property Tax Rate, Levy and Collections History	390
Valuation and General Obligation Debt History	391
Taxable Assessed Valuations by Category	392
Computation of Estimated Direct and Overlapping Debt	394

DEBT SERVICE SCHEDULE

Debt Service Requirements to Maturity – Primary Government	396
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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."

March 30, 2024

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, 2023. 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 Cascos & Associates, PC, 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, 2023, 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 5 major airlines for passengers to choose from.

Overall construction in Harlingen during FY 2022-23 was \$176.2 million in construction permits issued by the City. A total of 797 permits were issued. The City issued 242 building permits for new homes for a total dollar value of over \$47.4 million, with an average construction cost for each home at \$195,723. The commercial/business sector issued permits for 50 new commercial structures with a construction value of \$86.3 million.

Total sales tax collected by the City, the Economic Development Corporation (EDC-4A) and the Harlingen Community Improvement Board (HCIB-4B) increased to \$33,103,976 in FY 2022-23 compared to the \$31,892,161 collected in FY 2021-22, a 3.8% or \$1,211,815 increase. All three entities are committed to combining their resources for the overall economic benefit of the City.

Outlook

The City's fiscal year 2023 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 2023 showed a large increase in sales taxes due to 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 2022-2023 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 2023:

- Lon C. Hill Destination Park, Phase II
- Lon C. Hill Destination Park Trail
- Lozano Detention Pond Phase I.
- Road construction including South 5th Street from Coolidge to Arroyo, Montezuma Road, 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. Pierce Avenue has been completed, Mitchell and Buchanan are pending.
- Drainage and storm sewer projects including Jackson Ave. and C Street Drainage Improvements, 21st Street Storm Sewer System Improvements (design), Lozano Detention Facility (construction in progress, in-house), Hickory Hill Road Culvert (completed), 5th and 7th Street Storm Sewer Improvements (design), Pickens Street Storm Sewer Improvements (construction in progress), Lozano Street to Arroyo Colorado Irrigation Canal Study, Teege and Faripark Storm Sewer Improvements (design), Sunchase and Sabal Palm Storm Sewer Improvements (design), Adam's Crossing Storm Sewer Improvements (design), Ed Carey and Business 77 Storm Sewer Improvements (design) and Jacaranda Street Storm Sewer Improvements (design), Jefferson Storm Sewer Improvements (design)
- General Reseal & Overlay Project for various City streets
- Arroyo Colorado Hike and Bike Trail Extension

GOALS FOR YEAR 2023-24 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, 2023, 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, 2022. 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 \$37,488,662 at September 30, 2023. The unassigned fund balance for the General Fund totaled \$35,062,921, an increase of \$4,713,026 over last year. The combined fund balance of all other governmental funds totaled \$11,617,663, which includes restricted funds of \$10,581,823, committed funds of \$3,268,816, assigned funds of \$1,273,970 nonspendable funds of \$86,072 and unassigned funds of (3,593,018).

The fund balance of the General Fund presented above will provide the City with approximately 236 days of operating expenditures for FY 2024. 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 241 days of expenditures for FY 2024.

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 \$584,481 is 12.4% of FY 2024 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, 2023 and 2022, as follows:

<u>Proprietary Funds</u>	<u>2023</u>	<u>2022</u>
Sanitation Fund	\$ 542,334	\$ 461,205
Municipal Golf Course Fund	(437,272)	(315,341)
Municipal Auditorium Fund	(146,600)	(211,975)
Harlingen Arts & Heritage Museum	(98,647)	(114,467)
Total net income (loss)	<u>\$ (140,185)</u>	<u>\$ (180,578)</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.

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, 2022. 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.

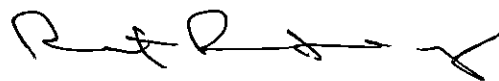
A Certificate of Achievement is valid for a period of one year only. The City of Harlingen has received a Certificate of Achievement for each of the last thirty seven years (fiscal years ended 1985 to 2022). We believe our current report continues to conform to Certificate of Achievement Program requirements, 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, Cascos & Associates, PC, 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', followed by a stylized flourish or checkmark.

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

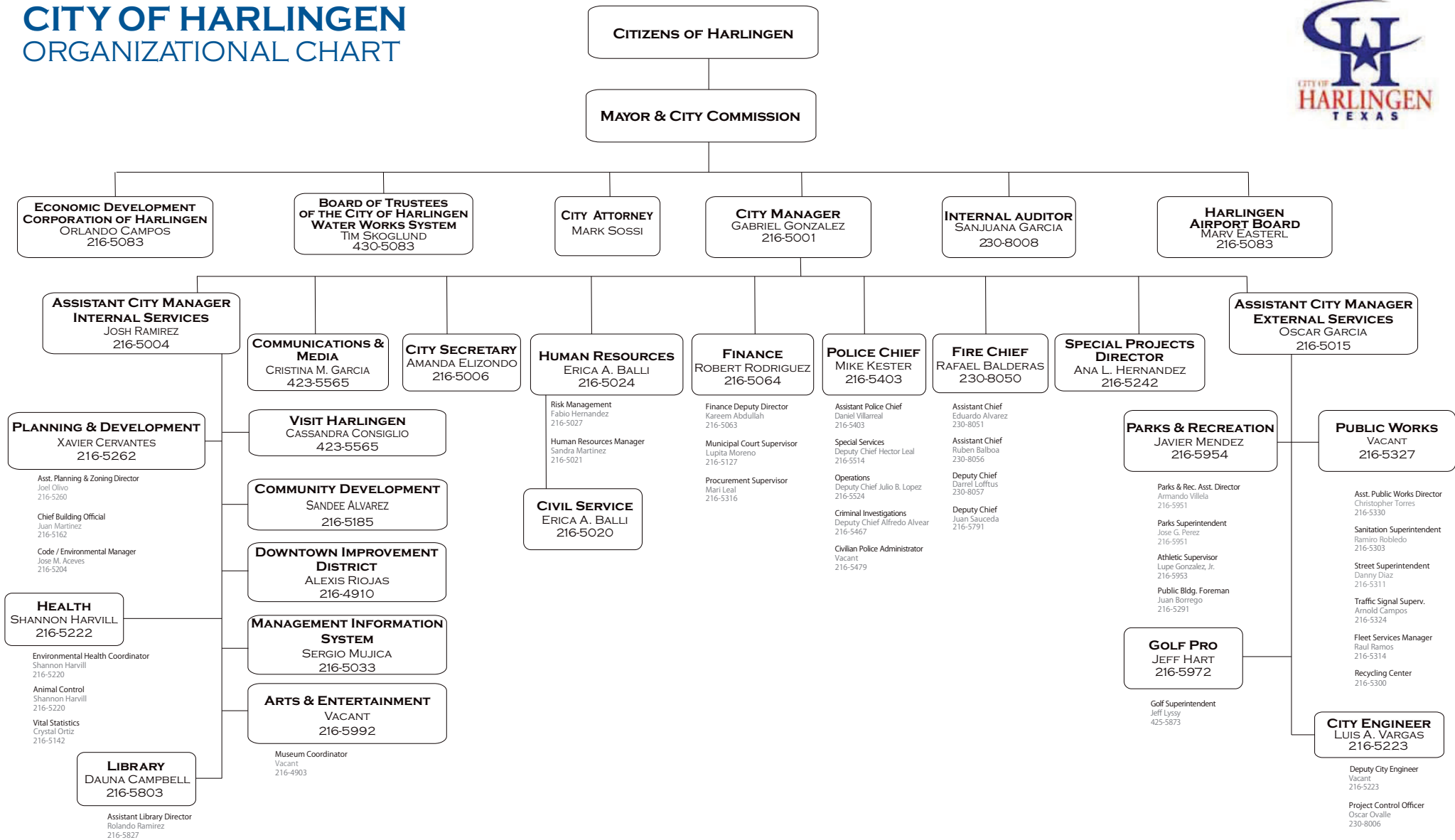
September 30, 2022

Christopher P. Morill

Executive Director/CEO

CITY OF HARLINGEN

ORGANIZATIONAL CHART



REVISED 09/06/2023

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FINANCIAL SECTION

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Cascos & Associates, PC

Certified Public Accountants

Audit/Accounting/Tax/Consulting

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 (the "City") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, 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, as of September 30, 2023, 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.

We did not audit the financial statements of Harlingen Waterworks System and Valley International Airport, which represent 82 percent, 86 percent, and 75 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of September 30, 2023. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Harlingen Waterworks System and Valley International Airport is based solely on the reports of the other auditors.

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 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.

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.

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'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.

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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'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'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 37–52 and 155–157 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 and the other auditors 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's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal 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*, 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

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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, based on our audit and the reports of the other auditors, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2024, on our consideration of the City'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'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 the City's internal control over financial reporting and compliance.



Cascos & Associates, PC
Brownsville, Texas
March 30, 2024

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Management's Discussion and Analysis

This section of the City of Harlingen, Texas' (the "City") annual financial report presents our discussion and analysis of the City's financial performance for the fiscal year ended September 30, 2023. Please read it in conjunction with the transmittal letter on page 17 and the City's financial statements, which begin on 54.

FINANCIAL HIGHLIGHTS

The net position of the City as of September 30, 2023 was \$153,701,439. This number consists of \$120,522,561 (78.4%) of net investment in capital assets. The net position restricted for specific purposes totals \$10,651,169 (6.9%) and unrestricted net position of \$22,527,709 (14.7)%. The City's total net position increased by \$20,898,742. The governmental activities net position increased by \$20,438,331 or approximately 17.32%, while the net position of our business-type activities increased by \$460,411 or approximately 3.11%. The increase to net position is a result of increased sales tax collections, increased investment earnings and capital purchases in excess of depreciation.

As of September 30, 2023, the City's governmental funds reported combined ending fund balances of \$49,106,325. Within this total, \$427,192 is non-spendable, \$10,651,169 is restricted by specific legal requirements, such as by debt covenants, \$3,268,816 has been committed and \$3,289,245 is assigned to specific types of expenditures. The remaining \$31,469,903 is unassigned fund balance and can be used for any lawful purpose. The City's expenditures for FY 2023 were \$4,611,477 less than the \$87,735,733 generated in taxes and other revenues before other finance sources and uses.

Business-type activities reported combined ending net position of \$15,247,575. Within this total, \$9,939,990 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 \$5,307,585 of unrestricted funds which can be used for any lawful purpose. Total proprietary expenses and transfers for the City's business-type activities were \$460,411 less than the operating and non-operating revenues of \$12,250,540.

USING THIS ANNUAL REPORT

The Annual Comprehensive Financial Report is composed of three main sections – (A) Introductory Section, (B) Financial Section, and (C) the Statistical Section. The Financial Section of this Annual Comprehensive 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 Annual Comprehensive Financial Report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 54-55 and 56) 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 57. 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 42. 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 (GASB) are:

- GASB Statement No. 91, Conduit Debt Obligations
- GASB Statement No. 93, Replacement of Interbank Offered Rates (IBORs)
- GASB Statement No. 94, Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements (APA)
- GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA)
- 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 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 determined that there were no significant impacts of implementing this Statement.

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. The City determined that there were no significant impacts of implementing this Statement.

Management's Discussion and Analysis

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. The City determined that there were no significant impacts of implementing this Statement.

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.

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 45. The fund financial statements begin on page 57 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

Management's Discussion and Analysis

City Commission to assist in managing money that is to be spent for particular purposes. For example, the Community Development Block Grant Fund (CDBG) 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.

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.

Management's Discussion and Analysis

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 68 and 69. 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 \$153,701,439 as of September 30, 2023. 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, \$120,522,561 (78.4%), 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 2022-2023, 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 \$10,651,169 (6.9%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is \$22,527,709 (14.7%).

Net position of the City's governmental activities increased by \$20,438,331 or 17.3%, from \$118,015,533 to \$138,453,864 for FY 2022-2023. The net position of the City's business-type activities increased 3.1% or \$460,411 from \$14,787,164 to \$15,247,575 for FY 2022-2023. The large increase to net position in the governmental activities for FY 2023 resulted from the increase sales tax collections, increased investment earnings and capital purchases in excess of depreciation. The increase to net position in the business-type activities was a result of the net gain in the Sanitation Fund.

Management's Discussion and Analysis

Table 1 – Summary Statement of Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 78,800,034	\$ 77,934,896	\$ 7,774,296	\$ 8,338,195	\$ 86,574,330	\$ 86,273,091
Due from component units	-	20,572	84,290	144,196	84,290	164,768
Internal balances	1,133,188	987,823	(1,133,188)	(987,823)	-	-
Net pension asset	-	4,799,748	-	97,954	-	4,897,702
Capital assets, net						
Non-depreciable assets	17,562,468	13,466,905	483,333	467,083	18,045,801	13,933,988
Depreciable assets	120,823,472	118,589,820	9,556,415	8,035,933	130,379,887	126,625,753
Total capital assets, net	138,385,940	132,056,725	10,039,748	8,503,016	148,425,688	140,559,741
Total assets	218,319,162	215,799,764	16,765,146	16,095,538	235,084,308	231,895,302
Deferred outflows of resources	15,339,258	6,393,829	955,853	44,988	16,295,111	6,438,817
Total assets and deferred outflows of resources	\$ 233,658,420	\$ 222,193,593	\$ 17,720,999	\$ 16,140,526	\$ 251,379,419	\$ 238,334,119
Liabilities						
Current and other liabilities	\$ 17,127,849	\$ 25,202,288	\$ 462,966	\$ 537,210	\$ 17,590,815	\$ 25,739,498
Non-current liabilities						
OPEB liability - retiree health plan	3,677,634	4,712,628	431,373	96,177	4,109,007	4,808,805
OPEB liability - supplemental death benefits	1,184,451	1,803,585	138,501	36,808	1,322,952	1,840,393
Municipal net pension liability	6,605,301	-	772,372	-	7,377,673	-
Firemen's net pension liability	26,782,163	17,315,431	-	-	26,782,163	17,315,431
Est. Liability landfill postclosure	-	-	83,859	110,010	83,859	110,010
Due in one year	5,370,069	6,257,572	165,643	166,105	5,535,712	6,423,677
Due more than one year	28,939,897	32,467,832	213,778	270,475	29,153,675	32,738,307
Total liabilities	89,687,364	87,759,336	2,268,492	1,216,785	91,955,856	88,976,121
Deferred inflows of resources	5,517,192	16,418,724	204,932	136,577	5,722,124	16,555,301
Net position						
Net investment in capital assets	110,582,571	101,346,733	9,939,990	8,350,964	120,522,561	109,697,697
Restricted	10,651,169	8,352,773	-	-	10,651,169	8,352,773
Unrestricted	17,220,124	8,316,027	5,307,585	6,436,200	22,527,709	14,752,227
Total net position	138,453,864	118,015,533	15,247,575	14,787,164	153,701,439	132,802,697
Total liabilities, deferred inflows of resources and net position	\$ 233,658,420	\$ 222,193,593	\$ 17,720,999	\$ 16,140,526	\$ 251,379,419	\$ 238,334,119

Management's Discussion and Analysis

Table 2 – Statement of Activities

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 11,293,485	\$ 8,241,411	\$ 11,757,834	\$ 11,373,678	\$ 23,051,319	\$ 19,615,089
Operating grants and contributions	10,243,606	4,994,913	16,948	-	10,260,554	4,994,913
Capital grants and contributions	11,554,779	7,572,128	-	-	11,554,779	7,572,128
General Revenues:						
Property taxes	24,215,795	23,476,955	-	-	24,215,795	23,476,955
Sales taxes	24,703,366	23,679,669	-	-	24,703,366	23,679,669
Other taxes	5,273,131	5,031,137	-	-	5,273,131	5,031,137
Unrestricted investment earnings	2,969,997	424,727	343,536	55,287	3,313,533	480,014
Other	566,877	372,805	124,090	30,399	690,967	403,204
Gain (loss) on sale of assets	134,137	423,025	8,132	-	142,269	423,025
Total revenues	90,955,173	74,216,770	12,250,540	11,459,364	103,205,713	85,676,134
Expenses						
Program expenses:						
General government	8,962,106	7,593,090	-	-	8,962,106	7,593,090
Public safety	30,848,555	27,580,994	-	-	30,848,555	27,580,994
Highways and streets	15,532,909	10,407,022	-	-	15,532,909	10,407,022
Health and welfare	2,457,361	2,490,957	-	-	2,457,361	2,490,957
Community and economic development	5,029,264	5,657,302	-	-	5,029,264	5,657,302
Culture and recreation	6,195,431	5,869,981	-	-	6,195,431	5,869,981
Interest	890,620	776,648	-	-	890,620	776,648
Sanitation services	-	-	10,562,044	10,020,472	10,562,044	10,020,472
Golf course services	-	-	1,397,498	1,186,219	1,397,498	1,186,219
Auditorium services	-	-	311,039	317,806	311,039	317,806
Museum services	-	-	120,144	115,445	120,144	115,445
Total expenses	69,916,246	60,375,994	12,390,725	11,639,942	82,306,971	72,015,936
Excess revenues over (under) expenses before transfers	21,038,927	13,840,776	(140,185)	(180,578)	20,898,742	13,660,198
Transfers	(600,596)	171,009	600,596	(171,009)	-	-
Change in net position	20,438,331	14,011,785	460,411	(351,587)	20,898,742	13,660,198
Net position, beginning	118,015,533	104,003,748	14,787,164	15,138,751	132,802,697	119,142,499
Net position, ending	\$ 138,453,864	\$ 118,015,533	\$ 15,247,575	\$ 14,787,164	\$ 153,701,439	\$ 132,802,697

Total revenues generated from both governmental activities and business-type activities this year amounted to \$103,205,713. Total expenses incurred from both governmental activities and business-type activities this year amounted to \$82,306,971 which resulted in an increase in net position of 15.7% or \$20,898,742.

Management's Discussion and Analysis

GOVERNMENTAL ACTIVITIES

Total revenue generated from governmental activities this year amounted to \$90,955,173, before transfers. Expenses came in at \$69,916,246, increasing net position by \$21,038,927 before transfers. Transfers of \$(600,596) to other activities resulted in an all-inclusive increase to net position of \$20,438,331.

The cost of all governmental activities this year was \$69,916,246. However, as shown on the Statement of Activities on page 56, the amount that our taxpayers ultimately financed for these activities through taxes and other general revenues was \$57,262,707. Charges for services of \$11,293,485 were paid by those who directly benefited from them. Operating grants and contributions totaled \$10,243,606. Another \$11,554,779 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	
	2023	2022	2023	2022
General government	\$ 8,962,106	\$ 7,593,090	\$ (2,451,068)	\$ (3,692,795)
Public safety	30,848,555	27,580,994	(26,364,020)	(23,422,699)
Highway and streets	15,532,909	10,407,022	(2,523,906)	(3,121,877)
Health and welfare	2,457,361	2,490,957	2,902,708	(954,847)
Community and economic development	5,029,264	5,657,302	(2,644,358)	(3,064,323)
Culture and recreation	6,195,431	5,869,981	(4,853,112)	(4,534,353)
Interest	890,620	776,648	(890,620)	(776,648)
	\$ 69,916,246	\$ 60,375,994	\$ (36,824,376)	\$ (39,567,542)

BUSINESS-TYPE ACTIVITIES

Total operating and non-operating revenues generated from business-type activities this year amounted to \$12,250,540, before transfers. Expenses came in at \$12,390,725 leaving \$(140,185) as a decrease to net position before transfers. Transfers from other funds totaling \$600,596 resulted in an all-inclusive increase in net position amounting to \$460,411. 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 57) combined fund balance increased to \$49,106,325 or \$5,099,675 more than last year. The increase to fund balance is a result of increased sales tax collections and investment gains as well as a increases in the TIRZ funds due to increased property valuations in the zones.

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, 2023 and 2022. The following is a detailed analysis of the revenues:

Revenues & Other financing sources (uses)	2023	% of Total	2022	Amount of Increase / (Decrease)	Percent Increase / (Decrease)
Property Taxes	\$ 24,341,793	27.7%	\$ 23,586,495	\$ 755,298	3.2%
Nonproperty taxes	30,266,967	34.3%	28,962,704	1,304,263	4.5%
Assessments	1,615,721	1.8%	1,582,852	32,869	2.1%
Fines and forfeitures	1,005,676	1.1%	847,665	158,011	18.6%
Licenses and Permits	984,063	1.1%	907,850	76,213	8.4%
Charges for services	2,048,062	2.3%	1,713,064	334,998	19.6%
Intergovernmental	15,369,432	17.4%	11,715,440	3,653,992	31.2%
Contributions and donations	8,587,079	9.7%	4,322,168	4,264,911	98.7%
Miscellaneous	542,114	0.6%	375,231	166,883	44.5%
Interest and investment income	2,974,826	3.4%	430,496	2,544,330	591.0%
	87,735,733		74,443,965	13,291,768	
Other financing sources (uses)	488,198	0.6%	934,601	(446,403)	-47.8%
Total	\$ 88,223,931		\$ 75,378,566	\$ 12,845,365	

There was a net increase in total revenues (including other financing sources (uses) of \$12,845,365 or an increase of 17.0%. Property taxes represent 27.6% of total revenues and other financing sources (uses). Property taxes increased by 3.2% or \$755,298. Nonproperty taxes, which includes sales, franchise and hotel/motel taxes represents 34.3% of total revenues and other financing sources (uses). Nonproperty taxes increased by \$1,304,263 or 4.5% over last fiscal year. Contributions and donations increased by 4,264,911 or 98.7% due to increases in infrastructure donations due to new construction throughout the City. Total revenues, not taking into account other financing sources (uses) increased by \$13,291,768.

Property and Non-property tax revenues had a total increase \$2,059,561 over FY 2022 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 \$3,653,992 which contributed to the overall revenue increase.

PROPERTY TAXES - INCLUDING PENALTY AND INTEREST

Property tax revenues exceeded FY 2022 property tax revenues by \$755,298. The increase is attributable to both current and delinquent collections. The percentage of collection for FY 2023 current taxes was 97.64%. The total tax rate was reduced to \$0.606357 per \$100 value during the fiscal year. The total tax rate is composed of \$0.093628 for the Interest and Sinking Fund (I&S) and \$0.512729 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 34.3% of total revenues and other financing sources (uses). Nonproperty tax revenue increased by \$1,304,263 or 4.5% over last fiscal year. The increase includes a \$1,023,696 or 4.3% increase in sales taxes, a \$197,112 or 12.2% increase in Hotel/Motel taxes collected, and a \$40,835 or 1.1% increase 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 to the area.

FINES AND FORFEITURES

Fines and forfeitures increased by \$158,011 or 18.6% from the previous year due to increases in traffic fine income as a result of more traffic after the pandemic.

LICENSES AND PERMITS

Licenses and permits increased \$76,213 or 8.4% compared to FY 2022. The increase is due to increased income from building, electrical, plumbing and alarm permits.

CHARGES FOR SERVICES

Charges for services increased by \$334,998 or 19.6% more than last year's revenue. The majority of the increase is due to charges for renting City facilities that picked up during the year.

INTEREST AND INVESTMENT INCOME

This revenue category increased by \$2,544,330 or 591.0%, to end FY 2023 at a total of \$2,974,826 compared to \$430,496 from FY 2022. Interest rates have continually increased throughout the fiscal year due to the actions of the federal reserve.

OTHER FINANCING SOURCES (USES)

In FY 2023, other financing sources (uses) decreased compared to prior year's amount by \$(446,403).

Management's Discussion and Analysis

EXPENDITURES

The following table presents a summary of governmental funds' expenditures for the years ended September 30, 2023 and 2022.

Expenditures	2023	% of Total	2022	Amount of Increase / (Decrease)	Percent Increase / (Decrease)
General government	\$ 10,768,343	13.0%	\$ 9,836,301	\$ 932,042	9.5%
Public safety	29,627,227	35.6%	28,177,804	1,449,423	5.1%
Highways and streets	11,497,465	13.8%	6,015,100	5,482,365	91.1%
Health and welfare	1,557,908	1.9%	1,585,634	(27,726)	-1.7%
Community & economic dev.	3,663,165	4.4%	4,186,266	(523,101)	-12.5%
Cultural and recreation	5,521,810	6.6%	5,093,275	428,535	8.4%
Capital outlay	15,137,585	18.2%	9,109,500	6,028,085	66.2%
Debt service:					
Principal	4,305,730	5.2%	3,849,015	456,715	11.9%
Interest and fiscal charges	1,045,023	1.3%	1,223,131	(178,108)	-14.6%
Total	\$ 83,124,256		\$ 69,076,026	\$ 14,048,230	

GENERAL GOVERNMENT

General government expenditures increased by 9.5% or 932,042. The major component of this increase was due to ARPA grant funds spent on water system upgrades.

PUBLIC SAFETY

Expenditures for public safety had an increase of 5.1% or \$1,449,423. 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 91.1% or \$5,482,365. Most of this increase is attributable to the HUC 10 flood study grant expenditures and street projects funded in the infrastructure fund.

HEALTH AND WELFARE

Expenditures decreased (1.7)% or \$(27,726). These expenditures are comparable to prior years.

COMMUNITY AND ECONOMIC DEVELOPMENT

In FY 2023, there was an decrease of (12.5)% or \$(523,101) due to a decrease in the funding that the CDBG grant received and expended.

CULTURAL AND RECREATIONAL

Cultural and recreational expenditures increased \$428,535 or 8.4%. The increase is due to increased expenditures as a result of higher inflation.

Management's Discussion and Analysis

CAPITAL OUTLAY

Expenditures for capital outlay increased \$6,028,085 or 66.2%. The main component of this increase in expenditures is due to the contribution of infrastructure from construction projects throughout the City.

DEBT SERVICE

Total debt service expenditures increased by \$278,607 or 5.5% which is reasonable based on the debt service schedule.

FUND BALANCE

Combined fund balance for all of the governmental funds increased \$5,099,675 from \$44,006,650 to \$49,106,325. 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 \$64,094,016 while expenditures totaled \$58,071,534. The net effect is an increase in the general fund balance of \$6,022,482. The fund balance as of September 30, 2023 is \$37,488,662. The main component of the increase in fund balance is a result of increases in property and sales taxes during the year as well as increased interest earnings from investments.

OTHER GRANTS FUND

The revenues and other financing sources (uses) totaled \$11,249,366 while expenditures totaled \$12,843,923. The net effect is a decrease in the Other Grants fund balance of \$(1,594,557). The fund balance as of September 30, 2023 is \$(3,560,006). 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 \$13,354,937 to \$14,459,523 or \$1,104,586. The increase is largely attributable to the Hotel/Motel fund net increase as well as the TIRZ funds having revenues that exceeded expenditures by a significant margin.

DEBT SERVICE FUND

The Debt Service fund balance is \$584,481 which is a decrease of \$(65,509) from the prior year. The fund balance represents 12.4% 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 \$(293,795). The majority of the Capital Project fund balance decrease is a result of a transfer out of the CO series 2016 fund to the Harlingen Convention Center fund.

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 \$247,881 or 2.4 % over the prior year. Operating expenses increased by \$591,049 or 5.9% over the prior year. In FY 2023, the sanitation fund had nonoperating revenues of \$442,093. After net transfers in of \$60,905 , the net increase in net position for the year was \$603,239.

MUNICIPAL GOLF COURSE FUND

Operating revenues increased by \$86,768 or 10.2% over the prior year. Operating expenses increased by \$163,325 or 13.9% over the prior year. The net decrease for the year was \$(97,301) which includes depreciation expenses of \$108,875.

MUNICIPAL AUDITORIUM FUND

Operating revenues increased by \$49,434 or 47.3% over the prior year. Operating expenses decreased by \$(6,767) or (2.1)% over the prior year. The net decrease for the year was \$(31,600) which includes net transfers in of \$115,000 and depreciation expense of \$61,303.

HARLINGEN ARTS AND HERITAGE MUSEUM FUND

Operating revenues increased by \$17,021 or 2,740.9% over the prior year. Operating expenses increased by \$4,699 or 4.1% over the prior year. the net decrease for the year was \$(13,927) which includes net transfers in of \$84,720 and depreciation expense of \$9,846.

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 decreased by \$(201,512) or (4.6)% over the prior year. Operating expenses decreased by \$(322,696) or (8.1)% over the prior year. The net decrease in net position for the year was \$(3,176).

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 \$307,584 or 5.7% and operating expenses increased by \$303,653 or 5.6%. The net income for the year is \$18,548. 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 \$148,425,688 in capital assets.

CAPITAL ASSETS NET OF DEPRECIATION

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	Restated 2022	2023	2022	2023	Restated 2022
Land	\$ 13,013,696	\$ 11,153,970	\$ 467,083	\$ 467,083	\$ 13,480,779	\$ 11,621,053
Construction in progress	4,548,772	2,312,935	16,250	-	4,565,022	2,312,935
Building	29,002,571	29,574,990	2,427,638	2,550,229	31,430,209	32,125,219
Right-to-use leased buildings	81,251	232,931	-	-	81,251	232,931
Improvements other than building	8,604,781	9,802,994	522,763	479,314	9,127,544	10,282,308
Machinery and equipment	9,292,063	10,518,729	6,606,014	5,006,390	15,898,077	15,525,119
Right-to-use leased equipment	236,559	201,439	-	-	236,559	201,439
Infrastructure	73,606,247	68,332,200	-	-	73,606,247	68,332,200
Total	\$ 138,385,940	\$ 132,130,188	\$ 10,039,748	\$ 8,503,016	\$ 148,425,688	\$ 140,633,204

For more detailed information on capital asset activity, refer to Note 5 of financial statements beginning on page 99.

NON-CURRENT OBLIGATIONS

At the end of the fiscal year, the City had \$26,540,000 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	
	2023	2022	2023	2022	2023	2022
General Obligation debt (backed by City)	\$ 16,180,000	\$ 19,430,000	\$ -	\$ -	\$ 16,180,000	\$ 19,430,000
Certificates of Obligation	10,360,000	10,790,000	-	-	10,360,000	10,790,000
	\$ 26,540,000	\$ 30,220,000	\$ -	\$ -	\$ 26,540,000	\$ 30,220,000

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 108.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

During the budget process for fiscal year 2023-2024 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 was reduced to 0.545519 for Fiscal year 2024 general fund revenues were budgeted with a total increase of \$2,694,141 over fiscal year 2023 budgeted revenues. General fund budgeted expenditures for fiscal year 2024 increased by \$5,213,775 from fiscal year 2023 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, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Asset				
Cash and cash equivalents	\$ 44,044,507	\$ 7,386,045	\$ 51,430,552	\$ 38,791,353
Investments - other	9,859,067	-	9,859,067	22,983,973
Receivables, net	9,058,016	337,146	9,395,162	3,722,124
Due from component units	-	84,290	84,290	-
Due from other governments	1,991,084	-	1,991,084	9,490,937
Internal balances	1,133,188	(1,133,188)	-	-
Inventories	191,503	12,150	203,653	733,446
Prepaid items and deposits	927,151	5,135	932,286	102,659
Lease receivable - current	-	-	-	1,612,496
Restricted assets:				
Temporarily restricted				
Cash and cash equivalents - rest.	10,418,140	33,820	10,451,960	5,238,404
Investments - rest.	-	-	-	6,019,829
Lease receivable - non-current	-	-	-	11,830,103
Loans receivable	2,310,566	-	2,310,566	1,311,652
Redevelopment properties	-	-	-	1,832,094
Capital assets, net				
Non-depreciable assets	17,562,468	483,333	18,045,801	47,487,985
Depreciable assets	120,823,472	9,556,415	130,379,887	161,370,218
Total assets	218,319,162	16,765,146	235,084,308	312,527,273
Deferred outflows of resources				
Deferred charge on refunding	130,254	-	130,254	99,307
OPEB - retiree healthcare	424,767	49,824	474,591	387,561
OPEB - supplemental death benefits	89,279	10,438	99,717	121,656
Retirement pensions - Municipal pension	7,656,103	895,591	8,551,694	4,932,424
Retirement pensions - Firemen's	7,038,855	-	7,038,855	-
Total deferred outflows of resources	15,339,258	955,853	16,295,111	5,540,948
Total assets and deferred outflows of resources	\$ 233,658,420	\$ 17,720,999	\$ 251,379,419	\$ 318,068,221

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

City of Harlingen, Texas

Statement of Net Position

September 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Accounts payable	\$ 3,549,843	\$ 235,697	\$ 3,785,540	\$ 7,349,283
Accrued expenses	752,661	46,991	799,652	93,474
Accrued interest	1,443,822	-	1,443,822	932,582
Due to primary government	-	-	-	84,290
Other liabilities	364,730	151,969	516,699	1,219,480
Unearned revenue	10,070,104	13,314	10,083,418	209,303
Escrow liabilities	946,689	-	946,689	-
Due within one year				
Bonds payable	3,825,000	-	3,825,000	2,701,824
Financed purchases	-	53,778	53,778	-
Lease liabilities	169,916	-	169,916	2,181
Notes payable	68,965	-	68,965	-
Compensated absences	1,306,188	111,865	1,418,053	536,664
Estimated liability for landfill postclosure	-	14,995	14,995	-
Payable from restricted assets	-	-	-	350,000
Due in more than one year				
Bonds payable	23,500,874	-	23,500,874	31,374,878
Financed purchases	-	45,980	45,980	-
Lease liabilities	152,482	-	152,482	6,125
Notes payable	3,327,260	-	3,327,260	1,417,985
Compensated absences	1,959,281	167,798	2,127,079	729,528
Payable from restricted assets	-	-	-	3,224,527
Estimated liability for landfill postclosure	-	83,859	83,859	-
OPEB liability - retiree health plan	3,677,634	431,373	4,109,007	7,715,657
OPEB liability - supplemental death benefits	1,184,451	138,501	1,322,952	628,330
Municipal net pension liability	6,605,301	772,372	7,377,673	4,533,475
Firemen's net pension liability	26,782,163	-	26,782,163	-
Total liabilities	89,687,364	2,268,492	91,955,856	63,109,586
Deferred inflows of resources				
Inflows Leases	-	-	-	13,436,308
OPEB - Retiree health care	1,073,160	125,878	1,199,038	2,071,310
OPEB - Supplemental Death Benefits	457,415	53,486	510,901	248,825
Municipal pension	218,652	25,568	244,220	1,541,146
Firemen's pension	3,767,965	-	3,767,965	-
Total deferred inflows of resources	5,517,192	204,932	5,722,124	17,297,589
NET POSITION				
Net investment in capital assets	110,582,571	9,939,990	120,522,561	171,535,594
Restricted for:				
Capital Projects	166,111	-	166,111	-
Debt Service	584,481	-	584,481	6,177,979
Economic development	4,555,815	-	4,555,815	-
Tourism	2,981,036	-	2,981,036	-
State and federal grants	568,384	-	568,384	-
Other	1,795,342	-	1,795,342	-
Unrestricted	17,220,124	5,307,585	22,527,709	59,947,473
Total net position	138,453,864	15,247,575	153,701,439	237,661,046
Total liabilities, deferred inflows of resources and net position	\$ 233,658,420	\$ 17,720,999	\$ 251,379,419	\$ 318,068,221

City of Harlingen, Texas

Statement of Activities

Year ended September 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government				
					Governmental Activities	Business-type Activities	Total		
Governmental activities:									
General government	\$ 8,962,106	\$ 4,927,106	\$ 125,000	\$ 1,458,932	\$ (2,451,068)	\$ -	\$ (2,451,068)	\$ -	
Public safety	30,848,555	3,532,053	763,177	189,305	(26,364,020)	-	(26,364,020)	-	
Highways and streets	15,532,909	1,887,552	2,170,365	8,951,086	(2,523,906)	-	(2,523,906)	-	
Health and welfare	2,457,361	5,868	5,354,201	-	2,902,708	-	2,902,708	-	
Community and economic development	5,029,264	380,685	1,653,337	350,884	(2,644,358)	-	(2,644,358)	-	
Culture and recreation	6,195,431	560,221	177,526	604,572	(4,853,112)	-	(4,853,112)	-	
Interest	890,620	-	-	-	(890,620)	-	(890,620)	-	
Total governmental activities	69,916,246	11,293,485	10,243,606	11,554,779	(36,824,376)	-	(36,824,376)	-	
Business-type activities:									
Sanitation services	10,562,044	10,662,285	-	-	-	100,241	100,241	-	
Golf course services	1,397,498	940,954	-	-	-	(456,544)	(456,544)	-	
Auditorium services	311,039	153,901	-	-	-	(157,138)	(157,138)	-	
Museum services	120,144	694	16,948	-	-	(102,502)	(102,502)	-	
Total business-type activities	12,390,725	11,757,834	16,948	-	-	(615,943)	(615,943)	-	
Total primary government	\$ 82,306,971	\$ 23,051,319	\$ 10,260,554	\$ 11,554,779	(36,824,376)	(615,943)	(37,440,319)	-	
Component Units									
Economic development services	5,705,587	2,320,875	208,958	70,000				(3,105,754)	
Community improvement services	604,572	-	-	-				(604,572)	
Water and sewer services	21,398,292	22,473,088	-	4,057,008				5,131,804	
Airport services	19,005,002	8,099,562	-	24,242,385				13,336,945	
Total component units	\$ 46,713,453	\$ 32,893,525	\$ 208,958	\$ 28,369,393				14,758,423	
General revenues:									
Taxes:									
Property taxes, levied for general purposes					20,511,409	-	20,511,409	-	
Property taxes, levied for debt service					3,704,386	-	3,704,386	-	
Sales taxes					24,703,366	-	24,703,366	8,198,767	
Franchise taxes					3,189,407	-	3,189,407	-	
Hotel motel taxes					1,816,704	-	1,816,704	-	
Mixed beverage taxes					267,020	-	267,020	-	
Unrestricted investment earnings					2,969,997	343,536	3,313,533	3,118,884	
Miscellaneous					535,975	124,090	660,065	1,985,509	
Interest on notes receivable					30,902	-	30,902	-	
Gain on sale of assets					134,137	8,132	142,269	40,065	
Transfers					(600,596)	600,596	-	-	
Total general revenues					57,262,707	1,076,354	58,339,061	13,343,225	
Change in net position					20,438,331	460,411	20,898,742	28,101,648	
Net position--beginning					118,015,533	14,787,164	132,802,697	209,559,398	
Net position--ending					\$ 138,453,864	\$ 15,247,575	\$ 153,701,439	\$ 237,661,046	

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

City of Harlingen, Texas

Balance Sheet - Governmental Funds

September 30, 2023

	General Fund	CDBG Fund	Other Grants	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 25,766,446	\$ 176,528	\$ 7,465,835	\$ 4,437,820	\$ 37,846,629
Investments - other	9,859,067	-	-	-	9,859,067
Receivables (net of allowance for uncollectibles)					
Taxes	865,109	-	-	174,257	1,039,366
Accounts	1,005,010	1,607	5,490,063	1,332,244	7,828,924
Assessments	-	12,815	-	128,337	141,152
Due from other governments	1,991,084	-	-	-	1,991,084
Due from other funds	1,248,223	-	-	4,667	1,252,890
Loans receivable	62,869	2,247,697	-	-	2,310,566
Prepaid items	341,120	906	-	86,072	428,098
Restricted assets:					
Cash and cash equivalents - rest.	116,105	-	-	10,302,035	10,418,140
Total assets	\$ 41,255,033	\$ 2,439,553	\$ 12,955,898	\$ 16,465,432	\$ 73,115,916
Liabilities					
Accounts payable	\$ 1,097,330	\$ 68,595	\$ 2,237,613	\$ 123,149	\$ 3,526,687
Accrued expenditures	718,623	2,391	21,561	5,015	747,590
Escrow liabilities	440,517	21,139	-	485,033	946,689
Other liabilities	286,162	3,021	26,785	2,003	317,971
Customer deposits	46,759	-	-	-	46,759
Due to other funds	-	116,907	4,667	332	121,906
Unearned revenue	196,686	-	9,873,418	-	10,070,104
Total liabilities	2,786,077	212,053	12,164,044	615,532	15,777,706
Deferred inflows of resources					
Unavailable revenue - property taxes	759,756	-	-	153,614	913,370
Unavailable revenue - payments in lieu of taxes	62,869	-	-	-	62,869
Unavailable revenue - special assessments	-	12,815	-	2,983	15,798
Unavailable revenue - noncurrent receivables	-	2,247,697	-	-	2,247,697
Unavailable revenue - other	157,669	-	4,351,860	482,622	4,992,151
Total deferred inflows of resources	980,294	2,260,512	4,351,860	639,219	8,231,885
Fund balances					
Nonspendable	341,120	-	-	86,072	427,192
Restricted	69,346	-	-	10,581,823	10,651,169
Committed	-	-	-	3,268,816	3,268,816
Assigned	2,015,275	-	-	1,273,970	3,289,245
Unassigned	35,062,921	(33,012)	(3,560,006)	-	31,469,903
Total fund balances	37,488,662	(33,012)	(3,560,006)	15,210,681	49,106,325
Total liabilities, deferred inflows of resources and fund balances	\$ 41,255,033	\$ 2,439,553	\$ 12,955,898	\$ 16,465,432	\$ 73,115,916

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, 2023

Fund balances -- total governmental funds	\$	49,106,325
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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 \$374,003,282 net of accumulated depreciation totaling \$(235,617,342). Not included in this amount are internal service funds capital assets of \$17,807,581 and accumulated depreciation of \$(16,109,199).		136,687,558
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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 \$62,869, special assessments \$15,798, noncurrent receivables \$2,247,697 and other long-term unavailable revenues - other \$4,992,151.		7,318,515
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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.		913,370
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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.		8,499,286
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Deferred amounts on refundings are deferred outflows of resources and, therefore, are not reported in the funds.		130,254
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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.		(785,874)
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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 \$43,805. The internal service long-term liabilities are not a reconciling item.		(33,480,287)
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Included in the noncurrent liability is the recognition of the City's OPEB liability required by GASB Cod. Sec. P52, in the amount of \$(3,677,634) and \$(1,184,451) for the retiree health care plan and the supplemental death benefits fund, respectively and deferred outflows and inflows of resources totaling \$424,767 and \$89,279, \$(1,073,160) and \$(457,415) for the retiree health care plan and the supplemental death benefits fund, respectively. These amounts include internal service funds deferred outflows of resources \$(5,911) and \$(756) for the retiree health care plan and the supplemental death benefits fund, respectively and include OPEB liabilities of \$51,180 and \$10,025 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 \$14,935 and \$3,871, which resulted in a decrease in net position of \$(5,805,270).		(5,805,270)
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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 \$(6,605,301) and \$(26,782,163) for the municipal pension and the firemen's pension, respectively; a deferred inflows of resources for the municipal pension in the amount of \$(218,652); and deferred inflows of resources totaling of \$(3,767,965), for the firemen's pension; \$7,656,103 and \$7,038,855 in deferred outflows of resources for the municipal pension and firemen's pension, respectively. These amounts exclude internal service funds deferred inflows of resources \$1,851, deferred outflows of resources of \$(64,823) and net pension liability totaling \$55,904 which resulted in an decrease in net position by \$(22,686,191).		(22,686,191)
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Interest on long-term debt payable is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(1,443,822)
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Net position of governmental activities	\$	138,453,864
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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, 2023

	General Fund	CDBG Fund	Other Grants	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes - including penalty and interest	\$ 20,616,761	\$ -	\$ -	\$ 3,725,032	\$ 24,341,793
Nonproperty taxes	28,353,023	-	-	1,913,944	30,266,967
Assessments	-	-	-	1,615,721	1,615,721
Fines and forfeitures	815,543	-	-	190,133	1,005,676
Licenses and permits	984,063	-	-	-	984,063
Charges for services	1,705,619	-	-	342,443	2,048,062
Intergovernmental	1,250,371	1,653,337	10,402,220	2,063,504	15,369,432
Contributions and donations	8,002,340	-	250,784	333,955	8,587,079
Miscellaneous	269,385	26,073	-	246,656	542,114
Interest and investment income	1,735,737	5,115	530,274	703,700	2,974,826
Total revenues	63,732,842	1,684,525	11,183,278	11,135,088	87,735,733
Expenditures					
Current					
General government	8,068,292	-	2,530,549	169,502	10,768,343
Public safety	28,067,200	-	1,478,804	81,223	29,627,227
Highways and streets	4,770,373	-	2,834,910	3,892,182	11,497,465
Health and welfare	1,105,612	-	452,296	-	1,557,908
Community and economic development	2,003,237	1,251,323	-	408,605	3,663,165
Culture and recreation	4,592,515	-	17,882	911,413	5,521,810
Capital outlay	8,878,918	506,734	5,529,285	222,648	15,137,585
Debt service					
Principal	555,730	-	-	3,750,000	4,305,730
Interest	29,657	-	197	1,015,169	1,045,023
Total expenditures	58,071,534	1,758,057	12,843,923	10,450,742	83,124,256
Excess (deficiency) of revenues over (under) expenditures	5,661,308	(73,532)	(1,660,645)	684,346	4,611,477
Other financing sources (uses)					
Transfers in	1,739,899	-	66,088	2,491,804	4,297,791
Transfers out	(1,625,712)	-	-	(2,471,871)	(4,097,583)
Leases (as lessee)	153,853	-	-	-	153,853
Sale of capital assets	93,134	-	-	41,003	134,137
Total other financing sources (uses)	361,174	-	66,088	60,936	488,198
Net change in fund balances	6,022,482	(73,532)	(1,594,557)	745,282	5,099,675
Fund balance, beginning of year	31,466,180	40,520	(1,965,449)	14,465,399	44,006,650
Fund balance, end of year	\$ 37,488,662	\$ (33,012)	\$ (3,560,006)	\$ 15,210,681	\$ 49,106,325

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, 2023

Net change in fund balances -- total governmental funds	\$ 5,099,675
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 \$15,137,585 exceeds depreciation expense of \$(7,973,926) in the current period. Reconciling amounts exclude internal service funds capital asset additions totaling \$25,345 and depreciation in the amount of \$(859,789).	7,163,659
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	3,211,301
Property tax revenues in the statement of activities do not provide current financial resources and are not reported as revenues in the funds.	(125,998)
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	15,372
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.	4,503,084
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	(153,853)
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 \$39,392 was calculated for long term debt. Also, any changes in compensated absences \$(219,480), 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 \$(12,106) that is attributed to the internal service funds	(192,194)
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 \$285,687.	285,687
The deferred charge on the refunding of bonds is not recognized in the fund statements. This is the change during the year	(170,676)
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, 2022 caused the change in ending net position to change in the amount of \$1,037,572 and \$610,558 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 \$(106,342) and \$(78,021) 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 \$(455,451) and \$(434,272) for the retiree health care plan and the supplemental death benefits, respectively. The result of these changes is to increase the change in net position by \$574,043.	574,043
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, 2022 for TMRS and September 30, 2023 for the Firemen's Relief and Retirement fund caused the change in ending net position to increase in the amount of \$(11,299,644) and \$(9,466,732), 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 \$6,101,229 and \$3,150,483 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 \$5,784,293 for TMRS and increased the change in net position by \$5,958,602 from the firemen's pension. The result of these changes is to increase the change in net position by \$228,231	228,231
Change in net position of governmental activities	\$ 20,438,331

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, 2023

	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	\$ 7,227,214	\$ -	\$ 143,705	\$ 15,126	\$ 7,386,045	\$ 6,197,878
Accounts receivables (net of allowances for uncollectibles)	334,019	1,768	1,327	32	337,146	48,574
Inventories	-	12,150	-	-	12,150	191,503
Prepayments	5,135	-	-	-	5,135	499,053
Due from other funds	15,356	-	-	-	15,356	2,204
Due from component units	84,290	-	-	-	84,290	-
Restricted assets:						
Cash and cash equivalents	-	-	32,220	1,600	33,820	-
Total current assets	7,666,014	13,918	177,252	16,758	7,873,942	6,939,212
Non-current assets						
Capital assets						
Land	417,587	49,496	-	-	467,083	-
Construction in progress	16,250	-	-	-	16,250	-
Plant and equipment	13,658,947	4,493,665	4,807,228	260,121	23,219,961	17,807,581
Accumulated depreciation	(5,699,531)	(3,660,380)	(4,091,263)	(212,372)	(13,663,546)	(16,109,199)
Total capital assets (net of accumulated depreciation)	8,393,253	882,781	715,965	47,749	10,039,748	1,698,382
Total non-current assets	8,393,253	882,781	715,965	47,749	10,039,748	1,698,382
Total assets	16,059,267	896,699	893,217	64,507	17,913,690	8,637,594
Deferred outflows of resources						
OPEB - retiree healthcare	37,157	11,823	-	844	49,824	5,911
OPEB - supplemental death benefits	7,764	2,247	233	194	10,438	756
Retirement pensions	666,104	192,780	20,032	16,675	895,591	64,823
Total deferred outflows of resources	711,025	206,850	20,265	17,713	955,853	71,490
Total asset and deferred outflows of resources	\$ 16,770,292	\$ 1,103,549	\$ 913,482	\$ 82,220	\$ 18,869,543	\$ 8,709,084

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, 2023

	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	\$ 268,748	\$ 42,083	\$ 38,346	\$ 4,394	\$ 353,571	\$ 23,156
Customer deposits	-	275	32,220	1,600	34,095	-
Due to other funds	-	1,148,544	-	-	1,148,544	-
Compensated absences	83,118	28,747	-	-	111,865	17,522
Accrued expenses	38,151	8,840	-	-	46,991	5,071
Unearned revenues	-	-	13,314	-	13,314	-
Financed purchases - current	-	53,778	-	-	53,778	-
Estimated liability for landfill postclosure costs - current	14,995	-	-	-	14,995	-
Total current liabilities	405,012	1,282,267	83,880	5,994	1,777,153	45,749
Non-current liabilities						
Compensated absences	124,677	43,121	-	-	167,798	26,283
Financed purchases - non-current	-	45,980	-	-	45,980	-
OPEB liability - retiree health care	321,702	102,360	-	7,311	431,373	51,180
OPEB liability - supplemental death benefits	103,011	29,813	3,098	2,579	138,501	10,025
Net pension liability	574,459	166,256	17,276	14,381	772,372	55,904
Estimated liability for landfill postclosure costs	83,859	-	-	-	83,859	-
Total non-current liabilities	1,207,708	387,530	20,374	24,271	1,639,883	143,392
Total liabilities	1,612,720	1,669,797	104,254	30,265	3,417,036	189,141
Deferred inflows of resources						
Inflows OPEB - retiree healthcare	93,875	29,869	-	2,134	125,878	14,935
Inflows OPEB - supplemental death benefits	39,781	11,513	1,196	996	53,486	3,871
Retirement pensions	19,016	5,504	572	476	25,568	1,851
Total deferred inflows of resources	152,672	46,886	1,768	3,606	204,932	20,657
Net position						
Net investment in capital assets	8,393,253	783,023	715,965	47,749	9,939,990	1,698,382
Unrestricted	6,611,647	(1,396,157)	91,495	600	5,307,585	6,800,904
Total net position	15,004,900	(613,134)	807,460	48,349	15,247,575	8,499,286
Total liabilities, deferred inflows of resources and net position	\$ 16,770,292	\$ 1,103,549	\$ 913,482	\$ 82,220	\$ 18,869,543	\$ 8,709,084

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, 2023

	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	\$ 10,662,285	\$ -	\$ -	\$ -	\$ 10,662,285	\$ 9,915,025
Golf course fees and charges	-	940,954	-	-	940,954	-
Rental income	-	-	153,901	-	153,901	-
Admissions	-	-	-	17,642	17,642	-
Total operating revenues	10,662,285	940,954	153,901	17,642	11,774,782	9,915,025
Operating expenses						
Personnel services	3,574,394	865,014	-	69,891	4,509,299	431,886
Contracted services	3,412,347	131,108	232,947	10,218	3,786,620	5,777,046
Materials and supplies	292,928	65,460	6,766	19,914	385,068	2,213,872
Other expenses	2,126,999	167,694	10,023	10,275	2,314,991	74,594
Depreciation and amortization	1,155,376	108,875	61,303	9,846	1,335,400	859,789
Total operating expenses	10,562,044	1,338,151	311,039	120,144	12,331,378	9,357,187
Operating income (loss)	100,241	(397,197)	(157,138)	(102,502)	(556,596)	557,838
Nonoperating revenues (expenses)						
Interest revenue	333,552	-	8,612	1,372	343,536	258,338
Interest expense	-	(59,347)	-	-	(59,347)	-
Gain (loss) on sale/disposal of capital assets	8,132	-	-	-	8,132	-
Miscellaneous revenue	100,409	19,272	1,926	2,483	124,090	-
Total nonoperating revenues (expenses)	442,093	(40,075)	10,538	3,855	416,411	258,338
Income (loss) before operating transfers	542,334	(437,272)	(146,600)	(98,647)	(140,185)	816,176
Transfers						
Transfers in	800,804	339,971	115,000	84,720	1,340,495	-
Transfers out	(739,899)	-	-	-	(739,899)	(800,804)
Total transfers	60,905	339,971	115,000	84,720	600,596	(800,804)
Change in net position	603,239	(97,301)	(31,600)	(13,927)	460,411	15,372
Net position, beginning of year	14,401,661	(515,833)	839,060	62,276	14,787,164	8,483,914
Net position, end of year	\$ 15,004,900	\$ (613,134)	\$ 807,460	\$ 48,349	\$ 15,247,575	\$ 8,499,286

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, 2023

	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	\$ 10,691,407	\$ 961,887	\$ 97,042	\$ 20,125	\$ 11,770,461	\$ 9,923,363
Payments to suppliers	(5,868,442)	(344,684)	(220,432)	(58,038)	(6,491,596)	(8,528,317)
Payments to employees	(3,211,245)	(651,256)	(9,107)	(68,976)	(3,940,584)	(441,502)
Net cash provided by (used in) operations	1,611,720	(34,053)	(132,497)	(106,889)	1,338,281	953,544
Cash flows from (to) noncapital financing activities						
Transfers to other funds	(739,899)	-	-	-	(739,899)	(800,804)
Transfers from other funds	800,804	339,971	115,000	84,720	1,340,495	-
Net cash provided by (used in) noncapital financing activities	60,905	339,971	115,000	84,720	600,596	(800,804)
Cash flows from capital and related financing activities						
Purchase of capital assets	(2,655,963)	(194,277)	(6,548)	(15,344)	(2,872,132)	(25,345)
Principal paid on financed purchases	-	(52,294)	-	-	(52,294)	-
Interest paid	-	(59,347)	-	-	(59,347)	-
Proceeds from sale of capital assets	8,132	-	-	-	8,132	-
Net cash provided by (used in) capital and related financing activities	(2,647,831)	(305,918)	(6,548)	(15,344)	(2,975,641)	(25,345)
Cash flows from investing activities						
Interest received	333,552	-	8,612	1,372	343,536	258,338
Net cash provided by (used in) investing activities	333,552	-	8,612	1,372	343,536	258,338
Net increase (decrease) in cash and cash equivalents	(641,654)	-	(15,433)	(36,141)	(693,228)	385,733
Cash and cash equivalents, beginning of year	7,868,868	-	191,358	52,867	8,113,093	5,812,145
Cash and cash equivalents, end of year	\$ 7,227,214	\$ -	\$ 175,925	\$ 16,726	\$ 7,419,865	\$ 6,197,878

City of Harlingen, Texas

Proprietary Funds

Combining Statement of Cash Flows

Year Ended September 30, 2023

	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)	\$ 100,241	\$ (397,197)	\$ (157,138)	\$ (102,502)	\$ (556,596)	\$ 557,838
Adjustments to reconcile net income from operations to net cash from operating activities						
Depreciation and amortization	1,155,376	108,875	61,303	9,846	1,335,400	859,789
Other revenue received	100,409	19,272	1,926	2,483	124,090	-
(Increase) decrease in receivables	(131,193)	1,661	(1,000)	-	(130,532)	6,199
(Increase) decrease in prepaid items	(587)	-	-	-	(587)	(499,053)
(Increase) decrease in due from other funds	(15,356)	-	-	-	(15,356)	(2,204)
(Increase) decrease in due from component units	59,906	-	-	-	59,906	2,139
(Increase) decrease in inventories	-	1,790	-	-	1,790	35,784
(Increase) decrease in deferred outflows of resources	(647,756)	(183,069)	(17,366)	(17,713)	(865,904)	(49,297)
Increase (decrease) in accounts payable	(2,029)	(35,506)	29,304	(16,842)	(25,073)	2,668
Increase (decrease) in due to other funds	-	160,721	-	-	160,721	-
Increase (decrease) in accrued expenses	7,955	1,448	-	(729)	8,674	200
Increase (decrease) in net pension asset/liability	632,954	197,218	25,773	14,381	870,326	105,405
Increase (decrease) net other post employment benefit obligations	308,895	80,577	(7,434)	9,890	391,928	(17,563)
Increase (decrease) in compensated absences	(2,057)	6,441	-	(9,249)	(4,865)	-
Increase (decrease) in unearned revenues	-	-	(57,785)	(60)	(57,845)	-
Increase (decrease) in estimated liability for landfill closure costs	(26,151)	-	-	-	(26,151)	-
Increase (decrease) in deferred inflows of resources	71,113	3,716	(10,080)	3,606	68,355	(48,361)
Total adjustments	1,511,479	363,144	24,641	(4,387)	1,894,877	395,706
Net cash provided by (used in) operations	\$ 1,611,720	\$ (34,053)	\$ (132,497)	\$ (106,889)	\$ 1,338,281	\$ 953,544

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, 2023

	Pension Trust Fund
Assets	
Cash and cash equivalents	\$ 47,673
Investments, at fair value:	
Investments, at fair value	36,898,654
Accounts receivable	35,804
Prepaid items	4,687
 Total assets	 36,986,818
Liabilities	
Accounts payable	34,263
 Net position restricted for pensions	 \$ 36,952,555

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, 2023

	Pension Trust Funds
Investment income	
Net appreciation (depreciation) in fair value of investments	\$ (560,473)
Interest	4,508,180
Total investment income	3,947,707
Less investment expense	188,562
Net investment income	3,759,145
Contributions	
Employer	1,258,027
Plan member	1,110,023
Total contributions	2,368,050
Total additions	6,127,195
Deductions	
Benefits and refunds	3,162,196
Administrative expense	54,115
Total deductions	3,216,311
Net change in plan net position	2,910,884
Net position held in trust for pension benefits	
Beginning of year	34,041,671
End of year	36,952,555

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, 2023

	Harlingen Economic Development Corporation	Harlingen Community Improvement Board	Harlingen Waterworks System	Valley International Airport	Total
Assets					
Current assets					
Cash and cash equivalents	\$ 14,183,723	\$ 8,920,986	\$ 8,309,054	\$ 7,377,590	\$ 38,791,353
Investments - other	136,914	-	21,348,326	1,498,733	22,983,973
Receivables (net of allowances for uncollectible)					
Accounts	180,394	990	2,410,415	1,067,770	3,659,569
Interest	-	-	62,555	-	62,555
Due from other governments	497,771	165,924	1,748,046	7,079,196	9,490,937
Prepaid items	-	-	-	102,659	102,659
Lease receivable - current	-	-	-	1,612,496	1,612,496
Inventories	-	-	733,446	-	733,446
Restricted assets:					
Cash and cash equivalents	-	-	5,238,404	-	5,238,404
Investments	-	-	6,019,829	-	6,019,829
Total current assets	14,998,802	9,087,900	45,870,075	18,738,444	88,695,221
Noncurrent Assets					
Other noncurrent assets					
Non-current loans receivable	1,311,652	-	-	-	1,311,652
Redevelopment properties	1,832,094	-	-	-	1,832,094
Lease receivable - non-current	-	-	-	11,830,103	11,830,103
Total other noncurrent assets	3,143,746	-	-	11,830,103	14,973,849
Capital assets					
Non-depreciable assets	3,709,507	1,328,164	15,013,506	27,436,808	47,487,985
Depreciable assets	36,698,766	-	205,457,076	178,170,902	420,326,744
Accumulated depreciation	(13,345,750)	-	(135,156,612)	(110,454,164)	(258,956,526)
Total capital assets, net	27,062,523	1,328,164	85,313,970	95,153,546	208,858,203
Total noncurrent assets	30,206,269	1,328,164	85,313,970	106,983,649	223,832,052
Total assets	45,205,071	10,416,064	131,184,045	125,722,093	312,527,273
Deferred outflows of resources					
Deferred charge on refunding	-	-	99,307	-	99,307
Deferred resource outflows for pensions	245,223	-	3,739,692	947,509	4,932,424
Deferred outflows for retiree health care	3,378	-	343,649	40,534	387,561
Outflows for supplemental death benefits	18,981	-	100,157	2,518	121,656
Total deferred outflows of resources	267,582	-	4,282,805	990,561	5,540,948
Total assets and deferred outflows of resources	\$ 45,472,653	\$ 10,416,064	\$ 135,466,850	\$ 126,712,654	\$ 318,068,221

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, 2023

	Harlingen Economic Development Corporation	Harlingen Community Improvement Board	Harlingen Waterworks System	Valley International Airport	Total
Liabilities					
Current liabilities					
Accounts payable	\$ 175,752	\$ 555,504	\$ 1,422,700	\$ 5,535,521	\$ 7,689,477
Other liabilities	-	-	879,286	-	879,286
Accrued expenses	6,883	-	-	86,591	93,474
Accrued interest	713,353	-	219,229	-	932,582
Unearned revenues	-	-	-	47,260	47,260
Due to primary government	-	-	84,290	-	84,290
Payable from restricted assets:					
Customer deposits	-	-	350,000	-	350,000
Lease liability - current	-	-	-	2,181	2,181
Bonds and certificates of obligation payable	1,580,000	-	1,121,824	-	2,701,824
Compensated absences	11,664	-	500,000	25,000	536,664
Total current liabilities	2,487,652	555,504	4,577,329	5,696,553	13,317,038
Non-current liabilities					
Bonds and certificates of obligation payable	16,786,945	-	14,587,933	-	31,374,878
Notes payable	1,417,985	-	-	-	1,417,985
Lease liability - non current	-	-	-	6,125	6,125
Compensated absences	17,497	-	363,893	348,138	729,528
Unearned revenues	-	-	-	162,043	162,043
Payable from restricted assets:					
Customer deposits	-	-	3,224,527	-	3,224,527
OPEB - retiree healthcare	29,246	-	7,335,464	350,947	7,715,657
OPEB - supplemental death benefits	23,249	-	554,780	50,301	628,330
Net pension liability	97,150	-	3,468,446	967,879	4,533,475
Total non-current liabilities	18,372,072	-	29,535,043	1,885,433	49,792,548
Total liabilities	20,859,724	555,504	34,112,372	7,581,986	63,109,586
Deferred inflows of resources					
Deferred leases	-	-	-	13,436,308	13,436,308
Deferred pension inflows	4,572	-	1,510,939	25,635	1,541,146
Deferred retiree healthcare inflows	8,534	-	1,960,367	102,409	2,071,310
Deferred supplemental death benefits inflows	715	-	197,229	50,881	248,825
Total deferred inflows of resources	13,821	-	3,668,535	13,615,233	17,297,589
Net position					
Net investment in capital assets	7,277,593	1,328,164	69,511,731	93,418,106	171,535,594
Restricted	-	-	6,177,979	-	6,177,979
Unrestricted	17,321,515	8,532,396	21,996,233	12,097,329	59,947,473
Total net position	24,599,108	9,860,560	97,685,943	105,515,435	237,661,046
Total liabilities, deferred inflows of resources and net position	\$ 45,472,653	\$ 10,416,064	\$ 135,466,850	\$ 126,712,654	\$ 318,068,221

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, 2023

	Program Revenues			Governmental Activities			Business-type Activities			
	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	Total	
Harlingen economic development corporation										
Economic development services	\$ 5,705,587	\$ 2,320,875	\$ 208,958	\$ 70,000	\$ (3,105,754)	\$ -	\$ -	\$ -	\$ (3,105,754)	
Total harlingen economic development corporation	5,705,587	2,320,875	208,958	70,000	(3,105,754)	-	-	-	(3,105,754)	
Harlingen community improvement board										
Community improvement services	604,572	-	-	-	-	(604,572)	-	-	(604,572)	
Total harlingen community improvement board	604,572	-	-	-	-	(604,572)	-	-	(604,572)	
Harlingen waterworks system										
Water and sewer services	21,398,292	22,473,088	-	4,057,008	-	-	5,131,804	-	5,131,804	
Total harlingen waterworks system	21,398,292	22,473,088	-	4,057,008	-	-	5,131,804	-	5,131,804	
Valley international airport										
Airport services	19,005,002	8,099,562	-	24,242,385	-	-	-	13,336,945	13,336,945	
Total valley international airport	19,005,002	8,099,562	-	24,242,385	-	-	-	13,336,945	13,336,945	
Total component units	\$ 46,713,453	\$ 32,893,525	\$ 208,958	\$ 28,369,393	\$ (3,105,754)	\$ (604,572)	\$ 5,131,804	\$ 13,336,945	\$ 14,758,423	
General Revenues:										
Sales taxes					6,118,191	2,080,576	-	-	8,198,767	
Unrestricted investment earnings					582,188	396,687	1,549,664	590,345	3,118,884	
Miscellaneous					100,001	-	1,885,508	-	1,985,509	
Gain on sale of assets					-	-	-	40,065	40,065	
Total general revenues and special item					6,800,380	2,477,263	3,435,172	630,410	13,343,225	
Change in net position					3,694,626	1,872,691	8,566,976	13,967,355	28,101,648	
Net position--beginning					20,904,482	7,987,869	89,118,967	91,548,080	209,559,398	
Net position--ending					\$ 24,599,108	\$ 9,860,560	\$ 97,685,943	\$ 105,515,435	\$ 237,661,046	

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. 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 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.

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.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

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.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 **Community Development Block Grant Fund (CDBG)** is used to account for the revenues received from the Community Development Block Grant and the associated expenditures for community development. CDBG provides affordable housing, anti-poverty programs, and infrastructure development.
- The **Other Grants Fund** is used to account for short-term miscellaneous reimbursement grants of various types.

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.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 **Harlingen Firemen's Relief and Retirement Fund**.

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.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

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.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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."

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, 2023 are recorded as prepaid items, in both governmental and fund financial statements.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

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.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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, 2022, have been reclassified to conform with the presentation of the statements for the fiscal year ended September 30, 2023.

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. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 30, 2024. See Note 31 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. The Sponsorships Fund was not budgeted during the Fiscal Year ended 2023 since the fund was added mid-year, but will be budgeted in the upcoming Fiscal Year. 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.

In the Infrastructure Fund, City expenditures exceeded budget by \$941,121. The street projects in the infrastructure plan are approved by City Commission on an annual basis. The budget variance was the result of a project backlog from the prior fiscal year. In the Tax Increment Financing Reinvestment Zone 1, City expenditures exceeded the budget by \$513, resulting from an unexpected expenditure toward the end of the year for advertising.

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, 2023, 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, 2023, are as follows:

	Investments-other - Maturities (in years)	
	Book Value	1 or less
Primary Government		
U.S. Treasuries	\$ 9,859,067	\$ 9,859,067
Component Units		
Agency bonds	3,498,152	3,498,152
Certificates of deposit	25,505,650	25,505,650
Total investments - other	\$ 29,003,802	\$ 29,003,802

A reconciliation of cash and investments follows:

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Cash and cash equivalents				
Cash	\$ 167,487	\$ 851,884	\$ 1,019,371	\$ 15,638,829
TexStar	-	-	-	1,293,860
TexPool	54,295,160	6,567,981	60,863,141	27,097,068
Total cash and cash equivalents	\$ 54,462,647	\$ 7,419,865	\$ 61,882,512	\$ 44,029,757
Investments - other				
U.S. Treasuries	9,859,067	-	9,859,067	-
Agency Bonds	-	-	-	3,498,152
Certificate of deposit	-	-	-	25,505,650
Total investments - other	\$ 9,859,067	\$ -	\$ 9,859,067	\$ 29,003,802

At September 30, 2023, the City's 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, 2023, 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 represents 86.06% and holdings of U.S. Treasuries represents 13.94% of the Primary Government's total portfolio at September 30, 2023. 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	11/15/23	\$ 60,863,141	86.06%	
<u>3-5 Months</u>					
U.S. Treasury	U.S. Treasury	12/7/2023	4,951,302	7.00%	5.48%
<u>9-12 Months</u>					
U.S. Treasury	U.S. Treasury	8/31/2024	4,907,765	6.94%	5.27%
			<u>\$ 70,722,208</u>		

City of Harlingen, Texas

Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS – Continued

Component Units

Maturity	Description	Maturity Date	*Cost or Value	% of Holding	Rate
Investment Pools	TexStar	11/05/2023	\$ 1,293,860		
Investment Pools	TexPool	11/15/2023	27,097,068		
			<u>28,390,928</u>	49.47%	
<u>0-2 Months</u>					
Agency Bond	FFCB	10/05/2023	1,999,419		4.78%
Certificates of Deposit	Lone Star National Bank	10/20/2023	136,914		1.50%
Certificates of Deposit	East West Bank	10/23/2023	1,011,386		5.74%
Agency Bond	Federal Home Loan Bank	10/20/2023	999,310		4.73%
Agency Bond	Federal Home Loan Bank	11/30/2023	499,423		4.88%
			<u>4,646,452</u>	8.10%	
<u>3-5 Months</u>					
Certificates of Deposit	East West Bank	12/20/2023	1,000,798		5.82%
Certificates of Deposit	Veritex Bank	12/20/2023	2,074,316		4.87%
Certificates of Deposit	Veritex Bank	1/27/2024	2,581,701		4.84%
Certificates of Deposit	East West Bank	2/16/2024	1,547,277		5.02%
Certificates of Deposit	East West Bank	2/26/2024	1,508,907		5.72%
			<u>8,712,999</u>	15.18%	
<u>6-8 Months</u>					
Certificates of Deposit	East West Bank	3/21/2024	1,501,176		5.72%
Certificates of Deposit	BOK Financial	3/21/2024	1,538,996		4.88%
Certificates of Deposit	East West Bank	4/22/2024	1,022,535		4.96%
Certificates of Deposit	BOK Financial	5/16/2024	1,000,000		5.06%
Certificates of Deposit	East West Bank	5/16/2024	1,509,018		5.61%
			<u>6,571,725</u>	11.45%	
<u>9-12 months</u>					
Certificates of deposit	Third Coast Bank	6/30/2024	1,521,710		5.60%
Certificates of deposit	Third Coast Bank	6/30/2024	2,028,768		5.60%
Certificates of Deposit	East West Bank	7/22/2024	1,010,848		5.47%
Certificates of Deposit	Bank OZK	8/23/2024	2,009,381		5.51%
Certificates of Deposit	East West Bank	9/26/2024	2,501,919		5.61%
			<u>9,072,626</u>	15.81%	
Investment Pools, Treasuries, Agency Bonds and CDs - Component Units			<u>\$ 57,394,730</u>		

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

As of September 30, 2023, 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.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS – Continued

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, 2023. The following table summarizes securities owned by level within the fair value hierarchy as follows:

	9/30/2023	Inputs		
		(Level 1)	(Level 2)	(Level 3)
Mutual funds				
Baird Aggregate Bond Fund-IS	\$ 4,310,084	\$ 4,310,084	\$ -	\$ -
Income Opportunity	1,789,686	-	1,789,686	-
American Europacific Growth	3,782,272	-	3,782,272	-
Largecap Value Equity	5,431,818	-	5,431,818	-
Blackrock Total Stock-K	5,603,702	5,603,702	-	-
Fidelity Saleem Street Trust Large Cap Growth	5,800,857	-	5,800,857	-
Smallcap Value Equity	580,816	-	580,816	-
Conestoga Funds Small Cap	610,180	-	610,180	-
RBC Funds Trust Emerging Markets	1,309,023	1,309,023	-	-
Legg Mason Gbl Ass Brandywine Opp	1,483,513	1,483,513	-	-
Aristotle Floating Rate Income - I	1,008,140	1,008,140	-	-
Total mutual funds	31,710,091	13,714,462	17,995,629	-
REIT				
Clarion Lion Properties Fund	2,076,883	-	-	2,076,883
ARA Core Property Fund	1,983,785	-	-	1,983,785
Total REIT	4,060,668	-	-	4,060,668
Cash and cash equivalents				
Federal Government Obligations	2,895	2,895	-	-
Total	\$ 35,773,654	\$ 13,717,357	\$ 17,995,629	\$ 4,060,668
Investment excluded from fair value hierarchy	1,125,000			
Total Investments	<u>\$ 36,898,654</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, 2023:

	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Private Equity Funds	\$ 1,125,000	\$ 125,000	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 \$6,099,770 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, 2023, none of the Plan's security investments were subject to custodial credit risk.

NOTE 4 - RECEIVABLES

Receivables at September 30, 2023 consist of the following:

	Governmental Activities							
	General Fund	CDBG Fund	Other Grants Fund	Other Governmental Funds	Total	Internal Service Funds	Governmental Activities Total	
Taxes	\$ 1,300,291	\$ -	\$ -	\$ 331,053	\$ 1,631,344	\$ -	\$ 1,631,344	
Accounts	1,005,010	1,607	5,490,063	1,332,244	7,828,924	54,324	7,883,248	
Assessments	-	12,815	-	128,337	141,152	-	141,152	
Due from other governments	1,991,084	-	-	-	1,991,084	-	1,991,084	
Gross receivables	4,296,385	14,422	5,490,063	1,791,634	11,592,504	54,324	11,646,828	
Allowance for uncollectibles	(435,182)	-	-	(156,796)	(591,978)	(5,750)	(597,728)	
Net receivables	\$ 3,861,203	\$ 14,422	\$ 5,490,063	\$ 1,634,838	\$ 11,000,526	\$ 48,574	\$ 11,049,100	

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	\$ 435,674	\$ 1,768	\$ 1,327	\$ 32	\$	438,801
Allowance for uncollectibles	(101,655)	-	-	-		(101,655)
Due from component units	84,290	-	-	-		84,290
Net receivables	\$ 418,309	\$ 1,768	\$ 1,327	\$ 32	\$	421,436

	Component Units				Total
	Harlingen Economic Development Corporation	Harlingen Community Improvement Board	Harlingen Waterworks System	Valley International Airport	
Accounts	\$ 180,394	\$ 990	\$ 2,730,415	\$ 1,067,770	\$ 3,979,569
Interest	-	-	62,555	-	62,555
Due from other governments	497,771	165,924	1,748,046	7,079,196	9,490,937
Gross receivables	678,165	166,914	4,541,016	8,146,966	13,533,061
Allowance for uncollectibles	-	-	(320,000)	-	(320,000)
Net receivables	\$ 678,165	\$ 166,914	\$ 4,221,016	\$ 8,146,966	\$ 13,213,061

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, 2023 is as follows:

Governmental Activities	(Restated)				Transfers/ Reclassifications	Ending Balance
	Beginning Balance	Additions	Retirements			
Capital assets, not being depreciated:						
Land	\$ 11,153,970	\$ 1,859,726	\$ -	\$ -		13,013,696
Construction in progress	2,312,935	3,688,662	-	(1,452,825)		4,548,772
Total capital assets, not being depreciated	13,466,905	5,548,388	-	(1,452,825)		17,562,468
Capital assets, being depreciated						
Buildings	49,355,631	138,570	-	444,148		49,938,349
Right-to-use leased buildings	232,931	-	-	-		232,931
Improvements	30,138,020	85,691	-	-		30,223,711
Machinery and equipment	39,723,265	1,125,694	(542,745)	-		40,306,214
Right-to-use leased equipment	294,983	153,853	-	-		448,836
Infrastructure	226,171,362	8,110,734	-	1,008,677		235,290,773
Total capital assets, being depreciated	345,916,192	9,614,542	(542,745)	1,452,825		356,440,814
Less accumulated depreciation for:						
Buildings	(19,780,641)	(1,155,137)	-	-		(20,935,778)
Right-to-use leased buildings	(73,463)	(78,217)	-	-		(151,680)
Improvements	(20,335,026)	(1,283,904)	-	-		(21,618,930)
Machinery and equipment	(29,204,536)	(2,352,360)	542,745	-		(31,014,151)
Right-to-use leased equipment	(93,544)	(118,733)	-	-		(212,277)
Infrastructure	(157,839,162)	(3,845,364)	-	-		(161,684,526)
Total accumulated depreciation	(227,326,372)	(8,833,715)	542,745	-		(235,617,342)
Total capital assets, being depreciated, net	118,589,820	780,827	-	1,452,825		120,823,472
Governmental activities, capital assets, net	\$ 132,056,725	\$ 6,329,215	\$ -	\$ -		138,385,940

Depreciation was charged to government functions as follows:

General government	\$ 84,639
Public Safety	863,261
Highways and streets	4,470,390
Health and Welfare	1,024,463
Community and economic development	1,513,161
Culture and recreation	877,801
Total depreciation - governmental activities	\$ 8,833,715

City of Harlingen, Texas

Notes to Financial Statements

NOTE 5 - CAPITAL ASSETS – Continued

Capital asset activity for the year ended September 30, 2023 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	-	16,250	-	-	16,250
Total capital assets, not being depreciated	467,083	16,250	-	-	483,333
Capital assets, being depreciated					
Buildings	5,602,130	-	-	-	5,602,130
Improvements	4,932,382	115,993	-	-	5,048,375
Equipment	9,829,567	2,739,889	-	-	12,569,456
Total capital assets, being depreciated	20,364,079	2,855,882	-	-	23,219,961
Less accumulated depreciation for:					
Buildings	(3,051,901)	(122,591)	-	-	(3,174,492)
Improvements	(4,453,068)	(72,544)	-	-	(4,525,612)
Equipment	(4,823,177)	(1,140,265)	-	-	(5,963,442)
Total accumulated depreciation	(12,328,146)	(1,335,400)	-	-	(13,663,546)
Total capital assets, being depreciated, net	8,035,933	1,520,482	-	-	9,556,415
Governmental activities, capital assets, net	\$ 8,503,016	\$ 1,536,732	\$ -	\$ -	10,039,748

Depreciation was charged to business type activity functions as follows:

Municipal Auditorium	\$ 61,303
Sanitation	1,155,376
Arts and Heritage Museum	9,846
Municipal Golf Course	108,875
Total depreciation - business-type activities	\$ 1,335,400

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, 2023, is as follows:

Harlingen Economic Development Center

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 4,294,807	\$ -	\$ (585,300)	\$ 3,709,507
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	(8,773,298)	(797,573)	-	(9,570,871)
Improvements	(3,455,154)	(319,725)	-	(3,774,879)
Total accumulated depreciation	(12,228,452)	(1,117,298)	-	(13,345,750)
Total capital assets, being depreciated, net	24,470,314	(1,117,298)	-	23,353,016
Harlingen Economic Development Corporation, capital assets, net	\$ 28,765,121	\$ (1,117,298)	\$ (585,300)	\$ 27,062,523

Depreciation expense for the year ended September 30, 2023 totaled \$1,117,298.

Capital asset activity for the Harlingen Community Improvement Board for the year ended September 30, 2023, 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	\$ 1,187,864	\$ -	\$ -	\$ 1,328,164
Total capital assets, not being depreciated	\$ 140,300	\$ 1,187,864	\$ -	\$ -	\$ 1,328,164

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, 2023, is as follows:

Valley International Airport

	Beginning Balance	Additions	Retirements	Transfers/ Reclassifications	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 6,177,998	\$ -	\$ -	\$ -	6,177,998
Construction in progress	2,792,908	28,473,393	-	(10,007,491)	21,258,810
Total capital assets, not being depreciated	8,970,906	28,473,393	-	(10,007,491)	27,436,808
Capital assets, being depreciated					
Buildings	50,367,317	-	-	3,237,352	53,604,669
Runways and taxiways	77,774,890	-	-	-	77,774,890
Land improvements	23,437,613	-	(2,548,272)	6,756,439	27,645,780
Furniture and fixtures	3,060,254	-	-	13,700	3,073,954
Machinery and equipment	15,739,297	373,683	(53,017)	-	16,059,963
Total capital assets, being depreciated	170,379,371	373,683	(2,601,289)	10,007,491	178,159,256
Less accumulated depreciation for:					
Buildings	(32,092,035)	(1,820,312)	-	-	(33,912,347)
Runways and taxiways	(41,753,160)	(6,521,761)	-	-	(48,274,921)
Land improvements	(16,647,777)	(650,601)	2,548,272	-	(14,750,106)
Furniture and fixtures	(1,921,564)	(193,377)	-	-	(2,114,941)
Machinery and equipment	(10,153,980)	(1,296,692)	53,017	-	(11,397,655)
Total accumulated depreciation	(102,568,516)	(10,482,743)	2,601,289	-	(110,449,970)
Total capital assets, being depreciated, net	67,810,855	(10,109,060)	-	10,007,491	67,709,286
Valley International Airport, capital assets, net	\$ 76,781,761	\$ 18,364,333	\$ -	\$ -	95,146,094
Right-to-use lease assets					
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)	(2,453)	-	-	(4,194)
Total accumulated amortization	(1,741)	(2,453)	-	-	(4,194)
Total right-to-use assets, being amortized, net	9,905	(2,453)	-	-	7,452
Valley International Airport, total capital and right-to-use assets, net	76,791,666	18,361,880	-	-	95,153,546

Depreciation expense for the year ended September 30, 2023 totaled \$10,482,743. Amortization expense for the year ended September 30, 2023 totaled \$2,453.

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, 2023, is as follows:

Harlingen Waterworks System

	Beginning Balance	Reclass & Additions	Reclass & Disposals	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 6,466,307	\$ -	\$ 817,800	\$ 7,284,107
Water rights	1,210,953	-	55,258	1,266,211
Construction in progress	3,390,603	6,422,466	(3,349,881)	6,463,188
Total capital assets, not being depreciated	11,067,863	6,422,466	(2,476,823)	15,013,506
Capital assets, being depreciated				
Vehicles	5,044,188	51,904	537,548	5,633,640
Water production plant	31,124,262	33,810	142,799	31,300,871
Water transmission facilities and equipment	68,257,027	647,452	415,771	69,320,250
Wastewater treatment plant	33,984,402	7,500	186,722	34,178,624
Wastewater collection line, lift stations and equipment	58,152,640	927,967	1,156,646	60,237,253
Laboratory buildings and equipment	437,053	-	-	437,053
Pretreatment buildings and equipment	49,047	-	-	49,047
Office buildings and equipment	4,250,983	12,018	37,337	4,300,338
Total capital assets, being depreciated	201,299,602	1,680,651	2,476,823	205,457,076
Less accumulated depreciation for:				
Vehicles	(3,070,555)	(305,278)	-	(3,375,833)
Water production plant	(23,820,563)	(628,221)	-	(24,448,784)
Water transmission facilities and equipment	(39,476,542)	(1,187,847)	-	(40,664,389)
Wastewater treatment plant	(25,400,431)	(708,025)	-	(26,108,456)
Wastewater collection line, lift stations and equipment	(36,162,359)	(816,160)	-	(36,978,519)
Laboratory buildings and equipment	(263,915)	(23,593)	-	(287,508)
Pretreatment buildings and equipment	(43,373)	(788)	-	(44,161)
Office buildings and equipment	(3,096,599)	(152,363)	-	(3,248,962)
Total accumulated depreciation	(131,334,337)	(3,822,275)	-	(135,156,612)
Total capital assets, being depreciated, net	69,965,265	(2,141,624)	2,476,823	70,300,464
Harlingen Waterworks System, capital assets, net	\$ 81,033,128	\$ 4,280,842	\$ -	\$ 85,313,970

Harlingen Waterworks System depreciation expense during the fiscal year totaled \$3,822,275.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 6 - LOANS RECEIVABLE

Loans and notes receivable at September 30, 2023, consist of the following:

	Governmental Activities			Component Unit
	General Fund	CDBG Fund	Total	Harlingen Economic Develop. Corp
Rehabilitation loans	\$ -	\$ 36,301	\$ 36,301	\$ -
Deferred loans	-	1,845,643	1,845,643	-
Replacement loans	-	229,875	229,875	-
Home loans	-	19,042	19,042	-
Business development loans	-	-	-	1,311,652
Payment in lieu of taxes	62,869	-	62,869	-
Other	-	116,836	116,836	-
Total Loans Receivable	\$ 62,869	\$ 2,247,697	\$ 2,310,566	\$ 1,311,652

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 \$1,311,652 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 System (a component unit of the City) at September 30, 2023 consist of the following:

September 30,	2023
Current	
Accrued interest	\$ 219,229
Customer deposits	350,000
Noncurrent	
Customer deposits	3,224,527
Total payable from restricted assets	\$ 3,793,756

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	\$ 196,686
Grants	9,873,418
Governmental Activities Total	\$ 10,070,104
Business-type Activities	
Ticket and membership sales	\$ 13,314
Component Units	
Valley International Airport	\$ 209,303

*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:

2024 (current portion)	\$ 47,260
2025	\$ 40,339
2026	40,339
2026	40,339
2028	40,339
Succeeding years	687
Long-term portion	162,043
Total	\$ 209,303

*At September 30, 2023, several leaseholders at the Airport had prepaid their monthly leases in the total amount of \$6,921 which is included in the current portion of \$47,260.

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, 2023, the value of the lease liability is \$47,036. 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, 2023 is \$221,758 with accumulated amortization of \$177,406.

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, 2023, the value of the lease liability is \$41,925. the City is required to make monthly fixed payments of \$3,500.00. The lease has an interest rate of 0.328%. 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, 2023 of \$125,399 with accumulated amortization of \$83,599.

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, 2023, the value of the lease liability is \$40,054. The City is required to make monthly fixed payments of \$3,087. The lease has an interest rate of 0.328%. 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, 2023 of \$107,532 with accumulated amortization of \$71,115.

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, 2023, the value of the lease liability is \$54,365. The City is required to make monthly fixed payments of \$1,286. The lease has an interest rate of 2.157%. 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, 2023 of \$73,224 with accumulated amortization of \$19,486.

On October 28, 2022, the City entered into a 60 month lease as lessee for the use of 29 Xerox Copiers at the Police Department. An initial lease liability was recorded in the amount of \$153,853. As of September 30, 2023, the value of the lease liability is \$139,017. The City is required to make monthly fixed payments of \$2,722. The lease has an interest rate of 2.45%. 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, 2023 of \$153,853 with accumulated amortization of \$15,385.

The future principal and interest lease payments as of September 30, 2023, were as follows:

Fiscal Year Ending 9/30	Principal	Interest	Total
2024	\$ 169,916	\$ 4,508	\$ 174,424
2025	48,120	3,060	51,180
2026	46,105	1,988	48,093
2027	42,044	904	42,948
2028	16,213	116	16,329
Total	\$ 322,398	\$ 10,576	\$ 332,974

City of Harlingen, Texas

Notes to Financial Statements

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 \$2,039,874 of lease revenue principal and \$146,022 of lease revenue interest for the year ended September 30, 2023.

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
2024	\$ 1,612,496	\$ 341,397	\$ 1,953,893
2025	1,427,507	301,240	1,728,747
2026	1,338,586	266,669	1,605,255
2027	1,343,681	231,328	1,575,009
2028	1,408,304	195,481	1,603,785
2029 - 2033	5,569,821	431,266	6,001,087
2034 - 2038	173,509	16,885	190,394
2039 - 2043	208,511	12,208	220,719
2044 - 2048	249,274	6,600	255,874
2049 - 2050	110,910	833	111,743
Total	\$ 13,442,599	\$ 1,803,907	\$ 15,246,506

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 \$4,220,829 during the fiscal year for FAA leases.

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
2024	\$ 2,051,491
2025	345,898
2026	339,489
2027	255,236
2028	100,123
Thereafter	1,178,393
Total	\$ 4,270,630

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 \$16,416. The agreement does not indicate repayment terms or interest rate. The City typically makes annual payments of \$70,000 but will pay the remaining balance in the upcoming fiscal year.

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 \$1,334,469. Interest accrues at 8%. Interest paid during the year totaled \$263,545.

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, 2023 is \$366,589. 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, 2023 is \$0 as the note was paid off early. 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 \$627,986. Interest accrues at 8%. Interest paid during the year totaled \$123,537. As indicated on the previous page, there are no fixed repayment terms for the 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, 2023, 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	\$ 330,000	2010A	\$ 7,265,000
2005 GO	510,000	2010B	6,150,000
2006 GO	900,000		
2007 GO	3,625,000		
2007 CO	7,205,000		
2010 CO	1,380,000		

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 10/1/2022	Additions	Reductions	Ending Balance 9/30/2023	Due in One Year
Governmental Activities							
General Obligations							
2013 Series, General Obligation Refunding Bonds	\$ 3,215,000	2.000-2.500%	\$ 695,000	\$ -	\$ (215,000)	\$ 480,000	\$ 220,000
2016 Series, General Obligation Refunding Bonds	23,915,000	2.000-5.000%	13,450,000	-	(2,400,000)	11,050,000	2,500,000
2019 Series, General Obligation Refunding Bonds	1,690,000	3.000-5.000%	1,445,000	-	(140,000)	1,305,000	145,000
2021 Series, General Obligation Refunding Bonds	4,500,000	3.000%	3,840,000	-	(495,000)	3,345,000	510,000
Total General Obligation Bonds	\$ 33,320,000		\$ 19,430,000	\$ -	\$ (3,250,000)	\$ 16,180,000	\$ 3,375,000
Certificates of Obligation							
2016 Series, Combination Tax Revenue CO	12,885,000	1.150-4.290%	10,790,000	-	(430,000)	10,360,000	450,000
Total Certificates of Obligation	\$ 12,885,000		\$ 10,790,000	\$ -	\$ (430,000)	\$ 10,360,000	\$ 450,000
Total bonded debt	\$ 46,205,000		\$ 30,220,000	\$ -	\$ (3,680,000)	\$ 26,540,000	\$ 3,825,000

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
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	270,000	81,000	510,000	350,814	780,000	431,814
2029-2033	1,510,000	241,725	2,855,000	1,442,337	4,365,000	1,684,062
2034-2038	670,000	30,300	3,505,000	803,827	4,175,000	834,127
2039-2040	-	-	1,615,000	104,677	1,615,000	104,677
	\$ 16,180,000	\$ 1,569,175	\$ 10,360,000	\$ 4,265,322	\$ 26,540,000	\$ 5,834,497

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, 2023, 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, 2023.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 12 - NON-CURRENT OBLIGATIONS – Continued

Component Units	Original Amount	Interest Rate(s)	Beginning Balance 10/1/2022	Additions	Reductions	Ending Balance 9/30/2023	Due in One Year
Harlingen Economic Development Corporation							
Sales tax revenue bonds							
Series 2019A	\$ 17,585,000	4.00-5.00%	\$ 15,160,000	\$ -	\$ (1,205,000)	\$ 13,955,000	\$ 1,270,000
Sales tax and lease rental							
Revenue Bonds Series 2019B	4,035,000	2.199-3.229%	3,445,000	-	(305,000)	3,140,000	310,000
Total Harlingen EDC	21,620,000		18,605,000	-	(1,510,000)	17,095,000	1,580,000
Harlingen Waterworks System							
2015 Series "A" Waterworks & Sewer System Revenue Refunding Bonds	12,000,000	2.00-3.75%	9,125,000	-	(530,000)	8,595,000	545,000
2015 Series "B" Waterworks & Sewer System Revenue Refunding Bonds	6,475,000	2.00-3.25%	2,660,000	-	(255,000)	2,405,000	265,000
2019 Series Waterworks & Sewer System Revenue Refunding Bonds	4,825,000	2.50-5.00%	4,585,000	-	(240,000)	4,345,000	250,000
Total Harlingen Waterworks System	23,300,000		16,370,000	-	(1,025,000)	15,345,000	1,060,000
Total Component Units	\$ 44,920,000		\$ 34,975,000	\$ -	\$ (2,535,000)	\$ 32,440,000	\$ 2,640,000

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
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	1,900,000	366,330	1,220,000	348,950	3,120,000	715,280
2029-2033	8,405,000	662,612	6,130,000	1,074,769	14,535,000	1,737,381
2034-2036	-	-	3,520,000	179,113	3,520,000	179,113
	\$ 17,095,000	\$ 3,307,036	\$ 15,345,000	\$ 3,403,207	\$ 32,440,000	\$ 6,710,243

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, 2023, the following changes occurred:

	Beginning Balance 10/1/2022	Additions	Reductions	Ending Balance 9/30/2023	Amounts Due in One Year
Governmental Activities					
General obligation debt	\$ 19,430,000	\$ -	\$ (3,250,000)	\$ 16,180,000	\$ 3,375,000
Certificates of obligation	10,790,000	-	(430,000)	10,360,000	450,000
Financed purchases	164,719	-	(164,719)	-	-
Lease liabilities	365,899	153,853	(197,354)	322,398	169,916
Deferred amounts					
Premiums	1,071,561	-	(285,687)	785,874	-
Notes payable	3,857,236	-	(461,011)	3,396,225	68,965
Non-current liabilities (excluding pensions and compensated absences)	\$ 35,679,415	\$ 153,853	\$ (4,788,771)	\$ 31,044,497	\$ 4,063,881

	Beginning Balance 10/1/2022	Additions	Reductions	Ending Balance 9/30/2023	Amounts Due in One Year
Business Type Activities					
Financed purchases	\$ 152,052	\$ -	\$ (52,294)	\$ 99,758	\$ 53,778

	Beginning Balance 10/1/2022	Additions	Reductions	Ending Balance 9/30/2023	Amounts Due in One Year
Component Units					
Harlingen Economic Development Corporation					
Sales tax and revenue bonds	\$ 18,605,000	\$ -	\$ (1,510,000)	\$ 17,095,000	\$ 1,580,000
Deferred amounts					
Premiums	1,564,398	-	(292,453)	1,271,945	-
Notes payable	1,417,985	-	-	1,417,985	-
Total Harlingen EDC	21,587,383	-	(1,802,453)	19,784,930	1,580,000
Harlingen Waterworks System					
Bonds payable	16,370,000	-	(1,025,000)	15,345,000	1,060,000
Less deferred amounts for discounts and premiums	431,745	-	(66,988)	364,757	61,824
Total Harlingen Waterworks System	16,801,745	-	(1,091,988)	15,709,757	1,121,824
Total Component Units	\$ 38,389,128	\$ -	\$ (2,894,441)	\$ 35,494,687	\$ 2,701,824

City of Harlingen, Texas

Notes to Financial Statements

NOTE 12 - NON-CURRENT OBLIGATIONS – Continued

Financed Purchases

The City has entered into the following financing lease agreements:

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. 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 9/30/2023	Book Value 9/30/2023
P-25 Communication Tower	\$ 1,483,892	\$ (1,384,966)	\$ 98,926
Total governmental activities machinery and equipment capital assets purchased with financed purchases	\$ 1,483,892	\$ (1,384,966)	\$ 98,926

Business Type Activities

Golf Course Equipment			
Fiscal Year	Principal	Interest	
2024	\$ 53,778	\$ 2,109	
2025	45,980	593	
Total	\$ 99,758	\$ 2,702	

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 9/30/2023	Book Value 9/30/2023
Various golf course machinery and equipment	\$ 258,943	\$ (159,680)	\$ 99,263

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, 2023 as follows:

	Beginning Balance 10/1/2022	Additions	Reductions	Ending Balance 9/30/2023	Amounts Due in One Year
Governmental activities					
Compensated absences	\$ 3,045,989	\$ 1,458,643	\$ (1,239,163)	\$ 3,265,469	\$ 1,306,188
Net pension liability (asset) - Governmental Activities	(4,799,748)	12,563,953	(1,158,904)	6,605,301	-
Net pension liability - Firemen's Relief	17,315,431	12,493,512	(3,026,780)	26,782,163	-
Net OPEB - Supplemental Death Benefit	1,803,585	462,983	(1,082,117)	1,184,451	-
Net OPEB - Retiree Health Care	4,712,628	506,177	(1,541,171)	3,677,634	-
Total other non-current liabilities - governmental activities	22,077,885	27,485,268	(8,048,135)	41,515,018	1,306,188
Business Type Activities					
Landfill post closure liability	125,005	-	(26,151)	98,854	14,995
Compensated absences	284,528	109,226	(114,091)	279,663	111,865
Net pension liability (asset) - Business-type Activities	(97,954)	1,154,891	(284,565)	772,372	-
Net OPEB - Supplemental Death Benefit	36,808	228,951	(127,258)	138,501	-
Net OPEB - Retiree Healthcare	96,177	536,177	(200,981)	431,373	-
Total other non-current liabilities - business-type activities	444,564	2,029,245	(753,046)	1,720,763	126,860
Total other non-current liabilities - Primary Government	\$ 22,522,449	\$ 29,514,513	\$ (8,801,181)	\$ 43,235,781	\$ 1,433,048

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.

City of Harlingen, Texas

Notes to Financial Statements

NOTE 13 - OTHER NON-CURRENT OBLIGATIONS

	Beginning Balance 10/1/2022	Additions	Reductions	Ending Balance 9/30/2023	Amounts Due in One Year
Component Units					
Harlingen Economic Development Corporation					
Compensated absences	\$ 52,429	\$ 11,127	\$ (34,395)	\$ 29,161	\$ 11,664
Net pension liability (asset)	-	105,753	(8,603)	97,150	-
Net OPEB-supplemental death benefit	-	37,451	(14,202)	23,249	-
Net OPEB-retiree healthcare	-	34,272	(5,026)	29,246	-
Total Harlingen Economic Development Corporation	52,429	188,603	(62,226)	178,806	11,664
Valley International Airport					
Unearned revenue**	452,485	225,864	(469,046)	209,303	47,260
Lease liability	10,193	-	(1,887)	8,306	2,181
Compensated absences	347,969	430,001	(404,832)	373,138	25,000
Net pension liability (asset)	(306,933)	1,689,954	(415,142)	967,879	-
Net OPEB-supplemental death benefit	101,221	17,658	(68,578)	50,301	-
Net OPEB-retiree healthcare	342,570	33,591	(25,214)	350,947	-
Total Valley International Airport	947,505	2,397,068	(1,384,699)	1,959,874	74,441
Harlingen Waterworks System					
Compensated absences	813,684	105,765	(55,556)	863,893	500,000
Net OPEB-retiree healthcare	9,526,949	409,349	(2,600,834)	7,335,464	-
Net OPEB-supplemental death benefit	761,947	42,730	(249,897)	554,780	-
Net pension liability (asset)	(157,533)	4,853,806	(1,227,827)	3,468,446	-
Customer deposits	3,405,167	577,689	(408,329)	3,574,527	350,000
Total Harlingen Waterworks System	14,350,214	5,989,339	(4,542,443)	15,797,110	850,000
Total Component Units	\$ 15,350,148	\$ 8,575,010	\$ (5,989,368)	\$ 17,935,790	\$ 936,105

**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 \$6,921 for the year ended 2023.

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 \$98,854 as of September 30, 2023. 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, 2023 are as follows:

	Payable Fund				Business-type Activities	
	Governmental Activities				Municipal Golf Course	
	CDBG Fund	Other Grants Fund	Other Governmental Funds	Governmental Funds Total	Fund	Total
Receivable Fund						
<u>Governmental Funds</u>						
General Fund	\$ 99,347	\$ -	\$ 332	\$ 99,679	\$ 1,148,544	\$ 1,248,223
Other Governmental Funds	-	4,667	-	4,667	-	4,667
Governmental Funds Total	99,347	4,667	332	104,346	1,148,544	1,252,890
<u>Proprietary Funds</u>						
Sanitation Fund	15,356	-	-	15,356	-	15,356
Motor Vehicle Warehouse Fund	2,204	-	-	2,204	-	2,204
Proprietary Funds Total	17,560	-	-	17,560	-	17,560
Primary Government Total	\$ 116,907	\$ 4,667	\$ 332	\$ 121,906	\$ 1,148,544	\$ 1,270,450

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

City of Harlingen, Texas

Notes to Financial Statements

NOTE 15 - INTERFUND ASSETS/LIABILITIES - Continued

Receivables and payables between the primary government and component units at September 30, 2023 are as follows:

Payable Fund or Component Unit	Receivable Fund or Component Unit Business-type Activities Sanitation Fund
Harlingen Waterworks System	\$ 84,290

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	Nonmajor Governmental Funds	Total Governmental Funds	Sanitation Fund	Internal Service Funds	
Governmental Activities						
General fund	\$ -	\$ 1,000,000	\$ 1,000,000	\$ 739,899	\$ -	\$ 1,739,899
Other grants fund	66,088	-	66,088	-	-	66,088
Nonmajor governmental funds	1,219,653	1,272,151	2,491,804	-	-	2,491,804
Total governmental activities	1,285,741	2,272,151	3,557,892	739,899	-	4,297,791
Business-type Activities						
Sanitation fund	-	-	-	-	800,804	800,804
Municipal golf course fund	339,971	-	339,971	-	-	339,971
Municipal auditorium fund	-	115,000	115,000	-	-	115,000
Harlingen arts and heritage museum fund	-	84,720	84,720	-	-	84,720
Total business-type activities	339,971	199,720	539,691	-	800,804	1,340,495
Totals	\$ 1,625,712	\$ 2,471,871	\$ 4,097,583	\$ 739,899	\$ 800,804	\$ 5,638,286

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 and the Golf Course, 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 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 and street usage fees. The transfer from the Internal Service Fund to the Sanitation fund is for vehicles contributed to a proprietary 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. The transfer from the 2016 C.O. Bond Fund to the Harlingen Convention Center Fund will be used for future maintenance costs at the Convention Center.

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	CDBG Fund	Other Grants	Other Governmental Funds	Total Governmental Funds
Nonspendable					
Prepaid items	\$ 341,120	\$ -	\$ -	\$ 86,072	\$ 427,192
Restricted					
Legal Settlement	69,346	-	-	-	69,346
Public, Education and Gov Access Channels	-	-	-	1,121,005	1,121,005
Construction	-	-	-	166,111	166,111
Convention Center Repairs	-	-	-	532,928	532,928
Hotel/Motel Occupancy Tax	-	-	-	2,538,230	2,538,230
Convention Visitors Bureau	-	-	-	275,970	275,970
Harlingen Downtown	-	-	-	166,836	166,836
Federal Forfeitures	-	-	-	434,128	434,128
State Forfeitures	-	-	-	134,256	134,256
Lon C. Hill Library	-	-	-	72,063	72,063
Tax Increment Reinvestment Zone	-	-	-	4,555,815	4,555,815
Debt Service	-	-	-	584,481	584,481
Restricted total	69,346	-	-	10,581,823	10,651,169
Committed					
Catastrophic Relief	-	-	-	844,628	844,628
Infrastructure	-	-	-	1,870,254	1,870,254
Free Trade Bridge	-	-	-	553,368	553,368
Street Improvements	-	-	-	566	566
Committed total	-	-	-	3,268,816	3,268,816
Assigned					
Purchases on order	2,015,275	-	-	-	2,015,275
Tennis Court	-	-	-	179,651	179,651
Sponsorships	-	-	-	59,668	59,668
Harlingen Convention Center	-	-	-	1,034,651	1,034,651
Assigned total	2,015,275	-	-	1,273,970	3,289,245
Unassigned	35,062,921	(33,012)	(3,560,006)	-	31,469,903
Total fund balance	\$ 37,488,662	\$ (33,012)	\$ (3,560,006)	\$ 15,210,681	\$ 49,106,325

City of Harlingen, Texas

Notes to Financial Statements

NOTE 18 – NET POSITION

	Governmental Activities	Business-type Activities	Harlingen Economic Development Corporation	Harlingen Community Improvement Board	Harlingen Waterworks System	Valley International Airport
Net Investment in capital assets:						
Capital assets, net of accumulated depreciation	138,385,940	10,039,748	27,062,523	1,328,164	85,313,970	95,153,546
Less related liabilities	(27,901,024)	(99,758)	(19,784,930)	-	(15,802,239)	(1,735,440)
Restricted cash (unexpended bond proceeds)	97,655	-	-	-	-	-
Total net investment in capital assets	110,582,571	9,939,990	7,277,593	1,328,164	69,511,731	93,418,106
Restricted net position consists of the following:						
Legal Settlement	69,346					
Public, Education and Government						
Access Channel	1,121,005	-	-	-	-	-
Construction	166,111	-	-	-	-	-
Convention Center Repairs	532,928					
Hotel/Motel Occupancy Tax	2,538,230	-	-	-	-	-
Convention Visitors Bureau	275,970	-	-	-	-	-
Harlingen Downtown	166,836	-	-	-	-	-
Federal Forfeitures	434,128	-	-	-	-	-
State Forfeitures	134,256	-	-	-	-	-
Lon C. Hill Library	72,063	-	-	-	-	-
Tax Increment Reinvestment Zone	4,555,815	-	-	-	-	-
Debt Service	584,481	-	-	-	994,095	-
Employee pensions	-	-	-	-	(1,239,693)	-
System expansion and replacement (impact and other fees)	-	-	-	-	6,423,577	-
Restricted net position - total	10,651,169	-	-	-	6,177,979	-
Unrestricted net position	17,220,124	5,307,585	17,321,515	8,532,396	21,996,233	12,097,329
Total net position	\$ 138,453,864	\$ 15,247,575	\$ 24,599,108	\$ 9,860,560	\$ 97,685,943	\$ 105,515,435

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, 2023 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, 2023, the City had ongoing commitments related to the following:

Project	Original Amount	Construction Expensed to Date	Amount Commitment
Arroyo Colorado Trail Extension	\$ 1,463,566	\$ 1,460,184	\$ 3,382
Vela Middle School Connectivity Project	294,911	294,411	500
Loop 499 Sidewalk Project	624,649	226,602	398,047
Jackson Ave Drainage Improvements	197,422	194,149	3,273
Los Vecinos Street Improvements	1,519,469	429,510	1,089,959
Total Commitments	\$ 4,100,017	\$ 2,604,856	\$ 1,495,161

Component Units

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

	Total Remaining Commitment	Airport Improvement Project Funds	Airport Infrastructure Grant (AIG)	Airport Rescue Grant	Passenger Facility Charge	Local Funds
Airport Rescue Grant - Concessions	\$ 287,320	\$ -	\$ -	\$ 287,320	\$ -	\$ -
Extend Runway 35L	21,836,253	8,690,242	6,946,011	-	6,200,000	-
Total Commitments	\$ 22,123,573	\$ 8,690,242	\$ 6,946,011	\$ 287,320	\$ 6,200,000	\$ -

City of Harlingen, Texas

Notes to Financial Statements

NOTE 19 - COMMITMENTS AND CONTINGENT LIABILITIES – Continued

As of September 30, 2023, the System had open purchase orders for operating supplies, equipment, and capital improvements in the amount of \$1,422,700. 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 \$1,330,142 or 16.2% in 2023 of the Airport's total operating revenues from passenger air carriers. Of that amount, \$685,242 or 51.5% in 2023 of the total operating revenues were received from one airline.

For the year ended September 30, 2023, no single customer provided more than 10% of water revenues or wastewater revenues. For the year ended 2023, the top ten wastewater customers provided approximately \$1,299,038 or 11.5% of wastewater sales revenues. The top ten water customers generated approximately \$1,413,942 or 12.6% 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, 2023 totaled \$1,724,271.

NOTE 22 - JOINT ARRANGEMENTS

Fretrade 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 \$234,736 for the year ending September 30, 2023.

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 \$392,000,000 (as of September 30, 2023, 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	\$ 7,377,673	\$ 8,551,694	\$ 244,220	2,673,268
Firemen's Relief and Retirement Fund	26,782,163	7,038,855	3,767,965	1,615,674
Total Primary Government	\$ 34,159,836	\$ 15,590,549	\$ 4,012,185	\$ 4,288,942
Component Units				
Harlingen Economic Development Corporation	\$ 97,150	\$ 245,223	\$ 4,572	50,039
VIA TMRS	967,879	947,509	25,635	280,596
HWWS TMRS	3,468,446	3,739,692	1,510,939	850,766
Total Component Units	\$ 4,533,475	\$ 4,932,424	\$ 1,541,146	\$ 1,181,401

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, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

	City, EDC and Airport	Harlingen Waterworks System
Inactive employees or beneficiaries currently receiving benefits	369	143
Inactive employees entitled to but not yet receiving benefits	172	53
Active employees	542	140
Total employees covered by benefit terms	1,083	336

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, EDC, Airport and the System were 8.38%, 8.38%, 8.38% and 9.35% respectively in calendar year 2023. The City's, EDC, Airport's and System's contributions to TMRS for the year ended September 30, 2023 were \$2,044,479, \$29,532, \$207,331 and \$688,564 respectively, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, 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, 2022 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	35.0%	7.70%
Core Fixed Income	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.70%
Other Public and Private Markets	12.0%	8.10%
Real Estate	12.0%	5.80%
Hedge Funds	5.0%	6.90%
Private Equity	10.0%	11.80%
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, 2023 are as follows:

City of Harlingen

	Increase (Decrease)		
	(a)	(b)	(a) - (b)
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2021	\$ 95,539,821	\$ 100,437,522	\$ (4,897,701)
Changes for the year			
Service Cost	3,034,857	-	3,034,857
Interest	6,050,055	-	6,050,055
Change in benefit terms	-	-	-
Difference between expected/actual experience	(314,600)	-	(314,600)
Changes of assumptions	-	-	-
Contribution - employer	-	1,985,477	(1,985,477)
Contribution - employee	-	1,583,010	(1,583,010)
Net investment income	-	(7,085,208)	7,085,208
Benefits payments, including refunds of employee contributions	(5,598,818)	(5,598,818)	-
Administrative expenses	-	(60,320)	60,320
Other charges	-	71,979	(71,979)
Net charges	3,171,494	(9,103,880)	12,275,374
Balance at December 31, 2022	\$ 98,711,315	\$ 91,333,642	\$ 7,377,673

Harlingen Economic Development Corporation

	Increase (Decrease)		
	(a)	(b)	(a) - (b)
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2021	\$ -	\$ -	\$ -
Changes for the year			
Service Cost	56,807	-	56,807
Interest	113,246	-	113,246
Change in benefit terms	-	-	-
Difference between expected/actual experience	(5,889)	-	(5,889)
Changes of assumptions	-	-	-
Contribution - employer	-	37,165	(37,165)
Contribution - employee	-	29,631	(29,631)
Net investment income	-	-	-
Benefits payments, including refunds of employee contributions	-	-	-
Administrative expenses	-	(1,129)	1,129
Other charges	-	1,347	(1,347)
Net charges	164,164	67,014	97,150
Balance at December 31, 2022	\$ 164,164	\$ 67,014	\$ 97,150

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, 2021	\$ 6,559,111	\$ 6,866,044	\$ (306,933)
Changes for the year			
Service Cost	318,552	-	318,552
Interest	635,041	-	635,041
Change in benefit terms	-	-	-
Difference between expected/actual experience	(33,022)	-	(33,022)
Changes of assumptions	-	-	-
Contribution - employer	-	208,405	(208,405)
Contribution - employee	-	166,160	(166,160)
Net investment income	-	(730,030)	730,030
Benefits payments, including refunds of employee contributions	(576,879)	(576,879)	-
Administrative expenses	-	(6,331)	6,331
Other charges	-	7,555	(7,555)
Net charges	343,692	(931,120)	1,274,812
Balance at December 31, 2022	\$ 6,902,803	\$ 5,934,924	\$ 967,879

Harlingen Waterworks System

	Increase (Decrease)		
	(a)	(b)	(a) - (b)
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2021	\$ 28,188,858	\$ 28,346,391	\$ (157,533)
Changes for the year			
Service Cost	894,300	-	894,300
Interest	1,878,033	-	1,878,033
Change in benefit terms	-	-	-
Difference between expected/actual experience	(64,131)	-	(64,131)
Changes of assumptions	-	-	-
Contribution - employer	-	653,258	(653,258)
Contribution - employee	-	489,070	(489,070)
Net investment income	-	(2,063,567)	2,063,567
Benefits payments, including refunds of employee contributions	(1,626,606)	(1,626,606)	-
Administrative expenses	-	(17,905)	17,905
Other charges	-	21,367	(21,367)
Net charges	1,081,596	(2,544,383)	3,625,979
Balance at December 31, 2022	\$ 29,270,454	\$ 25,802,008	\$ 3,468,446

City of Harlingen, Texas

Notes to Financial Statements

NOTE 25 - PENSION PLANS - Continued

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)	\$ 16,235,783	\$ 6,605,301	\$ (1,301,496)
Business-type Activities			
City of Harlingen net pension liability (asset)	\$ 1,898,484	\$ 772,372	\$ (152,187)
Component Units			
Harlingen Economic Development Corporation net pension liability (asset)	\$ 339,442	\$ 97,150	\$ (27,210)
Valley International Airport net pension liability (asset)	\$ 1,903,455	\$ 967,879	\$ (152,585)
Harlingen Waterworks System net position liability (asset)	\$ 6,767,802	\$ 3,468,446	\$ 674,504

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.tmr.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, 2023 the City, EDC, Valley International Airport, and Harlingen Waterworks System recognized pension expense in the amount of \$2,673,268, \$50,039, \$280,596, and \$850,766, respectively. At September 30, 2023, 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)	\$ -	\$ 244,220
Changes in actuarial assumptions	-	-
Differences between projected and actual investment earnings (net of current year amortization)	6,981,014	-
Contributions subsequent to the measurement date	1,570,680	-
Total	\$ 8,551,694	\$ 244,220

Component Unit

Harlingen Economic Development Corporation

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ -	\$ 4,572
Changes in actuarial assumptions	-	-
Differences between projected and actual investment earnings (net of current year amortization)	224,351	-
Contributions subsequent to the measurement date	20,872	-
Total	\$ 245,223	\$ 4,572

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)	\$ -	\$ 25,635
Changes in actuarial assumptions	-	-
Differences between projected and actual investment earnings (net of current year amortization)	788,301	-
Contributions subsequent to the measurement date	159,208	-
Total	\$ 947,509	\$ 25,635

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

NOTE 25 - PENSION PLANS - Continued

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)	\$ 48,669	\$ 61,473
Changes in actuarial assumptions	1,083	-
Differences between projected and actual investment earnings (net of current year amortization)	3,181,558	1,449,466
Contributions subsequent to the measurement date	508,382	-
Total	\$ 3,739,692	\$ 1,510,939

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, 2023 is the most recent information available. The table below summarizes the membership of the fund at September 30, 2023:

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	106
2. Current employees	
a. Vested	3
b. Nonvested	82
3. Total	<div style="border-top: 1px solid black; border-bottom: 3px double black;">191</div>

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, 2022 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, 2022 , are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return (Arithmetic)
Domestic equity	6.5%
Domestic bonds	4.0%
Real estate	5.0%

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, 2022	\$ 58,091,019	\$ 40,775,588	\$ 17,315,431
Changes for the year			
Service Cost	1,275,943	-	1,275,943
Interest	4,483,652	-	4,483,652
Experience	-	-	-
Change in benefit terms	-	-	-
Difference between expected/actual experience	-	-	-
Changes of assumptions	-	-	-
Contribution - employer	-	1,199,543	(1,199,543)
Contribution - member	-	1,058,420	(1,058,420)
Net investment income	-	(5,902,315)	5,902,315
Benefits payments, including refunds of employee contributions	(3,026,780)	(3,026,780)	-
Administrative expenses	-	(62,785)	62,785
Assumptions changes	-	-	-
Changes in benefit terms	-	-	-
Net change	2,732,815	(6,733,917)	9,466,732
Balance at September 30, 2023	\$ 60,823,834	\$ 34,041,671	\$ 26,782,163

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

For the year ended September 30, 2023, the Harlingen Firemen's Relief and Retirement Fund recognized pension expense in the amount of \$1,615,674. At September 30, 2023, 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)	\$ 456,496	\$ 813,771
Changes in actuarial assumptions	158,833	2,954,194
Differences between projected and actual investment earnings (net of current year amortization)	5,165,499	-
Contributions subsequent to the measurement date	1,258,027	-
Total	\$ 7,038,855	\$ 3,767,965

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, \$1,570,680, \$159,208, \$508,382 and \$1,258,027, 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, 2024. 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	Harlingen Economic Dev Corporation	Valley International Airport	Harlingen Waterworks System	Firemen's Relief and Retirement
2024	\$ 258,263	\$ 25,171	\$ 114,661	\$ 45,012	\$ (1,856,687)
2025	509,257	25,171	181,428	427,534	853,879
2026	248,546	25,171	188,728	456,772	1,114,198
2027	160,309	25,897	277,849	791,053	1,901,473
2028	650,098	26,488	-	-	-
Thereafter	4,910,321	91,911	-	-	-
	<u>\$ 6,736,794</u>	<u>\$ 219,809</u>	<u>\$ 762,666</u>	<u>\$ 1,720,371</u>	<u>\$ 2,012,863</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	\$ 33,641,146	\$ 26,782,163	\$ 21,023,994

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	\$ 4,109,007	\$ 474,591	\$ 1,199,038	\$ 256,476
Supplemental Death Benefit	1,322,952	99,717	510,901	116,462
Total Primary Government	\$ 5,431,959	\$ 574,308	\$ 1,709,939	\$ 372,938
Component Units				
EDC Retiree Health Plan	\$ 29,246	\$ 3,378	\$ 8,534	\$ 1,825
EDC Supplemental Death Benefit	23,249	18,981	715	2,180
VIA Retiree Health Plan	350,947	40,534	102,409	21,905
VIA Supplemental Death Benefit	50,301	2,518	50,881	12,225
HWWS Retiree Health Plan	7,335,464	343,649	1,960,367	(569,102)
HWWS Supplemental Death Benefit	554,780	100,157	197,229	30,985
Total Component Units	\$ 8,343,987	\$ 509,217	\$ 2,320,135	\$ (499,982)

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 25 and the supplemental death benefits described in this note, the City, EDC, 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, EDC, Airport and System and who are receiving benefits from the City, EDC, 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, EDC, 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, EDC, Airport and System.

Employees who are eligible for retirement, but instead choose to terminate employment, are not eligible for City, EDC, Airport and System sponsored health care and prescription drug coverage at a later date. Retirees who elect to opt-out of the City, EDC, Airport and System sponsored health care plan do not receive any cash payment in lieu of electing the City, EDC, 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, EDC, Airport and System do not provide subsidized retiree vision or dental care coverage. Nor does the City, EDC, Airport and System provide subsidized retiree life insurance coverage. Life insurance coverage carried at the time of retirement is portable. The City, EDC, 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, EDC, 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	4.05% as of December 31, 2022
Inflation	2.50%
Salary Increases	TMRS: 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). Firefighters: Based on the actuarial valuation for the Firemen's Relief and Retirement Fund for year ended September 30, 2021.
Mortality	TMRS: 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-2020 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, regardless of age at retirement; No participation after retiree reaches eligibility age for Medicare.
Other Information:	
Notes	The discount rate changed from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022, 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 4.05% (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 1.84% 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, 2022:

Retiree Health Care Plans

	City, EDC and VIA	Harlingen Waterworks System
Inactive plan members or beneficiaries currently receiving benefits	32	71
Inactive plan members entitled to but not yet receiving benefits	-	-
Active plan members	582	41
Total plan members	614	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 3.05%	Current Discount Rate Assumption	1% Increase 5.05%
City	\$ 4,442,367	\$ 4,109,007	\$ 3,803,827
Harlingen Economic Development Corp	31,618	29,246	27,073
Valley International Airport	379,419	350,947	324,882
Harlingen Waterworks	8,232,808	7,335,464	6,584,727

City of Harlingen, Texas

Notes to Financial Statements

NOTE 26 - OTHER POST EMPLOYMENT BENEFITS – Continued

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	\$ 3,726,526	\$ 4,109,007	\$ 4,559,526
Harlingen Economic Development Corporation	26,523	29,246	32,452
Valley International Airport	318,280	350,947	389,426
Harlingen Waterworks	6,434,900	7,335,464	8,431,204

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 8.3669 years.

Employer contributions (benefit payments for unfunded plans) made subsequent to the measurement date of the total OPEB liability (December 31, 2022) and prior to the end of the employer's reporting period (September 30, 2023) should be reported by the employer as a deferred outflow related to OPEB.

The benefit payments made subsequent to the measurement date were \$223,367 (\$54,250 of explicit premium subsidies and \$169,117 of implicit subsidies). The implicit subsidy was estimated by multiplying the total premiums (employer and retiree portions combined) for retirees of \$291,079 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	\$ 1,068	\$ 452,504
Changes in assumptions	299,430	746,534
Contributions subsequent to the measurement date	174,093	-
Total	\$ 474,591	\$ 1,199,038

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

NOTE 26 - OTHER POST EMPLOYMENT BENEFITS – Continued

Harlingen Economic Development Corporation

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8	\$ 3,221
Changes in assumptions	2,131	5,313
Contributions subsequent to the measurement date	1,239	-
Total	\$ 3,378	\$ 8,534

Valley International Airport

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 91	\$ 38,648
Changes in assumptions	25,574	63,761
Contributions subsequent to the measurement date	14,869	-
Total	\$ 40,534	\$ 102,409

Harlingen Waterworks

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,440	\$ 357,393
Changes in assumptions	47,964	1,602,974
Contributions subsequent to the measurement date	286,245	-
Total	\$ 343,649	\$ 1,960,367

Deferred outflows of resources resulting from contributions subsequent to the measurement date of \$174,093, \$1,239, \$14,869 and \$286,245 for the City, Harlingen Economic Development Corporation, 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, 2023 (i.e. recognized in the financial statements as of September 30, 2024). 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	Harlingen Economic Dev Corporation	Valley International Airport	Harlingen Waterworks System
2024	\$ (136,822)	\$ (974)	\$ (11,686)	\$ (1,201,216)
2025	(136,822)	(974)	(11,686)	(701,747)
2026	(139,164)	(990)	(11,886)	-
2027	(155,171)	(1,104)	(13,253)	-
2028	(123,843)	(881)	(10,577)	-
Thereafter	(206,718)	(1,472)	(17,656)	-
	\$ (898,540)	\$ (6,395)	\$ (76,744)	\$ (1,902,963)

City of Harlingen, Texas

Notes to Financial Statements

NOTE 26 - OTHER POST EMPLOYMENT BENEFITS – Continued

Changes in the Retiree Health Plan is as follows:

	City of Harlingen	Harlingen Economic Dev Corporation	Valley International Airport	Harlingen Waterworks System
Service Cost	\$ 305,675	\$ 2,176	\$ 26,107	\$ 235,382
Interest on liability	87,623	624	7,484	173,967
Difference between expected and actual experience	(16,558)	(118)	(1,414)	14,347
Changes of assumptions	(872,089)	28,019	(6,338)	(2,235,354)
Benefit payments	(204,449)	(1,455)	(17,462)	(379,827)
Net change in total liability	\$ (699,798)	\$ 29,246	\$ 8,377	\$ (2,191,485)
<hr/>				
Total OPEB liability as of 12/31/2021	4,808,805	-	342,570	9,526,949
Net change in total OPEB liability	(699,798)	29,246	8,377	(2,191,485)
Total OPEB liability as of 12/31/2022	\$ 4,109,007	\$ 29,246	\$ 350,947	\$ 7,335,464
<hr/>				
Covered employee payroll	30,286,835	241,318	2,108,884	2,106,386
Total OPEB liability as a percentage of covered-employee payroll	13.57%	12.12%	16.64%	348.25%
Percentage of OPEB liability funded	0.00%	0.00%	0.00%	0.00%

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, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

	City, EDC and VIA	Harlingen Waterworks System
Inactive employees or beneficiaries currently receiving benefits	283	113
Inactive employees entitled to but not yet receiving benefits	34	9
Active employees	542	140
Total	859	262

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, EDC and Valley International Airport

Plan/ Calendar Year	Total SDBF Contribution (Rate)	Retiree Portion of SDBF Contribution (Rate)
2023	0.46%	0.23%
2022	0.34%	0.24%
2021	0.72%	0.58%

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

NOTE 26 - OTHER POST EMPLOYMENT BENEFITS - Continued

Harlingen Waterworks

Plan/ Calendar Year	Total SDBF Contribution (Rate)	Retiree Portion of SDBF Contribution (Rate)
2023	0.57%	0.36%
2022	0.41%	0.31%
2021	0.50%	0.39%
2020	0.26%	0.10%
2019	0.26%	0.10%

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 2023, 2022 and 2021 were \$128,490, \$76,677 and \$69,453, respectively, which equaled the required contributions each year.

The EDC's contributions to the TMRS SDBF for the fiscal years ended 2023, 2022 and 2021 were \$1,944, \$1,160 and \$1,051, respectively, which equaled the required contributions each year.

The Valley International Airport's contributions to the TMRS SDBF for the fiscal years ended 2023, 2022 and 2021 were \$12,989, \$9,995 and \$3,882, respectively, which equaled the required contributions each year.

The System's contributions to the TMRS SDBF for the fiscal years ended 2023, 2022 and 2021 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, 2022, 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, 2022

Methods and Assumptions

Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Discount Rate	4.05%
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, 2022. The actuarial assumptions used in the December 31, 2022 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 (3.05%) or one percentage-point higher (5.05%).

	1% Decrease 3.05%	Current Discount Rate Assumption	1% Increase 5.05%
City	\$ 1,457,086	\$ 1,322,952	\$ 1,072,841
Harlingen Economic Development Corporation	27,274	23,249	20,082
Valley International Airport	82,942	50,301	42,610
Harlingen Waterworks	643,511	554,780	483,265

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, 2023, 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	\$ 4,072	\$ 38,217
Changes in assumptions	8,994	472,684
Contributions subsequent to the measurement date	86,651	-
Total	\$ 99,717	\$ 510,901

Harlingen Economic Development Corporation

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 715
Changes in assumptions	17,802	-
Contributions subsequent to the measurement date	1,179	-
Total	\$ 18,981	\$ 715

Valley International Airport

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 304	\$ 4,012
Changes in assumptions	672	46,869
Contributions subsequent to the measurement date	1,542	-
Total	\$ 2,518	\$ 50,881

Harlingen Waterworks System

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,568	\$ 10,194
Changes in assumptions	71,119	187,035
Contributions subsequent to the measurement date	19,470	-
Total	\$ 100,157	\$ 197,229

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 \$86,651, \$1,179 \$1,542 and \$19,470 for the City, EDC, 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, 2023 (i.e. recognized in the City of Harlingen, Valley International Airport and Harlingen Waterworks System's financial statements as of September 30, 2024.) 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	Harlingen Economic Dev Corporation	Valley International Airport	Harlingen Waterworks System
2023	\$ (107,429)	\$ 4,029	\$ (11,024)	\$ (10,234)
2024	(120,495)	4,029	(12,000)	(12,819)
2025	(120,495)	4,029	(12,000)	(34,947)
2026	(120,495)	4,029	(12,000)	(42,424)
2027	(28,921)	971	(2,881)	(16,118)
Thereafter	-	-	-	-
	\$ (497,835)	\$ 17,087	\$ (49,905)	\$ (116,542)

Changes in the Supplemental Death Benefit Fund is as follows:

	City of Harlingen	Harlingen Economic Dev Corporation	Valley International Airport	Harlingen Waterworks System
Service Cost	\$ 135,687	\$ 2,540	\$ 14,242	\$ 28,646
Interest on liability	32,542	609	3,416	14,084
Difference between expected and actual experience	(47,230)	(884)	(4,958)	(1,940)
Changes of assumptions	(584,166)	22,000	(57,923)	(226,298)
Benefit payments	(54,274)	(1,016)	(5,697)	(21,659)
Net change in total liability	\$ (517,441)	\$ 23,249	\$ (50,920)	\$ (207,167)
Total OPEB liability as of 12/31/2021	1,840,393	-	101,221	761,947
Net change in total OPEB liability	(517,441)	23,249	(50,920)	(207,167)
Total OPEB liability as of 12/31/2022	\$ 1,322,952	\$ 23,249	\$ 50,301	\$ 554,780
Covered employee payroll	\$ 22,614,438	\$ 423,302	\$ 2,373,710	\$ 6,986,717
Total OPEB liability as a percentage of covered-employee payroll	5.85%	5.49%	2.12%	7.94%
Percentage of OPEB liability funded	0.00%	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 \$872,630 and \$1,458,932 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, 2023 targeted qualifying infrastructure improvements for the project totaled \$886,416 of which \$870,000 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 \$604,572 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 9/30/2023. 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 9/30/2023.

Governmental Activities

General Fund	\$ 2,015,275
Other Grants Fund	2,948,249
Nonmajor Governmental Funds	900,906
Total Governmental Activities	\$ 5,864,430

Business Type Activities

Sanitation Fund	\$ 586,091
Municipal Auditorium Fund	7,754
Harlingen Arts and Heritage Museum Fund	375
Total Business Type Activities	\$ 593,845

Total Primary Government	\$ 6,458,275
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NOTE 31: SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after September 30, 2023 through March 30, 2024, the date the current year's financial statements were available to be issued. The following events occurred:

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, 2023

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Property taxes - including penalty and interest	\$ 21,123,864	\$ 21,373,864	\$ 20,616,761	\$ (757,103)
Nonproperty taxes	27,084,963	27,108,026	28,353,023	1,244,997
Fines and forfeitures	742,558	742,558	815,543	72,985
Licenses and permits	837,064	837,064	984,063	146,999
Charges for services	1,530,756	1,829,358	1,705,619	(123,739)
Intergovernmental	1,294,120	1,294,120	1,250,371	(43,749)
Contributions and donations	3,000	3,008,729	8,002,340	4,993,611
Miscellaneous	148,085	263,588	269,385	5,797
Interest and investment income	32,809	1,599,498	1,735,737	136,239
Total revenues	52,797,219	58,056,805	63,732,842	5,676,037
Expenditures				
Current				
General government	8,770,365	9,163,253	8,068,292	1,094,961
Public safety	29,003,403	29,116,104	28,067,200	1,048,904
Highways and streets	4,825,243	5,412,526	4,770,373	642,153
Health and welfare	1,324,037	1,315,994	1,105,612	210,382
Community and economic development	2,132,559	2,185,242	2,003,237	182,005
Culture and recreation	5,013,688	5,062,106	4,592,515	469,591
Capital outlay	1,176,000	5,440,588	8,878,918	(3,438,330)
Debt service				
Principal	255,545	593,240	555,730	37,510
Interest	39,771	39,771	29,657	10,114
Total expenditures	52,540,611	58,328,824	58,071,534	257,290
Excess (deficiency) of revenues over (under) expenditures	256,608	(272,019)	5,661,308	5,933,327
Other financing sources (uses)				
Transfers in	1,239,896	1,739,896	1,739,899	3
Transfers out	(1,446,994)	(1,620,260)	(1,625,712)	(5,452)
Leases (as lessee)	-	-	153,853	153,853
Sale of capital assets	260,000	260,000	93,134	(166,866)
Total other financing sources (uses)	52,902	379,636	361,174	(18,462)
Net change in fund balance	\$ 309,510	\$ 107,617	6,022,482	\$ 5,914,865
Fund balances, beginning of year			31,466,180	
Fund balance, end of year			\$ 37,488,662	

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

Year Ended September 30, 2023

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Intergovernmental	\$ 1,266,662	\$ 1,266,662	\$ 1,653,337	\$ 386,675
Miscellaneous	31,397	31,397	26,073	(5,324)
Interest and investment income	-	-	5,115	5,115
Total revenues	1,298,059	1,298,059	1,684,525	386,466
Expenditures				
Community and economic development	1,186,032	2,761,103	1,251,323	1,509,780
Capital outlay	112,027	476,474	506,734	(30,260)
Total expenditures	1,298,059	3,237,577	1,758,057	1,479,520
 Net change in fund balance	 -	 (1,939,518)	 (73,532)	 1,865,986
 Fund balance, beginning of year			 40,520	
Fund balance, end of year			<u><u>\$ (33,012)</u></u>	

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

Year Ended September 30, 2023

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Intergovernmental	\$ 9,379,998	\$ 32,673,914	\$ 10,402,220	\$ (22,271,694)
Contributions and donations	-	751,448	250,784	(500,664)
Interest and investment income	-	385,867	530,274	144,407
Total revenues	9,379,998	33,811,229	11,183,278	(22,627,951)
Expenditures				
General government	-	8,189,967	2,530,549	5,659,418
Public safety	1,408,294	1,548,437	1,478,804	69,633
Highways and streets	-	4,356,800	2,834,910	1,521,890
Health and welfare	2,650,106	2,872,895	452,296	2,420,599
Culture and recreation	-	23,019	17,882	5,137
Capital outlay	5,321,598	16,452,758	5,529,285	10,923,473
Interest	-	-	197	(197)
Total expenditures	9,379,998	33,443,876	12,843,923	20,599,953
Excess (deficiency) of revenues over (under) expenditures	-	367,353	(1,660,645)	(2,027,998)
Other financing sources (uses)				
Transfers in	-	60,636	66,088	5,452
Total other financing sources (uses)	-	60,636	66,088	5,452
Net change in fund balance	-	427,989	(1,594,557)	(2,022,546)
Fund balance, beginning of year			(1,965,449)	
Fund balance, end of year			<u>\$ (3,560,006)</u>	

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>	2022	2021	2020	2019
Primary Government				
Total Pension Liability				
Service cost	\$ 3,034,857	\$ 1,831,182	\$ 1,001,472	\$ 1,079,397
Interest (on the total pension liability)	6,050,055	6,107,865	5,996,106	5,933,099
Changes in benefit terms	-	2,404,224	-	-
Changes between expected and actual experience	(314,599)	39,597	(553,364)	(372,030)
Changes of assumptions	-	-	-	(112,046)
Benefit payments, including refunds of employee contributions	(5,598,818)	(5,102,140)	(5,639,773)	(5,196,253)
Net change in total pension liability	3,171,495	5,280,728	804,441	1,332,167
Total pension liability - beginning	95,539,820	90,259,092	89,454,651	88,122,484
Total pension liability - ending (a)	\$ 98,711,315	\$ 95,539,820	\$ 90,259,092	\$ 89,454,651
Plan Fiduciary Net Position				
Contributions - employer	\$ 1,985,477	\$ 1,195,422	\$ 992,956	\$ 949,432
Contributions - employee	1,583,010	963,056	596,114	633,488
Net investment income	(7,085,208)	11,842,649	6,859,753	12,616,872
Benefit payments, including refunds of employee contributions	(5,598,818)	(5,102,140)	(5,639,773)	(5,196,253)
Administrative expenses	(60,320)	(54,889)	(44,452)	(71,377)
Other	71,979	376	(1,739)	(2,145)
Net change in plan fiduciary net position	(9,103,880)	8,844,474	2,762,859	8,930,017
Plan fiduciary net position - beginning	100,437,522	91,593,048	88,830,189	79,900,172
Plan fiduciary net position - ending (b)	91,333,642	100,437,522	91,593,048	88,830,189
Net pension liability (asset) - ending (a) - (b)	7,377,673	(4,897,702)	(1,333,956)	624,462
Plan fiduciary net position as a percentage of total pension liability	92.53%	105.13%	101.48%	99.30%
Covered payroll	22,614,438	13,757,936	8,929,768	9,017,514
Net pension liability (asset) as a percentage of covered payroll	32.62%	-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>	<i>2022</i>
Harlingen Economic Development Corporation	
Total Pension Liability	
Service cost	\$ 56,807
Interest (on the total pension liability)	113,246
Changes in benefit terms	-
Changes between expected and actual experience	(5,889)
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	-
Net change in total pension liability	164,164
Total pension liability - beginning	-
Total pension liability - ending (a)	\$ 164,164
Plan Fiduciary Net Position	
Contributions - employer	\$ 37,165
Contributions - employee	29,631
Net investment income	-
Benefit payments, including refunds of employee contributions	-
Administrative expenses	(1,129)
Other	1,347
Net change in plan fiduciary net position	67,014
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	67,014
Net pension liability (asset) - ending (a) - (b)	\$ 97,150
Plan fiduciary net position as a percentage of total pension liability	40.82%
Covered payroll	\$ 423,302
Net pension liability (asset) as a percentage of covered payroll	22.95%

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

<i>December 31,</i>	2022	2021	2020	2019
Valley International Airport				
Total Pension Liability				
Service cost	\$ 318,552	\$ 136,859	\$ 48,669	\$ 50,745
Interest (on the total pension liability)	635,041	456,492	291,394	278,926
Changes in benefit terms	-	179,688	-	-
Changes between expected and actual experience	(33,022)	2,959	(26,892)	(17,490)
Changes of assumptions	-	-	-	(5,268)
Benefit payments, including refunds of employee contributions	(576,879)	(381,326)	(274,077)	(244,286)
Net change in total pension liability	343,692	394,672	39,094	62,627
Total pension liability - beginning	6,559,111	6,164,439	6,125,345	6,062,718
Total pension liability - ending (a)	\$ 6,902,803	\$ 6,559,111	\$ 6,164,439	\$ 6,125,345
Plan Fiduciary Net Position				
Contributions - employer	\$ 208,405	\$ 89,344	\$ 48,255	\$ 44,635
Contributions - employee	166,160	71,977	28,970	29,781
Net investment income	(730,030)	885,100	333,360	593,144
Benefit payments, including refunds of employee contributions	(576,879)	(381,326)	(274,077)	(244,286)
Administrative expenses	(6,331)	(4,102)	(2,160)	(3,355)
Other	7,555	28	(84)	(101)
Net change in plan fiduciary net position	(931,120)	661,021	134,264	419,818
Plan fiduciary net position - beginning	6,866,044	6,205,023	6,070,759	5,650,941
Plan fiduciary net position - ending (b)	5,934,924	6,866,044	6,205,023	6,070,759
Net pension liability (asset) - ending (a) - (b)	\$ 967,879	\$ (306,933)	\$ (40,584)	\$ 54,586
Plan fiduciary net position as a percentage of total pension liability	85.98%	104.68%	100.66%	99.11%
Covered payroll	\$ 2,373,710	\$ 1,028,245	\$ 1,806,563	\$ 423,931
Net pension liability (asset) as a percentage of covered payroll	40.77%	-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>	2022	2021	2020	2019
Harlingen Waterworks System				
Total Pension Liability				
Service cost	\$ 894,300	\$ 782,523	\$ 492,173	\$ 531,250
Interest (on the total pension liability)	1,878,033	1,798,090	1,578,043	1,562,159
Changes in benefit terms	-	2,424,138	-	-
Changes between expected and actual experience	(64,131)	65,784	83,340	(194,371)
Changes of assumptions	-	-	-	17,123
Benefit payments, including refunds of employee contributions	(1,626,606)	(1,409,306)	(1,516,524)	(1,806,083)
Net change in total pension liability	1,081,596	3,661,229	637,032	110,078
Total pension liability - beginning	28,188,858	24,527,629	23,890,597	23,780,519
Total pension liability - ending (a)	\$ 29,270,454	\$ 28,188,858	\$ 24,527,629	\$ 23,890,597
Plan Fiduciary Net Position				
Contributions - employer	\$ 653,258	\$ 117,319	\$ 105,466	\$ 110,137
Contributions - employee	489,070	430,566	384,510	412,278
Net investment income	(2,063,567)	3,363,869	1,894,042	3,518,192
Benefit payments, including refunds of employee contributions	(1,626,606)	(1,409,306)	(1,516,524)	(1,806,083)
Administrative expenses	(17,905)	(15,598)	(12,282)	(19,909)
Other	21,367	106	(479)	(598)
Net change in plan fiduciary net position	(2,544,383)	2,486,956	854,733	2,214,017
Plan fiduciary net position - beginning	28,346,391	25,859,435	25,004,702	22,790,685
Plan fiduciary net position - ending (b)	25,802,008	28,346,391	25,859,435	25,004,702
Net pension liability (asset) - ending (a) - (b)	\$ 3,468,446	\$ (157,533)	\$ (1,331,806)	\$ (1,114,105)
Plan fiduciary net position as a percentage of total pension liability	88.15%	100.56%	105.43%	104.66%
Covered payroll	\$ 6,986,717	\$ 6,042,647	\$ 5,492,999	\$ 5,889,693
Net pension liability (asset) as a percentage of covered payroll	49.64%	-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,	2022	2021	2020
Firemen's Relief and Retirement Fund			
Total Pension Liability			
Service cost	\$ 1,275,943	\$ 1,292,135	\$ 1,103,191
Interest (on the total pension liability)	4,483,652	4,235,475	4,060,031
Differences between expected and actual experience	-	684,744	-
Change in benefit terms	-	-	-
Changes of assumptions	-	(112,145)	-
Benefit payments, including refunds of employee contributions	(3,026,780)	(2,736,683)	(3,440,063)
Net change in total pension liability	2,732,815	3,363,526	1,723,159
Total pension liability - beginning	58,091,019	54,727,493	53,004,334
Total pension liability - ending (a)	\$ 60,823,834	\$ 58,091,019	\$ 54,727,493
Plan Fiduciary Net Position			
Contributions - employer	\$ 1,199,543	\$ 1,214,765	\$ 1,185,530
Contributions - employee	1,058,420	1,071,852	1,045,922
Net investment income	(5,902,315)	6,606,436	2,259,879
Benefit payments, including refunds of employee contributions	(3,026,780)	(2,736,683)	(3,440,063)
Administrative expenses	(62,785)	(116,474)	(28,501)
Net change in plan fiduciary net position	(6,733,917)	6,039,896	1,022,767
Plan fiduciary net position - beginning	40,775,588	34,735,692	33,712,925
Plan fiduciary net position - ending (b)	34,041,671	40,775,588	34,735,692
Net pension liability - ending (a) - (b)	\$ 26,782,163	\$ 17,315,431	\$ 19,991,801
Plan fiduciary net position as a percentage of total pension liability	55.97%	70.19%	63.47%
Covered payroll	\$ 7,056,133	\$ 7,145,680	\$ 6,972,813
Net pension liability as a percentage of covered payroll	379.56%	242.32%	286.71%

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 and Related Ratios
Firemen's Relief and Retirement Fund

2019	2018	2017	2016	2015	2014
\$ 1,026,260	\$ 2,010,509	\$ 1,944,931	\$ 1,516,733	\$ 1,155,376	\$ 1,069,793
4,066,762	3,743,926	3,446,714	2,510,978	3,358,425	3,192,593
(2,827,743)	-	(1,961,210)	-	1,419,943	-
(227,586)	-	163,430	-	-	-
880,798	-	(18,585,414)	-	19,242,950	-
(2,724,497)	(2,505,626)	(2,197,233)	(2,096,539)	(2,364,932)	(2,185,334)
193,994	3,248,809	(17,188,782)	1,931,172	22,811,762	2,077,052
52,810,340	49,561,531	66,750,313	64,819,141	42,007,379	39,930,327
\$ 53,004,334	\$ 52,810,340	\$ 49,561,531	\$ 66,750,313	\$ 64,819,141	\$ 42,007,379
\$ 1,032,488	\$ 963,468	\$ 921,686	\$ 590,451	\$ 842,698	\$ 774,657
972,985	963,468	921,686	590,451	842,698	774,657
1,612,946	2,289,719	2,880,522	1,983,028	(730,520)	1,473,881
(2,724,497)	(2,505,626)	(2,197,233)	(2,096,539)	(2,364,932)	(2,185,334)
(84,821)	(31,583)	(49,366)	(24,755)	(28,581)	(38,105)
809,101	1,679,446	2,477,295	1,042,636	(1,438,637)	799,756
32,903,824	31,224,378	28,747,083	27,704,447	29,143,084	28,343,328
33,712,925	32,903,824	31,224,378	28,747,083	27,704,447	29,143,084
\$ 19,291,409	\$ 19,906,516	\$ 18,337,153	\$ 38,003,230	\$ 37,114,694	\$ 12,864,295
63.60%	62.31%	63.00%	43.07%	42.74%	69.38%
\$ 6,486,567	\$ 6,423,120	\$ 6,213,613	\$ 4,541,931	\$ 6,482,292	\$ 5,958,900
297.41%	309.92%	295.11%	836.72%	572.56%	215.88%

City of Harlingen, Texas

Schedule of City's Contribution for All Pension Plans

<i>September 30,</i>	2023	2022	2021
Primary Government			
Actuarially determined contribution	\$ 2,044,479	\$ 1,907,325	\$ 1,066,260
Contributions in relation to actuarially determined contribution	(2,044,479)	(1,907,325)	(1,066,260)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 24,395,072	\$ 22,552,096	\$ 10,743,543
Contributions as a percentage of covered payroll	8.38%	8.46%	9.92%
Harlingen Economic Development Corporation			
Actuarially determined contribution	\$ 29,532	\$ -	\$ -
Contributions in relation to actuarially determined contribution	(29,532)	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 359,744	\$ -	\$ -
Contributions as a percentage of covered payroll	8.21%	0.00%	0.00%
Valley International Airport			
Actuarially determined contribution	\$ 207,331	\$ 195,787	\$ 62,394
Contributions in relation to actuarially determined contribution	(207,331)	(195,787)	(62,394)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 2,474,118	\$ 2,337,844	\$ 413,851
Contributions as a percentage of covered payroll	8.38%	8.37%	15.08%
Harlingen Waterworks System			
Actuarially determined contribution	\$ 688,564	\$ 503,978	\$ 99,144
Contributions in relation to actuarially determined contribution	(688,564)	(503,978)	(99,144)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 6,986,717	\$ 6,042,647	\$ 5,492,999
Contributions as a percentage of covered payroll	9.86%	8.34%	1.80%
Harlingen Firemen's Relief and Retirement Fund			
Actuarially determined contribution	\$ 1,258,027	\$ 1,199,543	\$ 1,214,765
Contributions in relation to actuarially determined contribution	(1,258,027)	(1,199,543)	(1,214,765)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 7,400,159	\$ 7,056,133	\$ 7,145,680
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

2020	2019	2018	2017	2016	2015
\$ 984,318 (984,318)	\$ 977,060 (977,060)	\$ 1,015,206 (1,015,206)	\$ 968,003 (968,003)	\$ 771,480 (771,480)	\$ 903,260 (903,260)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 8,685,340	\$ 9,070,492	\$ 9,074,574	\$ 9,762,487	\$ 10,155,938	\$ 10,771,145
11.33%	10.77%	11.19%	9.92%	7.60%	8.39%
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$ 48,030 (48,030)	\$ 47,165 (47,165)	\$ 52,671 (52,671)	\$ 51,757 (51,757)	\$ 40,663 (40,663)	\$ 56,067 (56,067)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 423,032	\$ 435,425	\$ 471,718	\$ 538,433	\$ 535,692	\$ 691,171
11.35%	10.83%	11.17%	9.61%	7.59%	8.11%
\$ 102,400 (102,400)	\$ 113,384 (89,045)	\$ 113,427 (113,427)	\$ 89,045 (89,045)	\$ 43,964 (43,964)	\$ 74,455 (74,455)
\$ -	\$ 24,339	\$ -	\$ -	\$ -	\$ -
\$ 5,889,693	\$ 6,040,222	\$ 6,078,926	\$ 6,024,295	\$ 6,144,250	\$ 5,584,459
1.74%	1.88%	1.87%	1.48%	0.72%	1.33%
\$ 1,185,530 (1,185,530)	\$ 1,032,488 (1,032,488)	\$ 963,468 (963,468)	\$ 921,686 (921,686)	\$ 820,837 (820,837)	\$ 797,081 (797,081)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 6,972,813	\$ 6,486,567	\$ 6,423,120	\$ 6,213,613	\$ 6,482,292	\$ 5,958,900
17.00%	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, 2022	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	\$ 305,675	\$ 298,010	\$ 236,087	\$ 218,576	\$ 228,716	\$ 202,831
Interest (on the total OPEB liability)	87,623	92,985	117,365	175,369	156,485	167,434
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(16,558)	(38,216)	(6,881)	(760,970)	2,506	-
Change of assumptions	(872,089)	60,669	241,019	82,479	(151,084)	184,552
Benefit payments, including refunds of employee contributions	(204,449)	(205,817)	(214,639)	(202,471)	(239,421)	(249,912)
Net Change in Total OPEB Liability	(699,798)	207,631	372,951	(487,017)	(2,798)	304,905
Total OPEB Liability - Beginning	4,808,805	4,601,174	4,228,223	4,715,240	4,718,038	4,413,133
Total OPEB Liability - Ending	\$ 4,109,007	\$ 4,808,805	\$ 4,601,174	\$ 4,228,223	\$ 4,715,240	\$ 4,718,038
Covered Employee Payroll	\$ 30,177,951	\$ 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	13.62%	16.40%	17.39%	16.34%	18.43%	19.26%
Valley International Airport						
	Plan Year ended December 31, 2022	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	\$ 26,107	\$ 20,710	\$ 15,108	\$ 15,012	\$ 14,678	\$ 13,017
Interest (on the total OPEB liability)	7,484	6,548	7,511	12,045	10,042	10,745
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(1,414)	(2,691)	(440)	(52,265)	160	-
Change of assumptions	(6,338)	4,272	15,422	5,665	(9,696)	11,844
Benefit payments, including refunds of employee contributions	(17,462)	(14,494)	(7,665)	(5,928)	(4,845)	(5,394)
Net Change in Total OPEB Liability	8,377	14,345	29,936	(25,471)	10,339	30,212
Total OPEB Liability - Beginning	342,570	328,225	298,289	323,760	313,421	283,209
Total OPEB Liability - Ending	\$ 350,947	\$ 342,570	\$ 328,225	\$ 298,289	\$ 323,760	\$ 313,421
Covered Employee Payroll	\$ 2,108,884	\$ 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	16.64%	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 1.84% to 4.05% at the December 31, 2022 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

**Harlingen Economic
Development Corporation**

	Plan Year ended December 31, 2022	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	\$ 2,176	\$ -	\$ -	\$ -	\$ -	\$ -
Interest (on the total OPEB liability)	624	-	-	-	-	-
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(118)	-	-	-	-	-
Change of assumptions	28,019	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(1,455)	-	-	-	-	-
Net Change in Total OPEB Liability	29,246	-	-	-	-	-
Total OPEB Liability - Beginning	-	-	-	-	-	-
Net prior period adjustment for GASB 75	-	-	-	-	-	-
Total OPEB Liability - Ending	\$ 29,246	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 241,318	\$ -	\$ -	\$ -	\$ -	\$ -
Total OPEB Liability as a Percentage of Covered Employee Payroll	12.12%	0.00%	0.00%	0.00%	0.00%	0.00%

Harlingen Waterworks System

	Plan Year ended December 31, 2022	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	\$ 235,382	\$ 211,504	\$ 175,152	\$ 153,680	\$ 214,576	\$ 188,372
Interest (on the total OPEB liability)	173,967	218,433	268,330	373,998	347,152	364,448
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	14,347	(1,125,907)	(37,229)	(1,289,241)	(5,805)	-
Change of assumptions	(2,235,354)	(418,273)	1,080,180	773,679	(571,896)	706,447
Benefit payments, including refunds of employee contributions	(379,827)	(349,416)	(331,374)	(361,045)	(360,469)	(339,430)
Net Change in Total OPEB Liability	(2,191,485)	(1,463,659)	1,155,059	(348,929)	(376,442)	919,837
Total OPEB Liability - Beginning	9,526,949	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	\$ 7,335,464	\$ 9,526,949	\$ 10,990,608	\$ 9,835,549	\$ 10,184,478	\$ 10,560,920
Covered Employee Payroll	\$ 2,106,386	\$ 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	348.25%	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 1.84% to 4.05% at the December 31, 2022 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, 2022	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	\$ 135,687	\$ 50,904	\$ 23,844	\$ 18,035	\$ 21,941	\$ 19,919
Interest (on the total OPEB liability)	32,542	34,286	43,278	52,556	46,846	47,365
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(47,230)	22,586	(59,612)	(120,207)	32,144	-
Change of assumptions	(584,166)	49,876	210,588	222,421	(86,065)	100,085
Benefit payments, including refunds of employee contributions	(54,274)	(79,796)	(16,181)	(16,232)	(14,628)	(13,279)
Net Change in Total OPEB Liability	(517,441)	77,856	201,917	156,573	238	154,090
Total OPEB Liability - Beginning	1,840,393	1,762,537	1,560,620	1,404,047	1,403,809	1,249,719
Total OPEB Liability - Ending	\$ 1,322,952	\$ 1,840,393	\$ 1,762,537	\$ 1,560,620	\$ 1,404,047	\$ 1,403,809
Covered Employee Payroll	\$ 22,614,438	\$ 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	5.85%	13.38%	20.70%	17.31%	15.36%	14.80%
Valley International Airport	Plan Year ended December 31, 2022	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	\$ 14,242	\$ 3,805	\$ 1,160	\$ 848	\$ 1,094	\$ 1,110
Interest (on the total OPEB liability)	3,416	2,562	2,103	2,471	2,336	2,639
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(4,958)	1,688	(2,898)	(5,651)	1,603	-
Change of assumptions	(57,923)	3,728	10,234	10,456	(4,291)	5,576
Benefit payments, including refunds of employee contributions	(5,697)	(5,964)	(786)	(763)	(729)	(740)
Net Change in Total OPEB Liability	(50,920)	5,819	9,813	7,361	13	8,585
Total OPEB Liability - Beginning	101,221	95,402	85,589	78,228	78,215	69,630
Total OPEB Liability - Ending	\$ 50,301	\$ 101,221	\$ 95,402	\$ 85,589	\$ 78,228	\$ 78,215
Covered Employee Payroll	\$ 2,373,710	\$ 1,028,245	\$ 413,851	\$ 423,931	\$ 455,815	\$ 528,477
Total OPEB Liability as a Percentage of Covered Employee Payroll	2.12%	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 1.84% to 4.05% at the December 31, 2022 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 Economic Dev Corporation	Plan Year ended December 31, 2022
Total OPEB Liability	
Service cost	\$ 2,540
Interest (on the total OPEB liability)	609
Changes of benefit terms	-
Difference between expected and actual experience	(884)
Change of assumptions	22,000
Benefit payments, including refunds of employee contributions	(1,016)
Net Change in Total OPEB Liability	23,249
Total OPEB Liability - Beginning	-
Total OPEB Liability - Ending	\$ 23,249
 Covered Employee Payroll	 \$ 423,302
 Total OPEB Liability as a Percentage of Covered Employee Payroll	 5.49%

Harlingen Waterworks System	Plan Year ended December 31, 2022	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	\$ 28,646	\$ 22,358	\$ 17,028	\$ 13,546	\$ 17,181	\$ 14,385
Interest (on the total OPEB liability)	14,084	14,233	16,917	18,865	17,554	17,569
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(1,940)	16,330	(10,063)	(11,177)	(16,478)	-
Change of assumptions	(226,298)	20,358	84,441	89,400	(32,570)	37,652
Benefit payments, including refunds of employee contributions	(21,659)	(23,566)	(5,493)	(5,890)	(5,522)	(5,394)
Net Change in Total OPEB Liability	(207,167)	49,713	102,830	104,744	(19,835)	64,212
Total OPEB Liability - Beginning	761,947	712,234	609,404	504,660	524,495	460,283
Total OPEB Liability - Ending	\$ 554,780	\$ 761,947	\$ 712,234	\$ 609,404	\$ 504,660	\$ 524,495
 Covered Employee Payroll	 \$ 6,986,717	 \$ 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	 7.94%	 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 1.84% to 4.05% at the December 31, 2022 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, 2023.

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.

In the Infrastructure Fund, City expenditures exceeded the budget by \$941,121. The street projects in the infrastructure plan are approved by City Commission on an annual basis. The budget variance was the result of a project backlog from the prior fiscal year. In the Tax Increment Financing Reinvestment Zone 1, City expenditures exceeded the budget by \$513, resulting from an unexpected expenditure toward the end of the year for advertising.

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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.

City of Harlingen, Texas
Nonmajor Governmental Funds
Capital Projects Funds

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.

The **Sponsorship Fund** is used to account for donations and related expenditures for special events hosted by the City during the year.

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.

The ***Certificates of Obligation Projects, Series 2016 Fund*** is used to account for the construction of a convention center.

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, 2023

	Special Revenue Funds							
	Tennis Court Revenue	PEG Fund	Hotel/Motel Occupancy Tax	Convention Visitors Bureau	Catastrophic Emergency Relief	Harlingen Downtown	Federal Forfeiture	
Assets								
Cash and cash equivalents	\$ 185,374	\$ -	\$ -	\$ 7,538	\$ 844,628	\$ 3,948	\$ 11,454	
Receivables (net of allowance for uncollectibles)								
Taxes	-	-	-	-	-	-	-	
Accounts	20	21,934	224,257	340	-	720	-	
Assessments	-	-	-	-	-	2,983	-	
Due from other funds	-	-	-	-	-	-	4,667	
Prepaid items	-	-	-	86,072	-	-	-	
Cash and cash equivalents - rest.	-	1,099,115	2,371,540	275,970	-	166,836	434,128	
Total assets	\$ 185,394	\$ 1,121,049	\$ 2,595,797	\$ 369,920	\$ 844,628	\$ 174,487	\$ 450,249	
Liabilities								
Accounts payable	\$ 4,498	\$ 44	\$ 299	\$ 6,166	\$ -	\$ 2,610	\$ 16,121	
Accrued expenditures	1,245	-	-	1,712	-	2,058	-	
Escrow liabilities	-	-	-	-	-	-	-	
Other liabilities	-	-	-	-	-	-	-	
Due to other funds	-	-	-	-	-	-	-	
Total liabilities	5,743	44	299	7,878	-	4,668	16,121	
Deferred inflows of resources								
Unavailable revenue - property taxes	-	-	-	-	-	-	-	
Unavailable revenue - special assessments	-	-	-	-	-	2,983	-	
Unavailable revenue - other	-	-	57,268	-	-	-	-	
Total deferred inflows of resources	-	-	57,268	-	-	2,983	-	
Fund balance (deficit)								
Nonspendable	-	-	-	86,072	-	-	-	
Restricted	-	1,121,005	2,538,230	275,970	-	166,836	434,128	
Committed	-	-	-	-	844,628	-	-	
Assigned	179,651	-	-	-	-	-	-	
Total fund balance (deficit)	179,651	1,121,005	2,538,230	362,042	844,628	166,836	434,128	
Total liabilities, deferred inflows of resources and fund balances	\$ 185,394	\$ 1,121,049	\$ 2,595,797	\$ 369,920	\$ 844,628	\$ 174,487	\$ 450,249	

Special Revenue Funds											
State Forfeiture	Sponsorships	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		
\$ 335	\$ 59,668	\$ 266,400	\$ 553,368	\$ 1,946,650	\$ 72,858	\$ -	\$ -	\$ -	\$		3,952,221
-	-	-	-	-	-	-	-	-	-	-	-
2,000	-	1,068,251	-	14,722	-	-	-	-	-	-	1,332,244
-	-	-	-	-	-	-	-	-	-	-	2,983
-	-	-	-	-	-	-	-	-	-	-	4,667
-	-	-	-	-	-	-	-	-	-	-	86,072
134,256	-	532,928	-	-	-	1,472,726	2,612,698	470,391			9,570,588
\$ 136,591	\$ 59,668	\$ 1,867,579	\$ 553,368	\$ 1,961,372	\$ 72,858	\$ 1,472,726	\$ 2,612,698	\$ 470,391	\$		14,948,775
\$ -	\$ -	\$ -	\$ -	\$ 91,118	\$ 795	\$ -	\$ -	\$ -	\$		121,651
-	-	-	-	-	-	-	-	-	-	-	5,015
-	-	-	-	-	-	-	-	-	-	-	-
2,003	-	-	-	-	-	-	-	-	-	-	2,003
332	-	-	-	-	-	-	-	-	-	-	332
2,335	-	-	-	91,118	795	-	-	-			129,001
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	2,983
-	-	300,000	-	-	-	-	-	-	-	-	357,268
-	-	300,000	-	-	-	-	-	-	-	-	360,251
-	-	-	-	-	-	-	-	-	-	-	86,072
134,256	-	532,928	-	-	72,063	1,472,726	2,612,698	470,391			9,831,231
-	-	-	553,368	1,870,254	-	-	-	-	-	-	3,268,250
-	59,668	1,034,651	-	-	-	-	-	-	-	-	1,273,970
134,256	59,668	1,567,579	553,368	1,870,254	72,063	1,472,726	2,612,698	470,391			14,459,523
\$ 136,591	\$ 59,668	\$ 1,867,579	\$ 553,368	\$ 1,961,372	\$ 72,858	\$ 1,472,726	\$ 2,612,698	\$ 470,391	\$		14,948,775

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

September 30, 2023

	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	\$ -	\$ 566	\$ 485,033	\$ -	\$ -	\$ -	\$ 485,599	
Receivables (net of allowance for uncollectibles)								
Taxes	-	-	-	-	-	-	-	
Accounts	-	-	-	-	-	-	-	
Assessments	-	-	125,354	-	-	-	125,354	
Due from other funds	-	-	-	-	-	-	-	
Prepaid items	-	-	-	-	-	-	-	
Cash and cash equivalents - rest.	468	-	67,988	28,246	69,409	-	166,111	
Total assets	\$ 468	\$ 566	\$ 678,375	\$ 28,246	\$ 69,409	\$ -	\$ 777,064	
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Accrued expenditures	-	-	-	-	-	-	-	
Escrow liabilities	-	-	485,033	-	-	-	485,033	
Other liabilities	-	-	-	-	-	-	-	
Due to other funds	-	-	-	-	-	-	-	
Total liabilities	-	-	485,033	-	-	-	485,033	
Deferred inflows of resources								
Unavailable revenue - property taxes	-	-	-	-	-	-	-	
Unavailable revenue - special assessments	-	-	-	-	-	-	-	
Unavailable revenue - other	-	-	125,354	-	-	-	125,354	
Total deferred inflows of resources	-	-	125,354	-	-	-	125,354	
Fund balance (deficit)								
Nonspendable	-	-	-	-	-	-	-	
Restricted	468	-	67,988	28,246	69,409	-	166,111	
Committed	-	566	-	-	-	-	566	
Assigned	-	-	-	-	-	-	-	
Total fund balance (deficit)	468	566	67,988	28,246	69,409	-	166,677	
Total liabilities, deferred inflows of resources and fund balances	\$ 468	\$ 566	\$ 678,375	\$ 28,246	\$ 69,409	\$ -	\$ 777,064	

Debt Service Fund	Total Non Major Governmental Funds
\$ -	\$ 4,437,820
174,257	174,257
-	1,332,244
-	128,337
-	4,667
-	86,072
565,336	10,302,035
<u>\$ 739,593</u>	<u>\$ 16,465,432</u>
\$ 1,498	\$ 123,149
-	5,015
-	485,033
-	2,003
-	332
<u>1,498</u>	<u>615,532</u>
153,614	153,614
-	2,983
-	482,622
<u>153,614</u>	<u>639,219</u>
-	86,072
584,481	10,581,823
-	3,268,816
-	1,273,970
<u>584,481</u>	<u>15,210,681</u>
<u>\$ 739,593</u>	<u>\$ 16,465,432</u>

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

Year ended September 30, 2023

	Special Revenue Funds						
	Tennis Court Revenue	PEG Fund	Hotel/Motel Occupancy Tax	Convention Visitors Bureau	Catastrophic Emergency Relief	Harlingen Downtown	Federal Forfeiture
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonproperty taxes	-	97,240	1,816,704	-	-	-	-
Assessments	-	-	-	-	-	39,938	-
Fines and forfeitures	-	-	-	-	-	-	173,460
Charges for services	22,581	-	-	7,924	-	77,202	-
Intergovernmental	-	-	-	-	-	-	-
Contributions and donations	-	-	-	196,855	-	-	-
Miscellaneous	-	-	-	34,842	-	-	-
Interest and investment income	7,063	48,599	87,866	15,032	37,700	8,442	19,744
Total revenues	29,644	145,839	1,904,570	254,653	37,700	125,582	193,204
Expenditures							
Current							
General government	-	63,997	105,505	-	-	-	-
Public safety	-	-	-	-	-	-	49,406
Highways and streets	-	-	-	-	18,025	-	-
Community and economic development	-	-	-	-	-	402,092	-
Culture and recreation	71,699	-	-	742,082	-	-	-
Capital outlay	-	20,349	-	-	-	-	110,229
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	212	-	-	-
Total expenditures	71,699	84,346	105,505	742,294	18,025	402,092	159,635
Excess (deficiency) of revenues over (under) expenditures	(42,055)	61,493	1,799,065	(487,641)	19,675	(276,510)	33,569
Other financing sources (uses)							
Transfers in	117,023	-	-	475,000	-	261,000	-
Transfers out	-	-	(937,720)	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	7,379
Total other financing sources (uses)	117,023	-	(937,720)	475,000	-	261,000	7,379
Net change in fund balances	74,968	61,493	861,345	(12,641)	19,675	(15,510)	40,948
Fund balance, beginning of year	104,683	1,059,512	1,676,885	374,683	824,953	182,346	393,180
Fund balance, end of year	\$ 179,651	\$ 1,121,005	\$ 2,538,230	\$ 362,042	\$ 844,628	\$ 166,836	\$ 434,128

Special Revenue Funds										
State Forfeiture	Sponsorships	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	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-	-	-	-	-	1,913,944
-	-	-	-	1,555,288	-	-	-	-	-	1,595,226
16,673	-	-	-	-	-	-	-	-	-	190,133
-	-	-	234,736	-	-	-	-	-	-	342,443
-	-	-	-	-	-	271,736	496,626	690,570	-	1,458,932
-	137,100	-	-	-	-	-	-	-	-	333,955
-	-	-	-	-	19,081	-	-	-	-	53,923
5,345	-	34,222	22,608	147,423	3,283	60,059	94,797	16,545	-	608,728
22,018	137,100	34,222	257,344	1,702,711	22,364	331,795	591,423	707,115	-	6,497,284
-	-	-	-	-	-	-	-	-	-	169,502
31,817	-	-	-	-	-	-	-	-	-	81,223
-	-	-	110,662	3,763,495	-	-	-	-	-	3,892,182
-	-	-	-	-	-	2,513	2,000	2,000	-	408,605
-	77,432	-	-	-	20,200	-	-	-	-	911,413
-	-	92,070	-	-	-	-	-	-	-	222,648
-	-	-	-	-	-	-	-	70,000	-	70,000
-	-	-	-	-	-	-	-	-	-	212
31,817	77,432	92,070	110,662	3,763,495	20,200	2,513	2,000	72,000	-	5,755,785
(9,799)	59,668	(57,848)	146,682	(2,060,784)	2,164	329,282	589,423	635,115	-	741,499
-	-	534,151	-	-	-	139,080	290,192	443,358	-	2,259,804
-	-	-	-	-	-	-	-	(1,000,000)	-	(1,937,720)
33,624	-	-	-	-	-	-	-	-	-	41,003
33,624	-	534,151	-	-	-	139,080	290,192	(556,642)	-	363,087
23,825	59,668	476,303	146,682	(2,060,784)	2,164	468,362	879,615	78,473	-	1,104,586
110,431	-	1,091,276	406,686	3,931,038	69,899	1,004,364	1,733,083	391,918	-	13,354,937
\$ 134,256	\$ 59,668	\$ 1,567,579	\$ 553,368	\$ 1,870,254	\$ 72,063	\$ 1,472,726	\$ 2,612,698	\$ 470,391	\$	14,459,523

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

Year ended September 30, 2023

	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	-	-	20,495	-	-	-	20,495
Fines and forfeitures	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Contributions and donations	-	-	-	-	-	-	-
Miscellaneous	-	-	960	-	-	191,773	192,733
Interest and investment income	20	21	22,781	1,244	3,062	-	27,128
Total revenues	20	21	44,236	1,244	3,062	191,773	240,356
Expenditures							
Current							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	20	21	44,236	1,244	3,062	191,773	240,356
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(534,151)	(534,151)
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(534,151)	(534,151)
Net change in fund balances	20	21	44,236	1,244	3,062	(342,378)	(293,795)
Fund balance, beginning of year	448	545	23,752	27,002	66,347	342,378	460,472
Fund balance, end of year	\$ 468	\$ 566	\$ 67,988	\$ 28,246	\$ 69,409	\$ -	\$ 166,677

	Debt Service Fund		Total Non Major Governmental Funds
\$	3,725,032	\$	3,725,032
	-		1,913,944
	-		1,615,721
	-		190,133
	-		342,443
	604,572		2,063,504
	-		333,955
	-		246,656
	67,844		703,700
	<u>4,397,448</u>		<u>11,135,088</u>
	-		169,502
	-		81,223
	-		3,892,182
	-		408,605
	-		911,413
	-		222,648
	3,680,000		3,750,000
	<u>1,014,957</u>		<u>1,015,169</u>
	<u>4,694,957</u>		<u>10,450,742</u>
	<u>(297,509)</u>		<u>684,346</u>
	232,000		2,491,804
	-		(2,471,871)
	-		41,003
	<u>232,000</u>		<u>60,936</u>
	(65,509)		745,282
	<u>649,990</u>		<u>14,465,399</u>
\$	<u>584,481</u>	\$	<u>15,210,681</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, 2023

	Motor Vehicle/ Warehouse Fund	Health Insurance Fund	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 6,112,868	\$ 85,010	\$ 6,197,878
Receivables (net of allowances for uncollectibles)			
Accounts	37,296	11,278	48,574
Inventories	191,503	-	191,503
Prepayments	-	499,053	499,053
Due from other funds	2,204	-	2,204
Total current assets	6,343,871	595,341	6,939,212
Non-current assets			
Capital assets			
Plant and equipment	17,807,581	-	17,807,581
Accumulated depreciation	(16,109,199)	-	(16,109,199)
Total capital assets (net of accumulated depreciation)	1,698,382	-	1,698,382
Total assets	8,042,253	595,341	8,637,594
Deferred outflows of resources			
OPEB - retiree healthcare	5,911	-	5,911
OPEB - supplemental death benefits	756	-	756
Pensions	64,823	-	64,823
Total deferred outflows of resources	71,490	-	71,490
Total assets and deferred outflows of resources	\$ 8,113,743	\$ 595,341	\$ 8,709,084

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

September 30, 2023

	Motor Vehicle/ Warehouse Fund	Health Insurance Fund	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 7,533	\$ 15,623	\$ 23,156
Compensated absences	17,522	-	17,522
Accrued expenses	5,071	-	5,071
Total current liabilities	30,126	15,623	45,749
Non-current liabilities			
Compensated absences	26,283	-	26,283
OPEB liability - retiree health care	51,180	-	51,180
OPEB liability - supplemental death benefits	10,025	-	10,025
Net pension liability	55,904	-	55,904
Total non-current liabilities	143,392	-	143,392
Total liabilities	173,518	15,623	189,141
Deferred inflows of resources			
Inflows OPEB - retiree healthcare	14,935	-	14,935
Inflows OPEB - supplemental death benefits	3,871	-	3,871
Deferred inflows of resources from pensions	1,851	-	1,851
Total deferred inflows of resources	20,657	-	20,657
Net position			
Net investment in capital assets	1,698,382	-	1,698,382
Unrestricted	6,221,186	579,718	6,800,904
Total net position	7,919,568	579,718	8,499,286
Total liabilities, deferred inflows of resources and net position	\$ 8,113,743	\$ 595,341	\$ 8,709,084

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

Year ended September 30, 2023

	Motor Vehicle/ Warehouse Fund	Health Insurance Fund	Total
Operating revenues			
Current use charges	\$ 4,201,359	\$ 5,713,666	\$ 9,915,025
Operating expenses			
Personnel services	431,886	-	431,886
Contracted services	79,707	5,697,339	5,777,046
Materials and supplies	2,213,872	-	2,213,872
Other expenses	74,594	-	74,594
Depreciation and amortization	859,789	-	859,789
Total operating expenses	3,659,848	5,697,339	9,357,187
Operating income (loss)	541,511	16,327	557,838
Nonoperating revenues			
Interest revenue	256,117	2,221	258,338
Total nonoperating revenues	256,117	2,221	258,338
Income (loss) before transfers	797,628	18,548	816,176
Transfers			
Transfers out	(800,804)	-	(800,804)
Total transfers	(800,804)	-	(800,804)
Net change in net position	(3,176)	18,548	15,372
Net position, beginning of year	7,922,744	561,170	8,483,914
Net position, end of year	\$ 7,919,568	\$ 579,718	\$ 8,499,286

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

Year Ended September 30, 2023

	Motor Vehicle/ Warehouse Fund	Health Insurance Fund	Totals
Cash flows from operating activities			
Received from customers	\$ 4,207,017	\$ 5,716,346	\$ 9,923,363
Payments to suppliers	(2,330,314)	(6,198,003)	(8,528,317)
Payments to employees	(441,502)	-	(441,502)
Net cash provided by (used in) operations	1,435,201	(481,657)	953,544
Cash flows from noncapital financing activities			
Transfers to other funds	(800,804)	-	(800,804)
Net cash provided by (used in) noncapital financing activities	(800,804)	-	(800,804)
Cash flows from (to) capital and related financing activities			
Purchase of capital assets	(25,345)	-	(25,345)
Net cash provided by (used in) capital and related financing activities	(25,345)	-	(25,345)
Cash flows from investing activities			
Interest received	256,117	2,221	258,338
Net cash provided by (used in) investing activities	256,117	2,221	258,338
Net decrease in cash and cash equivalents	865,169	(479,436)	385,733
Cash and cash equivalents, beginning of year	5,247,699	564,446	5,812,145
Cash and cash equivalents, end of year	\$ 6,112,868	\$ 85,010	\$ 6,197,878
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 541,511	\$ 16,327	\$ 557,838
Adjustments to reconcile net income from operations to net cash from operating activities			
Depreciation	859,789	-	859,789
Other revenue	-	-	-
(Increase) decrease in receivables	3,519	2,680	6,199
(Increase) decrease in due from other funds	(2,204)	-	(2,204)
(Increase) decrease in due from component unit	2,139	-	2,139
(Increase) decrease in prepaid expenses	-	(499,053)	(499,053)
(Increase) decrease in inventories	35,784	-	35,784
(Increase) decrease in deferred outflows of resources	(49,297)	-	(49,297)
Increase (decrease) in deferred inflows of resources	(48,361)	-	(48,361)
Increase (decrease) in accounts payable	4,279	(1,611)	2,668
Increase (decrease) in net pension liability	105,405	-	105,405
Increase (decrease) in net other post employment benefit obligation	(17,563)	-	(17,563)
Increase (decrease) in accrued expenses	200	-	200
Total adjustments	893,690	(497,984)	395,706
Net cash provided by (used in) operations	\$ 1,435,201	\$ (481,657)	\$ 953,544

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

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

September 30,	2023	2022
Assets		
Cash and cash equivalents	\$ 25,766,446	\$ 30,033,516
Investments - other	9,859,067	-
Receivables (net of allowance for uncollectibles)		
Taxes	865,109	808,811
Accounts	1,005,010	890,832
Due from other governments	1,991,084	1,930,041
Due from other funds	1,248,223	1,087,739
Loans receivable	62,869	135,365
Prepaid items	341,120	294,220
Restricted assets:		
Cash and cash equivalents	116,105	48,102
Total assets	\$ 41,255,033	\$ 35,228,626
Liabilities		
Accounts payable	\$ 1,097,330	\$ 983,892
Accrued expenditures	718,623	837,695
Escrow liabilities	440,517	445,892
Other liabilities	286,162	406,720
Customer deposits	46,759	48,102
Unearned revenue	196,686	21,322
Total liabilities	2,786,077	2,743,623
Deferred inflows of resources		
Unavailable revenue - property taxes	759,756	719,055
Unavailable revenue - payments in lieu of taxes	62,869	135,365
Unavailable revenue - other	157,669	164,403
Total deferred inflows of resources	980,294	1,018,823
Fund balances		
Nonspendable	341,120	294,220
Restricted	69,346	249,785
Assigned	2,015,275	572,280
Unassigned	35,062,921	30,349,895
Total fund balances	37,488,662	31,466,180
Total liabilities, deferred inflows of resources and fund balances	\$ 41,255,033	\$ 35,228,626

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

Year ended September 30,	2023	2022
Revenues		
Property taxes - including penalty and interest	\$ 20,616,761	\$ 19,556,158
Non property taxes	28,353,023	27,236,338
Fines and forfeitures	815,543	720,676
Licenses and permits	984,063	907,850
Charges for services	1,705,619	1,541,039
Intergovernmental	1,250,371	1,246,018
Contributions and donations	8,002,340	3,880,999
Miscellaneous	269,385	322,514
Interest and investment income	1,735,737	195,222
Total revenues	63,732,842	55,606,814
Expenditures		
Current		
General government	8,068,292	7,689,848
Public safety	28,067,200	26,708,791
Highways and streets	4,770,373	3,947,975
Health and welfare	1,105,612	1,036,391
Community and economic development	2,003,237	1,902,713
Culture and recreation	4,592,515	4,351,285
Capital outlay	8,878,918	7,295,009
Debt service		
Principal retirement	555,730	264,015
Interest and fiscal agent fees	29,657	52,205
Total expenditures	58,071,534	53,248,232
Excess of revenues over expenditures	5,661,308	2,358,582
Other financing sources (uses)		
Transfers in	1,739,899	2,736,065
Transfers out	(1,625,712)	(2,375,953)
Leases (as lessee)	153,853	180,756
Sale of general capital assets	93,134	402,103
Total other financing sources (uses)	361,174	942,971
Net change in fund balance	6,022,482	3,301,553
Fund balance, beginning of year	31,466,180	28,164,627
Fund balance, end of year	\$ 37,488,662	\$ 31,466,180

City of Harlingen
Community Development Block Grant Fund
Comparative Balance Sheet

September 30,	2023	2022
Assets		
Cash and cash equivalents	\$ 176,528	\$ 168,502
Receivables (net of allowance for uncollectibles)		
Accounts	1,607	8,578
Assessments	12,815	12,815
Loans receivable	2,247,697	2,137,030
Prepaid items	906	-
Total assets	\$ 2,439,553	\$ 2,326,925
Liabilities		
Accounts payable	\$ 68,595	\$ 6,953
Accrued expenditures	2,391	1,984
Escrow liabilities	21,139	22,577
Other liabilities	3,021	2,991
Due to other funds	116,907	102,055
Total liabilities	212,053	136,560
Deferred inflows of resources		
Unavailable revenue - special assessments	12,815	12,815
Unavailable revenue - noncurrent receivables	2,247,697	2,137,030
Total deferred inflows of resources	2,260,512	2,149,845
Fund balances		
Restricted	-	40,520
Unassigned	(33,012)	-
Total fund balances	(33,012)	40,520
Total liabilities, deferred inflows of resources and fund balances	\$ 2,439,553	\$ 2,326,925

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

Year ended September 30,	2023	2022
Revenues		
Intergovernmental	\$ 1,653,337	\$ 2,231,979
Miscellaneous	26,073	32,333
Interest and investment income	5,115	5,784
Total revenues	1,684,525	2,270,096
Expenditures		
Current		
Community and economic development	1,251,323	1,975,402
Capital outlay	506,734	201,897
Total expenditures	1,758,057	2,177,299
Net change in fund balance	(73,532)	92,797
Fund balance, beginning of year	40,520	(52,277)
Fund balance, end of year	\$ (33,012)	\$ 40,520

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

September 30,	2023	2022
Assets		
Cash and cash equivalents	\$ 185,374	\$ 105,360
Receivables (net of allowance for uncollectibles)		
Accounts	20	20
Total assets	\$ 185,394	\$ 105,380
Liabilities		
Accounts payable	\$ 4,498	\$ 697
Accrued expenditures	1,245	-
Total liabilities	5,743	697
Deferred inflows of resources	-	-
Fund balances		
Assigned	179,651	104,683
Total liabilities, deferred inflows of resources and fund balances	\$ 185,394	\$ 105,380

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

Year ended September 30,	2023	2022
Revenues		
Charges for services	\$ 22,581	\$ 9,583
Interest and investment income	7,063	636
Total revenues	29,644	10,219
Expenditures		
Current		
Culture and recreation	71,699	55,358
(Deficiency) of revenues (under) expenditures	(42,055)	(45,139)
Other financing sources (uses)		
Transfers in	117,023	107,217
Net change in fund balance	74,968	62,078
Fund balance, beginning of year	104,683	42,605
Fund balance, end of year	\$ 179,651	\$ 104,683

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

Year ended September 30, 2023

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Charges for services	\$ 9,095	\$ 19,755	\$ 22,581	\$ 2,826
Interest and investment income	282	5,620	7,063	1,443
Total revenues	9,377	25,375	29,644	4,269
Expenditures				
Current				
Culture and recreation	106,400	234,075	71,699	162,376
Capital outlay	20,000	20,000	-	20,000
Total expenditures	126,400	254,075	71,699	182,376
Excess (deficiency) of revenues over (under) expenditures	(117,023)	(228,700)	(42,055)	186,645
Other financing sources (uses)				
Transfers in	117,023	117,023	117,023	-
Total other financing sources (uses)	117,023	117,023	117,023	-
Net change in fund balance	\$ -	\$ (111,677)	74,968	\$ 186,645
Fund balances, beginning of year			104,683	
Fund balance, end of year			\$ 179,651	

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

September 30,	2023	2022
Assets		
Receivables (net of allowance for uncollectibles)		
Accounts	\$ 21,934	\$ 24,931
Restricted assets:		
Cash and cash equivalents	1,099,115	1,034,581
Total assets	\$ 1,121,049	\$ 1,059,512
Liabilities		
Accounts payable	\$ 44	\$ -
Deferred inflows of resources	-	-
Fund balances		
Restricted	1,121,005	1,059,512
Total liabilities, deferred inflows of resources and fund balances	\$ 1,121,049	\$ 1,059,512

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,	2023	2022
Revenues		
Non property taxes	\$ 97,240	\$ 106,774
Interest and investment income	48,599	6,821
Total revenues	145,839	113,595
Expenditures		
Current		
General government	63,997	-
Capital outlay	20,349	-
Total expenditures	84,346	-
Net change in fund balance	61,493	113,595
Fund balance, beginning of year	1,059,512	945,917
Fund balance, end of year	\$ 1,121,005	\$ 1,059,512

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

Year ended September 30, 2023

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Nonproperty taxes	\$ 100,000	\$ 100,000	\$ 97,240	\$ (2,760)
Interest and investment income	600	43,762	48,599	4,837
Total revenues	100,600	143,762	145,839	2,077
Expenditures				
General government	-	28,000	63,997	(35,997)
Capital outlay	-	300,000	20,349	279,651
Total expenditures	-	328,000	84,346	243,654
Net change in fund balance	\$ 100,600	\$ (184,238)	61,493	\$ 245,731
Fund balances, beginning of year			<u>1,059,512</u>	
Fund balance, end of year			<u><u>\$ 1,121,005</u></u>	

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

September 30,	2023	2022
Assets		
Receivables (net of allowance for uncollectibles)		
Accounts	\$ 224,257	\$ 296,974
Restricted assets:		
Cash and cash equivalents	2,371,540	1,531,959
Total assets	\$ 2,595,797	\$ 1,828,933
Liabilities		
Accounts payable	\$ 299	\$ 534
Deferred inflows of resources		
Unavailable revenue - other	57,268	151,514
Fund balances		
Restricted	2,538,230	1,676,885
Total liabilities, deferred inflows of resources and fund balances	\$ 2,595,797	\$ 1,828,933

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

Year ended September 30,	2023	2022
Revenues		
Non property taxes	\$ 1,816,704	\$ 1,619,592
Interest and investment income	87,866	9,408
Total revenues	1,904,570	1,629,000
Expenditures		
Current		
General government	105,505	105,000
Excess of revenues over expenditures	1,799,065	1,524,000
Other financing sources (uses)		
Transfers out	(937,720)	(898,941)
Net change in fund balance	861,345	625,059
Fund balance, beginning of year	1,676,885	1,051,826
Fund balance, end of year	\$ 2,538,230	\$ 1,676,885

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

Year ended September 30, 2023

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Nonproperty taxes	\$ 1,039,263	\$ 1,579,263	\$ 1,816,704	\$ 237,441
Interest and investment income	6,824	67,648	87,866	20,218
Total revenues	1,046,087	1,646,911	1,904,570	257,659
Expenditures				
Current				
General government	175,500	306,500	105,505	200,995
Total expenditures	175,500	306,500	105,505	200,995
Excess (deficiency) of revenues over (under) expenditures	870,587	1,340,411	1,799,065	458,654
Other financing sources (uses)				
Transfers out	(922,220)	(937,720)	(937,720)	-
Total other financing sources (uses)	(922,220)	(937,720)	(937,720)	-
Net change in fund balance	\$ (51,633)	\$ 402,691	861,345	\$ 458,654
Fund balances, beginning of year			<u>1,676,885</u>	
Fund balance, end of year			<u><u>\$ 2,538,230</u></u>	

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City of Harlingen
Convention and Visitors Bureau Fund
Comparative Balance Sheet

September 30,	2023	2022
Assets		
Cash and cash equivalents	\$ 7,538	\$ 31,376
Receivables (net of allowance for uncollectibles)		
Accounts	340	840
Prepaid items	86,072	43,750
Restricted assets:		
Cash and cash equivalents	275,970	330,933
Total assets	\$ 369,920	\$ 406,899
Liabilities		
Accounts payable	\$ 6,166	\$ 15,138
Accrued expenditures	1,712	1,996
Other liabilities	-	15,082
Total liabilities	7,878	32,216
Deferred inflows of resources	-	-
Fund balances		
Nonspendable	86,072	43,750
Restricted	275,970	330,933
Total fund balances	362,042	374,683
Total liabilities, deferred inflows of resources and fund balances	\$ 369,920	\$ 406,899

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

Year ended September 30,	2023	2022
Revenues		
Charges for services	\$ 7,924	\$ 340
Contributions and donations	196,855	90,805
Miscellaneous	34,842	-
Interest and investment income	15,032	2,565
Total revenues	254,653	93,710
Expenditures		
Current		
Culture and recreation	742,082	475,806
Capital outlay	-	25,000
Interest and fiscal agent fees	212	314
Total expenditures	742,294	501,120
(Deficiency) of revenues (under) expenditures	(487,641)	(407,410)
Other financing sources (uses)		
Transfers in	475,000	459,925
Net change in fund balance	(12,641)	52,515
Fund balance, beginning of year	374,683	322,168
Fund balance, end of year	\$ 362,042	\$ 374,683

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

Year ended September 30, 2023

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Charges for services	\$ -	\$ -	\$ 7,924	\$ 7,924
Contributions and donations	65,000	211,385	196,855	(14,530)
Miscellaneous	-	-	34,842	34,842
Interest and investment income	50	13,733	15,032	1,299
Total revenues	65,050	225,118	254,653	29,535
Expenditures				
Current				
Culture and recreation	605,668	819,643	742,082	77,561
Interest	-	-	212	(212)
Total expenditures	605,668	819,643	742,294	77,349
Excess (deficiency) of revenues over (under) expenditures	(540,618)	(594,525)	(487,641)	106,884
Other financing sources (uses)				
Transfers in	475,000	475,000	475,000	-
Total other financing sources (uses)	475,000	475,000	475,000	-
Net change in fund balance	\$ (65,618)	\$ (119,525)	(12,641)	\$ 106,884
Fund balances, beginning of year			<u>374,683</u>	
Fund balance, end of year			<u>\$ 362,042</u>	

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City of Harlingen
Catastrophic Emergency Relief Fund
Comparative Balance Sheet

September 30,	2023	2022
Assets		
Cash and cash equivalents	\$ 844,628	\$ 824,953
Total assets	\$ 844,628	\$ 824,953
Liabilities		
Accounts payable	\$ -	\$ -
Deferred inflows of resources	-	-
Fund balances		
Committed	844,628	824,953
Total liabilities, deferred inflows of resources and fund balances	\$ 844,628	\$ 824,953

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

Year ended September 30,	2023	2022
Revenues		
Interest and investment income	\$ 37,700	\$ 5,524
Expenditures		
Current		
Highways and streets	18,025	-
Net change in fund balance	19,675	5,524
Fund balance, beginning of year	824,953	819,429
Fund balance, end of year	\$ 844,628	\$ 824,953

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

Year ended September 30, 2023

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Interest and investment income	\$ 8,071	\$ 28,665	\$ 37,700	\$ 9,035
Total revenues	8,071	28,665	37,700	9,035
Expenditures				
Current				
Highways and streets	25,000	25,000	18,025	6,975
Total expenditures	25,000	25,000	18,025	6,975
Net change in fund balance	\$ (16,929)	\$ 3,665	19,675	\$ 16,010
Fund balances, beginning of year			<u>824,953</u>	
Fund balance, end of year			<u><u>\$ 844,628</u></u>	

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City of Harlingen
Harlingen Downtown Fund
Comparative Balance Sheet

September 30,	2023	2022
Assets		
Cash and cash equivalents	\$ 3,948	\$ 16,590
Receivables (net of allowance for uncollectibles)		
Accounts	720	849
Assessments	2,983	4,086
Restricted assets:		
Cash and cash equivalents	166,836	182,346
Total assets	\$ 174,487	\$ 203,871
Liabilities		
Accounts payable	\$ 2,610	\$ 4,583
Accrued expenditures	2,058	1,943
Other liabilities	-	10,913
Total liabilities	4,668	17,439
Deferred inflows of resources		
Unavailable revenue - special assessments	2,983	4,086
Fund balances		
Restricted	166,836	182,346
Total liabilities, deferred inflows of resources and fund balances	\$ 174,487	\$ 203,871

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

Year ended September 30,	2023	2022
Revenues		
Assessments	\$ 39,938	\$ 45,008
Charges for services	77,202	14,665
Interest and investment income	8,442	1,323
Total revenues	125,582	60,996
Expenditures		
Current		
Community and economic development	402,092	291,651
(Deficiency) of revenues (under) expenditures	(276,510)	(230,655)
Other financing sources (uses)		
Transfers in	261,000	239,563
Net change in fund balance	(15,510)	8,908
Fund balance, beginning of year	182,346	173,438
Fund balance, end of year	\$ 166,836	\$ 182,346

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

Year ended September 30, 2023

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Assessments	\$ 40,000	\$ 40,000	\$ 39,938	\$ (62)
Charges for services	70,000	80,000	77,202	(2,798)
Miscellaneous	-	-	-	-
Interest and investment income	-	-	8,442	8,442
Total revenues	110,000	120,000	125,582	5,582
Expenditures				
Current				
Community and economic development	338,477	458,723	402,092	56,631
Total expenditures	338,477	458,723	402,092	56,631
Excess (deficiency) of revenues over (under) expenditures	(228,477)	(338,723)	(276,510)	62,213
Other financing sources (uses)				
Transfers in	261,000	261,000	261,000	-
Total other financing sources (uses)	261,000	261,000	261,000	-
Net change in fund balance	\$ 32,523	\$ (77,723)	(15,510)	\$ 62,213
Fund balances, beginning of year			<u>182,346</u>	
Fund balance, end of year			<u>\$ 166,836</u>	

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City of Harlingen
Federal Forfeiture Fund
Comparative Balance Sheet

September 30,	2023	2022
Assets		
Cash and cash equivalents	\$ 11,454	\$ -
Due from other funds	4,667	-
Restricted assets:		
Cash and cash equivalents	434,128	393,180
Total assets	\$ 450,249	\$ 393,180
Liabilities		
Accounts payable	\$ 16,121	\$ -
Deferred inflows of resources	-	-
Fund balances		
Restricted	434,128	393,180
Total liabilities, deferred inflows of resources and fund balances	\$ 450,249	\$ 393,180

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

Year ended September 30,	2023	2022
Revenues		
Fines and forfeitures	\$ 173,460	\$ 291,631
Miscellaneous	-	1,328
Interest and investment income	19,744	1,911
Total revenues	193,204	294,870
Expenditures		
Current		
Public safety	49,406	-
Capital outlay	110,229	-
Total expenditures	159,635	-
Excess of revenues over expenditures	33,569	294,870
Other financing sources (uses)		
Sale of general capital assets	7,379	-
Net change in fund balance	40,948	294,870
Fund balance, beginning of year	393,180	98,310
Fund balance, end of year	\$ 434,128	\$ 393,180

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

Year ended September 30, 2023

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Fines and forfeitures	\$ 60,000	\$ 138,318	\$ 173,460	\$ 35,142
Interest and investment income	-	17,130	19,744	2,614
Total revenues	60,000	155,448	193,204	37,756
Expenditures				
Current				
Public safety	180,000	180,000	49,406	130,594
Capital outlay	180,000	180,000	110,229	69,771
Total expenditures	360,000	360,000	159,635	200,365
Excess (deficiency) of revenues over (under) expenditures	(300,000)	(204,552)	33,569	238,121
Other financing sources (uses)				
Sale of capital assets	-	7,379	7,379	-
Total other financing sources (uses)	-	7,379	7,379	-
Net change in fund balance	\$ (300,000)	\$ (197,173)	40,948	\$ 238,121
Fund balances, beginning of year			<u>393,180</u>	
Fund balance, end of year			<u><u>\$ 434,128</u></u>	

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

September 30,	2023	2022
Assets		
Cash and cash equivalents	\$ 335	\$ 2,000
Receivables (net of allowance for uncollectibles)		
Accounts	2,000	-
Restricted assets:		
Cash and cash equivalents	134,256	110,431
Total assets	\$ 136,591	\$ 112,431
Liabilities		
Other liabilities	\$ 2,003	\$ 2,000
Due to other funds	332	-
Total liabilities	2,335	2,000
Deferred inflows of resources	-	-
Fund balances		
Restricted	134,256	110,431
Total liabilities, deferred inflows of resources and fund balances	\$ 136,591	\$ 112,431

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

Year ended September 30,	2023	2022
Revenues		
Fines and forfeitures	\$ 16,673	\$ 3,165
Interest and investment income	5,345	769
Total revenues	22,018	3,934
Expenditures		
Current		
Public safety	31,817	31,495
(Deficiency) of revenues (under) expenditures	(9,799)	(27,561)
Other financing sources (uses)		
Transfers out	-	(2,144)
Sale of capital assets	33,624	20,922
Total other financing sources (uses)	33,624	18,778
Net change in fund balance	23,825	(8,783)
Fund balance, beginning of year	110,431	119,214
Fund balance, end of year	\$ 134,256	\$ 110,431

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

Year ended September 30, 2023

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Fines and forfeitures	\$ 100,000	\$ 100,000	\$ 16,673	\$ (83,327)
Interest and investment income	-	17,835	5,345	(12,490)
Total revenues	100,000	117,835	22,018	(95,817)
Expenditures				
Current				
Public safety	90,000	90,000	31,817	58,183
Capital outlay	20,000	20,000	-	20,000
Total expenditures	110,000	110,000	31,817	78,183
Excess (deficiency) of revenues over (under) expenditures	(10,000)	7,835	(9,799)	(17,634)
Other financing sources (uses)				
Sale of capital assets	-	15,505	33,624	18,119
Total other financing sources (uses)	-	15,505	33,624	18,119
Net change in fund balance	\$ (10,000)	\$ 23,340	23,825	\$ 485
Fund balances, beginning of year			<u>110,431</u>	
Fund balance, end of year			<u><u>\$ 134,256</u></u>	

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

September 30,	2023	2022
Assets		
Cash and cash equivalents	\$ 59,668	\$ -
Total assets	\$ 59,668	\$ -
Liabilities		
Accounts payable	\$ -	\$ -
Deferred inflows of resources	-	-
Fund balances		
Assigned	59,668	-
Total liabilities, deferred inflows of resources and fund balances	\$ 59,668	\$ -

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

Year ended September 30,	2023	2022
Revenues		
Contributions and donations	\$ 137,100	\$ -
Total revenues	137,100	-
Expenditures		
Current		
Culture and recreation	77,432	-
Total expenditures	77,432	-
Net change in fund balance	59,668	-
Fund balance, beginning of year	-	-
Fund balance, end of year	\$ 59,668	\$ -

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

September 30,	2023	2022
Assets		
Cash and cash equivalents	\$ 7,465,835	\$ 14,433,364
Receivables (net of allowance for uncollectibles)		
Accounts	5,490,063	3,442,565
Total assets	\$ 12,955,898	\$ 17,875,929
Liabilities		
Accounts payable	\$ 2,237,613	\$ 2,615,201
Accrued expenditures	21,561	16,144
Other liabilities	26,785	-
Due to other funds	4,667	-
Unearned revenue	9,873,418	16,672,921
Total liabilities	12,164,044	19,304,266
Deferred inflows of resources		
Unavailable revenue - other	4,351,860	537,112
Fund balances		
Unassigned	(3,560,006)	(1,965,449)
Total liabilities, deferred inflows of resources and fund balances	\$ 12,955,898	\$ 17,875,929

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

Year ended September 30,	2023	2022
Revenues		
Intergovernmental	\$ 10,402,220	\$ 6,589,749
Contributions and donations	250,784	350,364
Interest and investment income	530,274	94,177
Total revenues	11,183,278	7,034,290
Expenditures		
Current		
General government	2,530,549	2,041,453
Public safety	1,478,804	1,437,518
Highways and streets	2,834,910	1,371,135
Health and welfare	452,296	549,243
Culture and recreation	17,882	177,045
Capital outlay	5,529,285	1,490,632
Debt service		
Interest and fiscal agent fees	197	240
Total expenditures	12,843,923	7,067,266
(Deficiency) of revenues (under) expenditures	(1,660,645)	(32,976)
Other financing sources (uses)		
Transfers in	66,088	63,644
Transfers out	-	(721,065)
Total other financing sources (uses)	66,088	(657,421)
Net change in fund balance	(1,594,557)	(690,397)
Fund balance, beginning of year	(1,965,449)	(1,275,052)
Fund balance, end of year	\$ (3,560,006)	\$ (1,965,449)

City of Harlingen
Harlingen Convention Center
Comparative Balance Sheet

September 30,	2023	2022
Assets		
Cash and cash equivalents	\$ 266,400	\$ 323,025
Receivables (net of allowance for uncollectibles)		
Accounts	1,068,251	1,008,251
Restricted assets:		
Cash and cash equivalents	532,928	-
Total assets	\$ 1,867,579	\$ 1,331,276
Liabilities		
Accounts payable	\$ -	\$ -
Deferred inflows of resources		
Unavailable revenue - other	300,000	240,000
Fund balances		
Restricted	532,928	-
Assigned	1,034,651	1,091,276
Total fund balances	1,567,579	1,091,276
Total liabilities, deferred inflows of resources and fund balances	\$ 1,867,579	\$ 1,331,276

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

Year ended September 30,	2023	2022
Revenues		
Interest and investment income	\$ 34,222	\$ 2,170
Total revenues	34,222	2,170
Expenditures		
Capital outlay	92,070	-
Total expenditures	92,070	-
Excess (deficiency) of revenues over (under) expenditures	(57,848)	2,170
Other financing sources (uses)		
Transfers in	534,151	-
Net change in fund balance	476,303	2,170
Fund balance, beginning of year	1,091,276	1,089,106
Fund balance, end of year	\$ 1,567,579	\$ 1,091,276

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

Year ended September 30, 2023

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Interest and investment income	\$ 1,200	\$ 30,409	\$ 34,222	\$ 3,813
Total revenues	1,200	30,409	34,222	3,813
Expenditures				
Capital outlay	-	92,070	92,070	-
Total expenditures	-	92,070	92,070	-
Excess (deficiency) of revenues over (under) expenditures	1,200	(61,661)	(57,848)	3,813
Other financing sources (uses)				
Transfers in	-	534,151	534,151	-
Total other financing sources (uses)	-	534,151	534,151	-
Net change in fund balance	\$ 1,200	\$ 472,490	476,303	\$ 3,813
Fund balances, beginning of year			<u>1,091,276</u>	
Fund balance, end of year			<u>\$ 1,567,579</u>	

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City of Harlingen
Free Trade Bridge Fund
Comparative Balance Sheet

September 30,	2023	2022
Assets		
Cash and cash equivalents	\$ 553,368	\$ 406,686
Total assets	\$ 553,368	\$ 406,686
Liabilities		
Accounts payable	\$ -	\$ -
Deferred inflows of resources	-	-
Fund balances		
Committed	553,368	406,686
Total liabilities, deferred inflows of resources and fund balances	\$ 553,368	\$ 406,686

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

Year ended September 30,	2023	2022
Revenues		
Charges for services	\$ 234,736	\$ 147,437
Interest and investment income	22,608	2,528
Total revenues	257,344	149,965
Expenditures		
Current		
Highways and streets	110,662	49,261
Total expenditures	110,662	49,261
Net change in fund balance	146,682	100,704
Fund balance, beginning of year	406,686	305,982
Fund balance, end of year	\$ 553,368	\$ 406,686

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

Year ended September 30, 2023

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Charges for services	\$ 282,000	\$ 282,000	\$ 234,736	\$ (47,264)
Interest and investment income	1,800	20,349	22,608	2,259
Total revenues	283,800	302,349	257,344	(45,005)
Expenditures				
Current				
Highways and streets	184,600	184,600	110,662	73,938
Total expenditures	184,600	184,600	110,662	73,938
Net change in fund balance	\$ 99,200	\$ 117,749	146,682	\$ 28,933
Fund balances, beginning of year			406,686	
Fund balance, end of year			\$ 553,368	

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

September 30,	2023	2022
Assets		
Cash and cash equivalents	\$ 1,946,650	\$ 3,911,773
Receivables (net of allowance for uncollectibles)		
Accounts	14,722	2,347
Due from component units	-	20,572
Total assets	\$ 1,961,372	\$ 3,934,692
Liabilities		
Accounts payable	\$ 91,118	\$ 3,654
Deferred inflows of resources	-	-
Fund balances		
Committed	1,870,254	3,931,038
Total liabilities, deferred inflows of resources and fund balances	\$ 1,961,372	\$ 3,934,692

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

Year ended September 30,	2023	2022
Revenues		
Assessments	\$ 1,555,288	\$ 1,537,844
Interest and investment income	147,423	25,369
Total revenues	1,702,711	1,563,213
Expenditures		
Current		
Highways and streets	3,763,495	646,729
Total expenditures	3,763,495	646,729
Excess (deficiency) of revenues over (under) expenditures	(2,060,784)	916,484
Other financing sources (uses)		
Transfers in	-	522,356
Net change in fund balance	(2,060,784)	1,438,840
Fund balance, beginning of year	3,931,038	2,492,198
Fund balance, end of year	\$ 1,870,254	\$ 3,931,038

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

Year ended September 30, 2023

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Assessments	\$ 1,525,000	\$ 1,525,000	\$ 1,555,288	\$ 30,288
Interest and investment income	667	159,066	147,423	(11,643)
Total revenues	1,525,667	1,684,066	1,702,711	18,645
Expenditures				
Current				
Highways and streets	1,525,001	2,822,374	3,763,495	(941,121)
Total expenditures	1,525,001	2,822,374	3,763,495	(941,121)
Net change in fund balance	\$ 666	\$ (1,138,308)	(2,060,784)	\$ (922,476)
Fund balance, beginning of year			<u>3,931,038</u>	
Fund balance, end of year			<u>\$ 1,870,254</u>	

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

September 30,	2023	2022
Assets		
Cash and cash equivalents	\$ 72,858	\$ 88,605
Total assets	\$ 72,858	\$ 88,605
Liabilities		
Accounts payable	\$ 795	\$ 18,706
Deferred inflows of resources	-	-
Fund balances		
Restricted	72,063	69,899
Total liabilities, deferred inflows of resources and fund balances	\$ 72,858	\$ 88,605

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

Year ended September 30,	2023	2022
Revenues		
Miscellaneous	\$ 19,081	\$ 19,001
Interest and investment income	3,283	711
Total revenues	22,364	19,712
Expenditures		
Current		
Culture and recreation	20,200	33,781
Capital outlay	-	41,540
Total expenditures	20,200	75,321
Net change in fund balance	2,164	(55,609)
Fund balance, beginning of year	69,899	125,508
Fund balance, end of year	\$ 72,063	\$ 69,899

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

Year ended September 30, 2023

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Miscellaneous	\$ -	\$ 34,800	\$ 19,081	\$ (15,719)
Interest and investment income	-	2,283	3,283	1,000
Total revenues	-	37,083	22,364	(14,719)
Expenditures				
Current				
Culture and recreation	-	35,000	20,200	14,800
Net change in fund balance	\$ -	\$ 2,083	2,164	\$ 81
Fund balance, beginning of year			<u>69,899</u>	
Fund balance, end of year			<u>\$ 72,063</u>	

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

September 30,	2023	2022
Assets		
Receivables (net of allowance for uncollectibles)		
Accounts	\$ -	\$ 125,000
Restricted assets:		
Cash and cash equivalents	1,472,726	1,004,364
Total assets	\$ 1,472,726	\$ 1,129,364
Liabilities		
	\$ -	\$ -
Deferred inflows of resources		
Unavailable revenue - other	-	125,000
Fund balances		
Restricted	1,472,726	1,004,364
Total liabilities, deferred inflows of resources and fund balances	\$ 1,472,726	\$ 1,129,364

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

Year ended September 30,	2023	2022
Revenues		
Intergovernmental	\$ 271,736	\$ 114,946
Interest and investment income	60,059	6,032
Total revenues	331,795	120,978
Expenditures		
Current		
Community and economic development	2,513	5,500
Total expenditures	2,513	5,500
Excess of revenues over expenditures	329,282	115,478
Other financing sources (uses)		
Transfers in	139,080	121,970
Net change in fund balance	468,362	237,448
Fund balance, beginning of year	1,004,364	766,916
Fund balance, end of year	\$ 1,472,726	\$ 1,004,364

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, 2023

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Intergovernmental	\$ 69,943	\$ 271,736	\$ 271,736	\$ -
Interest and investment income	600	74,613	60,059	(14,554)
Total revenues	70,543	346,349	331,795	(14,554)
Expenditures				
Current				
Community and economic development	-	2,000	2,513	(513)
Total expenditures	-	2,000	2,513	(513)
Excess (deficiency) of revenues over (under) expenditures	70,543	344,349	329,282	(15,067)
Other financing sources (uses)				
Transfers in	85,000	139,080	139,080	-
Total other financing sources (uses)	85,000	139,080	139,080	-
Net change in fund balance	\$ 155,543	\$ 483,429	468,362	\$ (15,067)
Fund balances, beginning of year			<u>1,004,364</u>	
Fund balance, end of year			<u>\$ 1,472,726</u>	

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

September 30,	2023	2022
Assets		
Receivables (net of allowance for uncollectibles)		
Accounts	\$ -	\$ 250,000
Restricted assets:		
Cash and cash equivalents	2,612,698	1,733,083
Total assets	\$ 2,612,698	\$ 1,983,083
Liabilities		
	\$ -	\$ -
Deferred inflows of resources		
Unavailable revenue - other	-	250,000
Fund balances		
Restricted	2,612,698	1,733,083
Total liabilities, deferred inflows of resources and fund balances	\$ 2,612,698	\$ 1,983,083

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

Year ended September 30,	2023	2022
Revenues		
Intergovernmental	\$ 496,626	\$ 233,870
Interest and investment income	94,797	9,965
Total revenues	591,423	243,835
Expenditures		
Current		
Community and economic development	2,000	5,500
Total expenditures	2,000	5,500
Excess of revenues over expenditures	589,423	238,335
Other financing sources (uses)		
Transfers in	290,192	316,150
Net change in fund balance	879,615	554,485
Fund balance, beginning of year	1,733,083	1,178,598
Fund balance, end of year	\$ 2,612,698	\$ 1,733,083

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, 2023

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Intergovernmental	\$ 167,497	\$ 496,626	\$ 496,626	\$ -
Interest and investment income	600	93,937	94,797	860
Total revenues	168,097	590,563	591,423	860
Expenditures				
Current				
Community and economic development	-	2,000	2,000	-
Total expenditures	-	2,000	2,000	-
Excess (deficiency) of revenues over (under) expenditures	168,097	588,563	589,423	860
Other financing sources (uses)				
Transfers in	215,000	290,192	290,192	-
Total other financing sources (uses)	215,000	290,192	290,192	-
Net change in fund balance	\$ 383,097	\$ 878,755	879,615	\$ 860
Fund balances, beginning of year			<u>1,733,083</u>	
Fund balance, end of year			<u>\$ 2,612,698</u>	

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

September 30,	2023	2022
Assets		
Receivables (net of allowance for uncollectibles)		
Accounts	\$ -	\$ 370,000
Restricted assets:		
Cash and cash equivalents	470,391	391,918
Total assets	\$ 470,391	\$ 761,918
Liabilities	\$ -	\$ -
Deferred inflows of resources		
Unavailable revenue - other	-	370,000
Fund balances		
Restricted	470,391	391,918
Total liabilities, deferred inflows of resources and fund balances	\$ 470,391	\$ 761,918

City of Harlingen
Tax Increment Reinvestment Zone No. 3 Fund
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2023	2022
Revenues		
Intergovernmental	\$ 690,570	\$ 523,219
Interest and investment income	16,545	2,547
Total revenues	707,115	525,766
Expenditures		
Current		
Community and economic development	2,000	5,500
Debt service		
Principal retirement	70,000	70,000
Total expenditures	72,000	75,500
Excess of revenues over expenditures	635,115	450,266
Other financing sources (uses)		
Transfers in	443,358	530,017
Transfers out	(1,000,000)	(1,000,000)
Total other financing sources (uses)	(556,642)	(469,983)
Net change in fund balance	78,473	(19,717)
Fund balance, beginning of year	391,918	411,635
Fund balance, end of year	\$ 470,391	\$ 391,918

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, 2023

	Budget		Actual Amount	Variance
	Original	Final	(GAAP BASIS)	Positive (Negative)
Revenues				
Intergovernmental	\$ 376,565	\$ 690,570	\$ 690,570	\$ -
Interest and investment income	300	15,195	16,545	1,350
Total revenues	376,865	705,765	707,115	1,350
Expenditures				
Current				
Community and economic development	-	2,000	2,000	-
Debt service				
Principal	70,000	70,000	70,000	-
Total expenditures	70,000	72,000	72,000	-
Excess (deficiency) of revenues over (under) expenditures	306,865	633,765	635,115	1,350
Other financing sources (uses)				
Transfers in	460,000	443,358	443,358	-
Transfers out	(500,000)	(1,000,000)	(1,000,000)	-
Total other financing sources (uses)	(40,000)	(556,642)	(556,642)	-
Net change in fund balance	\$ 266,865	\$ 77,123	78,473	\$ 1,350
Fund balances, beginning of year			<u>391,918</u>	
Fund balance, end of year			<u>\$ 470,391</u>	

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**City of Harlingen
Debt Service Fund
Comparative Balance Sheet**

September 30,	2023	2022
Assets		
Cash and cash equivalents	\$ -	\$ (22,403)
Receivables (net of allowance for uncollectibles)		
Taxes	174,257	176,976
Accounts	-	2,617
Restricted assets:		
Cash and cash equivalents	565,336	649,990
Total assets	\$ 739,593	\$ 807,180
Liabilities		
Accounts payable	\$ 1,498	\$ -
Deferred inflows of resources		
Unavailable revenue - property taxes	153,614	157,190
Fund balances		
Restricted	584,481	649,990
Total liabilities, deferred inflows of resources and fund balances	\$ 739,593	\$ 807,180

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

Year ended September 30,	2023	2022
Revenues		
Property taxes - including penalty and interest	\$ 3,725,032	\$ 4,030,337
Intergovernmental	604,572	607,852
Interest and investment income	67,844	5,159
Total revenues	4,397,448	4,643,348
Expenditures		
Debt service		
Principal retirement	3,680,000	3,515,000
Interest and fiscal agent fees	1,014,957	1,170,372
Total expenditures	4,694,957	4,685,372
(Deficiency) of revenues (under) expenditures	(297,509)	(42,024)
Other financing sources (uses)		
Transfers in	232,000	232,016
Net change in fund balance	(65,509)	189,992
Fund balance, beginning of year	649,990	459,998
Fund balance, end of year	\$ 584,481	\$ 649,990

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

Year ended September 30, 2023

	Budget		Actual Amount (GAAP BASIS)	Variance Positive (Negative)
	Original	Final		
Revenues				
Property taxes - including penalty and interest	\$ 3,742,997	\$ 3,772,997	\$ 3,725,032	\$ (47,965)
Intergovernmental	604,572	604,572	604,572	-
Interest and investment income	655	59,704	67,844	8,140
Total revenues	4,348,224	4,437,273	4,397,448	(39,825)
Expenditures				
Debt service				
Principal retirement	3,680,000	3,680,000	3,680,000	-
Interest and fiscal agent fees	1,015,682	1,015,682	1,014,957	725
Total expenditures	4,695,682	4,695,682	4,694,957	725
(Deficiency) of revenues (under) expenditures	(347,458)	(258,409)	(297,509)	(39,100)
Other financing sources (uses)				
Transfers in	232,000	232,000	232,000	-
Net change in fund balance	\$ (115,458)	\$ (26,409)	(65,509)	\$ (39,100)
Fund balance, beginning of year			649,990	
Fund balance, end of year			<u>\$ 584,481</u>	

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City of Harlingen
Capital Improvement Fund
Comparative Balance Sheet

September 30,	2023	2022
Assets		
Restricted assets:		
Cash and cash equivalents	\$ 468	\$ 448
Total assets	\$ 468	\$ 448
Liabilities		
Accounts payable	\$ -	\$ -
Deferred inflows of resources	-	-
Fund balances		
Restricted	468	448
Total liabilities, deferred inflows of resources and fund balances	\$ 468	\$ 448

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

Year ended September 30,	2023	2022
Revenues		
Interest and investment income	\$ 20	\$ 7
Total revenues	20	7
Expenditures		
Current		
Culture and recreation	-	-
Total expenditures	-	-
Net change in fund balance	20	7
Fund balance, beginning of year	448	441
Fund balance, end of year	\$ 468	\$ 448

City of Harlingen
Street Improvement Fund
Comparative Balance Sheet

September 30,	2023	2022
Assets		
Cash and cash equivalents	\$ 566	\$ 545
Total assets	\$ 566	\$ 545
Liabilities		
Accounts payable	\$ -	\$ -
Deferred inflows of resources		
Unavailable revenue - other	-	-
Fund balances		
Committed	566	545
Total liabilities, deferred inflows of resources and fund balances	\$ 566	\$ 545

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

Year ended September 30,	2023	2022
Revenues		
Interest and investment income	\$ 21	\$ 4
Total revenues	21	4
Expenditures		
Current		
Highways and streets	-	-
Total expenditures	-	-
Net change in fund balance	21	4
Fund balance, beginning of year	545	541
Fund balance, end of year	\$ 566	\$ 545

**City of Harlingen
Petition Paving Fund
Comparative Balance Sheet**

September 30,	2023	2022
Assets		
Cash and cash equivalents	\$ 485,033	\$ 333,569
Receivables (net of allowance for uncollectibles)		
Assessments	125,354	125,971
Restricted assets:		
Cash and cash equivalents	67,988	23,752
Total assets	\$ 678,375	\$ 483,292
Liabilities		
Escrow liabilities	\$ 485,033	\$ 315,593
Other liabilities	-	935
Total liabilities	485,033	316,528
Deferred inflows of resources		
Unavailable revenue - other	125,354	143,012
Fund balances		
Unassigned	67,988	23,752
Total liabilities, deferred inflows of resources and fund balances	\$ 678,375	\$ 483,292

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

Year ended September 30,	2023	2022
Revenues		
Assessments	\$ 20,495	\$ -
Miscellaneous	960	55
Interest and investment income	22,781	39,550
Total revenues	44,236	39,605
Expenditures		
Current		
Highways and streets	-	-
Total expenditures	-	-
Net change in fund balance	44,236	39,605
Fund balance, beginning of year	23,752	(15,853)
Fund balance, end of year	\$ 67,988	\$ 23,752

City of Harlingen
Certificates of Obligation Projects, Series 2001 Fund
Comparative Balance Sheet

September 30,	2023	2022
Assets		
Restricted assets:		
Cash and cash equivalents	\$ 28,246	\$ 33,302
Total assets	\$ 28,246	\$ 33,302
Liabilities		
Accounts payable	\$ -	\$ 6,300
Deferred inflows of resources	-	-
Fund balances		
Restricted	28,246	27,002
Total liabilities, deferred inflows of resources and fund balances	\$ 28,246	\$ 33,302

City of Harlingen
Certificates of Obligation Projects, Series 2001 Fund
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2023	2022
Revenues		
Interest and investment income	\$ 1,244	\$ 1,450
Total revenues	1,244	1,450
Expenditures		
Capital outlay	-	55,422
Total expenditures	-	55,422
Net change in fund balance	1,244	(53,972)
Fund balance, beginning of year	27,002	80,974
Fund balance, end of year	\$ 28,246	\$ 27,002

City of Harlingen
General Obligation Bonds, Series 2006 Fund
Comparative Balance Sheet

September 30,	2023	2022
Assets		
Restricted assets:		
Cash and cash equivalents	\$ 69,409	\$ 66,347
Total assets	\$ 69,409	\$ 66,347
Liabilities		
Due to other funds	\$ -	\$ -
Deferred inflows of resources	-	-
Fund balances		
Restricted	69,409	66,347
Total liabilities, deferred inflows of resources and fund balances	\$ 69,409	\$ 66,347

City of Harlingen
General Obligation Bonds, Series 2006 Fund
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2023	2022
Revenues		
Interest and investment income	\$ 3,062	\$ 445
Total revenues	3,062	445
Expenditures		
Capital outlay	-	-
Total expenditures	-	-
Net change in fund balance	3,062	445
Fund balance, beginning of year	66,347	65,902
Fund balance, end of year	\$ 69,409	\$ 66,347

City of Harlingen
Certificates of Obligation Projects, Series 2016 Fund
Comparative Balance Sheet

September 30,	2023	2022
Assets		
Restricted assets:		
Cash and cash equivalents	\$ -	\$ 1,555,625
Total assets	\$ -	\$ 1,555,625
Liabilities		
Accounts payable	\$ -	\$ 1,213,247
Deferred inflows of resources	-	-
Fund balances		
Restricted	-	342,378
Total liabilities, deferred inflows of resources and fund balances	\$ -	\$ 1,555,625

City of Harlingen
Certificates of Obligation Projects, Series 2016 Fund
Comparative Statement of Revenues,
Expenditures and Change in Fund Balances

Year ended September 30,	2023	2022
Revenues		
Miscellaneous	\$ 191,773	\$ -
Interest and investment income	-	10,419
Total revenues	191,773	10,419
Expenditures		
Current		
Culture and recreation	-	-
Total expenditures	-	-
Excess of revenues over expenditures	191,773	10,419
Other financing sources (uses)		
Transfers out	(534,151)	-
Total other financing sources (uses)	(534,151)	-
Net change in fund balance	(342,378)	10,419
Fund balance, beginning of year	342,378	331,959
Fund balance, end of year	\$ -	\$ 342,378

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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,	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 7,227,214	\$ 7,868,868
Accounts receivables (net of allowances for uncollectibles)	334,019	202,826
Prepayments	5,135	4,548
Due from other funds	15,356	-
Due from component units	84,290	144,196
Total current assets	7,666,014	8,220,438
Non-current assets		
Net pension asset	-	58,495
Capital assets		
Land	417,587	417,587
Construction in progress	16,250	-
Plant and equipment	13,658,947	11,019,234
Accumulated depreciation	(5,699,531)	(4,544,155)
Total capital assets (net of accumulated depreciation)	8,393,253	6,892,666
Total non-current assets	8,393,253	6,951,161
Total assets	16,059,267	15,171,599
Deferred outflows of resources		
OPEB - retiree healthcare	37,157	6,467
OPEB - supplemental death benefits	7,764	2,051
Retirement pensions	666,104	18,348
Total deferred outflows of resources	711,025	26,866
Total assets and deferred outflows of resources	\$ 16,770,292	\$ 15,198,465

City of Harlingen
Sanitation Fund
Enterprise Fund
Comparative Statement of Net Position - Continued

September 30,	2023	2022
Liabilities		
Current liabilities		
Accounts payable	\$ 268,748	\$ 270,777
Compensated absences	83,118	83,941
Accrued expenses	38,151	30,196
Estimated liability for landfill postclosure costs	14,995	14,995
Total current liabilities	405,012	399,909
Non-current liabilities		
Compensated absences	124,677	125,911
OPEB liability - retiree healthcare	321,702	57,434
OPEB liability - supplemental death benefits	103,011	21,981
Net pension liability	574,459	-
Estimated liability for landfill postclosure costs	83,859	110,010
Total non-current liabilities	1,207,708	315,336
Total liabilities	1,612,720	715,245
Deferred inflows of resources		
OPEB - retiree healthcare	93,875	7,423
Supplemental death benefits	39,781	237
Retirement pensions	19,016	73,899
Total deferred inflows of resources	152,672	81,559
Net position		
Net investment in capital assets	8,393,253	6,892,666
Unrestricted	6,611,647	7,508,995
Total net position	15,004,900	14,401,661
Total liabilities, deferred inflows of resources and net position	\$ 16,770,292	\$ 15,198,465

City of Harlingen
Sanitation Fund
Enterprise Fund
Comparative Statement of Revenues,
Expenditures and Change in Net Position

Year ended September 30,	2023	2022
Operating revenues		
Current use charges	\$ 10,662,285	\$ 10,414,404
Operating expenses		
Personnel services	3,574,394	2,580,009
Contracted services	3,412,347	3,495,952
Materials and supplies	292,928	203,283
Other expenses	2,126,999	2,623,593
Depreciation and amortization	1,155,376	1,068,158
Total operating expenses	10,562,044	9,970,995
Operating income	100,241	443,409
Nonoperating revenues		
Interest revenue	333,552	53,566
Gain (loss) on sale/disposal of capital assets	8,132	(49,477)
Miscellaneous revenue	100,409	13,707
Total nonoperating revenues	442,093	17,796
Income (loss) before operating transfers	542,334	461,205
Transfers		
Transfers in	800,804	159,811
Transfers out	(739,899)	(1,015,000)
Total transfers	60,905	(855,189)
Increase (decrease) in net position	603,239	(393,984)
Net position, beginning of year	14,401,661	14,795,645
Net position, end of year	\$ 15,004,900	\$ 14,401,661

City of Harlingen
Sanitation Fund
Enterprise Fund
Comparative Statement of Cash Flows

Year ended September 30,	2023	2022
Cash flows from operating activities		
Receipts from customers	\$ 9,954,659	\$ 10,337,425
Payment to suppliers	(5,868,442)	(6,331,180)
Payments to employees	(3,211,245)	(2,564,640)
Net cash provided by (used in) operations	874,972	1,441,605
Cash flows from (to) noncapital financing activities		
Transfers to other funds	(739,899)	(1,015,000)
Transfers from other funds	800,804	159,811
Net cash provided by (used in) noncapital financing activities	60,905	(855,189)
Cash flows from capital and related financing activities		
Proceeds from sale of capital assets	8,132	21,000
Purchase of capital assets	(2,655,963)	(1,230,129)
Net cash provided by (used in) capital and related financing activities	(2,647,831)	(1,209,129)
Cash flows from investing activities		
Interest received	333,552	53,566
Net cash provided by (used in) investing activities	333,552	53,566
Net increase (decrease) in cash and cash equivalents	(1,378,402)	(569,147)
Cash and cash equivalents, beginning of year	7,868,868	8,438,015
Cash and cash equivalents, end of year	\$ 6,490,466	\$ 7,868,868

City of Harlingen
Sanitation Fund
Enterprise Fund
Comparative Statement of Cash Flows - Continued

Year ended September 30,	2023	2022
Reconciliation of operating income to net cash provided		
by (used in) operating activities:		
Operating income (loss)	\$ 100,241	\$ 443,409
Adjustments to reconcile net income from operations		
to net cash from operating activities		
Depreciation	1,155,376	1,068,158
Other revenue received	100,409	13,707
(Increase) decrease in receivables	(952,231)	(56,418)
(Increase) decrease in prepaid items	(587)	17,524
(Increase) decrease in due from other funds	(15,356)	-
(Increase) decrease in due from component units	144,196	(34,268)
(Increase) decrease in deferred outflows of resources	(647,756)	(8,757)
Increase (decrease) in accounts payable	(2,029)	20,738
Increase (decrease) in accrued expenses	7,955	(36,614)
Increase (decrease) in net pension asset/liability	632,954	(42,563)
Increase (decrease) in net other post employment benefit obligations	308,895	4,934
Increase (decrease) in compensated absences	(2,057)	24,962
Increase (decrease) in deferred inflows of resources	71,113	36,793
Increase (decrease) in estimated liability for landfill closure		
and post closure costs	(26,151)	(10,000)
Total adjustments	774,731	998,196
Net cash provided by (used in) operations	\$ 874,972	\$ 1,441,605

City of Harlingen
Municipal Golf Course Fund
Enterprise Fund
Comparative Statement of Net Position

September 30,	2023	2022
Assets		
Current assets		
Accounts receivables (net of allowances for uncollectibles)	\$ 1,768	\$ 3,429
Inventories	12,150	13,940
Total current assets	13,918	17,369
Non-current assets		
Net pension asset	-	30,962
Capital assets		
Land	49,496	49,496
Plant and equipment	4,493,665	4,299,389
Accumulated depreciation	(3,660,380)	(3,551,506)
Total capital assets (net of accumulated depreciation)	882,781	797,379
Total non-current assets	882,781	828,341
Total assets	896,699	845,710
Deferred outflows of resources		
OPEB - retiree healthcare	11,823	3,423
OPEB - supplemental death benefits	2,247	1,085
Retirement pensions	192,780	9,711
Total deferred outflows of resources	206,850	14,219
Total assets and deferred outflows of resources	\$ 1,103,549	\$ 859,929

City of Harlingen
Municipal Golf Course Fund
Enterprise Fund
Comparative Statement of Net Position - Continued

September 30,	2023	2022
Liabilities		
Current liabilities		
Accounts payable	\$ 42,083	\$ 77,589
Customer deposits	275	275
Due to other funds	1,148,544	987,823
Compensated absences	28,747	26,171
Accrued expenses	8,840	7,392
Financed purchases - current	53,778	52,293
Total current liabilities	1,282,267	1,151,543
Non-current liabilities		
Compensated absences	43,121	39,256
Financed purchases - non-current	45,980	99,759
OPEB liability - retiree healthcare	102,360	30,400
OPEB liability - supplemental death benefits	29,813	11,634
Net pension liability	166,256	-
Total non-current liabilities	387,530	181,049
Total liabilities	1,669,797	1,332,592
Deferred inflows of resources		
OPEB - retiree healthcare	29,869	3,929
Supplemental death benefits	11,513	126
Retirement pensions	5,504	39,115
Total deferred inflows of resources	46,886	43,170
Net position		
Net investment in capital assets	783,023	645,327
Unrestricted	(1,396,157)	(1,161,160)
Total net position	(613,134)	(515,833)
Total liabilities, deferred inflows of resources and net position	\$ 1,103,549	\$ 859,929

City of Harlingen
Municipal Golf Course Fund
Enterprise Fund
Comparative Statement of Revenues,
Expenditures and Change in Net Position

Year ended September 30,	2023	2022
Operating revenues		
Golf course fees and charges	\$ 940,954	\$ 854,186
Operating expenses		
Personnel services	865,014	675,315
Contracted services	131,108	82,784
Materials and supplies	65,460	222,409
Other expenses	167,694	79,259
Depreciation and amortization	108,875	115,059
Total operating expenses	1,338,151	1,174,826
Operating loss	(397,197)	(320,640)
Nonoperating revenues (expenses)		
Interest expense	(59,347)	(11,393)
Miscellaneous revenue	19,272	16,692
Total nonoperating revenues (expenses)	(40,075)	5,299
Income (loss) before operating transfers	(437,272)	(315,341)
Transfers		
Transfers in	339,971	443,405
Total transfers	339,971	443,405
Increase (decrease) in net position	(97,301)	128,064
Net position, beginning of year	(515,833)	(643,897)
Net position, end of year	\$ (613,134)	\$ (515,833)

City of Harlingen
Municipal Golf Course Fund
Enterprise Fund
Comparative Statement of Cash Flows

Year ended September 30,	2023	2022
Cash flows from operating activities		
Receipts from customers	\$ 961,887	\$ 869,017
Payment to suppliers	(344,684)	(495,041)
Payments to employees	(651,257)	(676,229)
Net cash provided by (used in) operations	(34,054)	(302,253)
Cash flows from (to) noncapital financing activities		
Transfers from other funds	339,971	443,405
Net cash provided by (used in) noncapital financing activities	339,971	443,405
Cash flows from capital and related financing activities		
Purchase of capital assets	(194,276)	(78,910)
Principal paid on capital leases	(52,294)	(50,849)
Interest paid	(59,347)	(11,393)
Net cash provided by (used in) capital and related financing activities	(305,917)	(141,152)
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,	2023	2022
Reconciliation of operating income to net cash provided		
by (used in) operating activities:		
Operating income (loss)	\$ (397,197)	\$ (320,640)
Adjustments to reconcile net income from operations		
to net cash from operating activities		
Depreciation	108,874	115,059
Other revenue received	19,272	16,692
(Increase) decrease in receivables	1,661	(1,661)
(Increase) decrease in prepaid items	-	2,786
(Increase) decrease in inventories	1,790	(6,371)
(Increase) decrease in deferred outflows of resources	(183,069)	(4,633)
Increase (decrease) in accounts payable	(35,506)	58,995
Increase (decrease) in due to other funds	160,721	(167,996)
Increase (decrease) in accrued expenses	1,448	1,997
Increase (decrease) in net pension asset/liability	197,218	(22,529)
Increase (decrease) in net other post employment benefit obligations	80,577	2,611
Increase (decrease) in compensated absences	6,441	4,163
Increase (decrease) in unearned revenues	-	(200)
Increase (decrease) in deferred inflows of resources	3,716	19,474
Total adjustments	363,143	18,387
Net cash provided by (used in) operations	\$ (34,054)	\$ (302,253)

City of Harlingen
Municipal Auditorium Fund
Enterprise Fund
Comparative Statement of Net Position

September 30,	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 143,705	\$ 167,560
Accounts receivables (net of allowances for uncollectibles)	1,327	327
Restricted assets:		
Cash and cash equivalents	32,220	23,798
Total current assets	177,252	191,685
Non-current assets		
Net pension asset	-	8,497
Capital assets		
Plant and equipment	4,807,228	4,800,679
Accumulated depreciation	(4,091,263)	(4,029,959)
Total capital assets (net of accumulated depreciation)	715,965	770,720
Total non-current assets	715,965	779,217
Total assets	893,217	970,902
Deferred outflows of resources		
OPEB - retiree healthcare	-	939
OPEB - supplemental death benefits	233	298
Retirement pensions	20,032	2,666
Total deferred outflows of resources	20,265	3,903
Total assets and deferred outflows of resources	\$ 913,482	\$ 974,805

City of Harlingen
Municipal Auditorium Fund
Enterprise Fund
Comparative Statement of Net Position - Continued

September 30,	2023	2022
Liabilities		
Current liabilities		
Accounts payable	\$ 38,346	\$ 17,464
Customer deposits	32,220	23,798
Unearned revenue	13,314	71,099
Total current liabilities	83,880	112,361
Non-current liabilities		
OPEB liability - retiree healthcare	-	8,343
OPEB liability - supplemental death benefits	3,098	3,193
Net pension liability	17,276	-
Total non-current liabilities	20,374	11,536
Total liabilities	104,254	123,897
Deferred inflows of resources		
OPEB - retiree healthcare	-	1,078
Supplemental death benefits	1,196	35
Retirement pensions	572	10,735
Total deferred inflows of resources	1,768	11,848
Net position		
Net investment in capital assets	715,965	770,720
Unrestricted	91,495	68,340
Total net position	807,460	839,060
Total liabilities, deferred inflows of resources and net position	\$ 913,482	\$ 974,805

City of Harlingen
Municipal Auditorium Fund
Enterprise Fund
Comparative Statement of Revenues,
Expenditures and Change in Net Position

Year ended September 30,	2023	2022
Operating revenues		
Rental income	\$ 153,901	\$ 104,467
Operating expenses		
Personnel services	-	80,147
Contracted services	232,947	144,574
Materials and supplies	6,766	6,301
Other expenses	10,023	20,910
Depreciation and amortization	61,303	65,874
Total operating expenses	311,039	317,806
Operating income (loss)	(157,138)	(213,339)
Nonoperating revenues		
Interest revenue	8,612	1,364
Miscellaneous revenue	1,926	-
Total nonoperating revenues	10,538	1,364
Income (loss) before operating transfers	(146,600)	(211,975)
Transfers		
Transfers in	115,000	132,098
Total transfers	115,000	132,098
Increase (decrease) in net position	(31,600)	(79,877)
Net position, beginning of year	839,060	918,937
Net position, end of year	\$ 807,460	\$ 839,060

City of Harlingen
Municipal Auditorium Fund
Enterprise Fund
Comparative Statement of Cash Flows

Year ended September 30,	2023	2022
Cash flows from operating activities		
Receipts from customers	\$ 97,042	\$ 159,167
Payment to suppliers	(220,432)	(143,841)
Payments to employees	(9,107)	(96,884)
Net cash provided by (used in) operations	(132,497)	(81,558)
Cash flows from (to) noncapital financing activities		
Transfers from other funds	115,000	132,098
Net cash provided by (used in) noncapital financing activities	115,000	132,098
Cash flows from capital and related financing activities		
Purchase of capital assets	(6,548)	-
Net cash provided by (used in) capital and related financing activities	(6,548)	-
Cash flows from investing activities		
Interest received	8,612	1,364
Net cash provided by (used in) investing activities	8,612	1,364
Net increase (decrease) in cash and cash equivalents	(15,433)	51,904
Cash and cash equivalents, beginning of year	191,358	139,454
Cash and cash equivalents, end of year	\$ 175,925	\$ 191,358

City of Harlingen
Municipal Auditorium Fund
Enterprise Fund
Comparative Statement of Cash Flows - Continued

Year ended September 30,	2023	2022
Reconciliation of operating income to net cash provided		
by (used in) operating activities:		
Operating income (loss)	\$ (157,138)	\$ (213,339)
Adjustments to reconcile net income from operations		
to net cash from operating activities		
Depreciation	61,303	65,874
Other revenue received	1,926	-
(Increase) decrease in receivables	(1,000)	-
(Increase) decrease in prepaid items	-	17,408
(Increase) decrease in deferred outflows of resources	(17,366)	(1,273)
Increase (decrease) in accounts payable	29,304	11,387
Increase (decrease) in due to other funds	-	-
Increase (decrease) in accrued expenses	-	(851)
Increase (decrease) in net pension asset/liability	25,773	(6,182)
Increase (decrease) in net other post employment benefit obligations	(7,434)	717
Increase (decrease) in compensated absences	-	(15,344)
Increase (decrease) in unearned revenues	(57,785)	54,700
Increase (decrease) in deferred inflows of resources	(10,080)	5,345
Total adjustments	24,641	131,781
Net cash provided by (used in) operations	\$ (132,497)	\$ (81,558)

City of Harlingen
Harlingen Arts and Heritage Museum Fund
Enterprise Fund
Comparative Statement of Net Position

September 30,	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 15,126	\$ 51,667
Accounts receivables (net of allowances for uncollectibles)	32	32
Restricted assets:		
Cash and cash equivalents	1,600	1,200
Total current assets	16,758	52,899
Non-current assets		
Capital assets		
Plant and equipment	260,121	244,776
Accumulated depreciation	(212,372)	(202,525)
Total capital assets (net of accumulated depreciation)	47,749	42,251
Total non-current assets	47,749	42,251
Total assets	64,507	95,150
Deferred outflows of resources		
OPEB - retiree healthcare	844	-
OPEB - supplemental death benefits	194	-
Retirement pensions	16,675	-
Total deferred outflows of resources	17,713	-
Total assets and deferred outflows of resources	\$ 82,220	\$ 95,150

City of Harlingen
Harlingen Arts and Heritage Museum Fund
Enterprise Fund
Comparative Statement of Net Position - Continued

September 30,	2023	2022
Liabilities		
Current liabilities		
Accounts payable	\$ 4,394	\$ 21,636
Customer deposits	1,600	1,200
compensated absences	-	3,700
Accrued expenses	-	729
Unearned revenue	-	60
Total current liabilities	5,994	27,325
Non-current liabilities		
Compensated absences	-	5,549
OPEB liability - retiree healthcare	7,311	-
OPEB liability - supplemental death benefits	2,579	-
Net pension liability	14,381	-
Total non-current liabilities	24,271	5,549
Total liabilities	30,265	32,874
Deferred inflows of resources		
OPEB - retiree healthcare	2,134	-
Supplemental death benefits	996	-
Retirement pensions	476	-
Total deferred inflows of resources	3,606	-
Net position		
Net investment in capital assets	47,749	42,251
Unrestricted	600	20,025
Total net position	48,349	62,276
Total liabilities, deferred inflows of resources and net position	\$ 82,220	\$ 95,150

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,	2023	2022
Operating revenues		
Admissions	\$ 17,642	\$ 621
Operating expenses		
Personnel services	69,891	60,834
Contracted services	10,218	26,514
Materials and supplies	19,914	3,511
Other expenses	10,275	12,315
Depreciation and amortization	9,846	12,271
Total operating expenses	120,144	115,445
Operating income (loss)	(102,502)	(114,824)
Nonoperating revenues		
Interest revenue	1,372	357
Miscellaneous revenue	2,483	-
Total nonoperating revenues	3,855	357
Income (loss) before operating transfers	(98,647)	(114,467)
Transfers		
Transfers in	84,720	108,677
Total transfers	84,720	108,677
Increase (decrease) in net position	(13,927)	(5,790)
Net position, beginning of year	62,276	68,066
Net position, end of year	\$ 48,349	\$ 62,276

City of Harlingen
Harlingen Arts and Heritage Museum Fund
Enterprise Fund
Comparative Statement of Cash Flows

Year ended September 30,	2023	2022
Cash flows from operating activities		
Receipts from customers	\$ 20,125	\$ 621
Payment to suppliers	(58,037)	(35,167)
Payments to employees	(68,976)	(60,883)
Net cash provided by (used in) operations	(106,888)	(95,429)
Cash flows from (to) noncapital financing activities		
Transfers from other funds	84,720	108,677
Net cash provided by (used in) noncapital financing activities	84,720	108,677
Cash flows from capital and related financing activities		
Purchase of capital assets	(15,345)	-
Net cash provided by (used in) capital and related financing activities	(15,345)	-
Cash flows from investing activities		
Interest received	1,372	357
Net cash provided by (used in) investing activities	1,372	357
Net increase (decrease) in cash and cash equivalents	(36,141)	13,605
Cash and cash equivalents, beginning of year	52,867	39,262
Cash and cash equivalents, end of year	\$ 16,726	\$ 52,867
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (102,502)	\$ (114,824)
Adjustments to reconcile net income from operations to net cash from operating activities		
Depreciation	9,847	12,271
Other revenue received	2,483	-
(Increase) decrease in prepaid items	-	4,746
(Increase) decrease in deferred outflows of resources	(17,713)	-
Increase (decrease) in accounts payable	(16,842)	2,084
Increase (decrease) in accrued expenses	(729)	283
Increase (decrease) in net pension asset/liability	14,381	-
Increase (decrease) in net other post employment benefit obligations	9,890	-
Increase (decrease) in compensated absences	(9,249)	(49)
Increase (decrease) in unearned revenues	(60)	60
Increase (decrease) in deferred inflows of resources	3,606	-
Total adjustments	(4,386)	19,395
Net cash provided by (used in) operations	\$ (106,888)	\$ (95,429)

**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,	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 6,112,868	\$ 5,247,699
Accounts receivables (net of allowances for uncollectibles)	37,296	40,815
Inventories	191,503	227,287
Due from other funds	2,204	-
Due from component units	-	2,139
Total current assets	6,343,871	5,517,940
Non-current assets		
Net pension asset	-	49,501
Capital assets		
Plant and equipment	17,807,581	18,324,981
Accumulated depreciation	(16,109,199)	(15,792,155)
Total capital assets (net of accumulated depreciation)	1,698,382	2,532,826
Total non-current assets	1,698,382	2,582,327
Total assets	8,042,253	8,100,267
Deferred outflows of resources		
OPEB - retiree healthcare	5,911	5,473
OPEB - supplemental death benefits	756	1,735
Retirement pensions	64,823	15,526
Total deferred outflows of resources	71,490	22,734
Total assets and deferred outflows of resources	\$ 8,113,743	\$ 8,123,001

City of Harlingen
Motor Vehicle and Warehouse Fund
Internal Service Fund
Comparative Statement of Net Position - Continued

September 30,	2023	2022
Liabilities		
Current liabilities		
Accounts payable	\$ 7,533	\$ 3,254
Compensated absences	17,522	22,364
Accrued expenses	5,071	4,871
Total current liabilities	30,126	30,489
Non-current liabilities		
Compensated absences	26,283	33,547
OPEB liability - retiree healthcare	51,180	48,602
OPEB liability - supplemental death benefits	10,025	18,601
Net pension liability	55,904	-
Total non-current liabilities	143,392	100,750
Total liabilities	173,518	131,239
Deferred inflows of resources		
OPEB - retiree healthcare	14,935	6,281
Supplemental death benefits	3,871	201
Retirement pensions	1,851	62,536
Total deferred inflows of resources	20,657	69,018
Net position		
Net investment in capital assets	1,698,382	2,532,826
Unrestricted	6,221,186	5,389,918
Total net position	7,919,568	7,922,744
Total liabilities, deferred inflows of resources and net position	\$ 8,113,743	\$ 8,123,001

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,	2023	2022
Operating revenues		
Current use charges	\$ 4,201,359	\$ 4,402,871
Operating expenses		
Personnel services	431,886	397,780
Contracted services	79,707	104,706
Materials and supplies	2,213,872	2,439,043
Other expenses	74,594	48,123
Depreciation and amortization	859,789	992,892
Total operating expenses	3,659,848	3,982,544
Operating income	541,511	420,327
Nonoperating revenues (expenses)		
Interest revenue	256,117	34,260
Miscellaneous revenue	-	726
Total nonoperating revenues (expenses)	256,117	34,986
Income (loss) before operating transfers	797,628	455,313
Transfers		
Transfers out	(800,804)	(159,811)
Total transfers	(800,804)	(159,811)
Increase (decrease) in net position	(3,176)	295,502
Net position, beginning of year	7,922,744	7,627,242
Net position, end of year	\$ 7,919,568	\$ 7,922,744

City of Harlingen
Motor Vehicle and Warehouse Fund
Enterprise Fund
Comparative Statement of Cash Flows

Year ended September 30,	2023	2022
Cash flows from operating activities		
Receipts from customers	\$ 4,207,017	\$ 4,380,386
Payment to suppliers	(2,330,314)	(2,595,628)
Payments to employees	(441,502)	(394,792)
Net cash provided by (used in) operations	1,435,201	1,389,966
Cash flows from (to) noncapital financing activities		
Transfers from other funds	-	-
Transfers to other funds	(800,804)	(159,811)
Net cash provided by (used in) noncapital financing activities	(800,804)	(159,811)
Cash flows from capital and related financing activities		
Purchase of capital assets	(25,345)	(6,233)
Net cash provided by (used in) capital and related financing activities	(25,345)	(6,233)
Cash flows from investing activities		
Interest received	256,117	34,262
Net cash provided by (used in) investing activities	256,117	34,262
Net increase (decrease) in cash and cash equivalents	865,169	1,258,184
Cash and cash equivalents, beginning of year	5,247,699	3,989,515
Cash and cash equivalents, end of year	\$ 6,112,868	\$ 5,247,699

City of Harlingen
Motor Vehicle and Warehouse Fund
Enterprise Fund
Comparative Statement of Cash Flows - Continued

Year ended September 30,	2023	2022
Reconciliation of operating income to net cash provided		
by (used in) operating activities:		
Operating income (loss)	\$ 541,511	\$ 420,327
Adjustments to reconcile net income from operations		
to net cash from operating activities		
Depreciation	859,789	992,892
Other revenue received	-	726
(Increase) decrease in receivables	3,519	(24,014)
(Increase) decrease in due from other funds	(2,204)	(2,139)
(Increase) decrease in due from component units	2,139	803
(Increase) decrease in prepaid items	-	5,473
(Increase) decrease in inventories	35,784	(9,801)
(Increase) decrease in deferred outflows of resources	(49,297)	(7,409)
Increase (decrease) in deferred inflows of resources	(48,361)	31,135
Increase (decrease) in accounts payable	4,279	1,711
Increase (decrease) in net pension asset/liability	105,405	(36,018)
Increase (decrease) in net other post employment benefit obligations	(17,563)	13,230
Increase (decrease) in accrued expenses	200	2,050
Total adjustments	893,690	968,639
Net cash provided by (used in) operations	\$ 1,435,201	\$ 1,388,966

City of Harlingen
Health Insurance Fund
Internal Service Fund
Comparative Statement of Net Position

September 30,	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 85,010	\$ 564,446
Accounts receivables (net of allowances for uncollectibles)	11,278	13,958
Prepayments	499,053	-
Total assets	\$ 595,341	\$ 578,404
Liabilities		
Current liabilities		
Accounts payable	\$ 15,623	\$ 17,234
Net position		
Unrestricted	579,718	561,170
Total liabilities and net position	\$ 595,341	\$ 578,404

City of Harlingen
Health Insurance Fund
Internal Service Fund
Comparative Statement of Revenues,
Expenditures and Change in Net Position

Year ended September 30,	2023	2022
Operating revenues		
Current use charges	\$ 5,713,666	\$ 5,406,082
Operating expenses		
Contracted services	5,697,339	5,393,686
Total operating expenses	5,697,339	5,393,686
Operating income (loss)	16,327	12,396
Nonoperating revenues		
Interest revenue	2,221	42
Miscellaneous revenue	-	5,254
Total nonoperating revenues	2,221	5,296
Net change in net position	18,548	17,692
Net position, beginning of year	561,170	543,478
Net position, end of year	\$ 579,718	\$ 561,170

City of Harlingen
Health Insurance Fund
Enterprise Fund
Comparative Statement of Cash Flows

Year ended September 30,	2023	2022
Cash flows from operating activities		
Receipts from customers	\$ 5,716,346	\$ 5,403,989
Payment to suppliers	(6,198,003)	(4,920,206)
Net cash provided by (used in) operations	(481,657)	483,783
Net cash provided by (used in) noncapital financing activities	-	-
Cash flows from capital and related financing activities	-	-
Cash flows from investing activities		
Interest received	2,221	42
Net cash provided by (used in) investing activities	2,221	42
Net increase (decrease) in cash and cash equivalents	(479,436)	483,825
Cash and cash equivalents, beginning of year	564,446	80,621
Cash and cash equivalents, end of year	\$ 85,010	\$ 564,446
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 16,327	\$ 12,396
Adjustments to reconcile net income from operations to net cash from operating activities		
Other revenue	-	5,254
(Increase) decrease in receivables	2,680	(7,347)
(Increase) decrease in prepaid items	(499,053)	470,494
Increase (decrease) in accounts payable	(1,611)	2,986
Total adjustments	(497,984)	471,387
Net cash provided by (used in) operations	\$ (481,657)	\$ 483,783

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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>	2023	2022
Assets		
Cash and cash equivalents	\$ 14,183,723	\$ 12,054,929
Investments - other	136,914	-
Receivables (net of allowances for uncollectibles)		
Accounts	180,394	120,162
Due from other government	497,771	480,744
Restricted cash and cash equivalents	-	2,500
Long-term loans receivable	1,311,652	116,652
Redevelopment properties	1,832,094	1,832,094
Total assets	\$ 18,142,548	\$ 14,607,081
Liabilities		
Accounts payable	\$ 175,751	\$ 87,371
Accrued expenditures	6,883	5,629
Customer deposits - payable from restricted assets	-	2,500
Total liabilities	182,634	95,500
Deferred inflows of resources		
Deferred inflows of resources - noncurrent receivables	1,314,520	119,520
Fund balance		
Committed	2,000,000	2,000,000
Unassigned	14,645,394	12,392,061
Total fund balance	16,645,394	14,392,061
Total liabilities, deferred inflows of resources and fund balances	\$ 18,142,548	\$ 14,607,081

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, 2023

	HEDC Activities
Fund balances -- component unit	\$ 16,645,394
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 \$40,9408,273, net of accumulated depreciation totaling \$(13,345,750).	27,062,523
Other long term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.	1,314,520
Long term liabilities, including \$29,161 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.	(19,814,092)
Interest on long-term debt payable is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(713,353)
Included in the noncurrent liability is the recognition of the EDC's OPEB liability required by GASB Cod. Sec. P52, in the amount of \$(29,246) and \$(23,249) for the retiree health care plan and the supplemental death benefits fund, respectively and deferred outflows and inflows of resources totaling \$3,378 and \$18,981 \$(8,534) and \$(715) for the retiree health care plan and the supplemental death benefits fund, respectively.	(39,385)
Included in the noncurrent liability is the recognition of the EDC's net pension liability required by GASB Cod. Sec P20, Pension Activities, in the amount of \$(97,150) for the municipal pension; a deferred inflows of resources for the municipal pension in the amount of \$(4,572); \$245,223 in deferred outflows of resources for the municipal pension	143,501
Net position of the component unit on the statement of net position	\$ 24,599,108

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>	2023	2022
Revenues		
Non property taxes	\$ 6,373,501	\$ 6,099,505
Intergovernmental	278,958	271,442
Miscellaneous and program revenues	900,565	1,006,634
Interest and investment income	582,188	76,350
Total revenues	8,135,212	7,453,931
Expenditures		
Current		
Community and economic development	3,618,920	2,958,805
Debt Service		
Principal retirement	1,510,000	1,450,000
Interest and fiscal agent fees	751,959	817,613
Bond issuance costs and fees	1,000	800
Total expenditures	5,881,879	5,227,218
Net change in fund balance	2,253,333	2,226,713
Fund balance, beginning of year	14,392,061	12,165,348
Fund balance, end of year	\$ 16,645,394	\$ 14,392,061

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, 2023

	HEDC Activities
Net change in fund balances -- component unit fund	\$ 2,253,333
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 \$(1,117,298) exceeded capital outlay expenditures of \$0.	(1,117,298)
Proceeds from the sale of capital assets are recognized as revenue in the fund financial statements. The statement of activities recognizes the difference in proceeds received less net book value.	(585,300)
Other long term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	1,195,000
Repayment of bond and notes payable principal is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement	1,510,000
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 \$19,055 is not recorded either. Also, any changes in compensated absences \$23,268 and the establishment and amortization of premiums related to long-term debt totaling \$292,453, 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.	334,776
GASB Cod. Sec. P52, requires that certain fund expenditures be de-expended and recorded as deferred resource outflows on the statement of net position. These contributions made after the measurement date of December 31, 2022 caused the change in ending net position to change in the amount of \$(8,534) and \$(715) 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 increase in the change in net position totaling \$(29,246) and \$(23,249) 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 \$3,378 and \$18,981 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 \$(39,385).	(39,385)
GASB Cod. Sec. P20, Pension Activities requires that certain fund expenditures be de-expended and recorded as deferred resource outflows on the statement of changes in net position. These contributions made after the measurement date of December 31, 2022 for caused the change in ending net position to increase in the amount of \$245,223. 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 \$(97,150). The City's reported TMRS net pension expense had to be recorded. The net pension expense decreased the change in net position by \$(4,572). The result of these changes is to increase the change in net position by \$143,500	143,500
Change in net position of Harlingen Economic Development Corporation:	\$ 3,694,626

City of Harlingen, Texas
Harlingen Community Improvement Board
Component Unit
Comparative Balance Sheet

<i>September 30,</i>	2023	2022
Assets		
Cash and cash equivalents	\$ 8,920,986	\$ 7,686,400
Receivables (net of allowances for uncollectibles)		
Accounts	990	921
Due from other government	165,924	160,248
Total assets	\$ 9,087,900	\$ 7,847,569
Liabilities		
Accounts payable	\$ 555,504	\$ -
Total liabilities	555,504	-
Fund balance		
Committed	7,131,252	7,615,312
Assigned	-	-
Unassigned	1,401,144	232,257
Total fund balance	8,532,396	7,847,569
Total liabilities and fund balance	\$ 9,087,900	\$ 7,847,569

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, 2023

	HCIB Activities
Fund balances -- component unit	\$ 8,532,396
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 \$1,328,164	1,328,164
Net position of the component unit on the statement of net position	\$ 9,860,560

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>	2023	2022
Revenues		
Non property taxes	\$ 2,080,576	\$ 1,993,260
Intergovernmental	-	-
Interest and investment income	396,687	54,307
Total revenues	2,477,263	2,047,567
Expenditures		
Current		
Community and economic development	604,572	619,827
Capital outlay	1,187,864	140,300
Total expenditures	1,792,436	760,127
Net change in fund balance	684,827	1,287,440
Fund balance, beginning of year	7,847,569	6,560,129
Fund balance, end of year	\$ 8,532,396	\$ 7,847,569

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, 2023

	HCIB Activities
Net Change in fund balances -- component unit fund	\$ 684,827
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	1,187,864
Change in net position of Harlingen Community Improvement Board:	\$ 1,872,691

City of Harlingen, Texas
Harlingen Waterworks System
Component Unit
Comparative Balance Sheet

<i>September 30,</i>	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 8,309,054	9,460,090
Investments - other	21,348,326	18,724,649
Receivables (net of allowances for uncollectibles)	2,410,415	2,077,227
Intergovernmental receivable	1,748,046	1,941,453
Interest receivable	62,555	2,542
Inventories	733,446	659,449
Restricted assets		
Cash and cash equivalents	5,238,404	4,746,540
Investments	6,019,829	4,861,664
Total current assets	45,870,075	42,473,614
Noncurrent Assets		
Net pension asset	-	157,533
Capital assets		
Non-depreciable assets	15,013,506	11,067,863
Depreciable assets	205,457,076	201,299,600
Accumulated depreciation	(135,156,612)	(131,334,335)
Total capital assets, net	85,313,970	81,033,128
Total assets	131,184,045	123,664,275
Deferred outflows of resources		
Deferred charge on refunding	99,307	122,957
Deferred resource outflows for pensions	3,739,692	1,042,185
Deferred resource outflows for OPEB	443,806	838,090
Total deferred outflows of resources	4,282,805	2,003,232
Total assets and deferred outflows of resources	\$ 135,466,850	\$ 125,667,507

City of Harlingen, Texas
Harlingen Waterworks System
Component Unit
Comparative Balance Sheet - Continued

<i>September 30,</i>	2023	2022
Liabilities		
Current liabilities		
Accounts payable	\$ 1,422,700	\$ 772,431
Due to primary government	84,290	164,768
Other liabilities	879,286	678,506
Payable from restricted assets:		
Accrued interest	219,229	234,042
Customer deposits - current	350,000	350,000
Compensated absences - current	500,000	500,000
Revenue bonds - current	1,121,824	1,091,988
Total current liabilities	4,577,329	3,791,735
Noncurrent liabilities		
Revenue bonds payable, net	14,587,933	15,709,757
Compensated absences	363,893	313,684
OPEB - retiree healthcare	7,335,464	9,526,949
OPEB - supplemental death benefits	554,780	761,947
Payable from restricted assets		
Customer deposits	3,224,527	3,055,167
Net pension liability	3,468,446	-
Total long-term debt	29,535,043	29,367,504
Total liabilities	34,112,372	33,159,239
Deferred inflows of resources		
Deferred pension inflows	1,510,939	2,278,118
Deferred OPEB inflows	2,157,596	1,111,183
Total deferred inflows of resources	3,668,535	3,389,301
Net position		
Net investment in capital assets	69,511,731	64,354,340
Restricted	6,177,979	4,883,684
Unrestricted	21,996,233	19,880,943
Total net position	97,685,943	89,118,967
Total liabilities, deferred inflows of resources and net position	\$ 135,466,850	\$ 125,667,507

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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>	2023	2022
Operating revenues		
Charges for services		
Current use charges	\$ 22,473,088	\$ 21,625,716
Operating expenses		
Personal services	9,185,418	10,588,597
Contracted services	3,108,456	3,204,306
Supplies and maintenance	4,591,038	3,843,099
Other expenses	204,381	135,369
Depreciation	3,822,275	3,985,166
Total operating expenses	20,911,568	21,756,537
Operating income	1,561,520	(130,821)
Non-operating revenues		
Impact fees	1,025,058	1,193,766
Investment earnings	1,549,664	199,763
Miscellaneous revenue	860,450	934,652
Intergovernmental	2,487,316	1,941,453
Total non-operating revenues	5,922,488	4,269,634
Non-operating expenses		
Interest and amortization expense	486,724	519,360
Net income (loss) before capital contributions	6,997,284	3,619,453
Capital contributions	1,569,692	1,771,649
Change in net position	8,566,976	5,391,102
Net position, beginning	89,118,967	83,727,865
Net position, end of year	\$ 97,685,943	\$ 89,118,967

City of Harlingen, Texas
Harlingen Waterworks System
Component Unit
Comparative Statement of Cash Flows

<i>Year ended September 30,</i>	2023	2022
Cash flows from operating activities		
Receipts from customers - service revenue	\$ 27,339,647	\$ 24,655,087
Payments to suppliers	(7,304,722)	(7,481,867)
Payments to employees	(9,863,241)	(9,160,750)
Net cash provided by operations	10,171,684	8,012,470
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(7,993,848)	(6,945,283)
Proceeds from impact fees	1,025,058	1,193,766
Principal paid on revenue bonds	(1,025,000)	(995,000)
Interest and fees paid on revenue bonds	(544,876)	(579,975)
Net cash provided by (used in) capital and related financing activities	(8,538,666)	(7,326,492)
Cash flows from investing activities		
Purchase of investments	(32,830,009)	(22,602,341)
Maturity of investments	29,048,168	19,047,575
Investment earnings	1,489,651	199,165
Net cash provided by (used in) investing activities	(2,292,190)	(3,355,601)
Net (decrease) increase in cash and cash equivalents	(659,172)	(2,669,623)
Cash and cash equivalents, beginning of year	14,206,630	16,876,253
Cash and cash equivalents, end of year	\$ 13,547,458	\$ 14,206,630

City of Harlingen, Texas
Harlingen Waterworks System
Component Unit
Comparative Statement of Cash Flows - Continued

<i>Year ended September 30,</i>	2023	2022
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income	\$ 1,561,520	\$ (130,820)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	3,822,275	3,985,166
Non-operating revenue	4,917,458	4,647,753
Increase in receivables	(139,781)	(1,764,670)
(Increase) decrease in inventories	(73,997)	(203,494)
Increase in net pension asset	157,533	1,174,273
Increase in pension related deferred outflows	(2,697,507)	65,317
Increase in OPEB related deferred outflows	394,284	623,930
Decrease in accounts payable	650,269	(167,470)
Increase (decrease) in due to primary government	(80,478)	47,565
Increase (decrease) in other liabilities	(2,099,974)	(1,387,825)
Increase (decrease) in liability for compensated absences	50,209	24,540
Increase (decrease) in net pension liability	3,468,446	-
Increase (decrease) in OPEB liability	(207,167)	49,713
Increase (decrease) in pension related deferred inflows	(767,179)	458,317
Increase in OPEB related deferred inflows	1,046,413	440,869
Increase in customer deposits	169,360	149,306
Total adjustments	8,610,164	8,143,290
Net cash provided by operations	\$ 10,171,684	\$ 8,012,470
Supplemental disclosures of noncash capital activities:		
Water lines, sewer mains and related infrastructure contributed to the Waterworks System by developers	\$ 1,569,692	\$ 1,771,649

City of Harlingen, Texas
Valley International Airport
Component Unit
Comparative Balance Sheet

<i>September 30,</i>	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 7,377,590	\$ 7,964,364
Investments	1,498,733	4,481,066
Accounts receivable	1,067,770	850,176
Other receivable	7,079,196	3,779,957
Prepaid expenses and deposits	102,659	25,639
Lease receivable - current	1,612,496	1,539,045
Total current assets	18,738,444	18,640,247
Noncurrent Assets		
Lease receivable - non-current	11,830,103	5,145,885
Net pension asset	-	306,933
Right-of-use asset, net of accumulated amortization	7,452	9,905
Capital assets		
Land	6,177,998	6,177,998
Construction in progress	21,258,810	2,792,908
Buildings	53,604,669	50,367,317
Runways and taxiways	77,774,890	77,774,890
Land improvements	27,645,780	23,437,613
Furniture and fixtures	3,073,954	3,060,254
Machinery and equipment	16,059,963	15,739,297
Less accumulated depreciation	(110,449,970)	(102,568,516)
Net capital assets	95,146,094	76,781,761
Total noncurrent assets	106,983,649	82,244,484
Total assets	125,722,093	100,884,731
Deferred outflows of resources		
Deferred resource outflows for pensions	947,509	159,418
Deferred resource outflows for OPEB	43,052	42,115
Total deferred outflows of resources	990,561	201,533
Total assets and deferred outflows of resources	\$ 126,712,654	\$ 101,086,264

City of Harlingen, Texas
Valley International Airport
Component Unit
Comparative Balance Sheet - Continued

<i>September 30,</i>	2023	2022
Liabilities		
Current liabilities		
Accounts payable	\$ 5,535,521	\$ 977,985
Accrued expenses	86,591	80,722
Current portion of unearned revenue	47,260	224,689
Current portion of compensated absences	25,000	25,000
Lease liability - current	2,181	1,887
Total current liabilities	5,696,553	1,310,283
Long-term liabilities, net of current maturities		
Unearned revenue	162,043	227,796
Compensated absences	348,138	322,969
Lease liability	6,125	8,306
Net pension liability	967,879	-
OPEB liability - retiree healthcare	350,947	342,570
OPEB liability - supplemental death benefit	50,301	101,221
Total long-term liabilities	1,885,433	1,002,862
Total liabilities	7,581,986	2,313,145
Deferred inflows of resources		
Deferred inflows of resources related to leases	13,436,308	6,768,015
Deferred inflows of resources for pensions	25,635	413,259
Deferred inflows of resources related to OPEB liability	153,290	43,765
Total deferred inflows of resources	13,615,233	7,225,039
Net position		
Net investment in capital assets	93,418,106	76,322,699
Unrestricted	12,097,329	15,225,381
Total net position	105,515,435	91,548,080
Total liabilities, deferred inflows of resources and fund balances	126,712,654	\$ 101,086,264

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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>	2023	2022
Operating revenues	\$ 8,099,562	\$ 6,796,027
Operating expenses		
Personnel	4,737,260	4,136,184
Contracted services	2,141,530	2,145,859
Materials and supplies	710,179	751,533
Other expenses	930,837	1,011,136
Total operating expenses before depreciation expense	8,519,806	8,044,712
Operating income before depreciation expense	(420,244)	(1,248,685)
Depreciation expense	10,485,196	9,200,028
Operating loss	(10,905,440)	(10,448,713)
Non-operating revenues		
Investment earnings	590,345	128,802
Gain on sale asset	40,065	6,469
Intergovernmental revenues - Federal grants	3,856,448	10,235,994
Total non-operating revenues	4,486,858	10,371,265
Net income (loss) before capital contributions	(6,418,582)	(77,448)
Capital contributions		
Passenger facility charges, including interest	1,724,271	1,715,857
Federal and local grants	18,661,666	5,085,223
Total capital contributions	20,385,937	6,801,080
Change in net position	13,967,355	6,723,632
Net position, beginning	91,548,080	84,824,448
Net position, end of year	\$ 105,515,435	\$ 91,548,080

City of Harlingen, Texas
Valley International Airport
Component Unit
Comparative Statement of Cash Flows

<i>Year ended September 30,</i>	2023	2022
Net cash from operating activities		
Operating cash receipts from customers	\$ 7,695,432	\$ 6,921,411
Cash payments to suppliers for goods and services	696,302	(6,473,153)
Cash payments to employees for services	(4,541,080)	(4,245,403)
Net cash (used in) provided by operating activities	3,850,654	(3,797,145)
Net cash flows from (to) noncapital and related financing activities		
Federal grants - Federal Aviation Administration	586,399	9,424,963
Net cash provided by capital and related financing activities	586,399	9,424,963
Net cash flows from (to) capital and related financing activities		
Capital contributions - Federal Aviation Administration	18,661,666	5,085,223
Fixed assets additions and construction	(28,991,430)	(6,344,224)
Proceeds from sale of assets	40,065	6,469
Passenger facility charges, including interest	1,724,271	1,715,857
Right-of-use asset additions (net)	(1,887)	(1,453)
Net cash (used in) provided by capital and related financing activities	(8,567,315)	461,872
Net cash flows from (to) investing activities		
Purchase of investments	2,953,143	(4,481,066)
Interest received from investments	590,345	57,640
Net cash (used in) provided by investing activities	3,543,488	(4,423,426)
Net decrease in cash and cash equivalents	(586,774)	1,666,264
Cash and cash equivalents, beginning of year	7,964,364	6,298,100
Cash and cash equivalents, end of year	\$ 7,377,590	\$ 7,964,364

City of Harlingen, Texas
Valley International Airport
Component Unit
Comparative Statement of Cash Flows - Continued

<i>Year ended September 30,</i>	2023	2022
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities?		
Operating income (loss)	\$ (10,905,440)	\$ (10,448,713)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	10,485,196	9,200,028
(Increase) decrease in accounts receivable	(217,594)	268,001
(Increase) decrease in prepaid expenses	(77,020)	13,827
(Increase) decrease in net pension asset	1,274,812	(109,640)
(Increase) decrease in deferred outflows of resources	(789,028)	(266,349)
Increase (decrease) in accounts payable	4,557,536	(2,577,527)
Increase (decrease) in accrued expenses	5,869	10,995
Increase (decrease) in compensated absences	25,169	(18,779)
Increase in net OPEB obligations	(42,543)	20,165
Increase (decrease) in unearned revenue	(243,182)	(297,789)
Increase (decrease) in deferred inflows of resources	(278,099)	254,389
Increase (decrease) in lease receivables and inflows (net)	(89,376)	83,085
Increase (decrease) in interest income/expense from leases	144,354	71,162
Net cash provided by (used in) operations	\$ 3,850,654	\$ (3,797,145)
<i>Supplemental disclosures of noncash capital activities:</i>		
Revenue recognized in connection with long-term lease	\$ -	\$ 211,527

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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,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
General government	\$ 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	\$ 8,962,106
Public safety	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	30,848,555
Highways and streets	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	15,532,909
Health and welfare	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	2,457,361
Community and economic development	-	-	-	3,079,700	3,015,071	4,981,305	2,948,451	4,868,179	5,657,302	5,029,264
Culture and recreation	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	6,195,431
Interest on long term debt	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	890,620
Total Expenses	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	69,916,246
Program Revenues:										
Charges for services:										
General government	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	4,927,106
Public safety	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	3,532,053
Highways and streets	-	-	-	400,460	398,508	365,936	240,422	1,670,533	2,361,145	1,887,552
Health and welfare	841	11,155	12,190	11,472	3,160	12,998	5,749	72,944	508,482	5,868
Community and economic development	-	-	-	-	148,242	729,267	175,653	321,613	517,192	380,685
Culture and recreation	417,535	442,838	480,345	626,250	258,936	596,246	1,120,847	992,673	658,335	560,221
Operating grants and contributions	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	10,243,606
Capital grants and contributions	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	11,554,779
Total Program Revenues	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	33,091,870
Net (Expense) Revenue	(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)	(36,824,376)
General Revenues and Transfers:										
Taxes:										
Property taxes, levied for general purposes	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	20,511,409
Property taxes, levied for debt service	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	3,704,386
Sales taxes	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	24,703,366
Franchise taxes	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	3,189,407
Hotel/Motel taxes	944,692	1,024,253	997,629	954,465	1,020,447	1,176,685	1,132,665	1,262,390	1,619,592	1,816,704
Mixed beverage taxes	-	-	-	184,095	210,157	208,273	160,936	220,538	235,792	267,020
Assessments	-	310,712	321,220	230,704	1,473,276	1,731,379	1,602,743	-	-	-
Unrestricted investment earnings	36,194	24,939	48,058	221,539	664,469	693,991	277,582	35,906	424,727	2,969,997
Miscellaneous	694,737	555,397	151,486	1,188,735	378,274	217,282	425,688	214,841	334,835	535,975
Interest on notes receivable	-	-	-	6,425	3,918	-	-	45,160	37,970	30,902
Gain (loss) on sale of assets	-	-	-	263,501	77,611	62,328	501,268	193,831	423,025	134,137
Utility company settlement	(12,121)	(33,986)	68,951	-	-	-	-	-	-	-
Transfers	794,400	2,377,945	1,203,909	1,097,044	1,355,500	183,294	(78,589)	(628,015)	171,009	(600,596)
Total General Revenues and Transfers	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	57,262,707
Change in Net Position	\$ (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	\$ 20,438,331

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,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Sanitation Services	\$ 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	\$ 10,562,044
Golf Course Services	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	1,397,498
Auditorium Services	678,938	615,792	642,887	630,272	538,451	508,307	500,932	314,790	317,806	311,039
Museum Services	111,320	132,927	141,234	127,988	117,026	137,895	127,734	110,164	115,445	120,144
Total Expenses	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	12,390,725
Program Revenues:										
Charges for Services:										
Sanitation Services	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	10,662,285
Golf Course Services	982,509	954,741	919,727	965,623	854,528	791,264	666,986	845,185	854,186	940,954
Auditorium Services	150,290	236,971	234,792	177,893	226,667	219,883	28,269	2,633	104,467	153,901
Museum Services	3,181	4,607	3,694	8,150	2,880	5,984	3,303	213	621	694
Total Program Revenues	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	11,757,834
Net (Expense) Revenue	163,774	680,021	1,147,463	956,557	864,262	911,423	(118,263)	59,538	(266,264)	(632,891)
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	16,948
Capital Grants and Contributions	50,214	49,486	-	-	703,188	-	-	-	-	-
General Revenues and Transfers:										
Unrestricted investment earnings	5,269	2,759	10,521	47,492	155,379	199,587	77,454	3,356	55,287	343,536
Miscellaneous	14,098	11,504	6,880	1,057,029	24,706	186,374	38,329	125,170	30,399	124,090
Gain on sale of assets	778,731	490,489	1,165	4,612	25,190	64,624	(11,489)	8,190	-	8,132
Transfers	(794,400)	(2,377,945)	(1,203,909)	(1,097,044)	(1,355,500)	(183,294)	78,589	628,015	(171,009)	600,596
Total General Revenues and Transfers	3,698	(1,873,193)	(1,185,343)	12,089	(1,150,225)	267,291	182,883	764,731	(85,323)	1,076,354
Change in Net Position	\$ 217,686	\$ (1,143,686)	\$ (37,880)	\$ 968,646	\$ 417,225	\$ 1,178,714	\$ 64,620	\$ 824,269	\$ (351,587)	\$ 460,411

City of Harlingen, Texas
Changes in Net Position - Total
Last Ten Fiscal Years (Accrual Basis of Accounting)

Table 3

Fiscal Year Ended September 30,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental Activities *	\$ 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	\$ 69,916,246
Business-type Activities **	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	12,390,725
Total Expenses	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	82,306,971
Program Revenues:										
Governmental Activities *	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	33,091,870
Business-type Activities **	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	11,774,782
Total Program Revenues	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	44,866,652
Net (Expense) Revenue	(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)	(37,440,319)
Governmental Activities *	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	57,262,707
Business-type Activities **	217,686	(1,823,707)	(1,185,343)	12,089	(1,150,225)	267,291	182,883	764,731	(85,323)	1,076,354
Total General Revenues and Transfers	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	58,339,061
Change in Net Position	\$ (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	\$ 20,898,742

* 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,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net Investment in capital assets	\$ 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	\$ 110,582,571
Restricted	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	10,651,169
Unrestricted	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	17,220,124
Total governmental activities net position	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	138,453,864
Business-type activities										
Net Investment in capital assets	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	9,939,990
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	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	5,307,585
Total business-type activities net position	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	15,247,575
Primary government										
Net Investment in capital assets	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	120,522,561
Restricted	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	10,651,169
Unrestricted	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	22,527,709
Total primary government net position	\$ 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	\$ 153,701,439

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,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Taxes	\$ 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	\$ 56,224,481
Fines and forfeitures	1,681,265	1,780,419	1,657,510	1,372,991	1,155,149	1,148,803	848,008	769,240	847,665	1,005,676
Licenses and permits	564,486	502,973	549,401	650,476	655,628	690,991	706,930	796,577	907,850	984,063
Improvements and assessments	-	117,564	215,833	15	20	-	-	-	-	-
Charges for services	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	2,048,062
Intergovernmental	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	15,369,432
Miscellaneous	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	9,129,193
Interest and Investment Income	36,271	24,941	48,055	227,927	611,680	827,410	329,863	41,166	430,496	2,974,826
Total Revenues	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	87,735,733
Expenditures:										
General Government	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	10,768,343
Public Safety	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	29,627,227
Highways and streets	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	11,497,465
Health and welfare	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	1,557,908
Community and economic development	-	-	-	1,977,463	2,556,833	4,063,068	2,867,872	3,561,987	4,186,266	3,663,165
Culture and recreation	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	5,521,810
Capital outlay	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	15,137,585
Debt service										
Principal retirement	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	4,305,730
Interest	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	1,045,023
Cost of refunded bonds	-	-	-	-	-	-	64,660	115,699	-	-
Administrative charges	-	196,767	308,236	210,281	2,256	-	-	-	-	-
Total Expenditures	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	83,124,256
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(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	4,611,477
Other Financing Sources (Uses)										
Transfers in	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	4,297,791
Transfers out	(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)	(4,097,583)
Insurance recovery	-	-	-	4,794	-	-	-	-	-	-
Issuance of debt	3,273,794	-	-	-	-	-	-	-	-	-
Bond and/or certificate of obligation proceeds	(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	-	-	-	-	-	-	280,521	456,765	-	-
Note and lease proceeds	1,483,892	47,250	-	263,501	97,777	-	1,000,000	-	180,756	153,853
Proceeds from sale of capital assets	-	-	-	-	77,611	62,328	501,268	193,831	423,025	134,137
Total Other Financing Sources (Uses)	2,285,364	555,219	190,317	14,033,411	698,627	332,114	1,982,766	798,752	934,601	488,198
Net Change in Fund Balances	\$ (884,904)	\$ (895,069)	\$ 1,216,915	\$ 10,931,147	\$ (3,283,639)	\$ (5,303,626)	\$ 7,320,444	\$ (302,669)	\$ 6,302,540	\$ 5,099,675
Debt Service as a Percentage of Non-Capital Expenditures	9.31%	8.97%	8.91%	9.78%	9.84%	9.42%	9.93%	8.88%	8.46%	7.87%

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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Property Taxes - including P and I	\$ 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	\$ 20,616,761
Non-property Taxes	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	28,353,023
Fines & Forfeitures	1,681,265	1,672,287	1,442,634	1,113,512	918,840	1,059,835	831,889	748,710	720,676	815,543
Licenses & Permits	564,486	502,973	549,401	650,476	655,628	690,991	706,930	796,577	907,850	984,063
Charges for Services	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	1,705,619
Intergovernmental	583,121	689,624	58,815	59,730	1,176,253	1,347,063	5,743,698	1,713,453	1,246,018	1,250,371
Contributions and Donations	831,217	2,503,630	696,413	628,274	893,039	94,551	3,228,964	5,426,883	3,880,999	8,002,340
Miscellaneous	294,913	155,673	131,008	604,711	182,243	192,553	401,968	199,393	322,514	269,385
Interest and Investment Income	22,098	14,062	32,006	115,237	310,605	547,187	238,198	31,700	195,222	1,735,737
Total Revenues	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	63,732,842
Expenditures:										
General Government	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	8,068,292
Public Safety	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	28,067,200
Highways & Streets	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	4,770,373
Health & Welfare	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	1,105,612
Community and economic development	-	-	-	597,316	1,739,678	1,818,633	1,748,118	1,797,072	1,902,713	2,003,237
Culture & Recreation	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	4,592,515
Capital Outlay	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	8,878,918
Debt Payments	-	339,567	540,738	168,672	192,177	202,239	313,595	312,756	316,220	585,387
Total Expenditures	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	58,071,534
Excess (Deficiency) of Revenues										
Over/(Under) Expenditures	(393,232)	(480,306)	847,973	580,575	884,643	1,119,007	4,969,175	(285,603)	2,358,582	5,661,308
Budgeted Transfers and										
Other Financing Sources (Uses)	1,792,697	(759,632)	(76,639)	1,216,746	1,153,268	(1,029,544)	442,473	2,398,855	942,971	361,174
Excess of Revenues										
Other Financing Sources (Uses)										
Over (Under) Expenditures & Others	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	6,022,482
Beginning 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
Ending Fund Balance	\$ 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	\$ 37,488,662

City of Harlingen, Texas
Fund Balances- Governmental Funds
Last Ten Fiscal Years- (Modified Accrual Basis of Accounting)

Table 7

Fiscal Year Ended September 30,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nond spendable	\$ 19,599	\$ 5,238	\$ 41,628	\$ 35,008	\$ 31,019	\$ 221,518	\$ 182,808	\$ 409,842	\$ 294,220	\$ 341,120
Restricted	-	-	-	-	-	-	118,119	185,308	249,785	69,346
Assigned	-	-	-	-	-	428,246	573,369	1,319,556	572,280	2,015,275
Unassigned	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	35,062,921
Total General Fund	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	37,488,662
General Fund Percentage Change	#VALUE!	-7.2%	4.8%	10.8%	11.0%	0.4%	26.2%	8.1%	11.7%	19.1%
All Other Governmental Funds										
Nond spendable	-	624	3,466	1,847	6,306	436	25,000	741	43,750	86,072
Restricted	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	10,581,823
Committed	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	3,268,816
Assigned	-	-	-	-	-	-	-	1,131,711	1,195,959	1,273,970
Unassigned	(218,895)	(137,216)	(212,367)	(355)	30,691	440,461	529,671	(1,343,182)	(1,965,449)	(3,593,018)
Total All Other Governmental Funds	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	11,617,663
Total Governmental Funds										
Nond spendable	19,599	5,862	45,094	36,855	37,325	221,954	207,808	410,583	337,970	427,192
Restricted	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	10,651,169
Committed	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	3,268,816
Assigned	-	-	-	-	-	428,246	573,369	2,451,267	1,768,239	3,289,245
Unassigned	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	31,469,903
Total Governmental Funds	\$ 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	\$ 49,106,325
All Governmental Funds										
Percentage Change	-3.0%	-3.2%	4.5%	38.4%	-8.7%	-14.7%	23.9%	-0.8%	16.7%	11.6%

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
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
2023	24,341,793	24,966,911	3,216,332	1,816,704	267,020	54,608,760
Percentage Change In Dollars Over 10 Years	40.5%	54.9%	2.5%	132.6%	63.2%	45.5%

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				
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%
2023	2022	3,953,463,879	604,057,949	581,739,239	3,975,782,589	0.606357	6.9%

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	
		General Fund	Debt Service Fund	Total	Harlingen CISD	South Texas ISD	Port of Harlingen	Cameron County	Total
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
2023	2022	0.512729	0.093628	0.606357	1.156200	0.049200	0.026013	0.436893	2.274663

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
2014	2013	\$ 16,808,735	\$ 50,494	\$ 16,859,229	\$ 16,343,303	96.94%	\$ 467,657	\$ 16,810,960	99.71%
2015	2014	17,124,639	(72,730)	17,051,909	16,714,992	98.02%	290,950	17,005,942	99.73%
2016	2015	17,514,160	(224,119)	17,290,041	17,073,956	98.75%	166,162	17,240,118	99.71%
2017	2016	17,753,400	33,475	17,786,875	17,265,768	97.07%	463,824	17,729,592	99.68%
2018	2017	18,347,246	20,517	18,367,763	17,868,349	97.28%	437,422	18,305,771	99.66%
2019	2018	19,016,342	(87,959)	18,928,383	18,404,809	97.23%	441,809	18,846,618	99.57%
2020	2019	21,232,625	184,858	21,417,483	20,872,708	97.46%	451,974	21,324,682	99.57%
2021	2020	21,067,994	1,245,246	22,313,240	21,804,095	97.72%	379,442	22,183,537	99.42%
2022	2021	23,251,647	(88,650)	23,162,997	22,697,490	97.99%	243,605	22,941,095	99.04%
2023	2022	23,990,605	26,039	24,016,644	23,449,309	97.64%	-	23,449,309	97.64%

Source: Harlingen Tax Office and the Cameron County Tax Office

**City of Harlingen, Texas
Principal Property Taxpayers**

Table 12

Fiscal Years Ended September 30,

2023				2014			
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	\$ 60,586,250	1.52%	VHS Harlingen Hospital Company LLC	Medical Services	\$ 78,707,603	2.75%
AEP Texas Inc	Electricity Suppliers	57,526,360	1.45%	Boyer Harlingen LC	Real Estate Developers	27,955,724	0.98%
VHS Harlingen Hospital Company LLC	Medical Services	32,646,356	0.82%	AEP Texas Inc	Electricity Suppliers	25,210,480	0.88%
Boyer Harlingen LC	Real Estate Developers	27,575,632	0.69%	Harlingen Medical Center Realty LLC	Medical Real Estate Developers	23,630,475	0.83%
Walmart Inc,	Retail	27,304,435	0.69%	VHS Harlingen Hospital Company LLC	Medical Services	23,498,490	0.82%
HMC Realty LLC	Real Estate Developers	23,000,000	0.58%	Mall at Valle Vista LLC	Shopping Center Operations	20,843,119	0.73%
Sunburst/Encore LP	Real Estate Managers	18,111,364	0.46%	United Launch Alliance, LLC	Aviation Aerospace	19,688,399	0.69%
The Cameron County Housing	Real Estate Managers	17,888,442	0.45%	AMS Harlingen I LP	Shopping Centr Operations	15,356,929	0.54%
Union Pacific RR CO-07C	Railroad	16,270,640	0.41%	VHS Harlingen Hospital Co LLC	Medical Services	14,267,294	0.50%
Valle Vista Mall Realty Et Al	Shopping Center Operations	15,557,027	0.39%	Valley Baptist Realty Corp	Medical Real Estate Developers	12,555,287	0.44%
		<u>\$ 296,466,506</u>	<u>7.46%</u>			<u>\$ 261,713,800</u>	<u>9.16%</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
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%
2023	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						Business-Type	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	Financed Purchases					
2014	\$ 646,416	\$ 17,995,000	\$ 26,455,000	\$ 1,350,833	\$ -	\$ 134,945	\$ -	\$ 46,582,194	2.10%	1.55%		2,684
2015	3,589,635	16,390,000	25,695,000	1,258,116	-	134,830	-	47,067,581	2.05%	1.46%		2,633
2016	3,519,635	28,875,000	8,765,000	1,110,281	-	2,718,135	-	44,988,051	2.00%	1.39%		2,546
2017	3,449,635	27,645,000	19,790,000	958,121	-	2,270,495	-	54,113,251	2.31%	1.57%		2,956
2018	3,379,635	25,190,000	19,090,000	875,667	-	1,880,277	-	50,415,579	2.02%	1.41%		2,580
2019	3,309,635	22,685,000	18,370,000	694,645	-	1,880,277	-	46,939,557	1.83%	1.26%		2,360
2020	4,165,839	21,815,000	15,705,000	515,496	-	1,880,277	252,345	44,333,957	1.69%	1.08%		2,163
2021	4,013,640	22,530,000	11,205,000	342,325	-	1,500,582	202,901	39,794,448	1.28%	0.98%		1,975
2022	3,857,236	19,430,000	10,790,000	164,719	365,899	1,071,561	152,052	35,831,467	2.25%	0.81%		1,618
2023	3,396,225	16,180,000	10,360,000	-	322,398	785,874	99,758	31,144,255	1.77%	0.67%		1,278

*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, 2023

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	\$ 31,044,497	100.00%	\$ 31,044,497
Total Direct Debt	31,044,497		31,044,497
Overlapping Debt			
Cameron County	126,631,766	16.13%	20,425,704
Harlingen Consolidated Independent School District	106,520,000	75.05%	79,943,260
Rio Hondo Independent School District	32,982,072	1.67%	550,801
San Benito Consolidated Independent School District	82,630,000	1.51%	1,247,713
Total Overlapping Debt	348,763,838		102,167,477
Total Direct and Overlapping Debt	\$ 379,808,335		\$ 133,211,974

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,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Assessed Value	\$ 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	\$ 3,975,782,589
Legal Debt Margin										
Legal Debt Limit										
\$2.50 per \$100 of assessed valuation	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	99,394,565
General Obligation Bonds	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	16,180,000
Deduct Amount Available in Debt Service Fund	(1,008,996)	(1,033,665)	(1,230,000)	(1,840,000)	(920,079)	(1,075,322)	(958,835)	(459,998)	(649,990)	(584,481)
Applicable Debt Margin	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	15,595,519
Legal Debt Margin	\$ 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	\$ 83,799,046
As a percentage of debt limit	78.51%	80.96%	61.14%	66.68%	69.02%	73.45%	75.89%	74.41%	79.80%	84.31%

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)
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%
2023	72,169	1,758,253,347	24,363	31.8	17,037	5.90%

(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,

2023				2014			
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	6.50%	Harlingen Consolidated School District	3,321	1	17.98%
Advanced Call Center Technologies	2,915	2	5.78%	Valley Baptist Medical Center	3,234	2	17.51%
Valley Baptist Medical Center	1,049	3	2.08%	Vicki Roy Home Health	975	3	5.28%
Harlingen Medical Center	684	4	1.36%	Dish Network	883	4	4.78%
Veterans Affairs	611	5	1.21%	Advanced Call Center Technologies	740	5	4.01%
City of Harlingen	597	6	1.18%	City of Harlingen	620	6	3.36%
United HealthCare Services, Inc.	594	7	1.18%	HEB (3) Harlingen Locations	607	7	3.29%
Rio Grande State Center	572	8	1.13%	Bee First Primary Home Care	600	8	3.25%
HEB (3) Harlingen Locations	567	9	1.12%	Cardone Industries	600	9	3.25%
Texas State Technical College	494	10	0.98%	Texas State Technical College	572	10	3.10%
Total Principal Employers	11,361		22.53%	Total Principal Employers	12,152		65.78%
Other Employers	39,063		77.47%	Other Employers	6,322		34.22%
Total Employers	50,424		100.00%	Total Employers	18,474		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>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>Administrative Services</u>										
City Manager	5	4	4	4	4	4	4	4	5	5
City Secretary	2	2	2	2	3	3	3	3	3	3
City Attorney	2	2	2	3	1	1	1	-	1	-
Public Information Officer	-	1	-	-	-	1	1	1	1	3
Special Projects	-	0	-	-	-	1	1	1	2	2
Internal Auditor	1	0	1	1	1	1	1	1	1	1
Total Administrative Services	10	9	9	10	9	11	11	10	13	14
<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	2	2	2	2	2	2
Total Human Resources	7	7	7	7	6	6	6	6	6	6
<u>Police Department</u>										
Police Department	138	140	144	144	143	143	143	139	144	139
Police Services	51	51	52	52	52	49	49	43	48	56
Total Police Department	189	191	196	196	195	192	192	182	192	195
<u>Fire Department</u>										
Fire Suppression	107	107	107	107	98	98	98	97	107	109
Fire Prevention	6	6	6	6	6	6	6	6	5	6
Airport Prevention	-	-	-	-	9	9	9	10	10	10
Total Fire Department	113	113	113	113	113	113	113	113	122	125
<u>Financial Services</u>										
Finance	12	12	12	12	11	11	11	11	11	11
Municipal Court	10	10	10	10	10	10	9	9	9	10
Vital Statistics	4	4	4	4	4	4	4	4	4	4
Management Information Systems	3	3	4	4	3	3	3	3	4	4
Total Financial Services	29	29	30	30	28	28	27	27	28	29
<u>Development Services</u>										
Planning & Development	5	6	5	5	5	5	5	6	5	5
Engineering	5	4	4	4	4	5	5	5	6	7
Building Inspection	6	6	6	6	6	7	7	7	7	10
Public Buildings	19	19	19	19	18	17	17	19	20	20
Animal Control	4	4	4	4	4	4	4	4	5	5
UT Grant	0	1	1	1	1	1	1	1	1	1
Environmental Health	5	5	5	5	5	5	5	5	6	5
Storm Water Management	1	1	1	1	1	-	-	-	-	-
Code Enforcement	8	8	8	8	8	7	7	7	7	8
Total Development Services	53	54	53	53	52	51	51	54	57	61

City of Harlingen, Texas
City Employees by Function/Program
Last Ten Fiscal Years

Table 19

<i>Fiscal Year Ended September 30,</i>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>Public Works</u>										
Public Works Administration	4	4	4	4	5	3	3	3	4	5
Street Maintenance	25	25	25	25	25	25	25	25	25	32
Street Cleaning	6	6	6	6	6	6	6	6	5	6
Sanitation Landfill	10	10	11	11	12	13	13	12	12	12
Sanitation Recycling Center	2	2	4	4	4	4	4	1	1	-
Sanitation	42	42	40	40	40	40	40	40	40	43
Traffic Signal Maintenance	4	4	4	4	4	4	4	4	4	4
Internal Services	10	9	10	10	9	9	9	9	13	5
Metropolitan Planning Organization	4	4	4	4	4	-	-	-	-	-
Total Public Works	107	106	108	108	109	104	104	100	104	107
<u>Public Services</u>										
Public Services Administration	2	2	1	1	1	3	3	3	4	3
Parks	35	35	29	29	29	29	29	29	33	31
Recreation	2	2	3	3	2	2	2	2	2	2
Pendleton Pool	1	1	1	1	1	1	1	1	1	2
Municipal Golf Course	21	21	21	21	21	19	18	18	18	25
Municipal Auditorium	2	1	1	1	1	1	1	1	1	1
Library	22	22	22	22	22	22	22	22	22	23
Harlingen Arts & Heritage Museum	3	3	3	3	3	2	2	2	2	3
Total Public Services	88	87	81	81	80	79	78	77	82	90
<u>Community Destination</u>										
Community Development Block Grant	4	4	5	5	5	5	5	5	5	4
Harlingen Downtown District	3	3	3	3	3	3	3	3	3	4
Convention & Visitor's Bureau	4	3	3	3	3	3	3	3	3	3
Economic Development Corporation	5	5	5	5	5	5	5	6	6	7
Total Community Destination	16	15	16	16	16	16	16	17	17	18
Grand Total	612.0	611.0	613.0	614.0	608.0	600.0	598.0	585.0	620.0	645.0

City of Harlingen, Texas
Operating Statistics by Function/Program
Last Ten Fiscal Year

Table 20

Fiscal Year Ending September 30,

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Airports										
Number of airports:	1	1	1	1	1	1	1	1	1	1
Scheduled airplane flights per day departing:	13	11	11	14	14	16	8	10	14	14
Scheduled airplane flights per day arriving:	13	11	11	14	14	16	8	10	14	14
Passenger enplaning and deplaning (approximate):	583,652	533,206	518,994	546,304	605,820	673,579	419,887	542,268	795,144	863,798
Fire Protection										
Number of stations:	7	7	7	8	8	8	7	8	8	8
Number of hydrants:	2,546	2,558	2,628	2,572	2,572	2,632	2,230	2,637	2,691	2,734
Number of fighters:	109	109	109	109	109	109	109	110	109	110
Firefighters per 1,000 population:	1.65	1.65	1.65	1.65	1.65	1.62	1.67	1.39	1.52	1.53
Police Protection										
Number of stations:	1	1	1	1	1	1	1	1	1	1
Number of sub-stations:	2	1	0	0	0	0	0	0	0	0
Number of sworn officers:	141	141	143	143	143	143	139	139	139	139
Sworn officers per 1,000 population:	2.14	2.14	2.20	2.20	2.20	2.20	2.12	1.93	1.93	1.93
Libraries										
Number of public libraries:	1	1	1	1	1	1	1	1	1	1
Number of volumes:	122,221	108,662	112,361	111,601	112,205	113,180	90,438	94,794	98,301	100,767
Circulation of volumes:	172,489	161,695	160,976	178,703	178,838	193,917	121,192	106,533	142,332	156,422
Circulation per capita:	2.63	2.40	2.43	3.85	3.54	3.53	2.29	2.11	3.06	2.73
Library cards in force (approximate)	21,165	42,785	43,609	46,442	50,477	55,020	52,903	50,511	46,418	50,000
Parks and Recreation										
Park acreage developed:	723.00	461.00	461.00	612.00	612.00	612.00	612.00	612.00	612.00	612.00
Park acreage undeveloped:	568.00	116.00	140.00	122.00	122.00	122.00	97.00	97.00	97.00	97.00
Playgrounds:	13	14	14	16	17	17	17	17	17	17
Private golf course:	3	3	3	3	2	2	2	2	2	2
Public golf course:	3	3	3	3	3	3	3	3	3	3
Number of holes:	90	90	90	90	81	81	81	81	81	81
Streets										
Miles of paved streets:	260.31	261.93	262.14	262.61	263.35	263.35	266.10	268.36	270.65	273.17
Miles of unpaved streets:	10.87	11.16	9.44	9.06	8.33	8.33	8.91	8.91	8.73	8.73
Miles of alleys:	66.69	66.69	66.84	66.84	66.84	66.84	66.84	66.84	66.84	66.84
Miles of paved alleys:	15.44	15.44	15.76	15.76	15.76	15.76	15.76	15.76	15.73	15.73
Miles of sidewalks:	102.87	104.16	109.32	111.54	113.29	114.13	114.80	119.48	120.21	138.68
Number of streetlights:	3,908	3,938	4,104	4,156	4,185	4,210	4,240	4,303	4,385	4,455
Water System										
Number of water plants:	2	2	2	2	2	2	2	2	2	2
Miles of water mains:	505.00	505.00	505.80	506.50	507.90	510.00	518.20	515.40	517.70	521.99
Daily average consumption (MGD):	13.10	9.34	12.90	13.84	12.00	12.41	13.60	14.50	13.80	13.98
Plant capacity (MGD):	35.00	40.40	38.60	38.60	38.60	38.60	38.60	39.00	39.00	39.00
Number of service connections:	24,876	25,168	25,248	25,624	25,705	26,152	26,628	27,028	27,383	27,780
Storage tank capacity (MG):	23.25	32.40	32.25	32.25	32.25	15.00	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:	310.00	330.00	312.00	314.00	316.00	317.42	317.42	344.07	346.67	349.40
Number of lift stations:	63	63	63	63	61	61	61	61	61	66
Combined daily average treatment (MGD):	5.75	6.20	6.00	5.40	5.30	5.50	6.00	6.00	6.00	6.00
Maximum capacity of treatment plant (MGD):	7.25	6.20	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Number of service connections:	19,675	19,892	20,013	20,408	20,254	20,574	20,956	21,239	21,508	21,835

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)
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
2023	26,540,000	584,481	25,955,519	0.70%	360

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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Cascos & Associates, PC

Certified Public Accountants

Audit/Accounting/Tax/Consulting

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 the City of Harlingen, Texas (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 30, 2024. Our report includes a reference to other auditors who audited the financial statements of the Harlingen Waterworks System and Valley International Airport as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

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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.



Cascos & Associates, PC
Brownsville, Texas
March 30, 2024

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Cascos & Associates, PC

Certified Public Accountants

Audit/Accounting/Tax/Consulting

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE TEXAS GRANT MANAGEMENT STANDARDS

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 the City of Harlingen, Texas' (the "City"), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Texas Grant Management Standards* that could have a direct and material effect on each of the City's major federal and state programs for the year ended September 30, 2023. The City'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, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2023.

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 Texas Grant Management Standards (TxGMS). Our responsibilities under those standards and the Uniform Guidance, and TxGMS are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City 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 the City'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 the City's federal and state programs.

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 the City'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*, and the Uniform Guidance, and TxGMS 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

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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 the City'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*, and the Uniform Guidance, and TxGMS 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 the City'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 the City'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 TxGMS but not for the purpose of expressing an opinion on the effectiveness of the City'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. *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 TxGMS. Accordingly, this report is not suitable for any other purpose.



Cascos & Associates, PC
Brownsville, Texas
March 30, 2024

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**CITY OF HARLINGEN, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

I. Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued on whether the financial statements audited were prepared in accordance to GAAP:	Unmodified
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Internal control over financial reporting:

Material weakness(es) identified?	No
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Significant deficiency(ies) identified?	No
---	----

Noncompliance material to financial statements noted?	None reported
---	---------------

Federal and State Awards:

Internal control over major programs:

Material weakness(es) identified?	No
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Significant deficiency(ies) identified?	No
---	----

Type of auditors' report issued on compliance for major federal and state programs	Unmodified
--	------------

Any audit findings disclosed that are required to be reported in accordance with Section 2CFR 200.516(a) of Uniform Guidance or Texas Grant Management Standards?	No
---	----

Identification of major federal and state programs:

Assistance Listing Number:

Name of Federal Program:

20.106	Airport Improvement Program
20.507	Federal Transit Formula Grant
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (SLFRF)
97.039	Hazard Mitigation Grant Program
State	Category 1 Harlingen HUC 10 Flood Protection Planning Study

Dollar threshold used to distinguish between type A and type B federal programs	\$ 931,500
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Dollar threshold used to distinguish between type A and type B state programs	\$ 750,000
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Auditee qualified as low-risk auditee:	Yes
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II. Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

None

III. Findings and Questioned Costs for Federal Awards

None

III. Findings and Questioned Costs for State Awards

None

City of Harlingen, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

(1) Federal Grantor / Pass-through Grantor Program Title	(2) Assistance Listing Number	(3) Pass-through Entity Identifying Number	(4) Provided to Subrecipients	(5) Federal Expenditures
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	\$ -	\$ 24,651
*Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-48-0504	-	260,485
*Community Development Block Grants/Entitlement Grants	14.218	B-20-MC-48-0504	-	440,352
*Community Development Block Grants/Entitlement Grants	14.218	B-21-MC-48-0504	-	92,844
*Community Development Block Grants/Entitlement Grants	14.218	B-22-MC-48-0504	-	298,832
Total CDBG - Entitlement Grants Cluster			-	1,117,164
Direct Program:				
HOME Investment Partnerships Program	14.239	M-19-MC-48-0504	-	57,174
HOME Investment Partnerships Program	14.239	M-20-MC-48-0504	-	77,197
HOME Investment Partnerships Program	14.239	M-21-MC-48-0504	-	31,934
HOME Investment Partnerships Program	14.239	M-22-MC-48-0504	-	284,370
Total HOME Investment Partnerships Program			-	450,675
Direct Program:				
*Community Development Block Grant COVID-19 (CDBG-CV)	14.218	B-20-MW-48-0504	-	154,413
Total U.S. Department of Housing and Urban Development			-	1,722,252
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	15PBJA-21-GG-00289-JAGX	-	37,961
Direct Program:				
Office of Justice Programs				
Bulletproof Vest Partnership Program	16.607	FY 2022 BVP	-	7,181
Direct Program:				
Equitable Sharing Program	16.922	JLEOTFS4	-	13,882
Total U.S. Department of Justice			-	59,023
U.S. Department of Transportation				
Direct Program:				
Federal Aviation Administration				
Airport Improvement Program	20.106	3-48-0101-070-2022	-	11,846,744
Airport Improvement Program	20.106	3-48-0101-071-2022	-	2,296,586
Airport Improvement Program	20.106	3-48-0101-072-2023	-	2,750,545
Airport Improvement Program	20.106	3-48-0101-073-2023	-	385,645
COVID-19 - Airport Improvement Program	20.106	3-48-0101-064-2020	-	3,849,459
COVID-19 - Airport Improvement Program	20.106	3-48-0101-065-2021	-	5,553
Total Direct from Federal Aviation Administration			-	21,134,532
Passed through Lower Rio Grande Valley Development Council				
Federal Transit Cluster:				
*Federal Transit Formula Grants	20.507	TX-2021-064-00	-	2,094,362
Passed through Texas Department of Transportation				
Highway Planning and Construction Cluster:				
*Highway Planning and Construction	20.205	0921-06-312	-	560,583
Passed through Texas Department of Transportation				
Highway Safety Cluster:				
*State and Community Highway Safety	20.600	2023-Harlingen-S-1YG-00073	-	35,991
*State and Community Highway Safety	20.600	2023-Harlingen-S-CMV-00030	-	11,836
*State and Community Highway Safety	20.600	2023-Harlingen-OpSlow-00010	-	8,478
*National Priority Safety Programs	20.616	2023-Harlingen-IDM-00029	-	11,444
*National Priority Safety Programs	20.616	2023-Harlingen-CIOT-00015	-	2,579
Total Passed through the Texas Department of Transportation			-	70,328
Total U.S. Department of Transportation			-	23,859,805
U.S. Fish & Wildlife Service				
Passed through Texas Parks and Wildlife				
Sport Fish Restoration	15.605	FD-TX F-305-B-1	-	3,951
Total U.S. Fish & Wildlife Service			-	3,951
U.S. Department of the Treasury				
Direct Program:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	1505-AC77	-	4,664,699
Passed through the Texas Office of the Governor				
COVID-19 - Coronavirus State Fiscal Recovery Fund (Victims of Crime - SB8)	21.027	2021-CS-21027	-	52,514
Total U.S. Department of the Treasury			-	4,717,213

City of Harlingen, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

(1) Federal Grantor / Pass-through Grantor Program Title	(2) Assistance Listing Number	(3) Pass-through Entity Identifying Number	(4) Provided to Subrecipients	(5) Federal Expenditures
U.S. Department of Health and Human Services				
Passed through the Texas Department of State and Health Services				
Immunization Cooperative Agreements	93.268	HHS001019500021	-	278,305
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	HHS001076300001	-	102,116
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967	HHS001310200001	-	21,674
Total Passed through the Texas Department of State and Health Services			-	402,095
Total U.S. Department of Health and Human Services			-	402,095
U.S. Department of Homeland Security				
Passed through Texas Division of Emergency Management				
Hazard Mitigation Grant Program	97.039	DR-4377-0004	-	7,113
Hazard Mitigation Grant Program	97.039	DR-4454-0004	-	140,978
Total Passed through Texas Division of Emergency Management			-	148,091
Passed through Texas Office of the Governor – Homeland Security Grants Division (HSGD)				
Homeland Security Grant Program	97.067	EMW-2021-SS-00062	-	137,577
Total U.S. Department of Homeland Security			-	285,668
Total Federal Awards Expended			\$ -	\$ 31,050,007

* Cluster of programs

The accompanying notes are an integral part of this schedule

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City of Harlingen, Texas
Schedule of Expenditures of State Awards
For the Year Ended September 30, 2023

(1)	(3)	(4)	(5)
State Grantor / Pass-Through Grantor Program Title	Identifying Number	Provided to Subrecipients	State Expenditures
Texas Water Development Board			
Category 1 Harlingen HUC 10 Flood Protection Planning Study	40041	\$ -	\$ 2,669,445
Tropical Texas Behavioral Health			
Tropical Texas Behavioral Health	MHO-2023	-	93,484
University of Texas Health Science Center At Houston			
Community Health Worker Tu Salud Si Cuenta	UTH131315	-	50,397
Texas Office of the Governor - Criminal Justice Division (CJD)			
BG-Rifle-Resistant Body Armor Grant Program	2023-BG-ST-0025	-	30,484
SH-Bullet-Resistant Shield Grant Program	2023-SH-ST-0000	-	56,105
Texas Office of the Governor - Homeland Security Grants Division (HSGD)			
BL-Local Border Security Program (LBSP)	2023-BL-ST-0016	-	64,345
BF-Border Zone Fire Departments (BZFD)	4360601		133,200
Total State Financial Assistance Expended			<u>\$ 3,097,459</u>

The accompanying notes are an integral part of this schedule

CITY OF HARLINGEN, TEXAS
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

1. GENERAL

The accompanying Schedules of Expenditures of Federal and State Awards (the “Schedules”), present the activity of all federal and state financial assistance programs of the City of Harlingen, Texas (the “City”), for the year ended September 30, 2023. The City’s reporting entity is defined in Note 1 to the City’s financial statements. Federal financial assistance received directly from federal agencies and other agencies are included in the Schedules.

2. BASIS OF ACCOUNTING

The accompanying Schedules are presented using the modified accrual basis of accounting, which is described in Note 1 to the County’s financial statements.

3. INDIRECT COSTS

The City did not elect to use a de minimis cost rate of 10% as described at 2 CFR §200.414(f)—Indirect (F&A) costs.

4. PASS THROUGH EXPENDITURES

None of the federal programs expended by the City were provided to subrecipients.

**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,

	2014	2015	2016
Revenues:			
Property Taxes - including P and I	\$ 13,356,797	\$ 13,682,198	\$ 14,202,827
Non-property Taxes	19,440,451	19,897,893	20,221,652
Fines & Forfeitures	1,681,265	1,672,287	1,442,634
Licenses & Permits	564,486	502,973	549,401
Charges for Services	2,579,831	3,034,139	2,459,509
Intergovernmental	583,121	689,624	58,815
Contributions and Donations	831,217	2,503,630	696,413
Miscellaneous	294,913	155,673	131,008
Interest and Investment Income	22,098	14,062	32,006
Total Revenues	39,354,179	42,152,479	39,794,265
Expenditures:			
General Government	5,617,973	5,748,778	5,536,663
Public Safety	21,448,737	22,621,457	22,055,008
Highways & Streets	3,214,699	3,258,044	3,037,712
Health & Welfare	2,906,812	2,972,646	2,895,711
Community and economic development		-	-
Culture & Recreation	3,844,256	3,759,030	3,928,243
Capital Outlay	2,714,934	3,933,263	952,217
Debt Payments	-	339,567	540,738
Total Expenditures	39,747,411	42,632,785	38,946,292
Excess (Deficiency) of Revenues			
Over/(Under) Expenditures	(393,232)	(480,306)	847,973
Budgeted Transfers and			
Other Financing Sources (Uses)	1,792,697	(759,632)	(76,639)
Excess of Revenues			
Other Financing Sources (Uses)			
Over (Under) Expenditures & Others	1,399,465	(1,239,938)	771,334
Beginning Fund Balance	15,784,171	17,183,636	15,943,698
Ending Fund Balance	\$ 17,183,636	\$ 15,943,698	\$ 16,715,032

City of Harlingen, Texas
General Fund Revenues and Expenditures History
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Restated						
	2017	2018	2019	2020	2021	2022	2023
\$ 14,365,607	\$ 14,763,466	\$ 15,267,137	\$ 18,206,332	\$ 19,602,249	\$ 19,556,158	\$ 20,616,761	
21,134,041	22,458,031	22,728,278	22,280,460	25,202,862	27,236,338	28,353,023	
1,113,512	918,840	1,059,835	831,889	748,710	720,676	815,543	
650,476	655,628	690,991	706,930	796,577	907,850	984,063	
2,840,253	1,403,079	1,327,675	981,550	872,026	1,541,039	1,705,619	
59,730	1,176,253	1,347,063	5,743,698	1,713,453	1,246,018	1,250,371	
628,274	893,039	94,551	3,228,964	5,426,883	3,880,999	8,002,340	
604,711	182,243	192,553	401,968	199,393	322,514	269,385	
115,237	310,605	547,187	238,198	31,700	195,222	1,735,737	
41,511,841	42,761,184	43,255,270	52,619,989	54,593,853	55,606,814	63,732,842	
5,519,977	5,728,253	5,818,350	6,324,719	8,428,590	7,689,848	8,068,292	
22,905,249	23,361,243	23,697,616	24,296,047	25,044,645	26,708,791	28,067,200	
3,192,920	3,300,201	3,410,491	3,644,814	3,595,825	3,947,975	4,770,373	
2,893,736	841,556	883,373	1,305,281	1,994,009	1,036,391	1,105,612	
597,316	1,739,678	1,818,633	1,748,118	1,797,072	1,902,713	2,003,237	
4,116,239	5,292,513	5,046,136	4,969,797	3,860,130	4,351,285	4,592,515	
1,537,157	1,420,920	1,259,425	5,048,443	9,846,429	7,295,009	8,878,918	
168,672	192,177	202,239	313,595	312,756	316,220	585,387	
40,931,266	41,876,541	42,136,263	47,650,814	54,879,456	53,248,232	58,071,534	
580,575	884,643	1,119,007	4,969,175	(285,603)	2,358,582	5,661,308	
1,216,746	1,153,268	(1,029,544)	442,473	2,398,855	942,971	361,174	
1,797,321	2,037,911	89,463	5,411,648	2,113,252	3,301,553	6,022,482	
16,715,032	18,512,353	20,550,264	20,639,727	26,051,375	28,164,627	31,466,180	
\$ 18,512,353	\$ 20,550,264	\$ 20,639,727	\$ 26,051,375	\$ 28,164,627	\$ 31,466,180	\$ 37,488,662	

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
2014	2013	0.588827	0.449723	0.139104	16,859,229	96.94%	99.71%
2015	2014	0.588827	0.450901	0.137926	17,051,909	98.02%	99.73%
2016	2015	0.588827	0.458590	0.130237	17,290,041	98.75%	99.71%
2017	2016	0.588827	0.460327	0.128500	17,786,875	97.07%	99.68%
2018	2017	0.588827	0.456327	0.132500	18,367,763	97.28%	99.66%
2019	2018	0.588827	0.460827	0.128000	18,928,383	97.23%	99.57%
2020	2019	0.630000	0.518100	0.111900	21,417,483	97.46%	99.57%
2021	2020	0.619849	0.525762	0.094087	22,313,240	97.72%	99.42%
2022	2021	0.619849	0.512839	0.107010	23,162,997	97.72%	99.04%
2023	2022	0.606357	0.512729	0.093628	24,016,644	97.64%	97.64%

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
2014	65,665	2,863,202,306	43,603	274	0.63%	99.71%
2015	65,914	2,901,019,088	44,012	251	0.57%	99.73%
2016	65,774	2,908,536,859	44,220	480	1.09%	99.71%
2017	65,539	3,028,664,715	46,212	422	0.91%	99.68%
2018	65,467	3,134,048,830	47,872	385	0.80%	99.66%
2019	65,436	3,258,108,448	49,791	347	0.70%	99.57%
2020	70,000	3,420,023,843	48,857	335	0.63%	99.57%
2021	71,829	3,450,161,395	48,003	335	0.63%	99.42%
2022	71,925	3,719,206,243	51,710	270	0.52%	99.04%
2023	72,169	3,975,782,589	55,090	224	0.41%	97.64%

(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,

	2014		2015		2016		2017	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 1,368,138,082	42.93%	\$ 1,391,784,107	43.09%	\$ 1,422,719,443	41.78%	\$ 1,505,382,496	42.46%
Real, Residential, Multi-Family	137,135,722	4.30%	145,711,895	4.51%	152,731,731	4.48%	156,626,985	4.42%
Real, Vacant Lots and Land Tracts	77,780,405	2.44%	79,131,228	2.45%	99,616,746	2.93%	95,179,814	2.68%
Real, Acreage (Land Only)	104,026,465	3.26%	102,098,139	3.16%	77,483,543	2.28%	78,901,837	2.23%
Real, Farm and Ranch Improvements	12,967,265	0.41%	16,103,270	0.50%	22,543,512	0.66%	20,715,678	0.58%
Real, Commercial and Industrial	817,744,628	25.66%	853,524,500	26.42%	869,779,194	25.54%	913,777,649	25.77%
Real and Tangible Personal Utilities	64,460,988	2.02%	71,433,158	2.21%	87,635,345	2.57%	92,638,719	2.61%
Tangible Personal, Commercial and Industrial	392,710,604	12.32%	349,774,616	10.83%	408,136,305	11.98%	411,114,410	11.60%
Tangible Personal, Mobile Homes	19,303,546	0.61%	19,401,944	0.60%	19,475,651	0.57%	20,048,678	0.57%
Real Property, Inventory	4,839,652	0.15%	7,090,330	0.22%	5,289,784	0.16%	3,845,926	0.11%
Special Inventory	22,494,609	0.71%	26,150,645	0.81%	33,441,069	0.98%	33,840,897	0.95%
Total Exempt Property	165,626,270	5.20%	168,062,865	5.20%	206,794,099	6.07%	213,290,180	6.02%
Total Appraised Value Before Exemptions	3,187,228,236	100.00%	3,230,266,697	100.00%	3,405,646,422	100.00%	3,545,363,269	100.00%
Less: Total Exemptions/Reductions/Adjustments	324,025,930		329,247,609		497,109,563		516,698,554	
Taxable Assessed Value	\$ 2,863,202,306		\$ 2,901,019,088		\$ 2,908,536,859		\$ 3,028,664,715	

(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

2018		2019		2020		2021		2022		2023	
Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
\$ 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%	\$ 2,024,296,374	44.42%
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%	273,629,069	6.00%
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%	101,957,832	2.24%
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%	99,582,928	2.19%
20,135,916	0.57%	19,506,624	0.53%	22,257	0.00%	20,261	0.00%	27,278	0.00%	32,528	0.00%
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%	1,107,412,895	24.30%
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%	111,224,328	2.44%
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%	454,771,944	9.98%
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%	22,939,395	0.50%
3,845,926	0.11%	5,337,252	0.14%	2,364,592	0.06%	972,689	0.02%	336,396	0.01%	2,994,099	0.07%
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%	43,980,605	0.97%
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%	314,699,831	6.91%
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%	4,557,521,828	100.00%
516,698,554		425,417,294		434,514,965		502,907,675		525,527,971		581,739,239	
\$ 3,020,534,118		\$ 3,258,108,448		\$ 3,420,023,842		\$ 3,450,161,395		\$ 3,719,206,243		\$ 3,975,782,589	

City of Harlingen, Texas
Computation of Estimated Direct and Overlapping Debt

Fiscal Year Ended September 30, 2023

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	\$ 31,044,497	100.00%	\$ 31,044,497
Total Direct Debt	31,044,497		31,044,497
Overlapping Debt			
Cameron County	126,631,766	16.13%	20,425,704
Harlingen Consolidated Independent School District	106,520,000	75.05%	79,943,260
Rio Hondo Independent School District	32,982,072	1.67%	550,801
San Benito Consolidated Independent School District	82,630,000	1.51%	1,247,713
Total Overlapping Debt	348,763,838		102,167,477
Total Direct and Overlapping Debt	\$ 379,808,335		\$ 133,211,974

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.

DEBT SERVICE SECTION

City of Harlingen, Texas
Debt Service Requirements to Maturity - Primary Government

Fiscal Year	2013		2016		2016		2019		2021		Grand Total		
	General Obligation		Certificate		General Obligation		General Obligation		General Obligation		Total	Total	Principal
	Bonds		of Obligation		Bonds		Bonds		Bonds				
Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	and Interest
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
	\$ 480,000	\$ 12,500	\$ 10,360,000	\$ 4,265,322	\$ 11,050,000	\$ 686,850	\$ 1,305,000	\$ 238,775	\$ 3,345,000	\$ 631,050	\$ 26,540,000	\$ 5,834,497	\$ 32,374,497