



Annual Comprehensive Financial Report

For the Fiscal Year Ended September 30, 2023





CITY OF
McALLEN, TEXAS

Annual Comprehensive Financial Report

For the Fiscal Year Ended September 30, 2023

**Prepared by:
Department of Finance**

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INTRODUCTORY SECTION

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JAVIER VILLALOBOS, Mayor
 JOAQUIN ZAMORA, Mayor Pro Tem & Commissioner District 2
 ANTONIO "TONY" AGUIRRE, JR., Commissioner District 1
 J. OMAR QUINTANILLA, Commissioner District 3
 RODOLFO "RUDY" CASTILLO, Commissioner District 4
 VICTOR "SEBY" HADDAD, Commissioner District 5
 PEPE CABEZA DE VACA, Commissioner District 6

ROEL "ROY" RODRIGUEZ, P.E., City Manager

March 21, 2024

To the Honorable Mayor, Members of the City Commission, Members of the Public Utility Board of Trustees and Citizens of the City of McAllen:

State and local law requires that the City of McAllen publish annually a complete set of audited financial statements. This report, the Annual Comprehensive Financial Report of the City of McAllen, is published to meet that requirement for the fiscal year ended September 30, 2023.

Management assumes full responsibility for the completeness and reliability of the information presented in this report, based upon a comprehensive internal control framework that it has established for this purpose. Since the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The firm of Weaver and Tidwell, LLP, Certified Public Accountants and Advisors, was selected by the City to perform the audit and have issued an unmodified ("clean") opinion on the City of McAllen's financial statements for the year ended September 30, 2023. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act and Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Generally accepted auditing standards and the standards set forth in the Government Accountability Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditors' report on the basic financial statements and required supplementary information as well as the individual fund statements and schedules that are included in the financial section of this report. The auditors' reports on internal controls and compliance with applicable laws and regulations can be found in the single audit section of this report.

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

The City of McAllen is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the Uniform Guidance and the *State of Texas Single Audit Circular*. Information related to this single audit, including a schedule of expenditures of federal and state awards, the report of independent public accountants on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in the single audit section of this report.

PROFILE OF THE GOVERNMENT

The City of McAllen, incorporated in 1911 and the largest city in Hidalgo County, is located at the intersection of U.S. Highway 83 and State Highway 336. It is approximately 230 miles south of San Antonio, 150 miles north of Monterrey, Nuevo Leon, Mexico, a city with a population of over 5.9 million including the surrounding suburbs, and just 7 miles north of Reynosa, Tamps. Mexico. Within a 150-mile radius of McAllen, its trade area represents approximately 10 million people. According to the 2020 U.S. Census, McAllen's estimated population was 142,210, increasing 12,333 or 9.5% over that of the 2010 census, 129,877. Using the latest census number and local estimates as a base, it is estimated that as of September 30, 2023 the City's population is closer to 144,579. The City is empowered to levy a property tax on both real and business personal property located within its boundaries. The City also has the power by state statute to extend its corporate limits by annexation, which it has done from time to time, as deemed appropriate by the City Commission.

The City has operated under the council-manager form of government since 1911. Policymaking and legislative authority is vested in the City Commission, which currently consists of a mayor and a six-member commission. The City Commission is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City Manager, City Secretary, Police Chief, Fire Chief, the City Attorney and the Municipal Judges. The City Manager is responsible for carrying out the policies and ordinances of the City Commission, for overseeing the day-to-day operations of the City, and for appointing the heads of the City's departments. The City Commission is elected on a non-partisan basis. In May 2000, the voters decided in favor of single member district representation. Under this system, City Commission members are elected to four-year staggered terms with three elected every two years. The Mayor was and will continue to be elected at large to four-year terms.

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City of McAllen as legally defined). The City of McAllen provides a full range of services including public safety (primarily police and fire protection), highways and streets, health and welfare, recreational and cultural activities, water, wastewater, sanitation and recycling services, a municipal golf course, a convention center, an international airport, intermodal transit terminal, a transit system and two international toll bridge operations.

The City acts in the capacity of fiduciary for the Firemen's Relief and Retirement Fund and Rio Grande Valley Radio Communications Group; therefore, these activities are included in the reporting entity. However, the McAllen Independent School District (MISD), McAllen Chamber of Commerce (MCC), McAllen Economic Development Corporation (MEDC), McAllen Affordable Homes of South Texas, Inc., and the Texas Municipal Retirement System (TMRS) do not meet the established criteria for inclusion in the reporting entity, and accordingly are excluded from this report.

The City Commission is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of McAllen financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The legal level of control is at the department level.

LOCAL ECONOMY

Over the last 20 to 25 years, the City's economy has undergone a significant transformation, characterized by a decreasing reliance on agriculture. As a consequence of this transformation, the City has experienced substantial economic growth that has spurred an increase in employment and a decline in its unemployment rate.

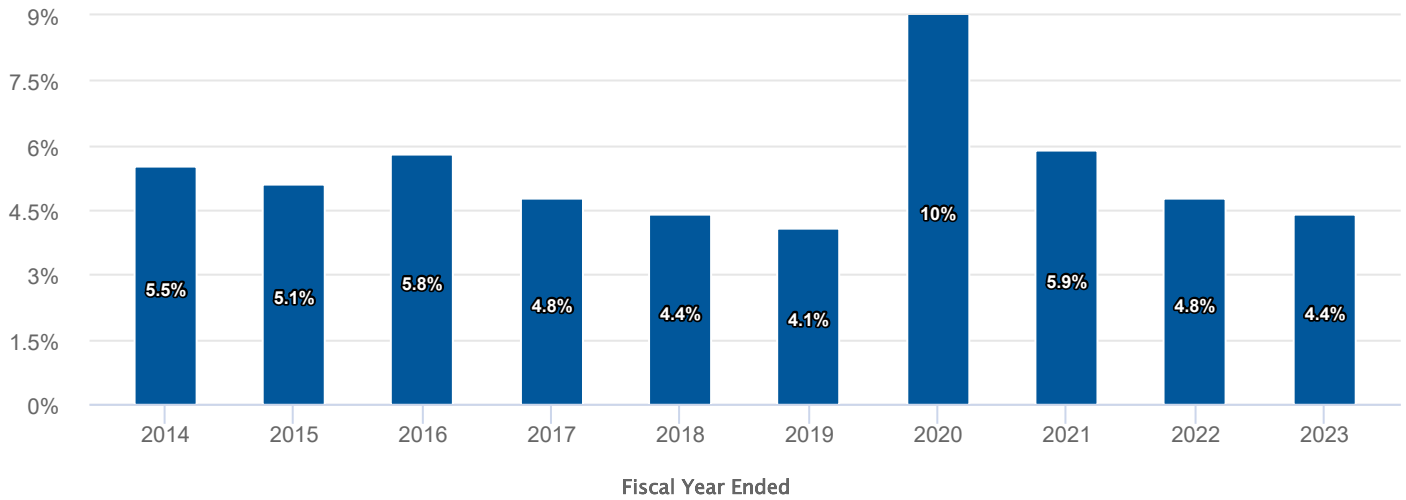
According to the U.S. Bureau of Labor Statistics, over the last 10 years the McAllen-Edinburg-Mission MSA employment has grown from 292,711 in September 30, 2012 to 355,519 in September 30, 2023 — a 21.5% increase. At this level, the unemployment rate is 6.092%. Some of the more significant employment numbers by industry include government; trade, transportation and utilities; education and health services; professional and business services; and leisure and hospitality.

The City's location has historically positioned it to take advantage of The Maquiladora "Twin Plant" Program under which U.S. firms locate manufacturing facilities in Mexico accompanied by warehousing facilities in McAllen's foreign trade zone in order to cut labor costs and remain competitive. The program has been responsible for a large part of the job growth. Since 1988 through 2023, the McAllen Economic Development Corporation has been responsible for bringing 348 new companies, which including expansions, has created 42,457 jobs in McAllen. Its efforts have also resulted in 378 new companies, which including expansions, has created 202,430 new jobs in Reynosa, Mexico. Overall, between 726 companies, 244,887 jobs have been created.

The impact of the Renegotiated North American Free Trade Agreement (NAFTA) now known as the new United States-Mexico-Canada Agreement (USMCA), as it continues to develop, has also played a major role in increased trade with Mexico for the City as well as the State of Texas. During 2022, Texas exported \$129 billion to Mexico, which represented over 29.1% of Texas' total exports—making Mexico its Number One Trading Partner according to the U.S. Census Bureau. As USMCA continues to mature, the City of McAllen's International Toll bridge, connecting Hidalgo, Texas with Reynosa, will continue to facilitate trade between Mexico and the U. S.; and, more particularly the City with its proximity to Mexico and strong social, economic and cultural ties with the people of Mexico. The Anzalduas International Crossing also provides another bridge to connect the people of the U.S. and Mexico and facilitate economic development opportunities between the two countries. The Anzalduas International Crossing and the McAllen Hidalgo International Bridge both had increases in traffic crossings of 21% and 13% respectively.

The City's unemployment rate had steadily declined from 2011 to 2019, decreasing from 8.1% to 4.1%; however, due to the coronavirus pandemic in 2020, unemployment increased to 10%. As of September 30, 2023, the unemployment rate decreased to 4.4%. The following chart shows the unemployment rate trend for the past ten years.

**City of McAllen's Unemployment Rate
Ten Year History**



Source: Texas Workforce Commission

The City's sales tax revenue indicates positive growth in the local economy as sales tax revenues in FY 2023 exceeded FY 2022 by \$3M or 4.0%. From FY 2014 to FY 2023, sales tax revenue has increased by 52.6%. The residents of McAllen benefit from this growth as 25% of sales tax provides property tax relief.

The City of McAllen has maintained one of the lowest property tax rates in the region. Property tax revenue continues to grow as total assessed property values and number of properties continue to increase in the City of McAllen. For FY 2022, the City's property tax revenue increased by \$3.7M or 6.7% over FY 2021. From FY 2014 to FY 2023, property values have grown 59.9% resulting in a positive trend for property tax revenue.

The McAllen International Airport continues to benefit from the economic growth the City is experiencing. The airport had a 7.4% increase in passenger activity over last fiscal year.

LONG-TERM FINANCIAL PLANNING

As of September 30, 2023 the City's General Fund unassigned fund balance amounted to \$78M, which represents 221 days of operating expenses appropriated in next year's budget. This amount exceeds the City's 140-day policy by 81 days.

RELEVANT FINANCIAL POLICIES

During this fiscal year, GASB Statement No. 96, "Subscription-Based Information Technology Arrangement," was implemented as required by GASB. There was no significant impact on the current year's financial statements.

MAJOR INITIATIVES

For the Year 2022-23

The City's staff, following specific directives of the City Commission and the City Manager, have been involved in a variety of projects throughout the year. These projects reflect the City's commitment of ensuring that its citizens are able to live and work in a highly desirable community and include the following:

The goals adopted by the Mayor and City Commission for FY 2022-23, as well as the status, follows:

Continue to implement City Business Plan

- McAllen Holiday Parade-South Pole & Beyond

Management's Response: Parade includes a 1.5 Mile stadium & street parade route, over fifty illuminated floats and surprises, over thirty larger-than-life character balloons, Celebrity hosts and guest appearances, Marching bands & dance teams, and Christmas in the Park. The 2022 McAllen Holiday Parade had more than 260,000 spectators and 27 million TV Viewers.

Complete City assets currently in progress

- Center for Urban Ecology (CUE) at Quinta Mazatlán

Management's Response: The \$51.9M project will create a destination venue and promote environmental education to the public. Programming will include a premier research lab on urban ecological sciences and applications for students in STEM. In addition, the CUE will have green spaces, an Ethnobotanical Garden, Sensory Garden, a Park and Ride, Leadership Course, Classrooms, Science Lab, outdoor amphitheater, Wellness pavilion, and see the planting of 24,000 new native plants. Stakeholders include the State of Texas, Texas Parks & Wildlife, Hidalgo County, the University of Texas-Rio Grande Valley, and McAllen Independent School District, among other public and private donations. Project construction was awarded July 2023, groundbreaking October 2023, and projected completion date of January 2026.

- Anzalduas Land Port of Entry Expansion Project

Management's Response: This \$85 million project consists of a \$63 million loan from North American Development Bank (NADBank) and a \$25 million grant from the U.S. Department of Transportation. The project will construct commercial inspection facilities at the Anzalduas Land Port of Entry, including inspection booths, inspection docks, equipment, roadway, parking and sidewalks. The project will make improvements to the southbound inspection facilities and construct northbound facilities. Project construction awarded September 2022, groundbreaking October 2022, and projected completion date of December 2024.

- Airport Runway & Taxiway Safety Improvements

Management's Response: This \$34.5M project will address and mitigate on-going safety and operational issues associated with the existing stormwater management system at McAllen International Airport. Project currently in the last phase slated for completion May 2024.

- Metro Transfer Station Project

Management's Response: Transfer Station will include an 8,000 square feet Bus Transfer facility with a small interior lobby and bays for 6-8 transit buses, one hundred parking spaces (vehicles and buses) as well as a Maintenance facility with two bays and approximately 3,500 square feet of office space, electric bus charging station, and a vehicle and bus fueling station. Project is expected to be completed in May 2023.

- Fire Training Facility-10700 N. La Lomita Road

Management's Response: The Firefighters Training Facility Center will cost \$4.6M. This training facility will include a large, tiered seating classroom for meetings and trainings, a lobby, restrooms, administrative offices, and conference rooms. Location will also feature a Firefighter Training Tower with all the equipment and accessories needed for hands-on training. Project groundbreaking April 2023 and scheduled to be completed by July 2024.

- Fire Station #8-14300 N. Shary Road

Management's Response: This \$4.6M project will be McAllen's Fire Station #8 that will service the growing northside of McAllen will house four firefighters and one fire engine company. Amenities will boast 10,547 square feet and will include living quarters, dispatch area, and two apparatus bays. This station will be unique in that it will have both dorms and restrooms designed to house female firefighters. Project groundbreaking June 2023 and scheduled for completion September 2024.

Improve service delivery assets

- Airport-Terminal Restroom Renovations

Management's Response: This project improved the existing pre-security and post-security public restrooms at McAllen International Airport. Project completed November 2022.

- Parks Administration Facility

Management's Response: Construction completed for new Park's administration facility, which will compose of 10,820 square feet of office space; 9,400 square feet of warehouse and building space; parking areas for vehicles and trailers; equipment storage area; chemical storage building; and necessary site infrastructure. Project began construction in August 2021 and completed August 2023.

Improve emergency operations assets

- Information Technology-Infrastructure at Emergency Operations Center (EOC)

Management's Response: Replace and install Universal Power Supply to help power the data center at EOC. This includes blade chassis with fabric interconnect licenses, file storage replacement, and ups battery replacement for EOC. These improvements will help provide critical energy supply for the EOC for continued operation during emergency scenarios. Project completed September 2023.

Improve City Traffic flow

- Traffic Signal Study

Management's Response: Various locations around City of McAllen - The project consists of a Comprehensive Traffic Study for signal timing coordination of 155 signals along major north/south and east/west corridors. Collection of data for signal timings began in Fall 2021 with implementation city wide May 2022. Project implemented May 2022 but will continually monitor for effectiveness.

- Auburn & Trenton Intersection Improvement

Management's Response: Project extended Auburn Avenue to connect to Trenton Avenue. Project completed January 2023.

- 23rd Street & Hackberry Avenue

Management's Response: Improve Traffic Flow by adding a southbound left turn lane. Part of the 2018 Bond for Traffic Improvement Projects. Project completed April 2023.

- 23rd Street & Kendlewood Avenue

Management's Response: Improve Traffic Flow by adding a southbound left turn lane. Part of the 2018 Bond for Traffic Improvement Projects. Project completed April 2023.

- 10th Street & Business 83

Management's Response: Improve Traffic Flow by adding northbound right turn lane. Part of the 2018 Bond for Traffic Improvement Projects. Project completed July 2023.

- 23rd Street & Ebony Avenue

Management's Response: Improve Traffic Flow by adding north and south left turn lanes. Part of the 2018 Bond for Traffic Improvement Projects. Project completed July 2023.

- 23rd Street & Jackson Avenue

Management's Response: Improve Traffic Flow by adding a southbound left turn lane. Part of the 2018 Bond for Traffic Improvement Projects. Project completed July 2023.

- Fiber Optic Installation throughout City

Management's Response: Installation of Fiber optic materials, Wi-fi, and construction. This is part of the 2018 Bond Traffic Improvement Projects. Project completed September 2023.

Improve City Storm Drainage

- Martin Avenue Bypass

Management's Response: Storm sewer infrastructure improvements at Martin between 6th Street Drainage at East City limit to address an area with a limited and undersized existing storm sewer system that is prone to localized shallow flooding, especially during moderate to severe storm events. Project completed March 2023.

- Quamasia Avenue at North 11th Street

Management's Response: On Quamasia between 10th and Bicentennial, this is new storm sewer infrastructure to reduce the extent of localized flooding in the vicinity of Quamasia Avenue at North 11th Street. Project completed August 2023.

- Bicentennial Blueline

Management's Response: Improvements to the drainage channel bridge crossings along Bicentennial Boulevard at Tamarack, La Vista, Highland, and Harvey Avenues to improve stormwater conveyance capacity and performance of upstream storm sewer systems. Project completed September 2023.

- Stewart and 107 Drainage

Management's Response: Drainage project participation with Hidalgo County Drainage District #1 (HCDD#1). Project completed by City of McAllen, but HCCD#1 projects their portion to be completed March 2025.

Leisure, Cultural and Entertainment

- Las Palmas Community Center - Soccer Fields & Artificial Turf

Management's Response: The City of McAllen Parks & Recreation Department installed 24,000 square feet of turf field, 640 feet of new perimeter fencing around the field and MUSCO lighting for the field. Upgrades to the Las Palmas Community Center include lobby flooring, lobby painting, new roofs for storage buildings, and exterior painting. Project completed December 2022.

- Emergency Call Boxes - Along Bentsen Trail

Management's Response: Installation of Two 911-Emergency Call Boxes, a total of 24 call boxes now within City limits, on Bentsen Trail for safety. This also includes preventative maintenance on existing call boxes which includes replacing solar panels, batteries, microphones, cameras, and lights. Project completed February 2023.

- Golf Course - Expansion of Champion Lakes Parking Lot

Management's Response: This involves expansion of parking lot and incidental construction. This year Champions Lake Golf Course has seen record use by patrons of 60,000 rounds. Project completed April 2023.

- Golf Course - Installation of LED Lights at CLGC Driving Range

Management's Response: Improvement includes upgrading the lighting system at Champions Lake Golf Course Driving Range to LED lighting. This year Champions Lake Golf Course has seen record use by patrons of 60,000 rounds. Project completed May 2023.

- Youth Baseball Complex - Additional Parking

Management's Response: The Parks and Recreation Department added a new parking lot to the McAllen Youth Baseball Complex with 181 spaces, which will serve the newly constructed Blanca E. Sanchez Inclusive Park located right next to the baseball complex. The parking lot improvements include a pedestrian route that connects to the existing walking trail. In addition, the drainage and stormwater management system of the baseball park was improved to reduce run-off impact on 29th Street. Project completed June 2023.

- Lark Community Center & Palm View Community Center - A/C Unit replacements

Management's Response: Replacement of A/C Units at Lark Community Center and Palm View Community Center. Starting in July, the city opened Cooling Centers to the public at all community centers and all public libraries to provide a safe, air-conditioned place to get out of the heat. Wi-fi provided at all locations. Project completed July 2023.

- McAllen Youth Baseball Complex - Splash Pad

Management's Response: This is the third addition in the City of McAllen of a splash pad to help kids keep cool and play with the other two are located at Zinnia Park and Palm View Park. Project completed August 2023.

- Adaptive Playground - Los Encinos

Management's Response: In partnership with Hidalgo County Precinct 2, the park includes surfacing for mobility for wheelchairs and walkers with ramps throughout the play area. The playground includes elements for children ages 2-5 years old and play system items for kids 5 to 12 years old. The park includes musical elements of chimes and drums. This is the first location with the We-Go-Swing accessible swing that will promote social interaction by encouraging multiple users on the swing. Project completed August 2023.

- McAllen Public Library - Monument Signs "Dewey Decimal" Trail

Management's Response: The Dewey Trail signage located at McAllen Public Library (MPL) has been updated to include new content, tips for staying fit on the trail, and introducing the new MPL mascot, Marty the Library Cat. Marty will guide children and their families through the Dewey Decimal System on the trail in fun, interactive activities. Project completed August 2023.

- Cascade Park - Improvements

Management's Response: Improvements include parking lot seal coat, pavilion painting, LED lighting, baseball field repairs, and playground repairs. Project completed September 2023.

- Springfest Park - Improvements

Management's Response: Improvements include a restroom-with a family room, sidewalk access, field lighting, and perimeter fencing. Project completed September 2023.

- Crockett Elementary Park - Improvements

Management's Response: Improvements include solar lighting upgrades, exercise equipment, playground equipment, new decomposed granite trail, and landscaping to include an urban forest with seating. Project completed September 2023.

AWARDS AND ACKNOWLEDGEMENTS


The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the year ended September 30, 2022. This was the thirty-sixth consecutive year and the thirty-seventh overall that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA’s Award for Distinguished Budget Presentation for its annual appropriated budget dated October 1, 2022. The budget for October 1, 2023 has been submitted for review and notification of an award is awaited. In order to qualify for the Distinguished Budget Presentation Award, the City’s budget document is judged on proficiency in several categories including policy documentation, financial planning and organization.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire Finance Department staff. Due credit also should be given to the Mayor, City Commission, McAllen Public Utilities Board of Trustees, the Bridge Board, Development Corporation Board and City Management for their interest and support in planning and conducting the operations of the City in a responsible and progressive manner.

Respectfully submitted,



Roel “Roy” Rodriguez, P.E.
City Manager



Sergio Villasana Jr., CPA
Finance Director

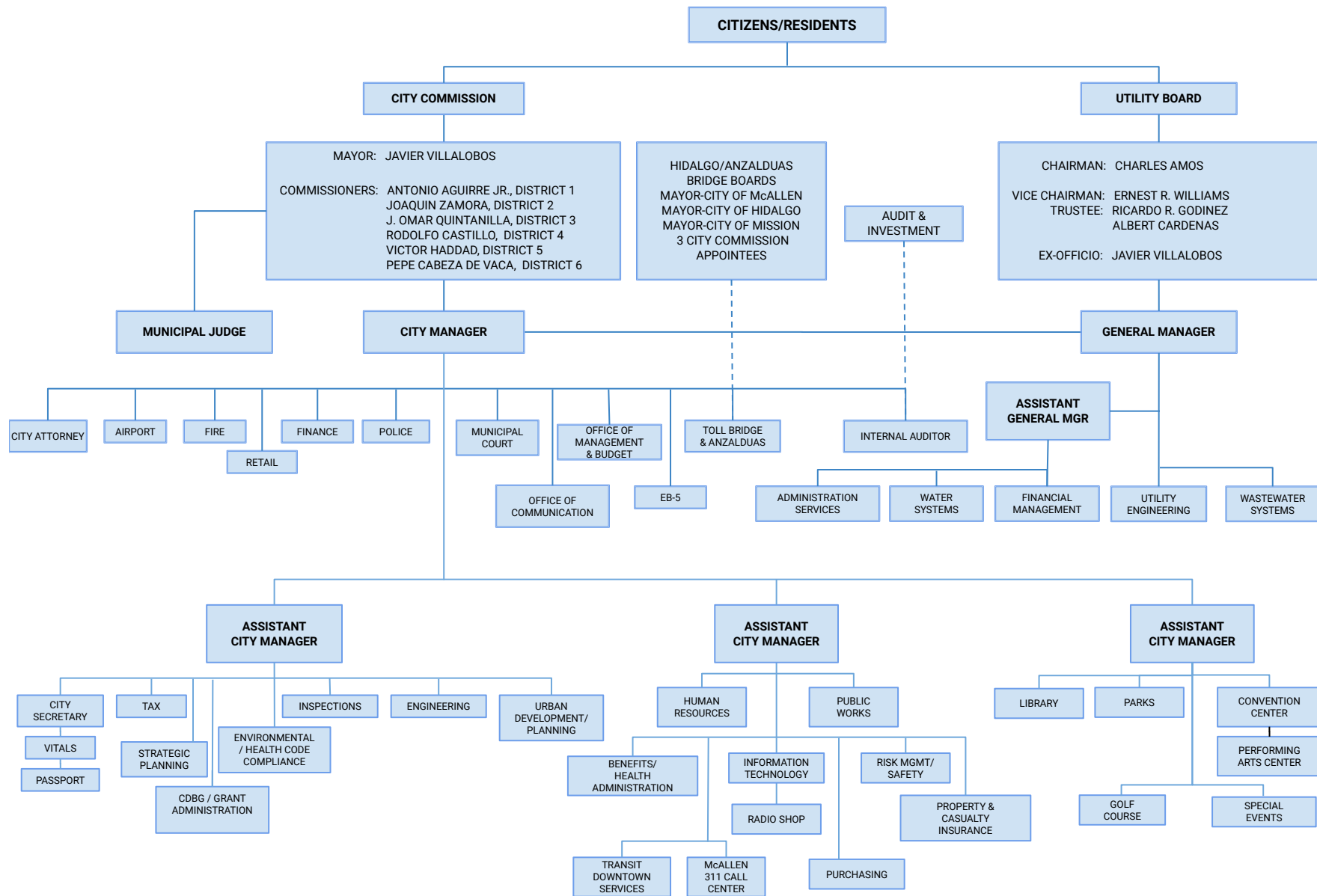
CITY OF McALLEN, TEXAS

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2023

Mayor.....	Javier Villalobos
Commissioner District 1.....	Antonio “Tony” Aguirre, Jr.
Commissioner District 2.....	Joaquin “J.J.” Zamora
Commissioner District 3.....	J. Omar Quintanilla
Commissioner District 4.....	Rodolfo “Rudy” Castillo
Commissioner District 5.....	Victor “Seby” Haddad
Commissioner District 6.....	Pepe Cabeza de Vaca
Public Utility Board Chairman Place A.....	Charles Amos
Public Utility Board Vice-Chairman Place D.....	Ernest R. Williams
Trustee Place B.....	Ricardo R. Godinez
Trustee Place C.....	Albert Cardenas
Ex-Officio Member.....	Javier Villalobos
City Manager.....	Roel Rodriguez, P.E.
MPU General Manager.....	Marco A. Vega, P.E.
Assistant City Manager.....	Jeff Johnston
Assistant City Manager.....	Joe Vera
Assistant City Manager.....	Michelle Rivera
Attorney.....	Isaac Tawil
Finance Director.....	Sergio Villasana Jr.
Aviation Director.....	Elizabeth Suarez
Bridge Superintendent.....	Juan Olaguibel
City Secretary.....	Perla Lara
Fire Chief.....	Juan A. Gloria
Director Parks and Recreation.....	Denny Meline
Human Resources Director.....	Christina Flores
Police Chief.....	Victor Rodriguez

CITY OF McALLEN, TEXAS





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of McAllen
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO

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A low-angle, upward-looking photograph of several modern skyscrapers. The buildings feature facades of reflective glass and metallic panels, creating a complex pattern of light and shadow. The sky is a clear, bright blue. A solid blue rectangular overlay is positioned in the center of the image, containing the text 'FINANCIAL SECTION' in white, bold, uppercase letters. A thin white double-line border frames the blue overlay.

FINANCIAL SECTION

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Independent Auditor's Report

Honorable Mayor, Members of the City Commission
and Public Utility Board of Trustees
City of McAllen, Texas

Report on the Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of McAllen, 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, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of McAllen, Texas, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Development Corporation Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditor's 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.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended September 30, 2023, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements*. Beginning net position was not restated as a result of this implementation. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Weaver and Tidwell, L.L.P.
1601 South MoPac Expressway, Suite D250 | Austin, Texas 78746
Main: 512.609.1900

CPAs AND ADVISORS | WEAVER.COM

Honorable Mayor, Members of the City Commission
and Public Utility Board of Trustees
City of McAllen, Texas

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.

Auditor's 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 auditor's 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 GAAS 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 GAAS 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.

Honorable Mayor, Members of the City Commission
and Public Utility Board of Trustees
City of McAllen, Texas

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Texas Municipal Retirement System schedules of changes in net pension liability and related ratios, Texas Municipal Retirement System schedule of contributions, Firemen's Relief and Retirement Fund schedule of changes in net pension liability and related ratios, Firemen's Relief and Retirement Fund schedule of contributions, and Post Employment Benefit Plan schedule of changes in total OPEB liability and ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining fund financial statements, individual budget schedules, and schedule of expenditures of federal and state 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 statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements, individual budget schedules, and schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information in the Annual Comprehensive Financial Report

Management is responsible for the other information included in the Annual Comprehensive Financial Report (ACFR). The other information comprises the introductory section and statistical section, as listed in the table of contents, but does not include the basic financial statements and our auditor's 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.

Honorable Mayor, Members of the City Commission
and Public Utility Board of Trustees
City of McAllen, Texas

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
March 25, 2024

Management's Discussion and Analysis (Unaudited) September 30, 2023

This discussion and analysis is intended to provide an overview of the City's financial performance for the fiscal year ended September 30, 2023 and the related effect on the City's financial condition. Please read it in conjunction with the transmittal letter on pages i-v and the City's financial statements, which begin on page 15.

FINANCIAL HIGHLIGHTS

City's Change in Net Position – Governmental and Business-Type Activities

Total government-wide net position increased \$70M as a result of this year's operations. Governmental activities increased by \$47M while business-type activities increased \$23M.

- **Governmental Activities – Revenues and Expenses Compared to Last Year** – Total revenues in the aggregate increased \$16M over last year. The increase was largely attributable to a \$13M increase in Capital Grants and Contributions, \$4M increase in Sales Tax Revenue, a \$5M increase in property tax revenue and a \$21M increase in other tax revenues. Gains in revenues were reduced by a \$27M decrease in operating grants and contributions. The decrease in operating grants and contribution was due to the decrease in spending of funds for the Coronavirus State and Local Recovery Program and the Emergency Food and Shelter Program. Expenses increased \$12M or 6.6% from last year of which \$12M is attributable to public safety, \$4M to highway and streets, \$1M to health and welfare, and \$6M to culture and recreation. The increase in public safety is largely attributable to a \$6M increase in expenses for the Texas Anti-Gang Unit Program and a \$3M increase in expenses for public safety capital projects including the Firefighter Training Facility and Fire Station #8, as well as a fire truck.
- **Business-Type Activities – Revenues and Expenses Compared to Last Year** – Total revenues in aggregate increased by \$23M from last year. The increase in revenue is the result of charges for services increasing by \$9m, a \$4M increase in capital grants and contributions, a \$12M increase in investment earnings. Total expenses increased by \$14M from last year. The increase in expenses is attributable to a \$2M increase in the Wastewater Fund, \$2M increase in the Sanitation Fund, \$4M increase in Convention Center fund, \$2M increase in the Airport Fund and a \$2M increase in the Anzalduas Bridge Fund.

USING THE ANNUAL REPORT

The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 15 and 16-17) 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 18. 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 most significant funds. The remaining statements provide financial information about 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 could be summarized in the question, "Is the City as a whole better off or worse off as a result of the year's activities?" Our analysis addressing this question begins on page 7-8. The analysis includes a condensed summary of the government-wide financial statements – The Statement of Net Position and the Statement of Activities, which present information about the City in a way that facilitates answering this question. These statements are presented much like the private-sector companies – including *all* assets and liabilities using the *accrual basis of accounting*. All revenues and expenses for the current year are reported without regard to when cash is received or paid.

These government-wide financial statements report both net position and changes thereto. Net position is reported in the Statement of Net Position. The City's net position, which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one indicator of the City's financial well-being or *financial position* at one point in time. Increases or decreases to net position over a period of time is an indication whether its financial well-being is improving or deteriorating. Of course, other non-financial considerations enter into

the determination of the City’s overall health, which would include such things as changes in the City’s property tax base and the condition of its streets.

Changes to net position are reported in the Statement of Activities, which divides all City functions into two categories:

Governmental activities – Most of the City’s basic services are reported in this category, which includes public safety (including police and fire), highways and streets, health and welfare, culture and recreation, and general administration. These activities are primarily supported by sales and property taxes, and franchise fees.

Business-type activities – Certain services that the City provides are paid for from fees that are charged to customers. Water, wastewater, garbage collection, performing arts center, convention center, golf course, airport, transit terminal, transit services and the bridges are activities that are reported in this category.

**Reporting the City’s Most Significant Funds
Fund Financial Statements**

Our analysis of the City’s major funds commences on page 9. The fund financial statements are presented on pages 18 through 41. These statements present detailed information about the City’s more significant funds as opposed to the City as a whole. Funds are established for various reasons – some are required by state law; others by bond covenants. Some funds are established by the City Commission to assist in managing money that is to be spent for particular purposes. For example, the Community Development Block Grant Fund was established to demonstrate that the money received from the U. S. Department of Housing and Urban Development was used for purposes established by the federal government. The City has two categories of funds, which can be used for public purpose – *governmental* and *proprietary*. Each category uses a different accounting approach.

Governmental funds – Most of the City’s basic services are reported in governmental funds. These funds focus on the flow of money into and out of the funds and the balance left over at the end of the year that is available for future spending. Governmental funds use a method of accounting called modified accrual. The purpose of this method is to measure cash and other *financial* assets that can readily be converted to cash. This approach provides a detailed short-term perspective of the City’s general government operations and the basic services it provides. This view of the City’s operations provides information that helps to determine the extent to which financial resources are available to spend in the near future to finance City programs. The relationship between these governmental fund financial statements and the governmental activities column shown in the government-wide financial statements is shown in the form of a reconciliation presented on the page following each governmental fund financial statement.

Proprietary funds – Services provided to either outside customers or to another unit of the City, where a fee is charged, are generally reported in proprietary funds. Proprietary funds are reported the same way that is used in the government-wide financial statements. Matter of fact, the City’s enterprise funds (a component of proprietary funds) are substantially the same as the business-type activities column of the government-wide financial statements but provide more detail including cash flows. The other component of proprietary funds is internal service funds. These funds are used to report services that are provided for other City funds – such as the Fleet and Materials Management Fund, which reports maintenance activities for all City vehicles.

**The City as Trustee
Reporting the City’s Fiduciary Responsibilities**

The City is the trustee, or fiduciary, for the Firemen’s Pension Fund and the Rio Grande Valley Radio Communications Group Fund. This activity is reported in separate Statements of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position on pages 42 - 43. 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 Condensed Net Position Information is presented in the table below.

Net Position Information (in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 311	\$ 301	\$ 265	\$ 250	\$ 576	\$ 551
Capital assets	388	350	501	498	889	848
Total assets	699	651	766	748	1,465	1,399
Deferred outflows of resources	65	57	10	4	75	61
Long-term liabilities	223	203	233	231	456	434
Other liabilities	45	44	24	15	69	59
Total liabilities	268	247	257	246	525	493
Deferred inflows of resources	39	51	9	19	48	70
Net position:						
Net investment in capital assets	278	241	349	353	627	594
Restricted	69	73	81	74	150	147
Unrestricted	110	96	80	60	190	156
Total net position	\$ 457	\$ 410	\$ 510	\$ 487	\$ 967	\$ 897

Net position of the City's governmental activities increased by \$47M over last year as a net result from total assets and deferred outflows increasing \$56M, total liabilities increasing \$21M and total deferred inflow of resources decreasing by \$12M. The City's unrestricted net position increased by \$14M. The unrestricted net position is the portion of net position, which can be utilized to finance day-to-day operations, free of any constraints established by debt covenants, enabling legislation or other legal requirements.

The net position of the City's business-type activities increased \$23M over last year's amount, which can be attributed to a total assets and deferred outflows increasing \$24M, total liabilities increasing \$11M and total deferred inflow of resources decreasing by \$10M.

Changes in Net Position Information
(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 11	\$ 11	\$ 108	\$ 98	\$ 119	\$ 109
Operating grants and contributions	15	42	6	7	21	49
Capital grants and contributions	18	5	17	13	35	18
Property taxes	60	55	-	-	60	55
Sales tax	94	90	-	-	94	90
Other taxes	14	14	-	-	14	14
Other general revenues	25	4	10	(2)	35	2
Total revenues	237	221	141	116	378	337
Program expenses						
General government	47	58	-	-	47	58
Public safety	80	68	-	-	80	68
Highways and streets	25	21	-	-	25	21
Health and welfare	8	7	-	-	8	7
Culture and recreation	31	25	-	-	31	25
Interest on long term debt	4	4	-	-	4	4
Water	-	-	23	22	23	22
Wastewater	-	-	21	19	21	19
Sanitation	-	-	24	22	24	22
Golf	-	-	2	2	2	2
Transit terminal	-	-	2	2	2	2
Bus	-	-	5	4	5	4
Performing arts center	-	-	2	2	2	2
Convention center	-	-	9	5	9	5
Airport	-	-	12	10	12	10
Anzalduas International crossing	-	-	6	4	6	4
McAllen Int'l toll bridge	-	-	8	7	8	7
Total expenses	195	183	114	99	309	282
Excess (Loss) before transfers	42	38	27	17	69	55
Transfers	4	2	(4)	(2)	-	-
Change in net position	46	40	23	15	69	55
Net position, beginning	410	370	487	472	897	842
Ending net position, September 30	\$ 456	\$ 410	\$ 510	\$ 487	\$ 966	\$ 897

Total revenues generated from both governmental and business-type activities this year amounted to \$378M, representing an increase of \$41M or 12.2% over last. The increase was a result of a \$9M increase in charges for services, an increase sales tax of \$4M, a \$17M increase in capital grants and contributions, and a \$33M increase in other revenues. The \$33M increase to other revenues is primarily due to investment earnings improving by \$26M as a result of the Federal Reserve raising rates aggressively in 2022-2023. The increase in charges for services consists of an increase of \$3M from both bridges combined. There was an increase of car traffic for the McAllen-Hidalgo bridge of about 13% while the Anzalduas Bridge had a 21% increase in car traffic. The Airport had a \$1.3m increase in charges for services which included increases in rental income, landing fees and parking. The airport had a 7.4% increase in passenger activity. Water services had an increase in charges for services about \$3M due to rate increases. The increase in capital grants and contributions is the result of increased funding from the Texas Anti-gang grant which resulted in an increase in capital spending of \$6M and there was an increase in contributions from developers of \$4M. The City's sales tax revenue continues to do well as McAllen is the retail destination in the Rio Grande Valley. The City also benefited from a \$500K increase in market place sales tax revenues. Increases to revenues were reduced by a \$28M decrease in operating grants which is mostly due to the decrease of funding from the Coronavirus State and Local Recovery Program and the Emergency Food and Shelter Program.

Governmental Activities

Total revenues generated from governmental activities this year amounted to \$237M. Expenses came in at \$195M, leaving an \$42M excess before transfers-in of \$4M, thus increasing net position by \$46M.

The cost of all governmental activities this year was \$195M. To finance these programs, a total of \$44M was paid mainly by grants, bond construction proceeds, those who directly benefited from them, and by other governments that subsidized certain programs with grants. The amount that our taxpayers ultimately financed for these activities through taxes and other general revenues was \$151M as shown on the Statement of Activities on pages 16-17.

The table below presents the net cost of each of the City’s programs (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.

**Governmental Activities
(in Millions)**

Net Cost of Services

	2023	2022
General government	\$ 33	\$ 31
Public safety	68	48
Highways and streets	12	15
Health and welfare	7	6
Culture and recreation	27	22
Interest on long-term debt	4	4
Total	\$ 151	\$ 126

Business-type Activities

Total revenues generated from business-type activities this year amounted to \$141M. Expenses came in at \$114M leaving \$27M before transfers-out of \$4M which resulted in a net increase to net position of \$23M. More details will be provided about governmental and business-type activities’ operations later in this discussion and analysis.

GOVERNMENTAL FUNDS – A Detailed Discussion

(General Fund, Special Revenue Funds, Debt Service Fund and Capital Project Funds)

As a result of this year’s operations, governmental funds (as reflected in the balance sheet on page 18) combined fund balance totaled \$216M or an increase of \$9M from last year. The net increase is mostly due to an increase in investment earnings, tax revenue and miscellaneous income.

Revenues and Transfers-In and Other Financing Sources

The following table presents a summary of general fund, special revenue funds, debt service fund and capital projects funds revenues and transfers-in and other financing sources for the years ended September 30, 2023 and 2022.

Revenues, transfers-in and Other Financing Sources	2023 Amount	% of Total	2022 Amount	Amount of Increase (Decrease)	% Increase (Decrease)
Taxes	\$ 167,889,104	60.00%	\$ 160,246,068	\$ 7,643,036	4.77%
Licenses and permits	2,559,441	0.91%	2,882,174	(322,733)	-11.20%
Intergovernmental	25,847,444	9.24%	44,349,570	(18,502,126)	-41.72%
Charges for services	9,317,571	3.33%	8,069,844	1,247,727	15.46%
Fines and forfeitures	2,052,052	0.73%	1,892,727	159,325	8.42%
Investment income	10,645,792	3.80%	(1,660,771)	12,306,563	-741.02%
Miscellaneous	10,222,500	3.65%	5,830,308	4,392,192	75.33%
Other Financing Sources (uses)	51,274,764	18.32%	60,382,764	(9,108,000)	-15.08%
Totals	\$ 279,808,668	100.00%	\$ 281,992,684	\$ (2,184,016)	-0.77%

In FY 2023, the City experienced an overall decrease in revenues and other financing sources of \$2M . Other financing sources had an overall decrease of \$9M due to a \$13M decrease in transfers in for revenue replacement from the State and Local Fiscal Recovery Funds. The City’s tax revenue increased by \$7M mainly due to a \$4M increase in sales tax revenue and a \$4M increase in property tax revenue. Sales tax revenue continues to grow for the City as increased spending and service demands by residents and visitors have resumed to pre-COVID-19 levels and above. Property tax revenue continues to grow as total assessed property values and number of properties continue to increase for the City of McAllen. In FY 2023, the City benefited from the Federal reserve increasing rates. Investment earning improved by \$12M. The City also benefited \$4M from gains on sale of land in FY 2023.

Expenditures and Transfers-Out

The following table presents a summary of general fund, special revenue funds, debt service fund and capital projects funds expenditures, transfers-out for the years ended September 30, 2023 and 2022.

Expenditures and Transfers-out.	2023 Amount	% of Total	2022 Amount	Amount of Increase (Decrease)	% Increase (Decrease)
General government	\$ 53,196,245	19.67%	\$ 55,784,481	\$ (2,588,236)	-4.64%
Public safety	81,775,934	30.23%	68,221,720	13,554,214	19.87%
Highways and streets	32,722,124	12.10%	21,442,100	11,280,024	52.61%
Health and welfare	8,448,600	3.12%	7,701,275	747,325	9.70%
Culture and recreation	35,035,518	12.95%	30,245,101	4,790,417	15.84%
Debt service:					
Principal	5,828,484	2.15%	5,326,917	501,567	9.42%
Interest and fiscal charges	3,770,563	1.39%	3,210,240	560,323	17.45%
Other Financing Sources(uses)	49,711,427	18.38%	57,598,435	(7,887,008)	-13.69%
Totals	\$ 270,488,895	100.00%	\$ 249,530,269	\$ 20,958,626	8.40%

In FY 2023, the City experienced an increase in expenditures and other financing uses of \$20M. Other financing uses had an overall decrease of \$8M as a result of a \$13M decrease in transfers out for revenue replacement from the State and Local Fiscal Recovery Funds. The increase in expenditures is primarily due to an increase in public safety expenditures of \$13M, an increase in highway and streets expenditures of \$11M and an increase in culture and recreation expenditures of \$4M. The increase in culture and recreation expenditures is the result of land acquisition costs of \$1M and construction costs for the Center of Urban Ecology of \$3M. Highways and streets expenditures increased due to spending on various capital projects including \$1M on Quince Ave., \$2M on Daffodil/Taylor to Ware Rd., and \$1M on Northgate Lane drainage improvements. Public safety expenditures increased due to \$5M spent on equipment for the Texas Anti Gang Unit fund, \$2M for the fire training facility center, \$1M for Fire Station #8, and \$1M for a fire truck.

Fund Balances

The governmental fund balances increased by \$9M, from \$206M in the prior year to \$215M in the current year. The net increase to fund balance is the result of the net increase to the various non major governmental funds.

General Fund

As a result of this year’s operations, total fund balance amounted to \$83M, a decrease of \$763K from last fiscal year. Applying GASB 54 pronouncements, fund balances categories reflect \$4M nonspendable, \$114K in restricted and \$78M unassigned. The decrease in fund balance is the net result of transfers out exceeding excess revenues over expenditures. The local economy in McAllen continues to perform well as indicated by a 4% or \$4M sales tax revenue increase over last fiscal year. Marketplace sales tax contributed an increase of \$458K to the overall sales tax increase. The City also benefited from property tax revenue which increased 7% or \$4M over last fiscal year. The growth in property tax is due to an increase in taxable valuations and the number of taxable properties. During fiscal year 1997-98, the City adopted, by resolution, a financial policy requiring a minimum of 140 days of operating expenses in fund balance. Based upon next year’s original operating budget, exclusive of capital outlay and transfers-out, unassigned fund balance represents 221 days of operations, which is 81 days in excess of the minimum requirement.

Development Corp Fund

The fund balance in the Development Corporation Fund reflected an decrease of \$382K, leaving the ending restricted fund balance at \$24M. The Development Corporation’s major source of revenue is sales tax revenue which contributed \$23M to the fund. The local economy in McAllen continues to perform well as indicated by a 4% growth of sales tax revenue year over year. The decrease to the Development Corp fund balance was the net result of transfers out exceeding excess revenues over expenditures.

**PROPRIETARY FUND TYPES
(Enterprise Funds and Internal Service Funds)**

Enterprise Funds

The City’s enterprise operations consist of the McAllen Public Utility (Water and Wastewater Funds), Sanitation Fund, Champion Lake Golf Course Fund, Transit Terminal Fund, Performing Arts Center Fund, McAllen Convention Center, McAllen International Airport Fund, Metro McAllen Fund, McAllen International Toll Bridge Fund, and the Anzalduas International Crossing Fund. In the aggregate, the proprietary funds reported a \$23M increase to net position. Of that amount, the Water Fund had a \$5m increase, Wastewater Funds had a \$4M increase, the Airport Fund had a \$9M increase, the McAllen International Toll Bridge a \$2M increase and the Anzalduas Bridge had a \$1M increase.

Water Fund

Both Operating revenues and expenses increased by 12% and 5% respectively over last year. Total operating revenues amounted to \$25M while operating expenses totaled \$22M resulting in operating income of \$3M. Net non-operating revenues added another \$783K. During FY 2023, developers donated a total of \$2M in public improvements which increased the fund’s net position by approximately \$1M.

Wastewater Fund

Both Operating revenues and expenses increased by 3.6% and 9.1% respectively over last year. Total operating revenues amounted to \$21M while operating expenses totaled \$21M. Net non operating revenues amounted to \$642K. Favorable interest rates resulted in over \$1M in investments earnings. During FY 2023, developers donated a total of \$3M in public improvements which increased the fund’s net position by approximately \$2M.

McAllen International Airport Fund

The McAllen International Airport continued to see growth in FY 2023 as operating revenues increased by 16% as a result of increase in passenger activity and rental income. Operating expenses increased by 14% or \$1M. The Airport Fund sustained an operating loss of \$3M before non-operating expenses, capital contributions and transfers out. The operating losses were offset by federal funds of \$3M. Capital contributions from the Passenger Facility Charge, as well as the FAA, amounted to \$9M. Transfers-out to the City amounted to \$2M to reimburse for public safety personnel assigned to the Airport. Overall, net position increased by \$8M. The increase to the net position was the result of increased passenger activity, rental income and federal funds received for capital projects. This years’ working capital is reflected at \$18M, including liabilities payable from restricted assets, which are included in current liabilities.

McAllen International Toll Bridge Fund

The table below reflects three types of crossings for 2023, as well as 2022.

<u>Category</u>	<u>FY 22-23</u>	<u>FY 21-22</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Cars	2,922,848	2,587,595	335,253	12.96%
Buses and others	17,438	18,053	(615)	-3.41%
Passengers in cars	7,307,120	6,468,988	838,133	12.96%

Southbound car crossings increased 13% and operating revenues increased \$2M over last year. Operating expenses increased 7% or \$291K compared to the prior fiscal year. After considering all other non-operating revenues and expenses, changes in this year’s net position totaled increased by \$3M. Working capital, including liabilities payable from restricted assets, which are included in current liabilities, at year-end amounted to \$4M.

Anzalduas International Crossing

The table below reflects four types of crossings for 2023, as well as 2022.

<u>Category</u>	<u>FY 22-23</u>	<u>FY 21-22</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Cars	1,378,419	1,141,646	236,773	20.74%
Trucks - empties	42,749	30,564	12,185	39.87%
Buses	2,488	1,917	571	29.79%
Passengers in cars	3,446,048	2,854,115	591,933	20.74%

Southbound car crossings increased 237K or 21% while empty truck traffic increased by 12K or 40%. Operating revenues amounted to \$6M, an increase of \$1M over last year. Operating expenses totaled \$3M. After non-operating expenses of \$1M and net transfer-out of \$1M, the net position increased by \$1M resulting in an ending net position 426K. Unrestricted net position is reflected as a deficit in the amount of \$18M, largely as a result of the start up fund and board advances made to it by the McAllen International Toll Bridge Fund.

General Fund Budgetary Highlights

During the year, the City Commission amended the budget several times. The revenue budget was increased by \$12M due to sales tax revenue performing better than anticipated, interest earnings performing well and revenue from land sales. Original appropriations to the final budget appropriations were increased by approximately \$29M. This increase was primarily related to an increase in transfers out of \$21M for City Hall expansion/Boeye project, \$3M for the Center of Urban Ecology project and \$3M to the employee benefits fund for health insurance expenses.

Pensions and Retiree Healthcare

Effective for fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" created specific reporting requirements for pensions that are different than that used for funding purposes. Valuations are important as the reporting valuation provides a rigorous standard measure that can be used to compare the City's pension liabilities to other governments from around the nation. The funding valuation is important as the actuarial methods used including strategies for repaying any unfunded actuarial accrued liabilities combined with the City's history of making those contributions provides insights regarding the City's commitment to and the effectiveness of its funding strategy. Information contained in the financial statements themselves including the first schedule of Required Supplementary Information (RSI), Schedule of Changes in Net Pension Liability and Related Ratios, is based on the reporting valuation. The second schedule in the RSI, Schedule of Contributions, is based on the funding valuation. On a reporting basis, the City's financial statements reflect a net pension liability as of September 30, 2023 of \$26M, which is 47% of the City's annual covered payroll of \$82M.

The Firemen's Relief & Retirement Fund (the Plan) reflects a Net Pension Liability as of September 30, 2023 of \$39M, which is 273.9% of the Plan's annual covered payroll of \$14M. Information contained in the financial statements themselves including the third schedule of Required Supplementary Information (RSI), Schedule of Changes in Net Pension Liability and Related Ratios, is based on the reporting valuation. The fourth schedule in the RSI, Schedule of Contributions, is based on the funding valuation.

Retiree health care's net OPEB liability has been calculated in accordance with GASB Statement No.75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," to be \$20M, as of September 30, 2023.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, the City had \$888M in net capital assets, which is reflected below:

Capital Assets at Year-end

(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land	\$ 92	\$ 84	\$ 24	\$ 24	\$ 116	\$ 108
Buildings and improvements	199	194	774	745	973	939
Equipment	105	98	90	86	195	184
Infrastructure	280	265	-	-	280	265
Construction in progress	58	39	39	44	97	83
Water rights	-	-	16	16	16	16
Development in Progress-SBITA	1	-	2	-	3	-
Subscription Right-of-Use	1	-	-	-	1	-
Accumulated depreciation	(349)	(330)	(444)	(417)	(793)	(747)
Net Capital Assets	<u>\$ 387</u>	<u>\$ 350</u>	<u>\$ 501</u>	<u>\$ 498</u>	<u>\$ 888</u>	<u>\$ 848</u>

This year's major additions included the following projects (in millions):

SWTP Expansion Filter/Clarifier	\$ 10
RWY 14-32/TWY A Safety Improvements	9
Runway & Taxiway Safety Improvements	8
HCID #1 Raw Waterline	2
North Hub Construction	2
AMI Project	1
Terminal Tiled Roof	1
Total	<u>\$ 33</u>

For more detailed information on capital asset activity, refer to the notes to financial statements (refer to page 60 - 61).

Debt

At the end of the fiscal year, the City had \$331M in bonds outstanding-as shown in the following table:

**Outstanding Debt at Year-end
(in Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
General/certificate of obligation bonds/ note (backed by the City)	\$ 95	\$ 101	\$ -	\$ -	\$ 95	\$ 101
Revenue bonds backed by Specific tax and fee revenues	21	21	215	224	236	245
Totals	<u>\$ 116</u>	<u>\$ 122</u>	<u>\$ 215</u>	<u>\$ 224</u>	<u>\$ 331</u>	<u>\$ 346</u>

For more detailed information on long-term debt activity, refer to the notes to financial statements (refer to page 69).

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

During the budget process for fiscal year 2023-24 the elected and appointed officials considered many factors including the forces driving the economy-among which were job growth, bank deposits, retail sales growth, the unemployment rate, tourism, and inflation. The City reduced its property tax rate to \$0.457285 per \$100 of valuation compared to \$0.4799 per \$100 of valuation for FY 2023. General Fund revenues and transfers-in are expected to generate \$160M, a decrease by \$29K, 0.02% less than last year’s amended budget. The decrease is primarily attributable to a \$2M reduction to sale of property; the reduction of one time transfers-in from the Anzalduas Bridge Fund for \$2M and the Anzalduas Bridge Debt Service “B” Fund for \$328K; as well as the final expected transfer-in from American Rescue Plan Fund of \$909K. The decrease is offset by an increase of \$1M in Sales Tax, an increase of \$3M in Property Tax, and an increase of \$466K in the transfer-in from the Toll Bridge Fund. General Fund appropriations, including expenditures and transfers-out, are \$153M, a \$15M decrease from last year’s adjusted budget. Total Operations are budgeted at \$144M, an increase of \$11.2M from last year’s adjusted budget. The estimated FY 2024 budget fund balance covers a total of 222 days of operating expenditures which is in excess of the minimum fund balance policy of 140 days.

CONTACTING THE CITY’S FINANCIAL MANAGEMENT

This financial report is designed to inform the citizens, taxpayers and customers of the City of McAllen as well as its investors and creditors about the City’s finances and to provide accountability for the public support that it receives. If you have any questions about the report or need additional financial information, contact the Finance Director’s Office at the City of McAllen, 1300 Houston, McAllen, Texas 78501.



Roel “Roy” Rodriguez, P.E.
City Manager



Sergio Villasana Jr., CPA
Finance Director

STATEMENT OF NET POSITION

September 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Tres Lagos Public Improvement District
ASSETS				
Cash	\$ 42,268,203	\$ 1,969,066	\$ 44,237,269	\$ 116,396
Certificate of deposits	6,175,297	2,058,608	8,233,905	-
Investments	217,519,293	67,006,142	284,525,435	-
Receivables, net	39,987,389	13,253,572	53,240,961	117,886
Internal balances	(152,672)	152,672	-	-
Inventories	-	1,241,759	1,241,759	-
Prepaid items	1,457,606	155,333	1,612,939	-
Restricted assets	-	177,416,124	177,416,124	-
Capital assets not being depreciated:				
Land	92,528,337	23,379,726	115,908,063	18,627,352
Construction in progress	58,477,327	39,476,866	97,954,193	-
Development in Progress-SBITA	722,254	1,600,000	2,322,254	-
Water rights (perpetual)	-	14,323,738	14,323,738	-
Capital assets being depreciated:				
Buildings and systems	115,289,771	533,770,090	649,059,861	4,275,895
Equipment	104,805,440	90,012,133	194,817,573	5,172
Improvements	84,059,491	240,216,462	324,275,953	-
Infrastructure	279,709,658	-	279,709,658	-
Subscription Right-of-Use	782,787	39,398	822,185	-
Water rights	-	2,200,000	2,200,000	-
Accumulated depreciation	(348,868,626)	(443,985,975)	(792,854,601)	-
Other long term assets	4,060,910	2,435,510	6,496,420	-
Total assets	698,822,465	766,721,224	1,465,543,689	23,142,701
Deferred outflows of resources:				
Deferred charges on refunding	1,103,681	2,039,109	3,142,790	-
Deferred charges-pensions and OPEB Plan	63,908,932	8,449,658	72,358,590	-
Total deferred outflows of resources	65,012,613	10,488,767	75,501,380	-
Total assets and deferred outflows of resources	\$ 763,835,078	\$ 777,209,991	\$1,541,045,069	\$ 23,142,701
LIABILITIES				
Accounts payable and accrued liabilities	\$ 24,775,120	\$ 20,606,291	\$ 45,381,411	\$ 124,316
Unearned revenues	10,299,876	3,222,367	13,522,243	-
Other	10,399,404	379,327	10,778,731	4,614,750
Non-current liabilities:				
Due within one year	14,375,504	12,549,855	26,925,359	-
Due in more than one year	122,106,703	208,482,755	330,589,458	-
Net OPEB obligation - due in more than one year	20,420,348	-	20,420,348	-
Net pension liability -Firemen's Pension - due in more than one year	39,351,758	-	39,351,758	-
Net pension liability-TMRS - due in more than one year	26,511,392	12,089,936	38,601,328	-
Total liabilities	268,240,105	257,330,531	525,570,636	4,739,066
Deferred inflows of resources:				
Deferred charges on leases	158,135	5,818,369	5,976,504	-
Deferred charges on refunding	-	2,795,246	2,795,246	-
Deferred charges-pensions and OPEB Plan	38,677,276	589,040	39,266,316	-
Total deferred inflows of resources	38,835,411	9,202,655	48,038,066	-
Total liabilities and deferred inflows of resources	307,075,516	266,533,186	573,608,702	4,739,066
NET POSITION				
Net investment in capital assets	277,597,057	349,069,018	626,666,075	22,908,419
Restricted for:				
Capital projects	32,000,639	65,420,889	97,421,528	-
Federal and state grant awards	1,731,351	-	1,731,351	-
Hotel tourism	1,222,931	-	1,222,931	-
Parks	2,382,244	-	2,382,244	-
Debt service	5,793,270	9,900,355	15,693,625	-
Economic development	23,235,622	-	23,235,622	-
Distribution of net surplus revenues	-	5,860,052	5,860,052	-
Other purposes	2,976,639	-	2,976,639	-
Unrestricted	109,819,809	80,426,491	190,246,300	(4,504,784)
Total net position	456,759,562	510,676,805	967,436,367	18,403,635
Total liabilities, deferred inflows of resources, and net position	\$ 763,835,078	\$ 777,209,991	\$1,541,045,069	\$ 23,142,701

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

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 46,815,019	\$ 3,668,834	\$ 9,556,798	\$ 161,587
Public safety	80,508,390	2,897,551	3,076,141	6,251,482
Highways and streets	25,178,835	2,146,822	5,654	10,747,073
Health and welfare	8,445,811	960,560	665,529	-
Culture and recreation	30,669,464	1,644,798	1,897,704	584,445
Interest on long-term debt	3,928,732	-	-	-
Total governmental activities	<u>195,546,251</u>	<u>11,318,565</u>	<u>15,201,826</u>	<u>17,744,587</u>
Business-type activities:				
Water services	23,000,185	24,696,431	23,213	2,176,638
Wastewater services	21,492,670	21,008,796	17,229	3,020,197
Sanitation services	24,239,023	23,359,709	190,894	-
Golf course services	1,918,818	2,264,186	1,071	-
Performing arts center services	2,097,761	1,580,143	1,083	-
Convention center services	8,803,853	4,494,118	19,576	-
Airport services	11,605,981	8,692,114	2,871,134	9,892,001
Transit services	1,901,581	15,510	589,335	2,150,495
Bus services	4,384,622	603,870	2,377,064	-
Bridge services--Anzalduas	5,635,154	5,912,664	-	-
Bridge services-Hidalgo	8,068,973	15,107,459	6,620	-
Total business-type activities	<u>113,148,621</u>	<u>107,735,000</u>	<u>6,097,219</u>	<u>17,239,331</u>
Total primary government	<u>\$ 308,694,872</u>	<u>\$ 119,053,565</u>	<u>\$ 21,299,045</u>	<u>\$ 34,983,918</u>
Component Unit -				
Tres Lagos Public Improvement District	<u>\$ 1,306,064</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Property taxes				
Hotel occupancy tax				
Sales taxes				
Franchise taxes				
Mixed beverage taxes				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Total general revenues, special items, and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

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

Net (Expenses) Revenues and Changes in Net Position				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	Tres Lagos Public Improvement District	
\$ (33,427,800)	\$ -	\$ (33,427,800)	\$ -	-
(68,283,216)	-	(68,283,216)	-	-
(12,279,286)	-	(12,279,286)	-	-
(6,819,722)	-	(6,819,722)	-	-
(26,542,517)	-	(26,542,517)	-	-
(3,928,732)	-	(3,928,732)	-	-
(151,281,273)	-	(151,281,273)	-	-
-	3,896,097	3,896,097	-	-
-	2,553,552	2,553,552	-	-
-	(688,420)	(688,420)	-	-
-	346,439	346,439	-	-
-	(516,535)	(516,535)	-	-
-	(4,290,159)	(4,290,159)	-	-
-	9,849,268	9,849,268	-	-
-	853,759	853,759	-	-
-	(1,403,688)	(1,403,688)	-	-
-	277,510	277,510	-	-
-	7,045,106	7,045,106	-	-
-	17,922,929	17,922,929	-	-
\$ (151,281,273)	\$ 17,922,929	\$ (133,358,344)	\$ -	-
\$ -	\$ -	\$ -	\$ (1,306,064)	-
59,879,201	-	59,879,201	482,942	-
6,522,909	-	6,522,909	-	-
93,622,389	-	93,622,389	-	-
6,868,263	-	6,868,263	-	-
1,468,420	-	1,468,420	-	-
11,693,380	9,840,853	21,534,233	-	-
13,139,469	-	13,139,469	101,643	-
4,093,929	(4,093,929)	-	-	-
197,287,960	5,746,924	203,034,884	584,585	-
46,006,687	23,669,853	69,676,540	(721,479)	-
410,752,875	487,006,952	897,759,827	19,125,114	-
\$ 456,759,562	\$ 510,676,805	\$ 967,436,367	\$ 18,403,635	-

**BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2023**

	General	Development Corp.	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 15,462,634	\$ 64,954	\$ 24,904,170	\$ 40,431,758
Certificate of deposit	-	1,029,304	4,116,689	5,145,993
Investments	60,565,658	22,817,200	106,673,172	190,056,030
Receivables, net:				
Taxes	16,838,723	3,935,310	351,605	21,125,638
Accounts	4,595,770	-	1,323,073	5,918,843
Accrued interest	276,099	51,555	68,797	396,451
Other	686,796	-	34,326	721,122
Due from other funds	5,962,262	-	-	5,962,262
Due from other governments	1,037,549	1,045,540	9,057,112	11,140,201
Prepays	109,904	-	11,322	121,226
Board advances	4,060,910	-	-	4,060,910
Total assets	<u>\$ 109,596,305</u>	<u>\$ 28,943,863</u>	<u>\$ 146,540,266</u>	<u>\$ 285,080,434</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,164,283	\$ 3,370,245	\$ 10,580,800	\$ 16,115,328
Accrued liabilities	2,978,170	326,844	1,242,941	4,547,955
Due to other funds	-	-	5,042,182	5,042,182
Unearned revenues	501,287	-	9,798,589	10,299,876
Other	1,076,824	100	9,320,950	10,397,874
Total liabilities	<u>6,720,564</u>	<u>3,697,189</u>	<u>35,985,462</u>	<u>46,403,215</u>
Deferred inflows of resources	<u>20,445,045</u>	<u>2,011,052</u>	<u>582,088</u>	<u>23,038,185</u>
Total liabilities and deferred inflows of resources	<u>27,165,609</u>	<u>5,708,241</u>	<u>36,567,550</u>	<u>69,441,400</u>
Fund balances:				
Nonspendable	4,170,814	-	11,322	4,182,136
Restricted	114,400	23,235,622	45,992,674	69,342,696
Committed	-	-	466,380	466,380
Assigned	-	-	63,537,288	63,537,288
Unassigned	78,145,482	-	(34,948)	78,110,534
Total fund balances	<u>82,430,696</u>	<u>23,235,622</u>	<u>109,972,716</u>	<u>215,639,034</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 109,596,305</u>	<u>\$ 28,943,863</u>	<u>\$ 146,540,266</u>	<u>\$ 285,080,434</u>

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

**RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2023**

Total governmental fund balances (refer to page 18)	\$ 215,639,034
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 funds.	379,498,349
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. The amount consists of the following: property taxes - \$4,182,195 sales and franchise taxes - \$8,044,206; weed and lot cleaning - \$1,097,618; others; \$5,495,121, and Mission repayment on Series B Bridge bonds, \$4,060,910	22,880,050
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.	35,541,454
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds, including unpaid compensated absences, (\$15,476,044), sales tax revenue bonds payable, (\$20,900,000), accrued interest, (\$449,785), certificates of obligation, (\$36,980,000), general obligations (\$58,470,000), leases (\$1,450,381), premium, (\$2,411,189), deferred inflows of resources, (\$38,677,276), Firemen's pension obligation (\$39,351,758), OPEB obligation (\$20,420,348), deferred outflows of resources, \$63,908,933, discount (\$234,155), Deferred Charge on Refunding \$1,103,681, Subscription Liability (479,609) and TMRS Pension Liability \$(26,511,392)	<u>(196,799,325)</u>
Net position of governmental activities	<u>\$ 456,759,562</u>

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2023

	<u>General</u>	<u>Development Corp.</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 132,357,228	\$ 23,398,502	\$ 12,133,374	\$ 167,889,104
Licenses and permits	2,548,057	-	11,384	2,559,441
Intergovernmental	1,160,950	744,314	23,942,180	25,847,444
Charges for services	7,029,664	-	2,287,907	9,317,571
Fines and forfeitures	1,118,397	-	933,655	2,052,052
Investment earnings	3,023,862	647,631	5,635,390	9,306,883
Net increase (decrease) in the fair value of investments	777,519	336,462	224,928	1,338,909
Other	<u>6,317,232</u>	<u>568,580</u>	<u>3,336,688</u>	<u>10,222,500</u>
Total revenues	<u>154,332,909</u>	<u>25,695,489</u>	<u>48,505,506</u>	<u>228,533,904</u>
EXPENDITURES				
Current:				
General government	22,509,551	9,625,389	21,061,305	53,196,245
Public safety	68,419,246	-	13,356,688	81,775,934
Highways and streets	13,156,885	4,788,917	14,776,322	32,722,124
Health and welfare	4,047,207	3,670,616	730,777	8,448,600
Culture and recreation	21,449,236	1,478,309	12,107,973	35,035,518
Principal	695,782	58,376	5,074,326	5,828,484
Interest and fiscal charges	<u>61,528</u>	<u>756,284</u>	<u>2,952,751</u>	<u>3,770,563</u>
Total expenditures	<u>130,339,435</u>	<u>20,377,891</u>	<u>70,060,142</u>	<u>220,777,468</u>
Excess of revenues over (under) expenditures	<u>23,993,474</u>	<u>5,317,598</u>	<u>(21,554,636)</u>	<u>7,756,436</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	10,274,847	-	40,217,130	50,491,977
Transfers out	(35,698,462)	(5,816,785)	(8,196,180)	(49,711,427)
Issuance of debt for SBITA	<u>666,354</u>	<u>116,433</u>	<u>-</u>	<u>782,787</u>
Net other financing sources (uses)	<u>(24,757,261)</u>	<u>(5,700,352)</u>	<u>32,020,950</u>	<u>1,563,337</u>
Net change in fund balances	(763,787)	(382,754)	10,466,314	9,319,773
Fund balances at beginning of year	<u>83,194,483</u>	<u>23,618,376</u>	<u>99,506,402</u>	<u>206,319,261</u>
Fund balances at end of year	<u>\$ 82,430,696</u>	<u>\$ 23,235,622</u>	<u>\$ 109,972,716</u>	<u>\$ 215,639,034</u>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the year ended September 30, 2023**

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

Net change in fund balances--total governmental funds (refer to page 20)	\$ 9,319,773
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays \$54,625,522 exceeded depreciation, (\$17,477,434), in the current period.	37,148,088
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	3,389,054
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	5,070,000
Repayment of lease principal and subscription based information technology agreements are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	(24,302)
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 of which (\$1,751,918) is compensated absences, \$35,986 accrued interest expense, (\$194,155) bond amortization expense.	(1,910,088)
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 of which (\$4,293,796) is pension expense, (\$2,402,878) OPEB expense, (\$2,792,101) is Firemen's net pension obligation.	(9,488,776)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	2,502,938
Change in net position of governmental activities	<u>\$ 46,006,687</u>

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

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GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 53,433,212	\$ 54,086,404	\$ 54,028,576	\$ (57,828)
Sales	67,470,676	70,728,711	71,663,921	935,210
Franchise	6,182,000	6,581,373	6,664,731	83,358
Total taxes	<u>127,085,888</u>	<u>131,396,488</u>	<u>132,357,228</u>	<u>960,740</u>
Licenses and permits:				
Business	73,000	73,000	90,680	17,680
Occupational	499,499	499,499	511,281	11,782
Non-business	1,967,953	1,967,953	1,946,096	(21,857)
Total licenses and permits	<u>2,540,452</u>	<u>2,540,452</u>	<u>2,548,057</u>	<u>7,605</u>
Intergovernmental	<u>937,652</u>	<u>937,652</u>	<u>1,160,950</u>	<u>223,298</u>
Charges for services:				
General government	2,977,778	3,177,778	3,719,894	542,116
Public safety	630,500	630,500	845,499	214,999
Health	847,200	847,200	960,560	113,360
Culture and recreation	959,816	959,816	1,503,711	543,895
Total charges for services	<u>5,415,294</u>	<u>5,615,294</u>	<u>7,029,664</u>	<u>1,414,370</u>
Fines and forfeitures:				
Corporations court	830,000	830,000	1,064,923	234,923
Other fines	45,005	45,005	53,474	8,469
Total fines and forfeitures	<u>875,005</u>	<u>875,005</u>	<u>1,118,397</u>	<u>243,392</u>
Investment earnings	<u>350,000</u>	<u>3,506,985</u>	<u>3,023,862</u>	<u>(483,123)</u>
Net increase (decrease) in fair value of investments	<u>-</u>	<u>-</u>	<u>777,519</u>	<u>777,519</u>
Other:				
Royalties	300,000	300,000	240,376	(59,624)
Rents and concessions	82,025	82,025	78,696	(3,329)
Reimbursements	261,458	278,988	613,963	334,975
Other	427,400	4,937,691	5,384,197	446,506
Total other revenues	<u>1,070,883</u>	<u>5,598,704</u>	<u>6,317,232</u>	<u>718,528</u>
Total revenues	<u>138,275,174</u>	<u>150,470,580</u>	<u>154,332,909</u>	<u>3,862,329</u>

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

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL**

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
EXPENDITURES				
General government:				
City commission	\$ 401,301	\$ 403,275	\$ 292,073	\$ 111,202
Special services	702,898	702,898	497,724	205,174
City manager	1,837,008	1,884,777	1,979,320	(94,543)
City secretary	630,637	645,191	605,753	39,438
Vital statistics	196,637	218,270	186,594	31,676
Passport facility	212,708	217,580	215,203	2,377
Audit office	260,979	268,100	266,823	1,277
Municipal court	1,785,006	1,823,275	1,427,193	396,082
Finance	1,715,393	1,751,393	1,698,011	53,382
Budget & management	467,019	477,889	442,543	35,346
Tax office	1,429,676	1,438,887	1,326,939	111,948
Purchasing and contracting	773,996	909,956	696,679	213,277
Legal	1,905,798	1,942,852	1,519,852	423,000
Grant administration	519,221	531,098	503,032	28,066
Human resources	917,858	1,081,271	884,547	196,724
Risk management	847,335	847,335	847,335	-
Planning	1,494,484	1,531,106	1,363,078	168,028
Information technology	4,117,027	3,926,682	4,013,463	(86,781)
Public information office	900,654	919,816	839,146	80,670
311 Call center	547,358	559,052	463,402	95,650
City hall	558,639	561,635	589,063	(27,428)
Building maintenance	1,102,375	1,124,575	917,113	207,462
Development Center	155,586	156,508	144,552	11,956
Non-departmental activities	799,000	799,000	790,113	8,887
Contingency	(398,686)	(1,536,107)	-	(1,536,107)
Total general government	<u>23,879,907</u>	<u>23,186,314</u>	<u>22,509,551</u>	<u>676,763</u>
Public safety:				
Police	40,173,018	40,358,884	38,820,601	1,538,283
Animal care services	475,536	483,757	410,983	72,774
Radio Shop	732,903	742,483	720,213	22,270
Fire	23,236,726	23,385,326	24,045,770	(660,444)
Emergency medical services	-	300,000	521,667	(221,667)
Traffic operations	2,562,259	2,604,244	2,620,427	(16,183)
Building code compliance	1,462,841	1,495,460	1,279,585	215,875
Total public safety	<u>68,643,283</u>	<u>69,370,154</u>	<u>68,419,246</u>	<u>950,908</u>
Highways and streets:				
Engineering services	2,410,005	2,464,505	2,350,694	113,811
Street maintenance	6,718,554	6,773,100	6,187,543	585,557
Street lighting	2,424,065	2,424,065	2,390,744	33,321
Sidewalk construction	393,152	400,366	366,029	34,337
Drainage	1,951,044	1,977,061	1,861,875	115,186
Total highways and streets	<u>13,896,820</u>	<u>14,039,097</u>	<u>13,156,885</u>	<u>882,212</u>
Health and welfare:				
Health code compliance	2,639,912	2,685,326	2,506,782	178,544
Graffiti cleaning	225,157	228,121	207,425	20,696
Other agencies	1,083,000	1,333,000	1,333,000	-
Total health and welfare	<u>3,948,069</u>	<u>4,246,447</u>	<u>4,047,207</u>	<u>199,240</u>

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

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Culture and recreation:				
Parks and recreation administration	\$ 638,422	\$ 650,536	\$ 623,561	\$ 26,975
Parks	9,243,630	9,382,596	9,734,403	(351,807)
Recreation	2,145,574	2,150,882	2,162,931	(12,049)
Pools	1,085,662	1,091,998	1,055,343	36,655
Las palmas community center	416,274	423,849	430,028	(6,179)
Recreation center-Lark	544,285	553,353	528,782	24,571
Recreation center-Palmview	498,053	506,827	501,108	5,719
Quinta mazatlan	1,224,421	1,247,781	1,229,293	18,488
Library	4,007,544	4,081,300	3,904,197	177,103
Library branch-Lark	518,946	531,507	509,838	21,669
Library branch-Palmview	558,136	571,513	512,256	59,257
Other agencies	221,000	221,000	217,496	3,504
Museums	40,000	40,000	40,000	-
Total culture and recreation	<u>21,141,947</u>	<u>21,453,142</u>	<u>21,449,236</u>	<u>3,906</u>
Debt service:				
Principal	205,980	205,980	695,782	(489,802)
Interest and fiscal charges	57,194	57,194	61,528	(4,334)
Total debt service	<u>263,174</u>	<u>263,174</u>	<u>757,310</u>	<u>(494,136)</u>
Total expenditures	<u>131,773,200</u>	<u>132,558,328</u>	<u>130,339,435</u>	<u>2,218,893</u>
Excess (deficiency) of revenues over expenditures	<u>6,501,974</u>	<u>17,912,252</u>	<u>23,993,474</u>	<u>6,081,222</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,863,814	10,166,167	10,274,847	108,680
Transfers out	(7,807,084)	(36,004,567)	(35,698,462)	306,105
Issuance of debt for SBITA	-	-	666,354	666,354
Total other financing sources (uses)	<u>(943,270)</u>	<u>(25,838,400)</u>	<u>(24,757,261)</u>	<u>1,081,139</u>
Net change in fund balance	5,558,704	(7,926,148)	(763,787)	7,162,361
Fund balance, beginning of year	<u>83,194,483</u>	<u>83,194,483</u>	<u>83,194,483</u>	<u>-</u>
Fund balance, end of year	<u>\$ 88,753,187</u>	<u>\$ 75,268,335</u>	<u>\$ 82,430,696</u>	<u>\$ 7,162,361</u>

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

DEVELOPMENT CORPORATION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Sales tax	\$ 21,550,714	\$ 23,124,402	\$ 23,398,502	\$ 274,100
Intergovernmental	583,400	1,275,750	744,314	(531,436)
Investment earnings	53,578	53,578	647,631	594,053
Net increase (decrease) in the fair value of investments	-	-	336,462	336,462
Other	760,510	760,510	568,580	(191,930)
Total revenues	<u>22,948,202</u>	<u>25,214,240</u>	<u>25,695,489</u>	<u>481,249</u>
EXPENDITURES				
Current:				
General government	15,002,484	20,592,484	9,625,389	10,967,095
Highways and streets	9,903,457	11,387,047	4,788,917	6,598,130
Health and welfare	3,749,000	3,809,000	3,670,616	138,384
Culture and recreation	2,476,299	2,476,299	1,478,309	997,990
Debt service:				
Principal	-	-	58,376	(58,376)
Interest and fiscal charges	754,510	754,510	756,284	(1,774)
Total expenditures	<u>31,885,750</u>	<u>39,019,340</u>	<u>20,377,891</u>	<u>18,641,449</u>
Excess (deficiency) of revenues over expenditures	<u>(8,937,548)</u>	<u>(13,805,100)</u>	<u>5,317,598</u>	<u>19,122,698</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,863,645)	(6,137,245)	(5,816,785)	320,460
Issuance of debt for SBITA	-	-	116,433	116,433
Total other financing sources (uses)	<u>(2,863,645)</u>	<u>(6,137,245)</u>	<u>(5,700,352)</u>	<u>436,893</u>
Net change in fund balance	(11,801,193)	(19,942,345)	(382,754)	19,559,591
Fund balance, beginning of year	<u>23,618,376</u>	<u>23,618,376</u>	<u>23,618,376</u>	<u>-</u>
Fund balance, end of year	<u>\$ 11,817,183</u>	<u>\$ 3,676,031</u>	<u>\$ 23,235,622</u>	<u>\$ 19,559,591</u>

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

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**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
September 30, 2023**

	Business-type Activities-Enterprise Funds			
	Water	Wastewater	Sanitation	McAllen International Airport
ASSETS				
Current assets:				
Cash	\$ 219,055	\$ 254,192	\$ 25,843	\$ 564,850
Certificate of deposit	-	-	-	2,058,608
Investments	8,330,645	2,464,117	14,435,008	15,853,072
Receivables, net:				
Accounts	2,754,131	2,225,337	2,387,510	718,579
Accrued interest	10,832	5,805	23,653	17,785
Lease receivable - current	174,693	-	-	1,593,957
Other	-	95,605	-	10,000
Due from other funds	-	-	-	-
Due from other governments	153	14,690	39,863	-
Inventories, at cost	691,853	-	-	-
Prepaid items	4,007	1,744	3,058	235
Restricted assets:				
Cash and cash equivalents	62,004	65,942	4,412	160,817
Total current assets	12,247,373	5,127,432	16,919,347	20,977,903
Noncurrent assets:				
Restricted assets:				
Certificate of deposit	-	-	1,029,304	514,915
Investments	34,447,878	32,708,438	11,373,163	7,287,201
Accrued interest	28,262	38,643	18,909	3,868
Deferred contributions	-	-	-	-
Other	-	-	-	1,180,954
Total noncurrent restricted assets	34,476,140	32,747,081	12,421,376	8,986,938
TMRS net pension asset	-	-	-	-
Capital assets:				
Land	3,144,890	2,110,322	3,009,399	3,251,781
Buildings and systems	93,333,164	220,137,683	3,174,937	33,461,451
Improvements other than buildings	68,440,352	41,539,133	781,121	107,393,571
Machinery and equipment	11,708,175	11,308,949	33,857,277	6,275,445
Construction in progress	3,188,144	5,051,752	62,847	19,684,686
Water rights	16,523,738	-	-	-
Subscription right-of-use	3,216	11,510	24,672	-
Development in progress-SBITA	800,000	800,000	-	-
Less accumulated depreciation and amortization	(100,032,318)	(127,418,967)	(27,069,466)	(91,716,444)
Total capital assets (net of accumulated depreciation and amortization)	97,109,361	153,540,382	13,840,787	78,350,490
Other noncurrent assets				
Lease receivable - noncurrent	217,675	-	-	274,275
Loans receivable	81,585	95,750	-	-
Board advances	-	-	-	-
Total other noncurrent assets	299,260	95,750	-	274,275
Total noncurrent assets	131,884,761	186,383,213	26,262,163	87,611,703
Total assets	144,132,134	191,510,645	43,181,510	108,589,606
Deferred outflow of resources				
Deferred charges on refundings	2,039,109	-	-	-
Deferred charges - pensions	2,066,551	1,386,694	2,152,882	544,965
Total assets and deferred outflows of resources	\$ 148,237,794	\$ 192,897,339	\$ 45,334,392	\$ 109,134,571

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

Business-type Activities-Enterprise Funds				Governmental Activities
McAllen International Toll Bridge	Anzalduas International Crossing	Other Proprietary Funds	Total	Internal Service Funds
\$ 92,763	\$ 125,789	\$ 600,810	\$ 1,883,302	\$ 1,922,209
-	-	-	2,058,608	1,029,304
3,724,332	5,045,530	17,153,438	67,006,142	27,463,263
-	-	27,877	8,113,434	400,076
8,548	-	9,051	75,674	26,697
1,689,989	-	91,195	3,549,834	-
-	-	-	105,605	407,000
-	-	423,605	423,605	-
1,029	-	1,204,585	1,260,320	67
-	-	-	691,853	549,906
-	-	146,288	155,332	1,336,380
137,582	132,484	84,696	647,937	-
5,654,243	5,303,803	19,741,545	85,971,646	33,134,902
-	-	514,915	2,059,134	-
9,490,591	57,385,008	4,711,641	157,403,920	-
-	2,651	15,637	107,970	-
-	16,016,209	-	16,016,209	-
-	-	-	1,180,954	-
9,490,591	73,403,868	5,242,193	176,768,187	-
-	-	-	-	-
787,486	2,922,772	8,153,076	23,379,726	-
17,429,718	50,905,814	114,361,388	532,804,155	965,935
4,016,261	729,871	17,183,330	240,083,639	132,823
4,046,879	1,114,127	20,726,334	89,037,186	34,150,672
2,263,449	183,293	9,042,695	39,476,866	-
-	-	-	16,523,738	-
-	-	-	39,398	-
-	-	-	1,600,000	-
(18,683,684)	(20,746,081)	(57,387,753)	(443,054,713)	(26,098,897)
9,860,109	35,109,796	112,079,070	499,889,995	9,150,533
1,509,569	-	256,656	2,258,175	-
-	-	-	177,335	-
22,099,695	-	-	22,099,695	-
23,609,264	-	256,656	24,535,205	-
42,959,964	108,513,664	117,577,919	701,193,387	9,150,533
48,614,207	113,817,467	137,319,464	787,165,033	42,285,435
-	-	-	2,039,109	-
401,979	113,310	1,535,075	8,201,456	248,202
\$ 49,016,186	\$ 113,930,777	\$ 138,854,539	\$ 797,405,598	\$ 42,533,637

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
September 30, 2023**

	Business-type Activities-Enterprise Funds			
	Water	Wastewater	Sanitation	McAllen International Airport
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 2,373,010	\$ 499,827	\$ 1,488,357	\$ 886,201
Accrued expenses	826,927	398,698	260,372	686,799
Due to other funds	-	-	-	-
Due to other government agencies	-	-	-	-
Customer deposits payable	2,968,965	-	-	-
Compensated absences	538,301	458,595	544,555	142,249
Current portion of revenue bonds	2,883,106	4,908,602	-	549,392
Current portion of lease	-	-	58,759	3,639
Subscription liability-current	1,039	3,717	7,967	-
Other	173,157	164,456	50	40,593
	<u>9,764,505</u>	<u>6,433,895</u>	<u>2,360,060</u>	<u>2,308,873</u>
Total current liabilities				
Other noncurrent liabilities:				
Revenue bonds, net of current portion	42,304,768	79,624,477	-	4,205,921
Subscription liability-noncurrent	1,169	4,185	8,970	-
Compensated absences	203,946	190,423	193,005	50,443
Unearned revenues	193,244	14,626	133,247	201,399
Lease payable	-	-	122,915	7,613
Board advances	-	-	-	-
TMRS net pension liability	2,956,862	1,984,108	3,080,386	779,747
	<u>45,659,989</u>	<u>81,817,819</u>	<u>3,538,523</u>	<u>5,245,123</u>
Total other non current liabilities				
Total liabilities				
	<u>55,424,494</u>	<u>88,251,714</u>	<u>5,898,583</u>	<u>7,553,996</u>
Deferred inflows of resources-leases				
	444,090	-	-	1,861,480
Deferred inflows of resources-refunding				
	159,750	2,426,647	-	-
Deferred inflows of resources-pensions				
	144,063	96,669	150,081	37,990
	<u>56,172,397</u>	<u>90,775,030</u>	<u>6,048,664</u>	<u>9,453,466</u>
Total liabilities and deferred inflows of resources				
NET POSITION				
Net investments in capital assets	57,005,100	67,212,899	13,642,177	73,583,925
Restricted for:				
Capital projects	9,641,671	25,654,468	11,666,314	6,899,348
Commercial cargo facilities project	-	-	-	-
Debt service	1,326,011	6,040,859	-	292,091
Distribution of net surplus revenues	-	-	-	-
Unrestricted	24,092,615	3,214,083	13,977,237	18,905,741
	<u>92,065,397</u>	<u>102,122,309</u>	<u>39,285,728</u>	<u>99,681,105</u>
Total net position				
Total liabilities, deferred inflows of resources, and net position				
	<u>\$ 148,237,794</u>	<u>\$ 192,897,339</u>	<u>\$ 45,334,392</u>	<u>\$ 109,134,571</u>

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

Business-type Activities-Enterprise Funds				Governmental Activities
McAllen International Toll Bridge	Anzalduas International Crossing	Other Proprietary Funds	Total	Internal Service Funds
\$ 606,744	\$ 4,081,377	\$ 1,289,670	\$ 11,225,186	\$ 2,367,110
134,114	1,381,049	617,335	4,305,294	1,866,613
102,361	-	168,571	270,932	1,072,753
920,134	-	-	920,134	-
-	-	615,039	3,584,004	-
95,735	18,958	275,164	2,073,557	118,751
-	2,002,507	-	10,343,607	-
1,990	-	10,461	74,849	669
-	-	-	12,723	-
-	-	412	378,668	2,189
<u>1,861,078</u>	<u>7,483,891</u>	<u>2,976,652</u>	<u>33,188,954</u>	<u>5,428,085</u>
-	81,314,581	-	207,449,747	-
-	-	-	14,324	-
62,243	17,513	143,140	860,713	6,528
266,839	2,209,775	203,237	3,222,367	-
4,163	-	21,882	156,573	1,399
-	22,099,695	-	22,099,695	-
<u>575,160</u>	<u>162,126</u>	<u>2,196,415</u>	<u>11,734,804</u>	<u>355,132</u>
<u>908,405</u>	<u>105,803,690</u>	<u>2,564,674</u>	<u>245,538,223</u>	<u>363,059</u>
<u>2,769,483</u>	<u>113,287,581</u>	<u>5,541,326</u>	<u>278,727,177</u>	<u>5,791,144</u>
3,169,608	-	343,191	5,818,369	-
-	208,849	-	2,795,246	-
<u>28,023</u>	<u>7,899</u>	<u>107,012</u>	<u>571,737</u>	<u>17,303</u>
<u>5,967,114</u>	<u>113,504,329</u>	<u>5,991,529</u>	<u>287,912,529</u>	<u>5,808,447</u>
9,853,956	14,583,859	112,046,727	347,928,643	9,148,465
3,983,940	2,248,257	5,326,891	65,420,889	-
-	-	-	-	-
569,555	1,671,839	-	9,900,355	-
5,860,052	-	-	5,860,052	-
<u>22,781,569</u>	<u>(18,077,507)</u>	<u>15,489,392</u>	<u>80,383,130</u>	<u>27,576,725</u>
<u>43,049,072</u>	<u>426,448</u>	<u>132,863,010</u>	<u>509,493,069</u>	<u>36,725,190</u>
<u>\$ 49,016,186</u>	<u>\$ 113,930,777</u>	<u>\$ 138,854,539</u>	<u>\$ 797,405,598</u>	<u>\$ 42,533,637</u>

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**RECONCILIATION OF THE STATEMENT OF NET POSITION OF THE PROPRIETARY FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
September 30, 2023**

Fund equity - total proprietary funds (page 31)	\$ 509,493,069
Some amounts reported for business-type activities in the statement of net position are different because certain internal service fund assets and liabilities are included with business-type activities.	<u>1,183,736</u>
Net position of business-type activities	<u>\$ 510,676,805</u>

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

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended September 30, 2023

	Business-type Activities-Enterprise Funds			
	Water	Wastewater	Sanitation	McAllen International Airport
Operating revenues				
Charges for services	\$ 23,708,339	\$ 19,834,835	\$ 23,195,208	\$ 3,541,428
Rentals	-	-	-	5,120,898
Other	988,092	1,173,961	164,501	29,788
Total operating revenues	<u>24,696,431</u>	<u>21,008,796</u>	<u>23,359,709</u>	<u>8,692,114</u>
Operating expenses				
Salaries, wages and employee benefits	9,012,409	5,962,037	9,671,369	2,430,697
Supplies	2,542,381	1,502,836	1,390,133	299,266
Contractual and other services	5,014,392	2,996,736	5,190,404	3,420,295
Repairs and maintenance	619,982	722,019	5,489,814	773,404
Depreciation and amortization	4,699,071	9,433,099	2,556,574	4,580,194
Self insurance claims	-	-	-	-
Total operating expenses	<u>21,888,235</u>	<u>20,616,727</u>	<u>24,298,294</u>	<u>11,503,856</u>
Operating income (loss)	<u>2,808,196</u>	<u>392,069</u>	<u>(938,585)</u>	<u>(2,811,742)</u>
Non operating revenues (expenses)				
Investment earnings	1,601,421	1,129,649	601,882	846,114
Net increase (decrease) in fair value of investments	262,065	363,583	461,631	248,409
Interest expense	(1,053,464)	(1,170,385)	(7,777)	(222,123)
Interest on board advances	-	-	-	-
Bond related charges--issuance cost	(52,829)	432,824	-	114,078
Gain (loss) on sale of capital assets	763	(130,233)	76,238	-
Intergovernmental	21,213	17,229	190,894	2,871,134
Interest revenue - leases	4,300	-	-	10,320
Other	-	-	-	-
Net non-operating revenues (expenses)	<u>783,469</u>	<u>642,667</u>	<u>1,322,868</u>	<u>3,867,932</u>
Income (loss) before contributions and transfers	3,591,665	1,034,736	384,283	1,056,190
Capital contributions	2,176,638	3,020,197	-	9,892,001
Transfers in	-	137,850	-	-
Transfers out	(131,581)	(101,216)	(185,934)	(2,198,351)
Change in net position	5,636,722	4,091,567	198,349	8,749,840
Total net position-beginning	<u>86,428,675</u>	<u>98,030,742</u>	<u>39,087,379</u>	<u>90,931,265</u>
Total net position-ending	<u>\$ 92,065,397</u>	<u>\$ 102,122,309</u>	<u>\$ 39,285,728</u>	<u>\$ 99,681,105</u>

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

Business-type Activities-Enterprise Funds				Governmental Activities
McAllen International Toll Bridge	Anzalduas International Crossing	Other Proprietary Funds	Total	Internal Service Funds
\$ 11,773,691	\$ 5,630,760	\$ 6,176,156	\$ 93,860,417	\$ 10,464,637
2,941,198	12,206	2,044,126	10,118,428	-
392,570	269,698	1,737,545	4,756,155	18,614,565
<u>15,107,459</u>	<u>5,912,664</u>	<u>9,957,827</u>	<u>108,735,000</u>	<u>29,079,202</u>
1,777,716	475,842	6,975,842	36,305,912	2,149,837
178,159	15,511	637,435	6,565,721	69,109
1,322,403	539,107	6,849,592	25,332,929	12,117,362
273,500	37,933	1,665,925	9,582,577	62,591
811,919	1,469,337	4,095,548	27,645,742	2,011,484
-	-	-	-	15,985,925
<u>4,363,697</u>	<u>2,537,730</u>	<u>20,224,342</u>	<u>105,432,881</u>	<u>32,396,308</u>
<u>10,743,762</u>	<u>3,374,934</u>	<u>(10,266,515)</u>	<u>3,302,119</u>	<u>(3,317,106)</u>
387,037	1,677,688	762,183	7,005,974	581,501
-	1,351,421	147,770	2,834,879	466,083
(245)	(3,196,801)	(1,288)	(5,652,083)	(82)
832,217	(832,217)	-	-	-
-	251,291	-	745,364	-
-	-	123,248	70,016	60,437
6,620	-	2,988,129	6,095,219	219,813
32,116	-	2,991	49,727	-
<u>(3,734,088)</u>	<u>(149,777)</u>	<u>-</u>	<u>(3,883,865)</u>	<u>1,057,062</u>
<u>(2,476,343)</u>	<u>(898,395)</u>	<u>4,023,033</u>	<u>7,265,231</u>	<u>2,384,814</u>
8,267,419	2,476,539	(6,243,482)	10,567,350	(932,292)
-	-	2,150,495	17,239,331	78,952
-	778,327	5,527,085	6,443,262	3,320,464
<u>(5,718,553)</u>	<u>(2,035,145)</u>	<u>(147,180)</u>	<u>(10,517,960)</u>	<u>(26,316)</u>
2,548,866	1,219,721	1,286,918	23,731,983	2,440,808
<u>40,500,206</u>	<u>(793,273)</u>	<u>131,576,092</u>	<u>485,761,086</u>	<u>34,284,382</u>
<u>\$ 43,049,072</u>	<u>\$ 426,448</u>	<u>\$ 132,863,010</u>	<u>\$ 509,493,069</u>	<u>\$ 36,725,190</u>

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RECONCILIATION OF THE STATEMENT REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION OF THE PROPRIETARY FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

Change in net position - total proprietary funds (page 35)	\$ 23,731,983
Some amounts reported for business-type activities in the statement of activity are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.	<u>(62,130)</u>
Change in net position of business-type activities	<u>\$ 23,669,853</u>

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

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2023**

	Business-type Activities-Enterprise Funds			
	Water	Wastewater	Sanitation	McAllen International Airport
Cash flows from operating activities:				
Receipts from customers	\$ 24,168,986	\$ 20,722,303	\$ 23,383,975	\$ 8,318,717
Payments to employees	(8,387,325)	(5,538,935)	(9,107,289)	(2,274,947)
Payments to suppliers	(7,764,602)	(5,526,532)	(11,365,938)	(4,395,138)
Cash received from other cash receipts	-	-	-	-
Net cash provided (used) by operating activities	<u>8,017,059</u>	<u>9,656,836</u>	<u>2,910,748</u>	<u>1,648,632</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	-	137,850	-	-
Transfers to other funds	(131,581)	(101,216)	(185,934)	(2,198,351)
Subsidy from federal/state grant	23,792	24,350	197,745	3,220,819
Distribution of income to SCT	-	-	-	-
Distribution of income to City of Hidalgo	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>(107,789)</u>	<u>60,984</u>	<u>11,811</u>	<u>1,022,468</u>
Cash flows from capital and related financing activities:				
Capital contributions	-	14,745	-	9,934,269
Purchases of capital assets	(6,006,251)	(3,047,510)	(2,483,384)	(10,732,767)
Proceeds from sale of capital assets	713,519	57,062	173,851	227,550
Bond issuance cost	-	(1)	-	-
Proceeds from bond issuance	-	-	-	-
Principal repayments-bonds and notes	(2,478,900)	(4,916,100)	(57,031)	(423,532)
Interest paid	(1,066,720)	(1,184,892)	(7,777)	(224,748)
Subscription Liabilities	(1,008)	(3,608)	17,481	-
Net cash provided (used) by capital and related financing activities	<u>(8,839,360)</u>	<u>(9,080,304)</u>	<u>(2,356,860)</u>	<u>(1,219,228)</u>
Cash flows from investing activities:				
Proceeds from sales and maturities of investments	52,203,377	27,529,282	14,589,917	19,612,943
Purchase of investments	(53,245,828)	(29,648,284)	(16,378,242)	(21,606,831)
Net increase (decrease) in fair value of investments	262,065	363,583	461,631	248,409
Receipt of interest	1,600,885	1,122,064	596,047	841,187
Net cash provided (used) by investing activities	<u>820,499</u>	<u>(633,355)</u>	<u>(730,647)</u>	<u>(904,292)</u>
Net increase (decrease) in cash	(109,591)	4,161	(164,948)	547,580
Cash at beginning of year	390,650	315,973	195,203	178,087
Cash at end of year	<u>\$ 281,059</u>	<u>\$ 320,134</u>	<u>\$ 30,255</u>	<u>\$ 725,667</u>

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

Business-type Activities-Enterprise Funds				Governmental Activities
McAllen International Toll Bridge	Anzalduas International Crossing	Other Proprietary Funds	Total	Internal Service Funds
\$ 15,157,588	\$ 6,000,309	\$ 10,041,718	\$ 107,793,596	\$ 29,179,023
(1,694,930)	(434,345)	(6,521,215)	(33,958,986)	(2,114,362)
(1,069,670)	(10,919,947)	(7,933,847)	(48,975,674)	(28,757,857)
-	-	-	-	1,061,398
<u>12,392,988</u>	<u>(5,353,983)</u>	<u>(4,413,344)</u>	<u>24,858,936</u>	<u>(631,798)</u>
-	778,327	5,449,746	6,365,923	3,320,464
(5,718,553)	(2,035,145)	(147,180)	(10,517,960)	(26,316)
23,288	2,221,052	2,619,428	8,330,474	221,998
-	(5,245)	-	(5,245)	-
<u>(3,613,114)</u>	<u>-</u>	<u>-</u>	<u>(3,613,114)</u>	<u>-</u>
<u>(9,308,379)</u>	<u>958,989</u>	<u>7,921,994</u>	<u>560,078</u>	<u>3,516,146</u>
-	-	2,136,006	12,085,020	-
(1,714,158)	(178,827)	(2,259,833)	(26,422,730)	(3,486,149)
-	-	215,585	1,387,567	1,532,778
-	-	-	(1)	-
-	-	-	-	-
(1,932)	(1,720,000)	(10,154)	(9,607,649)	(649)
(245)	(3,054,312)	(1,288)	(5,539,982)	(82)
-	-	-	12,865	-
<u>(1,716,335)</u>	<u>(4,953,139)</u>	<u>80,316</u>	<u>(28,084,910)</u>	<u>(1,954,102)</u>
14,175,154	65,867,459	16,746,188	210,724,320	11,636,099
(16,080,061)	(59,426,255)	(21,389,962)	(217,775,463)	(13,361,915)
-	1,351,421	147,770	2,834,879	466,083
<u>411,811</u>	<u>1,676,522</u>	<u>756,613</u>	<u>7,005,129</u>	<u>573,319</u>
<u>(1,493,096)</u>	<u>9,469,147</u>	<u>(3,739,391)</u>	<u>2,788,865</u>	<u>(686,414)</u>
(124,822)	121,014	(150,425)	122,969	243,832
<u>355,167</u>	<u>137,259</u>	<u>835,931</u>	<u>2,408,270</u>	<u>1,678,377</u>
<u>\$ 230,345</u>	<u>\$ 258,273</u>	<u>\$ 685,506</u>	<u>\$ 2,531,239</u>	<u>\$ 1,922,209</u>

Continued

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2023**

	Business-type Activities-Enterprise Funds			
	Water	Wastewater	Sanitation	McAllen International Airport
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 2,808,196	\$ 392,069	\$ (938,585)	\$ (2,811,742)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	4,699,071	9,433,099	2,556,574	4,580,194
Other nonoperating revenues	-	-	-	-
(Increase) decrease in deferred contributions	-	-	-	-
(Increase) decrease in deferred outflows of resources - pension	(1,660,338)	(1,121,727)	(1,744,091)	(440,834)
Increase (decrease) in deferred inflows of resources - pension	(1,588,525)	(1,033,471)	(1,593,501)	(406,151)
Increase (decrease) in deferred inflows of resources - leases	(232,663)	-	-	(1,590,048)
(Increase) decrease in lease receivable	248,906	-	-	1,588,828
(Increase) decrease in accounts receivable	(613,820)	(286,493)	22,079	(507,553)
(Increase) decrease in due from other funds	-	-	-	-
(Increase) decrease in prepaid items	189	(1,744)	(68)	724
(Increase) decrease in inventories	(292,175)	-	-	-
Increase (decrease) in accounts payable	666,284	(303,257)	704,481	107,082
Increase (decrease) in customer deposits payable	46,084	-	-	-
Increase (decrease) in compensated absences payable	98,155	81,760	31,335	(18,803)
Increase (decrease) in accrued liabilities	100,846	19,405	29,215	48,031
Increase (decrease) in due to other funds	-	-	-	-
Increase (decrease) in net pension liability	3,712,801	2,477,195	3,841,122	973,528
Increase (decrease) in unearned revenue	24,048	-	2,187	125,376
Total adjustments	5,208,863	9,264,767	3,849,333	4,460,374
Net cash provided by (used) by operating activities	\$ 8,017,059	\$ 9,656,836	\$ 2,910,748	\$ 1,648,632
Reconciliation to statement of net position:				
Cash	\$ 219,055	\$ 254,192	\$ 25,843	\$ 564,850
Cash restricted	62,004	65,942	4,412	160,817
Total cash	\$ 281,059	\$ 320,134	\$ 30,255	\$ 725,667
Noncash investing, capital and financing activities:				
Contributions of capital assets	\$ 2,176,638	\$ 2,994,336	\$ -	\$ -
Increase (decrease) in fair value of investments	262,065	363,583	461,631	248,409

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

Business-type Activities-Enterprise Funds				Governmental Activities
McAllen International Toll Bridge	Anzalduas International Crossing	Other Proprietary Funds	Total	Internal Service Funds
\$ 10,743,762	\$ 3,374,934	\$ (10,266,515)	\$ 3,302,119	\$ (3,317,106)
811,919	1,469,338	4,095,548	27,645,743	2,011,484
-	-	-	-	1,061,353
-	(15,019,632)	-	(15,019,632)	-
(321,561)	(92,690)	(1,265,470)	(6,646,711)	(194,590)
(314,977)	(80,050)	(1,042,917)	(6,059,592)	(211,364)
(1,437,703)	-	(91,843)	(3,352,257)	-
1,431,793	-	89,832	3,359,359	-
2,455	87,645	(15,321)	(1,311,008)	107,617
-	-	-	-	-
-	-	434,323	433,424	(1,335,871)
-	-	-	(292,175)	(118,163)
540,077	4,692,235	784,637	7,191,539	220,578
-	-	86,587	132,671	-
(12,389)	11,371	29,716	221,145	(30,145)
90,679	2,367	37,403	327,946	(18,738)
80,536	-	-	80,536	738,246
724,813	200,499	2,698,136	14,628,094	454,901
53,584	-	12,540	217,735	-
1,649,226	(8,728,917)	5,853,171	21,556,817	2,685,308
\$ 12,392,988	\$ (5,353,983)	\$ (4,413,344)	\$ 24,858,936	\$ (631,798)
\$ 92,763	\$ 125,789	\$ 600,810	\$ 1,883,302	\$ 1,922,209
137,582	132,484	84,696	647,937	-
\$ 230,345	\$ 258,273	\$ 685,506	\$ 2,531,239	\$ 1,922,209
\$ -	\$ -	\$ 173,447	\$ 5,344,421	\$ 78,952
-	1,351,421	147,770	2,834,879	466,083

Concluded

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2023**

	Pension Trust Firemen's Relief and Retirement Fund	Custodial Fund Communications Group
ASSETS		
Cash and cash equivalents	\$ 1,487,953	\$ 11,789
Receivables:		
Interest	80,463	-
Other	32,420	-
Other Assets:		
Investments, at fair value:		
TexPool prime	-	7,228,528
Fixed income	10,835,435	-
Domestic and international equities	27,585,904	-
Alternative investments	17,566,374	-
Total investments	55,987,713	7,228,528
Total assets	57,588,549	7,240,317
LIABILITIES		
Accounts payable	412	4,833
Total liabilities	412	4,833
NET POSITION		
Restricted for:		
Pensions	57,588,137	-
Organizations	-	7,235,484
Total net pension	\$ 57,588,137	\$ 7,235,484

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

For the Year Ended September 30, 2023

	Pension Trust Firemen's Relief and Retirement Fund	Custodial Fund Communications Group
ADDITIONS		
Contributions:		
Member	\$ 2,010,356	\$ -
Employer	2,155,354	-
Other	6,393	2,223,776
Total contributions	4,172,103	2,223,776
Investment earnings:		
Interest and dividends	1,659,073	317,479
Net appreciation (depreciation) in fair value of investments	3,687,163	-
Total investment earnings (loss)	5,346,236	317,479
Less: investment expense	(358,518)	-
Net investment earnings (loss)	4,987,718	317,479
Total additions (reductions)	9,159,821	2,541,255
DEDUCTIONS		
Benefits	4,544,181	-
Refund of contributions	23,755	-
DROP payments	373,836	-
Administrative expense	48,118	1,183,053
Total deductions	4,989,890	1,183,053
Net increase (decrease) in fiduciary net position	4,169,931	1,358,202
Net position--beginning as originally reported	53,418,206	5,877,282
Net position--ending	\$ 57,588,137	\$ 7,235,484

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

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NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. Reporting entity**

The City of McAllen, Texas (the City) is a municipal corporation, which was incorporated February 20, 1911 under Article XI, Section 5 of the Texas Constitution. The City operates under the commission-manager form of government and provides a full range of municipal services as authorized by its charter. The governing body consists of an elected mayor and a six-member commission. Services provided include those typically provided by general-purpose local governments, namely public safety (principally police and fire), highways and streets, health and welfare, culture and recreation (principally library, parks and recreation). Other services provided include water and wastewater utilities, sanitation, civic center, convention center, International Airport, International Toll Bridge linking Hidalgo, Texas with downtown Reynosa, Tamaulipas, Mexico, International Toll Bridge linking south of the City of Mission with the west side of Reynosa, Tamaulipas, Mexico, golf course, bus transit system, and intermodal transit terminal.

The accompanying financial statements present the reporting entity, which consists of the primary government. Financial reporting standards also require the City to include, if any, legally-separate entities or organizations for which the primary government is financially accountable and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion could cause the City's basic financial statements to be misleading or incomplete.

Financial accountability exists if a primary government appoints a voting majority of an organization's governing Board and either is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations with a separately elected governing Board, a governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the primary government.

Applying these tests to other entities and activities for possible inclusion in the reporting entity, the City has determined that the Development Corporation and the Local Government Finance Corporation meet the financial accountability tests and, therefore, are included as blended component units. Specifically, management of the primary government has operational responsibility for the Development Corporation and the Local Government Finance Corporation. Its Boards are appointed by the City Commission and serve as an advisory board to the City Commission.

The Tres Lagos Public Improvement District (PID) was created during the year ended September 30, 2015 for the purpose of financing the costs of maintaining improvements and providing services within or related to the Tres Lagos Development Project. The primary government adopts the PID's Service and Assessment Plans annually. The PID meets the criteria of financial accountability as the City appoints a majority of the PID's governing board and is able to impose its will on the PID and is presented as a discretely presented component unit of the City. Though there are financial relationships between the two, management has determined that the PID's governing board is not substantively the same as the City's, does not meet the reporting criteria related to providing services entirely, or almost entirely to, the City, and should not be included as a blended component unit.

The City of McAllen issues separate publicly available audited financial statements of the McAllen International Toll Bridge and the Anzalduas International Crossing, enterprise funds of the City, which may be obtained by writing to the City of McAllen Finance Department, 1300 Houston, P.O. Box 220, McAllen, Texas 78505.

The Firemen's Relief and Retirement Fund is included as a pension trust fund, and reported as a fiduciary fund in the accompanying financial statements. These financials are audited and issued separately.

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP) applicable to states and local governments. US GAAP for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB"), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governments.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Governmental Accounting Standards Board issued the following pronouncements, which are relevant to the City and became effective this fiscal year and have been implemented:

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements

This Statement improves financial reporting by addressing Public-Private and Public-Public Partnerships and availability payment arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements

This Statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. 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. The requirements of this Statement are effective for fiscal years beginning after June 15,2022.

The Governmental Accounting Standards Board has issued the following pronouncements, which are relevant to the City and will become effective in future years:

GASB Statement No. 100, Accounting Changes and Error Corrections-an amendment of GASB No. 62

The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The statement is effective for fiscal years beginning after June 15, 2023.

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. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

The more significant accounting policies of the City are described below and on the following pages.

B. Government-wide and fund financial statements

Government-wide Financial Statements

The government-wide financial statements consist of the statement of net position and the statement of activities, which is a statement of results of operations. These statements report information on all the activities of the reporting entity with the exception of fiduciary activity. Generally, the effect of inter-fund activity has been eliminated from these statements. *Governmental activities*, normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which primarily rely on fees and charges.

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*.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*Fund Financial Statements*

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.

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*; consistent with the presentation of the proprietary fund and fiduciary fund financial statements, with the exception that custodial funds which use *economic resources measurement focus*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, without regard to the timing of the 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 all eligibility requirements imposed by the provider have been met.

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 soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 30 days of the end of the current fiscal period, except for property taxes, which is 60 days required by GAAP. Expenditures generally are recorded when a liability is incurred, consistent with accrual accounting. However, debt service expenditures, as well as those related to compensated absences and claims and judgments are recognized only when payment is made.

Revenues derived from federal or state grants are recognized when earned at the end of the current fiscal year and are reflected as due from other governments. Because of their nature, the availability period has a longer duration of six months to a year.

Property taxes, sales taxes, franchise taxes, 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. Other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental fund types, as well as related non-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 *Special Revenue Funds* are used to account for and report the proceeds of specific revenue sources, other than for debt service or major capital projects that are legally restricted or committed to expenditure for specified purposes. There is one special revenue fund reported as a major fund. The *Development Corp. Fund*, a blended component unit. It is used to account for the additional ½¢ sales tax for economic development.

The *Capital Projects Funds* are used to account for and report financial resources that are restricted, committed or assigned for the acquisition and/or construction of capital facilities except those financed by proprietary fund types.

The City reports the following major *proprietary fund types* and related funds:

The following *enterprise funds* are used to account for City operations for which a fee is charged to external users for goods or services. These funds must be used for activities, whose debt is backed solely by fees and charges or there is a legal requirement to recover cost, including capital cost, or a policy decision has been made to recover cost, including capital cost. Enterprise funds, which are reported as major funds include:

The *Water Fund*, which accounts for the activities of the City's water system.

The *Wastewater Fund*, which accounts for the activities of the City's wastewater system.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The *Sanitation Fund*, which accounts for the activities of the City-owned residential and commercial garbage and brush collection as well as recycling systems.

The *McAllen International Airport Fund*, which accounts for the activities of the City-owned international airport.

The *McAllen International Toll Bridge Fund*, which accounts for the operations of the City-owned international bridge connecting the City of Hidalgo, Texas with downtown Reynosa, Mexico.

The *Anzalduas International Crossing Fund*, which accounts for the operations of the international bridge connecting south of the City of Mission, Texas with the west side of Reynosa, Mexico.

The City also reports, although not as major funds, the *internal service funds as proprietary funds*. These fund types were established to finance and account for goods and services provided to various departments of the City, and on a limited basis to other local agencies, on a cost-reimbursement basis. They account for fleet management, health insurance, retiree health insurance, property and casualty, and general insurance services provided to other operating funds of the City, as well as a general depreciation fund for rolling stock used within departments of the General Fund. In the statement of net position, only fleet management is reported in the business-type column, because the predominant user is determined to be the Sanitation Fund, a proprietary fund.

The City reports *fiduciary fund types*, in which the City accounts for assets received and held by the City in the capacity of trustee or custodian. Expenditures are made only in accordance with the purpose for which the assets are received and cannot be used to support the City's programs. Within this category of fund types, the *pension trust fund* accounts for the activities of the *Firemen's Relief and Retirement Fund*, which accumulates resources for pension benefit payments to qualified firefighters. The City also accounts for the *Communications Group Fund*, a custodial fund, which was established for the purpose of accounting for the operations and maintenance of a consolidated regional public safety services communication system.

Generally, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general statement are charges between the City's water and wastewater function and various other functions of the City. Eliminating these charges would distort the direct costs and program revenues reported by the respective functions.

Amounts reported in *program revenues* include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues*, which include all taxes, as opposed to program revenues.

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.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the City typically first applies restricted resources, as appropriate opportunities arise, but reserves the right to selectively defer the use thereof to a future project or replacement equipment acquisition.

D. Assets, liabilities, and net position**1. Authorized Investments**

Assets of the City may be invested only in the following instruments in accordance with the City's Investment Policy and further defined by the Public Funds Investment Act for the state of Texas.

- Obligations of the U.S. Government, its agencies and instrumentalities, including pass-through mortgage-backed securities and collateralized mortgage obligations (CMO).
- FDIC insured or collateralized depository certificates of deposit of state and national banks doing business in Texas to include CDARS initiated through a Texas bank.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Local government investment pools.
- AAA-rated, SEC registered money market mutual funds.
- No-load bond mutual fund.
- FDIC insured or collateralized interest bearing and money market accounts from any FDIC insured bank in Texas to include depository spread money market funds initiated in a Texas bank.
- Debt obligations of any state or political subdivision in any US state.
- Fully collateralized repurchase agreements.
- A1/P1 commercial paper
- FDIC insured brokered certificate of deposit securities from U.S. banks

The City's investment policy further restricts investments to the following:

- Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security and pays no principal.
- Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.
- Collateralized mortgage obligations that have a stated final maturity date of greater than ten (10) years.
- Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

The City's investments are reported at fair value based on quoted market prices or amortized cost, which approximates fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

2. Receivables and payables

Lending/borrowing between funds that results in amounts outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds." "Due to/from other funds" represents the current portion of interfund loans. The noncurrent portion of interfund loans is reflected as interfund loans on the fund financial statements. 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."

Advance receivables between funds, reported in the fund financial statements, are offset by a category of fund balance in the applicable governmental fund(s) to indicate that they are not available for appropriation and are not expendable available financial resources. All trade receivables are shown net of an allowance for uncollectible.

Property taxes are levied on October 1 based on the assessed value of property as listed on the previous January 1, on which date a tax lien attaches. Assessed values are an approximation of market value. A valuation of all property must be made at least every three (3) years. However, due to growth, the appraisal district conducts annual valuation by property category. Property taxes at the fund level are recorded as receivables and unearned revenues at the time the taxes are levied. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and, therefore, susceptible to accrual in accordance with GAAP have been recognized as revenue. Taxes are due on October 1, the levy date, and are delinquent after the following January 31. Tax liens are automatic on January 1 each year. The tax lien is part of a lawsuit for property that can be filed any time after taxes become delinquent (February 1). The City usually waits until after May 1 and July 1 to file suits on business, personal property and real property, respectively.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Inventories and prepaid items

Inventories for all governmental funds are valued at cost on the first-in, first-out basis. The consumption method is used to account for inventories. Under the consumption method, all inventory purchases are recorded as inventory acquisitions (current assets) at the time of purchase and expended when used.

Inventories of proprietary funds are valued at cost on the first-in, first-out basis as well.

Payments to vendors, reflecting costs applicable to future accounting periods, are recorded as prepaid items in both government-wide and fund financial statements. The consumption method is also used to account for prepaid items.

Inventories and prepaids items are reflected as nonspendable fund balance in the governmental funds.

4. Restricted assets

Proceeds from the issuance of bonds, primarily related to enterprise funds and sales tax revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position due to their use being limited by applicable bond covenants. The “revenue bond current debt service” account is used to report segregated assets accumulated for debt service payments over the next twelve months. The “revenue bond contingency” account is used to report resources set aside to subsidize potential deficiencies from the McAllen International Toll Bridge Fund and/or the Anzalduas International Crossing Fund operations that could adversely affect debt service payments. In addition to assets restricted by bond covenants, others are restricted by enabling legislation for replacement and/or acquisition of capital assets.

5. 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. Donated assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the assets life are not capitalized.

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.

Depreciation of capital assets used by proprietary funds, including those acquired by contributed capital, is charged as an expense against their operations in the fund financial statements as well as the government-wide financial statements. Depreciation of general 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, accumulated depreciation as well as the net amount are reported on proprietary fund statements of net position 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:

Buildings and improvements	10 – 50 years
Equipment	5 – 15 years
Infrastructure	15 – 40 years

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**6. Compensated absences**

Accumulated unpaid compensated absences are accrued when incurred in all funds reported within the proprietary fund financial statements as well as the governmental activities and business-type activities columns of the government-wide statements. The expense is recognized in the governmental fund financial statements when paid or expected to be paid with current financial resources.

7. 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. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

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.

8. Fund balances

Fund balance, reported in governmental funds, which has some level of constraint placed on it, is classified as non-spendable, restricted, committed, or assigned. The amount remaining, which can be spent for any lawful purpose is classified as unassigned. Amounts classified as restricted have constraints placed on the use by law, regulations of other governments, creditors, grantors or by enabling legislation. Those classified as committed are constrained by the City Commission through an ordinance for specific purposes. Reversing a commitment would require City Commission approval through an ordinance. Non-spendable amounts cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The City Commission has delegated the authority to make assignments to the City Manager with Commission direction. For the purposes of classifying governmental fund balances, the City typically considers expenditure to be made from the most restrictive first when more than one classification is available, however reserves the right to selectively defer the use thereof to future expenditure. During the budget process, the City Manager designates the assignment of fund balances and makes recommendations to the City Commission for their consent and approval.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following outlines the composition of the City's governmental fund balances classifications.

	Major Funds		Non-major Funds Other	Total
	General	Development Corp.		
Fund balances:				
Nonspendable:				
Board advances	\$ 4,060,910	\$ -	\$ -	\$ 4,060,910
Prepays	109,904	-	11,322	121,226
Restricted for:				
Opioid Settlement	114,400	-	-	114,400
Law enforcement	-	-	1,731,351	1,731,351
Debt service	-	-	5,793,270	5,793,270
Economic development	-	\$ 23,235,622	49,952	23,285,574
Tourism	-	-	2,656,629	2,656,629
Capital improvements	-	-	32,000,639	32,000,639
Public education governmental	-	-	1,378,589	1,378,589
Parks	-	-	2,382,244	2,382,244
Committed to:				
Downtown services parking	-	-	54,725	54,725
City Special Events	-	-	20,229	20,229
Marketing	-	-	391,426	391,426
Assigned to:				
Information technology projects	-	-	57,902	57,902
Other capital projects	-	-	63,479,386	63,479,386
Unassigned	<u>78,145,482</u>	<u>-</u>	<u>(34,948)</u>	<u>78,110,534</u>
Total fund balances	<u>\$ 82,430,696</u>	<u>\$ 23,235,622</u>	<u>\$ 109,972,716</u>	<u>\$ 215,639,034</u>

The amount of fund balance restricted by enabling legislation totaled \$28,269,338 as of September 30, 2023.

9. Minimum fund balance policy

In order to maintain a margin of safety in the General Fund balance in anticipation of economic downturns or natural disasters, the City Commission has adopted an ordinance, requiring a minimum fund balance of 140 days of expenditures.

10. Deficit Net Position/Fund Balance

The Employee Benefits Fund reflects a deficit net position of \$1,636,325. The Retiree Health Insurance Fund reflects a deficit net position of \$29,036. It is estimated these shortfalls will be covered by health insurance premium rate increases and plan design changes to reduce expenses. The Miscellaneous Government Grants Fund reflects a deficit fund balance of \$16,872. Also, the Texas Anti-gang Unit Fund reflects a deficit fund balance of \$15,754, both of these deficits will be covered by the General Fund as well.

11. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet 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 has several deferred outflows of resources classifications that qualifies for reporting in this category for business-type activities and government wide activities: deferred loss on refundings, pension and OPEB contributions made after measurement date, deferred charges on actuarial losses, and differences in projected and actual earnings on pension assets. A deferred loss 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 debt or refunding debt. The other categories of deferred outflows of resources pertain to GASB 68 and GASB 75.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. 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. At the governmental fund level, revenues that have been billed but not yet collected or collected within the availability period are reported as unavailable revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City has five categories that qualify as deferred inflows of resources at the governmental fund level. The following table describes the items and amounts:

<u>Deferred Inflows</u>	<u>Amount</u>
Property taxes	\$ 4,182,195
Sales taxes	8,044,206
City of Mission - Repayment on Series B Bond	4,060,910
Weedy lots	1,097,618
Other	<u>5,653,256</u>
Totals	<u>\$ 23,038,185</u>

On the statement of net position, the deferred inflows of resources category includes deferred inflows related to leases, refundings, OPEB, differences in investment experience/assumptions related to pensions, and differences in expected and actual pension experiences. See Note IV (D) for further information on pension related deferred inflows of resources.

12. Leases

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset. Examples of nonfinancial assets include buildings, lands, and equipment. The City is a lessor for several noncancellable leases of property.

As a lessor, the City recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental fund and proprietary fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

- a) The City uses its estimated incremental borrowing rate as the discount rate for leases.
- b) The lease term includes the noncancellable period of the lease.
- c) Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

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

13. Subscription Based Information Technology Arrangements

A subscription based information technology arrangement (SBITA) is defined as a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets. The City is a subscriber for several noncancellable agreements.

Notes To Financial Statements

As a subscriber, the City recognizes a subscription liability and a subscription asset in the government-wide, governmental fund and proprietary fund financial statements.

At the commencement of a subscription, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability. Subsequently, the subscription asset is amortized on a straight-line basis over the life of the subscription term.

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

NOTE II - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

The City adheres to the following procedures in establishing the budgetary data reflected in the basic financial statements:

1. Prior to August 1 of each year, the City Manager is required to submit to the City Commission a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted by the City Commission through passage of an ordinance.
4. The City Manager is authorized to transfer budgeted amounts between accounts within any department; however, any revisions that alter the total expenditures of any department must be approved by the City Commission. Budgeted amounts include transfers and revisions to the original appropriations ordinance.
5. Annual appropriated budgets are adopted for most governmental funds per legal requirements, while others are appropriated for management purposes.
6. The budget and actual comparisons include the General Fund and the Development Corp Fund. Budgets for these funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (US GAAP) applicable to state and local governments. Budgets for proprietary funds have been prepared on a non-US GAAP basis, which excludes depreciation but includes capital outlay and debt principal payments.
7. Annual budgeted expenditures are adopted at the department level within funds. As previously noted, the City Manager is authorized to make transfers within a department. Accordingly, the level at which expenditures cannot legally exceed appropriations is the department level. During the year, several supplementary appropriations were necessary.

The governmental funds that have legally adopted budgets are General Fund, Debt Service Fund, Hotel Venue Debt Service Fund, all the Special Revenue Funds (excluding TIRZ#1, TIRZ#2A, Miscellaneous Government Grants, Developers, PD Seized, Sport Facility Fund and TX Anti Gang Unit funds), and all the Capital Project Funds (excluding Local Government Finance Corporation TX A&M Construction Fund).

B. Excess of expenditures over appropriations

For the year ended September 30, 2023, expenditures in certain general fund departments exceeded appropriations. These expenditures over appropriations are the result of underestimating actual expenditures for the year. Revenue sufficient to provide for the excess was made available through the use of available surplus from current and prior years. The related departments and the excess of expenditures over appropriations are reflected in the table that follows:

Department	Amount
Fire	\$ 660,444
Parks	351,807
Emergency medical services	221,667
City manager	94,543
Information technology	86,781
City hall	27,428
Traffic operations	16,183
Recreation	12,049
Las palmas community center	6,179
Total general fund	<u>\$ 1,477,081</u>

NOTE III - DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

It is the City's policy as well as a requirement in its Depository Agreement for deposits plus accrued interest thereon to be 105% 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 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. Certificate of deposit holdings were collateralized by letters of credit issued by the Federal Home Loan Bank at 100% of principal and accrued interest.

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. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs.

The City uses quoted prices (Level 1 inputs) in active markets to measure the fair value of government treasuries and a matrix pricing model (Level 2 inputs) to measure the fair value of its money market mutual funds and government agency security investments.

Investments at fair value, as of September 30, 2023, are reflected in the table that follows:

2023 Investments by fair value level	Cost	Fair Value	Fair Value Measurements Using		
			(Level 1)	(Level 2)	(Level 3)
Debt Securities					
United States government agency securities	\$ 215,608,650	\$ 211,664,234	\$ -	\$ 211,664,234	\$ -
Money market mutual funds	4,935,475	4,935,475	-	4,935,475	-
Total debt securities	<u>\$ 220,544,125</u>	<u>\$ 216,599,709</u>	<u>\$ -</u>	<u>\$ 216,599,709</u>	<u>\$ -</u>

The total amount above excludes investments in local government pools, which are reported at amortized cost in the amount of \$215,673,995 as of September 30, 2023.

Public funds investment pools

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.

The City's investments in Pools are reported at amortized cost.

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.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. This Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rate risk.

NOTE III - DETAILED NOTES ON ALL FUNDS (Continued)

Interest rate risk. The investment policy states that no investment shall exceed seven years in maturity. By limiting the exposure of its investments by no more than four years as reflected in the schedule below, the City reduces its risk to rising interest rates. The table below reflects the allocation of the investment portfolio.

	Government Agencies, Certificates of Deposit, and Commercial Paper
< 1 Year	\$ 173,053,017
1-3 Years	58,607,368
Total	<u>\$ 231,660,385</u>
Weighted Average Maturity	379 Days

Credit risk. As of September 30, 2023, the investments in the State's investment pool were rated AAAM by Standards and Poor's. Available funds were invested in government securities which consist of instruments issued by the Federal Farm Credit Bank, which are rated AAA by Moody's Investors Service and AA+ by S&P. The City's investment policy limits authorized investments to TexPool Prime, certificates of deposits, U.S. Treasuries, federal government agencies, including mortgage backed securities, commercial paper, municipal bonds, and money market mutual funds.

Concentration of credit risk. The U.S. government agencies holdings represent 81% of the total portfolio. Within this category, 10% represent securities issued by the Federal Farm Credit Bank and 90% represent securities issued by the Federal Home Loan Bank. The investment policy is silent in the concentration of holding in the various types of securities and investments.

Firemen's Relief and Retirement Fund Investments

The Firemen's Relief and Retirement Fund Investments (Plan) are recorded at fair value as of September 30, 2023. The table below reflects the composition of these investments.

	Fair Value	% of Portfolio	Investment Policy Asset Allocation
Equities:			
Domestic	\$ 20,169,236	36%	20-50%
International	7,416,668	13%	30-60%
Equities total	<u>27,585,904</u>		
Fixed income			
Treasury and agency securities			
corporate bonds and mutual funds	<u>10,835,435</u>		
Fixed income total	<u>10,835,435</u>	19%	0-20%
Alternative investments	<u>17,566,374</u>	31%	10-30%
Total portfolio	<u>\$ 55,987,713</u>	<u>100%</u>	

NOTE III - DETAILED NOTES ON ALL FUNDS (Continued)

Investments at fair value as of September 30, 2023 using the fair value measurement are as follows:

Investment Type	Total Fair Value	Level 1	Level 2	Level 3
Equities				
Domestic Equity	\$ 20,169,236	\$ 20,169,236	\$ -	\$ -
International Equity	7,416,668	7,416,668	-	-
Fixed Income				
US Treasury Notes	2,240,188	2,240,188	-	-
Mortgage Backed Securities	1,295,290	-	1,295,290	-
Corporate Bonds	7,276,296	-	7,276,296	-
Municipal Bonds	23,661	23,661	-	-
Total Investments at Fair Value	<u>\$ 38,421,339</u>	<u>\$ 29,849,753</u>	<u>\$ 8,571,586</u>	<u>\$ -</u>

Investments measured at the net asset value (NAV)	Unfunded Commitments	Redemption Frequency	Redemption Notice
Hedge Funds			
Terracap V	\$ 3,189,205	-	(1)
Ironwood	3,396,094	-	Semi-annual 95 days
Terracap	1,327,854	-	(1)
Corry Capital	1,629,015	-	(2)
Pointer	2,984,096	-	(3)
Serenitas	3,463,777	-	(1)
Ironsides Opportunities Constitution Capital	738,145	-	(1)
Ironside Opportunities Fund II	838,188	-	(1)
Total of Investments Measured at NAV	<u>17,566,374</u>		
Total Investments	<u>\$ 55,987,713</u>		

(1) These hedge funds are not redeemable. The Firemen’s Relief and Retirement Fund receives distributions as the underlying assets of investments are sold/liquidated. Management estimates that the remaining four hedge funds will liquidate in 5-7 years.

(2) The money invested with Corry Capital is locked up because the investment is a private equity style fund. It is a self-liquidating fund that will make distributions when there are realizations.

(3) All capital is subject to an initial 24-month lockup, so the lockup on McAllen Firemen’s Relief and Retirement Fund’s initial investment of \$2.6M made on 4/1/18 expires on 4/1/20. Pointer has semi-annual redemptions at 6/30 and 12/31, where an investor has access to up to 50% of their capital at each date, with signed notification due by 3/15 and 9/15, respectively.

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 Plan’s objectives. 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.

Concentration of credit risk. As noted in the previous page, other than alternative investments, none of the sectors exceeded their percentage of asset allocation. The Plan is well diversified. With the exception of the alternative investments, the portfolio can be liquidated within one to two days if so desired. Alternative investments can only be liquidated quarterly.

Interest rate risk. Only the fixed income securities of the Plan are subject to interest rate risk due to the possibility that prevailing interest rates could change before the securities reach maturity. Securities that are subject to interest rate risk as of September 30, 2023 amount to \$10,835,435 and have weighted-average duration of 14.09 years. Duration is defined as the change in the value of a fixed income security that will result from a 1% change in interest rates. Duration is stated in years. For example, five-year duration means the bond will decrease in value by 5% if interest rates rise 1% and increase in value by 5% if interest rates fall 1%. Securities that are subject to interest rate risk are shown in the following table. The investment policy is silent on the subject.

NOTE III - DETAILED NOTES ON ALL FUNDS (Continued)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percentage of Total</u>	<u>Weighted-Average Duration (Years)</u>
Corporate bonds	\$ 7,276,296	67.15%	11.68
US Treasury notes	2,240,188	20.67%	4.48
Government mortgage back securities	1,295,290	11.95%	5.70
Municipal bonds	23,661	0.22%	34.50
Total fixed income investments	<u>\$ 10,835,435</u>	<u>100.00%</u>	<u>14.09</u>

Credit risk. Using Standard and Poor’s rating system for fixed income securities as of September 30, 2023 the Plan’s bonds were rated as noted below. The investment policy is silent on the subject.

<u>Investment Type</u>	<u>Fair Value</u>	<u>AAA, AA,A</u>	<u>BBB, BB, B</u>	<u>Below B, Not Rated</u>
US Treasury Notes	\$ 2,240,188	\$ 2,240,188		\$ -
Mortgage Back Securities	1,295,290	1,295,290		-
Corporate Bonds	7,276,296	2,987,883	4,003,698	284,715
Municipal Bonds	23,661	23,661		-
Total	<u>\$ 10,835,435</u>	<u>\$ 6,547,022</u>	<u>\$ 4,003,698</u>	<u>\$ 284,715</u>

B. Receivables

Receivables for the City’s governmental activities and business-type activities at year-end are reflected in the following table below:

	<u>Receivables</u>						<u>Net Receivables</u>
	<u>Accounts</u>	<u>Taxes</u>	<u>Interest</u>	<u>Lease Receivables</u>	<u>Inter-governmental</u>	<u>Other</u>	
Governmental activities:							
General	\$ 4,595,770	\$ 16,838,723	\$ 276,099	\$ 154,836	\$ 1,037,549	\$ 531,960	\$ 23,434,937
Development corp.	-	3,935,310	51,555	-	1,045,540	-	5,032,405
Nonmajor governmental and internal service funds	1,574,511	351,605	95,494	-	9,057,112	441,326	11,520,048
Total governmental	<u>\$ 6,170,281</u>	<u>\$ 21,125,638</u>	<u>\$ 423,148</u>	<u>\$ 154,836</u>	<u>\$ 11,140,201</u>	<u>\$ 973,286</u>	<u>\$ 39,987,390</u>
Business-type activities:							
Water	\$ 2,754,131	\$ -	\$ 10,832	\$ 174,693	\$ 153	\$ -	\$ 2,939,809
Wastewater	2,225,337	-	5,805	-	14,690	95,605	2,341,437
Sanitation	2,387,510	-	23,653	-	39,863	-	2,451,026
McAllen international airport	718,579	-	17,785	1,593,957	-	10,000	2,340,321
McAllen international toll bridge	-	-	8,548	1,689,989	1,029	-	1,699,566
Anzalduas international crossing	-	-	-	-	-	-	-
Nonmajor enterprise and fleet fund	176,515	-	9,051	91,195	1,204,652	-	1,481,413
Total business-type	<u>\$ 8,262,072</u>	<u>\$ -</u>	<u>\$ 75,674</u>	<u>\$ 3,549,834</u>	<u>\$ 1,260,387</u>	<u>\$ 105,605</u>	<u>\$ 13,253,572</u>

NOTE III - DETAILED NOTES ON ALL FUNDS (Continued)

Within the City’s water, wastewater, and sanitation funds, an estimated amount has been recorded for services rendered but not yet billed as of the close of the year. The receivable was determined by prorating the cycle billings sent to customers in October 2023 based on the number of days applicable to the prior fiscal year. The receivable balances in the water, wastewater, and sanitation have been reduced by estimated allowances for doubtful accounts. Water accounts were reduced by \$54,977; wastewater accounts by \$44,537; and sanitation accounts by \$35,659.

C. Capital assets

Capital asset activity for the year ended September 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 83,706,541	\$ 8,757,708	\$ 64,088	\$ -	\$ 92,528,337
Construction in progress	39,135,734	25,285,010	(5,694,430)	(248,987)	58,477,327
Development in Progress - SBITA	-	578,354	143,900	-	722,254
Total capital assets, not being depreciated	<u>122,842,275</u>	<u>34,621,072</u>	<u>(5,486,442)</u>	<u>(248,987)</u>	<u>151,727,918</u>
Capital assets, being depreciated:					
Buildings and improvements	194,473,972	2,302,990	2,572,300	-	199,349,262
Equipment	98,390,953	8,818,925	326,672	(2,731,110)	104,805,440
Infrastructure	264,977,239	12,081,074	2,651,558	(213)	279,709,658
Subscription Right-of-Use	-	782,787	-	-	782,787
Total capital assets, being depreciated	<u>557,842,164</u>	<u>23,985,776</u>	<u>5,550,530</u>	<u>(2,731,323)</u>	<u>584,647,147</u>
Less accumulated depreciation for:					
Buildings and improvements	(84,210,547)	(6,227,510)	-	-	(90,438,057)
Equipment	(76,518,614)	(4,916,579)	-	903,909	(80,531,284)
Infrastructure	(169,660,472)	(7,953,693)	-	-	(177,614,165)
Subscription Right-of-Use	-	(285,120)	-	-	(285,120)
Total accumulated depreciation	<u>(330,389,633)</u>	<u>(19,382,902)</u>	<u>-</u>	<u>903,909</u>	<u>(348,868,626)</u>
Total capital assets, being depreciated, net	<u>227,452,531</u>	<u>4,602,874</u>	<u>5,550,530</u>	<u>(1,827,414)</u>	<u>235,778,521</u>
Governmental activities capital assets, net	<u>\$ 350,294,806</u>	<u>\$ 39,223,946</u>	<u>\$ 64,088</u>	<u>\$ (2,076,401)</u>	<u>\$ 387,506,439</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 2,235,247
Public safety	2,973,319
Highways and streets, which includes the depreciation of general infrastructure assets	7,885,216
Health and welfare	46,093
Culture and recreation	4,337,559
In addition, depreciation on capital assets held by the City’s internal service funds is charged to the various functions based on their usage of the assets	<u>1,905,468</u>
Total depreciation-governmental activities	<u>\$ 19,382,902</u>

NOTE III - DETAILED NOTES ON ALL FUNDS (Continued)

	Beginning Balance	Increases	Transfers/ Retirements	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 23,517,576	\$ -	\$ (137,850)	\$ 23,379,726
Construction in progress	44,047,934	16,871,597	(21,442,665)	39,476,866
Water rights (perpetual)	14,323,738	-	-	14,323,738
Development in Progress - SBITA	-	1,600,000	-	1,600,000
Total capital assets, not being depreciated	<u>81,889,248</u>	<u>18,471,597</u>	<u>(21,580,515)</u>	<u>78,780,330</u>
Capital assets, being depreciated:				
Buildings and systems	507,344,003	7,096,627	11,911,841	526,352,471
Improvements other than buildings	230,006,613	1,621,871	8,587,980	240,216,464
Machinery and equipment	86,035,610	5,059,669	(1,083,146)	90,012,133
Development cost	7,417,617	-	-	7,417,617
Water rights (non-perpetual)	2,200,000	-	-	2,200,000
Subscription Right-of-Use	-	39,398	-	39,398
Total capital assets, being depreciated	<u>833,003,843</u>	<u>13,817,565</u>	<u>19,416,675</u>	<u>866,238,083</u>
Less accumulated depreciation for:				
Buildings and systems	(195,256,913)	(16,318,461)	-	(211,575,374)
Improvement other than buildings	(156,902,892)	(5,950,712)	-	(162,853,604)
Machinery and equipment	(61,068,953)	(5,174,668)	979,700	(65,263,921)
Development cost	(2,362,660)	(185,441)	-	(2,548,101)
Water rights	(1,622,499)	(110,000)	-	(1,732,499)
Subscription Right-of-Use	-	(12,476)	-	(12,476)
Total accumulated depreciation	<u>(417,213,917)</u>	<u>(27,751,758)</u>	<u>979,700</u>	<u>(443,985,975)</u>
Total capital assets being depreciated, net	<u>415,789,926</u>	<u>(13,934,193)</u>	<u>20,396,375</u>	<u>422,252,108</u>
Business-type activities				
Capital assets net	<u>\$ 497,679,174</u>	<u>\$ 4,537,404</u>	<u>\$ (1,184,140)</u>	<u>\$ 501,032,438</u>

Depreciation expense was charged to business-type activity functions as follows:

Water	\$ 4,699,072
Wastewater	9,433,099
Sanitation	2,556,574
Golf course	391,136
Performing arts center	1,073,295
Convention center	1,562,466
McAllen international airport	4,580,194
Metro McAllen	37,393
Transit terminal	1,031,257
McAllen international toll bridge	811,919
Anzalduas international crossing	1,469,337
In addition, depreciation on capital assets held by the City's Fleet management funds is charged to the various functions based on their usage of the assets	<u>106,016</u>
Total depreciation-business type activities	<u>\$ 27,751,758</u>

NOTE III - DETAILED NOTES ON ALL FUNDS (Continued)

At September 30, 2023, the City had the following significant remaining contractual commitments for various construction and improvement projects:

<u>Project Description</u>	<u>Remaining Commitment</u>	<u>Financing Sources</u>
Bridge Improvements	\$ 68,507,235	Bonds & Grants
Building Improvements	56,518,740	Local & Grants
Water Improvements	17,404,668	Bonds, Local & Grants
Airport Improvements	12,141,298	Local and grant
Transit Improvements	4,963,455	Local and grant
Street Improvements	2,586,269	Local
Drainage Improvements	1,631,046	Bonds, Local & Grants
Park Improvements	970,285	Local
Wastewater Improvements	135,243	Local and grant
Minor Projects	<u>7,089</u>	Local
Total	<u>\$ 164,865,328</u>	

D. Interfund receivables/loans and transfers

The compositions of inter-fund balances as of September 30, 2023 are reflected below.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non-Major Governmental Funds	\$ 4,618,578
	Non-Major Proprietary Funds	168,571
	Development Corp Fund	-
	Employee Benefits Fund	1,059,104
	Retiree Health Insurance Fund	13,649
	American Rescue Plan Act Fund	-
	McAllen Int'l Toll Bridge Fund	<u>102,361</u>
	Total General Fund	<u>5,962,263</u>
	Total Governmental Funds	<u>5,962,263</u>
Convention Center Fund	Non-Major Governmental Fund	<u>276,534</u>
Performing Arts Center Fund	Non-Major Governmental Fund	<u>69,134</u>
Transit Terminal	Non-Major Governmental Fund	<u>77,937</u>
	Total Proprietary Funds	<u>423,605</u>
	Combined totals	<u>\$ 6,385,868</u>

Transfers are used to 1) provide unrestricted revenues collected in the general fund to finance various capital improvement programs in non-major government funds, and 2) contribute funds to the employee benefits internal service funds, 3) move various revenues to the debt service fund, between capital improvement funds and to allocate hotel and venue tax collections to their designated funds. The following table reflects the transfer activity at year end.

	Transfer In:						Total
	General Fund	Nonmajor Governmental	Wastewater Fund	Anzalduas Int'l Crossing Fund	Nonmajor Proprietary	Internal Service	
Transfer out:							
General fund	\$ -	\$ 32,934,246	\$ 137,850	\$ -	\$ -	\$ 2,626,366	\$35,698,462
Development corp fund	200,000	3,923,184	-	-	1,627,045	66,556	5,816,785
Nonmajor proprietary	-	49,000	-	-	-	98,180	147,180
Nonmajor governmental	1,017,306	3,267,700	-	-	3,900,040	11,134	8,196,180
Water fund	-	-	-	-	-	131,581	131,581
Wastewater fund	-	-	-	-	-	101,216	101,216
Internal service	-	-	-	-	-	26,316	26,316
Sanitation fund	-	25,000	-	-	-	160,934	185,934
Anzalduas int'l crossing fund	2,009,950	9,000	-	-	-	16,195	2,035,145
McAllen int'l toll bridge fund	4,884,666	9,000	-	778,327	-	46,560	5,718,553
McAllen int'l airport fund	2,162,925	-	-	-	-	35,426	2,198,351
Total	\$ 10,274,847	\$ 40,217,130	\$ 137,850	\$ 778,327	\$ 5,527,085	\$ 3,320,464	\$60,255,703

E. Leases

The General Fund is a lessor for several leases of office space, buildings, and property/land. A majority of these agreements are nonexchange transactions. Those of exchange or exchange-like nature have a non-cancellable term ending 2046. Interest rate is 1.4890%.

The Water Fund has several elevated water tank use agreements with multiple telecommunications companies, a majority of these agreements are non-cancellable and terminate no later than 2026. Interest rates range from 0.1930% to 0.7400%.

The Champion Lakes Golf Course Fund, a non-major proprietary fund, leases land to a telecommunications company in relation to a ground lease agreement. The non-cancellable term on this lease ends 2026. Interest rate is 0.4350%.

The McAllen International Airport Fund leases space and facilities to several commercial retailers via advertising, rental car, and retail concession agreements. A majority of these agreements are non-cancellable and terminate no later than 2028. Interest rates range from 0.2980% to 0.7400%.

The Metro McAllen Fund, a non-major proprietary fund, leases space to various commercial bus companies and retail operators. A majority of agreements are non-cancelable and terminate no later than 2028. Interest rates are 0.7690%.

The McAllen International Toll Bridge Fund leases property and buildings to the United States Government, the state of Texas, and various commercial dealers. The McAllen International Toll Bridge Fund has also entered into license agreements with various telecommunications companies in relation to the utilization of international telephone and/or fiber optic cables connecting in the Republic of Mexico. A majority of agreements are non-cancelable and terminate no later than 2030. Interest rates range from 0.1930% to 3.4450%.

NOTE III - DETAILED NOTES ON ALL FUNDS (Continued)

Lease payments received during the current year were as follows:

Governmental activities:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 5,611	\$ 2,389	\$ 8,000
	<u>\$ 5,611</u>	<u>\$ 2,389</u>	<u>\$ 8,000</u>

Business-type activities:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 3,858,296	\$ 39,747	\$ 3,898,043
	<u>\$ 3,858,296</u>	<u>\$ 39,747</u>	<u>\$ 3,898,043</u>

Estimated future minimum lease payments to be received are as follows:

Governmental activities:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 5,694	\$ 2,306	\$ 8,000
2025	5,779	2,221	8,000
2026	5,865	2,135	8,000
2027	5,953	2,047	8,000
2028	6,041	1,959	8,000
2029-2033	31,583	8,417	40,000
2034-2038	34,005	5,995	40,000
2039-2043	36,613	3,387	40,000
2044-2046	23,303	697	24,000
Total	<u>\$ 154,836</u>	<u>\$ 29,164</u>	<u>\$ 184,000</u>

Business-type activities:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 3,549,834	\$ 35,154	\$ 3,584,988
2025	780,752	23,337	804,089
2026	630,057	15,398	645,455
2027	597,843	8,100	605,943
2028	125,734	2,165	127,899
2029-2030	123,789	2,183	125,972
Total	<u>\$ 5,808,009</u>	<u>\$ 86,337</u>	<u>\$ 5,894,346</u>

NOTE III - DETAILED NOTES ON ALL FUNDS (Continued)

Regulated leases. The McAllen International Airport leases terminal space, hangars, air cargo facilities, and other structures to air carriers and other tenants under various regulated leases, a majority of which are non-cancellable and terminate no later than 2043.

Estimated future minimum lease payments to be received are as follows:

Fiscal Year	Total
2024	\$ 328,394
2025	220,693
2026	220,693
2027	211,154
2028	171,253
2029-2033	355,469
2034-2038	92,471
2039-2043	58,176
Total	<u>\$ 1,658,303</u>

F. Subscription-Based Information Technology Arrangements

The City has entered into agreements involving various desktop and server software, financial cloud-based software, facilities rental software, library oriented cloud-based applications, public safety oriented software, and mapping and spatial analysis tools. All agreements have fixed, periodic payments over the subscription period, which range from 1 to 3 years and expire no later than 2025.

Estimated future subscription payments to be made are as follows:

Governmental activities:

Fiscal Year	Principal	Interest	Total
2024	\$ 289,994	\$ 15,075	\$ 305,069
2025	189,615	8,980	198,595
Total	<u>\$ 479,609</u>	<u>\$ 24,055</u>	<u>\$ 503,664</u>

Business-type activities:

Fiscal Year	Principal	Interest	Total
2024	\$ 12,723	\$ 914	\$ 13,637
2025	14,324	484	14,808
Total	<u>\$ 27,047</u>	<u>\$ 1,398</u>	<u>\$ 28,445</u>

G. Long-term liabilities**1. General obligation bonds and other**

The City issues general obligation bonds to finance the acquisition and construction of major capital facilities, generally for governmental activities and are direct obligations, for which the City has pledged the full faith and credit of the government. These bonds generally are serial bonds and carry a term of 20 years or more with varying amounts of principal maturing each year. All outstanding general obligation bonds have been retired, leaving only sales tax revenue bonds and combination tax and revenue certificates of obligation bond indebtedness.

The schedule that follows presents an analysis of general long-term debt outstanding, followed by a schedule of the debt service requirements on those bonds.

Notes To Financial Statements

NOTE III - DETAILED NOTES ON ALL FUNDS (Continued)

Governmental activities:

\$24,500,000 Combination Tax & Assessment Revenue Certificates of Obligation, Taxable Series 2016 due in annual installments ranging from \$650,000 to \$1,149,000 per year through February 15, 2046, with a final installment of \$1,149,000: interest at 1.87% to 3.97%	\$ 23,185,000
\$5,120,000 Development Corporation of McAllen, Inc. Sales Tax Revenue Bonds, Taxable Series 2016 due in annual installments ranging from \$250,000 to \$380,000 per year through August 15, 2036; interest at 1.40% to 3.50%	4,105,000
\$10,670,000 Local Government Finance Corporation Contract Revenue Bonds, Series 2017 due in annual installments ranging from \$490,000 to \$825,000 per year through August 15, 2036; interest at 2.00% to 5.00%	8,640,000
\$10,165,000 Development Corporation of McAllen, Inc. Sales Tax Revenue Bonds, Taxable Series 2017 due in annual installments ranging from \$465,000 to \$785,000 per year through August 15, 2036; interest at 2.04% to 4.07%	8,240,000
\$5,115,000 Development Corporation of McAllen, Inc. Sales Tax Revenue Bonds, Taxable Series 2018 due in annual installments ranging from \$98,223 to \$415,241 per year through August 15, 2036; interest at 2.44% to 3.82%	4,155,000
\$4,400,000 Development Corporation of McAllen, Inc. Sales Tax Revenue Refunding Bonds, Taxable Series 2021 due in annual installments ranging from \$315,000 to \$370,000 per year through August 15, 2036; interest at 0.570% to 2.100%	4,400,000
\$5,890,000 Combination Tax and Revenue Certificates of Obligation Bonds, Series 2018 due in annual installments ranging from \$119,879 to \$356,406 per year through February 15, 2043; interest at 3.00% to 5.00%	5,155,000
\$4,000,000 General Obligation Bonds, Series 2018 due in annual installments ranging from \$149,700 to \$253,609 per year through February 15, 2043; interest at 3.00% to 5.00%	3,590,000
\$18,955,000 General Obligation Bonds, Series 2019 due in annual installments ranging from 1,306,550 to \$1,42,571 per year through September 30, 2044; interest at 2.00% to 5.00%	17,540,000
\$38,490,000 General Obligation Refunding Bonds, Series 2021 due in annual installments ranging from \$575,000 to \$3,680,000 per year through February 15, 2024, with a final installment of \$3,680,000; interest at 3.00% to 4.00%	37,340,000
Total general long-term bonds and obligations payable	<u>\$ 116,350,000</u>

The annual debt service requirements to maturity on sales tax bonds payable, combination tax and revenue certificates of obligation, general obligations, and certificates of obligation, as of September 30, 2023, including interest, are reflected below:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 6,560,000	\$ 3,465,398
2025	6,685,000	3,347,887
2026	6,825,000	3,211,662
2027	6,965,000	3,054,856
2028	7,150,000	2,879,635
2029-2033	38,715,000	11,391,068
2034-2038	23,470,000	6,007,479
2039-2043	14,405,000	2,751,072
2044-2047	<u>5,575,000</u>	<u>292,136</u>
Total	<u>\$ 116,350,000</u>	<u>\$ 36,401,193</u>

NOTE III - DETAILED NOTES ON ALL FUNDS (Continued)

2. Revenue bonds and other

The City also issues revenue bonds which are repaid from the revenues derived from operating activity of the borrowing fund(s). The total amount of interest expense paid on revenue bonds in the current period was \$5,526,451. The following schedule is an analysis of the business-type activity long-term debt, including related revenue bonds.

Business-type activities:

Payable from Water Fund:

\$9,363,200 Waterworks and Sewer System Revenue and Refunding Bonds, Series 2015 due in annual installments from \$380,000 to \$1,825,000 through February 1, 2030: interest at 2.00% to 5.00%	\$ 3,144,400
\$9,937,300 Waterworks and Sewer System Revenue and Refunding Bonds, Series 2016 due in annual installments from \$1,480,000 to \$1,960,000 through February 1, 2031: interest at 2.00% to 5.00%	5,873,800
\$12,000,000 Waterworks and Sewer System Revenue Bonds Series 2018 (DWSRF) due in annual installments from \$5,000 to \$625,000 through February 1, 2048: interest at 0.660% to 2.02%	11,985,000
\$6,900,000 Waterworks and Sewer System Revenue Bonds Series 2018C due in annual installments from \$115,000 to \$365,000 through February 1, 2048: interest at 1.59% to 3.43%	6,435,000
\$18,000,000 Waterworks and Sewer System Revenue Bonds Series 2021 due in annual installments from \$835,000 to \$1,030,000 through February 1, 2042: interest at 0.21% to 2.20%	<u>17,165,000</u>
Total water fund bonds payable	<u>\$ 44,603,200</u>

Payable from Wastewater Fund:

\$13,172,700 Waterworks and Sewer System Revenue and Refunding Bonds, Series 2016 due in annual installments from \$1,480,000 to \$1,960,000 through February 1, 2031: interest at 2.00% to 5.00%	\$ 7,786,200
\$39,485,000 Waterworks and Sewer System Revenue Bonds, Series 2009 due in annual installments from \$1,090,000 to \$1,350,000 through February 1, 2040: with no interest	23,000,000
\$6,655,000 Waterworks and Sewer System Revenue Bonds, Series 2013 due in annual installments from \$175,000 to \$285,000 through February 1, 2043: interest at 1.60%.	4,810,000
\$7,356,800 Waterworks and Sewer System Revenue and Refunding Bonds, Series 2015 due in annual installments from \$380,000 to \$1,825,000 through February 1, 2030: interest at 2.00% to 5.00%	2,470,600
\$40,000,000 Waterworks and Sewer System Revenue Bonds Series 2015 (loan) due in annual installments from \$710,000 to \$1,730,000 through September 30, 2045: interest at 0.14% to 1.62%	32,155,000
\$7,110,000 Waterworks and Sewer System Revenue Bonds Series 2016 (loan) due in annual installments from \$20,000 to \$315,000 through February 1, 2047: interest at 0.07% to 1.41%	6,575,000
\$7,000,000 Waterworks and Sewer System Revenue Bonds Series 2018 (CWSRF) due in annual installments from \$5,000 to \$350,000 through February 1, 2048: interest at 0.036% to 1.72%	<u>6,985,000</u>
Total wastewater fund bonds payable	<u>\$ 83,781,800</u>

Notes To Financial Statements

NOTE III - DETAILED NOTES ON ALL FUNDS (Continued)

Payable from McAllen International Airport Fund:

\$5,565,000 General Obligation Refunding Bonds, Series 2019 (AMT) due in annual installments from \$385,000 to \$635,000 through February 15, 2031: interest at 1.35% to 2.19%	\$ <u>4,270,000</u>
Total airport fund bonds payable	\$ <u>4,270,000</u>

Payable from Anzalduas International Crossing Fund:

\$18,455,000 International Toll Bridge System Revenue Refunding Bonds, Series 2017A due in annual installments from \$900,000 to \$1,690,000 through March 1, 2032: interest at 2.00% to 5.00%	\$ 12,570,000
\$10,185,000 International Toll Bridge System Revenue Refunding Bonds, Series 2017B due in annual installments from \$570,000 to \$825,000 through March 1, 2032: interest at 2.00% to 3.50%	6,585,000
\$33,500,000 Junior Lien International Toll Bridge System Revenue Bonds, Taxable Series 2022A due in annual installments from \$775,000 to \$1,740,000 through March 1, 2052: interest at 3.00%	33,500,000
\$29,500,000 Junior Lien International Toll Bridge System Revenue Bonds, Taxable Series 2022B due in annual installments from \$540,000 to \$1,810,000 through March 1, 2052: interest at 4.50%	<u>29,500,000</u>
Total Anzalduas International Crossing fund bonds payable	\$ <u>82,155,000</u>
Total Proprietary Funds bonds payable	\$ <u>214,810,000</u>

The table below reflects the revenue bond debt service requirements to maturity.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 9,735,000	\$ 5,395,071
2025	11,330,000	5,090,184
2026	10,580,000	4,787,604
2027	10,855,000	4,513,915
2028	11,150,000	4,225,604
2029-2033	50,985,000	16,624,391
2034-2038	36,335,000	12,137,665
2039-2043	35,120,000	8,326,919
2044-2048	25,280,000	4,359,305
2049-2053	<u>13,440,000</u>	<u>1,034,175</u>
Total bonds outstanding	\$ <u>214,810,000</u>	\$ <u>66,494,833</u>

NOTE III - DETAILED NOTES ON ALL FUNDS (Continued)

3. Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2023 is shown on the following table:

	Balance at September 30, 2022	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2023	Amounts Due Within One Year
Governmental activities:					
Sales tax revenue bonds	\$ 20,900,000	\$ -	\$ -	\$ 20,900,000	\$ 1,350,000
Certificates of obligation	38,890,000	-	(1,910,000)	36,980,000	1,395,000
General obligation bonds	61,630,000	-	(3,160,000)	58,470,000	3,815,000
Bond premium	2,626,471	-	(215,282)	2,411,189	169,845
Bond discount	191,500	-	42,655	234,155	(33,656)
Leases	1,905,688	-	(455,307)	1,450,381	469,103
Compensated absences	13,813,232	8,780,632	(7,036,991)	15,556,873	7,020,597
Subscription Liability	-	782,787	(303,178)	479,609	189,615
TMRS net pension liability (asset)	(6,600,080)	33,111,472	-	26,511,392	-
Net OPEB liability	27,078,896	-	(6,658,548)	20,420,348	-
Fire net pension liability	36,314,964	3,036,794	-	39,351,758	-
Total general long-term debt	<u>\$ 196,750,671</u>	<u>\$ 45,711,685</u>	<u>\$ (19,696,651)</u>	<u>\$ 222,765,705</u>	<u>\$ 14,375,504</u>
Business-type activities:					
Revenue bonds payable	\$ 224,345,000	\$ -	\$ (9,535,000)	\$ 214,810,000	\$ 9,735,000
Bond premium	3,674,948	-	(757,858)	2,917,090	656,125
Bond discount	5,567	-	60,697	66,264	(47,520)
Leases	306,788	-	(73,298)	233,490	75,518
Compensated absences	2,779,443	2,361,572	(2,162,296)	2,978,719	2,118,007
Subscription Liability	-	39,398	(12,351)	27,047	12,725
TMRS net pension liability (asset)	<u>(2,993,059)</u>	<u>15,082,995</u>	<u>-</u>	<u>12,089,936</u>	<u>-</u>
Total proprietary fund debt	<u>228,118,687</u>	<u>17,483,965</u>	<u>(12,480,106)</u>	<u>233,122,546</u>	<u>12,549,855</u>
Total debt	<u>\$ 424,869,358</u>	<u>\$ 63,195,650</u>	<u>\$ (32,176,757)</u>	<u>\$ 455,888,251</u>	<u>\$ 26,925,359</u>

With respect to governmental activities; compensated absences, TMRS net pension liability (asset), net OPEB liability and the Fire net pension liability are liquidated by the General Fund. Under business-type activities, the TMRS net pension liabilities(asset) are liquidated by the respective proprietary funds and Fleet fund.

4. Debt covenants

The City is required to comply with various provisions included in the trust indenture for issued bonds (including bonds issued through the Texas Water Development Board). The City has complied with all significant provisions of the trust indenture.

Bonds issued by the City for the construction of the toll bridge located in the City of Mission are secured by the net revenues of both International Bridges. Bonds issued by the City for water and wastewater improvements are secured by pledging the net revenues of the water and wastewater utilities systems. The City did not use any revenue received from fees collected from a water supply or wastewater service constructed in whole or in part from funds from the economically distressed areas program account for purposes other than utility purposes.

NOTE IV - OTHER INFORMATION

A. Risk Management

The City is exposed to various risks or torts; theft of, damage to, and destruction of assets; injuries to employees, citizens and the general public; and natural disasters. During fiscal year 2023, the City self-funded group health insurance, life insurance, general liability insurance, and workmen’s compensation insurance. The City purchased insurance coverage for fire and extended coverage on buildings and contents; and fire, lightning, and windstorm insurance for its vehicles for damages in excess of certain limits.

The group health insurance program is reported in the Employee Benefits Fund, an internal service fund. General liability is reported in the Property & Casualty Fund, an internal service fund. Workmen’s compensation insurance programs are reported in the Risk Management Fund, and the Retiree Health Insurance Fund, both are internal service funds.

The health insurance excess coverage policy covers individual claims in excess of \$150,000. Third-party coverage is currently maintained for workmen’s compensation claims in excess of \$400,000. Third-party coverage is also currently maintained for general liability claims in excess of \$10,000.

The City estimates the liabilities for its self-funded insurance programs on a case-by-case basis based on historical claims experience. A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss is reasonably estimable. Accruals for claims are adjusted on a regular basis based on the latest information available on each case. Claims incurred but not reported have been considered in determining the accrual for claims, and City management believes adequate accruals have been provided at September 30, 2023. Inter-fund premiums are based primarily on claims experience and are reported as interfund services provided and used.

There were no significant reductions in insurance coverage from coverage in the prior year by major category of risk. In addition, there were no insurance settlements exceeding insurance coverage in any of the past three years. Changes in claims payable amounts for the most recent two years are reflected on the following schedule:

	<u>Employee Benefits</u>	<u>Retiree Health Insurance</u>	<u>Risk Management</u>	<u>Property & Casualty Insurance</u>	<u>Total</u>
Claims payable at September 30, 2021	\$ (704,081)	\$ (240,000)	\$ (700,000)	\$ (62,505)	\$ (1,706,586)
Current period claims and changes in estimate	(14,055,807)	(1,197,949)	(956,438)	(583,874)	(16,794,068)
Current period claims paid	<u>13,941,944</u>	<u>1,197,949</u>	<u>956,438</u>	<u>578,634</u>	<u>16,674,965</u>
Claims payable at September 30, 2022	<u>(817,944)</u>	<u>(240,000)</u>	<u>(700,000)</u>	<u>(67,745)</u>	<u>(1,825,689)</u>
Current period claims and changes in estimate	(13,690,676)	(1,183,276)	(826,682)	(309,463)	(16,010,097)
Current period claims paid	<u>13,718,336</u>	<u>1,183,276</u>	<u>826,682</u>	<u>309,298</u>	<u>16,037,592</u>
Claims payable at September 30, 2023	<u>\$ (790,284)</u>	<u>\$ (240,000)</u>	<u>\$ (700,000)</u>	<u>\$ (67,910)</u>	<u>\$ (1,798,194)</u>

B. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City’s management and legal counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

NOTE IV - OTHER INFORMATION (Continued)

The City has been granted authority from U.S. Citizenship and Immigration Service to operate an EB-5 Visa (also known as the Employment Based 5th Preference Visa) Regional Center, which attracts foreign investment for jobs creation in exchange for expediting applicants for permanent residency. This activity is accounted for in a non-major governmental fund. Under this program a foreign national deposits with the City, in addition to \$10,000 application fee, \$540,000, which is held in deposit pending approval of permanent residency, at which time \$40,000 is released to the City as an administrative fee and the remaining \$500,000 to the investment project selected by applicant. As of September 30, 2023, the deposit amount totaled \$65,000.

C. Accounting for post-employment benefits other than pensions

1. Plan Description: The City provides post-employment health care benefits for eligible retirees and their dependents. To be eligible to elect retiree medical coverage, a City employee retiring at age 60 or over must have at least 10 years of service with the City. City employees retiring before age 60 must have at least 20 years of service with the City. Members of the City's Fire Department are eligible to retire on or after age 50 with at least 20 years of service with the City.

Effective October 1, 2008, retirees are allowed to elect dependent coverage at retirement provided that the dependents have been covered for at least three years prior to retirement. Retiree health coverage continues to surviving dependents upon retirees' death only per the COBRA continuation guidelines (maximum of 36 months, provided they make the required contributions).

Retirees less than age 65 will have a one-time option to drop coverage and to be reinstated once the retiree reaches age 65 and has enrolled in Medicare Parts A and B. Retirees are required to pay 100% of the blended (active and retiree) premium cost for both single and dependent coverage. However, police officers who retired prior to October 1, 2010, or after October 1, 2021, with 25 or more years of service pay 50% of the blended premium cost for both single and dependent coverage. As of year-end, there were 103 employees who had retired: 55 with single coverage and 48 dependent subscribers.

2. Funding Policy: The policy of the City is to fund the plan on a pay-as-you-go basis.
3. In June 2015 the Governmental Accounting Standards Board (GASB) issued Statement No. 75 (Accounting and Financial Reporting for Postemployment Benefits Other than Pensions) which is meant to replace GASB 45. The effective date for this statement is for employers with fiscal years beginning after June 15, 2017. The City is assumed to be a single employer without a special funding situation without a qualified trust for the purposes of reporting under GASB 75. GASB 75 requires the Total OPEB Liability (TOL) to be calculated based on the Entry Age Normal Level Percent of Pay (EAN) actuarial cost method. These benefits are not currently pre-funded.

This valuation includes all retirees who are currently receiving these benefits; and all active employees who will be eligible in the future to receive these benefits.

An actuarial valuation requires assumptions for the following parameters:

- A discount rate, which is based on the S&P Municipal Bond 20 Year High Grade Index;
- Mortality rates relevant to the underlying group of employees and retirees;
- Withdrawal rates relevant to the underlying group of employees;
- Retirement rates relevant to the underlying group of employees; and
- Current and future per capita claim costs for the benefits being valued.

The assumptions used in this valuation conform to the requirements of GASB 75 and generally accepted actuarial principles.

The calculations were performed using a Valuation Date (VD) of October 1, 2021 for reporting in the City's full accrual financial statements and a Measurement Date (MD) of September 30, 2023.

NOTE IV - OTHER INFORMATION (Continued)

The valuation results as of October 1, 2021 were rolled-forward and used for the September 30, 2023 financial statements. There were no changes to any of the benefits packages, cost-sharing structures or census.

The City's next full valuation should be as of October 1, 2023, for reporting in the City's full accrual financial statement as of September 30, 2024.

- 4. At the September 30, 2023 valuation and measurement date, the following members were covered by the benefit terms:

Plan membership/participants:

Inactive employees or beneficiaries currently receiving benefits	103
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>1,811</u>
Total	<u><u>1,914</u></u>

- 5. Actuarial Assumptions:

Significant assumptions and other inputs used to measure the Total OPEB Liability for the current fiscal year are summarized below.

Valuation date	October 1, 2021
Prior Measurement date	September 30, 2022
Measurement date	September 30, 2023
Assumptions:	
Inflation	2.50% per year
Salary increases	Varies from 11.50% to 3.50%
Discount Rate*	
Prior Measurement Date	4.77%
Measurement Date	4.87%
Mortality	Pub-2010 General and Public Safety Employees/Retirees Headcount-Weighted Mortality Tables projected fully generationally using scale MP-2021
Health Care Cost Trends	Actual premium increases to 2024 decreasing gradually to an ultimate rate of 4.04% by 2075

* The discount rate was based on the S&P Municipal Bond 20 Year High Grade Index.

- 6. OPEB Expense: GASB states the OPEB expense also should be recognized in the current reporting period for costs incurred by the government related to the administration of OPEB. The measurement period for these costs should be the same as the measurement period applied to changes in the Total OPEB Liability.

The OPEB Expense consists of:

- a) Service Costs for the year
- b) Interest on the TOL using the bond rate at the beginning of the period
- c) Change in the TOL due to benefit changes
- d) The current year recognition of changes in the TOL due to Actual versus Expected experience

NOTE IV - OTHER INFORMATION (Continued)

- e) The current year recognition of changes in the TOL due to changes of assumptions or other inputs experience (including the change in discount rate)
- f) Recognition of Deferred Inflows and Outflows of Resources from prior years.

NOTE IV - OTHER INFORMATION (Continued)

The following table provides a breakdown of the OPEB Expense as of September 30, 2023:

Service Cost	\$ 1,001,596
Interest on the Total OPEB Liability and Service Cost	1,326,859
Current period benefit changes	-
Current period recognition of Deferred Inflows and Outflows of Resources:	-
Difference between expected and actual experience in the Total OPEB Liability	2,337,775
Changes of assumptions or other inputs	<u>(1,729,649)</u>
OPEB Expense	<u>\$ 2,936,581</u>

7. Sensitivity Results: Changes in the discount and health care cost trend rates affect the measurement of the Total OPEB Liabilities (TOL). Lower discount rates produce a higher TOL whereas lower trend rates produce a lower TOL. The converse is true for higher discount rates and trend rates. Because discount rate and trend rates do not affect the measurement of assets, the percentage change in the Net OPEB liability can be very significant for a relatively small change in either rate.

The table that follows shows the sensitivity of the net OPEB liability to the discount rate and the healthcare cost trend rates.

<u>Healthcare Cost Trend</u>	<u>1% Increase in Discount Rate (5.87%)</u>	<u>Current Discount Rate (4.87%)</u>	<u>1% Decrease in Discount Rate (3.87%)</u>
1% Decrease		\$ 17,268,768	
Current	\$ 18,007,020	\$ 20,420,348	\$ 23,389,051
1% Increase		\$ 24,494,196	

8. Deferred Inflows and Outflows: For the current fiscal year, the average expected remaining service life of active and inactive employees is 9.16 years and the Deferred Inflows and Outflows of resources for (a) differences between expected and actual experience and (b) changes of assumptions or other inputs as of September 30, 2021 are amortized over 9 years.

For the year ended September 30, 2023, the Plan recognized OPEB expense of \$2,936,581.

At September 30, 2023, the Plan reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 24,018,376	\$ (8,451,181)
Changes of assumptions	1,297,194	<u>(13,452,750)</u>
Total	<u>\$ 25,315,570</u>	<u>\$ (21,903,931)</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended September 30</u>	<u>Amount</u>
2024	\$ 608,126
2025	608,126
2026	608,126
2027	608,126
2028	608,130
Thereafter	<u>371,005</u>
Total	<u>\$ 3,411,639</u>

NOTE IV - OTHER INFORMATION (Continued)

9. Changes in Total OPEB Liability -

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at 9/30/2022	\$ 27,078,896	\$ -	\$ 27,078,896
Changes for the year:			
Service cost	1,001,596	-	1,001,596
Interest on Total OPEB Liability and Service Cost	1,326,859	-	1,326,859
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(8,183,822)	-	(8,183,822)
Changes in assumptions	(269,478)	-	(269,478)
Benefit payments	(533,703)	(533,703)	-
Contributions-employer	-	533,703	(533,703)
Contributions-members	-	-	-
Net investment income	-	-	-
Administrative expense	-	-	-
Net Changes	<u>(6,658,548)</u>	<u>-</u>	<u>(6,658,548)</u>
Balance at 9/30/2023	<u>\$ 20,420,348</u>	<u>\$ -</u>	<u>\$ 20,420,348</u>

D. Retirement Plans

Summary of retirement plans -

	City - TMRS	Firemen's Pension Plan	Total City - TMRS and Firemen's Pension Plan
Total pension liability	\$ 350,684,186	\$ 96,939,895	\$ 447,624,081
Plan fiduciary net position	<u>312,082,858</u>	<u>57,588,137</u>	<u>369,670,995</u>
Net pension liability (asset)	<u>\$ 38,601,328</u>	<u>\$ 39,351,758</u>	<u>\$ 77,953,086</u>
Deferred outflows of resources	\$ 21,698,499	\$ 20,064,546	\$ 41,763,045
Deferred inflows of resources	\$ 1,880,715	\$ 15,481,670	\$ 17,362,385
Contributions subsequent to measurement date	\$ 5,279,975	\$ -	\$ 5,279,975
Pension expense (income)	\$ 13,387,933	\$ 4,947,455	\$ 18,335,388

1. Texas Municipal Retirement System

a) Plan Description

The City participates as one of 860 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 201 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 comprehensive annual financial report that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS. Fire department personnel, except clerical staff, have a separate pension plan and are not covered by TMRS.

b) 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.

NOTE IV - OTHER INFORMATION (Continued)

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may 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.

Plan provisions for the City are as follows:

Employee deposit rate	7.00%
Matching ratio (city to employee)	2 to 1
Years required for vesting	10
Service retirement eligibility (expressed as age/years of service)	60/10,0/20
Updated Service Credit	100%
	Transfers
Annuity Increase (to retirees)	0% of CPI

Employees covered by benefit terms –

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	695
Inactive employees entitled to but not yet receiving benefits	632
Active employees	<u>1,666</u>
Total	<u><u>2,993</u></u>

c) Contributions

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

Employees for the City of McAllen were required to contribute 7% of their annual gross earnings during the fiscal year. For fiscal year 2023, the City made contributions of 8.55%.

d) 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

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75% per year composed of an assumed 2.50% inflation rate and a 4.25% net real rate of return

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. Based on the size of the city, rates are multiplied by an additional factor of 100%.

NOTE IV - OTHER INFORMATION (Continued)

Actuarial assumptions used in the December 31, 2022, valuation were based on the results of actuarial experience studies. This experience study was for the period December 31, 2014 through December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2019 valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended the TMRS Board of Trustees. 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 the long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments were 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. 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	35.00%	7.70%
Core Fixed Income	6.00%	4.90%
Non-Core Fixed Income	20.00%	8.70%
Other Public and Private Markets	12.00%	8.10%
Real Estate	12.00%	5.80%
Hedge Funds	5.00%	6.90%
Private Equity	10.00%	11.80%
Total	100.00%	

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 the employee contributions will remain at the current 7% 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 plan members. 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.

NOTE IV - OTHER INFORMATION (Continued)

Changes in the Net Pension Liability (Asset)-

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balance at 12/31/2021	\$ 330,093,400	\$ 339,686,539	\$ (9,593,139)
Changes for the year:			
Service cost	9,474,625	-	9,474,625
Interest	22,419,250	-	22,419,250
Changes of benefit terms	4,943,376	-	4,943,376
Difference between expected and actual experience	(972,357)	-	(972,357)
Contributions-employer	-	6,670,243	(6,670,243)
Contributions-employee	-	5,742,967	(5,742,967)
Net investment income	-	(24,784,260)	24,784,260
Benefit payments, including refunds of employee contributions	(15,274,108)	(15,274,108)	-
Administrative expense	-	(214,569)	214,569
Other	-	256,046	(256,046)
Net Changes	<u>20,590,786</u>	<u>(27,603,681)</u>	<u>48,194,467</u>
Balance at 12/31/2022	<u>\$ 350,684,186</u>	<u>\$ 312,082,858</u>	<u>\$ 38,601,328</u>

Sensitivity of the net pension asset to changes in the discount rate-

The following presents the net pension asset of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability (asset)	\$ 86,842,209	\$ 38,601,328	\$ (1,132,328)

Pension Plan Fiduciary Net Position-

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

- e) Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

For the year ended September 30, 2023, the City recognized pension expense of \$13,387,933.

NOTE IV - OTHER INFORMATION (Continued)

At September 30, 2023, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 221,003	\$ 1,765,940
Difference in assumption changes	-	114,775
Difference between projected and actual investment earnings	21,477,496	-
Contributions subsequent to the measurement date	<u>5,279,975</u>	<u>-</u>
Total	<u>\$ 26,978,474</u>	<u>\$ 1,880,715</u>

\$5,279,975 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ending September 30, 2024.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in future pension expense as follows:

<u>Year ended December 31</u>	<u>Amount</u>
2023	\$ 333,552
2024	4,808,782
2025	5,465,869
2026	9,279,933
2027	(70,352)
Thereafter	-
Total	<u>\$ 19,817,784</u>

2. Firemen’s Relief & Retirement Fund

a) Plan Description

Firemen’s Relief & Retirement Fund, a single-employer defined benefit plan (the “Plan”), was created pursuant to the Texas Local Fire Fighter’s Retirement Act (“TLFFRA”) and is administered by the Board of Trustees of the fund. The fund provides pension, disability, death, and severance benefits to employees of the City’s fire department and former volunteer firemen eligible to receive benefits.

At the September 30, 20222 actuarial valuation, the following members were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	120
Terminated employees entitled to but not yet receiving benefits	7
Active members	<u>180</u>
Total	<u><u>307</u></u>

The City issues a publicly-available financial report that includes financial statements and required supplementary information for the Firemen’s Relief & Retirement Fund. This financial report may be obtained by writing to the City of McAllen Finance Director, P.O. Box 220, McAllen, Texas 78505-0220 or by calling (956) 681-1081.

b) Summary of Significant Accounting Policies

Basis of Accounting – The financial statements of the Firemen’s Relief & Retirement Fund are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues

NOTE IV - OTHER INFORMATION (Continued)

when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan document.

Plan Benefits – Benefit provisions are established under authority of the TLFFRA. Specific plan provisions are governed by a Plan document and a trust agreement executed by the Board of Trustees. The Plan document may be amended as provided in Section 7 of the TLFFRA (Article 6243e. V.T.C.S.) Amending the Plan requires approval of any proposed change by an eligible actuary and a majority of the participating members of the Plan. Both the City and the members of the Plan have specific authority to appoint members of the Board under TLFFRA.

Pension Benefits – A member is eligible for service retirement upon completion of 20 years of service and attainment of age 50. A member who retires under the service retirement provisions of the fund will receive a monthly benefit equal to the sum of (a), (b), and (c) where: (a) equal to 2.9 percent of the member's highest 60-month average salary for each of the member's years of service up to and including the 20th year of service and (b) equals the greater of 2.9 percent of the member's highest 60-month average salary, or \$58.00 per month for each of the member's 21st and 22nd years of service, and (c) equals \$58.00 per month for each year of service in excess of 22 years.

Disability Benefits – An active member who becomes disabled as defined in the plan will receive a monthly disability benefit. Separate disability benefits are provided for duty-related and off-duty disabilities. Disability benefits are payable in the same joint-and-survivor form as service retirement benefits. However, disability benefits stop if the member recovers to the point that he no longer meets the definition of disability under the fund. If the total monthly amount a disabled member receives from (a) the fund, (b) workers compensation, and (c) the City of McAllen, exceeds the member's monthly rate of pay as of his date of disability, the amount payable from the fund will be reduced so that the member's benefit from all three sources, combined, does not exceed such rate of pay.

Death Benefits – Duty-related death benefits, payable to a member's spouse for as long as they are living, equal the sum of (a) 38.67% of the member's highest 60-month average salary, (b) plus two-thirds of any additional service benefit earned by the member as of the date of their death. The death benefit is payable for life, but it ceases upon remarriage. Effective January 1, 2006 the widowed spouse of a member who completed 10 or more years of service prior to their death will have the death benefit payments terminated in the event of remarriage. In addition to the above spousal death benefit, each unmarried child of the member will receive a monthly benefit of 7.73 percent of the firefighter's highest 60-month average salary. Orphan benefits continue until the child reaches age 18. However, benefits will continue until age 22 for a child who is a full-time student. If the member's spouse dies or remarries, or if the member has no spouse on the date of their death, each eligible orphan will receive a monthly benefit of 15.47 percent of the member's highest 60-month average salary. Orphan benefits are continued for life to disabled children. The total of all benefits paid as a result of the death of an active fund member may not exceed the disability or retirement benefits such member had earned as of the date of their death. The total of all benefits paid as a result of the death of a retired member may not exceed the retirement benefit the member was receiving as of the date of their death. Benefits are reduced pro rata, if necessary, in order to satisfy these limitations.

Severance Benefits – Members who terminate employment with less than 10 years of service will be entitled to the return of the excess of their contributions to the fund over the amount of any benefits they have received from the Plan. Such refunds will not include any interest on the members' contributions. If members terminate on or after the date they have completed 10 years of service but prior to the date they complete 20 years of service, they will be entitled to receive a monthly benefit, starting on the date they would have both completed 20 years of service and attained age 50, had they remained in the service of the fire department. The amount the members will receive will equal the monthly service retirement benefit they had accumulated on the date they separated from service with the fire department, multiplied by the vested percentage of the members.

The Deferred Retirement Option Plan (DROP) – A member is eligible to receive their benefits under the plan's DROP provision after they have both completed 20 years of service and attained age 53. The

NOTE IV - OTHER INFORMATION (Continued)

election to participate in the DROP may be made at the time the member elects to retire. The monthly retirement income payable to a member who retires under the DROP will equal their service retirement benefits under the plan based on the highest 60-month average salary and years of service as of the member’s DROP Eligibility Date. The member’s benefit will be calculated, however using the benefit formula in effect on the member’s actual date of retirement. A members DROP Eligibility Date is the later of (a) the date the member meets the eligibility requirements for the DROP or (b) the date which is two years prior to the member’s actual retirement date: Upon retirement, the member will receive—in addition to their monthly retirement benefit—a single payment equal to the sum of: (a) the total of the monthly retirement benefits the member would have received between his DROP Eligibility Date and the time they retired under the plan, and (b) the amount of monthly contributions that the member has made to the fund between their DROP Eligibility Date and the time they retired under the plan.

Method Used to Value Investments – The Plan’s investments are stated at fair value and, accordingly, unrealized appreciation and depreciation are reported in the statement of changes in fiduciary net position. The fair value of money market funds is considered to be the same as the cost of these investments due to their nature. The fair value of common stocks and foreign equities are based on quoted market prices. The fair value of United States Government securities and corporate and foreign bonds are based on quotes from broker dealers. The Plan values investments in alternative funds based on its percentage investment in each such fund. The estimated fair value of each fund is based on market conditions and information reported by the fund manager, and is generally based on the estimated fair value of each funds’ underlying investments at the end of the reporting period.

Purchases and sales of investments are recorded on a trade-date basis and, accordingly, the related receivables and payables for any unsettled trades are recorded. Interest income and dividends are recorded on the accrual basis.

c) Net Pension Liability

Total pension liability is developed by subtracting the present value of future service costs from the present value of future benefits. The net pension liability is calculated by subtracting the plan fiduciary net position from the pension liability. The components of the net pension liability of the Plan at September 30, 2023 were as follows:

Total pension liability	\$ 96,939,895
Plan fiduciary net position	<u>57,588,137</u>
Net pension liability	<u>\$ 39,351,758</u>
Fiduciary net position as a percentage of total pension liability	59.41%
Covered payroll	14,369,027
Net pension liability as a % of covered payroll	273.87%

NOTE IV - OTHER INFORMATION (Continued)

Actuarial Assumptions -

The total pension liability was determined by an actuarial valuation as of September 30, 2022 and rolled forward to the measurement date of September 30, 2023, the Plan's fiscal year end.

Valuation date	September 30, 2022
Measurement date	September 30, 2023
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open

Actuarial assumptions:

Investment rate of return	7.25% per annum
Projected salary increases	2.85% plus merit, step and longevity increases that vary by service
Inflation	2.85% per year
Cost-of-living adjustment	None

Mortality PubS-2010 (safety employees) total dataset mortality tables for employees and for retirees (sex distinct), projected for mortality improvement generationally using the projection scale MP-2018.

Other information There have been no benefit changes since the October 1, 2020 valuation date

The investment rate of return and the projected salary increases both used the same assumptions with regard to inflation. Best estimates of long-term real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023 are summaries in the table below:

Asset class:	Target allocation	Long-term expected real rate of return
Equities		
Domestic all cap	32%	5.55%
International developed	16%	6.05%
Emerging markets	7%	7.37%
Fixed Income		
Global	5%	1.69%
Domestic core	5%	1.43%
Nontraditional	14%	2.50%
Alternatives		
Private real estate	6%	4.25%
Hedge funds	14%	2.75%
Cash	1%	0.00%
Total	100%	
Weighted average		4.40%

Discount Rate-

The discount rate used to measure the total pension liability was 7.25%. No projection of cash flows was used to determine the discount rate because the September 30, 2022 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 35 years. Because of the 35-year amortization period of the UAAL, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return pension plan investment of 7.25% was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE IV - OTHER INFORMATION (Continued)

Changes in the Net Pension Liability– Firemen’s Relief and Retirement Fund Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 9/30/2022	\$ 89,733,170	\$ 53,418,206	\$ 36,314,964
Changes for the year:			
Service cost	2,426,242	-	2,426,242
Interest	6,720,076	-	6,720,076
Difference between expected and actual experience	477,920	-	477,920
Changes in assumptions	2,524,259	-	2,524,259
Benefit payments, including refunds of member contributions	(4,941,772)	(4,941,772)	-
Contributions-employer	-	2,155,354	(2,155,354)
Contributions-members	-	2,010,356	(2,010,356)
Net investment income	-	4,994,111	(4,994,111)
Gain or (loss) due to difference in Administrative expense	-	(48,118)	48,118
Net Changes	<u>7,206,725</u>	<u>4,169,931</u>	<u>3,036,794</u>
Balance at 9/30/2023	<u>\$ 96,939,895</u>	<u>\$ 57,588,137</u>	<u>\$ 39,351,758</u>

Sensitivity of the net pension liability to changes in the discount rate–

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.25%, as well as what the Plan’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1percentage-point higher (8.25%) than the current rate:

	1% Decrease in Discount Rate (6.25%)	Current Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Plan’s net pension liability	\$ 51,630,690	\$ 39,351,758	\$ 29,096,263

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

For the year ended September 30, 2023, the Plan recognized pension expense of \$4,947,455.

At September 30, 2023, the Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 441,085	\$ 3,677,524
Changes in actuarial assumptions	12,732,985	11,804,146
Difference between projected and actual investment earnings	6,890,477	-
Total	<u>\$ 20,064,547</u>	<u>\$ 15,481,670</u>

NOTE IV - OTHER INFORMATION (Continued)

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30	Amount
2024	\$ 1,331,158
2025	1,854,479
2026	2,973,123
2027	(368,844)
2028	(1,654,624)
Thereafter	447,585
Total	<u>\$ 4,582,877</u>

d) Contributions

The Plan’s minimum required contribution provisions are established under Title 8, Subtitle A, Chapter 802, Subchapter B, Section 802.101 of the Texas Government Code and under Texas Pension Review Board Guidelines for Actuarial Soundness. Specific Plan contribution rates are governed by the Plan document. Changes in the members’ or the City’s contribution rate requires a plan amendment.

The contribution rates of the Plan members and the City are established under the terms of the Plan. An actuarial valuation is performed biennially to verify that Plan benefits and Plan contributions are in balance. Costs of administering the fund are paid from Plan assets.

Pursuant to the Plan document, a legal instrument binding both the City and its firefighters, the City of McAllen is required to match employee contributions. Benefits paid to former volunteer firefighters are funded by the City when paid to the former volunteer firefighters or beneficiaries. The City’s contribution rate for the fiscal year ended September 30, 2023 was 15.00% of annual compensation. Contributions required and paid into the fund as of September 30, 2023 were members, \$2,010,356 and employer, \$2,155,354.

e) Other pension information

In September 2003, Texas voters approved an amendment to the Texas Constitution, which provided that once certain benefits are granted to retirees, those benefits may not be subsequently reduced. It was codified as Article XVI, Section 66, of the Texas Constitution. The amendment applies only to the City of McAllen Firefighters’ Relief and Retirement Plan.

It further provided that the City and the retirement system that finance benefits under the retirement system are jointly responsible for ensuring that benefits are not reduced or otherwise impaired, which could potentially require the City to involuntarily increase its funding due to under-performing investments, plan improvements as well as other factors outside the control of the City. The amendment also permitted the City to be exempt from its requirements upon holding an election in which the majority of the votes favored the exemption. On May 15, 2004, a special City election was held, in which the majority of the voters voted in favor of exempting the City of McAllen and the McAllen Firefighters’ Relief and Retirement Plan from the application of this amendment, Article XVI, Section 66 of the Texas Constitution.

E. Tax Increment Reinvestment Zone Number One

On December 22, 2014, the City Commission passed a resolution establishing Tax Increment Reinvestment Zone Number One, City of McAllen, Texas (TIRZ#1) containing approximately 2,571 acres of land located in the northernmost area of the City’s jurisdictional limits and designating the area as a reinvestment zone being commonly referred to as the “Tres Lagos Development Project”. On November 18, 2015, a resolution was passed by the Board of Directors of TIRZ#1, approving an amended supplemental project and financing plan providing for an effective date of December 14, 2015. The City has committed to contribute to the Tax Increment Fund created for TIRZ#1, 70% of its tax increment derived from the City’s maintenance and operations ad valorem taxes generated therein for years 2015 through 2025, and 80% for years 2026 through 2044. The amount to

NOTE IV - OTHER INFORMATION (Continued)

be contributed to TIRZ#1 is based upon the incremental increase in the appraised value each January 1st compared to the base year appraised value of property in the Zone as of January 1, 2014. On April 7, 2016, the Commissioners Court of Hidalgo County passed and approved an amended interlocal agreement to participate in TIRZ#1 by pledging 67% of its maintenance and operation portion of the County's assessed and collected taxes for years 2015 through 2025, and 77% for years 2026 through 2044. The amount contributed by both taxing entities will be set aside for capital improvement projects within TIRZ#1 beginning with taxes levied after January 1, 2015. On June 1, 2016, the City issued Combination Tax and Assessment Revenue Certificates of Obligation-Taxable Series 2016 in the amount of \$24,500,000 to pay for public improvements for TIRZ#1. The balance of bonds proceeds were spent on infrastructure and drainage improvements within TIRZ#1 in prior years. As of September 30, 2023, the TIRZ#1 fund balance was \$944,555.

F. Tax Increment Reinvestment Zone Number 2A

On December 12, 2016, the City created a second TIRZ known as McAllen Tax Increment Reinvestment Zone Number 2A (TIRZ #2A). This second TIRZ covers approximately 1,702 acres located in the south central area of City. The City committed to contribute to the Tax Increment Fund created for TIRZ#2A 60% of its tax increment derived from the City's maintenance and operations ad valorem taxes generated therein for 20 years. The amount to be contributed to TIRZ #2A is based upon the incremental increase in the appraised value each January 1st compared to the base year appraised value of property in the Zone as of January 1, 2017. On October 3, 2017, the Commissioners Court of Hidalgo County passed and approved an interlocal agreement to participate in TIRZ#2A by pledging 50% of its maintenance and operation portion of the County's assessed and collected taxes for tax years 2017 through 2036. The amount contributed by both taxing entities will be set aside for capital improvement projects within TIRZ #2A beginning with taxes levied after January 1, 2017. As of September 30, 2023, the TIRZ#2A fund balance was \$4,464,798.

G. Tax Abatements

The City of McAllen negotiates loans, grants, property tax abatement agreements, property tax rebates, and sales tax rebates on an individual basis. These agreements are designed to promote local economic development and redevelopment within the City, stimulate commercial activity, promote job creation, generate additional sales tax and enhance the property tax base and economic vitality of the City. This program is authorized under Chapter 380.001 of the Texas Local Government Code.

The City has entered into various agreements that rebate a percentage of property, sales tax, and employment related reimbursements as well as economic development grants. The reimbursement amounts range per type of agreement once certain milestones are attained. There were no tax abatements issued as of September 30, 2023.

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Required Supplementary Information

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Texas Municipal Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios
Last Nine Fiscal Years
(Previous years are not available)

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021	Measurement Year 2022
Total pension liability:									
Service cost	\$6,805,485	\$7,407,030	\$7,992,201	\$8,196,790	\$8,285,275	\$8,678,357	\$9,049,919	\$8,858,798	\$9,474,625
Interest(on the total pension liability)	14,011,751	15,035,551	15,972,265	16,912,836	17,790,762	19,076,997	20,053,615	21,119,830	22,419,250
Changes of benefit terms	-	2,340,034	-	-	-	6,023,884	-	-	4,943,376
Difference between expected and actual experience	12,762	385,103	285,052	(814,726)	(1,012,619)	(743,805)	473,099	(735,363)	(972,357)
Change in assumptions	-	8,087,143	-	-	-	(347,815)	-	-	-
Benefit payments, including refunds of employee contributions	(8,961,369)	(8,728,811)	(10,020,877)	(10,813,970)	(11,851,695)	(12,605,315)	(12,156,900)	(15,213,681)	(15,274,108)
Net change in total pension liability	11,868,629	24,526,050	14,228,641	13,480,930	13,211,723	20,082,303	17,419,733	14,029,584	20,590,786
Total pension liability - beginning	201,245,807	213,114,436	237,640,486	251,869,127	265,350,057	278,561,780	298,644,083	316,063,816	330,093,400
Total pension liability - ending (a)	<u>\$213,114,436</u>	<u>\$237,640,486</u>	<u>\$251,869,127</u>	<u>\$265,350,057</u>	<u>\$278,561,780</u>	<u>\$298,644,083</u>	<u>\$316,063,816</u>	<u>\$330,093,400</u>	<u>\$350,684,186</u>
Plan fiduciary net position:									
Contributions - employer	\$4,139,770	\$4,278,578	\$4,477,156	\$5,460,155	\$5,558,475	\$5,704,990	\$6,826,265	\$6,287,685	\$6,670,243
Contributions - employee	4,367,657	4,595,301	4,707,800	4,838,151	4,894,255	5,147,685	5,523,932	5,355,562	5,742,967
Net investment income	11,471,696	311,957	14,305,407	31,182,396	(7,653,315)	38,073,253	21,426,486	39,602,343	(24,784,260)
Benefit payments, including refunds of employee contributions	(8,961,369)	(8,728,811)	(10,020,877)	(10,813,970)	(11,851,695)	(12,605,315)	(12,156,900)	(15,213,681)	(15,274,108)
Administrative expense	(119,767)	(190,013)	(161,560)	(161,590)	(147,898)	(215,122)	(138,687)	(183,272)	(214,569)
Other	(9,847)	(9,385)	(8,705)	(8,189)	(7,727)	(6,462)	(5,411)	1,256	256,046
Net change in plan fiduciary net position	10,888,140	257,627	13,299,221	30,496,953	(9,207,905)	36,099,029	21,475,685	35,849,893	(27,603,681)
Plan fiduciary net position - beginning	200,527,895	211,416,035	211,673,662	224,972,883	255,469,836	246,261,931	282,360,960	303,836,645	339,686,539
Plan fiduciary net position - ending (b)	<u>\$211,416,035</u>	<u>\$211,673,662</u>	<u>\$224,972,883</u>	<u>\$255,469,836</u>	<u>\$246,261,931</u>	<u>\$282,360,960</u>	<u>\$303,836,645</u>	<u>\$339,686,539</u>	<u>\$312,082,858</u>
Net pension liability (asset) - ending (a) - (b)	\$1,698,401	\$25,966,824	\$26,896,244	\$9,880,221	\$32,299,848	\$16,283,123	\$12,227,171	\$(9,593,139)	\$38,601,328
Plan fiduciary net position as a percentage of total pension liability	99.20%	89.07%	89.32%	96.28%	88.40%	94.55%	96.13%	102.91%	88.99%
Covered payroll	\$62,261,492	\$65,030,992	\$67,161,351	\$69,112,898	\$69,917,934	\$73,358,895	\$78,900,777	\$76,566,965	\$81,960,422
Net pension liability as a percentage of covered payroll	2.73%	39.93%	40.05%	14.30%	46.20%	22.20%	15.50%	-12.53%	47.10%

Note: This is a 10-year schedule to be created prospectively commencing with Measurement Year 2014.

**Texas Municipal Retirement System
Schedule Of Contributions
Last Nine Fiscal Years
(Unaudited)**

Fiscal Year	(1) Actuarial determined contribution	(2) Contribution in relation to the actuarially determined contribution	(3) Contribution excess (deficiency) (2) -(1)	(4) Covered payroll	(5) Contributions as a percentage of covered payroll (2)/(4)
2015	\$ 4,200,690	\$ 4,200,685	\$ (5)	\$ 64,045,229	6.56%
2016	4,594,830	4,594,391	(439)	69,339,611	6.63%
2017	5,197,019	5,197,025	6	68,243,115	7.62%
2018	5,550,314	5,550,315	1	69,919,236	7.94%
2019	5,652,948	5,652,942	(6)	72,447,570	7.80%
2023	6,334,573	6,334,567	(6)	74,960,498	8.45%
2021	6,366,112	6,366,109	(3)	76,503,054	8.32%
2022	6,587,260	6,587,256	(4)	80,865,471	8.15%
2023	7,116,739	7,116,732	(7)	84,346,509	8.44%

Note: This is a 10-year schedule to be created prospectively commencing with Fiscal Year 2015.

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

Methods and Assumptions Used to Determine Contribution Rate for 2023:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	21 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 – 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.
Other Information:	GrNTED 100% ad hoc USC with Transfer

Firemen's Relief and Retirement Fund
Last Ten Fiscal Years
(Unaudited)

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021	Measurement Year 2022	Measurement Year 2023
Total pension liability:										
Service cost	\$ 1,573,197	\$ 1,824,526	\$ 2,879,641	\$ 1,865,778	\$ 1,940,409	\$ 1,959,647	\$ 3,136,670	\$ 2,094,085	\$ 2,156,908	\$ 2,426,242
Interest (on the total pension liability)	4,841,219	4,884,830	5,130,946	5,361,757	5,631,214	5,715,164	5,697,831	6,170,518	6,432,009	6,720,076
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	-	221,439	-	(1,202,731)	-	(6,083,899)	-	(939,637)	-	477,920
Change in assumptions	-	(3,414,995)	-	-	-	23,055,865	(20,428,073)	-	-	2,524,259
Benefit payments, including refunds of member contributions	(2,588,586)	(3,170,707)	(3,876,966)	(3,520,297)	(3,898,551)	(3,797,821)	(4,519,133)	(4,763,835)	(4,917,916)	(4,941,772)
Net change in total pension liability	3,825,830	345,093	4,133,621	2,504,507	3,673,072	20,848,956	(16,112,705)	2,561,131	3,671,001	7,206,725
Total pension liability - beginning	64,282,664	68,108,494	68,453,587	72,587,208	75,091,715	78,764,787	99,613,743	83,501,038	86,062,169	89,733,170
Total pension liability - ending (a)	\$ 68,108,494	\$ 68,453,587	\$ 72,587,208	\$ 75,091,715	\$ 78,764,787	\$ 99,613,743	\$ 83,501,038	\$ 86,062,169	\$ 89,733,170	\$ 96,939,895
Plan fiduciary net position:										
Contributions - employer	\$ 1,435,293	\$ 1,477,483	\$ 1,554,567	\$ 1,498,194	\$ 1,547,133	\$ 1,625,691	\$ 1,675,942	\$ 1,969,448	\$ 2,028,406	\$ 2,155,354
Contributions - members	1,214,786	1,223,445	1,265,734	1,266,209	1,360,361	1,499,435	1,547,867	1,836,219	1,894,577	2,010,356
Benefit payments, including refunds of member contributions	(2,588,586)	(3,170,707)	(3,876,966)	(3,520,297)	(3,898,550)	(3,797,821)	(4,519,133)	(4,763,835)	(4,917,916)	(4,941,772)
Net investment income	2,525,951	(2,467,023)	3,867,719	5,489,970	4,256,675	2,006,816	5,318,376	9,374,927	(11,898,715)	4,994,111
Gain or (loss) due to difference in projected vs actual earnings	-	-	-	-	-	-	-	-	-	-
Administrative expense	(23,961)	(46,070)	(352,963)	(33,822)	(49,519)	(37,403)	(38,950)	(28,852)	(32,282)	(48,118)
Net change in plan fiduciary net position	2,563,483	(2,982,872)	2,458,091	4,700,254	3,216,100	1,296,718	3,984,102	8,387,907	(12,925,930)	4,169,931
Plan fiduciary net position - beginning	42,720,353	45,283,836	42,300,964	44,759,055	49,459,309	52,675,409	53,972,127	57,956,229	66,344,136	53,418,206
Plan fiduciary net position - ending (b)	\$ 45,283,836	\$ 42,300,964	\$ 44,759,055	\$ 49,459,309	\$ 52,675,409	\$ 53,972,127	\$ 57,956,229	\$ 66,344,136	\$ 53,418,206	\$ 57,588,137
Net pension liability - ending (a) - (b)	\$ 22,824,658	\$ 26,152,623	\$ 27,828,153	\$ 25,632,406	\$ 26,089,378	\$ 45,641,616	\$ 25,544,809	\$ 19,718,033	\$ 36,314,964	\$ 39,351,758
Plan fiduciary net position as a percentage of total pension liability	66.49%	61.80%	61.66%	65.87%	66.88%	54.18%	69.41%	77.09%	59.53%	59.41%
Covered payroll	\$ 11,043,509	\$ 11,365,262	\$ 11,515,311	\$ 11,524,569	\$ 11,901,023	\$ 12,505,315	\$ 12,891,862	\$ 13,129,653	\$ 13,522,707	\$ 14,369,027
Net pension liability as a percentage of covered payroll	206.68%	230.11%	241.66%	222.42%	219.22%	364.98%	198.15%	150.18%	268.55%	273.87%

**Firemen's Relief And Retirement Fund
Schedule Of Contributions
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	(1) Actuarial determined contribution	(2) Contribution in relation to the actuarially determined contribution	(3) Contribution excess (deficiency) (2) - (1)	(4) Covered payroll	(5) Contributions as a percentage of covered payroll (2)/(4)
2014	\$ 1,435,293	\$ 1,435,293	\$ -	\$ 11,043,509	13.00%
2015	1,498,194	1,498,194	-	11,524,569	13.00%
2016	1,547,133	1,547,133	-	11,901,023	13.00%
2017	1,625,691	1,625,691	-	12,505,315	13.00%
2018	1,675,942	1,675,942	-	12,891,862	13.00%
2019	1,675,942	1,675,942	-	12,891,862	13.00%
2020	1,675,942	1,675,942	-	12,891,862	13.00%
2021	1,969,448	1,969,448	-	13,129,653	15.00%
2022	2,028,406	2,028,406	-	13,522,707	15.00%
2023	2,155,354	2,155,354	-	14,369,027	15.00%

Valuation Date: Actuarial determined contribution rates are calculated as of October 1st.

Methods and Assumptions Used to Determine Contribution Rate for 2023:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll, Opened
Remaining Amortization Period	Infinity
Asset Valuation Method	5 Year smoothed market; 20% soft corridor
Inflation	2.85%
Salary Increases	2.85%, plus merit, step and longevity increases that vary by service
Investment Rate of Return	7.25% per annum
Retirement Age	Experience-based table of rates that are specific to the Firemen's Relief and Retirement Fund
Mortality	PubS-2010 (safety employees) total dataset mortality tables for employees and for retirees (sex distinct), projected for mortality improvement generationally using the projection scale MP-2018
Other Information:	There were no benefit changes during the year.

Post Employment Benefit Plan
Schedule of Changes in Total OPEB Liability and Related Ratios
(Previous years unavailable)

	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021	Measurement Year 2022	Measurement Year 2023
Total OPEB Liability:						
Service cost	\$ 326,694	\$ 297,170	\$ 321,502	\$ 579,803	\$ 612,814	\$ 1,001,596
Interest (on the total OPEB and Service Cost)	368,004	386,856	222,328	253,031	262,653	1,326,859
Changes of benefit terms	-	-	-	-	3,801,314	-
Difference between expected and actual experience	-	(2,157,238)	3,112,285	756,346	27,686,057	(8,183,822)
Change in assumptions or other inputs	(744,069)	1,536,498	592,518	123,073	(16,553,575)	(269,478)
Benefit payments	(905,063)	(566,863)	(1,539,994)	(1,288,470)	(664,427)	(533,703)
Net change in total OPEB liability	(954,434)	(503,577)	2,708,639	423,783	15,144,836	(6,658,548)
Total OPEB liability - beginning	10,259,649	9,305,215	8,801,638	11,510,277	11,934,060	27,078,896
Total OPEB liability - ending	<u>\$ 9,305,215</u>	<u>\$ 8,801,638</u>	<u>\$ 11,510,277</u>	<u>\$ 11,934,060</u>	<u>\$ 27,078,896</u>	<u>\$ 20,420,348</u>
Plan fiduciary net position:						
Contributions - employer	\$ 905,063	\$ 566,863	\$ 1,539,994	\$ 1,288,470	\$ 664,427	\$ 533,703
Contributions - members	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-
Benefit payments	(905,063)	(566,863)	(1,539,994)	(1,288,470)	(664,427)	(533,703)
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-
Plan fiduciary net position - ending	-	-	-	-	-	-
Net OPEB liability - ending	\$ 9,305,215	\$ 8,801,638	\$ 11,510,277	\$ 11,934,060	\$ 27,078,896	\$ 20,420,348
Plan fiduciary net position as a percentage of total OPEB liability	-	-	-	-	-	-
Covered-employee payroll	\$ 74,223,284	\$ 74,941,172	\$ 81,607,453	\$ 77,393,920	\$ 74,424,831	\$ 90,568,596
Net OPEB liability as a percentage of covered-employee payroll	12.54%	11.74%	14.10%	15.42%	36.38%	22.55%

Note: This is a 10-year schedule to be created prospectively commencing with Measurement Year 2018. Refer to page 74 of the notes to financial statements for the actuarial assumptions of the plan.

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

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Non Major Governmental Funds

Special Revenue Funds are used to account for resources allocated to specific purposes. A special revenue fund continues in existence as long as governmental resources are allocated to its specific purposes.

The **Hotel Occupancy Tax Fund** was established to account for the hotel-motel occupancy tax levied. This tax revenue is allocated to the promotion of tourism and conventions, promotion of the arts, support of convention center and civic center management, and other expenditures.

The **Hotel Venue Tax Fund** was established to account for funding under Ordinance 2012-69 for a 2% Hotel Occupancy tax for a Performing Arts Facility.

The **McAllen EB5 Regional Center Fund** was established to account for revenues and expenditures to operate an EB-Regional Center under the U.S. Citizenship and Immigration Services (USCIS).

The **Drainage Fee Fund** was established to account for revenue generated from drainage fees which will be used to fund maintenance and drainage improvements.

The **Parkland Zones Development Fund** was established to account for land acquired for future park development.

The **Tax Increment Reinvestment Zone #1 Fund** was established to account for a portion of the revenues derived from property taxes levied by the City and County to facilitate the provision of capital improvements within the zone.

The **Community Development Fund** was established to account for receipt and disbursement of Federal Program revenues.

The **Tax Increment Reinvestment Zone #2A Fund** was established to account for a portion of the revenues derived from property taxes levied by the City and County to facilitate the provision of capital improvements within the zone.

The **Downtown Services Parking Fund** was established to account for revenues and disbursements associated with the activities of vehicular parking in the downtown district.

The **PD Seized Fund** was established to account for court awarded funds and use for purchase of police department capital assets.

The **Texas Anti-Gang Unit Fund** was established to account for revenues and expenditures associated with the operation of a new anti-gang unit.

The **Christmas Parade Fund** was established to account for revenues and expenditures for the purpose of promoting the City's Annual Christmas Parade.

The **City Special Events Fund** was established to account for revenues and expenditures related to special events organized by the City.

The **COPS Grant Fund** was established to account for revenues and expenditures associated with the Community Oriented Policing Services grant funds.

The **Friends of Quinta Fund** was established to account for revenues and expenditures for the purpose of promoting Quinta Mazatlan.

The **PEG Fund (Public, Educational and Government)** was established to account for the revenue and expenditures related to the programming fees provided by various cable subscribers.

The **Developers Fund** was established to account for developers' contributions for future infrastructure developments.

The **Marketing Fund** was established to account for revenues and expenditures for the purpose of promoting the City of McAllen.

The **McAllen Performing and Cultural Arts Foundation** was established to account for revenues and expenditures for the purpose of promoting the performing arts.

The **Miscellaneous Government Grant Fund** was established to account for receipt and disbursement of various Federal, State and Local government programs and projects.

The **Debt Service Fund** was established to retire general government debt.

The **Hotel Venue Debt Service Fund** was established to retire Certificate of Obligation, Series 2014.

The **Local Govt Finance Corp Debt Service Fund** was established to retire Contract Revenue Bonds, Series 2017.

The **American Rescue Plan Act Fund** was established to account for revenues and expenditures associated with the State and Local Fiscal Recovery grant funds.

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Capital Projects Funds:

The **Capital Improvement Fund** was established to account for all expenditures related to planned capital projects not accounted for in other capital project funds. Its main funding source is a transfer-in from the general fund.

The **Traffic / Drainage Bond Construction Fund** is a non major fund that was established to account for all expenses in undertaking all Drainage and Traffic improvements.

The **Information Technology Fund** was established to account for all expenditures related to the implementation of strategic technology projects.

The **Street Improvements Construction Fund** was established to account for all expenditures related to the construction of intersections and street improvement projects.

The **Park's Facility/Fire Station #2 Construction Fund** was established to account for all expenditures related to the construction of a new Park's facility and fire station.

The **Sports Facility Construction Fund** was established to account for all expenditures related to the construction of 12 fields for youth and adult baseball.

The **Quinta Center for Urban Ecology Fund** was established to account for all expenditures related to the construction of a Center for Urban Ecology which will include classroom and teaching spaces to further environmental education.

The **Infrastructure & Improvements Fund** was established to account for expenditures related to the acquisition and/or construction of capital improvements to the City.

The **City Hall Expansion/Reservoir Development Fund** was established to account for all expenditures related to the expansion of the City Hall and the reservoir development project.

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2023**

	Special Revenue		
	Hotel Occupancy Tax	Hotel Venue Tax	McAllen EB-5 Regional Center
ASSETS			
Cash	\$ 77,503	\$ 1,103,169	\$ 12,932
Certificate of deposit	-	-	-
Investments	4	3,141	110,947
Receivables:			
Accounts	750,060	116,233	-
Accrued interest	-	-	-
Other	-	-	-
Due from other governments	-	-	-
Prepays	-	-	-
Total assets	<u>827,567</u>	<u>1,222,543</u>	<u>123,879</u>
Total assets and deferred outflows of resources	<u>\$ 827,567</u>	<u>\$ 1,222,543</u>	<u>\$ 123,879</u>
LIABILITIES			
Accounts payable	\$ 138,267	\$ -	\$ 1,675
Accrued liabilities	-	-	7,252
Due to other funds	345,668	-	-
Unearned revenues	343,244	-	-
Other liabilities	-	-	65,000
Total liabilities	<u>827,179</u>	<u>-</u>	<u>73,927</u>
Deferred inflows of resources	-	-	-
Total liabilities and deferred inflows of resources	<u>827,179</u>	<u>-</u>	<u>73,927</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	388	1,222,543	49,952
Committed	-	-	-
Unassigned	-	-	-
Total fund balances	<u>388</u>	<u>1,222,543</u>	<u>49,952</u>
Total liabilities and fund balances	<u>\$ 827,567</u>	<u>\$ 1,222,543</u>	<u>\$ 123,879</u>

Special Revenue						
Drainage Fee	Park Development	TIRZ #1	Community Development	TIRZ #2A	Miscellaneous Government Grants	American Rescue Plan Act
\$ 38,202	\$ 126,445	\$ 806	\$ -	\$ 4,715	\$ 820,073	\$ -
1,029,304	-	-	-	-	-	-
3,859,608	2,282,751	943,748	-	4,506,163	3,824,787	44,079
149,297	-	-	-	-	-	-
18,787	71	-	-	-	-	-
-	-	-	-	-	34,326	-
-	-	58,090	372,604	1,939,448	299,680	-
-	-	-	2,322	-	-	-
<u>5,095,198</u>	<u>2,409,267</u>	<u>1,002,644</u>	<u>374,926</u>	<u>6,450,326</u>	<u>4,978,866</u>	<u>44,079</u>
<u>\$ 5,095,198</u>	<u>\$ 2,409,267</u>	<u>\$ 1,002,644</u>	<u>\$ 374,926</u>	<u>\$ 6,450,326</u>	<u>\$ 4,978,866</u>	<u>\$ 44,079</u>
\$ 75,212	\$ 27,023	\$ -	\$ 204,612	\$ 44,080	\$ 1,451,539	\$ -
18,175	-	-	82,042	2,000	8,304	-
-	-	-	88,272	-	33,542	44,079
-	-	58,089	-	1,939,448	3,502,353	-
-	-	-	-	-	-	-
<u>93,387</u>	<u>27,023</u>	<u>58,089</u>	<u>374,926</u>	<u>1,985,528</u>	<u>4,995,738</u>	<u>44,079</u>
-	-	-	-	-	-	-
<u>93,387</u>	<u>27,023</u>	<u>58,089</u>	<u>374,926</u>	<u>1,985,528</u>	<u>4,995,738</u>	<u>44,079</u>
-	-	-	2,322	-	-	-
5,001,811	2,382,244	944,555	-	4,464,798	-	-
-	-	-	-	-	-	-
-	-	-	(2,322)	-	(16,872)	-
<u>5,001,811</u>	<u>2,382,244</u>	<u>944,555</u>	<u>-</u>	<u>4,464,798</u>	<u>(16,872)</u>	<u>-</u>
<u>\$ 5,095,198</u>	<u>\$ 2,409,267</u>	<u>\$ 1,002,644</u>	<u>\$ 374,926</u>	<u>\$ 6,450,326</u>	<u>\$ 4,978,866</u>	<u>\$ 44,079</u>

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2023**

	Special Revenue		
	Downtown Services Parking	PD Seized	TX Anti Gang Unit
ASSETS			
Cash	\$ 31,287	\$ 445,988	\$ -
Certificate of deposit	-	514,388	-
Investments	84,015	817,843	2
Receivables:			
Accounts	255,100	-	-
Accrued interest	-	2,380	-
Other	-	-	-
Due from other governments	55	-	5,331,040
Prepays	-	-	-
Total assets	370,457	1,780,599	5,331,042
Total assets and deferred outflows of resources	\$ 370,457	\$ 1,780,599	\$ 5,331,042
LIABILITIES			
Accounts payable	\$ 44,187	\$ 46,768	\$ 956,632
Accrued liabilities	18,883	-	5,304
Due to other funds	-	-	4,384,860
Unearned revenues	-	2,480	-
Other liabilities	-	-	-
Total liabilities	63,070	49,248	5,346,796
Deferred inflows of resources	252,662	-	-
Total liabilities and deferred inflows of resources	315,732	49,248	5,346,796
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	1,731,351	-
Committed	54,725	-	-
Unassigned	-	-	(15,754)
Total fund balances	54,725	1,731,351	(15,754)
Total liabilities and fund balances	\$ 370,457	\$ 1,780,599	\$ 5,331,042

Special Revenue								
The McAllen Performing and Cultural Arts Foundation								
City Special Events	COPS Grant	Christmas Parade	Friends of Quinta	Cultural Arts Foundation	P. E. G.	Developers	Marketing	Total
\$ 20,346	\$ -	\$ 11,343	\$ 98,860	\$ 62,479	\$ 88,943	\$ 526,521	\$ 65,788	\$ 3,535,400
-	-	-	-	-	-	514,389	-	2,058,081
-	-	842,867	427,864	-	1,289,646	8,374,657	395,517	27,807,639
-	-	52,383	-	-	-	-	-	1,323,073
-	-	-	-	-	-	19,725	-	40,963
-	-	-	-	-	-	-	-	34,326
-	95,097	-	-	-	-	-	-	8,096,014
-	-	9,000	-	-	-	-	-	11,322
<u>20,346</u>	<u>95,097</u>	<u>915,593</u>	<u>526,724</u>	<u>62,479</u>	<u>1,378,589</u>	<u>9,435,292</u>	<u>461,305</u>	<u>42,906,818</u>
<u>\$ 20,346</u>	<u>\$ 95,097</u>	<u>\$ 915,593</u>	<u>\$ 526,724</u>	<u>\$ 62,479</u>	<u>\$ 1,378,589</u>	<u>\$ 9,435,292</u>	<u>\$ 461,305</u>	<u>\$ 42,906,818</u>
\$ 117	\$ -	\$ 10,261	\$ 13,906	\$ -	\$ -	\$ 125,648	\$ 69,879	\$ 3,209,806
-	27,273	-	-	-	-	-	-	169,233
-	67,824	-	-	-	-	-	-	4,964,245
-	-	37,931	-	-	-	-	-	5,883,545
-	-	-	-	-	-	9,255,950	-	9,320,950
<u>117</u>	<u>95,097</u>	<u>48,192</u>	<u>13,906</u>	<u>-</u>	<u>-</u>	<u>9,381,598</u>	<u>69,879</u>	<u>23,547,779</u>
-	-	-	-	-	-	-	-	252,662
<u>117</u>	<u>95,097</u>	<u>48,192</u>	<u>13,906</u>	<u>-</u>	<u>-</u>	<u>9,381,598</u>	<u>69,879</u>	<u>23,800,441</u>
-	-	9,000	-	-	-	-	-	11,322
-	-	858,401	512,818	62,479	1,378,589	53,694	-	18,663,623
20,229	-	-	-	-	-	-	391,426	466,380
-	-	-	-	-	-	-	-	(34,948)
<u>20,229</u>	<u>-</u>	<u>867,401</u>	<u>512,818</u>	<u>62,479</u>	<u>1,378,589</u>	<u>53,694</u>	<u>391,426</u>	<u>19,106,377</u>
<u>\$ 20,346</u>	<u>\$ 95,097</u>	<u>\$ 915,593</u>	<u>\$ 526,724</u>	<u>\$ 62,479</u>	<u>\$ 1,378,589</u>	<u>\$ 9,435,292</u>	<u>\$ 461,305</u>	<u>\$ 42,906,818</u>

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2023**

	Debt Service		
	Debt Service	Hotel Venue Debt Service	Local Govt Finance Corp Debt Service
ASSETS			
Cash	\$ 51,761	\$ 194	\$ 750
Certificate of deposit	-	-	-
Investments	5,272,011	4	446,671
Receivables:			
Accounts	-	-	-
Taxes	351,605	-	-
Accrued interest	-	-	-
Other	-	-	-
Due from other governments	-	-	-
Prepays	-	-	-
	5,675,377	198	447,421
Total assets			
Deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	\$ 5,675,377	\$ 198	\$ 447,421
LIABILITIES			
Accounts payable	\$ 300	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Unearned revenues	-	-	-
Other liabilities	-	-	-
	300	-	-
Total liabilities			
Deferred inflows of resources	329,426	-	-
Total liabilities and deferred inflows of resources	329,726	-	-
FUND BALANCES			
Nonspendable	-	-	-
Restricted	5,345,651	198	447,421
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
	5,345,651	198	447,421
Total fund balances			
Total liabilities and fund balances	\$ 5,675,377	\$ 198	\$ 447,421

Capital Projects			
Information Technology	Street Improvements	City Hall Expansion/ Reservoir Development	Park's Facility/Fire Station #2 Construction
\$ 6,518	\$ 2,627	\$ 259	\$ 11
-	-	-	1,029,304
58,153	256,098	21,711,992	362,915
-	-	-	-
-	-	-	-
-	-	-	4,746
-	-	-	-
-	498,341	-	-
-	-	-	-
<u>64,671</u>	<u>757,066</u>	<u>21,712,251</u>	<u>1,396,976</u>
-	-	-	-
<u>\$ 64,671</u>	<u>\$ 757,066</u>	<u>\$ 21,712,251</u>	<u>\$ 1,396,976</u>
\$ 6,769	\$ 165,000	\$ -	\$ 165,678
-	84,167	-	257,738
-	-	-	77,937
-	-	-	-
-	-	-	-
<u>6,769</u>	<u>249,167</u>	<u>-</u>	<u>501,353</u>
-	-	-	-
<u>6,769</u>	<u>249,167</u>	<u>-</u>	<u>501,353</u>
-	-	-	-
-	507,899	-	895,623
-	-	-	-
57,902	-	21,712,251	-
-	-	-	-
<u>57,902</u>	<u>507,899</u>	<u>21,712,251</u>	<u>895,623</u>
<u>\$ 64,671</u>	<u>\$ 757,066</u>	<u>\$ 21,712,251</u>	<u>\$ 1,396,976</u>

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2023**

	Capital Projects		
	Capital Improvement	Infrastructure & Improvements	Sports Facilities
ASSETS			
Cash	\$ 196,246	\$ 21,106,518	\$ 1,736
Certificate of deposit	-	-	-
Investments	10,679,086	14,128,134	-
Receivables:			
Accounts	-	-	-
Taxes	-	-	-
Accrued interest	18,342	-	-
Other	-	-	-
Due from other governments	-	-	-
Prepays	-	-	-
	10,893,674	35,234,652	1,736
Total assets			
Deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	\$ 10,893,674	\$ 35,234,652	\$ 1,736
LIABILITIES			
Accounts payable	\$ 995,672	\$ 2,716,051	\$ -
Accrued liabilities	37,663	196,761	-
Due to other funds	-	-	-
Unearned revenues	415,044	-	-
Other liabilities	-	-	-
	1,448,379	2,912,812	-
Total liabilities			
Deferred inflows of resources	-	-	-
Total liabilities and deferred inflows of resources	1,448,379	2,912,812	-
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	-	1,736
Committed	-	-	-
Assigned	9,445,295	32,321,840	-
Unassigned	-	-	-
	9,445,295	32,321,840	1,736
Total fund balances			
Total liabilities and fund balances	\$ 10,893,674	\$ 35,234,652	\$ 1,736

Capital Projects		
Traffic Improv/ Drainage Bond Construction	Quinta Center for Urban Ecology	Total Nonmajor Governmental Funds
\$ 2,062	\$ 88	\$ 24,904,170
1,029,304	-	4,116,689
9,441,364	16,509,105	106,673,172
-	-	1,323,073
-	-	351,605
4,746	-	68,797
-	-	34,326
-	462,757	9,057,112
-	-	11,322
<u>10,477,476</u>	<u>16,971,950</u>	<u>146,540,266</u>
-	-	-
<u>\$ 10,477,476</u>	<u>\$ 16,971,950</u>	<u>\$ 146,540,266</u>
\$ 516,350	\$ 2,805,174	\$ 10,580,800
349,738	147,641	1,242,941
-	-	5,042,182
-	3,500,000	9,798,589
-	-	9,320,950
<u>866,088</u>	<u>6,452,815</u>	<u>35,985,462</u>
-	-	582,088
<u>866,088</u>	<u>6,452,815</u>	<u>36,567,550</u>
-	-	11,322
9,611,388	10,519,135	45,992,674
-	-	466,380
-	-	63,537,288
-	-	(34,948)
<u>9,611,388</u>	<u>10,519,135</u>	<u>109,972,716</u>
<u>\$ 10,477,476</u>	<u>\$ 16,971,950</u>	<u>\$ 146,540,266</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023**

	Special Revenue		
	Hotel Occupancy Tax	Hotel Venue Tax	McAllen EB-5 Regional Center
REVENUES			
Hotel taxes	\$ 5,072,130	\$ 1,450,778	\$ -
Franchise taxes	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Investment earnings	-	2,398	2,854
Net increase (decrease) in the fair value of investments	-	-	-
Other	-	-	-
Total revenues	<u>5,072,130</u>	<u>1,453,176</u>	<u>2,854</u>
EXPENDITURES			
Current:			
General government	1,363,466	-	4,281
Public safety	-	-	-
Highways and streets	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>1,363,466</u>	<u>-</u>	<u>4,281</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,708,664</u>	<u>1,453,176</u>	<u>(1,427)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	<u>(3,708,664)</u>	<u>(1,050,698)</u>	<u>-</u>
Net other financing sources (uses)	<u>(3,708,664)</u>	<u>(1,050,698)</u>	<u>-</u>
Net change in fund balances	-	402,478	(1,427)
Fund balances at beginning of year	<u>388</u>	<u>820,065</u>	<u>51,379</u>
Fund balances at end of year	<u>\$ 388</u>	<u>\$ 1,222,543</u>	<u>\$ 49,952</u>

Special Revenue						
Drainage Fee	Park Development	TIRZ #1	Community Development	TIRZ #2A	Miscellaneous Government Grants	American Rescue Plan Act
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	937,975	3,658,281	-	9,362,638	2,616,673
1,280,546	-	-	-	-	-	-
-	-	-	-	-	-	-
169,988	101,253	31,762	-	205,042	525,799	71,489
20,335	17,977	-	-	-	-	-
-	487,550	592,512	3,613	-	-	-
<u>1,470,869</u>	<u>606,780</u>	<u>1,562,249</u>	<u>3,661,894</u>	<u>205,042</u>	<u>9,888,437</u>	<u>2,688,162</u>
-	-	13,333	376,321	5,000	8,975,813	214,143
-	-	-	68,637	-	550,989	-
714,197	-	-	2,131,017	310,608	-	-
-	-	-	649,957	-	-	15,000
-	1,517,488	-	435,962	-	15,276	1,555,000
-	-	665,000	-	-	-	-
-	-	853,163	-	-	-	-
<u>714,197</u>	<u>1,517,488</u>	<u>1,531,496</u>	<u>3,661,894</u>	<u>315,608</u>	<u>9,542,078</u>	<u>1,784,143</u>
<u>756,672</u>	<u>(910,708)</u>	<u>30,753</u>	<u>-</u>	<u>(110,566)</u>	<u>346,359</u>	<u>904,019</u>
-	617,114	788,743	-	755,184	-	-
-	-	(374,888)	-	-	(354,663)	(904,019)
-	617,114	413,855	-	755,184	(354,663)	(904,019)
756,672	(293,594)	444,608	-	644,618	(8,304)	-
<u>4,245,139</u>	<u>2,675,838</u>	<u>499,947</u>	<u>-</u>	<u>3,820,180</u>	<u>(8,568)</u>	<u>-</u>
<u>\$ 5,001,811</u>	<u>\$ 2,382,244</u>	<u>\$ 944,555</u>	<u>\$ -</u>	<u>\$ 4,464,798</u>	<u>\$ (16,872)</u>	<u>\$ -</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023**

	<u>Downtown Services Parking</u>	<u>PD Seized</u>
REVENUES		
Hotel taxes	\$ -	\$ -
Franchise taxes	-	-
Licenses and permits	11,384	-
Intergovernmental	3,874	-
Charges for services	866,275	-
Fines and forfeitures	131,864	801,791
Investment earnings	4,115	62,556
Net increase (decrease) in the fair value of investments	-	-
Other	50,821	-
	<hr/>	<hr/>
Total revenues	1,068,333	864,347
	<hr/>	<hr/>
EXPENDITURES		
Current:		
General government	-	-
Public safety	-	733,303
Highways and streets	1,094,216	-
Health and welfare	-	-
Culture and recreation	-	-
Debt service:		
Principal	4,326	-
Interest and fiscal charges	549	-
	<hr/>	<hr/>
Total expenditures	1,099,091	733,303
	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(30,758)	131,044
	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers out	(11,134)	-
	<hr/>	<hr/>
Net other financing sources (uses)	(11,134)	-
	<hr/>	<hr/>
Net change in fund balances	(41,892)	131,044
	<hr/>	<hr/>
Fund balances at beginning of year	96,617	1,600,307
	<hr/>	<hr/>
Fund balances at end of year	\$ 54,725	\$ 1,731,351
	<hr/>	<hr/>

Special Revenue

TX Anti Gang Unit	City Special Events	COPS Grant	P. E. G.	Christmas Parade	Friends of Quinta	The McAllen Performing and Cultural Arts Foundation	Developers	Marketing	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,522,908
-	-	-	203,533	-	-	-	-	-	203,533
-	-	-	-	-	-	-	-	-	11,384
6,638,912	-	260,251	-	80,696	-	-	-	-	23,559,300
-	141,086	-	-	-	-	-	-	-	2,287,907
-	-	-	-	-	-	-	-	-	933,655
-	-	-	58,161	37,507	16,857	-	-	16,607	1,306,388
-	-	-	-	-	-	-	53,694	-	92,006
-	-	-	62	1,438,135	377,172	62,479	89,766	75,000	3,177,110
6,638,912	141,086	260,251	261,756	1,556,338	394,029	62,479	143,460	91,607	38,094,191
-	-	-	15,251	-	-	-	-	387,203	11,354,811
6,638,912	-	394,568	-	-	-	-	-	-	8,386,409
-	-	-	-	-	-	-	89,766	-	4,339,804
-	-	-	-	-	-	-	-	-	664,957
-	120,857	-	-	1,213,600	113,139	-	-	-	4,971,322
-	-	-	-	-	-	-	-	-	669,326
-	-	-	-	-	-	-	-	-	853,712
6,638,912	120,857	394,568	15,251	1,213,600	113,139	-	89,766	387,203	31,240,341
-	20,229	(134,317)	246,505	342,738	280,890	62,479	53,694	(295,596)	6,853,850
-	-	134,317	-	100,000	-	-	-	368,000	2,763,358
-	-	-	-	(12,000)	(169,000)	-	-	-	(6,585,066)
-	-	134,317	-	88,000	(169,000)	-	-	368,000	(3,821,708)
-	20,229	-	246,505	430,738	111,890	62,479	53,694	72,404	3,032,142
(15,754)	-	-	1,132,084	436,663	400,928	-	-	319,022	16,074,235
\$ (15,754)	\$ 20,229	\$ -	\$ 1,378,589	\$ 867,401	\$ 512,818	\$ 62,479	\$ 53,694	\$ 391,426	\$ 19,106,377

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023**

	Debt Service		
	Debt Service	Hotel Venue Debt Service	Local Govt Finance Corp Debt Service
REVENUES			
Hotel taxes	\$ -	\$ -	\$ -
Property taxes	5,406,933	-	-
Franchise taxes	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Investment earnings	273,232	-	30,595
Net increase (decrease) in the fair value of investments	-	-	-
Other	-	-	-
Total revenues	<u>5,680,165</u>	<u>-</u>	<u>30,595</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Debt service:			
Principal	3,320,000	555,000	530,000
Interest and fiscal charges	1,749,602	11,906	337,531
Total expenditures	<u>5,069,602</u>	<u>566,906</u>	<u>867,531</u>
Excess (deficiency) of revenues over (under) expenditures	<u>610,563</u>	<u>(566,906)</u>	<u>(836,936)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	233,598	567,100	975,472
Transfers out	-	-	-
Net other financing sources (uses)	<u>233,598</u>	<u>567,100</u>	<u>975,472</u>
Net change in fund balances	844,161	194	138,536
Fund balances at beginning of year	<u>4,501,490</u>	<u>4</u>	<u>308,885</u>
Fund balances at end of year	<u>\$ 5,345,651</u>	<u>\$ 198</u>	<u>\$ 447,421</u>

Capital Projects		
Information Technology	Street Improvements	City Hall Expansion/ Reservoir Development
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
9,405	66,355	712,251
-	-	-
65,968	29	-
<u>75,373</u>	<u>66,384</u>	<u>712,251</u>
253,113	-	-
18,803	-	-
-	2,301,434	-
-	-	-
-	-	-
-	-	-
<u>271,916</u>	<u>2,301,434</u>	<u>-</u>
<u>(196,543)</u>	<u>(2,235,050)</u>	<u>712,251</u>
-	-	21,000,000
-	-	-
-	-	21,000,000
(196,543)	(2,235,050)	21,712,251
<u>254,445</u>	<u>2,742,949</u>	<u>-</u>
<u>\$ 57,902</u>	<u>\$ 507,899</u>	<u>\$ 21,712,251</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023**

	<u>Capital Projects</u>		
	<u>Parks Facility/Fire Station #2 Construction</u>	<u>Capital Improvement</u>	<u>Infrastructure & Improvements</u>
REVENUES			
Hotel taxes	\$ -	\$ -	\$ -
Property taxes	-	-	-
Franchise taxes	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	250,000	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Investment earnings	63,484	223,042	1,770,160
Net increase (decrease) in the fair value of investments	-	132,922	-
Other	100	93,260	9
Total revenues	<u>63,584</u>	<u>699,224</u>	<u>1,770,169</u>
EXPENDITURES			
Current:			
General government	-	1,081,433	8,371,948
Public safety	-	1,084,619	3,786,368
Highways and streets	-	2,512,854	453,005
Health and welfare	-	45,375	20,445
Culture and recreation	1,585,011	1,527,493	1,070,957
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>1,585,011</u>	<u>6,251,774</u>	<u>13,702,723</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,521,427)</u>	<u>(5,552,550)</u>	<u>(11,932,554)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	117,000	5,839,376	5,752,226
Transfers out	-	(117,000)	(1,494,114)
Net other financing sources (uses)	<u>117,000</u>	<u>5,722,376</u>	<u>4,258,112</u>
Net change in fund balances	<u>(1,404,427)</u>	<u>169,826</u>	<u>(7,674,442)</u>
Fund balances at beginning of year	<u>2,300,050</u>	<u>9,275,469</u>	<u>39,996,282</u>
Fund balances at end of year	<u>\$ 895,623</u>	<u>\$ 9,445,295</u>	<u>\$ 32,321,840</u>

Capital Projects

Sports Facilities	Traffic Improv/ Drainage Bond Construction	Quinta Center for Urban Ecology	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 6,522,908
-	-	-	5,406,933
-	-	-	203,533
-	-	-	11,384
-	-	132,880	23,942,180
-	-	-	2,287,907
-	-	-	933,655
60	560,460	619,958	5,635,390
-	-	-	224,928
-	212	-	3,336,688
<u>60</u>	<u>560,672</u>	<u>752,838</u>	<u>48,505,506</u>
-	-	-	21,061,305
-	80,489	-	13,356,688
-	5,169,225	-	14,776,322
-	-	-	730,777
375	-	2,952,815	12,107,973
-	-	-	5,074,326
-	-	-	2,952,751
<u>375</u>	<u>5,249,714</u>	<u>2,952,815</u>	<u>70,060,142</u>
<u>(315)</u>	<u>(4,689,042)</u>	<u>(2,199,977)</u>	<u>(21,554,636)</u>
-	-	2,969,000	40,217,130
-	-	-	(8,196,180)
-	-	2,969,000	32,020,950
(315)	(4,689,042)	769,023	10,466,314
<u>2,051</u>	<u>14,300,430</u>	<u>9,750,112</u>	<u>99,506,402</u>
<u>\$ 1,736</u>	<u>\$ 9,611,388</u>	<u>\$ 10,519,135</u>	<u>\$ 109,972,716</u>

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Non Major Enterprise Funds

These funds are used to account for City operations that are financed and/or operated in a manner similar to private business enterprises. Included in this category are: **Champion Lake Golf Course; Metro McAllen; Transit Terminal; Convention Center; and Performing Arts.**

The **Champion Lake Golf Course Fund** is utilized to account for the operations of the City's golf course.

The **Metro McAllen Fund** is utilized to account for the operations of the Bus Transportation System.

The **Transit Terminal Fund** is utilized to account for the operations of the Intermodal Transportation System.

The **Convention Center Fund** is utilized to account for the operations of the Convention Center.

The **Performing Arts Fund** is utilized to account for the operations of the Performing Arts.

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NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
September 30, 2023

	McAllen Convention Center	Performing Arts Center	Champion Lake Golf Course	Metro McAllen	Transit Terminal	Total
ASSETS						
Current assets:						
Cash	\$ 71,010	\$ 173,217	\$ 61,351	\$ 93,831	\$ 201,401	\$ 600,810
Certificate of deposit	-	-	-	-	-	-
Investments	9,591,217	3,757,355	2,494,017	746,961	563,888	17,153,438
Receivables, net:						
Accounts	21,065	-	3,404	3,408	-	27,877
Accrued interest	6,936	955	979	181	-	9,051
Lease receivable - current	-	-	25,609	65,586	-	91,195
Due from other funds	276,534	69,134	-	-	77,937	423,605
Due from other governments	2	2	53	843,236	361,292	1,204,585
Prepaid items	145,450	-	-	838	-	146,288
Restricted assets:						
Cash and cash equivalents	4,761	75,496	4,439	-	-	84,696
Total current assets	10,116,975	4,076,159	2,589,852	1,754,041	1,204,518	19,741,545
Noncurrent assets:						
Restricted assets:						
Certificate of deposit	514,915	-	-	-	-	514,915
Investments	2,659,644	1,343,817	708,180	-	-	4,711,641
Accrued interest	9,832	5,805	-	-	-	15,637
Total noncurrent restricted assets	3,184,391	1,349,622	708,180	-	-	5,242,193
Capital assets:						
Land	4,758,071	690,155	187,995	-	2,516,855	8,153,076
Buildings and systems	56,281,224	50,992,311	228,345	-	6,859,508	114,361,388
Improvements other than buildings	6,792,381	-	8,422,149	489,143	1,479,657	17,183,330
Machinery and equipment	3,770,484	1,360,166	1,458,653	4,510,295	9,626,736	20,726,334
Construction in progress	-	-	-	-	9,042,695	9,042,695
Total capital assets	71,602,160	53,042,632	10,297,142	4,999,438	29,525,451	169,466,823
Less accumulated depreciation	(26,239,141)	(7,753,442)	(7,858,989)	(4,887,144)	(10,649,037)	(57,387,753)
Net capital assets	45,363,019	45,289,190	2,438,153	112,294	18,876,414	112,079,070
Lease receivable - noncurrent	-	-	39,986	216,670	-	256,656
Total noncurrent assets	48,547,410	46,638,812	3,186,319	328,964	18,876,414	117,577,919
Total assets	58,664,385	50,714,971	5,776,171	2,083,005	20,080,932	137,319,464
Deferred outflows of resources-pensions	658,275	-	223,921	563,850	89,029	1,535,075
Total assets and deferred outflows of resources	\$ 59,322,660	\$ 50,714,971	\$ 6,000,092	\$ 2,646,855	\$ 20,169,961	\$ 138,854,539

**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
September 30, 2023**

	McAllen Convention Center	Performing Arts Center	Champion Lake Golf Course	Metro McAllen	Transit Terminal	Total
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 719,911	\$ 128,590	\$ 91,387	\$ 85,156	\$ 264,626	\$ 1,289,670
Accrued expenses	90,803	-	27,847	79,261	419,424	617,335
Due to other funds	-	-	-	168,571	-	168,571
Customer deposits payable	536,639	78,400	-	-	-	615,039
Current portion of lease	7,520	-	168	-	2,773	10,461
Compensated absences	122,032	-	39,585	98,993	14,554	275,164
Other	176	19	217	-	-	412
Total current liabilities	1,477,081	207,009	159,204	431,981	701,377	2,976,652
Other noncurrent liabilities:						
Unearned revenues	-	-	163,237	40,000	-	203,237
Lease payable	15,730	-	351	-	5,801	21,882
Compensated absences	53,228	-	52,473	37,439	-	143,140
Net pension liability	941,872	-	320,391	806,768	127,384	2,196,415
Total other noncurrent liabilities	1,010,830	-	536,452	884,207	133,185	2,564,674
Total liabilities	2,487,911	207,009	695,656	1,316,188	834,562	5,541,326
Deferred inflows of resources-leases	-	-	62,635	280,556	-	343,191
Deferred inflows of resources - pensions	45,889	-	15,610	39,307	6,206	107,012
Total liabilities and deferred inflows of resources	2,533,800	207,009	773,901	1,636,051	840,768	5,991,529
NET POSITION						
Net investment in capital assets	45,339,769	45,289,190	2,437,634	112,294	18,867,840	112,046,727
Restricted for improvements	3,189,152	1,425,120	712,619	-	-	5,326,891
Unrestricted	8,259,939	3,793,652	2,075,938	898,510	461,353	15,489,392
Total net position	56,788,860	50,507,962	5,226,191	1,010,804	19,329,193	132,863,010
Total liabilities, deferred inflows and net position	\$ 59,322,660	\$ 50,714,971	\$ 6,000,092	\$ 2,646,855	\$ 20,169,961	\$ 138,854,539

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

NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended September 30, 2023

	McAllen Convention Center	Performing Arts Center	Champion Lake Golf Course	Metro McAllen	Transit Terminal	Total
Operating revenues:						
Charges for services	\$ 3,383,783	\$ 827,070	\$ 1,665,836	\$ 299,467	\$ -	\$ 6,176,156
Rentals	1,013,189	730,933	-	300,004	-	2,044,126
Other	1,097,146	22,140	598,350	4,399	15,510	1,737,545
Total operating revenues	<u>5,494,118</u>	<u>1,580,143</u>	<u>2,264,186</u>	<u>603,870</u>	<u>15,510</u>	<u>9,957,827</u>
Operating expenses:						
Salaries, wages and employee benefits	3,025,654	-	1,033,752	2,525,706	390,730	6,975,842
Supplies	199,668	117,278	240,936	75,112	4,441	637,435
Contractual and other services	3,560,470	1,770,074	147,960	1,288,557	82,531	6,849,592
Repairs and maintenance	451,331	136,319	227,901	458,815	391,559	1,665,925
Depreciation and amortization	1,562,466	1,073,295	391,137	37,393	1,031,257	4,095,548
Total operating expenses	<u>8,799,589</u>	<u>3,096,966</u>	<u>2,041,686</u>	<u>4,385,583</u>	<u>1,900,518</u>	<u>20,224,342</u>
Operating income (loss)	<u>(3,305,471)</u>	<u>(1,516,823)</u>	<u>222,500</u>	<u>(3,781,713)</u>	<u>(1,885,008)</u>	<u>(10,266,515)</u>
Nonoperating revenues (expenses):						
Investment earnings	367,606	201,964	147,718	29,660	15,235	762,183
Net decrease in the fair value of investments	124,474	23,414	(118)	-	-	147,770
Interest expense	(926)	-	(21)	-	(341)	(1,288)
Gain (loss) on sale of capital asset	-	-	123,248	-	-	123,248
Intergovernmental	19,576	1,083	1,071	2,377,064	589,335	2,988,129
Interest revenue - leases	-	-	368	2,623	-	2,991
Net nonoperating revenues (expenses)	<u>510,730</u>	<u>226,461</u>	<u>272,266</u>	<u>2,409,347</u>	<u>604,229</u>	<u>4,023,033</u>
Income (loss) before contributions and transfers	<u>(2,794,741)</u>	<u>(1,290,362)</u>	<u>494,766</u>	<u>(1,372,366)</u>	<u>(1,280,779)</u>	<u>(6,243,482)</u>
Capital contributions	-	-	-	-	2,150,495	2,150,495
Transfers in	2,726,931	931,733	-	1,683,670	184,751	5,527,085
Transfers out	<u>(67,011)</u>	<u>(24,500)</u>	<u>(12,146)</u>	<u>(36,438)</u>	<u>(7,085)</u>	<u>(147,180)</u>
Change in net position	<u>(134,821)</u>	<u>(383,129)</u>	<u>482,620</u>	<u>274,866</u>	<u>1,047,382</u>	<u>1,286,918</u>
Total net position--beginning	<u>56,923,681</u>	<u>50,891,091</u>	<u>4,743,571</u>	<u>735,938</u>	<u>18,281,811</u>	<u>131,576,092</u>
Total net position--ending	<u>\$ 56,788,860</u>	<u>\$ 50,507,962</u>	<u>\$ 5,226,191</u>	<u>\$ 1,010,804</u>	<u>\$ 19,329,193</u>	<u>\$ 132,863,010</u>

**NON-MAJOR ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2023**

	McAllen Convention Center	Performing Arts Center	Champion Lake Golf Course	Metro McAllen	Transit Terminal	Total
Cash flows from operating activities:						
Receipts from customers	\$ 5,588,277	\$ 1,551,837	\$ 2,274,300	\$ 611,794	\$ 15,510	\$ 10,041,718
Payments to employees	(2,798,342)	-	(980,967)	(2,366,417)	(375,489)	(6,521,215)
Payments to suppliers	(3,307,377)	(1,928,499)	(611,875)	(1,795,339)	(290,757)	(7,933,847)
Net cash provided (used) by operating activities	<u>(517,442)</u>	<u>(376,662)</u>	<u>681,458</u>	<u>(3,549,962)</u>	<u>(650,736)</u>	<u>(4,413,344)</u>
Cash flows from noncapital financing activities:						
Transfers from other funds	2,727,410	931,852	-	1,683,670	106,814	5,449,746
Transfers to other funds	(67,011)	(24,500)	(12,146)	(36,438)	(7,085)	(147,180)
Subsidy from federal/state grant	24,960	1,165	1,200	2,058,875	533,228	2,619,428
Net cash provided (used) by noncapital financing activities	<u>2,685,359</u>	<u>908,517</u>	<u>(10,946)</u>	<u>3,706,107</u>	<u>632,957</u>	<u>7,921,994</u>
Cash flows from capital and related financing activities:						
Capital contributions	-	-	-	-	2,136,006	2,136,006
Payments for capital acquisitions	(83,805)	(181,715)	(625,520)	-	(1,368,793)	(2,259,833)
Proceeds from sale of capital assets	-	-	215,585	-	-	215,585
Principal repayments-bonds and notes	(7,299)	-	(163)	-	(2,692)	(10,154)
Interest paid	(926)	-	(21)	-	(341)	(1,288)
Cash provided (used) by capital and related financing activities	<u>(92,030)</u>	<u>(181,715)</u>	<u>(410,119)</u>	<u>-</u>	<u>764,180</u>	<u>80,316</u>
Cash flows from investing activities:						
Proceeds from sales and maturities of investments	8,761,637	2,794,028	2,324,523	1,571,000	1,295,000	16,746,188
Purchase of investments	(11,381,520)	(3,250,504)	(2,733,043)	(2,169,660)	(1,855,235)	(21,389,962)
Net decrease in fair value of investments	124,474	23,414	(118)	-	-	147,770
Receipt of interest	361,187	200,735	147,139	32,317	15,235	756,613
Net cash provided (used) by investing activities	<u>(2,134,222)</u>	<u>(232,327)</u>	<u>(261,499)</u>	<u>(566,343)</u>	<u>(545,000)</u>	<u>(3,739,391)</u>
Net increase (decrease) in cash	<u>(58,335)</u>	<u>117,813</u>	<u>(1,106)</u>	<u>(410,198)</u>	<u>201,401</u>	<u>(150,425)</u>
Cash at beginning of year	<u>134,106</u>	<u>130,900</u>	<u>66,896</u>	<u>504,029</u>	<u>-</u>	<u>835,931</u>
Cash at end of year	<u>\$ 75,771</u>	<u>\$ 248,713</u>	<u>\$ 65,790</u>	<u>\$ 93,831</u>	<u>\$ 201,401</u>	<u>\$ 685,506</u>

Continued

NON-MAJOR ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2023

	McAllen Convention Center	Performing Arts Center	Champion Lake Golf Course	Metro McAllen	Transit Terminal	Total
Reconciliation of operating income (loss) to net cash provided by operating activities						
Operating income (loss)	\$ (3,305,471)	\$ (1,516,823)	\$ 222,500	\$ (3,781,713)	\$ (1,885,008)	\$(10,266,515)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	1,562,466	1,073,295	391,137	37,393	1,031,257	4,095,548
(Increase) decrease in deferred outflows of resources - pension	(553,629)	-	(180,104)	(459,719)	(72,018)	(1,265,470)
Increase (decrease) in deferred inflow of resources - pension	(400,450)	-	(171,281)	(404,834)	(66,352)	(1,042,917)
Increase (decrease) in deferred inflow of resources - leases	-	-	(25,829)	(66,014)	-	(91,843)
(Increase) decrease in lease receivable	-	-	24,747	65,085	-	89,832
(Increase) decrease in accounts receivable	(20,815)	-	(1,344)	6,838	-	(15,321)
(Increase) decrease in prepaid items	435,161	-	-	(838)	-	434,323
Increase (decrease) in accounts payable	468,931	95,172	4,777	27,983	187,774	784,637
Increase (decrease) in customer deposits payable	114,893	(28,306)	-	-	-	86,587
Increase (decrease) in compensated absences payable	23,731	-	429	10,987	(5,431)	29,716
Increase (decrease) in accrued liabilities	21,128	-	1,953	14,321	1	37,403
Increase (decrease) in due to other funds	-	-	-	-	-	-
Increase (decrease) net pension liability	1,136,613	-	401,933	1,000,549	159,041	2,698,136
Increase (decrease) in unearned revenue	-	-	12,540	-	-	12,540
Total adjustments	<u>2,788,029</u>	<u>1,140,161</u>	<u>458,958</u>	<u>231,751</u>	<u>1,234,272</u>	<u>5,853,171</u>
Net cash provided (used) by operating activities	<u>\$ (517,442)</u>	<u>\$ (376,662)</u>	<u>\$ 681,458</u>	<u>\$ (3,549,962)</u>	<u>\$ (650,736)</u>	<u>\$ (4,413,344)</u>
Reconciliation to statement of net position:						
Cash	\$ 71,010	\$ 173,217	\$ 61,351	\$ 93,831	\$ 201,401	\$ 600,810
Cash-restricted	4,761	75,496	4,439	-	-	84,696
Total cash	<u>\$ 75,771</u>	<u>\$ 248,713</u>	<u>\$ 65,790</u>	<u>\$ 93,831</u>	<u>\$ 201,401</u>	<u>\$ 685,506</u>
Noncash investing, capital and financing activities:						
Contributions of capital assets	\$ -	\$ 173,447	\$ -	\$ -	\$ -	\$ 173,447
Decrease in fair value of investments	124,474	23,414	(118)	-	-	147,770

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Internal Service Funds

The **Internal Service Funds** were established to finance and account for services, materials, and supplies furnished to the various departments of the City, and on a limited basis, to other local governmental agencies. These services are provided on a cost reimbursement basis.

The **Fleet Materials Management Fund** sales and services are accounted for in two Interdepartmental Service Fund departments: Fleet Operations and Materials Management.

The **Employee Benefits Fund** was established to account for all expenses related to health insurance premiums and claims for City employees. Primary funding sources are transfers in from General Fund and Enterprise Funds.

The **Retiree Health Insurance Fund** was established to account for all expenses related to health insurance premiums and claims for retired City employees.

The **Risk Management Fund** was established to account for all expenses related to workmen's compensation claims and general liability insurance. Primary funding sources are transfers in from General Fund and Enterprise Funds.

The **Property & Casualty Insurance Fund** was established to account for all expenses related to general liability insurance personal and property claims. Primary funding sources are transfers in from General Fund and Enterprise Funds.

The **General Depreciation Fund** which was established for the sole purpose of replacing fixed assets of the General Fund. Funding has been provided by a rental charge to the appropriate department in the General Fund.

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
September 30, 2023**

	Fleet Materials Management	Employee Benefits	Retiree Health Insurance
ASSETS			
Current assets:			
Cash	\$ 85,764	\$ 1,326,546	\$ -
Certificate of deposit	-	-	-
Investments	-	14,279	245,366
Receivables, net:			
Accounts	148,638	126,074	364
Accrued interest	-	-	-
Due from other governments	67	-	-
Other	-	407,000	-
Prepaid items	-	-	-
Inventories	549,906	-	-
Total current assets	784,375	1,873,899	245,730
Non current assets:			
Capital assets			
Buildings and systems	965,935	-	-
Improvement other than buildings	132,823	-	-
Machinery and equipment	974,947	-	-
Less accumulated depreciation	(931,262)	-	-
Total capital assets (net of accumulated depreciation)	1,142,443	-	-
Other noncurrent assets			
Total assets	1,926,818	1,873,899	245,730
Deferred outflows of resources-pension	248,202	-	-
Total Assets and deferred outflows of resources	\$ 2,175,020	\$ 1,873,899	\$ 245,730
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 538,058	\$ 1,610,520	\$ 21,117
Accrued expense	33,614	804,323	240,000
Due to other funds	-	1,059,104	13,649
Current portion of lease	669	-	-
Compensated absences	44,450	34,747	-
Other	659	1,530	-
Total current liabilities	617,450	3,510,224	274,766
Other non-current liabilities:			
Compensated absences	-	-	-
Net pension liability	355,132	-	-
Lease payable	1,399	-	-
Total other non-current liabilities	356,531	-	-
Total liabilities	973,981	3,510,224	274,766
Deferred inflows of resources-pension	17,303	-	-
Total liabilities and deferred inflows of resources	991,284	3,510,224	274,766
NET POSITION			
Net investment in capital assets	1,140,375	-	-
Unrestricted	43,361	(1,636,325)	(29,036)
Total net position	1,183,736	(1,636,325)	(29,036)
Total liabilities, deferred inflows of resources and net position	\$ 2,175,020	\$ 1,873,899	\$ 245,730

Risk Management	Property & Casualty Insurance	General Depreciation	Total
\$ 234,749	\$ 238,480	\$ 36,670	\$ 1,922,209
-	-	1,029,304	1,029,304
8,986,752	-	18,216,866	27,463,263
125,000	-	-	400,076
3,169	-	23,528	26,697
-	-	-	67
-	-	-	407,000
-	-	1,336,380	1,336,380
-	-	-	549,906
<u>9,349,670</u>	<u>238,480</u>	<u>20,642,748</u>	<u>33,134,902</u>
-	-	-	965,935
-	-	-	132,823
37,257	-	33,138,468	34,150,672
<u>(37,257)</u>	<u>-</u>	<u>(25,130,378)</u>	<u>(26,098,897)</u>
-	-	8,008,090	9,150,533
<u>9,349,670</u>	<u>238,480</u>	<u>28,650,838</u>	<u>42,285,435</u>
-	-	-	248,202
<u>\$ 9,349,670</u>	<u>\$ 238,480</u>	<u>\$ 28,650,838</u>	<u>\$ 42,533,637</u>
\$ 90,521	\$ 33,310	\$ 73,584	\$ 2,367,110
716,414	72,262	-	1,866,613
-	-	-	1,072,753
-	-	-	669
38,482	1,072	-	118,751
-	-	-	2,189
<u>845,417</u>	<u>106,644</u>	<u>73,584</u>	<u>5,428,085</u>
6,528	-	-	6,528
-	-	-	355,132
-	-	-	1,399
<u>6,528</u>	<u>-</u>	<u>-</u>	<u>363,059</u>
<u>851,945</u>	<u>106,644</u>	<u>73,584</u>	<u>5,791,144</u>
-	-	-	17,303
<u>851,945</u>	<u>106,644</u>	<u>73,584</u>	<u>5,808,447</u>
-	-	8,008,090	9,148,465
<u>8,497,725</u>	<u>131,836</u>	<u>20,569,164</u>	<u>27,576,725</u>
<u>8,497,725</u>	<u>131,836</u>	<u>28,577,254</u>	<u>36,725,190</u>
<u>\$ 9,349,670</u>	<u>\$ 238,480</u>	<u>\$ 28,650,838</u>	<u>\$ 42,533,637</u>

**INTERNAL SERVICE FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended September 30, 2023**

	<u>Fleet Materials Management</u>	<u>Employee Benefits</u>	<u>Retiree Health Insurance</u>
Operating revenues:			
Charges for services	\$ 7,252,466	\$ -	\$ -
Contributions	-	13,384,956	1,452,283
	<hr/>	<hr/>	<hr/>
Total operating revenues	7,252,466	13,384,956	1,452,283
Operating expenses:			
Salaries, wages and employee benefits	1,078,921	440,958	-
Supplies and materials	41,835	8,332	-
Contractual and other services	6,072,845	3,548,351	144,632
Repairs and maintenance	59,403	-	-
Depreciation and amortization	106,016	-	-
Self insurance claims	-	14,552,001	1,167,941
	<hr/>	<hr/>	<hr/>
Total operating expenses	7,359,020	18,549,642	1,312,573
Operating income (loss)	<hr/>	<hr/>	<hr/>
	(106,554)	(5,164,686)	139,710
Non operating revenues (expenses):			
Investment earnings	-	666	9,856
Net increase (decrease) in fair value of investments	-	-	-
Interest expense	(82)	-	-
Gain (loss) on sale of capital assets	(4,930)	-	-
Intergovernmental	6,253	140,590	-
Other	62,414	874,829	-
	<hr/>	<hr/>	<hr/>
Net non-operating revenues (expenses)	63,655	1,016,085	9,856
Income (loss) before contributions and transfers	<hr/>	<hr/>	<hr/>
	(42,899)	(4,148,601)	149,566
Capital contributions	-	-	-
Transfers in	-	3,253,908	-
Transfers out	(19,231)	-	-
	<hr/>	<hr/>	<hr/>
Change in net position	(62,130)	(894,693)	149,566
Total net position-beginning	<hr/>	<hr/>	<hr/>
	1,245,866	(741,632)	(178,602)
Total net position–ending	<hr/>	<hr/>	<hr/>
	\$ 1,183,736	\$ (1,636,325)	\$ (29,036)

Risk Management	Property & Casualty Insurance	General Depreciation	Total
\$ -	\$ -	\$ 3,212,171	\$ 10,464,637
2,265,155	1,512,171	-	18,614,565
<u>2,265,155</u>	<u>1,512,171</u>	<u>3,212,171</u>	<u>29,079,202</u>
483,492	146,466	-	2,149,837
18,265	677	-	69,109
1,453,355	898,179	-	12,117,362
3,188	-	-	62,591
3,304	-	1,902,164	2,011,484
-	265,983	-	15,985,925
<u>1,961,604</u>	<u>1,311,305</u>	<u>1,902,164</u>	<u>32,396,308</u>
<u>303,551</u>	<u>200,866</u>	<u>1,310,007</u>	<u>(3,317,106)</u>
168,371	-	402,608	581,501
141,352	-	324,731	466,083
-	-	-	(82)
-	-	65,367	60,437
72,970	-	-	219,813
97,669	22,150	-	1,057,062
<u>480,362</u>	<u>22,150</u>	<u>792,706</u>	<u>2,384,814</u>
783,913	223,016	2,102,713	(932,292)
-	-	78,952	78,952
66,556	-	-	3,320,464
(7,085)	-	-	(26,316)
<u>843,384</u>	<u>223,016</u>	<u>2,181,665</u>	<u>2,440,808</u>
<u>7,654,341</u>	<u>(91,180)</u>	<u>26,395,589</u>	<u>34,284,382</u>
<u>\$ 8,497,725</u>	<u>\$ 131,836</u>	<u>\$ 28,577,254</u>	<u>\$ 36,725,190</u>

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2023**

	Fleet Materials Management	Employee Benefits	Retiree Health Insurance
Cash flows from operating activities:			
Receipts from customers	\$ 7,343,068	\$ 13,384,956	\$ 1,461,502
Payments to employees	(1,049,574)	(439,476)	-
Payments to suppliers	(6,439,214)	(17,087,910)	(1,277,996)
Cash received from other cash receipts	62,414	879,120	-
Net cash provided (used) by operating activities	<u>(83,306)</u>	<u>(3,263,310)</u>	<u>183,506</u>
Cash flows from non-capital financing activities:			
Transfer from other funds	-	3,253,908	-
Transfer to other funds	(19,231)	-	-
Subsidy from federal/state grant	8,438	140,590	-
Cash provided (used) by non-capital financing activities	<u>(10,793)</u>	<u>3,394,498</u>	<u>-</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets	(88,567)	-	-
Proceeds from sale of capital assets	2,222	-	-
Principal repayments-bonds and notes	(649)	-	-
Interest paid	(82)	-	-
Net cash (used) by capital and related financing activities	<u>(87,076)</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Proceeds from sales and maturities of investments	-	-	116,000
Purchase of investments	-	(666)	(309,856)
Net decrease in fair value of investments	-	-	-
Receipt of interest	-	666	9,856
Net cash provided (used) by investing activities	<u>-</u>	<u>-</u>	<u>(184,000)</u>
Net increase (decrease) in cash	<u>(181,175)</u>	<u>131,188</u>	<u>(494)</u>
Cash at beginning of year	<u>266,939</u>	<u>1,195,358</u>	<u>494</u>
Cash at end of year	<u>\$ 85,764</u>	<u>\$ 1,326,546</u>	<u>\$ -</u>

Risk Management	Property & Casualty Insurance	General Depreciation	Totals
\$ 2,265,155	\$ 1,512,171	\$ 3,212,171	\$ 29,179,023
(473,754)	(151,558)	-	(2,114,362)
(1,454,447)	(1,161,910)	(1,336,380)	(28,757,857)
97,714	22,150	-	1,061,398
<u>434,668</u>	<u>220,853</u>	<u>1,875,791</u>	<u>(631,798)</u>
66,556	-	-	3,320,464
(7,085)	-	-	(26,316)
72,970	-	-	221,998
<u>132,441</u>	<u>-</u>	<u>-</u>	<u>3,516,146</u>
-	-	(3,397,582)	(3,486,149)
-	-	1,530,556	1,532,778
-	-	-	(649)
-	-	-	(82)
<u>-</u>	<u>-</u>	<u>(1,867,026)</u>	<u>(1,954,102)</u>
4,456,406	-	7,063,693	11,636,099
(5,278,714)	-	(7,772,679)	(13,361,915)
141,352	-	324,731	466,083
168,321	-	394,476	573,319
<u>(512,635)</u>	<u>-</u>	<u>10,221</u>	<u>(686,414)</u>
54,474	220,853	18,986	243,832
180,275	17,627	17,684	1,678,377
<u>\$ 234,749</u>	<u>\$ 238,480</u>	<u>\$ 36,670</u>	<u>\$ 1,922,209</u>

Continued

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2023**

	Fleet Materials Management	Employee Benefits	Retiree Health Insurance
Operating income (loss)	\$ (106,554)	\$ (5,164,686)	\$ 139,710
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	106,016	-	-
Other nonoperating revenues	62,414	879,120	-
(Increase) decrease in deferred outflows of resources - pension	(194,590)	-	-
Increase (decrease) in deferred inflow of resources -pension	(211,364)	-	-
Increase (decrease) in deferred inflows of resources - leases	-	-	-
(Increase) decrease in lease receivable	-	-	-
(Increase) decrease in accounts receivable	90,602	7,751	9,219
(Increase) decrease in due from other funds	-	-	-
(Increase) decrease in prepaid items	-	-	-
(Increase) decrease in inventories	(118,163)	-	-
Increase (decrease) in accounts payable	(146,968)	323,837	20,928
Increase (decrease) in compensated absences payable	(21,868)	(8,139)	-
Increase (decrease) in accrued liabilities	2,268	(25,790)	-
Increase (decrease) in due to other funds	-	724,597	13,649
Increase (decrease) in net pension liability	454,901	-	-
Increase (decrease) in unearned revenue	-	-	-
Total adjustments	23,248	1,901,376	43,796
Net cash provided (used) by operating activities	\$ (83,306)	\$ (3,263,310)	\$ 183,506
Noncash investing, capital, and financing activities:			
Contributions of capital assets	\$ -	\$ -	\$ -
Decrease in fair value of investments	\$ -	\$ -	\$ -

<u>Risk Management</u>	<u>Property & Casualty Insurance</u>	<u>General Depreciation</u>	<u>Totals</u>
\$ 303,551	\$ 200,866	\$ 1,310,007	\$ (3,317,106)
3,304	-	1,902,164	2,011,484
97,669	22,150	-	1,061,353
-	-	-	(194,590)
-	-	-	(211,364)
-	-	-	-
-	-	-	-
45	-	-	107,617
-	-	-	-
509	-	(1,336,380)	(1,335,871)
-	-	-	(118,163)
19,852	2,929	-	220,578
5,244	(5,382)	-	(30,145)
4,494	290	-	(18,738)
-	-	-	738,246
-	-	-	454,901
-	-	-	-
<u>131,117</u>	<u>19,987</u>	<u>565,784</u>	<u>2,685,308</u>
<u>\$ 434,668</u>	<u>\$ 220,853</u>	<u>\$ 1,875,791</u>	<u>\$ (631,798)</u>
\$ -	\$ -	\$ 78,952	\$ 78,952
\$ 141,352	\$ -	\$ 324,731	\$ 466,083

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**INDIVIDUAL BUDGET
SCHEDULES FOR LEGALLY
ADOPTED FUNDS**

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**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes:				
Property	\$ 53,433,212	\$ 54,086,404	\$ 54,028,576	\$ (57,828)
Sales	67,470,676	70,728,711	71,663,921	935,210
Franchise	6,182,000	6,581,373	6,664,731	83,358
Total taxes	<u>127,085,888</u>	<u>131,396,488</u>	<u>132,357,228</u>	<u>960,740</u>
Licenses and permits:				
Business	73,000	73,000	90,680	17,680
Occupational	499,499	499,499	511,281	11,782
Non-business	1,967,953	1,967,953	1,946,096	(21,857)
Total licenses and permits	<u>2,540,452</u>	<u>2,540,452</u>	<u>2,548,057</u>	<u>7,605</u>
Intergovernmental	<u>937,652</u>	<u>937,652</u>	<u>1,160,950</u>	<u>223,298</u>
Charges for services:				
General government	2,977,778	3,177,778	3,719,894	542,116
Public safety	630,500	630,500	845,499	214,999
Health	847,200	847,200	960,560	113,360
Culture and recreation	959,816	959,816	1,503,711	543,895
Total charges for services	<u>5,415,294</u>	<u>5,615,294</u>	<u>7,029,664</u>	<u>1,414,370</u>
Fines and forfeitures:				
Corporations court	830,000	830,000	1,064,923	234,923
Other fines	45,005	45,005	53,474	8,469
Total fines and forfeitures	<u>875,005</u>	<u>875,005</u>	<u>1,118,397</u>	<u>243,392</u>
Investment earnings	<u>350,000</u>	<u>3,506,985</u>	<u>3,023,862</u>	<u>(483,123)</u>
Net increase (decrease) in the fair value of investments	<u>-</u>	<u>-</u>	<u>777,519</u>	<u>777,519</u>
Other:				
Royalties	300,000	300,000	240,376	(59,624)
Rents and concessions	82,025	82,025	78,696	(3,329)
Reimbursements	261,458	278,988	613,963	334,975
Other	427,400	4,937,691	5,384,197	446,506
Total other revenues	<u>1,070,883</u>	<u>5,598,704</u>	<u>6,317,232</u>	<u>718,528</u>
Total revenues	<u>138,275,174</u>	<u>150,470,580</u>	<u>154,332,909</u>	<u>3,862,329</u>
EXPENDITURES				
General government:				
City commission:				
Salaries and benefits	240,641	242,615	177,307	65,308
Supplies	4,380	4,380	3,141	1,239
Miscellaneous services	139,280	139,280	95,745	43,535
Maintenance	17,000	17,000	15,880	1,120
Total city commission	<u>401,301</u>	<u>403,275</u>	<u>292,073</u>	<u>111,202</u>

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Special services:				
Miscellaneous services	\$ 702,898	\$ 702,898	\$ 429,506	\$ 273,392
Capital outlay	-	-	68,218	(68,218)
Total special services	<u>702,898</u>	<u>702,898</u>	<u>497,724</u>	<u>205,174</u>
City manager:				
Salaries and benefits	1,732,013	1,779,782	1,856,790	(77,008)
Supplies	14,930	16,959	15,962	997
Miscellaneous services	88,181	86,152	103,061	(16,909)
Maintenance	1,884	1,884	3,507	(1,623)
Total city manager	<u>1,837,008</u>	<u>1,884,777</u>	<u>1,979,320</u>	<u>(94,543)</u>
City secretary:				
Salaries and benefits	581,526	596,080	548,272	47,808
Supplies	5,000	5,000	4,629	371
Miscellaneous services	21,352	21,352	27,025	(5,673)
Maintenance	22,759	22,759	25,827	(3,068)
Total city secretary	<u>630,637</u>	<u>645,191</u>	<u>605,753</u>	<u>39,438</u>
Audit office:				
Salaries and benefits	250,104	257,225	257,296	(71)
Supplies	1,375	375	176	199
Miscellaneous services	9,500	10,500	9,351	1,149
Total audit office	<u>260,979</u>	<u>268,100</u>	<u>266,823</u>	<u>1,277</u>
Vital statistics:				
Salaries and benefits	165,274	169,377	142,424	26,953
Supplies	9,050	9,050	13,504	(4,454)
Miscellaneous services	22,313	39,843	30,666	9,177
Total vital statistics	<u>196,637</u>	<u>218,270</u>	<u>186,594</u>	<u>31,676</u>
Passport facility:				
Salaries and benefits	199,393	204,265	203,923	342
Supplies	2,425	2,425	3,354	(929)
Miscellaneous services	10,690	10,690	7,926	2,764
Maintenance	200	200	-	200
Total passport facility	<u>212,708</u>	<u>217,580</u>	<u>215,203</u>	<u>2,377</u>
Municipal court:				
Salaries and benefits	1,543,847	1,582,116	1,293,647	288,469
Supplies	75,895	77,895	24,761	53,134
Miscellaneous services	83,764	81,764	50,887	30,877
Maintenance	81,500	81,500	57,898	23,602
Total municipal court	<u>1,785,006</u>	<u>1,823,275</u>	<u>1,427,193</u>	<u>396,082</u>

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Finance:				
Salaries and benefits	\$ 1,359,861	\$ 1,395,861	\$ 1,358,661	\$ 37,200
Supplies	19,260	19,260	18,302	958
Miscellaneous services	258,449	247,242	218,988	28,254
Maintenance	77,823	89,030	68,433	20,597
Capital outlay	-	-	33,627	(33,627)
Total finance	<u>1,715,393</u>	<u>1,751,393</u>	<u>1,698,011</u>	<u>53,382</u>
Budget & management:				
Salaries and benefits	414,517	425,387	423,297	2,090
Supplies	8,300	8,300	7,021	1,279
Miscellaneous services	16,282	16,282	7,075	9,207
Maintenance	27,920	27,920	5,150	22,770
Total budget & management	<u>467,019</u>	<u>477,889</u>	<u>442,543</u>	<u>35,346</u>
Tax office:				
Salaries and benefits	358,642	367,853	334,449	33,404
Supplies	7,750	9,000	6,156	2,844
Miscellaneous services	1,029,977	1,028,727	956,449	72,278
Maintenance	33,307	33,307	29,885	3,422
Total tax office	<u>1,429,676</u>	<u>1,438,887</u>	<u>1,326,939</u>	<u>111,948</u>
Purchasing and contracting:				
Salaries and benefits	721,788	857,748	622,234	235,514
Supplies	35,215	7,675	27,409	(19,734)
Miscellaneous services	16,993	16,506	18,586	(2,080)
Capital outlay	-	28,027	28,450	(423)
Total purchasing and contracting	<u>773,996</u>	<u>909,956</u>	<u>696,679</u>	<u>213,277</u>
Legal:				
Salaries and benefits	1,386,919	1,423,973	1,072,955	351,018
Supplies	10,032	10,032	6,282	3,750
Miscellaneous services	508,847	508,847	400,302	108,545
Capital outlay	-	-	40,313	(40,313)
Total legal	<u>1,905,798</u>	<u>1,942,852</u>	<u>1,519,852</u>	<u>423,000</u>
Grant administration:				
Salaries and benefits	445,834	457,711	440,594	17,117
Supplies	8,800	8,800	3,289	5,511
Miscellaneous services	64,587	64,587	59,149	5,438
Total grant administration	<u>519,221</u>	<u>531,098</u>	<u>503,032</u>	<u>28,066</u>
Human resources:				
Salaries and benefits	739,068	902,481	723,158	179,323
Supplies	41,141	41,139	38,050	3,089
Miscellaneous services	137,149	135,869	122,622	13,247
Maintenance	500	1,782	717	1,065
Total human resources	<u>917,858</u>	<u>1,081,271</u>	<u>884,547</u>	<u>196,724</u>

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Risk management:				
Liability insurance	\$ 847,335	\$ 847,335	\$ 847,335	\$ -
Total risk management	<u>847,335</u>	<u>847,335</u>	<u>847,335</u>	<u>-</u>
Planning:				
Salaries and benefits	1,384,531	1,421,153	1,276,746	144,407
Supplies	23,314	28,194	37,703	(9,509)
Miscellaneous services	50,988	50,988	36,499	14,489
Maintenance	19,651	19,651	12,130	7,521
Capital outlay	16,000	11,120	-	11,120
Total planning	<u>1,494,484</u>	<u>1,531,106</u>	<u>1,363,078</u>	<u>168,028</u>
Information technology:				
Salaries and benefits	2,301,783	2,362,438	2,278,805	83,633
Supplies	18,798	18,798	115,134	(96,336)
Miscellaneous services	323,575	293,575	156,317	137,258
Maintenance	1,335,371	1,114,371	1,018,630	95,741
Capital outlay	137,500	137,500	444,577	(307,077)
Total information technology	<u>4,117,027</u>	<u>3,926,682</u>	<u>4,013,463</u>	<u>(86,781)</u>
Public information office:				
Salaries and benefits	706,151	724,813	647,537	77,276
Supplies	9,950	10,450	10,755	(305)
Miscellaneous services	144,200	172,650	172,826	(176)
Maintenance	40,353	11,903	8,028	3,875
Total public information office	<u>900,654</u>	<u>919,816</u>	<u>839,146</u>	<u>80,670</u>
311 Call center:				
Salaries and benefits	445,358	457,052	399,322	57,730
Supplies	1,500	1,500	972	528
Miscellaneous services	72,500	70,200	62,103	8,097
Maintenance	28,000	30,300	1,005	29,295
Total 311 Call center	<u>547,358</u>	<u>559,052</u>	<u>463,402</u>	<u>95,650</u>
City hall:				
Salaries and benefits	129,569	132,565	119,061	13,504
Supplies	19,900	19,900	16,593	3,307
Miscellaneous services	264,972	264,972	286,456	(21,484)
Maintenance	144,198	144,198	166,953	(22,755)
Total city hall	<u>558,639</u>	<u>561,635</u>	<u>589,063</u>	<u>(27,428)</u>
Building maintenance:				
Salaries and benefits	903,597	925,797	716,359	209,438
Supplies	20,522	20,522	18,788	1,734
Miscellaneous services	64,863	64,863	61,371	3,492
Maintenance	64,193	64,193	71,396	(7,203)
Capital outlay	49,200	49,200	49,199	1
Total building maintenance	<u>1,102,375</u>	<u>1,124,575</u>	<u>917,113</u>	<u>207,462</u>

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Development center				
Salaries and benefits	\$ 43,340	\$ 44,262	\$ 38,677	5,585
Supplies	32,700	32,700	30,681	2,019
Miscellaneous services	61,046	61,046	54,241	6,805
Maintenance	18,500	18,500	20,953	(2,453)
Total development center	<u>155,586</u>	<u>156,508</u>	<u>144,552</u>	<u>11,956</u>
Economic development:				
Chambers of commerce	<u>789,000</u>	<u>789,000</u>	<u>789,000</u>	<u>-</u>
Total economic development	<u>789,000</u>	<u>789,000</u>	<u>789,000</u>	<u>-</u>
Non-departmental activities	10,000	10,000	1,113	8,887
Contingency	<u>(398,686)</u>	<u>(1,536,107)</u>	<u>-</u>	<u>(1,536,107)</u>
Total general government	<u>23,879,907</u>	<u>23,186,314</u>	<u>22,509,551</u>	<u>676,763</u>
Public safety:				
Police:				
Salaries and benefits	35,756,802	35,942,668	34,172,723	1,769,945
Supplies	587,709	587,709	926,120	(338,411)
Miscellaneous services	1,582,569	1,582,569	1,567,463	15,106
Maintenance	1,759,258	1,759,258	1,839,773	(80,515)
Capital outlay	<u>486,680</u>	<u>486,680</u>	<u>314,522</u>	<u>172,158</u>
Total police	<u>40,173,018</u>	<u>40,358,884</u>	<u>38,820,601</u>	<u>1,538,283</u>
Animal care services:				
Salaries and benefits	326,898	335,119	314,247	20,872
Supplies	12,000	13,500	13,500	-
Miscellaneous services	27,638	26,138	25,910	228
Maintenance	58,000	58,000	57,326	674
Capital outlay	<u>51,000</u>	<u>51,000</u>	<u>-</u>	<u>51,000</u>
Total animal care services	<u>475,536</u>	<u>483,757</u>	<u>410,983</u>	<u>72,774</u>
Radio shop:				
Salaries and benefits	372,838	382,418	364,678	17,740
Supplies	36,252	36,252	34,765	1,487
Miscellaneous services	300,178	300,178	294,941	5,237
Maintenance	5,635	5,635	4,465	1,170
Capital outlay	<u>18,000</u>	<u>18,000</u>	<u>21,364</u>	<u>(3,364)</u>
Total communication technology	<u>732,903</u>	<u>742,483</u>	<u>720,213</u>	<u>22,270</u>
Fire:				
Salaries and benefits	19,647,610	19,794,210	20,772,939	(978,729)
Supplies	1,080,123	877,873	744,981	132,892
Miscellaneous services	1,354,797	1,279,297	1,263,522	15,775
Maintenance	966,691	966,691	1,141,757	(175,066)
Capital outlay	<u>187,505</u>	<u>467,255</u>	<u>122,571</u>	<u>344,684</u>
Total fire	<u>23,236,726</u>	<u>23,385,326</u>	<u>24,045,770</u>	<u>(660,444)</u>
Emergency medical services:				
Miscellaneous services	<u>-</u>	<u>300,000</u>	<u>521,667</u>	<u>(221,667)</u>
Total emergency medical services	<u>-</u>	<u>300,000</u>	<u>521,667</u>	<u>(221,667)</u>

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Traffic operations:				
Salaries and benefits	\$ 1,650,980	\$ 1,692,965	\$ 1,579,179	\$ 113,786
Supplies	134,472	147,279	281,494	(134,215)
Miscellaneous services	347,744	347,744	343,283	4,461
Maintenance	394,063	394,063	394,672	(609)
Capital outlay	35,000	22,193	21,799	394
Total traffic operations	<u>2,562,259</u>	<u>2,604,244</u>	<u>2,620,427</u>	<u>(16,183)</u>
Building code compliance:				
Salaries and benefits	1,293,158	1,325,777	1,151,393	174,384
Supplies	23,214	31,214	29,279	1,935
Miscellaneous services	105,402	113,402	77,746	35,656
Maintenance	25,067	25,067	21,167	3,900
Capital outlay	16,000	-	-	-
Total building code compliance	<u>1,462,841</u>	<u>1,495,460</u>	<u>1,279,585</u>	<u>215,875</u>
Total public safety	<u>68,643,283</u>	<u>69,370,154</u>	<u>68,419,246</u>	<u>950,908</u>
Highways and streets:				
Engineering services:				
Salaries and benefits	2,131,657	2,186,157	2,151,033	35,124
Supplies	44,080	44,879	32,945	11,934
Miscellaneous services	156,152	156,152	94,595	61,557
Maintenance	55,816	55,816	50,619	5,197
Capital outlay	22,300	21,501	21,502	(1)
Total engineering	<u>2,410,005</u>	<u>2,464,505</u>	<u>2,350,694</u>	<u>113,811</u>
Street maintenance:				
Salaries and benefits	2,220,040	2,274,586	1,927,201	347,385
Supplies	33,857	33,857	37,091	(3,234)
Miscellaneous services	421,993	421,993	420,486	1,507
Maintenance	4,042,664	4,036,664	3,802,765	233,899
Capital outlay	-	6,000	-	6,000
Total street maintenance	<u>6,718,554</u>	<u>6,773,100</u>	<u>6,187,543</u>	<u>585,557</u>
Street lighting:				
Miscellaneous services	2,351,390	2,351,390	2,369,247	(17,857)
Maintenance	72,675	72,675	21,497	51,178
Total street lighting	<u>2,424,065</u>	<u>2,424,065</u>	<u>2,390,744</u>	<u>33,321</u>
Sidewalk construction:				
Salaries and benefits	285,663	292,877	262,142	30,735
Supplies	33,132	33,132	34,324	(1,192)
Miscellaneous services	30,270	30,270	30,285	(15)
Maintenance	38,587	38,587	39,278	(691)
Capital outlay	5,500	5,500	-	5,500
Total sidewalk construction	<u>393,152</u>	<u>400,366</u>	<u>366,029</u>	<u>34,337</u>

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Drainage:				
Salaries and benefits	\$ 1,025,885	\$ 1,051,902	\$ 989,975	\$ 61,927
Supplies	33,852	33,852	32,821	1,031
Miscellaneous services	429,548	429,548	419,643	9,905
Maintenance	398,659	398,659	384,898	13,761
Capital outlay	63,100	63,100	34,538	28,562
Total drainage	<u>1,951,044</u>	<u>1,977,061</u>	<u>1,861,875</u>	<u>115,186</u>
Total highways and streets	<u>13,896,820</u>	<u>14,039,097</u>	<u>13,156,885</u>	<u>882,212</u>
Health and welfare:				
Health code compliance:				
Salaries and benefits	1,856,688	1,902,102	1,829,339	72,763
Supplies	59,545	80,045	68,831	11,214
Miscellaneous services	427,234	411,234	383,277	27,957
Maintenance	98,445	98,445	99,985	(1,540)
Capital outlay	198,000	193,500	125,350	68,150
Total health code compliance	<u>2,639,912</u>	<u>2,685,326</u>	<u>2,506,782</u>	<u>178,544</u>
Graffiti cleaning:				
Salaries and benefits	121,083	124,047	109,110	14,937
Supplies	10,181	10,181	10,882	(701)
Miscellaneous services	25,419	25,419	25,426	(7)
Maintenance	22,974	22,974	35,250	(12,276)
Capital outlay	45,500	45,500	26,757	18,743
Total graffiti cleaning	<u>225,157</u>	<u>228,121</u>	<u>207,425</u>	<u>20,696</u>
Other agencies:				
Humane society	1,068,000	1,318,000	1,318,000	-
Other health and welfare agencies	15,000	15,000	15,000	-
Total other agencies	<u>1,083,000</u>	<u>1,333,000</u>	<u>1,333,000</u>	<u>-</u>
Total health and welfare	<u>3,948,069</u>	<u>4,246,447</u>	<u>4,047,207</u>	<u>199,240</u>
Culture and recreation:				
Parks and recreation administration:				
Salaries and benefits	471,488	483,602	459,061	24,541
Supplies	10,250	10,250	9,097	1,153
Miscellaneous services	127,387	127,387	132,352	(4,965)
Maintenance	29,297	29,297	23,051	6,246
Total parks and recreation administration	<u>638,422</u>	<u>650,536</u>	<u>623,561</u>	<u>26,975</u>
Parks:				
Salaries and benefits	5,738,374	5,877,340	5,043,522	833,818
Supplies	213,964	213,964	349,520	(135,556)
Miscellaneous services	2,315,815	2,315,815	3,096,983	(781,168)
Maintenance	797,977	797,977	1,167,748	(369,771)
Capital outlay	177,500	177,500	76,630	100,870
Total parks	<u>9,243,630</u>	<u>9,382,596</u>	<u>9,734,403</u>	<u>(351,807)</u>

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Recreation:				
Salaries and benefits	\$ 1,607,655	\$ 1,622,963	\$ 1,552,151	\$ 70,812
Supplies	78,000	66,000	63,998	2,002
Miscellaneous services	442,072	444,072	540,217	(96,145)
Maintenance	17,847	17,847	6,565	11,282
Total recreation	<u>2,145,574</u>	<u>2,150,882</u>	<u>2,162,931</u>	<u>(12,049)</u>
Pools:				
Salaries and benefits	801,997	808,333	776,894	31,439
Supplies	100,600	100,600	97,312	3,288
Miscellaneous services	121,378	121,378	127,103	(5,725)
Maintenance	61,687	61,687	54,034	7,653
Total pools	<u>1,085,662</u>	<u>1,091,998</u>	<u>1,055,343</u>	<u>36,655</u>
Las palmas community center:				
Salaries and benefits	288,191	295,766	266,574	29,192
Supplies	16,180	16,180	14,989	1,191
Miscellaneous services	97,218	97,218	110,492	(13,274)
Maintenance	14,685	14,685	37,973	(23,288)
Total las palmas community center	<u>416,274</u>	<u>423,849</u>	<u>430,028</u>	<u>(6,179)</u>
Recreation center-Lark:				
Salaries and benefits	357,782	366,850	323,935	42,915
Supplies	25,730	31,680	35,851	(4,171)
Miscellaneous services	126,273	126,273	110,944	15,329
Maintenance	16,500	16,500	51,912	(35,412)
Capital outlay	18,000	12,050	6,140	5,910
Total recreation center-Lark	<u>544,285</u>	<u>553,353</u>	<u>528,782</u>	<u>24,571</u>
Recreation center-Palmview:				
Salaries and benefits	341,774	350,548	320,749	29,799
Supplies	23,205	23,205	20,205	3,000
Miscellaneous services	116,074	116,074	116,401	(327)
Maintenance	17,000	17,000	43,753	(26,753)
Total recreation center-Palmview	<u>498,053</u>	<u>506,827</u>	<u>501,108</u>	<u>5,719</u>
Quinta mazatlan:				
Salaries and benefits	889,754	913,114	757,826	155,288
Supplies	71,955	71,955	193,729	(121,774)
Miscellaneous services	139,075	139,075	215,784	(76,709)
Maintenance	51,141	51,141	61,954	(10,813)
Capital outlay	72,496	72,496	-	72,496
Total quinta mazatlan	<u>1,224,421</u>	<u>1,247,781</u>	<u>1,229,293</u>	<u>18,488</u>

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Library:				
Salaries and benefits	\$ 2,805,245	\$ 2,879,001	\$ 2,622,380	\$ 256,621
Supplies	281,600	281,600	270,365	11,235
Miscellaneous services	730,318	730,318	736,775	(6,457)
Maintenance	190,381	190,381	236,356	(45,975)
Capital outlay	-	-	38,321	(38,321)
Total library	<u>4,007,544</u>	<u>4,081,300</u>	<u>3,904,197</u>	<u>177,103</u>
Library branch-Lark:				
Salaries and benefits	471,253	483,664	466,076	17,588
Supplies	29,150	29,300	28,568	732
Miscellaneous services	13,293	13,293	9,561	3,732
Maintenance	5,250	5,250	5,633	(383)
Total library branch-Lark	<u>518,946</u>	<u>531,507</u>	<u>509,838</u>	<u>21,669</u>
Library branch-Palmview:				
Salaries and benefits	512,443	525,820	471,808	54,012
Supplies	30,200	30,200	25,774	4,426
Miscellaneous services	9,993	9,993	9,520	473
Maintenance	5,500	5,500	5,154	346
Total library branch-Palmview	<u>558,136</u>	<u>571,513</u>	<u>512,256</u>	<u>59,257</u>
Other agencies	221,000	221,000	217,496	3,504
Museums	40,000	40,000	40,000	-
Total culture and recreation	<u>21,141,947</u>	<u>21,453,142</u>	<u>21,449,236</u>	<u>3,906</u>
Debt service:				
Principal	205,980	205,980	695,782	(489,802)
Interest and fiscal charges	57,194	57,194	61,528	(4,334)
Total debt service	<u>263,174</u>	<u>263,174</u>	<u>757,310</u>	<u>(494,136)</u>
Total expenditures	<u>131,773,200</u>	<u>132,558,328</u>	<u>130,339,435</u>	<u>2,218,893</u>
Excess (deficiency) of revenues over expenditures	<u>6,501,974</u>	<u>17,912,252</u>	<u>23,993,474</u>	<u>6,081,222</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,863,814	10,166,167	10,274,847	108,680
Transfers out	(7,807,084)	(36,004,567)	(35,698,462)	306,105
Issuance of debt for SBITA	-	-	666,354	666,354
Total other financing sources (uses)	<u>(943,270)</u>	<u>(25,838,400)</u>	<u>(24,757,261)</u>	<u>1,081,139</u>
Net change in fund balance	<u>5,558,704</u>	<u>(7,926,148)</u>	<u>(763,787)</u>	<u>7,162,361</u>
Fund balance, beginning of year	<u>83,194,483</u>	<u>83,194,483</u>	<u>83,194,483</u>	<u>-</u>
Fund balance, end of year	<u>\$ 88,753,187</u>	<u>\$ 75,268,335</u>	<u>\$ 82,430,696</u>	<u>\$ 7,162,361</u>

HOTEL OCCUPANCY TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Hotel tax	\$ 3,611,000	\$ 3,611,000	\$ 5,072,130	\$ 1,461,130
Total revenues	<u>3,611,000</u>	<u>3,611,000</u>	<u>5,072,130</u>	<u>1,461,130</u>
EXPENDITURES				
Current:				
General government	945,953	945,953	1,363,466	(417,513)
Total expenditures	<u>945,953</u>	<u>945,953</u>	<u>1,363,466</u>	<u>(417,513)</u>
Excess (deficiency) of revenues over expenditures	<u>2,665,047</u>	<u>2,665,047</u>	<u>3,708,664</u>	<u>1,043,617</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(2,665,047)</u>	<u>(2,665,047)</u>	<u>(3,708,664)</u>	<u>(1,043,617)</u>
Total other financing sources (uses)	<u>(2,665,047)</u>	<u>(2,665,047)</u>	<u>(3,708,664)</u>	<u>(1,043,617)</u>
Fund balance, beginning of year	<u>388</u>	<u>388</u>	<u>388</u>	<u>-</u>
Fund balance, end of year	<u>\$ 388</u>	<u>\$ 388</u>	<u>\$ 388</u>	<u>\$ -</u>

**HOTEL VENUE TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Hotel tax	\$ 1,032,372	\$ 1,032,372	\$ 1,450,778	\$ 418,406
Investment earnings	-	-	2,398	2,398
Total revenues	<u>1,032,372</u>	<u>1,032,372</u>	<u>1,453,176</u>	<u>420,804</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,032,372</u>	<u>1,032,372</u>	<u>1,453,176</u>	<u>420,804</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,049,698)</u>	<u>(1,049,698)</u>	<u>(1,050,698)</u>	<u>(1,000)</u>
Total other financing sources (uses)	<u>(1,049,698)</u>	<u>(1,049,698)</u>	<u>(1,050,698)</u>	<u>(1,000)</u>
Net change in fund balance	(17,326)	(17,326)	402,478	419,804
Fund balance, beginning of year	<u>820,065</u>	<u>820,065</u>	<u>820,065</u>	<u>-</u>
Fund balance, end of year	<u>\$ 802,739</u>	<u>\$ 802,739</u>	<u>\$ 1,222,543</u>	<u>\$ 419,804</u>

McALLEN EB-5 REGIONAL CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Investment earnings	\$ 143	\$ 143	\$ 2,854	\$ 2,711
Total revenues	<u>143</u>	<u>143</u>	<u>2,854</u>	<u>2,711</u>
EXPENDITURES				
Current:				
General government	-	-	4,281	(4,281)
Total expenditures	<u>-</u>	<u>-</u>	<u>4,281</u>	<u>(4,281)</u>
Excess (deficiency) of revenues over expenditures	<u>143</u>	<u>143</u>	<u>(1,427)</u>	<u>(1,570)</u>
Net change in fund balance	143	143	(1,427)	(1,570)
Fund balance, beginning of year	<u>51,379</u>	<u>51,379</u>	<u>51,379</u>	<u>-</u>
Fund balance, end of year	<u>\$ 51,522</u>	<u>\$ 51,522</u>	<u>\$ 49,952</u>	<u>\$ (1,570)</u>

DRAINAGE FEE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Residential customers	\$ 660,000	\$ 660,000	\$ 676,937	\$ 16,937
Commercial accounts	566,000	566,000	570,790	4,790
Industrial customers	33,500	33,500	32,819	(681)
Investment earnings	10,162	10,162	169,988	159,826
Net increase (decrease) in the fair value of investments	-	-	20,335	20,335
Total revenues	<u>1,269,662</u>	<u>1,269,662</u>	<u>1,470,869</u>	<u>201,207</u>
EXPENDITURES				
Current:				
Highways and streets	<u>5,334,343</u>	<u>5,340,219</u>	<u>714,197</u>	<u>4,626,022</u>
Total expenditures	<u>5,334,343</u>	<u>5,340,219</u>	<u>714,197</u>	<u>4,626,022</u>
Excess (deficiency) of revenues over expenditures	<u>(4,064,681)</u>	<u>(4,070,557)</u>	<u>756,672</u>	<u>4,827,229</u>
Net change in fund balance	(4,064,681)	(4,070,557)	756,672	4,827,229
Fund balance, beginning of year	<u>4,245,139</u>	<u>4,245,139</u>	<u>4,245,139</u>	<u>-</u>
Fund balance, end of year	<u>\$ 180,458</u>	<u>\$ 174,582</u>	<u>\$ 5,001,811</u>	<u>\$ 4,827,229</u>

PARK DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Investment earnings	\$ 7,399	\$ 7,399	\$ 101,253	\$ 93,854
Net increase (decrease) in the fair value of investments	-	-	17,977	17,977
Other	-	-	487,550	487,550
Total revenues	<u>7,399</u>	<u>7,399</u>	<u>606,780</u>	<u>599,381</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>1,278,239</u>	<u>1,854,538</u>	<u>1,517,488</u>	<u>337,050</u>
Total expenditures	<u>1,278,239</u>	<u>1,854,538</u>	<u>1,517,488</u>	<u>337,050</u>
Excess (deficiency) of revenues over expenditures	<u>(1,270,840)</u>	<u>(1,847,139)</u>	<u>(910,708)</u>	<u>936,431</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>617,114</u>	<u>617,114</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>617,114</u>	<u>617,114</u>	<u>-</u>
Net change in fund balance	(1,270,840)	(1,230,025)	(293,594)	936,431
Fund balance, beginning of year	<u>2,675,838</u>	<u>2,675,838</u>	<u>2,675,838</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,404,998</u>	<u>\$ 1,445,813</u>	<u>\$ 2,382,244</u>	<u>\$ 936,431</u>

TAX INCREMENT REINVESTMENT ZONE # 1 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 937,975	\$ 937,975
Investment earnings	1,389	1,389	31,762	30,373
Other	<u>1,517,357</u>	<u>1,517,357</u>	<u>592,512</u>	<u>(924,845)</u>
Total revenues	<u>1,518,746</u>	<u>1,518,746</u>	<u>1,562,249</u>	<u>43,503</u>
EXPENDITURES				
Current:				
General government	13,333	13,333	13,333	-
Debt Service:				
Principal	665,000	665,000	665,000	-
Interest and fiscal charges	<u>852,357</u>	<u>852,357</u>	<u>853,163</u>	<u>(806)</u>
Total expenditures	<u>1,530,690</u>	<u>1,530,690</u>	<u>1,531,496</u>	<u>(806)</u>
Excess (deficiency) of revenues over expenditures	<u>(11,944)</u>	<u>(11,944)</u>	<u>30,753</u>	<u>42,697</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	782,664	782,664	788,743	6,079
Transfers out	<u>-</u>	<u>-</u>	<u>(374,888)</u>	<u>(374,888)</u>
Total other financing sources (uses)	<u>782,664</u>	<u>782,664</u>	<u>413,855</u>	<u>(368,809)</u>
Net change in fund balance	770,720	770,720	444,608	(326,112)
Fund balance, beginning of year	<u>499,947</u>	<u>499,947</u>	<u>499,947</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,270,667</u>	<u>\$ 1,270,667</u>	<u>\$ 944,555</u>	<u>\$ (326,112)</u>

COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 2,449,818	\$ 2,449,818	\$ 3,658,281	\$ 1,208,463
Other	-	-	3,613	3,613
	<u>2,449,818</u>	<u>2,449,818</u>	<u>3,661,894</u>	<u>1,212,076</u>
Total revenues	<u>2,449,818</u>	<u>2,449,818</u>	<u>3,661,894</u>	<u>1,212,076</u>
EXPENDITURES				
Current:				
General government	453,666	453,666	376,321	77,345
Public safety	30,000	30,000	68,637	(38,637)
Highways and streets	798,000	798,000	2,131,017	(1,333,017)
Health and welfare	936,152	936,152	649,957	286,195
Culture and recreation	232,000	232,000	435,962	(203,962)
	<u>2,449,818</u>	<u>2,449,818</u>	<u>3,661,894</u>	<u>(1,212,076)</u>
Total expenditures	<u>2,449,818</u>	<u>2,449,818</u>	<u>3,661,894</u>	<u>(1,212,076)</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TAX INCREMENT REINVESTMENT ZONE # 2 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Investment earnings	\$ 9,493	\$ 9,493	\$ 205,042	\$ 195,549
Total revenues	<u>9,493</u>	<u>9,493</u>	<u>205,042</u>	<u>195,549</u>
EXPENDITURES				
Current:				
General government	5,000	5,000	5,000	-
Highways and streets	3,496,360	3,496,360	310,608	3,185,752
Total expenditures	<u>3,501,360</u>	<u>3,501,360</u>	<u>315,608</u>	<u>3,185,752</u>
Excess (deficiency) of revenues over expenditures	<u>(3,491,867)</u>	<u>(3,491,867)</u>	<u>(110,566)</u>	<u>3,381,301</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>735,204</u>	<u>735,204</u>	<u>755,184</u>	<u>19,980</u>
Total other financing sources (uses)	<u>735,204</u>	<u>735,204</u>	<u>755,184</u>	<u>19,980</u>
Net change in fund balance	(2,756,663)	(2,756,663)	644,618	3,401,281
Fund balance, beginning of year	<u>3,820,180</u>	<u>3,820,180</u>	<u>3,820,180</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,063,517</u>	<u>\$ 1,063,517</u>	<u>\$ 4,464,798</u>	<u>\$ 3,401,281</u>

AMERICAN RESCUE PLAN ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 1,680,024	\$ 1,680,024	\$ 2,616,673	\$ 936,649
Investment earnings	-	88,319	71,489	(16,830)
Total revenues	<u>1,680,024</u>	<u>1,768,343</u>	<u>2,688,162</u>	<u>919,819</u>
EXPENDITURES				
Current:				
General government	-	214,143	214,143	-
Health and welfare	15,000	15,000	15,000	-
Culture and recreation	<u>1,555,000</u>	<u>1,555,000</u>	<u>1,555,000</u>	<u>-</u>
Total expenditures	<u>1,570,000</u>	<u>1,784,143</u>	<u>1,784,143</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>110,024</u>	<u>(15,800)</u>	<u>904,019</u>	<u>919,819</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(110,024)</u>	<u>(908,626)</u>	<u>(904,019)</u>	<u>4,607</u>
Total other financing sources (uses)	<u>(110,024)</u>	<u>(908,626)</u>	<u>(904,019)</u>	<u>4,607</u>
Net change in fund balance	-	(924,426)	-	924,426
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ (924,426)</u>	<u>\$ -</u>	<u>\$ 924,426</u>

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

**DOWNTOWN SERVICES PARKING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Licenses and permits	\$ 15,000	\$ 15,000	\$ 11,384	\$ (3,616)
Intergovernmental	-	-	3,874	3,874
Charges for services	1,014,000	1,014,000	866,275	(147,725)
Fines and forfeitures	140,000	140,000	131,864	(8,136)
Investment earnings	545	545	4,115	3,570
Other	8,900	8,900	50,821	41,921
Total revenues	<u>1,178,445</u>	<u>1,178,445</u>	<u>1,068,333</u>	<u>(110,112)</u>
EXPENDITURES				
Current:				
Highways and streets	1,206,855	1,206,855	1,094,216	112,639
Debt service:				
Principal	4,326	4,326	4,326	-
Interest and fiscal charges	549	549	549	-
Total expenditures	<u>1,211,730</u>	<u>1,211,730</u>	<u>1,099,091</u>	<u>112,639</u>
Excess (deficiency) of revenues over expenditures	<u>(33,285)</u>	<u>(33,285)</u>	<u>(30,758)</u>	<u>2,527</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(11,134)	(11,134)	-
Total other financing sources (uses)	<u>-</u>	<u>(11,134)</u>	<u>(11,134)</u>	<u>-</u>
Net change in fund balance	(33,285)	(44,419)	(41,892)	2,527
Fund balance, beginning of year	<u>96,617</u>	<u>96,617</u>	<u>96,617</u>	<u>-</u>
Fund balance, end of year	<u>\$ 63,332</u>	<u>\$ 52,198</u>	<u>\$ 54,725</u>	<u>\$ 2,527</u>

CITY SPECIAL EVENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Charges for services	\$ 130,000	\$ 130,000	\$ 141,086	\$ 11,086
Total revenues	<u>130,000</u>	<u>130,000</u>	<u>141,086</u>	<u>11,086</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>130,000</u>	<u>130,000</u>	<u>120,857</u>	<u>9,143</u>
Total expenditures	<u>130,000</u>	<u>130,000</u>	<u>120,857</u>	<u>9,143</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>20,229</u>	<u>20,229</u>
Net change in fund balance	-	-	20,229	20,229
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,229</u>	<u>\$ 20,229</u>

**COMMUNITY ORIENTED POLICING SERVICES (COPS) GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ -	\$ 625,000	\$ 260,251	\$ (364,749)
Total revenues	<u>-</u>	<u>625,000</u>	<u>260,251</u>	<u>(364,749)</u>
EXPENDITURES				
Current:				
Public safety	-	888,922	394,568	494,354
Total expenditures	<u>-</u>	<u>888,922</u>	<u>394,568</u>	<u>494,354</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(263,922)</u>	<u>(134,317)</u>	<u>129,605</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	263,922	134,317	(129,605)
Total other financing sources (uses)	<u>-</u>	<u>263,922</u>	<u>134,317</u>	<u>(129,605)</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**PUBLIC, EDUCATIONAL, AND GOVERNMENTAL (PEG) FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL**

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Franchise tax	\$ 222,816	\$ 222,816	\$ 203,533	\$ (19,283)
Investment earnings	-	-	58,161	58,161
Other	-	-	62	62
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	222,816	222,816	261,756	38,940
EXPENDITURES				
Current:				
General government	140,419	140,419	15,251	125,168
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	140,419	140,419	15,251	125,168
Excess (deficiency) of revenues over expenditures	82,397	82,397	246,505	164,108
Net change in fund balance	82,397	82,397	246,505	164,108
Fund balance, beginning of year	1,132,084	1,132,084	1,132,084	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	\$ 1,214,481	\$ 1,214,481	\$ 1,378,589	\$ 164,108

CHRISTMAS PARADE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 80,696	\$ 80,696
Investment earnings	-	-	37,507	37,507
Other	<u>800,000</u>	<u>800,000</u>	<u>1,438,135</u>	<u>638,135</u>
Total revenues	<u>800,000</u>	<u>800,000</u>	<u>1,556,338</u>	<u>756,338</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>965,200</u>	<u>1,035,210</u>	<u>1,213,600</u>	<u>(178,390)</u>
Total expenditures	<u>965,200</u>	<u>1,035,210</u>	<u>1,213,600</u>	<u>(178,390)</u>
Excess (deficiency) of revenues over expenditures	<u>(165,200)</u>	<u>(235,210)</u>	<u>342,738</u>	<u>577,948</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	100,000	-
Transfers out	<u>(12,000)</u>	<u>(12,000)</u>	<u>(12,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>88,000</u>	<u>88,000</u>	<u>88,000</u>	<u>-</u>
Net change in fund balance	(77,200)	(147,210)	430,738	577,948
Fund balance, beginning of year	<u>436,663</u>	<u>436,663</u>	<u>436,663</u>	<u>-</u>
Fund balance, end of year	<u>\$ 359,463</u>	<u>\$ 289,453</u>	<u>\$ 867,401</u>	<u>\$ 577,948</u>

FRIENDS OF QUINTA FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Investment earnings	\$ 897	\$ 897	\$ 16,857	\$ 15,960
Other	1,206,000	1,206,000	377,172	(828,828)
Total revenues	<u>1,206,897</u>	<u>1,206,897</u>	<u>394,029</u>	<u>(812,868)</u>
EXPENDITURES				
Current:				
Culture and recreation	74,000	74,000	113,139	(39,139)
Total expenditures	<u>74,000</u>	<u>74,000</u>	<u>113,139</u>	<u>(39,139)</u>
Excess (deficiency) of revenues over expenditures	<u>1,132,897</u>	<u>1,132,897</u>	<u>280,890</u>	<u>(852,007)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,000,000)	(1,000,000)	(169,000)	831,000
Total other financing sources (uses)	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(169,000)</u>	<u>831,000</u>
Net change in fund balance	132,897	132,897	111,890	(21,007)
Fund balance, beginning of year	<u>400,928</u>	<u>400,928</u>	<u>400,928</u>	<u>-</u>
Fund balance, end of year	<u>\$ 533,825</u>	<u>\$ 533,825</u>	<u>\$ 512,818</u>	<u>\$ (21,007)</u>

**MARKETING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Investment earnings	\$ -	\$ -	\$ 16,607	\$ 16,607
Other	-	-	75,000	75,000
Total revenues	<u>-</u>	<u>-</u>	<u>91,607</u>	<u>91,607</u>
EXPENDITURES				
Current:				
General government	<u>408,000</u>	<u>418,000</u>	<u>387,203</u>	<u>30,797</u>
Total expenditures	<u>408,000</u>	<u>418,000</u>	<u>387,203</u>	<u>30,797</u>
Excess (deficiency) of revenues over expenditures	<u>(408,000)</u>	<u>(418,000)</u>	<u>(295,596)</u>	<u>122,404</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>408,000</u>	<u>418,000</u>	<u>368,000</u>	<u>(50,000)</u>
Total other financing sources (uses)	<u>408,000</u>	<u>418,000</u>	<u>368,000</u>	<u>(50,000)</u>
Net change in fund balance	-	-	72,404	72,404
Fund balance, beginning of year	<u>319,022</u>	<u>319,022</u>	<u>319,022</u>	<u>-</u>
Fund balance, end of year	<u>\$ 319,022</u>	<u>\$ 319,022</u>	<u>\$ 391,426</u>	<u>\$ 72,404</u>

**DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Property tax	\$ 4,836,565	\$ 4,836,565	\$ 5,406,933	\$ 570,368
Investment earnings	1,667	1,667	273,232	271,565
Total revenues	<u>4,838,232</u>	<u>4,838,232</u>	<u>5,680,165</u>	<u>841,933</u>
EXPENDITURES				
Debt service:				
Principal	3,320,000	3,320,000	3,320,000	-
Interest and fiscal charges	<u>1,751,830</u>	<u>1,751,830</u>	<u>1,749,602</u>	<u>2,228</u>
Total expenditures	<u>5,071,830</u>	<u>5,071,830</u>	<u>5,069,602</u>	<u>2,228</u>
Excess (deficiency) of revenues over expenditures	<u>(233,598)</u>	<u>(233,598)</u>	<u>610,563</u>	<u>844,161</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>233,598</u>	<u>233,598</u>	<u>233,598</u>	<u>-</u>
Total other financing sources (uses)	<u>233,598</u>	<u>233,598</u>	<u>233,598</u>	<u>-</u>
Net change in fund balance	-	-	844,161	844,161
Fund balance, beginning of year	<u>4,501,490</u>	<u>4,501,490</u>	<u>4,501,490</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,501,490</u>	<u>\$ 4,501,490</u>	<u>\$ 5,345,651</u>	<u>\$ 844,161</u>

**HOTEL VENUE DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the Year Ended September 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Debt service:				
Principal	555,000	555,000	555,000	-
Interest and fiscal charges	11,100	11,100	11,906	(806)
Total expenditures	<u>566,100</u>	<u>566,100</u>	<u>566,906</u>	<u>(806)</u>
Excess (deficiency) of revenues over expenditures	<u>(566,100)</u>	<u>(566,100)</u>	<u>(566,906)</u>	<u>(806)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	566,100	566,100	567,100	1,000
Total other financing sources (uses)	<u>566,100</u>	<u>566,100</u>	<u>567,100</u>	<u>1,000</u>
Net change in fund balance	-	-	194	194
Fund balance, beginning of year	<u>4</u>	<u>4</u>	<u>4</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 198</u>	<u>\$ 194</u>

LOCAL GOVERNMENT FINANCE CORPORATION DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Investment earnings	\$ -	\$ -	\$ 30,595	\$ 30,595
Total revenues	-	-	30,595	30,595
EXPENDITURES				
Debt service:				
Principal	556,500	556,500	530,000	26,500
Interest and fiscal charges	353,620	353,620	337,531	16,089
Total expenditures	910,120	910,120	867,531	42,589
Excess (deficiency) of revenues over expenditures	(910,120)	(910,120)	(836,936)	73,184
OTHER FINANCING SOURCES (USES)				
Transfers in	910,120	910,120	975,472	65,352
Total other financing sources (uses)	910,120	910,120	975,472	65,352
Net change in fund balance	-	-	138,536	138,536
Fund balance, beginning of year	308,885	308,885	308,885	-
Fund balance, end of year	<u>\$ 308,885</u>	<u>\$ 308,885</u>	<u>\$ 447,421</u>	<u>\$ 138,536</u>

INFORMATION TECHNOLOGY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Investment earnings	\$ 551	\$ 551	\$ 9,405	\$ 8,854
Other	64,712	64,712	65,968	1,256
Total revenues	<u>65,263</u>	<u>65,263</u>	<u>75,373</u>	<u>10,110</u>
EXPENDITURES				
Current:				
General government	235,420	265,420	253,113	12,307
Public safety	35,000	5,000	18,803	(13,803)
Total expenditures	<u>270,420</u>	<u>270,420</u>	<u>271,916</u>	<u>(1,496)</u>
Excess (deficiency) of revenues over expenditures	<u>(205,157)</u>	<u>(205,157)</u>	<u>(196,543)</u>	<u>8,614</u>
Net change in fund balance	(205,157)	(205,157)	(196,543)	8,614
Fund balance, beginning of year	<u>254,445</u>	<u>254,445</u>	<u>254,445</u>	<u>-</u>
Fund balance, end of year	<u>\$ 49,288</u>	<u>\$ 49,288</u>	<u>\$ 57,902</u>	<u>\$ 8,614</u>

**STREET IMPROVEMENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 1,083,788	\$ 1,083,788	\$ -	\$ (1,083,788)
Investment earnings	5,914	5,914	66,355	60,441
Other	-	-	29	29
Total revenues	<u>1,089,702</u>	<u>1,089,702</u>	<u>66,384</u>	<u>(1,023,318)</u>
EXPENDITURES				
Current:				
Highways and streets	<u>2,798,672</u>	<u>2,798,672</u>	<u>2,301,434</u>	<u>497,238</u>
Total expenditures	<u>2,798,672</u>	<u>2,798,672</u>	<u>2,301,434</u>	<u>497,238</u>
Excess (deficiency) of revenues over expenditures	<u>(1,708,970)</u>	<u>(1,708,970)</u>	<u>(2,235,050)</u>	<u>(526,080)</u>
Net change in fund balance	(1,708,970)	(1,708,970)	(2,235,050)	(526,080)
Fund balance, beginning of year	<u>2,742,949</u>	<u>2,742,949</u>	<u>2,742,949</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,033,979</u>	<u>\$ 1,033,979</u>	<u>\$ 507,899</u>	<u>\$ (526,080)</u>

**CITY HALL EXPANSION / RESERVOIR DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Investment earnings	\$ -	\$ -	\$ 712,251	\$ 712,251
Total revenues	<u>-</u>	<u>-</u>	<u>712,251</u>	<u>712,251</u>
EXPENDITURES				
Current:				
General government	<u>-</u>	<u>21,000,000</u>	<u>-</u>	<u>21,000,000</u>
Total expenditures	<u>-</u>	<u>21,000,000</u>	<u>-</u>	<u>21,000,000</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(21,000,000)</u>	<u>712,251</u>	<u>21,712,251</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>21,000,000</u>	<u>21,000,000</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>21,000,000</u>	<u>21,000,000</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>21,712,251</u>	<u>21,712,251</u>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,712,251</u>	<u>\$ 21,712,251</u>

**PARKS FACILITY / FIRE STATION # 2 CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Investment earnings	\$ 7,550	\$ 7,550	\$ 63,484	\$ 55,934
Other	-	-	100	100
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	7,550	7,550	63,584	56,034
EXPENDITURES				
Current:				
Culture and recreation	3,144,291	2,424,365	1,585,011	839,354
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	3,144,291	2,424,365	1,585,011	839,354
Excess (deficiency) of revenues over expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	(3,136,741)	(2,416,815)	(1,521,427)	895,388
OTHER FINANCING SOURCES (USES)				
Transfers in	117,000	117,000	117,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	117,000	117,000	117,000	-
Net change in fund balance	<hr/>	<hr/>	<hr/>	<hr/>
	(3,019,741)	(2,299,815)	(1,404,427)	895,388
Fund balance, beginning of year	2,300,050	2,300,050	2,300,050	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	\$ (719,691)	\$ 235	\$ 895,623	\$ 895,388

CAPITAL IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 1,185,276	\$ 1,185,276	\$ 250,000	\$ (935,276)
Investment earnings	24,390	24,390	223,042	198,652
Net increase (decrease) in the fair value of investments	-	-	132,922	132,922
Other	-	-	93,260	93,260
Total revenues	<u>1,209,666</u>	<u>1,209,666</u>	<u>699,224</u>	<u>(510,442)</u>
EXPENDITURES				
Current:				
General government	1,726,539	1,911,297	1,081,433	829,864
Public safety	1,388,420	1,522,120	1,084,619	437,501
Highways and streets	6,919,609	7,086,741	2,512,854	4,573,887
Health and welfare	235,000	235,000	45,375	189,625
Culture and recreation	4,480,590	5,195,526	1,527,493	3,668,033
Total expenditures	<u>14,750,158</u>	<u>15,950,684</u>	<u>6,251,774</u>	<u>9,698,910</u>
Excess (deficiency) of revenues over expenditures	<u>(13,540,492)</u>	<u>(14,741,018)</u>	<u>(5,552,550)</u>	<u>9,188,468</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,604,192	6,041,935	5,839,376	(202,559)
Transfers out	(117,000)	(117,000)	(117,000)	-
Total other financing sources (uses)	<u>4,487,192</u>	<u>5,924,935</u>	<u>5,722,376</u>	<u>(202,559)</u>
Net change in fund balance	(9,053,300)	(8,816,083)	169,826	8,985,909
Fund balance, beginning of year	<u>9,275,469</u>	<u>9,275,469</u>	<u>9,275,469</u>	<u>-</u>
Fund balance, end of year	<u>\$ 222,169</u>	<u>\$ 459,386</u>	<u>\$ 9,445,295</u>	<u>\$ 8,985,909</u>

**INFRASTRUCTURE AND IMPROVEMENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Investment earnings	\$ -	\$ -	\$ 1,770,160	\$ 1,770,160
Other	-	-	9	9
Total revenues	<u>-</u>	<u>-</u>	<u>1,770,169</u>	<u>1,770,169</u>
EXPENDITURES				
Current:				
General government	13,158,271	16,431,871	8,371,948	8,059,923
Public safety	7,079,110	10,679,078	3,786,368	6,892,710
Highways and streets	5,832,839	5,779,774	453,005	5,326,769
Health and welfare	54,000	31,546	20,445	11,101
Culture and recreation	<u>12,601,060</u>	<u>11,334,077</u>	<u>1,070,957</u>	<u>10,263,120</u>
Total expenditures	<u>38,725,280</u>	<u>44,256,346</u>	<u>13,702,723</u>	<u>30,553,623</u>
Excess (deficiency) of revenues over expenditures	<u>(38,725,280)</u>	<u>(44,256,346)</u>	<u>(11,932,554)</u>	<u>32,323,792</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,680,024	5,752,226	5,752,226	-
Transfers out	<u>-</u>	<u>(1,494,114)</u>	<u>(1,494,114)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,680,024</u>	<u>4,258,112</u>	<u>4,258,112</u>	<u>-</u>
Net change in fund balance	(37,045,256)	(39,998,234)	(7,674,442)	32,323,792
Fund balance, beginning of year	<u>39,996,282</u>	<u>39,996,282</u>	<u>39,996,282</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,951,026</u>	<u>\$ (1,952)</u>	<u>\$ 32,321,840</u>	<u>\$ 32,323,792</u>

**TRAFFIC IMPROVEMENTS / DRAINAGE CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 1,398,425	\$ 1,398,425	\$ -	\$ (1,398,425)
Investment earnings	36,719	36,719	560,460	523,741
Other	-	-	212	212
Total revenues	<u>1,435,144</u>	<u>1,435,144</u>	<u>560,672</u>	<u>(874,472)</u>
EXPENDITURES				
Current:				
Public safety	453,000	453,000	80,489	372,511
Highways and streets	<u>12,890,043</u>	<u>12,890,043</u>	<u>5,169,225</u>	<u>7,720,818</u>
Total expenditures	<u>13,343,043</u>	<u>13,343,043</u>	<u>5,249,714</u>	<u>8,093,329</u>
Excess (deficiency) of revenues over expenditures	<u>(11,907,899)</u>	<u>(11,907,899)</u>	<u>(4,689,042)</u>	<u>7,218,857</u>
Net change in fund balance	(11,907,899)	(11,907,899)	(4,689,042)	7,218,857
Fund balance, beginning of year	<u>14,300,430</u>	<u>14,300,430</u>	<u>14,300,430</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,392,531</u>	<u>\$ 2,392,531</u>	<u>\$ 9,611,388</u>	<u>\$ 7,218,857</u>

QUINTA CENTER FOR URBAN ECOLOGY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 16,914,517	\$ 16,914,517	\$ 132,880	\$ (16,781,637)
Investment earnings	24,197	24,197	619,958	595,761
Other	<u>5,500,000</u>	<u>5,500,000</u>	<u>-</u>	<u>(5,500,000)</u>
Total revenues	<u>22,438,714</u>	<u>22,438,714</u>	<u>752,838</u>	<u>(21,685,876)</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>44,929,851</u>	<u>44,929,851</u>	<u>2,952,815</u>	<u>41,977,036</u>
Total expenditures	<u>44,929,851</u>	<u>44,929,851</u>	<u>2,952,815</u>	<u>41,977,036</u>
Excess (deficiency) of revenues over expenditures	<u>(22,491,137)</u>	<u>(22,491,137)</u>	<u>(2,199,977)</u>	<u>20,291,160</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>1,000,000</u>	<u>3,800,000</u>	<u>2,969,000</u>	<u>(831,000)</u>
Total other financing sources (uses)	<u>1,000,000</u>	<u>3,800,000</u>	<u>2,969,000</u>	<u>(831,000)</u>
Net change in fund balance	<u>(21,491,137)</u>	<u>(18,691,137)</u>	<u>769,023</u>	<u>19,460,160</u>
Fund balance, beginning of year	<u>9,750,112</u>	<u>9,750,112</u>	<u>9,750,112</u>	<u>-</u>
Fund balance, end of year	<u>\$ (11,741,025)</u>	<u>\$ (8,941,025)</u>	<u>\$ 10,519,135</u>	<u>\$ 19,460,160</u>

**WATER FUND
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Water sales:				
Residential customers	\$ 16,494,615	\$ 16,494,615	\$ 14,851,817	\$ (1,642,798)
Commercial accounts	7,449,642	7,449,642	6,830,250	(619,392)
Industrial customers	614,225	614,225	447,878	(166,347)
Total water sales	<u>24,558,482</u>	<u>24,558,482</u>	<u>22,129,945</u>	<u>(2,428,537)</u>
Service charges:				
Tap fees	810,000	810,000	839,591	29,591
Connect fees	220,000	220,000	240,835	20,835
Reconnect fees	190,000	190,000	202,900	12,900
Other services	340,000	340,000	295,068	(44,932)
Total service charges	<u>1,560,000</u>	<u>1,560,000</u>	<u>1,578,394</u>	<u>18,394</u>
Other	<u>730,500</u>	<u>730,500</u>	<u>988,092</u>	<u>257,592</u>
Total operating revenues	<u>26,848,982</u>	<u>26,848,982</u>	<u>24,696,431</u>	<u>(2,152,551)</u>
Nonoperating revenues:				
Investment earnings	76,247	76,247	1,601,421	1,525,174
Net increase (decrease) in the fair value of investment	-	-	262,065	262,065
Gain (loss) on sale of capital assets	-	-	763	763
Intergovernmental	-	-	21,213	21,213
Capital contributions	-	-	2,176,638	2,176,638
Interest revenue - leases	-	-	4,300	4,300
Total nonoperating revenues	<u>76,247</u>	<u>76,247</u>	<u>4,066,400</u>	<u>3,990,153</u>
Total revenues	<u>26,925,229</u>	<u>26,925,229</u>	<u>28,762,831</u>	<u>1,837,602</u>
Expenses:				
Water plant:				
Salaries and benefits	2,243,575	2,295,133	1,913,369	381,764
Supplies and raw water purchases	2,214,446	2,214,446	2,302,880	(88,434)
Contractual and other services	4,030,827	4,030,827	3,307,005	723,822
Repairs and maintenance	502,500	502,500	411,198	91,302
Capital outlay	285,760	311,260	104,328	206,932
Total water plant	<u>9,277,108</u>	<u>9,354,166</u>	<u>8,038,780</u>	<u>1,315,386</u>
Water lab:				
Salaries and benefits	413,121	422,153	350,486	71,667
Supplies	71,310	71,310	65,378	5,932
Contractual and other services	72,594	72,594	72,136	458
Repairs and maintenance	43,250	43,250	36,399	6,851
Total water lab	<u>600,275</u>	<u>609,307</u>	<u>524,399</u>	<u>84,908</u>
Transmission and distribution:				
Salaries and benefits	2,394,208	2,450,786	2,018,658	432,128
Supplies	83,200	83,200	73,467	9,733
Contractual and other services	128,735	128,735	82,978	45,757
Repairs and maintenance	292,000	292,000	(71,340)	363,340
Capital outlay	1,571,720	1,571,720	1,133,016	438,704
Total transmission and distribution	<u>4,469,863</u>	<u>4,526,441</u>	<u>3,236,779</u>	<u>1,289,662</u>

WATER FUND
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Water meters:				
Salaries and benefits	\$ 998,997	\$ 1,023,113	\$ 910,080	\$ 113,033
Supplies	49,500	49,500	31,108	18,392
Contractual and other services	64,641	64,641	39,725	24,916
Repairs and maintenance	273,975	273,975	130,539	143,436
Capital outlay	-	59,300	59,265	35
	<hr/>	<hr/>	<hr/>	<hr/>
Total water meters	1,387,113	1,470,529	1,170,717	299,812
Utility billing:				
Salaries and benefits	547,162	561,350	486,902	74,448
Supplies	53,200	53,200	40,361	12,839
Contractual and other services	382,443	382,443	365,946	16,497
Repairs and maintenance	13,600	13,600	938	12,662
	<hr/>	<hr/>	<hr/>	<hr/>
Total utility billing	996,405	1,010,593	894,147	116,446
Customer relations:				
Salaries and benefits	1,017,771	1,044,049	905,730	138,319
Supplies	25,900	25,900	11,336	14,564
Contractual and other services	151,109	151,109	83,954	67,155
Repairs and maintenance	17,183	17,183	17,570	(387)
Capital outlay	27,000	27,000	-	27,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total customer relations	1,238,963	1,265,241	1,018,590	246,651
Treasury/Fiscal management				
Salaries and benefits	328,208	337,112	334,920	2,192
Supplies	5,500	5,500	4,368	1,132
Contractual and other services	120,522	120,522	95,782	24,740
Repairs and maintenance	83,874	83,874	84,469	(595)
	<hr/>	<hr/>	<hr/>	<hr/>
Total treasury/fiscal management	538,104	547,008	519,539	27,469
Administration:				
Salaries and benefits	1,271,667	1,081,013	2,092,264	(1,011,251)
Supplies	12,000	12,000	13,483	(1,483)
Contractual and other services	1,317,060	1,317,060	894,458	422,602
Repairs and maintenance	26,100	26,100	10,209	15,891
	<hr/>	<hr/>	<hr/>	<hr/>
Total administration	2,626,827	2,436,173	3,010,414	(574,241)
Non-departmental:				
Liability insurance	72,408	72,408	72,408	-
Interest expense	1,065,496	1,065,496	1,053,464	12,032
Bond related charges-issuance cost	-	-	52,829	(52,829)
Bond principal requirements	2,478,900	2,478,900	-	2,478,900
Capital outlay	24,070,000	26,056,650	4,517,532	21,539,118
	<hr/>	<hr/>	<hr/>	<hr/>
Total non-departmental	27,686,804	29,673,454	5,696,233	23,977,221
Total expenses	<hr/>	<hr/>	<hr/>	<hr/>
	48,821,462	50,892,912	24,109,598	26,783,314
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<hr/>	<hr/>	<hr/>	<hr/>
	(21,896,233)	(23,967,683)	4,653,233	28,620,916

WATER FUND
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Transfers:				
Transfers out	\$ -	\$ (131,581)	\$ (131,581)	\$ -
Net transfers	-	(131,581)	(131,581)	-
Excess (deficiency) of revenues over budget	<u>(21,896,233)</u>	<u>(24,099,264)</u>	<u>4,521,652</u>	<u>28,620,916</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(4,699,071)	(4,699,071)
Capital outlay-budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	5,814,141	5,814,141
Principal payments on revenue bonds-budgeted as expenses per budget basis, treated as a reduction of bonds payable per GAAP basis	<u>2,478,900</u>	<u>2,478,900</u>	<u>-</u>	<u>(2,478,900)</u>
Net income-GAAP basis	<u>\$ (19,417,333)</u>	<u>\$ (21,620,364)</u>	<u>\$ 5,636,722</u>	<u>\$ 27,257,086</u>

WATER FUND
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
IN RESTRICTED ACCOUNTS
For the Year Ended September 30, 2023

	Current Debt Service	TWDB Debt Service	Bond Reserve
Cash, certificates of deposit, and investments at September 30, 2022	\$ 586,727	\$ 636,663	\$ 1,014,292
Cash receipts:			
Transfers in	2,163,904	1,821,397	-
Operating activities	-	-	272,619
Interest received	-	32,915	56,660
Valuation allowance	-	-	-
Other	-	-	-
	2,163,904	1,854,312	329,279
Total cash receipts	2,163,904	1,854,312	329,279
Total cash available	2,750,631	2,490,975	1,343,571
Cash disbursements:			
Transfers out	-	-	-
Refunds	-	-	-
Capital acquisitions	-	-	-
Principal payments	1,518,900	960,000	-
Interest and fiscal charges (net)	630,688	632,780	-
Other	-	-	-
	2,149,588	1,592,780	-
Total cash disbursements	2,149,588	1,592,780	-
Cash, certificates of deposit, and investments at September 30, 2023	\$ 601,043	\$ 898,195	\$ 1,343,571
Cash, certificates of deposit, and investments at September 30, 2023 is comprised of the following:			
Cash	-	-	-
Investments (net)	601,043	898,195	1,343,571
Accrued interest	-	-	-
	-	-	-
Total	\$ 601,043	\$ 898,195	\$ 1,343,571

INDIVIDUAL BUDGET SCHEDULES FOR LEGALLY ADOPTED FUNDS

Reserve for Improvements	Customer Deposits	Depreciation	Capital Improvement	Water Revenue Bonds	Total
\$ 21,266,575	\$ 2,922,881	\$ 6,360,058	\$ 4,589,436	\$ 25,518	\$ 37,402,150
-	-	1,587,811	1,018,789	17,778,025	24,369,926
-	1,100,030	-	-	-	1,372,649
408,274	-	184,454	179,164	497,633	1,359,100
-	-	94,383	39,253	-	133,636
-	-	481,462	260,724	-	742,186
<u>408,274</u>	<u>1,100,030</u>	<u>2,348,110</u>	<u>1,497,930</u>	<u>18,275,658</u>	<u>27,977,497</u>
<u>21,674,849</u>	<u>4,022,911</u>	<u>8,708,168</u>	<u>6,087,366</u>	<u>18,301,176</u>	<u>65,379,647</u>
16,203,334	-	-	-	-	16,203,334
-	1,053,945	1,352	-	-	1,055,297
1,574,691	-	2,502,153	376,922	2,397,301	6,851,067
-	-	-	-	-	2,478,900
-	-	-	-	-	1,263,468
-	-	15,832	4,640	-	20,472
<u>17,778,025</u>	<u>1,053,945</u>	<u>2,519,337</u>	<u>381,562</u>	<u>2,397,301</u>	<u>27,872,538</u>
<u>\$ 3,896,824</u>	<u>\$ 2,968,966</u>	<u>\$ 6,188,831</u>	<u>\$ 5,705,804</u>	<u>\$ 15,903,875</u>	<u>\$ 37,507,109</u>
-	-	29,472	71,900	(39,368)	62,004
3,896,824	2,968,966	6,144,764	5,620,237	15,943,243	37,416,843
-	-	14,595	13,667	-	28,262
<u>\$ 3,896,824</u>	<u>\$ 2,968,966</u>	<u>\$ 6,188,831</u>	<u>\$ 5,705,804</u>	<u>\$ 15,903,875</u>	<u>\$ 37,507,109</u>

WASTEWATER FUND
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Wastewater service charges	\$ 22,366,350	\$ 22,366,350	\$ 19,579,143	\$ (2,787,207)
Industrial surcharges	403,733	403,733	255,692	(148,041)
Other	<u>829,500</u>	<u>829,500</u>	<u>1,173,961</u>	<u>344,461</u>
Total operating revenues	<u>23,599,583</u>	<u>23,599,583</u>	<u>21,008,796</u>	<u>(2,590,787)</u>
Nonoperating revenues:				
Investment earnings	128,109	128,109	1,129,649	1,001,540
Net increase (decrease) in the fair value of investment	-	-	363,583	363,583
Gain (loss) on sale of capital assets	-	-	(130,233)	(130,233)
Intergovernmental	-	-	17,229	17,229
Capital contributions	<u>1,599,736</u>	<u>1,599,736</u>	<u>3,020,197</u>	<u>1,420,461</u>
Total nonoperating revenues	<u>1,727,845</u>	<u>1,727,845</u>	<u>4,400,425</u>	<u>2,672,580</u>
Total revenues	<u>25,327,428</u>	<u>25,327,428</u>	<u>25,409,221</u>	<u>81,793</u>
Expenses:				
Wastewater collection:				
Salaries and benefits	1,437,617	1,471,132	1,274,233	196,899
Supplies	620,085	620,085	765,757	(145,672)
Contractual and other services	235,390	235,390	236,041	(651)
Repairs and maintenance	409,000	409,000	419,385	(10,385)
Capital outlay	<u>572,007</u>	<u>599,607</u>	<u>311,865</u>	<u>287,742</u>
Total wastewater collection	<u>3,274,099</u>	<u>3,335,214</u>	<u>3,007,281</u>	<u>327,933</u>
Wastewater plant:				
Salaries and benefits	2,776,047	2,841,887	2,526,673	315,214
Supplies	453,745	453,745	593,328	(139,583)
Contractual and other services	2,196,266	2,196,266	1,860,688	335,578
Repairs and maintenance	352,450	352,450	264,987	87,463
Capital outlay	<u>589,415</u>	<u>589,415</u>	<u>220,452</u>	<u>368,963</u>
Total wastewater plant	<u>6,367,923</u>	<u>6,433,763</u>	<u>5,466,128</u>	<u>967,635</u>
Wastewater lab:				
Salaries and benefits	603,073	616,925	559,601	57,324
Supplies	99,075	99,075	123,924	(24,849)
Contractual and other services	16,800	16,800	15,395	1,405
Repairs and maintenance	10,140	10,140	14,683	(4,543)
Capital outlay	<u>204,200</u>	<u>204,200</u>	<u>36,381</u>	<u>167,819</u>
Total wastewater lab	<u>933,288</u>	<u>947,140</u>	<u>749,984</u>	<u>197,156</u>
Administration:				
Salaries and benefits	1,070,716	957,509	1,601,530	(644,021)
Supplies	28,400	28,400	19,827	8,573
Contractual and other services	914,959	914,959	805,774	109,185
Repairs and maintenance	55,563	55,563	22,964	32,599
Capital outlay	<u>10,000</u>	<u>10,000</u>	<u>18,915</u>	<u>(8,915)</u>
Total administration	<u>2,079,638</u>	<u>1,966,431</u>	<u>2,469,010</u>	<u>(502,579)</u>

WASTEWATER FUND
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Non-departmental:				
Liability insurance	\$ 78,838	\$ 78,838	\$ 78,838	\$ -
Interest expense	1,183,243	1,183,243	1,170,385	12,858
Bond related charges-issuance cost	-	-	(432,824)	432,824
Bond principal requirements	4,916,100	4,916,100	-	4,916,100
Capital outlay	10,014,564	11,770,964	2,472,048	9,298,916
Total non-departmental	<u>16,192,745</u>	<u>17,949,145</u>	<u>3,288,447</u>	<u>14,660,698</u>
Total expenses	<u>28,847,693</u>	<u>30,631,693</u>	<u>14,980,850</u>	<u>15,650,843</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(3,520,265)</u>	<u>(5,304,265)</u>	<u>10,428,371</u>	<u>15,732,636</u>
Transfers:				
Transfers in	-	137,850	137,850	-
Transfers out	-	(101,216)	(101,216)	-
Net transfers	<u>-</u>	<u>36,634</u>	<u>36,634</u>	<u>-</u>
Excess (deficiency) of revenues over budget	<u>(3,520,265)</u>	<u>(5,267,631)</u>	<u>10,465,005</u>	<u>15,732,636</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(9,433,099)	(9,433,099)
Capital outlay-budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	3,059,661	3,059,661
Principal payments on revenue bonds-budgeted as expenses per budget basis, treated as reduction of bonds payable per GAAP basis	<u>4,916,100</u>	<u>4,916,100</u>	<u>-</u>	<u>(4,916,100)</u>
Net income-GAAP basis	<u>\$ 1,395,835</u>	<u>\$ (351,531)</u>	<u>\$ 4,091,567</u>	<u>\$ 4,443,098</u>

**WASTEWATER FUND
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
IN RESTRICTED ACCOUNTS
For the Year Ended September 30, 2023**

	Current Debt Service	TWDB Debt Service	Bond Reserve
Cash, certificates of deposit, and investments at September 30, 2022	\$ 594,294	\$ 2,522,110	\$ 3,002,816
Cash receipts:			
Transfers from operating cash	2,012,117	3,956,548	-
Transfers from internal funds	-	-	-
Due Wastewater fund	1,068	-	-
Interest received	-	98,490	147,346
Valuation allowance	-	-	-
Other	-	-	-
	2,013,185	4,055,038	147,346
Total cash receipts	2,013,185	4,055,038	147,346
Total cash available	2,607,479	6,577,148	3,150,162
Cash disbursements:			
Transfers out	-	-	-
Due Wastewater fund and internal funds	-	-	-
Principal payments	1,516,100	3,400,000	-
Interest and fiscal charges (net)	482,885	702,758	-
Capital acquisitions	-	-	-
Other	-	-	-
	1,998,985	4,102,758	-
Total cash disbursements	1,998,985	4,102,758	-
Cash, certificates of deposit, and investments at September 30, 2023	\$ 608,494	\$ 2,474,390	\$ 3,150,162
Cash, certificates of deposit, and investments at September 30, 2023 is comprised of the following:			
Cash	-	-	-
Investments (net)	608,494	2,474,390	3,150,162
Accrued interest	-	-	-
Other receivables	-	-	-
	608,494	2,474,390	3,150,162
Total	\$ 608,494	\$ 2,474,390	\$ 3,150,162

INDIVIDUAL BUDGET SCHEDULES FOR LEGALLY ADOPTED FUNDS

<u>Reserve for Improvements</u>	<u>Depreciation</u>	<u>Capital Improvement</u>	<u>Wastewater Revenue Bonds</u>	<u>Wastewater Series 2012</u>	<u>Wastewater Series 2015</u>	<u>Total</u>
\$ 570,752	\$ 17,924,626	\$ 5,681,980	\$ -	\$ (72,790)	\$ 59,255	\$ 30,283,043
-	3,755,939	1,301,007	-	-	-	11,025,611
-	-	-	-	84,457	-	84,457
-	-	-	-	-	-	1,068
21,228	483,886	181,815	-	1,039	-	933,804
-	270,279	89,538	-	-	-	359,817
-	-	25,861	-	-	-	25,861
<u>21,228</u>	<u>4,510,104</u>	<u>1,598,221</u>	<u>-</u>	<u>85,496</u>	<u>-</u>	<u>12,430,618</u>
<u>591,980</u>	<u>22,434,730</u>	<u>7,280,201</u>	<u>-</u>	<u>12,706</u>	<u>59,255</u>	<u>42,713,661</u>
-	-	84,457	-	-	-	84,457
-	-	-	-	-	-	-
-	-	-	-	-	-	4,916,100
-	-	-	-	-	-	1,185,643
-	3,025,134	372,461	-	-	-	3,397,595
-	<u>277,222</u>	<u>20,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>297,828</u>
-	<u>3,302,356</u>	<u>477,524</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,881,623</u>
<u>\$ 591,980</u>	<u>\$ 19,132,374</u>	<u>\$ 6,802,677</u>	<u>\$ -</u>	<u>\$ 12,706</u>	<u>\$ 59,255</u>	<u>\$ 32,832,038</u>
-	782	15,473	-	(9,568)	59,255	65,942
591,980	19,101,036	6,760,102	-	22,274	-	32,708,438
-	30,556	8,087	-	-	-	38,643
-	-	19,015	-	-	-	19,015
<u>\$ 591,980</u>	<u>\$ 19,132,374</u>	<u>\$ 6,802,677</u>	<u>\$ -</u>	<u>\$ 12,706</u>	<u>\$ 59,255</u>	<u>\$ 32,832,038</u>

SANITATION FUND
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Charges for services	\$ 22,035,000	\$ 22,035,000	\$ 23,195,208	\$ 1,160,208
Other	60,000	60,000	164,501	104,501
Total operating revenues	<u>22,095,000</u>	<u>22,095,000</u>	<u>23,359,709</u>	<u>1,264,709</u>
Nonoperating revenues:				
Investment earnings	64,209	64,209	601,882	537,673
Net increase (decrease) in fair value of investments	-	-	461,631	461,631
Gain (loss) on sale of capital assets	-	-	76,238	76,238
Intergovernmental	-	-	190,894	190,894
Total nonoperating revenues	<u>64,209</u>	<u>64,209</u>	<u>1,330,645</u>	<u>1,266,436</u>
Total revenues	<u>22,159,209</u>	<u>22,159,209</u>	<u>24,690,354</u>	<u>2,531,145</u>
Expenses:				
Facilities administration:				
Salaries and benefits	1,289,124	1,322,843	2,406,943	(1,084,100)
Supplies	51,350	70,350	71,013	(663)
Contractual and other services	1,699,072	1,680,072	1,766,300	(86,228)
Repairs and maintenance	54,769	64,769	75,864	(11,095)
Capital outlay	435,000	425,000	167,477	257,523
Total facilities administration	<u>3,529,315</u>	<u>3,563,034</u>	<u>4,487,597</u>	<u>(924,563)</u>
Composting:				
Salaries and benefits	477,589	489,512	433,662	55,850
Supplies	76,000	76,000	61,363	14,637
Contractual and other services	362,375	362,375	594,856	(232,481)
Repairs and maintenance	122,941	122,941	306,603	(183,662)
Capital outlay	184,000	184,000	11,000	173,000
Total composting	<u>1,222,905</u>	<u>1,234,828</u>	<u>1,407,484</u>	<u>(172,656)</u>
Residential collection:				
Salaries and benefits	1,783,076	1,826,423	1,549,793	276,630
Supplies	183,559	223,559	216,629	6,930
Contractual and other services	608,040	608,040	710,287	(102,247)
Repairs and maintenance	1,049,496	1,009,496	1,477,792	(468,296)
Capital outlay	267,000	267,000	-	267,000
Total residential collection	<u>3,891,171</u>	<u>3,934,518</u>	<u>3,954,501</u>	<u>(19,983)</u>
Commercial box collection:				
Salaries and benefits	1,654,344	1,693,823	1,595,570	98,253
Supplies	228,679	258,679	411,258	(152,579)
Contractual and other services	1,335,980	1,335,980	1,359,327	(23,347)
Repairs and maintenance	1,218,847	1,188,847	1,702,294	(513,447)
Capital outlay	294,500	294,500	48,085	246,415
Total commercial box collection	<u>4,732,350</u>	<u>4,771,829</u>	<u>5,116,534</u>	<u>(344,705)</u>
Roll offs:				
Salaries and benefits	369,532	378,771	289,995	88,776
Supplies	5,750	5,750	6,379	(629)
Contractual and other services	304,700	304,700	239,384	65,316
Repairs and maintenance	313,767	313,767	329,646	(15,879)
Capital outlay	100,000	100,000	73,193	26,807
Total roll offs	<u>1,093,749</u>	<u>1,102,988</u>	<u>938,597</u>	<u>164,391</u>

**SANITATION FUND
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Brush collection:				
Salaries and benefits	\$ 1,988,324	\$ 2,035,619	\$ 1,961,633	\$ 73,986
Supplies	287,320	287,320	350,120	(62,800)
Contractual and other services	195,225	195,225	204,517	(9,292)
Repairs and maintenance	760,811	760,811	1,071,760	(310,949)
Capital outlay	<u>452,000</u>	<u>452,000</u>	<u>13,611</u>	<u>438,389</u>
Total brush collection	<u>3,683,680</u>	<u>3,730,975</u>	<u>3,601,641</u>	<u>129,334</u>
Street cleaning:				
Salaries and benefits	307,587	315,234	284,208	31,026
Supplies	2,530	2,530	1,948	582
Contractual and other services	4,842	4,842	1,199	3,643
Repairs and maintenance	<u>136,205</u>	<u>136,205</u>	<u>153,019</u>	<u>(16,814)</u>
Total street cleaning	<u>451,164</u>	<u>458,811</u>	<u>440,374</u>	<u>18,437</u>
Recycling:				
Salaries and benefits	1,328,239	1,361,898	1,149,565	212,333
Supplies	229,706	229,706	271,423	(41,717)
Contractual and other services	263,943	263,943	314,534	(50,591)
Repairs and maintenance	297,670	297,670	372,836	(75,166)
Capital outlay	<u>106,500</u>	<u>106,500</u>	<u>26,227</u>	<u>80,273</u>
Total recycling	<u>2,226,058</u>	<u>2,259,717</u>	<u>2,134,585</u>	<u>125,132</u>
Non-departmental:				
Depreciation fund - capital outlay	5,737,026	6,303,133	2,119,120	4,184,013
Interest expense	7,233	7,233	7,777	(544)
Bond principal requirements	57,031	57,031	-	57,031
Contingency	<u>232,519</u>	<u>6,211</u>	<u>-</u>	<u>6,211</u>
Total non-departmental	<u>6,033,809</u>	<u>6,373,608</u>	<u>2,126,897</u>	<u>4,246,711</u>
Total expenses	<u>26,864,201</u>	<u>27,430,308</u>	<u>24,208,210</u>	<u>3,222,098</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(4,704,992)</u>	<u>(5,271,099)</u>	<u>482,144</u>	<u>5,753,243</u>
Transfers:				
Transfers out	<u>(25,000)</u>	<u>(185,934)</u>	<u>(185,934)</u>	<u>-</u>
Net transfers	<u>(25,000)</u>	<u>(185,934)</u>	<u>(185,934)</u>	<u>-</u>
Excess (deficiency) of revenues over budget	<u>(4,729,992)</u>	<u>(5,457,033)</u>	<u>296,210</u>	<u>5,753,243</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(2,556,574)	(2,556,574)
Capital outlay-budgeted as expenses per budget basis, capitalized per GAAP basis	<u>-</u>	<u>-</u>	<u>2,458,713</u>	<u>2,458,713</u>
Net income-GAAP basis	<u>\$ (4,729,992)</u>	<u>\$ (5,457,033)</u>	<u>\$ 198,349</u>	<u>\$ 5,655,382</u>

McALLEN INTERNATIONAL AIRPORT FUND
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Charges for services	\$ 2,834,942	\$ 2,834,942	\$ 3,541,428	\$ 706,486
Rentals	3,965,890	3,965,890	5,120,898	1,155,008
Other	25,588	25,588	29,788	4,200
Total operating revenues	<u>6,826,420</u>	<u>6,826,420</u>	<u>8,692,114</u>	<u>1,865,694</u>
Nonoperating revenues:				
Investment earnings	53,945	53,945	846,114	792,169
Net increase (decrease) in fair value of investments	-	-	248,409	248,409
Intergovernmental	2,019,979	2,019,979	2,871,134	851,155
Interest revenue - leases	-	-	10,320	10,320
Capital contributions	42,028,735	42,028,735	9,892,001	(32,136,734)
Total nonoperating revenues	<u>44,102,659</u>	<u>44,102,659</u>	<u>13,867,978</u>	<u>(30,234,681)</u>
Total revenues	<u>50,929,079</u>	<u>50,929,079</u>	<u>22,560,092</u>	<u>(28,368,987)</u>
Expenses:				
Salaries and benefits	2,465,690	2,465,690	2,430,697	34,993
Supplies	138,158	138,158	299,266	(161,108)
Contractual and other services	5,034,274	5,034,274	3,420,295	1,613,979
Repairs and maintenance	708,534	708,534	773,404	(64,870)
Capital outlay	52,524,262	52,821,791	10,463,747	42,358,044
Total administrative expenses	<u>60,870,918</u>	<u>61,168,447</u>	<u>17,387,409</u>	<u>43,781,038</u>
Non-departmental:				
Interest expense	224,448	224,448	222,123	2,325
Bond related charges-issuance cost	-	-	(114,078)	114,078
Bond principal requirements	423,532	423,532	-	423,532
Total non-departmental	<u>647,980</u>	<u>647,980</u>	<u>108,045</u>	<u>539,935</u>
Total expenses	<u>61,518,898</u>	<u>61,816,427</u>	<u>17,495,454</u>	<u>44,320,973</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(10,589,819)</u>	<u>(10,887,348)</u>	<u>5,064,638</u>	<u>15,951,986</u>
Transfers:				
Transfers out	<u>(2,187,925)</u>	<u>(2,223,351)</u>	<u>(2,198,351)</u>	<u>25,000</u>
Net transfers	<u>(2,187,925)</u>	<u>(2,223,351)</u>	<u>(2,198,351)</u>	<u>25,000</u>
Excess (deficiency) of revenues over budget	<u>(12,777,744)</u>	<u>(13,110,699)</u>	<u>2,866,287</u>	<u>15,976,986</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(4,580,194)	(4,580,194)
Capital outlay-budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	10,463,747	10,463,747
Net income-GAAP basis	<u>\$ (12,777,744)</u>	<u>\$ (13,110,699)</u>	<u>\$ 8,749,840</u>	<u>\$ 21,860,539</u>

**McALLEN INTERNATIONAL TOLL BRIDGE FUND
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Charges for services	\$ 10,917,469	\$ 10,917,469	\$ 11,773,691	\$ 856,222
Rentals	2,642,574	2,642,574	2,941,198	298,624
Other	105,000	105,000	392,570	287,570
Total operating revenues	<u>13,665,043</u>	<u>13,665,043</u>	<u>15,107,459</u>	<u>1,442,416</u>
Nonoperating revenues:				
Investment earnings	12,577	12,577	387,037	374,460
Intergovernmental	-	-	6,620	6,620
Interest revenue - leases	-	-	32,116	32,116
Total nonoperating revenues	<u>12,577</u>	<u>12,577</u>	<u>425,773</u>	<u>413,196</u>
Total revenues	<u>13,677,620</u>	<u>13,677,620</u>	<u>15,533,232</u>	<u>1,855,612</u>
Expenses:				
Administration:				
Salaries and benefits	330,649	286,703	449,468	(162,765)
Supplies	24,800	24,800	31,921	(7,121)
Contractual and other services	513,325	513,325	540,953	(27,628)
Repairs and maintenance	11,811	11,811	10,928	883
Capital outlay	3,244,610	3,289,555	1,714,158	1,575,397
Total administration	<u>4,125,195</u>	<u>4,126,194</u>	<u>2,747,428</u>	<u>1,378,766</u>
Operations:				
Salaries and benefits	1,808,218	1,852,164	1,328,248	523,916
Supplies	85,000	85,000	124,441	(39,441)
Contractual and other services	538,250	538,250	738,496	(200,246)
Repairs and maintenance	175,132	175,132	240,447	(65,315)
Total operations	<u>2,606,600</u>	<u>2,650,546</u>	<u>2,431,632</u>	<u>218,914</u>
Non-departmental:				
Supplies	-	895	21,797	(20,902)
Liability insurance	42,954	42,954	42,954	-
Repairs and maintenance	-	-	22,125	(22,125)
Interest expense	302	302	245	57
Bond principal requirements	1,875	1,875	-	1,875
Other	3,145,540	3,145,540	3,734,088	(588,548)
Total non-departmental	<u>3,190,671</u>	<u>3,191,566</u>	<u>3,821,209</u>	<u>(629,643)</u>
Total expenses	<u>9,922,466</u>	<u>9,968,306</u>	<u>9,000,269</u>	<u>968,037</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>3,755,154</u>	<u>3,709,314</u>	<u>6,532,963</u>	<u>2,823,649</u>

McALLEN INTERNATIONAL TOLL BRIDGE FUND
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Transfers:				
Transfers out	\$ (5,601,070)	\$ (6,141,431)	\$ (5,718,553)	\$ 422,878
Net transfers	<u>(5,601,070)</u>	<u>(6,141,431)</u>	<u>(5,718,553)</u>	<u>422,878</u>
Excess (deficiency) of revenues over budget	<u>(1,845,916)</u>	<u>(2,432,117)</u>	<u>814,410</u>	<u>3,246,527</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(811,919)	(811,919)
Capital outlay-budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	1,714,158	1,714,158
Interest on board advances	-	-	832,217	832,217
Net income-GAAP basis	<u>\$ (1,845,916)</u>	<u>\$ (2,432,117)</u>	<u>\$ 2,548,866</u>	<u>\$ 4,980,983</u>

**ANZALDUAS INTERNATIONAL CROSSING FUND
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Charges for services	\$ 4,074,240	\$ 4,074,240	\$ 5,630,760	\$ 1,556,520
Rentals	12,204	12,204	12,206	2
Other	40,797	63,190,797	269,698	(62,921,099)
Total operating revenues	<u>4,127,241</u>	<u>67,277,241</u>	<u>5,912,664</u>	<u>(61,364,577)</u>
Nonoperating revenues:				
Investment earnings	5,763	5,763	1,677,688	1,671,925
Net increase (decrease) in fair value of investments	-	-	1,351,421	1,351,421
Intergovernmental	63,000,000	46,737,600	-	(46,737,600)
Capital contributions	21,737,600	-	-	-
Total nonoperating revenues	<u>84,743,363</u>	<u>46,743,363</u>	<u>3,029,109</u>	<u>(43,714,254)</u>
Total revenues	<u>88,870,604</u>	<u>114,020,604</u>	<u>8,941,773</u>	<u>(105,078,831)</u>
Expenses:				
Administration:				
Salaries and benefits	180,051	169,734	183,947	(14,213)
Supplies	8,200	8,200	10,384	(2,184)
Contractual and other services	457,000	83,477,126	477,046	83,000,080
Repairs and maintenance	7,000	7,000	5,488	1,512
Capital outlay	83,743,210	743,210	178,827	564,383
Total administration	<u>84,395,461</u>	<u>84,405,270</u>	<u>855,692</u>	<u>83,549,578</u>
Operations:				
Salaries and benefits	414,357	424,674	291,895	132,779
Supplies	15,000	15,000	5,127	9,873
Contractual and other services	41,010	41,010	23,200	17,810
Repairs and maintenance	41,094	41,094	32,445	8,649
Total operations	<u>511,461</u>	<u>521,778</u>	<u>352,667</u>	<u>169,111</u>
Non-departmental:				
Liability insurance	38,861	38,861	38,861	-
Interest expense	857,275	3,202,302	3,196,801	5,501
Interest on board advances	-	-	832,217	(832,217)
Bond related charges-issuance cost	-	-	(251,291)	251,291
Bond principal requirements	1,720,000	1,720,000	-	1,720,000
Other	-	-	149,777	(149,777)
Total non-departmental	<u>2,616,136</u>	<u>4,961,163</u>	<u>3,966,365</u>	<u>994,798</u>
Total expenses	<u>87,523,058</u>	<u>89,888,211</u>	<u>5,174,724</u>	<u>84,713,487</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>1,347,546</u>	<u>24,132,393</u>	<u>3,767,049</u>	<u>(20,365,344)</u>
Transfers:				
Transfers in	841,775	841,775	778,327	(63,448)
Transfers out	(9,000)	(2,035,145)	(2,035,145)	-
Net transfers	<u>832,775</u>	<u>(1,193,370)</u>	<u>(1,256,818)</u>	<u>(63,448)</u>
Excess (deficiency) of revenues over budget	<u>2,180,321</u>	<u>22,939,023</u>	<u>2,510,231</u>	<u>(20,428,792)</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(1,469,337)	(1,469,337)
Capital outlay-budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	178,827	178,827
Net income-GAAP basis	<u>\$ 2,180,321</u>	<u>\$ 22,939,023</u>	<u>\$ 1,219,721</u>	<u>\$ (21,719,302)</u>

McALLEN CONVENTION CENTER FUND
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Charges for services	\$ 3,085,819	\$ 3,085,819	\$ 3,383,783	\$ 297,964
Rentals	975,000	975,000	1,013,189	38,189
Other	<u>1,018,944</u>	<u>1,018,944</u>	<u>1,097,146</u>	<u>78,202</u>
Total operating revenues	<u>5,079,763</u>	<u>5,079,763</u>	<u>5,494,118</u>	<u>414,355</u>
Nonoperating revenues:				
Investment earnings	24,709	24,709	367,606	342,897
Net increase (decrease) in the fair value of investments	-	-	124,474	124,474
Intergovernmental	<u>-</u>	<u>-</u>	<u>19,576</u>	<u>19,576</u>
Total nonoperating revenues	<u>24,709</u>	<u>24,709</u>	<u>511,656</u>	<u>486,947</u>
Total revenues	<u>5,104,472</u>	<u>5,104,472</u>	<u>6,005,774</u>	<u>901,302</u>
Expenses:				
Administration:				
Salaries and benefits	3,413,534	3,413,534	3,025,654	387,880
Supplies	268,410	268,410	199,668	68,742
Contractual and other services	2,755,183	2,755,183	3,560,470	(805,287)
Repairs and maintenance	383,535	383,535	451,331	(67,796)
Capital outlay	<u>4,127,800</u>	<u>4,127,800</u>	<u>83,804</u>	<u>4,043,996</u>
Total administration	<u>10,948,462</u>	<u>10,948,462</u>	<u>7,320,927</u>	<u>3,627,535</u>
Non-departmental:				
Interest expense	925	925	926	(1)
Bond principal requirements	<u>7,299</u>	<u>7,299</u>	<u>-</u>	<u>7,299</u>
Total non-departmental	<u>8,224</u>	<u>8,224</u>	<u>926</u>	<u>7,298</u>
Total expenses	<u>10,956,686</u>	<u>10,956,686</u>	<u>7,321,853</u>	<u>3,634,833</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(5,852,214)</u>	<u>(5,852,214)</u>	<u>(1,316,079)</u>	<u>4,536,135</u>
Transfers:				
Transfers in	1,891,905	1,891,905	2,726,931	835,026
Transfers out	<u>(24,500)</u>	<u>(67,011)</u>	<u>(67,011)</u>	<u>-</u>
Net transfers	<u>1,867,405</u>	<u>1,824,894</u>	<u>2,659,920</u>	<u>835,026</u>
Excess (deficiency) of revenues over budget	<u>(3,984,809)</u>	<u>(4,027,320)</u>	<u>1,343,841</u>	<u>5,371,161</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(1,562,466)	(1,562,466)
Capital outlay-budgeted as expenses per budget basis, capitalized per GAAP basis	<u>-</u>	<u>-</u>	<u>83,804</u>	<u>83,804</u>
Net income-GAAP basis	<u>\$ (3,984,809)</u>	<u>\$ (4,027,320)</u>	<u>\$ (134,821)</u>	<u>\$ 3,892,499</u>

**PERFORMING ARTS CENTER FUND
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Charges for services	\$ 615,300	\$ 615,300	\$ 827,070	\$ 211,770
Rentals	548,000	548,000	730,933	182,933
Other	<u>100,000</u>	<u>100,000</u>	<u>22,140</u>	<u>(77,860)</u>
Total operating revenues	<u>1,263,300</u>	<u>1,263,300</u>	<u>1,580,143</u>	<u>316,843</u>
Nonoperating revenues:				
Investment earnings	11,419	11,419	201,964	190,545
Net increase (decrease) in the fair value of investments	-	-	23,414	23,414
Intergovernmental	<u>-</u>	<u>-</u>	<u>1,083</u>	<u>1,083</u>
Total nonoperating revenues	<u>11,419</u>	<u>11,419</u>	<u>226,461</u>	<u>215,042</u>
Total revenues	<u>1,274,719</u>	<u>1,274,719</u>	<u>1,806,604</u>	<u>531,885</u>
Expenses:				
Administration:				
Supplies	46,000	46,000	117,278	(71,278)
Contractual and other services	1,773,648	1,773,648	1,770,074	3,574
Repairs and maintenance	196,000	196,000	136,319	59,681
Capital outlay	<u>429,300</u>	<u>429,300</u>	<u>181,715</u>	<u>247,585</u>
Total expenses	<u>2,444,948</u>	<u>2,444,948</u>	<u>2,205,386</u>	<u>239,562</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(1,170,229)</u>	<u>(1,170,229)</u>	<u>(398,782)</u>	<u>771,447</u>
Transfers:				
Transfers in	723,142	723,142	931,733	208,591
Transfers out	<u>(24,500)</u>	<u>(24,500)</u>	<u>(24,500)</u>	<u>-</u>
Net transfers	<u>698,642</u>	<u>698,642</u>	<u>907,233</u>	<u>208,591</u>
Excess (deficiency) of revenues over budget	<u>(471,587)</u>	<u>(471,587)</u>	<u>508,451</u>	<u>980,038</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(1,073,295)	(1,073,295)
Capital outlay-budgeted as expenses per budget basis, capitalized per GAAP basis	<u>-</u>	<u>-</u>	<u>181,715</u>	<u>181,715</u>
Net income-GAAP basis	<u>\$ (471,587)</u>	<u>\$ (471,587)</u>	<u>\$ (383,129)</u>	<u>\$ 88,458</u>

CHAMPION LAKES GOLF COURSE FUND
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Charges for services	\$ 1,232,247	\$ 1,232,247	\$ 1,665,836	\$ 433,589
Other	450,528	450,528	598,350	147,822
Total operating revenues	<u>1,682,775</u>	<u>1,682,775</u>	<u>2,264,186</u>	<u>581,411</u>
Nonoperating revenues:				
Investment earnings	5,849	5,849	147,718	141,869
Net increase (decrease) in fair value of investments	-	-	(118)	(118)
Gain (loss) on sale of capital assets	155,600	210,000	123,248	(86,752)
Intergovernmental	-	-	1,071	1,071
Interest revenue - leases	-	-	368	368
Total nonoperating revenues	<u>161,449</u>	<u>215,849</u>	<u>272,287</u>	<u>56,438</u>
Total revenues	<u>1,844,224</u>	<u>1,898,624</u>	<u>2,536,473</u>	<u>637,849</u>
Expenses:				
Salaries and benefits	1,069,088	1,142,216	1,033,752	108,464
Supplies	169,980	169,980	240,936	(70,956)
Contractual and other services	159,560	159,560	147,960	11,600
Repairs and maintenance	123,350	123,350	227,901	(104,551)
Capital outlay	600,600	696,400	625,520	70,880
Total operating expenses	<u>2,122,578</u>	<u>2,291,506</u>	<u>2,276,069</u>	<u>15,437</u>
Non-departmental:				
Interest expense	21	21	21	-
Bond principal requirements	163	163	-	163
Total non-departmental	<u>184</u>	<u>184</u>	<u>21</u>	<u>163</u>
Total expenses	<u>2,122,762</u>	<u>2,291,690</u>	<u>2,276,090</u>	<u>15,600</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(278,538)</u>	<u>(393,066)</u>	<u>260,383</u>	<u>653,449</u>
Transfers:				
Transfers out	-	(12,146)	(12,146)	-
Net transfers	<u>-</u>	<u>(12,146)</u>	<u>(12,146)</u>	<u>-</u>
Excess (deficiency) of revenues over budget	<u>(278,538)</u>	<u>(405,212)</u>	<u>248,237</u>	<u>653,449</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(391,137)	(391,137)
Capital outlay-budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	625,520	625,520
Net income-GAAP basis	<u>\$ (278,538)</u>	<u>\$ (405,212)</u>	<u>\$ 482,620</u>	<u>\$ 887,832</u>

**METRO McALLEN FUND
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Charges for services	\$ 352,917	\$ 352,917	\$ 299,467	\$ (53,450)
Rentals	373,807	373,807	300,004	(73,803)
Other	<u>3,600</u>	<u>3,600</u>	<u>4,399</u>	<u>799</u>
Total operating revenues	<u>730,324</u>	<u>730,324</u>	<u>603,870</u>	<u>(126,454)</u>
Nonoperating revenues:				
Investment earnings	2,262	2,262	29,660	27,398
Intergovernmental	3,134,438	3,134,438	2,377,064	(757,374)
Interest revenue - leases	<u>-</u>	<u>-</u>	<u>2,623</u>	<u>2,623</u>
Total nonoperating revenues	<u>3,136,700</u>	<u>3,136,700</u>	<u>2,409,347</u>	<u>(727,353)</u>
Total revenues	<u>3,867,024</u>	<u>3,867,024</u>	<u>3,013,217</u>	<u>(853,807)</u>
Expenses:				
Salaries and benefits	2,855,805	2,855,805	2,525,706	330,099
Supplies	53,729	53,729	75,112	(21,383)
Contractual and other services	1,338,271	1,338,271	1,288,557	49,714
Repairs and maintenance	<u>889,735</u>	<u>889,735</u>	<u>458,815</u>	<u>430,920</u>
Total expenses	<u>5,137,540</u>	<u>5,137,540</u>	<u>4,348,190</u>	<u>789,350</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(1,270,516)</u>	<u>(1,270,516)</u>	<u>(1,334,973)</u>	<u>(64,457)</u>
Transfers:				
Transfers in	1,495,683	1,495,683	1,683,670	187,987
Transfers out	<u>(25,000)</u>	<u>(61,438)</u>	<u>(36,438)</u>	<u>25,000</u>
Net transfers	<u>1,470,683</u>	<u>1,434,245</u>	<u>1,647,232</u>	<u>212,987</u>
Excess (deficiency) of revenues over budget	<u>200,167</u>	<u>163,729</u>	<u>312,259</u>	<u>148,530</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	<u>-</u>	<u>-</u>	<u>(37,393)</u>	<u>(37,393)</u>
Net income-GAAP basis	<u>\$ 200,167</u>	<u>\$ 163,729</u>	<u>\$ 274,866</u>	<u>\$ 111,137</u>

TRANSIT TERMINAL FUND
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Other	\$ -	\$ -	\$ 15,510	\$ 15,510
Total operating revenues	<u>-</u>	<u>-</u>	<u>15,510</u>	<u>15,510</u>
Nonoperating revenues:				
Investment earnings	2,603	2,603	15,235	12,632
Intergovernmental	937,492	937,492	589,335	(348,157)
Capital contributions	17,241,803	17,241,803	2,150,495	(15,091,308)
Total nonoperating revenues	<u>18,181,898</u>	<u>18,181,898</u>	<u>2,755,065</u>	<u>(15,426,833)</u>
Total revenues	<u>18,181,898</u>	<u>18,181,898</u>	<u>2,770,575</u>	<u>(15,411,323)</u>
Expenses:				
Administration:				
Salaries and benefits	477,257	477,257	390,730	86,527
Supplies	-	-	4,441	(4,441)
Contractual and other services	71,735	71,735	82,531	(10,796)
Repairs and maintenance	632,155	632,155	391,559	240,596
Capital outlay	17,241,803	17,241,803	2,409,940	14,831,863
Total administration expenses	<u>18,422,950</u>	<u>18,422,950</u>	<u>3,279,201</u>	<u>15,143,749</u>
Non-departmental:				
Interest expense	341	341	341	-
Bond principal requirements	2,692	2,692	-	2,692
Total non-departmental	<u>3,033</u>	<u>3,033</u>	<u>341</u>	<u>2,692</u>
Total expenses	<u>18,425,983</u>	<u>18,425,983</u>	<u>3,279,542</u>	<u>15,146,441</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(244,085)</u>	<u>(244,085)</u>	<u>(508,967)</u>	<u>(264,882)</u>
Transfers:				
Transfers in	208,842	208,842	184,751	(24,091)
Transfers out	-	(7,085)	(7,085)	-
Net transfers	<u>208,842</u>	<u>201,757</u>	<u>177,666</u>	<u>(24,091)</u>
Excess (deficiency) of revenues over budget	<u>(35,243)</u>	<u>(42,328)</u>	<u>(331,301)</u>	<u>(288,973)</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(1,031,257)	(1,031,257)
Capital outlay-budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	2,409,940	2,409,940
Net income-GAAP basis	<u>\$ (35,243)</u>	<u>\$ (42,328)</u>	<u>\$ 1,047,382</u>	<u>\$ 1,089,710</u>

**FLEET / MATERIALS MANAGEMENT FUND
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Fleet billings	\$ 4,420,000	\$ 4,420,000	\$ 6,828,009	\$ 2,408,009
Materials management	350,000	350,000	424,457	74,457
Total operating revenues	<u>4,770,000</u>	<u>4,770,000</u>	<u>7,252,466</u>	<u>2,482,466</u>
Nonoperating revenues:				
Gain (loss) on sale of capital assets	-	-	(4,930)	(4,930)
Intergovernmental	-	-	6,253	6,253
Other	20,000	20,000	62,414	42,414
Total nonoperating revenues	<u>20,000</u>	<u>20,000</u>	<u>63,737</u>	<u>43,737</u>
Total revenues	<u>4,790,000</u>	<u>4,790,000</u>	<u>7,316,203</u>	<u>2,526,203</u>
Expenses:				
Materials management:				
Salaries and benefits	186,775	157,008	115,209	41,799
Supplies	22,750	22,750	10,293	12,457
Contractual and other services	3,100	3,100	8,819	(5,719)
Repairs and maintenance	7,937	7,937	6,260	1,677
Capital outlay	72,000	72,000	-	72,000
Total materials management	<u>292,562</u>	<u>262,795</u>	<u>140,581</u>	<u>122,214</u>
Fleet operations:				
Salaries and benefits	1,178,316	1,208,083	963,712	244,371
Supplies	37,314	42,314	31,542	10,772
Contractual and other services	2,817,300	2,817,300	6,061,060	(3,243,760)
Repairs and maintenance	71,965	71,965	53,143	18,822
Capital outlay	104,000	99,000	88,567	10,433
Total fleet operations	<u>4,208,895</u>	<u>4,238,662</u>	<u>7,198,024</u>	<u>(2,959,362)</u>
Non-departmental:				
Liability insurance	2,966	2,966	2,966	-
Interest expense	82	82	82	-
Bond principal requirement	649	649	-	649
Total non-departmental	<u>3,697</u>	<u>3,697</u>	<u>3,048</u>	<u>649</u>
Total expenses	<u>4,505,154</u>	<u>4,505,154</u>	<u>7,341,653</u>	<u>(2,836,499)</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>284,846</u>	<u>284,846</u>	<u>(25,450)</u>	<u>(310,296)</u>
Transfers:				
Transfers out	-	(19,231)	(19,231)	-
Net transfers	-	(19,231)	(19,231)	-
Excess (deficiency) of revenues over budget	<u>284,846</u>	<u>265,615</u>	<u>(44,681)</u>	<u>(310,296)</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(106,016)	(106,016)
Capital outlay-budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	88,567	88,567
Net income-GAAP basis	<u>\$ 284,846</u>	<u>\$ 265,615</u>	<u>\$ (62,130)</u>	<u>\$ (327,745)</u>

EMPLOYEE BENEFITS FUND
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Contributions	\$ 13,400,106	\$ 13,400,106	\$ 13,384,956	\$ (15,150)
Total operating revenues	<u>13,400,106</u>	<u>13,400,106</u>	<u>13,384,956</u>	<u>(15,150)</u>
Nonoperating revenues:				
Investment earnings	-	-	666	666
Intergovernmental	-	-	140,590	140,590
Other	307,665	307,665	874,829	567,164
Total nonoperating revenues	<u>307,665</u>	<u>307,665</u>	<u>1,016,085</u>	<u>708,420</u>
Total revenues	<u>13,707,771</u>	<u>13,707,771</u>	<u>14,401,041</u>	<u>693,270</u>
Expenses:				
Salaries and benefits	454,195	454,195	440,958	13,237
Supplies	10,500	10,500	8,332	2,168
Contractual and other services	3,665,500	3,648,450	3,548,351	100,099
Self insurance claims	8,960,059	12,312,899	14,552,001	(2,239,102)
Total expenses	<u>13,090,254</u>	<u>16,426,044</u>	<u>18,549,642</u>	<u>(2,123,598)</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>617,517</u>	<u>(2,718,273)</u>	<u>(4,148,601)</u>	<u>(1,430,328)</u>
Transfers:				
Transfers in	-	3,253,908	3,253,908	-
Net transfers	-	3,253,908	3,253,908	-
Excess (deficiency) of revenues over budget	<u>617,517</u>	<u>535,635</u>	<u>(894,693)</u>	<u>(1,430,328)</u>
Net income-GAAP basis	<u>\$ 617,517</u>	<u>\$ 535,635</u>	<u>\$ (894,693)</u>	<u>\$ (1,430,328)</u>

RETIREE HEALTH INSURANCE FUND
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Contributions	\$ 1,529,448	\$ 1,529,448	\$ 1,452,283	\$ (77,165)
Total operating revenues	<u>1,529,448</u>	<u>1,529,448</u>	<u>1,452,283</u>	<u>(77,165)</u>
Nonoperating revenues:				
Investment earnings	<u>1,301</u>	<u>1,301</u>	<u>9,856</u>	<u>8,555</u>
Total nonoperating revenues	<u>1,301</u>	<u>1,301</u>	<u>9,856</u>	<u>8,555</u>
Total revenues	<u>1,530,749</u>	<u>1,530,749</u>	<u>1,462,139</u>	<u>(68,610)</u>
Expenses:				
Contractual and other services	150,260	150,260	144,632	5,628
Self insurance claims	<u>1,026,663</u>	<u>1,026,663</u>	<u>1,167,941</u>	<u>(141,278)</u>
Total expenses	<u>1,176,923</u>	<u>1,176,923</u>	<u>1,312,573</u>	<u>(135,650)</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>353,826</u>	<u>353,826</u>	<u>149,566</u>	<u>(204,260)</u>
Excess (deficiency) of revenues over budget	<u>353,826</u>	<u>353,826</u>	<u>149,566</u>	<u>(204,260)</u>
Net income-GAAP basis	<u>\$ 353,826</u>	<u>\$ 353,826</u>	<u>\$ 149,566</u>	<u>\$ (204,260)</u>

RISK MANAGEMENT FUND
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Contributions	\$ 1,859,784	\$ 1,859,784	\$ 2,265,155	\$ 405,371
Total operating revenues	<u>1,859,784</u>	<u>1,859,784</u>	<u>2,265,155</u>	<u>405,371</u>
Nonoperating revenues:				
Investment earnings	13,003	13,003	168,371	155,368
Net increase (decrease) in the fair value of investments	-	-	141,352	141,352
Intergovernmental	-	-	72,970	72,970
Other	165,000	165,000	97,669	(67,331)
Total nonoperating revenues	<u>178,003</u>	<u>178,003</u>	<u>480,362</u>	<u>302,359</u>
Total revenues	<u>2,037,787</u>	<u>2,037,787</u>	<u>2,745,517</u>	<u>707,730</u>
Expenses:				
Salaries and benefits	611,177	611,177	483,492	127,685
Supplies	12,300	12,300	18,265	(5,965)
Contractual and other services	1,619,150	1,619,150	1,453,355	165,795
Repairs and maintenance	3,640	3,640	3,188	452
Total expenses	<u>2,246,267</u>	<u>2,246,267</u>	<u>1,958,300</u>	<u>287,967</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(208,480)</u>	<u>(208,480)</u>	<u>787,217</u>	<u>995,697</u>
Transfers:				
Transfers in	-	-	66,556	66,556
Transfers out	-	(7,085)	(7,085)	-
Net transfers	<u>-</u>	<u>(7,085)</u>	<u>59,471</u>	<u>66,556</u>
Excess (deficiency) of revenues over budget	<u>(208,480)</u>	<u>(215,565)</u>	<u>846,688</u>	<u>1,062,253</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(3,304)	(3,304)
Net income-GAAP basis	<u>\$ (208,480)</u>	<u>\$ (215,565)</u>	<u>\$ 843,384</u>	<u>\$ 1,058,949</u>

PROPERTY AND CASUALTY INSURANCE FUND
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Contributions	\$ 1,512,171	\$ 1,512,171	\$ 1,512,171	\$ -
Total operating revenues	<u>1,512,171</u>	<u>1,512,171</u>	<u>1,512,171</u>	<u>-</u>
Nonoperating revenues:				
Other	-	-	22,150	22,150
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>22,150</u>	<u>22,150</u>
Total revenues	<u>1,512,171</u>	<u>1,512,171</u>	<u>1,534,321</u>	<u>22,150</u>
Expenses:				
Salaries and benefits	140,762	140,762	146,466	(5,704)
Supplies	1,500	1,500	677	823
Contractual and other services	1,054,405	1,054,405	898,179	156,226
Self insurance claims	<u>326,448</u>	<u>326,448</u>	<u>265,983</u>	<u>60,465</u>
Total expenses	<u>1,523,115</u>	<u>1,523,115</u>	<u>1,311,305</u>	<u>211,810</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(10,944)</u>	<u>(10,944)</u>	<u>223,016</u>	<u>233,960</u>
Excess (deficiency) of revenues over budget	<u>(10,944)</u>	<u>(10,944)</u>	<u>223,016</u>	<u>233,960</u>
Net income-GAAP basis	<u>\$ (10,944)</u>	<u>\$ (10,944)</u>	<u>\$ 223,016</u>	<u>\$ 233,960</u>

GENERAL DEPRECIATION FUND
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating revenues:				
Charges for services	\$ 3,212,166	\$ 3,212,166	\$ 3,212,171	\$ 5
Total operating revenues	<u>3,212,166</u>	<u>3,212,166</u>	<u>3,212,171</u>	<u>5</u>
Nonoperating revenues:				
Investment earnings	35,912	35,912	402,608	366,696
Net increase (decrease) in the fair value of investments	-	-	324,731	324,731
Gain (loss) on sale of capital assets	-	-	65,367	65,367
Capital contributions	-	-	78,952	78,952
Total nonoperating revenues	<u>35,912</u>	<u>35,912</u>	<u>871,658</u>	<u>835,746</u>
Total revenues	<u>3,248,078</u>	<u>3,248,078</u>	<u>4,083,829</u>	<u>835,751</u>
Expenses:				
Capital outlay	<u>6,284,380</u>	<u>6,510,260</u>	<u>1,974,137</u>	<u>4,536,123</u>
Total expenses	<u>6,284,380</u>	<u>6,510,260</u>	<u>1,974,137</u>	<u>4,536,123</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(3,036,302)</u>	<u>(3,262,182)</u>	<u>2,109,692</u>	<u>5,371,874</u>
Excess (deficiency) of revenues over budget	<u>(3,036,302)</u>	<u>(3,262,182)</u>	<u>2,109,692</u>	<u>5,371,874</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(1,902,164)	(1,902,164)
Capital outlay-budgeted as expenses per budget basis, capitalized per GAAP basis	<u>6,284,380</u>	<u>6,510,260</u>	<u>1,974,137</u>	<u>(4,536,123)</u>
Net income-GAAP basis	<u>\$ 3,248,078</u>	<u>\$ 3,248,078</u>	<u>\$ 2,181,665</u>	<u>\$ (1,066,413)</u>

Statistical Section

This part of the City of McAllen'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

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

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

Debt Capacity

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

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

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.

Other Information

Information that City considers useful to its citizens is included in this section.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial report for the relevant year.

NET POSITION BY COMPONENT (1)

**Last Ten Years
(accrual basis of accounting)**

	<u>2014*</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental activities										
Net investment in capital assets	\$261,002,031	\$271,338,778	\$277,919,085	\$220,553,878	\$205,470,975	\$219,672,941	\$226,088,033	\$240,339,983	\$241,168,319	\$277,597,057
Restricted	23,333,654	24,007,134	23,545,092	22,963,251	26,550,903	29,564,998	52,640,091	62,684,340	73,207,265	69,342,696
Unrestricted	45,785,583	45,826,104	36,063,681	38,062,911	33,617,347	36,961,573	31,884,261	67,178,199	96,377,291	109,819,809
Total governmental activities net position	<u>\$330,121,268</u>	<u>\$341,172,016</u>	<u>\$337,527,858</u>	<u>\$281,580,040</u>	<u>\$265,639,225</u>	<u>\$286,199,512</u>	<u>\$310,612,385</u>	<u>\$370,202,522</u>	<u>\$410,752,875</u>	<u>\$456,759,562</u>
Business-type activities										
Net investment in capital assets	\$263,527,417	\$245,028,871	\$269,347,294	\$332,816,366	\$345,070,300	\$337,286,613	\$339,364,968	\$347,494,167	\$353,027,244	\$349,069,018
Restricted	54,776,089	53,275,318	61,516,830	63,635,870	65,221,064	70,008,882	70,317,544	69,971,630	74,307,583	81,181,296
Unrestricted	49,262,997	80,172,274	49,323,806	39,820,546	35,366,274	38,518,470	43,304,674	54,247,453	59,672,125	80,426,491
Total business-type activities net position	<u>\$367,566,503</u>	<u>\$378,476,463</u>	<u>\$380,187,930</u>	<u>\$436,272,782</u>	<u>\$445,657,638</u>	<u>\$445,813,965</u>	<u>\$452,987,186</u>	<u>\$471,713,250</u>	<u>\$487,006,952</u>	<u>\$510,676,805</u>
Primary government										
Net investment in capital assets	\$524,529,448	\$516,367,649	\$547,266,379	\$553,370,244	\$550,541,275	\$556,959,554	\$565,453,001	\$587,834,150	\$594,195,563	\$626,666,075
Restricted	78,109,743	77,282,452	85,061,922	86,599,121	91,771,967	99,573,880	122,957,635	132,655,970	147,514,848	150,523,992
Unrestricted	95,048,580	125,998,378	85,387,487	77,883,457	68,983,621	75,480,043	75,188,935	121,425,652	156,049,416	190,246,300
Total primary government activities net position	<u>\$697,687,771</u>	<u>\$719,648,479</u>	<u>\$717,715,788</u>	<u>\$717,852,822</u>	<u>\$711,296,863</u>	<u>\$732,013,477</u>	<u>\$763,599,571</u>	<u>\$841,915,772</u>	<u>\$897,759,827</u>	<u>\$967,436,367</u>

(1) As per GASB 63

* 2014 Restated per GASB 68

Source: Annual Comprehensive Financial Reports

CHANGES IN NET POSITION ⁽¹⁾
Last Ten Years
(accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government	\$ 35,315,069	\$ 26,748,778	\$ 38,778,497	\$ 43,779,576	\$ 52,324,011	\$ 27,563,177	\$ 30,479,235	\$ 30,996,336	\$ 57,859,172	\$ 46,815,019
Public safety	58,432,712	57,338,636	63,079,739	61,676,966	57,965,285	64,933,815	69,197,955	64,284,810	68,473,095	80,508,390
Highways and streets	20,457,888	23,018,428	24,136,943	21,126,938	24,448,675	23,881,893	21,524,702	19,239,375	20,606,994	25,178,835
Health and welfare	4,604,866	7,676,848	5,693,042	8,305,076	7,094,404	6,924,442	7,764,075	7,309,487	7,355,183	8,445,811
Culture and recreation	20,996,431	13,810,026	22,500,569	28,074,221	23,161,527	25,939,335	25,865,451	24,234,654	25,437,546	30,669,464
Interest on long-term debt	816,650	2,159,876	2,066,207	3,418,388	3,651,488	4,164,252	5,343,342	4,320,581	3,935,848	3,928,732
Total governmental activities expenses	140,623,616	130,752,592	156,254,997	166,381,165	168,645,390	153,406,914	160,174,760	150,385,243	183,667,838	195,546,251
Business-type activities:										
Water services	17,474,327	17,161,204	20,135,477	19,213,848	19,120,533	20,635,156	20,533,021	20,373,834	22,034,728	23,000,185
Wastewater services	15,251,999	15,063,966	16,431,643	14,568,734	14,211,367	17,826,609	17,822,342	18,608,627	19,657,019	21,492,670
Sanitation services	15,756,027	16,352,417	17,976,533	18,110,918	18,391,187	19,583,152	19,912,328	21,140,272	22,060,596	24,239,023
Golf course services	1,401,051	1,365,580	1,448,965	1,449,564	1,455,820	1,561,416	1,559,155	1,637,471	1,791,973	1,918,818
Civic center services	438,233	417,072	162,176	154	-	-	-	-	-	-
Performing arts center services	-	-	-	1,638,310	2,422,385	2,450,108	6,619,680	1,708,565	2,173,136	2,097,761
Convention center services	5,591,643	5,660,315	6,400,139	6,259,718	5,766,331	6,095,097	2,369,526	6,257,533	4,902,786	8,803,853
Airport services	7,385,213	7,922,418	8,856,156	9,180,118	9,021,537	10,623,431	9,788,459	11,220,628	9,968,590	11,605,981
Transit services	965,054	1,432,186	1,551,484	1,688,647	1,759,640	1,766,906	1,623,375	1,896,225	1,735,346	1,901,581
Bus services	3,973,485	3,621,901	3,795,560	3,832,463	3,402,599	3,677,914	3,728,749	3,916,422	3,823,448	4,384,622
Anzalduas crossing	4,558,948	4,552,866	5,642,196	5,181,228	4,682,605	3,254,699	3,706,940	6,107,458	3,571,882	5,635,154
Bridge services	6,530,689	6,877,304	7,310,552	7,542,209	7,651,619	7,914,051	5,824,001	6,144,256	7,276,868	8,068,973
Total business-type activities expenses	79,326,669	80,427,229	89,710,881	88,665,911	87,885,623	95,388,539	93,487,576	99,011,291	98,996,372	113,148,621
Total primary government expenses	\$ 219,950,285	\$ 211,179,821	\$ 245,965,878	\$ 255,047,076	\$ 256,531,013	\$ 248,795,453	\$ 253,662,336	\$ 249,396,534	\$ 282,664,210	\$ 308,694,872
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,918,951	\$ 2,088,536	\$ 2,343,536	\$ 2,430,066	\$ 2,225,610	\$ 3,138,933	\$ 1,246,277	\$ 3,788,132	\$ 3,734,450	\$ 3,668,834
Public safety	4,366,315	7,394,577	3,991,057	4,320,581	4,493,813	4,696,264	4,294,525	1,662,726	2,714,660	2,897,551
Highways and streets	1,160,689	1,108,870	1,087,905	1,114,907	1,833,144	2,182,147	1,944,900	1,940,423	2,154,689	2,146,822
Health and welfare	271,722	414,699	366,471	446,902	484,970	464,934	336,513	845,614	950,671	960,560
Culture and recreation	1,213,111	1,202,362	1,363,071	1,278,037	1,178,511	1,149,823	435,262	883,556	1,136,775	1,644,798
Operating grants and contributions	2,736,600	1,961,190	2,090,002	4,474,280	2,264,818	1,793,948	21,661,783	35,912,854	42,412,690	15,201,826
Capital grants and contributions	5,303,435	3,406,289	4,127,471	4,715,841	7,826,973	6,559,247	10,893,157	10,987,570	4,612,366	17,744,587
Total governmental activities program revenues	16,970,823	17,576,523	15,369,513	18,780,614	20,307,839	19,985,296	40,812,417	56,020,875	57,716,301	44,264,978
Business-type activities:										
Charges for services:										
Water services	15,689,054	15,659,444	18,558,428	19,407,111	19,053,440	18,653,257	20,772,227	20,692,360	21,630,719	24,696,431
Wastewater services	14,976,046	15,378,193	17,147,746	17,704,596	17,456,310	17,539,928	19,155,828	20,002,986	20,253,967	21,008,796
Sanitation services	16,968,558	17,398,629	18,220,367	19,230,472	19,579,301	21,442,210	21,691,829	22,646,597	23,265,296	23,359,709
Bridge services	15,747,749	13,600,185	14,512,742	14,728,300	14,392,407	13,808,430	10,724,806	13,331,408	18,042,493	21,020,123
Other	10,513,929	15,021,175	15,928,338	15,589,382	16,035,625	16,930,343	15,253,523	14,112,302	14,677,377	17,649,941

CHANGES IN NET POSITION ⁽¹⁾
Last Ten Years
(accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating grants and contributions	\$ 1,587,799	\$ 1,329,212	\$ 1,523,384	\$ 1,854,981	\$ 1,762,389	\$ 1,910,238	\$ 5,302,896	\$ 8,798,316	\$ 7,475,401	\$ 6,097,219
Capital grants and contributions	8,520,524	13,042,693	10,907,454	6,159,765	10,279,600	5,870,993	11,323,284	18,941,229	13,508,047	17,239,331
Total business-type activities program revenues	84,003,659	91,429,531	96,798,459	94,674,607	98,559,072	96,155,399	104,224,393	118,525,198	118,853,300	131,071,550
Total primary government program revenues	\$ 100,974,482	\$ 109,006,054	\$ 112,167,972	\$ 113,455,221	\$ 118,866,911	\$ 116,140,695	\$ 145,036,810	\$ 174,546,073	\$ 176,569,601	\$ 175,336,528
Net (Expense) Revenue										
Governmental activities	\$ (123,652,793)	\$ (113,176,069)	\$ (140,885,484)	\$ (147,600,551)	\$ (148,337,551)	\$ (133,421,618)	\$ (119,362,343)	\$ (94,364,368)	\$ (125,951,537)	\$ (151,281,273)
Business-type activities	4,676,990	11,002,302	7,087,578	6,008,696	10,673,449	766,860	10,736,817	19,513,907	19,856,928	17,922,929
Total primary government net expense	\$ (118,975,803)	\$ (102,173,767)	\$ (133,797,906)	\$ (141,591,855)	\$ (137,664,102)	\$ (132,654,758)	\$ (108,625,526)	\$ (74,850,461)	\$ (106,094,609)	\$ (133,358,344)
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes, levied for general purposes	\$ 35,037,958	\$ 39,050,045	\$ 40,459,314	\$ 42,975,582	\$ 45,630,288	\$ 46,800,963	\$ 51,489,045	\$ 52,947,964	\$ 55,485,210	\$ 59,879,201
Hotel occupancy taxes	5,343,765	5,479,719	5,253,476	4,946,155	4,788,407	5,310,620	3,968,611	4,178,181	5,986,363	6,522,909
Sales tax	61,331,004	63,758,787	61,301,698	59,488,228	63,177,249	70,274,159	67,025,563	79,887,252	90,080,243	93,622,389
Franchise taxes	6,707,787	6,613,745	6,716,262	6,801,740	6,918,783	6,931,777	6,612,373	6,496,154	7,227,859	6,868,263
Mixed beverage Taxes	-	-	-	-	-	-	-	1,112,755	1,342,082	1,468,420
Unrestricted investment earnings (loss)	938,877	1,077,441	1,354,865	1,477,050	2,040,853	4,194,784	2,826,269	793,169	(2,303,948)	11,693,380
Royalties	944,609	828,482	490,736	620,011	534,238	342,643	241,597	-	-	-
Contributions	-	-	-	22,969,640	-	-	-	-	-	-
Miscellaneous	718,857	4,332,402	5,179,301	1,503,250	6,227,083	8,100,824	5,938,616	7,073,997	6,110,186	13,139,469
Transfers	4,158,872	3,086,193	16,485,677	(49,128,923)	3,079,835	2,571,144	5,673,142	1,465,033	2,573,895	4,093,929
Total governmental activities	115,181,729	124,226,814	137,241,329	91,652,733	132,396,736	144,526,914	143,775,216	153,954,505	166,501,890	197,287,960
Business-type activities										
Unrestricted investment earnings (loss)	467,440	649,882	689,307	729,638	1,330,004	3,151,897	2,109,546	677,190	(1,989,331)	9,840,853
Gain (loss) on sale of capital assets	2,098,640	1,220,285	9,899,884	-	-	(1,191,286)	-	-	-	-
Miscellaneous	288,076	1,123,687	520,372	217,595	461,238	-	-	-	-	-
Transfers	(4,158,872)	(3,086,193)	(16,485,677)	49,128,923	(3,079,835)	(2,571,144)	(5,673,142)	(1,465,033)	(2,573,895)	(4,093,929)
Total business-type activities	(1,304,716)	(92,339)	(5,376,114)	50,076,156	(1,288,593)	(610,533)	(3,563,596)	(787,843)	(4,563,226)	5,746,924
Total primary government	\$ 113,877,013	\$ 124,134,475	\$ 131,865,215	\$ 141,728,889	\$ 131,108,143	\$ 143,916,381	\$ 140,211,620	\$ 153,166,662	\$ 161,938,664	\$ 203,034,884
Change in Net Position										
Governmental activities	\$ (8,471,064)	\$ 11,050,745	\$ (3,644,155)	\$ (55,947,818)	\$ (15,940,815)	\$ 11,105,296	\$ 24,412,873	\$ 59,590,137	\$ 40,550,353	\$ 46,006,687
Business-type activities	3,372,274	10,909,963	1,711,464	56,084,852	9,384,856	156,327	7,173,221	18,726,064	15,293,702	23,669,853
Total government net position	\$ (5,098,790)	\$ 21,960,708	\$ (1,932,691)	\$ 137,034	\$ (6,555,959)	\$ 11,261,623	\$ 31,586,094	\$ 78,316,201	\$ 55,844,055	\$ 69,676,540

⁽¹⁾ As per GASB 63

Source: Annual Comprehensive Financial Reports

(Concluded)

FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Years
(modified accrual basis of accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Fund										
Nonspendable	\$ 2,160,543	\$ 2,295,944	\$ 2,646,319	\$ 2,989,178	\$ 3,837,797	\$ 3,619,510	\$ 3,619,510	\$ 3,876,920	\$ 4,581,262	\$ 4,170,814
Reserved/Assigned	447,859	457,022	457,022	457,022	177,736	-	-	-	-	114,400
Unreserved/Unassigned	<u>41,221,379</u>	<u>46,369,562</u>	<u>44,346,729</u>	<u>42,941,348</u>	<u>48,732,108</u>	<u>56,950,633</u>	<u>56,950,633</u>	<u>75,232,268</u>	<u>78,613,221</u>	<u>78,145,482</u>
Total General Fund	<u>\$ 43,829,781</u>	<u>\$ 49,122,528</u>	<u>\$ 47,450,070</u>	<u>\$ 46,387,548</u>	<u>\$ 52,747,641</u>	<u>\$ 60,570,143</u>	<u>\$ 60,570,143</u>	<u>\$ 79,109,188</u>	<u>\$ 83,194,483</u>	<u>\$ 82,430,696</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ 27,064	\$ 53,659	\$ 57,055	\$ 94,083	\$ 94,083	\$ -	\$ -	\$ 11,322
Restricted	79,530,591	71,032,714	71,553,166	52,714,390	41,515,087	67,193,014	67,193,014	55,101,958	73,207,265	69,228,296
Committed	387,626	513,561	297,145	290,623	119,863	14,809	14,809	-	415,639	466,380
Assigned	5,741,676	4,451,033	2,989,333	5,412,080	5,399,201	6,091,646	6,091,646	5,884,642	49,526,196	63,537,288
Unassigned	-	-	-	-	-	-	-	(64,179)	(24,322)	(34,948)
Total all other governmental funds	<u>\$ 85,659,893</u>	<u>\$ 75,997,308</u>	<u>\$ 74,866,708</u>	<u>\$ 58,470,752</u>	<u>\$ 47,091,206</u>	<u>\$ 73,393,552</u>	<u>\$ 73,393,552</u>	<u>\$ 60,922,421</u>	<u>\$123,124,778</u>	<u>\$133,208,338</u>

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Years
(modified accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes	\$107,695,530	\$114,763,015	\$113,666,622	\$114,111,851	\$119,820,314	\$129,498,114	\$128,174,571	\$143,496,240	\$160,246,068	\$167,889,104
Licenses and permits	1,447,712	1,613,397	1,808,701	1,994,947	1,983,125	2,144,535	2,246,575	2,653,536	2,882,174	2,559,441
Intergovernmental	7,376,849	3,502,500	2,760,398	7,783,963	3,094,407	4,167,021	29,354,952	41,074,008	44,349,570	25,847,444
Charges for services	5,220,385	5,767,795	6,001,013	6,354,554	7,060,426	8,359,074	6,519,087	7,606,530	8,069,844	9,317,571
Fines and forfeitures	2,556,904	5,415,137	1,808,320	1,788,568	1,840,277	1,719,382	1,426,744	1,063,885	1,892,727	2,052,052
Investment earnings (loss)	739,885	876,393	1,006,394	1,151,039	1,711,816	3,603,895	2,413,884	639,158	(1,660,771)	10,645,792
Other	1,784,518	4,348,725	4,710,326	5,863,023	7,626,775	8,897,870	7,566,655	7,600,301	5,830,308	10,222,500
Total revenues	126,821,783	136,286,962	131,761,774	139,047,945	143,137,140	158,389,891	177,702,468	204,133,658	221,609,920	228,533,904
Expenditures										
General government	34,649,924	25,333,902	35,773,536	53,158,214	42,661,910	27,232,111	30,162,193	40,045,730	54,041,105	43,231,918
Public safety	51,912,722	52,994,445	54,484,060	55,487,989	57,457,183	59,665,591	61,995,064	63,605,359	66,450,052	70,499,830
Highways and streets	13,318,011	10,782,403	16,486,478	13,314,445	12,628,135	12,566,709	13,131,152	13,152,011	21,406,713	9,573,472
Health and welfare	4,552,904	7,512,747	5,596,042	8,062,409	7,089,064	7,133,563	7,519,006	7,331,452	1,078,320	8,239,074
Culture and recreation	17,194,648	17,767,314	19,980,953	19,174,040	19,872,005	20,083,465	20,596,926	19,780,333	22,619,464	25,008,605
Capital outlay *	22,156,818	29,946,314	39,251,496	22,594,772	17,711,495	24,014,899	29,100,201	18,475,941	17,799,023	54,625,522
Debt service:										
Principal	2,765,000	19,853,534	4,765,000	4,830,000	5,030,000	6,069,091	7,621,306	3,928,921	5,326,917	5,828,484
Interest	774,407	3,803,374	2,567,009	4,017,840	4,230,646	4,527,727	5,562,384	4,590,604	3,210,240	3,770,563
Total expenditures	147,324,434	167,994,033	178,904,574	180,639,709	166,680,438	161,293,156	175,688,232	170,910,351	191,931,834	220,777,468
Excess of revenues over (under) expenditures	(20,502,651)	(31,707,071)	(47,142,800)	(41,591,764)	(23,543,298)	(2,903,265)	2,014,236	33,223,307	29,678,086	7,756,436
Other Financing Sources (Uses)										
Bond proceeds	54,230,001	15,035,000	29,620,000	20,835,000	15,005,000	18,955,000	-	42,890,000	-	-
Transfers in	18,453,155	26,945,098	31,581,149	18,770,483	17,595,175	19,405,758	22,757,119	67,840,354	60,382,764	50,491,977
Bond Premium	3,493,907	1,281,031	-	445,587	439,010	2,250,605	-	-	-	-
Bond Discount	-	-	(160,520)	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(42,543,046)	-	-
Lease	-	-	-	-	-	3,861,923	-	-	-	-
Transfers out	(13,544,283)	(15,923,896)	(16,700,887)	(15,917,784)	(14,515,340)	(16,900,164)	(18,703,441)	(67,585,378)	(57,598,435)	(49,711,427)
Issuance of debt for SBITA	-	-	-	-	-	-	-	-	-	782,787
Total other financing sources (uses)	62,632,780	27,337,233	44,339,742	24,133,286	18,523,845	27,573,122	4,053,678	601,930	2,784,329	1,563,337
Net change in fund balances	\$42,130,129	\$(4,369,838)	\$(2,803,058)	\$(17,458,478)	\$(5,019,453)	\$24,669,857	\$6,067,914	\$33,825,237	\$32,462,415	\$9,319,773
Debt service as a percentage of noncapital expenditures	2.83%	17.14%	5.25%	5.60%	6.22%	7.72%	8.99%	5.59%	4.90%	5.78%

* This excludes capital contributions and internal service funds treated as governmental funds for government-wide purposes.

Source: Annual Comprehensive Financial Reports

TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS
Last Ten Years
(modified accrual basis of accounting)

Fiscal Year	Property	Sales	Franchise	Hotel		Total
				7%	2%	
2014	\$ 34,312,972	\$ 61,331,004	\$ 6,707,787	\$ 4,156,140	\$ 1,187,625	\$ 107,695,528
2015	38,910,760	62,939,971	6,613,748	4,262,268	1,217,452	113,944,199
2016	40,388,385	60,449,553	6,716,262	4,085,205	1,168,272	112,807,677
2017	42,875,727	58,621,552	6,801,740	3,845,907	1,100,249	113,245,175
2018	44,935,877	62,156,132	6,918,784	3,724,272	1,063,462	118,798,527
2019	46,981,577	69,284,265	6,931,777	4,130,393	1,180,205	128,508,217
2020	50,568,021	66,297,144	6,612,373	3,086,414	882,197	127,446,149
2021	52,947,964	78,761,185	6,496,154	3,249,439	928,742	142,383,484
2022	55,727,211	89,962,552	7,227,859	4,656,299	1,330,064	158,903,985
2023	59,435,509	93,594,002	6,868,263	5,072,130	1,450,778	166,420,682
Change 2014-2023	73.22%	52.60%	2.39%	22.04%	22.16%	54.53%

TAXABLE SALES BY CATEGORY

**Last Ten Years
(in Millions)**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Retail	\$ 1,847	\$ 1,859	\$ 1,813	\$ 1,709	\$ 1,558	\$ 1,709	\$ 1,806	\$ 1,510	\$ 1,853	\$ 1,109
Services	195	207	223	202	191	195	208	168	172	\$ 101
Wholesale	108	118	123	128	132	139	295	446	532	\$ 315
Other	491	501	526	524	544	587	620	535	690	\$ 385
Total - All Industries	<u>\$ 2,641</u>	<u>\$ 2,685</u>	<u>\$ 2,685</u>	<u>\$ 2,563</u>	<u>\$ 2,425</u>	<u>\$ 2,630</u>	<u>\$ 2,929</u>	<u>\$ 2,659</u>	<u>\$ 3,247</u>	<u>\$ 1,910</u>

(1)

Other includes Agricultural/Forestry, Mining, Construction, Manufacturing, Transportation/Utilities, Financial Services, and Other

Percent Allocation of Taxable Sales - Retail Only

Building Materials	5%	5%	5%	6%	6%	5%	5%	7%	7%	7%
General Merchandise	28%	27%	26%	24%	21%	20%	20%	20%	18%	20%
Food Stores	6%	6%	7%	7%	7%	7%	7%	8%	8%	7%
Automotive	5%	6%	5%	6%	6%	5%	5%	6%	6%	5%
Clothing	17%	17%	17%	16%	16%	15%	15%	13%	15%	17%
Home Furnishings	13%	12%	12%	12%	11%	16%	17%	13%	12%	11%
Restaurants	17%	18%	19%	20%	21%	21%	21%	21%	22%	21%
Miscellaneous Retail	9%	9%	9%	9%	12%	11%	10%	12%	12%	12%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

(1) Represents only three quarters of fiscal year.

Fiscal Year 2023 and last Quarter of Fiscal Year 2022 information will not be available until April 2024.

Source: State Comptroller's Office

The State Comptroller's Office does not report detail of the Retail category at the city level due to confidentiality issues.

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY (1)
Last Ten Fiscal Years

<u>Fiscal Year Ended September 30</u>	<u>Tax Roll Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Minerals</u>	<u>Other</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Net Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2014	2013	\$ 4,475,282,922	\$ 3,503,723,046	\$ 132,720,411	\$ 71,783,017	\$ 1,011,927,424	\$ 1,360,010,810	\$ 7,835,426,010	0.43
2015	2014	4,474,949,998	3,533,253,705	124,370,144	73,248,263	1,030,966,285	1,347,181,652	7,889,606,743	0.48
2016	2015	4,884,004,235	3,738,806,189	129,302,716	75,747,969	1,027,473,342	1,419,789,823	8,435,544,628	0.48
2017	2016	5,143,975,739	4,118,594,649	141,279,203	70,842,520	1,118,293,988	1,481,312,452	9,111,673,647	0.48
2018	2017	5,260,686,958	4,171,943,818	157,106,970	79,655,806	1,254,070,354	1,611,587,992	9,311,875,914	0.48
2019	2018	5,500,272,539	4,364,401,680	139,316,745	85,340,922	1,361,069,371	1,704,589,581	9,745,811,676	0.48
2020	2019	5,893,733,882	4,524,359,150	155,530,926	97,712,018	1,377,314,391	1,745,414,005	10,303,236,362	0.50
2021	2020	6,194,533,865	4,587,479,086	146,443,948	84,949,415	1,394,384,749	1,767,657,551	10,640,133,512	0.50
2022	2021	6,892,606,537	4,324,757,097	157,820,768	95,385,162	1,353,028,737	1,767,944,801	11,055,653,500	0.48
2023	2022	8,166,719,428	4,860,509,348	162,675,699	103,392,527	1,134,482,853	1,897,044,102	12,530,735,753	0.46

(1) The assessed value and actual value of properties is the same amount. The appraisal district appraises all property at market value. A column for the actual value is not reflected.

Source: City of McAllen Tax Office & Hidalgo County Appraisal District Tax Roll

DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
(rate per \$100 of assessed value)

Fiscal Year Ended September 30	Tax Roll Year	City Direct Rates			Overlapping Rates								
		Basic Rate	General Obligation Debt Service	Total Direct	School Districts				Hidalgo County Drainage District No.1	Hidalgo County	Tres Lagos PID Assessment		
					McAllen	Sharyland	P.S.J.A	So. Tx College	Hidalgo	Edinburg			
2014	2013	0.43	-	0.43	1.17	1.29	1.36	0.15	1.56	1.24	0.07	0.59	-
2015	2014	0.43	0.04	0.48	1.17	1.34	1.36	0.19	1.53	1.24	0.10	0.59	-
2016	2015	0.44	0.04	0.48	1.16	1.34	1.40	0.19	1.53	1.24	0.10	0.59	-
2017	2016	0.43	0.05	0.48	1.16	1.38	1.39	0.19	1.47	1.24	0.10	0.58	-
2018	2017	0.44	0.04	0.48	1.16	1.38	1.38	0.18	1.47	1.24	0.10	0.58	0.20
2019	2018	0.44	0.04	0.48	1.16	1.30	1.30	0.17	1.30	1.14	0.11	0.58	0.20
2020	2019	0.44	0.06	0.50	1.14	1.28	1.27	0.17	1.28	1.14	0.11	0.58	0.20
2021	2020	0.45	0.05	0.50	1.14	1.16	1.22	0.17	1.28	1.11	0.13	0.58	0.20
2022	2021	0.44	0.04	0.48	1.10	1.12	1.18	0.16	1.23	1.06	0.12	0.58	0.25
2023	2022	0.42	0.04	0.46	1.00	0.96	1.02	0.16	1.20	0.88	0.11	0.58	0.25

PRINCIPAL PROPERTY TAX PAYERS
Current Year and Nine Years Ago

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Simon Property Group	\$ 157,167,477	1	1.25%	\$ 85,303,024	1	1.08%
AEP Texas Central Co.	84,807,310	2	0.68%	34,385,960	5	0.44%
Big Sky Commercial Property	66,049,978	3	0.53%			
Rio Grande Regional Hospital	60,123,003	4	0.48%	54,415,269	2	0.69%
La Plaza Mall	55,249,517	5	0.44%			
United Parcel Services Inc	50,010,907	6	0.40%			
Universal Health Services	48,250,030	7	0.39%	46,786,593	3	0.59%
Palm Crossing Town Center LLC	36,117,696	8	0.29%			
Shops at 29 LTD	33,046,455	9	0.26%			
Calmac Suites LTD	32,656,454	10	0.26%			
Palms Crossing LP	-		-	41,915,932	4	0.53%
GE Engine Services	-		-	33,859,920	6	0.43%
H E Butt Grocery Company	-		-	25,856,763	7	0.33%
Inland Western	-		-	21,877,590	8	0.28%
McAllen Medical Center	-		-	18,219,227	9	0.23%
Abasto Corp	-		-	17,445,951	10	0.22%
	<u>\$ 623,478,827</u>		4.98%	<u>\$ 380,066,229</u>		4.82%

Data Source: City of McAllen - Tax Office

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year	Tax Roll Year	Taxes Levied Within the Fiscal Year of the Levy	Adjustments to 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	\$ 33,395,738	\$ 154,588	\$ 33,550,326	\$ 32,474,873	96.79%	\$ 994,050	\$ 33,468,923	99.73%
2015	2014	36,982,695	865,085	37,847,780	36,687,212	96.93%	1,056,595	37,743,807	99.69%
2016	2015	39,413,347	175,479	39,588,826	38,386,098	96.96%	1,065,758	39,451,856	99.61%
2017	2016	42,519,989	(98,381)	42,421,608	41,015,610	96.69%	1,260,761	42,276,371	99.59%
2018	2017	43,393,343	574,153	43,967,496	42,713,360	97.15%	1,100,307	43,813,667	99.55%
2019	2018	45,726,885	143,567	45,870,452	44,515,112	97.05%	1,158,546	45,673,658	99.35%
2020	2019	49,916,376	82,947	49,999,323	48,512,317	97.03%	1,159,710	49,672,027	99.08%
2021	2020	50,905,212	835,693	51,740,905	50,311,919	97.24%	1,052,389	51,364,308	98.87%
2022	2021	53,036,057	1,429,226	54,465,283	53,290,262	97.84%	544,403	53,834,665	97.84%
2023	2022	58,106,007	540,296	58,646,303	57,290,116	97.69%	-	57,290,116	97.69%

Source: City of McAllen Tax Office

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Year	Governmental Activities				Business-Type Activities					Total Primary Government	Percentage of Personal Income (a)	Per Capital (a)
	General Obligation Bonds	Combination Tax and Revenue Certificates of Obligation	Sales Tax Revenue Obligations	Leases & SBITA's	Water Revenue Bonds	Sewer Revenue Bonds	Anzalduas International Crossing Bonds	Airport CO Bonds	Leases & SBITA's			
2014	\$ 42,380,000	\$ 30,845,000	\$ 100,000	\$ -	\$ 20,891,827	\$ 76,956,249	\$ 34,891,417	\$ 8,750,000	\$ -	\$ 214,814,493	7.47%	1,564
2015	59,047,110	13,003,737	75,000	-	19,028,844	113,066,972	33,610,987	8,365,000	-	246,197,650	8.28%	1,823
2016	55,272,893	35,837,855	5,120,000	-	21,257,589	103,266,578	32,274,488	7,970,000	-	260,999,403	8.45%	1,826
2017	50,377,332	46,483,517	15,285,000	-	19,573,582	105,954,478	31,202,924	7,565,000	-	276,441,833	8.76%	1,903
2018	50,526,755	51,097,737	20,400,000	-	17,846,783	101,577,149	29,507,509	7,150,000	-	278,105,933	8.68%	1,915
2019	65,590,678	51,490,248	20,400,000	3,192,833	34,759,764	104,037,154	27,760,750	6,720,000	513,996	314,465,423	9.24%	2,139
2020	60,123,612	50,646,378	19,455,000	2,776,526	33,052,064	99,233,530	25,744,215	6,197,346	446,978	297,675,649	8.46%	2,049
2021	66,822,196	41,595,600	20,900,000	1,918,684	31,612,414	94,635,180	24,149,215	5,812,346	308,878	287,754,513	8.57%	1,876
2022	63,589,502	39,748,469	20,900,000	1,463,771	47,867,740	89,604,575	85,263,809	5,289,390	235,648	353,962,904	9.81%	2,411
2023	60,262,740	37,832,604	20,900,000	1,929,990	45,187,874	84,533,079	83,317,088	4,755,313	260,537	338,979,225	8.45%	2,326

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

(a) See Schedule 16 for personal income and population data.

**RATIO OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonds	Less: Amount Available for Debt Service ^(c)	Total	Percentage of Actual Taxable Value of Property ^(a)	Per Capital ^(b)
2014	\$ 73,225,000	\$ 296,800	\$ 72,928,200	0.93%	533
2015	72,050,847	637,201	71,413,646	0.91%	534
2016	91,110,748	1,053,495	90,057,253	1.07%	637
2017	96,860,849	2,372,556	94,488,293	1.04%	667
2018	101,624,492	2,976,160	98,648,332	1.06%	688
2019	117,080,926	2,867,355	114,213,571	1.17%	781
2020	110,769,990	3,566,345	107,203,645	1.04%	732
2021	108,417,796	4,227,658	104,190,138	0.98%	750
2022	103,337,971	4,810,379	98,527,592	0.79%	703
2023	98,095,344	5,793,270	92,302,074	0.74%	674

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

(a) See Schedule 7 for property value data.

(b) See Schedule 16 for population data.

(c) Amount available for repayment of Debt - restricted for debt service in the Statement of Net Position.

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2023**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Hidalgo County	\$ 395,825,000	26.55%	\$ 105,091,538
McAllen Independent School District	78,231,000	99.40%	77,761,614
Sharyland Independent School District	80,225,000	26.22%	21,034,995
P.S.J.A Independent School District	247,255,000	12.10%	29,917,855
Hidalgo County Drainage District #1	276,378,000	27.49%	75,976,312
South Texas College	103,234,693	24.44%	25,230,559
Hidalgo Independent School District	24,384,000	32.26%	7,866,278
Mission Consolidated Independent School District	96,537,960	0.38%	366,844
Edinburg Independent School District	116,520,000	6.82%	<u>7,946,664</u>
Subtotal, overlapping debt			351,192,659
City of McAllen (direct debt)	120,445,725	100.00%	<u>120,445,725</u>
Total direct and overlapping debt			<u>\$ 471,638,384</u>

*The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the entities' taxable assessed value that is with the City's boundaries and dividing the entities' total taxable assessed value.

Source: Information provided by Texas MAC - Municipal Advisory of Texas

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of McAllen.

LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed value	\$ 12,530,735,753
Debt limit (5% of assessed value)	626,536,788
Debt applicable to limit:	
General obligation bonds	98,095,344
Less: amount set aside for repayment of general obligation debt	<u>(4,501,490)</u>
Total net debt applicable to limit	<u>93,593,854</u>
Legal debt margin	<u>\$ 532,942,934</u>

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$391,771,301	\$394,480,337	\$421,777,231	\$455,583,682	\$465,593,796	\$487,290,584	\$515,161,818	\$532,006,676	\$552,782,675	\$ 626,536,788
Total net debt applicable to limit	<u>72,940,390</u>	<u>68,167,809</u>	<u>90,478,043</u>	<u>95,808,670</u>	<u>99,253,585</u>	<u>114,491,713</u>	<u>107,929,637</u>	<u>105,052,352</u>	<u>99,457,579</u>	<u>93,593,854</u>
Legal debt margin	\$318,830,911	\$326,312,528	\$331,299,188	\$359,775,012	\$366,340,211	\$372,798,871	\$407,232,181	\$426,954,324	\$453,325,096	\$ 532,942,934
Total net debt applicable to the limit as a percentage of debt limit	22.88%	20.89%	27.31%	26.63%	27.09%	30.71%	26.50%	24.61%	21.94%	17.56%

Note: State statutes do not prescribe a debt limit; however, by custom, a practical economic debt limit of 5% of the assessed valuation is used.

PLEGGED-REVENUE COVERAGE
Last Ten Fiscal Years

Fiscal Year	Water Revenue Bonds						Sewer Revenue Bonds					
	Total Revenues ^(a)	Less: Operating Expenses ^(b)	Net Available Revenue	Debt Service			Total Revenues ^(a)	Less: Operating Expenses ^(b)	Net Available Revenue	Debt Service		
				Principal	Interest	Coverage				Principal	Interest	Coverage
2014	\$ 16,269,236	\$ 12,315,395	\$ 3,953,841	\$ 1,583,751	\$ 1,160,204	1.44	\$ 15,128,924	\$ 8,138,492	\$ 6,990,432	\$ 3,594,249	\$ 1,327,371	1.42
2015	16,864,143	11,974,407	4,889,736	1,649,458	1,016,999	1.83	15,590,842	7,687,962	7,902,880	4,486,542	1,116,563	1.41
2016	19,180,636	14,454,458	4,726,178	1,316,800	824,172	2.21	17,374,694	8,861,585	8,513,109	4,049,200	1,440,048	1.55
2017	20,002,527	14,207,848	5,794,679	1,385,850	751,288	2.71	18,015,632	8,574,078	9,441,554	4,161,150	1,428,355	1.69
2018	19,772,823	14,113,051	5,659,772	1,430,450	743,192	2.60	17,819,239	8,269,193	9,550,046	4,221,550	1,420,067	1.69
2019	19,383,883	13,932,849	5,451,034	1,371,150	881,152	2.42	18,440,075	8,161,076	10,278,999	4,521,850	1,362,520	1.75
2020	21,212,706	14,934,816	6,277,890	1,708,574	1,400,575	2.02	19,696,773	8,743,279	10,953,494	4,787,436	1,039,646	1.88
2021	20,826,057	14,744,515	6,081,542	1,744,674	972,802	2.24	20,172,463	9,240,796	10,931,667	5,030,605	1,330,864	1.72
2022	21,398,176	16,079,417	5,318,759	2,679,866	1,101,582	1.41	19,510,019	9,606,834	9,903,185	5,071,496	1,253,991	1.57
2023	26,560,680	17,189,164	9,371,516	2,883,106	1,052,168	2.38	22,371,795	11,183,628	11,188,167	4,908,602	1,168,481	1.84

Note: (a) Includes operating revenues and non-operating revenues

(b) Operating expenses do not include interest, depreciation, or amortization expenses.

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Years

<u>Year</u>	<u>Estimated Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2014	137,358	\$2,874,354	\$20,926	32.0	25,217	8.50%
2015	138,925	2,974,384	21,410	32.5	24,692	4.90%
2016	142,940	3,087,504	21,600	32.5	24,330	5.20%
2017	145,249	3,155,680	21,726	32.4	23,721	4.80%
2018	147,717	3,202,948	21,683	32.9	22,855	4.50%
2019	149,875	3,363,795	22,444	30.5	22,451	4.00%
2020	151,352	3,518,329	23,246	35.3	22,451	10.00%
2021	144,650	3,362,534	23,246	35.3	20,303	5.60%
2022	147,034	3,613,802	24,578	33.9	20,366	6.70%
2023	145,499	4,006,024	27,533	34.4	20,399	5.80%
	(A)		(B)	(C)	(D)	(E)

Source: (A) U.S Census Bureau-2015 and local estimates; 2020 Official U.S. Census

(B) U.S Census Bureau - 2020

(C) U.S Census Bureau - 2020.

(D) McAllen Independent School District

(E) U. S. Bureau of Labor Statistics

PRINCIPAL EMPLOYERS IN THE AREA
Current Year and Nine Years Ago

Employer	2023			Employer	2014		
	Employees	Rank	Percentage of Total City Employment		Employees	Rank	Percentage of Total City Employment
McAllen Independent School District	3,370	1	4.89%	McAllen Independent School District	3,265	1	5.49%
City of McAllen	2,614	2	3.79%	McAllen Medical Center	2,800	2	4.71%
South Texas College	2,162	3	3.14%	South Texas College	2,200	3	3.70%
BBVA Compass Bank	1,550	4	2.25%	City of McAllen	1,804	4	3.03%
Wal-Mart/Sam's	1,200	5	1.74%	Rio Grande Regional Hospital	1,100	5	1.85%
International Bank of Commerce	1,200	6	1.74%	Wal-Mart	1,000	6	1.68%
McAllen Medical Center - South Texas Health System	1,150	7	1.67%	HEB	995	7	1.67%
Rio Grande Regional Hospital	1,110	8	1.61%	GE Engines	650	8	1.09%
HEB	1,000	9	1.45%	International Bank of Commerce	405	9	0.68%
GE Aviation	540	10	0.78%	Dillards	354	10	0.60%
Total	<u>15,896</u> (A)		<u>23.06%</u> (B)		<u>14,573</u> (C)		<u>24.49%</u> (C)

Source: (A) Annual Budget Book - McAllen EDC
 (B) Texas Workforce Commission
 (C) City of McAllen ACFR Fiscal Year 2014

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	Full Time only									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government	192	196	199	200	203	198	198	213	212	217
Public Safety:										
Police:										
Officers	285	285	285	285	285	275	294	294	300	313
Civilians	136	143	144	144	146	137	146	146	148	148
Fire:										
Fire fighters and officers	167	167	167	169	171	175	179	179	180	178
Civilians	11	12	12	14	14	18	19	19	19	22
Other	56	62	63	66	66	57	68	68	67	70
Highways and streets	97	98	93	94	95	83	98	98	99	99
Health and welfare	26	25	25	26	27	24	32	32	39	35
Culture and Recreational	195	197	202	205	214	198	231	232	239	214
Downtown Services	16	16	16	16	16	16	16	15	15	15
Water services	137	137	138	134	144	146	149	148	149	150
Wastewater services	84	85	87	89	88	87	87	92	92	93
Sanitation	148	153	159	161	165	165	165	166	169	170
Golf Course	12	12	12	12	12	12	12	12	17	17
Convention Center	38	39	45	48	47	47	48	48	50	53
Airport	41	38	37	37	37	41	41	41	42	42
Transit terminal	8	8	8	8	7	6	8	9	9	9
Metro McAllen	47	47	47	47	47	49	49	49	49	59
Bridge	32	41	42	41	41	42	42	45	45	45
Anzalduas Bridge	10	13	13	13	14	14	15	12	9	9
Fleet Services	21	26	26	26	26	26	26	26	26	26
Employee benefits	5	5	6	6	6	6	6	6	6	6
Risk Management	7	7	7	7	7	8	8	11	11	12
Total	1,771	1,812	1,833	1,848	1,878	1,830	1,937	1,961	1,992	2,002

Source: City's Budget Document

OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Function/Program										
Public Safety										
Police										
Number of employees-commissioned	285	285	285	289	289	298	298	300	316	316
Number of service calls	144,761	152,303	144,761	140,632	143,598	138,777	132,367	142,149	136,948	141,694
Fire										
Number of firemen	167	167	167	167	174	176	180	180	180	182
Total number of alarm responses	5,500	6,674	6,696	7,344	7,814	8,238	4,447	4,594	4,686	6,349
Code enforcement										
Number of employees	20	22	12	18	18	18	33	31	23	45
Number of building permits	1,562	1,559	1,551	1,548	1,512	1,662	2,197	2,463	2,743	2,122
Development services										
Street Resurfacing (linear miles)	48	42	33	36	11	12	12	8	10	9
Sidewalk Construction (linear feet)	1,065	29,304	3,368	5,887	2,746	1,242	3,653	7,207	10,402	3,580
Cultural and recreational										
Parks and recreation										
Participants in special event programs	104,500	360,000	360,000	367,900	301,000	302,197	359,671	25,000	361,000	370,000
Participants in athletic programs	8,145	518	10,860	13,819	11,860	8,340	5,448	1,223	6,512	9,950
Participants in after school programs	1,648	827	1,195	1,313	1,206	1,218	781	373	1,098	1,157
Library-main										
Volumes in collection	281,643	324,932	323,822	336,396	333,600	337,046	325,037	300,295	334,491	328,654
Water and Wastewater system										
Number of water customers	44,708	45,830	46,201	46,780	47,399	47,950	48,415	49,331	50,357	50,975
Number of Wastewater customers	39,802	40,996	40,912	41,660	42,286	42,804	43,218	43,914	44,614	45,259
Average daily water consumption (gallons)	23,953,301	21,000,000	22,303,830	20,302,000	26,300,000	24,000,000	25,011,602	20,848,000	21,670,000	21,376,650
Maximum storage capacity (gallons) South Plant	7,900,000	7,900,000	7,750,000	7,750,000	7,750,000	7,750,000	7,750,000	7,750,000	7,750,000	7,750,000
Maximum storage capacity (gallons)- North Plant	4,000,000	4,000,000	4,250,000	4,250,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Rainfall (inches)	24.43	21.22	17.80	10.62	31.52	16.91	35.26	30.00	17.59	21.88
Sanitation										
Refuse collected (tons)	127,562	138,149	143,225	137,834	141,659	144,117	141,569	152,702	152,753	149,506
Bulky/brush pickups (tons)	22,265	30,410	34,586	26,131	32,625	33,132	43,203	47,542	33,197	39,248
Recyclables collected (tons)	4,323	4,323	5,200	5,503	4,644	5,858	5,469	6,827	6,379	7,580
Golf course										
Total number of rounds	36,859	40,447	42,484	35,569	44,346	43,285	45,638	51,442	51,442	59,978

Source: City Departments

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Police sub-stations	6	7	2	6	2	5	6	7	7	7
Fire stations	7	7	7	7	7	7	7	7	7	7
Fire hydrants	4,200	4,200	4,769	4,900	5,250	5,046	5,471	5,132	5,281	5,264
Development Services										
City area:										
Square miles	49.8	54.5	57.9	63.4	62.5	62.8	74.3	63.1	63.0	63.1
Acres	31,898	34,864	37,064	39,910	40,148	40,205	40,200	40,360	40,410	40,441
Streets- paved (miles)	480	540	1,061	1,040	1,384	1,387	1,387	1,395	1,401	1,406
Cultural and Recreational										
Developed parks (acres)	600	615	662	687	708	708	708	714	719	737
Parks (acres)-undeveloped	398	382	654	310	308	308	146	140	140	131
Swimming pools	4	4	4	4	4	4	4	4	4	4
Tennis courts	26	26	26	36	36	36	36	36	36	38
Lighted baseball diamonds/athletic fields	12	12	16	41	68	68	66	66	66	84
Municipal golf (18-hole course)	1	1	1	1	1	1	1	1	1	1
Water and Wastewater										
Water mains (miles)	1,046	738	722	727	730	734	737	744	747	794
Sanitary wastewater (miles)	500	535	540	546	550	554	558	566	570	691
Storm (miles)	315	315	239	239	243	239	241	245	269	273

Source: City Departments

MISCELLANEOUS STATISTICAL DATA

Section I - Water rates

The rate charged for water furnished and consumed under the standard water rate schedule by Section 106-82 of the City Ordinance, amended September 26, 2022 to all classes of customers is as follows:

Inside City Minimum rate	Commodity Rate
\$12.45	(1)

(1) Per 1,000 gallons or any part thereof as follows: Residential-\$1.65/1,000 gallons for the first 4,999 gallons; plus \$1.95/1,000 for consumption between 5,000 and 9,999 gallons; plus \$2.15 for consumption between 10,000 gallons to 14,999; and \$2.25 per 1,000 thereafter.

Commercial, Multi-family, and Industrial-\$1.65/1,000 gallons for the first 12-month average base consumption; plus \$2.15/1,000 for consumption over the 12-month average base consumption.

Sprinkler-\$2.15/1,000 gallons

Section II - Estimated unaccounted gallons of water

<u>Class of customers</u>	<u>Number</u>	<u>Usage (gallons)</u>
Residential	42,784	4,381,941,500
Commercial	8,037	3,180,020,500
Industrial	154	240,515,300
Number of gallons shown to have passed through the master meters at the City's plants #2 and #3 during the period		8,616,442,000
Number of gallons billed		(7,802,477,300)
Estimated water used in fire hydrant testing, etc.		<u>(49,986,503)</u>
Estimated number of gallons unaccounted due to breaks, leaks, etc.		<u><u>763,978,197</u></u>

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SINGLE AUDIT SECTION

This section contains information regarding grant activity, which was audited under the guidelines of the Uniform Guidance and Texas standards.



**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards**

Honorable Mayor, Members of the City Commission
and Public Utility Board of Trustees
City of McAllen, Texas

We have audited, in accordance with the auditing standards generally accepting 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of McAllen, 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 25, 2024.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City'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 over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001, that we consider to be a significant deficiency.

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*.

Weaver and Tidwell, L.L.P.
1601 South MoPac Expressway, Suite D250 | Austin, Texas 78746
Main: 512.609.1900

CPAs AND ADVISORS | WEAVER.COM

Honorable Mayor, Members of the City Commission
and Public Utility Board of Trustees
City of McAllen, Texas

City of McAllen's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
March 25, 2024



**Independent Auditor's Report on Compliance for Each Major Federal and State
Program and Report on Internal Control over Compliance
Required by the Uniform Guidance and State of Texas
Grant Management Standards**

Honorable Mayor, Members of the City Commission
and Public Utility Board of Trustees
City of McAllen, Texas

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the compliance of the City of McAllen, Texas (the City) with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement and Texas Grant Management Standards (TxGMS) 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 auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 TxGMS. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's 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.

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Honorable Mayor, Members of the City Commission
and Public Utility Board of Trustees
City of McAllen, Texas

Auditor's 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 GAAS, *Government Auditing Standards*, 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 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 GAAS, *Government Auditing Standards*, 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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

Honorable Mayor, Members of the City Commission
and Public Utility Board of Trustees
City of McAllen, Texas

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 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs, item 2023-002, to be a significant deficiency.

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. *Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
March 25, 2024

City of McAllen
 Schedule of Federal and State Expenditures
 As of September 30, 2023

Federal Grantor/ Passed-Through Grantor/Program or Cluster Title	Assistance Listing Number	Passed-Through Grantor's Number	Passed Through To Subrecipients	Disbursements/ Expenditures
U.S. Department of Housing and Urban Development				
Direct Program:				
Community Development Block Grant:				
42nd Year Entitlement Grant	14.218	B16MC480506	\$ -	\$ 367,062
43rd Year Entitlement Grant	14.218	B17MC480506	-	106,253
44th Year Entitlement Grant	14.218	B18MC480506	-	73,195
45th Year Entitlement Grant	14.218	B19MC480506	-	200,602
46th Year Entitlement Grant	14.218	B20MC480506	-	1,049,759
47th Year Entitlement Grant	14.218	B21MC480506	-	642,195
48th Year Entitlement Grant	14.218	B22MC480506	-	418,645
COVID-19 - Entitlement Grant	14.218	B20MW480506	-	595,456
Emergency Solutions Grant Program	14.231	E21MC480506	-	115,448
Emergency Solutions Grant Program	14.231	E22MC480506	-	10,035
Total Entitlement Grant Cluster			-	3,578,650
Home Investment Partnerships Programs	14.239	M20MC480506	-	33,812
Home Investment Partnerships Programs	14.239	M21MC480506	-	1,731
Home Investment Partnerships Programs	14.239	M22MC480506	-	1,232
Home Investment Partnerships Programs	14.239	M21MP480506	-	46,469
Total Home Investment Partnerships Programs			-	83,244
Total U.S. Department of Housing and Urban Development Program			-	3,661,894
U.S. Department of Transportation				
Direct Program:				
Airport Improvement Program	20.106	3-48-0144-49	-	2,383
Airport Improvement Program	20.106	3-48-0144-50	-	477,654
Airport Improvement Program	20.106	3-48-0144-53	-	90,474
Airport Improvement Program	20.106	3-48-0144-55	-	7,401,714
Airport Improvement Program	20.106	3-48-0144-57	-	2,368,763
Airport Improvement Program	20.106	3-48-0144-58	-	361,897
Total Airport Improvement Program			-	10,702,885
Federal Transit Formula Grant	20.507	TX-90-X778-00	-	41,927
Federal Transit Formula Grant	20.507	TX-90-X937-00	-	700,860
Federal Transit Formula Grant	20.507	TX-2017-080-00	-	1,382,855
Federal Transit Formula Grant	20.507	TX-90-Y048-00	-	14,129
Federal Transit Formula Grant	20.507	TX-2019-103-00	-	255,186
Federal Transit Formula Grant	20.507	TX-2021-033-00	-	2,145,240
COVID-19 - Federal Transit Formula Grant	20.507	TX-2020-076-00	-	63,245
Federal Transit Formula Grant	20.507	TX-2022-068-00	-	192,085
Total Federal Transit Formula Grant Cluster			-	4,795,527
Federal Highway Administration				
Passed through Texas Department of Transportation				
State and Community Highway Safety	20.600	2023-McAllenPD-S-1YG-00010	-	71,000
State and Community Highway Safety	20.600	2023-McAllenPD-S-CMV-00006	-	52,000
State and Community Highway Safety	20.600	2023-McAllenPD-OPSLOW-00006	-	17,449
National Priority Safety Programs	20.616	2023-McAllenPD-IDM-00004	-	29,998
National Priority Safety Programs	20.616	2023-McAllenPD-CIOT-00009	-	19,922
Total State and Community Highway Safety (Highway Safety Cluster)			-	190,369
Total U.S. Department of Transportation			-	15,688,781
U.S. Department of Commerce EDA				
Direct Program:				
Economic Adjustment Assistance - Title II, Section 209	11.307	08-79-05610	-	161,587
Total U. S Department of Commerce EDA			-	161,587
U.S. Department of Justice				
Direct Program:				
Equitable Sharing Program	16.922		-	629,128
Public Safety Partnership and Community Policing Grants	16.710	15JCOPS-22-GG-03484-UHPX	-	260,252
Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0493	-	44,531
FY2020 Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-DJ-BX-0774	-	12,048
FY2022 Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-22-GG-02888-JAGX	-	10,038
Congressionally Recommended Awards	16.753	15PBJA-22-GG-00187-BRND	-	190,000
Total U.S. Department of Justice			-	1,145,997

The Notes to Schedule of Federal and State Expenditures are an integral part of this statement.

City of McAllen
Schedule of Federal and State Expenditures
As of September 30, 2023

Federal Grantor/ Passed-Through Grantor/Program or Cluster Title	Assistance Listing Number	Passed-Through Grantor's Number	Passed Through To Subrecipients	Disbursements/ Expenditures
Department of Interior				
Direct Program:				
Reclamation States Emergency Drought Relief	15.514	R22AP00353-00	-	25,861
Total Department of Interior			-	25,861
U.S. Environmental Protection Agency				
Direct Program:				
Drinking Water State Revolving Fund Cluster (2018B)	66.468	L1000746	-	611,755
Total U.S. Environmental Protection Agency			-	611,755
U.S. Department of Homeland Security				
Passed through Texas Division of Emergency Management				
Hazard Mitigation Grant Program	97.039	FEMA-4272-DR-TX-010	-	582,727
Total Hazard Mitigation Grant Program			-	582,727
Passed through Emergency Food and Shelter Program National Board				
Emergency Food and Shelter National Board Program - ARPA	97.024	8128-00	-	248,897
Emergency Food and Shelter National Board Program - HR22	97.024	8128-00	-	4,089,083
Emergency Food and Shelter National Board Program - HR23	97.024	8128-00	-	4,450,015
Total Emergency Food and Shelter National Board Program			-	8,787,995
Passed through Office of the Governor				
Homeland Security Grant Program	97.067	3299606	-	171,523
Homeland Security Grant Program	97.067	3299607	-	186,830
Total Homeland Security Grant Program			-	358,353
Staffing for Adequate Fire and Emergency Response				
	97.083	EMW-2018-FH-00345	-	34,361
COVID-19 - Disaster Grants - Public Assistance	97.036	FEMA-4485-Texas COVID-19 Pandemic - 460	-	5,330
COVID-19 - Disaster Grants - Public Assistance	97.036	FEMA-4485-Texas COVID-19 Pandemic - PW#843	-	4,744
COVID-19 - Disaster Grants - Public Assistance	97.036	FEMA-4485-Texas COVID-19 Pandemic - PW#842	-	2,866
COVID-19 - Disaster Grants - Public Assistance	97.036	FEMA-4485-Texas COVID-19 Pandemic - PW#984	-	4,644
COVID-19 - Disaster Grants - Public Assistance	97.036	FEMA-4485-Texas COVID-19 Pandemic - PW#1017	-	6,013
COVID-19 - Disaster Grants - Public Assistance	97.036	FEMA-4485-Texas COVID-19 Pandemic - PW#1086	-	4,235
COVID-19 - Disaster Grants - Public Assistance	97.036	FEMA-4485-Texas COVID-19 Pandemic - PW#1090	-	4,239
COVID-19 - Disaster Grants - Public Assistance	97.036	FEMA-4485-Texas COVID-19 Pandemic - PW#1096	-	4,829
COVID-19 - Disaster Grants - Public Assistance	97.036	FEMA-4485-Texas COVID-19 Pandemic - PW#1095	-	36,900
Total COVID-19 Disaster Grants - Public Assistance			-	9,800,336
Total U.S. Department Homeland Security			-	9,800,336
U.S. Department of Treasury				
Direct Program:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		214,143	2,616,673
Total U.S. Department of Treasury			214,143	2,616,673
U.S. General Services Administration				
Passed through Texas Facilities Commission/Federal Surplus Program				
Donation of Federal Surplus Personal Property	39.003	12750	-	214,229
Total U.S. General Services Administration			-	214,229
National Endowment for Humanities				
Direct Program:				
Institute of Museum and Library Services	45.310	LS-252486-OLS-22	-	15,276
Total National Endowment for Humanities			-	15,276
Total Expenditures of Federal Awards			\$ 214,143	\$ 33,942,389

The Notes to Schedule of Federal and State Expenditures are an integral part of this statement.

City of McAllen
 Schedule of Federal and State Expenditures
 As of September 30, 2023

State Grantor/ Passed-Through Grantor/Program or Cluster Title	Assistance Listing Number	Passed-Through Grantor's Number	Passed Through To Subrecipients	Disbursements/ Expenditures
Texas Agencies				
Texas Office of the Attorney General				
2023 Victim Coordinator and Liaison Grant		C-00036	\$ -	\$ 37,764
2024 Victim Coordinator and Liaison Grant		C-00868	-	4,218
Texas Office of the Governor				
CJD - Texas Anti-Gang Grant		3060508	-	6,617,148
CJD - Texas Anti-Gang Grant		3060509	-	21,764
Local Border Security Program		4110803	-	10,000
Bullet-Resistant Shield Program		4632901	-	49,680
Texas Department of Transportation:				
Routine Airport Maintenance Program		M2321MCAL	-	50,000
Passed Through - City of Brownsville				
Auto Theft Prevention 2023		608-23-0310100	-	299,278
Auto Theft Prevention 2024		608-24-0310100	-	25,364
Quinta Mazatlan Center of Urban Ecology (Rider)		51-000074	-	104,175
Equitable Sharing Program			-	308,085
Lower Rio Grande Valley Development Council		STATE-U-2022-LRGVDC-00155	-	308,085
Total Expenditures of State Awards			-	7,527,476
Total Expenditures of Federal and State awards			\$ 214,143	\$ 41,469,865

The Notes to Schedule of Federal and State Expenditures are an integral part of this statement.

CITY OF McALLEN, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended September 30, 2023

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (the "Schedule") includes the federal award of activities of City of McAllen, Texas (City), under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements of Federal Awards (Uniform Guidance) and the State of Texas Grant Management Standards. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. Enterprise Funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

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

3. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the City of McAllen, Texas and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements of Federal Awards (Uniform Guidance) and the State of Texas Grant Management Standards. Because this schedule presents only a selected portion of the operations of the City of McAllen, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of McAllen.

4. Indirect Cost Rate

The City of McAllen has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

City of McAllen, Texas
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2023

Section 1. Summary of Auditor's Results

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

Material weakness(es) identified? Yes X No
Significant deficiencies identified that are not considered to be material weakness(es)? X Yes None reported
Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? Yes X No
Significant deficiencies identified that are not considered to be material weakness(es)? Yes X None reported

An unmodified opinion was issued on compliance for major federal programs.

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes X No

Identification of major federal programs:

- 21.027 - COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
20.106 - Airport Improvement Program

State Awards

Internal control over major state programs:

Material weakness(es) identified? Yes X No
Significant deficiencies identified that are not considered to be material weakness(es)? X Yes None reported

An unmodified opinion was issued on compliance for major programs.

Any audit findings disclosed that are required to be reported in accordance with Texas Grant Management Standards Yes X No

Identification of major state programs:

- CJD - Texas Anti-Gang grant

Dollar threshold used to distinguish between type A and type B programs?

Federal - \$1,018,272
State - \$750,000

Auditee qualified as low-risk auditee? X Yes

City of McAllen, Texas

Schedule of Findings and Questioned Costs – Continued
For the Fiscal Year Ended September 30, 2023

Section 2. Financial Statement Findings

2023-001: Financial Close Process

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Criteria

Management is responsible for the accuracy and completeness of all financial records and related information and for establishing and maintaining effective internal control over financial reporting. The existence of misstatements of an entity's financial statements is an indication of a deficiency in internal control.

Condition

During the audit of the City's financial statements, several misstatements were identified in various general ledger account balances. This resulted in numerous adjustments provided by the City during the audit and adjustments found by the auditors, specifically for accounts payable and fixed assets.

Cause

The City was delayed in completing their financial statement close process due to turnover of several key personnel and implementation of new accounting software during the year. As a result, errors were not detected timely.

Effect

Misstatement of the City's financial statements was not prevented or detected and corrected by the City's system of internal control. Failure to establish effective monitoring and closing procedures will allow misstatements to exist and continue without notice.

Recommendation

We recommend that the City review its internal control procedures over financial reporting to ensure controls are in place to identify and record all transactions surrounding the financial close process in a timely manner.

View of Responsible Officials and Corrective Action Plan

See corrective action plan

Section 3. Federal Award Findings and Questioned Costs

None

Honorable Mayor, Members of the City Commission
and Public Utility Board of Trustees
City of McAllen, Texas

Section 4. State Award Findings and Questioned Costs

2023-002: Review of Employee Payroll

Type of Finding: Significant Deficiency in Internal Control over Compliance
State Program: Texas Anti-Gang Grant (TAG) Activities Allowed / Allowable Costs
Repeat Finding

Known or likely questioned Costs - NONE

Criteria

The Office of the Governor requires that as a recipient of the Texas Anti-Gang grant, the city is required to follow the *Texas Grant Management Standards* issued by the Texas Governor's Office of Budget and Planning. Requirements include:

- Establish and maintain effective internal control over the state award that provides reasonable assurance that the local government is managing the state award in compliance with statutes, rules, and the terms and conditions of the state award
- Comply with statutes, rules, and the terms and conditions of the state awards
- Evaluate and monitor the local government's compliance with statutes, rules and the terms and conditions of state awards
- Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings
- Take reasonable measures to safeguard protected personally identifiable information and other information the state awarding agency designates as sensitive or the local government considers sensitive consistent with applicable federal, state and local laws regarding privacy and obligations of confidentiality

Condition

The following individual control deficiency was identified:

For individuals that receive supplemental overtime pay, A comp time request slip is filled out by the TAG grant employee and signed by the reviewing supervisor. During our audit, employees were selected for testing where a comp time request slip should have been completed and reviewed, but no comp time request slip was retained, or no review of the comp time request slip was documented.

Cause

The City did not consistently adhere to its internal control policy related to approval of overtime salaries charged to the state award.

Effect

Without the recommended controls in place around the review of payroll information, there is a potential that unapproved or inaccurate financial transactions may be entered, approved, or posted.

Honorable Mayor, Members of the City Commission
and Public Utility Board of Trustees
City of McAllen, Texas

Recommendation

We recommend that the City implement monitoring procedures to verify that controls related to overtime and comp time are operating effectively as designed.

View of Responsible Officials and Corrective Action Plan

Management will provide additional training to supervisors and emphasize the importance of adherence to internal control policies and procedures. Additionally, a monitoring program will be implemented.

Section 5. Prior Year Findings

2022-001: Review of Employee Payroll

Type of Finding: Significant Deficiency in Internal Control over Compliance
State Program: Texas Anti-Gang Grant (TAG)

Condition

The following individual control deficiency was identified:

For individuals that receive supplemental overtime pay, A comp time request slip is filled out by the TAG grant employee and signed by the reviewing supervisor. During our audit, employees were selected for testing where a comp Time request slip should have been completed and reviewed, but no comp time request slip was retained, or no review of the comp time request slip was documented.

Status

An additional finding was noted in the fiscal year 2023 audit related to the condition identified above. See the Corrective Action Plan noted as the response to finding 2023-002.



JAVIER VILLALOBOS, Mayor
 J. OMAR QUINTANILLA, Mayor Pro Tem and Commissioner District 3
 TONY AGUIRRE JR., Commissioner District 1
 JOAQUIN "J.J." ZAMORA, Commissioner District 2
 RODOLFO "RUDY" CASTILLO, Commissioner District 4
 VICTOR "SEBY" HADDAD, Commissioner District 5
 PEPE CABEZA DE VACA, Commissioner District 6

ROEL "ROY" RODRIGUEZ, P.E., City Manager

Weaver
 1601 South MoPac Expressway
 Suite D250
 Austin, TX 78746

RE: Corrective Action Plan for the Fiscal Year Ended September 30, 2023

This letter is management's response to Finding 2023-001 and 2023-02

RE: 2023-001: Financial Close Process

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

The City agrees with this finding as it relates to the period of the audit and has taken measures to address deficiencies within the City's closing process. Several factors contributed to these material adjusting entries. The City was delayed in completing their financial statement close process due to turnover of several key personnel and implementation of new accounting software during the year. The City has a corrective action plan to address the closeout process and to assure all completed projects in construction in progress are capitalized properly. Several finance staff members have been cross trained and are designated to reconcile accounts payable monthly to prevent any delays in closing the fiscal year. Capitalizing all completed projects has been added to the year end checklist to assure that assets are capitalized timely.

Anticipated Completion Date: Implementation of corrective action plan will begin immediately with anticipated completion by end of the close of fiscal year 2023-2024

Responsible Official: Sergio Villasana, CPA, Finance Director

RE: 2023-002: Review of Employee Payroll

Type of Finding: Significant Deficiency in Internal Control over Compliance
 State Program: Texas Anti-Gang Grant (TAG)

The City agrees with this finding as it relates to the period of the audit and has already implemented a monitoring program. The McAllen Police Department's Personnel Division has established a process to monitor employees failing to submit proper forms for over time and comp time. The corrective action plan that has been implemented includes McAllen Personnel Division identifying any unclassified time and then notifying the supervisors/department heads of those respective employees who have unclassified time. Staff in the Personnel Division are keeping track of responses manually. Any non-responsive employees are then reported out again until proper documentation is submitted. Failure to submit proper documentation by an employee may lead to additional corrective action.

Anticipated Completion Date: Corrective action plan was implemented immediately following the issuance of the FY 2022 audit report which was March 22, 2023.

Responsible Official: Victor Rodriguez, Police Chief