



# Annual Comprehensive Financial Report

For the Fiscal Year Ended September 30, 2025







**CITY OF**  

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**McALLEN**

**Annual Comprehensive Financial Report**

**For the Fiscal Year Ended September 30, 2025**

**Prepared by:  
Department of Finance**

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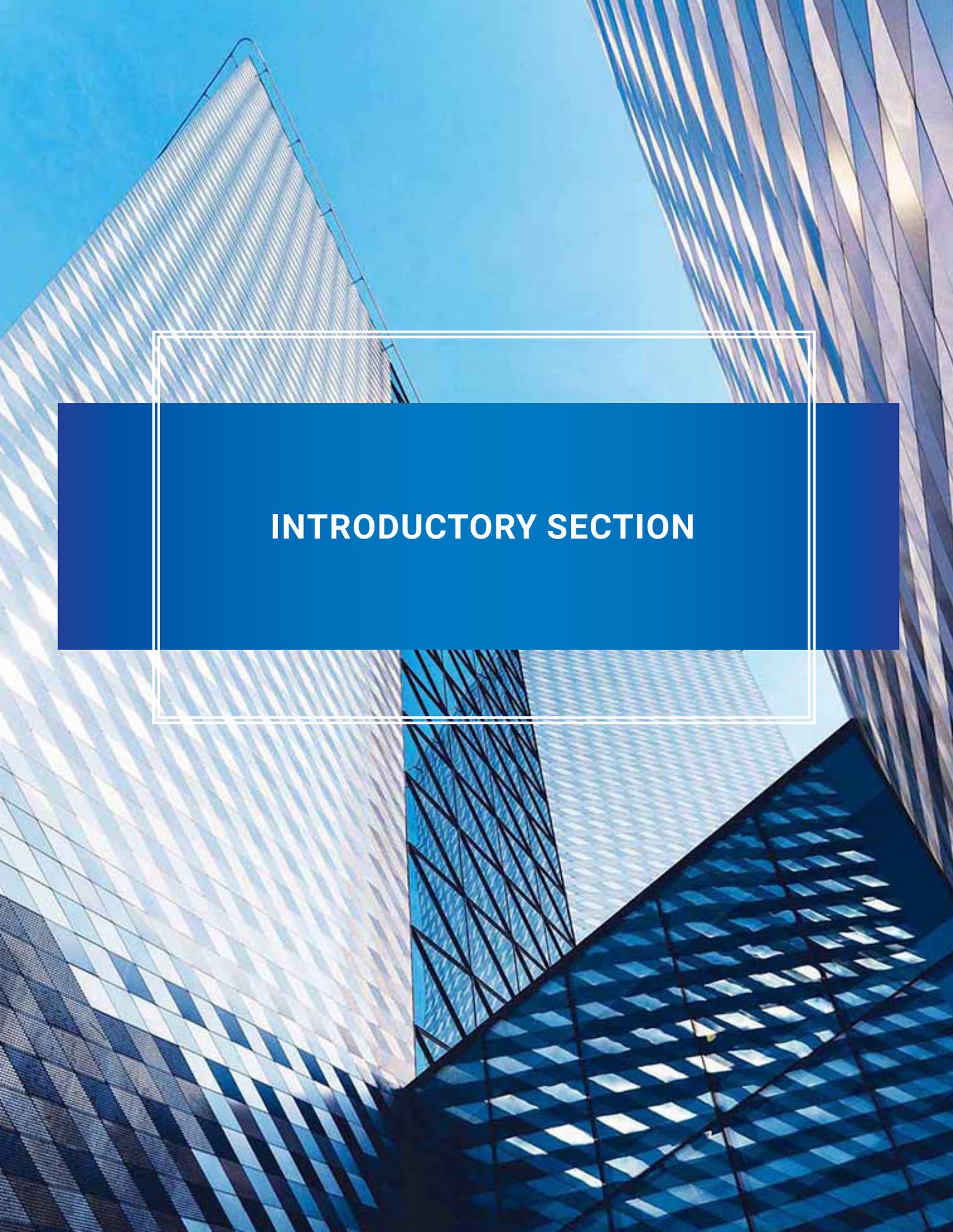
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**INTRODUCTORY SECTION**

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

ISAAC J. TAWIL, City Manager

March 23, 2026

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 a complete set of audited financial statements annually. 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, 2025.

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, 2025. 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 5.3 million including the surrounding suburbs, and just 7 miles north of Reynosa, Tamaulipas, 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, 2025 the City's population is closer to 149,395. 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 the Communications Group Fund; 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. 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 Miscellaneous Government Grants, Developers, PD Seized and TX Anti Gang Unit Fund), and all the Capital Project Funds.

### 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 310,963 on September 30, 2016 to 379,400 on September 30, 2025 – a 22% increase. At this level, the unemployment rate is 6.50%. 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.

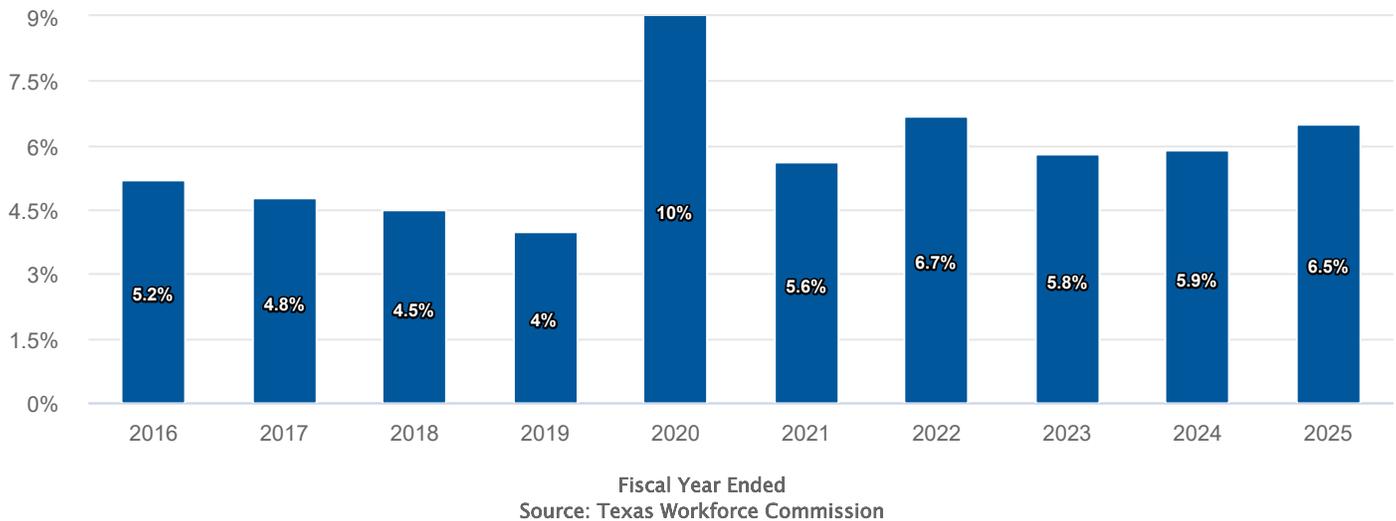
The City's location has historically positioned it to take advantage of The Maquiladora "Twin Plant" Program under which U.S. firms locate manufacturing facilities in Mexico accompanied by warehousing facilities in McAllen's foreign trade zone in order to cut labor costs and remain competitive. The program has been responsible for a large part of the job growth. Since 1988 through 2025, the McAllen Economic Development Corporation has been responsible for bringing 356 new companies, which including expansions, has created 43,051 jobs in McAllen. Its efforts have also resulted in 407 new companies, which including expansions, has created 209,500 new jobs in Reynosa, Mexico. Overall, between 886 companies, 252,551 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 2024, Texas exported \$123.7 billion to Mexico, which represented over 27.2% of Texas' total exports—making Mexico its Number One Trading Partner according to the U.S. Census Bureau. 2025 trade numbers are not available, but are expected to be similar to 2024. 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 had a decrease of 8% in traffic crossings and the McAllen Hidalgo International Bridge had a decrease of 14%.

The City's unemployment rate had steadily declined from 2016 to 2019, decreasing from 5.2% to 4%; however, due to the coronavirus pandemic in 2020, unemployment increased to 10%. As of September 30, 2025, the unemployment rate increased to 6.5%. The following chart shows the unemployment rate trend for the past ten years.

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



The City's sales tax revenue indicates positive growth in the local economy as sales tax revenues increased by \$2.8M or 2.9% over FY 2024. From FY 2016 to FY 2025, sales tax revenue has increased by 63.8%. 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 2025, the City's property tax revenue increased by \$1.3M or 2.1% over FY 2024. From FY 2016 to FY 2025, property values have grown 76.4% 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 1,142,842 travelers in 2025, but did experience a 5.3% decrease in passenger activity over the last fiscal year.

**LONG-TERM FINANCIAL PLANNING**

As of September 30, 2025 the City's General Fund unassigned fund balance amounted to \$106M, which represents 260 days of operating expenses appropriated in next year's budget. This amount exceeds the City's 140-day policy by 120 days.

**RELEVANT FINANCIAL POLICIES**

During this fiscal year, GASB Statement No. 101, "Compensated Absences," was implemented as required by GASB. The result of implementing this statement resulted in an increase in the City's compensated absences liability and a restatement of the beginning net assets. See Note I -14 for more information.

MAJOR INITIATIVES

For the Year 2024-25

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 2024-25, 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 50 illuminated floats and surprises, over 30 larger-than-life character balloons, Celebrity hosts and guest appearances, Marching bands & dance teams, and Christmas in the Park. The 2024 McAllen Holiday Parade had more than 260,000 spectators and 27 million TV Viewers. McAllen Holiday Parade draws visitors from Mexico, the RGV, and throughout the country for family friendly. McAllen has been designated as the South Pole of Texas.

- Adoption of Unified Development Code (UDC) & on-going Citywide Rezoning

**Management’s Response:** The award-winning “Envision McAllen” Comprehensive Plan was adopted in May 2023. Work has continued with adoption of the Unified Development Code (UDC) in December 2024 and subsequent citywide rezoning projected to continue until December 2030. The UDC overhauls the development process by replacing previous subdivision, zoning, landscaping, and sign ordinances and consolidating all development ordinances into one new code. Implementation of Citywide Rezoning will continue in an effort to align with a new comprehensive vision for City’s Development.

- “McAllen Shines” Campaign-a citywide beautification and civic pride program led by Public Works

**Management’s Response:** McAllen SHINES is a citywide beautification and civic pride initiative designed to inspire every resident, business, and visitor to take action and make a positive impact. By encouraging everyone to “do the right thing,” this program aims to keep McAllen clean, safe, and welcoming through individual and collective efforts. Whether it’s maintaining clean public spaces, enhancing neighborhood aesthetics, or fostering a sense of community responsibility, McAllen SHINES calls on everyone to take pride in their city and contribute to making McAllen a brighter, more vibrant place for all. Campaign officially launched July 11, 2024.

City assets currently in progress

- Anzalduas Land Port of Entry Expansion Project

**Management’s Response:** This \$84M (construction) 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 opening Spring 2026.

- Center for Urban Ecology (CUE) at Quinta Mazatlán

**Management’s Response:** This \$52M (construction) 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 in Spring 2026.

- Boeye Reservoir Development-1901 South 23rd Street

**Management’s Response:** This \$21.6M project phase will prepare the site for future development. This includes \$295,000 for feasibility study. Phase 0 - \$7M for grading and Phase 1 - \$14.3M for platting and infrastructure. The project phase is scheduled for platting and infrastructure completion September 2026.

- Airport-Terminal Improvements

**Management’s Response:** This \$179.7M project is for improvements to adequately size the existing terminal for existing operations and future growth. The project includes a Federal Grant for Community Development. Design phase from December 2024 - September 2026. The project would complete construction by December 2028.

- Airport Runway & Taxiway Safety Improvements-Airport

**Management’s Response:** This \$41.3M project will address and mitigate on-going safety and operational issues associated with the existing storm water management system at McAllen International Airport. The last phase of the project slated for completion September 2026.

- Airport-ARFF Station-Fire Department

**Management’s Response:** This \$7.1M project is to replace the existing Airport Rescue & Fire Fighting station that has been a dual City/Airport station and now be a dedicated station. Design Phase during Fiscal Year (2025-2026).

- Recycling Center Upgrade-4101 N. Bentsen Road

**Management’s Response:** This \$7M project includes recycling center upgrades such as purchase of automated recycling equipment to increase efficiency and to increase recovery rate of recycled commodities. The project is to be completed by September 2026.

Improve service delivery assets

- Metro-Additional Bus Fleet

**Management’s Response:** Metro added eight (8) fixed route buses and seven (7) demand response buses. Grant Funded by Federal Transit Administration. Purchase completed April 2025.

- McAllen International Airport - Terminal HVAC & Lighting Efficiency Improvement

**Management’s Response:** Airport - Improvements to HVAC and Lighting components. Project completed December 2025.

- McAllen International Airport - Terminal Tiled Roof Replacement

**Management’s Response:** Airport - Improvements replaced the tile portion of the roof and underlayment and various skylight windows. Project completed September 2025.

- Hidalgo Bridge-Improvements

**Management’s Response:** Hidalgo Bridge upgrades at end of Bridge Street in Hidalgo, Texas. Renovation of existing North Bound pedestrian inspection booths and installing additional inspection booths. This includes the addition of a new restroom facility at Building C, Building C parking lot resurfacing, and concrete pathway improvement. Various improvements completed September 2025.

Improve Public Safety

- Fire Station #8-14300 N. Shary Road

**Management’s Response:** McAllen’s Fire Station #8 will service the growing northside of McAllen will house four firefighters and one fire engine company. Amenities boast 10,391 square feet and include living quarters, dispatch area, and two apparatus bays. Project completed April 2025.

- Firefighter Training Facility Center

**Management's Response:** McAllen Fire Department Training Field at 10700 North La Lomita Road - The firefighters training facility center will meet a variety of training needs. It will include a large, tiered-style classroom for meetings and training and will also include a lobby, restrooms, administrative offices and conference rooms. The facility is approximately 10,000 square feet and has accessibility parking. Project completed February 2025.

- Fire - Pumper Fire Truck Engine-7

**Management's Response:** Purchased Pumper Fire Truck Engine 7. Purchase completed November 2024.

- McAllen International Airport - Pavement Management Program & Crack Sealing Machine

**Management's Response:** Airport Pavement Management Program to be used to make cost-effective decisions about airport pavement maintenance and rehabilitation. Need Plan every 3 years for compliance with Federal Aviation Administration. Project completed December 2024. In addition, the Airport purchased a crack sealing machine to maintain airport airfield pavement. Purchase completed September 2025.

- Adoption of 2024 International Code Council Building Code & 2023 National Electrical Code

**Management's Response:** Many of the regulations enforced are mandated by Federal or State laws. These are enforced locally and lead to improved safety based upon national experience. New Building Code & Electrical Code adopted October 2025.

### Improve City Storm Drainage

- Main (North) Street at Jay Avenue

**Management's Response:** Main Avenue and Jay Avenue - storm sewer infrastructure improvements 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 September 2025.

- Northwest Regional Stormwater Detention Facility

**Management's Response:** 29th Street and Oxford Avenue - storm sewer infrastructure improvements 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. This is a 2018 Bond project. Project completed September 2025.

- El Rancho Drainage Improvements

**Management's Response:** El Rancho Santa Cruz Subdivision and vicinity. Storm sewer infrastructure improvements to address an area with a limited and undersized existing sewer system that is prone to localized shallow flooding, especially during moderate to severe storm events. Included are three projects from the identified TIRZ #2A: El Rancho Santa Cruz Subdivision Drainage Improvements, Augusta Avenue Drainage Improvements, and final phase of the El Rancho RDF. Project completed September 2025.

- Northwest Blueline Regrade

**Management's Response:** Northwest blueline from Trenton to Auburn - Storm sewer infrastructure improvements 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. This is a 2018 Bond project that will widen the existing drainage. Project completed September 2025.

- North 41st Street at Daffodil Avenue Drainage Improvements

**Management's Response:** North 41st Street at Daffodil Avenue - Improve existing storm sewer system to address flooding at N 41st & Daffodil Avenue and vicinity. Project completed September 2025.

- Rooth at JO8 Drain Extension

**Management's Response:** Drainage line extension at 29th Street and JO8. Project completed September 2025.

- MS4 Stormwater Quality Monitoring Program

**Management's Response:** Includes various water monitoring stations at drainage outfalls citywide. This is a 2018 Bond Drainage Project. Project completed September 2025.

#### Leisure, Cultural and Entertainment

- Morris Hike and Bike Trail

**Management's Response:** Bicentennial Hike & Bike Extension from to 2nd Street to Bicentennial Boulevard - Continue construction of trail from Bicentennial to 2nd Street. Project completed December 2025.

- Camp McAllen

**Management's Response:** Camp McAllen is located at 8701 N. 23rd Street. Design and construction of campgrounds and amenities. Camp McAllen is a beautiful 20+ acre park designed for outdoor adventure and family fun. It includes a variety of amenities, including a kayak dock, fishing docks, and a shaded gazebo. Project completed June 2025.

- Morris Park : Phase 2/3

**Management's Response:** Morris Park 1400 Trenton Road-Added amenities to Morris Park that include benches, tables, shade structures, walking trail, and field lights. Project completed August 2025.

- Los Encinos Pool Re-plaster

**Management's Response:** Los Encinos Pool at 3300 Sarah Avenue - Replaster of pool. Project completed July 2025.

- McAllen Public Library-New Computer Lab Classroom

**Management's Response:** A glass enclosed, acoustic treatment classroom has been installed in the Main Library's Public Computer Lab to expand learning capacity. The space offers adult learners and other students the opportunity to attend ESL and GED instruction, deepen their computer skills, and explore higher education pathways. Project completed September 2025.

#### Improve - Water and Wastewater services

- AMI Project (Automatic Metering Infrastructure)

**Management's Response:** Project to replace conventional water meters with advanced metering infrastructure. Project completed September 2025.

- SWTP Expansion Filter/Clarifier

**Management's Response:** Increase Capacity at the South Water Treatment Plant and upgrade the SCADA system (Electronic Dashboard Monitoring System) for both water plants. Project completed September 2025.

- 5 mile and Bentsen Lift Station Rehab

**Management's Response:** This involves rehabilitation of 5 Mile and Bentsen Lift Station. Project completed December 2025.

- South Wastewater Treatment Plant Grit System (Coanda)

**Management's Response:** Replacement of existing Coanda Grit Removal System. Project completed September 2025.

**AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its annual comprehensive financial report for the year ended September 30, 2024. This was the thirty-eighth consecutive year and the thirty-ninth 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 annual comprehensive 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 annual comprehensive 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, 2024. The budget for October 1, 2025 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,



Isaac J. Tawil  
City Manager



Sonia Resendez, CPM, CGFO  
Finance Director

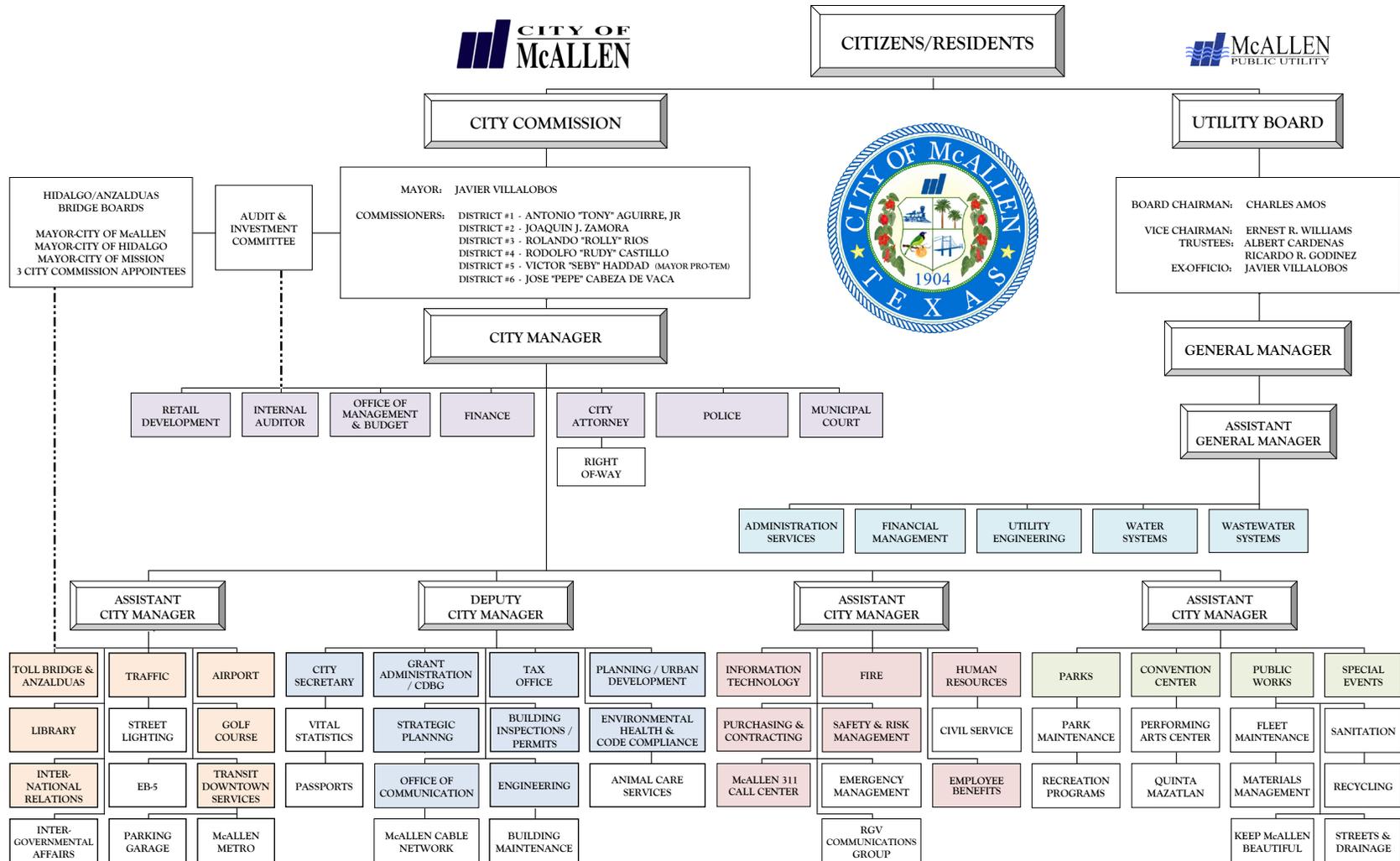
## CITY OF McALLEN, TEXAS

### LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2025

Mayor.....	Javier Villalobos
Commissioner District 1.....	Antonio “Tony” Aguirre, Jr.
Commissioner District 2.....	Joaquin “J.J.” Zamora
Commissioner District 3.....	Rolando “Rolly” Rios
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.....	Albert Cardenas
Public Utility Board Vice-Chairman Place D.....	Ernest R. Williams
Trustee Place B.....	Ricardo R. Godinez
Trustee Place C.....	Charles Amos
Mayor / Ex-Officio Member.....	Javier Villalobos
City Manager.....	Isaac J. Tawil
MPU General Manager.....	Marco A. Vega, P.E.
Deputy Assistant City Manager.....	Michelle Rivera
Assistant City Manager.....	Elvira Alonzo
Assistant City Manager.....	Jeff Johnston
Assistant City Manager.....	Juan Olaguibel
City Attorney.....	Austin Stevenson
Finance Director.....	Sonia Resendez
Aviation Director.....	Jeremy Santoscoy
Bridge Superintendent.....	Juan Olaguibel
City Secretary.....	Perla Lara
Fire Chief.....	Juan A. Gloria
Parks and Recreation Director.....	Denny Meline
Budget Director.....	Angie Rodriguez
Police Chief.....	Victor Rodriguez

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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of McAllen  
Texas**

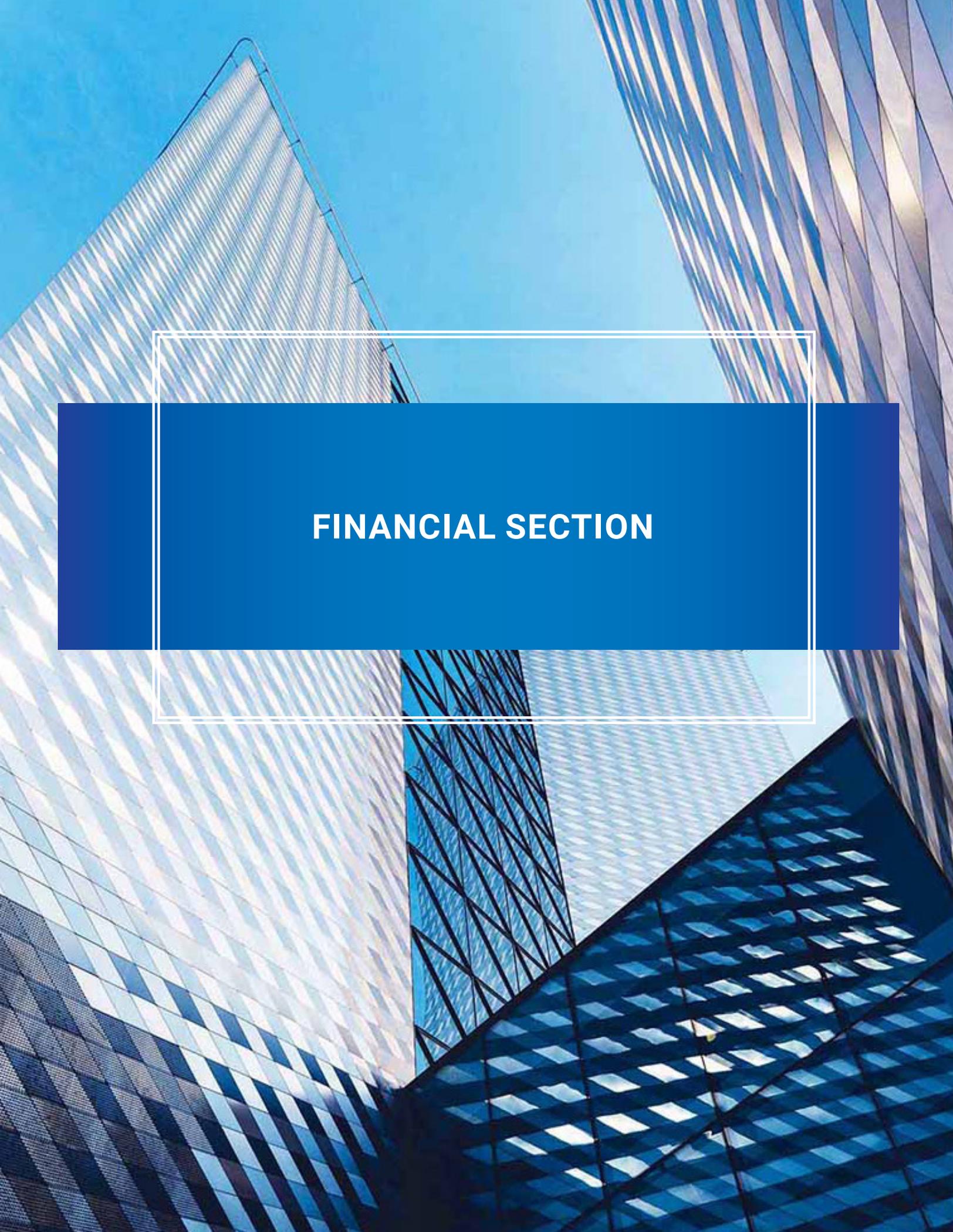
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2024

*Christopher P. Morill*

Executive Director/CEO

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A low-angle, upward-looking photograph of several modern skyscrapers with facades of glass and perforated metal panels. The buildings are set against a clear blue sky. 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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1601 South MoPac Expressway, Suite D250  
Austin, Texas 78746  
512-609-1900

## 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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the 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, 2025, 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.

We did not audit the financial statements of the fiduciary fund, Firemen's Relief and Retirement Fund of the City of McAllen, Texas (the Fund), as of and for the year ended September 30, 2025. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Fund, is based solely on the report of the other auditors.

### 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, 2025, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Beginning net position as 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, LLP.

CPAs AND ADVISORS | [WEAVER.COM](http://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.

### **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.

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

We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The 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.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 23, 2026

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## Management's Discussion and Analysis (Unaudited) September 30, 2025

This discussion and analysis is intended to provide an overview of the City's financial performance for the fiscal year ended September 30, 2025 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 \$74.6M as a result of this year's operations. Governmental activities increased \$43.2M while business-type activities increased \$31.4M.

- **Governmental Activities – Revenues and Expenses Compared to last year** – Total revenues in the aggregate decreased \$3M compared to last year. The decrease was largely attributable to a \$5M decrease in Grant Revenue and a \$4M decrease in Investment Earnings. Expenses decreased \$5M or 3% from last year of which \$1M is attributable to General Government and \$12M to Highway and Streets while Public Safety expenses increased \$4M and Culture and Recreation expenses increased \$3M.
- **Business-Type Activities – Revenues and Expenses Compared to last year** – Total revenues in aggregate increased by \$9M from last year. The increase in revenue is the result of charges for services increasing by \$6M and a \$4M increase in capital grants and contributions. Total expenses increased \$9M from last year. The increase in expenses is attributable to a \$2M increase in the Performing Arts Center Fund, a \$1M increase in the Convention Center Fund and a \$2M increase in the Bridge services-Anzalduas 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 provided by the City are funded through customer fees. 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 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	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	\$ 309	\$ 309	\$ 313	\$ 315	\$ 622	\$ 624
Capital assets	459	424	549	514	1,008	938
Total assets	<u>768</u>	<u>733</u>	<u>862</u>	<u>829</u>	<u>1,630</u>	<u>1,562</u>
Deferred outflows of resources	<u>35</u>	<u>44</u>	<u>3</u>	<u>6</u>	<u>38</u>	<u>50</u>
Liabilities					-	-
Long-term liabilities	184	197	202	217	386	414
Other liabilities	45	47	65	58	110	105
Total liabilities	<u>229</u>	<u>244</u>	<u>267</u>	<u>275</u>	<u>496</u>	<u>519</u>
Deferred inflows of resources	<u>34</u>	<u>37</u>	<u>25</u>	<u>18</u>	<u>59</u>	<u>55</u>
Net position:					-	-
Net investments in capital assets	356	320	416	372	772	692
Restricted	79	65	85	88	164	153
Unrestricted	104	111	72	81	176	192
Total net position	<u>\$ 539</u>	<u>\$ 496</u>	<u>\$ 573</u>	<u>\$ 541</u>	<u>\$ 1,112</u>	<u>\$ 1,037</u>

Net position of the City's governmental activities increased by \$43M over last year as a net result from total assets and deferred outflows increasing \$26M, total liabilities decreased \$15M and total deferred inflow of resources decreased by \$3M. The City's unrestricted net position decreased by \$16M. 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 \$31M over last year's amount, which can be attributed to a total assets and deferred outflows increase of \$30M, total liabilities decreased by \$8M and total deferred inflow of resources increased by \$8M.

**Changes in Net Position Information**  
(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services	\$ 14	\$ 12	\$ 120	\$ 113	\$ 134	\$ 125
Operating grants and contributions	8	4	6	4	14	8
Capital grants and contributions	6	15	26	22	32	37
General revenues						
Property taxes	66	64	-	-	66	64
Sales tax	99	96	-	-	99	96
Other taxes	15	15	-	-	15	15
Other general revenues	24	30	9	12	33	42
Total revenues	<u>232</u>	<u>236</u>	<u>161</u>	<u>151</u>	<u>393</u>	<u>387</u>
Program expenses						
General government	47	47	-	-	47	47
Public safety	83	79	-	-	83	79
Highways and streets	17	30	-	-	17	30
Health and welfare	8	8	-	-	8	8
Culture and recreation	33	30	-	-	33	30
Interest on long-term debt	5	4	-	-	5	4
Water	-	-	25	25	25	25
Wastewater	-	-	23	23	23	23
Sanitation	-	-	24	25	24	25
Golf	-	-	2	2	2	2
Transit terminal	-	-	3	2	3	2
Bus	-	-	6	5	6	5
Performing arts center	-	-	4	2	4	2
Convention center	-	-	10	8	10	8
Airport	-	-	12	12	12	12
Anzalduas International crossing	-	-	8	6	8	6
McAllen Int'l toll bridge	-	-	8	8	8	8
Total expenses	<u>193</u>	<u>198</u>	<u>125</u>	<u>118</u>	<u>318</u>	<u>316</u>
Excess (loss) before transfers	39	36	36	33	75	69
Transfers	<u>4</u>	<u>3</u>	<u>(4)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>
Change in net position	43	39	32	30	75	69
Net position - beginning	496	457	541	511	1,037	968
Net position - ending	<u>\$ 539</u>	<u>\$ 496</u>	<u>\$ 573</u>	<u>\$ 541</u>	<u>\$ 1,112</u>	<u>\$ 1,037</u>

Total revenues generated from both governmental and business-type activities this year amounted to \$393M, representing an increase of \$6M or 1.6% over last fiscal year. The increase was a result of a \$9M increase in charges for services, an increase in sales tax of \$3M, an increase in Property Tax of \$2M, and a \$1M net increase in operating and capital grants and contributions. The increase in charges for services consists primarily of an increase of \$4M from the water and sanitation funds due to an increase in the number of residential and commercial accounts, as well as an increase in the recycling fee and requests for roll-off services. The increase to charges and services was also impacted by a \$2M increase at the convention center due to more events and attendance.

**Governmental Activities**

Total revenues generated from governmental activities this year amounted to \$232M. Expenses came in at \$193M, leaving a \$39M excess before transfers-in of \$4M, thus increasing net position by \$43M.

The cost of all governmental activities this year was \$193M. To finance these programs, a total of \$28M 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 \$204M 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

	2025	2024
General government	\$ 41	\$ 42
Public safety	75	68
Highways and streets	11	25
Health and welfare	6	7
Culture and recreation	26	23
Interest on long-term debt	5	4
<b>Total</b>	<b>\$ 164</b>	<b>\$ 169</b>

**Business-type Activities**

Total revenues generated from business-type activities this year amounted to \$161M. Expenses came in at \$125M leaving \$36M excess before net transfers-out of \$4M which resulted in a net increase to net position of \$32M. 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 \$208M or an increase of \$1M from last year.

**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, 2025 and 2024.

Revenues, transfers-in and Other Financing Sources	2025 Amount	% of Total	2024 Amount	Amount of Increase (Decrease)	% Increase (Decrease)
Taxes	\$ 178,574,084	70.98%	\$ 175,113,774	\$ 3,460,310	1.98%
Licenses and permits	2,921,694	1.16%	2,853,509	68,185	2.39%
Intergovernmental	14,060,470	5.59%	18,817,185	(4,756,715)	-25.28%
Charges for services	9,813,332	3.90%	9,711,241	102,091	1.05%
Fines and forfeitures	1,639,838	0.65%	2,121,168	(481,330)	-22.69%
Investment income	10,627,945	4.22%	14,021,434	(3,393,489)	-24.20%
Miscellaneous	8,107,255	3.22%	9,981,487	(1,874,232)	-18.78%
Other financing sources (uses)	25,853,089	10.28%	23,098,246	2,754,843	11.93%
<b>Totals</b>	<b>\$ 251,597,707</b>	<b>100.00%</b>	<b>\$ 255,718,044</b>	<b>\$ (4,120,337)</b>	<b>-1.61%</b>

In FY 2025, the City experienced an overall decrease in revenues and other financing sources of \$4M. Other financing sources had an overall increase of \$3M. The City’s tax revenue increased by \$3M mainly due to a \$2M increase in sales tax revenue and a \$1M increase in property tax revenue. Sales tax revenue continues to grow for the City as increased spending and service demands by residents and visitors. 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 2025, the Federal Reserve decreased interest rates which directly affected the City’s investment earnings.

**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, 2025 and 2024.

<b>Expenditures and Transfers-out</b>	<b>2025 Amount</b>	<b>% of Total</b>	<b>2024 Amount</b>	<b>Amount of Increase (Decrease)</b>	<b>% Increase (Decrease)</b>
General government	\$ 43,425,858	17.32%	\$ 50,736,131	\$ (7,310,273)	-14.41%
Public safety	81,994,884	32.70%	90,969,489	(8,974,605)	-9.87%
Highways and streets	32,047,883	12.78%	30,704,833	1,343,050	4.37%
Health and welfare	7,640,532	3.05%	8,732,938	(1,092,406)	-12.51%
Culture and recreation	51,846,593	20.68%	51,243,009	603,584	1.18%
Debt service:					
Principal	6,517,083	2.60%	5,992,573	524,510	8.75%
Interest and fiscal charges	4,790,785	1.91%	4,880,481	(89,696)	-1.84%
Other Financing uses	22,499,865	8.96%	20,918,547	1,581,318	7.56%
<b>Totals</b>	<b>\$ 250,763,483</b>	<b>100.00%</b>	<b>\$ 264,178,001</b>	<b>\$ (13,414,518)</b>	<b>-5.08%</b>

In FY 2025, the City experienced a decrease in expenditures and other financing uses \$13M. Other Financing Uses had an overall increase of \$1.5M as a result of a decrease of \$1M in transfers out to the Quinta Center for Urban Ecology fund, while there was an increase of \$3M transfer out to the Traffic Improv/Drainage Bond Construction Fund.

**Fund Balances**

The governmental fund balances increased by \$1M, from \$207M in the prior year to \$208M in the current year. The net increase to fund balance is the result of a net increase to the fund balance of the General Fund of \$11M, Development Corp of \$9M and a decrease of \$19M for all Other Governmental Funds for the year.

**General Fund**

As a result of this year’s operations, total fund balance amounted to \$110M, an increase of \$11M from last fiscal year. Applying GASB 54 pronouncements, fund balances categories reflect \$4M nonspendable, \$245K restricted and \$106M unassigned. The increase in fund balance is the net result of excess revenues over expenditures exceeding transfers in and transfers out. The local economy in McAllen continues to perform well as indicated by a 2% or \$2M sales tax revenue increase over last fiscal year. Marketplace sales tax contributed an increase of \$365K to the overall sales tax increase. The City also benefited from property tax revenue which increased 2% or \$1M 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 260 days of operations, which is 120 days in excess of the minimum requirement.

**Development Corp Fund**

The fund balance in the Development Corporation Fund reflected an increase of \$9M, leaving \$38M restricted ending fund balance. The Development Corporation’s major source of revenue is sales tax revenue which contributed \$25M to the fund. The local economy in McAllen continues to perform well as indicated by a 3% growth of sales tax revenue year over year. The increase to the Development Corp fund balance was the result of reduced expenditures during the year while revenues increased slightly.

**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 Lakes 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 \$30M increase to net position. Of that amount, the Water Fund had a \$9M increase, Wastewater Funds had a \$8M increase, the Sanitation Fund had a \$4M increase, the Airport Fund had a \$4M increase, the McAllen International Toll Bridge a \$1M increase and the Anzalduas Bridge had a \$1M decrease.

**Water Fund**

Operating revenue increased by 9% and operating expenses increased by 5% over last year. Total operating revenues amounted to \$27M while operating expenses totaled \$24M resulting in operating income of \$3M. Net non-operating revenues added another \$722K. During FY 2025, developers donated a total of \$5M in public improvements which increased the fund’s net position by approximately \$9M.

**Wastewater Fund**

Operating revenues increased by 4% and operating expenses increased by 8% over last year. Total operating revenues amounted to \$22M while operating expenses totaled \$22M. Net non-operating revenues amounted to \$1M. During FY 2025, developers donated a total of \$7M in public improvements which increased the fund’s net position by approximately \$8M.

**McAllen International Airport Fund**

The McAllen International Airport continued to see growth in FY 2025 as operating revenues increased by 0.5% as a result of increase in passenger activity. Operating expenses increased by 4.3%. The Airport Fund sustained an operating loss of \$2M before non-operating revenues (expenses), capital contributions and transfers out. Capital contributions from the Passenger Facility Charge, as well as the FAA, amounted to \$7M. Transfers-out to the City amounted to \$2M to reimburse for public safety personnel assigned to the Airport. Overall, net position increased by \$4M. The increase to the net position was the result of strong passenger activity and federal funds received for capital projects. This year’s working capital is reflected at \$15M, 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 2025, as well as 2024.

Category	FY 2025	FY 2024	Increase (Decrease)	% Increase (Decrease)
Cars	2,629,166	3,066,626	(437,460)	-14.27%
Buses and others	12,165	15,873	(3,708)	-23.36%
Passengers in cars	6,572,915	7,666,565	(1,093,650)	-14.27%

Southbound car crossings decreased 14% and operating revenues decreased by \$824K over last year. Operating expenses increased \$286K when compared to the prior fiscal year. After considering all other non-operating revenues and expenses, net position increased by \$1M. Working capital, including liabilities payable from restricted assets, which are included in current liabilities, at year-end amounted to \$5M.

**Anzalduas International Crossing Fund**

The table below reflects four types of crossings for 2025, as well as 2024.

Category	FY 2025	FY 2024	Increase (Decrease)	% Increase (Decrease)
Cars	1,445,817	1,577,419	(131,602)	-8.34%
Trucks - empties	47,042	52,119	(5,077)	-9.74%
Buses	801	2,058	(1,257)	-61.08%
Passengers in cars	3,614,543	3,943,548	(329,005)	-8.34%

Southbound car crossings decreased by \$132K or 8% while empty truck traffic decreased by \$5K or 10%. Operating revenues amounted to \$6M, a decrease of \$250K over last year. Operating expenses totaled \$4M. After non-operating expenses of \$3M and net transfer-out of \$17K, the net position decreased by \$775K resulting in an ending net position \$3M. Unrestricted net position is reflected as a deficit in the amount of \$20M, largely as a result of the start up costs 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 decreased by \$2M due to a \$3M reduction in the sale of property proceeds anticipated and an increase of \$1M in transfers to the General Fund from the Property & Casualty Insurance Fund . Original appropriations to the final budget appropriations were increased by approximately \$1M.

**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, 2025 of \$4M, which is 4.7% of the City's annual covered payroll of \$92M.

The Firemen's Relief & Retirement Fund (the Plan) reflects a Net Pension Liability as of September 30, 2025 of \$37M, which is 230.3% of the Plan's annual covered payroll of \$16M. 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.

The City's retiree health care total 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, 2025.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of the fiscal year, the City had \$1B in net capital assets, which is reflected below:

**Capital Assets at Year-end**

(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Land	\$ 93	\$ 93	\$ 28	\$ 23	\$ 121	\$ 116
Buildings and improvements	230	212	828	808	1,058	1,020
Equipment	120	114	109	95	229	209
Infrastructure	336	320	-	-	336	320
Construction in progress	65	49	63	39	128	88
Water rights	-	-	18	17	18	17
Development in Progress-SBITA	4	2	2	2	6	4
Subscription Right-of-Use	-	1	-	-	-	1
Accumulated depreciation	(389)	(367)	(499)	(470)	(888)	(837)
Net Capital Assets	<u>\$ 459</u>	<u>\$ 424</u>	<u>\$ 549</u>	<u>\$ 514</u>	<u>\$ 1,008</u>	<u>\$ 938</u>

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

Palm House Construction	\$	17
AMI Project		9
Public Improvements Sewer		7
Public Improvements Paving		6
Firefighters Training Facility		5
Public Improvements Water		5
Fire Station #8		5
Reservoir Development		5
Quinta Park and Ride		4
Public Improvements Drainage		3
NWTP Expansion		3
Morris Hike and Bike		3
Total	<u>\$</u>	<u>72</u>

For more detailed information on capital asset activity, refer to the notes to financial statements (refer to page 61 - 62).

**Debt**

At the end of the fiscal year, the City had \$297M in bonds outstanding-as shown in the following table:

**Outstanding Debt at Year-end**

(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
General/certificate of obligation bonds/ note (backed by the City)	\$ 85	\$ 90	\$ -	\$ -	\$ 85	\$ 90
Revenue bonds backed by specific tax and fee revenues	18	20	194	205	212	225
Totals	<u>\$ 103</u>	<u>\$ 110</u>	<u>\$ 194</u>	<u>\$ 205</u>	<u>\$ 297</u>	<u>\$ 315</u>

For more detailed information on long-term debt activity, refer to the notes to financial statements (refer to page 70).

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

During the budget process for fiscal year 2025-26 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 \$0.4489 per \$100 of valuation compared to \$0.4499 per \$100 of valuation for FY 2025. General Fund revenues and transfers-in are expected to generate \$172M, an increase by \$4M, 2.01% more than last year’s amended budget. The growth is largely driven by an increase of \$2.2M in current property tax and an increase of \$1.2M in charges for services. General Fund appropriation, including expenditures and transfers-out, is \$170.9M, a \$7.9M increase from last year’s adjusted budget. Total Operations are budgeted at \$161M, an increase of \$7M from last year’s adjusted budget. The estimated FY 2026 budget fund balance covers a total of 260 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.



Isaac J. Tawil  
City Manager



Sonia Resendez, CPM, CGFO  
Finance Director

STATEMENT OF NET POSITION  
September 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Tres Lagos Public Improvement District
<b>ASSETS</b>				
Cash	\$ 14,901,686	\$ 1,987,966	\$ 16,889,652	\$ 41,327
Certificate of deposits	60,465,679	5,273,566	65,739,245	-
Investments	185,307,001	61,723,436	247,030,437	-
Receivables, net	39,602,921	20,800,197	60,403,118	149,997
Internal balances	3,467,553	(3,467,553)	-	-
Inventories	-	1,975,060	1,975,060	-
Prepaid items	583,987	244,915	828,902	-
Restricted assets	-	207,165,387	207,165,387	-
Capital assets not being depreciated:				
Land	92,797,897	28,284,664	121,082,561	18,627,352
Construction in progress	65,599,905	62,880,523	128,480,428	-
Development in Progress-SBITA	3,583,243	1,600,000	5,183,243	-
Water rights (perpetual)	-	15,707,816	15,707,816	-
Capital assets being depreciated:				
Buildings and systems	132,845,776	574,762,976	707,608,752	4,284,493
Equipment	119,923,330	109,215,303	229,138,633	14,564
Improvements	96,747,291	252,796,180	349,543,471	-
Infrastructure	336,162,565	-	336,162,565	-
Subscription Right-of-Use	362,418	-	362,418	-
Water rights	-	2,680,000	2,680,000	-
Accumulated depreciation	(388,621,667)	(498,952,749)	(887,574,416)	(438,412)
Other long term assets	4,101,771	17,490,722	21,592,493	-
Total assets	767,831,356	862,168,409	1,629,999,765	22,679,321
<b>Deferred outflows of resources:</b>				
Deferred charges on refunding	933,884	1,482,989	2,416,873	-
Deferred charges-pensions and OPEB Plan	34,143,744	1,837,315	35,981,059	-
Total deferred outflows of resources	35,077,628	3,320,304	38,397,932	-
Total assets and deferred outflows of resources	\$ 802,908,984	\$ 865,488,713	\$ 1,668,397,697	\$ 22,679,321
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 23,816,795	\$ 34,448,647	\$ 58,265,442	\$ 25,443
Unearned revenues	9,155,222	30,609,359	39,764,581	-
Other	12,180,146	391,143	12,571,289	5,717,730
Non-current liabilities:				
Due within one year	14,402,240	12,942,345	27,344,585	-
Due in more than one year	110,200,626	187,638,800	297,839,426	-
Total OPEB obligation - due in more than one year	19,535,524	-	19,535,524	-
Net pension liability -Firemen's Pension - due in more than one year	36,729,142	-	36,729,142	-
Net pension liability-TMRS - due in more than one year	2,984,328	1,366,639	4,350,967	-
Total liabilities	229,004,023	267,396,933	496,400,956	5,743,173
<b>Deferred inflows of resources:</b>				
Deferred charges on leases	144,660	21,302,361	21,447,021	-
Deferred charges on refunding	-	2,031,861	2,031,861	-
Deferred charges-pensions and OPEB Plan	34,338,113	2,148,079	36,486,192	-
Total deferred inflows of resources	34,482,773	25,482,301	59,965,074	-
Total liabilities and deferred inflows of resources	263,486,796	292,879,234	556,366,030	5,743,173
<b>NET POSITION</b>				
Net investments in capital assets	356,297,794	415,613,824	771,911,618	16,843,997
Restricted				
Capital projects	21,036,350	66,552,567	87,588,917	-
Law enforcement	1,886,641	-	1,886,641	-
Hotel tourism	1,666,958	-	1,666,958	-
Parks	2,510,728	-	2,510,728	-
Debt service	7,672,684	11,683,323	19,356,007	-
Economic development	39,955,431	-	39,955,431	-
Distribution of net surplus revenues	-	6,348,318	6,348,318	-
Other purposes	4,338,478	-	4,338,478	-
Unrestricted	104,057,124	72,411,447	176,468,571	92,151
Total net position	539,422,188	572,609,479	1,112,031,667	16,936,148
Total liabilities, deferred inflows of resources, and net position	\$ 802,908,984	\$ 865,488,713	\$ 1,668,397,697	\$ 22,679,321

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

**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2025**

Functions/Programs	Program revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 46,861,962	\$ 4,551,352	\$ 669,610	\$ 222,007
Public safety	83,087,725	4,789,010	3,510,491	49,545
Highways and streets	17,885,864	2,246,894	7,110	4,603,230
Health and welfare	7,654,576	1,155,308	-	-
Culture and recreation	32,886,698	1,632,300	3,739,894	1,258,583
Interest on long-term debt	4,598,503	-	-	-
<b>Total governmental activities</b>	<u>192,975,328</u>	<u>14,374,864</u>	<u>7,927,105</u>	<u>6,133,365</u>
<b>Business-type activities:</b>				
Water services	\$ 24,673,337	\$ 27,081,131	\$ 99,977	\$ 4,918,682
Wastewater services	22,863,829	22,377,374	-	6,678,477
Sanitation services	24,258,284	26,868,954	19,820	-
Golf course services	2,263,410	2,719,965	-	-
Performing arts center services	3,867,073	1,396,052	-	-
Convention center services	9,525,678	6,386,582	15,292	-
Airport services	12,367,597	10,112,743	100,000	6,863,349
Transit services	2,610,254	5,570	2,113,499	7,120,818
Bus services	5,650,264	532,600	3,217,570	-
Bridge services-Anzalduas	8,257,809	6,484,804	-	-
Bridge services-Hidalgo	8,378,749	15,799,168	-	-
<b>Total business-type activities</b>	<u>124,716,284</u>	<u>119,764,943</u>	<u>5,566,158</u>	<u>25,581,326</u>
<b>Total primary government</b>	<u>\$ 317,691,612</u>	<u>\$ 134,139,807</u>	<u>\$ 13,493,263</u>	<u>\$ 31,714,691</u>
<b>Component Unit</b>				
Tres Lagos Public Improvement District	\$ 2,520,238	\$ -	\$ -	\$ -
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 of year, as previously reported Restatement - change in accounting principle Net position, beginning of year - restated Net position - ending				

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

<b>Net (expense) revenue and changes in net position</b>			
<b>Primary government</b>		<b>Total</b>	<b>Component Unit</b>
<b>Governmental activities</b>	<b>Business-type activities</b>		<b>Tres Lagos Public Improvement District</b>
\$ (41,418,993)	\$ -	\$ (41,418,993)	\$ -
(74,738,679)	-	(74,738,679)	-
(11,028,630)	-	(11,028,630)	-
(6,499,268)	-	(6,499,268)	-
(26,255,921)	-	(26,255,921)	-
(4,598,503)	-	(4,598,503)	-
<u>(164,539,994)</u>	<u>-</u>	<u>(164,539,994)</u>	<u>-</u>
\$ -	\$ 7,426,453	\$ 7,426,453	\$ -
-	6,192,022	6,192,022	-
-	2,630,490	2,630,490	-
-	456,555	456,555	-
-	(2,471,021)	(2,471,021)	-
-	(3,123,804)	(3,123,804)	-
-	4,708,495	4,708,495	-
-	6,629,633	6,629,633	-
-	(1,900,094)	(1,900,094)	-
-	(1,773,005)	(1,773,005)	-
-	7,420,419	7,420,419	-
-	26,196,143	26,196,143	-
<u>\$ (164,539,994)</u>	<u>\$ 26,196,143</u>	<u>\$ (138,343,851)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,520,238)</u>
65,732,695	-	65,732,695	1,611,545
6,455,714	-	6,455,714	-
99,374,222	-	99,374,222	-
6,561,385	-	6,561,385	-
1,528,119	-	1,528,119	-
12,029,869	8,284,863	20,314,732	-
12,375,324	580,245	12,955,569	162,685
3,678,494	(3,678,494)	-	-
<u>207,735,822</u>	<u>5,186,614</u>	<u>212,922,436</u>	<u>1,774,230</u>
43,195,828	31,382,757	74,578,585	(746,008)
496,325,983	542,383,532	1,038,709,515	17,682,156
(99,623)	(1,156,810)	(1,256,433)	-
<u>496,226,360</u>	<u>541,226,722</u>	<u>1,037,453,082</u>	<u>17,682,156</u>
<u>\$ 539,422,188</u>	<u>\$ 572,609,479</u>	<u>\$ 1,112,031,667</u>	<u>\$ 16,936,148</u>

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2025**

	General	Development Corp.	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 6,959,123	\$ -	\$ 6,054,531	\$ 13,013,654
Certificate of deposit	30,007,134	7,788,577	20,937,456	58,733,167
Investments	54,136,743	30,143,866	71,688,502	155,969,111
Receivables:				
Accounts	2,273,681	-	1,599,155	3,872,836
Taxes	18,125,023	4,053,097	440,692	22,618,812
Accrued interest	355,087	112,549	76,954	544,590
Other	790,274	-	-	790,274
Due from other funds	23,319,866	-	42,640	23,362,506
Due from other governments	1,388,930	82,880	9,561,021	11,032,831
Prepays	63,097	-	27,050	90,147
Board advances	4,101,771	-	-	4,101,771
<b>Total assets</b>	<b>\$ 141,520,729</b>	<b>\$ 42,180,969</b>	<b>\$ 110,428,001</b>	<b>\$ 294,129,699</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 2,788,874	\$ 1,629,211	\$ 7,648,180	\$ 12,066,265
Accrued liabilities	4,132,551	246,793	2,622,596	7,001,940
Due to other funds	-	231,918	19,439,455	19,671,373
Unearned revenues	529,216	-	8,626,006	9,155,222
Other liabilities	1,145,454	100	11,032,600	12,178,154
<b>Total liabilities</b>	<b>8,596,095</b>	<b>2,108,022</b>	<b>49,368,837</b>	<b>60,072,954</b>
Deferred inflows of resources	22,974,839	2,145,477	923,128	26,043,444
<b>Total liabilities and deferred inflows of resources</b>	<b>31,570,934</b>	<b>4,253,499</b>	<b>50,291,965</b>	<b>86,116,398</b>
<b>Fund balances:</b>				
Nonspendable	4,164,868	-	27,050	4,191,918
Restricted	245,231	37,927,470	38,866,608	77,039,309
Committed	-	-	774,121	774,121
Assigned	-	-	40,677,045	40,677,045
Unassigned	105,539,696	-	(20,208,788)	85,330,908
<b>Total fund balances</b>	<b>109,949,795</b>	<b>37,927,470</b>	<b>60,136,036</b>	<b>208,013,301</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 141,520,729</b>	<b>\$ 42,180,969</b>	<b>\$ 110,428,001</b>	<b>\$ 294,129,699</b>

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, 2025**

Total governmental fund balances (refer to page 18)	\$ 208,013,301
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.	447,130,097
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	5,222,949
Sales and franchise taxes	8,581,906
Weed and lot cleaning	1,290,998
Others	6,701,160
Mission repayment on Series B Bridge bonds	4,101,771
Total	<u>25,898,784</u>
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.	41,768,415
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	(18,621,432)
Sales tax revenue bonds payable	(18,165,000)
Accrued interest	(407,026)
Certificates of obligation	(34,155,000)
General obligations	(50,785,000)
Premium	(2,363,507)
Deferred inflow of resources	(34,338,113)
Firemen's pension obligation	(36,729,142)
OPEB obligation	(19,535,524)
Deferred outflows of resources	34,143,744
Deferred Charge on Refunding	933,884
Rebatable arbitrage	(310,636)
Subscription liability	(71,329)
TMRS Pension Liability	(2,984,328)
Total	<u>(183,388,410)</u>
Net position of governmental activities	<u>\$ 539,422,188</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, 2025**

	<u>General Fund</u>	<u>Development Corp.</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 141,730,997	\$ 24,757,054	\$ 12,086,033	\$ 178,574,084
Licenses and permits	2,910,324	-	11,370	2,921,694
Intergovernmental	1,321,088	222,007	12,517,375	14,060,470
Charges for services	7,373,599	-	2,439,733	9,813,332
Fines and forfeitures	1,301,478	-	338,360	1,639,838
Investment earnings	4,963,145	1,516,068	3,926,028	10,405,241
Net increase (decrease) in the fair value of investments	147,718	66,543	8,443	222,704
Other	1,849,548	3,179,613	3,078,094	8,107,255
<b>Total revenues</b>	<u>161,597,897</u>	<u>29,741,285</u>	<u>34,405,436</u>	<u>225,744,618</u>
<b>EXPENDITURES</b>				
Current:				
General government	28,140,336	9,694,702	5,590,820	43,425,858
Public safety	77,291,878	-	4,703,006	81,994,884
Highways and streets	14,762,627	1,188,799	16,096,457	32,047,883
Health and welfare	3,900,955	3,005,301	734,276	7,640,532
Culture and recreation	26,257,317	79,978	25,509,298	51,846,593
Debt service:				
Principal	1,207,759	-	5,309,324	6,517,083
Interest and fiscal charges	53,459	2,010,817	2,726,509	4,790,785
<b>Total expenditures</b>	<u>151,614,331</u>	<u>15,979,597</u>	<u>60,669,690</u>	<u>228,263,618</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>9,983,566</u>	<u>13,761,688</u>	<u>(26,264,254)</u>	<u>(2,519,000)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	10,644,879	-	15,208,210	25,853,089
Transfers out	<u>(9,143,609)</u>	<u>(4,544,492)</u>	<u>(8,811,764)</u>	<u>(22,499,865)</u>
<b>Net other financing sources (uses)</b>	<u>1,501,270</u>	<u>(4,544,492)</u>	<u>6,396,446</u>	<u>3,353,224</u>
<b>Net change in fund balances</b>	11,484,836	9,217,196	(19,867,808)	834,224
<b>Fund balances at beginning of year</b>	<u>98,464,959</u>	<u>28,710,274</u>	<u>80,003,844</u>	<u>207,179,077</u>
<b>Fund balances at end of year</b>	<u>\$ 109,949,795</u>	<u>\$ 37,927,470</u>	<u>\$ 60,136,036</u>	<u>\$ 208,013,301</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, 2025**

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)	\$ 834,224
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.	
Capital outlays	55,317,315
Retired assets	(200,777)
Depreciation expense	<u>(20,926,106)</u>
Total	<u>34,190,432</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(730,785)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	6,685,000
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.	949,510
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:	
Compensated absences	(1,619,285)
Accrued interest expense	22,302
Rebatable arbitrage	(310,636)
Bond amortization expense	<u>179,304</u>
Total	<u>(1,728,315)</u>
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:	
Pension expense	2,710,809
OPEB expense	(913,587)
Firemen's net pension obligation	<u>(393,945)</u>
Total	<u>1,403,277</u>
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.	1,592,484
Change in net position of governmental activities	<u>\$ 43,195,828</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, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Taxes:				
Property	\$ 59,456,076	\$ 59,506,577	\$ 59,519,815	\$ 13,238
Sales	74,945,052	75,205,429	75,799,284	593,855
Franchise	6,295,250	5,730,250	6,411,898	681,648
Total taxes	<u>140,696,378</u>	<u>140,442,256</u>	<u>141,730,997</u>	<u>1,288,741</u>
Licenses and permits:				
Business	85,000	85,000	93,970	8,970
Occupational	671,014	671,014	571,308	(99,706)
Non-business	1,922,299	1,922,299	2,245,046	322,747
Total licenses and permits	<u>2,678,313</u>	<u>2,678,313</u>	<u>2,910,324</u>	<u>232,011</u>
Intergovernmental	<u>994,500</u>	<u>994,500</u>	<u>1,321,088</u>	<u>326,588</u>
Charges for services:				
General government	3,574,638	3,784,638	4,276,893	492,255
Public safety	656,789	656,789	595,668	(61,121)
Health	1,073,798	1,073,798	1,155,308	81,510
Culture and recreation	1,338,468	1,338,468	1,345,730	7,262
Total charges for services	<u>6,643,693</u>	<u>6,853,693</u>	<u>7,373,599</u>	<u>519,906</u>
Fines and forfeitures:				
Corporations court	975,000	975,000	1,207,747	232,747
Other fines	30,000	30,000	93,731	63,731
Total fines and forfeitures	<u>1,005,000</u>	<u>1,005,000</u>	<u>1,301,478</u>	<u>296,478</u>
Investment earnings	<u>4,259,249</u>	<u>4,259,249</u>	<u>4,963,145</u>	<u>703,896</u>
Net increase (decrease) in the fair value of investments	<u>-</u>	<u>-</u>	<u>147,718</u>	<u>147,718</u>
Other:				
Royalties	250,000	250,000	384,417	134,417
Rents and concessions	82,000	82,000	82,163	163
Reimbursements	483,956	670,956	635,822	(35,134)
Other	3,013,986	498,986	747,146	248,160
Total other revenues	<u>3,829,942</u>	<u>1,501,942</u>	<u>1,849,548</u>	<u>347,606</u>
Total revenues	<u>\$ 160,107,075</u>	<u>\$ 157,734,953</u>	<u>\$ 161,597,897</u>	<u>\$ 3,862,944</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, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>EXPENDITURES</b>				
General government:				
City commission	\$ 487,304	\$ 671,395	\$ 520,435	\$ 150,960
Special services	830,376	707,630	601,890	105,740
City manager	2,027,797	2,150,212	2,124,323	25,889
International relations	153,160	157,307	146,634	10,673
City secretary	703,904	721,903	706,392	15,511
Audit office	286,565	295,161	294,372	789
Vital statistics	222,951	227,490	225,311	2,179
Passport facility	256,726	263,314	282,911	(19,597)
Municipal court	2,092,874	2,145,417	1,764,855	380,562
Finance	1,990,221	2,064,477	1,624,553	439,924
Budget & management	567,921	612,801	525,102	87,699
Tax office	1,610,318	1,623,441	1,714,277	(90,836)
Purchasing and contracting	935,388	961,494	932,330	29,164
Legal	2,115,281	2,163,619	1,808,547	355,072
Grant administration	629,289	644,547	542,949	101,598
Human resources	1,203,181	1,231,912	1,055,575	176,337
Risk management	1,270,358	1,270,358	1,270,357	1
Planning	1,738,906	1,786,628	1,620,362	166,266
Information technology	6,159,359	6,184,166	5,954,531	229,635
Public information office	1,012,173	1,035,217	914,687	120,530
311 Call center	618,983	633,422	505,270	128,152
City hall	641,802	645,412	693,595	(48,183)
Building maintenance	1,201,350	1,230,370	1,136,144	94,226
Development center	145,184	146,327	156,943	(10,616)
Economic development	950,000	950,000	950,000	-
Non-departmental activities	10,000	10,000	9,491	509
Contingency	(546,371)	(2,500,000)	58,500	(2,558,500)
<b>Total general government</b>	<b>29,315,000</b>	<b>28,034,020</b>	<b>28,140,336</b>	<b>(106,316)</b>
Public safety:				
Police	44,227,684	44,443,933	42,059,174	2,384,759
Animal care services	538,719	548,807	493,946	54,861
Radio shop	898,946	912,192	830,296	81,896
Fire	26,625,318	27,256,834	27,882,531	(625,697)
Emergency medical services	1,500,000	1,500,000	1,591,667	(91,667)
Traffic operations	3,106,805	3,159,670	2,784,824	374,846
Building code compliance	1,776,734	1,779,092	1,649,440	129,652
<b>Total public safety</b>	<b>78,674,206</b>	<b>79,600,528</b>	<b>77,291,878</b>	<b>2,308,650</b>
Highways and streets:				
Engineering services	2,848,427	2,920,361	2,650,176	270,185
Street maintenance	7,059,513	7,126,773	6,550,977	575,796
Street lighting	2,700,715	2,700,715	3,074,621	(373,906)
Sidewalk construction	476,570	485,465	378,167	107,298
Drainage	2,159,002	2,191,152	2,108,686	82,466
<b>Total highways and streets</b>	<b>15,244,227</b>	<b>15,424,466</b>	<b>14,762,627</b>	<b>661,839</b>
Health and welfare:				
Health code compliance	2,639,871	2,696,698	2,794,856	(98,158)
Graffiti cleaning	190,160	193,811	126,107	67,704
Other agencies	965,000	965,000	964,992	8
Other	15,000	15,000	15,000	-
<b>Total health and welfare</b>	<b>3,810,031</b>	<b>3,870,509</b>	<b>3,900,955</b>	<b>(30,446)</b>

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, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Culture and recreation:				
Parks and recreation administration	711,042	726,136	696,692	29,444
Parks	10,557,139	11,660,645	10,887,191	773,454
Recreation	2,263,309	2,324,365	2,586,739	(262,374)
Pools	1,233,148	1,261,175	987,396	273,779
Las palmas community center	474,632	483,992	446,195	37,797
Recreation center-Lark	564,277	696,121	676,313	19,808
Recreation center-Palmview	528,862	752,701	669,623	83,078
Quinta mazatlan	1,534,529	1,563,956	1,447,291	116,665
Library	4,528,162	4,619,717	4,518,428	101,289
Library branch-Lark	599,116	614,253	597,851	16,402
Library branch-Palmview	648,955	665,573	640,698	24,875
Other agencies	1,240,000	1,240,000	1,225,000	15,000
Museums	877,900	877,900	877,900	-
Total culture and recreation	<u>25,761,071</u>	<u>27,486,534</u>	<u>26,257,317</u>	<u>1,229,217</u>
Debt service:				
Principal	205,980	714,154	1,207,759	(493,605)
Interest and fiscal charges	57,194	57,194	53,459	3,735
Total debt service	<u>263,174</u>	<u>771,348</u>	<u>1,261,218</u>	<u>(489,870)</u>
Total expenditures	<u>153,067,709</u>	<u>155,187,405</u>	<u>151,614,331</u>	<u>3,573,074</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>7,039,366</u>	<u>2,547,548</u>	<u>9,983,566</u>	<u>7,436,018</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	8,963,122	10,644,879	10,644,879	-
Transfers out	<u>(9,246,857)</u>	<u>(7,800,479)</u>	<u>(9,143,609)</u>	<u>(1,343,130)</u>
Total other financing sources (uses)	<u>(283,735)</u>	<u>2,844,400</u>	<u>1,501,270</u>	<u>(1,343,130)</u>
Net change in fund balances	6,755,631	5,391,948	11,484,836	6,092,888
Fund balances at beginning of year	<u>98,464,959</u>	<u>98,464,959</u>	<u>98,464,959</u>	<u>-</u>
Fund balances at end of year	<u>\$ 105,220,590</u>	<u>\$ 103,856,907</u>	<u>\$ 109,949,795</u>	<u>\$ 6,092,888</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, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 24,460,254	\$ 24,547,046	\$ 24,757,054	\$ 210,008
Intergovernmental	-	-	222,007	222,007
Investment earnings	848,625	1,025,265	1,516,068	490,803
Net increase (decrease) in the fair value of investments	-	-	66,543	66,543
Other	1,710,818	1,710,818	3,179,613	1,468,795
	<u>27,019,697</u>	<u>27,283,129</u>	<u>29,741,285</u>	<u>2,458,156</u>
Total revenues				
<b>EXPENDITURES</b>				
Current:				
General government	21,029,928	23,313,204	9,694,702	13,618,502
Highways and streets	3,358,154	3,358,154	1,188,799	2,169,355
Health and welfare	4,252,264	4,252,264	3,005,301	1,246,963
Culture and recreation	791,028	791,028	79,978	711,050
Debt service:				
Principal	1,385,000	1,385,000	-	1,385,000
Interest and fiscal charges	625,818	625,818	2,010,817	(1,384,999)
	<u>31,442,192</u>	<u>33,725,468</u>	<u>15,979,597</u>	<u>17,745,871</u>
Total expenditures				
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(4,422,495)</u>	<u>(6,442,339)</u>	<u>13,761,688</u>	<u>20,204,027</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(4,698,698)</u>	<u>(4,698,698)</u>	<u>(4,544,492)</u>	<u>154,206</u>
Total other financing sources (uses)	<u>(4,698,698)</u>	<u>(4,698,698)</u>	<u>(4,544,492)</u>	<u>154,206</u>
Net change in fund balances	(9,121,193)	(11,141,037)	9,217,196	20,358,233
Fund balances at beginning of year	<u>28,710,274</u>	<u>28,710,274</u>	<u>28,710,274</u>	<u>-</u>
Fund balances at end of year	<u>\$ 19,589,081</u>	<u>\$ 17,569,237</u>	<u>\$ 37,927,470</u>	<u>\$ 20,358,233</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, 2025**

	Business-type Activities-Enterprise Funds			
	Water	Wastewater	Sanitation	McAllen International Airport
<b>ASSETS</b>				
Current assets:				
Cash	\$ 400,057	\$ 211,565	\$ 376,577	\$ 141,467
Certificate of deposit	-	507,147	534,784	2,092,499
Investments	9,087,474	952,866	9,904,311	15,159,568
Receivables, net:				
Accounts	3,230,274	2,469,323	2,803,042	783,478
Accrued interest	12,167	-	57,759	92,204
Lease receivable - current	162,805	-	-	1,106,588
Other	-	119,488	-	239
Due from other funds	-	-	-	-
Due from other governments	99,977	1,584	58,729	-
Inventories, at cost	1,194,151	-	-	-
Prepaid items	74,089	10,736	34,436	485
Restricted assets:				
Cash and cash equivalents	188,679	390,107	-	337,383
<b>Total current assets</b>	<b>14,449,673</b>	<b>4,662,816</b>	<b>13,769,638</b>	<b>19,713,911</b>
Noncurrent assets:				
Restricted assets:				
Certificate of deposit	1,069,568	2,139,137	1,557,715	-
Investments	24,514,410	34,708,161	9,322,598	11,083,623
Accrued interest	25,332	90,811	26,836	-
Deferred contributions	-	-	-	-
Other	-	-	-	1,970,292
<b>Total noncurrent restricted assets</b>	<b>25,609,310</b>	<b>36,938,109</b>	<b>10,907,149</b>	<b>13,053,915</b>
Capital assets:				
Land	3,144,890	2,182,790	4,976,868	6,116,781
Buildings and systems	104,747,996	236,802,403	3,483,971	36,043,825
Improvements other than buildings	70,951,543	41,923,029	809,618	114,696,492
Machinery and equipment	13,068,908	13,279,625	42,924,760	7,019,869
Construction in progress	21,307,716	6,211,418	2,244,570	25,107,670
Water rights	18,387,816	-	-	-
Development in progress-SBITA	800,000	800,000	-	-
Less accumulated depreciation and amortization	(111,087,313)	(147,339,902)	(28,547,062)	(100,936,008)
<b>Total capital assets (net of accumulated depreciation and amortization)</b>	<b>121,321,556</b>	<b>153,859,363</b>	<b>25,892,725</b>	<b>88,048,629</b>
Other noncurrent assets				
Lease receivable - noncurrent	239,288	-	-	9,563,679
Loans receivable	81,585	95,750	-	-
Board advances	-	-	-	-
<b>Total other noncurrent assets</b>	<b>320,873</b>	<b>95,750</b>	<b>-</b>	<b>9,563,679</b>
<b>Total noncurrent assets</b>	<b>147,251,739</b>	<b>190,893,222</b>	<b>36,799,874</b>	<b>110,666,223</b>
<b>Total assets</b>	<b>161,701,412</b>	<b>195,556,038</b>	<b>50,569,512</b>	<b>130,380,134</b>
Deferred outflows of resources:				
Deferred charges on refundings	1,482,989	-	-	-
Deferred charges - pensions	442,219	284,284	462,107	118,159
<b>Total deferred outflows of resources</b>	<b>1,925,208</b>	<b>284,284</b>	<b>462,107</b>	<b>118,159</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 163,626,620</b>	<b>\$ 195,840,322</b>	<b>\$ 51,031,619</b>	<b>\$ 130,498,293</b>

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
\$ 246,635	\$ 167,414	\$ 444,251	\$ 1,987,966	\$ 1,888,032
-	-	2,139,136	5,273,566	1,732,512
3,774,035	5,599,803	17,245,379	61,723,436	29,337,890
128	82	60,425	9,346,752	361,365
4,681	-	79,171	245,982	165,735
2,772,791	-	206,528	4,248,712	-
-	-	-	119,727	428,000
-	-	1,256,774	1,256,774	-
-	-	6,467,212	6,627,502	-
-	-	-	1,194,151	780,909
-	465	124,704	244,915	493,840
<u>150,652</u>	<u>109,667</u>	<u>8,140</u>	<u>1,184,628</u>	<u>-</u>
<u>6,948,922</u>	<u>5,877,431</u>	<u>28,031,720</u>	<u>93,454,111</u>	<u>35,188,283</u>
-	-	1,013,991	5,780,411	-
10,755,357	17,234,401	5,917,156	113,535,706	-
-	-	9,049	152,028	-
-	84,542,324	-	84,542,324	-
-	-	-	1,970,292	-
<u>10,755,357</u>	<u>101,776,725</u>	<u>6,940,196</u>	<u>205,980,761</u>	<u>-</u>
787,486	2,922,773	8,153,076	28,284,664	-
18,121,906	50,930,738	123,593,970	573,724,809	1,038,167
5,705,229	844,921	17,732,525	252,663,357	132,823
4,112,985	1,181,744	26,644,770	108,232,661	39,950,238
1,838,311	224,172	5,946,666	62,880,523	-
-	-	-	18,387,816	-
-	-	-	1,600,000	-
<u>(20,228,472)</u>	<u>(23,713,706)</u>	<u>(65,965,600)</u>	<u>(497,818,063)</u>	<u>(27,831,621)</u>
<u>10,337,445</u>	<u>32,390,642</u>	<u>116,105,407</u>	<u>547,955,767</u>	<u>13,289,607</u>
7,267,025	-	243,395	17,313,387	-
-	-	-	177,335	1,900,000
<u>23,886,550</u>	<u>-</u>	<u>-</u>	<u>23,886,550</u>	<u>-</u>
<u>31,153,575</u>	<u>-</u>	<u>243,395</u>	<u>41,377,272</u>	<u>1,900,000</u>
<u>52,246,377</u>	<u>134,167,367</u>	<u>123,288,998</u>	<u>795,313,800</u>	<u>15,189,607</u>
<u>59,195,299</u>	<u>140,044,798</u>	<u>151,320,718</u>	<u>888,767,911</u>	<u>50,377,890</u>
-	-	-	1,482,989	-
<u>94,761</u>	<u>23,398</u>	<u>349,213</u>	<u>1,774,141</u>	<u>63,174</u>
<u>94,761</u>	<u>23,398</u>	<u>349,213</u>	<u>3,257,130</u>	<u>63,174</u>
<b><u>\$ 59,290,060</u></b>	<b><u>\$ 140,068,196</u></b>	<b><u>\$ 151,669,931</u></b>	<b><u>\$ 892,025,041</u></b>	<b><u>\$ 50,441,064</u></b>

**PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
September 30, 2025**

	Business-type Activities-Enterprise Funds			
	Water	Wastewater	Sanitation	McAllen International Airport
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 8,793,034	\$ 888,166	\$ 3,477,512	\$ 2,934,482
Accrued expenses	1,464,199	509,332	363,703	1,210,797
Due to other funds	21,050	-	-	16,645
Due to other government agencies	-	-	-	-
Customer deposits payable	3,078,256	-	-	-
Current portion of compensated absences	451,749	378,315	437,033	121,999
Current portion of revenue bonds	2,446,544	4,512,605	-	572,293
Other	290,286	131,244	50	40,666
Total current liabilities	16,545,118	6,419,662	4,278,298	4,896,882
Other noncurrent liabilities:				
Revenue bonds, net of current portion	36,927,273	70,138,609	-	3,069,839
Compensated absences, net of current portion	694,121	581,289	671,509	187,454
Unearned revenues	180,355	14,626	149,035	28,873
Board advances	-	-	-	-
TMRS net pension liability	328,933	211,457	343,726	87,890
Loans payable	-	-	-	-
Total other noncurrent liabilities	38,130,682	70,945,981	1,164,270	3,374,056
Total liabilities	54,675,800	77,365,643	5,442,568	8,270,938
Deferred inflows of resources:				
Deferred inflows of resources-leases	382,467	-	-	10,515,871
Deferred inflows of resources-refunding	111,218	1,760,935	-	-
Deferred inflows of resources-pensions	517,017	332,367	540,268	138,145
Total deferred inflows of resources	1,010,702	2,093,302	540,268	10,654,016
Total liabilities and deferred inflows of resources	55,686,502	79,458,945	5,982,836	18,924,954
<b>NET POSITION</b>				
Net investments in capital assets	85,396,098	77,914,234	25,892,725	83,317,944
Restricted for:				
Capital projects	2,805,359	29,406,309	10,405,899	8,357,237
Debt service	1,403,787	6,539,279	-	349,202
Distribution of net surplus revenues	-	-	-	-
Unrestricted	18,334,874	2,521,555	8,750,159	19,548,956
Total net position	107,940,118	116,381,377	45,048,783	111,573,339
Total liabilities, deferred inflows of resources, and net position	\$ 163,626,620	\$ 195,840,322	\$ 51,031,619	\$ 130,498,293

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
\$ 248,777	\$ 611,044	\$ 2,389,417	\$ 19,342,432	\$ 3,027,703
75,473	5,096,360	645,300	9,365,164	1,849,578
243,589	17,015	3,904,563	4,202,862	745,046
917,674	-	-	917,674	-
-	-	1,209,407	4,287,663	-
132,272	25,650	330,827	1,877,845	105,174
-	3,479,513	-	11,010,955	-
-	-	412	462,658	2,651
<u>1,617,785</u>	<u>9,229,582</u>	<u>8,479,926</u>	<u>51,467,253</u>	<u>5,730,152</u>
-	74,463,286	-	184,599,007	-
203,239	39,412	508,324	2,885,348	161,602
389,713	29,619,431	227,326	30,609,359	-
-	23,886,550	-	23,886,550	-
70,486	17,404	259,753	1,319,649	46,990
-	-	-	-	1,900,000
<u>663,438</u>	<u>128,026,083</u>	<u>995,403</u>	<u>243,299,913</u>	<u>2,108,592</u>
<u>2,281,223</u>	<u>137,255,665</u>	<u>9,475,329</u>	<u>294,767,166</u>	<u>7,838,744</u>
9,962,549	-	441,474	21,302,361	-
-	159,708	-	2,031,861	-
<u>110,789</u>	<u>27,355</u>	<u>408,279</u>	<u>2,074,220</u>	<u>73,859</u>
<u>10,073,338</u>	<u>187,063</u>	<u>849,753</u>	<u>25,408,442</u>	<u>73,859</u>
<u>12,354,561</u>	<u>137,442,728</u>	<u>10,325,082</u>	<u>320,175,608</u>	<u>7,912,603</u>
10,337,446	15,973,134	115,763,298	414,594,879	13,289,608
5,171,435	3,654,555	6,751,773	66,552,567	-
629,638	2,761,417	-	11,683,323	-
6,348,318	-	-	6,348,318	-
<u>24,448,662</u>	<u>(19,763,638)</u>	<u>18,829,778</u>	<u>72,670,346</u>	<u>29,238,853</u>
<u>46,935,499</u>	<u>2,625,468</u>	<u>141,344,849</u>	<u>571,849,433</u>	<u>42,528,461</u>
<b><u>\$ 59,290,060</u></b>	<b><u>\$ 140,068,196</u></b>	<b><u>\$ 151,669,931</u></b>	<b><u>\$ 892,025,041</u></b>	<b><u>\$ 50,441,064</u></b>

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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, 2025**

Net Position - total proprietary funds (page 31)	\$ 571,849,433
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>760,046</u>
Net position of business-type activities	<u>\$ 572,609,479</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, 2025**

	Business-type Activities-Enterprise Funds			
	Water	Wastewater	Sanitation	McAllen International Airport
<b>Operating revenues</b>				
Charges for services	\$ 25,709,933	\$ 20,836,616	\$ 26,785,938	\$ 6,978,906
Rentals	-	-	-	3,104,021
Contributions	-	-	-	-
Other	1,371,198	1,540,758	232,457	29,816
Total operating revenues	<u>27,081,131</u>	<u>22,377,374</u>	<u>27,018,395</u>	<u>10,112,743</u>
<b>Operating expenses</b>				
Salaries, wages and employee benefits	9,387,238	6,088,236	9,989,026	2,587,941
Supplies	2,366,547	1,612,688	1,192,179	483,668
Contractual and other services	5,139,121	3,091,966	5,347,680	3,841,994
Repairs and maintenance	978,969	855,317	4,892,415	780,461
Depreciation and amortization	5,746,853	10,599,521	2,879,967	4,590,111
Self insurance claims	-	-	-	-
Total operating expenses	<u>23,618,728</u>	<u>22,247,728</u>	<u>24,301,267</u>	<u>12,284,175</u>
Operating income (loss)	<u>3,462,403</u>	<u>129,646</u>	<u>2,717,128</u>	<u>(2,171,432)</u>
<b>Non operating revenues (expenses)</b>				
Investment earnings	1,649,358	1,763,092	955,390	1,300,587
Net increase (decrease) in fair value of investments	972	17,658	45,600	(21,252)
Interest expense	(878,725)	(983,651)	(5,942)	(177,210)
Interest on board advances	-	-	-	-
Bond related charges-issuance cost	(175,884)	367,549	-	93,788
Gain (loss) on sale of capital assets	11,418	3,552	99,168	2,880
Intergovernmental	99,977	-	19,820	100,000
Interest revenue - leases	15,075	-	-	363,605
Other	-	-	-	-
Net non-operating revenues (expenses)	<u>722,191</u>	<u>1,168,200</u>	<u>1,114,036</u>	<u>1,662,398</u>
Income (loss) before contributions and transfers	<u>4,184,594</u>	<u>1,297,846</u>	<u>3,831,164</u>	<u>(509,034)</u>
<b>Capital contributions and transfers</b>				
Capital contributions	4,918,682	6,678,477	-	6,863,349
Transfers in	-	-	-	-
Transfers out	(150,538)	(92,950)	(195,744)	(2,253,307)
Total capital contributions and transfers	<u>4,768,144</u>	<u>6,585,527</u>	<u>(195,744)</u>	<u>4,610,042</u>
Change in net position	8,952,738	7,883,373	3,635,420	4,101,008
Total net position - beginning of year, as previously reported	99,282,907	108,760,099	41,719,052	107,522,049
Restatement - change in accounting principle	(295,527)	(262,095)	(305,689)	(49,718)
Total net position, beginning of year - restated	<u>98,987,380</u>	<u>108,498,004</u>	<u>41,413,363</u>	<u>107,472,331</u>
Total net position - ending	<u>\$ 107,940,118</u>	<u>\$ 116,381,377</u>	<u>\$ 45,048,783</u>	<u>\$ 111,573,339</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
\$ 11,529,821	\$ 6,278,398	\$ 6,713,556	\$ 104,833,168	\$ 10,493,621
3,067,265	12,206	1,981,484	8,164,976	-
-	-	-	-	22,978,976
289,203	194,200	2,345,729	6,003,361	-
14,886,289	6,484,804	11,040,769	119,001,505	33,472,597
2,204,169	505,004	7,912,249	38,673,863	2,688,539
183,246	57,787	1,121,429	7,017,544	175,951
1,441,051	2,299,237	8,391,961	29,553,010	13,271,751
185,683	48,175	1,899,245	9,640,265	53,859
793,479	1,483,870	4,590,795	30,684,596	2,479,406
-	-	-	-	19,614,226
4,807,628	4,394,073	23,915,679	115,569,278	38,283,732
10,078,661	2,090,731	(12,874,910)	3,432,227	(4,811,135)
411,508	1,014,629	1,135,542	8,230,106	1,404,264
-	-	11,778	54,756	(2,341)
(190)	(3,010,671)	(999)	(5,057,388)	(64)
912,878	(912,878)	-	-	-
-	221,352	-	506,805	-
-	-	-	117,018	80,439
-	-	5,346,361	5,566,158	-
47,122	-	4,144	429,946	-
(3,570,929)	(161,539)	-	(3,732,468)	4,220,910
(2,199,611)	(2,849,107)	6,496,826	6,114,933	5,703,208
7,879,050	(758,376)	(6,378,084)	9,547,160	892,073
-	-	7,120,818	25,581,326	307,906
-	-	6,087,515	6,087,515	1,918,602
(6,844,982)	(17,083)	(185,136)	(9,739,740)	(1,619,601)
(6,844,982)	(17,083)	13,023,197	21,929,101	606,907
1,034,068	(775,459)	6,645,113	31,476,261	1,498,980
45,901,431	3,400,927	134,894,592	541,481,057	41,115,550
-	-	(194,856)	(1,107,885)	(86,069)
45,901,431	3,400,927	134,699,736	540,373,172	41,029,481
\$ 46,935,499	\$ 2,625,468	\$ 141,344,849	\$ 571,849,433	\$ 42,528,461

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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, 2025**

Change in net position - total proprietary funds (page 35)	\$ 31,476,261
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>(93,504)</u>
Change in net position of business-type activities	<u>\$ 31,382,757</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, 2025**

	Business-type Activities - Enterprise Funds			
	Water	Wastewater	Sanitation	McAllen International Airport
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 26,268,525	\$ 22,000,950	\$ 26,923,594	\$ 10,251,216
Payments to employees	(9,601,929)	(6,156,214)	(10,285,265)	(2,632,475)
Payments to suppliers	(1,944,405)	(5,386,385)	(7,899,294)	(3,494,503)
Cash received from other cash receipts	-	-	-	-
Net cash provided by operating activities	<u>14,722,191</u>	<u>10,458,351</u>	<u>8,739,035</u>	<u>4,124,238</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfers from other funds	-	-	-	-
Transfers to other funds	(150,538)	(92,950)	(195,744)	(2,253,307)
Proceeds from Loan	-	-	-	-
Subsidy from federal/state grant	-	-	5,252	200,000
Distribution of income to City of Hidalgo	-	-	-	-
Net cash used in non-capital financing activities	<u>(150,538)</u>	<u>(92,950)</u>	<u>(190,492)</u>	<u>(2,053,307)</u>
<b>Cash flows from capital and related financing activities:</b>				
Capital contributions	-	59,840	-	6,318,857
Purchases of capital assets	(16,924,681)	(5,433,803)	(11,731,013)	(8,712,909)
Proceeds from sale of capital assets	13,532	3,552	99,168	2,880
Bond issuance cost	(40,991)	(170,392)	-	-
Principal repayments-bonds and notes	(2,812,050)	(4,872,950)	(122,914)	(477,612)
Interest paid	(894,200)	(1,000,208)	(5,942)	(180,148)
Subscription liabilities	(3,234)	(6,468)	(10,020)	-
Net cash used in capital and related financing activities	<u>(20,661,624)</u>	<u>(11,420,429)</u>	<u>(11,770,721)</u>	<u>(3,048,932)</u>
<b>Cash flows from investing activities:</b>				
Proceeds from sales and maturities of investments	28,492,939	32,013,938	19,203,587	13,370,367
Purchase of investments	(24,021,263)	(32,449,936)	(16,841,848)	(14,018,004)
Net increase (decrease) in fair value of investments	972	17,658	45,600	(21,252)
Receipt of interest	1,634,709	1,714,267	934,684	1,628,364
Net cash provided by investing activities	<u>6,107,357</u>	<u>1,295,927</u>	<u>3,342,023</u>	<u>959,475</u>
Net increase (decrease) in cash	17,386	240,899	119,845	(18,526)
Cash at beginning of year	<u>571,350</u>	<u>360,773</u>	<u>256,732</u>	<u>497,376</u>
Cash at end of year	<u>\$ 588,736</u>	<u>\$ 601,672</u>	<u>\$ 376,577</u>	<u>\$ 478,850</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
\$ 14,861,033	\$ 6,484,804	\$ 11,294,897	\$ 118,085,019	\$ 32,519,058
(2,102,725)	(501,201)	(7,925,289)	(39,205,098)	(2,656,051)
(1,710,963)	(34,010,595)	(10,787,206)	(65,233,351)	(33,961,704)
-	-	-	-	4,194,757
<u>11,047,345</u>	<u>(28,026,992)</u>	<u>(7,417,598)</u>	<u>13,646,570</u>	<u>96,060</u>
-	-	5,224,098	5,224,098	1,918,602
(6,844,982)	(17,083)	(185,136)	(9,739,740)	(1,619,601)
-	-	-	-	1,900,000
-	10,229,727	6,010,857	16,445,836	13
<u>(3,540,963)</u>	<u>-</u>	<u>-</u>	<u>(3,540,963)</u>	<u>-</u>
<u>(10,385,945)</u>	<u>10,212,644</u>	<u>11,049,819</u>	<u>8,389,231</u>	<u>2,199,014</u>
-	-	1,893,249	8,271,946	-
(762,446)	(121,083)	(5,330,615)	(49,016,550)	(3,706,198)
-	-	-	119,132	114,720
-	-	-	(211,383)	-
(4,164)	(3,175,000)	(21,882)	(11,486,572)	(1,399)
(190)	(3,020,988)	(999)	(5,102,675)	(64)
-	-	-	(19,722)	-
<u>(766,800)</u>	<u>(6,317,071)</u>	<u>(3,460,247)</u>	<u>(57,445,824)</u>	<u>(3,592,941)</u>
24,287,115	46,281,254	15,820,546	179,469,746	22,192,666
(24,661,715)	(23,343,007)	(17,750,095)	(153,085,868)	(22,204,367)
-	-	11,778	54,756	(2,341)
<u>460,643</u>	<u>1,014,546</u>	<u>1,090,051</u>	<u>8,477,264</u>	<u>1,354,834</u>
<u>86,043</u>	<u>23,952,793</u>	<u>(827,720)</u>	<u>34,915,898</u>	<u>1,340,792</u>
(19,357)	(178,626)	(655,746)	(494,125)	42,925
<u>416,644</u>	<u>455,707</u>	<u>1,108,137</u>	<u>3,666,719</u>	<u>1,845,107</u>
<u>\$ 397,287</u>	<u>\$ 277,081</u>	<u>\$ 452,391</u>	<u>\$ 3,172,594</u>	<u>\$ 1,888,032</u>

Continued

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
For the Year Ended September 30, 2025**

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Water</u>	<u>Wastewater</u>	<u>Sanitation</u>	<u>McAllen International Airport</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ 3,462,403	\$ 129,646	\$ 2,717,128	\$ (2,171,432)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	5,746,853	10,599,521	2,879,967	4,590,111
Other nonoperating revenues	-	-	-	-
(Increase) decrease in deferred contributions	-	-	-	-
(Increase) decrease in deferred outflows of resources - pension	646,807	433,378	675,229	130,965
Increase (decrease) in deferred inflows of resources - pension	294,221	185,546	307,589	87,179
Increase (decrease) in deferred inflows of resources - leases	(443,621)	-	-	10,244,439
(Increase) decrease in lease receivable	303,561	-	-	(10,395,993)
(Increase) decrease in accounts receivable	(765,223)	(376,424)	(96,544)	395,363
(Increase) decrease in prepaid items	(5,865)	(10,736)	879,758	(40)
(Increase) decrease in inventories	643	-	-	-
Increase (decrease) in accounts payable	6,446,696	184,322	2,653,222	1,545,536
Increase (decrease) in customer deposits payable	87,235	-	-	-
Increase (decrease) in compensated absences payable	70,725	114,815	(12,359)	37,282
Increase (decrease) in accrued liabilities	95,765	23,710	32,808	21,804
Increase (decrease) in due to other funds	21,050	-	-	16,645
Increase (decrease) in net pension liability	(1,244,501)	(825,427)	(1,299,506)	(272,046)
Increase (decrease) in unearned revenue	5,442	-	1,743	(105,575)
Total adjustments	<u>11,259,788</u>	<u>10,328,705</u>	<u>6,021,907</u>	<u>6,295,670</u>
Net cash provided by (used) by operating activities	<u>\$ 14,722,191</u>	<u>\$ 10,458,351</u>	<u>\$ 8,739,035</u>	<u>\$ 4,124,238</u>
<b>Reconciliation to statement of net position:</b>				
Cash	\$ 400,057	\$ 211,565	\$ 376,577	\$ 141,467
Cash restricted	188,679	390,107	-	337,383
Total cash	<u>\$ 588,736</u>	<u>\$ 601,672</u>	<u>\$ 376,577</u>	<u>\$ 478,850</u>
<b>Noncash investing, capital and financing activities:</b>				
Contributions of capital assets	\$ 4,918,682	\$ 6,676,893	\$ -	\$ -
Increase (decrease) in fair value of investments	972	17,658	45,600	(21,252)

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
\$ 10,078,661	\$ 2,090,731	\$ (12,874,910)	3,432,227	\$ (4,811,135)
793,479	1,483,870	4,590,795	30,684,596	2,479,406
-	-	-	-	4,215,572
-	(16,803,128)	-	(16,803,128)	-
119,313	42,757	446,197	2,494,646	96,238
66,993	13,821	245,552	1,200,901	41,246
(2,794,446)	-	(217,162)	6,789,210	-
2,755,820	-	218,059	(7,118,553)	-
(128)	-	(54,109)	(897,065)	(103,173)
-	(465)	302,589	1,165,241	791,005
-	-	-	643	(199,936)
25,831	(14,818,818)	448,910	(3,514,301)	(256,895)
-	-	304,733	391,968	-
144,533	26,449	138,977	520,422	42,643
5,814	(1,047)	59,981	238,835	18,053
76,787	17,015	(140,955)	(9,458)	(1,071,756)
(238,810)	(78,177)	(889,462)	(4,847,929)	(183,330)
13,498	-	3,207	(81,685)	(961,878)
968,684	(30,117,723)	5,457,312	10,214,343	4,907,195
\$ 11,047,345	\$ (28,026,992)	\$ (7,417,598)	\$ 13,646,570	\$ 96,060
\$ 246,635	\$ 167,414	\$ 444,251	\$ 1,987,966	\$ 1,888,032
150,652	109,667	8,140	1,184,628	-
\$ 397,287	\$ 277,081	\$ 452,391	\$ 1,987,966	\$ 1,888,032
\$ -	\$ -	\$ -	\$ 11,595,575	\$ 307,906
-	76,676	11,778	131,432	(2,341)

Concluded

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
September 30, 2025**

	<u>Pension Trust</u>	<u>Custodial Funds</u>	
	<u>Firemen's Relief and Retirement Fund</u>	<u>Communications Group</u>	<u>Tres Lagos PID Assessment Collections</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 663,396	\$ -	\$ 1,826
Investments, at fair value:			
TexPool prime	-	11,203,328	25,186
Fixed income	13,250,688	-	-
Domestic and international equities	39,506,860	-	-
Alternative investments	16,632,256	-	-
Total investments	69,389,804	11,203,328	25,186
Receivables:			
Interest	93,895	-	-
Other	-	-	12,963
Other assets:			
Prepaid expenditures	226	-	-
Total assets	70,147,321	11,203,328	39,975
<b>LIABILITIES</b>			
Accounts payable	11,319	76,745	237
Other	-	-	39,738
Total liabilities	11,319	76,745	39,975
<b>NET POSITION</b>			
Restricted for:			
Pensions	70,136,002	-	-
Organizations	-	11,126,583	-
Total net pension	\$ 70,136,002	\$ 11,126,583	\$ -

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, 2025**

	Pension Trust	Custodial Funds	
	Firemen's Relief and Retirement Fund	Communications Group	Tres Lagos PID Assessment Collections
<b>ADDITIONS</b>			
Contributions:			
Member	\$ 2,306,838	\$ -	\$ -
Employer	2,580,790	-	-
Other	3,563	2,828,340	-
Total contributions	<u>4,891,191</u>	<u>2,828,340</u>	<u>-</u>
Investment earnings (loss):			
Interest and dividends	1,968,399	469,478	-
Net appreciation (depreciation) in fair value of investments	<u>3,041,066</u>	<u>-</u>	<u>-</u>
Total investment earnings (loss)	5,009,465	469,478	-
Less: investment expense	<u>(320,705)</u>	<u>-</u>	<u>-</u>
Net investment earnings (loss)	<u>4,688,760</u>	<u>469,478</u>	<u>-</u>
Total additions (reductions)	<u>9,579,951</u>	<u>3,297,818</u>	<u>-</u>
<b>DEDUCTIONS</b>			
Benefits	5,014,754	-	-
Refund of contributions	189,019	-	-
DROP payments	245,565	-	-
Administrative expense	23,691	1,223,831	-
Other	<u>15,312</u>	<u>-</u>	<u>-</u>
Total deductions	<u>5,488,341</u>	<u>1,223,831</u>	<u>-</u>
Net increase (decrease) in fiduciary net position	4,091,610	2,073,987	-
Net position - beginning as originally reported	<u>66,044,392</u>	<u>9,052,596</u>	<u>-</u>
Net position - ending	<u>\$ 70,136,002</u>	<u>\$ 11,126,583</u>	<u>\$ -</u>

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, convention center, International Airport, International Toll Bridge linking Hidalgo, Texas with downtown Reynosa, Tamaulipas, Mexico, Anzalduas International Crossing 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 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 Generally Accepted Accounting Principles 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. 101, Compensated Absences*

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. This Statement was implemented in the City's fiscal year 2025 financial statements with a restatement to net position of \$99,623 and \$1,156,810 for governmental activities and business-type activities, respectively, as of October 1, 2024 to reflect the changes adopted to conform to the new standard.

*GASB Statement No. 102, Certain Risk Disclosures*

The objective of this statement aims to improve financial reporting by providing users of financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The City did not identify any such concentrations or constraints to disclose in the notes to the financial statements. This Statement was implemented in the City's fiscal year 2025 financial statements with no impact to amounts or disclosures previously reported.

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. 103, Financial Reporting Model Improvements*

This statement limits the MD&A to topics in five sections, requires inflows and outflows related to unusual or infrequent items, updates presentation of proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position to include a subtotal for operating income (loss) and noncapital subsidies, updates presentation of each major component unit separately in the reporting agency's statement of net position and statement of activities, and updates presentation of budgetary comparison information using a single method of communication—RSI. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

*GASB Statement No. 104, Disclosure of Certain Capital Assets*

This statement outlines disclosure requirements for lease assets, intangible right-to-use assets, and other intangible assets, categorized by major class. It also requires identification and disclosure of capital assets held for sale, contingent on the decision to sell and the likelihood of sale completion within one year. These changes are intended to enhance transparency, consistency, and decision making for stakeholders. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

*GASB Statement No. 105, Subsequent Events*

This statement improves financial reporting related to subsequent events by 1) clarifying the subsequent events time frame and the subsequent events that constitute recognized and non-recognized events and 2) specifies the information items that are required to be disclosed about subsequent events. The requirements of this statement are effective for reporting periods beginning after June 15, 2026, and the impact has not yet been determined.

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

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

*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 as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and 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.

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

The *Debt Service Funds* are used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

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.

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 two custodial funds, The *Communications Group Fund* and the *Tres Lagos PID Assessment Collections Fund*. The *Communications Group Fund* was established for the purpose of accounting for the operations and maintenance of a consolidated regional public safety services communication system. The *Tres Lagos PID Assessment Fund* was established to account for assessment taxes collected on behalf of the PID.

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.

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

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.
- 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 U.S. 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,

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

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.

**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.

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

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

**6. 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.

**7. 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.

	<u>Major Funds</u>		<u>Non-major Funds Other</u>	<u>Total</u>
	<u>General</u>	<u>Development Corp.</u>		
<b>Fund balances:</b>				
<b>Nonspendable</b>				
Board advances	\$ 4,101,771	\$ -	\$ -	\$ 4,101,771
Prepays	63,097	-	27,050	90,147
<b>Restricted</b>				
Opioid Settlement	245,231	-	-	245,231
Law enforcement	-	-	1,886,641	1,886,641
Debt service	-	-	7,672,684	7,672,684
Economic development	-	37,927,470	-	37,927,470
Tourism	-	-	4,123,227	4,123,227
Capital improvements	-	-	21,036,350	21,036,350
Public education governmental	-	-	1,636,978	1,636,978
Parks	-	-	2,510,728	2,510,728
<b>Committed</b>				
Downtown services parking	-	-	6,418	6,418
City Special Events	-	-	133,921	133,921
Marketing	-	-	633,782	633,782
<b>Assigned</b>				
Information technology projects	-	-	70,107	70,107
Other capital projects	-	-	40,606,938	40,606,938
Unassigned	105,539,696	-	(20,208,788)	85,330,908
<b>Total fund balances</b>	<u>\$ 109,949,795</u>	<u>\$ 37,927,470</u>	<u>\$ 60,136,036</u>	<u>\$ 208,013,301</u>

The amount of fund balance restricted by enabling legislation totaled \$43,739,739 as of September 30, 2025.

**8. 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.

**9. Deficit Net Position/Fund Balance**

Employee Benefits Fund reflects a deficit net position of \$3,067,664. It is estimated these shortfalls will be covered by health insurance premium rate increases and plan design changes to reduce expenses. McAllen EB-5 Regional Center reflects a deficit fund balance of \$10,527. Also, Miscellaneous Government Grants reflects a deficit fund balance of \$6,702,830. Also, TX Anti Gang Unit reflects a deficit fund balance of \$15,464. Also, Street Improvement Construction reflects a deficit fund balance of \$22,888. Also, Quinta Center for Urban Ecology reflects a deficit fund balance of \$13,457,079, both of these deficits will be covered by the General Fund as well.

**10. 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.

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

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

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 six 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	\$ 5,222,949
Sales taxes	8,581,906
City of Mission - Repayment on Series B Bond	4,101,771
Weedy lots	1,290,998
Leases	144,660
Other	<u>6,701,160</u>
Totals	<u>\$ 26,043,444</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.

**11. 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.

**12. 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 non cancellable agreements.

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

As a subscriber, the City recognizes a subscription liability and a subscription asset in the government-wide 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.

**13. Accumulated Unpaid Compensated Absences**

Accumulated unpaid compensated absences, consisting of vested accrued vacation and sick leave, are accrued when incurred. Starting with the date of employment, full-time non-Civil Service employees earn 1 working day of sick leave for each full month employed. Employees who resign after 10 years or more of continuous active service will be compensated for accumulated unused sick leave not to exceed 30 full days of compensation. Employees with 15 years of continuous active service will be compensated not to exceed 60 full days of compensation. Employees with 20 years of continuous active service will be compensated not to exceed 90 full days of compensation. Civil Service employees earn 1.25 working days of sick leave for each full month of employment. Accumulated sick balances maintained by the City's Police officers will be paid out at the time of termination from between 120 hours and 1200 hours depending on years of service. The accumulated sick balance held by a City Firefighter will be paid out up to 120 days.

Vacation time for non-Civil Service employees is earned at a rate of 10 days for each year worked unless the employee has over 10 years of full-time continuous service at which time the employee earns 15 days of vacation per year. Firemen earn vacation time at a rate of 15 hours per month. Policemen earn 15 days of vacation every year until they have 15 years of continuous service at which time they earn 18 days of vacation. At 20 years of service, Policemen earn 20 days of vacation time a year.

Accumulated vacation leave which is expected to be liquidated with expendable available financial resources, is reported as an expenditure and a fund liability of the governmental fund that will pay it. Accumulated sick leave, which is more likely than not to be used by employees and expected to be liquidated with expendable available financial resources, is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of accumulated vacation and sick leave within governmental funds that are not expected to be liquidated with expendable available financial resources are reported as a long-term liability on the statement of net position. No expenditure is reported for these amounts in the fund financial statements unless the benefits have matured, i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement. Accumulated vacation and sick leave of proprietary fund types are recorded as an expense and liability of those funds as the benefits accrue to employees.

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****14. Adjustments to and Restatements of Beginning Balances**

During fiscal year 2025, changes in accounting principle due to the implementation of GASB Statement 101, *Compensated Absences*, resulted in adjustments to and restatements of beginning net position and fund net position, as follows:

	Beginning of Year As Previously Reported	Change in Accounting Principle	Change to or Within Financial Reporting Entity	Error Correction	Beginning of Year As Restated
<b>Government-Wide</b>					
Governmental activities	\$ 496,325,983	\$ (99,623)	\$ -	\$ -	\$ 496,226,360
Business-type activities	542,383,532	(1,156,810)	-	-	541,226,722
<b>Total primary government</b>	<u>1,038,709,515</u>	<u>(1,256,433)</u>	<u>-</u>	<u>-</u>	<u>1,037,453,082</u>
<b>Proprietary Funds</b>					
Water fund	99,282,907	(295,527)	-	-	98,987,380
Wastewater fund	108,760,099	(262,095)	-	-	108,498,004
Sanitation fund	41,719,052	(305,689)	-	-	41,413,363
McAllen international airport fund	107,522,049	(49,718)	-	-	107,472,331
McAllen international toll bridge fund	45,901,431	-	-	-	45,901,431
Anzalduas international crossing fund	3,400,927	-	-	-	3,400,927
Nonmajor enterprise funds	134,894,592	(194,856)	-	-	134,699,736
Internal service funds	41,115,550	(86,069)	-	-	41,029,481
<b>Total proprietary funds</b>	<u>\$ 582,596,607</u>	<u>\$ (1,193,954)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 581,402,653</u>

**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:

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.

1. Public hearings are conducted to obtain taxpayer comments.
2. Prior to October 1, the budget is legally enacted by the City Commission through passage of an ordinance.
3. 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.
4. Annual appropriated budgets are adopted for most governmental funds per legal requirements, while others are appropriated for management purposes.
5. 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 United States of America Generally Accepted Accounting Principles (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.
6. 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 Miscellaneous Government Grants, Developers, PD Seized and the TX Anti Gang Unit Fund, 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, 2025, 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:

<u>Department</u>	<u>Amount</u>
Fire	\$ 625,697
Street lighting	373,906
Recreation	262,374
Health code compliance	98,158
Emergency medical services	91,667
Tax office	90,836
City hall	48,183
Passport facility	19,597
Development center	10,616
Total general fund	<u>\$ 1,621,034</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, 2025, 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, 2025, are reflected in the table that follows:

2025 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	\$ 96,070,623	\$ 96,528,852	\$ -	\$ 96,528,852	\$ -
Money market mutual funds	4,782,238	4,782,238	-	4,782,238	-
Total debt securities	<u>\$ 100,852,861</u>	<u>\$ 101,311,090</u>	<u>\$ -</u>	<u>\$ 101,311,090</u>	<u>\$ -</u>

The total amount above excludes investments in local government pools, which are reported at amortized cost in the amount of \$250,827,702 as of September 30, 2025.

**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.

	<u>Government Agencies, Certificates of Deposit, and Commercial Paper</u>
< 1 Year	\$ 79,972,193
1-4 Years	<u>96,528,852</u>
Total	<u>\$ 176,501,045</u>
Weighted Average Maturity	318 Days

*Credit risk.* As of September 30, 2025, 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 Aa1 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 54% of the total portfolio. Within this category, 54% represent securities issued by the Federal Farm Credit Bank and 46% 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, 2025. The table below reflects the composition of these investments.

	<u>Fair Value</u>	<u>% of Portfolio</u>	<u>Investment Policy Asset Allocation</u>
Equities:			
Domestic	\$ 29,254,051	42%	30-60%
International	<u>10,252,809</u>	15%	10-30%
Equities total	<u>39,506,860</u>		
Fixed income			
Treasury and agency securities corporate bonds, mutual funds, and mortgage-back securities	<u>13,250,688</u>		
Fixed income total	<u>13,250,688</u>	19%	20-50%
Alternative investments	<u>16,632,256</u>	24%	0-30%
Total portfolio	<u>\$ 69,389,804</u>	<u>100%</u>	

**NOTE III - DETAILED NOTES ON ALL FUNDS (Continued)**

Investments at fair value as of September 30, 2025 using the fair value measurement are as follows:

Investment Type	Total Fair Value	Level 1	Level 2	Level 3
<b>Equities</b>				
Domestic Equity	\$ 29,254,051	\$ 29,254,051	\$ -	\$ -
International Equity	10,252,809	10,252,809	-	-
<b>Fixed Income</b>				
US Treasury Notes	3,209,530	3,209,530	-	-
Government Agency	24,434	24,434	-	-
Corporate Bonds	1,976,364	1,827,493	148,871	-
Mortgage Backed Securities	2,657,017	-	2,657,017	-
Mutual Funds	5,383,343	5,383,343	-	-
<b>Total Investments at Fair Value</b>	<b>\$ 52,757,548</b>	<b>\$ 49,951,660</b>	<b>\$ 2,805,888</b>	<b>\$ -</b>

Investments measured at the net asset value (NAV)	Unfunded Commitments	Redemption Frequency	Redemption Notice
<b>Hedge Funds</b>			
Terracap Partners V	\$ 963,465	-	(1)
Ironwood	3,377,902	-	Semi-annual 95 days
Terracap Partners III	1,312,674	-	(1)
Pointer	3,806,261	-	(3)
Serenitas	3,123,296	-	(1)
Ironsides Opportunities Annex Fund	539,877	-	(1)
Ironside Opportunities Fund II	1,854,862	-	(1) 10 days
Ironside Private Equity Fund VII	527,052	-	(1)
CCA Longevity Fund VI	1,126,867	-	(2)
<b>Total of Investments Measured at NAV</b>	<b>16,632,256</b>	<b>-</b>	<b>-</b>
<b>Total Investments</b>	<b>\$ 69,389,804</b>		

(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 five hedge funds will liquidate in 5-10 years.

(2) The money invested with CCA Longevity Fund 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, 2025, amount to \$13,250,688 and have weighted-average duration of 11 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	\$ 1,976,364	14.92%	9.26
US Treasury notes	3,209,530	24.22%	11.04
Mortgage Backed Securities	2,657,017	20.05%	24.03
Government Agency	24,434	0.18%	30.52
Mutual Funds	5,383,343	40.63%	5.10
Total fixed income investments	<u>\$ 13,250,688</u>	<u>100.00%</u>	<u>11.00</u>

*Credit risk.* Using Standard and Poor’s rating system for fixed income securities as of September 30, 2025 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	\$ 3,209,530	\$ 3,209,530	\$ -	\$ -
Government Agency	24,434	24,434	-	-
Corporate Bonds	1,976,364	1,273,103	703,261	-
Mutual Funds	5,383,343	1,544,125	3,480,102	359,116
Mortgage Backed Securities	2,657,017	2,657,017	-	-
Total	<u>\$ 13,250,688</u>	<u>\$ 8,708,209</u>	<u>\$ 4,183,363</u>	<u>\$ 359,116</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>Accounts</u>	<u>Taxes</u>	<u>Interest</u>	<u>Lease Receivables</u>	<u>Inter-governmental</u>	<u>Other</u>	<u>Net Receivables</u>
Governmental activities:							
General	\$ 2,273,681	\$ 18,125,023	\$ 355,087	\$ 143,363	\$ 1,388,930	\$ 646,911	\$ 22,932,995
Development corp.	-	4,053,097	112,549	-	82,880	-	4,248,526
Nonmajor governmental and internal service funds	1,748,998	440,692	242,689	-	9,561,021	428,000	12,421,400
Total governmental	<u>\$ 4,022,679</u>	<u>\$ 22,618,812</u>	<u>\$ 710,325</u>	<u>\$ 143,363</u>	<u>\$ 11,032,831</u>	<u>\$ 1,074,911</u>	<u>\$ 39,602,921</u>
Business-type activities:							
Water	\$ 3,230,274	\$ -	\$ 12,167	\$ 162,805	\$ 99,977	\$ -	\$ 3,505,223
Wastewater	2,469,323	-	-	-	1,584	119,488	2,590,395
Sanitation	2,803,042	-	57,759	-	58,729	-	2,919,530
McAllen international airport	783,478	-	92,204	1,106,588	-	239	1,982,509
McAllen international toll bridge	128	-	4,681	2,772,791	-	-	2,777,600
Anzalduas international crossing	82	-	-	-	-	-	82
Nonmajor enterprise and fleet fund	271,947	-	79,171	206,528	6,467,212	-	7,024,858
Total business-type	<u>\$ 9,558,274</u>	<u>\$ -</u>	<u>\$ 245,982</u>	<u>\$ 4,248,712</u>	<u>\$ 6,627,502</u>	<u>\$ 119,727</u>	<u>\$ 20,800,197</u>

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 2025 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 \$126,283; wastewater accounts by \$92,865; and sanitation accounts by \$122,784.

**NOTE III - DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital assets**

Capital asset activity for the year ended September 30, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 92,548,002	\$ 242,724	\$ 7,171	\$ -	\$ 92,797,897
Construction in progress	48,944,271	39,681,235	(23,019,076)	(6,525)	65,599,905
Development in Progress - SBITA	1,997,102	1,880,337	(294,196)	-	3,583,243
<b>Total capital assets, not being depreciated</b>	<b>143,489,375</b>	<b>41,804,296</b>	<b>(23,306,101)</b>	<b>(6,525)</b>	<b>161,981,045</b>
Capital assets, being depreciated:					
Buildings and improvements	211,962,274	853,437	16,777,356	-	229,593,067
Equipment	114,342,228	6,016,462	801,909	(1,237,269)	119,923,330
Infrastructure	320,220,599	10,223,251	5,726,836	(8,121)	336,162,565
Subscription Right-of-Use	923,783	-	-	(561,365)	362,418
<b>Total capital assets, being depreciated</b>	<b>647,448,884</b>	<b>17,093,150</b>	<b>23,306,101</b>	<b>(1,806,755)</b>	<b>686,041,380</b>
Less accumulated depreciation for:					
Buildings and improvements	(96,797,921)	(6,860,521)	-	-	(103,658,442)
Equipment	(82,913,834)	(5,955,037)	-	1,016,849	(87,852,022)
Infrastructure	(186,322,419)	(10,492,686)	-	-	(196,815,105)
Subscription Right-of-Use	(576,094)	(281,369)	-	561,365	(296,098)
<b>Total accumulated depreciation</b>	<b>(366,610,268)</b>	<b>(23,589,613)</b>	<b>-</b>	<b>1,578,214</b>	<b>(388,621,667)</b>
<b>Total capital assets, being depreciated, net</b>	<b>280,838,616</b>	<b>(6,496,463)</b>	<b>23,306,101</b>	<b>(228,541)</b>	<b>297,419,713</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 424,327,991</b>	<b>\$ 35,307,833</b>	<b>\$ -</b>	<b>\$ (235,066)</b>	<b>\$ 459,400,758</b>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 2,111,233
Public safety	3,710,129
Highways and streets, which includes the depreciation of general infrastructure assets	10,508,578
Health and welfare	109,957
Culture and recreation	4,767,579
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>2,382,137</u>
<b>Total depreciation-governmental activities</b>	<b>\$ 23,589,613</b>

Notes To Financial Statements

**NOTE III - DETAILED NOTES ON ALL FUNDS (Continued)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers/ Retirements</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 23,452,195	\$ 4,832,469	\$ -	\$ 28,284,664
Construction in progress	38,930,364	28,272,680	(4,322,521)	62,880,523
Water rights (perpetual)	14,323,738	1,384,078	-	15,707,816
Development in Progress - SBITA	1,600,000	-	-	1,600,000
Total capital assets, not being depreciated	<u>78,306,297</u>	<u>34,489,227</u>	<u>(4,322,521)</u>	<u>108,473,003</u>
Capital assets, being depreciated:				
Buildings and systems	549,065,865	14,459,565	3,819,929	567,345,359
Improvements other than buildings	250,946,543	1,745,390	104,247	252,796,180
Machinery and equipment	94,897,413	15,286,025	(968,135)	109,215,303
Development cost	7,417,617	-	-	7,417,617
Water rights (non-perpetual)	2,680,000	-	-	2,680,000
Subscription Right-of-Use	49,003	-	(49,003)	-
Total capital assets, being depreciated	<u>905,056,441</u>	<u>31,490,980</u>	<u>2,907,038</u>	<u>939,454,459</u>
Less accumulated depreciation for:				
Buildings and systems	(228,590,233)	(18,373,556)	-	(246,963,789)
Improvement other than buildings	(168,932,909)	(6,031,774)	-	(174,964,683)
Machinery and equipment	(67,294,800)	(5,902,365)	1,364,366	(71,832,799)
Development cost	(2,733,541)	(185,440)	-	(2,918,981)
Water rights	(2,002,499)	(270,000)	-	(2,272,499)
Subscription Right-of-Use	(30,272)	(18,730)	49,002	-
Total accumulated depreciation	<u>(469,584,254)</u>	<u>(30,781,865)</u>	<u>1,413,368</u>	<u>(498,952,751)</u>
Total capital assets being depreciated, net	<u>435,472,187</u>	<u>709,115</u>	<u>4,320,406</u>	<u>440,501,708</u>
Business-type activities				
Capital assets net	<u>\$ 513,778,484</u>	<u>\$ 35,198,342</u>	<u>\$ (2,115)</u>	<u>\$ 548,974,711</u>

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

Water	\$ 5,746,853
Wastewater	10,599,521
Sanitation	2,879,967
Golf course	430,518
Performing arts center	1,085,638
Convention center	1,595,618
McAllen international airport	4,590,111
Metro McAllen	12,996
Transit terminal	1,466,025
McAllen international toll bridge	793,479
Anzalduas international crossing	1,483,870
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>97,269</u>
Total depreciation-business type activities	<u>\$ 30,781,865</u>

**NOTE III - DETAILED NOTES ON ALL FUNDS (Continued)**

At September 30, 2025, 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>
Building Improvements	\$ 9,375,474	Local & Grants
Bridge Improvements	1,118,895	Bonds & Grants
Water Improvements	6,975,482	Bonds, Local & Grants
Wastewater Improvements	1,539,769	Bonds, Local & Grants
Airport Improvements	5,112,091	Local and grant
Transit Improvements	926,540	Local and grant
Infrastructure Improvements	873,865	Local
Drainage Improvements	2,146,393	Bonds, Local & Grants
Golf Course Improvements	196,953	Local
Total	<u>\$ 28,265,462</u>	

**D. Interfund receivables/loans and transfers**

The compositions of inter-fund balances as of September 30, 2025 are reflected below.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non-Major Governmental Funds	\$ 18,140,041
	Non-Major Proprietary Funds	3,904,563
	Development corp.	231,918
	Employee Benefits Fund	223,580
	Water Fund	21,050
	McAllen international airport	16,645
	McAllen international toll	243,589
	Anzalduas international crossing	17,015
	Fleet and materials management Fund	<u>521,466</u>
	Total General Fund	<u>23,319,867</u>
Quinta Center for Urban Ecology Fund	Transit Systems Fund	<u>42,640</u>
	Total Governmental Funds	<u>23,362,507</u>
Convention Center Fund	Non-Major Governmental Fund	240,273
Performing Arts Center Fund	Non-Major Governmental Fund	60,068
Transit Terminal	Non-Major Governmental Fund	<u>956,433</u>
	Total Proprietary Funds	<u>1,256,774</u>
	Combined totals	<u>\$ 24,619,281</u>

**NOTE III - DETAILED NOTES ON ALL FUNDS (Continued)**

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	Nonmajor Proprietary	Internal Service	
<b>Transfer out:</b>					
General fund	\$ -	\$ 7,876,665	\$ -	\$ 1,266,944	\$ 9,143,609
Development corp fund	200,000	2,341,130	2,003,362	-	4,544,492
Nonmajor proprietary	-	74,000	-	111,136	185,136
Nonmajor governmental	-	4,848,415	3,948,194	15,155	8,811,764
Water fund	-	-	-	150,538	150,538
Wastewater fund	-	-	-	92,950	92,950
Internal service	1,450,302	-	135,959	33,340	1,619,601
Sanitation fund	-	25,000	-	170,744	195,744
Anzalduas int'l crossing fund	-	9,000	-	8,083	17,083
McAllen int'l toll bridge fund	6,803,652	9,000	-	32,330	6,844,982
McAllen int'l airport fund	2,190,925	25,000	-	37,382	2,253,307
<b>Total</b>	<u>\$ 10,644,879</u>	<u>\$ 15,208,210</u>	<u>\$ 6,087,515</u>	<u>\$ 1,918,602</u>	<u>\$ 33,859,206</u>

**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 2028. Interest rates range from 0.4350% to 3.8720%.

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 2034. Interest rates range from 2.7660% to 3.2930%.

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 0.2280% to 2.8220%.

**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>
2025	\$ 5,779	\$ 2,221	\$ 8,000
	<u>\$ 5,779</u>	<u>\$ 2,221</u>	<u>\$ 8,000</u>

**Business-type activities:**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 4,361,971	\$ 423,760	\$ 4,785,731
	<u>\$ 4,361,971</u>	<u>\$ 423,760</u>	<u>\$ 4,785,731</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>
2026	\$ 5,865	\$ 2,135	\$ 8,000
2027	5,953	2,047	8,000
2028	6,041	1,959	8,000
2029	6,131	1,869	8,000
2030	6,223	1,777	8,000
2031-2035	32,530	7,470	40,000
2036-2040	35,025	4,975	40,000
2041-2045	37,712	2,288	40,000
2046	7,883	117	8,000
Total	<u>\$ 143,363</u>	<u>\$ 24,637</u>	<u>\$ 168,000</u>

**Business-type activities:**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 4,248,712	\$ 382,537	\$ 4,631,249
2027	4,241,331	328,988	4,570,319
2028	3,673,023	275,534	3,948,557
2029	3,130,362	228,563	3,358,925
2030	1,224,511	187,655	1,412,166
2031-2035	5,044,160	346,407	5,390,567
Total	<u>\$ 21,562,099</u>	<u>\$ 1,749,684</u>	<u>\$ 23,311,783</u>

*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:

<u>Fiscal Year</u>	<u>Total</u>
2026	\$ 169,993
2027	160,454
2028	153,423
2029	131,144
2030	71,458
2031-2035	246,543
2036-2040	78,736
2041-2043	35,320
Total	<u>\$ 1,047,071</u>

Capital lease payments made during the current year were as follows:

**Governmental activities:**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 995,074	\$ 43,947	\$ 1,039,021
	<u>\$ 995,074</u>	<u>\$ 43,947</u>	<u>\$ 1,039,021</u>

**Business-type activities:**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 157,971	\$ 7,075	\$ 165,046
	<u>\$ 157,971</u>	<u>\$ 7,075</u>	<u>\$ 165,046</u>

**NOTE III - DETAILED NOTES ON ALL FUNDS (Continued)**

**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 2027.

Estimated future subscription payments to be made are as follows:

**Governmental activities:**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 34,239	\$ 1,658	\$ 35,897
2027	37,090	600	37,690
Total	<u>\$ 71,329</u>	<u>\$ 2,258</u>	<u>\$ 73,587</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.

**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 \$1,490,000 per year through February 15, 2046, with a final installment of \$1,149,000; interest at 1.87% to 3.97%	\$ 21,810,000
\$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%	3,570,000
\$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%	7,540,000
\$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%	7,200,000
\$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%	3,630,000
\$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%	3,765,000
\$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%	4,805,000
\$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%	3,345,000
\$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%	16,520,000
\$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, 2034, with a final installment of \$3,680,000; interest at 3.00% to 4.00%	<u>30,920,000</u>
Total general long-term bonds and obligations payable	<u>\$ 103,105,000</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, 2025, including interest, are reflected below:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 6,825,000	\$ 3,211,662
2027	6,965,000	3,054,856
2028	7,150,000	2,879,635
2029	7,330,000	2,694,711
2030	7,525,000	2,495,740
2031-2035	37,210,000	9,168,627
2036-2040	15,520,000	4,501,240
2041-2045	13,090,000	1,551,883
2046	<u>1,490,000</u>	<u>29,554</u>
Total	<u>\$ 103,105,000</u>	<u>\$ 29,587,908</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 \$5,395,071. 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%	\$ 1,153,600
\$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%	4,585,950
\$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%	11,765,000
\$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%	6,070,000
\$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>15,495,000</u>
Total water fund bonds payable	<u>\$ 39,069,550</u>

Payable from Wastewater Fund:

\$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%	\$ 906,400
\$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%	6,079,050
\$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	20,290,000
\$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%	4,390,000
\$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%	
\$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%	29,615,000
\$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%	6,085,000
\$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>6,765,000</u>
Total wastewater fund bonds payable	<u>\$ 74,130,450</u>

**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%	\$ 3,355,000
Total airport fund bonds payable	<u>\$ 3,355,000</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%	\$ 10,245,000
\$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%	5,260,000
\$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%	32,725,000
\$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>28,960,000</u>
Total Anzalduas International Crossing fund bonds payable	<u>\$ 77,190,000</u>
Total Proprietary Funds bonds payable	<u>\$ 193,745,000</u>

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

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 10,580,000	\$ 4,787,604
2027	10,855,000	4,513,915
2028	11,150,000	4,225,604
2029	11,440,000	3,921,742
2030	11,765,000	3,602,736
2031-2035	41,900,000	14,369,814
2036-2040	37,800,000	10,691,089
2041-2045	31,415,000	6,696,768
2046-2050	19,870,000	2,935,556
2051-2052	<u>6,970,000</u>	<u>264,750</u>
Total bonds outstanding	<u>\$ 193,745,000</u>	<u>\$ 56,009,578</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, 2025 is shown on the following table:

	Balance at September 30, 2024	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2025	Amounts Due Within One Year
<b>Governmental activities:</b>					
Sales tax revenue bonds	\$ 19,550,000	\$ -	\$ (1,385,000)	\$ 18,165,000	\$ 1,420,000
Certificates of obligation	35,585,000	-	(1,430,000)	34,155,000	1,480,000
General obligation bonds	54,655,000	-	(3,870,000)	50,785,000	3,925,000
Bond premium	2,542,811	-	(179,304)	2,363,507	150,037
Leases	995,074	-	(995,074)	-	-
Compensated absences *	17,106,069	1,646,325	-	18,752,394	7,392,964
Rebatable arbitrage	-	310,636	-	310,636	-
Subscription Liability	307,134	-	(235,805)	71,329	34,239
TMRS net pension liability	14,180,739	-	(11,196,411)	2,984,328	-
Total OPEB liability	17,116,470	2,419,054	-	19,535,524	-
Firemen pension liability	35,252,065	1,477,077	-	36,729,142	-
Total general long-term debt	<u>\$ 197,290,362</u>	<u>\$ 5,853,092</u>	<u>\$ (19,291,594)</u>	<u>\$ 183,851,860</u>	<u>\$ 14,402,240</u>
<b>Business-type activities:</b>					
Revenue bonds payable	\$ 205,075,000	\$ -	\$ (11,330,000)	\$ 193,745,000	\$ 10,580,000
Bond premium	2,374,747	-	(509,785)	1,864,962	430,955
Leases	157,971	-	(157,971)	-	-
Compensated absences *	4,362,982	536,027	-	4,899,009	1,931,390
Subscription Liability	19,410	-	(19,410)	-	-
Rebatable arbitrage	-	72,174	-	72,174	-
TMRS net pension liability	6,397,898	-	(5,031,259)	1,366,639	-
Total proprietary fund debt	<u>218,388,008</u>	<u>608,201</u>	<u>(17,048,425)</u>	<u>201,947,784</u>	<u>12,942,345</u>
Total debt	<u>\$ 415,678,370</u>	<u>\$ 6,461,293</u>	<u>\$ (36,340,019)</u>	<u>\$ 385,799,644</u>	<u>\$ 27,344,585</u>

\* Compensated absences are reported as a net change for the year as allowed under the provisions of GASB 101. Beginning balance is restated for the implementation of GASB 101.

**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 2025, 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, 2025. 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 &amp; Casualty Insurance</u>	<u>Total</u>
Claims payable at September 30, 2023	\$ (790,284)	\$ (240,000)	\$ (700,000)	\$ (67,910)	\$ (1,798,194)
Current period claims and changes in estimate	(14,268,387)	(1,058,993)	(958,049)	(621,636)	(16,907,065)
Current period claims paid	14,311,660	1,058,927	958,049	617,644	16,946,280
Claims payable at September 30, 2024	(747,011)	(240,066)	(700,000)	(71,902)	(1,758,979)
Current period claims and changes in estimate	(14,923,292)	(1,338,547)	(1,200,404)	(759,794)	(18,222,037)
Current period claims paid	14,951,218	1,338,547	1,200,404	750,966	18,241,135
Claims payable at September 30, 2025	\$ (719,085)	\$ (240,066)	\$ (700,000)	\$ (80,730)	\$ (1,739,881)

**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, 2025, 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 89 employees who had retired: 53 with single coverage and 36 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, 2023 for reporting in the City's full accrual financial statements and a Measurement Date (MD) of September 30, 2025.

**NOTE IV - OTHER INFORMATION (Continued)**

The valuation results as of October 1, 2023 were rolled-forward and used for the September 30, 2025 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, 2025, for reporting in the City's full accrual financial statement as of September 30, 2026.

- 4. At the September 30, 2025 valuation and measurement date, the following members were covered by the benefit terms:

**Plan membership/participants:**

Inactive employees or beneficiaries currently receiving benefits	89
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>1,749</u>
Total	<u><u>1,838</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, 2023
Prior Measurement date	September 30, 2024
Measurement date	September 30, 2025
<b>Assumptions:</b>	
Inflation	2.70% per year
Salary increases	Decreases gradually from 11.85% when hired to 3.60% at 25+ years of service
<b>Discount Rate*</b>	
Prior Measurement Date	4.06%
Measurement Date	4.50%
Mortality	Pub-2010 General and Public Safety Employees/Retirees Headcount-Weighted Mortality Tables projected fully generationally using scale MP-2021
Health Care Cost Trends	Known premium rate increases from 2023 to 2024 and 2024 to 2025, followed by 6.20% from 2025 to 2026, decreasing gradually to an ultimate rate of 4.14% 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
- 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, 2025:

Service Cost	\$ 697,266
Interest on the Total OPEB Liability and Service Cost	707,290
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	2,218,917
Changes of assumptions or other inputs	<u>(1,916,411)</u>
OPEB Expense	<u>\$ 1,707,062</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 total OPEB liability can be very significant for a relatively small change in either rate.

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

<u>Healthcare Cost Trend</u>	<u>1% Increase in Discount Rate (5.50%)</u>	<u>Current Discount Rate (4.50%)</u>	<u>1% Increase in Discount Rate (3.50%)</u>
1% Decrease		\$ 16,255,365	
Current	\$ 16,886,142	\$ 19,535,524	\$ 22,851,387
1% Increase		\$ 23,820,112	

8. Deferred Inflows and Outflows: For the current fiscal year, the average expected remaining service life of active and inactive employees is 9 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, 2025 are amortized over 9 years.

For the year ended September 30, 2025, the Plan recognized OPEB expense of \$1,707,062.

At September 30, 2025, 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	\$ 19,952,955	\$ 9,540,692
Changes of assumptions	<u>882,750</u>	<u>11,038,082</u>
Total	<u>\$ 20,835,705</u>	<u>\$ 20,578,774</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>
2026	\$ 302,506
2027	302,506
2028	302,510
2029	370,152
2030	328,865
Thereafter	<u>(1,349,608)</u>
Total	<u>\$ 256,931</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 9/30/2024	\$ 17,116,470	\$ -	\$ 17,116,470
Changes for the year:			
Service cost	697,266	-	697,266
Interest on Total OPEB Liability and Service Cost	707,290	-	707,290
Changes in benefit terms	-	-	-
Difference between expected and actual experience	3,173,606	-	3,173,606
Changes in assumptions	(1,365,633)	-	(1,365,633)
Benefit payments	(793,475)	(793,475)	-
Contributions-employer	-	793,475	(793,475)
Contributions-members	-	-	-
Net investment income	-	-	-
Administrative expense	-	-	-
Net Changes	<u>2,419,054</u>	<u>-</u>	<u>2,419,054</u>
Balance at 9/30/2025	<u>\$ 19,535,524</u>	<u>\$ -</u>	<u>\$ 19,535,524</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	\$ 381,821,704	\$ 106,865,144	\$ 488,686,848
Plan fiduciary net position	<u>377,470,737</u>	<u>70,136,002</u>	<u>447,606,739</u>
Net pension liability (asset)	<u>\$ 4,350,967</u>	<u>\$ 36,729,142</u>	<u>\$ 41,080,109</u>
Deferred outflows of resources	\$ 5,849,462	\$ 9,295,892	\$ 15,145,354
Deferred inflows of resources	\$ 6,838,837	\$ 9,068,581	\$ 15,907,418
Contributions subsequent to measurement date	\$ 5,796,523	\$ -	\$ 5,796,523
Pension expense (income)	\$ 4,223,101	\$ 2,974,735	\$ 7,197,836

**1. Texas Municipal Retirement System**

**a) Plan Description**

The City participates as one of 931 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report that can be obtained at [www.tmr.com](http://www.tmr.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 years
Service retirement eligibility (expressed as age/years of service)	60/10, Any/20
Updated Service Credit	100% Transfers
Annuity Increase (to retirees)	0% of CPI

Employees covered by benefit terms –

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	782
Inactive employees entitled to but not yet receiving benefits	779
Active employees	<u>1,718</u>
Total	<u><u>3,279</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. During the calendar year 2025, the City made contributions of 8.61% and for calendar year 2025, the City made contributions of 8.39%.

**d) Net Pension Liability**

The City’s Net Pension Liability (NPL) was measured as of December 31, 2024, 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	3.60% - 11.85% 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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account

**NOTE IV - OTHER INFORMATION (Continued)**

for future mortality improvements. Based on the size of the city, rates are multiplied by an additional factor of 100.0%.

Actuarial assumptions used in the December 31, 2024, valuation were based on the results of actuarial experience studies. This experience study was for the period December 31, 2018 through December 31, 2022. They were adopted in 2019 and first used in the December 31, 2019 valuation and further updated for the December 31, 2022 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 2022 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 by 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 is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of arithmetic rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	35.00%	7.10%
Core Fixed Income	6.00%	5.00%
Non-Core Fixed Income	6.00%	6.80%
Hedge Funds	5.00%	6.40%
Private Equity	13.00%	8.50%
Private Debt	13.00%	8.20%
Real Estate	12.00%	6.70%
Infrastructure	6.00%	6.00%
Other Private Markets	4.00%	7.30%
<b>Total</b>	<b>100.00%</b>	

**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 12/31/2023	\$ 366,044,119	\$ 345,465,482	\$ 20,578,637
Changes for the year:			
Service cost	10,727,058	-	10,727,058
Interest	24,461,429	-	24,461,429
Difference between expected and actual experience	(1,378,683)	-	(1,378,683)
Contributions-employer	-	7,948,829	(7,948,829)
Contributions-employee	-	6,462,471	(6,462,471)
Net investment income	-	35,861,767	(35,861,767)
Benefit payments, including refunds of employee contributions	(18,032,219)	(18,032,219)	-
Administrative expense	-	(230,211)	230,211
Other	-	(5,382)	5,382
Net Changes	<u>15,777,585</u>	<u>32,005,255</u>	<u>(16,227,670)</u>
Balance at 12/31/2024	<u>\$ 381,821,704</u>	<u>\$ 377,470,737</u>	<u>\$ 4,350,967</u>

Sensitivity of the net pension liability 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)	\$ 54,761,331	\$ 4,350,967	\$ (37,378,686)

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](http://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, 2025, the City recognized pension expense of \$4,223,101.

At September 30, 2025, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 52,939	\$ 2,120,158
Difference in assumption changes	-	932,883
Difference between projected and actual investment earnings	-	3,785,796
Contributions subsequent to the measurement date	<u>5,796,523</u>	<u>-</u>
Total	<u>\$ 5,849,462</u>	<u>\$ 6,838,837</u>

\$5,796,523 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, 2026.

**NOTE IV - OTHER INFORMATION (Continued)**

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

Year ended December 31	Amount
2025	\$ (762,503)
2026	3,051,561
2027	(6,298,723)
2028	(2,776,233)
2029	-
Thereafter	-
Total	<u>\$ (6,785,898)</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, 2024 actuarial valuation, the following members were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	126
Terminated employees entitled to but not yet receiving benefits	9
Active members	<u>182</u>
Total	<u><u>317</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 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 8460-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

**NOTE IV - OTHER INFORMATION (Continued)**

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 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.

**NOTE IV - OTHER INFORMATION (Continued)**

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, 2025 were as follows:

Total pension liability	\$ 106,865,144
Plan fiduciary net position	<u>70,136,002</u>
Net pension liability	<u>\$ 36,729,142</u>
Fiduciary net position as a percentage of total pension liability	65.63%
Covered payroll	15,951,539
Net pension liability as a % of covered payroll	230.25%

**Actuarial Assumptions –**

The total pension liability was determined by an actuarial valuation as of September 30, 2024 and rolled forward to the measurement date of September 30, 2025, the Plan's fiscal year end.

Valuation date	September 30, 2024, rolled forward to September 30, 2025
Measurement date	September 30, 2025
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-2016 (safety employees) total dataset mortality tables for employees and for retirees (sex distinct), projected for mortality improvement generationally using the projection scale MP-2021.
Other information	There have been no benefit changes since the September 30, 2024 valuation date.

**NOTE IV - OTHER INFORMATION (Continued)**

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, 2025 are summaries in the table below:

Asset class:	Target allocation	Long-term expected real rate of return
Equities		
Domestic large cap	26%	5.88%
Domestic small cap	6%	6.72%
International developed	16%	6.02%
Emerging markets	7%	7.37%
Fixed Income		
Domestic core	13%	1.43%
Nontraditional	4%	2.19%
High yield	4%	2.68%
Distressed debt	3%	3.50%
Alternatives		
Private real estate	5%	4.41%
Hedge funds	15%	2.68%
Cash	1%	0.00%
Total	100%	
Weighted average		4.52%

**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, 2024 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.

**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 9/30/2024	\$ 101,296,458	\$ 66,044,393	\$ 35,252,065
Changes for the year:			
Service cost	2,571,324	-	2,571,324
Interest	7,408,169	-	7,408,169
Difference between expected and actual experience	2,032,187	-	2,032,187
Benefit payments, including refunds of member contributions	(5,449,338)	(5,449,338)	-
Contributions-employer	-	2,580,790	(2,580,790)
Contributions-members	-	2,306,838	(2,306,838)
Net investment income	-	4,692,323	(4,692,323)
Administrative expense	-	(39,004)	39,004
Assumption changes	63,173	-	63,173
Changes of benefit provisions	(1,056,829)	-	(1,056,829)
Net Changes	5,568,686	4,091,609	1,477,077
Balance at 9/30/2025	\$ 106,865,144	\$ 70,136,002	\$ 36,729,142

**NOTE IV - OTHER INFORMATION (Continued)**

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 1-percentage-point higher (8.25%) than the current rate:

	<u>1% Decrease in Discount Rate (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase in Discount Rate (8.25%)</u>
Plan’s net pension liability	\$ 50,144,969	\$ 36,729,142	\$ 25,516,925

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

For the year ended September 30, 2025, the Plan recognized pension expense of \$2,974,735.

At September 30, 2025, the Plan reported deferred outflows of resources and deferred 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	\$ -	\$ 114,626
Changes in actuarial assumptions	7,186,782	7,076,393
Difference between projected and actual investment earnings	<u>2,109,110</u>	<u>1,877,562</u>
Total	<u>\$ 9,295,892</u>	<u>\$ 9,068,581</u>

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

<u>Year ended September 30</u>	<u>Amount</u>
2026	\$ 2,204,992
2027	(1,136,975)
2028	(2,422,755)
2029	114,162
2030	588,216
Thereafter	<u>879,671</u>
Total	<u>\$ 227,311</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, 2025 was 15.00% of annual compensation. Contributions required and paid into the fund as of September 30, 2025 were members, \$2,306,838 and employer, \$2,580,790.

**NOTE IV - OTHER INFORMATION (Continued)****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 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, 2025, the TIRZ#1 fund balance was \$751,156.

**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 the 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, 2025, the TIRZ#2A fund balance was \$6,134,318.

**NOTE IV - OTHER INFORMATION (Continued)****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, 2025.

**H. Subsequent Events**

On November 5, 2025, the City issued Texas Waterworks and Sewer System Revenue Bonds, Series 2025A & Series 2025B in the amount of \$30,000,000 and \$3,215,000 respectively, through the State Water Implementation Revenue Fund (SWIRFT) administered by the Texas Water Development Board. Proceeds from the sale of the Bonds will be utilized for the purpose of improving and extending the City's Waterworks and Sewer System as well as acquiring, planning, designing, constructing, improving, and equipping a brackish groundwater treatment plant.

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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 Ten Fiscal Years**

	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	Measurement Year 2024
<b>Total pension liability:</b>										
Service cost	\$ 7,407,030	\$ 7,992,201	\$ 8,196,790	\$ 8,285,275	\$ 8,678,357	\$ 9,049,919	\$ 8,858,798	\$ 9,474,625	\$ 10,099,822	\$ 10,727,058
Interest (on the total pension liability)	15,035,551	15,972,265	16,912,836	17,790,762	19,076,997	20,053,615	21,119,830	22,419,250	23,470,564	24,461,429
Changes of benefit terms	2,340,034	-	-	-	6,023,884	-	-	4,943,376	-	-
Difference between expected and actual experience	385,103	285,052	(814,726)	(1,012,619)	(743,805)	473,099	(735,363)	(972,357)	(637,399)	(1,378,683)
Change in assumptions	8,087,143	-	-	-	(347,815)	-	-	-	(1,528,977)	-
Benefit payments, including refunds of employee contributions	(8,728,811)	(10,020,877)	(10,813,970)	(11,851,695)	(12,605,315)	(12,156,900)	(15,213,681)	(15,274,108)	(16,044,077)	(18,032,219)
Net change in total pension liability	24,526,050	14,228,641	13,480,930	13,211,723	20,082,303	17,419,733	14,029,584	20,590,786	15,359,933	15,777,585
Total pension liability - beginning	213,114,436	237,640,486	251,869,127	265,350,057	278,561,780	298,644,083	316,063,816	330,093,400	350,684,186	366,044,119
Total pension liability - ending (a)	<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>	<u>\$366,044,119</u>	<u>\$381,821,704</u>
<b>Plan fiduciary net position:</b>										
Contributions - employer	\$ 4,278,578	\$ 4,477,156	\$ 5,460,155	\$ 5,558,475	\$ 5,704,990	\$ 6,826,265	\$ 6,287,685	\$ 6,670,243	\$ 7,457,116	\$ 7,948,829
Contributions - employee	4,595,301	4,707,800	4,838,151	4,894,255	5,147,685	5,523,932	5,355,562	5,742,967	6,105,246	6,462,471
Net investment income	311,957	14,305,407	31,182,396	(7,653,315)	38,073,253	21,426,486	39,602,343	(24,784,260)	36,095,732	35,861,767
Benefit payments, including refunds of employee contributions	(8,728,811)	(10,020,877)	(10,813,970)	(11,851,695)	(12,605,315)	(12,156,900)	(15,213,681)	(15,274,108)	(16,044,077)	(18,032,219)
Administrative expense	(190,013)	(161,560)	(161,590)	(147,898)	(215,122)	(138,687)	(183,272)	(214,569)	(229,787)	(230,211)
Other	(9,385)	(8,705)	(8,189)	(7,727)	(6,462)	(5,411)	1,256	256,046	(1,606)	(5,382)
Net change in plan fiduciary net position	257,627	13,299,221	30,496,953	(9,207,905)	36,099,029	21,475,685	35,849,893	(27,603,681)	33,382,624	32,005,255
Plan fiduciary net position - beginning	211,416,035	211,673,662	224,972,883	255,469,836	246,261,931	282,360,960	303,836,645	339,686,539	312,082,858	345,465,482
Plan fiduciary net position - ending (b)	<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>\$339,686,538</u>	<u>\$312,082,858</u>	<u>\$345,465,482</u>	<u>\$377,470,737</u>
Net pension liability (asset) - ending (a) - (b)	\$ 25,966,824	\$ 26,896,244	\$ 9,880,221	\$ 32,299,848	\$ 16,283,123	\$ 12,227,171	\$ (9,593,139)	\$ 38,601,328	\$ 20,578,637	\$ 4,350,967
Plan fiduciary net position as a percentage of total pension liability	89.07%	89.32%	96.28%	88.40%	94.55%	96.13%	102.91%	88.99%	94.38%	98.86%
Covered payroll	\$ 65,030,992	\$ 67,161,351	\$ 69,112,898	\$ 69,917,934	\$ 73,358,895	\$ 78,900,777	\$ 76,566,965	\$ 81,960,422	\$ 87,217,808	\$ 92,156,852
Net pension liability as a percentage of covered payroll	39.93%	40.05%	14.30%	46.20%	22.20%	15.50%	-12.53%	47.10%	23.59%	4.72%

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

**Texas Municipal Retirement System  
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)
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%
2020	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%
2024	7,790,360	7,790,356	(4)	90,657,816	8.59%
2025	8,118,009	8,118,003	(6)	96,051,146	8.45%

Note: This is a 10-year schedule to be created prospectively commencing with Fiscal Year 2016

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 2025:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	19 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Other Information:	Guaranteed 100% ad hoc USC with Transfer

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

	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021	Measurement Year 2022	Measurement Year 2023	Measurement Year 2024	Measurement Year 2025
<b>Total pension liability:</b>										
Service cost	\$ 2,879,641	\$ 1,865,778	\$ 1,940,409	\$ 1,959,647	\$ 3,136,670	\$ 2,094,085	\$ 2,156,908	\$ 2,426,242	\$ 2,495,390	\$ 2,571,324
Interest (on the total pension liability)	5,130,946	5,361,757	5,631,214	5,715,164	5,697,831	6,170,518	6,432,009	6,720,076	7,021,979	7,408,169
Changes of benefit terms	-	-	-	-	-	-	-	-	-	(1,056,829)
Difference between expected and actual experience	-	(1,202,731)	-	(6,083,899)	-	(939,637)	-	477,920	-	2,032,187
Change in assumptions	-	-	-	23,055,865	(20,428,073)	-	-	2,524,259	-	63,173
Benefit payments, including refunds of member contributions	(3,876,966)	(3,520,297)	(3,898,551)	(3,797,821)	(4,519,133)	(4,763,835)	(4,917,916)	(4,941,772)	(5,160,806)	(5,449,338)
Net change in total pension liability	4,133,621	2,504,507	3,673,072	20,848,956	(16,112,705)	2,561,131	3,671,001	7,206,725	4,356,563	5,568,686
Total pension liability - beginning	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	101,296,458
Total pension liability - ending (a)	<u>\$ 72,587,208</u>	<u>\$ 75,091,715</u>	<u>\$ 78,764,787</u>	<u>\$ 99,613,743</u>	<u>\$ 83,501,038</u>	<u>\$ 86,062,169</u>	<u>\$ 89,733,170</u>	<u>\$ 96,939,895</u>	<u>\$ 101,296,458</u>	<u>\$ 106,865,144</u>
<b>Plan fiduciary net position:</b>										
Contributions - employer	\$ 1,554,567	\$ 1,498,194	\$ 1,547,133	\$ 1,625,691	\$ 1,675,942	\$ 1,969,448	\$ 2,028,406	\$ 2,155,354	\$ 2,273,025	\$ 2,580,790
Contributions - members	1,265,734	1,266,209	1,360,361	1,499,435	1,547,867	1,836,219	1,894,577	2,010,356	2,120,526	2,306,838
Benefit payments, including refunds of member contributions	(3,876,966)	(3,520,297)	(3,898,550)	(3,797,821)	(4,519,133)	(4,763,835)	(4,917,916)	(4,941,772)	(5,160,806)	(5,449,338)
Net investment income	3,867,719	5,489,970	4,256,675	2,006,816	5,318,376	9,374,927	(11,898,715)	4,994,111	9,279,716	4,692,323
Gain or (loss) due to difference in projected vs actual earnings	-	-	-	-	-	-	-	-	-	-
Administrative expense	(352,963)	(33,822)	(49,519)	(37,403)	(38,950)	(28,852)	(32,282)	(48,118)	(56,205)	(39,004)
Net change in plan fiduciary net position	2,458,091	4,700,254	3,216,100	1,296,718	3,984,102	8,387,907	(12,925,930)	4,169,931	8,456,256	4,091,609
Plan fiduciary net position - beginning	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	66,044,393
Plan fiduciary net position - ending (b)	<u>\$ 44,759,055</u>	<u>\$ 49,459,309</u>	<u>\$ 52,675,409</u>	<u>\$ 53,972,127</u>	<u>\$ 57,956,229</u>	<u>\$ 66,344,136</u>	<u>\$ 53,418,206</u>	<u>\$ 57,588,137</u>	<u>\$ 66,044,393</u>	<u>\$ 70,136,002</u>
Net pension liability - ending (a) - (b)	\$ 27,828,153	\$ 25,632,406	\$ 26,089,378	\$ 45,641,616	\$ 25,544,809	\$ 19,718,033	\$ 36,314,964	\$ 39,351,758	\$ 35,252,065	\$ 36,729,142
Plan fiduciary net position as a percentage of total pension liability	61.66%	65.87%	66.88%	54.18%	69.41%	77.09%	59.53%	59.41%	65.20%	65.63%
Covered payroll	\$ 11,515,311	\$ 11,524,569	\$ 11,901,023	\$ 12,505,315	\$ 12,891,862	\$ 13,129,653	\$ 13,522,707	\$ 14,369,027	\$ 15,153,500	\$ 15,951,539
Net pension liability as a percentage of covered payroll	241.66%	222.42%	219.22%	364.98%	198.15%	150.18%	268.55%	273.87%	232.63%	230.25%

**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)
2016	\$ 1,435,293	\$ 1,435,293	\$ -	\$ 11,043,509	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	1,675,942	1,675,942	-	12,891,862	13.00%
2022	1,675,942	1,675,942	-	12,891,862	13.00%
2023	1,969,448	1,969,448	-	13,129,653	15.00%
2024	2,028,406	2,028,406	-	13,522,707	15.00%
2025	2,580,790	2,580,790	-	15,951,539	16.18%

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

Methods and Assumptions Used to Determine Contribution Rate for 2025:

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% per year
Projected 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-2016 (safety employees) total dataset mortality tables for employees and for retirees (sex distinct), projected for mortality improvement generationally using the projection scale MP-2021.
Other Information:	There have been no benefit changes since the September 30, 2024 valuation date.

**Post Employment Benefit Plan**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**Last Eight Fiscal Years**  
**(Previous years are not available)**

	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021	Measurement Year 2022	Measurement Year 2023	Measurement Year 2024	Measurement Year 2025
<b>Total OPEB Liability:</b>								
Service cost	\$ 326,694	\$ 297,170	\$ 321,502	\$ 579,803	\$ 612,814	\$ 1,001,596	\$ 717,846	\$ 697,266
Interest (on the total OPEB and Service Cost)	368,004	386,856	222,328	253,031	262,653	1,326,859	1,017,856	707,290
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)	(4,243,327)	3,173,606
Change in assumptions or other inputs	(744,069)	1,536,498	592,518	123,073	(16,553,575)	(269,478)	(315,228)	(1,365,633)
Benefit payments	(905,063)	(566,863)	(1,539,994)	(1,288,470)	(664,427)	(533,703)	(481,025)	(793,475)
Net change in total OPEB liability	(954,434)	(503,577)	2,708,639	423,783	15,144,836	(6,658,548)	(3,303,878)	2,419,054
Total OPEB liability - beginning	10,259,649	9,305,215	8,801,638	11,510,277	11,934,060	27,078,896	20,420,348	17,116,470
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>	<u>\$ 17,116,470</u>	<u>\$ 19,535,524</u>
<b>Plan fiduciary net position:</b>								
Contributions - employer	\$ 905,063	\$ 566,863	\$ 1,539,994	\$ 1,288,470	\$ 664,427	\$ 533,703	\$ 481,025	\$ 793,475
Contributions - members	-	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	-	-
Benefit payments	(905,063)	(566,863)	(1,539,994)	(1,288,470)	(664,427)	(533,703)	(481,025)	(793,475)
Net change in plan fiduciary net position	-	-	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-	-	-
Plan fiduciary net position - ending	-	-	-	-	-	-	-	-
Total OPEB liability - ending	\$ 9,305,215	\$ 8,801,638	\$ 11,510,277	\$ 11,934,060	\$ 27,078,896	\$ 20,420,348	\$ 17,116,470	\$ 19,535,524
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	\$ 86,843,931	\$ 99,717,089
Total OPEB liability as a percentage of covered-employee payroll	12.54%	11.74%	14.10%	15.42%	36.38%	22.55%	19.71%	19.59%

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

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

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

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

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.

**Debt Service Funds** are used to account for resources that will be used to pay the principal and interest on long-term debt.

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

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

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

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

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.

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

The **Traffic Improv / 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 **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.

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
September 30, 2025**

	<u>Special Revenue Funds</u>		
	<u>Hotel Occupancy Tax</u>	<u>Hotel Venue Tax</u>	<u>McAllen EB-5 Regional Center</u>
<b>ASSETS</b>			
Cash	\$ 134,078	\$ 189,935	\$ 6,814
Certificate of deposit	-	-	-
Investments	60,619	1,271,881	72,896
Receivables:			
Accounts	787,259	119,800	-
Taxes	-	-	-
Accrued interest	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Prepays	-	-	-
Total assets	<u>981,956</u>	<u>1,581,616</u>	<u>79,710</u>
Total assets and deferred outflows of resources	<u>\$ 981,956</u>	<u>\$ 1,581,616</u>	<u>\$ 79,710</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 228,232	\$ -	\$ 6,121
Accrued liabilities	-	-	10,701
Due to other funds	300,341	-	8,415
Unearned revenues	367,969	-	-
Other liabilities	<u>25</u>	<u>47</u>	<u>65,000</u>
Total liabilities	<u>896,567</u>	<u>47</u>	<u>90,237</u>
Deferred inflows of resources	-	-	-
Total liabilities and deferred inflows of resources	<u>896,567</u>	<u>47</u>	<u>90,237</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	85,389	1,581,569	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>(10,527)</u>
Total fund balances	<u>85,389</u>	<u>1,581,569</u>	<u>(10,527)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 981,956</u>	<u>\$ 1,581,616</u>	<u>\$ 79,710</u>

Special Revenue Funds					
Drainage Fee	Parkland Zones Development	Tax Increment Reinvestment Zone # 1 (TIRZ # 1)	Community Development Block Grant	Tax Increment Reinvestment Zone # 2 (TIRZ #2)	Miscellaneous Government Grants
\$ 3,636,565	\$ 63,949	\$ -	\$ -	\$ 920,321	\$ -
1,216,425	-	-	-	-	-
4,475,343	2,446,793	754,489	-	6,585,668	507,153
155,046	-	-	-	-	-
-	-	-	-	-	-
30,396	-	-	-	-	-
-	-	1,703,556	740,032	1,792,309	162,880
-	-	-	-	-	-
<u>9,513,775</u>	<u>2,510,742</u>	<u>2,458,045</u>	<u>740,032</u>	<u>9,298,298</u>	<u>670,033</u>
<u>\$ 9,513,775</u>	<u>\$ 2,510,742</u>	<u>\$ 2,458,045</u>	<u>\$ 740,032</u>	<u>\$ 9,298,298</u>	<u>\$ 670,033</u>
\$ 264,716	\$ 14	\$ -	\$ 668,335	\$ 1,302,806	\$ 11,147
36,999	-	3,333	34,040	68,865	10,856
-	-	-	36,133	-	4,140,257
-	-	1,703,556	-	1,792,309	3,210,603
-	-	-	-	-	-
<u>301,715</u>	<u>14</u>	<u>1,706,889</u>	<u>738,508</u>	<u>3,163,980</u>	<u>7,372,863</u>
-	-	-	-	-	-
<u>301,715</u>	<u>14</u>	<u>1,706,889</u>	<u>738,508</u>	<u>3,163,980</u>	<u>7,372,863</u>
-	-	-	-	-	-
9,212,060	2,510,728	751,156	1,524	6,134,318	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(6,702,830)
<u>9,212,060</u>	<u>2,510,728</u>	<u>751,156</u>	<u>1,524</u>	<u>6,134,318</u>	<u>(6,702,830)</u>
<u>\$ 9,513,775</u>	<u>\$ 2,510,742</u>	<u>\$ 2,458,045</u>	<u>\$ 740,032</u>	<u>\$ 9,298,298</u>	<u>\$ 670,033</u>

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
September 30, 2025**

	<u>Special Revenue Funds</u>		
	<u>Downtown Services Parking</u>	<u>PD Seized</u>	<u>TX Anti Gang Unit</u>
<b>ASSETS</b>			
Cash	\$ 2,540	\$ 15,889	\$ -
Certificate of deposit	-	-	-
Investments	909	1,946,644	-
Receivables:			
Accounts	509,667	-	-
Taxes	-	-	-
Accrued interest	-	-	-
Due from other funds	-	-	-
Due from other governments	68,581	-	181,944
Prepays	-	-	-
Total assets	<u>581,697</u>	<u>1,962,533</u>	<u>181,944</u>
Total assets and deferred outflows of resources	<u>\$ 581,697</u>	<u>\$ 1,962,533</u>	<u>\$ 181,944</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 37,951	\$ 73,412	\$ 14,963
Accrued liabilities	25,435	-	-
Due to other funds	4,708	-	182,445
Unearned revenues	-	2,480	-
Other liabilities	-	-	-
Total liabilities	<u>68,094</u>	<u>75,892</u>	<u>197,408</u>
Deferred inflows of resources	<u>507,185</u>	-	-
Total liabilities and deferred inflows of resources	<u>575,279</u>	<u>75,892</u>	<u>197,408</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	-	1,886,641	-
Committed	6,418	-	-
Assigned	-	-	-
Unassigned	-	-	(15,464)
Total fund balances	<u>6,418</u>	<u>1,886,641</u>	<u>(15,464)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 581,697</u>	<u>\$ 1,962,533</u>	<u>\$ 181,944</u>

Special Revenue Funds								
City Special Events	Community Oriented Policing Services (COPS) Grant	Christmas Parade	Friends of Quinta	The McAllen Performing and Cultural Arts Foundation	Public, Educational, and Governmental (PEG)	Developers	Marketing	Total
\$ 27,241	\$ -	\$ 137,800	\$ 19,651	\$ 57,793	\$ 4,097	\$ 44,038	\$ 16,160	\$ 5,276,871
-	-	-	-	-	-	811,436	-	2,027,861
106,680	-	1,606,451	573,983	162,900	1,632,881	10,240,616	641,893	33,087,799
-	-	27,383	-	-	-	-	-	1,599,155
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,847	-	32,243
-	-	-	-	-	-	-	-	-
-	226,947	-	-	-	-	-	-	4,876,249
-	-	27,050	-	-	-	-	-	27,050
<u>133,921</u>	<u>226,947</u>	<u>1,798,684</u>	<u>593,634</u>	<u>220,693</u>	<u>1,636,978</u>	<u>11,097,937</u>	<u>658,053</u>	<u>46,927,228</u>
<u>\$ 133,921</u>	<u>\$ 226,947</u>	<u>\$ 1,798,684</u>	<u>\$ 593,634</u>	<u>\$ 220,693</u>	<u>\$ 1,636,978</u>	<u>\$ 11,097,937</u>	<u>\$ 658,053</u>	<u>\$ 46,927,228</u>
\$ -	\$ -	\$ 27,643	\$ 42,432	\$ 150	\$ -	\$ 76,715	\$ 24,271	\$ 2,778,908
-	54,623	-	-	-	-	-	-	244,852
-	172,324	-	-	-	-	-	-	4,844,623
-	-	59,467	-	-	-	-	-	7,136,384
-	-	-	-	-	-	10,967,528	-	11,032,600
-	226,947	87,110	42,432	150	-	11,044,243	24,271	26,037,367
-	-	-	-	-	-	-	-	507,185
-	226,947	87,110	42,432	150	-	11,044,243	24,271	26,544,552
-	-	27,050	-	-	-	-	-	27,050
-	-	1,684,524	551,202	220,543	1,636,978	53,694	-	26,310,326
133,921	-	-	-	-	-	-	633,782	774,121
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	(6,728,821)
<u>133,921</u>	<u>-</u>	<u>1,711,574</u>	<u>551,202</u>	<u>220,543</u>	<u>1,636,978</u>	<u>53,694</u>	<u>633,782</u>	<u>20,382,676</u>
<u>\$ 133,921</u>	<u>\$ 226,947</u>	<u>\$ 1,798,684</u>	<u>\$ 593,634</u>	<u>\$ 220,693</u>	<u>\$ 1,636,978</u>	<u>\$ 11,097,937</u>	<u>\$ 658,053</u>	<u>\$ 46,927,228</u>

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
September 30, 2025**

	<b>Debt Service Funds</b>	
	<b>Debt Service</b>	<b>Local Government Finance Corporation Debt Service</b>
<b>ASSETS</b>		
Cash	\$ 34,016	\$ 248,921
Certificate of deposit	-	-
Investments	7,296,632	68,366
Receivables:		
Accounts	-	-
Taxes	440,692	-
Accrued interest	-	-
Due from other funds	-	-
Due from other governments	-	-
Prepays	-	-
<b>Total assets</b>	<b>7,771,340</b>	<b>317,287</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 7,771,340</b>	<b>\$ 317,287</b>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ -
Accrued liabilities	-	-
Due to other funds	-	-
Unearned revenues	-	-
Other liabilities	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>
Deferred inflows of resources	415,943	-
<b>Total liabilities and deferred inflows of resources</b>	<b>415,943</b>	<b>-</b>
<b>FUND BALANCES</b>		
Nonspendable	-	-
Restricted	7,355,397	317,287
Committed	-	-
Assigned	-	-
Unassigned	-	-
<b>Total fund balances</b>	<b>7,355,397</b>	<b>317,287</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 7,771,340</b>	<b>\$ 317,287</b>

Capital Projects Funds			
Information Technology	Street Improvement Construction	City Hall Expansion/ Reservoir Development	Park's Facility/ Fire Station #2 Construction
\$ 12,551	\$ -	\$ 26,884	\$ 11,678
-	-	9,680,567	-
115,526	344	7,836,216	915,231
-	-	-	-
-	-	16,250	-
-	-	-	-
-	498,341	-	-
-	-	-	-
<u>128,077</u>	<u>498,685</u>	<u>17,559,917</u>	<u>926,909</u>
<u>\$ 128,077</u>	<u>\$ 498,685</u>	<u>\$ 17,559,917</u>	<u>\$ 926,909</u>
\$ 57,970	\$ 16,220	\$ 530,534	\$ -
-	-	94,986	-
-	505,353	-	77,937
-	-	-	-
-	-	-	-
<u>57,970</u>	<u>521,573</u>	<u>625,520</u>	<u>77,937</u>
-	-	-	-
<u>57,970</u>	<u>521,573</u>	<u>625,520</u>	<u>77,937</u>
-	-	-	-
-	-	-	848,972
-	-	-	-
70,107	-	16,934,397	-
-	(22,888)	-	-
<u>70,107</u>	<u>(22,888)</u>	<u>16,934,397</u>	<u>848,972</u>
<u>\$ 128,077</u>	<u>\$ 498,685</u>	<u>\$ 17,559,917</u>	<u>\$ 926,909</u>

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
September 30, 2025**

	<b>Capital Projects Funds</b>	
	<b>Capital Improvement</b>	<b>Infrastructure &amp; Improvements</b>
<b>ASSETS</b>		
Cash	\$ 404,626	\$ 38,984
Certificate of deposit	2,129,108	7,099,920
Investments	8,867,797	6,146,339
Receivables:		
Accounts	-	-
Taxes	-	-
Accrued interest	28,461	-
Due from other funds	-	-
Due from other governments	362,102	-
Prepays	-	-
Total assets	<u>11,792,094</u>	<u>13,285,243</u>
Total assets and deferred outflows of resources	<u>\$ 11,792,094</u>	<u>\$ 13,285,243</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 684,211	\$ -
Accrued liabilities	35,382	270,159
Due to other funds	-	-
Unearned revenues	415,044	-
Other liabilities	-	-
Total liabilities	<u>1,134,637</u>	<u>270,159</u>
Deferred inflows of resources	-	-
Total liabilities and deferred inflows of resources	<u>1,134,637</u>	<u>270,159</u>
<b>FUND BALANCES</b>		
Nonspendable	-	-
Restricted	-	-
Committed	-	-
Assigned	10,657,457	13,015,084
Unassigned	-	-
Total fund balances	<u>10,657,457</u>	<u>13,015,084</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,792,094</u>	<u>\$ 13,285,243</u>

<b>Capital Projects Funds</b>		
<b>Traffic Improv/ Drainage Bond Construction</b>	<b>Quinta Center for Urban Ecology</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ 6,054,531
-	-	20,937,456
7,353,908	344	71,688,502
-	-	1,599,155
-	-	440,692
-	-	76,954
-	42,640	42,640
-	3,824,329	9,561,021
-	-	27,050
<u>7,353,908</u>	<u>3,867,313</u>	<u>110,428,001</u>
<u>\$ 7,353,908</u>	<u>\$ 3,867,313</u>	<u>\$ 110,428,001</u>
\$ 61,329	\$ 3,519,008	\$ 7,648,180
134,814	1,842,403	2,622,596
3,123,139	10,888,403	19,439,455
-	1,074,578	8,626,006
-	-	11,032,600
<u>3,319,282</u>	<u>17,324,392</u>	<u>49,368,837</u>
-	-	923,128
<u>3,319,282</u>	<u>17,324,392</u>	<u>50,291,965</u>
-	-	27,050
4,034,626	-	38,866,608
-	-	774,121
-	-	40,677,045
-	(13,457,079)	(20,208,788)
<u>4,034,626</u>	<u>(13,457,079)</u>	<u>60,136,036</u>
<u>\$ 7,353,908</u>	<u>\$ 3,867,313</u>	<u>\$ 110,428,001</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended September 30, 2025**

	Special Revenue Funds		
	Hotel Occupancy Tax	Hotel Venue Tax	McAllen EB-5 Regional Center
<b>REVENUES</b>			
Taxes			
Hotel	\$ 5,022,039	\$ 1,433,675	\$ -
Property	-	-	-
Franchise	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Investment earnings	3,281	54,193	1,785
Net increase (decrease) in the fair value of investments	-	-	-
Other	-	-	-
Total revenues	5,025,320	1,487,868	1,785
<b>EXPENDITURES</b>			
Current:			
General government	1,350,257	-	6,860
Public safety	-	-	-
Highways and streets	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	1,350,257	-	6,860
Excess (deficiency) of revenues over expenses (budget basis) before transfers	3,675,063	1,487,868	(5,075)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	(3,675,642)	(1,375,963)	-
Net other financing sources (uses)	(3,675,642)	(1,375,963)	-
Net change in fund balances	(579)	111,905	(5,075)
Fund balances at beginning of year	85,968	1,469,664	(5,452)
Fund balances at end of year	\$ 85,389	\$ 1,581,569	\$ (10,527)

Special Revenue Funds					
Drainage Fee	Parkland Zones Development	Tax Increment Reinvestment Zone # 1 (TIRZ # 1)	Community Development Block Grant	Tax Increment Reinvestment Zone # 2 (TIRZ #2)	Miscellaneous Government Grants
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,298,752	-	-	2,930,036	3,115,321	465,474
-	-	-	-	-	-
251,351	109,834	32,439	-	206,434	22,480
(16,587)	-	-	-	-	-
-	161,700	-	3,802	-	61,836
<u>1,533,516</u>	<u>271,534</u>	<u>32,439</u>	<u>2,933,838</u>	<u>3,321,755</u>	<u>549,790</u>
-	-	13,333	492,532	5,000	50,400
-	-	-	79,759	-	358,982
961,237	-	-	830,262	2,469,112	-
-	-	-	734,276	-	-
-	243,478	-	795,485	-	155,562
-	-	695,000	-	-	-
-	-	821,361	-	-	-
<u>961,237</u>	<u>243,478</u>	<u>1,529,694</u>	<u>2,932,314</u>	<u>2,474,112</u>	<u>564,944</u>
<u>572,279</u>	<u>28,056</u>	<u>(1,497,255)</u>	<u>1,524</u>	<u>847,643</u>	<u>(15,154)</u>
3,530,000	-	1,240,852	-	922,678	-
-	-	(248,170)	-	-	-
<u>3,530,000</u>	<u>-</u>	<u>992,682</u>	<u>-</u>	<u>922,678</u>	<u>-</u>
4,102,279	28,056	(504,573)	1,524	1,770,321	(15,154)
<u>5,109,781</u>	<u>2,482,672</u>	<u>1,255,729</u>	<u>-</u>	<u>4,363,997</u>	<u>(6,687,676)</u>
<u>\$ 9,212,060</u>	<u>\$ 2,510,728</u>	<u>\$ 751,156</u>	<u>\$ 1,524</u>	<u>\$ 6,134,318</u>	<u>\$ (6,702,830)</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended September 30, 2025**

	Special Revenue Funds		
	Downtown Services Parking	PD Seized	TX Anti Gang Unit
<b>REVENUES</b>			
Taxes			
Hotel	\$ -	\$ -	\$ -
Property	-	-	-
Franchise	-	-	-
Licenses and permits	11,370	-	-
Intergovernmental	159,841	-	521,119
Charges for services	861,201	-	-
Fines and forfeitures	180,489	157,871	-
Investment earnings	41	90,975	-
Net increase (decrease) in the fair value of investments	-	-	-
Other	40,058	-	290
Total revenues	1,253,000	248,846	521,409
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Public safety	-	555,138	521,119
Highways and streets	1,238,546	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Debt service:			
Principal	9,324	-	-
Interest and fiscal charges	426	-	-
Total expenditures	1,248,296	555,138	521,119
Excess (deficiency) of revenues over expenses (budget basis) before transfers	4,704	(306,292)	290
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	(15,155)	-	-
Net other financing sources (uses)	(15,155)	-	-
Net change in fund balances	(10,451)	(306,292)	290
Fund balances at beginning of year	16,869	2,192,933	(15,754)
Fund balances at end of year	\$ 6,418	\$ 1,886,641	\$ (15,464)

Special Revenue Funds

City Special Events	Community Oriented Policing Services (COPS) Grant	Christmas Parade	Friends of Quinta	The McAllen Performing and Cultural Arts Foundation	Public, Educational, and Governmental (PEG)	Developers	Marketing	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,455,714
-	-	-	-	-	-	-	-	-
-	-	-	-	-	149,487	-	-	149,487
-	-	-	-	-	-	-	-	11,370
-	840,158	82,010	-	-	-	-	-	8,113,959
279,780	-	-	-	-	-	-	-	2,439,733
-	-	-	-	-	-	-	-	338,360
1,680	-	67,483	24,341	6,594	70,951	-	40,162	984,024
-	-	-	-	-	-	-	-	(16,587)
-	-	1,577,799	592,834	54,233	-	-	460,000	2,952,552
<u>281,460</u>	<u>840,158</u>	<u>1,727,292</u>	<u>617,175</u>	<u>60,827</u>	<u>220,438</u>	<u>-</u>	<u>500,162</u>	<u>21,428,612</u>
-	-	-	-	-	149,657	-	1,129,481	3,197,520
-	1,397,103	-	-	-	-	-	-	2,912,101
-	-	-	-	-	-	-	-	5,499,157
-	-	-	-	-	-	-	-	734,276
207,839	-	1,197,703	253,976	11,466	-	-	-	2,865,509
-	-	-	-	-	-	-	-	704,324
-	-	-	-	-	-	-	-	821,787
<u>207,839</u>	<u>1,397,103</u>	<u>1,197,703</u>	<u>253,976</u>	<u>11,466</u>	<u>149,657</u>	<u>-</u>	<u>1,129,481</u>	<u>16,734,674</u>
<u>73,621</u>	<u>(556,945)</u>	<u>529,589</u>	<u>363,199</u>	<u>49,361</u>	<u>70,781</u>	<u>-</u>	<u>(629,319)</u>	<u>4,693,938</u>
-	556,945	-	-	-	-	-	569,000	6,819,475
-	-	(12,000)	(324,834)	-	-	-	-	(5,651,764)
-	556,945	(12,000)	(324,834)	-	-	-	569,000	1,167,711
73,621	-	517,589	38,365	49,361	70,781	-	(60,319)	5,861,649
60,300	-	1,193,985	512,837	171,182	1,566,197	53,694	694,101	14,521,027
<u>\$ 133,921</u>	<u>\$ -</u>	<u>\$ 1,711,574</u>	<u>\$ 551,202</u>	<u>\$ 220,543</u>	<u>\$ 1,636,978</u>	<u>\$ 53,694</u>	<u>\$ 633,782</u>	<u>\$ 20,382,676</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended September 30, 2025**

	Debt Service Funds	
	Debt Service	Local Government Finance Corporation Debt Service
<b>REVENUES</b>		
Taxes		
Hotel	\$ -	\$ -
Property	5,480,832	-
Franchise	-	-
Licenses and permits	-	-
Intergovernmental	-	-
Charges for services	-	-
Fines and forfeitures	-	-
Investment earnings	349,272	27,656
Net increase (decrease) in the fair value of investments	-	-
Other	-	-
Total revenues	5,830,104	27,656
<b>EXPENDITURES</b>		
Current:		
General government	-	-
Public safety	-	-
Highways and streets	-	-
Health and welfare	-	-
Culture and recreation	-	-
Debt service:		
Principal	4,050,000	555,000
Interest and fiscal charges	1,596,103	308,619
Total expenditures	5,646,103	863,619
Excess (deficiency) of revenues over expenses (budget basis) before transfers	184,001	(835,963)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	803,411	619,301
Transfers out	-	-
Net other financing sources (uses)	803,411	619,301
Net change in fund balances	987,412	(216,662)
Fund balances at beginning of year	6,367,985	533,949
Fund balances at end of year	\$ 7,355,397	\$ 317,287

Capital Projects Funds

Information Technology	Street Improvement Construction	City Hall Expansion/ Reservoir Development	Park's Facility/ Fire Station #2 Construction
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	195,034	-	9,832
-	-	-	-
-	-	-	-
2,161	15	920,839	41,419
-	-	(9,524)	-
<u>117,152</u>	<u>269</u>	<u>-</u>	<u>-</u>
	<u>195,318</u>	<u>911,315</u>	<u>51,251</u>
80,746	-	-	-
-	-	-	-
-	451,056	4,847,597	-
-	-	-	-
-	-	-	42,375
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>451,056</u>	<u>4,847,597</u>	<u>42,375</u>
<u>38,567</u>	<u>(255,738)</u>	<u>(3,936,282)</u>	<u>8,876</u>
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
38,567	(255,738)	(3,936,282)	8,876
<u>31,540</u>	<u>232,850</u>	<u>20,870,679</u>	<u>840,096</u>
<u>\$ 70,107</u>	<u>\$ (22,888)</u>	<u>\$ 16,934,397</u>	<u>\$ 848,972</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended September 30, 2025**

	Capital Projects Funds	
	Capital Improvement	Infrastructure & Improvements
<b>REVENUES</b>		
Taxes		
Hotel	\$ -	\$ -
Property	-	-
Franchise	-	-
Licenses and permits	-	-
Intergovernmental	2,413	759
Charges for services	-	-
Fines and forfeitures	-	-
Investment earnings	432,172	787,692
Net increase (decrease) in the fair value of investments	34,554	-
Other	8,121	-
	477,260	788,451
<b>EXPENDITURES</b>		
Current:		
General government	445,116	1,867,438
Public safety	1,097,396	693,509
Highways and streets	986,896	1,671,956
Health and welfare	-	-
Culture and recreation	1,872,883	2,160,632
Debt service:		
Principal	-	-
Interest and fiscal charges	-	-
	4,402,291	6,393,535
Excess (deficiency) of revenues over expenses (budget basis) before transfers	(3,925,031)	(5,605,084)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	5,141,189	-
Transfers out	-	-
	5,141,189	-
Net other financing sources (uses)		
	5,141,189	-
Net change in fund balances	1,216,158	(5,605,084)
Fund balances at beginning of year	9,441,299	18,620,168
Fund balances at end of year	\$ 10,657,457	\$ 13,015,084

<b>Capital Projects Funds</b>		
<b>Traffic Improv/ Drainage Bond Construction</b>	<b>Quinta Center for Urban Ecology</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ 6,455,714
-	-	5,480,832
-	-	149,487
-	-	11,370
1,258,583	2,936,795	12,517,375
-	-	2,439,733
-	-	338,360
352,245	28,533	3,926,028
-	-	8,443
-	-	3,078,094
<u>1,610,828</u>	<u>2,965,328</u>	<u>34,405,436</u>
-	-	5,590,820
-	-	4,703,006
2,639,795	-	16,096,457
-	-	734,276
-	18,567,899	25,509,298
-	-	5,309,324
-	-	2,726,509
<u>2,639,795</u>	<u>18,567,899</u>	<u>60,669,690</u>
<u>(1,028,967)</u>	<u>(15,602,571)</u>	<u>(26,264,254)</u>
-	1,824,834	15,208,210
<u>(3,160,000)</u>	<u>-</u>	<u>(8,811,764)</u>
<u>(3,160,000)</u>	<u>1,824,834</u>	<u>6,396,446</u>
(4,188,967)	(13,777,737)	(19,867,808)
<u>8,223,593</u>	<u>320,658</u>	<u>80,003,844</u>
<u>\$ 4,034,626</u>	<u>\$ (13,457,079)</u>	<u>\$ 60,136,036</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 Lakes Golf Course; Metro McAllen; Transit Terminal; Convention Center; and Performing Arts.**

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.

The **Champion Lakes 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.

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**NON-MAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF NET POSITION**  
**September 30, 2025**

	Convention Center	Performing Arts Center	Champion Lakes Golf Course	Metro McAllen	Transit Terminal	Total
<b>ASSETS</b>						
Current assets:						
Cash	\$ 157,595	\$ 110,464	\$ 157,170	\$ 19,022	\$ -	\$ 444,251
Certificate of deposit	1,069,568	534,784	534,784	-	-	2,139,136
Investments	11,093,585	2,685,891	3,465,740	63	100	17,245,379
Receivables, net:						
Accounts	53,937	-	37	6,451	-	60,425
Accrued interest	53,554	12,666	12,671	280	-	79,171
Lease receivable - current	-	-	13,489	193,039	-	206,528
Due from other funds	240,273	60,068	-	-	956,433	1,256,774
Due from other governments	-	-	-	1,239,643	5,227,569	6,467,212
Prepaid items	124,174	-	-	530	-	124,704
Restricted assets:						
Cash and cash equivalents	2,371	2,904	2,865	-	-	8,140
<b>Total currents assets</b>	<b>12,795,057</b>	<b>3,406,777</b>	<b>4,186,756</b>	<b>1,459,028</b>	<b>6,184,102</b>	<b>28,031,720</b>
Noncurrent assets:						
Restricted assets:						
Certificate of deposit	506,844	507,147	-	-	-	1,013,991
Investments	3,342,386	1,586,586	988,184	-	-	5,917,156
Accrued interest	9,049	-	-	-	-	9,049
<b>Total noncurrent restricted assets</b>	<b>3,858,279</b>	<b>2,093,733</b>	<b>988,184</b>	<b>-</b>	<b>-</b>	<b>6,940,196</b>
Capital assets:						
Land	4,758,071	690,155	187,995	-	2,516,855	8,153,076
Buildings and systems	56,406,896	50,992,311	228,345	-	15,966,418	123,593,970
Improvements other than buildings	7,112,976	-	8,422,149	489,143	1,708,257	17,732,525
Machinery and equipment	4,431,736	1,684,605	1,852,800	4,273,958	14,401,671	26,644,770
Construction in progress	406,745	-	148,847	-	5,391,074	5,946,666
Less accumulated depreciation and amortization	(29,372,788)	(9,918,635)	(8,707,109)	(4,677,402)	(13,289,666)	(65,965,600)
<b>Total capital assets (net of accumulated depreciation and amortization)</b>	<b>43,743,636</b>	<b>43,448,436</b>	<b>2,133,027</b>	<b>85,699</b>	<b>26,694,609</b>	<b>116,105,407</b>
Other noncurrent assets:						
Lease receivable - noncurrent	-	-	-	243,395	-	243,395
<b>Total other noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>243,395</b>	<b>-</b>	<b>243,395</b>
<b>Total noncurrent assets</b>	<b>47,601,915</b>	<b>45,542,169</b>	<b>3,121,211</b>	<b>329,094</b>	<b>26,694,609</b>	<b>123,288,998</b>
<b>Total assets</b>	<b>60,396,972</b>	<b>48,948,946</b>	<b>7,307,967</b>	<b>1,788,122</b>	<b>32,878,711</b>	<b>151,320,718</b>
Deferred outflows of resources:						
Deferred charges - pensions	142,727	-	47,966	140,972	17,548	349,213
<b>Total deferred outflows of resources</b>	<b>142,727</b>	<b>-</b>	<b>47,966</b>	<b>140,972</b>	<b>17,548</b>	<b>349,213</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 60,539,699</b>	<b>\$ 48,948,946</b>	<b>\$ 7,355,933</b>	<b>\$ 1,929,094</b>	<b>\$ 32,896,259</b>	<b>\$ 151,669,931</b>

**NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
September 30, 2025**

	<u>Convention Center</u>	<u>Performing Arts Center</u>	<u>Champion Lakes Golf Course</u>	<u>Metro McAllen</u>	<u>Transit Terminal</u>	<u>Total</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	\$ 455,941	\$ 85,161	\$ 247,851	\$ 137,998	\$ 1,462,466	\$ 2,389,417
Accrued expenses	123,661	-	56,779	123,458	341,402	645,300
Due to other funds	-	-	-	168,571	3,735,992	3,904,563
Customer deposits payable	1,074,299	135,108	-	-	-	1,209,407
Current portion of compensated absences	148,683	-	50,673	111,249	20,222	330,827
Other	176	19	217	-	-	412
<b>Total current liabilities</b>	<u>1,802,760</u>	<u>220,288</u>	<u>355,520</u>	<u>541,276</u>	<u>5,560,082</u>	<u>8,479,926</u>
Other noncurrent liabilities:						
Compensated absences, net of current portion	228,455	-	77,860	170,937	31,072	508,324
Unearned revenues	-	-	187,326	40,000	-	227,326
TMRS net pension liability	106,164	-	35,678	104,858	13,053	259,753
<b>Total other noncurrent liabilities</b>	<u>334,619</u>	<u>-</u>	<u>300,864</u>	<u>315,795</u>	<u>44,125</u>	<u>995,403</u>
<b>Total liabilities</b>	<u>2,137,379</u>	<u>220,288</u>	<u>656,384</u>	<u>857,071</u>	<u>5,604,207</u>	<u>9,475,329</u>
Deferred inflows of resources:						
Deferred inflows of resources-leases	-	-	10,977	430,497	-	441,474
Deferred inflows of resources-pensions	166,868	-	56,078	164,816	20,517	408,279
<b>Total deferred inflows of resources</b>	<u>166,868</u>	<u>-</u>	<u>67,055</u>	<u>595,313</u>	<u>20,517</u>	<u>849,753</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>2,304,247</u>	<u>220,288</u>	<u>723,439</u>	<u>1,452,384</u>	<u>5,624,724</u>	<u>10,325,082</u>
<b>NET POSITION</b>						
Net investments in capital assets	43,743,635	43,448,436	2,118,144	85,699	26,367,384	115,763,298
Restricted for:						
Capital projects	3,685,716	2,084,937	981,120	-	-	6,751,773
Unrestricted	10,806,101	3,195,285	3,533,230	391,011	904,151	18,829,778
<b>Total net position</b>	<u>58,235,452</u>	<u>48,728,658</u>	<u>6,632,494</u>	<u>476,710</u>	<u>27,271,535</u>	<u>141,344,849</u>
<b>Total liabilities, deferred inflows and net position</b>	<u>\$ 60,539,699</u>	<u>\$ 48,948,946</u>	<u>\$ 7,355,933</u>	<u>\$ 1,929,094</u>	<u>\$ 32,896,259</u>	<u>\$ 151,669,931</u>

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, 2025**

	Convention Center	Performing Arts Center	Champion Lakes Golf Course	Metro McAllen	Transit Terminal	Total
Operating revenues:						
Charges for services	\$ 3,680,232	\$ 782,815	\$ 1,980,644	\$ 269,865	\$ -	\$ 6,713,556
Rentals	1,126,514	596,660	-	258,310	-	1,981,484
Other	1,579,836	16,577	739,321	4,425	5,570	2,345,729
Total operating revenues	<u>6,386,582</u>	<u>1,396,052</u>	<u>2,719,965</u>	<u>532,600</u>	<u>5,570</u>	<u>11,040,769</u>
Operating expenses:						
Salaries, wages and employee benefits	3,331,935	-	1,141,448	3,039,108	399,758	7,912,249
Supplies	548,238	79,886	375,470	111,847	5,988	1,121,429
Contractual and other services	3,595,522	2,540,334	182,851	1,963,100	110,154	8,391,961
Repairs and maintenance	453,647	161,215	133,107	523,213	628,063	1,899,245
Depreciation and amortization	1,595,618	1,085,638	430,518	12,996	1,466,025	4,590,795
Total operating expenses	<u>9,524,960</u>	<u>3,867,073</u>	<u>2,263,394</u>	<u>5,650,264</u>	<u>2,609,988</u>	<u>23,915,679</u>
Operating income (loss)	<u>(3,138,378)</u>	<u>(2,471,021)</u>	<u>456,571</u>	<u>(5,117,664)</u>	<u>(2,604,418)</u>	<u>(12,874,910)</u>
Nonoperating revenues (expenses):						
Investment earnings	687,282	241,090	199,059	7,217	894	1,135,542
Net increase (decrease) in fair value of investments	5,596	3,091	3,091	-	-	11,778
Interest expense	(718)	-	(16)	-	(265)	(999)
Intergovernmental	15,292	-	-	3,217,570	2,113,499	5,346,361
Interest revenue - leases	-	-	112	4,032	-	4,144
Net nonoperating revenues (expenses)	<u>707,452</u>	<u>244,181</u>	<u>202,246</u>	<u>3,228,819</u>	<u>2,114,128</u>	<u>6,496,826</u>
Income (loss) before contributions and transfers	<u>(2,430,926)</u>	<u>(2,226,840)</u>	<u>658,817</u>	<u>(1,888,845)</u>	<u>(490,290)</u>	<u>(6,378,084)</u>
Capital contributions and transfers:						
Capital contributions	-	-	-	-	7,120,818	7,120,818
Transfers in	2,700,514	1,247,680	135,959	1,850,207	153,155	6,087,515
Transfers out	(70,975)	(24,500)	(14,145)	(68,444)	(7,072)	(185,136)
Total capital contributions and transfers	<u>2,629,539</u>	<u>1,223,180</u>	<u>121,814</u>	<u>1,781,763</u>	<u>7,266,901</u>	<u>13,023,197</u>
Change in net position	<u>198,613</u>	<u>(1,003,660)</u>	<u>780,631</u>	<u>(107,082)</u>	<u>6,776,611</u>	<u>6,645,113</u>
Total net position - beginning of year, as previously reported	58,132,528	49,732,318	5,858,134	663,123	20,508,489	134,894,592
Restatement - change in accounting principle	(95,689)	-	(6,271)	(79,331)	(13,565)	(194,856)
Total net position, beginning of year - restated	<u>58,036,839</u>	<u>49,732,318</u>	<u>5,851,863</u>	<u>583,792</u>	<u>20,494,924</u>	<u>134,699,736</u>
Total net position - ending	<u>\$ 58,235,452</u>	<u>\$ 48,728,658</u>	<u>\$ 6,632,494</u>	<u>\$ 476,710</u>	<u>\$ 27,271,535</u>	<u>\$ 141,344,849</u>

**NON-MAJOR ENTERPRISE FUNDS  
STATEMENT OF CASH FLOWS  
For the Year Ended September 30, 2025**

	<u>Convention Center</u>	<u>Performing Arts Center</u>	<u>Champion Lakes Golf Course</u>	<u>Metro McAllen</u>	<u>Transit Terminal</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>						
Receipts from customers	\$ 6,595,448	\$ 1,438,274	\$ 2,723,803	\$ 531,802	\$ 5,570	\$ 11,294,897
Payments to employees	(3,326,775)	-	(1,147,145)	(3,057,757)	(393,612)	(7,925,289)
Payments to suppliers	(4,822,833)	(2,948,379)	(613,810)	(2,745,858)	343,674	(10,787,206)
Net cash provided by (used in) operating activities	<u>(1,554,160)</u>	<u>(1,510,105)</u>	<u>962,848</u>	<u>(5,271,813)</u>	<u>(44,368)</u>	<u>(7,417,598)</u>
<b>Cash flows from noncapital financing activities:</b>						
Transfers from other funds	2,712,577	1,250,696	135,959	1,850,207	(725,341)	5,224,098
Transfers to other funds	(70,975)	(24,500)	(14,145)	(68,444)	(7,072)	(185,136)
Subsidy from federal/state grant	15,292	-	-	3,493,204	2,502,361	6,010,857
Net cash provided by non-capital financing activities	<u>2,656,894</u>	<u>1,226,196</u>	<u>121,814</u>	<u>5,274,967</u>	<u>1,769,948</u>	<u>11,049,819</u>
<b>Cash flows from capital and related financing activities:</b>						
Capital contributions	-	-	-	-	1,893,249	1,893,249
Payments for capital acquisitions	(959,464)	(193,135)	(342,675)	-	(3,835,341)	(5,330,615)
Principal repayments-bonds and notes	(15,730)	-	(351)	-	(5,801)	(21,882)
Interest paid	(718)	-	(16)	-	(265)	(999)
Net cash used in capital and related financing activities	<u>(975,912)</u>	<u>(193,135)</u>	<u>(343,042)</u>	<u>-</u>	<u>(1,948,158)</u>	<u>(3,460,247)</u>
<b>Cash flows from investing activities:</b>						
Proceeds from sales and maturities of investments	9,327,303	3,143,433	1,413,310	1,760,500	176,000	15,820,546
Purchase of Investments	(10,276,884)	(3,213,874)	(2,326,227)	(1,757,216)	(175,894)	(17,750,095)
Net increase (decrease) in fair value of investments	5,596	3,091	3,091	-	-	11,778
Receipt of interest	662,847	228,424	186,515	11,371	894	1,090,051
Net cash provided by (used in) investing activities	<u>(281,138)</u>	<u>161,074</u>	<u>(723,311)</u>	<u>14,655</u>	<u>1,000</u>	<u>(827,720)</u>
Net increase (decrease) in cash	<u>(154,316)</u>	<u>(315,970)</u>	<u>18,309</u>	<u>17,809</u>	<u>(221,578)</u>	<u>(655,746)</u>
Cash at beginning of year	<u>314,282</u>	<u>429,338</u>	<u>141,726</u>	<u>1,213</u>	<u>221,578</u>	<u>1,108,137</u>
Cash at end of year	<u>\$ 159,966</u>	<u>\$ 113,368</u>	<u>\$ 160,035</u>	<u>\$ 19,022</u>	<u>\$ -</u>	<u>\$ 452,391</u>

Continued

**NON-MAJOR ENTERPRISE FUNDS  
STATEMENT OF CASH FLOWS  
For the Year Ended September 30, 2025**

	Convention Center	Performing Arts Center	Champion Lakes Golf Course	Metro McAllen	Transit Terminal	Total
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>						
Operating income (loss)	\$ (3,138,378)	\$ (2,471,021)	\$ 456,571	\$ (5,117,664)	\$ (2,604,418)	\$(12,874,910)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization	1,595,618	1,085,638	430,518	12,996	1,466,025	4,590,795
(Increase) decrease in deferred outflows of resources - pension	183,860	-	57,426	176,713	28,198	446,197
Increase (decrease) in deferred inflows of resources - pension	100,054	-	34,517	99,823	11,158	245,552
Increase (decrease) in deferred inflows of resources - leases	-	-	(25,829)	(191,333)	-	(217,162)
(Increase) decrease in lease receivable	-	-	26,497	191,562	-	218,059
(Increase) decrease in accounts receivable	(53,645)	-	(37)	(427)	-	(54,109)
(Increase) decrease in prepaid items	89,378	-	-	(85)	213,296	302,589
Increase (decrease) in accounts payable	(314,804)	(166,944)	62,733	(6,658)	874,583	448,910
Increase (decrease) in customer deposits payable	262,511	42,222	-	-	-	304,733
Increase (decrease) in compensated absences payable	74,555	-	8,692	36,580	19,150	138,977
Increase (decrease) in accrued liabilities	12,382	-	25,146	21,772	681	59,981
Increase (decrease) due to other funds	-	-	-	(140,955)	-	(140,955)
Increase (decrease) in net pension liability	(365,691)	-	(116,593)	(354,137)	(53,041)	(889,462)
Increase (decrease) in unearned revenue	-	-	3,207	-	-	3,207
Total adjustments	1,584,218	960,916	506,277	(154,149)	2,560,050	5,457,312
Net cash provided by (used) by operating activities	<u>\$ (1,554,160)</u>	<u>\$ (1,510,105)</u>	<u>\$ 962,848</u>	<u>\$ (5,271,813)</u>	<u>\$ (44,368)</u>	<u>\$ (7,417,598)</u>
<b>Reconciliation to statement of net position:</b>						
Cash	\$ 157,595	\$ 110,464	\$ 157,170	\$ 19,022	\$ -	\$ 444,251
Cash restricted	2,371	2,904	2,865	-	-	8,140
Total cash	<u>\$ 159,966</u>	<u>\$ 113,368</u>	<u>\$ 160,035</u>	<u>\$ 19,022</u>	<u>\$ -</u>	<u>\$ 452,391</u>
<b>Noncash investing, capital and financing activities:</b>						
Increase (decrease) in fair value of investments	\$ 5,596	\$ 3,091	\$ 3,091	\$ -	\$ -	\$ 11,778

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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 capital 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, 2025**

	Fleet Materials Management	Employee Benefits	Retiree Health Insurance
<b>ASSETS</b>			
Current assets:			
Cash	\$ -	\$ 1,565,957	\$ 30,040
Certificate of deposit	-	-	-
Investments	-	49	385,723
Receivables, net:			
Accounts	211,522	74,677	364
Accrued interest	-	-	-
Other	-	428,000	-
Inventories, at cost	780,909	-	-
Prepaid items	-	-	-
Total current assets	992,431	2,068,683	416,127
Noncurrent assets:			
Capital assets:			
Buildings and systems	1,038,167	-	-
Improvements other than buildings	132,823	-	-
Machinery and equipment	982,642	-	-
Less accumulated depreciation and amortization	(1,134,686)	-	-
Total capital assets (net of accumulated depreciation and amortization)	1,018,946	-	-
Other noncurrent assets			
Loans receivable	-	-	-
Total other noncurrent assets	-	-	-
Total noncurrent assets	1,018,946	-	-
Total assets	2,011,377	2,068,683	416,127
Deferred outflows of resources:			
Deferred charges - pensions	63,174	-	-
Total deferred outflows of resources	63,174	-	-
Total assets and deferred outflows of resources	\$ 2,074,551	\$ 2,068,683	\$ 416,127
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 479,768	\$ 2,207,365	\$ 10,673
Accrued expenses	55,948	738,676	240,066
Due to other funds	521,466	223,580	-
Current portion of compensated absences	53,544	25,521	-
Other	659	1,992	-
Total current liabilities	1,111,385	3,197,134	250,739
Other noncurrent liabilities:			
Compensated absences, net of current portion	82,271	39,213	-
TMRS net pension liability	46,990	-	-
Loans payable	-	1,900,000	-
Total other noncurrent liabilities	129,261	1,939,213	-
Total liabilities	1,240,646	5,136,347	250,739
Deferred inflows of resources:			
Deferred inflows of resources-pensions	73,859	-	-
Total deferred inflows of resources	73,859	-	-
Total liabilities and deferred inflows of resources	1,314,505	5,136,347	250,739
<b>NET POSITION</b>			
Net investments in capital assets	1,018,946	-	-
Unrestricted	(258,900)	(3,067,664)	165,388
Total net position	760,046	(3,067,664)	165,388
Total liabilities, deferred inflows of resources, and net position	\$ 2,074,551	\$ 2,068,683	\$ 416,127

<u>Risk Management</u>	<u>Property &amp; Casualty Insurance</u>	<u>General Depreciation</u>	<u>Total</u>
\$ 231,138	\$ 24,126	\$ 36,771	\$ 1,888,032
-	-	1,732,512	1,732,512
8,215,047	1,396,544	19,340,527	29,337,890
74,802	-	-	361,365
76,632	-	89,103	165,735
-	-	-	428,000
-	-	-	780,909
-	-	493,840	493,840
<u>8,597,619</u>	<u>1,420,670</u>	<u>21,692,753</u>	<u>35,188,283</u>
-	-	-	1,038,167
-	-	-	132,823
37,257	-	38,930,339	39,950,238
<u>(37,257)</u>	<u>-</u>	<u>(26,659,678)</u>	<u>(27,831,621)</u>
-	-	12,270,661	13,289,607
1,900,000	-	-	1,900,000
<u>1,900,000</u>	<u>-</u>	<u>-</u>	<u>1,900,000</u>
1,900,000	-	12,270,661	15,189,607
<u>10,497,619</u>	<u>1,420,670</u>	<u>33,963,414</u>	<u>50,377,890</u>
-	-	-	63,174
-	-	-	63,174
<u>\$ 10,497,619</u>	<u>\$ 1,420,670</u>	<u>\$ 33,963,414</u>	<u>\$ 50,441,064</u>
\$ 147,740	\$ 12,458	\$ 169,699	\$ 3,027,703
727,938	86,950	-	1,849,578
-	-	-	745,046
22,531	3,578	-	105,174
-	-	-	2,651
<u>898,209</u>	<u>102,986</u>	<u>169,699</u>	<u>5,730,152</u>
34,620	5,498	-	161,602
-	-	-	46,990
-	-	-	1,900,000
<u>34,620</u>	<u>5,498</u>	<u>-</u>	<u>2,108,592</u>
<u>932,829</u>	<u>108,484</u>	<u>169,699</u>	<u>7,838,744</u>
-	-	-	73,859
-	-	-	73,859
<u>932,829</u>	<u>108,484</u>	<u>169,699</u>	<u>7,912,603</u>
-	-	12,270,662	13,289,608
<u>9,564,790</u>	<u>1,312,186</u>	<u>21,523,053</u>	<u>29,238,853</u>
<u>9,564,790</u>	<u>1,312,186</u>	<u>33,793,715</u>	<u>42,528,461</u>
<u>\$ 10,497,619</u>	<u>\$ 1,420,670</u>	<u>\$ 33,963,414</u>	<u>\$ 50,441,064</u>

**INTERNAL SERVICE FUNDS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
For the Year Ended September 30, 2025**

	<b>Fleet Materials Management</b>	<b>Employee Benefits</b>	<b>Retiree Health Insurance</b>
Operating revenues:			
Charges for services	\$ 7,125,243	\$ -	\$ -
Contributions	-	17,018,381	1,392,543
	7,125,243	17,018,381	1,392,543
Total operating revenues	7,125,243	17,018,381	1,392,543
Operating expenses:			
Salaries, wages and employee benefits	1,306,844	524,073	-
Supplies	32,347	6,161	-
Contractual and other services	5,736,538	4,432,350	112,237
Repairs and maintenance	52,696	-	-
Depreciation and amortization	97,269	-	-
Self insurance claims	-	17,516,243	1,361,132
	7,225,694	22,478,827	1,473,369
Total operating expenses	7,225,694	22,478,827	1,473,369
Operating income (loss)	(100,451)	(5,460,446)	(80,826)
Non-operating revenues (expenses):			
Investment earnings	-	4	18,070
Net increase (decrease) in fair value of investments	-	-	-
Interest expense	(64)	-	-
Gain (loss) on sale of capital assets	-	-	-
Other	33,279	2,417,800	-
	33,215	2,417,804	18,070
Net non-operating revenues (expenses)	33,215	2,417,804	18,070
Income (loss) before contributions and transfers	(67,236)	(3,042,642)	(62,756)
Capital contributions and transfers			
Capital contributions	-	-	-
Transfers in	-	1,918,602	-
Transfers out	(26,268)	-	-
	(26,268)	1,918,602	-
Total capital contributions and transfers	(26,268)	1,918,602	-
Change in net position	(93,504)	(1,124,040)	(62,756)
Total net position - beginning of year, as previously reported	902,475	(1,918,600)	228,144
Restatement - change in accounting principle	(48,925)	(25,024)	-
Total net position, beginning of year - restated	853,550	(1,943,624)	228,144
Total net position - ending	\$ 760,046	\$ (3,067,664)	\$ 165,388

<b>Risk Management</b>	<b>Property &amp; Casualty Insurance</b>	<b>General Depreciation</b>	<b>Total</b>
\$ -	\$ -	\$ 3,368,378	\$ 10,493,621
<u>2,300,945</u>	<u>2,267,107</u>	<u>-</u>	<u>22,978,976</u>
<u>2,300,945</u>	<u>2,267,107</u>	<u>3,368,378</u>	<u>33,472,597</u>
716,114	141,508	-	2,688,539
136,901	542	-	175,951
1,933,337	1,057,289	-	13,271,751
1,163	-	-	53,859
-	-	2,382,137	2,479,406
<u>-</u>	<u>736,851</u>	<u>-</u>	<u>19,614,226</u>
<u>2,787,515</u>	<u>1,936,190</u>	<u>2,382,137</u>	<u>38,283,732</u>
<u>(486,570)</u>	<u>330,917</u>	<u>986,241</u>	<u>(4,811,135)</u>
427,720	79,915	878,555	1,404,264
(26,496)	-	24,155	(2,341)
-	-	-	(64)
-	-	80,439	80,439
<u>187,732</u>	<u>1,582,099</u>	<u>-</u>	<u>4,220,910</u>
<u>588,956</u>	<u>1,662,014</u>	<u>983,149</u>	<u>5,703,208</u>
102,386	1,992,931	1,969,390	892,073
-	-	307,906	307,906
-	-	-	1,918,602
<u>(7,072)</u>	<u>(1,586,261)</u>	<u>-</u>	<u>(1,619,601)</u>
<u>(7,072)</u>	<u>(1,586,261)</u>	<u>307,906</u>	<u>606,907</u>
95,314	406,670	2,277,296	1,498,980
9,477,858	909,254	31,516,419	41,115,550
<u>(8,382)</u>	<u>(3,738)</u>	<u>-</u>	<u>(86,069)</u>
<u>9,469,476</u>	<u>905,516</u>	<u>31,516,419</u>	<u>41,029,481</u>
<u>\$ 9,564,790</u>	<u>\$ 1,312,186</u>	<u>\$ 33,793,715</u>	<u>\$ 42,528,461</u>

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the Year Ended September 30, 2025**

	<u>Fleet Materials Management</u>	<u>Employee Benefits</u>	<u>Retiree Health Insurance</u>
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 7,133,582	\$ 17,018,381	\$ 1,392,543
Payments to employees	(1,327,645)	(511,698)	-
Payments to suppliers	(5,741,385)	(22,701,795)	(1,498,274)
Cash received from other cash receipts	<u>33,279</u>	<u>2,412,462</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>97,831</u>	<u>(3,782,650)</u>	<u>(105,731)</u>
<b>Cash flows from non-capital financing activities:</b>			
Transfers from other funds	-	1,918,602	-
Transfers to other funds	(26,268)	-	-
Proceeds from Loan	-	1,900,000	-
Subsidy from federal/state grant	<u>13</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) non-capital financing activities	<u>(26,255)</u>	<u>3,818,602</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>			
Purchases of capital assets	(72,232)	-	-
Proceeds from sale of capital assets	-	-	-
Proceeds from issuing long-term debt	-	-	-
Principal repayments-bonds and notes	(1,399)	-	-
Interest paid	<u>(64)</u>	<u>-</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(73,695)</u>	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities:</b>			
Proceeds from sales and maturities of investments	-	-	275,000
Purchase of investment	-	-	(168,071)
Net increase (decrease) in fair value of investments	-	-	-
Receipt of interest	<u>-</u>	<u>-</u>	<u>18,070</u>
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>124,999</u>
Net increase (decrease) in cash	(2,119)	35,952	19,268
Cash at beginning of year	<u>2,119</u>	<u>1,530,005</u>	<u>10,772</u>
Cash at end of year	<u>\$ -</u>	<u>\$ 1,565,957</u>	<u>\$ 30,040</u>

<u>Risk Management</u>	<u>Property &amp; Casualty Insurance</u>	<u>General Depreciation</u>	<u>Total</u>
\$ 2,300,945	\$ 1,305,229	\$ 3,368,378	\$ 32,519,058
(691,778)	(124,930)	-	(2,656,051)
(1,939,915)	(2,841,012)	760,677	(33,961,704)
166,917	1,582,099	-	4,194,757
<u>(163,831)</u>	<u>(78,614)</u>	<u>4,129,055</u>	<u>96,060</u>
-	-	-	1,918,602
(7,072)	(1,586,261)	-	(1,619,601)
-	-	-	1,900,000
-	-	-	13
<u>(7,072)</u>	<u>(1,586,261)</u>	<u>-</u>	<u>2,199,014</u>
-	-	(3,633,966)	(3,706,198)
-	-	114,720	114,720
-	-	-	-
-	-	-	(1,399)
-	-	-	(64)
<u>-</u>	<u>-</u>	<u>(3,519,246)</u>	<u>(3,592,941)</u>
4,056,395	4,184,000	13,677,271	22,192,666
(4,280,115)	(2,574,914)	(15,181,267)	(22,204,367)
(26,496)	-	24,155	(2,341)
428,536	79,915	828,313	1,354,834
<u>178,320</u>	<u>1,689,001</u>	<u>(651,528)</u>	<u>1,340,792</u>
7,417	24,126	(41,719)	42,925
<u>223,721</u>	<u>-</u>	<u>78,490</u>	<u>1,845,107</u>
<u>\$ 231,138</u>	<u>\$ 24,126</u>	<u>\$ 36,771</u>	<u>\$ 1,888,032</u>

Continued

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the Year Ended September 30, 2025**

	<b>Fleet Materials Management</b>	<b>Employee Benefits</b>	<b>Retiree Health Insurance</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>			
Operating income (loss)	\$ (100,451)	\$ (5,460,446)	\$ (80,826)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	97,269	-	-
Other nonoperating revenues	33,279	2,412,462	-
(Increase) decrease in deferred outflows of resources - pension	96,238	-	-
Increase (decrease) in deferred inflows of resources - pension	41,246	-	-
(Increase) decrease in accounts receivable	8,339	(90,697)	-
(Increase) decrease in prepaid items	-	-	-
(Increase) decrease in inventories	(199,936)	-	-
Increase (decrease) in accounts payable	(179,540)	(30,699)	(24,905)
Increase (decrease) in compensated absences payable	15,604	3,072	-
Increase (decrease) in accrued liabilities	9,441	(8,335)	-
Increase (decrease) in due to other funds	459,672	(608,007)	-
Increase (decrease) in net pension liability	(183,330)	-	-
Increase (decrease) in unearned revenue	-	-	-
Total adjustments	198,282	1,677,796	(24,905)
Net cash provided (used) by operating activities	\$ 97,831	\$ (3,782,650)	\$ (105,731)
<b>Noncash investing, capital, and financing activities:</b>			
Contributions of capital assets	\$ -	\$ -	\$ -
Increase (decrease) in fair value of investments	\$ -	\$ -	\$ -

<u>Risk Management</u>	<u>Property &amp; Casualty Insurance</u>	<u>General Depreciation</u>	<u>Total</u>
\$ (486,570)	\$ 330,917	\$ 986,241	\$ (4,811,135)
-	-	2,382,137	2,479,406
187,732	1,582,099	-	4,215,572
-	-	-	96,238
-	-	-	41,246
(20,815)	-	-	(103,173)
30,328	-	760,677	791,005
-	-	-	(199,936)
101,158	(122,909)	-	(256,895)
19,343	4,624	-	42,643
4,993	11,954	-	18,053
-	(923,421)	-	(1,071,756)
-	-	-	(183,330)
-	(961,878)	-	(961,878)
<u>322,739</u>	<u>(409,531)</u>	<u>3,142,814</u>	<u>4,907,195</u>
<u>\$ (163,831)</u>	<u>\$ (78,614)</u>	<u>\$ 4,129,055</u>	<u>\$ 96,060</u>
\$ -	\$ -	\$ 307,906	\$ 307,906
\$ (26,496)	\$ -	\$ 24,155	\$ (2,341)

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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, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Taxes:				
Property	\$ 59,456,076	\$ 59,506,577	\$ 59,519,815	\$ 13,238
Sales	74,945,052	75,205,429	75,799,284	593,855
Franchise	6,295,250	5,730,250	6,411,898	681,648
Total taxes	<u>140,696,378</u>	<u>140,442,256</u>	<u>141,730,997</u>	<u>1,288,741</u>
Licenses and permits:				
Business	85,000	85,000	93,970	8,970
Occupational	671,014	671,014	571,308	(99,706)
Non-business	1,922,299	1,922,299	2,245,046	322,747
Total licenses and permits	<u>2,678,313</u>	<u>2,678,313</u>	<u>2,910,324</u>	<u>232,011</u>
Intergovernmental	994,500	994,500	1,321,088	326,588
Charges for services:				
General government	3,574,638	3,784,638	4,276,893	492,255
Public safety	656,789	656,789	595,668	(61,121)
Health	1,073,798	1,073,798	1,155,308	81,510
Culture and recreation	1,338,468	1,338,468	1,345,730	7,262
Total charges for services	<u>6,643,693</u>	<u>6,853,693</u>	<u>7,373,599</u>	<u>519,906</u>
Fines and forfeitures:				
Corporations court	975,000	975,000	1,207,747	232,747
Other fines	30,000	30,000	93,731	63,731
Total fines and forfeitures	<u>1,005,000</u>	<u>1,005,000</u>	<u>1,301,478</u>	<u>296,478</u>
Investment earnings	4,259,249	4,259,249	4,963,145	703,896
Net increase (decrease) in the fair value of investments	-	-	147,718	147,718
Other:				
Royalties	250,000	250,000	384,417	134,417
Rents and concessions	82,000	82,000	82,163	163
Reimbursements	483,956	670,956	635,822	(35,134)
Other	3,013,986	498,986	747,146	248,160
Total other revenues	<u>3,829,942</u>	<u>1,501,942</u>	<u>1,849,548</u>	<u>347,606</u>
Total revenues	<u>160,107,075</u>	<u>157,734,953</u>	<u>161,597,897</u>	<u>3,862,944</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
City commission:				
Salaries and benefits	234,106	236,665	200,530	36,135
Supplies	4,380	4,380	2,368	2,012
Miscellaneous services	231,818	413,350	300,465	112,885
Maintenance	17,000	17,000	17,072	(72)
Total city commission	<u>487,304</u>	<u>671,395</u>	<u>520,435</u>	<u>150,960</u>
Special services:				
Salaries and benefits	100,000	100,000	58,391	41,609
Miscellaneous services	730,376	607,630	543,499	64,131
Total special services	<u>830,376</u>	<u>707,630</u>	<u>601,890</u>	<u>105,740</u>

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

**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
City manager:				
Salaries and benefits	\$ 1,915,436	\$ 2,037,851	\$ 2,007,554	\$ 30,297
Supplies	17,500	17,500	29,668	(12,168)
Miscellaneous services	93,181	93,181	82,728	10,453
Maintenance	1,680	1,680	4,373	(2,693)
<b>Total city manager</b>	<u>2,027,797</u>	<u>2,150,212</u>	<u>2,124,323</u>	<u>25,889</u>
International relations:				
Salaries and benefits	125,580	129,727	129,492	235
Supplies	1,130	1,130	849	281
Miscellaneous services	26,450	26,450	16,293	10,157
<b>Total international relations</b>	<u>153,160</u>	<u>157,307</u>	<u>146,634</u>	<u>10,673</u>
City secretary:				
Salaries and benefits	650,566	668,565	643,811	24,754
Supplies	5,000	5,000	5,152	(152)
Miscellaneous services	23,852	23,852	33,359	(9,507)
Maintenance	24,486	24,486	18,747	5,739
Capital outlay	-	-	5,323	(5,323)
<b>Total city secretary</b>	<u>703,904</u>	<u>721,903</u>	<u>706,392</u>	<u>15,511</u>
Audit office:				
Salaries and benefits	271,040	279,636	284,643	(5,007)
Supplies	1,375	1,375	482	893
Miscellaneous services	14,150	14,150	9,247	4,903
<b>Total audit office</b>	<u>286,565</u>	<u>295,161</u>	<u>294,372</u>	<u>789</u>
Vital statistics:				
Salaries and benefits	174,058	178,597	173,380	5,217
Supplies	9,050	9,050	25,576	(16,526)
Miscellaneous services	39,843	39,843	26,355	13,488
<b>Total vital statistics</b>	<u>222,951</u>	<u>227,490</u>	<u>225,311</u>	<u>2,179</u>
Passport facility:				
Salaries and benefits	242,136	248,724	269,279	(20,555)
Supplies	2,700	2,700	3,620	(920)
Miscellaneous services	11,690	11,690	10,012	1,678
Maintenance	200	200	-	200
<b>Total passport facility</b>	<u>256,726</u>	<u>263,314</u>	<u>282,911</u>	<u>(19,597)</u>
Municipal court:				
Salaries and benefits	1,871,964	1,924,507	1,649,965	274,542
Supplies	75,895	75,895	11,128	64,767
Miscellaneous services	68,764	68,764	47,157	21,607
Maintenance	76,251	76,251	56,605	19,646
<b>Total municipal court</b>	<u>2,092,874</u>	<u>2,145,417</u>	<u>1,764,855</u>	<u>380,562</u>
Finance:				
Salaries and benefits	1,622,638	1,670,394	1,390,328	280,066
Supplies	19,260	19,260	38,272	(19,012)
Miscellaneous services	300,449	300,449	120,968	179,481
Maintenance	47,874	47,874	48,485	(611)
Capital outlay	-	26,500	26,500	-
<b>Total finance</b>	<u>1,990,221</u>	<u>2,064,477</u>	<u>1,624,553</u>	<u>439,924</u>

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

**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Budget & management:				
Salaries and benefits	\$ 512,319	\$ 527,669	\$ 509,201	\$ 18,468
Supplies	9,400	12,400	9,191	3,209
Miscellaneous services	18,282	64,812	6,710	58,102
Maintenance	27,920	7,920	-	7,920
<b>Total budget &amp; management</b>	<b>567,921</b>	<b>612,801</b>	<b>525,102</b>	<b>87,699</b>
Tax office:				
Salaries and benefits	445,039	458,162	423,704	34,458
Supplies	7,150	7,150	7,172	(22)
Miscellaneous services	1,123,122	1,124,523	1,249,501	(124,978)
Maintenance	35,007	33,606	33,900	(294)
<b>Total tax office</b>	<b>1,610,318</b>	<b>1,623,441</b>	<b>1,714,277</b>	<b>(90,836)</b>
Purchasing and contracting:				
Salaries and benefits	887,980	914,086	871,136	42,950
Supplies	13,415	24,484	39,134	(14,650)
Miscellaneous services	23,993	22,924	22,060	864
Capital outlay	10,000	-	-	-
<b>Total purchasing and contracting</b>	<b>935,388</b>	<b>961,494</b>	<b>932,330</b>	<b>29,164</b>
Legal:				
Salaries and benefits	1,575,750	1,624,088	1,090,257	533,831
Supplies	12,032	12,032	12,379	(347)
Miscellaneous services	527,499	527,499	705,911	(178,412)
<b>Total legal</b>	<b>2,115,281</b>	<b>2,163,619</b>	<b>1,808,547</b>	<b>355,072</b>
Grant administration:				
Salaries and benefits	522,402	537,660	441,724	95,936
Supplies	28,600	33,909	31,224	2,685
Miscellaneous services	64,787	64,528	61,551	2,977
Capital outlay	13,500	8,450	8,450	-
<b>Total grant administration</b>	<b>629,289</b>	<b>644,547</b>	<b>542,949</b>	<b>101,598</b>
Human resources:				
Salaries and benefits	978,006	1,006,737	881,050	125,687
Supplies	40,881	40,881	35,772	5,109
Miscellaneous services	163,449	163,449	138,693	24,756
Maintenance	500	500	60	440
Capital outlay	20,345	20,345	-	20,345
<b>Total human resources</b>	<b>1,203,181</b>	<b>1,231,912</b>	<b>1,055,575</b>	<b>176,337</b>
Risk management:				
Liability insurance	1,270,358	1,270,358	1,270,357	1
<b>Total risk management</b>	<b>1,270,358</b>	<b>1,270,358</b>	<b>1,270,357</b>	<b>1</b>
Planning:				
Salaries and benefits	1,615,479	1,663,201	1,532,101	131,100
Supplies	22,900	22,900	29,315	(6,415)
Miscellaneous services	78,400	78,400	42,822	35,578
Maintenance	22,127	22,127	16,124	6,003
<b>Total planning</b>	<b>1,738,906</b>	<b>1,786,628</b>	<b>1,620,362</b>	<b>166,266</b>

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

For the Year Ended September 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Information technology:				
Salaries and benefits	\$ 2,655,058	\$ 2,733,646	\$ 2,712,648	\$ 20,998
Supplies	32,598	241,339	854,065	(612,726)
Miscellaneous services	326,925	326,925	210,215	116,710
Maintenance	1,332,178	1,332,178	1,365,395	(33,217)
Capital outlay	1,812,600	1,550,078	812,208	737,870
Total information technology	<u>6,159,359</u>	<u>6,184,166</u>	<u>5,954,531</u>	<u>229,635</u>
Public information office:				
Salaries and benefits	774,683	797,727	712,518	85,209
Supplies	9,950	9,950	11,898	(1,948)
Miscellaneous services	212,700	212,700	179,390	33,310
Maintenance	14,840	14,840	10,881	3,959
Total public information office	<u>1,012,173</u>	<u>1,035,217</u>	<u>914,687</u>	<u>120,530</u>
311 Call center:				
Salaries and benefits	491,858	506,297	393,450	112,847
Supplies	1,500	1,500	602	898
Miscellaneous services	93,625	93,625	80,276	13,349
Maintenance	32,000	32,000	30,942	1,058
Total 311 call center	<u>618,983</u>	<u>633,422</u>	<u>505,270</u>	<u>128,152</u>
City hall:				
Salaries and benefits	141,972	145,582	146,838	(1,256)
Supplies	22,050	22,050	23,453	(1,403)
Miscellaneous services	264,972	264,972	361,168	(96,196)
Maintenance	212,808	212,808	162,136	50,672
Total city hall	<u>641,802</u>	<u>645,412</u>	<u>693,595</u>	<u>(48,183)</u>
Building maintenance:				
Salaries and benefits	1,048,916	1,077,936	969,901	108,035
Supplies	23,922	23,922	26,142	(2,220)
Miscellaneous services	47,300	47,300	44,422	2,878
Maintenance	60,912	60,912	75,380	(14,468)
Capital outlay	20,300	20,300	20,299	1
Total building maintenance	<u>1,201,350</u>	<u>1,230,370</u>	<u>1,136,144</u>	<u>94,226</u>
Development center:				
Salaries and benefits	46,588	47,731	44,359	3,372
Supplies	19,050	19,050	12,993	6,057
Miscellaneous services	61,046	61,046	81,437	(20,391)
Maintenance	18,500	18,500	18,154	346
Total development center	<u>145,184</u>	<u>146,327</u>	<u>156,943</u>	<u>(10,616)</u>
Economic development:				
Chambers of commerce	950,000	950,000	950,000	-
Total economic development	<u>950,000</u>	<u>950,000</u>	<u>950,000</u>	<u>-</u>
Non-departmental activities	10,000	10,000	9,491	509
Contingency	(546,371)	(2,500,000)	58,500	(2,558,500)
Total general government	<u>29,315,000</u>	<u>28,034,020</u>	<u>28,140,336</u>	<u>(106,316)</u>

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

For the Year Ended September 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Public safety:				
Police:				
Salaries and benefits	\$ 39,983,936	\$ 40,200,185	\$ 37,550,616	\$ 2,649,569
Supplies	549,411	549,411	778,802	(229,391)
Miscellaneous services	1,571,169	1,571,169	1,669,424	(98,255)
Maintenance	1,774,877	1,774,877	1,970,772	(195,895)
Capital outlay	348,291	348,291	89,560	258,731
Total police	<u>44,227,684</u>	<u>44,443,933</u>	<u>42,059,174</u>	<u>2,384,759</u>
Animal care services:				
Salaries and benefits	382,378	392,466	370,560	21,906
Supplies	33,785	33,785	26,540	7,245
Miscellaneous services	60,700	60,700	54,472	6,228
Maintenance	52,856	61,856	42,374	19,482
Capital outlay	9,000	-	-	-
Total animal care services	<u>538,719</u>	<u>548,807</u>	<u>493,946</u>	<u>54,861</u>
Radio shop:				
Salaries and benefits	462,969	476,215	452,253	23,962
Supplies	36,252	36,252	35,378	874
Miscellaneous services	372,636	372,636	316,075	56,561
Maintenance	5,089	5,089	4,122	967
Capital outlay	22,000	22,000	22,468	(468)
Total radio shop	<u>898,946</u>	<u>912,192</u>	<u>830,296</u>	<u>81,896</u>
Fire:				
Salaries and benefits	22,495,054	22,913,669	23,528,981	(615,312)
Supplies	882,583	905,484	878,687	26,797
Miscellaneous services	1,500,878	1,470,878	1,513,997	(43,119)
Maintenance	1,164,103	1,299,953	1,449,200	(149,247)
Capital outlay	582,700	666,850	511,666	155,184
Total fire	<u>26,625,318</u>	<u>27,256,834</u>	<u>27,882,531</u>	<u>(625,697)</u>
Emergency medical services:				
Miscellaneous services	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,591,667</u>	<u>(91,667)</u>
Total emergency medical services	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,591,667</u>	<u>(91,667)</u>
Traffic operations:				
Salaries and benefits	1,984,844	2,037,709	1,727,034	310,675
Supplies	262,439	262,439	261,398	1,041
Miscellaneous services	414,224	414,224	408,903	5,321
Maintenance	374,805	374,805	324,339	50,466
Capital outlay	70,493	70,493	63,150	7,343
Total traffic operations	<u>3,106,805</u>	<u>3,159,670</u>	<u>2,784,824</u>	<u>374,846</u>
Building code compliance:				
Salaries and benefits	1,523,677	1,566,035	1,463,938	102,097
Supplies	18,004	18,004	15,087	2,917
Miscellaneous services	126,004	126,004	105,259	20,745
Maintenance	24,049	24,049	26,283	(2,234)
Capital outlay	85,000	45,000	38,873	6,127
Total building code compliance	<u>1,776,734</u>	<u>1,779,092</u>	<u>1,649,440</u>	<u>129,652</u>
Total public safety	<u>78,674,206</u>	<u>79,600,528</u>	<u>77,291,878</u>	<u>2,308,650</u>

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

**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Highways and streets:				
Engineering services:				
Salaries and benefits	\$ 2,508,404	\$ 2,580,338	\$ 2,413,974	\$ 166,364
Supplies	21,599	37,209	31,182	6,027
Miscellaneous services	176,152	181,508	131,568	49,940
Maintenance	57,272	57,272	56,418	854
Capital outlay	85,000	64,034	17,034	47,000
Total engineering services	<u>2,848,427</u>	<u>2,920,361</u>	<u>2,650,176</u>	<u>270,185</u>
Street maintenance:				
Salaries and benefits	2,475,628	2,542,888	2,122,772	420,116
Supplies	33,857	33,857	42,243	(8,386)
Miscellaneous services	531,078	531,078	534,027	(2,949)
Maintenance	3,998,650	3,998,650	3,831,637	167,013
Capital outlay	20,300	20,300	20,298	2
Total street maintenance	<u>7,059,513</u>	<u>7,126,773</u>	<u>6,550,977</u>	<u>575,796</u>
Street lighting:				
Miscellaneous services	2,664,715	2,664,715	3,049,207	(384,492)
Maintenance	36,000	36,000	25,414	10,586
Total street lighting	<u>2,700,715</u>	<u>2,700,715</u>	<u>3,074,621</u>	<u>(373,906)</u>
Sidewalk construction:				
Salaries and benefits	328,592	337,487	233,876	103,611
Supplies	72,132	72,132	80,209	(8,077)
Miscellaneous services	42,164	42,164	42,149	15
Maintenance	33,682	33,682	21,933	11,749
Total sidewalk construction	<u>476,570</u>	<u>485,465</u>	<u>378,167</u>	<u>107,298</u>
Drainage:				
Salaries and benefits	1,163,836	1,195,986	1,076,569	119,417
Supplies	76,452	76,452	80,652	(4,200)
Miscellaneous services	505,526	505,526	504,139	1,387
Maintenance	332,188	332,188	395,227	(63,039)
Capital outlay	81,000	81,000	52,099	28,901
Total drainage	<u>2,159,002</u>	<u>2,191,152</u>	<u>2,108,686</u>	<u>82,466</u>
Total highways and streets	<u>15,244,227</u>	<u>15,424,466</u>	<u>14,762,627</u>	<u>661,839</u>
Health and welfare:				
Health code compliance:				
Salaries and benefits	2,096,163	2,152,990	2,209,228	(56,238)
Supplies	89,206	89,206	84,813	4,393
Miscellaneous services	355,964	355,964	350,227	5,737
Maintenance	98,538	98,538	114,446	(15,908)
Capital outlay	-	-	36,142	(36,142)
Total health code compliance	<u>2,639,871</u>	<u>2,696,698</u>	<u>2,794,856</u>	<u>(98,158)</u>
Graffiti cleaning:				
Salaries and benefits	132,756	136,407	72,166	64,241
Supplies	10,181	10,181	11,255	(1,074)
Miscellaneous services	29,263	29,263	29,255	8
Maintenance	17,960	17,960	13,431	4,529
Total graffiti cleaning	<u>190,160</u>	<u>193,811</u>	<u>126,107</u>	<u>67,704</u>

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

For the Year Ended September 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Other agencies:				
Humane society	\$ 950,000	\$ 950,000	\$ 949,992	\$ 8
Other health and welfare agencies	15,000	15,000	15,000	-
Total other agencies	965,000	965,000	964,992	8
Other	15,000	15,000	15,000	-
Total health and welfare	3,810,031	3,870,509	3,900,955	(30,446)
Culture and recreation:				
Parks and recreation administration:				
Salaries and benefits	529,328	544,422	501,245	43,177
Supplies	10,250	10,250	8,388	1,862
Miscellaneous services	142,167	142,167	161,107	(18,940)
Maintenance	29,297	29,297	25,952	3,345
Total parks and recreation administration	711,042	726,136	696,692	29,444
Parks:				
Salaries and benefits	6,467,429	6,642,078	6,038,944	603,134
Supplies	237,174	1,101,443	623,624	477,819
Miscellaneous services	2,787,671	2,787,671	3,004,170	(216,499)
Maintenance	838,865	838,865	984,310	(145,445)
Capital outlay	226,000	290,588	236,143	54,445
Total parks	10,557,139	11,660,645	10,887,191	773,454
Recreation:				
Salaries and benefits	1,654,341	1,672,321	1,967,268	(294,947)
Supplies	115,000	131,076	98,364	32,712
Miscellaneous services	477,259	504,259	508,487	(4,228)
Maintenance	16,709	16,709	12,620	4,089
Total recreation	2,263,309	2,324,365	2,586,739	(262,374)
Pools:				
Salaries and benefits	920,605	930,347	697,477	232,870
Supplies	108,800	127,085	103,781	23,304
Miscellaneous services	123,383	123,383	110,290	13,093
Maintenance	60,360	60,360	55,848	4,512
Capital outlay	20,000	20,000	20,000	-
Total pools	1,233,148	1,261,175	987,396	273,779
Las palmas community center:				
Salaries and benefits	313,494	322,854	270,909	51,945
Supplies	16,480	16,159	18,423	(2,264)
Miscellaneous services	91,345	91,666	106,309	(14,643)
Maintenance	15,015	11,378	10,820	558
Capital outlay	38,298	41,935	39,734	2,201
Total las palmas community center	474,632	483,992	446,195	37,797
Recreation center-Lark:				
Salaries and benefits	380,926	392,172	379,355	12,817
Supplies	33,105	155,407	154,160	1,247
Miscellaneous services	126,273	127,501	122,394	5,107
Maintenance	16,500	13,568	12,937	631
Capital outlay	7,473	7,473	7,467	6
Total recreation center-Lark	564,277	696,121	676,313	19,808

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

**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Recreation center-Palmview:				
Salaries and benefits	\$ 366,193	\$ 377,016	\$ 361,458	\$ 15,558
Supplies	33,720	243,077	174,518	68,559
Miscellaneous services	111,949	121,108	120,545	563
Maintenance	17,000	11,500	13,102	(1,602)
Total recreation center-Palmview	<u>528,862</u>	<u>752,701</u>	<u>669,623</u>	<u>83,078</u>
Quinta mazatlan:				
Salaries and benefits	1,110,775	1,140,202	1,016,336	123,866
Supplies	72,007	72,007	86,453	(14,446)
Miscellaneous services	247,587	247,587	249,538	(1,951)
Maintenance	92,160	92,160	94,964	(2,804)
Capital outlay	12,000	12,000	-	12,000
Total quinta mazatlan	<u>1,534,529</u>	<u>1,563,956</u>	<u>1,447,291</u>	<u>116,665</u>
Library:				
Salaries and benefits	3,118,747	3,210,302	3,049,377	160,925
Supplies	286,600	286,600	312,702	(26,102)
Miscellaneous services	799,968	799,038	841,316	(42,278)
Maintenance	229,654	230,584	222,646	7,938
Capital outlay	93,193	93,193	92,387	806
Total library	<u>4,528,162</u>	<u>4,619,717</u>	<u>4,518,428</u>	<u>101,289</u>
Library branch-Lark:				
Salaries and benefits	528,768	543,905	527,752	16,153
Supplies	36,150	39,850	40,019	(169)
Miscellaneous services	16,793	11,893	11,596	297
Maintenance	5,250	6,450	6,329	121
Capital outlay	12,155	12,155	12,155	-
Total library branch-Lark	<u>599,116</u>	<u>614,253</u>	<u>597,851</u>	<u>16,402</u>
Library branch-Palmview:				
Salaries and benefits	583,081	599,699	573,213	26,486
Supplies	36,000	38,280	39,329	(1,049)
Miscellaneous services	11,993	9,713	9,889	(176)
Maintenance	5,500	5,500	5,886	(386)
Capital outlay	12,381	12,381	12,381	-
Total library branch-Palmview	<u>648,955</u>	<u>665,573</u>	<u>640,698</u>	<u>24,875</u>
Other agencies	<u>1,240,000</u>	<u>1,240,000</u>	<u>1,225,000</u>	<u>15,000</u>
Museums	<u>877,900</u>	<u>877,900</u>	<u>877,900</u>	<u>-</u>
Total culture and recreation	<u>25,761,071</u>	<u>27,486,534</u>	<u>26,257,317</u>	<u>1,229,217</u>
Total current	<u>152,804,535</u>	<u>154,416,057</u>	<u>150,353,113</u>	<u>4,062,944</u>
Debt service				
Principal	205,980	714,154	1,207,759	(493,605)
Interest and fiscal charges	57,194	57,194	53,459	3,735
Total debt service	<u>263,174</u>	<u>771,348</u>	<u>1,261,218</u>	<u>(489,870)</u>
Total expenditures	<u>153,067,709</u>	<u>155,187,405</u>	<u>151,614,331</u>	<u>3,573,074</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>7,039,366</u>	<u>2,547,548</u>	<u>9,983,566</u>	<u>7,436,018</u>

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

**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	8,963,122	10,644,879	10,644,879	-
Transfers out	<u>(9,246,857)</u>	<u>(7,800,479)</u>	<u>(9,143,609)</u>	<u>(1,343,130)</u>
Total other financing sources (uses)	<u>(283,735)</u>	<u>2,844,400</u>	<u>1,501,270</u>	<u>(1,343,130)</u>
Net change in fund balances	<u>6,755,631</u>	<u>5,391,948</u>	<u>11,484,836</u>	<u>6,092,888</u>
Fund balances at beginning of year	<u>98,464,959</u>	<u>98,464,959</u>	<u>98,464,959</u>	<u>-</u>
Fund balances at end of year	<u>\$ 105,220,590</u>	<u>\$ 103,856,907</u>	<u>\$ 109,949,795</u>	<u>\$ 6,092,888</u>

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

**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Taxes				
Hotel	\$ 5,594,500	\$ 5,594,500	\$ 5,022,039	\$ (572,461)
Investment earnings	-	-	3,281	3,281
Total revenues	<u>5,594,500</u>	<u>5,594,500</u>	<u>5,025,320</u>	<u>(569,180)</u>
<b>EXPENDITURES</b>				
Current:				
General government	<u>1,512,639</u>	<u>1,512,639</u>	<u>1,350,257</u>	<u>162,382</u>
Total expenditures	<u>1,512,639</u>	<u>1,512,639</u>	<u>1,350,257</u>	<u>162,382</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>4,081,861</u>	<u>4,081,861</u>	<u>3,675,063</u>	<u>(406,798)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(4,081,861)</u>	<u>(4,081,861)</u>	<u>(3,675,642)</u>	<u>406,219</u>
Total other financing sources (uses)	<u>(4,081,861)</u>	<u>(4,081,861)</u>	<u>(3,675,642)</u>	<u>406,219</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(579)</u>	<u>(579)</u>
Fund balances at beginning of year	<u>85,968</u>	<u>85,968</u>	<u>85,968</u>	<u>-</u>
Fund balances at end of year	<u>\$ 85,968</u>	<u>\$ 85,968</u>	<u>\$ 85,389</u>	<u>\$ (579)</u>

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

**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Taxes				
Hotel	\$ 1,598,434	\$ 1,598,434	\$ 1,433,675	\$ (164,759)
Investment earnings	21,693	21,693	54,193	32,500
Total revenues	<u>1,620,127</u>	<u>1,620,127</u>	<u>1,487,868</u>	<u>(132,259)</u>
<b>EXPENDITURES</b>				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>1,620,127</u>	<u>1,620,127</u>	<u>1,487,868</u>	<u>(132,259)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(1,375,963)</u>	<u>(1,375,963)</u>	<u>(1,375,963)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,375,963)</u>	<u>(1,375,963)</u>	<u>(1,375,963)</u>	<u>-</u>
Net change in fund balances	<u>244,164</u>	<u>244,164</u>	<u>111,905</u>	<u>(132,259)</u>
Fund balances at beginning of year	<u>1,469,664</u>	<u>1,469,664</u>	<u>1,469,664</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,713,828</u>	<u>\$ 1,713,828</u>	<u>\$ 1,581,569</u>	<u>\$ (132,259)</u>

**MCALLEN EB-5 REGIONAL CENTER  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ 1,785	\$ 1,785
Total revenues	-	-	1,785	1,785
<b>EXPENDITURES</b>				
Current:				
General government	-	-	6,860	(6,860)
Total expenditures	-	-	6,860	(6,860)
Excess (deficiency) of revenues over expenses (budget basis) before transfers	-	-	(5,075)	(5,075)
Net change in fund balances	-	-	(5,075)	(5,075)
Fund balances at beginning of year	(5,452)	(5,452)	(5,452)	-
Fund balances at end of year	<u>\$ (5,452)</u>	<u>\$ (5,452)</u>	<u>\$ (10,527)</u>	<u>\$ (5,075)</u>

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

For the Year Ended September 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Charges for services	\$ 1,278,000	\$ 1,278,000	\$ 1,298,752	\$ 20,752
Investment earnings	105,703	105,703	251,351	145,648
Net increase (decrease) in the fair value of investments	-	-	(16,587)	(16,587)
Other	1,700,000	1,700,000	-	(1,700,000)
Total revenues	<u>3,083,703</u>	<u>3,083,703</u>	<u>1,533,516</u>	<u>(1,550,187)</u>
<b>EXPENDITURES</b>				
Current:				
Highways and streets	<u>10,832,593</u>	<u>10,932,593</u>	<u>961,237</u>	<u>9,971,356</u>
Total expenditures	<u>10,832,593</u>	<u>10,932,593</u>	<u>961,237</u>	<u>9,971,356</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(7,748,890)</u>	<u>(7,848,890)</u>	<u>572,279</u>	<u>8,421,169</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>3,530,000</u>	<u>3,530,000</u>	<u>3,530,000</u>	<u>-</u>
Total other financing sources (uses)	<u>3,530,000</u>	<u>3,530,000</u>	<u>3,530,000</u>	<u>-</u>
Net change in fund balances	<u>(4,218,890)</u>	<u>(4,318,890)</u>	<u>4,102,279</u>	<u>8,421,169</u>
Fund balances at beginning of year	<u>5,109,781</u>	<u>5,109,781</u>	<u>5,109,781</u>	<u>-</u>
Fund balances at end of year	<u>\$ 890,891</u>	<u>\$ 790,891</u>	<u>\$ 9,212,060</u>	<u>\$ 8,421,169</u>

**PARKLAND ZONES DEVELOPMENT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Investment earnings	\$ 60,719	\$ 60,719	\$ 109,834	\$ 49,115
Other	-	-	161,700	161,700
Total revenues	<u>60,719</u>	<u>60,719</u>	<u>271,534</u>	<u>210,815</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	<u>665,000</u>	<u>665,000</u>	<u>243,478</u>	<u>421,522</u>
Total expenditures	<u>665,000</u>	<u>665,000</u>	<u>243,478</u>	<u>421,522</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(604,281)</u>	<u>(604,281)</u>	<u>28,056</u>	<u>632,337</u>
Net change in fund balances	<u>(604,281)</u>	<u>(604,281)</u>	<u>28,056</u>	<u>632,337</u>
Fund balances at beginning of year	<u>2,482,672</u>	<u>2,482,672</u>	<u>2,482,672</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,878,391</u>	<u>\$ 1,878,391</u>	<u>\$ 2,510,728</u>	<u>\$ 632,337</u>

**TAX INCREMENT REINVESTMENT ZONE # 1 (TIRZ # 1)**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 1,176,573	\$ 1,176,573	\$ -	\$ (1,176,573)
Investment earnings	-	-	32,439	32,439
Other	775,555	775,555	-	(775,555)
Total revenues	<u>1,952,128</u>	<u>1,952,128</u>	<u>32,439</u>	<u>(1,919,689)</u>
<b>EXPENDITURES</b>				
Current:				
General government	13,333	13,333	13,333	-
Debt service:				
Principal	695,000	695,000	695,000	-
Interest and fiscal charges	820,555	820,555	821,361	(806)
Total expenditures	<u>1,528,888</u>	<u>1,528,888</u>	<u>1,529,694</u>	<u>(806)</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>423,240</u>	<u>423,240</u>	<u>(1,497,255)</u>	<u>(1,920,495)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	962,665	962,665	1,240,852	278,187
Transfers out	(196,800)	(196,800)	(248,170)	(51,370)
Total other financing sources (uses)	<u>765,865</u>	<u>765,865</u>	<u>992,682</u>	<u>226,817</u>
Net change in fund balances	<u>1,189,105</u>	<u>1,189,105</u>	<u>(504,573)</u>	<u>(1,693,678)</u>
Fund balances at beginning of year	<u>1,255,729</u>	<u>1,255,729</u>	<u>1,255,729</u>	<u>-</u>
Fund balances at end of year	<u>\$ 2,444,834</u>	<u>\$ 2,444,834</u>	<u>\$ 751,156</u>	<u>\$ (1,693,678)</u>

**COMMUNITY DEVELOPMENT BLOCK GRANT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 2,272,764	\$ 2,272,764	\$ 2,930,036	\$ 657,272
Other	-	-	3,802	3,802
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	2,272,764	2,272,764	2,933,838	661,074
<b>EXPENDITURES</b>				
Current:				
General government	845,631	845,631	492,532	353,099
Public safety	80,000	80,000	79,759	241
Highways and streets	209,765	209,765	830,262	(620,497)
Health and welfare	390,306	390,306	734,276	(343,970)
Culture and recreation	747,062	747,062	795,485	(48,423)
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	2,272,764	2,272,764	2,932,314	(659,550)
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<hr/>	<hr/>	1,524	1,524
Net change in fund balances	<hr/>	<hr/>	1,524	1,524
Fund balances at beginning of year	<hr/>	<hr/>	-	-
Fund balances at end of year	<hr/> <hr/>	<hr/> <hr/>	\$ 1,524	\$ 1,524

**TAX INCREMENT REINVESTMENT ZONE # 2 (TIRZ #2)**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

For the Year Ended September 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 813,385	\$ 813,385	\$ 3,115,321	\$ 2,301,936
Investment earnings	51,897	51,897	206,434	154,537
Total revenues	<u>865,282</u>	<u>865,282</u>	<u>3,321,755</u>	<u>2,456,473</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,000	5,000	5,000	-
Highways and streets	<u>5,584,740</u>	<u>5,619,108</u>	<u>2,469,112</u>	<u>3,149,996</u>
Total expenditures	<u>5,589,740</u>	<u>5,624,108</u>	<u>2,474,112</u>	<u>3,149,996</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(4,724,458)</u>	<u>(4,758,826)</u>	<u>847,643</u>	<u>5,606,469</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>798,568</u>	<u>798,568</u>	<u>922,678</u>	<u>124,110</u>
Total other financing sources (uses)	<u>798,568</u>	<u>798,568</u>	<u>922,678</u>	<u>124,110</u>
Net change in fund balances	<u>(3,925,890)</u>	<u>(3,960,258)</u>	<u>1,770,321</u>	<u>5,730,579</u>
Fund balances at beginning of year	<u>4,363,997</u>	<u>4,363,997</u>	<u>4,363,997</u>	-
Fund balances at end of year	<u>\$ 438,107</u>	<u>\$ 403,739</u>	<u>\$ 6,134,318</u>	<u>\$ 5,730,579</u>

**DOWNTOWN SERVICES PARKING  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Licenses and permits	\$ 15,000	\$ 15,000	\$ 11,370	\$ (3,630)
Intergovernmental	100,000	100,000	159,841	59,841
Charges for services	1,014,000	1,014,000	861,201	(152,799)
Fines and forfeitures	140,000	140,000	180,489	40,489
Investment earnings	2,852	2,852	41	(2,811)
Other	46,550	46,550	40,058	(6,492)
Total revenues	<u>1,318,402</u>	<u>1,318,402</u>	<u>1,253,000</u>	<u>(65,402)</u>
<b>EXPENDITURES</b>				
Current:				
Highways and streets	1,307,314	1,309,248	1,238,546	70,702
Debt service:				
Principal	4,593	4,593	9,324	(4,731)
Interest and fiscal charges	282	282	426	(144)
Total expenditures	<u>1,312,189</u>	<u>1,314,123</u>	<u>1,248,296</u>	<u>65,827</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>6,213</u>	<u>4,279</u>	<u>4,704</u>	<u>425</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(15,155)	(15,155)	-
Total other financing sources (uses)	-	(15,155)	(15,155)	-
Net change in fund balances	<u>6,213</u>	<u>(10,876)</u>	<u>(10,451)</u>	<u>425</u>
Fund balances at beginning of year	<u>16,869</u>	<u>16,869</u>	<u>16,869</u>	-
Fund balances at end of year	<u>\$ 23,082</u>	<u>\$ 5,993</u>	<u>\$ 6,418</u>	<u>\$ 425</u>

**CITY SPECIAL EVENTS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

For the Year Ended September 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Charges for services	\$ 215,000	\$ 215,000	\$ 279,780	\$ 64,780
Investment earnings	-	-	1,680	1,680
Total revenues	<u>215,000</u>	<u>215,000</u>	<u>281,460</u>	<u>66,460</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	<u>185,000</u>	<u>185,000</u>	<u>207,839</u>	<u>(22,839)</u>
Total expenditures	<u>185,000</u>	<u>185,000</u>	<u>207,839</u>	<u>(22,839)</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>30,000</u>	<u>30,000</u>	<u>73,621</u>	<u>43,621</u>
Net change in fund balances	<u>30,000</u>	<u>30,000</u>	<u>73,621</u>	<u>43,621</u>
Fund balances at beginning of year	<u>60,300</u>	<u>60,300</u>	<u>60,300</u>	<u>-</u>
Fund balances at end of year	<u>\$ 90,300</u>	<u>\$ 90,300</u>	<u>\$ 133,921</u>	<u>\$ 43,621</u>

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

For the Year Ended September 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 803,573	\$ 803,573	\$ 840,158	\$ 36,585
Total revenues	-	803,573	840,158	36,585
<b>EXPENDITURES</b>				
Current:				
Public safety	1,169,736.00	1,169,736	1,397,103	(227,367)
Total expenditures	-	1,169,736	1,397,103	(227,367)
Excess (deficiency) of revenues over expenses (budget basis) before transfers	(366,163.00)	(366,163)	(556,945)	(190,782)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	366,163.00	366,163	556,945	190,782
Total other financing sources (uses)	-	366,163	556,945	190,782
Net change in fund balance	-	-	-	-
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ -	\$ -

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

**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 82,010	\$ 82,010
Investment earnings	25,948	25,948	67,483	41,535
Other	1,230,000	1,230,000	1,577,799	347,799
Total revenues	<u>1,255,948</u>	<u>1,255,948</u>	<u>1,727,292</u>	<u>471,344</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	<u>1,352,200</u>	<u>1,352,200</u>	<u>1,197,703</u>	<u>154,497</u>
Total expenditures	<u>1,352,200</u>	<u>1,352,200</u>	<u>1,197,703</u>	<u>154,497</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(96,252)</u>	<u>(96,252)</u>	<u>529,589</u>	<u>625,841</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(12,000)</u>	<u>(12,000)</u>	<u>(12,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(12,000)</u>	<u>(12,000)</u>	<u>(12,000)</u>	<u>-</u>
Net change in fund balances	<u>(108,252)</u>	<u>(108,252)</u>	<u>517,589</u>	<u>625,841</u>
Fund balances at beginning of year	<u>1,193,985</u>	<u>1,193,985</u>	<u>1,193,985</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,085,733</u>	<u>\$ 1,085,733</u>	<u>\$ 1,711,574</u>	<u>\$ 625,841</u>

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

For the Year Ended September 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ 24,341	\$ 24,341
Other	450,000	450,000	592,834	142,834
Total revenues	<u>450,000</u>	<u>450,000</u>	<u>617,175</u>	<u>167,175</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	140,752	140,752	253,976	(113,224)
Total expenditures	<u>140,752</u>	<u>140,752</u>	<u>253,976</u>	<u>(113,224)</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>309,248</u>	<u>309,248</u>	<u>363,199</u>	<u>53,951</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(250,000)	(250,000)	(324,834)	(74,834)
Total other financing sources (uses)	<u>(250,000)</u>	<u>(250,000)</u>	<u>(324,834)</u>	<u>(74,834)</u>
Net change in fund balances	<u>59,248</u>	<u>59,248</u>	<u>38,365</u>	<u>(20,883)</u>
Fund balances at beginning of year	<u>512,837</u>	<u>512,837</u>	<u>512,837</u>	<u>-</u>
Fund balances at end of year	<u>\$ 572,085</u>	<u>\$ 572,085</u>	<u>\$ 551,202</u>	<u>\$ (20,883)</u>

**THE MCALLEN PERFORMING AND CULTURAL ARTS FOUNDATION  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL**

For the Year Ended September 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ 6,594	\$ 6,594
Other	<u>85,500</u>	<u>85,500</u>	<u>54,233</u>	<u>(31,267)</u>
Total revenues	<u>85,500</u>	<u>85,500</u>	<u>60,827</u>	<u>(24,673)</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	<u>50,000</u>	<u>50,000</u>	<u>11,466</u>	<u>38,534</u>
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>11,466</u>	<u>38,534</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>35,500</u>	<u>35,500</u>	<u>49,361</u>	<u>13,861</u>
Net change in fund balances	<u>35,500</u>	<u>35,500</u>	<u>49,361</u>	<u>13,861</u>
Fund balances at beginning of year	<u>171,182</u>	<u>171,182</u>	<u>171,182</u>	<u>-</u>
Fund balances at end of year	<u>\$ 206,682</u>	<u>\$ 206,682</u>	<u>\$ 220,543</u>	<u>\$ 13,861</u>

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

**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Taxes				
Franchise	\$ 222,816	\$ 222,816	\$ 149,487	\$ (73,329)
Investment earnings	67,466	67,466	70,951	3,485
Total revenues	<u>290,282</u>	<u>290,282</u>	<u>220,438</u>	<u>(69,844)</u>
<b>EXPENDITURES</b>				
Current:				
General government	<u>211,230</u>	<u>268,355</u>	<u>149,657</u>	<u>118,698</u>
Total expenditures	<u>211,230</u>	<u>268,355</u>	<u>149,657</u>	<u>118,698</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>79,052</u>	<u>21,927</u>	<u>70,781</u>	<u>48,854</u>
Net change in fund balances	<u>79,052</u>	<u>21,927</u>	<u>70,781</u>	<u>48,854</u>
Fund balances at beginning of year	<u>1,566,197</u>	<u>1,566,197</u>	<u>1,566,197</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,645,249</u>	<u>\$ 1,588,124</u>	<u>\$ 1,636,978</u>	<u>\$ 48,854</u>

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

For the Year Ended September 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Investment earnings	\$ 19,461	\$ 19,461	\$ 40,162	\$ 20,701
Other	<u>500,000</u>	<u>500,000</u>	<u>460,000</u>	<u>(40,000)</u>
Total revenues	<u>519,461</u>	<u>519,461</u>	<u>500,162</u>	<u>(19,299)</u>
<b>EXPENDITURES</b>				
Current:				
General government	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,129,481</u>	<u>(129,481)</u>
Total expenditures	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,129,481</u>	<u>(129,481)</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(480,539)</u>	<u>(480,539)</u>	<u>(629,319)</u>	<u>(148,780)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>569,000</u>	<u>569,000</u>	<u>569,000</u>	<u>-</u>
Total other financing sources (uses)	<u>569,000</u>	<u>569,000</u>	<u>569,000</u>	<u>-</u>
Net change in fund balances	<u>88,461</u>	<u>88,461</u>	<u>(60,319)</u>	<u>(148,780)</u>
Fund balances at beginning of year	<u>694,101</u>	<u>694,101</u>	<u>694,101</u>	<u>-</u>
Fund balances at end of year	<u>\$ 782,562</u>	<u>\$ 782,562</u>	<u>\$ 633,782</u>	<u>\$ (148,780)</u>

**DEBT SERVICE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Taxes				
Property	\$ 4,843,254	\$ 4,843,254	\$ 5,480,832	\$ 637,578
Investment earnings	-	-	349,272	349,272
Total revenues	<u>4,843,254</u>	<u>4,843,254</u>	<u>5,830,104</u>	<u>986,850</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	4,050,000	4,050,000	4,050,000	-
Interest and fiscal charges	<u>1,596,665</u>	<u>1,596,665</u>	<u>1,596,103</u>	<u>562</u>
Total expenditures	<u>5,646,665</u>	<u>5,646,665</u>	<u>5,646,103</u>	<u>562</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(803,411)</u>	<u>(803,411)</u>	<u>184,001</u>	<u>987,412</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>803,411</u>	<u>803,411</u>	<u>803,411</u>	<u>-</u>
Total other financing sources (uses)	<u>803,411</u>	<u>803,411</u>	<u>803,411</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>987,412</u>	<u>987,412</u>
Fund balances at beginning of year	<u>6,367,985</u>	<u>6,367,985</u>	<u>6,367,985</u>	<u>-</u>
Fund balances at end of year	<u>\$ 6,367,985</u>	<u>\$ 6,367,985</u>	<u>\$ 7,355,397</u>	<u>\$ 987,412</u>

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

For the Year Ended September 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ 27,657	\$ 27,657
Total revenues	-	-	27,657	27,657
<b>EXPENDITURES</b>				
Principal	582,750	582,750	555,000	27,750
Interest and fiscal charges	324,838	324,838	308,619	16,219
Total expenditures	907,588	907,588	863,619	43,969
Excess (deficiency) of revenues over expenses (budget basis) before transfers	(907,588)	(907,588)	(835,962)	71,626
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	656,800	656,800	619,300	(37,500)
Total other financing sources (uses)	656,800	656,800	619,300	(37,500)
Net change in fund balances	(250,788)	(250,788)	(216,662)	34,126
Fund balances at beginning of year	533,949	533,949	533,949	-
Fund balances at end of year	\$ 283,161	\$ 283,161	\$ 317,287	\$ 34,126

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

For the Year Ended September 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Investment earnings	\$ 19	\$ 19	\$ 2,161	\$ 2,142
Other	<u>76,000</u>	<u>76,000</u>	<u>117,152</u>	<u>41,152</u>
Total revenues	<u>76,019</u>	<u>76,019</u>	<u>119,313</u>	<u>43,294</u>
<b>EXPENDITURES</b>				
Current:				
General government	<u>85,000</u>	<u>85,000</u>	<u>80,746</u>	<u>4,254</u>
Total expenditures	<u>85,000</u>	<u>85,000</u>	<u>80,746</u>	<u>4,254</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(8,981)</u>	<u>(8,981)</u>	<u>38,567</u>	<u>47,548</u>
Net change in fund balances	<u>(8,981)</u>	<u>(8,981)</u>	<u>38,567</u>	<u>47,548</u>
Fund balances at beginning of year	<u>31,540</u>	<u>31,540</u>	<u>31,540</u>	<u>-</u>
Fund balances at end of year	<u>\$ 22,559</u>	<u>\$ 22,559</u>	<u>\$ 70,107</u>	<u>\$ 47,548</u>

**STREET IMPROVEMENT CONSTRUCTION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 194,576	\$ 194,576	\$ 195,034	\$ 458
Investment earnings	17	17	15	(2)
Other	-	-	269	269
Total revenues	<u>194,593</u>	<u>194,593</u>	<u>195,318</u>	<u>725</u>
<b>EXPENDITURES</b>				
Current:				
Highways and streets	<u>686,000</u>	<u>686,000</u>	<u>451,056</u>	<u>234,944</u>
Total expenditures	<u>686,000</u>	<u>686,000</u>	<u>451,056</u>	<u>234,944</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(491,407)</u>	<u>(491,407)</u>	<u>(255,738)</u>	<u>235,669</u>
Net change in fund balances	<u>(491,407)</u>	<u>(491,407)</u>	<u>(255,738)</u>	<u>235,669</u>
Fund balances at beginning of year	<u>232,850</u>	<u>232,850</u>	<u>232,850</u>	<u>-</u>
Fund balances at end of year	<u>\$ (258,557)</u>	<u>\$ (258,557)</u>	<u>\$ (22,888)</u>	<u>\$ 235,669</u>

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

For the Year Ended September 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Investment earnings	\$ 182,089	\$ 182,089	\$ 920,839	\$ 738,750
Net increase (decrease) in the fair value of investments	-	-	(9,524)	(9,524)
Total revenues	<u>182,089</u>	<u>182,089</u>	<u>911,315</u>	<u>729,226</u>
<b>EXPENDITURES</b>				
Current:				
Highways and streets	<u>19,070,377</u>	<u>19,070,377</u>	<u>4,847,597</u>	<u>14,222,780</u>
Total expenditures	<u>19,070,377</u>	<u>19,070,377</u>	<u>4,847,597</u>	<u>14,222,780</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(18,888,288)</u>	<u>(18,888,288)</u>	<u>(3,936,282)</u>	<u>14,952,006</u>
Net change in fund balances	<u>(18,888,288)</u>	<u>(18,888,288)</u>	<u>(3,936,282)</u>	<u>14,952,006</u>
Fund balances at beginning of year	<u>20,870,679</u>	<u>20,870,679</u>	<u>20,870,679</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,982,391</u>	<u>\$ 1,982,391</u>	<u>\$ 16,934,397</u>	<u>\$ 14,952,006</u>

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

For the Year Ended September 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 9,832	\$ 9,832
Investment earnings	14,272	14,272	41,419	27,147
Total revenues	<u>14,272</u>	<u>14,272</u>	<u>51,251</u>	<u>36,979</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	<u>50,000</u>	<u>50,000</u>	<u>42,375</u>	<u>7,625</u>
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>42,375</u>	<u>7,625</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(35,728)</u>	<u>(35,728)</u>	<u>8,876</u>	<u>44,604</u>
Net change in fund balances	<u>(35,728)</u>	<u>(35,728)</u>	<u>8,876</u>	<u>44,604</u>
Fund balances at beginning of year	<u>840,096</u>	<u>840,096</u>	<u>840,096</u>	<u>-</u>
Fund balances at end of year	<u>\$ 804,368</u>	<u>\$ 804,368</u>	<u>\$ 848,972</u>	<u>\$ 44,604</u>

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

For the Year Ended September 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 815,276	\$ 815,276	\$ 2,413	\$ (812,863)
Investment earnings	386,920	386,920	432,172	45,252
Net increase (decrease) in the fair value of investments	-	-	34,554	34,554
Other	-	-	8,121	8,121
Total revenues	<u>1,202,196</u>	<u>1,202,196</u>	<u>477,260</u>	<u>(724,936)</u>
<b>EXPENDITURES</b>				
Current:				
General government	600,204	460,204	445,116	15,088
Public safety	4,373,643	2,933,643	1,097,396	1,836,247
Highways and streets	4,398,610	4,005,531	986,896	3,018,635
Culture and recreation	<u>2,908,149</u>	<u>3,007,570</u>	<u>1,872,883</u>	<u>1,134,687</u>
Total expenditures	<u>12,280,606</u>	<u>10,406,948</u>	<u>4,402,291</u>	<u>6,004,657</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(11,078,410)</u>	<u>(9,204,752)</u>	<u>(3,925,031)</u>	<u>5,279,721</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>7,104,461</u>	<u>4,391,139</u>	<u>5,141,189</u>	<u>750,050</u>
Total other financing sources (uses)	<u>7,104,461</u>	<u>4,391,139</u>	<u>5,141,189</u>	<u>750,050</u>
Net change in fund balances	<u>(3,973,949)</u>	<u>(4,813,613)</u>	<u>1,216,158</u>	<u>6,029,771</u>
Fund balances at beginning of year	<u>9,441,299</u>	<u>9,441,299</u>	<u>9,441,299</u>	<u>-</u>
Fund balances at end of year	<u>\$ 5,467,350</u>	<u>\$ 4,627,686</u>	<u>\$ 10,657,457</u>	<u>\$ 6,029,771</u>

**INFRASTRUCTURE & IMPROVEMENTS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 759	\$ 759
Investment earnings	51,897	51,897	787,692	735,795
Other	789,262	789,262	-	(789,262)
Total revenues	<u>841,159</u>	<u>841,159</u>	<u>788,451</u>	<u>(52,708)</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,308,267	3,308,267	1,867,438	1,440,829
Public safety	400,000	803,305	693,509	109,796
Highways and streets	3,614,962	3,820,000	1,671,956	2,148,044
Culture and recreation	11,584,964	10,598,802	2,160,632	8,438,170
Total expenditures	<u>18,908,193</u>	<u>18,530,374</u>	<u>6,393,535</u>	<u>12,136,839</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(18,067,034)</u>	<u>(17,689,215)</u>	<u>(5,605,084)</u>	<u>12,084,131</u>
Net change in fund balances	<u>(18,067,034)</u>	<u>(17,689,215)</u>	<u>(5,605,084)</u>	<u>12,084,131</u>
Fund balances at beginning of year	<u>18,620,168</u>	<u>18,620,168</u>	<u>18,620,168</u>	<u>-</u>
Fund balances at end of year	<u>\$ 553,134</u>	<u>\$ 930,953</u>	<u>\$ 13,015,084</u>	<u>\$ 12,084,131</u>

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

**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 1,258,583	\$ 1,258,583
Investment earnings	103,794	103,794	352,245	248,451
Total revenues	<u>103,794</u>	<u>103,794</u>	<u>1,610,828</u>	<u>1,507,034</u>
<b>EXPENDITURES</b>				
Current:				
Highways and streets	5,593,575	5,593,575	2,639,795	2,953,780
Total expenditures	<u>5,593,575</u>	<u>5,593,575</u>	<u>2,639,795</u>	<u>2,953,780</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(5,489,781)</u>	<u>(5,489,781)</u>	<u>(1,028,967)</u>	<u>4,460,814</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(3,160,000)</u>	<u>(3,160,000)</u>	<u>(3,160,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,160,000)</u>	<u>(3,160,000)</u>	<u>(3,160,000)</u>	<u>-</u>
Net change in fund balances	<u>(8,649,781)</u>	<u>(8,649,781)</u>	<u>(4,188,967)</u>	<u>4,460,814</u>
Fund balances at beginning of year	8,223,593	8,223,593	8,223,593	-
Fund balances at end of year	<u>\$ (426,188)</u>	<u>\$ (426,188)</u>	<u>\$ 4,034,626</u>	<u>\$ 4,460,814</u>

**QUINTA CENTER FOR URBAN ECOLOGY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 13,796,783	\$ 13,796,783	\$ 2,936,795	\$ (10,859,988)
Investment earnings	103,794	103,794	28,533	(75,261)
Other	23,043,057	23,043,057	-	(23,043,057)
Total revenues	<u>36,943,634</u>	<u>36,943,634</u>	<u>2,965,328</u>	<u>(33,978,306)</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	<u>43,537,674</u>	<u>43,537,674</u>	<u>18,567,899</u>	<u>24,969,775</u>
Total expenditures	<u>43,537,674</u>	<u>43,537,674</u>	<u>18,567,899</u>	<u>24,969,775</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(6,594,040)</u>	<u>(6,594,040)</u>	<u>(15,602,571)</u>	<u>(9,008,531)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>1,750,000</u>	<u>1,750,000</u>	<u>1,824,834</u>	<u>74,834</u>
Total other financing sources (uses)	<u>1,750,000</u>	<u>1,750,000</u>	<u>1,824,834</u>	<u>74,834</u>
Net change in fund balances	<u>(4,844,040)</u>	<u>(4,844,040)</u>	<u>(13,777,737)</u>	<u>(8,933,697)</u>
Fund balances at beginning of year	<u>320,658</u>	<u>320,658</u>	<u>320,658</u>	<u>-</u>
Fund balances at end of year	<u>\$ (4,523,382)</u>	<u>\$ (4,523,382)</u>	<u>\$ (13,457,079)</u>	<u>\$ (8,933,697)</u>

**WATER FUND**  
**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Operating Revenues</b>				
Water sales:				
Residential customers	\$ 16,699,741	\$ 16,699,741	\$ 15,963,776	\$ (735,965)
Commercial accounts	7,490,129	7,490,129	7,161,636	(328,493)
Industrial customers	614,225	614,225	491,096	(123,129)
<b>Total water sales</b>	<u>24,804,095</u>	<u>24,804,095</u>	<u>23,616,508</u>	<u>(1,187,587)</u>
Service charges:				
Tap fees	904,000	904,000	1,075,164	171,164
Connect fees	220,000	220,000	254,235	34,235
Reconnect fees	190,000	190,000	375,300	185,300
Other services	340,000	340,000	388,726	48,726
<b>Total service charges</b>	<u>1,654,000</u>	<u>1,654,000</u>	<u>2,093,425</u>	<u>439,425</u>
Other	1,160,000	1,160,000	1,371,198	211,198
<b>Total operating revenues</b>	<u>27,618,095</u>	<u>27,618,095</u>	<u>27,081,131</u>	<u>(536,964)</u>
Nonoperating revenues:				
Investment earnings	1,398,128	1,398,128	1,649,358	251,230
Net increase (decrease) in the fair value of investments	-	-	972	972
Gain (loss) on sale of capital assets	-	-	11,418	11,418
Intergovernmental	-	-	99,977	99,977
Capital contributions	-	-	4,918,682	4,918,682
Interest revenue - leases	-	-	15,075	15,075
<b>Total nonoperating revenues</b>	<u>1,398,128</u>	<u>1,398,128</u>	<u>6,695,482</u>	<u>5,297,354</u>
<b>Total revenues</b>	<u>29,016,223</u>	<u>29,016,223</u>	<u>33,776,613</u>	<u>4,760,390</u>
<b>Expenses</b>				
Water plant:				
Salaries and benefits	2,439,395	2,503,690	2,066,832	436,858
Supplies and raw water purchases	2,139,169	2,139,169	2,043,170	95,999
Contractual and other services	4,085,570	4,085,570	3,344,977	740,593
Repairs and maintenance	632,500	632,500	483,408	149,092
Capital outlay	624,950	624,950	560,461	64,489
<b>Total water plant</b>	<u>9,921,584</u>	<u>9,985,879</u>	<u>8,498,848</u>	<u>1,487,031</u>
Water lab:				
Salaries and benefits	527,641	540,649	438,070	102,579
Supplies	79,610	79,610	65,694	13,916
Contractual and other services	73,794	73,794	62,466	11,328
Repairs and maintenance	43,250	43,250	34,532	8,718
Capital outlay	271,700	271,700	162,918	108,782
<b>Total water lab</b>	<u>995,995</u>	<u>1,009,003</u>	<u>763,680</u>	<u>245,323</u>
Transmission and distribution:				
Salaries and benefits	2,855,982	2,931,914	2,625,403	306,511
Supplies	143,370	143,370	123,815	19,555
Contractual and other services	140,200	140,200	86,973	53,227
Repairs and maintenance	375,000	375,000	259,450	115,550
Capital outlay	2,088,565	2,088,565	1,192,159	896,406
<b>Total transmission and distribution</b>	<u>5,603,117</u>	<u>5,679,049</u>	<u>4,287,800</u>	<u>1,391,249</u>

**WATER FUND  
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)  
For the Year Ended September 30, 2025**

	<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	\$ 1,129,901	\$ 1,159,779	\$ 1,032,950	\$ 126,829
Supplies	48,700	48,700	31,459	17,241
Contractual and other services	55,742	55,742	41,880	13,862
Repairs and maintenance	270,300	270,300	81,073	189,227
Total water meters	<u>1,504,643</u>	<u>1,534,521</u>	<u>1,187,362</u>	<u>347,159</u>
Utility billing:				
Salaries and benefits	616,485	633,991	656,915	(22,924)
Supplies	45,650	45,650	40,114	5,536
Contractual and other services	424,443	438,443	446,178	(7,735)
Repairs and maintenance	13,600	13,600	2,135	11,465
Total utility billing	<u>1,100,178</u>	<u>1,131,684</u>	<u>1,145,342</u>	<u>(13,658)</u>
Customer relations:				
Salaries and benefits	1,173,769	1,207,353	1,155,828	51,525
Supplies	27,780	27,780	22,976	4,804
Contractual and other services	71,908	71,908	73,882	(1,974)
Repairs and maintenance	20,688	20,688	18,481	2,207
Capital outlay	63,000	63,000	65,155	(2,155)
Total customer relations	<u>1,357,145</u>	<u>1,390,729</u>	<u>1,336,322</u>	<u>54,407</u>
Treasury/Fiscal management:				
Salaries and benefits	354,890	365,679	293,974	71,705
Supplies	4,000	4,000	2,138	1,862
Contractual and other services	122,250	113,195	90,006	23,189
Repairs and maintenance	87,846	96,901	96,106	795
Total treasury/fiscal management	<u>568,986</u>	<u>579,775</u>	<u>482,224</u>	<u>97,551</u>
Administration:				
Salaries and benefits	1,356,228	1,111,236	1,117,263	(6,027)
Supplies	22,120	50,340	37,182	13,158
Contractual and other services	993,060	993,060	884,201	108,859
Repairs and maintenance	26,100	26,100	3,786	22,314
Capital outlay	42,000	55,700	-	55,700
Total administration	<u>2,439,508</u>	<u>2,236,436</u>	<u>2,042,432</u>	<u>194,004</u>
Non-departmental:				
Liability insurance	108,557	108,557	108,557	-
Interest expense	893,988	893,988	878,726	15,262
Bond related charges-issuance cost	-	-	175,884	(175,884)
Bond principal requirements	2,812,050	2,812,050	-	2,812,050
Capital outlay	21,170,247	22,070,303	15,331,515	6,738,788
Total non-departmental	<u>24,984,842</u>	<u>25,884,898</u>	<u>16,494,682</u>	<u>9,390,216</u>
Total expenses	<u>48,475,998</u>	<u>49,431,974</u>	<u>36,238,692</u>	<u>13,193,282</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(19,459,775)</u>	<u>(20,415,751)</u>	<u>(2,462,079)</u>	<u>17,953,672</u>
Transfers:				
Transfers out	-	(150,538)	(150,538)	-
Net transfers	-	(150,538)	(150,538)	-
Excess (deficiency) of revenues over budget	<u>(19,459,775)</u>	<u>(20,566,289)</u>	<u>(2,612,617)</u>	<u>17,953,672</u>

**WATER FUND  
 SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)  
 For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	\$ -	\$ -	\$ (5,746,853)	\$ (5,746,853)
Capital outlay-budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	17,312,208	17,312,208
Principal payments on revenue bonds-budgeted as expenses per budget basis, treated as a reduction of bonds payable per GAAP basis	<u>2,812,050</u>	<u>2,812,050</u>	-	<u>(2,812,050)</u>
Net income-GAAP basis	<u>\$ (16,647,725)</u>	<u>\$ (17,754,239)</u>	<u>\$ 8,952,738</u>	<u>\$ 26,706,977</u>

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**WATER FUND**  
**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**  
**IN RESTRICTED ACCOUNTS**  
**For the Year Ended September 30, 2025**

	<u>Current Debt Service</u>	<u>TWDB Debt Service</u>	<u>Bond Reserve</u>
Cash, certificates of deposit, and investments at September 30, 2024	\$ 616,123	\$ 945,758	\$ 1,699,512
Cash receipts:			
Transfers in	1,832,420	1,965,214	-
Operating activities	-	-	249,755
Interest received	-	43,628	82,765
Valuation allowance	-	-	-
Other	-	-	-
Total cash receipts	<u>1,832,420</u>	<u>2,008,842</u>	<u>332,520</u>
Total cash available	<u>2,448,543</u>	<u>2,954,600</u>	<u>2,032,032</u>
Cash disbursements:			
Transfers out	150,000	-	-
Refunds	-	-	-
Capital acquisitions	-	-	-
Principal payments	1,682,050	1,130,000	-
Interest and fiscal charges (net)	275,221	619,902	-
Other	-	-	-
Total cash disbursements	<u>2,107,271</u>	<u>1,749,902</u>	<u>-</u>
Cash, certificates of deposit, and investments at September 30, 2025	<u>\$ 341,272</u>	<u>\$ 1,204,698</u>	<u>\$ 2,032,032</u>
Cash, certificates of deposit, and investments at September 30, 2025 is comprised of the following:			
Cash	-	-	-
Certificates of deposit	-	-	-
Investments (net)	341,272	1,204,698	2,032,032
Accrued interest	-	-	-
Total	<u>\$ 341,272</u>	<u>\$ 1,204,698</u>	<u>\$ 2,032,032</u>

**INDIVIDUAL BUDGET SCHEDULES FOR LEGALLY ADOPTED FUNDS**

<u>Reserve for Improvements</u>	<u>Customer Deposits</u>	<u>Depreciation</u>	<u>Capital Improvement</u>	<u>Water Revenue Bonds</u>	<u>Total</u>
\$ 3,915,001	\$ 2,991,021	\$ 4,749,778	\$ 6,882,663	\$ 11,914,364	\$ 33,714,220
-	-	2,067,292	2,223,960	-	8,088,886
-	1,215,587	-	-	-	1,465,342
154,209	-	226,306	294,304	403,347	1,204,559
-	-	3,091	3,091	-	6,182
-	-	-	-	-	-
<u>154,209</u>	<u>1,215,587</u>	<u>2,296,689</u>	<u>2,521,355</u>	<u>403,347</u>	<u>10,764,969</u>
<u>4,069,210</u>	<u>4,206,608</u>	<u>7,046,467</u>	<u>9,404,018</u>	<u>12,317,711</u>	<u>44,479,189</u>
-	-	150,000	-	-	300,000
-	1,128,352	-	-	-	1,128,352
-	-	1,428,244	3,878,671	5,160,307	10,467,222
-	-	-	-	-	2,812,050
-	-	-	-	-	895,123
-	-	197	-	-	197
-	<u>1,128,352</u>	<u>1,578,441</u>	<u>3,878,671</u>	<u>5,160,307</u>	<u>15,602,944</u>
<u>\$ 4,069,210</u>	<u>\$ 3,078,256</u>	<u>\$ 5,468,026</u>	<u>\$ 5,525,347</u>	<u>\$ 7,157,404</u>	<u>\$ 28,876,245</u>
-	-	159,649	3,512	25,518	188,679
-	-	534,784	534,784	-	1,069,568
4,069,210	3,078,256	4,760,927	4,974,385	7,131,886	27,592,666
-	-	12,666	12,666	-	25,332
<u>\$ 4,069,210</u>	<u>\$ 3,078,256</u>	<u>\$ 5,468,026</u>	<u>\$ 5,525,347</u>	<u>\$ 7,157,404</u>	<u>\$ 28,876,245</u>

**WASTEWATER FUND**  
**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Operating Revenues</b>				
Wastewater service charges	\$ 22,300,206	\$ 22,300,206	\$ 20,546,766	\$ (1,753,440)
Industrial surcharges	403,733	403,733	289,850	(113,883)
Other	829,500	829,500	1,540,758	711,258
Total operating revenues	<u>23,533,439</u>	<u>23,533,439</u>	<u>22,377,374</u>	<u>(1,156,065)</u>
Nonoperating revenues:				
Investment earnings	1,300,688	1,300,688	1,763,092	462,404
Net increase (decrease) in the fair value of investments	-	-	17,658	17,658
Gain (loss) on sale of capital assets	-	-	3,552	3,552
Intergovernmental	441,361	441,361	-	(441,361)
Capital contributions	1,227,305	1,227,305	6,678,477	5,451,172
Total nonoperating revenues	<u>2,969,354</u>	<u>2,969,354</u>	<u>8,462,779</u>	<u>5,493,425</u>
Total revenues	<u>26,502,793</u>	<u>26,502,793</u>	<u>30,840,153</u>	<u>4,337,360</u>
<b>Expenses</b>				
Wastewater collection:				
Salaries and benefits	1,638,885	1,679,767	1,660,412	19,355
Supplies	629,420	729,420	805,372	(75,952)
Contractual and other services	246,390	246,390	295,097	(48,707)
Repairs and maintenance	484,600	484,600	435,213	49,387
Capital outlay	733,296	903,153	747,934	155,219
Total wastewater collection	<u>3,732,591</u>	<u>4,043,330</u>	<u>3,944,028</u>	<u>99,302</u>
Wastewater plant:				
Salaries and benefits	3,161,025	3,242,938	2,851,380	391,558
Supplies	371,935	371,935	648,096	(276,161)
Contractual and other services	2,201,211	2,201,211	2,067,306	133,905
Repairs and maintenance	356,950	356,950	397,542	(40,592)
Capital outlay	1,019,200	1,051,653	202,303	849,350
Total wastewater plant	<u>7,110,321</u>	<u>7,224,687</u>	<u>6,166,627</u>	<u>1,058,060</u>
Wastewater lab:				
Salaries and benefits	685,805	702,698	711,424	(8,726)
Supplies	113,325	113,325	117,180	(3,855)
Contractual and other services	19,000	19,000	19,540	(540)
Repairs and maintenance	11,140	11,140	10,622	518
Capital outlay	239,050	239,050	29,078	209,972
Total wastewater lab	<u>1,068,320</u>	<u>1,085,213</u>	<u>887,844</u>	<u>197,369</u>
Administration:				
Salaries and benefits	1,471,392	1,331,704	865,021	466,683
Supplies	85,060	101,648	42,040	59,608
Contractual and other services	868,076	868,076	591,825	276,251
Repairs and maintenance	96,463	96,463	11,940	84,523
Capital outlay	48,000	48,000	40,404	7,596
Total administration	<u>2,568,991</u>	<u>2,445,891</u>	<u>1,551,230</u>	<u>894,661</u>
Non-departmental:				
Liability insurance	118,198	118,198	118,198	-
Interest expense	999,783	999,783	983,651	16,132
Bond related charges-issuance cost	-	-	(367,549)	367,549
Bond principal requirements	4,872,950	4,872,950	-	4,872,950
Capital outlay	15,363,064	19,337,393	4,508,899	14,828,494
Total non-departmental	<u>21,353,995</u>	<u>25,328,324</u>	<u>5,243,199</u>	<u>20,085,125</u>
Total expenses	<u>35,834,218</u>	<u>40,127,445</u>	<u>17,792,928</u>	<u>22,334,517</u>

**WASTEWATER FUND**  
**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	\$ (9,331,425)	\$ (13,624,652)	\$ 13,047,225	\$ 26,671,877
Transfers:				
Transfers out	-	(92,950)	(92,950)	-
Net transfers	-	(92,950)	(92,950)	-
Excess (deficiency) of revenues over budget	(9,331,425)	(13,717,602)	12,954,275	26,671,877
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(10,599,520)	(10,599,520)
Capital outlay-budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	5,528,618	5,528,618
Principal payments on revenue bonds-budgeted as expenses per budget basis, treated as a reduction of bonds payable per GAAP basis	4,872,950	4,872,950	-	(4,872,950)
Net income-GAAP basis	<u>\$ (4,458,475)</u>	<u>\$ (8,844,652)</u>	<u>\$ 7,883,373</u>	<u>\$ 16,728,025</u>

**WASTEWATER FUND  
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS  
IN RESTRICTED ACCOUNTS  
For the Year Ended September 30, 2025**

	<u>Current Debt Service</u>	<u>TWDB Debt Service</u>	<u>Bond Reserve</u>
Cash, certificates of deposit, and investments at September 30, 2024	\$ 623,275	\$ 2,597,472	\$ 3,328,580
Cash receipts:			
Transfers from operating cash	1,788,698	3,972,385	-
Transfers from internal funds	-	-	-
Due Wastewater fund	-	-	-
Interest received	-	106,075	156,192
Valuation allowance	-	-	-
Other	-	-	-
Total cash receipts	<u>1,788,698</u>	<u>4,078,460</u>	<u>156,192</u>
Total cash available	<u>2,411,973</u>	<u>6,675,932</u>	<u>3,484,772</u>
Cash disbursements:			
Transfers out	-	-	-
Due Wastewater fund and internal funds	945	-	-
Principal payments	1,677,950	3,195,000	-
Interest and fiscal charges (net)	323,364	676,668	-
Capital acquisitions	-	-	-
Other	-	-	-
Total cash disbursements	<u>2,002,259</u>	<u>3,871,668</u>	<u>-</u>
Cash, certificates of deposit, and investments at September 30, 2025	<u>\$ 409,714</u>	<u>\$ 2,804,264</u>	<u>\$ 3,484,772</u>
Cash, certificates of deposit, and investments at September 30, 2025 is comprised of the following:			
Cash	-	-	-
Certificates of deposit	-	-	-
Investments (net)	409,714	2,804,264	3,484,772
Accrued interest	-	-	-
Other receivables	-	-	-
Prepaid items	-	-	-
Total	<u>\$ 409,714</u>	<u>\$ 2,804,264</u>	<u>\$ 3,484,772</u>

**INDIVIDUAL BUDGET SCHEDULES FOR LEGALLY ADOPTED FUNDS**

<u>Reserve for Improvements</u>	<u>Depreciation</u>	<u>Capital Improvement</u>	<u>Wastewater Series 2012</u>	<u>Total</u>
\$ 620,423	\$ 21,728,205	\$ 7,136,788	\$ 13,496	\$ 36,048,239
-	4,237,823	1,143,256	-	11,142,162
-	-	-	-	-
-	-	-	-	-
24,240	1,011,541	324,224	626	1,622,898
-	26,345	(8,530)	-	17,815
-	198	26,940	-	27,138
<u>24,240</u>	<u>5,275,907</u>	<u>1,485,890</u>	<u>626</u>	<u>12,810,013</u>
<u>644,663</u>	<u>27,004,112</u>	<u>8,622,678</u>	<u>14,122</u>	<u>48,858,252</u>
-	-	-	-	-
-	-	-	-	945
-	-	-	-	4,872,950
-	-	-	-	1,000,032
-	3,363,373	1,958,444	-	5,321,817
-	318,941	-	-	318,941
-	<u>3,682,314</u>	<u>1,958,444</u>	-	<u>11,514,685</u>
<u>\$ 644,663</u>	<u>\$ 23,321,798</u>	<u>\$ 6,664,234</u>	<u>\$ 14,122</u>	<u>\$ 37,343,567</u>
-	386,240	3,867	-	390,107
-	1,604,352	534,785	-	2,139,137
644,663	21,275,238	6,075,388	14,122	34,708,161
-	55,968	34,843	-	90,811
-	-	5,919	-	5,919
-	-	9,432	-	9,432
<u>\$ 644,663</u>	<u>\$ 23,321,798</u>	<u>\$ 6,664,234</u>	<u>\$ 14,122</u>	<u>\$ 37,343,567</u>

**SANITATION FUND**  
**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Operating Revenues</b>				
Charges for services	\$ 25,362,000	\$ 25,362,000	\$ 26,785,938	\$ 1,423,938
Other	75,000	75,000	232,457	157,457
<b>Total operating revenues</b>	<u>25,437,000</u>	<u>25,437,000</u>	<u>27,018,395</u>	<u>1,581,395</u>
<b>Nonoperating revenues:</b>				
Investment earnings	998,868	998,868	955,390	(43,478)
Net increase (decrease) in the fair value of investments	-	-	45,600	45,600
Gain (loss) on sale of capital assets	-	-	99,168	99,168
Intergovernmental	-	-	19,820	19,820
<b>Total nonoperating revenues</b>	<u>998,868</u>	<u>998,868</u>	<u>1,119,978</u>	<u>121,110</u>
<b>Total revenues</b>	<u>26,435,868</u>	<u>26,435,868</u>	<u>28,138,373</u>	<u>1,702,505</u>
<b>Expenses</b>				
<b>Facilities administration:</b>				
Salaries and benefits	1,445,501	1,486,246	980,343	505,903
Supplies	47,750	127,862	113,523	14,339
Contractual and other services	1,816,354	1,816,354	1,848,618	(32,264)
Repairs and maintenance	61,249	61,249	70,423	(9,174)
Capital outlay	750,000	2,707,000	2,087,440	619,560
<b>Total facilities administration</b>	<u>4,120,854</u>	<u>6,198,711</u>	<u>5,100,347</u>	<u>1,098,364</u>
<b>Composting:</b>				
Salaries and benefits	561,730	577,402	506,730	70,672
Supplies	46,000	46,000	69,901	(23,901)
Contractual and other services	362,375	362,375	374,379	(12,004)
Repairs and maintenance	132,941	132,941	232,550	(99,609)
Capital outlay	473,000	473,000	426,434	46,566
<b>Total composting</b>	<u>1,576,046</u>	<u>1,591,718</u>	<u>1,609,994</u>	<u>(18,276)</u>
<b>Residential collection:</b>				
Salaries and benefits	2,017,967	2,073,004	1,822,647	250,357
Supplies	236,659	228,259	183,739	44,520
Contractual and other services	608,040	608,040	681,012	(72,972)
Repairs and maintenance	1,008,109	1,008,109	1,342,960	(334,851)
Capital outlay	1,104,500	1,112,900	1,116,556	(3,656)
<b>Total residential collection</b>	<u>4,975,275</u>	<u>5,030,312</u>	<u>5,146,914</u>	<u>(116,602)</u>
<b>Commercial box collection:</b>				
Salaries and benefits	1,949,947	2,001,807	2,054,020	(52,213)
Supplies	342,779	342,779	308,301	34,478
Contractual and other services	1,335,980	1,335,980	1,359,110	(23,130)
Repairs and maintenance	1,178,632	1,178,632	1,637,105	(458,473)
Capital outlay	968,000	968,000	810,938	157,062
<b>Total commercial box collection</b>	<u>5,775,338</u>	<u>5,827,198</u>	<u>6,169,474</u>	<u>(342,276)</u>
<b>Roll offs:</b>				
Salaries and benefits	414,306	425,746	417,036	8,710
Supplies	5,750	5,750	7,883	(2,133)
Contractual and other services	304,700	304,700	327,846	(23,146)
Repairs and maintenance	264,508	326,508	310,207	16,301
Capital outlay	213,500	151,500	133,513	17,987
<b>Total roll offs</b>	<u>1,202,764</u>	<u>1,214,204</u>	<u>1,196,485</u>	<u>17,719</u>

**SANITATION FUND  
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)  
For the Year Ended September 30, 2025**

	<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	\$ 2,204,208	\$ 2,262,787	\$ 2,273,999	\$ (11,212)
Supplies	287,320	287,320	295,499	(8,179)
Contractual and other services	195,225	195,225	207,171	(11,946)
Repairs and maintenance	770,205	770,205	672,892	97,313
Capital outlay	227,250	227,250	224,439	2,811
<b>Total brush collection</b>	<u>3,684,208</u>	<u>3,742,787</u>	<u>3,674,000</u>	<u>68,787</u>
Street cleaning:				
Salaries and benefits	540,524	553,914	489,640	64,274
Supplies	47,230	47,230	22,341	24,889
Contractual and other services	240,962	240,962	184,453	56,509
Repairs and maintenance	152,534	152,534	193,115	(40,581)
Capital outlay	356,070	356,070	356,070	-
<b>Total street cleaning</b>	<u>1,337,320</u>	<u>1,350,710</u>	<u>1,245,619</u>	<u>105,091</u>
Recycling:				
Salaries and benefits	1,674,823	1,720,861	1,444,609	276,252
Supplies	288,106	288,106	190,992	97,114
Contractual and other services	263,943	263,943	365,092	(101,149)
Repairs and maintenance	301,218	301,218	433,164	(131,946)
Capital outlay	2,910,500	7,860,500	1,778,204	6,082,296
<b>Total recycling</b>	<u>5,438,590</u>	<u>10,434,628</u>	<u>4,212,061</u>	<u>6,222,567</u>
Non-departmental:				
Depreciation fund - capital outlay	6,090,638	6,215,638	4,797,420	1,418,218
Interest expense	5,505	5,505	5,942	(437)
Bond principal requirements	58,759	58,759	-	58,759
Contingency	338,928	46,167	-	46,167
<b>Total non-departmental</b>	<u>6,493,830</u>	<u>6,326,069</u>	<u>4,803,362</u>	<u>1,522,707</u>
<b>Total expenses</b>	<u>34,604,225</u>	<u>41,716,337</u>	<u>33,158,256</u>	<u>8,558,081</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(8,168,357)</u>	<u>(15,280,469)</u>	<u>(5,019,883)</u>	<u>10,260,586</u>
Transfers:				
Transfers out	<u>(25,000)</u>	<u>(195,744)</u>	<u>(195,744)</u>	<u>-</u>
<b>Net transfers</b>	<u>(25,000)</u>	<u>(195,744)</u>	<u>(195,744)</u>	<u>-</u>
Excess (deficiency) of revenues over budget	<u>(8,193,357)</u>	<u>(15,476,213)</u>	<u>(5,215,627)</u>	<u>10,260,586</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(2,879,967)	(2,879,967)
Capital outlay-budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	11,731,014	11,731,014
<b>Net income-GAAP basis</b>	<u>\$ (8,193,357)</u>	<u>\$ (15,476,213)</u>	<u>\$ 3,635,420</u>	<u>\$ 19,111,633</u>

**MCALLEN INTERNATIONAL AIRPORT FUND**  
**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Operating Revenues</b>				
Charges for services	\$ 6,161,070	\$ 6,161,070	\$ 6,978,906	\$ 817,836
Rentals	3,506,994	3,506,994	3,104,021	(402,973)
Other	27,117	27,117	29,816	2,699
Total operating revenues	<u>9,695,181</u>	<u>9,695,181</u>	<u>10,112,743</u>	<u>417,562</u>
Nonoperating revenues:				
Investment earnings	1,091,105	1,091,105	1,300,587	209,482
Net increase (decrease) in the fair value of investments	-	-	(21,252)	(21,252)
Gain (loss) on sale of capital assets	-	-	2,880	2,880
Intergovernmental	50,000	50,000	100,000	50,000
Capital contributions	30,345,062	34,185,660	6,863,349	(27,322,311)
Interest revenue - leases	10,320	10,320	363,605	353,285
Total nonoperating revenues	<u>31,496,487</u>	<u>35,337,085</u>	<u>8,609,169</u>	<u>(26,727,916)</u>
Total revenues	<u>41,191,668</u>	<u>45,032,266</u>	<u>18,721,912</u>	<u>(26,310,354)</u>
<b>Expenses</b>				
Administration:				
Salaries and benefits	2,991,831	2,991,831	2,587,941	403,890
Supplies	218,918	218,918	483,668	(264,750)
Contractual and other services	5,567,890	5,567,890	3,841,994	1,725,896
Repairs and maintenance	769,947	769,947	780,461	(10,514)
Capital outlay	42,338,979	52,285,788	8,895,378	43,390,410
Total administration	<u>51,887,565</u>	<u>61,834,374</u>	<u>16,589,442</u>	<u>45,244,932</u>
Non-departmental:				
Interest expense	179,731	179,731	177,210	2,521
Bond related charges-issuance cost	-	-	(93,788)	93,788
Bond principal requirements	473,749	473,749	-	473,749
Total non-departmental	<u>653,480</u>	<u>653,480</u>	<u>83,422</u>	<u>570,058</u>
Total expenses	<u>52,541,045</u>	<u>62,487,854</u>	<u>16,672,864</u>	<u>45,814,990</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(11,349,377)</u>	<u>(17,455,588)</u>	<u>2,049,048</u>	<u>19,504,636</u>
Transfers:				
Transfers out	<u>(2,215,925)</u>	<u>(2,253,307)</u>	<u>(2,253,307)</u>	<u>-</u>
Net transfers	<u>(2,215,925)</u>	<u>(2,253,307)</u>	<u>(2,253,307)</u>	<u>-</u>
Excess (deficiency) of revenues over budget	<u>(13,565,302)</u>	<u>(19,708,895)</u>	<u>(204,259)</u>	<u>19,504,636</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(4,590,111)	(4,590,111)
Capital outlay-budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	8,895,378	8,895,378
Net income-GAAP basis	<u>\$ (13,565,302)</u>	<u>\$ (19,708,895)</u>	<u>\$ 4,101,008</u>	<u>\$ 23,809,903</u>

**MCALLEN INTERNATIONAL TOLL BRIDGE FUND  
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)  
For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Operating Revenues</b>				
Charges for services	\$ 11,849,863	\$ 11,849,863	\$ 11,529,821	\$ (320,042)
Rentals	2,872,282	2,872,282	3,067,265	194,983
Other	200,000	200,000	289,203	89,203
Total operating revenues	<u>14,922,145</u>	<u>14,922,145</u>	<u>14,886,289</u>	<u>(35,856)</u>
Nonoperating revenues:				
Investment earnings	303,740	303,740	411,508	107,768
Interest revenue - leases	-	-	47,122	47,122
Total nonoperating revenues	<u>303,740</u>	<u>303,740</u>	<u>458,630</u>	<u>154,890</u>
Total revenues	<u>15,225,885</u>	<u>15,225,885</u>	<u>15,344,919</u>	<u>119,034</u>
<b>Expenses</b>				
Administration:				
Salaries and benefits	379,303	325,380	462,908	(137,528)
Supplies	28,800	34,488	25,494	8,994
Contractual and other services	566,325	566,325	571,558	(5,233)
Repairs and maintenance	9,829	9,829	7,741	2,088
Capital outlay	4,717,753	4,717,753	762,446	3,955,307
Total administration	<u>5,702,010</u>	<u>5,653,775</u>	<u>1,830,147</u>	<u>3,823,628</u>
Operations:				
Salaries and benefits	2,027,809	2,081,732	1,741,261	340,471
Supplies	120,000	120,000	88,888	31,112
Contractual and other services	630,050	630,050	805,094	(175,044)
Repairs and maintenance	175,132	175,132	177,942	(2,810)
Total operations	<u>2,952,991</u>	<u>3,006,914</u>	<u>2,813,185</u>	<u>193,729</u>
Non-departmental:				
Supplies	-	-	68,864	(68,864)
Liability insurance	64,399	64,399	64,399	-
Interest expense	126	126	190	(64)
Bond principal requirements	2,051	2,051	-	2,051
Other	3,449,280	3,449,280	3,570,929	(121,649)
Total non-departmental	<u>3,515,856</u>	<u>3,515,856</u>	<u>3,704,382</u>	<u>(188,526)</u>
Total expenses	<u>12,170,857</u>	<u>12,176,545</u>	<u>8,347,714</u>	<u>3,828,831</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>3,055,028</u>	<u>3,049,340</u>	<u>6,997,205</u>	<u>3,947,865</u>
Transfers:				
Transfers out	<u>(6,141,053)</u>	<u>(6,404,838)</u>	<u>(6,844,982)</u>	<u>(440,144)</u>
Net transfers	<u>(6,141,053)</u>	<u>(6,404,838)</u>	<u>(6,844,982)</u>	<u>(440,144)</u>
Excess (deficiency) of revenues over budget	<u>(3,086,025)</u>	<u>(3,355,498)</u>	<u>152,223</u>	<u>3,507,721</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(793,479)	(793,479)
Capital outlay-budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	762,446	762,446
Interest on board advances	-	-	912,878	912,878
Net income-GAAP basis	<u>\$ (3,086,025)</u>	<u>\$ (3,355,498)</u>	<u>\$ 1,034,068</u>	<u>\$ 4,389,566</u>

**ANZALDUAS INTERNATIONAL CROSSING FUND  
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)  
For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Operating Revenues</b>				
Charges for services	\$ 7,367,646	\$ 7,367,646	\$ 6,278,398	\$ (1,089,248)
Rentals	12,204	12,204	12,206	2
Other	81,000	81,000	194,200	113,200
Total operating revenues	<u>7,460,850</u>	<u>7,460,850</u>	<u>6,484,804</u>	<u>(976,046)</u>
Nonoperating revenues:				
Investment earnings	527,249	527,249	1,014,629	487,380
Intergovernmental	45,225,826	45,225,826	-	(45,225,826)
Total nonoperating revenues	<u>45,753,075</u>	<u>45,753,075</u>	<u>1,014,629</u>	<u>(44,738,446)</u>
Total revenues	<u>53,213,925</u>	<u>53,213,925</u>	<u>7,499,433</u>	<u>(45,714,492)</u>
<b>Expenses</b>				
Administration:				
Salaries and benefits	201,683	185,859	141,603	44,256
Supplies	12,200	14,259	13,350	909
Contractual and other services	58,649,000	58,649,000	531,957	58,117,043
Repairs and maintenance	7,000	7,000	7,032	(32)
Capital outlay	3,691,210	3,691,210	121,082	3,570,128
Total administration	<u>62,561,093</u>	<u>62,547,328</u>	<u>815,024</u>	<u>61,732,304</u>
Operations:				
Salaries and benefits	600,758	616,582	363,401	253,181
Supplies	15,000	15,000	12,718	2,282
Contractual and other services	1,724,596	1,724,596	1,709,019	15,577
Repairs and maintenance	41,094	41,094	41,143	(49)
Total operations	<u>2,381,448</u>	<u>2,397,272</u>	<u>2,126,281</u>	<u>270,991</u>
Non-departmental:				
Supplies	-	-	31,719	(31,719)
Liability insurance	58,261	58,261	58,261	-
Interest expense	3,019,788	3,019,788	3,010,671	9,117
Interest on board advances	-	-	912,878	(912,878)
Bond related charges-issuance cost	-	-	(221,352)	221,352
Bond principal requirements	3,175,000	3,175,000	-	3,175,000
Other	-	-	161,539	(161,539)
Total non-departmental	<u>6,253,049</u>	<u>6,253,049</u>	<u>3,953,716</u>	<u>2,299,333</u>
Total expenses	<u>71,195,590</u>	<u>71,197,649</u>	<u>6,895,021</u>	<u>64,302,628</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(17,981,665)</u>	<u>(17,983,724)</u>	<u>604,412</u>	<u>18,588,136</u>
Transfers:				
Transfers out	(9,000)	(17,083)	(17,083)	-
Net transfers	<u>(9,000)</u>	<u>(17,083)</u>	<u>(17,083)</u>	<u>-</u>
Excess (deficiency) of revenues over budget	<u>(17,990,665)</u>	<u>(18,000,807)</u>	<u>587,329</u>	<u>18,588,136</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(1,483,870)	(1,483,870)
Capital outlay-budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	121,082	121,082
Net income-GAAP basis	<u>\$ (17,990,665)</u>	<u>\$ (18,000,807)</u>	<u>\$ (775,459)</u>	<u>\$ 17,225,348</u>

**CONVENTION CENTER FUND**  
**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Operating Revenues</b>				
Charges for services	\$ 3,160,819	\$ 3,160,819	\$ 3,680,232	\$ 519,413
Rentals	975,000	975,000	1,126,514	151,514
Other	1,518,944	1,518,944	1,579,836	60,892
Total operating revenues	<u>5,654,763</u>	<u>5,654,763</u>	<u>6,386,582</u>	<u>731,819</u>
Nonoperating revenues:				
Investment earnings	604,512	604,512	687,283	82,771
Net increase (decrease) in the fair value of investments	-	-	5,596	5,596
Intergovernmental	-	-	15,292	15,292
Total nonoperating revenues	<u>604,512</u>	<u>604,512</u>	<u>708,171</u>	<u>103,659</u>
Total revenues	<u>6,259,275</u>	<u>6,259,275</u>	<u>7,094,753</u>	<u>835,478</u>
<b>Expenses</b>				
Administration:				
Salaries and benefits	4,380,800	4,380,800	3,331,935	1,048,865
Supplies	631,490	690,457	548,238	142,219
Contractual and other services	3,368,606	3,368,606	3,595,522	(226,916)
Repairs and maintenance	385,468	385,468	453,647	(68,179)
Capital outlay	4,691,482	6,841,482	959,462	5,882,020
Total administration	<u>13,457,846</u>	<u>15,666,813</u>	<u>8,888,804</u>	<u>6,778,009</u>
Non-departmental:				
Interest expense	477	477	718	(241)
Bond principal requirements	7,747	7,747	-	7,747
Total non-departmental	<u>8,224</u>	<u>8,224</u>	<u>718</u>	<u>7,506</u>
Total expenses	<u>13,466,070</u>	<u>15,675,037</u>	<u>8,889,522</u>	<u>6,785,515</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(7,206,795)</u>	<u>(9,415,762)</u>	<u>(1,794,769)</u>	<u>7,620,993</u>
Transfers:				
Transfers in	3,025,277	3,025,277	2,700,513	(324,764)
Transfers out	(24,500)	(70,975)	(70,975)	-
Net transfers	<u>3,000,777</u>	<u>2,954,302</u>	<u>2,629,538</u>	<u>(324,764)</u>
Excess (deficiency) of revenues over budget	<u>(4,206,018)</u>	<u>(6,461,460)</u>	<u>834,769</u>	<u>7,296,229</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(1,595,618)	(1,595,618)
Capital outlay-budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	959,462	959,462
Net income-GAAP basis	<u>\$ (4,206,018)</u>	<u>\$ (6,461,460)</u>	<u>\$ 198,613</u>	<u>\$ 6,660,073</u>

**PERFORMING ARTS CENTER FUND  
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)  
For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Operating Revenues</b>				
Charges for services	\$ 618,300	\$ 618,300	\$ 782,815	\$ 164,515
Rentals	545,000	545,000	596,660	51,660
Other	100,000	100,000	16,577	(83,423)
Total operating revenues	<u>1,263,300</u>	<u>1,263,300</u>	<u>1,396,052</u>	<u>132,752</u>
Nonoperating revenues:				
Investment earnings	265,144	265,144	241,090	(24,054)
Net increase (decrease) in the fair value of investments	-	-	3,091	3,091
Total nonoperating revenues	<u>265,144</u>	<u>265,144</u>	<u>244,181</u>	<u>(20,963)</u>
Total revenues	<u>1,528,444</u>	<u>1,528,444</u>	<u>1,640,233</u>	<u>111,789</u>
<b>Expenses</b>				
Administration:				
Supplies	128,950	132,493	79,886	52,607
Contractual and other services	2,288,200	2,288,200	2,540,334	(252,134)
Repairs and maintenance	196,000	196,000	161,215	34,785
Capital outlay	235,000	325,000	193,135	131,865
Total administration	<u>2,848,150</u>	<u>2,941,693</u>	<u>2,974,570</u>	<u>(32,877)</u>
Total expenses	<u>2,848,150</u>	<u>2,941,693</u>	<u>2,974,570</u>	<u>(32,877)</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(1,319,706)</u>	<u>(1,413,249)</u>	<u>(1,334,337)</u>	<u>78,912</u>
Transfers:				
Transfers in	1,329,136	1,329,136	1,247,680	(81,456)
Transfers out	(24,500)	(24,500)	(24,500)	-
Net transfers	<u>1,304,636</u>	<u>1,304,636</u>	<u>1,223,180</u>	<u>(81,456)</u>
Excess (deficiency) of revenues over budget	<u>(15,070)</u>	<u>(108,613)</u>	<u>(111,157)</u>	<u>(2,544)</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(1,085,638)	(1,085,638)
Capital outlay-budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	193,135	193,135
Net income-GAAP basis	<u>\$ (15,070)</u>	<u>\$ (108,613)</u>	<u>\$ (1,003,660)</u>	<u>\$ (895,047)</u>

**CHAMPION LAKES GOLF COURSE FUND**  
**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Operating Revenues</b>				
Charges for services	\$ 1,546,980	\$ 1,546,980	\$ 1,980,644	\$ 433,664
Other	535,738	635,738	739,321	103,583
Total operating revenues	<u>2,082,718</u>	<u>2,182,718</u>	<u>2,719,965</u>	<u>537,247</u>
Nonoperating revenues:				
Investment earnings	196,576	196,576	199,059	2,483
Net increase (decrease) in the fair value of investments	-	-	3,091	3,091
Interest revenue - leases	-	-	112	112
Total nonoperating revenues	<u>196,576</u>	<u>196,576</u>	<u>202,262</u>	<u>5,686</u>
Total revenues	<u>2,279,294</u>	<u>2,379,294</u>	<u>2,922,227</u>	<u>542,933</u>
<b>Expenses</b>				
Operations:				
Salaries and benefits	1,283,904	1,283,904	1,141,448	142,456
Supplies	264,591	402,767	375,470	27,297
Contractual and other services	184,239	184,239	182,851	1,388
Repairs and maintenance	123,350	123,350	133,107	(9,757)
Capital outlay	777,500	945,810	342,676	603,134
Total operations	<u>2,633,584</u>	<u>2,940,070</u>	<u>2,175,552</u>	<u>764,518</u>
Non-departmental:				
Interest expense	11	11	16	(5)
Bond principal requirements	173	173	-	173
Total non-departmental	<u>184</u>	<u>184</u>	<u>16</u>	<u>168</u>
Total expenses	<u>2,633,768</u>	<u>2,940,254</u>	<u>2,175,568</u>	<u>764,686</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(354,474)</u>	<u>(560,960)</u>	<u>746,659</u>	<u>1,307,619</u>
Transfers:				
Transfers in	-	135,959	135,959	-
Transfers out	-	(14,145)	(14,145)	-
Net transfers	<u>-</u>	<u>121,814</u>	<u>121,814</u>	<u>-</u>
Excess (deficiency) of revenues over budget	<u>(354,474)</u>	<u>(439,146)</u>	<u>868,473</u>	<u>1,307,619</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(430,518)	(430,518)
Capital outlay-budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	342,676	342,676
Net income-GAAP basis	<u>\$ (354,474)</u>	<u>\$ (439,146)</u>	<u>\$ 780,631</u>	<u>\$ 1,219,777</u>

**METRO MCALLEN FUND**  
**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Operating Revenues</b>				
Charges for services	\$ 395,061	\$ 395,061	\$ 269,865	\$ (125,196)
Rentals	373,807	373,807	258,310	(115,497)
Other	3,600	3,600	4,425	825
Total operating revenues	<u>772,468</u>	<u>772,468</u>	<u>532,600</u>	<u>(239,868)</u>
Nonoperating revenues:				
Investment earnings	14,929	14,929	7,217	(7,712)
Intergovernmental	3,258,675	4,258,675	3,217,570	(1,041,105)
Interest revenue - leases	-	-	4,032	4,032
Total nonoperating revenues	<u>3,273,604</u>	<u>4,273,604</u>	<u>3,228,819</u>	<u>(1,044,785)</u>
Total revenues	<u>4,046,072</u>	<u>5,046,072</u>	<u>3,761,419</u>	<u>(1,284,653)</u>
<b>Expenses</b>				
Materials management:				
Salaries and benefits	3,536,270	3,536,270	3,039,108	497,162
Supplies	88,729	96,339	111,847	(15,508)
Contractual and other services	1,778,057	2,778,057	1,963,100	814,957
Repairs and maintenance	471,357	471,357	523,213	(51,856)
Total materials management	<u>5,874,413</u>	<u>6,882,023</u>	<u>5,637,268</u>	<u>1,244,755</u>
Total expenses	<u>5,874,413</u>	<u>6,882,023</u>	<u>5,637,268</u>	<u>1,244,755</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(1,828,341)</u>	<u>(1,835,951)</u>	<u>(1,875,849)</u>	<u>(39,898)</u>
Transfers:				
Transfers in	1,850,207	1,850,207	1,850,207	-
Transfers out	(25,000)	(68,444)	(68,444)	-
Net transfers	<u>1,825,207</u>	<u>1,781,763</u>	<u>1,781,763</u>	<u>-</u>
Excess (deficiency) of revenues over budget	<u>(3,134)</u>	<u>(54,188)</u>	<u>(94,086)</u>	<u>(39,898)</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(12,996)	(12,996)
Net income-GAAP basis	<u>\$ (3,134)</u>	<u>\$ (54,188)</u>	<u>\$ (107,082)</u>	<u>\$ (52,894)</u>

**TRANSIT TERMINAL FUND**  
**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Operating Revenues</b>				
Other	\$ -	\$ -	\$ 5,570	\$ 5,570
Total operating revenues	-	-	5,570	5,570
Nonoperating revenues:				
Investment earnings	-	-	894	894
Intergovernmental	976,088	976,088	2,113,499	1,137,411
Capital contributions	11,554,297	14,328,583	7,120,818	(7,207,765)
Total nonoperating revenues	12,530,385	15,304,671	9,235,211	(6,069,460)
Total revenues	12,530,385	15,304,671	9,240,781	(6,063,890)
<b>Expenses</b>				
Administration:				
Salaries and benefits	536,202	536,202	399,758	136,444
Supplies	-	1,814	5,988	(4,174)
Contractual and other services	107,548	107,548	110,154	(2,606)
Repairs and maintenance	640,978	640,978	628,063	12,915
Capital outlay	11,554,297	14,052,226	8,491,735	5,560,491
Total administration	12,839,025	15,338,768	9,635,698	5,703,070
Non-departmental:				
Interest expense	176	176	265	(89)
Bond principal requirements	2,857	2,857	-	2,857
Total non-departmental	3,033	3,033	265	2,768
Total expenses	12,842,058	15,341,801	9,635,963	5,705,838
Excess (deficiency) of revenues over expenses (budget basis) before transfers	(311,673)	(37,130)	(395,182)	(358,052)
Transfers:				
Transfers in	218,491	218,491	153,155	(65,336)
Transfers out	-	(7,072)	(7,072)	-
Net transfers	218,491	211,419	146,083	(65,336)
Excess (deficiency) of revenues over budget	(93,182)	174,289	(249,099)	(423,388)
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(1,466,025)	(1,466,025)
Capital outlay-budgeted as expenses per budget basis, capitalized per GAAP basis	-	-	8,491,735	8,491,735
Net income-GAAP basis	<u>\$ (93,182)</u>	<u>\$ 174,289</u>	<u>\$ 6,776,611</u>	<u>\$ 6,602,322</u>

**FLEET MATERIALS MANAGEMENT FUND**  
**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Operating Revenues</b>				
Fleet billings	\$ 5,620,000	\$ 5,620,000	\$ 6,628,066	\$ 1,008,066
Materials management	350,000	350,000	497,177	147,177
Total operating revenues	<u>5,970,000</u>	<u>5,970,000</u>	<u>7,125,243</u>	<u>1,155,243</u>
Nonoperating revenues:				
Other	<u>20,000</u>	<u>20,000</u>	<u>33,279</u>	<u>13,279</u>
Total nonoperating revenues	<u>20,000</u>	<u>20,000</u>	<u>33,279</u>	<u>13,279</u>
Total revenues	<u>5,990,000</u>	<u>5,990,000</u>	<u>7,158,522</u>	<u>1,168,522</u>
<b>Expenses</b>				
Materials management:				
Salaries and benefits	214,399	172,408	51,707	120,701
Supplies	2,750	2,750	1,833	917
Contractual and other services	3,100	3,100	1,510	1,590
Repairs and maintenance	8,210	8,210	2,221	5,989
Capital outlay	<u>100,000</u>	<u>100,000</u>	<u>72,232</u>	<u>27,768</u>
Total materials management	<u>328,459</u>	<u>286,468</u>	<u>129,503</u>	<u>156,965</u>
Fleet operations:				
Salaries and benefits	1,461,381	1,503,372	1,255,136	248,236
Supplies	28,000	35,540	30,514	5,026
Contractual and other services	4,024,800	4,024,800	5,730,582	(1,705,782)
Repairs and maintenance	68,504	68,504	50,475	18,029
Capital outlay	<u>175,000</u>	<u>175,000</u>	<u>-</u>	<u>175,000</u>
Total fleet operations	<u>5,757,685</u>	<u>5,807,216</u>	<u>7,066,707</u>	<u>(1,259,491)</u>
Non-departmental:				
Liability insurance	4,447	4,447	4,447	-
Interest expense	42	42	64	(22)
Bond principal requirements	<u>689</u>	<u>689</u>	<u>-</u>	<u>689</u>
Total non-departmental	<u>5,178</u>	<u>5,178</u>	<u>4,511</u>	<u>667</u>
Total expenses	<u>6,091,322</u>	<u>6,098,862</u>	<u>7,200,721</u>	<u>(1,101,859)</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(101,322)</u>	<u>(108,862)</u>	<u>(42,199)</u>	<u>66,663</u>
Transfers:				
Transfers out	<u>-</u>	<u>(26,268)</u>	<u>(26,268)</u>	<u>-</u>
Net transfers	<u>-</u>	<u>(26,268)</u>	<u>(26,268)</u>	<u>-</u>
Excess (deficiency) of revenues over budget	<u>(101,322)</u>	<u>(135,130)</u>	<u>(68,467)</u>	<u>66,663</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(97,269)	(97,269)
Capital outlay-budgeted as expenses per budget basis, capitalized per GAAP basis	<u>-</u>	<u>-</u>	<u>72,232</u>	<u>72,232</u>
Net income-GAAP basis	<u>\$ (101,322)</u>	<u>\$ (135,130)</u>	<u>\$ (93,504)</u>	<u>\$ 41,626</u>

**EMPLOYEE BENEFITS FUND**  
**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Operating Revenues</b>				
Contributions	\$ 17,321,154	\$ 17,321,154	\$ 17,018,381	\$ (302,773)
Total operating revenues	<u>17,321,154</u>	<u>17,321,154</u>	<u>17,018,381</u>	<u>(302,773)</u>
Nonoperating revenues:				
Investment earnings	-	-	4	4
Other	<u>1,791,665</u>	<u>1,791,665</u>	<u>2,417,800</u>	<u>626,135</u>
Total nonoperating revenues	<u>1,791,665</u>	<u>1,791,665</u>	<u>2,417,804</u>	<u>626,139</u>
Total revenues	<u>19,112,819</u>	<u>19,112,819</u>	<u>19,436,185</u>	<u>323,366</u>
<b>Expenses</b>				
Administration:				
Salaries and benefits	505,283	505,283	549,097	(43,814)
Supplies	4,000	6,965	6,161	804
Contractual and other services	4,573,920	4,573,920	4,432,350	141,570
Self insurance claims	<u>13,348,330</u>	<u>15,678,619</u>	<u>17,516,243</u>	<u>(1,837,624)</u>
Total materials management	<u>18,431,533</u>	<u>20,764,787</u>	<u>22,503,851</u>	<u>(1,739,064)</u>
Administration:				
Salaries and benefits	505,283	505,283	549,097	(43,814)
Supplies	4,000	6,965	6,161	804
Contractual and other services	4,573,920	4,573,920	4,432,350	141,570
Self insurance claims	<u>13,348,330</u>	<u>15,678,619</u>	<u>17,516,243</u>	<u>(1,837,624)</u>
Total administration	<u>18,431,533</u>	<u>20,764,787</u>	<u>22,503,851</u>	<u>(1,739,064)</u>
Total expenses	<u>36,863,066</u>	<u>41,529,574</u>	<u>45,007,702</u>	<u>(3,478,128)</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>681,286</u>	<u>(1,651,968)</u>	<u>(3,042,642)</u>	<u>(1,390,674)</u>
Transfers:				
Transfers in	-	3,899,414	1,918,602	(1,980,812)
Net transfers	-	<u>3,899,414</u>	<u>1,918,602</u>	<u>(1,980,812)</u>
Excess (deficiency) of revenues over budget	<u>681,286</u>	<u>2,247,446</u>	<u>(1,124,040)</u>	<u>(3,371,486)</u>
Net income-GAAP basis	<u>\$ 681,286</u>	<u>\$ 2,247,446</u>	<u>\$ (1,124,040)</u>	<u>\$ (3,371,486)</u>

**RETIREE HEALTH INSURANCE FUND**  
**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Operating Revenues</b>				
Contributions	\$ 1,464,997	\$ 1,464,997	\$ 1,392,543	\$ (72,454)
Total operating revenues	<u>1,464,997</u>	<u>1,464,997</u>	<u>1,392,543</u>	<u>(72,454)</u>
Nonoperating revenues:				
Investment earnings	<u>19,202</u>	<u>19,202</u>	<u>18,070</u>	<u>(1,132)</u>
Total nonoperating revenues	<u>19,202</u>	<u>19,202</u>	<u>18,070</u>	<u>(1,132)</u>
Total revenues	<u>1,484,199</u>	<u>1,484,199</u>	<u>1,410,613</u>	<u>(73,586)</u>
<b>Expenses</b>				
Administration:				
Contractual and other services	275,742	275,742	112,237	163,505
Self insurance claims	<u>1,141,716</u>	<u>1,141,716</u>	<u>1,361,132</u>	<u>(219,416)</u>
Total materials management	<u>1,417,458</u>	<u>1,417,458</u>	<u>1,473,369</u>	<u>(55,911)</u>
Total expenses	<u>1,417,458</u>	<u>1,417,458</u>	<u>1,473,369</u>	<u>(55,911)</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>66,741</u>	<u>66,741</u>	<u>(62,756)</u>	<u>(129,497)</u>
Excess (deficiency) of revenues over budget	<u>66,741</u>	<u>66,741</u>	<u>(62,756)</u>	<u>(129,497)</u>
Net income-GAAP basis	<u>\$ 66,741</u>	<u>\$ 66,741</u>	<u>\$ (62,756)</u>	<u>\$ (129,497)</u>

**RISK MANAGEMENT FUND**  
**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Operating Revenues</b>				
Contributions	\$ 2,276,685	\$ 2,276,685	\$ 2,300,945	\$ 24,260
Total operating revenues	<u>2,276,685</u>	<u>2,276,685</u>	<u>2,300,945</u>	<u>24,260</u>
Nonoperating revenues:				
Investment earnings	363,305	363,305	427,720	64,415
Net increase (decrease) in the fair value of investments	-	-	(26,496)	(26,496)
Other	<u>108,500</u>	<u>108,500</u>	<u>187,732</u>	<u>79,232</u>
Total nonoperating revenues	<u>471,805</u>	<u>471,805</u>	<u>588,956</u>	<u>117,151</u>
Total revenues	<u>2,748,490</u>	<u>2,748,490</u>	<u>2,889,901</u>	<u>141,411</u>
<b>Expenses</b>				
Administration:				
Salaries and benefits	859,653	859,653	716,114	143,539
Supplies	9,000	137,864	136,901	963
Contractual and other services	1,629,979	1,829,979	1,933,337	(103,358)
Repairs and maintenance	<u>2,624</u>	<u>2,624</u>	<u>1,163</u>	<u>1,461</u>
Total materials management	<u>2,501,256</u>	<u>2,830,120</u>	<u>2,787,515</u>	<u>42,605</u>
Total expenses	<u>2,501,256</u>	<u>2,830,120</u>	<u>2,787,515</u>	<u>42,605</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>247,234</u>	<u>(81,630)</u>	<u>102,386</u>	<u>184,016</u>
Transfers:				
Transfers out	-	<u>(1,987,884)</u>	<u>(7,072)</u>	<u>1,980,812</u>
Net transfers	-	<u>(1,987,884)</u>	<u>(7,072)</u>	<u>1,980,812</u>
Excess (deficiency) of revenues over budget	<u>247,234</u>	<u>(2,069,514)</u>	<u>95,314</u>	<u>2,164,828</u>
Net income-GAAP basis	<u>\$ 247,234</u>	<u>\$ (2,069,514)</u>	<u>\$ 95,314</u>	<u>\$ 2,164,828</u>

**PROPERTY & CASUALTY INSURANCE FUND**  
**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Operating Revenues</b>				
Contributions	\$ 2,267,107	\$ 2,267,107	\$ 2,267,107	\$ -
Total operating revenues	<u>2,267,107</u>	<u>2,267,107</u>	<u>2,267,107</u>	<u>-</u>
Nonoperating revenues:				
Investment earnings	99,978	99,978	79,915	(20,063)
Other	-	1,586,262	1,582,099	(4,163)
Total nonoperating revenues	<u>99,978</u>	<u>1,686,240</u>	<u>1,662,014</u>	<u>(24,226)</u>
Total revenues	<u>2,367,085</u>	<u>3,953,347</u>	<u>3,929,121</u>	<u>(24,226)</u>
<b>Expenses</b>				
Materials management:				
Salaries and benefits	166,876	166,876	141,508	25,368
Supplies	1,500	1,500	542	958
Contractual and other services	1,589,573	1,589,573	1,057,289	532,284
Self insurance claims	326,448	326,448	736,851	(410,403)
Total materials management	<u>2,084,397</u>	<u>2,084,397</u>	<u>1,936,190</u>	<u>148,207</u>
Total expenses	<u>2,084,397</u>	<u>2,084,397</u>	<u>1,936,190</u>	<u>148,207</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>282,688</u>	<u>1,868,950</u>	<u>1,992,931</u>	<u>123,981</u>
Transfers:				
Transfers out	-	(1,586,261)	(1,586,261)	-
Net transfers	<u>-</u>	<u>(1,586,261)</u>	<u>(1,586,261)</u>	<u>-</u>
Excess (deficiency) of revenues over budget	<u>282,688</u>	<u>282,689</u>	<u>406,670</u>	<u>123,981</u>
Net income-GAAP basis	<u>\$ 282,688</u>	<u>\$ 282,689</u>	<u>\$ 406,670</u>	<u>\$ 123,981</u>

**GENERAL DEPRECIATION FUND**  
**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**For the Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Operating Revenues</b>				
Charges for services	\$ 3,368,378	\$ 3,368,378	\$ 3,368,378	\$ -
Total operating revenues	<u>3,368,378</u>	<u>3,368,378</u>	<u>3,368,378</u>	<u>-</u>
Nonoperating revenues:				
Investment earnings	643,792	643,792	878,555	234,763
Net increase (decrease) in the fair value of investments	-	-	24,155	24,155
Gain (loss) on sale of capital assets	-	-	80,439	80,439
Capital contributions	-	-	307,906	307,906
Total nonoperating revenues	<u>643,792</u>	<u>643,792</u>	<u>1,291,055</u>	<u>647,263</u>
Total revenues	<u>4,012,170</u>	<u>4,012,170</u>	<u>4,659,433</u>	<u>647,263</u>
<b>Expenses</b>				
Administration:				
Capital outlay	<u>6,327,320</u>	<u>6,327,320</u>	<u>3,580,123</u>	<u>2,747,197</u>
Total administration	<u>6,327,320</u>	<u>6,327,320</u>	<u>3,580,123</u>	<u>2,747,197</u>
Total expenses	<u>6,327,320</u>	<u>6,327,320</u>	<u>3,580,123</u>	<u>2,747,197</u>
Excess (deficiency) of revenues over expenses (budget basis) before transfers	<u>(2,315,150)</u>	<u>(2,315,150)</u>	<u>1,079,310</u>	<u>3,394,460</u>
Excess (deficiency) of revenues over budget	<u>(2,315,150)</u>	<u>(2,315,150)</u>	<u>1,079,310</u>	<u>3,394,460</u>
GAAP basis adjustments:				
Depreciation expense, not budgeted	-	-	(2,382,137)	(2,382,137)
Capital outlay-budgeted as expenses per budget basis, capitalized per GAAP basis	<u>6,327,320</u>	<u>6,327,320</u>	<u>3,580,123</u>	<u>(2,747,197)</u>
Net income-GAAP basis	<u>\$ 4,012,170</u>	<u>\$ 4,012,170</u>	<u>\$ 2,277,296</u>	<u>\$ (1,734,874)</u>

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# 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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024 *</u>	<u>2025</u>
Governmental activities										
Net investment in capital assets	\$277,919,085	\$220,553,878	\$205,470,975	\$219,672,941	\$226,088,033	\$240,339,983	\$241,168,319	\$277,597,057	\$ 319,807,812	\$ 356,297,794
Restricted	23,545,092	22,963,251	26,550,903	29,564,998	52,640,091	62,684,340	73,207,265	69,342,696	65,491,692	79,067,270
Unrestricted	36,063,681	38,062,911	33,617,347	36,961,573	31,884,261	67,178,199	96,377,291	109,819,809	110,926,856	104,057,124
Total governmental activities net position	<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>	<u>\$ 496,226,360</u>	<u>\$ 539,422,188</u>
Business-type activities										
Net investment in capital assets	\$269,347,294	\$332,816,366	\$345,070,300	\$337,286,613	\$339,364,968	\$347,494,167	\$353,027,244	\$349,069,018	\$ 371,732,776	\$ 415,613,824
Restricted	61,516,830	63,635,870	65,221,064	70,008,882	70,317,544	69,971,630	74,307,583	81,181,296	88,328,812	84,584,208
Unrestricted	49,323,806	39,820,546	35,366,274	38,518,470	43,304,674	54,247,453	59,672,125	80,426,491	81,165,134	72,411,447
Total business-type activities net position	<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>	<u>\$ 541,226,722</u>	<u>\$ 572,609,479</u>
Primary government										
Net investment in capital assets	\$547,266,379	\$553,370,244	\$550,541,275	\$556,959,554	\$565,453,001	\$587,834,150	\$594,195,563	\$626,666,075	\$ 691,540,588	\$ 771,911,618
Restricted	85,061,922	86,599,121	91,771,967	99,573,880	122,957,635	132,655,970	147,514,848	150,523,992	153,820,504	163,651,478
Unrestricted	85,387,487	77,883,457	68,983,621	75,480,043	75,188,935	121,425,652	156,049,416	190,246,300	192,091,990	176,468,571
Total primary government activities net position	<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>	<u>\$ 1,037,453,082</u>	<u>\$ 1,112,031,667</u>

\*2024 Restated per GASB 101

Source: Annual Comprehensive Financial Reports

CHANGES IN NET POSITION <sup>(1)</sup>  
Last Ten Years  
(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024 *	2025
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 38,778,497	\$ 43,779,576	\$ 52,324,011	\$ 27,563,177	\$ 30,479,235	\$ 30,996,336	\$ 57,859,172	\$ 46,815,019	\$ 48,048,074	\$ 46,861,962
Public safety	63,079,739	61,676,966	57,965,285	64,933,815	69,197,955	64,284,810	68,473,095	80,508,390	78,992,496	83,087,725
Highways and streets	24,136,943	21,126,938	24,448,675	23,881,893	21,524,702	19,239,375	20,606,994	25,178,835	30,059,428	17,885,864
Health and welfare	5,693,042	8,305,076	7,094,404	6,924,442	7,764,075	7,309,487	7,355,183	8,445,811	8,315,134	7,654,576
Culture and recreation	22,500,569	28,074,221	23,161,527	25,939,335	25,865,451	24,234,654	25,437,546	30,669,464	29,851,788	32,886,698
Interest on long-term debt	2,066,207	3,418,388	3,651,488	4,164,252	5,343,342	4,320,581	3,935,848	3,928,732	3,506,182	4,598,503
<b>Total governmental activities expenses</b>	<b>156,254,997</b>	<b>166,381,165</b>	<b>168,645,390</b>	<b>153,406,914</b>	<b>160,174,760</b>	<b>150,385,243</b>	<b>183,667,838</b>	<b>195,546,251</b>	<b>198,773,102</b>	<b>192,975,328</b>
<b>Business-type activities:</b>										
Water services	20,135,477	19,213,848	19,120,533	20,635,156	20,533,021	20,373,834	22,034,728	23,000,185	23,936,064	24,673,337
Wastewater services	16,431,643	14,568,734	14,211,367	17,826,609	17,822,342	18,608,627	19,657,019	21,492,670	22,098,212	22,863,829
Sanitation services	17,976,533	18,110,918	18,391,187	19,583,152	19,912,328	21,140,272	22,060,596	24,239,023	24,882,299	24,258,284
Golf course services	1,448,965	1,449,564	1,455,820	1,561,416	1,559,155	1,637,471	1,791,973	1,918,818	2,055,676	2,263,410
Civic center services	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	2,401,349	3,867,073
Convention center services	6,400,139	6,259,718	5,766,331	6,095,097	2,369,526	6,257,533	4,902,786	8,803,853	8,457,499	9,525,678
Airport services	8,856,156	9,180,118	9,021,537	10,623,431	9,788,459	11,220,628	9,968,590	11,605,981	11,941,761	12,367,597
Transit services	1,551,484	1,688,647	1,759,640	1,766,906	1,623,375	1,896,225	1,735,346	1,901,581	2,422,286	2,610,254
Bus services	3,795,560	3,832,463	3,402,599	3,677,914	3,728,749	3,916,422	3,823,448	4,384,622	5,145,327	5,650,264
Anzalduas crossing	5,642,196	5,181,228	4,682,605	3,254,699	3,706,940	6,107,458	3,571,882	5,635,154	5,993,910	8,257,809
Bridge services	7,310,552	7,542,209	7,651,619	7,914,051	5,824,001	6,144,256	7,276,868	8,068,973	8,338,456	8,378,749
<b>Total business-type activities expenses</b>	<b>89,710,881</b>	<b>88,665,911</b>	<b>87,885,623</b>	<b>95,388,539</b>	<b>93,487,576</b>	<b>99,011,291</b>	<b>98,996,372</b>	<b>113,148,621</b>	<b>117,672,839</b>	<b>124,716,284</b>
<b>Total primary government expenses</b>	<b>\$ 245,965,878</b>	<b>\$ 255,047,076</b>	<b>\$ 256,531,013</b>	<b>\$ 248,795,453</b>	<b>\$ 253,662,336</b>	<b>\$ 249,396,534</b>	<b>\$ 282,664,210</b>	<b>\$ 308,694,872</b>	<b>\$ 316,445,941</b>	<b>\$ 317,691,612</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
General government	\$ 2,343,536	\$ 2,430,066	\$ 2,225,610	\$ 3,138,933	\$ 1,246,277	\$ 3,788,132	\$ 3,734,450	\$ 3,668,834	\$ 4,390,360	\$ 4,551,352
Public safety	3,991,057	4,320,581	4,493,813	4,696,264	4,294,525	1,662,726	2,714,660	2,897,551	3,000,037	4,789,010
Highways and streets	1,087,905	1,114,907	1,833,144	2,182,147	1,944,900	1,940,423	2,154,689	2,146,822	2,147,639	2,246,894
Health and welfare	366,471	446,902	484,970	464,934	336,513	845,614	950,671	960,560	976,695	1,155,308
Culture and recreation	1,363,071	1,278,037	1,178,511	1,149,823	435,262	883,556	1,136,775	1,644,798	1,560,687	1,632,300
Operating grants and contributions	2,090,002	4,474,280	2,264,818	1,793,948	21,661,783	35,912,854	42,412,690	15,201,826	4,217,244	\$ 7,927,105
Capital grants and contributions	4,127,471	4,715,841	7,826,973	6,559,247	10,893,157	10,987,570	4,612,366	17,744,587	14,599,940	6,133,365
<b>Total governmental activities program revenues</b>	<b>15,369,513</b>	<b>18,780,614</b>	<b>20,307,839</b>	<b>19,985,296</b>	<b>40,812,417</b>	<b>56,020,875</b>	<b>57,716,301</b>	<b>44,264,978</b>	<b>30,892,602</b>	<b>28,435,334</b>
<b>Business-type activities:</b>										
<b>Charges for services:</b>										
Water services	18,558,428	19,407,111	19,053,440	18,653,257	20,772,227	20,692,360	21,630,719	24,696,431	24,869,436	\$ 27,081,131
Wastewater services	17,147,746	17,704,596	17,456,310	17,539,928	19,155,828	20,002,986	20,253,967	21,008,796	21,450,152	22,377,374
Sanitation services	18,220,367	19,230,472	19,579,301	21,442,210	21,691,829	22,646,597	23,265,296	23,359,709	25,527,023	26,868,954
Bridge services	14,512,742	14,728,300	14,392,407	13,808,430	10,724,806	13,331,408	18,042,493	21,020,123	22,445,523	22,283,972
Other	15,928,338	15,589,382	16,035,625	16,930,343	15,253,523	14,112,302	14,677,377	17,649,941	19,087,184	21,153,512

CHANGES IN NET POSITION <sup>(1)</sup>  
Last Ten Years  
(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024 *	2025
Operating grants and contributions	\$ 1,523,384	\$ 1,854,981	\$ 1,762,389	\$ 1,910,238	\$ 5,302,896	\$ 8,798,316	\$ 7,475,401	\$ 6,097,219	\$ 3,782,828	\$ 5,566,158
Capital grants and contributions	10,907,454	6,159,765	10,279,600	5,870,993	11,323,284	18,941,229	13,508,047	17,239,331	21,636,658	25,581,326
Total business-type activities program revenues	96,798,459	94,674,607	98,559,072	96,155,399	104,224,393	118,525,198	118,853,300	131,071,550	138,798,804	150,912,427
Total primary government program revenues	\$ 112,167,972	\$ 113,455,221	\$ 118,866,911	\$ 116,140,695	\$ 145,036,810	\$ 174,546,073	\$ 176,569,601	\$ 175,336,528	\$ 169,691,406	\$ 179,347,761
Net (Expense) Revenue										
Governmental activities	\$ (140,885,484)	\$ (147,600,551)	\$ (148,337,551)	\$ (133,421,618)	\$ (119,362,343)	\$ (94,364,368)	\$ (125,951,537)	\$ (151,281,273)	\$ (167,880,500)	\$ (164,539,994)
Business-type activities	7,087,578	6,008,696	10,673,449	766,860	10,736,817	19,513,907	19,856,928	17,922,929	21,125,965	26,196,143
Total primary government net expense	\$ (133,797,906)	\$ (141,591,855)	\$ (137,664,102)	\$ (132,654,758)	\$ (108,625,526)	\$ (74,850,461)	\$ (106,094,609)	\$ (133,358,344)	\$ (146,754,535)	\$ (138,343,851)
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes, levied for general purposes	\$ 40,459,314	\$ 42,975,582	\$ 45,630,288	\$ 46,800,963	\$ 51,489,045	\$ 52,947,964	\$ 55,485,210	\$ 59,879,201	\$ 63,877,536	\$ 65,732,695
Hotel occupancy taxes	5,253,476	4,946,155	4,788,407	5,310,620	3,968,611	4,178,181	5,986,363	6,522,909	7,193,649	6,455,714
Sales tax	61,301,698	59,488,228	63,177,249	70,274,159	67,025,563	79,887,252	90,080,243	93,622,389	96,299,429	99,374,222
Franchise taxes	6,716,262	6,801,740	6,918,783	6,931,777	6,612,373	6,496,154	7,227,859	6,868,263	6,505,594	6,561,385
Mixed beverage Taxes	-	-	-	-	-	1,112,755	1,342,082	1,468,420	1,529,823	1,528,119
Unrestricted investment earnings (loss)	1,354,865	1,477,050	2,040,853	4,194,784	2,826,269	793,169	(2,303,948)	11,693,380	15,842,907	12,029,869
Royalties	490,736	620,011	534,238	342,643	241,597	-	-	-	-	-
Contributions	-	22,969,640	-	-	-	-	-	-	-	-
Miscellaneous	5,179,301	1,503,250	6,227,083	8,100,824	5,938,616	7,073,997	6,110,186	13,139,469	13,353,850	12,375,324
Transfers	16,485,677	(49,128,923)	3,079,835	2,571,144	5,673,142	1,465,033	2,573,895	4,093,929	2,744,510	3,678,494
Total governmental activities	137,241,329	91,652,733	132,396,736	144,526,914	143,775,216	153,954,505	166,501,890	197,287,960	207,347,298	207,735,822
Business-type activities										
Unrestricted investment earnings (loss)	689,307	729,638	1,330,004	3,151,897	2,109,546	677,190	(1,989,331)	9,840,853	12,168,460	8,284,863
Gain (loss) on sale of capital assets	9,899,884	-	-	(1,191,286)	-	-	-	-	-	-
Miscellaneous	520,372	217,595	461,238	-	-	-	-	-	2	580,245
Transfers	(16,485,677)	49,128,923	(3,079,835)	(2,571,144)	(5,673,142)	(1,465,033)	(2,573,895)	(4,093,929)	(2,744,510)	(3,678,494)
Total business-type activities	(5,376,114)	50,076,156	(1,288,593)	(610,533)	(3,563,596)	(787,843)	(4,563,226)	5,746,924	9,423,952	5,186,614
Total primary government	\$ 131,865,215	\$ 141,728,889	\$ 131,108,143	\$ 143,916,381	\$ 140,211,620	\$ 153,166,662	\$ 161,938,664	\$ 203,034,884	\$ 216,771,250	\$ 212,922,436
Change in Net Position										
Governmental activities	\$ (3,644,155)	\$ (55,947,818)	\$ (15,940,815)	\$ 11,105,296	\$ 24,412,873	\$ 59,590,137	\$ 40,550,353	\$ 46,006,687	\$ 39,466,798	\$ 43,195,828
Business-type activities	1,711,464	56,084,852	9,384,856	156,327	7,173,221	18,726,064	15,293,702	23,669,853	30,549,917	31,382,757
Total government net position	\$ (1,932,691)	\$ 137,034	\$ (6,555,959)	\$ 11,261,623	\$ 31,586,094	\$ 78,316,201	\$ 55,844,055	\$ 69,676,540	\$ 70,016,715	\$ 74,578,585

\*2024 Restated per GASB 101  
Source: Annual Comprehensive Financial Reports

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General Fund										
Nonspendable	\$ 2,646,319	\$ 2,989,178	\$ 3,837,797	\$ 3,619,510	\$ 3,619,510	\$ 3,876,920	\$ 4,581,262	\$ 4,170,814	\$ 4,101,719	\$ 4,164,868
Assigned	457,022	457,022	177,736	-	-	-	-	114,400	136,656	245,231
Unassigned	<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>	<u>94,226,584</u>	<u>105,539,696</u>
Total General Fund	<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>	<u>\$ 98,464,959</u>	<u>\$ 109,949,795</u>
All Other Governmental Funds										
Nonspendable	\$ 27,064	\$ 53,659	\$ 57,055	\$ 94,083	\$ 94,083	\$ -	\$ -	\$ 11,322	\$ 267,350	\$ 27,050
Restricted	71,553,166	52,714,390	41,515,087	67,193,014	67,193,014	55,101,958	73,207,265	69,228,296	65,355,036	76,794,078
Committed	297,145	290,623	119,863	14,809	14,809	-	415,639	466,380	771,270	774,121
Assigned	2,989,333	5,412,080	5,399,201	6,091,646	6,091,646	5,884,642	49,526,196	63,537,288	48,708,686	40,677,045
Unassigned	-	-	-	-	-	(64,179)	(24,322)	(34,948)	(6,388,224)	(20,208,788)
Total all other governmental funds	<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>	<u>\$ 108,714,118</u>	<u>\$ 98,063,506</u>

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Last Ten Years  
(modified accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenues</b>										
Taxes	\$113,666,622	\$114,111,851	\$119,820,314	\$129,498,114	\$128,174,571	\$143,496,240	\$160,246,068	\$167,889,104	\$175,113,774	\$ 178,574,084
Licenses and permits	1,808,701	1,994,947	1,983,125	2,144,535	2,246,575	2,653,536	2,882,174	2,559,441	2,853,509	2,921,694
Intergovernmental	2,760,398	7,783,963	3,094,407	4,167,021	29,354,952	41,074,008	44,349,570	25,847,444	18,817,185	14,060,470
Charges for services	6,001,013	6,354,554	7,060,426	8,359,074	6,519,087	7,606,530	8,069,844	9,317,571	9,711,241	9,813,332
Fines and forfeitures	1,808,320	1,788,568	1,840,277	1,719,382	1,426,744	1,063,885	1,892,727	2,052,052	2,121,168	1,639,838
Investment earnings (loss)	1,006,394	1,151,039	1,711,816	3,603,895	2,413,884	639,158	(1,660,771)	10,645,792	14,021,434	10,627,945
Other	4,710,326	5,863,023	7,626,775	8,897,870	7,566,655	7,600,301	5,830,308	10,222,500	9,981,487	8,107,255
<b>Total revenues</b>	<b>131,761,774</b>	<b>139,047,945</b>	<b>143,137,140</b>	<b>158,389,891</b>	<b>177,702,468</b>	<b>204,133,658</b>	<b>221,609,920</b>	<b>228,533,904</b>	<b>232,619,798</b>	<b>225,744,618</b>
<b>Expenditures</b>										
General government	35,773,536	53,158,214	42,661,910	27,232,111	30,162,193	40,045,730	54,041,105	43,231,918	51,641,000	38,955,343
Public safety	54,484,060	55,487,989	57,457,183	59,665,591	61,995,064	63,605,359	66,450,052	70,499,830	76,789,593	79,169,674
Highways and streets	16,486,478	13,314,445	12,628,135	12,566,709	13,131,152	13,152,011	21,406,713	9,573,472	16,687,843	7,505,877
Health and welfare	5,596,042	8,062,409	7,089,064	7,133,563	7,519,006	7,331,452	1,078,320	8,239,074	8,502,598	7,604,390
Culture and recreation	19,980,953	19,174,040	19,872,005	20,083,465	20,596,926	19,780,333	22,619,464	25,008,605	26,404,776	28,403,151
Capital outlay *	39,251,496	22,594,772	17,711,495	24,014,899	29,100,201	18,475,941	17,799,023	54,625,522	52,360,590	55,317,315
Debt service:										
Principal	4,765,000	4,830,000	5,030,000	6,069,091	7,621,306	3,928,921	5,326,917	5,828,484	5,992,573	6,517,083
Interest	2,567,009	4,017,840	4,230,646	4,527,727	5,562,384	4,590,604	3,210,240	3,770,563	4,880,481	4,790,785
<b>Total expenditures</b>	<b>178,904,574</b>	<b>180,639,709</b>	<b>166,680,438</b>	<b>161,293,156</b>	<b>175,688,232</b>	<b>170,910,351</b>	<b>191,931,834</b>	<b>220,777,468</b>	<b>243,259,454</b>	<b>228,263,618</b>
Excess of revenues over (under) expenditures	(47,142,800)	(41,591,764)	(23,543,298)	(2,903,265)	2,014,236	33,223,307	29,678,086	7,756,436	(10,639,656)	(2,519,000)
<b>Other Financing Sources (Uses)</b>										
Bond proceeds	29,620,000	20,835,000	15,005,000	18,955,000	-	42,890,000	-	-	-	-
Transfers in	31,581,149	18,770,483	17,595,175	19,405,758	22,757,119	67,840,354	60,382,764	50,491,977	22,957,250	25,853,089
Bond Premium	-	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	(16,700,887)	(15,917,784)	(14,515,340)	(16,900,164)	(18,703,441)	(67,585,378)	(57,598,435)	(49,711,427)	(20,918,547)	(22,499,865)
Issuance of debt for SBITA	-	-	-	-	-	-	-	782,787	140,996	-
<b>Total other financing sources (uses)</b>	<b>44,339,742</b>	<b>24,133,286</b>	<b>18,523,845</b>	<b>27,573,122</b>	<b>4,053,678</b>	<b>601,930</b>	<b>2,784,329</b>	<b>1,563,337</b>	<b>2,179,699</b>	<b>3,353,224</b>
<b>Net change in fund balances</b>	<b>\$ (2,803,058)</b>	<b>\$ (17,458,478)</b>	<b>\$ (5,019,453)</b>	<b>\$ 24,669,857</b>	<b>\$ 6,067,914</b>	<b>\$ 33,825,237</b>	<b>\$ 32,462,415</b>	<b>\$ 9,319,773</b>	<b>\$ (8,459,957)</b>	<b>\$ 834,224</b>
Debt service as a percentage of noncapital expenditures	5.25%	5.60%	6.22%	7.72%	8.99%	5.59%	4.90%	5.78%	5.70%	6.54%

\* 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	Mixed Beverage	Hotel		Total
					7%	2%	
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	1,112,755	3,249,439	928,742	143,496,239
2022	55,727,211	89,962,552	7,227,859	1,342,082	4,656,299	1,330,064	160,246,067
2023	59,435,509	93,594,002	6,868,263	1,468,420	5,072,130	1,450,778	167,889,102
2024	63,661,641	96,223,067	6,505,594	1,529,823	5,595,749	1,597,900	175,113,774
2025	65,000,646	99,028,219	6,561,386	1,528,119	5,022,039	1,433,675	178,574,084
Change 2016-2025	60.94%	63.82%	-2.31%	100.00%	22.93%	22.72%	58.30%

**TAXABLE SALES BY CATEGORY**

**Last Ten Years  
(in Millions)**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Retail	\$ 1,709	\$ 1,561	\$ 1,709	\$ 1,806	\$ 1,510	\$ 1,855	\$ 2,173	\$ 2,231	\$ 2,281	\$ 2,285
Services	202	191	195	208	168	172	209	225	210	216
Wholesale	129	132	139	295	446	532	665	635	621	675
Other	524	541	587	620	535	690	771	804 *	834 *	871
Total - All Industries	<u>\$ 2,564</u>	<u>\$ 2,425</u>	<u>\$ 2,630</u>	<u>\$ 2,929</u>	<u>\$ 2,659</u>	<u>\$ 3,249</u>	<u>\$ 3,818</u>	<u>\$ 3,894</u>	<u>\$ 3,946</u>	<u>\$ 4,047</u>

(1)

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

Percent Allocation of Taxable Sales - Retail Only

Building Materials	6%	6%	5%	5%	7%	7%	7%	N/A	N/A	N/A
General Merchandise	24%	21%	20%	20%	20%	18%	20%	24%	25%	23%
Food Stores	7%	7%	7%	7%	8%	8%	7%	10%	10%	10%
Automotive	6%	6%	5%	5%	6%	6%	5%	3%	3%	3%
Clothing	16%	16%	15%	15%	13%	15%	17%	19%	19%	20%
Home Furnishings	12%	11%	16%	17%	13%	12%	11%	N/A	N/A	N/A
Restaurants	20%	21%	21%	21%	21%	22%	21%	29%	28%	29%
Miscellaneous Retail	9%	12%	11%	10%	12%	12%	12%	15%	15%	15%
Total	<u>100%</u>									

(1) Represents only three quarters of fiscal year.

\* Restated due to updated totals received from State Comptroller's Office.

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>
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
2024	2023	9,452,351,028	5,288,554,444	203,170,740	112,140,174	1,073,910,818	2,060,476,882	14,069,650,322	0.45
2025	2024	9,985,263,038	5,387,438,604	200,012,955	120,474,733	1,333,891,897	2,148,797,015	14,878,284,212	0.45

(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			
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
2024	2023	0.41	0.04	0.45	1.00	0.96	1.02	0.16	1.20	0.87	0.11	0.58	0.25
2025	2024	0.41	0.04	0.45	1.00	0.96	1.02	0.16	1.20	0.87	0.11	0.58	0.25

**PRINCIPAL PROPERTY TAX PAYERS**  
**Current Year and Nine Years Ago**

Taxpayer	2025			2016		
	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	\$ 160,092,113	1	1.08%	\$ 121,013,266	1	1.43%
AEP Texas Central Co.	93,295,020	2	0.63%	41,138,070	5	0.49%
Rio Grande Regional Hospital	87,752,140	3	0.59%	54,728,656	2	0.65%
Universal Health Services	80,000,000	4	0.54%	48,028,353	3	0.57%
Big Sky Commercial Property	74,100,726	5	0.50%			
La Plaza Mall	57,242,301	6	0.38%			
United Parcel Services Inc	45,401,838	7	0.31%			
Palm Crossing Town Center LLC	38,305,104	8	0.26%	43,121,507	4	0.51%
DHR Real Estate Management LLC	36,312,046	9	0.24%			
Shops at 29 LTD	34,509,469	10	0.23%			
GE Engine Services	-		-	37,946,992	6	0.45%
H E Butt Grocery Company	-		-	26,038,999	7	0.31%
Weingarten Reality Investors	-		-	23,836,965	8	0.28%
McAllen Foreign Trade Zone	-		-	19,830,482	9	0.24%
Weingarten Las Tiendas JV	-		-	18,475,000	10	0.22%
	<u>\$ 707,010,757</u>		<u>4.76%</u>	<u>\$ 434,158,290</u>		<u>5.15%</u>

Data Source: Hidalgo County Appraisal District

**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
2016	2015	\$ 39,413,347	\$ 175,479	\$ 39,588,826	\$ 38,386,098	96.96%	\$ 1,092,753	39,478,851	99.72%
2017	2016	42,519,989	(98,381)	42,421,608	41,015,610	96.69%	1,287,655	42,303,265	99.72%
2018	2017	43,393,343	574,153	43,967,496	42,713,360	97.15%	1,141,282	43,854,642	99.74%
2019	2018	45,726,885	143,567	45,870,452	44,515,112	97.05%	1,215,214	45,730,326	99.69%
2020	2019	49,916,376	82,947	49,999,323	48,512,317	97.03%	1,279,174	49,791,491	99.58%
2021	2020	50,905,212	835,693	51,740,905	50,311,919	97.24%	1,230,612	51,542,531	99.62%
2022	2021	53,036,057	1,429,226	54,465,283	53,290,262	97.84%	806,998	54,097,260	99.32%
2023	2022	58,106,007	540,296	58,646,303	57,290,116	97.69%	731,933	58,022,049	98.94%
2024	2023	62,158,794	444,070	62,602,864	61,175,454	97.72%	434,306	61,609,760	98.41%
2025	2024	64,363,643	256,574	64,620,217	62,889,373	97.32%	-	62,889,373	97.32%

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 Capita (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			
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	1,450,381	479,609	45,187,874	84,533,079	83,317,088	4,755,313	233,490	27,047	338,979,225	8.45%	2,326
2024	56,320,233	36,462,578	19,550,000	995,074	307,134	42,304,768	79,624,477	81,314,581	4,205,921	157,971	19,410	321,262,147	7.39%	2,173
2025	52,326,234	34,977,273	18,165,000	-	71,329	39,373,817	74,651,214	77,942,799	3,642,132	-	-	301,149,798	6.53%	2,016

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**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amount Available for Debt Service <sup>(c)</sup></b>	<b>Total</b>	<b>Percentage of Actual Taxable Value of Property <sup>(a)</sup></b>	<b>Per Capital <sup>(b)</sup></b>
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
2024	92,782,811	6,901,934	85,880,877	0.61%	629
2025	87,303,507	7,672,684	79,630,823	0.54%	584

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, 2025**

<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	\$ 410,610,000	25.08%	\$ 102,980,988
McAllen Independent School District	50,461,000	99.47%	50,193,557
Sharyland Independent School District	68,670,000	28.36%	19,474,812
P.S.J.A Independent School District	216,895,000	11.05%	23,966,898
Hidalgo County Drainage District #1	283,272,000	26.16%	74,103,955
South Texas College	75,430,000	23.42%	17,665,706
Hidalgo Independent School District	46,651,000	30.03%	14,009,295
Mission Consolidated Independent School District	82,128,000	0.49%	402,427
Valley View ISD	26,890,000	1.52%	408,728
Edinburg Independent School District	102,635,000	7.92%	<u>8,128,692</u>
Subtotal, overlapping debt			<u>311,335,058</u>
City of McAllen (direct debt)	105,850,472	100.00%	<u>105,850,472</u>
Total direct and overlapping debt			<u>\$ 417,185,530</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**

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	\$ 421,777,231	\$ 455,583,682	\$ 465,593,796	\$ 487,290,584	\$ 515,161,818	\$ 532,006,676	\$ 552,782,675	\$ 626,536,788	\$ 703,482,516	\$ 743,914,211
Total net debt applicable to limit	<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>	<u>87,437,160</u>	<u>79,948,110</u>
Legal debt margin	\$ 331,299,188	\$ 359,775,012	\$ 366,340,211	\$ 372,798,871	\$ 407,232,181	\$ 426,954,324	\$ 453,325,096	\$ 532,942,934	\$ 616,045,356	\$ 663,966,101
Total net debt applicable to the limit as a percentage of debt limit	27.31%	26.63%	27.09%	30.71%	26.50%	24.61%	21.94%	17.56%	14.19%	12.04%

**Legal Debt Margin Calculation for Fiscal Year 2025**

Assessed value	\$14,878,284,212
Debt limit (5% of assessed value)	743,914,211
Debt applicable to limit:	
General obligation bonds	87,303,507
Less: amount set aside for repayment of general obligation debt	<u>(7,355,397)</u>
Total net debt applicable to limit	<u>79,948,110</u>
Legal debt margin	<u>\$ 663,966,101</u>

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 <sup>(a)</sup>	Less: Operating Expenses <sup>(b)</sup>	Net Available Revenue	Debt Service			Total Revenues <sup>(a)</sup>	Less: Operating Expenses <sup>(b)</sup>	Net Available Revenue	Debt Service		
				Principal	Interest	Coverage				Principal	Interest	Coverage
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
2024	27,051,990	16,998,385	10,053,605	2,930,951	967,757	2.58	22,945,988	11,116,952	11,829,036	4,973,263	1,077,771	1.95
2025	28,742,879	17,871,875	10,871,004	2,446,544	877,391	3.27	24,161,676	11,648,207	12,513,469	4,512,605	981,783	2.28

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**

<b>Year</b>	<b>Estimated Population</b>	<b>Personal Income (thousands of dollars)</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
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%
2024	147,539	4,338,532	29,406	35.3	20,095	5.90%
2025	149,395	4,614,065	30,885	34.1	19,890	6.50%
	<b>(A)</b>		<b>(B)</b>	<b>(C)</b>	<b>(D)</b>	<b>(E)</b>

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	2025			Employer	2016		
	Employees	Rank	Percentage of Total City Employment		Employees	Rank	Percentage of Total City Employment
McAllen Independent School District	3,400	1	4.86%	McAllen Independent School District	3,422	1	5.34%
City of McAllen	2,566	2	3.67%	McAllen Medical Center	2,800	2	4.37%
South Texas College	1,777	3	2.54%	City of McAllen	2,398	3	3.74%
McAllen Medical Center - South Texas Health System	1,662	4	2.37%	BBVA Compass Bank	1,500	4	2.34%
Rio Grande Regional Hospital	1,300	5	1.86%	South Texas College	1,390	5	2.17%
International Bank of Commerce	1,200	6	1.71%	International Bank of Commerce	1,200	6	1.87%
Spectrum Call Center	770	7	1.10%	Rio Grande Regional Hospital	1,200	6	1.87%
Regal Beloit	380	8	0.54%	Wal-Mart/Sams	1,000	8	1.56%
Alps Automotive	375	9	0.54%	HEB	735	9	1.15%
GE Aviation	350	10	0.50%	GE Engines	600	10	0.94%
<b>Total</b>	<u>13,780</u>		<u>19.69%</u>		<u>16,245</u>		<u>25.35%</u>
	(A)		(B)		(C)		(C)

Source: (A) McAllen EDC - Fiscal Year 2024 information will not be available before April 2025.  
 (B) Texas Workforce Commission  
 (C) City of McAllen ACFR Fiscal Year 2016

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

Function/Program	Full Time only									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government	199	200	203	198	198	213	212	217	223	230
Public Safety:										
Police:										
Officers	285	285	285	275	294	294	300	313	298	298
Civilians	144	144	146	137	146	146	148	148	148	148
Fire:										
Fire fighters and officers	167	169	171	175	179	179	180	178	181	180
Civilians	12	14	14	18	19	19	19	22	25	27
Other	63	66	66	57	68	68	67	70	71	73
Highways and streets	93	94	95	83	98	98	99	99	99	101
Health and welfare	25	26	27	24	32	32	39	35	38	37
Culture and Recreational	202	205	214	198	231	232	239	214	233	230
Downtown Services	16	16	16	16	16	15	15	15	15	15
Water services	138	134	144	146	149	148	149	150	153	155
Wastewater services	87	89	88	87	87	92	92	93	96	97
Sanitation	159	161	165	165	165	166	169	170	184	186
Golf Course	12	12	12	12	12	12	17	17	17	17
Convention Center	45	48	47	47	48	48	50	53	58	61
Airport	37	37	37	41	41	41	42	42	46	46
Transit terminal	8	8	7	6	8	9	9	9	9	9
Metro McAllen	47	47	47	49	49	49	49	59	59	64
Bridge	42	41	41	42	42	45	45	45	45	44
Anzalduas Bridge	13	13	14	14	15	12	9	9	9	17
Fleet Services	26	26	26	26	26	26	26	26	26	26
Employee benefits	6	6	6	6	6	6	6	6	6	6
Risk Management	7	7	7	8	8	11	11	12	13	14
<b>Total</b>	<u>1,833</u>	<u>1,848</u>	<u>1,878</u>	<u>1,830</u>	<u>1,937</u>	<u>1,961</u>	<u>1,992</u>	<u>2,002</u>	<u>2,052</u>	<u>2,081</u>

Source: City's Budget Document

**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Public Safety</b>										
Police										
Number of employees-commissioned	285	289	289	298	298	300	316	316	302	317
Number of service calls	144,761	140,632	143,598	138,777	132,367	142,149	136,948	141,694	245,514	135,989
Fire										
Number of firemen	167	167	174	176	180	180	180	182	182	182
Total number of alarm responses	6,696	7,344	7,814	8,238	4,447	4,594	4,686	6,349	6,491	7,077
Code enforcement										
Number of employees	12	18	18	18	33	31	23	45	45	46
Number of building permits	1,551	1,548	1,512	1,662	2,197	2,463	2,743	2,122	2,230	2,302
<b>Development services</b>										
Street Resurfacing (linear miles)	33	36	11	12	12	8	10	9	10	10
Sidewalk Construction (linear feet)	3,368	5,887	2,746	1,242	3,653	7,207	10,402	3,580	20,290	21,550
<b>Cultural and recreational</b>										
Parks and recreation										
Participants in special event programs	360,000	367,900	301,000	302,197	359,671	25,000	361,000	370,000	307,793	305,210
Participants in athletic programs	10,860	13,819	11,860	8,340	5,448	1,223	6,512	9,950	7,766	8,232
Participants in after school programs	1,195	1,313	1,206	1,218	781	373	1,098	1,157	1,981	1,022
Library-main										
Volumes in collection	323,822	336,396	333,600	337,046	325,037	300,295	334,491	328,654	328,074	316,709
<b>Water and Wastewater system</b>										
Number of water customers	46,201	46,780	47,399	47,950	48,415	49,331	50,357	50,975	51,714	52,959
Number of Wastewater customers	40,912	41,660	42,286	42,804	43,218	43,914	44,614	45,259	45,859	46,626
Average daily water consumption (gallons)	22,303,830	20,302,000	26,300,000	24,000,000	25,011,602	20,848,000	21,670,000	21,376,650	21,347,642	22,525,895
Maximum storage capacity (gallons) South Plant	7,750,000	7,750,000	7,750,000	7,750,000	7,750,000	7,750,000	7,750,000	7,750,000	7,750,000	7,750,000
Maximum storage capacity (gallons)- North Plant	4,250,000	4,250,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Rainfall (inches)	17.80	10.62	31.52	16.91	35.26	30.00	17.59	21.88	27.45	18.82
<b>Sanitation</b>										
Refuse collected (tons)	143,225	137,834	141,659	144,117	141,569	152,702	152,753	149,506	151,407	155,782
Bulky/brush pickups (tons)	34,586	26,131	32,625	33,132	43,203	47,542	33,197	39,248	30,460	30,896
Recyclables collected (tons)	5,200	5,503	4,644	5,858	5,469	6,827	6,379	7,580	8,958	8,525
<b>Golf course</b>										
Total number of rounds	42,484	35,569	44,346	43,285	45,638	51,442	51,442	59,978	65,608	66,736

Source: City Departments

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Public Safety</b>										
Police stations	1	1	1	1	1	1	1	1	1	1
Police sub-stations	2	6	2	5	6	7	7	7	7	7
Fire stations	7	7	7	7	7	7	7	7	7	8
Fire hydrants	4,769	4,900	5,250	5,046	5,471	5,132	5,281	5,264	6,400	5,554
<b>Development Services</b>										
City area:										
Square miles	57.9	63.4	62.5	62.8	74.3	63.1	63.0	63.1	65.6	65.6
Acres	37,064	39,910	40,148	40,205	40,200	40,360	40,410	40,441	41,837	41,837
Streets- paved (miles)	1,061	1,040	1,384	1,387	1,387	1,395	1,401	1,406	1,414	1,422
<b>Cultural and Recreational</b>										
Developed parks (acres)	662	687	708	708	708	714	719	737	737	757
Parks (acres)-undeveloped	654	310	308	308	146	140	140	131	136	116
Swimming pools	4	4	4	4	4	4	4	4	4	4
Tennis courts	26	36	36	36	36	36	36	38	38	38
Lighted baseball diamonds/athletic fields	16	41	68	68	66	66	66	84	84	84
Municipal golf (18-hole course)	1	1	1	1	1	1	1	1	1	1
<b>Water and Wastewater</b>										
Water mains (miles)	722	727	730	734	737	744	747	794	810	820
Sanitary wastewater (miles)	540	546	550	554	558	566	570	691	715	725
Storm (miles)	239	239	243	239	241	245	269	273	275	282

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 23, 2025 to all classes of customers is as follows:

Inside City Minimum rate		Commodity Rate
\$18.00	- Residential	(1)
\$20.00	- Commercial, Multifamily and Industrial	

(1) Per 1,000 gallons or any part thereof as follows: Residential-\$2.25/1,000 gallons for the first 4,999 gallons; plus \$2.55/1,000 for consumption between 5,000 and 9,999 gallons; plus \$2.75 for consumption between 10,000 gallons to 14,999; and \$2.95 per 1,000 thereafter.

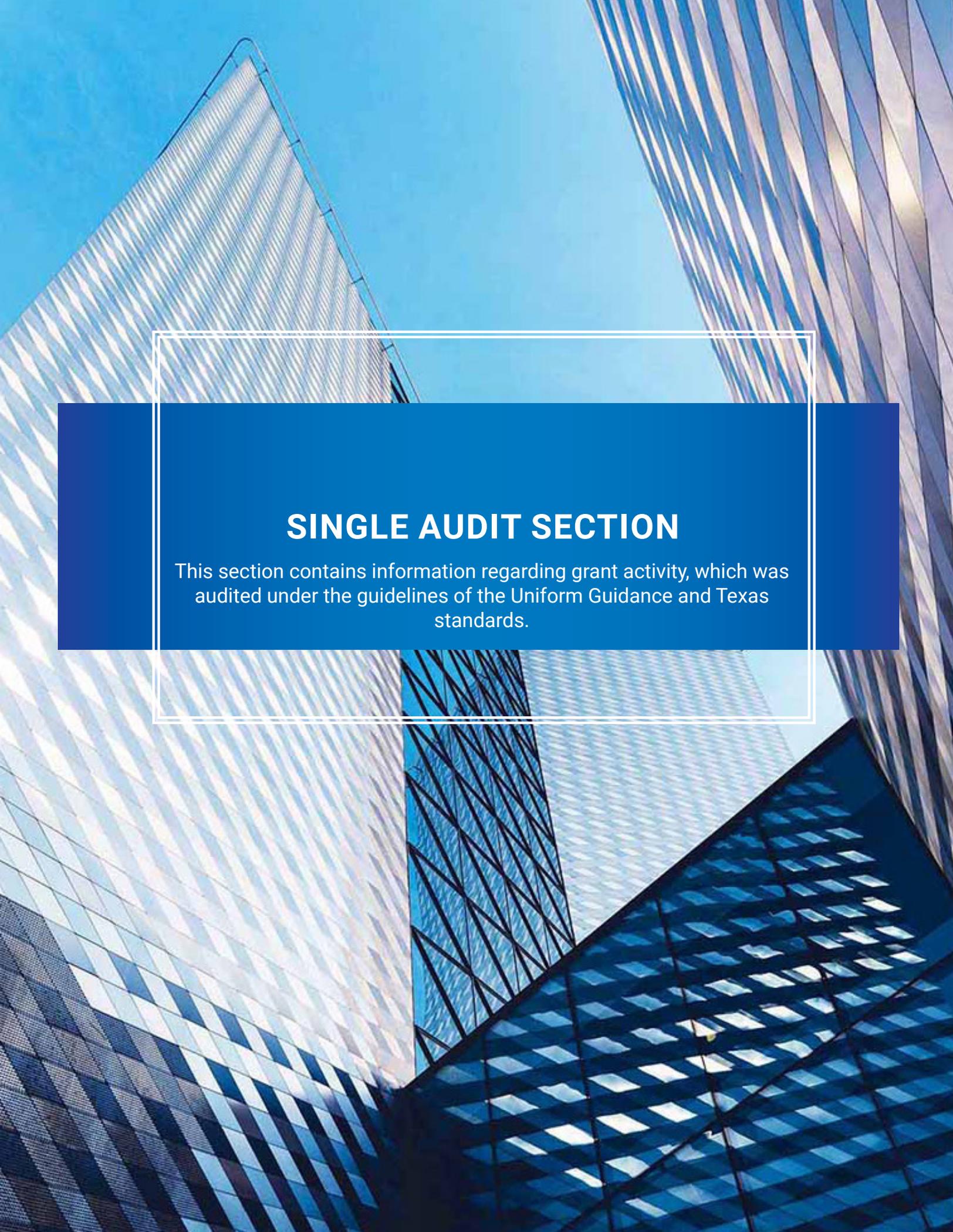
Commercial, Multi-family, and Industrial, Sprinkler -\$3.15/1,000 gallons.

Residential Sprinkler-\$2.75/1,000 gallons

Section II - Estimated unaccounted gallons of water

Class of customers	Number	Usage (gallons)
Residential	44,440	4,593,090,400
Commercial	8,363	3,365,101,600
Industrial	156	263,759,800
Number of gallons shown to have passed through the master meters at the City's plants #2 and #3 during the period		9,132,494,600
Number of gallons billed		(8,221,951,800)
Estimated water used in fire hydrant testing, etc.		<u>(40,352,261)</u>
Estimated number of gallons unaccounted due to breaks, leaks, etc.		<u><u>870,190,539</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.



1601 South MoPac Expressway, Suite D250  
Austin, Texas 78746  
512-609-1900

**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, 2025, 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 23, 2026.

**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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Weaver and Tidwell, L.L.P.

**CPAs AND ADVISORS | WEAVER.COM**

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

**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 23, 2026



1601 South MoPac Expressway, Suite D250  
 Austin, Texas 78746  
 512-609-1900

**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, 2025. 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, 2025.

***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.

Weaver and Tidwell, L.L.P.

**CPAs AND ADVISORS | WEAVER.COM**

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**

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 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 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.

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

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Austin, Texas  
March 23, 2026

City of McAllen  
 Schedule of Federal and State Expenditures  
 As of September 30, 2025

Federal Grantor/ Passed-Through Grantor/Program or Cluster Title	Assistance Listing Number	Passed-Through Grantor's Number	Passed Through To Subrecipients	Disbursements/ Expenditures
<b>U.S. Department of Housing and Urban Development</b>				
Direct Program:				
Community Development Block Grant:				
44th Year Entitlement Grant	14.218	B18MC480506	\$ -	\$ 1,389
45th Year Entitlement Grant	14.218	B19MC480506	-	21,129
47th Year Entitlement Grant	14.218	B21MC480506	-	294,262
48th Year Entitlement Grant	14.218	B22MC480506	-	31,417
49th Year Entitlement Grant	14.218	B23MC480506	-	1,279,387
50th Year Entitlement Grant	14.218	B24MC480506	-	498,104
COVID-19 - Entitlement Grant	14.218	B20MW48-0506	-	534,223
Total Assistance Listing Number 14.218			-	2,659,911
ESG	14.231	E23MC480506	-	78,187
ESG	14.231	E24MC480506	-	40,059
Total Assistance Listing Number 14.231			-	118,246
Home Investment Partnerships Programs	14.239	M19MC480506	-	2,465
Home Investment Partnerships Programs	14.239	M21MC480506	-	12,965
Home Investment Partnerships Programs	14.239	M22MC480506	-	55,086
Home Investment Partnerships Programs	14.239	M23MC480506	-	21,072
Home Investment Partnerships Programs	14.239	M21MP480506	-	62,535
Total Assistance Listing Number 14.239			-	154,123
Total U.S. Department of Housing and Urban Development Program			-	2,932,280
<b>U.S. Department of Transportation</b>				
Direct Program:				
Airport Improvement Program	20.106	3-48-0144-51	-	1,444,157
Airport Improvement Program	20.106	3-48-0144-55	-	294,981
Airport Improvement Program	20.106	3-48-0144-59	-	9,942
Airport Improvement Program	20.106	3-48-0144-65	-	1,476,000
Total Airport Improvement Program			-	3,225,080
Federal Transit Formula Grant	20.507	TX-90-X937-00	-	523,919
Federal Transit Formula Grant	20.507	TX-2019-103-00	-	74,646
Federal Transit Formula Grant	20.507	TX-2021-033-00	-	511,904
Federal Transit Formula Grant	20.507	TX-2022-075-00	-	2,714,434
Federal Transit Formula Grant	20.507	TX-2024-075-00	-	709,911
Federal Transit Formula Grant	20.507	TX-2024-048-00	-	14,245
Federal Transit Formula Grant	20.507	TX-2025-014-00	-	6,639,883
Total Federal Transit Formula Grant Cluster			-	11,188,942
Federal Highway Administration				
Passed through Texas Department of Transportation				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	2025-McAllenPD-S-1YG-00060	-	90,436
State and Community Highway Safety	20.600	2025-McAllenPD-S-CMV-00028	-	72,153
State and Community Highway Safety	20.600	2025-McAllenPD-OPSLOW-00037	-	34,984
Total Assistance Listing Number 20.600			-	197,573
National Priority Safety Programs	20.616	2025-McAllenPD-IDM-00016	-	34,893
National Priority Safety Programs	20.616	2025-McAllenPD-CIOT-00037	-	31,366
Total Assistance Listing Number 20.616			-	66,259
Total Highway Safety Cluster			-	263,832
Total U.S. Department of Transportation			-	14,677,854

**City of McAllen**  
**Schedule of Federal and State Expenditures**  
**As of September 30, 2025**

<b>Federal Grantor/ Passed-Through Grantor/Program or Cluster Title</b>	<b>Assistance Listing Number</b>	<b>Passed-Through Grantor's Number</b>	<b>Passed Through To Subrecipients</b>	<b>Disbursements/ Expenditures</b>
<b>U.S. Department of Agriculture</b>				
Passed through Texas A&M Forest Service				
Cooperative Forestry Assistance	10.664	23-DG-11083148-430	-	14,687
Total Assistance Listing Number 10.664			-	14,687
Inflation Reduction Act Urban & Community	10.727	23-DG-11093148-500	-	120,700
Total Assistance Listing Number 10.727			-	120,700
Total U. S Department of Agriculture			-	135,387
<b>U.S. Department of Commerce</b>				
Direct Program:				
Economic Adjustment Assistance - Title II, Section 209	11.307	08-79-05610	-	167,259
Total Assistance Listing Number 11.307			-	167,259
Total U. S Department of Commerce			-	167,259
<b>U.S. Department of Justice</b>				
Direct Program:				
Equitable Sharing Program	16.922		-	486,372
Total Assistance Listing Number 16.922			-	486,372
Public Safety Partnership and Community Policing Grants	16.710	15JCOPS-22-GG-03484-UHPX	-	840,158
Total Assistance Listing Number 16.710			-	840,158
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-24-GG-04680-JAGX	-	11,146
Total Assistance Listing Number 16.738			-	11,146
Total U.S. Department of Justice			-	1,337,676
<b>U.S. Department of Interior</b>				
Direct Program:				
Reclamation States Emergency Drought Relief	15.514	R22AP00353-00	-	26,939
Total U.S. Department of Interior			-	26,939
<b>U.S. Department of Homeland Security</b>				
Passed through Office of the Governor				
Homeland Security Grant Program	97.067	3299608	-	124,316
Homeland Security Grant Program	97.067	3299609	-	241,212
Total Homeland Security Grant Program			-	365,528
Total U.S. Department Homeland Security			-	365,528
<b>U.S. General Services Administration</b>				
Passed through Texas Facilities Commission/Federal Surplus Program				
Donation of Federal Surplus Personal Property	39.003	12750	-	121,431
Total U.S. General Services Administration			-	121,431
<b>National Endowment for the Arts</b>				
Direct Program:				
Promotion of the Arts	45.024	1931143-62-24	-	10,000
Total National Endowment for the Arts			-	10,000
Total Expenditures of Federal Awards			\$ -	\$ 19,774,353

**City of McAllen**  
**Schedule of Federal and State Expenditures**  
**As of September 30, 2025**

Federal Grantor/ Passed-Through Grantor/Program or Cluster Title	Assistance Listing Number	Passed-Through Grantor's Number	Passed Through To Subrecipients	Disbursements/ Expenditures
<b>Texas Agencies</b>				
Texas Office of the Attorney General				
2025 Victim Coordinator and Liaison Grant		C-01553	\$ -	\$ 45,013
Texas Office of the Governor				
CJD - Texas Anti-Gang Grant		3060510	-	495,194
CJD - Texas Anti-Gang Grant		3060511	-	25,925
Local Border Security Program		4110805	-	7,450
Bullet-Resistant Shield Program		4949101	-	22,052
Texas Department of Transportation:				
Routine Airport Maintenance Program		M2521MCAL	-	100,000
Lower Rio Grande Valley Development Council		STATE-U-2022-LRGVDC-00155	-	1,336,121
Passed Through - City of Brownsville				
Auto Theft Prevention 2025		608-25-0310100	-	339,209
Auto Theft Prevention 2026		608-26-0310100	-	33,386
SB224 Catalytic Converter Grant		224-24-0310100	-	64,023
SB225 Catalytic Converter Grant		224-25-0310100	-	15,258
SB224 Catalytic Converter Grant		608-26-0310100C	-	6,578
Texas Parks & Wildlife				
Quinta Mazatlan Center of Urban Ecology (Rider)		51-000074	-	2,018,521
The McAllen Jr. Outdoor Adventures Program		52-2409	-	16,347
The Center for Urban Ecology at Quinta Mazatlan (CUEQM) MOU			-	760,222
Equitable Sharing Program			-	68,765
Texas State Library and Archives Commission				
ILL Lending Reimbursement Program 2025		904191	-	3,828
Texas Division of Emergency Management				
21-0021 11 Oct City of Laredo Boil Water Notice		STAR 19-337259	-	159,612
Total Expenditures of State Awards			-	5,517,504
Total Expenditures of Federal and State awards			\$ -	\$ 25,291,857

## CITY OF McALLEN, TEXAS

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended September 30, 2025

**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, 2024. 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 to not use the 15-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, 2025

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)? Yes X 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:

- 16.710 - Public Safety Partnership Community Policing Grants (COPS)
20.507 - Federal Transit Cluster

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)? Yes X 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:

- Lower Rio Grande Valley Development Council
The Center for Urban Ecology at Quinta Mazatlan (CUEQM)

Dollar threshold used to distinguish between type A and type B programs?

Federal - \$ 750,000
State - \$ 750,000

Auditee qualified as low-risk auditee?

X Yes No

**City of McAllen, Texas**

Schedule of Findings and Questioned Costs – Continued  
For the Fiscal Year Ended September 30, 2025

**Section 2. Financial Statement Findings**

None

**Section 3. Federal Award Findings and Questioned Costs**

None

**Section 4. State Award Findings and Questioned Costs**

None

**Section 5. Prior Year Findings**

None