

**HARLINGEN IRRIGATION DISTRICT
CAMERON COUNTY NUMBER ONE**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2023

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ROBERTO LOPEZ

CERTIFIED PUBLIC ACCOUNTANT, P.C.

MEMBER OF TEXAS SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER OF AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

913 E HARRISON AVE., SUITE 18
HARLINGEN, TX 78550

PHONE: 956-425-9020
FAX: 956-425-9077

EMAIL: roberto.lopez@robertolopezcpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Harlingen Irrigation District
Cameron County Number One
Harlingen, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Harlingen Irrigation District Cameron County Number One, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Harlingen Irrigation District Cameron County Number One, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Harlingen Irrigation District Cameron County Number One, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District'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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 District'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 District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and schedule of pension information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other schedules 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 schedules 1-5 in pages 27 and 28, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Roberto Lopez

Roberto Lopez CPA PC

Harlingen, Texas
July 10, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

**HARLINGEN IRRIGATION DISTRICT
CAMERON COUNTY NUMBER ONE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

This discussion and analysis of Harlingen Irrigation District Cameron County Number One's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2023. The MD&A should be read in conjunction with the District's basic financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the District as a whole and represent a long-term view of the District's property, obligations, and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

For governmental activities, the fund tells how services were financed in the short-term, as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for flat rate assessments and the non-appropriated budget.

The notes to the financial statements (starting on page 11) provide narrative explanations or additional data needed for full disclosure in the government-wide statements of the fund financial statements.

On May 4, 2019, the voters of both Harlingen Irrigation District and Adams Gardens Irrigation District approved consolidating Adams Gardens Irrigation District with Harlingen Irrigation District as of September 30, 2019.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the most recent year by \$10,371,025 (net position). Of this amount \$3,212,416 (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position increased by \$582,382.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$2,002,706. An increase of \$807,003 in comparison with the prior year. \$1,512,186 is available for spending at the District's discretion (unassigned fund balance).

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023

Reporting The District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 7. Its primary objective is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred outflows and liabilities and deferred inflows while the Statement of Activities includes all the income and expenses generated by the District's operations during the year. These apply the accrual basis of accounting, which is the same method used by most private sector companies.

All of the current year's income and expenses are taken into account regardless of when cash is received or paid. All the District's assets are reported whether they serve the current or future year. Liabilities are considered whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets, deferred outflows and liabilities and deferred inflows) provide one measure of the District's financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To assess fully the overall health of the District; however, you should consider nonfinancial factors as well, such as the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, the District has one kind of activity:

Government Activities – The District's basic services are reported here, including operating and administrative. Flat rate, water sales, and other income finance these activities.

Reporting The District's Governmental Funds

Governmental Funds – The District reports its basic services in governmental funds. These funds use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash), and they report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation statements in the basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Net position of the District's governmental activities increased from \$9,804,777 to \$10,371,025. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$3,212,416 as of December 31, 2023.

The increase in governmental net position was the net result of three factors. First, the District's revenues exceeded the expenditures by \$807,003. Second, the District's recognition of depreciation decreased the net position by \$452,163. Third, the District's net position was increased by miscellaneous reclassifications of income and expense by \$216,107.

The following table reflects a summary of Net Position compared to prior year.

Table I		
NET POSITION		
DECEMBER 31,		
	2023	2022
Assets:		
Current assets	\$ 3,005,487	\$ 3,178,502
Capital assets	7,158,609	7,599,363
Total assets	10,164,097	10,777,865
Deferred outflows of resources:		
Pension contributions	74,124	76,127
Assumption changes-pension	148,168	216,261
Total deferred outflows of resources	222,292	292,388
Liabilities:		
Current liabilities	28,267	220,859
Total liabilities	28,267	220,859
Deferred inflows of resources:		
Economic/demographic gains or losses	127,426	82,686
Investment gains or losses-pension	(140,330)	961,905
Total deferred inflows of resources	(12,904)	1,044,591
Net Position:		
Net invested in Capital Assets,	7,158,609	7,599,363
Unrestricted	3,212,416	2,205,414
Total Net Position	\$ 10,371,025	\$ 9,804,777

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023

Table II CHANGES IN NET POSITION DECEMBER 31,		
	2023	2022
Revenues:		
Water sales	\$ 2,099,378	\$ 2,012,896
Flat rate (net of discounts)	660,148	694,985
Penalty and interest	24,859	26,108
Interest	34,373	10,212
Other income	2,158,067	1,364,252
Land rental	27,102	18,175
Pension	-	209,756
Total Revenues	\$ 5,003,928	\$ 4,336,383
Expenses:		
Service Operations:		
Operating	3,104,610	3,417,650
Administrative	854,327	860,220
Pension	10,447	-
Depreciation	452,163	464,503
Total Expenses	\$ 4,421,546	\$ 4,742,373
Change in Net Position:	582,382	(405,990)
Beginning Net position	9,804,777	10,175,396
Prior period adjustment	(16,134)	35,371
Ending Net Position	\$ 10,371,025	\$ 9,804,777

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2023, the District had approximately \$7,158,609 (net of accumulated depreciation) invested in a broad range of capital assets, including land, structures, and improvements and equipment.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the year 2023 budget. The District expects revenue to equal expenditures for the year 2024.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District Administration Office, at 301 E. Pierce, Harlingen, Texas, 78550.

BASIC FINANCIAL STATEMENTS

HARLINGEN IRRIGATION DISTRICT
CAMERON COUNTY NUMBER ONE
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
December 31, 2023

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 1,186,443	\$ -	\$ 1,186,443
Flat Rate receivable	622,547	-	622,547
Allowance of uncollectible flat rate	(79,462)	-	(79,462)
Lawn Water receivable	158,267	-	158,267
Allowance for uncollectible lawn water	(31,653)	-	(31,653)
Accounts receivable	105,304	-	105,304
Net pension asset	-	535,839	535,839
Inventory	437,819	-	437,819
Prepayments	52,700	-	52,700
Deposits	17,683	-	17,683
Capital assets (net of accumulated depreciation)			
Land	-	936,728	936,728
Structures and improvements, net	-	5,151,676	5,151,676
Equipment, net	-	1,070,205	1,070,205
Total assets	<u>\$ 2,469,648</u>	<u>\$ 7,694,448</u>	<u>\$ 10,164,097</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Contributions	-	\$ 74,124	\$ 74,124
Assumption changes-pension	-	148,168	148,168
Total deferred inflows of resources	<u>-</u>	<u>\$ 222,292</u>	<u>\$ 222,292</u>
LIABILITIES			
Accounts Payable	\$ 28,267	-	\$ 28,267
Total liabilities	<u>\$ 28,267</u>	<u>-</u>	<u>\$ 28,267</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable flat rate	\$ 323,528	\$ (323,528)	\$ -
Unavailable lawn contracts	115,147	(115,147)	-
Investment gains or losses-pension	-	(140,330)	(140,330)
Economic/demographic gains or losses-pension	-	127,426	127,426
Total deferred inflows of resources	<u>\$ 438,676</u>	<u>\$ (451,580)</u>	<u>\$ (12,904)</u>
FUND BALANCE/NET POSITION			
Fund balances:			
Nonspendable			
Inventory	\$ 437,819	\$ (437,819)	
Prepayments	52,700	(52,700)	
Unassigned	1,512,186	(1,512,186)	
Total fund balances	<u>\$ 2,002,706</u>	<u>\$ (2,002,706)</u>	
Total liabilities, deferred inflows of resources & fund balances	<u>\$ 2,469,648</u>		
Net position:			
Invested in capital assets, net of related debt		\$ 7,158,609	\$ 7,158,609
Unrestricted		3,212,416	3,212,416
Total net position		<u>\$ 10,371,025</u>	<u>\$ 10,371,025</u>

The accompanying notes are an integral part of these financial statements.

HARLINGEN IRRIGATION DISTRICT
CAMERON COUNTY NUMBER ONE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
December 31, 2023

Total Fund Balances - Governmental Funds	\$ 2,002,706
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$21,961,261 and the accumulated depreciation was \$14,361,897. The net effect of including the beginning balances for capital assets (net of depreciation) in the governmental activities is to increase net position.	7,599,362
Pension plan asset and deferred outflows and inflows are not financial resources and therefore are not reported in the funds. The net effect of including the pension plan asset and deferred outflows and inflows is to increase net position.	771,035
Current year capital outlays, are expenditures in the fund financial statements, but they should be shown as increase in capital assets in the government-wide financial statements. The net effect of including the 2023 capital outlays is to increase net position.	11,435
The 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(452,163)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred inflows of resources as income. The net effect of these reclassifications is to increase net position.	<u>438,676</u>
Net Position of Governmental Activities	<u><u>\$ 10,371,025</u></u>

The accompanying notes are an integral part of these financial statements

HARLINGEN IRRIGATION DISTRICT
CAMERON COUNTY NUMBER ONE
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS, REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the year ended December 31, 2023

	General Fund	Adjustments	Statement of Net Position
REVENUES/INCOME			
Water Sales	\$ 1,909,117	\$ 190,261	\$ 2,099,378
Flat rate assessments (net of \$68.43 discounts)	697,979	(37,831)	660,148
Penalty and interest	24,859	-	24,859
Interest	34,373	-	34,373
Other	2,158,067	-	2,158,067
Land Rental	27,102	-	27,102
Total revenues/income	<u>\$ 4,851,498</u>	<u>\$ 152,430</u>	<u>\$ 5,003,928</u>
EXPENDITURES/EXPENSES			
Service Operations:			
Operations	\$ 3,104,610	\$ -	\$ 3,104,610
Administrative	928,451	(74,124)	854,327
Pension	-	10,447	10,447
Capital outlays	11,435	(11,435)	-
Depreciation	-	452,163	452,163
Total expenditures/expenses	<u>\$ 4,044,496</u>	<u>\$ 377,051</u>	<u>\$ 4,421,546</u>
Excess (deficiency) of revenues over expenditures	\$ 807,003	\$ (224,621)	
Other financing sources			
Excess (deficiency) of revenues and other sources over expenditures	\$ 807,003	\$ (807,003)	
Change in net position		582,382	\$ 582,382
Fund balances/net position:			
Beginning of the year	1,211,837	8,592,940	9,804,777
Prior period adjustment	(16,134)	-	(16,134)
End of the year	<u>\$ 2,002,706</u>	<u>\$ 8,368,319</u>	<u>\$ 10,371,025</u>

The accompanying notes are an integral part of these financial statements.

HARLINGEN IRRIGATION DISTRICT
CAMERON COUNTY NUMBER ONE
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES;
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the year ended December 31, 2023

Total Net Change in Fund Balance - Governmental Funds	\$ 807,003
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets. The net effect of removing the 2023 capital outlays is to increase net position.	11,435
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(452,163)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred inflows of revenue and adjusting current year income to show the resources earned from the current year's flat rate and lawn contracts, and removing pension contributions and recognizing pension expense. The net effect of these reclassifications and recognitions is to increase net position.	<u>216,107</u>
Change in Net Position of Governmental Activities	<u><u>\$ 582,382</u></u>

The accompanying notes are an integral part of these financial statements.

**HARLINGEN IRRIGATION DISTRICT
CAMERON COUNTY NUMBER ONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Harlingen Irrigation District, Cameron County No. 1, was created by an order of the Texas Legislature in May 1914. The Board of Directors held its first meeting in May 1914. On October 11, 1978, the Board of Directors resolved that the District be converted from a water control district into an irrigation district as authorized by Section 58 of the Texas Water Code.

1. The Reporting Entity

The Board of Directors (the “Board”), a five-member group, had governance responsibilities over all activities related to the Irrigation District. The District is a financial reporting entity as defined by the Government Accounting Standards Board (“GASB”) in its Statement No. 14, “The Financial Reporting Entity”, since the aboard members are elected by the public and have decision making authority, the power to designate management, the responsibility to influence significantly operations and primary accountability for fiscal matters. There are no component units included within the reporting entity. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

2. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District’s activities. *Governmental activities* include operations supported primarily by flat rate assessments and charges for services.

Charges for services consist of charges to customers that purchase, use, or directly benefit from goods or services provided by the District. Examples include water sales and construction revenue.

The fund financial statements provide reports on the financial condition and results of operations for the general fund and other fund.

3. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Income is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Flat rate assessments and lawn contracts are recognized as income in the year for which they are levied.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, deferred inflow of resources and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become measurable and available, and it recognizes expenditures in the accounting period in

**HARLINGEN IRRIGATION DISTRICT
CAMERON COUNTY NUMBER ONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The District considers flat rate and lawn contracts as available if they are collectible within 60 days after year end.

The District's accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing inflows of resources, equity, revenues, and expenditures. The District reports the following major governmental fund:

General Fund – The General Fund is used to account for financial resources used for general operations. It is the basic fund of the District and covers all activities. Any fund balances are considered resources available for current operations.

4. Other Accounting Policies

Cash and cash equivalent include cash and highly liquid investments such as certificates of deposits and TexPool Investment Pools with maturities of three months or less.

The District records purchases of supplies as expenditures. If any supplies are on hand at the end of the year, their total cost is recorded as inventory and the fund balance is reserviced for the same amount.

Capital assets, which include land, structures, improvements and equipment is reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Structures, improvements and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Structures and improvements	50 years
Equipment	5-40 years

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments within the deferred expenditures (expenses) line item in both government-wide and fund financial statements.

**HARLINGEN IRRIGATION DISTRICT
CAMERON COUNTY NUMBER ONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

The official non-appropriated budget was prepared for adoption for the general fund. The budget is prepared using the modified accrual basis of accounting. For the year ended December 31, 2023, the budget was not amended.

The District reports deferred inflows of resources in the governmental fund financial statements. Deferred inflows arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent period, with both revenues recognition criteria are met, the liability for deferred inflow is removed from the governmental fund balance sheet and income is recognized.

5. Fund Balance Policies

The District has classified its fund balances in the following classifications:

Nonspendable		
Inventory	\$	437,819
Prepayment		52,700
Restricted		
Committed		
Assigned		
Unassigned		1,512,186

The Board of Trustees is the District's decision making authority for both committing and restricting fund balances.

The Board of Trustees must by formal board action establish, modify, or rescind a fund balance commitment.

When the District incurs an expenditure for which it may use either restricted or unassigned assets, it uses the restricted assets first unless unassigned assets will have to be returned because they were not used.

6. Pension Benefit Plan

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to deductions from TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**HARLINGEN IRRIGATION DISTRICT
CAMERON COUNTY NUMBER ONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

7. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

8. Leases

The District has adopted FASB ASC 842, Leases, with a date of initial application of January 1, 2022. For leases with a lease term greater than one year, the District recognizes a lease asset for its right to use the underlying leased asset and a lease liability for the corresponding lease obligation. The District determines whether an arrangement is or contains a lease at contract inception. Operating leases with a duration greater than one year are included in operating lease right-of-use assets, current portion operating lease liabilities, and operating lease liabilities, net of current portion, the District's Statement of Net Position at December 31, 2023. Operating lease right-of-use assets and operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. In determining the present value of lease payments, the District uses a risk free rate of a period comparable with that of the lease term. The District considers the lease term to be noncancelable period that it has the right to use the underlying asset, including all periods covered by an option to (1) extend the lease if the District is reasonably certain not to exercise the option, and (3) extend, or not to terminate, the lease in which exercise of the option is controlled by the lessor.

The operating lease right-of-use assets also include any lease payments and exclude lease incentives received or receivable. Lease expense is recognized on a straight-line basis over the expected lease term. Variable lease expenses are recorded when incurred.

9. Prepaid Expenses

Prepaid assets are assets that arises on a balance sheet as a result of the District making payments for goods and services to be received in the near future. While prepaid expenses are initially recorded as assets, their value is expensed over time as the benefit is received into the income statement, because unlike conventional expenses, the District will receive something of value in the near future.

NOTE B – FASB ASC 606 NEW ACCOUNTING GUIDANCE

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and required the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for good or services. The new guidance also added Subtopic 340-40,

**HARLINGEN IRRIGATION DISTRICT
CAMERON COUNTY NUMBER ONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE B – FASB ASC 606 NEW ACCOUNTING GUIDANCE – (Continued)

Other Assets and Deferred Costs – Contracts with Customers, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer. Collectively, we refer to the new Topic 606 and Subtopic 640-40 as the “new guidance.” No retrospective transition was necessary from the adoption of the new guidance.

NOTE C – DEPOSITS AND INVESTMENTS

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principle and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit; (3) certain municipal securities; (4) money market savings accounts, (5) repurchase agreements, (6) bankers’ acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. Harlingen Irrigation District Cameron County Number One is in compliance with the requirements of the Act and with local policies.

Additional policies and contractual provisions governing deposits and investments for Harlingen Irrigation District Cameron County Number one are specified below:

Custodial Credit Risk for Deposits: State law required governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount of deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial credit risk of deposits.

Credit Risk: To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligation the District limits investments to Certificates of Deposit and TexPool Investment Pools. TexPool Investment Pools are 2 (a) 7 like funds meaning that they are structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net value of \$1.00, although this cannot be fully guaranteed. TexPools are rated AAA and must maintain a dollar weighted average maturity not to exceed 60 days, which is the limit. At December 31, 2023, the TexPool Investment Pools had a weighted average maturity of 35 days.

**HARLINGEN IRRIGATION DISTRICT
CAMERON COUNTY NUMBER ONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE C – DEPOSITS AND INVESTMENTS – (Continued)

Although the TexPool Investment Pools portfolios had a weighted average maturity of 35 days, the District considers the holdings in these funds to have a one day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

Custodial Credit Risk for Investments: All of the District's investments are registered or the District's agent holds the investments in the District's name; therefore, the District is not exposed to custodial credit risk.

Concentration of Credit Risk: As of December 31, 2023, TexPool Investment Pools represent 100% of the portfolio.

Interest Rate Risk: To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires investments to have maturities of less than one year on a weighted average maturity basis.

NOTE D – FLAT RATE ASSESSMENTS

Flat rate assessments are levied by October 1 on acreage located in the District. Assessments are due on receipt of assessment bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a lien attaches to property to secure the payment of all assessments, penalties and interest ultimately imposed.

NOTE E – DELINQUENT FLAT RATE AND LAWN WATER RECEIVABLES

Delinquent flat rate and lawn water receivables are accounted for in the General Fund. Allowances for uncollectible flat rate and lawn water receivable accounts within the General Fund are based on historical experience in collecting flat rates and lawn water receivables.

NOTE F – DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources at December 31, 2023, consisted of the following:

	General Fund
Flat rate, net	\$ 323,528
Lawn water, net	115,147
Total	<u>\$ 438,675</u>

**HARLINGEN IRRIGATION DISTRICT
CAMERON COUNTY NUMBER ONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE G – CAPITAL ASSETS ACTIVITY

Capital asset activity for the District, for the year ended December 31, 2023, was as follows:

	Beginning Balance Jan 01, 2023	Additions	Deletions	Ending Balance Dec 31, 2023
Governmental Activities:				
Land	\$ 936,728	\$ -	\$ -	\$ 936,728
Structures and improvements	15,762,281	11,435	-	15,773,716
Equipment	5,262,251	-	-	5,262,251
Total at historical cost	<u>\$ 21,961,261</u>	<u>\$ 11,435</u>	<u>\$ -</u>	<u>\$ 21,972,696</u>
 Less accumulated depreciation for:				
Structures and improvements	(10,366,092)	(255,949)	-	(10,622,041)
Equipment	(3,995,805)	(196,215)	-	(4,192,020)
Total accumulated depreciation	<u>(14,361,897)</u>	<u>(452,163)</u>	<u>-</u>	<u>(14,814,060)</u>
Governmental activities capital assets, net	<u>\$ 7,599,362</u>	<u>\$ (452,163)</u>	<u>\$ -</u>	<u>\$ 7,158,609</u>

NOTE H – PENSION COVERAGE FOR DISTRICT EMPLOYEES

1. Plan Description

Harlingen Irrigation District Cameron County Number One provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of statewide agent multiple-employer public employee retirement system consisting of 741 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available at www.tcdrs.com.

2. Benefits Provided

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas State statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 10 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum before they are eligible to retire are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's

**HARLINGEN IRRIGATION DISTRICT
CAMERON COUNTY NUMBER ONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE H – PENSION COVERAGE FOR DISTRICT EMPLOYEES – (Continued)

commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Employees covered by benefit terms.

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

Inactive employees or beneficiaries currently receiving benefits	29
Inactive employees entitled to but not yet receiving benefits	23
Active employees	43

3. Contributions

The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, and the District is required to contribute at actuarially determined rates as adopted by the governing body of the District. Under the state law governing TCDRS, the contribution rate for each District is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with the additional amount to finance any unfunded accrued liability.

Employees for the District were required to contribute 5.00% of their annual gross earnings during the fiscal year. The contribution rates for the District was 5.00% in calendar year 2022. The District's contributions to TCDRS for the year ended December 31, 2023, were \$74,124 and were equal to the required contributions.

4. Net Pension Liability

The District's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The total Pension Liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation

**HARLINGEN IRRIGATION DISTRICT
CAMERON COUNTY NUMBER ONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE H – PENSION COVERAGE FOR DISTRICT EMPLOYEES – (Continued)

All actuarial assumptions that determined the total pension liability at December 31, 2022, valuation were based on the results of an actuarial experience study for the period January 1, 2013-December 31, 2016 except where required to be different by GASB 68.

The long-term expected rate of return on pension plan investments is 7.60%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS 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 funding needs of TCDRS.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2023 information for a 10-year time horizon.

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return ⁽²⁾
U.S. Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.95%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.39%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	7.60%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U. S. Treasury	2.00%	0.20%

⁽¹⁾ Target asset allocation adopted at the March 2023 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.3%, per Cliffwater's 2023 capital market assumptions.

⁽³⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

**HARLINGEN IRRIGATION DISTRICT
CAMERON COUNTY NUMBER ONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE H – PENSION COVERAGE FOR DISTRICT EMPLOYEES – (Continued)

The discount rate used to measure the Pension Liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability / (Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) – (b)
Balances as of December 31, 2021	\$7,071,271	\$8,526,839	\$(1,455,568)
Changes for the year:			
Service cost	134,239		134,239
Interest on total pension liability ⁽¹⁾	532,667		532,667
Effect of plan changes ⁽²⁾	0		0
Effect of economic/demographic gains or losses	(106,005)		(106,005)
Effect of assumptions changes or inputs	0		0
Refund of contributions	(109,614)	(109,614)	0
Benefit payments	(291,204)	(291,204)	0
Administrative expenses		(4,552)	4,552
Member contributions		76,127	(76,127)
Net investment income		(478,659)	478,659
Employer contributions		76,127	(76,127)
Other ⁽³⁾	0	(27,870)	27,870
Balances as of December 31, 2022	\$7,231,354	\$7,767,194	\$(535,839)

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

⁽²⁾ No plan changes valued.

⁽³⁾ Relates to allocation of system-wide items.

Sensitivity Analysis

The following presents the net pension liability of the employer, calculated using the discount rate of 7.60%, as well as what the Harlingen Irrigation District Cameron County #1 net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

**HARLINGEN IRRIGATION DISTRICT
CAMERON COUNTY NUMBER ONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE H – PENSION COVERAGE FOR DISTRICT EMPLOYEES – (Continued)

	1% Decrease	Current Discount Rate	1% Increase
	6.60%	7.60%	8.60%
Total pension liability	\$8,076,007	\$7,231,354	\$6,509,298
Fiduciary net position	7,767,194	7,767,194	7,767,194
Net pension liability / (asset)	<u>\$308,813</u>	<u>(\$535,839)</u>	<u>(\$1,257,896)</u>

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

5. Pension Expense and Deferred Inflows of Resources and Deferred Outflows of Resources Related to Pension

For the year ended December 31, 2023, the District recognized pension expense of \$10,447.

At December 31, 2023, the deferred inflows and outflows of resources related to pension are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ 127,426	\$ -
Changes of assumptions	1,997	146,171
Net difference between projected and actual earnings	-	140,330
Contributions subsequent to the Measurement date	N/A	74,124

\$74,124 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 year ending December 31, 2023.

**HARLINGEN IRRIGATION DISTRICT
CAMERON COUNTY NUMBER ONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE H – PENSION COVERAGE FOR DISTRICT EMPLOYEES – (Continued)

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

Year ended December 31:

2023	\$(81,447)
2024	19,770
2025	(4,490)
2026	223,245
2027	0
Thereafter ⁽⁴⁾	0

NOTE I – PRIOR PERIOD ADJUSTMENT

The following table illustrates the effects of the prior period adjustment at December 31, 2023:

Prior Period Adjustment	
\$ (16,134)	<i>To adjust opening balance of net position</i>
<u>\$ (16,134)</u>	

NOTE J – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage of, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District is a member of the Texas Water Conservation Intergovernmental Risk Pool, a joint self-insurance pool of Texas Political Subdivisions, which provides workers' compensation coverage and liability and property coverage for the District based upon a sharing of risk and members of the pool.

The District continues to carry commercial insurance for the risk of loss from employer dishonesty and for the bonding of its directors. There have been no claims resulting from these risks in any of the past three fiscal years. There has been no significant reduction in insurance coverage from coverage in the prior period.

NOTE K – SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 10, 2024, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

REQUIRED SUPPLEMENTARY INFORMATION

HARLINGEN IRRIGATION DISTRICT
CAMERON COUNTY NUMBER ONE
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the year ended December 31, 2023

	Actual	Original & Final Budget	Variance Positive (Negative)
REVENUES:			
Water Sales	\$ 1,909,117	\$ 1,916,732	\$ (7,615)
Flat rate assessments (net of \$68.43 discounts)	697,979	759,413	(61,434)
Penalty and interest	24,859	25,000	(141)
Interest	34,373	2,000	32,373
Other	2,158,067	1,338,525	819,542
Land Rental	27,102	56,327	(29,225)
Total revenues	<u>\$ 4,851,498</u>	<u>\$ 4,097,997</u>	<u>\$ 753,501</u>
EXPENDITURES:			
Service operations:			
Operating	\$ 3,104,610	\$ 3,074,994	\$ (29,616)
Administrative	928,451	1,023,003	94,552
Capital outlays	11,435	-	(11,435)
Total expenditures	<u>\$ 4,044,496</u>	<u>\$ 4,097,997</u>	<u>\$ 53,501</u>
Excess (deficiency) of revenues over expenditures	\$ 807,003	\$ -	\$ 807,003
Other financing sources			
Excess (deficiency) of revenues and other sources over expenditures	<u>\$ 807,003</u>	<u>\$ -</u>	<u>\$ 807,003</u>
Fund balances			
Beginning of the year	1,211,837	1,211,837	-
Prior period adjustment	(16,134)	-	(16,134)
End of the year	<u>\$ 2,002,706</u>	<u>\$ 1,211,837</u>	<u>\$ 790,869</u>

HARLINGEN IRRIGATION DISTRICT
CAMERON COUNTY NUMBER ONE
PENSION INFORMATION

SCHEDULE OF PENSION EXPENSE/(INCOME)

	January 1, 2022 to December 31, 2022
1. Total Service cost	\$ 134,239
2. Interest on total pension liability	532,667
3. Effect of plan changes	-
4. Administrative expenses	4,552
5. Member contributions	(76,127)
6. Expected investment return net of investment expenses	(637,558)
7. Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(61,265)
Recognition of assumption changes or inputs	72,087
Recognition of investment gains or losses	13,982
8. Other	27,870
Pension expense/(Income)	\$ 10,447

HARLINGEN IRRIGATION DISTRICT
CAMERON COUNTY NUMBER ONE
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
PENSION INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	2022	2021	2020	2019	2018	2017	2016
Total pension liability							
Service cost	\$ 134,239	\$ 135,148	\$ 124,919	\$ 122,740	\$ 115,907	\$ 119,644	\$ 119,272
Interest (on the Total Pension Liability)	532,667	511,549	482,020	453,934	427,702	404,048	373,928
Effect of plan changes	-	-	-	-	-	-	-
Effect of economic/demographic gains or losses	(106,005)	(3,993)	(13,134)	(47,239)	(30,389)	(29,077)	1,995
Effect of assumptions, changes or inputs	-	(66,446)	365,426	-	-	8,375	-
Benefit payments, including refunds of employee contributions	(400,818)	(197,867)	(181,074)	(188,508)	(203,618)	(210,700)	(159,333)
Net Change in Total Pension Liability	\$ 160,083	\$ 378,391	\$ 778,157	\$ 340,926	\$ 309,603	\$ 292,290	\$ 335,862
Total Pension Liability - Beginning	7,071,271	6,692,880	5,914,723	5,573,797	5,264,194	4,971,904	4,636,041
Total Pension Liability - Ending (a)	\$ 7,231,354	\$ 7,071,271	\$ 6,692,880	\$ 5,914,723	\$ 5,573,797	\$ 5,264,194	\$ 4,971,904
Plan Fiduciary Net Position							
Contributions - Employer	\$ 76,127	\$ 86,524	\$ 83,542	\$ 83,232	\$ 82,074	\$ 78,833	\$ 76,088
Contributions - Employee	76,127	86,524	83,542	83,232	82,074	78,833	81,846
Net Investment Income	(478,659)	1,538,366	658,742	903,285	(105,709)	726,310	343,694
Benefit payments, including refunds of employee contributions	(400,818)	(197,867)	(181,074)	(188,508)	(203,618)	(210,700)	(159,333)
Administrative expenses	(4,552)	(4,613)	(5,134)	(4,859)	(4,418)	(3,758)	(3,757)
Other	(27,870)	1,229	218	134	(608)	(746)	(17,652)
Net change in Plan Fiduciary - Net Position	\$ (759,645)	\$ 1,510,163	\$ 639,836	\$ 876,515	\$ (150,205)	\$ 668,772	\$ 320,886
Plan Fiduciary Net Position - Beginning	8,526,839	7,016,676	6,376,840	5,500,325	5,650,530	4,981,759	4,660,873
Plan Fiduciary Net Position - Ending (b)	\$ 7,767,194	\$ 8,526,839	\$ 7,016,676	\$ 6,376,840	\$ 5,500,325	\$ 5,650,530	\$ 4,981,759
Net Pension Liability/(asset) - Ending = (a) - (b)	\$ (535,839)	\$ (1,455,568)	\$ (323,796)	\$ (462,118)	\$ 73,471	\$ (386,336)	\$ (9,856)
Plan Fiduciary Net Positions as a Percentage of Total Pension Liability							
Pensionable covered Payroll	107.41%	120.58%	104.84%	107.81%	98.68%	107.34%	100.20%
Net Pension Liability (asset) as a Percentage of Covered Employee Payroll	\$ 1,522,530	\$ 1,730,483	\$ 1,670,839	\$ 1,664,640	\$ 1,641,480	\$ 1,576,652	\$ 1,521,753
	(35.19%)	(84.11%)	(19.38%)	(27.76%)	4.48%	(24.50%)	(0.65%)

HARLINGEN IRRIGATION DISTRICT
CAMERON COUNTY NUMBER ONE
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

SCHEDULE OF CONTRIBUTIONS

	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 54,659	\$ 36,513	\$ 43,442	\$ 44,446	\$ 54,497	\$ 52,345	\$ 57,827
Actual employee contributions	\$ 76,127	\$ 86,524	\$ 83,542	\$ 83,232	\$ 82,074	\$ 78,833	\$ 76,088
Contribution deficiency (excess)	\$ (21,468)	\$ (50,011)	\$ (40,100)	\$ (38,786)	\$ (27,577)	\$ (26,488)	\$ (18,261)
Pensionable covered payroll	\$ 1,522,530	\$ 1,730,483	\$ 1,670,839	\$ 1,664,640	\$ 1,641,480	\$ 1,576,652	\$ 1,521,753
Actual Contributions as a Percentage of Covered Payroll	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

NOTES TO SCHEDULE

Valuation Date: Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method:	Entry Age (level percentage of pay)
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	0.0 years (based on contribution rate calculated in 12/31/2022 valuation)
Asset Valuation Method:	5-years smoothed market
Inflation:	2.50%
Salary Increases:	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return:	7.50%, net of administrative and investment expenses, including inflation.
Retirement Age:	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality:	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-210 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer contributions*	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule.

*Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.

OTHER SCHEDULES

HARLINGEN IRRIGATION DISTRICT
CAMERON COUNTY NUMBER ONE
For the year ended December 31, 2023

Schedule 1

WATER SALES - GENERAL FUND

Irrigation water	\$ 466,551
Lawn water contracts	16,222
Industrial water	3,533.00
Municipal and commercial water	
City of Harlingen	1,339,419
All others	<u>83,393</u>
 Total Schedule 1	 <u><u>\$ 1,909,117</u></u>

Schedule 2

OTHER REVENUE - GENERAL FUND

Plat fees	\$ 11,865
Construction	1,147,529
Land right of way	140,888
Administrative revenue Drainage District No. 5	25,000
Miscellaneous	832,785
 Total Schedule 2	 <u><u>2,158,067</u></u>

Schedule 3

OPERATING EXPENDITURES - GENERAL FUND

Salaries	\$ 1,424,147
Electrical power	306,519
Natural gas	24,492
Operation of equipment	133,874
Material and supplies	900,839
Auto	16,213
Contract work	60,400
Gasoline and diesel	200,166
Lubricants and oil	<u>37,961</u>
 Total Schedule 3	 <u><u>\$ 3,104,610</u></u>

HARLINGEN IRRIGATION DISTRICT
CAMERON COUNTY NUMBER ONE
For the year ended December 31, 2023

Schedule 4

ADMINISTRATIVE EXPENDITURES - GENERAL FUND

Directors' salaries	\$ 1,900
Other special services	21,708
Other legal expenditures	30,954
Water rights assessment	52,762
General manager's salary	79,314
Travel	4,292
Manager's auto allowance	7,200
Postage and delivery	14,344
Other supplies and expenditures	2,890
Office machine maintenance	4,458
Telephone	22,965
Computer	89,092
Insurance	119,940
Hospitalization insurance	204,271
Dues and subscriptions	5,037
Lights, water, gas, and janitor supplies	21,431
Payroll taxes	113,717
District retirement contribution	74,124
Safety equipment supplies	8,522
Miscellaneous	158
Uniforms	12,063
Equipment rental	8,375
Office repairs	3,284
Engineer	25,648
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Total Schedule 4	<u><u>\$ 928,451</u></u>

Schedule 5

CAPITAL EXPENDITURES - GENERAL FUND

Trucks	<u><u>\$ 11,435</u></u>
Total Schedule 5	<u><u>\$ 11,435</u></u>

