# Port of Harlingen Authority **FINANCIAL STATEMENTS** September 30, 2024



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Alan Johnson, Chairman

Rose Haddad Snell

November 2027

Neil Haman

November 2027

Ryan Newman

November 2025

Christopher Villarreal

November 2025

### ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS
COUNTY OF: <u>CAMERON</u>
of the Port of Harlingen Authority hereby swear, or affirm, that the Port named above has reviewed and approved at a meeting of the Port's Board of Commissioners on the
This filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of Texas Water Code Section 49.194.
Date: January 16, 2025. Alan Johnson, Chairman
Sworn to and subscribed to before me this 16 day of 1 day of 2025.
ANNE JIMENEZ Notary ID #131961885 My Commission Expires April 5, 2027  ANNE JIMENEZ (Signature of Notary)
My Commission Expires on: 4-5-27  Notary Public in and for the State of Texas.



**Carr, Riggs & Ingram, L.L.C.** 402 East Tyler Avenue Harlingen, TX 78550

956.423.3765 956.428.7520 (fax) CRIadv.com

### **INDEPENDENT AUDITOR'S REPORT**

Board of Port Commissioners Port of Harlingen Authority

### **Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the accompanying financial statements of the business-type activities of the Port of Harlingen Authority (the "Port"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Port'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 financial position of the business-type activities of the Port of Harlingen Authority, as of September 30, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Port, 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 opinion.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether
  due to fraud or error, and design and perform audit procedures responsive to those risks.
   Such procedures include examining, on a test basis, evidence regarding the amounts and
  disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit
  procedures that are appropriate in the circumstances, but not for the purpose of expressing
  an opinion on the effectiveness of the Port'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 Port of Harlingen Authority'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 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.

### Other Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the Port of Harlingen Authority's basic financial statements. The other supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinion 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 January 16, 2025, on our consideration of the Port of Harlingen Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control over financial reporting and compliance.

Harlingen, Texas

Carr, Riggs & Ungram, L.L.C.

January 16, 2025

# Port of Harlingen Authority Management's Discussion and Analysis

As management of the Port of Harlingen Authority (the Port) of Cameron County, Texas, we offer readers of the Port's basic financial statements this narrative overview and analysis of the financial activities of the Port for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with the financial statements following this section and the notes to the financial statements.

### **FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the Port exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$40,330,118 (net position).
   Of this amount, \$11,847,997 (unrestricted net position) may be used to meet the Port's ongoing obligations to creditors.
- The Port's total net position increased by \$1,881,199. This increase can be attributed to increases in lease and investment income as the Port signed new leases during the year.

### **OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Port's financial statements. The Port's basic financial statements consist of the following: (1) **Financial Statements,** and (2) **Notes to the Financial Statements.** 

<u>Fund Financial Statements</u>. A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Port, like other state, local or quasi governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Port's only fund is a **Proprietary Fund**.

The Port's **Proprietary Fund** is comprised of a single enterprise fund whose activities are considered "business-type" because they are intended to recover all or a portion of their costs through fees and charges for service. Since the Port maintains its activities as a single enterprise fund, its Proprietary Fund financial statements provide information about the activities of the Port as a whole.

The <u>Statement of Net Position</u> presents information on the Port's overall financial position. The Statement of Net Position includes all of the Port's assets, deferred outflows of resources and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as useful indicators as to whether the Port's financial health is improving or not.

The <u>Statement of Revenues</u>, <u>Expenses and Changes in Net Position</u> presents information showing how the Port's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

# Port of Harlingen Authority Management's Discussion and Analysis

The <u>Statement of Cash Flows</u> reports how the Port's cash and cash equivalents were used in and provided by its operating, non-capital financing, capital financing, and investing activities during the periods reported. The net of these activities is added to the beginning year cash balance to reconcile to the cash and cash equivalent balances at September 30, 2024. These statements are prepared on a cash basis and only present cash receipts and cash disbursement information. The Port uses the direct method of presenting cash flows, which includes a reconciliation of operating activities to operating income.

<u>Notes to the Financial Statements</u>. The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the basic financial statements. Such disclosures are essential to a full understanding of the information provided in the financial statements. These disclosures are an integral part of the financial statements. These notes can be found on pages 15-28.

### **FINANCIAL ANALYSIS**

The Port's financial health is reflected in the current year financial statements. The fiscal year ending September 30, 2024 showed total net position of \$40,330,118 which is summarized as follows:

## Port of Harlingen Authority of Cameron County, Texas Net Position

	2024	2023
Current and other assets	\$ 13,832,709	\$ 13,299,695
Non-current assets	41,723,102	39,632,061
Total assets	55,555,811	52,931,756
Total assets	\$ 55,555,811	\$ 52,931,756
Other current liabilities	\$ 1,084,633	\$ 213,800
Non-current liabilities	1,219,210	2,146,946
Total liabilities	2,303,843	2,360,746
Deferred inflows of resources		
Deferred amounts related to leases	12,921,850	12,122,091
Total deferred inflows of resources	12,921,850	12,122,091
Net position		
Net investment in capital assets	28,482,121	27,119,409
Unrestricted	11,847,997	11,329,510
Total net position	40,330,118	38,448,919
Total liabilities, deferred inflows, and net position	\$ 55,555,811	\$ 52,931,756

Restricted net position are resources that are subject to external restriction. The Port has no restricted net position as of September 30, 2024.

Of the \$40,330,118 total net position, \$28,482,121 represents the Port's investment in capital assets. The remaining balance of unrestricted net position, \$11,847,997 may be used to meet the Port's ongoing obligations to creditors.

Changes in net position are summarized as follows:

# Port of Harlingen Authority of Cameron County, Texas Changes in Net Position

	2024	2023
Operating revenues	\$ 2,197,770	\$ 2,702,620
Operating expenses	3,021,455	2,720,364
Operating income (loss)	(823,685)	(17,744)
Nonoperating revenues	2,704,884	2,421,026
Changes in net position	1,881,199	2,403,282
Net position - beginning of period	38,448,919	36,045,637
Net position - end of period	\$ 40,330,118	\$ 38,448,919

Key elements of the analysis of revenues and expenses reflect the following:

- Ad valorem taxes of \$1,483,028 accounted for 55% of nonoperating revenues.
- Wharfage and lease rentals of \$2,090,870 accounted for 95% of operating revenues.
- Increases in operating expenses included increases in salary expense as well as increases in depreciation expense.
- Other non-operating revenues increased due to higher investment returns during the year.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### Port of Harlingen Authority of Cameron County, Texas Capital Assets

	2024	2023
Channel and turning basin	\$ 882,064	\$ 882,064
Dredging asset	2,688,271	2,682,178
Land and right of way	7,065,106	6,104,577
Drainage	1,881,936	1,881,936
Docks	4,372,772	4,372,772
Sugar growers warehouse	4,829,346	4,829,346
Railroads	1,134,033	1,134,033
Roads	14,725,308	14,725,308
Buildings	1,451,531	1,451,531
Mobile equipment	196,906	169,430
Furniture and fixtures	93,812	90,887
Fencing	40,258	40,258
Surveillance cameras	151,299	151,299
Leasehold improvements	1,921,368	1,921,368
Construction in progress	2,184,792	629,286
	43,618,802	41,066,273
Accumulated depreciation	(12,990,003)	(11,703,033)
Net capital assets	\$ 30,628,799	\$ 29,363,240

Major capital assets were placed into service during fiscal year 2024 included the following:

Purchase of Land

\$960,529

Additional information on the Port's capital assets can be found at Note 3 to the financial statements.

### **Long-term Debt**

At the end of the current fiscal year, the Port of Harlingen Authority had total debt outstanding of \$2,146,678. This information can be found in Note 3 of this report.

	Balance at October 1,					Balance at ptember 30,	ounts Due Ithin One		
	2023	Add	itions	Reductions		Reductions		2024	Year
Notes payable	\$ 2,243,831	\$	-	\$	(97,153)	\$ 2,146,678	\$ 927,468		
	\$ 2,243,831	\$	-	\$	(97,153)	\$ 2,146,678	\$ 927,468		

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

In adopting the Port's budget for the fiscal year ending September 30, 2024, the Port took into consideration the local environment and related growth.

The Port proposes to continue railroad improvements, breasting structures in the channel and clearing for future development, purchasing lots for expansion and performing maintenance dredging of its docks and mooring structures.

### **REQUEST FOR INFORMATION**

This financial report is designed to provide the reader with a general overview of the Port of Harlingen Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Port of Harlingen Authority, 24633 E. Port Rd., Harlingen, Texas 78550.

# Port of Harlingen Authority Statement of Net Position

September 30,	2024
Assets	
Current assets	
Cash and cash equivalents	\$ 4,859,821
Investments	7,954,381
Accounts receivable:	
Leases	555,306
Other	330,329
Property taxes, net of allowance for uncollectibles	
of \$1,427	81,796
Prepaid expenses	51,076
Total current assets	13,832,709
Non-augment accets	
Non-current assets	44 004 202
Leases receivable, non-current	11,094,303
Capital assets	
Depreciable capital assets, net of	20 406 027
accumulated depreciation	20,496,837
Non depreciable capital assets	10,131,962
Total non-current assets	41,723,102
Total assets	\$ 55,555,811
Current liabilities  Accounts payable	\$ 47 709
Accounts payable	\$ 47,709
Accrued interest	82,252
Other accrued liabilities	27,204 927,468
Current maturities of long term debt  Total current liabilities	1,084,633
Total current habilities	1,004,033
Non-current liabilities	
Long term debt, net of current maturities	1,219,210
Total non-current liabilities	1,219,210
Total liabilities	2,303,843
Deferred inflows of resources	
Deferred amounts related to leases	12,921,850
Total deferred inflows of resources	12,921,850
Net position	
Net investment in capital assets	28,482,121
Unrestricted	 11,847,997
Total net position	 40,330,118
Total liabilities, deferred inflows of resources, and net position	\$ 55,555,811

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

# Port of Harlingen Authority Statements of Revenues, Expenses, and Changes in Net Position

For the year ended September 30,	2024
Operating revenues	
Wharfage fees	\$ 1,251,352
Surface fees	11,975
Land lease	595,318
Harbor fees	33,525
Building lease	244,200
Dock rent	61,400
Total operating revenues	2,197,770
Operating expenses	
Repairs and maintenance	38,548
Employee insurance	55,033
Utilities	37,777
Insurance	70,202
Salaries	664,602
Payroll taxes	52,839
Professional fees	287,100
Other administrative expenses	363,296
Interest expense	121,793
Car and phone allowance	15,000
Depreciation	1,315,265
Total operating expenses	3,021,455
Operating income (loss)	(823,685)
Nonoperating revenues	
Investment income	544,176
Interest income - leases	420,189
Ad valorem taxes, including penalties and interest	1,483,028
Other income	257,491
Total nonoperating revenues	2,704,884
Changes in net position	1,881,199
Total net position, beginning of period	38,448,919
Total net position, end of period	\$ 40,330,118

# Port of Harlingen Authority Statement of Cash Flows

For the year ended September 30,		2024
Cash flows from operating activities		
Cash received from customers and users	\$	2,663,079
Cash paid to suppliers for goods and services		(833,922)
Cash paid to employees for services		(732,441)
Interest paid on notes payable		(118,635)
Net cash provided by (used in) operating activities		978,081
Cash flows from noncapital financing activities		
Collection of ad valorem, including penalties and interest		1,496,000
Proceeds from miscellaneous nonoperating activities		257,491
Net cash provided by (used in) noncapital financing activities		1,753,491
Cash flows from capital financing activities		
Purchase of fixed assets		(3,419,278)
Principal paid on notes payable		(97,153)
Net cash provided by (used in) capital and related financing activities		(3,516,431)
Cash flows from investing activities		
Maturities of investments		1,387,270
Interest received on cash and investments		964,365
Net cash provided by (used in) investing activities		2,351,635
Net increase in cash and cash equivalents		1,566,776
Cash and cash equivalents, beginning		3,293,045
Cash and cash equivalents, ending	\$	4,859,821
Reconciliation of operating income to net cash provided		
by operating activities:		
Operating income (loss)	\$	(823,685)
Adjustments to reconcile operating income		
to net cash provided by operating activities:		
Depreciation		1,315,265
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable		(327,219)
(Increase) decrease in property tax receivables		(7,231)
(Increase) decrease in prepaid expenses		(19,058)
Increase (decrease) in accounts payable		17,980
Increase (decrease) in accrued expenses and other liabilities		22,270
Increase (decrease) in unearned lease income		799,759
Net cash provided by operating activities	\$	978,081
Schedule of Certain Cash Flow Information		
Cash paid for interest	\$	118,635
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The accompanying notes are an integral part of these financial statements.

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### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Port of Harlingen Authority was created in 1926 under the Texas Constitution Water Code, Chapter 62, Section 59. Although established by in name and concept, the Port was not operational until February 1952. User rates are established for services provided by the Port under a separate tariff; therefore, the Port considers itself a proprietary (enterprise) fund.

### **Reporting Entity**

The Port of Harlingen Authority is a separately established Port, whose elected commissioners serve a four year term. The financial statements of the Port of Harlingen Authority (the Port) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The more significant accounting policies used by the Port are described below.

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The Port's operations are presented as a single enterprise fund. Enterprise funds distinguish operating revenues and expenses from non-operating items in accordance with the flow of *economic resources measurement focus* and the *accrual basis of accounting*. All assets, liabilities, net assets, revenues, and expenses are accounted for through a single enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

Revenues from providing services are reported as operating revenues. All expenses related to operating the Port are reported as operating expenses. Grants, taxes, interest, and investment income are reported as non-operating income. Interest expense, financing costs and grant expenses are reported as non-operating expenses. Capital contributions, special and extraordinary items are reported separately after non-operating revenues and expenses.

### **Budgetary Information**

### Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the enterprise fund. The appropriated budget is prepared by operations. The Director or Chief Financial Officer may make transfers of appropriations within operating expenses. Transfers of appropriations between operations require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the level for total appropriations.

### Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

### Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments, such as certificates of deposits with a maturity date of 90 days or less from the date of acquisition.

### **Investments**

The Port holds investments in U.S Treasuries which are carried at fair value. The fair value of these investments are estimated based on quoted market prices for those or similar investments.

### Receivables and payables

Accounts receivable are amounts due for wharfage fees, lease billings, and property taxes that have not yet been collected. No allowance for credit losses has been provided for wharfage fees and lease billings based upon historical collection experience. Property tax receivables are shown net of an allowance for uncollectible accounts. The estimated allowance for uncollectible taxes receivable is based on historical experience in collecting taxes.

### Leases

The Port is a lessor for noncancellable leases of Port property. The Port recognizes a 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. Under the lease agreements, the Port may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is 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.

The Port uses the stated rate in the lease or its estimated incremental borrowing rate as the discount rate for the leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee. The Port recognizes lease revenue as operating income and lease interest income as nonoperating income.

The Port monitors changes in circumstances that would require a remeasurement of its lease, 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.

### **Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items on the financial statements. The cost of prepaid items is recorded as expenses when consumed rather than purchased.

### Capital Assets

Capital assets, which include land and right of way, channel and basin, construction in progress, dredging, buildings, equipment, and improvements other than buildings (e.g. drainage, railroads, docks, roads, fencing and similar items) are reported in the in the Port's financial statements. Capital assets are defined by the Port as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years.

In the case of the initial capitalization of structures and improvements assets, the Port chose to include all such items regardless of their acquisition date or amount. As the Port constructs or acquires additional capital assets each period, including structures and improvements assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and right of way, channel and basin, and construction in progress are not depreciated. All other assets which include dredging, buildings, equipment, and improvements other than buildings are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Dredging	5
Buildings	8-25
Equipment	5-10
Improvements other than buildings	10-30

### **Long-Term Obligations**

Long-term debt and other long-term obligations are reported as liabilities in the business-type activities. Bond premiums and discounts, as well as bond insurance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, excluding bond insurance costs, are expensed.

### **Revenues and Expenses**

*Property taxes* – Property taxes attach as an enforceable lien on real property and are levied as of October 1st. Taxes are due on receipt of the tax 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 tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The tax rate assessed was 0.022061 per \$100 of valuation for the year ended September 30, 2024.

Operating and nonoperating revenues and expenses – The Port's financial statements distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Port's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **Deferred Inflows of Resources**

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The Port has one item that meet this criterion, deferred amounts related to leases.

### **Uses 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 those estimated.

### **Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, January 16, 2025. See Note 8 for relevant disclosure(s). No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

### **Recently Issued and Implemented Accounting Pronouncements**

In fiscal year 2024, the Port implemented the following pronouncements:

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

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These Statements are as follows:

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

GASB Statement No. 102, Certain Risk Disclosures. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

The Port is evaluating the requirements of the above statements and the impact on reporting.

### **NOTE 2: DETAILED NOTES ON ALL FUNDS**

### **Deposits and Investments**

Government Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investment and External Investment Pools, requires governmental entities to report certain investments at fair value in the Statement of Net Position and recognize the corresponding change in the fair value of investments in the year in which the change occurred. However, governmental entities other than external investment pools are permitted to report certain money market investments at amortized cost if remaining maturity is less than one year at the time of purchase. Money market investments include commercial paper, banker's acceptances and U.S. Treasury and agency obligations.

The Port is required by Government Code Chapter 2256, The Public Funds Investment Act (the "Act"), to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal 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, and (9) bid solicitation preferences for certificates of deposit.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the Port was in compliance with certain provisions of the Act. Additionally, investment practices of the Port were in accordance with local policies.

State statutes and the Port's investment policy authorize the Port to invest in obligations of the U.S. Treasury and U.S. agencies collateralized mortgage obligations, fully collateralized replacement agreements, external investment pools and certificates of deposit provided that approved securities are pledged to secure those funds.

Custodial Credit Risk - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Texas Public Funds Investment Act, the Port's investment policy, and Texas Government Code Chapter 2257 "Collateral For Public Funds" contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments.

### **Deposits and Investments (Continued)**

The Port's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the Port's agent bank approved pledged securities in an amount sufficient to protect Port funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

The Port's deposits were fully insured or collateralized as required by the state statutes at September 30, 2024. At year-end, the respective bank balance totaled \$137,582. Of the total bank balance, up to \$250,000 of the Port's bank balances is covered by federal depository insurance (FDIC). As of September 30, 2024, the Port had \$137,582 in cash in demand deposit at Texas Regional Bank.

The following is a reconciliation of the Port's total cash and cash equivalents:

	September 30,		
		2024	
Deposits	\$	142,016	
Investment pools		4,717,805	
Total of cash and cash equivalents	\$	4,859,821	

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Port manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The investment policy allows the Port to earn the maximum rate of return on its investments as long as safety of principal and liquidity obligations are met. The maximum allowable stated maturity of any investment owned by the Port is two years.

Information about the sensitivity of the Port's investment pools to market interest rate fluctuation is provided by the following table that shows the specific investments:

Temporary	Credit		
Investment	Rating	Fair Value	Percentage
Texas Class	AAAm	\$ 4,717,805	100%

Concentration of Credit Risk - The investment policy of the Port contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the Public Funds Investment Act.

### Deposits and Investments (Continued)

Public Funds Investment Pools – Texas CLASS is a local government investment pool created under the Interlocal Cooperation Act specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity and competitive yield. The fund is rated AAAm by Standard and Poor's and maintains a maturity of 60 days or less, with a maximum maturity of 13 months for any individual security. The fund seeks to maintain a constant dollar objective and fulfills all requirements of the Texas PFIA for local government investment pools.

Fair Value – GASB Codification Section 3100: Fair Value Measurements establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under the codification are described as follows:

- Level 1 (L1): Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Port has the ability to access.
- Level 2 (L2): Inputs to the valuation methodology include:
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets or liabilities in inactive markets;
  - inputs other than quoted prices that are observable for the asset or liability;
  - inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

### **Deposits and Investments (Continued)**

The following table sets forth by level, within the fair value hierarchy, the Port's assets at fair value as of September 30, 2024:

	Maturities (in years)								
				Less than			Мо	re than	
		Fair Value		1	1	5		5	Level
Investments by fair value level									
U.S. Treasuries	\$	7,954,381	\$	7,954,381	\$	-	\$	<b>-</b> .	L1
Total investments measured by									
fair value level	\$	7,954,381	\$	7,954,381	\$	-	\$	=	

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2024.

*U.S. Treasuries* – U.S. Treasuries are classified in Level 1 of the fair value hierarchy and are valued using quoted market prices for those investments.

### **Accounts Receivable**

For the enterprise funds, operating revenues are generally recognized on the basis of cycle billings rendered monthly. The amount of unpaid services delivered for the period from the last billing date to September 30, 2024 is accrued at year end. The Port deems all amounts collectable, therefore an allowance for credit losses is not necessary. If payments are not received from customers, services are discontinued and deposits are applied against negative balances.

All account receivables are shown net of allowances for credit losses for the Port. The accounts receivable and allowance for credit losses at September 30, 2024, are as follows:

	2024
Receivables:	
Leases	\$ 11,649,609
Taxes	83,223
Interest	67,013
Accounts	263,316
Total receivables	12,063,161
Less: allowance for credit losses	(1,427)
Net total receivables	\$ 12,061,734

There are no other reserves for receivables recorded by the Port as of September 30, 2024.

Capital Assets

The following is a summary of changes in capital assets during the year ended September 30, 2024:

	Balance			Transfer/	Balance
	10/1/2023	Additions	Deletions	Reclassification	9/30/2024
Capital assets, not being depreciated:					
Land and right of way	\$ 6,104,577	\$ 960,529	\$ -	\$ -	\$ 7,065,106
Channel and basin	882,064	-	-	-	882,064
Construction in progress	629,286	1,555,506	-	-	2,184,792
Total capital assets not being depreciated	7,615,927	2,516,035	-	-	10,131,962
Capital assets, being depreciated:					
Drainage	1,881,936	-	-	-	1,881,936
Railroads	1,134,033	-	-	-	1,134,033
Buildings	1,451,531	-	-	-	1,451,531
Docks	4,372,772	-	-	-	4,372,772
Dredging asset	2,682,178	6,093	-	-	2,688,271
Roads	14,725,308	-	-	-	14,725,308
Furniture and fixtures	90,887	9,924	-	-	100,811
Mobile equipment	169,430	48,772	(28,295)	-	189,907
Fencing	40,258	-	-	-	40,258
Surveillance cameras	151,299	-	-	-	151,299
Sugar growers warehouse	4,829,346	-	-	-	4,829,346
Leasehold improvements	1,921,368	-	-	-	1,921,368
Total capital assets being depreciated	33,450,346	64,789	(28,295)	-	33,486,840
Less accumulated depreciation for:					
Drainage	(366,596)	(116,170)	-	-	(482,766)
Railroads	(478,896)	(26,511)	-	-	(505,407)
Buildings	(577,454)	(40,398)	-	-	(617,852
Docks	(3,619,565)	(122,324)	-	-	(3,741,889
Dredging asset	(1,636,337)	(280,469)	-	-	(1,916,806
Roads	(2,150,361)	(462,922)	-	-	(2,613,283
Furnitures and fixtures	(56,992)	(6,356)	-	-	(63,348
Mobile equipment	(140,071)	(13,850)	28,295	-	(125,626
Fencing	(37,992)	(2,155)	-	-	(40,147)
Surveillance cameras	(146,304)	(3,990)	-	-	(150,294
Sugar growers warehouse	(2,334,181)	(160,978)	-	-	(2,495,159
Leasehold improvements	(158,284)	(79,142)	-	-	(237,426)
Total accumulated depreciation	(11,703,033)	(1,315,265)	28,295	-	(12,990,003
Total capital assets being depreciated, net	21,747,313	(1,250,476)	-	-	20,496,837
Business-type activities, capital assets, net	\$ 29,363,240	\$ 1,265,559	\$ -	\$ -	\$ 30,628,799

Total depreciation expense for the year ended September 30, 2024 was \$1,315,265.

### Long-term Debt

In December 2020, The Port of Harlingen Authority entered into a note agreement in the amount of \$1,417,500 with an interest rate of 3.950%. Annual payments will be made through December 18, 2030, the date of maturity. The proceeds from the note were used for the purpose of purchasing a 350- acre property. As of September 30, 2024, the note agreement had an outstanding balance of \$1,272,084.

In January 2023, The Port of Harlingen Authority entered into a note agreement in the amount of \$920,625 with an interest rate of 6.500%. Annual payments will be made through January 19, 2025, the date of maturity. The proceeds from the note were used for the purpose of purchasing a 125-acre property. As of September 30, 2024, the note agreement had an outstanding balance of \$874,594.

Annual debt service requirements to maturity are as follows:

Year	Ending

September 30,	Principal	Interest	Total
2025	\$ 927,468	\$ 109,835	\$ 1,037,303
2026	54,230	48,891	103,121
2027	56,402	46,719	103,121
2028	58,660	44,460	103,120
2029	60,894	42,227	103,121
2030-2031	989,024	76,803	1,065,827
	\$ 2,146,678	\$ 368,935	\$ 2,515,613

### Changes in Long-term Debt

Long-term liability activity for the year ended September 30, 2024, was as follows:

	1	Balance at						Balance at	Am	ounts Due	
	(	October 1,					Se	otember 30,	Within One		
		2023	Add	itions	Re	ductions		2024		Year	
Notes payable	\$	2,243,831	\$	-	\$	(97,153)	\$	2,146,678	\$	927,468	
	\$	2,243,831	\$	-	\$	(97,153)	\$	2,146,678	\$	927,468	

### **NOTE 3: RETIREMENT PLAN**

The Port has a retirement plan covering all full-time employees. The Port of Harlingen Authority has a 457(b) Plan set up as a defined contribution plan, which allows the Port to make contributions toward their employee's retirement. The Port contributes a percentage of all eligible employees' compensation monthly which is immediately vested with the employee. The Board approved the Port's contribution at 12%. Retirement plan expense for the year ended September 30, 2024 totaled \$69,280.

### **NOTE 4: RISK MANAGEMENT**

The Port of Harlingen Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; health benefits to employees; and employee accidents and injuries for which the Port carries insurance. There have been no significant reductions in insurance coverage from the previous year; no settlements have exceeded insurance coverage in any of the past three years. The Port participates in the Texas Municipal League Intergovernmental Risk Pool and is not aware of any pending claims for which expected liability would exceed the limits of the present insurance coverage.

### **NOTE 5: LEASES RECEIVABLE**

The Port accounts for leases in accordance with GASB Statement No. 87, *Leases*. Under this Statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Port's operations consist of various non-cancelable lease agreements with customers for use of land and buildings which expire between the years 2025 and 2079. As of September 30, 2024, the combined value of the lease receivable is \$11,649,609, and the combined value of the deferred inflow of resources is \$12,921,850, which includes \$1,683,942 for amounts deferred related to prepayments made by a tenant in the form of leasehold improvements. The Port recognized \$658,097 in lease revenue and \$420,189 in interest revenue during the year ended September 30, 2024, related to these leases.

The following is a schedule by years of future minimum rentals anticipated to be received by the Port from noncancelable agreements as September 30:

				Total
Years ending			Fut	ture Minimum
September 30,	Principal	Interest	Le	ase Payments
2025	\$ 555,306	\$ 444,543	\$	999,849
2026	613,436	432,367		1,045,803
2027	618,403	407,901		1,026,304
2028	694,044	383,215		1,077,259
2029	396,446	356,456		752,902
2030 - 2034	2,190,256	1,533,382		3,723,638
2035 - 2039	2,071,961	1,093,138		3,165,099
2040 - 2044	1,945,794	712,012		2,657,806
2045 - 2049	2,025,115	296,830		2,321,945
2050 - 2054	371,422	73,541		444,963
2055-2059	48,716	27,782		76,498
2060-2064	23,326	21,674		45,000
2065-2069	28,312	16,688		45,000
2070-2074	34,363	10,637		45,000
2075-2079	32,709	3,292		36,001
Total	\$ 11,649,609	\$ 5,813,458	\$	17,463,067

Minimum future revenues do not include contingent revenues, which may be received under agreements for use of land and buildings on the basis of revenue or throughput flow fees earned.

### **NOTE 6: SEGMENT INFORMATION**

Segment information for the fiscal years ended September 30, 2024 and 2023 are as follows:

	2024	2023
Operating revenues	\$ 2,197,770	\$ 2,702,620
Depreciation expense	1,315,265	1,199,704
Operating income (loss)	(823,685)	(17,744)
Nonoperating revenues	2,704,884	2,421,026
Increase in net position	1,881,199	2,403,282
Fixed asset additions	2,580,824	13,098,293
Net working capital	12,748,076	13,085,895
Total assets	55,555,811	52,931,756
Total net position	40,330,118	38,448,919

### **NOTE 7: TARIFF RATES**

Tariff rates as of September 30, 2024 for the Port are listed below:

Type of Tariff	Unit	Amount
Harbor fee	Per barge	\$75
Dockage security surcharge	Per total dockage accessed	6%
Wharfage	Per ton	\$0.50 to \$1.95 based on type of cargo
Via pipeline to Petroleum Tank	Per barrel	\$0.08
Via barge over the dock	Per barrel	\$0.07
Dockage fees Truck and rail	Per day	\$50
transfer fee	Per truck	\$15
	Per railcar	\$50

### Port of Harlingen Authority Notes to Financial Statements

### **NOTE 8: SUBSEQUENT EVENTS**

Management evaluated all events or transactions that occurred after September 30, 2024 through January 16, 2025, the date the current year's financial statements were available to be issued. The following events occurred.

For several years there have been costs occurred towards building a sea wall along the Circle X property. As of September 30, 2024 \$295,445 has been spent and recorded to Construction In Progress for this project. At the November 21, 2024 Board Meeting, the Board of Commissioners voted to sell the Circle X property as surplus property, and it was recognized that the Port would not be constructing the Circle X See Wall and that the CIP costs will have to be expensed.

Subsequent to the end of the year the Port was notified that one of its tenants was ceasing operations and no further amounts would be collected on two outstanding leases. The Port determined there were no unpaid invoices from tenant as of September 30, 2024. The Port is currently evaluating options to collect from tenant which include a negotiated settlement.

### Port of Harlingen Authority Schedule of Revenues, Expenses, and Changes in Net Position Budget and Actual

Tor the year ended September 30, 2024					Variance
	 Budgeted	nA b	nounts	(GAAP Basis)	Positive/
	Original		Final	Actual	(Negative)
Revenues					
Grant revenue	\$ 2,000,000	\$	2,000,000	\$ -	\$ (2,000,000)
Wharfage fees	1,621,500		1,621,500	1,251,352	(370,148)
Surface fees	9,000		9,000	11,975	2,975
Land lease	441,000		441,000	595,318	154,318
Harbor fees	26,625		26,625	33,525	6,900
Building lease	397,812		397,812	244,200	(153,612)
Dock rent	41,100		41,100	61,400	20,300
Investment income	350,000		350,000	544,176	194,176
Investment income - leases	-		-	420,189	420,189
Ad valorem taxes					
including penalties and interest	1,520,000		1,520,000	1,483,028	(36,972)
Other income	64,063		64,063	257,491	193,428
Total revenues	6,471,100		6,471,100	4,902,654	(1,568,446
Expenses					
Repairs and maintenance	76,385		80,885	38,548	42,337
Employee insurance	53,935		55,035	55,033	2
Utilities	47,075		48,275	37,777	10,498
Insurance	66,130		70,590	70,202	388
Salaries	663,025		665,368	664,602	766
Payroll taxes	51,810		55,535	52,839	2,696
Professional fees	547,000		535,947	287,100	248,847
Other administrative expenses	374,547		373,147	363,296	9,851
Interest expense	-		121,200	121,793	(593
Car and phone allowance	15,000		15,000	15,000	-
Depreciation	1,320,000		1,320,000	1,315,265	4,735
Total expenses	3,214,907		3,340,982	3,021,455	319,527
Changes in net position	\$ 3,256,193	\$	3,130,118	1,881,199	\$ (1,248,919
Net position, beginning				38,448,919	_
Net position, ending				\$ 40,330,118	_

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# Port of Harlingen Authority Investments

	 Balance 10/1/2023	Ac	lditions	l	Maturities	Ç	Balance 9/30/2024	Stated Interest rate
CD: 30391 Charles Schwab Tax Account	\$ 255,090 1,084,715	\$	12,027	\$	(255,090) (540,830)	\$	- 555,912	3.250% various
Charles Schwab Revenue Account	8,001,846	3	,398,701		(4,002,078)		7,398,469	various
Total Investments	\$ 9,341,651	\$ 3	,410,728	\$	(4,797,998)	\$	7,954,381	

# Port of Harlingen Authority Comparative Schedule of Revenues and Expenses

			P	Amount		
For the years ended September 30,	2024	2023	20	22 Restated	2021	2020
Operating revenues						
Wharfage fees	\$ 1,251,352	\$ 1,751,834	\$	1,812,596	\$ 1,530,672	\$ 1,226,073
Surface fees	11,975	10,950		8,790	13,670	21,355
Land lease	595,318	502,635		516,399	445,856	488,739
Harbor fees	33,525	60,150		66,900	54,825	47,100
Building lease	244,200	244,201		311,200	397,816	397,816
Dock rent	61,400	132,850		143,650	92,450	78,675
Total operating revenues	2,197,770	2,702,620		2,859,535	2,535,289	2,259,758
Operating expenses						
Repairs and maintenance	38,548	28,553		105,399	41,137	29,827
Employee insurance	55,033	50,413		43,367	34,116	29,481
Utilities	37,777	42,718		37,970	32,502	32,382
Insurance	70,202	55,394		45,782	34,746	28,731
Salaries	664,602	558,590		506,455	394,099	275,972
Payroll taxes	52,839	45,369		42,760	33,941	21,870
Professional fees	287,100	314,617		350,366	248,440	186,731
Other administrative expenses	363,296	316,116		339,160	232,643	188,051
Interest expense	121,793	93,890		54,576	42,577	-
Car and phone allowance	15,000	15,000		15,000	15,000	12,000
Depreciation	1,315,265	1,199,704		878,779	763,730	442,691
Total operating expenses	3,021,455	2,720,364		2,419,614	1,872,931	1,247,736
Operating income	(823,685)	(17,744)		439,921	662,358	1,012,022
Non-operating revenues						
Investment income	544,176	380,087		97,564	38,137	28,803
Investment income - leases	420,189	422,611		334,198	-	-
Ad valorem taxes, including						
penalties and interest	1,483,028	1,477,212		1,461,899	1,413,821	1,401,875
Grant revenue	-	-		1,853,072	3,409,769	1,027,316
Other income	257,491	141,116		331,117	36,546	77,512
Total non-operating revenues	2,704,884	2,421,026		4,077,850	4,898,273	2,535,506
Change in net position	\$ 1,881,199	\$ 2,403,282	\$	4,517,771	\$ 5,560,631	\$ 3,547,528

# Port of Harlingen Authority Comparative Schedule of Revenues and Expenses – Continued

	Perce	nt of Total Revenues		
2024	2023	2022	2021	2020
56.94%	64.82%	63.39%	60.37%	54.26%
0.54%	0.41%	0.31%	0.54%	0.95%
27.09%	18.60%	18.06%	17.59%	21.63%
1.53%	2.23%	2.34%	2.16%	2.08%
11.11%	9.04%	10.88%	15.69%	17.60%
2.79%	4.92%	5.02%	3.65%	3.48%
100.00%	100.00%	100.00%	100.00%	100.00%
1.75%	1.06%	3.69%	1.62%	1.32%
2.50%	1.87%	1.52%	1.35%	1.30%
1.72%	1.58%	1.33%	1.28%	1.43%
3.19%	2.05%	1.60%	1.37%	1.27%
30.24%	20.67%	17.71%	15.54%	12.21%
2.40%	1.68%	1.50%	1.34%	0.97%
13.06%	11.64%	12.25%	9.80%	8.26%
16.53%	11.70%	11.86%	9.18%	8.32%
5.54%	3.47%	1.91%	1.68%	0.00%
0.68%	0.56%	0.52%	0.59%	0.53%
59.85%	44.39%	30.73%	30.12%	19.59%
137.48%	100.66%	84.62%	73.87%	55.22%
-37.48%	-0.66%	15.38%	26.13%	44.78%
24.76%	14.06%	3.41%	1.50%	1.27%
19.12%	15.64%	11.69%	0.00%	0.00%
67.48%	54.66%	51.12%	55.77%	62.04%
0.00%	0.00%	64.80%	134.49%	45.46%
11.72%	5.22%	11.58%	1.44%	3.43%
123.07%	89.58%	142.61%	193.20%	112.20%
85.60%	88.92%	157.99%	219.33%	156.99%

### Port of Harlingen Authority Other Administrative Expenses

For the years ended September 30,	2024
Advertising and promotion	\$ 51,102
Commissioners' fees	25,050
Dues and subscriptions	28,900
Fuel	8,956
Miscellaneous	142
Office expense	53,670
Payroll service	5,644
Postage	1,007
Retirement	69,280
Tax expense	71,479
Travel and meetings	48,066
Total other administrative expenses	\$ 363,296

# Port of Harlingen Authority Commissioners, Key Personnel and Consultants

Complete Port Mailing Address: <u>24633 E. Port Road, Harlingen, Texas 78550</u>

Port Business Telephone Number: (956) 423-0283

Submission Date of the most recent Port Registration Form (TWC Sections 36.054 and 49.054): December 4, 2003

Limit on Fees of Office that a Director may receive during a fiscal year: \$150.00 per meeting

(Set by Board Resolution – TWC Section 49.060)

Names: Board Members:	Term of Office (Elected, Appointed or Hired)	Fees of Office Paid September 30, 2024	Expense Reimbursements September 30, 2024	Title at <u>Year End</u>
Alan L. Johnson	(Elected) 11/21 – 11/25	\$5,150	\$385	Commissioner
Neil Haman	(Elected) 11/23 – 11/27	\$5,400	\$1,378	Commissioner
Rose Haddad Snell	(Elected) 11/23 – 11/27	\$4,750	\$2,569	Commissioner
Ryan Newman	(Elected) 11/21 – 11/25	\$4,650	\$1,962	Commissioner
Chris Villarreal	(Elected) 11/21 – 11/25	\$5,100	\$-0-	Commissioner
Key Administrative Personnel:				
Walker Smith	03/01/14	\$212,375	\$360	Port Director
Robert McDonald, CPA	09/14/20	\$137,125	\$-0-	Chief Financial Officer
Amy Lynch	03/30/20	\$116,500	\$503	Marketing Director
Consultants:				
Chris Boswell, Attorney at Law	06/01/23	\$39,375	\$681	Attorney
Pat Younger (Younger & Assoc.)		\$39,000	\$1,443	Lobbyist
RWL Group William Yarnell		\$300 \$72,000	\$-0- \$233	Consultant Lobbyist

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# Port of Harlingen Authority Certificate of the Commissioners

We, the undersigned, do hereby certify that the audit report of the above-named Port for the
year ended September 30, 2024, was received by the Board of Commissioners on
January (6 , 2025 and was reviewed and √ approved disapproved
at a meeting of the Board of Commissioners of the Port on
Mob. Dela
Signature of Commission Secretary Signature of Commission Chairman

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**Carr, Riggs & Ingram, L.L.C.** 402 East Tyler Avenue Harlingen, TX 78550

956.423.3765 956.428.7520 (fax) CRIadv.com

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

To the Board of Port Commissioners Port of Harlingen Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Port of Harlingen Authority, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Port of Harlingen Authority's basic financial statements, and have issued our report thereon dated January 16, 2025.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Port of Harlingen Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Port of Harlingen Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Port of Harlingen Authority'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 may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harlingen, Texas January 16, 2025

Carr, Riggs & Ungram, L.L.C.