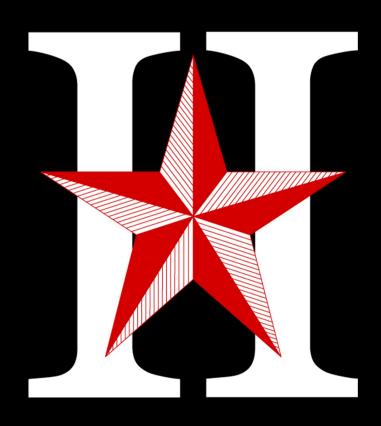
## THE CITY OF HARKER HEIGHTS, TEXAS



### ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDING SEPTEMBER 30, 2024











# CITY OF HARKER HEIGHTS TEXAS

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

PREPARED BY THE
FINANCE DEPARTMENT
Ayesha Lealiiee
Finance Director

#### CITY OF HARKER HEIGHTS ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2024

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#### The City of Harker Heights

305 Miller's Crossing Harker Heights, Texas 76548 Phone 254/953-5600 Fax 254/953-5614 March 25, 2025

To the Honorable Mayor, Members of the City Council and Citizens of the City of Harker Heights:

Mayor Michael Blomquist

Mayor Pro Tem

Tony Canterino

City Council Jennifer McCann Shane Hodyniak Lynda Nash Sam Halabi State law requires that every general-purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2024.

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

Pattillo, Brown & Hill, LLP, a firm of licensed certified public accountants, have issued an unmodified ("clean") opinion of the City's financial statements for the year ended September 30, 2024. The independent auditor's report is located at the front of the financial section of this report.

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

#### **Profile of the Government**

The City of Harker Heights, incorporated in 1960, is located in Bell County on U.S. Highway 190/Interstate 14, approximately fifteen miles west of Interstate 35, between Belton and Killeen. The City currently occupies a land area of 15.6 square miles and serves a population of approximately 35,900.

The City of Harker Heights is a home rule City which operates under a Council-Manager form of government. All powers of the City are vested in the elected Council which consists of a Mayor and five council members; one of which is elected by their fellow council members to serve as Mayor Protem. The City Council enacts local legislation, adopts budgets, determines policies, and employs the City Manager. The City Manager is responsible for executing the laws and administering the government of the City.

The City of Harker Heights provides a full range of services, including police, fire and EMS protection, the construction and maintenance of streets and other infrastructures, licenses and permits, library services, recreational activities, and cultural events. Sanitation services are contracted out to a private company. Water, sewer, and drainage utility services are provided through legally separate Utility and Drainage Utility Funds, which function, in essence, as departments of the City and therefore have been included as an integral part of the City of Harker Heights' financial statements.

The City Council is required to adopt an initial budget for the fiscal year, which begins October 1, no later than September 29. The annual budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Each department within the City is required to submit requests for appropriation to the City Manager. The City Manager uses these requests as the starting point for developing a proposed budget to present to the City Council for approval. Once the budget is approved, department heads may make transfers of appropriations within their department.

Budget-to-actual comparisons are provided in the Required Supplementary Information section of this report. The General Fund comparison is presented on pages 74-75 as part of the basic financial statements for governmental funds. The comparison for the Coronavirus Fund can be found on page 93. For governmental funds, other than the General and Coronavirus Funds, this comparison is presented in the governmental fund subsection of this report, which starts on page 94.

#### **Local Economy**

In the last ten years, the annual average unemployment rate for the City of Harker Heights has fallen from 4.7% in 2015 to an average rate of 4.6% in 2024. During this time, the lowest rate was 3.7% in 2019. The highest unemployment rate of 6.8% was in 2020; 2.2% higher than the current year's average. In comparison, Bell County's 2024 average unemployment rate is 4.7%, like the City's, and the State of Texas' rate is 4.1%, slightly lower than the City's.

A basic growth indicator of a community is the value of building permits. The following chart shows the value of building permits issued by category for each of the past two fiscal years:

	Fiscal Year 2024	Fiscal Year 2023	Increase (Decrease)
Fence	\$ 1,744,241	\$ 1,678,867	\$ 65,374
Home improvement / other	45,582,559	33,070,010	12,512,549
New commercial	7,775,000	6,540,000	1,235,000
New residential	31,533,763	51,668,376	(20,134,613)
Plumbing	485,084	341,763	143,321
Total	\$87,120,647	\$ 93,299,016	\$ (6,178,369)

Permits decreased by \$6.2 million in comparison to the prior year. New residential permits have decreased by 25 permits and by \$20.1 million in valuation. Of the \$31.5 million valuation in new residential permits, \$5.6 million is for new duplexes being built in the City. This reflects the continued although slowing pace of growth in the City. New commercial permits increased by four permits and in valuation by \$1.2 million. Permits in the 2024 fiscal year included two new churches, a gas station, a Dollar General retail store, and three new buildings.

Due to its "adequate economy with a local stabilizing institutional influence", the City of Harker Heights has maintained a credit rating of "AA" from Standard & Poor's since 2012. A "AA" rating is the second highest bond rating given and reflects the City's very strong capacity to meet its financial commitments on the obligation.

During the past ten years, the City's expenditures related to public safety have increased by 53.6%. Much of this increase reflects the trend of increased salaries and benefits for police and firefighters. The equipment used by these first responders is also increasing in costs. As a percentage of total expenditures in governmental activities, the public safety expenditures as of September 30, 2024, are at 53.1%.

In fiscal year 2024, grants and contributions consisted of 61.1% of the governmental activities program revenues received by the City of Harker Heights. In comparison with total governmental revenues, grants and contributions were 10.4% and charges for services were 6.6% of revenues received.

#### **Long-Term Financial Planning**

The fiscal year 2025 Capital Improvement Program anticipates \$14.4 million in capital projects. \$7.4 million of this is for street projects, \$2.1 million is for drainage projects, and \$3.9 million is for water and wastewater projects. The remainder of the program funding is for building, sidewalk, and park projects. Funding for these capital projects will come from previous bond issuances (\$5.1 million), new bond issuance (\$0.5 million), grant revenue (\$3.1 million), Coronavirus State and Local Fiscal Recovery Funds (American Relief Plan Act) funds (\$1.4 million), transfers in from other funds, and fund balance remaining in the Capital Projects Fund.

As the City began looking to expand its existing wastewater treatment plant (WWTP), an opportunity arose for the City to contract 2.0 million gallons a day (MGD) of existing wastewater treatment plant capacity from Bell County Water Control and Improvement District (WCID) No. 1 South Wastewater Treatment Plant. To do so, the City would need to construct a bypass gravity line connection from its Trimmier Lift Station to the WCID No. 1's South WWTP. The bid was awarded in January 2025 to start construction on this project.

In November 2024, the City Council approved for Staff to work with a pavement analysis service for assessment of the condition of city-maintained roadways. The assessment used is the basis for pavement management programs to track network condition, plan maintenance, and develop budget plans as part of managing a roadway network. The project includes conducting an automated pavement condition assessment, Pavement Condition Index calculation, and production of a ten-year maintenance and rehabilitation recommendation.

#### **Relevant Financial Policies**

Reserve requirements for the General and Utility Funds are a minimum of three months of operating expenses.

The General Fund had a fund balance of eight months of operating expenditures or 68.0% at the end of the fiscal year. Total revenues exceeded the budgeted amount by \$1.3 million due to the receipt of \$1.25 million for the Defense Economic Adjustment Assistance Grant. This is a reimbursable grant between the City, Office of the Governor, and Texas Military Preparedness Division. Additionally, vacancies within the fund's departments resulted in a variance of \$606,723 from the budgeted amount for personnel service. Transfers from the General Fund to other funds are not considered operating expenses and totaled \$3.15 million.

The Utility Fund had a fund balance of almost three and a half months of operating expenses or 28.3%. As mentioned above, the City purchased an additional 2.0 MGD of wastewater capacity from Bell County WCID #1. This added expenses of \$5.2 million during the 2024 fiscal year which was the first of five years of debt payments that the City took over totaling \$15.0 million that cannot be restructured. Taking this option rather than expanded the City's current wastewater treatment plant provided a savings of over \$33.3 million in capital costs.

#### **Major Initiatives**

During the 2021 fiscal year, the City of Harker Heights, much like many local and other governments, received funding from the American Relief Plan Act known as the Coronavirus State and Local Fiscal Recovery Funds. This funding is restricted in use and management has worked diligently to formulate a plan regarding City infrastructure and future planning. As mentioned above, \$1.4 million is anticipated to be spent on capital projects from this funding for the 2025 fiscal year which will complete the Wastewater Treatment Plant Blowers and Generator Replacement project. This project will (1) replace standby generators at A plant and B plant with natural gas generators, and (2) replace the blowers at the B plant with turbo blowers.

The City was awarded a \$750,000 grant from the Texas Parks and Wildlife Department through the Land and Water Conservation Fund in the 2024 fiscal year. This grant will be used to bring new amenities and renovate features of Kern Park, the oldest park in our City.

#### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Harker Heights for its annual comprehensive financial report (ACFR) for the fiscal year ended September 30, 2023. This was the thirtieth consecutive year that the government has achieved this prestigious award. To be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated October 1, 2024. To qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

Both the financial report and the budget document can be found on the City of Harker Heights' website at www.harkerheights.gov.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance and Administration Departments. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Harker Heights' finances.

Respectfully submitted,

David R. Mitchell

David R. Mitchell City Manager Ayesha Lealiiee Finance Director

Ayesha Lealiiee



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

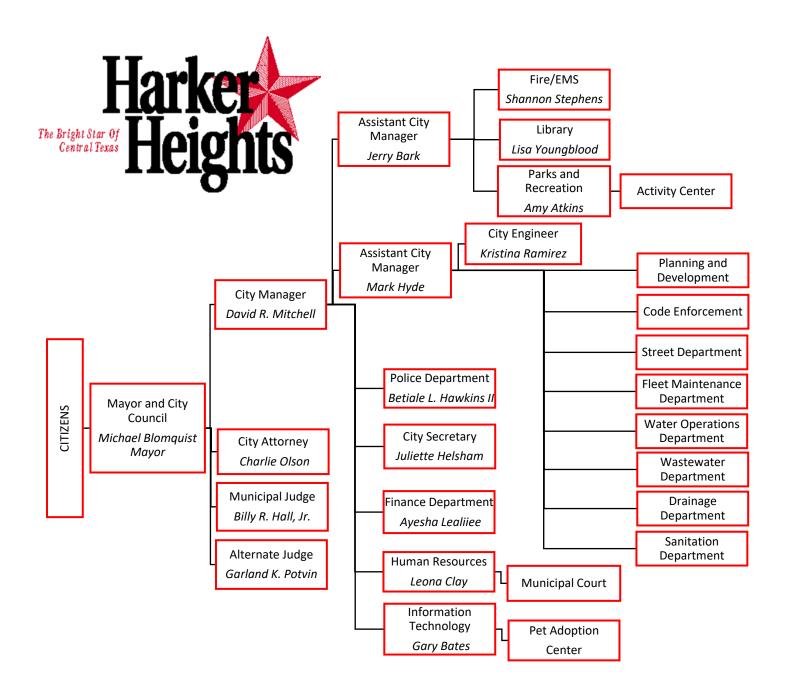
### City of Harker Heights Texas

For its Annual Comprehensive Financial Report for the Fiscal Year Ended

**September 30, 2023** 

Christopher P. Morrill

Executive Director/CEO



Commissions and Boards are appointed yearly by the City Council and include a Department Representative:

Planning and Zoning Commission/Building and Standards Commission – Planning and Development Department

Zoning Board of Adjustments – Planning and Development Department

Public Safety Commission – Police Department

Library Board – Library

Parks and Recreation Advisory Board – Parks and Recreation Department

Animal Advisory Committee – Pet Adoption Center

Economic Development Corporation Board – City Manager

Capital Improvements Advisory Committee – Planning and Development Department

Arts Commission – Library

https://harkerheights.gov/index.php/boards-commissions

#### CITY OF HARKER HEIGHTS LIST OF PRINCIPAL OFFICIALS

#### CITY COUNCIL

Michael Blomquist	Mayor							
Tony Canterino	Mayor Protem							
Jennifer McCann	Council Member							
Shane Hodyniak	Council Member							
Lynda Nash	Council Member							
Sam Halabi	Council Member							
APPOINTED OFFICIALS								
David R. Mitchell	City Manager							
Jerry Bark	Assistant City Manager							
Mark Hyde	Assistant City Manager							
Juliette Helsham	City Secretary							
Billy R. Hall, Jr.	City Judge							
Leona Clay	Human Resource Director							
Ayesha Lealiiee	Finance Director							
Kristina Ramirez	City Engineer							
Gary Bates	Information Technology Director							
Betiale L. Hawkins II	Police Chief							
Shannon Stephens	Fire Chief							
Lisa Youngblood	Library Director							
Amy Atkins								





#### INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of City Council City of Harker Heights, Texas

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

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Harker Heights, Texas, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Harker Heights, Texas as of September 30, 2024, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Harker Heights, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Emphasis of Matter - Change of Accounting Principle

As discussed in the notes to the financial statements, in the year ending September 30, 2024, the City of Harker Heights, Texas adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 100, Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62 and GASB Statement No. 101, Compensated Absences. Our opinions are not modified with respect to this matter.

#### Responsibilities of Management for the Financial Statements

The City of Harker Heights, Texas' 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 City of Harker Heights's ability to continue as a going concern for one year after the date that the financial statements are issued.



#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Harker Heights'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 City of Harker Heights'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, budgetary comparison information, and pension and OPEB information, as listed in the table of contents, to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 City of Harker Heights, Texas' basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### Other Information Included in the Annual Comprehensive Financial Report

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory section, and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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

Patillo, Brown & Hill, L.L.P.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2025, on our consideration of City of Harker Heights's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Harker Heights's internal control over financial reporting and compliance.

Waco, Texas March 25, 2025



As management of the City of Harker Heights, Texas, we offer readers of the City's financial statements this management discussion and analysis (MD&A). The MD&A provides a narrative overview and analysis of the financial statements of the City for the fiscal year September 30, 2024, focusing on comparing amounts to the prior year. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter and basic financial statements.

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Harker Heights' basic financial statements. The City of Harker Heights' basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Harker Heights' finances in a manner similar to a private-sector business. The government-wide financial statements include the governmental activities and the business-type activities of the City.

The statement of net position presents information on all the City of Harker Heights' assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Harker Heights is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent 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 in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City of Harker Heights that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Harker Heights include general government, public safety, highways and streets, economic development, and culture and recreation. The business-type activities of the City of Harker Heights include a Water and Sewer Fund, Sanitation Fund, and Drainage Utility Fund.

The government-wide financial statements can be found on pages 24-26 of this report.

**Fund financial statements.** 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 City of Harker Heights, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City of Harker Heights can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information can be useful in assessing a government's near-term financial requirements.

The focus of governmental funds is narrower than that of the government-wide financial statements, so it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing this, readers can better understand the long-term impact of near-term financing decisions on the government. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

The City of Harker Heights maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund, and the Capital Projects which are all considered to be major funds. The three other governmental funds are combined into a single aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the combining and individual fund statements and schedules section of this report.

The City of Harker Heights adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 27-32 of this report.

**Proprietary funds.** The City of Harker Heights maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail and with additional information such as cash flows.

The City of Harker Heights maintains three individual enterprise funds: Water and Sewer, Sanitation, and Drainage Utility. The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. The proprietary fund financial statements provide separate information for each.

The basic proprietary fund financial statements can be found on pages 33-37 of this report.

Notes to the financial statements. The notes provide additional information that is essential to acquire a full understanding of the data provided in the financial statements. The City of Harker Heights uses the notes to (1) present information in greater detail than is possible within the financial statements, (2) explain the nature of the amounts reported in the financial statements and how the amounts are reported, and (3) report information that does not meet the requirements for inclusion in the financial statements, as applicable. The notes to the financial statements can be found on pages 38-73 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. The City of Harker Heights' presents budgetary comparison schedules and the City's progress in funding its obligation to provide pension and other postemployment benefits (OPEB) benefits to its employees. Required supplementary information can be found on pages 74-88 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on budgetary comparisons, pensions, and OPEB. Combining and individual fund statements and schedules can be found on pages 89-90 of this report.

#### **Government-Wide Financial Analysis**

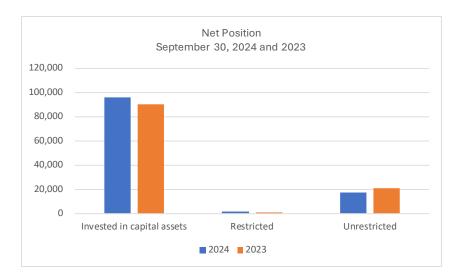
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Harker Heights, assets and deferred outflows exceeded liabilities and deferred inflows by \$115,080,070 at the close of the most recent fiscal year. This reflects an increase of \$3,003,250 for the year ending September 30, 2024.

Table 1
Condensed Statement of Net Position
(in thousands)

	<b>Governmental Activities</b>					usiness-ty	ctivities	Total Primary Government				
	-	2024		2023		2024		2023	2024			2023
Assets	-											
Current and other assets	\$	33,717	\$	31,455	\$	9,599	\$	10,119	\$	43,316	\$	41,574
Capital assets		71,491		72,220		54,410		51,751		125,901		123,971
Total assets		105,208		103,675		64,009		61,870		169,217		165,545
Deferred outflows of resources	-	4,136		6,363		397		565		4,533		6,928
Liabilities												
Other liabilities		4,365		6,071		531		469		4,896		6,540
Long-term liabilities		38,510		39,150		14,498		14,084		53,008		53,234
Total liabilities		42,875		45,221		15,029		14,553		57,904		59,774
Deferred inflows of resources		705		565		61		57		766		622
Net position:	-											
Invested in capital assets		51,213		50,903		40,952		38,856		92,165		89,759
Restricted		1,612		1,232		20		31		1,632		1,263
Unrestricted		12,940		12,117		8,343		8,938		21,283		21,055
Total net position	\$	65,765	\$	64,252	\$	49,315	\$	47,825	\$	115,080	\$	112,077

The largest portion of the City of Harker Heights' net position (83 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) net of accumulated depreciation and less any related outstanding debt used to acquire those assets. The City of Harker Heights uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Harker Heights' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Harker Heights' net position (1 percent) represents resources that are subject to external restrictions on how they may be used. Of the total net position amount, \$1,631,624 is restricted and \$21,383,304 is unrestricted.



**Governmental activities.** Current and other assets increased in governmental activities by \$2.3 million from the prior year which is primarily in the cash and investments categories. Restricted cash and investments increased by \$3.6 million due to the issuance of the Series 2024 Certificate of Obligation.

Other liabilities in governmental activities decreased by \$1.7 million from the previous fiscal year due to the decrease in the Coronavirus State and Local Fiscal Recovery Funding (CSLFRF) spent (unearned revenue) towards water, wastewater, and drainage project completion.

Long-term liabilities, which consist of bonds, leases, finance agreements, subscription-based IT arrangements (SBITAs), compensated absences and other postemployment benefits obligations decreased slightly by \$640,324. The City implemented GASB Statement No. 101 during the 2024 fiscal year increasing the City's liability for compensated absences. This increase was offset by payments towards these same liabilities.

**Business-type activities.** The increase in total assets is primarily due to the progress and/or completion of several water, wastewater, and drainage projects city-wide. These projects are discussed further in the capital assets section.

Long-term liabilities, which consist of bonds, compensated absences, and other postemployment benefits obligations increased by \$414,461. This was due primarily to the issuance of the Series 2024 Certificate of Obligation and payments towards the City's already issued bonds and leases.

Total net position for the City of Harker Heights reflects a \$3,003,250 increase from the prior year. Key elements of this increase are as follows:

Table 2
Changes in Net Position
(in thousands)

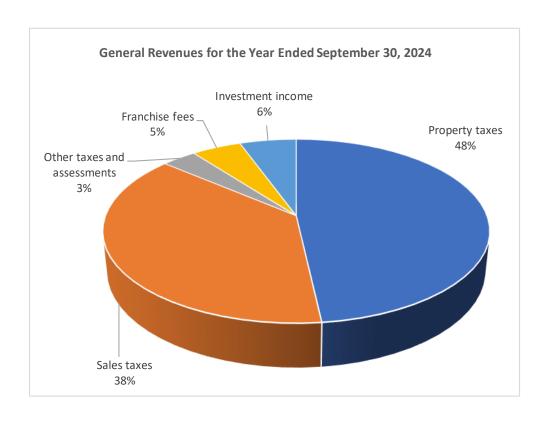
	Governmental Activities			Business-type Activities				Total Primary Government				
		2024		2023		2024	-	2023		2024		2023
Revenues:												
Program revenues:												
Charges for services	\$	2,352	\$	2,496	\$	14,786	\$	15,007	\$	17,138	\$	17,503
Operating grants and contributions		1,596		399						1,596		399
Capital grants and contributions		2,091		2,660		4				2,095		2,660
General revenues:												
Property taxes		14,155		13,838						14,155		13,838
Sales taxes		11,146		11,124						11,146		11,124
Other taxes		484		266						484		266
Franchise fees		1,427		1,428		236		220		1,663		1,648
Investment earnings		1,631		1,386		357		240		1,988		1,626
Miscellaneous		513		131				3		513		134
Gain on sale of assets						72				72		
Total revenues		35,395		33,728		15,455		15,470		50,850		49,198
Expenses:												
General government		6,409		5,058						6,409		5,058
Public safety		16,095		15,874						16,095		15,874
Highways and streets		2,740		2,387						2,740		2,387
Culture and recreation		3,676		3,718						3,676		3,718
Economic development		486		469						486		469
Interest on long-term debt		931		771						931		771
Water and sewer						13,939		8,708		13,939		8,708
Sanitation						2,674		2,467		2,674		2,467
Drainage						510		322		510		322
Total expenses		30,337		28,277		17,123		11,497		47,460		39,774
Increase (decrease) in net position												
before transfers		5,058		5,451		(1,668)		3,973		3,390		9,424
Transfers		(3,176)		(1,364)		3,176		1,364				
Increase (decrease) in net position		1,882		4,087		1,508		5,337		3,390		9,424
Net position - beginning		64,252		60,165		47,825		42,488		112,077		102,653
Change in accounting principle		(369)				(18)				(387)		
Net position - beginning, restated		63,883				47,807				111,690		
Net position - ending	\$	65,765	\$	64,252	\$	49,315	\$	47,825	\$	115,080	\$	112,077

**Governmental activities.** During the 2024 fiscal year, net position for governmental activities increased \$1,513,100 from the prior fiscal year for an ending balance of \$65,764,682.

The City's general revenues increased when compared to the prior year by \$1,183,081. Property taxes remain the largest source of revenue at \$14.2 million for the current fiscal year. Net Taxable assessed valuations have risen by 86.5% over the last ten years and exemptions have risen by over 540%. The City's tax rate in Fiscal Year 2014 was \$0.6770 compared to \$0.5250 in Fiscal Year 2024. Other taxes and assessments which consist of mixed beverage taxes, bingo taxes, hotel/motel taxes, and miscellaneous revenue increased by \$599,604.

Table 3
General Revenues Comparison
(in thousands)

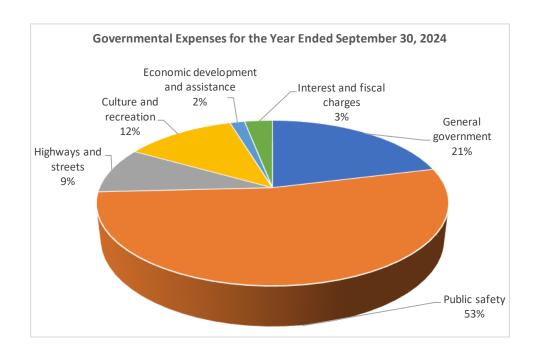
	Fiscal Year 2024		Fis	cal Year 2023	Increase (Decrease)		
Governmental activities:						.ci case,	
Property taxes	\$	14,155	\$	13,838	\$	317	
Sales taxes		11,146		11,124	\$	22	
Other taxes and assessments		997		397	\$	600	
Franchise fees		1,427		1,428	\$	(1)	
Investment income		1,631		1,386	\$	245	
Total governmental activities	\$	29,356	\$	28,173	\$	1,183	



Expenses increased from \$28.2 million in the prior year to \$30.3 million in the current fiscal year. The most significant increase was \$1,351,629 in general government due primarily to grant expense payment of \$1.25 million for the Defense Economic Adjustment Assistance Grant, a reimbursement grant. The largest governmental expense for the City was in providing for public safety, which incurred expenses of \$16,094,560. The major components of public safety are Police and Fire/Emergency Medical Services (EMS). During the current year expenses for highways and streets increased \$353,495 from the previous year. The cost of public works employees and street maintenance/repair are represented in this increase.

Table 4
Governmental Expenses by Activity
(in thousands)

	Fiscal Year	Fiscal Year	Ind	crease
	2024	2023	(De	crease)
Governmental activities:				
General government	\$ 6,410	\$ 5,058	\$	1,352
Public safety	16,095	15,874	\$	221
Highways and streets	2,740	2,387	\$	353
Culture and recreation	3,676	3,718	\$	(42)
Economic development and assistance	486	469	\$	17
Interest and fiscal charges	931	771	\$	160
Total governmental activities	\$ 30,338	\$ 28,277	\$	2,061

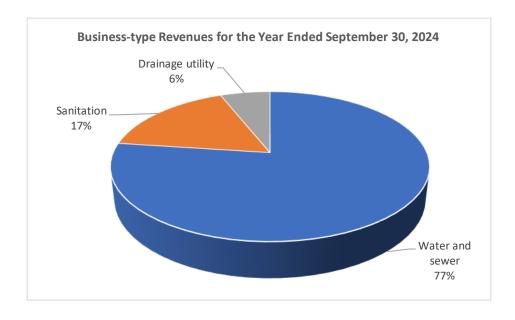


**Business-type activities.** Business-type activities increased the City of Harker Heights' net position by \$1,490,150 for an ending balance of \$49,315,388. Revenues of the City's business-type activities were \$14,785,543 million for the fiscal year ended September 30, 2024.

Water and sewer revenues decreased by \$242,680 even though a rate increase of 7 percent was implemented. Sanitation revenues saw an increase of \$20,303 with no rate increase for residential garbage pickup and no change to the \$1 monthly drop site fee charged to residential customers. Drainage utility income also had a small increase to its revenues and there was no rate increase in this flat monthly fee.

Table 5
Business-type Revenues Comparison
(in thousands)

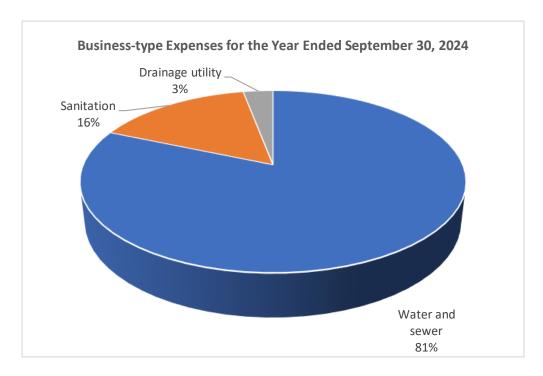
Fis	Fiscal Year		cal Year	Increase		
	2024		2023	(Decrease)		
\$	11,400	\$	11,642	\$	(242)	
	2,497		2,477		20	
	889		888		1	
\$	14,786	\$	15,007	\$	(221)	
	\$ \$	\$ 11,400 2,497 889	\$ 11,400 \$ 2,497 889	2024     2023       \$ 11,400     \$ 11,642       2,497     2,477       889     888	\$ 11,400 \$ 11,642 \$ 2,497 2,477 889 888	



Expenses for the City's business-type activities were \$17,123,234 for the current year. The water and sewer activities are of the most significance (\$13,939,341) due to the addition of the annual payments for the 2.0 million gallons a day (MGD) for wastewater service made during the current year of \$5.2 million. Waste Management of Texas, Inc handles the City of Harker Heights' sanitation services at a cost of \$2.1 million during the current year. The drainage utility expenses incurred are for personnel, repairs and maintenance, and professional fees.

Table 6
Business-type Expenses by Activity
(in thousands)

	Fiscal Year		Fis	cal Year	Increase		
		2024		2023	(Decrease)		
Business-type activities:							
Water and sewer	\$	13,939	\$	8,708	\$	5,231	
Sanitation		2,674		2,467		207	
Drainage utility		510		322		188	
Total business-type activities	\$	17,123	\$	11,497	\$	5,626	



#### Financial Analysis of the Governmental Funds

As noted earlier, the City of Harker Heights uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**General fund.** The general fund is the chief operating fund of the City of Harker Heights. At the end of the 2024 fiscal year, the unassigned fund balance of the general fund was \$17,266,994, while total fund balance decreased to \$17,914,210. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 65.5 percent of total general fund expenditures, while total fund balance represents 68.0 percent of that same amount.

<u>Original budget compared to final budget.</u> During Fiscal Year 2024, there was no need for any significant amendments to the original budgeted revenues or budgeted expenditures.

Final budget compared to actual results. For the 2024 fiscal year, actual revenues were \$29.2 million as compared to the budget amount of \$27.9 million. The \$1.3 million positive variance was due, in part, to the difference between the budgeted and actual amount in intergovernmental payments due to the reimbursable grant payment. Additionally, the budgeted and actual amount in miscellaneous revenue had a variance of \$449,619. This variance was the result of insurance proceeds from a hail storm damage claim.

Actual expenditures in the General Fund were \$26.4 million, \$55,459 less than the budgeted amount. Position vacancies offset the overage created by grant expense in general government and debt service expense.

The City of Harker Heights has an actual General Fund ending fund balance of \$17.9 million as of the fiscal year end, compared to the final budgeted fund balance amount of \$15.0 million. The variance in fund balance is primarily due to the items stated above along with transfers in/out.

**Debt service fund**. The debt service fund has a total fund balance of \$74,970, all of which is restricted for the payment of debt service. Most receipts from taxes are received during the first quarter of the fiscal year (October – December) and debt payments are made in February and August.

Capital projects fund. The capital projects fund balance is \$9,088,743 of which \$4,690,936 is restricted for capital projects funded by bonds and \$4,397,807 is assigned for capital projects that are funded from non-bond revenue. The fund balance increased by \$3.8 million from the previous year due to the issuance of the Series 2024 Certificates of Obligation. During the 2024 fiscal year, the City had \$1.9 million in capital project expenditures which were primarily street improvement totaling \$1,378,933.

#### Financial Analysis of the Business-Type Funds

The City of Harker Heights' proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

**Water and sewer fund.** At the end of the 2024 fiscal year, unrestricted net position for the water and sewer fund was \$3,856,452, restricted net position was \$16,466 while total net position was \$43,215,723. Total net position for the water and sewer fund increased by \$1,161,072 during the current fiscal year.

**Sanitation fund.** The sanitation fund has a total net position of \$366,498, a decrease from the prior year of \$16,834. Current assets, which include cash and investments, decreased by \$12,428 from the prior year.

**Drainage utility fund.** The drainage utility fund shows a total net position of \$5,733,167. Total noncurrent assets (capital assets less accumulated depreciation) increased by \$417,614.

#### **Capital Asset and Long-Term Debt**

Capital Assets. The City of Harker Heights' investment in capital assets for its governmental and business-type activities as of September 30, 2024, amounts to \$125,900,874 (net of accumulated depreciation). This investment in capital assets includes land, buildings and lift stations, machinery and equipment, lease assets-equipment, subscription assets, park facilities, vehicles, furniture and fixtures, streets, and infrastructure. The City's investment in capital assets for the current fiscal year saw a 1 percent decrease for governmental activities and a 5 percent increase for business-type activities.

Table 7
Capital Assets
(in thousands)

	Governmental Activities			Business-type Activities				Total Primary Government				
		2024	2023		2024		2023		2024		2023	
Capital assets:												
Land	\$	15,743	\$	15,743	\$	292	\$	292	\$	16,035	\$	16,035
Buildings and lift stations		10,058		11,093		1,150		1,230		11,208		12,323
Improvements other than buildings		110		141						110		141
Machinery and equipment		1,865		2,023		1,877		825		3,742		2,848
Lease assets - equipment		24		9						24		9
Subscription assets		178		286						178		286
Vehicles		2,896		2,810		305		156		3,201		2,966
Furniture and fixtures		411		101						411		101
Infrastructure		39,558		39,468		47,320		43,849		86,878		83,317
Construction in progress		648		546		3,466		5,399		4,114		5,945
Total capital assets	\$	71,491	\$	72,220	\$	54,410	\$	51,751	\$	125,901	\$	123,971

Major capital asset events during the fiscal year included the following:

- Completion of the Rummel Road Lift Station Upgrade and the Second Belt Press Installation at a cost of \$2.9 million and \$1.0 million respectively.
- Drainage projects at a cost of \$599,250 were completed Fuller Lane/Tye Valley Culvert Replacement, Preswick/Cedar Oaks Channel Improvements.
- The purchase of various vehicles and equipment at a total cost of \$1.3 million. This included vehicles for public safety, highways and streets, and drainage utility.

Both lease and subscription assets are intangible, right to use assets. The City of Harker Heights does not own these assets but rather has the right to use them in operations, as specified in their respective contracts. When entering into a lease or subscription-based information technology agreement (SBITA) contract, a liability is also recognized, which is included as part of the long-term debt discussion below.

Additional information on the City of Harker Heights' capital assets can be found in Note III. C on pages 52-53 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Harker Heights had total long-term financing liabilities of \$39.9 million, to include compensated absences as shown in the table below. Long-term liabilities increased by \$1,778,870 during the 2024 fiscal year.

Table 8
Outstanding Debt
(in thousands)

	Governmental Activities			Business-type Activities				Total Primary Government				
		2024	2023		2024		2023		2024		2023	
Outstanding debt:												
Certificates of obligation	\$	18,775	\$	16,275	\$	9,065	\$	7,730	\$	27,840	\$	24,005
General obligation		5,590		6,765		4,240		5,065		9,830		11,830
Premium (Discount) on bonds		273		193		263		239		536		432
Finance purchase agreement		81		162						81		162
Lease liability		24		9						24		9
Subscription liability		168		318						168		318
Compensated absences		1,321		1,277		79		66		1,400		1,343
Total outstanding debt	\$	26,232	\$	24,999	\$	13,647	\$	13,100	\$	39,879	\$	38,099

During the current year the City issued Series 2024 Combination Tax and Revenue Certificates of Obligation (CO) for street, pedestrian, and drainage improvements. The proceeds of this bond are to be paid back using property taxes and drainage utility revenue.

Standard & Poor's (S&P) Global Ratings assigned its "AA" long-term rating to the City of Harker Heights for the 2024 CO and affirmed the City's "AA" long-term rating on general obligation debt outstanding at the same time.

The constitutional debt limit is 7 percent of the five-year average full valuation of taxable real property. The current debt limitation for the City of Harker Heights is \$213,223,851 which is significantly more than the City's outstanding indebtedness of \$24,562,868 for governmental activities.

Additional information on the City of Harker Heights' long-term debt can be found in Note III. G. on pages 66-71 of this report.

#### **Currently Known Facts, Decisions, or Conditions**

The City of Harker Heights is aware of the following items that may impact future finances and were considered in developing the 2024-2025 fiscal year budget.

#### **Economic Factors.**

- The unemployment rate for December 2024 was 4.2% providing an annual average for 2024 of 4.6%.
- The City budgeted a 1 percent increase over the projected FY 2024 sales tax revenue for the 2025 fiscal year.
- Increase in disabled veteran's property tax exemptions play a significant role in how the City budgets for
  property tax revenue. After considering the number of residential homes coming in and the number of
  military personnel/retirees due to the proximity of the Army base, management budgeted conservatively
  at a 0.05% increase over current year projections. The City Council approved a property tax rate decrease
  to \$0.5200 per \$100 valuation in consideration of the hardships that many of our residents may be facing
  as property valuations increase as well.
- Interest rates are beginning to gradually come down and the unknowns of how fast or slow that will occur.

#### Healthcare and postemployment benefits.

Health insurance premiums continue to rise with the City receiving increases of 5% on medical and 4% on
vision rates. Management continues to look for ways to save money and is working with its broker on
finding a more affordable option for coverage while still maintaining the quality healthcare needed to hire
and retain employees.

#### New revenues.

- Several new revenue sources were implemented for the 2025 fiscal year including an after-hours inspection fee, an appeal fee, reconnect fee, and an initial or first late fee.
- Existing fees such as the second late fee and after-hours water fee were increased.
- Budgeted to issue Series 2025 Certificates of Obligation to fund water and wastewater projects in the
  amount of \$4.6 million. This issuance will supplement non-bond revenue funding to complete the
  replacement of mechanical bar screens with climber screens, the Bell County Water Control and
  Improvement No. 1 wastewater connection line, and the City's Senate Bill 3 requirement for water pump
  station emergency generators.

#### **Requests for Information**

This financial report is designed to provide a general overview of the City of Harker Heights' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Harker Heights, Finance Director, 305 Miller's Crossing, Harker Heights, Texas, 76548.



#### CITY OF HARKER HEIGHTS STATEMENT OF NET POSITION SEPTEMBER 30, 2024

ASSETS         Cactivities         Activities         Activities         Activities         Activities         Total           Cash         \$9,741,877         \$2,143,008         \$11,885,085         investments         \$2,903,717         \$16,149,300         \$12,855         \$1,285,007         \$1,248,507         \$1,248,507         \$2,803,717         \$12,648,300         \$12,285,507         \$1,236,557         \$1,236,557         \$1,236,557         \$1,236,557         \$2,218,154         \$1,236,557         \$2,418,154         \$1,669,633         \$1,739,977         \$24,215         \$2,512,154         \$2,52,157         \$2,512,154         \$2,52,157         \$2,52,152		Primary Government			
ASSETS		Governmental	Business-type		
Cach		Activities	Activities	Total	
Investments   13,345,673   2,803,717   16,149,390   Receivables (net of allowance for uncollectibles):   Property taxes		ć 0.744.077	ć 2442.200	ć 44.00F.00F	
Recivables (net of allowance for uncollectibles):   Property taxes					
Property taxes		13,343,073	2,803,717	10,149,390	
Accounts         70,344         1,669,633         1,739,977           Ambulance         534,154         66,9633         1,739,977           Court fines         534,959         9         954,999           Intergovernmental         29,620         29,620         29,620           Sales tax         1,953,463         1,953,463         1,933,463           Internal balance         1,209,7609         1,5000         1,5000           Internal balance         2,097,669         1,5000         1,5000           Internal balance         2,097,669         1,5000         1,5000           Restricted rash         3,827,37         664,720         4,547,457           Restricted unstements         5,514,1915         60,442         5,573,132           Capital assets, being depreciated         15,300,804         3,788,062         20,148,808           Total assets         105,208,256         64,008,551         169,216,807           DEFERRED OUTFLOWS OF RESOURCES:           Related to refunding debt         41,990         109,378         151,368           Related to PEB - supplemental death benefits         3,876,737         264,634         4,141,319           Related to PEB - supplemental death benefits         12,031         14,78	· · · · · · · · · · · · · · · · · · ·	123.655		123.655	
Ambulance         543,154         543,154           Court fines         594,999         594,999           Intergovernmental         29,620         29,620           Sales tax         1,953,463         1,953,463           Interest         99         99           Miscellaneous         15,000         2,097,609         15,000           Inventory of applies, first-in, first-out cost         18,823,73         158,895         158,895           Restricted card invatments         5,514,195         664,720         2,047,809           Capital assets, being depreciated         55,100,203         50,651,763         105,783,90           Capital assets, being depreciated         105,208,256         64,008,551         169,216,807           PEFERRED DUTFLOWS OF RESOURCES         7         164,643         141,41,371           Related to refunding debt         3,876,737         264,643         141,41,371           Related to OPEB - supplemental death benefits         97,340         8,285         105,625           Related to OPEB - health         3,890,193         3,890,193         130,645           Total deferred outflows of resources         4,136,198         397,084         4,533,282           LABUTES         7         1,44,245         4,44,43<	• •		1,669,633		
Sales tax	Ambulance				
Sales   Tax	Court fines				
Miscellaneous				•	
Miscellaneous   15,000   15,000   15,000   15,000   15,000   15,000   15,000   15,000   15,000   15,000   15,000   15,8095					
Inventory of supplies, first-in, first-out cost   18.895   158,895   158,895   Restricted cash   3,882,737   664,720   4,547,457   845,4159   650,944   5,575,139   656,720   4,547,457   664,720   4,547,457   664,720   4,547,457   664,720   4,547,457   664,720   4,547,457   664,720   4,547,457   664,720   4,547,457   664,720   4,547,457   664,720   6,575,139   6,					
Inventory of supplies, first-in, first-out cost   3,882,737   664,720   4,547,457   Restricted investments   5,514,195   66,9470   4,547,457   Restricted investments   5,514,195   66,944   5,575,139   Capital assets, not being depreciated   55,100,203   50,651,763   105,751,966   Total assets   55,100,203   50,651,763   105,751,966   Total assets   55,100,203   50,651,763   105,751,966   Total assets   Tot		,	2 007 600	15,000	
Restricted cash         3,882,737         664,720         4,547,557,513           Restricted investments         5,514,195         60,944         5,575,139           Capital assets, not being depreciated         16,390,846         3,758,062         20,148,908           Total assets         105,208,256         64,008,551         105,719,966           Total assets         105,208,256         64,008,551         169,216,807           DEFERRED OUTFLOWS OF RESOURCES:           Related to persions         3,876,737         264,634         4,141,371           Related to OPEB - supplemental death benefits         97,340         8,285         105,625           Related to OPEB - supplemental death benefits         109,378         3,890,193         3,890,193           Total deferred outflows of resources         4,136,198         397,084         4,533,882           LIABILITES         200,000         130,645         130,645         130,645           LIABILITES         130,645         130,645         130,645         141,483         141,483         141,483         Accounts payable and accrued liabilities         202,716         116,207         318,933         141,483         Accounts payable and accrued liabilities         130,645         141,483         444,483         Accounts payable and accru		(2,097,009)		150 005	
Restricted investments         5,514,195         6,0944         5,575,139           Capital assets, not being depreciated         16,300,846         3,758,062         20,148,908           Capital assets         105,200,256         64,008,551         105,761,966           Total assets         105,200,256         64,008,551         105,761,966           DEFERRED OUT-LOWS OF RESOURCES:         8         41,990         109,378         151,368           Related to refunding debt         41,990         109,378         151,368           Related to DPEB - supplemental death benefits         97,340         8,285         105,625           Related to OPEB - shealth         120,131         14,787         134,918           Total deferred outflows of resources         4,136,198         397,084         4,533,282           LOBUTES         4,146,198         3,890,193         4,533,282         130,645           LOBUTES         130,645         130,645         130,645         141,448         44,448         44,448         44,448         44,448         44,448         44,448         44,448         44,448         44,448         44,448         44,448         44,448         44,448         44,448         44,448         44,448         44,448         44,448         45,616		3.882.737		•	
Capital assets, not being depreciated         15,300,205         50,651,763         105,719,966           Total assets         105,208,256         64,008,551         105,719,966           Total assets         105,208,256         64,008,551         105,719,966           DEFERRED OUTFLOWS OF RESOURCES:         Telepated to refunding debt         41,990         109,378         151,368           Related to pensions         3,876,737         264,634         4,141,371           Related to OPEB - bealth         120,131         14,787         134,918           Total deferred outflows of resources         4,136,198         397,084         4,533,282           LIABILITES         Accounts payable and accrued liabilities         3,890,193         3,890,193           Developer deposits payable         130,645         130,645         141,245           Refundable meter deposits         202,716         414,483         414,483           Accrued interest payable         202,716         414,483         414,483           Accrued interest payable         202,716         414,483         141,245           Refundable meter deposits         3,619,985         1,523,631         5,143,616           Due within one year         1         1,22,53         1,028         13,281			•		
Capital assets, being depreciated         55,100,203         50,651,763         105,751,966           Total assets         105,208,256         64,008,551         169,216,807           DEFERRED OUTLOWS OF RESOURCES:         Related to refunding debt         41,990         109,378         151,368           Related to pensions         3,876,737         264,634         4,141,371           Related to OPEB - shelth         120,131         14,787         134,918           Total deferred outflows of resources         4,136,198         397,084         4,533,282           LIABILITIES         3,890,193         3,890,193         3,890,193           Accounts payable and accrued liabilities         3,890,193         3,890,193         130,645           Developer deposits payable         130,645         130,645         130,645           Unearned revenue         141,245         414,483         414,483           Accrued interest payable         202,716         116,207         318,923           Long-term liabilities         3,619,985         1,523,631         5,143,616           Total OPEB liability - supplemental death benefits         12,253         1,028         13,281           Total OPEB liability - supplemental death benefits         56,607         6,887         72,494 <t< td=""><td></td><td></td><td>•</td><td></td></t<>			•		
DEFERRED OUTFLOWS OF RESOURCES:           Related to refunding debt         41.990         109.378         151.368           Related to persions         3,876,737         264.634         4,141,371           Related to OPEB - supplemental death benefits         97,340         8,285         105,625           Related to OPEB - health         120,131         14,787         134,918           Total deferred outflows of resources         4,136,198         397,084         4,533,282           LIABILITIES         3,890,193         390,093         3,890,193           Developer deposits payable         130,645         130,645           Unearned revenue         141,245         414,483         414,483           Accrued interest payable         202,716         116,207         318,923           Long-term liabilities:         202,716         116,207         318,923           Due within one year         3,619,985         1,523,631         5,143,616           Total OPEB liability - supplemental death benefits         12,23         1,028         13,281           Total OPEB liability - health         65,607         6,887         72,498           Due in more than one year         22,611,856         12,123,126         34,734,982           Total OPEB liabi					
Related to refunding debt         41,990         109,378         151,368           Related to OPEB - supplemental death benefits         3,876,737         264,654         4,141,371           Related to OPEB - supplemental death benefits         97,340         8,285         105,625           Related to OPEB - bealth         120,131         14,787         134,918           Total deferred outflows of resources         4,136,198         397,084         4,533,282           Lord of County payable and accrued liabilities         3,890,193         3,890,193         3,890,193           Developer deposits payable         130,645         130,645         130,645         141,4245         141,425         141,4245         141,425         141,445	Total assets	105,208,256	64,008,551	169,216,807	
Related to refunding debt         41,990         109,378         151,368           Related to OPEB - supplemental death benefits         3,876,737         264,654         4,141,371           Related to OPEB - supplemental death benefits         97,340         8,285         105,625           Related to OPEB - bealth         120,131         14,787         134,918           Total deferred outflows of resources         4,136,198         397,084         4,533,282           Lord of County payable and accrued liabilities         3,890,193         3,890,193         3,890,193           Developer deposits payable         130,645         130,645         130,645         141,4245         141,425         141,4245         141,425         141,445					
Related to pensions         3,876,737         264,634         4,141,371         Related to OPEB - supplemental death benefits         9,344         8,285         105,625         Related to OPEB - health         120,131         14,787         134,918         Total deferred outflows of resources         4,136,198         397,084         4,533,282           LIABILITIES         X         3,890,193         3,890,193         3,890,193           Developer deposits payable         130,645         130,645         141,245         141,483         141,483         141,483         141,483         141,483         141,483         Accrued interest payable         202,716         116,207         318,993         1         141,248         Refundable meter deposits         414,483         414,483         414,483         414,483         Accrued interest payable         202,716         116,207         318,993         1         151,207         318,993         1         151,207         318,993         1         141,483         44,483         44,483         44,483         44,483         44,483         44,483         44,483         44,483         44,483         14,123,126         80,50,518         12,123,126         31,825,131         15,123,616         15,123,616         15,123,616         15,223,513         15,123,616         15,223,513		41 000	100 279	151 260	
Related to OPEB - supplemental death benefits         97,340         8,285         105,625           Related to OPEB - health         120,131         14,787         134,918           Total deferred outflows of resources         4,136,198         397,084         4,533,282           LAGURITIES         3890,193         3,890,193         3,890,193           Developer deposits payable         130,645         130,645         130,645           Unearned revenue         141,245         414,483         414,483           Accrued interest payable         202,716         116,207         318,923           Long-term liabilites:         3,619,985         1,523,631         5,143,616           Total OPEB liability supplemental death benefits         12,253         1,028         13,281           Total OPEB liability - supplemental death benefits         12,253         1,028         13,281           Total OPEB liability - supplemental death benefits         12,253         1,028         13,281           Net pension liability (City's share)         11,075,088         737,505         11,812,593           Total OPEB liability - supplemental death benefits         560,431         46,991         607,422           Total liability of the supplemental death benefits         320,341         21,625         57,904,093	<u> </u>				
Related to OPEB - health			,	, ,	
Total deferred outflows of resources					
Accounts payable and accrued liabilities   3,890,193   3,890,193   130,645   130,645   130,645   130,645   141,245	Total deferred outflows of resources				
Accounts payable and accrued liabilities   3,890,193   130,645   130,645   130,645   130,645   130,645   130,645   130,645   141,245	HARHITIES			<u> </u>	
Developer deposits payable		3.890.193		3.890.193	
Mare de revenue   141,245   141,245   Refundable meter deposits   414,483   414,483   414,483   Accrued interest payable   202,716   116,207   318,923   100,000   116,207   318,923   100,000   116,207   318,923   100,000   116,207   318,923   100,000   116,207   318,923   100,000   116,207   1					
Cong-term liabilities:   Due within one year   Sacial March   Sa		•		•	
Dug-term liabilities:   Dug-within one year   Shorts, leases, compensated absences   Shorts, finance agreements, leases, compensated absences   Shorts, leases, compensated absences   Shorts, leases, leases, compensated absences   Shorts, leases, leases, leases, leases, leases, leases, leases, compensated absences   Shorts, leases, leases, leases, compensated absences   Shorts, leases, leases, leases, leases, leases, leases, leases, leases, compensated absences   Shorts, leases, leas	Refundable meter deposits		414,483	414,483	
Due within one year         Bonds, finance agreements, leases, compensated absences         3,619,985         1,523,631         5,143,616           Bonds, finance agreements, leases, compensated absences         12,253         1,028         13,281           Total OPEB liability - health         65,607         6,887         72,494           Due in more than one year         80nds, finance agreements, leases, compensated absences         22,611,856         12,123,126         34,734,982           Bonds, finance agreements, leases, compensated absences         22,611,856         12,123,126         34,734,982           Bonds, finance agreements, leases, compensated absences         22,611,856         12,123,126         34,734,982           Net pension liability (City's share)         11,075,088         737,505         11,812,593           Total OPEB liability - supplemental death benefits         564,898         59,318         624,216           Total liabilities         42,874,917         15,029,176         57,904,093           DEFERRED INFLOWS OF RESOURCES           Related to pensions         320,341         21,867         342,208           Related to OPEB - supplemental death benefits         217,422         12,834         230,256           Related to OPEB - supplemental death benefits         216,709         26,370         193,462		202,716	116,207	318,923	
Bonds, finance agreements, leases, compensated absences         3,619,985         1,523,631         5,143,616           Total OPEB liability - supplemental death benefits         12,253         1,028         13,281           Total OPEB liability - supplemental feath         65,607         6,887         72,494           Due in more than one year         80nds, finance agreements, leases, compensated absences         22,611,856         12,123,126         34,734,982           Net pension liability ('City's share)         11,075,088         737,505         11,812,593           Total OPEB liability - supplemental death benefits         560,431         46,991         607,422           Total OPEB liability - health         564,898         59,318         624,216           Total OPEB liabilities         42,874,917         15,029,176         57,904,093           DEFERRED INFLOWS OF RESOURCES           Related to pensions         320,341         21,867         342,208           Related to OPEB - supplemental death benefits         217,422         12,834         230,256           Related to OPEB - supplemental death benefits         217,422         12,834         230,256           Total deferred inflows of resources         704,855         61,071         765,926           NET POSITION <t< td=""><td></td><td></td><td></td><td></td></t<>					
Total OPEB liability - supplemental death benefits         12,253         1,028         13,281           Total OPEB liability - health         65,607         6,887         72,494           Due in more than one year         72,904         72,494           Bonds, finance agreements, leases, compensated absences         22,611,856         12,123,126         34,734,982           Net pension liability (City's share)         11,075,088         737,505         11,812,593           Total OPEB liability - supplemental death benefits         560,431         46,991         607,422           Total OPEB liability - health         564,898         59,318         624,216           Total liabilities         42,874,917         15,029,176         57,904,093           DEFERRED INFLOWS OF RESOURCES           Related to OPEB - supplemental death benefits         217,422         12,834         230,256           Related to OPEB - supplemental death benefits         217,422         12,834         230,256           Related to OPEB - health         167,092         26,370         193,462           Total deferred inflows of resources         704,855         61,071         765,926           NET POSITION           Net investment in capital assets         51,213,431         40,951,711         92,165,142<		2.640.005	1 522 624	E 140 C1C	
Total OPEB liability - health Due in more than one year Bonds, finance agreements, leases, compensated absences         65,607         6,887         72,494           Bonds, finance agreements, leases, compensated absences         22,611,856         12,123,126         34,734,982           Net pension liability (City's share)         11,075,088         737,505         11,812,593           Total OPEB liability - supplemental death benefits         560,431         46,991         607,422           Total Iabilities         42,874,917         15,029,176         57,904,093           DEFERRED INFLOWS OF RESOURCES           Related to pensions         320,341         21,867         342,208           Related to OPEB - supplemental death benefits         217,422         12,834         230,256           Related to OPEB - health         167,092         26,370         193,462           Total deferred inflows of resources         51,213,431         40,951,711         92,165,142           NET POSITION           Net investment in capital assets         51,213,431         40,951,711         92,165,142           Restricted for:         21,101         21,101         21,101           Debt service         74,970         20,244         95,214           Economic development         963,726 <td< td=""><td></td><td></td><td></td><td></td></td<>					
Due in more than one year         Bonds, finance agreements, leases, compensated absences         22,611,856         12,123,126         34,734,982           Net pension liability (City's share)         11,075,088         737,505         11,812,593           Total OPEB liability - supplemental death benefits         560,431         46,991         607,422           Total OPEB liability - health         564,898         59,318         624,216           Total liabilities         42,874,917         15,029,176         57,904,093           DEFERRED INFLOWS OF RESOURCES           Related to pensions         320,341         21,867         342,208           Related to OPEB - supplemental death benefits         217,422         12,834         230,256           Related to OPEB - health         167,092         26,370         193,462           Total deferred inflows of resources         704,855         61,071         765,926           NET POSITION           Net investment in capital assets         51,213,431         40,951,711         92,165,142           Restricted for:         21,101         20,244         95,214           Economic development         963,726         963,726         963,726           Federal grant         241,259         241,259         241,259			•	•	
Bonds, finance agreements, leases, compensated absences         22,611,856         12,123,126         34,734,982           Net pension liability (City's share)         11,075,088         737,505         11,812,593           Total OPEB liability - supplemental death benefits         560,431         46,991         607,422           Total Inabilities         42,874,917         15,029,176         57,904,093           DEFERRED INFLOWS OF RESOURCES           Related to pensions         320,341         21,867         342,208           Related to OPEB - supplemental death benefits         217,422         12,834         230,256           Related to OPEB - health         167,092         26,370         193,462           Total deferred inflows of resources         704,855         61,071         765,926           NET POSITION           Net investment in capital assets         51,213,431         40,951,711         92,165,142           Restricted for:         21,101         21,101         21,101           Debt service         74,970         20,244         95,214           Economic development         963,726         963,726           Federal grant         241,259         241,259           General government         45,407         45,407	•	03,007	0,007	72,434	
Net pension liability (City's share)         11,075,088         737,505         11,812,593           Total OPEB liability - supplemental death benefits         560,431         46,991         607,422           Total OPEB liability - health         564,898         59,318         624,216           Total liabilities         42,874,917         15,029,176         57,904,093           DEFERRED INFLOWS OF RESOURCES           Related to Pensions         320,341         21,867         342,208           Related to OPEB - supplemental death benefits         217,422         12,834         230,256           Related to OPEB - health         167,092         26,370         193,462           Total deferred inflows of resources         704,855         61,071         765,926           NET POSITION           Net investment in capital assets         51,213,431         40,951,711         92,165,142           Restricted for:         21,101         20,244         95,214           Economic development         963,726         963,726         963,726           Federal grant         241,259         241,259         241,259           General government         45,407         45,407         45,407           Pet adoption center         57,595         57		22,611,856	12,123,126	34,734,982	
Total OPEB liability - health         564,898         59,318         624,216           Total liabilities         42,874,917         15,029,176         57,904,093           DEFERED INFLOWS OF RESOURCES           Related to pensions         320,341         21,867         342,208           Related to OPEB - supplemental death benefits         217,422         12,834         230,256           Related to OPEB - health         167,092         26,370         193,462           Total deferred inflows of resources         704,855         61,071         765,926           NET POSITION           Net investment in capital assets         51,213,431         40,951,711         92,165,142           Restricted for:         21,101         20,244         95,214           Econetery         21,101         20,244         95,214           Economic development         963,726         963,726         963,726           Federal grant         241,259         241,259           General government         45,407         45,407           Pet adoption center         57,595         57,595           Public safety         207,322         207,322           Unrestricted         12,939,871         8,343,433         21,283,304     <				11,812,593	
Total liabilities         42,874,917         15,029,176         57,904,093           DEFERRED INFLOWS OF RESOURCES           Related to pensions         320,341         21,867         342,208           Related to OPEB - supplemental death benefits         217,422         12,834         230,256           Related to OPEB - health         167,092         26,370         193,462           Total deferred inflows of resources         704,855         61,071         765,926           NET POSITION           Net investment in capital assets         51,213,431         40,951,711         92,165,142           Restricted for:         21,101         20,244         95,214           Cemetery         21,101         20,244         95,214           Economic development         963,726         963,726         963,726           Federal grant         241,259         241,259           General government         45,407         45,407           Pet adoption center         57,595         57,595           Public safety         207,322         207,322           Unrestricted         12,939,871         8,343,433         21,283,304				607,422	
DEFERRED INFLOWS OF RESOURCES         Related to pensions       320,341       21,867       342,208         Related to OPEB - supplemental death benefits       217,422       12,834       230,256         Related to OPEB - health       167,092       26,370       193,462         Total deferred inflows of resources       704,855       61,071       765,926         NET POSITION       8       51,213,431       40,951,711       92,165,142         Restricted for:       21,101       21,101       21,101         Debt service       74,970       20,244       95,214         Economic development       963,726       963,726         Federal grant       241,259       241,259         General government       45,407       45,407         Pet adoption center       57,595       57,595         Public safety       207,322       207,322         Unrestricted       12,939,871       8,343,433       21,283,304	Total OPEB liability - health	564,898		624,216	
Related to pensions         320,341         21,867         342,208           Related to OPEB - supplemental death benefits         217,422         12,834         230,256           Related to OPEB - health         167,092         26,370         193,462           Total deferred inflows of resources         704,855         61,071         765,926           NET POSITION           Net investment in capital assets         51,213,431         40,951,711         92,165,142           Restricted for:           Cemetery         21,101         20,244         95,214           Economic development         963,726         963,726         963,726           Federal grant         241,259         241,259         241,259           General government         45,407         45,407         45,407           Pet adoption center         57,595         57,595         57,595           Public safety         207,322         207,322         207,322           Unrestricted         12,939,871         8,343,433         21,283,304	Total liabilities	42,874,917	15,029,176	57,904,093	
Related to OPEB - supplemental death benefits         217,422         12,834         230,256           Related to OPEB - health         167,092         26,370         193,462           Total deferred inflows of resources         704,855         61,071         765,926           NET POSITION           Net investment in capital assets         51,213,431         40,951,711         92,165,142           Restricted for:         Cemetery         21,101         20,244         95,214           Debt service         74,970         20,244         95,214           Economic development         963,726         963,726           Federal grant         241,259         241,259           General government         45,407         45,407           Pet adoption center         57,595         57,595           Public safety         207,322         207,322           Unrestricted         12,939,871         8,343,433         21,283,304					
Related to OPEB - health         167,092         26,370         193,462           Total deferred inflows of resources         704,855         61,071         765,926           NET POSITION           Net investment in capital assets         51,213,431         40,951,711         92,165,142           Restricted for:         21,101         21,101         21,101           Debt service         74,970         20,244         95,214           Economic development         963,726         963,726           Federal grant         241,259         241,259           General government         45,407         45,407           Pet adoption center         57,595         57,595           Public safety         207,322         207,322           Unrestricted         12,939,871         8,343,433         21,283,304					
Total deferred inflows of resources         704,855         61,071         765,926           NET POSITION           Net investment in capital assets         51,213,431         40,951,711         92,165,142           Restricted for:         21,101         21,101         21,101           Debt service         74,970         20,244         95,214           Economic development         963,726         963,726           Federal grant         241,259         241,259           General government         45,407         45,407           Pet adoption center         57,595         57,595           Public safety         207,322         207,322           Unrestricted         12,939,871         8,343,433         21,283,304		,	•		
NET POSITION           Net investment in capital assets         51,213,431         40,951,711         92,165,142           Restricted for:         21,101         21,101         21,101           Cemetery         74,970         20,244         95,214           Economic development         963,726         963,726           Federal grant         241,259         241,259           General government         45,407         45,407           Pet adoption center         57,595         57,595           Public safety         207,322         207,322           Unrestricted         12,939,871         8,343,433         21,283,304					
Net investment in capital assets       51,213,431       40,951,711       92,165,142         Restricted for:       21,101       21,101       21,101         Debt service       74,970       20,244       95,214         Economic development       963,726       963,726         Federal grant       241,259       241,259         General government       45,407       45,407         Pet adoption center       57,595       57,595         Public safety       207,322       207,322         Unrestricted       12,939,871       8,343,433       21,283,304		704,855	61,071	/05,920	
Restricted for:         Cemetery       21,101       21,101         Debt service       74,970       20,244       95,214         Economic development       963,726       963,726         Federal grant       241,259       241,259         General government       45,407       45,407         Pet adoption center       57,595       57,595         Public safety       207,322       207,322         Unrestricted       12,939,871       8,343,433       21,283,304		F1 212 421	40.051.711	02 165 142	
Cemetery       21,101       21,101         Debt service       74,970       20,244       95,214         Economic development       963,726       963,726         Federal grant       241,259       241,259         General government       45,407       45,407         Pet adoption center       57,595       57,595         Public safety       207,322       207,322         Unrestricted       12,939,871       8,343,433       21,283,304	· · · · · · · · · · · · · · · · · · ·	51,213,431	40,951,711	92,105,142	
Debt service       74,970       20,244       95,214         Economic development       963,726       963,726         Federal grant       241,259       241,259         General government       45,407       45,407         Pet adoption center       57,595       57,595         Public safety       207,322       207,322         Unrestricted       12,939,871       8,343,433       21,283,304		21 101		21 101	
Economic development       963,726       963,726         Federal grant       241,259       241,259         General government       45,407       45,407         Pet adoption center       57,595       57,595         Public safety       207,322       207,322         Unrestricted       12,939,871       8,343,433       21,283,304	•		20.244		
Federal grant       241,259       241,259         General government       45,407       45,407         Pet adoption center       57,595       57,595         Public safety       207,322       207,322         Unrestricted       12,939,871       8,343,433       21,283,304					
General government       45,407       45,407         Pet adoption center       57,595       57,595         Public safety       207,322       207,322         Unrestricted       12,939,871       8,343,433       21,283,304					
Public safety       207,322       207,322         Unrestricted       12,939,871       8,343,433       21,283,304	General government			•	
Unrestricted 12,939,871 8,343,433 21,283,304					
Total net position \$ 65,764,682 \$ 49,315,388 \$ 115,080,070					
	Total net position	\$ 65,764,682	\$ 49,315,388	\$ 115,080,070	

### CITY OF HARKER HEIGHTS STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2024

		Program Revenues					
		Fees, Fines,	Operating	Capital Grants			
		and Charges	<b>Grants and</b>	and			
	Expenses	for Services	Contributions	Contributions			
FUNCTION / PROGRAM:							
Primary government:							
Governmental activities:							
General government	\$ 6,409,477	\$ 43,045	\$ 10,524				
Public safety	16,094,560	1,824,561	1,503,533	2,091,218			
Highways and streets	2,740,265						
Culture and recreation	3,676,042	305,655					
Economic development and assistance	486,085	178,492	81,927				
Interest and fiscal charges	931,135						
Total governmental activities	30,337,564	2,351,753	1,595,984	2,091,218			
Business-type activities:							
Water and sewer	13,939,341	11,399,758					
Sanitation	2,674,105	2,496,891					
Drainage utility	509,788	888,894		4,000			
Total business-type activities	17,123,234	14,785,543		4,000			
Total primary government	\$ 47,460,798	\$ 17,137,296	\$ 1,595,984	\$ 2,095,218			

General revenues and transfers:

General revenues:

Property taxes

Sales taxes

Franchise taxes

Mixed drink beverage taxes

Bingo taxes

Hotel / motel taxes

Investment earnings

Miscellaneous

Gain on sale of capital assets

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Change in accounting principles

Net position - beginning, restated

Net position - ending

	evenue and Change		
Primary Government			
Cavaramantal	Dusiness tune		
Governmental Activities	Business-type	Total	
Activities	Activities	Total	FUNCTION / PROGRAM:
			Primary government:
			Governmental activities:
\$ (6,355,908)		\$ (6,355,908)	General government
(10,675,248)		(10,675,248)	Public safety
(2,740,265)		(2,740,265)	Highways and streets
(3,370,387)		(3,370,387)	Culture and recreation
(225,666)		(225,666)	Economic development and assistance
(931,135)		(931,135)	Interest and fiscal charges
(24,298,609)		(24,298,609)	Total governmental activities
			G
			Business-type activities:
	(2,539,583)	(2,539,583)	Water and sewer
	(177,214)	(177,214)	Sanitation
	383,106	383,106	Drainage utility
	(2,333,691)	(2,333,691)	Total business-type activities
\$ (24,298,609)	\$ (2,333,691)	\$ (26,632,300)	Total primary government
			General revenues and transfers:
			General revenues:
14,154,936		14,154,936	Property taxes
11,145,812		11,145,812	Sales taxes
1,427,220	236,297	1,663,517	Franchise taxes
130,512	230,237	130,512	Mixed drink beverage taxes
34,023		34,023	Bingo taxes
319,172		319,172	Hotel / motel taxes
1,631,308	357,065	1,988,373	Investment earnings
513,146	,,,,,,,	513,146	Miscellaneous
,	72,300	72,300	Gain on sale of capital assets
(3,175,747)	3,175,747	•	Transfers
26,180,382	3,841,409	30,021,791	Total general revenues and transfers
1,881,773	1,507,718	3,389,491	Change in net position
64 251 592	47 025 220	112 076 920	Not position beginning
64,251,582	47,825,238	112,076,820	Net position - beginning
(368,673)	(17,568)	(386,241)	Change in accounting principles
·	,	ŕ	·
63,882,909	47,807,670	111,690,579	Net position - beginning, restated
\$ 65,764,682	\$ 49,315,388	\$ 115,080,070	Net position - ending
7 03,704,002	7 73,313,300	7 113,000,070	rece position chains

# CITY OF HARKER HEIGHTS BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2024

	General		Debt Service		Capital Projects	
ASSETS	-	·		_		
Cash	\$	6,141,486	\$	58,522	\$	2,649,581
Investments		10,743,596		17,607		2,305,769
Receivables (net of allowance for uncollectibles):						
Property taxes		97,564		26,091		
Accounts		14,804				
Ambulance		543,154				
Court fines		594,999				
Intergovernmental		17,251		12,369		
Sales tax		1,953,463		·		
Interest		99				
Miscellaneous						15,000
Due from other funds		2,377,617				2,857,318
Restricted cash		342,436				3,389,160
Restricted investments		157,781				4,820,768
Total assets	-	22,984,250		114,589		16,037,596
Total assets		22,364,230		114,365		10,037,390
LIABILITIES						
Accounts payable and accrued liabilities		3,790,124				40,151
Developer deposits payable		130,645				
Due to other funds		90,772		22,906		6,908,702
Unearned revenue						
Total liabilities		4,011,541		22,906		6,948,853
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes		62,497		16,713		
Unavailable revenue - ambulance		397,176		10,713		
Unavailable revenue - court fines		594,999				
Unavailable revenue - other		3,827		16710		
Total deferred inflows of resources		1,058,499		16,713		
FUND BALANCES						
Restricted for:						
Capital projects						4,690,936
Cemetery		21,101				
Debt service				74,970		
Economic development						
Federal grant						
General government		45,407				
Pet adoption center		57,595				
Public safety		10,318				
Assigned for:		,				
Capital projects						4,397,807
Culture and recreation		365,795				,,
Subsequent year's budget		147,000				
Unassigned		17,266,994				
Total fund balances		17,914,210		74,970		9,088,743
				,		-,5,5
Total liabilities, deferred inflows of resources,	_	00.00:		444		46.00= ====
and fund balances	\$	22,984,250	\$	114,589	<u>Ş</u>	16,037,596

			Total	
Tota	al Nonmajor	Go	overnmental	
	Funds		Funds	
				ASSETS
\$	892,288	\$	9,741,877	Cash
	278,701		13,345,673	Investments
				Receivables (net of allowance for uncollectibles):
			123,655	Property taxes
	55,540		70,344	Accounts
			543,154	Ambulance
			594,999	Court fines
			29,620	Intergovernmental
			1,953,463	Sales tax
			99	Interest
			15,000	Miscellaneous
	210		5,235,145	Due from other funds
	151,141		3,882,737	Restricted cash
	535,646		5,514,195	Restricted investments
	1,913,526		41,049,961	Total assets
				LIABILITIES
	59,918		3,890,193	Accounts payable and accrued liabilities
			130,645	Developer deposits payable
	310,374		7,332,754	Due to other funds
	141,245		141,245	Unearned revenue
	511,537		11,494,837	Total liabilities
				DEFERRED INFLOWS OF RESOURCES
			79,210	Unavailable revenue - property taxes
			397,176	Unavailable revenue - ambulance
			594,999	Unavailable revenue - court fines
			3,827	Unavailable revenue - other
			1,075,212	Total deferred inflows of resources
				FUND BALANCES
				Restricted for:
			4,690,936	Capital projects
			21,101	Cemetery
			74,970	Debt service
	963,726		963,726	Economic development
	241,259		241,259	Federal grant
			45,407	General government
			57 <b>,</b> 595	Pet adoption center
	197,004		207,322	Public safety
				Assigned for:
			4,397,807	Capital projects
			365,795	Culture and recreation
			147,000	Subsequent year's budget
	1 401 000		17,266,994	Unassigned
	1,401,989		28,479,912	Total fund balances
				Total liabilities, deferred inflows of
\$	1,913,526	\$	41,049,961	resources, and fund balances



# CITY OF HARKER HEIGHTS RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION SEPTEMBER 30, 2024

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

Total fund balance per balance sheet	\$	28,479,912
Capital assets used in governmental acitvities are not financial resources and, therefore, are no reported in the funds.		71,491,049
reported in the funds.		71,491,049
Differences between expected and actual experiences, assumption changes and net differences	;	
between projected and actual earnings and contributions subsequent to the measurement date for		
the OPEB and pension plans are recognized as deferred outflows and inflows of resources on the	!	
statement of net position.		
Deferred outflows - pension related		3,876,737
Deferred outflows - OPEB supplemental death benefits related		97,340
Deferred outflows - OPEB health related		120,131
Deferred inflows - pension related		(320,341)
Deferred inflows - OPEB supplemental death benefits related		(217,422)
Deferred inflows - OPEB health related		(167,092)
Long-term liabilities, certain liabilities and deferred outflow of resources, are not due and payable in		
the current period and, therefore, are not reported in the funds.		
Certificates of obligation		(18,775,000)
General obligation refunding		(5,590,000)
Plus: premium on issuance of bonds		(272,838)
Less: deferred charge for advance refunding costs		41,990
Finance purchase agreement		(80,842)
Accrued interest payable		(202,716)
Compensated absences		(1,321,365)
Lease payable		(24,269)
SBITA payable		(167,527)
Net pension liability		(11,075,088)
Total OPEB liability - supplemental death benefits		(572,684)
Total OPEB liability - health		(630,505)
Other long-term assets that are not available to pay for current period expenditures and, therefore		
are deferred in the funds.		
Property taxes		79,210
Ambulance		397,176
Court fines		594,999
Net position of governmental activities	\$	65,764,682

# CITY OF HARKER HEIGHTS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

### FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General		Debt Service		Capital Projects	
REVENUES						
Property taxes	\$	11,197,690	\$	2,990,574		
Sales and other taxes		12,737,568				
Licenses and permits		362,495				
Fines		569,435				
Charges for services		1,379,484				
Intergovernmental		1,334,209				
Investment earnings		1,044,445		37,923		391,906
Contributions and donations		62,403				28,344
Miscellaneous		502,619		3,619		
Total revenues		29,190,348		3,032,116		420,250
EXPENDITURES						
Current:						
General government		5,917,574				
Public safety		14,856,122				
Highways and streets		1,487,203				
Culture and recreation		3,397,033				
Economic development and assistance		444,762				
Debt service:						
Principal		249,758		2,420,000		
Interest and fiscal charges		11,189		698,246		
Tax collection fees				33,949		
Bond issuance cost						98,415
Capital outlay						
Culture and recreation						60,713
General government						327,045
Highways and streets						1,378,933
Public safety						
Total expenditures		26,363,641		3,152,195		1,865,106
Excess (deficiency) of revenues						
over (under) expenditures		2,826,707		(120,079)		(1,444,856)
OTHER FINANCING SOURCES (USES)						
Transfers in		175,000		150,000		3,200,000
Transfers out		(3,150,000)				(1,882,184)
Issuance of certificates of obligation		(=,===,===,				3,745,000
Net premium (discount)						133,415
Issuance of refunding bonds						
Premium on refunding bonds						
Payment to refunding bond escrow agent						
Leases issued (as lessee)		24,536				
SBITAs issued		94,144				
Sale of capital assets		20,000				
Total other financing sources (uses)		(2,836,320)		150,000		5,196,231
Net change in fund balances		(9,613)		29,921		3,751,375
Fund balances - beginning		17,923,823		45,049		5,337,368
Change within the financial						-
reporting entity						
Fund balances, beginning, as restated		17,923,823		45,049		5,337,368
Fund balances - ending	\$	17,914,210	\$	74,970	\$	9,088,743
					_	

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

	Total Nanmaior	Total	
Coronavirus	Total Nonmajor Funds	Governmental Funds	
Coronavirus	- Tulius	Tulius	REVENUES
		\$ 14,188,264	Property taxes
	319,172	13,056,740	Sales and other taxes
		362,495	Licenses and permits
	84,702	654,137	Fines
		1,379,484	Charges for services
	2,091,218	3,425,427	Intergovernmental
	157,035	1,631,309	Investment earnings
		90,747	Contributions and donations
	2.652.427	506,238	Miscellaneous
	2,652,127	35,294,841	Total revenues  EXPENDITURES
			Current:
		5,917,574	General government
	112,500	14,968,622	Public safety
	,	1,487,203	Highways and streets
		3,397,033	Culture and recreation
	46,589	491,351	Economic development and assistance
			Debt service:
		2,669,758	Principal
		709,435	Interest and fiscal charges
		33,949	Tax collection fees
		98,415	Bond issuance cost
		60.740	Capital outlay
		60,713	Culture and recreation
	240.606	327,045	General government
	348,606	1,727,539	Highways and streets
	166,723 674,418	166,723 32,055,360	Public safety Total expenditures
	074,418	32,033,300	·
	1,977,709	3,239,481	Excess (deficiency) of revenues over (under) expenditures
	2,3,	3,233, 182	OTHER FINANCING SOURCES (USES)
		3,525,000	Transfers in
	(1,668,563)	(6,700,747)	Transfers out
		3,745,000	Issuance of certificates of obligation
		133,415	Net premium (discount)
			Issuance of refunding bonds
			Premium on refunding bonds
			Payment to refunding bond escrow agent
		24,536	Leases (as lessee)
		94,144	Leases issued
	(1,668,563)	20,000	Sale of capital assets
	309,146	4,080,829	Total other financing sources (uses)  Net change in fund balances
230,393	862,450	24,399,083	Fund balances - beginning
230,393	002,430	24,333,065	Change within the financial
(230,393)	230,393		reporting entity
	1,092,843	24,399,083	Fund balances, beginning, as restated
	\$ 1,401,989	\$ 28,479,912	Fund balances - ending
			-

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



## CITY OF HARKER HEIGHTS

# RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

Net change in fund balance - total governmental funds	\$ 4,080,829
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.	4,788,393
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(3,605,769)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes Ambulance Court fines Other	(33,328) 95,669 (44,399) (14,736)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Principal paid on bonds	2,754,573
Issuance of SBITA liabilities	(94,144)
Issuance of long-term liabilities	(3,902,951)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Premiums	53,598
Deferred charge for advance refunding costs	(27,712)
Accrued interest on long-term debt	(115,222)
Compensated absences	(44,217)
Changes in pension liability and related deferred inflows and outflows of resources	(120,651)
Changes in OPEB liabilites and related deferred inflows and outflows of resources	23,294
Change in net position of governmental activities	\$ 1,881,773

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

## CITY OF HARKER HEIGHTS STATEMENT OF NET POSITION PROPRIETARY FUNDS SEPTEMBER 30, 2024

Business-type Activities - Enterprise Funds Total Water and Drainage Enterprise Sewer Sanitation Utility **Funds ASSETS** Current assets: \$ Cash 1,778,196 270,346 \$ 94,666 2,143,208 2,744,937 29,831 28,949 2,803,717 Investments Receivables (net of allowance for uncollectibles): 260,225 Accounts 1,323,817 85,591 1,669,633 Due from other funds 1,777 4,110,265 6,028,471 1,916,429 Inventory of supplies, first-in, first-out cost 158,895 158,895 Restricted cash 660,942 664,720 3,778 Restricted investments 60,944 60,944 Total current assets 8,644,160 562,179 4,323,249 13,529,588 Noncurrent assets: Capital assets: Land and improvements 167,076 125,160 292,236 **Buildings and lift stations** 3,257,749 3,257,749 Furniture and fixtures 10,779 10,779 Machinery and equipment 4,481,232 40,730 290,571 4,812,533 665,054 166,606 Vehicles 831,660 58,589,009 Water, sewer and drainage system 7,094,813 65,683,822 Other improvements 23,728 24,872 1,144 37,300 Construction in progress 2,883,163 545,363 3,465,826 Less accumulated depreciation (22,206,215)(64,458)(1,698,979)(23,969,652)Total noncurrent assets 47,848,991 37,300 6,523,534 54,409,825 Total assets 56,493,151 599,479 10,846,783 67,939,413 **DEFERRED OUTFLOWS OF RESOURCES:** Related to refunding debt 109,378 109,378 Related to pensions 219,907 11,596 33,131 264,634 Related to OPEB - supplemental death benefits 7,082 330 873 8,285 Related to OPEB - health 13,449 777 561 14,787 Total deferred outflows of resources 349,816 12,703 34,565 397,084

## CITY OF HARKER HEIGHTS STATEMENT OF NET POSITION PROPRIETARY FUNDS SEPTEMBER 30, 2024

Business-type Activities - Enterprise Funds

Total Water and Drainage Enterprise Sewer Sanitation Utility **Funds LIABILITIES Current liabilities:** Compensated absences 42,431 3,536 7,664 53,631 Due to other funds 3,711,439 211,255 8,168 3,930,862 Refundable meter deposits 414,483 414,483 Accrued interest payable 67,676 48,531 116,207 Total OPEB liability - supplemental death benefits 852 37 138 1,028 Total OPEB liability - health 382 274 6,887 6,231 General obligation bonds payable 860,000 860,000 Certificates of obligation payable 340,000 270,000 610,000 215,210 334,775 5,993,098 Total current liabilities 5,443,113 Noncurrent liabilities: Compensated absences 19,639 3,283 2,712 25,634 Net pension liability 611,090 18,956 107,459 737,505 Total OPEB liability - supplemental death benefits 38,964 1,708 6,320 46,991 Total OPEB liability - health 53,672 3,289 2,357 59,318 3,380,000 General obligation bonds payable 3,380,000 Certificates of obligation payable (net of unamortized discounts and premiums) 4,681,928 8,717,492 4,035,564 27,236 Total noncurrent liabilities 8,138,928 4,800,776 12,966,940 **Total liabilities** 13,582,041 242,446 18,960,038 5,135,551 **DEFERRED INFLOWS OF RESOURCES** 18,171 958 2,738 21,867 Related to pensions Related to OPEB - supplemental death benefits 10,946 663 1,225 12,834 Related to OPEB - health 16,086 1,617 8,667 26,370 Total deferred inflows of resources 3,238 45,203 12,630 61,071

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

39,342,805

3.856.452

\$ 43,215,723

16,466

37,300

329,198

366,498

1,571,606

4,157,783

5,733,167

3,778

40,951,711

8,343,433

\$ 49,315,388

20,244

**NET POSITION** 

Unrestricted

Total net position

Net investment in capital assets

Restricted for debt service

# CITY OF HARKER HEIGHTS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Business-type Activities - Enterprise Funds			
				Total
	Water and		Drainage	Enterprise
	Sewer	Sanitation	Utility	Funds
OPERATING REVENUES	4			
Charges for services	\$ 11,226,450	\$ 2,496,236	\$ 878,192	\$ 14,600,878
Franchise fees	101 503	236,297		236,297
Impact fees	101,592	CEE	10.702	101,592
Other	71,716 11,399,758	2,733,188	10,702 888,894	83,073 15,021,840
Total operating revenues	11,599,756	2,755,100	000,094	15,021,640
OPERATING EXPENSES				
Water purchases	8,397,661			8,397,661
Contractual services	945,379	2,589,774	31,129	3,566,282
Personnel services	1,588,369	64,895	144,252	1,797,516
Utilities and telephone	479,214	1,082	1 - 0 4 7	480,296
Repairs and maintenance Supplies	513,352 176,184	4,160 5,977	15,847 5,578	533,359 187,739
Uncollectible accounts	66,327	8,152	3,609	78,088
Professional fees	120,121	8,132	953	121,074
Depreciation	1,322,797		124,250	1,447,047
Other	3,660	65	140	3,865
Total operating expenses	13,613,064	2,674,105	325,758	16,612,927
Operating income (loss)	(2,213,306)	59,083	563,136	(1,591,087)
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	334,758	11,721	10,586	357,065
Gain on sale of assets	59,674	12,626		72,300
Interest expense	(326,277)		(132,944)	(459,221)
Bond issuance costs			(51,086)	(51,086)
Total nonoperating revenues (expenses)	68,155	24,347	(173,444)	(80,942)
Income before transfers	(2,145,151)	83,430	389,692	(1,672,029)
Capital contributions			4,000	4,000
Transfers in	3,370,726	1,860	253,161	3,625,747
Transfers out	(50,000)	(100,000)	(300,000)	(450,000)
Change in net position	1,175,575	(14,710)	346,853	1,507,718
Net position, beginning	42,054,651	383,332	5,387,255	47,825,238
Change in accounting principle	(14,503)	(2,124)	(941)	(17,568)
Net position, beginning (restated)	42,040,148	381,208	5,386,314	47,807,670
Net position, ending	\$ 43,215,723	\$ 366,498	\$ 5,733,167	\$ 49,315,388

# CITY OF HARKER HEIGHTS STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2024

Business-type Activities - Enterprise Funds Total Water and Drainage Enterprise Sewer Sanitation Utility **Funds CASH FLOWS FROM OPERATING ACTIVITIES** \$ 11,379,907 2,496,490 879.435 Cash received from customers \$ 14,755,832 Cash payments to suppliers (10,754,729)(892,069)(14,238,219)(2,591,421)Cash payments to employees (135,603)(1,791,352)(1,585,359)(70,390)Franchise fees 236,297 236,297 Other operating cash receipts (payments) 264,837 454 (981,073)(715,782)Net cash provided (used) by operating activities (695,344)71,430 (1,129,310)(1,753,224)CASH FLOWS FROM NONCAPITAL **FINANCING ACTIVITIES** Transfers in 3,370,726 1,860 253,161 3,625,747 Transfers out (50,000)(100,000)(300,000)(450,000)Net cash provided (used) by noncapital financing activities 3,320,726 (98,140)(46,839)3,175,747 **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** Proceeds from issuance of debt 2,020,000 2,020,000 Acquisition and construction of capital assets (3,280,482)(1,860)(537,865)(3,820,207)Principal paid on debt (1,280,000)(230,000)(1,510,000)Interest paid on debt (396,795)(298,076)(98,719)Proceeds from the sale of capital assets 59,674 12,626 72,300 Net cash provided (used) by capital and related financing activities (4,798,884)10,766 1,153,416 (3,634,702)**CASH FLOWS FROM INVESTING ACTIVITIES** Purchase of investments (6,183,349)(1,540)23,100 (6,161,789)Proceeds from sales and maturities of investments 6,767,412 6,767,412 Interest and penalties received on investments 334,758 11,721 10,586 357,065 Net cash provided (used) by investing activities 10,181 918,821 33,686 962,688 Net increase (decrease) in cash (1,254,681)(5,763)10,953 (1,249,491)Cash, beginning 3,693,819 276,109 87,491 4,057,419 \$ Cash, ending 2,439,138 270,346 98,444 \$ 2,807,928 **RECONCILIATION OF CASH** Cash 1,778,196 270,346 94,666 2,143,208 Restricted cash 660,942 3,778 664,720 Total cash 2,439,138 270,346 98,444 2,807,928

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

# CITY OF HARKER HEIGHTS STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Business-type Activities - Enterprise Funds						
	V	Vater and Sewer	Si	anitation	Drainage Utility		Total Enterprise Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:							
Operating income (loss)	\$	(2,213,306)	\$	59,083	\$ 563,136	\$	(1,591,087)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:							
Depreciation expense		1,322,797			124,250		1,447,047
(Increase) decrease in accounts receivable		54,081		8,406	4,852		67,339
(Increase) decrease in due from other funds		942,671		(201)	(966,775)		(24,305)
(Increase) decrease in inventory		(52,831)					(52,831)
(Increase) decrease in deferred outflow in							
net pension obligation		119,194		142	24,907		144,243
(Increase) decrease in deferred outflow in other							
post-employment benefit obligations		(4,286)		(238)	(470)		(4,994)
Increase (decrease) in due to other funds		(749,550)		9,637	(863,422)		(1,603,335)
Increase (decrease) in compensated absences		9,001		695	3,267		12,963
Increase (decrease) in refundable deposits		(2,216)					(2,216)
Increase (decrease) in net pension obligation		(134,821)		(7,110)	(20,311)		(162,242)
Increase (decrease) in other post-employment							
supplemental death benefit obligation		3,824		216	577		4,617
Increase (decrease) in other post-employment							
benefit obligation		6,667		374	749		7,790
Increase (decrease) in deferred inflow in							
net pension obligation		12,285		925	1,088		14,298
Increase (decrease) in deferred inflow in other							
post-employment benefit obligations		(8,854)		(499)	 (1,158)		(10,511)
Total adjustments		1,517,962		12,347	(1,692,446)		(162,137)
Net cash provided by (used for) operating activities	\$	(695,344)	\$	71,430	\$ (1,129,310)	\$	(1,753,224)

# CITY OF HARKER HEIGHTS NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2024

#### I. Summary of significant accounting policies

The financial statements of the City of Harker Heights have been prepared to conform with generally accepted accounting principles (GAAP) in the United States of America as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting and reporting policies:

#### A. Reporting entity and component units

The City of Harker Heights, Texas, a municipal corporation in Bell County, was incorporated under the general laws of the State of Texas in 1960. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety, highways and streets, water service, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services. The City Council, which is elected at large, consists of a mayor and five council members constituting an ongoing entity and is the level of government that has governance responsibilities over all activities related to the City.

In evaluating how to define the City for financial reporting purposes, management has considered whether to include or exclude potential component units in the reporting entity by applying the criteria set forth in GAAP. The criteria for including organizations as component units include whether (1) the organization is legally separate (can sue and be sued in their own name), (2) the City holds the corporate powers of the organization, (3) the City appoints a voting majority of the organization's board, (4) the City is able to impose its will on the organization, (5) the organization has the potential to impose a financial benefit / burden on the City, and (6) there is fiscal dependency by the organization on the City. There are no component units that qualify for inclusion in the City's reporting entity.

#### B. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided, and other charges between the City of Harker Heights' enterprise functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all the activities of the City.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (public safety, culture and recreation, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment, and (3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues. The net cost (by function or business-type activity) is normally covered by general revenue (property taxes, sales taxes, franchise taxes, intergovernmental revenues, interest income, etc.).

#### C. Basis of presentation – fund financial statements

The fund financial statements provide information about the City's funds and separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City of Harker Heights reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *Debt Service Fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal, interest, and related costs on long-term obligations of governmental funds paid primarily from taxes levied by the City.

The Capital Projects Fund accounts for the acquisition and construction of the City's major capital facilities, other than those financed by proprietary funds.

The City of Harker Heights reports the following major enterprise funds:

The Water and Sewer Fund accounts for the distribution of treated water and the collection and treatment of sewage. Fund activities include the administration, operation, and maintenance of the water and sewer system, and billing and collection activities. The Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted, as needed, to ensure the integrity of the Fund.

The Sanitation Fund accounts for the collection and disposal of garbage activities. Residential and commercial hand pick-up customers are billed monthly at a rate sufficient to cover the cost of providing the service through a third party.

The *Drainage Utility Fund* accounts for the receipt of stormwater utility fees for the operations, maintenance, and construction of the City's stormwater drainage system. The Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for drainage debt.

Additionally, the City of Harker Heights reports the following fund type:

Special revenue funds are used to account for and report the proceeds and expenditures of specific revenue sources that are legally restricted or committed for specified purposes. For the City this includes the Hotel / Motel Fund, and the Restricted Court Fund.

#### D. Measurement focus and basis of accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Such revenue is subject to review by the funding agency and may result in disallowance in subsequent periods.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property tax revenue to be available if they are collected within 60 days of the end of the fiscal year and other revenues, with the exception of grant revenues, to be available if they are collected within 45 days. Grant revenues availability period is generally considered to be one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures on general long-term debt, including lease and subscription liabilities, as well as expenditures related to compensated absences, and claims and judgments are recognized generally when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases and subscription-based information technology arrangements are reported as other financing sources.

Franchise taxes, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes collected by Bell County Appraisal District at year-end on behalf of the City and sales taxes collected and held by the Comptroller's Office at year-end on behalf of the City are also recognized as revenue. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when the City receives the cash.

The proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Enterprise Fund, the Sanitation Enterprise Fund, and the Drainage Utility Enterprise Fund are charges to customers for sales and services. Operating expenses for enterprise funds include cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

#### E. Cash and investments

The City of Harker Heights' cash and cash equivalents include cash on hand, amounts in demand deposits and money market fund deposits.

Currently the City invests in three Investment Pools. TexSTAR is administered by Hilltop Securities, Inc. and J.P. Morgan Investment Management Inc.; Texas CLASS is administered by Public Trust Advisors, LLC. Both are open to local governments in Texas to pool their funds for investment purposes. These investments are valued at book value. LoneStar is administered by First Public, LLC and is open to local governments as well. Investments in LoneStar, however, are valued at market price.

Investments are reported at their fair value based on the quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. Short-term, one year or less, nonparticipating interest earning investment contracts (to include certificates of deposit) are reported using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value.

CITY OF HARKER HEIGHTS NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2024

The gain / loss resulting from valuation of investments is reported in the revenue account "investment earnings" on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds and the Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.

#### F. Cash and investments - restricted assets

Cash and investments are classified as restricted on the balance sheet when their use is limited to paying debt, repaying refundable deposits, cemetery maintenance, public safety, culture and recreation, and specific construction projects.

#### G. Receivables and payables and interfund transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All legally authorized transfers are appropriately treated as transfers and are included in the results of operations of both governmental and proprietary funds. Nonrecurring or nonroutine transfers of equity between funds – for example, contribution of capital assets to a proprietary fund or transfers of residual balances of discontinued funds to other funds – are accounted for as transfers in the government-wide statement of activities and as capital contributions in the proprietary fund operating statements.

All service receivables are shown net of an allowance for uncollectibles. Service accounts receivable in excess of 90 days comprise the service accounts receivable allowance with the exception of ambulance receivable, which is 120 days. Property tax receivable allowance is equal to 64% of outstanding property taxes at the end of the fiscal year.

#### H. Inventories and prepaid items

Inventories are valued at cost, which approximates market, using the first-in / first-out (FIFO) method and consist of repair parts for water emergencies. The proprietary fund records the costs of such inventories as expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

#### I. Capital assets

Capital assets include land, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), that are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost as the City constructs or acquires them each period except for lease assets and subscription assets. Lease assets and subscription assets are discussed further in Note N and Note O respectively. Donated capital assets are recorded at acquisition value at the date of donation which is the price that would be paid to acquire an asset with equivalent service potential on the date of the 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.

Capital assets are defined by the City as assets with an estimated useful life in excess of two years and an initial, individual value greater than \$5,000.

Land and construction in progress are not depreciated. All other plant, equipment, and infrastructure assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Capital asset classes	Estimated Life
Buildings	20 – 50 years
Improvements other than buildings	5 – 60 years
Infrastructure	20 – 60 years
Machinery and equipment	3 – 12 years
Vehicles	5 – 10 years
Lease assets	3 – 5 years
Subscription assets	3 – 5 years

#### J. Deferred outflows / inflows of resources

In addition to assets, the statements of financial position include a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The City has three items that qualify for reporting in this category.

The deferred amount on refunding debt resulting from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The deferred amount related to pensions resulting from differences in expected and actual experience, differences due to changes in actuarial assumptions, differences in projected and actual earnings, and pension contributions made after the measurement date.

The deferred amount related to other post-employment benefits (OPEB) resulting from differences between expected and actual experiences, changes of assumptions or other inputs, and amounts associated with transactions subsequent to the measurement date.

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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports the following items that qualify for reporting in this category.

*Property tax not yet available* is reported only in the governmental funds balance sheet. This amount of property tax payments is deferred and recognized as an inflow of resources in the period that the amounts become available.

Ambulance receipts not yet available is reported only in the governmental funds balance sheet. This amount of emergency medical service billing is deferred and recognized as an inflow of resources in the period that the amounts become available.

Receivables not yet available is reported only in the governmental funds balance sheet. This amount of miscellaneous accounts receivable and court fines receivable are deferred and recognized as an inflow of resources in the period that the amounts become available.

The deferred amount related to pensions results from differences in expected and actual experience, differences due to changes in actuarial assumptions, differences in projected and actual earnings, and pension contributions made after the measurement date. These amounts are only reported in the government-wide financial statements and the proprietary funds.

CITY OF HARKER HEIGHTS NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2024

The deferred amount related to other post-employment benefits (OPEB) results from differences between expected and actual experiences, changes of assumptions or other inputs, and amounts associated with transactions subsequent to the measurement date. These amounts are only reported in the government-wide financial statements and the proprietary funds.

#### K. Long-term obligations

In the government-wide financial statements and proprietary fund type's fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs incurred are fully expensed in that reporting period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### L. Net position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components:

Net investment in capital assets consists of capital assets, net of accumulated depreciation / amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

*Unrestricted net position* is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

If an expense is incurred for which the City may use either restricted (e.g., restricted bond or grant proceeds) or unrestricted resources, the City shall consider the restricted resources to be depleted before applying unrestricted resources.

#### M. Fund balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called fund balance. The City's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

Nonspendable fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.

CITY OF HARKER HEIGHTS NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2024

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

Committed fund balance represents amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the City Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council adopts another ordinance to remove or revise the limitation.

Assigned fund balance represents amounts that are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council can do this when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily, and an additional action does not normally have to be taken for the removal of an assignment.

*Unassigned fund balance* represents the residual amount for the general fund that is not contained in the other classifications. The General Fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

If an expense is incurred for which the City may use either restricted, committed, assigned, or unassigned assets, the City shall reduce restricted, committed, and assigned assets first, in that order, unless unassigned assets would have to be returned because they were not used.

#### N. <u>Leases</u>

The City of Harker Heights is a lessee for two equipment leases. The City recognizes a liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City's policy is to recognize lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lease term.

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

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged
  by the lessor is not provided, the City generally uses an estimated incremental borrowing rate as the
  discount rate for leases.
- The lease term includes the noncancellable period of the lease and any extensions that are deemed
  reasonably certain to be exercised. Lease payments included in the measurement of the lease liability
  are composed of fixed payments and purchase option price that the City is reasonably certain to
  exercise.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

#### O. Subscription-Based Information Technology Arrangements

The City of Harker reports a subscription liability and an intangible right-to-use capital asset (subscription asset) on the government-wide financial statements for a subscription-based information technology arrangement (SBITA). The City's policy is to recognize lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the SBITA commencement date, plus certain initial direct costs, including development costs. Subsequently, the subscription asset is amortized on a straight-line basis over the SBITA term.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) subscription payments.

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses an estimated incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancellable period of the SBITA and any extensions that are deemed reasonably certain to be exercised. Subscription payments included in the measurement of the subscription liability are composed of fixed payments to the SBITA vendor.

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

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term liabilities on the statement of net position.

#### P. Revenues and expenditures / expenses

#### 1. Program revenues

Amounts reported as program revenues include (1) fees, fines, and charges for services imposed by a given function or program / activity, and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function / segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

#### 2. Property taxes

Property taxes attach as an enforceable lien on real property and are levied as of October 1. Property taxes are assessed and collected by the Tax Appraisal District of Bell County and are due on January 31 of the year following the tax year without any penalty. Early discounts are available for residents who pay prior to January 31.

The adopted tax rate during the fiscal year ended September 30, 2024, was \$0.5250 per \$100 valuation.

#### 3. Compensated absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (paid in cash to the employee) during or upon separation from employment. Based on the criteria listed, the City has five types of leave that qualify for liability recognition for compensated absences – vacation, holiday, compensatory, sick and the leave pool. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements and includes salary-related benefits, where applicable.

*Vacation*. The City's policy permits employees to accumulate earned but unused vacation benefits, which may be eligible to be used in a future period or eligible for payment upon separation from the City.

Holiday. The City's policy permits employees to accumulate earned but unused holiday time. This occurs when employees are required to work on a holiday. The leave is eligible to be used or payment within 60 days of earning or upon separation from the City.

Compensatory. The City's policy permits public safety employees to accumulate earned but unused compensatory time (comp time). The leave is eligible to be used or for payment by August 31 of each fiscal year or upon separation from the City. A liability for the balance at year-end is included in the liability for compensated absences.

Leave pool. The City maintains a leave pool in which employees can donate unused vacation or compensatory time for the use of other employees who have need. A liability for the estimated value of leave pool balance that will be used by employees as time off is included in the liability for compensated absences.

Sick Leave. The City's policy permits employees to accumulated earned but unused sick leave. This leave can be used by employees in a future period of employment and lapses when employees leave the employment of the City. Upon separation from the City, no monetary obligation exits. A liability for the estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

#### 4. Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds 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 a proprietary fund's principal ongoing operations. Principal operating revenues of the Water and Sewer, Sanitation, and Drainage Utility Funds are charges to customers for sales and service. The Water and Sewer Fund also recognizes water and sewer tap fees to recover the cost of new customer connections. Operating expenses for these enterprise funds include the cost of sales and service, administrative expenses, and depreciation on capital assets. Any revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### Q. Change in Accounting Principle

During fiscal year 2024, the City adopted the following new accounting principle(s):

 Statement No. 100, "Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62." The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2024. 2. 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 by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2024.

The adoption of this Statement resulted in the recognition of additional liabilities for compensated absences. The cumulative effect of the accounting change increased liabilities and beginning net position by \$368,673 and \$17,568 in the governmental and business-type activities respectively as of the beginning of fiscal year 2024. The restatements of beginning net position are as follows:

	Governmental Activities	Business-type Activities	Total
Net position, beginning of year,			
As previously reported	\$ 64,251,582	\$ 47,825,238	\$112,076,820
Adoption of GASB 101	368,673	17,568	386,241
Net position, beginning of year			
As Restated	\$ 64,620,255	\$ 47,842,806	\$112,463,061

#### R. Change in financial reporting entity

1. The special revenue fund, Coronavirus, was previously reported as a major governmental fund and is now reported as a non-major fund. The change in classification is required based on quantitative factors.

#### S. New Governmental Accounting Standards Board Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following statement(s):

- 1. Statement No. 102, "Certain Risk Disclosures." The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of Statement No. 102 are effective for fiscal years beginning after June 15, 2024.
- 2. Statement No. 103, "Financial Reporting Model Improvements." The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accounting. The requirements of Statement No. 103 are effective for fiscal years beginning after June 15, 2025.
- 3. Statement No. 104, "Disclosure of Certain Capital Assets." The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of Statement No. 104 are effective for fiscal years beginning after June 15, 2025.

Earlier application of these statements is encouraged.

#### II. Stewardship, compliance, and accountability

#### A. <u>Use of estimates</u>

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) as applied to governmental units requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### III. Detailed notes on all funds

#### A. <u>Deposits and investments</u>

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act or PFIA) authorizes the City of Harker Heights to invest its funds in compliance with a written investment policy approved by the City Council and governed by the preservation and safety of principal, liquidity, and yield. The investment policy defines what the City may invest in and may exclude certain investment instruments allowed under Chapter 2256 of the Texas Government Code.

The City's deposits and investments are invested pursuant to its investment policy which is approved and adopted by the City Council annually. The investment policy includes a list of authorized investment instruments and a maximum allowable stated maturity of any individual investment. In addition, it includes an "investment strategy statement" that specifically addresses each fund's investment strategy and maximum maturity of each fund's individual investments.

The Finance Director submits an investment report each quarter to the City Council. The report details the investment position of the City and the compliance of the investment portfolio as it relates to the investment policy and Texas State law.

The City is authorized to invest in the following investment instruments provided they meet the guidelines of the investment policy:

- 1. Obligations, including letters of credit, of the United States or its agencies and instrumentalities including the Federal Home Loan Banks.
- 2. Direct obligations of the State of Texas or its respective agencies and instrumentalities.
- 3. Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.
- 4. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities.
- 5. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm of not less than "A" or its equivalent.
- 6. Interest bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Share Insurance Fund or their successors.
- 7. Interest bearing banking deposits, other than those above, which are invested through a broker or depository institution.
- 8. A certificate of deposit or share certificate issued by a deposit institution that is guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Share Insurance Fund.
- 9. A certificate of deposit or share certificate that is invested through a broker who utilizes a federally insured depository institution for the account of the City and who is on the list of broker / dealers adopted by the City Council.
- 10. Money Market Mutual Funds registered with and regulated by the Securities and Exchange Commission that fully invest dollar-for-dollar all the City's funds without sales commissions or loads.
- 11. Investment pools authorized by resolution by the City Council.

Under the City's investment policy, the City may not invest in repurchase agreements, collateralized mortgage obligations, cryptocurrency, and any other investment instrument that is not specifically listed as an authorized investment.

The City invests in certificates of deposit at local banking institutions as well as through authorized broker / dealers. Investments made through broker / dealers are in increments of less than the FDIC insurance maximum to ensure that both principal and interest are eligible for full FDIC insurance coverage. Certificates at local institutions are included with any applicable bank balances in determining collateral requirements.

The City invests in Texas Short Term Asset Reserve (TexSTAR) Cash Reserve Fund, a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. TexSTAR is co-administered by Hilltop Securities Inc. and J.P. Morgan Investment Management Inc. (JPMIM) and governed by a board of directors. The objective of the TexSTAR Cash Reserve Fund is to invest pooled assets in a manner that provides preservation and safety of principal, competitive investment returns, and daily liquidity. The weighted average maturity to reset (WAM(R) of the pool's assets is limited to 60 days or less while the weighted average to final maturity (WAM(F)) is limited to 120 days or less. TexSTAR was rated "AAAm" by Standard & Poor's Global.

The City invests in Texas Cooperative Liquid Assets Securities System (Texas CLASS), a local government investment pool created for local government entities and seeks to provide safety, liquidity, convenience, and competitive rates of return. Texas CLASS is administered by Public Trust Advisors, LLC who also serves as investment adviser. The pool is subject to the general supervision of the Board of Trustees and Advisory Board. Portfolio securities rated in the highest rating category by one or more nationally recognized statistical ratings organizations and are priced to market on a daily basis. The portfolio's weighted average maturity (WAM) is kept under 60 days further helping to enhance liquidity and limiting market price exposure. Texas CLASS was rated "AAAm" by Standard & Poor's Global.

The City invests in Lone Star Investment Pool – Government Overnight Fund, one of three Texas public investment funds within the Lone Star Investment Pool. The Pool was created pursuant to the Interlocal Cooperation Act of the State of Texas as an investment vehicle for cities, counties, school districts, institutions of higher education, and other public entities. First Public, LLC provides administrative and distribution services and State Street Bank acts as custodian for all pool assets. Lone Star's objectives are to maintain a stable \$1.00 per share net asset value (NAV), to maintain sufficient liquidity, and to maximize the fund's rate of return. The pool's investment guidelines help ensure a stable NAV by limiting the portfolio exposure to significant market price fluctuations that can occur during periods of volatile interest rate movements. Their aim is to maintain a dollar weighted average maturity to reset (WAM(R) of 60 days or less with a maximum maturity for each security of 13 months. Lone Star Investment Pool – Government Overnight Fund was received a rating of "AAAm" from Standard & Poor's Global.

*Credit risk*. Generally, credit risk is the risk that an issuer or other counterparty will not fulfill its obligations. The City controls such risk by investing in compliance with its investment policy, qualifying the broker and financial institutions with whom the City transacts with, portfolio diversification, and limiting maturity.

Custodial credit risk for deposits. The custodial credit risk for deposits is the risk in the event of a bank failure that the City's deposits may not be returned, or the City will not be able to recover collateral securities in the possession of an outside party. The City's investment policy requires that all deposits in financial institutions be fully collateralized by the Federal Deposit Insurance Corporation or Letter of Credit. At September 30, 2024, the carrying amount of the City's bank deposits was \$16,430,744, and the respective bank balances totaled \$16,482,624. Of the bank balances, \$289,790 was covered by FDIC. Collateral for the bank balances and certificates of deposit balances over the FDIC amount consisted of securities with a fair value of \$16,504,097 at September 30, 2024.

Custodial credit risk for investments. The custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To limit its exposure, the City's investment policy requires that all security transactions that are exposed to custodial credit risk be processed on a delivery versus payment basis with the underlying investments held by a third party acting as the City's agent, separate from where the investment was purchased, in the City's name.

Concentration of credit risk. The concentration of credit risk is the risk of loss that may be caused by investing in a single issuer. The City's investment policy limits the investment in one agency to not more than 50% to limit this risk.

Interest rate risk. Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The City's investment policy provides that, to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, single issue, or in individual class of securities. The City may not invest more than 20% of the investment portfolio for a period greater than one year. As of September 30, 2024, the City of Harker Heights had the following investments:

	Carrying Value		
Investment Type	Governmental Activities	Business-Type Activities	Investment Matures in Less than 1 year
Negotiable CDs	\$ 1,655,386		\$ 1,655,386
Investment pools	17,204,482	2,864,661	20,069,143
Total investments	\$ 18,859,868	\$ 2,864,661	\$ 21,724,529

Fair value of investment. The city measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets;
  - Valued using prices quoted in active markets
- Level 2: Observable inputs other than those in Level 1; and
  - o Debt securities valued based on price data obtained from broker / dealers and / or pricing vendors
  - o Equity securities valued using fair value per share for each fund
  - Certificates of deposit valued using broker quotes that utilize observable market inputs
- Level 3: Unobservable inputs.
  - Valued or priced using the last trade price or estimated using recent trade prices due to limited trade information

As of September 30, 2024, the City had the following recurring fair value measurements:

Investment Type	Level 1
Negotiable CDs	\$ 1,665,386
Total certificates of deposits	\$ 1,665,386

A reconciliation of cash investments as shown on the Statement of Net Position for the City is shown below:

Cash on hand Carrying amount of deposits Carrying amount of investments	\$ 1,798 16,430,744 21,724.529
Total cash and investments	\$ 38,157,071
Cash	\$ 11,885,085
Restricted cash	4,547,457
Investments – short-term	16,149,390
Investments – long-term	
Restricted investments – short-term	5,575,139
Restricted investments – long-term	
Total cash and investments	\$ 38,157,071

#### B. Receivables

Receivables at September 30, 2024, for the City's individual major and nonmajor governmental funds, including the applicable allowances for uncollectible accounts, consist of the following:

		Capital	Debt	Hotel /	Total
	General	Projects	Service	Motel	Governmental
Receivables	_				
Property taxes	\$ 272,563		\$ 72,890		\$ 345,453
Sales taxes	1,953,463				1,953,463
Accounts	500,307			55,540	555,847
Ambulance	801,710				801,710
Court fines	1,983,331				1,983,331
Interest	99				99
Intergovernmental	17,251		12,369		29,620
Miscellaneous		15,000			15,000
Gross receivables	5,528,724	15,000	85,259	55,540	5,684,523
Less: allowance for					
uncollectibles	2,307,390		46,799		2,354,189
Net receivables	\$3,221,334	\$15,000	\$ 38,460	\$ 55,540	\$ 3,330,334

The intergovernmental amount of \$17,251 in the general fund is for the reimbursable expenses incurred for grants during the 2024 fiscal year whose funding is expected to be received within the next year. Also, approximately \$1,388,332 of the outstanding balance of court fines receivable is not anticipated to be collected within the next year.

Receivables at September 30, 2024, for the City's business-type funds, including the applicable allowances for uncollectible accounts, consist of the following:

	Water and Sewer	Sanitation	Drainage Utility	Total Business-Type
Receivables		<u> </u>		<u> </u>
Accounts	\$1,358,502	\$ 261,743	\$86,740	\$1,706,985
Special				
assessments	13,393			13,393
Gross receivables	1,371,895	261,743	86,740	1,720,378
Less: allowance for				
uncollectibles	48,078	1,518	1,149	50,745
Net receivables	\$ 1,323,817	\$ 260,225	\$ 85,591	\$1,669,633

The enterprise funds (Water and Sewer, Sanitation, and Drainage Utility) allowance for uncollectibles is \$50,745 and is related to charges for services.

## C. Capital Assets

Capital assets activity for the year ended September 30, 2024, was as follows:

Capital assets, not depreciated:		Balance 10/01/2023	Additions	Deletions	Balance 09/30/2024
	Governmental Activities:				
Construction in progress	Capital assets, not depreciated:				
Total capital assets, being depreciated	Land	\$ 15,743,073			\$ 15,743,073
Capital assets, being depreciated   Buldings   35,007,982   61,852   25,069,834   Improv other than buildings   358,343   35	Construction in progress	545,884	1,941,113	(1,839,224)	647,773
Buildings	Total capital assets, not depreciated:	16,288,957	1,941,113	(1,839,224)	16,390,846
Machinery and equipment   8,894,929   357,554   (25,826)   9,226,657	Capital assets, being depreciated				
Machinery and equipment         8,849,299         337,554         (25,826)         9,226,657           Lease assets - equipment         18,402         24,538         42,938         42,938         38,4144         (6,412)         518,671           Vehicles         7,828,324         710,927         (791,736)         7,747,515         518,671           Vehicles         1,233,381         322,973         (673)         1,555,581           Street, drainage improvements         50,746,111         1,275,294         62,021,405           Total capital assets, depreciated         94,518,411         1,287,294         632,640,40         52,021,405           Total capital depreciation for:         8,000         1,097,468         1,15,012,050         1,15	Buildings	25,007,982	61,852		25,069,834
Lesse assets - equipment         18,402         24,536         4,203           Subscription assets         430,939         94,144         (6,412)         518,671           Vehicles         7,828,324         710,927         (791,736)         7,74,715           Furniture and fixtures         1,233,381         322,973         (673)         1,555,681           Street, drainage improvements         50,746,111         1,275,294         622,01,005           Total capital assets, depreciation for:         824,7280         (824,647)         96,541,044           Less accumulated depreciation for:         821,007,468         (15,012,050)         10,007,468         (15,012,050)           Improv other than buildings         (217,755)         (30,257)         (248,012)         (48,012)           Machinery and equipment         (6,871,558)         (516,000)         25,736         (7,818,022)           Lesse assets - equipment         (9,230)         (9,772)         (10,002)           Subscription assets         (144,682)         (196,258)         726,008         (48,500,656)           Furniture and fixtures         (1,122,448)         (13,688)         673         (11,45,163)           Street, drainage improvements         (11,27,450)         (1,185,346)         72,200         <	Improv other than buildings	358,343			358,343
Subscirption assets         430,939         94,144         (6,412)         518,671           Vehicles         7,828,324         710,927         (791,736)         7,747,515           Furniture and fixtures         1,233,381         322,973         (673)         1,555,681           Street, drainage improvements         50,746,111         1,287,294         620,21,405         52,021,405           Street, drainage improvements         50,746,111         1,287,294         (824,647)         96,541,044           Less accumulated depreciation for:         Buildings         (13,914,582)         (1,097,468)         (15,012,050)           Improv other than buildings         (217,755)         (30,257)         (248,012)           Machinery and equipment         (6,871,558)         (516,000)         25,736         (7,361,822)           Lease assets - equipment         (9,230)         (9,772)         (19,002)           Subscription assets         (14,4682)         (196,588)         673         (11,409,40)           Vehicles         (5,019,084)         (556,980)         726,008         (4,850,066)           Furniture and fixtures         (11,321,489)         (1,368)         673         (1,145,63)           Street, drainage improvements         (11,278,450)         (1,185,346)	Machinery and equipment	8,894,929	357,554	(25,826)	9,226,657
Vehicles	Lease assets - equipment	18,402	24,536		42,938
Furniture and fixtures	Subscription assets	430,939	94,144	(6,412)	518,671
Street, drainage improvements         50,746,111         1,275,294         52,021,405           Total capital assets, depreciated         94,518,411         2,847,280         (824,647)         96,541,044           Less accumulated depreciation for:         Buildings         (13,914,582)         (10,97,468)         (15,012,050)           Improv other than buildings         (217,755)         (30,257)         (248,012)           Machinery and equipment         (6,871,558)         (516,000)         25,736         (7,361,822)           Lease assets - equipment         (9,230)         (9,772)         (19,002)           Subscription assets         (144,682)         (196,258)         3(30,940)           Vehicles         (5,019,084)         (556,980)         726,008         (4,850,056)           Furniture and fixtures         (1,132,148)         (13,688)         673         (1,146,163)           Street, drainage improvements         (11,274,450)         (11,185,346)         (12,463,796)           Total accumulated depreciation         (38,587,489)         (3,505,769)         752,417         (41,40,841)           Total capital assets, being depreciated net         55,330,922         (758,489)         (72,230)         55,100,203           Total capital assets, not depreciated         5,691,659	Vehicles	7,828,324	710,927	(791,736)	7,747,515
Total capital assets, depreciated	Furniture and fixtures	1,233,381	322,973	(673)	1,555,681
Buildings	Street, drainage improvements	50,746,111	1,275,294		52,021,405
Buildings   (13,914,582)   (1,097,468)   (15,012,050)   Improv other than buildings   (217,755)   (30,257)   (248,012)   (24	Total capital assets, depreciated	94,518,411	2,847,280	(824,647)	96,541,044
Improv other than buildings   (217,755)   (30,257)   (248,012)   Machinery and equipment   (6,871,558)   (516,000)   25,736   (7,361,822)   (19,002)   (19,002)   (19,002)   (19,002)   (19,002)   (19,002)   (196,258)   (340,940)   (196,258)   (340,940)   (196,258)   (340,940)   (196,258)   (1	Less accumulated depreciation for:				
Machinery and equipment         (6,871,558)         (516,000)         25,736         (7,361,822)           Lease assets - equipment         (9,230)         (9,772)         (19,002)           Subscription assets         (144,882)         (196,258)         (340,940)           Vehicles         (5,019,084)         (556,980)         726,008         (4,850,056)           Furniture and fixtures         (1,132,148)         (13,688)         673         (1,145,163)           Street, drainage improvements         (11,278,450)         (1,185,346)         (12,483,796)           Total accumulated depreciation         (38,587,489)         (3,605,769)         752,417         (41,440,841)           Total capital assets, being depreciated net         55,930,922         (758,489)         (72,230)         55,100,203           Total net governmental activities         \$72,219,879         \$1,182,624         \$(1,911,454)         \$71,491,049           Business-Type Activities:           Capital assets, being depreciated:           Land         \$292,236         \$2,574,94         \$2,500,045)         3,465,826           Total capital assets, being depreciated         \$5,691,659         3,768,448         (5,702,045)         3,758,062           Capital assets, being depreciated         \$2,62	Buildings	(13,914,582)	(1,097,468)		(15,012,050)
Lease assets - equipment	Improv other than buildings	(217,755)	(30,257)		(248,012)
Subscription assets         (144,682)         (196,258)         (340,940)           Vehicles         (5,019,084)         (556,980)         726,008         (4,850,056)           Furniture and fixtures         (1,132,148)         (13,688)         673         (1,145,163)           Street, drainage improvements         (11,278,450)         (1,185,346)         (12,463,796)           Total accumulated depreciation         (38,587,489)         (3,605,769)         752,417         (41,40,841)           Total capital assets, being depreciated net         55,930,922         (758,489)         (72,230)         55,100,203           Total net governmental activities         \$72,219,879         \$1,182,624         \$(1,911,454)         \$71,491,049           Business-Type Activities:           Capital assets, not depreciated:           Land         \$292,236         \$292	Machinery and equipment	(6,871,558)	(516,000)	25,736	(7,361,822)
Vehicles         (5,019,084)         (556,980)         726,008         (4,850,056)           Furniture and fixtures         (1,132,148)         (13,688)         673         (1,145,163)           Street, drainage improvements         (11,278,450)         (1,185,346)         (12,463,796)           Total accumulated depreciation         (38,587,489)         (3,605,769)         752,417         (41,440,841)           Total capital assets, being depreciated net         55,930,922         (758,489)         (72,230)         55,100,203           Total net governmental activities         \$72,219,879         \$1,182,624         \$(1,911,454)         \$71,491,049           Business-Type Activities:           Capital assets, not depreciated:           Land         \$292,236         \$(5,702,045)         3,465,826           Construction in progress         5,399,423         3,768,448         (5,702,045)         3,465,826           Total capital assets, being depreciated         5,691,659         3,768,448         (5,702,045)         3,758,062           Total capital assets, being depreciated:         3,257,749         3,257,749         3,257,749         3,257,749         3,257,749         4,812,533         4,812,533         4,812,533         4,812,533         4,812,53	Lease assets - equipment	(9,230)	(9,772)		(19,002)
Furniture and fixtures	Subscription assets	(144,682)	(196,258)		(340,940)
Street, drainage improvements         (11,278,450)         (1,185,346)         (12,463,796)           Total accumulated depreciation         (38,587,489)         (3,605,769)         752,417         (41,440,841)           Total capital assets, being depreciated net         55,930,922         (758,489)         (72,230)         55,100,203           Total net governmental activities         \$72,219,879         \$1,182,624         \$(1,911,454)         \$71,491,049           Business-Type Activities:           Capital assets, not depreciated:         \$292,236		(5,019,084)	(556,980)	726,008	(4,850,056)
Total accumulated depreciation   (38,587,489)   (3,605,769)   752,417   (41,440,841)     Total capital assets, being depreciated net   55,930,922   (758,489)   (72,230)   55,100,203     Total net governmental activities   \$72,219,879   \$1,182,624   \$(1,911,454)   \$71,491,049      Business-Type Activities:	Furniture and fixtures	(1,132,148)	(13,688)	673	(1,145,163)
Total capital assets, being depreciated net   55,930,922   (758,489)   (72,230)   55,100,203	Street, drainage improvements	(11,278,450)	(1,185,346)		(12,463,796)
Business-Type Activities:         \$72,219,879         \$1,182,624         \$(1,911,454)         \$71,491,049           Capital assets, not depreciated:         \$292,236         \$292,236         \$292,236         \$292,236         \$292,236         \$292,236         \$292,236         \$292,236         \$292,236         \$292,236         \$292,236         \$3,465,826         \$3,465,826         \$3,465,826         \$3,658,448         (5,702,045)         \$3,465,826         \$3,758,062         \$3,758,062         \$3,758,062         \$3,758,062         \$3,257,749	Total accumulated depreciation	(38,587,489)	(3,605,769)	752,417	(41,440,841)
Business-Type Activities:           Capital assets, not depreciated:         \$ 292,236         \$ 292,236           Construction in progress         5,399,423         3,768,448         (5,702,045)         3,465,826           Total capital assets, not depreciated         5,691,659         3,768,448         (5,702,045)         3,758,062           Capital assets, being depreciated:         8011dings and lift stations         3,257,749         \$ 24,872         24,872           Buildings and lift stations         3,567,690         1,244,843         4,812,533         4,812,533           Vehicles         881,536         231,302         (281,178)         831,660           Furniture and fixtures         10,779         10,779         10,779           Water, sewer, drainage systems         61,120,986         4,562,836         65,683,822           Total capital assets, depreciated         68,863,612         6,038,981         (281,178)         74,621,415           Less accumulated depreciation for:         801,000         (79,328)         (281,178)         74,621,415           Less accumulated depreciation for:         801,000         (79,328)         (21,073,389)         (21,073,389)           Improv other than buildings         (24,872)         (24,872)         (24,872)         (24,872)	Total capital assets, being depreciated net	55,930,922	(758,489)	(72,230)	55,100,203
Capital assets, not depreciated:         \$ 292,236         \$ 292,236           Construction in progress         5,399,423         3,768,448         (5,702,045)         3,465,826           Total capital assets, not depreciated         5,691,659         3,768,448         (5,702,045)         3,465,826           Capital assets, being depreciated:         8         3,257,749         \$ 3,257,749         \$ 3,257,749           Buildings and lift stations         3,257,749         \$ 24,872         \$ 24,872         \$ 24,872           Machinery and equipment         3,567,690         1,244,843         \$ 831,660         \$ 815,336         \$ 231,302         (281,178)         831,660           Furniture and fixtures         10,779         \$ 10,7	Total net governmental activities	\$ 72,219,879	\$ 1,182,624	\$ (1,911,454)	\$71,491,049
Land         \$ 292,236         \$ 292,236           Construction in progress         5,399,423         3,768,448         (5,702,045)         3,465,826           Total capital assets, not depreciated         5,691,659         3,768,448         (5,702,045)         3,758,062           Capital assets, being depreciated:         8         8         5,691,659         3,768,448         (5,702,045)         3,758,062           Buildings and lift stations         3,257,749         8         3,257,749         1,244,843         4,812,533           Machinery and equipment         3,567,690         1,244,843         281,178)         831,660           Furniture and fixtures         10,779         2         (281,178)         831,660           Furniture and fixtures         10,779         4,562,836         65,683,822           Total capital assets, depreciated         68,863,612         6,038,981         (281,178)         74,621,415           Less accumulated depreciation for:         8         8         1,0779         281,178         (2,107,389)           Improv other than buildings         (2,4872)         (2,4872)         (2,4872)         (2,4872)           Machinery and equipment         (2,742,206)         (193,560)         (2,935,766)           Vehicles	Business-Type Activities:				
Construction in progress         5,399,423         3,768,448         (5,702,045)         3,465,826           Total capital assets, not depreciated         5,691,659         3,768,448         (5,702,045)         3,758,062           Capital assets, being depreciated:         Buildings and lift stations         3,257,749         3,257,749           Improv other than buildings         24,872         24,872           Machinery and equipment         3,567,690         1,244,843         4,812,533           Vehicles         881,536         231,302         (281,178)         831,660           Furniture and fixtures         10,779         10,779         Water, sewer, drainage systems         61,120,986         4,562,836         (281,178)         74,621,415           Less accumulated depreciation for:         Buildings and lift stations         (2,028,061)         (79,328)         (281,178)         74,621,415           Less accumulated depreciation for:         Buildings and lift stations         (2,028,061)         (79,328)         (281,178)         (2,107,389)           Improv other than buildings         (24,872)         (24,872)         (24,872)           Machinery and equipment         (2,742,206)         (193,560)         (2935,766	Capital assets, not depreciated:				
Total capital assets, not depreciated         5,691,659         3,768,448         (5,702,045)         3,758,062           Capital assets, being depreciated:         801         3,257,749         3,257,749         3,257,749           Improv other than buildings         24,872         24,872         24,872           Machinery and equipment         3,567,690         1,244,843         4,812,533           Vehicles         881,536         231,302         (281,178)         831,660           Furniture and fixtures         10,779         10,779         10,779           Water, sewer, drainage systems         61,120,986         4,562,836         65,683,822           Total capital assets, depreciated         68,863,612         6,038,981         (281,178)         74,621,415           Less accumulated depreciation for:         80,120,966         10,793,389         10,779         10,773,389           Improv other than buildings         (2,028,061)         (79,328)         (2,107,389)         (2,107,389)           Improv other than buildings         (24,872)         (24,872)         (24,872)           Machinery and equipment         (2,742,206)         (193,560)         (2,935,766)           Vehicles         (725,387)         (83,039)         281,178         (527,248)	Land	\$ 292,236			\$ 292,236
Capital assets, being depreciated:         Buildings and lift stations       3,257,749         Improv other than buildings       24,872         Machinery and equipment       3,567,690       1,244,843       4,812,533         Vehicles       881,536       231,302       (281,178)       831,660         Furniture and fixtures       10,779       10,779       10,779         Water, sewer, drainage systems       61,120,986       4,562,836       65,683,822         Total capital assets, depreciated       68,863,612       6,038,981       (281,178)       74,621,415         Less accumulated depreciation for:       80,038,981       (281,178)       (2,107,389)         Improv other than buildings       (24,872)       (24,872)       (24,872)         Machinery and equipment       (2,742,206)       (193,560)       (2,935,766)         Vehicles       (725,387)       (83,039)       281,178       (527,248)         Furniture and fixtures       (10,779)	Construction in progress	5,399,423	3,768,448	(5,702,045)	3,465,826
Buildings and lift stations       3,257,749       3,257,749         Improv other than buildings       24,872       24,872         Machinery and equipment       3,567,690       1,244,843       4,812,533         Vehicles       881,536       231,302       (281,178)       831,660         Furniture and fixtures       10,779       10,779       10,779         Water, sewer, drainage systems       61,120,986       4,562,836       65,683,822         Total capital assets, depreciated       68,863,612       6,038,981       (281,178)       74,621,415         Less accumulated depreciation for:       80,038,981       (281,178)       74,621,415       10,779       10,773,389       10,773,	Total capital assets, not depreciated	5,691,659	3,768,448	(5,702,045)	3,758,062
Improv other than buildings         24,872         24,872           Machinery and equipment         3,567,690         1,244,843         4,812,533           Vehicles         881,536         231,302         (281,178)         831,660           Furniture and fixtures         10,779         10,779         10,779           Water, sewer, drainage systems         61,120,986         4,562,836         65,683,822           Total capital assets, depreciated         68,863,612         6,038,981         (281,178)         74,621,415           Less accumulated depreciation for:         81idings and lift stations         (2,028,061)         (79,328)         (2,107,389)           Improv other than buildings         (24,872)         (24,872)         (24,872)           Machinery and equipment         (2,742,206)         (193,560)         (2,935,766)           Vehicles         (725,387)         (83,039)         281,178         (527,248)           Furniture and fixtures         (10,779)         (10,779)           Water, sewer, drainage systems         (17,272,478)         (1,091,120)         (18,363,598)           Total accumulated depreciation         (22,803,783)         (1,447,047)         281,178         (23,969,652)           Total capital assets, being depreciated net         \$46,059,829	Capital assets, being depreciated:				
Machinery and equipment         3,567,690         1,244,843         4,812,533           Vehicles         881,536         231,302         (281,178)         831,660           Furniture and fixtures         10,779         10,779           Water, sewer, drainage systems         61,120,986         4,562,836         65,683,822           Total capital assets, depreciated         68,863,612         6,038,981         (281,178)         74,621,415           Less accumulated depreciation for:         81idings and lift stations         (2,028,061)         (79,328)         (2,107,389)           Improv other than buildings         (24,872)         (24,872)         (24,872)           Machinery and equipment         (2,742,206)         (193,560)         (2,935,766)           Vehicles         (725,387)         (83,039)         281,178         (527,248)           Furniture and fixtures         (10,779)         (10,779)         (10,779)           Water, sewer, drainage systems         (17,272,478)         (1,091,120)         (18,363,598)           Total accumulated depreciation         (22,803,783)         (1,447,047)         281,178         (23,969,652)           Total capital assets, being depreciated net         \$46,059,829         \$4,591,934         \$50,651,763	Buildings and lift stations	3,257,749			3,257,749
Vehicles         881,536         231,302         (281,178)         831,660           Furniture and fixtures         10,779         10,779           Water, sewer, drainage systems         61,120,986         4,562,836         65,683,822           Total capital assets, depreciated         68,863,612         6,038,981         (281,178)         74,621,415           Less accumulated depreciation for:         80,038,981         (281,178)         74,621,415           Buildings and lift stations         (2,028,061)         (79,328)         (2,107,389)           Improv other than buildings         (24,872)         (24,872)         (24,872)           Machinery and equipment         (2,742,206)         (193,560)         (2,935,766)           Vehicles         (725,387)         (83,039)         281,178         (527,248)           Furniture and fixtures         (10,779)         (10,779)         (10,779)           Water, sewer, drainage systems         (17,272,478)         (1,091,120)         (18,363,598)           Total accumulated depreciation         (22,803,783)         (1,447,047)         281,178         (23,969,652)           Total capital assets, being depreciated net         \$46,059,829         \$4,591,934         \$50,651,763	Improv other than buildings	24,872			24,872
Furniture and fixtures         10,779         10,779           Water, sewer, drainage systems         61,120,986         4,562,836         65,683,822           Total capital assets, depreciated         68,863,612         6,038,981         (281,178)         74,621,415           Less accumulated depreciation for:         Buildings and lift stations         (2,028,061)         (79,328)         (2,107,389)           Improv other than buildings         (24,872)         (24,872)         (24,872)           Machinery and equipment         (2,742,206)         (193,560)         (2,935,766)           Vehicles         (725,387)         (83,039)         281,178         (527,248)           Furniture and fixtures         (10,779)         (10,779)         (10,779)           Water, sewer, drainage systems         (17,272,478)         (1,091,120)         (18,363,598)           Total accumulated depreciation         (22,803,783)         (1,447,047)         281,178         (23,969,652)           Total capital assets, being depreciated net         \$46,059,829         \$4,591,934         \$50,651,763	Machinery and equipment	3,567,690	1,244,843		4,812,533
Water, sewer, drainage systems         61,120,986         4,562,836         65,683,822           Total capital assets, depreciated         68,863,612         6,038,981         (281,178)         74,621,415           Less accumulated depreciation for:         Buildings and lift stations         (2,028,061)         (79,328)         (2,107,389)           Improv other than buildings         (24,872)         (24,872)         (24,872)           Machinery and equipment         (2,742,206)         (193,560)         (2,935,766)           Vehicles         (725,387)         (83,039)         281,178         (527,248)           Furniture and fixtures         (10,779)         (10,779)         (10,779)         (18,363,598)           Total accumulated depreciation         (22,803,783)         (1,447,047)         281,178         (23,969,652)           Total capital assets, being depreciated net         \$46,059,829         \$4,591,934         \$50,651,763	Vehicles	881,536	231,302	(281,178)	831,660
Total capital assets, depreciated         68,863,612         6,038,981         (281,178)         74,621,415           Less accumulated depreciation for:         Buildings and lift stations         (2,028,061)         (79,328)         (2,107,389)           Improv other than buildings         (24,872)         (24,872)         (24,872)           Machinery and equipment         (2,742,206)         (193,560)         (2,935,766)           Vehicles         (725,387)         (83,039)         281,178         (527,248)           Furniture and fixtures         (10,779)         (10,779)         (10,779)           Water, sewer, drainage systems         (17,272,478)         (1,091,120)         (18,363,598)           Total accumulated depreciation         (22,803,783)         (1,447,047)         281,178         (23,969,652)           Total capital assets, being depreciated net         \$46,059,829         \$4,591,934         \$50,651,763	Furniture and fixtures	10,779			10,779
Less accumulated depreciation for:         Buildings and lift stations       (2,028,061)       (79,328)       (2,107,389)         Improv other than buildings       (24,872)       (24,872)         Machinery and equipment       (2,742,206)       (193,560)       (2,935,766)         Vehicles       (725,387)       (83,039)       281,178       (527,248)         Furniture and fixtures       (10,779)       (10,779)       (10,779)         Water, sewer, drainage systems       (17,272,478)       (1,091,120)       (18,363,598)         Total accumulated depreciation       (22,803,783)       (1,447,047)       281,178       (23,969,652)         Total capital assets, being depreciated net       \$46,059,829       \$4,591,934       \$50,651,763	Water, sewer, drainage systems	61,120,986	4,562,836		65,683,822
Buildings and lift stations         (2,028,061)         (79,328)         (2,107,389)           Improv other than buildings         (24,872)         (24,872)           Machinery and equipment         (2,742,206)         (193,560)         (2,935,766)           Vehicles         (725,387)         (83,039)         281,178         (527,248)           Furniture and fixtures         (10,779)         (10,779)         (10,779)           Water, sewer, drainage systems         (17,272,478)         (1,091,120)         (18,363,598)           Total accumulated depreciation         (22,803,783)         (1,447,047)         281,178         (23,969,652)           Total capital assets, being depreciated net         \$46,059,829         \$4,591,934         \$50,651,763	Total capital assets, depreciated	68,863,612	6,038,981	(281,178)	74,621,415
Improv other than buildings         (24,872)         (24,872)           Machinery and equipment         (2,742,206)         (193,560)         (2,935,766)           Vehicles         (725,387)         (83,039)         281,178         (527,248)           Furniture and fixtures         (10,779)         (10,779)         (10,779)           Water, sewer, drainage systems         (17,272,478)         (1,091,120)         (18,363,598)           Total accumulated depreciation         (22,803,783)         (1,447,047)         281,178         (23,969,652)           Total capital assets, being depreciated net         \$46,059,829         \$4,591,934         \$50,651,763	Less accumulated depreciation for:				
Machinery and equipment       (2,742,206)       (193,560)       (2,935,766)         Vehicles       (725,387)       (83,039)       281,178       (527,248)         Furniture and fixtures       (10,779)       (10,779)       (10,779)         Water, sewer, drainage systems       (17,272,478)       (1,091,120)       (18,363,598)         Total accumulated depreciation       (22,803,783)       (1,447,047)       281,178       (23,969,652)         Total capital assets, being depreciated net       \$46,059,829       \$4,591,934       \$50,651,763	Buildings and lift stations	(2,028,061)	(79,328)		(2,107,389)
Vehicles         (725,387)         (83,039)         281,178         (527,248)           Furniture and fixtures         (10,779)         (10,779)         (10,779)           Water, sewer, drainage systems         (17,272,478)         (1,091,120)         (18,363,598)           Total accumulated depreciation         (22,803,783)         (1,447,047)         281,178         (23,969,652)           Total capital assets, being depreciated net         \$46,059,829         \$4,591,934         \$50,651,763	Improv other than buildings	(24,872)			(24,872)
Furniture and fixtures         (10,779)         (10,779)           Water, sewer, drainage systems         (17,272,478)         (1,091,120)         (18,363,598)           Total accumulated depreciation         (22,803,783)         (1,447,047)         281,178         (23,969,652)           Total capital assets, being depreciated net         \$46,059,829         \$4,591,934         \$50,651,763	Machinery and equipment	(2,742,206)	(193,560)		(2,935,766)
Water, sewer, drainage systems         (17,272,478)         (1,091,120)         (18,363,598)           Total accumulated depreciation         (22,803,783)         (1,447,047)         281,178         (23,969,652)           Total capital assets, being depreciated net         \$46,059,829         \$4,591,934         \$50,651,763	Vehicles	(725,387)	(83,039)	281,178	(527,248)
Total accumulated depreciation         (22,803,783)         (1,447,047)         281,178         (23,969,652)           Total capital assets, being depreciated net         \$46,059,829         \$4,591,934         \$50,651,763	Furniture and fixtures	(10,779)			(10,779)
Total capital assets, being depreciated net \$46,059,829 \$4,591,934 \$50,651,763	Water, sewer, drainage systems	(17,272,478)	(1,091,120)		(18,363,598)
	Total accumulated depreciation	(22,803,783)	(1,447,047)	281,178	(23,969,652)
Total net business-type activities \$51,751,488 \$8,360,382 \$(5,702,045) \$54,409,825	Total capital assets, being depreciated net	\$ 46,059,829	\$ 4,591,934		\$ 50,651,763
	Total net business-type activities	\$ 51,751,488	\$ 8,360,382	\$ (5,702,045)	\$ 54,409,825

Depreciation expense was charged to the functions/programs of the primary government as follows:

Governmental activities:	
General governmental	\$ 638,913
Public safety	1,162,527
Highways and streets, including depreciation of infrastructure	1,305,420
Culture and recreation	495,721
Economic development and assistance	3,188
Total depreciation expense – governmental activities	\$ 3,605,769
Business-type activities:	_
Water and sewer, drainage utility, and sanitation	\$1,447,047
Total depreciation expense – business-type activities	\$1,447,047

#### D. Defined benefit pension plans

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 Municipal Retirement System (TMRS) and addition to / deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### 1. Texas Municipal Retirement System Plan

#### a. Plan Description

The City of Harker Heights participates as one of 934 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report that can be obtained at tmrs.com.

All eligible employees of the city are required to participate in TMRS.

#### b. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions with interest, the city-financed monetary credits with interest, and their age at retirement and other actuarial factors. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

As an employee with the City, you are vested after five years of service. Members reach retirement eligibility once they are vested and age 60 or they have served twenty years and have reached any age. Employees have a 7% deposit rate, and the City matches that 2 to 1.

At the December 31, 2023, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	129
Inactive employees entitled to but not yet receiving benefits	200
Active employees	216
Total	545

#### c. Contributions

Member contribution rates in TMRS are either 3%, 5%, 6%, or 7% of the Member's total compensation, and the city matching percentages are either 1:1 (1 to 1), 1.5:1 ( $1\frac{1}{2}$  to 1), or 2:1 (2 to 1), both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City of Harker Heights were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the City of Harker Heights were 15.22% and 15.47% in calendar years 2023 and 2024 respectively. The City's contribution to TMRS for the year ended September 30, 2024, was \$2,377,458, and was equal to the required contributions. Typically, the general fund has been used in prior years to liquidate such amounts in the governmental funds.

#### d. Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumption. The Total Pension Liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
-----------	----------------

Overall payroll growth 2.75% per year, adjusted down for population declines, if any Investment Rate of Return 6.75%, net of pension plan investment expense, including

inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110 % of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

Forfeiture rates (withdrawal of Member deposits) for vested members vary by age and employer match and end at first eligibility for retirement. The withdrawal rates for cities with a 2 to 1 match are shown below:

	Percent of	
	Terminating	
	Employees Choosing	
Age	to Take a Refund	
25	37.9%	
30	35.1%	
35	32.3%	
40	29.5%	
45	26.7%	
50	23.9%	
55	21.1%	

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018, to December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of the expected return for each major asset class in fiscal year 2024 are summarized in the following table:

	Target	Long-Term Expected Real
Asset Class	Allocation	Rate of Return (Arithmetic)
Global Public Equity	35.0%	6.7%
Core Fixed Income	6.0%	4.7%
Non-Core Fixed Income	20.0%	8.0%
Other Public and Private Markets	12.0%	8.0%
Real Estate	12.0%	7.6%
Hedge Funds	5.0%	6.4%
Private Equity	10.0%	11.6%
Total	100.0%	

Discount Rate. The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Member 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 Members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Development of Single Discount Rate				
Single Discount Rate	Long-Term Municipal Bond Rate*			
6.75%	6.75%	3.77%		

<sup>\*</sup>The rate is based on the Fidelity 20-Year Municipal GO AA Index daily rate closest to but not later than the Measurement Date.

Changes in Net Pension Liability	Increase (Decrease)		
	Total	Plan	
	Pension	Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a) – (b)
Balance at 12/31/2022	\$71,999,137	\$57,647,537	\$14,351,600
Changes for the year:			
Service Cost	2,507,153		2,507,153
Interest	4,851,485		4,851,485
Difference between expected and actual experience	470,088		470,088
Change in assumptions	(451,128)		(451,128)
Contributions – employer		2,245,961	(2,245,961)
Contributions – employee		1,032,965	(1,032,965)
Net investment income		6,680,422	(6,680,422)
Benefit payments, incl. refunds of employee	(2,757,728)	(2,757,728)	
contributions			
Administrative expense		(42,446)	42,446
Other changes		(297)	297
Net changes	4,619,870	7,158,877	(2,539,007)
Balance at 12/31/2023	\$76,619,007	\$64,806,414	\$11,812,593

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the Net Pension Liability of the city, calculated using the discount rate of 6.75%, as well as what the city's Net Pension Liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage higher (7.75%) than the current rate:

			1% Increase in
	1% Decrease in	Discount Rate	Discount Rate
	Discount Rate (5.75%)	(6.75%)	(7.75%)
City's Net Pension Liability	\$23,778,539	\$11,812,593	\$2,149,674

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position by Participating City. That report may be obtained at tmrs.com.

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

For the year ended September 30, 2024, the city recognized pension expense of \$2,494,408.

At September 30, 2024, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred	Deferred
	Outflows of	Inflows of
	Resources	Resources
Difference between expected and actual economic experience	\$ 874,145	\$ (8,562)
Changes in actuarial assumptions		(333,646)
Difference between projected and actual investment earnings	1,518,073	
Contributions subsequent to the measurement date	1,749,153	
Total	\$ 4,141,371	\$ (342,208)

Deferred outflows of resources of \$1,749,153 related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:		
2025	\$ 775,520	
2026	656,736	
2027	1,175,595	
2028	(557,841)	
Total	\$ 2,050,010	

Additional schedules can be found in the required supplementary information section on pages 77-80.

#### 2. Supplemental Death Benefits Plan

#### a. Plan Description

The Texas Municipal Retirement System (TMRS) administers an optional death benefit plan, the Supplemental Death Benefits Fund (SDBF), which operates like a group-term life insurance plan. This is a voluntary program in which participating member cities elect, by ordinance, to provide supplemental death benefits for their active Members with optional coverage for their retirees. The death benefit for active Members provides a lump-sum payment approximately equal to the Member's annual salary (calculated based on the Member's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded, single-employer OPEB plan (i.e., no assets are accumulated).

The participating city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. As such, contributions fund the covered active Member and retiree deaths on a pay-as-you-go basis. Typically, the general fund has been used in prior years to liquidate such amounts in the governmental funds.

#### b. Benefits Provided

TMRS will pay an employee's designated beneficiary or estate a benefit approximately equal to their current annual salary plus any retirement benefits due if they pass away while employed with the city. If an employee retires with TMRS, a supplemental death benefit in the amount of \$7,500 will be paid upon their death in addition to any remaining retirement benefits.

At the December 31, 2023, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	100
Inactive employees entitled to but not yet receiving benefits	68
Active employees	216
Total	384

#### c. Contributions

	Total SDB	Retiree Portion of
Plan /	Contribution	SDB Contribution
Calendar Year	(Rate)	(Rate)
2024	0.25%	0.09%
2023	0.26%	0.09%
2022	0.15%	0.07%
2021	0.15%	0.06%
2020	0.15%	0.02%

Due to the SDBF being considered an unfunded OPEB plan, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

In order to determine the retiree portion of the City's Supplemental Death Benefit Plan contributions (that which is considered OPEB), the City should perform the following calculation:

Total covered payroll \* Retiree portion of SDB contribution (rate)

Consideration should be given to the time period of contributions incurred (i.e. City's fiscal year versus calendar year) to ensure the proper contribution rate is utilized in the above calculation.

#### d. Actuarial Assumptions

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the period from December 31, 2018, to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The discount rate was based on the Fidelity Index's 20-Year Municipal GO AA Index rate as of December 31, 2023.

Inflation	2.50% per y	/ear
Inflation	2.50% per v	/ear
mation	<b>2.00</b> / 0 <b>P</b> 0. <b>)</b>	

Salary increases 3.60% to 11.85% including inflation

Discount rate 3.77% Retirees' share of benefit-related costs \$0

Administrative expenses Paid through the Pension Trust and accounted for

under reporting requirements of GASB Statement No.

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Mortality rates – service retirees 2019 Municipal Retirees of Texas Mortality Tables.

Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021

(with immediate convergence).

Mortality rates – disabled retirees 2

2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the Total OPEB Liability of the city, calculated using the discount rate of 3.77%, as well as what the city's OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.77%) or 1 percentage higher (4.77%) than the current rate:

	1% Decrease in		1% Increase in
	Discount Rate	Discount Rate	Discount Rate
	(2.77%)	(3.77%)	(4.77%)
City's Total OPEB SDB Liability	\$756,966	\$620,703	\$516,526

For the year ended September 30, 2024, the City recognized Supplemental Death OPEB expense of \$20,557. The combined supplemental death benefit OPEB expense and health OPEB expense is \$59,993.

TOTAL OPEB SDB EXPENSE	
Changes for the year:	
Service Cost	\$ 25,086
Interest on total OPEB liability	22,456
Recognition of deferred outflows / inflows of resources:	
Differences between expected and actual experience	(12,308)
Changes in assumptions or other inputs <sup>1</sup>	(14,677)
Total OPEB SDB expense	\$ 20,557

Generally, this will only be the annual change in the municipal bond index rate.

As of the valuation date, total supplemental death benefit OPEB liability was as follows:

TOTAL OPEB SDB LIABILITY		
Balance at 12/31/2022	\$ 548,577	
Changes for the year:		
Service Cost	25,086	
Interest on total OPEB liability	22,456	
Difference between expected and actual experience	5,816	
Changes in assumptions or other inputs	32,049	
Benefit payments*	(13,281)	
Net changes	72,126	
Total OPEB SDB Liability at 12/31/2023	\$ 620,703	

<sup>\*</sup>Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

e. Deferred Outflows of Resources and Deferred Inflows of Resources Related to Total OPEB Liability

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to total OPEB liability from the following sources:

	Deferred	Deferred
	Outflows of	Inflows of
	Resources	Resources
Difference between expected and actual economic experience	\$ 7,596	\$ (27,228)
Changes in actuarial assumptions	87,853	(203,028)
Contributions subsequent to the measurement date	10,176	
Total	\$ 105,625	\$ (230,256)

Deferred outflows of resources of \$10,176 related to total resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:	
2025	(25,624)
2026	(40,185)
2027	(51,390)
2028	(19,878)
2029	2,270
Total	\$ (134,807)

Additional schedules can be found in the required supplementary information section on pages 81-84.

#### 3. Deferred Compensation Plan

On July 29, 1986, the City entered into an agreement with the United States Conference of Mayors to participate in the administration of a deferred compensation plan derived from Section 457 of the Internal Revenue Code. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Investments, other than annuity contracts, are held in a custodial account, the assets of which are held by Bank One Trust Company, N.A. as custodian for the exclusive benefit of participants and the beneficiaries thereof of the Plan. The City's USCM Deferred Compensation Program is administered by Nationwide Retirement Solutions. Except as may otherwise be permitted or required by law, no assets or income of the Plan shall be used for, or diverted to, purposes other than for the expenses of the administration of the Plan. The assets amounted to \$5,169,882 as of September 30, 2024.

It is the opinion of the City's management that the City has no liability for losses under the Plan but does have the duty of due care that would be required of an ordinary prudent investor. The City provides limited administrative duties. In accordance with GASB Statement No. 32, the Plan is not included in the City's financial statements.

#### 4. Other Post-Employment Benefit (OPEB) Plan

#### a. Plan Description

In addition to the pension benefits described above, as required by state law and defined by City Policy, the City makes available health care benefits to all employees who retire from the City through a single employer defined benefit healthcare plan. This plan covers both active and retiree benefits with no segregation of assets, and therefore, does not meet the definition of a trust under GASB No. 75, paragraph 4b (i.e., no assets are accumulated for OPEB). This health care plan provides lifetime insurance, or until age 65 if eligible for Medicare, to eligible retirees, their spouses, and dependents through the City's group health insurance plan, which also covers active and retired members. Benefit provisions are established and administered by management.

#### b. Covered Employees

At the September 30, 2024, valuation and measurement date, the following employees were covered by the benefit terms:

Active employees	211
Retired employees	10
Total	221

Future retirees are eligible to remain in the health plan at the total blended contribution rate for participants.

#### c. Contributions

The full monthly premium rates for retirees as of October 1, 2023, for each plan are shown below:

Rate Tier	Health (Premier)	Health (Plus)	Vision	Vision (Buy Up)	Dental (Low)	Dental (High)
Subscriber Only	\$ 529.61	\$ 570.68	\$ 3.85	\$ 6.23	\$ 19.24	\$ 22.14
With Spouse	1,241.77	1,338.06	7.23	11.70	38.32	44.09
With Child(ren)	900.88	970.74	7.64	12.36	52.05	66.23
With Family	1,533.31	1,652.21	11.91	19.27	77.79	97.09

#### d. Actuarial Assumptions

The other post-employment benefit (OPEB) liability in September 30, 2024, actuarial valuation was determined using the following actuarial assumptions:

Discount rate	4.06%, including inflation		
Salary increase rate	3.50% including inflation		
Inflation rate	2.50% per year		
Healthcare cost trend rate	6.51% initial medical trend rate for pre-65 retirees decreasing		
	to an ultimate rate of 4.14% in the year 2041		
Mortality rates	Public Plan mortality Study with generational mortality		
	improvement scale MP-2021		
Actuarial method	Individual Entry Age Normal Cost Method – Level Percentage		
	of Projected Salary		

The following medical and pharmacy healthcare trend rates are based upon recent experience and projected future cost increases made of components such as price inflation, utilization, and new treatments and pharmacy offerings. The initial year includes a component for expected increases in costs due to COVID-19.

Year Ending	Rate
2024	6.51%
2025	6.21%
2026	5.92%
2027	5.72%
2028	5.42%
2029	5.13%
2030	4.83%
2031	4.63%
2032	4.34%
2033-2040	4.24%
2041+	4.14%

Additional healthcare assumptions include per capita benefit costs, participation rate assumptions, administrative expenses, and stop loss premiums.

At September 30, 2024, the City's OPEB expense is as follows:

TOTAL OPEB EXPENSE	
Changes for the year:	
Service Cost	\$ 34,992
Interest on total OPEB liability	32,610
Difference between expected and actual experience	(20)
Change in assumptions	(28,146)
Change in benefit terms	
Total OPEB expense	\$ 39,436

At September 30, 2024, the City's OPEB liability is as follows:

Changes in Net OPEB Liability	Increase (Decrease)		e)
		Plan	
		Fiduciary	Net OPEB
	Total OPEB	Net Position	Liability
	Liability (a)	(b)	(a) – (b)
Balance at 10/01/2023	\$ 621,802		\$621,802
Changes for the year:			
Service Cost	34,992		34,992
Interest on total OPEB liability	32,610		32,610
Difference between expected and actual	50,208		50,208
experience			
Change in assumptions	29,592		29,592
Contributions – employer		72,494	(72,494)
Change in benefit terms			
Benefit payments	(72,494)	(72,494)	
Net changes	74,908		74,908
Total OPEB Liability	\$ 696,710		\$ 696,710

Assumption Changes: Since the prior valuation, the discount rate has decreased to 4.06% from 4.87%.

The two tables below show the Net OPEB liability along with the liability if a 100-basis point change was made to the discount rate and the healthcare trend rate as of September 30, 2024. The purpose of showing the liability sensitivity information below is to help the statement user understand the volatility in the plan liability resulting from changes in these two key assumptions.

Discount Rate Sensitivity			
			1% Increase in
	1% Decrease in	Discount Rate	Discount Rate
	Discount Rate (3.06%)	(4.06%)	(5.06%)
City's Total OPEB Liability	\$754,782	\$696,710	\$638,960

Healthcare Cost Trend Rate			
	1% Decrease	Trend Rate	1% Increase
	for All Years	for All Years	for All Years
City's Total OPEB Liability	\$613,697	\$696,710	\$792,105

e. Total OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2024, the City recognized health OPEB expense of \$39,436. The combined supplemental death OPEB expense and health OPEB expense is \$59,993.

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to total OPEB from the following sources:

	Deferred	
	Outflows of	Deferred Inflows
	Resources	of Resources
Differences between expected and actual experiences	\$ 43,932	\$ (31,479)
Changes of assumptions	90,986	(161,983)
Total	\$ 134,918	\$ (193,462)

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

Year ended September 30:		
2025	(28,166)	
2026	(28,166)	
2027	(9,434)	
2028	(5,829)	
2029	(6,262)	
2030	9,338	
2031	9,975	
Total \$ (58,544)		

Additional schedules can be found in the required supplementary information section on pages 85-88.

#### E. Construction and other significant commitments

Construction commitments. The City has active construction projects as of September 30, 2024, as follows:

	Expenditures	Remaining Commitment
Project	to Date	(Encumbrance)
Mountain Lion Road Drainage Flume at Pontiac Trail - Engineering	\$ 10,000	\$ 6,400
Beeline Drive Waterline Replacement - Engineering	73,509	11,641
Beeline Drive Waterline Replacement - Construction	373,497	179,918
Warrior's Path Phase 2 - Engineering	377,119	94,600
Warrior's Path Phase 2 - Construction	0	3,665,642
Lakecliffe Drive Phase 2 - Engineering	64,600	191,600
Chaparral Road Phase 3 - Engineering	50,474	1,168,421
Emergency Generators (Senate Bill 3) - Engineering	333,491	56,684
Emergency Generators (Senate Bill 3) - Construction	71,250	3,221,219
Emergency Generator/Aeration Blower Replacement - Engineering	143,830	36,170
Emergency Generator/Aeration Blower Replacement - Construction	1,138,434	650,035
Third 200 GPM Waste Activated Sludge Pump - Engineering	8,965	21,535
1,000 Gallon Hydropneumatic Tank - Engineering	38,743	19,257
1,000 Gallon Hydropneumatic Tank - Construction	0	150,000
Ultraviolet Disinfection Equipment - Engineering	54,893	45,107
Ultraviolet Disinfection Equipment - Construction	0	1,136,000
Water/Wastewater Improvements at Cardinal Lane - Engineering	87,696	9,554
Water/Wastewater Improvements at Cardinal Lane - Construction	175,297	424,299
Wastewater Improvements at Harley Drive - Engineering	20,108	4,080
Wastewater Improvements at Harley Drive - Construction	33,542	46,207
Mechanical Bar Screens Replacement - Engineering	35,000	177,000
Wastewater Connection to WCID #1 - Engineering	100,175	104,825
Raw Water Pumps	0	259,886
Roy Reynolds Bridge Stabilization - Engineering	21,000	11,500
Public Works Street Yard Building - Architectural Design	8,172	7,428
CIP Priority #1 Goode Connell Detention Pond - Engineering	57,657	1,343
CIP Priority #1 Goode Connell Detention Pond - Construction	109,278	1,287,811
CIP Priority #2 Phases 2, 3, and 4 - Engineering	153,500	82,500
Splash Pad at Kern Park - Grant Consultants	7,250	22,750
Jorgette Drive Channel Scour - Engineering	37,460	17,540
Bulk Solid Waste Collection Center - Engineering	37,300	42,200
	\$ 3,622,240	\$ 13,153,152

Encumbrances. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. An encumbrance is a commitment related to unperformed (executory) contracts for goods and services (i.e., purchase orders, contracts, and commitments). While all appropriations and encumbrances technically lapse at year-end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are reappropriated and become part of the subsequent year's budget pursuant to state regulations, and the encumbrances are automatically reestablished in the next fiscal year.

Water service contracts. The City has an agreement to purchase water service from Bell County Water Control and Improvement District No. 1 (WCID No. 1), Killeen, Texas, until December 31, 2041, when WCID No. 1's bonds are paid. WCID No. 1 agrees to deliver and meter water required by the city. WCID No. 1 bills for water purchased at rates that are reviewed and adjusted periodically. The rates are determined by amounts necessary to retire WCID No. 1's debt and to cover maintenance and operating expenses. During the fiscal year ended September 30, 2024, the City purchased 1,662,362,000 gallons of water from WCID No. 1 for a total charge of \$1,413,008. The City was credited its invoice for an option to purchase future water from WCID No. 1 due to a past invoicing error by the District.

CITY OF HARKER HEIGHTS NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2024

In addition, the City has two contracts with the Brazos River Authority (BRA) to pay annually for the water made available to the City at a price equal to the product of multiplying the system rate time 3,235-acre feet and 300-acre feet of water per fiscal year. This was agreed to be made available to the City by the BRA from the system regardless of whether, or how much of, said water is diverted and used by the City. The City paid the BRA \$351,733 for water which can be pumped directly into the South Water Plant.

Waste disposal contract. The City has an additional agreement with WCID No. 1 for the contractual right to discharge up to 2.0 million gallons a day (MGD) of Waste into their System until December 31, 2063, plus any additional time necessary for all bonds to be fully paid. WCID No. 1 agrees to receive, transport, treat and dispose of Waste collected by the sanitary sewer systems of the City. WCID No. 1 bills for waste disposal at rates that are reviewed and adjusted periodically. The rates are determined by amounts necessary to retire WCID No. 1's debt and to cover maintenance and operating expenses. During the fiscal year ended September 30, 2024, the City disposed of 58,362,833 gallons of sewage for a total charge of \$66,534.

Sanitation service contract. On February 11, 2020, the City amended its sanitation contract with Waste Management of Texas, Inc. (WM) to begin polycart services for residential and light commercial collections. Polycarts are rubber-wheeled receptacles designed for automated or semi-automated solid waste collection systems. WM also provides for "garage door" special collection services to disabled residents that have received approval. Residential and light commercial billing will be handled by the City and WM will handle commercial and industrial billing as well as remit a five percent franchise fee to the City.

#### F. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Texas Municipal League Intergovernmental Risk Pool (TML-IRP), a public entity risk pool currently operating as a common risk management and insurance program for member cities. The City pays an annual premium to TML-IRP for its general insurance, real and personal property, liability, worker's compensation, errors and omissions, and supplemental sewer coverages. The agreement for formation for TML-IRP provides that TML-IRP will be self-sustaining though member premiums.

#### G. Long-term liabilities

Revenue bonds are payable from a specific source of revenue and do not affect the tax rate. Revenue bonds typically have a coverage requirement pursuant to the bond covenants. Coverage is the ratio of net pledged revenues to related debt service for a specific year.

Certificates of Obligation are secured by a lien on ad valorem taxes on all taxable property within the City. The certificates are additionally payable from and secured by a limited pledge of \$1,000 on the net revenues of the City's waterworks and sewer system and/or drainage system. Should the City default on these combination tax and revenue bonds, any registered owner of the certificates is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring specific performance from the City.

	Year of	Final	Original		Outstanding at
Purpose	Issue	Maturity	Borrowing	Interest Rate	09/30/2024
Governmental activities					
Municipal improvements	2005	2025	\$1,000,000	4.550%	\$ 75,000
Municipal improvements	2008	2028	6,000,000	4.190%	1,795,000
Municipal improvements	2014	2034	6,000,000	1.50-4.000%	3,790,000
Municipal improvements	2017	2037	4,930,000	3.25-4.000%	4,025,000
Municipal improvements	2018	2038	3,000,000	3.00-3.125%	2,345,000
Municipal improvements	2019	2039	3,000,000	3.00-3.500%	3,000,000
Municipal improvements	2024	2049	3,745,000	4.00-5.000%	3,745,000
Total governmental activities					\$18,775,000
Business-type activities					
Utility improvements	2008	2028	2,000,000	4.190%	590,000
Utility improvements	2014	2034	3,000,000	1.50-4.000%	1,810,000
Utility improvements	2017	2037	985,000	3.25-4.000%	800,000
Utility improvements	2019	2039	1,000,000	3.00-3.500%	1,000,000
Subtotal water / sewer					4,200,000
Drainage improvements	2008	2028	1,500,000	4.190%	410,000
Drainage improvements	2018	2038	3,000,000	3.00-3.125%	2,435,000
Drainage improvements	2024	2049	2,020,000	4.00-5.000%	2,020,000
Subtotal drainage					4,865,000
Total business-type activities					\$ 9,065,000

General obligation bonds are backed by the full faith and credit of the City; in other words, the bonds are guaranteed by a pledge of taxes. General obligation bonds outstanding at September 30, 2024, are as follows:

	Year				Outstanding
	of	Final	Original		at
Purpose	Issue	Maturity	Borrowing	Interest Rate	09/30/2024
Governmental activities					
Refund 2006	2015	2027	\$5,845,000	3.00-4.000%	\$ 2,445,000
Refund 2011	2020	2031	4,075,000	1.192%	3,145,000
Total governmental activities					\$5,590,000
Business-type activities					
Refund 2006	2015	2027	2,555,000	3.00-4.000%	\$1,070,000
Refund 2006, 2009	2016	2029	4,485,000	2.00-4.000%	1,845,000
Refund 2011	2020	2031	1,990,000	1.192%	1,325,000
Total business-type activities					\$4,240,000

#### Advance refunding

Series 2020 General Obligation Refunding Bonds. On May 21, 2020, the City issued \$6,065,000 in general obligation refunding bonds from the debt service fund and the water and sewer fund with an interest rate of 1.192% to advance refund \$5,975,000 of outstanding bonds. The \$5,975,000 refunded \$4,015,000 of 2011 Series Tax and Utility System Revenue Certificates of Obligation with interest rates of 2.750% to 4.000% which was governmental activity debt and \$1,960,000 which was water and sewer fund debt. The net proceeds of \$6,086,988 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of \$5,975,000 of refunded debt. As a result, the refunded certificates of obligation are considered to be defeased and the liability has been removed from the long-term debt of the water and sewer fund and government-wide statement of activities.

The reacquisition price exceeded the net carrying amount of the old debt by \$75,252 for governmental activities and \$36,744 for the water and sewer fund. These amounts were expensed as interest.

Series 2016 General Obligation Refunding Bonds. On March 21, 2016, the City issued \$6,470,000 in general obligation refunding bonds from the debt service fund and the water and sewer fund with interest rates of 2.000% to 4.000% to advance refund \$6,620,000 of outstanding bonds. The \$6,620,000 refunded \$1,995,000 of 2006 Series Tax and Utility System Revenue Certificates of Obligation with interest rates of 4.000% to 4.250% which was governmental activity debt and \$4,625,000 in the water and sewer fund which included \$875,000 of 2006 Series Tax and Utility System Revenue Certificates of Obligation with interest rates from 4.000% to 4.250% and \$3,750,000 of 2009 Series Tax and Utility System Revenue Certificates of Obligation with interest rates from 3.500% to 4.500%. The net proceeds of \$6,987,863 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of \$6,620,000 of refunded debt. As a result, the refunded certificates of obligation are considered to be defeased and the liability has been removed from the long-term debt of the water and sewer fund and government-wide statement of activities.

The reacquisition price exceeded the net carrying amount of the old debt by \$113,561 for governmental activities and \$257,948 for the water and sewer fund. This amount is being netted against the new debt and amortized over the new debt's life, which is the same as the life of the refunded debt. This difference, reported in the accompanying financial statements as a deduction from the general obligation bonds payable, is being charged to operations through the year 2020 for the governmental and 2029 for the water and sewer fund using the proportionate-to-stated interest method. The remaining unamortized balance at September 30, 2024, is \$93,232 for the water and sewer fund.

CITY OF HARKER HEIGHTS NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2024

Series 2015 General Obligation Refunding Bonds. On March 11, 2015, the City issued \$8,400,000 in general obligation refunding bonds from the debt service fund and the water and sewer fund with interest rates of 3.000% to 4.000% to advance refund \$8,870,000 of outstanding bonds. The \$8,870,000 refunded \$6,175,000 of 2006 Series Tax and Utility System Revenue Certificates of Obligation with interest rates of 4.375% to 4.500% which was governmental activity debt and \$2,695,000 in the water and sewer fund of 2006 Series General Obligation Refunding Bonds with an interest rate of 4.375% to 4.500%. The net proceeds of \$9,409,776 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of \$8,870,000 of refunded debt. As a result, the refunded certificates of obligation and general obligation refunding bonds are considered to be defeased and the liability has been removed from the long-term debt of the water and sewer fund and government-wide statement of activities.

The reacquisition price exceeded the net carrying amount of the old debt by \$457,001 for governmental activities and \$175,770 for the water and sewer fund. This amount is being netted against the new debt and amortized over the new debt's life, which is the same as the life of the refunded debt. This difference, reported in the accompanying financial statements as a deduction from the general obligation bonds payable, is being charged to operations through the year 2027 using the proportionate-to-stated interest method. The remaining unamortized balance at September 30, 2024, is \$41,990 for governmental activities and \$16,146 for the water and sewer fund.

Legal debt margin. The City is subject to a debt limit that is 7% of the five-year average of the full valuation of taxable real property. At September 30, 2024, that amount was \$213,223,851. As of September 30, 2024, the total outstanding debt applicable to the limit was \$24,573,934, which is 88.48% of the total debt limit.

Changes in long-term liabilities. Changes in the City's long-term liabilities for the year ended September 30, 2024, are as follows:

	Balance 10/01/2023	Additions	Reductions	Balance 09/30/2024	Due Within One Year
Governmental activities					
Certificates of obligation					
Competitive placement	\$13,925,000	\$3,745,000	\$ (765,000)	\$16,905,000	\$845,000
Private placement	2,350,000		(480,000)	1,870,000	495,000
General obligations					
Competitive placement	3,200,000		(755,000)	2,445,000	785,000
Private placement	3,565,000		(420,000)	3,145,000	430,000
Premium (discount) on					
bonds	193,021	133,415	(53,598)	272,838	
Net governmental bonds payable	23,233,021	3,878,415	(2,473,598)	24,637,838	2,555,000
Finance purchase					
agreement	161,842		(81,000)	80,842	80,842
Lease liability	9,080	24,536	(9,347)	24,269	9,083
Subscription liability	317,609	94,144	(244,226)	167,527	65,508
Compensated absences	1,277,148	1,704,950	(1,660,733)	1,321,365	909,552
Total governmental long- term liabilities	04.000.700	5 700 045	(4.400.004)	00 001 011	0.040.005
term traditities	24,998,700	5,702,045	(4,468,904)	26,231,841	3,619,985
Business-type activities					
Certificates of obligation					
Competitive placement	6,380,000	2,020,000	(335,000)	8,065,000	375,000
Private placement	1,350,000	, ,	(350,000)	1,000,000	235,000
General obligations			, ,	, ,	ŕ
Competitive placement	3,560,000		(645,000)	2,915,000	680,000
Private placement	1,505,000		(180,000)	1,325,000	180,000
Premium (discount) on					
bonds	238,727	72,169	(48,404)	262,492	
Net business-type bonds payable	13,033,727	2,092,169	(1,558,404)	13,567,492	1,470,000
Compensated absences	66,301	92,126	(79,162)	79,265	53,631
Total business-type long- term liabilities	13,100,028	2,184,295	(1,637,566)	13,646,757	1,523,631
Total government liabilities					
rotat government napitities	\$38,098,728	\$7,886,340	\$(6,106,470)	\$39,878,598	\$5,143,616

The annual debt service requirements to maturity for each bond or debt type are as follows:

#### **Certificates of Obligation Payable - Competitive Placement:**

	Government	al Activities	Business-Ty	pe Activities	
Year Ending					
September 30	Principal	Interest	Principal	Interest	Total
2025	\$ 845,000	\$ 602,582	\$ 375,000	\$ 292,258	\$ 2,114,840
2026	875,000	543,965	405,000	263,844	2,087,809
2027	840,000	515,915	415,000	250,793	2,021,708
2028	1,080,000	489,320	500,000	237,426	2,306,746
2029	1,135,000	455,433	525,000	221,508	2,336,941
2030-2034	6,230,000	1,700,617	2,905,000	834,317	11,669,934
2035-2039	3,915,000	762,590	1,870,000	390,004	6,937,594
2040-2044	895,000	332,650	485,000	178,850	1,891,500
2045-2049	1,090,000	137,619	585,000	73,413	1,886,032
Total	\$16,905,000	\$ 5,540,691	\$8,065,000	\$ 2,742,413	\$33,253,104

#### **Certificates of Obligation Payable - Private Placement:**

	Governmenta	Governmental Activities		e Activities	
Year Ending					
September 30	Principal	Interest	Principal	Interest	Total
2025	\$ 495,000	\$ 76,917	\$ 235,000	\$ 41,900	\$ 848,817
2026	440,000	57,612	245,000	32,054	774,666
2027	460,000	39,176	255,000	21,788	775,964
2028	475,000	19,903	265,000	11,104	771,007
Total	\$ 1,870,000	\$ 193,608	\$1,000,000	\$ 106,846	\$3,170,454

#### **General Obligation Payable - Competitive Placement:**

	Governmenta	al Activities	Business-Typ	e Activities	
Year Ending September 30	Principal	Interest	Principal	Interest	Total
2025	\$ 785,000	\$ 93,875	\$ 680,000	\$ 114,875	\$ 1,673,750
2026	815,000	66,400	705,000	89,400	1,675,800
2027	845,000	33,800	740,000	61,200	1,680,000
2028			385,000	31,600	416,600
2029			405,000	16,200	421,200
Total	\$ 2,445,000	\$ 194,075	\$2,915,000	\$ 313,275	\$ 5,867,350

#### **General Obligation Payable - Private Placement:**

	Governmenta	ıl Activities	Business-Typ	e Activities	
Year Ending		_		_	
September 30	Principal	Interest	Principal	Interest	Total
2025	430,000	37,488	180,000	15,794	663,282
2026	435,000	32,363	190,000	13,648	671,011
2027	445,000	27,178	185,000	11,384	668,562
2028	450,000	21,873	190,000	9,178	671,051
2029	450,000	16,509	195,000	6,914	668,423
2030-2034	935,000	16,748	385,000	6,913	1,343,661
Total	\$3,145,000	\$ 152,159	\$1,325,000	\$ 63,831	\$4,685,990

#### **Finance Purchase Agreement Payable:**

The City's direct borrowings (financed purchase agreements) are secured by the financed equipment as collateral.

	Governmenta	l Activities	
Year Ending		_	
September 30	Principal	Interest	Total
2025	80,842	948	81,790
Total	\$ 80,842	\$ 948	\$ 81,790

#### **Leases and Subscription-Based Information Technology Arrangements:**

#### 1. Rentals not covered under noncancellable leases

Rental expenditures during the fiscal year ended September 30, 2024, including equipment rentals not covered under noncancellable leases, were \$402,650.

#### 2. Lease payable

As of September 30, 2024, the City had two active leases. The leases have payments that range from \$4,782 to \$5,354 and interest rates that range from 0.9160% to 3.5113%. The total combined value of the lease liability is \$24,269.

The future principal and interest lease payments as of September 30, 2024, were as follows:

	Governmental Activities			
Year Ending				
September 30	Principal	Interest	Total	
2025	\$ 9,083	\$ 654	\$ 9,737	
2026	4,887	467	5,354	
2027	5,060	294	5,354	
2028	5,239	115	5,354	
Total	\$ 24,269	\$ 1,530	\$ 25,799	

#### 3. Subscriptions Payable

As of September 30, 2024, the City had nine active subscriptions. The subscriptions have payments that range from \$435 to \$82,596 and interest rates that range from 2.3100% to 3.6310%. The total combined value of the subscription liability is \$167,527.

The future principal and interest SBITA payments as of September 30, 2024, were as follows:

	Governmental Activities			
Year Ending			_	
September 30	Principal	Interest	Total	
2025	\$ 65,508	\$ 4,897	\$ 70,405	
2026	58,035	2,970	61,005	
2027	16,817	1,231	18,048	
2028	17,795	794	18,589	
2029	4,533	331	4,864	
2030-2031	4,839	171_	5,010	
Total	\$ 167,527	\$10,394	\$ 177,921	

#### H. Interfund receivables and payables

Due to/from other funds. The composition of interfund balances as of September 30, 2024, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 854,121
	Sanitation Fund	211,255
	Drainage Utility Fund	8,168
	Capital Projects Fund	976,993
	Debt Service Fund	22,906
	Hotel/Motel Fund	6,700
	Coronavirus Fund	297,474
Water and Sewer Fund	General Fund	86,128
	Capital Projects Fund	1,830,301
Drainage Utility Fund	General Fund	2,657
	Capital Projects Fund	4,101,408
	Coronavirus Fund	6,200
Sanitation Fund	General Fund	1,777
Capital Projects Fund	Water and Sewer Fund	2,857,318
Restricted Courts Fund	General Fund	210
Total		\$ 11,263,616

The General Fund receivable represents outstanding amounts for direct costs for the operations of the payable funds but are paid through the General Fund. The Water and Sewer Fund receivable from the Capital Project Fund represents the amount paid for capital projects exceeding the issuance amount of prior Certificates of Obligation. It also includes the wire transfers necessary to invest in IntraFi Network Deposits. The Drainage Fund receivable from the Capital Project Fund represents the outstanding amount for capital projects pending completion funded through the issuance of the Series 2018 and the Series 2024 Certificates of Obligation. The Capital Projects receivable is the amount of Water and Sewer projects that have already been completed using the bonds that have been issued.

#### I. Interfund transfers

Transfers to/from other funds. The composition of interfund transfers for the year ended September 30, 2024, is as follows:

Transfer In Fund	Transfer Out Fund	Amount
General Fund	Sanitation Fund	\$ 100,000
	Drainage Utility Fund	150,000
Water and Sewer Fund	Capital Projects Fund	1,874,324
	Coronavirus Fund	1,421,402
Sanitation Fund	Capital Projects Fund	1,860
Drainage Utility Fund	Capital Projects Fund	6,000
	Coronavirus Fund	247,161
Capital Projects Fund	General Fund	3,000,000
	Water and Sewer Fund	50,000
	Drainage Utility Fund	150,000
Debt Service Fund	General Fund	150,000
Total		\$ 7,150,747

Transfers to the General Fund are used for indirect costs deemed necessary for operations of the transferring funds but are paid through the General Fund. Transfers to the Capital Projects Fund are used for the funding of capital assets.

#### J. Contingencies

The City participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the City's compliance with applicable grant requirements will be established at a future date. The dollar amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, will be immaterial.

#### K. Chapter 380 Agreements

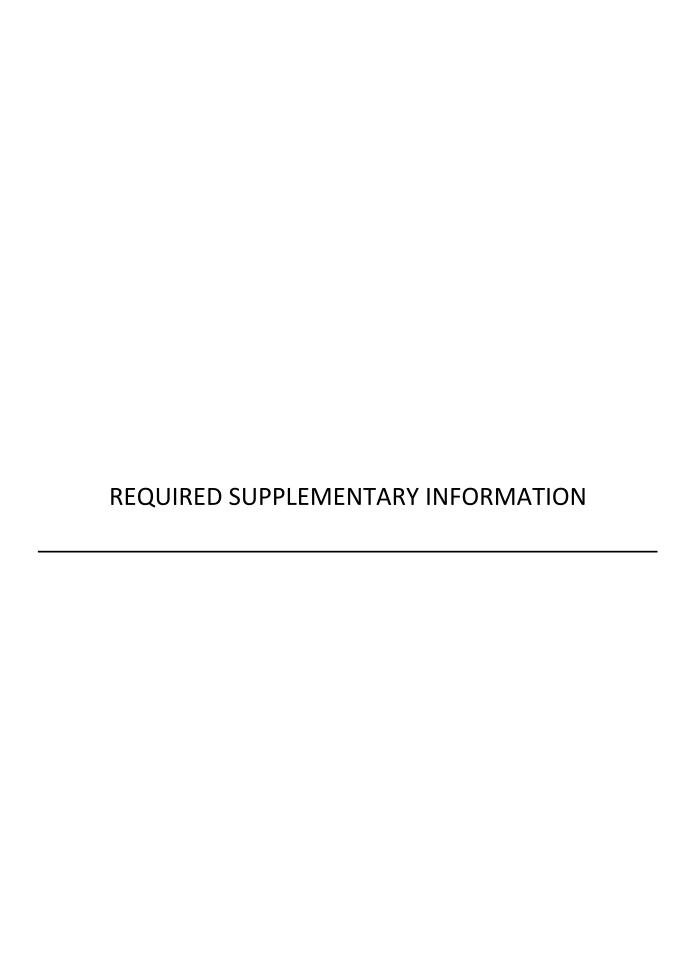
Chapter 380 of the Local Government Code authorizes municipalities to offer incentives designed to promote economic development such as commercial and retail projects. It specifically provides for the use of public money to promote local economic development and to stimulate business and commercial activity within the city. Businesses with a 380 Agreement with the City are eligible to receive a reimbursement of property and/or sales and use taxes paid for the year if they have met the requirements outlined in the agreement. For the fiscal year ended September 30, 2024, the City issued \$15,222 in Chapter 380 Agreement reimbursements.

#### IV. OTHER INFORMATION

#### A. Related party

During the year, the City will mail items through a business that is owned and operated by a City Council member. There is no amount outstanding as owed to the business at September 30, 2024, as employees utilize city issued credit cards as payment to this vendor. Total payments made to the business during the 2024 fiscal year were \$299. The City Council member has complied with all conflict-of-interest requirements.

During the year, the City will utilize a business that is owned and operated by a City Council member to provide for lunches during meetings. There is no amount outstanding at September 30, 2024, to this business and total payments issued were \$803. The City Council member has complied with all conflict-of-interest requirements.





#### CITY OF HARKER HEIGHTS GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted	d Amounts		Variance With		
				Final Budget		
				Positive		
	Original	Final	Actual Amounts	(Negative)		
REVENUES						
Taxes and special assessments:						
Property	\$ 11,653,700	\$ 11,653,700	\$ 11,197,690	\$ (456,010)		
Sales and other taxes	13,177,100	13,177,100	12,737,568	(439,532)		
Licenses and permits	358,000	358,000	362,495	4,495		
Fines	700,000	700,000	569,435	(130,565)		
Charges for services	1,069,000	1,069,000	1,379,484	310,484		
Intergovernmental	56,200	56,200	1,334,209	1,278,009		
Investment earnings	775,000	775,000	1,044,445	269,445		
Contributions and donations	15,000	15,000	62,403	47,403		
Miscellaneous	53,000	53,000	502,619	449,619		
Total revenues	27,857,000	27,857,000	29,190,348	1,333,348		
EXPENDITURES						
Current:						
General government						
Council	270,100	270,100	254,169	15,931		
Administration	2,279,800	2,279,800	3,311,874	(1,032,074)		
Finance	707,700	707,700	685,455	22,245		
Pet adoption center	1,211,300	1,211,300	1,049,619	161,681		
Information technology	734,300	734,300	616,457	117,843		
Total general government	5,203,200	5,203,200	5,917,574	(714,374)		
Public safety:						
Police	8,205,600	8,205,600	7,680,941	524,659		
Courts	895,900	895,900	730,906	164,994		
Code enforcement	801,200	801,200	785,953	15,247		
Fire/EMS	5,569,400	5,569,400	5,658,322	(88,922)		
Total public safety	15,472,100	15,472,100	14,856,122	615,978		
Highways and streets:						
Streets	1,193,400	1,193,400	1,140,886	52,514		
Maintenance	367,400	367,400	346,317	21,083		
Total highways and streets	1,560,800	1,560,800	1,487,203	73,597		
Culture and recreation:						
Library	868,200	868,200	840,203	27,997		
Activity center	393,700	393,700	364,303	29,397		
Parks and recreation	2,362,100	2,362,100	2,192,527	169,573		
Total culture and recreation	3,624,000	3,624,000	3,397,033	226,967		
Economic development and assistance	471,300	471,300	444,762	26,538		
Debt service:		<u> </u>	· · ·			
Principal	85,800	85,800	249,758	(163,958)		
Interest and fiscal charges	1,900	1,900	11,189	(9,289)		
Total debt service	87,700	87,700	260,947	(173,247)		
Total expenditures	26,419,100	26,419,100	26,363,641	55,459		
•						

#### CITY OF HARKER HEIGHTS GENERAL FUND

## SCHEDULE OF REVENUES, EXPENDTURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED) FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted	Amounts		Variance With Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Excess (deficiciency) of revenues				
over (under) expenditures	1,437,900	1,437,900	2,826,707	1,388,807
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	175,000	75,000
Transfers out	(3,925,000)	(3,925,000)	(3,150,000)	775,000
Leases issued			24,536	24,536
SBITA issued			94,144	94,144
Sale of capital assets			20,000	20,000
Total other financing sources (uses)	(3,825,000)	(3,825,000)	(2,836,320)	988,680
Net change in fund balances	(2,387,100)	(2,387,100)	(9,613)	2,377,487
Fund balances - beginning	17,923,823	17,923,823	17,923,823	
Fund balances - ending	\$ 15,536,723	\$ 15,536,723	\$ 17,914,210	\$ 2,377,487

## CITY OF HARKER HEIGHTS NOTES TO BUDGETARY INFORMATION SEPTEMBER 30, 2024

#### **BUDGETS AND BUDGETARY ACCOUNTING**

The City follows these procedures in establishing the budgetary data reflected in these financial statements:

- 1. The City Manager prepares a proposed budget and submits it to the City Council no later than 30 days prior to when the property tax is levied.
- 2. Following submission of the proposed budget, the City Council will set the date for a public hearing to be held 15 days after the budget is submitted and ten days after the public notice of the hearing is published.
- 3. After holding the public hearing, the budget shall be adopted by a favorable vote of the majority of the members of the City Council and upon adoption shall be in effect for the fiscal year.
- 4. The City Manager has the authority, without City Council approval, to transfer appropriated balances from the expenditure account of one department of the City to another.
- 5. Budgetary integration is employed as a management control device during the fiscal year for the General, Proprietary, Special Revenue, and Debt Service Funds. Budgetary integration is not employed by the Capital Projects Fund because effective budgetary control is achieved through grant, bond ordinance, and/or construction contract provisions.
- 6. The budget for the General Fund is adopted on the modified accrual basis of accounting in accordance with U.S. generally accepted accounting principles.
- 7. While all budgeted amounts expire at year-end, valid outstanding encumbrances (those for which performance under an executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to State regulations.

## CITY OF HARKER HEIGHTS SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS LAST TEN YEARS SEPTEMBER 30, 2024

Plan year ended December 31,	2023	2022	2021	2020	2019	
Takal namajan liahilita						
Total pension liability	Ć 2 507 452	ć 2.260.464	¢ 2 247 040	¢ 2 220 050	¢ 2.240.470	
Service cost	\$ 2,507,153	\$ 2,369,461	\$ 2,317,840	\$ 2,239,859	\$ 2,249,478	
Interest (on the Total Pension Liability)	4,851,485	4,527,426	4,168,219	3,902,055	3,631,948	
Difference between expected and actual experience	470,088	399,124	1,132,541	(157,434)	(266,087)	
Change of assumptions	(451,128)				205,942	
Benefit payments, including refunds of employee contributions	(2,757,728)	(2,370,249)	(2,275,395)	(1,885,192)	(1,744,589)	
Net Change in Total Pension Liability	4,619,870	4,925,762	5,343,205	4,099,288	4,076,692	
Total Pension Liability - Beginning	71,999,137	67,073,375	61,730,170	57,630,882	53,554,190	
Total Pension Liability - Ending (a)	\$76,619,007	\$71,999,137	\$67,073,375	\$61,730,170	\$57,630,882	
Plan Fiduciary Net Position						
Contributions - Employer	\$ 2,245,961	\$ 2,023,655	\$ 2,014,509	\$ 1,936,925	\$ 1,973,761	
Contributions - Employee	1,032,965	968,256	952,165	917,975	927,893	
Net Investment Income	6,680,422	(4,494,338)	7,022,208	3,732,850	6,433,455	
Benefit payments, including refunds of employee						
contributions	(2,757,728)	(2,370,249)	(2,275,395)	(1,885,192)	(1,744,589)	
Administrative expense	(42,446)	(38,856)	(32,471)	(24,143)	(36,340)	
Other	(297)	46,367	222	(941)	(1,093)	
Net Change in Plan Fiduciary Net Position	7,158,877	(3,865,165)	7,681,238	4,677,474	7,553,087	
Plan Fiduciary Net Position - Beginning	57,647,537	61,512,702	53,831,464	49,153,990	41,600,903	
Plan Fiduciary Net Position - Ending (b)	\$64,806,414	\$57,647,537	\$61,512,702	\$53,831,464	\$49,153,990	
Net Pension Liability - Ending (a) - (b)	\$11,812,593	\$14,351,600	\$ 5,560,673	\$ 7,898,706	\$ 8,476,892	
Plan Fiduciary Net Position as a Percentage of						
Total Pension Liability	84.58%	80.07%	91.71%	87.20%	85.29%	
Covered Payroll	\$14,756,642	\$13,832,233	\$13,602,350	\$13,113,929	\$13,255,614	
Net Pension Liability as a Percentage of						
Covered Payroll	80.05%	103.75%	40.88%	60.23%	63.95%	

The amounts presented above are as of the measurement date of the collective net pension liability.

## CITY OF HARKER HEIGHTS SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED) LAST TEN YEARS SEPTEMBER 30, 2024

2018	2017	2016	2015	2014	Plan year ended December 31,
					Total pension liability
\$ 2,066,988	\$ 2,016,004	\$ 1,930,469	\$ 1,805,969	\$ 1,607,778	Service cost
3,393,226	3,130,839	2,885,469	2,746,611	2,509,002	Interest (on the Total Pension Liability)
(327,716)	137,616	(36,619)	(196,637)	(48,522)	Difference between expected and actual experience
			97,704		Change of assumptions
					Benefit payments, including refunds of employee
(1,629,672)	(1,215,783)	(1,158,162)	(852,850)	(693,040)	contributions
3,502,826	4,068,676	3,621,157	3,600,797	3,375,218	Net Change in Total Pension Liability
50,051,364	45,982,688	42,361,531	38,760,734	35,385,516	Total Pension Liability - Beginning
\$53,554,190	\$50,051,364	\$45,982,688	\$42,361,531	\$38,760,734	Total Pension Liability - Ending (a)
					Plan Fiduciary Net Position
\$ 1,809,675	\$ 1,756,482	\$ 1,688,302	\$ 1,618,783	\$ 1,483,963	Contributions - Employer
849,613	825,748	795,835	757,958	728,453	Contributions - Employee
(1,254,116)	4,931,608	2,170,104	45,109	1,573,307	Net Investment Income
					Benefit payments, including refunds of employee
(1,629,672)	(1,215,783)	(1,158,162)	(852,850)	(693,040)	contributions
(24,229)	(25,556)	(24,508)	(27,475)	(16,421)	Administrative expense
(1,264)	(1,295)	(1,320)	(1,356)	(1,350)	Other
(249,993)	6,271,204	3,470,251	1,540,169	3,074,912	Net Change in Plan Fiduciary Net Position
41,850,896	35,579,692	32,109,441	30,569,272	27,494,360	Plan Fiduciary Net Position - Beginning
\$41,600,903	\$41,850,896	\$35,579,692	\$32,109,441	\$30,569,272	Plan Fiduciary Net Position - Ending (b)
\$11,953,287	\$ 8,200,468	\$10,402,996	\$10,252,090	\$ 8,191,462	Net Pension Liability - Ending (a) - (b)
					Plan Fiduciary Net Position as a Percentage of
77.68%	83.62%	77.38%	75.80%	78.87%	Total Pension Liability
\$12,137,335	\$11,796,397	\$11,369,073	\$10,827,153	\$10,406,469	Covered Payroll
					Net Pension Liability as a Percentage of
98.48%	69.52%	91.50%	94.69%	78.72%	Covered Payroll

The amounts presented above are as of the measurement date of the collective net pension liability.

## CITY OF HARKER HEIGHTS SCHEDULE OF CONTRIBUTIONS LAST TEN YEARS SEPTEMBER 30, 2024

Fiscal Year Ended September 30,	2024	2023	2022	2021	2020	
Actuarially determined contribution  Contribution in relation of the actuarially	\$ 2,377,458	\$ 2,188,063	\$ 2,024,428	\$ 1,976,479	\$ 1,930,325	
determined contribution	2,377,458	2,188,063	2,024,428	1,976,479	1,930,325	
Contribution deficiency (excess)	0	0	0	0	0	
Covered Payroll	\$15,434,895	\$14,527,371	\$13,790,064	\$13,355,319	\$13,040,498	
Cotributions as a percentage of Covered Payroll	15.40%	15.06%	14.68%	14.80%	14.80%	

The amounts presented above are as of the City's most recent fiscal year end.

### NOTES TO SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS AND SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 and

become effective January 13 months later.

Methods and Assumption Used to Determine Contribution Rates:

Actuarial Cost Method Entry Age Normal

Amortization Method Level Percentage of Payroll, Closed

Remaining Amortization Period 22 Years (longest amortization ladder)

Asset Valuation Method 10 Year smoothed market; 12% soft corridor

Inflation 2.50%

Salary Increases 3.60% to 11.85% including inflation

Investment Rate of Return 6.75%

Retirement Age Experience-based table of rates that vary by age. Last updated for the 2023

valuation pusuant to an experience study of the period ending 2022.

Mortality Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates

are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most reent Scale MP-2021 (with

immediate convergence).

*Pre-retirement:* PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generaltional basis by the most

recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes There were no benefit changes during the year.

# CITY OF HARKER HEIGHTS SCHEDULE OF CONTRIBUTIONS (CONTINUED) LAST TEN YEARS SEPTEMBER 30, 2024

2019	2018	2017	2016	2015	Fiscal Year Ended September 30,
\$ 1,876,020	\$ 1,798,799	\$ 1,743,446	\$ 1,651,050	\$ 1,639,697	Actuarially determined contribution  Contribution in relation of the actuarially
1,876,020	1,798,799	1,761,021	1,686,650	1,589,154	determined contribution
0	0	(17,575)	(35,600)	50,543	Contribution deficiency (excess)
\$12,595,331	\$12,068,147	\$11,716,161	\$11,228,815	\$11,100,618	Covered Payroll
14.89%	14.91%	15.03%	15.02%	14.32%	Cotributions as a percentage of Covered Payroll

The amounts presented above are as of the City's most recent fiscal year end.

#### SCHEDULE OF CHANGES IN OTHER POST-EMPLOYMENT BENEFIT (OPEB) LIABILITY

#### AND RELATED RATIOS - SUPPLEMENTAL DEATH

### LAST TEN YEARS (will ultimately be displayed) SEPTEMBER 30, 2024

Plan year ended December 31,	2023		2022		2021		2020	
Supplemental Death Benefit OPEB Liability								
Service Cost	\$	25,086	\$	48,413	\$	46,248	\$	35,408
Interest (on the Total Pension Liability)		22,456		15,723		15,316		17,427
Difference between expected and actual experience		5,816		(21,707)		5,921		(30,172)
Changes in assumptions or other inputs		32,049		(319,290)		29,045		109,393
Benefit payments		(13,281)		(9,683)		(8,161)		(2,623)
Net Change in Total Pension Liability		72,126		(286,544)		88,369		129,433
Total OPEB Liability - Beginning of year	\$	548,577	\$	835,121	\$	746,752	\$	617,319
Total OPEB Liability - End of year	\$	620,703	\$	548,577	\$	835,121	\$	746,752
Covered-Employee Payroll	\$	14,756,642	\$	13,832,233	\$	13,602,350	\$	13,113,929
Total OPEB Liability as a Percentage of Covered-Employee Payroll		4.21%		3.97%		6.14%		5.69%

Note: The amounts above are as of the measurement date of the collective supplemental death benefit OPEB liability.

This plan covers both active and retiree benefits with no segregation of assets, and therefore, there are no assets accumulated in a trust as defined under GASB No. 75, paragraph 4b.

#### Schedule of Contributions - (Retiree-only portion of the rate, for OPEB):

		Retiree Portion of SDB
Plan/Calendar Year	Total SDB Contribution (Rate)	Contribution (Rate)
2024	0.25%	0.09%
2023	0.26%	0.09%
2022	0.15%	0.07%
2021	0.15%	0.06%
2020	0.15%	0.02%

Note 1: Due to the SDBF being considered an unfunded OPEB plan, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Note 2: In order to determine the retiree portion of the City's Supplemental Death Benefit Plan contributions (that which is considered OPEB), the City should perform the following calculation:

Total covered payroll \* Retiree Portion of SDB Contribution (Rate)

Consideration should be given to the time period of contributions incured (i.e., City's fiscal year vs. calendar year) to ensure the proper contribution rate is utilized in the above calculation.

## SCHEDULE OF CHANGES IN OTHER POST-EMPLOYMENT BENEFIT (OPEB) LIABILITY AND RELATED RATIOS - SUPPLEMENTAL DEATH (CONTINUED)

## LAST TEN YEARS (will ultimately be displayed) SEPTEMBER 30, 2024

2019	 2018	2017		Plan year ended December 31,
				Supplemental Death Benefit OPEB Liability
\$ 29,162	\$ 31,557	\$	25,952	Service Cost
18,846	16,592		15,727	Interest (on the Total Pension Liability)
(31,844)	1,996		0	Difference between expected and actual experience
109,086	(39,706)		43,122	Changes in assumptions or other inputs
(2,651)	(2,427)		(2,359)	Benefit payments
122,599	8,012		82,442	Net Change in Total Pension Liability
\$ 494,720	\$ 486,708	\$	404,266	Total OPEB Liability - Beginning of year
\$ 617,319	\$ 494,720	\$	486,708	Total OPEB Liability - End of year
	 <del></del>			
\$ 13,255,614	\$ 12,137,335	\$	11,796,397	Covered-Employee Payroll
				Total OPER Liability as a Persontage of
4.66%	4.08%		4.13%	Total OPEB Liability as a Percentage of
4.00%	4.08%		4.13%	Covered-Employee Payroll

Note: The amounts above are as of the measurement date of the collective supplemental death benefit OPEB liability.

#### SCHEDULE OF CONTRIBUTIONS

#### LAST TEN YEARS (will ultimately be displayed)

#### **SEPTEMBER 30, 2024**

Fiscal Year Ended September 30,	2024	2023	2022	2021		
Actuarially determined contribution  Contribution in relation of the actuarially	\$ 13,891	\$ 12,295	\$ 9,267	\$ 2,671		
determined contribution	13,891	12,295	9,267	2,671		
Contribution deficiency (excess)	0	0	0	0		
Covered-Employee Payroll	\$ 15,434,895	\$ 14,527,371	\$ 13,790,064	\$ 13,355,319		
Cotributions as a percentage of Covered-Employee Payroll	0.09%	0.08%	0.07%	0.02%		

The amounts presented above are as of the City's most recent fiscal year-end.

### NOTES TO SCHEDULE OF CHANGES IN OTHER POST-EMPLOYMENT (OPEB) LIABILITY AND RELATED RATIOS AND SCHEDULE OF CONTRIBUTIONS - SUPPLEMENTAL DEATH

#### Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December

31 and become effective January 13 months later.

#### Methods and Assumption Used to Determine Contribution Rates:

Inflation 2.50%

Salary Increases 3.60% to 11.85% including inflation

Discount rate\* 3.77%

Retiree's share of benefit-related costs \$0

accounted for under reporting requirements of GASB Statement No. 68.

Mortality rates

Service Retirees. 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Disabled Retirees. 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.50% and 3.00% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements suject to the floor.

Note: The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

<sup>\*</sup>The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

# CITY OF HARKER HEIGHTS SCHEDULE OF CONTRIBUTIONS (CONTINUED) LAST TEN YEARS (will ultimately be displayed) SEPTEMBER 30, 2024

2020	2019		2018	Fiscal Year Ended September 30,
\$ 2,608	\$	2,519	\$ 2,414	Actuarially determined contribution  Contribution in relation of the actuarially
2,608		2,519	2,414	determined contribution
0		0	0	Contribution deficiency (excess)
\$ 13,040,498	\$	12,595,331	\$ 12,068,147	Covered-Employee Payroll
0.02%		0.02%	0.02%	Cotributions as a percentage of Covered-Employee Payroll

The amounts presented above are as of the City's most recent fiscal year-end.

#### SCHEDULE OF CHANGES IN OTHER POST-EMPLOYMENT BENEFIT (OPEB) LIABILITY

#### AND RELATED RATIOS - HEALTH BENEFITS

## LAST TEN YEARS (will ultimately be displayed) SEPTEMBER 30, 2024

Fiscal Year Ended September 30,	2024		2023		2022		2021	
Health Benefits OPEB Liability								
Service Cost	\$	34,992	\$	34,591	\$	50,652	\$	50,652
Interest Cost		32,610		29,478		17,496		16,764
Changes in benefit terms						40,183		
Difference between expected and actual experience		50,208				(50,367)		
Changes in assumptions or other inputs		29,592		(5,124)		(156,133)		
Benefit payments		(72,494)		(41,082)		(45,628)		(28,225)
Administrative expense								
Net change in total OPEB liability		74,908		17,863		(143,797)		39,191
Total OPEB Liability - Start of year	\$	621,802	\$	603,939	\$	747,736	\$	708,545
Total OPEB Liability - End of year	\$	696,710	\$	621,802	\$	603,939	\$	747,736
Covered-Employee Payroll	\$	14,316,361	\$	13,832,233	\$	13,144,022	\$	12,285,164
Total OPEB Liability as a Percentage of Covered-Employee Payroll		4.87%		4.50%		4.59%		6.09%

Note: The amounts above are based on September 30, 2024 measurement date.

This plan covers both active and retiree benefits with no segregation of assets, and therefore, there are no assets accumulated in a trust as defined under GASB No. 75, paragraph 4b.

#### **Schedule of Contributions**

#### Fiscal Year 2025 Premium Rates:

Rate Tier:	Subscriber Onl	With Spouse	With Child(ren)	With Family
Health (Premier)	612.31	1,435.69	1,041.57	1,772.76
Health (Plus)	659.80	1,547.03	1,122.34	1,910.23
Vision	3.85	7.23	7.64	11.91
Vision (Buy Up)	6.23	11.70	12.36	19.27
Dental (Low)	19.24	38.32	52.05	77.79
Dental (High)	22.14	44.09	66.23	97.09

#### **Retiree Contributions**

All employees are required to contribute the full premium in order to continue coverage at retirement.

#### SCHEDULE OF CHANGES IN OTHER POST-EMPLOYMENT BENEFIT (OPEB) LIABILITY $% \left( 1\right) =\left( 1\right) \left( 1$

#### AND RELATED RATIOS - HEALTH BENEFITS (CONTINUED)

## LAST TEN YEARS (will ultimately be displayed) SEPTEMBER 30, 2024

2020 2019 2018		2018	Fiscal Year Ended September 30,					
					Health Benefits OPEB Liability			
\$ 42,031	\$	42,031	\$	40,356	Service Cost			
22,652		27,704		28,107	Interest Cost			
					Changes in benefit terms			
					Difference between expected and actual experience			
(151,564)		147,413		(44,270)	Changes in assumptions or other inputs			
(28,225)		(38,064)		(33,069)	Benefit payments			
					Administrative expense			
(115,106)		179,084		(8,876)	Net change in total OPEB liability			
\$ 823,651	\$	644,567	\$	653,443	Total OPEB Liability - Start of year			
\$ 708,545	\$	823,651	\$	644,567	Total OPEB Liability - End of year			
\$ 11,869,724	\$	11,426,910	\$	11,040,493	Covered-Employee Payroll			
<b>5.0</b> 557		7.0454		<b>5.0</b> /	Total OPEB Liability as a Percentage of			
5.97%		7.21%		5.84%	Covered-Employee Payroll			

#### SCHEDULE OF CONTRIBUTIONS

#### LAST TEN YEARS (will ultimately be displayed)

#### **SEPTEMBER 30, 2024**

Fiscal Year Ended September 30,	2024		2023		2022		2021		2020	
Legally required contributions Actual contributions Contribution deficiency (excess)	\$	72,494 44,394 <b>28,100</b>	\$	41,082 50,080 <b>(8,998)</b>	\$	45,628 80,183 <b>(34,555)</b>	\$	28,225 57,038 <b>(28,813)</b>	\$	28,225 38,067 <b>(9,842)</b>
Covered-Employee Payroll	\$ 14	4,316,361	\$ 1	3,832,233	\$ 1	13,144,022	\$	12,285,164	\$ 1	1,869,724
Contributions as a percentage of Covered-Employee Payroll		0.31%		0.36%		0.61%		0.46%		0.32%

### NOTES TO SCHEDULE OF CHANGES IN OTHER POST-EMPLOYMENT (OPEB) LIABILITY AND RELATED RATIOS AND SCHEDULE OF CONTRIBUTIONS

#### Methods and Assumption Used to Determine Contribution Rates:

Valuation Date September 30, 2024
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Discount rate 4.06% per annum which includes inflation Salary Scale 3.50% average which includes inflation

Inflation Rate 2.50% per annum

Health Care Cost Trend 6.51% initial medical trend rate for pre-65 retirees decreasing to an ultimate rate of

4.14% in the year 2041

Census Data Provided by the City as of September 30, 2024

Actuarial Cost Method Entry Age Normal (EAN) funding method assuming a level salary percentage

Service Cost Determined for each employee as the Actuarial Present Value of Benefits allocated

to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan's benefit earned during the year in accordance with the plan's benefit formula. This allocation is based on each participant's service between date of hire and date

of expected termination.

Coverage For those eligible for OPEB benefits, 30% are elected to keep their same benefit plan

upon retirement (with 1/3 of those electing spouse coverage).

Mortality Rates Non-Annuitants: Sex distinct PUB 2010 general employee mortality table with

mortality improvement scale MP-2021

Annuitants: Sex distinct PUB 2010 general employee mortality table with mortality

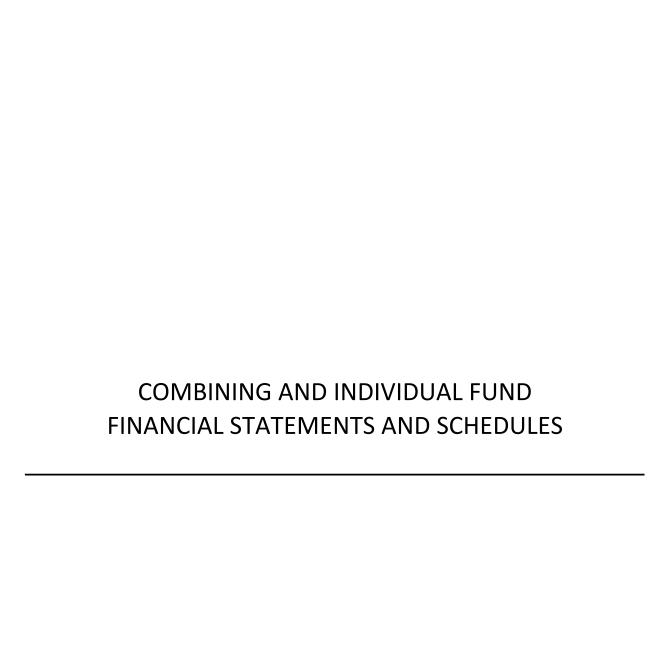
improvement scale MP-2021

Turnover Withdrawal and retirement rates are based upon the TMRS assumptions.

# CITY OF HARKER HEIGHTS SCHEDULE OF CONTRIBUTIONS (CONTINUED) LAST TEN YEARS (will ultimately be displayed) SEPTEMBER 30, 2024

	2019	2018		Fiscal Year Ended September 30						
\$	38,064 38,064	\$	33,069 33,069	Legally required contributions Actual contributions						
_	0		0	Contribution deficiency (excess)						
\$	11,426,910	\$	11,040,493	Covered-Employee Payroll						
	0.33%		0.30%	Contributions as a percentage of Covered-Employee Payroll						







### NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

**Hotel / Motel Fund** - This fund is used to account for the accumulation of resources of the hotel / motel occupancy tax. These monies are to be spent in accordance with the requirements of state law.

**Coronavirus Fund** - This fund is used to account for the funding received under the Coronavirus State and Local Fiscal Recovery Fund, which is intended to support the City in its response to and recovery from the COVID-19 public health emergency.

**Restricted Court Fund** - This fund is used to account for fees collected to maintain security for municipal court buildings, state mandated court costs for time payments restricted for judicial efficiency expenditures, and costs restricted for municipal court technology expenditures.

#### **MAJOR GOVERNMENTAL FUNDS**

The debt service fund is used to account for the accumulation of resources that are for the payment of principal and interest on the City's general long-term debt.

#### CITY OF HARKER HEIGHTS COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SEPTEMBER 30, 2024

Special Re	venue	Funds
------------	-------	-------

	Hotel / Motel Fund			ronavirus	Restricted Court Fund		Total Nonmajor Governmental Funds	
ASSETS								
Cash	\$	801,422	\$	59,309	\$	31,557	\$	892,288
Investments		113,464				165,237		278,701
Receivables								
(net of allowance for uncollectibles):								
Accounts		55,540						55,540
Due from other funds						210		210
Restricted cash				151,141				151,141
Restricted investments				535,646				535,646
Total assets		970,426		746,096		197,004		1,913,526
LIABILITIES								
Accounts payable and accrued liabilities				59,918				59,918
Due to other funds		6,700		303,674				310,374
Unearned revenue				141,245				141,245
Total liabilities		6,700		504,837				511,537
FUND BALANCES								
Restricted for:								
Economic development and assistance		963,726						963,726
Public safety						197,004		197,004
Federal grant				241,259				241,259
Total fund balances		963,726		241,259		197,004		1,401,989
Total liabilities and fund balances	\$	970,426	\$	746,096	\$	197,004	\$	1,913,526

#### CITY OF HARKER HEIGHTS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2024

Special Revenue Funds

REVENUES         Same of procession of p					Special Rev	enue Funds		
REVENUES         Fund         Coronavirus         Fund         Punds           Other taxes and special assessments         \$ 319,172         84,702         84,702           Fines         2,091,218         2,091,218         2,091,218           Investment earnings         39,916         103,540         13,579         157,035           Total revenues         359,088         2,194,758         98,281         2,652,127           EXPENDITURES           Current:           Economic development and assistance         46,589         84,589         46,589           Public Safety:         112,500         112,500         112,500           Copts         348,606         348,606         94,606         14,606           Public safety         166,723         166,723         166,723         166,723           Total expenditures         46,589         515,329         112,500         674,418           Excess (deficiency) of revenues over (under) expenditures         312,499         1,679,429         (14,219)         1,977,709           OTHER FINANCING SOURCES (USES)         (1,668,563)         (1,668,563)           Total other financing sources (uses)         (1,668,563)         (1,668,563)         (1,668,563) <th></th> <th>Ho</th> <th>tel / Motel</th> <th colspan="3">Restricted Court</th> <th>=</th>		Ho	tel / Motel	Restricted Court			=	
Other taxes and special assessments         \$ 319,172         \$ 34,702         \$44,702           Fines         2,091,218         2,091,218         2,091,218           Intergovernmental         2,091,218         103,540         13,579         157,035           Total revenues         359,088         2,194,758         98,281         2,652,127           EXPENDITURES           Current:         Economic development and assistance         46,589         46,589           Public Safety:         2         112,500         112,500           Courts         348,606         348,606         94,589           Public Safety         166,723         166,723         166,723           Total expenditures         46,589         515,329         112,500         674,418           Excess (deficiency) of revenues over (under) expenditures         312,499         1,679,429         (14,219)         1,977,709           OTHER FINANCING SOURCES (USES)           Transfers out         (1,668,563)         (1,668,563)           Total other financing sources (uses)         (1,668,563)         (1,668,563)           Net change in fund balance         312,499         10,866         (14,219)         309,146           Fu				Co	ronavirus	Fund	Funds	
Fines         84,702         84,702           Intergovernmental         2,091,218         2,091,218           Investment earnings         39,916         103,540         13,579         157,035           Total revenues         359,088         2,194,758         98,281         2,652,127           EXPENDITURES           Current:           Economic development and assistance         46,589         46,589           Public Safety:         112,500         112,500           Capital outlay         348,606         348,606           Public safety         166,723         166,723           Total expenditures         46,589         515,329         112,500         674,418           Excess (deficiency) of revenues over (under) expenditures         312,499         1,679,429         (14,219)         1,977,709           OTHER FINANCING SOURCES (USES)           Transfers out         (1,668,563)         (1,668,563)           Total other financing sources (uses)         (1,668,563)         (1,668,563)           Net change in fund balance         312,499         10,866         (14,219)         309,146           Fund balances - beginning         651,227         230,393         230,393         230,393	REVENUES	•	,					
Intergovernmental   2,091,218   2,091,218   13,579   157,035   1	Other taxes and special assessments	\$	319,172				\$ 319,172	
Investment earnings   39,916   103,540   13,579   157,035   157,035   157,035   159,088   2,194,758   98,281   2,652,127	Fines					84,702	84,702	
EXPENDITURES         359,088         2,194,758         98,281         2,652,127           EXPENDITURES         346,589         46,589         46,589           Current:         200,000         112,500         112,500         112,500         112,500         112,500         112,500         112,500         112,500         112,500         112,500         112,500         112,500         112,500         112,500         166,723         166,723         166,723         166,723         166,723         166,723         166,723         172,500         172,500         172,500         172,500         172,200         172,200         172,200         172,200         172,21         172,200         172,21         172,200         172,21         172,200         172,21         172,200         172,21         172,200         172,21         172,200         172,21         172,200         172,41         172,200         172,41         172,200         172,41         172,200         172,41         172,200         172,41         172,500         172,41         172,500         172,41         172,500         172,200         172,200         172,200         172,200         172,200         172,200         172,200         172,200         172,200         172,200         172,200         172,200	Intergovernmental				2,091,218		2,091,218	
EXPENDITURES  Current:  Economic development and assistance Public Safety:  Courts 112,500 112,500  Capital outlay  Highways and streets 348,606 348,606  Public safety 166,723 166,723  Total expenditures 46,589 515,329 112,500 674,418  Excess (deficiency) of revenues over (under) expenditures 312,499 1,679,429 (14,219) 1,977,709  OTHER FINANCING SOURCES (USES)  Transfers out (1,668,563) (1,668,563)  Total other financing sources (uses) (1,668,563) (1,668,563)  Net change in fund balance 312,499 10,866 (14,219) 309,146  Fund balances - beginning 651,227 211,223 862,450  Change within the financial reporting entity 230,393 211,223 1,092,843	Investment earnings		39,916		103,540	13,579	157,035	
Current:       46,589       46,589         Public Safety:       112,500       112,500         Courts       112,500       112,500         Capital outlay       348,606       348,606         Public safety       166,723       166,723         Total expenditures       46,589       515,329       112,500       674,418         Excess (deficiency) of revenues over (under) expenditures       312,499       1,679,429       (14,219)       1,977,709         OTHER FINANCING SOURCES (USES)         Transfers out       (1,668,563)       (1,668,563)         Total other financing sources (uses)       (1,668,563)       (1,668,563)         Net change in fund balance       312,499       10,866       (14,219)       309,146         Fund balances - beginning       651,227       211,223       862,450         Change within the financial reporting entity       230,393       230,393         Fund balances, beginning, as restated       651,227       230,393       211,223       1,092,843	Total revenues		359,088		2,194,758	98,281	2,652,127	
Economic development and assistance Public Safety:         46,589         46,589           Courts         112,500         112,500           Capital outlay         348,606         348,606           Highways and streets         348,606         348,606           Public safety         166,723         166,723           Total expenditures         46,589         515,329         112,500         674,418           Excess (deficiency) of revenues over (under) expenditures         312,499         1,679,429         (14,219)         1,977,709           OTHER FINANCING SOURCES (USES)           Transfers out         (1,668,563)         (1,668,563)           Total other financing sources (uses)         (1,668,563)         (1,668,563)           Net change in fund balance         312,499         10,866         (14,219)         309,146           Fund balances - beginning         651,227         211,223         862,450           Change within the financial reporting entity         230,393         230,393           Fund balances, beginning, as restated         651,227         230,393         211,223         1,092,843	EXPENDITURES							
Public Safety:           Courts         112,500         112,500           Capital outlay         112,500         112,500           Highways and streets         348,606         348,606           Public safety         166,723         166,723           Total expenditures         46,589         515,329         112,500         674,418           Excess (deficiency) of revenues over (under) expenditures         312,499         1,679,429         (14,219)         1,977,709           OTHER FINANCING SOURCES (USES)           Transfers out         (1,668,563)         (1,668,563)           Total other financing sources (uses)         (1,668,563)         (1,668,563)           Net change in fund balance         312,499         10,866         (14,219)         309,146           Fund balances - beginning         651,227         211,223         862,450           Change within the financial reporting entity         230,393         230,393         230,393           Fund balances, beginning, as restated         651,227         230,393         211,223         1,092,843	Current:							
Capital outlay         Highways and streets       348,606       348,606         Public safety       166,723       166,723         Total expenditures       46,589       515,329       112,500       674,418         Excess (deficiency) of revenues over (under) expenditures       312,499       1,679,429       (14,219)       1,977,709         OTHER FINANCING SOURCES (USES)         Transfers out       (1,668,563)       (1,668,563)         Total other financing sources (uses)       (1,668,563)       (1,668,563)         Net change in fund balance       312,499       10,866       (14,219)       309,146         Fund balances - beginning       651,227       211,223       862,450         Change within the financial reporting entity       230,393       230,393         Fund balances, beginning, as restated       651,227       230,393       211,223       1,092,843	·		46,589				46,589	
Highways and streets       348,606       348,606         Public safety       166,723       166,723         Total expenditures       46,589       515,329       112,500       674,418         Excess (deficiency) of revenues over (under) expenditures       312,499       1,679,429       (14,219)       1,977,709         OTHER FINANCING SOURCES (USES)         Transfers out       (1,668,563)       (1,668,563)         Total other financing sources (uses)       (1,668,563)       (1,668,563)         Net change in fund balance       312,499       10,866       (14,219)       309,146         Fund balances - beginning       651,227       211,223       862,450         Change within the financial reporting entity       230,393       230,393       230,393         Fund balances, beginning, as restated       651,227       230,393       211,223       1,092,843	Courts					112,500	112,500	
Public safety         166,723         166,723           Total expenditures         46,589         515,329         112,500         674,418           Excess (deficiency) of revenues over (under) expenditures         312,499         1,679,429         (14,219)         1,977,709           OTHER FINANCING SOURCES (USES)           Transfers out         (1,668,563)         (1,668,563)           Total other financing sources (uses)         (1,668,563)         (1,668,563)           Net change in fund balance         312,499         10,866         (14,219)         309,146           Fund balances - beginning         651,227         211,223         862,450           Change within the financial reporting entity         230,393         230,393         230,393           Fund balances, beginning, as restated         651,227         230,393         211,223         1,092,843	Capital outlay							
Total expenditures         46,589         515,329         112,500         674,418           Excess (deficiency) of revenues over (under) expenditures         312,499         1,679,429         (14,219)         1,977,709           OTHER FINANCING SOURCES (USES)           Transfers out         (1,668,563)         (1,668,563)           Total other financing sources (uses)         (1,668,563)         (1,668,563)           Net change in fund balance         312,499         10,866         (14,219)         309,146           Fund balances - beginning         651,227         211,223         862,450           Change within the financial reporting entity         230,393         230,393           Fund balances, beginning, as restated         651,227         230,393         211,223         1,092,843	Highways and streets				348,606		348,606	
Excess (deficiency) of revenues over (under) expenditures 312,499 1,679,429 (14,219) 1,977,709  OTHER FINANCING SOURCES (USES)  Transfers out (1,668,563) (1,668,563)  Total other financing sources (uses) (1,668,563) (1,668,563)  Net change in fund balance 312,499 10,866 (14,219) 309,146  Fund balances - beginning 651,227 211,223 862,450  Change within the financial reporting entity 230,393 230,393  Fund balances, beginning, as restated 651,227 230,393 211,223 1,092,843	Public safety	-			166,723		166,723	
OTHER FINANCING SOURCES (USES)         (1,668,563)         (1,668,563)           Total other financing sources (uses)         (1,668,563)         (1,668,563)           Net change in fund balance         312,499         10,866         (14,219)         309,146           Fund balances - beginning         651,227         211,223         862,450           Change within the financial reporting entity         230,393         230,393           Fund balances, beginning, as restated         651,227         230,393         211,223         1,092,843	Total expenditures		46,589		515,329	112,500	 674,418	
OTHER FINANCING SOURCES (USES)           Transfers out         (1,668,563)         (1,668,563)           Total other financing sources (uses)         (1,668,563)         (1,668,563)           Net change in fund balance         312,499         10,866         (14,219)         309,146           Fund balances - beginning         651,227         211,223         862,450           Change within the financial reporting entity         230,393         230,393           Fund balances, beginning, as restated         651,227         230,393         211,223         1,092,843	Excess (deficiency) of revenues							
Transfers out         (1,668,563)         (1,668,563)           Total other financing sources (uses)         (1,668,563)         (1,668,563)           Net change in fund balance         312,499         10,866         (14,219)         309,146           Fund balances - beginning         651,227         211,223         862,450           Change within the financial reporting entity         230,393         230,393           Fund balances, beginning, as restated         651,227         230,393         211,223         1,092,843	over (under) expenditures		312,499		1,679,429	(14,219)	1,977,709	
Total other financing sources (uses)         (1,668,563)         (1,668,563)           Net change in fund balance         312,499         10,866         (14,219)         309,146           Fund balances - beginning         651,227         211,223         862,450           Change within the financial reporting entity         230,393         230,393           Fund balances, beginning, as restated         651,227         230,393         211,223         1,092,843	OTHER FINANCING SOURCES (USES)							
Net change in fund balance       312,499       10,866       (14,219)       309,146         Fund balances - beginning       651,227       211,223       862,450         Change within the financial reporting entity       230,393       230,393         Fund balances, beginning, as restated       651,227       230,393       211,223       1,092,843	Transfers out				(1,668,563)		(1,668,563)	
Fund balances - beginning         651,227         211,223         862,450           Change within the financial reporting entity         230,393         230,393           Fund balances, beginning, as restated         651,227         230,393         211,223         1,092,843	Total other financing sources (uses)				(1,668,563)		 (1,668,563)	
Change within the financial reporting entity 230,393 230,393  Fund balances, beginning, as restated 651,227 230,393 211,223 1,092,843	Net change in fund balance		312,499		10,866	(14,219)	309,146	
reporting entity         230,393         230,393           Fund balances, beginning, as restated         651,227         230,393         211,223         1,092,843	Fund balances - beginning		651,227			211,223	862,450	
Fund balances, beginning, as restated 651,227 230,393 211,223 1,092,843	Change within the financial							
	reporting entity				230,393		 230,393	
Fund balances - ending \$ 963,726 \$ 241,259 \$ 197,004 \$ 1,401,989	Fund balances, beginning, as restated		651,227		230,393	211,223	1,092,843	
	Fund balances - ending	\$	963,726	\$	241,259	\$ 197,004	\$ 1,401,989	



### SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

DEBT SERVICE FUND SPECIAL REVENUE FUNDS

### CITY OF HARKER HEIGHTS DEBT SERVICE FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts						_	iance With al Budget
	Original			Final		Actual Amounts		Positive Jegative)
REVENUES								
Property taxes	\$	3,117,400	\$	3,117,400	\$	2,990,574	\$	(126,826)
Investment earnings		30,000		30,000		37,923		7,923
Miscellaneous income						3,619		3,619
Total revenues		3,147,400		3,147,400		3,032,116		(115,284)
EXPENDITURES								
Debt Service:								
Principal		2,420,000		2,420,000		2,420,000		
Interest and fiscal charges		827,000		827,000		698,246		128,754
Tax collection fees		33,900		33,900		33,949		(49)
Bond issuance cost		53,300		53,300				53,300
Total expenditures		3,334,200		3,334,200		3,152,195		182,005
Excess (deficiciency) of revenues								
over (under) expenditures		(186,800)		(186,800)		(120,079)		66,721
OTHER FINANCING SOURCES (USES)								
Transfers in		175,000		175,000		150,000		(25,000)
Total other financing sources (uses)		175,000		175,000		150,000		(25,000)
Net change in fund balance		(11,800)		(11,800)		29,921		41,721
Fund balance - beginning		45,049		45,049		45,049		
Fund balance - ending	\$	33,249	\$	33,249	\$	74,970	\$	41,721

### CITY OF HARKER HEIGHTS HOTEL / MOTEL (SPECIAL REVENUE) FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts						-	ance With
	Original		Final		Actual Amounts		Final Budget Positive (Negative)	
REVENUES								
Hotel / Motel tax	\$	155,000	\$	155,000	\$	319,172	\$	164,172
Investment earnings		18,000		18,000		39,916		21,916
Total revenues		173,000		173,000		359,088		186,088
EXPENDITURES								
Current:								
Economic development and assistance								
Advertising						1,359		(1,359)
Convention registration		7,500		7,500		7,500		
Events		3,800		3,800		22,380		(18,580)
Historical restoration/preservation		400		400		350		50
Promotion of the arts		15,000		15,000		15,000		
Total expenditures		26,700		26,700		46,589		(19,889)
Excess (deficiciency) of revenues								
over (under) expenditures		146,300		146,300		312,499		166,199
Fund balance - beginning		651,227		651,227		651,227		
Fund balance - ending	\$	797,527	\$	797,527	\$	963,726	\$	166,199

### CITY OF HARKER HEIGHTS CORONAVIRUS FUND

### SCHEDULE OF REVEUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts						-	iance With
		Original		Final		Actual Amounts		Positive Negative)
REVENUES		_				_	·	_
Intergovernmental payments	\$	1,659,500	\$	1,659,500	\$	2,091,218	\$	431,718
Investment earnings		31,000		31,000		103,540		72,540
Total revenues		1,690,500		1,690,500		2,194,758		504,258
EXPENDITURES								
Capital outlay								
Highways and streets		7,600		7,600		348,606		(341,006)
Public safety		150,200		150,200		166,723		(16,523)
Total capital outlay		157,800		157,800		515,329		(357,529)
Total expenditures		157,800		157,800		515,329		(357,529)
Excess (deficiciency) of revenues								
over (under) expenditures		1,532,700		1,532,700		1,679,429		146,729
OTHER FINANCING SOURCES (USES)								
Transfers out		(1,697,600)		(1,697,600)		(1,668,563)		29,037
Total other financing sources (uses)		(1,697,600)		(1,697,600)		(1,668,563)		29,037
Net change in fund balance		(164,900)		(164,900)		10,866		175,766
Fund balance - beginning		230,393		230,393		230,393		
Fund balance - ending	\$	65,493	\$	65,493	\$	241,259	\$	175,766

# CITY OF HARKER HEIGHTS RESTRICTED COURT (SPECIAL REVENUE) FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2024

	 Budgeted	unts				iance With nal Budget	
	Original		Final		Actual Amounts		Positive Negative)
REVENUES	 						
Fines	\$ 87,900	\$	87,900	\$	84,702	\$	(3,198)
Investment earnings	10,000		10,000		13,579		3,579
Total revenues	97,900		97,900		98,281		381
EXPENDITURES							
Current:							
Public safety:							
Court					112,500		(112,500)
Total expenditures					112,500		(112,500)
Excess (deficiciency) of revenues							
over (under) expenditures	97,900		97,900		(14,219)		(112,119)
OTHER FINANCING SOURCES (USES)							
Transfers out	(100,000)		(100,000)				100,000
Total other financing sources (uses)	(100,000)		(100,000)				100,000
Net change in fund balance	(2,100)		(2,100)		(14,219)		(12,119)
Fund balance - beginning	 211,223		211,223		211,223		
Fund balance - ending	\$ 209,123	\$	209,123	\$	197,004	\$	(12,119)



#### STATISTICAL SECTION

This part of the City of Harker Heights' annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends:  These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	95
Revenue Capacity:  These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	106
Debt Capacity:  These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	110
Demographic and Economic Information:  These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	115
Operating Information:  These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information related to the services the City provides and the activities it performs.	119

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

#### CITY OF HARKER HEIGHTS NET POSITION BY COMPONENT LAST TEN FISCAL YEARS

	Fiscal Year								
	2024	2023	2022	2021	2020				
Governmental activities									
Net investment in capital assets	\$ 51,214	\$ 50,904	\$ 45,820	\$ 42,223	\$ 37,854				
Restricted	1,611	1,232	1,506	769	622				
Assigned									
Unrestricted	12,940	12,116	12,840	10,769	8,290				
Total governmental activities net position	\$ 65,765	\$ 64,252	\$ 60,166	\$ 53,761	\$ 46,766				
Business-type activities									
Net investment in capital assets	\$ 40,952	\$ 38,856	\$ 35,829	\$ 31,490	\$ 33,061				
Restricted	20	31	29	29	48				
Unrestricted	8,343	8,938	6,630	5,663	1,733				
Total business-type activities net position	\$ 49,315	\$ 47,825	\$ 42,488	\$ 37,182	\$ 34,842				
Primary Government									
Net investment in capital assets	\$ 92,166	\$ 89,760	\$ 81,649	\$ 73,713	\$ 70,915				
Restricted	1,631	1,263	1,535	798	670				
Assigned									
Unrestricted	21,283	21,054	19,470	16,432	10,023				
Total primary government net position	\$115,080	\$112,077	\$102,654	\$ 90,943	\$ 81,608				

#### CITY OF HARKER HEIGHTS NET POSITION BY COMPONENT LAST TEN FISCAL YEARS

(amounts expressed in thousands)

#### Fiscal Year

2019	2018	2017	2016	2015
\$ 35,751	\$ 33,592	\$ 29,424	\$ 30,534	\$ 26,705
531	457	6,192	1,828	12,894
		2,482	3,099	
7,302	7,069	434	769	(3,716)
\$ 43,584	\$ 41,118	\$ 38,532	\$ 36,230	\$ 35,883
				,
\$ 32,324	\$ 30,393	\$ 29,055	\$ 28,727	\$ 27,659
47	45	953	710	57
(150)	1,151	939	1,706	(322)
\$ 32,221	\$ 31,589	\$ 30,947	\$ 31,143	\$ 27,394
				,
\$ 68,075	\$ 63,985	\$ 58,479	\$ 59,261	\$ 54,364
578	502	7,145	2,538	12,951
		2,482	3,099	
7,152	8,220	1,373	2,475	(4,038)
\$ 75,805	\$ 72,707	\$ 69,479	\$ 67,373	\$ 63,277

			Fiscal Year		
	2024	2023	2022	2021	2020
Expenses					
Governmental Activities:					
General government	\$ 6,410	\$ 5,058	\$ 4,190	\$ 4,406	\$ 4,528
Public safety	16,095	15,874	13,780	13,609	14,107
Highways/streets	2,740	2,387	2,204	2,171	1,799
Economic development	486	469	412	410	2,967
Culture and recreation	3,676	3,718	3,410	3,209	398
Interest on long-term debt Other	931	771	844	911	1,118
Total Governmental Activities	30,338	28,277	24,840	24,717	24,917
Business-type Activities:					
Water and sewer	13,939	8,708	8,018	7,927	7,919
Drainage	2,674	322	375	367	397
Sanitation	510	2,467	2,272	2,127	2,057
Total Business-type Activities	17,123	11,497	10,665	10,421	10,373
Total Expenses	\$ 47,461	\$ 39,774	\$ 35,505	\$ 35,138	\$ 35,290
Program Revenues					
Governmental Activities:					
Charges for services					
General government	\$ 43	\$ 46	\$ 56	\$ 56	\$ 88
Public safety	1,825	1,872	1,788	2,597	1,951
Culture and recreation	306	408	418	271	123
Other activities	178	169	215	141	246
Operating grants and contributions	1,596	399	67	1,108	1,568
Capital grants and contributions	2,091	2,660	3,115		1,125
Total Governmental Activities	6,039	5,554	5,659	4,172	5,101
Business-type Activities:					
Charges for services	14,786	15,007	14,829	13,659	13,633
Operating grants and contributions				29	
Capital grants and contributions	4				
Total Business-type Activities	14,790	15,007	14,829	13,688	13,633
Total Program Revenues	\$ 20,829	\$ 20,561	\$ 20,488	\$ 17,860	\$ 18,734
Net (Expense)/Revenue					
Governmental Activities	\$ (24,299)	\$ (22,723)	\$ (19,181)	\$ (20,545)	\$ (19,816)
Business-type Activities	(2,333)	3,510	4,164	3,267	3,260
Total Net Expense	\$ (26,632)	\$ (19,213)	\$ (15,017)	\$ (17,278)	\$ (16,556)

iena	I Va	or

	Fiscal Year												
	2019			2018		2017		2016		2015			
•													
	\$	4,414	\$	4,009	9	4,053	\$	3,866	\$	3,967			
	·	13,883		12,701		12,726		12,715		10,478			
		1,707		1,986		1,771		880		1,768			
		388		379		438		410		447			
		3,557		3,508		3,338		3,378		3,051			
		1,121		1,060		1,038		1,032		988			
		1,121		1,000		1,000		1,002		300			
•		25,070		23,643	-	23,364	-	22,281		20,699			
•		20,070		20,040		20,004		22,201		20,000			
		7,309		7,206		6,771		6,356		6,662			
		326		364		369		359		364			
		1,959		1,843		1,779		1,743		1,649			
•		9,594		9,413		8,919	-	8,458	•	8,675			
•	\$		-\$				\$		-				
•							_		_				
	\$	104	\$	3 131	9	89	\$	249	\$	3 111			
	Ψ	1,936	7	1,810	٦	1,698	Ψ	1,554	4	1,672			
		272		268		259		291		293			
		301		184		212		278		296			
		343		247		220		1,083		792			
		545		247		220		1,000		732			
•		2,956		2,640		2,478		3,455		3,164			
•		2,000		2,040		2,470		0,400		0,104			
		12,487		13,140		12,200		12,091		11,435			
		12,407		10,140		12,200		12,001		11,400			
•		12,487		13,140		12,200		12,091		11,435			
•	\$		\$		-		-\$		- \$				
•													
	\$	(22,114)	\$	(21,003)	\$	(20,886)	\$	(18,826)	\$	(17,535)			
	•	2,893		3,727	·	3,281	·	3,633	•	2,760			
•	\$	(19,221)	\$	(17,276)	\$	(17,605)	\$	(15,193)	\$	(14,775)			

	Fiscal Year									
	2024	2023	2022	2021	2020					
Ormanal Bassassas										
General Revenues										
Governmental Activities										
Taxes	<b>.</b>	<b>.</b>	<b>4.10.500</b>	<b>.</b>	<b>h</b> 10 001					
Property taxes	\$ 14,155	\$ 13,838	\$ 13,580	\$ 13,261	\$ 12,281					
Sales taxes	11,146	11,124	10,765	11,194	7,733					
Mixed drink taxes	131	126	151	119	93					
Bingo taxes	34	32	43	111	39					
Hotel/Motel taxes	319	108	114	35	105					
Special assessments										
Other taxes										
Franchise taxes	1,427	1,428	1,415	1,389	1,378					
Investment earnings	1,631	1,386	173	120	491					
Miscellaneous	513	131	193	173						
Gain on sale of capital assets			84	16	3					
Transfers	(3,176)	(1,364)	(933)	1,121	875					
Total Governmental Activities	26,180	26,809	25,585	27,539	22,998					
Business-type Activities										
Franchise taxes	236	220	194	176	197					
Investment earnings	357	240	14	19	40					
Miscellaneous		3								
Gain on sale of capital assets	72									
Transfers	3,176	1,364	933	(1,121)	(875)					
Total Business-type Activities	3,841	1,827	1,141	(927)	(638)					
Total general revenues and transfers	\$ 30,021	\$ 28,636	\$ 26,726	\$ 26,612	\$ 22,360					
Change in Net Position										
Governmental Activities	\$ 1,881	\$ 4,086	\$ 6,404	\$ 6,994	\$ 3,182					
Business-type Activities	1,508	5,338	5,305	2,340	2,622					
Total Change in Net Position	\$ 3,389	\$ 9,424	\$ 11,709	\$ 9,335	\$ 5,804					

Fiscal Year 2019 2018 2017 2016 2015											
2019	2018	2016	2015								
_			_								
\$ 11.754	\$ 11.734	\$ 11.100	\$ 10.833	\$ 10.419							

2013	2010	2017	2010					
\$ 11,754	\$ 11,734	\$ 11,100	\$ 10,833	\$ 10,419				
8,081	6,828	6,672	6,627	6,594				
104	100	113	111	141				
45	42	50	52	64				
97	86	95	75	75				
1,403	1,397	1,333	1,297	1,342				
650	312	162	115	48				
030	312	102	113	40				
	12	22						
2,446	3,272	3,641	63	1,480				
24,580	23,783	23,188	19,173	20,163				
101	450	4.40	101	405				
134	153	148	161	125				
51	40	17	18	10				
	2							
(2,446)	(3,272)	(3,641)	(63)	(1,480)				
(2,261)	(3,077)	(3,476)	116	(1,345)				
\$ 22,319	\$ 20,706	\$ 19,712	\$ 19,289	\$ 18,818				
\$ 2,466	\$ 2,780	\$ 2,302	\$ 347	\$ 2,628				
632	650	(195)	3,749	1,415				
\$ 3,098	\$ 3,430	\$ 2,107	\$ 4,096	\$ 4,043				



## CITY OF HARKER HEIGHTS GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE<sup>1</sup> LAST TEN FISCAL YEARS

(amounts expressed in thousands)

Fiscal	Property		Fra	nchise				oholic erage	Hote	el/Motel	
<u>Year</u>	Тах	Sales Tax		Tax	Bingo Tax		Тах		Tax		Total
2024	\$ 14,155	\$ 11,146	\$	1,427	\$	34	\$	131	\$	319	\$ 27,212
2023	13,838	11,124		1,428		32		126		108	26,656
2022	13,580	10,765		1,415		43		150		114	26,067
2021	13,261	11,194		1,389		111		119		35	26,109
2020	12,281	7,733		1,378		39		93		105	21,629
2019	11,754	8,081		1,403		45		104		97	21,484
2018	11,734	6,828		1,397		42		100		86	20,187
2017	11,100	6,672		1,333		50		113		95	19,363
2016	10,833	6,627		1,297		52		111		75	18,995
2015	10,419	6,594		1,342		64		141		75	18,635

#### **Source: Audited Financial Statements.**

<sup>&</sup>lt;sup>1</sup>Includes general, debt service, capital projects, and hotel/motel funds.

## CITY OF HARKER HEIGHTS FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

	Fiscal Year									
		2024		2023		2022		2021	2	2020
General Fund										
Nonspendable										
Restricted for:										
Economic development										
Public safety	\$	10	\$	4	\$	1	\$	5	\$	3
Pet adoption center		58		34		25		11		17
General government		45		36						
Debt service										
Capital projects										
Cemetery		21		20		19		19		19
Committed										
Assigned to:										
Subsequent year's budget		147		2,876		1,617		2,944		
Culture and recreation		366		515		465		492		438
Unassigned		17,267		14,439		15,957		14,476		13,373
Total general fund	\$	17,914	\$	17,924	\$	18,084	\$	17,947	\$	13,850
All Other Governmental Funds										
Nonspendable										
Restricted for:										
Economic development	\$	964	\$	651	\$	544	\$	451	\$	361
Federal grant		241		230		657				
Public safety		197		211		211		201		171
Debt service		75		45		48		82		51
Capital projects		4,691		2,507		2,856		2,883		
Committed										
Capital projects										3,384
Assigned to:										
Culture and recreation										
Capital projects		4,398		2,831		2,662		1,496		1,292
Unassigned		10 500		C 475		C 070		F 440		F 050
Total all other governmental funds	\$	10,566	\$	6,475	\$	6,978	\$	5,113	\$	5,259

#### CITY OF HARKER HEIGHTS FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

Fiscal	Year
7	2

 2040	 2010		1150a	010	2015		
 2019	 2018		2017	 2016		2015	
\$ 3 19	\$ 6 9	\$	3 5	\$ 3	\$	3	
19	18		18	18		18	
378	328		271	243		220	
11,044	10,686		9,997	9,660		9,962	
\$ 11,463	\$ 11,047	\$ 10,294		\$ 9,924	\$	10,203	
\$ 276	\$ 192	\$	122	\$ 85	\$	106	
189	185		212	171		167	
24	47		191	55		108	
2,420	2,779		5,640	1,496		8,321	
4,202	3,399						
1,892	1,852		2,212	2,856		3,952	
\$ 9,003	\$ 8,454	\$	8,377	\$ 4,663	\$	12,654	

#### **C**ITY OF HARKER HEIGHTS CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

		Fiscal Year							
	2024		2023		2022		2021		2020
Revenues									
Taxes	\$ 27,245	\$	26,619	\$	26,046	\$	26,160	\$	21,731
Licenses and permits	363		472		486		336		306
Fines	654		734		803		1,120		1,145
Charges for services	1,380		1,275		1,184		986		811
Intergovernmental	3,425		2,896		3,243		613		1,545
Investment earnings	1,631		1,386		173		120		463
Contributions and donations	91		32		56		39		1,149
Miscellaneous	506		87		194		173		96
Total revenues	35,295		33,501		32,185		29,547		27,246
Expenditures									
General government	5,918		4,225		3,917		4,398		3,943
Public safety	14,969		14,704		13,640		13,140		12,957
Highways and streets	1,487		1,328		1,289		1,390		1,311
Culture and recreation	3,397		3,180		3,050		2,799		2,591
Economic development and assistance	491		447		450		415		386
Debt service									
Principal	2,670		2,545		2,496		2,424		2,109
Interest	709		781		855		923		1,025
Tax collection fees	34		30		31		32		32
Bond issuance costs	98								48
Capital outlay	2,282		5,560		3,541		1,617		5,059
Total expenditures	 32,055		32,800	_	29,269		27,138		29,461
Excess of revenues									
over (under) expenditures	 3,240		701		2,916		2,409		(2,215)
Other Financing Sources (Uses)									
Issuance of certificates of obligation	3,745								4,075
Issuance of refunding bonds									
Premium on refunding bonds	133								
Bond discount									
Payment to refunded bond escrow agent									(4,090)
Leases (as lessee)	24								
Leases issued	94								
Finance purchase agreement					18		405		
Sale of capital assets proceeds	20						16		
Transfers in	3,525		4,175		6,833		2,100		1,325
Transfers out	(6,700)		(5,539)		(7,765)		(979)		(450)
Total other financing sources (uses)	 841		(1,364)		(914)		1,542		860
Net change in fund balances	\$ 4,081	\$	(663)	\$	2,002	\$	3,951	\$	(1,355)
Debt service as a percentage of									
noncapital expenditures	12.39%		12.75%		13.35%		13.57%		13.17%

#### **C**ITY OF HARKER HEIGHTS CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

2019	2018	2017	2016	2015		
\$ 20,654	\$ 20,073	\$ 19,226	\$ 18,877	\$ 18,555		
396	280	247	320	330		
1,068	1,005	877	822	1,145		
1,058	949	990	857	795		
1,200	392	361	447	932		
650	310	158	90	48		
29	25	29	811	32		
32	106	111	256	107		
25,087	23,140	21,999	22,480	21,944		
3,799	3,725	3,778	3,669	4,102		
12,294	12,400	11,456	12,076	11,340		
1,453	1,372	1,489	1,541	1,288		
3,039	3,043	2,903	2,922	2,837		
362	374	421	466	474		
				1,550		
2,061	1,932	1,926				
1,095	1,039	982	1,010	1,059		
31	29	30	29	28		
40	34	55	25	64		
5,422	5,157	3,571	7,432	3,849		
29,596	29,105	26,611	31,063	26,591		
(4,509)	(5,965)	(4,612)	(8,583)	(4,647)		
3,028	3,029	5,055				
			1,985	6,569		
			164			
			(2,106)	(6,551)		
	495		208	478		
4,463	3,990	4,554	3,600	4,150		
(2,017)	(718)	(913)	(3,537)	(2,670)		
5,474	6,796	8,696	314	1,976		
\$ 965	\$ 831	\$ 4,084	\$ (8,269)	\$ (2,671)		
- 000	- 331	7 1,001	- (3,233)	- (=,0,1)		
10 400/	10.070/	10.000/	10 400/	10 100/		
13.43%	12.97%	12.98%	13.42%	12.10%		

## CITY OF HARKER HEIGHTS ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

						Taxable			
						Assessed			
						Value as a	Estimated	Total	
Fiscal		Personal	Less:		Total Taxable	Percentage of	<b>Actual Taxable</b>	Direct	Tax
Year	Real Property	Property	Exemptions <sup>1</sup>	A	ssessed Value	Estimated	Value	Rate	Year
2024	\$ 3,894,109,046	\$140,594,799	\$ 1,216,257,259	\$	2,818,446,586	70.13%	\$4,019,085,190	0.5250	2023
2023	3,343,454,387	129,060,089	989,863,653		2,482,650,823	71.49%	3,472,514,476	0.5800	2022
2022	2,685,764,398	118,095,980	647,955,215		2,155,905,163	76.89%	2,803,860,378	0.6519	2021
2021	2,449,956,127	121,143,149	550,486,382		2,020,612,894	78.59%	2,571,099,276	0.6770	2020
2020	2,223,496,798	124,600,298	467,495,054		1,880,602,042	80.09%	2,348,097,096	0.6770	2019
2019	2,054,007,820	126,591,843	377,119,500		1,803,480,163	82.71%	2,180,599,663	0.6770	2018
2018	1,988,778,889	124,001,875	313,770,080		1,799,010,684	85.15%	2,112,780,764	0.6770	2017
2017	1,813,068,923	127,224,231	245,257,629		1,695,035,525	87.36%	1,940,293,154	0.6770	2016
2016	1,726,337,444	129,371,982	201,721,179		1,653,988,247	89.13%	1,855,709,426	0.6770	2015
2015	1,644,815,946	123,164,489	172,716,271		1,595,264,164	90.23%	1,767,980,435	0.6770	2014

**Source: Bell County Appraisal District** 

NOTE: Tax rates are per \$100 of assessed values.

<sup>&</sup>lt;sup>1</sup>Amount includes productivity loss and the homestead cap as well as local and state exemptions.

# CITY OF HARKER HEIGHTS PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN FISCAL YEARS

	City	of Harker Hei	ghts						
Fiscal Year	Operating Millage	Debt Service Millage	Total Direct Rate	Killeen Independent School District	Central Texas College	Bell County	Road District	Clearwater UWCD	Total Direct and Overlapping
2024	\$ 0.41420	\$ 0.11080	\$ 0.52500	\$ 0.85010	\$ 0.08250	\$ 0.29140	\$0.02110	\$ 0.00237	\$ 1.77247
2023	0.45110	0.12890	0.58000	1.01660	0.09600	0.31600	0.02330	0.00271	2.03461
2022	0.50630	0.14560	0.65190	1.04320	0.11160	0.36800	0.02630	0.00310	2.20410
2021	0.51430	0.16270	0.67700	1.08950	0.12180	0.39680	0.02850	0.00327	2.31687
2020	0.52080	0.15620	0.67700	1.16110	0.12790	0.42080	0.02920	0.00357	2.41957
2019	0.51930	0.15770	0.67700	1.26000	0.13860	0.42120	0.02990	0.00383	2.53053
2018	0.52850	0.14850	0.67700	1.11000	0.13990	0.42120	0.02990	0.00385	2.38185
2017	0.51980	0.15720	0.67700	1.12600	0.13660	0.42120	0.02990	0.00392	2.39462
2016	0.51740	0.15960	0.67700	1.12800	0.13660	0.42120	0.02990	0.00395	2.39665
2015	0.51670	0.16030	0.67700	1.12800	0.13660	0.42120	0.02990	0.00400	2.39670

**Source: Bell County Appraisal District** 

Note: Property tax rates per \$100 of assessed value.

#### CITY OF HARKER HEIGHTS PRINCIPAL TAXPAYERS CURRENT YEAR AND NINE YEARS AGO

(amounts expressed in thousands)

		2024				2015			
			Percentage			Percentage			
			of Total				of Total		
As	ssessed		Assessed	As	sessed		Assessed		
Va	aluation	Rank	Valuation	Valuation		Rank	Valuation		
\$	68,300	1	2.34%						
	57,000	2	1.96%	\$	50,593	1	3.17%		
	15,997	3	0.55%		11,906	5	0.75%		
	14,500	4	0.50%		27,500	3	1.72%		
	14,500	4	0.50%						
	13,000	6	0.45%						
	12,279	7	0.42%		17,631	4	1.11%		
	11,570	8	0.40%						
	10,974	9	0.38%		9,094	7	0.57%		
	10,401	10	0.36%						
					28,718	2	1.80%		
					10,597	6	0.66%		
					6,630	8	0.42%		
					5,933	9	0.37%		
					5,256	10	0.33%		
\$	228,521		7.86%	\$	173,858		10.90%		
	\$	57,000 15,997 14,500 13,000 12,279 11,570 10,974 10,401	Assessed Valuation Rank  \$ 68,300 1 57,000 2 15,997 3 14,500 4 14,500 4 13,000 6 12,279 7 11,570 8 10,974 9 10,401 10	Assessed Valuation Rank Valuation  \$ 68,300	Assessed Valuation Rank Assessed Valuation Rank Valuation Valuation Rank Valuation Val	Assessed Valuation         Rank         Percentage of Total Assessed Valuation         Assessed Valuation         Assessed Valuation           \$ 68,300         1         2.34%         \$ 50,593           57,000         2         1.96%         \$ 50,593           15,997         3         0.55%         11,906           14,500         4         0.50%         27,500           13,000         6         0.45%         17,631           11,570         8         0.40%         17,631           10,974         9         0.38%         9,094           10,401         10         0.36%         28,718           10,597         6,630         5,933           5,256         5,256	Assessed Valuation         Rank         Percentage Valuation         Assessed Valuation         Assessed Valuation         Rank           \$ 68,300         1         2.34%         \$ 50,593         1           57,000         2         1.96%         \$ 50,593         1           15,997         3         0.55%         11,906         5           14,500         4         0.50%         27,500         3           13,000         6         0.45%         \$ 17,631         4           11,570         8         0.40%         \$ 7           10,974         9         0.38%         9,094         7           10,401         10         0.36%         \$ 28,718         2           6,630         8         5,933         9           5,256         10		

**Source: Bell County Appraisal District** 

## CITY OF HARKER HEIGHTS PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

(amounts expressed in thousands)

Collected within the Fiscal Year of the Levy Total Collections to

Total Tax Levy	Amount Collected	Percentage of Levy					Percentage of Levy	Ta	xes	Del	inquent	Ratio of Outstanding Delinquent Taxes to Total Tax Levy	Tax Year
\$ 14,797	\$ 14,175	95.80%	\$	294	\$	13,881	93.81%	\$	184	\$	345	2.33%	2023
14,399	14,073	97.74%		279		13,794	95.80%		197		356	2.47%	2022
14,054	13,782	98.06%		202		13,580	96.63%		225		284	2.02%	2021
13,680	13,431	98.18%		207		13,224	96.67%		167		276	2.02%	2020
12,732	12,532	98.43%		140		12,392	97.33%		219		239	1.88%	2019
12,210	11,945	97.83%		121		11,824	96.84%		164		267	2.19%	2018
12,179	11,919	97.87%		126		11,793	96.83%		182		260	2.13%	2017
11,475	11,248	98.02%		88		11,160	97.25%		134		251	2.19%	2016
11,198	10,957	97.85%		87		10,870	97.07%		111		227	2.03%	2015
10,800	10,589	98.05%		76		10,513	97.34%		95		222	2.06%	2014
	\$ 14,797 14,399 14,054 13,680 12,732 12,210 12,179 11,475 11,198	Levy     Collected       \$ 14,797     \$ 14,175       14,399     14,073       14,054     13,782       13,680     13,431       12,732     12,532       12,210     11,945       12,179     11,919       11,475     11,248       11,198     10,957	Levy         Collected         of Levy           \$ 14,797         \$ 14,175         95.80%           14,399         14,073         97.74%           14,054         13,782         98.06%           13,680         13,431         98.18%           12,732         12,532         98.43%           12,210         11,945         97.83%           12,179         11,919         97.87%           11,475         11,248         98.02%           11,198         10,957         97.85%	Levy         Collected         of Levy         Ref           \$ 14,797         \$ 14,175         95.80%         \$           \$ 14,399         \$ 14,073         97.74%         \$           \$ 14,054         \$ 13,782         98.06%         \$           \$ 13,680         \$ 13,431         98.18%         \$           \$ 12,732         \$ 12,532         98.43%         \$           \$ 12,179         \$ 11,919         97.87%         \$           \$ 11,475         \$ 11,248         98.02%         \$           \$ 11,198         \$ 10,957         97.85%	Levy         Collected         of Levy         Refunds           \$ 14,797         \$ 14,175         95.80%         \$ 294           14,399         14,073         97.74%         279           14,054         13,782         98.06%         202           13,680         13,431         98.18%         207           12,732         12,532         98.43%         140           12,210         11,945         97.83%         121           12,179         11,919         97.87%         126           11,475         11,248         98.02%         88           11,198         10,957         97.85%         87	Levy         Collected         of Levy         Refunds         Dis           \$ 14,797         \$ 14,175         95.80%         \$ 294         \$ 14,399         \$ 14,073         97.74%         279         \$ 279         \$ 202 <th>Levy         Collected         of Levy         Refunds         Disbursed           \$ 14,797         \$ 14,175         95.80%         \$ 294         \$ 13,881           14,399         14,073         97.74%         279         13,794           14,054         13,782         98.06%         202         13,580           13,680         13,431         98.18%         207         13,224           12,732         12,532         98.43%         140         12,392           12,210         11,945         97.83%         121         11,824           12,179         11,919         97.87%         126         11,793           11,475         11,248         98.02%         88         11,160           11,198         10,957         97.85%         87         10,870</th> <th>Levy         Collected         of Levy         Refunds         Disbursed         of Levy           \$ 14,797         \$ 14,175         95.80%         \$ 294         \$ 13,881         93.81%           14,399         14,073         97.74%         279         13,794         95.80%           14,054         13,782         98.06%         202         13,580         96.63%           13,680         13,431         98.18%         207         13,224         96.67%           12,732         12,532         98.43%         140         12,392         97.33%           12,210         11,945         97.83%         121         11,824         96.84%           12,179         11,919         97.87%         126         11,793         96.83%           11,475         11,248         98.02%         88         11,160         97.25%           11,198         10,957         97.85%         87         10,870         97.07%</th> <th>Total Tax Levy         Amount Collected         Percentage of Levy         Less Refunds         Amount Disbursed         Percentage of Levy         Tax Collected           \$ 14,797         \$ 14,175         95.80%         \$ 294         \$ 13,881         93.81%         \$ 14,399         \$ 14,073         97.74%         279         13,794         95.80%         \$ 14,054         13,782         98.06%         202         13,580         96.63%         96.63%         96.63%         96.67%         13,224         96.67%         96.67%         12,732         12,532         98.43%         140         12,392         97.33%         97.33%         96.84%         12,179         11,945         97.87%         126         11,793         96.83%         11,475         11,248         98.02%         88         11,160         97.25%         11,198         10,957         97.85%         87         10,870         97.07%         97.07%</th> <th>Total Tax Levy         Amount Collected         Percentage of Levy         Less Percentage Less Percentage of Levy         Amount Disbursed         Percentage of Levy         Taxes Collected           \$ 14,797         \$ 14,175         95.80%         \$ 294         \$ 13,881         93.81%         \$ 184           \$ 14,399         \$ 14,073         97.74%         279         \$ 13,794         95.80%         197           \$ 14,054         \$ 13,782         98.06%         202         \$ 13,580         96.63%         225           \$ 13,680         \$ 13,431         98.18%         207         \$ 13,224         96.67%         167           \$ 12,732         \$ 12,532         98.43%         \$ 140         \$ 12,392         97.33%         219           \$ 12,210         \$ 11,945         97.83%         \$ 121         \$ 11,824         96.84%         164           \$ 12,179         \$ 11,919         97.87%         \$ 126         \$ 11,793         \$ 96.83%         182           \$ 11,475         \$ 11,248         98.02%         88         \$ 11,160         97.25%         \$ 134           \$ 11,198         \$ 10,957         97.85%         87         \$ 10,870         97.07%         \$ 111</th> <th>Total Tax Levy         Amount Collected         Percentage of Levy         Less Refunds         Amount Disbursed         Percentage of Levy         Taxes Collected         Del Taxes Collected           \$ 14,797         \$ 14,175         95.80%         \$ 294         \$ 13,881         93.81%         \$ 184         \$ 14,399         \$ 14,073         97.74%         279         13,794         95.80%         197         \$ 14,054         13,782         98.06%         202         13,580         96.63%         225         \$ 13,680         13,431         98.18%         207         13,224         96.67%         167         \$ 12,732         12,532         98.43%         140         12,392         97.33%         219         \$ 12,210         11,945         97.83%         121         11,824         96.84%         164         \$ 12,179         11,919         97.87%         126         11,793         96.83%         182         \$ 11,475         11,248         98.02%         88         11,160         97.25%         134         \$ 11,198         10,957         97.85%         87         10,870         97.07%         111         111</th> <th>Total Tax Levy         Amount Collected         Percentage of Levy         Less Percentage Disbursed         Amount Percentage of Levy         Taxes         Delinquent Taxes           \$ 14,797         \$ 14,175         95.80%         \$ 294         \$ 13,881         93.81%         \$ 184         \$ 345           \$ 14,399         \$ 14,073         97.74%         279         \$ 13,794         95.80%         197         356           \$ 14,054         \$ 13,782         98.06%         202         \$ 13,580         96.63%         225         284           \$ 13,680         \$ 13,431         98.18%         207         \$ 13,224         96.67%         167         276           \$ 12,732         \$ 12,532         98.43%         \$ 140         \$ 12,392         97.33%         \$ 219         \$ 239           \$ 12,210         \$ 11,945         97.83%         \$ 121         \$ 11,824         \$ 96.84%         \$ 164         \$ 267           \$ 12,179         \$ 11,919         97.87%         \$ 126         \$ 11,793         \$ 96.83%         \$ 182         \$ 260           \$ 11,475         \$ 11,248         \$ 98.02%         \$ 88         \$ 11,160         \$ 97.25%         \$ 134         \$ 251           \$ 11,198         \$ 10,957         \$ 97.8</th> <th>Total Tax Levy         Amount Collected         Percentage of Levy         Less Refunds         Amount Disbursed         Percentage of Levy         Delinquent Taxes Collected         Delinquent Taxes         Taxes Delinquent Taxes to Total Tax Levy           \$ 14,797         \$ 14,175         95.80%         \$ 294         \$ 13,881         93.81%         \$ 184         \$ 345         2.33%           14,399         14,073         97.74%         279         13,794         95.80%         197         356         2.47%           14,054         13,782         98.06%         202         13,580         96.63%         225         284         2.02%           13,680         13,431         98.18%         207         13,224         96.67%         167         276         2.02%           12,732         12,532         98.43%         140         12,392         97.33%         219         239         1.88%           12,210         11,945         97.83%         121         11,824         96.84%         164         267         2.19%           11,475         11,248         98.02%         88         11,160         97.25%         134         251         2.19%           11,198         10,957         97.85%         87</th>	Levy         Collected         of Levy         Refunds         Disbursed           \$ 14,797         \$ 14,175         95.80%         \$ 294         \$ 13,881           14,399         14,073         97.74%         279         13,794           14,054         13,782         98.06%         202         13,580           13,680         13,431         98.18%         207         13,224           12,732         12,532         98.43%         140         12,392           12,210         11,945         97.83%         121         11,824           12,179         11,919         97.87%         126         11,793           11,475         11,248         98.02%         88         11,160           11,198         10,957         97.85%         87         10,870	Levy         Collected         of Levy         Refunds         Disbursed         of Levy           \$ 14,797         \$ 14,175         95.80%         \$ 294         \$ 13,881         93.81%           14,399         14,073         97.74%         279         13,794         95.80%           14,054         13,782         98.06%         202         13,580         96.63%           13,680         13,431         98.18%         207         13,224         96.67%           12,732         12,532         98.43%         140         12,392         97.33%           12,210         11,945         97.83%         121         11,824         96.84%           12,179         11,919         97.87%         126         11,793         96.83%           11,475         11,248         98.02%         88         11,160         97.25%           11,198         10,957         97.85%         87         10,870         97.07%	Total Tax Levy         Amount Collected         Percentage of Levy         Less Refunds         Amount Disbursed         Percentage of Levy         Tax Collected           \$ 14,797         \$ 14,175         95.80%         \$ 294         \$ 13,881         93.81%         \$ 14,399         \$ 14,073         97.74%         279         13,794         95.80%         \$ 14,054         13,782         98.06%         202         13,580         96.63%         96.63%         96.63%         96.67%         13,224         96.67%         96.67%         12,732         12,532         98.43%         140         12,392         97.33%         97.33%         96.84%         12,179         11,945         97.87%         126         11,793         96.83%         11,475         11,248         98.02%         88         11,160         97.25%         11,198         10,957         97.85%         87         10,870         97.07%         97.07%	Total Tax Levy         Amount Collected         Percentage of Levy         Less Percentage Less Percentage of Levy         Amount Disbursed         Percentage of Levy         Taxes Collected           \$ 14,797         \$ 14,175         95.80%         \$ 294         \$ 13,881         93.81%         \$ 184           \$ 14,399         \$ 14,073         97.74%         279         \$ 13,794         95.80%         197           \$ 14,054         \$ 13,782         98.06%         202         \$ 13,580         96.63%         225           \$ 13,680         \$ 13,431         98.18%         207         \$ 13,224         96.67%         167           \$ 12,732         \$ 12,532         98.43%         \$ 140         \$ 12,392         97.33%         219           \$ 12,210         \$ 11,945         97.83%         \$ 121         \$ 11,824         96.84%         164           \$ 12,179         \$ 11,919         97.87%         \$ 126         \$ 11,793         \$ 96.83%         182           \$ 11,475         \$ 11,248         98.02%         88         \$ 11,160         97.25%         \$ 134           \$ 11,198         \$ 10,957         97.85%         87         \$ 10,870         97.07%         \$ 111	Total Tax Levy         Amount Collected         Percentage of Levy         Less Refunds         Amount Disbursed         Percentage of Levy         Taxes Collected         Del Taxes Collected           \$ 14,797         \$ 14,175         95.80%         \$ 294         \$ 13,881         93.81%         \$ 184         \$ 14,399         \$ 14,073         97.74%         279         13,794         95.80%         197         \$ 14,054         13,782         98.06%         202         13,580         96.63%         225         \$ 13,680         13,431         98.18%         207         13,224         96.67%         167         \$ 12,732         12,532         98.43%         140         12,392         97.33%         219         \$ 12,210         11,945         97.83%         121         11,824         96.84%         164         \$ 12,179         11,919         97.87%         126         11,793         96.83%         182         \$ 11,475         11,248         98.02%         88         11,160         97.25%         134         \$ 11,198         10,957         97.85%         87         10,870         97.07%         111         111	Total Tax Levy         Amount Collected         Percentage of Levy         Less Percentage Disbursed         Amount Percentage of Levy         Taxes         Delinquent Taxes           \$ 14,797         \$ 14,175         95.80%         \$ 294         \$ 13,881         93.81%         \$ 184         \$ 345           \$ 14,399         \$ 14,073         97.74%         279         \$ 13,794         95.80%         197         356           \$ 14,054         \$ 13,782         98.06%         202         \$ 13,580         96.63%         225         284           \$ 13,680         \$ 13,431         98.18%         207         \$ 13,224         96.67%         167         276           \$ 12,732         \$ 12,532         98.43%         \$ 140         \$ 12,392         97.33%         \$ 219         \$ 239           \$ 12,210         \$ 11,945         97.83%         \$ 121         \$ 11,824         \$ 96.84%         \$ 164         \$ 267           \$ 12,179         \$ 11,919         97.87%         \$ 126         \$ 11,793         \$ 96.83%         \$ 182         \$ 260           \$ 11,475         \$ 11,248         \$ 98.02%         \$ 88         \$ 11,160         \$ 97.25%         \$ 134         \$ 251           \$ 11,198         \$ 10,957         \$ 97.8	Total Tax Levy         Amount Collected         Percentage of Levy         Less Refunds         Amount Disbursed         Percentage of Levy         Delinquent Taxes Collected         Delinquent Taxes         Taxes Delinquent Taxes to Total Tax Levy           \$ 14,797         \$ 14,175         95.80%         \$ 294         \$ 13,881         93.81%         \$ 184         \$ 345         2.33%           14,399         14,073         97.74%         279         13,794         95.80%         197         356         2.47%           14,054         13,782         98.06%         202         13,580         96.63%         225         284         2.02%           13,680         13,431         98.18%         207         13,224         96.67%         167         276         2.02%           12,732         12,532         98.43%         140         12,392         97.33%         219         239         1.88%           12,210         11,945         97.83%         121         11,824         96.84%         164         267         2.19%           11,475         11,248         98.02%         88         11,160         97.25%         134         251         2.19%           11,198         10,957         97.85%         87

**Source: Bell County Appraisal District** 

### CITY OF HARKER HEIGHTS RATIOS OF OUSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

(amounts expressed in thousands)

Fiscal Year	Bonded Debt	Notes Payable		ase oility		cription ability	Pur	nance rchase eement	Bon	ded Debt	Ou	Total tstanding Debt	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
		Go	overni	menta	ıl Activ	ities				ness-type ctivities				
2024	\$24,638		\$	24	\$	168	\$	81	\$	13,567	\$	38,478	n/a	1,068.83
2023	23,233			9		318		162		13,034		36,756	0.15%	1,050.17
2022	25,649			14				243		15,087		40,993	0.17%	1,171.23
2021	28,042							423		17,068		45,533	0.19%	1,422.91
2020	30,381							198		18,978		49,557	0.23%	1,598.61
2019	32,304							437		20,723		53,464	0.27%	1,724.65
2018	31,258							675		21,440		53,373	0.28%	1,779.10
2017	24,911							416		19,985		45,312	0.25%	1,510.40
2016	26,972							552		20,426		47,950	0.28%	1,546.77
2015	28,586	69						571		21,513		50,739	0.29%	1,691.30

#### **Source: Audited Financial Statements**

<sup>&</sup>lt;sup>1</sup>Personal income and population are disclosed on the Schedule of Demographic and Economic Statistics table.

### CITY OF HARKER HEIGHTS RATIOS OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

(amounts expressed in thousands)

Fiscal				Amounts		Percentage of Estimated Actual Taxable Value of	
Year	Bon	ded Debt <sup>1</sup>	Debt	Service	Total	Property <sup>2</sup>	Per Capita <sup>3</sup>
2024	\$	38,285	\$	95	38,190	0.95%	1,060.83
2023		36,267		76	36,191	1.04%	1,034.03
2022		40,736		78	40,658	1.45%	1,161.66
2021		45,109		63	45,046	1.75%	1,407.69
2020		49,359		99	49,260	2.10%	1,589.03
2019		53,027		71	52,956	2.43%	1,708.26
2018		52,698		92	52,606	2.49%	1,753.53
2017		44,895		233	44,662	2.30%	1,488.73
2016		47,399		95	47,304	2.55%	1,525.94
2015		50,099		165	49,934	2.82%	1,664.47

#### **Source: Audited Financial Statements.**

<sup>&</sup>lt;sup>1</sup>This is the general bonded debt of both governmental and business-type activities, net of original issuance

<sup>&</sup>lt;sup>2</sup>Estimated actual taxable value is disclosed in the Assessed Value and Estimated Actual Value of Taxable Property

<sup>&</sup>lt;sup>3</sup>Population data can be found in the Demographic and Economic Statistics table.

### CITY OF HARKER HEIGHTS COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT AS OF SEPTEMBER 30, 2024

Government Subdivsions		ebt Amount <sup>1</sup>	Estimated Percentage Applicable	City	City's Overlapping Debt		
Bell County Killeen Independent School District	\$	122,380,000 373,035,000	8.32% 23.24%	\$	10,182,016 86,693,334		
Subtotal, overlapping debt City of Harker Heights Direct Debt					96,875,350 37,670,000		
Total direct and overlapping net funded debt				\$	134,545,350		

#### Source: Municipal Advisory Council of Texas

Methodology for Deriving Overlapping Percentages:

- (1) Determine the estimated shared assessed valuation of taxable property within both the overlapping taxing body(s) and the municipality.
- (2) Divide that shared value by the total assessed value of taxable property within the overlapping taxing body.

<sup>&</sup>lt;sup>1</sup>Gross Debt.

#### CITY OF HARKER HEIGHTS LEGAL DEBT MARGIN INFORMATION SEPTEMBER 30, 2024

		Taxable	
		Assessed	
		Value as a	
		Percentage of	Estimated
Fiscal	<b>Total Taxable</b>	Estimated	<b>Actual Taxable</b>
Year	<b>Assessed Value</b>	<b>Actual Value</b>	Value
2024	\$ 2,818,446,586	69.86%	\$ 4,034,703,845
2023	2,482,650,823	71.49%	3,472,514,476
2022	2,155,905,163	76.89%	2,803,860,378
2021	2,020,612,894	78.59%	2,571,099,276
2020	1,880,602,042	80.09%	2,348,097,096
Total Five Year Valuation			15,230,275,071
Five Year Average Full Valuation of Taxable Real Property			3,046,055,014
Constitutional Debt Limit (7% of Average Full Valuation)			213,223,851
Outstanding Indebtness as of September 30, 2024			
Total Bonded Debt			38,284,595
Less: Revenue bonds			13,646,757
Less: Amount available for repayment of general obligation by	oonds		74,970
Net indebtness subject to debt limit			\$ 24,562,868
Net debt contracting margin			188,660,983
Percentage of net debt contracting margin available			88.48%
Percentage of net debt contracting power exhausted			11.52%
Constitutional Debt Limit (7% of Average Full Valuation)  Outstanding Indebtness as of September 30, 2024 Total Bonded Debt Less: Revenue bonds Less: Amount available for repayment of general obligation by Net indebtness subject to debt limit  Net debt contracting margin  Percentage of net debt contracting margin available	oonds		213,223,851 38,284,595 13,646,757 74,970 \$ 24,562,868 188,660,983 88.48%

#### **Last Ten Fiscal Years**

			Percentage of
			Net Debt
		Outstanding	Contracting
	Constitutional	Indebtness	Margin
Year	Debt Limit	September 30	Available
2024	\$ 213,223,851	\$ 24,562,868	88.48%
2023	187,266,392	23,187,972	87.62%
2022	168,230,120	25,600,429	84.78%
2021	156,140,179	27,959,925	79.54%
2020	146,124,721	29,889,907	79.54%
2019	138,003,088	31,710,188	77.02%
2018	130,786,609	30,526,236	76.66%
2017	122,832,202	29,077,083	76.33%
2016	117,044,096	26,074,077	77.72%
2015	111,899,806	27,697,306	75.25%

## CITY OF HARKER HEIGHTS PLEDGED-REVENUE COVERAGE LAST TEN FISCAL YEARS

(amounts expressed in thousands)

	v	Vater and Sew	er Fund		Drainage Fund	d				
							D	ebt Service	Requiremer	nts
Fiscal Year	Gross Revenues	Operating Expenses <sup>1</sup>	Net Revenue Available for Debt Service	Gross Revenues	Operating Expenses <sup>1</sup>	Net Revenue Available	Principal	Interest	Total	Coverage
2024	\$ 11,400	\$ 12,290	\$ (890)	\$ 889	\$ 202	\$ 687	\$ 1,510	\$ 459	\$ 1,969	-0.10
2023	11,642	7,035	4,607	888	101	787	1,994	447	2,441	2.21
2022	11,573	6,342	5,231	875	128	747	1,914	504	2,418	2.47
2021	10,581	6,212	4,369	868	131	737	1,836	522	2,358	2.17
2020	10,606	6,100	4,506	854	160	694	3,650	621	4,271	1.22
2019	9,567	5,604	3,963	833	171	662	1,622	544	2,166	2.14
2018	10,269	5,547	4,722	848	169	679	1,534	596	2,130	2.54
2017	9,418	5,227	4,191	809	202	607	1,315	677	1,992	2.41
2016	9,353	4,996	4,357	797	188	609	5,884	707	6,591	0.75
2015	8,776	5,201	3,575	772	180	592	1,216	791	2,007	2.08

#### Source: Audited Financial Statements.

<sup>&</sup>lt;sup>1</sup>Total operating expenses, exclusive of depreciation.

<sup>&</sup>lt;sup>2</sup>The City used fund balance (reserves) to cover expenses and remains in a good position to cover all expenses to include debt requirements.

### CITY OF HARKER HEIGHTS DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

#### Education Attainment, 25 Years

and Over<sup>2</sup> High School Four or More Personal Median Per Capita Unemployment Peak School Fiscal Graduate or Years of Income<sup>3</sup> Population<sup>1</sup> Age<sup>2</sup> Income<sup>3</sup> Enrollment<sup>4</sup> Rate<sup>5</sup> Year Higher College 44,079 4.6% 2024 35,746 n/a n/a 2023 35,420 50,292 25,213,120 44,123 4.5% 2022 47,597 44,109 4.3% 34,745 23,534,407 2021 31,734 48,293 23,519,381 44,017 5.6% 2020 30,760 35 44,762 21,355,739 90.70% 35.00% 45,492 6.8% 2019 30,515 41,824 19,632,389 45,091 3.7% 2018 29,906 41,129 18,860,188 44,319 3.9% 2017 30,365 40,707 18,298,056 43,832 4.2% 2016 31,027 39,321 17,386,496 43,428 4.5% 2015 29,545 39,508 17,282,057 42,929 4.7%

 $\textbf{Sources} \ ^{1} \ \textbf{Population} \ \textbf{is estimated by the City of Harker Heights Planning Department}.$ 

<sup>&</sup>lt;sup>2</sup> Census 2020.

<sup>&</sup>lt;sup>3</sup> Bureau of Economic Analysis for Killeen-Temple Metropolitan Statistical Area (personal income is in thousands).

<sup>&</sup>lt;sup>4</sup> Killeen Independent School District.

<sup>&</sup>lt;sup>5</sup> Texas Workforce Commission Local Area Unemployment Statistics (LAUS) for Harker Heights.

## CITY OF HARKER HEIGHTS PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

		2024	4		2015		
			Percentage of			Percentage of	
	Number of		Total City	Number of		Total City	
Employer	Employees	Rank	Employment	Employees	Rank	Employment	
Killeen Independent School District <sup>1</sup>	765.0	1	5.58%	690.0	1	6.34%	
Seton Healthcare	583.0	2	4.25%				
HEB Store	360.0	3	2.63%	243.0	3	1.71%	
Walmart Supercenter	320.0	4	2.33%	537.0	2	4.93%	
City of Harker Heights	233.0	5	1.70%	235.0	4	2.23%	
Indian Oaks	186.0	6	1.36%	186.0	5	2.16%	
Target	155.0	7	1.13%	155.0	6	1.42%	
Cheddar's Restaurant	140.0	8	1.02%	140.0	7	1.29%	
Bass Electric	135.0	9	0.98%				
Cracker Barrel	101.0	10	0.74%	101.0	8	0.93%	
Razzoo's Cajun Cafe				76.0	9	0.70%	
McDonald's				58.0	10	0.53%	
	2,978.0		21.72%	2,421.0		22.24%	

Source: Human Resources Department (or person) of each business.

<sup>&</sup>lt;sup>1</sup>Killeen Independent School District numbers only include campuses in Harker Heights.

## CITY OF HARKER HEIGHTS PRINCIPAL WATER CUSTOMERS CURRENT YEAR AND NINE YEARS AGO

(usage shown in thousands)

		2024	4		2015	
	Usage In		Percentage of	Usage In		Percentage of
Customer Name	Gallons	Rank	Total Usage	Gallons	Rank	Total Usage
Big Oaks Mobile Home Park	127,446	1	7.66%	84,310	2	5.68%
Today's Car Wash II, LLC	79,750	2	4.79%	46,635	6	3.14%
TXHA Indian MHP, LLC	79,396	3	4.77%			
Pleasant View MHP	68,336	4	4.10%	84,911	1	5.72%
Seton Medical Center	65,957	5	3.96%	78,160	3	5.27%
Ancient Oaks MHP	59,605	6	3.58%	76,646	4	5.16%
Wells Laundry, Inc.	57,380	7	3.45%	48,407	5	3.26%
Lookout Ridge Apartments	51,981	8	3.12%			
Panda Express Inc.	37,371	9	2.24%			
BioMedical Applications of TX	33,433	10	2.01%			
Harker Heights High School				43,737	7	2.95%
Cheddar's Casual Café, Inc.				39,131	8	2.64%
Walmart #01-6459				36,191	9	2.44%
Cracker Barrel Old Country Store				33,124	10	2.23%
	660,655		39.68%	571,252		38.49%

Source: City of Harker Heights Public Works Department and Utility Billing Department.

## CITY OF HARKER HEIGHTS PROPERTY VALUE AND CONSTRUCTION LAST TEN FISCAL YEARS

(amounts expressed in thousands)

	Property Value <sup>1</sup>							nercial ruction <sup>2</sup>	Residential Construction <sup>2</sup>	
Fiscal Year	Со	mmercial	Residential	Exc	emptions	Total	Number of Units <sup>3</sup>	Value	Number of Units <sup>3</sup>	Value
2024	\$	604,839	\$3,429,865	\$	875,344	\$3,159,360	11	\$ 12,307	128	\$ 23,882
2023		530,618	2,827,702		719,341	2,638,979	3	6,050	210	53,123
2022		482,325	2,216,715		592,013	2,107,027	5	18,760	212	48,768
2021		471,127	1,997,202		516,568	1,951,761	9	10,878	140	47,036
2020		413,381	1,843,319		443,648	1,813,052	7	1,256	138	34,777
2019		392,883	1,700,175		372,506	1,720,552	14	47,848	134	38,648
2018		386,605	1,639,341		306,759	1,719,187	9	4,666	181	47,734
2017		362,632	1,513,435		240,147	1,635,920	10	3,338	194	47,456
2016		360,466	1,432,212		197,181	1,595,497	6	2,688	201	48,340
2015		338,112	1,367,445		169,171	1,536,386	8	20,715	209	45,616

**Sources:** <sup>1</sup>Bell County Appraisal District

<sup>&</sup>lt;sup>2</sup>Harker Heights Planning and Development Department

<sup>&</sup>lt;sup>3</sup>Amounts provided are as shown.

## CITY OF HARKER HEIGHTS FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

As of September 30.

				,	as of Septe	mber 30,				
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Function/Program										
General Government:										
Mayor and Council	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Municipal Services	46.0	46.0	44.0	44.0	43.5	41.0	39.5	36.5	33.5	31.5
Planning and Building	11.0	10.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Public Safety:										
Police	70.0	71.0	70.0	68.5	65.5	64.5	62.0	61.0	61.0	60.0
Fire	46.0	46.0	46.0	46.0	46.0	46.0	45.5	44.5	44.5	44.5
Streets	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Culture and Recreation:										
Parks and Recreation	35.0	35.0	35.0	35.0	36.0	36.5	46.0	46.0	47.5	47.5
Library/Activity Center	13.0	13.0	12.0	12.0	14.0	20.5	11.0	10.5	10.5	10.5
Public Works	7.5	7.5	7.5	7.0	8.0	7.0	7.0	7.0	7.0	7.0
Water and Sewer	20.0	21.0	21.0	20.0	20.0	20.0	19.0	18.0	18.0	18.0
Drainage	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Sanitation	3.0	1.0	1.0	1.5	1.5	1.0	1.0	1.0	1.0	1.0
Total	267.5	266.5	261.5	259.0	259.5	261.5	256.0	249.5	248.0	245.0

Source: City of Harker Heights Finance Department

## CITY OF HARKER HEIGHTS OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Function/Program										
Planning and Building										
Building Permits Issued	2,603	2,845	2,286	2,185	2,190	2,104	1,757	1,518	2,109	2,386
Value of Building Permits <sup>1</sup>	\$86,928	\$111,602	\$115,553	\$55,201	\$52,253	\$109,012	\$62,162	\$59,557	\$75,212	\$79,598
Police										
Physical Arrest	899	897	618	932	526	730	916	1,168	2,386	1,173
Parking Violations	0	0	2	44	2	54	47	43	27	42
Traffic Violations	4,592	3,282	3,735	4,030	5,766	6,078	5,487	4,127	2,979	3,916
Fire										
Calls Answered	7,438	7,373	5,914	5,504	4,527	4,305	4,336	3,970	3,930	4,049
Fire and Emergency Responses	7,438	7,373	5,914	5,504	4,527	4,305	4,207	3,858	3,823	3,931
Fires Extinguished	95	125	79	120	88	57	122	100	82	103
Inspections	1,230	1,656	915	600	396	749	616	500	444	600
Parks and Recreation										
Aquatic Center Usage	8,908	6,289	6,012	3,555	0*	15,424	10,963	11,953	14,469	20,443
Program Participants	6,654	7,419	6,124	5,701	1,515	6,393	7,409	7,026	8,058	8,118
Library										
Annual Circulation	173,400	165,883	134,532	117,549	92,766	154,541	139,124	164,372	176,788	199,529
Water and Sewer										
Average daily water consumption in gallons 1	4,900	5,224	4,750	4,900	4,500	4,400	4,300	4,207	4,163	4,000
Residential water rate - inside city limits										
Base	\$12.75	\$11.24	\$11.24	\$10.91	\$10.91	\$10.59	\$10.59	\$10.28	\$10.28	\$9.98
Per 1,000 gallons	\$3.98	\$3.50	\$3.50	\$3.40	\$3.40	\$3.30	\$3.30	\$3.20	\$3.20	\$3.11
Residential water rate - outside city limits										
Base	\$25.50	\$22.48	\$22.48	\$21.82	\$21.82	\$21.18	\$21.18	\$20.56	\$20.56	\$19.96
Per 1,000 gallons	\$7.96	\$7.00	\$7.00	\$6.80	\$6.80	\$6.60	\$6.60	\$6.40	\$6.40	\$6.22
Average daily sewage treatment in gallons <sup>1</sup>	2,420	2,150	2,070	2,120	1,880	2,600	1,740	1,990	2,780	1,940
Residential sewer rates - inside city limits										
1,000 - 3,000 gallons	\$22.97	\$20.25	\$20.25	\$19.66	\$19.66	\$19.09	\$19.09	\$18.53	\$18.53	\$17.99
Per 1,000 gallons (3,000 - 10,000 gallons)	\$3.85	\$3.39	\$3.39	\$3.29	\$3.29	\$3.19	\$3.19	\$3.10	\$3.10	\$3.01
Residential sewer rates - outside city limits										
1,000 - 3,000 gallons	\$45.95	\$40.50	\$40.50	\$39.32	\$39.32	\$38.18	\$38.18	\$37.06	\$37.06	\$35.98
Per 1,000 gallons (3,000 - 10,000 gallons)	\$7.70	\$6.78	\$6.78	\$6.58	\$6.58	\$6.38	\$6.38	\$6.20	\$6.20	\$6.02

NOTE: The City of Harker Heights was incorporated in 1961 as a Home Rule form of government.

#### Source: Various City of Harker Heights departments.

<sup>&</sup>lt;sup>1</sup>expressed in thousands

 $<sup>^{\</sup>star}$  In 2020 the City shuttered the aquatic center as a result of the global COVID-19 pandemic.

## CITY OF HARKER HEIGHTS CAPITAL ASSETS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Function/Program	_									
Aron (aguara milan)	15.60	15.60	15.60	15.65	15.65	15.65	15.65	15.65	15.65	15.40
Area (square miles)	15.60	13.60	13.60	15.65	13.63	15.65	15.65	13.63	13.63	15.40
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Cars	25	25	23	23	27	25	21	21	20	20
Command Van	0	0	1	1	1	0	0	0	0	0
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Fire Trucks	6	6	5	5	5	5	5	5	5	5
Ambulances	3	3	3	3	3	3	3	3	3	3
Command Van	1	1	0	0	0	1	1	1	1	1
Street (miles)	152	152	150	153	151	153.4	150.55	145.3	145.4	145.64
Street lights	1,572	1,566	1,575	1,555	1,547	1,547	1,541	1,480	1,470	1,445
Parks and Recreation										
Recreation/community center	1	1	1	1	1	1	1	1	1	1
Parks	7	7	7	7	7	7	6	8	8	8
Acreage	192	192	192	192	192	192	192	194	194	194
Baseball/softball diamonds	9	9	9	9	9	9	9	9	9	9
Soccer/football fields	6	6	6	6	6	6	6	6	6	6
Swimming pools	1	1	1	1	1	1	1	1	1	1
Library/Activity Center										
Building	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	195	194	192	191	189	187.45	183.89	183.77	187.1	179.13
Service connections	12,131	11,989	11,658	11,383	11,308	11,215	11,111	10,887	10,638	10,384
Fire hydrants	1,238	1,238	1,207	1,190	1,185	1,185	1,185	1,181	1,102	1,102
Maximum daily capacity <sup>1</sup>	16,250	16,250	16,250	16,250	16,250	16,250	16,250	13,500	13,500	13,500
Sewer										
Sanitary sewer (miles)	144	144	140	139	138	135.55	132.26	132.07	131.33	130.36
Service connections	10,742	10,593	10,276	10,128	10,138	9,829	9,685	9,486	9,228	8,959
Storm sewer (miles)	19.0	19.0	10.0	10.0	10.0	10.0	10.0	9.6	9.5	9.5
Treatment capacity (gallons) <sup>1</sup>	5,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000

Source: Various City of Harker Heights departments.

<sup>&</sup>lt;sup>1</sup>expressed in thousands

#### CITY OF HARKER HEIGHTS WATER USAGE (GALLONS) LAST TEN FISCAL YEARS

Peak Day	Average Day			
Usage	Usage	Total Usage		
8,860,000	4,437,500	1,664,823,000		
10,160,000	4,852,500	1,775,370,000		
11,560,000	5,149,166	1,888,700,000		
9,250,000	4,230,000	1,550,210,000		
10,360,000	4,555,000	1,713,770,000		
9,280,000	4,221,667	1,544,780,000		
10,460,000	4,560,000	1,665,713,000		
8,090,000	4,207,136	1,535,605,000		
9,040,000	4,162,500	1,489,060,000		
9,250,000	4,105,833	1,484,095,000		
	8,860,000 10,160,000 11,560,000 9,250,000 10,360,000 9,280,000 10,460,000 8,090,000 9,040,000	Usage         Usage           8,860,000         4,437,500           10,160,000         4,852,500           11,560,000         5,149,166           9,250,000         4,230,000           10,360,000         4,555,000           9,280,000         4,221,667           10,460,000         4,560,000           8,090,000         4,207,136           9,040,000         4,162,500		

Source: City of Harker Heights Public Works Department