The Greater Pharr
Chamber *of* Commerce

THE GREATER PHARR
CHAMBER OF COMMERCE, INC

2023

Audited Annual Financial Report

A Component Unit of City of Pharr, Texas

The Greater Pharr Chamber of Commerce
Audited Annual Financial Report
Report Year Ended September 30, 2023

TABLE OF CONTENTS

FINANCIAL SECTION

Internal Controls over Financial Reporting

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Greater Pharr Chamber of Commerce, Inc.

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, and the major fund of the Greater Pharr Chamber of Commerce, Inc. (Chamber), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Chamber's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund of the Chamber, as of September 30, 2023, and the respective changes in financial position 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 Chamber and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Chamber's ability to continue as a going concern for twelve months beyond the financial statement due date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Chamber's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Chamber's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 18, 2024, on our consideration of the Chamber'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 Chamber's internal control over financial reporting and compliance.

Raul Hernandez & Company, P.C.

Corpus Christi, Texas
December 18, 2024

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MANAGEMENT'S DISCUSSION & ANALYSIS (MD&A)

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As management of the Greater Pharr Chamber of Commerce, Inc. (Chamber) we offer readers of the Chamber's financial statements this narrative overview and analysis of the financial activities of the Chamber for the fiscal year ended September 30, 2023.

FINANCIAL HIGHLIGHTS

- Total net position for Chamber shows a positive balance of $244.2 thousand at September 30, 2023. This reflects a decrease of $35.2 thousand, net of prior period adjustments, from last year's net position.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is meant to serve as an introduction to the Chamber's basic financial statements. The Chamber's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains the required 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 Chamber's finances, in a manner like a private-sector business.

The Statement of Net Position presents information on all the Chamber's assets and liabilities, with the difference between the two 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 Chamber is improving or deteriorating.

The Statement of Activities presents information showing how the Chamber'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.

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 Chamber, like other governmental entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of resources that can be spent, as well as on balances of resources that can be spent available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, 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 so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Chamber adopts an annual appropriated budget for General fund. A budgetary comparison statement is provided in the required supplementary section of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

The Chamber's condensed Statement of Net Position along with last fiscal year's balances is presented for comparison in the table below:

Chamber Changes in Net Position

Table 1 - Dollars in Thousands

	2023	2022
Assets		
Current and other assets	$ 345.8	$ 287.7
Capital assets	8.9	16.1
Total assests	354.7	303.8
Liabilities		
Current liabilities	105.3	20.0
Noncurrent liabilities	5.2	4.4
Total liabilities	110.5	24.4
Net Position		
Net Invested in capital assets, net of related debt	8.9	16.1
Restricted	235.3	263.3
Total net position	$ 244.2	$ 279.4

The Chamber's Changes in Net Position along with last fiscal year's balances are presented for comparison in the following table below:

Table 2 - Dollars in Thousands

Revenues:	2023	2022
Memberships	$ 50.4	$ 39.1
Sponsorhsip	28.8	2.1
Investment Earnings	6.3	1.8
Other	-	38.5
Total Revenues	85.5	81.5
Expenses:		
Economic Development	308.8	252.7
Depreciation	7.1	7.1
Total Expenses	315.9	259.8
Excess of revenues over expenses	(230.4)	(178.3)
Other Financing Sources		
Net Contributions	218.4	184.7
Net change in fund balance	(12.0)	6.4
Net position - beginning	279.4	266.4
Prior period adjustments	(23.2)	6.6
Net position - ending	$ 244.2	$ 279.4

BUDGETARY HIGHLIGHTS

The Chamber stayed within budget during fiscal year 22-23 with just one budget amendment for employee Christmas bonuses.

CAPITAL ASSET ADMINISTRATION

The Chamber's investment in capital assets (net of accumulated depreciation) for its governmental activities totaled $8,961.

Chamber's Capital Assets
(Net of Depreciation)

Table 3 - Dollars in Thousands

	Governmental Activities	
	2023	2022
Machinery and equipment	$ 8.9	$ 16.1
	$ 8.9	$ 16.1

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Chamber's finances for all those with an interest in the Chamber's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chamber, Office of the Finance Director, P.O. Box 1729, Pharr, TX 78577.

BASIC FINANCIAL STATEMENTS

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EXHIBIT A-1

GREATER PHARR CHAMBER OF COMMERCE, INC.
A COMPONENT UNIT OF THE CITY OF PHARR, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Primary Government Governmental Activities
ASSETS	
Cash and Cash Equivalents	$ 345,763
Capital Assets:	
Machinery and Equipment, Net	8,961
Total Assets	354,724
LIABILITIES	
Accounts Payable	41,714
Due to City of Pharr	16,336
Unearned Revenue	45,546
Due Within One Year	1,717
Noncurrent Liabilities:	
Due in More Than One Year:	
Due In More Than One Year	5,152
Total Liabilities	110,465
NET POSITION	
Net Investment in Capital Assets	8,961
Restricted for Economic Development	235,298
Total Net Position	$ 244,259

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

GREATER PHARR CHAMBER OF COMMERCE, INC.
A COMPONENT UNIT OF THE CITY OF PHARR, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT B-1

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
				Primary Gov.
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
Economic Development	$ 308,775	$ 79,221	$ -	$ (229,554)
Depreciation	7,170	-	-	(7,170)
TOTAL PRIMARY GOVERNMENT	$ 315,945	$ 79,221	$ -	(236,724)
General Revenues:				
Investment Earnings				6,344
Contributions				218,400
Total General Revenues and Transfers				224,744
Change in Net Position				(11,980)
Net Position - Beginning				279,410
Prior Period Adjustment				(23,171)
Net Position - Ending				$ 244,259

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

EXHIBIT C-1

GREATER PHARR CHAMBER OF COMMERCE, INC.
A COMPONENT UNIT OF THE CITY OF PHARR, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General Fund
ASSETS	
Cash and Cash Equivalents	$ 345,763
Total Assets	$ 345,763
LIABILITIES	
Accounts Payable	$ 41,714
Due to City of Pharr	16,336
Unearned Revenue	45,546
Total Liabilities	103,596
FUND BALANCE	
Restricted Fund Balance:	
Restricted for Economic Development	242,167
Total Fund Balance	242,167
Total Liabilities and Fund Balance	$ 345,763

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

GREATER PHARR CHAMBER OF COMMERCE, INC.
A COMPONENT UNIT OF THE CITY OF PHARR, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION - FOR THE YEAR ENDED SEPTEMBER 30, 2023

Total Fund Balances - Governmental Funds	$	242,167
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.		10,256
The 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(7,170)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.		(994)
Net Position of Governmental Activities	$	244,259

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

GREATER PHARR CHAMBER OF COMMERCE, INC.
A COMPONENT UNIT OF THE CITY OF PHARR, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

		General Fund
REVENUES:		
Memberships	$	50,407
Sponsorship		28,814
Investment Earnings		6,344
Total Revenues		85,565
EXPENDITURES:		
Current:		
Economic Development		301,906
Total Expenditures		301,906
Excess (Deficiency) of Revenues Over (Under) Expenditures		(216,341)
OTHER FINANCING SOURCES (USES):		
Contributions		218,400
Total Other Financing Sources (Uses)		218,400
Net Change in Fund Balance		2,059
Fund Balance - October 1 (Beginning)		269,154
Prior Period Adjustment		(29,046)
Fund Balance - September 30 (Ending)	$	242,167

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

GREATER PHARR CHAMBER OF COMMERCE, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Total Net Change in Fund Balances - Governmental Funds	$	2,059
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.		(7,170)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) the change in net position.		(6,869)
Change in Net Position of Governmental Activities	$	(11,980)

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

NOTES TO THE FINANCIAL STATEMENTS

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

Greater Pharr Chamber of Commerce, Inc - The Chamber is formed exclusively for benevolent, political, lobbying, or specific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501 (c) (6) of any future federal tax code, and for any other purpose which is legal under Texas corporation laws. The Chamber shall foster relationships between individuals and entities doing business or desiring to do business in the City of Pharr.

B. Reporting Entity

GASB Statement No. 14, "The Financial Reporting Entity", as amended by GASB Statement No. 39 and GASB Statement No. 61, "Determining Whether Certain Organizations Are Component Units", provide guidance for determining on whether the entity should be reported as blended or discretely presented. GASB Statement No. 14 sets forth financial accountability as the basic criterion for inclusion of a governmental unit in a governmental reporting entity.

The chamber is considered a discretely present component unit for the following reasons:

- The Chamber does not share the same governmental body as the City of Pharr.
- The Chamber board has power to appoint their board members.
- The Chamber is dependable 75% on the city and its component units.
- The city's management is responsible for overseeing the Chamber's daily operations.

Separate financial statements issued by the city can be obtained by request at the following address:

Greater Pharr Chamber of Commerce, Inc.
Attn: Finance Director
118 S. Cage Blvd., 2 Floor
Pharr, TX 78577

C. Government-Wide and Fund Financial Statements

The government-wide financial statements include a statement of net position and a statement of activities. These statements report information on all the non-fiduciary financial information for the Chamber.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operations or capital requirements of a program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the Chamber are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Chamber reporting entity applies all relevant GASB pronouncements and applicable FASB pronouncements, and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Chamber's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

E. Fund Types and Major Funds

Governmental Funds

The Chamber reports the following major governmental funds:

- General Fund. The Chamber's only fund, the fund will have all chamber financial activities.

F. Assets, Liabilities and Net Position or Equity

1. Cash and Investments

All cash is pooled into one account to maximize investment opportunities. The Chamber had no investments at the end of September 30, 2023.

2. Receivables

All receivables are shown net of an allowance of uncollectible. No receivables at the end of September 30, 2023.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, Liabilities and Net Position or Equity (Continued)

3. Capital Assets

Capital assets, which include equipment, are reported in the governmental activity column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized have an original cost of $5,000 or more and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Machinery and Equipment	3-15 Years

4. Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated annual leave balances. The Chamber follows the City of Pharr policy and allows its employees to accumulate unused sick leave on an unlimited basis which can be paid out when employee is eligible for retirement, hours will be paid at 100% rate for the first 720 hours and the rest at 50% rate. Vacation leave based on the number of years of full-time employment with the Chamber in accordance with the following chart:

Years of Employment	Pro-Rata Accrual Rate per Month
0-19 Years	10 hours (15 days per year)
20 & Over	13.33 hours (20 days per year)

All employees should accumulate no more than a maximum of 240 hours allotment of vacation leave as set above.

5. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, long-term liabilities are not recorded as the payment of the obligations will not be made by current financial resources. The governmental fund financial statements recognize the proceeds of debt as other financing resources.

6. Net Position

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available or are legally restricted by outside parties for use for a specific purpose.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, Liabilities and Net Position or Equity (Continued)

8. Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of estimates by management.

9. Fund Balance

Implementation of GASB 54 is required in all cities for the fiscal year ending in 2011. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Chamber's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources. GASB 54 provides for two major types of fund balances which are non-spendable and spendable.

Non-spendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, non-current advances to other funds that are not expected to be collected in the next fiscal year, and the principal (corpus) of an endowment fund. The Chamber does not have any non-spendable funds.

In addition to non-spendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

-Restricted: Fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.

-Committed: Fund balances that contain self-imposed constraints of the government from its highest level of decision-making authority. The responsibility to commit funds rests with the Chamber's governing members, their board members. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. The Chamber does not have any committed funds.

-Assigned: Fund balances that contain self-imposed constraints of the government to be used for a particular purpose. No assigned fund balances at the end of September 2023.

-Unassigned: Fund balance of the general fund that is not constrained for any particular purpose. This is also where negative amounts from the other categories of fund balance are recognized.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Chamber typically first applies restricted resources, as appropriate opportunities arise, but reserves the right to selectively defer the use thereof to a future project or replacement equipment acquisition. When expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Chamber considers amounts to have been spent first out of assigned, then unassigned, and finally committed funds.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Data

1. Budget Policy and Practice

The Chamber follows the procedures outlined below in establishing budgetary data reflected in the financial statements:

> Annual budgets are legally adopted for all Chamber funds with revenue and expense/expenditure activity. The Chamber follows the City Charter, which states that between sixty (60) and ninety (90) days prior to the end of the fiscal year, the Chamber's president is required to submit to the Board of Directors a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes the proposed expenditures/expenses and the proposed method to finance them.

At any time during the fiscal year, the City Manager and Chamber president can reallocate expenditures within a fund without the approval of the Board of directors. However, any revisions to the budget which increase the total budgeted expenditures/expenses within any fund must be approved by the Board of directors.

The Chamber Board made a budget amendment during the fiscal year. The reason for the amendment was to cover employee Christmas bonuses. No net effect was reflected in this amendment.

B. Budget Basis of Accounting

The Chamber prepares its annual budget on a basis (budget basis, which slightly differs from generally accepted accounting principles (GAAP Basis). The budget and all transactions are presented in accordance with the Chamber's method (budget basis) in the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund to provide a meaningful comparison of actual results with the budget. The major differences between budget and GAAP basis are debt service transactions and the recording of bond/loan proceeds.

C. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation	Action Taken
None	Not applicable

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Prior Period Adjustment

Prior period adjustments (PPA) were needed to state the correct financial position of the Chamber.

Purpose of Prior Period Adjusment	Amount	Total
CHAMBER		
To remove compensated absences for prior years	$ 5,875	
		5,875
Total Government-Wide Adjustment		$ 5,875
CHAMBER		
To adjust payables	(29,046)	
		(29,046)
Total Prior Period Adjustment		$ (23,171)

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS

A. Deposits

1. Deposits

The Chamber's funds are required to be deposited and invested under the terms of a depository contract and investment policy pursuant to state statute. The depository bank deposits for safekeeping and trust with its agent approved pledged securities authorized by Chapter 2257 Collateral for Public Funds of the Government Code in an amount enough to protect Chamber's funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

On September 30, 2023, the carrying amount of all the Chamber's deposits was $345,763. The Chamber has two (2) depository accounts: Lone Star National Bank (LSNB).

LSNB Depository Account-Chamber	Balance September 30, 2023
Insured	$ 250,000
Security collateral issued by pledging bank's trust department in the Chamber's name	496,922
(over-collateralized)/under-collateralized	(401,159)
Total Deposits	$ 345,763

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS

B. Receivables

No receivables at the end of fiscal year 2023.

C. Payables

Payables for the Chamber on September 30, 2023, were as follows:

		Govermental Activites Chamber
Vendors	$	41,009
Salaries and benefits		17,041
Memberships		45,546
Net total payables	$	103,596

D. Capital Assets

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

	Beginning Balances		Increases		Ending Balances	
Capital assets, being depreciated:						
Machinery and equipment	$	35,848	$	-	$	35,848
Total capital assets, being depreciated		35,848		-		35,848
Less Accumulated Depreciation						
Machinery and equipment		(19,717)		(7,170)		(26,887)
Total Accumulated Depreciation		(19,717)		(7,170)		(26,887)
Total Capital assets, being depreciated, net	$	16,131	$	(7,170)	$	8,961

E. Long-Term Obligations

Long-term obligations at the end of September 30, 2023 are as follows:

	Balance 10/1/2022		Additions		Retirements		Balance 9/30/2023	
Governmental Activities:								
Accrued Compensated Absences	$	5,875	$	6,869	$	(5,875)	$	6,869
Total Long-Term Debt		5,875		6,869		(5,875)		6,869
Total Governmental Activities	$	5,875	$	6,869	$	(5,875)	$	6,869

IV. OTHER INFORMATION

F. Risk Management

The Chamber is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees (workman's compensation), and natural disasters. The Chamber is included in the city's insurance policy. During the fiscal year, the city obtained general liability coverage at a cost that is economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool (TML). TML is a self-funded pool operating as a common risk management and insurance program. The city pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims more than acceptable risk levels; however, each category of coverage has its own level of reinsurance. The city and its component units continue to carry commercial insurance for other risks of loss.

There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years. A copy of TML's Comprehensive Annual Report may be obtained by request at the following address:

Texas Municipal League
1821 Rutherford Lane, Suite 400
Austin, TX 78754-5128

1. Health Care Coverage

The Chamber is included in the city's health care coverage. During the fiscal year, employees of the city were covered by a health insurance plan (the Plan) with United Health Care with Lone Star Insurance service as an agent of record. The city pays for 100% of the employee's insurance cost and 50% of the employee's dependent's insurance cost.

Coverage Type	Monthly Cost to Employee	Monthly cost to City	Total Monthly Cost
Employee Only	$ -	$ 149.74	$ 149.74
Employee and Spouse	$ 206.08	$ 149.74	$ 355.82
Employee and Child(ren)	$ 189.25	$ 149.74	$ 338.99
Employee and Family	$ 408.28	$ 149.74	$ 558.02

Coverage Type	Monthly Cost to Employee	Monthly cost to City	Total Monthly Cost
Employee Only	$ 16.97	$ 149.74	$ 166.71
Employee and Spouse	$ 239.62	$ 149.74	$ 389.36
Employee and Child(ren)	$ 221.42	$ 149.74	$ 371.16
Employee and Family	$ 458.05	$ 149.74	$ 607.79

IV. OTHER INFORMATION

G. Pension Plan

1. Plan Description

The Chamber is included as part of the city's pension plan. The city provides pension benefits for all its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the city are within the options available in the governing state statutes of TMRS. More detail of the city's plan is included in the city's Annual Comprehensive Financial Report.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by TMRS. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS's website at www.TMRS.com.

The plan provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS. Plan provisions for the city were as follows:

	Plan Year 2022	Plan Year 2023
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (express as age/years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	0%	0%
Annuity Increase (to retirees)	0% of CPI	0% of CPI

H. GASB Statement No. 96 - SBITA

The Chamber implemented GASB 96 for reporting subscription-based information technology arrangements (SBITAs) during this reporting period. A SBITA is defined as a contract that conveys control over another entity's IT software as specified in the contract for a period of time in an exchange or exchange-like transaction. To be accounted for as a SBITA, it must meet the definition of a "long-term" SBITA provided in GASB 96. The right-to-use SBITA liability is reported in the government-wide statements. The SBITA liability is calculated as the present value of the reasonably certain expected payments made over the term of the contract and the interest included in the SBITA payments is recorded as an expense. There were no SBITA material to the financial statements that were recorded during the year audited.

I. Subsequent Events

The Chamber has evaluated subsequent events through December 18, 2024, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT G-1

GREATER PHARR CHAMBER OF COMMERCE, INC.
A COMPONENT UNIT OF THE CITY OF PHARR, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Memberships	$ 57,700	$ 57,700	$ 48,047	$ (9,653)
Sponsorship	52,600	52,600	28,814	(23,786)
Investment Earnings	-	-	6,344	6,344
Other Revenue	-	-	2,360	2,360
Total Revenues	110,300	110,300	85,565	(24,735)
EXPENDITURES:				
Current:				
Economic Development	328,700	328,700	301,906	26,794
Total Expenditures	328,700	328,700	301,906	26,794
Excess (Deficiency) of Revenues Over (Under) Expenditures	(218,400)	(218,400)	(216,341)	2,059
OTHER FINANCING SOURCES (USES):				
Contributions	218,400	218,400	218,400	-
Total Other Financing Sources (Uses)	218,400	218,400	218,400	-
Net Change	-	-	2,059	2,059
Fund Balance - October 1 (Beginning)	269,514	269,514	269,154	(360)
Prior Period Adjustment	-	-	(29,046)	(29,046)
Fund Balance - September 30 (Ending)	$ 269,514	$ 269,514	$ 242,167	$ (27,347)

INTERNAL CONTROL/COMPLIANCE SECTION

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Raul Hernandez & Company, P.C.
Certified Public Accountants
5402 Holly Rd., Suite 102
Corpus Christi, Texas 78411
Office (361)980-0482 Fax (361)980-1002

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Greater Pharr Chamber of Commerce, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund, of Greater Pharr Chamber of Commerce, Inc. (Chamber) , as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Chamber's basic financial statements, and have issued our report thereon dated December 18, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Chamber's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Chambers internal control. Accordingly, we do not express an opinion on the effectiveness of the Chamber's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to me material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item, 2023-001 that we consider to be significant deficiencies.

Compliance and Other Matters

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

Chamber's Response to Findings

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

Purpose of this Report

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

Raul Hernandez & Company, P.C.

Corpus Christi, Texas

December 18, 2024

GREATER PHARR CHAMBER OF COMMERCE, INC.
A COMPONENT UNIT OF THE CITY OF PHARR, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that were not considered material weakness?	Yes
Material noncompliance to financial statements noted?	No

GREATER PHARR CHAMBER OF COMMERCE, INC.
A COMPONENT UNIT OF THE CITY OF PHARR, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

FINANCIAL STATEMENT FINDINGS

Reference Number 2023-001	**Monthly Account Analysis and Year-End Closing**
Criteria:	Controls relative to timely close-out of financial statements at year-end should be in place to provide management with the necessary financial information to make appropriate decisions, and to ensure compliance with federal, state and local reporting deadlines.
Condition Found:	A significant amount of time lapsed after year-end, before the financial statements were closed-out. The general ledger required many audit adjustments and reclassifications to both current and prior period adjustments. Preparation of the year-end adjusting journal entries, schedules, recording of receipts, collections, monthly P-Card report approvals, and reconciliation of several significant areas were not timely.
Context:	These conditions were was noted in performing our standard audit procedures.
Cause:	Timely financial statements were not available during the year and at year-end.
Effect:	Management assessments and financial decisions, and internal and external financial reporting may be inaccurate because of improperly maintained general ledgers.
Recommendation:	The City should review its internal controls relating to financial statement accounting and reporting to ensure that timely financial statements are prepared and available for management use, as well as for audit purposes.
Views of Responsible Officials:	See management's corrective action plan.

GREATER PHARR CHAMBER OF COMMERCE, INC.
A COMPONENT UNIT OF THE CITY OF PHARR, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Reference Number 2022-001	**Purchasing and Purchase Orders**
Criteria:	The Greater Pharr Chamber of Commerce (Chamber) follows the City's procurement policy. The City's procurement policy requires approved purchase orders for purchases of $2,000 or greater. Additionally, purchase orders should be approved prior to making the purchase.
Condition Found:	We noted two instances where purchases over the $2,000 threshold were made without a purchase order as required by the City's policy. In both instances, management overrode the requirement for a purchase order and approved the payment to the vendors, which totaled $2,500 and $5,461. We also noted seven instances where the purchase process occurred out of sequence (backwards). For example, the vendor provided services to the Chamber in April 2022, the purchase order for such services was approved in June 2022, and the purchase requisition was approved in July 2022. Transactions noted ranged from $6,500 - $27,242.
Context:	Observations were noted in substantive testing for expenditures and search for unrecorded liabilities testing, which ensures that payments made after the fiscal year are recorded in the proper period. A total of 12 transactions were tested for expenditures and 11 for the search for unrecorded liabilities testing.
Effect:	Management override of controls may provide an environment in which policies and procedures may not be followed consistently. This may result in unauthorized purchases. All purchases should follow the standard approval process as outlined in the City's purchasing policy.
Cause:	Based on documentation reviewed, it appears the lack of purchase orders for the two transactions noted was a result of a lapse in communication between the City's finance department and the Chamber and the Chamber not being set up to create purchase orders in the system. For the seven instances where services were acquired prior to having a purchase order, an internal memo included in the documentation explained the reason for this being that the vendors were hired for the City's events in the past, were recommended by City personnel, or were well-known for providing top-quality services. The explanations documented did not properly explain why services were acquired prior to obtaining an approved purchase order.
Recommendation:	We recommend the Chamber follow the City's procurement policy. Additionally, all purchases should be approved before goods or services are purchased and vendors paid.
Status of Prior Year Finding:	See current year finding 2023-001.

GREATER PHARR CHAMBER OF COMMERCE, INC.
A COMPONENT UNIT OF THE CITY OF PHARR, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Reference Number 2022-002	**Revenue Recognition**
Criteria:	Membership revenue should be recognized in governmental funds when earned. In cases where membership dues are received in advance, the membership revenue should be recognized throughout the period(s) covered by the membership.
Condition Found:	We noted membership revenues are recognized when payment is received from members.
Context:	Condition was identified as part of audit procedures performed on membership revenues.
Effect:	The lack of proper accounting for membership revenue may result in misstatements in the financial statements. As the Chamber and its membership continue to grow the effect of improper revenue recognition may result in material misstatements.
Cause:	Membership revenues are not allocated throughout the membership period.
Recommendation:	We recommend the Chamber maintain a membership listing to include the date membership dues were paid and the period covered by the membership. We recommend membership revenues be recognized in the period covered by the membership. If the membership period overlaps between fiscal years, we recommend revenue be recognized and allocated into each respective period.
Status of Prior Year Finding:	See current year finding 2023-001.

GREATER PHARR CHAMBER OF COMMERCE, INC.
A COMPONENT UNIT OF THE CITY OF PHARR, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Reference Number 2022-003	**Monthly P-Card Report Approvals**
Criteria:	Segregation of duties is an important in internal control as it reduces the risk of erroneous or inappropriate actions. As a best practice, the monthly P-card reports submitted to the City's finance department should be reviewed and approved by an individual other than the cardholder who prepared the report.
Condition Found:	We reviewed P-Card reports for the months of April and June 2022 and noted the reports were prepared and approved by the same individual. We noted no evidence that the reports were reviewed and approved by someone other than the cardholder who prepared them.
Context:	Condition was identified in performing substantive audit procedures for expenditures.
Effect:	The lack of segregation of duties may provide opportunities for improper transactions to go undetected.
Cause:	The lack of segregation of duties in this area may be attributed to the limited staff available at the Chamber.
Recommendation:	We recommend the Chamber strengthen controls by requiring monthly P-card reports be reviewed and approved by an individual other than the cardholder who prepared them. If limited staff prohibits such review from being performed, we recommend the report be reviewed and approved by a member of the board of directors. The review and approval should be documented by signing and dating the report.
Status of Prior Year Finding:	See current year finding 2023-001.

GREATER PHARR CHAMBER OF COMMERCE, INC.
A COMPONENT UNIT OF THE CITY OF PHARR, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Reference Number 2022-004	**P-card Purchasing Limits and Receipts**
Criteria:	The City's procurement policy requires purchases greater than $1 but less than $2,000 to be made using a P-Card, if a vendor allows it. Although quotes are not required for such purchases, all documentation processes must be followed.
Condition Found:	We noted one instance where a lodging expense transaction amounting to $2,107.64 exceeded the City's specified limit of the City's procurement policy. Additionally, there were eight instances, including the lodging expense referenced above, where the P-card transactions were approved without providing receipts. Transactions without receipts ranged from $14.99 to $2,107.64. Although there were no receipts for the transactions, a memo outlining the purpose for the transaction was prepared and approved by the Chamber President.
Context:	Condition was identified in substantive testing for April and June 2022 travel expenditures using the P-Card.
Effect:	Increased risk of unauthorized spending and potential non-compliance with the Chamber's policies. All P-card purchases should be supported by a valid receipt to adhere to the City's procurement policy.
Cause:	Potential oversight or lack of awareness regarding the specified limits and documentation requirements for P-card transactions.
Recommendation:	Ensure compliance with the P-card policy by adhering to transaction limits. Although a memo was prepared for the transactions, as a best practice, management should emphasize the importance of providing receipts for transparency and accurate record-keeping. Consider a review of the policy with relevant personnel to avoid similar instances in the future.
Status of Prior Year Finding:	We consider this finding to be resolved as of September 30, 2023.

The Greater Pharr
Chamber *of* Commerce

Corrective Action Plan
Year End September 30, 2023

Reference Number 2023-001, Monthly Account Analysis and Year-End Closing.

The Chamber's management and the City of Pharr Finance Department agree with this finding.

The Chamber is under new management as of January 2024. Problems and concerns regarding revenue recognition and purchasing polices have been brought to the attention of the new Chamber President; In 2024, all personnel were trained and retrained in P-Care procedures to ensure the process is followed. The Purchasing Department updated City purchasing policies in Fiscal Year 2024-2025 and will provide citywide training in this year, which will include Chamber personnel.

Contact Persons responsible for corrective action:

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118 5. Cage Blvd.
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