

CITY OF SOUTH PADRE ISLAND, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2021

Prepared by the Finance Department:
Mr. Rodrigo Gimenez, Chief Financial Officer

City of South Padre Island, Texas
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March 23, 2022

The Honorable Mayor, Council Members, and Citizens
of the City of South Padre Island, Texas:

We are pleased to submit to you the Annual Comprehensive Financial Report for the City of South Padre Island (City), Texas for the fiscal year that ended September 30, 2021. This report was prepared from the books and records of the City of South Padre Island, Texas and includes the financial activities of the primary government and its component unit. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the results of operations of the various funds of the City.

The goal of the independent audit, conducted by Carr, Riggs & Ingram, LLC, was to provide reasonable assurance that the financial statements of the City for the fiscal year ending September 30, 2021 were free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors' report is included in this document.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE CITY

Known as the Tropical Tip of Texas, the City is a tourist oriented resort community. The white sandy beach of South Padre Island is known throughout the United States and is ranked as one of Texas' top beaches. The City occupies approximately 2.5 square miles and serves a full-time residential population of approximately 2,818.

The Town of South Padre Island was incorporated in 1973, and became the City of South Padre Island when the Home Rule Charter was adopted in 2009. The City operates under the council-manager form of government. Policy making and legislative authority are vested in a governing council consisting of the Mayor and five Council Members. City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager and the City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing heads of various departments. The Mayor and the Council Members serve three-year staggered terms and are elected at large.



MAJOR INITIATIVES

The City of South Padre Island continues to have a strong financial position with AA+ general obligation bond ratings, a six month operating reserve, a steady revenue stream, annual expenditures within budget, and excess reserves to fund capital projects. Furthermore, the City has undertaken several new initiatives to provide a safe and attractive environment and enhance the quality of service we deliver to the citizens and visitors of the City. The City has accomplished major goals by enhancing its marketing capabilities as a vacation destination, and investing in infrastructure, while maintaining one of the lowest property tax rates in the state of Texas.

Comprehensive Plan:

The City focused on finalizing the City's comprehensive plan during the beginning months of the 2020-2021 fiscal year. "The Island Way: The South Padre Island Comprehensive Plan," outlines a path for achieving the shared vision for the City described by community members through the visioning and goal-setting process. It succeeds, updates, and replaces the Town of South Padre Island, Texas Comprehensive Plan 2008, which was drafted more than a decade earlier. The Island Way synthesizes a series of component master plans into one, seamless document that will guide the growth and evolution of the City between the writing of this plan and its horizon of 2050. It will be updated every 5 to 10 years. The Component Plans included in the document are the Land Use Plan; Business, Economy, and Tourism; Master Thoroughfare Plan; Parks and Recreation Master Plan; City Facilities Master Plan; Shoreline Master Plan; and Implementation Plan. The project was placed on hold as COVID-19 placed group setting restrictions on the steering committee in addition to staff shortages. As of September 30th, 2020, the plan was substantially complete with some minor edits being made by staff at the request of the steering committee. The steering committee revisited this document in 2021 and had one final meeting in January of 2022 to finalize some minor details. The plan was adopted by City Council in March of 2022.

Tompkins Park:

The City of South Padre Island partnered with the Texas Department of Parks and Wildlife to complete Phase II of John L. Tompkins Park. The park will include a soccer field, a walking trail, exercise stations, a bocce ball court, benches, and shade structures. The construction on the base design was completed June of 2020. The construction of the skate park was completed in May 2021. By the end of 2021, 90% of the Phase II grant was completed. In 2021, an additional grant for Phase III of John L. Tompkins was received from Texas Parks and Wildlife to add solar lighting and a shade pavilion over the basketball court to the park. Phase III is scheduled to begin in 2022.

Infrastructure:

The Public Works Department continues to improve infrastructure and provide safer streets for all modes of travel.

The PR 100 Median, Boardwalk, Sidewalk, and Traffic Signal Improvements project is complete. The project stayed in budget with a grand total of approximately \$7,530,000 and provides increased pedestrian and traffic mobility along Padre Boulevard. The traffic signal improvements added two new intersections on Esperanza Street and Padre Boulevard, as well as at a yet unnamed intersection near 6600 Padre Blvd. In addition, 3.7 miles of center medians were built which included the installation of new 6-inch irrigation water meters. This project is a component of the Venue Tax Project approved by voters in 2016.



In 2017, the City embraced a comprehensive approach to assess all City streets through the Master Thoroughfare Plan, which was finalized in October 2018, in which Laguna Boulevard was ranked number one. The initial 2019 concept was to improve lanes, drainage, and all intersections while incorporating low impact development to allow the City to become more resilient. In 2020, preliminary engineering commenced with in-house staff. This would be the City's first major improvement that has been designed in-house, saving a total of \$478,000 on the project design. Multiple workshops and Open Houses were held through the design process. By the end of the 2020-2021, fiscal year, 90% of the reconstruction of Laguna Boulevard project planning was completed. A groundbreaking ceremony is scheduled for March 2022. The project is estimated to be complete in the Fall of 2023.

Transit:

The City of South Padre Island's Transportation Department continued services throughout the year and will continue to do so through Island Metro. Island Metro is a free fixed route system that operates within the City of South Padre Island and Port Isabel and has been developed by the South Padre Island City Council with the input of our drivers and passengers, as well as citizens and business persons on both sides of the Memorial Queen Isabella Causeway.

The department continues to obtain funding from the Texas Department of Transportation (TxDot), which is heavily relied upon to continue providing transit services. During the fiscal year 2020-2021, the department received an allocation from the TxDot CARES ACT Funding Project in the total amount of \$877,390. The funds were spent on hazardous pay for drivers and maintenance staff, as well as, purchasing Covid-19 related personal protective equipment and sanitation services.

Furthermore, the department invested in the purchase of five new buses. The cost of the buses amounted to approximately \$836,000.

Convention Center and Tourism:

The South Padre Island Convention and Visitors Bureau (CVB) works to generate tourism through leisure, group travel, meetings, and convention markets. As tourism is the Island's primary economic engine, success is critical. Marketing efforts has guests visiting South Padre Island from Mexico, Canada, and European countries. Over nine million people visited the Island in 2021. The CVB booked over 17,000 group room nights throughout 2021.

The CVB Special Events division assisted and worked closely with promoters to bring year-round business. The CVB sponsored and guided 24 events during fiscal year 2020-2021.

Shoreline, Park, and Beautification:

South Padre Island is committed to preserving and restoring the local beaches and bay to maintain our quality of life and sustain the local tourism-based economy. Through the years it has received many accolades as being one of the most desirable coastal communities in the nation. The City works extremely hard to protect and maintain our beach to ensure that our citizens and visitors can continue to have memorable and enjoyable experiences while also increasing resiliency to protect the community and Island from major storms and tides.

In May 2021, the City, in partnership with the US Army Corps of Engineers, Texas General Land Office and Cameron County, placed approximately 355,000 cubic yards of sediment on our beaches. The material, which is dredged from the Brazos Santiago Pass, is beneficially used to combat erosional challenges.



During the fiscal year 2020-2021, the Shoreline Department received \$150,000 from the National Fish and Wildlife Foundation to perform a feasibility study for a living shoreline on the Island's bayside. Funding will also be utilized to begin the designs which will help to decrease erosion and attenuate waves from flooding. Additionally, just over \$375,000 in grant funds from the Coastal Management Program was awarded to the City for beach access improvements, the construction of lifeguard towers, and dune restoration to build back the dune system that was damaged during the 2020 Atlantic hurricane season.

The City purchased bayside land in June 2021 as a part of the RESTORE Act grant where a boat ramp and associated trailer-sized parking will be constructed. The City was awarded over \$140,000 from the Texas Parks and Wildlife Department for the engineering and permitting phase of the project.

The South Padre Island Wind and Water Sports Park is still underway. As of September 2021, the project is currently waiting for permit approval from the United States Army Corps of Engineers and a General Land Office lease. This project is a component of the Venue Tax Project approved by voters in 2016. The park will provide a dedicated access point for wind and water sport athletes and will decrease the amount of damage to the wetlands that currently occur. The design includes parking areas and a laydown area where the athletes can set up their equipment and launch from.

Public Safety:

During the fiscal year, the Police Department purchased four new vehicles and had them equipped for a total of approximately \$183,000. In addition, audio recording software/hardware and a new jail surveillance system was purchased and installed for a total cost of \$18,907 and \$47,055, respectively. The department received a total of \$39,885 from the Homeland Security Grant Program for operations related to Operation Stonegarden. This program provides funding to enhance cooperation and coordination among state, local, tribal, territorial, and federal law enforcement agencies to jointly enhance security along the United States land and water borders. In addition, the department received \$57,093 in funding to be allocated to the Local Border Security Program. The purpose of the program is to sustain interagency law enforcement operations and enhance local law enforcement patrols to facilitate directed actions to deter and interdict criminal activity.

In fiscal year 2020-21, the City's Fire Department purchased and equipped a new ambulance for a total of \$129,392. The Fire Department also applied for and received a total of \$52,652 from the US HHS Phase 3 COVID-19 Provider Relief Distribution. The US HHS designed this funding to balance an equitable payment of 2 percent of annual revenue from patient care for all applicants plus an add-on payment to account for revenue losses and expenses attributable to COVID-19. Furthermore, the department was awarded funding from the Texas Intrastate Fire Mutual Aid System Grant program in the amount of \$7,600 for training expenses and the Trauma Regional Advisory Council - V grant of \$11,242 for medical supplies.

Economic Development:

In 2021, the South Padre Island Economic Development Corporation (EDC) initiated a feasibility study for a deep water marina. The results of the study will be presented in 2022. The feasibility study includes site recon & data collection, marina market analysis, physical feasibility & environmental review, and financial analysis. The deep water marina project is a project incorporated in the City's Capital Improvement Plan.



The EDC has supported the Friends of RGV Reef artificial reef project for four consecutive years now. The success of the artificial reef project has attracted larger offshore boats and further added to the logic of developing a deep water marina.

The EDC has selected a firm to complete the conceptual exhibit design for a South Padre Island Aquarium and Butterfly Pavilion. The EDC has property adjacent to the South Padre Birding and Nature Center that would be developed to add these amenities to the existing Birding Center. Ecotourism is a big economic driver for the Island and with Sea Turtle Inc. as neighbors, the Island is creating a true eco-tourism district to provide environmental education and conservation awareness to our residents and visitors.

The Art Business Incubator had a remarkable year in 2021. The program included six accomplished artists from around the country. Minnesota, Colorado, and Michigan artists moved to South Padre Island for their one year residency in the program. The artists are permanently relocating to the Island and three additional art galleries will open in 2022 with graduates from the 2021 class. The mission to add to the Island economy by creating an arts destination is set in motion.

In 2021, the EDC awarded Façade Improvement Grant to Calypso. This is an incentive program that allows businesses within the Form Based Code area to apply for a 50/50 grant to improve the appearance of their storefront. The EDC contributes up to \$25,000 for their 50% match.

The EDC provides capital funding for businesses through another grant program: Sand Dollars for Success. Through a business plan competition, a maximum of \$25,000 can be awarded to a business that qualifies and wins the competition.

Impact of COVID-19 Pandemic:

A year ago, we shared the many challenges our community faced. This year, however, we are proud to say we have made great strides towards an even brighter future for our Island. With Texas opening up fully in March of 2021, businesses were able to operate without restrictions to better serve the community and visitors. There's been a positive growth in tax revenues as the Island became an idyllic retreat for many. Additionally, the City maintained its annual expenditures within budget and increased excess reserves to fund critical projects.

Although there has been great growth throughout the last year, our community continues to face the effects of COVID, such as staffing shortages in local businesses, lack of necessary inventory and variants of COVID causing even further disruptions.

In 2021, the City received reimbursement for fiscal year 2019-20 COVID-19 related expenses from the Federal Emergency Management Agency of \$15,028. In addition, the City received \$344,175 from the American Rescue Plan Act Coronavirus Local Fiscal Recovery Fund for eligible costs obligated between March 3, 2021 and December 31, 2024. Despite the multiple challenges caused by the COVID-19 pandemic, the City continues to remain resilient through pro-active, conservative, and coordinated planning and execution.



FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

The City of South Padre Island is a tourist oriented resort community. The City has a high market value per capita due to the large number of resorts and vacation properties within the City compared with the limited year-round population. The Queen Isabella Causeway crossings are estimated to be 9.1 million per year according to the Texas Department of Transportation. In the most recent City of SPI Economic Index, over 6 million visitors come to the Island annually.

It is important to note the Texas economy has recovered strongly since the COVID-19 pandemic. The pandemic recession stands apart from others with a sharp and short-lived decline and steeper recovery. The increase in personal income, labor shortages, and high demand for goods and housing has resulted in an unusual economic outcome. During 2021, Texas outperformed the nation in growth despite the impact of the pandemic on labor supply and public health. Texas growth is expected to continue through 2022, but risks to consider include COVID waves, constraints on supply, and high inflation.

Although the pandemic initially led to over 1.4 million loses of Texas jobs, over 95% had been recovered by the end of 2021. Since the April 2020 unemployment peak of 13.5%, the unemployment rate has declined sharply to 5.6% as of September 2021. Furthermore, Texas job growth has risen an annualized 4.5%. Texas experienced the sharpest employment growth in Oil & Gas Extraction & Mining (10.3%), Professional Business Service (10.2%), and Leisure & Hospitality (8.9%) sectors. Texas' initial unemployment claims have declined sharply since the peak in 2020 and approach pre-pandemic levels at the end of 2021. The Dallas Fed's Texas employment forecast predicts a 2022 employment growth rate between 2% and 4%.

During 2021, manufacturing indexes reflected a slower but above-average pace of expansion while the service sector continues recovering strongly and experienced robust growth. The service industry, which accounts for over 70% of private sector, makes up the bulk of the Texas economy. As the #1 producer of oil and natural gas in the U.S., Texas produces 30% of the nation's refinery capacity and 75% of the nation's petrochemical. Therefore, low energy prices would negatively impact the economy.

Since the Great Recession, Texas house prices have shadowed the nation. The Texas housing market remains constricted with the surge in housing demand and record low inventories. The pandemic has led to a reduced demand for housing in neighborhoods with high population density. The relocation of citizens out of high-density and high cost-of-living areas benefit Texas growth. Such relocation has led to growth in median home prices across Texas. During 2021, Texan median home prices hit a record high, averaging between \$306,000 and \$481,000.

In terms of the City's economy, South Padre Island strongly relies on the Texas economy as well as that of Mexico. Located only 26 miles from the nearest international bridge, South Padre Island is a popular vacation spot among Mexican tourists. All business and economic activity on the Island centers on tourism.

A good indicator of the City's economy is the collection of hotel occupancy taxes. During fiscal year 2020-2021, the City experienced record high collections. A 70% increase was recognized compared to fiscal year 2019-2020. The highly seasonal nature of tourist activity means that almost half of the lodging sales come in June, July, and August. Another key economic indicator for the City is the sales tax growth rate. The City recognized a 47% increase in sales tax while the increase statewide was 3%. In addition, the City's property values continue to grow strengthening the taxable base.



South Padre Island continues to establish itself as a premier visitor destination, with its unique setting, pristine beach environment, and abundant water and outdoor activities. As the area gains more recognition as a year-round vacation retreat, there will be a growing need to preserve, improve, and add to the amenities and attractions sought by the rising tide of tourists.

Long Term Financial Planning

Budgeting is an essential element of the financial planning, control and evaluation process of a municipal government. City officials remain committed to a policy of maintaining a six-month reserve level for all operating funds, creating strong budgetary flexibility. Multi-year budgeting provides a means of identifying the impact of implementing new programs and projects on future budgets. The Business Plan is the City's long range operations and capital plan. The plan includes all of the operating departments of the General Fund, Convention Centre, Beach Maintenance, and Transit as well as the capital improvement funds of the City. The plan is reviewed and updated annually.

The City has a strong financial position with an AA+ general obligation bond ratings through Standard & Poor's, which is a reflection of strong financial practices. The excellent bond rating allows the City to issue bonds for major projects at an advantageous interest rate. During fiscal year 2020-2021, the City refunded the 2011 General Obligations Bonds which resulted in net present value savings of approximately \$300,000 and a percentage of savings of refunded bonds of 12.38%. Additionally, 2021 Tax Notes with project fund deposits of \$5 million were issued for the Laguna Boulevard project.

POLICIES AND PRACTICES

Internal Control

City management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP.

Federal and State Single Audit

As a recipient of federal and state assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

As part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year that ended September 30, 2021 identified no material weaknesses of the internal control or violations of applicable laws and regulations of federal or state grant awards.



OTHER INFORMATION

Independent Audit

The City is incorporated under the Laws of the State of Texas and is required to have an annual audit and prepare annual financial statements. This audit was also designed to meet the requirements of the Federal Single Audit Act as amended and the requirements of U.S. Office of Management and Budget 2 CFR part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the requirements of the State of Texas Single Audit Circular.

Awards

The City has been awarded with the Triple Crown medallion by the Government Finance Officer's Association (GFOA). This award recognizes governments who have received the GFOA's Certificate of Achievement for Excellence in Financial Reporting, the Popular Financial Reporting Award, and the Distinguished Budget Presentation Award. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South Padre Island for its Annual Comprehensive Financial Report for the fiscal year that ended September 30, 2020. This was the 31st consecutive year the City has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements. We are submitting it to the GFOA to determine its eligibility for another certificate.

Additionally, the City of South Padre Island was awarded the Distinguished Budget Presentation Award for the Fiscal Year beginning October 1, 2020. This was the 10th consecutive year the City has achieved this prestigious award. To receive the award, the Finance Department had to satisfy nationally recognized guidelines for effective budget presentation. The budget is ranked on how well it serves as a policy document, a financial plan, an operations guide, and a communications device. All four categories must be rated proficient. Additionally, fourteen mandatory criteria must be met.

Acknowledgments

We would like to thank the Finance Department staff and the Department Directors for their diligent efforts in the preparation of the annual financial report. Furthermore, we would like to thank the Mayor and Council Members. It is their leadership and support of the City that helped make the preparation of this report possible.

Sincerely,

Randy Smith, City Manager

Rodrigo Gimenez, Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

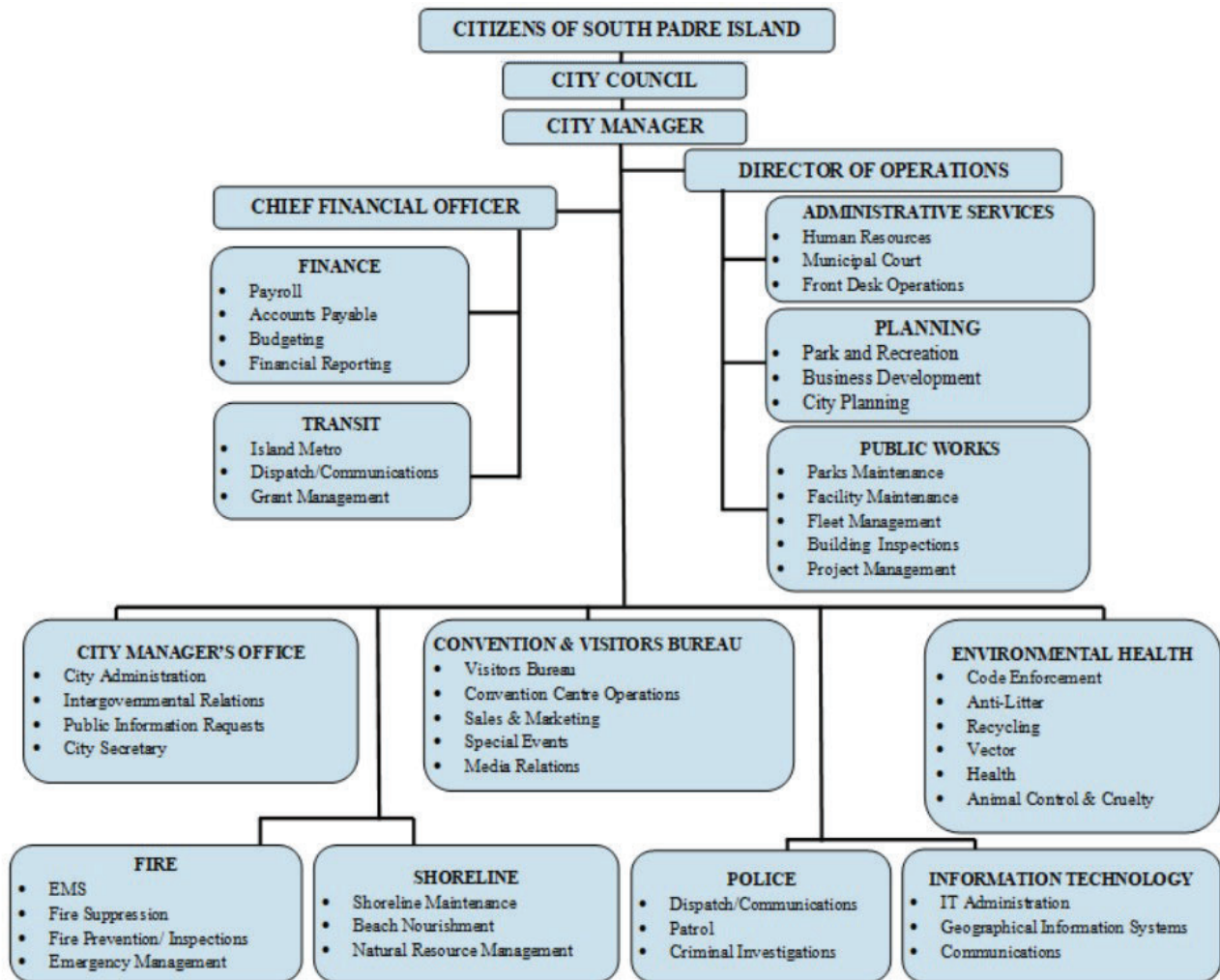
**City of South Padre Island
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO



City of South Padre Island, Texas
List of Principal Officials
September 30, 2021

ELECTED OFFICIALS

NAME	TITLE
PATRICK MCNULTY	MAYOR
JOE RICCO	MAYOR PRO-TEM, PLACE 3
KERRY SCHWARTZ	COUNCIL MEMBER, PLACE 2
KEN MEDDERS, JR.	COUNCIL MEMBER, PLACE 1
LYDIA CABALLERO	COUNCIL MEMBER, PLACE 4
EVA-JEAN DALTON	COUNCIL MEMBER, PLACE 5

APPOINTED OFFICIALS

NAME	TITLE
RANDY SMITH	CITY MANAGER
WENDI DELGADO	DIRECTOR OF OPERATIONS
RODRIGO GIMENEZ	CHIEF FINANCIAL OFFICER
ED CAUM	CONVENTION AND VISITORS BUREAU DIRECTOR
CLAUDINE O'CARROLL	POLICE CHIEF
JIM PIGG	FIRE CHIEF
CARLOS SANCHEZ	PUBLIC WORKS DIRECTOR
VICTOR MARTINEZ	INFORMATION TECHNOLOGY DIRECTOR
WENDY SALDANA	HUMAN RESOURCES MANAGER
VICTOR BALDOVINOS	ENVIRONMENTAL HEALTH SERVICES DIRECTOR
KRISTINA BORBURKA	SHORELINE DIRECTOR
JESSE ARRIAGA	TRANSIT DIRECTOR
ANGELIQUE SOTO	CITY SECRETARY
DENTON, NAVARRO, ROCHA, BERNAL & ZECH	CITY ATTORNEY

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the City Council
City of South Padre Island, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of South Padre Island, Texas as of and for the year ended September 30, 2021 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of South Padre Island, Texas, as of September 30, 2021 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 19 through 28 and 68 through 77 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of South Padre Island's basic financial statements. The introductory section, the other supplementary information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The schedule of expenditures of state awards is presented for purposes of additional analysis as required by the State of Texas *Single Audit Circular*.

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The other supplementary information and the schedule of expenditures of federal awards and schedule of expenditures of state 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 other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2022, on our consideration of the City of South Padre Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of South Padre Island's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of South Padre Island's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Harlingen, Texas
March 23, 2022

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City of South Padre Island, Texas Management's Discussion and Analysis

As management of the City of South Padre Island (the City), we offer readers of the City's financial statements this narrative overview and analysis as of September 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-8 of this report.

Financial Highlights

- The assets and deferred outflows of the City of South Padre Island exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$72,168,754 (net position). Of this amount, \$7,856,051 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net position for the City of South Padre Island increased by \$14,883,336 during the fiscal year from the results of current year activities.
- As of the close of the current fiscal year, the City of South Padre Island governmental funds reported combined ending fund balances of \$51,126,051. Approximately 19% of this amount, \$9,717,957 is available for spending at the government's discretion (unassigned fund balance). This unassigned fund balance exceeds the General Fund's required six month reserve (\$6,311,813 for 2021) established by the City Charter.
- At the end of the current fiscal year 80.7%, \$41,259,461 of the governmental funds fund balance was restricted and approximately 0.3%, \$148,633 was non-spendable.
- The City of South Padre Island's total bonded debt increased by \$2,765,000 during the current fiscal year. This increase is the result of an issuance of bonds net of payments made on bonded debt during the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City of South Padre Island's 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, including information on individual funds.

Government-wide financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements are designed to provide readers with a broad overview of the City of South Padre Island's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources and liabilities and deferred inflows of resources, including capital assets and long-term obligations. The difference between the two is 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 is improving or deteriorating. Other indicators of the City's financial position should also be taken into consideration, such as the change in the City's property tax base and condition of the City's infrastructure (i.e. roads and drainage systems), in order to more accurately assess the overall financial condition of the City.

City of South Padre Island, Texas Management's Discussion and Analysis

The Statement of Activities presents information showing how the City'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 of the government-wide financial statements distinguish functions of the City 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 South Padre Island include general government, public safety, public works, shoreline, transportation, community service, and convention and visitors bureau. There are no business-type activities of the City of South Padre Island.

The government-wide financial statements include not only the City of South Padre Island itself (known as the primary government), but also a legally separate Economic Development Corporation. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

Fund financial statements. The fund financial statements are designed to report information about groupings of related accounts which are used to maintain control over resources that have been segregated for specific activities or objectives. The City of South Padre Island, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City are considered governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are reported in governmental funds, which focus on how cash and other financial assets can readily be converted to available resources and on the available balances left at year-end. This information may be useful in determining what financial resources are available in the near future to finance the City's programs. Other funds are referred to as non-major funds and are presented as summary data.

Because the focus of governmental fund level statements 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. In addition to the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balance, separate statements are provided that reconcile between the government-wide and fund level statements.

City of South Padre Island, Texas Management's Discussion and Analysis

The City of South Padre Island maintains 24 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 Hotel Motel Fund, Venue Tax Construction Fund and the Venue Project Fund, all of which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Governmental Accounting Standard Board (GASB) released Statement 54 – “Fund Balance Reporting and Governmental Fund Type Definitions” on March 11, 2009, which was effective for the fiscal year ending September 30, 2011. This statement was intended to improve the usefulness of the amount reported in fund balance by providing more structured classifications. Previously, fund balance was classified as “reserved” or “unreserved”. GASB 54 has changed how fund balance is reported. The hierarchy of five possible classifications is as follows.

Nonspendable 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.

The spendable fund balances include restricted, committed, assigned and unassigned based upon the 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 city council); **Assigned:** fund balances that contained self-imposed constraints of the government to be used for a particular purpose (the City manager has the authority to assign funds for specific purposes); and **Unassigned:** fund balance of the general fund that has not been constrained for any particular purpose.

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.

Other information. In addition to the basic financial statements and accompanying notes, the City of South Padre Island adopts an annual appropriated budget for its General Fund, certain Special Revenue Funds, Capital Projects Funds and its Debt Service Fund. Budgetary comparison schedules have been presented as required supplementary information for the General Fund and major Special Revenue Funds. Budgetary comparison schedules have been presented as other supplementary information for certain Non-Major Special Revenue Funds, Capital Projects Funds and the Debt Service Funds which have a legally adopted budget. This report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

City of South Padre Island, Texas Management's Discussion and Analysis

Government-wide Financial Analysis

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

	Total Governmental Activities 2021	Total Governmental Activities 2020
ASSETS		
Current and other assets	\$ 53,322,286	\$ 39,818,332
Capital assets	42,634,579	38,887,886
Total assets	95,956,865	78,706,218
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension liabilities	949,140	985,666
Deferred outflows related to OPEB liabilities	152,897	100,105
Deferred amount on refunding	93,423	116,780
Total deferred outflows of resources	1,195,460	1,202,551
LIABILITIES		
Current liabilities	1,629,636	1,995,256
Non-current liabilities	21,587,033	19,216,136
Total liabilities	23,216,669	21,211,392
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows on bond refunding	19,596	-
Deferred inflows related to OPEB liabilities	36,092	43,884
Deferred inflows related to pension liabilities	1,711,214	1,368,075
Total deferred inflows of resources	1,766,902	1,411,959
NET POSITION		
Net investment in capital assets	29,334,469	27,214,217
Restricted	34,978,234	23,949,542
Unrestricted	7,856,051	6,121,659
Total net position	\$ 72,168,754	\$ 57,285,418

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 South Padre Island, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$72,168,754 at the close of the most recent fiscal year.

A large portion of the City's net position (40.65%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's 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.

City of South Padre Island, Texas Management's Discussion and Analysis

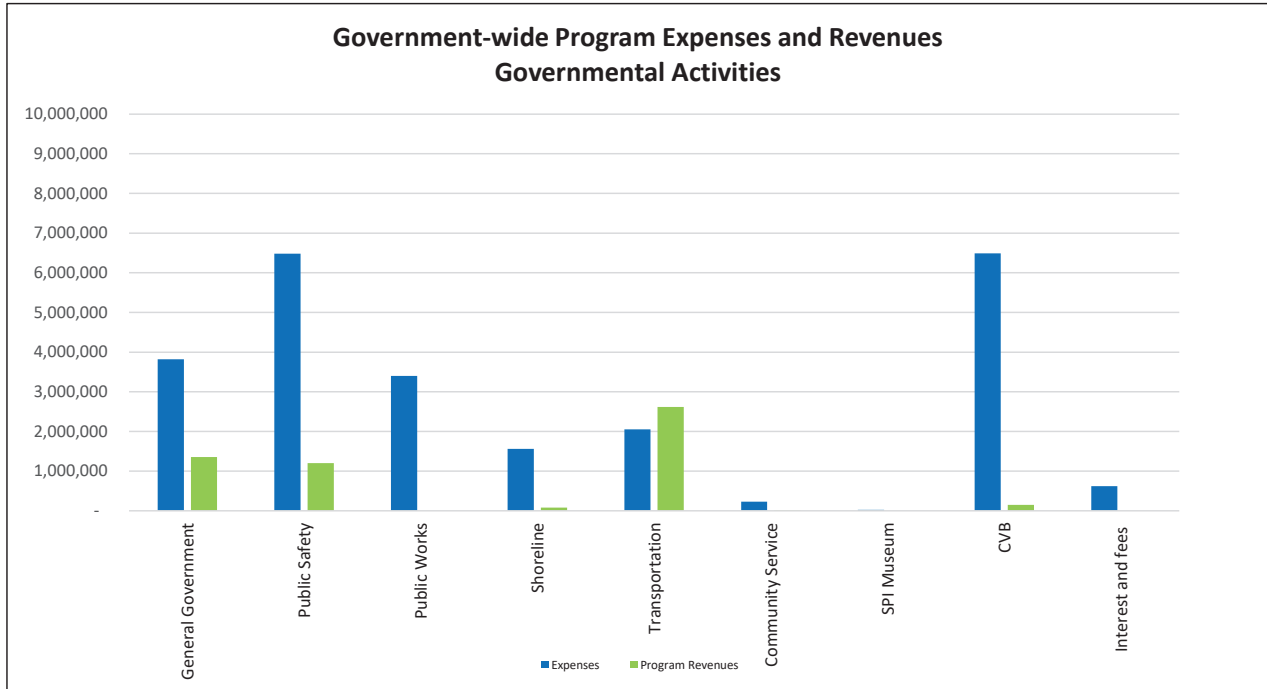
Changes in Net Position. Governmental activities increased the City's net position by \$14,883,336 from the beginning net position of \$57,285,418, as a result of current year activities. Total revenues increased approximately \$10.8 million. This is primarily the result of an increase in non-property taxes of approximately \$9.2 million and an increase in operating and capital grants of about \$1.3 million, both of which were caused by an increase in tourism and traffic during fiscal 2021 as the Island did not have any shutdowns due to COVID-19.

Expenses during the fiscal period decreased by \$515,706 or 2%. This decrease was mostly due to a decrease in personnel costs related to the changes in the net pension and OPEB.

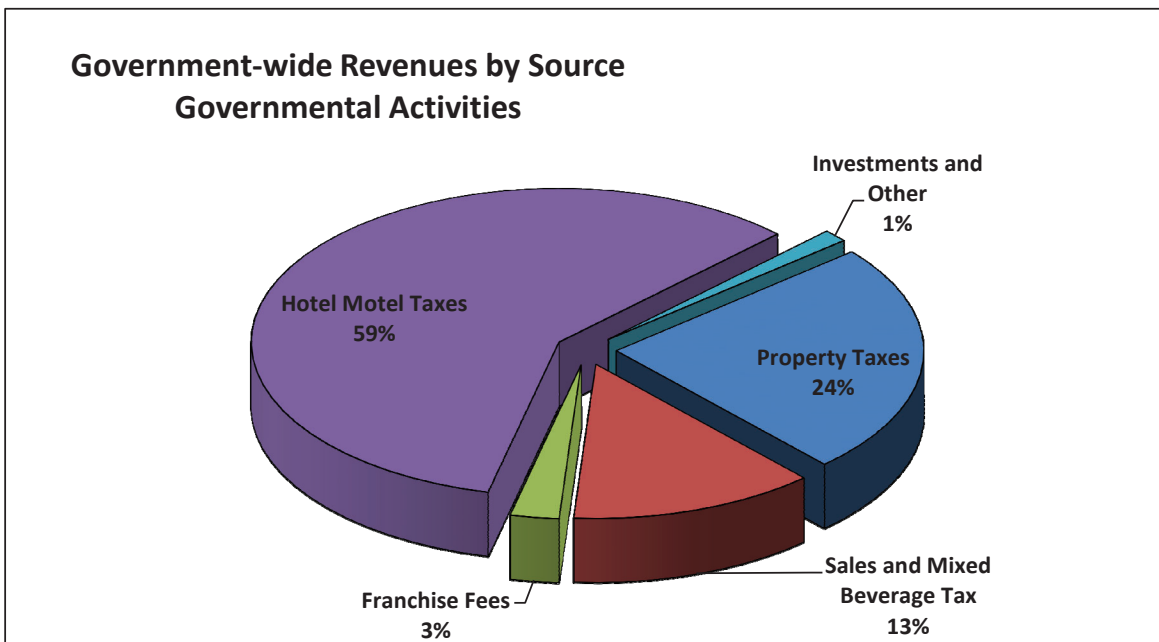
	Total Governmental Activities 2021	Total Governmental Activities 2020
Program Revenues:		
Charges for Services	\$ 1,946,925	\$ 1,905,711
Operating Grants and Contributions	1,937,021	1,868,133
Capital Grants and Contributions	1,530,421	271,409
General Revenues:		
Property Tax	8,270,550	8,301,537
Sales Tax	3,761,917	2,558,059
Franchise Tax	871,066	856,673
Hotel Motel Tax	15,895,542	9,330,334
Hotel Motel Beach Maintenance Tax	4,247,074	2,725,754
Mixed Beverage Tax	658,164	332,058
Gain/(Loss) on Sale of Capital Assets	97,517	5,690
Interest and Other	346,648	563,603
Total Revenues	39,562,845	28,718,961
Program Expenses:		
General Government	3,820,322	4,264,772
Public Safety	6,479,131	6,463,558
Public Works/Shoreline	4,961,458	4,432,491
Transportation	2,053,720	1,874,534
Community Service	227,264	232,617
SPI Museum	27,542	-
Convention and Visitors Bureau	6,486,339	7,355,929
Bond Issuance Costs	188,821	-
Interest on Long-Term Debt	434,912	571,314
Total Expenses	24,679,509	25,195,215
Increase in Net Position	14,883,336	3,523,746
Beginning Net Position	57,285,418	53,761,672
Ending Net Position	\$ 72,168,754	\$ 57,285,418

City of South Padre Island, Texas Management's Discussion and Analysis

The chart below illustrates the City's governmental expenses and revenues by function: General Government, Public Safety, Public Works, Shoreline, Transportation, Community Service, SPI Museum, Convention and Visitors Bureau and Interest and fees on Long-term Debt.



General revenues such as Property Taxes, Sales and Mixed Beverage Tax and Franchise Fees are not shown by program, but are used to support all governmental activities. Hotel Motel Taxes are the largest source of general governmental revenues, followed by Property Taxes and Sales and Mixed Beverage Tax.



City of South Padre Island, Texas Management's Discussion and Analysis

Financial Analysis of the Government's Funds

In comparison to the government-wide statements, the fund-level statements focus on the key funds of the City. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of South Padre Island's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of South Padre Island's governmental funds reported combined ending fund balances of \$51,126,051 an increase of \$14,014,392 in comparison with the prior year. Approximately 19%, or \$9,717,957 constitutes unassigned fund balance, which is available for spending at the government's discretion. The General Fund six month reserve required by the City charter amounts to \$6,311,813 and is contained within the unassigned fund balance of the General Fund. The restricted funds are 80.7% or \$41,259,461 of the total fund balance. This portion is the amount of the fund that is subject to externally enforceable legal restrictions such as imposed by creditors, grantors, laws or regulations or imposed by law through constitutional provisions or enabling legislation. Approximately 0.3% or \$148,633 of the fund balance is nonspendable; in this case all of the \$148,633 consists of prepaid expenses.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$9,717,957 while total fund balance reached \$9,811,147. 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 76.9% of total General Fund expenditures, while total fund balance represents 77.6% of that same amount.

The fund balance of the City's General Fund increased by \$1,222,687 during the current fiscal year.

Revenues increased by \$2,010,546 which is mainly attributed to an increase in sales tax of approximately \$1.2 million or 47%. In comparison with last year, the total actual expenditures increased \$1,268,934. The increase is primarily due to more capital outlay expenditures. The majority of capital outlay expenditures are related to the upgrade of audio video systems of City Council Chambers, public safety equipment including the replacement of jail surveillance systems, EMS equipment, an ambulance, as well as vehicles for city departments.

Non-property taxes for both the Hotel Motel and Convention Center funds, increased by approximately 70 % or \$5,245,541 compared to last fiscal year. The Hotel Motel fund expenditures decreased by \$613,530 due primarily to a significantly reduced amount of activity being spent on marketing.

City of South Padre Island, Texas Management's Discussion and Analysis

The City issued Series 2017 Venue Hotel Occupancy Tax Revenue Bonds primarily to finance the cost of future infrastructure of the City approved at the election held on November 8, 2016. The bonds are collateralized by the pledged venue hotel occupancy tax revenues of the City and will be repaid over 30 years with final maturity in fiscal year 2047. The balance of the bond proceeds is reflected in the Venue Tax Construction Fund. The fund decreased significantly in 2021 due to the use of bond proceeds to fund capital improvements.

The Venue Project Fund experienced an increase in fund balance due to collecting more hotel motel occupancy taxes than expenditures during the fiscal year.

The Transportation Fund is used to account for the financial activity that pertains to the South Padre Island Metro Transportation System. The fund experienced an increase of \$66,588 in fund balance. During fiscal year 2020-2021, the City invested in the purchase of five buses for a total of approximately \$836,000.

The Bay Access Fund was established to account for projects to improve access to the Laguna Madre Bay. The fund experienced a decrease in fund balance of \$1,141,747. The decrease is attributed to the purchase of bayside land, as a part of the RESTORE Act grant, where a boat ramp will be constructed.

General Fund Budgetary Highlights

The original budget of the General Fund was amended by ordinance one time during fiscal year 2020-2021. The majority of amendments this fiscal year were due to large purchases. The City Council approved a land purchase on West Mars street to provide additional parking at City Hall for \$388,000, a second causeway study for \$1 million was equally split between General Fund, EDC, and the Hotel Motel Tax fund, and another \$631,000 was allocated to replace several City vehicles. Additionally, some smaller amendments related to Spring Break activities, upgrades to servers and cameras for the Police department, as well as a new audio system for the City Council Chambers were made.

General Fund Budget Variances

During the year, revenues were \$1,788,327 more than budgeted. This can be primarily attributed to sales tax collections.

Total expenditures were \$1,596,970 less than budgeted amounts. All operating expenditures of the General Fund departments were under budget, partially due to several ongoing projects that were subsequently rolled over to the new fiscal year. Two of the bigger projects that were rolled over include the purchase of city vehicles and a second causeway study, both were the result of budget amendments. The City also budgeted roughly \$95,000 for new Police software, vehicle and another a/c unit for the evidence room in the Police department. Additionally, the Fire department rolled over \$18,600 for the purchase of EMS equipment.

City of South Padre Island, Texas
Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental activities as of September 30, 2021 amounts to \$42,634,579 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, streets and construction in progress. Additional information on capital assets can be found in Note 7. Capital asset balances are as follows:

Capital Assets, Net of Accumulated Depreciation

<i>September 30,</i>	Total Governmental Activities 2021	Total Governmental Activities 2020
Land	\$ 3,079,263	\$ 1,497,793
Construction in progress	263,326	-
Buildings	17,091,622	18,750,202
Improvements	10,786,363	7,993,885
Furniture and equipment	3,782,211	2,380,348
Infrastructure	7,631,794	8,265,658
Total capital assets	\$ 42,634,579	\$ 38,887,886

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$18,225,000. The table below reflects the outstanding debt at the fiscal year end. Additional information can be found in Note 10. The City's outstanding general obligation bonds underlying rating is "AA+/Stable" by Standard and Poor's Rating Service and Aa2 Moody's rating.

Outstanding Debt

<i>September 30,</i>	Total Governmental Activities 2021	Total Governmental Activities 2020
General Obligation Bonds and Tax Anticipation Notes	\$ 18,225,000	\$ 15,460,000
	\$ 18,225,000	\$ 15,460,000

The City of South Padre Island's total bonded debt increased by \$2,765,000 during the current fiscal year. This change is the result of refunding the Series 2011 General Obligation Bond, thereby reducing it by \$2,605,000, paying \$315,000 principal on the Series 2012 General Obligation Refunding Bonds, \$445,000 principal on the Series 2015 Tax Anticipation Notes, \$565,000 principal on the Series 2016 Tax Anticipation Notes and \$195,000 principal on the Series 2017 Venue Hotel Occupancy Tax Revenue Bonds, and issuance of the 2020 General Obligation Refunding Bonds and 2021 Tax Anticipation Notes of \$2,270,000 and \$4,620,000, respectively.

City of South Padre Island, Texas Management's Discussion and Analysis

Economic Factors and Next Year's Budgets and Rates

All of these factors were considered in preparing the City's budget for the 2021-2022 fiscal year.

Certified property tax values for the City showed an increase in property values by approximately \$15.4 million, or 0.60% from the preceding year. The City Council adopted a tax rate of \$0.313740 cents per hundred which is split between \$0.2521820 per hundred for maintenance and operations and \$0.0615580 per hundred for the debt service fund and the retirement of the general obligation bonds.

Requests for Information

This financial report is designed to provide a general overview of the City's 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 Office of the Chief Financial Officer, 4601 Padre Blvd., South Padre Island, Texas 78597.



BASIC FINANCIAL STATEMENTS

City of South Padre Island, Texas
Statement of Net Position

September 30, 2021

	Primary Government Total Governmental Activities	Component Unit
ASSETS		
Cash and cash equivalents	\$ 32,708,194	\$ 1,191,483
Cash and cash equivalents- restricted	662,991	430,466
Investments	15,556,917	-
Investments- restricted	-	422,514
Receivables, net	2,561,316	127,799
Due from other governments	1,684,235	-
Prepaid expenses	148,633	354,025
Capital assets, net		
Non-depreciable assets	3,342,589	657,236
Depreciable assets	39,291,990	4,958,066
TOTAL ASSETS	95,956,865	8,141,589
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension liabilities	949,140	10,860
Deferred outflows related to OPEB	152,897	1,238
Deferred amount on refunding	93,423	114,513
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,195,460	126,611
LIABILITIES		
Accounts payable	1,070,009	-
Other liabilities	181,507	34,025
Unearned revenues	378,120	-
Non-current liabilities		
Due within one year	2,670,029	338,782
Due in more than one year	18,917,004	2,267,327
TOTAL LIABILITIES	23,216,669	2,640,134
DEFERRED INFLOWS OF RESOURCES		
Deferred charge on bond refunding	19,596	-
Deferred inflows related to OPEB liabilities	36,092	259
Deferred inflows related to pension liabilities	1,711,214	18,990
TOTAL DEFERRED INFLOWS OF RESOURCES	1,766,902	19,249
NET POSITION		
Net investment in capital assets	29,334,469	3,128,340
Restricted		
Debt service	923,255	811,275
Capital projects	79,299	-
Beach nourishment	4,263,568	-
Transportation	306,449	-
Beach maintenance	4,559,982	-
Municipal court	80,678	-
Criminal justice	43,278	-
Venue project	8,294,442	-
Parks and recreation	184,360	-
Hotel/motel taxes	16,242,923	-
Unrestricted	7,856,051	1,669,202
TOTAL NET POSITION	\$ 72,168,754	\$ 5,608,817

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

City of South Padre Island, Texas Statement of Activities

For the year ended September 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	
					Governmental Activities	Component Unit
Governmental activities:						
General government	\$ 3,820,322	\$ 764,398	\$ 68,057	\$ 523,305	\$ (2,464,562)	
Public safety	6,479,131	1,029,886	173,879	-	(5,275,366)	
Public works	3,401,194	-	-	-	(3,401,194)	
Shoreline	1,560,264	-	-	82,210	(1,478,054)	
Transportation	2,053,720	-	1,695,085	924,906	566,271	
Community service	227,264	4,625	-	-	(222,639)	
SPI Museum	27,542	-	-	-	(27,542)	
Convention and visitors bureau	6,486,339	148,016	-	-	(6,338,323)	
Bond issuance costs	188,821	-	-	-	(188,821)	
Interest and fees on long-term debt	434,912	-	-	-	(434,912)	
Total governmental activities	24,679,509	1,946,925	1,937,021	1,530,421	(19,265,142)	
Component unit:						
Economic development	523,953	-	-	-	(523,953)	
Interest expense	65,707	-	-	-	(65,707)	
Total component unit	\$ 589,660	\$ -	\$ -	\$ -	\$ (589,660)	

General revenues:		
Property taxes, levied for general purposes	6,644,278	-
Property taxes, levied for debt service	1,626,272	-
Sales taxes	3,761,917	1,253,972
Franchise taxes	871,066	-
Hotel motel taxes	15,895,542	-
Hotel motel beach maintenance taxes	4,247,074	-
Mixed beverage taxes	658,164	-
Unrestricted investment earnings	93,774	-
Gain/(loss) on disposal of capital assets	97,517	-
Miscellaneous	252,874	17,126
Total general revenues	34,148,478	1,271,098
Change in net position	14,883,336	681,438
Net position - beginning	57,285,418	4,927,379
Net position - ending	\$ 72,168,754	\$ 5,608,817

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

City of South Padre Island, Texas
Balance Sheet
Governmental Funds

September 30, 2021

	General Fund	Hotel Motel Fund	Venue Tax Construction Fund	Venue Project Fund	Transportation Fund	Bay Access Fund	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 2,076,615	\$ 8,702,812	\$ 1,210,381	\$ 3,810,552	\$ -	\$ -	\$ 16,907,834	\$ 32,708,194
Cash and cash equivalents- restricted	-	-	-	-	-	-	662,991	662,991
Investments	6,297,753	2,500,953	-	4,250,988	-	-	2,507,223	15,556,917
Receivables (net of allowance for uncollectibles)								
Property taxes	132,059	-	-	-	-	-	30,435	162,494
Accounts	1,152,044	774,180	-	232,902	-	-	239,696	2,398,822
Due from other governments	-	-	-	-	717,534	-	966,701	1,684,235
Due from other funds	1,701,461	-	-	-	-	-	-	1,701,461
Prepaid items	64,940	5,935	-	-	46,917	-	30,841	148,633
Total assets	\$ 11,424,872	\$ 11,983,880	\$ 1,210,381	\$ 8,294,442	\$ 764,451	\$ -	\$ 21,345,721	\$ 55,023,747
LIABILITIES								
Accounts payable	\$ 887,521	182,336	\$ -	\$ -	\$ -	\$ -	\$ 152	\$ 1,070,009
Due to other funds	-	-	-	-	458,002	1,097,951	145,508	1,701,461
Other liabilities	19,429	-	-	-	-	-	-	19,429
Unearned revenues - other	-	-	-	-	-	-	378,120	378,120
Total liabilities	906,950	182,336	-	-	458,002	1,097,951	523,780	3,169,019
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - property taxes	97,473	-	-	-	-	-	21,902	119,375
Unavailable revenue - other	609,302	-	-	-	-	-	-	609,302
Total deferred inflows of resources	706,775	-	-	-	-	-	21,902	728,677
FUND BALANCE								
Nonspendable	64,940	5,935	-	-	46,917	-	30,841	148,633
Restricted	28,250	11,795,609	1,210,381	8,294,442	259,532	(1,097,951)	20,769,198	41,259,461
Unassigned	9,717,957	-	-	-	-	-	-	9,717,957
Total fund balances	9,811,147	11,801,544	1,210,381	8,294,442	306,449	(1,097,951)	20,800,039	51,126,051
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE								
	\$ 11,424,872	\$ 11,983,880	\$ 1,210,381	\$ 8,294,442	\$ 764,451	\$ -	\$ 21,345,721	\$ 55,023,747

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

City of South Padre Island, Texas
Reconciliation of the Balance Sheet of the Governmental Funds
To the Statement of Net Position

September 30, 2021

Fund balances of governmental funds	\$ 51,126,051
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	42,634,579
Some liabilities, including bonds payable (\$18,225,000 and premiums of \$1,259,390), and capital leases (\$114,291) are not due in the current period and, therefore, are not reported in the funds.	(19,598,681)
Deferred outflows and inflows of resources related to amounts deferred on refundings of long term debt and are not reported in the funds.	73,827
Liabilities for compensated absences are not due in the current period and therefore are not reported in the funds.	(1,063,712)
Certain amounts receivable for property taxes (\$119,375) and other receivables (\$609,302) but which do not represent current financial resources are deferred in the funds.	728,677
Liabilities for accrued interest on long-term debt are not due in the current period and therefore are not reported in the funds.	(162,078)
Included in the statement of net position non-current liabilities is the recognition of the City's net pension liability required by GASB 68 in the amount of (\$367,777), a deferred resource inflow in the amount of (\$1,711,214), and a deferred resource outflow in the amount of \$949,140. This resulted in a decrease in net position of \$(1,129,851).	(1,129,851)
Included in the non-current liabilities is the recognition of the City's net OPEB liability required by GASB 75 in the amount of (\$556,863), a deferred resource inflow in the amount of (\$36,092) and a deferred resource outflow in the amount of \$152,897. This resulted in a decrease in net position by (\$440,058).	(440,058)
Net position of governmental activities	\$ 72,168,754

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

City of South Padre Island, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Year Ended September 30, 2021

	General Fund	Hotel Motel Fund	Venue Tax Construction Fund	Venue Project Fund	Transportation Fund	Bay Access Fund	Other Governmental Funds	Total Governmental Funds
REVENUES								
Property taxes	\$ 6,619,254	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,728,678	\$ 8,347,932
Nonproperty taxes	5,291,147	10,564,819	-	3,184,709	-	-	6,393,087	25,433,762
Fees and services	1,151,293	6,000	-	-	-	-	146,641	1,303,934
Fines and forfeitures	333,877	-	-	-	-	-	16,484	350,361
Licenses and permits	328,264	-	-	-	-	-	4,430	332,694
Intergovernmental	226,908	-	-	-	2,569,991	-	620,543	3,417,442
Miscellaneous	209,963	30,172	10,646	16,917	98,117	1,814	29,020	396,649
Total revenues	14,160,706	10,600,991	10,646	3,201,626	2,668,108	1,814	8,938,883	39,582,774
EXPENDITURES								
Current								
General government	3,366,315	-	-	31,280	-	-	124,514	3,522,109
Public safety	5,950,628	-	-	-	-	-	406,043	6,356,671
Public works	2,122,975	-	-	-	-	-	-	2,122,975
Shoreline	-	-	-	-	-	-	1,492,935	1,492,935
Transportation	-	-	-	-	1,794,194	-	-	1,794,194
Community service	-	-	-	-	-	-	94,746	94,746
SPI Museum	-	27,542	-	-	-	-	-	27,542
Convention and visitors bureau	-	4,215,979	-	-	-	-	1,125,226	5,341,205
Capital outlay	1,125,010	-	3,250,392	30,000	924,906	1,193,125	1,164,450	7,687,883
Debt service								
Principal - bonds								
General obligation bonds	-	-	-	-	-	-	510,000	510,000
Tax anticipation notes	-	-	-	-	-	-	1,010,000	1,010,000
Venue tax revenue bonds	-	-	-	-	-	-	195,000	195,000
Principal - capital leases	66,495	-	-	-	-	-	-	66,495
Interest	7,917	-	-	-	-	-	475,536	483,453
Bond issue costs	-	-	-	-	-	-	188,821	188,821
Administrative charges	-	-	-	-	-	-	3,499	3,499
Total expenditures	12,639,340	4,243,521	3,250,392	61,280	2,719,100	1,193,125	6,790,770	30,897,528
EXCESS (DEFICIENCY) OF REVENUES								
OVER (UNDER) EXPENDITURES	1,521,366	6,357,470	(3,239,746)	3,140,346	(50,992)	(1,191,311)	2,148,113	8,685,246
Other financing sources (uses)								
Sale of capital assets	49,388	-	-	-	9,580	-	67,512	126,480
Issuance of debt	-	-	-	-	-	-	6,890,000	6,890,000
Premium on issuance of debt	-	-	-	-	-	-	768,535	768,535
Refunding deposit to escrow agent	-	-	-	-	-	-	(2,455,869)	(2,455,869)
Transfers in	90,161	-	-	-	108,000	49,564	889,219	1,136,944
Transfers out	(438,228)	(49,564)	-	(508,991)	-	-	(140,161)	(1,136,944)
Total other financing sources (uses)	(298,679)	(49,564)	-	(508,991)	117,580	49,564	6,019,236	5,329,146
Net change in fund balances	1,222,687	6,307,906	(3,239,746)	2,631,355	66,588	(1,141,747)	8,167,349	14,014,392
Fund balance -- beginning	8,588,460	5,493,638	4,450,127	5,663,087	239,861	43,796	12,632,690	37,111,659
Fund balance -- ending	\$ 9,811,147	\$ 11,801,544	\$ 1,210,381	\$ 8,294,442	\$ 306,449	\$ (1,097,951)	\$ 20,800,039	\$ 51,126,051

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

City of South Padre Island, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds To the Statement of Activities

For the Year Ended September 30, 2021

Net change in fund balances -total governmental funds	\$ 14,014,392
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlay 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. The effect of removing capital outlays \$7,687,883 and including depreciation (\$3,912,227), in the current period is to increase net position.</p>	3,775,656
<p>In the statement of activities, only the gain (loss) on the sale of assets is reported, whereas in the funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the assets sold.</p>	(28,963)
<p>Governmental funds report the issuance of debt as an other financing source, but in governmental activities the issuance of debt is recorded as a long term liability. The effect of removing the bond proceeds of \$6,890,000, premium on debt issuance of \$768,535, and deposit to the escrow agent for refunding (\$2,455,869) from the statement of activities change in net position is to decrease the overall change in net position.</p>	(5,202,666)
<p>Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	1,781,495
<p>The increase in compensated absences payable of \$40,804 during the year is reported as an increase to expenditures in the statement of activities but not in the governmental funds. The amortization of bond premiums (\$100,592) reduces interest expense in the statement of activities, and amortization of debt refunding related deferred outflows of resources of \$23,357 and debt refunding related deferred inflows of (\$2,177) offset expenses in the statement of activities but not in the governmental funds. The net effect of including the amortization of deferred outflows and inflows of resources, bond premiums and the change in compensated absences is to decrease net position.</p>	38,609
<p>GASB 68 requires that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/20 caused the change in the ending net position to increase in the amount of \$855,030. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling (\$839,944). The City's reported TMRS net pension expense had to be recorded. The change in pension expense increased the change in net position by \$691,227. The result of these changes is to increase net position.</p>	706,313
<p>Some revenues and expenses reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues or expenditures in governmental funds. The change in the balance of deferred inflows related to property taxes and other receivables was \$117,446 and interest expense increased by \$27,372 in 2021. Recognition of these amounts in the statement of activities results in a decrease in the change in net position.</p>	(144,818)
<p>GASB 75 requires that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/20 caused the change in the ending net position to increase in the amount of \$10,580. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling \$(10,393). The City's reported TMRS net OPEB expense had to be recorded. The net OPEB expense decreased net position by \$(56,869). The result of these changes is to decrease the change in net position by \$(56,682).</p>	(56,682)
Change in net position of governmental activities	\$ 14,883,336

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

City of South Padre Island, Texas Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of South Padre Island, Texas (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Reporting Entity

The City of South Padre Island, Texas (the City), created in 1973, operates under the direction of a Mayor and five Council Members, elected by the voters of the City. It provides judicial, law enforcement, fire protection, public improvements, building and zoning administration, tourism, general administrative and health services to the City. The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Blended component units – Blended component units, although legally separate entities, are in substance part of the government's operations and so data from these units are combined with data of the primary government. The City of South Padre Island does not include any blended component units.

Discretely presented component unit – The discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the City. Discretely presented component unit includes the following:

South Padre Island Economic Development Corporation (EDC): the seven-member board of directors, are appointed by the City Council. The EDC is authorized to administer the distribution of the proceeds of any development bonds issued and the proceeds of certain development sales taxes received on behalf of the City. The EDC's operational and capital budget must be approved by the Council Members of the City.

The financial statement information included in the component unit column in the government-wide financial statements and the component unit section included in the other supplementary information constitutes the EDC's annual financial report. Additional financial information can be obtained at:

South Padre Island Economic Development Corporation
6801 Padre Boulevard
South Padre Island, Texas 78597

City of South Padre Island, Texas Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements consist of the statement of net position and the statement of activities. These statements report information on all the activities of the reporting entity. Generally, the effect of interfund activity has been eliminated from these statements.

Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which primarily rely on fees and charges. The City of South Padre Island, Texas does not include any business-type activities. The statement of activities reflects the extent to which direct expenses of each function are offset by program revenues. *Direct expenses* are those that are attributable to a specific function and are clearly identifiable. *Program revenues* include charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a specific function as well as grants and contributions that are restricted to meeting the operational or capital requirements of a specific function. Taxes and other items not appropriately included with program revenues are shown as *general revenues*.

In addition to and apart from the government-wide financial statements, fund financial statements are presented for the governmental funds. In each of these financial statements major funds are presented in separate columns.

Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are presented 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, without regard to the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Restricted resources will be used before unrestricted resources when all requirements to relieve the restriction have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, consistent with accrual accounting. However, debt service expenditures, as well as those related to compensated absences and claims and judgments are recognized only when payment is due.

The City reports the following fund types and related major governmental funds:

The *general fund* is the primary operating fund. It accounts for all of the financial resources of the general government, except those required to be accounted for in another fund.

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Basis of Presentation – Continued

The *special revenue funds* are used to account for the proceeds of specific revenue sources, other than for major capital projects, that are legally restricted to expenditure for specified purposes. The special revenue funds reported as major funds are:

Hotel Motel Fund is used to account for local occupancy tax collections. This fund is used to account for that portion of collections used for tourism, advertising and promotion.

Venue Project Fund is used to account for hotel/motel tax assessments collected by the City for repayment of venue projects.

Transportation Fund is used to account for proceeds from intergovernmental sources and expenditures associated with operational cost of the City's public transit system.

The *capital projects funds* are used to account for the acquisition or construction of capital assets. The capital projects funds reported as major funds are:

Venue Tax Construction Fund is used to account for bond proceeds received and expenditures associated with venue tax projects.

Bay Access Fund was established to account for projects to improve access to the Laguna Madre Bay.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of capital assets (capital project funds), and the servicing of long-term debt (debt service funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government considers property taxes as available if they are collected within 60 days after year end. A 60-day availability period is also used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, interest revenue and charges for services. Sales taxes collected and held by the State at year end on behalf of the City also are recognized as revenue. Fines, permits and parking meter revenues are not susceptible to accrual because generally they are not measurable until received in cash.

City of South Padre Island, Texas Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports unearned revenue on its balance sheet/statement of net position. Unearned revenues arise when a potential revenue does not meet both the “*measurable*” and “*available*” criteria for recognition in the current period. Unearned revenues arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet/statement of net position and revenue is recognized.

Recently Issued Accounting Pronouncements

In June 2017, the GASB issued GASB Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. The objective of GASB Statement No. 87 is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. Management is evaluating the effects that the full implementation of GASB Statement No. 87 will have on its financial statements for the year ended September 30, 2022.

GASB Statement No. 91, *Conduit Debt Obligations*, provides for a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

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

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Inflows of Resources and Net Position, Liabilities, Deferred Outflows of Resources

a. Cash and Cash Equivalents

Cash and cash equivalents include all demand deposits and short-term investments (inclusive of restricted assets) with maturity dates within ninety days of the date initially acquired.

b. Short-Term Interfund Receivables and Payables/Internal Balances

Short-term lending/borrowing between funds that result in amounts outstanding at the end of the fiscal year are referred to as “due to/from other funds”. “Due to/from other funds” represent the current portion of interfund loans. With respect to the government-wide financial statements, any residual balances outstanding between the governmental activities and business-type activities are reported as “internal balances.”

c. Prepaid Items

Expenditures made to third party vendors for goods and services that will benefit periods beyond September 30, 2021 are recorded as prepaid items, in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

d. Capital Assets

Capital assets, which includes property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Gains or losses on dispositions of capital assets are included in income within the governmental activities column of the government-wide financial statements. In the governmental fund financial statements, only the proceeds from the disposition are reported.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Inflows of Resources and Net Position, Liabilities, Deferred Outflows of Resources - Continued

Depreciation of capital assets used by funds categorized as governmental activities is not provided in the fund financial statements; however, it is included in the gross expense by function in the government-wide statement of activities. Capital assets, net of accumulated depreciation, are reported in the governmental activities column of the government-wide statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings and improvements	10 – 40 years
Equipment	5 – 15 years
Infrastructure	15 – 40 years
Vehicles	3 – 7 years

e. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as non-current liabilities. No expenditure is reported for these amounts. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, *Accounting for Compensated Absences*, no accrual is recorded for compensated absences that are dependent on the performance of future services by employees or when payments are dependent on future events outside the control of the employer and employees. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement. Compensated absences are reported in the governmental funds only if they have matured.

City employees are granted varying amounts of vacation and sick leave. In the event of termination or retirement, an employee is reimbursed up to 30 days of accumulated vacation and up to 90 days of accumulated sick leave. Sick leave earned after October 1, 1997 will be reimbursed at 50 percent of the earned sick leave. Sick leave accumulated before October 1, 1997 will be reimbursed at 100 percent of the earned sick leave at the employee’s base hourly rate as of October 1, 2011.

f. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expense in the period incurred. Bond insurance costs are considered as prepaid items.

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

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Inflows of Resources and Net Position, Liabilities, Deferred Outflows of Resources – Continued

g. Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City'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. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

h. Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Texas Municipal Retirement System (TMRS) Supplemental Death Benefit has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities, and additions to/deductions from the Supplemental Death Benefit's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. Information regarding the City's Total Net OPEB Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

h. Bond Discounts/Issue Costs

In governmental fund types, bond premiums, discounts and issuance costs are recognized in the current period.

i. Comparative Data

Partially comparative total data for the prior year have been presented in the government-wide financial statements.

j. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Inflows of Resources and Net Position, Liabilities, Deferred Outflows of Resources – Continued

k. Interfund Transfers

Transfers are used to 1) provide unrestricted revenues collected in the general fund to finance various programs accounted for in other funds, and 2) move revenues from the fund that the budget requires to collect them to the fund that the budget requires to expend them.

l. Fund Balance Reporting

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable 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 and inventories.

In addition to the nonspendable fund balance, GASB Statement No. 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 City Council Members. Committed amounts cannot be released without formal action from the council.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose. The responsibility to assign funds rests with the City Manager, as authorized by City Council. City policy delegates this authority for the sole purpose of reporting these amounts in the annual financial statements.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

The City charter requires establishment of an operating reserve in the General Fund of no less than six months of operating expenditures, to be used for emergency appropriations. The estimated required fund balance to meet this at September 30, 2021 is \$6,311,813. Since the City's unassigned fund balance exceeds this amount at September 30, 2021, no additional appropriation is needed at this time in order to comply with this policy. The City has a deficit fund balance in the Bay Access Fund which is anticipated to be recovered by future grant proceeds which will cover expenditures previously incurred, but the grant has not yet been approved.

In the instance when restricted, committed, assigned or unassigned resources are available for use, it is the government's policy to use the highest level of restricted, committed or assigned resources first, then unassigned resources as they are needed.

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Inflows of Resources and Net Position, Liabilities, Deferred Outflows of Resources – Continued

m. Net Position

The City's net position is classified as follows:

Net investment in capital assets: consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any attributable to the acquisition, construction, or improvement of those assets.

Restricted: consists of net position that is subject to a legally enforceable restriction on their use.

Unrestricted: consists of all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

n. Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent the consumption of the City's net position that is applicable to a future reporting period. Deferred inflows of resources represent the City's acquisition of net position applicable to a future reporting period.

The City has an accounting loss on refunding bonds which is a deferred resource outflow and also has unavailable revenues from property taxes which are deferred resource inflows under this standard. The City also reports deferred outflows of resources and deferred inflows of resources related to pensions and OPEB amounts as further described in Note 15 and 16.

o. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 23, 2022 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

City of South Padre Island, Texas Notes to Financial Statements

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. *Budgetary Information*

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

- a. The Chief Financial Officer establishes the amount of estimated revenues and other resources available for appropriation for the succeeding budget year.
- b. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures by fund, function and activity and the means of financing them.
- c. Public hearings and workshops (including department heads) are conducted at the City Hall to obtain taxpayer and elected officials' comments.
- d. Prior to October 1, the budget is legally adopted by the City Council.
- e. Revisions that alter budgets at the department level within a fund must be approved by the Council Members. The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - all Governmental Fund Types reflect these revisions. Actual expenditures and transfers may not legally exceed budget appropriations at the department level.
- f. Formal budgetary integration is employed as a management control device during the year for the General, certain Special Revenue, Capital Projects and Debt Service Funds.
- g. Annual appropriated budgets are adopted for the General, Special Revenue, Capital Projects and certain Debt Service Funds. Budgets for the Debt Service fund are legally adopted on an annual basis. However, budgets are not adopted for the Venue Seasonal Reserve and Venue Debt Service Reserve Funds as currently the City does not anticipate any expenditures in those funds. All annual appropriations lapse at year-end to the extent they have not been expended or encumbered. The City prepares its budget on a basis of accounting consistent with accounting principles generally accepted in the United States of America (GAAP).

During fiscal year 2021, various transfers of appropriations were made for the Governmental Funds. The original and final amended budget are presented in the Required Supplementary Information for the General Fund and major Special Revenue Funds (Hotel Motel, Venue Project Funds), that have adopted a budget.

At year-end, outstanding encumbrances represent material purchase commitments for goods and services which were ordered, budgeted, and appropriated, but had not been received or completed at year end. At September 30, 2021, there were no significant encumbrances at year end.

City of South Padre Island, Texas
Notes to Financial Statements

On or before the end of May of each year, all agencies of the City submit requests for appropriation to the Budget Committee so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Before October 1, the proposed budget is presented to the City Council for review. The City Council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City Manager or the revenue estimates must be changed by an affirmative vote of a majority of the City Council.

Expenditures may not legally exceed budgeted appropriations at the department level. During the year, several supplementary appropriations were necessary.

1. *Expenditures over Appropriations*

None noted.

NOTE 3: DEPOSITS AND INVESTMENTS

It is the City's policy for deposits plus accrued interest thereon to be 102% secured by collateral valued at fair value (with exception of deposits secured with irrevocable letters of credit at 100% of the principal and anticipated accrued interest), less the amount of the Federal Deposit Insurance Corporation insurance. During the year ended September 30, 2021 the City's cash deposits were covered by federal deposit insurance or were secured by collateral held by the City's agent in the City's name pursuant to the City's investment policy and its depository agreement.

Deposits and investments with investment maturities, including accrued interest, as of September 30, 2021 are as follows:

	Investment Maturities (in years)	
	Value	1 or less
Primary Government		
Cash equivalents		
Money market accounts	\$ 8,595,324	\$ 8,595,324
Investments		
TexPool	7,863	7,863
Texas Term	121,140	121,140
Certificates of deposit	15,427,914	15,427,914
	\$ 24,152,241	\$ 24,152,241
Component Unit		
TexPool	\$ 23,584	\$ 23,584
Certificates of deposit	398,930	398,930
	\$ 422,514	\$ 422,514

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

A reconciliation of cash and investment follows:

	Primary Government Governmental Activities	Component Units	Total
Cash and cash equivalents			
Cash and cash equivalents	\$ 32,708,194	\$ 1,191,483	\$ 33,899,677
Cash - restricted	662,991	430,466	1,093,457
Total cash and cash equivalents	33,371,185	1,621,949	34,993,134
Investment:			
TexPool	7,863	23,584	31,447
Texas Term	121,140	-	121,140
Certificates of deposit	15,427,914	398,930	15,826,844
Total Investments	15,556,917	422,514	15,979,431
 Total cash and investments	 \$ 48,928,102	 \$ 2,044,463	 \$ 50,972,565

As of September 30, 2021 The City's investments in certificates of deposit are valued at cost plus accrued interest.

See Note 10 for components of cash restrictions.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment.

Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flows and liquidity needed for operations. Information about the sensitivity of the cost of the City's investments to market interest rate fluctuations is provided by the following table that shows the specific investments and their maturity:

Description	Rate	Amount	Maturity
Texas Regional Bank	0.40%	1,001,645	August 3, 2022
Texas Regional Bank	0.38%	1,402,362	March 1, 2023
Texas Regional Bank	0.22%	1,000,748	May 13, 2023
Texas Regional Bank	0.12%	2,500,953	June 7, 2022
Allegiance Bank Texas	0.45%	3,016,904	June 16, 2022
EastWest Bank	0.14%	2,500,480	August 12, 2022
EastWest Bank	0.28%	240,623	October 28, 2021
Bank OZK	0.32%	1,504,822	March 22, 2022
Veritex Community Bank	0.08%	2,500,000	December 7, 2022
First Community Bank	0.75%	158,307	October 1, 2021
Total Certificates of Deposit		15,826,844	

City of South Padre Island, Texas Notes to Financial Statements

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

The investment policy states that operating funds and commingled pools shall not have an average maturity date exceeding one year from the date of purchase. Securities purchased for the purpose of making debt service payments shall not have a stated final maturity date which exceeds the debt service payment date. Securities for special projects or special fund portfolios should not have a stated final maturity date that exceeds the estimated project completion date.

Credit Risk

As of September 30, 2021 the investments in TexPool and Texas Term investment risk pools were rated AAAM and AA Af by Standard and Poor's, respectively. The City's investment policy limits authorized investments to certain Texas government investments pools, obligations of or guaranteed by the U. S. and State of Texas and their agencies thereof, certificates of deposit of Texas banks and fully collateralized repurchase agreements.

Public Funds Investment Pools

TexPool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (Trust Company) to provide a safe environment for the placement of local government funds in authorized short-term, fully-collateralized investments, including direct obligations of, or obligations guaranteed by, the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; and fully collateralized direct repurchase agreements secured by United States Government agency securities and placed through a primary government securities dealer.

The Trust Company was incorporated by the State Treasurer by authority of the Texas Legislature as a special purpose trust company with direct access to the services of the Federal Reserve Bank to manage, disburse, transfer, safekeep, and invest public funds and securities more efficiently and economically. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters.

TEXAS Term is a local government investment pool created under the Interlocal Cooperation Act specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity and competitive yield. The fund is rated AA Af by Standard and Poor's and maintains a maturity of 60 days to one year. The fund seeks to maintain a constant dollar objective and fulfills all requirements of the Texas Public Funds Investment Act for local government investment pools.

The City reports its local government investment pools at amortized cost as permitted by Section 150: *Investments* of the GASB Codification. In addition, the pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity fees or redemption gates.

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 4: PROPERTY TAXES

The assessed value for the tax roll as of January 1, 2020 upon which the 2020 levy was based, was \$2,512,105,419. State statutes require that all assessments be made on one hundred percent (100%) of fair market value.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. Property taxes attach as an enforceable lien on property as of January 1. Property taxes are levied as of October 1. The county appraisal district certifies the tax roll by July 25th. This tax roll is used by the City to adopt a tax rate by September 1st or soon thereafter. The tax bills are mailed on October 1st or soon thereafter and are due and payable upon receipt. The billings become delinquent as of February 1 of the following calendar year and penalties and interest may be assessed by the City.

Taxes receivable in the General Fund includes uncollected tax levies since 1983. All real property taxes receivable less than twenty years old are considered collectible. All personal property taxes receivable less than ten years old are considered collectible. All revenues were deferred at the time the levies were recorded. The Texas Legislature enacted a provision during the 1992 legislative session which requires all liens attached to properties because of delinquent taxes to be removed after twenty years. Also, liens attached to personal property for delinquent taxes are required to be removed after ten years. This legislation became effective August 27, 1992.

The City is permitted by the Municipal Finance Law of Texas to levy taxes up to \$1.50 per \$100 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. The combined tax rate to finance general governmental service and the payment of principal and interest on long-term debt for the year ended September 30, 2021 was \$.31374 per \$100.

The City Charter provides for taxes to become due on October 1st of the year of levy and shall be paid by January 31st of the following year. Liens for unpaid taxes go into effect on July 1st as the taxes become delinquent. Current tax collections for the year ended September 30, 2021 were 98 percent of the tax levy.

NOTE 5: RECEIVABLES

Receivables at September 30, 2021, consist of the following:

	Primary Government					Component Unit
	General Fund	Hotel Motel Fund	Venue Project Fund	Other Governmental Funds	Total Governmental Funds	
Receivables						
Property Taxes	\$ 139,009	\$ -	\$ -	\$ 32,037	\$ 171,046	\$ -
Accounts	3,108,573	774,180	232,902	239,696	4,355,351	127,799
Gross receivables	3,247,582	774,180	232,902	271,733	4,526,397	127,799
Less allowance for uncollectibles						
Property Taxes	(6,950)	-	-	(1,602)	(8,552)	-
Accounts	(1,956,529)	-	-	-	(1,956,529)	-
	(1,963,479)	-	-	(1,602)	(1,965,081)	-
Total receivables, net	\$ 1,284,103	\$ 774,180	\$ 232,902	\$ 270,131	\$ 2,561,316	\$ 127,799

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 6: DUE FROM OTHER GOVERNMENTS

Due from other governments at September 30, 2021 consist of the following:

	Primary Government		
	Transportation	Other	Total
	Fund	Governmental Funds	Governmental Funds
Texas State Comptroller - Occupancy Tax	\$ -	\$ 621,805	\$ 621,805
State of Texas - Department of Transportation	717,534	-	717,534
Texas Parks and Wildlife	-	329,868	329,868
Texas Emergency Management	-	15,028	15,028
	\$ 717,534	\$ 966,701	\$ 1,684,235

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021 is as follows:

Governmental Activities

	Beginning Balance				Ending Balance
	October 1, 2020	Additions	Transfers	Retirements	
Capital assets, not being depreciated					September 30, 2021
Land	\$ 1,497,793	\$ 1,581,470	\$ -	\$ -	\$ 3,079,263
Constuction in progress	-	79,211	184,115	-	263,326
	1,497,793	1,660,681	184,115	-	3,342,589
Capital assets, being depreciated					
Buildings	41,773,271	109,530	-	-	41,882,801
Improvements	12,487,435	3,656,701	(184,115)	-	15,960,021
Furniture and equipment	8,940,371	2,157,346	-	755,534	10,342,183
Infrastructure	17,539,418	103,625	-	-	17,643,043
	80,740,495	6,027,202	(184,115)	755,534	85,828,048
Less accumulated depreciation					
Buildings	(23,023,069)	(1,768,110)	-	-	(24,791,179)
Improvements	(4,493,550)	(680,108)	-	-	(5,173,658)
Furniture and equipment	(6,560,023)	(726,520)	-	726,571	(6,559,972)
Infrastructure	(9,273,760)	(737,489)	-	-	(10,011,249)
Total accumulated depreciation	(43,350,402)	(3,912,227)	-	726,571	(46,536,058)
Total capital assets, being depreciated, net	37,390,093	2,114,975	(184,115)	(28,963)	39,291,990
Governmental activities, capital assets, net	\$ 38,887,886	\$ 3,775,656	\$ -	\$ (28,963)	\$ 42,634,579

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 7: CAPITAL ASSETS (Continued)

Depreciation is provided in the funds in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

Buildings and improvements	10 – 40 years
Equipment	5 – 15 years
Infrastructure	15 – 40 years
Vehicles	3 – 7 years

Depreciation was charged to government functions as follows:

General government	\$ 363,300
Community service	135,767
Convention and Visitor Bureau	1,208,148
Public works	1,353,576
Public safety	440,779
Shoreline	95,263
Transportation	315,394
Total depreciation - governmental activities	\$ 3,912,227

Component Unit

Activity for the Economic Development Corporation is as follows:

	Beginning Balance October 1, 2020	Additions	Transfers	Retirements	Ending Balance September 30, 2021
Capital assets, not being depreciated					
Land	\$ 657,236	\$ -	\$ -	\$ -	\$ 657,236
	657,236	-	-	-	657,236
Capital assets, being depreciated					
Buildings	6,599,015	-	-	-	6,599,015
Improvements	375,000	-	-	-	375,000
Furniture and equipment	21,604	-	-	-	21,604
	6,995,619	-	-	-	6,995,619
Less accumulated depreciation					
Buildings	(1,680,271)	(136,949)	-	-	(1,817,220)
Improvements	(173,244)	(25,485)	-	-	(198,729)
Furniture and equipment	(21,604)	-	-	-	(21,604)
Total accumulated depreciation	(1,875,119)	(162,434)	-	-	(2,037,553)
Total capital assets, being depreciated, net	5,120,500	(162,434)	-	-	4,958,066
Component unit, capital assets, net	\$ 5,777,736	\$ (162,434)	\$ -	\$ -	\$ 5,615,302

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 8: DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds defer revenue recognition in connection with resources that have been earned, but not yet received. At the end of the current fiscal year, governmental funds reported \$119,375 of unavailable revenue related to property taxes receivable and \$609,302 related to EMS receivables.

In governmental activities, deferred outflows of resources consist of \$93,423 of deferred charges on refundings of long-term debt and \$949,140 and \$152,897 of deferred charges related to pension liabilities and OPEB liabilities, respectively. Deferred inflows related to a deferred charge on refunding of \$19,596 and pension liabilities and OPEB liabilities are \$1,711,214 and \$36,092 at September 30, 2021. In the component unit deferred outflows of resources consist of \$114,513 of deferred charges on refundings of long-term debt and \$10,860 and \$1,238 of deferred charges related to pension liabilities and OPEB liabilities, respectively. Deferred inflows related to pension liabilities and OPEB liabilities are \$18,990 and \$259 at September 30, 2021 for the component unit.

NOTE 9: UNEARNED REVENUE

Unearned revenues principally consist of amounts for which the City has received funds in advanced for having completed the earning process and do not meet the definition of a deferred inflow of resources.

For the year ended September 30, 2021, \$378,120 of unearned revenues are reported in the government funds and in the statement of net position for amounts received for in advance. The entire amount is related to funds advanced for a governmental grant, but for which the expenditures and other conditions allowing revenue to be recognized have not yet occurred.

NOTE 10: LONG-TERM DEBT

Primary Government

General Obligation Bonds

The City issues general obligation bonds and tax anticipation notes to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds and tax anticipation notes are direct obligations and pledge the full faith and credit of the City. These bonds and certificates generally are issued as 25-year serial bonds, while tax notes are normally for about 7 years, with varying amounts of principal maturing each year. Tax anticipation notes pledge the ad valorem taxes collected by the City for the repayment of the obligation. General obligation bonds and tax anticipation notes currently outstanding are as follows:

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 10: LONG-TERM DEBT (Continued)

1. Bonds

	Beginning Balance October 1, 2020			Additions	Reductions	Ending Balance September 30, 2021		Due In One Year
<i>General Government:</i>								
Series 2011 General Obligation Bond	\$	2,605,000	\$	-	\$	(2,605,000)	\$	-
Series 2012 General Obligation Refunding Bonds		1,670,000		-		(315,000)		325,000
Series 2015 Tax Anticipation Notes		910,000		-		(445,000)		465,000
Series 2016 Tax Anticipation Notes		1,750,000		-		(565,000)		585,000
Series 2017 Venue Hotel Occupancy Tax Revenue Bonds		8,525,000		-		(195,000)		200,000
Series 2020 General Obligation Refunding Bonds		-		2,270,000		-		-
Series 2021 Tax Anticipation Notes		-		4,620,000		-		45,000
	\$	15,460,000	\$	6,890,000	\$	(4,125,000)	\$	18,225,000
								\$ 1,620,000

The following table summarizes the restricted cash and cash equivalents as of September 30, 2021:

	Governmental Activities
Cash and cash equivalents - restricted	
Cash restricted for Venue Seasonal Reserve	\$ 132,419
Cash restricted for Venue Debt Reserve	530,572
	<u>\$ 662,991</u>

Cash and cash equivalents of \$416,184 and \$14,282 are restricted for the EDC Debt Service Reserve and EDC Debt Service Fund, respectively. In addition, the EDC Debt Service Fund reported \$23,572 in restricted investments.

The annual debt service requirements to maturity for bonds are as follows:

Year Ending September 30,	General Obligation Bonds		Tax Anticipation Notes		Venue Tax Revenue Bonds		Total		Principal & Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2022	325,000	96,925	1,095,000	181,274	200,000	309,738	1,620,000	587,937	2,207,937
2023	545,000	83,875	920,000	149,950	205,000	303,738	1,670,000	537,563	2,207,563
2024	575,000	68,800	795,000	124,225	210,000	297,588	1,580,000	490,613	2,070,613
2025	590,000	54,800	825,000	99,925	215,000	291,288	1,630,000	446,013	2,076,013
2026	245,000	44,025	850,000	70,550	225,000	284,838	1,320,000	399,413	1,719,413
2027-2031	1,345,000	103,125	1,785,000	53,925	1,230,000	1,304,840	4,360,000	1,461,890	5,821,890
2032-2036	-	-	-	-	1,495,000	1,039,065	1,495,000	1,039,065	2,534,065
2037-2041	-	-	-	-	1,850,000	692,750	1,850,000	692,750	2,542,750
2042-2046	-	-	-	-	2,210,000	323,050	2,210,000	323,050	2,533,050
2047-2051	-	-	-	-	490,000	17,150	490,000	17,150	507,150
	\$ 3,625,000	\$ 451,550	\$ 6,270,000	\$ 679,849	\$ 8,330,000	\$ 4,864,045	\$ 18,225,000	\$ 5,995,444	\$ 24,220,444

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 10: LONG-TERM DEBT (Continued)

Component Unit

1. Revenue Bonds

	Beginning Balance October 1, 2020	Additions	Reductions	Ending Balance September 30, 2021	Due In One Year
2016 Series, Sales Tax Revenue Refunding Bond	\$ 2,790,000	\$ -	\$ (320,000)	\$ 2,470,000	\$ 320,000

The annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending September 30,	2016 Revenue Bonds		Total
	Principal	Interest	Principal & Interest
2022	320,000	64,850	384,850
2023	335,000	58,300	393,300
2024	340,000	51,550	391,550
2025	350,000	42,900	392,900
2026	360,000	32,250	392,250
2027-2030	765,000	29,025	794,025
	\$ 2,470,000	\$ 278,875	\$ 2,748,875

Primary Government

On April 20, 2005, the City issued 2005 Series General Obligation Bonds in order to construct and equip a new City Hall Complex, related parking and to pay costs of issuance. The bonds are collateralized by the levy and collection of ad valorem taxes and will be repaid over 20 years beginning in 2006. The bonds carry interest rates ranging from 3.5% to 4.625% with interest payment dates of March 1 and September 1.

During June 2011, the City issued Series 2011 General Obligation Bonds to construct and equip a new fire station. The bonds are collateralized by the full faith and credit of the government and will be repaid over the next 20 years. Principal is due annually, and interest payments at the rate of 3.00 – 4.00% are due March 1 and September 1.

In July 2015, the City issued Series 2015 Tax Anticipation Notes in the amount of \$2,905,000 to provide resources for the rebuilding and improvement of Gulf Boulevard. The tax notes were issued at a premium of \$202,263 and the cost of issuance was \$103,079. Principal payments are due annually starting in March of 2016. Interest is due in March and September annually until maturity on March 1, 2022.

During April of 2016, the City issued Series 2016 Tax Notes for \$3,890,000 primarily, but not limited, to finance the cost of improvements on Padre Boulevard. The tax notes are collateralized by the pledged tax revenues of the City and will be repaid over the next 7 years with final maturity in fiscal year end 2023. Principal is due annually, and interest payments at the rate of 2% - 3% are due on February 15 and August 15 of each fiscal year.

During June 2017, the City issued Series 2017 Venue Hotel Occupancy Tax Revenue Bonds primarily to finance the cost of future infrastructure of the City approved at the election held on November 8, 2016. The bonds are collateralized by the pledged venue hotel occupancy tax revenues of the City and will be repaid over the next 30 years with final maturity in fiscal year 2047. Principal is due annually, and interest payments at the rate of 2%-4% are due on February 1 and August 1 of each fiscal year.

City of South Padre Island, Texas Notes to Financial Statements

NOTE 10: LONG-TERM DEBT (Continued)

In July of 2021, the City issued Series 2021 Tax Notes for \$4,620,000 primarily to finance the cost of improvements to streets, sidewalks, and related drainage improvements on Laguna Boulevard. The tax notes are collateralized by the pledged tax revenues of the City and will be repaid over the next 7 years with final maturity in fiscal year end 2028. Principal is due annually, and interest payments are due on February 15 and August 15 of each year.

Advance Refundings

In August 2012, the City issued Series 2012 General Obligation Refunding bonds in the amount of \$3,165,000 to provide resources to refund the majority of the City's 2005 Series General Obligation bonds and cover costs of issuance. As a result, \$2,985,000 of the Series 2005 bonds are considered to be defeased and the liability has been removed from the accounts of the City. The cost of issuance totaled \$103,287 on the Series 2012 bonds. Principal and interest payments are due annually on March 1 of each year until maturity on March 1, 2025.

The advance refunding was undertaken to reduce the City's interest payments. The advance refunding resulted in an economic gain (difference between the present value of the debt service payment of the refunded and refunding bonds) of \$201,901, and a gross savings of \$223,738. At September 30, 2021, the defeased portion of the 2005 Series General Obligation bonds has been fully paid.

In October of 2020, the City issued Series 2020 General Obligation Refunding Bonds in the amount of \$2,270,000 to provide resources to refund the remaining balance of the City's 2011 Series General Obligation bonds and cover costs of issuance. As a result, the Series 2011 bonds are considered to be defeased and the liability has been removed from the accounts of the City. The cost of issuance totaled \$79,192 on the Series 2020 Bonds. Principal is due annually on February 15 starting in February of 2023, and interest payments are due in February and August of each year until maturity in the fiscal year end September 30, 2031.

The advance refunding was undertaken to reduce the City's interest payments. The advance refunding resulted in an economic gain (difference between the present value of the debt service payment of the refunded and refunding bonds) of \$298,490, and a gross savings of \$140,000. At September 30, 2021, the defeased portion of the 2005 Series General Obligation bonds had a balance of \$2,410,000.

The City does not have a legal debt limit mandated by law.

Capital Lease Obligations

In October 2010, the City entered into a lease-purchase agreement with Government Capital Corporation for the purchase of a Fire Ladder Truck. The lease was refinanced on November 16, 2016. Lease payments are due annually beginning November 16, 2017.

In December 2019, the City entered into a lease-purchase agreement with CNH Industrial Capital for the purchase of a Case Tractor Loader Backhoe. Payments are due in 59 monthly payments beginning January of 2020 with final payment due in November 2024.

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 10: LONG-TERM DEBT (Continued)

The following is a schedule of the future minimum lease payments under the capital lease together with the present value of the next minimum lease payments as of September 30, 2021:

Year ending September 30,	Fire Ladder Truck	Tractor Backhoe	Total
2022	52,878	21,537	74,415
2023		21,536	21,536
2024		21,536	21,536
2025		3,579	3,579
2026			-
Total minimum lease payments	52,879	68,188	121,067
Less the amount representing interest	(1,496)	(5,280)	(6,776)
Present value of net minimum lease payments	\$ 51,383	\$ 62,908	\$ 114,291

Changes in Long-term Liabilities for Governmental Activities

During the year ended September 30, 2021, the following changes occurred in liabilities reported as non-current liabilities.

	October 1, 2020	Additions	Reductions	September 30, 2021	Amount Due Within One Year
Bonds payable	\$ 15,460,000	\$ 6,890,000	\$ (4,125,000)	\$ 18,225,000	\$ 1,820,000
Premium on bond issuances	659,088	768,535	(168,234)	1,259,390	168,234
Total bonds payable	16,119,088	7,658,535	(4,293,234)	19,484,390	1,988,234
Compensated absences*	1,022,909	789,010	(748,206)	1,063,713	615,299
Capital leases	180,786		(66,496)	114,291	66,496
Net pension liability	1,453,756	4,157,593	(5,243,572)	367,777	-
Net OPEB liability	439,597	120,807	(3,541)	556,863	-
Total long-term debt	\$ 19,216,136	\$ 12,725,945	\$ (10,355,048)	\$ 21,587,033	\$ 2,670,029

*Compensated absences are generally liquidated by the fund in which the expenditure related to compensation is incurred.

The City's other non-current liabilities including pension liabilities are liquidated in the fund where the liability was incurred. Thus, the most significant of these funds is the general fund which satisfies most liabilities for governmental activities.

Component Unit

During May 2016, the Economic Development Corporation ("EDC") issued Series 2016 Sales Tax Revenue Refunding Bonds in the amount of \$3,485,000 to provide resources to refund the majority of the EDC's 2007 Series Sales Tax Bonds and cover costs of issuance. As a result, \$3,440,000 of the Series 2007 bonds are considered to be defeased and the liability has been removed from the accounts of the EDC. The bonds were issued at a premium of \$225,384 and the cost of issuance totaled \$114,138. Principal is due annually on October 1 of each year until maturity on October 1, 2027. Interest is payable on April 1 and October 1 of each year until maturity at rates ranging from 2.00% - 4.00%. The bonds are secured by a lien and pledge of the sales tax revenues of the EDC.

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 10: LONG-TERM DEBT (Continued)

During July 2007, the Economic Development Corporation (“EDC”) issued Sales Tax Revenue Bond Series 2007 for the purpose of paying the costs of the acquisition and construction of land, buildings, equipment, facilities and improvements relating to a birding and nature center as a public facility, funding a debt service reserve fund and paying the costs of issuance. The bonds are collateralized and secured with a pledge of revenues derived from sales and use tax levied in the City of South Padre Island, as allocated to the EDC, and carry a term of 20 years, maturing September 30, 2028. The debt covenants require a debt service reserve fund sufficient to provide for the final principal and interest payment. The bonds carry an interest rate of 4.37% with interest payments due in March and September.

Changes in Long-term Liabilities for Component Unit

	October 1, 2020	Additions	Reductions	September 30, 2021	Amount Due Within One Year
2016 Series, Sales Tax Revenue Refunding Bond	\$ 2,790,000	\$ -	\$ (320,000)	\$ 2,470,000	\$ 320,000
Premium on bond issuance	150,257	-	(18,782)	131,475	18,782
Total bonds payable	2,940,257	-	(338,782)	2,601,475	338,782
Net pension liability	9,309	35,220	(44,419)	110	-
Net OPEB liability	3,532	1,023	(30)	4,525	-
Total long-term debt	\$ 2,953,098	\$ 36,243	\$ (383,231)	\$ 2,606,110	\$ 338,782

NOTE 11: INTERFUND ASSETS/LIABILITIES

Due to/from other funds:

Payable Fund	Receivable Fund General Fund
Transportation Fund	\$ 458,002
Bay Access Fund	1,097,951
Other Governmental Funds	145,508
Total	\$ 1,701,461

The due to/from other funds primarily represent temporary short-term borrowings for working capital, which are intended to be satisfied soon after year end.

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 12: TRANSFERS

Transfers are used to 1) provide unrestricted revenues collected in the general fund to finance various programs accounted for in other funds, and 2) move revenues from the fund that the budget requires to collect them to the fund that the budget requires to expend them.

Transfers Out Funds	Transfer In Funds				Total
	General Fund	Transportation Fund	Bay Access Fund	Other Governmental Funds	
General	\$ -	\$ 108,000	\$ -	\$ 330,228	\$ 438,228
Hotel Motel Fund	-	-	49,564	-	49,564
Venue Project Fund	-	-	-	508,991	508,991
Other Governmental Funds	90,161	-	-	50,000	140,161
Total transfers	\$ 90,161	\$ 108,000	\$ 49,564	\$ 889,219	\$ 1,136,944

Transfer between funds within the Component Unit:

Transfer Out Funds	Transfer In Funds		Total
	EDC Debt Service Fund	BNC Facility Maintenance	
Economic Development Corporation	\$ 388,050	\$ 76,041	\$ 464,091

NOTE 13: COMMITMENTS AND CONTINGENT LIABILITIES

1. *Litigation*

The City is party to various legal proceedings generally incidental to its operations. For the fiscal year ending September 30, 2021, the City does have ongoing litigation. Although the ultimate outcome of these proceedings are not presently certain, in the opinion of City management, the resolution of these matters will not have a material adverse effect on the financial condition of the City. As such, no accrual is considered necessary.

2. *Grant Programs*

The City and component unit participate in a number of grant programs funded by State and Federal Agencies. These programs are subject to compliance audits by the grantor agencies or their representatives. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

NOTE 14: RISK MANAGEMENT

The City is exposed to various uncertainties for losses related to intentional and unintentional torts; theft of, damage to and destruction of real and personal property; errors and omissions; catastrophes, medical and dental claims by employees; employee illnesses and injuries and pollution claims for which the City carries commercial insurance coverage. There have been no significant reductions in insurance coverage from the previous year. No negotiated settlements or jury awards have exceeded policy limits in any of the past three years. The City is a member of an intergovernmental risk pool. The risk pool is an interlocal non-assessable agency with present unreserved resources in excess of \$392,000,000 (as of September 30, 2021, the most recently audited financial statements completed for the risk pool). Reinsurance is provided by several A and A++ rated companies in amounts ranging from \$10,000,000 to \$100,000,000 depending on the type of insurance coverage. The City must promptly pay contributions to the risk pool as outlined by the coverage contracts, comply with underwriting standards and implement loss control recommendations deemed necessary by a risk pool representative due to an eminent high risk of loss situation. City management is not aware of any pending or alleged claims that could exceed the policy limits of the present insurance coverage.

NOTE 15: DEFINED BENEFIT PENSION PLANS

The City provides pension benefits for all of its eligible employees through a non-traditional, 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.

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

A. Plan Description

The City of South Padre Island participates as one of 895 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the City and the EDC (component unit) are required to participate in TMRS.

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 15: DEFINED BENEFIT PENSION PLANS (Continued)

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 benefits are calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Employees covered by benefit terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	79
Inactive employees entitled to but not yet receiving benefits	113
Active employees	<u>159</u>
	351

C. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to the finance any unfunded any unfunded accrued liability.

Employees for the City of South Padre Island were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of South Padre Island were 12.55% and 12.93% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021 were \$1,124,157, and were equal to the required contributions.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 15: DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial assumptions:

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% 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 the Public Safety table used for males and 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. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is 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 Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 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 in order to satisfy the short-term and long-term funding needs of TMRS.

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 15: DEFINED BENEFIT PENSION PLANS (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%

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

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 15: DEFINED BENEFIT PENSION PLANS (Continued)

Net Pension Liability

	City Increase (Decrease)			EDC Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balance at December 31, 2019	\$ 39,023,061	\$ 37,569,305	\$ 1,453,756	\$ 309,002	\$ 299,693	\$ 9,309
Changes for the year:						
Service cost	1,508,459	-	1,508,459	12,778	-	12,778
Interest	2,629,970	-	2,629,970	22,280	-	22,280
Change in benefit terms	-	-	-	-	-	-
Difference between expected/actual experience	(636,534)	-	(636,534)	(5,392)	-	(5,392)
Changes of assumptions	-	-	-	-	-	-
Contributions - employer	-	1,139,678	(1,139,678)	-	9,655	(9,655)
Contributions - employee	-	615,665	(615,665)	-	5,215	(5,215)
Net investment income	-	2,851,696	(2,851,696)	-	24,157	(24,157)
Benefit payments, including refunds of employee contributions	(1,586,724)	(1,586,724)	-	(13,441)	(13,441)	-
Administrative expenses	-	(18,444)	18,444	-	(156)	156
Other charges	-	(720)	720	-	(6)	6
Net changes	1,915,173	3,001,152	(1,085,979)	16,225	25,423	(9,199)
Balance at December 31, 2020	\$ 40,938,234	\$ 40,570,457	\$ 367,777	\$ 325,227	\$ 325,117	\$ 110

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 have been if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate.

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 6,838,844	\$ 367,777	\$ (4,870,192)
EDC (component unit) net pension liability	57,933	110	(41,256)
City's net pension liability	\$ 6,896,777	\$ 367,887	\$ (4,911,448)

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 15: DEFINED BENEFIT PENSION PLANS (Continued)

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

For the year ended September 30, 2021 the City and the EDC recognized combined pension expense in the amounts of \$449,042 and \$3,804, respectively. At September 30, 2021 the City and the EDC reported combined deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City		EDC	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ 2,177	\$ 643,467	\$ 84	\$ 7,141
Changes in actuarial assumptions	91,933	-	3,533	-
Differences between projected and actual investment earnings (net of current year amortization)	-	1,067,747	-	11,849
Contributions subsequent to the measurement date	855,030	-	7,243	-
Total	\$ 949,140	\$ 1,711,214	\$ 10,860	\$ 18,990

The \$855,030 and \$7,243 in the City and the EDC reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	City	EDC	Total
2022	\$ (542,911)	\$ (5,161)	\$ (548,072)
2023	(139,814)	(1,329)	(141,143)
2024	(774,362)	(7,362)	(781,724)
2025	(160,017)	(1,521)	(161,538)
2026	-	-	-
Total	(1,617,104)	(15,373)	(1,632,477)

NOTE 16: OTHER POST EMPLOYMENT BENEFITS

Plan Description and Benefits

The City also participates in a single-employer, defined benefit group-term life insurance known as the Supplemental Death Benefits Fund (SDBF) administered by the Texas Municipal Retirement System (TMRS). This is a voluntary program in which the City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee'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 OPEB plan (i.e. no assets are accumulated).

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 16: OTHER POST EMPLOYMENT BENEFITS (Continued)

Employees covered by benefit terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	56
Inactive employees entitled to but not yet receiving benefits	36
Active employees	<u>159</u>
	251

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. 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; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

Employees for the City of South Padre Island were required to contribute 0.03% of their annual gross earnings during the fiscal year. The contribution rates for the City of South Padre Island were 0.16% and 0.16% in calendar year 2019 and 2020, respectively. The City's contributions to the SDBF for the year ended September 30, 2021 were \$13,926, and were equal to the required contributions.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation date:	12/31/2020
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Discount rate*	2.00%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates- service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates- 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 3.5% 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 Scale UMP to account for future mortality improvements subject to the floor..

*The discount rate was based on the Fidelity Index's "20-year Municipal GO AA Index" rate as of December 31, 2020.

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 16: OTHER POST EMPLOYMENT BENEFITS (Continued)

Actuarial assumptions- continued:

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period of December 31, 2014 to December 31, 2018.

Total OPEB Liability

The City's Total OPEB Liability was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

The following presents a summary of the changes in Total OPEB liability:

	City Increase (Decrease)	EDC Increase (Decrease)
	Total OPEB Liability (a)	Total OPEB Liability (a)
Balance at December 31, 2019	\$ 439,597	\$ 3,532
Changes for the year:		
Service cost	26,345	223
Interest	12,399	105
Change in benefit terms	-	-
Difference between expected/actual experience	(142)	(1)
Changes of assumptions	82,063	695
Contributions - employer	-	-
Contributions - employee	-	-
Net investment income	-	-
Benefit payments, including refunds of employee contributions	(3,399)	(29)
Administrative expenses	-	-
Other charges	-	-
Net changes	117,267	992
Balance at December 31, 2020	\$ 556,863	\$ 4,525

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 2.00%, as well as what the City's total OPEB liability would have been if it were calculated using a discount rate that is 1 percentage point lower (1.00%) or 1 percentage point higher (3.00%) than the current rate.

	1% Decrease in Discount Rate (1.00%)	Discount Rate (2.00%)	1% Increase in Discount Rate (3.00%)
City's total OPEB liability	\$ 696,625	\$ 556,863	\$ 450,994
EDC (component unit) total OPEB liability	5,901	4,525	3,820
City's total OPEB liability	\$ 702,526	\$ 561,388	\$ 454,814

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 16: OTHER POST EMPLOYMENT BENEFITS (Continued)

OPEB Expense and Deferred Outflows of Resources Related to OPEBs

For the year ended September 30, 2021 the City and the EDC recognized combined OPEB expense in the amounts of \$60,275 and \$511, respectively. At September 30, 2021 the City and the EDC reported combined deferred outflows of related to OPEB from the following sources:

	City		EDC	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ 3,927	\$ 19,753	\$ 31	\$ 142
Changes in actuarial assumptions	138,390	16,339	1,117	117
Differences between projected and actual investment earnings (net of current year amortization)	-	-	-	-
Contributions subsequent to the measurement date	10,580	-	90	-
Total	\$ 152,897	\$ 36,092	\$ 1,238	\$ 259

The \$10,580 and \$90 in the City and EDC which are reported as deferred outflows of resources related to OPEBs 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, 2022. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending September 30,	City	EDC	Total
2022	\$ 21,532	\$ 182	\$ 21,714
2023	21,532	182	21,714
2024	21,532	182	21,714
2025	18,079	153	18,232
2026	18,757	188	18,945
Thereafter	4,754	41	4,795
Total	\$ 106,184	\$ 930	\$ 107,114

NOTE 17: FUND BALANCE REPORTING

Nonspendable – These funds were used for prepaid items.

Restricted – External parties have restricted these funds to be used for their intended purpose.

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 City Council Members.

Unassigned – The unassigned fund balance has no constraints.

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 17: FUND BALANCE REPORTING (Continued)

	General Fund	Hotel Motel Fund	Venue Tax Construction Fund	Venue Project Fund	Transportation Fund	Bay Access Fund	Other Governmental Funds	Total Governmental Funds
Fund balance								
Nonspendable								
Prepaid	\$ 64,940	\$ 5,935	\$ -	\$ -	\$ 46,917	\$ -	\$ 30,841	\$ 148,633
Restricted								
Debt service	-	-	-	-	-	-	1,063,431	1,063,431
Capital projects	-	-	1,210,381	8,294,442	-	-	5,926,548	15,431,371
Hotel/motel tax	-	11,795,609	-	-	-	-	4,410,709	16,206,318
Beach nourishment	-	-	-	-	-	(1,097,951)	4,263,568	3,165,617
Transportation	-	-	-	-	259,532	-	-	259,532
Other federal grants	-	-	-	-	-	-	15,028	15,028
Beach maintenance	-	-	-	-	-	-	4,559,811	4,559,811
Municipal court	-	-	-	-	-	-	80,678	80,678
Criminal justice	28,250	-	-	-	-	-	-	28,250
Parks and recreation	-	-	-	-	-	-	184,360	184,360
TIRZ	-	-	-	-	-	-	265,065	265,065
Unassigned	9,717,957	-	-	-	-	-	-	9,717,957
	<u>\$ 9,811,147</u>	<u>\$ 11,801,544</u>	<u>\$ 1,210,381</u>	<u>\$ 8,294,442</u>	<u>\$ 306,449</u>	<u>\$ (1,097,951)</u>	<u>\$ 20,800,039</u>	<u>\$ 51,126,051</u>

NOTE 18: NET POSITION

Net position is composed of three categories: Net Investment in Capital Assets, Restricted and Unrestricted.

	Governmental Activities	Component Unit
Net investment in capital assets:		
Capital assets, net of accumulated depreciation	\$ 42,634,579	\$ 5,615,302
Deferred outflows and inflows of resources - deferred charges on refunding	73,827	114,513
Less related liabilities (bonds, net of premium, and capital leases)	(19,598,681)	(2,601,475)
Unspent bond proceeds	6,224,744	-
Net investment in capital assets - total	<u>29,334,469</u>	<u>3,128,340</u>
Restricted net position consists of the following:		
Restricted for debt service	923,255	811,275
Restricted for capital projects	79,299	-
Restricted for beach nourishment	4,263,568	-
Restricted for transportation	306,449	-
Restricted for beach maintenance	4,559,982	-
Restricted for municipal court	80,678	-
Restricted for criminal justice	43,278	-
Restricted for venue project	8,294,442	-
Restricted for parks and recreation	184,360	-
Restricted for hotel/motel taxes	16,242,923	-
Restricted net position - total	<u>34,978,234</u>	<u>811,275</u>
Unrestricted net position	<u>7,856,051</u>	<u>1,669,202</u>
Total net position	<u>\$ 72,168,754</u>	<u>\$ 5,608,817</u>



REQUIRED SUPPLEMENTARY INFORMATION

City of South Padre Island, Texas
General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual

For the Year Ended September 30, 2021

	Budget		Actual	Variance
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Property taxes - including penalty and interest	\$ 6,486,387	\$ 6,486,387	\$ 6,619,254	\$ 132,867
Nonproperty taxes	3,931,880	3,931,880	5,291,147	1,359,267
Fees and services	1,086,443	1,218,584	1,151,293	(67,291)
Fines and forfeitures	300,000	300,000	333,877	33,877
Licenses and permits	179,600	179,600	328,264	148,664
Intergovernmental	133,650	147,391	226,908	79,517
Miscellaneous and program revenues	92,100	108,537	209,963	101,426
Total revenues	12,210,060	12,372,379	14,160,706	1,788,327
EXPENDITURES				
Current				
General government				
City council	20,000	20,029	7,387	12,642
City administration	620,132	620,937	546,397	74,540
Finance	453,140	468,140	458,550	9,590
Planning	82,966	82,966	78,261	4,705
Human resources	292,926	332,926	243,678	89,248
Information services	627,865	625,673	539,922	85,751
Environmental health services	480,044	485,136	450,568	34,568
General services	968,000	989,357	975,810	13,547
Special projects	59,000	407,542	65,743	341,799
Total general government	3,604,073	4,032,706	3,366,315	666,390
Public safety				
Municipal court	309,170	309,170	268,357	40,813
Police	3,156,855	3,315,689	3,147,274	168,415
Fire	2,513,666	2,612,172	2,527,451	84,721
Emergency management	18,870	19,144	7,546	11,598
Total public safety	5,998,561	6,256,175	5,950,628	305,547
Public works				
Building maintenance	181,124	181,892	161,859	20,033
Inspections	259,258	259,258	214,331	44,927
Fleet management	412,503	519,669	501,792	17,877
Public works	1,284,087	1,348,088	1,244,993	103,095
Total public works	2,136,972	2,308,907	2,122,975	185,932
Capital outlay				
	145,132	1,564,334	1,125,010	439,324
Debt service				
Principal retirement - capital lease	66,847	66,847	66,495	352
Interest and fees	7,343	7,343	7,917	(574)
Total debt service	74,190	74,190	74,412	(222)
Total expenditures	11,958,928	14,236,312	12,639,340	1,596,971
EXCESS OF REVENUES OVER EXPENDITURES	251,132	(1,863,933)	1,521,366	3,385,299

City of South Padre Island, Texas
General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Continued

For the Year Ended September 30, 2021

	Original	Budget Final	Actual	Variance Final Budget Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Sale of fixed asset	\$ -		\$ 49,388	\$ 49,388
Transfers in	190,000	190,000	90,161	(99,839)
Transfers out	(427,407)	(428,407)	(438,228)	(9,821)
Total other financing sources (uses)	(237,407)	(238,407)	(298,679)	(60,272)
NET CHANGE IN FUND BALANCE	\$ 13,725	\$ (2,102,340)	1,222,687	\$ 3,325,027
Fund balance -- beginning			8,588,460	
Fund balance -- ending			\$ 9,811,147	

City of South Padre Island, Texas

Hotel Motel Tax Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance
- Budget and Actual

For the Year Ended September 30, 2021

	Budget			Variance Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Nonproperty taxes	\$ 6,495,106	\$ 6,495,106	\$ 10,564,819	\$ 4,069,713
Fees and services	7,000	7,000	6,000	(1,000)
Miscellaneous and program revenues	23,000	23,000	30,172	7,172
Total revenues	6,525,106	6,525,106	10,600,991	4,075,885
EXPENDITURES				
Current				
Convention and visitors bureau				
Visitors bureau	148,847	148,847	130,949	17,898
Sales and marketing	1,859,485	2,192,485	1,215,662	976,823
Events marketing	695,355	819,996	689,953	130,043
Marketing	3,615,500	3,655,500	2,179,415	1,476,085
SPI Historical Museum	32,000	32,000	27,542	4,458
Total convention and visitors bureau	6,351,187	6,848,828	4,243,521	2,605,307
Capital outlay	-	375,000	-	375,000
Total expenditures	6,351,187	7,223,828	4,243,521	2,980,307
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	173,919	(698,722)	6,357,470	7,056,192
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(49,564)	(49,564)	-
Total other financing sources (uses)		(49,564)	(49,564)	-
NET CHANGE IN FUND BALANCE	\$ 173,919	\$ (748,286)	6,307,906	\$ 7,056,192
Fund balance -- beginning			5,493,638	
Fund balance -- ending			\$ 11,801,544	

City of South Padre Island, Texas

**Venue Project Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual**

For the Year Ended September 30, 2021

	Budget			Variance Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Nonproperty taxes	\$ 1,952,569	\$ 1,952,569	\$ 3,184,709	\$ 1,232,140
Miscellaneous	-	-	16,917	16,917
Total revenues	1,952,569	1,952,569	3,201,626	1,249,057
EXPENDITURES				
Current				
General government	32,500	32,500	31,280	1,220
Capital outlay	-	30,000	30,000	-
Total expenditures	32,500	62,500	61,280	1,220
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,920,069	1,890,069	3,140,346	1,250,277
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(509,638)	(509,638)	(508,991)	647
Total other financing sources (uses)	(509,638)	(509,638)	(508,991)	647
NET CHANGE IN FUND BALANCE	\$ 1,410,431	\$ 1,380,431	2,631,355	\$ 1,250,924
Fund balance -- beginning			5,663,087	
Fund balance -- ending			\$ 8,294,442	

City of South Padre Island, Texas

**Transportation Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual**

For the Year Ended September 30, 2021

	Budget			Variance
	Original	Final	Actual	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 3,138,973	\$ 3,887,401	\$ 2,569,991	\$ (1,317,410)
Miscellaneous and program revenues	50,000	50,000	98,117	48,117
Total revenues	3,188,973	3,937,401	2,668,108	(1,269,293)
EXPENDITURES				
Current				
Transportation				
SPI metro	2,873,749	2,639,937	1,794,194	845,743
Total transportation	2,873,749	2,639,937	1,794,194	845,743
Capital outlay	480,513	1,467,232	924,906	542,326
Total expenditures	3,354,262	4,107,169	2,719,100	1,388,069
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(165,289)	(169,768)	(50,992)	118,776
OTHER FINANCING SOURCES (USES)				
Transfers in	113,179	113,179	108,000	(5,179)
Sale of capital asset	-	-	9,580	9,580
Lease proceeds	52,110	52,110	-	(52,110)
Total other financing sources (uses)	165,289	165,289	117,580	(47,709)
NET CHANGE IN FUND BALANCE	\$ -	\$ (4,479)	66,588	\$ 71,067
Fund balance -- beginning			239,861	
Fund balance -- ending			\$ 306,449	

City of South Padre Island, Texas
Schedule of Changes in Net Pension Liability and Related Ratios
For Agent Multiple Employer Pension Plan
Texas Municipal Retirement System

<i>For the Years Ended September 30,</i>	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service cost	\$ 1,521,237	\$ 1,492,650	\$ 1,581,818	\$ 1,501,734	\$ 1,362,970	\$ 1,328,713	\$ 1,221,450
Interest (on the total pension liability)	2,652,250	2,487,708	2,318,640	2,150,831	1,991,081	1,904,228	1,754,638
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	(641,926)	(210,211)	(37,697)	(4,413)	20,476	(254,650)	(172,667)
Changes of assumptions	-	157,458	-	-	-	136,482	-
Benefit payments, including refunds of employee contributions	(1,600,165)	(1,408,294)	(1,218,630)	(1,185,643)	(968,845)	(706,482)	(733,635)
Net change in total pension liability	1,931,396	2,519,311	2,644,131	2,462,509	2,405,682	2,408,291	2,069,786
Total pension liability – beginning	39,332,063	36,812,752	34,168,621	31,706,112	29,300,430	26,892,139	24,822,353
Total pension liability – ending (a)	\$ 41,263,459	\$ 39,332,063	\$ 36,812,752	\$ 34,168,621	\$ 31,706,112	\$ 29,300,430	\$ 26,892,139
Plan Fiduciary Net Position							
Contributions – employer	\$ 1,149,332	\$ 1,052,685	\$ 1,123,142	\$ 1,035,135	\$ 950,341	\$ 941,947	\$ 920,340
Contributions – employee	620,880	574,728	610,404	580,140	533,900	521,648	516,630
Net investment income	2,875,853	5,047,207	(992,608)	3,983,187	1,788,988	37,906	1,352,871
Benefit payments, including refunds of employee contributions	(1,600,165)	(1,408,294)	(1,218,630)	(1,185,643)	(968,845)	(706,482)	(733,635)
Administrative expense	(18,600)	(28,506)	(19,180)	(20,642)	(20,192)	(23,085)	(14,122)
Other	(726)	(856)	(1,002)	(1,046)	(1,088)	(1,140)	(1,161)
Net change in plan fiduciary net position	3,026,574	5,236,964	(497,874)	4,391,131	2,283,104	770,794	2,040,923
Plan fiduciary net position – beginning	37,868,998	32,632,034	33,129,908	28,738,777	26,455,673	25,684,879	23,643,956
Plan fiduciary net position – ending (b)	40,895,572	37,868,998	32,632,034	33,129,908	28,738,777	26,455,673	25,684,879
Net pension liability – ending (a) – (b)	\$ 367,887	\$ 1,463,065	\$ 4,180,718	\$ 1,038,713	\$ 2,967,335	\$ 2,844,757	\$ 1,207,260
Plan fiduciary net position as a percentage of total pension liability	99.11%	96.28%	88.64%	96.96%	90.64%	90.29%	95.51%
Covered payroll	\$8,570,348	\$ 8,210,394	\$ 8,720,053	\$ 8,287,714	\$ 7,627,140	\$ 7,452,122	\$ 7,380,428
Net pension liability as a percentage of covered payroll	4.29%	17.82%	47.94%	12.53%	38.90%	38.17%	16.36%

GASB 68 requires 10 fiscal years of data to be provided in this schedule. However, until a full 10-year trend is compiled, this schedule provides the information of those years for which information is available.

City of South Padre Island, Texas
Schedule of Contributions
For Agent Multiple Employer Pension Plan
Texas Municipal Retirement System

<i>For the Years Ended September 30,</i>	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,124,157	\$ 1,122,805	\$ 1,093,602	\$ 1,097,022	\$ 1,009,664	\$ 952,539	\$ 926,892
Contributions in relation to actuarially determined contribution	(1,124,157)	(1,122,805)	(1,093,602)	(1,097,022)	(1,009,664)	(952,539)	(926,892)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 8,694,174	\$ 8,703,739	\$ 8,523,629	\$ 8,587,911	\$ 7,980,143	\$ 7,614,798	\$ 7,359,671
Contributions as a percentage of covered payroll	12.93%	12.90%	12.83%	12.77%	12.65%	12.51%	12.59%

GASB 68 requires 10 fiscal years of data to be provided in this schedule. However, until a full 10-year trend is compiled, this schedule provides the information of those years for which information is available.

City of South Padre Island, Texas
Schedule of Changes in Total OPEB Liability and Related Ratios
Texas Municipal Retirement System

<i>For the Year ended September 30,</i>	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 26,568	\$ 16,421	\$ 21,800	\$ 17,404
Interest (on the total OPEB liability)	12,504	13,773	12,051	11,515
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(143)	(27,878)	6,790	-
Change of assumptions	82,758	79,011	(28,237)	30,878
Benefit payments, including refunds of employee contributions	(3,428)	(2,463)	(2,616)	(2,486)
Net Change in Total OPEB Liability	118,259	78,864	9,788	57,311
Total OPEB Liability - Beginning	443,129	364,265	354,477	297,166
Total OPEB Liability - Ending (a)	\$ 561,388	\$ 443,129	\$ 364,265	\$ 354,477
Covered Employee Payroll	\$ 8,570,348	\$ 8,210,394	\$ 8,720,053	\$ 8,287,714
Total OPEB Liability as a Percentage of Covered Employee Payroll	6.55%	5.40%	4.18%	4.28%

Notes to Schedule:

- (1) Schedule is intended to show 10 years. Additional years will be presented as the information becomes available.
- (2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.
- (3) Due to the SDBF being considered an unfunded OPEB plan under GASB Statement No. 75, benefit payments are treated as being equal to the employer's yearly contribution for retirees.

City of South Padre Island, Texas
Notes to Schedule of Contributions
For Agent Multiple Employer Pension Plan
Texas Municipal Retirement System
For the Year Ended September 30, 2021

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	14 Years
Asset Valuation Method	10 Year Smoothed Market; 12% Soft Corridor
Inflation	2.5%
Salary Increases	3.50% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience – based table of rates that are specific to the City’s plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 – 2018.
Mortality	Post retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information: There were no benefit changes during the year.

GASB 68 requires 10 fiscal years of data to be provided in this schedule. However, until a full 10-year trend is compiled, this schedule provides the information of those years for which information is available.

City of South Padre Island, Texas
Notes to the Required Supplementary Information
For the Year Ended September 30, 2021

Stewardship, compliance, and accountability

1. Budgetary information

The Board adopts an “appropriated budget” on a basis consistent with GAAP for the general fund and certain special revenue and debt service funds. The City is required to present the original and the final amended budgets for revenues and expenditures compared to actual revenues and expenditures for the general fund and major special revenue funds at the functional level of detail, as included herein.

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

- a. The City Manager establishes the amount of estimated revenues and other resources available for appropriation for the succeeding budget year.
- b. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures by fund, function and activity and the means of financing them.
- c. Public hearings and workshops (including department heads) are conducted at the City Hall to obtain taxpayer and elected officials’ comments.
- d. Prior to October 1, the budget is legally adopted by the City Council.
- e. Revisions that alter budgets at the department level within a fund must be approved by the City Council. The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - all Governmental Fund Types reflect these revisions. Actual expenditures and operating transfers may not legally exceed budget appropriations at the individual fund level.
- f. Formal budgetary integration is employed as a management control device during the year for the General, certain Special Revenue and Debt Service Funds.
- g. Annual appropriated budgets are adopted for the General, certain Special Revenue and Debt Service Funds. All annual appropriations lapse at year-end to the extent they have not been expended or encumbered.

Before October 1, the proposed budget is presented to the City Council for review. The City Council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City Manager or the revenue estimates must be changed by an affirmative vote of a majority of the City Council.

Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, several supplementary appropriations were necessary.

2. Expenditures over Appropriations

None noted.

City of South Padre Island, Texas Non-Major Governmental Fund Statements and Schedules

Special revenue fund: **Convention Center Fund** is used to account for the portion of local occupancy tax collections used for Convention Centre operations.

Special revenue fund: **Municipal Court Technology Fund** was established to account for monies collected on traffic fines. \$4.00 is collected on each ticket and is used specifically for technology improvements in the Municipal Court.

Special revenue fund: **Municipal Court Security Fund** was established to account for monies collected on traffic fines. \$3.00 is collected on each ticket and is used specifically for security needs in the Municipal Court.

Special revenue fund: **Parks and Recreation Fund** was established to account for funds set aside for upgrades to City parks.

Special revenue fund: **Tax Increment Reinvestment Zone (TIRZ)** fund was established by City Council to finance the cost of redevelopment and encourage development in an area that would otherwise not attract sufficient market development.

Special Revenue fund: **Beach Maintenance Fund** is used to clean and maintain the beach. The State of Texas sends the City 2% of the hotel/motel tax collected by the State for these efforts.

Special revenue fund: **Beach Nourishment Fund** was established to account for nourishment efforts on the beach and is primarily funded by Hotel Motel tax revenue.

Capital project fund: **Padre Blvd Improvement Fund** is used to account for expenditures associated with improvements to Padre Boulevard and side streets.

Capital project fund: **Street Improvement Fund** is used to account for improvements on the streets of the City.

Capital project fund: **Capital Replacement Fund** was established to account for capital acquisitions needed which include fleet for police, fire, and public works.

Capital project fund: **Laguna Boulevard Reconstruction Fund** was established to account for resources and expenditures associated with Laguna Boulevard reconstruction and improvement projects.

Capital project fund: **Beach Access Fund** is used to account for projects to improve access to the beaches of the City.

Debt service fund: **Debt Service Fund** is used to account for the accumulation of resources for the payment of long-term debt principal and interest and related costs. An ad valorem tax rate and tax levy is required to be computed and levied, which will be sufficient to produce the money required to pay principal and interest as it comes due. A transfer from the TIRZ fund is also made to support debt service payments.

Debt service fund: **Venue Debt Service Fund** is used to account for venue tax debt service payments. A transfer from the Venue Project fund is also made to support debt service payments.

Debt service fund: **Venue Seasonal Reserve** is used to account for the required seasonal reserve associated with the issuance of venue tax bonds.

Debt service fund: **Venue Debt Service Reserve** is used to account for the required reserve associated with the issuance of venue tax bonds.

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City of South Padre Island, Texas
Non Major Governmental Funds
Combining Balance Sheets

September 30, 2021

	Special Revenue Funds			
	Convention Center Fund	Municipal Court Technology Fund	Municipal Court Security Fund	Coronavirus Relief Fund
ASSETS				
Cash and cash equivalents	\$ 3,788,055	\$ 10,876	\$ 69,802	\$ 344,175
Cash and cash equivalents- Restricted	-	-	-	-
Investments	500,000	-	-	-
Receivables (net of allowance)				
Taxes	-	-	-	-
Accounts	156,751	-	-	-
Due from other governments	-	-	-	15,028
Prepaid items	30,670	-	-	-
TOTAL ASSETS	\$ 4,475,476	\$ 10,876	\$ 69,802	\$ 359,203
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Accounts payable	\$ 152	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Unearned revenues	33,945	-	-	344,175
TOTAL LIABILITIES	34,097	-	-	344,175
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-
FUND BALANCE				
Nonspendable	30,670	-	-	-
Restricted	4,410,709	10,876	69,802	15,028
TOTAL FUND BALANCE	4,441,379	10,876	69,802	15,028
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 4,475,476	\$ 10,876	\$ 69,802	\$ 359,203

Special Revenue Funds			
Parks and Recreation Fund	TIRZ Fund	Beach Maintenance Fund	Beach Nourishment Fund
\$ -	\$ 265,065	\$ 2,436,277	\$ 3,178,811
-	-	-	-
-	-	1,501,729	1,005,578
-	-	-	-
-	-	-	79,179
329,868	-	621,805	-
-	-	171	-
<u>\$ 329,868</u>	<u>\$ 265,065</u>	<u>\$ 4,559,982</u>	<u>\$ 4,263,568</u>
\$ -	\$ -	\$ -	\$ -
145,508	-	-	-
-	-	-	-
145,508	-	-	-
-	-	-	-
-	-	-	-
-	-	171	-
184,360	265,065	4,559,811	4,263,568
<u>184,360</u>	<u>265,065</u>	<u>4,559,982</u>	<u>4,263,568</u>
<u>\$ 329,868</u>	<u>\$ 265,065</u>	<u>\$ 4,559,982</u>	<u>\$ 4,263,568</u>

City of South Padre Island, Texas
Non Major Governmental Funds
Combining Balance Sheets – continued

	Capital Projects Funds					Total Capital Project & Special Revenue Funds
	Padre Blvd Improvement Fund	Street Improvement Fund	Capital Replacement Fund	Laguna Blvd Reconstruction Fund	Beach Access Fund	
ASSETS						
Cash and cash equivalents	\$ -	\$ 3,348	\$ 459,276	\$ 513,845	\$ 449,561	\$ 11,519,091
Cash and cash equivalents- Restrictec	-	-	-	-	-	-
Investments	-	-	-	4,500,518	-	7,507,825
Receivables (net of allowance)						
Taxes	-	-	-	-	-	-
Accounts	-	-	-	-	-	235,930
Due from other governments	-	-	-	-	-	966,701
Prepaid items	-	-	-	-	-	30,841
TOTAL ASSETS	\$ -	\$ 3,348	\$ 459,276	\$ 5,014,363	\$ 449,561	\$ 20,260,388
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 152
Due to other funds	-	-	-	-	-	145,508
Unearned revenues	-	-	-	-	-	378,120
TOTAL LIABILITIES	-	-	-	-	-	523,780
DEFERRED INFLOWS OF						
Unavailable revenue - property	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RES	-	-	-	-	-	-
FUND BALANCE						
Nonspendable	-	-	-	-	-	30,841
Restricted	-	3,348	459,276	5,014,363	449,561	19,705,767
TOTAL FUND BALANCE	-	3,348	459,276	5,014,363	449,561	19,736,608
TOTAL LIABILITIES, DEFERRED						
INFLOWS OF RESOURCES, AND						
FUND BALANCE	\$ -	\$ 3,348	\$ 459,276	\$ 5,014,363	\$ 449,561	\$ 20,260,388

Debt Service Funds					
Debt Service Fund	Venue Debt Service Fund	Venue Seasonal Reserve	Venue Debt Service Reserve	Total Debt Service Funds	Total Non Major Governmental Funds
\$ 388,141	\$ -	\$ -	\$ -	\$ 388,141	\$ 11,907,232
-	-	132,419	530,572	662,991	662,991
-	-	-	-	-	7,507,825
30,435	-	-	-	30,435	30,435
3,766	-	-	-	3,766	239,696
-	-	-	-	-	966,701
-	-	-	-	-	30,841
<u>\$ 422,342</u>	<u>\$ -</u>	<u>\$ 132,419</u>	<u>\$ 530,572</u>	<u>\$ 1,085,333</u>	<u>\$ 21,345,721</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 152
-	-	-	-	-	145,508
-	-	-	-	-	378,120
-	-	-	-	-	523,780
21,902	-	-	-	21,902	21,902
21,902	-	-	-	21,902	21,902
-	-	-	-	-	30,841
400,440	-	132,419	530,572	1,063,431	20,769,198
<u>400,440</u>	<u>-</u>	<u>132,419</u>	<u>530,572</u>	<u>1,063,431</u>	<u>20,800,039</u>
<u>\$ 422,342</u>	<u>\$ -</u>	<u>\$ 132,419</u>	<u>\$ 530,572</u>	<u>\$ 1,085,333</u>	<u>\$ 21,345,721</u>

City of South Padre Island, Texas
Non Major Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year Ended September 30, 2021

	Special Revenue Funds			
	Convention Center Fund	Municipal Court Technology Fund	Municipal Court Security Fund	Coronavirus Relief Fund
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Nonproperty taxes	2,146,013	-	-	-
Fees and services	142,016	-	-	-
Fines and forfeitures	-	7,664	8,820	-
Licenses and permits	-	-	-	-
Intergovernmental	0.00	-	-	15,028
Miscellaneous	3,871	-	-	-
Total revenues	2,291,900	7,664	8,820	15,028
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	11,603	834	-
Shoreline	-	-	-	-
Community service	-	-	-	-
Convention and visitors bureau	1,125,226	-	-	-
Capital outlay	249,986	-	-	-
Debt service				
Principal - bonds				
General obligation bonds	-	-	-	-
Tax anticipation notes	-	-	-	-
Venue tax revenue bonds	-	-	-	-
Bond issue costs	-	-	-	-
Interest	-	-	-	-
Administrative charges	-	-	-	-
Total expenditures	1,375,212	11,603	834	-
EXCESS (DEFICIENCY) REVENUES OVER (UNDER) EXPENDITURES	916,688	(3,939)	7,986	15,028
Other financing sources (uses)				
Sale of capital assets	51	-	-	-
Proceeds from issuance of debt	-	-	-	-
Premium on issuance of bonds	-	-	-	-
Refunding deposit t to escrow agent	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	51	-	-	-
NET CHANGE IN FUND BALANCES	916,739	(3,939)	7,986	15,028
Fund balance, beginning of year	3,524,640	14,815	61,816	-
Fund balance, end of year	\$ 4,441,379	\$ 10,876	\$ 69,802	\$ 15,028

Special Revenue Funds			
Parks and Recreation Fund	TIRZ Fund	Beach Maintenance Fund	Beach Nourishment Fund
\$ -	\$ 88,243	\$ -	\$ -
-	-	3,452,658	794,416
4,625	-	-	-
-	-	-	-
-	-	4,430	-
463,305	-	60,000	61,728
100	-	11,043	9,157
468,030	88,243	3,528,131	865,301
-	-	102,824	-
-	-	393,606	-
-	-	1,272,805	220,130
94,746	-	-	-
-	-	-	-
456,512	-	385,067	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
551,258	-	2,154,302	220,130
(83,228)	88,243	1,373,829	645,171
310	-	67,151	-
-	-	-	-
-	-	-	-
-	-	-	-
105,228	-	-	-
-	(50,000)	(90,161)	-
105,538	(50,000)	(23,010)	-
22,310	38,243	1,350,819	645,171
162,050	226,822	3,209,163	3,618,397
\$ 184,360	\$ 265,065	\$ 4,559,982	\$ 4,263,568

City of South Padre Island, Texas
Non Major Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
continued

	Capital Projects Funds					Total Capital Project & Special Revenue Funds
	Padre Blvd Improvement Fund	Street Improvement Fund	Capital Replacement Fund	Laguna Blvd Reconstruction Fund	Beach Access Fund	
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,243
Nonproperty taxes	-	-	-	-	-	6,393,087
Fees and services	-	-	-	-	-	146,641
Fines and forfeitures	-	-	-	-	-	16,484
Licenses and permits	-	-	-	-	-	4,430
Intergovernmental	-	-	-	-	20,482	620,543
Miscellaneous	-	-	-	518	-	24,689
Total revenues	-	-	-	518	20,482	7,294,117
Expenditures						
Current						
General government	9,039	-	12,651	-	-	124,514
Public safety	-	-	-	-	-	406,043
Shoreline	-	-	-	-	-	1,492,935
Community service	-	-	-	-	-	94,746
Convention and visitors bureau	-	-	-	-	-	1,125,226
Capital outlay	368	-	43,509	-	29,008	1,164,450
Debt service						
Principal - bonds						
General obligation bonds	-	-	-	-	-	-
Tax anticipation notes	-	-	-	-	-	-
Venue tax revenue bonds	-	-	-	-	-	-
Bond issue costs	-	-	-	109,629	-	109,629
Interest	-	-	-	-	-	-
Administrative charges	-	-	-	-	-	-
Total expenditures	9,407	-	56,160	109,629	29,008	4,517,543
EXCESS (DEFICIENCY) REVENUES OVER (UNDER) EXPENDITURES	(9,407)	-	(56,160)	(109,111)	(8,526)	2,776,574
Other financing sources (uses)						
Sale of capital assets	-	-	-	-	-	67,512
Proceeds from issuance of debt	-	-	-	4,620,000.00	-	4,620,000
Premium on issuance of bonds	-	-	-	503,474	-	503,474
Refunding deposit t to escrow agent	-	-	-	-	-	-
Transfers in	-	-	225,000	-	-	330,228
Transfers (out)	-	-	-	-	-	(140,161)
Total other financing sources (uses)	-	-	225,000	5,123,474	-	5,381,053
NET CHANGE IN FUND BALANCES	(9,407)	-	168,840	5,014,363	(8,526)	8,157,627
Fund balance, beginning of year	9,407	3,348	290,436	-	458,087	11,578,981
Fund balance, end of year	\$ -	\$ 3,348	\$ 459,276	\$ 5,014,363	\$ 449,561	\$ 19,736,608

Debt Service Funds						
Debt Service Fund	Venue Debt Service Fund	Venue Seasonal Reserve	Venue Debt Service Reserve	Total Debt Service Funds	Total Non Major Governmental Funds	
\$ 1,640,435	\$ -	\$ -	\$ -	\$ 1,640,435	\$ 1,728,678	
-	-	-	-	-	6,393,087	
-	-	-	-	-	146,641	
-	-	-	-	-	16,484	
-	-	-	-	-	4,430	
-	-	-	-	-	620,543	
4,331	-	-	-	4,331	29,020	
1,644,766	-	-	-	1,644,766	8,938,883	
-	-	-	-	-	124,514	
-	-	-	-	-	406,043	
-	-	-	-	-	1,492,935	
-	-	-	-	-	94,746	
-	-	-	-	-	1,125,226	
-	-	-	-	-	1,164,450	
510,000	-	-	-	510,000	510,000	
1,010,000	-	-	-	1,010,000	1,010,000	
-	195,000	-	-	195,000	195,000	
79,192	-	-	-	79,192	188,821	
161,898	313,638	-	-	475,536	475,536	
2,750	749	-	-	3,499	3,499	
1,763,840	509,387	-	-	2,273,227	6,790,770	
(119,074)	(509,387)	-	-	(628,461)	2,148,113	
-	-	-	-	-	67,512	
2,270,000	-	-	-	2,270,000	6,890,000	
265,061	-	-	-	265,061	768,535	
(2,455,869)	-	-	-	(2,455,869)	(2,455,869)	
50,000	508,991	-	-	558,991	889,219	
-	-	-	-	-	(140,161)	
129,192	508,991	-	-	638,183	6,019,236	
10,118	(396)	-	-	9,722	8,167,349	
390,322	396	132,419	530,572	1,053,709	12,632,690	
\$ 400,440	\$ -	\$ 132,419	\$ 530,572	\$ 1,063,431	\$ 20,800,039	

City of South Padre Island, Texas
Venue Tax Construction Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended September 30, 2021

	Original	Budget Final	Actual	Variance Final Budget Positive (Negative)
REVENUES				
Miscellaneous and program revenues	\$ -	\$ -	\$ 10,646	\$ 10,646
Total revenues	-	-	10,646	10,646
EXPENDITURES				
Capital outlay	-	4,108,831	3,250,392	858,439
Total expenditures	-	4,108,831	3,250,392	858,439
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	-	(4,108,831)	(3,239,746)	869,085
NET CHANGE IN FUND BALANCE	\$ -	\$ (4,108,831)	(3,239,746)	\$ 869,085
Fund balance -- beginning			4,450,127	
Fund balance -- ending			\$ 1,210,381	

City of South Padre Island, Texas
Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended September 30, 2021

	Budget			Variance
	Original	Final	Actual	Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,559,676	\$ 1,559,676	\$ 1,640,435	\$ 80,759
Miscellaneous and program revenues	-	-	4,331	4,331
Total revenues	1,559,676	1,559,676	1,644,766	85,090
EXPENDITURES				
Debt service				
Principal - bonds				
General obligation bonds	510,000	510,000	510,000	-
Tax anticipation notes	1,010,000	1,010,000	1,010,000	-
Interest	206,676	206,676	161,898	44,778
Bond issue costs	-	-	79,192	(79,192)
Administrative charges	3,000	3,000	2,750	250
Total expenditures	1,729,676	1,729,676	1,763,840	(34,164)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(170,000)	(170,000)	(119,074)	50,926
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	-	-	2,270,000	2,270,000
Premium on issuance of bonds	-	-	265,061	265,061
Refunding deposit t to escrow agent	-	-	(2,455,869)	(2,455,869)
Bond issue costs	-	-	-	-
Transfers in	50,000	50,000	50,000	-
Total other financing sources (uses)	50,000	50,000	129,192	79,192
NET CHANGE IN FUND BALANCE	\$ (120,000)	\$ (120,000)	10,118	\$ 130,118
Fund balance -- beginning			390,322	
Fund balance -- ending			\$ 400,440	

City of South Padre Island, Texas
Venue Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended September 30, 2021

	Original	Budget Final	Actual	Variance Final Budget Positive (Negative)
REVENUES				
Miscellaneous and program revenues	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Debt service				
Principal - bonds				
Venue tax revenue bonds	195,000	195,000	195,000	-
Interest	313,638	313,638	313,638	-
Administrative charges	1,000	1,000	749	251
Total expenditures	509,638	509,638	509,387	251
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(509,638)	(509,638)	(509,387)	251
OTHER FINANCING SOURCES (USES)				
Transfers in	509,638	509,638	508,991	(647)
Total other financing sources (uses)	509,638	509,638	508,991	(647)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	(396)	\$ (396)
Fund balance -- beginning			396	
Fund balance -- ending			\$ -	

City of South Padre Island, Texas
Convention Center Fund
Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended September 30, 2021

	Budget			Variance Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES				
Nonproperty taxes	\$ 1,315,174	\$ 1,315,174	\$ 2,146,013	\$ 830,839
Fees and services	270,000	270,000	142,016	(127,984)
Miscellaneous and program revenues	5,000	5,000	3,871	(1,129)
Total revenues	1,590,174	1,590,174	2,291,900	701,726
EXPENDITURES				
Current				
Convention and visitors bureau	1,408,372	1,410,739	1,125,226	285,513
Capital outlay	181,802	461,802	249,986	211,816
Total expenditures	1,590,174	1,872,541	1,375,212	497,329
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(282,367)	916,688	1,199,055
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	51	51
Total other financing sources (uses)	-	-	51	51
NET CHANGE IN FUND BALANCE	\$ -	\$ (282,367)	916,739	\$ 1,199,106
Fund balance -- beginning			3,524,640	
Fund balance -- ending			\$ 4,441,379	

City of South Padre Island, Texas
Municipal Court Technology Fund
Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual

For the Year Ended September 30, 2021

	Budget			Variance
	Original	Final	Actual	Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$ 3,500	\$ 3,500	\$ 7,664	\$ 4,164
Miscellaneous and program revenues	-	-	-	-
Total revenues	3,500	3,500	7,664	4,164
EXPENDITURES				
Current				
Public safety	15,145	15,145	11,603	3,542
Total expenditures	15,145	15,145	11,603	3,542
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(11,645)	(11,645)	(3,939)	7,706
NET CHANGE IN FUND BALANCE	\$ (11,645)	\$ (11,645)	(3,939)	\$ 7,706
Fund balance -- beginning			14,815	
Fund balance -- ending			\$ 10,876	

**City of South Padre Island, Texas
Municipal Court Security Fund
Special Revenue Fund**

Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual

For the Year Ended September 30, 2021

	Budget Original	Budget Final	Actual	Variance Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$ 5,000	\$ 5,000	\$ 8,820	\$ 3,820
Total revenues	5,000	5,000	8,820	3,820
EXPENDITURES				
Current				
Public safety	7,832	7,832	834	6,998
Total expenditures	7,832	7,832	834	6,998
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(2,832)	(2,832)	7,986	10,818
NET CHANGE IN FUND BALANCE				
	\$ (2,832)	\$ (2,832)	7,986	\$ 10,818
Fund balance -- beginning			61,816	
Fund balance -- ending			\$ 69,802	

City of South Padre Island, Texas
Coronavirus Relief Fund
Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended September 30, 2021

	Budget			Variance
	Original	Final	Actual	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 15,028	\$ 15,028
Total revenues	-	-	15,028	15,028
EXPENDITURES				
Current				
General government	-	-	-	-
Total expenditures	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	15,028	15,028
NET CHANGE IN FUND BALANCE	\$ -	\$ -	15,028	\$ 15,028
Fund balance -- beginning			-	
Fund balance -- ending			\$ 15,028	

City of South Padre Island, Texas
Parks and Recreation Fund
Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended September 30, 2021

	Budget			Variance Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Fees and services	\$ 3,500	\$ 3,500	\$ 4,625	\$ 1,125
Intergovernmental	-	500,000	463,305	(36,695)
Miscellaneous and program revenues	-	-	100	100
Total revenues	3,500	503,500	468,030	(35,470)
EXPENDITURES				
Current				
Community service	92,728	100,703	94,746	5,957
Capital outlay	-	612,600	456,512	156,088
Total expenditures	92,728	713,303	551,258	162,045
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(89,228)	(209,803)	(83,228)	126,575
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	310	310.00
Transfers in	89,228	105,228	105,228	-
Total other financing sources (uses)	89,228	105,228	105,538	310.00
NET CHANGE IN FUND BALANCE	\$ -	\$ (104,575)	22,310	\$ 126,885
Fund balance -- beginning			162,050	
Fund balance -- ending			\$ 184,360	

City of South Padre Island, Texas
TIRZ Fund
Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended September 30, 2021

	Budget			Variance Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 95,569	\$ 95,569	\$ 88,243	\$ (7,326)
Miscellaneous and program revenues	-	-	-	-
Total revenues	95,569	95,569	88,243	(7,326)
EXPENDITURES				
Current				
General government	-	-	-	-
Total expenditures	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	95,569	95,569	88,243	(7,326)
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(50,000)	(50,000)	(50,000)	-
Total other financing sources (uses)	(50,000)	(50,000)	(50,000)	-
NET CHANGE IN FUND BALANCE	\$ 45,569	\$ 45,569	38,243	\$ (7,326)
Fund balance -- beginning			226,822	
Fund balance -- ending			\$ 265,065	

City of South Padre Island, Texas
Beach Maintenance Fund
Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended September 30, 2021

	Original	Budget Final	Actual	Variance Final Budget Positive (Negative)
REVENUES				
Nonproperty taxes	\$ 1,952,569	\$ 1,952,569	\$ 3,452,658	\$ 1,500,089
Intergovernmental	-	150,000	60,000	(90,000)
Miscellaneous and program revenues	-	-	15,473	15,473
Total revenues	1,952,569	2,102,569	3,528,131	1,425,562
EXPENDITURES				
Current				
General government	105,993	119,943	102,824	17,119
Public safety	478,245	477,830	393,606	84,224
Shoreline	971,343	1,554,429	1,272,805	281,624
Capital outlay	93,000	423,009	385,067	37,942
Total expenditures	1,648,581	2,575,211	2,154,302	420,909
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	303,988	(472,642)	1,373,829	1,846,471
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	67,151	67,151
Transfers (out)	(190,000)	(190,000)	(90,161)	99,839
Total other financing sources (uses)	(190,000)	(190,000)	(23,010)	166,990
NET CHANGE IN FUND BALANCE	\$ 113,988	\$ (662,642)	1,350,819	\$ 2,013,461
Fund balance -- beginning			3,209,163	
Fund balance -- ending			\$ 4,559,982	

City of South Padre Island, Texas
Beach Nourishment Fund
Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended September 30, 2021

	Budget			Variance
	Original	Final	Actual	Final Budget Positive (Negative)
REVENUES				
Nonproperty taxes	\$ 488,142	\$ 488,142	\$ 794,416	\$ 306,274
Intergovernmental	-	-	61,728	61,728
Miscellaneous and program revenues	-	-	9,157	9,157
Total revenues	488,142	488,142	865,301	377,159
EXPENDITURES				
Current				
Shoreline	80,000	252,500	220,130	32,370
Total expenditures	80,000	252,500	220,130	32,370
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	408,142	235,642	645,171	409,529
NET CHANGE IN FUND BALANCE	\$ 408,142	\$ 235,642	645,171	\$ 409,529
Fund balance -- beginning			3,618,397	
Fund balance -- ending			\$ 4,263,568	

City of South Padre Island, Texas
Padre Blvd Improvement Fund
Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended September 30, 2021

	Original	Budget Final	Actual	Variance Final Budget Positive (Negative)
REVENUES				
Miscellaneous and program revenues	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Current				
General government	-	10,161	9,039	1,122
Capital outlay	-	-	368	(368)
Total expenditures	-	10,161	9,407	754
NET CHANGE IN FUND BALANCE	\$ -	\$ (10,161)	(9,407)	\$ 754
Fund balance -- beginning			9,407	
Fund balance -- ending			\$ -	

City of South Padre Island, Texas
Street Improvement Fund
Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended September 30, 2021

	Original	Budget Final	Actual	Variance Final Budget Positive (Negative)
REVENUES				
Miscellaneous and program revenues	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Current				
General government	-	-	-	-
Total expenditures	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ -	\$ -	-	\$ -
Fund balance -- beginning			3,348	
Fund balance -- ending			\$ 3,348	

City of South Padre Island, Texas
Capital Replacement Fund
Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual

For the Year Ended September 30, 2021

	Original	Budget Final	Actual	Variance Final Budget Positive (Negative)
REVENUES				
Miscellaneous and program revenues	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Current				
General government	9,147	9,147	12,651	(3,504.00)
Capital outlay	99,479	270,363	43,509	226,854
Total expenditures	108,626	279,510	56,160	223,350
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(108,626)	(279,510)	(56,160)	223,350
OTHER FINANCING SOURCES (USES)				
Transfers in	225,000	225,000	225,000	-
Total other financing sources (uses)	225,000	225,000	225,000	-
NET CHANGE IN FUND BALANCE	\$ 116,374	\$ (54,510)	168,840	\$ 223,350
Fund balance -- beginning			290,436	
Fund balance -- ending			\$ 459,276	

City of South Padre Island, Texas
Laguna Blvd Reconstruction Fund
Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended September 30, 2021

	Original	Budget Final	Actual	Variance Final Budget Positive (Negative)
REVENUES				
Miscellaneous and program revenues	\$ -	\$ -	\$ 518	\$ 518
Total revenues	-	-	518	518
EXPENDITURES				
Bond issue costs	-	-	109,629	109,629
Total expenditures	-	-	109,629	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	(109,111)	518
OTHER FINANCING SOURCES (USES)				
Proceeds from bond issuance	-	-	4,620,000	4,620,000
Premium on bond issuance	-	-	503,474	503,474
Total other financing sources (uses)	-	-	5,123,474	5,123,474
NET CHANGE IN FUND BALANCE	\$ -	\$ -	5,014,363	\$ 5,123,992
Fund balance -- beginning			-	
Fund balance -- ending			\$ 5,014,363	

City of South Padre Island, Texas
Beach Access Fund
Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual

For the Year Ended September 30, 2021

	Original	Budget Final	Actual	Variance Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 20,482	\$ 20,482
Miscellaneous and program revenues	-	-	-	-
Total revenues	-	-	20,482	-
EXPENDITURES				
Current				
Capital outlay	280,000	280,000	29,008	250,992
Total expenditures	280,000	280,000	29,008	250,992
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(280,000)	(280,000)	(8,526)	250,992
NET CHANGE IN FUND BALANCE	\$ (280,000)	\$ (280,000)	(8,526)	\$ 250,992
Fund balance -- beginning			458,087	
Fund balance -- ending			\$ 449,561	

City of South Padre Island, Texas
Bay Access Fund
Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual

For the Year Ended September 30, 2021

	Original	Budget Final	Actual	Variance Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ 1,143,561	\$ -	\$ (1,143,561)
Miscellaneous and program revenues	-	-	1,814	1,814
Total revenues	-	1,143,561	1,814	1,814
EXPENDITURES				
Current				
Capital Outlay	-	1,193,125	1,193,125	-
Total expenditures	-	1,193,125	1,193,125	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(49,564)	(1,191,311)	1,814
OTHER FINANCING SOURCES (USES)				
Transfers in	-	49,564	49,564	-
Total other financing sources (uses)	-	49,564	49,564	-
NET CHANGE IN FUND BALANCE	\$ -	\$ -	(1,141,747)	\$ 1,814
Fund balance -- beginning			43,796	
Fund balance -- ending			\$ (1,097,951)	

**City of South Padre Island, Texas
Component Unit**

South Padre Island Economic Development Corporation (EDC): The five-member board of directors is appointed by the City Council. The EDC is authorized to administer the distribution of the proceeds of any development bonds issued and the proceeds of certain development sales taxes received on behalf of the City. The EDC's operational and capital budget must be approved by the City Council.

City of South Padre Island, Texas
South Padre Island Economic Development Corporation
Discretely Presented Component Unit
Combining Balance Sheet

September 30, 2021

	Economic Development Corporation General Fund	EDC Debt Service Reserve Fund	EDC Debt Service Fund	BNC Facility Maintenance	Total Component Unit
ASSETS					
Cash and cash equivalents	\$ 1,001,011	\$ -	\$ -	\$ 190,472	\$ 1,191,483
Cash and cash equivalents- restricted	-	416,184	14,282	-	430,466
Investments- restricted	398,930	-	23,584	-	422,514
Receivables	127,799	-	-	-	127,799
Prepaid items	-	-	354,025	-	354,025
Total assets	\$ 1,527,740	\$ 416,184	\$ 391,891	\$ 190,472	\$ 2,526,287
FUND BALANCE					
Nonspendable	-	-	354,025	-	354,025
Restricted	-	416,184	37,866	-	454,050
Unassigned	1,527,740	-	-	190,472	1,718,212
Total fund balances	1,527,740	416,184	391,891	190,472	2,526,287
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
	\$ 1,527,740	\$ 416,184	\$ 391,891	\$ 190,472	\$ 2,526,287

City of South Padre Island, Texas
South Padre Island Economic Development Corporation

**Reconciliation of the Combining Balance Sheet of the Component Unit to the Statement
of Net Position**

September 30, 2021

Fund balances of the component unit funds \$ 2,526,287

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

Capital assets used in governmental type activities are not financial
resources and therefore are not reported in the funds. 5,615,302

Long term liabilities, including bonds payable, and premiums are not due in
the current period and therefore not reported in the funds. (2,601,475)

Deferred outflows of resources related to amounts deferred
on refundings of long term debt and are not reported in the funds. 114,513

Liabilities for accrued interest on long-term debt are not due in the current
period and therefore are not reported in the funds. (34,024)

Included in the statement of net position non-current liabilities is the
recognition of the EDC's portion of net pension liability required by GASB 68
in the amount of (\$110), a deferred resource inflow in the amount of
(\$18,990), and a deferred resource outflow in the amount of \$10,860. This
resulted in a decrease in net position of \$(8,240). (8,240)

Included in the noncurrent liabilities is the recognition of the EDC's portion
of the net OPEB liability required by GASB 75 in the amount of \$(4,525), a
deferred resource inflow in the amount of \$(259) and a deferred resource
outflow in the amount of \$1,238. This resulted in a decrease in net position
by \$(3,546). (3,546)

Net position of governmental type activities \$ 5,608,817

City of South Padre Island, Texas
South Padre Island Economic Development Corporation
Discretely Presented Component Unit
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year Ended September 30, 2021

	Economic Development Corporation General Fund	EDC Debt Service Reserve Fund	EDC Debt Service Fund	BNC Facility Maintenance	Total Component Unit
REVENUES					
Sales taxes	\$ 1,253,972	\$ -	\$ -	\$ -	\$ 1,253,972
Loan revenue	11,480	-	-	-	11,480
Miscellaneous and program revenues	17,114	-	12	-	17,126
Total revenues	1,282,566	-	12	-	1,282,578
EXPENDITURES					
Current					
Community service	361,739	-	-	5,284	367,023
Debt service					
Principal retirement	-	-	320,000	-	320,000
Interest expense	-	-	71,250	-	71,250
Total expenditures	361,739	-	391,250	5,284	758,273
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	920,827	-	(391,238)	(5,284)	524,305
Other financing sources (uses)					
Transfers out	(464,091)	-	-	-	(464,091)
Transfers in	-	-	388,050	76,041	464,091
Total other financing sources (uses)	(464,091)	-	388,050	76,041	-
Net change in fund balances	456,736	-	(3,188)	70,757	524,305
Fund balance -- beginning	1,071,004	416,184	395,079	119,715	2,001,982
Fund balance -- ending	\$ 1,527,740	\$ 416,184	\$ 391,891	\$ 190,472	\$ 2,526,287

City of South Padre Island, Texas
South Padre Island Economic Development Corporation
Reconciliation of the Combining Statement of Revenues, Expenditures, and Changes in
Fund Balance of the Component Unit Funds to the Statement of Activities

For the Year Ended September 30, 2021

Net change in fund balances --total component unit funds	\$ 524,305
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Amounts reported for governmental type activities in the statement of activities are different because:

Governmental type funds report capital outlay 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. The current year depreciation of \$162,434 reduces the change in net position.

(162,434)

GASB 68 requires that certain expenditures be de-expended and recorded as deferred resource outflows. Contributions made after the measurement date of 12/31/20 caused the change in the ending net position to increase in the amount of \$7,243. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling (\$6,518). The City's reported TMRS net pension expense had to be recorded. The pension expense increased the change in net position by \$5,259. The result of these changes is to increase net position.

5,984

The amortization of bond premiums \$18,782 reduces interest expense in the statement of activities, and amortization of debt refunding related deferred outflows of resources of (\$16,359) is an expenditure in the statement of activities but not in the governmental funds. The net effect of including the amortization of deferred outflows of resources and bond premium is to decrease net position.

2,423

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

320,000

The change in accrued interest on long-term debt provides decreases in long-term liabilities in the statement of net position.

3,120

Governmental type funds report loans made to outside parties as expenditures. However, in government wide statements, it has no effect on the change in net position.

(11,480)

The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/20 caused the change in the ending net position to increase in the amount of \$90. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling \$(81). The City's reported TMRS net OPEB expense had to be recorded. The net OPEB expense decreased net position by \$(489). The result of these changes is to decrease the change in net position by \$(480).

(480)

Change in net position of governmental activities	\$ 681,438
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This part of the City of South Padre Island’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

CONTENTS

Financial Trends

Schedules 1-4

These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.

Revenue Capacity

Schedules 5-9

These schedules contain information to help the reader assess the government’s most significant local revenue sources, the property tax and the hotel-motel tax.

Debt Capacity

Schedules 10-13

These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.

Demographic and Economic Information

Schedules 14-15

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.

Operating Information

Schedules 16-19

These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report related to the services the government provides and the activities it performs.

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

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Schedule 1
City of South Padre Island, Texas
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	2012	2013*	2014**	2015	2016	2017***	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 18,312,199	\$ 15,534,981	\$ 16,203,813	\$ 16,920,738	\$ 19,810,801	\$ 22,437,085	\$ 25,616,028	\$ 28,045,389	\$ 27,214,217	\$ 29,334,469
Restricted	6,079,979	9,364,342	11,858,921	13,800,147	14,397,545	15,101,328	17,386,999	19,918,111	23,949,542	34,978,234
Unrestricted	5,697,496	6,588,837	6,025,603	7,484,310	5,485,644	5,092,044	4,958,764	5,798,172	6,121,659	7,856,051
Total governmental activities net position	\$ 30,089,674	\$ 31,488,160	\$ 34,088,337	\$ 38,205,195	\$ 39,693,990	\$ 42,630,457	\$ 47,961,791	\$ 53,761,672	\$ 57,285,418	\$ 72,168,754

* The City of South Padre Island first applied GASB Statement No. 63 and 65 in 2013, resulting in an adjustment to the beginning net position. None of the years prior to fiscal year end 2013 have been restated to reflect implementation of those standards.

** The City of South Padre Island implemented GASB Statement No. 68 in 2015, resulting in an adjustment to the beginning net position for fiscal year ended September 30, 2015; the effect of this prior period adjustment is reflected in the 2014 balance of net position in this schedule, but no other prior years have been adjusted to reflect implementation of this standard. A prior period adjustment made in 2015 affecting the 2014 balance of net investment in capital assets is also reflected in the 2014 amount.

*** The City of South Padre Island applied GASB Statement No. 75 in 2018, resulting in an adjustment to the beginning net position for the fiscal year ended September 30, 2017; the effect of this prior period adjustment is reflected in the 2017 balance of net position in this schedule, but no other prior years have been adjusted to reflect the implementation of this standard.

CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 3,262,899	\$ 3,616,084	\$ 3,403,281	\$ 3,549,479	\$ 3,693,337	\$ 4,194,171	\$ 4,073,602	\$ 4,034,629	\$ 4,264,772.00	\$ 3,820,322
Public safety	5,154,019	5,617,282	5,635,589	5,534,493	5,871,489	6,041,026	6,363,761	6,965,278	6,463,558	6,479,131
Public works/Shoreline	3,104,579	2,766,161	2,778,620	3,033,574	3,287,013	3,476,918	4,215,756	4,405,207	4,432,491	4,961,458
Transportation	1,275,542	1,898,136	1,547,923	1,639,747	1,698,124	1,813,049	1,794,636	1,866,276	1,874,534	2,053,720
Community service	119,300	621,036	135,357	47,101	1,519,768	136,945	197,944	183,225	232,617	254,806
Convention and visitors bureau	5,556,513	5,313,518	6,121,250	5,833,410	7,083,205	8,158,210	9,379,337	10,041,264	7,355,929	6,486,339
Interest and fees on long-term debt	559,912	306,808	297,596	382,782	434,901	804,150	581,354	566,295	571,314	623,733
Total primary governmental activities expenses	19,032,764	20,139,025	19,919,616	20,020,586	23,587,837	24,624,469	26,606,390	28,062,174	25,195,215	24,679,509
Program Revenues										
Governmental activities:										
Charges for services:										
General government	218,276	156,108	277,881	453,066	472,715	747,718	660,501	728,337	697,980	764,398
Public safety	990,410	881,900	1,108,781	878,790	1,188,668	1,228,417	1,778,641	1,436,732	1,028,708	1,029,886
Public works/Shoreline	22,646	31,246	39,717	44,853	45,623	-	-	-	-	-
Transportation	52,250	30,000	-	-	-	-	-	-	-	-
Community service	-	-	-	-	-	-	22,092	7,902	3,550	4,625
Convention and visitors bureau	244,750	286,963	226,391	249,927	256,369	301,620	312,444	277,784	175,473	148,016
Operating grants and contributions	1,074,032	954,301	1,220,114	2,160,260	1,765,405	1,655,530	3,003,264	1,589,941	1,868,133	1,937,021
Capital grants and contributions	1,296,789	1,277,434	439,114	662,306	893,030	561,717	802,184	3,519,537	271,409	1,530,421
Total governmental activities program revenues	3,899,153	3,617,952	3,311,998	4,449,202	4,621,810	4,495,002	6,579,126	7,560,233	4,045,253	5,414,367
Net (Expense)/Revenue	(15,133,611)	(16,521,073)	(16,607,618)	(15,571,384)	(18,966,027)	(20,129,467)	(20,027,264)	(20,501,941)	(21,149,962)	(19,265,142)
General Revenues										
Property taxes	6,512,050	6,598,351	6,520,967	6,551,645	7,075,139	7,604,876	7,904,409	8,040,930	8,301,537	8,270,550
Sales & mixed beverage taxes	2,171,134	2,335,306	2,604,925	2,663,089	2,650,546	2,775,551	2,896,023	3,091,023	2,890,117	4,420,081
Franchise taxes	806,646	819,865	851,056	862,253	886,363	882,469	885,011	886,318	856,673	871,066
Hotel motel taxes	6,166,994	6,534,215	7,083,965	7,160,795	7,360,083	9,291,508	10,340,024	10,650,064	9,330,334	15,895,542
Hotel motel beach mtn. taxes	1,086,920	1,644,572	2,144,126	2,171,319	2,217,195	2,388,471	2,619,316	2,741,917	2,725,754	4,247,074
Unrestricted investment earnings	49,345	38,830	31,373	31,952	82,464	180,490	536,833	802,814	461,092	93,774
Gain/(loss) on disposal of capital assets	4,545	-	56,072	58	48,779	114,022	42,253	(9,839)	5,690	97,517
Miscellaneous	130,510	59,156	293,168	247,131	128,478	113,282	134,729	98,595	102,511	252,874
Total general revenues	16,928,144	18,030,295	19,585,652	19,688,242	20,449,047	23,350,669	25,358,598	26,301,822	24,673,708	34,148,478
Changes in Net Position										
Total governmental activities	\$ 1,794,533	\$ 1,509,222	\$ 2,978,034	\$ 4,116,858	\$ 1,483,020	\$ 3,221,202	\$ 5,331,334	\$ 5,799,881	\$ 3,523,746	\$ 14,883,336

Source: Statement of Activities

Schedule 3
City of South Padre Island, Texas
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Post GASB 54										
Nonspendable	\$ 21,542	\$ 55,701	\$ 57,868	\$ 56,321	\$ 58,086	\$ 57,138	\$ 65,310	\$ 64,963	\$ 64,153	\$ 64,940
Restricted	-	-	-	-	113,072	93,690	19,450	19,450	34,409	28,250
Committed	-	-	-	-	-	-	-	8,700	-	-
Unassigned	6,357,093	6,158,124	6,848,537	6,835,686	6,685,288	7,225,128	7,547,484	8,263,718	8,489,898	9,717,957
Total post GASB 54	\$ 6,378,635	\$ 6,213,825	\$ 6,906,405	\$ 6,892,007	\$ 6,856,446	\$ 7,375,956	\$ 7,632,244	\$ 8,356,831	\$ 8,588,460	\$ 9,811,147
Post GASB 54										
Nonspendable	\$ 148,890	\$ 54,786	\$ 42,639	\$ 1,504,355	\$ 37,490	\$ 45,835	\$ 43,963	\$ 81,333	\$ 77,997	\$ 83,693
Restricted:										
Debt service	273,133	309,533	346,602	386,436	413,573	1,162,706	1,068,295	1,066,073	1,053,709	1,063,431
Capital projects	1,502,659	2,636,575	700,897	3,603,413	6,362,226	12,596,025	10,498,218	13,541,383	10,918,288	15,431,371
Hotel/motel tax	3,603,561	5,068,679	6,596,864	5,986,315	6,630,832	7,374,465	7,706,319	7,553,277	8,981,673	16,206,318
Beach nourishment	-	-	2,435,967	1,416,745	1,872,911	2,292,912	2,719,847	3,232,805	3,618,397	3,165,617
Transportation	235,999	287,934	301,277	320,366	231,280	179,071	80,739	74,242	198,637	259,532
Beach maintenance	264,395	790,655	1,382,753	2,050,584	2,260,996	1,808,674	2,608,336	2,885,300	3,208,995	4,559,811
Municipal court	48,913	53,594	63,068	72,385	61,026	69,279	74,372	77,995	76,631	80,678
Parks and recreation	2,372	3,920	1,837	3,117	3,884	8,085	27,935	181,925	162,050	184,360
TIRZ	-	-	-	-	-	-	-	187,222	226,822	265,065
Criminal justice	3,644	3,644	3,644	3,644	3,644	3,644	-	-	-	-
Venue project	-	-	-	-	-	980,080	2,626,997	-	-	-
Coronavirus relief	-	-	-	-	-	-	-	-	-	15,028
Hurricane recovery	205,288	181,185	-	-	-	-	-	-	-	-
Unassigned	(172,892)	(7,167)	22,303	21,923	-	-	-	-	-	-
Total post GASB 54	\$ 6,115,962	\$ 9,383,338	\$ 11,897,851	\$ 15,369,283	\$ 17,877,862	\$ 26,520,776	\$ 27,455,021	\$ 28,881,555	\$ 28,523,199	\$ 41,314,904

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES										
Property taxes	\$ 6,572,035	\$ 6,666,348	\$ 6,554,043	\$ 6,606,286	\$ 7,103,497	\$ 7,611,725	\$ 7,878,646	\$ 8,042,818	\$ 8,304,547	\$ 8,347,932
Nonproperty taxes	10,231,694	11,333,958	12,684,073	12,857,456	13,114,187	15,337,999	16,740,374	17,369,323	15,802,878	25,383,521
Fees and services	847,528	786,089	879,384	970,681	1,007,064	1,256,654	1,774,567	1,872,971	1,242,535	1,354,175
Fines and forfeitures	517,776	455,300	576,361	447,666	627,825	577,801	465,341	390,923	232,682	350,361
Licenses and permits	191,105	150,583	137,367	257,990	264,933	447,276	214,353	233,392	216,544	332,694
Intergovernmental	2,202,888	2,231,734	1,609,228	2,772,565	2,654,058	2,167,247	3,767,948	5,059,478	2,089,542	3,417,442
Miscellaneous and program revenues	179,856	158,989	374,541	329,088	259,646	343,772	709,063	948,184	613,603	396,649
Total revenues	20,742,882	21,783,001	22,814,997	24,241,732	25,031,210	27,742,474	31,550,292	33,917,089	28,502,331	39,582,774
EXPENDITURES										
General	2,912,655	3,204,508	3,022,645	3,184,592	3,308,828	3,744,505	3,668,683	3,614,808	3,918,869	3,522,109
Public safety	4,806,764	4,954,525	5,079,755	5,042,426	5,173,137	5,301,832	6,007,725	6,277,545	5,987,220	6,356,671
Public works & shoreline	2,424,423	2,079,739	2,115,599	2,360,877	2,402,321	2,594,156	2,971,163	3,118,237	3,159,552	3,615,910
Transportation	1,078,641	1,104,987	1,336,549	1,491,095	1,513,709	1,667,605	1,620,754	1,504,305	1,572,096	1,794,194
Community service	119,300	418,152	131,262	50,810	1,456,385	77,028	73,096	64,598	115,306	94,746
Convention and visitors bureau	4,740,409	5,313,518	5,319,014	4,975,850	5,867,540	6,912,159	8,186,446	8,779,956	6,128,030	5,341,205
SPI Museum	-	-	-	-	-	-	-	-	-	27,542
Debt service	982,225	634,920	696,201	750,543	1,083,087	1,619,609	1,766,610	1,620,000	1,793,060	1,781,495
Principal retirement	400,165	301,716	297,548	275,741	372,256	401,337	675,625	142,804	581,340	483,453
Interest	103,287	-	-	103,079	89,736	323,462	-	624,982	-	188,821
Bond issue costs	800	(900)	4,308	4,245	4,337	4,748	33,159	12,125	3,500	3,499
Administrative charges	5,628,071	1,591,360	1,676,803	5,690,771	5,586,040	5,513,541	5,401,123	6,053,344	5,479,644	7,687,883
Capital outlay	23,196,740	19,602,525	19,679,684	23,930,029	26,857,376	28,159,982	30,404,384	31,812,704	28,738,617	30,897,528
Total expenditures	(2,453,858)	2,180,476	3,135,313	311,703	(1,826,166)	(417,508)	1,145,908	2,104,385	(236,286)	8,685,246
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES										
Other financing sources (uses)	4,771	22,777	71,780	38,068	54,420	144,037	44,625	46,736	18,607	126,480
Sale of capital assets	119,200	899,313	-	-	144,335	-	-	-	90,952	-
Lease Proceeds	3,165,000	-	-	2,905,000	3,890,000	9,085,000	-	-	-	6,890,000
Proceeds from issuance of bonds	289,991	-	-	202,263	210,429	350,895	-	-	-	768,535
Premium on issuance of bonds	(3,351,703)	-	-	-	-	-	-	-	-	(2,455,869)
Uses of debt refunding	(1,200,089)	(1,155,679)	(1,362,784)	(4,075,166)	(957,804)	(2,717,149)	(1,400,077)	(1,500,314)	1,791,872	1,136,944
Transfers out	1,200,089	1,155,679	1,362,784	4,075,166	957,804	2,717,149	1,400,077	1,500,314	(1,791,872)	(1,136,944)
Transfers in	227,258	922,090	71,780	3,145,331	4,299,184	9,579,932	44,625	46,736	109,559	5,329,146
Total other financing sources and (uses)	\$ (2,226,600)	\$ 3,102,566	\$ 3,207,093	\$ 3,457,034	\$ 2,473,018	\$ 9,162,424	\$ 1,190,533	\$ 2,151,121	\$ (126,727)	\$ 14,014,392
Net change in fund balances										
Debt service as a percentage of noncapital expenditures	7.87%	5.20%	5.52%	5.63%	6.84%	8.92%	9.77%	6.84%	10.21%	9.76%

Schedule 5
City of South Padre Island, Texas
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Net Taxable Assessed Value		Less: Exempt Property & Homestead Cap	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property			
2012	2,656,625,431	29,055,461	77,035,264	2,608,645,628	0.25040
2013	2,653,041,784	28,324,135	75,246,646	2,606,119,273	0.25270
2014	2,629,536,569	31,256,298	77,229,580	2,583,563,287	0.25438
2015	2,574,041,045	32,621,783	90,276,002	2,516,386,826	0.26275
2016	2,535,461,500	34,181,366	91,123,668	2,478,519,198	0.28564
2017	2,553,862,437	33,883,054	91,934,403	2,495,811,088	0.30564
2018	2,579,281,031	35,135,283	90,801,714	2,523,614,600	0.31564
2019	2,613,444,214	39,663,066	94,519,162	2,558,588,118	0.31564
2020	2,707,741,919	34,551,698	97,017,507	2,645,276,110	0.31564
2021	2,578,066,179	36,207,138	102,167,898	2,512,105,419	0.31564

Source: Cameron County Appraisal District

Note: Property in the City is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$100 of assessed value.

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years

Fiscal Period	City of South Padre Island Direct Rates			Water Supply District No. 1	Point Isabel Cons. ISD	Cameron County	Texas Southmost College	South Texas ISD
	Maintenance & Operations Rate	Debt Service	Total Direct					
2012	0.224355	0.026045	0.250400	0.080820	1.081634	0.384291	0.164026	0.049200
2013	0.223631	0.029070	0.252701	0.080820	1.081634	0.384291	0.162935	0.049200
2014	0.227828	0.026556	0.254384	0.080820	1.081634	0.384291	0.162935	0.049200
2015	0.235468	0.027286	0.262754	0.039260	1.081634	0.399291	0.164094	0.049200
2016	0.239110	0.046530	0.285640	0.044643	1.081634	0.399291	0.164094	0.049200
2017	0.239110	0.066530	0.305640	0.045020	1.081634	0.407743	0.158224	0.049200
2018	0.249640	0.066000	0.315640	0.043860	1.081634	0.410803	0.162407	0.049200
2019	0.250245	0.065395	0.315640	0.040101	1.080657	0.416893	0.162407	0.049200
2020	0.252024	0.063616	0.315640	0.038821	1.021900	0.436893	0.162407	0.049200
2021	0.251760	0.061980	0.313740	0.039918	1.009000	0.436893	0.162407	0.049200

Source: Cameron County Appraisal District

Schedule 7
City of South Padre Island, Texas
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Ten Years Ago

Taxpayer	2021			2012		
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Hosp Soutx Marg LLC	\$ 24,036,851	1	0.96%			
Modern Resort Lodging LLC	23,819,903	2	0.95%			
SPI Management Co.	15,620,293	3	0.62%			
Affiliated Hospitality LLC	15,500,000	4	0.62%			
SPI Oleander Ltd.	12,000,000	5	0.48%			
SPI La Copa Ltd.	11,500,000	6	0.46%	\$ 6,377,206	10	0.24%
Innjoy Hospitality LLC	11,321,119	7	0.45%			
AGORA USA LP	10,373,839	8	0.41%	14,458,253	2	0.55%
Peninsula Island Resort & Spa LLC	10,059,366	9	0.40%	8,247,266	5	0.32%
ICS Management Company	7,993,000	10	0.32%	9,997,001	4	0.38%
Sapphire VP LP (ID 516435)				37,335,237	1	1.43%
Sapphire VP LP (ID 526932)				10,517,812	3	0.40%
First National Bank				7,458,404	6	0.29%
Shores Development Inc.				7,451,714	7	0.29%
Bahia Mar Tower LLC				6,724,652	8	0.26%
Los Corales Inc.				6,533,175	9	0.25%
Total	\$ 142,224,371		5.67%	\$ 115,100,720		4.41%

Source: Cameron County Appraisal District

2021	2,512,105,419
2012	2,608,645,628

Schedule 8
City of South Padre Island, Texas
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Tax Roll Year	Taxes Levied for the Fiscal Year	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2012	2011	6,511,721	6,294,373	96.66%	214,821	6,509,194	99.96%
2013	2012	6,521,119	6,384,778	97.91%	133,932	6,518,710	99.96%
2014	2013	6,512,667	6,374,024	97.87%	136,451	6,510,475	99.97%
2015	2014	6,569,334	6,450,296	98.19%	116,138	6,566,434	99.96%
2016	2015	7,113,610	6,984,635	98.19%	124,680	7,109,315	99.94%
2017	2016	7,632,203	7,509,760	98.40%	118,401	7,628,161	99.95%
2018	2017	7,899,157	7,771,172	98.38%	121,313	7,892,485	99.92%
2019	2018	8,013,234	7,875,949	98.29%	128,116	8,004,065	99.89%
2020	2019	8,268,785	8,126,021	98.27%	114,744	8,240,765	99.66%
2021	2020	8,279,080	8,181,503	98.82%	-	8,181,503	98.82%

Source: Cameron County Tax Office

Schedule 9
City of South Padre Island, Texas
TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Taxes	General Fund Sales & Mixed Beverage Tax	Franchise Tax	Local and State Hotel Motel Tax	Total
2012	6,572,035	2,171,133	806,646	7,254,042	16,803,856
2013	6,666,349	2,335,306	819,865	8,178,803	18,000,323
2014	6,554,043	2,604,925	851,056	9,228,091	19,238,115
2015	6,606,289	2,663,089	862,253	9,332,114	19,463,745
2016	7,092,759	2,650,546	886,363	9,577,278	20,206,946
2017	7,611,724	2,775,551	882,470	11,679,982	22,949,727
2018	7,838,984	2,896,023	885,011	12,959,339	24,579,357
2019	7,988,046	3,091,023	886,318	13,391,982	25,357,369
2020	8,263,742	2,890,117	856,672	12,056,086	24,066,617
2021	8,308,887	4,420,081	871,065	20,142,617	33,742,650

Schedule 10
City of South Padre Island, Texas
RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Governmental Activities					Bond Premiums	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita ¹
	General Obligation Bonds	Combination Tax & Revenue Refunding Bonds	Tax Anticipation Notes	Venue Hotel Occupancy Tax Revenue Bonds						
2012	7,963,312	-	260,000	-	-	323,312	826,837	9,373,461	4.23%	1,589
2013	7,725,783	-	-	-	-	300,783	1,566,230	9,592,796	4.33%	1,626
2014	7,298,254	-	-	-	-	278,254	1,275,029	8,851,537	3.39%	1,500
2015	6,855,725	-	2,905,000	-	-	453,172	957,451	11,171,348	4.30%	1,893
2016	6,165,000	-	6,445,000	-	-	597,147	797,924	14,005,071	13.01%	4,849
2017	5,715,000	-	5,530,000	9,085,000	-	905,487	543,315	21,778,802	12.72%	7,541
2018	5,255,000	-	4,595,000	8,900,000	-	823,354	355,698	19,929,052	16.16%	6,901
2019	4,775,000	-	3,640,000	8,715,000	-	741,221	212,894	18,084,115	12.91%	6,332
2020	4,275,000	-	2,660,000	8,525,000	-	659,088	180,786	16,299,874	9.93%	5,784
2021	3,765,000	-	1,650,000	8,330,000	-	1,259,390	114,291	15,118,681	9.21%	5,365

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. The EDC is not included in the figures on this schedule.

¹ See Schedule 14 for personal income and population data.

Schedule 11
City of South Padre Island, Texas
RATIO OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Bond Premiums	Debt Service Restricted Fund Balance	Net Bonded Debt	Percentage of Actual Taxable Value of Property ¹	Per Capita ²
2012	7,963,312	323,312	266,563	8,020,061	0.31%	1,350
2013	7,725,783	300,783	339,434	7,687,132	0.29%	1,309
2014	7,298,254	278,254	346,603	7,229,905	0.28%	1,237
2015	6,855,725	453,172	386,438	6,922,459	0.28%	1,162
2016	6,165,000	597,147	361,774	6,400,373	0.26%	2,135
2017	5,715,000	905,487	1,162,706	5,457,781	0.22%	1,979
2018	5,255,000	823,354	1,068,295	5,010,059	0.20%	1,820
2019	4,775,000	741,221	1,066,073	4,450,148	0.17%	1,672
2020	4,275,000	659,088	1,053,709	3,880,379	0.15%	1,517
2021	3,765,000	1,259,390	1,063,431	3,960,959	0.16%	1,336

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ See Schedule 5 for property value data.

² See Schedule 14 for population data.

Schedule 12
City of South Padre Island, Texas

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Cameron County	201,470,000	11.14%	\$ 22,443,758
Point Isabel Independent School District	9,870,000	61.97%	6,116,439
Laguna Madre Water District #1	11,705,000	72.22%	8,453,351
Texas Southmost College	31,045,000	16.82%	5,221,769
Subtotal, overlapping debt			42,235,317
*City direct debt	9,895,000	100.00%	9,895,000
Total direct and overlapping debt			<u>\$ 52,130,317</u>

Methodology for Deriving Overlapping Percentages:

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

* Amount includes a combination of the City's bonded debt and capital lease debt.

Source: The Municipal Advisory Council of Texas

Schedule 13
City of South Padre Island, Texas
PLEGGED REVENUE COVERAGE
Last Ten Fiscal Years

Fiscal Year	Gross Revenue (1)	Operating Expenditures (2)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2012	2,284,146	1,320,451	963,695	-	-	-	-
2013	2,551,906	1,860,510	691,396	-	-	-	-
2014	3,208,757	1,939,326	1,269,431	-	-	-	-
2015	2,919,053	1,106,674	1,812,379	-	-	-	-
2016	1,979,972	1,253,283	726,689	-	-	-	-
2017	2,027,589	1,649,159	378,430	-	-	-	-
2018	2,104,637	1,223,284	881,353	-	-	-	-
2019	1,764,521	1,336,602	427,919	-	-	-	-
2020	1,288,892	1,221,266	67,626	-	-	-	-
2021	2,291,952	1,125,227	1,166,725	-	-	-	-

(1) Convention Center Fund revenues, including interest.

(2) Convention Center Fund operating expenditures, exclusive of capital outlay & construction in progress.

Schedule 14
City of South Padre Island, Texas
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years

Year	Estimated Population ¹	Personal Income	Per Capita Personal Income ²	Median Age ²	School Enrollment ³	Unemployment Rate ⁴
2012*	5,900	221,592,200	37,558	58.3	2,574	10.2%
2013*	5,900	221,592,200	37,558	58.7	2,588	10.1%
2014	5,900	260,809,500	44,205	59.2	2,480	8.0%
2015	5,900	260,048,400	44,076	60	2,518	6.6%
2016	2,888	107,650,200	37,275	58.7	2,463	7.5%
2017	2,888	171,215,080	59,285	60.5	2,396	5.5%
2018	2,888	123,303,160	42,695	60	2,314	5.7%
2019	2,856	140,098,224	49,054	59	2,132	5.2%
2020	2,818	164,106,230	58,235	58.1	2,011	10.9%
2021	2,818	164,106,230	58,235	58.1	1,928	7.3%

Source:

¹ George Wm. Berry, Ph. D. Analysis 2008 was used for population data from 2009 until 2015. In 2016, the population data was obtained using the U.S. Census Bureau. In 2017 and 2018, ESRI Demographics Report was used to obtain population data. In 2019, 2020 and 2021, the U.S. Census Bureau was used to obtain population data.

² The US. Census Bureau was used to obtain the data for 2009 through 2016 and 2019 through 2021. In 2017 and 2018, the information was obtained using a ESRI Demographics Report.

³ Point Isabel Independent School District provided school enrollment data.

⁴ Texas Workforce Commission: Information is for the entire Cameron County, as no data is available for the City only.

* 2012 and 2013 Personal Income is not available, thus data from 2011 was used for both years.

Schedule 15
City of South Padre Island, Texas
PRINCIPAL EMPLOYERS
Current Year and Ten Years Ago

Employer	2021			2012		
	Number of Employees (Peak)	Rank	Percent of Total City Employment	Number of Employees	Rank	Percent of Total City Employment
Dirty Al's Management Co. *	354	1	10.07%			
City of South Padre Island	331	2	9.41%	250	2	5.31%
Perspective Hospitality **	300	3	8.53%			
Beach Park (Formerly Schlitterbahn)	250	4	7.11%	354	1	7.53%
Isla Grand Beach Resort	165	5	4.69%	207	4	4.40%
Cameron County Parks	161	6	4.58%			
Louie's Backyard	160	7	4.55%	130	7	2.76%
Sea Ranch Enterprises***	128	8	3.64%	120	9	2.55%
The Pearl Beach Resort	115	9	3.27%	242	3	5.14%
Blackbeard's Restaurant	108	10	3.07%	176	5	3.74%
Hilton Garden Inn				150	6	3.19%
La Quinta Inn & Suites				120	8	2.55%
La Copa Inn				110	10	2.34%
Total	2,072		58.92%	1,859		39.51%

Source: South Padre Island Economic Development Corporation

*Includes Dirty Al's, Daddy's, Señor Donkey, Liam's, and Josephine's.

** Includes Hilton Garden Inn, Marriott Courtyard, La Copa, and La Quinta

***Includes Sea Ranch, Pier 19, Laguna Bob's, and F&B.

Schedule 16
City of South Padre Island, Texas
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTIONS/PROGRAM
Last Ten Fiscal Years

Fund/Department	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
City Administration	4	4	4.4	4.25	4.25	5	5	5	5	4.8
Finance	5	5	5	4.9	4.9	5	6	6	6	5.8
Planning *	1.75	2	2	2	2	3	2	2	2	1.1
Technology	3	3.25	3	2.95	2.8	3	3	3	3	3
Human Resources	3	3	3	3	3	3	3	3	3	3.4
Municipal Court	2	2	2	2	3	3	3	3	4	4
Police	38	38	38	37.95	37.75	36.75	37.75	37.75	36.75	36.75
Fire	27	27	27	26.75	26	26.75	26.75	26.75	27.75	27.75
Environmental Health Serv.	5	6	6	5.85	5.85	5.85	5.85	5.85	5.85	5.77
Fleet Management	2	2	2	2	2	2	2	2	2	2
Building Maintenance	3	3	3	3	3	3	2	2	2	2
Inspections	3	3	3	3	3	3	3	3	3	4
Public Works	19	18	19	18.85	17.85	19.85	19.85	19.85	19.85	19.75
Hotel Motel Fund										
Visitor's Bureau	2	2	3	3	3	3	3	3	3	2
Sales & Administration	9.5	8.75	9.5	9.5	9.5	10	10	11	11	11
Special Events	1	2	1	1	0.5	-	1	1	1	1
Convention Centre										
Convention Centre	10.5	12	10	11.2	10.35	11	10	10	10	10
Parks and Recreation										
Parks and Recreation	-	-	-	-	-	-	1	1	1	1
Transportation										
Island Metro	15.25	15	16.1	16.2	14.2	14	14	14	19	21
Metro Connect	-	-	4	3	4	7	7	7	0	0
Shoreline**										
Police/Beach Patrol	-	-	-	0.05	0.05	-	0.25	0.25	0.25	0.25
Fire/Beach Patrol	-	-	-	0.25	-	-	1.25	1.25	1.25	1.25
Environmental Health Serv.	-	-	-	0.15	-	-	0.15	0.15	0.15	0.23
Public Works	-	-	-	0.15	-	-	0.15	0.15	0.15	0.15
Beach Maintenance	4	4	4	6	7	7.6	7	8	9	8
Bay Access	-	-	-	-	-	1.2	1	1	0	0
Total Operating Budget FTE's	158	160	165	167	164	173	175	177	176	176

Source: City of South Padre Island Annual Budget

Note: Full-time budgeted positions are shown.

*Formerly Development Services

**Formerly Beach Maintenance

Schedule 17
City of South Padre Island, Texas
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Physical arrests	1,454	1,258	1,246	1,246	1,403	1,367	1,430	1,109	1095	1,255
Parking violations	1,138	724	1,435	793	647	420	217	2,544	216	164
Traffic violations	748	481	658	245	242	434	562	588	651	1,232
Number of commissioned police officers	28	29	28	28	27	27	30	29	46	37
Number of employees - police officers & civilians	38	39	38	38	37	37	40	39	56	47
Fire										
Number of calls answered	1,964	2,107	2,243	2,105	2,410	2,348	2,536	2,490	2667	3015
EMS calls	1,415	1,377	1,486	1,543	1,542	1,102	1,876	1,814	1598	1744
Inspections	327	288	150	166	76	162	194	96	46	82
Number of firefighters	26	26	26	25	25	26	27	28	26	28
Number of employees - firefighters & civilians	27	27	27	26	26	27	28	29	27	29
Streets										
Street resurfacing (square yards)	7,867	12,050	-	8,891	32,314	2,559	12,807	19,724	-	-
Sidewalk construction (square yards)	2,069	440	368	1,540	3,523	8,942	3,880	6,144	-	-

Source: City Departments

Schedule 18
City of South Padre Island, Texas
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	1	1	1	1	1	1	1	1	1	1
Planning*										
Streets (miles)	47.39	47.39	47.39	47.39	47.39	47.39	47.39	47.39	47.39	47.39
City Area (acres)	1,527	1,901	1,901	1,905	2,371	2,371	2,371	2,371	2,371	2,371
Parks and Recreation										
Playground	2	2	2	2	2	3	3	3	3	3
Parks	3	3	3	3	3	5	5	5	5	5
Municipal Beach (miles)	5	5	5	5	5	5	5	5	5	5
Beach Accesses (developed)	14	14	14	15	15	18	21	22	22	22
Beach Accesses (undeveloped)	10	10	10	9	9	8	6	6	6	6
Transportation										
Transit - Minibuses	10	11	10	11	10	11	8	8	7	12

Note: In 2012, the City acquired mapping technology to more accurately calculate its square acreage.

Source: City Departments

*Formerly Development Services

Schedule 19
City of South Padre Island, Texas
MISCELLANESOUS STATISTICAL DATA

Date of incorporation: 1973

Fiscal year begins: October 1st

Number of budgeted City employees: 176

Geographical location: Southern tip of Texas on the Gulf of Mexico approximately 15 miles north of the Mexican border.

Temperature: 68.2 degrees average low temperature
80.4 degrees average high temperature

Source: City Staff

Source: www.weatherbase.com

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COMPLIANCE SECTION

**INDEPENDENT AUDITORS' 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**

The Honorable Mayor and
Members of the City Council
City of South Padre Island, Texas

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of South Padre Island, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise City of South Padre Island, Texas' basic financial statements, and have issued our report thereon dated March 23, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of South Padre Island, Texas' 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 City of South Padre Island, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of City of South Padre Island, Texas' internal control.

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of South Padre Island, Texas' 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*.

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.

Carr, Riggs & Ingram, L.L.C.

Harlingen, Texas
March 23, 2022

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
THE STATE OF TEXAS *SINGLE AUDIT CIRCULAR***

The Honorable Mayor and
Members of the City Council
City of South Padre Island, Texas

Report on Compliance for Each Major Federal Program

We have audited City of South Padre Island, Texas' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the State of Texas *Single Audit Circular* that could have a direct and material effect on each of City of South Padre Island, Texas' major federal and state programs for the year ended September 30, 2021. City of South Padre Island, Texas' major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of City of South Padre Island, Texas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of *Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas *Single Audit Circular*. Those standards, the Uniform Guidance and the State of Texas *Single Audit Circular* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about City of South Padre Island, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of City of South Padre Island, Texas' compliance.

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Opinion on Each Major Federal Program

In our opinion, City of South Padre Island, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2021.

Report on Internal Control Over Compliance

Management of City of South Padre Island, Texas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of South Padre Island, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and State of Texas *Single Audit Circular*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of South Padre Island, Texas' internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Carr, Riggs & Ingram, L.L.C.

Harlingen, Texas
March 23, 2022

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City of South Padre Island, Texas
Schedule of Findings and Questioned Costs

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
* Material weakness(es) identified?	___ yes	<u> X </u> no
* Significant deficiencies identified that are not considered to be material weakness(es)?	___ yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	___ yes	<u> X </u> no

Federal and State Awards

Internal control over major programs:		
* Material weakness(es) identified?	___ yes	<u> X </u> no
* Significant deficiencies identified that are not considered to be material weakness(es)?	___ yes	<u> X </u> none reported
Type of auditors' report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a) (Uniform Guidance) or State of Texas <i>Single Audit Circular</i> ?	___ yes	<u> X </u> no

Identification of major programs:

<i>Assistance Listing Number(s)</i> 20.509 TXDOT RUR Texas Parks & Wildlife	<i>Name of Federal/State Program or Cluster</i> Formula Grants for Rural Areas and Tribal Transit Program State grants for rural areas transit program Recreation Grant
--	--

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000 for federal and \$300,000 for state
--	---

Auditee qualified as low-risk auditee for federal grants?	<u> X </u> yes	___ no
Auditee qualified as low-risk auditee for state grants?	___ yes	<u> X </u> no

City of South Padre Island, Texas
Schedule of Findings and Questioned Costs- Continued

**Section II – Findings Relating to the Financial Statement Audit as Required to Be
Reported in Accordance with Generally Accepted Government Auditing Standards**

A. Significant Deficiencies in Internal Control

None reported.

B. Compliance Findings

None reported.

Section III – Federal and State Award Findings and Questioned Costs

None reported.

**City of South Padre Island, Texas
Schedule of Findings and Questioned Costs
Summary Schedule of Prior Audit Findings**

PROGRAM DESCRIPTION

Not applicable

DESCRIPTION

There were no findings reported in the prior year.

City of South Padre Island, Texas Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2021

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	(2) Federal Assistance Number	(3) Pass-through Entity Identifying Number	(4) Federal Expenditures	(5) Provided to Subrecipients
U.S. Department of Transportation				
Passed through Texas Department of Transportation				
Federal Transit Cluster				
*Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs				
	20.526	BBF 2001	\$ 71,857	\$ -
Total Federal Transit Cluster			71,857	-
Transit Services Programs Cluster				
*Enhanced Mobility of Seniors and Individuals with Disabilities				
	20.513	ED1902	211,544	-
Total Enhanced Mobility of Seniors and Individuals with Disabilities			211,544	-
Total Transit Services Programs Cluster			211,544	-
COVID-19 Formula Grants for Rural Areas and Tribal Transit Program				
	20.509	CAF 2003	184,142	-
	20.509	CAF 2103	693,248	-
	20.509	RPT 1903	378,333	-
	20.509	RPT 2103	214,187	-
	20.509	DIS 2101	385,542	-
Total Formula Grants for Rural Areas and Tribal Transit Program			1,855,452	-
Total Passed through Texas Department of Transportation			2,138,853	-
Total U.S. Department of Transportation			2,138,853	-
U.S. Department of the Treasury				
Equitable Sharing				
	21.016	2016230100007300	6,803	-
	21.016	2019230100005300	7,638	-
Total U.S. Department of the Treasury			14,441	-
U.S. Department of Commerce				
Passed through Texas General Land Office				
Coastal Zone Management Administration Awards				
	11.419	20-314-000-C915	60,000	-
	11.419	20-265-000-C502	61,728	-
	11.419	21-060-016-C676	20,482	-
Total Passed through Texas General Land Office			142,210	-
Total U.S. Department of Commerce			142,210	-
Environmental Protection Agency				
Passed through Keep Texas Beautiful Inc.				
Gulf of Mexico Program				
	66.475	EPA-GM-2019-TFW	2,500	-
Total Passed through Keep Texas Beautiful, Inc			2,500	-
Total Environmental Protection Agency			2,500	-
U.S. Department of Homeland Security				
Passed through Texas Division of Emergency Management				
COVID-19 Disaster Grants- Public Assistance (Presidentially Declared Disasters)				
	97.036	148709-4485DR-TX	15,028	-
Total Passed through Texas Division of Emergency Management			15,028	-
Passed through Texas Office of the Governor - Homeland Security Grants Division				
Homeland Security Grant Program				
	97.067	3192305	21,660	-
	97.067	3192306	18,225	-
Total Passed through Texas Office of the Governor - Homeland Security Grants Division			39,885	-
Total U.S. Department of Homeland Security			54,913	-
Total Expenditures of Federal Awards			\$ 2,352,917	\$ -

* Clustered Programs

The accompanying notes are an integral part of this schedule

City of South Padre Island, Texas
Notes on Accounting Policies for Federal and State Awards
For the Year Ended September 30, 2021

NOTE 1- GENERAL

The accompanying Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards presents the activity of all federal and state award programs of City of South Padre Island, Texas, for the year ended September 30, 2021. The reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Financial accountability exists if a primary government appoints a voting majority of an organization's governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations with a separately elected governing Board, a governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the primary government.

In accordance with Governmental Accounting Standards Board requirements, the City has reviewed other entities and activities for possible inclusion in the reporting entity and determined that there are none; however, federal or state financial assistance passed through other governmental agencies is included on the schedule.

NOTE 2- MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The federal and state grant funds were accounted for in the Special Revenue Funds and within the General Fund. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. With the Governmental Fund type measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

NOTE 3- SUB-RECIPIENTS

During the year ended September 30, 2021, the City had no sub-recipients for either Federal or State grants.

City of South Padre Island, Texas
Notes on Accounting Policies for Federal and State Awards- Continued
For the Year Ended September 30, 2021

NOTE 4- FEDERAL LOANS AND LOAN GUARANTEES

During the year ended September 30, 2021, the City had no outstanding federal loans payable or loan guarantees.

NOTE 5- FEDERALLY FUNDED INSURANCE

During the year ended September 30, 2021, the City had no federally funded insurance.

NOTE 6- NONCASH AWARDS

During the year ended September 30, 2021, the City did not receive any non-cash federal awards.

NOTE 7- INDIRECT COST RATE

The City does not utilize the de minimus 10% indirect cost rate. Indirect costs, where applicable, are negotiated with the agency providing the grant award to the City.

NOTE 8- PROVIDER RELIEF FUND

The City received \$52,652 from the U.S. Department of Health and Human Services for Provider Relief Fund (Assistance Listing Number 93.498) in December 2020. This is the amount of total revenues received and total expenditures incurred for the program during the year ended September 30, 2021. In accordance with guidance from OMB, this amount will be reflected in the schedule of expenditures of federal awards in the year ended September 30, 2022.

City of South Padre Island, Texas
Schedule of Expenditures of State Awards

Name of Agency or Department	Program ID	Name of Program	Grant I.D. No.	Total Awards Expended
Texas Department of Transportation	51218012119	Department of Transportation	RUR 2101 (21)	\$ 431,138
				431,138
Texas Office of the Governor - HSGD	3305404	Local Border Security Program (LBSP)	2021-BL-ST-0016	52,500
Texas Office of the Governor - HSGD	3305405	Local Border Security Program (LBSP)	2022-BL-ST-0016	4,593
				57,093
Texas A&M Forest Service	TX Senate Bill 1011	TIFMAS (Texas Intrastate Fire Mutual Aid System) Grant Assistance Program	Training Reimbursements	7,570
Lower Rio Grande Valley Regional Advisory Council on Trauma		Service Area V	TRAC-V	11,242
				18,812
Texas Parks and Wildlife		Recreation Grants	PGA 50-000506	463,305
				463,305
General Land Office (Beach)		Beach Cleaning and Maintenance Assistance Program	21-034-006	53,029
				53,029
Total Expenditures of State Awards				\$ 1,023,377

**City of South Padre Island, Texas
Exit Conference**

Discussion with City Personnel: The results of the audit were discussed at an exit briefing with the following grantee personnel:

Rodrigo Gimenez, Chief Financial Officer
Randy Smith, City Manager

No exceptions were taken to the factual contents of the items contained in this report.