



## **CITY OF SOUTH PADRE ISLAND, TEXAS**

### **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

For the Fiscal Year Ended  
September 30, 2022

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# **CITY OF SOUTH PADRE ISLAND, TEXAS**

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

For the Fiscal Year Ended  
September 30, 2022

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

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March 22, 2023

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, 2022. 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, 2022 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 2,138.

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 first quarter of the 2021-2022 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. The steering committee revisited this document in 2021 and had one final meeting in January of 2022 to finalize some details. A community open house was held on February 28th, 2022 to allow the community an opportunity to review the document and provide comments. The Island Way: The City of South Padre Island Comprehensive Plan was approved by the City Council on March 2nd, 2022.

### *Parks:*

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 includes a skate park, a basketball court, a soccer field, a walking trail, exercise stations, two playgrounds, a bocce ball court, benches, shade structures, and restrooms. Phase II was completed in July of 2022. In 2021, an additional grant for Phase III of John L. Tompkins was awarded from Texas Parks and Wildlife to add solar lighting and a shade pavilion over the basketball court to the park. Phase III is currently in the planning process.

### *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 100% complete. The project cost a grand total of approximately \$8,000,000 and provides increased pedestrian and traffic mobility along Padre Boulevard. A total of 3.7 miles of center medians were built which included the installation of new 6-inch irrigation water meters. Crosswalk lighting upgrades were also made to improve motorist visibility. 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. This plan was finalized in October 2018 and included Laguna Boulevard as the top priority. 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 approximately \$478,000 on the project design. Multiple workshops and Open Houses were held through the design process.

During the fiscal year, the reconstruction of Laguna Boulevard project planning was completed. Construction began February 25, 2022 and will take approximately 24 months to complete, weather permitting.

#### *Transit:*

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 2021-2022, a total of \$1,410,611 and \$676,700 of federal and state funds were received. New grant funding was awarded and funds were allocated to launch a new advertisement program that includes digital displays for Island Metro Buses.

Last year the department invested in purchasing nineteen bus shelters to update and add bus shelters along Island Metro routes. The project has been ongoing and is expected to be completed by April 2023. During the 2021-2022 fiscal year, the department purchased and installed an emergency facility generator for a total cost of \$159,535, which was almost entirely federally funded.

#### *Administrative Services:*

The Administrative Services department was successful in continuing to provide key benefits to employees, including the Employee Assistance Program which was utilized at a rate of 15.48% which is much higher than the national average of 4.5%. The department was also successful in completing the new Compensation Plan for the City in 2022, which brought all employees to a new market benchmark. The item was presented and approved by City Council in May of 2022. The department is currently working on the final phase of the compensation plan that includes new policies and job descriptions for all staff. The Human Resources division is planning to release a new employee handbook for staff in 2023.

#### *Convention Center and Tourism:*

The South Padre Island Convention and Visitors Bureau (CVB) works to generate tourism through leisure travel, group travel, meetings, conventions, and events. As tourism is the Island's only economic engine, success is critical, and this year the Island welcomed over 9.3 million visitors. The CVB continues to deliver robust innovative marketing and sales campaigns, leading to the sales division contracting over 24,000 room nights throughout 2022. In addition, the CVB sponsored 28 special events, an increase from 2021. Moreover, South Padre Island was awarded the 2022 Texas Destination of the Year by the Texas Travel Awards.

The South Padre Island Convention Center expansion is a transformative project that embraces the future of South Padre Island as a prominent destination for event planners and youth sporting events. In late 2022, city staff met with a national consulting firm to provide additional guidance regarding the needs of the center moving forward. The final feasibility report should be complete in early 2023.



#### *Shoreline, Boat Ramp, and Wind and Water Sports Park:*

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 one of the nation's most desirable coastal communities. 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 significant storms and tides.

During the fiscal year 2021-2022, the Shoreline Department received \$181,215 from the Texas General Land Office's Coastal Management Program (CMP) to perform dune restoration along our beach, build lifeguard towers, and make access improvements at Sea Island Circle. Funding was utilized to plant native dune vegetation and place sand fencing to help capture wind-driven sand. This ongoing project is crucial to maintaining a sustainable dune system to protect against tidal surges. Furthermore, funding was used to build six 15 feet tall lifeguard towers. The towers are designed to separate into deck and base pieces to facilitate transport on and off the beach for maintenance, tropical weather, and storm surge. The City also began the design phase for access improvements at Sea Island Circle with CMP funds. The Texas General Land Office's Coastal Management Program awarded the City a total of \$120,000 for this project, which will improve the amenities located at this access. In addition, the City received the final designs for Whitecap Circle improvements, another CMP-funded project, and began construction in July 2022.

In June 2021, the City purchased bayside land 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. At the beginning of 2022, the City executed a contract with LJA Engineering for the design and permitting of the project. The City worked very closely with the engineers and the adjacent property owner on a design that was reviewed through various board meetings.

The South Padre Island Wind and Water Sports Park is still underway. The project is waiting for permit approval from the U.S. 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 sports athletes and will decrease the damage to the wetlands that currently occur. The design includes parking areas and a launch area to access the lower Laguna Madre.

#### *Environmental Health Services:*

The City's Environmental Health Services Department and the City's Recycling and Education Outreach team are committed to protecting the Island by providing environment-friendly solutions to waste management. This year, Keep Texas Beautiful (KTB) named South Padre Island a Gold Star Affiliate. KTB works with governments, businesses, civic groups, and volunteers to ensure that every Texan has the opportunity to take individual responsibility for making Texas the cleanest, most beautiful state in the nation. The Gold Star recognition is the highest status any community affiliate can achieve.

#### *Public Safety:*

During the fiscal year, the Police Department purchased three new vehicles and had them equipped for a total of approximately \$116,000. In addition, the department purchased thermal imaging binoculars for a total cost of approximately \$79,500 which is to be reimbursed by the Homeland Security Grant Program. The department received a total reimbursement of \$33,562 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 U.S. land and water borders. In addition, the department received \$55,407 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. The department also received \$14,724.75 in funding from the BJP- Patrick Leahy Bulletproof Vest Partnership to purchase body armor to protect law enforcement officers and reduce line-of-duty deaths.

The Fire Department also purchased 10 mobi-chairs for a total of \$17,375. In addition, the department purchased 5 portable radios which totaled \$26,000 with grants fund received from the Homeland Security Grant Program. The department applied for and received a total of \$38,014 from the U.S. Department of Health and Human Services (U.S. HHS) Phase 4 COVID-19 Provider Relief Distribution. The U.S. HHS designed this funding to balance an equitable payment of 2 % 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 \$5,675 for training expenses and the Trauma Regional Advisory Council - V grant of \$6,140 for medical supplies.

#### *Historical Museum of South Padre Island:*

The Economic Development Administration awarded a \$1.5 million grant to the City of South Padre Island, Texas, for construction of the Historical Museum of South Padre Island in July 2022. This grant is funded by the American Rescue Plan. The project will support the local tourism industry by attracting new visitors to the City and its businesses through this new local attraction on South Padre Island.

#### *Tax Increment Reinvestment Zone (TIRZ):*

Tax Increment Reinvestment Zones (TIRZs) are special zones created by City Council to attract new investment in an area. The benefits of a TIRZ include building needed public infrastructure in areas lacking sufficient improvement to draw businesses; boosting development, which grows property values and long-term property tax collections; and lessening the cost of private development by providing reimbursement for qualified public improvements.

The Zone presently has 285 accounts and the base year is 2011. Total tax accounts include those accounts that were originally part of the Zone when it was created in 2011 and new accounts annexed into the Zone in 2016. The City contributes incremental revenue to the Zone at 100% of its tax rate. The County contributes 75% of its Maintenance and Operations (M&O) tax rate. During fiscal year 2021-2022, TIRZ funds were allocated for infrastructure expenditures related to engineering of crosswalks and light poles. The TIRZ fund balance on September 30, 2022 was \$286,914.48.

#### *Economic Development:*

In 2022, the South Padre Island Economic Development Corporation (EDC) continued efforts on a deep water marina for large boats. The feasibility study was completed and two potential sites were identified with the existing Sea Ranch Marina being the most advantageous. The Sea Ranch is located on land owned by Cameron County. The EDC has partnered with the County to expand the marina. This is a large project that will take major funding. Edgewater Resources was hired to search and apply for grants for the marina. The deep water marina project is incorporated in the City's Capital Improvement Plan.



The EDC has supported the Friends of RGV Reef artificial reef project for five 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 2022 EDC funding assisted in the deployment of concrete rail ties and sink two vessels into the reef. The local head boats and offshore fishing guides have increased tremendously due to the amount of red snapper being harvested from the artificial reef. In the winter, the local fishing boats would head north to fish; however, they can now stay in port at South Padre Island, which is the closest to the location of the artificial reef. Fishing activity is a big economic driver for the Island, and the EDC will continue to support projects that solidify South Padre Island as a world class fishing destination.

The EDC, in partnership with the Convention and Visitors Bureau, completed 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 ecotourism district to provide environmental education and conservation awareness to our residents and visitors. The Art Business Incubator (ABI) welcomed six new artists in 2022. The program included accomplished artists from the Rio Grande Valley, Dallas, Missouri, and Mexico. This public/private partnership has been a success. Two art galleries opened in 2022 with graduates from the 2021 class. Two additional galleries are opening from the 2022 class. The mission of the ABI to add to the Island economy by creating an arts destination is happening.

In 2022, the EDC awarded a Façade Improvement Grant to Nautico Island Grill. This is an incentive program that allows businesses to apply for a 50/50 grant to improve the appearance of their storefront. The EDC will contribute 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. In 2022, the EDC Sand Dollars for Success grants were awarded to the Art Lounge, SPI Sessions, Nautico Island Grill, and Quinn Studio art gallery.

These are a few of the highlighted accomplishments of last fiscal year. We anticipate many improvements in the coming year for the Island's infrastructure that will boost the growth potential for the City.

## **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. During 2022, the Texas economy continues to expand but is decelerating. Higher oil/gas prices should result in further growth and benefit the Texas Economy. Texas growth is expected to continue through 2023, but risks to consider include supply chain bottlenecks, tight labor markets, higher interest rates, and rising inflation.



Although the pandemic initially led to over 1.4 million losses of Texas jobs, all jobs were recovered by November 2021. Since the April 2020 unemployment peak of 13.5% the unemployment rate has declined sharply to 4% as of September 2022. Furthermore, Texas job growth has risen an annualized 4.8%. Texas experienced the sharpest employment growth in Leisure & Hospitality (15.6%), Financial Activity (8.1%), Information & Other Services (6.5%), and Oil & Gas Extraction & Mining (6.0%) sectors. The initial unemployment claims of Texas remain at low levels at the end of 2022. The Dallas Fed's Texas employment forecast predicts a 2023 employment growth rate of 2%.

During 2022, manufacturing indexes reflected a moderate pace of expansion. Growth was led by durable goods such as high tech goods and machinery. The service industry, which accounts for over 70% of private sector, makes up the bulk of the Texas economy. As the number one 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, high energy prices would significantly impact the Texas economy.

Texas accounts for 24% of U.S. exports making it the top exporting state. Texas' combination of strategic location, vast ports of entry, largest United States (U.S.) rail and road infrastructure, immense multilingual workforce, and concentration of financial and corporate resources continues to make Texas an international trade leader. The Texas economy remains most vulnerable to tariffs, energy price volatility, and changes in trade policies. These issues increase trade uncertainty, especially with Mexico, and may obstruct economic growth. Mexico currently receives 30% of Texas' exports, making Mexico Texas' top trading partner. In addition, the Texas-Mexico border ports process over 50% of Texas' exports.

Although, in 2021, Texas housing market was fueled by economic growth and high migration to the state, the housing market has slowed with falling prices due to mortgage rate increases, which suppressed demand. In September 2022, mortgage rates exceeded 6%. Home sales have decreased in Texas and inventories have increased from historically low levels. During 2022, Texan median home prices decline from record highs, averaging between \$322,000 and \$493,000.

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 2021-2022, the City experienced comparable collections to fiscal year 2020-2021. 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 6% increase in sales tax. In addition, the City's property values increased significantly by 18%, which represents a stronger 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.

## **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, 2022 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 Texas Grant Management Standards of the State of Texas.

### *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 City is one of only 317 governments that received this special designation.

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, 2021. This was the 32<sup>nd</sup> 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, 2021. This was the 11<sup>th</sup> 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,

William Randall Smith, City Manager

Rodrigo Gimenez, Chief Financial Officer





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

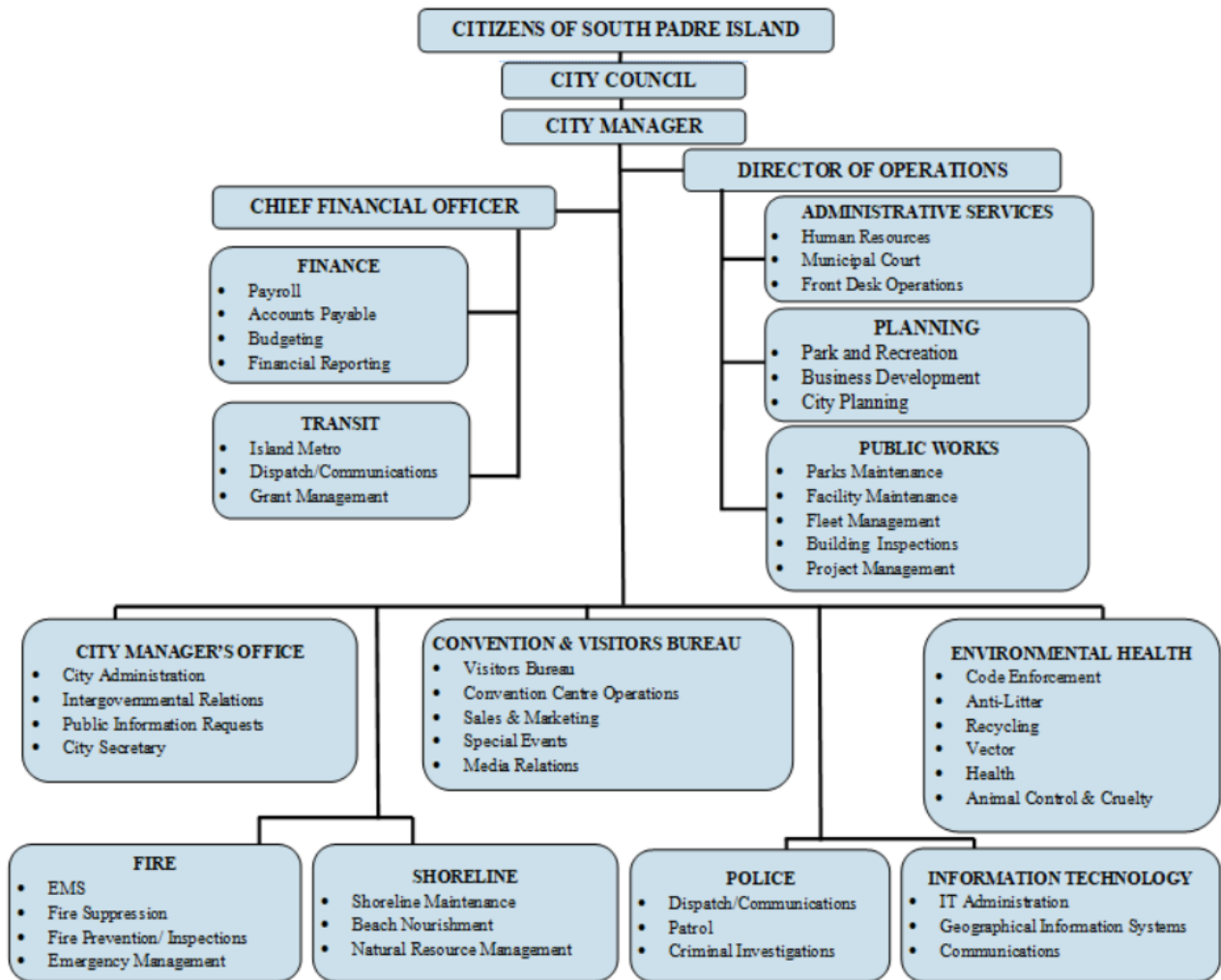
**City of South Padre Island  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2021

*Christopher P. Morill*

Executive Director/CEO



**City of South Padre Island, Texas**  
**List of Principal Officials**  
**September 30, 2022**

**ELECTED OFFICIALS**

NAME	TITLE
PATRICK MCNULTY	<b>MAYOR</b>
KERRY SCHWARTZ	MAYOR PRO-TEM, PLACE 2
JOE RICCO	COUNCIL MEMBER, PLACE 3
KEN MEDDERS, JR.	COUNCIL MEMBER, PLACE 1
REES LANGSTON	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
BLAKE HENRY	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 Audit of the Financial Statements**

#### ***Opinions***

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, 2022 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the 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, 2022 and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of South Padre Island, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

##### ***Change in Accounting Principle***

As described in Note 2 to the financial statements, in 2022 the City adopted a new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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### ***Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 22 through 32 and 91 through 104 presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of South Padre Island, Texas' basic financial statements. The accompanying other supplementary information (as listed in the table of contents), schedule of expenditures of federal awards and the schedule of expenditures of state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Texas Grant Management Standards of the State of Texas, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying other supplementary information, schedule of expenditures of federal awards and the schedule of expenditures of state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory, and the statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2023, 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, Rigg & Ingram, L.L.C.*

Harlingen, Texas  
March 16, 2023

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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, 2022. 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 1-9 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 \$85,254,388 (net position). Of this amount, \$6,917,320 (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 \$13,085,636 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 \$59,683,318. Approximately 18% of this amount, \$10,560,730 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 2022) established by the City Charter.
- At the end of the current fiscal year 79%, \$47,213,115, of the governmental funds fund balance was restricted, 3%, \$1,743,218, was assigned, and approximately 0.3%, \$166,254 was non-spendable.
- The City of South Padre Island's total bonded debt decreased by \$1,620,000 during the current fiscal year as a result of bonds payments made 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.

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, the Venue Project Fund, the Bay Access Fund, and the Laguna Blvd. Reconstruction 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.

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

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; **Nonspendable:** 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	Total Governmental Activities
<i>September 30,</i>	<b>2022</b>	2021
<b>Assets</b>		
Current and other assets	\$ 64,011,141	\$ 53,322,284
Capital and non-current assets	44,957,652	42,634,579
Total assets	108,968,793	95,956,863
<b>Deferred Outflows of Resources</b>		
Deferred outflows related to pension liabilities	1,625,597	949,140
Deferred outflows related to OPEB liabilities	148,476	152,897
Deferred amount on refunding	70,066	93,423
Total deferred outflows of resources	1,844,139	1,195,460
<b>Liabilities</b>		
Current liabilities	2,660,547	1,629,636
Non-current liabilities	19,669,946	21,587,033
Total liabilities	22,330,493	23,216,669
<b>Deferred Inflows of Resources</b>		
Deferred inflows related to pension liabilities	3,182,512	1,711,214
Deferred inflows related to OPEB liabilities	28,120	36,092
Deferred inflows on bond refunding	17,419	19,596
Total deferred inflows of resources	3,228,051	1,766,902
<b>Net Position</b>		
Net investment in capital assets	29,909,022	29,334,469
Restricted	48,428,046	34,978,233
Unrestricted	6,917,320	7,856,050
Total net position	\$ 85,254,388	\$ 72,168,752

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 \$85,254,388 at the close of the most recent fiscal year.



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

A large portion of the City's net position (35%) 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.

**Changes in Net Position.** Governmental activities increased the City's net position by \$13,085,636 from the beginning net position of \$72,168,752, as a result of current year activities. Total revenues increased approximately \$2.2 million. This is primarily the result of an increase in operating and capital grants of approximately \$1.5 million and an increase in charges for services of approximately \$323 thousand, both of which were caused by an increase in tourism and traffic during fiscal 2022.

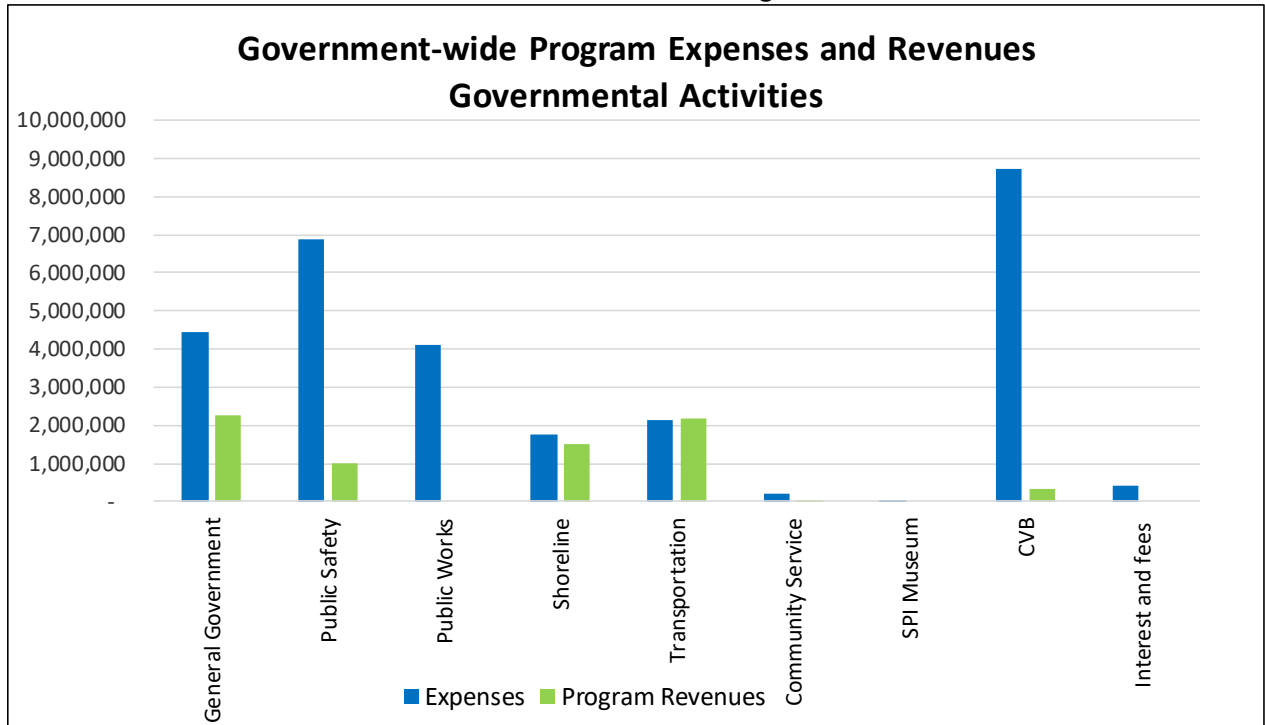
## City of South Padre Island, Texas Management's Discussion and Analysis

Expenses during the fiscal period increased by approximately \$4 million or 16%. This increase was mostly due to the increase on events and activities held at the convention and visitors bureau.

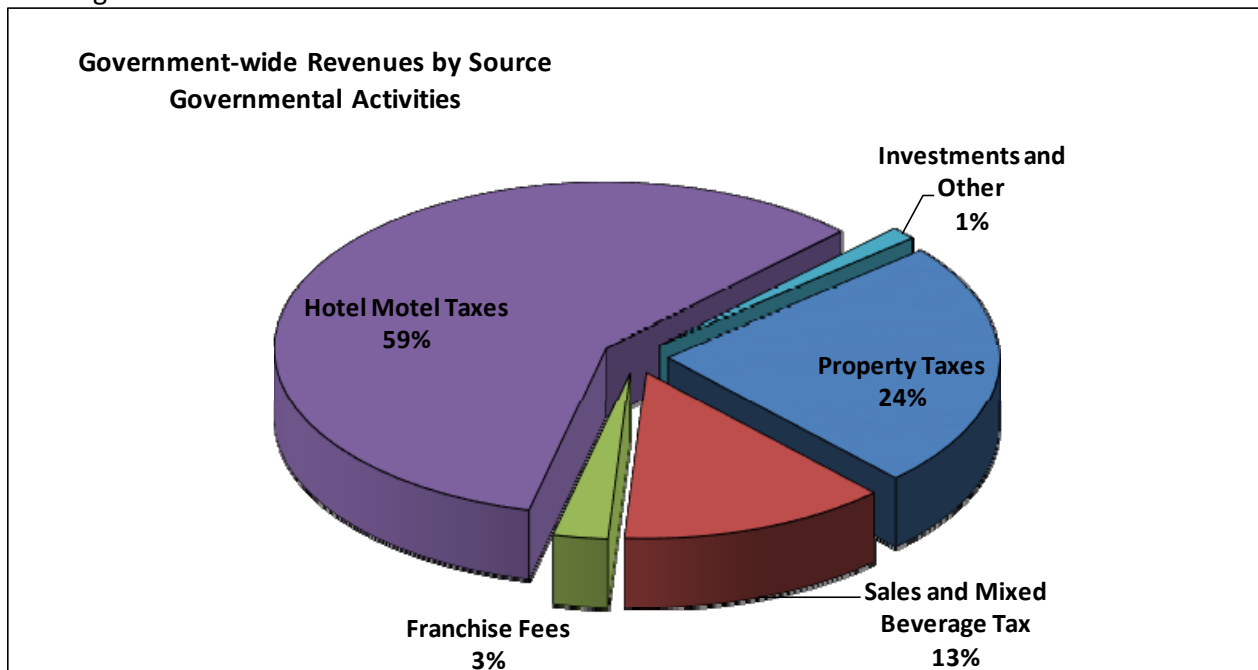
	Total Governmental Activities 2022	Total Governmental Activities 2021
<i>For the year ended September 30, 2022</i>		
<b>Revenues</b>		
Program revenues		
Charges for Services	\$ 2,270,347	\$ 1,946,925
Operating Grants and Contributions	3,444,973	1,937,021
Capital Grants and Contributions	1,591,435	1,530,421
General revenues		
Property Tax	8,288,587	8,270,550
Sales Tax	3,988,332	3,761,917
Franchise Tax	922,027	871,066
Hotel Motel Tax	15,988,214	15,895,542
Hotel Motel Beach Maintenance Tax	4,333,632	4,247,074
Mixed Beverage Tax	532,823	658,164
Interest	184,970	96,832
Miscellaneous	254,727	347,333
Total revenues	41,800,067	39,562,845
<b>Expenses</b>		
Program expenses		
General Government	4,433,409	3,820,322
Public Safety	6,867,398	6,479,131
Public Works/Shoreline	5,890,215	4,961,458
Transportation	2,153,857	2,053,720
Community Service	198,737	227,264
SPI Museum	32,066	27,542
Convention and Visitors Bureau	8,708,194	6,486,339
Bond Issuance Costs	-	188,821
Interest on Long-Term Debt	430,555	434,912
Total expenses	28,714,431	24,679,509
Increase in Net Position	13,085,636	14,883,336
Beginning Net Position	72,168,752	57,285,416
Ending Net Position	\$ 85,254,388	\$ 72,168,752

## 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 \$59,683,318 an increase of \$8,557,268 in comparison with the prior year. Approximately 18%, or \$10,560,730 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 \$6,656,415 and is contained within the unassigned fund balance of the General Fund. The restricted funds are 79% or \$47,213,116 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. The assigned funds are 3% or \$1,743,218 of the total fund balance, this portion is a self-imposed restriction on funds by the city council. Approximately 0.3% or \$166,254 of the fund balance is nonspendable; in this case all of the \$166,254 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 \$10,560,730 while total fund balance reached \$10,744,205. 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 79.3% of total General Fund expenditures, while total fund balance represents 98.3% of that same amount.

The fund balance of the City's General Fund increased by \$933,060 during the current fiscal year.

Revenues increased by \$318,810 which is mainly attributed to an increase in sales tax of approximately \$226,417 or 6%. In comparison with last year, the total actual expenditures increased by \$673,489. The increase is primarily due to the City compensation plan and more capital outlay expenditures. The majority of capital outlay expenditures are related to the upgrade of City Hall, Multimodal, and Fire Department network infrastructure, the expansion of Public Works yard, the purchase and installation of a security fence at City Hall, and the purchase of Police Department equipment (bullet proof vests and thermal binoculars) as well as vehicles for city departments.

Nonproperty taxes for the Hotel Motel fund increased by approximately 1% or \$113,002 compared to last fiscal year. The Hotel Motel fund expenditures increased by \$2,355,942 due primarily to a significantly increase on marketing expenses and more events held at the convention center.

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

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 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 \$21,537. The decrease is attributed to construction services occurred in the current fiscal year.

The Laguna Blvd Reconstruction Fund was established to account for the project of reconstructing Laguna Blvd. The fund experienced a decrease in fund balance of \$1,875,106. The decrease is attributed to the construction services occurred in the current fiscal year.

### **General Fund Budgetary Highlights**

The original budget of the General Fund was amended by ordinance one time during fiscal year 2021-2022. The majority of amendments this fiscal year were due to large projects. City Council approved funding to expand the public works storage yard for \$74,000, increase security at City Hall by installing a six-foot aluminum wind-rated security fence for \$97,000, and another \$29,000 was allocated to purchase 27 bulletproof vests for officers. Additionally, some smaller amendments related to training and the relocation of the bocce courts.

### **General Fund Budget Variances**

During the year, revenues were \$1,336,814 more than budgeted. This can be primarily attributed to sales tax collections.

Total expenditures were \$2,841,465 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 planning assistance to States Planning Information for South Padre Island on flood risk and water quality. Additionally, the Public Works Department rolled over \$13,900 for the purchase and installation of a hurricane chain fence for the Public Works storage yard.

## 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, 2022 amounts to \$43,544,692 (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings, equipment, streets, leases and construction in progress. Additional information on capital assets can be found in Note 8. Capital asset balances are as follows:

<i>September 30,</i>	<b>2022</b>	Restated 2021
Land	\$ 3,079,263	\$ 3,079,263
Construction in progress	3,036,230	263,326
Buildings	15,929,298	17,091,622
Improvements	10,643,808	10,786,363
Furniture and equipment	3,748,258	3,782,211
Infrastructure	6,821,756	7,631,794
Right-to-use leased assets	286,079	337,551
<b>Total capital assets</b>	<b>\$ 43,544,692</b>	<b>\$ 42,972,130</b>

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$16,605,000 for its governmental activities. The table below reflects the outstanding debt at the fiscal year end. Additional information can be found in Note 11. The City's outstanding general obligation bonds underlying rating is "AA+/Stable" by Standard and Poor's Rating Service and Aa2 Moody's rating.

	<b>Total Governmental Activities</b>	Total Governmental Activities
<i>September 30,</i>	<b>2022</b>	2021
General Obligation Bonds and Tax Anticipation Notes	\$ 16,605,000	\$ 18,225,000
<b>Total long-term debt</b>	<b>\$ 16,605,000</b>	<b>\$ 18,225,000</b>

The City of South Padre Island's total bonded debt decreased by \$1,620,000 during the current fiscal year. This change is the result of bond payments in the year.

## **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 2022-2023 fiscal year.

Certified property tax values for the City showed an increase in property values by approximately \$456 million, or 17% from the preceding year. The City Council adopted a tax rate of \$0.289143 cents per hundred which is split between \$0.233333 per hundred for maintenance and operations and \$0.055810 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.

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## BASIC FINANCIAL STATEMENTS



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**City of South Padre Island, Texas**  
**Statement of Net Position**

<i>September 30, 2022</i>	Primary Governmental Activities	Component Unit
<b>Assets</b>		
Cash and cash equivalents	\$ 44,339,777	\$ 1,634,781
Cash and cash equivalents- restricted	662,991	430,467
Investments	14,105,918	-
Investments- restricted	-	423,800
Receivables, net	2,495,627	131,344
Leases receivable	74,703	-
Due from other governments	2,165,871	-
Prepaid expenses	166,254	365,825
Capital assets, net		
Non-depreciable assets	6,115,493	657,236
Depreciable assets	37,143,120	4,800,651
Right-to-use leased assets	286,080	-
Net pension asset	1,412,959	11,538
Total assets	108,968,793	8,455,642
<b>Deferred Outflows of Resources</b>		
Deferred outflows related to pension liabilities	1,625,597	13,275
Deferred outflows related to OPEB	148,476	1,213
Deferred amount on refunding	70,066	98,154
Total deferred outflows of resources	1,844,139	112,642
<b>Liabilities</b>		
Accounts payable	2,396,459	-
Interest payable	142,088	30,824
Other liabilities	57,361	1,156
Unearned revenues	64,639	-
Non-current liabilities		
Due within one year	2,593,757	353,782
Due in more than one year	17,076,189	1,914,024
Total Liabilities	22,330,493	2,299,786
<b>Deferred Inflows of Resources</b>		
Deferred inflows related to pension liabilities	3,182,512	25,989
Deferred inflows related to OPEB liabilities	28,120	230
Deferred charge on bond refunding	17,419	-
Total deferred inflows of resources	3,228,051	26,219
<b>Net Position</b>		
Net investment in capital assets	29,909,022	3,293,348
Restricted	48,428,046	820,033
Unrestricted	6,917,320	2,128,898
Total net position	\$ 85,254,388	\$ 6,242,279

*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, 2022*

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 4,433,409	\$ 916,728	\$ 1,309,656	\$ 36,695
Public safety	6,867,398	1,015,071	-	-
Public works	4,123,046	-	-	-
Shoreline	1,767,169	-	212,435	1,315,891
Transportation	2,153,857	-	1,922,882	238,849
Community service	198,737	5,475	-	-
SPI Museum	32,066	-	-	-
Convention and visitors bureau	8,708,194	333,073	-	-
Interest and fees on long-term debt	430,555	-	-	-
<b>Total primary government</b>	<b>\$ 28,714,431</b>	<b>\$ 2,270,347</b>	<b>\$ 3,444,973</b>	<b>\$ 1,591,435</b>
Component Unit				
Economic development services	650,042	-	-	-
Interest expense	59,227	-	-	-
<b>Total component unit</b>	<b>\$ 709,269</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

General revenues

Property taxes, levied for general purposes  
Property taxes, levied for debt service  
Sales taxes  
Franchise taxes  
Hotel motel taxes  
Hotel motel beach maintenance taxes  
Mixed beverage taxes  
Interest revenue  
Miscellaneous

**Total general revenues**

Change in net position

Net position, beginning of year

**Net position, end of year**

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

**City of South Padre Island, Texas**  
**Statement of Activities**

<u>Net (Expense) Revenue and Changes in Net Position</u>	
<u>Primary Government</u>	
<u>Governmental</u>	<u>Component</u>
<u>Activities</u>	<u>Unit</u>
\$ (2,170,330)	\$ -
(5,852,327)	-
(4,123,046)	-
(238,843)	-
7,874	-
(193,262)	-
(32,066)	-
(8,375,121)	-
(430,555)	-
(21,407,676)	-
-	(650,042)
-	(59,227)
-	(709,269)
6,671,243	-
1,617,344	-
3,988,332	1,329,444
922,027	-
15,988,214	-
4,333,632	-
532,823	-
184,970	1,129
254,727	12,158
34,493,312	1,342,731
13,085,636	633,462
72,168,752	5,608,817
<u>\$ 85,254,388</u>	<u>\$ 6,242,279</u>

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

**City of South Padre Island, Texas**  
**Balance Sheet**  
**Governmental Funds**

<i>September 30, 2022</i>	General Fund	Hotel Motel Fund	Venue Project Fund	Bay Access Fund
<b>Assets</b>				
Cash and cash equivalents	\$ 3,216,917	\$ 14,925,164	\$ 6,416,738	\$ -
Cash and cash equivalents - restricted	-	-	-	-
Investments	6,321,961	-	4,261,651	-
Receivables, net				
Property taxes	114,925	-	-	-
Accounts	1,061,749	773,645	236,717	-
Due from other governments	-	-	-	1,191,951
Leases receivable	-	-	-	-
Due from other funds	2,422,292	-	-	-
Prepaid items	70,811	12,533	-	-
<b>Total assets</b>	<b>\$ 13,208,655</b>	<b>\$ 15,711,342</b>	<b>\$ 10,915,106</b>	<b>\$ 1,191,951</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 1,884,780	\$ 7,261	\$ -	\$ -
Due to other funds	-	-	-	1,119,488
Other liabilities	57,361	-	-	-
Unearned revenues	-	-	-	-
<b>Total liabilities</b>	<b>1,942,141</b>	<b>7,261</b>	<b>-</b>	<b>1,119,488</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue - property taxes	92,484	-	-	-
Unavailable revenue - other	429,825	-	-	1,191,951
<b>Total deferred inflows of resources</b>	<b>522,309</b>	<b>-</b>	<b>-</b>	<b>1,191,951</b>
<b>Fund balances</b>				
Nonspendable	70,811	12,533	-	-
Restricted	112,664	15,691,548	10,915,106	(1,119,488)
Assigned	-	-	-	-
Unassigned	10,560,730	-	-	-
<b>Total fund balances (deficits)</b>	<b>10,744,205</b>	<b>15,704,081</b>	<b>10,915,106</b>	<b>(1,119,488)</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 13,208,655</b>	<b>\$ 15,711,342</b>	<b>\$ 10,915,106</b>	<b>\$ 1,191,951</b>

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

**City of South Padre Island, Texas**  
**Balance Sheet**  
**Governmental Funds**

Laguna Blvd. Reconstruction Fund	Other Governmental Funds	Total Governmental Funds
\$ 4,515,338	\$ 15,265,620	\$ 44,339,777
-	662,991	662,991
-	3,522,306	14,105,918
-	26,124	141,049
-	282,467	2,354,578
-	973,920	2,165,871
-	74,703	74,703
-	-	2,422,292
-	82,910	166,254
<u>\$ 4,515,338</u>	<u>\$ 20,891,041</u>	<u>\$ 66,433,433</u>
\$ 73,277	\$ 431,141	\$ 2,396,459
1,302,804	-	2,422,292
-	-	57,361
-	64,639	64,639
<u>1,376,081</u>	<u>495,780</u>	<u>4,940,751</u>
-	20,684	113,168
-	74,420	1,696,196
<u>-</u>	<u>95,104</u>	<u>1,809,364</u>
-	82,910	166,254
3,139,257	18,474,029	47,213,116
-	1,743,218	1,743,218
-	-	10,560,730
<u>3,139,257</u>	<u>20,300,157</u>	<u>59,683,318</u>
<u>\$ 4,515,338</u>	<u>\$ 20,891,041</u>	<u>\$ 66,433,433</u>

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

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

September 30, 2022

Fund balances of governmental funds	\$ 59,683,318
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.	43,258,613
Right-to-use leased assets of \$340,814 net of accumulated amortization of \$54,734 are not financial resources, and therefore are not reported as assets in governmental funds.	286,080
Some liabilities, including bonds payable (\$16,605,000) and premiums of (\$1,086,871), are not due in the current period and, therefore, are not reported in the funds.	(17,691,871)
Lease liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	(332,254)
Deferred outflows and inflows of resources related to amounts deferred on refundings of long term debt and are not reported in the funds.	52,647
Liabilities for compensated absences are not due in the current period and therefore are not reported in the funds.	(1,019,717)
Certain amounts receivable for property taxes \$113,168 and other receivables \$1,696,196 but which do not represent current financial resources are deferred in the funds.	1,809,364
Liabilities for accrued interest on long-term debt are not due in the current period and therefore are not reported in the funds.	(142,088)
Included in the statement of net position non-current liabilities is the recognition of the City's net pension asset required by GASB 68 in the amount of \$1,412,959, a deferred resource inflow in the amount of (\$3,182,512), and a deferred resource outflow in the amount of \$1,625,597. This resulted in a decrease in net position of \$(143,956).	(143,956)
Included in the non-current liabilities is the recognition of the City's net OPEB liability required by GASB 75 in the amount of (\$626,104), a deferred resource inflow in the amount of (\$28,120) and a deferred resource outflow in the amount of \$148,476. This resulted in a decrease in net position by (\$505,748).	(505,748)
<b>Net position of governmental activities</b>	<b>\$ 85,254,388</b>

*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**

<i>For the year ended September 30, 2022</i>	General Fund	Hotel Motel Fund	Venue Project Fund	Bay Access Fund	Laguna Blvd. Reconstruction Fund
<b>Revenues</b>					
Property taxes	\$ 6,564,501	\$ -	\$ -	\$ -	\$ -
Nonproperty taxes	5,443,181	10,451,817	3,198,975	-	-
Fees and services	1,198,427	-	-	-	-
Fines and forfeitures	386,172	-	-	-	-
Licenses and permits	508,883	-	-	-	-
Intergovernmental	269,598	-	-	11,678	-
Interest revenue	49,366	33,471	26,344	-	14,822
Miscellaneous	59,388	16,712	-	-	-
Total revenues	14,479,516	10,502,000	3,225,319	11,678	14,822
<b>Expenditures</b>					
Current					
General government	3,668,800	-	56,917	-	-
Public safety	6,363,203	-	-	-	-
Public works	2,325,124	-	-	-	-
Shoreline	-	-	-	-	-
Transportation	-	-	-	-	-
Community service	-	-	-	-	-
SPI Museum	-	32,066	-	-	-
Convention and visitors bureau	-	6,563,786	-	-	-
Capital outlay	837,730	3,611	-	80,090	1,889,928
Debt service					
General obligation bonds	-	-	-	-	-
Tax anticipation notes	-	-	-	-	-
Venue tax revenue bonds	-	-	-	-	-
Leases	111,378	-	-	-	-
Interest	6,594	-	-	-	-
Administrative charges	-	-	-	-	-
Total expenditures	13,312,829	6,599,463	56,917	80,090	1,889,928
Excess (deficiency) of revenues over (under) expenditures	1,166,687	3,902,537	3,168,402	(68,412)	(1,875,106)
<b>Other Financing Sources (Uses)</b>					
Sale of capital assets	41,854	-	-	-	-
Leases issued	3,263	-	-	-	-
Transfers in	433,654	-	-	46,875	-
Transfers out	(712,398)	-	(547,738)	-	-
Net other financing sources (uses)	(233,627)	-	(547,738)	46,875	-
Net change in fund balances	933,060	3,902,537	2,620,664	(21,537)	(1,875,106)
Fund balance, beginning of year	9,811,145	11,801,544	8,294,442	(1,097,951)	5,014,363
Fund balance, end of year	\$ 10,744,205	\$ 15,704,081	\$ 10,915,106	\$ (1,119,488)	\$ 3,139,257

*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**

Other Governmental Funds	Total Governmental Funds
<hr/>	
\$ 1,730,293	\$ 8,294,794
6,671,053	25,765,026
338,548	1,536,975
14,458	400,630
3,335	512,218
3,138,413	3,419,689
60,969	184,972
479,792	555,892
<hr/>	
12,436,861	40,670,196
487,450	4,213,167
404,466	6,767,669
-	2,325,124
1,724,745	1,724,745
1,825,077	1,825,077
98,041	98,041
-	32,066
1,477,862	8,041,648
2,003,149	4,814,508
325,000	325,000
1,095,000	1,095,000
200,000	200,000
11,469	122,847
591,041	597,635
4,249	4,249
<hr/>	
10,247,549	32,186,776
2,189,312	8,483,420
28,731	70,585
-	3,263
2,185,711	2,666,240
(1,406,104)	(2,666,240)
<hr/>	
808,338	73,848
2,997,650	8,557,268
17,302,507	51,126,050
<hr/>	
\$ 20,300,157	\$ 59,683,318
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*The notes to the financial statements are an integral part of this statement.*

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# City of South Padre Island, Texas

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

*For the year ended September 30, 2022*

Net change in fund balances - total governmental funds	\$ 8,557,268
Amounts reported for governmental activities in the statement of activities are different because:	
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 \$4,811,193 and including depreciation (\$4,165,758), in the current period is to increase net position.	645,435
New right-to-use of \$3,262, and its related lease liability of (\$3,263), principal payments related to lease liabilities of \$122,851 and the amortization of right-to-use assets of (\$54,734) were reported in the statement of activities.	68,117
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.	(21,401)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	1,620,000
The decrease in compensated absences payable of (\$43,996) during the year is reported as an decrease to expenditures in the statement of activities but not in the governmental funds. The amortization of bond premiums (\$172,518) 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 increase net position.	195,336
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 \$1,080,687 and interest expense decreased by \$19,990 in 2022. Recognition of these amounts in the statement of activities results in a increase in the change in net position.	1,100,677
GASB 68 requires that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/21 caused the change in the ending net position to increase in the amount of \$896,415. 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 (\$855,030). The City's reported TMRS net pension expense had to be recorded. The change in pension expense increased the change in net position by \$944,510. The result of these changes is to increase net position.	985,895
GASB 75 requires that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/21 caused the change in the ending net position to increase in the amount of \$14,635. 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 (\$10,580). The City's reported TMRS net OPEB expense had to be recorded. The net OPEB expense decreased net position by (\$69,746). The result of these changes is to decrease the change in net position by (\$65,691).	(65,691)
Change in net position of governmental activities	\$ 13,085,636

*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.

##### ***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***

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.

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

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:

***Laguna Blvd Reconstruction Fund*** was established to account the reconstruction of Laguna Boulevard.

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)

##### ***Measurement Focus, Basis of Accounting and Basis of Presentation (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 and Implemented Accounting Pronouncements***

In 2022, the City implemented GASB Statement No., 87, *Leases*, which improves the accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Additional information about the changes to the financial statements related to the implementation of this Statement can be found in Note 2.

Statement No. 92, *Omnibus 2020*, enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement was adopted in the current year, resulting in no material effect.

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

In May 2021, 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. Requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

## City of South Padre Island, Texas

### Notes to Financial Statements

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### ***Recently Issued and Implemented Accounting Pronouncements (continued)***

GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

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

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

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

###### **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. Investments**

Money market investments which are short-term, highly liquid debt instruments including commercial paper, bankers acceptances and U.S. Treasury and agency obligations that have a remaining maturity at time of purchase of one year or less are reported at amortized cost. Investments in entities (such as investment pools that calculate Net Asset Value per Share and follow the requirements of GASB Statement No. 79) are also reported at amortized cost.

**City of South Padre Island, Texas**  
**Notes to Financial Statements**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)***

b. Investments (Continued)

Nonparticipating interest-earning investment contracts, including repurchase agreements, are reported using a cost-based measure. The term nonparticipating means that the investment's value does not vary with market interest rate changes. All other investments are reported at fair value.

c. 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."

d. Prepaid Items

Expenditures made to third party vendors for goods and services that will benefit periods beyond September 30, 2022 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.

e. Lease Receivable

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

f. Capital Assets

Capital assets, which includes property, plant, equipment, leased assets 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.

## City of South Padre Island, Texas

### Notes to Financial Statements

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### *Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)*

###### f. Capital Assets (Continued)

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.

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
Leased assets	5 – 15 years

###### g. 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.

**City of South Padre Island, Texas**  
**Notes to Financial Statements**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)***

**h. 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.

**i. Leases**

Lease contracts that provide the City with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

**j. Pensions**

For purposes of measuring the net pension liability (asset), 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*.

**City of South Padre Island, Texas**  
**Notes to Financial Statements**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)***

k. 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*.

l. Bond Discounts/Issue Costs

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

m. Comparative Data

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

n. 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.

o. 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.

## City of South Padre Island, Texas

### Notes to Financial Statements

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### *Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)*

###### p. 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 balance* – Restricted fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.

*Committed fund balance* – The committed fund balance classification contains 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 balance* – Amounts that contain self-imposed constraints of the government to be used for specific purposes but do not meet the criteria to be classified as committed. 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* – 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, 2022 is \$6,656,415. Since the City's unassigned fund balance exceeds this amount at September 30, 2022, 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.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)***

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

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

r. 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 leases, pensions and OPEB amounts as further described in Note 9.

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 16, 2023 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.

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

***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.



**City of South Padre Island, Texas**  
**Notes to Financial Statements**

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

- 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 2022, 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, 2022, there were no significant encumbrances at year end.

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.

**City of South Padre Island, Texas**  
**Notes to Financial Statements**

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

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

*Expenditures over Appropriations*

None noted.

*Change in Accounting Principle*

The City adopted GASB No. 87, *Leases*, as of October 1, 2021. The City evaluated contracts that were formerly accounted for as operating leases to determine whether they meet the definition of a lease as defined in GASB No. 87. The contracts to lease copiers equipment, mail machine, and state highway asset met the definition of a lease and the City calculated and recognized right-to-use leased assets of \$337,551 and leases liabilities of \$337,551 as of October 1, 2021. There were no impacts to the beginning net position related to the adoption of GASB No. 87.

**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, 2022 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.

**City of South Padre Island, Texas**  
**Notes to Financial Statements**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

Deposits and investments with investment maturities, including accrued interest, as of September 30, 2022 are as follows:

	Value	Maturity (in years) 1 or less
<b>Primary Government</b>		
Cash equivalents		
Money market accounts	\$ 18,686,560	\$ 18,686,560
Investments		
TexPool	9,062	9,061
Texas Term	121,977	121,977
Certificates of deposit	13,974,879	8,974,277
<b>Total primary government</b>	<b>\$ 32,792,478</b>	<b>\$ 27,791,876</b>
<b>Component Unit</b>		
TexPool	\$ 23,741	\$ 23,741
Certificates of deposit	400,059	400,059
<b>Total component unit</b>	<b>\$ 423,800</b>	<b>\$ 423,800</b>

**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 <u>Governmental</u> Activities	Component Units	Total
Cash and cash equivalents			
Cash and cash equivalents	\$ 44,339,777	\$ 1,634,781	\$ 45,974,558
Cash - restricted	662,991	430,467	1,093,458
Total cash and cash equivalents	45,002,768	2,065,248	47,068,016
Investments			
TexPool	9,062	23,741	32,803
Texas Term	121,977	-	121,977
Certificates of deposit	13,974,879	400,059	14,374,938
Total Investments	14,105,918	423,800	14,529,718
Total cash and investments	\$ 59,108,686	\$ 2,489,048	\$ 61,597,734

As of September 30, 2022, the City's investments in certificates of deposit are valued at cost plus accrued interest.

***See Note 11 for components of cash restrictions.***

**City of South Padre Island, Texas**  
**Notes to Financial Statements**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

***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
<b>Primary Government</b>			
East West Bank CD	1.35%	\$ 1,510,746	March 22, 2023
East West Bank CD	2.99%	4,033,561	June 21, 2023
East West Bank CD	3.05%	1,004,774	August 7, 2023
East West Bank CD	3.32%	2,511,395	August 14, 2023
Veritex Bank CD	0.15%	2,503,753	December 7, 2022
Texas Regional Bank CD	0.38%	1,407,699	March 10, 2023
Texas Regional Bank CD	0.22%	1,002,951	May 13, 2023
Total primary government		\$ 13,974,879	
<b>Component Unit</b>			
First Community Bank CD	0.30%	\$ 158,962	May 5, 2023
East West Bank CD	0.19%	241,097	October 28, 2022
Total component unit		\$ 400,059	

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.

## City of South Padre Island, Texas

### Notes to Financial Statements

#### NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

##### *Credit Risk*

As of September 30, 2022 the investments in TexPool and Texas Term investment risk pools were rated AAAM and AAAF 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 AAAF 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.

#### NOTE 4: PROPERTY TAXES

The assessed value for the tax roll as of January 1, 2021 upon which the 2021 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.

**City of South Padre Island, Texas**  
**Notes to Financial Statements**

**NOTE 4: PROPERTY TAXES (Continued)**

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, 2022 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, 2022 were 98 percent of the tax levy.

**City of South Padre Island, Texas**  
**Notes to Financial Statements**

**NOTE 5: RECEIVABLES**

Receivables at September 30, 2022, consist of the following:

	Primary Government					
	General Fund	Hotel Motel Fund	Venue Project Fund	Other Governmental Funds	Total Governmental Funds	Component Unit
Receivables						
Property taxes	\$ 120,974	\$ -	\$ -	\$ 27,499	\$ 148,473	\$ 131,344
Accounts Receivable	4,020,011	773,645	236,717	282,467	5,312,840	-
Total receivables	4,140,985	773,645	236,717	309,966	5,461,313	131,344
Allowance for uncollectibles						
Property taxes	(6,049)	-	-	(1,375)	(7,424)	-
Accounts receivable	(2,958,262)	-	-	-	(2,958,262)	-
Total allowance for uncollectibles	(2,964,311)	-	-	(1,375)	(2,965,686)	-
Total receivables, net	\$ 1,176,674	\$ 773,645	\$ 236,717	\$ 308,591	\$ 2,495,627	\$ 131,344

**NOTE 6: DUE FROM OTHER GOVERNMENTS**

Due from other governments at September 30, 2022 consist of the following:

	Primary Government		
	Bay Access Fund	Other Governmental Funds	Total Governmental Funds
Texas State Comptroller - Occupancy Tax	\$ -	\$ 648,863	\$ 648,863
State of Texas - Department of Transportation	-	325,057	325,057
Texas Parks and Wildlife	48,390	-	48,390
Texas Commission on Environmental Quality	1,143,561	-	1,143,561
Total due from other governments	\$ 1,191,951	\$ 973,920	\$ 2,165,871



**City of South Padre Island, Texas**  
**Notes to Financial Statements**

**NOTE 7: LEASES RECEIVABLE**

*Leases - Lessor*

The City accounts for leases in accordance with GASB Statement No. 87, Leases. The City has the below two non-cancelable agreements, which expire between the year 2026 and 2027.

On October 2021, the City entered into a lease agreement with South Padre Island Chamber of Commerce. Under the lease, the vendor pays the City \$1,000 per month for 5 years in exchange for office space in the Transit building. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1.15%. Lease receivable balance at September 30, 2022 is \$48,798.

On October 2021, the City entered into a lease agreement with a home care. Under the lease, the home care pays the City \$550 per month for 5 years in exchange for office space in the Transit building. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 0.93%. Lease receivable balance at September 30, 2022 is \$25,905.

In the fiscal year 2022, the City recognized \$16,174 of lease revenue and \$710 of interest revenue under the lease.

The following is a schedule by years of minimum future revenues from non-cancelable agreements as of September 30, 2022:

For the Years Ending September 30,	Principal	Interest	Total Future Minimum Lease Payments
2023	\$ 17,886	\$ 714	\$ 18,600
2024	18,078	522	18,600
2025	18,273	327	18,600
2026	18,470	130	18,600
2027	1,996	3	1,999
Total	\$ 74,703	\$ 1,696	\$ 76,399

**City of South Padre Island, Texas**  
**Notes to Financial Statements**

**NOTE 8: CAPITAL ASSETS**

The governmental activities capital asset activity for the year ended September 30, 2022 is as follows:

<i>For the year ended September 30, 2022</i>	Restated Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Capital assets, not being depreciated					
Land	\$ 3,079,263	\$ -	\$ -	\$ -	\$ 3,079,263
Constuction in progress	263,326	2,693,590	79,314	-	3,036,230
Capital assets, not being depreciated	3,342,589	2,693,590	79,314	-	6,115,493
Capital assets, being depreciated					
Buildings	41,882,800	222,670	-	-	42,105,470
Improvements	15,960,020	999,859	-	-	16,959,879
Furniture and equipment	10,342,185	893,972	-	607,841	10,628,316
Infrastructure	17,643,043	1,102	(79,314)	-	17,564,831
Capital assets, being depreciated	85,828,048	2,117,603	(79,314)	607,841	87,258,496
Less accumulated depreciation					
Buildings	(24,791,179)	(1,384,993)	-	-	(26,176,172)
Improvements	(5,173,658)	(1,142,413)	-	-	(6,316,071)
Furniture and equipment	(6,559,972)	(906,526)	-	586,440	(6,880,058)
Infrastructure	(10,011,249)	(731,826)	-	-	(10,743,075)
Total accumulated depreciation	(46,536,058)	(4,165,758)	-	586,440	(50,115,376)
Total capital assets being depreciated, net	39,291,990	(2,048,155)	(79,314)	(21,401)	37,143,120
Capital assets, being amortized					
Right-to-use leased assets	337,551	3,263	-	-	340,814
Less accumulated amortization	-	(54,734)	-	-	(54,734)
Total capital assets being amortized, net	337,551	(51,471)	-	-	286,080
Governmental activities capital assets, net	\$ 42,972,130	\$ 593,964	\$ -	\$ (21,401)	\$ 43,544,693

**City of South Padre Island, Texas**  
**Notes to Financial Statements**

**NOTE 8: CAPITAL ASSETS (Continued)**

Depreciation and amortization expense were allocated to the governmental functions in the statement of activities as follows:

<i>For the year ended September 30, 2022</i>	Depreciation	Amortization
General government	\$ 380,246	\$ 41,820
Community service	105,757	-
Convention and Visitor Bureau	772,553	7,044
Public works	1,904,942	-
Public safety	521,920	-
Shoreline	80,613	-
Transportation	399,727	5,870
Total depreciation - governmental activities	\$ 4,165,758	\$ 54,734

**Component Unit**

The capital asset activity for the Economic Development Corporation for the year ended September 20, 2022 is as follows:

<i>For the year ended September 30, 2022</i>	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Capital assets, not being depreciated					
Land	\$ 657,236	\$ -	\$ -	\$ -	\$ 657,236
Capital assets, not being depreciated	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	5,270	-	-	26,874
Capital assets, being depreciated	6,995,619	5,270	-	-	7,000,889
Less accumulated depreciation					
Buildings	(1,817,220)	(136,949)	-	-	(1,954,169)
Improvements	(198,729)	(25,485)	-	-	(224,214)
Furniture and equipment	(21,604)	(251)	-	-	(21,855)
Total accumulated depreciation	(2,037,553)	(162,685)	-	-	(2,200,238)
Total capital assets being depreciated, net	4,958,066	(157,415)	-	-	4,800,651
Component unit capital assets, net	\$ 5,615,302	\$ (157,415)	\$ -	\$ -	\$ 5,457,887

## City of South Padre Island, Texas

### Notes to Financial Statements

#### **NOTE 9: 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 \$113,168 of unavailable revenue related to property taxes receivable, \$429,825 related to EMS receivables, \$74,420 of unavailable lease revenue and \$1,621,776 of unavailable grants revenues.

In governmental activities, deferred outflows of resources consist of \$70,066 of deferred charges on refundings of long-term debt and \$1,625,597 and \$148,476 of deferred outflows related to pension liabilities and OPEB liabilities, respectively. Deferred inflows related to a deferred charge on bond refunding of \$17,419 and deferred inflows related to pension and OPEB are \$3,182,512 and \$28,120, respectively at September 30, 2022. In the component unit deferred outflows of resources consist of \$98,154 of deferred charges on refundings of long-term debt and \$13,275 and \$1,213 of deferred outflows related to pension liabilities and OPEB liabilities, respectively. Deferred inflows related to pension liabilities and OPEB liabilities are \$25,989 and \$230 at September 30, 2022 for the component unit.

#### **NOTE 10: 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, 2022, \$64,639 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 11: 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.

**City of South Padre Island, Texas**  
**Notes to Financial Statements**

**NOTE 11: LONG-TERM DEBT (Continued)**

General obligation bonds and tax anticipation notes currently outstanding are as follows:

	Beginning Balance October 1, 2021	Additions	Reductions	Ending Balance September 30, 2022	Due In One Year
<b>Primary Government</b>					
Series 2012 General Obligation Refunding Bonds	\$ 1,355,000	\$ -	\$ (325,000)	\$ 1,030,000	\$ 335,000
Series 2015 Tax Anticipation Notes	465,000	-	(465,000)	-	-
Series 2016 Tax Anticipation Notes	1,185,000	-	(585,000)	600,000	600,000
Series 2017 Venue Hotel Occupancy Tax Revenue Bonds	8,330,000	-	(200,000)	8,130,000	205,000
Series 2020 General Obligation Refunding Bonds	2,270,000	-	-	2,270,000	210,000
Series 2021 Tax Anticipation Notes	4,620,000	-	(45,000)	4,575,000	320,000
<b>Total primary government</b>	<b>\$18,225,000</b>	<b>\$ -</b>	<b>\$ (1,620,000)</b>	<b>\$16,605,000</b>	<b>\$1,670,000</b>

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

For the Years Ending September 30,	Principal	Interest	Total
2023	\$ 1,670,000	\$ 537,563	\$ 2,207,563
2024	1,580,000	490,613	2,070,613
2025	1,630,000	446,013	2,076,013
2026	1,320,000	399,413	1,719,413
2027	1,365,000	354,963	1,719,963
2028-2032	3,270,000	1,338,115	4,608,115
2033-2037	1,560,000	976,927	2,536,927
2038-2042	1,925,000	618,200	2,543,200
2043-2047	2,285,000	245,700	2,530,700
<b>Total</b>	<b>16,605,000</b>	<b>5,407,507</b>	<b>22,012,507</b>
<b>Current portion</b>	<b>1,670,000</b>	<b>537,563</b>	<b>2,207,563</b>
<b>Payable after one year</b>	<b>\$ 14,935,000</b>	<b>\$ 4,869,944</b>	<b>\$ 19,804,944</b>

## City of South Padre Island, Texas

### Notes to Financial Statements

#### **NOTE 11: LONG-TERM DEBT (Continued)**

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.

In July of 2022, 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, 2022, 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 2021 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.

**City of South Padre Island, Texas**  
**Notes to Financial Statements**

**NOTE 11: LONG-TERM DEBT (Continued)**

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, 2022, 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.

**Component Unit**

	Beginning Balance October 1, 2021	Additions	Reductions	Ending Balance September 30, 2022	Due In One Year
2016 Series, Sales Tax Revenue Refunding Bond	\$ 2,470,000	\$ -	\$ (320,000)	\$ 2,150,000	\$ 335,000

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

For the Years Ending September 30,	Principal	Interest	Total
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	375,000	21,225	396,225
2028	390,000	7,800	397,800
Total	2,150,000	214,025	2,364,025
Current portion	335,000	58,300	393,300
Payable after one year	\$ 1,815,000	\$ 155,725	\$ 1,970,725

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 11: LONG-TERM DEBT (Continued)**

The following table summarizes the restricted cash and cash equivalents related to long-term debt as of September 30, 2022:

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

Cash and cash equivalents of \$416,184 and \$14,283 are restricted for the EDC Debt Service Reserve and EDC Debt Service Fund, respectively. In addition, the EDC Debt Service Fund reported \$23,741 in restricted investments.

**Leases – Lessee**

The City has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 *Leases* and therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

Lease liabilities at September 30, 2022 are as follows:

Agreements with Xerox Financial Services for copy machines for different departments of the City; monthly payments ranges from \$28 - \$833; lease liability measured using a range of discount rate from 0.49% - 1.20% due in 2026.	\$ 133,683
Agreements with Quadient, Inc for mail machine; monthly payments of \$230; lease liability measured using discount rate of 0.93%.	7,705
Agreement with State of Texas for a state highway asset; yearly payment of \$7,500; lease liability measured using a discount rate of 2.04%, due in 2047.	145,742
Agreement with CCH Industrial Capital for a case tractor loader backhoe; monthly payments of \$1,795; lease liability measured using a discount rate 7.1% due in November 2024.	45,125
<b>Total lease liabilities</b>	<b>\$ 332,255</b>



**City of South Padre Island, Texas**  
**Notes to Financial Statements**

**NOTE 11: LONG-TERM DEBT (Continued)**

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2022 were as follows:

For the Years Ending September 30,	Principal	Interest	Total
2023	\$ 70,090	\$ 5,030	\$ 75,120
2024	65,084	4,163	69,247
2025	47,649	3,182	50,831
2026	22,304	2,762	25,066
2027	4,964	2,592	7,556
2028-2032	26,082	11,418	37,500
2033-2037	28,853	8,647	37,500
2038-2042	31,919	5,581	37,500
2043-2047	35,309	2,190	37,499
<b>Total</b>	<b>\$ 332,254</b>	<b>\$ 45,565</b>	<b>\$ 377,819</b>

*Changes in Long-term Liabilities for Governmental Activities*

During the year ended September 30, 2022, the following changes occurred in liabilities reported as non-current liabilities.

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government					
Bonds payable	\$18,225,000	\$ -	\$(1,620,000)	\$16,605,000	\$1,670,000
Premium on bond issuances	1,259,390	-	(172,518)	1,086,872	172,518
<b>Total bonds payable</b>	<b>19,484,390</b>	<b>-</b>	<b>(1,792,518)</b>	<b>17,691,872</b>	<b>1,842,518</b>
Compensated absences*	1,063,713	901,919	(945,915)	1,019,717	681,149
Lease liabilities	451,838	3,263	(122,847)	332,254	70,090
Net OPEB liability	556,863	73,927	(4,686)	626,104	-
<b>Primary government long-term liabilities</b>	<b>\$21,556,804</b>	<b>\$ 979,109</b>	<b>\$(2,865,966)</b>	<b>\$19,669,947</b>	<b>\$2,593,757</b>

*\*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.

**City of South Padre Island, Texas**  
**Notes to Financial Statements**

**NOTE 11: LONG-TERM DEBT (Continued)**

*Changes in Long-term Liabilities for Component Unit*

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Component Unit					
Bonds payable					
Sales Tax Revenue Refunding					
Bond, Series 2016	\$ 2,470,000	\$ -	\$ (320,000)	\$ 2,150,000	\$ 335,000
Premium on bond issuance	131,475	-	(18,782)	112,693	18,782
Total bonds payable	2,601,475	-	(338,782)	2,262,693	353,782
Net OPEB liability	4,525	626	(38)	5,113	-
Component unit long-term liabilities	\$ 2,606,000	\$ 626	\$ (338,820)	\$ 2,267,806	\$ 353,782

**NOTE 12: INTERFUND ASSETS/LIABILITIES**

*Due to/from other funds:*

Payable Fund	Receivable Fund General Fund
Bay Access Fund	\$ 1,119,488
Laguna Blvd Reconstruction Fund	1,302,804
Total	\$ 2,422,292

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 13: 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	General Fund	Transfer In Funds		Total
		Bay Access Fund	Other Governmental Funds	
General	\$ -	\$ -	\$ 712,398	\$ 712,398
Venue Project Fund	37,000	-	510,738	547,738
Other Governmental Funds	396,654	46,875	962,575	1,406,104
<b>Total transfers</b>	<b>\$ 433,654</b>	<b>\$ 46,875</b>	<b>\$ 2,185,711</b>	<b>\$ 2,666,240</b>

Transfer between funds within the Component Unit:

Transfer Out Funds	Transfer In Funds		Total
	EDC Debt Service Fund	BNC Facility Maintenance	
Economic Development Corporation	\$ 396,650	\$ 34,098	\$ 430,748

**NOTE 14: 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, 2022, 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.

3. *Construction Commitments*

The City has remaining construction commitment of \$2,061,030 in the Laguna Blvd. Reconstruction project at September 30, 2022.

## City of South Padre Island, Texas

### Notes to Financial Statements

#### **NOTE 15: 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, 2022, 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 16: 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](http://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](http://www.tmr.com).

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

**NOTE 16: 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, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	86
Inactive employees entitled to but not yet receiving benefits	111
Active employees	<u>169</u>
	366

**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 finance 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 12.25% in calendar years 2021 and 2022, respectively. The City’s contributions to TMRS for the year ended September 30, 2022 were \$1,209,849, and were equal to the required contributions.

**NOTE 16: DEFINED BENEFIT PENSION PLANS (Continued)**

**D. Net Pension Asset**

The City's Net Pension Asset (NPA) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Asset was determined by an actuarial valuation as of that date.

***Actuarial assumptions:***

The Total Pension Liability in the December 31, 2021 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 16: 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 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	7.55%
Core Fixed Income	6.00%	2.00%
Non-Core Fixed Income	20.00%	5.68%
Real Return	12.00%	7.22%
Real Estate	12.00%	6.85%
Absolute Return	5.00%	5.35%
Private Equity	10.00%	10.00%
<hr/>		
Total	100.00%	

***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 16: DEFINED BENEFIT PENSION PLANS (Continued)**

***Net Pension (Asset)***

	Primary Government Increase (Decrease)			Component Unit Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) - (b)
Balance at December 31, 2020	\$ 40,938,234	\$ 40,570,457	\$ 367,777	\$ 325,227	\$ 325,117	\$ 110
Changes for the year						
Service cost	1,630,255	-	1,630,255	13,313	-	13,313
Interest	2,762,514	-	2,762,514	22,560	-	22,560
Difference between expected/actual experience	868,050	-	868,050	7,089	-	7,089
Contributions - employer	-	1,137,020	(1,137,020)	-	9,286	(9,286)
Contributions - employee	-	637,066	(637,066)	-	2,309	(2,309)
Net investment income	-	5,291,771	(5,291,771)	-	43,213	(43,213)
Benefit payments, including refunds of employee contributions	(1,636,436)	(1,636,436)	-	(13,363)	(13,363)	-
Administrative expenses	-	(24,468)	24,468	-	(200)	200
Other additions	-	168	(168)	-	1	(1)
Net changes	3,624,386	5,405,121	(1,780,736)	29,598	41,246	(11,648)
Balance at December 31, 2021	\$ 44,562,620	\$ 45,975,578	\$ (1,412,959)	\$ 354,825	\$ 366,364	\$ (11,538)

***Sensitivity of the Net Pension (Asset) to Changes in the Discount Rate***

The following presents the net pension (asset) of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension (asset) 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%)
Primary government's net pension liability (asset)	\$ 5,627,210	\$ (1,412,959)	\$ (7,104,488)
Component unit's net pension liability (asset)	45,953	(11,538)	(58,016)
City's net pension liability (asset)	\$ 5,673,163	\$ (1,424,497)	\$ (7,162,504)



**City of South Padre Island, Texas**  
**Notes to Financial Statements**

**NOTE 16: 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, 2022 the City and the EDC recognized combined pension expense in the amounts of \$1,218,640 and \$9,955, respectively. At September 30, 2022 the City and the EDC reported combined deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit	
	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	\$ 665,235	\$ 461,249	\$ 5,432	\$ 3,767
Changes in actuarial assumptions	63,948	-	522	-
Differences between projected and actual investment earnings, net of current year amortization	-	2,721,263	-	22,222
Contributions subsequent to the measurement date	896,415	-	7,320	-
<b>Total</b>	<b>\$ 1,625,597</b>	<b>\$ 3,182,512</b>	<b>\$ 13,275</b>	<b>\$ 25,989</b>

The \$896,415 and \$7,320 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 (asset) for the year ending September 30, 2023. 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,	Primary Government	Component Unit	Total
2023	\$ (447,920)	\$ (3,658)	\$ (451,578)
2024	(1,083,313)	(8,846)	(1,092,159)
2025	(468,150)	(3,823)	(471,973)
2026	(453,947)	(3,707)	(457,654)
2027	-	-	-
<b>Total</b>	<b>\$ (2,453,330)</b>	<b>\$ (20,034)</b>	<b>\$ (2,473,364)</b>

**NOTE 17: 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).

***Employees covered by benefit terms***

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	61
Inactive employees entitled to but not yet receiving benefits	37
Active employees	<u>169</u>
	267

***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 0.20% and 0.18% in calendar year 2022 and 2021, respectively. The City’s contributions to the SDBF for the year ended September 30, 2022 were \$19,145, and were equal to the required contributions.

**City of South Padre Island, Texas**  
**Notes to Financial Statements**

**NOTE 17: OTHER POST EMPLOYMENT BENEFITS (Continued)**

***Actuarial assumptions:***

The Total OPEB Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation date:	12/31/2021
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Discount rate*	1.84%
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, 2021.

***Actuarial assumptions- continued:***

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period of December 31, 2014 to December 31, 2018.

**City of South Padre Island, Texas**  
**Notes to Financial Statements**

**NOTE 17: OTHER POST EMPLOYMENT BENEFITS (Continued)**

***Total OPEB Liability***

The City's Total OPEB Liability was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

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

	Increase (Decrease)	
	Total OPEB Liability	
	Primary Government	Component Unit
Balance at December 31, 2020	\$ 556,841	\$ 4,547
Changes for the year:		
Service cost	40,712	332
Interest	11,462	94
Difference between expected/actual experience	3,457	28
Changes of assumptions	21,775	178
Benefit payments, including refunds of employee contributions	(8,143)	(66)
Net changes	69,264	565
Balance at December 31, 2021	\$ 626,104	\$ 5,113

***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 1.84%, 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 (0.84%) or 1 percentage point higher (2.84%) than the current rate.

	1% Decrease in Discount Rate (0.84%)	Discount Rate (1.84%)	1% Increase in Discount Rate (2.84%)
Primary government's total OPEB liability	\$ 696,836	\$ 508,860	\$ 451,130
Component unit's total OPEB liability	5,690	4,098	3,684
City's total OPEB liability	\$ 702,526	\$ 512,958	\$ 454,814

**City of South Padre Island, Texas**  
**Notes to Financial Statements**

**NOTE 17: OTHER POST EMPLOYMENT BENEFITS (Continued)**

***OPEB Expense and Deferred Outflows of Resources Related to OPEBs***

For the year ended September 30, 2022 the City and the EDC recognized combined OPEB expense in the amounts of \$65,806 and \$471, respectively. At September 30, 2022 the City and the EDC reported combined deferred outflows of related to OPEB from the following sources:

	Primary Government		Component Unit	
	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)	\$ 5,868	\$ 15,693	\$ 48	\$ 128
Changes in actuarial assumptions	127,972	12,428	1,046	101
Contributions subsequent to the measurement date	14,635	-	120	-
<b>Total</b>	<b>\$ 148,476</b>	<b>\$ 28,120</b>	<b>\$ 1,213</b>	<b>\$ 230</b>

The \$14,635 and \$120 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, 2023. 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
2023	\$ 25,759	\$ 210	\$ 25,969
2024	25,759	210	25,969
2025	22,305	182	22,487
2026	23,012	188	23,200
2027	8,886	73	8,959
Thereafter	-	-	-
<b>Total</b>	<b>\$ 105,721</b>	<b>\$ 863</b>	<b>\$ 106,584</b>

**City of South Padre Island, Texas**  
**Notes to Financial Statements**

**NOTE 18: 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.

September 30, 2022	General Fund	Hotel Motel Fund	Venue Project Fund	Bay Access Fund	Laguna Blvd. Reconstruction Fund	Other Governmental Funds	Total Governmental Funds
<b>Fund Balances</b>							
Nonspendable							
Prepaid	\$ 70,811	\$ 12,533	\$ -	\$ -	\$ -	\$ 82,910	\$ 166,254
Assigned							
Capital projects	-	-	-	-	-	1,743,218	1,743,218
Restricted							
Debt service	-	-	-	-	-	1,029,328	1,029,328
Capital projects	-	-	10,915,106	-	3,139,257	662,730	14,717,093
Hotel/motel tax		15,691,548	-	-	-	5,540,903	21,232,451
Beach nourishment	-	-	-	(1,119,488)	-	5,023,150	3,903,662
Transportation	-	-	-	-	-	528,821	528,821
Other federal grants	-	-	-	-	-	7,035	7,035
Beach maintenance	-	-	-	-	-	5,160,007	5,160,007
Municipal court	-	-	-	-	-	88,308	88,308
Criminal justice	112,664	-	-	-	-	-	112,664
Parks and recreation	-	-	-	-	-	146,833	146,833
TIRZ	-	-	-	-	-	286,914	286,914
Unassigned	10,560,730	-	-	-	-	-	10,560,730
Total fund balances (deficits)	\$ 10,744,205	\$ 15,704,081	\$ 10,915,106	\$ (1,119,488)	\$ 3,139,257	\$ 20,300,157	\$ 59,683,318

**City of South Padre Island, Texas**  
**Notes to Financial Statements**

**NOTE 19: NET POSITION**

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

September 30, 2022	Governmental Activities	Component Unit
Net investment in capital assets		
Capital assets, net of accumulated depreciation	\$ 43,544,693	\$ 5,457,887
Deferred outflows and inflows of resources - deferred charges on refunding	(17,893,068)	98,154
Less: related liabilities (bonds, net of premium, and capital leases)	(966,910)	(2,262,693)
Plus: Unspent bond proceeds	5,224,307	-
Net investment in capital assets - total	29,909,022	3,293,348
Restricted net position consists of the following:		
Restricted for debt service	1,029,327	820,033
Restricted for capital projects	662,728	-
Restricted for beach nourishment	5,023,150	-
Restricted for convention center	5,573,735	-
Restricted for transportation	577,846	-
Restricted for laguna blvd	3,139,255	-
Restricted for beach maintenance	5,161,063	-
Restricted for municipal court	88,308	-
Restricted for criminal justice	112,664	-
Restricted for venue project	10,915,106	-
Restricted for coronavirus	7,035	-
Restricted for parks and recreation	146,833	-
Restricted for TIRZ	286,914	-
Restricted for hotel/motel taxes	15,704,082	-
Restricted net position - total	48,428,046	820,033
Unrestricted net position	6,917,320	2,128,898
Total net position	\$ 85,254,388	\$ 6,242,279

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## REQUIRED SUPPLEMENTARY INFORMATION



**City of South Padre Island, Texas**  
**Budgetary Comparison Schedule - General Fund**

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 6,813,385	\$ 6,813,385	\$ 6,564,501	\$ (248,884)
Nonproperty taxes	4,137,887	4,137,887	5,443,181	1,305,294
Fees and services	1,099,185	1,274,456	1,198,427	(76,029)
Fines and forfeitures	300,000	300,000	386,172	86,172
Licenses and permits	234,250	234,250	508,883	274,633
Intergovernmental	138,150	281,618	269,598	(12,020)
Interest revenue	55,000	55,000	49,366	(5,634)
Miscellaneous and program revenues	39,100	46,106	59,388	13,282
<b>Total revenues</b>	<b>12,816,957</b>	<b>13,142,702</b>	<b>14,479,516</b>	<b>1,336,814</b>
<b>Expenditures</b>				
Current				
General government				
City council	20,000	20,000	6,448	13,552
City administration	663,498	666,735	620,747	45,988
Finance	489,796	493,884	479,632	14,252
Planning	90,315	94,175	87,110	7,065
Human resources	345,076	354,659	288,711	65,948
Information services	734,738	767,400	655,406	111,994
Environmental health services	496,764	512,933	459,348	53,585
General services	991,489	1,071,489	1,014,147	57,342
Special projects	64,000	397,000	57,251	339,749
<b>Total general government</b>	<b>3,895,676</b>	<b>4,378,275</b>	<b>3,668,800</b>	<b>709,475</b>
Public safety				
Municipal court	337,834	340,583	289,804	50,779
Police	3,314,867	3,578,832	3,382,682	196,150
Fire	2,712,655	2,875,248	2,675,593	199,655
Emergency management	19,144	19,144	15,124	4,020
<b>Total public safety</b>	<b>6,384,500</b>	<b>6,813,807</b>	<b>6,363,203</b>	<b>450,604</b>
Public works				
Building maintenance	198,376	211,542	169,256	42,286
Inspections	271,848	287,268	270,481	16,787
Fleet management	420,288	593,335	541,330	52,005
Public works	1,367,407	1,672,617	1,344,057	328,560
<b>Total public works</b>	<b>2,257,919</b>	<b>2,764,762</b>	<b>2,325,124</b>	<b>439,638</b>
Capital outlay	-	1,220,302	837,730	382,572

**City of South Padre Island, Texas**  
**Budgetary Comparison Schedule - General Fund**

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Debt service				
Leases	69,164	69,164	111,378	(42,214)
Interest and fees	5,250	5,250	6,594	(1,344)
<b>Total debt service</b>	<b>74,414</b>	<b>74,414</b>	<b>117,972</b>	<b>(43,558)</b>
<b>Total expenditures</b>	<b>12,612,509</b>	<b>15,251,560</b>	<b>13,312,829</b>	<b>1,938,731</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	204,448	(2,108,858)	1,166,687	3,275,545
<b>Other Financing Sources (Uses)</b>				
Sale of fixed asset	-	42,502	41,854	(648)
Leases	-	-	3,263	3,263
Transfers in	217,000	220,348	433,654	213,306
Transfers out	(427,407)	(653,658)	(712,398)	(58,740)
<b>Total other financing sources (uses)</b>	<b>(210,407)</b>	<b>(390,808)</b>	<b>(233,627)</b>	<b>157,181</b>
Net change in fund balance	(5,959)	(2,499,666)	933,060	3,432,726
Fund balance, beginning of the year	9,811,145	9,811,145	9,811,145	-
<b>Fund balance, end of year</b>	<b>\$ 9,805,186</b>	<b>\$ 7,311,479</b>	<b>\$ 10,744,205</b>	<b>\$ 3,432,726</b>

**City of South Padre Island, Texas**  
**Budgetary Comparison Schedule - Hotel Motel Tax Fund**

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Nonproperty taxes	\$ 7,393,521	\$ 7,393,521	\$10,451,817	\$ 3,058,296
Fees and services	7,000	7,000	-	(7,000)
Interest revenue	-	-	33,471	33,471
Miscellaneous and program revenues	23,000	23,000	16,712	(6,288)
<b>Total revenues</b>	<b>7,423,521</b>	<b>7,423,521</b>	<b>10,502,000</b>	<b>3,078,479</b>
<b>Expenditures</b>				
Current				
Convention and visitors bureau				
Visitors bureau	149,308	154,579	135,505	19,074
Sales and marketing	2,032,974	2,491,202	1,610,848	880,354
Events marketing	697,744	978,711	752,091	226,620
Marketing	3,615,500	4,362,950	4,065,342	297,608
SPI Historical Museum	34,000	40,000	32,066	7,934
<b>Total convention and visitors bureau</b>	<b>6,529,526</b>	<b>8,027,442</b>	<b>6,595,852</b>	<b>1,431,590</b>
Capital outlay	-	375,000	3,611	371,389
<b>Total expenditures</b>	<b>6,529,526</b>	<b>8,402,442</b>	<b>6,599,463</b>	<b>1,802,979</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	893,995	(978,921)	3,902,537	4,881,458
Net change in fund balance	893,995	(978,921)	3,902,537	4,881,458
Fund balance, beginning of the year	11,801,544	11,801,544	11,801,544	-
<b>Fund balance, end of year</b>	<b>\$12,695,539</b>	<b>\$10,822,623</b>	<b>\$15,704,081</b>	<b>\$ 4,881,458</b>

**City of South Padre Island, Texas**  
**Budgetary Comparison Schedule - Venue Project Fund**

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Nonproperty taxes	\$ 2,261,888	\$ 2,261,888	\$ 3,198,975	\$ 937,087
Interest Revenue	-	-	26,344	26,344
<b>Total revenues</b>	<b>2,261,888</b>	<b>2,261,888</b>	<b>3,225,319</b>	<b>963,431</b>
<b>Expenditures</b>				
Current				
General government	55,425	63,925	56,917	7,008
<b>Total expenditures</b>	<b>55,425</b>	<b>63,925</b>	<b>56,917</b>	<b>7,008</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>2,206,463</b>	<b>2,197,963</b>	<b>3,168,402</b>	<b>970,439</b>
<b>Other Financing Uses</b>				
Transfers in (out)	(547,738)	(547,738)	(547,738)	-
<b>Total other financing uses</b>	<b>(547,738)</b>	<b>(547,738)</b>	<b>(547,738)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>1,658,725</b>	<b>1,650,225</b>	<b>2,620,664</b>	<b>970,439</b>
<b>Fund balance, beginning of the year</b>	<b>8,294,442</b>	<b>8,294,442</b>	<b>8,294,442</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 9,953,167</b>	<b>\$ 9,944,667</b>	<b>\$ 10,915,106</b>	<b>\$ 970,439</b>

**City of South Padre Island, Texas**  
**Budgetary Comparison Schedule - Bay Access Fund**

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 140,625	\$ 11,678	\$ (128,947)
Total revenues	-	140,625	11,678	(128,947)
<b>Expenditures</b>				
Capital outlay	-	187,500	80,090	107,410
Total expenditures	-	187,500	80,090	107,410
Deficiency of Revenues Under Expenditures	-	(46,875)	(68,412)	(21,537)
<b>Other Financing Sources</b>				
Transfers in	-	46,875	46,875	-
Total other financing sources	-	46,875	46,875	-
Net change in fund balnace	-	-	(21,537)	(21,537)
Fund balance, beginning of the year	(1,097,951)	(1,097,951)	(1,097,951)	-
Fund balance, end of year	\$ (1,097,951)	\$ (1,097,951)	\$ (1,119,488)	\$ (21,537)

**City of South Padre Island, Texas**  
**Budgetary Comparison Schedule - Laguna Blvd. Reconstruction Fund**

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Interest revenue	\$ -	\$ -	\$ 14,822	\$ 14,822
Total revenues	-	-	14,822	14,822
<b>Expenditures</b>				
Capital outlay	-	5,000,000	1,889,928	3,110,072
Total expenditures	-	5,000,000	1,889,928	3,110,072
Deficiency of Revenues Under Expenditures	-	(5,000,000)	(1,875,106)	3,124,894
Net change in fund balance	-	(5,000,000)	(1,875,106)	3,124,894
Fund balance, beginning of the year	5,014,363	5,014,363	5,014,363	-
Fund balance, end of year	\$ 5,014,363	\$ 14,363	\$ 3,139,257	\$ 3,124,894

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

<i>For the year ended September 30,</i>	2022	2021	2020	2019
<b>Total Pension Liability</b>				
Service cost	\$ 1,643,568	\$ 1,521,237	\$ 1,492,650	\$ 1,581,818
Interest	2,785,073	2,652,250	2,487,708	2,318,640
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	875,139	(641,926)	(210,211)	(37,697)
Changes of assumptions	-	-	157,458	-
Benefit payments, including refunds of employee contributions	(1,649,799)	(1,600,165)	(1,408,294)	(1,218,630)
Net change in total pension liability	3,653,981	1,931,396	2,519,311	2,644,131
Total pension liability – beginning	41,263,459	39,332,063	36,812,752	34,168,621
Total pension liability – ending (a)	44,917,440	41,263,459	39,332,063	36,812,752
<b>Plan Fiduciary Net Position</b>				
Contributions – employer	1,146,306	1,149,332	1,052,685	1,123,142
Contributions – employee	639,375	620,880	574,728	610,404
Net investment income	5,334,984	2,875,853	5,047,207	(992,608)
Benefit payments, including refunds of employee contributions	(1,649,799)	(1,600,165)	(1,408,294)	(1,218,630)
Administrative expense	(24,668)	(18,600)	(28,506)	(19,180)
Other	170	(726)	(856)	(1,002)
Net change in plan fiduciary net position	5,446,368	3,026,574	5,236,964	(497,874)
Plan fiduciary net position – beginning	40,895,574	37,869,000	32,632,036	33,129,910
Plan fiduciary net position – ending (b)	46,341,942	40,895,574	37,869,000	32,632,036
Net pension liability (asset) – ending (a) – (b)	\$ (1,424,502)	\$ 367,885	\$ 1,463,063	\$ 4,180,716
Plan fiduciary net position as a percentage of total pension liability	103.17%	99.11%	96.28%	88.64%
Covered payroll	\$ 9,120,802	\$ 8,570,348	\$ 8,210,394	\$ 8,720,053
Net pension liability as a percentage of covered payroll	-15.62%	4.29%	17.82%	47.94%

**Note: 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 Net Pension Liability (Asset) and Related Ratios**  
**For Agent Multiple Employer Pension Plan**  
**Texas Municipal Retirement System**

2018	2017	2016	2015
\$ 1,501,734	\$ 1,362,970	\$ 1,328,713	\$ 1,221,450
2,150,831	1,991,081	1,904,228	1,754,638
-	-	-	-
(4,413)	20,476	(254,650)	(172,667)
-	-	136,482	-
(1,185,643)	(968,845)	(706,482)	(733,635)
2,462,509	2,405,682	2,408,291	2,069,786
31,706,112	29,300,430	26,892,139	24,822,353
34,168,621	31,706,112	29,300,430	26,892,139
1,035,135	950,341	941,947	920,340
580,140	533,900	521,648	516,630
3,983,187	1,788,988	37,906	1,352,871
(1,185,643)	(968,845)	(706,482)	(733,635)
(20,642)	(20,192)	(23,085)	(14,122)
(1,046)	(1,088)	(1,140)	(1,161)
4,391,131	2,283,104	770,794	2,040,923
28,738,779	26,455,675	25,684,881	23,643,958
33,129,910	28,738,779	26,455,675	25,684,881
\$ 1,038,711	\$ 2,967,333	\$ 2,844,755	\$ 1,207,258
96.96%	90.64%	90.29%	95.51%
\$ 8,287,714	\$ 7,627,140	\$ 7,452,122	\$ 7,380,428
12.53%	38.90%	38.17%	16.36%

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

<i>For the year ended September 30,</i>	2022	2021	2020	2019
Actuarially determined contribution	\$ 1,209,849	\$ 1,098,815	\$ 1,122,805	\$ 1,093,602
Contributions in relation to actuarially determined contribution	(1,209,849)	(1,098,815)	(1,122,805)	(1,093,602)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 9,816,586	\$ 8,694,174	\$ 8,703,739	\$ 8,523,629
Contributions as a percentage of covered payroll	12.32%	12.63%	12.90%	12.83%

***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**

2018	2017	2016	2015
\$ 1,097,022	\$ 1,009,664	\$ 952,539	\$ 926,892
(1,097,022)	(1,009,664)	(952,539)	(926,892)
\$ -	\$ -	\$ -	\$ -
\$ 8,587,911	\$ 7,980,143	\$ 7,614,798	\$ 7,359,671
12.77%	12.65%	12.51%	12.59%

**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>	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>					
Service cost	\$ 41,044	\$ 26,568	\$ 16,421	\$ 21,800	\$ 17,404
Interest	11,556	12,504	13,773	12,051	11,515
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	3,485	(143)	(27,878)	6,790	-
Change of assumptions	21,953	82,758	79,011	(28,237)	30,878
Benefit payments, including refunds of employee contributions	(8,209)	(3,428)	(2,463)	(2,616)	(2,486)
Net change in total OPEB liability	69,829	118,259	78,864	9,788	57,311
Total OPEB liability - beginning	561,388	443,129	364,265	354,477	297,166
Total OPEB liability - ending	\$ 631,217	\$ 561,388	\$ 443,129	\$ 364,265	\$ 354,477
 <b>Covered payroll</b>	 \$9,120,802	 \$8,570,348	 \$8,210,394	 \$8,720,053	 \$8,287,714
 <b>Total OPEB Liability as a percentage of covered payroll</b>	 6.92%	 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, 2022**

**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	24 Years (longest amortization ladder)
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.***

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**City of South Padre Island, Texas**  
**Notes to the Required Supplementary Information**  
**For the Year Ended September 30, 2022**

**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.

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## OTHER SUPPLEMENTARY INFORMATION



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

*Special revenue fund:* **Coronavirus Relief Fund** is used to account for COVID grant funds received.

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

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

## City of South Padre Island, Texas

### Non-Major Governmental Fund Statements and Schedules

*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.

**City of South Padre Island, Texas**  
**Combining Balance Sheets – Nonmajor Governmental Funds**

	Special Revenue Funds			
	Convention Center Fund	Municipal Court Technology Fund	Municipal Court Security Grant Fund	Transportation Grant Fund
<i>September 30, 2022</i>				
<b>Assets</b>				
Cash and cash equivalents	\$4,931,759	\$ 11,507	\$ 76,801	\$ 203,481
Cash and cash equivalents - restricted	-	-	-	-
Investments	500,751	-	-	-
Receivables, net				
Taxes	-	-	-	-
Accounts	173,074	-	-	-
Due from other governments	-	-	-	325,057
Leases receivables	-	-	-	74,703
Prepaid items	32,830	-	-	49,024
<b>Total assets</b>	<b>\$5,638,414</b>	<b>\$ 11,507</b>	<b>\$ 76,801</b>	<b>\$ 652,265</b>
<b>Liabilities, Deferred Inflows of Resources and Fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 42	\$ -	\$ -	\$ -
Unearned revenues	64,639	-	-	-
<b>Total liabilities</b>	<b>64,681</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue - property taxes	-	-	-	-
Unavailable revenue - other	-	-	-	74,420
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74,420</b>
<b>Fund balances</b>				
Nonspendable	32,830	-	-	49,024
Restricted	5,540,903	11,507	76,801	528,821
Assigned	-	-	-	-
<b>Total fund balances</b>	<b>5,573,733</b>	<b>11,507</b>	<b>76,801</b>	<b>577,845</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$5,638,414</b>	<b>\$ 11,507</b>	<b>\$ 76,801</b>	<b>\$ 652,265</b>

**City of South Padre Island, Texas**  
**Combining Balance Sheets – Nonmajor Governmental Funds**

Special Revenue Funds					Nonmajor Special Revenue Funds
Coronavirus Relief Fund	Parks and Recreation Fund	TIRZ Fund	Beach Maintenance Fund	Beach Nourishment Fund	
\$ 7,035	\$ 146,833	\$ 237,741	\$ 3,527,373	\$ 2,947,201	\$12,089,731
-	-	-	-	-	-
-	-	-	1,004,774	2,016,781	3,522,306
-	-	-	-	-	-
-	-	49,173	-	59,168	281,415
-	-	-	648,863	-	973,920
-	-	-	-	-	74,703
-	-	-	1,056	-	82,910
<u>\$ 7,035</u>	<u>\$ 146,833</u>	<u>\$ 286,914</u>	<u>\$ 5,182,066</u>	<u>\$ 5,023,150</u>	<u>\$17,024,985</u>
\$ -	\$ -	\$ -	\$ 21,003	\$ -	\$ 21,045
-	-	-	-	-	64,639
-	-	-	21,003	-	85,684
-	-	-	-	-	-
-	-	-	-	-	74,420
-	-	-	-	-	74,420
-	-	-	1,056	-	82,910
7,035	146,833	286,914	5,160,007	5,023,150	16,781,971
-	-	-	-	-	-
<u>7,035</u>	<u>146,833</u>	<u>286,914</u>	<u>5,161,063</u>	<u>5,023,150</u>	<u>16,864,881</u>
<u>\$ 7,035</u>	<u>\$ 146,833</u>	<u>\$ 286,914</u>	<u>\$ 5,182,066</u>	<u>\$ 5,023,150</u>	<u>\$17,024,985</u>

**City of South Padre Island, Texas**  
**Combining Balance Sheets – Nonmajor Governmental Funds (Continued)**

	Capital Projects Funds		
	Padre Blvd Improvement Fund	Capital Replacement Fund	Venue Tax Construction Fund
<i>September 30, 2022</i>			
<b>Assets</b>			
Cash and cash equivalents	\$ 350,348	\$ 461,972	\$ 708,969
Cash and cash equivalents - restricted	-	-	-
Investments	-	-	-
Receivables, net			
Taxes	-	-	-
Accounts	-	-	-
Due from other governments	-	-	-
Leases receivables	-	-	-
Prepaid items	-	-	-
<b>Total assets</b>	<b>\$ 350,348</b>	<b>\$ 461,972</b>	<b>\$ 708,969</b>
<b>Liabilities, Deferred Inflows of Resources and Fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ 396,587
Unearned revenues	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>396,587</b>
<b>Deferred inflows of resources</b>			
Unavailable revenue - property taxes	-	-	-
Unavailable revenue - other	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>			
Nonspendable	-	-	-
Restricted	350,348	-	312,382
Assigned	-	461,972	-
<b>Total fund balances</b>	<b>350,348</b>	<b>461,972</b>	<b>312,382</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 350,348</b>	<b>\$ 461,972</b>	<b>\$ 708,969</b>

**City of South Padre Island, Texas**

**Combining Balance Sheets – Nonmajor Governmental Funds (Continued)**

<u>Capital Projects Funds</u>			
Beach Access Fund		Nonmajor Capital Projects Funds	
<hr/>		<hr/>	
\$	1,294,755	\$	2,816,044
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
<hr/>		<hr/>	
\$	1,294,755	\$	2,816,044
<hr/>		<hr/>	
	13,509		410,096
	-		-
<hr/>		<hr/>	
	13,509		410,096
	-		-
	-		-
<hr/>		<hr/>	
	-		-
	-		-
	-		662,730
	1,281,246		1,743,218
<hr/>		<hr/>	
	1,281,246		2,405,948
<hr/>		<hr/>	
\$	1,294,755	\$	2,816,044
<hr/>		<hr/>	

**City of South Padre Island, Texas**  
**Combining Balance Sheets – Nonmajor Governmental Funds (Continued)**

	Debt Service Funds		
	Debt Service Fund	Venue Debt Service Fund	Venue Seasonal Reserve
<i>September 30, 2022</i>			
<b>Assets</b>			
Cash and cash equivalents	\$ 359,594	\$ 251	\$ -
Cash and cash equivalents - restricted	-	-	132,419
Investments	-	-	-
Receivables, net			
Taxes	26,124	-	-
Accounts	1,052	-	-
Due from other governments	-	-	-
Leases receivables	-	-	-
Prepaid items	-	-	-
<b>Total assets</b>	<b>\$ 386,770</b>	<b>\$ 251</b>	<b>\$ 132,419</b>
<b>Liabilities, Deferred Inflows of Resources and Fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ -
Unearned revenues	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources</b>			
Unavailable revenue - property taxes	20,684	-	-
Unavailable revenue - other	-	-	-
<b>Total deferred inflows of resources</b>	<b>20,684</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>			
Nonspendable	-	-	-
Restricted	366,086	251	132,419
Assigned	-	-	-
<b>Total fund balances</b>	<b>366,086</b>	<b>251</b>	<b>132,419</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 386,770</b>	<b>\$ 251</b>	<b>\$ 132,419</b>



**City of South Padre Island, Texas**

**Combining Balance Sheets – Nonmajor Governmental Funds (Continued)**

Debt Service Funds					
Venue Debt Service Reserve		Nonmajor Debt Service Funds		Total Nonmajor Governmental Funds	
\$	-	\$	359,845	\$	15,265,620
	530,572		662,991		662,991
	-		-		3,522,306
	-		26,124		26,124
	-		1,052		282,467
	-		-		973,920
	-		-		74,703
	-		-		82,910
\$	530,572	\$	1,050,012	\$	20,891,041
\$	-	\$	-	\$	431,141
	-		-		64,639
	-		-		495,780
	-		20,684		20,684
	-		-		74,420
	-		20,684		95,104
	-		-		82,910
	530,572		1,029,328		18,474,029
	-		-		1,743,218
	530,572		1,029,328		20,300,157
\$	530,572	\$	1,050,012	\$	20,891,041

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

	Special Revenue Funds			
	Convention Center Fund	Municipal Court Technology Fund	Municipal Court Security Fund	Transportation Grant Fund
<i>For the year ended September 30, 2022</i>				
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Nonproperty taxes	2,337,421	-	-	-
Fees and services	333,073	-	-	-
Fines and forfeitures	-	6,609	7,849	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	2,087,311
Interest revenue	15,845	-	-	-
Miscellaneous	3,019	-	-	124,467
<b>Total revenues</b>	<b>2,689,358</b>	<b>6,609</b>	<b>7,849</b>	<b>2,211,778</b>
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Public safety	-	5,978	850	-
Shoreline	-	-	-	-
Transportation	-	-	-	1,825,077
Community service	-	-	-	-
Convention and visitors bureau	1,477,862	-	-	-
Capital outlay	72,068	-	-	238,849
Debt service				
Principal				
General obligation bonds	-	-	-	-
Tax anticipation notes	-	-	-	-
Venue tax revenue bonds	-	-	-	-
Leases	7,033	-	-	4,436
Interest	40	-	-	3,064
Administrative charges	-	-	-	-
<b>Total expenditures</b>	<b>1,557,003</b>	<b>5,978</b>	<b>850</b>	<b>2,071,426</b>
Excess (deficiency) of revenues over (under) expenditures	1,132,355	631	6,999	140,352
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	-	-	-	28,019
Transfers in	-	-	-	103,025
Transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>131,044</b>
<b>Net change in fund balances</b>	<b>1,132,355</b>	<b>631</b>	<b>6,999</b>	<b>271,396</b>
<b>Fund balance, beginning of year</b>	<b>4,441,378</b>	<b>10,876</b>	<b>69,802</b>	<b>306,449</b>
<b>Fund balance, end of year</b>	<b>\$ 5,573,733</b>	<b>\$ 11,507</b>	<b>\$ 76,801</b>	<b>\$ 577,845</b>

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

Special Revenue Funds					Total Nonmajor Special Revenue Funds
Coronavirus Relief Fund	Parks and Recreation Fund	TIRZ Fund	Beach Maintenance Fund	Beach Nourishment Fund	
\$ -	\$ -	\$ 112,949	\$ -	\$ -	\$ 112,949
-	-	-	3,534,305	799,327	6,671,053
-	5,475	-	-	-	338,548
-	-	-	-	-	14,458
-	-	-	3,335	-	3,335
689,710	36,695	-	127,525	143,482	3,084,723
-	-	-	9,757	30,426	56,028
-	200	-	252	-	127,938
689,710	42,370	112,949	3,675,174	973,235	10,409,032
352,848	-	5,400	99,602	-	457,850
-	-	-	397,638	-	404,466
-	-	-	1,511,092	213,653	1,724,745
-	-	-	-	-	1,825,077
-	98,041	-	-	-	98,041
-	-	-	-	-	1,477,862
-	152,359	35,700	58,572	-	557,548
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	11,469
-	-	-	-	-	3,104
-	-	-	-	-	-
352,848	250,400	41,100	2,066,904	213,653	6,560,162
336,862	(208,030)	71,849	1,608,270	759,582	3,848,870
-	-	-	712	-	28,731
-	170,503	-	-	-	273,528
(344,855)	-	(50,000)	(1,007,901)	-	(1,402,756)
(344,855)	170,503	(50,000)	(1,007,189)	-	(1,100,497)
(7,993)	(37,527)	21,849	601,081	759,582	2,748,373
15,028	184,360	265,065	4,559,982	4,263,568	14,116,508
\$ 7,035	\$ 146,833	\$ 286,914	\$ 5,161,063	\$ 5,023,150	\$ 16,864,881

**City of South Padre Island, Texas**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances – Nonmajor Governmental Funds (Continued)**

<i>For the year ended September 30, 2022</i>	Capital Projects Funds		
	Padre Blvd Improvement Fund	Street Improvement Fund	Capital Replacement Fund
<b>Revenues</b>			
Property taxes	\$ -	\$ -	\$ -
Nonproperty taxes	-	-	-
Fees and services	-	-	-
Fines and forfeitures	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Interest revenue	-	-	-
Miscellaneous	350,348	-	-
<b>Total revenues</b>	<b>350,348</b>	<b>-</b>	<b>-</b>
<b>Expenditures</b>			
Current			
General government	-	-	29,600
Public safety	-	-	-
Shoreline	-	-	-
Transportation	-	-	-
Community service	-	-	-
Convention and visitors bureau	-	-	-
Capital outlay	-	-	192,704
Debt service			
Principal			
General obligation bonds	-	-	-
Tax anticipation notes	-	-	-
Venue tax revenue bonds	-	-	-
Leases	-	-	-
Interest	-	-	-
Administrative charges	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>222,304</b>
Excess (deficiency) of revenues over (under) expenditures	350,348	-	(222,304)
<b>Other Financing Sources (Uses)</b>			
Sale of capital assets	-	-	-
Transfers in	-	-	225,000
Transfers (out)	-	(3,348)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(3,348)</b>	<b>225,000</b>
<b>Net change in fund balances</b>	<b>350,348</b>	<b>(3,348)</b>	<b>2,696</b>
<b>Fund balance, beginning of year</b>	<b>-</b>	<b>3,348</b>	<b>459,276</b>
<b>Fund balance, end of year</b>	<b>\$ 350,348</b>	<b>\$ -</b>	<b>\$ 461,972</b>

**City of South Padre Island, Texas**

**Combining Statement of Revenues, Expenditures, and**

**Changes in Fund Balances – Nonmajor Governmental Funds (Continued)**

Capital Projects Funds		
Venue Tax Construction Fund	Beach Access Fund	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	53,690	53,690
4,941	-	4,941
-	1,506	351,854
4,941	55,196	410,485
-	-	29,600.00
-	-	-
-	-	-
-	-	-
-	-	-
902,941	349,956	1,445,601
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
902,941	349,956	1,475,201
(898,000)	(294,760)	(1,064,716)
-	-	-
-	1,126,445	1,351,445
-	-	(3,348)
-	1,126,445	1,348,097
(898,000)	831,685	283,381
1,210,382	449,561	2,122,567
\$ 312,382	\$ 1,281,246	\$ 2,405,948

**City of South Padre Island, Texas**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances – Nonmajor Governmental Funds (Continued)**

	Debt Service Funds		
	Debt Service Fund	Venue Debt Service Fund	Venue Seasonal Reserve
<i>For the year ended September 30, 2022</i>			
<b>Revenues</b>			
Property taxes	\$ 1,617,344	\$ -	\$ -
Nonproperty taxes	-	-	-
Fees and services	-	-	-
Fines and forfeitures	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Interest revenue	-	-	-
Miscellaneous	-	-	-
<b>Total revenues</b>	<b>1,617,344</b>	<b>-</b>	<b>-</b>
<b>Expenditures</b>			
Current			
General government	-	-	-
Public safety	-	-	-
Shoreline	-	-	-
Transportation	-	-	-
Community service	-	-	-
Convention and visitors bureau	-	-	-
Capital outlay	-	-	-
Debt service			
Principal			
General obligation bonds	325,000	-	-
Tax anticipation notes	1,095,000	-	-
Venue tax revenue bonds	-	200,000	-
Leases	-	-	-
Interest	278,199	309,738	-
Administrative charges	3,500	749	-
<b>Total expenditures</b>	<b>1,701,699</b>	<b>510,487</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	(84,355)	(510,487)	-
<b>Other Financing Sources (Uses)</b>			
Sale of capital assets	-	-	-
Transfers in	50,000	510,738	-
Transfers (out)	-	-	-
<b>Total other financing sources (uses)</b>	<b>50,000</b>	<b>510,738</b>	<b>-</b>
Net change in fund balances	(34,355)	251	-
Fund balance, beginning of year	400,441	-	132,419
Fund balance, end of year	\$ 366,086	\$ 251	\$ 132,419

**City of South Padre Island, Texas**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances – Nonmajor Governmental Funds (Continued)**

<u>Debt Service Funds</u>					
	Venue Debt Service Reserve		Total Debt Service Funds		Total Non Major Governmental Funds
\$	-	\$	1,617,344	\$	1,730,293
	-		-		6,671,053
	-		-		338,548
	-		-		14,458
	-		-		3,335
	-		-		3,138,413
	-		-		60,969
	-		-		479,792
	-		1,617,344		12,436,861
	-		-		487,450
	-		-		404,466
	-		-		1,724,745
	-		-		1,825,077
	-		-		98,041
	-		-		1,477,862
	-		-		2,003,149
	-		325,000		325,000
	-		1,095,000		1,095,000
	-		200,000		200,000
	-		-		11,469
	-		587,937		591,041
	-		4,249		4,249
	-		2,212,186		10,247,549
	-		(594,842)		2,189,312
	-		-		28,731
	-		560,738		2,185,711
	-		-		(1,406,104)
	-		560,738		808,338
	-		(34,104)		2,997,650
	530,572		1,063,432		17,302,507
\$	530,572	\$	1,029,328	\$	20,300,157

**City of South Padre Island, Texas**  
**Budgetary Comparison Schedule – Convention Center Fund**

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Nonproperty taxes	\$ 1,654,030	\$ 1,654,030	\$ 2,337,421	\$ 683,391
Fees and services	215,000	215,000	333,073	118,073
Interest revenue	-	-	15,845	15,845
Miscellaneous	3,000	3,000	3,019	19
<b>Total revenues</b>	<b>1,872,030</b>	<b>1,872,030</b>	<b>2,689,358</b>	<b>817,328</b>
<b>Expenditures</b>				
Current				
Convention and visitors bureau	1,460,743	1,513,965	1,477,862	36,103
Capital outlay	-	200,000	72,068	127,932
Debt service				
Leases principal	-	-	7,033	(7,033)
Leases interest	-	-	40	(40)
<b>Total expenditures</b>	<b>1,460,743</b>	<b>1,713,965</b>	<b>1,557,003</b>	<b>156,962</b>
Excess of revenues over expenditures	411,287	158,065	1,132,355	974,290
Net change in fund balance	411,287	158,065	1,132,355	974,290
Fund balance, beginning of the year	4,441,378	4,441,378	4,441,378	-
<b>Fund balance, end of year</b>	<b>\$ 4,852,665</b>	<b>\$ 4,599,443</b>	<b>\$ 5,573,733</b>	<b>\$ 974,290</b>



**City of South Padre Island, Texas**  
**Budgetary Comparison Schedule – Municipal Court Technology Fund**

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Fines and forfeitures	\$ 3,500	\$ 3,500	\$ 6,609	\$ 3,109
Total revenues	3,500	3,500	6,609	3,109
<b>Expenditures</b>				
Current				
Public safety	5,911	5,911	5,978	(67)
Total expenditures	5,911	5,911	5,978	(67)
Excess (deficiency) of revenues over (under) expenditures	(2,411)	(2,411)	631	3,042
Net change in fund balance	(2,411)	(2,411)	631	3,042
Fund balance, beginning of the year	10,876	10,876	10,876	-
Fund balance, end of year	\$ 8,465	\$ 8,465	\$ 11,507	\$ 3,042

**City of South Padre Island, Texas**

**Budgetary Comparison Schedule – Municipal Court Security Grant Fund**

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Fines and forfeitures	\$ 5,000	\$ 5,000	\$ 7,849	\$ 2,849
Total revenues	5,000	5,000	7,849	2,849
<b>Expenditures</b>				
Current				
Public safety	7,833	7,833	850	6,983
Total expenditures	7,833	7,833	850	6,983
Excess (deficiency) of revenues over (under) expenditures	(2,833)	(2,833)	6,999	9,832
Net change in fund balance	(2,833)	(2,833)	6,999	9,832
Fund balance, beginning of the year	69,802	69,802	69,802	-
Fund balance, end of year	\$ 66,969	\$ 66,969	\$ 76,801	\$ 9,832

**City of South Padre Island, Texas**  
**Budgetary Comparison Schedule – Transportation Grant Fund**

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Fees and services	-	-	-	-
Intergovernmental	\$ 2,194,861	\$ 2,194,861	\$ 2,087,311	\$ (107,550)
Miscellaneous	97,250	97,250	124,467	27,217
<b>Total revenues</b>	<b>2,292,111</b>	<b>2,292,111</b>	<b>2,211,778</b>	<b>(80,333)</b>
<b>Expenditures</b>				
Current				
Transportation	2,268,948	2,344,761	1,825,077	519,684
Capital outlay	123,163	614,984	238,849	376,135
Debt service				
Leases principal	-	-	4,436	(4,436)
Leases interest	-	-	3,064	(3,064)
<b>Total expenditures</b>	<b>2,392,111</b>	<b>2,959,745</b>	<b>2,071,426</b>	<b>888,319</b>
Excess (deficiency) of revenues over (under) expenditures	(100,000)	(667,634)	140,352	807,986
<b>Other Financing Sources</b>				
Sale of capital assets	-	-	28,019	28,019
Transfers in	100,000	100,000	103,025	3,025
<b>Total other financing sources</b>	<b>100,000</b>	<b>100,000</b>	<b>131,044</b>	<b>31,044</b>
Net change in fund balance	-	(567,634)	271,396	839,030
Fund balance, beginning of the year	306,449	306,449	306,449	-
Fund balance, end of year	\$ 306,449	\$ (261,185)	\$ 577,845	\$ 839,030

**City of South Padre Island, Texas**  
**Budgetary Comparison Schedule – Coronavirus Relief Fund**

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 344,175	\$ 689,710	\$ 345,535
Total revenues	-	344,175	689,710	345,535
<b>Expenditures</b>				
Current				
General government	-	344,175	352,848	(8,673)
Total expenditures	-	344,175	352,848	(8,673)
Excess of revenues over expenditures	-	-	336,862	336,862
<b>Other Financing Uses</b>				
Transfers (out)	-	-	(344,855)	(344,855)
Total other financing uses	-	-	(344,855)	(344,855)
Net change in fund balance	-	-	(7,993)	(7,993)
Fund balance, beginning of the year	15,028	15,028	15,028	-
Fund balance, end of year				\$ (7,993)

**City of South Padre Island, Texas**  
**Budgetary Comparison Schedule – Parks and Recreation Fund**

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Fees and services	\$ 3,500	\$ 3,500	\$ 5,475	\$ 1,975
Intergovernmental	-	366,564	36,695	(329,869)
Miscellaneous	-	-	200	200
Total revenues	3,500	370,064	42,370	(327,694)
<b>Expenditures</b>				
Current				
Community service	98,426	124,492	98,041	26,451
Capital outlay	-	211,804	152,359	59,445
Total expenditures	98,426	336,296	250,400	85,896
Excess (deficiency) of revenues over (under) expenditures	(94,926)	33,768	(208,030)	(241,798)
<b>Other Financing Sources</b>				
Sale of capital assets	-	-	-	-
Transfers in	94,426	170,503	170,503	-
Total other financing sources	94,426	170,503	170,503	-
Net change in fund balance	(500)	204,271	(37,527)	(241,798)
Fund balance, beginning of the year	184,360	184,360	184,360	-
Fund balance, end of year	\$ 183,860	\$ 388,631	\$ 146,833	\$ (241,798)

**City of South Padre Island, Texas**  
**Budgetary Comparison Schedule – TIRZ Fund**

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 255,934	\$ 255,934	\$ 112,949	\$ (142,985)
Total revenues	255,934	255,934	112,949	(142,985)
<b>Expenditures</b>				
Current				
General government	-	9,000	5,400	3,600
Capital outlay	-	49,720	35,700	14,020
Total expenditures	-	58,720	41,100	17,620
Excess of revenues over expenditures	255,934	197,214	71,849	(125,365)
<b>Other Financing Uses</b>				
Transfers (out)	(50,000)	(50,000)	(50,000)	-
Total other financing uses	(50,000)	(50,000)	(50,000)	-
Net change in fund balance	205,934	147,214	21,849	(125,365)
Fund balance, beginning of the year	265,065	265,065	265,065	-
Fund balance, end of year	\$ 470,999	\$ 412,279	\$ 286,914	\$ (125,365)

**City of South Padre Island, Texas**  
**Budgetary Comparison Schedule – Beach Maintenance Fund**

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Nonproperty taxes	\$ 2,261,888	\$ 2,261,888	\$ 3,534,305	\$ 1,272,417
Intergovernmental	-	-	127,525	127,525
Interest revenue	-	-	9,757	9,757
Miscellaneous	2,500	2,500	3,587	1,087
<b>Total revenues</b>	<b>2,264,388</b>	<b>2,264,388</b>	<b>3,675,174</b>	<b>1,410,786</b>
<b>Expenditures</b>				
Current				
General government	106,886	107,217	99,602	7,615
Public safety	466,797	479,101	397,638	81,463
Shoreline	1,186,597	1,689,809	1,511,092	178,717
Capital outlay	12,000	341,044	58,572	282,472
<b>Total expenditures</b>	<b>1,772,280</b>	<b>2,617,171</b>	<b>2,066,904</b>	<b>550,267</b>
Excess (deficiency) of revenues over (under) expenditures	492,108	(352,783)	1,608,270	1,961,053
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	-	-	712	712
Transfers (out)	(180,000)	(1,139,450)	(1,007,901)	131,549
<b>Total other financing sources (uses)</b>	<b>(180,000)</b>	<b>(1,139,450)</b>	<b>(1,007,189)</b>	<b>132,261</b>
Net change in fund balance	312,108	(1,492,233)	601,081	2,093,314
Fund balance, beginning of the year	4,559,982	4,559,982	4,559,982	-
<b>Fund balance, end of year</b>	<b>\$ 4,872,090</b>	<b>\$ 3,067,749</b>	<b>\$ 5,161,063</b>	<b>\$ 2,093,314</b>

**City of South Padre Island, Texas**  
**Budgetary Comparison Schedule – Beach Nourishment Fund**

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Nonproperty taxes	\$ 565,472	\$ 565,472	\$ 799,327	\$ 233,855
Intergovernmental	-	115,210	143,482	28,272
Interest revenue	-	-	30,426	30,426
Total revenues	565,472	680,682	973,235	292,553
<b>Expenditures</b>				
Current				
Shoreline	80,000	293,656	213,653	80,003
Total expenditures	80,000	293,656	213,653	80,003
Excess of revenues over expenditures	485,472	387,026	759,582	372,556
Net change in fund balance	485,472	387,026	759,582	372,556
Fund balance, beginning of the year	4,263,568	4,263,568	4,263,568	-
Fund balance, end of year	\$ 4,749,040	\$ 4,650,594	\$ 5,023,150	\$ 372,556



**City of South Padre Island, Texas**  
**Budgetary Comparison Schedule – Padre Blvd Improvement Fund**

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Miscellaneous	\$ -	\$ -	\$ 350,348	\$ 350,348
Total revenues	-	-	350,348	350,348
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	-	-	350,348	350,348
Net change in fund balance	-	-	350,348	350,348
Fund balance, beginning of the year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ 350,348	\$ 350,348

**City of South Padre Island, Texas**  
**Budgetary Comparison Schedule – Street Improvement Fund**

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Other Financing Uses</b>				
Transfers (out)	\$ -	\$ -	\$ (3,348)	\$ (3,348)
Total other financing uses	-	-	(3,348)	(3,348)
Net change in fund balance	-	-	(3,348)	(3,348)
Fund balance, beginning of the year	3,348	3,348	3,348	-
Fund balance, end of year	\$ 3,348	\$ 3,348	\$ -	\$ (3,348)

**City of South Padre Island, Texas**  
**Budgetary Comparison Schedule – Capital Replacement Fund**

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Expenditures</b>				
Current				
General government	\$ 55,195	\$ 55,195	\$ 29,600	\$ 25,595
Capital outlay	51,404	296,968	192,704	104,264
<b>Total expenditures</b>	<b>106,599</b>	<b>352,163</b>	<b>222,304</b>	<b>129,859</b>
Deficiency of revenues under expenditures	(106,599)	(352,163)	(222,304)	129,859
<b>Other Financing Sources</b>				
Transfers in	225,000	225,000	225,000	-
<b>Total other financing sources</b>	<b>225,000</b>	<b>225,000</b>	<b>225,000</b>	<b>-</b>
Net change in fund balance	118,401	(127,163)	2,696	129,859
<b>Fund balance, beginning of the year</b>	<b>459,276</b>	<b>459,276</b>	<b>459,276</b>	<b>-</b>
<b>Fund balance, end of year</b>				

**City of South Padre Island, Texas**  
**Budgetary Comparison Schedule – Venue Tax Construction Fund**

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Interest revenue	\$ -	\$ -	\$ 4,941	\$ 4,941
Total revenues	-	-	4,941	4,941
<b>Expenditures</b>				
Capital outlay	-	1,089,437	902,941	186,496
Total expenditures	-	1,089,437	902,941	186,496
Deficiency of revenues under expenditures	-	(1,089,437)	(898,000)	191,437
Net change in fund balance	-	(1,089,437)	(898,000)	191,437
Fund balance, beginning of the year	1,210,382	1,210,382	1,210,382	-
Fund balance, end of year	\$ 1,210,382	\$ 120,945	\$ 312,382	\$ 191,437

**City of South Padre Island, Texas**  
**Budgetary Comparison Schedule – Beach Access Fund**

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 299,518	\$ 53,690	\$ (245,828)
Miscellaneous and program revenues	-	-	1,506	1,506
Total revenues	-	299,518	55,196	1,506
<b>Expenditures</b>				
Capital outlay	26,000	1,592,478	349,956	1,242,522
Total expenditures	26,000	1,592,478	349,956	1,242,522
Deficiency of revenues under expenditures	(26,000)	(1,292,960)	(294,760)	1,244,028
<b>Other Financing Sources</b>				
Transfers in	-	1,126,445	1,126,445	-
Total other financing sources	-	1,126,445	1,126,445	-
Net change in fund balance	(26,000)	(166,515)	831,685	1,244,028
Fund balance, beginning of the year	449,561	449,561	449,561	-
Fund balance, end of year	\$ 423,561	\$ 283,046	\$ 1,281,246	\$ 998,200

**City of South Padre Island, Texas**  
**Budgetary Comparison Schedule – Debt Service Fund**

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 1,592,000	\$ 1,592,000	\$ 1,617,344	\$ 25,344
Total revenues	1,592,000	1,592,000	1,617,344	25,344
<b>Expenditures</b>				
Debt service				
Principal - bonds				
General obligation bonds	325,000	325,000	325,000	-
Tax anticipation notes	1,095,000	1,095,000	1,095,000	-
Interest	278,200	278,200	278,199	1
Bond issue costs	-	-	-	-
Administrative charges	3,500	3,500	3,500	-
Total expenditures	1,701,700	1,701,700	1,701,699	1
Deficiency of revenues over expenditures	(109,700)	(109,700)	(84,355)	25,345
<b>Other Financing Sources</b>				
Transfers in	50,000	50,000	50,000	-
Total other financing sources				
Net change in fund balance				
Fund balance, beginning of the year	400,441	400,441		
Fund balance, end of year				\$ 25,345

**City of South Padre Island, Texas**  
**Budgetary Comparison Schedule – Venue Debt Service Fund**

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Expenditures</b>				
Debt service				
Principal - bonds				
Venue tax revenue bonds	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
Interest	309,738	309,738	309,738	-
Administrative charges	1,000	1,000	749	251
Total expenditures	510,738	510,738	510,487	251
Deficiency of revenues under expenditures	(510,738)	(510,738)	(510,487)	251
<b>Other Financing Sources</b>				
Transfers in	510,738	510,738	510,738	-
Total other financing sources	510,738	510,738	510,738	-
Net change in fund balance	-	-	251	251
Fund balance, beginning of the year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ 251	\$ 251

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## **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**

<i>September 30, 2022</i>	Economic Development Corporation General Fund	EDC Debt Service Reserve Fund	EDC Debt Service Fund	BNC Facility Maintenance	Total Component Unit
<b>Assets</b>					
Cash and cash equivalents	\$1,415,481	\$ -	\$ -	\$ 219,300	\$ 1,634,781
Cash and cash equivalents - restricted	-	416,184	14,283	-	430,467
Investments - restricted	400,059	-	23,741	-	423,800
Receivables	131,344	-	-	-	131,344
Prepaid items	-	-	365,825	-	365,825
Total assets	\$1,946,884	\$416,184	\$403,849	\$ 219,300	\$ 2,986,217
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Other liabilities	\$ 1,156	\$ -	\$ -	\$ -	\$ 1,156
Total liabilities	1,156	-	-	-	1,156
<b>Fund Balances</b>					
Nonspendable	-	-	365,825	-	365,825
Restricted	-	416,184	38,024	-	454,208
Unassigned	1,945,728	-	-	219,300	2,165,028
Total fund balances	1,945,728	416,184	403,849	219,300	2,985,061
Total liabilities and fund balances	\$1,946,884	\$416,184	\$403,849	\$ 219,300	\$ 2,986,217

**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, 2022*

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Fund balances of the component unit funds	\$ 2,985,061
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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.	5,457,887
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Long term liabilities, including bonds payable, and premiums are not due in the current period and therefore not reported in the funds.	(2,262,693)
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Deferred outflows of resources related to amounts deferred on refundings of long term debt and are not reported in the funds.	98,154
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Liabilities for accrued interest on long-term debt are not due in the current period and therefore are not reported in the funds.	(30,824)
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Included in the statement of net position non-current liabilities is the recognition of the EDC's portion of net pension asset required by GASB 68 in the amount of \$11,538, a deferred resource inflow in the amount of (\$25,989), and a deferred resource outflow in the amount of \$13,275. This resulted in a decrease in net position of \$(1,176).	(1,176)
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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 \$(5,113), a deferred resource inflow in the amount of \$(230) and a deferred resource outflow in the amount of \$1,213. This resulted in a decrease in net position by \$(4,130).	(4,130)
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Net position of governmental type activities	\$ 6,242,279
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**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**

<i>For the year ended September 30, 2022</i>	Economic Development Corporation General Fund	EDC Debt Service Reserve Fund	EDC Debt Service Fund	BNC Facility Maintenance	Total Component Unit
<b>Revenues</b>					
Sales taxes	\$ 1,329,444	\$ -	\$ -	\$ -	\$1,329,444
Interest revenue	1,129	-	-	-	1,129
Miscellaneous and program revenues	12,000	-	158	-	12,158
<b>Total revenues</b>	<b>1,342,573</b>	<b>-</b>	<b>158</b>	<b>-</b>	<b>1,342,731</b>
<b>Expenditures</b>					
Current					
Community service	493,837	-	-		493,837
Debt service					
Principal retirement	-	-	320,000	-	320,000
Interest expense	-	-	64,850	-	64,850
Capital outlay	-	-	-	5,270	5,270
<b>Total expenditures</b>	<b>493,837</b>	<b>-</b>	<b>384,850</b>	<b>5,270</b>	<b>883,957</b>
Excess (deficiency) of revenues over (under) expenditures	848,736	-	(384,692)	(5,270)	458,774
<b>Other Financing Sources (Uses)</b>					
Transfers out	(430,748)	-	-	-	(430,748)
Transfers in	-	-	396,650	34,098	430,748
<b>Total other financing sources (uses)</b>	<b>(430,748)</b>	<b>-</b>	<b>396,650</b>	<b>34,098</b>	<b>-</b>
Net change in fund balances	417,988	-	11,958	28,828	458,774
Fund balance, beginning of year	1,527,740	416,184	391,891	190,472	2,526,287
<b>Fund balance, end of year</b>	<b>\$ 1,945,728</b>	<b>\$ 416,184</b>	<b>\$403,849</b>	<b>\$ 219,300</b>	<b>\$2,985,061</b>

**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, 2022*

Net change in fund balances - total component unit funds	\$ 458,774
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 additions of \$5,270 and depreciation of (\$162,685) reduces the change in net position.	(157,415)
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.	3,200
GASB 68 requires that certain expenditures be de-expended and recorded as deferred resource outflows. Contributions made after the measurement date of 12/31/21 caused the change in the ending net position to increase in the amount of \$7,320. 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 (\$7,243). The City's reported TMRS net pension expense had to be recorded. The pension expense increased the change in net position by \$6,987. The result of these changes is to increase net position.	7,064
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 12/31/21 caused the change in the ending net position to increase in the amount of \$120. 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 \$(90). The City's reported TMRS net OPEB expense had to be recorded. The net OPEB expense decreased net position by \$(614). The result of these changes is to decrease net position.	(584)
<b>Change in net position of governmental activities</b>	<b>\$ 633,462</b>

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## City of South Padre Island, Texas Statistical Section

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.

	2013*	2014**	2015	2016
Governmental activities				
Net investment in capital assets	\$ 15,534,981	\$ 16,203,813	\$ 16,920,738	\$ 19,810,801
Restricted	9,364,342	11,858,921	13,800,147	14,397,545
Unrestricted	6,588,837	6,025,603	7,484,310	5,485,644
Total governmental activities net position	\$ 31,488,160	\$ 34,088,337	\$ 38,205,195	\$ 39,693,990

\* 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.



**City of South Padre Island, Texas**  
**Schedule 1 – Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

2017***	2018	2019	2020	2021	2022
\$ 22,437,085	\$ 25,616,028	\$ 28,045,389	\$ 27,214,217	\$ 29,334,469	\$ 29,909,022
15,101,328	17,386,999	19,918,111	23,949,542	34,978,234	48,428,046
5,092,044	4,958,764	5,798,172	6,121,659	7,856,051	6,917,320
\$ 42,630,457	\$ 47,961,791	\$ 53,761,672	\$ 57,285,418	\$ 72,168,754	\$ 85,254,388

	2013	2014	2015	2016
<b>Expenses</b>				
Governmental activities				
General government	\$ 3,616,084	\$ 3,403,281	\$ 3,549,479	\$ 3,693,337
Public safety	5,617,282	5,635,589	5,534,493	5,871,489
Public works/Shoreline	2,766,161	2,778,620	3,033,574	3,287,013
Transportation	1,898,136	1,547,923	1,639,747	1,698,124
Community service	621,036	135,357	47,101	1,519,768
Convention and visitors bureau	5,313,518	6,121,250	5,833,410	7,083,205
Interest and fees on long-term debt	306,808	297,596	382,782	434,901
Total governmental activities expenses	20,139,025	19,919,616	20,020,586	23,587,837
<b>Program Revenues</b>				
Governmental activities				
Charges for services				
General government	156,108	277,881	453,066	472,715
Public safety	881,900	1,108,781	878,790	1,188,668
Public works/Shoreline	31,246	39,717	44,853	45,623
Transportation	30,000	-	-	-
Community service	-	-	-	-
Convention and visitors bureau	286,963	226,391	249,927	256,369
Operating grants and contributions	954,301	1,220,114	2,160,260	1,765,405
Capital grants and contributions	1,277,434	439,114	662,306	893,030
Total governmental activities program revenues	3,617,952	3,311,998	4,449,202	4,621,810
<b>Net (Expense)/Revenue</b>				
Total primary government net expense	(16,521,073)	(16,607,618)	(15,571,384)	(18,966,027)
<b>General Revenues</b>				
Property taxes	6,598,351	6,520,967	6,551,645	7,075,139
Sales & mixed beverage taxes	2,335,306	2,604,925	2,663,089	2,650,546
Franchise taxes	819,865	851,056	862,253	886,363
Hotel motel taxes	6,534,215	7,083,965	7,160,795	7,360,083
Hotel motel beach mtn. taxes	1,644,572	2,144,126	2,171,319	2,217,195
Unrestricted investment earnings	38,830	31,373	31,952	82,464
Miscellaneous	59,156	349,240	247,189	177,257
Total general revenues	18,030,295	19,585,652	19,688,242	20,449,047
<b>Changes in Net Position</b>				
Total governmental activities	\$ 1,509,222	\$ 2,978,034	\$ 4,116,858	\$ 1,483,020

**City of South Padre Island, Texas**  
**Schedule 2 – Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

2017	2018	2019	2020	2021	2022
\$ 4,194,171	\$ 4,073,602	\$ 4,034,629	\$ 4,264,772	\$ 3,820,322	\$ 4,416,084
6,041,026	6,363,761	6,965,278	6,463,558	6,479,131	6,863,803
3,476,918	4,215,756	4,405,207	4,432,491	4,961,458	5,896,940
1,813,049	1,794,636	1,866,276	1,874,534	2,053,720	2,160,980
136,945	197,944	183,225	232,617	254,806	230,803
8,158,210	9,379,337	10,041,264	7,355,929	6,486,339	8,715,267
804,150	581,354	566,295	571,314	623,733	430,554
24,624,469	26,606,390	28,062,174	25,195,215	24,679,509	28,714,431
747,718	660,501	728,337	697,980	764,398	512,218
1,228,417	1,778,641	1,436,732	1,028,708	1,029,886	1,419,581
-	-	-	-	-	-
-	-	-	-	-	-
-	22,092	7,902	3,550	4,625	5,475
301,620	312,444	277,784	175,473	148,016	333,073
1,655,530	3,003,264	1,589,941	1,868,133	1,937,021	3,444,973
561,717	802,184	3,519,537	271,409	1,530,421	1,591,435
4,495,002	6,579,126	7,560,233	4,045,253	5,414,367	7,306,755
(20,129,467)	(20,027,264)	(20,501,941)	(21,149,962)	(19,265,142)	(21,407,676)
7,604,876	7,904,409	8,040,930	8,301,537	8,270,550	8,288,587
2,775,551	2,896,023	3,091,023	2,890,117	4,420,081	4,521,155
882,469	885,011	886,318	856,673	871,066	922,027
9,291,508	10,340,024	10,650,064	9,330,334	15,895,542	15,988,214
2,388,471	2,619,316	2,741,917	2,725,754	4,247,074	4,333,632
180,490	536,833	802,814	461,092	93,774	184,970
227,304	176,982	88,756	108,201	350,391	254,727
23,350,669	25,358,598	26,301,822	24,673,708	34,148,478	34,493,312
\$ 3,221,202	\$ 5,331,334	\$ 5,799,881	\$ 3,523,746	\$ 14,883,336	\$ 13,085,636

	2013	2014	2015	2016
Post GASB 54				
Nonspendable	\$ 55,701	\$ 57,868	\$ 56,321	\$ 58,086
Restricted	-	-	-	113,072
Committed	-	-	-	-
Unassigned	6,158,124	6,848,537	6,835,686	6,685,288
Total post GASB 54	\$ 6,213,825	\$ 6,906,405	\$ 6,892,007	\$ 6,856,446
Post GASB 54				
Nonspendable	\$ 54,786	\$ 42,639	\$ 1,504,355	\$ 37,490
Restricted:				
Debt service	309,533	346,602	386,436	413,573
Capital projects	2,636,575	700,897	3,603,413	6,362,226
Hotel/motel tax	5,068,679	6,596,864	5,986,315	6,630,832
Beach nourishment	-	2,435,967	1,416,745	1,872,911
Transportation	287,934	301,277	320,366	231,280
Beach maintenance	790,655	1,382,753	2,050,584	2,260,996
Municipal court	53,594	63,068	72,385	61,026
Parks and recreation	3,920	1,837	3,117	3,884
TIRZ	-	-	-	-
Criminal justice	3,644	3,644	3,644	3,644
Venue project	-	-	-	-
Coronavirus relief	-	-	-	-
Hurricane recovery	181,185	-	-	-
Assigned	-	-	-	-
Unassigned	(7,167)	22,303	21,923	-
Total post GASB 54	\$ 9,383,338	\$ 11,897,851	\$ 15,369,283	\$ 17,877,862

**City of South Padre Island, Texas**  
**Schedule 3 – Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

2017	2018	2019	2020	2021	2022
\$ 57,138	\$ 65,310	\$ 64,963	\$ 64,153	\$ 64,940	\$ 70,811
93,690	19,450	19,450	34,409	28,250	112,664
-	-	8,700	-	-	-
7,225,128	7,547,484	8,263,718	8,489,898	9,717,957	10,560,730
<u>\$ 7,375,956</u>	<u>\$ 7,632,244</u>	<u>\$ 8,356,831</u>	<u>\$ 8,588,460</u>	<u>\$ 9,811,147</u>	<u>\$ 10,744,205</u>
\$ 45,835	\$ 43,963	\$ 81,333	\$ 77,997	\$ 83,693	\$ 95,443
1,162,706	1,068,295	1,066,073	1,053,709	1,063,431	1,029,328
12,596,025	10,498,218	13,541,383	10,918,288	15,431,371	2,682,499
7,374,465	7,706,319	7,553,277	8,981,673	16,206,318	21,232,451
2,292,912	2,719,847	3,232,805	3,618,397	3,165,617	5,023,150
179,071	80,739	74,242	198,637	259,532	528,821
1,808,674	2,608,336	2,885,300	3,208,995	4,559,811	5,160,007
69,279	74,372	77,995	76,631	80,678	88,308
8,085	27,935	181,925	162,050	184,360	146,833
-	-	187,222	226,822	265,065	286,914
3,644	-	-	-	-	-
980,080	2,626,997	-	-	-	10,915,106
-	-	-	-	15,028	7,035
-	-	-	-	-	-
-	-	-	-	-	1,743,218
-	-	-	-	-	-
<u>\$ 26,520,776</u>	<u>\$ 27,455,021</u>	<u>\$ 28,881,555</u>	<u>\$ 28,523,199</u>	<u>\$ 41,314,904</u>	<u>\$ 48,939,113</u>

<i>For the year ended September 30,</i>	2013	2014	2015	2016
<b>Revenues</b>				
Property taxes	\$ 6,666,348	\$ 6,554,043	\$ 6,606,286	\$ 7,103,497
Nonproperty taxes	11,333,958	12,684,073	12,857,456	13,114,187
Fees and services	786,089	879,384	970,681	1,007,064
Fines and forfeitures	455,300	576,361	447,666	627,825
Licenses and permits	150,583	137,367	257,990	264,933
Intergovernmental	2,231,734	1,609,228	2,772,565	2,654,058
Interest	-	-	-	-
Miscellaneous and program revenues	158,989	374,541	329,088	259,646
Total revenues	21,783,001	22,814,997	24,241,732	25,031,210
<b>Expenditures</b>				
Current				
General government	3,204,508	3,022,645	3,184,592	3,308,828
Public safety	4,954,525	5,079,755	5,042,426	5,173,137
Public works & shoreline	2,079,739	2,115,599	2,360,877	2,402,321
Transportation	1,104,987	1,336,549	1,491,095	1,513,709
Community service	418,152	131,262	50,810	1,456,385
Convention and visitors bureau	5,313,518	5,319,014	4,975,850	5,867,540
SPI Museum	-	-	-	-
Capital outlay	1,591,360	1,676,803	5,690,771	5,586,040
Debt service				
Principal retirement	634,920	696,201	750,543	1,083,087
Interest	301,716	297,548	275,741	372,256
Bond issue costs	-	-	103,079	89,736
Administrative charges	(900)	4,308	4,245	4,337
Total expenditures	19,602,525	19,679,684	23,930,029	26,857,376
Excess (deficiency) of revenues over (under) expenditures	2,180,476	3,135,313	311,703	(1,826,166)
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	22,777	71,780	38,068	54,420
Leases issued	-	-	-	-
Lease proceeds	899,313	-	-	144,335
Proceeds from issuance of bonds	-	-	2,905,000	3,890,000
Premium on issuance of bonds	-	-	202,263	210,429
Uses of debt refunding	-	-	-	-
Transfers in	1,155,679	1,362,784	4,075,166	957,804
Transfers out	(1,155,679)	(1,362,784)	(4,075,166)	(957,804)
Net other financing sources and (uses)	922,090	71,780	3,145,331	4,299,184
Net change in fund balances	\$ 3,102,566	\$ 3,207,093	\$ 3,457,034	\$ 2,473,018
Debt service as a percentage of noncapital expenditures	4.77%	5.07%	4.74%	5.77%

**City of South Padre Island, Texas**  
**Schedule 4 – Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

2017	2018	2019	2020	2021	2022
\$ 7,611,725	\$ 7,878,646	\$ 8,042,818	\$ 8,304,547	\$ 8,347,932	\$ 8,294,794
15,337,999	16,740,374	17,369,323	15,802,878	25,383,521	25,765,026
1,256,654	1,774,567	1,872,971	1,242,535	1,354,175	1,536,975
577,801	465,341	390,923	232,682	350,361	400,630
447,276	214,353	233,392	216,544	332,694	512,218
2,167,247	3,767,948	5,059,478	2,089,542	3,417,442	3,419,689
-	-	-	-	-	184,972
343,772	709,063	948,184	613,603	396,649	555,892
27,742,474	31,550,292	33,917,089	28,502,331	39,582,774	40,670,196
3,744,505	3,668,683	3,614,808	3,918,869	3,522,109	4,209,810
5,301,832	6,007,725	6,277,545	5,987,220	6,356,671	6,764,074
2,594,156	2,971,163	3,118,237	3,159,552	3,615,910	4,056,594
1,667,605	1,620,754	1,504,305	1,572,096	1,794,194	1,824,700
77,028	73,096	64,598	115,306	94,746	98,041
6,912,159	8,186,446	8,779,956	6,128,030	5,341,205	32,066
-	-	-	-	27,542	8,041,648
5,513,541	5,401,123	6,053,344	5,479,644	7,687,883	4,815,112
1,619,609	1,766,610	1,620,000	1,793,060	1,781,495	1,742,847
401,337	675,625	142,804	581,340	483,453	597,635
323,462	-	624,982	-	188,821	-
4,748	33,159	12,125	3,500	3,499	4,249
28,159,982	30,404,384	31,812,704	28,738,617	30,897,528	32,186,776
(417,508)	1,145,908	2,104,385	(236,286)	8,685,246	8,483,420
144,037	44,625	46,736	18,607	126,480	70,585
-	-	-	-	-	-
-	-	-	90,952	-	3,263
9,085,000	-	-	-	6,890,000	-
350,895	-	-	-	768,535	-
-	-	-	-	(2,455,869)	-
2,717,149	1,400,077	1,500,314	1,791,872	1,136,944	2,666,240
(2,717,149)	(1,400,077)	(1,500,314)	(1,791,872)	(1,136,944)	(2,666,240)
9,579,932	44,625	46,736	109,559	5,329,146	73,848
\$ 9,162,424	\$ 1,190,533	\$ 2,151,121	\$ (126,727)	\$ 14,014,392	\$ 8,557,268
8.34%	8.14%	7.54%	8.27%	7.95%	7.28%

**City of South Padre Island, Texas**  
**Schedule 5 – 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			
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
2022	2,721,796,263	36,792,988	102,874,275	2,655,714,976	0.31374

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.



**City of South Padre Island, Texas**  
**Schedule 6 – Direct and Overlapping**  
**Property Tax Rates**  
**Last Ten Fiscal Years**

Fiscal Period	City of South Padre Island Direct Rates			Laguna	Point		Texas	South
	Maintenance & Operations Rate	Debt Service	Total Direct	Madre Water District	Isabel ISD	Cameron County	Southmost College District	Texas Texas ISD
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	0.410800	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
2022	0.252182	0.061558	0.313740	0.038201	1.009000	0.436893	0.154635	0.049200

Source: Cameron County Appraisal District.

**City of South Padre Island, Texas**  
**Schedule 7 – Principal Property Taxpayers**  
**Last Ten Fiscal Years**

Taxpayer	2022			2013		
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Hosp Soutx Marg LLC	\$ 27,841,181	1	1.05%			
Modern Resort Lodging LLC	24,187,230	2	0.91%			
Affiliated Hospitality LLC	18,750,000	3	0.71%			
S P I Management Co.	18,566,770	4	0.70%			
SPI Oleander Ltd.	14,634,128	5	0.55%			
SPI La Copa Ltd.	13,712,667	6	0.52%	\$ 6,377,206	10	0.24%
AGORA USA LP	10,805,618	7	0.41%	11,239,668	3	0.43%
Innjoy Hospitality LLC	10,500,000	8	0.40%			
Peninsula Island Resort & Spa LLC	10,378,894	9	0.39%	8,233,286	7	0.32%
ICS Management Company	9,701,024	10	0.37%			
Bahia Mar Tower LLC				24,996,527	1	0.96%
Sapphire VP LP (ID 516435)				19,035,555	2	0.73%
SPI Beach Water Resort Waterpark LLC				10,743,489	4	0.41%
Sapphire VP LP (ID 526932)				10,164,460	5	0.39%
ICS Management Company				8,540,278	6	0.33%
First National Bank				7,378,638	8	0.28%
Shores Development Inc.				7,451,714	9	0.29%
<b>Total</b>	<b>\$159,077,512</b>		<b>6.01%</b>	<b>\$114,160,821</b>		<b>4.38%</b>

Source: Cameron County Appraisal District

2022	2,655,714,976
2013	2,606,119,273

**City of South Padre Island, Texas**  
**Schedule 8 – 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
2013	2012	6,521,119	6,384,778	97.91%	134,065	6,518,843	99.97%
2014	2013	6,512,667	6,374,024	97.87%	136,527	6,510,551	99.97%
2015	2014	6,569,334	6,450,296	98.19%	116,270	6,566,566	99.96%
2016	2015	7,113,610	6,984,635	98.19%	125,464	7,110,099	99.95%
2017	2016	7,632,203	7,509,760	98.40%	118,977	7,628,737	99.95%
2018	2017	7,899,157	7,771,172	98.38%	124,086	7,895,258	99.95%
2019	2018	8,013,234	7,875,949	98.29%	131,296	8,007,245	99.93%
2020	2019	8,268,785	8,126,021	98.27%	133,004	8,259,025	99.88%
2021	2020	8,279,080	8,181,503	98.82%	82,383	8,263,886	99.82%
2022	2021	8,378,307	8,291,238	98.96%	-	8,291,238	98.96%

Source: Cameron County Appraisal District.

**City of South Padre Island, Texas**  
**Schedule 9 – 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
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
2022	8,245,621	4,521,155	922,027	20,321,847	34,010,650

**City of South Padre Island, Texas**  
**Schedule 10 – Ratio of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

Fiscal Year	Governmental Activities					Total Primary Government	Percentage of Personal Income	Per Capita <sup>1</sup>
	General Obligation Bonds	Tax Anticipation Notes	Venue Hotel Occupancy Tax Revenue Bonds	Bond Premiums	Leases			
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
2022	3,300,000	5,175,000	8,130,000	1,086,872	332,255	18,024,127	16.13%	8,430

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.

<sup>1</sup> See Schedule 14 for personal income and population data.

**City of South Padre Island, Texas**  
**Schedule 11 – 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 <sup>1</sup>	Per Capita <sup>2</sup>
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
2022	3,300,000	1,086,872	1,029,328	3,357,544	0.13%	1,543

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

<sup>1</sup> See Schedule 5 for property value data.

<sup>2</sup> See Schedule 14 for population data.

**City of South Padre Island, Texas**  
**Schedule 12 – 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	213,320,000	11.14%	\$ 23,763,848
Point Isabel Independent School District	34,320,000	61.97%	21,268,104
Laguna Madre Water District #1	36,135,000	72.22%	26,096,697
Texas Southmost College	26,835,000	16.82%	4,513,647
Subtotal, overlapping debt			75,642,296
*City direct debt	8,475,000	100.00%	8,475,000
Total direct and overlapping debt			\$ 84,117,296

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

**City of South Padre Island, Texas**  
**Schedule 13 – Pledged Revenue Coverage**  
**Governmental Activities Debt**

Fiscal Year	Gross Revenue (1)	Operating Expenditures (2)	Net Revenue Available For Debt Service
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
2022	2,689,359	1,484,935	1,204,424

(1) Convention Center Fund revenues, including interest.

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



**City of South Padre Island, Texas**  
**Schedule 14 – Demographic and Economic Statistics**  
**Last Ten Calendar Years**

Year	Estimated Population <sup>1</sup>	Personal Income	Per Capita Personal Income <sup>2</sup>	Median Age <sup>2</sup>	School Enrollment <sup>3</sup>	Unemployment Rate <sup>4</sup>
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%
2022	2,138	111,763,950	52,275	58.5	1,891	5.8%

<sup>1</sup> Sources: George Wm. Berry, Ph. D. Analysis 2008 was used for population data for 2013-2015. The U.S. Census Bureau was used to obtain population data for 2016 and 2019-2022. ESRI Demographic Reports were used to obtain population data for 2017-2018.

<sup>2</sup> Sources: The US. Census Bureau was used to obtain the per capita personal income data for 2013-2016 and 2019-2022. ESRI Demographic Reports were used to obtain 2017-2018 per capita personal income data.

<sup>3</sup> Point Isabel Independent School District provided school enrollment data.

<sup>4</sup> Source: Texas Workforce Commission was used to obtain unemployment rates. Note: 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.

**City of South Padre Island, Texas**  
**Schedule 15 – Principal Employers**  
**Current Year and Ten Years Ago**

Employer	2022			2013		
	Number of Employees (Peak)	Rank	Percent of Total City Employment	Number of Employees	Rank	Percent of Total City Employment
Perspective Hospitality **	300	1	9.32%			
City of South Padre Island	295	2	9.16%	250	2	5.39%
Beach Park (Formerly Schlitterbahn)	250	3	7.76%	976	1	21.03%
Dirty Al's Management Co. *	215	4	6.68%			
Sea Ranch Enterprises***	180	5	5.59%	120	9	2.59%
Isla Grand Beach Resort	165	6	5.12%	207	4	4.46%
Cameron County Parks	160	7	4.97%			
Louie's Backyard	140	8	4.35%	130	7	2.80%
Blackbeard's Restaurant	122	9	3.79%	176	5	3.79%
The Pearl Beach Resort	115	10	3.57%	242	3	5.21%
Hilton Garden Inn				150	6	3.23%
La Quinta Inn & Suites				120	8	2.59%
La Copa Inn				110	10	2.37%
<b>Total</b>	<b>1,942</b>		<b>60.31%</b>	<b>2,481</b>		<b>53.46%</b>

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.

**City of South Padre Island, Texas**  
**Schedule 16 – Full-Time Equivalent City Government**  
**Employees by Functions/Department**  
**Last Ten Fiscal Years**

Fund/Department	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Fund</b>										
City Administration	4	4.4	4.25	4.25	5	5	5	5	4.8	4.8
Finance	5	5	4.9	4.9	5	6	6	6	5.8	5.8
Planning *	2	2	2	2	3	2	2	2	1.1	1.1
Technology	3.25	3	2.95	2.8	3	3	3	3	3	3
Human Resources	3	3	3	3	3	3	3	3	3.4	3.4
Municipal Court	2	2	2	3	3	3	3	4	4	4
Police	38	38	37.95	37.75	36.75	37.75	37.75	36.75	36.75	37.75
Fire	27	27	26.75	26	26.75	26.75	26.75	27.75	27.75	27.75
Environmental Health Serv.	6	6	5.85	5.85	5.85	5.85	5.85	5.85	5.77	5.77
Fleet Management	2	2	2	2	2	2	2	2	2	2
Building Maintenance	3	3	3	3	3	2	2	2	2	2
Inspections	3	3	3	3	3	3	3	3	4	4
Public Works	18	19	18.85	17.85	19.85	19.85	19.85	19.85	19.75	20.75
<b>Hotel Motel Fund</b>										
Visitor's Bureau	2	3	3	3	3	3	3	3	2	2
Sales & Administration	8.75	9.5	9.5	9.5	10	10	11	11	11	11
Special Events	2	1	1	0.5	-	1	1	1	1	1
<b>Convention Centre</b>										
Convention Centre	12	10	11.2	10.4	11	10	10	10	10	10
<b>Parks and Recreation</b>										
Parks and Recreation	-	-	-	-	-	1	1	1	1	1
<b>Transportation</b>										
Island Metro	15	16.1	16.2	14.2	14	14	14	19	21	22
Metro Connect	-	4	3	4	7	7	7	0	0	0
<b>Shoreline**</b>										
Police/Beach Patrol	-	-	0.05	0.05	-	0.25	0.25	0.25	0.25	0.25
Fire/Beach Patrol	-	-	0.25	-	-	1.25	1.25	1.25	1.25	1.25
Environmental Health Serv.	-	-	0.15	-	-	0.15	0.15	0.15	0.23	0.23
Public Works	-	-	0.15	-	-	0.15	0.15	0.15	0.15	0.15
Beach Maintenance	4	4	6	7	7.6	7	8	9	8	9
Bay Access	-	-	-	-	1	1	1	-	-	-
<b>Total Operating Budget FTE's</b>	<b>160</b>	<b>165</b>	<b>167</b>	<b>164</b>	<b>173</b>	<b>175</b>	<b>177</b>	<b>176</b>	<b>176</b>	<b>180</b>

Source: City of South Padre Island Annual Budget

Note: Full-time budgeted positions are shown.

\*Formerly Development Services

\*\*Formerly Beach Maintenance

Function	2013	2014	2015
Police			
Physical arrests	1,258	1,246	1,246
Parking violations	724	1,435	793
Traffic violations	481	658	245
Number of commissioned police officers	29	28	28
Number of employees - police officers & civilians	39	38	38
Fire			
Number of calls answered	2,107	2,243	2,105
EMS calls	1,377	1,486	1,543
Inspections	288	150	166
Number of firefighters	26	26	25
Number of employees - firefighters & civilians	27	27	26
Streets			
Street resurfacing (square yards)	12,050	-	8,891
Sidewalk construction (square yards)	440	368	1,540

Source: City Departments

**City of South Padre Island, Texas**  
**Schedule 17 – Operating Indicators by Function**  
**Last Ten Fiscal Years**

2016	2017	2018	2019	2020	2021	2022
1,403	1,367	1,430	1,109	1095	1,255	1,112
647	420	217	2,544	216	164	291
242	434	562	588	651	1,232	963
27	27	30	29	46	37	38
37	37	40	39	56	47	50
2,410	2,348	2,536	2,490	2,667	3,015	2,801
1,542	1,102	1,876	1,814	1598	1744	1587
76	162	194	96	46	82	44
25	26	27	28	26	28	28
26	27	28	29	27	29	29
32,314	2,559	12,807	19,724	-	-	-
3,523	8,942	3,880	6,144	-	-	-

**City of South Padre Island, Texas**  
**Schedule 18 – Capital Asset Statistics by**  
**Function/Program**  
**Last Ten Fiscal Years**

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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)	47.4	47.4	47.4	47.4	47.4	47.4	47.4	47.4	47.4	47.4
City Area (acres)	1,901	1,901	1,905	2,371	2,371	2,371	2,371	2,371	2,371	2,371
Parks and Recreation										
Playground	2	2	2	2	3	3	3	3	3	3
Parks	3	3	3	3	5	5	5	5	5	5
Municipal Beach (miles)	5	5	5	5	5	5	5	5	5	5
Beach Accesses (developed)	14	14	15	15	18	21	22	22	22	22
Beach Accesses (undeveloped)	10	10	9	9	8	6	6	6	6	6
Transportation										
Transit - Minibuses	11	10	11	10	11	8	8	7	12	8

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

Source: City Departments

\*Formerly Development Services

**City of South Padre Island, Texas**  
**Schedule 19 – Miscellaneous Statistical Data**

Date of incorporation: 1973

Fiscal year begins: October 1<sup>st</sup>

Number of budgeted City employees: 180

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](http://www.weatherbase.com)

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## **REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS**



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**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, 2022, 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 16, 2023.

**Report on 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 or significant deficiencies may exist that have not been identified.

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## Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

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

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

Harlingen, Texas  
March 16, 2023

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE TEXAS GRANT MANAGEMENT STANDARDS OF THE STATE OF TEXAS**

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal and State Program***

We have audited City of South Padre Island, Texas' compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement and the Texas Grant Management Standards of the State of Texas 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, 2022. 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.

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, 2022.

***Basis for Opinion on Each Major Federal and State Program***

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 Texas Grant Management Standards of the State of Texas ("Texas Grant Management Standards"). Our responsibilities under those standards, the Uniform Guidance and the Texas Grant Management Standards are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of South Padre Island, Texas and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of City of South Padre Island, Texas' compliance with the compliance requirements referred to above.

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### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of South Padre Island, Texas' federal and state programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of South Padre Island, Texas' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and the Texas Grant Management Standards will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of South Padre Island, Texas' compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and the Texas Grant Management Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of South Padre Island, Texas' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of South Padre Island, Texas' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Texas Grant Management Standards, but not for the purpose of expressing an opinion on the effectiveness of City of South Padre Island, Texas' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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## ***Report on 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 and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 and state 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 and state 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Texas Grant Management Standards. Accordingly, this report is not suitable for any other purpose.

*Carr, Rigg & Ingram, L.L.C.*

Harlingen, Texas  
March 16, 2023

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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	_____X_____ no
* Significant deficiencies identified that are not considered to be material weakness(es)?	_____ yes	_____X_____ none reported
Noncompliance material to financial statements noted?	_____ yes	_____X_____ no

#### *Federal and State Awards*

Internal control over major programs:		
* Material weakness(es) identified?	_____ yes	_____X_____ no
* Significant deficiencies identified that are not considered to be material weakness(es)?	_____ yes	_____X_____ 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 the Texas Grant Management Standards of the State of Texas?		
	_____ yes	_____X_____ no

#### Identification of major programs:

##### *Assistance Listing Number(s)*

##### *Name of Federal/State Program or Cluster*

21.027	Coronavirus State and Local Fiscal Recovery Fund
21.015	Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States
TXDOT RUR	State grants for rural areas transit program

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000 for federal and for state	
Auditee qualified as low-risk auditee for federal grants?	_____X_____ yes	_____ no
Auditee qualified as low-risk auditee for state grants?	_____ yes	_____X_____ 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, 2022

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	(2) Assistance Listing Number	(3) Pass-through Entity Identifying Number	(4) Federal Expenditures	(5) Provided to Subrecipients
<b>U.S. Department of Interior</b>				
<b>Fish and Wildlife Cluster</b>				
Passed through Texas Parks and Wildlife				
*Sport Fish Restoration	15.605	FD-TXF317-1B-1	\$ 60,068	\$ -
Total Passed through Texas Parks and Wildlife			60,068	-
Total Fish and Wildlife Cluster			60,068	-
<b>Total U.S. Department of Interior</b>			60,068	-
<b>U.S. Department of Justice</b>				
Bulletproof Vest Partnership Program	16.607	BVP010333435	14,724	-
<b>Total U.S. Department of Justice</b>			14,724	-
<b>U.S. Department of Transportation</b>				
Passed through Texas Department of Transportation				
COVID-19 Formula Grants for Rural Areas and Tribal Transit Program	20.509	ARP 2203	93,243	-
COVID-19 Formula Grants for Rural Areas and Tribal Transit Program	20.509	CAF 2103	147,897	-
Formula Grants for Rural Areas and Tribal Transit Program	20.509	RPT 2103	134,533	-
Formula Grants for Rural Areas and Tribal Transit Program	20.509	RPT 2203	738,637	-
Formula Grants for Rural Areas and Tribal Transit Program	20.509	RPT 2303	18,301	-
Formula Grants for Rural Areas and Tribal Transit Program	20.509	RD 2303	278,000	-
Total Formula Grants for Rural Areas and Tribal Transit Program			1,410,611	-
Total Passed through Texas Department of Transportation			1,410,611	-
<b>Total U.S. Department of Transportation</b>			1,410,611	-
<b>U.S. Department of the Treasury</b>				
Equitable Sharing	21.016	20-DEA-662444	51,553	-
Passed through Texas Division of Emergency Management				
Covid-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Tranche 1 Payment	344,855	-
Covid-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Tranche 2 Payment	344,855	-
Total Covid-19 Coronavirus State and Local Fiscal Recovery Funds			689,710	-
Total Passed through Texas Division of Emergency Management			689,710	-
Passed through Texas Commission on Environmental Quality				
Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States	21.015	582-20-14933	1,143,651	-
<b>Total U.S. Department of the Treasury</b>			1,884,914	-
<b>U.S. Department of Commerce</b>				
Passed through Texas General Land Office				
Coastal Zone Management Administration Awards	11.419	20-314-000-C915	127,525	-
Coastal Zone Management Administration Awards	11.419	20-265-000-C502	28,272	-
Coastal Zone Management Administration Awards	11.419	21-060-016-C676	40,000	-
Coastal Zone Management Administration Awards	11.419	21-255-000-D172	115,211	-
Coastal Zone Management Administration Awards	11.419	22-045-018-D115	13,690	-
Total Coastal Zone Management Administration Awards			324,698	-
Total Passed through Texas General Land Office			324,698	-
<b>Total U.S. Department of Commerce</b>			324,698	-
<b>U.S. Department of Health and Human Services</b>				
<b>Research and Development Cluster</b>				
*Food and Drug Administration Research	93.103	G-SP-2010-08940	2,000	-
*Food and Drug Administration Research	93.103	21336385_2010-0900	2,551	-
Total Food and Drug Administration Research			4,551	-
Total Research and Development Cluster			4,551	-
COVID-19 Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498	PRP Phase 3 (PY expenditures)	52,652	-
<b>Total U.S. Department of Health and Human Services</b>			57,203	-

(Continued)

*The accompanying notes are an integral part of this schedule.*



## City of South Padre Island, Texas

### Schedule of Expenditures of Federal Awards

*For the year ended September 30, 2022*

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	(2) Assistance Listing Number	(3) Pass-through Entity Identifying Number	(4) Federal Expenditures	(5) Provided to Subrecipients
<b>U.S. Department of Homeland Security</b>				
Passed through Texas Division of Emergency Management				
Covid-19 Disaster Grants- Public Assistance (Presidentially Declared Disasters)	97.036	FWW4586	21,720	-
Total Passed through Texas Division of Emergency Management			21,720	-
Passed through Texas Office of the Governor - Homeland Security Grants Division				
Homeland Security Grant Program	97.067	4278701	22,862	-
Homeland Security Grant Program	97.067	3192306	10,700	-
Homeland Security Grant Program	97.067	3192307	26,000	-
Total Passed through Texas Office of the Governor - Homeland Security Grants Division			59,562	-
<b>Total U.S. Department of Homeland Security</b>			81,282	-
<b>Total Expenditures of Federal Awards</b>			<b>\$ 3,833,500</b>	<b>\$ -</b>

\* 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, 2022**

**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, 2022. 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, 2022, 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**  
**For the Year Ended September 30, 2022**

**NOTE 4 – FEDERAL LOANS AND LOAN GUARANTEES**

During the year ended September 30, 2022, the City had no outstanding federal loans payable or loan guarantees.

**NOTE 5 – FEDERALLY FUNDED INSURANCE**

During the year ended September 30, 2022, the City had no federally funded insurance.

**NOTE 6 – NONCASH AWARDS**

During the year ended September 30, 2022, 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 and was expended during the year ended September 30, 2021. In accordance with guidance from OMB, this amount is reflected in the schedule of expenditures of federal awards for the year ended September 30, 2022.

Additionally, the City received \$38,014 in November and December 2021. This is the amount of total revenues received and expenditures incurred for the program during the year ended September 30, 2022. In accordance with guidance from OMB, this amount will be reflected in the schedule of expenditures of federal awards for the year ending September 30, 2023.

**NOTE 9 – PROVIDER RELIEF FUND**

The City incurred expenditures for AL # 21.015 in 2021 when they acquired land for the Laguna Madre project. They will be reimbursed by TCEQ in the amount of \$1,143,651.

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

*For the year ended September 30, 2022*

				<b>Total Awards</b>
<b>Name of Agency or Department</b>	<b>Program ID</b>	<b>Name of Program</b>	<b>Grant I.D. No.</b>	<b>Expended</b>
Texas Department of Transportation				
Rural State Program	51218012119	Rural State Program	RUR 2101 (21)	\$ 283,332
Rural State Program	51218012122	Rural State Program	RUR 2101 (21)	348,649
Rural State Program	51218012123	Rural State Program	RUR 2101 (21)	44,719
				<b>676,700</b>
Texas Office of the Governor - HSGD				
		Local Border Security		
	3305405	Program (LBSP)	2022-BL-ST-0016	55,407
				<b>55,407</b>
Texas A&M Forest Service				
TX Senate Bill 1011		TIFMAS (Texas Intrastate Fire Mutual Aid System)		
		Grant Assistance Program	Training Reimbursements	5,675
Lower Rio Grande Valley Regional Advisory Council on Trauma				
		Service Area V	TRAC-V	6,140
				<b>11,815</b>
Texas Parks and Wildlife				
		Recreation Grants	PGA 50-000506	36,695
				<b>36,695</b>
General Land Office (Beach)				
		Beach Cleaning and Maintenance Assistance Program	21-034-006	61,290
				<b>61,290</b>
<b>Total Expenditures of State Awards</b>				<b>\$ 841,907</b>

**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:

Randy Smith, City Manager

Rodrigo Gimenez, Chief Financial Officer

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