

CITY OF CASTROVILLE, TEXAS

**ANNUAL
FINANCIAL REPORT**

**FISCAL YEAR ENDED
SEPTEMBER 30, 2021**





**CITY OF CASTROVILLE
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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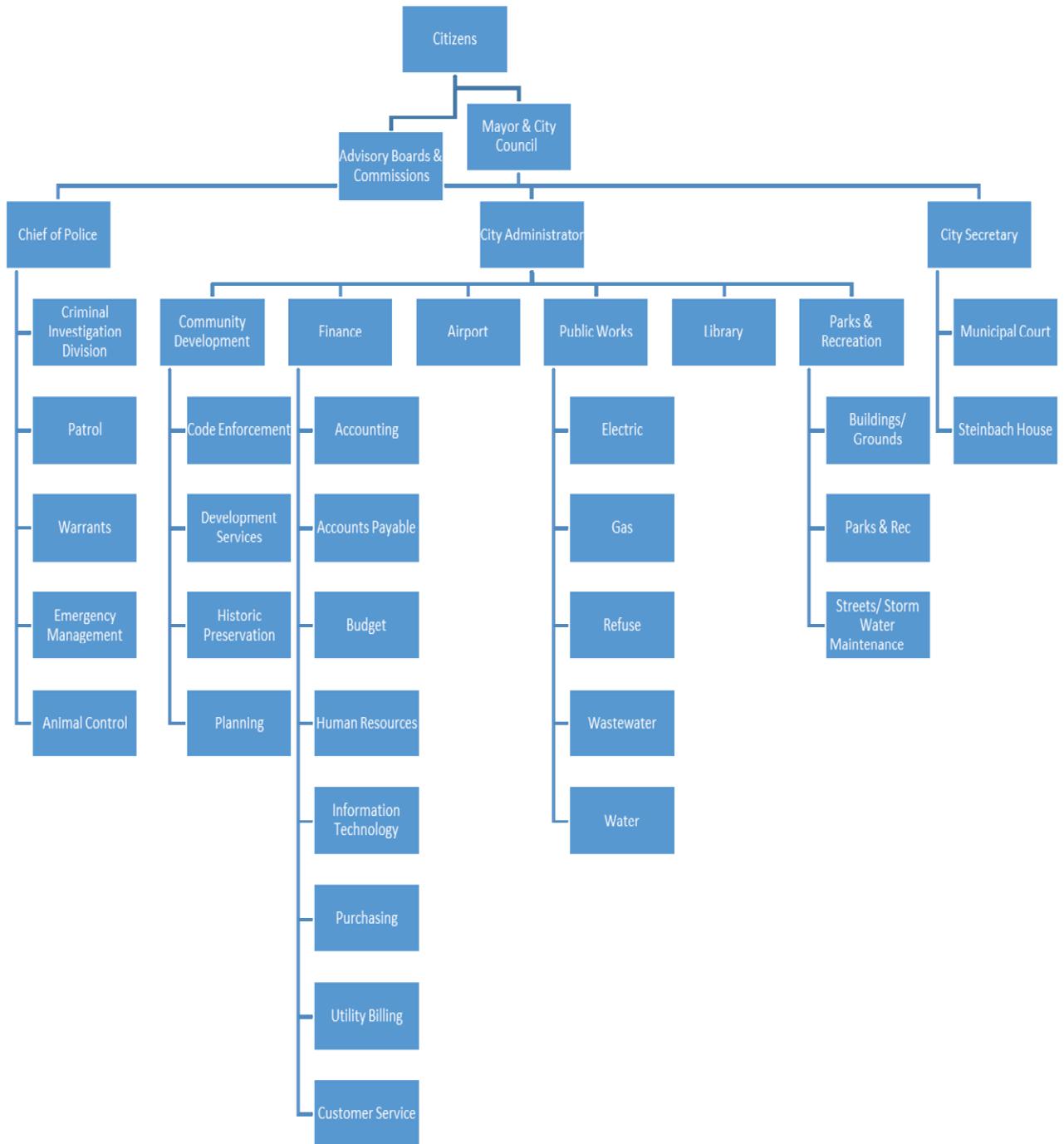
CITY OF CASTROVILLE

PRINCIPAL OFFICERS
AS OF SEPTEMBER 30, 2021

CITY OFFICIALS

MAYOR	DARRIN SCHROEDER
MAYOR PRO-TEM	DARRIN SCHROEDER
CITY COUNCIL	SHEENA MARTINEZ PAUL CAREY PHIL KING TODD TSCHIRHART HERB DYER
CITY ADMINISTRATOR	R. SCOTT DIXON
ATTORNEY	DENTON, NAVARRO, ROCHA, BERNAL & ZECH

CITY OF CASTROVILLE
ORGANIZATIONAL CHART





INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Castroville

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Castroville, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Castroville, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, and schedule of changes – net pension liability and related ratios as well as Total OPEB liability and related ratios as identified in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board (GASB), 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 regarding the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Castroville's financial statements as a whole. The supplementary information (comparative statements and combining statements) are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,



Armstrong, Vaughan & Associates, P.C.

February 24, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Castroville's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2021. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows by \$26.9 million (total net position) at September 30, 2021. Of this amount, \$8.9 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- During the year, the City's total net position increased by \$1.4 million.
- As of September 30, 2021, the City's governmental funds reported a combined ending fund balance of \$4.4 million, an increase of \$744 thousand from the prior year.
- The City did not obtain any additional debt during the year ended September 30, 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City's operations in more detail than the government-wide statements.
- *The governmental funds statements* tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund statements* offer *short- and long-term* financial information about the activities the government operates *like businesses*.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-1, Required Components of the City's Annual Financial Report

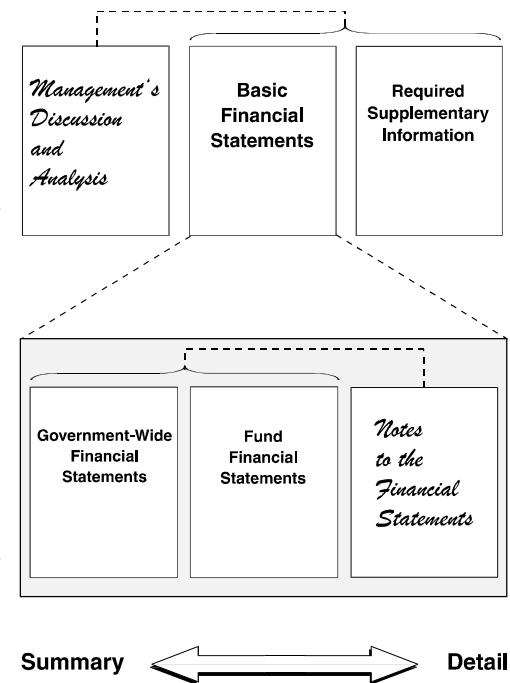


Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements			
Fund Statements			
Type of Statements	Government-wide	Governmental Funds	Proprietary Funds
<i>Scope</i>	Entire City's government (except fiduciary funds) and the City's component units	The activities of the city that are not proprietary or fiduciary	Activities the City operates similar to private businesses: water and sewer
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses & changes in net position • Statement of cash flows
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-Wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances.

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

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 include general administration, public safety, public works and park maintenance. The business-type activities of the City include a Utility fund and an Airport fund.

The government-wide financial statements can be found on pages 13-16 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be divided into two categories: governmental and proprietary.

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

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

The City maintains 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, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for all governmental funds. A budgetary comparison schedule has been provided as supplementary information to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found beginning on page 17 of this report.

Proprietary funds: The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Utility and Airport activities. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility fund and the Airport fund, both of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found beginning on page 22 of this report.

Notes to the basic 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. The notes to the financial statements can be found beginning on page 27 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's adopted budget and the City's progress in funding its obligation to provide pension benefits to its employees. The required supplementary information related to the budget and pension benefits can be found beginning on page 54 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds can be found beginning on pages 64 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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, assets and deferred outflows exceeded liabilities and deferred inflows by \$26.9 million at the close of fiscal year 2021.

By far the largest portion of the City's net position (60%) reflects its net investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), 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. The following table provides a summary of the City's net assets at September 30, 2021 (See Table A-1).

Table A-1
City's Net Position

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2021 - 2020
	2021	2020	2021	2020	2021	2020	
<i>Assets:</i>							
Current and Other Assets	\$ 5,111,714	\$ 3,892,107	\$ 7,124,165	\$ 6,888,371	\$ 12,235,879	\$ 10,780,478	13.5
Restricted Assets	-	-	3,041,798	3,467,289	3,041,798	3,467,289	(12.3)
Capital Assets (net)	1,751,022	1,820,924	26,377,707	26,802,617	28,128,729	28,623,541	(1.7)
<i>Total Assets</i>	<u>6,862,736</u>	<u>5,713,031</u>	<u>36,543,670</u>	<u>37,158,277</u>	<u>43,406,406</u>	<u>42,871,308</u>	1.2
<i>Deferred Outflows of Resources</i>	165,318	126,931	102,318	74,844	267,636	201,775	32.6
<i>Liabilities:</i>							
Current Liabilities	659,054	180,146	754,866	1,101,883	1,413,920	1,282,029	10.3
Long-Term Liabilities	921,240	996,637	14,225,048	15,091,661	15,146,288	16,088,298	(5.9)
<i>Total Liabilities</i>	<u>1,580,294</u>	<u>1,176,783</u>	<u>14,979,914</u>	<u>16,193,544</u>	<u>16,560,208</u>	<u>17,370,327</u>	(4.7)
<i>Deferred Inflows of Resources</i>	101,304	106,039	71,504	74,707	172,808	180,746	(4.4)
<i>Net Position:</i>							
Net Investment in Capital Assets	1,272,567	1,211,359	14,972,662	14,993,705	16,245,229	16,205,064	0.2
Restricted	297,547	244,622	1,531,014	1,406,849	1,828,561	1,651,471	10.7
Unrestricted	3,776,342	3,101,159	5,090,894	4,564,316	8,867,236	7,665,475	15.7
<i>Total Net Position</i>	<u>\$ 5,346,456</u>	<u>\$ 4,557,140</u>	<u>\$ 21,594,570</u>	<u>\$ 20,964,870</u>	<u>\$ 26,941,026</u>	<u>\$ 25,522,010</u>	5.6

An additional portion of the City's net position \$1.8 million (7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$8.9 million (33%) may be used to meet the government's ongoing obligations to citizens and creditors.

Change in Net Position: The City's net position increased \$1.4 million. (See Table A-2.)

Table A-2
Changes in City's Net Position

	Governmental Activities		Business-Type Activities		Total		Percentage Change
	2021	2020	2021	2020	2021	2020	2021 - 2020
<i>Program Revenues:</i>							
Charges for Services	\$ 729,732	\$ 526,928	\$ 8,100,856	\$ 7,971,665	\$ 8,830,588	\$ 8,498,593	3.9
Operating Grants and Contributions	144,711	39,455	92,950	50,000	237,661	89,455	165.7
Capital Grants and Contributions	-	-	15,150	-	15,150	-	100.0
<i>General Revenues:</i>							
Taxes	2,831,700	2,566,069	-	-	2,831,700	2,566,069	10.4
Interest Earnings	34,400	28,463	59,548	71,303	93,948	99,766	(5.8)
Miscellaneous	49,547	22,488	-	-	49,547	22,488	120.3
TOTAL REVENUES	3,790,090	3,183,403	8,268,504	8,092,968	12,058,594	11,276,371	6.9
<i>Program Expenditures:</i>							
General Administration	1,122,264	898,107	-	-	1,122,264	898,107	25.0
Public Safety	1,400,441	1,205,552	-	-	1,400,441	1,205,552	16.2
Public Transportation	569,886	450,075	-	-	569,886	450,075	26.6
Culture and Recreation	737,988	555,150	-	-	737,988	555,150	32.9
Interest in Debt	15,337	19,506	-	-	15,337	19,506	(21.4)
Utility	-	-	5,835,065	5,268,634	5,835,065	5,268,634	10.8
Airport	-	-	958,597	871,987	958,597	871,987	9.9
TOTAL EXPENSES	3,845,916	3,128,390	6,793,662	6,140,621	10,639,578	9,269,011	14.8
Transfers	845,142	843,442	(845,142)	(843,442)	-	-	0.0
Increase (Decrease) in Net Position after Transfers	\$ 789,316	\$ 898,455	\$ 629,700	\$ 1,108,905	\$ 1,419,016	\$ 2,007,360	(29.3)

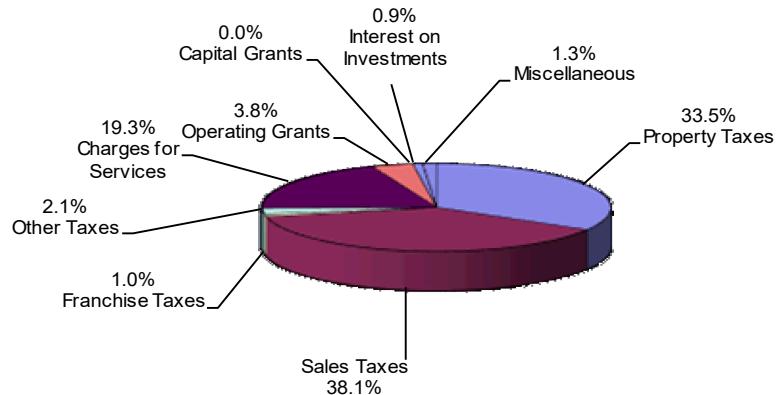
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities for fiscal year 2021.

Governmental Activities

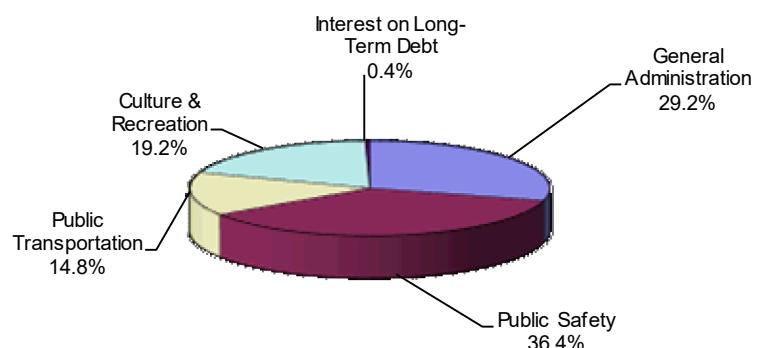
- Ad Valorem taxes increased \$65 thousand from the previous year.
- Sales tax increased \$172 thousand over the previous year.
- Charges for Services increased \$203 from the previous year.

Governmental activities showed a deficit of \$56 thousand before transfers from business-type activities. The business-type activities transferred \$845 thousand to governmental activities resulting in an increase in net position of \$789 thousand.

2021 Governmental Revenues



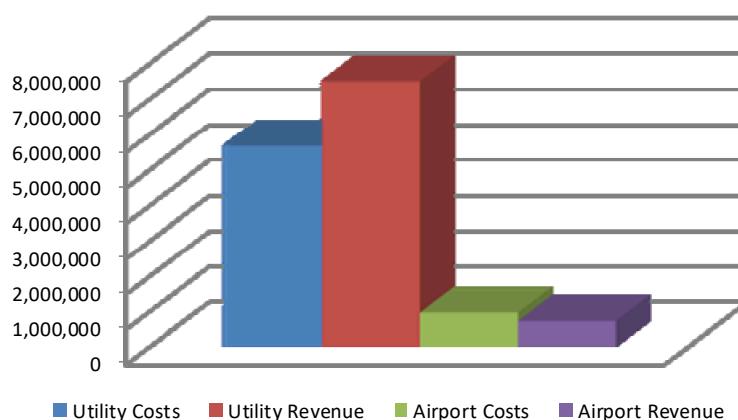
2021 Governmental Function Expenses



Business-Type Activities

Business-type activities increased the City's net position by \$630 thousand after transfers to governmental activities of \$845 thousand. This increase is partially attributed to increases in charges for services for utilities and airport as well as increases in grants and capital contributions.

Business-Type Activities



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds

The focus of the City'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, unreserved 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's governmental funds reported combined ending fund balances of \$4.4 million. Of this total amount, \$20 thousand is nonspendable for prepaid items, \$299 thousand is restricted by constraints imposed by external providers such as grantors and enabling legislation, \$321 thousand is committed and reported in special revenue and capital improvement funds, and \$3.8 million is unassigned in the governmental funds. The unassigned fund balance is the amount available for spending at the government's discretion.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$3.8 million. The City's general fund balance showed an increase of \$673 thousand during the year. This is attributed to increases in ad valorem tax, sales tax, charges for services, and intergovernmental revenues from the previous year.

Proprietary funds

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

The unrestricted net position of the Utility Fund at the end of the year amounted to \$4.9 million. The increase in net position was \$827 thousand. This increase is attributable to an increase in utility rates. Unrestricted net position of the Airport Fund at the end of the year amounted to \$172 thousand. The decrease in net position was \$197 thousand. This decrease is attributable to depreciation on capital assets. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

There were no budget amendments that increased approved expenditures from the original budget to the final budget. The general fund revenues were over budget by \$585 thousand as a result of increased ad valorem, sales tax revenue, charges for services, and intergovernmental revenues. The general fund expenditures were under budget by \$444 thousand as a result of cost containment.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2021, the City had invested \$28.1 million in a broad range of capital assets, including land, buildings and improvements, equipment and vehicles, and infrastructure (See Table A-3.). This amount represents a net decrease (including additions and deductions) of \$495 thousand from last year. The decrease is due to current year depreciation over current year acquisitions. More detailed information about the City's capital assets is presented in the notes to the financial statements.

Table A-3
City's Capital Assets
(in thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2021 - 2020
	2021	2020	2021	2020	2021	2020	
Land	\$ 105	\$ 105	\$ 2,297	\$ 2,297	\$ 2,402	\$ 2,402	0.0
Construction in Progress	-	-	163	2,422	163	2,422	(93.3)
Water Rights	-	-	176	176	176	176	0.0
Buildings and Improvements	601	601	6,542	6,542	7,143	7,143	0.0
Vehicles and Equipment	1,324	1,237	2,271	2,073	3,595	3,310	8.6
Infrastructure	1,814	1,814	24,928	22,519	26,742	24,333	9.9
Totals at Historical Cost	3,844	3,757	36,377	36,029	40,221	39,786	1.1
Total Accumulated Depreciation	(2,093)	(1,936)	(9,999)	(9,227)	(12,092)	(11,163)	8.3
Net Capital Assets	<u>\$ 1,751</u>	<u>\$ 1,821</u>	<u>\$ 26,378</u>	<u>\$ 26,802</u>	<u>\$ 28,129</u>	<u>\$ 28,623</u>	(1.7)

Long Term Debt

At year-end the City had \$14.5 million in bonds and notes outstanding as shown in Table A-4. More detailed information about the City's debt is presented in the notes to the financial statements. The City's S&P rating was upgraded to AA Stable.

Table A-4
City's Long-Term Debt
(in thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2021 - 2020
	2021	2020	2021	2020	2021	2020	
Bonds Payable	\$ 467	\$ 596	\$ 113	\$ 144	\$ 580	\$ 740	(21.6)
Notes Payable	-	-	275	410	275	410	(32.9)
Capital Lease Payable	-	-	3	19	3	19	(84.2)
TWDB Bonds Payable	-	-	13,610	14,315	13,610	14,315	(4.9)
Total Long-Term Debt	<u>\$ 467</u>	<u>\$ 596</u>	<u>\$ 14,001</u>	<u>\$ 14,888</u>	<u>\$ 14,468</u>	<u>\$ 15,484</u>	(6.6)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The General Fund budgeted revenues and other financing sources of transfers in of \$3,417,003 for FY 2022 which is an decrease of 17.27% of FY 2021 budgeted revenues and other financing sources. The General Fund budgeted expenditures and other financing uses of transfers out of \$3,438,226 for FY 2022 which is an decrease from FY 2021 budgeted expenditures and other financing uses.
- Total ad valorem rates increased from 0.495178 per \$100 valuation in FY 2021 to 0.5233 per \$100 valuation in FY 2022.
- Total Sales Tax for fiscal year 2021 increased by 13.57% from prior fiscal year 2020
- The population of the City is estimated to be 3,059.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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 Administrative Services Department, 1209 Fiorella, Castroville, Texas, 78009. Telephone No. (830) 931-4070.



BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – Wide Financial Statements
- Fund Financial Statements:
 - Governmental Funds
 - Proprietary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF CASTROVILLE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 4,812,267	\$ 6,036,097	\$ 10,848,364
Receivables (net of allowances for uncollectibles)			
Ad Valorem Taxes	8,085	-	8,085
Sales & Mixed Beverage Taxes	245,099	-	245,099
Other	31,021	868,224	899,245
Prepaid Items	20,052	13,470	33,522
Inventory	-	201,564	201,564
Internal Balances	(4,810)	4,810	-
Restricted Assets:			
Cash and Investments	-	1,376,841	1,376,841
Investments Held in Escrow	-	1,664,957	1,664,957
Capital Assets:			
Land	105,330	2,297,441	2,402,771
Construction in Progress	-	162,635	162,635
Water Rights	-	176,126	176,126
Building and Improvements	600,670	6,542,111	7,142,781
Vehicles and Equipment	1,323,878	2,271,322	3,595,200
Infrastructure	1,814,385	24,927,912	26,742,297
Accumulated Depreciation	(2,093,241)	(9,999,840)	(12,093,081)
TOTAL ASSETS	6,862,736	36,543,670	43,406,406
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	17,581	4,363	21,944
Deferred Pension Related Outflows	127,399	82,507	209,906
Deferred OPEB Related Outflows	20,338	15,448	35,786
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 165,318	\$ 102,318	\$ 267,636

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2021

	Primary Government			
	Governmental Activities		Business-Type Activities	
	LIABILITIES			
<i>Current Liabilities:</i>				
Accounts Payable	\$ 115,836	\$ 420,475	\$ 536,311	
Accrued Expenses	74,439	45,982	120,421	
Unearned Revenue	466,442	17,688	484,130	
Accrued Interest Payable	2,337	29,256	31,593	
<i>Payable from Restricted Assets:</i>				
Customer Deposits	-	241,465	241,465	
<i>Noncurrent Liabilities:</i>				
Due within One Year	138,627	876,338	1,014,965	
Due in more than One Year	357,409	13,131,186	13,488,595	
Compensated Absences	80,709	37,603	118,312	
Net Pension Liability	213,832	101,380	315,212	
Total OPEB Liability	130,663	78,541	209,204	
TOTAL LIABILITIES	1,580,294	14,979,914	16,560,208	
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Related Inflows	94,342	66,953	161,295	
Deferred OPEB Related Inflows	6,962	4,551	11,513	
TOTAL DEFERRED INFLOWS OF RESOURCES	101,304	71,504	172,808	
NET POSITION				
Net Investment in Capital Assets	1,272,567	14,972,662	16,245,229	
Restricted	297,547	1,531,014	1,828,561	
Unrestricted	3,776,342	5,090,894	8,867,236	
TOTAL NET POSITION	\$ 5,346,456	\$ 21,594,570	\$ 26,941,026	

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Functions and Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
<i>Governmental Activities:</i>				
General Administration	\$ 1,122,264	\$ 143,334	\$ 136,864	\$ -
Public Safety	1,400,441	209,222	5,761	-
Public Transportation	569,886	105,003	-	-
Culture and Recreation	737,988	272,173	2,086	-
Interest on Long-term Debt	15,337	-	-	-
<i>Total Governmental Activities</i>	<u>3,845,916</u>	<u>729,732</u>	<u>144,711</u>	<u>-</u>
<i>Business-Type Activities</i>				
Utility	5,835,065	7,478,714	-	-
Airport	958,597	622,142	92,950	15,150
<i>Total Business-Type Activities</i>	<u>6,793,662</u>	<u>8,100,856</u>	<u>92,950</u>	<u>15,150</u>
Total Primary Government	<u><u>\$ 10,639,578</u></u>	<u><u>\$ 8,830,588</u></u>	<u><u>\$ 237,661</u></u>	<u><u>\$ 15,150</u></u>
General Revenues:				
Taxes				
Ad Valorem Taxes				
Sales Taxes				
Franchise Taxes				
Other Taxes				
Interest and Investment Earnings				
Miscellaneous				
Total General Revenues				
Transfers				
Change in Net Position				
Net Position at Beginning of Year				
Net Position at End of Year				

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position
Primary Government

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
--------------------------------	---------------------------------	--------------

\$ (842,066)	\$ -	\$ (842,066)
(1,185,458)	-	(1,185,458)
(464,883)	-	(464,883)
(463,729)	-	(463,729)
<u>(15,337)</u>	<u>-</u>	<u>(15,337)</u>
<u>(2,971,473)</u>	<u>-</u>	<u>(2,971,473)</u>

-	1,643,649	1,643,649
<u>-</u>	<u>(228,355)</u>	<u>(228,355)</u>
<u>-</u>	<u>1,415,294</u>	<u>1,415,294</u>
<u>(2,971,473)</u>	<u>1,415,294</u>	<u>(1,556,179)</u>

1,270,427	-	1,270,427
1,442,937	-	1,442,937
37,904	-	37,904
80,432	-	80,432
34,400	59,548	93,948
<u>49,547</u>	<u>-</u>	<u>49,547</u>
<u>2,915,647</u>	<u>59,548</u>	<u>2,975,195</u>
<u>845,142</u>	<u>(845,142)</u>	<u>-</u>
789,316	629,700	1,419,016
<u>4,557,140</u>	<u>20,964,870</u>	<u>25,522,010</u>
<u>\$ 5,346,456</u>	<u>\$ 21,594,570</u>	<u>\$ 26,941,026</u>

CITY OF CASTROVILLE
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 4,133,000	\$ 679,267	\$ 4,812,267
Receivables (net of allowance):			
Property Taxes	7,565	520	8,085
Sales & Mixed Beverage Taxes	245,099	-	245,099
Other Receivables	4,872	26,149	31,021
Due from Other Funds	46,608	18,060	64,668
Prepaid Items	<u>20,052</u>	<u>-</u>	<u>20,052</u>
TOTAL ASSETS	<u>\$ 4,457,196</u>	<u>\$ 723,996</u>	<u>\$ 5,181,192</u>
LIABILITIES, DEFERRED INFLOWS OF OF RESOURCES, AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts Payable	\$ 115,328	\$ 508	\$ 115,836
Accrued Expenditures	73,589	850	74,439
Due to Other Funds	22,870	46,608	69,478
Unearned Revenue	<u>411,442</u>	<u>55,000</u>	<u>466,442</u>
<i>Total Liabilities</i>	<u>623,229</u>	<u>102,966</u>	<u>726,195</u>
<i>Deferred Inflows of Resources:</i>			
Unavailable Revenue - Property Tax	7,565	520	8,085
<i>Total Deferred Inflows of Resources</i>	<u>7,565</u>	<u>520</u>	<u>8,085</u>
<i>Fund Balances:</i>			
Nonspendable	20,052	-	20,052
Restricted	-	299,364	299,364
Committed	-	321,146	321,146
Unassigned	<u>3,806,350</u>	<u>-</u>	<u>3,806,350</u>
<i>Total Fund Balances</i>	<u>3,826,402</u>	<u>620,510</u>	<u>4,446,912</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, & FUND BALANCES	<u>\$ 4,457,196</u>	<u>\$ 723,996</u>	<u>\$ 5,181,192</u>

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 4,446,912

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.	1,751,022
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	8,085
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds.	
Accrued Vacation Leave Payable	(80,709)
Deferred Charge on Refunding	17,581
Bonds Payable	<u>(496,036)</u>
	(559,164)
Net pension liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in the funds.	
Net Pension Liability	(213,832)
Pension Related Deferred Outflows	127,399
Pension Related Deferred Inflows	<u>(94,342)</u>
	(180,775)
Total OPEB liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in the funds.	
Total OPEB Liability	(130,663)
OPEB Related Deferred Outflows	20,338
OPEB Related Deferred Inflows	<u>(6,962)</u>
	(117,287)
Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds.	<u>(2,337)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ 5,346,456</u>

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Ad Valorem Taxes	\$ 1,191,506	\$ 82,821	\$ 1,274,327
Sales Taxes	1,442,937	-	1,442,937
Franchise Fees	37,904	-	37,904
Other Taxes	7,666	72,766	80,432
Licenses and Permits	137,400	-	137,400
Charges for Services	278,107	113,481	391,588
Fines and Forfeitures	200,744	-	200,744
Intergovernmental Revenue	143,625	1,086	144,711
Interest Income	28,592	5,808	34,400
Miscellaneous	36,722	12,825	49,547
TOTAL REVENUES	3,505,203	288,787	3,793,990
EXPENDITURES			
<i>Current:</i>			
General Administration			
City Administration	336,578	70,310	406,888
Finance	362,189	-	362,189
City Council	31,681	-	31,681
City Secretary	122,875	-	122,875
Information Technology	142,103	-	142,103
Human Resources	11,258	-	11,258
Non-Departmental	33,186	-	33,186
Public Safety			
Animal Control	66,524	-	66,524
Community Development	249,186	-	249,186
Municipal Court	99,863	5,165	105,028
Police Department	918,321	1,320	919,641
Public Transportation			
Streets	499,975	1,165	501,140
Culture and Recreation			
Library	209,453	123	209,576
Parks	306,841	5,446	312,287
RV Park	52,000	-	52,000
Pool	130,196	-	130,196
<i>Capital Outlay</i>	<i>92,327</i>	<i>-</i>	<i>92,327</i>
<i>Debt Service:</i>			
Principal	-	128,900	128,900
Interest and Fiscal Charges	-	18,193	18,193
TOTAL EXPENDITURES	3,664,556	230,622	3,895,178
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	\$ (159,353)	\$ 58,165	\$ (101,188)

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ 853,747	\$ 132,243	\$ 985,990
Transfers Out	<u>(21,223)</u>	<u>(119,625)</u>	<u>(140,848)</u>
TOTAL OTHER FINANCING SOURCES (USES)			
	<u>832,524</u>	<u>12,618</u>	<u>845,142</u>
Net Change in Fund Balance	673,171	70,783	743,954
Fund Balances at Beginning of Year	<u>3,153,231</u>	<u>549,727</u>	<u>3,702,958</u>
Fund Balances at End of Year	<u><u>\$ 3,826,402</u></u>	<u><u>\$ 620,510</u></u>	<u><u>\$ 4,446,912</u></u>

See accompanying notes to basic financial statements.



CITY OF CASTROVILLE
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		\$ 743,954
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays.		(69,902)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(3,900)
The issuance of long-term debt (e.g. bonds, leases,) provides current financial resources to governmental funds, which the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any affect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal Repayments on Bonds	128,900	
Amortization of Deferred Charges & Premiums	2,210	131,110
Governmental funds report required contributions to employee pensions as expenditures. However, in the Statement of Activities the cost of the pension is recorded based on the actuarially determined cost of the plan. This is the amount that the contributions exceeded the actuarially determined pension expense.		29,951
Governmental funds report required contributions to other post-employment benefits as expenditures. However, in the Statement of Activities the cost of the expense is recorded based on the actuarially determined cost of the plan. This is the amount that the actuarially determined OPEB expense exceeded contributions.		(18,280)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in Compensated Absences	(24,262)	
Change in Accrued Interest	645	(23,617)
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		\$ 789,316

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
STATEMENT OF NET POSITION – PROPRIETARY FUND
SEPTEMBER 30, 2021

	ENTERPRISE FUNDS			
	Major Fund	Major Fund	Totals	
	Utility Fund	Airport Fund		
ASSETS				
<i>Current Assets:</i>				
Cash and Investments	\$ 5,680,009	\$ 356,088	\$ 6,036,097	
Receivables (net of allowance)	858,728	9,496	868,224	
Due from Other Funds	55,516	466	55,982	
Prepaid Items	12,687	783	13,470	
Inventory	194,230	7,334	201,564	
<i>Total Current Assets</i>	<u>6,801,170</u>	<u>374,167</u>	<u>7,175,337</u>	
<i>Restricted Assets:</i>				
Cash and Cash Equivalents	1,376,841	-	1,376,841	
Investments Held in Escrow	1,664,957	-	1,664,957	
<i>Total Restricted Assets</i>	<u>3,041,798</u>	<u>-</u>	<u>3,041,798</u>	
<i>Non-Current Assets:</i>				
Capital Assets, Net of Accumulated Depreciation	18,638,458	7,739,249	26,377,707	
<i>Total Non-Current Assets</i>	<u>18,638,458</u>	<u>7,739,249</u>	<u>26,377,707</u>	
TOTAL ASSETS	<u>28,481,426</u>	<u>8,113,416</u>	<u>36,594,842</u>	
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charge on Refunding	-	4,363	4,363	
Deferred Pension Related Outflows	72,682	9,825	82,507	
Deferred OPEB Related Outflows	13,815	1,633	15,448	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 86,497</u>	<u>\$ 15,821</u>	<u>\$ 102,318</u>	

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
STATEMENT OF NET POSITION – PROPRIETARY FUND (CONTINUED)
SEPTEMBER 30, 2021

	ENTERPRISE FUNDS						
	Major Fund		Major Fund				
	Utility Fund	Airport Fund					
LIABILITIES							
<i>Current Liabilities:</i>							
Accounts Payable	\$ 304,694	\$ 115,781	\$ 420,475				
Accrued Expenses	41,879	4,103	45,982				
Due to Other Funds	12,754	38,418	51,172				
Unearned Revenue	-	17,688	17,688				
Accrued Interest Payable	28,693	563	29,256				
Current Portion of Long Term Debt	840,000	36,338	876,338				
<i>Total Current Liabilities</i>	<u>1,228,020</u>	<u>212,891</u>	<u>1,440,911</u>				
<i>Liabilities Payable from Restricted Assets:</i>							
Customer Deposits	241,465	-	241,465				
<i>Non-Current Liabilities:</i>							
Compensated Absences	33,934	3,669	37,603				
Net Pension Liability	86,297	15,083	101,380				
Total OPEB Liability	68,662	9,879	78,541				
Long-Term Debt	13,045,000	86,186	13,131,186				
<i>Total Non-Current Liabilities</i>	<u>13,233,893</u>	<u>114,817</u>	<u>13,348,710</u>				
TOTAL LIABILITIES	<u>14,703,378</u>	<u>327,708</u>	<u>15,031,086</u>				
DEFERRED INFLOWS OF RESOURCES							
Deferred Pension Related Inflows	59,077	7,876	66,953				
Deferred OPEB Related Inflows	4,050	501	4,551				
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>63,127</u>	<u>8,377</u>	<u>71,504</u>				
NET POSITION							
Net Investment in Capital Assets	7,351,574	7,621,088	14,972,662				
Restricted	1,531,014	-	1,531,014				
Unrestricted	4,918,830	172,064	5,090,894				
TOTAL NET POSITION	<u>\$ 13,801,418</u>	<u>\$ 7,793,152</u>	<u>\$ 21,594,570</u>				

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	ENTERPRISE FUNDS		
	Major Fund	Major Fund	Totals
	Utility Fund	Airport Fund	
OPERATING REVENUES			
Charges for Services	\$ 7,399,562	\$ 536,673	\$ 7,936,235
Fines and Forfeitures	72,511	698	73,209
Operating Grants	-	92,950	92,950
Miscellaneous Revenues	6,641	84,771	91,412
TOTAL OPERATING REVENUES	7,478,714	715,092	8,193,806
OPERATING EXPENSES			
Personnel Services	1,154,659	130,466	1,285,125
Supplies	83,798	2,913	86,711
Other Services and Charges	1,346,214	575,629	1,921,843
Electric Purchases	1,811,748	-	1,811,748
Gas Purchases	188,609	-	188,609
Sanitation Services	548,427	-	548,427
Depreciation and Amortization	526,767	245,681	772,448
TOTAL OPERATING EXPENSES	5,660,222	954,689	6,614,911
OPERATING INCOME (LOSS)	1,818,492	(239,597)	1,578,895
NONOPERATING REVENUES (EXPENSES)			
Interest Income	57,758	1,790	59,548
Interest and Fiscal Charges	(174,843)	(3,908)	(178,751)
TOTAL NONOPERATING REVENUES (EXPENSES)	(117,085)	(2,118)	(119,203)
Net Income (Loss) Before Transfers and Capital Contributions	1,701,407	(241,715)	1,459,692
Transfers and Capital Contributions:			
Capital Contributions from TxDOT	-	15,150	15,150
Transfers In	-	35,407	35,407
Transfers Out	(874,549)	(6,000)	(880,549)
Total Transfers and Capital Contributions	(874,549)	44,557	(829,992)
CHANGE IN NET POSITION	826,858	(197,158)	629,700
NET POSITION AT BEGINNING OF YEAR	12,974,560	7,990,310	20,964,870
NET POSITION AT END OF YEAR	\$ 13,801,418	\$ 7,793,152	\$ 21,594,570

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	ENTERPRISE FUNDS		
	Major Fund	Major Fund	Totals
	Utility Fund	Airport Fund	
Cash Flows From Operating Activities:			
Cash Received From Customers	\$ 7,471,398	\$ 733,379	\$ 8,204,777
Cash Paid to Employee Wages & Benefits	(1,155,732)	(130,782)	(1,286,514)
Cash Paid to Suppliers for Goods and Services	<u>(4,544,819)</u>	<u>(456,629)</u>	<u>(5,001,448)</u>
Net Cash Provided (Used) by Operating Activities	<u>1,770,847</u>	<u>145,968</u>	<u>1,916,815</u>
Cash Flows From Noncapital Financing Activities:			
Interfund Payables	66,997	49,782	116,779
Transfer (to) from Other Funds	<u>(874,549)</u>	<u>29,407</u>	<u>(845,142)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(807,552)</u>	<u>79,189</u>	<u>(728,363)</u>
Cash Flows From Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(221,278)	(111,110)	(332,388)
Retirement of Long-Term Debt	(840,000)	(47,745)	(887,745)
Interest and Fiscal Charges Paid	<u>(175,324)</u>	<u>(4,612)</u>	<u>(179,936)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,236,602)</u>	<u>(163,467)</u>	<u>(1,400,069)</u>
Cash Flows From Investing Activities:			
Investment Interest Received	<u>57,758</u>	<u>1,790</u>	<u>59,548</u>
Net Cash Provided (Used) by Investing Activities	<u>57,758</u>	<u>1,790</u>	<u>59,548</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(215,549)	63,480	(152,069)
Cash and Investments at Beginning of Year:			
Cash and Investments	5,470,066	292,608	5,762,674
Restricted Cash and Investments	<u>3,467,290</u>	<u>-</u>	<u>3,467,290</u>
	<u>8,937,356</u>	<u>292,608</u>	<u>9,229,964</u>
Cash and Investments at End of Year:			
Cash and Investments	5,680,009	356,088	6,036,097
Restricted Cash and Investments	<u>3,041,798</u>	<u>-</u>	<u>3,041,798</u>
	<u>\$ 8,721,807</u>	<u>\$ 356,088</u>	<u>\$ 9,077,895</u>

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	ENTERPRISE FUNDS		
	Major Fund	Major Fund	Totals
	Utility Fund	Airport Fund	
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 1,818,492	\$ (239,597)	\$ 1,578,895
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	526,767	245,681	772,448
(Increase) Decrease in Operating Assets:			
Accounts Receivable	(52,189)	599	(51,590)
Prepaid Items	(12,687)	(783)	(13,470)
Inventory	(23,391)	9,301	(14,090)
Increase (Decrease) in Current Liabilities:			
Accounts Payable	(529,945)	113,395	(416,550)
Accrued Expenses	7,121	486	7,607
Unearned Revenue	-	17,688	17,688
Customer Deposits	44,873	-	44,873
Compensated Absences	(1,133)	31	(1,102)
Net Pension Liability and Related			
Deferred Inflows and Outflows	(18,119)	(2,141)	(20,260)
Total OPEB Liability and Related			
Deferred Inflows and Outflows	11,058	1,308	12,366
Total Adjustments to Reconcile Operating Activities			
	(47,645)	385,565	337,920
Net Cash Provided (Used) by Operating Activities			
	<u>\$ 1,770,847</u>	<u>\$ 145,968</u>	<u>\$ 1,916,815</u>

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Castroville, Texas (“City”), was incorporated in 1948. The City operates under a general law, Mayor-Council type of government, and provides the following services: public safety (law enforcement), public transportation (streets), culture, recreation, water, sewer, electricity, natural gas, sanitation, airport hangar leases and general administrative services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. REPORTING ENTITY

Component Units

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations; thus, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the government.

Blended Component Units

During the year ended September 30, 2021, the City began the process of establishing the Castroville Economic Development Corporation, an entity legally separate from the City, to act on behalf of the City for promotion, development and enhancement of economic prosperity within the City of Castroville. The EDC is to be governed by a seven-member board appointed by the City Council. This governing board is substantially the same as the primary government and management of the primary government has operational responsibility for the component unit. The Corporation had no financial transactions during the year.

Discretely Presented Component Units. As of September 30, 2021, the City had no component units that would require a discrete presentation in the financial statements.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the City. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenue types which have been accrued consist of revenue from the investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues*. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, grants not restricted to specific programs, investment earnings, and other miscellaneous revenues.

Governmental fund level financial statements are reported using 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if collected within 60 days of the end of the current fiscal period.

Property taxes, franchise taxes, sales tax, occupancy tax, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The City reports the following major governmental funds:

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

The General Fund is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property and sales taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, public transportation, culture and recreation, capital acquisition, and debt service.

Nonmajor funds include special revenue funds and debt service funds.

Proprietary fund level financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows.

Proprietary Funds are accounted for using the accrual basis of accounting as follows:

1. Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
2. Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The City reports the following major proprietary funds:

The Utility Fund accounts for the activities of the City's water, sewer, gas and electric operations.

The Airport Fund accounts for the activities of the City's airport operations.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the City.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. INVESTMENTS

State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (d).

Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. The City has all its monies in interest bearing checking accounts, savings accounts, government investment pools, and certificates of deposit. Earnings from these investments are added to each account monthly or quarterly. Investments are carried at fair market value except for certificates of deposit which are carried at amortized cost.

The City reports investments at fair value based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

6. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2020 and past due after January 31, 2021. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting.

Revenues for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are billable services for certain contracts and billable services for the City's water utilities, sewer services, and solid waste management. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectible accounts. The allowances for uncollectible property taxes and utility customer accounts as of September 30, 2021 are \$10,319 and \$36,798, respectively.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

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

Advances between funds represented long term interfund receivables/payables that had an agreement for the repayment of funds.

8. INVENTORY

Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenses in the proprietary fund types when used.

9. RESTRICTED ASSETS

Certain resources are set aside for customer meter deposits. Deposits are classified as restricted assets on the balance sheet because they may be refunded at a point in time if the customer is in good standing with the water/sewer department.

Part of the agreement for bond proceeds from the Texas Water Development Board required reserve funds to be kept in a restricted bank account to serve as collateral. These funds are shown as Investments Held in Escrow under the section of Restricted Assets on the Statement of Net Position.

10. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$5,000 or more. Infrastructure assets include City-owned streets, sewer, sidewalks, curbs and bridges. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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. Interest has not been capitalized during the construction period on property plant and equipment.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Estimated Life</u>
Buildings and Improvements	7 to 50 years
Machinery and Equipment	5 to 35 years
Infrastructure	5 to 50 years

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has pension and other post-employment benefit related deferred outflows of resources.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. Unavailable revenue is reported only in the governmental funds balance sheet under the modified accrual basis of accounting. Unavailable revenues from property tax are deferred and recognized as an inflow of resource in the period the amounts become available. The City also has pension-related deferred inflows.

12. UNEARNED REVENUE

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues received in advance of expenses/expenditures are reflected as unearned revenue. The City's collection of future hanger lease payments would also be shown as Unearned Revenue.

13. COMPENSATED ABSENCES

Employees earn vacation leave at varying rates depending on length of service: 10 days leave for each year from year 1 through 5 (not available for use until first six months of service is completed), an additional 7 days for each year from year 6 through 9, and an additional 3 days for each year from year 10 through 14, and an additional 5 days per year for each year of service thereafter up to a maximum of 20 days per year. Annual leave exceeding 40 days will not be carried over, except with City Administrator approval.

Employees earn sick leave at the rate of 3.69 hours per pay period starting ninety days after the date of employment. No sick leave days are paid when an employee leaves city employment and no liability is reported for unpaid sick leave. Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

14. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net position. On new bond issues, bond premiums and discounts are amortized over the life of the bond.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. LONG-TERM OBLIGATIONS (Continued)

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

15. PENSIONS

The net pension (asset) liability, deferred inflows and outflows of resources related to pensions, pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS), and additions to and deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable, in accordance with the benefit terms. Investments are reported at fair value.

16. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the Total OPEB Liability of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS' Total OPEB Liability 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.

17. FUND EQUITY

Fund balances in governmental funds are classified as follows:

Nonspendable – Represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact.

Restricted – Represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed – Represents amounts that can only be used for the specific purposes determined by a formal action of the government's highest level of decision making authority. The governing council is the highest level of decision making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

17. FUND EQUITY (Continued)

Assigned – Represents amounts which the City intends to use for a specific purpose but do not meet the criteria of restricted or committed. The City Council is the only entity that may make assignments at this time as the Council has not designated any other individuals with the authority to make assignments.

Unassigned – Represents the residual balance that may be spent on any other purpose of the City.

When an expenditure is incurred for a purpose in which multiple classifications are available, the City considers restricted balances spent first, committed second, and assigned third.

18. NET POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

19. INTERFUND TRANSACTIONS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

20. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. For the City, those revenues are charges for water and sewer services. Operating expenses are the necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as nonoperating.

21. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE B -- DEPOSITS AND INVESTMENTS

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

1. Deposits

At September 30, 2021, the carrying amount of the City's cash on hand was \$1,420, the carrying amount of deposits in bank was \$12,223,785, and the bank balance was \$12,498,664. The bank balance was not fully collateralized as of September 30, 2021 due to items that had not yet cleared the bank, however, the carrying value was fully collateralized. Total collateral consisted of federal deposit insurance at Castroville State Bank for \$250,000 and the City's depository had pledged securities having a face value of \$14,295,000 and market value of \$12,232,039.

2. Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. The Act requires that the Council review the investment policy at least annually, investment officers obtain minimum investment training, and investment officers sign quarterly investment reports submitted to Council. Audit procedures in this area, conducted as part of the basic financial statements, disclosed that the City failed review the investment policy for the year ended September 30, 2021 and that investment training expired for investment office in August 2021. As of the date of this report, both items have been addressed by the City. Additionally, the City adhered to all other requirements of the Act in all material respects. Additionally, investment practices of the City were in accordance with local policies.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The City's investment policy further prioritizes investments as: (1) safety, (2) liquidity, (3) public trust, and (4) yield. All investments are valued using prices quoted in active markets (Level 1 inputs).

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

c. Concentration of Credit Risk

The risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City had exposure to concentration of credit risk as \$2,091,658 was held at a single financial institution as this represents the amounts held in escrow by the Texas Water Development Board in the City's name.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year-end, the City was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

4. Investment Accounting Policy

The City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

5. Held in Escrow

The amount of funds approved by the Texas Water Development Board but not yet drawn down by the City is held in escrow by the Texas Water Development Board in the City's name. The amount held in escrow as of September 30, 2021 was \$1,664,957.

NOTE C -- PROPERTY TAX CALENDAR

The City's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the City. Assessed values are established by the Medina County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2020, upon which the fiscal 2021 levy was based, was \$223,735,803 (i.e., market value less exemptions). The estimated market value was \$297,182,381, making the taxable value 75.3% of the estimated market value.

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2021, was \$0.4951780 per \$100 of assessed value, which means that the City has a tax margin of \$2.004822 for each \$100 value and could increase its annual tax levy by approximately \$4,485,505 based upon the present assessed valuation before the limit is reached. However, the City generally may not increase the maintenance and operations portion of the property tax rate (that funds the General Fund) more than 3.5% annually (based on a three-year average) without an election.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE D -- OTHER RECEIVABLES

Other receivables for the City as of September 30, 2021 are as follows:

	General Fund	Nonmajor Governmental Funds	Utility Fund	Airport Fund
Franchise Fees	\$ 4,872	\$ -	\$ -	\$ -
Occupancy Tax	- -	26,149	- -	- -
Customer Receivables, Net of Allowance for Uncollectibles	- -	- -	858,728	9,496
Total Other Receivables	<u>\$ 4,872</u>	<u>\$ 26,149</u>	<u>\$ 858,728</u>	<u>\$ 9,496</u>

NOTE E -- INTERFUND RECEIVABLE/PAYABLE AND TRANSFERS

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, and service debt. As of September 30, 2021, the following balances were due between funds:

Receivable Fund	Payable Fund	Amount	Reason
General Fund	Nonmajor Governmental Fund	\$ 46,608	Reimbursement for Costs
Utility Fund	General Fund	17,098	Reimbursement for Costs
Utility Fund	Airport Fund	38,418	Reimbursement for Costs
Airport Fund	General Fund	466	Reimbursement for Costs
Nonmajor Governmental Fund	General Fund	5,306	Reimbursement for Costs
Nonmajor Governmental Fund	Utility Fund	<u>12,754</u>	Reimbursement for Costs
		<u><u>\$ 120,650</u></u>	

Transfers during the year ended September 30, 2021, were as follows:

Transfer In	Transfers Out	Amount	Purpose
General Fund	Utility Fund	\$ 847,747	In support of admin costs
General Fund	Airport Fund	6,000	Supplement Funding
Nonmajor Governmental Fund	General Fund	21,223	Supplement Funding
Nonmajor Governmental Fund	Nonmajor Governmental Fund	84,218	In support of debt service
Nonmajor Governmental Fund	Utility Fund	26,802	In support of debt service
Airport Fund	Nonmajor Governmental Fund	<u>35,407</u>	In support of debt service
		<u><u>\$ 1,021,397</u></u>	

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE F -- CAPITAL ASSETS

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

<i>Governmental Activities</i>	Balance 10/1/2020	Additions/ Transfer In	Disposals/ Transfer Out	Balance 9/30/2021
Land	\$ 105,330	\$ -	\$ -	\$ 105,330
Buildings and Improvements	600,670	-	-	600,670
Vehicles and Equipment	1,236,734	87,144	-	1,323,878
Infrastructure	1,814,385	-	-	1,814,385
	<u>3,757,119</u>	<u>87,144</u>	<u>-</u>	<u>3,844,263</u>
Less Accumulated Depreciation				
Buildings and Improvements	(331,960)	(21,550)	-	(353,510)
Vehicles and Equipment	(976,050)	(101,401)	-	(1,077,451)
Infrastructure	(628,185)	(34,095)	-	(662,280)
	<u>(1,936,195)</u>	<u>(157,046)</u>	<u>-</u>	<u>(2,093,241)</u>
Governmental Capital Assets, Net	<u>\$ 1,820,924</u>	<u>\$ (69,902)</u>	<u>\$ -</u>	<u>\$ 1,751,022</u>
<i>Business-Type Activities</i>	Balance 10/1/2020	Additions/ Transfer In	Disposals/ Transfer Out	Balance 9/30/2021
Land	\$ 2,297,441	\$ -	\$ -	\$ 2,297,441
Construction in Progress	2,422,059	55,720	(2,315,144)	162,635
Water Rights	176,126	-	-	176,126
Buildings and Improvements	6,542,111	-	-	6,542,111
Vehicles and Equipment	2,073,291	198,031	-	2,271,322
Infrastructure	22,518,981	93,787	2,315,144	24,927,912
	<u>36,030,009</u>	<u>347,538</u>	<u>-</u>	<u>36,377,547</u>
Less Accumulated Depreciation				
Buildings and Improvements	(2,133,227)	(133,330)	-	(2,266,557)
Vehicles and Equipment	(1,122,436)	(140,916)	-	(1,263,352)
Infrastructure	(5,971,729)	(498,202)	-	(6,469,931)
	<u>(9,227,392)</u>	<u>(772,448)</u>	<u>-</u>	<u>(9,999,840)</u>
Business-Type Capital Assets, Net	<u>\$ 26,802,617</u>	<u>\$ (424,910)</u>	<u>\$ -</u>	<u>\$ 26,377,707</u>

Land, Construction in Progress, and Water Rights are not depreciated.

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2021

NOTE F -- CAPITAL ASSETS (Continued)

Depreciation expense was charged to the functions as follows:

Governmental Activities:

General Administration	\$ 11,349
Public Safety	50,319
Public Transportation	80,004
Culture and Recreation	<u>15,374</u>
Total Depreciation Expense -	
Governmental Activities	<u>\$ 157,046</u>

Business-Type Activities:

Utility	\$ 526,767
Airport	<u>245,681</u>
Total Depreciation Expense -	
Business-Type Activities	<u>\$ 772,448</u>

NOTE G -- LONG-TERM DEBT

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for governmental and business-type activities. These instruments include general obligation bonds, certificates of obligation, tax notes, and capital leases. These debt obligations are secured by either future property tax revenue or future revenue from charges for services.

Public Borrowings

A summary of the general obligation debt is as follows:

Issue Amount	Maturity	Interest Rate	Balance
General Obligation Refunding Bonds:			
2012 Series	\$ 2,020,000	2026	2.0 - 3.0%
			<u>\$ 580,000</u>

The City issued General Obligation Refunding Bonds, Series 2012 on October 30, 2012 in the amount of \$2,020,000 to advance refund 1) General Obligation Refunding Bonds, Series 2004 in the amount of \$200,000; 2) Certificates of Obligation, Series 2003 in the amount of \$960,000; and 3) Certificates of Obligation, Series 2004 in the amount of \$860,000.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE G -- LONG-TERM DEBT (Continued)

Private Placement Note Agreements

In 2012, the City received a note through the Texas Water Development Board for \$725,000 to fund improvements to the City's water and waste water lines. Interest rates vary from .05% - 1.22% and .08% - 1.52%, respectively. In 2015, the City received an additional federal award of a note through the Texas Water Development Board to fund improvements to the City's water and waste water lines in the amount of \$15,600,000 as well as additional funding of \$1,500,000 in 2017. Interest rates vary from 0% - 1.8%. The bonds were privately placed with the Texas Water Development Board and contain no subjective acceleration clauses, events of default with finance-related consequences or termination events with finance-related consequences.

The City issued tax notes in October 2016 for \$935,000 for purchase of land and water rights. The notes are due and payable over seven years. Interest rates vary from 0.85% - 1.4%. The notes were privately placed with a bank and contain no subjective acceleration clauses, events of default with finance-related consequences or termination events with finance-related consequences.

Changes in Long-Term Debt

	Balance 10/01/20	Additions	Reductions	Balance 9/30/2021	Due Within One Year
<i>Governmental Activities:</i>					
2012 Refunding Bonds	\$ 596,300	\$ -	\$ (128,900)	\$ 467,400	\$ 132,900
2012 Premium on Bonds	34,363	-	(5,727)	28,636	5,727
<i>Total Governmental Activities</i>	<i>630,663</i>	<i>-</i>	<i>(134,627)</i>	<i>496,036</i>	<i>138,627</i>
<i>Business-Type Activities:</i>					
2012 Refunding Bonds	143,700	-	(31,100)	112,600	32,100
2012 Premium on Bonds	8,528	-	(1,421)	7,107	1,421
Capital Lease - Jet Refueler	19,462	-	(16,645)	2,817	2,817
TWDB - DWSRF	105,000	-	(35,000)	70,000	35,000
TWDB - DWSRF - Construction	2,755,000	-	(170,000)	2,585,000	170,000
TWDB - CWSRF	120,000	-	(40,000)	80,000	40,000
TWDB - CWSRF - Construction	2,315,000	-	(145,000)	2,170,000	145,000
Series 2015 Revenue Bonds	7,660,000	-	(270,000)	7,390,000	270,000
TWDB - CWSRF - Additional	1,360,000	-	(45,000)	1,315,000	45,000
Series 2016 Tax Notes	410,000	-	(135,000)	275,000	135,000
<i>Total Business-Type Activities</i>	<i>14,896,690</i>	<i>-</i>	<i>(889,166)</i>	<i>14,007,524</i>	<i>876,338</i>
<i>Total Primary Government</i>	<i>\$ 15,527,353</i>	<i>\$ -</i>	<i>\$ (1,023,793)</i>	<i>\$ 14,503,560</i>	<i>\$ 1,014,965</i>

The total deferred charges remaining on the refunding is \$21,944 as of September 30, 2021 and is shown on the Statement of Net Position as a deferred outflow of resources.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE G -- LONG-TERM DEBT (Continued)

Annual requirements to amortize all bonded debt outstanding as of September 30, 2021 are as follows:

Year Ending September 30,	Public Offerings					
	Governmental Activities		Business-Type Activities		Principal	Interest
	Principal	Interest	Principal	Interest		
2022	\$ 132,900	\$ 14,024	\$ 32,100	\$ 3,376		
2023	137,000	10,035	33,000	2,415		
2024	64,500	5,924	15,500	1,426		
2025	68,500	3,990	16,500	960		
2026	64,500	1,934	15,500	466		
	\$ 467,400	\$ 35,907	\$ 112,600	\$ 8,643		
Private Placement - Business-Type Activities						
Year Ending September 30,	Notes Payable		TWDB Agreements		Principal	Interest
	Principal	Interest	Principal	Interest		
	\$ 135,000	\$ 3,783	\$ 705,000	\$ 167,934		
2022	140,000	980	720,000	165,352		
2023	-	-	645,000	161,790		
2024	-	-	645,000	157,878		
2025	-	-	650,000	153,220		
2026	-	-	3,355,000	665,792		
2027 - 2031	-	-	3,220,000	436,053		
2032 - 2036	-	-	1,915,000	240,587		
2037 - 2041	-	-	1,695,000	78,254		
2042 - 2046	-	-	60,000	852		
2047	\$ 275,000	\$ 4,763	\$ 13,610,000	\$ 2,227,712		

The City leased a used fuel truck in October 2016. The lease has an effective interest rate of 2.29% and a bargain purchase option of \$1 upon maturity. Future minimum lease payments are as follows:

Year Ending September 30,	Lease Payments
2022	\$ 2,820
Less: Interest Amount	2,820
	(3)
	\$ 2,817

The following is an analysis of the equipment under capital lease as of September 30, 2021:

Transportation & Equipment	\$ 80,000
Less: Accumulated Depreciation	(78,667)
Net Leased Property	\$ 1,333

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS

Texas Municipal Retirement System

1. Plan Description

The City 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 issues a publicly available annual comprehensive financial report (Annual Report) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in the TMRS retirement system.

2. 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 benefit is 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 payment 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.

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

	<u>2019</u>	<u>2020</u>
Inactive employees or beneficiaries currently receiving benefits	36	39
Inactive employees entitled to but not yet receiving benefits	69	66
Active employees	<u>41</u>	<u>45</u>
	<u>146</u>	<u>150</u>

3. 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.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

3. Contributions (Continued)

For the year ending September 30, 2021, employees for the City were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 9.05% and 8.98% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021 were \$222,125, and the City contribution was \$9,424 greater than the required contribution.

4. Net Pension Liability

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

5. Actuarial Assumptions

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

Inflation	2.50% per year
Salary Increases	3.50% to 11.50%, including inflation
Investment Rate of Return*	6.75%

*Presented net of pension plan investment expense, including inflation.

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were 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 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 CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

5. Actuarial Assumptions (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 rates of return by the target asset allocation percentage and by adding the expected inflation.

In determining their best estimated 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 arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
	100.00%	

6. 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 CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

7. Discount Rate Sensitivity Analysis

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

	Discount Rate	Discount Rate	Discount Rate
	5.75%	6.75%	7.75%
Net Pension Liability	\$ 1,234,145	\$ 315,212	\$ (427,067)

8. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained at www.tmrs.com.

9. Changes in Net Pension Liability

The below schedule presents the changes in the Net Pension Liability (Asset) as of December 31, 2020:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2019	\$ 6,019,364	\$ 5,725,172	\$ 294,192
Changes for the year:			
Service Cost	272,583	-	272,583
Interest	405,256	-	405,256
Changes of Benefit Terms	-	-	-
Difference Between Expected and			
Actual Experience	94,419	-	94,419
Changes of Assumptions	-	-	-
Contributions - Employer	-	206,198	(206,198)
Contributions - Employee	-	113,671	(113,671)
Net Investment Income	-	434,291	(434,291)
Benefit Payments, Including Refunds			
of Employee Contributions	(303,731)	(303,731)	-
Administrative Expense	-	(2,812)	2,812
Other Changes	-	(110)	110
Net Changes	<u>468,527</u>	<u>447,507</u>	<u>21,020</u>
Balance at December 31, 2020	<u><u>\$ 6,487,891</u></u>	<u><u>\$ 6,172,679</u></u>	<u><u>\$ 315,212</u></u>

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

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

For the year ended September 30, 2021, the City recognized a pension expense of \$172,155. Also, as of September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 43,838	\$ -
Changes in Actuarial Assumptions	195	-
Differences between Projected and Actual Investment Earnings	-	161,295
Contributions Subsequent to the Measurement Date	<u>165,873</u>	<u>-</u>
	<u><u>\$ 209,906</u></u>	<u><u>\$ 161,295</u></u>

Deferred outflows of resources in the amount of \$165,873 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Plan Year ended December 31,		
2021	\$ (16,571)	
2022	5,384	
2023	(96,505)	
2024	(9,570)	
	<u><u>\$ (117,262)</u></u>	

NOTE I -- OTHER POST EMPLOYMENT BENEFIT (OPEB)

The City also participates in the cost sharing, multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) and known as the Supplemental Death Benefits Fund (SDBF). 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 annual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB. Membership in the plan at December 31, 2020, the valuation and measurement date, consisted of:

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2021

NOTE I -- OTHER POST EMPLOYMENT BENEFIT (OPEB) (Continued)

Inactive Employees or Beneficiaries Currently Receiving Benefits	24
Inactive Employees Entitled to but Not Yet Receiving Benefits	12
Active Employees	45
	81

The SDBF required contribution rates, based on these assumptions, are as follows:

<u>For the Calendar Year Ended December 31,</u>	<u>Total SBDF Contribution Rate</u>	<u>Retiree Portion of SDBF Contribution Rate</u>
2019	0.31%	0.08%
2020	0.30%	0.10%
2021	0.43%	0.28%

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. The assumptions of the plan are as follows:

These assumptions are summarized below:

Inflation	2.50%
Salary Increases	3.50% to 11.50% Including Inflation
Discount Rate	2.00% (Based on Fidelity Index's 20-Year Municipal GO AA Index)
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 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.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE I -- OTHER POST EMPLOYMENT BENEFIT (OPEB) (Continued)

The City's Total OPEB Liability (TOL), based on the actuarial factors, as of December 31, 2020 was calculated as follows:

	Total OPEB Liability
Balance at December 31, 2019	<u>\$ 171,601</u>
Changes for the year:	
Service Cost	20,915
Interest	4,975
Change of Benefit Terms	-
Difference Between Expected and	
Actual Experience	(13,670)
Changes of Assumptions or Other Inputs	27,656
Benefit Payments	(2,273)
Net Changes	<u>37,603</u>
Balance at December 31, 2020	<u>\$ 209,204</u>

There is no separate trust maintained to fund this Total OPEB Liability. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

The following presents the TOL of the City, calculated using the discount rate of 2.00% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower (1.00%) and 1-percentage point higher (3.00%) than the current rate:

	Discount Rate	Discount Rate	Discount Rate
	1.00%	2.00%	3.00%
Total OPEB Liability	\$ 257,120	\$ 209,204	\$ 173,574

For the year ended September 30, 2021, the City recognized OPEB expense of \$36,647. Also as of September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ -	\$ 11,513
Changes in Actuarial Assumptions	30,347	-
Contributions Subsequent to the Measurement Date	5,439	-
	<u>\$ 35,786</u>	<u>\$ 11,513</u>

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE I -- OTHER POST EMPLOYMENT BENEFIT (OPEB) (Continued)

Deferred outflows of resources in the amount of \$5,439 is related to OPEB benefits resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the total OPEB liability for the plan year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Plan Year Ended December 31,

2021	\$ 8,881
2022	7,655
2023	2,298
	<hr/> <hr/> <hr/> <hr/> <hr/>
	<hr/> <hr/> <hr/> <hr/> <hr/>

NOTE J -- FUND BALANCE

The City reported fund balance designations at September 30, 2021 as follows:

Fund Balance Designation	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Prepaid Items	\$ 20,052	\$ -	\$ 20,052
Total Nonspendable Fund Balance	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
Restricted for:			
Debt Service	-	92,928	92,928
Tourism	-	134,983	134,983
Park Donations	-	5,287	5,287
Library	-	1,879	1,879
Police Training and Operations	-	7,696	7,696
Court Security & Technology	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
Total Restricted Fund Balance	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
Committed for:			
Drainage Projects	-	310,398	310,398
Facilities Maintenance	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
Total Committed Fund Balance	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
Unassigned	3,806,350	-	3,806,350
Total Fund Balance	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE K -- RESTRICTED NET POSITION

The City reported restricted net position at September 30, 2021 as follows:

Net Position Restricted for:	Governmental Activities		Business-type Activities		Total Restricted Net Position
Debt Service	\$ 91,111		\$ -		\$ 91,111
Tourism	134,983		-		134,983
Park Donations	5,287		-		5,287
Library	1,879		-		1,879
Police Training and Operations	7,696		-		7,696
Court Security & Technology	56,591		-		56,591
Water Acquisition	-		609,423		609,423
Capital Improvements - Impact Fees	-		921,591		921,591
 Total Restricted Net Position	 \$ 297,547		 \$ 1,531,014		 \$ 1,828,561

NOTE L -- COMMITMENTS AND CONTINGENCIES

Litigation

The City is the subject of various claims and litigation that have arisen in the course of its operations. Management is of the opinion that the City's liability in these cases, if decided adversely to the City, will not have a material effect on the City's financial position.

Construction Commitments

The City has entered into construction and engineering contracts for the following projects. Estimated future commitments associated with these contracts as of September 30, 2021 are as follows:

Commitment	Estimated Project		Expended to Date	Estimated Future Commitment
	Cost to City			
Engineering Fees	\$ 166,861		\$ 38,566	\$ 128,295
Airport Hangar	1,324,691		-	1,324,691
	 \$ 1,491,552		 \$ 38,566	 \$ 1,452,986

Utility Capital Projects

During the year ended September 30, 2013 and 2016, the Texas Water Development Board (TWDB) awarded the City financial assistance in the amount of \$375,000 and \$3,050,000, respectively, from the Clean Water State Revolving Fund (CWSRF), for improvements to the East Side Sanitary Lift Station. Both loans were identified as TWDB Project No. 73646. As of September 30, 2021, the City had \$103,600 and \$911,710, respectively, of remaining funds available with no identified future commitments. The City plans to apply these available funds to future projects with the approval of TWDB.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE L -- COMMITMENTS AND CONTINGENCIES (Continued)

During the year ended September 30, 2013 and 2016, the Texas Water Development Board (TWDB) awarded the City financial assistance in the amount of \$350,000 and \$3,500,000, respectively, from the Drinking Water State Revolving Fund (DWSRF), for improvements to the Water Line Replacement. Both loans were identified as TWDB Project No. 62534. As of September 30, 2021, the City had \$82,668 and \$1,025,161, respectively, of remaining funds available with no identified future commitments. The City was approved to use these available funds toward future projects with the Alsatian Oaks water line.

During the year ended September 30, 2016 and 2017, the Texas Water Development Board (TWDB) awarded the City financial assistance in the amount of \$9,050,000 and \$1,500,000, respectively, from the Clean Water State Revolving Fund (CWSRF), for improvements and expansion of the Wastewater Treatment Plant. Both loans were identified as TWDB Project No. 73707. As of September 30, 2021, the City had \$0 and \$466,567, respectively, of remaining funds available with no future commitments.

Chapter 380 Economic Development Agreement

The purpose of the development agreement program is to provide loans and grants for the development and diversification of the economy and the elimination of unemployment in the City. The authority of the program is Chapter 380 of the Texas Local Government Code (Chapter 380) for the purposes of economic development to promote State and local economic development to stimulate business and commercial activity.

During the year ended September 30, 2019, the City approved an economic development agreement between the City and the Hwy 90 Castroville Partners, LTD. The agreement allows the City to reimburse the Developer in the form of ad valorem tax grants an amount not to exceed \$23,596,331 upon the Developer's performing certain obligations as defined in the agreement. The ad valorem tax grants represent 100% of city ad valorem property taxes levied for purposes other than payment of debt service and up to 100% of city sales and hotel occupancy taxes as imposed and collected within a proposed development. As of September 30, 2021 there has been no taxes paid yet, therefore, the City has made no payments during the previous and current fiscal year.

Tax Increment Reinvestment Zone

The City is a principal in the Tax Increment Reinvestment Zone Number One, pursuant to chapter 311 of the Texas Tax Code. Under the terms of the Zone agreement, the City of Castroville, Medina County, Emergency Services District, and Hospital District are funding infrastructure improvements through tax increment financing to the Alsatian Oaks project.

At the time the Zone was created, the property tax base was "frozen" and increment taxes resulting from the increases to the property tax base are being used to finance Zone improvements. The total projected cost is a combined amount of \$35 million. Project costs of the developer will be funded up to 100% of the tax increment generated by the entities of the Zone. The City of Castroville has committed up to \$17.5 million of the total \$35 million. The Zone has a statutory termination date of December 31, 2051. As of September 30, 2021, the TIRZ has not collected any taxes from the taxing entities (net of administrative reimbursements), therefore, the City has made no payments to the Zone in the current fiscal year.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE M -- RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts for losses up to \$3,000,000. Annual contributions for the year ended September 30, 2021 were \$143,340 for property and casualty and workers compensation coverage.

NOTE N -- SUBSEQUENT EVENT

Subsequent to year end, the City obtained financing through the United States Department of Agriculture for \$1,180,000 for the construction of an additional airport hangar.

Additionally, in February 2022, the City issued Combination Tax and Revenue Certificates of Obligation, Series 2022 in the amount of \$9,285,000 for various general and utility capital projects. The Certificates are payable over 20 years at initial rates of 2.0% - 5.0%.



REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of Changes – Net Pension Liability and Related Ratios
- Notes to Schedule of Changes – Net Pension Liability and Related Ratios
- Schedule of Changes – Total OPEB Liability and Related Ratios
- Notes to Schedule of Changes – Total OPEB Liability and Related Ratios

CITY OF CASTROVILLE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR 2020)

	Budget Amounts		Actual Amounts	Variance	
	Original	Final		Favorable (Unfavorable)	2020
REVENUES					
Ad Valorem Taxes	\$ 1,112,200	\$ 1,112,200	\$ 1,191,506	\$ 79,306	\$ 1,121,765
Sales Taxes	1,230,000	1,230,000	1,442,937	212,937	1,270,493
Franchise Fees	28,822	28,822	37,904	9,082	37,136
Other Taxes	5,169	5,169	7,666	2,497	4,873
Licenses and Permits	130,000	130,000	137,400	7,400	95,840
Charges for Services	163,275	163,275	278,107	114,832	132,709
Fines and Forfeitures	224,732	224,732	200,744	(23,988)	186,758
Intergovernmental Revenue	-	-	143,625	143,625	38,269
Interest Income	15,000	15,000	28,592	13,592	23,132
Miscellaneous	10,550	10,550	36,722	26,172	21,512
TOTAL REVENUES	2,919,748	2,919,748	3,505,203	585,455	2,932,487
EXPENDITURES					
<i>Current:</i>					
General Administration					
City Administration	376,174	376,174	336,578	39,596	217,969
Finance	402,052	402,052	362,189	39,863	300,201
City Council	55,550	55,550	31,681	23,869	37,609
City Secretary	134,755	134,755	122,875	11,880	122,697
Information Technology	164,000	164,000	142,103	21,897	99,736
Human Resources	14,400	14,400	11,258	3,142	10,485
Non-Departmental	39,540	39,540	33,186	6,354	36,854
Public Safety					
Animal Control	73,384	73,384	66,524	6,860	62,149
Community Development	273,885	273,885	249,186	24,699	175,376
Municipal Court	117,950	117,950	99,863	18,087	98,308
Police Department	974,893	974,893	918,321	56,572	822,857
Public Transportation					
Streets	462,650	462,650	499,975	(37,325)	371,539
Culture and Recreation					
Library	215,888	215,888	209,453	6,435	165,128
Parks	310,911	310,911	306,841	4,070	256,562
RV Park	39,011	39,011	52,000	(12,989)	34,666
Pool	102,122	102,122	130,196	(28,074)	77,533
<i>Capital Outlay</i>					
	351,676	351,676	92,327	259,349	146,923
TOTAL EXPENDITURES	4,108,841	4,108,841	3,664,556	444,285	3,036,592
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	\$ (1,189,093)	\$ (1,189,093)	\$ (159,353)	\$ 1,029,740	\$ (104,105)

CITY OF CASTROVILLE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR 2020)

	Budget Amounts		Actual Amounts	Variance	
	Original	Final		Favorable (Unfavorable)	2020
OTHER FINANCING SOURCES (USES)					
Transfers In	\$ 879,347	\$ 879,347	\$ 853,747	\$ (25,600)	\$ 853,747
Transfers Out	(21,223)	(21,223)	(21,223)	-	(21,223)
Proceeds from Sale of Assets	2,000	2,000	-	(2,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	860,124	860,124	832,524	(27,600)	832,524
Net Change in Fund Balance	(328,969)	(328,969)	673,171	1,002,140	728,419
Fund Balance - Beginning of Year	<u>3,153,231</u>	<u>3,153,231</u>	<u>3,153,231</u>	<u>-</u>	<u>2,424,812</u>
Fund Balance - End of Year	<u>\$ 2,824,262</u>	<u>\$ 2,824,262</u>	<u>\$ 3,826,402</u>	<u>\$ 1,002,140</u>	<u>\$ 3,153,231</u>

CITY OF CASTROVILLE
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-
BUDGET AND ACTUAL - GENERAL FUND
SEPTEMBER 30, 2021

Budgetary Information – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. The following are the funds which have legally adopted annual budgets: General Fund and Debt Service Funds.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances lapse at year-end and do not constitute expenditures or liabilities because the commitments must be reappropriated and honored during the subsequent year.

CITY OF CASTROVILLE
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS
LAST SEVEN CALENDAR YEARS

	Total Pension Liability							
	2014	2015	2016	2017	2018	2019	2020	
Service Cost	\$ 162,880	\$ 193,289	\$ 222,617	\$ 226,467	\$ 226,730	\$ 218,311	\$ 272,583	
Interest (on the Total Pension Liability)	314,941	330,968	334,854	355,826	365,524	382,332	405,256	
Changes of Benefit Terms								
Differences Between Expected and Actual Experience	(47,315)	(112,683)	29,527	(117,537)	(30,664)	(6,066)	94,419	
Changes of Assumptions	-	52,240	-	-	-	13,239	-	
Benefit Payments, Including Refunds of Employee Contributions	(185,781)	(247,734)	(243,830)	(312,626)	(329,800)	(286,952)	(303,731)	
Net Change in Total Pension Liability	244,725	216,080	343,168	152,130	231,790	320,864	468,527	
Total Pension Liability - Beginning	4,510,607	4,755,332	4,971,412	5,314,580	5,466,710	5,698,500	6,019,364	
Total Pension Liability - Ending	\$ 4,755,332	\$ 4,971,412	\$ 5,314,580	\$ 5,466,710	\$ 5,698,500	\$ 6,019,364	\$ 6,487,891	
Plan Fiduciary Net Position								
	2014	2015	2016	2017	2018	2019	2020	
Contributions - Employer	\$ 116,470	\$ 140,635	\$ 166,452	\$ 167,071	\$ 165,825	\$ 161,592	\$ 206,198	
Contributions - Employee	73,753	80,739	91,865	91,097	89,830	89,179	113,671	
Net Investment Income	235,951	6,437	293,031	643,319	(156,558)	771,784	434,291	
Benefit Payments, Including Refunds of Employee Contributions	(185,781)	(247,734)	(243,830)	(312,626)	(329,800)	(286,952)	(303,731)	
Administrative Expense	(2,464)	(3,920)	(3,311)	(3,335)	(3,027)	(4,363)	(2,812)	
Other	(203)	(195)	(178)	(167)	(159)	(129)	(110)	
Net Change in Plan Fiduciary Net Position	237,726	(24,038)	304,029	585,359	(233,889)	731,111	447,507	
Plan Fiduciary Net Position - Beginning	4,124,874	4,362,600	4,338,562	4,642,591	5,227,950	4,994,061	5,725,172	
Plan Fiduciary Net Position - Ending	\$ 4,362,600	\$ 4,338,562	\$ 4,642,591	\$ 5,227,950	\$ 4,994,061	\$ 5,725,172	\$ 6,172,679	
Net Pension Liability - Ending	\$ 392,732	\$ 632,850	\$ 671,989	\$ 238,760	\$ 704,439	\$ 294,192	\$ 315,212	
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	91.74%	87.27%	87.36%	95.63%	87.64%	95.11%	95.14%	
Covered Payroll	\$ 1,475,068	\$ 1,614,779	\$ 1,796,745	\$ 1,821,939	\$ 1,796,595	\$ 1,783,584	\$ 2,273,423	
Net Pension Liability as a Percentage of Covered Payroll	26.62%	39.19%	37.40%	13.10%	39.21%	16.49%	13.87%	

Note: The schedule above reflects the changes in the net pension liability for the current year and the six previous plan years. GASB Statement No. 68 requires 10 fiscal years of data to be provided in this schedule. The City will build the schedule over the 10 year period beginning December 31, 2014 as data becomes available.

CITY OF CASTROVILLE
SCHEDULE OF CONTRIBUTIONS AND RELATED NOTES
LAST EIGHT FISCAL YEARS

Schedule of Contributions:

	2014	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 115,497	\$ 139,842	\$ 156,977	\$ 168,611	\$ 166,662
Contribution in Relation to the Actuarially Determined Contribution	<u>115,497</u>	<u>139,842</u>	<u>156,977</u>	<u>168,611</u>	<u>166,662</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>				
 Covered Payroll	 \$ 1,459,385	 \$ 1,643,667	 \$ 1,744,669	 \$ 1,843,395	 \$ 1,808,304
Contributions as a Percentage of Covered Payroll	7.91%	8.51%	9.00%	9.15%	9.22%

Schedule of Contributions:

	2019	2020	2021
Actuarially Determined Contribution	\$ 155,635	\$ 186,857	\$ 212,701
Contribution in Relation to the Actuarially Determined Contribution	<u>155,635</u>	<u>192,144</u>	<u>222,125</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>(\$ 5,287)</u></u>	<u><u>(\$ 9,424)</u></u>
 Covered Payroll	 \$ 1,710,410	 \$ 2,120,912	 \$ 2,480,318
Contributions as a Percentage of Covered Payroll	9.10%	8.81%	8.58%

Note: The schedule above reflects the TMRS contributions made by the City for the current year and the seven previous fiscal years. GASB Statement No. 68 requires 10 fiscal years of data to be provided in this schedule. The City will build the schedule over the 10 year period beginning September 30, 2014 as data becomes available.

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, thirteen (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	26 Years
Asset Valuation Method	10 Year Smoothed Market, 12% soft corridor
Inflation	2.50%
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:

Notes There were no benefit changes during the year

CITY OF CASTROVILLE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES – OTHER POST EMPLOYMENT BENEFIT
LIABILITY AND RELATED RATIOS
LAST FOUR CALENDAR YEARS

	Total OPEB Liability			
	2017	2018	2019	2020
Service Cost	\$ 8,563	\$ 9,342	\$ 8,561	\$ 20,915
Interest (on the Total OPEB Liability)	4,259	4,413	5,393	4,975
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	-	9,802	(9,208)	(13,670)
Changes of Assumptions	9,414	(9,423)	26,488	27,656
Benefit Payments, Including Refunds of Employee Contributions	<u>(2,004)</u>	<u>(1,976)</u>	<u>(1,427)</u>	<u>(2,273)</u>
Net Change in Total OPEB Liability	20,232	12,158	29,807	37,603
Total OPEB Liability - Beginning	109,404	129,636	141,794	171,601
Total OPEB Liability - Ending	<u>\$ 129,636</u>	<u>\$ 141,794</u>	<u>\$ 171,601</u>	<u>\$ 209,204</u>
 Covered Payroll	 \$ 1,821,939	 \$ 1,796,595	 \$ 1,783,584	 \$ 2,273,423
 Total OPEB Liability as a Percentage of Covered Payroll	 7.12%	 7.89%	 9.62%	 9.20%

Note: The schedule above reflects the changes in the Total OPEB Liability for the current plan year and previous three plan years. GASB Statement No. 75 requires 10 fiscal years of data to be provided in this schedule. The City will build the schedule over the 10-year period beginning December 31, 2017 as data becomes available.

NOTES TO SCHEDULE OF CHANGES

No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Methods and Assumptions Used to Determine Contribution Rate

Inflation	2.50%
Salary Increases	3.50% to 11.50% Including Inflation
Discount Rate	2.00% (Based on Fidelity Index's 20-Year Municipal GO AA Index)
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 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.



SUPPLEMENTARY INFORMATION

Supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Comparative Balance Sheets – General Fund
- Statement of Revenues, Expenditures & Changes in Fund Balance – Budget and Actual – Debt Service Funds
- Combining Statements – Nonmajor Funds

**CITY OF CASTROVILLE
COMPARATIVE BALANCE SHEETS
GENERAL FUND
SEPTEMBER 30, 2021 AND 2020**

	2021	2020
ASSETS		
Cash and Investments	\$ 4,133,000	\$ 3,186,491
Receivables (net of allowances for uncollectibles):		
Property Taxes	7,565	11,190
Sales & Mixed Beverage Taxes	245,099	223,211
Other Receivables	4,872	4,567
Due from Other Funds	46,608	46,791
Prepaid Items	20,052	-
Inventory	-	755
TOTAL ASSETS	\$ 4,457,196	\$ 3,473,005
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ 115,328	\$ 96,219
Accrued Expenditures	73,589	79,074
Due to Other Funds	22,870	133,291
Unearned Revenue	411,442	-
Total Liabilities	623,229	308,584
<i>Deferred Inflows of Resources:</i>		
Unavailable Revenue - Property Tax	7,565	11,190
Total Deferred Inflows of Resources	7,565	11,190
<i>Fund Balances:</i>		
Nonspendable:		
Prepays	20,052	-
Inventory	-	755
Unassigned	3,806,350	3,152,476
Total Fund Balances	3,826,402	3,153,231
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES	\$ 4,457,196	\$ 3,473,005

CITY OF CASTROVILLE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL – DEBT SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR 2020)

	Budget Amounts		Actual Amounts	Variance Favorable (Unfavorable)	2020
	Original	Final			
REVENUES					
Ad Valorem Taxes	\$ 75,143	\$ 75,143	\$ 82,821	\$ 7,678	\$ 80,381
Interest Income	95	95	1,980	1,885	1,252
TOTAL REVENUES	75,238	75,238	84,801	9,563	81,633
EXPENDITURES					
<i>Current:</i>					
General Administration	-	-	849	(849)	274
<i>Debt Service:</i>					
Principal	160,000	160,000	128,900	31,100	128,900
Interest	22,600	22,600	18,193	4,407	22,362
TOTAL EXPENDITURES	182,600	182,600	147,942	34,658	151,536
Excess (Deficiency) of Revenues Over (Under) Expenditures	(107,362)	(107,362)	(63,141)	44,221	(69,903)
OTHER FINANCING					
SOURCES (USES)					
Transfers In	113,517	113,517	111,020	(2,497)	117,186
Transfers Out	-	-	(35,407)	(35,407)	(36,338)
TOTAL OTHER FINANCING SOURCES (USES)	113,517	113,517	75,613	(37,904)	80,848
Net Change in Fund Balance	6,155	6,155	12,472	6,317	10,945
Fund Balance - Beginning of Year	80,456	80,456	80,456	-	69,511
Fund Balance - End of Year	\$ 86,611	\$ 86,611	\$ 92,928	\$ 6,317	\$ 80,456

CITY OF CASTROVILLE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	SPECIAL REVENUE						
	Drainage Fund	Hotel Occupancy Fund	Special Parks Projects Fund	Alsatian House Fund	Biry House Fund	Library Memorial Fund	
	\$ 297,644	\$ 104,886	\$ 5,287	\$ 9,119	\$ 1,629	\$ 1,879	
ASSETS							
Cash and Investments	\$ 297,644	\$ 104,886	\$ 5,287	\$ 9,119	\$ 1,629	\$ 1,879	
Receivables (net of allowances for uncollectibles):							
Property Taxes	-	-	-	-	-	-	
Other Receivables	-	26,149	-	-	-	-	
Due from Other Funds	12,754	5,306	-	-	-	-	
TOTAL ASSETS	<u>\$ 310,398</u>	<u>\$ 136,341</u>	<u>\$ 5,287</u>	<u>\$ 9,119</u>	<u>\$ 1,629</u>	<u>\$ 1,879</u>	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
<i>Liabilities:</i>							
Accounts Payable	\$ -	\$ 508	\$ -	\$ -	\$ -	\$ -	
Accrued Expenditures	-	850	-	-	-	-	
Due to Other Funds	-	-	-	-	-	-	
Unearned Revenue	-	-	-	-	-	-	
<i>Total Liabilities</i>	<i><u>-</u></i>	<i><u>1,358</u></i>	<i><u>-</u></i>	<i><u>-</u></i>	<i><u>-</u></i>	<i><u>-</u></i>	
<i>Deferred Inflows of Resources:</i>							
Unavailable Revenues	-	-	-	-	-	-	
<i>Total Deferred Inflows of Resources</i>	<i><u>-</u></i>	<i><u>-</u></i>	<i><u>-</u></i>	<i><u>-</u></i>	<i><u>-</u></i>	<i><u>-</u></i>	
<i>Fund Balances:</i>							
Restricted	-	134,983	5,287	-	-	-	1,879
Committed	310,398	-	-	9,119	1,629	-	
<i>Total Fund Balances</i>	<i><u>310,398</u></i>	<i><u>134,983</u></i>	<i><u>5,287</u></i>	<i><u>9,119</u></i>	<i><u>1,629</u></i>	<i><u>1,879</u></i>	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 310,398</u>	<u>\$ 136,341</u>	<u>\$ 5,287</u>	<u>\$ 9,119</u>	<u>\$ 1,629</u>	<u>\$ 1,879</u>	

SPECIAL REVENUE

DEA Forfeiture Fund	Police Dept. Training Fund	Court Security Fund	Court Technology Fund	Dickerson Tausch Properties Fund	Victory Lane Partners Fund	Debt Service Funds	Total Non Major Funds
\$ 766	\$ 6,930	\$ 39,811	\$ 16,780	\$ 25,000	\$ 30,000	\$ 139,536	\$ 679,267
-	-	-	-	-	-	520	520
-	-	-	-	-	-	-	26,149
-	-	-	-	-	-	-	18,060
\$ 766	\$ 6,930	\$ 39,811	\$ 16,780	\$ 25,000	\$ 30,000	\$ 140,056	\$ 723,996
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 508
-	-	-	-	-	-	-	850
-	-	-	-	-	-	46,608	46,608
-	-	-	-	25,000	30,000	-	55,000
-	-	-	-	25,000	30,000	46,608	102,966
-	-	-	-	-	-	520	520
-	-	-	-	-	-	520	520
766	6,930	39,811	16,780	-	-	92,928	299,364
-	-	-	-	-	-	-	321,146
766	6,930	39,811	16,780	-	-	92,928	620,510
\$ 766	\$ 6,930	\$ 39,811	\$ 16,780	\$ 25,000	\$ 30,000	\$ 140,056	\$ 723,996

CITY OF CASTROVILLE
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	SPECIAL REVENUE					
	Drainage Fund	Hotel Occupancy Fund	Special Parks Projects Fund	Alsatian House Fund	Biry House Fund	Library Memorial Fund
REVENUES						
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	72,766	-	-	-	-
Charges for Services	105,004	-	-	-	-	-
Intergovernmental Revenue	-	-	-	-	-	-
Interest Income	2,536	798	-	75	-	15
Miscellaneous	-	-	10,733	2,092	-	-
TOTAL REVENUES	107,540	73,564	10,733	2,167	-	15
EXPENDITURES						
<i>Current:</i>						
General Administration	-	63,365	-	3,385	2,711	-
City Administration	-	63,365	-	3,385	2,711	-
Public Safety	-	-	-	-	-	-
Municipal Court	-	-	-	-	-	-
Police Department	-	-	-	-	-	-
Public Transportation	-	-	-	-	-	-
Streets	1,165	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Library	-	-	-	-	-	123
Parks	-	-	5,446	-	-	-
<i>Debt Service:</i>						
Principal	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
TOTAL EXPENDITURES	1,165	63,365	5,446	3,385	2,711	123
Excess (Deficiency) of Revenues Over (Under) Expenditures	106,375	10,199	5,287	(1,218)	(2,711)	(108)
OTHER FINANCING SOURCES (USES)						
Transfers In	-	21,223	-	-	-	-
Transfers Out	(84,218)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(84,218)	21,223	-	-	-	-
Net Change in Fund Balance	22,157	31,422	5,287	(1,218)	(2,711)	(108)
Fund Balances at Beginning of Year	288,241	103,561	-	10,337	4,340	1,987
Fund Balances at End of Year	\$ 310,398	\$ 134,983	\$ 5,287	\$ 9,119	\$ 1,629	\$ 1,879

SPECIAL REVENUE

